

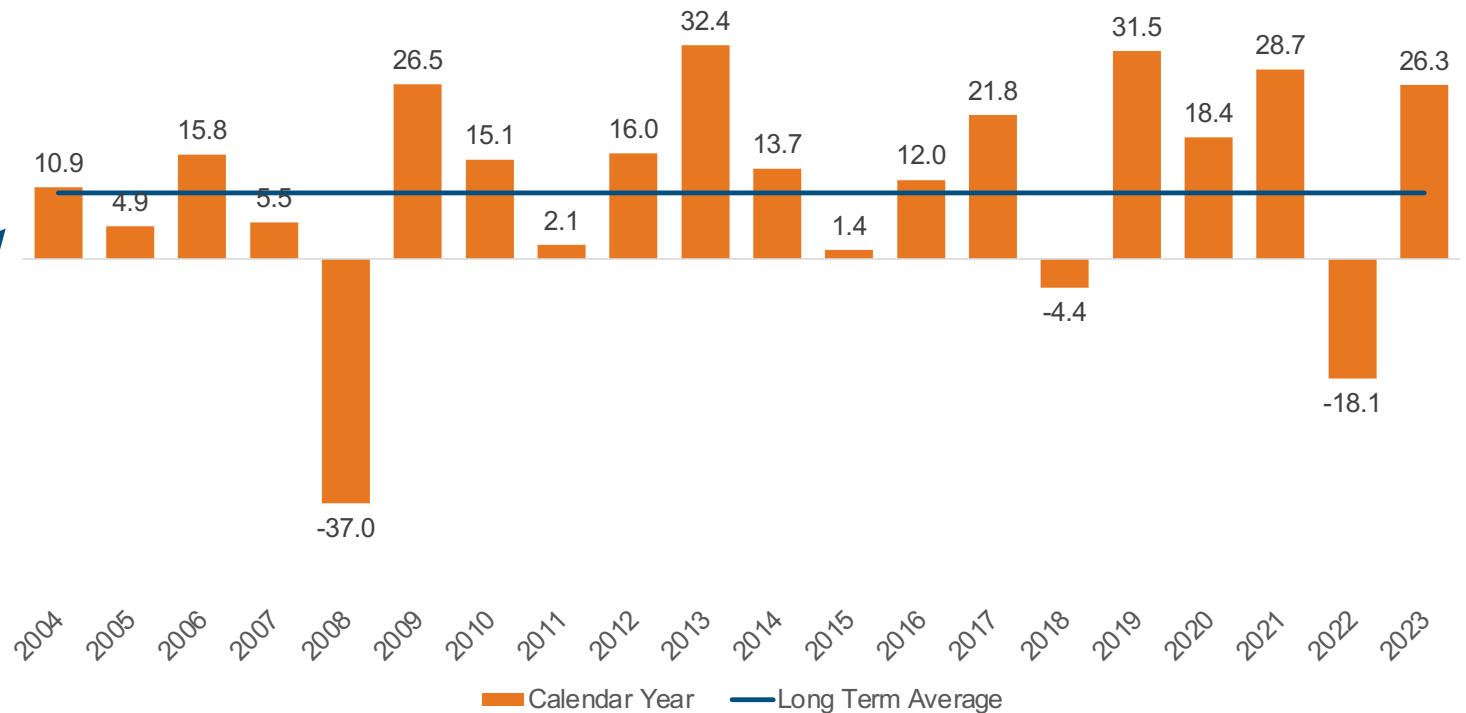
Why Investing Is Not Simple

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Long-Term Equity Returns Are Not Earned Evenly

Long-Term
Average
Return of
S&P 500:
10%

S&P 500 Returns (%)

