American Funds®

The right choice for the long term®

ideas for investors

Dealing with declines

While market downturns can be worrying, it's important to remember that declines and corrections are a natural part of the investment process. The chart below illustrates how common these fluctuations have been since 1900.

Ups and downs in the financial markets are inevitable. Investors who focus on what they *can* control will be better prepared to weather market cycles.

A history of declines (January 1900 – June 2009)

Type of decline	Average frequency[1]	Average length[2]
–5% or more	About three times a year	48 days
–10% or more	About once a year	115 days
–15% or more	About once every 2 years	217 days
–20% or more	About once every 3.5 years	338 days

Source: The unmanaged Dow Jones Industrial Average.

[1] Assumes 50% recovery of lost value except for the most recent decline (10/9/07–3/9/09), which has not yet recovered 50% but is included in the average. The current market decline may not be over.

[2] Measures market high to market low.

- **Stay invested.** Investors may act on emotions — getting out of the market when they see it declining and getting back in when it rebounds. Maintaining a long-term perspective means spending time in the market, not timing it.
- **Invest for income.** Whether stock prices are rising or falling, companies can continue to pay dividends. Growth-and-income and equity-income funds typically seek to produce a steady flow of dividend income.
- **Seek consistency.** Choose an investment manager that consistently strives to reduce volatility.

Past results are not predictive of results in future periods. Investors should carefully consider the investment objectives, risks, charges and expenses of the American Funds. This and other important information is contained in each fund's summary prospectus and/or prospectus, which can be obtained from a financial professional and should be read carefully before investing.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

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