



UNDERSTANDING CURRENT MARKET VOLATILITY

Q&A

WITH JIM HOLTZMAN, CFP®

Presented By
James J. Holtzman, CFP®
CEO, President and Wealth Advisor
Legend Financial Advisors, Inc.®

JAMES J. HOLTZMAN, CFP®



James J. Holtzman, CFP®, is the CEO, President and Wealth Advisor with Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Jim has been selected nine consecutive times by *Medical Economics* as one of “The 150 Best Financial Advisors for Doctors in America.”

Mr. Holtzman has been selected five times by *Dental Products Report* as one of “The Best Financial Advisors for Dentists in America”.

Jim has also been previously selected three times by *Pittsburgh Magazine* as one of the Pittsburgh area’s FIVE STAR Wealth Managers, a list that represents the most elite financial advisors in Pittsburgh.

With over 20 years of experience, Jim assists all types of clients with their financial planning and investment needs. Jim’s extensive skill set includes providing financial advice to retirement-focused clients, medical and dental practices, and businesses.

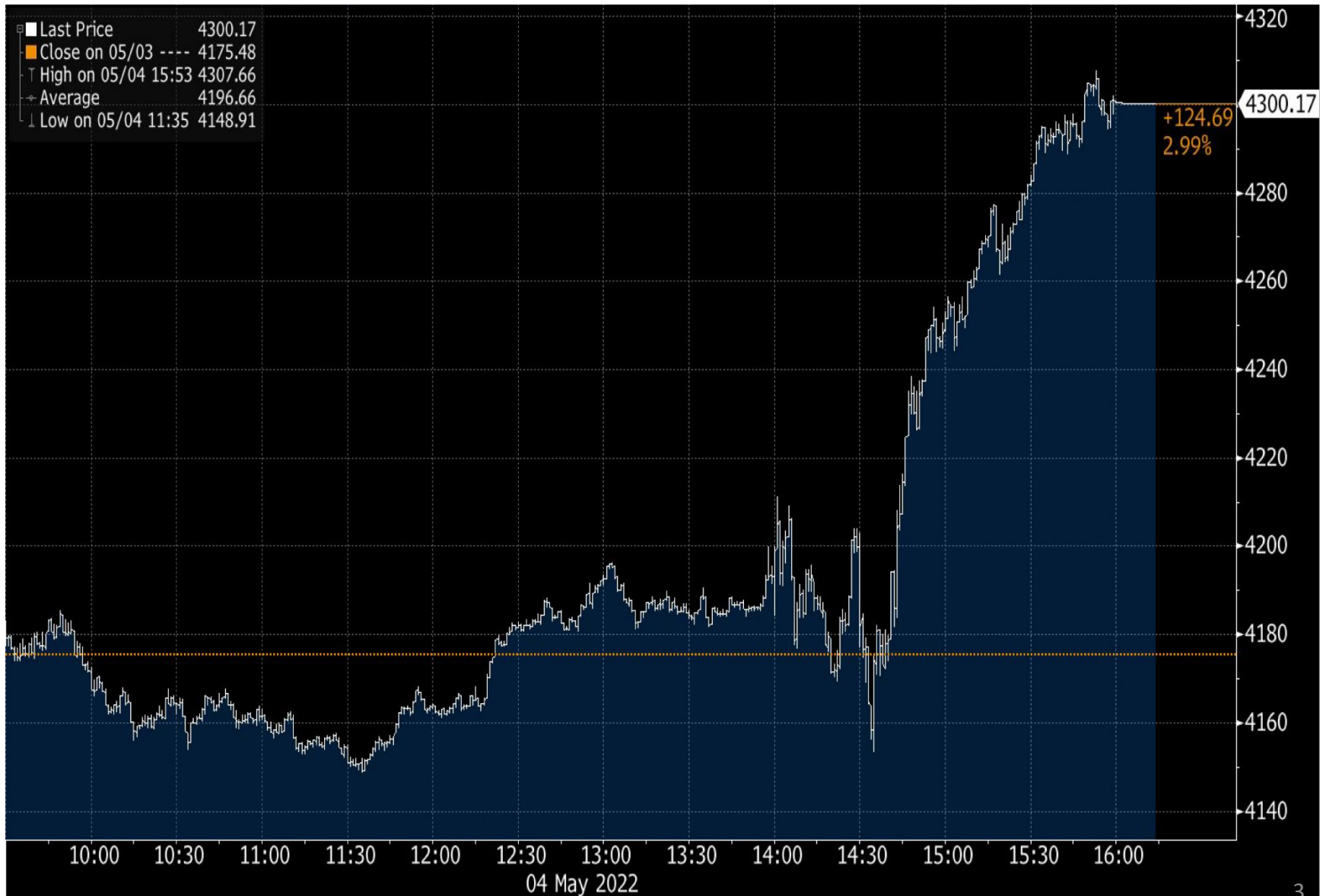
Jim serves as the firm’s Income Tax and Education Funding and Planning Specialist.

Jim’s previous professional experience includes employment with various CPA and Financial Advisory organizations where he provided tax, accounting, auditing and financial consulting services to individuals and businesses. Jim has also provided financial advice to various Fortune 500 and public company executives.

Jim’s areas of concentration include income tax planning, estate planning, stock option exercise planning, insurance, retirement planning and Section 529 Plans.

Mr. Holtzman was selected by *Pittsburgh Business Times* as one of the 2013 Fast Tracker's, which honors leaders in the Pittsburgh area's business community who've had a significant impact on the growth of their organization.

