WINTHROP WEALTH

JULY 2026 CLIENT QUESTION OF THE MONTH

PRINCIPLES FOR LONG-TERM INVESTING

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Principles for Long-Term Investing

Our Total Net Worth Approach

At Winthrop Wealth, we follow a Total Net Worth Approach to wealth management that combines comprehensive financial planning, tax mitigation strategies, and disciplined investment management into a single coordinated strategy. When those areas are aligned, we believe clients benefit from more informed financial decisions and a clearer path toward achieving their goals. *For clients who receive both comprehensive financial planning and investment management services under agreement. Financial planning is a tool intended to review your current financial situation, investment objectives and goals, and suggest potential planning ideas and concepts that may be of benefit. There is no guarantee that financial planning will help you reach your goals.*

A Long-Term Framework for Changing Markets

In today's 24-hour news cycle, investors face a constant stream of predictions involving market crashes, recessions, interest rates, geopolitics, and other potential threats. There is seemingly always an "expert" explaining why the next downturn is imminent. We strive to keep clients focused on the course established by their financial plans while making thoughtful adjustments as their circumstances, our outlook, and the investment environment change.

A long-term approach does not mean portfolios remain static; we rebalance, reposition holdings, tax-loss harvest, adjust allocations, and deploy capital when appropriate. We believe these actions should be grounded in cash flow needs, tax considerations, fundamentals, and risk rather than short-term fear, panic, or the latest headline.

We aim to avoid large, emotional, all-or-nothing decisions based on attempts to predict near-term market moves. Market timing requires an investor to make two correct decisions: when to sell and when to buy back in. The challenge is that market tops and bottoms can only be identified in hindsight. Selling may also generate substantial capital gains for taxable investors, while remaining on the sidelines during a recovery can materially reduce long-term results. There is no magic formula for consistently moving out of and back into the market at the right moments.

The principles that follow demonstrate why we emphasize time, diversification, asset allocation, compounding, thoughtful cash flow planning, and using volatility constructively. They also reinforce that market leadership historically rotates and that a structured process can help investors navigate both favorable and difficult periods.

Our Investment Philosophy

Our investment process emphasizes a long-term mindset to help clients remain focused through periods of uncertainty and volatility. To capitalize on the power of compounding, we believe in the benefits of staying **D**isciplined, **O**pportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses.

- **Disciplined:** consistently applying our investment process and philosophy, which are grounded in a long-term approach.
- **Opportunistic:** rebalancing, repositioning, and tax-loss harvesting to take advantage of market volatility and dislocations.
- **Diversified:** seeking to ensure that portfolios are properly allocated across and among asset classes to enhance consistency.
- **Mitigate:** striving to avoid unnecessary disbursements, including fees, taxes, and expenses.

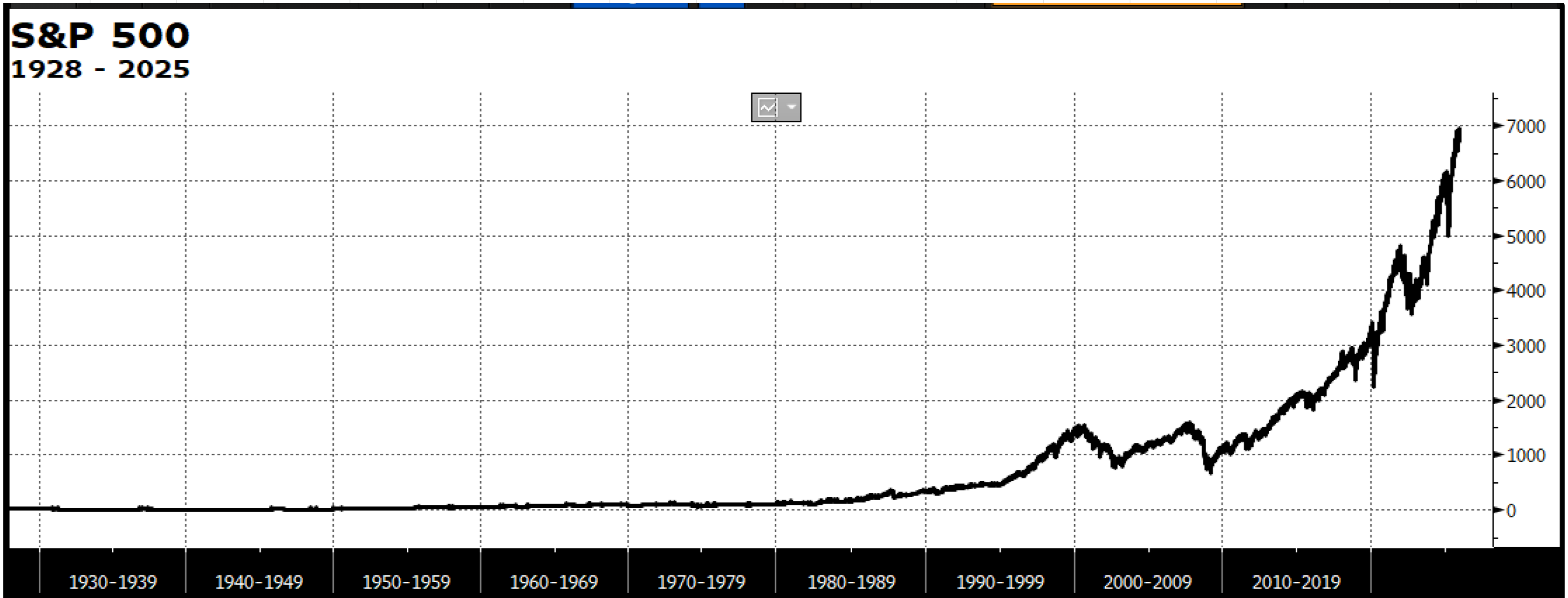
Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

The Stock Market Has Gone Up Over Time

From 1928 to 2025, the S&P 500 produced a total annualized return of +9.8%. A $1 investment in 1928 would have increased to over $9,500 at the end of 2025.

We would also like to highlight that this period includes several of the most challenging market environments in history, including the Great Depression, World War II, 1970's Stagflation, Crash of 1987, Dot-Com Bubble, Global Financial Crisis, Covid Pandemic, and 2022's inflation and Fed tightening. The total period includes thirteen bear markets, fifteen recessions, and more than one hundred market corrections.

When you buy a share of stock, you are purchasing an ownership stake in the underlying company, which represents a claim on the firm's cash flows, earnings (profits), and dividends. Stock prices reflect the present value of the company's expected future earnings. Markets have historically increased over time as successful corporations have been able to figure out ways to generate profits through advances in innovation and productivity. *Equity markets have historically recovered from recessions and downturns. Past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon when investing.*



Positive Performance over Rolling Periods

1-Year	5-Year	10-Year	20-Year
75%	89%	94%	100%

Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

The Stock Market Has Gone Up Over Time, but Returns Were Not Linear

Since 1928, the S&P 500 has produced positive results in 72 calendar years vs. 26 years with negative returns.

The market went higher in 73% of years with an average return of +21% and declined in 27% of years with an average drop of -14%.

S&P 500 Calendar Year Returns: 1928 - 2025

Total Annualized Return: 9.8%

Positive Years: 72 (73%)

Negative Years: 26 (27%)

