

Short-term volatility: What's your move?

The financial markets don't like bad news. The current coronavirus outbreak is no exception, and many investors are tempted once more to "do something." But in times of volatile markets, the best move of all for long-term investors is often no move at all.

While they're not exact parallels, the stock market responses to the SARS coronavirus in 2003 and the Zika virus in 2016 offer useful lessons. In both cases, investors who sold on bad news and falling prices missed significant rebounds that very shortly had stock markets back to prior levels.

There's no guarantee that today's market will play out the same way; stocks have also taken days, months or longer to regain losses. But remember that knowing when to get back in is just as hard as knowing when to get out. The investment strategy your advisor has mapped out for you is a long-term plan based on your personal goals and circumstances. Should those change, talk to your financial advisor about whether an adjustment to your strategy is warranted.

2003 SARS sell-off

2016 Zika sell-off



Source: Vanguard calculations, based on data from FactSet.

Notes: U.S. stocks are represented by the S&P 500 Index. U.S. bonds are represented by the Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009; Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.

The performance of an index is not an exact representation of any particular investment, as you cannot directly invest in an index.

Talk to your advisor to learn more.

Past performance is no guarantee of future results.

All investing is subject to risk, including the possible loss of the money you invest. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. We recommend that you consult a tax or financial advisor about your individual situation.

Investments in bonds are subject to interest rate, credit, and inflation risk.

Financial advisors: Visit advisors.vanguard.com or call 800-997-2798.



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