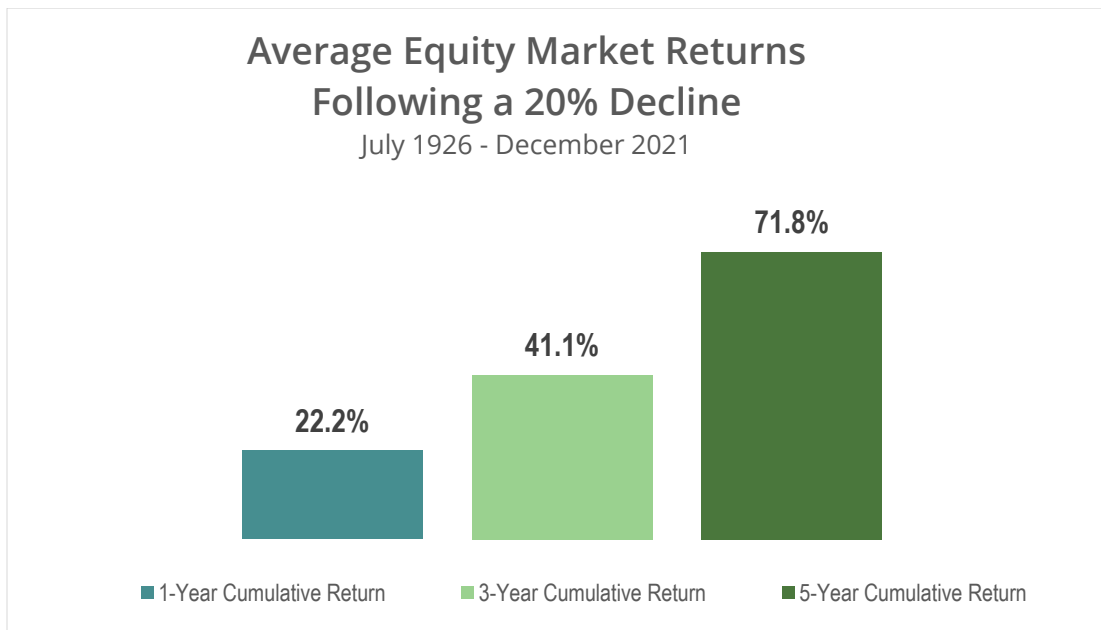




## Why remaining fully invested during market downturns is so important.

While volatile periods, like the one we are currently experiencing, can be unsettling, they are the price stock investors pay for higher relative long-term returns. Investors must understand and embrace that market downturns will occur. Reacting to these downturns is often the worst mistake investors make, derailing them from obtaining their long-run financial goals.

One of the most compelling historical perspectives regarding the importance of sticking with your investment plan is illustrated by the chart below. Following the start of a bear market (defined as a decline of 20% or more from the previous market peak), equity market returns have averaged significantly positive returns over the one-year, three-year and five-year periods following a 20% decline.



Data source: Fama/French Website – Returns correspond to the Total US Market Research Index 1926-2021  
[https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data\\_library.html](https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html) [mba.tuck.dartmouth.edu]

History strongly suggests that sticking with your long-term investment plan and remaining fully invested through market declines puts investors in the best position to capture the subsequent recovery and attain their long-term investing goals.



**Past performance is no guarantee of future results.** Short-term performance results should be considered in connection with longer-term performance results. Fama/French Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. This material is neither an endorsement of any index or sector nor a solicitation to offer investment advice or sell products or services.

Returns are calculated for the 1-, 3-, and 5-year look-ahead periods beginning the day after a 20% downturn is exceeded. The bar chart shows the average returns for the 1-, 3-, and 5-year periods following the -20% threshold. Peak is a new all-time high prior to a downturn.

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