MANEUVERING MARKET VOLATILITY

By THOMAS MCCARTNEY

I grew up as part of the fourth generation of farmers on McCartney Farms in Southern Wisconsin and have many fond memories, including the painful process of learning how to drive our International Farmall Model M tractor.

Grandpa Merle was very proud of this tractor, as it was the "first tractor made after the war." Despite its archaic, manual transmission and narrow tires, it was still serviceable.

One day, while sorting hogs, Dad told me to jump up on the M and move it over by a gate. As a 9-year-old kid, my foot barely could depress the metal clutch. The next thing I knew, the ancient red tractor was jerking uncontrollably as I traveled across the barnyard. As the nose of the tractor snapped through the first wooden gate, I envisioned traveling across the cornfield and into the buildings of the next farm. As the surreal, erratic journey continued, I could faintly sort out the loud cries of instruction from my dad, grandpa and the farm's hired-hand as my life flashed before my eyes and I contemplated the trouble I was going to be in after this uncontrolled journey was finally over.

Fortunately, the right rear tire struck a massive wooden post and the old engine coughed and sputtered before it came to a peaceful rest.

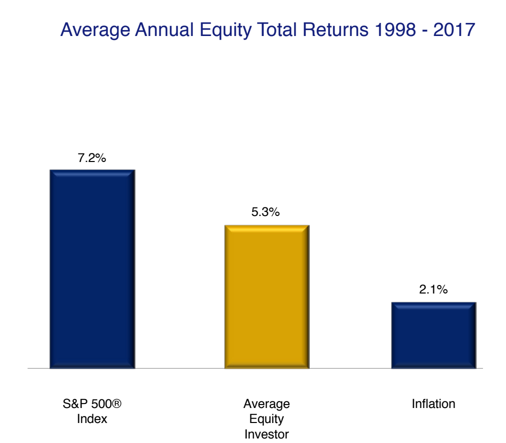
Watching the markets this year reminds me of that fateful first ride on the M.

After a historic lack of volatility last year with 47 of the 56 lowest closing levels in the history of the VIX – a common measure of stock market volatility is the Cboe Volatility Index – having occurred in 2017, it was easy to have forgotten what common market volatility is like.

Volatility's return may tempt you into bad investing habits, such as trying to "time the market" by selling and buying in an attempt to profit from short-term market swings. Trying to do so can lead to unfortunate outcomes.

To better illustrate this point, consider this DALBAR study of actual returns experienced by equity investors:

The Average Equity Investor Falls Short



Investor Behavior

Buy when market high and environment is comfortable.

Sell when market low and environment uncomfortable.

Often use funds with positive short-term performance, but come with high costs, turnover and taxation.

Data Sources: Dalbar, Inc., Inflationdata.com. S&P data provided by Standard & Poor's Index Services Group. Past performance is not indicative of future results.

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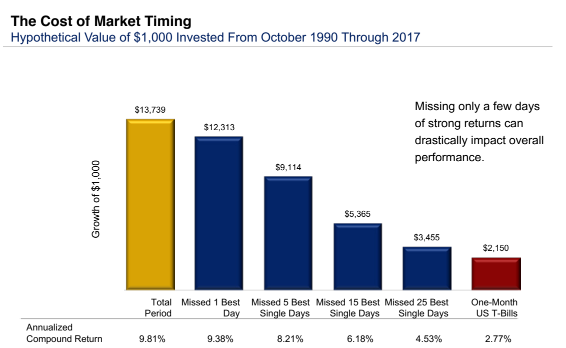
How can this be? Let's take a look at another study regarding what the results of missing only a few days of strong returns can have on an investor's portfolio:



In US dollars. Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. S&P data provided by Standard & Poor's Index Services Group. "One-Month US T- Bills" is the IA SBBI US 30 Day TBill TR USD, provided by Ibbotson Associates via Morningstar Direct. 4/12/2018

While market volatility can be nerve-racking, reacting emotionally and responding to short-term declines by changing long-term investment strategies could lead to regrettable results. Changes in your portfolio should be contemplated with your financial advisor based on changes in your goals and life events, not based on short-term market volatility.

Maintaining a focus on your goals should allow you to ignore the feeling of whiplash that I experienced on the M and, to instead, arrive more purposefully at your destination.

■ *Tom McCartney is the Founding Principal of My Advisor & Planner and a registered representative and investment advisory representative with M Securities. Investments in securities involve risks, including the possible loss of principal. My Advisor & Planner is independently owned and operated. McCartney and his team can be reached at info@mapyourfuture.net or 630-457-4068.*

Photo by Indre Cantero