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Wealth Builder

happy
fall
y'all
2024


LEGACY WEALTH MANAGEMENT, LLC



A NEW CHAPTER BEGINS BY JEFF FUNDERBURK, CFP®

As the saying goes, one door closes and another one opens. The door is closing on Mike's career here at Legacy Wealth Management. What a career it has been. Many of you have been with Mike since the beginning – a testament to the level of care and service he dedicated to each of you. Mike will be greatly missed in the office, and yet we are excited to see what his next chapter brings. At the same time, we are also excited to begin our new chapter alongside all of you.

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THE RUBBER BAND EFFECT BY DAN FUNDERBURK, CFP®, CKA®

While I haven't been in this industry as long as some (i.e. Mike, who graciously wrote one last article for our newsletter, even though he officially retired at the end of August – we'll miss you, Mike!), my 14 years in the business have been long enough to notice some patterns.

One such pattern is something I've decided to call "The Rubber Band Effect." It essentially goes like this: the bigger and quicker a market moves in a short time, the bigger and quicker the bounce back to the norm is. I call it the Rubber Band Effect because you can picture the market behaving like a rubber band you have wrapped between your thumb and index finger. The more you pull the rubber band down, the more upward pressure you build (the recovering engineer in me would call this potential energy). As

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A NEW CHAPTER BEGINS *Continued from p. 1*

All of us here at Legacy are extremely hopeful and optimistic for this new chapter. We are expectant that it will be filled with strengthening relationships with all of you. Our team is highly focused on serving you in the manner you have come to expect. We are honored to have the opportunity to carry on the work of Mike and Linda.

We do realize that change can bring uncertainty. We've seen that during our first transition when Linda retired back in 2020. Our team will work tirelessly for you all now, as we did then, in an effort to lessen any uncertainty. For those of you who did transition from Linda's retirement we have thoroughly enjoyed building deeper relationships with you. We hope that we have met the standard. Our focus in this new chapter is to do the same for those of you who now say goodbye to Mike. We wish to partner with you in a way that is consistent with how Mike did.

Over the past year we have greatly enjoyed getting to be more involved with your financial lives, getting to meet and work with you in conjunction with Mike. We are delighted to continue that work for many years to come. We are always here to serve you, and we acknowledge the responsibility we have to you all. The example has been set. We will follow that example.

Mike – we are so thankful for your leadership and partnership these past 10 years. Thank you for opening up this new door for your clients and the team at Legacy. We can't wait to see what the next chapter holds for all of us.♦



"Look on every exit as being an entrance somewhere else." -Tom Stoppard

A FINAL FAREWELL BY MIKE BERRY, CFP®

Really can't express how much I will miss all of you.

Education requirements are now finished.

Time to move on to a new chapter.

Investing time in those I love.

Realizing how blessed I am.

Excited about what the future holds.

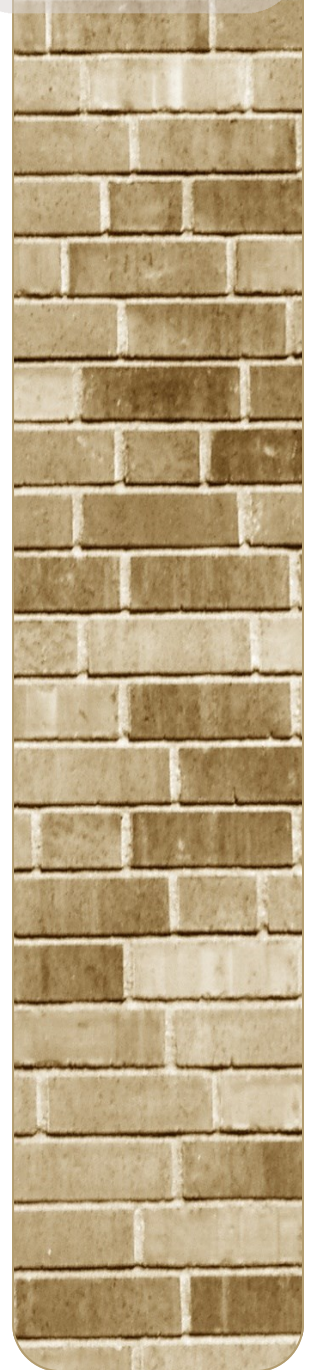
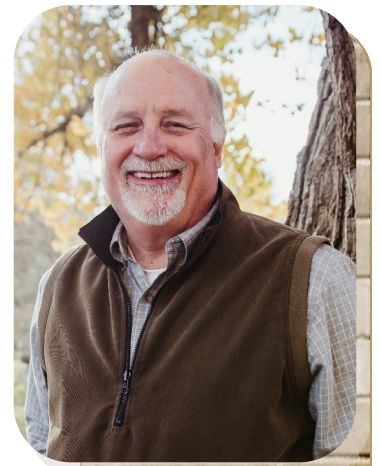
Most joyful career I could have ever imagined.

Excellent people still here to take care of you.

Nana and Pops time with the grandkids.

Tears and good-byes have been too plentiful.

In my letter announcing my retirement earlier this year I said it was not the time for good-byes, however now it is. As a matter of fact, by the time you get this I will be gone. So let me just say **thank you**. Thank you for letting me into your lives and letting me help you towards your dreams and aspirations. I wish for you all to have good health and happiness, for if you have those, you will also be prosperous. Goodbye and God bless. ♦





THE RUBBER BAND EFFECT *Cont. from p. 1*

soon as you release it, the rubber band springs back to its state of rest. If you draw it down a little, the bounce back is mild and uneventful. If you pull down until it can't stretch anymore, the rebound has enough force to shoot a marble thirty feet into the air.

