Thank you for listening to our Wealth Curve Talk podcast!

The following information in this document, is the information and sources discussed in the podcast episode #104 – A Conversation About Market Volatility.

Please remember that we at Smallwood Wealth are here for you.

If you are a current client schedule a Catch-Up Call by [clicking this link].

If you are new to Smallwood Wealth schedule a Wealth Curve Conversation by [clicking this link] or call Ariana at 732-542-1565.

Best regards,
The Smallwood Wealth Team

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Keys to prevailing through stock market declines

During periods of volatility in the stock market you may have doubts about your long-term investment strategy. Here are five tips to help you avoid common pitfalls and stay on track toward achieving your financial goals.

1. Declines have been common and temporary occurrences.

Problem: Declines can cause imprudent behavior by filling investors with dread and panic.

Solution: Realize that declines are inevitable and have not lasted forever.

History has shown that stock market declines are a natural part of investing.
While declines have varied in intensity and frequency, they have been somewhat regular events.

It may also reassure you to know that the market has always recovered from declines. Although past results don't guarantee future results, remembering that downturns have been temporary may help assuage your fears.

> "The market is the most efficient mechanism anywhere in the world for transferring wealth from impatient people to patient people."
>
> **- Warren Buffett**

The bottom line? Accept declines as a normal part of the investment cycle.

A history of market declines
Standard & Poor's 500 Composite Index (1951-2020)

Size of decline	-5% or more	-10% or more	-15% or more	-20% or more
Average frequency*	About three times per year	About once per year	About once every three years	About once every six years
Average length†	43 days	110 days	251 days	370 days
Last Occurrence	October 2022	September 2022	March 2022	March 2022

** Assumes 50% recovery of lost value. †Measures market high to market low.*
Sources: Capital Group, Standard & Poor's.

2. Proper perspective can help you remain calm.

Problem: Studies show that people place too much emphasis on recent events and disregard emphasis on recent events and disregard long-term realities.

Solution: Even amid a market downturn, remember that stocks have rewarded investors over time.

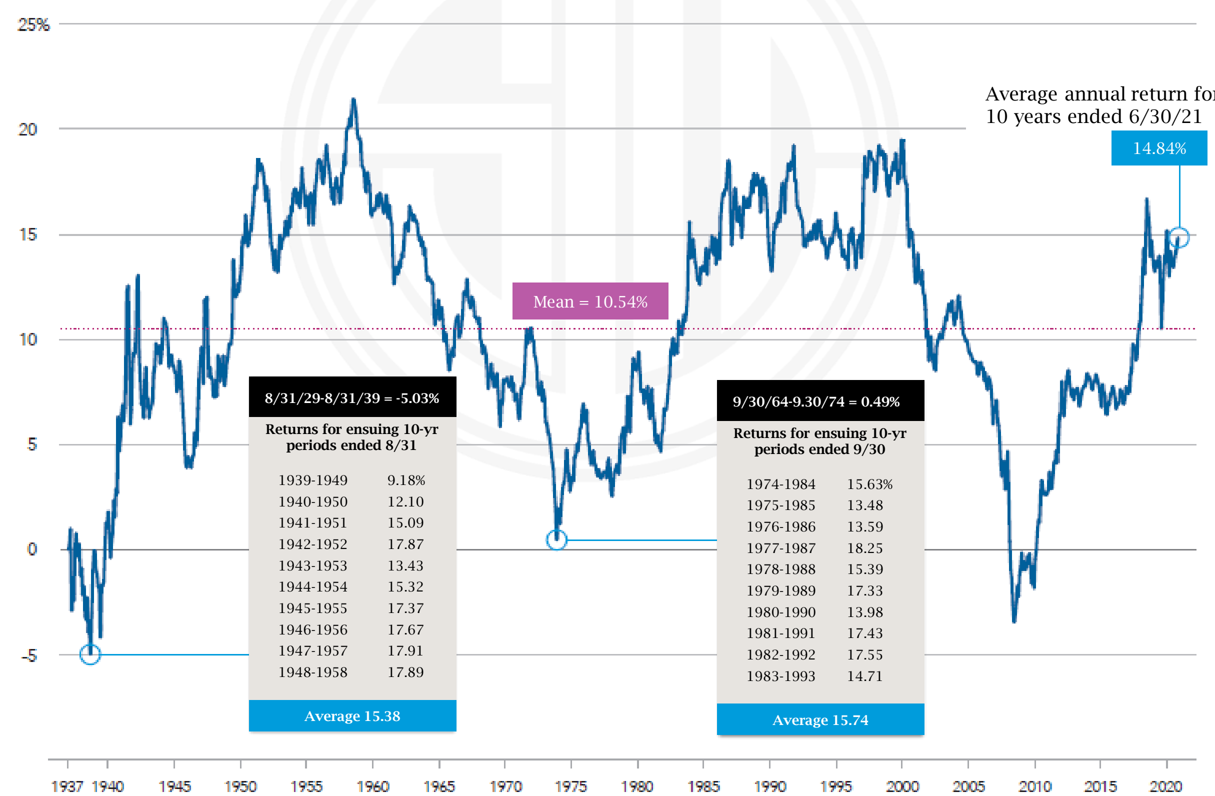
The stock market has a reassuring history of recoveries. After hitting lows in August 1939 and September 1974, the Standard & Poor's 500 Composite Index bounced back strong, averaging annual total returns of more than 15% over the next 10 rolling 10-year periods in both cases.

