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SERVICES, LLC

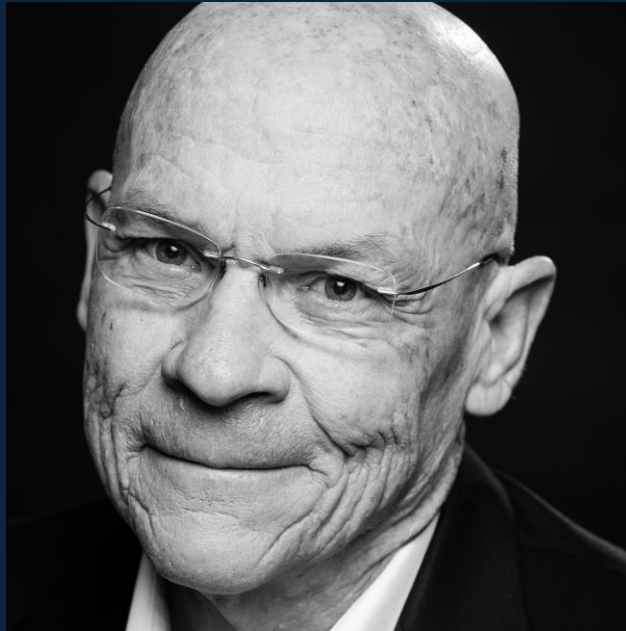


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A dark blue background on the right side of the slide features a white candlestick chart. A hand in a grey suit sleeve holds a magnifying glass over one of the candles, which is highlighted in green. The chart shows a series of green and grey candles with vertical lines indicating price movement.

