

Remain calm and focused in volatile times



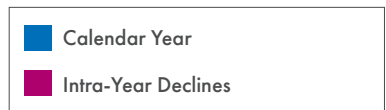
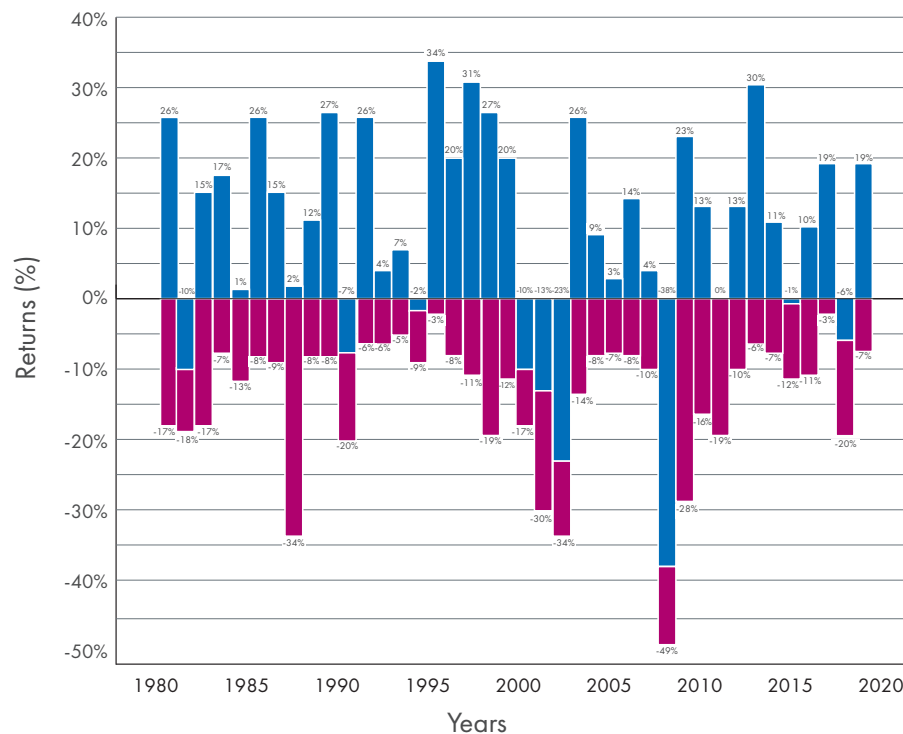
During market ups and downs, it's important to remain calm and focus on your long-term goals. It may also be a good time to talk with your AIG Retirement Services financial advisor about a balanced and diversified portfolio. Here are some other principles to keep in mind during volatile markets.

1. Keep market volatility in perspective

Market volatility is unavoidable and there will always be uncertainty in the markets, but it is important to stay focused on the long term. Understanding financial market tendencies is essential, and history often provides us with helpful lessons. The bull markets have historically been longer and more sustained than bear markets. Consequently, those who have stayed invested have benefited from subsequent rebounds, which have often occurred rapidly. Another way to evaluate market volatility is to consider drawdowns, or the amount the market declines from its high to its low price within the year. Since 1980, U.S. equities have averaged an intra-year drawdown of about 14%.

S&P 500 returns: Despite average intra-year drops of 13.9%, annual returns were positive in 29 of 39 years

S&P 500 Calendar Year vs Intra-Year Declines



“The key to successful investing is not predicting the future, but looking at the present with clarity.”

Dr. David Kelly, CFA Chief Global Strategist, J.P. Morgan Funds

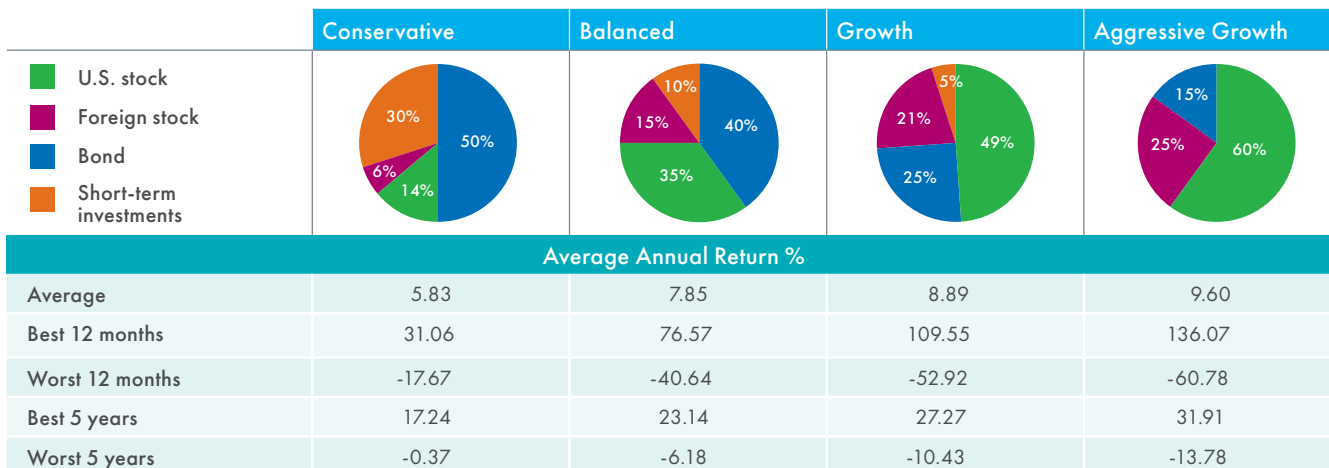
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of September 30, 2019.

Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2019, over which time period the average annual return was 8.4%. Past performance is not indicative of future results.

Staying the course in volatile times

2. Choose an investment mix you are comfortable with

A key to investing long-term and weathering the storm in volatile markets is diversifying your portfolio. Consider your risk tolerance, that is your ability to withstand market volatility, and position your portfolio accordingly. Your financial advisor can help answer any questions you may have about your portfolio. Or, if your plan allows, you can use our Guided Portfolio Services® (GPS) for investment advice from independent financial expert, Morningstar Investment Management LLC, to assist in your financial planning needs. Diversification does not ensure a profit or protect against market loss.

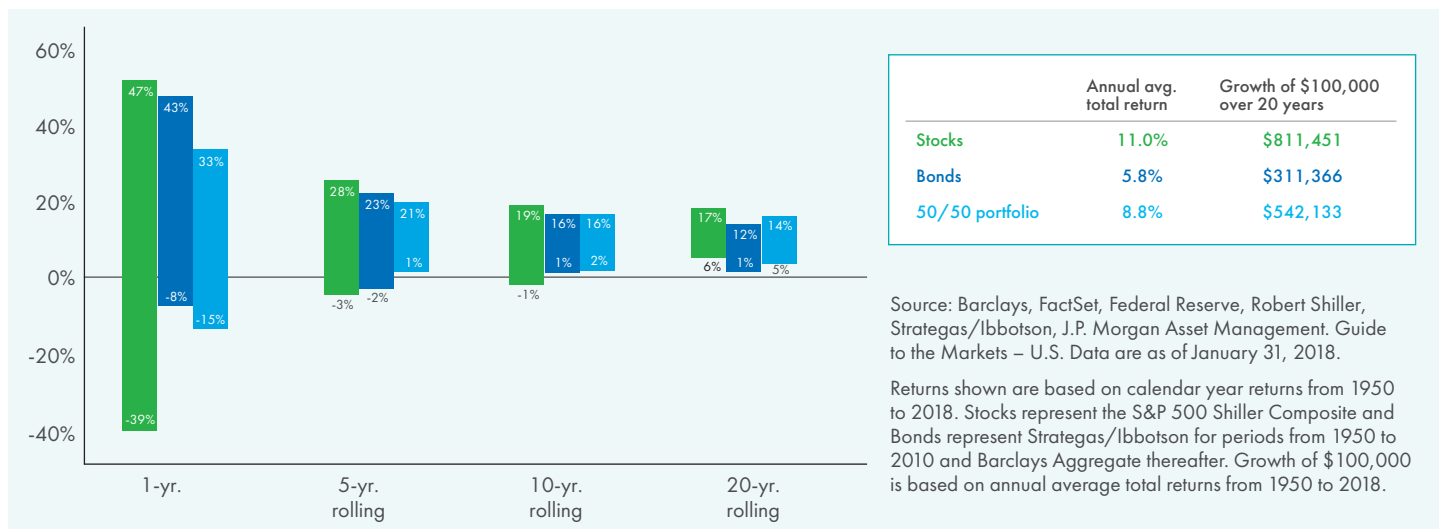


Source: Morningstar Direct, 2018 (1926-2018). Past performance is no guarantee of future results. Returns include the reinvestment of dividends and other earnings. This chart is for illustrative purposes only. It is not possible to invest directly in an Index.

Historical returns for the various asset classes are based on performance numbers provided by Morningstar Direct. Domestic stocks are represented by the S&P 500® Index, bonds are represented by U.S. intermediate-term government bonds, and short-term assets are based on the 30-day U.S. Treasury bill. Foreign equities are represented by the Morgan Stanley Capital International Europe, Australasia, Far East Index for the period from 1970 to the last calendar year. Foreign equities prior to 1970 are represented by the S&P 500® Index.

3. Stay the course; do not attempt to time the market

In times of market instability, some investors attempt to move in and out of the market. This usually results in poor results and missed opportunities. By accepting the inevitable reality of the market's ups and downs, it is much easier to execute your long-term investment plan. History has shown the nearly impossible task of timing the market consistently. Short-term market behavior is extremely unpredictable and trying to time the market has proven harmful to one's financial well-being. You can see how one-year stock returns have varied widely since 1950 (+47% to -39%), while a blend of stocks and bonds has not suffered a negative return over any five-year rolling period in the past 67 years. In essence, do not permit short-term volatility to prompt departure from long-term investing. Past performance is no guarantee of comparable future results.



Staying the course in volatile times

4. Invest regularly, even in market downturns

It may not seem intuitive, but investing regularly, even in market downturns, can help reduce your overall prices at which investments are purchased. Falling markets present buying opportunities. By investing systematically, investors will consistently be buying into markets that have fallen rather than only buying in when the market is up. Doing so also has intrinsic benefits by encouraging discipline and may help to ease the anxiety of daily market fluctuations.

“Individuals should mostly try to not get too wrapped up in volatility, because they can get whipsawed. For the most part, the individual should ride through volatile periods, buy and hold. If they do react, usually what’s happening is that their emotions work against them. They’re looking backward. They get scared and they’re driven away from rational behavior, which is just to settle down.”

- Roger G. Ibbotson, Chairman & CIO Zebra Capital Management, LLC.
& Professor at Yale University

5. Meet with your financial advisor

Focusing on the big picture can be difficult during turbulent markets. The good news is that you don’t have to go it alone. Your financial advisor can answer any questions you may have about market volatility, help you make decisions about the best options for your individual circumstances.

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