UNIVERSITY WEALTH ADVISORS

HOWARD Capital Management

HCM VOLATILE MARKET GUIDE

BY: HOWARD CAPITAL MANAGEMENT

Objective: At Howard Capital Management, Inc. We understand many investors may feel uncertain about how to navigate today's increasingly complex market. This document combines research and strategy to serve as a guide for investors who feel unprepared or worried about investing. It is our mission to offer the knowledge, innovation and a defined plan in an effort to help investors maximize gains and minimize losses, even during volatile markets.

“We aim to take emotion completely out of the equation. Trading with emotions, in our opinion, ruins long-term returns.”

- Vance Howard on CNBC

The Problems Investors Are Facing Today

It's not always about how much money you make, but rather how much money you keep.

Markets are constantly evolving, as have investor needs. The events of recent years prove the increasing complexity that has gripped the market and its performance. The end of the longest bull market run on record came due to an unprecedented event that had the whole world worrying about the immediate future. While the gears of economic policy making triggered a quick recovery from the short downturn in 2020, the situation today seems to be far from stable. At times like this, investors' approach to navigating downtrends is critical. Not just for the present, but also for the future when the bull market returns and to capitalize on that impending growth. While no one can predict when bear markets, recessions or depressions will hit, understanding how to prepare for market turmoil and knowing when the end is at the horizon is key for survival and growth.

Factors That worry investors:	**Obstacles** Investors face:	**Solutions** investors should consider:
• Geopolitical risks • Inflation • Large government debt • Getting stuck in a bond bubble • Uncertainty of changing interest rates	• Rise of computerized trading • Volatile equity and bond return on investments • Identifying opportunities for diversification • Interest rates that impact rate of return	• Utilizing math-based strategies to identify risks and opportunities without emotion • A more active investing approach with the goal to minimize losses and maximize gains • Defining financial goals through appropriate risk tolerance and diversification • Gaining insight of market trends

Rise of Computerized Trading

In the last decade, computerized and math-based trading has started to dominate the market. The evolution of trading is inevitable.

The practice of high-frequency, algorithmic trading to identify beneficial trading opportunities is becoming increasingly popular in today's fast-paced market. Many investors are no longer trading or investing in a market based on fundamentals, technical analysis or chart reading; they are competing against a machine running complex and numerous algorithms each second. This current market structure positions everyday investors against highly sophisticated trading systems.

High-frequency traders, also known as quantitative traders, identify profitable trading opportunities based on mathematically-driven computer systems and research. It has grown increasingly more evident quantitative traders can push the market in the direction they want it to go, causing much of the extreme volatility we see today. The systems are gaining momentum and becoming so fast; they can buy and sell based off a few words from individual statements seen throughout the day.

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The challenges in the investment world are as significant as they've ever been as we compete in a market driven by computerized trading. Going forward, investors working with firms who have already adapted to algorithmic trading might find themselves benefiting in the long-run.

> **The global high-frequency trading market size was valued at USD 8.5 billion in 2021.**
>
> **The industry is expected to expand at a CAGR of 6.84% during the forecast period, reaching USD 12.7 billion by 2027.**[1]
>
> - Global High Frequency Trading Industry Research Report, December 2022

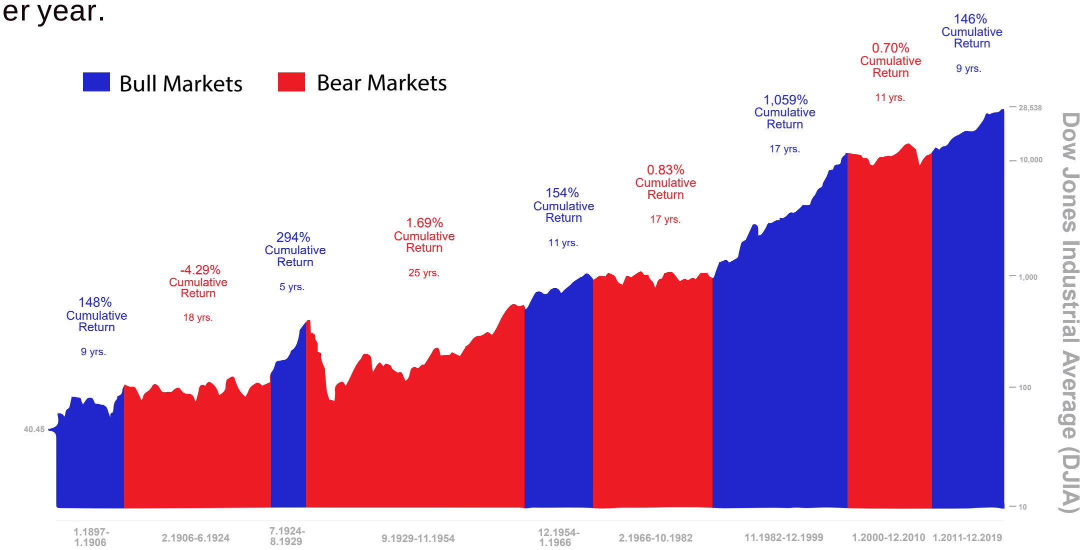
[1]Global High Frequency Trading Industry Research Report, December 2022: marketgrowthreports.com/global-high-frequency-tradingindustry-research-report-competitive-landscape-market-21366106

