Kirr, Marbach & Company, LLC

Registered Investment Adviser

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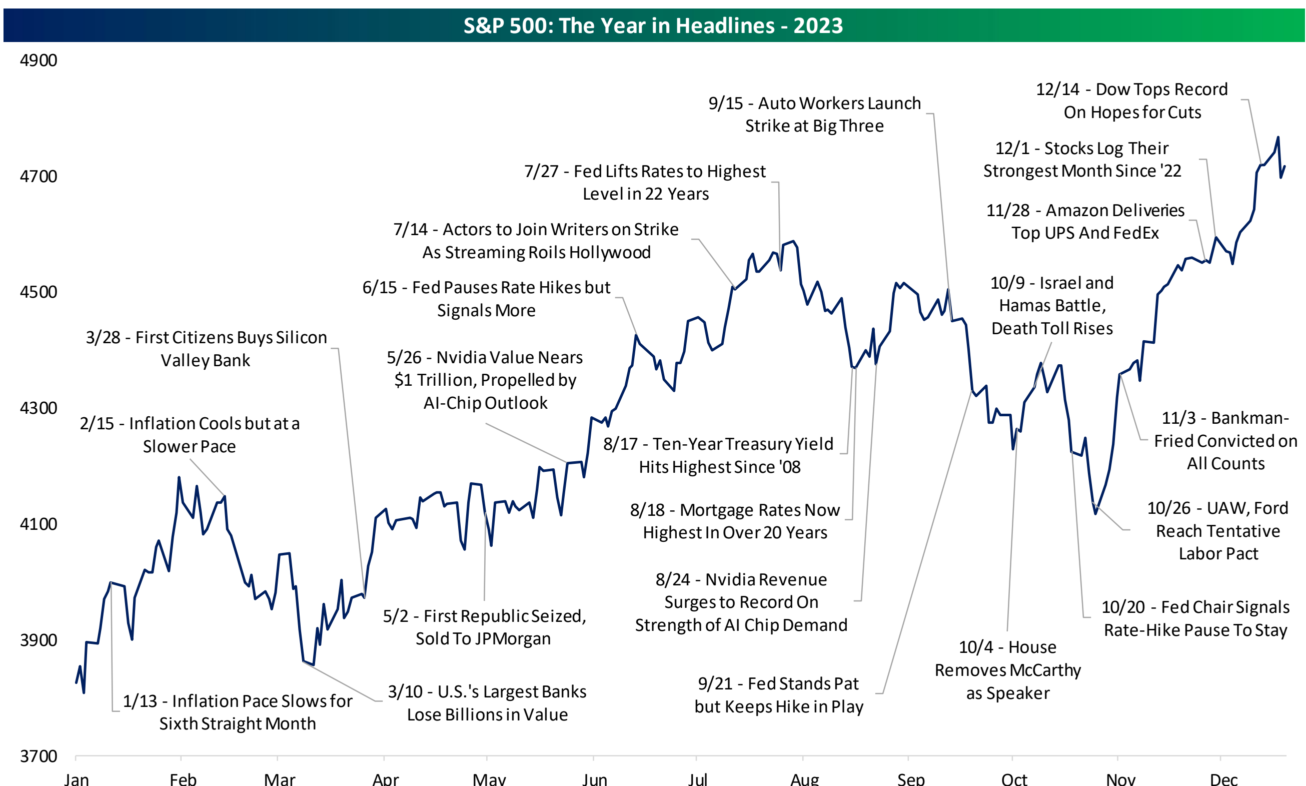
"What good is the warmth of summer, without the cold of winter to give it sweetness?"
— John Steinbeck (Nobel prize-winning American author)

Q4-2023 Update
January 5, 2024

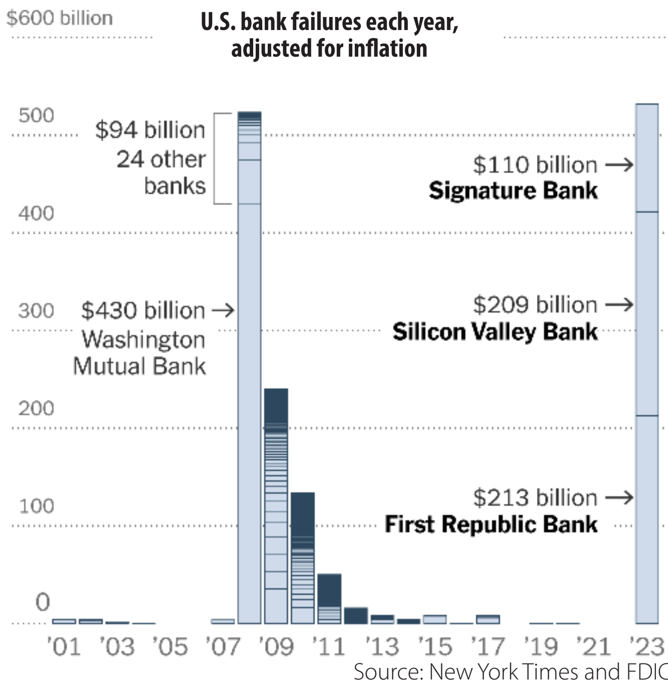
Dear Clients:

After enduring a brutally frigid "winter" in 2022 that saw the worst year for U.S. stocks since the depths of the Global Financial Crisis (GFC) in 2008 (4th worst for the S&P 500 since 1945) and worst year for bonds *ever*, investors enjoyed an unexpectedly warm and sweet "summer" in 2023. While the change in seasons was surely welcome, it wasn't all "strawberries and cream" in 2023. As is ***always*** the case, investors faced a number of serious challenges, both expected and "out of the blue."

One challenge everyone saw was the Federal Reserve's ongoing campaign of raising rates and tightening credit to fight inflation. These drove 10-year U.S. Treasury yields to 5% in October and sent 30-year mortgage rates soaring from below 3% as recently as August 2021 to almost 8%, threatening to crush the housing market. One challenge nobody saw coming was the rapid rise in rates (combined with poor decision making) led to the second (First Republic Bank—Assets $213 billion), third (Silicon Valley Bank ($209 billion) ***and*** fourth (Signature Bank--$110 billion) largest bank failures in history. These were eclipsed only by the 2008 failure of Washington Mutual ($307 billion), sparking fears of a GFC-style banking crisis.



