

The Importance of Staying Invested

The image shows three different reactions to a recent investment loss. The dark blue line shows the experience of an investor who stayed invested in stocks. The green line shows the experience of an investor who exited the stock market and invested in cash. And the light blue line shows the experience of the investor who exited the market at the bottom but then reinvested in stocks a short time (12 months) later.

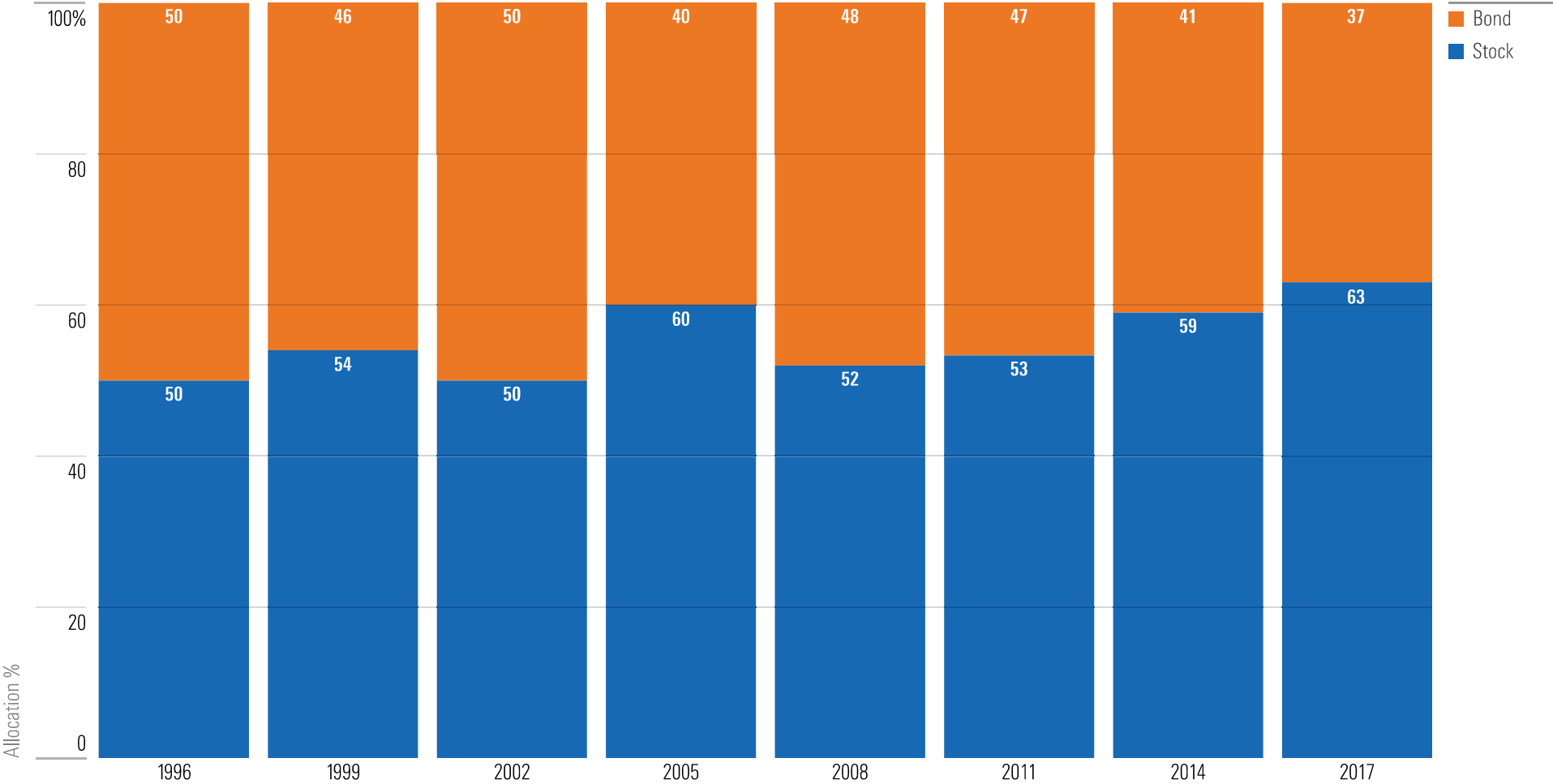
Ending Wealth Values After a Market Decline



Source: Morningstar Direct.

The Importance of Rebalancing 1996–2017

The image shows how a portfolio (containing an equal amount of both stocks and bonds) can naturally change composition over time as the two types of investments (asset classes) perform differently.



Source: Morningstar Direct.