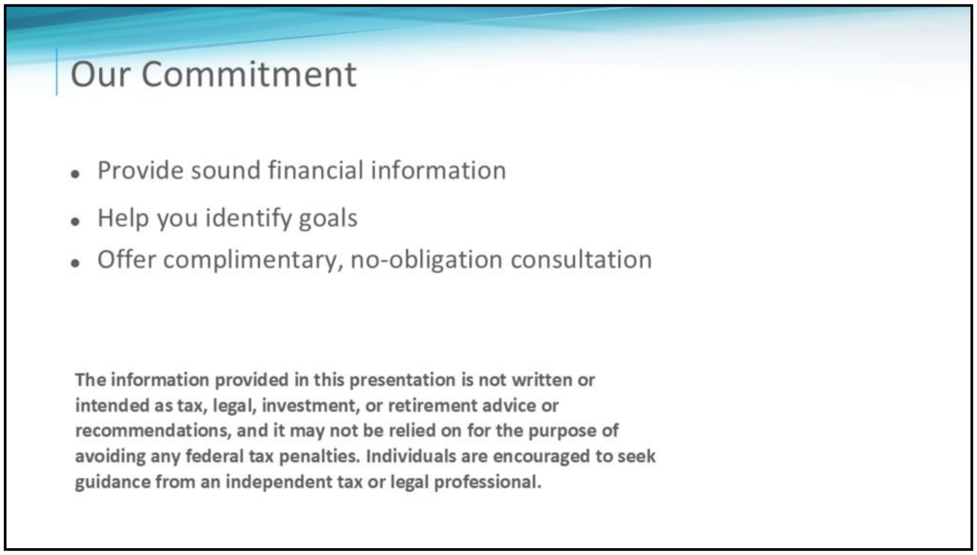
Welcome to our surviving market swings seminar. We're glad that you could join us here today.

Before we get started, I'd like to introduce myself and my company.

[Note to presenter: Give a brief personal background, then talk about your organization and give its location. If appropriate, introduce other members of your organization who are in the room and discuss any housekeeping issues.]



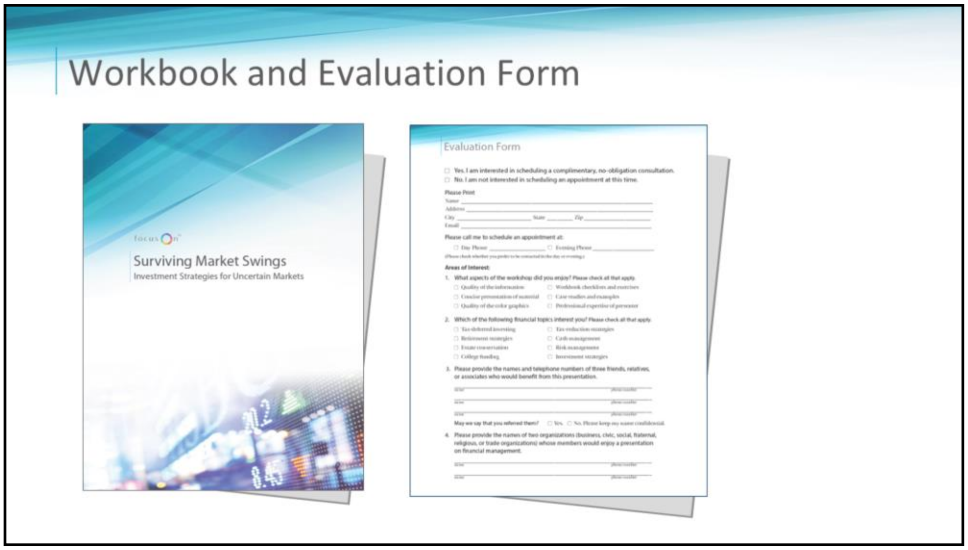
We use seminars like this one to introduce ourselves and to develop strong working relationships with members of the community like you.

Our commitment extends beyond simply offering financial services. We are committed to helping you evaluate your financial situation and giving you tools to help make informed decisions and pursue your financial goals.

We hope that after attending the seminar, you'll want to meet with us in our office. This is a complimentary, no-obligation consultation that we offer to everyone who attends our seminars. During that meeting, we can discuss any questions you have as a result of what we discuss here. If you prefer, we can use that time to examine your specific situation and begin the process of helping you formulate a financial strategy that will suit your needs.

We know that we'll establish a working relationship with you only when *you* are confident that we can be of service. We want you to understand your options and to know how you may benefit from working with us.

The information in this presentation is not written or intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek guidance from an independent tax or legal professional based on your individual circumstances.



Let's talk about the workbook you received as you entered.

We've found that people are more likely to remember something they act on rather than something they only hear about. That's why we designed this workbook so you can apply what you learn to your situation. In it you'll find helpful materials that reinforce the seminar's major points and will be a valuable resource for you.

Feel free to highlight, underline, or make notes in whatever way serves you best.

Inside your workbook, you'll find an evaluation form just like this one.

[Note to presenter: Pull out an evaluation form for your seminar participants to see.]

At the end of the presentation, please use this form to tell us whether you're interested in taking advantage of the complimentary, no-obligation consultation.

We'd like to make you two promises concerning this form. First, if you check "Yes, I am interested in scheduling a complimentary, no-obligation consultation," we'll call you in the next couple of days and set up an appointment. Second, if you check "No, I am not interested in scheduling an appointment at this time," we won't call you directly after the seminar.

In exchange for these two promises to you, please promise that you will fill out this form. Many seminar attendees do come in for a consultation, so we've set aside time just to meet with you.

When you do come to our office, feel free to leave your checkbook at home. We are very interested in developing working relationships with you, but that decision is yours.

The financial markets are frequently beset by challenges. Political uncertainty, international conflicts, interest-rate decisions, and economic shifts — here and abroad — can spur volatility in the financial markets. It's generally a case of *when* and not *if* it happens.

It's only natural to be concerned when the market drops, but expecting volatility and having a sound financial strategy in place may be the best defense when events roil the markets. This might also help prevent you from making emotion-based investment decisions.

U.S. stocks pulled off another extraordinary showing in 2024, considering that persistently high interest rates, rising unemployment, turmoil in the Middle East, and the ongoing Russia/Ukraine war all posed potential threats to the U.S. economy. The S&P 500 Price Index gained 23% in 2024 after surging 24% the previous year, rewarding investors with the best two-year run since 1998.[1–2]

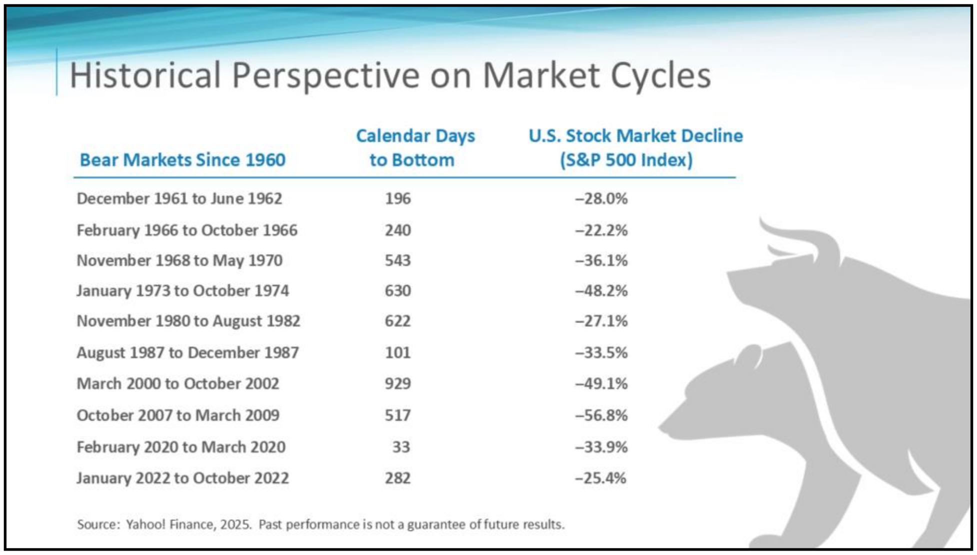
While the S&P 500 is generally considered representative of the U.S. stock market overall, the double-digit gains and losses seen in recent years have been powered by a small number of large technology companies. Their size gives them a heavy influence on index performance, whether the market is moving up or down. In fact, a group of megacap technology stocks known as "the Magnificent Seven" — Microsoft, Apple, Alphabet (formerly Google), Amazon, Nvidia, Meta Platforms, and Tesla — accounted for more than half of the market's gain in 2024.[3]

There's no way to know what the defining moments of 2025 will be, but you can count on market swings to challenge your patience as an investor.

Your plans for the future shouldn't have to depend on daily fluctuations in the stock market. Gains and losses are part of investing. By using deliberate, time-tested approaches, you may be able to pursue your goals without feeling as though you need to constantly adjust your portfolio to react to today's news.

The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is not a guarantee of future results. Actual results will vary.

Sources: 1) S&P Dow Jones Indices, 2024; 2–3) *The Wall Street Journal*, December 31, 2024



Historical Perspective on Market Cycles

Bear Markets Since 1960	Calendar Days to Bottom	U.S. Stock Market Decline (S&P 500 Index)
December 1961 to June 1962	196	–28.0%
February 1966 to October 1966	240	–22.2%
November 1968 to May 1970	543	–36.1%
January 1973 to October 1974	630	–48.2%
November 1980 to August 1982	622	–27.1%
August 1987 to December 1987	101	–33.5%
March 2000 to October 2002	929	–49.1%
October 2007 to March 2009	517	–56.8%
February 2020 to March 2020	33	–33.9%
January 2022 to October 2022	282	–25.4%

Source: Yahoo! Finance, 2025. Past performance is not a guarantee of future results.

Remembering that markets are historically cyclical might help you stay calm in the face of market volatility. Do you know the difference between a market pullback, a market correction, a bear market, and a bull market?

A **pullback** is typically defined as a 5% to 10% dip in a market index (such as the Dow or the S&P 500 index) from a recent high. When the market closes 10% to 20% below its 52-week high, it's considered to be a **market correction**.

A **bear market** is typically defined as a decline of 20% or more from the most recent high, and a **bull market** is an increase of 20% or more from a bear market low.

In February and March of 2020, worries about the economic impact of COVID-19 sent U.S. stocks into a bear market for the first time in nearly 11 years. That bear market was the shortest on record, lasting just 33 days. The S&P 500 index reached another peak in January 2022, before descending into a bear that ended in October 2022 — and marked the start of a new bull market.

Since 1960, there have been 10 bull markets and 10 bear markets. On average, bull markets lasted longer (2,014 days) than bear markets (409 days) over this period, and the average bull market advance (194.9%) was greater than the average bear market decline (–36.0%).

The market swings that accompanied the past two recessions (2008–2009 and 2020) demonstrate why overreacting in fear can result in even greater losses. Investors who panicked and sold stocks when prices were falling may not have been positioned to participate fully in the market recovery.

The return and principal value of stocks fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

Source: Yahoo! Finance, 2025 (data for the period 12/12/1961 to 12/31/2024). Stocks are represented by the S&P 500 Index which is generally considered to be representative of the U.S. stock market. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Actual results will vary.

When developing your financial strategy, it's important to consider how overall economic conditions might affect your investment portfolio — now and in the future. But you should position yourself financially for a range of possibilities, because the factors that influence the economy and financial markets are often unpredictable.

Price pressures eased over the course of the year, but consumers are facing the stark reality of a much higher cost of living after several years of elevated inflation. Measured by the Consumer Price Index (CPI), the annual rate of inflation descended only slightly from 3.1% in January 2024 to 2.9% in December. Food prices increased 2.5% over the same period, while shelter prices rose 4.6%.[1]

The Federal Open Market Committee (FOMC) is trying to guide inflation back down to its stated 2.0% target without damaging the job market or causing a painful recession — a difficult feat known as a soft landing. Between March 2022 and July 2023, the FOMC aggressively raised the federal funds rate to a 22-year high of 5.25% to 5.50%, where it sat until September 2024. Noting significant progress on the inflation front, the committee made its third consecutive rate cut in December 2024, lowering the benchmark rate to a range of 4.25% to 4.50%.[2]

Despite interest rates that stayed high for longer than expected, the labor market showed surprising resilience. The unemployment rate rose from 3.7% in January to 4.1% in December 2024. Employers added 2.2 million jobs to the economy in 2024, down from 3.0 million in 2023. Workers' average hourly earnings increased 3.9% in 2024, down from 4.3% the previous year.[3]

One of the most important metrics used to track the health of the economy is the growth rate of its gross domestic product (GDP) — the value of all goods and services produced across the economy. U.S. real GDP, which is adjusted for inflation, grew at a solid 2.8% pace in 2024.[4]

In 2024, U.S. home sales saw their slowest year since 1995. Activity improved somewhat in the latter months as buyers became resigned to high mortgage rates and rising inventory helped balance out the market. The average rate for a 30-year fixed mortgage hovered near 6.0% for much of the year. Even so, the median price of existing homes rose 6.0% over the year ending in December 2024 to reach $404,400.[5–6]

Sources: 1, 3) U.S. Bureau of Labor Statistics, 2025; 2) Federal Reserve, 2024; 4) U.S. Bureau of Economic Analysis, 2025; 5) National Association of Realtors, 2025; 6) Freddie Mac, 2025

Despite their spotty track records in recent years, you might be wondering what top economists have predicted for 2025. Here are some economic projections — which are essentially educated guesses — based on data that was available toward the end of 2024.