Long-term investors have been rewarded. Even including downturns, the S&P 500's mean return over all rolling 10-year periods from 1937 to June 2021 was 10.54%.

The bottom line? A long-term perspective can help you prevail through challenging times.

S&P 500 rolling 10-year average annual total returns

December 31, 1937 – June 30, 2021



Capital Group's Sources: Capital Group, Morningstar, RIMES, Standard & Poor's. As of 6/30/21.

Results are calculated on a monthly basis. The Index is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index. Past results are not predictive of results in future periods.

The Standard & Poor's 500 Composite Index is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks.

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3. Don't try to time the market.

Problem: Research has shown that losses feel twice as bad as gains feel good.

Solution: Keep in mind that fleeing the market to reduce losses could mean losing out on gains when stocks recover.

The market has shown resilience. Every S&P 500 downturn of about 15% or more since the 1930s has been followed by a recovery.

Recoveries have been strong. Returns in the first year after the five biggest market declines since 1929 ranged from 36.16% to 137.60%, and averaged 70.95%. Over a longer term, the average value of an investment more than doubled over the five years after each market low.

Don't miss out on potential market rebounds. Although recovered aren't guaranteed, taking your money out of the market during declines means that if you don't get back in at the right time, you'll miss the full benefit of market recoveries.

The bottom line? **Consider staying invested – and don't try to time the market.**

Five biggest market declines and subsequent five-year periods*

1929-2020

		9/7/29-6/1/32	3/6/37-4/28/42	1/11/73-10/3/74	3/24/00-10/9/02	10/9/07-3/9/09	
	Decline	-86.22%	-60.01%	-48.20%	-49.15%	-56.78%	Average
S&P 500 12-month returns † after low	1st yr.	137.60%	64.26%	44.43%	36.16%	72.29%	70.95%
	2nd yr.	0.52%	8.96	25.99	9.91	18.08	12.69
	3rd yr.	6.42%	31.08	-2.86	8.51	6.10	9.85
23 Positive periods	4th yr.	56.68%	32.19	11.79	15.11	15.74	26.30
2 Negative periods	5th yr.	16.52%	-19.89	12.82	18.06	23.65	10.23
Five-year average annual total return		35.93%	19.96	17.39	17.15	25.30	23.15
Value if a $10,000 investment in the S&P 500 at the end of the five-year period		$46,401	$24,841	$22,293	$22,067	$30,890	$28,322

** Market downturns are based on the five largest declines in the S&P 500's value (excluding dividends and/or distributions) within 50% recovery after each decline.*

† The return for each of the five years after a low is a 12-month return based on the date of the low. For example, the first year is the 12-month period from 3/9/09 to 3/9/10.

4. Capital Group, home of American Funds, has helped investors prevail through market declines.

Problem: Market indexes don't tell the whole story and can needlessly alarm investors.

Solution: Consider investing in funds run by investment managers who have proven long-term records.

Certain skilled investment managers have superior long-term track records. American Funds is among those proven managers with a long history of success, stemming from our long-term perspectives and/or emphasis on producing results that are less volatile than the broad market.

Equity funds have beaten their Lipper peer indexes in 91% of 10-year periods and 98% of 20-year periods.* Fixed income funds have helped investors achieve diversification through attention to correlation between bonds and equities.† These periods include good times and bad.

The bottom line?	**Invest for the long term with an investment manager that has a proven track record of success – in downturns as well as in bull markets.**

5. Emotions can cloud your judgement.

Problem: Investors often make poor decisions when they let their emotions take over.

