

Adjust Your Sails: 4 Tips for Navigating Market Volatility



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35+ YEARS



R.W. Rogé & Company
PRIVATE WEALTH MANAGEMENT SINCE 1986

“

I can't change the direction of the wind, but I can adjust my sails to always reach my destination.

Jimmy Dean

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1

Make Informed Decisions

Panic-driven decisions can lead to poor outcomes. Instead, strive to make educated, calculated, and well-informed selections regarding your portfolio. Understanding your options and reviewing your long-term goals is often the first and usually the most helpful action you can take during periods of extreme volatility.



2

Review Your Risk Tolerance

Many investors who were once tolerant to risk, tend to be extremely risk averse when the markets shift. Consider a one notch reduction in your risk tolerance level – like switching from moderate risk to moderately conservative. This adjustment can help you feel more in control of your portfolio but is small enough that it won't have a meaningful impact on the long-term projected outcome of your financial plan.



3

Automate and Rebalance

Automating your investment contributions can help mitigate the emotional responses that often accompany market volatility. Automation can also build better financial habits and returns. Most investors know that trying to time the market is a fool's game. This is not just a saying; it is backed by plenty of academic studies. Rebalancing your portfolio is another good way to control the risk. Rebalancing itself forces you to sell high and buy low. This practice, coupled with automation of the portfolio, is a very powerful tool that can increase returns over time.



4

The Bucket Strategy

Separating your investments into three distinct categories, or "buckets," can help manage cash flow, provide clarity, and align your investment strategy with your financial goals.



Short-Term Needs

Allocate funds for immediate expenses to ensure liquidity and stability.



Medium-Term Needs

Reserve investments for needs within the next 8-12 years, balancing growth and security.



Long-Term Goals

Invest in growth-oriented assets for goals beyond 12 years, leveraging time to mitigate market volatility.

Market Volatility Checklist

It's natural to feel worried during market downturns, but one key to weathering these periods is patience. Give your investments time to recover, especially if you don't need the money right away. While a rebound isn't guaranteed, there's good news: historically, the S&P 500 tends to perform well after moving into a bear market, with stocks gaining nearly 15% on average a year later and a median gain of 23.8%.

Consider the following questions to help determine if you should make any changes during a market downturn:

- Do you have any immediate financial needs that might require accessing your investments soon?
- Have you assessed your budget and debt obligations within the last six months?
- Are the interest rates on your debts manageable?
- Has recent market volatility made you uncomfortable with the amount of risk in your investment portfolio?
- Do you have an emergency fund in place to cover short-term needs without having to sell investments?
- Are you able to stay patient and avoid making impulsive investment decisions during market downturns?
- Do you feel reassured by the historical performance of markets recovering from downturns?
- Are you confident with, and do you understand your current long-term financial plan?

If any of the questions above resonate with you, please reach out to us at info@rwroge.com or call us at 631-218-0077. We are here to review your concerns and help ensure your financial plan remains on track.

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About R.W. Rogé & Company, Inc.

R.W. Rogé & Company, Inc. is an independent, fee-only financial planning and investment management firm serving clients locally and virtually across the country, with Long Island, New York, Beverly, Massachusetts, and Naples, Florida office locations.

The firm was founded on a “client first” culture and proudly commits to acting in your best interest as a fiduciary, since 1986.

Contact us today to schedule a complimentary discovery call.

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