INVESTING PRINCIPLES

Timing the market rarely works

Attempting to time the market isn't usually a good idea. Investors acting out of fear or greed have tended to make bad decisions at inopportune times. Having a plan and sticking to it has tended to be a better approach.

Talking points

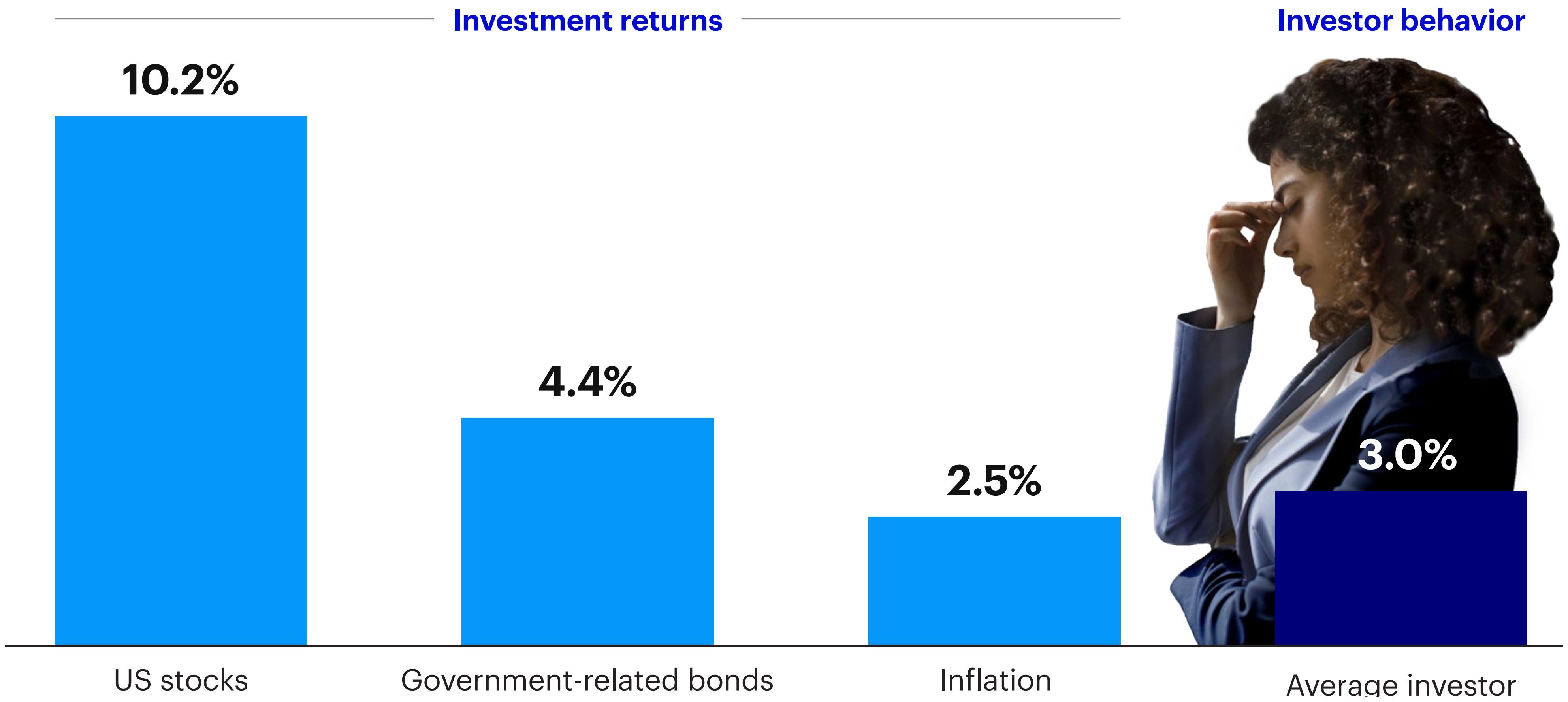
1. Deviating from a sound investment plan has tended to erode returns.
2. Missing even a few of the market's best days can meaningfully reduce returns.
3. Trying to miss the market's worst days often results in missing the best days.

Proof points

- The average investor has tended to not only underperform the broad stock market, but also government-related bonds. And they only modestly outperformed inflation.
- Investors' inability to stick to an investment plan is often cited as the reason for this underperformance.
- Trying to miss the market's worst days has often resulted in missing the best days.

Deviating from a sound investment plan has tended to erode returns

30-year annualized returns (%) (1994–2024)



Source: Bloomberg L.P., 12/31/94–12/31/24. Average asset allocation investor return is based on an analysis by DALBAR, Inc., which utilizes the net of aggregate mutual fund sales, redemptions, and exchanges each month as a measure of investor behavior. Indexes shown: US stocks are represented by the S&P 500 Index, government-related bonds by the Bloomberg US Aggregate Bond Index, and inflation by the Consumer Price Index. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment.