Solution: Stay focused on your long-term goals and carefully consider your options.

Have you heard the investment adage, "buying low, sell high"? Strong emotions during market swings can tempt you to do the opposite – buy high and sell low.

You may also feel that doing something – anything – during a downturn is better than doing nothing. Although inaction might seem counterintuitive, staying invested in the market could be the better choice.

The bottom line?	**Avoid making rash decisions based on emotions.**

Strategies to get through turbulent times.

It's difficult to see the value of your investments fall. But during challenging times, try to keep some fundamental investing principles in mind:

Look beyond the headlines. *Sensational news headlines are meant to grab your attention, but it can be dangerous to let the media influence your investment decisions. Ignore the noise and stay focused on your goals.*

Don't forget history. *Market declines are part of the economic cycle. Historically, recoveries have followed downturns.*

Maintain a diversified portfolio. *Different investments may go up and down at different times. Spreading your money over a variety of investment types and regions can help reduce volatility in your overall portfolio.*

Don't try to time the market. *No one knows the perfect times to get in and out of the market. Consider holding quality investments with the potential to rise in value over the long term.*

Invest regularly, even when the market is falling. *Instead of fearing down markets, think of them as opportunities to invest at lower prices.*

Keep in touch with your financial professional. *Your financial advisor can help you avoid making decisions that could jeopardize your long-term investment goals, which often remain unchanged during market declines.*

Capital Group: *Based on Class F-2 share for rolling calendar-year periods starting the first calendar year after each fund's inception through December 31, 2020. Periods covered are the shorter of the fund's lifetimes or since the comparable Lipper index inception date (except Capital Income Builder and SMALLCAP World Fund, for which the Lipper average was used). Expenses differ for each share class, so results will vary.

† Based on Class F-2 share results, as of December 31, 2020. Thirteen of our 17 American Funds fixed income funds that have been in existence for the three-year period showed a three-year correlation below 0.3. Standard & Poor's 500 Composite Index was used as an equity market proxy. Correlation based on monthly total returns. Correlation is a statistical measure of how two securities move in relation to each other. A correlation ranges from -1 to 1. A positive correlation close to 1 implies that one security moves, either up or down, the other security will move in "lock-step," in the same direction. A negative correlation close to -1 indicates that the securities moved in the opposite direction.

Long-term investors can weather market declines

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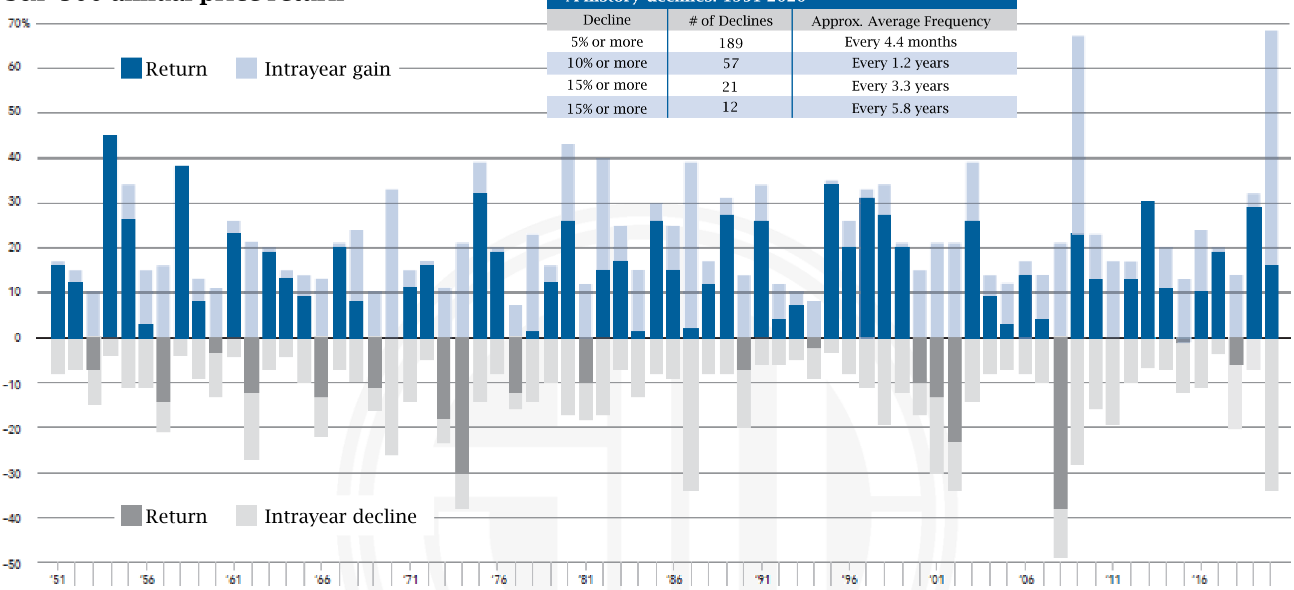
Intrayear declines in the S&P 500 have averaged 13.7% since 1951, yet annual price returns have been positive in 51 of those 70 calendar years.



