Market Volatility Field Guide

APRIL 2025

7836568.1

IMPORTANT INFORMATION

Source: Fiducient Advisors, L.L.C.

An investment cannot be made directly in an unmanaged index.

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Preface

The following data and research is intended to provide important context on market volatility. In times of uncertainty, it's easy for emotions to drive decision-making. However, emotions can often lead us astray, making it harder to stay focused on long-term goals. Understanding market history and the principles of long-term investing helps us to see the bigger picture, revealing opportunities and reinforcing the importance of a disciplined approach to navigating inevitable market and economic volatility.

"The stock market is a device for transferring money from the impatient to the patient."

— Warren Buffett

With The Right Time Horizon, The Outlook is Bright

S&P 500 Calendar Year Annualized Forward Returns

# Years Forward	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1	1%	38%	23%	33%	29%	21%	-9%	-12%	-22%	29%	11%	5%	16%	5%	-37%	26%	15%	2%	16%	32%	14%	1%	12%	22%	-4%	32%	18%	29%	-18%	26%	25%
2	18%	30%	28%	31%	25%	5%	-10%	-17%	0%	19%	8%	10%	11%	-18%	-11%	21%	8%	9%	24%	23%	7%	7%	17%	8%	12%	25%	23%	3%	2%	26%	
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4	23%	31%	26%	17%	6%	-7%	-5%	-1%	4%	15%	9%	-5%	-1%	-1%	-2%	15%	16%	16%	15%	14%	12%	7%	14%	16%	18%	13%	12%	14%			
5	24%	29%	18%	11%	-1%	-1%	-2%	1%	6%	13%	-2%	0%	2%	0%	2%	18%	15%	13%	15%	16%	8%	12%	15%	18%	9%	16%	15%				
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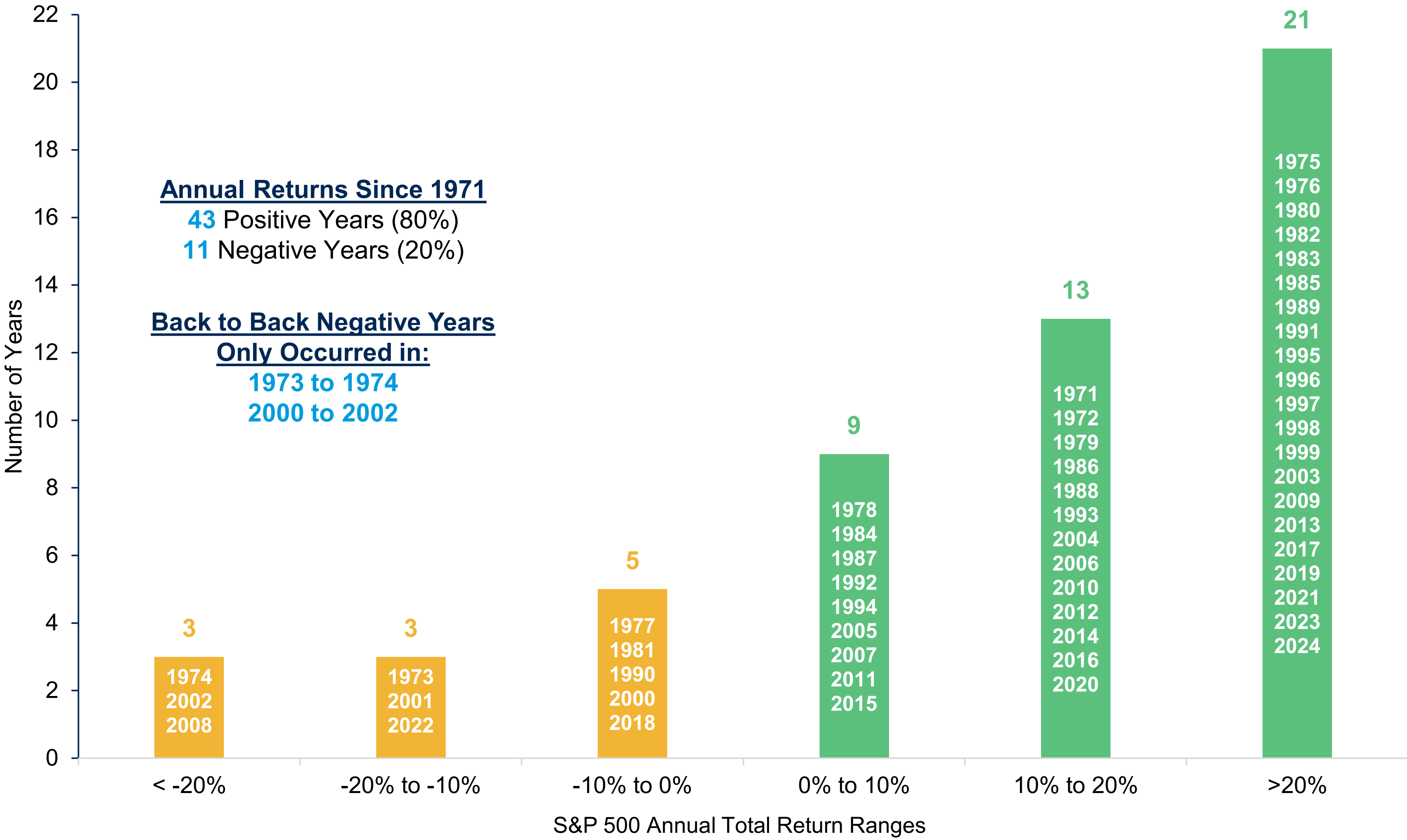
% of Periods with Positive Outcomes	
1 Year	81%
3 Years	79%
5 Years	81%
10 Years	91%
>10 Years	100%