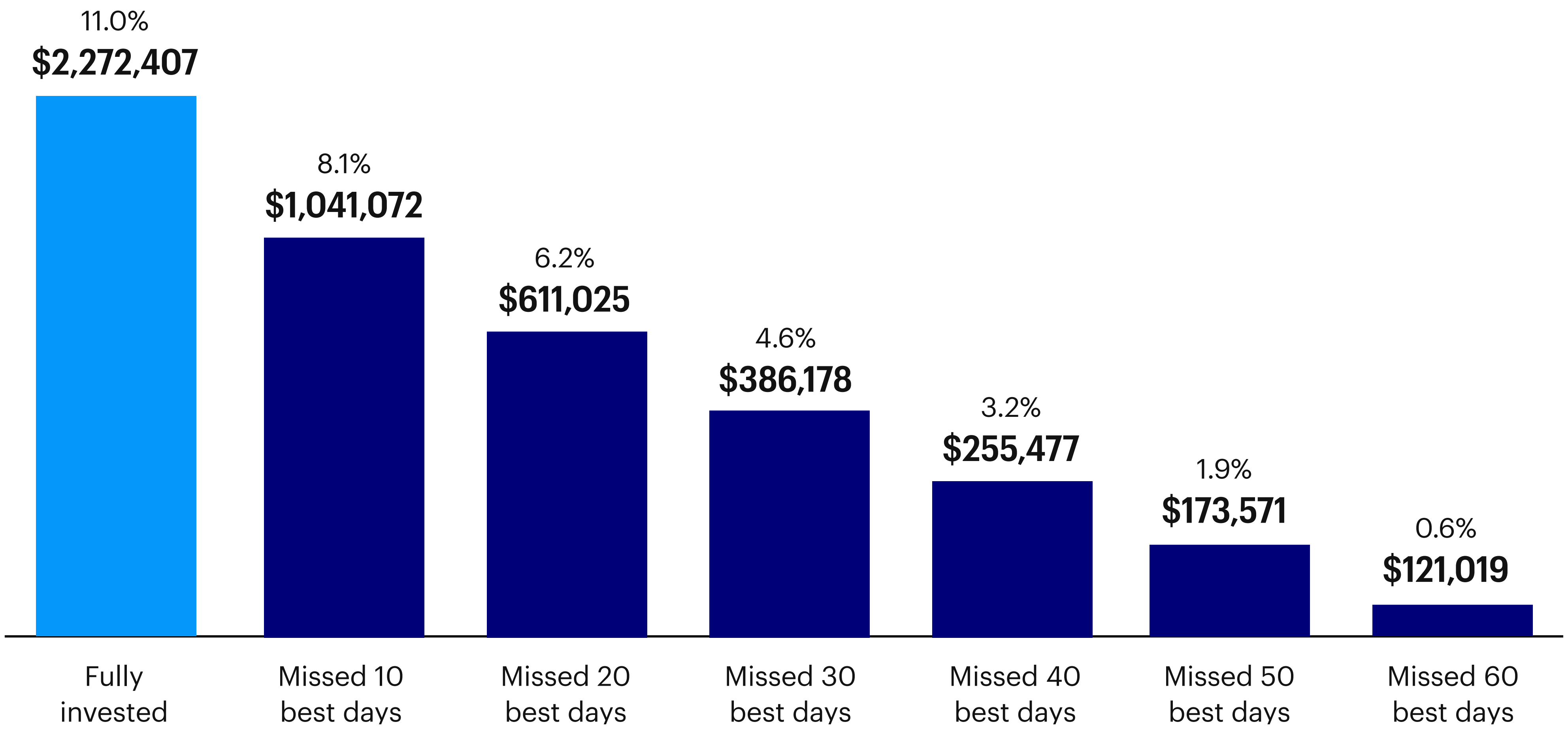
In general, equity values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic, and political conditions. Fixed income investments have interest rate risk, which refers to the risk that bond prices generally fall as interest rates rise and vice versa. The S&P 500 Index is a market-capitalization-weighted index of the 500 largest domestic US stocks. The Bloomberg US Aggregate Bond Index is an index of US government and corporate bonds that includes reinvestment of dividends. Consumer Price Index (CPI) program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services. Indexes are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. **Past performance does not guarantee future results.**

Proof points

- Trying to time the market hasn’t been a good idea. Missing just the 10 best days over the past 30 years would’ve halved your gains.
- Missing the 60 best days would’ve resulted in slightly positive returns.

