

In 2010, I created a timer for long-term trading of SPX (via SPY, or more recently, VOO, etc.). Now that I'm nearing retirement, I decided to dig it back out to see how well the timer has held up over the last 15 years.

The goal of the timer is to exit the market when a major downturn may be occurring. During periods out of the market, cash is held in money market, short term treasury bonds, etc. The timer has very simple rules for exiting the S&P position to cash, and when to get back in.

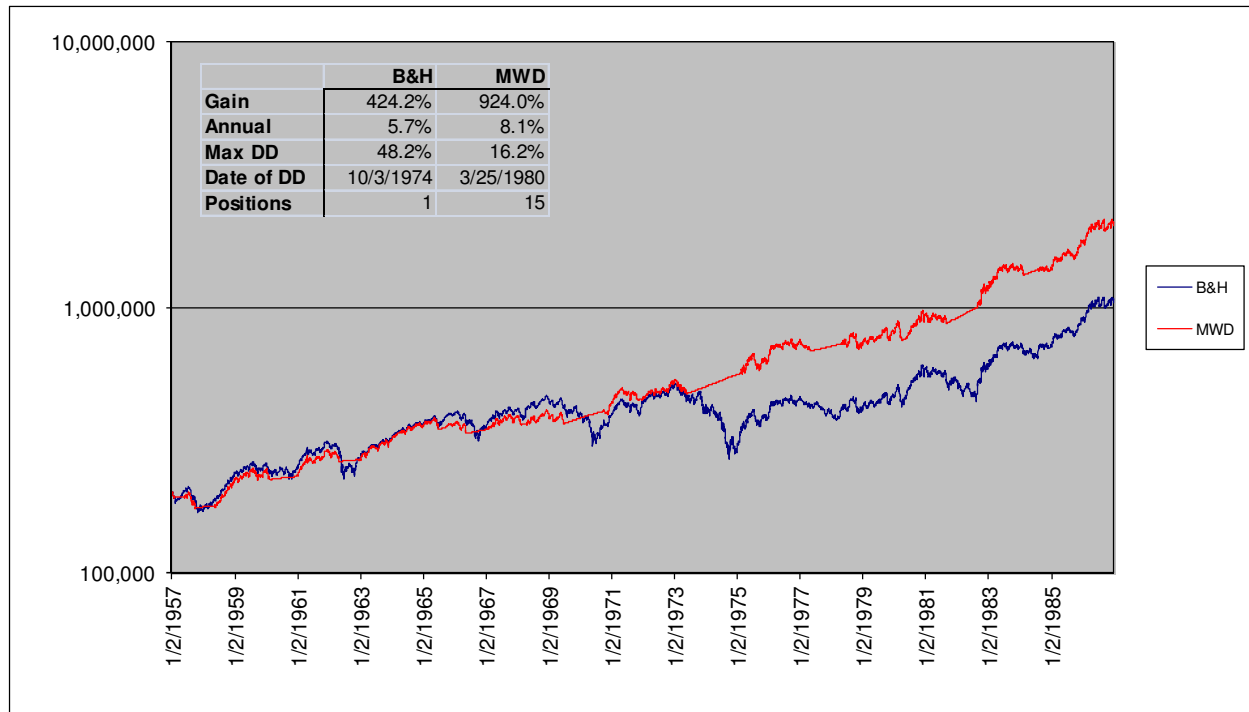
The following charts show the result of a \$200K portfolio invested in the S&P with buy and hold (B&H) or with my timer (MWD). There are numerous charts, each showing a different start year for a 30 year retirement period (start in 1957, 1962, 1967, etc.). Of course, charts starting after 1995 will not have a full 30 year period, but I ran several more charts anyway.

On each chart is a summary that includes the max-draw down experienced during the 30 year period and the total number of trades that occurred (entry/exit pairs). Notice there are relatively few trades required over each of the 30 year periods.

