



A Look at Stock Market Cycles

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Stock Market Cycles

S&P 500 Index over the past 50 years (log scale)



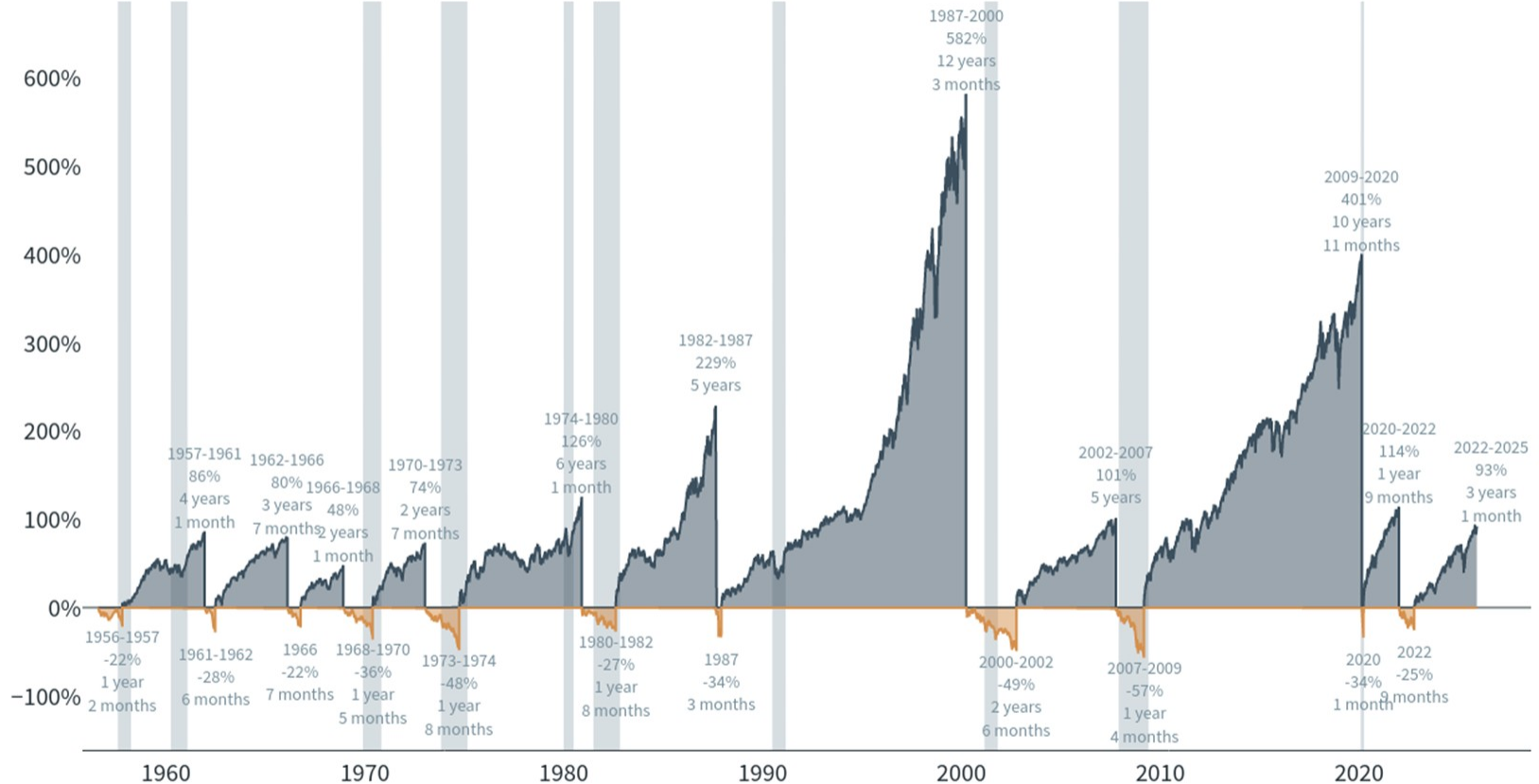
Latest data point is Dec 5, 2025

- As this chart shows, the stock market has performed well over the past 50 years despite short-term ups and downs.
- These periods of turbulence were due to economic, political and global turmoil during those decades.
- This emphasizes the importance of staying invested, rather than focusing on days or months, especially as volatility rises.