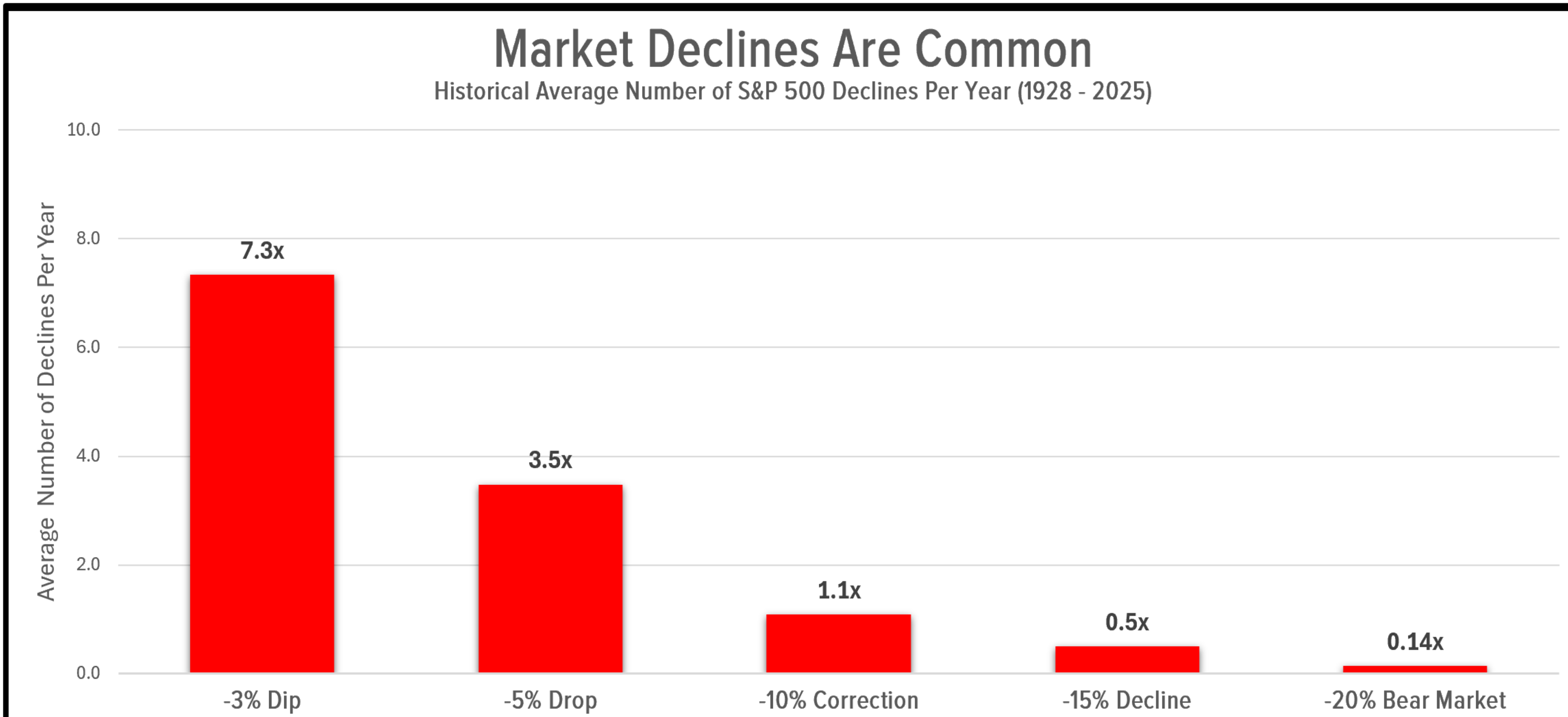
-50% to -40%	-40% to -30%	-30% to -20%	-20% to -10%	-10% to 0%	0% to 10%	10% to 20%	20% to 30%	30% to 40%	40% to 50%	50% to 60%
						1944 19.5%				
						1972 19.0%	2021 28.7%			
						1986 18.7%	2003 28.7%			
						1979 18.6%	1998 28.5%			
						2020 18.4%	1961 26.9%			
						1952 18.2%	2009 26.4%	1928 37.9%		
					1992 7.6%	2025 17.9%	2023 26.3%	1995 37.5%		
				1939 -0.1%	1978 6.6%	1988 16.6%	1943 25.6%	1975 37.2%		
				1953 -0.9%	1956 6.5%	1964 16.4%	2024 25.0%	1945 36.3%		
				1990 -3.2%	1984 6.3%	2012 16.0%	1976 23.9%	1936 33.7%		
				2018 -4.4%	1947 5.6%	2006 15.8%	1967 23.9%	1997 33.3%		
				1934 -4.7%	2007 5.6%	2010 15.1%	1951 23.8%	1950 32.6%		
				1981 -4.9%	1948 5.4%	1971 14.3%	1949 23.6%	1980 32.5%		
			1957 -10.7%	1977 -7.2%	1987 5.3%	2014 13.7%	1996 22.9%	2013 32.4%		
			1941 -11.6%	1946 -8.0%	2005 4.9%	1965 12.5%	1963 22.8%	1985 31.7%		
			2001 -11.9%	1969 -8.4%	1970 3.9%	1959 12.0%	1983 22.6%	1989 31.7%		
			1929 -11.9%	1962 -8.7%	2011 2.1%	2016 12.0%	2017 21.8%	2019 31.5%		
		2002 -22.1%	1973 -14.7%	2000 -9.1%	2015 1.4%	1968 11.0%	1982 21.5%	1955 31.4%	1933 44.1%	
	1937 -34.7%	1974 -26.5%	1932 -14.8%	1940 -9.6%	1994 1.3%	2004 10.9%	1999 21.0%	1991 30.4%	1958 43.1%	
1931 -47.1%	2008 -37.0%	1930 -28.5%	2022 -18.1%	1966 -10.0%	1960 0.5%	1993 10.1%	1942 20.1%	1938 30.1%	1935 41.4%	1954 52.3%

Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

Market Declines Are Common

One of the key pillars to our investment philosophy is to maintain a long-term viewpoint as markets can be incredibly volatile over short time periods. During inevitable market declines, while they can certainly be uncomfortable, we utilize the volatility as an opportunity to make lemonade out of lemons by proactively tax-loss harvesting and repositioning portfolios.

The following chart displays the average annual and total number of occurrences of various market declines in the S&P 500 from 1928 – 2025. For example, the S&P 500 has averaged over seven -3% dips and about one -10% correction each year, and approximately one bear market every seven years (0.14x per year).



Total Number of Occurrences	**704**	**334**	**104**	**48**	**13**

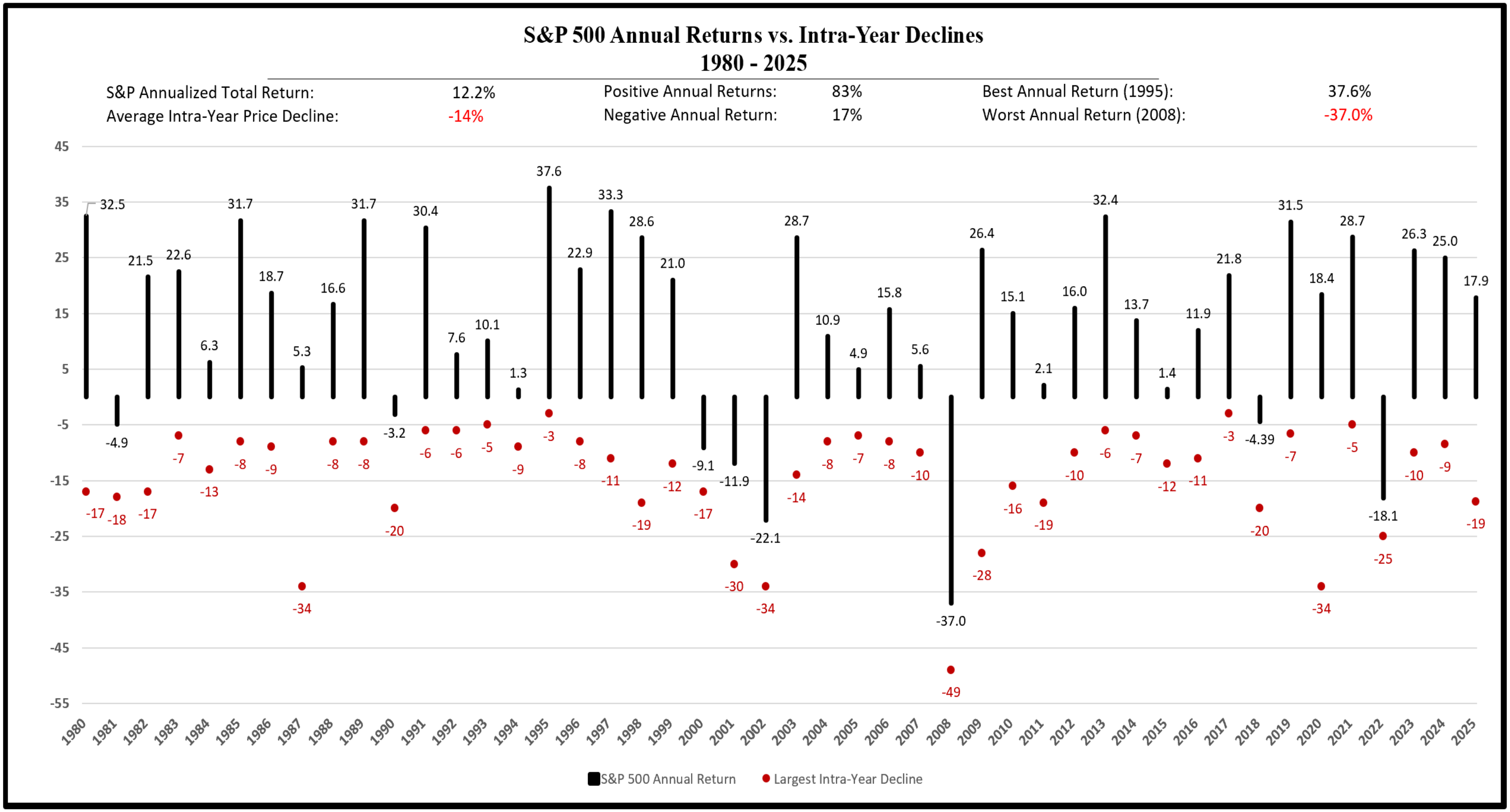
Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

Intra-Year Declines Are Common

The following chart displays the S&P 500's annual return and the largest intra-year decline from 1980 through 2025.