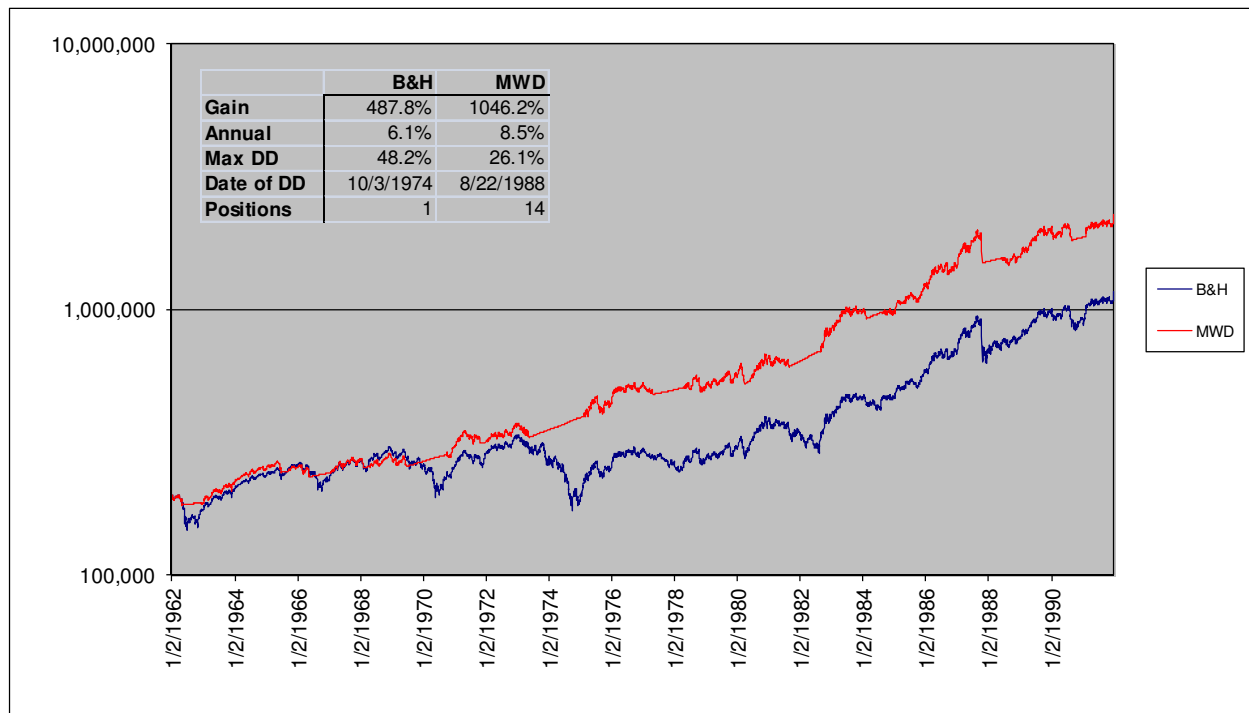
With the timer, worst-case drawdown and volatility is always less than buy-and-hold, and earnings are actually better most of the time. This exceeds my original goal of simply getting "decent" returns with less volatility than buy-and-hold.

With this timer, an 80/20 stock/bond allocation (or even 85/15) gives overall volatility similar to or better than a typical 60/40 stock/bond allocation. However, knowing I am out of the market during a bear market feels far better than hoping my 60/40 allocation protects me during the months or years I am waiting for the bottom of the market. Further, being able to use an 80-85% stock allocation versus 60% further improves the yield of this timer over a 60/40 portfolio, all while maintaining a similar or better level of volatility.