A history declines: 1951-2020		
Decline	# of Declines	Approx. Average Frequency
5% or more	189	Every 4.4 months
10% or more	57	Every 1.2 years
15% or more	21	Every 3.3 years
15% or more	12	Every 5.8 years

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Intrayear gain and decline reflect largest price changes within each year. S&P 500 annual returns are based on the price index only and, therefore, do not include dividends. Average frequency of declines, as shown in the table, assumes 50% recovery of lost value. Standard & Poor's 500 Index is a market capitalization-weighted index based on the result of approximately 500 widely held common stocks. The index is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index. Past results are not predictive of results in future periods. The S&P 500 is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Capital Group. American Funds Distributions, Inc., member FINRA.

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CG Classic Edition

If recent market volatility has you nervous, this update of a classic brochure from 2009 may help you remember why investing for the long-term has been a successful strategy.

Taking a stand

Long-term investors inevitable face bear markets during their lifetimes. Your actions during these tough times can impact your long-term results as much – if not more – than market volatility.

Look beyond the headlines


Stocks slip and crash — violent plunge brings panic

Rough Year for Stocks

Markets in `panic mode´

When times get rough, investors often get caught up in the moment-to-moment market movements and are distracted by the daily headlines. But as different as this time may seem, you may gain comfort from the fact that there have been other times like these. In fact, the headlines above – which may seem current – are from 1929, 1967 and 2008, respectively.

Although you can't control when market declines occur or how long they last, you can control how you handle the situation. These actions can significantly affect your investment success over the long term.

"Courage! We have been here before. Bear markets have lasted this long before. Well managed mutual funds have gone down this much before. And shareholders in those funds and we the industry survived and prospered."

- Perspective on the market offered by Jim Fullerton, former chairman of The Capital Group on November 7, 1974

Capital Group – Sources: Los Angeles Times, October 4, 1929; The New York Times, January 9, 1967; Los Angeles Times, November 21, 2008

Avoid buying high and selling low

There's little about it, when financial markets are on the rise, the desire to invest grows. And when markets decline, investors tend to run for cover. These tendencies can be seen in some of the peaks and valleys over the last extended bear market as illustrated in the chart below. The blue line shows the value of Standard & Poor's 500 Composite Index and the bars represent the amount of money flowing into domestic and international stock mutual funds as well as exchange-traded funds (ETFs). One of the greatest flows of money into the market occurred right as it was peaking in early 200, arguably the worst time to invest. Two of the highest flows out of these funds happened when the market hit bottom in the fall of 2002 and the winter of 2008.