Fundamentals of Investing

PANELIST



PAUL HUGHES, ChFEBC, CEPA
Managing Partner
& Financial Advisor

TODAY'S AGENDA

Fundamentals of Investing

Understanding Volatility

Four Strategies to Consider



**Money is a terrible master
but an excellent servant.**

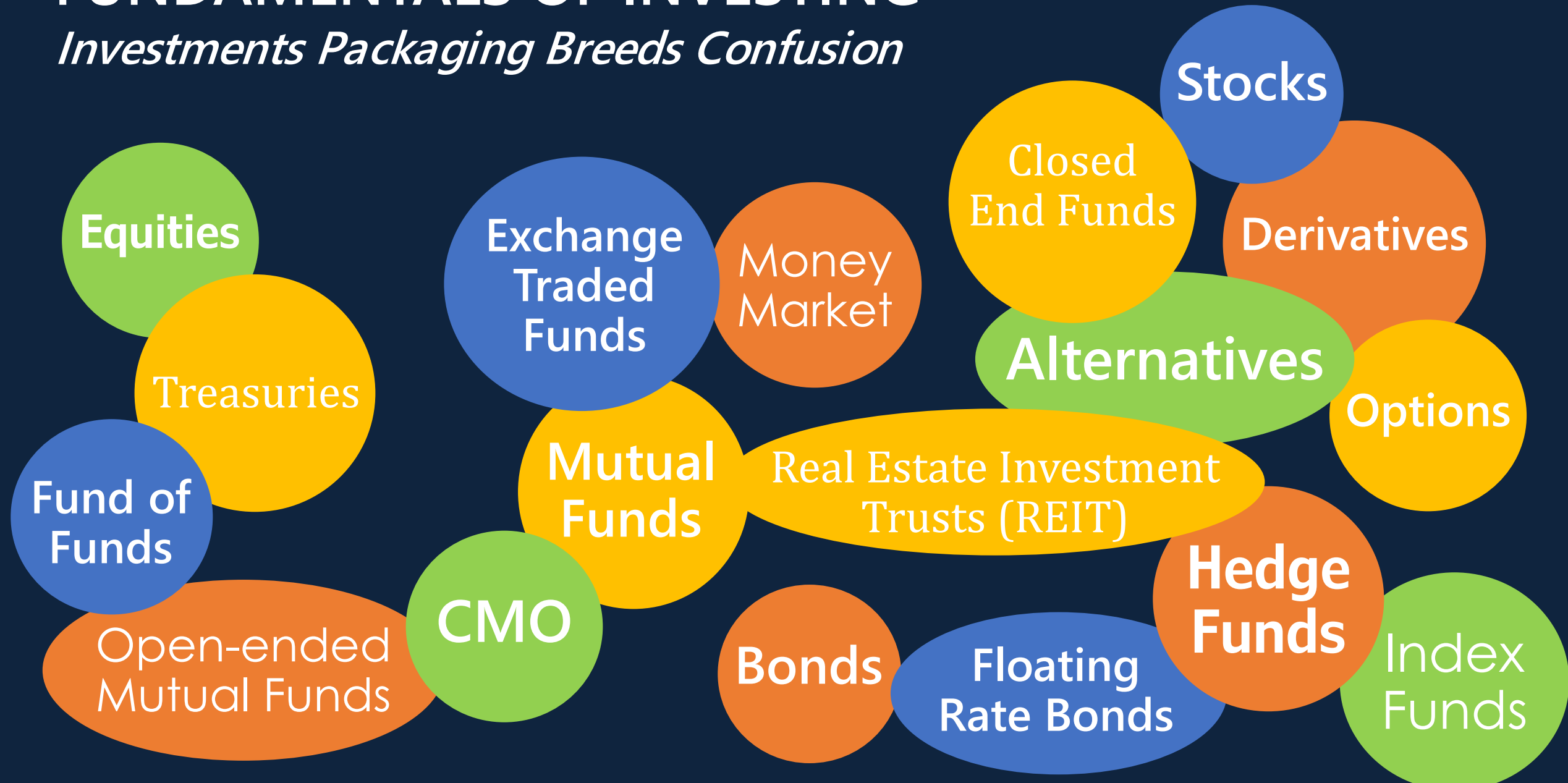
| P.T. Barnum

Founder, Barnum & Bailey Circus



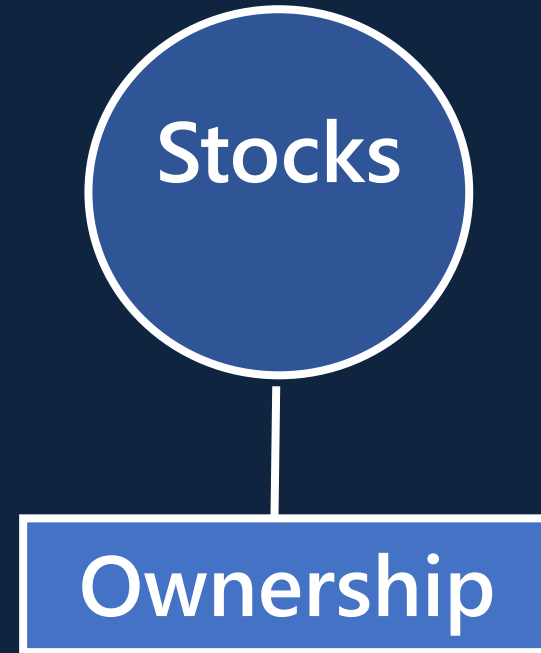
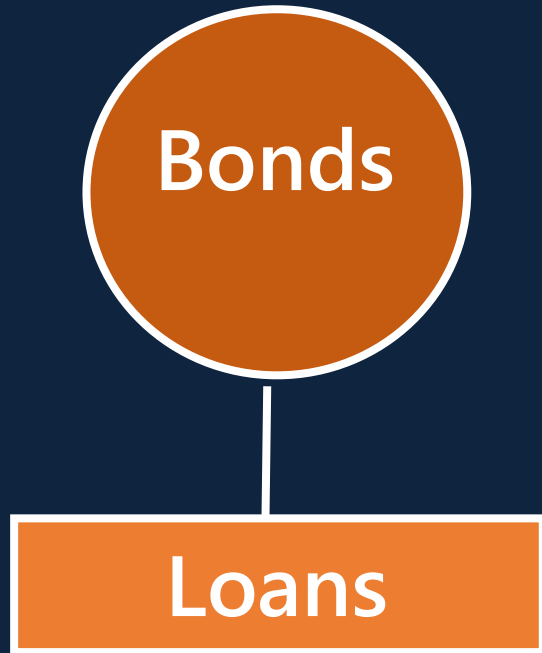
FUNDAMENTALS OF INVESTING

Investments Packaging Breeds Confusion



FUNDAMENTALS OF INVESTING

Bonds and Stocks



FUNDAMENTALS OF INVESTING

Bonds and Stocks

Bonds

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graph TD; Bonds((Bonds)) --- B1[Income from interest]; Bonds --- B2[Maturity - date of payoff]; Bonds --- B3[Stability]; Bonds --- B4[Tax-free or taxable income]; Stocks((Stocks)) --- S1[Growth]; Stocks --- S2[Income from dividends]; Stocks --- S3[Volatility]; Stocks --- S4[Capital gains (held one year)];
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Income from interest

Maturity - date of payoff

Stability

Tax-free or taxable income

Stocks

Growth

Income from dividends

Volatility

Capital gains (held one year)



5 STAR TIP

You have worked hard
for your money.