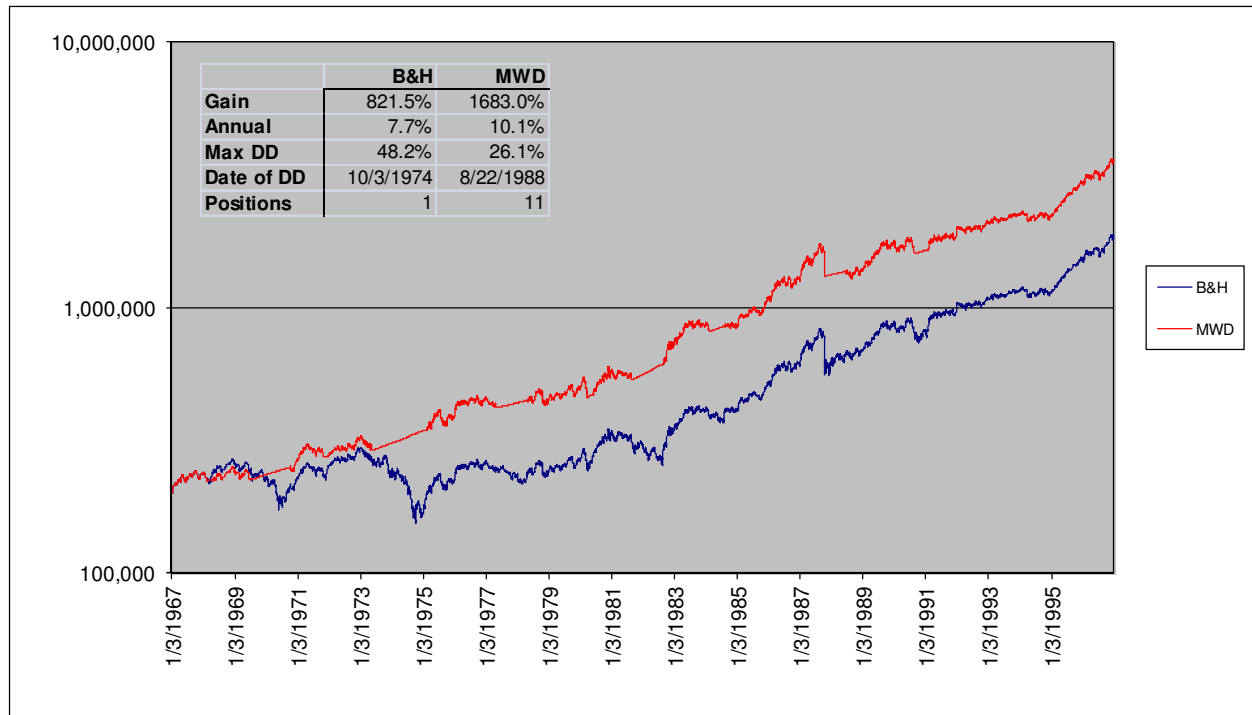
1957 thru 1986



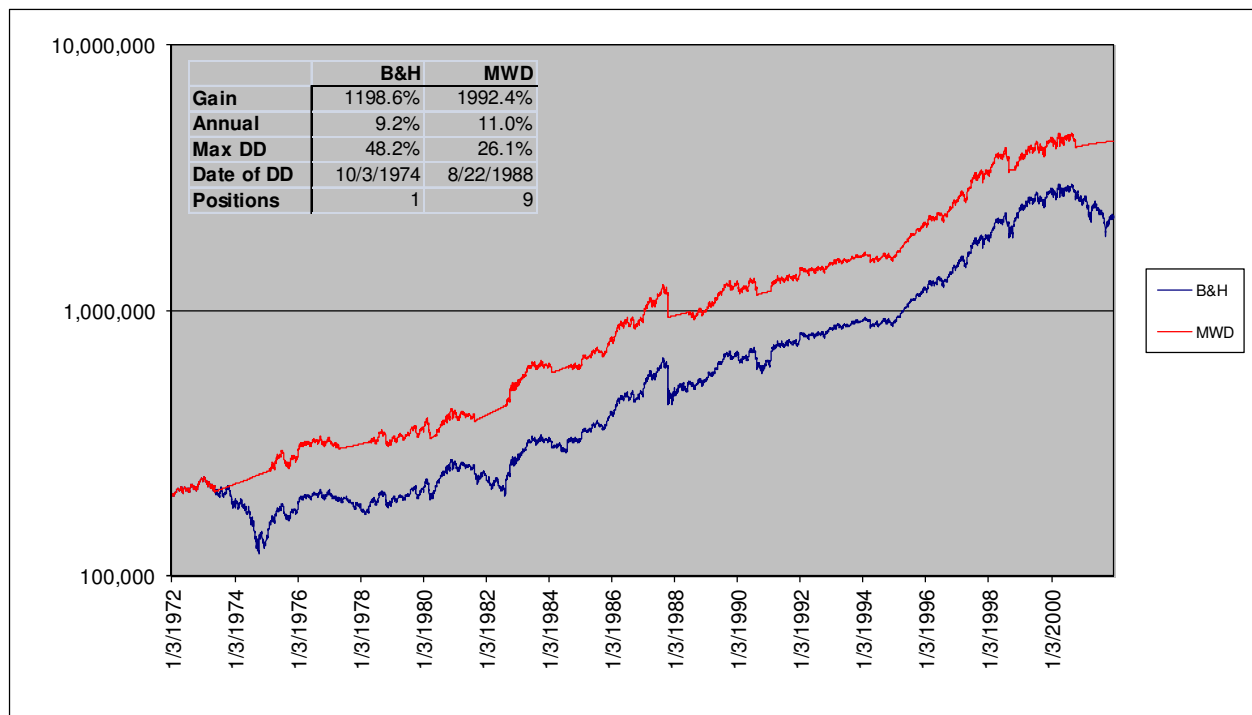