Over this period, the S&P 500 has generated a total annualized return of +12.2%. Annual returns ranged from -37.0% to +37.6%.

There were plenty of market drops along the way, as the average intra-year price decline was -14%. Note that in 18 instances, the market finished in positive territory for the year despite a decline of at least -10% at some point.



Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

Bear Markets Happen

A bear market is defined as a decline of -20% on a closing basis without a subsequent +20% increase.

Since 1929, the S&P 500 has experienced 13 bear markets (about one every seven years). During these periods, the S&P 500 took about 17 months to reach the bottom with a median price decline of -34%.

Historically, bear markets have created strong buying opportunities, with the S&P 500 historically finishing significantly higher one, three, and five years after the trough.

S&P 500 Bear Markets
1929 - 2025

Market Event	Economic Recession	S&P 500 Peak	S&P 500 Trough	Peak to Trough (Months)	Peak to Trough Price Decline	1-Year Total Return Post Trough	3-Year Total Return Post Trough	5-Year Total Return Post Trough
Great Depression	Yes	September 1929	June 1932	33	-86.2%	121.4%	117.7%	287.9%
1937 Fed Tightening	Yes	March 1937	March 1938	13	-54.5%	34.8%	36.3%	82.8%
Post World War II Crash	Yes	May 1946	June 1949	37	-29.6%	59.9%	132.8%	206.8%
Eisenhower Recession	Yes	July 1957	October 1957	3	-20.7%	36.2%	52.0%	68.9%
Flash Crash of 1962 / Cold War	No	December 1961	June 1962	7	-28.0%	37.5%	75.0%	107.0%
Tech Crash of 1970	Yes	November 1968	May 1970	18	-35.4%	48.9%	71.3%	56.1%
Stagflation	Yes	January 1973	October 1974	21	-48.2%	44.4%	76.4%	122.9%
Volcker Tightening	Yes	November 1980	August 1982	21	-27.1%	66.1%	111.0%	300.3%
Crash of 1987	No	August 1987	December 1987	3	-33.5%	26.0%	61.1%	127.5%
Tech Bubble	Yes	March 2000	October 2002	31	-49.1%	36.1%	62.4%	118.8%
Global Financial Crisis	Yes	October 2007	March 2009	17	-56.8%	72.3%	115.0%	208.8%
Global Pandemic	Yes	February 2020	March 2020	1	-33.9%	77.8%	85.1%	173.5%
Inflation / Fed Tightening	No	January 2022	October 2022	9	-25.4%	23.6%	91.4%	
Average (13)				17	-40.6%	52.7%	83.6%	155.1%
Median (13)				17	-33.9%	44.4%	76.4%	125.2%
Average (12. Ex. Great Depression)				15	-36.9%	47.0%	80.8%	143.0%
Median (12. Ex Great Depression)				15	-33.7%	41.0%	75.7%	122.9%
Average (3. No Recession)				6	-29.0%	29.0%	75.8%	117.3%

Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

Beware of Dire Market Predictions

As a wealth management firm, we are inundated with a never-ending flow of predictions about what is going to happen in the markets. We also understand that our clients are not isolated from the constant barrage of news, noise, and prognostications as we often have conversations with our clients regarding a so-called expert's prediction on an upcoming market crash. Like a broken clock, these doomsdayers are "right" every now and then when volatility increases and markets sell off.

One of our favorite research pieces is called 'The Armageddonists' from JP Morgan Asset Management. Armageddonists are defined as the "market-watchers, forecasters, and money managers whose apocalyptic comments spread like wildfire in print and online financial news." JP Morgan published the original report with several failed bearish predictions over the period 2010 – 2016. The most recent iteration includes eight dire predictions from notable market commentators during the beginning stages of the Global Pandemic.

The following chart shows the performance of the S&P 500 from 2020 through 2025, and it highlights the date of each gloom-and-doom prediction. We know how this played out. The world did not end during the pandemic and after declining over a 6-week period from February to March 2020, markets began to recover significantly. Since the bottom on March 23, 2020, the S&P 500 has increased by over +230%. Anyone who acted on the bearish advice by selling their equities and retreating to cash likely would have missed out on the subsequent rally, and a taxable investor potentially would have generated a large capital gains tax bill in the process.

Source: Bloomberg and JP Morgan Asset Management. Past performance does not guarantee future results and it is not possible to invest directly into an index.

There Are Always "Reasons to Sell"

The following table displays S&P 500 annual returns from 1975 to 2025 and the primary risk or reason an investor could have been frightened out of the market each year.

An old investment adage is that the stock market climbs a "wall of worry." This simply means that the market has risen over time despite a constant barrage of potential risks that could cause a correction or decline. The market always has risks to overcome and there is never an "all-clear" signal.

The 24-hour news cycle and advent of social media might make it seem as though risks are more prevalent today, but they have always existed. Historically, you might not have found out about economic data or company-specific news until you read about it in the newspaper the next day. Now, everything happens in real-time with a never-ending flow of pundits and articles ready to pontificate about what happened and how it may impact the markets.

We caution our clients not to overreact to one data point, piece of news, or what a so-called market authority might be predicting.

Reasons to Sell Stocks

1975 to 2025: Top Market Risk and S&P 500 Return

Year	Market Risk	Return	Year	Market Risk	Return	Year	Market Risk	Return
1975	Clouded Economic Prospects	37.2%	1992	Global Recession	7.6%	2009	Double Digit Unemployment Numbers	26.4%
1976	Economic Recovery Slows	23.9%	1993	Health Care Reform	10.1%	2010	European Sovereign Debt Crisis	15.1%
1977	Market Slumps	-7.2%	1994	Fed Raises Interest Rates Six Times	1.3%	2011	US Credit Downgrade	2.1%
1978	Interest Rates Rise	6.6%	1995	Mexican Peso Crisis	37.5%	2012	Fiscal Cliff	16.0%
1979	Oil Prices Skyrocket	18.6%	1996	Irrational Exuberance	22.9%	2013	Fed Taper Tantrum	32.4%
1980	Interest Rates at All-Time High	32.5%	1997	Asian Financial Crisis	33.3%	2014	Oil Prices Plunge 50%	13.7%
1981	Steep Recession Begins	-4.9%	1998	Long-Term Capital Management Collapse	28.5%	2015	China Economic Slowdown	1.4%
1982	Worst Recession in 40 Years	21.5%	1999	Y2K	21.0%	2016	Brexit	12.0%
1983	Sluggish Economic Recovery	22.6%	2000	Tech Bubble Burst	-9.1%	2017	High Valuation	21.8%
1984	Record Federal Deficits	6.3%	2001	9/11 Terrorist Attacks	-11.9%	2018	US/China Trade War - Fed Policy Mistake	-4.4%
1985	Economic Growth Slows	31.7%	2002	Recession	-22.1%	2019	US/China Trade War	31.5%
1986	Twin Deficits	18.7%	2003	War in Iraq	28.7%	2020	Covid Pandemic	18.4%
1987	Crash of 1987	5.3%	2004	Rising Interest Rates	10.9%	2021	Covid Pandemic - Stimulus Withdrawal	28.7%
1988	Post-Crash Uncertainty	16.6%	2005	Hurricane Katrina	4.9%	2022	Inflation - Fed Tightening	-18.1%
1989	October "Mini Crash"	31.7%	2006	Housing Bubble	15.8%	2023	Rising Interest Rates - Geopolitics	26.3%
1990	Persian Gulf Crisis	-3.2%	2007	Subprime Lending	5.6%	2024	High Valuation - Market Concentration	25.0%
1991	Persian Gulf War	30.4%	2008	Global Financial Crisis	-37.0%	2025	Reciprocal Tariffs	17.9%

S&P 500 (1975 - 2025): **Total Return: 40,000%.** **Growth of $1: $400.** **Total Annualized Return: +12.5%.**

Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

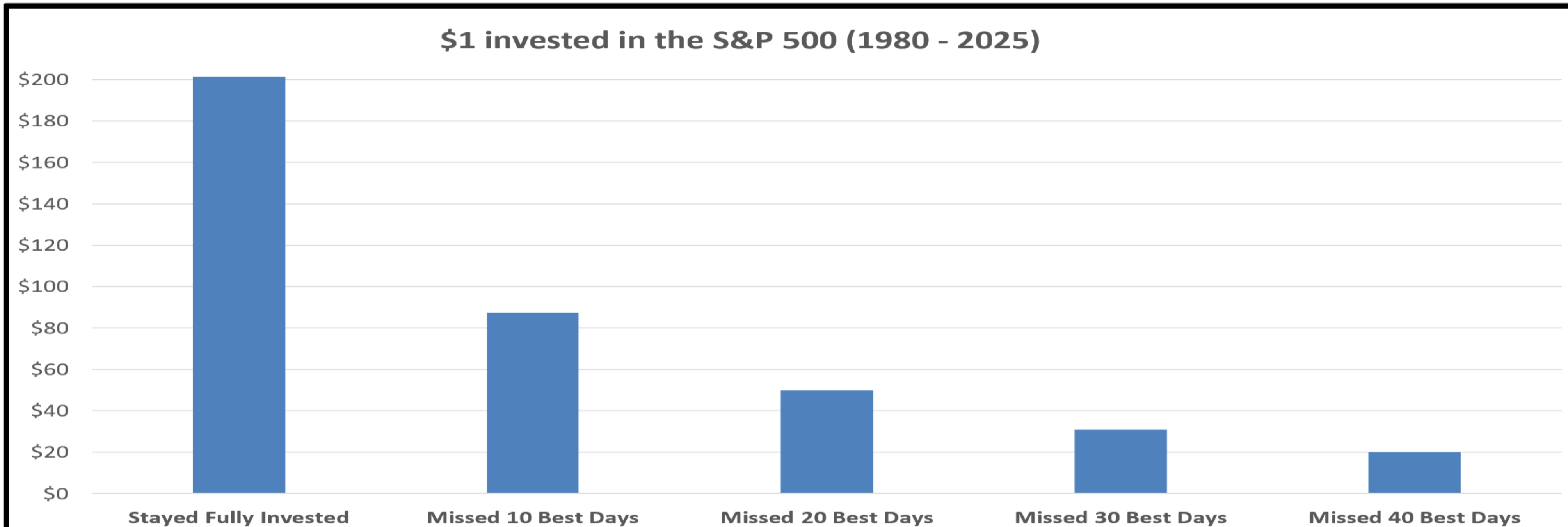
Missing the Best Days Can Crush Investor Returns

Investors who wait on the sidelines for the "optimal" time to buy often miss significant rallies.

A $1 investment in 1980 would have increased to about $201 at the end of 2025. Note: This period includes nearly 11,600 trading days and assumes the individual stayed fully invested. If an investor missed only the 10 best days in the market, their total return would have been less than half. If an investor missed the 40 best days, their return would have been about one tenth. *All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.*

To make things more difficult for market timers, the best days have historically occurred during periods of severe market stress. All ten of the best days in the market over the past forty-five years occurred during periods of significant market stress, including the Global Financial Crisis (2008–2009), the COVID pandemic (2020), the aftermath of the 1987 crash, and recent trade-related volatility (2025). Nervous or frustrated investors who threw in the towel would have missed the subsequent market rebound and possibly devastated their portfolios.

During periods of market turmoil, it is impossible to know when the market bounce will occur, but we do know that missing the rebound has historically had a severe negative impact on total return.



Total Return	**$201**	**$87**	**$50**	**$31**	**$20**
Annualized Return	**12.2%**	**10.2%**	**8.9%**	**7.7%**	**6.7%**

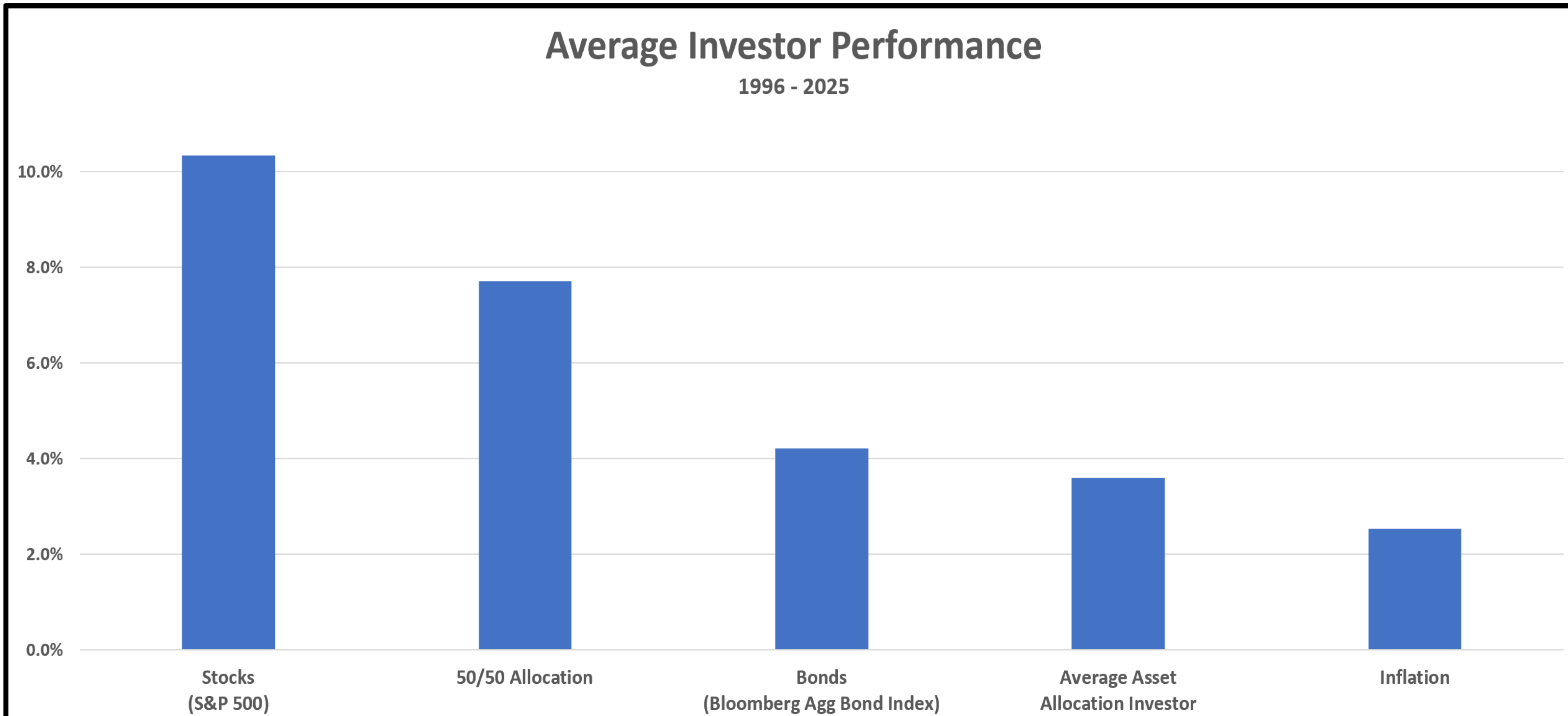
Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

The Average Investor Underperforms Due to Market Timing

The following chart is from a DALBAR study titled Quantitative Analysis of Investor Behavior that displays the annualized returns of various asset classes and the average asset allocation investor for the thirty-year period of 1996 through 2025.

The average asset allocation investor's return is based on an analysis of the net aggregate mutual fund sales, redemptions, and exchanges each month. The study shows that the average investor's return over this period was less than half of stocks and lower than bonds.

Dalbar cites market timing as a primary factor for poor investor performance.



Annualized Return	10.3%	7.7%	4.2%	3.6%	2.5%

Source: Bloomberg and Dalbar Inc. Past performance does not guarantee future results and it is not possible to invest directly into an index.

DALBAR'S Quantitative Analysis of Investor Behavior (QAIB) study examines real investor returns from equity, fixed income and money market mutual funds from January 1996 through December 2025. The study was originally conducted by DALBAR, Inc. in 1994 and was the first to investigate how mutual fund investors' behavior affects the returns they actually earn. https://www.dalbar.com/QAIB/Index

The Benefit of Diversification

Diversification and time are an investor's two best friends. Diversified portfolios can lead to more consistent and less volatile results than a single asset class. *Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance returns or outperform a non-diversified portfolio.*

To highlight the benefits of diversification, we examined the annual total returns of nine asset classes and a diversified asset allocation from 2011 through 2025 (see below for the asset class index key and asset allocation weights). Notice how market leadership rotates from year to year, with asset classes moving from top to bottom performers and back again. The diversified asset allocation has remained consistently near the middle of the rankings, illustrating how diversification can help smooth the impact of changing market leadership.

