

Volatility

Are you overexposed?

While diversification and capital market analysis are standard approaches to the investment process they do not exist in a vacuum. In practice, few investors truly have the constitution necessary to remain committed to an investment strategy. When tested in real time market circumstances, the emotions of FEAR, GREED, and REMORSE effect investors that have crossed from being a wage earner to retirement more, as they do not have the time or capital sources to bounce back if the markets tumble.

Market volatility continues to rise on both the gains and losses front. Those with all their retirement assets exposed to market volatility have seen both historic gains but also historic downturns. While the overall long-term value of the market is a netpositive, many consumers have concerns about volatility impacting their assets as they approach retirement. Consider forexample, what kind of gain is needed to recover from a market loss.

