



OUR MISSION IS TO CHANGE LIVES. **ONE "HEMINGTON" AT A TIME.**

HEMINGTON NEWSLETTER

QUARTER 2, 2025

Investing Can Be a Roller Coaster: Three Tips for Riding Out the Ups and Downs

Given the current political climate, we've heard many concerns about the future of not only the stock market but the future of, well, just about everything. We remind our clients that investing, like a roller coaster, has its ups and downs. One minute you're climbing higher and the next minute a sudden decline makes your stomach drop. A few reminders can help investors to relax amid the turbulence.

1. KEEP YOUR EYE ON THE HORIZON

When you invest, you can expect that both ups and downs will be part of the ride. Decades of stock market returns demonstrate how often declines can happen. For evidence, look at the largest intrayear declines for the US stock market in every year from 1979 to 2023. Those declines average to -14%.

However, 37 of the past 45 calendar years (82%) have ended with positive returns for the US stock market (see Exhibit 1). So instead of getting anxious over a near-term drop, keeping an eye on the horizon can help investors keep the queasiness at bay.

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Exhibit 1 | US Market Intrayear Gains and Declines vs. Calendar Year Returns
1979-2023

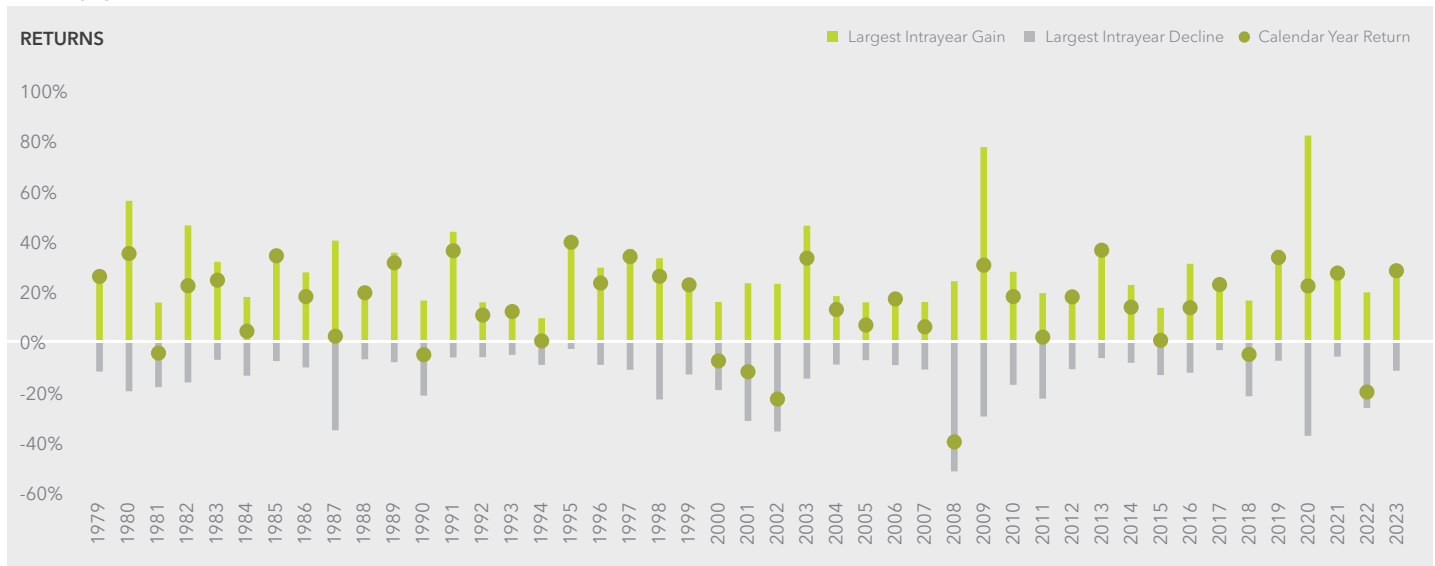


Exhibit 1 disclosures:

Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

In USD. Data is calculated off rounded daily returns. US Market is the Russell 3000 Index. Largest Intrayear Gain refers to the largest market increase from trough to peak during the year. Largest Intrayear Decline refers to the largest market decrease from peak to trough during the year. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.



