

# What's Your Game Plan For The Potential Bear Market?

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PLAN | INVEST | PROTECT



# How does the Potential Bear Market Make You Feel?

- How Many Are Afraid of Risk Exposure?
- How Many Are Just Sick and Tired Of Being Unsure of the Market?
- How Many Are Delaying Retirement?
- How Many Are Confused?

How Many Want a Game Plan To Reduce This Fear and Uncertainty?

# How Are You Managing The Potential Bear Market Anxiety?



- “Can I Still Retire at 55 or is it 62?”
- “What am I Going to Do Now that I’ve Lost 10% of my Assets?”
- “How Long Can my Money Last?”
- “Should I Rebalance my Portfolio?”
- “How Long is it Going to Take for me to Recover my Losses?”

# You Need A Game Plan To Provide Direction For These Questions

- “Should I Hang in There?”
- “Should I Sell Everything and Move to Cash?”
- “Should I Temporarily Move to the Sidelines and then Jump Back in When the Market Turns Around?”
- “How Long is This Going to Last?”



People Need A Game Plan!

# What NFL Coach Would Start The Season Without A Game Plan For His Biggest Opponent?

- The Current Market Volatility Could be your Biggest Opponent to Financial Security.
- You Have to Be Prepared.
- How Long Could It Last?
- What if you Retire into a Bear Market?
- What if Retirement is 5 Years Away?



A Game Plan can Minimize the Fear  
and Help you Navigate Market Uncertainty.

# You Need A Coach Who Can....



- Study your opponent (“Market Volatility”)
- Know your opponents strengths & weaknesses
- Know your opponents tendencies
- Adjust your offense (asset allocation)
- Design a game plan you are comfortable with

# Let's Do A Film Breakdown Study Of The Previous Bear Markets

- Bear Markets are defined as a period where the stock market goes down 20% or more from the highest point to the subsequent lowest point
- They happen frequently
- Statistically they occur about 1 out of every 3.5 years and last an average of 367 days.
- The most recent U.S. Bear Market occurred in 2007-2009 when the stock market dropped 57% over 17 months.

Source: "U.S. Stock Bear Markets and Their Subsequent Recoveries" Dana Anspach October 29, 2018 – [www.thebalance.com](http://www.thebalance.com)

# The Final Score

- For investors who sold at the bottom of these markets, these down times had a detrimental effect
- Investors who maintained a diversified portfolio and stayed invested so they experienced the subsequent recovery were not harmed.
- The year after a Bear Market is a boom.
- In the year after the three previous 20% tumbles the S&P 500 gained an average of 32%
- You have to be willing to stay invested in the market during the down times to participate in the recovery

Source: "U.S. Stock Bear Markets and Their Subsequent Recoveries" Dana Anspach October 29, 2018 – [www.thebalance.com](http://www.thebalance.com)



# Recovery Time

- Since WWII Bear Markets have lasted 13 months on average
- Stock markets tend to lose 30.4% of their value
- During these conditions it usually takes stocks on average 22 months to recover according to analysis from Goldwin Sacks and CNBC.

Source: Kate Rooner – CNBC 12/24/2018

# Sometimes The Best Defense Is A Balanced Offense

- You Need a Coach to Evaluate your Offense.
- Is it Balanced?
- Are You Comfortable With a High Risk Offense? Or Do You Need To Be More Conservative?
- Do You Have The Proper Balance With Your Potential “Plays”?



# What Offense Are You Most Comfortable With?

- 80% Stock 20% Bonds
- 70% Stock 30% Bonds
- 60% Stock 40% Bonds
- 50% Stock 50% Bonds
- 40% Stock 60% Bonds
- 30% Stock 70% Bonds

How Much Risk Are You  
Willing To Take?

# Allocation Comparison

## Bear Market Returns From The Great Recession November 2007 – February 2009

80/20	- 38
70/30	- 31
60/40	- 25
50/50	- 18
40/60	- 11
30/70	- 5
20/80	+ 2

Source: MGPRO Pro Allocation Comparison (classic models)

# What Percentage Of The Time Will You Run Your 11 Offensive Plays?

1. Large Cap Growth Equities
2. Large Cap Value Equities
3. Mid Cap Core Equities
4. Mid Cap Value Equities
5. Small Cap Core Equities
6. International Equities
7. Global REITS
8. U.S. Fixed Income
9. U.S. Short Term Fixed Income
10. High Yield Fixed Income
11. Cash Equivalents

Source: MGPRO Allocation Comparison (classic models)

# Are You Trying To Score a TD Passing Deep Every Down?

- International
- Small Cap
- Mid Cap
- Real Estate

These Funds have the Potential  
for the Biggest Gains,  
but also the Biggest Losses.

International investing involves certain risks, such as currency fluctuations, economic instability and political developments. Investments in small and mid-cap involve higher risk of volatility

# Are You Trying to Keep Your Opponent “Honest” with Play Action Passes?

- Large Growth
- Large Blend
- Large Value

You’ve got to win the time of possession and keep your offense on the field by having enough “weapons” (asset classes) to keep making 1<sup>st</sup> downs. Be consistent!

The investment return and principal value will fluctuate in value with market conditions, so that when sold it may be worth more or less than the original investment.

# Or Are You Going to Pound Away With A Conservative Inside Running Game?

- High Yield Fixed Income
- Core Fixed Income
- Short Duration Fixed Income
- Cash/Equivalents



It's not fancy, but it produces results.

Asset allocation and or diversification does not assure a profit nor protect against loss. It is possible to lose money in a diversified portfolio.



# It's Your Call. Should You be Running a 80-20 Balanced Offense?

1. Large Cap Growth	13%	7. Global REITS	2%
2. Large Cap Value	16%	8. U.S. Fixed Income	14%
3. Mid Cap Core	14%	9. U.S. Short Term Fixed Income	0%
4. Mid Cap Value	0%	10. Short Duration Fixed Income	0%
5. Small Cap Core	6%	11. High Yield Fixed Income	4%
6. International Equities	29%	12. Cash/Equivalents	2%

Source: Money Guide Broker Classic Allocation Models

# Difficult Decision

- Meet With Your Investment Advisor Representative
  - ✓ To Examine Your Offense
  - ✓ Design a Personalized Game Plan for your Current Opponent

# Don't Panic

- Rash reactions to losses could lead to decisions that are later regretted.
- Focus on defining and reevaluating long term investment goals. You will experience “the best days” by staying on the field. Just don't ask me when. Be patient.
- Devise strategies to help work to achieve your goals.



# “The Bear” Provides A Good Time To Look For Opportunities

## The Best Time To.....

- Determine Your True Risk Tolerance
- Analyze & Rebalance Your Offense
- Consider Buying More.... ON SALE
- Stay on the Field, for Those Who Have Reallocated Their Offense

# Do You Feel You Need A Game Plan?

- I Want To Design An Offense That I Am Comfortable With
- I Want To Rebalance My Offense
- I Want To See What Opportunities Exist

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