This table shows the forward returns x years out (first column), starting from a particular year (the top row). The first row represents the calendar year return for each year. For example, starting in 2008 the annualized 4-year realized forward return was -2% and starting in 2013, the annualized 3-year realized forward return was 15%.

Source: Morningstar. As of December 31, 2024. S&P 500 returns are annual total returns from 1994 to 2024.

May the Skew Be in Your Favor

S&P 500 Annual Total Returns Since 1971

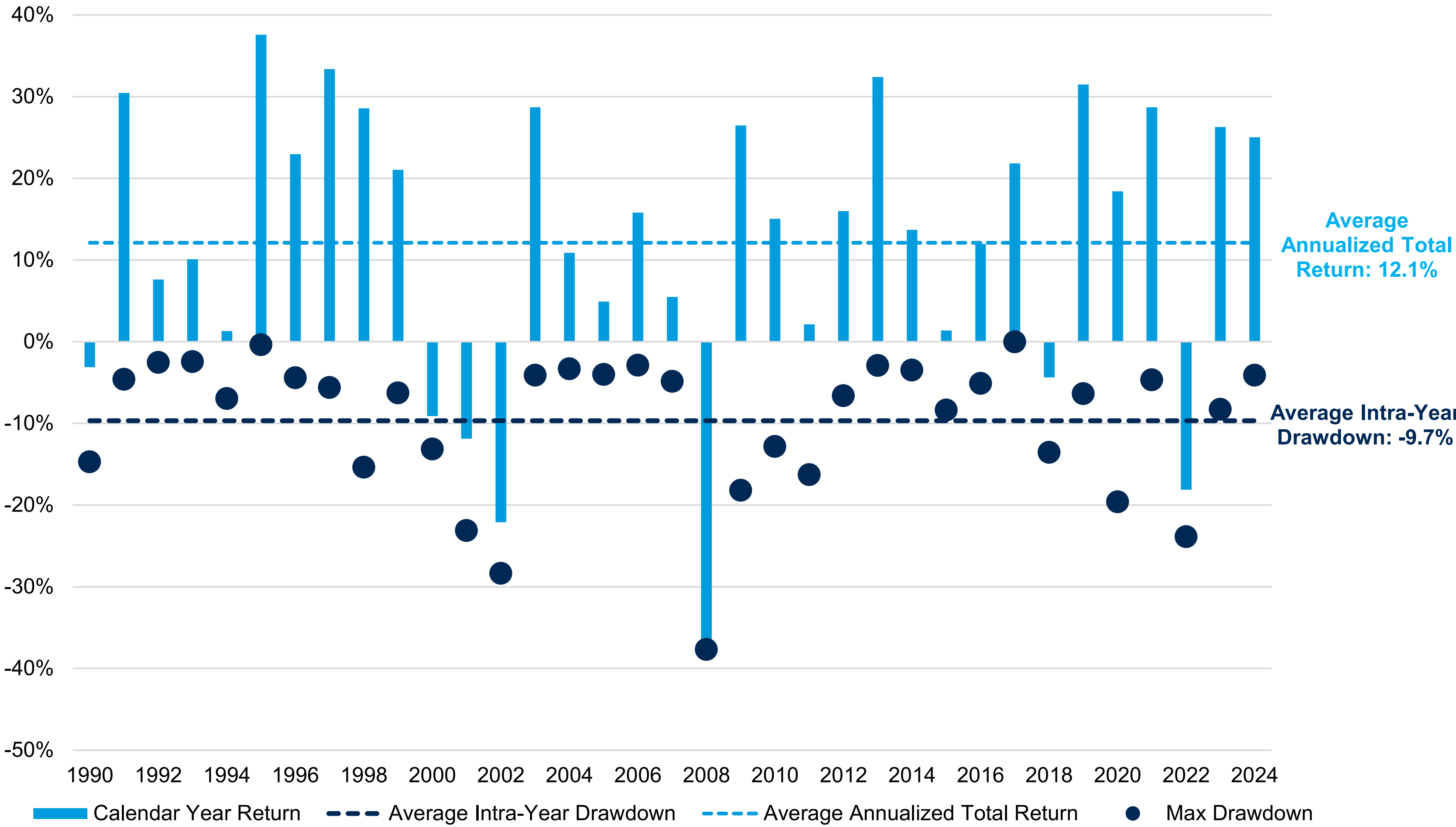


Source: Morningstar. As of December 31, 2024. S&P 500 returns are annual total returns from 1971 to 2024.

