

## Staying Steady when Markets Feel Uncertain

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The stock market is providing its biggest test to investors in several years

**Ken Griffin—founder of Citadel, a powerhouse in both active investing and market infrastructure—once recounted his investing losses to a group of college students, saying:**

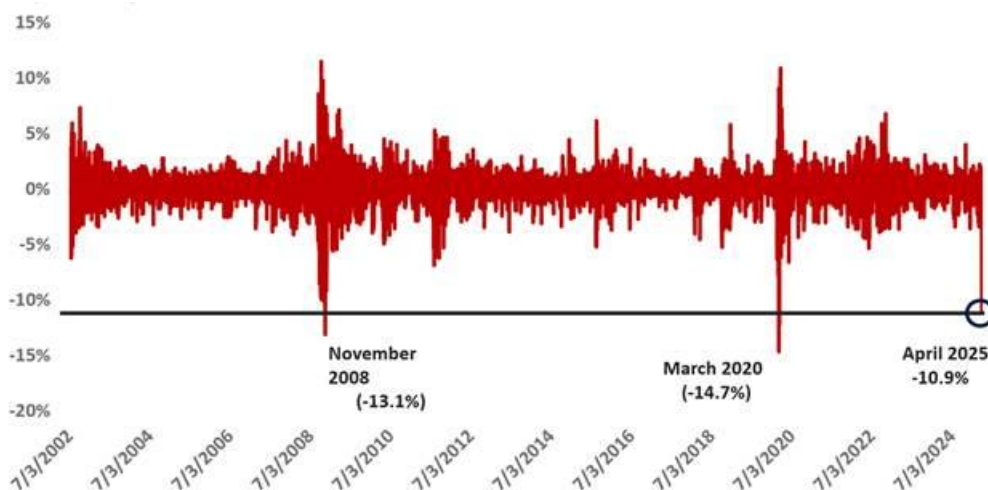
*"All my losses are tuition, and I have the most expensive education in American history. If every time you lost money, you got depressed and angry, you couldn't deal with it, you'd have a short career." Griffin continued: "It doesn't mean you don't think long and hard about what's going on, but you have to keep it in perspective."*

It might be the perfect quote for the current moment.

Early April brought the largest two-day decline for US stocks since March 2020, with markets falling 11% on April 3 and 4.

### Rolling 2-day returns (Morningstar US Market Index)

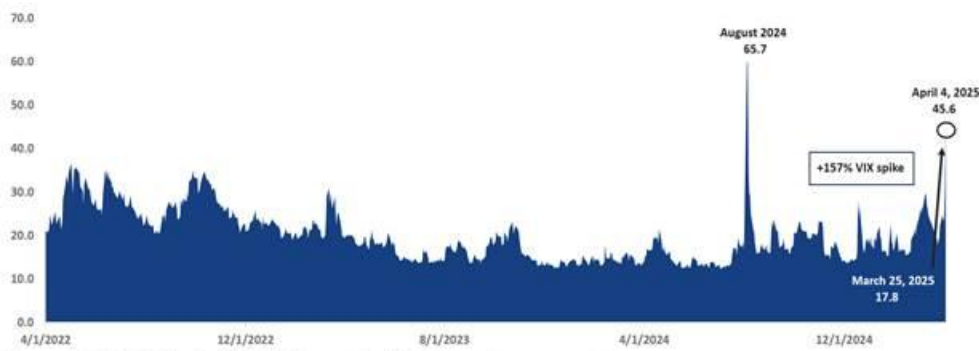
July 2002 – April 2024



Source: Morningstar Direct. Morningstar US Market Index used for analysis. Past performance no guarantee of future results. Indexes are not available for direct investment. Data as of April 7, 2025.

### Fear takes over

VIX Surges 150% in just two weeks



Source: CBOE. April 2022—April 4, 2025. Data as of April 7. For illustrative purposes only.

In short, investors are paying their tuition. Financial markets are leading the nightly news, more people are paying attention, and many are asking questions that follow a logical path of “how much worse can it get?”

The potential ripple effects from tariffs are the center of attention:

- Will companies pull back on spending?
- Will that lead to layoffs?
- Will other countries retaliate?
- Does all this tip us into a recession?

All valid questions. But perspective—especially one that stretches beyond the next six months—is essential. These moments are when markets truly test us. Loss aversion—the idea that losses hurt more than gains feel good—can shape our decisions. Put simply, human nature can work against us.

