



Advisors Access Newsletter for January 2008

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“Did I really lose \$2,000 in one month?” “Where did all my money go?”

Unfortunately, those are not uncommon questions these days. Whether your account dropped \$2,000, a lot less, or a lot more, chances are you have less money in your 401(k) today than you did on October 1, 2007. Even broadly diversified portfolios like those offered to you through Advisors Access have suffered losses during the fourth quarter.

The volatility that began to sweep the world’s capital markets during the summer continued into the Fourth Quarter, with stocks, real estate, and even some areas of the bond market (such as corporate bonds) coming under considerable strain as the effects of the co-called “credit crunch” began to spread.

The early days of 2008 have seen a continuation of this volatility amid speculation that we may be headed toward a recession, or may already be in one.

You may be tempted to ask “So why not get out of the market and wait until everything settles down a little?” Well, I’m glad you asked...

You may recall from a previous Advisors Access newsletter an example we cited of March 2003, when the situation was even more dire. The S&P 500 was down almost 50% since 2000. Enron, WorldCom and countless dot.coms had disappeared into thin air. September 11, 2001 was still fresh in everyone’s minds thanks to daily terror alerts. US armed forces were poised to enter Iraq. And virtually every “talking head” on TV was predicting that the stock market would tank into levels rivaling the 1929 market crash.

For investors, it was about as depressing a scenario as you could imagine. So guess what happens? Stocks did the exact opposite of what everyone was expecting. Beginning March 12, 2003, the stock market went on a tear, shot straight up over the next eight trading sessions and gained 12%. Six weeks later it had gained 25%.

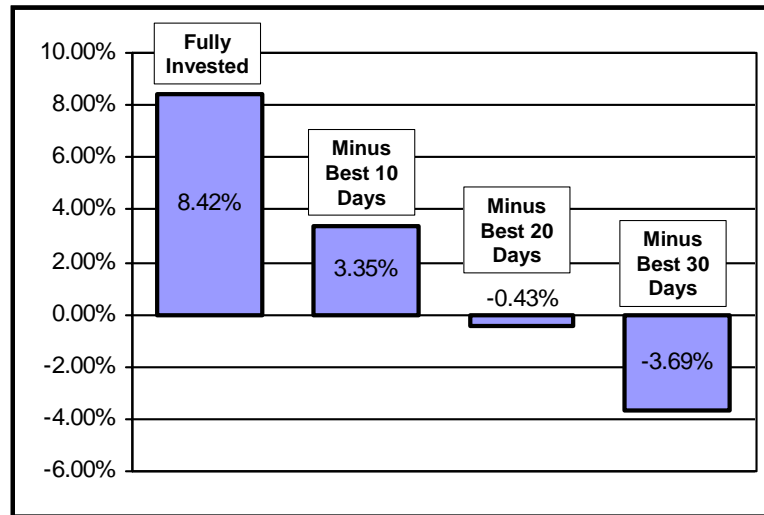
Where were many investors during this great run? “Out of the market...waiting for things to settle down a little.” They missed a great recovery. In just six weeks.

The equity markets are great at generating a long-term return that exceeds Treasury Bills, but the markets are terrible at letting us know when they’re going to provide that return!

And 2003 was not an isolated instance. Consider the following analysis of the ten years from December 1996 until December 2006.

Missing A Few Good Days Dramatically Reduces Your Returns

S&P 500 Index: December 31, 1996 – December 31, 2006



Had you been “out of the market...waiting for things to settle down” for just the ten best trading days of that ten-year period, you would have missed over half of the return the markets generated! Miss the 20 best trading days and you lost money!

It is a sobering thought that over a ten-year time period – somewhere around 2,520 trading days – all of the return premium that the stock market has to offer was essentially bottled up into 10 days, or 0.03%.

The moral of the story? **Stay the course. Stay invested.** Don't try to out-smart the market by thinking you can predict when to get out and, just as importantly, when to get back in. I certainly can't tell you what the markets will do tomorrow, but I can tell you that the S&P 500 was up 1.39% today. Was that one of the ten best trading days for the next ten-year period? Did you miss it?

Fortunately for you, as a participant in an Advisors Access 401k plan, you don't have to worry about that. You will be invested. And while there will be some bad days, some bad weeks, some bad months, some bad quarters and even some bad years...you can have the confidence of knowing you'll be a part of the good days, the good weeks, the good months, the good quarters and the good years.

Best wishes for a good 2008!