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss. Indices cannot be invested in directly.

Intra-Year Drawdowns Are Common & Don't Define the Year

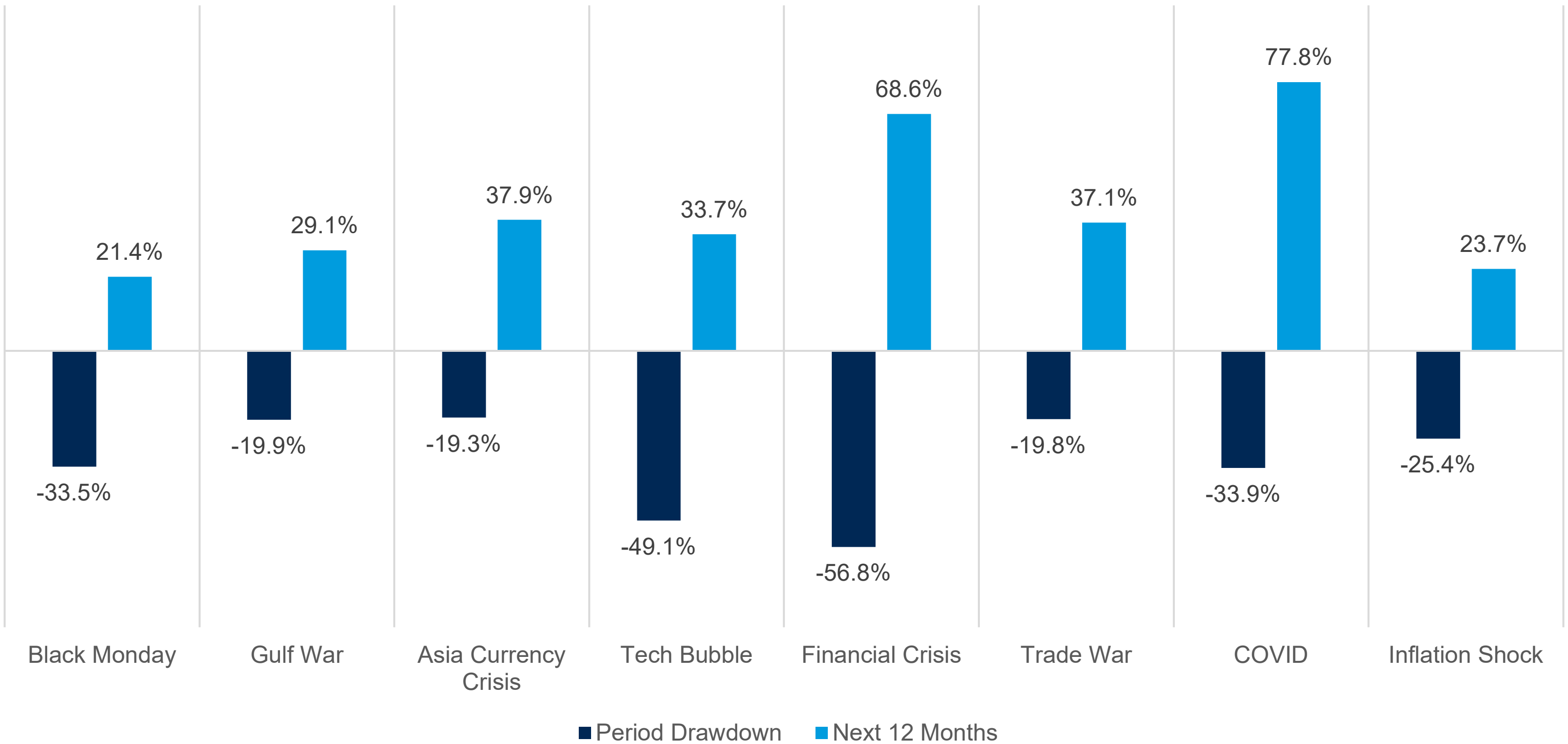
S&P 500 Annual Returns vs Drawdown



Source: Morningstar. As of December 31, 2024. S&P 500 returns are annual total returns from 1990 to 2024.

Looking Past Volatility is Often Profitable

Drawdowns Larger than 15% Since 1987



Sources: Morningstar, Yardeni Research Inc. As of December 31, 2024. S&P 500 returns are price returns.

The average 12 month forward return is **41%** following drawdowns of 15% or more.

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Correction, Bear Markets & Recessions are a NORMAL Thing

Frequency of Market Events Since 1950

Environment	-5% or more	-10% or more	-15% or more	-20% or more	Recession
Average Frequency	About once a year	About once every three years	About once every five years	About once every seven years	About every six and a half years
Average Length	114 Days	258 Days	340 Days	412 Days	308 Days

Sources: Morningstar, National Bureau of Economic Research. As of December 31, 2024.

