

A Manual For Navigating Market Volatility



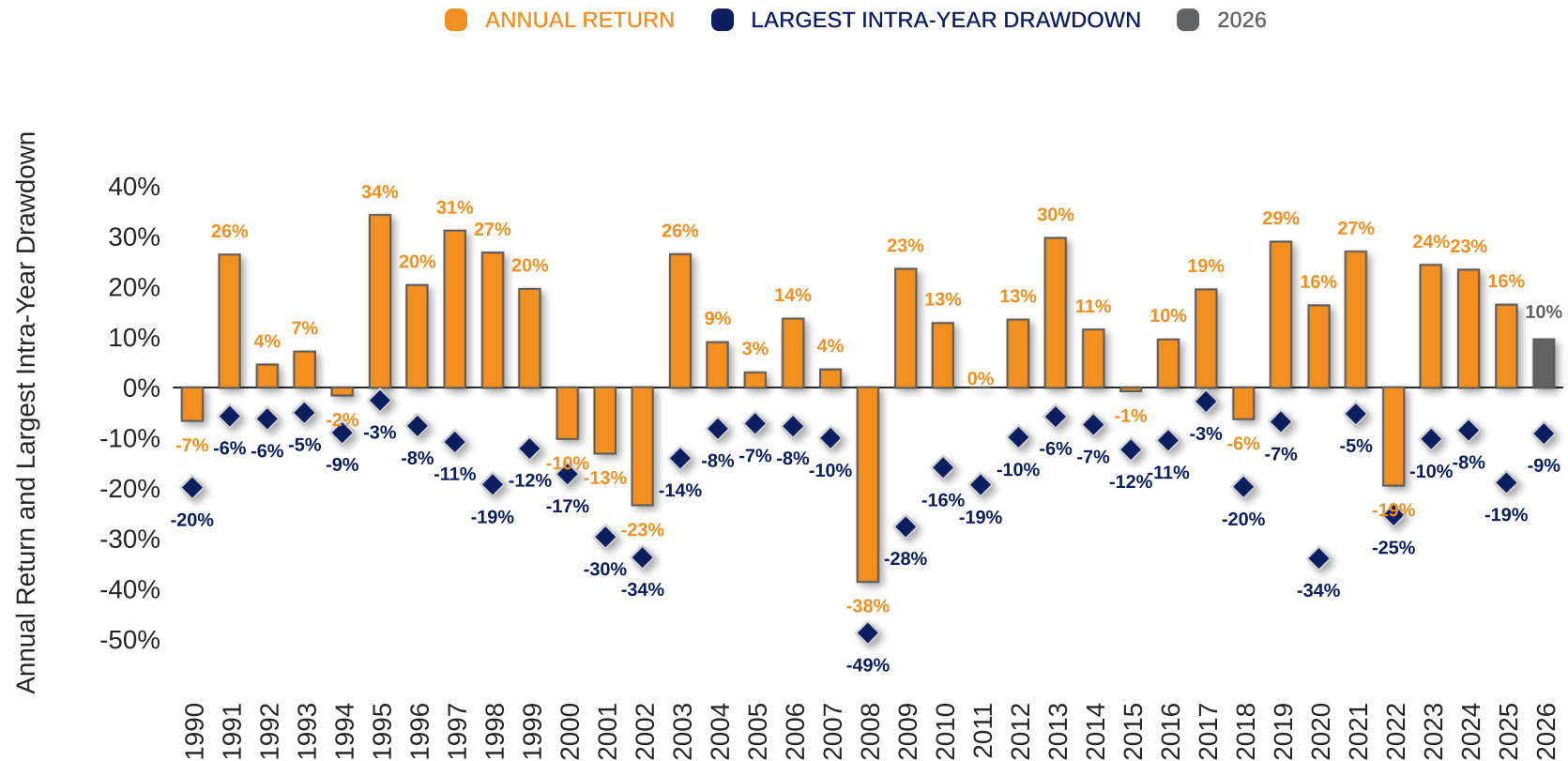
James H. Lee, CFA®, CMT®, CFP®
Data as of: 7/1/2026



Volatility in Stocks is Historically Normal In All Years

S&P 500 Annual Returns with Largest Intra-Year Drawdowns

Since 1990. 2026 is year-to-date.



