

VIDEO TITLE: The Four “R’s”



Target Audience: Clients

Estimated Total Runtime: 2:50

Strategy: Video Script Only

[Eric]

When the markets fluctuate, and you feel like selling everything and running for the hills, keep this in mind: It's not about TIMING the market... it's time IN the market that counts.....

My advice? Turn off the news, and try to avoid the emotional swings you get from watching it. All it does is distract you from your long-term investment goals. We all know that markets fluctuate and the reward for getting market returns over time is being able to stick to your investment strategy when everything looks dismal.

It's important to stay focused on your values & goals.....

Remember, you always have a choice: You can ACT or you can REACT.

Here are 4 steps to help you focus on what matters: It has been referred to as The Four R's.

- 1) **Recognize**. . Freeze. Stop what you're doing to ask yourself: "In this moment, how am I feeling? What am I thinking? What am I doing?" This exercise promotes a present-moment awareness of self. By taking a reality check like this several times throughout the day, you can recognize how your feelings and thoughts are directing your actions on a moment-by-moment basis. Frequent use of this first step will help increase self-awareness. Loss aversion is the preference for avoiding losses more than achieving equivalent gains, often causing investors to accept less risk than prudent.
- 2) After recognizing your cognitive, emotional and physical state, stop and **Reflect**. View your present situation from 50,000 feet. As you reflect on the bigger picture — your values and your goals and possible cognitive biases — you begin to calm down and think more clearly. Reflection provides the clarity and perspective needed for reframing.
- 3) As the reflection process activates the pre-frontal cortex — the logical part of your brain — you begin to **Reframe** your situation and account for any biases or unhelpful emotions. The brain then evaluates the advantages and disadvantages of different responses in relation to your values and goals. After weighing options and tradeoffs, you are ready to make a decision.
- 4) With a calmer head and your options evaluated, you are ready to **Respond**. Using the Four Rs empowers you to choose a response or make a decision that's consistent with

your goals, values and beliefs, while avoiding emotional or bias-based reactions that frequently can result in negative consequences.

Bottom line – let go of what you can't control, like the market. And focus on what you can control, like your emotions.

Remember, I'll never tell you what you HAVE to do – I'm here to help guide you on what you CAN do.

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