Now, let your money
work hard for you.

FUNDAMENTALS OF INVESTING

Where do you start?

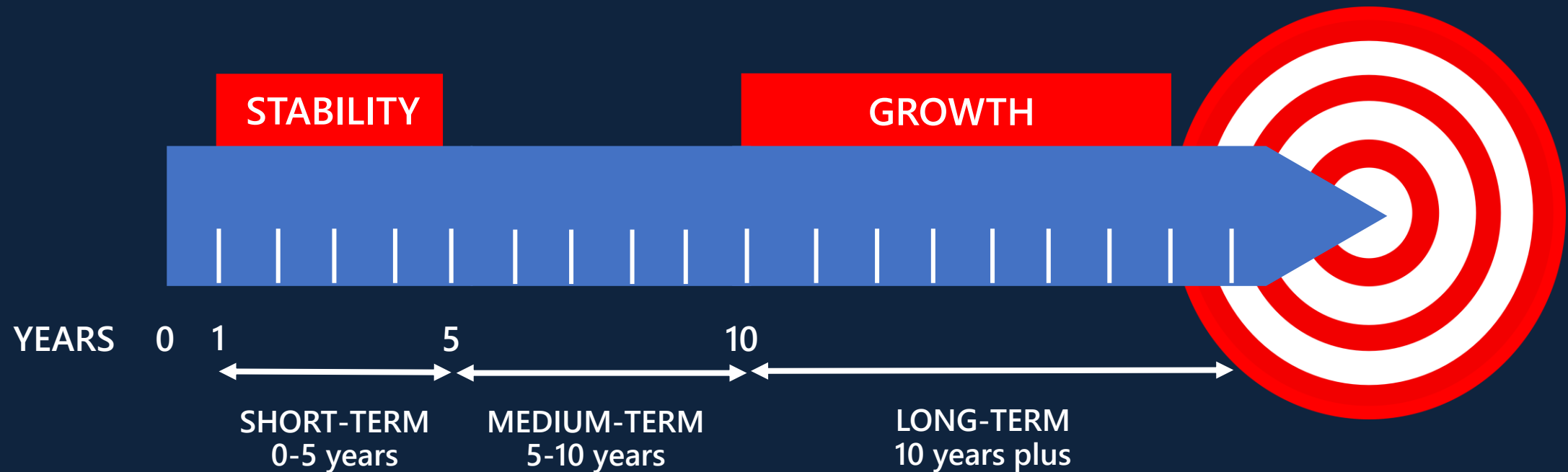
- ▶ 1. DETERMINE YOUR RISK TOLERANCE



FUNDAMENTALS OF INVESTING

Where do you start?

