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## **Buy High and Sell Low?**

That's something that everyone knows to avoid. Yet that is exactly what many investors do when the market gets rocky. Instead of buying low as the market dips, they sell. Instead of selling high, they ride the emotional roller coaster to the bottom and then sell when they are most fearful.

I know it is tough being invested in a volatile market like this; I am invested in it, too, and I share your concerns. However, I am convinced that buying low and selling high is still one of the best ways to help accumulate wealth, and current market conditions present opportunities to do this. I am including a relevant chart from John Hancock Funds titled “The Emotional Roller Coaster.” It is simple, yet demonstrates real-life emotions that we all face every day.

## **Where Are You on the Emotional Roller Coaster Today?**

Please take a look at the chart and see if you've ever heard yourself saying some of the quotes they use at each point. Then give us a call to discuss where you are today, where you hope to get to and ways we can help.

Sincerely,



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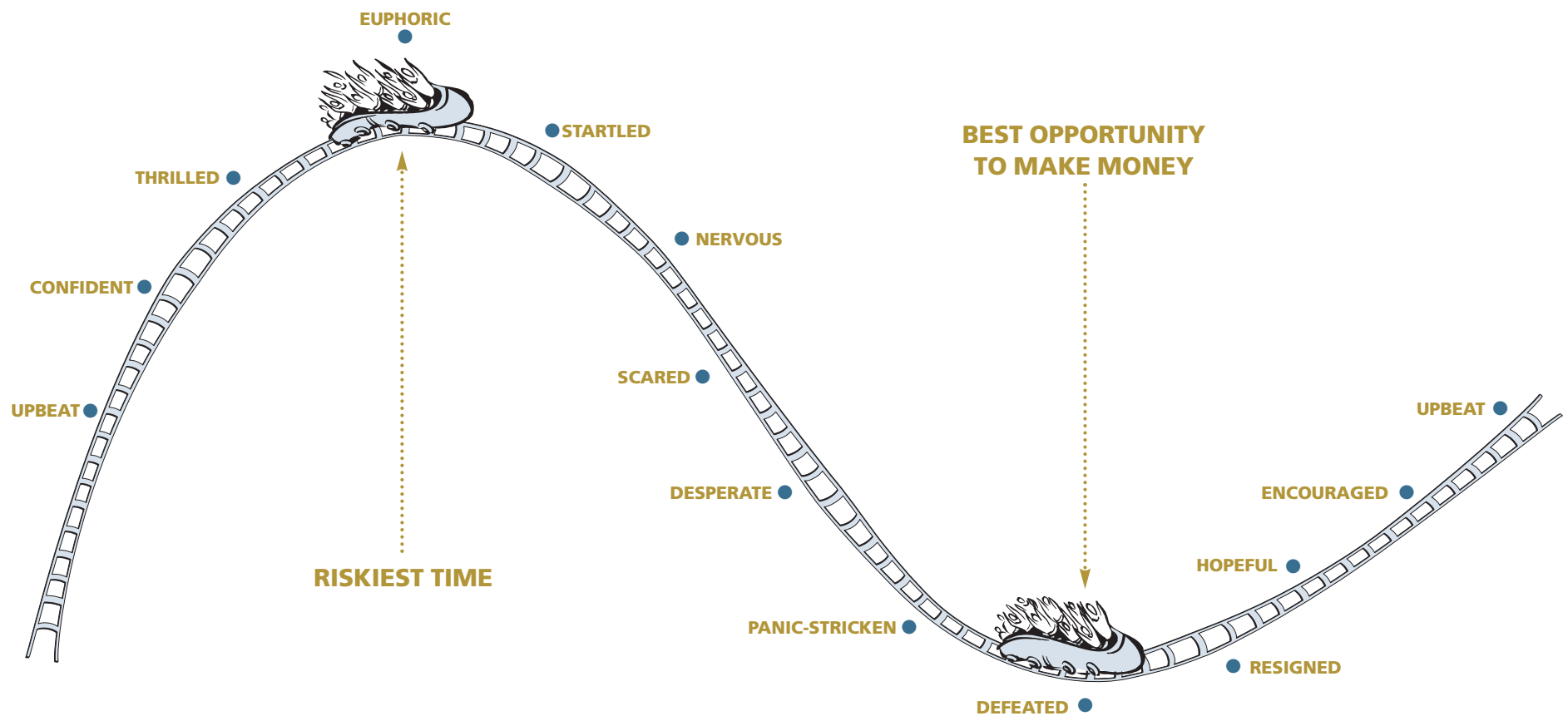
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# The emotional roller coaster of the market

