

Understanding Risk

Part 1 of Preparing Your Portfolio for a Market Crash

KEY POINTS

1. Markets move all the time and there is no way to predict a crash.
2. Preparing your portfolio BEFORE a crash will help you protect your money along the way.
3. Part one of this series deals with understanding the risk in your portfolio.
4. Ask yourself the question, if the markets dropped 40/50/60% today, how much of my portfolio would be affected?
5. Thinking about your amount of risk can help reevaluate your portfolio if more protection is needed.
6. Kinds of Risk:
 - a. Market Risks
 - b. Liquidity Risks
 - c. Business Risks
 - d. Political Risks
 - e. Currency Risks

HELPFUL LINKS

1. S&P 500 - <https://finance.yahoo.com/quote/^GSPC?p=^GSPC&.tsrc=fin-srch>
2. <https://www.finra.org/investors/learn-to-invest/key-investing-concepts/reality-investment-risk>

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