The noise of short-term volatility

Credent
WEALTH MANAGEMENT

Equity market volatility can often instill doubt in the ability of attaining positive long-term returns as risk-seeking investors. In fact, sharp decreases over shorter time frames can have a much greater fear impact than an elongated slow downside. Such doubt is arguably justified given the media hype that can be associated with it along with pundits claiming to have a decisive explanation on why something has occurred. As prudent wealth and investment managers, our goal at Credent Wealth is to entirely remove the emotion associated with doubt and uncertainty and guide clients, as well as their investment strategies, toward a path of long-term success. By utilizing historical data in conjunction with currently observed market data, alongside an objectively managed investment platform, we attempt to enhance long-term success. We do realize, however, that such an approach is hard to fully explain in times of equity market downside. Due to that, we want to remain true to our long-term assessment of equity market participation by providing the table below. In a nutshell, we want to showcase that by managing strategies to a long-term mandate, the ability for long-term success remains intact. Avoiding short-term noise and objectively deciding to ignore its impact over the long-term can be one of the most beneficial choices that an investor can make.

It's important to note that the data below **assumes an investor has accepted a full equity market participation risk objective and that the investor has accepted a passive exposure**. Meaning, no active management has played a role in attempting to enhance long-term performance. Such attempts, in our view, stem from the ability to objectively manage an investment management platform on the basis of risk. A risk-centric investment management platform attempts to take advantage of periods with strong downside. Actions that could be taken, for example, involve a restructuring of the underlying equity holdings in times of downside in an effort to initiate exposures across holdings that may have a stronger upside potential following an eventual recovery period. As mentioned earlier, however, none of those actions are associated with the data below. It's simply reflective of a buy-and-hold approach. It's our belief that by adding such objective restructing actions, over the long-term, an investor's chances of long-term success may be enhanced. Due to that belief, the Credent Wealth multiple-strategy investment platform maintains an objective structure to risk management across all strategies.

Start date of volatility	**Downside duration** *(in months)*	**S&P 500 decline** *(Total Return)*	**10 years following START of downside volatility** *(Total Return)*
12/6/1968	5	-36.06%	32.02%
1/11/1973	9	-48.20%	94.30%
11/17/1980	9	-26.80%	249.48%
10/10/1983	7	-14.83%	279.34%
8/25/1987	4	-33.51%	268.89%
7/13/1990	3	-19.92%	407.44%
7/17/1998	3	-19.15%	21.89%
3/22/2000	30	-49.14%	-7.25%
10/9/2007	17	-56.78%	102.26%
7/22/2011	3	-18.27%	141.42%*

**This field only captures 7 years of data, not 10*

Source: Bloomberg. Standard & Poor's (S&P) 500 Total Return Index. Total return means that all dividends are reinvested. This index is unmanaged and cannot be invested into directly. All performance referenced is historical and is no guarantee of future results. The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. The S&P 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Credent Wealth Management is a registered investment advisor.