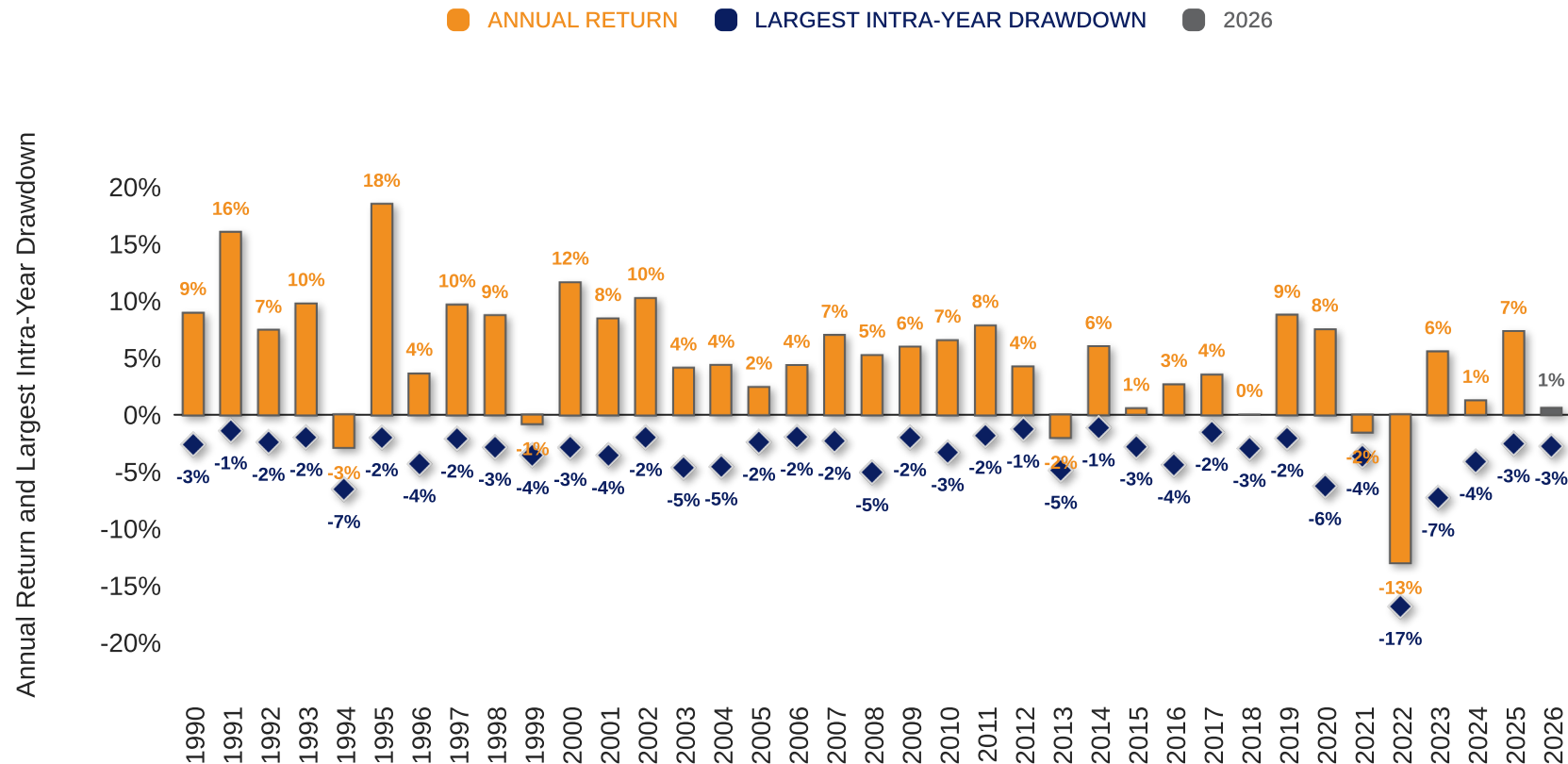
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Volatility in Bonds is Historically Normal In All Years

U.S. Bloomberg Aggregate Bond Index Annual Returns with Largest Intra-Year Drawdowns

Since 1990. 2026 is year-to-date.



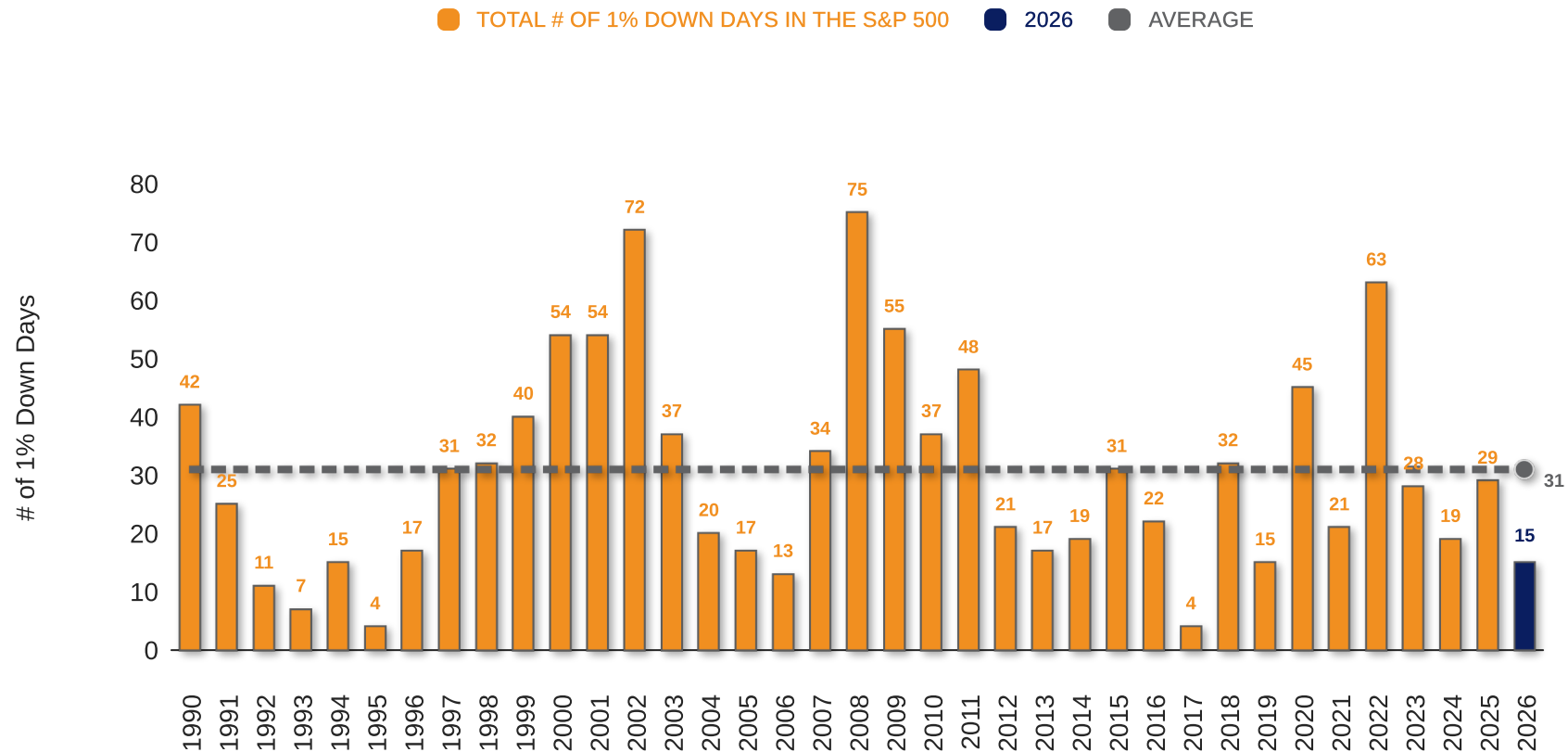
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It's Historically Normal For Large Down Days To Happen

Total # of 1% Down Days in the S&P 500 By Year and Average

Since 1990. 2026 is Year-to-Date.