Investing Can Be a Roller Coaster Continued

2. STAY IN YOUR SEAT

When the stock market drops precipitously, or headlines speculate it might, it can be tempting to jump out of the market to try to avoid (further) losses. But just as roller-coaster riders are warned to keep their seat belts fastened and stay seated, investors may be well advised to do the same.

Attempting to time the market to avoid the worst days could cause an investor to miss out on some of the best days (**see Exhibit 2**). Consider that \$1,000 invested in the S&P 500 Index back in 1990 would have grown to \$27,221 by the end of 2023 if left untouched. However, if an investor had pulled their money out and missed the single best day over the more than 30-year period, their ending wealth would be reduced

by nearly \$3,000. Worse, if an investor had missed the five best single days, their ending wealth would be reduced by more than \$10,000. Over the course of decades, even a few days can make a big difference.

Taking a step back from the current moment may provide investors with helpful perspective and put fears at ease. Markets have marched upward through the decades, even amid concerning world events, and rewarded disciplined investors over time (**see Exhibit 3 on next page**). This reminds investors that, despite the extreme headlines and bumps experienced in the short term, you may have a better ride by staying in your seat.

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Exhibit 2 | S&P 500 Index Performance Based on Time in the Market
1990-2023

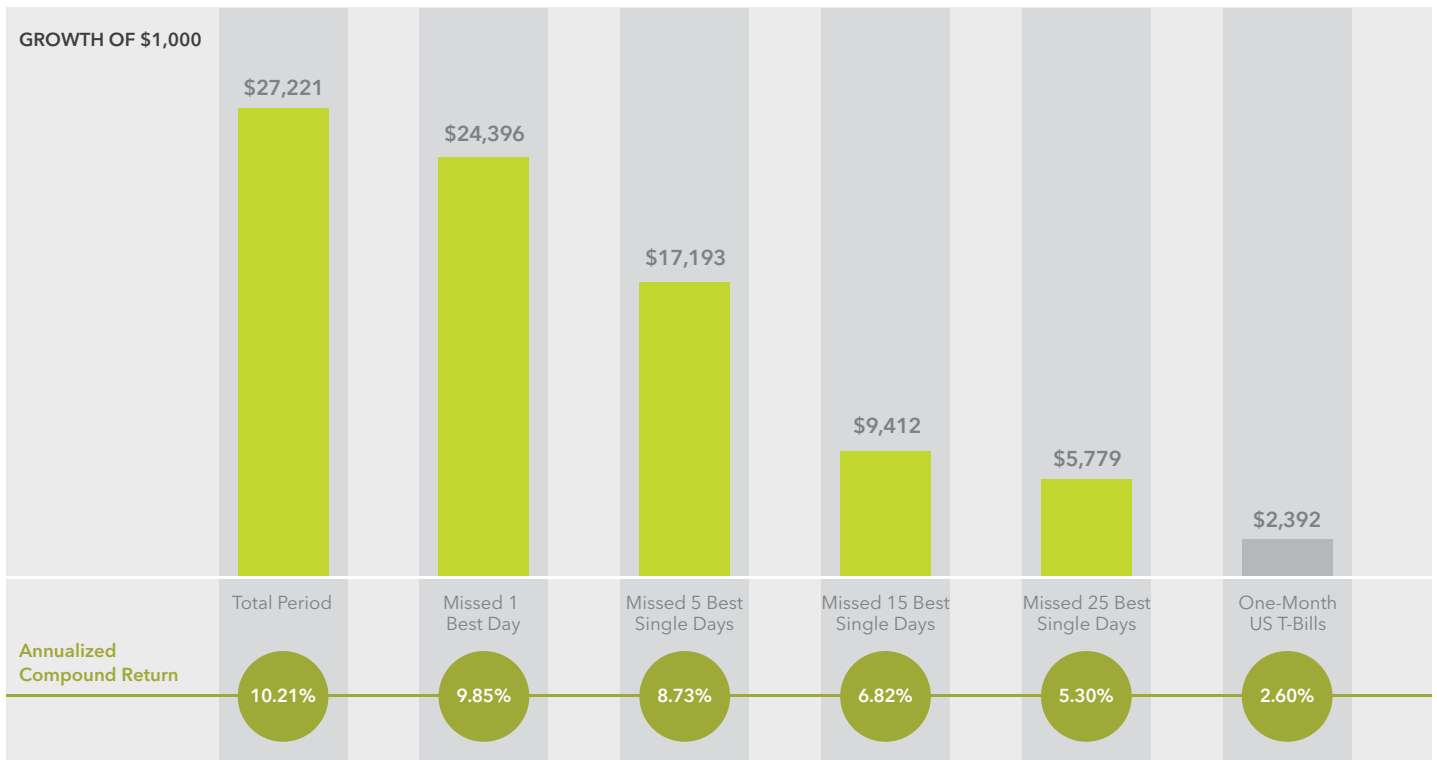


Exhibit 2 disclosures:

Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

In USD. For illustrative purposes. The missed best day(s) examples assume that the hypothetical portfolio fully divested its holdings at the end of the day before the missed best day(s), held cash for the missed best day(s), and reinvested the entire portfolio in the S&P 500 at the end of the missed best day(s). Annualized returns for the missed best day(s) were calculated by substituting actual returns for the missed best day(s) with zero.

S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. One-Month US T-Bills is the IA SBBI US 30 Day TBill TR USD, provided by Ibbotson Associates via Morningstar Direct. Data is calculated off rounded daily index values.