Asset Class Returns

															2011 - 2025		
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Annualized Return	Annualized Volatility	Sharpe Ratio
Fixed Income 7.8%	Emerging Markets 18.2%	Small Cap 38.8%	Large Cap 13.7%	Large Cap 1.4%	Small Cap 21.3%	Emerging Markets 37.3%	Cash 1.8%	Large Cap 31.5%	Small Cap 19.9%	Large Cap 28.7%	Commodities 16.1%	Large Cap 26.3%	Large Cap 25.0%	Emerging Markets 33.6%	Large Cap 14.0%	Small Cap 19.2%	Large Cap 0.90
High Yield 5.0%	Mid Cap 17.8%	Mid Cap 33.5%	Mid Cap 9.7%	Fixed Income 0.5%	Mid Cap 20.7%	Developed International 25.0%	Fixed Income 0%	Mid Cap 26.2%	Large Cap 18.4%	Commodities 27.1%	Cash 1.5%	Developed International 18.2%	Mid Cap 13.9%	Developed International 31.2%	Mid Cap 10.7%	Mid Cap 17.1%	Asset Allocation 0.74
Large Cap 2.1%	Developed International 17.3%	Large Cap 32.4%	Asset Allocation 7.1%	Cash 0%	High Yield 17.1%	Large Cap 21.8%	High Yield -2.1%	Small Cap 25.5%	Emerging Markets 18.3%	Mid Cap 24.7%	High Yield -11.2%	Small Cap 16.9%	Asset Allocation 12.6%	Large Cap 17.9%	Small Cap 9.5%	Emerging Markets 17.0%	High Yield 0.66
Asset Allocation 1.3%	Small Cap 16.4%	Developed International 22.8%	Fixed Income 6.0%	Asset Allocation -0.8%	Large Cap 11.9%	Mid Cap 16.2%	Large Cap -4.4%	Developed International 22.0%	Mid Cap 13.6%	Small Cap 14.8%	Fixed Income -13.0%	Mid Cap 16.4%	Small Cap 11.5%	Commodities 15.8%	Asset Allocation 8.4%	Developed International 14.8%	Mid Cap 0.54
Cash 0.1%	Large Cap 16.0%	Asset Allocation 17.4%	Small Cap 4.9%	Developed International -0.8%	Commodities 11.8%	Asset Allocation 14.8%	Asset Allocation -4.6%	Asset Allocation 20.7%	Asset Allocation 12.5%	Asset Allocation 14.3%	Mid Cap -13.1%	Asset Allocation 16.1%	High Yield 8.2%	Asset Allocation 14.8%	Developed International 6.6%	Large Cap 14.0%	Small Cap 0.42
Mid Cap -1.7%	High Yield 15.8%	High Yield 7.4%	High Yield 2.5%	Mid Cap -2.2%	Emerging Markets 11.2%	Small Cap 14.6%	Small Cap -11.0%	Emerging Markets 18.4%	Developed International 7.8%	Developed International 11.3%	Developed International -14.5%	High Yield 13.4%	Emerging Markets 7.5%	Small Cap 12.8%	High Yield 6.0%	Commodities 13.8%	Developed International 0.35
Small Cap -4.2%	Asset Allocation 11.9%	Cash 0%	Cash 0%	Small Cap -4.4%	Asset Allocation 8.8%	High Yield 7.5%	Mid Cap -11.1%	High Yield 14.3%	Fixed Income 7.5%	High Yield 5.3%	Asset Allocation -14.6%	Emerging Markets 9.8%	Commodities 5.4%	High Yield 8.6%	Emerging Markets 3.8%	Asset Allocation 9.4%	Fixed Income 0.22
Developed International -12.1%	Fixed Income 4.2%	Fixed Income -2.0%	Emerging Markets -2.2%	High Yield -4.5%	Fixed Income 2.6%	Fixed Income 3.5%	Commodities -11.2%	Fixed Income 8.7%	High Yield 7.1%	Cash 0.0%	Large Cap -18.1%	Fixed Income 5.5%	Cash 5.3%	Mid Cap 7.5%	Fixed Income 2.4%	High Yield 6.9%	Emerging Markets 0.14
Commodities -13.3%	Cash 0.1%	Emerging Markets -2.6%	Developed International -4.9%	Emerging Markets -14.9%	Developed International 1.0%	Commodities 1.7%	Developed International -13.8%	Commodities 7.7%	Cash 0.5%	Fixed Income -1.5%	Emerging Markets -20.1%	Cash 5.1%	Developed International 3.8%	Fixed Income 7.3%	Cash 1.5%	Fixed Income 4.4%	Cash 0
Emerging Markets -18.4%	Commodities -1.1%	Commodities -9.5%	Commodities -17.0%	Commodities -24.7%	Cash 0.3%	Cash 0.8%	Emerging Markets -14.6%	Cash 2.2%	Commodities -3.1%	Emerging Markets -2.5%	Small Cap -20.5%	Commodities -7.9%	Fixed Income 1.3%	Cash 4.3%	Commodities -1.1%	Cash 0.5%	Commodities -0.19

Asset Class Key

Large Cap:	S&P 500	Developed International:	MSCI EAFE
Mid Cap:	S&P 400	Emerging Markets:	MSCI Emerging Markets
Small Cap:	Russell 2000	High Yield	Bloomberg US Corporate High Yield
Fixed Income:	Bloomberg US Aggregate Bond	Treasury Bills:	Bloomberg 1-3M Treasury Bills
Commodities:	Bloomberg Commodity Total Return Index		

Asset Allocation Weights

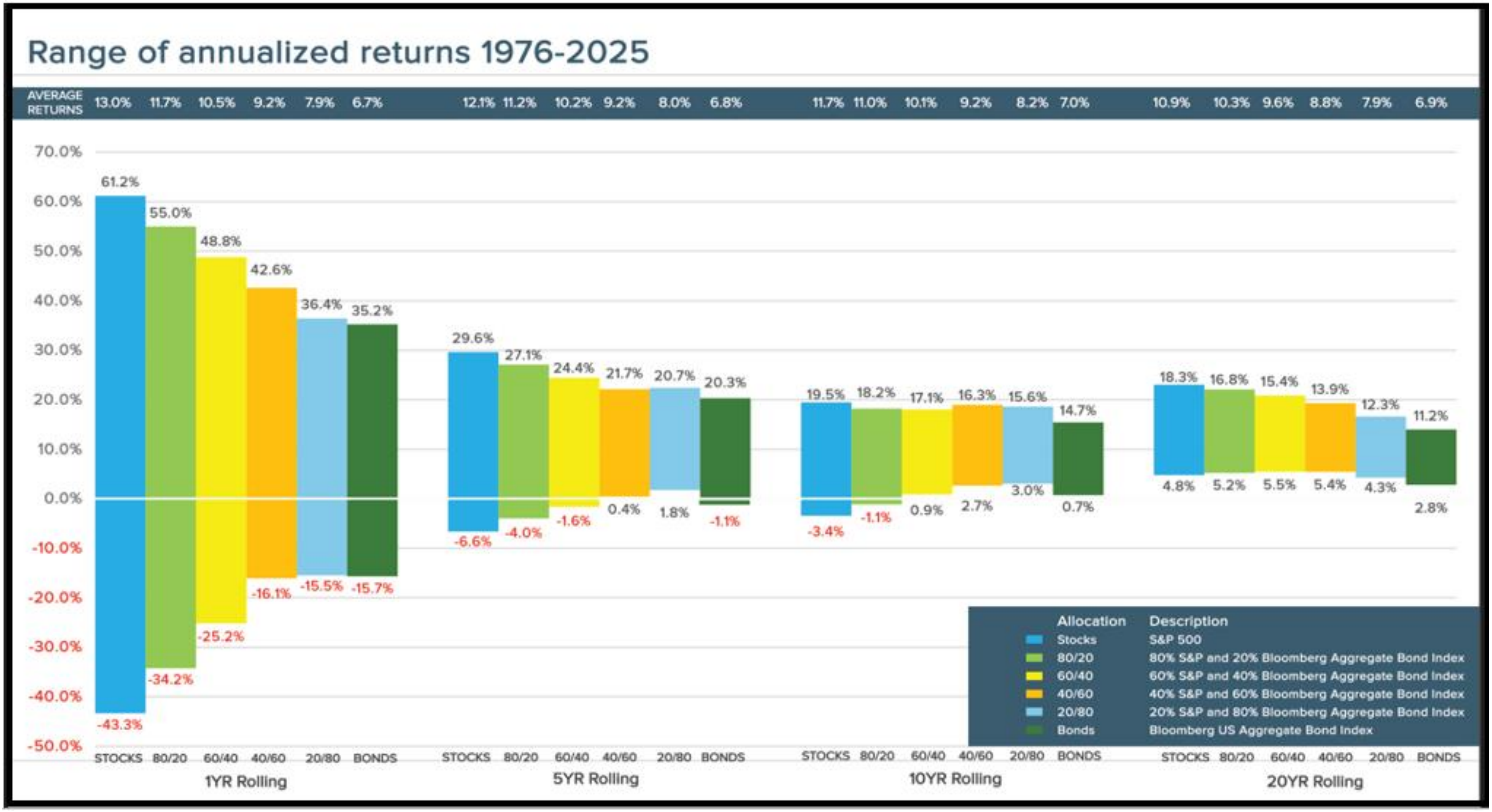
Large Cap:	40%	Developed International:	9%	Fixed Income:	30%
Mid Cap:	4%	Emerging Markets:	3%	Treasury Bills:	3%
Small Cap:	4%	High Yield	5%	Commodities:	2%

Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

The Value of Time

The following chart displays the historical high, low, and average annualized returns of various stock and bond benchmarks over rolling periods from 1976 to 2025.

