

Reality Check

October 2022

New Actors, Same Movie

For the month of September, the S&P 500 closed at a new 52-week low of 3585.62, a 13.8% decline. While temporary declines are to be expected, this is panic on an existential scale. Neither we nor anyone else can predict how low the market might ultimately drop. Moreover, such an ephemeral occurrence should not be of interest to the goal-focused, plan-driven lifetime investor, other than to observe that the Great Companies that make up the S&P 500 are on sale.

As the media fuels the most recent apocalypse de jour, Inflation/Recession, we'd like to point out that we've seen this movie before. And to those who may be bereft of long-term memory and find themselves transfixed on today's inflation, recession and frantic bear market, we offer the attached cover from LIFE Magazine June 5, 1970.

At the time, the S&P 500 closed at 75.59 with annual cash dividends of \$3.18. As of the end of September 2022, the S&P 500 closed at 3,585.62 with \$65.32 of annual cash dividends. During this 52-year period, and including the recent decline, the S&P 500 index increased at an 11% annualized rate of return, including dividends.

No one can predict how this bear market will end much less when, only that it will, and the long-term upward trend will continue.

Yes, we have seen this movie before and be assured, THIS TOO SHALL PASS.