Equity Returns in a Volatile Market

Volatility, or the frequency and rate of change in a security's value, is important to consider when determining an investing strategy for portfolios.

History shows the market typically moves in cycles. In the past 150 years (1870-2020), there have been six secular bull markets and six secular bear markets2. Investment strategies that work in bull markets may not be effective in bear markets. Market volatility can make it hard to capitalize on growth opportunities. Take the "lost decade" for example. The term has been used to refer the U.S. economic conditions from 2000 to 2010, during which there was little or no return from the broad stock market. The economic boom that occurred in the middle of that decade was not enough to make up for all the losses from the bear markets in 1999 and 2008.

Even in bull markets, market volatility can take a toll on portfolios. It is typical to see at least an average 10% correction per year.



2. Source: Guggenheim Investments "Understanding equity bull and bear markets" (c) 2020

[2]Source: Guggenheim Investments "Understanding equity bull and bear markets" (c) 2020

[2]A Perspective on Secular Bull and Bear Markets:
advisorperspectives.com/dshortupdates/2023/02/03a-perspective-on-secular-bull-and-bear-markets

[3]Chart Source: finance.yahoo.com/quote/%5EDJI/history/

Settling into an era of volatility

Vanguard founder John Bogle's prediction of declines stretching up to 50% during the 2010-2020 decade did come true, albeit in the short-term. Overall, for the decade, the S&P 500 remains firmly in positive territory and the bear market for decade-long perspective remain firmly in place. That said, volatility can deter even

> **77% of respondents said they think the stock market will continue to be very volatile in 2023, as it was in 2022.**
>
> \- 2022 Q4 Quarterly Market Perceptions Study from Allianz Life

the most seasoned investor. In recent times, we have witnessed growing volatility in the markets.

From 2019-2023, the markets experienced a frenzied reaction to numerous events that were of somewhat an unprecedented combination. The covid-19 pandemic, the unexpected Russia-Ukraine war and supply chain problems, all combine to present a very complicated picture for any investor. This extends beyond just equities, as commodities also experienced volatility. Even though there were signs of recovery and sustained growth, all of them seem to have come with certain conditions.

In the information age, this unique combination of economic challenges have given rise to numerous opinions about what that could mean for the immediate future of the markets. While the more seasoned investors believe in holding strong on their beliefs and practices, the newer generation may not be so patient. The massive sell offs of 2020, the surge in energy prices and the supply side inflation concerns were all borne out of investors' emotional response to such events. While a somewhat deep recession is being heavily mooted for 2023, as spring is sure to arrive after winter, so will prosperity and growth at the end of this recession.[4]

[4]Source: businesswire.com/news/home/20230124005429/en/Majority-of-Americans-are-More-Concerned-About-Paying-Bills-Right-Now-Than-Financial-Future

The Challenge of Recovering from Losses

With speculation of the equity market's direction after a shaky start to 2020, the need to construct portfolios designed to weather market volatility is crucial.

Remember, markets are cyclical, as shown in the chart on page 6. Shaky upswings followed by market draw downs can be destructive to a portfolio's performance, primarily because on a percentage basis, you must earn more than you lost to get back to even.

The table below demonstrates how much an investment needs to gain to break even for a number of downward price movement scenarios.

The Mathematics of Losses and Gains

If a $10,000 investment loses X%, how much in gains are needed to break even?

