WELLS FARGO
Investment Institute

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Ask the Institute: How should I manage investments in an uncertain world?

Whenever there's worry in the world, you can't help but pause. And ask yourself, how should I manage investments in an uncertain world?

Historically the economy has gone through long cycles of growth, interrupted by occasional periods of recession. Most recently, 1991, 2001. And in 2009, the GDP – or gross domestic product fell dramatically.

However, in the past ten years, we saw an incredible cycle of growth and innovation. Technology helped create new ways to do things, share things and buy things. Entire industries were reimagined.

Coming out of this downturn, we believe we'll see promising new ideas to improve our safety, our lives and our world. So, what's the right approach to managing your investments in this time of uncertainty? Wells Fargo Investment Institute suggests these three strategies.

First, know yourself. No one knows your tolerance for risk better than you. It's smart to stay grounded in what feels right. Create a go-forward financial plan and stick to it.

Next, keep an eye on the long term. Unpredictable economic events have presented challenges in the past. And with resilience, America's businesses and households have managed to overcome them.

Allocate assets appropriately. Diversify. For example, a combination of stocks and bonds may create a portfolio with less volatility than stocks alone, and offers the opportunity for a better return than simply bonds.

Over time we've seen great expansion in our economy and, occasionally, troublesome drops. We advise investors to stick to their financial plan and have a long-term view of the markets.

Most of all, we want to help. You'll find informed opinions, guidance and resources on our website. Or if you have a question, something you don't understand, please reach out and talk to a Wells Fargo financial professional.

Risks

Diversification cannot eliminate the risk of fluctuating prices and uncertain returns.

All investing involves risks including the possible loss of principal. Stocks may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. Bonds are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates.

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