

Notable Quotes

"Amid this bad news, however, never forget that our country has faced far worse travails. In the 20th century alone, we dealt with two great wars (one of which we initially appeared to be losing); a dozen or so panics and recessions; virulent inflation that led to a 21 percent prime rate in 1980; and the Great Depression of the 1930s, when unemployment ranged between 15 percent and 25 percent for many years. America has had no shortage of challenges.

Without fail, however, we've overcome them. In the face of those obstacles—and many others—the real standard of living for Americans improved nearly seven-fold during the 1900s, while the Dow Jones Industrials rose from 66 to 11,497. Compare this with the dozens of centuries during which humans secured only tiny gains, if any, in how they lived. Though the path has not been smooth, our economic system has worked extraordinarily well over time. It has unleashed human potential as no other system has, and it will continue to do so. America's best days lie ahead."

Warren Buffett, *Newsweek* (February 28, 2009)

"History shows that the vast majority of the time, the stock market does next to nothing. Then, when no one expects it, the market delivers a giant gain or loss -- and promptly lapses back into its usual stupor. Javier Estrada, a finance professor at IESE Business School in Barcelona, Spain, has studied the daily returns of the Dow Jones Industrial Average back to 1900. I asked him to extend his research through the end of 2008. Prof. Estrada found that if you took away the 10 best days, two-thirds of the cumulative gains produced by the Dow over the past 109 years would disappear. Conversely, had you sidestepped the market's 10 worst days, you would have tripled the actual return of the Dow. "Although we could make a bundle of money if we could accurately predict those good and bad days," says Prof. Estrada, "the sad truth is that we're very, very unlikely to do that." The moments that made all the difference were just 0.03% of history: 10 days out of 29,694."

Jason Zweig, *Wall Street Journal* (February 9, 2009)

I didn't see a big groundswell at the beginning of 2008 where people were saying "You know, this is a year to be out of the market, you are going to get clobbered." Basically I think that over the long haul you'll do better if you just say "I don't know how to do this forecasting, let me stay in, rather than time the market". You're as likely to miss good years as you are to miss bad years.

Ken French, Director of Investment Strategy for Dimensional Fund Advisors and the Carl E. and Catherine M. Heidt Professor of Finance at the Tuck School of Business at Dartmouth College

"Frankly, it's always discouraging to see your long-term investment plans be interrupted, so to speak. I've been through at least nine of these really severe kinds of corrections in the market. I've learned that I had to keep my patience. I had to keep calm. I couldn't act rash. The most difficult thing really is to stick with your plan even though you might have been through it for five years and you see no progress or negative progress. Five years from now you will look back and say boy am I happy that I hung on in the most difficult, severe, emotional test I've ever been put through but this is paying off."

Charles Schwab (December 8, 2008)

"A lot of the recovery tends to occur in the first few months, and if you wait until the all-clear sign to get back in, you'll have missed out on a lot of the gain."

Mark Riepe - head of the Schwab Center for Financial Research; Marketwatch (November 11, 2008)

"Trades in reaction to fear and panic are almost always bad trades. It's not a decision you should enter into without making sure that's really where you want to go. Make that shift very intentionally, not with the idea that you're trading out of equities to get back in when the market recovers. The likelihood is that you'll miss that recovery."

Kristi Mitchem - a managing director at Barclays Global Investors; *Marketwatch* (November 11, 2008)

"It's a great opportunity. This worldwide slump will take a while to play out and finally end. I believe that a few years from now, we'll look back on this grim period as one of the great buying opportunities of a lifetime ..."

Knight Kiplinger; *Kiplinger Retirement Report* (November 2008)

"We had a bad ten years, so now we're going to have another bad ten years? I'm overwhelmed by the emptiness of that idea. The history of the market is precisely the opposite. If you have a bad ten years, you're likely to have a good next ten years."

Jeremy Siegel - Russell E. Palmer Professor of Finance at the Wharton School of the University of Pennsylvania; *Fortune Magazine* (November 10, 2008)

"Investors are right to be wary of highly leveraged entities or businesses in weak competitive positions," Buffet wrote. "But fears regarding the long-term prosperity of the nations many sound companies make no sense. These businesses will indeed suffer earnings hiccups, as they always have. But most major companies will be setting new profit records 5, 10, and 20 years from now."

Warren Buffet - as quoted in the *NY Times* (October 16, 2008)

"Stand to your guns. After ten years of zero net returns – after first the bursting of history's greatest equity bubble and now the history's greatest credit bubble – we are somewhere very near the end of this nightmare, and deep into the greatest buying opportunity some of us will ever see for the rest of our lives".

Nick Murray – Author; *Nick Murray Interactive* (November 2008)

"We have gone full circle, which markets often do, time and time again. Of all the unique features evident in this crisis—all the "worst ever since the Great Depression"—one commonality is noticeable and has been around for as long as man! Fear and Greed! In the late 1990s, we experienced human greed at its maximum and the thing to do was to bet against it. Today, we are experiencing maximum human fear and again investors will be best served betting against it!"

James Paulsen - Wells Capital Management; *Economic and Market Perspective* (November 2008)

But just because stock markets have panicked, investors should not. The best position for investors today is not "fetal and 100% in cash." We are not going to have a depression, and we have survived financial crises before. A century of investing experience, as well as insights from the field of behavioral finance, suggest that investors who bail out of equities during times like these are almost always making the wrong decision.

Burton Malkiel Professor of Economics at Princeton University; *Wall Street Journal* (October 13, 2008)