

# MARKETS IN PERSPECTIVE: Russia - Ukraine



The Russian invasion of Ukraine is a deeply troubling event, and we are all shocked and saddened by the humanitarian situation. The conflict will have its effect on the global financial markets and while the final outcome is unknown, it is important to put the situation into some context.

We do know about the importance of staying invested amid turbulent markets and negative headlines. This is one of the greatest challenges in determining our investment outcome. Knowing the right thing to do, during times like this can often be difficult.

Below we have included some charts to provide some historical factual data. Hopefully, this information will help you in navigating these turbulent times.

## Advice .....

Geopolitical events of this kind tend to have a short-term and very unsettling impact on markets. However, the lessons of the past are that markets will adjust in a relatively short timeframe once the conflict is contained. There are of course risks aplenty – the geopolitical map of Europe may well be being re-written by these events. We may yet see further aggression by Russia and more severe sanctions and there are risks of contagion to the banking system because of the scale of loss for Russian assets. The most likely path now looks like a more protracted conflict, and this will create a period of uncertainty for markets – history suggests that markets will recover once the outcome starts to become more certain.

For investors the evidence of past events of this kind is to be patient and to focus on long-term goals and objectives

If there is anything we can do for you, please just let us know.

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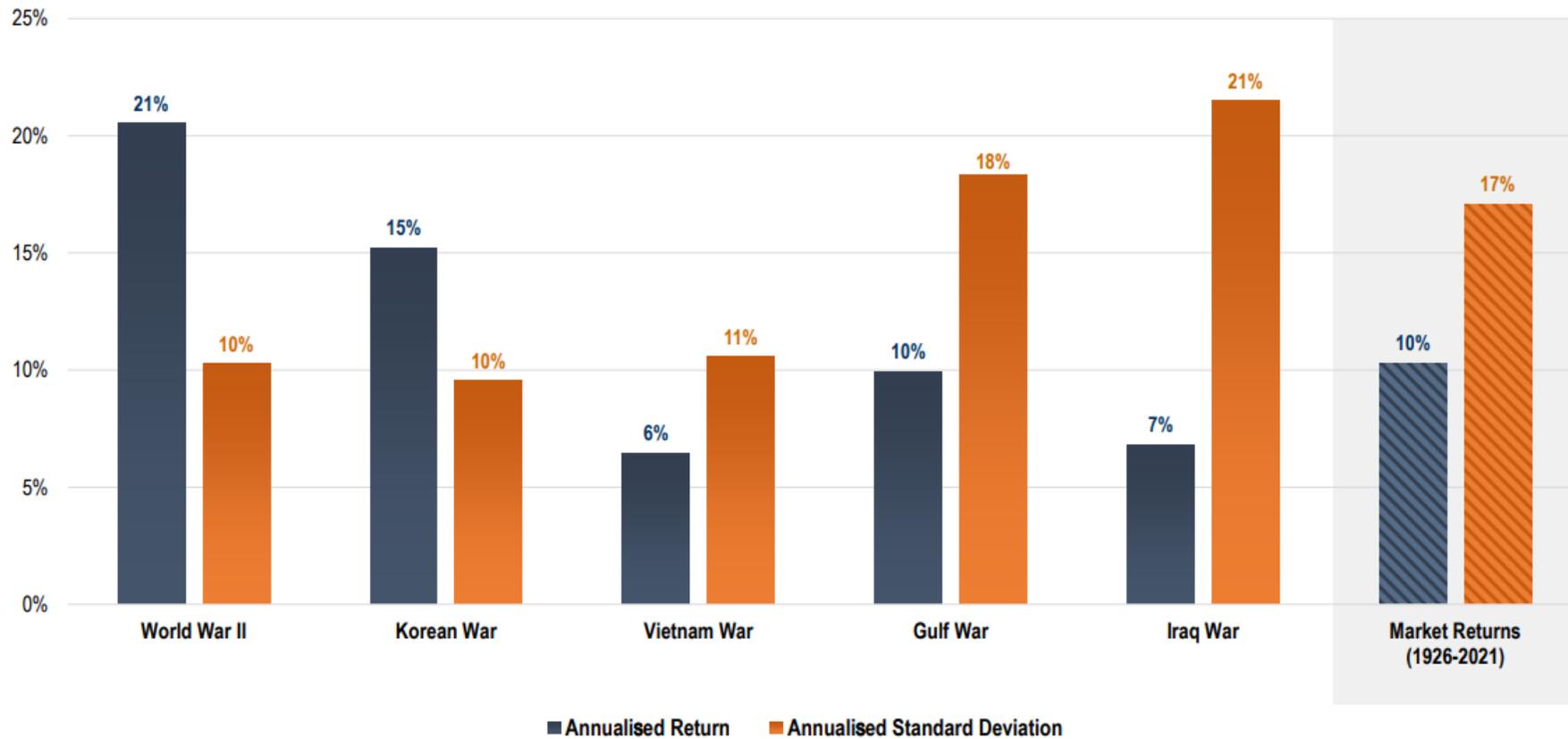
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## U.S. STOCK MARKET RETURNS DURING MAJOR WARS