- ▶ 1. DETERMINE YOUR RISK TOLERANCE
- ▶ 2. DETERMINE YOUR TIME HORIZONS



FUNDAMENTALS OF INVESTING

Time Horizon that is near term

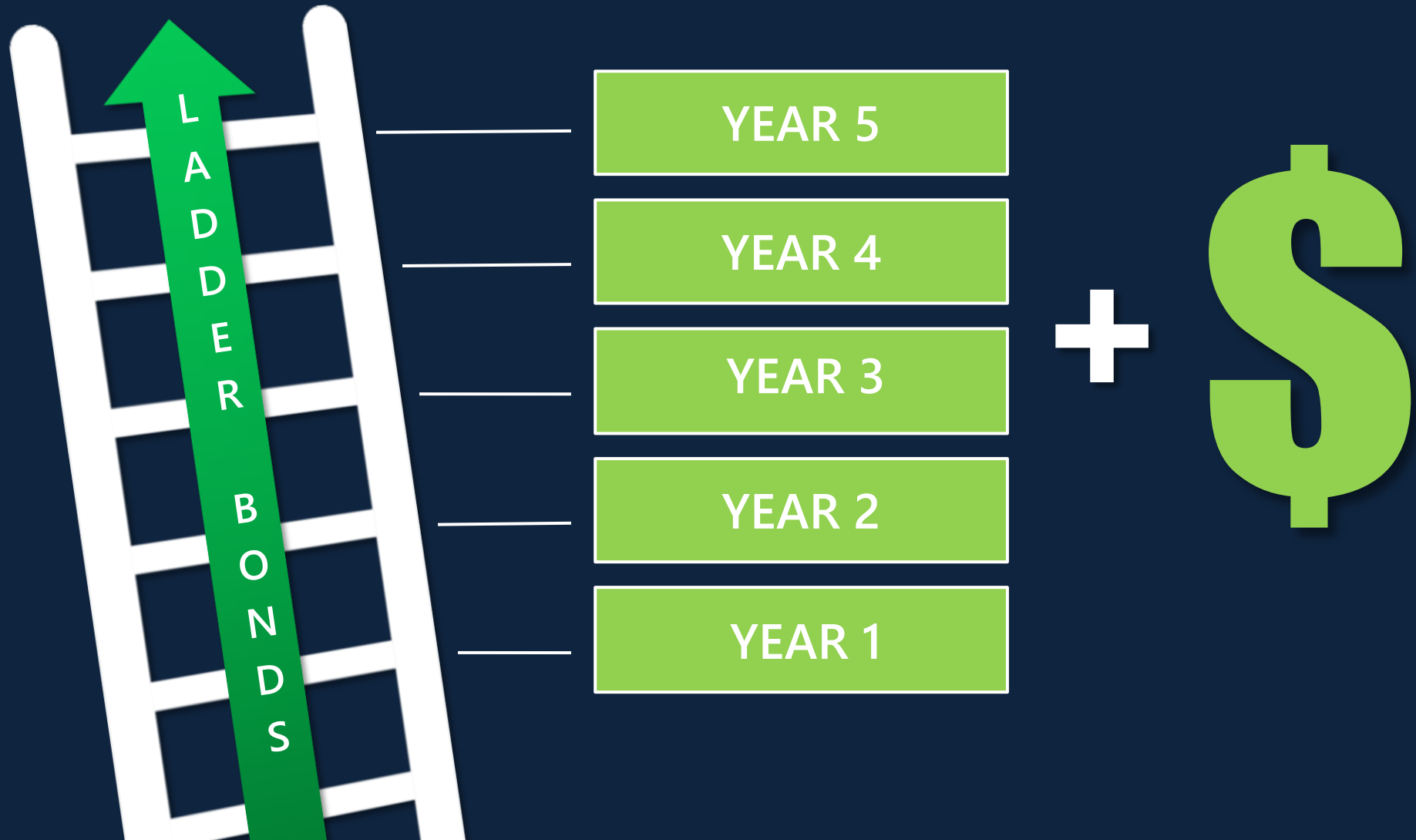
TIME SEGMENTATION

Matching of investments to a specific target date when funds will be withdrawn to meet investor's needs



