

# Keeping Emotions in Check

## A Historical Guide to Market Volatility



# Stay Invested During Periods of Market Stress

## Stock Market Since 1900

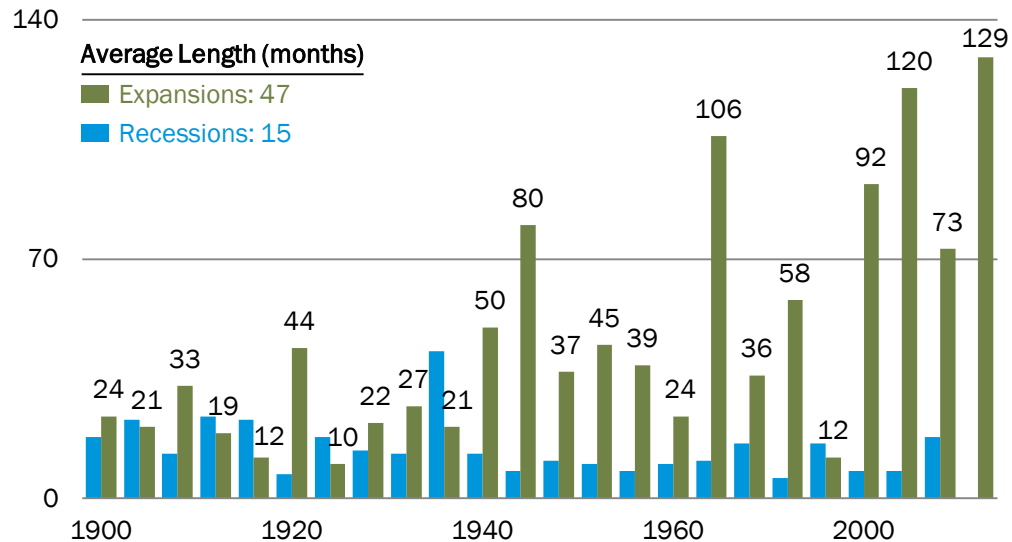
S&P 500 Composite Index



Source: Strategas Research Partners. Haver Analytics.

# Economic Expansions Last Longer Than Recessions

## Length of Economic Expansions & Recessions



### The bad news:

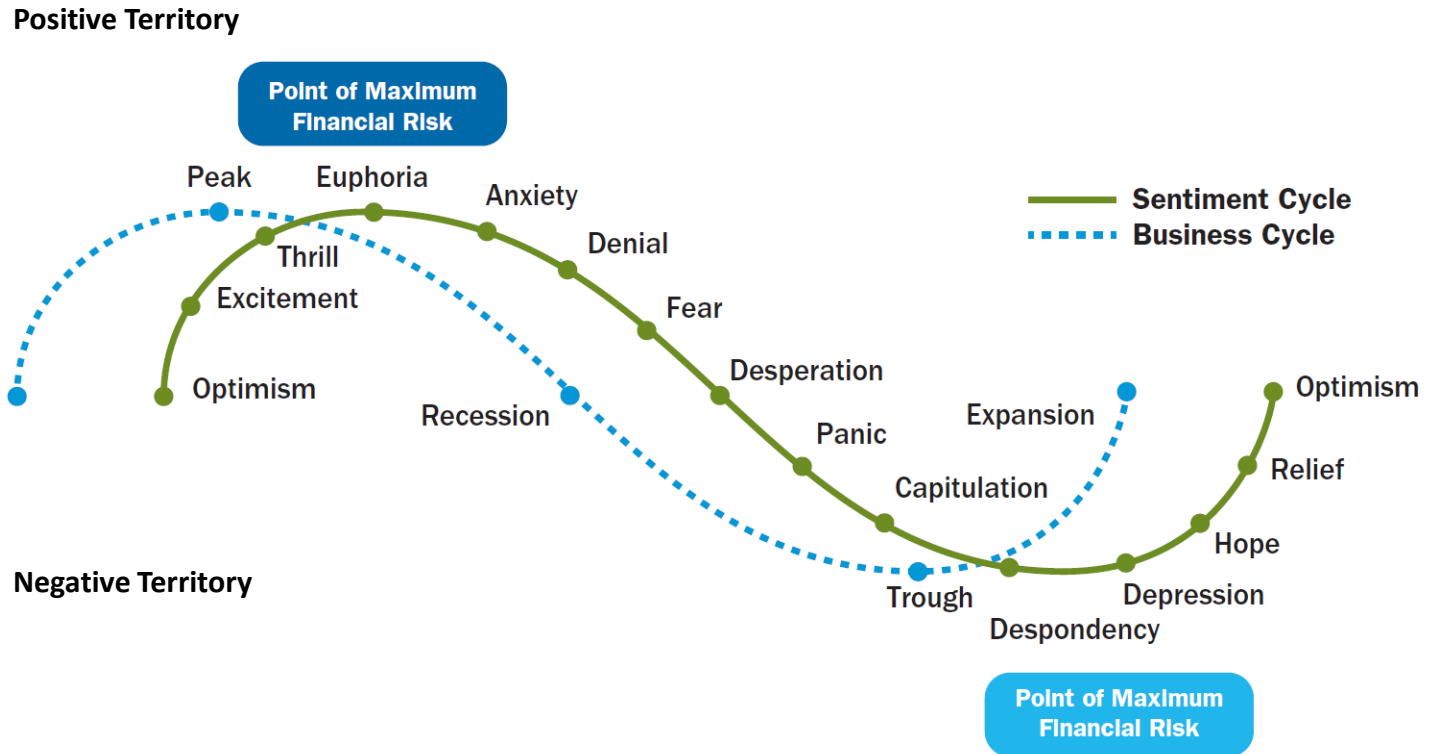
As a long-term investor you will eventually experience a bear market.

