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FINANCIALS GROUP

# Financial markets: pitfalls to avoid in 2025

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Since early 2022, financial markets have experienced significant fluctuations, and although 2024 was a good year in terms of returns, uncertainty remains. Stocks and bonds continue to reflect global economic tensions, particularly due to monetary policy adjustments by the U.S. Federal Reserve (Fed) and challenges related to inflation. How should investors respond today? What behaviors should be avoided? Should you seize these opportunities or act more cautiously? USA France Financials is here to guide you.

Despite concerns about market trends, it is important not to adopt an overly pessimistic approach:

- Periods of decline can offer significant opportunities, for example, by purchasing stocks or ETFs at reduced prices.
- In the case of indices like the S&P 500, the selection of the 500 largest companies is regularly reviewed: struggling companies are replaced by performing ones. This limits losses and reflects the resilience of the markets.

Conversely, one essential principle: **never invest all your cash or savings**. Keep a portion of your funds in reserve to cover unexpected needs or take advantage of future opportunities.

**Proper diversification** is a cornerstone of any successful investment strategy:

- Invest in various sectors and regions (e.g., NASDAQ, S&P 500).
- Include different asset classes, such as stocks, bonds, and even commodities like gold.

A common mistake is underestimating the impact of **management fees**. These can vary:

- **ETFs** generally have lower fees than **mutual funds**.
- These fees, though sometimes modest, can significantly reduce your long-term returns.

When entering financial markets, one of the first decisions to make is whether to invest on your own or with the help of an advisor:

- **With an advisor:**
  - They can not only share their experience but also help you avoid the traps of emotional biases, which are common during periods of volatility.
  - They assist in defining an investment allocation tailored to your overall wealth, personal situation, and risk appetite.
  - Lastly, they can recommend strategies such as **Dollar Cost Averaging (DCA)**, which involves regularly investing fixed amounts to smooth out the risks associated with market fluctuations.
- **On your own:**
  - This requires a good knowledge of the markets and strict discipline to avoid impulsive decisions.

### Need Support?

Whether you're a novice or an experienced investor, it's always beneficial to reassess your investment strategy. At USAFrance Financials, our team is dedicated to helping you optimize your investments and navigate financial markets with confidence. Don't hesitate to reach out to us.



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