Economic projections from the FOMC's December meeting pointed to slower but solid GDP growth in 2025, with a median forecast of 2.1%. By the end of the year, the expectation was for the unemployment rate to reach 4.3% and for inflation to inch down to 2.5%, based on the Committee's median projections. But because the progress on inflation seemed to stall near the end of 2024, the FOMC forecasted just two quarter-point rate cuts in 2025, backing off by roughly half from their previous projections.[1]

In the post-meeting press conference, Fed Chair Jerome Powell said, "We're in a good place, but I think from here it's a new phase and we're going to be cautious about further cuts."[2]

According to The Wall Street Journal Economic Forecasting Survey, which polled 66 top business and academic economists in October 2024, the economic outlook for 2025 was more optimistic than it was heading into 2024. The probability of a recession in the following 12 months had dropped to 26% from 48% a year earlier.[3]

In November 2024, the Conference Board's Leading Economic Index, comprised of 10 forward-looking indicators, rose for the first time since February 2022. This organization forecasted GDP growth of 2.0% for 2025.[4]

But as always, any number of unforeseen events could test the economy and investors.

Forecasts are based on current conditions, are subject to change, and may not come to pass.

Sources: 1–2) Federal Reserve, December 2024; 3) The Wall Street Journal Economic Forecasting Survey, 2024; 4) The Conference Board, December 19, 2024

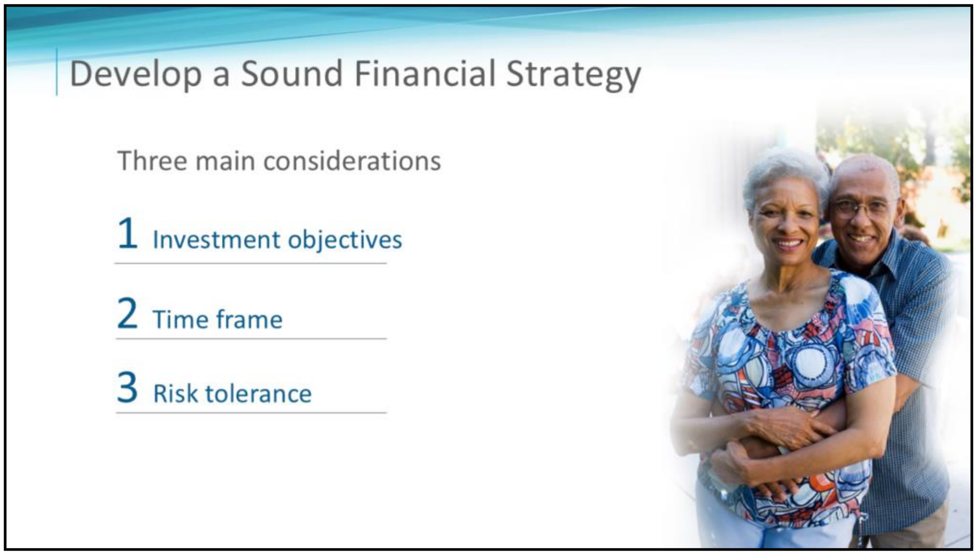
Today we'll discuss four topics that may help you cope with market fluctuations as you pursue your goals.

First, we'll look at how developing a sound financial strategy can create a solid foundation for your investment portfolio.

Next, we'll identify a number of investment vehicles and explain the role they might play in your portfolio.

Then, we'll discuss fundamental investment tactics that could help protect a portfolio over time.

And finally, we'll look at a few ideas for putting it all together.



Developing a sound financial strategy may help keep you from being stampeded into making poor investment decisions — especially during uncertain times.

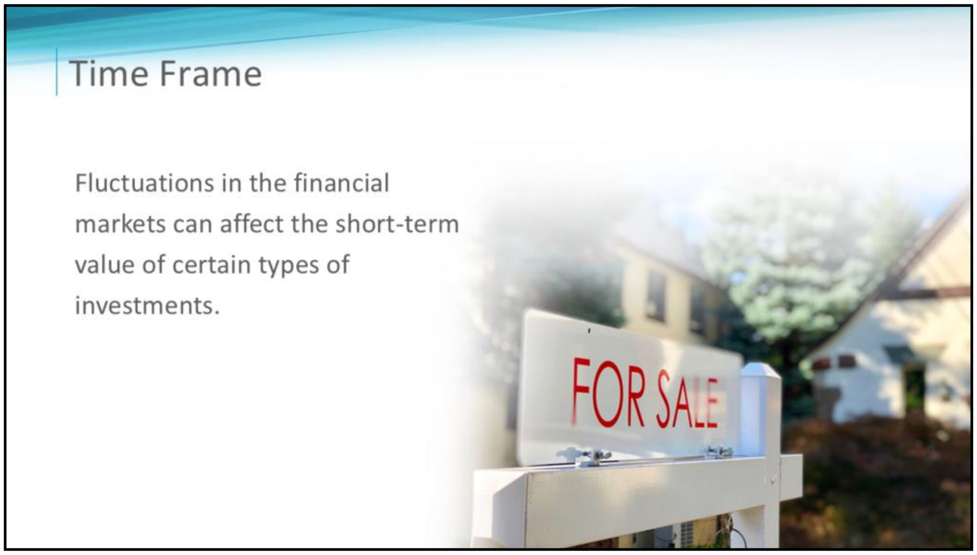
There are three main considerations to bear in mind when developing a sound strategy. You need to have a clear understanding of your investment objectives. You need to know your investment time frame. And you need to understand your risk tolerance.

Let's look at each of these considerations in a bit more detail.

The first step in developing a sound financial strategy is to establish your investment objectives.

For example, what are you trying to achieve by investing? Are you working toward a comfortable retirement, a college education for family members, a cabin in the mountains, or a trip around the world?

Your personal financial goals will help determine the appropriate mix of assets for your investment portfolio depending on which objectives you are pursuing, such as preservation of principal, income, growth, and/or tax benefits.

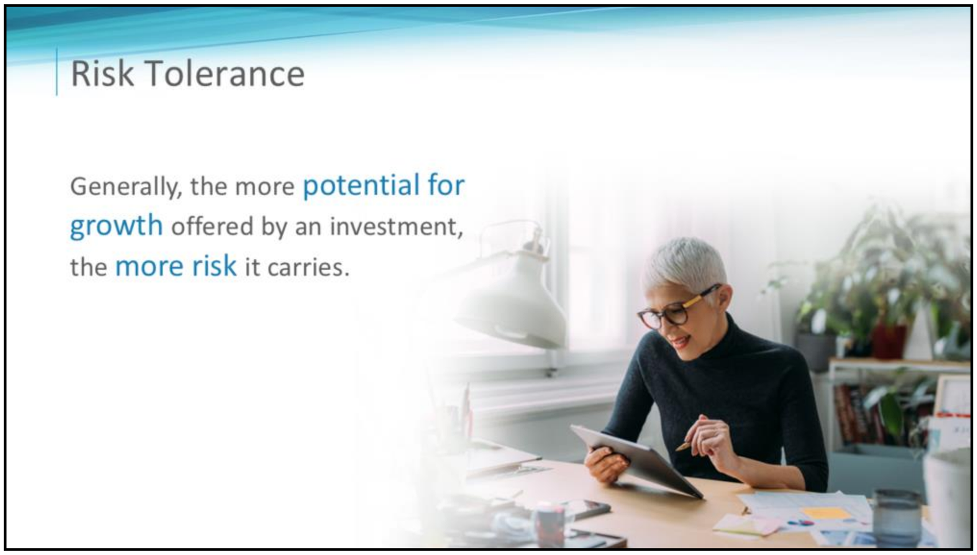


The second element in developing a sound strategy is your time frame.

The amount of time you have before you need to accomplish your goals can have a tremendous impact on the investment categories you choose. That's because fluctuations in the financial markets can affect the short-term value of certain types of investments.

If, for example, your goal is saving for a down payment on a house in the next year or two, your goal is a specific amount of money and your time frame is very short. Therefore, you wouldn't want to invest all your money in aggressive investments that carry a lot of risk. You simply wouldn't have time to recover from heavy losses if they occurred.

Retirees are especially vulnerable to market volatility. Think about what could happen if a bear market or market downturn occurred during the early years of your retirement and you had a high percentage of your portfolio in stocks.

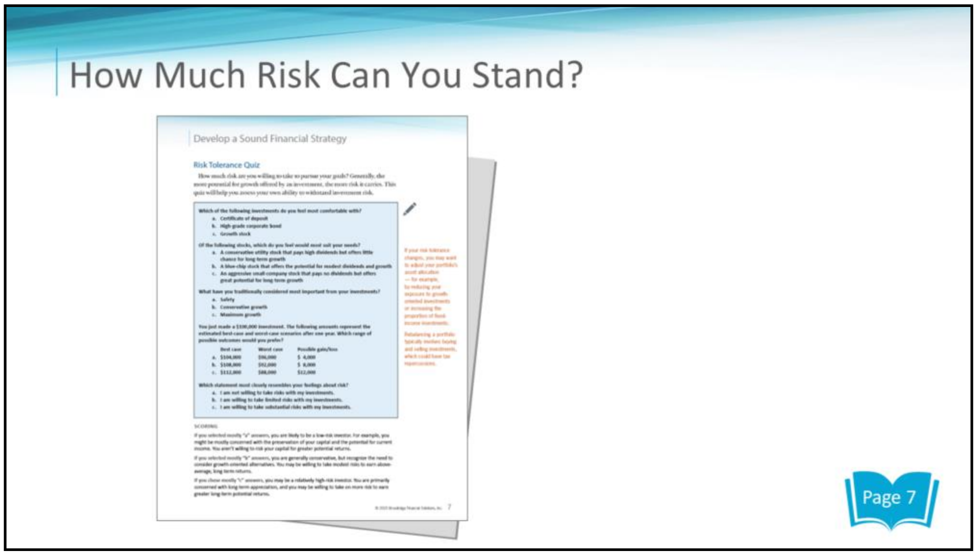


The third element in developing a sound strategy is your risk tolerance.

Determining your risk tolerance means evaluating how much risk you are willing to take in pursuit of your financial goals, including the ability to watch the value of your investments fluctuate without becoming queasy.

Generally, the more potential for growth offered by an investment, the more risk it carries.

Volatility in the markets has tested many investors' risk tolerance and driven home the fact that risk is an essential consideration of a sound investment strategy.



How much risk can you stand? We've developed a Risk Tolerance Quiz to help you assess your own ability to withstand risk. You'll find it on page 7 in your workbook.

[Note to presenter: Pause to give participants time to locate the quiz. If time permits, provide time for them to answer the questions and view the results. Or, if you prefer, you can recommend that they take the quiz later when they return home.]

Hopefully, your answers to the quiz will give you a better idea of your risk tolerance and help you make more informed decisions when choosing appropriate investments for your portfolio.

Investing always involves some risk. Here are some of the most common types.

Economic risk can affect some securities. For example, when the economy falters or global growth slows down, corporate earnings can suffer. Though some industries and companies may adjust very well to downturns in the economy, others (particularly industrial firms) could take longer to recover.

Market risk affects most types of investments — stocks as well as bonds. When the market declines sharply, it tends to pull down the value of most individual securities with it. After a decline, the affected securities may recover at rates more closely related to their fundamental strengths. A long-term investing strategy may help reduce the effects of market risk.

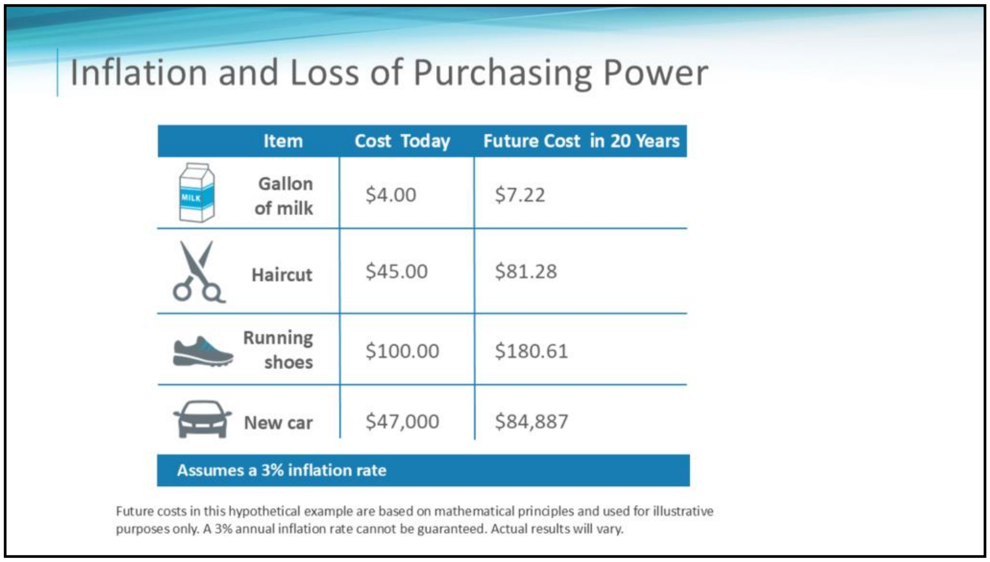
Specific risks might affect only certain companies or industries. For example, management decisions, product quality, and consumer trends can affect company earnings and stock values. Diversifying your investments could help manage specific risks such as these.

Bonds and other fixed-income investments tend to be sensitive to changes in **interest rates**. When interest rates rise, the value of these investments falls, and vice versa. We'll discuss this in more detail later in the presentation.

Bond yields are closely tied to their perceived **credit risk**, which is the possibility that a borrower will default (fail to make payments) on any type of debt. Defaults can result in losses of principal and interest, disruption of cash flow, and collection costs.

And finally, there's **inflation** — the increase in the prices of goods and services over time. Inflation poses a threat because it can reduce your future purchasing power. For example, overly cautious investors who place all their investments in traditional savings accounts may not earn enough to outpace inflation. When you evaluate the return on an investment, it's always wise to consider the "real" rate of return, which is adjusted for inflation.