Investing Can Be a Roller Coaster Continued

Exhibit 3 | Growth of a Dollar – MSCI World Index (Net Dividends)
1970-2023

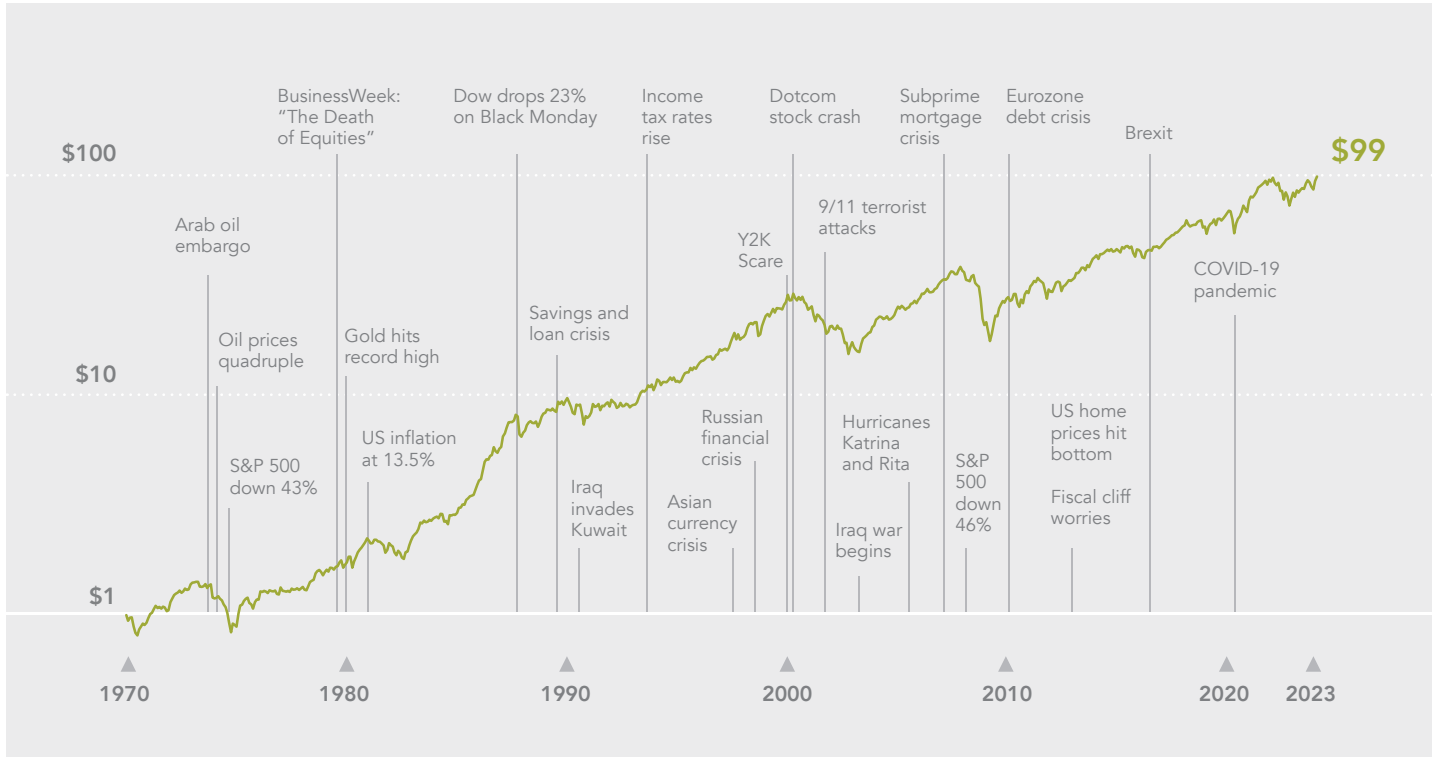


Exhibit 3 disclosures:

Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

In USD. MSCI data © MSCI 2024, all rights reserved. Data presented in the Growth of \$1 chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment.

3. KNOW YOUR THRILL TOLERANCE

The same way theme-park goers can choose rides that align with their thrill tolerance, investors can select an asset allocation (stock to bond mix) that aligns with their risk tolerance. Our team has helped you do just that—by exploring your investment objectives and time horizons, and helping you build a diversified portfolio with the appropriate level of resilience tailored to your unique situation.

Investing doesn't have to be a harrowing, white-knuckle experience. A few simple reminders and the help of your Hemington advisor team can give you the confidence to ride out the rough patches.

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TAX CORNER

Tax Loss Harvesting: What? Losses Are Good??

Sometimes that's the reaction we get when we tell clients about "tax loss harvesting." Here's the reasoning behind realizing tax losses during a market downturn.

First, some background on the taxation of realized capital gains and losses:

- » When a security is sold in your taxable investment account (not your IRA or other tax-deferred accounts), the difference between the amount you paid for that security (the "basis") and the sale proceeds is considered a realized capital gain or loss.
- » Realized losses offset realized gains, thereby reducing your taxable capital gains for that year.
- » If your realized losses are higher than your realized gains in a calendar year, you will have zero realized capital gains for that year (and zero capital gains tax). Excess losses can offset ordinary income (up to \$3,000 per year) and carry forward to offset gains in future years.

You might be thinking, "That's great from a tax standpoint, but I don't like the idea of selling something at a loss.

