

Why Remaining Invested Through Volatility is Crucial

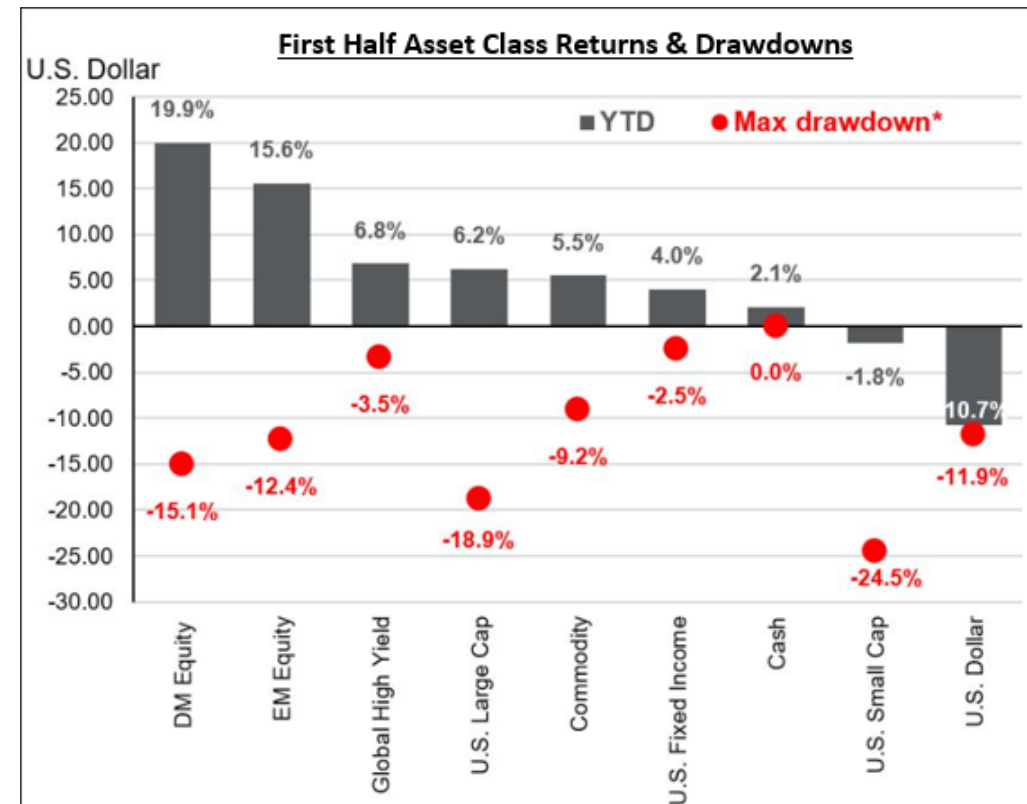
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The chart on the right¹ shows a range of asset classes and their respective returns. The red dot represents the lowest point of each asset class year to date, while the gray bar shows its return through the end of June. More volatile asset classes such as commodities, equities, and lower-rated high-yield bonds have experienced significant rebounds from their lows, underscoring the elevated market volatility seen this year. In contrast, traditionally lower-risk asset classes, such as broad fixed income and cash, have shown a much narrower return dispersion, reflecting greater stability.

It's essential to recognize that years like 2023 and 2024, which featured exceptional returns for the S&P 500 and unusually low volatility, are the exception, not the rule. Markets remain vulnerable to sudden shifts driven by geopolitics, policy changes, and unexpected economic shocks. This underscores the importance of maintaining a long-term investment perspective to navigate volatile periods. Exiting markets in response to downturns can mean missing out on the strong bounce-backs that often come afterward.

For example, if an investor who exited large-cap growth stocks at their low, which were down nearly 19%, had missed the more than 25% rebound that ultimately brought the segment to a +6.2% return by quarter-end. In short, while drawdowns and volatility, such as those seen in 2000, 2008, 2020, and 2022, are a recurring feature of market cycles, staying invested helps ensure participation in the upside when markets recover.



Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

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¹ [Weekly Market Recap | J.P. Morgan Asset Management](#)