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Corrections and Bear Markets through the Years

S&P 500 Returns After Trough

Year	30 Days After Trough	60 Days After Trough	90 Days After Trough	180 Days After Trough	360 Days After Trough
1970 (Bear)	1.40%	8.47%	20.00%	37.27%	41.74%
1971 (Corr)	12.45%	15.68%	18.04%	19.40%	23.59%
1974 (Bear)	15.27%	6.41%	23.95%	42.13%	60.00%
1974 (Corr)	7.30%	23.38%	27.29%	30.59%	54.68%
1975 (Corr)	9.21%	5.33%	19.28%	20.04%	23.72%
1978 (Corr)	8.00%	10.44%	8.94%	6.50%	16.17%
1978 (Corr)	4.71%	5.28%	7.91%	9.49%	9.72%
1979 (Corr)	6.92%	13.83%	5.60%	18.21%	35.48%
1980 (Corr)	7.55%	16.19%	23.30%	38.31%	35.30%
1982 (Bear)	20.67%	38.27%	31.87%	55.99%	60.68%
1984 (Corr)	10.69%	10.63%	11.64%	21.20%	37.22%
1987 (Bear)	11.92%	16.54%	19.64%	16.58%	37.48%
1990 (Corr)	3.32%	1.59%	12.74%	-6.18%	16.42%
1990 (Corr)	5.21%	7.16%	21.25%	24.98%	37.77%
1997 (Corr)	4.33%	2.11%	11.26%	22.91%	38.83%
1998 (Corr)	-2.87%	15.68%	19.57%	30.49%	42.64%
1999 (Corr)	10.38%	12.31%	4.88%	12.32%	-3.84%
2002 (Bear)	14.48%	10.18%	2.52%	26.49%	43.22%
2003 (Corr)	12.87%	20.32%	23.89%	28.07%	35.59%
2009 (Bear)	21.80%	37.97%	31.85%	62.32%	63.16%
2010 (Corr)	5.05%	11.81%	19.32%	26.95%	18.33%
2011 (Corr)	10.64%	11.84%	18.82%	15.69%	34.33%
2015 (Corr)	4.58%	8.30%	9.78%	8.99%	19.84%
2016 (Corr)	9.94%	10.73%	12.21%	15.63%	30.66%
2018 (Corr)	-1.42%	-1.94%	3.76%	3.25%	9.07%
2018 (Corr)	12.76%	17.23%	21.78%	21.10%	21.26%
2020 (Bear)	23.33%	33.05%	40.54%	57.13%	92.30%
2022 (Bear)	12.22%	7.36%	15.57%	21.65%	41.26%
2023 (Corr)	11.29%	16.98%	24.17%	34.56%	N/A
Average	9.45%	13.56%	17.63%	24.90%	34.88%
Average (Bear)	15.14%	19.78%	23.24%	39.94%	54.98%
Average (Corr)	7.28%	11.19%	15.50%	19.17%	26.84%

Sources: Morningstar, Yardeni Research Inc. As of December 31, 2024. S&P 500 returns are price returns.

Market Correction Stats

- Average Frequency: About once every 3 years since 1970
- Average Length: 107 days
- Average Drawdown: -14.51%

Bear Markets Stats

- Average Frequency: About once every 7 years since 1970
- Average Length: 457 days
- Average Drawdown: -38.76%

Recessions Through the Years

S&P 500 Returns During and Post Recessions

Recession					
Start	**End**	**Months**	**Peak to Trough Returns**	**Trough + 1 Year**	**Trough + 3 Years**
Jul-53	May-54	10	17.1%	34.3%	61.9%
Aug-57	Apr-58	8	-12.5%	31.7%	54.5%
Apr-60	Feb-61	10	11.9%	11.4%	24.7%
Dec-69	Nov-70	11	-11.3%	13.2%	30.1%
Nov-73	Mar-75	16	-24.7%	22.2%	6.7%
Jan-80	Jul-80	6	6.5%	14.9%	47.2%
Jul-81	Nov-82	16	3.2%	22.3%	42.0%
Jul-90	Mar-91	8	3.5%	12.4%	27.3%
Mar-01	Nov-01	8	-12.6%	-16.4%	6.6%
Dec-07	Jun-09	18	-36.3%	18.5%	42.6%
Feb-20	Apr-20	2	-23.4%	53.7%	59.0%
Average		**10**	**-7.1%**	**19.8%**	**36.6%**
Median		**10**	**-11.3%**	**18.5%**	**42.0%**

Sources: Morningstar, National Bureau of Economic Research. As of December 31, 2024. S&P 500 returns are monthly price returns.