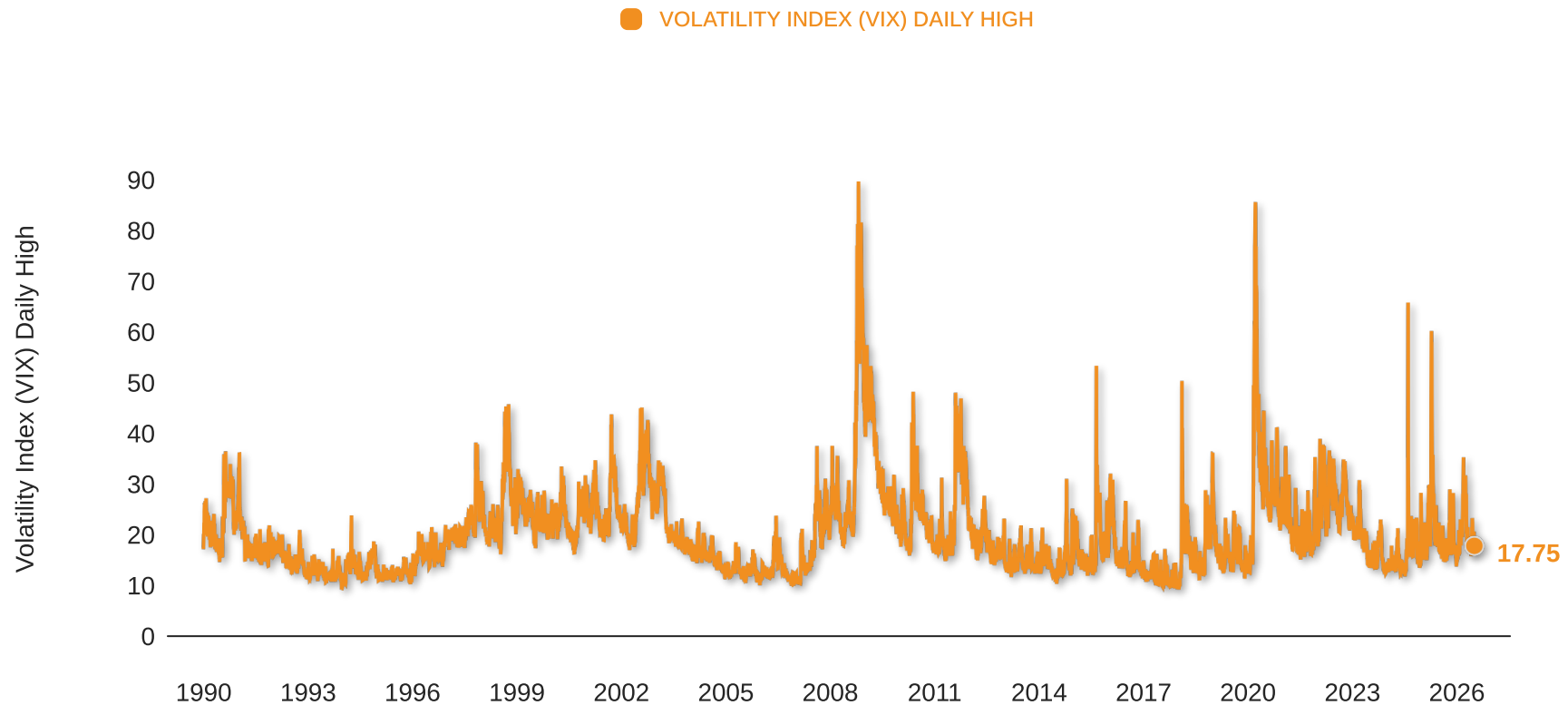
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A Long-Term View of Stock Volatility

