As another strong quarter for investment markets ends and I reflect on early April, I must admit that ending the quarter at/near market highs was not always the most likely outcome. Reflecting on the last six years, the March/April time period has been exceedingly interesting and volatile from a stock market perspective.

First, in 2020, we all remember the market dynamics of COVID-a 35% market decline followed by more than a 50% bounce off those March lows. In 2022, the markets struggled throughout most of the year including the first quarter where inflation-related concerns became apparent to all market participants as equity markets declined and bond yields soared leading us to the worst bond market in generations. Then, in March of 2023, the failure of Silicon Valley Bank (SVB) caused fears of a run on the bank and contagion effects to other banks. Luckily, the spillover was minimal, and the economy continued to operate normally. Earlier this year, there were tariffs. The market fell 21% in a matter of days as the administration released their reciprocal tariff policy. A few days later, the tariffs were paused for 90 days and the market jumped nearly 10% in just one day and ended the quarter at the new all-time highs.

The commentaries/updates we sent to clients in 2020 during the COVID downturn compared the market to a roller coaster and the importance of weathering the ups and downs and all the related emotions throughout the entire ride. It is easy to lose track of just how often the market is volatile.

Throughout all of it the market continues to trend higher, yet people continue to be drawn to the volatility of the stock market and roller coasters. Both cause significant amounts of anxiety from time to time. Neither “feels” safe. For the last 100 years, investing in the stock market has been the best way to create real (after inflation) wealth, but for many that haven’t been able to ride through the ups and downs, it has been a tool of wealth destruction. The odds of getting seriously injured on a roller coaster are 1 in 15.5 million rides (according to Google’s AI). Similarly, the odds of losing money over a 20-year period in a broadly diversified investment portfolio are incredibly low. However, if you decide to jump out of your safety equipment in the middle of Millennium Force at Cedar Point, you are going to end up badly injured. The safety in both roller coasters and investment markets comes in building a carefully designed ride and staying on the ride until the end. We must trust that all the ups and downs, twists and turns, spirals, and loopty loops will eventually get us where we want to go.

All of this is rooted in human behavior. The adrenaline rush that comes with roller coasters is the same adrenaline rush that comes with excitement when we see the value of our investment portfolios growing and fear when we see the value declining. That prompts the fight or flight response of our nervous system. When a human instinct for fight or flight kicks in, it is essentially saying DO SOMETHING NOW! However, good investment managers know that the right answer is usually “do nothing.” As one of my early investment mentors would often say “Don’t just do something, sit there.” It’s counterintuitive, it’s hard, it goes against everything our bodies and emotions are telling us to do. However, if you put $1,000 in the S&P 500 on January 1, 2019, and just sat there through 6/26/2025 you would have experienced growth of 145% and your $1,000 would now be worth well over $2,000. If you let your brain think through the implications of the worst pandemic in a century, the worst bond market in a century, the failure of multiple US banks, and the most aggressive tariff policy in a century you may have jumped off the roller coaster mid ride and sustained an injury to your financial portfolio. Trusting that the ride is going to help get you where you want to go and help you reach your financial goals is what we are here to help you accomplish.

A financial plan is a great way to help ease some of the worries, but math can't always soothe the emotions of a declining market. That's why Legacy is here to build client relationships grounded in understanding, trust, and a disciplined investment process. We are here for you when you need to talk about the uncertainties. We won't have all the answers, but we will ask questions, get to know what goals you are trying to achieve, and provide our best recommendations to help you get there. At the end of the ride, who knows, maybe you will have a couple extra dollars to go for a ride on a roller coaster, just make sure to stay strapped in until the end.