Champion Advisors LLC
Wealth Management

April 2025

Dear Client,

The S&P 500 hit new highs in the first quarter of 2025; however, along with all other Global Equity markets, was down by the end of March - following four straight quarters of positive returns. History has taught us that stock returns are, generally, positive in three out of four years if we're considering the period between 1926 and 2024. To demonstrate this assumption, we've included at the end of this letter DFA's "Growth of A Dollar" chart, which shows how stocks have consistently performed for investors over the long-term.

The new Presidential administration took office at the end of January and began suggesting the imposition of tariffs immediately – allowing volatility to reemerge into the stock markets. These tariffs were part of the first Trump term – so we've seen them before – but it's important to remember that they are not meant to become permanent policy. Please read the second DFA article we've included with this letter, "In Shaky Times, Investors Should Hold to Their Nerve". In this paper, David Booth, the Founder and Chairman of DFA, does a great job of keeping things in perspective by tying the past to the present and explaining how the global markets have reacted.

The potential headwinds from the global economy, inflation, and potential tariffs are real, and we will be monitoring them closely as we move ahead in 2025. The volatility in the market creates uneasy feelings about our financial standing, but the markets will exhibit resilience as we move forward and become acclimated to the changing economy.

Finally, we have a change that has taken place at Champion that we'd like to let you know about! We've moved offices, so our new corporate mailing address is **407 Ramblewood Road, Houston, Texas 77079**. We will continue using our 7660 Woodway Drive address to conduct in-person meetings, but we're happy to meet at a preferred location for you anytime as well. Our office phone number, as well as the numbers and email addresses for Barrett and myself will continue to be the same, so you should have no problems getting in touch with either of us.

Please let us hear from you if you'd like to discuss any of these currents events or if there are any changes you may be experiencing in your life. We are here to help and are available to you any time and in any way!

Hope you're well and all the best,

Thomas E. Tucker

Thomas E. Tucker

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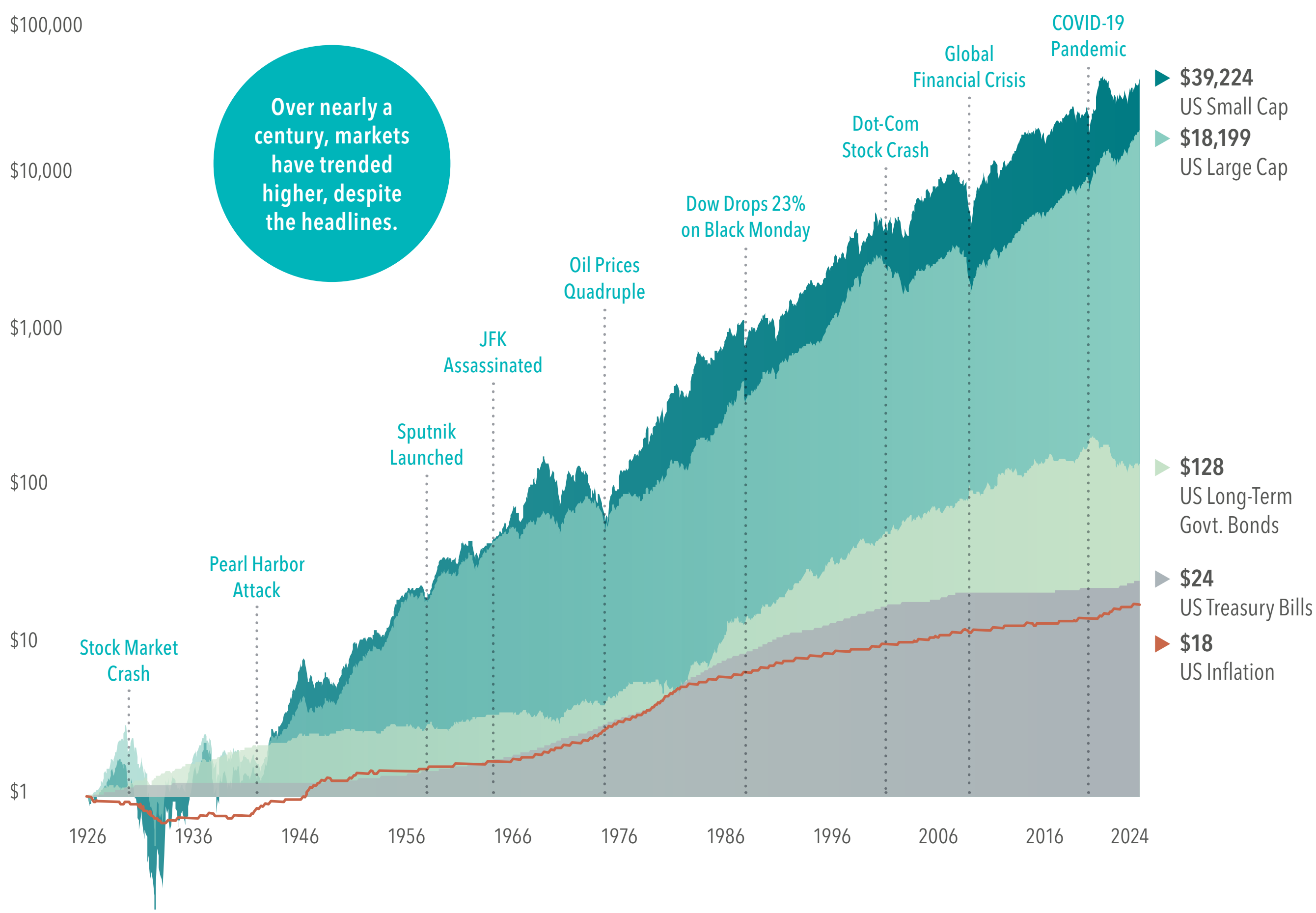
Dimensional