Volatility Index (VIX) Daily High

Since 1990



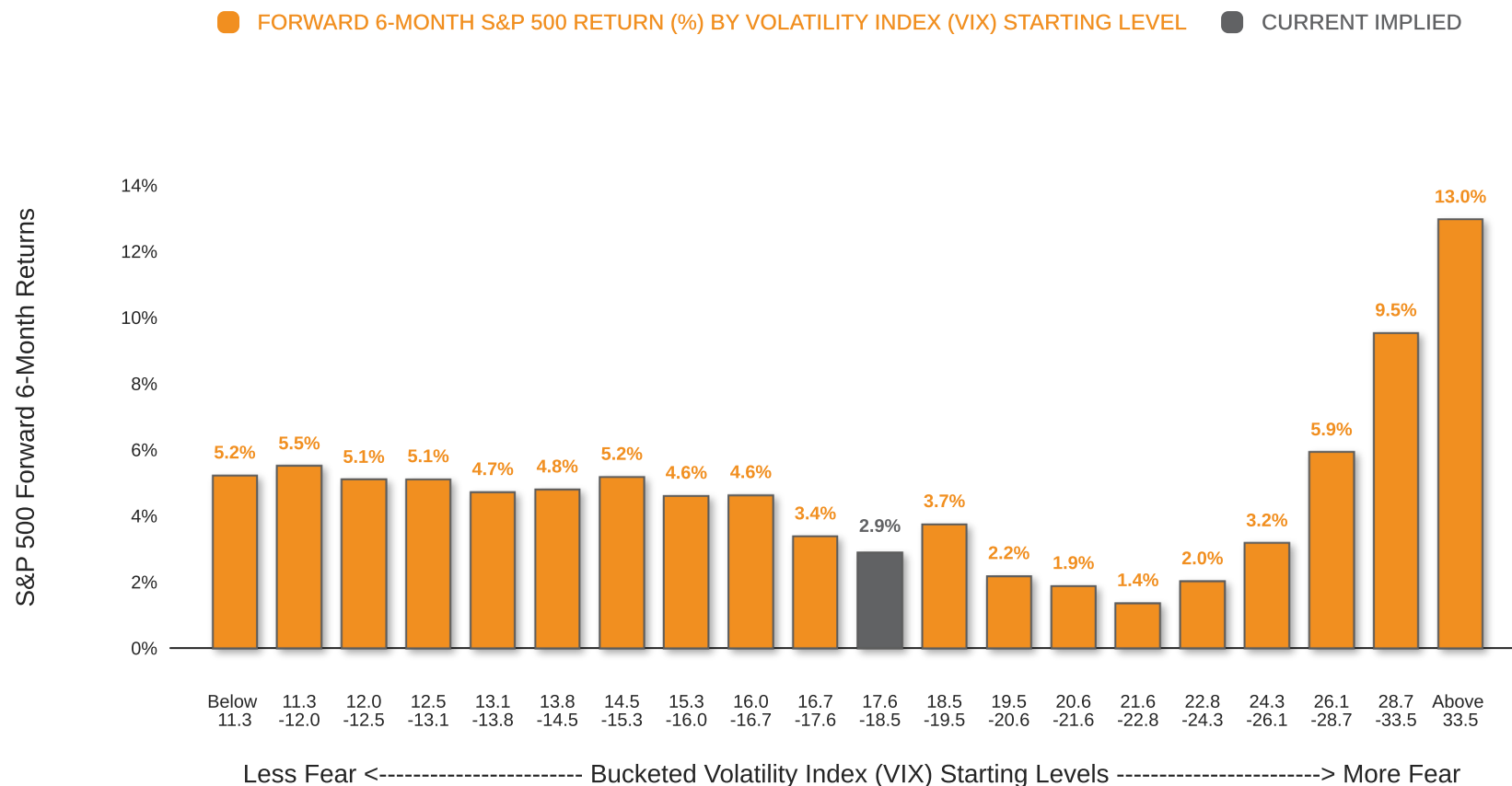
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The Impact of Fear on S&P 500 Forward Returns

Forward 6-Month S&P 500 Return (%) by Volatility Index (VIX) Starting Level

Since 1990



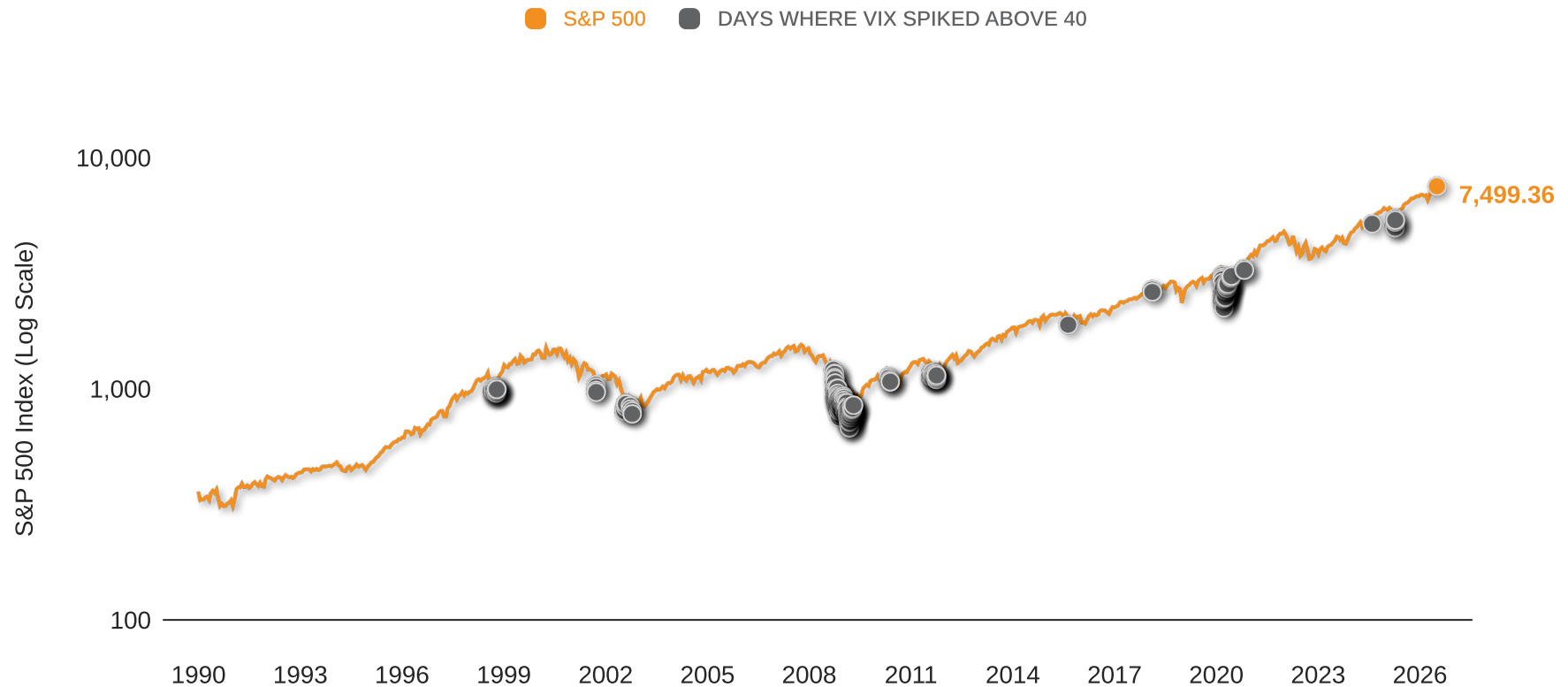
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Historically, $VIX > 40$ Often Occurred Near S&P 500 Turns

