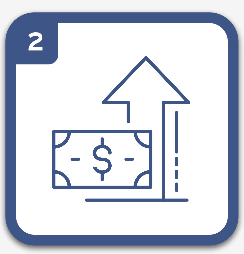
5 INVESTMENT STRATEGIES DURING TIMES OF UNCERTAINTY

Many investors watched in disbelief as markets plummeted as a result of the global pandemic, leaving many asking, "Now what?" There are many lessons to be learned from a market downturn about how to potentially mitigate losses and help you plan for the future, no matter how uncertain that future may seem.

Here are some practical investment tips to consider.

DIVERSIFY

Placing too many eggs in one basket may risk losing them all if something goes wrong. The same holds true when investing in the market. It's important to place funds in a variety of investment types so that when one investment goes down, others may go up. Diversification through domestic and international stocks and bonds, annuities, savings and other investments may help stabilize your portfolio. It is important to note that while diversification helps spread risk during down markets, it does not ensure a profit or guarantee against a loss.



LOOK FOR SOLID PERFORMERS

When markets plunge, it's tempting to give into fear and cut your losses. However, now may be the right time to analyze and strengthen your investment portfolio. Research high-quality companies that have stood the test of time, have strong balance sheets and low debt. Equities, such as consumer staples, may be more likely to weather the storm now and into the future. But remember, don't pile all your assets into one sector.

If you'd like to learn more about how planning ahead today can pay off in your future, contact a financial professional at your credit union.

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KEEP SAVINGS ON HAND

Regularly contributing to an emergency fund is a good habit to get into no matter how the market performs. Ideally, an emergency fund can help cover expenses for a few months. While an FDIC insured account or money market will protect against loss, there's also little opportunity for growth. However, knowing that a portion of your funds is accessible at a moment's notice certainly has its appeal.

4

STAY INVESTED DURING DOWN MARKETS

Many reputable funds have dropped in value, allowing investors to take advantage of "sale" prices that weren't available until recently. Despite recent turbulence, staying in the market may reap long-term benefits once the economy recovers. Even if you don't have a lot to invest right now, consider dollar-cost averaging, a strategy that involves buying investment shares incrementally over time. Dollar-cost averaging does not assure a profit and does not protect against loss in declining markets. Since dollar-cost averaging involves continued investing regardless of fluctuating securities prices, you should consider the ability to continue purchases over an extended period of time.

5

REMEMBER THE PAST WHILE LOOKING TO THE FUTURE

History is a wonderful teacher. In October 2008, markets plunged about 18% within a single week. By the end of 2009, they regained those losses and experienced gains each of the following five years, reaching new all-time highs.[1] No one can predict the future or know how long a recovery may take, but recalling market performance in the months and years following a previous recession may ease fears. It's important to focus on your long-term investing horizon and, if you are able, stay invested in risk-averse strategies to manage your exposure.

SOURCE:
[1] Macrotrends, Dow Jones - DJIA - 100 Year Historical Chart (https://www.macrotrends.net/1319/dow-jones-100-year-historical-chart), April 21, 2020