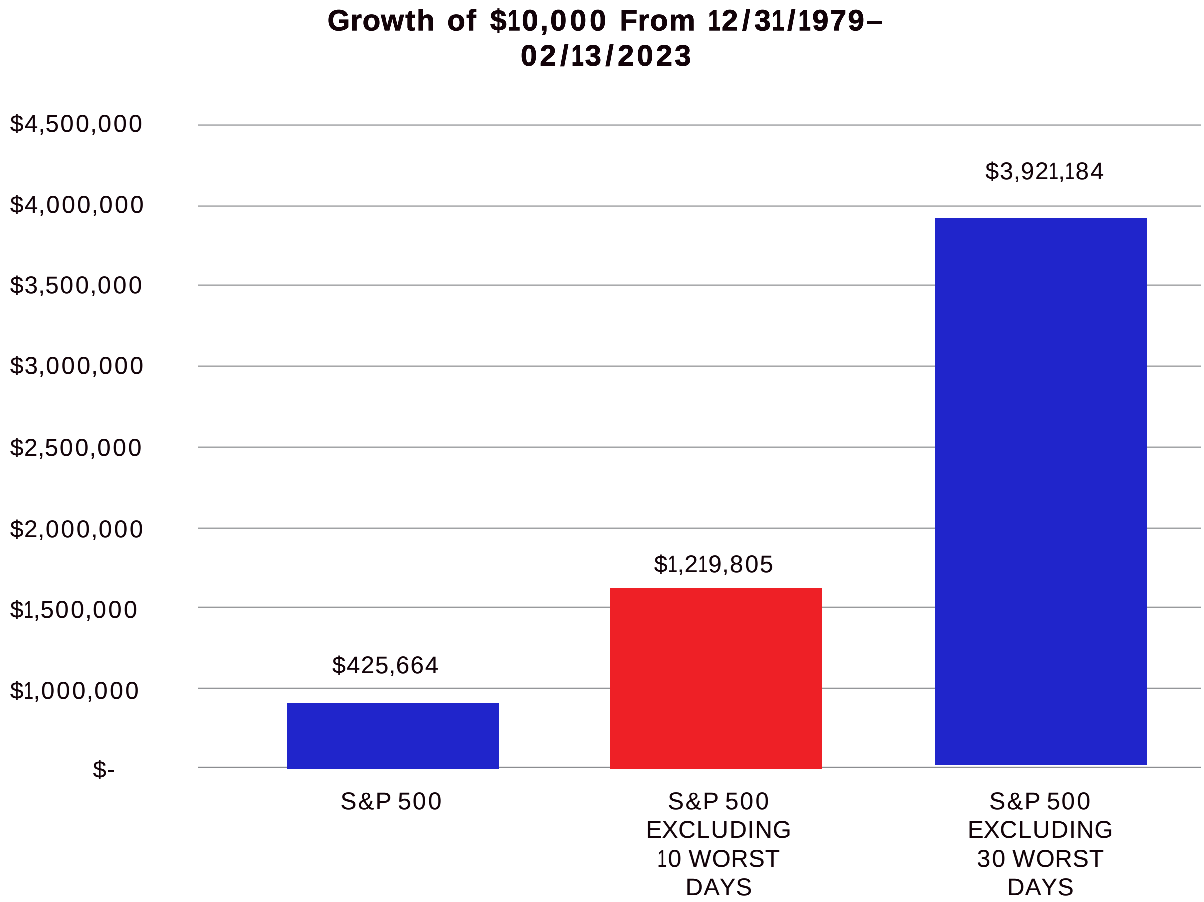
% of Losses	Value Remaining after Loss	% of Gain Needed to Break Even
10%	$9,000	11%
15%	$8,500	18%
20%	$8,000	25%
25%	$7,500	33%
30%	$7,000	43%
40%	$6,000	67%
50%	$5,000	100%
60%	$4,000	150%

Benefits of Missing the Worst Days in the Market

One way to minimize downside risk is to miss the worst days of the market. It could save you more than you think.

As mentioned on page 4, the way a portfolio weathers downturns could go a long way in defining its investors' experience over the next decade. It's important to note, bear markets are a common part of investing. There have been roughly 25 cyclical bear markets since the Great Depression of 1929. Utilizing faster, computerized trading trends might allow investors to be more confident about their portfolios.

Based on historical returns from Yahoo Finance, missing some of the worst days in the market could save investors more than they think. Below is an illustration of the S&P 500® Index vs. S&P 500® Index excluding some of the worst days from 12/31/1979 to 02/13/2023[5].