S&P 500 with Dots when the Volatility Index (VIX) Spikes Above 40

Since 1990



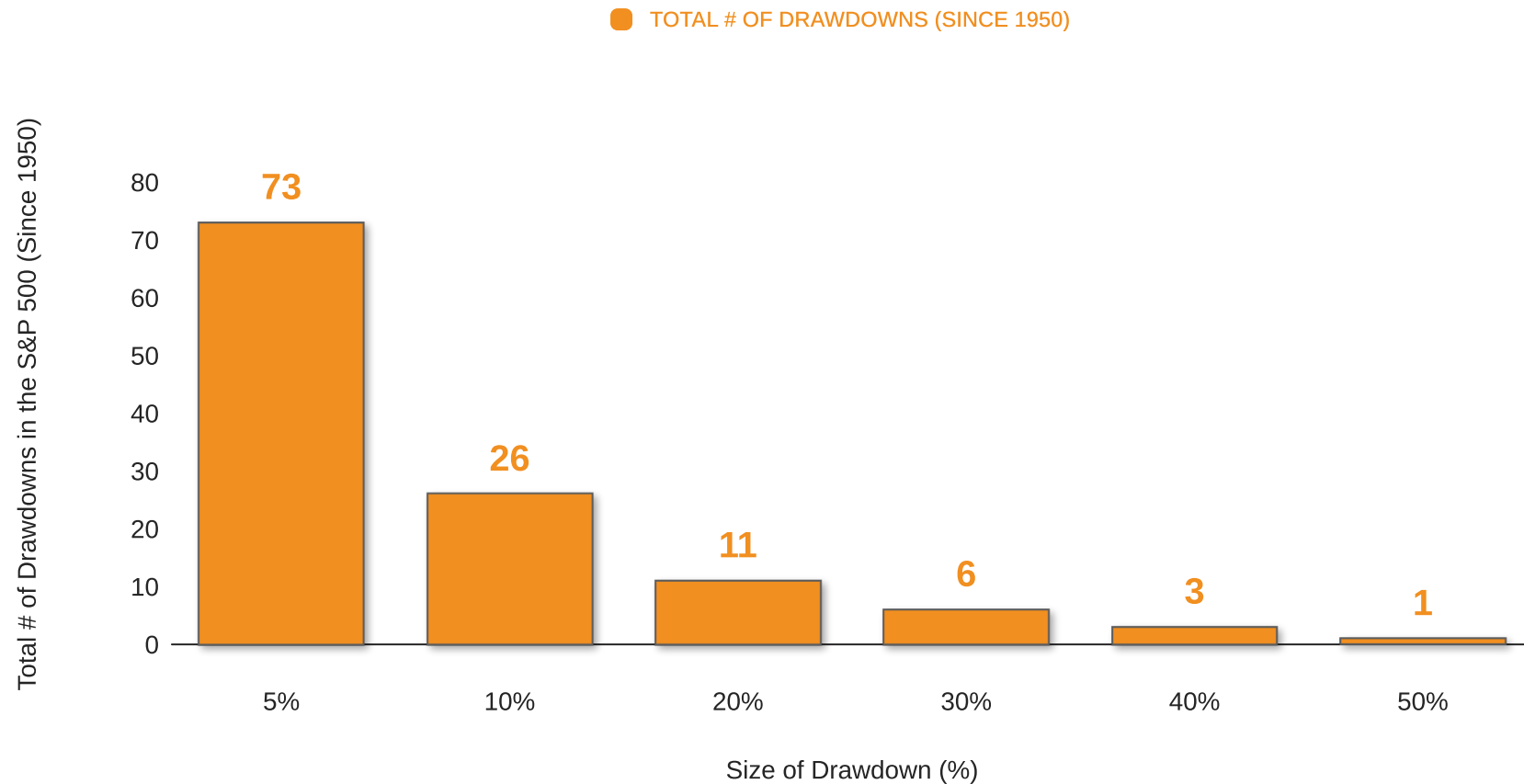
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Volatility is a Part of Investing

Total # of 5%, 10%, 20%, 30%, 40%, 50% Drawdowns in the S&P 500

Since 1950



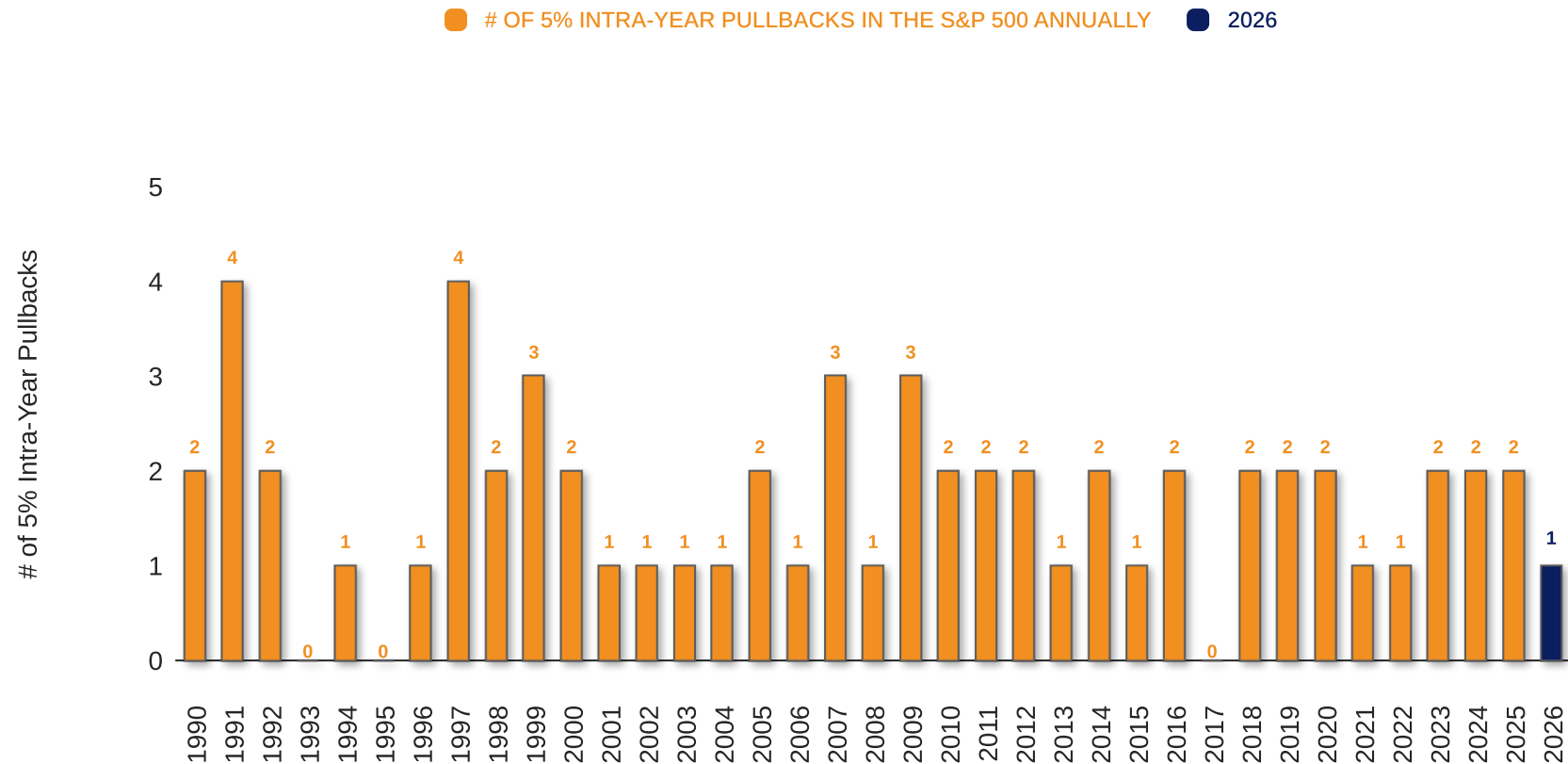
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5% intra-year pullbacks have been historically common

