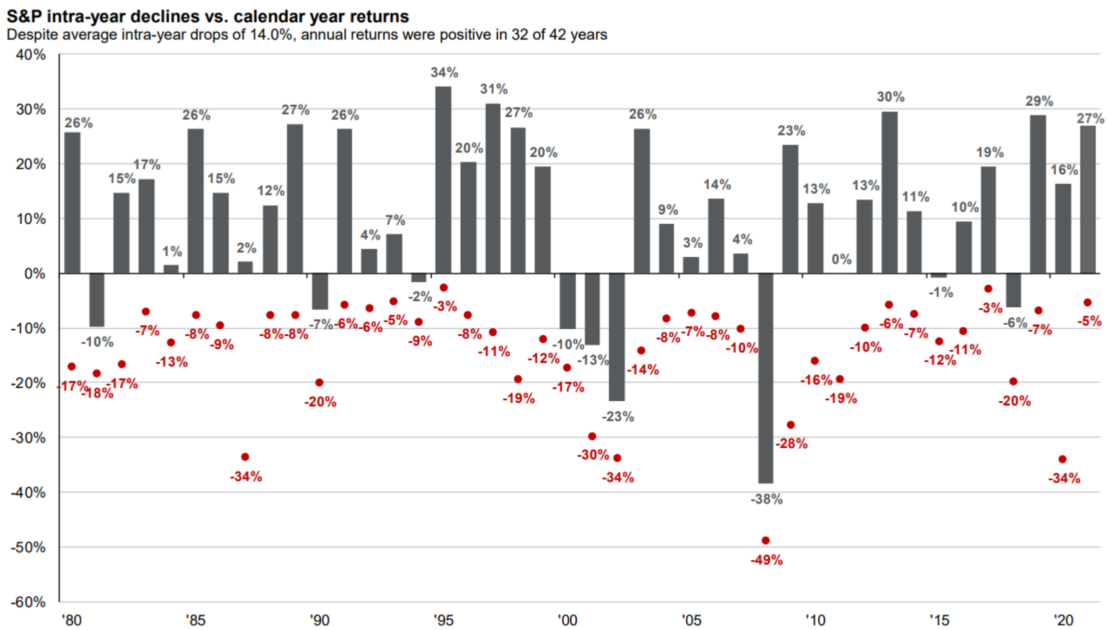
Worried about Volatility?

Market pullbacks can be scary but normal.

A market correction can certainly be scary but it is quite common and a normal part of investing. However, it is important to keep in mind that **market drawdowns that occur during the year are not necessarily indicative of calendar year returns.**



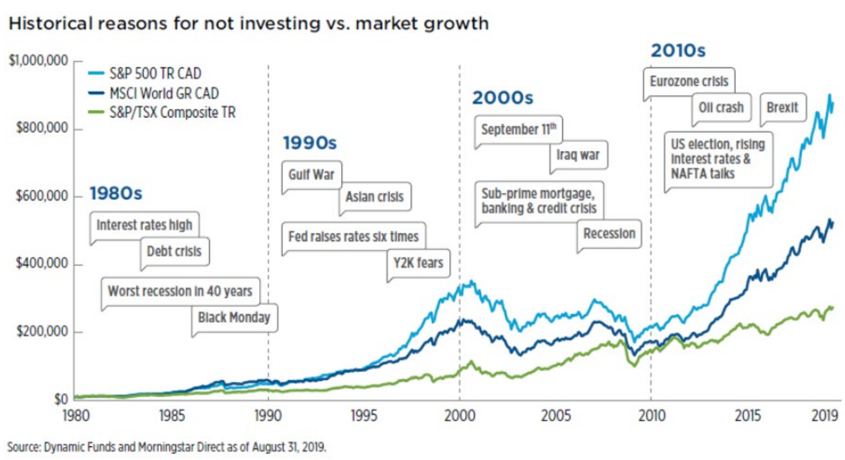
Source: J.P. Morgan Asset Management

> **"I can't time stocks... I don't know anybody else who can either."**
>
> ***Warren Buffett***

The S&P 500 has exhibited a price correction every 362 calendar days on average (or about once a year). It has been nearly 22 months since the index last experienced a correction, making a 10% **drawdown long overdue**. **Duration of the correction will vary, but on average, it lasts less than 4 months.** The average S&P 500 correction lasts 110 calendar days, with an average drawdown of -13%.

