

What to do with the pesky markets in 2019

“Coping amid recurring portfolio volatility”

By: Adrian Mastracci, discretionary portfolio manager at Lycos Asset Management

Date: December 23, 2018

Lately, the pesky stock and bond markets have caused much grief and consternation. Just the talk of corrections and bear markets sends piercing shivers through spines of investors. Those same markets may not be done yet.

Consequently, many investors are heading for the perceived safety of cash on the sidelines. Most often that wholesale approach turns out to be a move far from your best interests.

I was there for the carnage of 1987, 2000, 2008 and 2018. For example, recall that in 1987, the Dow Jones index dropped a heart stopping 22.6% in one day! Ouch, that got attention.

It's not surprising that more and more investors are wondering what to do with the nest eggs. My best suggestion is to be ready for both market advances and retreats in 2019 and beyond. Continued volatility is a normal occurrence when investing in stocks and bonds. Expect more of it and you will make better decisions.

Stocks have the best chance of delivering rewarding results over the long run. However, the price of admission means having to sustain the bumps, grinds, curves and potholes coming your way in the short term before you can reap the long term rewards.

Investors staring at recent triple digit slides have difficulty with the perspective of having enjoyed near a 10-year upside since the March 2009 market lows. I empathize with the implications to your roadmap. I recommend to be wise. Expect corrections and surprises at any time with little or no notice.

The 2019 markets can easily be clouded by continued uncertainties and tensions. Top investor worries include interest rates, global politics, slowing economies and trade concerns. There is no shortage of worries.

Instead of worrying about things I can't control, I've assembled my list of cohesive strategies. You can adopt the ones of value as you piece together your total long-term investing approach. If you lean toward the do it yourself method, go ahead and choose the components that apply. If you prefer professional assistance call upon someone like myself.

I summarize my component strategies for you to choose from:

- ✓ Fiduciary wealth management delivers on your best interests.
- ✓ Advice provided should be objective and unbiased.

- ✓ Assess your capital needs vis-à-vis family goals and dreams.
- ✓ Periodically update your retirement projections.
- ✓ Make methodical, sensible decisions based on logic.
- ✓ Always think total portfolio, not in isolation.
- ✓ Save and invest regularly for your long term needs.
- ✓ Establish your comfortable “asset mix” and invest within it.
- ✓ Diversify broadly throughout your time horizon.
- ✓ Recognize investing risks you incur.
- ✓ Don’t track and own too many investments.
- ✓ Avoid emotional attachments to your investments.
- ✓ Reach for investment quality over yield.
- ✓ Skip “flavour of the day” investing.
- ✓ Understand how investment biases affect your nest egg.
- ✓ Sell yours losers early, move forward without second guesses.
- ✓ Aim for consistent portfolio returns rather than performance.
- ✓ Sell some investments on euphoria, buy some on weakness.
- ✓ Rebalance to your initial mix targets as capital is added or drawn.
- ✓ Refrain from making sweeping changes or knee-jerk reactions.

A simple game plan is a welcomed plan. Just choose the combination of component strategies that best applies to you. Then implement the resulting long term strategy or enlist the services of a portfolio manager.

Either way, you get to implement a roadmap designed for your best interests. I submit that it is a valuable exercise worth crafting soon. It becomes your new direction.

Happy investing.

Information provided is intended for educational purposes only.
Copyright ©2018, Adrian Mastracci. All rights reserved.