of 5% Intra-Year Pullbacks in the S&P 500 annually

Since 1990. 2026 is year to-date.



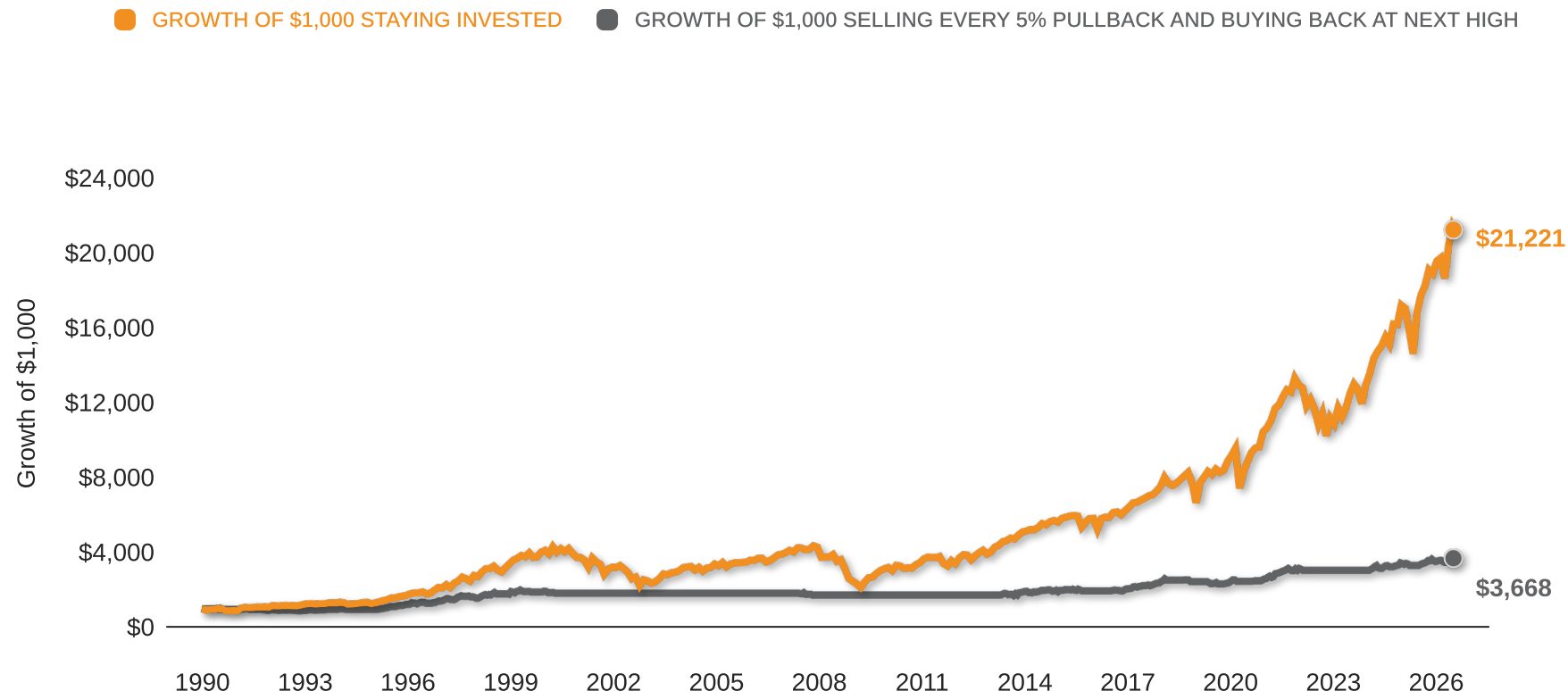
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The Impact of Bad Investing Behavior

Growth of \$1,000 in the S&P 500 selling every 5% pullback and buying back in at the next all-time-high

