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## The Haverford Trust Company

Joseph J. McLaughlin Jr., Chairman, Chief Executive Officer; Binney H.C. Wietlisbach, President; Henry B. Smith, Chief Investment Officer, Director; John H. Donaldson, CFA®, Vice President, Director of Fixed Income; Timothy A. Hoyle, CFA®, Vice President, Director of Research

# “Is now a good time to invest in the stock market?”

By The Haverford Trust Company

Barring an unlikely bear market, this spring the bull market in equities will enter its seventh year. Increasingly we are hearing the question, “Is now a good time to invest in the stock market?” And certainly it’s true that at seven years, the duration of the current bull market is longer than the average or median length of prior bull markets. Additionally, this bull market has delivered returns (as of December 31, 2014, the S&P 500 was up nearly 200 percent from its bottom point) greater than the 165 percent historical average of past bull markets.<sup>1</sup> Here, we are reminded of two of the most important rules of investing: **1) Time invested in the market is what matters most, not timing the market; 2) Start investing ASAP; compounding is the greatest gift to long-term investors.**


While past performance is not a guarantee of future results, the chart here reinforces these timeless rules of investing. Three scenarios show the result of investing \$10,000 in the S&P 500 index each year for 30 consecutive years, beginning in 1985. Investor 1 chooses to invest \$10,000 at the start of each year. Those investments grow to \$1.75 million, nearly a 500 percent return. Investor 2 is extraordinarily lucky and invests at the low point of

	INVESTOR 1 DISCIPLINED	INVESTOR 2 VERY LUCKY	INVESTOR 3 VERY UNLUCKY
INVESTMENT OF \$10,000 ANNUALLY FOR 30 YEARS	\$300,000	\$300,000	\$300,000
ENDING VALUE	\$1,754,953	\$1,826,228	\$1,492,412

*Information is for illustrative purposes only and does not represent Haverford’s performance. The chart uses monthly returns of the S&P 500 Index, an unmanaged index of common stocks. Stock market returns are historical and are not a guarantee of future results. It is not possible to invest directly in an unmanaged index. Low and high points of the market are measured monthly.*

the market every year. Investor 2’s return is better than that of Investor 1, but not by much. Investor 3 is truly unlucky (like most of us) and invests \$10,000 at the peak of the market each and every year. Those investments grow to nearly \$1.5 million: obviously less than Investors 1 and 2 but still not bad considering the horrible timing.

Few investors, professional or otherwise, can consistently time the optimal entry point to invest in the stock market. Attempting to time the market increases risk, despite the intention to reduce it. **The point to emphasize is this: Start investing now, keep investing regularly and stay invested.** It’s the best approach to allow compounding to work for long-term investments.

While we believe this bull market still has plenty of time and room to grow, we are not so naïve that we don’t expect corrections and an eventual bear market. Corrections are a normal (typically annual) part of all bull markets, and eventually bear markets follow bull markets. To mitigate the risk of owning stocks during a downturn, we recommend that investors focus on the income provided by dividend-paying companies that demonstrate above-average yields and a history of annual dividend increases. Fortunately, even seven years into a bull market, those opportunities abound today, with many high-quality companies paying dividend yields in excess of both 10- and 30-year U.S. Treasuries. 

<sup>1</sup>Average price return for 12 bull markets between June 1, 1932 and October 9, 2007.

The opinions expressed in this article are those of Haverford. Views and security holdings are subject to change at any time based on market and other conditions. This article is for informational purposes only and should not be construed as investment advice or recommendations with respect to the information presented. No forecasts are guaranteed and past performance is no guarantee of future results. Investments in securities are not FDIC-insured, are not bank guaranteed and may lose value.

