

Financial Insights

MetLife®



Don't Panic When the Markets Are Jumpy

It's a fact: Investments can drop in value, sometimes sharply. During times of economic turmoil, it's only natural to feel uneasy about your investments. But, beware of taking *action* as a result of your nervousness without giving thought to your overall investment strategy. Before you decide to switch out of an investment, consider your timeframe and review your overall objectives. Avoid hasty decisions and let a long-range perspective be your guiding strategy.

Resist the urge. Watching the value of your investment account decrease isn't easy. The temptation to make changes to your investment allocations to prevent further losses can be powerful. However, don't let short-term market fluctuations dictate your investment decisions. Although past performance isn't necessarily indicative of future results, history has shown that the impact of short-term market losses generally diminishes over longer investment time frames. So, even if your latest account statement shows a loss, you probably shouldn't stray from your current investment program just because of the investment market's volatility. If you change your investments when the market is performing poorly and then switch back once the market has recovered, you might be "selling low and buying high", which may ensure poor investment performance. A better course of action

may be to build a solid investment strategy based on your goals and prepare yourself to weather periodic market downturns.

Keep your balance. Perhaps one of the best defenses against overall investment loss may be the long-established strategy of diversification. Diversification is a strategy of distributing assets among different industries and asset classes in order to limit losses in the event of a decline in a particular market or industry. Remember, a diversified portfolio won't necessarily outperform one that's not diversified, and although diversification across multiple asset classes may help reduce overall risk, diversification cannot eliminate the risk of investment loss.

How should you cope with market volatility? Consider diversifying your investments and maintaining a long-range perspective during a downturn.

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