Stocks Have Rewarded Investors over the Long Term

GROWTH OF A DOLLAR
January 1926–December 2024 (compounded monthly)



While daily news may challenge an investor's discipline, stock markets have a long history of delivering growth that has created substantial wealth over time.

- Looking at monthly performance since 1926 for different areas of the US financial markets, stock returns have far exceeded inflation and significantly outperformed bond returns.
- But not all stocks and bonds are the same. US Treasury bills barely covered inflation, while long-term government bonds fared better, albeit well short of stocks' performance. And US small cap stocks fared the best, beating US large cap stocks.
- Financial markets have steadily risen over the decades, weathering events like the 1929 crash, World War II, and the COVID pandemic.

Stocks and bonds have rewarded investors who can look past the headlines and remain disciplined over the long term.

Past performance is not a guarantee of future results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

In USD. US Small Cap is the CRSP 6–10 Index. US Large Cap is the S&P 500 Index. US Long-Term Government Bonds is the Dimensional US 20-Year Treasury Index. US Treasury Bills is the IA SBBI US 30 Day TBill TR USD. US Inflation is measured as changes in the US Consumer Price Index. CRSP data is provided by the Center for Research in Security Prices, University of Chicago. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Treasury bills data provided by Ibbotson Associates via Morningstar Direct. US Consumer Price Index data is provided by the US Department of Labor, Bureau of Labor Statistics. Data presented in the Growth of a Dollar 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.

Dimensional US 20-Year Treasury Index: February 1999–present: Compiled by Dimensional from Bloomberg securities data. Based on securities in the universe of the Bloomberg US Treasury Index, the index selects the bond with beginning-of-month maturity closest to 20 years. If there are two bonds with the same time to maturity, the most recently issued bond is selected. Rebalanced monthly. The index has been retrospectively calculated by Dimensional and did not exist prior to February 2025. Accordingly, results shown during the periods prior to February 2025 do not represent actual returns of the index. Other periods selected may have different results, including losses. Prior to February 1999: Morningstar Long-Term Government Bonds.

