

Fall 2025

Monday, September 22 marks the autumn equinox and the first day of fall. Sweater weather is just around the corner! Like nature, our lives also go through seasons. Children grow up, careers evolve, goals shift and new dreams emerge. Has your season of life changed? Here are a few thoughtful ways to embrace this seasonal shift:

**Reflect on recent changes.** Have you experienced any life events that may impact your financial goals? A new job, a new family member, or a change in priorities?

**Prepare for year-end opportunities.** From charitable giving to tax planning, fall is the ideal time to get ahead of important financial decisions before the new year.

**Celebrate your progress.** Like a harvest, this season invites us to acknowledge what we've accomplished. Even small steps forward deserve to be recognized and celebrated.

Let's take a look at the numbers.

| Major Stock Indexes               | (As of 8/31/25) |
|-----------------------------------|-----------------|
| Dow Jones Industrials             | + 7.44 %        |
| S&P 500 Index                     | + 10.08 %       |
| NASDAQ Composite                  | + 11.28 %       |
| Russell 2000                      | + 6.04 %        |
| MSCI EAFE Index                   | + 20.47 %       |
| MSCI Emerging Markets             | + 17.50 %       |
| Major Bond Indexes & Rates        | (As of 8/31/25) |
| Bloomberg U.S. Aggregate Bond     | + 4.95 %        |
| Bloomberg 1-5 Yr Government Index | + 4.54 %        |
| Fed Funds Rate                    | 4.25 – 4.50 %   |
| 30-year fixed mortgage            | 6.56%           |

**Source: The Wall Street Journal and Barron's**

\*Inclusion of these unmanaged indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

**Colorado**

30752 Southview Dr., Ste 290  
Evergreen, CO 80439  
T 303.674.9711

**California**

3202 Governor Dr., Ste 204  
San Diego, CA 92122  
T 858.450.9711

# FINANCIAL AND INVESTMENT PLANNING

Markets are up. Your portfolio looks strong. So why does it feel like a drop is coming? If you've ever thought, "This must be the top," you're in good company. That fear is hardwired into our brains. But here's the truth: Historically, investing at new highs delivers returns similar to buying at any other time. This short read breaks down the psychology behind "that fear" and why the data tells a different story. "It's not about ignoring fear. It's about understanding where it comes from and what the data actually says."

It feels risky to invest when markets are riding high. But history tells a different story. Over the past 70+ years, buying at all-time highs has delivered returns nearly identical to investing on any random day. The average 1-year return after a market high? 11.2%. On other dates? 12.6%. At 3- and 5-year marks, the difference stays small. Of course, past performance doesn't predict future results. But the numbers are clear: market highs aren't a red flag. They're part of the ride.

## Investing at all-time highs vs. all-dates



Source: Bloomberg, RBC GAM

Data for S&P 500 as of January 1, 1950 to March 2024. All-dates refers to rolling 1-, 2- and 3-year returns starting from each trading date during this time. Returns in U.S. dollars. An investment cannot be made directly into an index. The graph does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results.

So, if investing at highs isn't actually riskier...why does it feel that way? Blame anchoring bias: our tendency to fixate on the first number we see. Maybe you saw a stock at \$455 a few months ago and waited. Now it's \$490. It feels expensive, even if nothing's changed. This type of mental math leads to regret and inaction. But markets aren't priced for where they've been. They're priced for where they might go. Anchoring bias isn't the only thing at play. Our brains also exaggerate whatever happened most recently, especially if it ended badly. That's why highs feel scary. If the last one you remember preceded a drop, that's what sticks. Not the years of growth. Just the drop. It's like a great vacation spoiled by an awful airport delay. One bad moment overshadows the rest.