May 4, 2022 – S&P 500



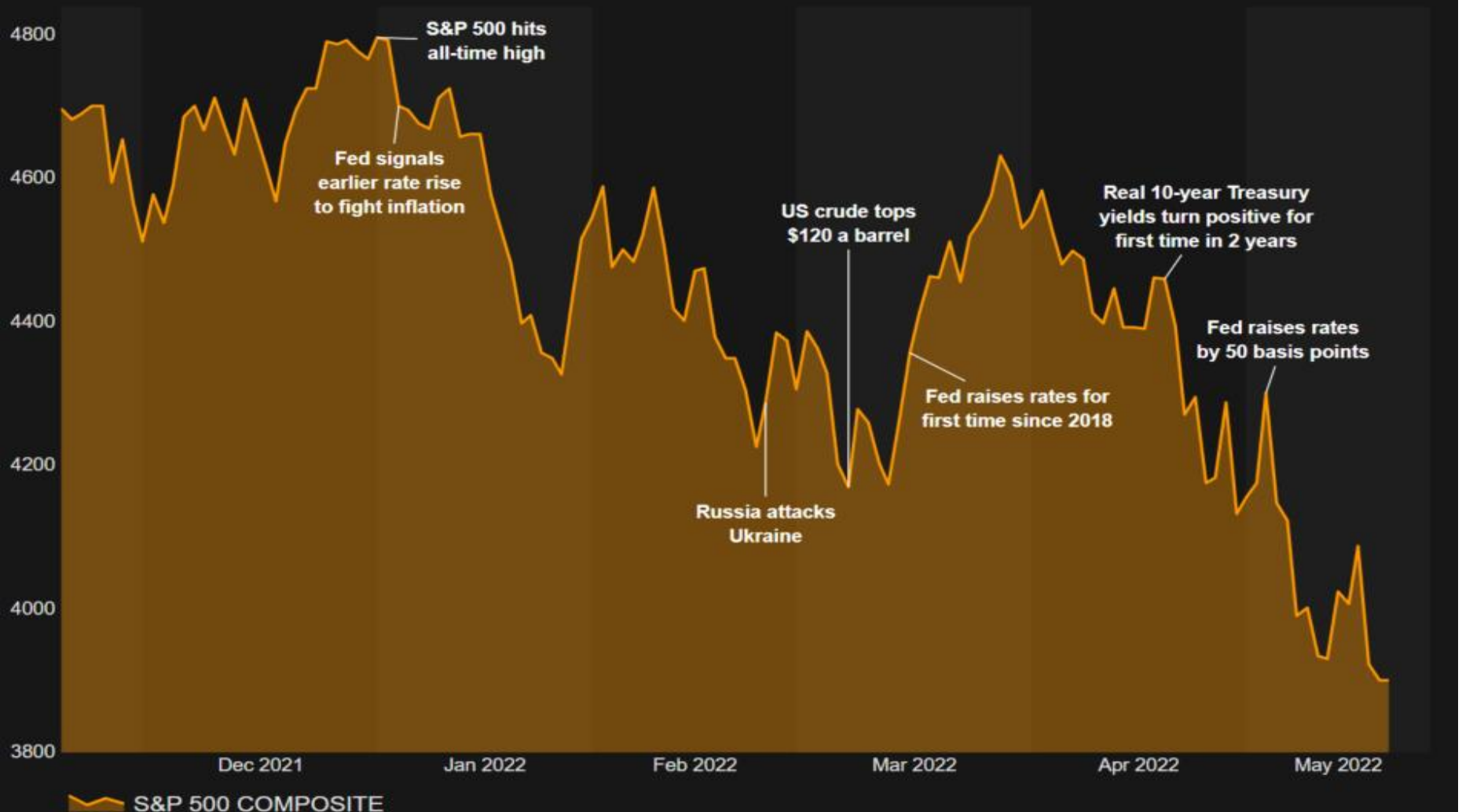
MAY 5, 2022 – S&P 500



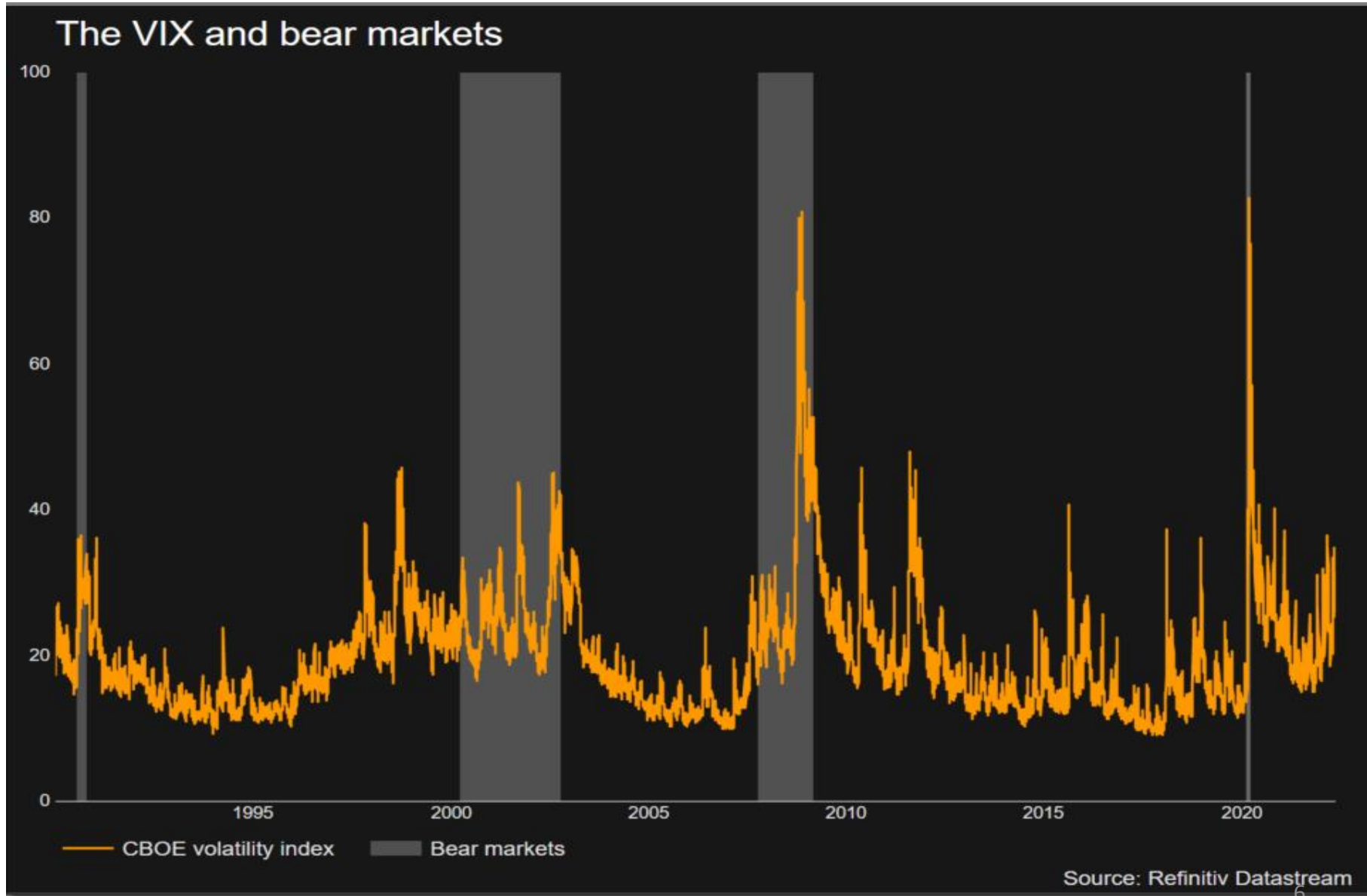
S&P 500, On The Way Down

S&P 500, on the way down

Key moments for the stock market in 2022

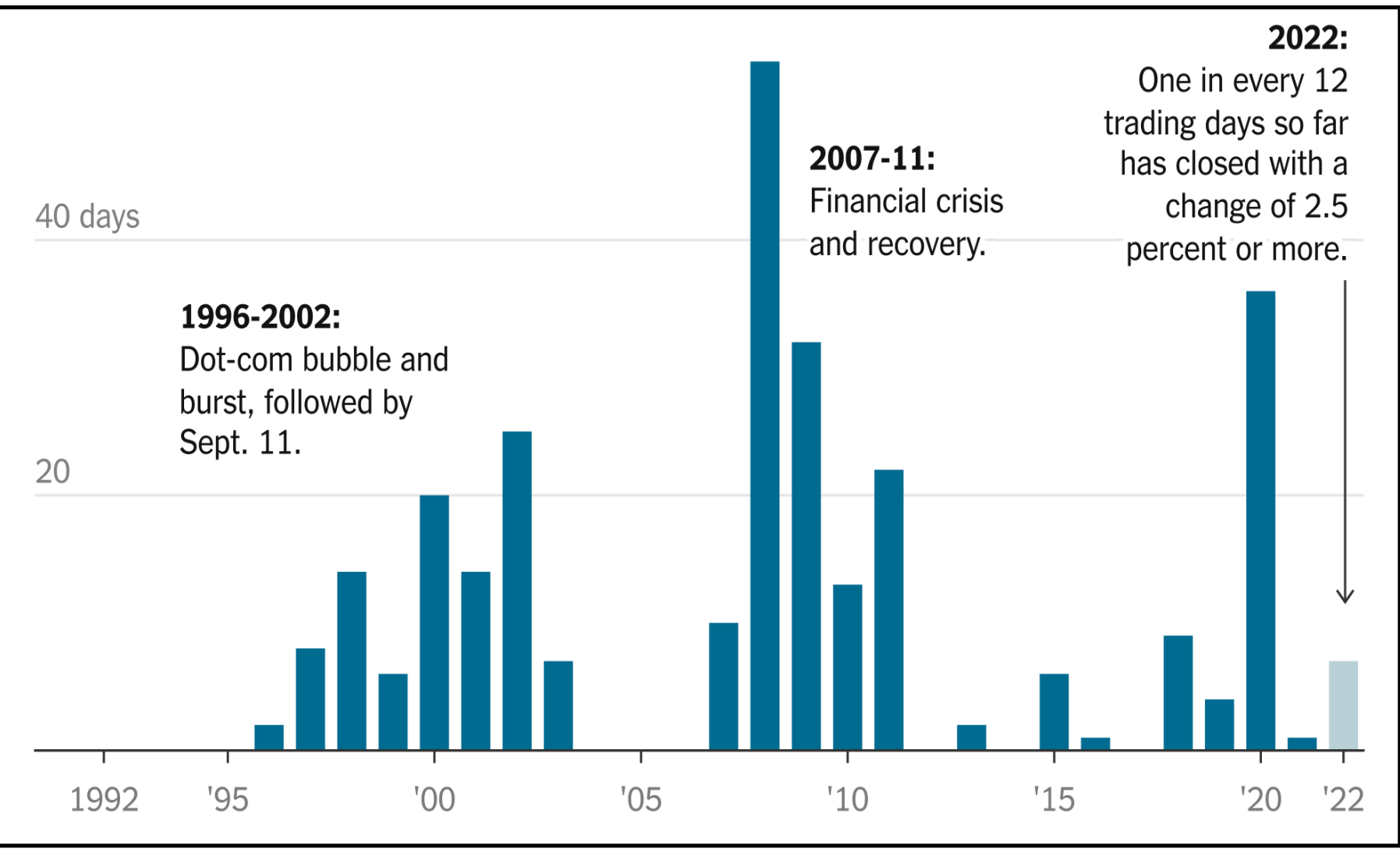


The VIX and Bear Markets



STOCK MARKET VOLATILITY IS PICKING UP AGAIN