### The good news:

History shows us that periods of recession typically do not last long and the stock market has always recovered.

Source: Strategas Research Partners.

# Understand the Cycle of Market Emotions



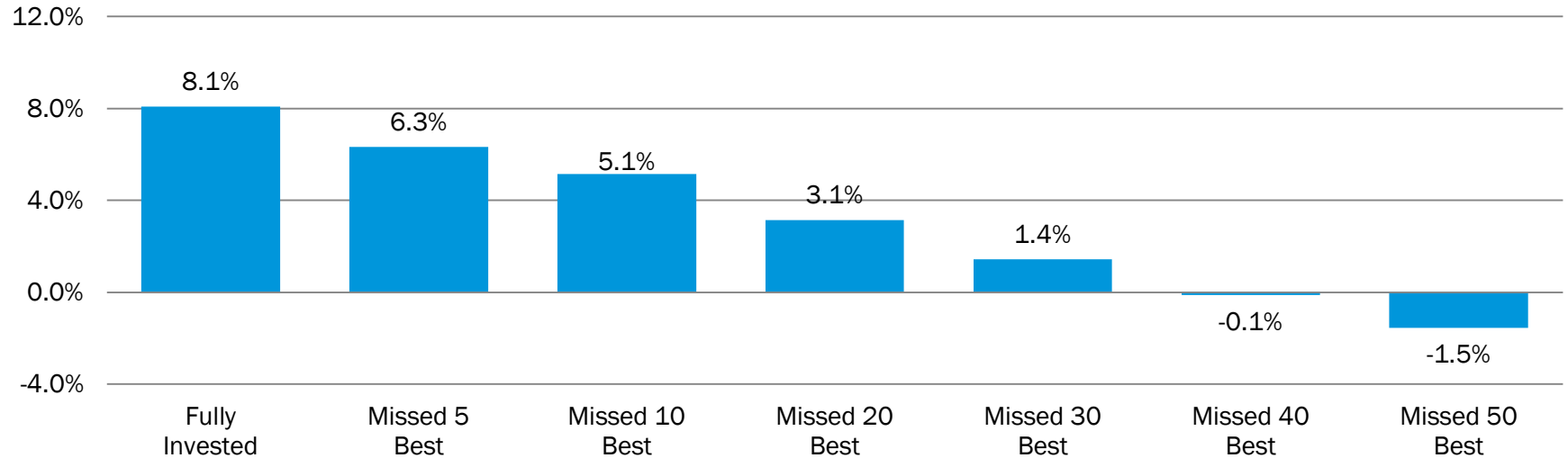
Source: <https://optionalalpha.com/the-14-stages-of-investor-emotions-and-trading-psychology-10433.html>.

# Volatility Can Cause Investors to Miss the Upswings

A look at what investor returns would look like if they stay fully invested, compared to if trading causes them to miss some of the market's best days.

## S&P 500 Compound Annual Growth Rate

(January 1995 - January 2020)



Note: This hypothetical example is for illustrative purposes only and does not represent any actual investment performance, price or yield.