All investments are subject to market fluctuation, risk, and loss of principal. Investments, when sold, and bonds redeemed prior to maturity may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk. Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.



Inflation and Loss of Purchasing Power

Item	Cost Today	Future Cost in 20 Years
Gallon of milk	$4.00	$7.22
Haircut	$45.00	$81.28
Running shoes	$100.00	$180.61
New car	$47,000	$84,887
Assumes a 3% inflation rate		

Future costs in this hypothetical example are based on mathematical principles and used for illustrative purposes only. A 3% annual inflation rate cannot be guaranteed. Actual results will vary.

In a very real sense, inflation is the loss of purchasing power. So regardless of how quickly your investments are growing, they're always losing ground to inflation. Here are four common items and what they might cost in 20 years, assuming a 3% annual inflation rate.

[Allow time to review costs on the slide.]

The difference is pretty remarkable, isn't it? In financial terms, it means a loss of purchasing power. If inflation remained constant at a rate of 3%, the purchasing power of your money would be cut in half in about 20 years.

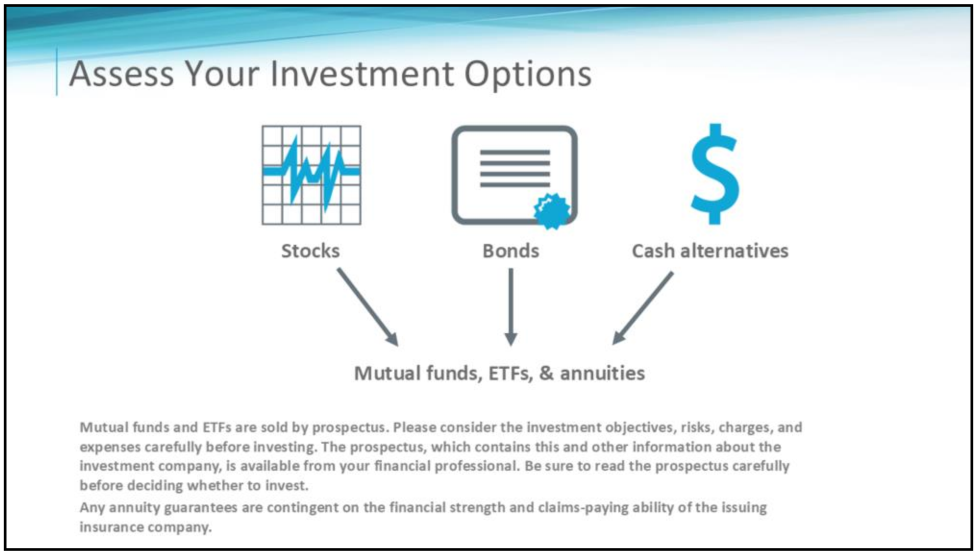
The moral of this story is that even if you put all your savings under your mattress to keep it safe, inflation would eat away at it just the same.

Note: Over the 30-year period from 1995 through 2024, inflation (measured by the Consumer Price Index) averaged 2.53% a year.[1]

Future costs in this hypothetical example are based on mathematical principles and used for illustrative purposes only. A 3% inflation rate cannot be guaranteed. Actual results will vary.

Source: 1) London Stock Exchange Group, 2025

Now that you're aware of the three components of a sound financial strategy, let's take a look at some common types of investments and the role they might play in your portfolio.



When it comes to choosing solid investment vehicles, most people think of three types of investments: stocks, bonds, and cash alternatives. We'll spend some time talking about each of these vehicles individually.

We'll also discuss mutual funds and exchange-traded funds, which are portfolios of securities assembled by an investment company, and annuities, which are insurance-based products.

Mutual funds and exchange-traded funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, is available from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Generally, annuity contracts have fees and expenses, limitations, exclusions, holding periods, termination provisions, and terms for keeping the annuity in force. Most annuities have surrender charges that are assessed if the contract owner surrenders the annuity. Withdrawals of annuity earnings are taxed as ordinary income. Withdrawals prior to age 59½ may be subject to a 10% federal income tax penalty. Any guarantees are contingent on the financial strength and claims-paying ability of the issuing insurance company.

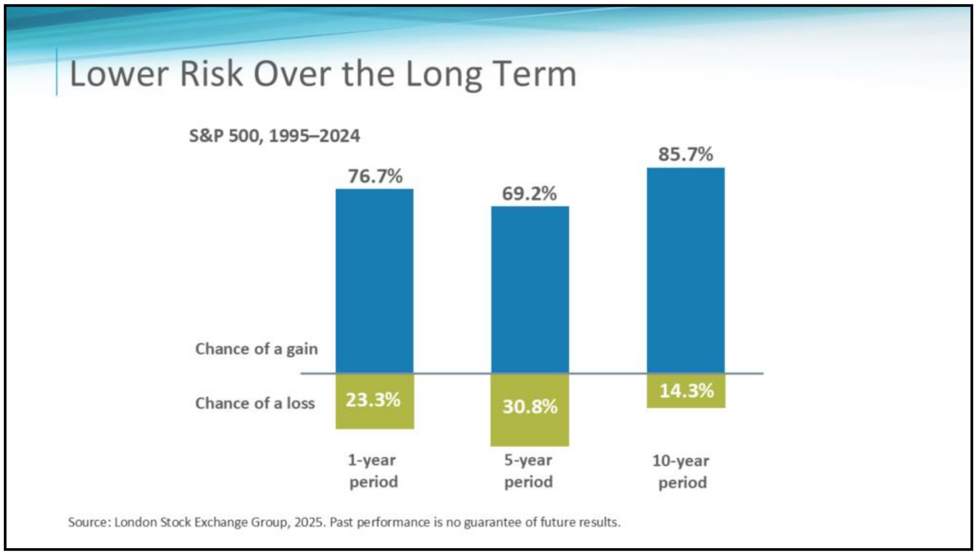
Stocks represent shares of ownership in a corporation. When you buy stock, you participate in the company's assets and earnings.

Since stocks can lose money, why should you continue investing in them?

Compared with other types of investments, stocks overall have had a strong performance record over long periods of time, providing a 10.92% average annual return over the last 30 years.

Stocks are represented by the S&P 500 Composite Total Return Index which is generally considered to be representative of the U.S. stock market. The return shown does not reflect taxes, fees, and other expenses typically associated with investing which would reduce the performance if included. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Actual results will vary.

Source: London Stock Exchange Group, 2025. Performance described is for the period 1/1/1995 to 12/31/2024.

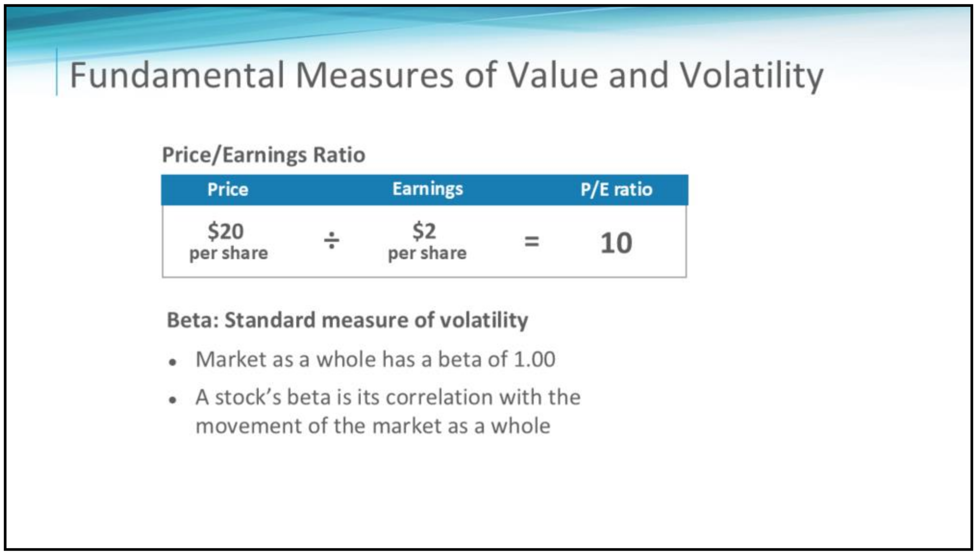


Although stocks tend to be volatile, investors have been able to lower their exposure to market risk on a historical basis by investing over the long term.

For example, based on the historical performance of the stock market over the past 30 years, the chance of losing money in stocks over a one-year time period was 23.3%.

After five years, the chance of experiencing a loss was 30.8%. And after 10 years, the chance of loss fell to 14.3%. Remember that past performance is not a guarantee of future results. Investments, when sold, may be worth more or less than their original cost.

Source: London Stock Exchange Group, 2025, for the period 1/1/1995 to 12/31/2024. Ranges consider the 30 one-year periods, the 26 five-year periods, and the 21 10-year periods from 1995 through 2024. Stocks are represented by the S&P 500 Composite Total Return Index which is generally considered to be representative of the U.S. stock market. The returns shown do not reflect taxes, fees, and other expenses typically associated with investing which would reduce the performance if included. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Actual results will vary.



Investors who keep investment fundamentals in mind may be able to build a portfolio that helps them smooth out the market's normal ups and downs.

The price/earnings (P/E) ratio is a simple mathematical calculation in which you divide the price per share of a stock by the company's annual earnings per share. The result tells you the price you are paying for each dollar in earnings.

For example, assume you own a hypothetical stock that costs $20 per share, and the underlying company has annual earnings of $2 per share. In this case, the stock price per share, $20, divided by the annual earnings per share, $2, equals 10. Therefore, the stock has a P/E of 10.

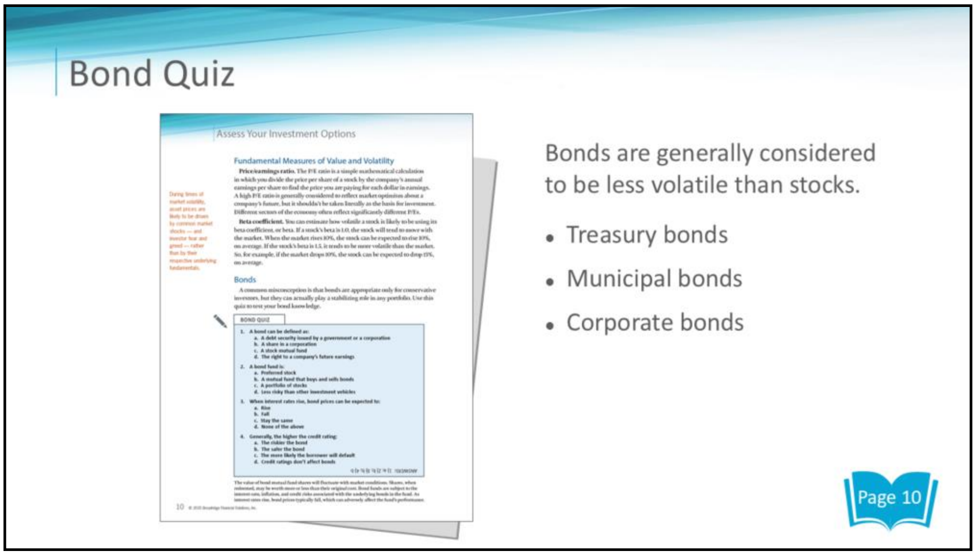
A stock with a P/E of 20 is considered more "expensive" than a stock with a P/E of 10, regardless of the share price. A higher multiple may also indicate that investors expect higher growth from the company.

PE ratios vary widely by sector, so it is generally more meaningful to compare ratios of companies in the same sector or one company against the sector average.

Of course, value isn't the only consideration when examining stock investments. You might also estimate how volatile the stock is likely to be using its beta coefficient, or "beta." The beta is usually expressed as a number such as 1.00, 1.25, or 0.85. This number is a statistical measure of the relationship between a stock's expected return and the expected return of a broad stock market index, such as the S&P 500 and the Dow Jones Industrial Average. The beta is a correlation with the movement of the market as a whole.

When calculating a stock's beta, analysts use a formula that sets 1.00 as a base for the market. If a stock's beta is 1.00, the stock will tend to move with the market. When the market rises 10%, the stock can be expected to rise 10%, on average. If the stock's beta is 1.5, it will tend to be more volatile than the market. If, for example, the market drops 10%, the stock can be expected to drop 15%, on average.

The hypothetical P/E ratio example is used for illustrative purposes only. Actual results will vary.



A common misconception is that bonds are appropriate only for conservative investors. However, because bonds are generally less volatile than stocks, they can play a stabilizing role in almost any portfolio.

To test your bond knowledge, please turn to the bond quiz on page 10 in your workbook.

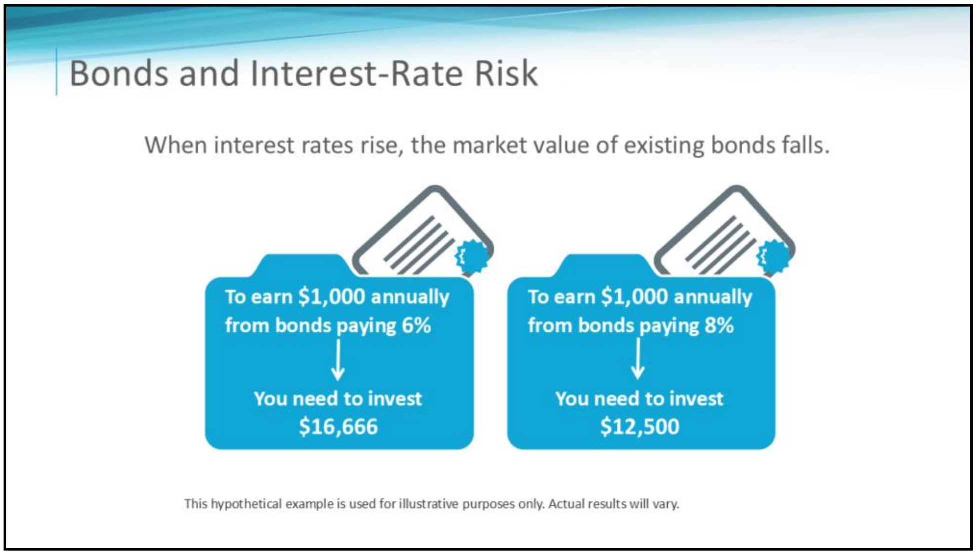
[Note to presenter: Pause to give participants time to locate the correct page. At this point you can instruct participants to take the quiz on their own later or you can go through each question as a group. If participants need more information about the three major types of bonds, you can describe Treasury bonds, municipal bonds, and corporate bonds in detail.]

