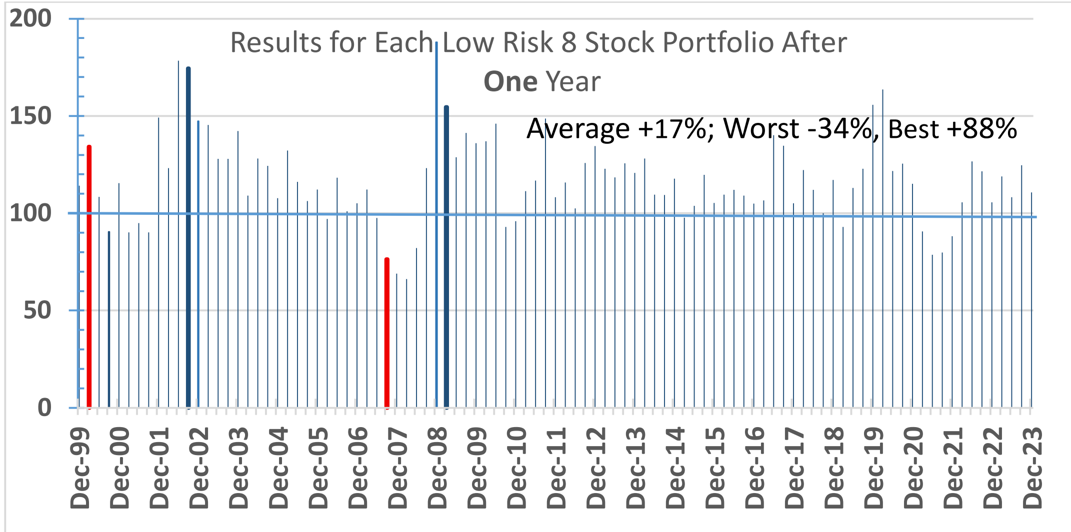
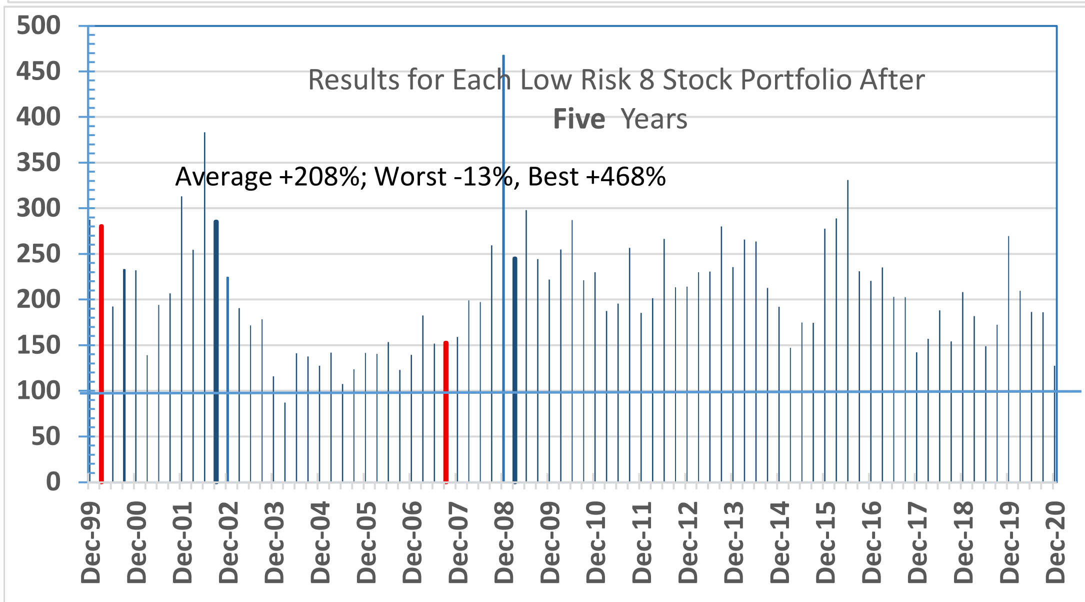
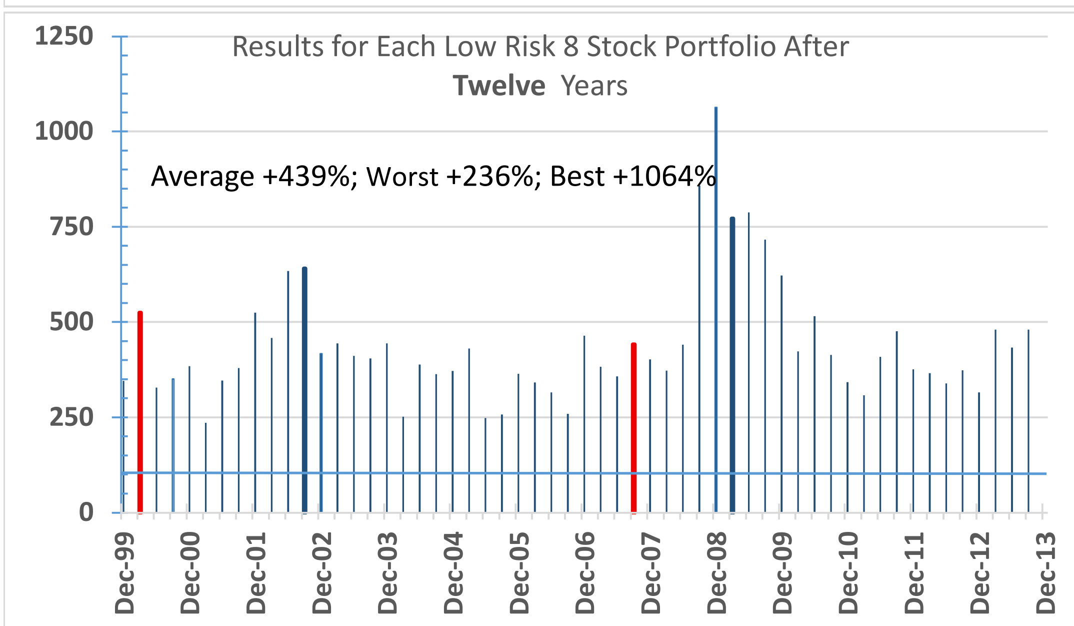
Still, does that give you the confidence to buy when everyone is selling? Here is where history may help. Each of the vertical lines in the chart to the right represents the value of $100 invested equally in the eight stocks that our S&P stock screen selected on that date. The red lines coincide with market tops, the dark blue with market bottoms. Of the 96 portfolios, 16 were below $100 after a year. Buying at the bottom produced a one-year return that was 41% and 79% better than buying at the top.



For five-year periods, of the 84 portfolios, just one was down. Buying at the bottom produced a five-year return that was 1%/yr and 11%/yr better than buying at the top. Interestingly, buying one quarter before the bottom produced better returns. $100 grew to $208 on average, or 16%/yr. Also, it's important to note that the portfolios from 1999 to 2018 are back-tested, hypothetical portfolios. From 2019 on, these are real time actual portfolios from the same model.



The twelve-year holding periods are the most instructive. Averaging a $439 on a $100 investment, the worst return was $236 or 7.4%/yr. Buying at the bottom produced a twelve-year return that was 2% and 5%/yr better than buying at the top. For someone in their high-earning years, saving 25% of their income, a quarterly investment of $1000 would have an average value of $4390 twelve years later. Assuming the pattern continues, investing 25% of that would do the same thing. If you can invest 25% of your income, you might hope to retire in twelve years.



Tom Lukic