szf capital

Investing in an uncertain market

M

Here to know more?

https://stevezfsst.typeform.com/to/vL403w

Figures are past results and are not predictive of results in future periods.

Agenda

1. Setting realistic expectations
2. Three specific investment strategies
3. Staying the course

Setting realistic expectations

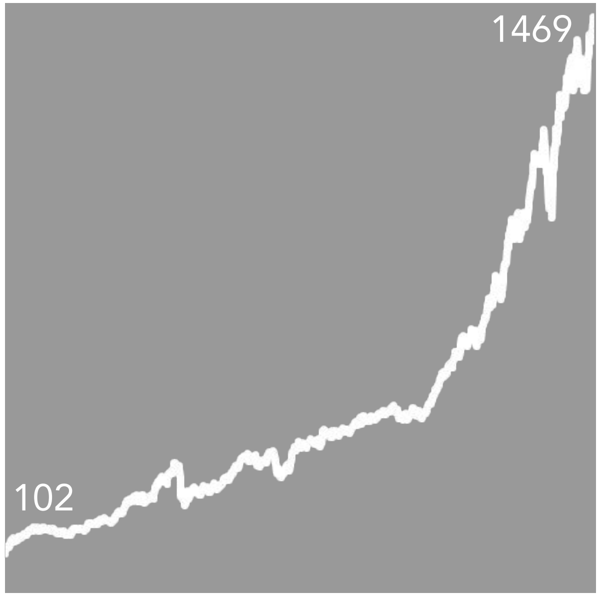
What does history show us?

The stock market (S&P 500 Index) can move in three directions

Flat

1972–1982

Up



1982–1999

Down

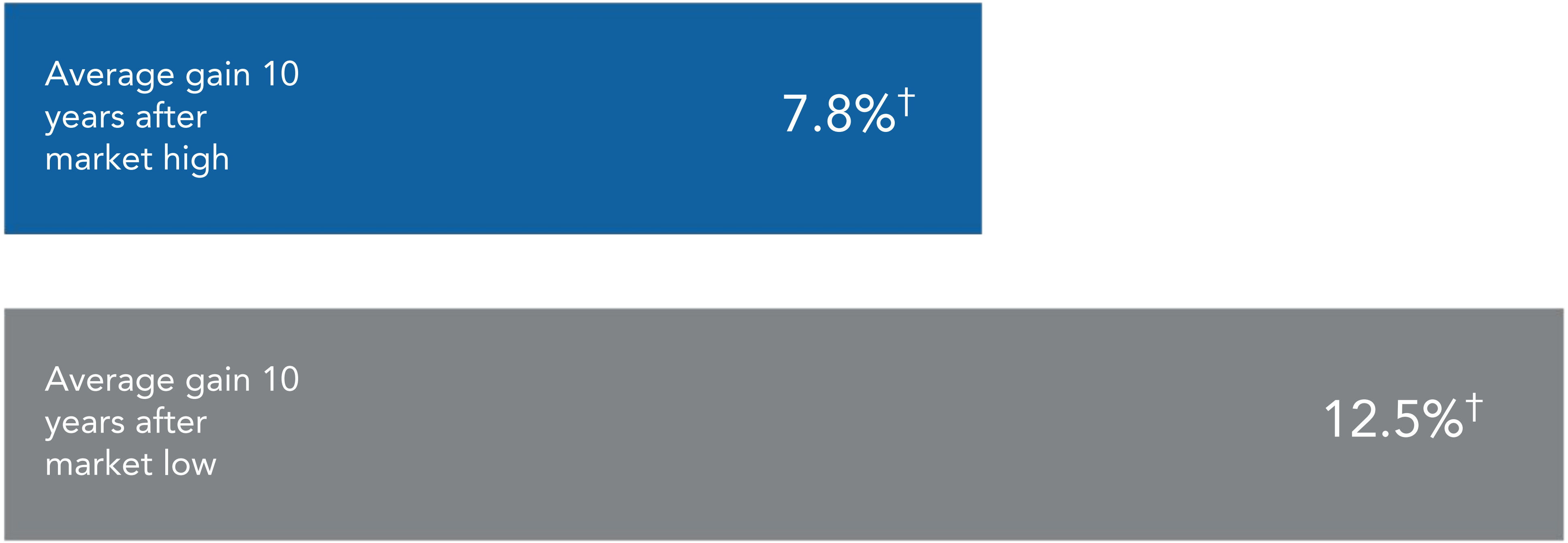
2007–2009

Source: Standard & Poor's 500 Index, 7/31/72–7/30/82, 8/12/82–12/31/99 and 10/9/07–3/9/09.

