Now and then I come across a commentary that aligns perfectly with our market outlook and our investment process. The following excerpt is a bit long but well worth your time:

Navigating Recent Market Volatility

13 March 2025, Michael Moore

“Over the past several weeks, the U.S. stock market has declined approximately 10%, meeting the traditional definition of a market correction. After two consecutive years of 24%+ returns, this pullback is not unexpected—but that doesn’t make it any less unsettling.

While corrections are a normal and frequent occurrence (historically happening about once a year), this one is accompanied by an unusually high level of policy uncertainty, which has widened the range of potential economic and market outcomes – both to the upside and downside.

In fact, while the market’s absolute decline so far has been relatively modest compared to past drawdowns, it is the sheer level of uncertainty – rather than the magnitude of the selloff itself – that has been most unsettling for many investors.

When markets decline, the natural instinct is to “do something.” Selling to protect against further downside may feel like the prudent choice—but history suggests otherwise.

Successfully timing the market requires getting **two decisions right**: when to sell and when to buy back in.

Even if an investor had a respectable 60% chance of getting each decision correct, the probability of getting both right is just **36%** (0.6 x 0.6). That’s far worse than the market’s historical **75% win rate**—the percentage of years the S&P 500 has delivered a positive return over the last 45 years.

Put simply, **the odds favor staying invested rather than attempting to sidestep volatility**.

Looking Ahead

While short-term market movements are unpredictable, history suggests that staying invested through volatility is essential to long-term success. The biggest risk isn't market fluctuations—it's being out of the market when it recovers. **Time in the market, not market timing, is what drives lasting returns.**

It's important to acknowledge that this correction could deepen into a bear market (-20%+) if economic conditions worsen or uncertainty lingers.

However, there are also several potential catalysts that could stabilize sentiment and drive markets higher:

1. **Trade & Tariffs:** While trade tensions have been a source of volatility, a pivot toward **more constructive trade negotiations**—whether through targeted tariff reductions or a renewed focus on free and fair trade—could ease economic concerns.
2. **Federal Reserve Policy:** The Fed still has room to **ease monetary conditions** if economic data weakens later this year. A more dovish stance, particularly if inflation continues to moderate, could provide a tailwind for risk assets.
3. **Pro-Growth Policies:** The possibility of **fiscal stimulus, tax cuts, or regulatory relief** could help offset economic soft patches, supporting corporate earnings and investor sentiment.
4. **Geopolitical Stability:** While global conflicts have added to market uncertainty, any meaningful progress toward **peace in Ukraine, de-escalation in the Middle East, or broader geopolitical stability** could help restore confidence and reduce risk premiums in financial markets.

Some might view the above as wishful thinking, especially amid the current market correction, but history has shown that markets often climb

a wall of worry, and positive surprises—whether in policy, economic data, or geopolitics—can emerge when sentiment is at its weakest. At the same time, we remain mindful that uncertainty persists, and markets may continue to experience heightened volatility.

Rather than trying to predict exactly how these factors will unfold, we will stay disciplined—focusing on quality investments, proper asset allocation, and valuation discipline."

https://www.amminvest.com/market-perspective-navigating-recent-volatility-sent/#:~:text=Over%20the%20past%20several%20weeks,make%20it%20any%20less%20unsettling.

Scott

INVESTING IN YOUR FUTURE

There's no bigger compliment than a referral from a valued client. Please keep me in mind when you have friends, family or acquaintances that may benefit from my advice and services.

D. Scott Fife
Financial Advisor
31620 23rd Ave S, Suite 308
Federal Way, WA 98003
Phone: (253) 850-3055
Fax: (253) 850-3057
E-mail: scott@dscottfife.com
Web: www.dscottfife.com

"All opinions and estimates included are as of the date listed and are subject to change without notice. This letter is provided for informational purposes only. It is not intended as an offer or solicitation with respect to the purchase or sale of any security or offering of individual investment advice."

Securities and Investment Advisory Services offered through **Osaic Wealth, Inc.** Member FINRA/SIPC.
Horizon Advisors is not affiliated with **Osaic Wealth.**

Trading instructions sent via e-mail may not be honored. Please contact my office at (253) 850-3055 for all buy/sell orders. Please be advised that communications regarding trades in your account are for informational purposes only. You should continue to rely on confirmations and statements received from the custodian(s) of your assets. The text of this communication is confidential, and use by any person who is not the intended recipient is prohibited. Any person who receives this communication in error is requested to immediately destroy the text of this communication without copying or further dissemination. Your cooperation is appreciated.

This message and any attachments contain information, which may be confidential and/or privileged, and is intended for use only by the intended recipient, any review; copying, distribution or use of this transmission is strictly prohibited. If you have received this transmission in error, please (i) notify the sender immediately and (ii) destroy all copies of this message. If you do not wish to receive marketing emails from this sender, please reply to this email with the word REMOVE in the subject line.

(11-24)