Investing Only During Losing Years
1926 - 2017

For investors who are terrified of investing at the wrong time, I offer this history lesson.

Let us suppose you only invested on January 1st of every year in which the market lost money. That is pretty unlucky wouldn't you say? In spite of the nightmarish investing luck of historically investing **<u>only</u>** at the beginning of every year in which the market lost money, the investment portfolio, comprised of $24,000 in total deposits to the S&P 500 — $1,000 in each of the 24 losing years — is worth a staggering 2017 year-end value of $10,896,956. In stark contrast, an investment of $1,000 at the beginning of each of these 24 negative return years into safe, long-term U.S. Government bonds produced a 2017 year-end account value of $865,842 (*per Lehman Brothers/Barclays Long Government Index*). The stock market produced returns 13 times greater than those produced by conservative government bonds! Yet investors have consistently abandoned the market during such dark times, running to the seemingly safe confines of bank depository accounts and U.S. Treasury securities.

assumes investing $1,000 on January 1st of each of the 24 calendar years in which the stock market posted losses.

	S&P 500	US Gov Bonds
2017 Year-End Value →	$10,896,956	$865,842
Growth value needed just to keep pace with inflation of 3.55% →		$241,585

chart follows:

| Losing Year | S&P 500 Return That Year | Average Annual Return Through 2017 | |
		S&P 500	Lehman Brothers Long-Term Govt
1929	-8.44%	9.09%	5.48%
1930	-24.89	8.48%	5.50
1931	-43.36	8.09%	5.57
1932	-8.09	8.78%	5.56
1934	-1.36	8.86%	5.59
1937	-35.02	8.29%	5.52
1939	-0.41	8.63%	5.59
1940	-9.77	8.71%	5.58
1941	-11.60	8.67%	5.58
1946	-8.08	8.69%	5.71
1953	-0.98	8.76%	6.32
1957	-10.78	8.54%	6.33
1962	-8.75	8.52%	7.15
1966	-10.06	8.44%	7.51
1969	-8.75	8.42%	8.20
1973	-14.80	8.19%	8.76
1974	-26.49	8.60%	8.96
1977	-7.40	8.30%	8.90
1981	-4.95	8.28%	10.11
1990	-3.11	8.05%	8.48
2000	-9.11	7.02%	8.38
2001	-11.88	6.69%	7.58
2002	-22.10	5.72%	7.83
2008	-37.00	1.49%	8.09