Markets have recovered

The benefits of patience

In 12 bear markets since 1956:*

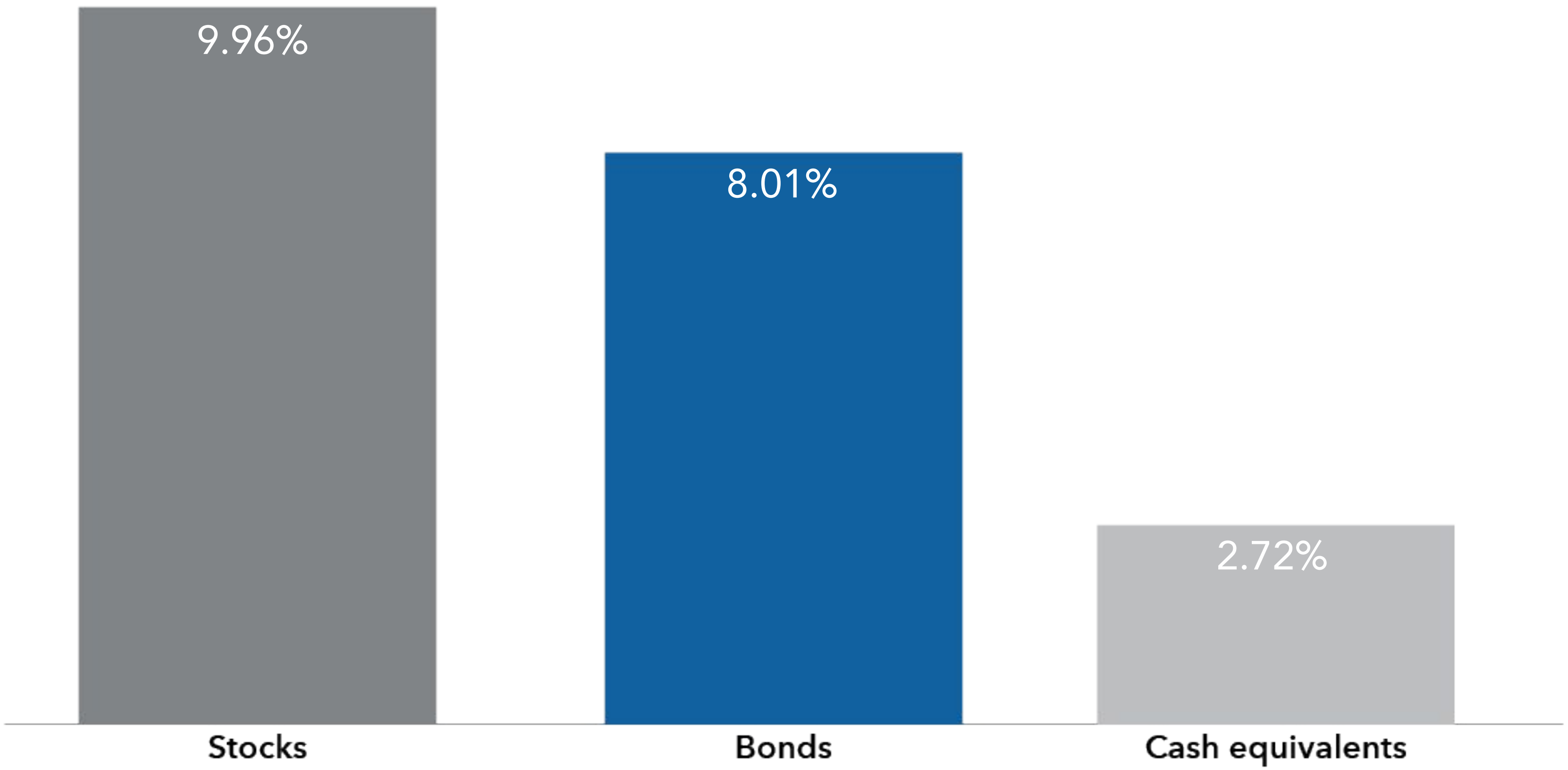


*As of March 31, 2020. Source: Capital Group. Market downturns are based on a decline of 20% or more in the Dow Jones Industrial Average, excluding dividends and/or distributions. A new decline is considered to have begun only after the market has recovered 50% of the value lost in the previous decline.