FUNDAMENTALS OF INVESTING

Example of Time Segmentation



FUNDAMENTALS OF INVESTING

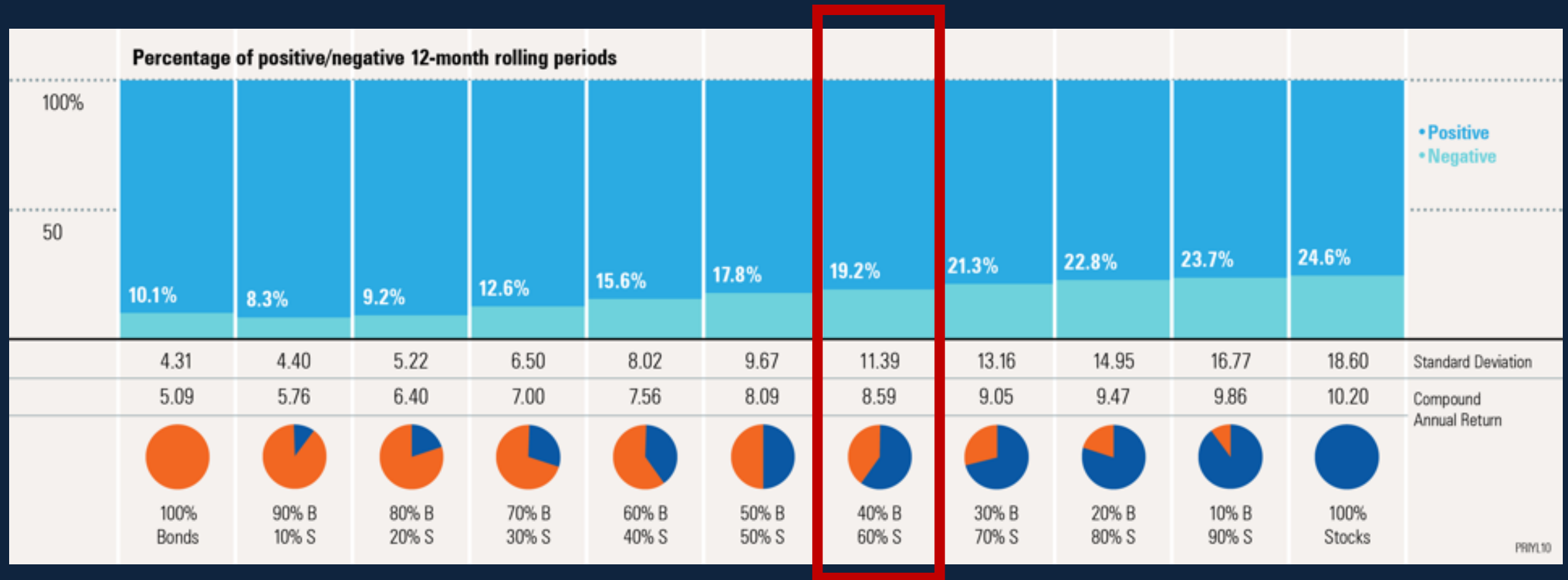
Determine your Time Horizons

LONG-TERM TIME HORIZON

Allocating Stocks and Bonds
to meet specific risk tolerances

FUNDAMENTALS OF INVESTING

Historical Range of Portfolio Performance (1926-2019)



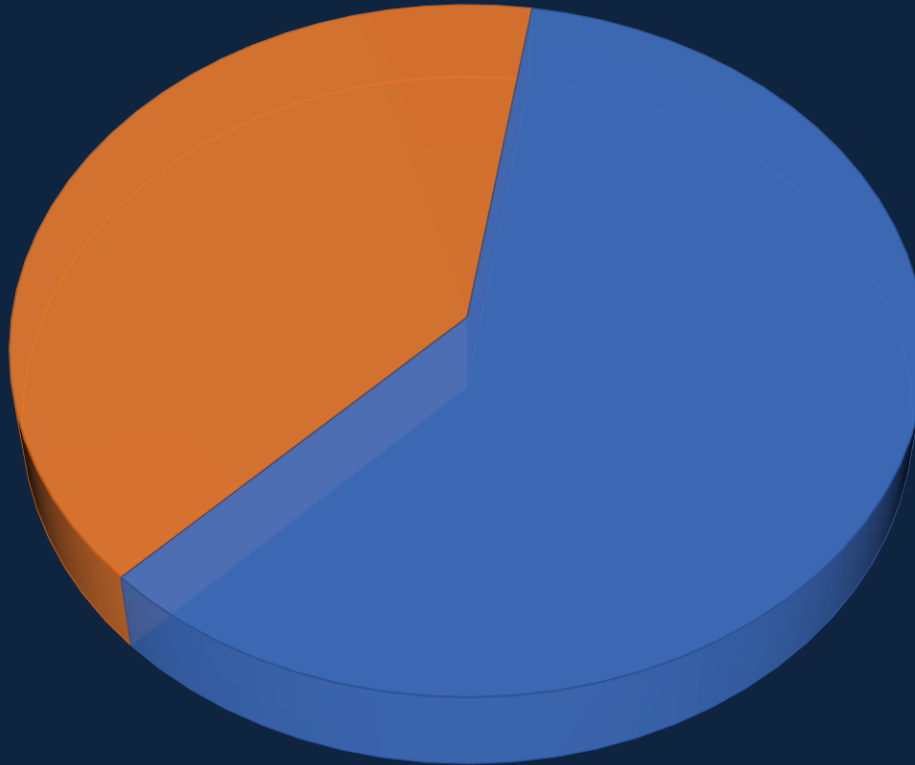
FUNDAMENTALS OF INVESTING

Historical Range of Portfolio Performance (1926-2019)