Missing even a few of the market’s best days can meaningfully reduce returns

S&P 500 Index: Annualized total returns (%) and growth of $100,000 investment (1994–2024)



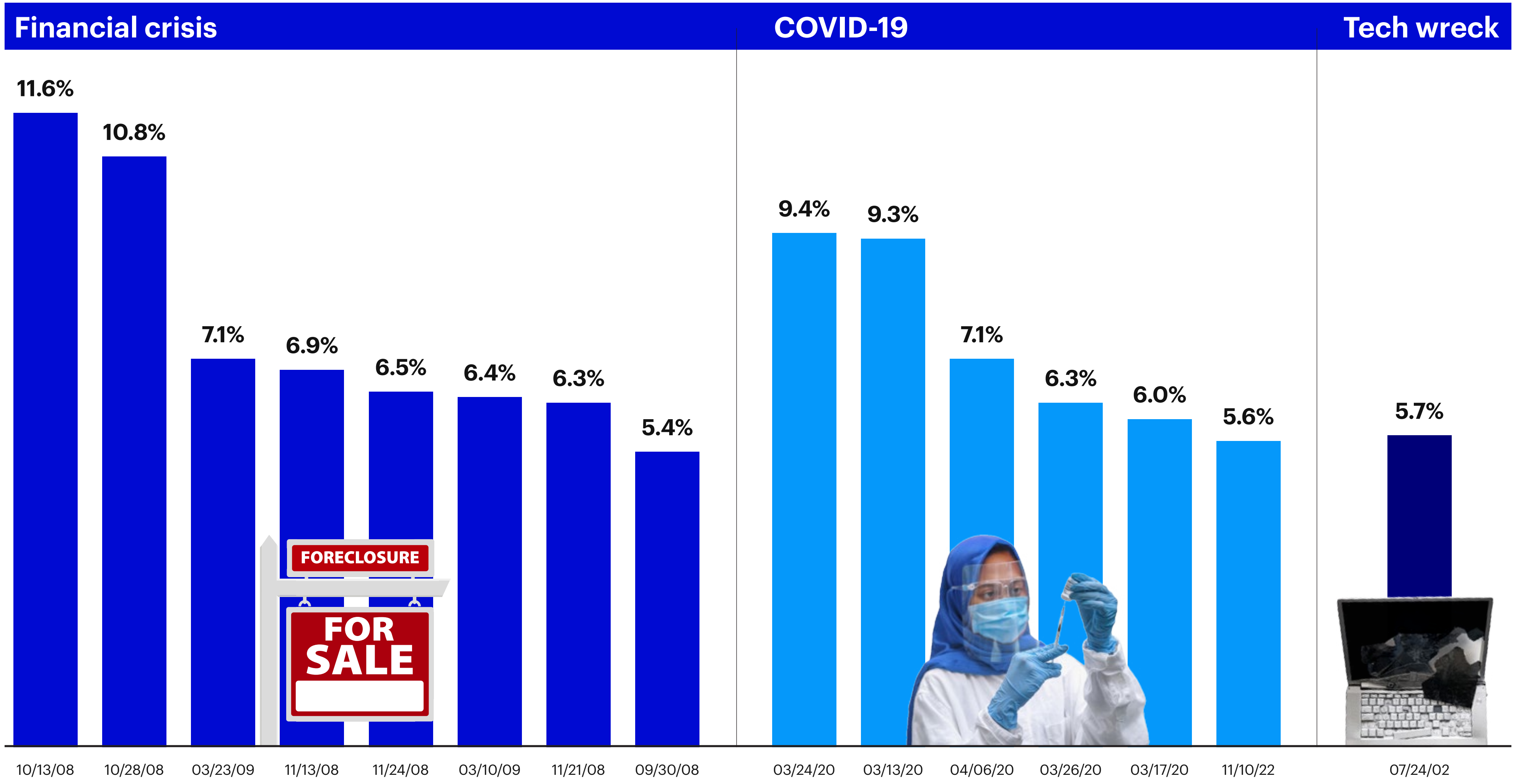
Bloomberg L.P., 1/1/94-12/31/24. For illustrative purposes only and is not intended as investment advice. The charts are hypothetical examples which are shown for illustrative purposes only and do not predict or depict the performance of any investment. Indexes cannot be purchased directly by investors. **Past performance does not guarantee future results.**

Proof points

- When investors sold investments in hopes of missing the market's worst days, they often missed the best days too.
- The best 15 days, over the past 30 years, have all occurred during "crisis" times including the Tech Wreck, the Great Financial Crisis, and the early days of the COVID-19 pandemic.
- Missing the best days can be detrimental. Simply missing 10, 20, 30 of the market's best days can meaningfully reduce returns.

Trying to miss the market's worst days often results in missing the best days

S&P 500 Index: 15 best days of the past 30 years (1994–2024)



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