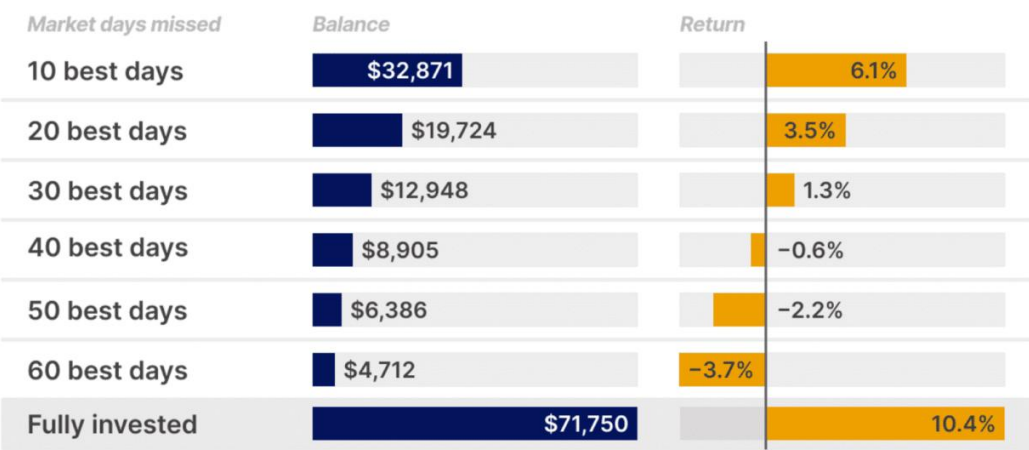
Investing can feel the same. One crash after a peak doesn't make every high a warning. But your brain treats it like one. Moreover, buying at new highs feels risky because it means surrendering control. If the market dips, regret hits harder: "Why didn't I wait?" That's regret aversion at work. We'd rather do nothing than risk feeling foolish. And sitting in cash creates a false sense of control, even though markets rarely follow our script. This illusion of control can be comforting. But long-term success usually comes from staying consistent, not trying to outsmart uncertainty. When markets are volatile, it can feel reasonable to take a cautious approach. But stepping out--even briefly--has historically come with tradeoffs.

From 2005 to 2024, a hypothetical \$10,000 investment in the S&P 500 grew to \$71,750 if left untouched the entire time. Missing just the 10 best days during that same period would have reduced that value to \$32,871--a much lower outcome over two decades. It's also worth noting that 7 of those 10 best days occurred within two weeks of the worst days. That suggests some of the strongest gains tend to cluster around periods of heightened uncertainty. While past performance doesn't guarantee future results, this underscores how difficult it can be to predict the right moments to be in or out of the market.

## Performance of a \$10,000 investment in the S&P 500 over 20 years

Total returns | Jan. 3, 2005–Dec. 31, 2024

*Missing the markets best days significantly reduces the return on investment.*



Source: J.P. Morgan Asset Management

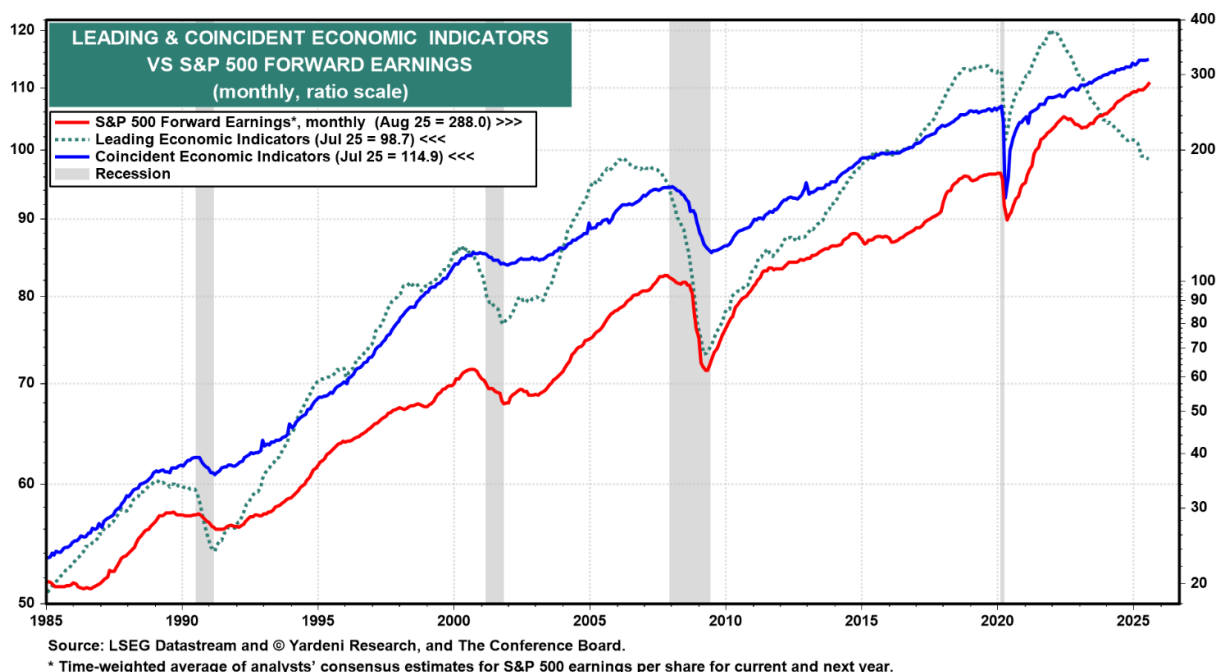
The Fed is sending up a flare: the economy may be softening. In a recent speech, Federal Reserve Chair Jerome Powell signaled that interest rate cuts could be on the table soon. He expressed rising concern about the job market, noting a sharp slowdown in hiring and the risk of further weakness ahead. And he's not alone. Other indicators have started pointing in the same direction. Taken together, these signals point to potential shifts in economic momentum that could affect interest rates, the markets, and your financial plan.