†Represents average of the annualized total returns of the Dow Jones Industrial Average with all distributions reinvested over the 10-year periods following the 12 bear markets.

Long-term returns

Average annual total returns, 1/1/90–12/31/19



Sources: Stocks — Ibbotson Large Company Stocks Index; Bonds — Ibbotson Long-Term Corporate Bonds Index; Cash equivalents — Ibbotson U.S. Treasury bills Index. Data from Ibbotson Associates. The market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index.

Risk-reward connection

Tolerance for volatility

High

Even wide swings won’t deter you from your strategy because you can look past them

Medium

Wide swings keep you from getting a good night’s sleep, but some fluctuation is okay

Low

You have trouble with any downturn and want consistent returns, even if they’re low

Three specific investment strategies

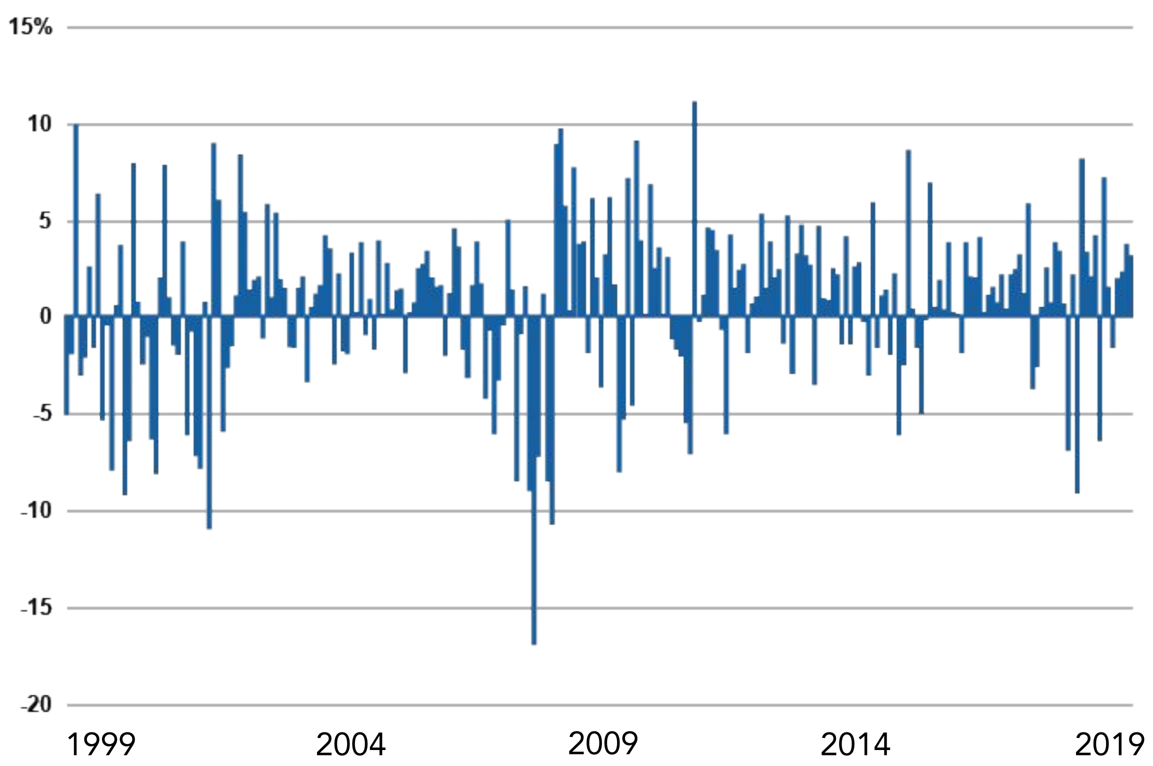
Strategies for sound investing

- Buy and hold
- Regular investing
- Diversification

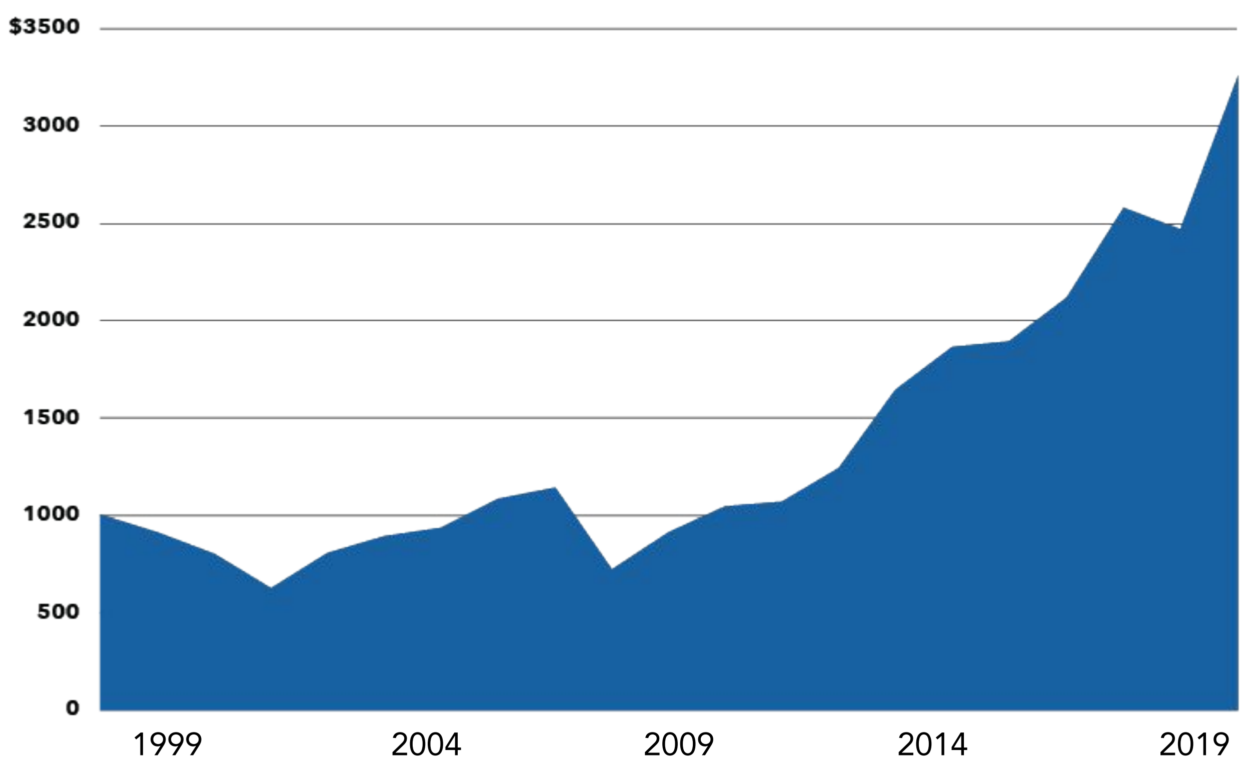
What's your perspective?

