



## Staying the Course

These are turbulent times for the stock market. Concerns about the U.S. debt ceiling, the European debt crisis and other events have left many investors questioning their retirement portfolios and asking themselves whether now is a good time to start investing more conservatively. Warren Buffett, widely regarded as one of the greatest stock market investors of all time, once said, “Look at market fluctuations as your friend rather than your enemy; profit from folly rather than participate in it.” Buffet’s quote speaks to the importance of **staying the course** and investing for the long haul.

### Taking a Look Back

A look at history provides some useful information about the ups and downs of the stock market. Since 1927, the worst one year return for domestic large cap equities, as measured by the return of the S&P 500, which is a basket of large U.S. firms, was -62.60% (July 1931 to June 1932). The worst one year return during the most recent 2008-2009 bear market was -43.30% (March 2008 to February 2009). Research has shown that investors “give up” on the market and tend to sell their stock holdings after market declines. While this may seem like a wise strategy, history suggests otherwise. Following the July 1931 to June 1932 return of -62.60%, the one year return was +163.90%. Similarly, after the March 2008 to February 2009 return of -43.30%, the one year return was +53.70%. In other words, investors who sold out near the bottom captured the market loss and never gave themselves a chance to benefit from the rebound.

If it were possible to predict the highs and lows of the market with a high degree of certainty, there would be no need to stay invested for the long-term. Unfortunately, market-timing is very difficult and few are successful at it long-term. The best way to ensure you don’t make mistakes is to create a prudent long-term plan and stick to it.

### Keep a Long-Term Focus

At this point, Unified Trust’s view is that while the recent stock market performance is unsettling, we still believe stocks are solid long-term investments. We’re firm believers in focusing on the long-term and staying invested in the allocation appropriate to your individual circumstances, despite the short-term market fluctuations. In other words, remain calm and **stay the course**.

As always if you ever have any questions or concerns, please feel free to contact your plan advisor or Unified Trust.