Treasury bills, bonds, and notes are debt obligations of the U.S. government with maturities ranging from 30 days to 30 years. The interest earned on these bonds is exempt from state and local taxes. Treasury bonds are guaranteed by the U.S. government as to the timely payment of principal and interest.

Municipal bonds are debt obligations issued by a state, county, parish, or local government, or by some other municipal authority such as a publicly owned water district. Municipal bonds are typically issued to obtain funds to build or repair public-works projects. The interest on municipal bonds is generally exempt from federal income tax. If you purchase municipal bonds of the state or city in which you live, the interest may be exempt from state or local income taxes. Some municipal bond interest could be subject to the federal alternative minimum tax, and if you sell a municipal bond for a profit, you could incur the capital gains tax.

Corporate bonds are the major source of corporate borrowing. Debenture or unsecured bonds are backed by the general credit of the corporation. Asset-backed or secured bonds are backed by specific corporate assets, such as property or equipment. These bonds generally have a higher yield than government bonds, but the income they produce is fully taxable.

Until you become familiar with bonds, bond investing can be tricky. Let’s go over some of the nuances in greater detail.



Most bonds are sold at "par" or "face" value — the price at which the bond is issued — and they pay interest to the bondholder on a regular basis. When the bond matures, the borrower repays the bondholder's principal in full.

However, you can sell a bond on the open market before it comes due. Because a bond's value will rise or fall in response to changes in interest rates, if you sell your bond before it reaches maturity, you may end up receiving more or less than the original face value of the bond.

When interest rates rise, the market value of existing bonds falls. Here's why:

Let's assume you want a bond investment to earn $1,000 over the next 12 months. If bonds are currently paying 6%, you would need to invest $16,666 to earn that amount. If bonds were paying 8%, you would need to invest only $12,500 to earn the same amount.

That's pretty straightforward, right? Consider this, though: Let's assume you invested $16,666 in bonds paying 6%, and the prevailing interest rate then rose to 8%. If you were to sell your bond portfolio before your bonds mature, how much would the buyer be willing to pay?

That's right: $12,500. You would probably lose money on the sale, because the bond buyer can buy new bonds that pay 8% for that amount.

On page 11 in your workbook, you'll see two charts that show how a bond's value will rise or fall in response to a 1% change in interest rates.

[Note to presenter: You may or may not want to discuss bond ladders with attendees as a strategy to help manage interest-rate risk.]

One way to address fluctuating interest rates is to stagger the maturity dates of the bonds in your portfolio. This strategy, called a *bond ladder*, may help limit exposure to low interest rates while also increasing the likelihood that at least some principal may be available to reinvest when rates are rising.

You can create a bond ladder over a period of time by purchasing bonds of the same maturity every year or two. Alternatively, you could create a ladder during the same time period by purchasing new-issue bonds of different maturities or by purchasing bonds on the secondary market that are scheduled to mature in different years. For the latter strategy, you might purchase 10-year bonds scheduled to mature in 2026, 2028, 2030, 2032, and 2034.

This hypothetical example is used for illustrative purposes only. Actual results will vary.

Of the major investment categories, cash alternatives tend to be the "safest," which means there is little fluctuation in their value. However, if you're locked into low-yielding cash alternatives such as savings accounts, certificates of deposit (CDs), and money market funds, you'll be subject to interest-rate fluctuations, and your investments may not outpace inflation.

Savings accounts usually offer a higher level of safety but a relatively low rate of return. They don't require a large initial investment, and the funds in them are readily accessible. For many people, their main attraction is convenience and liquidity.

Certificates of deposit are really just short-term loans to a bank, credit union, or savings association. They offer a moderate rate of return and relative safety. CDs usually require a larger initial investment than savings accounts, and you must leave your principal for a set term in order to avoid early-withdrawal penalties.

Money market mutual funds invest in a diverse portfolio of short-term financial vehicles. Their main goal is the preservation of principal, accompanied by modest dividends. Money market funds are very liquid and are considered relatively low risk.

Bank savings accounts and CDs are FDIC insured up to $250,000 per depositor, per federally insured institution, and generally provide a fixed rate of return, whereas the value of money market mutual funds can fluctuate.

Money market funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although money market funds seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in a money market fund.

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Evaluating an Investment's Real Rate of Return

Initial investment	$20,000
Rate of return	3%
Amount earned	$600
Federal income tax bracket	24%
After-tax return	$456
Account value after taxes	$20,456
Inflation rate	5%
Account value after taxes & inflation	$19,482
Real rate of return	**−2.59%**

This hypothetical example is used for illustrative purposes only. Actual results will vary.

In a low-interest-rate environment, the value of low-yielding investments may be eroded by taxes and inflation.

So when determining how much of your portfolio to devote to cash alternatives — or to any other type of investment — keep in mind that taxes and inflation can take a toll on your returns. Let's look at an example.

If you invested **$20,000** in an account earning a hypothetical **3%** rate of return, it would earn **$600** after one year.

For someone in the **24%** federal income tax bracket, the amount earned after taxes would be **$456**. So the after-tax value of the account would be **$20,456**.

After a **5%** hypothetical rate of inflation is applied to the balance, the *real* rate of return on the investment is **-2.59%**. So in this case, your investment would actually have *lost* money.

Of course, remember that this example is hypothetical and used for illustrative purposes only. Its performance is not indicative of any specific investment. Actual results will vary.

Selecting individual investments can be a complex process that requires specialized knowledge, time, and attention. That’s why many people invest in mutual funds and exchange-traded funds (ETFs) to add a mix of stocks, bonds, and cash to their portfolios.

Mutual funds and ETFs are portfolios of securities assembled by an investment company. Their underlying investments are typically selected to track a particular market index, asset class, or sector — or they may follow a specific strategy. Because these funds can hold dozens or hundreds of securities, they could provide greater diversification at a lower cost than you might obtain by investing in individual stocks and bonds. Diversification does not guarantee a profit or protect against loss; it’s a method used to help manage investment risk.

Despite their similarities, there are key differences between these types of pooled investments.

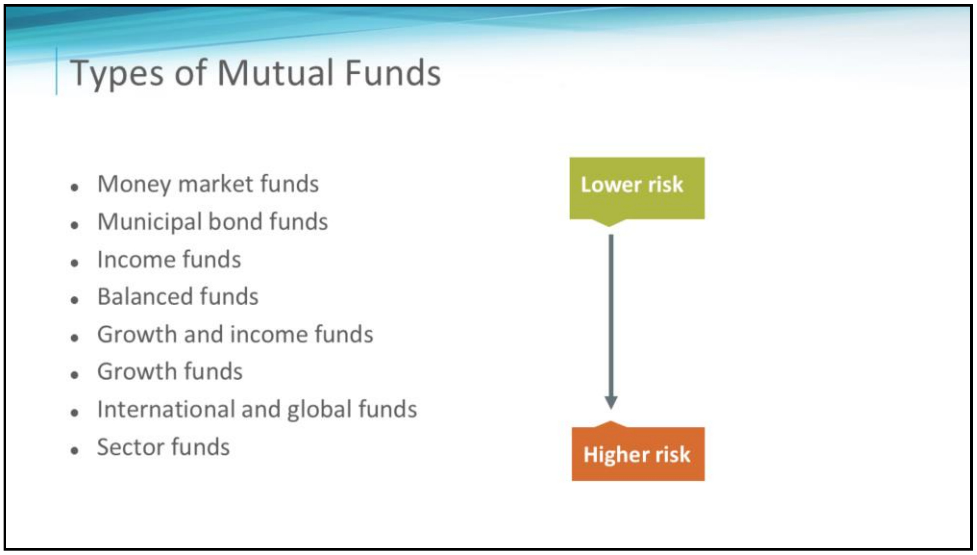
You can invest in mutual funds through investment companies and employer-sponsored retirement plans. Mutual fund shares are typically purchased from and sold back to the investment company, and the price is determined by the net asset value at the end of the trading day.

By contrast, ETFs can be bought and sold throughout the trading day like individual stocks. You might have to pay a brokerage commission when buying or selling ETF shares. The price at which an ETF trades on an exchange is generally a close approximation to the market value of the underlying securities, but supply and demand may cause ETF shares to trade at a premium or a discount.

However, the ability to buy or sell ETF shares quickly during market hours could encourage investors to trade ETFs more often than might be necessary, or to make emotional trading decisions during bouts of market volatility. ETFs are not widely available to investors who participate in employer-sponsored retirement plans.

The return and principal value of mutual fund and ETF shares fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. You should be aware that bond funds are subject to the same interest-rate, inflation, and credit risks associated with the underlying bonds in the fund. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund’s performance.

Mutual funds and ETFs are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.



Here is a list of different types of mutual funds, ranging from lower to higher risk, that cater to different groups of investors and their common goals.

Money market funds invest in short-term debt investments such as commercial paper, CDs, and Treasury bills. *Money market funds are neither insured nor guaranteed by the FDIC or any other government agency. Although a money market fund attempts to maintain a stable $1 share price, you can lose money by investing in such a fund*.

Municipal bond funds generally offer income that is free of federal income tax, and income may be free of state income tax if the bonds in the fund were issued from your state. *Although interest income from municipal bond funds and some money market funds may be tax exempt, any capital gains are subject to tax. Also, income for some investors may be subject to state and local taxes and the federal alternative minimum tax.*

Income funds concentrate their portfolios on bonds, Treasury securities, and other income-oriented securities, and may also include stocks that have a history of paying high dividends. *Bond funds are subject to the interest-rate, inflation, and credit risks associated with the underlying bonds in the fund. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance.*

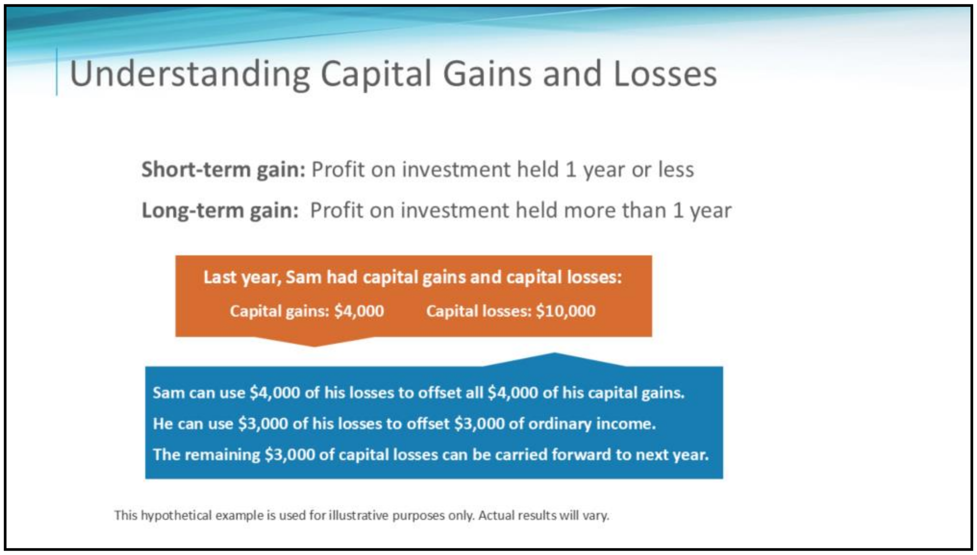
Predictably, **balanced funds** and **growth and income funds** seek the middle ground between growth funds and income funds. They include a mix of stocks and bonds and seek to combine moderate growth potential with modest income.

Growth funds invest in the stock of companies with a high potential for appreciation but very low income. They are more volatile than many types of funds.

International funds invest in foreign stock and bond markets, sometimes in specific countries. **Global funds** invest in a combination of domestic and foreign securities. There are increased risks associated with international investing, including differences in financial reporting, currency exchange risk, economic and political risk unique to a specific country, and greater share price volatility.

Sector funds invest almost exclusively in a particular industry or sector of the economy. Although they offer greater appreciation potential, the risk level is also higher.

Investments seeking to achieve higher returns also carry an increased level of risk. Mutual fund shares, when sold, may be worth more or less than their original cost.



If changes in the markets prompt you to sell some investments for more or less than your adjusted tax basis in the asset, it may result in a **capital gain** or a **capital loss**.

Hopefully, your reasons for selling are consistent with your overall investment strategy and not an emotional reaction to short-term market swings. Otherwise, you might be selling when prices are falling and buying when prices are rising, which is the opposite tack from the recommended buy-low, sell-high strategy.