Focus on the long term, not the bumps along the way

Historical short-term bumps



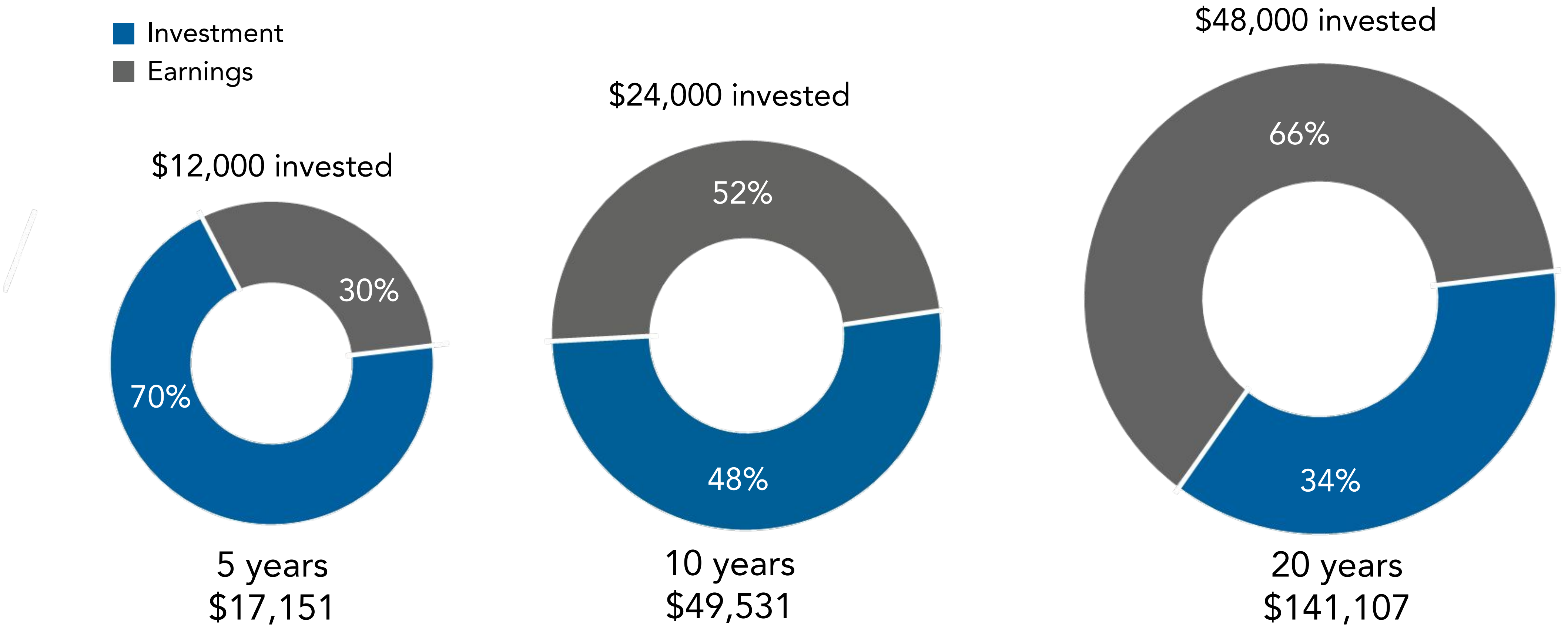
Historical long-term growth



Short-term bumps shown by Standard & Poor's 500 Composite Index and reflected in monthly return percentages from 12/31/99 through 12/31/19. Long-term growth represented by a hypothetical $1,000 initial investment in the same index from 12/31/99 to 12/31/19. The market index is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

The power of regular investing

Hypothetical $200 per month investment in the S&P 500, 1/1/00–12/31/19



Source: Refinitiv Lipper. Results based on S&P 500 Index, with dividends reinvested. Cumulative earnings equals year-end account value less cumulative investment.

