

Market Volatility: When the Galaxy Shakes Your Stocks

A Star Wars-inspired story about panic, patience, and the pursuit of a stronger portfolio.



A long time ago, in a galaxy far, far away, there lived an investor named Luke. He wasn't a Wall Street tycoon or a day-trading wizard, but he was thoughtful, curious, and determined to grow his modest savings for a secure future. Luke invested in the stock market and had built a cozy nest egg. Every morning, he'd check his investments, savoring the steady growth of his portfolio.

The Day the Galaxy Shook

One sunny morning, Luke logged into his brokerage account, expecting to see his portfolio growing steadily as it had done for months. But to his dismay, it was shrinking! The galaxy was in a frenzy: Headlines screamed of intergalactic conflict and trade-route disruptions. His once-reliable portfolio had been shaken and slashed in value.

Luke sat frozen, his heart racing. "The galaxy shook my stocks!" he exclaimed. He felt betrayed, as if the stock market had turned against him. For days, he stared at his screen, hoping the numbers would magically climb back. But the volatility only grew wilder, like a storm tossing his portfolio into the wind.

Divergent Voices from the Galaxy

Luke wasn't alone in his struggle. He had two friends, C-3PO and Leia, who also invested in the stock market. C-3PO was a nervous type; he worried about everything, especially the next market dip. He'd check his stocks hourly, panicking at every flicker of red. "I can't take this!" C-3PO wailed. "I've lost so much money and want to keep what's left!" He panicked and liquidated his portfolio at a significant loss, convinced safety was better than uncertainty.

Leia, on the other hand, was bold and unshaken. She'd seen market storms before and knew volatility was part of the galaxy's nature. "The market always moves," Leia said with a shrug. "You don't chase it in a panic or hide from it—you adapt." While Luke fretted and C-3PO fled, Leia explored the galaxy, researching new opportunities. She diversified¹ her investments, adding bonds and dividend-paying stocks to help steady her portfolio. She even bought some undervalued shares during the dip, believing they'd increase in value when the storm passed.

¹ Diversification does not ensure a profit or protect against a loss in a declining market.

Key Points

- Market downturns are a normal and expected part of investing. Trying to predict or control every twist only leads to frustration.
- Panic-driven decisions can do more damage than the market downturn itself. The worst time to make financial decisions is when emotions are running highest.
- Spreading investments across different asset classes and using strategies such as dollar-cost averaging can help investors potentially emerge stronger when volatility subsides.

Luke watched his friends' opposite reactions and realized he had a choice. He could follow C-3PO's path and liquidate his portfolio out of fear, or he could learn from Leia's calm resilience. But Luke wasn't quite like either of them. He needed his own way to face the shaking stocks.

So, Luke took a deep breath and decided to reach out to the wisest man he knew: Obi-Wan Kenobi. Obi-Wan had lived through decades of intergalactic conflict, and his presence, wisdom, and steady demeanor immediately put Luke at ease.

Obi-Wan instructed Luke to pull out a notebook. He had three important things he wanted Luke to understand:

- 1. "The Markets Will Shake."** Volatility is inevitable. Stocks rise and fall, and no one can predict every twist. Volatility is the price investors must pay to enjoy potentially higher returns. Accepting this freed Luke from expecting a smooth path.
- 2. "Pause Before You Make Changes to Your Portfolio."** Strong emotions can cloud your judgment. By watching C-3PO, Luke learned that the worst time to make financial decisions is when headlines are loudest and anxiety is highest. Pausing gave him space to think clearly, reach out to a wise guide, then calmly move forward.
- 3. "A Sturdy Ship Can Help Steady the Storm."** Diversification and patience are critical tools. By spreading his investments across different sectors and asset classes, and by focusing on long-term goals, Luke could weather the market's storms.

Obi-Wan reviewed Luke's portfolio and helped him make adjustments. They sold stocks with weakening outlooks and reinvested in a mix of domestic and international strategies, along with an allocation to bonds to help reduce volatility. They also set up automatic contributions to Luke's account, buying more stocks during dips, a strategy known as dollar-cost averaging. Most importantly, Luke stopped checking his account every hour, trusting that the galaxy, combined with Obi-Wan's wisdom, would eventually reward his patience.

The Shaking Stopped

Months later, the market's storm calmed, as storms always do. Luke's portfolio hadn't just survived, it had grown larger. The shares he'd bought at low prices during the volatility had rebounded, and his diversified investments made him more confident in his ability to withstand future storms.

C-3PO, who moved to the sidelines during the volatility, missed the recovery and deeply regretted his panic. Leia, who stayed calm amid the storm, had thrived. But Luke felt proud of his own path. He hadn't just survived the shaking stocks; he'd learned to navigate an ever-changing galaxy.

Luke still checks his portfolio regularly, but now he knows the ups and downs are both part of the journey. He keeps his notebook close, its pages filled with wisdom for the next storm. And in the galaxy, they still tell the story of Luke, the investor who learned that when the galaxy shakes your stocks, you don't run or freeze—you adapt, explore, and keep moving forward.

The Moral of the Story

- Change is constant in the market galaxy. Volatility will shake your stocks, but it's part of the galaxy's natural rhythm.
- Fear can cause you to make costly decisions. Boldness can help you take advantage of opportunities. Wisdom is what helps you decide between both.
- Aim to build a resilient portfolio, stay patient, and embrace the galaxy's twists to potentially grow your wealth over time.

Talk to your financial professional to help you build a portfolio that you'll be comfortable holding during volatility.

Important Risks: Investing involves risk, including the possible loss of principal. • Fixed-income security risks include credit, liquidity, call, duration, and interest-rate risk. As interest rates rise, bond prices generally fall.

• Foreign investments, including foreign government debt, may be more volatile and less liquid than US investments and are subject to the risk of currency fluctuations and adverse political, economic and regulatory developments. Investments focused in specific sectors may be subject to increased volatility and risk of loss if adverse developments occur. • For dividend-paying stocks, dividends are not guaranteed and may decrease without notice. • Systematic investing neither assures a profit nor protects

against a loss. Because systematic investing involves continuous investing regardless of fluctuating price levels, you should carefully consider your financial ability to continue investing through periods of fluctuating prices.

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