As the rolling time period increases, the range of outcomes narrows as the highs and lows become less extreme. Our key takeaway from this chart is that the longer the time period, the greater the historical likelihood of generating a positive return. Over the short-term, markets can be extremely volatile with severe drawdowns occurring suddenly. Over the long-term, markets have historically increased and rewarded those who stayed invested. *Past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon when investing.*

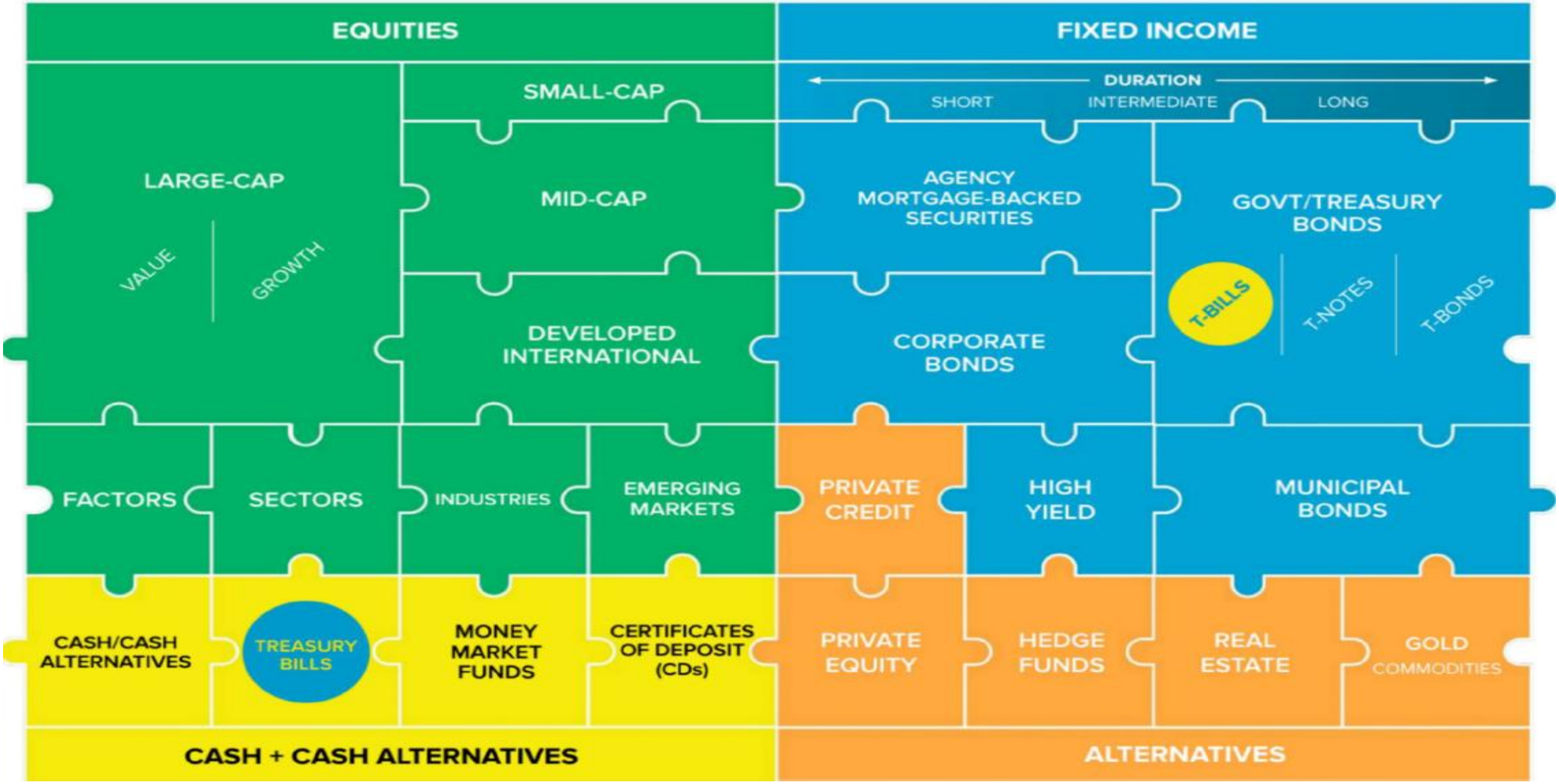


Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

The Importance of Asset Allocation

Asset allocation is the process of strategically distributing investments across various asset categories — such as equities, fixed income, alternatives, and cash — to seek an optimal balance between risk and return. We believe the ideal asset allocation is personalized, reflecting each investor's unique financial goals, risk tolerance, and investment time horizon. *Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.*

Asset allocation investing is akin to assembling a complex puzzle, where each asset class represents a unique piece contributing to the overall picture of a well-balanced portfolio. Similar to puzzle pieces that vary in shape, size, and color, different asset classes offer distinct characteristics, return potential, and risk profiles. Some pieces fit together seamlessly, seeking stability and income, while others add growth potential.

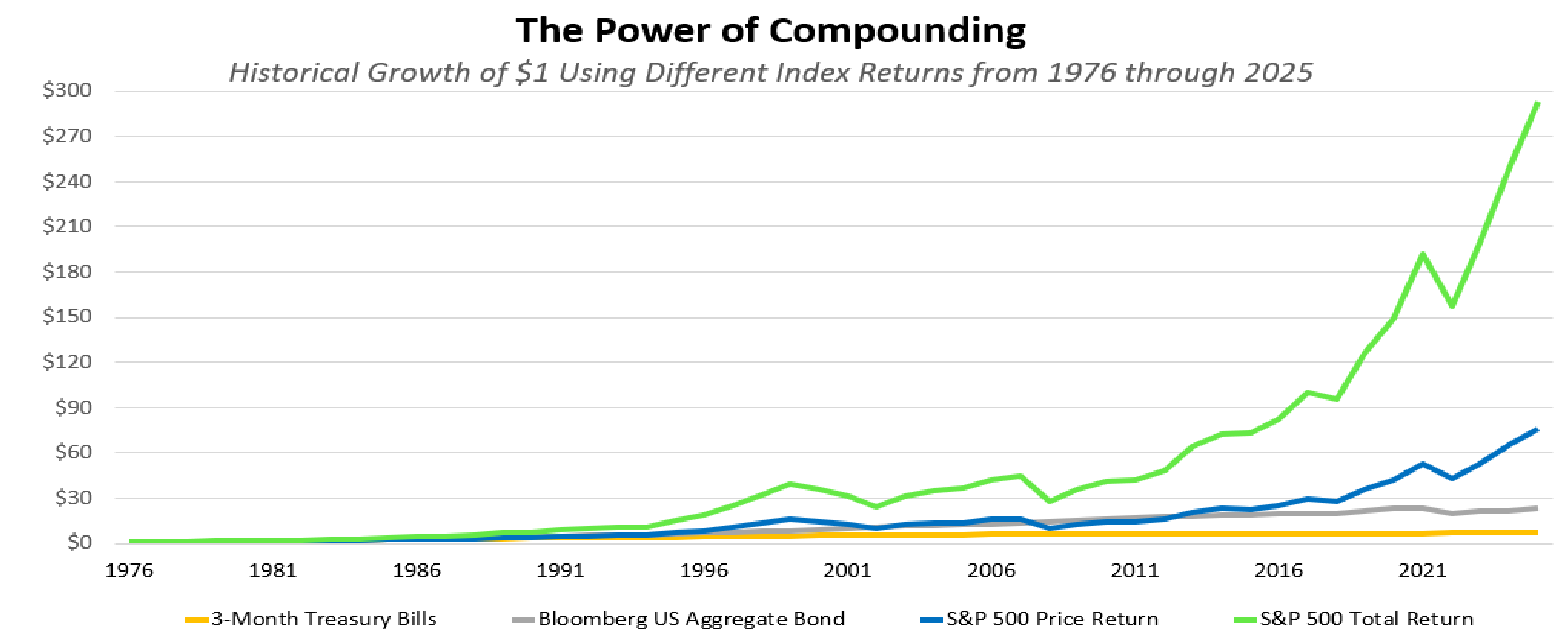


Source: Winthrop Wealth

The Power of Compounding

Compound growth refers to the return on an initial amount of money (principal), as well as on any accumulated earnings (interest, dividends, and/or price appreciation). The power of compounding, which becomes more noticeable over time, is the ability to add accumulated earnings onto the initial principal each period. Although compounding offers the potential for substantial growth over long periods, it requires consistency and discipline. *All investing involves risk. No strategy guarantees success.*

