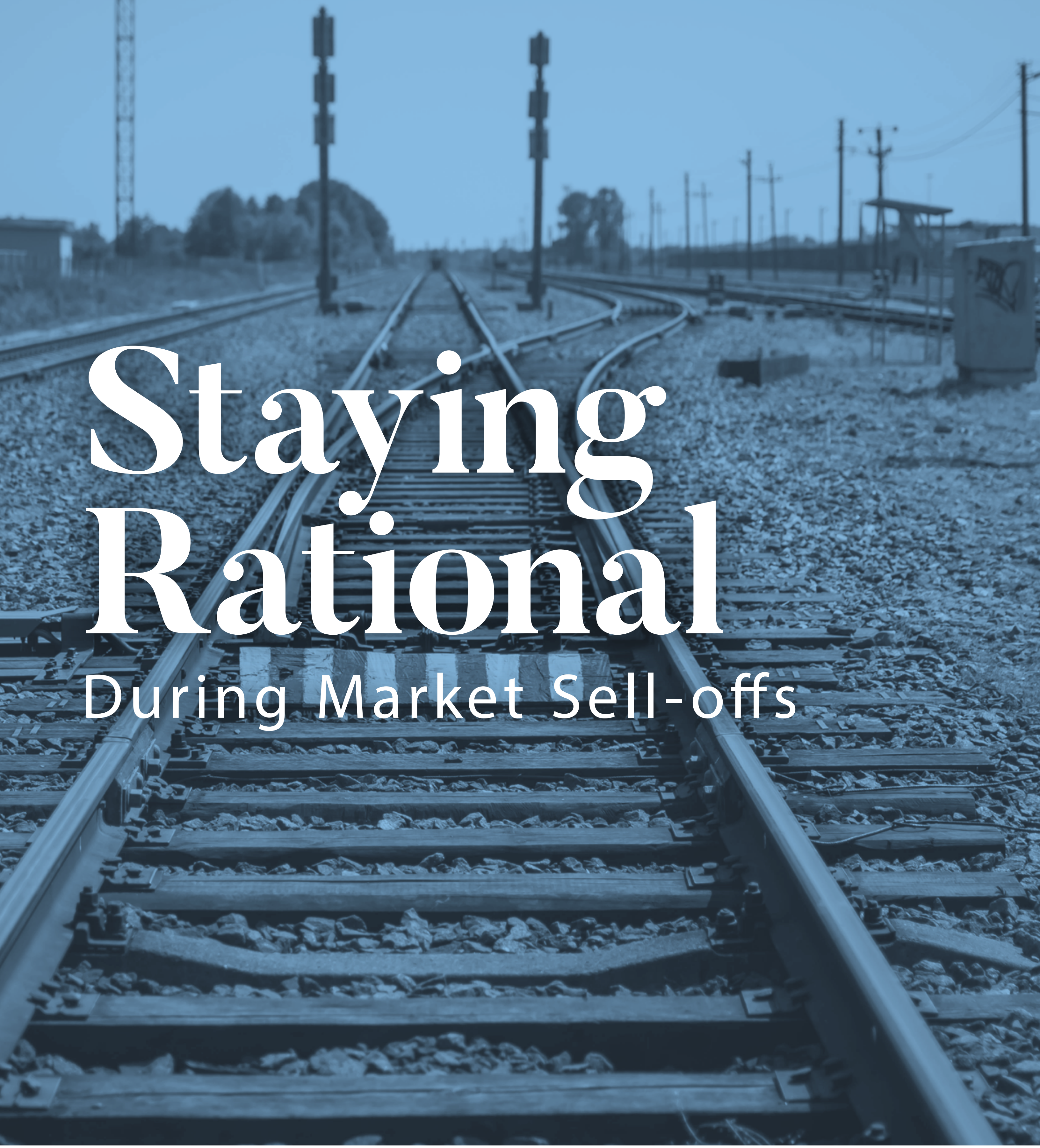


Staying Rational

During Market Sell-offs

NEW YORK LIFE INVESTMENTS

To put volatility into perspective, it can be helpful to look at market sell-offs through a historical lens.

Market Rebounds Over Time

Rare, unexpected events—known as Black Swans—can have severe consequences, but the market has recovered each time.

