



Market Volatility Shouldn't Shake a *Sound Investment Strategy*

Ups and downs in the market are inevitable. But that's not necessarily a bad thing. In fact, if you stick to an appropriate long-term investment strategy, it could be a good thing. The trick is to not panic.

START WITH A WELL-DIVERSIFIED INVESTMENT PORTFOLIO

The best way to weather a turbulent market is through **diversification**. By spreading your money over several different types of investments, no single investment makes up too great a part of your overall portfolio. When one type of investment declines in value, the impact on your portfolio may be limited.

Diversification can take several forms. You can diversify by investing in **multiple asset classes** – for example, stocks and bonds. You also can diversify by investing in different types of funds within a given asset class. For example, investing in growth stocks and value stocks, or U.S. stocks and international stocks.



CONTINUE TO INVEST REGULARLY – IN BOTH BEAR AND BULL MARKETS

Investing regularly can help take the emotion out of important investment decisions. Your employer's retirement plan makes it easy through automatic deductions from your paycheck. By investing the same amount from each pay period, you don't have to guess which way the market is going. You won't be tempted to wait for the "perfect" time to buy nor will you risk the possibility of investing all your money at the top of the market.

Although this strategy doesn't guarantee a profit or protect against loss, it's one way to take advantage of a down market. **By continuing to invest in bear markets, you'll buy more shares at a lower price** – and who doesn't prefer to buy things on sale.

The bottom line is that it's natural to feel some anxiety when the market goes down. But those who stay the course are in the best position to reap the benefits.



Diversification

The practice of spreading money among several different investments to reduce the chance of losing everything in a single market downturn.

Think Long-Term

One of the most exciting plays in football (and the quickest way to score) is the “touchdown bomb” – a long pass that results in a touchdown. It’s also a play you don’t see very often. Why? Because it’s risky and doesn’t have a high success rate.

The same applies when it comes to investing. For every “long-bomb” investment that finds pay dirt, many won’t. Chasing returns might get you ahead quickly if you’re lucky, but that same strategy over time is prone to fail. When investing, it’s important to **consider your goals and how much time you have to accomplish them without** getting bogged down by the day-to-day returns on your investment.

Here’s a good example for anyone who thinks timing the “hot” stock is a good approach: If you invested **\$10,000** in the S&P® 500 in 1980 (and left it there), the value of that fund in August 2007 would have reached nearly **\$300,000**. If you missed the 10 best days during that stretch (by jumping in and out of the market), the fund’s value would be almost **\$125,000 less**.¹

Never let a short-term event determine how you invest. Stick to long-term goals when it comes to building assets for your future.

¹ Fidelity Investments. This hypothetical investment is for illustrative purposes only and is not intended to represent any particular investment product. Past performance is not a guarantee of future results. The S&P 500 is a capitalization-weighted index of 500 widely traded stocks. Created by Standard & Poor’s, it is considered to represent the performance of the stock market in general. It is not an investment product available for purchase.

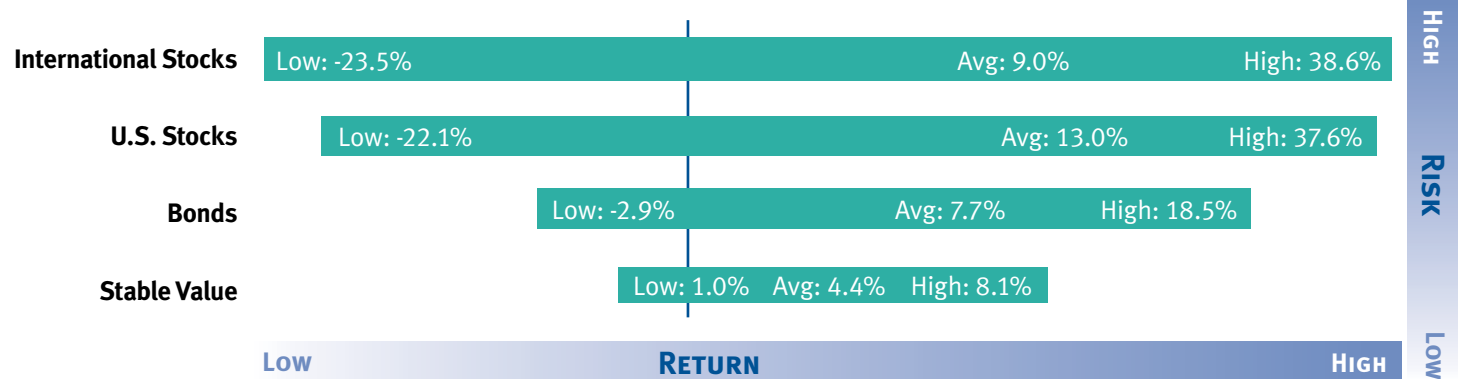


Are Your Investments Too Conservative?

Historically, investments with **higher risk** (such as stock funds) offer the potential for **higher returns** over the long term. **Lower-risk investments** (such as bond funds) are less volatile and historically generate **lower returns** over the long term. To reduce your risk exposure, it’s wise to **create a diversified portfolio**, which includes a mix of different types of investments.

It’s possible, however, to invest too conservatively. **If your investments don’t keep up with inflation, your dollars won’t buy as much.** When you use conservative investments, you may need to save more to meet your retirement goals.

Historical Returns of Various Investments



Legend:

Stable Value = 90-day T-bills

Bonds = Lehman Brothers® Aggregate Bond Index

U.S. Stocks = Standard & Poor’s® (S&P) 500 Index

International Stocks = Morgan Stanley Capital International® (MSCI) EAFE Index

This chart shows the highest, lowest, and average return over the last 20 years of different types of investments. (20-year period ending 12/31/2007.)

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