To better illustrate this concept, the graph below demonstrates the historical growth of $1 invested in various indices from 1976 to 2025. Although these indices have different risk-return profiles, all have shown the historical ability to compound returns over long periods. *All indexes mentioned are unmanaged and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.*



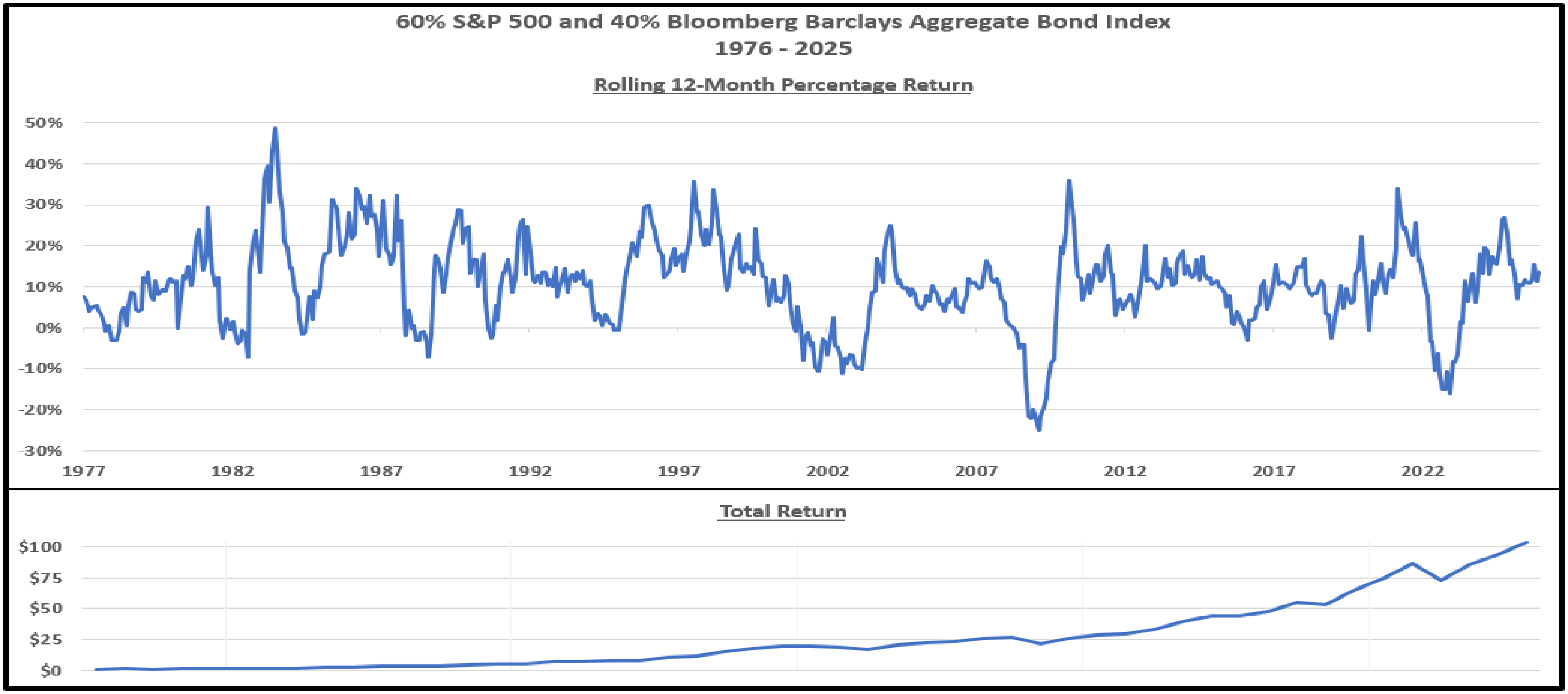
Index	Annualized Return	Growth of $1
3-Month Treasury Bills	4.02%	$7
Bloomberg US Aggregate Bond	6.48%	$23
S&P 500 Price Return	9.04%	$76
S&P 500 Total Return	12.03%	$293

Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

Withdrawing Money

One of the most common and costly mistakes an investor can make is to not plan for a scheduled cash flow need in advance, and then fund it by selling equities AFTER a significant market decline. A major component of our Total Net Worth Approach to comprehensive financial planning and investment management is to identify and account for upcoming cash flow needs. We often invest at least two to three years' worth of scheduled cash flows in conservative ultra-short fixed income to reduce the likelihood of having to sell risk assets after a market decline to fund distributions.

The following graphic illustrates our approach to funding distributions. The chart displays the rolling 12-month return and cumulative total return of a benchmark comprised of 60% S&P 500 and 40% Bloomberg Aggregate Bond Index from 1976 through 2025. The rolling 12-month percentage return portion shows that returns can vary significantly over annual periods. When equity markets are strong, we frequently fund distributions from equity holdings, which means we are trimming stocks into strength. When equity markets are weak, we often fund distributions from the more conservative fixed income holdings. *All indexes mentioned are unmanaged and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.*



Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

Investing New Money

One of the biggest fears investors have is putting new money to work immediately before a significant market decline. To better understand this scenario, we examined both the short- and long-term impacts.

The following chart displays the performance of the S&P 500 during the last ten bear markets going back to 1950. In our two scenarios, the investor puts money to work at a "terrible" time, either 30- or 90-days before the eventual bear market bottom.

This study illustrates that time invested in the market matters more than investing at the perfect time. In investing, perfect can be the enemy of good. While it would be nice to make the perfect investment at the market bottom, if you believe the current environment is at least a good time to invest, then we suggest putting a portion of your capital to work. No one knows when the ultimate market bottom will occur since it can only be identified in hindsight (although this will not stop the pundits from guessing). *Historically, equity markets have recovered from recessions and downturns; however, past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon when investing.*

At Winthrop Wealth, we work closely with our clients to execute a transparent plan to invest new money. Our preferred method to put new money to work is to agree to an investing schedule with some flexibility that aims to make the client feel confident in the process. Rather than attempting to wait for the perfect time to buy, our approach allows us to make a series of buys and to save some dry powder as new opportunities arise. This increases the likelihood that some of our purchases may be made at attractive prices. In our opinion, our methodical approach is far more effective than trying to find the perfect time to invest everything at once. *No strategy assures success and all investing involves risk, including loss of principal.*

