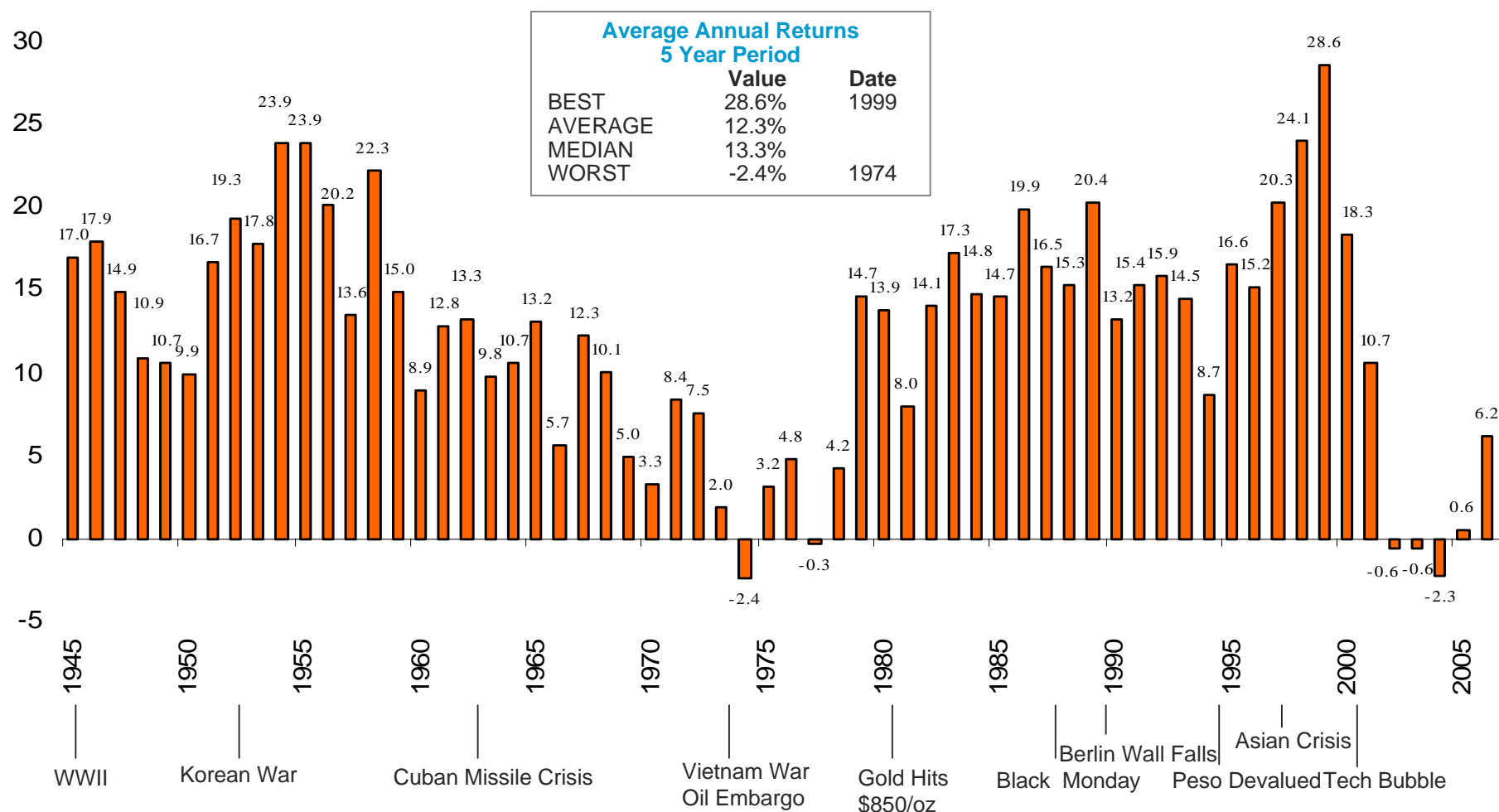


# Stay Invested: Patience Is Rewarded

ROLLING 5-YEAR AVERAGE ANNUAL COMPOUND RETURNS (S&P 500 TRI) - ONLY FIVE NEGATIVE PERIODS



Source: Globe Hysales December 31 2006.

# Investor Expectations

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## Observations

- Since 1945, there has been only one 5-year period when investors simply broke even (1972-1977).
- Since 1945, there has been only five 5-year period when investors lost money
- The average 5-year return has been 12.3%

## Implications

- Consider the first bar on the chart. If you had put money into the market at the beginning of World War II, your portfolio would have grown 17% annually by the end of 1945.
- Investment strategists and professionals constantly warn investors about important economic variables, such as interest rates, inflation, a depreciating currency, oil prices rising, and even presidential elections. It is often suggested that, before investing, investors wait for certainty to arise around a specific variable. However, there will always be uncertainty in the market.

## Conclusion

- If a long-term perspective was maintained, performance did not suffer during times of uncertainty or crisis.
- Waiting on the sidelines until there is no uncertainty could mean a missed investment opportunity.

# Bear Market Decisions...

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**Value of \$10,000 invested in the S&P 500 (US\$) January 31, 1973:**

3 Months Later...	\$9,285
6 Months Later...	\$9,465
9 Months Later...	\$9,545
12 Months Later...	\$8,587
<b>1 Year, 9 Months Later...</b>	<b>\$5,816</b>

**At what point do you think most investors would have given up and thrown in the towel?**

**\$5,816 Removed from the market & reinvested in an interest bearing GIC at 5%**

6 months later...	\$5,961
12 months later...	\$6,110
2 years later...	\$6,419
5 years later...	\$7,445
<b>10 years later...</b>	<b>\$9,530</b>

# Bear Market Decisions...

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What if you had kept your \$5,816 invested in the S&P 500 (US\$) instead of going into cash ?

6 months later...

\$7,820

12 months later...

\$8,033

2 years later...

\$10,467

5 years later...

\$12,595

10 years later...

\$24,669

**Food for thought.**

# Bear Market Decisions...

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**Value of \$10,000 invested in the S&P 500 (US\$) August 31, 2000:**

3 months later...	\$8,688
6 months later...	\$8,216
9 months later...	\$8,350
12 months later...	\$7,561
<b>2 years, 1 month later...</b>	<b>\$5,527</b>

**At what point do you think most investors would have given up and thrown in the towel?**

**\$5,527 Removed from the market & reinvested in a 5-year GIC at 3.28%**

12 months later...	\$5,708
2 years later...	\$5,895
3 years later...	\$6,087
<b>4 years 10 months later</b>	<b>\$6,457</b>

# Bear Market Decisions...

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What if you had kept your \$5,527 invested in the S&P 500 (US\$) instead of going into cash (September 30, 2002) ?

**12 months later...**

**\$6,875**

**2 years later...**

**\$7,829**

**3 years later...**

**\$8,788**

**4 years and 10 months**

**\$10,767**

**Food for thought.**