5 Key ways to handle market volatility

Investors should know what market correction is, what happens during the same and how can they prevent hysteria during such turbulent times without timing the market or taking reckless decisions. This is important as it will help the investors to make suitable choices without booking losses and also achieve their financial goals. Read 5 Key ways to handle market volatility:

1. **'Know' the 'Why'**
   Are investors sure of what market correction means? Why is there chaos amongst investors or suspicion amongst potential investors? One reason could be that market correction is closely associated with market volatility wherein markets are considered to be falling steep. However, market volatility usually means the interruption in the upward market movement which is caused by temporary price correction. This certainly does not mean that the markets will not rise again; it takes some time for the markets to bounce back. Usually market corrections happen when the prices of equity keep falling and investors end up in panic selling. This is often propelled by geographical or political turmoil or any natural or man made catastrophe, relevant or irrelevant.

2. **Manic markets? Don't panic**
   So as mentioned in the previous point, manic markets often persuade the investors to redeem. One needs to realize that market correction is a temporary phase and will soon pass out. Markets are akin to cardiogram or life; has its ups and downs, but with time springs back. If one closely analyses the market trends, there has been an ascending movement of the market. For instance, from Oct 13, '10 to Dec 20, '11, the Nifty 50 Index has seen a price correction of 27%. However, the Index bounced back from the bottom of Dec 20, '11 to Mar 3, '15 by 98%. Data as on Oct 31, 2016. Source: NSE.

3. **Be precise, follow advice**
   If you're still unable to convince yourself, then you must definitely consult a financial advisor. This is because they have the experience and brilliance to help you in not only making correct investment decisions but also help in resisting your temptation to redeem during a market correction. Their counselling plays a strong role in your journey to create wealth without worrying much about volatility in the market.

4. **Focus on the forest, not on the tree**
   Coming back to your initial reason to invest in Mutual Funds was to achieve your financial goals. However, your foreboding towards the market volatility is making you forget about your goals while it is tempting you to redeem your investments. This is a situation where investors conjure an image of the calamity in the market which steadily takes control over their minds pushing their financial goals towards the end in their list of priority. It is paramount for investors to be firm about their financial goals and hold on to their investments till they realize the same. If one stock or fund is underperforming, that does not mean you fret over it and discard it, obviously your reason to invest in it was because of certain goals you aim to score and hence, deviating from it won't help you at all.

5. **Don't count your chickens before they hatch**
   Now a common practice amongst investors is that if they have invested in a bull market, they assume the situation will remain the same throughout, not thinking much about the bear market. Since market movements are cyclic, investors should have a realistic plan in mind while investing and be prepared

for all kinds of market movements. This is precisely why investors are often suggested to not put all their eggs in one basket and follow a diversified pattern of investing; this also helps in potentially reducing the overall risk and avoids investors being hysterical during a market correction.
Past performance may or may not be sustained in future.