

Twitter Thread by Matt Allen



Matt Allen

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12 charts every investor should know:

1. History of the stock market in one chart

The Dow Jones Industrial Average: 1896-2016



2. The Psychology of a Market Cycle



3. "Experts" will always give you smart reasons to sell in the short term, but you will regret it in the long term



4. Largest companies by market cap (1960-2022)

Largest U.S. Companies by Market Cap (1960 - 2022)								
Rank	1960	1970	1980	1990	2000	2010	2020	2022
1	AT&T	IBM	IBM	Exxon	Microsoft	Exxon Mobil	Apple	Apple
2	General Motors	AT&T	AT&T	General Electric	General Electric	Microsoft	Microsoft	Microsoft
3	Dupont	General Motors	Exxon	IBM	Cisco	Walmart	Amazon	Alphabet
4	Exxon	Eastman Kodak	General Motors	AT&T	Walmart	Apple	Alphabet	Amazon
5	General Electric	Exxon	Amoco	Philip Morris	Exxon Mobil	Johnson & Johnson	Meta	Tesla
6	IBM	Sears Roebuck	Mobil	Merck	Intel	Proctor & Gamble	Tesla	Berkshire Hathaway
7	Texaco	Texaco	General Electric	Bristol-Myers	Lucent	IBM	Berkshire Hathaway	UnitedHealth Group
8	Union Carbide	Xerox	Chevron	Dupont	IBM	JP Morgan Chase	Visa	Johnson & Johnson
9	Eastman Kodak	Genral Electric	Atlantic Richfield	Amoco	Citigroup	AT&T	Johnson & Johnson	NVIDIA
10	Sears Roebuck	Gulf Oil	Shell Oil	BellSouth	AOL	General Electric	Walmart	Meta
 COMPOUND								@CharlieBilello

5. Compounding is the 8th wonder of the world

\$1.00 Doubling 20 Times

Compounding Tax-Free	Taxable at 25%
\$2.00	\$1.75
\$4.00	\$3.06
\$8.00	\$5.36
\$16.00	\$9.38
\$32.00	\$16.41
\$64.00	\$28.72
\$128.00	\$50.27
\$256.00	\$87.96
\$512.00	\$153.94
\$1,024.00	\$269.39
\$2,048.00	\$471.43
\$4,096.00	\$825.01
\$8,192.00	\$1,443.76
\$16,384.00	\$2,526.58
\$32,768.00	\$4,421.51
\$65,536.00	\$7,737.64
\$131,072.00	\$13,540.88
\$262,144.00	\$23,696.54
\$524,288.00	\$41,468.94
\$1,048,576.00	\$72,570.64

6. These are the best times to invest in the market



Source: The Conference Board, Goldman Sachs Global Investment Research



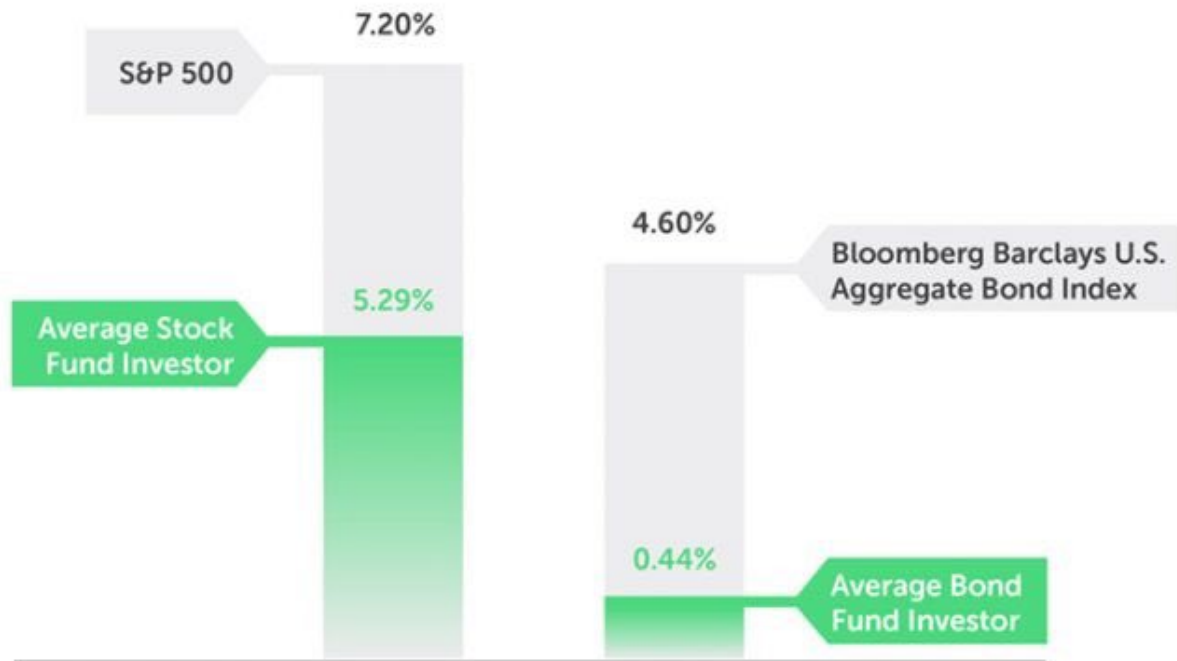
7. "Insiders might sell their shares for any numbers of reasons, but they buy them for only one: they think the price will rise."
- Peter Lynch