Number of days per year the S&P 500 closed up or down 2.5 percent or more



Note: Data for 2022 shows trading days through May 5.

Volatility Is Still Here

The S&P 500 has swung around wildly all year

■ S&P Daily Trading Range



U.S. STOCK MARKET FLUCTUATIONS

What Past Market Declines Can Teach Us

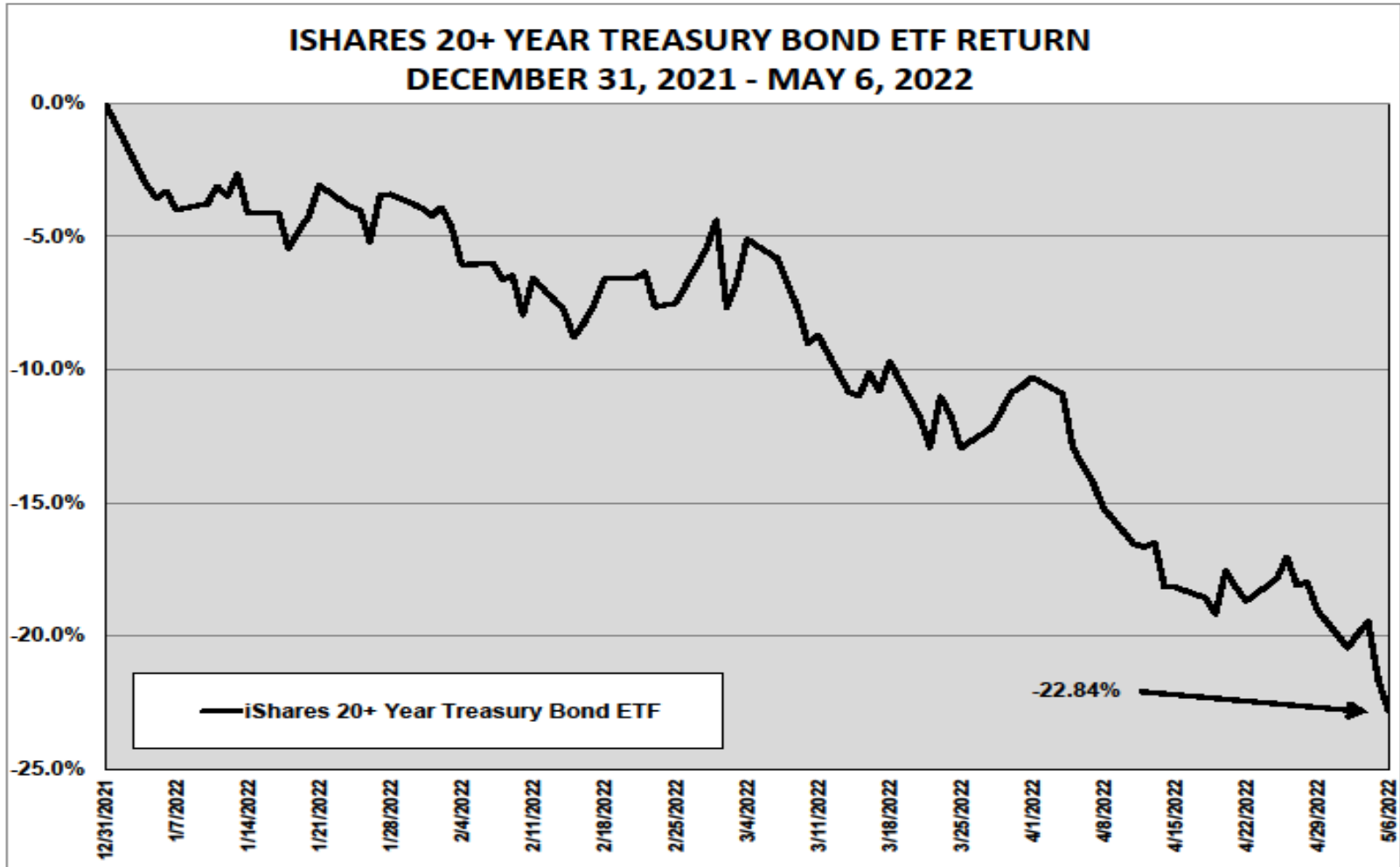
A History Of Declines (January 1, 1900 – December 31, 2021)