Let's start with what has the Fed most concerned: jobs.

In his speech, Powell highlighted several worrying trends in the labor market. Over the past three months, employers have added an average of just 35,000 jobs per month. That's a steep drop from the 168,000 monthly average we saw in 2024. Long-term unemployment is rising too. Nearly 1.8 million Americans have been out of work for more than 27 weeks, up 20% from a year ago. In his words, "the stability of the unemployment rate allows us to proceed carefully" but the recent data may "warrant adjusting our policy stance."

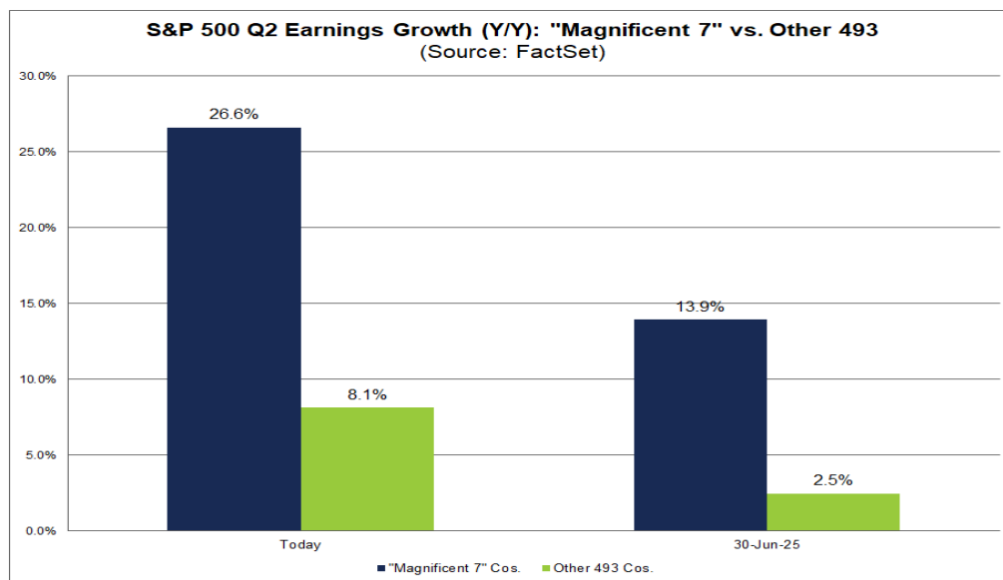
Translation: interest rate cuts are on the table. But it's not just the Fed chair who's raising concerns about the economy. Other reports have started to echo that same message. One of the most telling is the Conference Board's Leading Economic Index, or LEI. Think of the LEI like an early warning indicator on your car's dashboard. It pulls together a range of forward-looking signals from across the economy like manufacturing orders, building permits, jobless claims, and consumer sentiment.

No single indicator tells the whole story. But, when multiple indicators start showing similar warning signs, it's worth paying attention. In July, the LEI declined for the sixth month in a row. The chart below shows how sharp LEI declines like this have correlated with recessions over the past two decades.



So, what does this all mean?

For the economy, it suggests a shift toward slower growth (and possibly a mild recession) is becoming more likely. If that happens, the Fed may cut rates to help avoid a recession or cushion the impact of one, making it cheaper to borrow and invest. While the LEI index has declined this year due to weaker orders and lower consumer confidence, a resolution in the tariff uncertainty could help.



While the labor market has softened this year, we have seen a productivity increase. As reported by the Bureau of Labor Statistics, labor productivity (output per hour) increased 3.3% in 2Q25, the biggest increase since 4Q23. In more positive news, earnings have continued to surprise to the

upside. The “Magnificent 7” (NVIDIA, Amazon, Google, Apple, Tesla, Microsoft and Netflix) continues to lead the market higher, but the other 493 companies in the S&P 500 had a big jump in year over year earnings growth from 2.5% to 13.9%. A broadening of market leadership is historically a healthy sign.

For your personal finances, lower interest rates could reduce borrowing costs on things like mortgages, credit cards, or car loans. At the same time, savings accounts and other interest-based products may see lower yields.

For your investments, things can feel a bit counterintuitive. A slowing economy (which often triggers rate cuts) can sometimes be good for both stocks and bonds. Why? Because lower interest rates reduce borrowing costs, which can boost corporate profits and investor appetite, especially in sectors like real estate and technology. Bonds may also benefit as yields fall and existing bond prices rise.

