

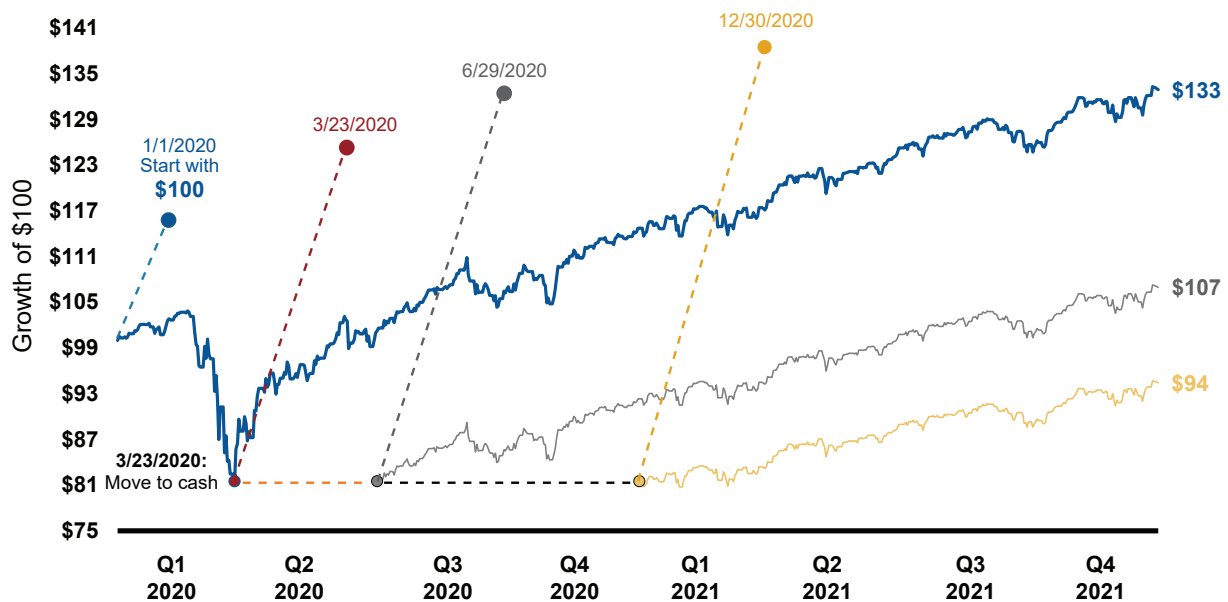
B IS FOR BEHAVIORAL COACHING

While 2021 didn't have the volatility of 2020, its relatively steady climb higher through the year still confirms the importance of remaining invested through thick or thin. If you fled for the exits in mid-March 2020 when the pandemic emerged (as many investors did), you could have missed out on some significant gains, depending on whether and when you re-invested in the market.

The following chart shows the difficulty of finding a new point of entry once you leave the markets. If you had stayed invested for the entire two years of the pandemic, you would have seen your \$100 investment on January 1, 2020 rise to \$133 by the end of 2021. But if you had moved to cash in March 2020 and then returned to the market a few months later at the end of the second quarter, you would only have \$107 by the end of 2021. Meanwhile, if you moved to cash in March 2020 and stayed in cash until January 2021, you would have only \$94 at the end of 2021.

This is where we believe an advisor can be a valuable guide. Their role as a behavior coach can go a long way to saving you money, by keeping you focused on the long term rather than falling prey to your emotions when markets get volatile.

FEAR IMPACTS OPPORTUNITY



Source: Morningstar Direct. Balanced Portfolio: 60% S&P 500 Index and 40% Bloomberg Barclays Aggregate Bond Index. As of December 31, 2021.

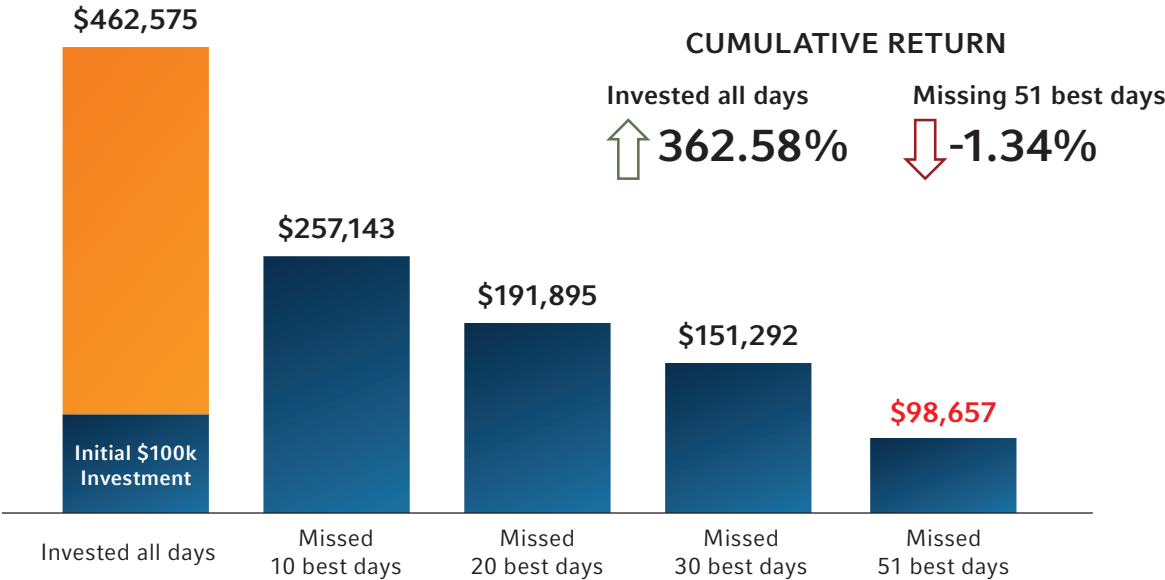
Pulling out of the market when it is falling can lock in losses and could lead to missing out on any subsequent rally. Without a crystal ball, it's hard to time the perfect point to get back into the market once you have left.

As the next graph shows, missing out on even a few days of good performance can really hurt your portfolio. And the thing is—you can never predict when the market will have a good or bad day. The factors that affect market performance can range from stock-specific news to geopolitical events to newly released data (such as employment statistics) to even technical trading triggers. It's best to just ride things out.

Although it's scary when markets decline, it's worth remembering that they do tend to go up over the longer term. In fact, the S&P 500 Index has risen 74% of the time since 1926¹. Those are pretty good odds.

DIFFICULTY OF MARKET TIMING: THE INVESTMENT IMPACT OF MISSING BEST MARKET DAYS

10 years ending December 31, 2021



Source: Morningstar. In USD. Returns based on S&P 500 Index, for 10-year period ending December 31, 2021. For illustrative purposes only. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

¹Source: Russell Investments, represented by the S&P 500® Index from 1926-2021