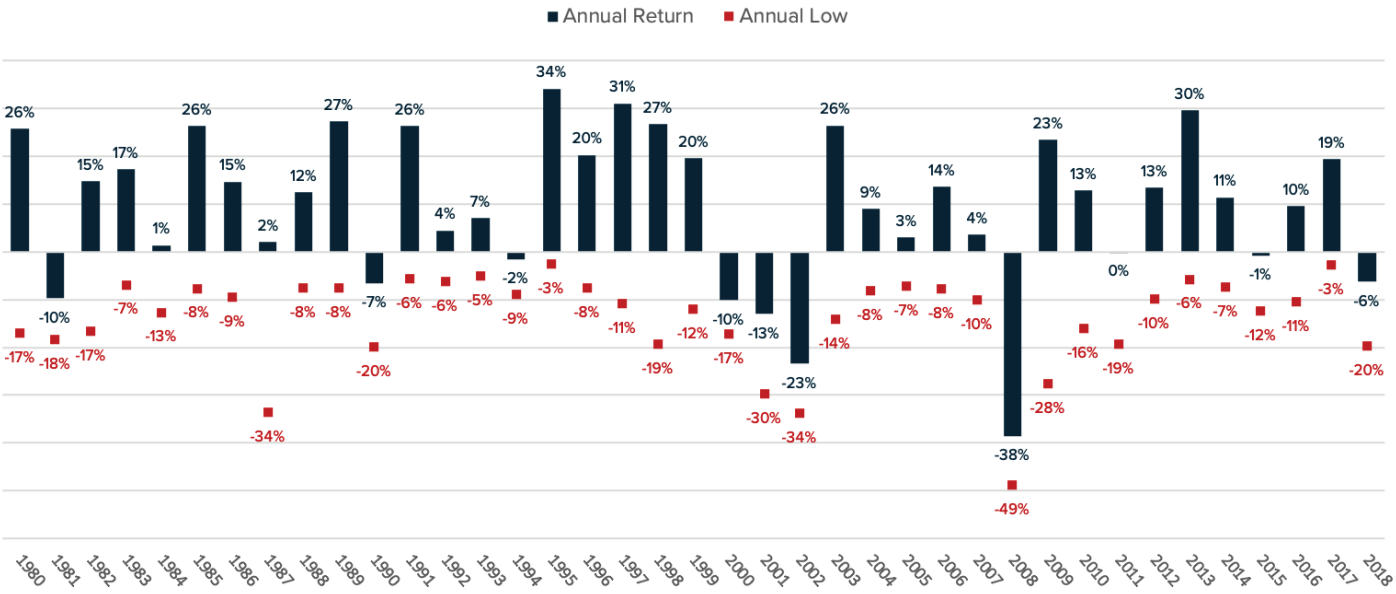
EVERY YEAR IS A ROLLER COASTER

EXAMINING THE UPS AND DOWNS OF THE MARKET ON AN ANNUAL BASIS

Market corrections can bring a lot of anxiety to investors. In order to remain calm, it's important to keep perspective. Over the past five years we've seen significant intra-year declines. Without proper perspective, investors have a greater chance of making poor decisions based on their emotions. Let's take a look at data from the S&P 500 over the past 39 years. The average intra-year low was 14%, while average annual returns were positive in 29 of the past 39 years. This data shows us that market corrections, though frightening for short-term investors, are more common than you might think. Keeping long-term goals at the forefront of investment decisions, rather than looking for smooth markets, remains the key to navigating market volatility. In the words of Warren Buffett, "Be fearful when others are greedy and be greedy when others are fearful."

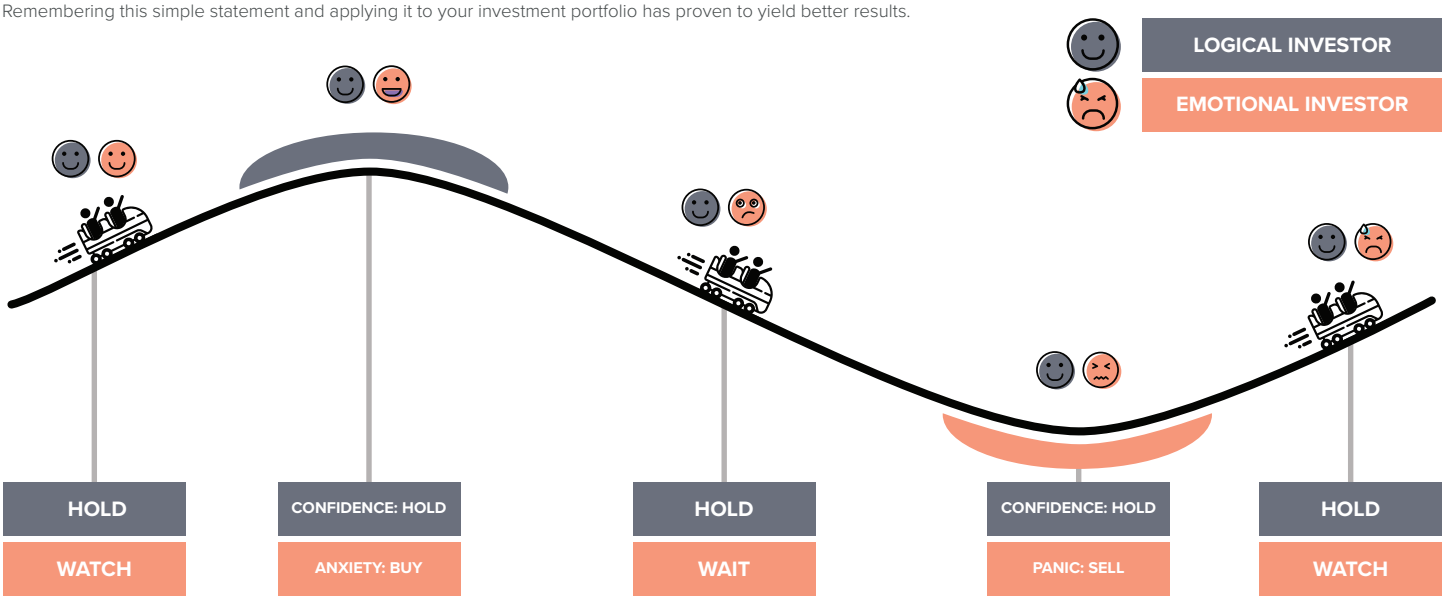
ANNUAL RETURNS AND INTRA-YEAR DECLINES

S&P 500 Intra-Year Declines vs. Calendar Year Returns – Despite average intra-year drops of 14%, annual returns were positive in 29 of 39 years.



Source: Factset, Standard & Poor's, J.P. Morgan Asset Management Guide to the Markets – U.S. Data is as of December 31, 2018.

Each roller coaster ride is prefaced by a simple statement, "remain seated with seatbelts fastened for the duration of your ride." Remembering this simple statement and applying it to your investment portfolio has proven to yield better results.



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