



# RIDING OUT MARKET UPS AND DOWNS

The one certainty of investing is that your portfolio will experience volatility. Further, volatility can trigger emotional responses that may cause investors to make irrational decisions that could lead to missed opportunities.



LORD ABBETT®

## TABLE OF CONTENTS

STAY CALM .....	3
STAY IN .....	4
STAY THE COURSE .....	5
INVESTMENT-LED. INVESTOR-FOCUSED .....	6
SOURCES .....	7



Prudent investors stay the course, with the understanding that investment success is not just a matter of how well you do in up markets but also how well you weather the downside.

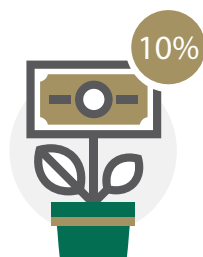
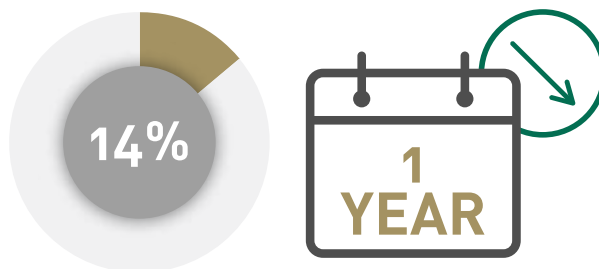
## THREE POINTS TO REMEMBER



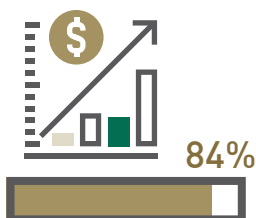
### STAY CALM

The truth is that market ups and downs are normal. In fact, in any given calendar year, the average drawdown (peak to trough decline) of the S&P 500® Index historically has been nearly 14%.

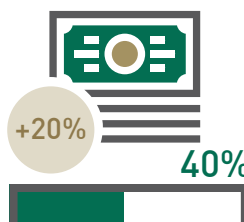
Yet, despite the intra-year volatility, the index has tended to finish most years higher than it started. Since 1980, for example:



The S&P 500 has delivered an average calendar-year return of more than 10%, including positive returns in many of the same years that large drawdowns occurred.



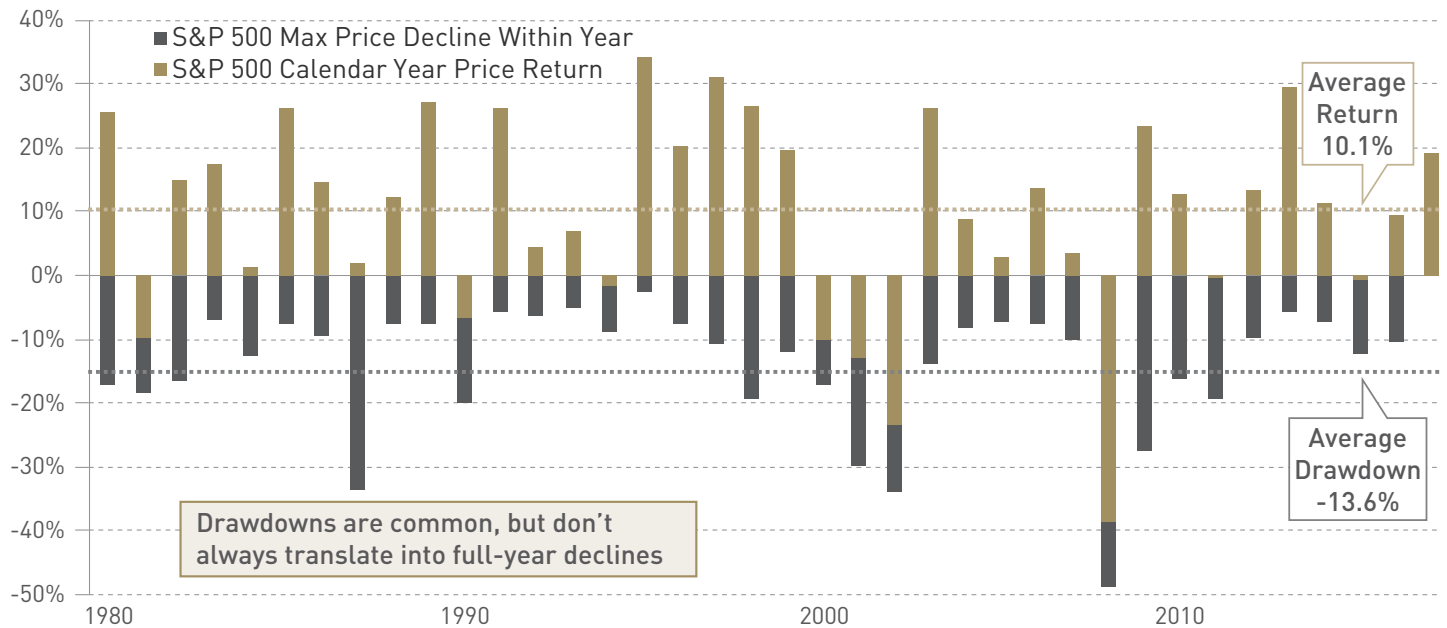
The index also has delivered positive returns 84% of the time



Returned more than 20% nearly 40% of the time.