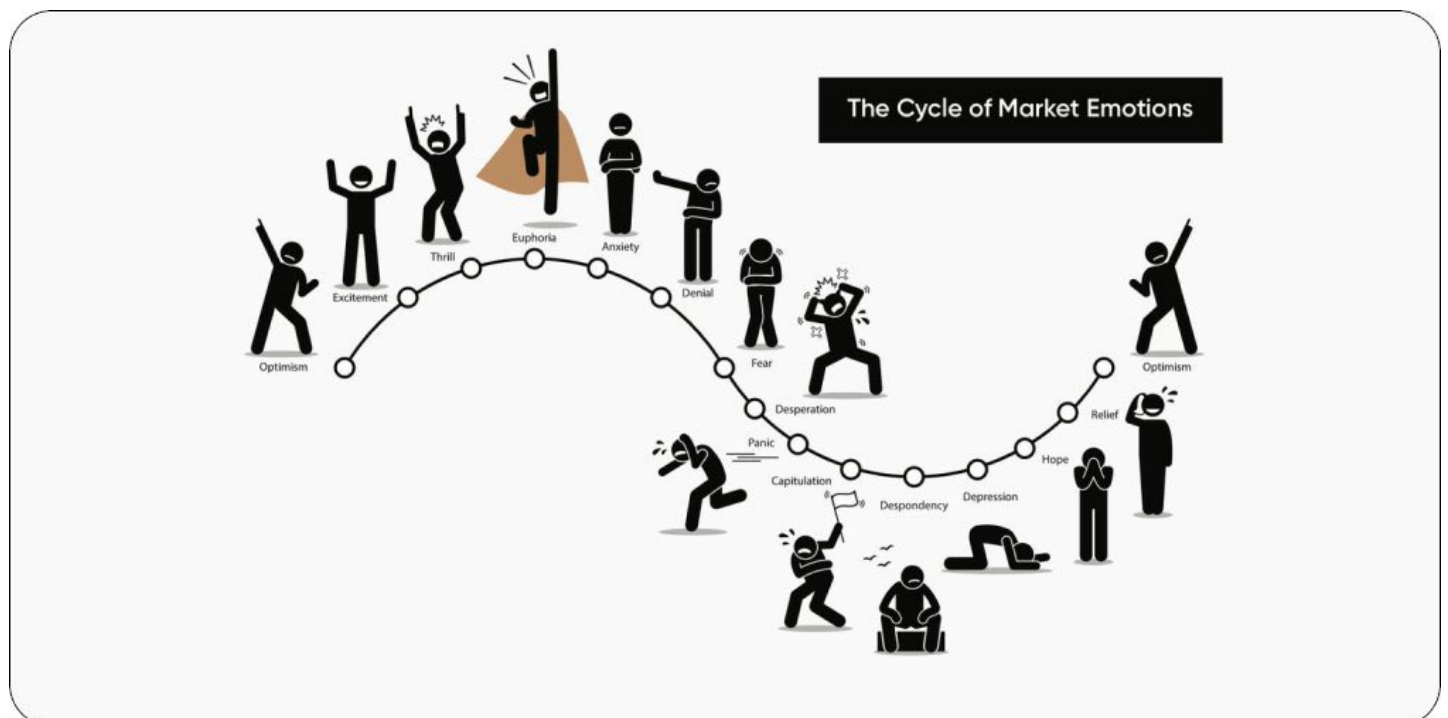
8. Average investors historically underperform the stock market.

