

## What Happens When You Buy Assets Down 80%?

We've done a lot of articles on value and drawdowns on the blog before (search the archives). I was curious what happens when you bought the US equity sectors back when they were really hammered (French Fama to 1920s).

Average 3 year nominal returns when buying a **sector** down since 1920s:

60% = 57%

70% = 87%

80% = 172%

90% = 240%

Average 3 year nominal returns when buying an **industry** down since 1920s:

60% = 71%

70% = 96%

80% = 136%

90% = 115%

Average 3 year nominal returns when buying a **country** down since 1970s:

60% = 107%

70% = 116%

80% = 118%

90% = 156%

It's hard to buy something down 80%, especially if you owned it when it was down 30, 50, then 80%. But usually that is a great time to be wading in... Some recent examples of assets that have gotten clobbered include tech in 2002, homebuilders in 2009, and Greece and (Junior) Gold Miners now.