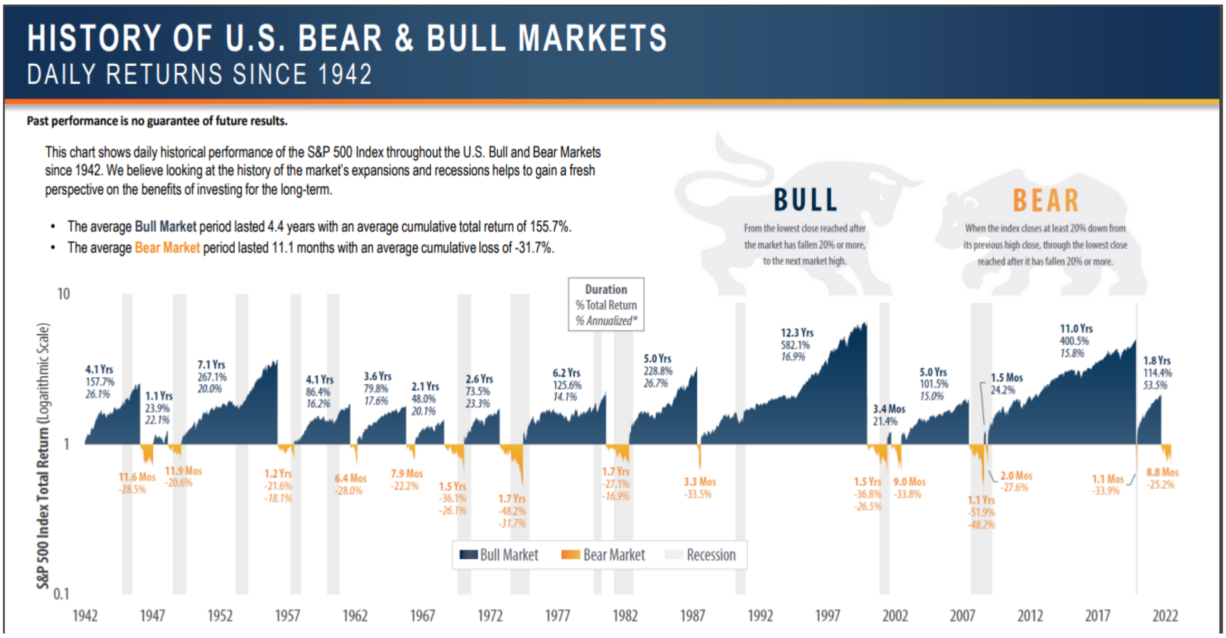
Following on from last week's data insights- 'Patience and time in the markets versus timing the markets!!' we bring you part 2: 'Patience and the benefits of long-term investing through Bull and Bear markets'.

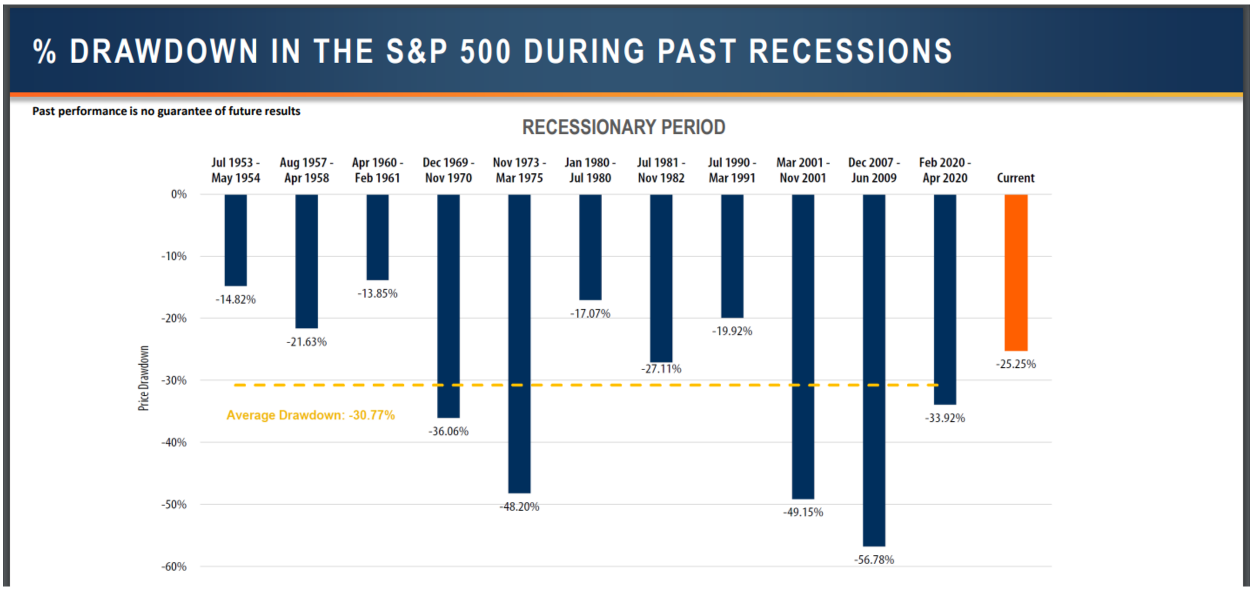
The below chart demonstrates historical performance of the S&P 500 index throughout bull and bear markets since the early 1940s. We believe by looking at the market's expansions and recessions we can gain a decent perspective on the benefits of investing for the long-term. This also helps us to take a step back from short or even medium-term volatility, and basically see the bigger picture.