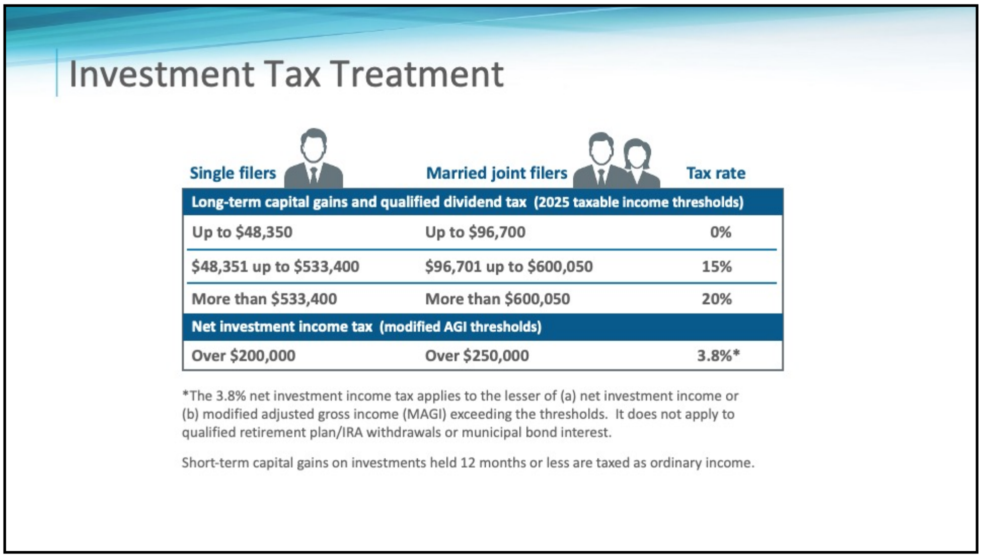
Short-term capital gains (profits on investments held for 12 months or less) are taxed as ordinary income. So if you're in the 24% tax bracket, you will pay 24%.

Long-term capital gains — profits realized from the sale of investments that were held for more than 12 months — receive special tax treatment. The top long-term capital gains tax rate is 20% for high-income investors, but most investors pay 15% on long-term capital gains.

If your capital losses exceed your capital gains for the year, the excess can be deducted on your tax return and used to reduce other income, such as wages, up to an annual limit of $3,000 of ordinary income per year ($1,500 if you are married filing separately). And if your total net capital loss is more than the annual limit on capital loss deductions, you can carry over the unused portion to the next year and treat it as if you incurred it in that year.

Here's a hypothetical example: Sam had $4,000 in capital gains last year, but his capital losses totaled $10,000. He can apply $4,000 of the losses to offset all of his capital gains, and he can also apply $3,000 of the losses against his ordinary income. The remaining $3,000 in losses could be carried forward to the next year.

One thing to keep in mind is that if you sell a security at a loss and repurchase a substantially identical security within 30 days (before or after) of the sale, the IRS will disallow the loss for tax purposes. This is referred to as the wash sale rule.



Investment Tax Treatment

Single filers	Married joint filers	Tax rate
Long-term capital gains and qualified dividend tax (2025 taxable income thresholds)		
Up to $48,350	Up to $96,700	0%
$48,351 up to $533,400	$96,701 up to $600,050	15%
More than $533,400	More than $600,050	20%
Net investment income tax (modified AGI thresholds)		
Over $200,000	Over $250,000	3.8%*

*The 3.8% net investment income tax applies to the lesser of (a) net investment income or (b) modified adjusted gross income (MAGI) exceeding the thresholds. It does not apply to qualified retirement plan/IRA withdrawals or municipal bond interest.

Short-term capital gains on investments held 12 months or less are taxed as ordinary income.

As I just mentioned, the tax code treats long-term capital gains more favorably than ordinary income, such as wages or interest from bonds and savings accounts. Qualified dividends — profits paid to shareholders from a domestic corporation or a qualified foreign corporation — receive the same tax treatment as long-term capital gains.

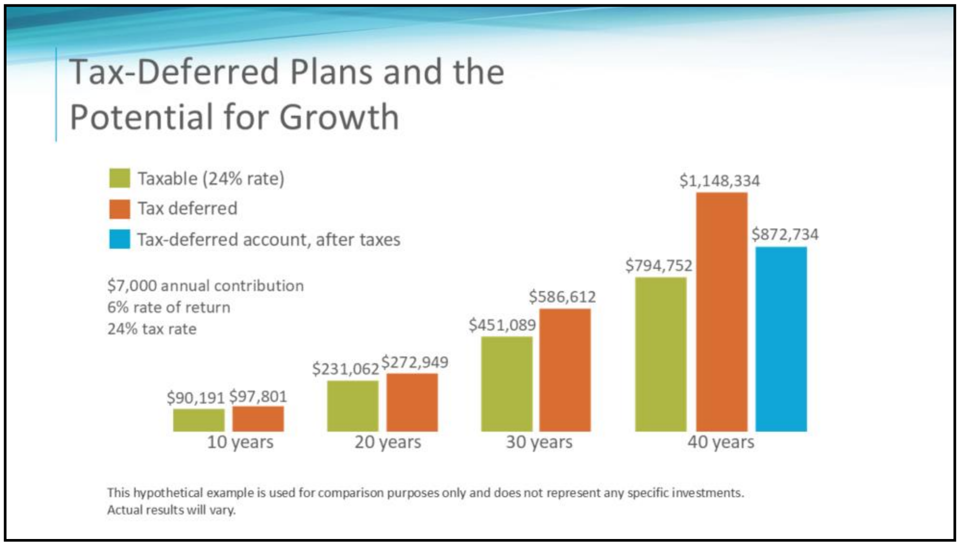
Nonqualified dividends are taxed as ordinary income just like short-term capital gains (profits on investments held for 12 months or less).

In order to make sound investing decisions, it's important to understand how your investments will be taxed.

In 2025, long-term capital gains and qualified dividends are taxed at 15% for single filers whose taxable incomes range from $48,351 up to $533,400, and for married joint filers whose taxable incomes range from $96,701 up to $600,050. Lower-income filers pay zero tax on long-term capital gains and dividends. Higher-income filers — single filers with taxable incomes exceeding $533,400 and married joint filers with taxable incomes exceeding $600,050 — pay 20%.

Generally, dividends on stocks that are held for at least 61 days within a specified 121-day period are considered qualified for tax purposes. Distributions from mutual funds held in taxable accounts are also taxable to shareholders — as long-term and/or short-term capital gains, dividends, or interest — for the year in which they are received, even if the distribution is reinvested in new shares.

In addition, some high-income taxpayers may be subject to the 3.8% **unearned income tax on net investment income** — capital gains, dividends, interest, royalties, rents, and passive income — if their modified adjusted gross incomes (MAGIs) exceed the $200,000 threshold for single filers and the $250,000 threshold for joint filers. The 3.8% net investment income tax applies to the lesser of (a) net investment income or (b) MAGI exceeding the thresholds. It does not apply to withdrawals from IRAs and qualified retirement plans, nor does it apply to municipal bond interest.



The money you contribute to tax-deferred plans, as well as any earnings, will accumulate tax deferred. When you buy or sell investments within your plan, there are typically no tax implications (subject to plan rules). You won't owe any income tax until you withdraw money from the account, at which time it will be taxed as ordinary income.

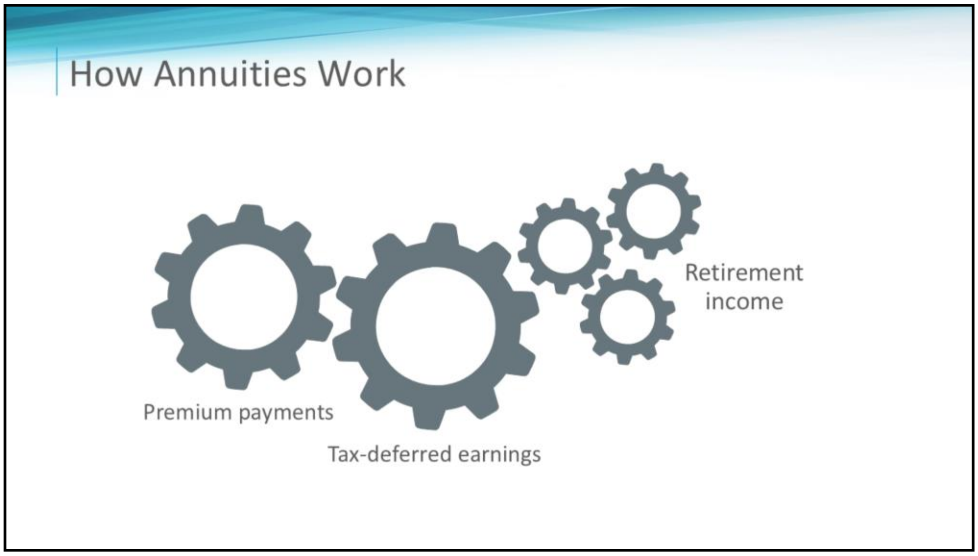
Generally, it's a good idea to take advantage of tax-deferred savings plans whenever possible. Up to specific annual limits, you can make pre-tax contributions to an employer-sponsored retirement plan and/or make tax-deductible contributions to a traditional IRA, which could lower your taxable income in a given year.

Tax deferral has the potential to boost your earnings potential because you have your full contribution working for you. To illustrate, take a look at this hypothetical example. The chart shows the potential growth in account value of a $7,000 annual investment in a taxable and a tax-deferred vehicle earning a hypothetical 6% rate of return.

After 40 years, the money placed in a taxable account would be worth $794,752. During the same period, the tax-deferred account would grow to $1,148,334 — that's significantly more than the taxable investment. Even after taxes have been deducted (assuming a lump-sum payout and a 24% tax rate), you would still receive $872,734.

This hypothetical example is used for comparison purposes only and does not represent any specific investments. Rates of return will vary over time, especially for long-term investments. Actual results will vary. Investments offering the potential for higher rates of return also involve a higher degree of risk. Typically, a 10% federal income tax penalty may apply to distributions from a tax-deferred account prior to age 59½. Investment fees and charges are not considered in this example; if included, they would reduce the performance shown. Lower maximum tax rates for capital gains and dividends, as well as the tax treatment of investment losses, could make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the accounts. An individual's time frame and income tax bracket, both current and anticipated, should be considered when making financial decisions.

(Note: For convenience, all numbers have been rounded to the nearest whole dollar.)



You might consider whether an annuity could play a role in your retirement investment strategy. Purchasing an annuity could help boost your income and reduce the risk of depleting your savings in retirement. And knowing that some of your retirement income is protected might enable you to invest a portion of your portfolio more aggressively.

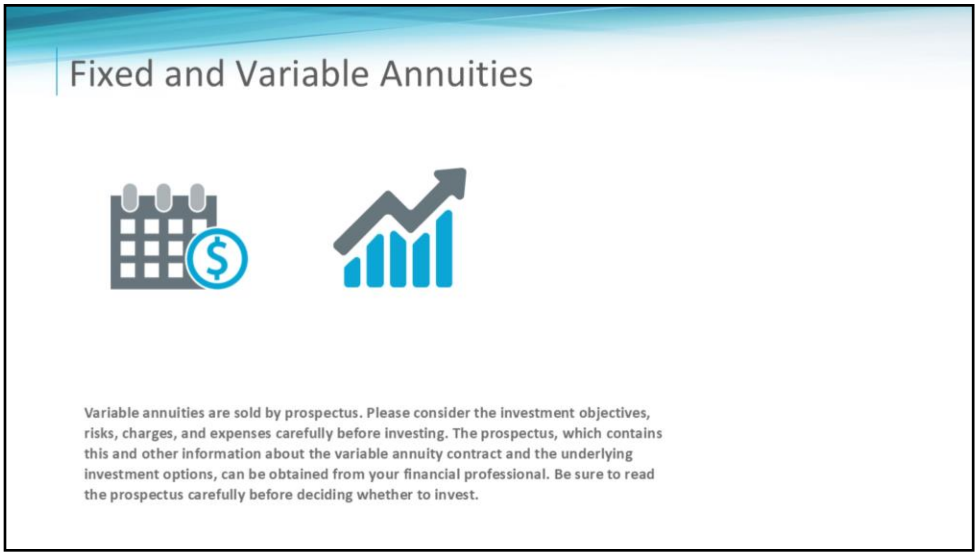
An annuity is a contract between you and an insurance company. In return for premium payments you make during the annuity's accumulation phase, the company pays you regular income during the payout, or annuitization, phase (usually in retirement). Immediate annuities pay income right away, while deferred annuities start paying at some future date.

Annuities also offer tax benefits: Investment earnings are tax deferred until withdrawals are received. But unlike the caps placed on IRAs and employer-sponsored plans, there are no federal contribution limits for annuities. This means you can sock away as many after-tax dollars as you want over time, or fund an annuity with a lump sum from an inheritance or the sale of a home or business.

When you retire, payouts can be structured to provide an income stream that is guaranteed to last throughout your lifetime (and/or the lifetime of a spouse), much like a pension. This may help alleviate any fears of outliving your savings. Once a contract is annuitized and those guaranteed payments kick in, however, control of the assets transfers to the insurance company.

For this reason, some annuity owners never annuitize their accounts, choosing to take withdrawals as they are needed instead. This allows any remaining assets in a deferred annuity to be left to heirs upon death. (Withdrawals reduce the annuity's account value and death benefit.)

Annuities have mortality and expense charges, account fees, investment management fees, and administrative fees. Surrender charges may be assessed during the contract's early years if the annuity is surrendered. Withdrawals of annuity earnings are taxed as ordinary income; early withdrawals made prior to age 59½ may be subject to a 10% federal income tax penalty. The guarantees of annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company.



Different types of annuities are designed to serve different purposes.

Fixed annuities guarantee a set return for the term of the contract. Annuity rates are based on bond yields at the time of purchase, and the income payments will never go up or down.

With **variable annuities**, you can invest in a variety of investment options, also called subaccounts, whose value may fluctuate with market conditions. The investment objectives of the subaccounts can range from conservative to aggressive. The investment return and principal value of an investment option are not guaranteed, so the principal may be worth more or less than the original amount invested if the annuity is surrendered.