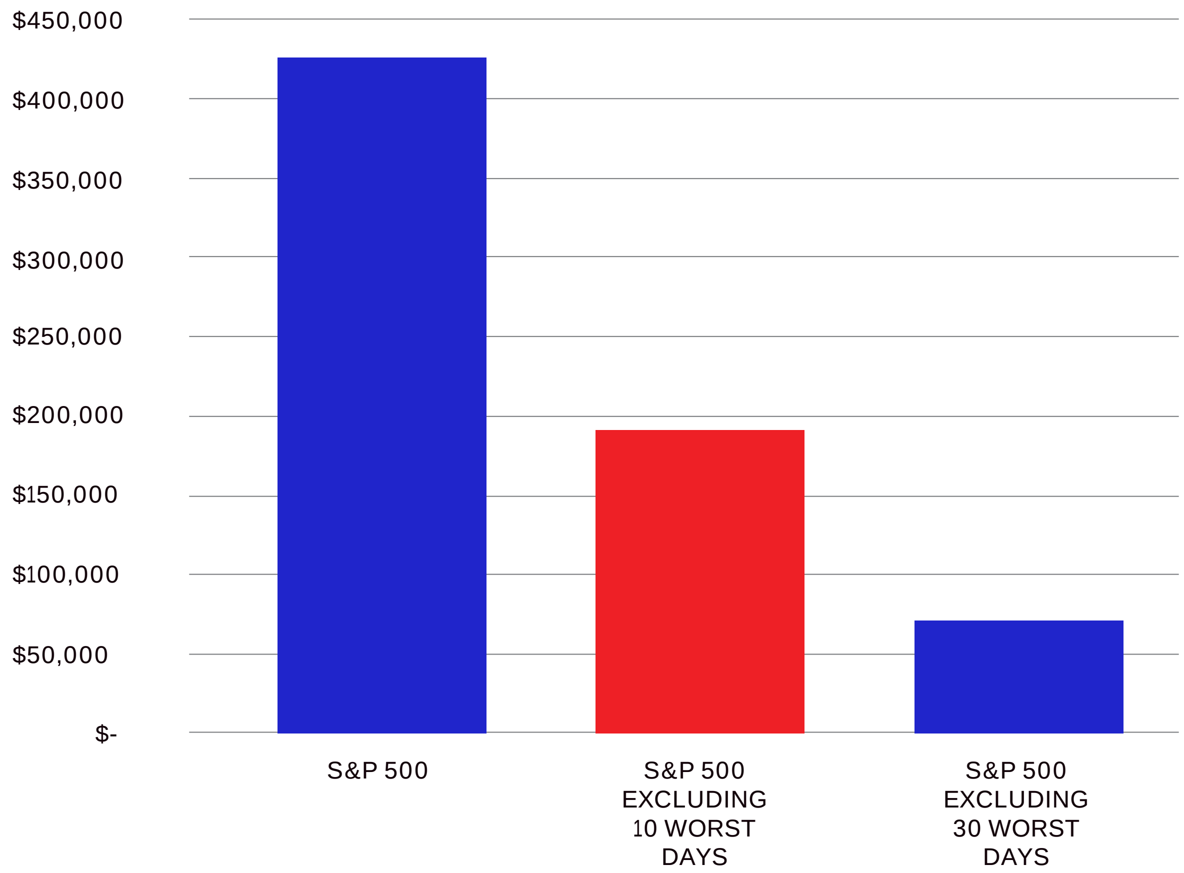
The Difference of Missing the Best Days in the Market

Conversely, not entering back into the market at the right time could cause set backs.

Missing the worst days of the market can save an investor's portfolio quite a bit, but failing to enter the market and capture some of the best days of the market can also hurt long-term performance.

Based on historical returns from Yahoo Finance, missing some of the best days in the market could hurt investors more than they think. Below is an illustration of the S&P 500® Index vs. S&P 500® Index excluding some of the best days from 12/31/1979 to 02/13/2023[6].