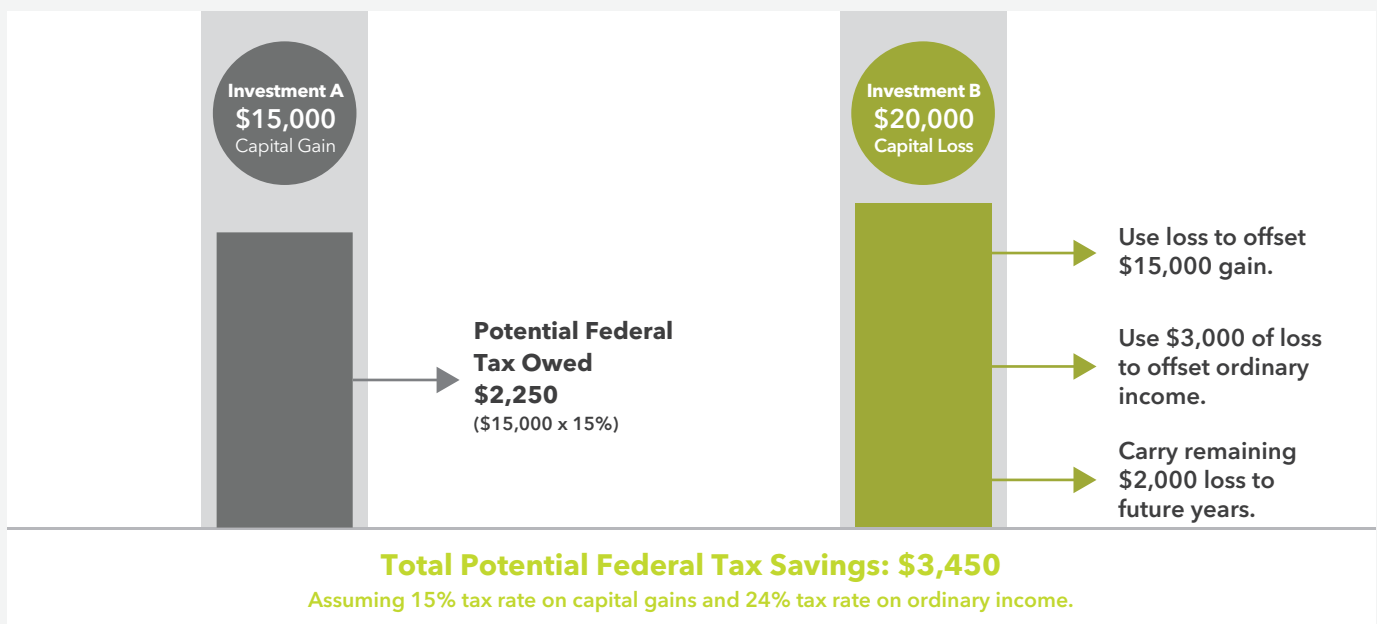
Why not just wait for that security to make a comeback?" The reason is that you can realize a tax loss AND still remain invested to enjoy that comeback.

When we sell a security in your investment account, we immediately replace it with another security in the same asset class. Your expected return with the new security is the same as it would have been with the security we sold, so you get a tax benefit without sacrificing future returns.

We realized significant capital losses for our clients when the market was down in 2020 and 2022, and some clients have had enough tax losses to avoid capital gains tax for the past five years!

Hemington continuously looks for opportunities to harvest tax losses. Markets can suffer significant declines for brief periods, even in otherwise "up" years (see Exhibit 1 in previous article). When that happens, we proactively realize tax losses, reducing your tax burden, and keeping you invested for the long term.

How Tax-Loss Harvesting Offsets Capital Gains





INVESTMENT COMMITTEE CORNER

Reduced Expense Ratios

Exciting news for Hemington clients!

As of February 28th, Dimensional Fund Advisors has reduced expense ratios on multiple funds within Hemington’s core portfolios.

The impacted funds include:

FUND		EXPENSE RATIO		
Symbol	Name	Prior to 2/28/25	Effective 2/28/25	Reduction
DXUV	US Vector Equity ETF	25	20	20%
DFVEX	US Vector Equity Portfolio	25	20	20%
DXIV	International Vector Equity ETF	30	25	17%
DFVOX	International Vector Equity Portfolio	30	25	17%

At Hemington, we are committed to maximizing your long-term wealth, and partnering with top-tier asset managers like Dimensional is just one way we aim to help you achieve your financial goals.