## DRAWDOWNS ARE COMMON, BUT THEY DON'T ALWAYS TRANSLATE INTO FULL-YEAR DECLINES

S&P 500 annual price returns versus maximum price decline, as of December 31, 2017















**STAY IN**

An investor who exited the market and subsequently missed just 10 of the best-performing days in the past 20 years would have lost out on more than half of the gains. Given the difficulty of market-timing, a far better course would have been to stay in, with the knowledge that volatility is normal and that missed upside can dramatically cut into long-term returns.

## MISSING THE BEST-PERFORMING DAYS<sup>1</sup> OF THE MARKET CAN HAVE A SIGNIFICANT IMPACT ON YOUR PORTFOLIO

S&P 500 annualized returns, January 1, 1997 – December 31, 2017



FOR THE 20-YEAR PERIOD 01/01/1997 - 12/31/2017	ANNUALIZED RETURN <sup>2</sup>	\$10K INVESTED <sup>3</sup>
 All days during period	 8.32%	 \$53,525
 <b>Missed:</b> 10 best days	 4.80%	 \$26,712
 <b>Missed:</b> 20 best days	 2.47%	 \$16,645
 <b>Missed:</b> 30 best days	 2.47%	 \$10,996

## STAY THE COURSE

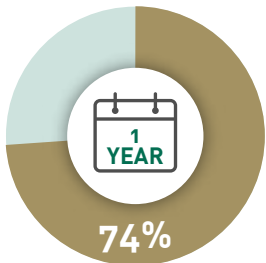
For long-term equity investors, the most powerful factor is time: historically speaking, an investor's time horizon is directly correlated with the likelihood that a portfolio will experience positive returns. For these long-term investors, staying the course is the most critical consideration when trying to build wealth and meet their investment objectives.

## THE LONGER YOU STAY IN THE MARKET, THE GREATER THE POTENTIAL FOR A POSITIVE OUTCOME

S&P 500 Index returns in calendar-year periods, 1927–2017

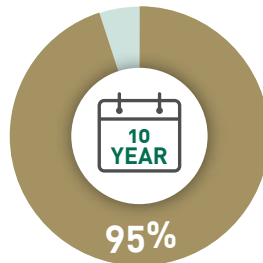


### 1-Year Holding Periods



Stocks have been positive **74%** of the time.

### 10-Year Holding Periods



Stocks have been positive **95%** of the time.

### 20-Year Holding Periods



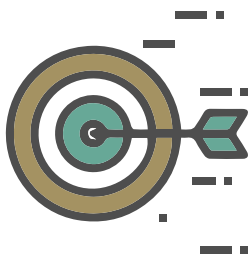
Stocks have been positive **100%** of the time.

## INVESTMENT-LED. INVESTOR-FOCUSED



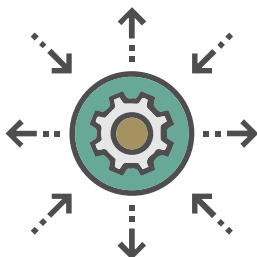
### OUR FIRM

A singular focus on the management of money since 1929



### OUR MISSION

Delivering superior long-term investment performance and a client experience that exceeds expectations



### OUR DIFFERENTIATORS

- Independent perspective
- Commitment to active management
- Intelligent Product design

## SOURCES

**Note:** The historical data are for illustrative purposes only, do not represent the performance of any specific portfolio managed by Lord Abbett or any particular investment, and are not intended to predict or depict future results. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. Past performance is not a reliable indicator or guarantee of future results.

This material is provided for general educational purposes only, is not intended to provide legal, tax, or investment advice, and does not account for individual investor circumstances. Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon, and risk tolerance. Consult with your financial advisor before making any investment decisions.

<sup>1</sup>The "best" days to be invested are defined as the days on which the S&P 500 Index delivered its highest returns for the given periods based on historical data.

<sup>2</sup>Returns are measured based on the S&P 500 Index.

<sup>3</sup>This illustration depicts the value of a hypothetical \$10,000 investment in the S&P 500 Index from January 1, 1997, through December 31, 2017.

**Note:** The historical data are illustrative purposes only, do not represent the performance of any specific portfolio managed by Lord Abbett or any particular investment, and are not intended to predict or depict future results. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. Past performance is not a reliable indicator or guarantee of future results.

**Note:** The historical data are for illustrative purposes only, do not represent the performance of any specific portfolio managed by Lord Abbett or any particular investment, and are not intended to predict or depict future results. Indexes are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment. Past performance is not a reliable indicator or guarantee of future results.



LORD ABBETT®



lordabbett.com



888-522-2388



Lord, Abbett & Co. LLC  
90 Hudson Street  
Jersey City, NJ 07302