<u>Type of Decline</u>	<u>Percentage Decline</u>	<u>Number of Declines</u>	<u>Average Frequency</u>	<u>Average Length</u>
Dip	-5.0% to -10.0%	391	About 3 times a year	46 days
Correction	-10.0% to -15.0%	127	About once a year	115 days
Severe Correction	-15.0% to -20.0%	Included in corrections total	About once every 2 years	216 days
Bear Market*	-20.0% to -30.0%	17	About once every 6.25 years	11 months
Severe Bear Market*	-30.0% or more	16	About once every 8.25 years	22.8 months

* Either a Bear Market or a Severe Bear Market occurs approximately every 3.7 years.

Source: American Funds Distributors, Inc., Bloomberg, Dow Jones, Ned Davis Research, Edward Jones, The Leuthold Group, LLC

20-YEAR U.S. TREASURY BOND



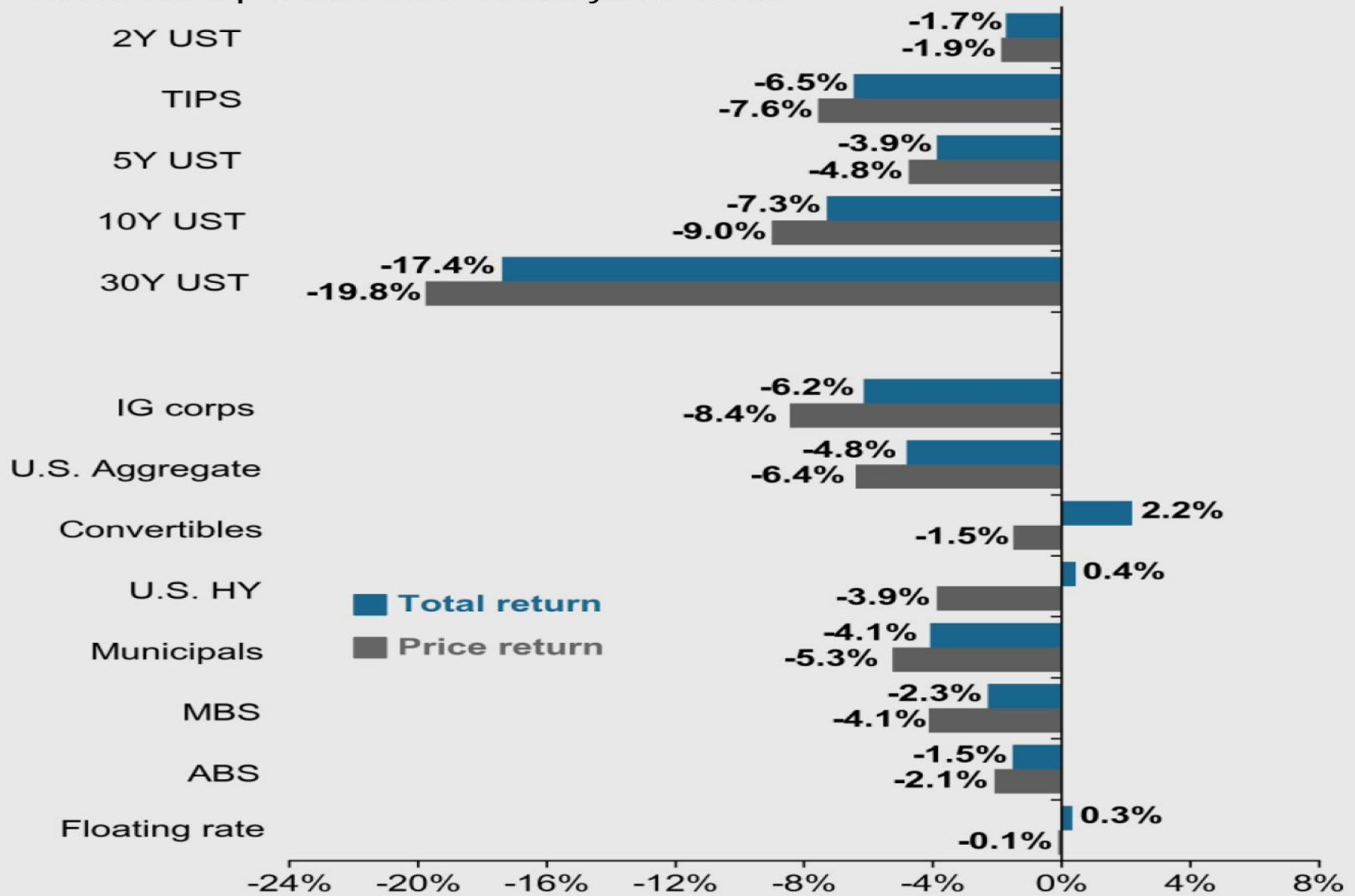
As of: May 6, 2022

Source: Bloomberg Investment Service

COPYRIGHT 2022 LEGEND FINANCIAL ADVISORS, INC. ©

PRICE IMPACT OF A 1% RISE IN INTEREST RATES

Assumes a parallel shift in the yield curve



WHY HAS THE MARKET BEEN SO VOLATILE

1. Russia's Invasion Of Ukraine
2. China COVID Crackdown
3. Interest Rate Increases – Short Term
4. Interest Rate Increases – Long-term
5. Supply Chain Issues