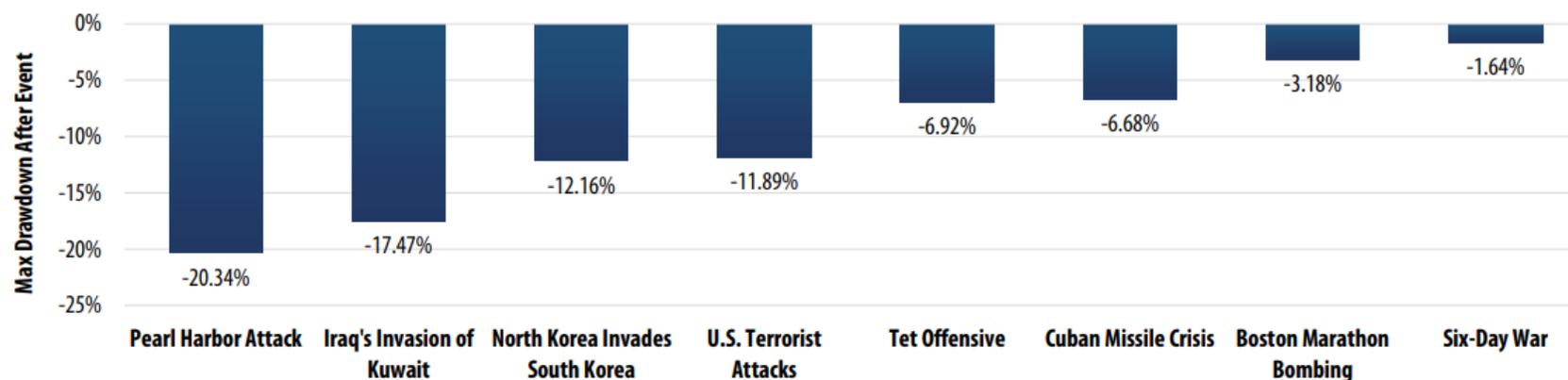
Source: First Trust Global Portfolios Management / Ken French Data Library. **Past performance is no guarantee of future results.** Ken French data library uses the CRSP database. Universe includes all New York Stock Exchange (NYSE), American Stock Exchange (AMEX) & NASDAQ stocks. Returns are market-cap weighted. Dates used for each war are as follows: World War II: 8/12/1941–2/9/1945; Korean War: 27/6/1950–27/2/1953; Vietnam War: 8/3/1965–29/3/1973; Gulf War: 2/8/1990–28/2/1991; Iraq War: 20/3/2003–15/12/2011. Total market returns use data from 1/7/1926–31/12/2021. Standard deviation is the measure of dispersion of historical returns around a mean rate of return, and a lower standard deviation indicates less volatility. An investor cannot invest directly in an index. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person.

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## U.S. STOCK MARKET RETURNS AFTER MAJOR GEOPOLITICAL SHOCKS

Geopolitical Shock	Event Date	1- Day Return	1- Year Return	Max Drawdown	Days Until Bottom	Days Until Recovery
Russia Invades Ukraine*	24/2/2022	1.50%	-	-	-	-
Boston Marathon Bombing	15/4/2013	-2.48%	19.49%	-3.18%	4	14
U.S. Terrorist Attacks	11/9/2001	-5.01%	-13.75%	-11.89%	11	30
Iraq's Invasion of Kuwait	2/8/1990	-1.19%	13.66%	-17.47%	71	187
Tet Offensive	30/1/1968	-0.54%	15.43%	-6.92%	36	69
Six-Day War	5/6/1967	-1.64%	19.36%	-1.64%	0	1
Cuban Missile Crisis	16/10/1962	-0.31%	30.91%	-6.68%	8	17
North Korea Invades South Korea	25/6/1950	-5.27%	20.03%	-12.16%	19	59
Pearl Harbor Attack	7/12/1941	-4.15%	3.70%	-20.34%	142	304