Source: Bespoke Investment Group



Source: New York Times and FDIC

As we've discussed in prior quarterly updates, the extraordinary performance of the largest-capitalization stocks distorted what happened with the "average" stock. Recall the S&P 500 Index is *capitalization-weighted*, which means the performance of the largest-capitalization stocks have a much greater impact on index performance than the smaller-capitalization stocks. As shown in the table below from Bespoke Investment Group, the ***five largest-capitalization stocks (1% of the stocks in the S&P 500 Index) accounted for just over half the S&P 500 Index total return of 26.3% for 2023.*** The ten largest (2% of the stocks with combined capitalization-weighting of about 32%) accounted for about ***68%*** of the return. Expanding further to the twenty-five largest (5% of the stocks) picked up almost 84% of the total return, which means the ***475 remaining stocks (95% of the stocks) accounted for only about 16% of the gain.***

S&P 500 Biggest Positive Contributors in 2023

Ticker	Company Name	Sector	Market Cap (bn USD)	2023 YTD % Chg	S&P 500 Contribution Points	S&P 500 Contribution Percent of Total
MSFT	Microsoft	Technology	2,754.55	54.54	118.69	12.78
AAPL	Apple	Technology	3,030.14	49.95	116.87	12.58
NVDA	NVIDIA	Technology	1,188.34	229.21	99.02	10.66
AMZN	Amazon.com	Cons. Discret.	1,572.01	81.10	72.78	7.84
META	Meta Platforms	Comm. Svcs.	897.60	190.24	61.05	6.57
TSLA	Tesla	Cons. Discret.	785.64	100.63	39.60	4.26
GOOGL*	Alphabet	Comm. Svcs.	1,739.60	56.79	67.24	7.24
AVGO	Broadcom	Technology	519.81	98.59	28.69	3.09
LLY	Eli Lilly	Health Care	541.30	55.86	19.70	2.12
CRM	Salesforce	Technology	251.92	96.28	15.10	1.63
ADBE	Adobe	Technology	271.39	77.12	14.21	1.53
AMD	Advanced Micro Devices	Technology	218.85	109.16	13.62	1.47
JPM	JPMorgan Chase	Financials	481.50	24.20	12.70	1.37
COST	Costco Wholesale	Cons. Staples	293.30	44.80	11.03	1.19
NFLX	Netflix	Comm. Svcs.	214.14	65.92	10.31	1.11
INTC	Intel	Technology	192.92	73.14	9.95	1.07
BRK/B	Berkshire Hathaway	Financials	775.82	15.04	9.93	1.07
V	Visa	Financials	530.17	23.75	9.91	1.07
INTU	Intuit	Technology	172.36	58.19	7.70	0.83
GE	General Electric	Industrials	134.27	88.68	7.59	0.82
MA	Mastercard	Financials	393.35	20.63	7.43	0.80
NOW	ServiceNow	Technology	142.23	78.69	7.42	0.80
BKNG	Booking	Cons. Discret.	121.04	72.15	6.51	0.70
AMAT	Applied Materials	Technology	130.41	61.14	6.17	0.66
ACN	Accenture	Technology	226.52	27.23	5.81	0.63
		Top 5	**9,442.64**	**121.01**	**468.40**	**50.43**
		Top 25	**17,579.19**	**74.12**	**779.02**	**83.88**
		Rest of S&P 500	**24,479.26**	**9.94**	**152.45**	**16.41**

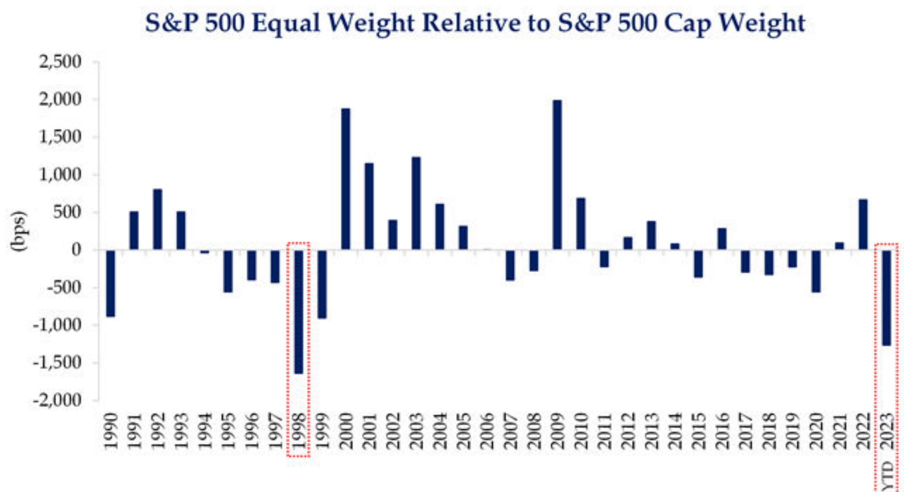
**GOOGL shows contibution of both share classes combined.*

Source: Bespoke Investment Group

By contrast, the ***equal-weighted S&P 500 Index*** (each stock has same 0.2% index weighting) had a total return for 2023 of 13.8%, ***almost 50% less than the traditional, capitalization-weighted S&P 500 Index.*** In fact, according to Strategas Research Partners, 2023 was the worst relative year for the "average stock" vs. the S&P 500 Index since 1998 (note while the "average stock" continued to underperform in 1999, the tables turned in a big way in the wake of the "dot-com" bust in 2000). This made for a difficult environment for "active" managers (like us), so ***against this backdrop we're very pleased with the performance of stocks held in client portfolios.***

The stock market and economy in 2023 defied the gloomy predictions and prognostications of highly-paid Wall Street strategists and other soothsayers and "experts." At this time last year, Bloomberg said, "one bad year in the stock market has turned Wall Street strategists into bears after two decades of bullishness." In fact, the ***average forecast for the 17 firms Bloomberg tracked called for the S&P 500 to decline in 2023, "the first time the aggregate prediction has been negative since at least 1999."*** Further, the ***best-case forecast called for the S&P 500 to finish 2023 10% higher,*** while the ***worst-case predicted a 17% fall,*** a divergence not seen in over a decade and indicative of a debate over how much and how fast the Fed would continue to raise rates and whether the coming recession would be "shallow" or more akin to the Great Recession.

2023 Worst Relative Year For the Average Stock Since 1998



We're big believers it's impossible to accurately forecast markets and/or the economy, so making predictions is a waste of time. Further, as 2023 proved definitively, ***heeding "expert" predictions can be extremely dangerous and costly; such predictions should be considered "for entertainment purposes only."*** Still, 'tis the season for predictions, so here's our "non-prediction" from a year ago:

> ***"The pain is real. Pessimism is high. Fear is extreme and understandable. We're heavily invested alongside you and feel the same emotions. Still, while there are undoubtedly more shoes to drop in 2023 that could cause stocks and bonds to drop further, we believe 1) much of the bad news has already been priced into the market, 2) the regime change from 0% interest rates will finally force investors to focus on company fundamentals and stock valuations, which is how we've invested for the past what will be 48-years on May 1, 2023 and 3) it is difficult times like these that present opportunities for long-term investors in a world obsessed with short-term results."***

The S&P 500 Went Exactly Nowhere for 2022-2023

Imagine for a moment you celebrated excessively on New Year's Eve 2021, fell into a deep slumber and didn't awaken until New Year's Eve 2023. The S&P 500 Index was at **4766.18** when you went to sleep on December 31, 2021 and was **4769.83** when you woke up on December 31, 2023, so was ***essentially unchanged during your two-year hibernation.*** You might logically surmise nothing happened during those two years.

