



## INVESTING IN THE STOCK MARKET NEEDS PATIENCE

**Missing Out on the Beginning of a Bull  
Market Can Be Costly**

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## INVESTING IN THE STOCK MARKET NEEDS PATIENCE

- Patience and perseverance should pay off in the long term They have in the past, although that does not guarantee future results.
- **It's important that all investors remember the lessons learned over the last 100 years. —Not the last 5 years— of the stock market.**
- One key lesson is that bear markets don't last forever.
- **According to Standard and Poor's, the average bear market since World War II, saw a decline of 28.5 % and lasted 13 months.**

## INVESTING IN THE STOCK MARKET NEEDS PATIENCE

- Perseverance requires a bit more work than patience alone, as research and vigilance are needed to make sure stock selections meet your objectives.
- Periodically, shocking events rock securities markets.

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- Here is how a few of those prior shock events have affected Wall Street in the past:
  - Operation Desert Shield/Storm—January 1991:
    - Dow Jones Industrial Average fell 5.5% in the first 10 trading sessions
    - A month later (by February 15, 1991) the DJIA had surged +17.8%

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– Assassination of President Kennedy—November 22, 1963

- DJIA promptly dropped 2.8% before the NYSE closed early Tuesday November 26, 1963, the Dow jumped +4.5%--recouping all of Friday's loss and then some.
- Less than a month later (by December 22, 1963), the Dow was up + 7.1%

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– Cuban Missile Crisis—October 1962

- DJIA lost a total of 5.4% since October 15
- A month later (by December 22, 1962) the Dow was up 12.1%

– Pearl Harbor—December 7, 1941

- By December 9, 1941, the market (DJIA) lost –6.4% total.
- A month later the Dow had recouped by +4.3% or two thirds of its loss.

– World War 1-1914

- The Dow dropped 10.3% in the last week of July 1914
- When the market reopened on December 12, the Dow finished the first day 4.4% higher than where it had closed. By April 1915, the market was hitting new highs.

## INVESTING IN THE STOCK MARKET NEEDS PATIENCE

- Stocks hit bottom after September 11; hope reigns now.  
Performance of all three major U.S stocks indexes since Sept. 11 has been stellar
  - The Dow, Nasdaq composite and Standard & Poor's 500 are all well above their pre-September 11 closes.
  - Since plunging to new lows on Sept. 21 the Dow has rallied 2,337 points, or 28.4% to 10,572. The Nasdaq has shot dup even more, rebounding 35.6%. The S&P 500, perhaps the best gauge of the health of the overall market, is up to 20.6% from its low.

## INVESTING IN THE STOCK MARKET NEEDS PATIENCE

- Jump in the With the Bulls
- Missing out on the beginning of a bull market can be costly when you consider the big gains in the Standard & Poor's 500 index in the early stage of past bull runs.

## INVESTING IN THE STOCK MARKET NEEDS PATIENCE

- | <u>Bear market</u>      | <u>3 mo. Later</u> | <u>6 mo later</u> | <u>1 year later</u> |
|-------------------------|--------------------|-------------------|---------------------|
| <u>ENDS</u>             |                    |                   |                     |
| • May 26, 1970          | 17.1%              | 22.8%             | 43.7%               |
| • <b>Oct. 3, 1974</b>   | <b>12.8%</b>       | <b>29.9%</b>      | <b>38.0%</b>        |
| • March 6, 1978         | 15.0%              | 20.2%             | 12.6%               |
| • <b>Aug. 12, 1982</b>  | <b>38.4%</b>       | <b>44.1%</b>      | <b>58.3%</b>        |
| • Dec. 4, 1987          | 19.4%              | 17.1%             | 21.4%               |
| • <b>Oct 11, 1990</b>   | <b>6.5%</b>        | <b>28.7%</b>      | <b>29.1%</b>        |
| • Aug 31, 1998          | 21.6%              | 28.0%             | 37.9%               |
| • <b>Sept. 21, 2001</b> | <b>18.5%</b>       | <b>20.6%</b>      |                     |
- That puts all three indexes in bull market territory, defined as a 20% rise from a low.