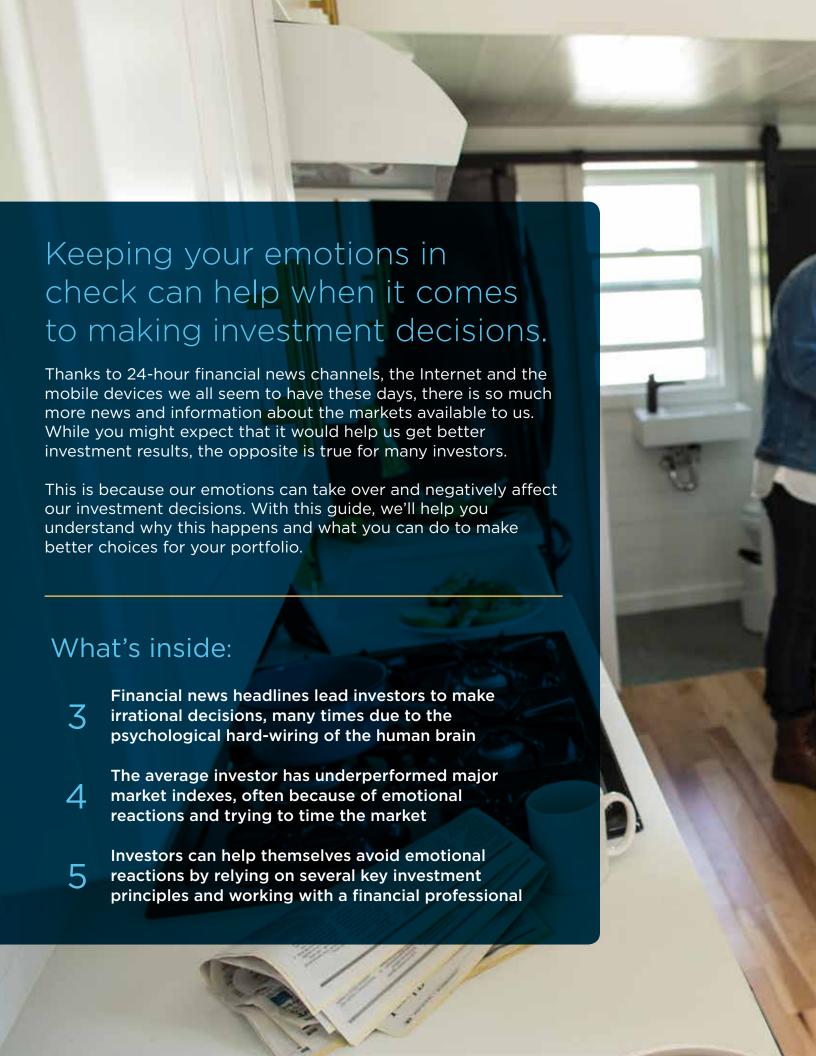


Know how to act when you feel like you're about to react

Avoiding headline-driven investment decisions may make it easier to prepare financially for your future.





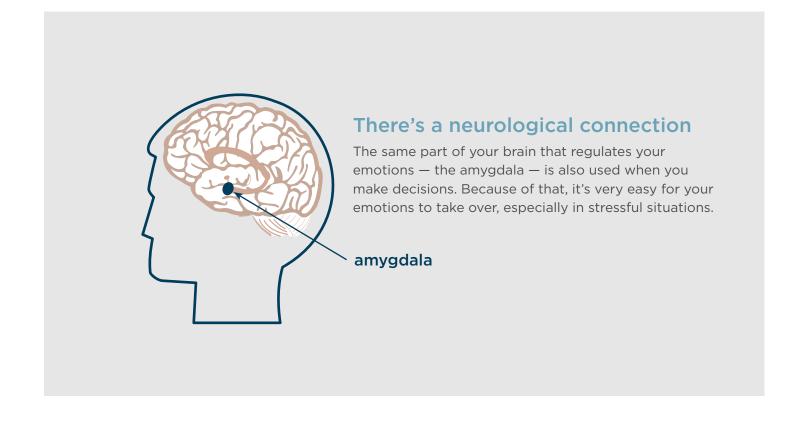
Bad news often increases investment activity

Media interest in the financial markets rises in times of market stress, with good reason. Their business models are driven by attracting more viewers or subscribers, and for a financial media platform, nothing attracts individual investors more than bad news. But all of that noise can push your emotional buttons, leading you to make hasty decisions and buy or sell your investments too quickly.