AWARDS & RECOGNITION

Investment News Best Places to Work for Financial Advisors

For the 6th year, Hemington Wealth Management was named to Investment News’ Best Places to Work for Financial Advisors list. The award showcases top financial advisory businesses that empower employees with the skills and confidence necessary to deliver the best possible investment and financial planning guidance to clients. At Hemington, we believe that having happy employees translates to a better experience for clients.



Announced on 3/10/25 for the 2025 calendar year. Participating registered investment advisers must complete a two-part process to be considered for inclusion on the list. The first part consists of evaluating each registered company’s workplace policies, practices, and demographics. The second part relies on an anonymous employee survey to measure their experience.

No compensation has been provided directly or indirectly by the advisor in connection with obtaining or using a third-party rating, ranking or award. Third-party rankings and awards are no guarantee of future performance or success.

Forbes Best-in-State Top Women Wealth Advisors

Eileen and Jen were selected as top women wealth advisors from over 48,000 nominations after being vetted for various industry metrics. Eileen is number 3 in Virginia and Jen is number 34 in Illinois (Chicago).



Forbes Best-in-State Top Wealth Advisors

In addition, Eileen was named to Forbes’ Best-in-State list for all wealth advisors, where she is number 17 in Virginia (Northern).



The Best-in-State Top Women Wealth Advisors were announced on 2/11/24 for the 2025 calendar year. The Best-in-State Wealth Advisor list was announced on 4/8/25 for the 2025 calendar year. Forbes’ State by State Ranking was developed by SHOOK Research and is based on in-person and telephone due diligence meetings and a ranking algorithm that includes client retention, industry experience, review of compliance records, firm nominations and quantitative criteria, including quality of assets under management.



WHAT'S NEW AT HEMINGTON?



Hemington Welcomes Patrick Bradford, CFP®

Hemington is excited to welcome Patrick Bradford, CFP®, as an Associate Wealth Advisor with specialized expertise in tax planning for high net worth families. With a passion for simplifying complex financial concepts, his mission is to transform financial planning from an overwhelming task into an empowering journey – one that aligns with his clients' values and aspirations.

Patrick graduated from Dominican University with a Bachelor of Business Administration degree where he was a starter on the volleyball team. He is a CERTIFIED FINANCIAL PLANNER® professional and will soon be an ENROLLED AGENT.

He lives in Chicago where he enjoys spending time with family and friends exploring the city, watching and playing sports, and attending live music events.



On a recent trip to Chicago, Paige, Ivana, Kate and Lauren took time out to enjoy lunch together at Carmine's in Rosemont, IL.

SPEAKER SPOTLIGHT

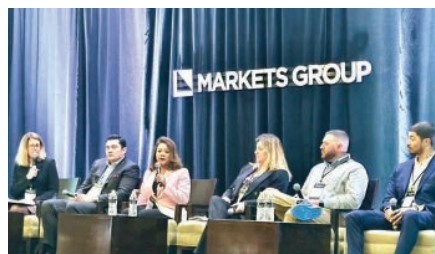
Jen Dawson's Annual "Be Your Own Valentine" Event

For more than a decade, Jen has been bringing women together around Valentine's Day to connect and share ideas. This year's event featured Kristen Prinz, Founder and Managing Partner of The Prinz Law Firm, who offered her expertise on negotiating.



Bret Caling at Markets Group's 6th Annual Private Wealth DC Metro Forum

Hemington's Chief Operating Officer, Bret Caling, recently joined a panel of thought leaders to discuss Practice Management & The Future of Wealth Management in Tyson's Corner, VA.



Jen Dawson at Chicago RIA Summit

Portfolio Summits invited Jen to be on their panel of Women in the Wealth Management Industry at a meeting of 75+ independent registered investment advisors.



About Hemington Wealth Management

Hemington Wealth Management provides high net worth individuals and families with a broad range of wealth management services including portfolio management. We are collaborative, accessible and responsive, making it easy for clients to work with our team.

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