Beat the odds by staying invested

Difficult times in the market can make it tempting to take one’s losses and cash out. It's a natural reaction, but unfortunately, not one that has yielded great investment results over time. On the other hand, defying the counsel of fear and staying invested has proven to be a better strategy time after time.

In the chart to the right, we examine bull and bear markets in the U.S. (as measured by the S&P 500) since 1926. As you can see, there have been several periods of significant losses, most notably during the 1930s. After each of these periods, however, the market has rebounded substantially, often returning several times the amount lost in the prior downturn. Additionally, bull markets have on average lasted much longer than bear markets—up to 10 years. Accordingly, we believe long-term investors can best beat the odds by maintaining their investment objectives and discipline. Of course, investors should review their strategy with their financial advisor and take appropriate action. Remaining calm during the Global Financial Crisis and the heightened volatility since then has been challenging for many investors. But in many cases, winning in the market often means staying the course and sticking with your financial plan.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Returns represent past index performance and should not be viewed as a guarantee of future index or investment performance. Indexes are unmanaged and cannot be invested in directly.

S&P 500 Index: An index, with dividends reinvested, of 500 issues representative of leading companies in the U.S. large cap securities market (representative sample of leading companies in leading industries).

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* Neutral markets are defined as periods when the market traded in a range of –20% to +5%.