Wealth Builder

In this Issue:

happy fall y'all
2025

LEGACY WEALTH MANAGEMENT, LLC

Three Bears, No Goldilocks By Dan Funderburk, CFP®, CKA®

Why the Market Still Wins

If you've ever read a children's story, you know three bears usually means trouble for someone's porridge or chair. But over the last five years, we've faced our own version of *three bears*—and these weren't fairy tale characters. They were full-blown bear markets (or very close to it).

Continued on page 2

The September and October Effects By Jeff Funderburk, CFP®

September and October are two of the most closely watched—and often feared—months on the stock market calendar. Historically, September holds the title as the worst-performing month for U.S. equities, with the S&P 500 averaging negative returns more often than not. October, while more volatile than consistently negative, is infamous for hosting some of the most dramatic market crashes in history, including the crashes of 1929 and 1987. Together, these months create a seasonal pocket of weakness that has both data-driven and psychological explanations.

September's underperformance is largely tied to investor behavior and institutional activity. As summer ends, many investors return from vacation and begin re-evaluating portfolios in preparation for the final stretch of the year. Mutual funds and hedge funds often engage in tax-loss harvesting during this time, selling off underperforming positions to offset gains elsewhere. Additionally, corporate earnings season typically hasn't begun yet, leaving markets with little new information to justify upward momentum. The result is often a sluggish, or even negative, September.

October is more complex. While not always a losing month, it is historically the most volatile.

Continued on page 3

THREE BEARS, NO GOLDILOCKS *Cont. from p. 1*

The three "bears" being referenced:

- **COVID Crash of 2020.** This one takes the record for fastest bear market ever—down 34% in just five weeks. If you blinked, you missed it. And if you managed to hold your breath, you were made whole (and then some) in about six months.

- **The Inflation Bear of 2022.** This one was historic, but not in a fun way. Both stocks *and* bonds fell together to a degree we hadn't seen since the Great Depression. Usually, bonds are the seatbelt for the ride—but in 2022, even the seatbelt snapped.

- **The Trade War Bear of 2025.** The S&P 500 didn't technically *close* in bear territory this year (it closed down 19%, while a bear market is a 20% drop from a recent high), but it touched bear-market territory during the trading day, so I count it. It was bad for U.S. large caps, but the good news was that other asset classes—like Treasuries, corporate bonds, and international stocks—held up much better. That's diversification doing its job.

Three bears in five years is a lot. That's more than most investors experience in a decade, and if you watched the headlines closely, it felt like a never-ending parade of bad news. But here's the part that still amazes me: **the market has held up incredibly well despite all this.**

From January 1, 2020, through August 19, 2025, the S&P 500 price return (dividends not included) is up **97%**[1]. If you annualize that, it works out to roughly **12.8% per year**. Think about that—three bears in five years, and yet investors who stayed disciplined have been rewarded with solid growth.

> ***"Here's the lesson: If you let fear push you to sell during any of those downturns, odds are you missed the inevitable recovery and may still be underwater. The market doesn't reward panic. It rewards patience."***

A well-designed, diversified portfolio is built with storms like these in mind. It's not about predicting every twist and turn. It's about having a plan, sticking with it, and letting time in the market do its work. Timing the market feels tempting in the moment—but it almost always hurts you in the long run.

The last five years remind us of something we've always known but tend to forget when things get scary: the market is resilient, recoveries are inevitable, and discipline beats drama.

So yes, we've had three bears in five years. But unlike Goldilocks, you don't need to worry about finding the "just right" moment to invest. The miracle of the market is that simply sticking with it *is* the "just right" strategy. As long as you stay invested, the story ends well.♦

Sources:

[1] https://finance.yahoo.com/quote/%5EGSPC/history/?period1=1577836800&period2=1755703425

THE SEPTEMBER AND OCTOBER EFFECTS Cont. from p. 2

The frequency of large daily swings tends to increase, driven in part by uncertainty around corporate earnings, economic data, and geopolitical developments. October also marks the beginning of Q3 earnings season, where companies start to reveal how they performed during the summer. Poor results—or even slightly disappointing guidance—can trigger outsized reactions in a market already on edge from September's weakness.

Despite their negative reputations, September and October can also serve as a turning point. Once earnings are in full swing and economic data firms up, markets often stabilize and begin the so-called "year-end rally" that tends to occur in November and December.

While the September and October Effects are a well-documented seasonal pattern, they are not reliable enough for precise market timing. Some years defy the trend entirely, producing strong gains. Still, the phenomenon is a useful reminder of how investor sentiment and calendar-based behaviors can influence market performance in the short term. For long-term investors, it's not necessarily a signal to sell, but rather a reminder to review risk exposure and ensure portfolios are positioned to weather potential turbulence.♦

FINANCIAL FITNESS BY NATE KLEPPE, ASSOCIATE

Why Your Money Health Is Just Like Your Physical Health

When most people think about getting healthier, they think of exercise, eating well, and consistency. The same principles apply to your financial life. If you want long-term wealth and stability, you need a plan, discipline, and regular check-ins. Think of your money as a body, you need to train it.

Budgeting = Tracking Calories
Just as fitness starts with knowing what you eat, financial wellness begins with knowing where your money goes. Track every dollar the way an athlete tracks calories. Apps like Quicken, YNAB, or even a simple spreadsheet can help you see where you're overspending and where you can cut back.

Emergency Fund = Core Strength
No athlete performs well without a strong core, and no household thrives without an emergency fund. Aim for 3–6 months of expenses saved in a high-yield savings account. It won't make you rich, but it will protect you when life throws the unexpected your way.

Investing = Cardio
Cardio keeps you moving, and investing keeps your money growing. Consistent, long-term investing, even small amounts, compounds into real wealth. Think of index funds or ETFs as your "daily jog." Not flashy, but powerful over time.

Long-Term Goals = Marathon Training
Just like preparing for a marathon, building wealth is about endurance. Whether it's retirement, buying a home, or funding your child's education, set clear milestones and stay disciplined.
Avoid "get rich quick" temptations; they're the financial equivalent of crash diets.

Your money doesn't need fad diets or extreme workouts. It needs a steady, sustainable plan. Start tracking, strengthen your core, build endurance, and train for the marathon. Financial fitness is a lifelong practice and the sooner you start, the stronger you'll be.♦

LEGACY WEALTH MANAGEMENT, LLC

372 Ridges Boulevard • Grand Junction • Colorado • 81507 • (970) 241-5143
www.legacywealthgj.com