

EVEN WHEN THE STOCK MARKET GOES UP, IT STILL GOES DOWN



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The S&P 500® Index is up just shy of 18% in 2023.¹

Maybe these gains will stick (or get better) or maybe the market will roll over. I don't know.

The stock market is unpredictable, especially in the short term.

But, it's important to understand that even in the really good years, there's a decent chance you'll have to live through a correction along the way.

Since 1928, the S&P 500 has finished the year up 10% or more 55 times. In 23 of those 55 years, there was a correction from peak-to-trough in that same year of 10% or worse.

In that same time frame, the stock market experienced 34 years with gains of 20% or more.² Out of those 34 years, there was a correction of 10% or worse on the way to those gains in 16 years.

So, in almost half of all years when the U.S. stock market was up by 20% or more, there has been a double-digit correction during the journey to those wonderful gains.

If you don't believe me, here is the data: **S&P 500® INDEX YEARS WITH A RETURN OF 20% OR MORE**

Year	Return	Drawdown	Year	Return	Drawdown
1954	52.6%	-4.4%	1991	30.2%	-5.7%
1933	50.0%	-29.4%	1938	29.3%	-28.9%
1935	46.7%	-15.9%	2021	28.9%	-5.2%
1928	43.8%	-10.3%	2003	28.4%	-14.1%
1958	43.7%	-4.4%	1998	28.3%	-19.3%
1995	37.2%	-2.5%	1961	26.6%	-4.4%
1975	37.0%	-14.1%	2009	25.9%	-27.6%
1945	35.8%	-6.9%	1943	25.1%	-13.1%
1997	33.1%	-10.8%	1976	23.8%	-8.4%
1955	32.6%	-10.6%	1967	23.8%	-6.6%
2013	32.2%	-5.8%	1951	23.7%	-8.1%
1936	31.9%	-12.8%	1996	22.7%	-7.6%
1980	31.7%	-17.1%	1963	22.6%	-6.5%
1989	31.5%	-7.6%	1983	22.3%	-6.9%
1985	31.2%	-7.7%	2017	21.6%	-2.8%
2019	31.2%	-6.8%	1999	20.9%	-12.1%
1950	30.8%	-14.0%	1982	20.4%	-16.6%

Past performance is not indicative of future results. Source: NYU.

So far, this year, the worst we've had to endure in the S&P 500 is a drawdown of a little less than 8%.

Maybe we get something worse than that, maybe not. Stocks can be volatile because people can be volatile.

¹It was down 18% last year. I know an 18% gain doesn't make up for an 18% loss, but I find this interesting, if not useless.

²One of my many favorite stats about the stock market — over the past 95 years, there have been more +20% years (34x) than years where stocks finished down (26x). Surprising but true.

One of the strange things about investing in the stock market is that while the trend is usually your friend, you always have to be prepared for countertrend moves.

Even in the worst market crashes, you have to prepare yourself for the occasional bear market rally.

Even in the most hard-charging bull markets, you have to prepare yourself for the occasional correction.

And of course, there are those regime changes when bear market or bull markets come to an end and you have to prepare for an entirely new investing environment.

Risk and reward are attached at the hip when it comes to investing. One of the reasons the stock market may provide such lovely returns in the long-run is because it can be so darn confusing in the short-run.

You don't get the gains without living through the losses.



To learn more, please contact us at 800-243-4361 or visit [virtus.com](https://www.virtus.com).

The **S&P 500® Index** is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Diversification does not assure a profit or protect against losses.

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