



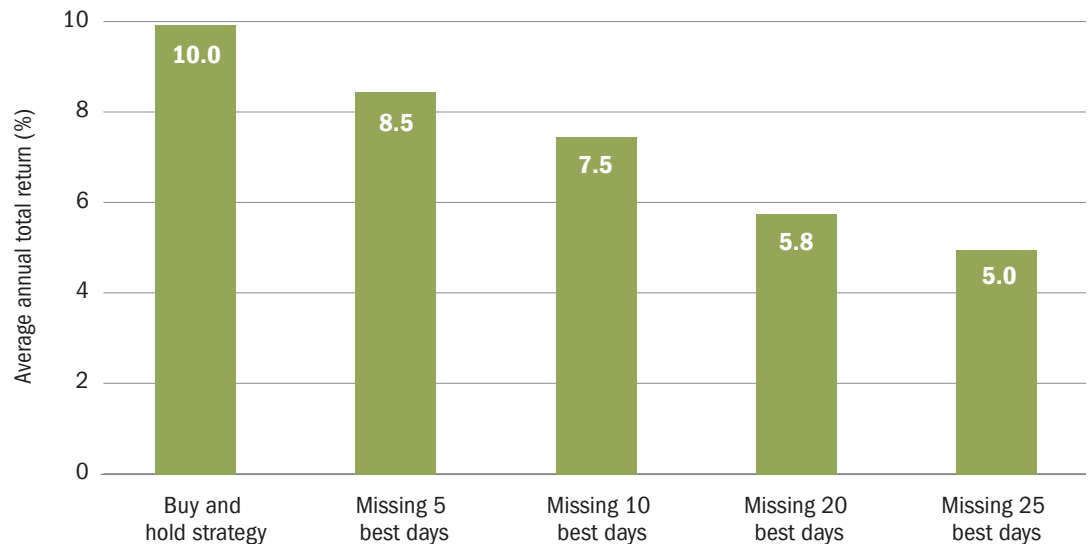
# TIPS FOR KEEPING A COOL HEAD AND A LONG VIEW

**Volatility.** If it seems like it's coming at you from all sides, we understand how you feel. From the economic, social and health care ramifications of the COVID-19 pandemic, turmoil in the oil sector and the upcoming U.S. elections, the events that have unfolded so far in 2020 have resulted in a whirlwind of uncertainty.



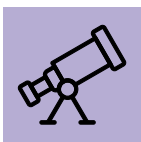
## Time in the market beats market timing

Volatility can tempt you into trying to time the markets. But while getting out is easy, getting back in at the right time is nearly impossible. As illustrated by the chart below, if you missed the best performing days, you would have given up a significant portion of the market's long-term total return.



S&P 500 Index returns 12/29/89-12/31/19. **Past performance does not guarantee future results.**

Sources: Columbia Management Investment Advisers, LLC and Bloomberg as of 12/31/19. The S&P 500 Index tracks the performance of 500 widely held, large-capitalization U.S. stocks. It is not possible to invest directly in an index.