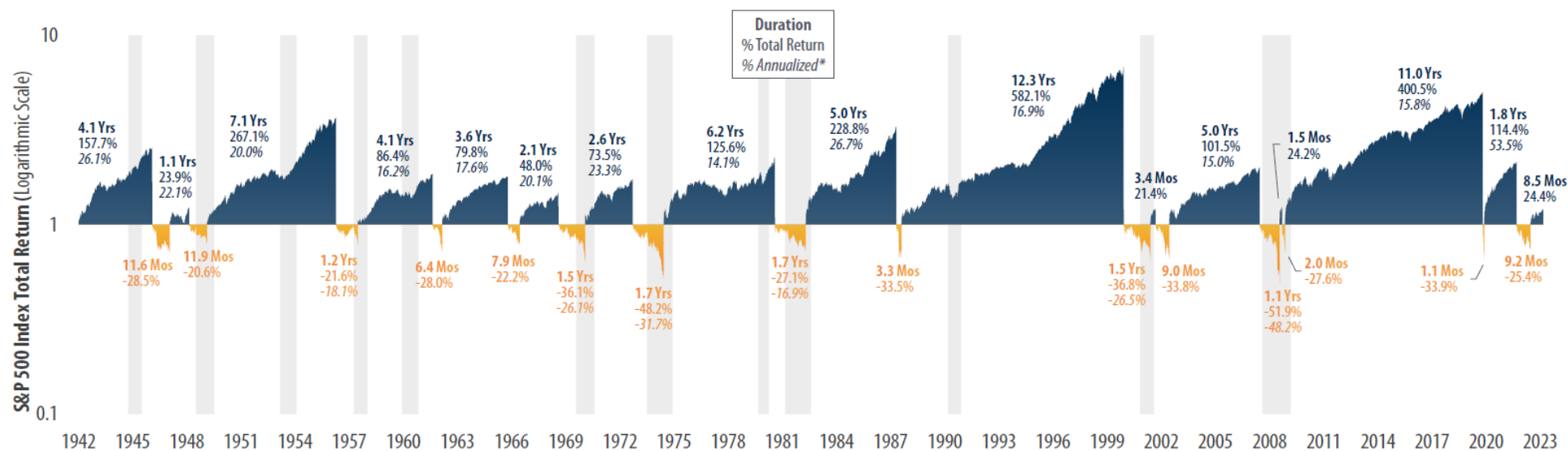


Source: Zephyr Style Advisor

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Long-Term Averages Include the Ups and Downs

US Equity Market – Bull and Bear Cycles (5/1942 – 6/2023)



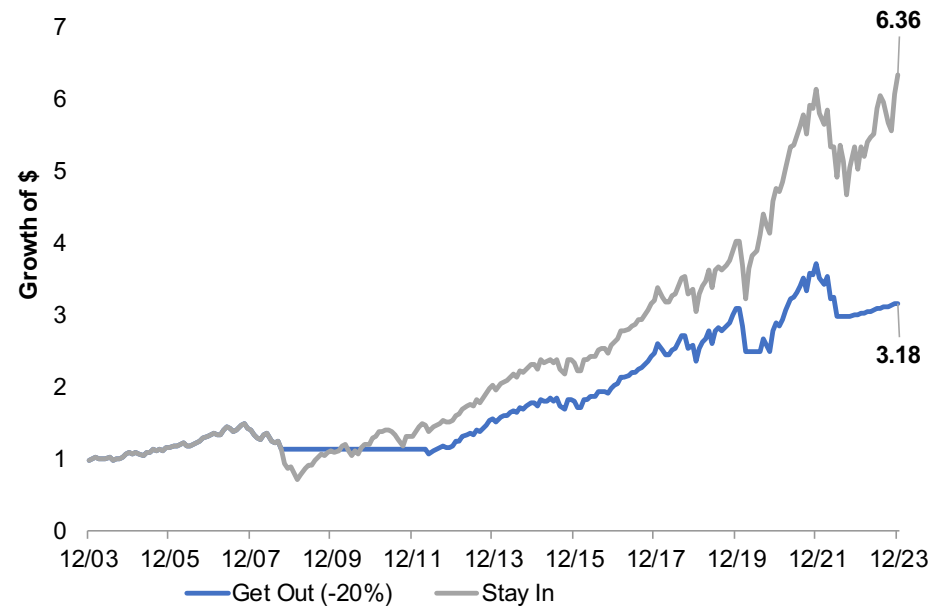
Source: First Trust, "Client Resource Kit – Market Perspectives" US Equity Market represented by S&P 500.

