

Marathons & Markets

Lately, we've seen a meaningful uptick in market volatility fueled by economic instability here and abroad. From Chinese real estate woes threatening to disrupt their economy, to political wrangling in Washington that will continue to ripple through our own, there's no escaping that the headlines have near-term market impacts around the world. But if the ups and downs have you worrying, don't forget—you've trained for this!

We Knew It Was Coming

Like an experienced distance runner who knows obstacles and difficulties are simply part of the path ahead, as investors, we know volatility is to be expected. We have just experienced the most robust market bounce back ever in the year following a market meltdown—and it's important to keep that in perspective when the ups and downs continue.

U.S. Stock Market

See Disclosure

+65%

Previous one-year bounce back return record after a market drawdown of 30%.

+80%

One-year market bounce back return following the 30% drawdown in March 2020.

The above returns reflect a 1-year time period (252 trading days) following a U.S. total market drawdown of 30%. On March 16, 2020, the market had declined 30% from its peak. From March 17, 2020 to March 16, 2021, the U.S. total market returned +80%.

We Prepared for the Inevitability—and Discomfort

History tells us when it comes to the market that what goes up is likely to come down eventually—market corrections and volatility are to be expected in periods following historically high returns. However, simply anticipating market reactions doesn't make them any easier to endure when they show up—just ask a runner who is unprepared for a hilly race course! Working with an advisor who will implement an evidence-driven, thoroughly diversified, and cost-conscious portfolio tailored to your risk tolerance is like getting in peak shape before a big race. It helps us get ready for whatever is ahead, even—and especially—when it's uncomfortable.

We Adjust What We Can

You get it by now—investing is a marathon not a sprint. Success is measured not by our performance in any one mile of the race but in whether we cross the finish line and achieve our end financial goal. But that doesn't mean a little tweaking over time isn't necessary—something we're reminded of when volatility is front and center like it has been recently. Throughout the year, work with your advisor to focus on what you can control. Has a life event triggered a change in risk tolerance? Is it time to reconsider your allocation? Is it time to make changes in other areas of your financial plan?

When we've prepared all we can and make thoughtful adjustments along the way, we know we'll be able to handle whatever ups and downs the market gives us and feel good knowing we have the endurance to reach our own finish line.

Source: Ken French's Data Library. U.S. Stock Market is the market-capitalization rate of all CRSP firms incorporated in the U.S. and listed on the NYSE, AMEX, or NASDAQ. U.S. Analysis is based on daily returns since July 1, 1926. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio nor do indices represent results of actual trading.

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