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FRESH ADVICE

HISTORY & OPTIMISM REVISITED, WITH CHUCK ETZWEILER

FRESH ADVICE FROM THE PITON WEALTH TEAM



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SAME TIME NEXT YEAR

A year ago, Fresh Advice quoted Chuck Etzweiler, Senior Vice-President of Research for Piton Wealth, saying, "I'm a capitalist, so I get it. There's a market out there for all sorts of talk about the economy and the markets, and a significant part of it predicts doom and gloom. But I look at the history of the US economy and it makes me optimistic." The year 2024 was a robust one for the markets, but the first quarter of 2025 has seen a fair amount of volatility, so the Fresh Advice team asked for Chuck's perspective a year later: "I'm still optimistic!" he says, "Like a lot of folks, I'm holding tight in my seat during the roller coaster ride, but I am seeing opportunities and reasons to expect good things coming, and for a lot of the same reasons as a year ago. We've been here before, and good times have usually followed."

Chuck had explained to us before his use of historical research to understand current phenomena in the markets. "When I do the research, I often find that there is a precedent, or, better yet, multiple precedents." Chuck then asks the magic question, What happened next? If something has happened before, what happened next? If something has happened five times before, what happened next each time? The same thing happened next? The same thing happened four out of five times? Finding answers like these is not easy, and part of why Chuck's expertise has become a career. "You see the pattern, and then the next question has to be, 'Where's the opportunity that comes next?'" explains Chuck. He looks for what businesses find success in these circumstances, even when it comes to losses and downturns.

UP AROUND THE BEND

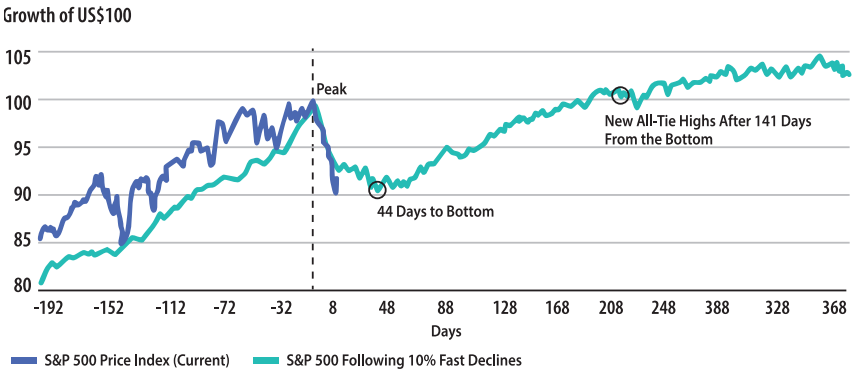
Chuck shared an example of the research that helped shape his current encouraging outlook. The S&P 500 (the index of 500 stocks tracked by Standard & Poor's) recently declined 10%, with the US economy not in a recession, so Chuck found research that compared this year's decline to previous declines. In the chart below, the green line represents the average of the twenty-six times that the S&P 500 previously declined 10% while the economy was not in recession. For comparison, the blue line represents the 2025 decline. Historically, Chuck says of the chart, the market bottoms out within two months of its largest drop and recovers to new highs within six to seven months. "There is no guarantee that such a rebound will happen in 2025, but it fits a lot of the data and research that I am finding."

"We are custodians for assets that need to be robust to support the lives and goals of our clients for a long time to come. I know that volatility is part of the history of the market, but we are committed to investments in quality businesses where we see legitimate growth, so we're not going to take big risks on short-term turbulence and we're not going to settle for underperformance. In a lot of media coverage,

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Sources: S&P Global, Bloomberg, Macrobond. Analysis by Franklin Templeton Institute. As of March 15, 2025. Indexes are unmanaged and one cannot directly invest in them. They do not include fees, expenses and sales charges. Past performance is not an indicator or a guarantee of future results. Important data provider notices and terms available at www.franklintempletondatasources.com

I think there are at least two important stories that do not get much attention. One is that a some market volatility results from investors making rapid decisions based on unexpected news. We don't evaluate investments that way. The second is that some companies were overvalued, so realigning the price of those stocks is a normal process in the markets. We always work to pay attention to those valuations, so we're not surprised when a correction is happening. One of the best things for us, then, is when these declines happen, we can hunt for bargains and opportunities.

"And that bargain hunting is one reason I have a smile on my face in times like this," he concludes, and yes, with a smile on his face.

Chuck's perspective reinforces the mantra of Piton and Fresh Advice, "Prepare and Plan." As with any project, no one can predict the future of most economic conditions and changes, so when the choices and opportunities seem vague or overwhelming, let's go back to the Piton perspective: set the goal, make a plan, and then you can (and will!) revise and update that plan. This of course holds true for many journeys in life, career, personal, spiritual, as well as financial. Rather than worry about or defer financial plans, keep it simple and commit to some basics, and just expect –KNOW—that changes and revisions to those goals and plans will be coming.

QUIZ ?

According to Chuck Etzweiler, volatile times in the market like the recent one can be an opportunity to

a. pull out of the markets
b. sell low and buy high
c. search for bargain buys
d. take an unprecedented approach

Thank you!

The Piton team will be back with more Fresh Advice in May!

Visit pitonwealth.com/learning for videos and more free information

CAN YOU FIND the HIDDEN PITON?

A piton is a tool which mountain climbers use to secure a hold and climb higher than they could have otherwise. That is why we are Piton Wealth, to advise clients so they climb to ever higher goals. Comprehensive financial planning is the dedicated tool that the Piton team uses for clients to achieve those goals. The ultimate goal is a fulfilling and generous life. The Piton team hopes to see you as part of that life at one of Piton's community events, or any of the many life-affirming events in our communities, and we would love to talk to you about a plan, so please reach out to us when you want to find out about a potential Navigated Journey for you and your loved ones.

If you are interested in Piton Wealth's services, call (509) 582-0570 or visit pitonwealth.com/request-an-appointment/

We hope to hear from you!

ANSWERS: c. You can see the piton on page 1, 2nd column last paragraph.

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