



A Bear Market Survival Guide

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Understanding Bear Markets



- Definition: A bear market is **typically a 20%+ drop from market highs.**
- It's more than numbers... it's a psychological turning point.
- Since 1945, there have been 15 bear markets; average decline: 32%, average duration: 11 months, and recovery takes 1.7 years.

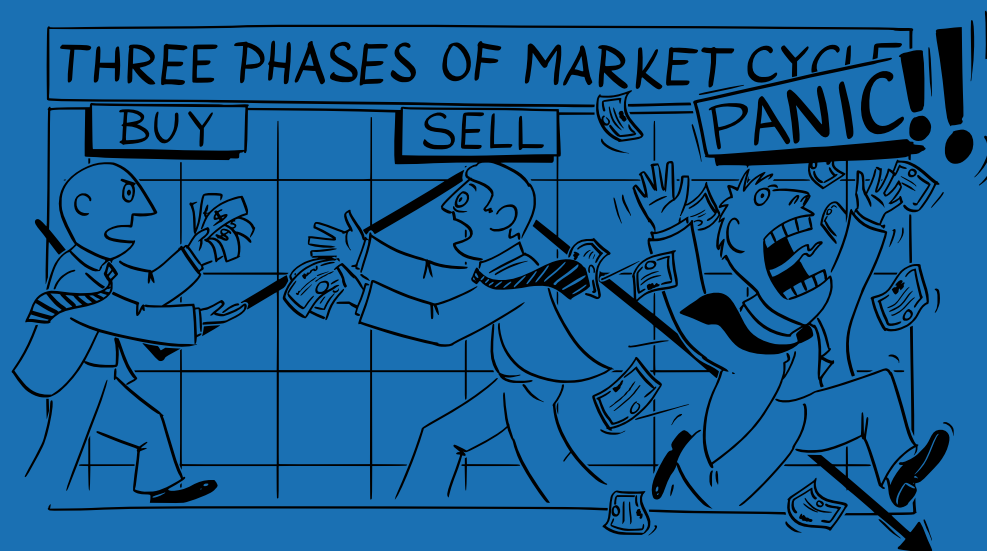


Historical Context and Market Cycles



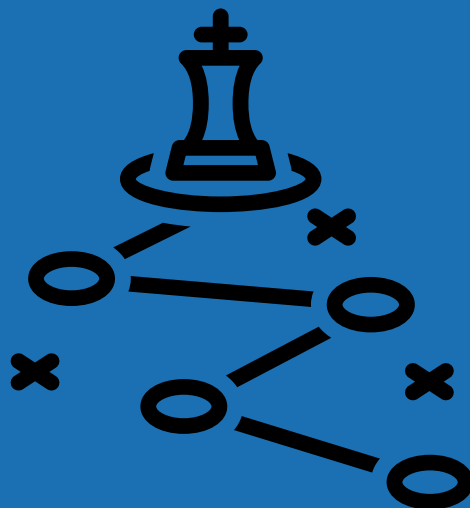
- Bear markets are temporary. They are followed by strong bull markets.
- Average bull market: +150% return over 4.3 years.
- Bear markets are part of a natural market cycle: decline, recovery, growth.
- Market corrections (10–20% dips) are frequent and recover quickly.

Psychology & Behavior of Investors



- The real pain isn't the drop — **it's the uncertainty.**
- Investors often make emotional decisions based on fear, not fundamentals.
- Common emotional cycle:
Disbelief → Hope → Euphoria → Panic → Depression → Recovery.
- Volatility is not loss. Reacting emotionally can lead to real losses.

Strategies to Stay Grounded



- Discipline > Prediction — the most powerful tool is sticking to a plan.
- Document your rationale for trades to avoid reactionary decisions.
- Use systematic investing: invest monthly, follow rules, avoid panic.
- Use a checklist approach for decisions: Why am I buying/selling? What's my time horizon?



Opportunities in a Down Market



- Bear markets are a time to build positions in quality companies.
- Focus on businesses with strong fundamentals, cash flow, and durable moats.
- Don't rush — deploy capital gradually (dollar-cost averaging).
- Use "regret minimization" — avoid decisions you'll second-guess.
- Often, the best buying opportunities feel the worst in the moment.



Tactical Advice



- Invest cash monthly — rain or shine.
- Don't chase safety after the drop.
- Don't try to time the bottom — getting close is good enough.
- Set rules-based parameters for portfolio positions and stick to them.

Helpful Quotes



- "Being an optimist on the U.S. economy is a superpower."
– Duane Lee
- "You make most of your money in a bear market — you just don't realize it at the time."
– Shelby Davis
- "If you don't know who you are, the stock market is an expensive place to find out."
– Adam Smith
- "Discipline, not prediction, is your superpower."
– Duane Lee paraphrasing Peter Lynch



Final Checklist



- Zoom out: Bear markets are temporary. Long-term view shows growth.
- Stay calm: Emotions are the enemy.
- Have a plan: Let rules drive behavior, not fear.
- Look for resilient businesses: Strong balance sheets, loyal customers, growth potential.
- Be patient: Time, not timing, is the key to long-term wealth.





**Bear markets test your emotions,
not your knowledge.**

The investors who succeed aren't always the
smartest — they're the ones who stay grounded,
stay invested, and stay patient.

