



## Performance Perceptions

October 2022

*“History doesn’t repeat itself, but it often rhymes.” – Mark Twain*

<u>Date</u>	<u>S&amp;P 500 (closing value)</u>	<u>10 Yr Treasury Yield (closing value)</u>
12/31/1996	740	6.40%
12/31/1997	970	5.73%
12/31/1998	1229	4.63%
12/31/1999	1469	6.43%
12/29/2000	1320	5.11%
12/31/2001	1148	5.03%
12/31/2002	879	3.81%
12/31/2003	1111	4.25%
12/31/2004	1211	4.21%
12/30/2005	1248	4.39%
12/29/2006	1418	4.71%
12/31/2007	1468	4.03%
12/31/2008	903	2.24%
12/31/2009	1115	3.84%
12/31/2010	1257	3.30%
12/30/2011	1257	1.87%
09/28/2012	1440	1.63%
12/31/2012	1426	1.75%
12/31/2013	1848	3.02%
12/31/2014	2058	2.17%
12/31/2015	2043	2.26%
12/30/2016	2238	2.44%
09/29/2017	2519	2.32%
12/29/2017	2673	2.40%
12/31/2018	2506	2.68%
12/31/2019	3230	1.91%
12/31/2020	3756	0.91%
12/31/2021	4766	1.51%
09/30/2022	3585	3.83%

Source:  
Yahoo Finance  
Historical Prices

I know we have performed this exercise before, but never in this format. I also know that whenever we go through this exercise it helps remind us that though we live day by day, with a very limited perspective of the past, we are reassured that time has a way of smoothing things out – and the more time you allow the better. This explains why that even with the huge ups and downs over the past one hundred years or so, the stock market (using the S&P 500 as our gauge today) has averaged about an annual return of 10%.

With all that being said, we would therefore like to offer six simple observations of past performance. We would also encourage you to make some observations of your own, because your own objective observations may help you overcome your subjective perceptions, and in doing so hopefully dispel some fear and greed (the two most dangerous emotions in investing).

- 1 - from the end of 1996, the S&P 500 went up almost 98% in three years;  
from the end of 2018, the S&P 500 went up almost 90% in three years.
- 2 - the S&P 500 went down almost 40% from 1999 to 2002 (the Tech Crash);  
through 09/30/2022, the S&P 500 is only down 24% in roughly 1.75 years.
- 3 - from 1996 to 2007, even after the Tech Crash, the S&P 500 went up approximately 100%,  
yet from 1999 to 2007 the S&P 500 essentially did nothing.
- 4 – from 09/28/2012 to 09/30/2022, the S&P 500 is still up almost 150% in ten years,  
and up almost 35% in five years.
- 5 – from the end of 1999, the 10-year U.S. Treasury yield went down about 40% in three years;  
from the end of 2018 the 10-year yield went down about 43% in three years.
- 6 – from the end of 2000, the 10-year yield went down 82% over twenty years,  
but from the end of 2002 to 09/30/2022 the 10-year yield is almost the exactly the same.

As Mark Twain brilliantly remarked, and as the data on the first page surely seems to exemplify, history really does seem to rhyme here and there – the trick is to take the lessons to heart and remember them well when the markets are trying to get you to succumb to your fear or greed. And remember, although the S&P 500's average annual return over the last 100 years is still about 10%, you rarely see that average annual return in any one particular year.

As always, thank you so much for your friendship and trust, and have a great rest of October!

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