

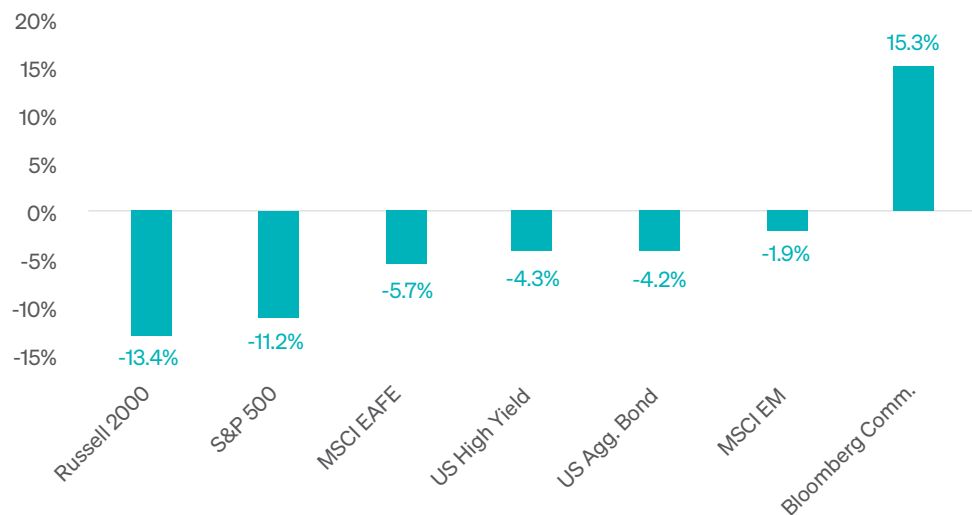
MEEDER PRIVATE WEALTH

Gauging the Impact of Geopolitical Events on the Capital Markets

We have received many questions on the current market and how to respond to the Russian invasion of Ukraine. While the Russian invasion is top of mind for investors, these geopolitical events have proven to be short lived and unpredictable. The longer term implications are difficult to quantify with any degree of certainty. Our team seeks to sift through the noise and focus on what matters, which can be challenging when markets experience high volatility.

During periods of low volatility such as 2021, it is easy to forget that corrections are frequent and it is not uncommon for the market to correct -10% during any given year. It has been a challenging market year to date in 2022, and we may see choppiness as the market digests slowing growth, reduced fiscal policy and upcoming tightening of monetary policy. While we don't anticipate a recession, we should keep things in perspective. The S&P has provided annualized returns of 17% for the past 3 years which is above long term averages. Investors should properly set expectations for strategic portfolios and maintain a longer term focus. As we discuss below, history has shown that rebounds from market corrections are often quite robust, and it is the patient and long term investors who are rewarded.

MARKET RETURNS YEAR-TO-DATE THROUGH 2/23/22



MARKET SHOCK EVENTS

In a review of previous market shocks, we see that the market has largely shrugged off the geopolitical events. Geopolitical events are unpredictable and usually have limited effects over time. Based on the returns shown on this table, the average S&P 500 return 6 months and 12 months after a market shock has been 7.1% and 10.8%, respectively.

