

BUSINESS

ENJOYING THE RIDE: MAY FLOWERS IN FULL BLOOM

CULTIVATING PATIENCE IN LONG-TERM INVESTING



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Today we are going to discuss springtime investing and the importance of patience. In the short term we can deal with occasional rainy days,

but patience time after time shows that it will bring us beautiful flowers.

Seeds take time to grow

Just like plants don't bloom overnight, investments need time to mature and compound. Your initial investment may earn returns, and those returns are typically reinvested to try and generate even more gains. What's even more important is time in the market. The earlier you start, the more powerful compounding becomes. This compounding can help your money outpace inflation, can help preserve and increase your purchasing power. We have found that even conservative investments when compounded over decades can yield impressive returns without taking excessive risk. So make your money work for you.

Weather the storms

Spring showers may seem rough, but they nourish future growth. Market downturns can create buying opportunities. Think of it as a spring clearance sale, allowing you to buy quality investments at a discount. Many fundamentally strong businesses

see temporary price drops, and buying during that time can present opportunity for long-term investors. Regular investing during downturns can also help lower your average purchase price, which is the power of dollar cost averaging. Market dips may seem like storms, but for patient investors, they plant seeds for future growth.

Strong roots build stability

April marks the start of Q1 earnings reports, which can create some market movements as companies announce their financial performance. The U.S. tax deadline also falls in April, which can result in investors selling assets in order to cover tax bills or even reinvest tax refunds. This can result in short term liquidity shifts in the market. A well-diversified portfolio, like deep roots, helps withstand market fluctuations. We have found that the most important strategy of a portfolio is asset allocation, diversification, and rebalancing. By investing in different asset classes, you can help reduce the impact of a single investment that might perform poorly. Typically different sectors and industries don't move in the same direction at the same time. Being in different sectors and industries can help smooth out returns during market volatility. Diversifying your portfolio will help ensure a consistent return over time.

Prune and replant wisely

Over time, some investments grow faster than others, potentially making your portfolio riskier than intended. Rebalancing restores your original

risk level. Think of it as selling high and buying low. It is simply trimming some of the fat from investments that have done well and investing in investments that have done poorly (that can do well in the future). Adjusting your portfolio helps to ensure you're not overly exposed to one asset class, helping you weather economic shifts.

This constant rebalancing strategy prevents emotional investing and keeps your portfolio aligned with your financial goals. Just like trimming a garden keeps plants healthy, this strategy can help maintain steady and sustainable growth.

Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. Asset allocation and diversification are investment methods used to help manage risk. They do not guarantee investment returns or eliminate risk of loss including in a declining market.

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