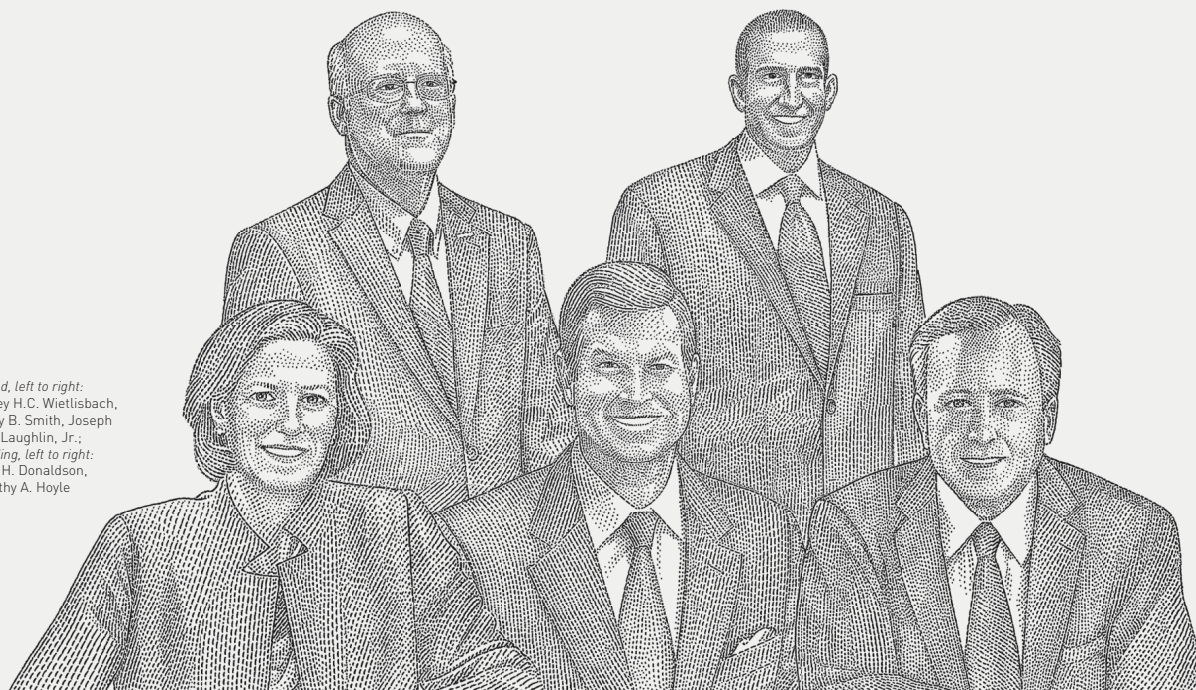
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—The Haverford Trust Company

How to reach **The Haverford  
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We can be reached at 610.995.8700.

Seated, left to right:  
Binney H.C. Wietlisbach,  
Henry B. Smith, Joseph  
J. McLaughlin, Jr.;  
standing, left to right:  
John H. Donaldson,  
Timothy A. Hoyle



### About The Haverford Trust Company

The Haverford Trust Company provides highly personalized investment management services based on our *Quality Investing* approach. Refined over three decades, Haverford's *Quality Investing* strategy is committed to maximizing returns while minimizing risk throughout the entire market cycle. Adhering to this consistent, successful investment philosophy since our inception in 1979, Haverford has enabled our client base and assets under management to continually grow. Today, assets under management or consultation exceed \$8.2 billion.\* We take pride in the fact that we are privately owned and believe that independence gives us the flexibility to better serve our many clients, whether individual or institutional.

Assets Under Management  
**\$8.2 billion\***

Minimum Fee for Initial Meeting  
**None required**

Minimum Investable Assets  
**\$1 million**

Largest Client Net Worth  
**\$250 million (firm)**

Number of Team Members  
**77**

Compensation Method **Asset-based fees**

Primary Custodian for Investor Assets  
**The Haverford Trust Company**

Professional Services Provided

Money management and investment advisory services, including: strategy development, written investment policy, asset allocation, asset management, performance reporting and tax-efficient strategies

Email [hsmith@haverfordquality.com](mailto:hsmith@haverfordquality.com)

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\*Assets under management or consultation as of December 31, 2014.



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