FIDELITY VIEWPOINTS

# 6 tips to navigate volatile markets

**When markets get choppy, it pays to have an investing plan and to stick to it.**

by Fidelity Viewpoints – 12/01/2021

## 1. Keep perspective: Downturns are normal

- On average since 1926, stocks have dipped into bear market territory every 6 years with losses averaging almost 40%.[1]
- But while market downturns may be unsettling, history shows stocks have recovered and delivered long-term gains.

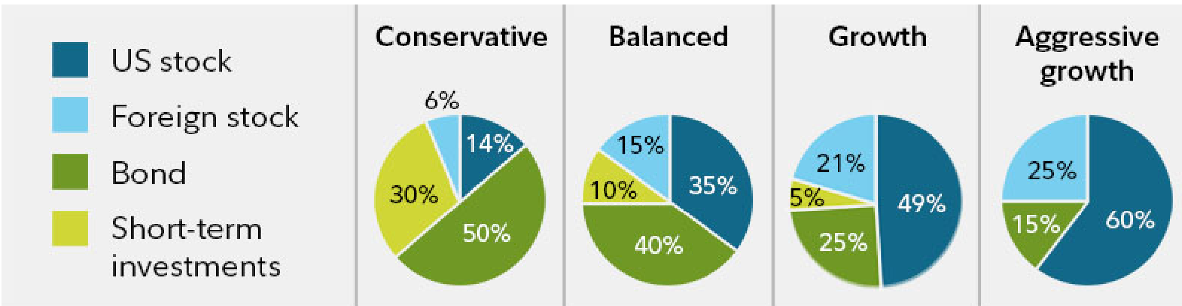
**Despite market pullbacks, stocks have risen over the long term.**


Source: Fidelity Investments. **Past performance is no guarantee of future results.** See footnote 2 for details.

## 2. Get a plan you can live with–through market ups and downs

- Your mix of stocks, bonds, and short-term investments will determine your potential returns, but also the likely swings in your portfolio.
- Pick an investment mix that aligns with your goals, timeframe, and financial situation, and you can stick with despite market volatility.

