



*June 2022*

## **Don't Fear the Bear**

“If you’re going through hell, keep going” – Winston Churchill

As of Monday, the stock market officially entered bear market territory. It is uncomfortable to watch investment accounts continuously move in the wrong direction, but not reacting to volatility is how favorable long term returns are created. With inflation proving to be more persistent than anticipated just a short while ago, the federal reserve has taken a more aggressive approach to hiking interest rates. The intent is to curb demand, which will slow the economy, and help to fight the inflationary problem.

Obviously, the concern is going too far might result in a recession. The stock and bond markets are repricing for this potential, and the result is volatility. It’s not uncommon for these resets to be swift and deep. However, companies and economies adjust to changing conditions, and historically resume expansion relatively quickly.

At Sage, our investment planning assumptions include recessionary periods, which is why we don't recommend big strategy changes during times like these. Below is historical information provided by Motley Fool about how markets look one and three years after entering bear market territory. Although we are in a bear market, the market will recover as shown below.

<b>Date Bear Market Became</b>	<b>Subsequent S&amp;P 500 Price Return 1 Year</b>	<b>Subsequent S&amp;P 500 Price Return 3 Years Later</b>
October 21, 1957	31%	39%
May 28, 1962	26%	59%
August 29, 1966	25%	26%
January 29, 1970	11%	36%
November 27, 1973	-28%	7%
February 22, 1982	32%	63%
October 19, 1987	23%	35%
March 12, 2001	-1%	-5%
July 9, 2008	-29%	8%
March 12, 2020	59%	?
June 13, 2022	?	?
<b>Average</b>	<b>15%</b>	<b>30%</b>

We've been having great conversations with clients regarding current market conditions, and we recognize everyone's circumstances are different. Please don't hesitate to call or schedule time for a review.

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## Send us your tax return!

One of the unique values we bring to our clients is our eye for tax efficiencies and planning opportunities. To do this, there are few documents as helpful to us as your tax return. If you haven't done so already, please send us your 2021 tax return so that we can identify potential strategies.

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