

# Strategence Capital

## A Long-term Perspective for Market Movements

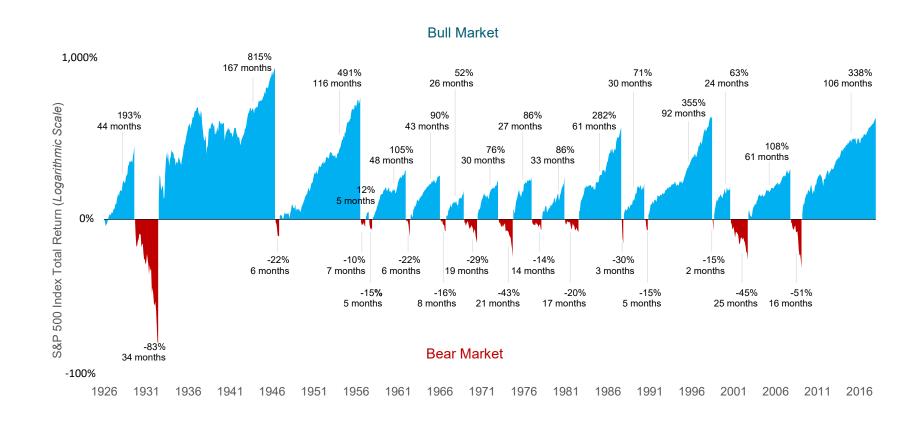
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#### A History of Market Ups and Downs

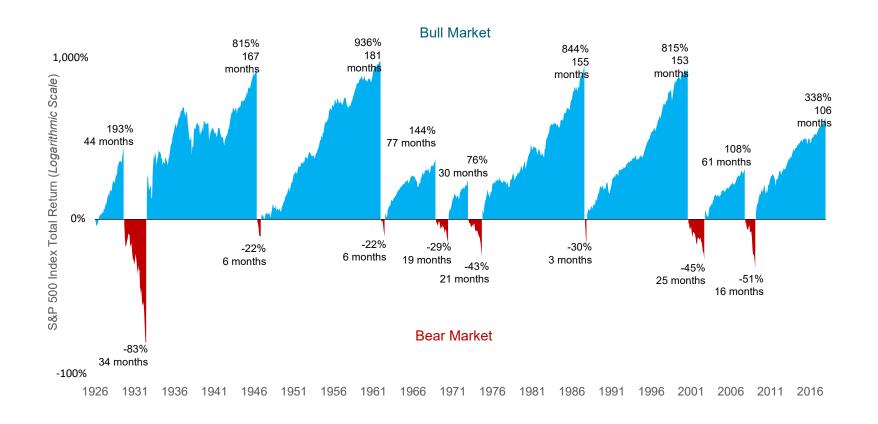
S&P 500 Index total returns in USD, January 1926–December 2017 Using a 10% threshold for downturns



- Chart end date is 12/31/2017, the last trough to peak return of 338% represents the return through December 2017.
- Bear markets are defined as downturns of 10% of greater from new index highs. Bull markets are subsequent rises following the bear market trough through the next new market high. The chart shows bear markets and bull markets, the number of months they lasted and the associated cumulative performance for each market period. Results for different time periods could differ from the results shown.
- Past performance is no guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.
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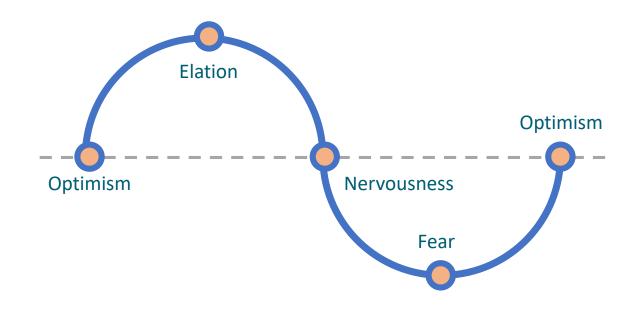
#### A History of Market Ups and Downs

S&P 500 Index total returns in USD, January 1926–December 2017 Using a 20% threshold for downturns



- Chart end date is 12/31/2017, the last trough to peak return of 338% represents the return through December 2017.
- Bear markets are defined as downturns of 20% of greater from new index highs. Bull markets are subsequent rises following the bear market trough through the next new market high. The chart shows bear markets and bull markets, the number of months they lasted and the associated cumulative performance for each market period. Results for different time periods could differ from the results shown.
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#### Many Investors Follow Their Emotions

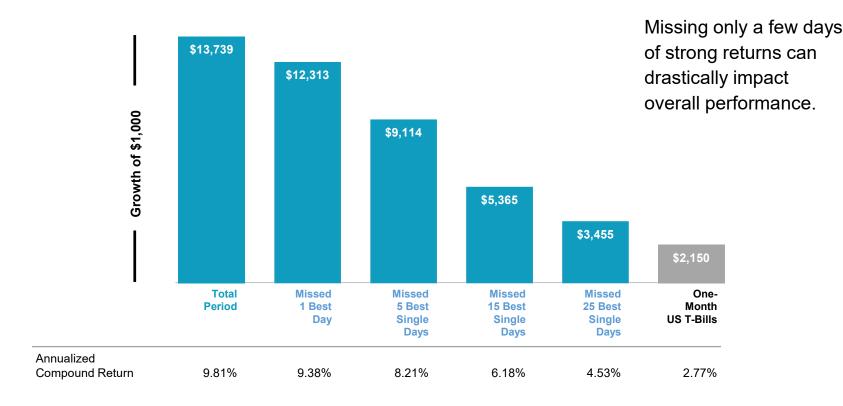


People may struggle to separate their emotions from their investment decisions.