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When Markets Fall, Emotions Can Take Over

We want equity exposure, **but the large drops...**

...can lead to **emotional decisions** that can impact long-term returns.



Sources: AssetMark, Zephyr Style Advisor. "Get Out (-20%)" Portfolio switches to cash once bear market threshold hit and stays in cash until market recovers to prior high.

Emotions Can Lead to Investment Mistakes



Timing the Market



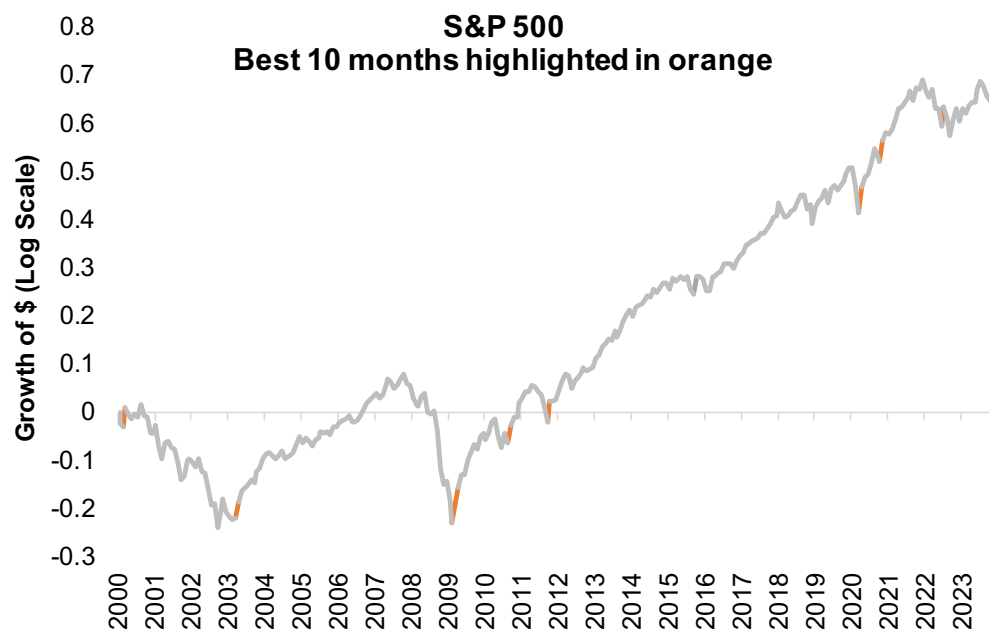
Negative Headlines
=
Negative Markets



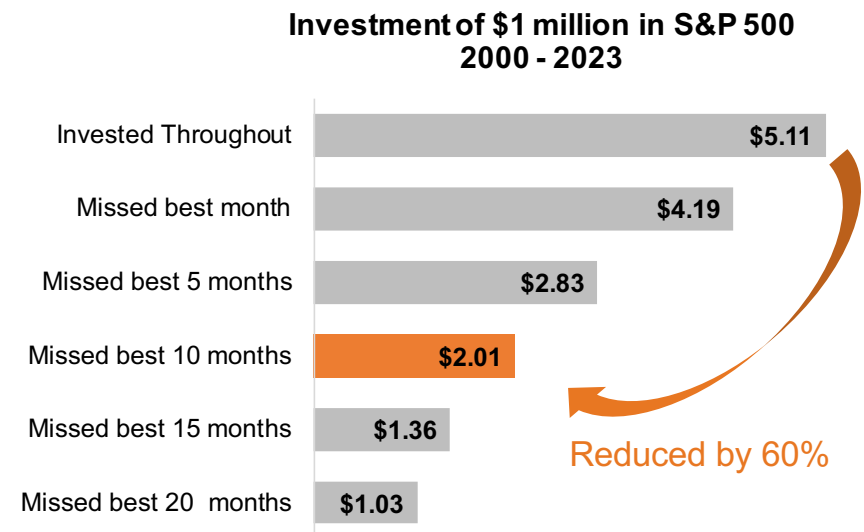
Short-Term Focus

Timing the Markets Can Mean Missing Big Market Returns

Some of the **best market returns** occur after market downturns...



