

Investment Strategies during Market Volatility

Since June, and particularly this month, we have seen market volatility and declining markets in Canada, the U.S. and around the world. Concerns regarding China's market decline, economy and government intervention, and the anticipated impact of potential future interest rate increases by the U.S. Federal Reserve on the U.S. economy have made it challenging for even the most disciplined investors to maintain a steady course.

What should you do during this time of volatility? We suggest that you consider the following strategies to manage a market decline:

Take a long-term approach

Investment markets have cycles that include periods of growth as well as periods of decline generally every seven to ten years. While we expect volatility to continue in the markets, what we don't know is when the decline has run its course. History does suggest that following periods of decline, stock markets have the potential for periods of significant gains.



Stay with your current investment strategy during down times

Disciplined investing works under all market conditions. When you selected your investments, you may have completed an Investor Style Questionnaire and selected an Asset Allocation fund, Retirement Date Fund, or your own mix of funds. The choice of investments for your retirement savings was made in consideration of your tolerance for risk and timeframe until retirement.

Now is not the time to undo those carefully made plans. Moving out of investments when they are down in value not only locks in losses but also can result in missing the opportunity for potential recovery and long-term gains during the next cycle of growth.

Assuming that you are invested according to your risk tolerance, the best advice is to maintain the current investment mix. However, if you are closer to retirement or wish to reduce your exposure to market volatility, we recommend that you contact us to review investment strategies, which may include directing future contributions into lower risk investments.

Understand the benefits of dollar cost averaging

Group plan members who continue to make regular contributions to a retirement savings program buy units of funds at all cycles of the market. During low cycles they are automatically buying units of funds at a lower cost. This results in the purchase of more units and can lead to greater gains over the long term.

Plan members are encouraged to review their investment strategy with one of Reuter Benefits' team of licensed professionals. You can contact Reuter Benefits by phone at 1-800-666-0142 or via email at retire@reuterbenefits.com.