



If you've been watching market headlines, you probably heard that markets tumbled in the first days of 2016, raising the specter of corrections and bear markets. When markets swing, it's natural to worry about your investments and question your commitment to your strategy. As financial professionals, here is what we recommend you do when markets swing:

1. Stop listening to the noise.

Turn off the television, throw away the business section, and stay off of financial websites. Hanging on every word the talking heads say will only add to your stress and encourage emotional decision making. One of the major reasons why you work with a team of trusted professionals is so that you can delegate the worrying to us. We'll keep you informed.

2. Stay focused on the big picture.

Ask yourself: how long is my investment horizon? If you are invested for 10, 20, 30 years or more, volatility that lasts days, weeks, or even months shouldn't affect your long-term strategies. Though we can't use the past to predict the future, the S&P 500 has delivered average annual performance of 11.41% since 1928.ⁱ Keep in mind that those years include the Great Depression, during which stocks lost 83%, the bear market of 1987 when stocks lost 33.5%, and the financial crisis when the S&P 500 dropped 57% before gaining 202% over the next six years.ⁱⁱ

3. Don't be tempted by emotion.

Volatility makes for stressful investing and it can be tempting to bail when stocks fall and ride out the bad times. Unfortunately, trying to time when to exit or enter markets is very difficult and not likely to work out in your favor. Research shows that investors are notoriously terrible at predicting market tops and bottoms. Corrections happen regularly and periods of high growth often occur close to major pullbacks. If you're not in the market when it rallies, you may miss out on the best days of performance.

4. Stay flexible.

Thriving during volatility doesn't mean sitting passively by. One of the benefits of an active, flexible investing style is that we can make strategic shifts to take advantage of new opportunities that arise. As professionals, we are always looking for prudent opportunities to help our clients pursue their goals in changing market environments.

What should you do next?

Though pullbacks and sustained periods of volatility are stressful, they are a normal and natural part of market cycles. As financial professionals, our job is to sort through the barrage of information and take a look at the fundamental factors underneath. **Your job is to stay calm and focused on your goals knowing that there is a serious professional who is taking care of the details for you.** We will reach out to you personally if we believe that changes to your investment strategies need to be made in light of our analysis. If you have experienced any life changes or shifts in your goals that warrant changes to your portfolio, please let us know at your earliest convenience.

If you have questions about how current events affect your portfolio strategies, please contact our office at (207) 761-4733 or (207) 623-8421.

Kind Regards,

David Hanson and Carl Hanson

Managing Partners at IIS Financial Services

Footnotes, disclosures, and sources:

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Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

Past performance does not guarantee future results.

You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

ⁱ S&P 500 annualized average performance 1928-2015 includes dividend reinvestment.
http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html (Accessed 1/11/16)

ⁱⁱ <http://www.yardeni.com/pub/sp500corrbear.pdf>
<http://www.ritholtz.com/blog/2015/10/sp-500-bear-markets-of-20-or-more-2/>
Yahoo Finance. S&P 500 price performance between 10/9/07-3/9/09 and 3/9/09-12/31/15