■ Stocks (60%)

■ Bonds (40%)

- Range of returns annually:
93.8% to -47.1%
- Compounded annual Return :
8.59%

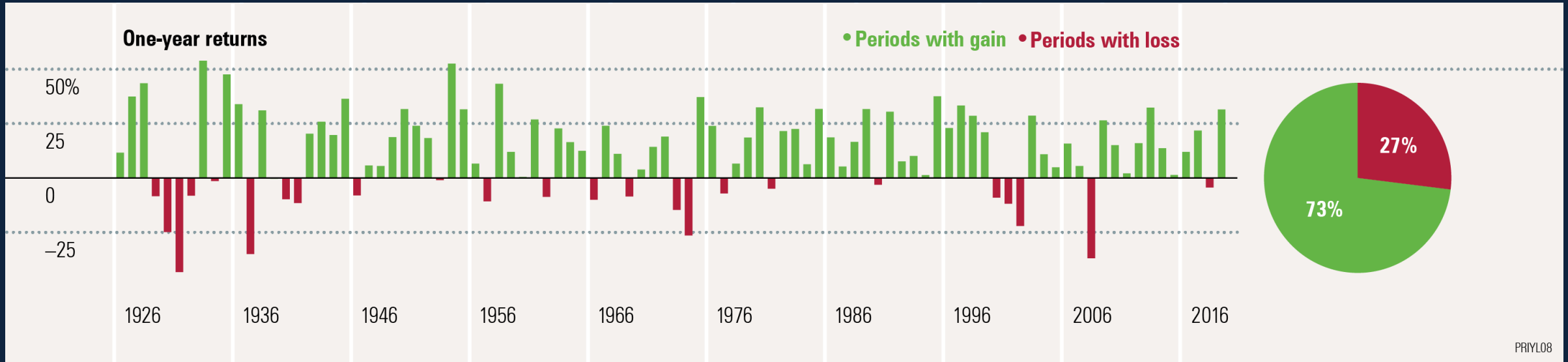


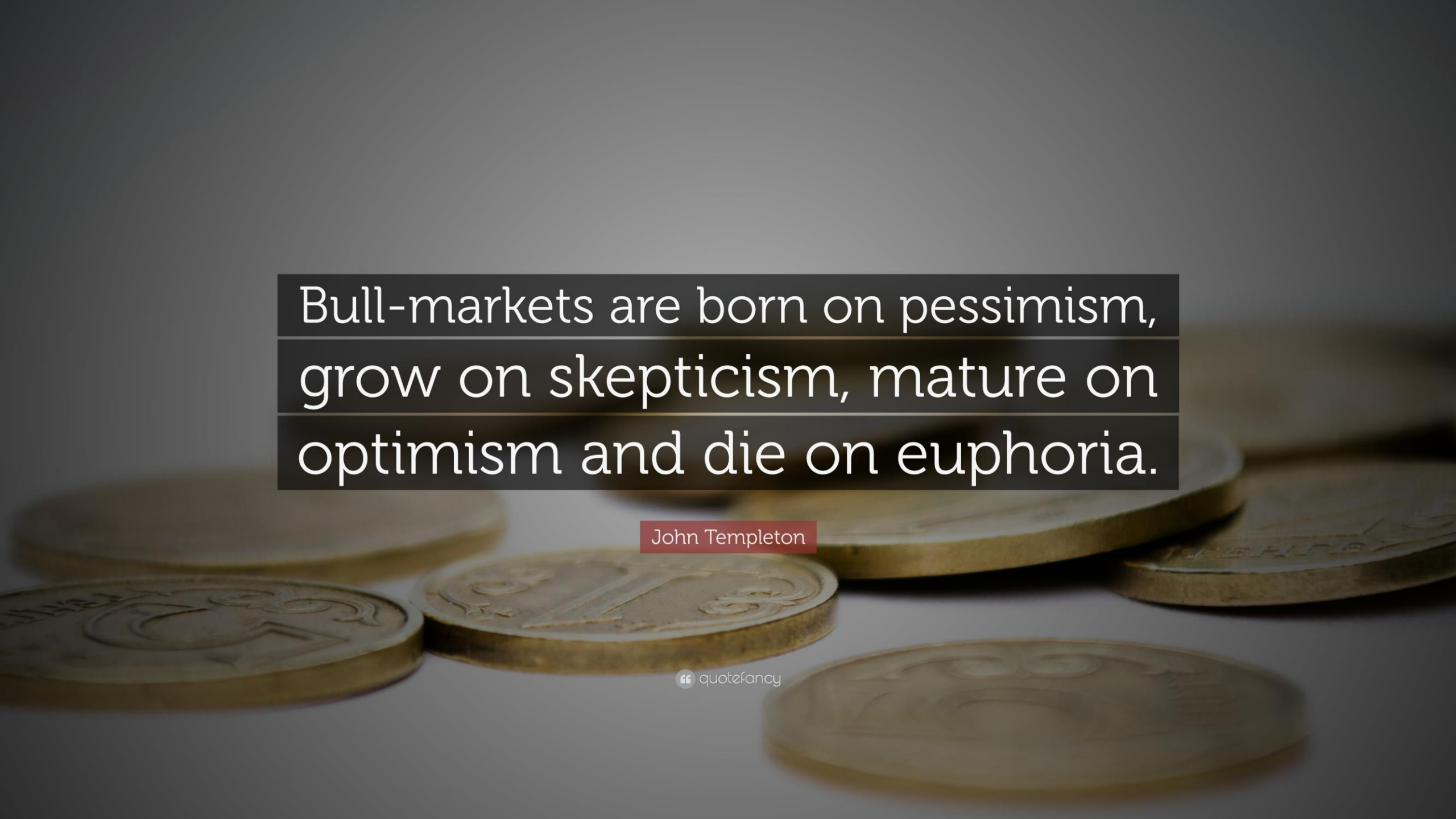
UNDERSTANDING VOLATILITY



UNDERSTANDING VOLATILITY

Risk of Stock Market Loss Over Time (1926-2019)





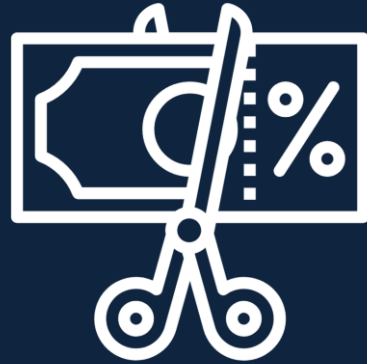
Bull-markets are born on pessimism,
grow on skepticism, mature on
optimism and die on euphoria.

John Templeton

FUNDAMENTALS OF INVESTING

Strategies to Consider

Tax Loss
Harvesting



Rebalancing

Regularly Assess
Time Horizons and
Risk Tolerance



Taxable