As you know, nothing could be further from the truth. While you were sleeping, the S&P 500 Index would:

- Reach its **high of 4796.56** on January 3, 2022, the first trading day of the year.
- Reach its **low of 3577.03** on October 12, 2022, ***a gut-wrenching, bear market decline of 25.4% from the high.***
- Finish 2022 at **3839.50**, a ***loss of 19.4% for the year.***
- Reach its 2023 **low of 3808.10** on January 5, 2023, the third trading day of the year.
- Reach its 2023 **high of 4783.35** on December 28, 2023.
- Finish 2023 at **4769.83**, a bull market ***gain of 24.2% for the year and 33.4% from the October 12, 2022 low.***
- That's a lot of miles traveled to go nowhere, ***but if you got scared out of the market at the bottom, it would have been a very expensive ride!***

Fed's "Pivot" Rescued Investors From Brutal "Winter of 2022"

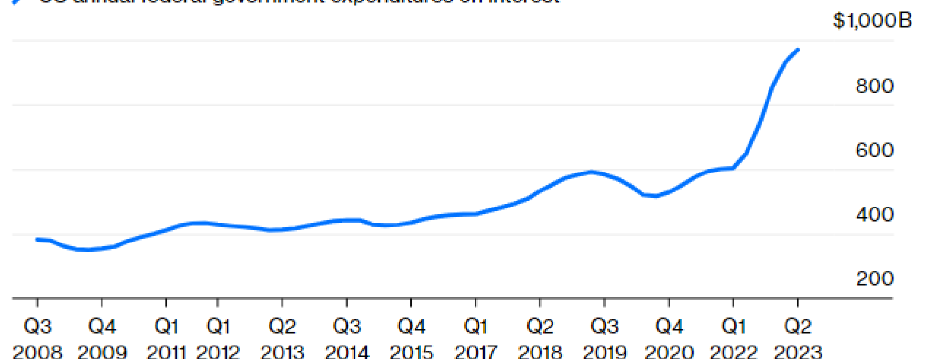
The proximate cause of the welcome return of summer has been the dramatic slowdown in the post-pandemic inflation. After fears the Federal Reserve ("Fed") slamming on the monetary brakes to combat soaring inflation would crush economic activity, optimism abounds the Fed has pulled-off a miraculous "soft landing." Investors have cheered the Fed's signaling a "pivot" from its program of tightening credit via a series of eleven rapid-fire, jumbo interest rate hikes that took its target for federal funds from 0% at the beginning of 2022 to 5.25%-5.50% in July 2023, a 22-year high.

With inflation stabilizing around 3%, down significantly from its post-pandemic peak of 9.1% in June 2022 (the largest increase since the early 1980s), interest rates have plunged as investors anticipate potential rate reductions in 2024-2025. Reflecting on the darkest days of the GFC, two of the biggest beneficiaries will be the housing market, which many feared would collapse, and the federal government, which may reduce credit rating agency concerns about surging borrowing costs in coming years.

The Fed's dual mandate is keeping inflation low (2% target) while maintaining "full" employment (4-5% unemployment). Inflation currently stands at 3% and unemployment at 3.7%. With stable prices and employment, the Fed may be in a position to "pivot" and start lowering interest rates.

From the government's perspective, the reduction in interest rates is a much-needed relief. The United States has ***$34 trillion*** in debt held by the public and has seen its net interest expense on this debt soar to an extraordinary ***$659 billion*** in 2023, nearly ***doubling in two years.*** For scale, our November interest expense of $72 billion (15.8% of tax revenue) ***eclipsed Defense spending for the first time in over 20 years.*** This is particularly troublesome in a time of rising global conflicts.

Most federal debt was issued when interest rates were extremely low. As these debts mature and have to be refinanced at current rates, the Congressional Budget Office projects massive additional borrowing to fund deficits coupled with higher rates will cause ***net interest payments to reach $1.4 trillion*** by 2033, signaling a distressing trend where a growing portion of the federal budget is consumed by interest payments, restricting funding for other critical areas like healthcare, infrastructure and education.



Former director of the Office of Management and Budget (OMB) under President George W. Bush, Indiana governor and Purdue University president Mitch "The Blade" Daniels' warning from 2011 (US debt $9.5 trillion) rings even louder today.

> 'In our nation, in our time, the friends of freedom have an assignment, as great as those of the 1860s, or the 1940s, or the long twilight of the Cold War. As in those days, the American project is menaced by a survival-level threat. We face an enemy, lethal to liberty, and even more implacable than those America has defeated before. We cannot deter it; there is no countervailing danger we can pose. We cannot negotiate with it, any more than with an iceberg or a Great White. I refer, of course, to the debts our nation has amassed for itself over decades of indulgence. It is the new Red Menace, this time consisting of ink. We can debate its origins endlessly and search for villains on ideological grounds, but the reality is pure arithmetic. ***No enterprise, small or large, public or private, can remain self-governing, let alone successful, so deeply in hock to others as we are about to be."***

The Fed's decision to cut interest rates to 0% at the start of the pandemic caused many asset bubbles to inflate, including housing. Sub-3% mortgage rates led to greater affordability, leading to an increase in housing demand, even as inflation in construction costs drove up prices.

By 2023, however, the landscape of the housing market shifted with mortgage rates reaching 8% in October. Despite significantly higher rates leading to plunging affordability, housing prices remained stubbornly elevated. In the third quarter of 2023, the median home sale price reached $431,000, a significant 30% increase from $318,400 in the third quarter of 2019, albeit slightly down from its peak of $479,500 in the second quarter of 2022. The resilience of home prices can be attributed to several factors, including a strong job market and ongoing inventory shortages, as homeowners with low-interest mortgages are reluctant to sell.

Mortgage rates have dropped below 7%. Falling rates could breathe new life into demand, reigniting prices. Fears about homeowners becoming "upside-down" (owing more than their property is worth) in a GFC-type housing crash would fade. However, there is a risk lower rates may prompt increased household borrowing and lead lawmakers to defer the difficult work of tackling our growing deficit.

Will the U.S. Economy (Finally) Go Into a Recession in 2024?

Much ink has been spilled in the futile pursuit of predicting when the next recession will begin and how deep it will be. We don't play that game, but note ***every*** economic expansion has been followed by a recession, just as ***every*** recession has been followed by an economic expansion. Further, the ***next recession will be one of the most widely expected/anticipated in recent memory.*** Short-term yields ended Q4-2023 well above long-term yields for the ***seventh quarter in a row***. When short-term U.S. Treasury yields exceed long-term yields, it's known as an "inverted yield curve," a sign investors are pessimistic about the economy. According to Bespoke Investment Group, both the extent and length of the yield curve's inversion reached uncharted territory in the second half of the year. Still, while an inverted yield curve has preceded every recession, not every inversion has been followed by a recession. Every salmon is a fish, but not every fish is a salmon. Further, the Conference Board's index of Leading Economic Indicators has declined for ***20 straight months,*** a streak that has been associated with recessions in the past.

For us, not only is the economy impossible to predict, we don't buy or sell based on anyone's economic outlook. ***We invest in businesses, not stock ticker symbols.*** Although stock prices are driven by fear and greed and are very volatile, the value of the underlying businesses don't change that much from day-to-day. The businesses we own are profitable **now**, generate more cash than they consume and generally have "pricing power." They also generally have "clean" balance sheets with lower-than-average debt levels. ***We believe stocks of companies with these characteristics will fare well in good times and bad for the economy.***

Timeless Advice to Remember and Keep Handy For "Emergencies"

We are clients of Bespoke Investment Group because of their ability to convey sometimes complex investment concepts visually and in a manner that is easy to digest and understand. Bespoke recently published a great piece, ***"Get Invested. Ten simple slides on the benefits of long-term investing in the stock market,"*** which we've included as a separate insert. The best investment advice is truly timeless. We think this piece is in that category and suggest you might want to read it now and keep it in a drawer for the next time (and there will be a next time) other investors are losing their collective minds.

