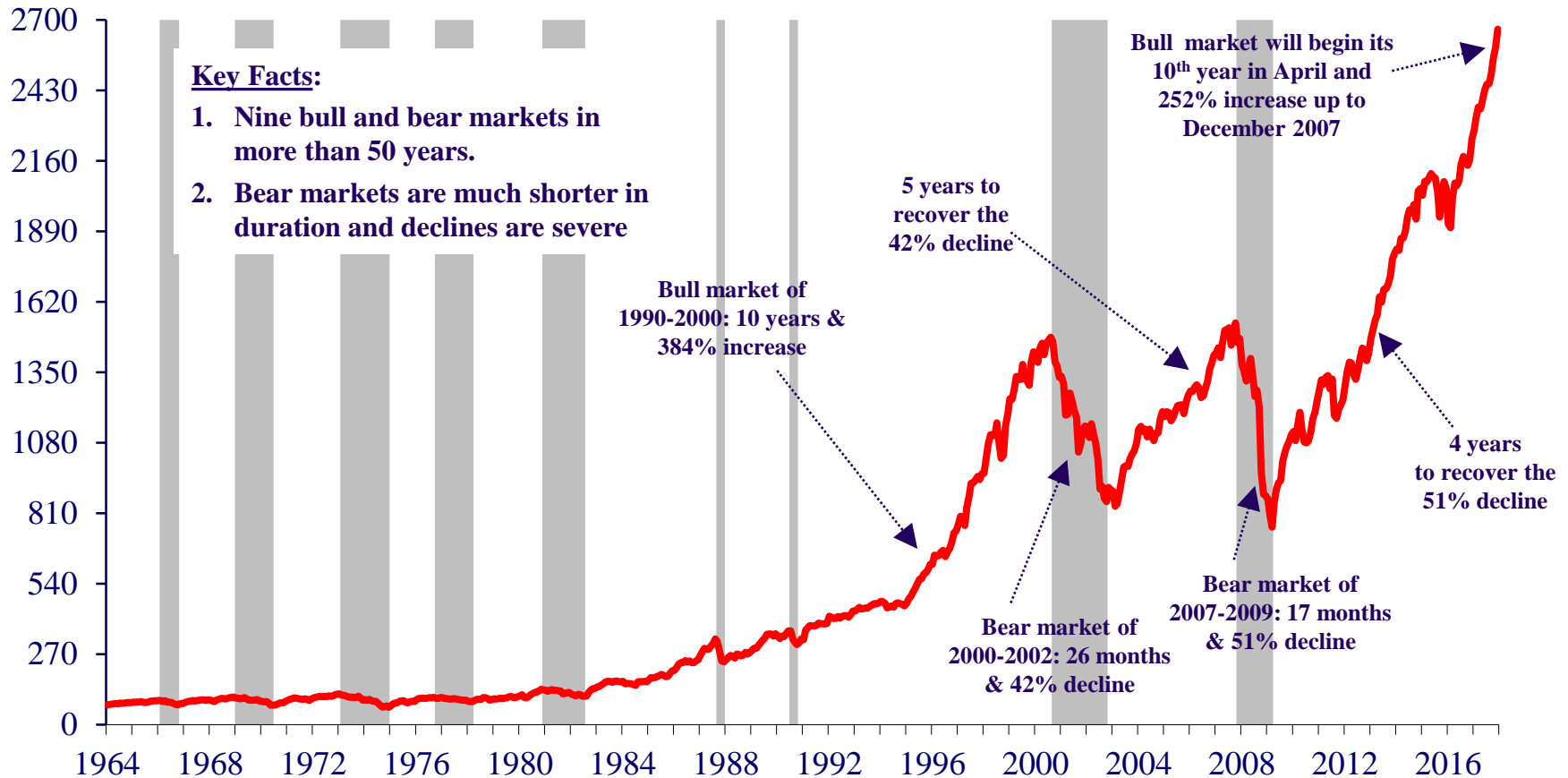




S&P 500 Index and Bear Markets

level

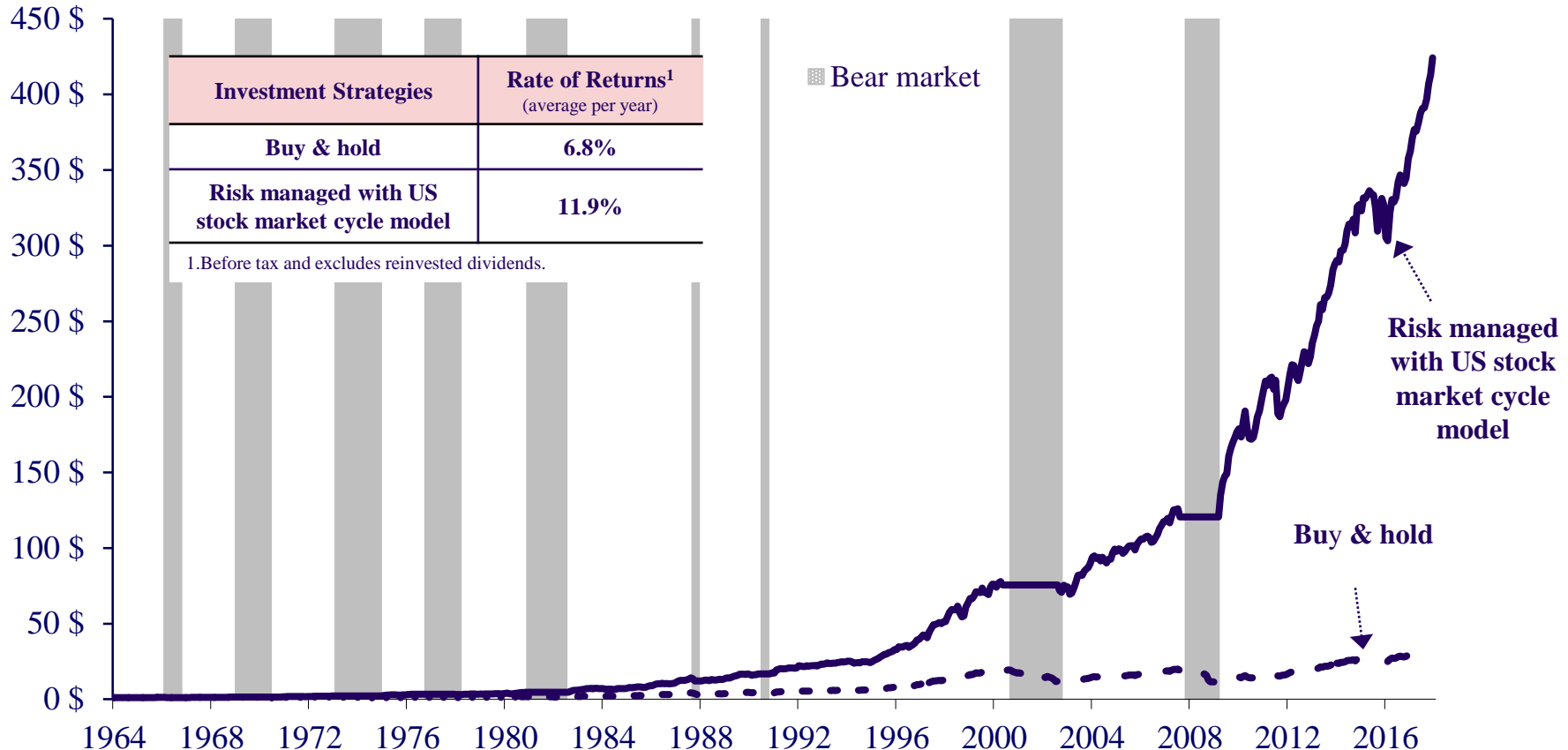


Source: Federal Reserve Bank of St-Louis Fred Database, monthly data. Last data point is December 2017. The shaded areas represent bear markets. Bull markets are between shaded areas.



Investment Strategies, Bear Markets, and Rate of Returns

(level)



Investment strategies:

- **Buy & hold:** Investor buys one share of S&P 500 index in January 1964 for \$1.00 and holds it in bear markets.
- **Risk managed with US stock market cycle model:** Investor buys one share of S&P 500 index in January 1964 for \$1.00 and he switched to cash at a bear market signal from the model and he buys back a share at a bull market signal from the model.