For context, 2022—the last time we entered a bear market—offers a telling case study. Many investors began shifting into more conservative assets: multi-asset income funds, money market funds and bonds. In doing so, they reduced their exposure to stocks.

In hindsight, many of those decisions were driven by doing what was comfortable, rather than what was rational. It turned out to be a mistake—one worth remembering as we move forward. One of the simple truths of investing is that volatility often begets more volatility. Market swings tend to cluster—meaning the worst days are often followed closely by the best.

Since 2002, using the Morningstar US Market Index, seven of the 10 best trading days occurred within just two weeks of the 10 worst.

### **Missing the worst days often means missing the best days**

The 10 best and 10 worst trading days often cluster together

10 Best Days			10 Worst Days		
	Date	1-Day % Move		Date	1-Day % Move
1	10/13/2008	11.5%	1	3/16/2020	-12.3%
2	10/28/2008	10.3%	2	3/12/2020	-9.6%
3	4/9/2025	9.6%	3	12/1/2008	-9.2%
4	3/24/2020	9.5%	4	10/15/2008	-9.1%
5	3/13/2020	9.0%	5	9/29/2008	-8.6%
6	4/6/2020	7.2%	6	3/9/2020	-7.8%
7	11/13/2008	7.1%	7	10/9/2008	-7.5%
8	3/23/2009	7.1%	8	8/8/2011	-6.9%
9	11/24/2008	6.6%	9	11/20/2008	-6.8%
10	3/10/2009	6.4%	10	11/19/2008	-6.3%

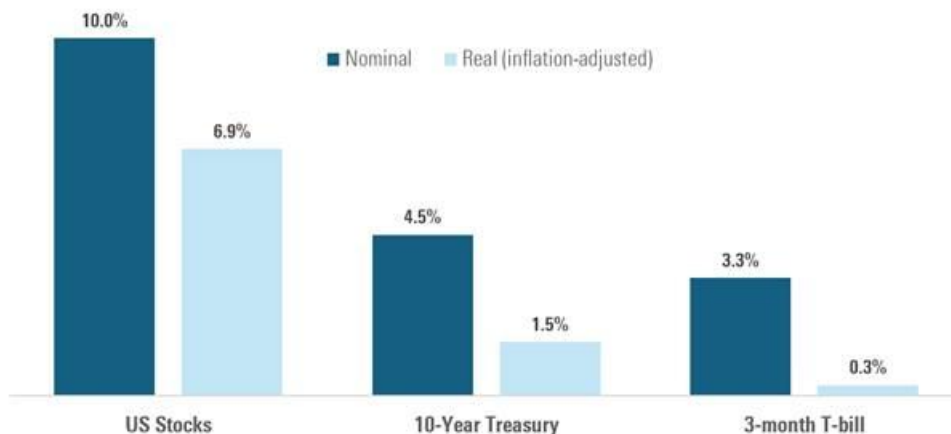
Source: Morningstar Direct. Morningstar US Market Index used for analysis. Time period: July 2002—present. Past performance no guarantee of future results. Indexes are not available for direct investment.

Going to cash to avoid volatility can feel like a safe choice—but it’s often an expensive one. Why? Because by the time the dust settles and things feel safe again, the market may have already moved on.

In short, volatility is the price of admission. Stocks offer the greatest long-term rewards, and volatility is the trade-off. Putting that into context, since 1928, US stocks have delivered an annualized return of 10%, or 6.9% after inflation. By comparison, 10-year Treasuries have returned 4.5% (1.5% after inflation), and 3-month T-bills have returned 3.3% (0.3% after inflation).

### Volatility – the price of admission to the stock market

Annualised returns (1928 – 2024)



Source: Creative Planning. Reflects annualized returns from 1928-2024. US Stocks represented by the S&P 500. Past performance no guarantee of future results. Indexes are not directly investable.

Volatility isn’t something we can avoid—it’s something we must manage. That’s where diversification, a clear financial plan, and active rebalancing and management through a trusted investment partner matter. But above all, an investor’s own behavior is the critical swing factor during market volatility.

Markets humble everyone, even the most experienced investors. Drawdowns can feel personal, especially when headlines are loud and uncertainty is high. But as Ken Griffin

put it, those losses are tuition—the cost of participating in an endeavor that, when approached with discipline and perspective, can be immensely rewarding over time.

What separates successful investors isn't the absence of losses—it's the ability to learn from them, stay grounded, and remain committed to the process. The market is always teaching. The question is: Will we stay in our seats and keep learning?

Because in the long run, it's not about avoiding volatility—it's about learning how to navigate through it.