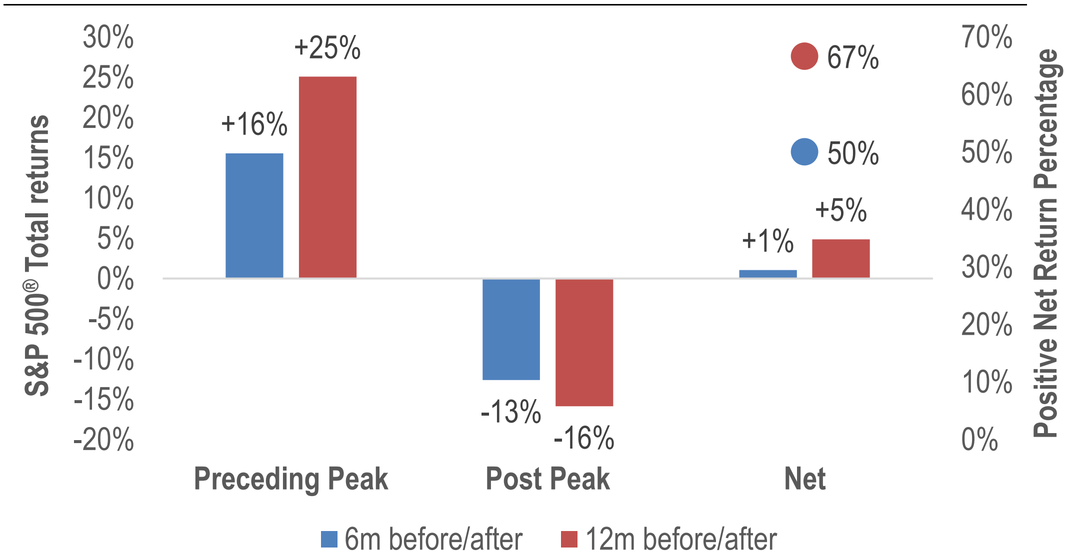
What if this is the end?

There seems to be a building sense of discomfort with the sustainability of this bull market. Following the spate of headlines in August declaring this the longest bull market of all-time (itself a questionable statistic), investors seem ready to cash in their chips and call it a day, especially when the market dips. While we think that this speaks volumes about investor sentiment and the generational scarring carried over from the Financial Crisis a decade ago, what if they're right? What does the end of a bull market look like?

Interestingly, the returns at the end of bull markets are often greater than the losses at the beginning of bear markets. In fact, combining the average returns in the last year of a bull market (+25%) with the average returns in the first year of a bear market (-16%), results in average net two-year returns of +5% and are positive two-thirds of the time. Said another way, the opportunity cost of selling too early is often greater than the losses from selling too late.

Avg S&P 500® returns in the 6 & 12 months pre- and post-bull market peaks since 1935



Source: Richard Bernstein Advisors LLC, Bloomberg

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