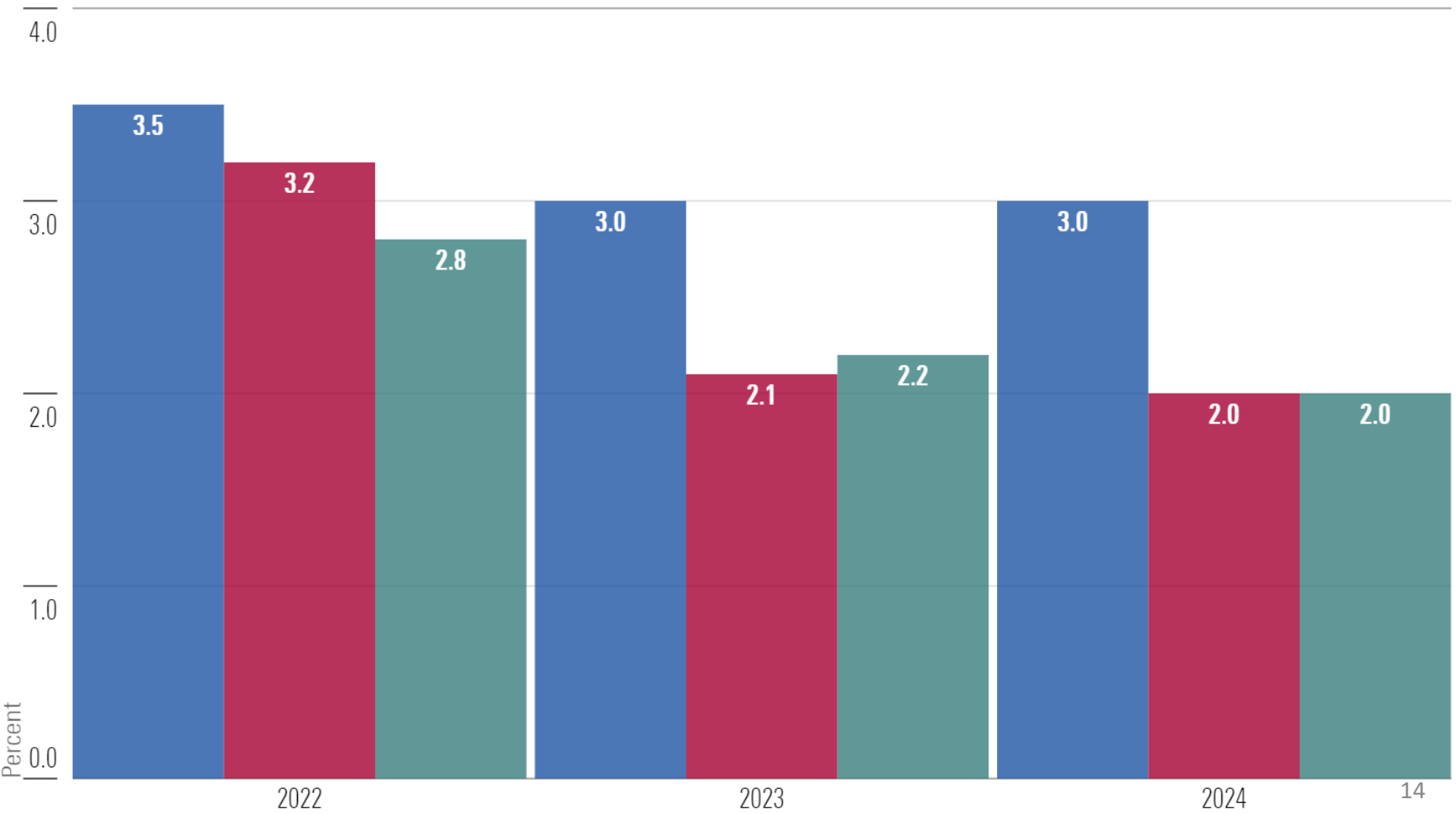
IMPACT OF INCREASING INTEREST RATES ON THE ECONOMY

1. Increased Consumer Spending
2. Decreased Corporate Profits
3. Higher U.S. Deficits
4. Increase In Interest Rates For Bank Accounts
5. Slower Home Sales

U.S. Real GDP Forecast

U.S. Real GDP Forecast

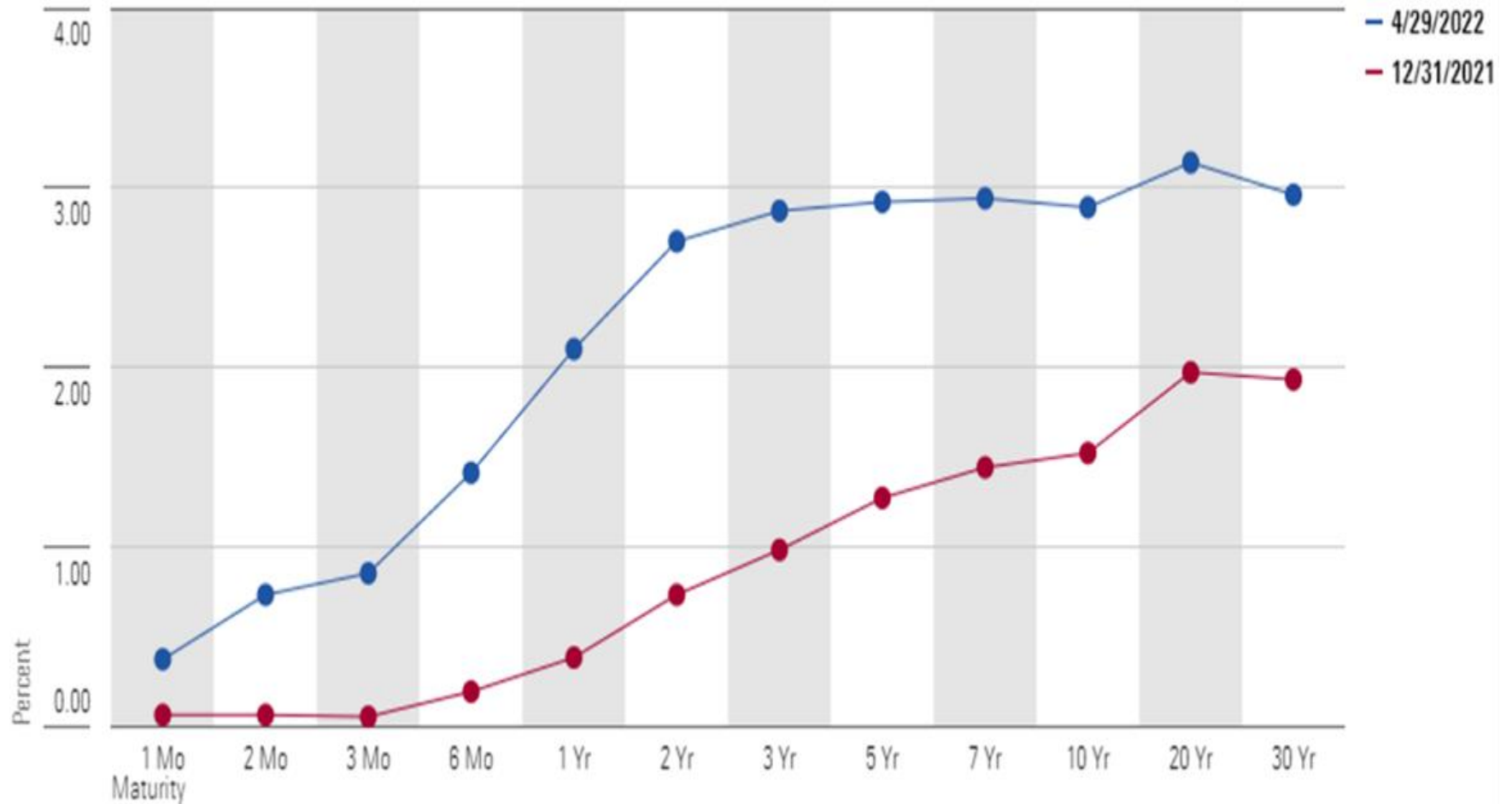
Morningstar Consensus Federal Reserve



Source: Morningstar, Bloomberg, and Federal Reserve. Data as of April 20, 2022.