Regular investing

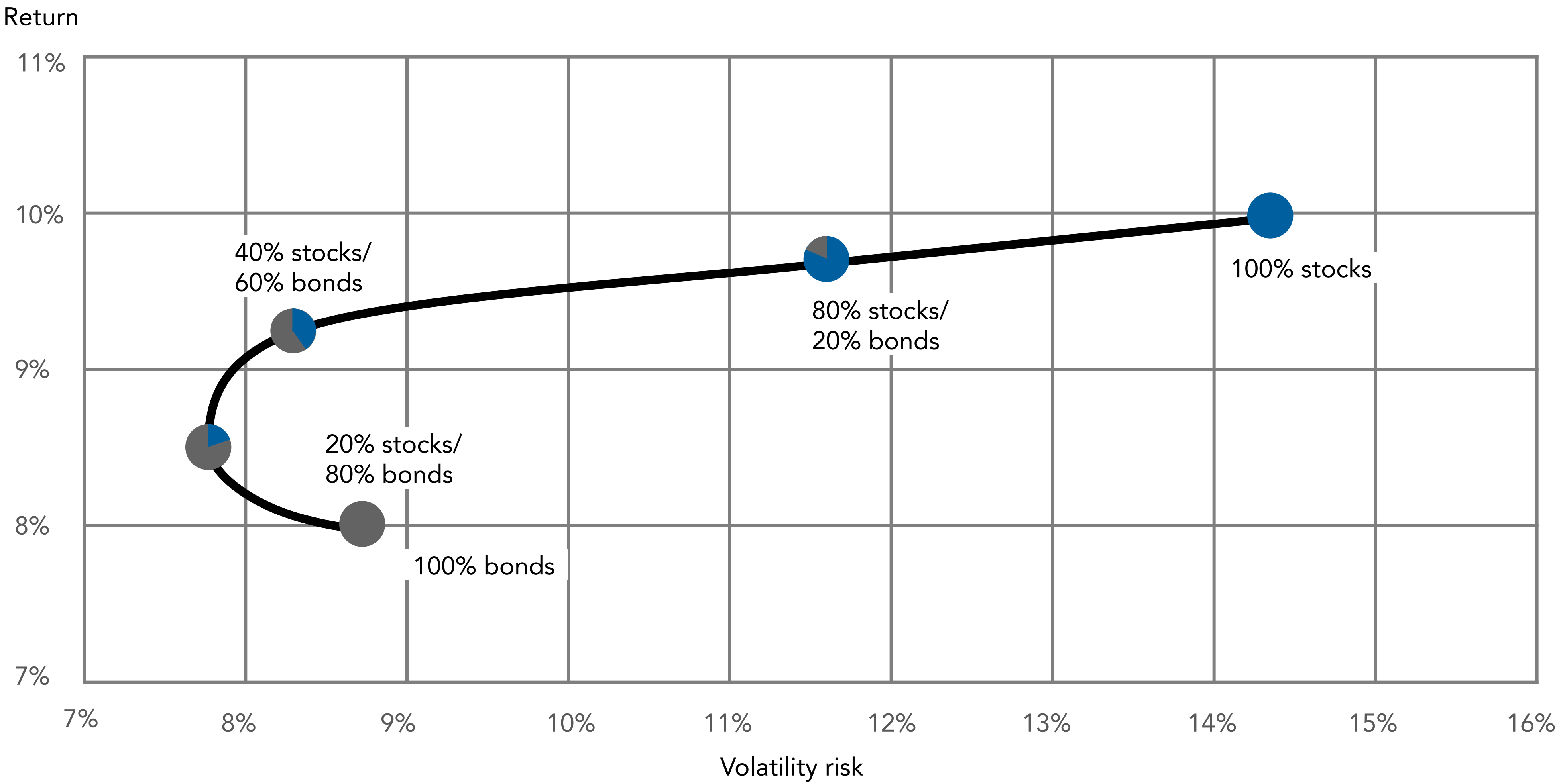
- Also known as dollar cost averaging
- Gradual approach
- Involves investing a fixed amount on a regular schedule

Benefits of regular investing

- Encourages discipline
- Offers a systematic approach
- Keeps you investing through down markets
- Helps ease anxiety about daily market fluctuations

