GNH CAPITAL GROUP
of Wells Fargo Advisors

# DON'T GET 'SERRATED' BY THE MARKET'S SAWTOOTH—INVEST IN IT!

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Days like June 5, 2026—when most assets, from stocks to gold, retreated sharply on ostensibly… good economic news, such as a spike in jobs (!)—offer a good opportunity to reflect on the **interplay of advances and declines within wealth cultivation.**

Over the years, we have published two notes—***Dreaded Drawdowns*** and ***The Most Important Chart in Investing***—on the insidious nature of markets, where the dominant drumbeat is one of perceived "losses," conditioning investors to fixate on the persistent frequency of drawdowns. We regard those two pieces as a critical part of investors' "periodic mandatory continuous education."

As you reread them, consider again the punch line:

> Over time, the path of index levels and portfolio balances resembles a **rising sawtooth edge**. As with a sawtooth blade, the peaks are tiny—brief moments of fresh all-time highs—while the valleys between them, encompassing the full decline and recovery, occupy most of the span. The analogy is more exact than it first appears. As *The Most Important Chart in Investing* explains, **"on average, over longer periods, investments are in drawdown a whopping 93% of the time and only register new highs 7% of the time!"**

In that case, as *Dreaded Drawdowns* rhetorically asks, how can investors "expect to build wealth if [they are] losing ground" during drawdowns that are so pervasive?

The answer is simple, but two-pronged:

- First, over the long term, the investing sawtooth is inherently tilted 4%–6% upward, reflecting economic expansion underwritten by humanity's collective ingenuity and perseverance, iterative productivity gains, and compounding earnings. That upward tilt—corresponding to the market's long-run compound average growth rate—is what turns successive peaks into fresh all-time highs.
- Second—and most important—extended drawdowns, along with the reorganization and reinvigoration they catalyze, are a prerequisite for the bootstrapping through which markets ultimately rise to those new highs.

Our strategies take the lessons of this Continuous Education to heart. And now, with **BOOST**—the innovative trading engine that taps into the power of **rotating market frontrunners**—we believe our strategies are better positioned to apply those lessons more fully and dynamically, increasing the potential to compound investor wealth through a robust and sustainable stair-step progression.

▶ **Bottom line:**

**While most investors are "serrated" by the market's sawtooth edge, our strategies invest *in* it—decoding the interplay between peaks and valleys as it unfolds, not as it appears.**