Diversification

FUNDAMENTALS OF INVESTING

Tax Loss Harvesting (Non-Retirement Accounts)

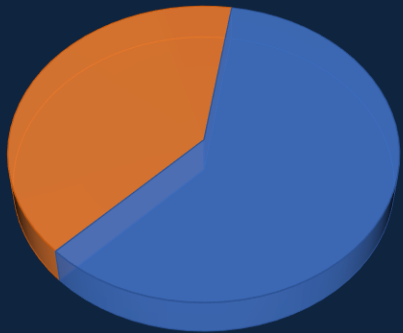
- Allows investment losses to turn into tax breaks
- Sell stock/bond at lower price than purchase price, and then reinvest in new comparable stock/bond
- Write off loss on taxes (up to \$3,000 per year)
- Can carry loss forward to offset future capital gains



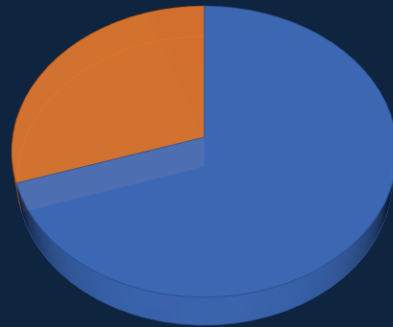
FUNDAMENTALS OF INVESTING

Rebalancing

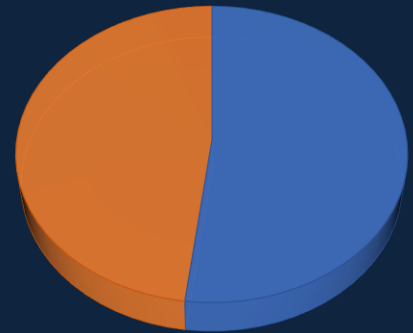
- Sell high, buy low
- Investment mix can change over time or be impacted by events



