

Embrace Market Pricing

MARCH 13, 2020

Markets are in complete disarray these days; therefore, most investors feel pressure to make a move. Investors are constantly bombarded with new information and agents offering the holy grail on investing: stocks, bonds, real estate, insurance, etc.

As part of our commitment to keep our customers and community informed, our team put together a few guiding points and articles to help understand the current market situation and making decisions with more thoughtful information.

Guiding points:

1. The most important thing from an investor standpoint is to have a clear picture of their objectives, especially in volatile markets like the ones we are living in. Most individuals have the misconception that they only have a handful of options in which they can invest, but the opposite is true. The investor needs to define his/her objectives first and then pick and adjust the investments accordingly.
2. The first pillar of DW Analytics' investment philosophy is that markets are efficient. So, it is not possible mathematically to predict the best time to invest; however, research shows that by investing and remaining focused on long-term goals, investors can actually pull through market declines.
3. The second pillar of DW Analytics investment philosophy is smart diversification. It is not possible mathematically to identify mispriced market sectors or a particular stock for investors to take advantage of. It is imperative to diversify through different asset classes, market sectors and geographic regions.
4. Market sectors have different behavior according to the economic cycle. This does not mean that the stocks in a sector are mispriced, only that the risk of return is higher in one sector compared to another one. Consequently, there are mismatches in the drop in stock prices from sector to sector. With that said, a few sectors with lower risk of return during this environment are as follows:
 - a. Consumer Staples
 - b. Utilities
 - c. Health Care
5. Reach out to your financial advisor, he/she should help to clarify the situation and objectives of your portfolio. If you still have questions, do not hesitate to contact **DW Analytics**.

The information in this document is provided in good faith without any warranty and is intended for the recipient's background information only. It does not constitute investment advice, recommendation, or an offer of any services or products for sale and is not intended to provide a sufficient basis on which to make an investment decision. It is the responsibility of any persons wishing to make a purchase to inform themselves of and observe all applicable laws and regulations. Unauthorized copying, reproducing, duplicating, or transmitting of this document are strictly prohibited. Dimensional accepts no responsibility for loss arising from the use of the information contained herein.