

# Just the facts please

The famous Warren Buffett famously said in his 2016 annual report, “Every decade or so, dark clouds will fill the economic skies, and they will briefly rain gold.”

So, what exactly does Warren Buffett mean by “raining gold?”

Let’s look at the facts as presented by our friends First Trust.

The image below shows the depth and duration of all bear markets (excluding the one we’re in now) since the early 1900’s. It also shows the bull market that followed the bear market.

Here’s the summary:

- The average bear market lasted 1.3 years with an average draw down of -38%
- The average bull market that followed lasted 6.6 years with an average cumulative return of 339%

## History of U.S. Bear & Bull Markets



1926 – 2019

This chart shows historical performance of the S&P 500 Index throughout the U.S. Bull and Bear Markets from 1926 through 2019. Although past performance is no guarantee of future results, we believe looking at the history of the market’s expansions and recessions helps to gain a fresh perspective on the benefits of investing for the long-term.

- The average **Bull Market** period lasted 6.6 years with an average cumulative total return of 339%.
- The average **Bear Market** period lasted 1.3 years with an average cumulative loss of -38%.



Source: First Trust Advisors L.P., Bloomberg. Returns from 1926 – 2019. \*Not applicable since duration is less than one year. These results are based on monthly returns—returns using different periods would produce different results. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. This chart is for illustrative purposes only and not indicative of any actual investment. These returns were the result of certain market factors and events which may not be repeated in the future. Past performance is no guarantee of future results. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial advisors are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

Now we have no idea the depth and duration of the current bear market. Nor do we have any idea what the returns will be moving forward. (Past performance

is not indicative of future returns.)

BUT . . .

Perhaps the returns that occur (an avg. of 339%) after a bear market is the gold that Mr. Buffett is referring too?

Here's to wise investing,

Iron Gate Global Advisors

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