WISDOM *of* GREAT INVESTORS

"A market downturn doesn't bother us. It is an opportunity to increase our ownership of great companies with great management at good prices."

Warren Buffett
Chairman, Berkshire Hathaway

A Market Correction is An Opportunity

Market corrections are an inevitable and frustrating part of any long-term investment journey. How you react to them can greatly affect your investment results. This is illustrated below using the results achieved by three hypothetical investors who each invested $10,000 at the markets highest point prior to 2008 market downturn:

- **Nervous Investor**
  Following the 2008 market downturn sold all stocks and invested in cash on March 9, 2009.
  Ending value: $4,791
- **Patient Investor**
  Steadfastly held stocks through the market downturn.
  Ending value: $15,617
- **Savvy Investor**
  Viewed 2008 downturn as an opportunity to take advantage of low prices. Invested an additional $10,000 in stocks on March 9, 2009.
  Ending value: $50,508

If you are a long-term investor, when faced with a market correction do not react emotionally or abandon your investment plan. Be patient and, assuming your goals and/or time horizon have not changed, view the downturn as an opportunity to purchase good businesses at attractive prices.

Three Reactions to the 2008 Market Downturn

Hypothetical $10,000 Initial Investment
S&P 500® Index 2007–2015

Source: Thomson Financial, Lipper and Bloomberg. Chart represents a hypothetical $10,000 investment in the S&P 500® Index from October 9, 2007 through December 31, 2015 with the conditions described in the text. Hypotheticals assume a cash yield of 1.0% per year. Investments cannot be made directly in an index. **Past performance is not a guarantee of future results.**

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