KM's 2024 "Non-Forecast"

(Courtesy of Jay Moreland, CFP of the Behavioral Finance Network)

Most investors love economic and market forecasts. With the markets so uncertain and volatile, our brain craves some sort of idea of what the future holds. But the markets are unpredictable – evidenced by the fact that no one can consistently predict them with accuracy. Of course, a certain forecast will be right from time to time, just like a broken clock. But market forecasts are not reliable, no matter what your brain tells you.

Unlike market and economic forecasts, our forecast is reliable and robust because it is based on enduring investment truths and investor behavior. These factors are more dependable than market outcomes and more important to an investor's well-being.

In full disclosure, the following forecast is nearly identical to our forecast from last year and years prior to that.

- The economy/market will do something that surprises us (and the experts). In hindsight we will wonder how we didn't see it.
  - On Monday, March 6, 2023 the stock of Silicon Valley Bank (SVB) closed at $385.19, giving it a market value of more than $15 billion.
  - On Friday, March 10, 2023 regulators seized and closed Silicon Valley Bank, citing inadequate liquidity and insolvency, wiping out shareholders.
  - What will surprise us in 2024?
- The financial media will emotionalize headlines and short-term market moves to entice you to tune in—so they can achieve better ratings.
  - The front-page headline of the March 14, 2023 edition of The Wall Street Journal blared, **"SVB Fallout Fuels Bank Stocks' Rout"**
    - Essentially the entire 2023 gain for the S&P 500 Index occurred ***after*** SVB failed. If scary SVB headlines like that caused you to sell your stocks, ***you would have missed the entire gain for 2023.***
- Investors who watch the news and stock market often will experience more stress than those that don't.
  - This will only get worse as we approach the November election.
- Investors who move to cash, waiting for a "better time" or the "dust to clear," will suffer significant uncertainty and anxiety about when and how to get back in.
- Your investment decisions and reactions to market events will have a significant impact on your ***personal investment return.***
- You will be tempted to change your investment strategy based on market performance, expert forecasts, and/or your personal beliefs about the future.

Conviction, patience, and discipline are virtues every investor should develop. They aren't easy, yet they are essential for your success. As your adviser, one of our most important roles is helping you ignore the noise and focus on what really matters to your financial success.

We wish you a prosperous, fulfilling, and happy 2024. ***Thank you for allowing us to be your trusted partner along the journey.***

Regards,
Kirr, Marbach & Company, LLC

Kirr, Marbach & Company, LLC Announces Zach Greiner, CFP® and Maggie Kamman, CMA, CFP® Promoted to Directors

Kirr, Marbach & Company, LLC ("Kirr, Marbach") is pleased to announce Zach Greiner, CFP® and Maggie Kamman, CMA, CFP® have been promoted to the position of Director.

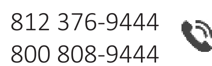
"Zach and Maggie joined Kirr, Marbach just over five years ago as Associate Directors of Client Service and have demonstrated professionalism, integrity and their value to our business and clients," said Mark D. Foster, CFA, the firm's Chief Investment Officer. He added, "Kirr, Marbach is a client-centric firm and everything we do is for the benefit of our clients. We believe Zach, Maggie and Matt Kirr, Director of Client Service have raised our client service to the highest level in our more than 48 years in business."

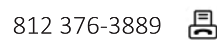
Zach Greiner, CFP® has been promoted to Director of Client Service, joining Matt Kirr. He was awarded certification as CERTIFIED FINANCIAL PLANNER™ by the CFP Board in 2021. He earned a B.S. in Business Finance from Indiana University in 2010. He was a Financial Advisor with Raymond James and a Commercial Banker and Credit Analyst with MainSource Bank. Zach is a graduate of Leadership Bartholomew County and has been active with Sans Souci, Turning Point Domestic Violence Services, Columbus Young Professionals and United Way. Zach and his wife Caitie have two children.

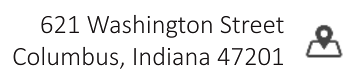
Maggie Kamman, CMA, CFP® has been promoted to Director of Operations. She will remain active on the Client Service side of our business, but focus on Operations. She was awarded certification as CERTIFIED FINANCIAL PLANNER™ by the CFP Board in 2021. She earned a B.S. in Applied Statistics and Applied Mathematics/Business Mathematics from Purdue University in 2013. She was an Extended Coverage Costing Manager with Cummins Engine Business and Product Coverage Analyst with Cummins Emissions Solutions. Maggie has been active with Heritage Fund—the Community Foundation of Bartholomew County and First Presbyterian Preschool. Maggie and her husband Kyle have two children and, along with Kyle's parents, recently purchased The Candy Dish and Harvest Preserve in Nashville, IN.

Q4-2023

January 5, 2024







Past performance is not a guarantee of future results.

The S&P 500 Index is an unmanaged, capitalization-weighted index generally representative of the U.S. market for large capitalization stocks. This index cannot be invested in directly.

Get Invested.

Ten simple slides on the benefits of long-term investing in the stock market.

An independent research and wealth management firm that uses big data to find timely investment ideas.

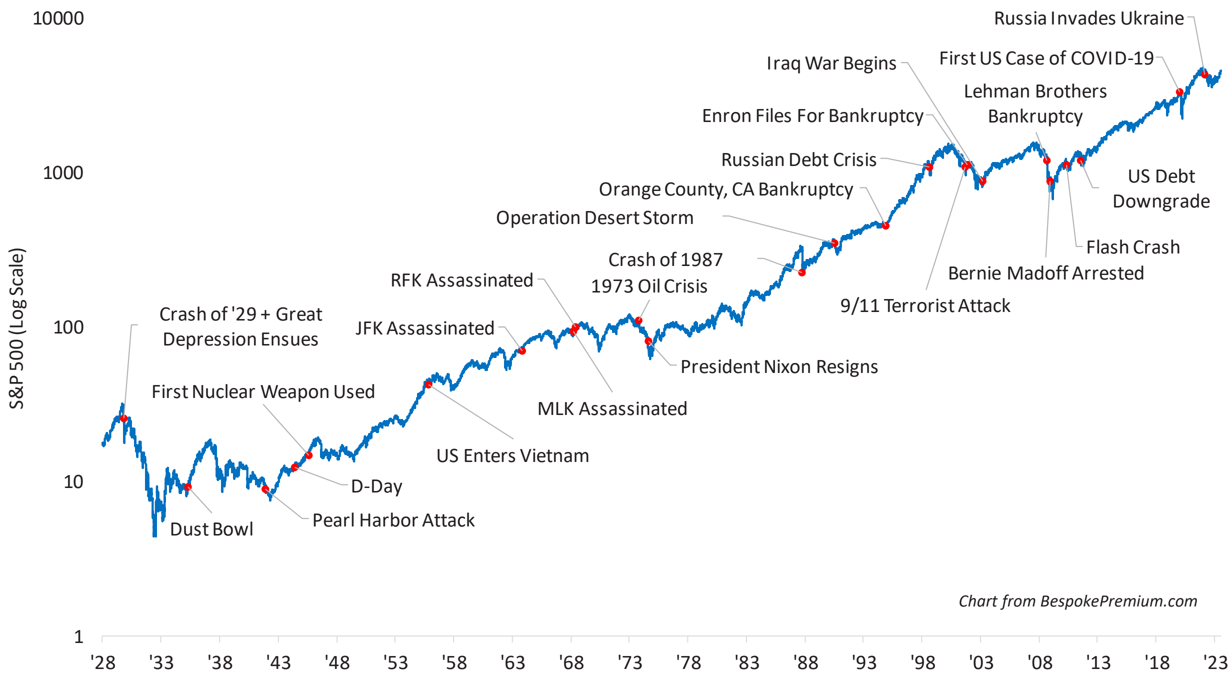
Visit BespokePremium.com to learn more about Bespoke Investment Group and its team. If you'd like to inquire about Bespoke's research and wealth management services, please give us a call at 914-315-1248 or email us at client@bespokeinvest.com.