Diversification: The risk-return relationship

Average annual total returns, 12/31/89–12/31/19

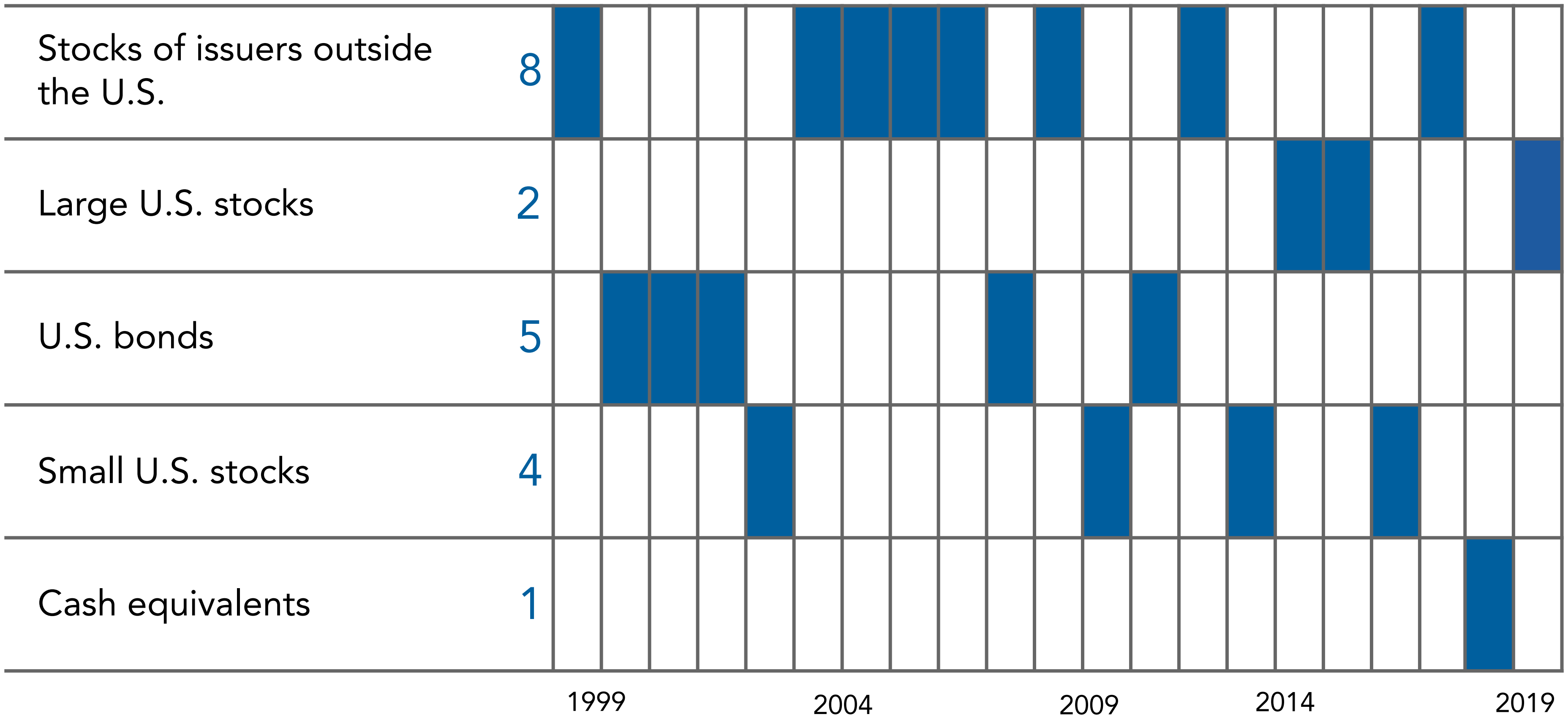


Sources: Stocks — Ibbotson Large Company Stocks Index; Bonds — Ibbotson Long-Term Corporate Bonds Index. Data from Ibbotson Associates. The market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index.

Volatility risk calculated using standard deviation (based on monthly returns), a measure of how returns over time have varied from the mean; a lower number signifies lower volatility.

