

## NEWSLETTER

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# When Markets Are Volatile, Staying Invested Can Pay Off

*Hartfordfunds.com*

When volatility and fear strike the stock market, our instinct is to remove our investments from danger.

While prices are depressed because fear is high, staying invested and even buying additional stocks can lead to long-term gains.

It can be difficult to weather market swings, but the opportunities for long-term investors are worth considering.

### When Fear Runs High, Is It Time To Buy?

When volatility rears its ugly head, our instinct is to take our money out of the market to safeguard it. However, history shows that rather than giving in to fear, staying invested and buying equities during volatile times can be beneficial in the long run.

That analysis comes from examining the Cboe VIX, an index that measures volatility. It's often referred to as the "fear index" because it gauges the market's expectation of 30-day volatility. On aver-

age, the VIX measures around 20. But market-moving events, such as the initial outbreak of COVID-19, can quickly jolt it higher.

### Fasten Your Seatbelts

If we step back and examine times when the VIX spiked above 40, indicating extremely high fear levels, there's a trend. Within three years of volatility-induced declines, the market not only recovered its losses but also produced additional positive returns in each case. Five years later, those gains continued, as well.

A takeaway, then, is that while volatility can be difficult to endure, it can present opportunities for long-term investors. When fear is high, it may be time to be contrarian: consider it an opportunity to not only stay invested but to also buy while prices are depressed.

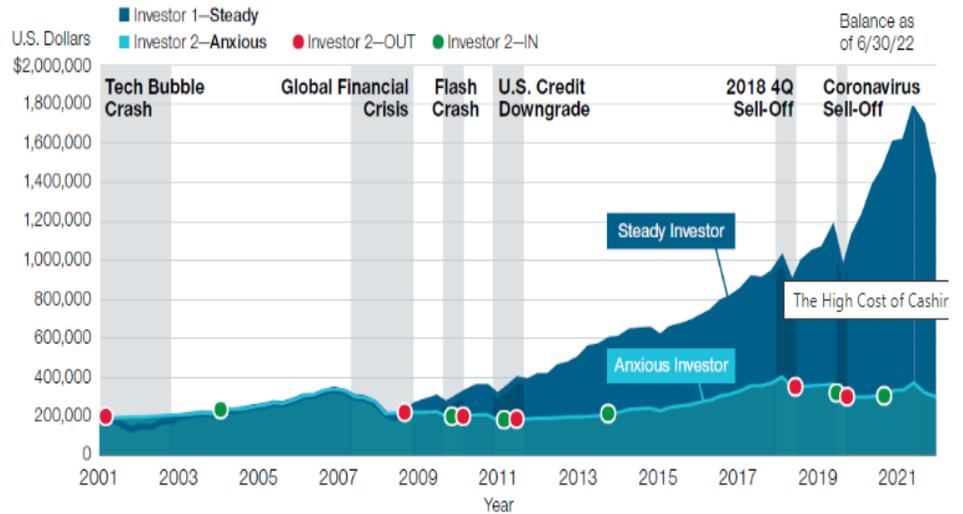
Why stay invested? Because it's impossible to tell when the market will resume its upward course after a bout of volatility. So sticking around means participating in the recovery as soon as it happens, rather than waiting to see improvement and missing the early days of recovery.

## Easier Said Than Done

We realize it's easy to say volatility and market dips work themselves out in time, but it's hard to live through. That's why it's critical to work with a financial professional who can tailor your portfolio to your personal risk tolerances. This can help you stay confident and be the contrarian who sees the opportunity in fear.

T. Rowe Price website presents the chart to the right. Over time, a hypothetical steady investor who stays invested is likely to outperform an anxious investor who jumps into and out of the market.

## Hypothetical Chart of Steady Investor vs Anxious Investor



Troweprice.com

### REMINDER:

**ALL 2022 IRA CONTRIBUTIONS MUST BE IN YOUR TD AMERITRADE ACCOUNT**  
**BY THIS YEAR'S TAX DEADLINE OF APRIL 17TH**

### IRA Contributions

It is not too late to make IRA contributions for tax year 2022. These **MUST BE IN your account on April 17th**. If you are making a contribution for 2022, specify that on your check on the memo line. Otherwise, TD Ameritrade will assume it for the current tax year of 2023.

### 2023 IRA Contributions

Good News! 2023 contribution limits for IRAs have gone up \$500. Anyone under 50 may now contribute \$6,500/yr. Ages 50+ may contribute \$7,500. *(The IRS considers you 50 for the entire year in which you turn 50.)*

### 1099s Ready

Your 1099 is available to you online at [advisorclient.com](https://advisorclient.com). TD Ameritrade has also mailed them out. Please note that some of you will also receive 1099-R Corrections. Those started going out this month (March).

## PRIVACY POLICY and ADV OFFERING

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A privacy policy is a legal statement explaining how a company collects, handles, processes, and respects its clients' personal data. As is required every year, we are submitting our Privacy policy to you for your information. It can also be found on our website.

### SCS ADV BROCHURE

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You may also find our forms at: [southerncapital.com/disclosures](https://southerncapital.com/disclosures)

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