Growth of $10,000 From 12/31/1979–02/13/2023



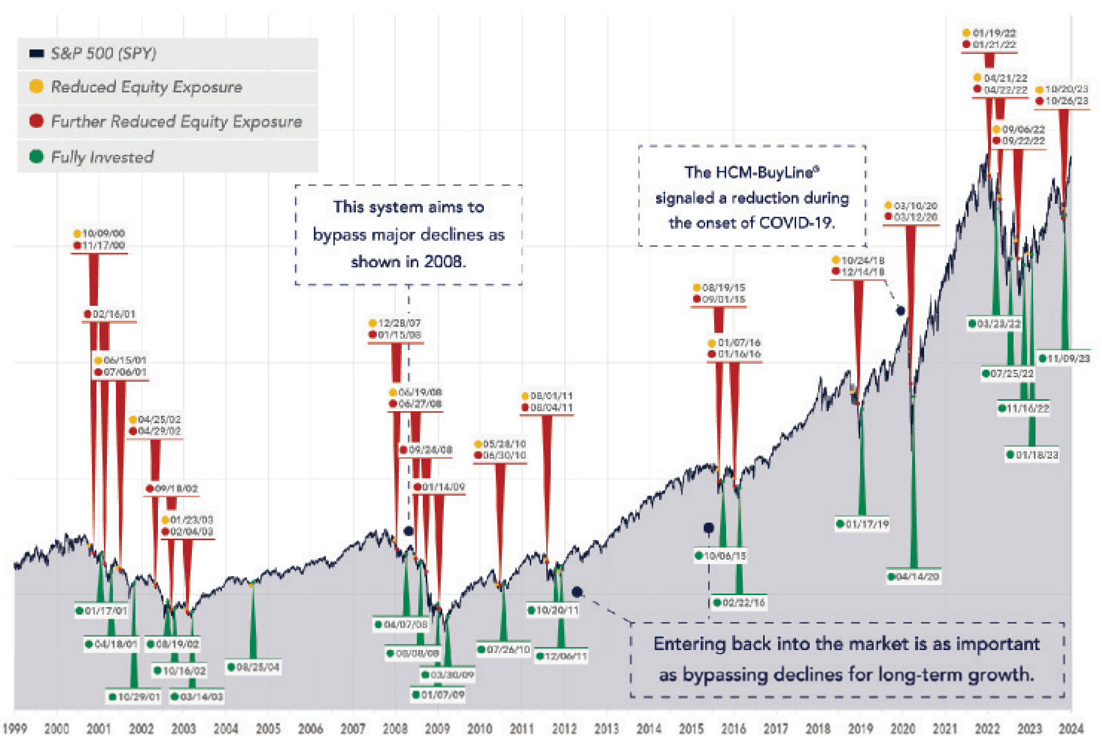
Proprietary Risk Management with The HCM-BuyLine®

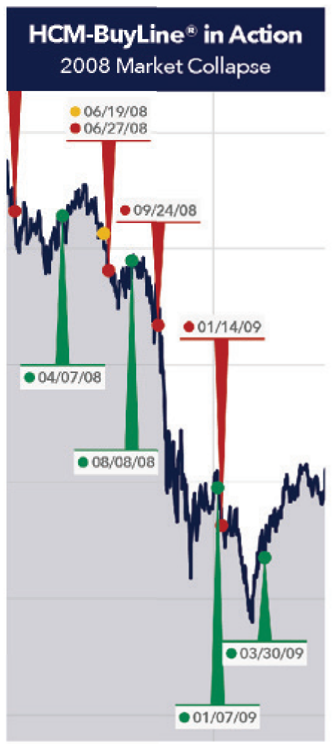
Mathematically striving to minimize downside risk with stoploss protection.

The HCM-BuyLine® is our proprietary, math-based indicator designed to mitigate downside risk. It is a quantitative, disciplined strategy that aims to take the emotion out of investing. Driven by mathematical market ratios, the model attempts to avoid significant market downturns by moving out of equities while seeking to take advantage of market upturns. The symbols indicated on the chart below represents the signals given by the HCM-BuyLine®.

When the HCM-BuyLine® turns negative, the indicator signals to move clients' investments to cash, cash equivalents, or lower volatility investments. When the HCM-BuyLine® turns positive, those investments will then be redeployed as indicated.

During the financial meltdown in 2008, the HCM-BuyLine® signaled to exit the stock market, avoiding much of the worst market draw-down in the past decade (as indicated below).





Five Ways to Navigate a Volatile Market

Fortunately, there are several ways to navigate a volatile market.

1. **Seek to avoid major losses through risk management -** Overlaying investments with a risk management strategy can potentially help identify major market downturns to avoid portfolio devastation.

2. **Seek to implement a math-based strategy -** The rise of computerized trading is consequently making investing challenging. With a math-based strategy, investors can seek to move in and out of the market faster, striving to minimize losses and maximize gains.

3. **Move to cash/lower volatility investments during market decline -** It could take months or even years to recover from devastating losses. Investors who avoid much of a significant drop by moving to safety not only attempt to preserve assets in major market declines, but positions them ready to capture major upturns (and potentially at attractive prices).

