STEWARD
WEALTH STRATEGIES

KEYS TO WEATHERING MARKET VOLATILITY

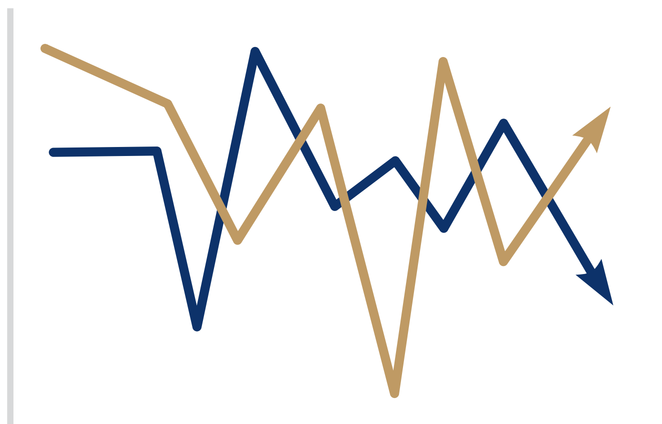
STEWARD WEALTH STRATEGIES | 343 E. SIX FORKS RD., STE. 100, RALEIGH, NC 27609 | 919.803.0035 | WWW.STEWARD-WEALTH.COM

At Steward Wealth Strategies, we believe that informed clients make confident decisions. That is why we are committed to helping you understand market volatility, so you feel equipped to navigate the ups and downs with clarity. Our top priority as your wealth management team is to support you throughout your financial journey, including providing guidance during uncertain times. If you ever have questions or would like to talk, please do not hesitate to call our office at 919.803.0035. We are always here to help. Your peace of mind is just as important to us as your long-term financial success.

While the recent turbulence in the stock market may be unsettling for newer investors, seasoned investors recognize that the fluctuations we have seen so far this year are well within the range of normal market behavior. For context, investors who lived through events like the Black Monday crash of 1987, the Dot-com bust in 2001, the global financial crisis of 2008, and the COVID-19 market downturn, have gained valuable experience and a deeper understanding of equity market swings. Unfortunately, investors with limited experience may lack the perspective or the wisdom of those who have navigated the investment world for a longer period. Knowledge can help provide a general understanding of a topic and expertise can offer a higher level of skill and proficiency.

In the competitive media industry, outlets often focus on sensational headlines to capture attention, sometimes amplifying investor anxiety in the process. During these confusing times, it is helpful to remember that volatility is a part of the investment experience, therefore, it is beneficial to understand or remind yourself how to embrace and manage times of investment turbulence.

Volatility in equities, in simple terms, means price swings. The degree of variation of prices and the time period over which they occur determines the severity of the volatility. High volatility results in



significant and rapid price changes, while low volatility leads to more stable and smaller price fluctuations. Typically, high volatility arises during uncertain times, such as the recent tariff proposals or the pandemic-driven crisis.

Strategy

One of the best ways to prepare for volatility is to understand your objectives and strategy. We believe that a **long-term investment strategy** is integral to successful financial planning. Focus on your long-term investment goals rather than reacting to short-term market movements. Historically, over longer periods of time, equity markets have always recovered from downturns.

What NOT To Do

Seasoned investors understand that volatility is a natural part of the investing journey and that bumps in the road can and will occur. Those who have experienced challenging periods of volatility in their investing journey know that there are a handful of strategies that can make these times more manageable, as well as pitfalls that can complicate the situation.

While most investors recognize the importance of time horizons and risk tolerance, they sometimes overlook a crucial factor: human emotion. Even the most experienced investors can be tempted to stray from their long-term plans and become caught up in the short-term fluctuations of the economic environment. Allowing panic and doubt to influence decision-making, and worrying about aspects beyond one's control, can lead to rash and poorly considered choices. You are the best evaluator of how you react to potentially stressful situations. If you would like to discuss your financial concerns with us, we welcome the opportunity to speak with you.

It can be very tempting to take money out of equities with the intention of reinvesting, "when the time is right." However, attempting to time the market should not be a primary strategy. It is nearly impossible to determine when the perfect time is to get in and out of the market. Trying to time the market can prove to be highly risky, and many investors have missed out on significant gains by doing so.

Minimizing your exposure to the media during volatile times can prove to be healthy. Consuming excessive media during uncertain times can increase stress and anxiety. Media coverage can often exaggerate the situation, making it sound worse than it truly is. **While you cannot control what the media is dishing out, you can control how much you intake and how you react to the information.** Remember the saying, "perception is reality," because the media has done a good job at skewing and sensationalizing facts and many times their main goal is to increase viewership. Ignoring the talking heads and staying focused on your long-term goals is the most productive path.