U.S. Treasury Yield Curve

U.S. Treasury Yield Curve

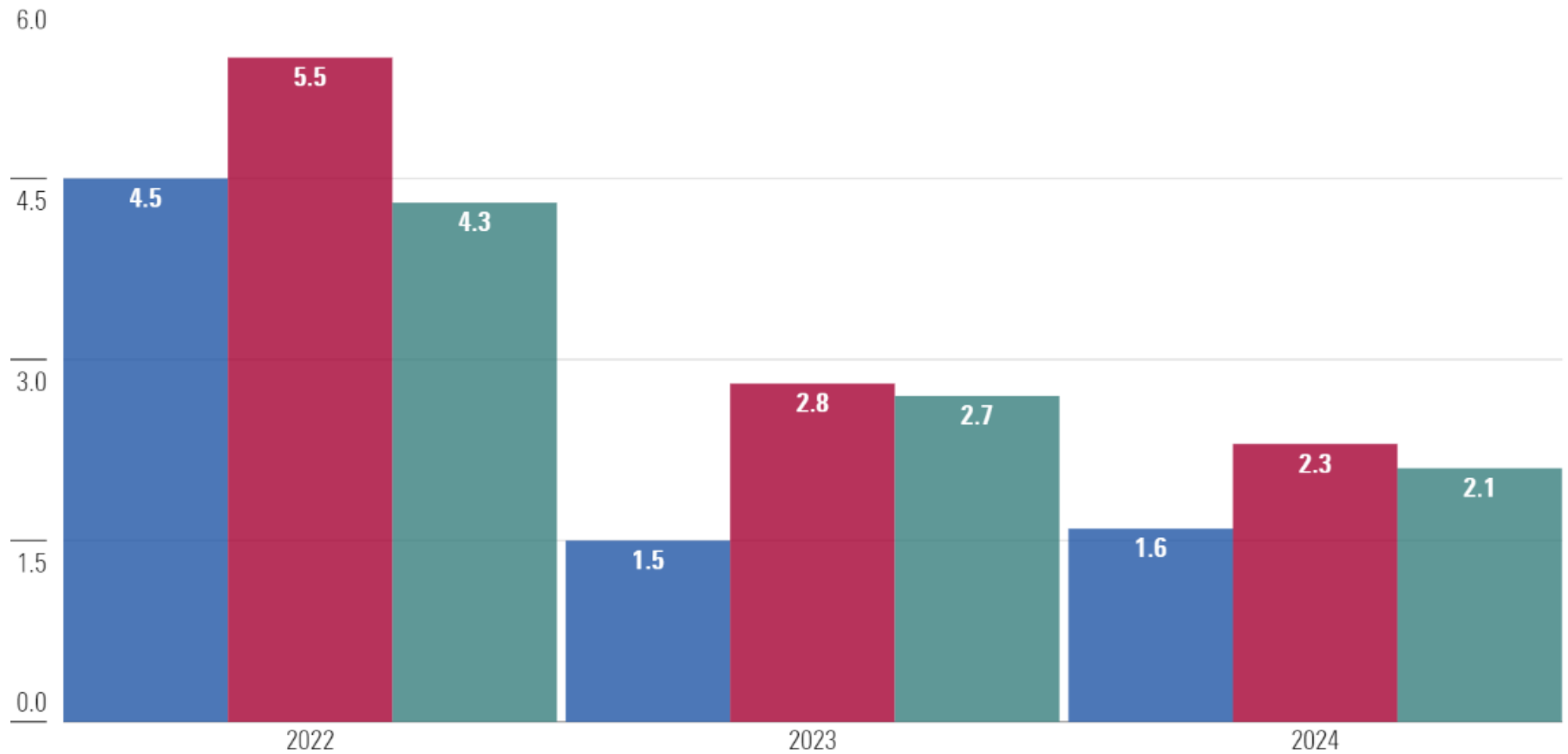


Source: U.S. Treasury. Data as of April 29, 2022.

PCE (PERSONAL CONSUMPTION EXPENDITURE) PRICE INDEX

PCE Price Index

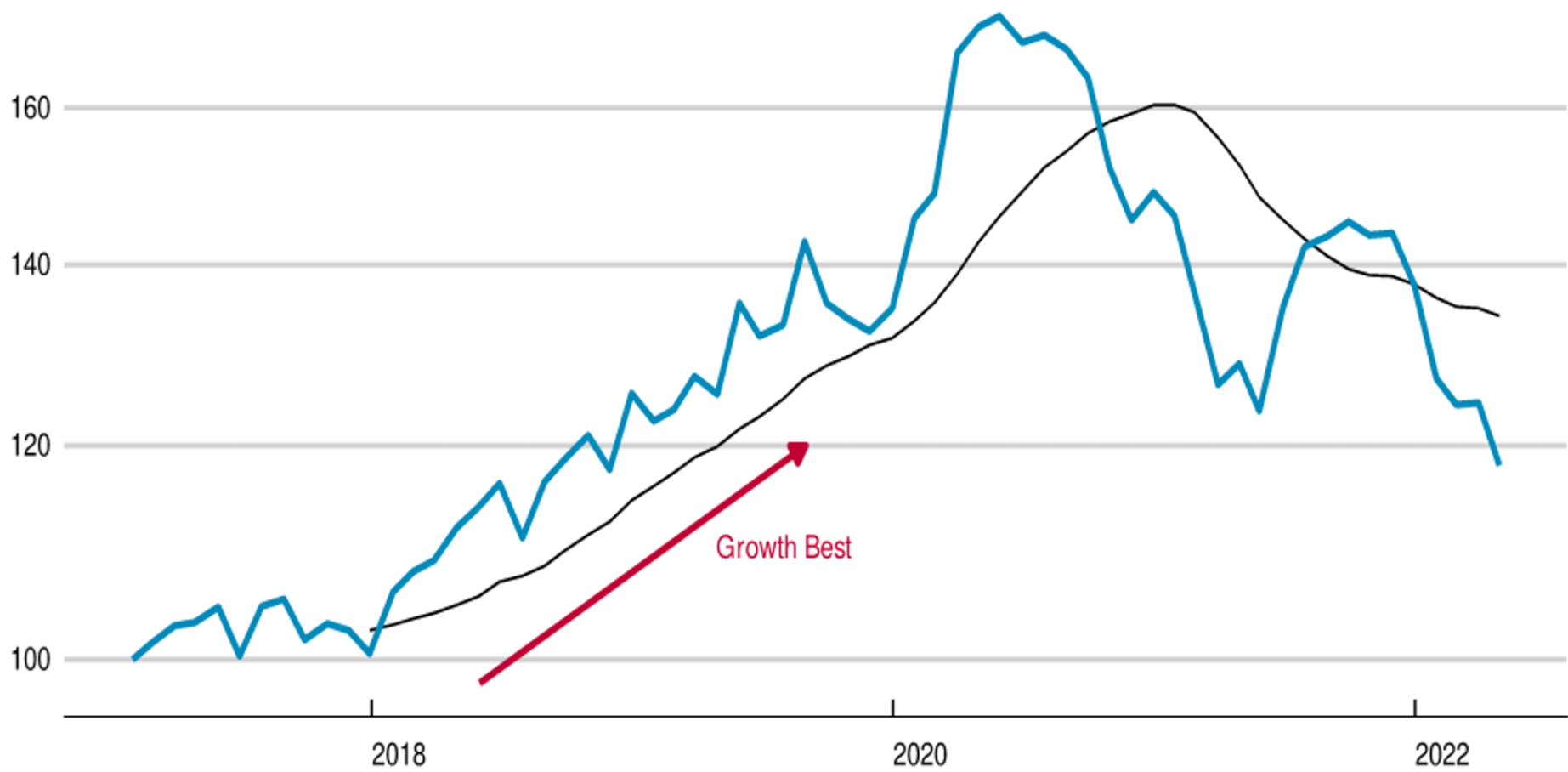
■ Morningstar ■ Consensus ■ Federal Reserve



Source: Morningstar, Bloomberg, and Federal Reserve. Data as of April 20, 2022.