...and **missing those months** due to an emotional decision can have a big impact on returns.



Sources: AssetMark, Zephyr Style Advisor.

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Scary Headlines Can Offer Investment Opportunities

Ten-Year Annualized Return After the Event



16.2%

Pearl Harbor Bombed (12/7/1941)



7.0%

Kennedy Assassinated (11/12/1963)



18.9%

Black Monday (10/19/1987)



12.1%

Sputnik Launched (10/4/1957)



12.9%

Nixon Resigned (8/9/1974)



11.7%

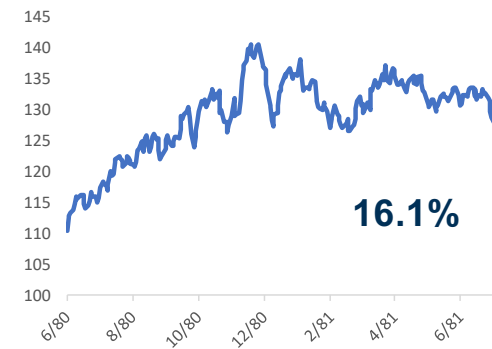
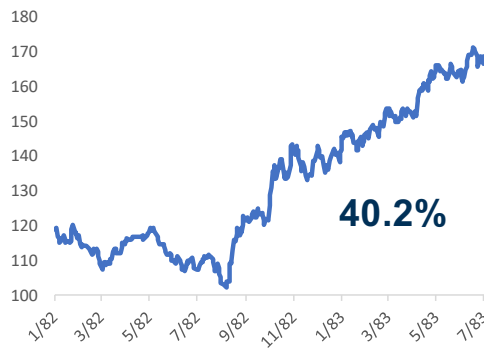
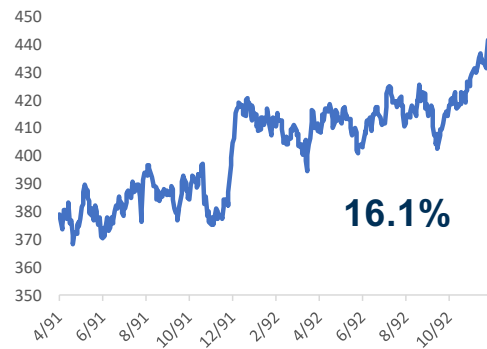
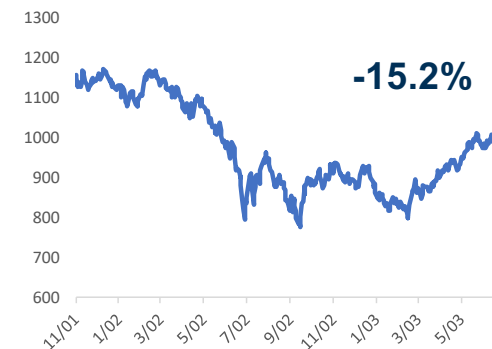
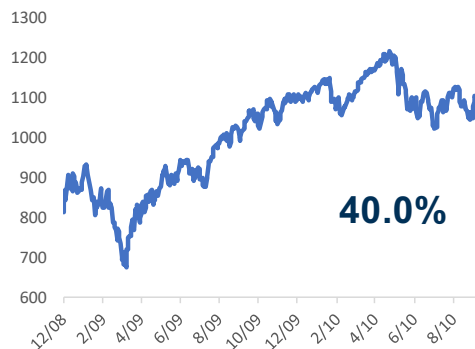
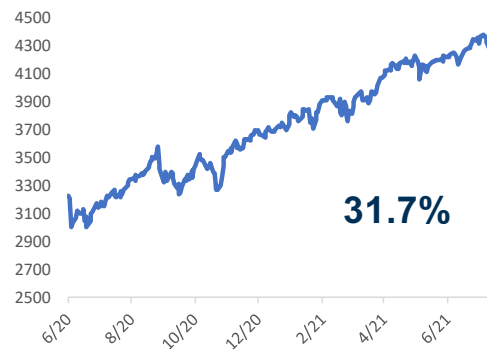
Lehman Bankruptcy (9/15/2008)