S&P 500 Performance

OCTOBER 1, 1973 TO APRIL 13, 2020

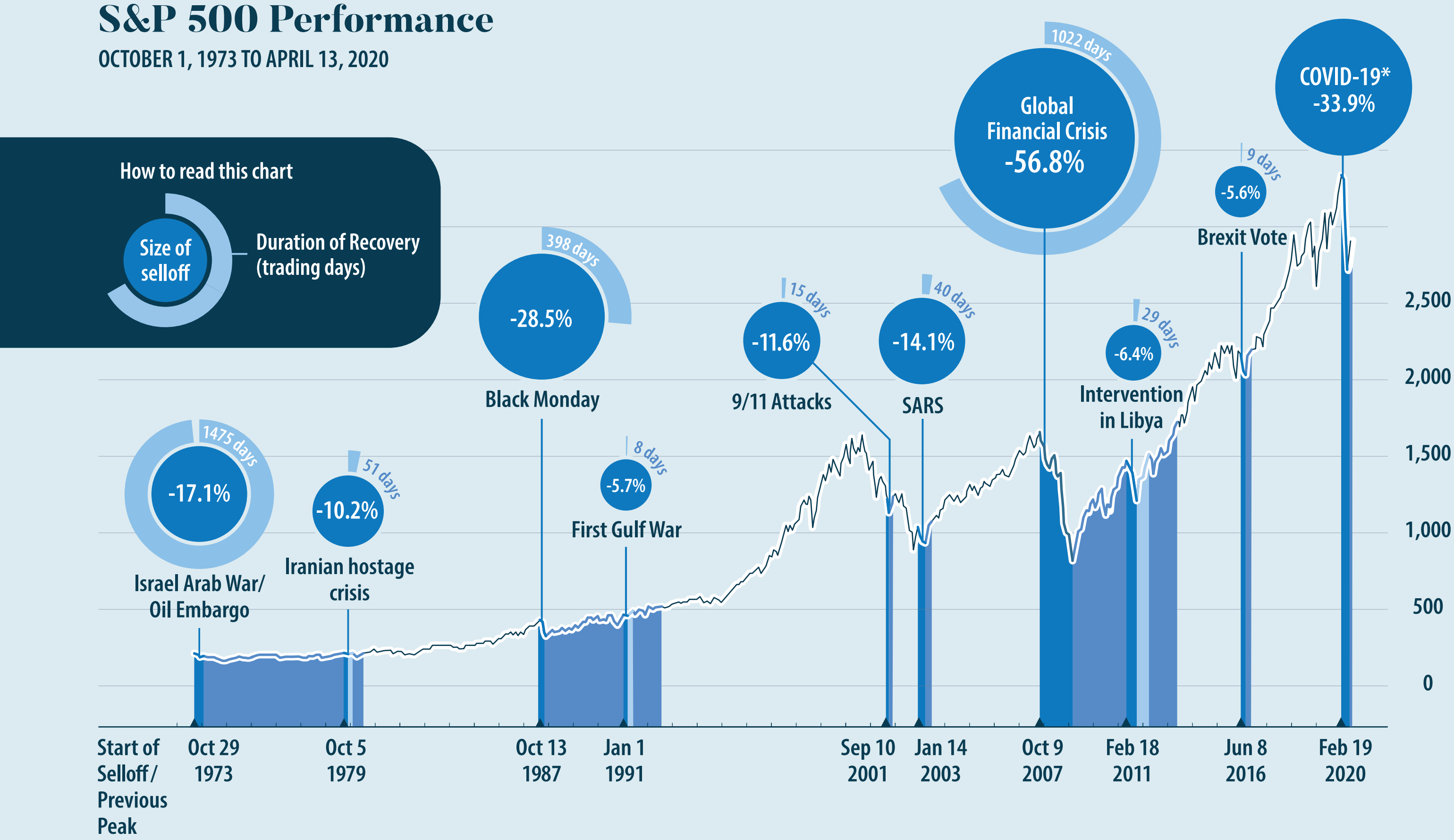
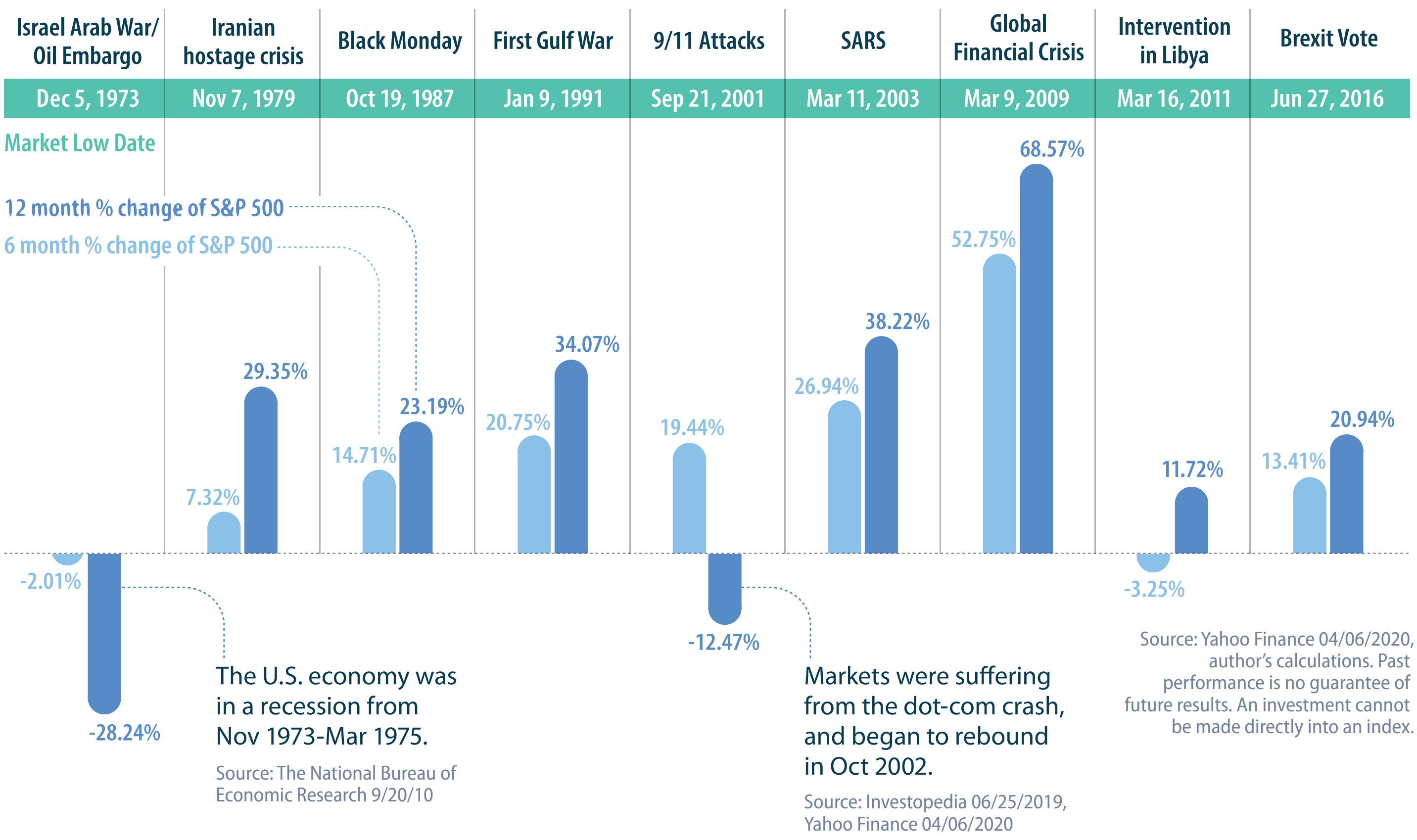


