The Resilient Investor – by John Augenblick

With sincere empathy, I can say that I understand how you have been feeling over the past few months as the bear market has deepened and stock prices have moved lower with increased volatility. I've said before that it's okay to feel uneasy, dispirited, or even fearful as markets move through their occasional and expected down cycles. If you didn't feel this way—you wouldn't be human.

I spent much of September 30, the day after the Dow dropped nearly 800 points, in the Philadelphia International Airport en route to a conference on structured investing. I was waiting in the gate for my aircraft to arrive and I began to realize that I was in the midst of the worst financial gloom and doom bombardment that I had witnessed to date. I was bracketed on two sides by gigantic plasma televisions tuned to CNN. The very suave CNN anchor's austere voice was inescapably blaring over the loudspeakers in the terminal area. I stopped dead in my tracks when I read the bold headline on the screen: **R.I.P. American Dream**

The CNN anchor then stated with deadpan stoicism that *"What's really at stake here is the American Dream. Law makers are now uncertain that their children will be able to live the American Dream."* Honestly, I instantly started laughing—and I hadn't even had my morning coffee yet. In retrospect, it must have seemed inappropriate to the concerned CNN viewers at the gate, but it was my natural response. R.I.P American Dream? Are you kidding me? That is so preposterous that it almost escapes explanation.

In the airport, my bemusement shortly turned to anger when I realized that I wasn't watching some second-rate charlatan on CNBC, but I was watching the revered CNN. This was a network that some rely on for *real* news, not so much the infotainment we find elsewhere. I knew that no one would hold networks accountable for furthering unnecessary hysteria. Then I started to examine my surroundings a bit more closely and I saw the cover pages of the *New York Times, USA Toda*y, and the *Philadelphia Inquirer* and I noticed that they all contained somewhat less egregious, but equally unsettling versions of CNN's senseless proclamations. I couldn't help, but feel sorry for the others in the airport, and all targets of this bombardment.

I want you to have the confidence and perspective to have the same skeptical reaction when you see something ridiculous like that segment on CNN. Please understand that sensationalism and trumped-up threats of the year 1929 help ratings, not investors.

The media barrage was in full swing and despite my wandering through the terminal, I couldn't escape it. A different network segment was introduced: *Crisis Watch—is your money safe?* I thought, "Wow, this network is really doing some damage to the psyche of the investor at large." The shot then turned to a screen divided into seven shots to accommodate the seven "experts" just waiting for the market to open so they could offer their obligatory incoherent conjecture as to why it made its every oscillation. It was at that point that I heard one of them use the word "unprecedented"—which, of course, intimates that this time is different.

I've heard the term "unprecedented" kicked around a lot lately and I have to assert that its use is wholly inappropriate. This bear market is roughly 13 months old and has seen a decline in the broad U.S. market of roughly 34% as I write this article. We have experienced much longer and much deeper bear markets even within the past decade…you may recall the post tech-boom bear market lasting 927 days with a peak to trough drop of 49% in the US equity market. In the past two decades we've seen the Russian government default on its debt, the Japanese economy suffer an Icarus-like fall, the 22% one day drop of October 1987, and numerous other precedents for stock price movements like this one.

The result has always been the same. No matter how apparently desperate the crisis—the market is resilient and recovers. The investors who are similarly resilient enjoy that eventual recovery and ill-advised or panicky investors miss out and get back into the market much later, just in time to catch the full brunt of the next bear market.

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