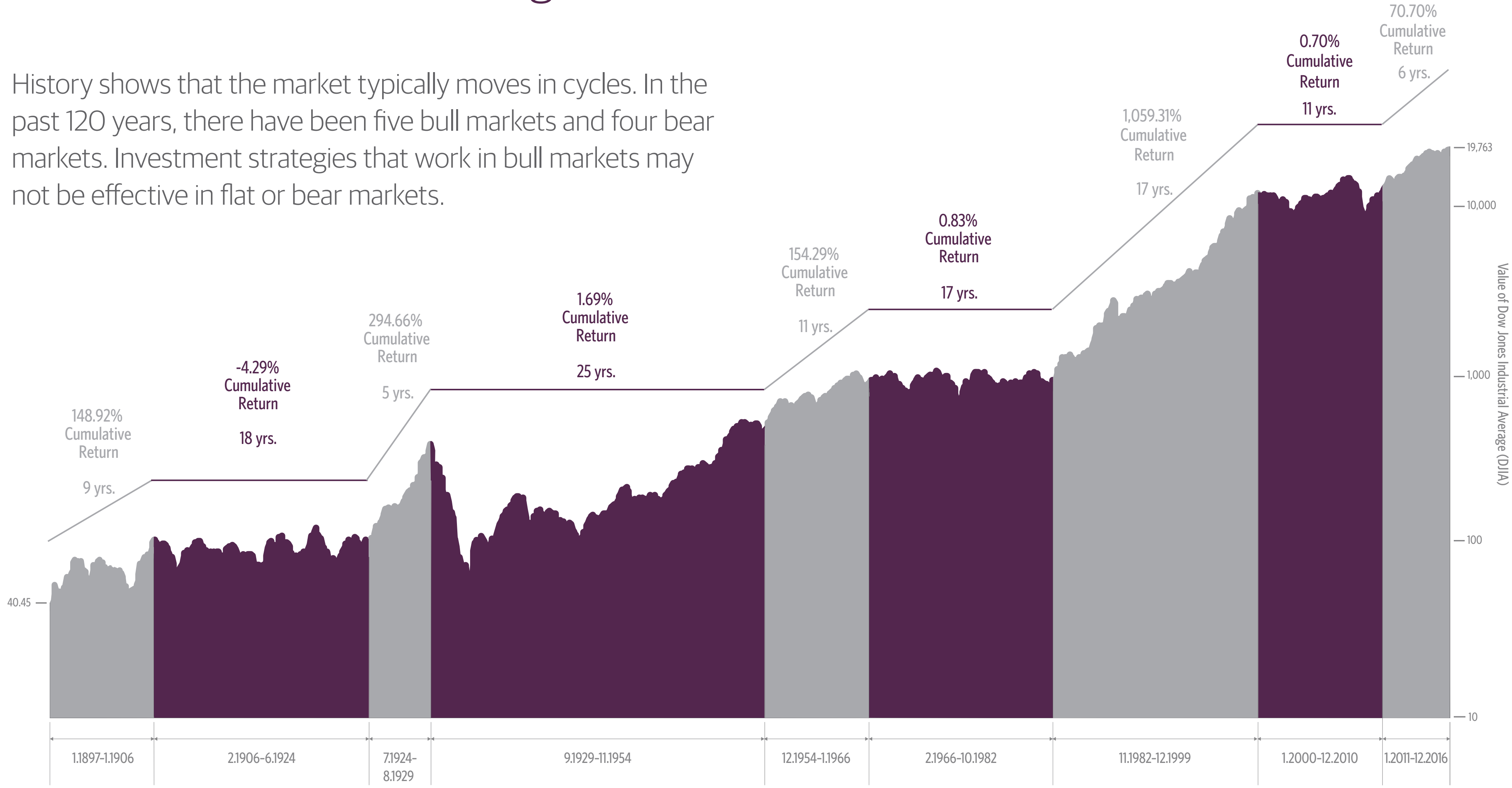
# Dow Jones Industrial Average **Historical Trends**

History shows that the market typically moves in cycles. In the past 120 years, there have been five bull markets and four bear markets. Investment strategies that work in bull markets may not be effective in flat or bear markets.