*Figure as of market close on April 13, 2020. The sell-off size measures the change from the market high to the market low.

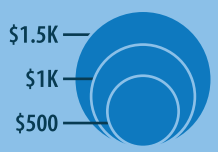
Source: Haver, Deutsche Bank via ZeroHedge 09/02/2017, Yahoo Finance 04/13/2020
Past performance is no guarantee of future results. An investment cannot be made directly into an index.

In fact, downturns have historically been short-lived, with the S&P 500 seeing 12-month gains in most cases.



While it can be tempting to sell in the midst of a downturn, investors who hold their investments historically see much greater returns.

A Tale of Two Investors



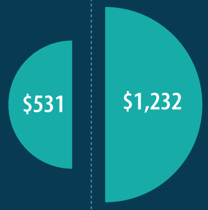
To see how this plays out, let's rewind to the Global Financial Crisis.
Two hypothetical investors, **Sharon** and **Barbara**, both start out with a $1,000 investment.

How do their returns differ over a 7 year period?

Sharon reacts emotionally as the market declines.

Barbara reacts rationally despite the downturn.

At the end of 7 years, Sharon has $531.



At the end of 7 years, Barbara has $1,232.

Source: Yahoo Finance 04/06/2020, author's calculations. This chart is for illustrative purposes only and does not represent investment advice. Past performance is no guarantee of future results. An investment cannot be made directly into an index.

It's evident that markets have historically rebounded over time. However, what can investors do now to help manage their long-term savings?

Taking Action

Investors can follow a three-part framework to help manage and continue to build their nest egg.

Source: MarketWatch 03/16/2020

1

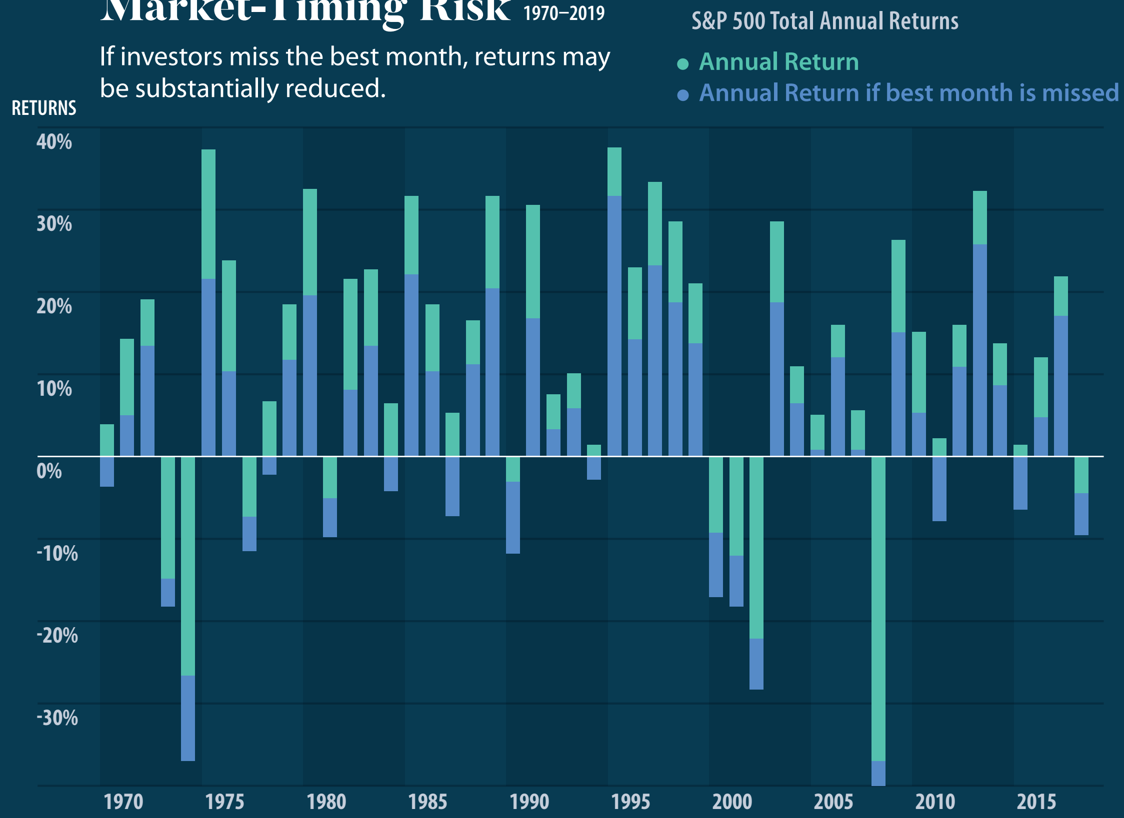
Stay the course

Most investors can hold onto their securities, especially if they are a long way from retirement.

If they are making regular contributions, investors can continue them rather than trying to time the market.

Market-Timing Risk 1970–2019

If investors miss the best month, returns may be substantially reduced.



Source: Morningstar 03/18/2020.
Past performance is no guarantee of future results. An investment cannot be made directly into an index.

Downturns can result in relatively attractive valuations, and dollar cost averaging allows investors to take advantage of the subsequent potential upswing.

