How to Maintain Your Balance in an Up-and-Down Market

ANY NUMBER OF EVENTS can cause the markets to react. Recently, everything from U.S-China trade talks, to the outlook for interest rates, and concerns over slowing global growth have prompted stocks to dip—and eventually rebound. When the market experiences these periods of ups and downs, the big question becomes: What actions should I take to manage my investments through the uncertainty? For answers, we turned to Andrew Porter, director of Behavioral Finance at Bank of America, who offered the following three ideas.

1. **Tune out the noise.** The deluge of information we receive every day from our phones, TVs and computers might have something to do with increasing levels of uncertainty, says Porter. “We are inundated with new information all the time. There is no break. And that can be exhausting.” This information saturation—news alerts, stock tickers, tweets and posts—may lead to poor reactions. “We’re hardwired to *want* this amount of information, but not hardwired to *deal* with it,” he says. Consider blocking your smartphone’s push notifications and repurposing that time for reading print media or having an in-person conversation with someone you trust.

2. **Train yourself to look longer-term.** “If you use an app on your phone or computer to follow the stock market, is it showing you daily, weekly or monthly trending?” Porter asks. "Experiment with setting the app for as long a time horizon as possible. That way you aren’t constantly processing a feed of changing information. Remember: The length of time you stay invested in the market is generally more important than market timing.”

3. **Define your goals for investing.** “Knowing what you want your money to achieve can help you through market movements,” Porter says. “Market volatility can mean different things for a near-term goal - like a home purchase - compared to a 20-year retirement goal.”

These tips, along with regular conversations with your advisor, can prevent you from overreacting to uncertainty—or volatility—as well as helping you to become a more confident investor. “A clearly defined process can provide stability and perspective to help you make more thoughtful decisions,” Porter says.

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