CYPRESS ASSET MANAGEMENT

Five Basics to Remember in a Down Market

Down markets are a fact of life. But they need not be a cause for panic or rash decision-making based on newspaper headlines or TV talk shows. Here are five things every investor should remember in these times:

Dollar-cost averaging

One of the simplest and most effective approaches to investing is dollar-cost averaging. You simply commit to investing the same dollar amount on a regular basis. When the price of shares in a stock or mutual fund rises, you'll buy fewer shares, and when the price dips, you'll buy more. While dollar-cost averaging does not ensure a profit or protect against a loss in declining markets, it maintains your discipline as an investor and provides an opportunity to lower your average cost per share.

Portfolio construction

Diversification of your portfolio substantially reduces risk.[1] Not all parts of the market move in the same direction at the same time. In fact, weakness in one part of the market may indicate strength in another. By spreading out your holdings, losses in one area are sometimes balanced out by gains elsewhere.

Long-term view

Selling assets after a big drop in the market locks in your losses. It's easiest to stay the course if you really do focus on major life goals and not on the market's day-to-day or month-to-month movements. It's good to check on what is happening in the markets and to understand why certain things are occurring, but it's rarely constructive to obsessively review your investment portfolio. Look at your quarterly account statements, stay on top of the major current events in the financial and business worlds, and plan to do a thorough review of your investments — asset allocation, investment performance and progress toward your goals — once a year.

Rebalancing

Volatile markets — or simply the passage of time — can change your proportion of funds in different asset classes, such as bonds, large growth stocks or international stocks. Rebalancing moves your portfolio back to your desired investment mix.

Don't try to time the market

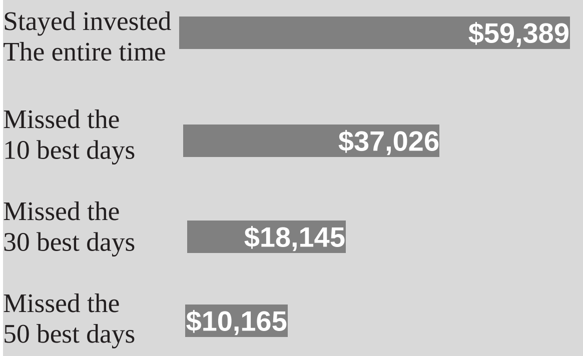
Investing in the market and staying invested is critical to the growth of your retirement savings. No one knows what the market will do on any given day. For instance, missing out on just the market's 10 best days over the last decade had an enormously negative effect on return.

Above all, remember that even in uncertain times — *especially* in uncertain times — the fundamental rules of smart investing still apply.

It's Time in the Market That Counts

Investing in the market and staying invested is critical to the growth of your retirement savings. If you're the kind of investor who drops in and out of the market based on headlines, consider what it may be costing you.

The following example illustrates the hypothetical growth of a $10,000 investment in the Standard & Poor's 500 Index from Dec. 31, 1987, to Dec. 31, 2007.



Source: Standard & Poor's and The Standard internal calculation, 2008. This illustration is hypothetical and for illustrative purposes only. Past performance is no guarantee of future results. Investments are subject to market risk and fluctuate in value. The S&P 500 is an index of 500 widely traded stocks and is considered to represent the performance of the stock market in general. An investment cannot be made directly in an index.

Plan sponsors and participants should carefully consider the investment objectives, risks, charges and expenses of the investment options offered under the retirement plan before investing. The prospectuses for the individual mutual funds and The Standard's Group Variable Annuity Contract and each underlying investment option in both the group variable annuity and group annuity contain this and other important information. Please read the prospectus carefully before investing.

[1] Diversification does not ensure a profit or protect against loss in a declining market.