Casey Mullooly: In episode 296, we zoom things back out.

Casey Mullooly: Welcome back to the Mullooly Asset Show. I'm your host, Casey Mullooly, back with you for episode 296. We're recording this on June 14, 2022. And it's no secret the market has gotten off to a pretty rough start here so far this year. The market peaked on January 3rd and has taken six months to officially reach bear market territory, which we reached yesterday, Monday the 13th.

Casey Mullooly: So it is really hard in times like this to have the long-term perspective or long-term view that is so important for investing. And I know we always preach long-term thinking, long-term investing, especially these last couple of weeks and months, but that's our job as fiduciary investment advisors. To our clients, our job to have the conviction because we know that it's the right thing to do over the long term. And it's our job to not cater to the short-term gyrations of the stock market, as tempting as it is. It's our job to have that conviction and then communicate it to our clients and to our viewers out there.

Casey Mullooly: So I just wanted to share some reasons as to why we have so much conviction in those beliefs. Yesterday was a pretty rough day in the market. One of those days you'd like to forget. And Ben Carlson tweeted out these numbers at the end of the day, which kind of really hit home for us here. So year to date, the S&P 500 is down 21% so far in 2022. Over the last year, 365 days, it's down 11%. Over the last three years, it's up 36%. Over the last five years, it's up 68%. And over the last 10 years, it's up 241%.

Casey Mullooly: So the S&P 500 is just U.S. large-cap growth. It is commonly talked about as the market. But what if you had a different portfolio? What do those numbers look like? So we've heard a lot about how the 60/40 portfolio is dead, so to speak. And it is the worst start to the year for 60/40 portfolio investors because bonds are down in conjunction with stocks, which usually doesn't happen. So this is kind of a historical outlier. But the 10-year annualized return for a 60/40 portfolio of the S&P 500 and U.S. government debt from 1973 to 2022, March of 2022, so about 50 years of data there, a 60/40 portfolio has returned on average 10.3%. Now, we talk a lot about how average returns can't be capitalized on, but all of the bad markets in that timeframe are in that data set. So just keep that in mind.

Casey Mullooly: The S&P 500 has fallen more than 1% four consecutive days just 12 times since 1950. Yesterday marked the 12th time. But it's important to look at when those four-day stretches have occurred in history. I'm going to put up a chart actually right now to show you when these have occurred. This was from Michael Batnick, one of his recent posts, which we'll link to in the show notes. So just take a look at those dots on the chart, and that's when these four-day losing streaks have happened.

Casey Mullooly: Interesting, right? So look, we know that the market has been rough this year, and it's tough to hang in there with the long-term view. But you can be bearish and you can be negative in the short term and still not rip up your long-term plan. Those two things are possible. And we think that if you can avoid ripping up your long-term plan in favor of short-term comfort, then you're going to be rewarded as these numbers have shown.

Casey Mullooly: So that's the message for episode 296 of the Mullooly Asset Show. Zoom out when things get bad and hang in there. We'll see you next time.