2

Revisit asset allocations

Investors should ensure that their asset allocation still reflects their personal circumstances, including:

RISK TOLERANCE

AGE

DESIRED LIFESTYLE

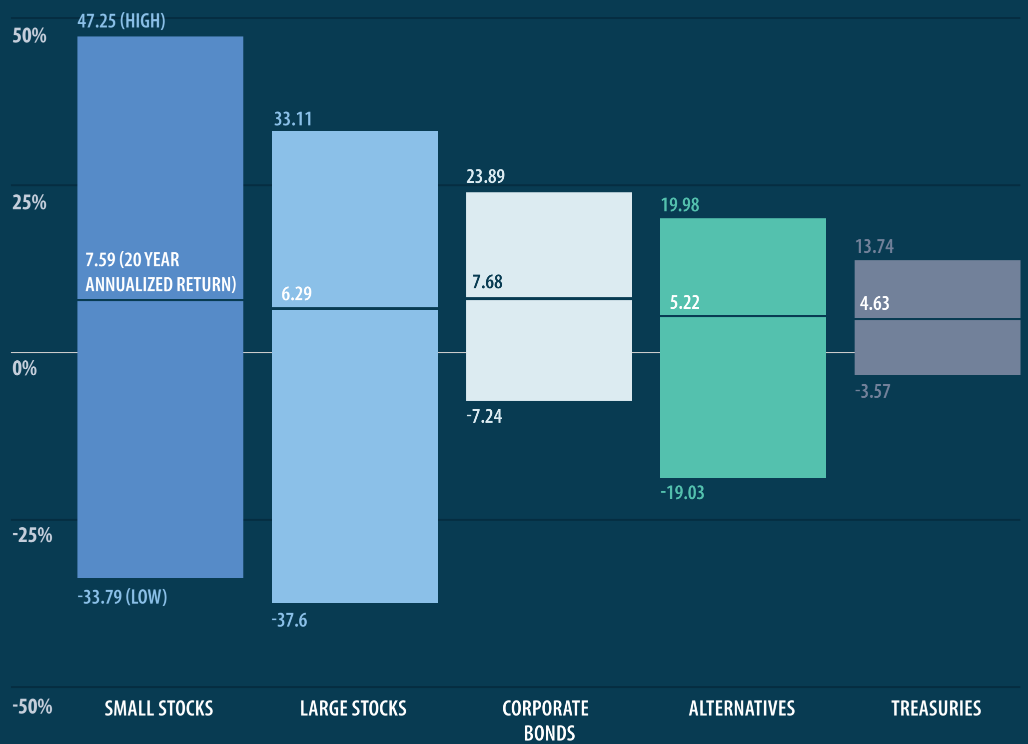
OTHER AVAILABLE INCOME

Portfolio diversification is also extremely important, to help manage risk and provide a competitive return.

For example, asset classes have a varying range of returns.

Asset Class Returns %

Highs and lows: 2000-2019



Source: Morningstar 12/31/2019
Past performance is no guarantee of future results. An investment cannot be made directly into an index.

Through diversification, investors have a good chance of managing risk to help potentially reach their long-term goals.

3

Keep emergency funds in cash

It may be tempting to put all extra funds into attractively-priced stocks. However, financial experts generally recommend that investors set aside about 6 months of living expenses in cash.

