

## Slow and Steady Wins the Race

Consider the Tortoise and the Hare as they prepare to compete. The Hare appears unstoppable in his capacity to achieve victory in the race to the finish while the Tortoise is mocked by his peers who compare his methodical approach to the velocity of the Hare. The Tortoise is not intimidated by the challenge before him because he is confident in his strategy and knows that ultimately patience and perseverance will achieve massive success if a disciplined approach is maintained.

At First National Bank and Trust Company, we believe the problem today is people underestimate the amount of risk in their financial plan. Therefore, we focus on investment and fiduciary risk first, and return second, providing clients with custom, optimized solutions. This allows our clients to sleep better knowing their prosperity is protected even while the market swings wildly from time-to-time.

This introduction was the introduction to our 2018 white paper, entitled “Slow and steady wins the race.” In that paper, we discussed when times are good, investors tend to forget about the risk in their portfolios and tend to focus on returns. The result is many investors may unwittingly find themselves over-exposed to relatively more volatile risk-assets like stocks at precisely a time when they should be under-exposed to risk assets.

At the beginning of 2020, despite a few warning signs such as an inverted yield curve, the markets seemed poised for another strong year: the S&P 500 was up over four percent from January to mid-February, US GDP was increasing at a strong clip, and unemployment was trending downward with seemingly no end in sight.

Then, COVID-19 hit. As the world went into lockdown, markets ended their long-running bull market. The S&P 500 declined as much as 33 percent over the course of six weeks. These six weeks saw all of the value gained since early 2017 erased. The panic the world felt because of COVID-19's potential impacts and market volatility is something no one hopes to be repeated! Yet, unfortunately, the reality of markets are they go up...and they go down.

In such a volatile environment, how can one protect their wealth and try to sleep well at night? The answer is through discipline and keeping a long-term perspective.

Discipline is what keeps one from panicking during a market downturn. In late March 2020, many investors were scared into selling their investments at the worst possible time. From late March 2020 through April 2021, the stock market nearly doubled, and many investors missed out on the rally because either they, or their financial advisor, didn't maintain the discipline to keep them invested through the choppy waters.

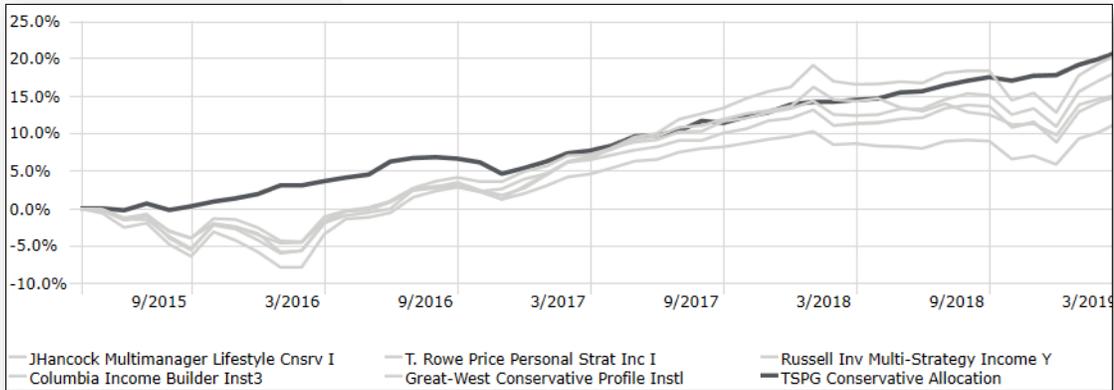
Keeping a long-term perspective helps with the discipline factor: when our time horizon is years into the future, short-term fluctuations in the market mean less to us, and can even represent buying opportunities that pay dividends down the road. An investment portfolio is not about trying to “make a quick buck” or timing the market—it's simply one part of a person or family's long-term financial plan.