Large Cap Growth vs Large Cap Cyclical (Total Returns)

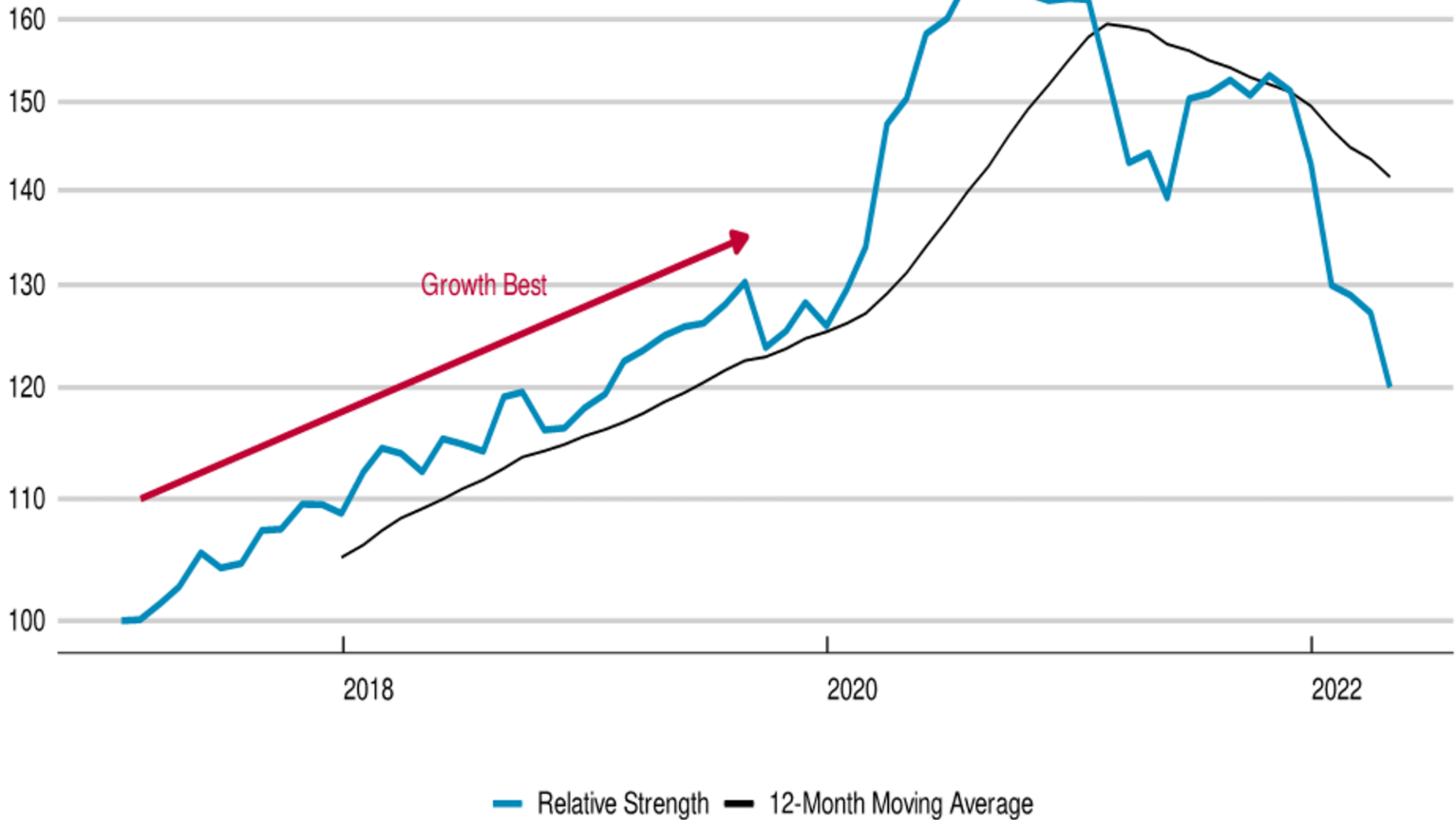
Growth: Royal Blue High P/E Tier, Cyclical: Leuthold Deep Cyclical Group



— Relative Strength — 12-Month Moving Average

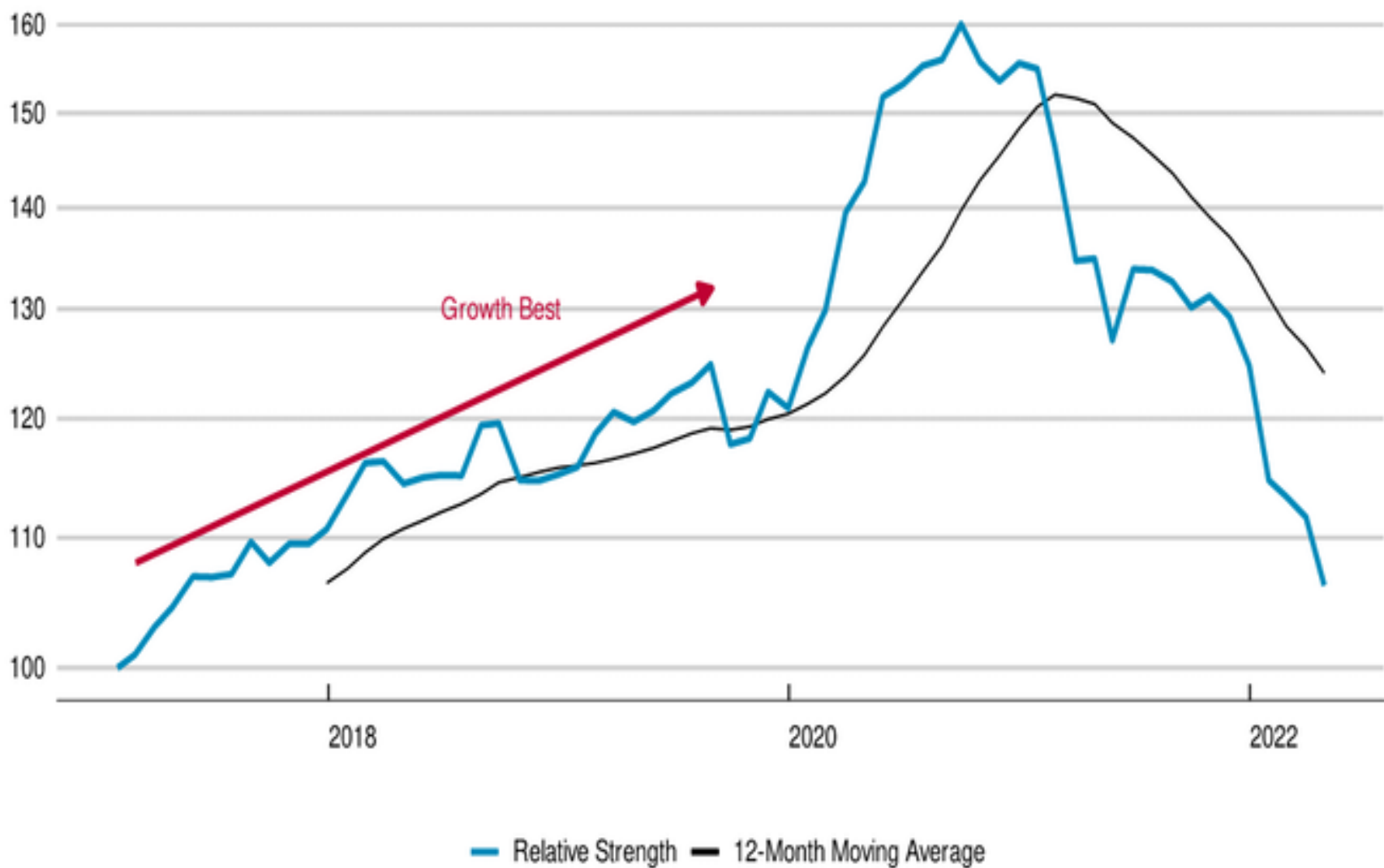
Mid Cap Growth vs Mid Cap Value (Total Returns)