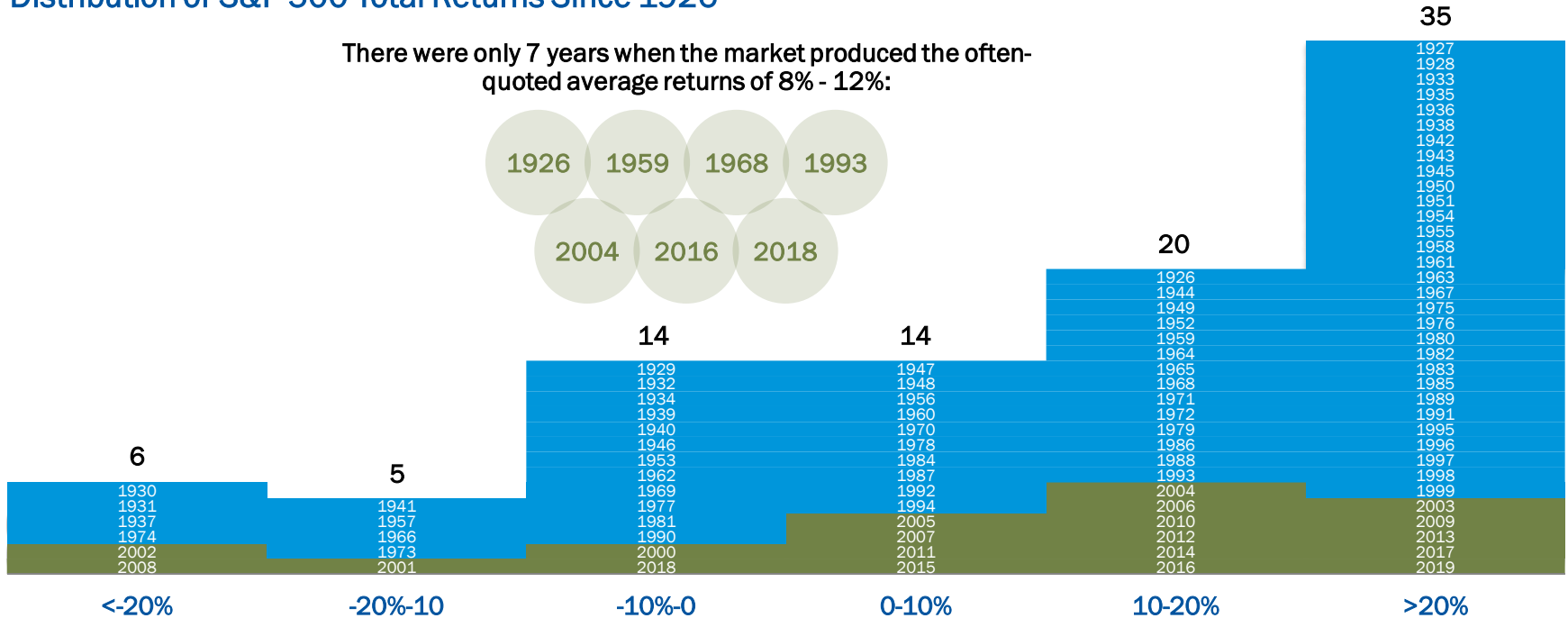
Source: Strategas Research Partners. Past performance is no guarantee of future results.

Data based on S&P 500 Index total returns with dividends reinvested.

# Set Realistic Expectations for Returns

## Distribution of S&P 500 Total Returns Since 1926

There were only 7 years when the market produced the often-quoted average returns of 8% - 12%:



Source: Strategas Research Partners. Past performance is no guarantee of future results.

# Make a Long-Term Plan: Set Goals and Stay Invested!

*“Remember that the average investor cannot be above average. Investors should understand this fact and not judge the performance of their portfolio based on broad market indices, but rather based on their individual path toward a personal goal.”*

Source: DALBAR QAIB 2014.

# Disclosure

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# Index Overview

*Index performance is presented for illustrative purposes only and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.*

The **Dow Jones Industrial Average** is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. The **S&P 500 Index** is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 2000 Index** measures the performance of the smallest 2000 U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **Bloomberg Commodity Total Return Index** is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13 week (3 Month) U.S. Treasury Bills. The **Bloomberg Barclay's U.S. Aggregate Bond Index** measures the performance of the U.S. investment grade bond market and invests in a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States – including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year. The **Barclays US Intermediate Corporate High Yield Index** covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below, with a maximum maturity of 10 years. The **Citigroup 3-Month T-Bill Index** measures monthly return equivalents of yield averages that are not marked to market. The **S&P Total Market Index** is designed to track the broad equity market, including large-, mid-, small-, and micro-cap stocks. The **Barclay's Capital Municipal Bond Index** is a broad market performance benchmark for the tax-exempt bond market, the bonds included in this index must have a minimum credit rating of at least Baa. The **Russell Top 200 Index** measures the performance of the 200 largest companies (63% of total market capitalization) in the Russell 1000 Index. The **Dow Jones U.S. Select REIT Index** intends to measure the performance of publicly traded REITs and REIT-like securities