

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
JFK assassinated	11/21/1963-11/22/1963	-2.9	7.2	12.4	15.1	24.0
U.S. bombs Cambodia	04/29/1970-05/14/1970	-7.1	0.4	3.8	13.5	36.7
Nixon resigns	08/07/1974-08/29/1974	-17.6	-7.9	-5.7	12.5	27.2
U.S.S.R. invades Afghanistan	12/24/1979-01/03/1980	-2.2	6.7	-4.0	6.8	21.0
Financial Panic 1987	10/02/1987-10/19/1987	-34.2	11.5	11.4	15.0	24.2
Iraq invades Kuwait	08/02/1990-08/23/1990	-13.3	0.1	2.3	16.3	22.4
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
Madrid terrorist attacks	03/10/2004-03/24/2004	-2.4	3.9	3.9	-0.1	4.4
India, Israel and Lebanon bombings	07/11/2006-07/18/2006	-3.0	5.0	10.9	16.4	28.3
Lehman Brothers collapse	09/15/2008-09/16/2008	1.3	-18.8	-22.6	-32.3	-11.5
Israel invades Gaza	12/27/2008-01/21/2009	-3.0	-13.5	-4.2	7.9	23.6
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 E.U.	06/23/2016-06/27/2016	-4.8	7.7	5.6	16.1	26.2
Average		-10.6	3.8	6.3	11.1	16.0

* 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, 02/20.

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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* In U.S. dollars as of March 31, 2020. Source: Ameriprise Q1 Earnings Release. Contact us for more current information.

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