

Total Returns Since Inception, vs. SPY and a 60/40

Fresh computation through July 6, 2026 — and what the trade-off really buys

A question I get often: what has the strategy actually returned since inception, and how does that stack up against just owning the market — or a plain balanced fund? Here is the answer, computed fresh from market data through July 6, 2026, with every number double-checked two independent ways.

Bottom line: over the full ETF-based history, the strategy earned a fraction of SPY's total return but did so with far less pain — a maximum drawdown near –21% versus –55% for the S&P 500. Its whole value is downside protection, not return enhancement. It also trails a plain 60/40 balanced fund (VBIAX) on return while beating it decisively on drawdown.

Since inception vs. SPY (October 11, 1999)

The nine original Sector SPDR ETFs launched in December 1998. The strategy needs a 200-day moving average before it can generate a signal, so the live equal-weight portfolio's first day of returns is October 11, 1999 — the first date all nine sectors have a valid 200-day SMA. That is the natural inception for an ETF-investable version of the strategy. (XLRE was added at its launch in July 2016, XLC in April 2019.)

Since Oct 11, 1999	Total Return	CAGR	Max Drawdown	\$1 grows to
SMA EW Sector Strategy	+344.1%	+5.74%	–21.5%	\$4.44
SPY (S&P 500)	+797.8%	+8.56%	–55.2%	\$8.98

The apples-to-apples three-way (November 14, 2000)

VBIAX, the Vanguard Balanced Index Fund, began trading November 14, 2000, so a fair three-way comparison starts there — all three series then cover an identical 25.6-year window. When the strategy is out of the market, cash earns the actual 3-month T-bill rate, which averaged about 2.1% annualized over the period.

Since Nov 14, 2000	Total Return	CAGR	Max Drawdown	\$1 grows to
SMA EW Sector Strategy	+351.1%	+6.05%	–20.7%	\$4.51
SPY (S&P 500)	+777.9%	+8.84%	–55.2%	\$8.78
VBIAX (Vanguard 60/40)	+481.3%	+7.11%	–35.9%	\$5.81

What the numbers say

The strategy's return lags both benchmarks, but its drawdown is roughly a third of SPY's and well under VBIAX's. Sitting out the worst of 2000–02 and 2008 kept the deepest loss to about –21%, versus –55% for buy-and-hold SPY. For an investor whose main worry is a large, lasting loss, that trade — giving up return to avoid deep drawdowns — is the point of the strategy. It is not designed to out-return the index.

How this was computed — and double-checked

All prices (11 sector ETFs, SPY, VBIAX) and the T-bill cash rate were downloaded clean from October 1997 through July 6, 2026 — no cached or previously quoted numbers were reused. Both series use total-return (dividend-reinvested) prices; signals use the unadjusted price against its 200-day average. Total returns were then recomputed a second, independent way (a log-return sum) and matched the compounded wealth-curve method to two decimals. Max drawdowns and benchmark figures also line up exactly with the strategy's independently generated workbook.

Caveats, stated plainly: taxes and transaction costs are not modeled, and the strategy generates short-term gains — a disadvantage in taxable accounts.

— John