



## Smoothing Out the Ride

Investing in the stock market can be a bumpy ride. Some days markets go up, and other days markets go down. This can be scary for some, and exciting for others. This up and down roller coaster-like swing is also known as market volatility. Here are a few tips to smooth out your volatility and help you enjoy the ride.

**1. Know your tolerance for risk.** Are you aggressive and look at market dips as an opportunity? Or are you conservative and the big market swings keep you up at night worrying about the date you can retire? Perhaps you are middle of the road and feel a little bit of both. Whatever your tolerance for risk happens to be, it is very important to align your portfolio with volatility you can stomach. If you are not sure where you land, we can help you determine that thru a simple questionnaire and a conversation about what matters most to you.

**2. Don't make emotional buy and sell decisions.** Many investors get nervous about the market and sell when things are heading down. Conversely, many people feel comfortable getting into the market only when it is high and has been for a while. Unfortunately, these emotional cues prompt buy and sell patterns that are the exact opposite of smart investing practices. Buy low and sell high is the name of the game, but it doesn't always feel good to do that. Make decisions ahead of time, and not in the moment, of when you plan to buy and sell within your portfolio.

**3. Consider adding alternative investments to your portfolio.** Alternative investments can add diversity to a portfolio, and also hedge against volatility. They tend to have a low correlation to stocks. Simply put, that means alternatives move in their own direction regardless of the market moving up or down. Alternatives can include things like real estate, precious metals, commodities, managed futures, or currencies. The amount of alternatives that is right for you is completely dependent upon your own individual circumstances and risk tolerance.

The Sterk Financial Team has a specialized program for managing money. Our goal is simple – to help you protect and grow your investments to set yourself up for a successful retirement. Call us to learn how we take the complexity and uncertainty out of investing, and help create clarity and confidence as you move forward.