I've noticed this same dynamic in the financial markets. If we see a massive drop in a short period of time, it seems like we often see an equally quick bounce back.

The most obvious recent example of this is the COVID bear market of 2020. From February 19, 2020, through March 23, 2020, the S&P 500 dropped just shy of 35%. Now that is a fast and furious bear market! However, if you just held your breath and sat tight, you were made whole again on August 12th of the same year. From March 23 to August 12, the S&P 500 was up over 51%! Of course, it continued its upward trend and currently sits almost 140% higher than its March 2020 lows (and that even includes the historically bad year of 2022).

Now let's zoom in even more to see some other exciting rubber band action. On March 11, 2020, the S&P 500 was down 9.51%. On March 12 (the next day) it was up 9.29%. Another example is back in 2008 during the Financial Crisis. On October 8, 2008, the market was down 7.61%. On October 12, 2008, it bounced 11.59%. Rubber band effect, indeed.

In fact, it's common for the market's best days to come amid crises. Invesco was kind enough to create the graphic below, which shows the market's best 30 days since 1997. Out of those 30 best days, all but six of them came during times of extreme financial crises (the Tech Wreck of 2000, the Financial Crisis of 2008, and COVID in 2020).

Many of the Best Days Occur During Periods of Volatility
S&P 500 Index: 30 Best Days Since 1997

2/28/00 – 10/30/02 Tech Wreck (20%)	10/30/07 – 3/31/09 Financial Crisis (40%)	1/31/20 – 3/31/20 COVID (20%)	Other (20%)
12. 07/24/02 5.7%	1. 10/13/08 11.6%	3. 03/24/20 9.4%	16. 10/28/97 5.1%
14. 07/29/02 5.4%	2. 10/28/08 10.8%	4. 03/13/20 9.3%	17. 09/08/98 5.1%
18. 01/03/01 5.0%	5. 03/23/09 7.1%	10. 03/26/20 6.2%	19. 12/26/18 5.0%
21. 03/16/00 4.8%	6. 11/13/08 6.9%	11. 03/17/20 6.0%	23. 08/09/11 4.7%
24. 10/15/02 4.7%	7. 11/24/08 6.5%	20. 03/10/20 4.9%	25. 08/11/11 4.6%
29. 04/05/01 4.4%	8. 03/10/09 6.4%	26. 03/02/20 4.6%	27. 05/10/10 4.4%
	9. 11/21/08 6.3%		
	13. 09/30/08 5.4%		
	15. 12/16/08 5.1%		
	22. 10/20/08 4.8%		
	28. 01/21/09 4.4%		
	30. 09/18/08 4.4%		

Source: https://www.fidelity.com/bin-public/060_www.fidelity.com/documents/Invesco_Missing%20the%20Best%20Days.pdf

Continues on page 5

THE RUBBER BAND EFFECT *Cont. from p. 4*

As you can tell, the rubber band effect is a thing. But why does this happen? Often big market moves are driven by unexpected headlines. Investors then try to immediately project how the news of the day will affect corporate earnings six- and 12-months down the road. This leads to massive moves that are often unwarranted. Then, once investors realize the sky actually *isn't* falling, they come back in, driving the market back up.

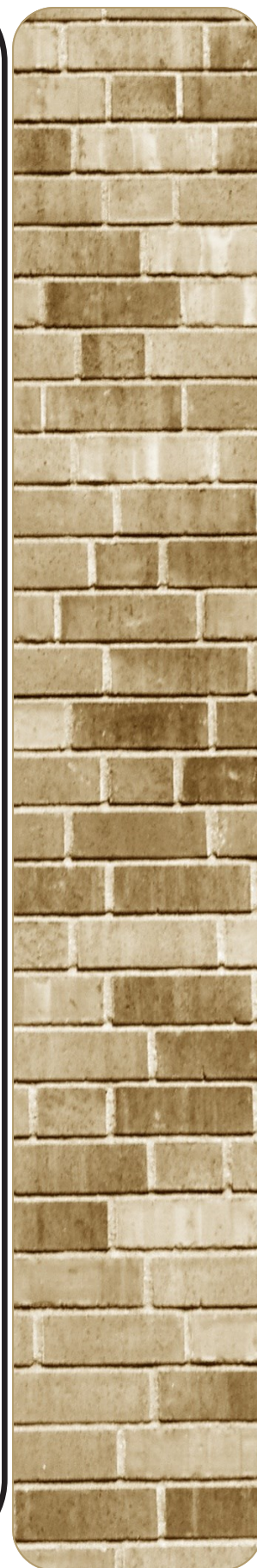
I'm not saying that the market never undergoes actual changes that warrant sustained shifts. They do, but we typically see those shifts play out over longer periods of time. Those shifts also take longer to recover from (but we *do* still recover). I'm just saying that when you see massive swings (up or down) on any given day, odds are that the fundamentals of the market haven't changed that quickly. If you just sit tight for a while, you'll probably get right back on track when the market snaps back - just like that rubber band in your hand.♦

WE'D LOVE TO HEAR FROM YOU!

The topics of our articles are largely inspired by questions we get from clients, friends and family. Is there a financial concept that leaves you feeling stumped? Maybe a concern that keeps you up at night, or you wish you or someone close to you could understand better? What about something that your advisor has helped you with that you think would be beneficial for others to know?

You are welcome to email any ideas to info@legacywealthgj.com, and you may just see that topic in an upcoming newsletter or blog!

Please include "Topic for Article" in the subject line and note if you'd like your advisor to reach out to you regarding the topic or question.





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