Diversification: The mix matters

Number of times each investment was best, 1999–2019

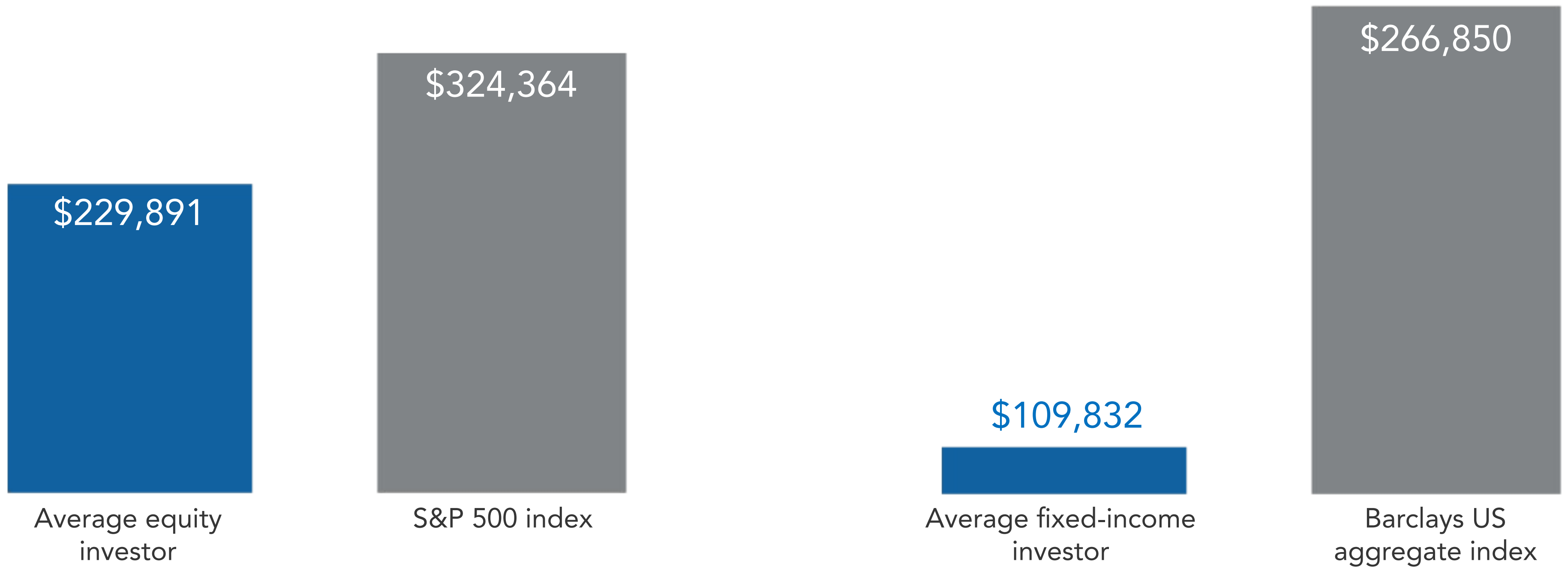


Based on calendar years. Sources: Stocks of issuers outside the U.S. — MSCI World ex USA Index; large U.S. stocks — Standard & Poor's 500 Index; small U.S. stocks — Russell 2000 Index; U.S. bonds — Bloomberg Barclays U.S. Aggregate Index; cash equivalents — 30-day U.S. Treasury bills, Ibbotson Associates. Results for the MSCI ACWI ex USA reflect dividends gross of withholding taxes through December 31, 2000, and dividends net of withholding taxes thereafter.

Staying the course

The advantage of staying the course

Growth of a hypothetical $100,000 investment (12/31/99–12/31/19)



Returns for average equity and fixed-income investors calculated by DALBAR. DALBAR uses data from the Investment Company Institute (ICI), Standard & Poor's, Bloomberg Barclays Indices and proprietary sources to compare mutual fund investor returns to an appropriate set of benchmarks. The study utilizes mutual fund sales, redemptions and exchanges each month as the measure of investor behavior. These behaviors reflect the "average investor." Based on this behavior, the analysis calculates the "average investor return" for various periods. These results are then compared to the returns of respective indexes. Ending values for the indexes and hypothetical equity and fixed-income investor investments are based on average annual total returns. The market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index.

Investing in an uncertain market

1. Setting realistic expectations
2. Stick to sound investment strategies
3. Customize your portfolio to suit your investment objective
4. Invest for the long term and stay the course

Investing in an uncertain market

Important information

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.

Index language

Dow Jones Industrial Average is a price-weighted average of 30 actively traded industrial and service-oriented blue chip stocks.

Bloomberg Barclays U.S. Aggregate Index represents the U.S. investment-grade fixed-rate bond market.

Bloomberg® is a trademark of Bloomberg Finance L.P. (collectively with its affiliates, "Bloomberg"). Barclays® is a trademark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Neither Bloomberg nor Barclays approves or endorses this material, guarantees the accuracy or completeness of any information herein and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

MSCI World ex USA Index is a free float-adjusted market capitalization-weighted index that is designed to measure results of more than 20 developed equity markets, excluding the United States.

Index language

The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

Russell 2000 Index measures the results of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

Index language

Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

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

The S&P 500 Composite Index ("Index") is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Capital Group.

Market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index.

Balancing risk language

Unlike mutual fund shares, investments in U.S. Treasuries are guaranteed by the U.S. government as to the payment of principal and interest.

Regular investing neither ensures a profit nor protects against loss in a declining market. Investors should consider their willingness to keep investing when share prices are declining.

Diversifying investments does not insure against market loss.

Investing outside the United States involves risks such as currency fluctuations, periods of illiquidity and price volatility, as more fully described in the prospectus. These risks may be heightened in connection with investments in developing countries.

This content, developed by Capital Group, home of American Funds, should not be used as a primary basis for investment decisions and is not intended to serve as impartial investment or fiduciary advice.

Small-company stocks entail additional risks, and they can fluctuate in price more than larger company stocks.

This meeting may have been funded in whole or in part by American Funds Distributors.

American Funds Distributors, Inc., member FINRA.

szf capital

Investing in an uncertain market

M

Here to know more?

https://stevezfsst.typeform.com/to/vL403w

Figures are past results and are not predictive of results in future periods.