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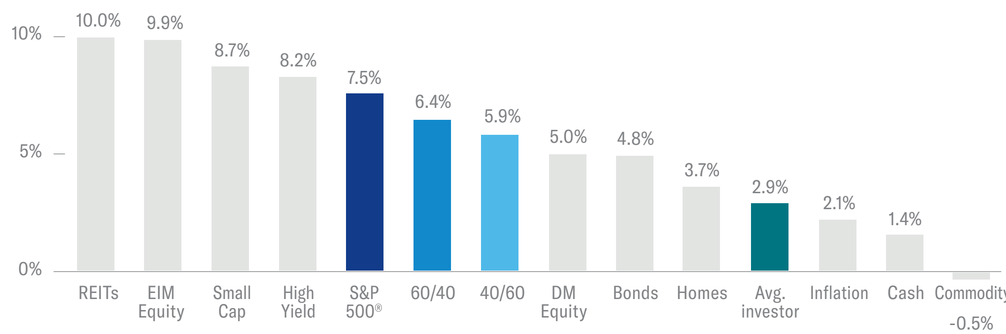
Worried about volatility?

Volatility, or dramatic price swings, can hurt long-term investors by drawing down portfolio values and forcing investors to extend the time horizon required to meet their financial goals. Volatility may also tempt investors to sell holdings precisely at the point valuations are becoming more attractive.

Maintain a long-term perspective

Volatility, or market turmoil, may tempt you to change your long-term target allocation. Investors sometimes believe they can protect themselves by selling equities in a downturn. Typically, however, downturns tend to be short-lived. Attempting to time the market as an emotional response may result in lower returns for the average investor over time.

20-year annualized returns by asset class (2001-2020)



Source: J.P. Morgan Asset Management, Dalbar Inc. (see reverse side for indices used).

Help keep emotion out of the equation

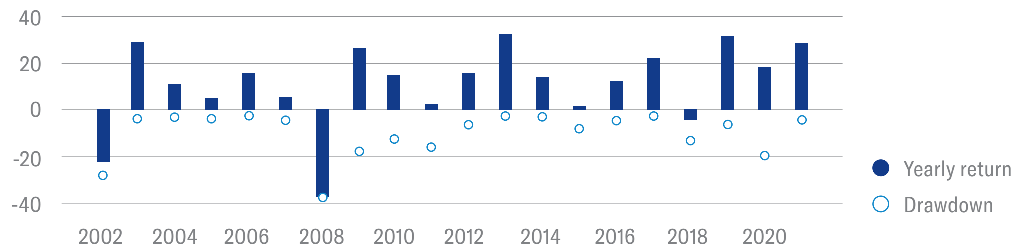
Nearly half (46%) of investors say market volatility makes their lives stressful.[1] Volatility-management strategies attempt to alleviate that stress by smoothing out returns — they may not participate in the market's highest peaks, but may have lower risk, as measured by standard deviation, during down markets.

The good news? There is evidence strategies to manage volatility may reduce risk without sacrificing a great deal of return. For instance, an investor who added 40% U.S. bonds to an all-stock portfolio, one simple volatility-management technique, over the past 10 years would have experienced 39% less volatility while giving up only 33% of return. Purchasing the S&P 500®'s lowest volatility components, another volatility-management tool, also produced almost 21% less volatility while giving up only 13% of return.[2]

Market ups and downs are normal

Volatility is a natural aspect of the investment markets — the result of factors, such as information flow, shifting investor demand for safety and even emotional investing. Regardless of what type of investment you're looking at, periods of large price swings can be a normal part of life.

U.S. stock market total return vs. max annual market drop



Past performance is no indication of future results. Source: Equitable Investment Management and Morningstar Direct for the period ending December 31, 2021. Drawdowns represent the largest drop from peak to trough during the calendar year. For U.S. equities as measured by the S&P 500® Index considered representative of the performance of the entire U.S. large-cap stock market. An index does not reflect the impact of fees and expenses on investing, and an individual cannot invest directly in an index.

Over the course of two decades and 17 years of positive annual returns, U.S. equities have experienced annual drawdowns averaging 10.3%. Drawdowns have ranged from -3% to as much as -38% in that time period.

Index definitions: The Standard & Poor's 500® Index is an unmanaged weighted index of common stocks of 500 of the largest U.S. companies, deemed by Standard & Poor's to be representative of the larger-capitalization portion of the U.S. stock market. The S&P 500® Low Volatility Index measures performance of the 100 least volatile stocks in the S&P 500®. The index benchmarks low volatility or low-variance strategies for the U.S. stock market. The Bloomberg U.S. Aggregate Bond Index (the Aggregate Index) is an unmanaged index considered representative of the U.S. investment-grade fixed-rate bond market. It includes government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-backed securities.

Indices used on front are as follows: **REITs:** FTSE NAREIT All Equity REITs Index measures the performance of all tax-qualified REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria. A REIT is a company that owns, and in most cases, operates income-producing real estate. **Small cap:** Russell 2000® Index, an unmanaged index which measures the performance of approximately 2,000 of the smallest companies in the Russell 3000® Index, which represents approximately 10% of the total market capitalization of the Russell 3000® Index. **EM Equity:** Morgan Stanley Capital International (MSCI) Emerging Markets Index℠, a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. **DM Equity:** MSCI EAFE® Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. **Commodity:** Bloomberg Commodity Index is calculated on an excess return basis and reflects commodity futures price movements. **High Yield:** Bloomberg Global High Yield Index, a multi-currency flagship measure of the global high yield debt market. The index represents the union of the U.S. High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. **Bonds:** The Aggregate Index. **Homes:** Median sale price of existing single-family homes. **Cash:** Bloomberg 1-3 Month U.S. Treasury Bill Index includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have $250 million or more of outstanding face value. **Inflation:** Consumer Price Index. **60/40:** A balanced portfolio with 60% invested in S&P 500® Index and 40% invested in the Aggregate Index. The portfolio is rebalanced annually. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending December 31, 2020, to match Dalbar's most recent analysis.

1 "Wells Fargo/Gallup Investor and Retirement Optimism Index Survey." December 10, 2016.

2 Equitable Investment Management Group, LLC with data from Morningstar, Inc., as of March 31, 2021. Balanced portfolio consists of U.S. equities measured by the S&P 500® (60%) and U.S. bonds measured by the Aggregate (40%). U.S. equities and low-volatility U.S. equities represented by the S&P 500® and the S&P 500® Low Vol, respectively.

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