Recession Stats (since 1950)

Number of Recessions: **11**

Frequency: Roughly every **6.5** years

Recover Time: **17** months return to previous peak

Duration: **10** months

Longest – Global Financial Crisis (**18** months)

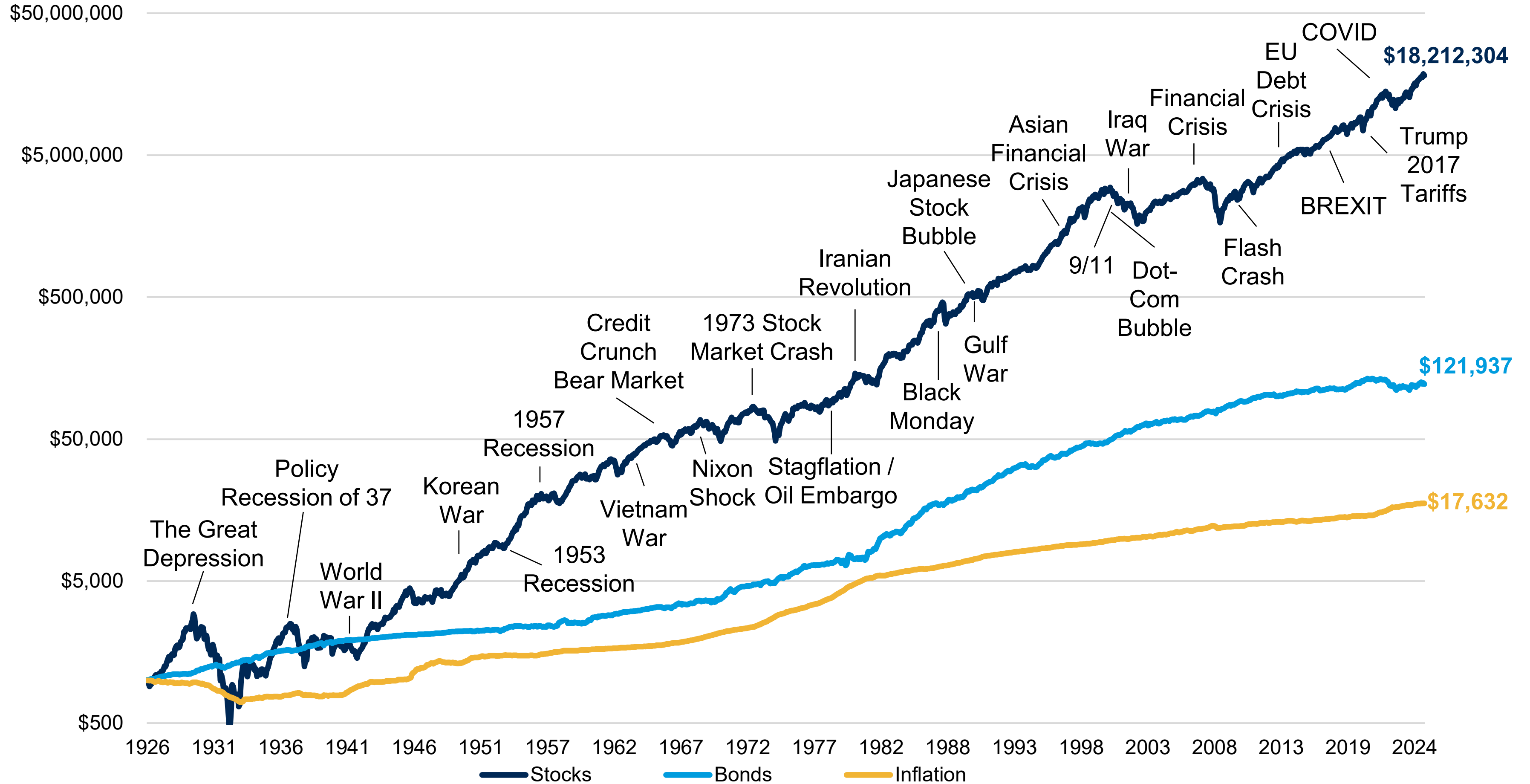
Shortest – COVID (**2** months)

