



Introduction: Welcome to the Paragon Financial Partner's podcast where we discuss the markets, our strategies, and how to live better today while planning for tomorrow.

Elean: Hello, and welcome to the Paragon Podcast. I'm Elean Mendoza and I'm here with Evan Shorten, the firm's founder and principle.

Evan: Hello. I'm Evan Shorten and I want to say thank you to our listeners who tune in to our podcast. If any of you would like us to cover or discuss a specific topic, please feel free to contact us through our Facebook page or you can email us at info@paragonfinancialpartners.com.

Elean: Okay, great. Evan, we often talk about one's mindset and the emotional aspect of investing. Working with an individual's finances is not just about asset allocation or their taxes, but it also incorporates an investor psychology of money. Everyone reacts differently to money depending on their previous experiences and memories with money. With that, I think it's important for us to provide our listeners with some tips on how to emotionally handle a lot of the market volatility we've been experiencing lately.

Evan, what can you tell our listeners to help them cope with the volatility we've been experiencing in the last few months?

Evan: Well first, I think it is important to not be your own worst enemy. Unfortunately as individual investors, our emotions can lead us to making poor decisions with respects to how we invest our own money. Too often, investors will sell during market declines and buy at the peaks. Prolonged market declines and volatility can often wear you down emotionally and lead you to making emotions-based decisions such as seeking safety by selling riskier assets during a market downturn and then gaining confidence to enter the market once you have seen it improve long enough.

Unfortunately by this point, investors are buying at the market peaks right before it may correct again. So again, it is important to remind yourself not to let your emotions control your actions.

The second tip I would give an investor is to tune out the media. Take a step back, turn off the news, and walk away. The constant barrage of negative news regarding the economy, the markets, the political climate, etc. is an emotional trigger. You can only listen to so much negativity before you begin to act on it, and as previously mentioned, become your own worst enemy.

My third tip would be for investors to recognize that volatility and corrections are a normal part of the financial markets. The key here is to understand that corrections and volatility are relatively insignificant over the long term. A correction lasting three, four, five months has little impact over a 10, 15 or 20-year period. The key factor which does have great influence over your portfolio is to be properly diversified. Having the right mix of different asset classes is the best way to minimize market volatility within your own portfolio.



Finally, I would like to add that volatility can also work in your favor. There are a number of high quality stocks and indices that can either provide income in the form of a dividend, growth potential or further diversification in a specific sector of the economy. While market volatility can be unnerving, it is important to not forget that it can create many opportunities for you to take advantage of such as scooping up a specific position at a deep discount.

Elean: Okay, great. Just to recap what you mentioned to our listeners. One, avoid making investment decisions based on emotion. Two, tune out the noise from the media and the constant flow of negative news. Let's be honest here, news stations don't improve their ratings with feel good stories, they're in the business of shock value. Three, market volatility is part of the market and investors should stay focus on their long term goals and their portfolio diversification. Four, market volatility can bring opportunities to buy some positions at a discount.

Evan: That pretty much sums it up.

Elean: Okay, great. We want to thank everyone for tuning in to the Paragon podcast. We hope you enjoy some of the things we present here and if you have any ideas or topics you'd like to hear, please let us know on our Facebook page or email us at info@paragonfinancialpartners.com.

Evan: Yes. Thank you for listening. To stay on top of every new episode, you can also subscribe to this podcast on iTunes if you are on an Apple device or through Stitcher Radio if you're using an Android device. If you want to stay up-to-date on all of our communications, we invite you to subscribe to our mailing list using the link in the episode description below.

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