



STAGE

PROTECT

STRATEGY
Preservation





Preservation: To keep safe from harm.

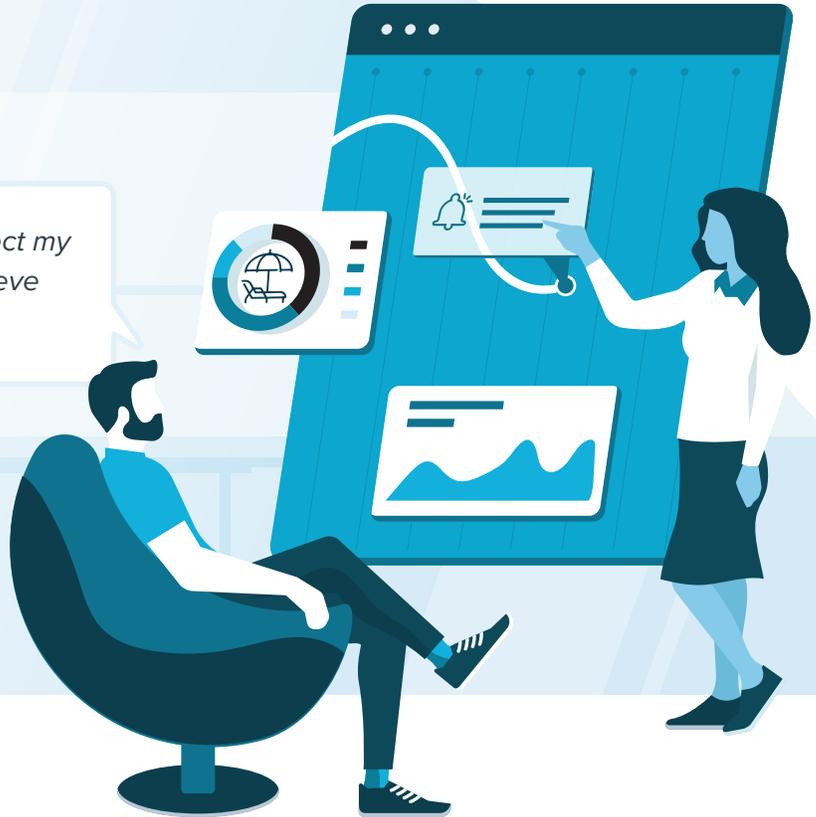
After accumulating wealth, there's a point where new questions take center stage:

"Has my tolerance for taking risks changed?"

"How do I protect my wealth to achieve my goals?"

"How will I react to a big decline in my portfolio?"

In a goals-based preservation plan, two things are paramount: avoiding investing behavior mistakes and addressing investment risks.



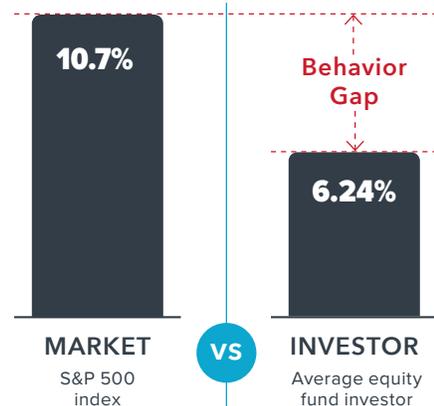
INVESTOR BEHAVIOR RISK

Emotions such as fear or doubt can play a huge role when making investment decisions—especially during periods of intense market volatility. The sad reality is many investors tend to make the wrong decision at crucial moments, resulting in a behavior gap in returns. For example, about 30% of investors 65 to 69 years old sold all of their equity holdings between February and May of 2020 as stocks fell, potentially missing the equity market's recovery to all-time highs.¹

¹ Financial Advisor, <https://www.fa-mag.com/news/33--of-investors-over-65-sold-all-their-stocks-this-year-56400.html>

Chart source: Quantitative Analysis of Investor Behavior (QAIB), 2021, DALBAR, Inc. www.dalbarinc.com. See back for additional disclosures.

