

Focus on objectives during market volatility, strategist advises

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DALLAS—A dramatic drop in the stock market led to headlines and concerns about stockholder portfolios, but long-term investors should continue to consider their objectives and time horizons, a Southern Baptist investment strategist recommended.

David Spika, global investment strategist at [GuideStone Capital Management](#), offered [a commentary](#) posted on GuideStone's website explaining the nature of volatility, and he offered perspective on the current market.

O.S. Hawkins "As volatility rises, the best course of action is to ensure you invest with active managers who possess a strong track record, stay focused on the long term and remain well diversified," Spika wrote, comparing market volatility to a roller coaster.

Many observers expected some level of correction to occur at some point, considering markets had been on a long-term growth pattern since the market trough in 2009. The S&P 500 Index, spurred on by quantitative easing and a near-zero Fed Funds rate, gained more than 200 percent since 2009 and has not had a 10 percent or greater correction in more than three years, Spika observed.

Some financial experts believe active management firms, like GuideStone, are better suited for volatile markets, which create more dispersion and lower correlations among stock prices, offering a better chance to identify companies that are undervalued, Spika said.

GuideStone President O.S. Hawkins echoed Spika's insights.

"Long-term retirement investors should keep their focus on their goals and not on short-term market fluctuations," Hawkins said. "Participants should focus on being appropriately diversified, their long-term investment objectives and time horizon and less on day-to-day market moves."

When dealing with a period of volatility, GuideStone recommends keeping four principles in mind:

- **Focus on objectives, not emotions.** Specifically regarding retirement participants, retirement assets are intended to serve needs for a long time. Make sure objectives and actions are consistent with your time horizon—anticipated years until retirement. Investors can choose to use GuideStone Advisor's GPS: Guided Planning Services to assist in determining an age-appropriate investment allocation, advisers at GuideStone noted.

- **Avoid making impulsive decisions.** "Guard against making ad hoc changes in your portfolio," Hawkins said. "Making changes based on short-term market movements is almost a guarantee for failure as it promotes 'buying high and selling low.'"

The performance of an account moving forward will be determined based on results of the financial markets in the future, not the past. Selling today cannot avoid yesterday's losses in a down market. Likewise, in an up market, an investor cannot buy yesterday's performance by investing in the hottest fund.

- **Don't count losses—or gains.** Consistent contribution to a retirement plan affords investors a systematic way of taking advantage of investment opportunities as markets ebb and flow.

- **Maintain realistic expectations about market behavior.** Financial

markets in the short term tend to fluctuate in response to social, political and economic events. However, historically, the markets stabilize and return to profitability over the long-term, focusing on the underlying fundamentals.

“The next few weeks may be choppy for investors, but long-term investors should continue to focus on their objectives and less on the minute-by-minute headlines,” Hawkins said.