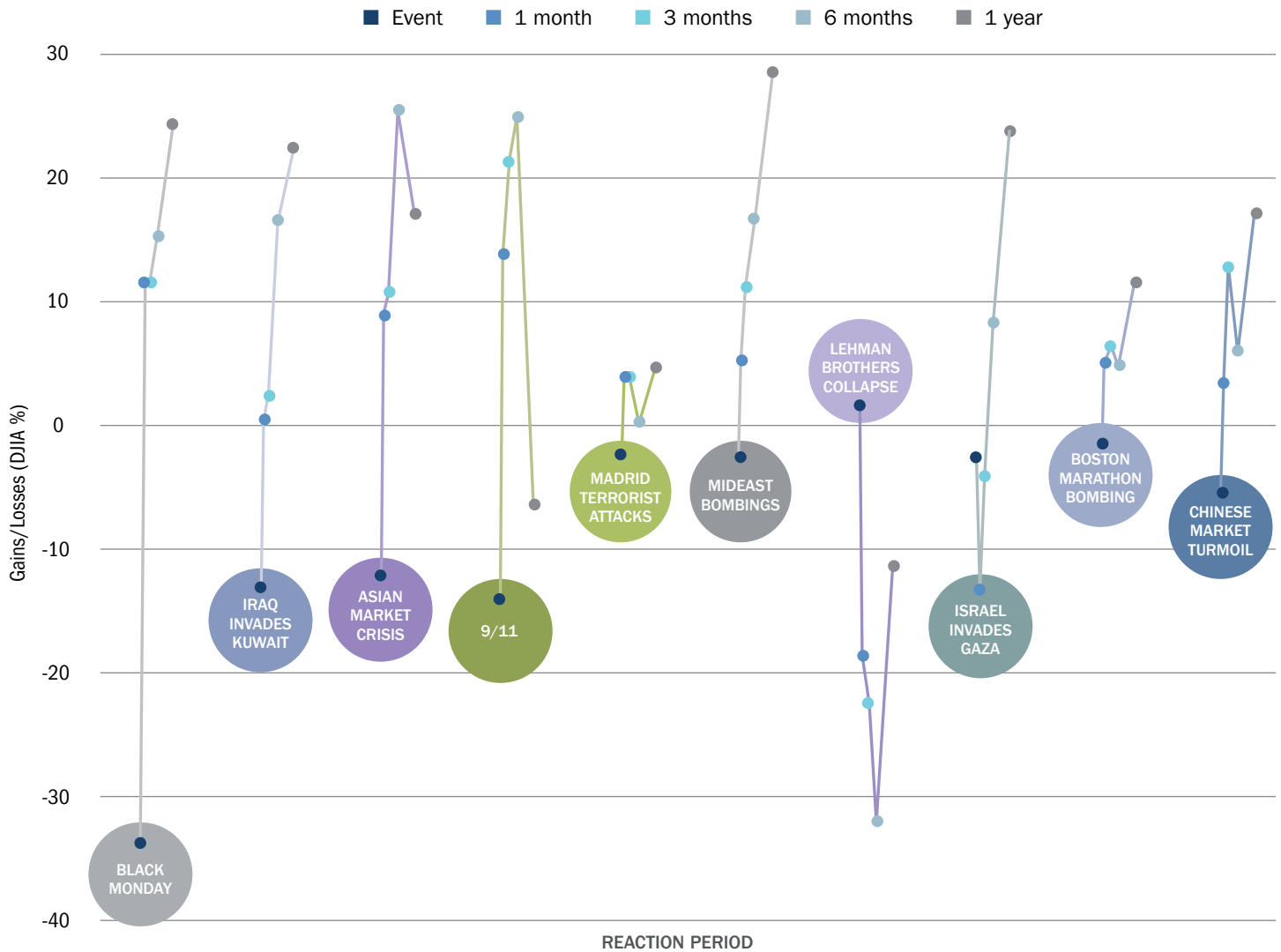


## History shows that investors benefit from staying invested

Amid a flood of sometimes conflicting information, you're getting another constant message: that you should stay the course. That the markets will eventually recover, as they have many times before. And we think that's a great idea. But essentially, you're being asked to do nothing. To wait it out. For a lot of us, that can be hard to do, especially when we see account balances dropping and imagine retirement dreams slipping away.

The bad news is that major market corrections are painful and costly. The good news is that, historically, the recoveries afterward have typically been strong and sustained. Investors' fears are running high amid uncertainty over financial markets. Yet, the stock market and economic experiences over the past decades were at times quite frightening too. The U.S. stock market has been remarkably resilient; it has routinely recovered from short-term crisis events to move higher over long-term periods. The chart on the next page demonstrates that while the Dow Jones Industrial Average (DJIA), on average, declined during periods of crisis, the ensuing 12 months typically produced double-digit returns.

## PAST MARKET CORRECTIONS AND THEIR RATES OF RETURN IN RECOVERY



BLACK MONDAY	IRAQ INVADES KUWAIT	ASIAN MARKET CRISIS	9/11	MADRID TERRORIST ATTACKS	MIDEAST BOMBINGS	LEHMAN BROTHERS COLLAPSE	ISRAEL INVADES GAZA	BOSTON MARATHON BOMBING	CHINESE MARKET TURMOIL
10/02/87	08/02/90	10/07/97	09/10/01	03/10/04	07/11/06	09/15/08	12/27/08	04/12/13	08/21/15
10/19/87	08/23/90	10/27/97	09/21/01	03/24/04	07/18/06	09/16/08	01/21/09	04/15/13	08/25/15

Change in DJIA during the period indicated. **Past performance does not guarantee future results.** Sources: Columbia Management Investment Advisers, LLC and Ned Davis Research, Inc., 02/2020. Copyright 2020 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at [www.ndr.com/copyright.html](http://www.ndr.com/copyright.html). For data vendor disclaimers refer to [www.ndr.com/vendorinfo/](http://www.ndr.com/vendorinfo/). The most widely used indicator of the overall condition of the stock market, the Dow Jones Industrial Average Index is a price-weighted average of 30 actively traded blue chip stocks as selected by the editors of the *Wall Street Journal*. It is not possible to invest in an index.



### Been there, done that

Let's take a step back. Chances are, the first time you met and set out a plan with your financial advisor and established your financial plan, the markets weren't in crisis. And if you started investing within the last 10 years, you've never had to deal with volatility and losses as dramatic as those we're seeing now. But your advisor probably has. And if you're investing for the long term, you may go through one or more of these full market cycles — from the top to the bottom and back again — before you retire.

We encourage you to talk to your advisor about the effects of market cycles, how they factor into the long-term strategies he or she recommends and what it means for your particular portfolio. It might need a nip or tuck, but if your strategy was truly built for the long term, it's probably in good shape to see you through short-term setbacks like this one.



### Your advisor is your best sounding board and guide

When you're tempted to make significant investment moves during volatile periods, having the outside perspective of an experienced financial advisor is critical — someone who can give you reasoned answers when you question your long-term strategy, explain how your portfolio is positioned for difficult markets and help you stay on track to meet your long-term goals. Especially if you've never experienced the kind of deep market swings we're seeing now.



### Keep a healthy perspective

In the midst of the longest bull market in history, it was easy to feel confident about your investment strategy. Seismic drops like we're going through now not only test that confidence, they can lead investors like you to make decisions based on fear and uncertainty. It's a natural impulse to seek safety when it feels like the bottom is dropping out. But decisions based on panic around short-term disruptions have the potential to undo the benefits of years of long-term, committed investing.

We encourage you to talk to your advisor about the effects of market cycles, how they factor into the long-term strategies he or she recommends and what it means for your particular portfolio.



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\* In U.S. dollars as of June 30, 2020. Source: Ameriprise Q2 Earnings Release. Contact us for more current data.

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