Since 1990



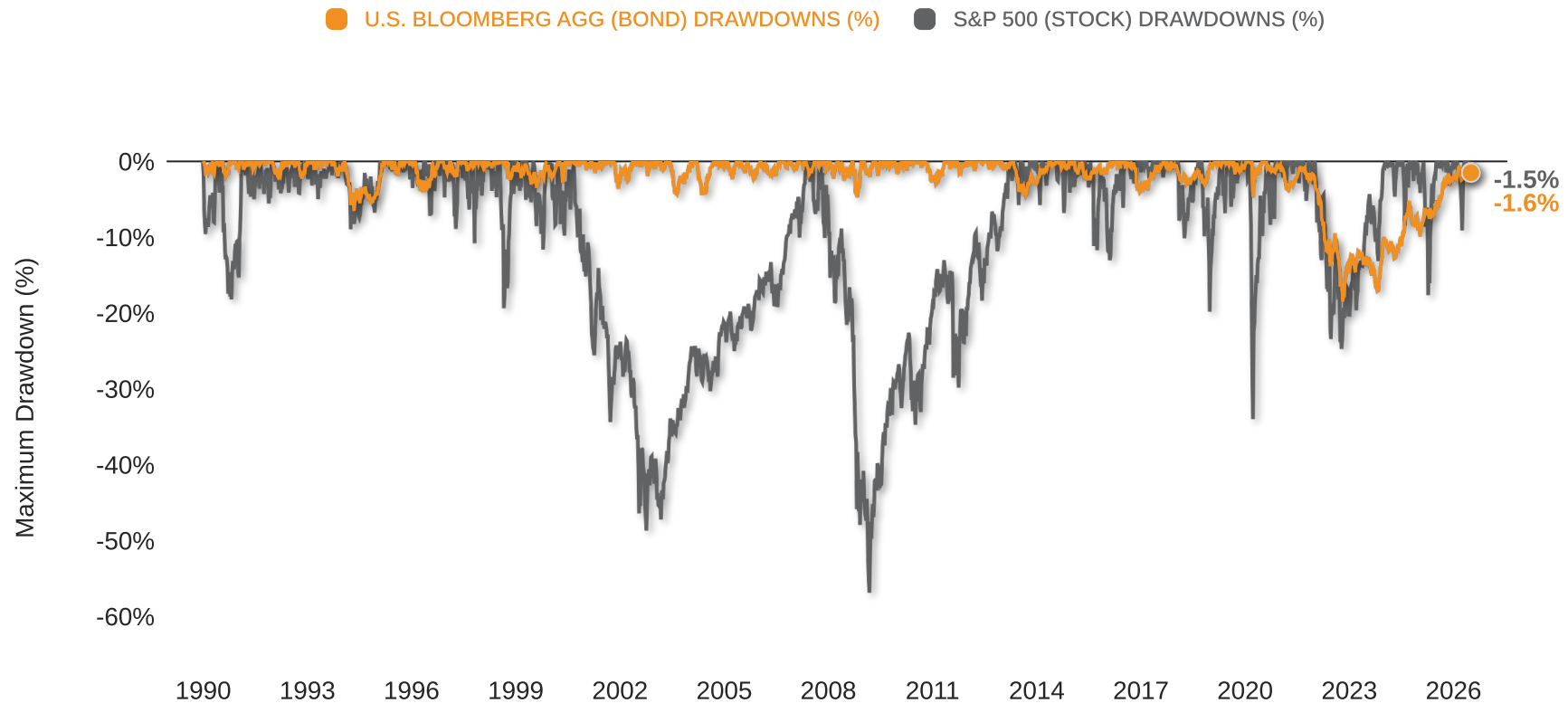
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Bond vs Stock Historical Drawdowns

Maximum Drawdown of U.S. Bloomberg Aggregate Bond Index (Bonds) vs S&P 500 (Stocks)

Since 1990



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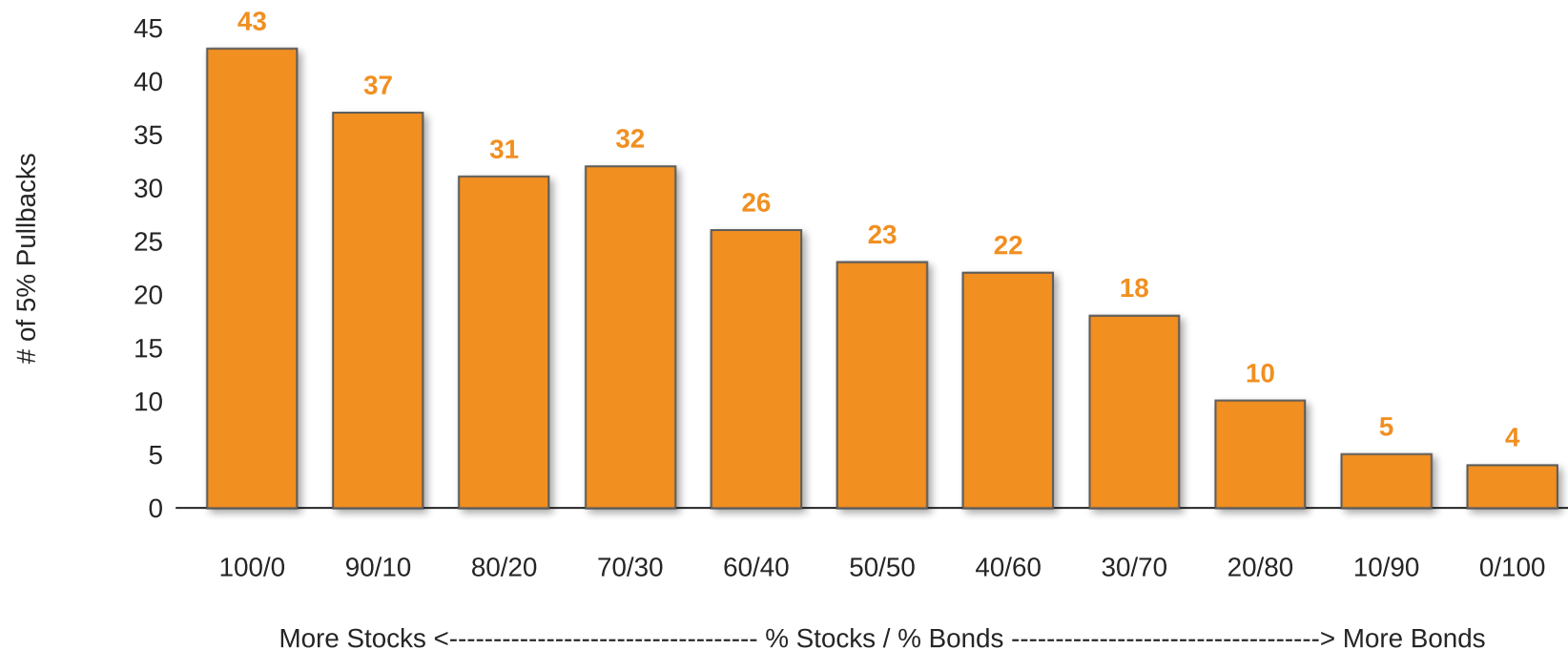
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of 5% Pullbacks by Different Stock / Bond Splits

