OLD NORTH STATE TRUST, LLC

The Market Roller Coaster

If the recent volatility in the market has you anxious about your investments and asking the question, "What should I do?", don't panic! Imagine you are getting ready to ride an adventurous roller coaster at your favorite amusement park. You're not sure about the ride with all its dips and turns, and your heart is pounding in your chest, but you know that other people have been on the same ride and have come out unscathed, so it can't be all that bad, right? Once you get in the cart, you take a deep breath and do what the attendant tells you to do to stay safe. This scenario reminds us of the volatility in the market, especially these days. Just as the attendant of the ride tells you how to stay safe, the same can be said of your trusted advisor. You have given that person your prized nest egg for the future, and you want to be reassured that it remains intact. We know that the market has its "dips" and "turns" just like the roller coaster ride, and like the people on the ride, they come out in the end just fine. Assuming you have a solid plan in place, here are a few tips on how to remain calm during the rough ride.

- Avoid emotional biases by sticking to your plan
- Review the plan periodically with your advisor
- Volatility is normal; don't let it derail you
- Stay invested, it matters
- Diversification works

More than anything else, remember a few "convenient truths" as told in a blog that was published a while back that, while we can't take credit for, we certainly agree with!

1. If you need to spend your money in a relatively short period of time it doesn't belong in the stock market.

2. If you want to earn higher returns you're going to have to take more risk.

3. If you want more stability you're going to have to accept lower returns.

4. The stock market goes up ***and*** down.

5. Risk can change shape or form, but it never really goes away.

6. There's no such thing as a perfect portfolio, asset allocation or investment strategy.

7. No investment strategy can outperform at all times.

8. Almost any investor can outperform for a short period of time.

9. There is no signal known to man that can consistently get you out right before the market falls and get you back in right before it rises again.

10. Most backtests work better on a spreadsheet than in the real world because of competition, taxes, transaction costs and the fact that you can't backtest your emotions.

11. Compound interest is amazing, but it takes a really long time to work.

12. Investing based on what every billionaire hedge fund manager says is a great way to drive yourself insane.

13. Stock-picking is more fun, but asset allocation will have more to do with your overall performance.

14. Don't be surprised when we have bear markets or recessions. Everything is cyclical.

15. Predicting the future is hard.

None of these statements are rocket science, but when it comes to our investments, we all seem to devolve into emotional wrecks. That's why it's better to let someone who can take an arm's length, detached view of your portfolio and make decisions based on facts and not emotions.