Sources: Capital Group: "Guide to Market Recoveries, 2023 edition"

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Scary Headlines Can Offer Investment Opportunities

US Equity Market Returns During Recessions

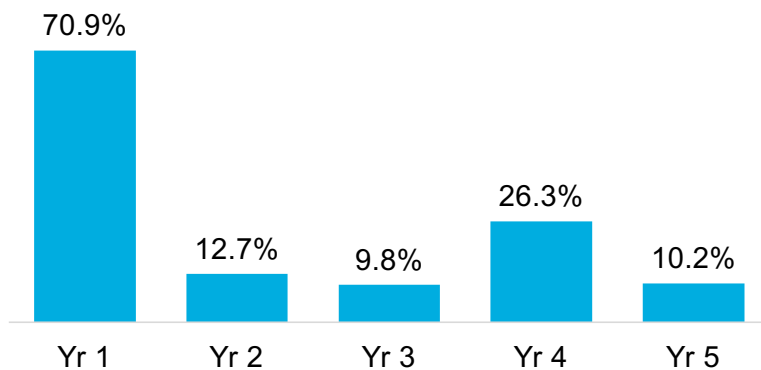


Source FactSet. US Equity Market represented by S&P 500.

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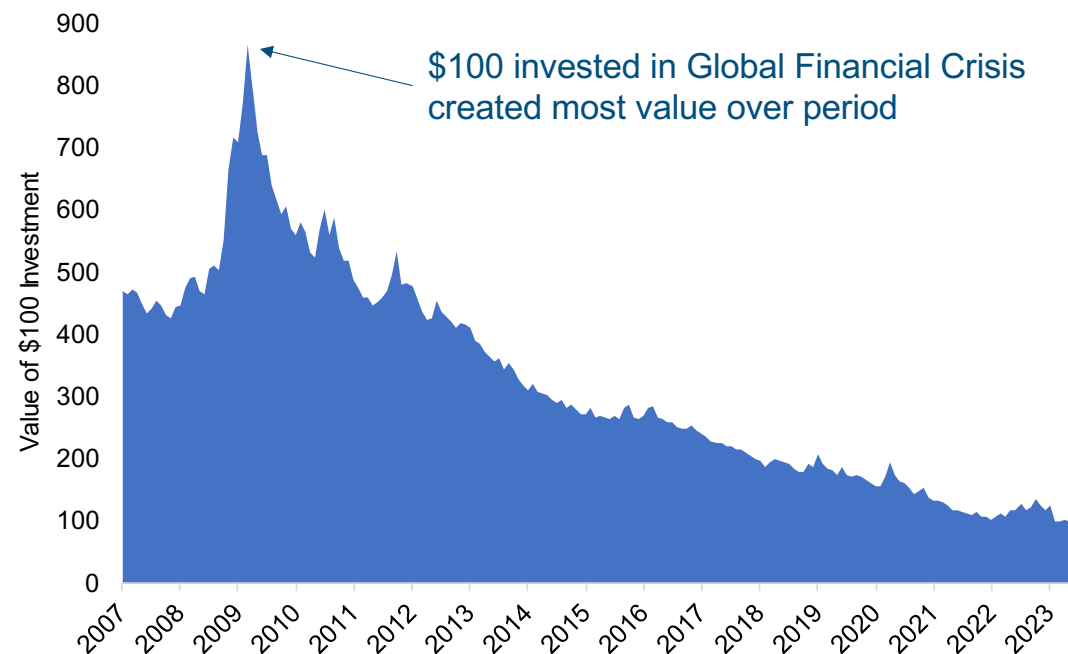
Bear Markets Can Offer Investment Opportunities

US Equity Market Returns Following Five Deepest Bear Markets (1929 – 2022)



