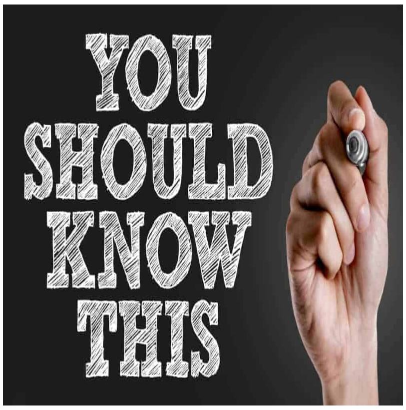

Is Your Portfolio Hurting? Here Are 3 Survival Tips to Remember

Description

It's no secret that this year hasn't been very great for the market. Year to date, the **S&P/TSX** has fallen about 5%. On the American side, the **S&P 500** has fallen nearly 18%. What's crazy is that these are indices that are considered to be the "way to go" for risk-averse investors. If you're investing in growth stocks, it's all but certain that you're looking at even greater losses. By now, many growth stocks have fallen more than 50% from their all-time highs.

With that in mind, investors across the country are likely wondering what to do with their portfolios. With losses of this magnitude, it's only fair that investors ask whether keeping money in the market is the right thing to do. During times like these, it's important to stick to the fundamentals. Keeping a Foolish mindset can help you navigate these difficult times. In this article, I'll discuss three survival tips that all investors should remember.

Tip #1: Don't panic sell

The absolute worst thing you can do right now is to panic sell. Market downturns are completely normal and should be expected to occur. Looking at the S&P 500, 20% drawbacks should be expected once every four years on average, whereas smaller declines like a 5% drawback should be expected on an annual basis.

It's difficult to predict when these drawbacks will occur. However, it's even more difficult to predict when these drawbacks will bounce into recoveries. It's generally accepted that many of the strongest market days come right after the lowest point of a downturn. Therefore, if investors miss even a handful of those best days, then their total returns could diminish significantly.

Tip #2: Remember your investment goals

When trying to get through a market downturn, it's very important that investors remember what their investment goals are. Doing so will help you better understand your portfolio and put you in position to make the best decisions. For example, if you're an older investor with a shorter investment horizon ahead, then it may be a good idea to really ask yourself whether it's still worth holding onto riskier investments.

One way that I decide which positions to hold onto during market downturns is by going through each position and asking, "How would I feel if this position went down another 30%?" We never hope to see any position continue to decrease in value. However, by asking yourself that question, you may be able to understand why you hold it and whether it still has a place in your portfolio.

Tip #3: Look for deals

During market downturns, the best thing you can do is buy more shares and take advantage of the deals available. Generally, dividend stocks tend to outperform during market downturns, so that could be a very attractive option to many investors today. If you were to ask me, however, I would jump on the opportunity to buy more growth stocks. With discounts of 50-70% available across the market, it's very hard to justify not buying shares right now. If you do decide to go that route, make sure you understand exactly what's caused the stock to decline and how it could be affected moving forward.

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