of 5% Pullbacks by different Stock (S&P 500) / Bond (U.S. Bloomberg Agg) Splits

Since 1990

■ # OF 5% PULLBACKS BY DIFFERENT STOCK (S&P 500) / BOND (U.S. BLOOMBERG AGG) SPLITS



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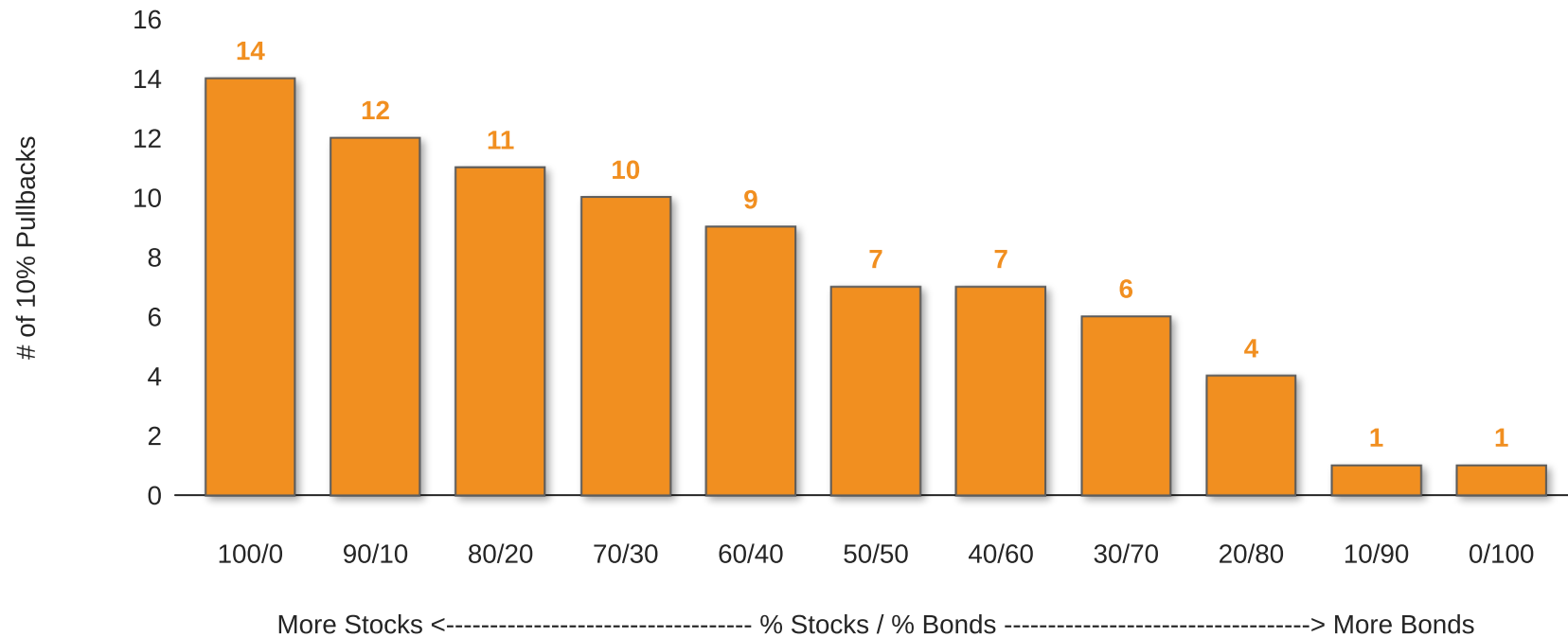
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of 10% Pullbacks by Different Stock / Bond Splits

of 10% Pullbacks by different Stock (S&P 500) / Bond (U.S. Bloomberg Agg) Splits

Since 1990

■ # OF 10% PULLBACKS BY DIFFERENT STOCK (S&P 500) / BOND (U.S. BLOOMBERG AGG) SPLITS



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Definitions

The S&P 500 tracks the performance of 500 large-cap U.S. companies, serving as a benchmark for the U.S. stock market. The index is weighted by market capitalization. Indices are unmanaged and investors cannot invest directly into them.

The Largest Intra-Year Drawdown measures the largest decline in the value of an investment, calculated as the difference between the peak and the trough before the investment reaches a new high within a specified period of time.

The U.S. Bloomberg Aggregate Bond Index measures the performance of the U.S. investment-grade bond market, including government, corporate, and mortgage-backed securities, reflecting overall bond market performance.

The Volatility Index (VIX) is a measurement of expected market volatility based on S&P 500 index options. Often referred to as the "fear gauge," it reflects investor uncertainty and market risk.

The maximum drawdown measures the largest decline in the value of an investment, calculated as the difference between the peak and the trough before the investment reaches a new high within a specified period of time.

A 5% Intra-Year Pullback refers to a price decline of 5% or more in an index from its peak during a given year.

A 5% Pullback refers to a price decline of 5% from its recent peak price.

A 10% Pullback refers to a price decline of 10% from its recent peak price.



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