Following a reactive cycle of excessive optimism and fear may lead to poor decisions at the worst times.

#### Reacting Can Hurt Performance

Performance of the S&P 500 Index, 1990-2017



<sup>•</sup> In US dollars. For illustrative purposes. The missed best day(s) examples assume that the hypothetical portfolio fully divested its holdings at the end of the day before the missed best day(s), held cash for the missed best day(s), and reinvested the entire portfolio in the S&P 500 at the end of the missed best day(s). Annualized returns for the missed best day(s) were calculated by substituting actual returns for the missed best day(s) with zero.

S&P data copyright 2018 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. "One-Month US T- Bills" is the IA SBBI US 30 Day TBill TR USD, provided by Ibbotson Associates via Morningstar Direct. Data is calculated off rounded daily index values. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

#### Distribution of US Market Returns

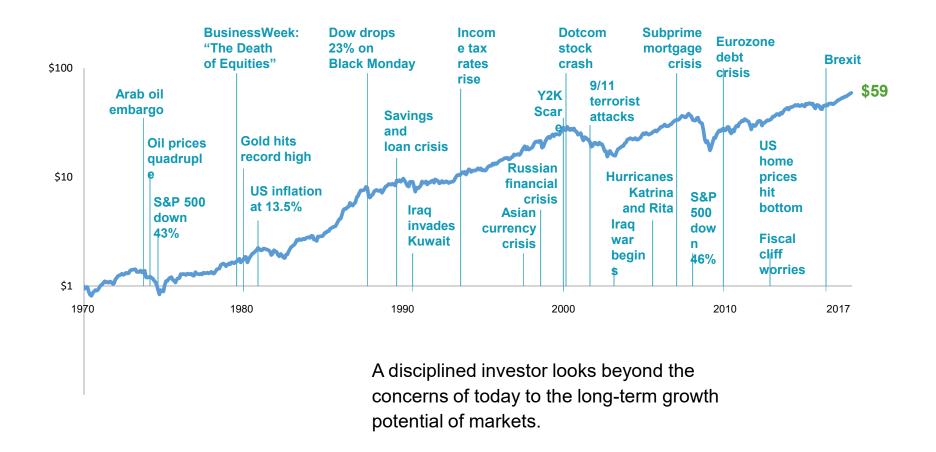
CRSP 1–10 Index returns by year 1926–2017

6–2017							1949 20.2			
							1951 20.7			
							1963 21.0			
						1993 11.1	1982 21.0			
					1970 0.0	2014 11.6	2017 21.1			
Positive	Years:	69	75%		1953 0.7	2004 12.0	1996 21.4			
Negative	Years:	23	25%		2011 0.8	1959 12.7	1944 21.5			
					1960 1.2	1952 13.4	1983 22.0			
					1987 1.7	2016 13.6	1979 22.6	1997 31.4		
					1948 2.1	1968 14.1	1998 24.3	2003 31.6		
					1939 2.8	1965 14.5	1955 25.2	1985 32.2		
				1966 -8.7	1947 3.6	2006 15.5	1999 25.2	1936 32.3		
			1973 -18.1	1932 -8.6	1934 4.1	1942 16.1	1976 26.8	1980 32.8		
			1929 -15.2	1940 -7.1	1984 4.5	1964 16.1	1961 26.9	1927 33.5		
			2000 -11.4	1946 -6.2	2007 5.8	1971 16.1	1938 28.2	1991 34.7		
			2001 -11.1	1990 -6.0	2005 6.2	2012 16.2	1943 28.4	2013 35.2		
			1969 -10.9	1977 -4.3	1978 7.5	1986 16.2	1967 28.7	1995 36.8		
		1930 -28.8	1962 -10.2	1981 -3.6	1956 8.3	1972 16.8	2009 28.8	1928 38.4	1935 44.4	
	2008 -36.7	1974 -27.0	1941 -10.1	2015 -0.5	1926 8.4	2010 17.7	1989 28.9	1945 38.5	1958 45.0	
1931 -43.5	1937 -34.7	2002 -21.1	1957 -10.0	1994 -0.1	1992 9.8	1988 18.0	1950 29.6	1975 38.8	1954 50.0	1933 56.7
-50% to -40%	-40% to -30%	-30% to -20%	-20% to -10%	-10% to 0%	0% to 10%	10% to 20%	20% to 30%	30% to 40%	40% to 50%	50% to 60%

<sup>•</sup> In US dollars. CRSP data provided by the Center for Research in Security Prices, University of Chicago. The CRSP 1–10 Index measures the performance of the total US stock market, which it defines as the aggregate capitalization of all securities listed on the NYSE, AMEX, and NASDAQ exchanges. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

### Markets Have Rewarded Discipline

Growth of a dollar—MSCI World Index (net dividends), 1970–2017



In US dollars. MSCI data © MSCI 2018, all rights reserved. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.
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#### Focus on What You Can Control

- Create an investment plan to fit your needs and risk tolerance.
- Structure a portfolio along the dimensions of expected returns.
- Diversify globally.
- Manage expenses, turnover, and taxes.
- Stay disciplined through market dips and swings.

A financial advisor can offer expertise and guidance to help you focus on actions that add value. This can lead to a better investment experience.