



## STAGES OF EMOTIONS DURING Market Volatility

### BULL MARKET



I made one great mistake. I never thought that in our world, emotions could override all business reason.

– Aristotle Onassis

### EMOTION-FREE INVESTING CHECKLIST:

- ✓ Create an investment plan based on *short-term* financial needs and *long-term* financial goals
- ✓ Stick to personalized risk tolerance
- ✓ **Stoploss** indicator with the HCM-BuyLine®

### BEAR MARKET

Investing comes with risk, including the risk of loss. HCM cannot guarantee success of any investments. Investments and investment recommendations made by HCM, including recommendations made by HCM-BuyLine®, may result in losses.



## IMPORTANT DISCLOSURE INFORMATION

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HCM Indicator. The HCM-BuyLine® (Indicator) our proprietary indicator is used to assist in determining when to buy and sell securities. When the Indicator identifies signs of a rising market, HCM then identifies the particular security(ies) that HCM believes have the best return potentials in the current market from the universe of assets available in each given model and signals to invest in them. When the Indicator identifies signs of a declining market, the Indicator signals to move clients' investments to less risky alternatives. Not every signal generated by the Indicator will result in a profitable trade. There will be times when following the Indicators results in a loss. An important goal of the Indicator is to outperform the market on a long-term basis. The reason is the mathematics of gains and losses. A portfolio which suffers a 30% loss takes a 43% gain to return to the previous portfolio value. The Indicator is a reactive in nature, not proactive. They are not designed to catch the first 5–10% of a bull or bear market. Ideally, they will avoid most of the downtrends and catch the bulk of the uptrends. There may be times when the use of the Indicator will result in a loss when HCM re-enters the market. Other times there may be a modest positive impact. When severe downtrends occur, however, such as in 2000-2002 and 2007-2008, the Indicator has the potential to make a significant difference in portfolio performance. Naturally, there can be no guarantee that the Indicator will perform as anticipated. The Indicator does not generate stop-loss orders that automatically sell securities in the portfolio at a certain price. As a result, use of the Indicator will not necessarily limit your losses to the desired amounts due to the limitations of the Indicator, market conditions, and delays in executing orders.

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