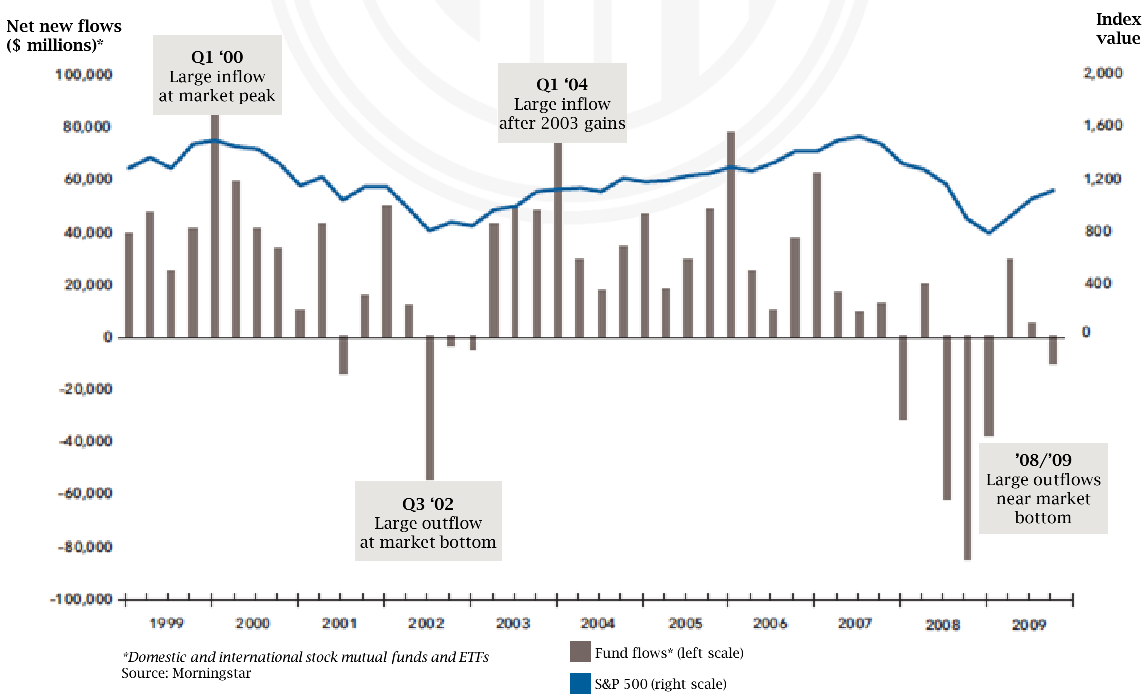
"I can't predict the short-term movements of the stock market … What is likely, however, is that the market will move higher … well before either sentiment or the economy turns up. So if you wait for the robins, spring will be over."

- Warren Buffet, October 2008

The Lesson

By letting the results of the market drive their behavior, investors risk buying high and selling low. And because it's almost impossible to determine the best time to get back in, they also increase their chances of missing out on the rising returns that typically occur during market recoveries.

Market cycles and investor behavior (1999-2009)



*Domestic and international stock mutual funds and ETFs
Source: Morningstar

Figures show on this page and the next three are past results for Class A shares and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. Unless otherwise indicated, results shown reflect deduction of the maximum 5.75% sales charge with all distributions reinvested. For current information and month-end results, visit capitalgroup.com

Gain confidence from the past

Let's consider the three secular bear markets since the early 1900s. Although the environment and ending results for each is unique, they all offer important lessons that can help guide you through today's trying markets.

Don't underestimate the power of time and dividends.

When markets get rough, investors tend to focus on weekly, daily and even hourly movements. These movements, as illustrated by the weekly S&P 500 price chang charts on the next few pages, do not include dividends. As the results of the hypothetical $10,000 investment charts show, dividends had a significant impact on the long-term results of an investment in The Investment Company of America® (ICA). In fact, for ICA, during:

- **The Great Depression secular bear market** (from the inception of ICA on 1/1/34 through 4/28/42), dividends accounted for $4,469 of the $20,675 ending value.
- **The 1970s secular bear market** (2/9/66-8/12/82), accounted for $11,074 of the $30,974 ending value.
- **The 2000s secular bear market** (3/24/00-3/9/09), dividends accounted for $1,919 of the $7,273 ending value.

Understand the importance of an active, research-driven investment approach.

When markets are in turmoil, emotionally driven investors tend to sell their investments and get out of the market altogether, as illustrated in the chart on page 3. As a result, valuations can reach low levels – even for companies with sound balance sheets, strong management and good long-term prospects. In these markets, assessing a company's true worth and long-term potential requires more than reviewing quarterly earnings or Wall Street research.

Born during the tumultuous Great Depression, ICA has faced its share of volatile markets. Even during what may have seemed like the darkest days of each secular bear, the fund's investment adviser has relied on extensive, company-by-company research to uncover good long-term values and opportunities for investors.

What is a secular bear market?

Unlike cyclical bear markets, which can be as brief as a few months, a secular bear market typically lasts 10 to 20 years. Although they may include a number of declines and rallies, the overall stock market returns during secular bear markets are below historical lifetime averages.

The stock market is represented by Standard & Poor's 500 Composite Index, a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. The index is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Capital Group. The index is unmanaged and therefore, has no expenses. Investors cannot invest directly in an index. There have been periods when the fund has lagged the index.
Here are ICA's average annual total returns based on a $1,000 investment for periods ended March 31,2020:

	1 year	5 years	10 years	Expense ratio
Class A Shares	-9.53%	4.85%	8.71%	0.59%

Capital Group – Investment results assume all distributions are reinvested and reflect applicable fees and expenses and payment of the maximum 5.75% sales charge. When applicable, investment results reflect fee waivers, without which results would have been lower. Expense ratio is as of the fund's prospectus available at the time of the publication.

