Subject: March 26 Market Reaction

Time for some good news…

On Tuesday March 24th, the Standard and Poor's 500 Index rose over nine percent – one of the best days ever for the index. Most of the communications distributed recently have been in response to the downside of today's market events. Why do we respond quickly during adverse events and not those that are positive? One explanation is the difference in our ***emotions*** during good and bad times. This can somewhat be explained by the term loss aversion, the bias on which the study of investor economic decision making, behavioral finance, was constructed.[1]

Loss Aversion is a bias in which people strongly prefer avoiding losses as opposed to achieving gains, so much so, that negative experiences are two times more impactful to us than those that are positive.[2] For example, how many times have you called your financial professional to ask why the market is up versus an inquiry as to why it is down?

Why? It could be evolutionary. It seems that humans, like all organisms, survive because of a heightened sense to avoid threats to endure and progress. It was and is a necessary part of our DNA, and we still feel it today. Subconsciously, it appears our first instinct is to avoid the pain associated with losses and the unknowns of market turmoil – we cannot help it. That is why we ask investors to pump the brakes on their emotions and review their long-term objectives.

We will never be certain how markets are going to perform day-to-day, but we want to make sure we are capturing those days that are meaningful. Even during this unknown, let's make sure we celebrate tiny victories like Tuesday even though we are not thinking about them.

As always, please call me for additional help and guidance.

Compliments of the Investment Resource Group at Securian Financial Services, Inc.

Securities and investment advisory services offered through Securian Financial Services, Inc., Member FINRA/SIPC.

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any funds or stocks in particular, nor should it be construed as a recommendation to purchase or sell a security. Past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested.

Steve Hall, Steve Houg, Dan Bachman, Joel Hall, and Dave Perrott are registered representatives and investment advisor representatives with Securian Financial Services, Inc.. Securities and investment advisory services are offered through Securian Financial Services, Inc. Member FINRA/SIPC.

Guide Financial Group is independently owned and operated. 2830 100th St., Ste. 108, Urbandale, IA 50322 | 515-401-1499

DOFU 3-2020
1132141

[1] https://www.behavioraleconomics.com/resources/mini-encyclopedia-of-be/loss-aversion/

[2] Tversky, Amos; Kahneman, Daniel (1986). "Rational Choice and the Framing of Decisions"