Performance: **-26%**

Average duration of Decline – **5.5** months

This Too Shall Pass

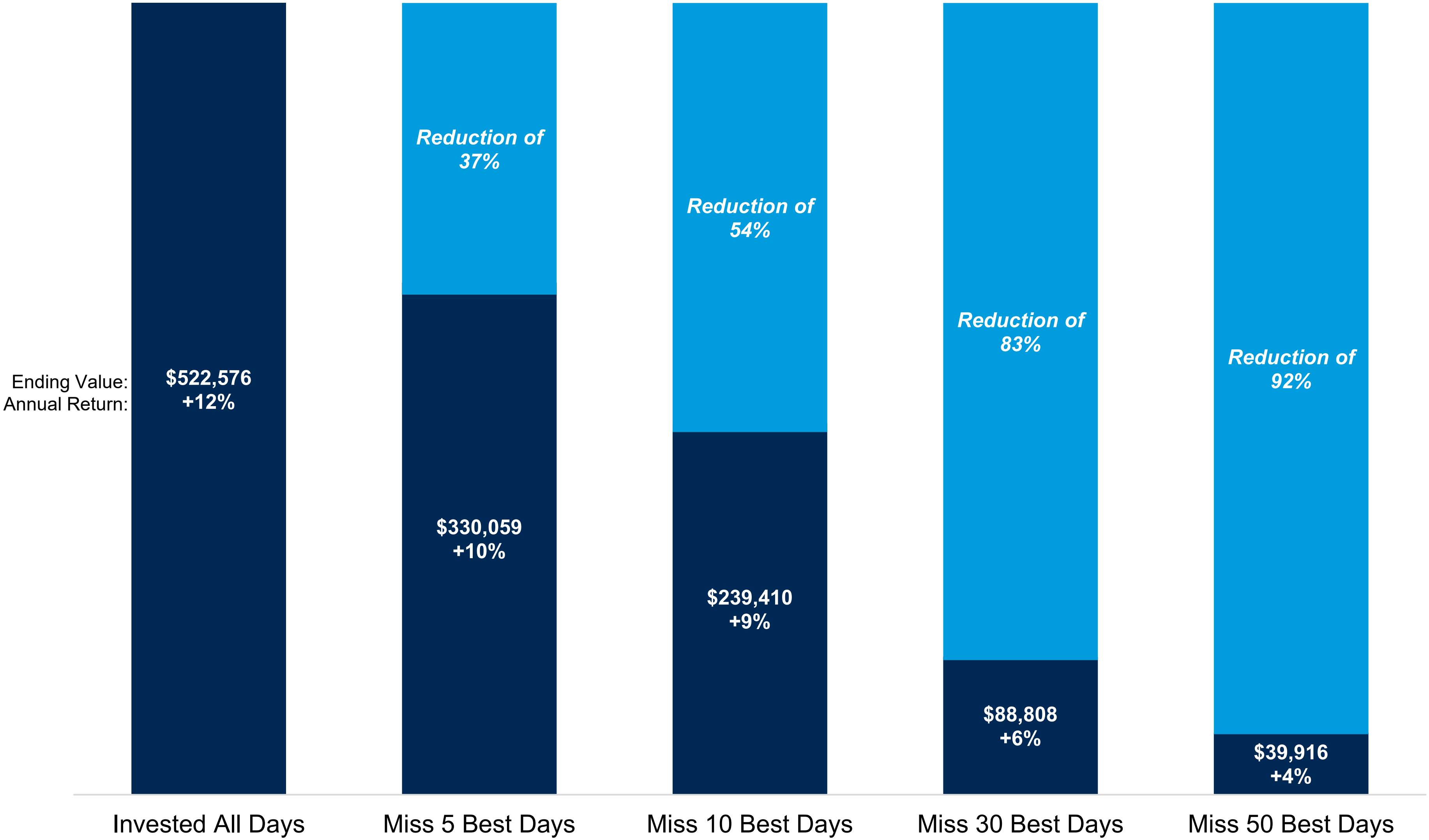
Stocks, Bonds, and Inflation: Monthly Returns since 1926



Sources: Morningstar, U.S. Bureau of Labor Statistics. As of December 31, 2024. Returns based on monthly total returns. Stocks represented by Ibbotson's SBBI US Large Stock Total Return from January 1, 1926 to December 31, 1987 and S&P 500 Total Return from January 1, 1988 to December 31, 2024. Bonds represented by Ibbotson's SBBI US IT Govt Total Return from January 1, 1926 to December 31, 1987 and Bloomberg U.S. Aggregate Bond Index Total Return from January 1, 1988 to December 31, 2024. Inflation represented by the Consumer Price Index (CPI).

Dangers of Timing the Market

Missing the Best Days in the Market, Growth of $10,000 from 1988 - 2024



Source: Morningstar. As of December 31, 2024. S&P 500 total returns from January 1, 1988 - December 31, 2024

