

Recovering from a market downturn

History shows that investors benefit from staying invested

- Investors' fears are running high amid uncertainty over financial markets. Yet, the stock market and economic experiences over the past decades were at times quite frightening too.
- The U.S. stock market has been remarkably resilient; it has routinely recovered from short-term crisis events to move higher over long-term periods.
- This chart demonstrates that while the Dow Jones Industrial Average (DJIA), on average, declined during periods of crisis, the ensuing 12 months typically produced double-digit returns.

Crisis events since 1929

Event	Reaction dates	Gain/loss*	DJIA percentage change after crisis			
			1 mo.	3 mos.	6 mos.	12 mos.
Market crash of 1929	10/11/1929–11/13/1929	-43.7	27.3	34.1	46.0	11.8
Germany invades France	05/09/1940–06/22/1940	-17.1	-0.5	8.4	7.0	-5.2
Pearl Harbor	12/06/1941–12/10/1941	-6.5	3.8	-2.9	-9.6	5.4
Korean War	06/23/1950–07/13/1950	-12.0	9.1	15.3	19.2	26.3
Watergate scandal	08/07/1974–08/29/1974	-17.6	-7.9	-5.7	12.5	27.2
Financial panic 1987	10/02/1987–10/19/1987	-34.2	11.5	11.4	15.0	24.2
Asian stock market crisis	10/07/1997–10/27/1997	-12.4	8.8	10.5	25.0	16.9
WTC and Pentagon terrorist attacks	09/10/2001–09/21/2001	-14.3	13.4	21.2	24.8	-6.7
Lehman Brothers collapse	09/15/2008–09/16/2008	1.3	-18.8	-22.6	-32.3	-11.5
Boston Marathon bombing	04/12/2013–04/15/2013	-1.8	4.6	6.1	4.4	11.4
Chinese market turmoil	08/21/2015–08/25/2015	-4.8	4.1	13.6	6.6	17.8
U.K. votes to leave EU	06/23/2016–06/27/2016	-4.8	7.7	5.6	16.1	26.2
COVID-19 leads to lockdown	02/12/2020–03/23/2020	-37.1	26.5	40.7	44.0	74.4

* Change in DJIA during the period indicated in "Reaction dates" column.

Past performance does not guarantee future results. It is not possible to invest in an index.

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Sources: Columbia Management Investment Advisers, LLC, June 2024.

The most widely used indicator of the overall condition of the stock market, the Dow Jones Industrial Average Index is a price-weighted average of 30 actively traded blue chip stocks as selected by the editors of the Wall Street Journal.

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CT-MK/113088 H (07/24) WBY/CTNA6773466.2