AVERAGE INVESTORS UNDERPERFORMED

Major Indices 1998 – 2017



9. The Cycle of Market Emotions:



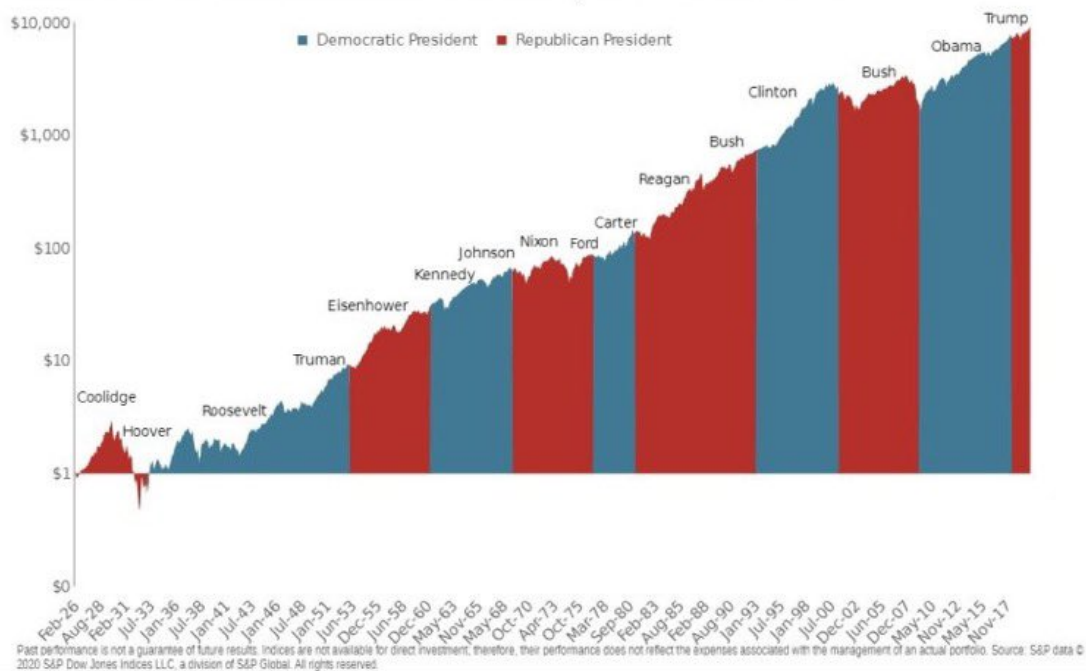
10. Great investors understand that market drawdowns are part of investing:

S&P 500 Drawdowns Since 1928

Peak	Trough	% Decline	# of Days	Peak	Trough	% Decline	# of Days
5/14/1928	6/12/1928	-10.3%	29	11/29/1968	5/26/1970	-36.1%	543
9/7/1929	11/13/1929	-44.7%	67	4/28/1971	11/23/1971	-13.9%	209
4/10/1930	6/1/1932	-83.0%	783	1/11/1973	10/3/1974	-48.2%	630
9/7/1932	2/27/1933	-40.6%	173	11/7/1974	12/6/1974	-13.6%	29
7/18/1933	10/21/1933	-29.8%	95	7/15/1975	9/16/1975	-14.1%	63
2/6/1934	3/14/1935	-31.8%	401	9/21/1976	3/6/1978	-19.4%	531
4/6/1936	4/29/1936	-12.8%	23	9/12/1978	11/14/1978	-13.6%	63
3/6/1937	3/31/1938	-54.5%	390	10/5/1979	11/7/1979	-10.2%	33
11/9/1938	4/8/1939	-26.2%	150	2/13/1980	3/27/1980	-17.1%	43
10/25/1939	6/10/1940	-31.9%	229	11/28/1980	8/12/1982	-27.1%	622
11/9/1940	4/28/1942	-34.5%	535	10/10/1983	7/24/1984	-14.4%	288
7/14/1943	11/29/1943	-13.1%	138	8/25/1987	12/4/1987	-33.5%	101
2/5/1946	2/26/1946	-10.1%	21	1/2/1990	1/30/1990	-10.2%	28
5/29/1946	10/9/1946	-26.6%	133	7/16/1990	10/11/1990	-19.9%	87
2/11/1947	5/19/1947	-14.7%	97	10/7/1997	10/27/1997	-10.8%	20
7/24/1947	2/14/1948	-14.1%	205	7/17/1998	8/31/1998	-19.3%	45
6/15/1948	6/13/1949	-20.6%	363	7/16/1999	10/15/1999	-12.1%	91
6/12/1950	7/17/1950	-14.0%	35	3/24/2000	10/9/2002	-49.1%	929
1/5/1953	9/14/1953	-14.8%	252	11/27/2002	3/11/2003	-14.7%	104
9/23/1955	10/11/1955	-10.6%	18	10/9/2007	3/9/2009	-56.8%	517
8/2/1956	2/12/1957	-14.8%	194	4/23/2010	7/2/2010	-16.0%	70
7/15/1957	10/22/1957	-20.7%	99	4/29/2011	10/3/2011	-19.4%	157
8/3/1959	9/28/1960	-13.6%	422	11/3/2015	2/11/2016	-13.3%	100
12/12/1961	6/26/1962	-28.0%	196	1/26/2018	2/8/2018	-10.2%	13
8/22/1962	10/23/1962	-10.5%	62	9/20/2018	12/24/2018	-19.8%	95
2/9/1966	10/7/1966	-22.2%	240	2/19/2020	3/23/2020	-33.9%	33
9/25/1967	3/5/1968	-10.1%	162	1/3/2022	???	-13.4%	???