Average annualized 5-year return: 23.1%

Final Value of Each \$100 Monthly Investment in US Equities Starting in 2007



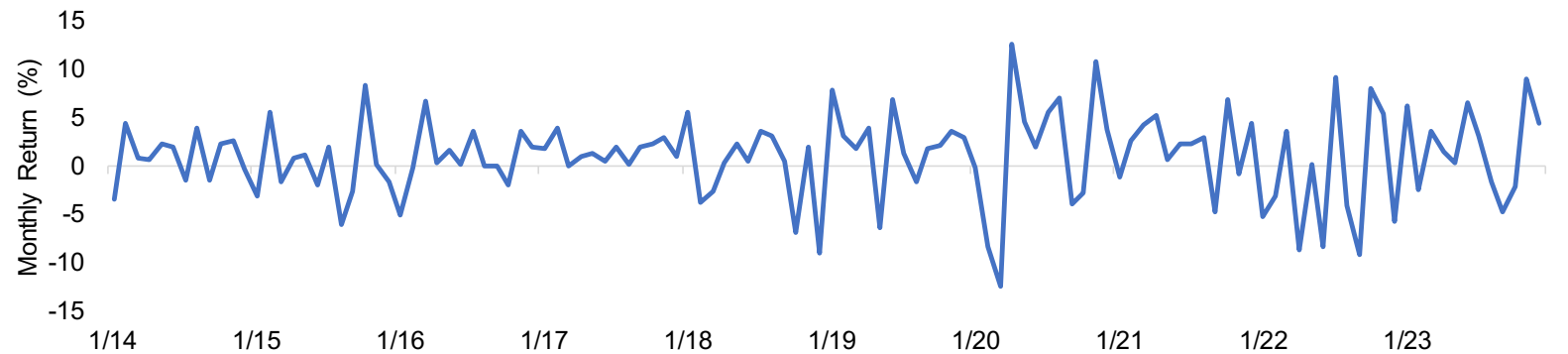
Source: Capital Group, "Guide to Market Recoveries, 2023 Edition", AssetMark, Zephyr Style Advisor. US Equity Market represented by S&P 500.

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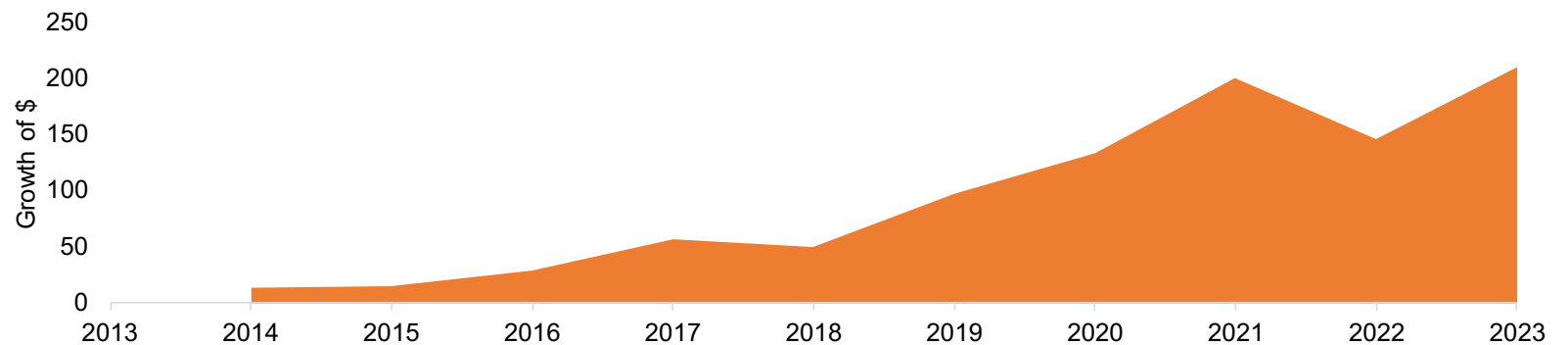
Short-Term Focus Loses Sight of Long-Term Goals

US Equity Market Performance

Short-term
monthly returns
see volatility



Longer-term
annual returns
see steadier
growth



Source: AssetMark, Zephyr Style Advisor. US Equity Market represented by S&P 500.

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What To Do?



Know your goals



Tune out the noise



Have a plan



Be disciplined



Have a long-term portfolio
that adapts for the short-term

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