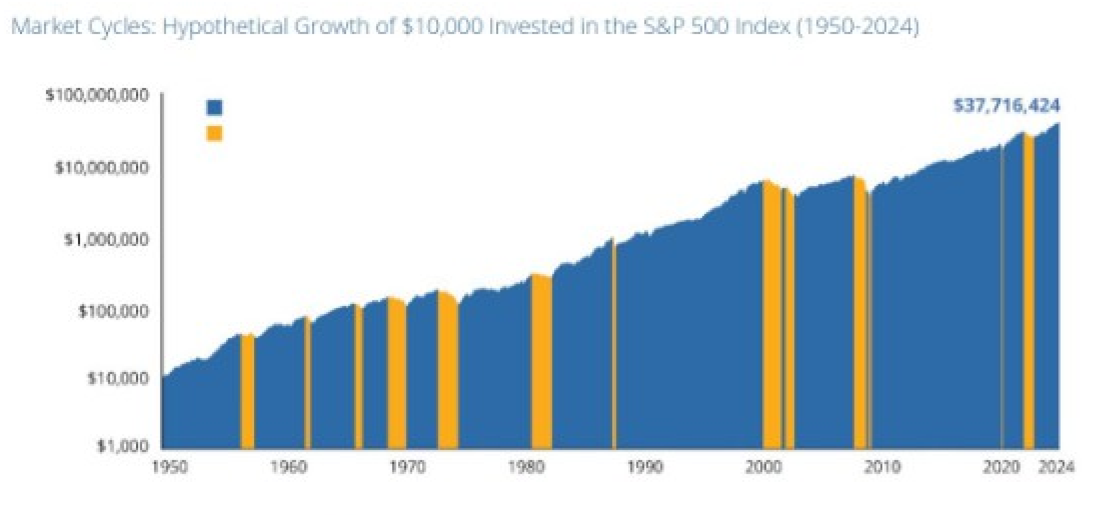
10. Friday Footnotes

Timing the Market is Impossible

A historical perspective of the market shows us a pattern of bull and bear markets that may be tempting to investors. (See chart below; bear markets in yellow and bull markets in blue.) Why not try to time the market and avoid those short-lived bear markets? Wouldn't that be more lucrative? Unfortunately, it's impossible and could be a costly mistake.



Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. For illustrative purposes only. Data Sources: Morningstar and Hartford Funds, 2/25.

Avoiding the market's downs may mean missing out on the ups as well. Seventy-eight percent of the stock market's best days have occurred during a bear market or during the first two months of a bull market. If you missed the market's 10 best days over the past 30 years, your returns would have been cut in half. And missing the best 30 days would have reduced your returns by an astonishing 83%.

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What If....Then What???

I've received many calls this week discussing "what ifs" and "what should we do?" It's natural to want to gain control when living through a time that feels very out of control. Given that the news changes hourly, it can be difficult to know which direction to take. When you go down the "what if" road, be sure to continue down the "then what?" road. Finish the thought with the realistic risk analysis and what changes you have made/would make as a result.

"What if the market crashes?": First, define "crash". We stress test financial plans to account for weathering market pullbacks. As you can see from the charts above, you must consider the impact of being out of the market on recovery days/months.

"What if I lose all of my money?": This is a fear that the news cycle is feeding. But when we break it down in very simplistic terms, your investments represent ownership (or ownership of debt) in companies that employ people to make goods or provide services to consumers on a global scale. If those companies are worthless, we have a catastrophic global scenario.

"How painful will tariffs be?": Tariffs are not a new thing. We continue to believe that President Trump is using tariffs as a negotiation tactic. This will be a moving target and impact sectors differently. We are exercising patience and considering portfolio sector exposure as it relates to tariffs.

"Will my Social Security benefits be cut?": Modification to SSA/Medicare requires Congress to act. There are many rumors floating around about how to shore up the programs, some rumors are designed to enflame, anger and create fear. While this is a very important issue, it is not on the government's agenda right now so we don't expect any changes to happen soon. We'll have plenty of time to stress test your income plan when we have more concrete information regarding changes.

Right now the best advice I can give when living in chaos is to take a step back, take a deep breath and use your resources. We are here for you to talk, to review your financial plan, or to help you make changes. -Sarah

BOOKENDS
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The Bookends Financial Planning Team

- **Sarah Boston**, Financial Planner, Investment Consultant, CEO: Sarah.Boston@bookendsfp.com
- **Heidi Hargis**, Chief Compliance Officer: Heidi.Hargis@bookendsfp.com
- **Mike Wetzel**, Financial Adviser: Mike.Wetzel@bookendsfp.com
- **Erin Guilfoil**, Financial Planner: Erin.Guilfoil@bookendsfp.com
- **Mindy Christian**, SVP Operations: Mindy.Christian@bookendsfp.com
- **Tanner Boston**, Portfolio Management Associate: Tanner.Boston@bookendsfp.com
- **Jack Boston**, Financial Planning Intern: Jack.Boston@bookendsfp.com
- **Katie White**, Sr. Relationship Manager: Katie.White@bookendsfp.com
- **Krista Agee**, Relationship Manager: Krista.Agee@bookendsfp.com

7320 US 31 S - Indianapolis, IN 46227 - 317-859-2502
www.bookendsfinancialplanning.com