**Choose an investment mix you are comfortable with**



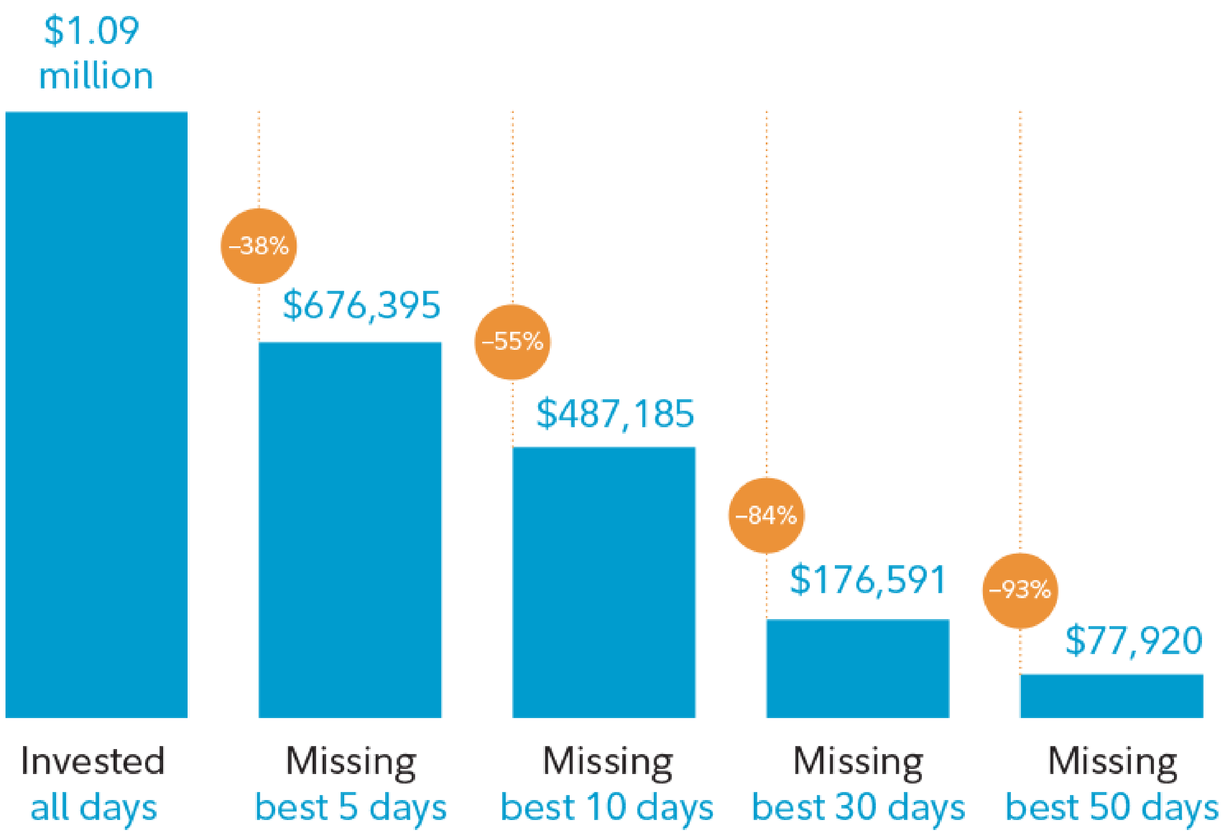

| Annual return % | Conservative | Balanced | Growth | Aggressive growth |
|---|---|---|---|---|
| Average annual return | 5.96% | 7.98% | 9.00% | 9.70% |
| Worst 12-month return | –17.67% | –40.64% | –52.92% | –60.78% |
| Best 12-month return | 31.06% | 76.57% | 109.55% | 136.07% |
| Worst 20-year return (annualized) | 2.92% | 3.43% | 3.10% | 2.66% |
| Best 20-year return (annualized) | 10.98% | 13.84% | 15.34% | 16.49% |
| Historical volatility | 4.49% | 9.56% | 13.07% | 15.76% |

Data source: Fidelity Investments and Morningstar Inc, 2021 (1926-2020). **Past performance is no guarantee of future results.** Returns include the reinvestment of dividends and other earnings. This chart is for illustrative purposes only. It is not possible to invest directly in an index. Time periods for best and worst returns are based on calendar year. For information on the indexes used to construct this table, see footnote 3. The purpose of the target asset mixes is to show how target asset mixes may be created with different risk and return characteristics to help meet an investor's goals. You should choose your own investments based on your particular objectives and situation. Be sure to review your decisions periodically to make sure they are still consistent with your goals.

### 3. Focus on time in the market–not trying to time the market

- It can be tempting to try to sell out of stocks to avoid downturns, but it's hard to time it right.
- If you sell and are still on the sidelines during a recovery, it can be difficult to catch up. Missing even a few of the best days in the market can significantly undermine your performance.

**Missing out on best days can be costly**

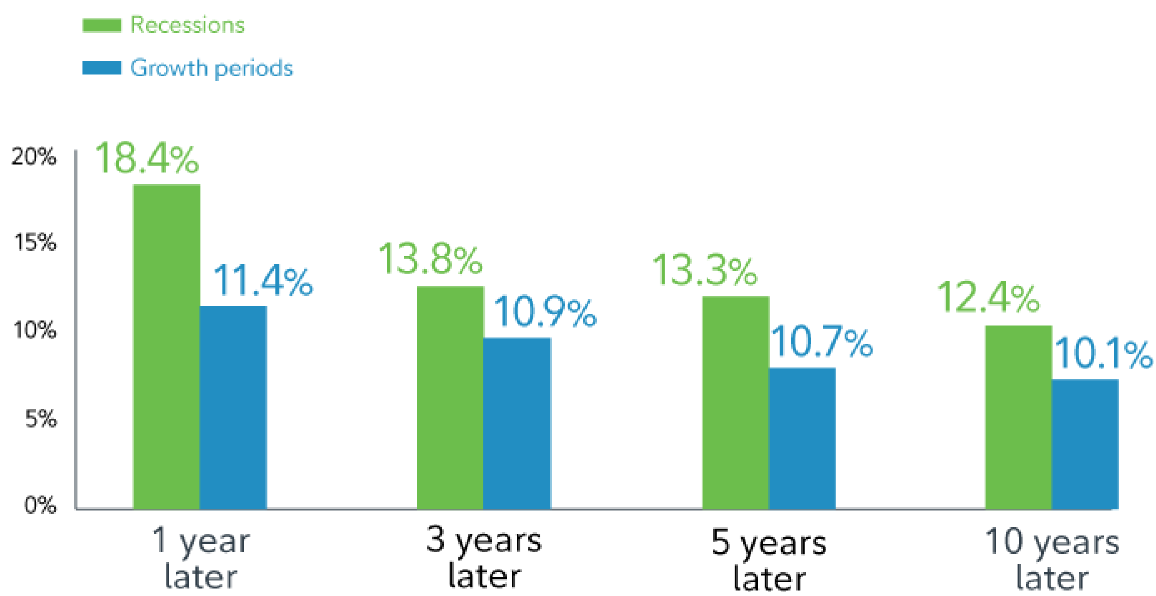



**Past performance is no guarantee of future results.** Source: FMRCo, Asset Allocation Research Team, as of March 31, 2021. See footnote 4 for details.

