THREE TIPS TO MAKE SMARTER INVESTMENTS

Investing is the process of buying an asset (like a stock, bond, or fund) with the expectation that the asset will either appreciate in value or generate income and profit. While the goal of investing may be to generate a profit, there are no guarantees. But there are three prudent ways to help avoid unnecessary risks.

1

DIVERSIFY, DIVERSIFY, AND DIVERSIFY.

A sound investment strategy starts with an asset allocation suitable for your goals and time horizon. You should always diversify your investments to avoid exposure to unnecessary risks.

What is Diversification in Investing?

Diversification is a method of reducing risk by allocating investments across various financial tools, industries, and other categories. The goal is to minimize losses by investing in different areas that would each react differently to the same event.

Although it does not guarantee against loss, diversification is the most important component of reaching long-range financial goals while minimizing risk.

Why is Diversification Important?

Diversifying is a common investing technique used to reduce your chances of experiencing losses. By spreading your investments across different assets, you're less likely to have your portfolio wiped out due to one negative event impacting that single holding. Instead, your portfolio is spread across different types of assets and companies, preserving your capital and increasing your risk adjusted returns.

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2

BE PATIENT ABOUT MARKET FLUCTUATIONS

Should you take action during market fluctuation? As an investor in your retirement plan, you might see a decline in the market and be tempted to move your money around or even take a premature withdrawal to avoid further losses. Don't Panic! Taking action now could lead to loses in the long term.

Even in stable market conditions, the value of your investments fluctuates daily. If you're like many investors, you react when the change is negative and large enough to make you uncomfortable because it feels like someone is taking money away from you. But it's important to remember a few key things when your reaction is to withdrawal your investment.

- **Timing when to get back into the market can be a challenge.** If you move or sell investments making sure you get back in at the right time can be tough. By the time the market takes an upturn, you may have missed out on big recovery gains, or even put yourself into another market correction.
- **Be patient. The markets have shown a steady gain over time.** As long as you don't need the cash right away, take a deep breath and ride out the turbulence. You're best positioned to benefit when you stay invested.
- **There could be penalties or tax implications.** Talk to a financial professional. If you truly feel change is needed, consult a financial advisor to discuss the best course of action for you.

3

RULE OF THUMB: IT'S ALL ABOUT TIME IN THE MARKET

Compound interest occurs when the earnings generated on a savings or investment account are reinvested, thereby generating additional earnings. Over time, it can accelerate the growth of your investments.

When it comes to compound interest, the power of time is everything. The sooner you begin investing, the longer your money has to grow. Therefore, it's important to begin saving for retirement as soon as possible. The earlier you begin, the less money you may have to save in the long run. The bulk of your retirement savings can accumulate through compound interest.

Whether you're a savvy investor or just getting started, following these tips can help you work towards your goals, achieve portfolio diversification, and empower you to start building wealth for a better financial future.

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