

HOW TO SURVIVE A BEAR ATTACK

↑
MARKET



FIELD GUIDE

TIPS FOR SURVIVING A MARKET DOWNTURN



PICKLER
WEALTH ADVISORS

WE ARE HERE, EVERY STEP OF THE JOURNEY

This year has been tough for all of us. The market roller coaster, inflation, foreign wars, government policy changes, and navigating a post-pandemic world have put us all on edge. What it all boils down to is the fear of the unknown. What does tomorrow hold?

The fears you're feeling in regards to this bear market are real. But more importantly, they're valid. It's quite natural to grow uneasy when a market downturn begins to look like it's here to stay. The uncertainty and volatility can often bring out some of our worst fears.

That's why we have put together this Field Guide for our clients. As you will see throughout this guide, staying the course is the key to success. We are here to help you navigate this rough terrain and to let you know you are not alone.

WORDS OF WISDOM

"Bull markets are born on pessimism, grown on skepticism, mature on optimism, and die on euphoria."
-Sir John Templeton, American-British investor

UNDERSTANDING A BEAR MARKET

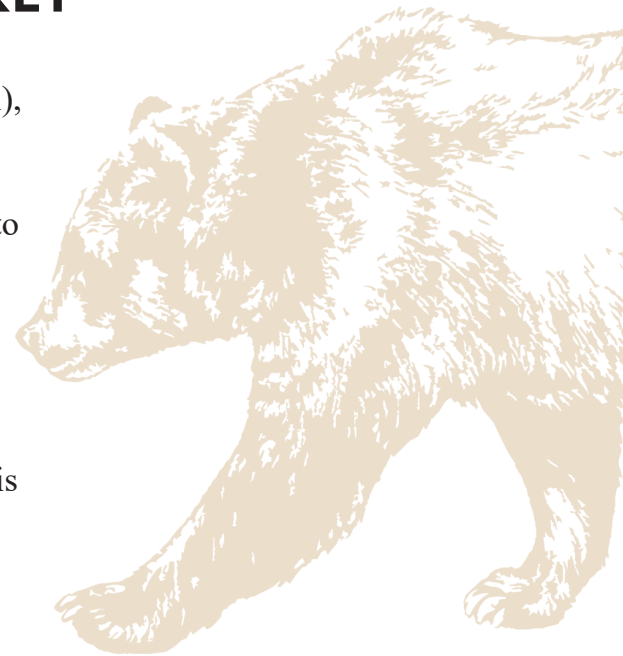
The standard definition of a bear market is when major US stock indexes – like the S&P 500, Dow Jones Industrial Average (DJIA), or the NASDAQ – fall by at least 20% or more. A bear market is not so much a technical definition as it is an expression of a particular market sentiment. Bear markets are normal. They tend to be short lived with an average length of less than a year, and they can create a great buying opportunity.

How the bear market got its name

A bear attacks its victim by pounding its paws *downward*, similar to a sweeping downward trend. A bull market, on the other hand, is named for the bull's tendency to attack in an *upward* motion with its horns, alluding to the upward trend.

What is a bear market and how does it work?