1962 thru 1991



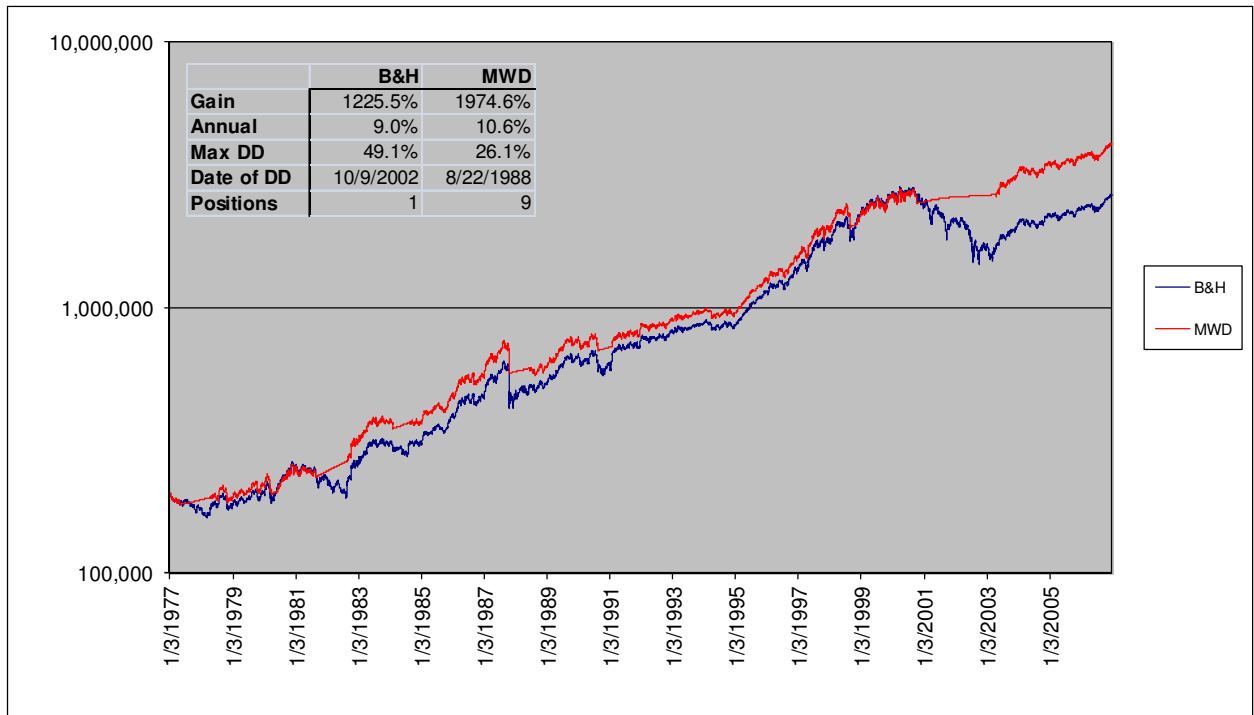
1967 thru 1996



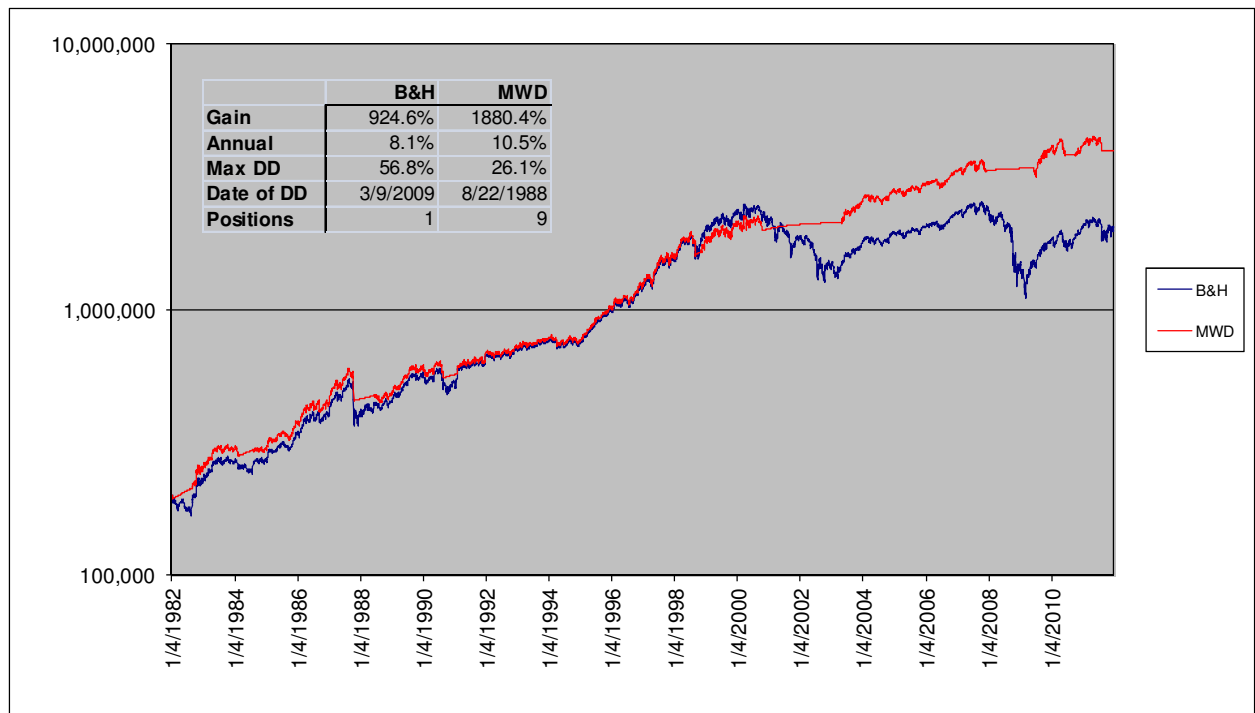