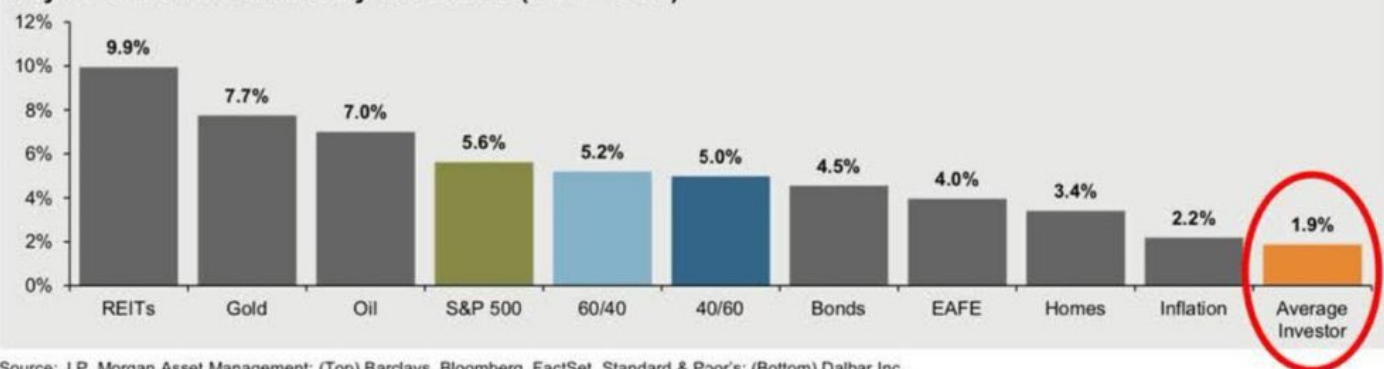
11. Politics do not help or hurt the stock market

Growth of a Dollar Invested in the S&P 500: January 1926–December 2019



12. The average investor is their own worst enemy

20-year annualized returns by asset class (1999 – 2018)



Source: J.P. Morgan Asset Management; (Top) Barclays, Bloomberg, FactSet, Standard & Poor's; (Bottom) Dalbar Inc.
 Indices used are as follows: REITs: NAREIT Equity REIT Index, EAFE: MSCI EAFE, Oil: WTI Index, Bonds: Bloomberg Barclays U.S. Aggregate Index, Homes: median sale price of existing single-family homes, Gold: USD/troy oz., Inflation: CPI. 60/40: A balanced portfolio with 60% invested in S&P 500 Index and 40% invested in high-quality U.S. fixed income, represented by the Bloomberg Barclays U.S. Aggregate Index. The portfolio is rebalanced annually. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/18 to match Dalbar's most recent analysis.
 Guide to the Markets – U.S. Data are as of March 31, 2019.

J.P.Morgan
 Asset Management

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