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The Great Depression – September 7, 1929, to April 28, 1942

Widespread bank failures, plummeting stock prices and a surge in bankruptcies were all defining events of the Great Depression. During the first few years, the U.S. government did little to stem the crisis. In fact, the Reconstruction Finance Corporation – an independent agency established to shore up banks, farm mortgage associations and railroads. Also, at the time of the crash of 1929, there was no Federal Deposit Insurance Corporation (FDIC) to help stave off bank panics, no Social Security to assist the elderly and disabled, no unemployment insurance and no Securities and Exchange Commission (SEC) to regulate financial activities. These organizations were established in the 1930s.

From January 1, 1934 (ICA's inception) through April 28, 1942, a $10,000 investment in ICA would have doubles to $20,675. *(See chart below.)*

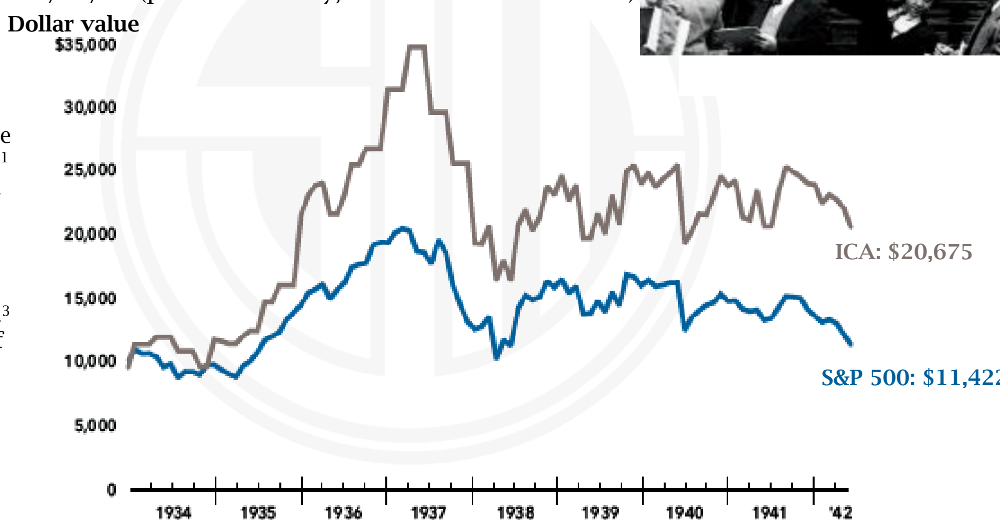
If held:

- Three years after the bear market, or 4/28/45, the investment would have quadrupled to $48,469 for ICA, compared to $26,794 for the S&P 500.
- Five years after the bear market, or 4/28/47, the investment would have quintupled to $51,011 for ICA, compared to $28,372 for the S&P 500.

$10,000 hypothetical investment in ICA and the S&P 500

For the period 1/1/34 to 4/28/42 (plotted monthly; distributions reinvested)

During the Great Depression, the unemployment rate rose from 3% to almost 25%,[1] three times higher than the 7.8% rate as of 12/31/08.[2] At the beginning of 1934, the default rate on urban homes was almost 50%.[3] As of 9/30/08, 6.99% of U.S. residential mortgages were delinquent and 2.97% were in the process of foreclosure.[4]



ICA inception date: 1/1/34

S&P 500 weekly price changes

From 2/9/66 to 8/12/82 (without dividends)

The 2000s – March 24, 2000, to March 9, 2009

The 2000s were filled with challenges for investors. With the internet bubble's end, 9/11 attacks, corporate scandals, housing bubble's burst, banking collapse and global recession, the 2000s bear market hit bottom in 2009.

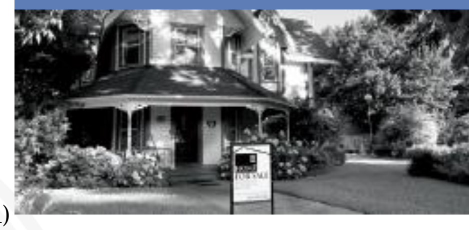
This period was especially rough, with two separate market* declines of about 50% or more and another of about 20%.

Over this rocky stretch, a $10,000 investment in ICA would have fallen to $7,273. The same amount in the S&P 500 would have dropped in value to $5,200. *(See chart below)*

But after this extremely challenging period came an extended bull market that saw the market rise 400%.