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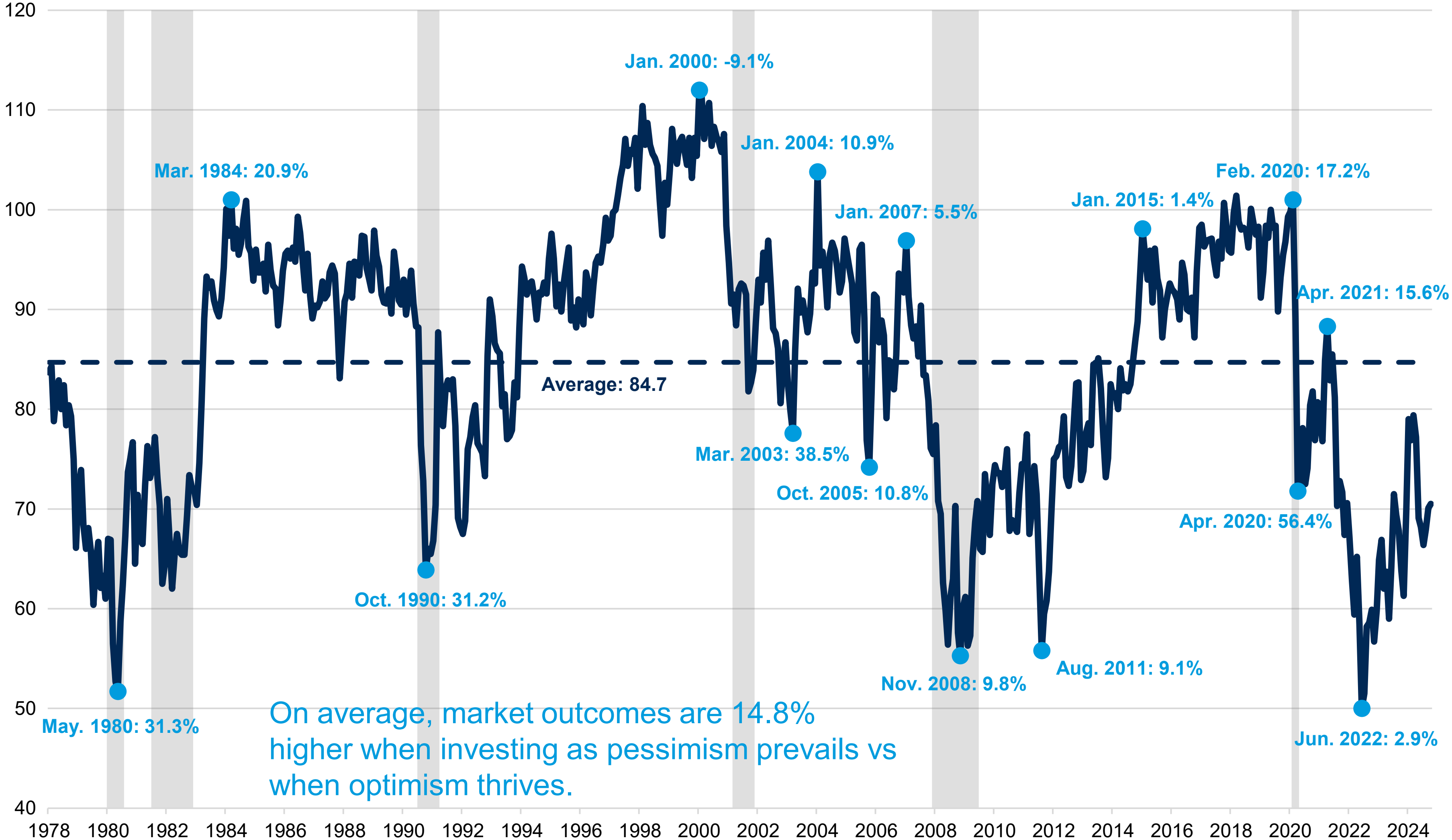
Emotions Often a False Indicator of Opportunity

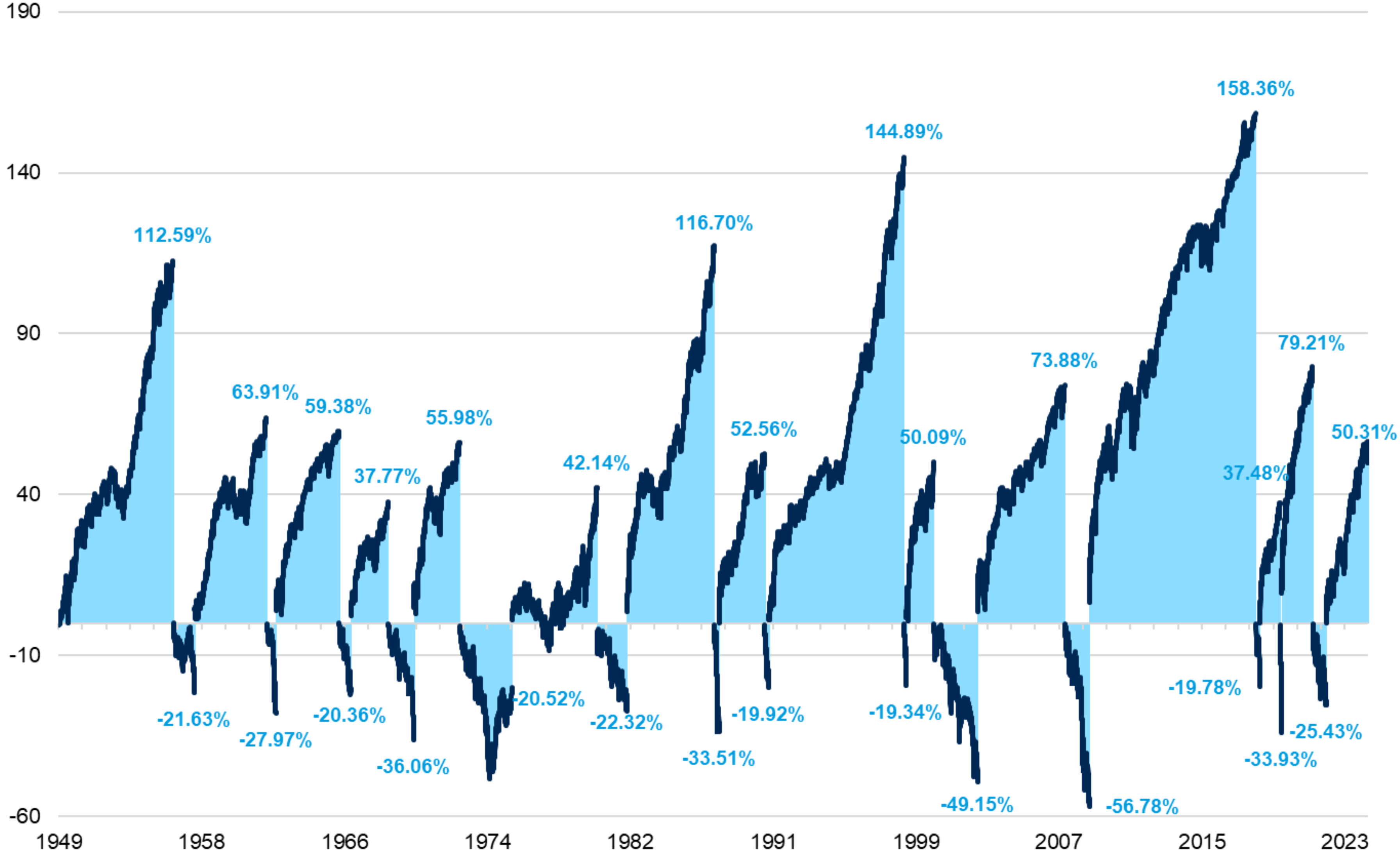
Consumer Sentiment and Subsequent 12-month S&P 500 Returns



