



# Be patient



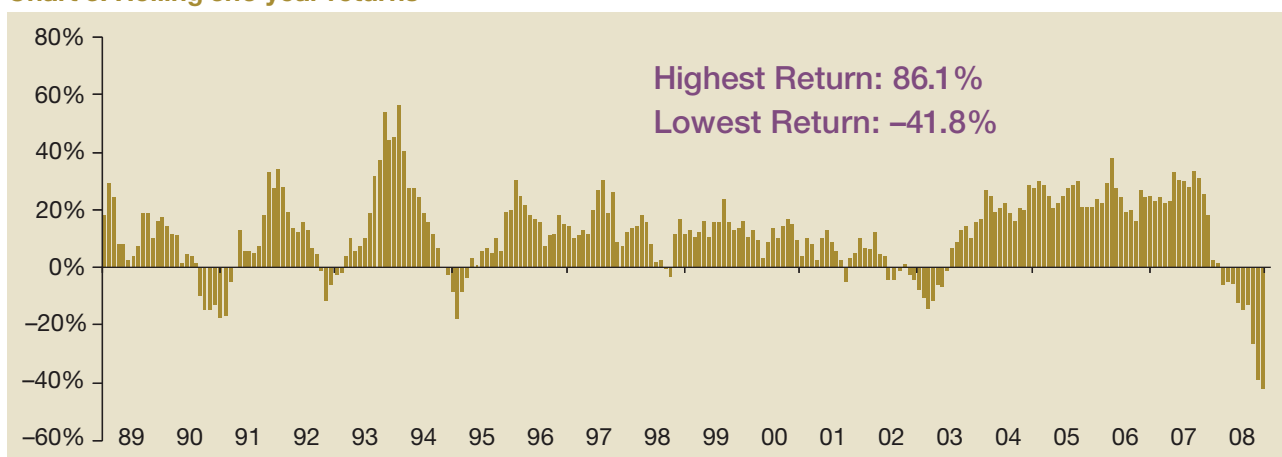
*"The market does not beat them. They beat themselves, because though they have brains they cannot sit tight."*

Jesse Livermore<sup>3</sup>

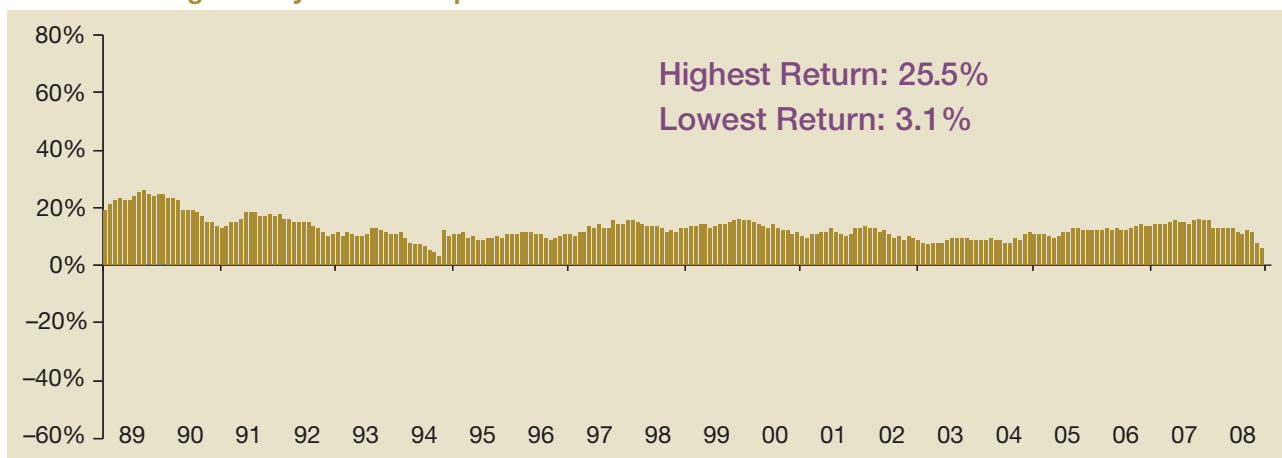
**P**ATIENCE is a common attribute among great equity investors. In our view, the ability to be patient and take a long-term view is important because, while equities have historically delivered growth in excess of all the other major asset classes, in the short-term the value of a company's shares may be susceptible to sentiment and irrational buying and selling. Over the longer-term, the true underlying value of a company is likely to be acknowledged by the wider market, benefiting those investors who stuck with it.

**Chart 3** and **Chart 4** show how the volatility of returns decreases when viewed over a longer-term timeframe.

**Chart 3: Rolling one year returns**



**Chart 4: Rolling seven year returns p.a.**



Source: All Ordinaries as at 31 December 2008.

The knowledge that stocks have historically rewarded long-term patient investors may help you to achieve your long-term investment goals.

<sup>3</sup> Jesse Livermore (1877–1940) was a trader in the 20th century. He is famous for making, losing and then making several millions of dollars and for short selling during the stock market crashes in 1907 and 1929. Jesse Livermore wrote *How to trade in stocks; the Livermore formula for combining time element and price*. The book was published in 1940, coincidentally the year he committed suicide.