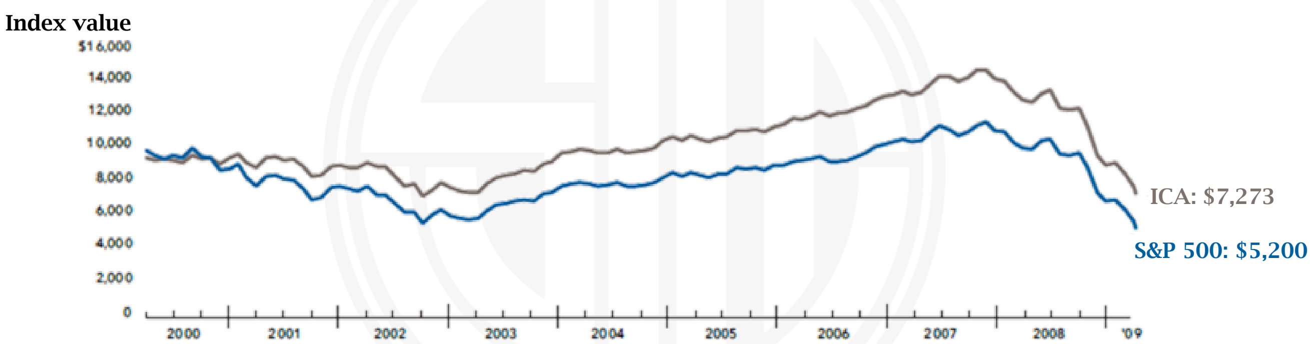
If held:

- Three years after the bear market, or 3/9/12, the investment would have grown to $13,774 for ICA, compared to $11,223 for the S&P 500.
- Five years after the bear market, or 3/9/14, the investment would have grown to $19,724 for ICA, compared to $16,063 for the S&P 500.



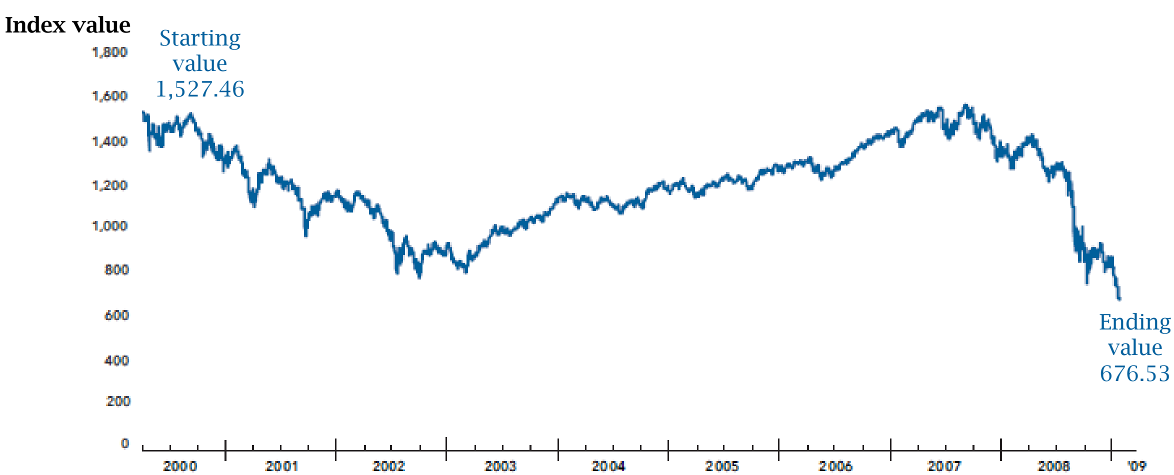
$10,000 hypothetical investment in ICA and the S&P 500

For the period 3/24/00 to 3/9/09 (plotted monthly; distributions reinvested)



S&P 500 weekly price changes

From 3/24/00 to 3/9/09 (without dividends)



How to cope with market decline

Although they're the lasting thing most investors want to experience, stock market declines are a natural part of investing. How you react to volatile markets will play a crucial role in your long-term investment success. Below are a few steps you may want to take when the market gets bumpy.

Talk with your financial professional

If you're concerned about current market conditions and its effect on your long-term investments, the first thing you should do is contact your financial professional. You may want to set up a time to review your investment goals, time horizon, risk tolerance and financial circumstances. However, just because the market has changed doesn't mean your strategies or investments should. Unless your financial situation has changed significantly, chances are you would be best served over the long haul by staying with your original plan.

