



**Bear Markets and the Bull Markets That Follow:
A Long-term Perspective**

In today's world, many investors find it difficult to maintain a long-term point of view. All too often, only the headlines grab their attention and the big picture is frequently obscured or hidden.

Keeping a broad perspective is crucial to successful long-term investing. The table below, based on data from Standard & Poor's and J.P. Morgan Asset Management, shows the history of bear and bull markets over the 60-year period since the end of World War II. Since then, bear markets have lasted an average of 14 months with an average decline of 35% in stock prices.

In contrast, the bull markets that inevitably follow have lasted an average of 68 months, or almost five times longer than the bear markets. The increase in stock prices has averaged 176%, more than making up for what was lost during the bear market. Finally, on average, it took only a little over two years to get back to the peak of the prior bull market.

Past results are never indicative of future performance, but it is certainly worthwhile for investors to keep history in mind.

<u>Bear Markets</u>			<u>Subsequent Bull Markets</u>			
<u>Period (peak to low)</u>	<u>Length (months)</u>	<u>Market Return</u>	<u>Length (months)</u>	<u>Market Return</u>	<u>Time to Return to Old Peak (years)</u>	
05/46 - 05/47	12	-29%	122	+258%	3.1	
07/57 - 10/57	3	-21	50	+ 86	0.9	
12/61 - 06/62	6	-28	44	+ 80	1.2	
02/66 - 10/66	8	-22	26	+ 48	0.6	
11/68 - 05/70	18	-36	31	+ 74	1.8	
01/73 - 10/74	21	-48	74	+126	5.8	
11/80 - 08/82	20	-27	60	+229	0.2	
08/87 - 12/87	3	-33	148	+582	1.6	
03/00 - 10/02	31	-49	60	+101	4.6	
10/07 - 03/09	17*	-57	---	----	---	
Average	14 mos.	-35%	68 mos.	+176%	2.2 yrs.	

Sources: Standard & Poor's, J.P. Morgan Asset Management

A bear market is defined as a peak-to-trough decline in the S&P 500 Index (price only) of 20% or more. The bull market data reflects the market expansion from the bear market low to the subsequent bull market peak. All returns are S&P 500 Index returns and do not include dividends.

* Most recent bear market is through market low of 03/09/09.

The information provided herein represents the opinions of David Wendell Associates and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.