



CBOE VIX Volatility Index (April 2017-April 2018) *

Will You and Your Portfolio Be Insulated from Behavioral Biases?

Volatility roared back during the first quarter and if you're among those who tend to check in with how your investments are performing on an intraday basis, it may not have been an entirely enjoyable few months. The CBOE Volatility Index (VIX) – an indicator of the expectation of market volatility – spiked by 81% during the first quarter, and there was a total of 23 trading sessions in which the S&P 500 index rose or fell by at least 1.0%. Though the latter statistic may not seem that extreme, there were only eight such moves for *all of 2017*, and while there were five trading days in the first three months of 2018 in which the S&P 500 fell by at least 2.0%, there were *none in 2017*. Even though markets were relatively calm last year, complacency may have set in for some investors. In that environment, it's easy to forget that when you invest in public markets, you will, at some point, be exposed to high levels of volatility, and that can lead to behavior that isn't kind to your portfolio like buying high and selling low.

To offset the fear-based selling and chasing performance that can damage portfolio returns when volatility strikes, Wealth Strategies Advisory Group uses a portfolio model that includes non-correlated private investments to smooth out and reduce volatility, an approach included within our Household Endowment Model. There are benefits to investments in nonpublic markets. The external managers we work with can find value in alternative, illiquid assets which they believe aren't efficiently priced. These types of opportunities abound for patient investors where there is illiquidity and inefficiency in the price discovery process, unlike public exchanges in which prices tend to reflect the market's collective expectations.

Investing with a platform like The Household Endowment Model® can provide investors like you with steady, risk-adjusted returns that are non-correlated to public stock and bond markets. It's a longer-term approach, and you may find yourself checking in on the markets every so often but maybe without those emotional reactions you were experiencing before you considered our approach. **Call us today at (480) 889-8985 to find out how The Household Endowment Model® fits in your investment strategy, and be sure to visit www.thehouseholdendowmentmodel.com to download our whitepapers.**

*Source: Macrotrends LLC. <http://www.macrotrends.net/2603/vix-volatility-index-historical-chart>

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