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Advisers Work to Steady Anxious Investors

Similar to other recent bouts of volatility, advisers say to stay calm and keep to a long-term plan

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The tumble in global markets spawned by worries about China's economy and oil's deepening rout is making investors anxious, and they are reaching out to their financial advisers for direction. A client of Jarrett Solomon's called Thursday, concerned about whether he had enough money in his retirement account to withstand the recent turbulence. The client, Frank, who is a widower and retired last year, was put on edge after talking with his son about market conditions.

Mr. Solomon, who is a director at Connecticut Wealth Management LLC, a $500 million wealth-management firm, told the client his plan was "strongly intact" and that the amount of risk he's taking is commensurate with his needs.

"Not all of his money is invested in the stock market," Mr. Solomon added, saying the portfolio has assets in fixed income.

Mr. Solomon and other advisers have been busy this week pacifying jittery investors who are wondering how much their portfolios will fall.

"We've had a steady stream of clients calling [this week] who are nervous and concerned," says Winnie Sun, the managing director of Sun Group Wealth Partners in Irvine, Calif. "They're looking at their 401ks and are worried if they'll have enough money to retire."

Similar to the other bouts of volatility the past several months, advisers are mostly giving the same message to uneasy investors and retirees: Stay calm and keep to a long-term plan.

Stacy Francis, president and chief executive of Francis Financial, reminded clients in a letter that "having a disciplined, diversified investment approach will result in significant gains over the long term."

Ms. Francis and other advisers say China's most recent volatility, which caused the country's market to drop 7% and suffer its shortest trading day in its history, has been factored into most of their clients' portfolios, mitigating risk for now.

"We knew China was slowing down for months now," said Ms. Sun, whose firm manages more than $140 million for clients. "We do expect this volatility to continue."

But they are also telling clients that indirect exposure to China, such as U.S. businesses that manufacture there, could weigh down returns. To protect against that, advisers are stressing that investors avoid having concentrated positions within their portfolio.

"Investors should still be reminded that it's always prudent to be diversified, keep a long-term view and own the right balance of assets given [their] risk appetite," says Joe Duran, chief executive of financial-services firm United Capital Financial Advisers LLC.

Several advisers agreed that they expect the markets to see-saw in the near future, but one wealth manager has darker outlook.

"We have been telling our clients for the last four months that we have entered into a global recession that would find its way to our shores and that we have begun a bear market," said Ken Moraif, a senior adviser at Money Matters, a Plano, Texas-based wealth-management and investment firm that manages $2.9 billion for clients.

Mr. Moraif is counseling that clients hold off on making new investments for the time being. However, Mr. Moraif said if "things continue to deteriorate," the firm plans to increase clients' bond positions.

Ms. Sun said she and her team are monitoring China's impact on U.S. companies, especially those within technology, for possible buying opportunities to "increase diversification."

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