Bespoke Investment Group, LLC believes all information contained in this report to be accurate, but we do not guarantee its accuracy. Data points and calculations in this report are as of August 2023. Calculations are hypothetical and do not represent actual investment results. Hypothetical performance analysis of the past is not replicable. No hypothetical fees or trading costs were included in this analysis, which can impact actual investment results. None of the information in this report or any opinions expressed constitutes a solicitation of the purchase or sale of any securities or commodities. This is not personalized advice. Investors should do their own research and/or work with an investment professional when making portfolio decisions. As always, past performance of any investment is not a guarantee of future results. Bespoke representatives or clients may have positions in securities discussed or mentioned in its published content.

Please see our website for our full disclaimer. https://www.bespokepremium.com/interactive/legal/

There's Always Light at the End of the Tunnel

Through wars, assassinations, bankruptcies, and crashes, the US stock market has always gone on to make new highs. A wise investor once said: "Never bet on the end of the world, because it only happens once."



Past performance is no guarantee of future results.

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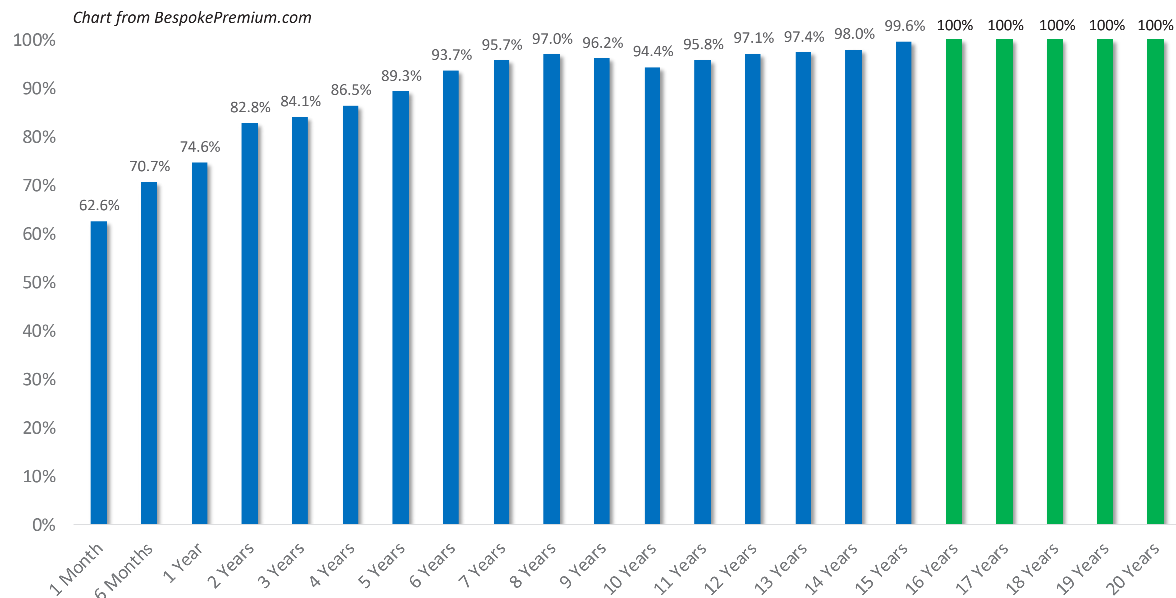
Odds That Can Beat "The House"

Casinos make money by making sure bettors eventually lose more often than they win. The stock market is the opposite. The longer you play, the better your odds. Historically, the odds of the S&P 500 being up over any one-month time frame has been 63%. Over a year, the odds of a gain jump to 75%, and over eight years, they surge to 97%. Since 1928, all 16+ year time frames have seen positive returns.



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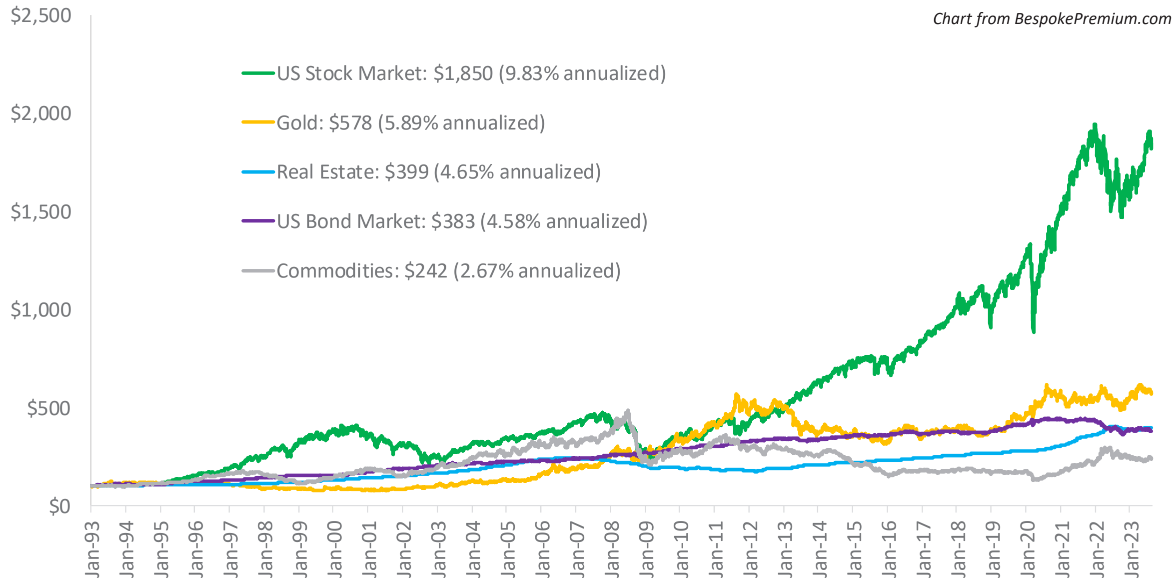
Stocks Trump Them All

While there are benefits (and risks) to owning different asset classes as part of a diversified portfolio, stocks have historically been the top performer. $100 invested in US stocks thirty years ago would be worth $1,850 today. No other asset class comes close over the same time frame.