- Stocks (60%)
- Bonds (40%)



- Stocks (70%)
- Bonds (30%)



- Stocks (52%)
- Bonds (48%)

FUNDAMENTALS OF INVESTING

Regular Assessment of Time Horizon and Risk Tolerance

Specific time-frame (at least annually) consider:

- Time horizon (needs)
- Risk tolerance in view of knowledge and comfort level

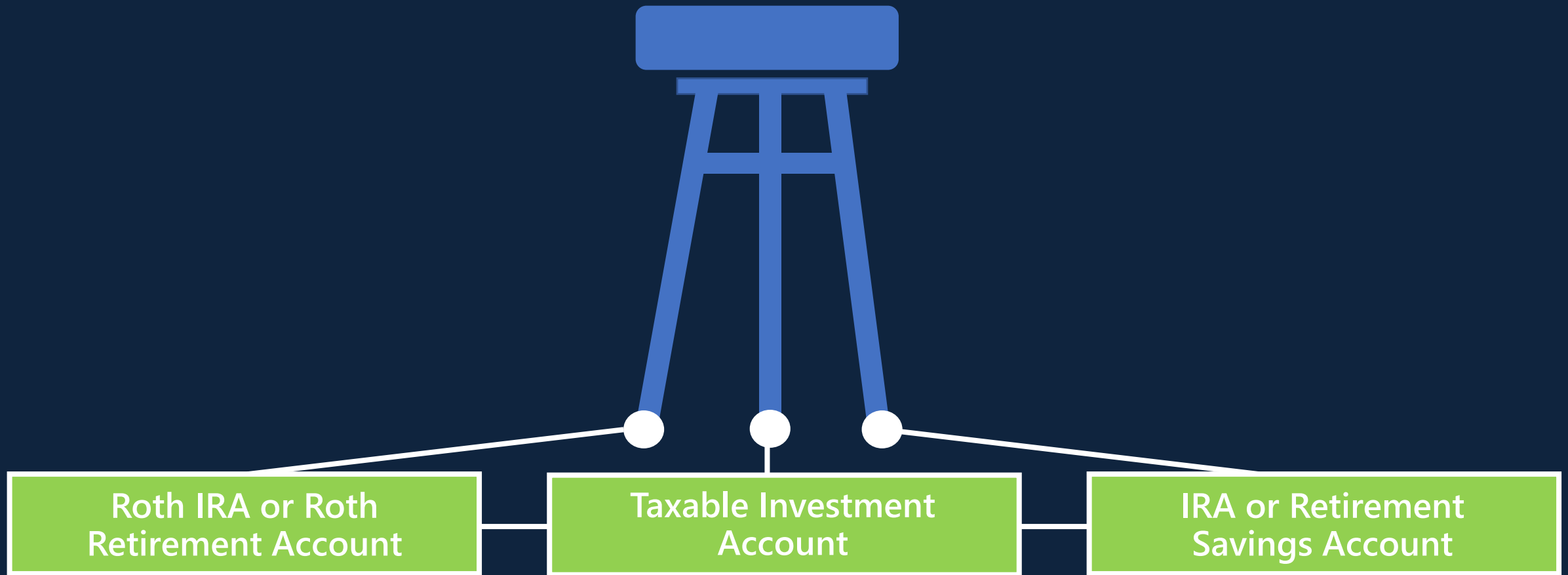
Changes in life circumstances:

- Income
- Family Status
- Health
- Tax Planning

FUNDAMENTALS OF INVESTING

Taxable Diversification

Optimum Tax Planning by Investment Account Type



The best investment
you can make is in
yourself

- Warren Buffett



Hughes Financial Services will be hosting **20-minute virtual educational Lunch & Learn sessions** during which we'll do a deep dive on an array of financial planning topics. Grab your device and lunch and join us each **Wednesday at 12:00 pm** to juice up your financial planning knowledge!



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How to take advantage of what your HFS Client Portal has to offer

WEDNESDAY, MAY 6th

WHAT IS A VITAL DOCUMENTS FILE AND WHY DO YOU NEED ONE?

REGISTER ONLINE AT WWW.H4FS.COM



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SOURCES: Morningstar

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