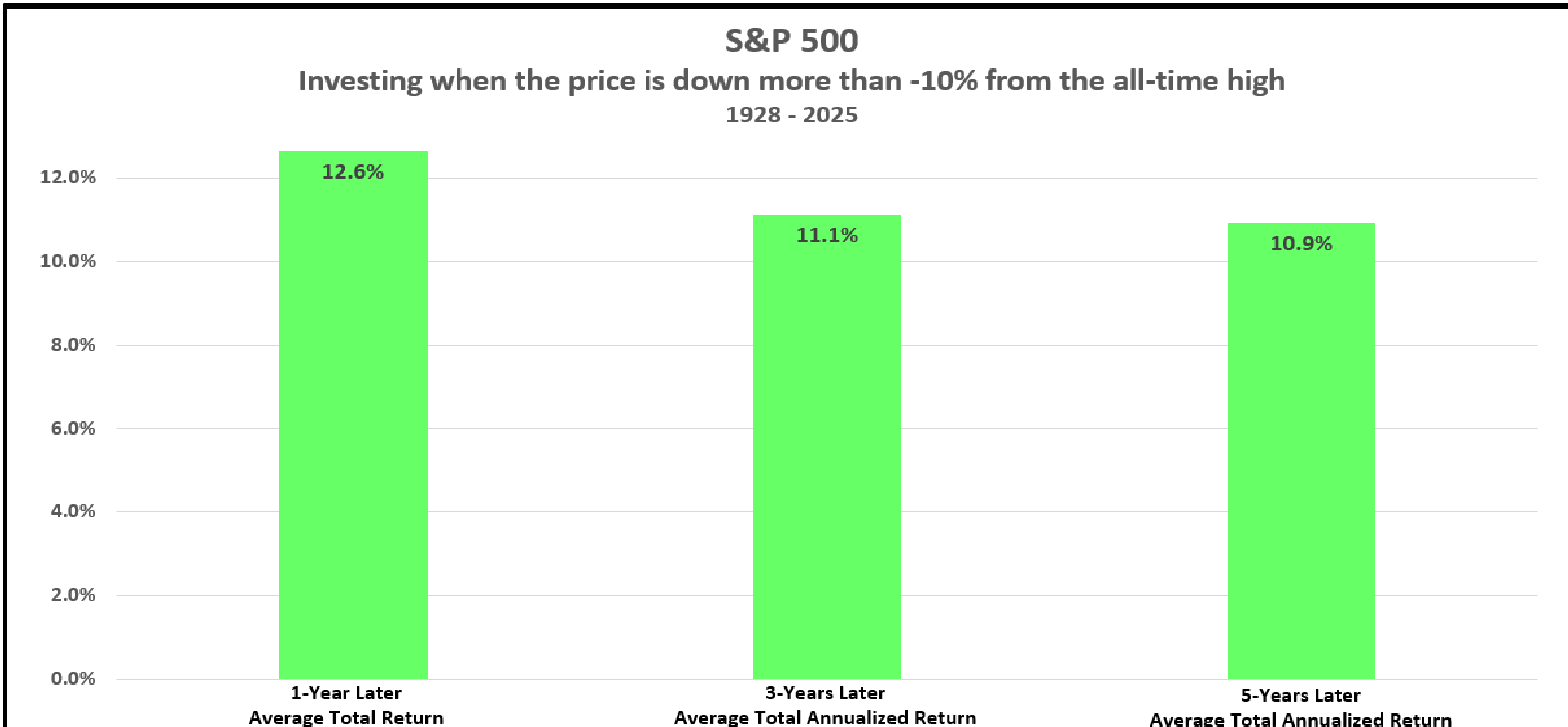
S&P 500 Bear Markets (1950 - 2024)				Invest 1-Month Before Market Bottom			Invest 3-Months Before Market Bottom		
Bear Market	Market Peak	Market Bottom	Price Decline	1-Month Total Return	12-Month Total Return	24-Month Total Return	3-Month Total Return	12-Month Total Return	24-Month Total Return
Eisenhower Recession	July 1957	October 1957	-20.7%	-9.8%	17.3%	35.8%	-19.0%	-0.1%	32.0%
Flash Crash of 1962 / Cold War	December 1961	June 1962	-28.0%	-12.0%	21.8%	44.6%	-24.8%	-1.5%	20.9%
Tech Crash of 1970	November 1968	May 1970	-35.4%	-16.0%	30.2%	38.4%	-21.7%	12.6%	27.2%
Stagflation	January 1973	October 1974	-48.2%	-11.3%	27.8%	60.6%	-24.6%	18.3%	35.8%
Volcker Tightening	November 1980	August 1982	-27.1%	-5.9%	58.9%	50.7%	-11.8%	47.4%	48.0%
Crash of 1987	August 1987	December 1987	-33.5%	-9.8%	16.3%	45.6%	-28.7%	-13.4%	20.0%
Tech Bubble	March 2000	October 2002	-49.1%	-13.8%	15.4%	28.1%	-15.9%	9.6%	24.3%
Global Financial Crisis	October 2007	March 2009	-56.8%	-21.8%	25.6%	58.5%	-23.3%	26.4%	45.1%
Global Pandemic	February 2020	March 2020	-33.9%	-32.8%	19.1%	34.5%	-30.3%	16.6%	51.4%
Inflation / Fed Tightening	January 2022	October 2022	-25.4%	-12.9%	10.4%	39.4%	-5.2%	20.9%	52.9%
Average			**-35.8%**	**-14.6%**	**24.3%**	**43.6%**	**-20.5%**	**13.7%**	**35.8%**

Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

Investing After Market Declines

The following chart utilizes S&P 500 month-end data from 1928–2025 and shows the subsequent 1-, 3-, and 5-year total return following an initial investment made while the index price was more than 10% below its all-time high. Historically, investing after market declines has produced both strong average annualized returns and a high percentage of positive outcomes.

During difficult market periods, we believe those who were able to either stay invested, rebalance, or add to their existing holdings will eventually be rewarded. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon.*



Percent of Positive Returns

1-Year Later	3-Years Later	5-Years Later
75%	85%	90%

Source: Bloomberg. Past performance does not guarantee future results and it is not possible to invest directly into an index.

Disclosures

This material is provided for informational and educational purposes only and should not be construed as individualized investment, tax, legal, or financial planning advice. The information is not intended as a recommendation to buy, sell, or hold any security, investment strategy, or asset class, and should not be relied upon as the sole basis for making investment decisions. Investors should consult with their financial, tax, and legal professionals regarding their individual circumstances before making any investment decision.

The views expressed are based on market and economic conditions as of the date of publication and are subject to change without notice. Forward-looking statements, market commentary, opinions, and expectations may not develop as anticipated. There can be no assurance that any investment strategy, planning approach, or market expectation discussed will be successful.

Past performance is not indicative of future results. All investing involves risk, including the possible loss of principal. Investment returns and principal values will fluctuate, and investors may experience gains or losses. No investment strategy, asset allocation, or planning technique can guarantee a profit, prevent a loss, or eliminate market risk.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

Unless otherwise noted, charts, examples, and statistics are based on historical market data from sources believed to be reliable, including Bloomberg and other third-party sources identified in the piece. Winthrop Wealth has not independently verified all third-party data and does not guarantee its accuracy or completeness.

Certain charts and examples use historical index data to illustrate general investment concepts, including long-term market growth, market volatility, market timing, diversification, rolling returns, compounding, cash flow planning, and investing during or after market declines. Some examples may reflect hypothetical or illustrative scenarios because they apply assumptions, timing rules, hindsight-based market periods, or index-based calculations that were not actually achieved by any client account or specific investment strategy.

Hypothetical and illustrative results are provided solely to demonstrate investment principles and should not be interpreted as actual client performance, projected performance, or a guarantee of future results. Hypothetical results have inherent limitations, may be prepared with the benefit of hindsight, and may not reflect the impact of real-world investment constraints, investor behavior, market liquidity, portfolio changes, advisory fees, trading costs, taxes, expenses, or other factors that would reduce returns. Actual results will vary.

Index returns are unmanaged and cannot be invested in directly. Index performance does not reflect the deduction of advisory fees, transaction costs, taxes, expenses, or other charges, all of which would reduce returns. Indexes are used for illustrative and comparative purposes only and may not be representative of any client portfolio or investment strategy.

Asset allocation and diversification are intended to manage risk but do not ensure a profit or protect against loss. A diversified portfolio may not outperform a non-diversified portfolio, and diversification does not protect against market risk. Rebalancing, tax-loss harvesting, and other portfolio management techniques may involve costs, tax consequences, or other considerations and may not be appropriate for all investors.

Financial planning is intended to review a client’s current financial situation, investment objectives, risk tolerance, time horizon, and goals, and to suggest potential planning ideas and concepts that may be beneficial. There is no guarantee that financial planning will help a client reach any particular goal. Winthrop Wealth’s Total Net Worth Approach applies only to clients who receive both comprehensive financial planning and investment management services under agreement.

DALBAR's Quantitative Analysis of Investor Behavior (QAIB) study examines investor returns using mutual fund sales, redemptions, and exchanges. DALBAR's methodology and findings are provided by DALBAR, Inc. and are included for informational purposes only. The average investor results shown in the piece do not represent the performance of any Winthrop Wealth client account or investment strategy.

Index Glossary

S&P 500 Index: A capitalization-weighted index of 500 large-cap U.S. companies and commonly used as a measure of broad U.S. equity market performance.

S&P MidCap 400 Index: An index designed to measure the performance of mid-sized U.S. companies.

Russell 2000 Index: An index that measures the performance of approximately 2,000 small-cap U.S. companies.

MSCI EAFE Index: An index designed to measure developed market equity performance outside the U.S. and Canada.

MSCI Emerging Markets Index: An index designed to measure equity market performance in global emerging markets.

Bloomberg U.S. Aggregate Bond Index: An index that measures the U.S. investment-grade fixed income market, including government and corporate bonds.

Bloomberg U.S. Corporate High Yield Bond Index: An index that represents fixed-rate, non-investment-grade corporate debt.

Bloomberg U.S. Treasury Bills 1–3 Month Index: An index designed to measure short-term U.S. Treasury bill performance.

Bloomberg Commodity Total Return Index: An index that reflects returns from a diversified basket of commodity futures contracts and collateral returns.

Sources

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