Growth of $100 in Various Asset Classes Over the Last 30 Years (1993-Present)



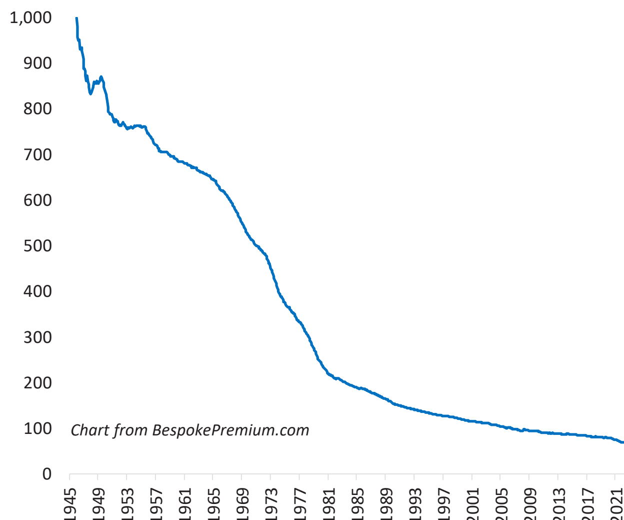
**US Stock Market: S&P 500 Total Return, Gold: $/Ounce, Real Estate: S&P CoreLogic Case Shiller National Home Price Index, US Bond Market: Bloomberg Aggregate Bond Market Total Return Index, Commodities: Bloomberg Commodity Total Return Index*

Past performance is no guarantee of future results.

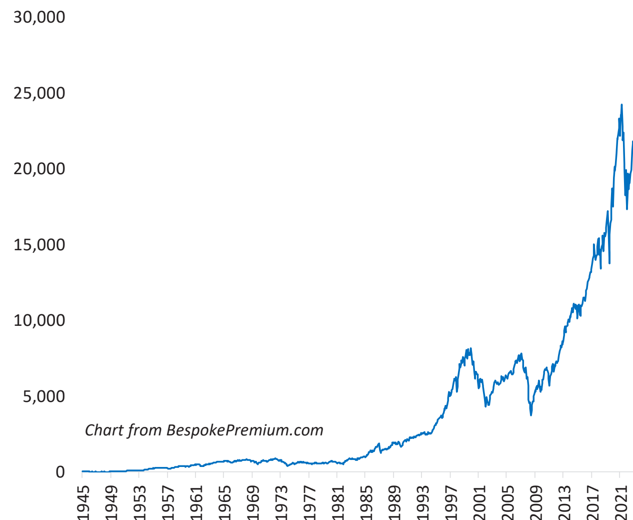
Stocks: Inflation's Kryptonite

Inflation is a wealth killer, but the stock market is inflation's kryptonite. $1,000 in cash put under the mattress in 1945 would leave you with $1,000 today and a 90%+ drop in buying power. $1,000 invested in the US stock market in 1945 with dividends re-invested would be worth about $3.5 million today, which is a number that has beaten inflation as measured by CPI by roughly 20,000%.

Buying Power of $1000 Since the End of WWII



S&P 500 Inflation Adjusted Total Return Since End of WWII



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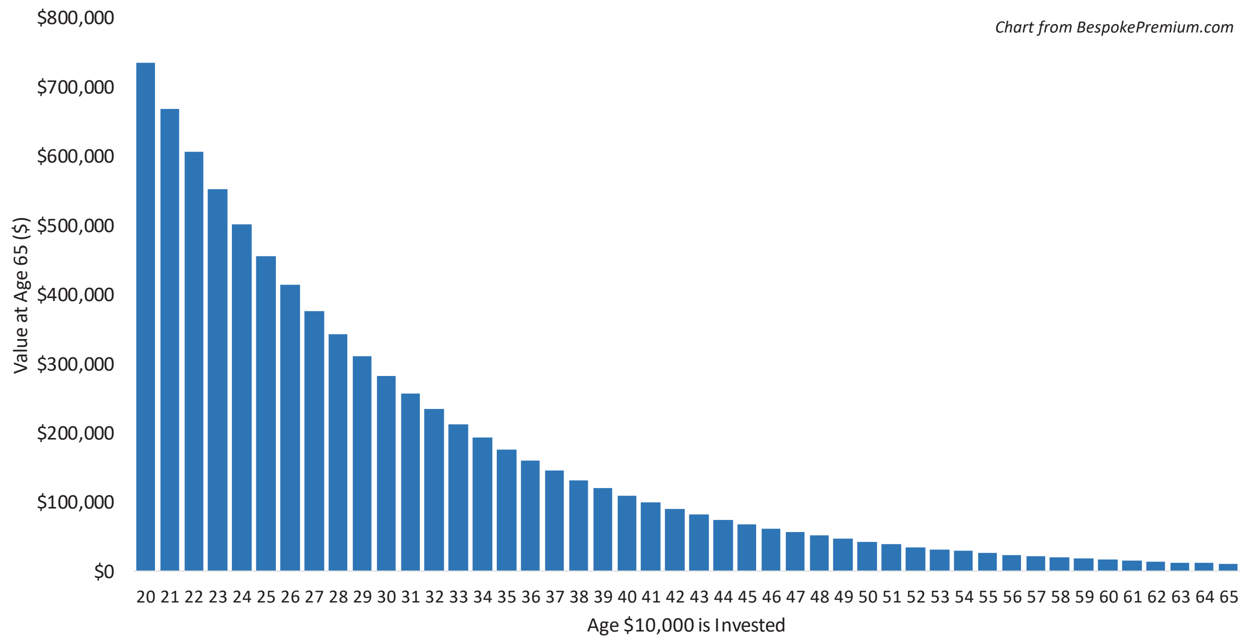
The Sooner, The Better

The younger you can start investing in the stock market, the better. Based on its annualized total return of 9.55% since 1928, a single $10,000 investment in the S&P 500 at age 20 would leave you with over $600,000 at age 65. If you don't start until you turn 40, at 65, you'd have just $97,840.



** Assuming S&P 500 historical annualized total return since 1928: 9.55%.*

Past performance is no guarantee of future results.

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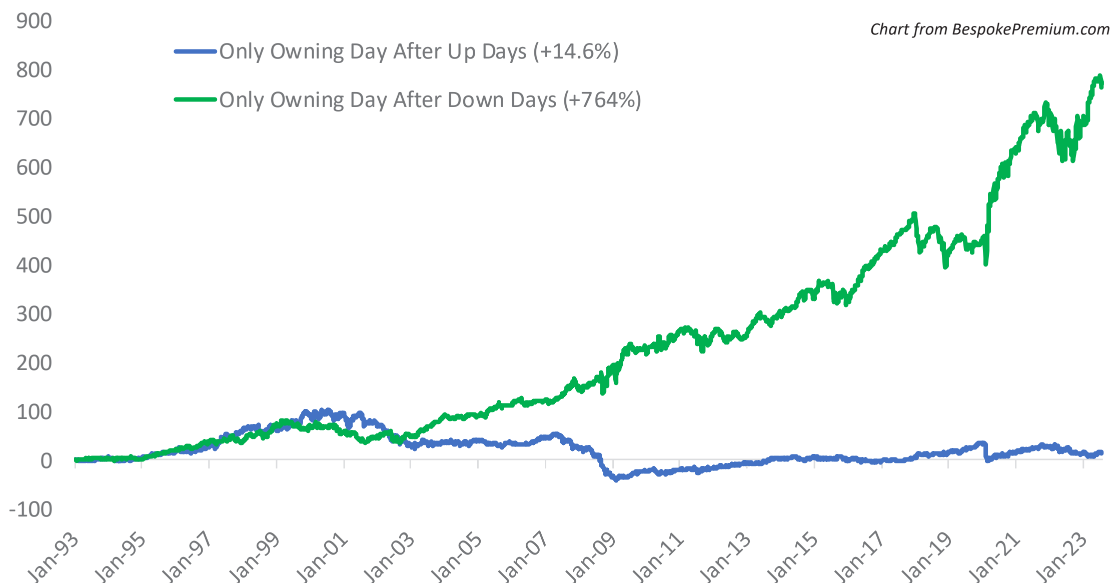
Embrace Market Declines