1972 thru 2001



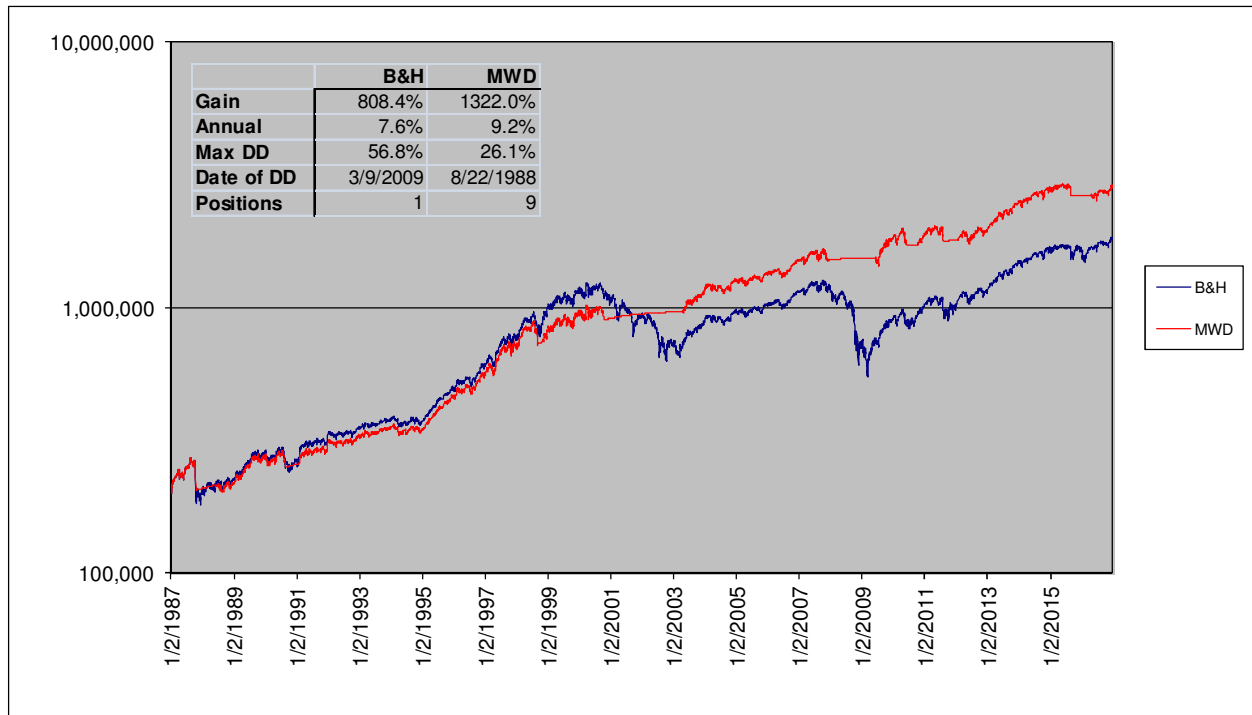
1977 thru 2006