Performance of the S&P 500 vs an average equity fund investor since 1990



Safeguarding: To reduce investment risk

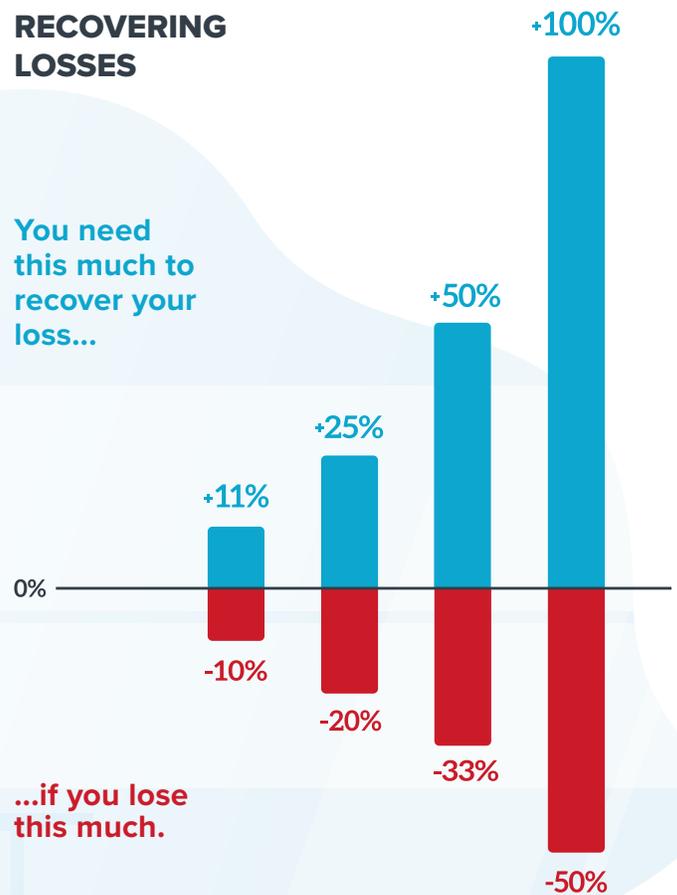
Your assessment of how much investment risk that you are willing to assume is probably changing. During the Gain or accumulation stage, investment risk amounted to your comfort with riding the markets' volatility roller coaster. What that doesn't cover is the maximum amount of loss a portfolio could suffer—what's called drawdown risk. And that's just one obstacle investors face.

While you can have limited control over which risks to take and which to avoid, investors can choose a risk-mitigation strategy to help them reach their goals.

The metrics in the illustration on the right demonstrates the importance of preservation because of how long it can take a portfolio to recover from a market event such as 2002, 2008 or 2020.

RECOVERING LOSSES

You need this much to recover your loss...



...if you lose this much.

For illustrative purposes only. These are hypothetical numbers only and not based upon an actual client account. Calculations by Horizon Investments.

INVESTMENT RISKS

Beware of these typical risks:

-  Investor Behavior
-  Drawdown
-  Interest Rates
-  Sequence
-  Asset Class Exposure



Plan with these common risk mitigation techniques:

-  Drawdown Constraints
-  Fixed Income
-  Options Collar
-  Beta targeting to reduce market exposure
-  Factor Investing (i.e. quality or value)



HORIZON'S UNIQUE GOALS-BASED FRAMEWORK

GAIN PROTECT SPEND®



PROTECT: To keep intact, free from decay.

The **Protect** stage can also be thought of as a preparation stage. You may be still working or perhaps you've reached a mental target and need reassurances about the risks you are taking. Either way, it can be exciting to see the financial goals coming into view.

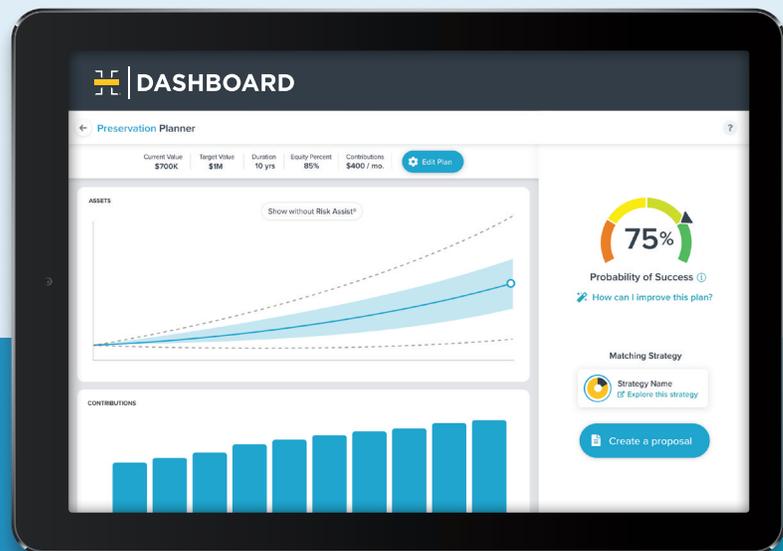
AN INTERACTIVE ANALYSIS & EDUCATIONAL TOOL

Horizon Dashboard

Our powerful, easy-to-use goals-based planner can simplify and strengthen financial planning workflow. Our tools embrace the idea that simplicity is a key to success and are designed to connect goals-based investment products to your financial plan.

Preservation Planner

An interactive tool designed to help plan for those investors seeking to guard wealth against catastrophic losses that can jeopardize financial security.



For illustrative purposes only

Source: Quantitative Analysis of Investor Behavior (QAIB), 2021, DALBAR, Inc. www.dalbarinc.com. Average equity fund investor performance results are based on the DALBAR 2021 QAIB Study. DALBAR is an independent, Boston-based financial research firm. Using monthly fund data supplied by the Investment Company Institute, QAIB calculates investor returns as the change in assets after excluding sales, redemptions and exchanges. This method of calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses and any other costs. After calculating investor returns in dollar terms, two percentages are calculated for the period examined: Total investor return rate and annualized investor return rate. Total return rate is determined by calculating the investor return dollars as a percentage of the net of the sales, redemptions and exchanges for the period. Returns are for the period ending December 31, 2020, and is the most recently published DALBAR data as of February 2021.

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