For an additional cost, some variable annuities offer guaranteed benefits to help protect against the downside risks of investing in the markets. Optional benefit riders — such as a guaranteed minimum death benefit, a guarantee of minimum fixed income payments, or withdrawals of a specific amount over a lifetime, regardless of account value — may be available. However, variable annuities that come with these guarantees tend to have more limited investment options.

All annuity guarantees are contingent on the financial strength and claims-paying ability of the issuing insurance company. Variable annuities are not guaranteed by the FDIC or another government agency; they are not deposits of, nor are they guaranteed or endorsed by, any bank or savings association.

Variable annuities are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the variable annuity contract and the underlying investment options, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Indexed annuities combine some features of fixed and variable annuities by offering protection of principal with the potential to participate in market gains.

The performance of an indexed annuity is tied to a market index such as the S&P 500. When the index rises, so does the return on the annuity. But if the index tumbles, typically the worst the annuity can do is earn no interest — or a guaranteed minimum, if one is offered. The guaranteed minimum is contingent on holding the indexed annuity until the end of the term. Participation rates are set and limited by the insurance company. An 80% participation rate means that only 80% of the gain experienced by the index for that year would be credited to the contract holder.

Indexed annuities are complex and not appropriate for every investor. They also have certain rules, restrictions, and expenses. The guarantees of indexed annuities may cover only a certain percentage of the initial investment. In addition, some insurance companies reserve the right to change participation rates, cap rates, or other fees either annually or at the start of each contract term. These types of changes could affect the investment return. Based on the guarantees of the issuing company, it is possible to lose money when investing in an indexed annuity. It would be prudent to review how the contract handles these issues before deciding whether to invest. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is not a guarantee of future results. Actual results will vary.

Now that we've discussed a few of the most common types of investments, let's look at some fundamental investment tactics that could enhance your potential for financial success in any market environment.

Three fundamental investment tactics are suggested to help you manage risk, smooth out investment returns, and improve the potential performance of your portfolio over the long run.

Though these strategies may seem unexciting, much of their value comes from reducing the temptation to react emotionally during periods of market volatility.

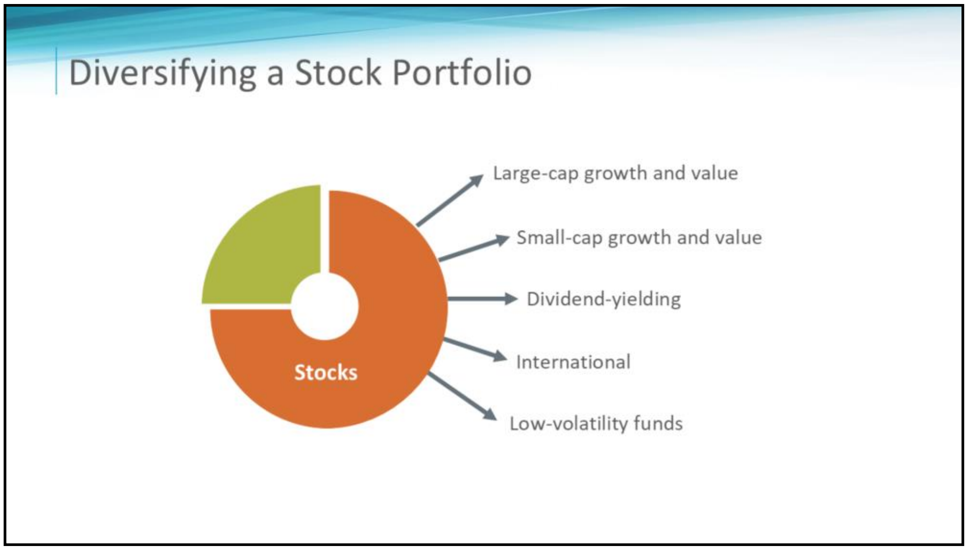
Diversification, asset allocation, and dollar-cost averaging are methods used to help manage investment risk; they do not guarantee a profit or protect against investment loss.

Diversification involves investing in different investment vehicles in an attempt to limit exposure to losses in any one sector of the market.

Different types of investments may react to changing market conditions in different ways. For example, an unfavorable news story may push stock prices lower, while bond values rise, or vice versa. When you divide your money among various asset classes and investment vehicles, gains in one area can help compensate for losses in another, thus limiting your risk of loss.

Although any level of diversification can help protect a portfolio, it can be hard to determine which types of investments are most likely to react differently when market volatility occurs. That's when a financial professional may be of help to suggest a mix of investments appropriate for you that can enhance the benefits of diversification. Of course, there is no assurance that working with a financial professional will improve investment performance.

Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.



Because stocks tend to be more volatile than other investments, here are some possible ways to diversify the equity portion of a portfolio — whether you're investing in individual stocks, mutual funds, or exchange-traded funds. You could, for example, divide your equities among large-cap growth and value stocks, small-cap growth and value stocks, dividend-yielding securities, international investments, low-volatility funds — even among different industry sectors.

Market capitalization is a measure of a company's size and value. Large caps tend to be more stable and thus have less growth potential, while small caps tend to be more volatile in terms of growth potential and risk. The terms growth and value reflect different investing styles. Growth companies typically do not pay dividends and are more likely to reinvest their profits; investors hope to benefit from future appreciation. Value stocks may be priced lower relative to their earnings, assets, or growth potential. Growth stocks and value stocks — and large caps and small caps — may all respond differently to varying market conditions.

Dividend-yielding securities provide income that can be reinvested or used to supplement other income, making them attractive even to conservative investors. The total return from dividend stocks comes from the dividend received plus any price appreciation. A Standard & Poor's study found that dividends have represented one-third of the monthly total return for the S&P 500 index since 1926. Dividends are also fairly stable over time; and during periods of volatility, dividend income can provide some protection when prices are falling.[1] International stocks may perform differently than domestic stocks, creating the potential for growth at times when the U.S. market declines. Of course, investing internationally carries additional risks, such as differences in financial reporting, currency exchange risk, as well as economic and political risk unique to the specific country. Any of these factors could create greater share price volatility.

You might also consider investing a portion of your equities in low-volatility stock funds and ETFs in an attempt to capture reasonable returns with less risk. Although low-volatility funds may provide downside risk protection, they might not provide as much upside performance potential in certain market conditions.

Diversification does not guarantee a profit or protect against loss; it is a method used to help manage risk. The return and principal value of stocks, mutual funds, and ETFs fluctuate with market conditions. Shares, when sold, may be worth more or less than their original cost. Investments seeking the potential for higher rates of return typically have a higher degree of risk. Dividends are typically not guaranteed and could be changed or eliminated by a company's board of directors.

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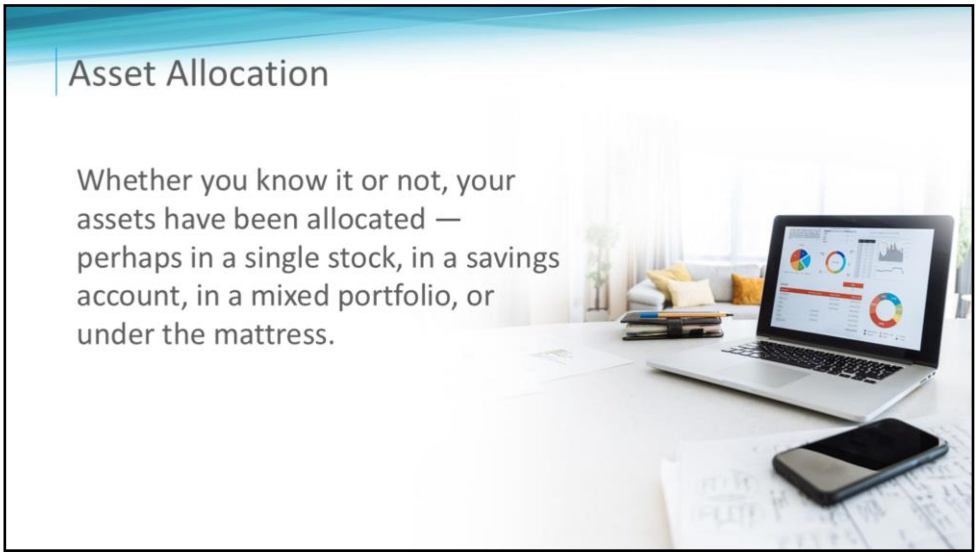
Source: 1) S&P Dow Jones Indices, 2024.Total return includes capital gains, dividends, interest, and distributions. Past performance is not a guarantee of future results.



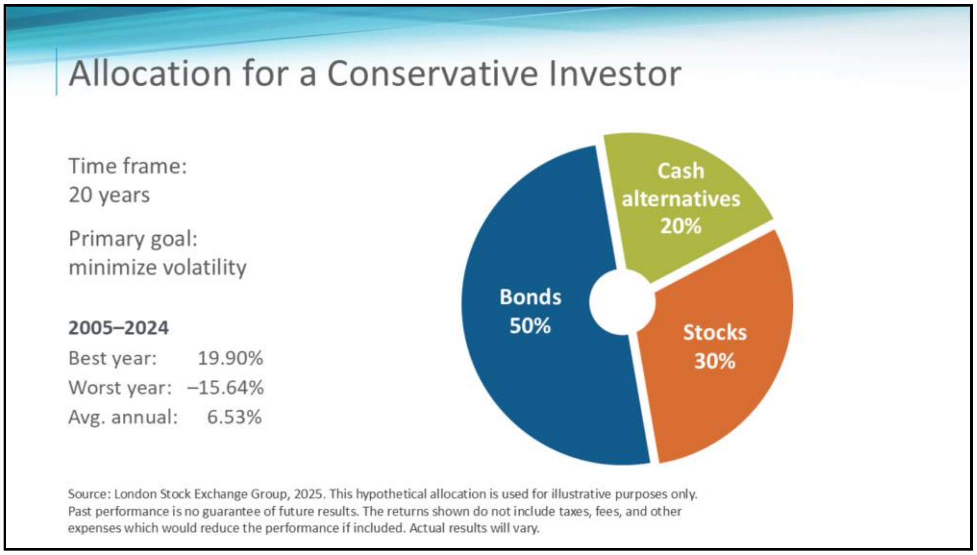
Asset allocation involves strategically dividing a portfolio into different asset categories — typically, stocks, bonds, and cash alternatives — to seek the highest potential return at a particular level of risk.

History has shown that the best-performing asset classes often change from year to year. Stocks may generate the highest returns in some years, whereas bonds may outperform stocks in others. During a bear market, cash alternatives may be the highest performers.

In and of itself, asset allocation is easy. In fact, whether you know it or not, your assets have been allocated — perhaps in a single stock, in a savings account, in a mixed portfolio, or under the mattress. However, finding an appropriate mix of investments for your risk profile, financial needs, and time frame is more difficult. It may require careful calculations and the benefit of professional guidance.

To personalize your asset allocation, you need to take into account your investment objectives — whether you're concerned about protecting the value of your portfolio, looking for growth potential, or generating a steady income — your time frame, and your risk tolerance.

Asset allocation does not guarantee a profit or protect against investment loss; it is a method used to help manage investment risk. Investments seeking the potential for higher returns carry an increased level of risk.



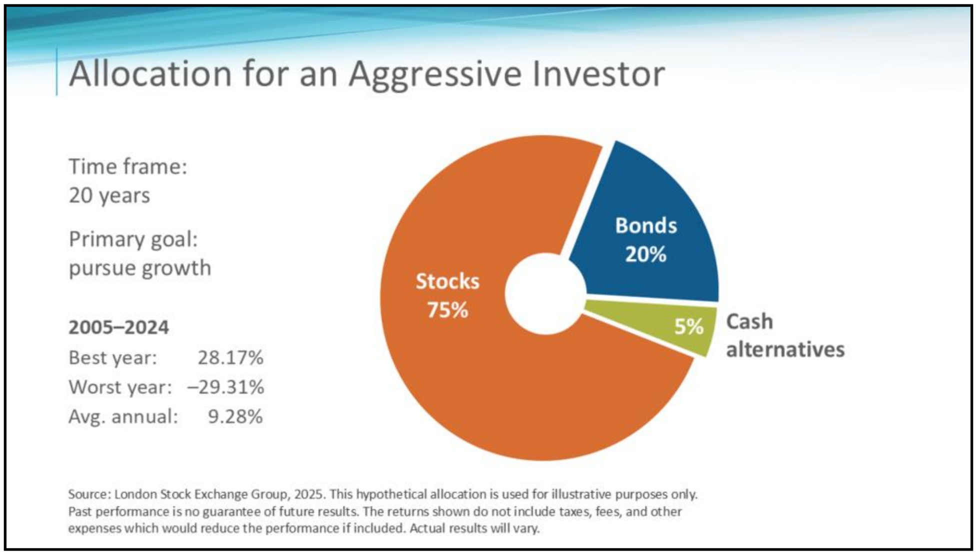
If you receive statements from a mutual fund company or a 401(k) plan, you may see a breakdown of how your fund assets are allocated in the form of a pie chart.

This pie chart shows a hypothetical allocation for a conservative investor. This investor’s primary concern is to minimize the upward and downward swings in his portfolio. He desires an appropriate mix of investment categories for such a time frame. He might have 50% of his portfolio in bonds, 30% in stocks, and 20% in cash alternatives. These investment categories would be somewhat volatile over the years. But because he has a fairly long time frame, this mix of investments could give him an adequate potential return for the risk he is willing to take.

How did this conservatively allocated portfolio perform over the 20-year period from 2005 through 2024? During the best year, his portfolio would have earned 19.90%. During the worst year, it would have lost 15.64%. The average annual return was 6.53%.

This hypothetical example is used for illustrative purposes only. The allocations shown are examples, not recommendations, and the returns shown do not include taxes, fees, and other expenses typically associated with investing which would reduce the performance if included. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Actual results will vary.

