



Keep calm and carry on investing Foolishly

Description

Foolish Investors,

As fellow investors, we feel this market turbulence with you. As a business, with millions of our capital tied into service stock portfolios, we feel it with you.

We feel the euphoria when stocks rally like they did in 2019 and have for most of the past decade. And we feel the uncertainty, the emotional tug when they fall 10% or more.

We're here to make you smarter, happier, and richer by helping you understand market conditions and stay confident in the decisions you're making.

So What's Going On?

The news about the coronavirus driving the sell-off is fluid and developing. There is much we don't know about the virus itself and how it spreads, but we do know that many companies have said that it will cause near-term disruptions and slowdowns.

With this much uncertainty in the air, driven by headlines, stories, and our own fast-spreading fears, stocks are showing some wariness, especially coming off a booming 2019.

So Now What?

We're long-term investors, so we focus on just that: the long term. That means more than just a quarter or even a year. It means many years.

But we're not ostriches, either, putting our head in the sand while the rest of the world goes on around us.

Instead, we take a business-owners' mentality to investing, backed by more than two decades of success and data that helps us make better decisions in good times and bad.

Like any pandemic, the coronavirus is serious. We need to take it seriously. And like all good investors, we need to be prepared and armed with Foolish principles.

So as you are reading the news, considering your investment options and planning on making decisions, keep these in mind.

Stocks are volatile in the short term, but over the long term, returns are far more positive than negative.

During a single day it's a coin toss on whether your stock goes up or down. Over a year, the odds improve to be two-thirds of the time you'll win. Stretch that out to three or five or 10 years, and your chances to make money skyrocket. In fact, in almost 9 times out of 10 over the last 100 years, stocks make you money over any 10-year period.

Businesses grow. Stocks go up. Over *years*, not always quarters.

Yet stocks do indeed fall. Sometimes dramatically. But they recover.

Looking at past data, corrections like this happen once every 12 to 18 months or so and last four to six [months](#). It's been more than a year since the last correction, so we're not shocked to see one. In fact, we're kind of on schedule.

The silver lining is that corrections tend to snap back within about four months, according to Goldman Sachs data. Furthermore, keep in mind that over time, stocks spend [3 times](#) as much time going up as going down. We just need to get through the down days to make sure we experience the ups.

Think like an owner, not a trader.

We never get tired of saying this because it needs to be said. Even those who buy into our investing philosophy might need a reminder in market weeks like this.

Act like an owner of your businesses, not a trader of them. We don't trade tickers; we invest in companies — great companies with business models that we believe are transforming their industries and making a difference in the world. Our favorite companies have loyal customers, growing markets, and unique advantages over their competitors.

Stay invested in those kinds of companies that can deliver healthy sales and earnings growth over the next three, five, and 10 years. Don't let the daily or monthly gyrations in their stock prices scare you out. Be patient and remember why you're invested.

Come 2025, you'll be glad you stayed with them.

And have some cash on the sidelines.

My uncle used to say to me that cash never goes out of style. That's especially true in nervous markets. So keep some cash handy to put to work in stocks if they go on sale. Our real-money portfolios vary on the cash they keep (0% to 30%), so it's more a matter of personal taste. But having

5% or so as a balance to your Foolish stocks comes in handy on days like these. You might even want to put some money to work in our published recommendations or Best Buys Now.

Courage and Foolishness

We don't have a crystal ball to say stocks won't go down another 10% from here by midyear. They very well could — or they could rally. What's important is that you both understand the market volatility potential and commit to investing through it.

Keep in mind that more than half of the market's best days come within just a few weeks of its worst days. So trading in and out around market volatility often proves futile. And very un-Foolish.

It takes courage to hold on and keep investing in turbulent markets. We're here to help you find and maintain that courage.

Rest assured, it pays off in the long run.

Stay Foolish,
Andy Cross
Motley Fool Chief Investment Officer

CATEGORY

1. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date

2025/08/12

Date Created

2020/03/11

Author

motley-fool-staff

default watermark