VITAL SIGNS

Conversations about volatility.

Swings in financial markets can breed fear and cause rational investors to make irrational decisions. But remember, bouts of market volatility are normal. Don't let them derail long-term goals.

Volatility isn't vulnerability

Throughout the past year, investors have dealt with an unusual confluence of events, including persistently high inflation, aggressive Federal Reserve rate hikes, a destabilizing war in Eastern Europe, and signs of slowing global growth. These factors really cranked up volatility in the stock and bond markets. Sometimes, we forget that volatile financial markets are not new or uncommon.

Resist the emotional roller coaster

There will always be periods of tumult, but historically, markets have been resilient. And remember, downside volatility often creates compelling long-term opportunities.

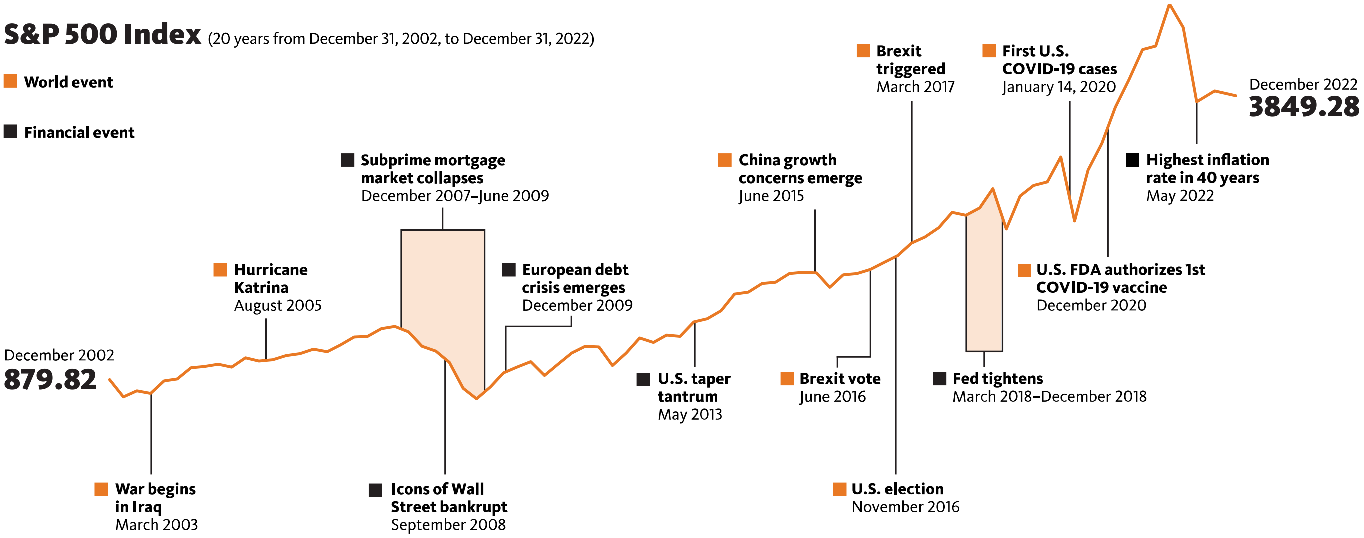
MIND OVER MATTER

We often associate volatility with financial loss, but it's normal and can often be managed through diversification and access to sound strategies.

Swings in financial markets breed fear and can cause a rational investor to make irrational decisions; however, markets have historically proven resilient time and again.

With proper guidance, awareness, and a goals-based strategy, market volatility can be less scary.

S&P 500 Index (20 years from December 31, 2002, to December 31, 2022)



Source: SEI. Index returns are for illustrative purposes only and do not represent actual investment performance. Index returns do not reflect any management fees, transition costs, or expenses. Indices are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Don’t let volatility scare you off course

Being hyperfocused on day-to-day portfolio valuations and wild swings in the markets can lead to destructive behavior. It’s better to keep calm, stay invested, and remain focused on long-term goals.

Investment period: Dec. 31, 2001, to Dec. 31, 2022	S&P 500 returns
Full-period return	9.8%
Missing 10 best days	5.6%
Missing 20 best days	2.9%
Missing 30 best days	0.8%
Missing 40 best days	-1.10%

Source: Factset, Annualized S&P 500 index returns from December 2001 through December 2022. For illustrative purposes only. Calculation is based on 5,036 days, excluding weekends and holidays. The returns are based on the S&P 500 Index, a market-weighted index of 500 of the largest U.S. stocks in a variety of industry sectors. It is not possible to invest in the directly in the unmanaged index. Index returns do not reflect any management fees, transition costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

MIND OVER MATTER

Volatility can be particularly destructive to long-term goals if it prompts you to jump in and out of the markets.

Timing markets rarely pays off. Missing out on just a handful of the best days can seriously diminish long-term performance.

History has shown that the odds of achieving investment goals could potentially increase when you stay the course and your time horizon is longer.

Health check

- A financial advisor can help keep you on track and avoid emotional and potentially destructive decisions.
- Consider reevaluating your overall risk tolerance. Honest discussions with an advisor might be illuminating and even prompt you to consider how “lower-volatility” or “stability” strategies may fit into your diversified investment portfolio.
- Don’t think that lower-volatility strategies simply offer a binary choice between growth and volatility. There are ways to position for long-term capital appreciation using equities while still aiming for a lower-volatility experience.

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