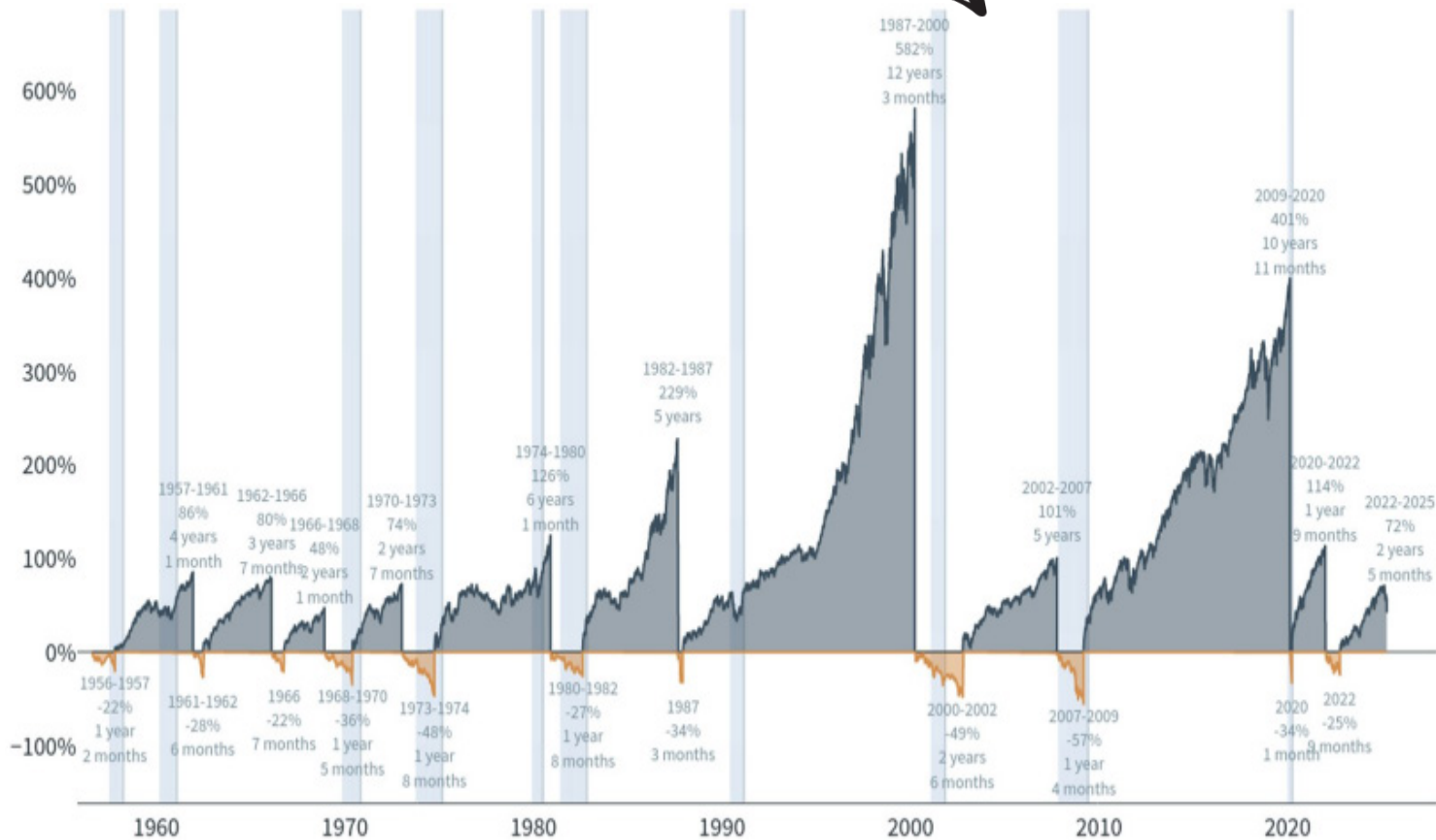
A bear market is fueled by pessimism. While there tends to be some type of economic event such as inflation, recession, or falling stock prices, the issue is perpetuated by a pessimistic outlook from investors. Because of the pessimism, selling increases and stock market prices can plummet.



FACTS FROM THE FIELD

We have had 26 bear markets since 1928. Bear markets tend to last an average of 289 days (9.6 months) with an average loss of 33%. Compare this with the multi-year span of an average bull market (27 since 1928) which lasts an average of 991 days (2.7 years) with an average return of 159%.

HISTORY OF THE U.S. BULL AND BEAR MARKETS



Latest data point is Apr 4, 2025

BEAR

When the index closes at least 20% down from its previous high close, through the lowest close reached after it has fallen 20% or more.