Emotions and investing don't mix. Emotional investors tend to sell when the market is going down and buy when the market is going up. They should be doing the opposite. As shown below, if you only owned the US stock market on the day after up days since SPY began trading in 1993, your cumulative gain would be just 14.6%. If you only owned the market on the day after down days, you'd be up 764%!



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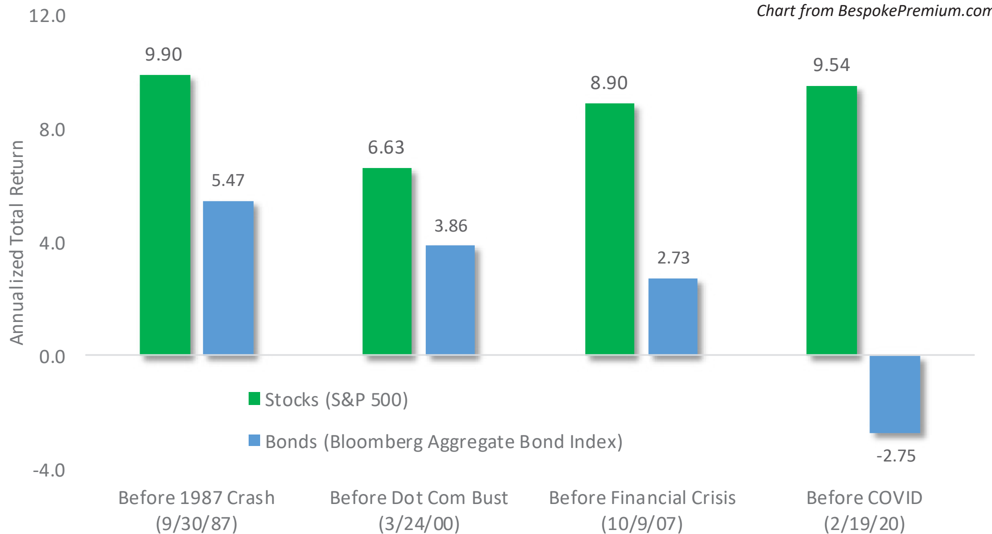
Time Heals

The stock market can be very forgiving if you give it time. The four worst times to buy equities over the last forty years were in September 1987 (before the 1987 crash), March 2000 (before the dot-com peak), October 2007 (before the Financial Crisis peak), and February 2020 (before the COVID crash). Since each of those four ill-fated buy points, stocks have still returned *at least* 6.6% on an annualized basis and have outperformed bonds over all four spans.

Performance of Stocks vs Bonds Since Previous Market Peaks



Past performance is no guarantee of future results.

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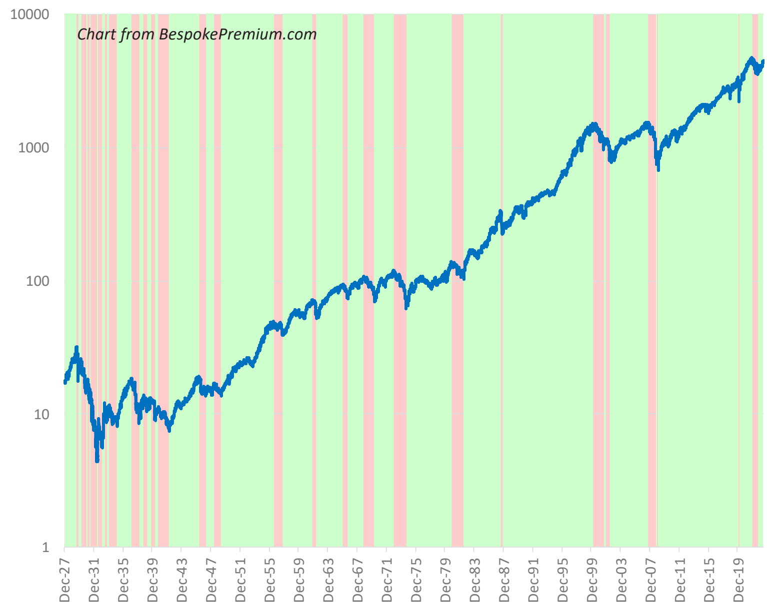
Bull Markets > Bear Markets

Since 1928, the S&P 500 has been in a bull market on 78% of all days. Historically, the average bull market for US stocks has lasted nearly 4x as long as the average bear market. If you're planning to stay invested for longer than a year, bear markets should not scare you.

S&P 500 Logarithmic w/ Bull and Bear Markets



S&P Bear Markets*

Start	End	% Change	Days
9/16/29	11/13/29	-44.6%	58
4/10/30	12/16/30	-44.3%	250
2/24/31	6/2/31	-32.9%	98
6/26/31	10/5/31	-42.5%	101
11/9/31	6/1/32	-61.8%	205
9/7/32	2/27/33	-40.6%	173
7/18/33	10/19/33	-29.4%	93
2/6/34	3/14/35	-31.8%	401
3/10/37	3/31/38	-54.5%	386
11/9/38	4/11/39	-24.4%	153
10/25/39	6/10/40	-31.9%	229
11/7/40	4/28/42	-34.4%	537
5/29/46	5/19/47	-28.5%	355
6/15/48	6/13/49	-20.6%	363
8/2/56	10/22/57	-21.6%	446
12/12/61	6/26/62	-28.0%	196
2/9/66	10/7/66	-22.2%	240
11/29/68	5/26/70	-36.1%	543
1/11/73	10/3/74	-48.2%	630
11/28/80	8/12/82	-27.1%	622
8/25/87	12/4/87	-33.5%	101
3/24/00	9/21/01	-36.8%	546
1/4/02	7/23/02	-32.0%	200
10/9/07	11/20/08	-51.9%	408
1/6/09	3/9/09	-27.6%	62
2/19/20	3/23/20	-33.9%	33
1/3/22	10/12/22	-25.4%	282
	Average	**-35.1%**	**286**
	Median	**-32.9%**	**240**