The bottom line...

Feeling anxious at a market high is normal. You're not doing it wrong. You're just human. If you are ever worried, please don't hesitate to call. We are always here for you.

- Past performance is not a guarantee of future results. Individuals cannot invest in an index directly.
- The Dow Jones Industrial Average (DJIA), commonly known as “The Dow”, is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal.
- The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material accurate or complete.
- The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the U.S. stock market.
- The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market and includes over 3,000 companies.
- Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Bonds are subject to credit and interest rate risk. Timely payments of interest and principal payments are based on the financial condition of the issuer. Yield and market value will fluctuate with changes in market conditions. There is an inverse relationship between interest movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. Diversification does not insure a profit or a guarantee against a loss. Investing involves risk and you may incur a profit or loss regardless of strategy selected. Please note that international investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

## PERSONAL

After 10 months of training and numerous matches, the whistle blew, and Kora's Juggernaut volleyball team started play in the USAV National Championship in Dallas. The team secured a bid for the tournament in February and have been anxiously awaiting ever since. The girls got off to a good start on Day 1, winning two matches and losing one. Day two was challenging, as they went 1-2. Both losses were nailbiters. Two of the teams they lost to would go on to play in the championship in their division. The Juggernaut 14-year-olds didn't lose the remaining two days. It was a wonderful experience for the young girls to play in the high-pressure national championship tournament.

In July, Macy and Kora both attended volleyball camps at Stanford and Wisconsin. Both schools are consistently top 10 programs in the country and have great instruction and coaching. The sisters stayed in the dorms at Wisconsin and off campus at Stanford. They loved walking around the grounds, eating in the cafeteria and playing at various gyms. On the last day in Madison, the Wisconsin volleyball team came to the gym and scrimmaged. Kora, along with a few others, got to

play with team. She was on cloud nine being on the court with her favorite team and a few All-Americans.



After the Stanford camp, Angie and Kris took the girls to explore Muir Woods National Monument. Established in 1908, these coastal redwoods (*Sequoia sempervirens*) are the tallest trees in the world. Redwoods can grow to 380 feet. The girls were in awe as they walked through the forest among these giants. Next, the family drove eight hours south to Hermosa Beach, CA. Macy and Kora were both playing in the USAV Beach National Championships. Indoor volleyball is their passion, but they do have fun playing beach volleyball on the side. They had very low expectations going into the tournament because they knew the competition plays beach volleyball year-round. Nonetheless, they were very excited to spend the next three days playing beach. Indoor volleyball is very fast, lots of big kills and consists of six players (6 vs 6). Beach volleyball is slower because you are playing in sand and it's 2 vs 2. It's all about placement. The Fisher girls were humbled all week, but they had a great time and were actually very competitive with several of the teams they went up against. As summer came to an end, Macy started eighth grade, and Kora is now a freshman in high school. Time flies!

This was a somewhat unusual summer for the Kachkovsky household. Unlike summers past, there were very few beach outings or lazy weekends spent by the pool. No family or friend visits from out of state. Time was dedicated to an amazing All-Star Softball season. Just about every weekend, Ava's 12U (12 and under) team was playing in a tournament somewhere in Southern California. From San Clemente to Lancaster, and Santee to Simi Valley, this team left a lasting mark everywhere they played - winning four out of six tournaments, playing in the championship game in the other two. Then the squad made Western Nationals and got 4<sup>th</sup> place. Our University City league is extremely small, and this is the first time in league history a team has made it this far.

The kids were remarkable, putting up with the heat, tough competition, adversity, and long days (six games in one day at States). Ava had quite a few SportsCenter-worthy plays which helped contribute to an unforgettable season. Not to be outdone, Elle spent time improving her athletic abilities - running, hiking, and working on softball skill development. Her sights are set on next year's All-Star Season.



Before the first day of school bell rang, the family sneaked in some much-needed vacation time. An unplanned road trip took them through northern California - hiking through the breathtaking Redwood National Forest, visiting with family in Phoenix, OR (not a typo) and Marin County, CA, and floating on the Rogue River in Southern Oregon. The kids loved the Weasku Inn - a historic lodging destination in Grants Pass, Oregon, established in 1924 along the Rogue River and once a retreat for Hollywood figures like Clark Gable and Walt Disney. Summer was capped by a trip to Chicago, Garry's hometown. Weather cooperated, the Cubs won and time was spent celebrating milestones and re-connecting with old friends not seen in a couple of decades.

Thank you for your trust, confidence and friendship.

Garry Kachkovsky, CFP®  
Financial Planner

Kristian R. Fisher, CFP®  
Financial Planner