When markets are down, consider staying the course

When markets decline, remaining invested – instead of switching into fixed income – has often been a good strategy for long-term investors.

Difference in return by switching strategies

Assume two investors had $100,000 invested at the market peak on October 9, 2007. After the market fell on March 9, 2009, their investments would have been worth $44,749.

**Investor A** stayed calm and remained fully invested. 5 years after the market fell, the investment recovered and was worth $138,176.60.

**Investor B** got scared and moved money into fixed income, thinking that would be safer. 5 years after the market fell, the investment recovered only 9.70% of its loss.

The S&P 500 Index has been used as a representation of the markets.

Consider staying invested when faced with market volatility.

Hypothetical example for illustrative purposes only. Source: Morningstar Inc., S&P 500 TR. Indexes are unmanaged and cannot be invested in directly. You should always keep in mind, though, that you can’t count on the market to behave the same way in the future as it has in the past. These comparisons, while a helpful way to evaluate your investment options, should not be considered predictors of future performance.
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