S&P Bull Markets*

Start	End	% Change	Days
11/13/29	4/10/30	46.8%	148
12/16/30	2/24/31	25.8%	70
6/2/31	6/26/31	25.8%	24
10/5/31	11/9/31	30.6%	35
6/1/32	9/7/32	111.6%	98
2/27/33	7/18/33	120.6%	141
10/19/33	2/6/34	37.3%	110
3/14/35	3/10/37	131.6%	727
3/31/38	11/9/38	62.2%	223
4/11/39	10/25/39	26.8%	197
6/10/40	11/7/40	26.7%	150
4/28/42	5/29/46	157.7%	1,492
5/19/47	6/15/48	23.9%	393
6/13/49	8/2/56	267.1%	2,607
10/22/57	12/12/61	86.4%	1,512
6/26/62	2/9/66	79.8%	1,324
10/7/66	11/29/68	48.0%	784
5/26/70	1/11/73	73.5%	961
10/3/74	11/28/80	125.6%	2,248
8/12/82	8/25/87	228.8%	1,839
12/4/87	3/24/00	582.1%	4,494
9/21/01	1/4/02	21.4%	105
7/23/02	10/9/07	96.2%	1,904
11/20/08	1/6/09	24.2%	47
3/9/09	2/19/20	400.5%	3,999
3/23/20	1/3/22	114.4%	651
10/12/22	7/19/23	28.3%	280
	Average	**114.4%**	**1,011**
	Median	**76.7%**	**522**

**Bear markets defined as 20%+ declines that were preceded by a 20%+ rally.*
**Bull markets defined as 20%+ rallies that were preceded by a 20%+ decline.*

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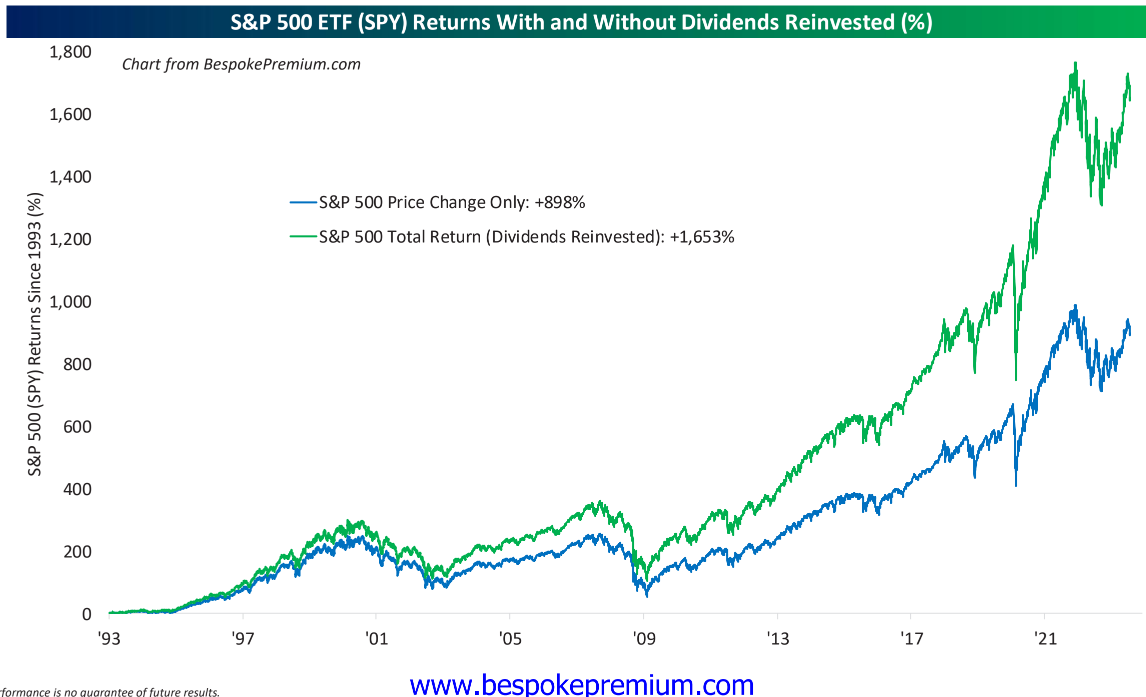
Don’t Sleep on Dividends

Owning the “market” through a “buy and hold” strategy of an ETF like SPY (that tracks the S&P 500) means you’ll capture the dividend yield of the market as well. Over time, those dividends really add up. Since 1993 when the first S&P 500 ETF (SPY) began trading, nearly half of the index’s 1,653% total return has come from capturing and reinvesting quarterly dividend payouts.



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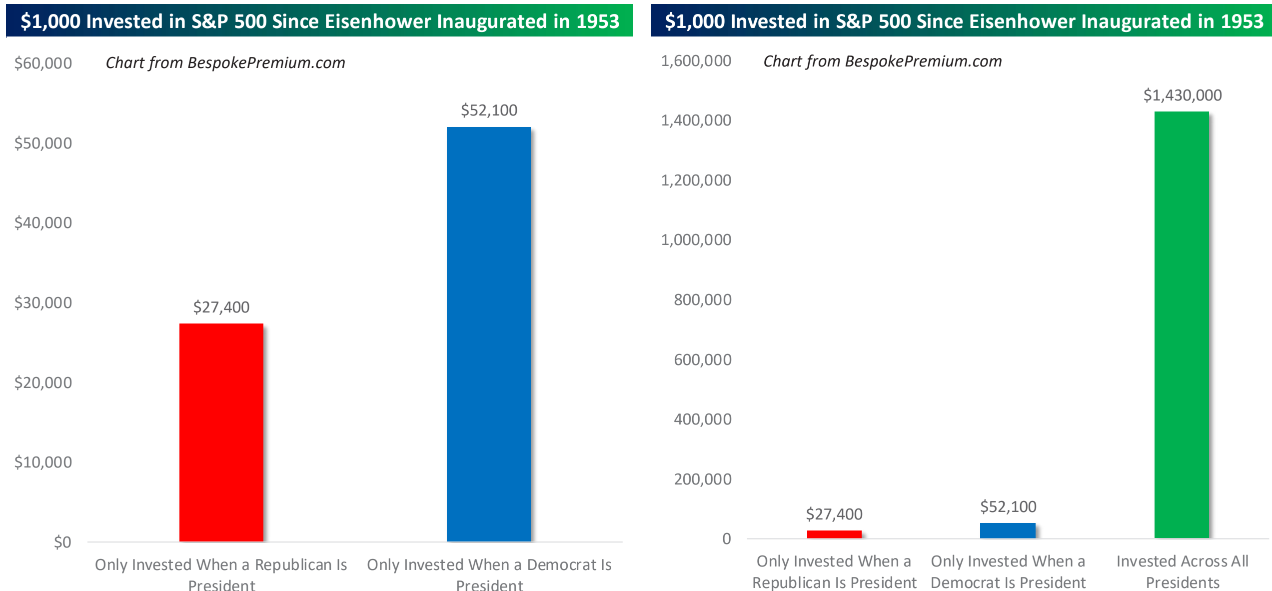
Don’t Get Political

Letting political beliefs get in the way of “Buy and Hold” has been extremely costly to investors. Going back 70 years, $1,000 invested in the US stock market only when a Republican is President would be worth $27,400 today. $1,000 invested only when a Democrat is President would be worth double that at $52,100. But that $1,000 would be worth $1.43 million today for those who put politics aside and stayed invested regardless of who’s in charge in Washington DC.



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