4. **Seek to remove emotion from the equation -** Investors can be emotional with the swings of the market — holding a stock as it falls or selling it before it reaches its full potential can wreak havoc on a portfolio. An emotional approach to investing can hinder the ability to effectively manage investments.

5. **Stay the course -** Commit to a strategy and risk level that not only helps one sleep at night, but with the goal of meeting current income needs and long-term financial needs.

About Howard Capital Management, Inc.

We practice active money management. We do not believe in buy and hold, nor do we favor asset allocation. We must be strategic and tactical to bring our best defense against a market that does not think or feel.

- Vance Howard, CEO and Portfolio Manager of Howard Capital Management, Inc.

Howard Capital Management (HCM) is an SEC-registered investment advisory firm, specializing in money management services for private clients, brokers, and broker dealers since 1999.

The vision for HCM originated during the 1987 stock market crash with the opinion that incurring financially devastating losses from market volatility may not be necessary. We developed a methodology with the objective to help protect capital during market downturns.

After years of research, we developed a quantitative, disciplined, math-based indicator called the HCM-BuyLine®. In 2000-2002 as the market dropped, we reduced clients' exposure to equities as signaled by the indicator, and in 2008, the HCM-BuyLine® again signaled to exit the stock market, consequently moving clients' investments to the sidelines during much of these declines.

HCM offers a variety of investment options through separately managed accounts, proprietary mutual funds, ETFs, and retirement tools. For more information regarding our services, please visit www.howardcm.com.

Howard Capital Management, Inc. (“HCM”) is an SEC-registered investment advisor with its principal place of business in the State of Georgia. SEC registration does not constitute an endorsement of HCM by the SEC, nor does it indicate that HCM has arraigned a particular level of skill or ability. HCM only transacts business where it is properly registered or is otherwise exempt from registration. Howard Capital Management, Inc. (Howard CM) offers its investment methodology through multiple programs that may invest in exchange traded funds, variable annuities, Bonds and Mutual Funds. There is no certainty that any investment or strategy (including the investments and/or investment strategies recommended by the advisor), will be profitable or successful in achieving investment objectives.

The HCM- BuyLine® graph represents some of the dates on which our proprietary indicator, the HCMBuyLine ®, identified changes in the market trend. Buys and sells may or may not have occurred on the exact dates shown. These dates do not necessarily reflect transactions applied to every individual account. Also, certain products, custodians and portfolios may have a delay in execution. When the HCM-BuyLine® indicates a bull market, HCM then identifies the particular mutual funds, ETFs or individual stocks that we believe have the best return potentials in the current market from the universe of assets available in each given program and invests in them. When the HCM-BuyLine® indicates a bear market, HCM moves clients’ investments to less risky alternatives. Howard CM’s performance results: 1) are presented net of advisory fees of 2.2% paid monthly in arrears, 2) are net of transaction fees and commissions, 3) are not net of custodial fees, and 4) reflect the reinvestment of dividends and capital gains. Past performance is not a guarantee or a reliable indicator of future results. Therefore, no current or prospective client should assume that the future performance of any specific investment, investment strategy (including the investments and/or investment strategies recommended by the advisor), will be profitable or equal to past performance levels.

The S&P 500 Index includes a representative sample of 500 leading companies in chief industries of the U.S. economy and is generally considered a proxy for the total market; it is an unmanaged investment measure and is not available for investment purposes. Barclays Aggregate Bond Index includes government securities, mortgage-backed securities, asset-backed securities, and corporate securities, and is generally considered the best overall simulation of the universe of bonds in the market; it is an unmanaged investment measure and is not available for investment purposes.

 Advisory services offered through Howard Capital Management, Inc. Changes in investment strategies, contributions or withdrawals, and economic conditions may materially alter the performance of your portfolio. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or strategy will be suitable or profitable for an investor’s portfolio. Historical performance results for investment indexes and/or categories generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results. There are no assurances that a portfolio will match or outperform any particular benchmark. A copy of our current written disclosure Brochure discussing our advisory services and fees continues to remain available upon request. This presentation is limited to the dissemination of general information pertaining to its investment advisory/management services. Any subsequent, direct communication by HCM with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of HCM, please contact HCM or refer to the Investment Advisor Public Disclosure web site (www.adviserinfo.sec.gov). For additional information about HCM, including fees and services, send for our disclosure statement as set forth on Form ADV from us using the contact information herein. Please read the disclosure statement carefully before you invest or send money. LARL. VMG.021324

“We are a non-emotional shop. We trade math. We don’t trade emotions.”

- Vance Howard on Fox Business

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