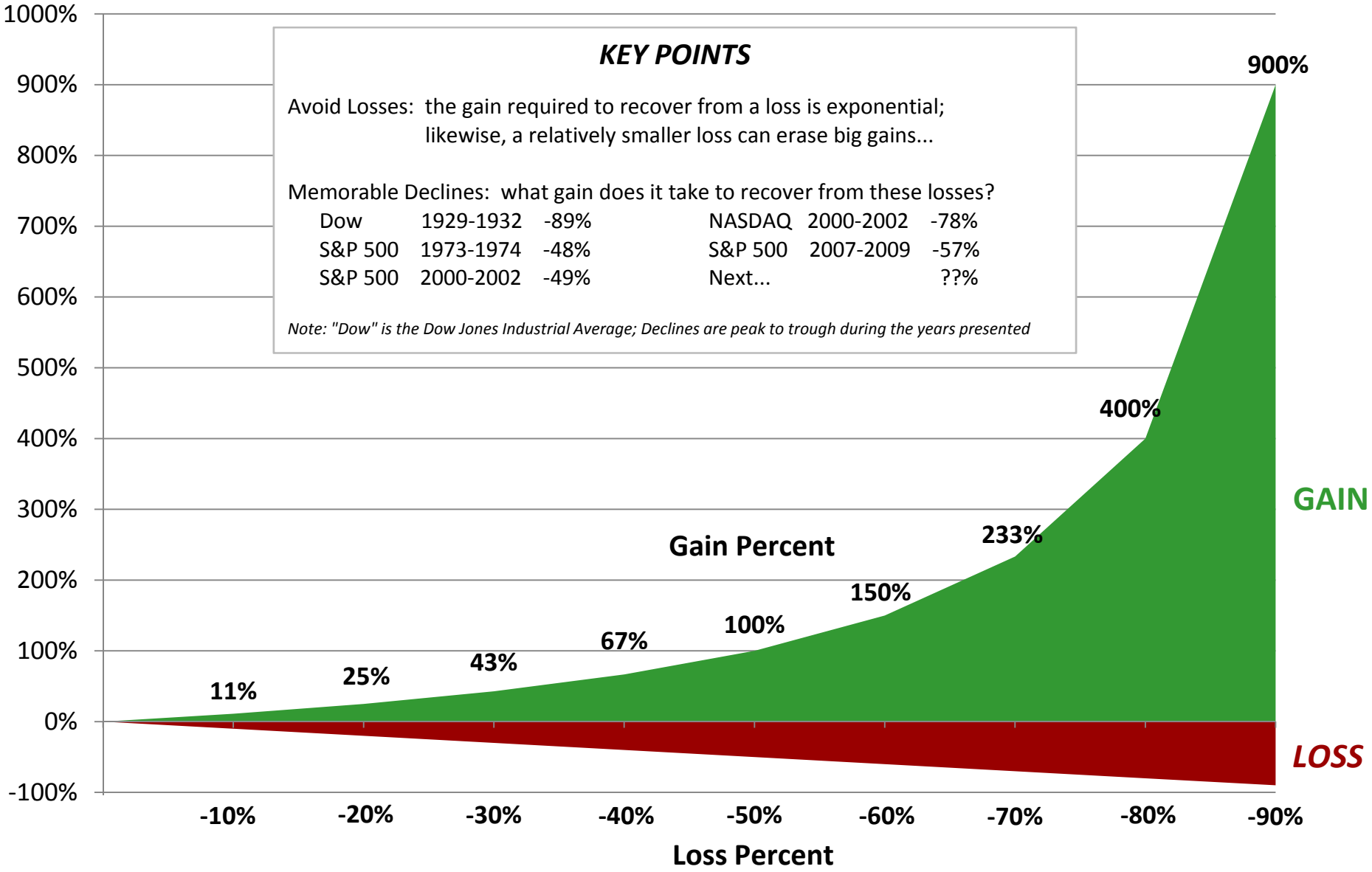
THE IMPACT OF LOSSES

Why The First Rule Of Investing Is Also The Second Rule...



KEY POINTS

Avoid Losses: the gain required to recover from a loss is exponential; likewise, a relatively smaller loss can erase big gains...

Memorable Declines: what gain does it take to recover from these losses?

Dow	1929-1932	-89%	NASDAQ	2000-2002	-78%
S&P 500	1973-1974	-48%	S&P 500	2007-2009	-57%
S&P 500	2000-2002	-49%	Next...		??%

Note: "Dow" is the Dow Jones Industrial Average; Declines are peak to trough during the years presented

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