The average bull market on the S&P period lasted 4.4 years with an average cumulative total return of 155.7%. The average bear market lasted 11.1 months with an average cumulative loss of -31.7%. At each bull or bear market on the chart you will see a length of time, a total % return, and an annualized % return in italics. Where the bull/bear market is shorter than one year you will only see total return. This chart uses data up to 30/09/22, by today's date the current bear market is almost 10 months long and saw a peak-to-trough of -27.4% earlier this month.



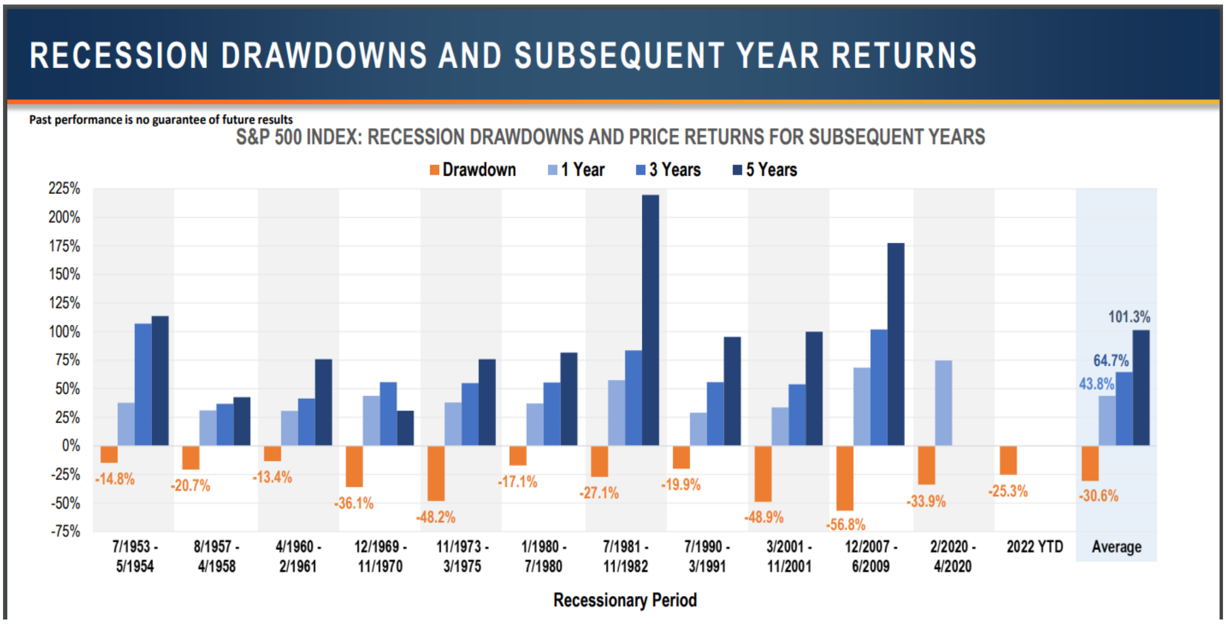
Source: First Trust Advisors L.P., Bloomberg

The next chart shows this current bear market, against just past recessions rather than past bear markets. The chart is a few weeks out of date and the latest peak-to-trough was -27.4%, as was also stated above. While it is still unclear whether the US will undergo a recession sometime soon, this bear market has nearly reached the average recessionary drawdown of -30.77% (yellow dotted line).



Source: First Trust Global Portfolios Management Limited, Bloomberg.

This next chart shows the S&P 500's drawdown during previous recessions and the subsequent 1yr, 3yr, and 5yr percentage returns. The average 1yr return is almost 44%, 3yr is 65%, and 5yr over 100%. While we may not have seen the bottom yet and may have to sit through one more spike in volatility, the subsequent opportunities will be very attractive based on history.



Source: First Trust Global Portfolios Management Limited, Bloomberg, National Bureau of Economic Research.