Source: Graph created by Guggenheim Investments using data from dowjones.com. Cumulative returns are calculated by Guggenheim Investments. Logarithmic graph of the Dow Jones Industrial Average from 1.1897 through 12.2016. Bull and bear markets illustrated are long-term secular periods, and do not necessarily indicate all bull or bear market periods, which may differ based on methodology utilized. For this analysis, we considered the end of a bull market when the index drops below its peak and stays there for a significant period of time.

**Performance displayed represents past performance, which is no guarantee of future results.** For more information call 800 345 7999 or visit GuggenheimInvestments.com.

# Dow Jones Industrial Average **Historical Trends**

Over the last 120 years, the stock market has rewarded some investors with long-term growth. But for most investors, a realistic time horizon is 10 to 20 years—not more than a century.

History shows that the equity market enters long periods of high returns, followed by lengthy periods of lower ones. These periods are called secular trends. There are two kinds of secular trends:

**A secular bull market,** or upward-trending market, occurs when each successive high point is higher than the previous one.

| Start | End | Months | Years | Annualized Return | Cumulative Return | Annualized Std. Dev.[4] |
|---|---|---|---|---|---|---|
| 1.1897 | 1.1906 | 109 | 9 | 10.56% | 148.92% | 20.45% |
| 7.1924 | 8.1929 | 62 | 5 | 30.44% | 294.66% | 17.30% |
| 12.1954 | 1.1966 | 134 | 11 | 8.72% | 154.29% | 11.68% |
| 11.1982 | 12.1999 | 206 | 17 | 15.34% | 1,059.31% | 15.02% |
| 1.2011 | 12.2016 | 72 | 6 | 9.32% | 70.70% | 11.17% |

**A secular bear market,** or downward-trending market, occurs when a trend does not rise above the previous high.

| Start | End | Months | Years | Annualized Return | Cumulative Return | Annualized Std. Dev.[4] |
|---|---|---|---|---|---|---|
| 2.1906 | 6.1924 | 221 | 18 | -0.24% | -4.29% | 18.54% |
| 9.1929 | 11.1954 | 303 | 25 | 0.07% | 1.69% | 24.96% |
| 2.1966 | 10.1982 | 201 | 17 | 0.05% | 0.83% | 15.25% |
| 1.2000 | 12.2010 | 132 | 11 | 0.06% | 0.70% | 15.75% |

Having a thorough understanding of these trends and the current market environment may help you better prepare for upcoming financial goals. Contact your financial advisor to discuss this concept further.

Source: Calculated by Guggenheim Investments using data from dowjones.com and Bloomberg. **Performance displayed represents past performance, which is no guarantee of future results.** This information is for illustrative purpose only and should not be construed as a recommendation of any particular security or strategy. Index performance is for illustration purposes only and is not meant to represent any particular fund. Returns do not reflect any management fees, transaction costs or expenses. The index is unmanaged and not available for direct investment. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. Returns do not reflect dividends, management fees, transaction costs, or expenses. There is no guarantee that prior markets will be duplicated. *Diversification neither assures a profit nor eliminates the risk of experiencing investment losses. No investment strategy can guarantee returns in a declining market.



**Some strategies to consider during various secular cycles include:**

**Secular Bull Market**

- Relative Returns[1]
- Wealth Accumulation
- Correlating Assets[2]
- Buy and Hold

**Secular Bear Market**

- Real Returns[1]
- Wealth Preservation
- Noncorrelating Assets[2]
- Dynamic/Alternative Approach[3]

1 Real returns are what you actually make. Hypothetically, if your portfolio returned 12% last year, this should be your real return. Relative returns are returns compared to a benchmark. For example, if an index made 28% last year, compared to your portfolio which made 12%, your portfolio underperformed relative to the benchmark S&P 500®.

2 Correlation is a statistical measure of how two variables move in relation to each other. This measure ranges from -1 to +1 where -1 indicates perfect negative correlation and +1 indicates perfect positive correlation.

3 A dynamic/alternative approach is one that incorporates specialized investments in conjunction with a core strategy to potentially take advantage of changing market conditions. Specialized investment strategies may help you achieve greater diversification*, lower volatility, and potentially better returns. There are various risks associated with these types of investments, so you should educate yourself thoroughly with the help of your advisor to gain a better understanding.

4 Standard deviation is a statistical measure of the historical volatility of an investment.