

ideas for investors

Riding out the bumps

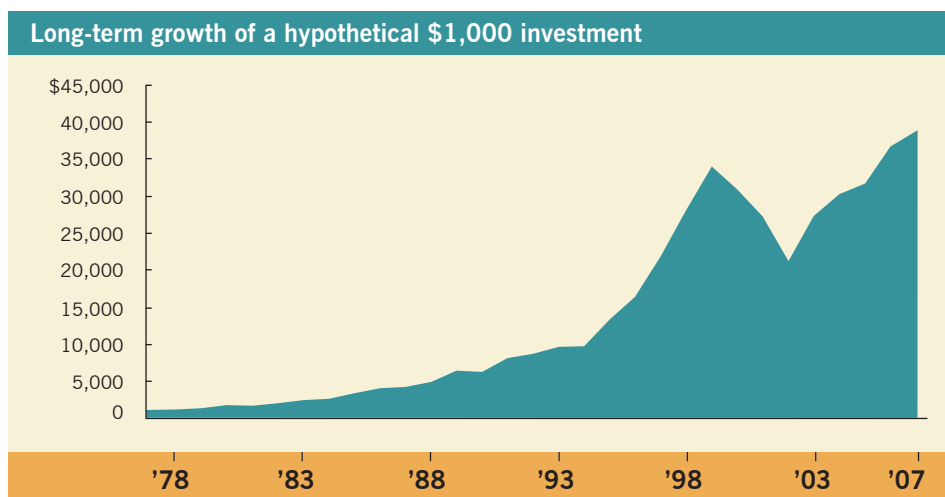
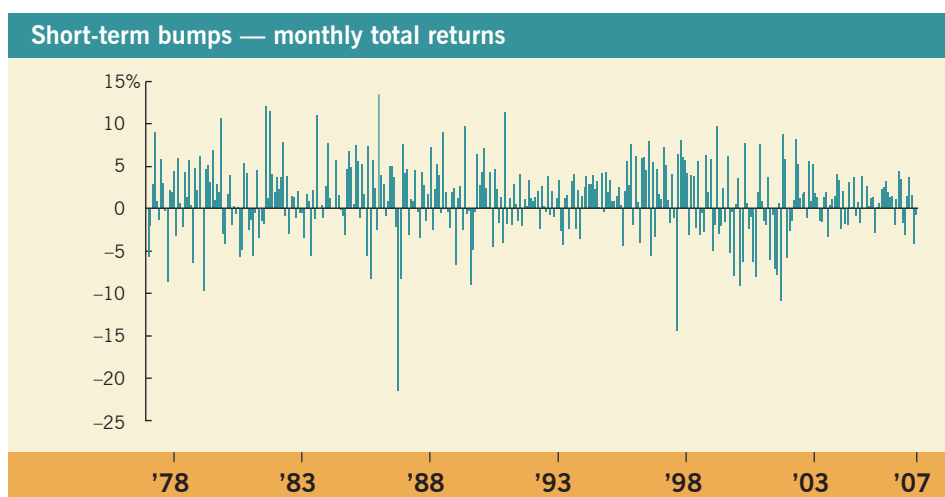
While short-term fluctuations may make you nervous, looking at the bigger picture can help you ride out the bumps and eventually reach your goals.

It's easy to stay invested when your account balance is growing. It's a fact, however, that the market will suffer unexpected dips and, as a result, investments may go down. At those times, it's important to maintain your long-term perspective.

These charts show views of the same market from different perspectives. One shows the total return of Standard & Poor's 500 Composite Index on a month-by-month basis, while the other tracks the growth of a hypothetical initial investment of \$1,000 over 30 years, from January 1, 1978, to December 31, 2007.

The "short-term bumps" chart may seem a bit erratic, only showing the ups and downs month to month. That's what it might look like to an investor focused on only one month at a time. But, looking at the investment over the entire time frame, you see the short-term bumps smoothed out to create the upward trend shown in the "long-term growth" chart.

Note that both charts reflect results for the same hypothetical investment — as seen from different perspectives. No one knows what the market will do next, so your best strategy may be simply to keep your eye on long-term goals and stay on course through all kinds of markets.



Returns in this hypothetical example are based on an initial investment of \$1,000 in the unmanaged S&P 500 from January 1, 1978, to December 31, 2007. The S&P 500 results include reinvested distributions but do not reflect sales charges, commissions or expenses.

Past results are not predictive of results in future periods. Investors should carefully consider the investment objectives, risks, charges and expenses of the American Funds. This and other important information is contained in each fund's prospectus, which can be obtained from a financial professional and should be read carefully before investing. Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so investors may lose money.