Navigating Market Volatility

When groups of stocks or bonds rapidly change price in the same direction, up or down, it's called "market volatility."

What causes market volatility?

A. Positive or negative economic news

B. Changes in the government's financial policies

C. What's going on in politics

D. Events in other countries

E. All of the above

Volatility is most likely to happen when there are widespread reactions to news, information or events. So the right answer is **E. All of the above**.

How does this affect your investment portfolio?

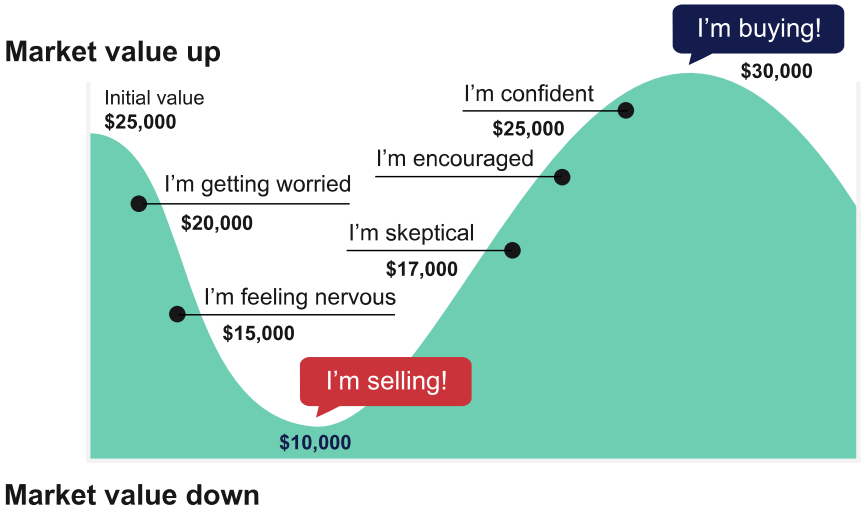
Your retirement savings may be affected if the funds you invest in through your retirement plan contain stocks or bonds. When a fund's performance changes, it can impact the value of your portfolio. You could see your retirement account balance go up or down on your statement.

Notes:

Should you act quickly to protect your investments?

It's natural to want to react quickly when your investments gain or lose value. However, investing based on emotions can be a roller-coaster ride that can prevent you from reaching your goals. In this example, an investor gets anxious when prices drop — so they sell investments and locks in a loss. They could have had a gain if they had waited. A different investor gets excited when prices climb — so they buy when prices are high and overpays.

The emotional investment cycle



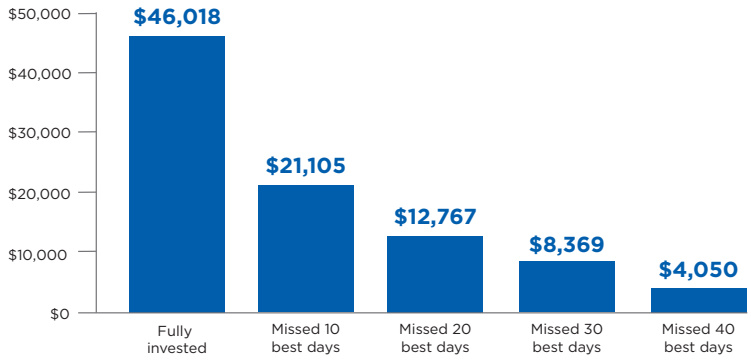
The example is hypothetical and is not intended to serve as a projection of the investment results of any particular participant or investment option. Actual results will vary.

What does history tell us?

History shows that the market's best days often follow its worst ones. Because of that, trying to time the market can be costly. Consider how an investor's returns would have been affected if they'd stayed fully invested over 20 years instead of missing the top-performing days.

Growth of $10,000 in the S&P 500® Index, Daily price return

August 2002 to August 2022



Source: FactSet, Nationwide IMG Competitive Intelligence Team

What can you do to navigate volatile markets?

Stay focused on how you respond and invest. Here are 3 strategies to consider:

Create and rely on a long-term plan

A plan can help you stay calm and stay the course when the market changes. You'll know that market ups and downs are factored into your long-term return expectations. And knowing you have a plan can keep you from over-checking your portfolio. While it's good to check it periodically, looking at it daily or weekly can tempt you to make quick decisions that don't line up with your goals.

Take advantage of the opportunity

Believe it or not, market volatility can present an opportunity. When prices drop, others often sell their investments based on emotion, which makes prices fall further. So, your retirement account contributions can buy more investments for the same amount of money. Those additional investments can potentially lead to bigger gains in a market rebound.

Have an investment mix that aligns with your goals

When it comes to investing, the adage "don't put all your eggs in one basket" is especially true. Using a strategy called asset allocation can help you follow it. It means you divide your investments among different kinds of assets, such as stocks and bonds. You can invest in a variety of stocks and bonds to diversify even more. Your retirement plan makes it easy by providing options that do this for you.

Notes:

What's next?

Step 1: Enroll in your retirement plan on your plan's website. Investment options in your plan can help buffer you from market volatility.

Step 2: Set up or increase your contributions by logging into your account online. Create an account if you don't have one already.

Step 3: Use retirement-planning tools in your account to set goals and check your progress.

Notes:

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

Investing involves market risk and there is no guarantee that investment objectives will be achieved. Diversification and asset allocation do not assure a profit or protect against loss in a down market.

S&P 500® Index: An unmanaged, market capitalization-weighted index of 500 stocks of leading large-cap U.S. companies in leading industries; gives a broad look at the U.S. equities market and those companies' stock price performance.

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