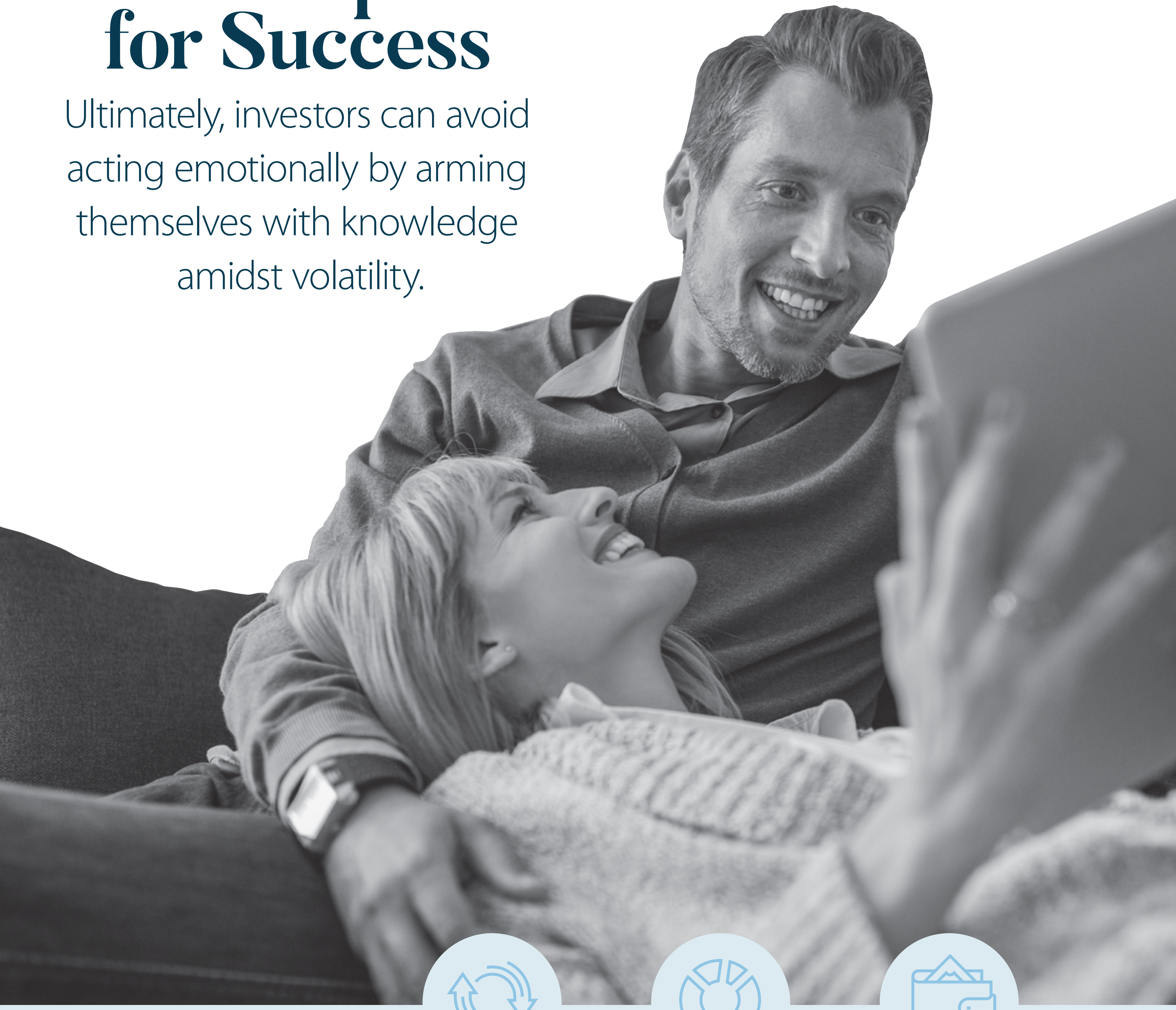
If an investor is nearing/in retirement, they can consider:

- KEEPING ADDITIONAL FUNDS IN CASH
- HOLDING MORE SHORT-TERM INVESTMENTS
- GENERATING EXTRA INCOME THROUGH PART-TIME WORK

By taking care of the basics, investors set a strong foundation for building up long-term investment plans.

Set up for Success

Ultimately, investors can avoid acting emotionally by arming themselves with knowledge amidst volatility.



Key strategies include:

- Consistency
- Diversification
- Holding emergency cash

Taking these steps to help optimize portfolios, and preparing for future sell-offs, will help investors achieve greater long-term success.

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Small stocks are represented by the Russell 2000 Total Return Index, which measures the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index.

Large stocks are represented by the Russell 1000 Total Return Index, which tracks the largest 1,000 stocks in the Russell 3000 Index and represents about 92% of the US market.

Corporate bonds are represented by the Bloomberg Barclays U.S. Corporate Bond Index, which measures the investment-grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-U.S. industrial, utility, atnd financial issuers.

Alternatives are represented by the HFRI Fund Weighted Composite Index, an equal-weighted index that includes over 2,000 constituent hedge funds which have at least $50 million under management or have been actively traded for at least 12 months. There are no fund-of-funds included in this Index.

Treasuries are represented by the Bloomberg Barclays Treasury Index, which is the non-securitized component of the Bloomberg Barclays U.S. Aggregate Bond Index. The index is based on public obligations of the U.S. Treasury that have remaining maturities of more than one year.

The CBOE Volatility Index is a calculation designed to produce a measure of constant, 30-day expected volatility of the U.S. stock market.

The Fear & Greed index measures the current emotion driving investors, and is calculated using seven equally-weighted indicators: stock price momentum, stock price strength, stock price breadth, put and call options, junk bond demand, market volatility, and safe haven demand.

S&P 500 Index is widely regarded as the standard for measuring large-cap U.S. stock-market performance.

Dollar cost averaging does not guarantee a profit or protect against losses in a declining market. Investors should consider their ability to continue purchases through periods of low price levels.

Asset allocation and diversification do not guarantee a profit or protect against losses.

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