Common Pitfalls During Market Volatility

- **Being more concerned about short-term fluctuations than your long-term goals.**
- **Allowing panic and doubt to control your actions and worrying about things you cannot control.**
- **Trying to time the market.**
- **Letting the media dictate how you perceive volatility.**
- **Not collaborating with a financial professional.**

Positive Actions Investors Can Take During Market Volatility

- **Understand and focus on your personal financial goals.**
- **Have a long-term strategy.**
- **Think big picture, not day-to-day.**
- **Try to avoid checking your investments too frequently, as short-term fluctuations are a normal part of long-term growth.**
- **Avoid overexposure to the media.**
- **Talk with us about your concerns.**

Seasoned investors know that trying to navigate investment decisions without consulting their financial professional can pose an unnecessary obstacle to achieving their financial goals. Seeking guidance during confusing times can help investors find the best path to success with their hard-earned money.

Positive Actions

Maintaining focus on your personal financial goals should be your main priority. We strive to craft a diversified, long-term financial plan with clients that takes into consideration their time horizon and risk tolerance. We also try to help clients stay on track and avoid allowing temporary fluctuations in the markets to diverge them from their long-term path. While this may sound easier said than done, practicing patience can help you become more resilient to volatility.

Constantly checking your investment can increase your anxiety. Please remember that investing for the long-term is never a straight line, and being consumed by the daily ups and downs can lead to increased concern. A well-diversified portfolio can include stocks that can weather short-term volatility and still allow the potential for long-term gains.

As the great investor Warren Buffet said, “If you are not willing to own a stock for 10 years, don’t even think about owning it for 10 minutes.”

Sometimes, the big picture can get lost when the weeds start to become the focus. If you would like to discuss your financial plan and to confirm it still conforms to your goals, please contact us and we would be happy to explore this with you.

“Successful investing takes time, discipline, and patience.”

Warren Buffet

Opportunities During Market Downturns

Navigating turbulent times in financial markets can be difficult. They say if life gives you lemons, make lemonade – and there is a silver lining for investors and savers during market downturns.

Here are a few ways you could enhance your personal situation when equities take a dip:

- Add new money into your retirement or brokerage account. If you are in a financial situation that could allow you to make new investments, buying stocks during a market downturn can be a great way to potentially increase your long-term returns.
- Rebalance your portfolio. When stock prices drop, they will account for less of your diversified portfolio if your investments in bonds have maintained their value or didn’t drop as much. Moving your portfolio allocations back to your desired amounts, or even increasing your allocation to stocks, can help set you up for potentially strong returns after the downturn passes.

Our goal is to help you make sound financial decisions. As always, please call us at 919.80.0035 if you are interested in making any changes to your portfolio.

We Will Help You Stay Properly Informed

We are closely monitoring areas that may impact your financial situation. If you would like to review your financial holdings, rebalance your portfolio, or discuss any concerns or questions, please know that we are here to assist you. We believe informed clients make confident decisions, which is why we keep you updated on anything that may impact your financial goals.

Additionally, please keep us informed of any changes in your circumstances, such as health issues, shifts in your retirement goals, or the sale of a home. The more we know about your unique situation, the better we can advise you.

A skilled financial professional can help simplify your journey toward achieving your goals. By understanding your needs and objectives, we can create a plan tailored to your situation. As always, we appreciate the opportunity to assist you with all your financial needs.

TAX PLANNING DURING MARKET VOLATILITY

Navigating market volatility can be frustrating. The good news is that investors could possibly take advantage of potential strategic tax planning opportunities during these times:

- **Roth IRA Conversions** – While this is a complex strategy that you should discuss with a financial professional before implementing, converting to a Roth IRA during a market downturn can potentially maximize tax-free growth in the future. By converting when the value of your traditional IRA is lower due to a market downturn, you will pay taxes on a smaller amount, and any subsequent market recovery will be tax-free within the Roth IRA.
- **Tax Loss Harvesting** – Downturns can provide opportunities to “harvest” capital losses. Investments that are valued below their cost basis can be sold and the losses taken can be used to offset capital gains. If losses exceed gains for the calendar year, up to $3,000 may be used to offset ordinary income, and unused balances can be carried forward to future years. Please note that you should talk with us or a tax professional about doing this because rules like you must wait 30 days to repurchase the security to avoid a “wash sale” need to be followed.
- **Gifting to Family Members at Reduced Prices** - When equity prices are down, you can gift securities at lower values using less of your annual or lifetime gift tax exemption. Like the other items on this list, we recommend you coordinate these with us or a qualified professional to fully understand the rules and effects, but this strategy can prove to be effective during market downfalls.

WE WANT TO SERVE OTHERS LIKE YOU!

BECOME AN SWS AMBASSADOR AND JOIN US FOR SPECIAL EVENTS & PRESENTATIONS*

THREE WAYS TO QUALIFY:

- **Add someone to our newsletter mailing list**
- **Introduce someone to our team of CERTIFIED FINANCIAL PLANNER® Professionals**
  - **We offer complimentary initial consultations**
- **Invite us to speak at an FPU or another group you care about**

*Annual Qualification