

Investment Strategies for the Wise Investor

During the lazy days of summer, investors saw a relatively uneventful period in financial markets. However in early September, markets in Canada and around the world started to experience a see-saw period of volatility.

This volatility is due in large part to uncertainty over whether or not the U.S. Federal Reserve will raise interest rates, concerns around future economic growth and stability, and the sentiment that equity markets may be ready for a correction.

During any period of market volatility, we suggest you consider the following investment strategies:

Take a long-term approach

Investment markets have cycles that include periods of growth as well as periods of decline, both over the short and long term. While equity valuations are high compared to the past and it may be that markets may enter into a correction phase, it is very difficult to predict the beginning or end of market cycles. 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.

Stay with your current investment strategy during down times

Disciplined investing works under all market conditions. Assuming that you are invested according to your risk tolerance, the best advice is to maintain the current investment mix. If you are closer to retirement however, or wish to reduce your exposure to market volatility, we recommend that you contact us to review options such as 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.