## 4. Invest consistently, even in bad times

- Some of the best times to buy stocks have been when things seemed the worst.
- Consistent investing can give you the discipline to buy stocks when they are at their cheapest.
- Consider setting a plan for automatic investments.

**Investing during recessions has historically led to strong investment results**




For illustrative purposes only. Recession dates from the National Bureau of Economic Research (NBER). **Past performance is no guarantee of future results.** It is not possible to invest directly in an index. All indexes are unmanaged. See footnote 5 for index information. S&P 500 index monthly total returns from 12/31/49 to 12/31/19. Source: Bloomberg Finance, L.P.

## 5. Get help to make the most of a down market

- While no one likes to lose money, your financial advisor may be able to help you take advantage of a down market.
- Tax rules may let you use losses on some of your investments to reduce your future tax bills, or use lower share prices to convert to a Roth IRA at a lower tax cost.
- Down markets may also be a good time to meet with your advisor to discuss adjusting your investment mix, or taking advantage of opportunities when prices are low.

## 6. Consider a hands-off approach

- If you are not comfortable with market risk, consider turning your portfolio over to a professional through a managed account or all-in-1 mutual fund.
- If you don't have a strategy, or think yours may be off track, start planning now with our online tools. Or schedule an appointment with a financial advisor.

1. Source: ISI, Bloomberg, National Bureau of Economic Research, Haver Analytics, FMRCo (Asset Allocation Research Team) as of February 26, 2020. Data based on S&P 500 Index price returns. Duration ends with a complete retracement of losses. Recessions are defined by the National Bureau of Economic Research.

2. The S&P 500® Index is a market capitalization–weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation. S&P and S&P 500 are registered service marks of Standard & Poor's Financial Services LLC. The CBOE Dow Jones Volatility Index is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. You cannot invest directly in an index.

3. Data Source: Fidelity Investments and Morningstar Inc. Hypothetical value of assets held in untaxed portfolios invested in US stocks, foreign stocks, bonds, or short-term investments. Historical returns and volatility of the stock, bond, and short-term asset classes are based on the historical performance data of various unmanaged indexes from 1926 through the latest year-end data available from Morningstar. Domestic stocks represented by IA SBBI US Large Stock TR USD Ext Jan 1926-Jan 1987, then by Dow Jones US Total Market data starting Feb 1987 to Present. Foreign stocks represented by IA SBBI US Large Stock TR USD Ext Jan 1926–Dec 1969, MSCI EAFE Jan 1970-Nov 2000, then MSCI ACWI Ex USA GR USD Dec 2000 to Present. Bonds represented by US Intermediate-Term Government Bond Index Jan 1926–Dec 1975, then Barclays Aggregate Bond Jan 1976 - Present. Short-term/cash represented by 30-day US Treasury bills beginning in Jan 1926 to Present. Past performance is no guarantee of future results. The purpose of the target asset mixes is to show how target asset mixes may be created with different risk and return characteristics to help meet an investor's goals. You should choose your own investments based on your particular objectives and situation. Be sure to review your decisions periodically to make sure they are still consistent with your goals.

4. The hypothetical example assumes an investment that tracks the returns of the S&P 500® Index and includes dividend reinvestment but does not reflect the impact of taxes, which would lower these figures. There is volatility in the market, and a sale at any point in time could result in a gain or loss. Your own investing experience will differ, including the possibility of loss. You cannot invest directly in an index.

5. The S&P 500® Index, a market capitalization–weighted index of common stocks, is a registered trademark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation. This example is for illustrative purposes only and does not represent the performance of any security. Consider your current and anticipated investment horizon when making an investment decision, as the illustration may not reflect this. The return used in this example is not guaranteed.

**MSCI ACWI (All Country World Index) ex USA Index** is a market capitalization-weighted index designed to measure the investable equity market performance for global investors of large and mid-cap stocks in developed and emerging markets, excluding the United States.

**Bloomberg Barclays US Aggregate Bond Index** is a broad-based, market-value-weighted benchmark that measures the performance of the investment grade, US dollar-denominated, fixed-rate taxable bond market. Sectors in the index include Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS.

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Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk.

**Past performance is no guarantee of future results.**

Diversification and asset allocation do not ensure a profit or guarantee against loss.

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Investing in stock involves risks, including the loss of principal.

Foreign markets can be more volatile than U.S. markets due to increased risks of adverse issuer, political, market, or economic developments, all of which are magnified in emerging markets. These risks are particularly significant for investments that focus on a single country or region.

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