We have had 26 Bear markets since 1928.
Average Profile:

9.6
Months

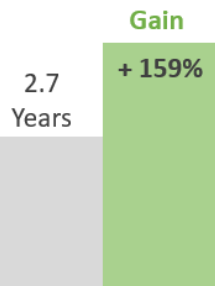


BULL

From the lowest close reached after the market has fallen 20% or more, to the next market high.



We have had 27 Bull markets since 1928.
Average Profile:



HOW DO WE SURVIVE?

If you are going to invest in the stock market for any meaningful amount of time, you will at some point be faced with an angry bear market. When the market drops, it can be tempting to jump out until asset values begin climbing up again. But that can lead to costly mistakes.

Below, you will find three steps toward surviving a bear market including being prepared, avoiding panic, and staying confident. Follow our **KEYS TO SUCCESS** to learn how to stay calm and follow the plan.

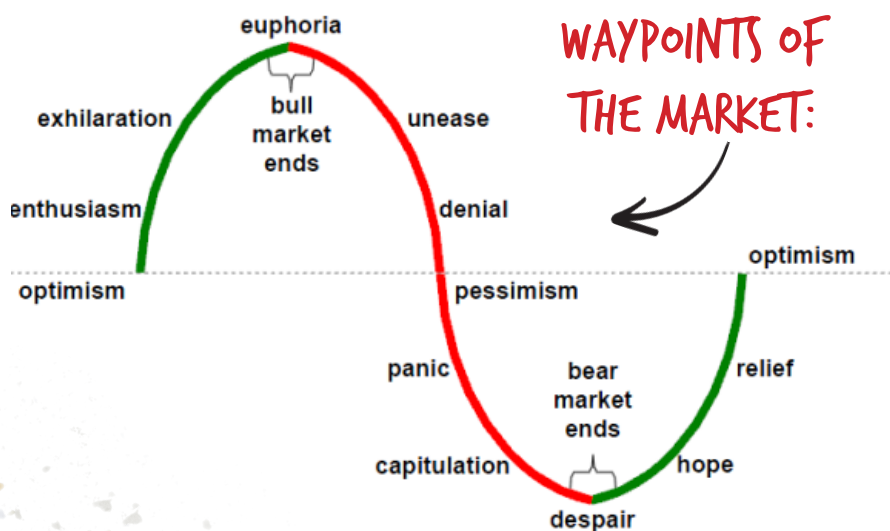
STEP 1. BE PREPARED

If a bear market catches you unprepared, your chances of survival are weakened. To ensure survival, your preparation should be both mental and physical.

Mentally prepare yourself during good markets by acknowledging that bear markets, while completely unpredictable, do happen (and quite frequently at that.) Never be surprised when the next attack comes along. Being well diversified can help cushion against losses. Having multiple levels of liquidity will ensure you have cash in times of need. In every bear market there are likely certain segments of the markets that get hit much harder than others. It's extremely difficult to forecast these ahead of time. One preventive measure you can take is to diversify within the equity market as well as across asset classes.

KEYS TO SUCCESS:

- Understand that bear markets, while unpredictable, do happen
- Develop and update your financial plan with your trusted advisor – match your money to your goals
- Diversify your portfolio – being well diversified can help cushion against losses
- Focus on your goals and review allocations
- Work with your financial advisor to assess your risk tolerance
- Practice staying calm
- Have an emergency fund
- Know that you have the resources, like your advisor, to weather a crisis
- Remember: downturns don't last
- Don't miss out on market rebounds



WORDS OF WISDOM

“Remember: every farmer (or gardener) knows that the most bountiful growth follows a heavy storm. Seek safe harbor with your trusted financial advisor and you’ll weather the storm just fine. Patience is key.”

-Classic American Anecdote

STEP 2. DO NOT PANIC

It has been said that the best tip for surviving a bear attack is to play dead. It will be good practice for when you are actually dead a few seconds later. Okay, maybe we are not talking about *that* kind of bear attack, but seriously...get some mace.