MARKET SHOCK EVENTS	EVENT DATE	1-MONTH	3-MONTHS	6-MONTHS	12-MONTHS	RECESSION?
Germany Invades France	5/10/1940	-19.9%	-12.7%	-4.5%	-18.7%	No
Pearl Harbor Attack	12/7/1941	-1.0%	-11.0%	-6.5%	4.3%	No
N. Korea Invades S. Korea	6/25/1950	-10.0%	1.6%	4.1%	11.7%	No
Hungarian Uprising	10/23/1956	-2.1%	-2.8%	-1.3%	-11.7%	Yes
Suez Crisis	10/29/1956	-4.4%	-3.6%	0.0%	-11.6%	Yes
Cuban Missile Crisis	10/16/1962	5.1%	14.1%	20.7%	27.8%	No
Kennedy Assassination	11/22/1963	6.8%	11.9%	15.5%	23.2%	No
Gulf of Tonkin Incident	8/2/1964	-1.6%	1.9%	5.3%	2.7%	No
Six-Day War	6/5/1967	3.3%	5.9%	7.5%	13.5%	No
Tet Offensive	1/30/1968	-3.8%	5.1%	5.2%	10.2%	No
Penn Central Bankruptcy	6/21/1970	-0.1%	7.2%	16.8%	28.6%	Yes
Munich Olympics	9/5/1972	-1.0%	5.7%	2.3%	-5.8%	No
Yom Kippur War	10/6/1973	-3.9%	-10.7%	-15.3%	-43.2%	Yes
Oil Embargo	10/16/1973	-7.0%	-13.2%	-14.4%	-35.2%	Yes
Nixon Resigns	8/9/1974	-14.4%	-7.0%	-2.8%	6.4%	Yes
Reagan Shooting	3/30/1981	-0.9%	-1.8%	-14.0%	-16.4%	Yes
Continental Illinois Bailout	5/9/1984	-3.1%	1.0%	6.4%	12.8%	No
1987 Stock Market Crash	10/19/1987	8.1%	10.9%	14.7%	22.9%	No
Iraq's Invasion of Kuwait	8/2/1990	-8.2%	-13.5%	-2.1%	10.1%	Yes
Soros Breaks Bank of England	9/16/1992	-2.5%	3.0%	6.8%	9.9%	No
First World Trade Center Bombing	2/26/1993	1.7%	2.0%	4.0%	4.7%	No
Asian Financial Crisis	10/8/1997	-3.7%	-1.8%	14.1%	-1.5%	No
U.S.S. Cole Yemen Bombing	10/12/2000	2.7%	-0.9%	-11.3%	-19.6%	Yes
U.S. Terrorist Attacks	9/11/2001	-0.2%	2.5%	6.7%	-18.4%	Yes
Iraq War Started	3/20/2003	1.9%	13.6%	18.7%	26.7%	No
Madrid Bombing	3/11/2004	3.5%	2.7%	1.5%	8.4%	No
London Subway Bombing	7/5/2005	3.3%	1.8%	5.3%	5.5%	No
Bear Stearns Collapses	3/14/2008	3.6%	5.6%	-2.8%	-41.5%	Yes
Lehman Brothers Collapses	9/15/2008	-16.3%	-26.2%	-34.8%	-11.7%	Yes
Boston Marathon Bombing	4/15/2013	6.3%	8.4%	9.7%	17.9%	No
Russia Annexed Crimea	2/20/2014	1.5%	2.6%	8.0%	14.7%	No
BREXIT	6/24/2016	6.5%	6.2%	11.0%	19.7%	No
Bombing of Syria	4/7/2017	1.8%	3.1%	7.6%	12.8%	No
North Korea Missile Crisis	7/28/2017	-1.1%	3.6%	14.8%	13.4%	No
Saudi Aramco Drone Strike	9/14/2019	-1.4%	5.4%	-8.8%	12.5%	No
Iranian General Killed in Airstrike	1/3/2020	1.9%	-23.1%	-4.2%	14.4%	Yes
U.S. Pulls Out of Afghanistan	8/30/2021	-3.7%	2.8%	?	?	?
Average if no recession		0.0%	3.7%	7.1%	10.8%	
Average if recession		-3.8%	-6.7%	-6.1%	-11.5%	

SOURCE: LPL RESEARCH, S&P DOW JONES INDICIES

INVESTOR SENTIMENT

Sentiment metrics reveal the percentage of investors who have a bullish or bearish view of the stock market. Over the past several weeks, bearish sentiment has moved sharply higher. Below we highlight that the only periods of time that bulls have been below 20% and bears over 40%. Extremes in investor sentiment can often indicate higher-probability opportunities. As shown in this table, forward returns are favorable when investors are so bearish.