Short-term market movement is often driven by investor sentiment.

Emotional investing is easy to fall into, but it can wreak havoc on any portfolio. Historically, investors have had many reasons to worry about market volatility. Despite short-term reasons for not investing, maintaining a long-term perspective can work to our advantage. **Over time, markets recover and grow.**



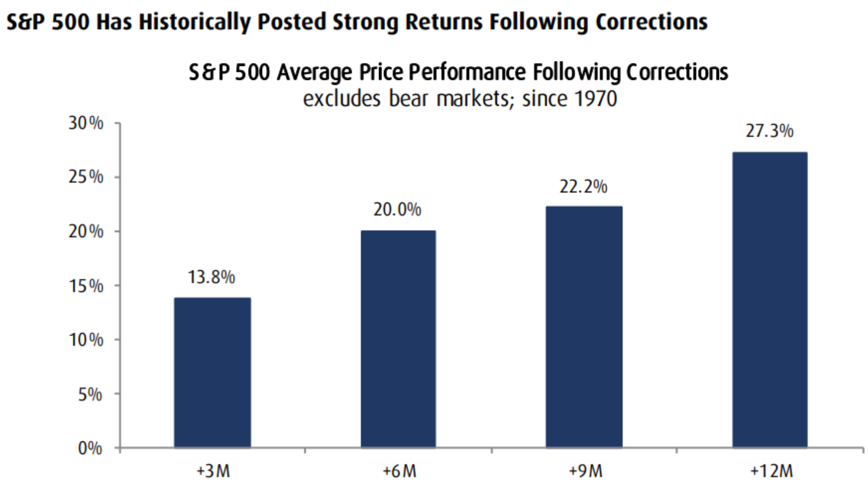
Source: Darst, David M. (Morgan Stanley and Companies, Inc.). The Art of Asset Allocation, 2003.

"We have two kinds of forecasters, those who don't know and those who don't know they don't know."

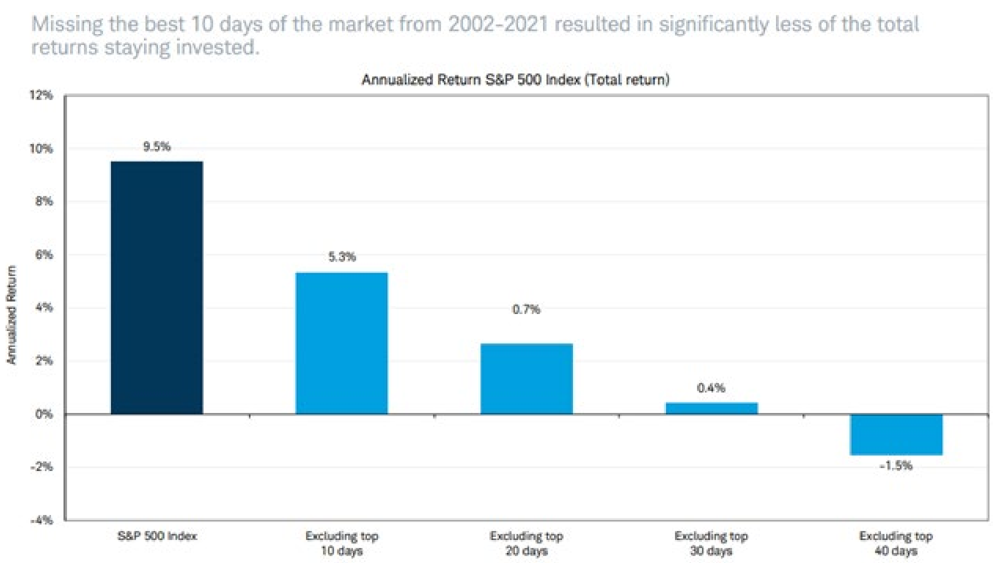
John Kenneth Galbraith **(Economist)**

Market does quite well despite drawdowns.

Be patient, especially during pullbacks, as market performance typically rebounds following drawdown periods. On average, the S&P 500 index has been up by nearly 14% in the subsequent three-month period and up more than 27% over the next twelve months following non-bear market price corrections.



Source: BMO Capital Markets



Source: Charles Schwab

Time, not timing, is what's important.

As short-term market movements are unpredictable, **investors should avoid the impulse to time the market**. The market's best days typically follow the largest drops, meaning panic selling can lead to missed opportunities on the upside.

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