

Should Investors Try to "Time the Market?"

Q3, 2022

Despite the risks, it is important to keep perspective

S&P 500 INDEX, 1928 - 2022



28 '30 '32 '34 '36 '38 '40 '42 '44 '46 '48 '50 '52 '54 '56 '58 '60 '62 '64 '66 '68 '70 '72 '74 '76 '78 '80 '82 '84 '86 '88 '90 '92 '94 '96 '98 '00 '02 '04 '06 '08 '10 '12 '14 '16 '18 '20 '22 '24 '26

Source: Bloomberg

Timing the Market



Volatility is a feature, not a bug

S&P 500 ANNUAL PRICE RETURNS & DRAWDOWNS



Source: Bloomberg, Data as of 8/12/2022

Timing the Market



Bear markets are inevitable, but they don't last forever

S&P 500 PRICE RETURN DRAWDOWN, %



Bear Market	Market Peak	Bear Market Decline	Months to Low	Months to Recovery	Months in Drawdown
0 Crash of 1929 & onset of Great Depression thru Post WWII slowdown	Sep-1929	-86%	34	266	300
1 1962 flash crash, Cuban Missile Crisis & Cold War of 1962	Dec-1961	-28%	7	14	21
2 Crash of 1970, economic overheating & civil unrest	Nov-1968	-36%	18	22	39
3 OPEC oil embargo & stagflation	Jan-1973	-48%	21	70	91
4 Inflation & Volcker Fed response	Nov-1980	-27%	2	24	26
5 1987 Crash	Aug-1987	-34%	3	20	23
6 Tech Bubble bursting	Mar-2000	-49%	31	55	86
7 Global Financial Crisis	Oct-2007	-57%	17	49	66
8 Fed bubble, Coronavirus Crisis	Feb-2020	-34%	1	4	5
9 Inflation Slowdown ¹	Jan-2022	-24%	6	?	7
Average*		-40%	14		

Source: Bloomberg

*Excludes Crash of 1929. ¹2022 Inflation Slowdown still ongoing.

Timing the Market



Time in the market is more important than timing the market

14% \$366,433 12% 10.9% \$231.439 10% 9.4% \$167,876 8.4% \$126,859 7.5% \$99,083 8% 6.8% \$62,978 5.4% 6% \$41,801 4.2% \$28,445 4% 3.0% \$19,843 2.0% 2% 0% -2% \$5,558 -1.7% -4% Fully Invested Missed 5 Best Missed 10 Best Missed 15 Best Missed 20 Best Missed 30 Best Missed 40 Best Missed 50 Best Missed 60 Best Missed 100 Best Days Days Days Days Days Days Days Days Days

S&P 500 INDEX: ANNUALIZED TOTAL RETURNS & GROWTH OF \$10,000

Source: Bloomberg. Period of analysis is 1/1/1988 to 7/31/2022

Timing the Market



The longer the holding period, the lower the volatility

S&P 500 TOTAL RETURN %, ANNUALIZED ROLLING PERIOD



Source: Bloomberg. Chart through 7/31/2022

Timing the Market



The longer the holding period, the lower the volatility

MINIMUM & MAXIMUM ANNUALIZED TOTAL RETURNS, %



*20-year annualized return as at 7/31/2022

Timing the Market



Longer holding periods smooth out volatility

% OF OBSERVATIONS



Source: Bloomberg. Period of analysis is 1/1/1928 to 7/31/2022

Timing the Market



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