What we are talking about is the kind of attack that happens when the stock market is down. The most important thing to remember when it comes to an angry bear market: Do Not Panic. Remember: don't try to outrun a bear. They can reach speeds of 35 miles per hour, and running only increases their appetite. All you accomplish by panicking and selling is converting short-term market fluctuations into permanent actual losses.

Remember, we are all in the same boat. However, this is *not* the Titanic. The ship will right itself – but perhaps not overnight.

WORDS OF WISDOM

“You get recessions, you have stock market declines. If you don't understand that's going to happen, then you're not ready. You won't do well in the markets.”

-Peter Lynch, famed investor

KEYS TO SUCCESS:

- Play “dead” and stay calm – don't make any sudden moves (panic selling) because sometimes doing nothing is the right thing
- Keep your fears in check
- It might feel overwhelming, but don't give in!
- Live your life – don't let market fluctuations consume you
- The cost of panicking could be missed opportunities to recover your asset values
- Seek guidance from an experienced, trusted advisor for your financial health
- The most powerful market rallies are 3x more common during bear markets
- Psychological research informs us that once you sell out of the market, it is emotionally much more difficult to invest back in the market
- It's all about time in the market, *not* timing the market
- Understand that when stock prices go on sale, nobody wants to buy – but that's when you should!
- Practice frugality, a psychological reminder of your focus of control

DON'T BAIL!

When your pain tolerance is maxed out, your instinct is to cut and run. The urge to bail typically occurs near or at the bottom of a market move. Switch TV channels if the volatility of the market creates angst! Play the long game and be confident that your plan will see you through.



STEP 3. BE CONFIDENT

Have a plan and stick to it. Simple, right?

Internally and externally, you will be assaulted by emotions, family, friends, co-workers, “advisors,” and media screaming one message: “the market is doomed, this could be the end!” Always remember that no one can predict the future, and the most important thing we can do is have a process and plan that will give us the best chance of success.

In order to remain confident, you must resist the temptation to give in. As with all good plans, focus on your end goal and embrace new opportunities.

KEYS TO SUCCESS:

- Work with your financial advisor to reassess your plan status vs. your goals
- Keep breathing and do not give in!
- Look for strategic opportunities created by markets
- Take advantage of great value, buy low!
- Accumulate shares through dollar cost averaging
- Resist the urge to sell stocks in a bear market
- When a bear strikes, focus on your end goal
- Calmly remind yourself why you are investing and how your asset allocation addresses both your appetite for risk and your desire to meet long-term goals
- Review your financial plan to reassure yourself that you’re still on track

FACTS FROM THE FIELD

Historically, the portfolio survival rate for investors who were prepared, didn’t panic, and confidently maintained their investments is **100%**, even during the most ferocious of bear market attacks.

DON'T FORGET! ↗



REMEMBER:
EVERY BEAR MARKET IS
FOLLOWED BY A BULL!

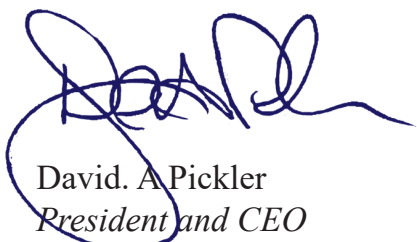
FIELD GUIDE

YOUR COMPASS

We are honored to be your trusted advisor, and do not take our responsibilities lightly. We serve as your compass to help you navigate life's unpredictable yet exciting journey – through the peaks and the valleys.

While we have a system of ongoing monitoring and review for each and every client, we invite you to reach out any time you have a question. Our continued relationship with you is of utmost importance, and we confidently look forward to brighter days.

Stay the course,



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REFERENCE(S), EXCERPTS, & ACKNOWLEDGMENTS:

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Thank you to Paula Jacobs for your review, notes, and edits



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