Stock Market Bull and Bear Cycles

S&P 500 price index since 1956 bear market with recessions shaded.
 For the purposes of this chart, bear markets are 20% declines in price from prior peaks.
 Bull markets begin at each market bottom.



Latest data point is Dec 5, 2025

- While bear markets are unavoidable, bull markets are much longer with larger returns.
- Since 1956, the average bear market has lasted one year, two months with a decline of 36%.
- In contrast, the average bull market lasts 5 years 9 months and returns 192%.



Stock Market Price-to-Earnings Ratio

S&P 500 forward P/E ratio using earnings estimates over the next twelve months



Latest data point is Dec 2, 2025

- This PE ratio uses next-twelve-month earnings estimates, so it is forward rather than backward-looking.
- Valuations are no longer as attractive due to the market rally of the past year.
- Investors should properly diversify across asset classes, both in the U.S. and globally.

Sources: Clearnomics,
LSEG

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Definitions and Methodology

The **S&P 500** is a market capitalization-weighted index of large cap U.S. stocks. U.S. **mid cap** and **small cap** are the S&P 400 and S&P 600, respectively. **Value** and **growth** are the corresponding Standard & Poor's value and growth indices.

MSCI EM is an index of emerging market stocks. **MSCI EAFE** is an index of developed market stocks. **MSCI ACWI** is an index of global stocks.

The **forward P/E** is a ratio of the current market price of an index divided by an estimate of earnings over the next twelve months. The **Shiller P/E** is based on Robert Shiller's cyclically adjusted price-to-earnings ratio.

The **AAll Investor Sentiment** index is based on a weekly survey conducted by AAll.

Unless stated otherwise, **earnings** and **valuations** data are from LSEG indices.

The **LEI**, or Leading Economic Index, is produced monthly by the Conference Board.

Consumer sentiment indices are based on surveys conducted by the University of Michigan Surveys of Consumers.

Asset Class Performance and Asset Classes Relative to U.S.

Stocks charts: The EM, EAFE, Small Cap, Fixed Income and Commodities are these indices, respectively: MSCI EM, MSCI EAFE, Russell 2000, Bloomberg U.S. Aggregate Bond Index, Bloomberg Commodity Index.

Fixed Income Performance: All sectors are represented by the Bloomberg bond indices except for EMD USD and Local which are the JPMorgan EMBIG Diversified Index and JPMorgan GBI-EM Core Index, respectively.

The Balanced Portfolio is a historical 60/40 index calculation consisting of 40% U.S. Large Cap, 5% Small Cap, 10% International Developed Equities, 5% Emerging Market Equities, 35% U.S. Bonds, and 5% Commodities.

The **Bloomberg Commodity Index** is a broadly diversified basket of physical commodities futures contracts.

The **DXY** is a U.S. dollar index based on a basket of currencies, including the Euro, Yen, Pound, Canadian Dollar, Swedish Krona and Swiss Franc.

Portfolio Risk/Reward and Portfolio Drift Since 2009 charts: stocks and bonds are the S&P 500 and Bloomberg U.S. Aggregate bond index, respectively. Each portfolio represents a historical stock/bond asset allocation.

The **MSCI Factor** indices are created and maintained by MSCI to capture factor returns. They cover various factors including Quality, Size, Momentum, Volatility, Value and Yield. The Multi-Factor index tracks the performance of Value, Momentum, Quality and Size.

The **MSCI USA** index tracks large and mid cap U.S. stocks.



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