Sources: Morningstar, University of Michigan, National Bureau of Economic Research. As of December 31, 2024. S&P 500 returns are total returns.

Corrections Are Points IN Time, Wealth Creation Happens OVER Time

Cumulative Return of S&P 500 in Up Markets vs Cumulative Drawdowns in Bear Markets



Sources: Morningstar. As of December 31, 2024. S&P 500 returns are price returns.

Disclosures

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When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise noted. Each index is unmanaged, and investors can not actually invest directly into an index:

Stocks represented by Ibbotson’s SBBI US Large Stock Total Return from January 1, 1926 to December 31, 1987 and S&P 500 Total Return from January 1, 1988 to December 31, 2024.

Bonds represented by Ibbotson’s SBBI US IT Govt Total Return from January 1, 1926 to December 31, 1987 and Bloomberg U.S. Aggregate Bond Index Total Return from January 1, 1988 to December 31, 2024.

Inflation is measured by the Consumer Price Index (CPI).

Consumer Sentiment Index is measured by the University of Michigan Survey of Consumers.

Disclosures – Index & Benchmark Definitions

Fixed Income

- **Bloomberg U.S. Aggregate Index** covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.
- **IA SBBI US IT Government index** measures the performance of a single issue of outstanding US Treasury note with a maturity term of around 5.5 years. It is calculated by Morningstar. Returns for 1934 to 1986 are obtained from the CRSP Government Bond File and returns for 1987 to 2014 are calculated from The Wall Street Journal prices.

Equity

- **The S&P 500 Index** is a capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- **IA SBBI US Large Stock index** tracks the monthly return of S&P 500. The history data from 1926 to 1969 is calculated by Ibbotson.

Other

- **Consumer Price Index (CPI)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas. Average price data for select utility, automotive fuel, and food items are also available.
- **Consumer Sentiment Index** focuses on three areas: how consumers view prospects for their own financial situation, how they view prospects for the general economy over the near term, and their view of prospects for the economy over the long term. The Expectations Index represents only a small part of the entire survey data that is collected on a regular basis. Each monthly survey contains approximately 50 core questions, each of which tracks a different aspect of consumer attitudes and expectations. The samples for the Surveys of Consumers are statistically designed to be representative of all American households, excluding those in Alaska and Hawaii. Each month, a minimum of 600 interviews are conducted by telephone from the Ann Arbor facility.

Disclosures – Material Risks & Limitations

Fixed Income securities are subject to interest rate risks, the risk of default and liquidity risk. U.S. investors exposed to non-U.S. fixed income may also be subject to currency risk and fluctuations.

Cash may be subject to the loss of principal and over longer period of time may lose purchasing power due to inflation.

Domestic Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry factors, or other macro events. These may happen quickly and unpredictably.

International Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry impacts, or other macro events. These may happen quickly and unpredictably. International equity allocations may also be impact by currency and/or country specific risks which may result in lower liquidity in some markets.

Real Assets can be volatile and may include asset segments that may have greater volatility than investment in traditional equity securities. Such volatility could be influenced by a myriad of factors including, but not limited to overall market volatility, changes in interest rates, political and regulatory developments, or other exogenous events like weather or natural disaster.

Private Equity involves higher risk and is suitable only for sophisticated investors. Along with traditional equity market risks, private equity investments are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility and/or the potential loss of capital.

Private Credit involves higher risk and is suitable only for sophisticated investors. These assets are subject to interest rate risks, the risk of default and limited liquidity. U.S. investors exposed to non-U.S. private credit may also be subject to currency risk and fluctuations.

Private Real Estate involves higher risk and is suitable only for sophisticated investors. Real estate assets can be volatile and may include unique risks to the asset class like leverage and/or industry, sector or geographical concentration. Declines in real estate value may take place for a number of reasons including, but are not limited to economic conditions, change in condition of the underlying property or defaults by the borrow.

Marketable Alternatives involves higher risk and is suitable only for sophisticated investors. Along with traditional market risks, marketable alternatives are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility or the potential for loss of capital. Additionally, short selling involved certain risks including, but not limited to additional costs, and the potential for unlimited loss on certain short sale positions.