¹ National Bureau of Economic Research (NBER), Sept. 2010.

² Ned Davis Research, Dec. 2014.



Portfolio performance suffers for individual investors

Individual investors frequently underperform market indexes. One reason is because they get caught in this vicious chain of events: news headlines drive their emotions, which cause them to make irrational investment decisions, which often lead to poor performance.

We're talking about a significant reduction in performance, too. While major stock and bond indexes have returned between 5% and 8% on average over the last 20 years, individual investors have earned just half of that over the same time.

ANNUALIZED PERFORMANCE: 1995-2014

Average Investor

2.5%

Investment-Grade U.S. Corporate Bonds

5.8%

Long-Term U.S. Treasury Bonds

7.0%

S&P 500 Index

8.2%

Source for index data: Morningstar. Source for average investor data: Dalbar, Inc. QIAB study, 2015.

S&P 500 INDEX (DAILY PRICE RETURN) GROWTH OF \$10,000 (JAN. 1995-FEB. 2016)



Reacting and trying to time the market takes a toll

As individual investors react emotionally to news headlines, they tend to buy and sell investments frequently and at inopportune times. All of this movement in and out of the market means they run the risk of missing many of the best days in the market. And the more good days they miss, the more potential gains they give up.

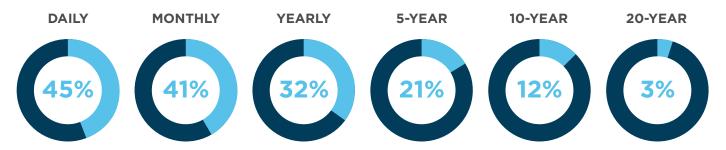
Source: FactSet (Feb. 2016). Past performance does not guarantee future results.

Staying invested is a key strategy for success

To make the most of market opportunities, it's best to tune out the daily news and stay invested for your long-term goals. Although there will be down days for the stock market and negative headlines to go along with them, the likelihood of market losses drops dramatically over longer periods.

You can see this with the S&P 500 Index going back to 1929. Negative returns become much less likely when you stay invested for 10-year or 20-year periods.

PROBABILITY OF NEGATIVE S&P RETURNS (1929-2015)

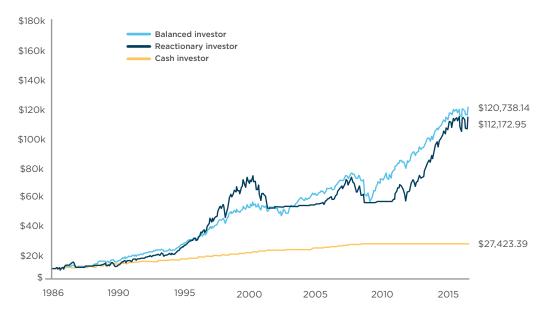


Source: FactSet (Feb. 2016).

A balanced portfolio offers potential value

If you avoid the temptation to trade in or out of the market and stay invested in a balanced portfolio based on your long-term goals, you'll be in a better position to reduce the amount of risk you take on and may potentially increase the returns you realize over time.

COMPARISON OF INVESTING STRATEGIES-GROWTH OF \$10,000 (MARCH 1986-MARCH 2016)



Source: Morningstar and FactSet.
Past performance does not quarantee future results.





• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

Investing involves risk, including the possible loss of principal. Share price, principal value and return on investments will vary, and investors may have a gain or loss when selling their investments.

Asset allocation is the process of spreading assets across several different investment styles and asset classes. The purpose is to potentially reduce long-term risk and capture potential profits across various asset classes.

Market index performance is provided by a third-party source Nationwide deems to be reliable. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses have been reflected. Individuals cannot invest directly in an index.

S&P 500° Index: An unmanaged, market capitalization-weighted index of 500 stocks of leading large cap U.S. companies in leading industries; gives a broad look at the U.S. equities market and those companies' stock price performance.

Information provided by Retirement Specialists is for educational purposes only and not intended as investment advice. Retirement Specialists are registered representatives of Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio.

Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company. © 2020 Nationwide

NRM-15079AO.1 (01/20)