Source: London Stock Exchange Group, 2025. Performance described is for the period 1/1/2005 to 12/31/2024. Stocks are represented by the S&P 500 Composite Total Return Index which is generally considered to be representative of the U.S. stock market. Bonds are represented by the Citigroup Corporate Bond Composite Index which is generally considered representative of U.S. corporate bonds. Cash alternatives are represented by the Citigroup One-Month Treasury Bill Index. T-bills are generally considered representative of short-term cash alternatives and are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. The return and principal value of an investment in stocks and bonds fluctuates with changes in market conditions and, when sold, these securities may be worth more or less than the original investment amount.



An aggressive investor is willing to take on more risk and accept more volatility in exchange for higher growth potential. She has the same 20-year time frame as the conservative investor, but her investment allocation looks different. An appropriate investment mix for an aggressive investor might be only 5% in cash alternatives, 20% in bonds, and 75% in growth-oriented stocks.

Here's how the aggressively allocated portfolio would have performed over the same 20-year period (2005 through 2024). During the best year, it would have earned 28.17%. During the worst year, it would have lost 29.31%. The average annual return was 9.28%, almost 3% higher than the conservative portfolio.

Because aggressive investments are typically more volatile, they have the potential to produce higher highs and lower lows than their conservative counterparts, with accompanying risk. However, investors who are willing to wade through the market's ups and downs may also achieve higher average returns over time.

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Source: London Stock Exchange Group, 2025. Performance described is for the period 1/1/2005 to 12/31/2024. Stocks are represented by the S&P 500 Composite Total Return Index which is generally considered to be representative of the U.S. stock market. Bonds are represented by the Citigroup Corporate Bond Composite Index which is generally considered representative of U.S. corporate bonds. Cash alternatives are represented by the Citigroup One-Month Treasury Bill Index. T-bills are generally considered representative of short-term cash alternatives and are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. The return and principal value of an investment in stocks and bonds fluctuates with changes in market conditions and, when sold, these securities may be worth more or less than the original investment amount.

Dollar-Cost Averaging

	Regular Investment	Market Price/Share	Shares Acquired
Month 1	$600.00	$60.00	10
Month 2	$600.00	$30.00	20
Month 3	$600.00	$40.00	15
Month 4	$600.00	$75.00	8
Month 5	$600.00	$50.00	12
Total	$3,000.00	$255.00	65

Average share price over time period: $51.00 ($255 ÷ 5)
Average cost per share purchased: $46.15 ($3,000 ÷ 65)

This hypothetical example is used for illustrative purposes only. Actual results will vary.

The third investment strategy I want to discuss is dollar-cost averaging.

Dollar-cost averaging involves investing a set amount of money at regular intervals, such as on a monthly basis. By investing the same amount consistently over time, you are able to buy more shares of an investment when the price is low and fewer shares when the price is high, which may result in a lower average cost per share, regardless of whether the market is going up or down. If you are contributing percentage of your salary to an employer-sponsored retirement plan, you are practicing dollar-cost averaging.

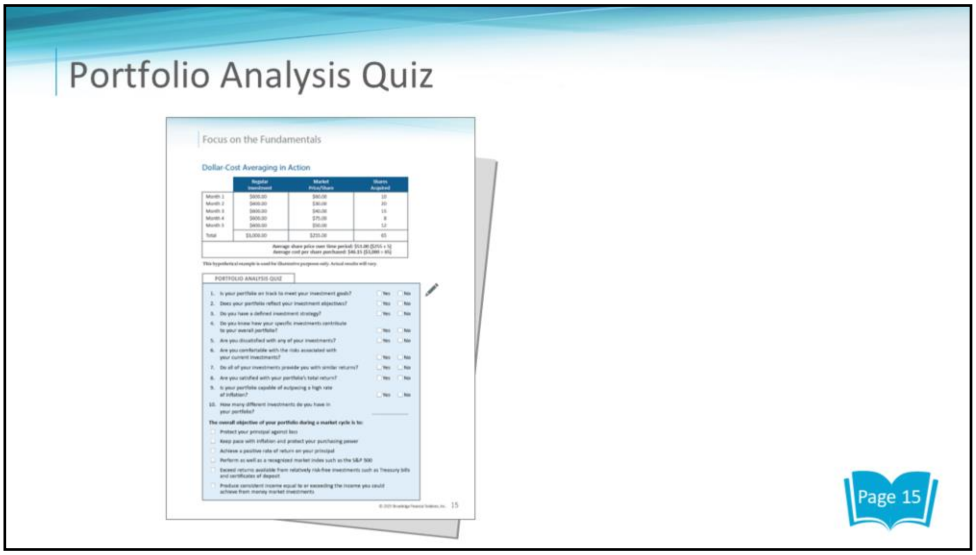
In this hypothetical example, an investor uses dollar-cost averaging to invest $600 per month in a mutual fund with fluctuating share prices. At the end of five months, she has purchased 65 shares.

As you can see, the average price per share during the five-month period was $51.00, but because she purchased more shares when prices were low, her average cost was $46.15 per share.

Dollar-cost averaging can help you take advantage of stock market fluctuations without the stress and risk of trying to time the markets. It is also a good way to steadily accumulate shares to help meet long-term goals.

Although dollar-cost averaging can be a useful strategy, it does not ensure a profit or prevent a loss. To take full advantage of the benefits of this strategy, you must be financially able to continue making purchases through periods of high and low price levels.

This hypothetical example is used for illustrative purposes only. Actual results will vary.



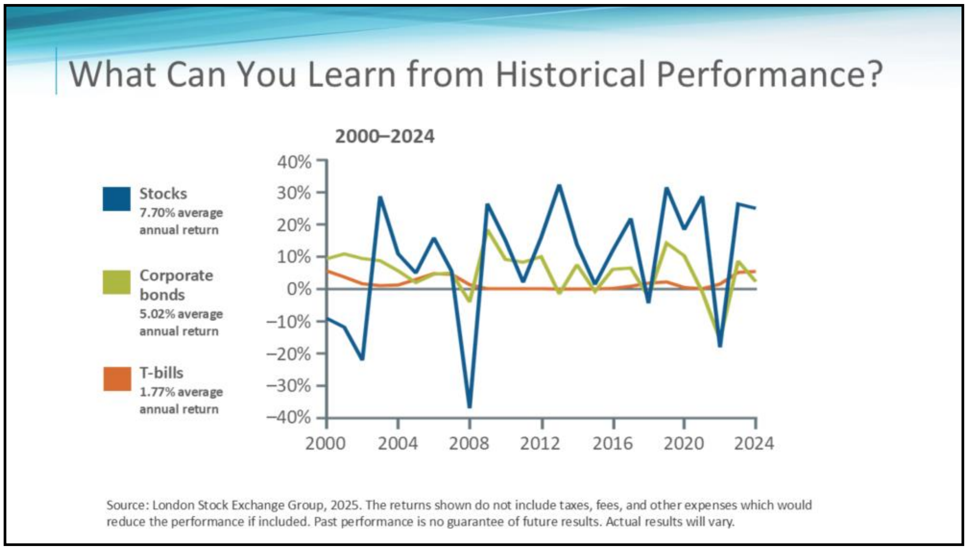
We've developed a portfolio analysis quiz that you'll find on page 15 in your workbook.

[Note to presenter: Pause to give participants sufficient time to locate the appropriate page.]

This quiz is designed to help you assess your current investments, your returns, and the overall objective of your portfolio during a market cycle.

After you return home, take a few minutes to go through this quiz. I know you will find it helpful, and we can address these specific issues when we meet for the complimentary consultation.

Now that we’ve discussed investment vehicles and portfolio strategies at some length, let’s look at a few other considerations that might help you put all this information together.



What can you learn from historical investment performance? A lot? Nothing? More than you want to know?

Although past performance does indeed tell us nothing about what will happen in the future and is no guarantee of future results, it can be instructive to see how different types of investments have performed over time — and in different economic conditions and investment climates — when making investment decisions.

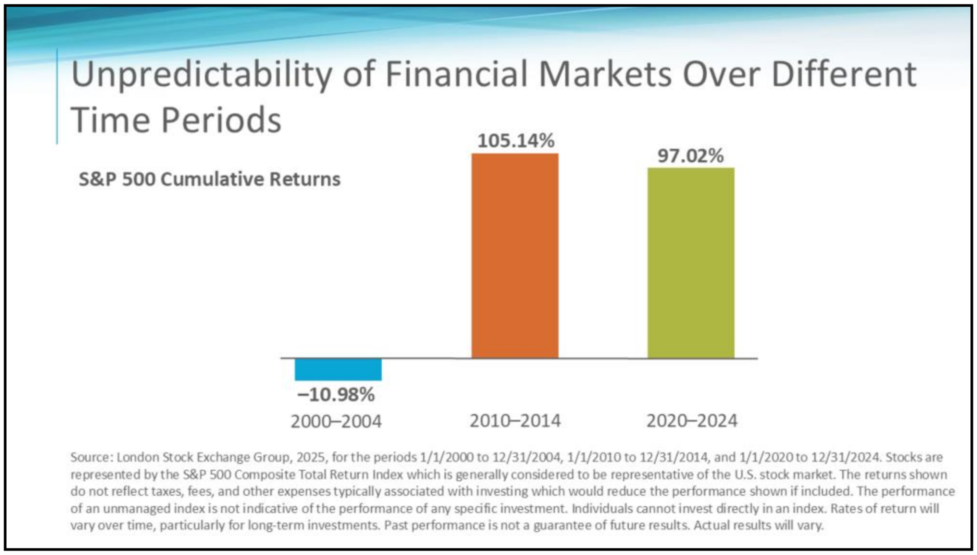
This graph shows the volatility of stocks, corporate bonds, and Treasury bills from 2000 through 2024. As you can see, stocks are much more volatile. That's why most experts suggest investing in them only when you have at least five to 10 years before you'll need the money you invest.

On a historical basis, corporate bonds have not performed as well as stocks over time, but they are typically less volatile.

On the other hand, Treasury bills and other cash alternatives almost always produce positive returns, but their potential for growth — and keeping pace with inflation — is much lower.

If you are investing for a short-term goal such as college or the purchase of a home, you may want to keep some of your assets in lower-risk and less volatile investments to help protect your principal.

Source: London Stock Exchange Group, 2025, for the period 1/1/2000 to 12/31/2024. Stocks are represented by the S&P 500 Composite Total Return Index which is generally considered to be representative of the U.S. stock market. Corporate bonds are represented by the Citigroup Corporate Bond Composite Index which is generally considered to be representative of the U.S. corporate bond market. Treasury bills are represented by the Citigroup One-Month Treasury Bill Index. T-bills are generally considered representative of short-term cash alternatives and are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. The returns shown do not reflect taxes, fees, and other expenses typically associated with investing which would reduce the performance if included. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is not a guarantee of future results. Actual results will vary.

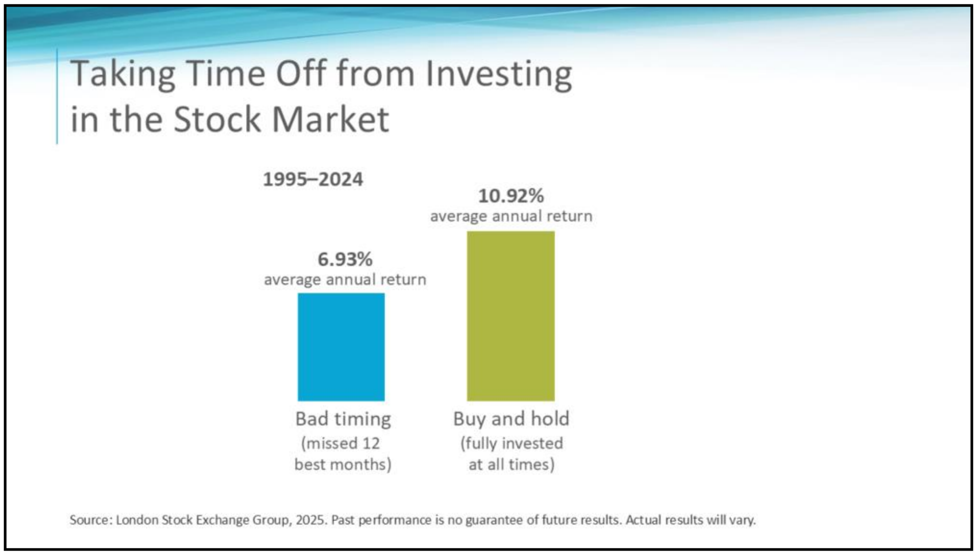


It's also important to consider the unpredictability of the financial markets over different time periods.

Look at these cumulative returns of the S&P 500 Composite Total Return Index over three different five-year periods: 2000 to 2004, 2010 to 2014, and 2020 to 2024. As you can see, these three five-year periods produced vastly different results.

Investing in stocks over shorter time periods could result in a loss and even a negative cumulative return. This occurred during the five-year period from 2000 through 2004, when the cumulative return of the S&P 500 was –10.98%!

Source: London Stock Exchange Group, 2025, for the periods 1/1/2000 to 12/31/2004, 1/1/2010 to 12/31/2014, and 1/1/2020 to 12/31/2024. Stocks are represented by the S&P 500 Composite Total Return Index which is generally considered to be representative of the U.S. stock market. The returns shown do not reflect taxes, fees, and other expenses typically associated with investing which would reduce the performance shown if included. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Rates of return will vary over time, particularly for long-term investments. Past performance is not a guarantee of future results. Actual results will vary.



So stocks are risky, right? But what could happen to your portfolio if you decided to take time off from investing in the stock market?

Trying to time the market by moving in and out of stocks, bonds, and cash alternatives is usually a losing game and generally lowers your investment performance.