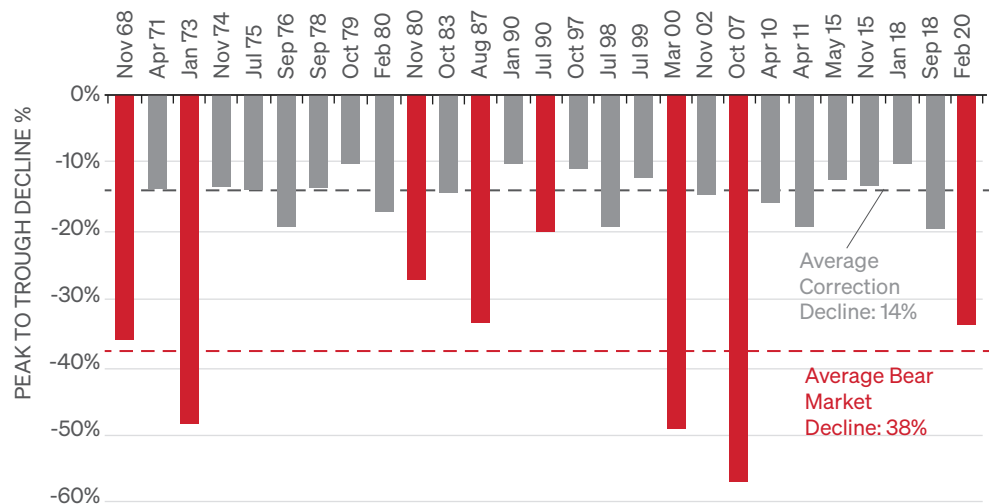
DATE	AAII BEAR %	AAII BULL %	3M RTN	6M RTN	12M RTN
9/3/1992	42	14	5.6%	9.2%	15.6%
10/15/1992	56	20	7.7%	10.2%	19.4%
4/14/2005	42	16	8.9%	7.1%	17.8%
1/10/2008	59	20	-2.3%	-8.0%	-39.0%
3/5/2009	70	19	40.7%	54.1%	76.2%
4/11/2013	54	19	4.8%	9.0%	21.1%
1/14/2016	46	18	11.7%	15.0%	21.9%
2/11/2016	49	19	13.2%	18.6%	33.5%
2/16/2022	43	19	?	?	?
Average			11.3%	14.4%	20.8%

MARKET CORRECTIONS

Market corrections are relatively common. This truth is revealed in these facts:

- » Over the past 50 years, there have been 19 market corrections and 8 bear markets. Bear markets are defined by sell-offs where the peak-to-trough decline exceeds 20%.
- » While the average intra-year decline is roughly -14% since 1980, 76% of the time the S&P 500 has ended up with a positive return for the year.
- » The market has suffered pullbacks of 10% or more in 21 of the last 41 years. The full-year return was positive in 31 of those 41 years- suggesting staying invested has paid off.

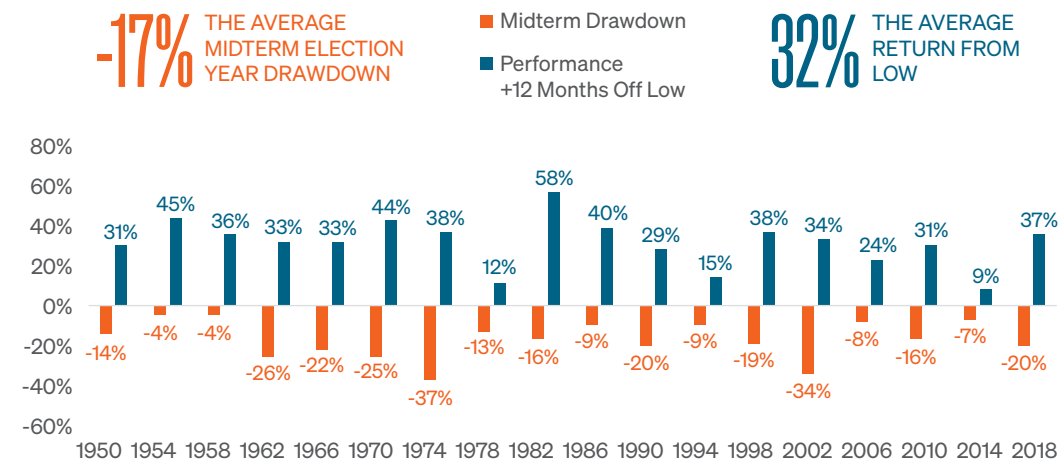
MARKET CORRECTIONS AND BEAR MARKETS OVER 50 YEARS



MID-TERM ELECTION YEAR

For the past several quarters, we have highlighted the upcoming midterm election year in 2022. These years often exhibit greater market volatility. The average downturn in a midterm election year is -17%, but interestingly, the market rebound from the trough averages over 32%.

HIGHER VOLATILITY IN MIDTERM ELECTION YEARS



SOURCE: STRATEGAS

In conclusion, it is important for long-term investors to maintain commitment to their strategy. Market volatility is common, and these bouts of volatility should not derail investors from their longer-term plan. While it is important to have a lifelong financial plan, it is more important to maintain discipline and restrain from allowing emotion to drive investment decisions when the market becomes challenging.

Market volatility creates opportunity, and our team will seek to optimize those opportunities based on our long-term market objectives.



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