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PERSPECTIVES

In Shaky Times, Investors Should Hold Their Nerve

David Booth
Founder and Chairman

Apr 02, 2025

When markets feel as shaky as they do now in the US, it is normal to ask: Is this time different?

After all, the S&P 500 Index is down some 4% already this year and there is considerable economic uncertainty. But anxious investors today should consider where the market was five years ago, and how well those who tuned out the noise performed.

Then, the COVID-19 pandemic had spread rapidly, and the US stock market dropped 34% in just 23 days—faster than ever before.[1] The VIX index, a measure of investor expectations of volatility often called Wall Street's "fear gauge," hit a record high.

Yet within a year, the market had not only recovered, but also risen 78% from its lowest point. People who sold during the panic missed one of the strongest recoveries ever. Each uncertain period brings its own unique challenges, making it more difficult for investors to keep the faith.

When I talk with investors today, some point to government debt, global tensions, or new technologies—all of which are valid concerns. But history shows us that markets have overcome every previous "unprecedented" challenge. The Great Depression, world wars, the inflation crisis of the 1970s, Black Monday in 1987, the Great Recession of 2008—markets have weathered them all.

Each crisis can feel like the end of the world when it happens, yet the pattern of recovery stays remarkably consistent. Over 50 years of working in finance has consistently shown me two things: We cannot predict the future, but despite that uncertainty, markets have eventually bounced back.

There are no guarantees, of course, but that is the way it has worked historically. When markets swing wildly, our instinct is to act to protect ourselves. Some investors respond by pulling their money out until things "calm down." But this instinct typically results in lower returns than if you did nothing.

The impact of being out of the market for just a short period of time can be profound. Consider a hypothetical investment in the stocks that make up the Russell 3000 Index, which is a good benchmark for the broad US stock market.

A $10,000 investment made in 2000 turned into $66,038 for the 25-year period ending December 31, 2024. Over that same period, if you miss the Russell 3000's best week, which ended November 28, 2008, the value shrinks to $55,114. Miss the three best months, which ended June 22, 2020, and the total return dwindles to $46,554, roughly losing 30%.[2]

This does not mean you should never alter your investment mix. The key is knowing the difference between thoughtful changes based on your life events and hasty decisions driven by scary headlines. The first is smart financial planning; the second is more like gambling.

Companies are constantly seeking to solve problems and create opportunities. Some ideas may take off. Others may not. Investors are rewarded for taking on some of that risk. And because the risk is spread across literally thousands of companies, the stock market has positive expected returns even during stretches when the overall economy slows.

Markets have returned on average about 10% a year, which seems like a fair return, given the level of risk taken on. Successful investing is about picking the right portfolio—and having the right mindset. A disciplined approach helps you handle uncertainty without freezing up.[3]

I have found that it helps to first, accept uncertainty as the cost of opportunity—higher expected returns are your "reward" for taking on greater risk. Second, it is important to match your investments with your life, not the news cycle. Third, find partnerships, not predictions. Working with a trusted financial advisor can help you create a personal plan that fits your goals and aligns with your values. I believe that understanding how markets work leads to better decisions.

Investors who grasp how markets function are more likely to stay in their seats during periods of volatility and reap the potential rewards of compounding. An investor who put $10,000 in the S&P 500 at the beginning of 1970 and simply let it ride would have more than $3 million today despite living through eight recessions, multiple wars, political upheavals, and technological revolutions that transformed entire industries.[4] That is not because they were lucky—it's because they recognized that the question is not whether uncertainty will appear, but how we respond when it does.

This article originally appeared in the Financial Times.

1. In USD. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Indices are not available for direct investment. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. Decrease of 34% was from Feb. 19, 2020, to March 23, 2020.

2. 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 © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Data is calculated off rounded daily index values.

3. In USD. Based on S&P 500 Index annual returns, 1926–2023.

4. **Past performance, including hypothetical performance, is no guarantee of future results.**Growth of $10,000 is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The analysis is for illustrative purposes only and is not indicative of any investment. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Indices are not available for direct investment.

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