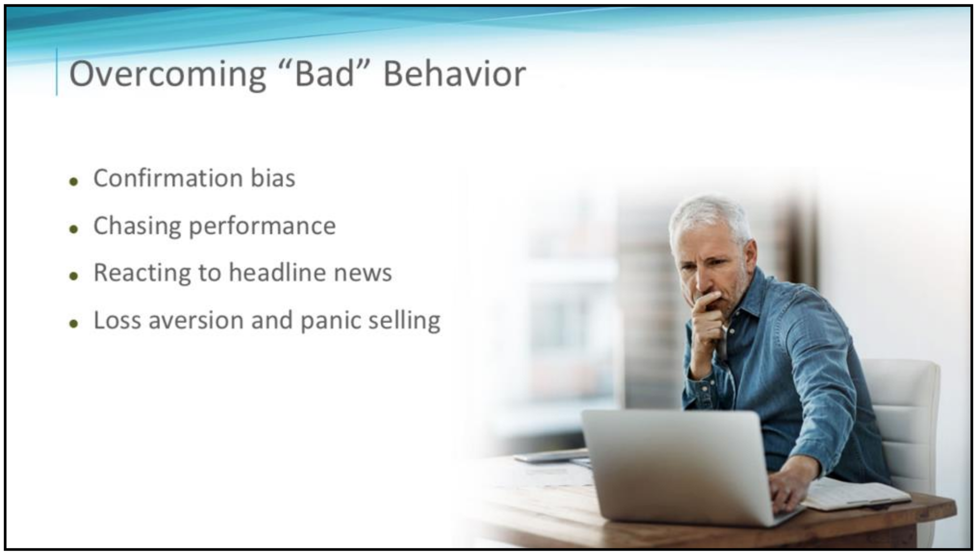
During the period from 1995 through 2024, the average annual return of stocks was 10.92%. If you had held a stock portfolio that mirrored the S&P 500 for all 360 months during that 30-year period, you could have earned a 10.92% average annual return.

If instead you had tried to time the market and, as a result, missed the 12 *best* trading months, your average annual return for that 30-year period would have dropped to 6.93%. And the more good trading days you missed, the lower your return would have been.

Adjusting your portfolio to capitalize on long-term trends can be beneficial. Also, missing the worst trading days would improve your overall return. But in the long run, consistently predicting the best times to buy and sell is impossible. It's very unlikely you could have picked those 12 great months at the time they occurred.

A consistent, long-term strategy may be more effective at helping you reduce risk and achieving your financial objectives.

Source: London Stock Exchange Group, 2025, for the period 1/1/1995 to 12/31/2024. Stocks are represented by the S&P 500 Composite Total Return Index which is generally considered to be representative of the U.S. stock market. This hypothetical example is used for illustrative purposes only. The returns shown do not reflect taxes, fees, and other expenses typically associated with investing which would reduce the performance if included. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Rates of return will vary over time, particularly for long-term investments. Past performance is no guarantee of future results. Actual results will vary



In spite of our good intentions, some common behavioral tendencies can stand in the way of making sound investment decisions, especially when the markets are volatile.

Behavioral scientists have identified cognitive biases that may cause us to ignore fundamental and critical factors and possibly focus on other information that may not be as important. Clearly, normal emotions can drive hasty decisions that could harm the long-term performance of your portfolio.

Here are just a few examples of behavior you might want to understand and avoid.

Confirmation bias. People have a natural tendency to come to a conclusion and then gather data to validate that decision, rather than first evaluating data before coming to a conclusion. One way to overcome confirmation bias is to seek outside counsel from someone who can provide a different and unbiased perspective.

Chasing performance. Some investors may be tempted to move a lot of money into asset classes or individual investments that have had the highest recent returns. The problem with this approach is that past performance doesn't guarantee future results, and today's "hot pick" could turn into a loser when conditions shift.

Reacting to headline news. By the time the average investor learns about economic developments or other events that could affect individual investments and the financial markets, it is usually too late to respond effectively. In fact, it's very likely that the news is already reflected in the prices of securities. And following the pack may not be the wisest choice — in fact, following someone else's lead without doing the necessary research could land you in trouble.

Loss aversion and panic selling. When investors pull out of investments or the market because they are afraid of losing money, as opposed to evaluating company fundamentals, they often end up selling at the worst possible time and buying again at higher prices after the market recovers. By selling low, they could lock in their losses, and it may cost more to get back into the market.

Managing your emotions and expectations can be difficult in any market situation. But focusing too much on short-term gains or losses is generally unwise. And abandoning a sound investment strategy in the heat of the moment could be detrimental to the long-term performance of your portfolio.

Do you find yourself chasing winners, or are you a value investor seeking a bargain? Do you often take large investment risks for quick gains, or do you generally leave your investments alone for the most part?

Legendary investor Benjamin Graham, considered the father of value investing, once said: “The individual investor should act consistently as an investor and not as a speculator.”[1] These words of wisdom capture a fundamental concept that might help you establish and maintain a sound financial strategy.

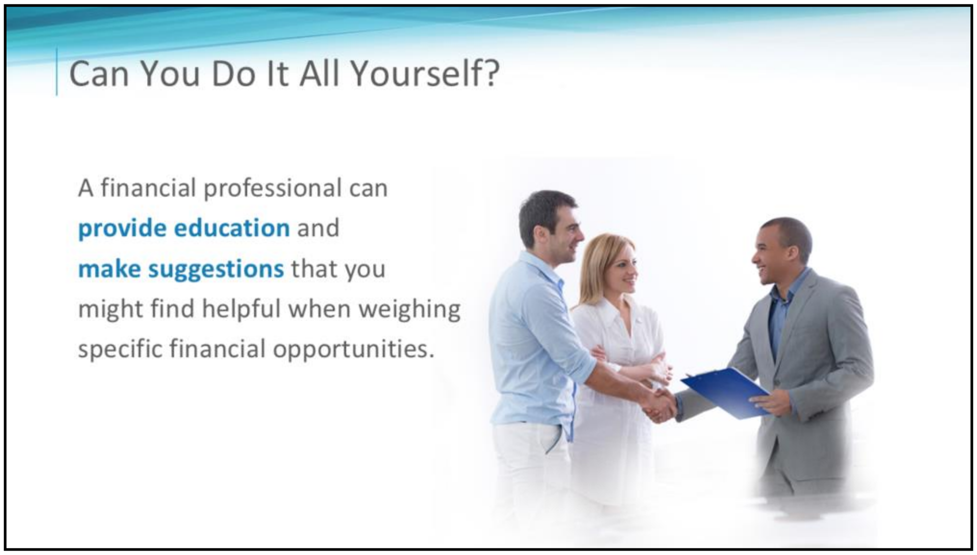
Paul Samuelson, who won the 1970 Nobel Prize in economic sciences, described a patient investing approach in humorous terms: “Investing should be more like watching paint dry or watching grass grow.”[2]

Speculators take large risks by trying to anticipate future price movements in hopes of making quick gains. The danger of this approach is that few people have the expertise, time, and resources to do this successfully. It’s more likely that by trying to time the market, they will sell at the bottom and buy at the top. They might miss some of the best trading days, and their portfolios will likely underperform.

Smart investors take risks, too, but they buy assets that appear to be sound investments and build them into a balanced portfolio that is appropriate for their goals, time frame, and risk tolerance. In other words, they generally maintain a buy-and-hold strategy and invest for the long term.

All investments are subject to market fluctuation, risk, and loss of principal. Investments, when sold, may be worth more or less than their original cost.

Sources: 1) Thinkexist.com; 2) BrainyQuote.com



When it comes to your personal finances and your investment portfolio, are you where you want to be? Are you confident that you have positioned yourself to potentially benefit from changes in the economy and the financial markets?

Today's presentation is intended to be the first step in the process of helping you become smarter about your money and investments. Continuing your financial knowledge will further help you make important decisions to make the most of your money and investments.

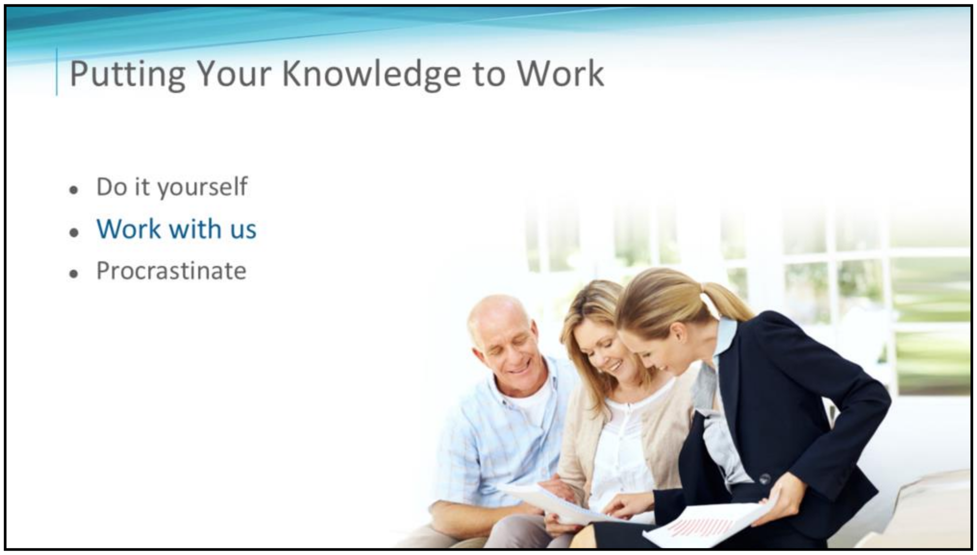
But some people may think they lack the knowledge, discipline, motivation, or time to stay on top of their finances and the markets year-round.

One strategy is to work with a financial professional.

Why consider working with a financial professional? It's *not* to get rich quick. In fact, there is no assurance that working with a professional will result in your reaching your financial goals or achieving superior investment results. Professionals don't have a magic wand.

However, I can provide education and make suggestions that you might find helpful when developing a game plan and weighing specific financial opportunities. By helping you balance your goals with market conditions, I can help you determine which strategies may be appropriate for you based on your financial situation, appetite for risk, and time frame. A financial reality check might prepare you for changing market conditions.

I can also serve as a knowledgeable sounding board and provide an objective viewpoint as you weigh investment opportunities and pursue your long-term objectives.



We’ve covered a lot of information today. I’m confident that the information we’ve shared will help you feel more confident when making decisions about your financial future.

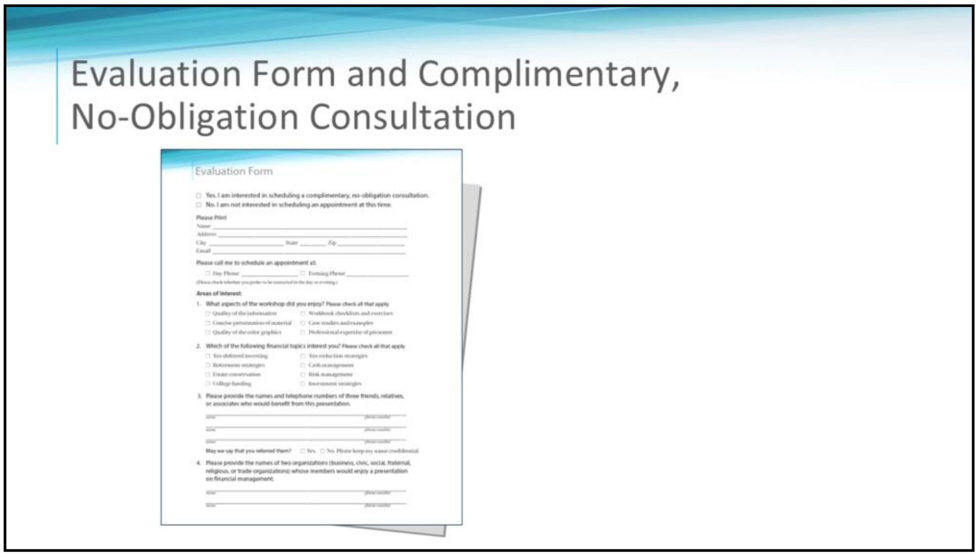
How can you put all this knowledge to work? There are several ways to proceed.

You can do it yourself, which could be a tremendous amount of work, or work with others.

You could work with us. I hope you feel comfortable with what you’ve learned about our professional knowledge and the approach we take with our clients.

Finally, you can procrastinate. Given the long-term ramifications of the decisions you must make, procrastination is not a prudent move.

Of course, I hope you’ll decide to work with us, and I hope you’ll come to the complimentary consultation. I don’t expect you to make any decisions now, nor do I expect you to decide when you come to the office. I want you to decide only when you’re ready. As you get to know us better, I feel confident that you’ll want to work with us. But, again, the choice is totally up to you.



Would everyone please pull out the evaluation form I talked about at the beginning of the presentation?

I would like each of you to fill out the form and turn it in. The evaluation form offers a way for you to comment on the seminar. It also lets me know whether you'd like to schedule a personal meeting to discuss any of the ideas you've learned here. Because many of the people who attend our seminars come in for a complimentary, no-obligation consultation, I've blocked out several days over the next couple of weeks to meet with you and address your specific concerns.

[Note to presenter: Have extra evaluation forms available if some participants no longer have them, and allow time for all participants to fill out the forms before they leave.]

Remember my two promises: If you check "Yes, I would like to schedule a complimentary, no-obligation consultation," we'll call you in the next couple of days to set up an appointment. If you check "No, I am not interested in scheduling an appointment at this time," we won't call you directly after today.

I'd like to collect the evaluation forms before you leave.

[Note to presenter: Mention any important financial forms or documents you would like participants to bring to the consultation. There are spaces where they can write them down on the back cover of the workbook.]

Thank you for coming to our surviving market swings seminar. I commend you for the initiative you've shown in wanting to improve your financial future and build a successful retirement.

I look forward to seeing you again in the near future.

[Note to presenter: As people leave, shake hands with them and collect their evaluation forms.]