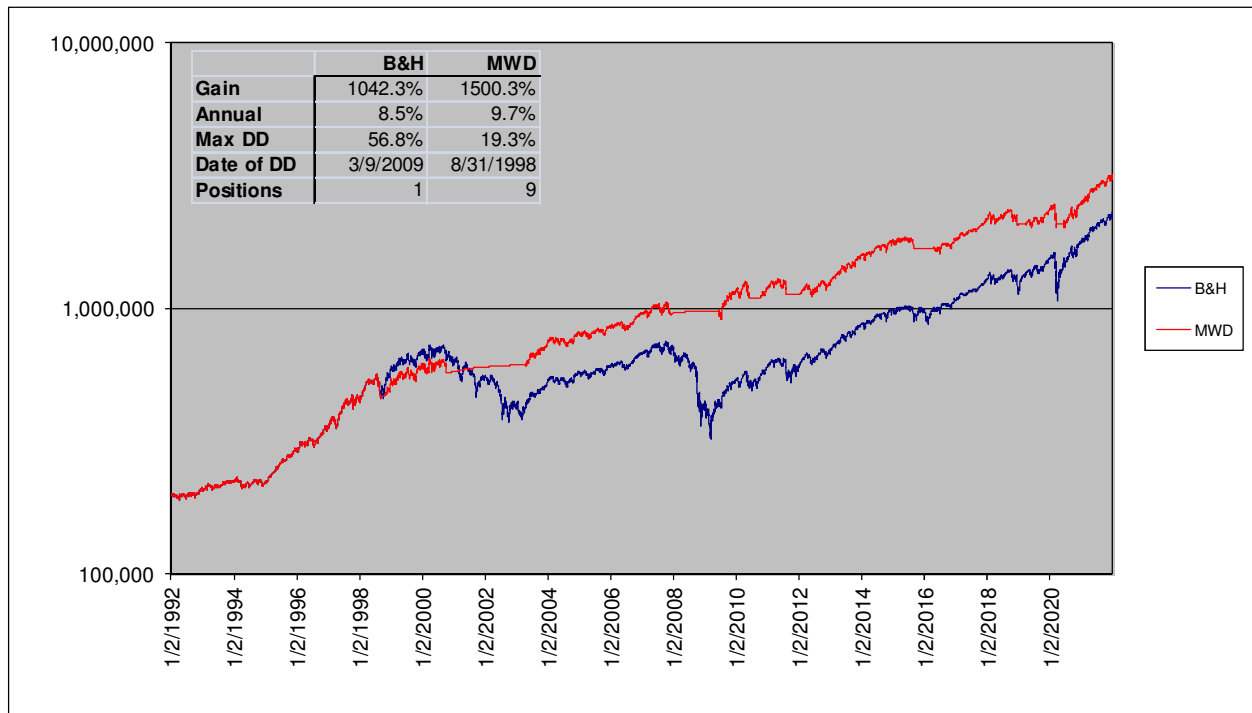
1982 thru 2011



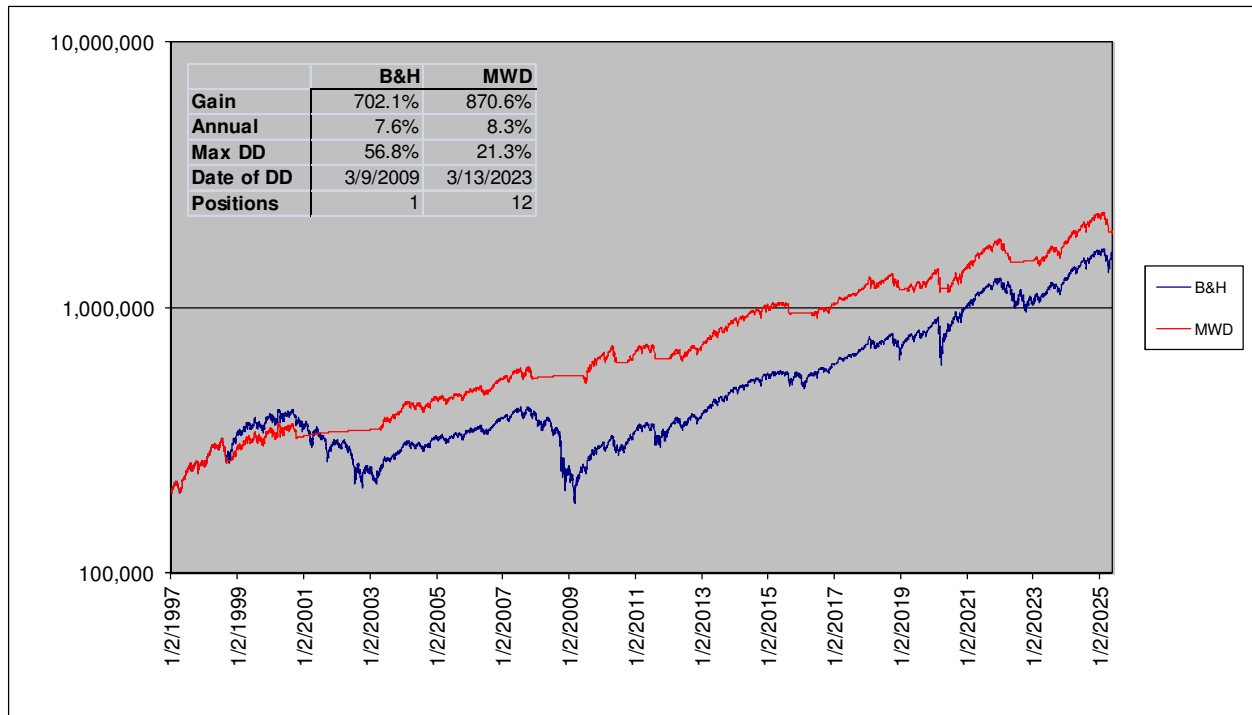
1987 thru 2016