Market cycles depend as much on people's emotions as they do on market fundamentals. When a stock or fund you purchased goes up, you feel euphoric. When it goes down, you feel defeated. But making an investment decision based on emotional reasons instead of analytical ones can lead to costly mistakes.

**Where are your emotions on this chart today? And where do you think they will be a year from now?**



# Where are you right now on the market's emotional roller coaster?

## Have you said or thought the following?

<b>Upbeat</b>	"Everybody's making money in the market. Maybe it's time for me to invest, too."
<b>Confident</b>	"I've already made money. This is great."
<b>Thrilled</b>	"Investing is easy. Maybe I should put all of my money into stocks."
<b>Euphoric</b>	"I should quit my job and do this full-time! Look at the money I'm making!"
<b>Startled</b>	"I think I lost money this week."
<b>Nervous</b>	"What happened?? What is going on?"
<b>Scared</b>	"I didn't know it could drop so much so fast!"
<b>Desperate</b>	"There's no point in selling now, I've lost too much."
<b>Panic-Stricken</b>	"My account is down <i>how much?</i> As soon as I get back to even, get me out!"
<b>Defeated</b>	<b>"Get me out!"</b>
<b>Resigned</b>	"I'll never invest in stocks again."
<b>Hopeful</b>	"It looks like the market is starting to turn around."
<b>Encouraged</b>	"I should have stayed invested."
<b>Upbeat</b>	"Maybe I should invest in the market again."

There are many reasons to feel upbeat about the future. Call your financial professional TODAY. He or she can help you take the emotion out of your decision-making, and make sure that you remain focused on your long-term goals and strategies to achieve them.



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## Addendum

Stock markets around the world have been experiencing volatility over the past few weeks. As the market fluctuates, it is easy to become too focused on day-to-day returns. At times, you may be tempted to change strategies when the markets get volatile. However, changing a long-term plan based on short-term results runs the risk of locking in losses as well as sacrificing the potential for higher returns.

The below chart provides further evidence on the importance of staying invested over the long-term. Many of the worst January performances since 1926, have been followed by positive returns the next year. In many cases, investors would have been better served by remaining fully invested during the entire period, enduring short-term pain but not missing out on the market rebound.

Top 5 Worst Stock Market Januaries Since 1926				
Year	Total Return	1-Year Return After January	2-Year Return After January	Near Recession?
1970	-7.4%	17.1%	30.9%	Yes
1960	-7.0%	15.0%	32.1%	Yes
1939	-6.7%	3.2%	-8.1%	Yes
1990	-6.7%	8.4%	33.0%	Yes
1978	-6.0%	18.1%	42.4%	No
Average:	-6.8%	12.3%	26.0%	—

Note: January is considered "Near Recession" if the United States was in a recession, as defined by the National Bureau of Economic Research, within 12 months before, during, or after date listed.  
All stock market returns represented by the S&P 500 Index.  
Source: Ibbotson, FMRCo (MARE) as of 12/31/2007.

As your advisor, it is my responsibility to share data and research to keep you well-informed and to provide a context to help you make intelligent investment decisions. While only time will tell if future results prove to be comparable to the examples above, the prudent approach is to stay focused on your long-term investing goals. As always, we are available to answer questions about your portfolio and strategy at any time.

*The Standard & Poor's 500<sup>®</sup> Index (S&P 500<sup>®</sup>) is a commonly used measure of the broad U.S. Stock market. Investors cannot invest directly in an index. Individual results may vary to management fees, transaction costs and taxes. Performance figures do not take into account the fees and expenses of certain investments.*

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