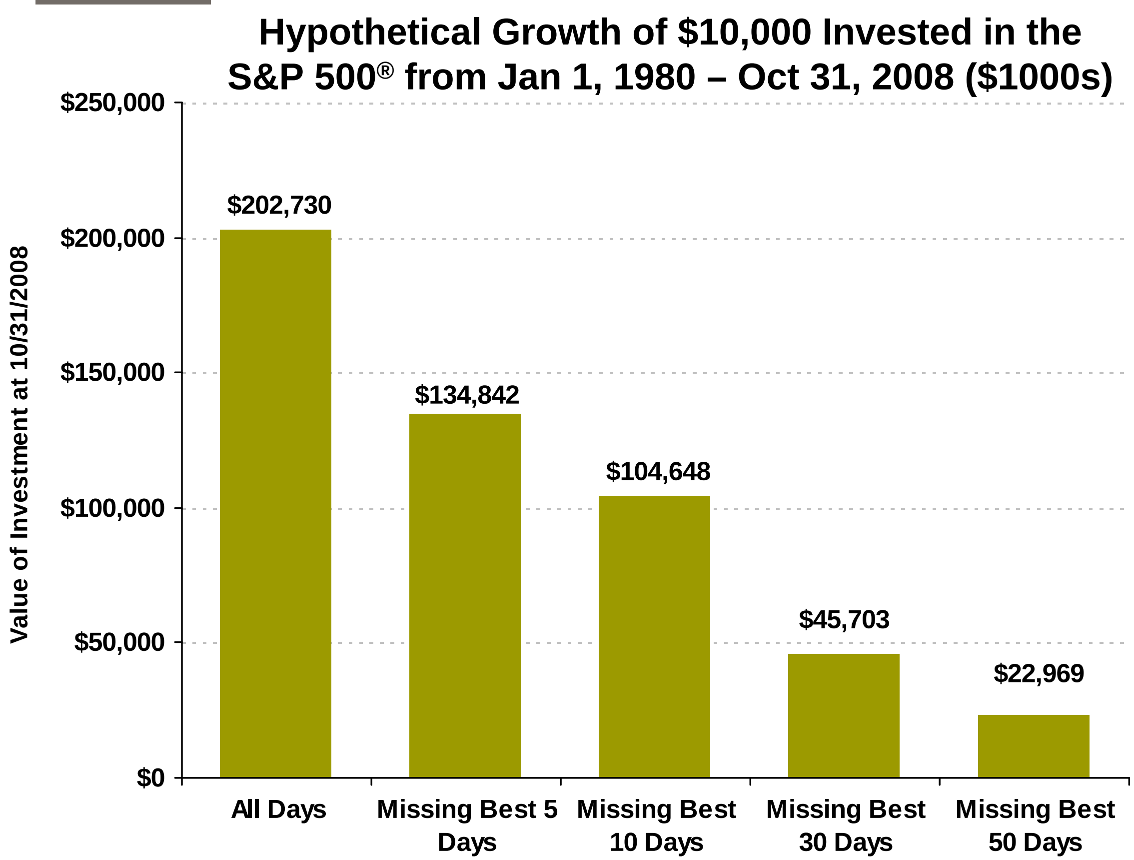
Portfolio Hazard: Missing Time in the Stock Market



The hypothetical example assumes an investment that tracks the returns of the S&P 500® Index and includes dividend reinvestment but does not reflect the impact of taxes which would lower these figures. There is volatility in the market and a sale at any point in time could result in a gain or loss. Your own investment experience will differ, including the possibility of losing money. You cannot invest directly in an index. The S&P 500®, a market capitalization-weighted index of common stocks, is a registered service mark of the McGraw-Hill Companies, Inc. and has been licensed for use by Fidelity Distributors Corporation. Source: FMRCo (MARE) as of 10/31/08.

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The Lure of Trying to Avoid Market Declines

- Attempting to move in and out of the market can be a costly affair, particularly because a significant portion of the market's gains over time have tended to come in concentrated periods.
  - Investors who sold and remained out of the market (S&P 500 Index) after it fell 20% on Black Monday, Oct. 19, 1987, would have missed the 15% rally over the next two days.
  - An investor who capitulated after eight consecutive down days and sold his or her stock holdings on Oct. 10, 2008 would have missed the 6th-biggest one-day gain ever the next day, when the S&P 500 rallied 12%.

The Cost of Missing Out

- Looking back at the performance of the S&P 500 since 1980, an investor who missed out on only the five best-performing days would have ended up with a stock portfolio worth roughly 35% less than one that had been fully invested throughout the period [See chart, left].
- Missing 30 of the best days would have reduced the value of a stock portfolio by 81%.

Investment Implication

- Successfully selling stocks prior to periods of sudden turmoil may help stem short-term losses if the market continues to decline. However, the odds of precisely avoiding only the worst-performing periods while still benefiting from any upward market rallies are long.

Past performance is not a guarantee of future results. Investment decisions should be based on an individual's own goals, time horizon and risk tolerance.