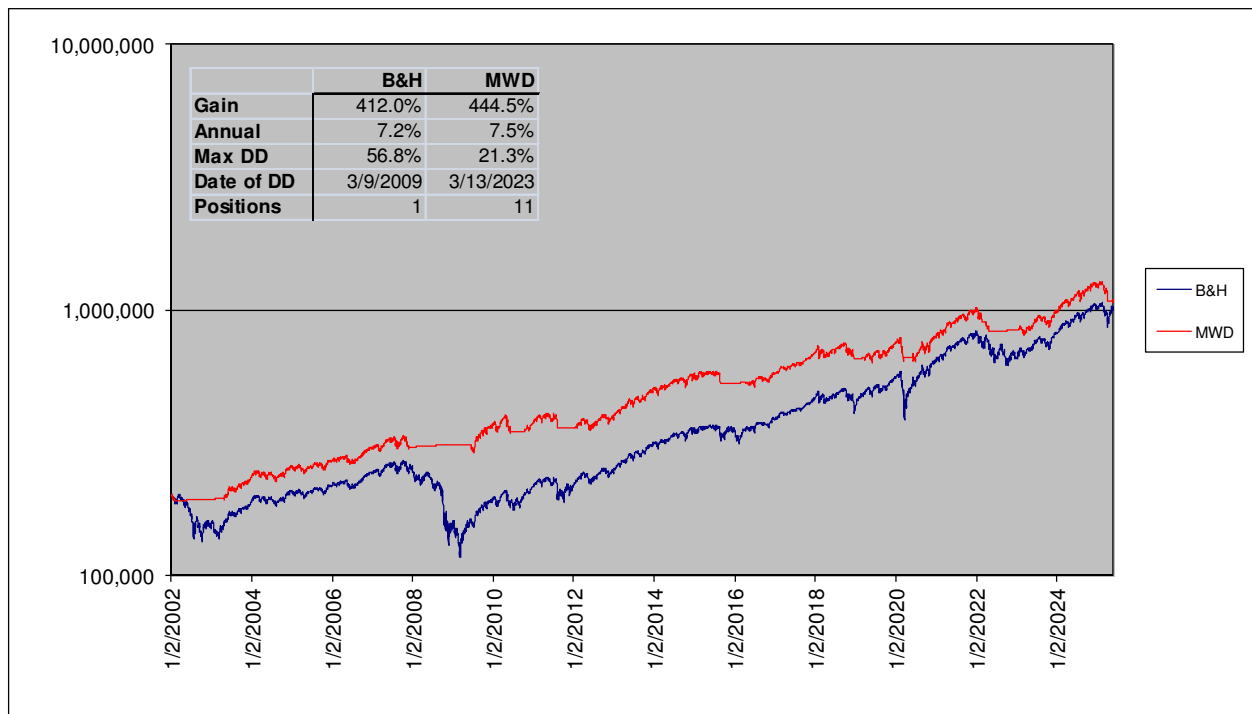
1992 thru 2021



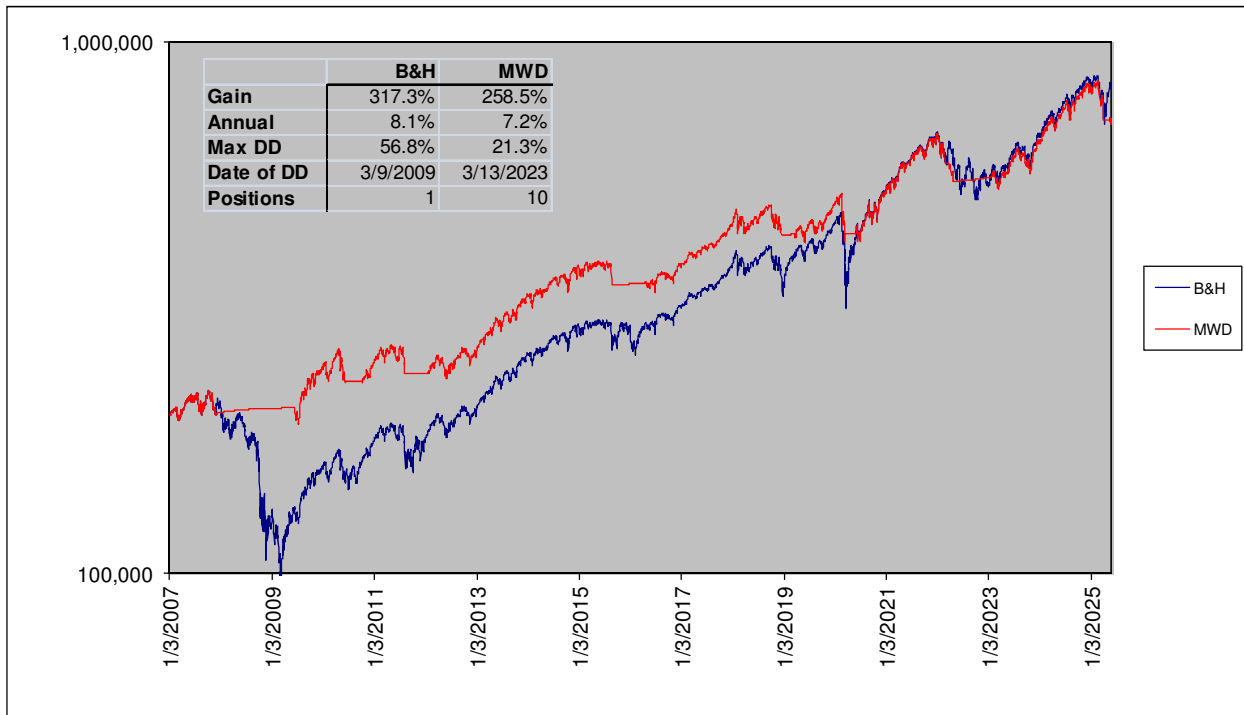
1997 thru 2025 (May)



2002 thru 2025 (May)



2007 thru 2025 (May)



2012 thru 2025 (May)