The introduction to this white paper is identical to our original white paper because its advice is timeless. In much the same way, our conclusion from that paper is timeless, albeit with a few minor tweaks to dates:

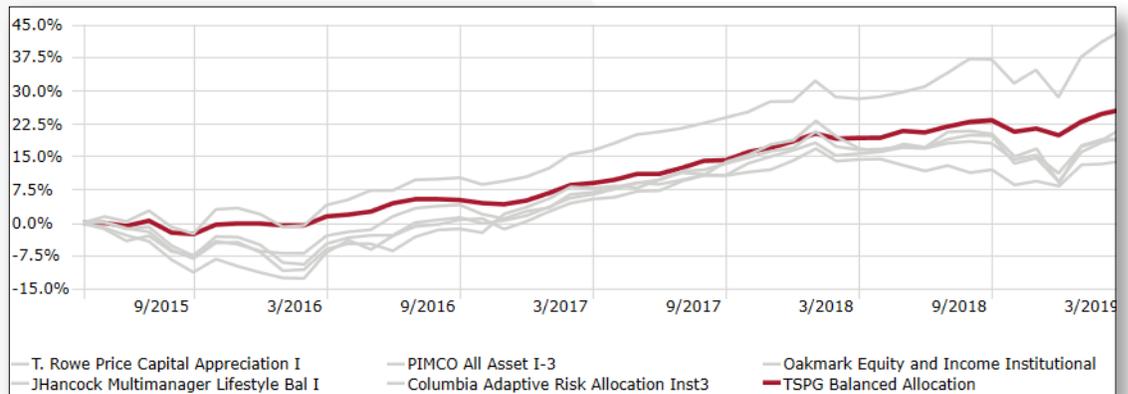
*This is all being mentioned not as a scare tactic, but a reminder that risk is real and should not be forgotten. While an all-equity investor would have outperformed someone diversified into bonds and alternatives throughout this nine-year period, the downturns experienced during this time period remind us of the risk that an all-equity investor is taking on to achieve their return. A prudent, diversified portfolio that starts with a focus on risk is going to weather the storm when volatility picks up. If the start to the 2020s decade is any indicator, we might see a much more volatile environment than we saw in the last decade.*

At First National Bank and Trust Company we believe, like the Tortoise, that speed is not the determining factor when pursuing a goal. In helping our clients develop and implement their Prosperity Plans, we will protect against downside risk to insulate our clients from large drawdowns, allowing them to “pass the baton” of a successful plan on to the next generation.

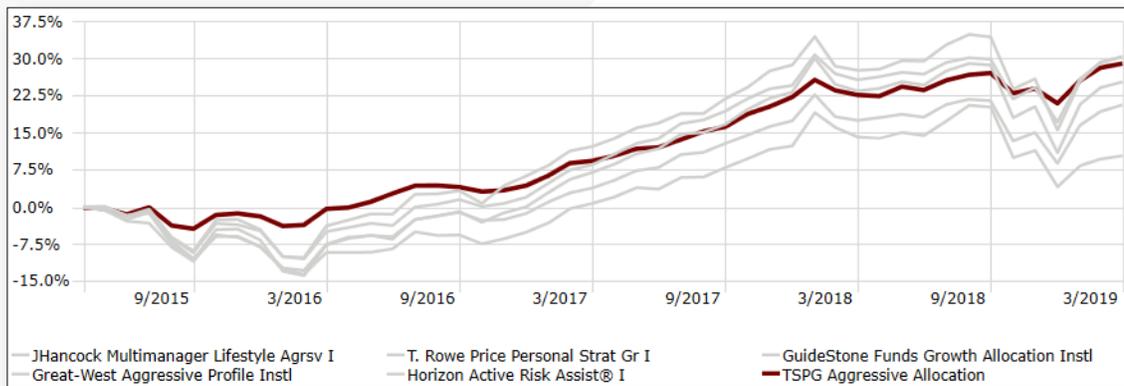
## Conservative



## Balanced



## Aggressive



About First National Bank: We want to be your partner in creating a plan that secures and empowers your financial prosperity, while giving you the ability to care for your family today and for generations to come. Contact First National Bank today by calling (217) 935-2148 to schedule your prosperity planning meeting or visit their website.