Put time on your side

Regardless of what you and your financial professional decide to do, be prepared for the fact that the market could get worse before it gets better. During times like these, short-term fixes — like selling your investments — may seem like an extremely tempting and easy solution. The downside of getting out is that it's almost impossible to determine when you should get back in. In fact, as the charts in this brochure show, investors in ICA who had the courage to stay the course were in a position to participate in any recovery.

Buy at lower prices

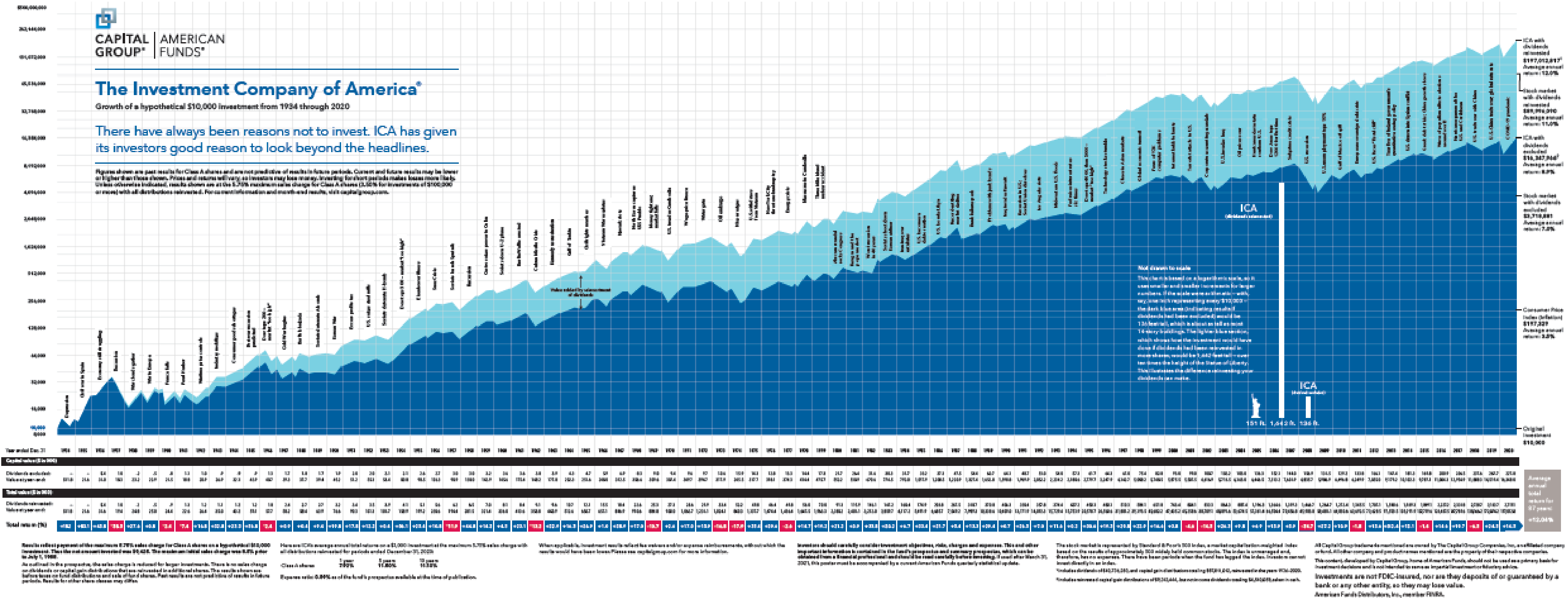
For long-term investors, there are many reasons to view a market decline as a glass half full. Depending on your personal situation, one thing you might consider is buying more shares of your mutual funds while the prices are lower.

Invest regularly

If you want to take advantage of buying low but are uncomfortable with diving in all at once, consider setting up a regular investment program. This strategy — known as dollar cost averaging — calls for investing the same amount at consistent intervals, such as once a month or every quarter. Although it doesn't guarantee a profit or protect against loss, it's an excellent way to take advantage of down markets. Since you are investing regularly, you end up buying more shares when the price is down. Of course, to make this strategy work, you have to be willing to continue making investments when stock prices are declining and stock market news is negative.

Capital Group, home of American Funds, has helped investors pursue long-term investment success since 1931. Visit us at capitalgroup.com.

[1] Source: Bureau of Labor Statistics (estimated).
[2] Source: Federal Reserve Economic Data.
[3] Source: Federal Reserve Bank of St. Louis Review, May/June, Part 1, 2008.
[4] Source: The Wall Street Journal, "Delinquent Mortgages Hit Record Level," March 5, 2009.



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