Growth: Russell Mid Cap Growth, Value: Russell Mid Cap Value



Small Cap Growth vs Small Cap Value (Total Returns)

Growth: Russell 2000 Growth, Value: Russell 2000 Value



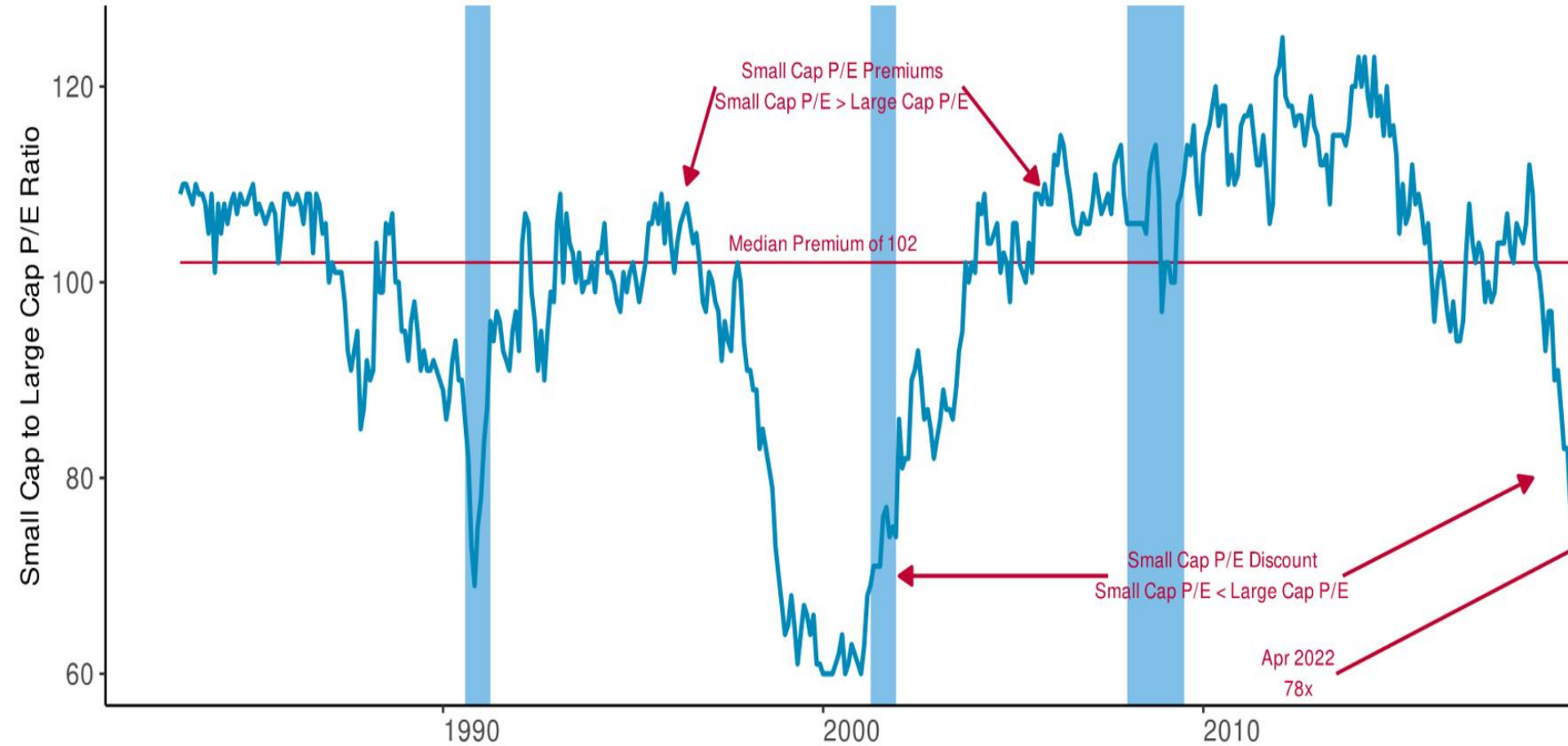
Small Cap to Large Cap Historical P/E Ratio (x100)

Based on Non-normalized trailing operating earnings

Small Cap: Leuthold 3000 Small Cap: 17.74x

Large Cap: Leuthold 3000 Large Cap: 22.69x

Vertical bars represent recessions.



WHAT IS LEGEND DOING?

1. Reduced Exposure To Technology
2. Increased Large Cap Value
3. Harvested Gains From Metals And Mining
4. Increased Small Cap Value
5. Added Commodity Exposure
6. Carrying More Cash Than Normal
7. Maintaining Floating Rate Bonds
8. Researching Other Asset Classes With Low Correlation To The Market – i.e.
Managed Futures

QUESTIONS AND ANSWERS



CONTACT INFORMATION



EMERGINGWEALTH
Investment Management, Inc.®

**EmergingWealth Investment
Management, Inc.®
5700 Corporate Drive, Suite 360
Pittsburgh, PA 15237-5829
Phone: (412) 548-1386**



**Legend Financial Advisors, Inc.®
5700 Corporate Drive, Suite 350
Pittsburgh, PA 15237-5829
Phone: (412) 635-9210
E-mail: legend@legend-financial.com
www.legend-financial.com**