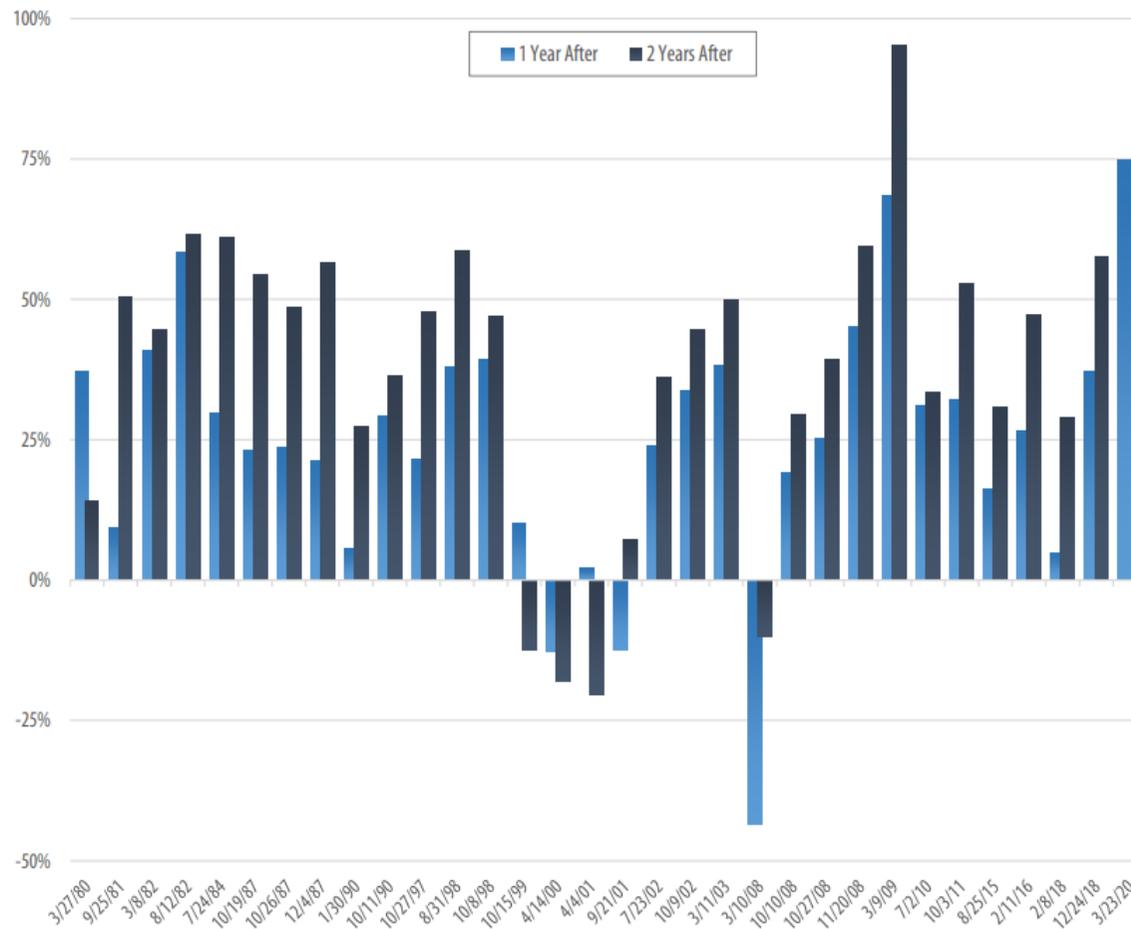
*Past performance is no guarantee of future results. Source: First Trust Global Portfolios Management / Ken French Data Library. Ken French data library uses the CRSP database. Universe includes all New York Stock Exchange (NYSE), American Stock Exchange (AMEX) & NASDAQ stocks. Returns are market-cap weighted. 24/2/2022 data is from Bloomberg and represented by the S&P 500 Index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. An investor cannot invest directly in an index. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person*

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## STOCK MARKET CORRECTIONS & SUBSEQUENT YEAR RETURNS - S&P 500 Index

S&P 500 INDEX PRICE RETURNS 1 & 2 YEARS AFTER A MARKET CORRECTION



Trough Date	Correction Return	1 Year After	2 Years After
27/3/1980	-17.07%	37.09%	13.97%
25/9/1981	-19.75%	9.36%	50.31%
8/3/1982	-15.05%	40.92%	44.58%
12/8/1982	-14.27%	58.33%	61.51%
24/7/1984	-14.38%	29.60%	60.97%
19/10/1987	-33.24%	23.19%	54.39%
26/10/1987	-11.89%	23.59%	48.43%
4/12/1987	-12.45%	21.39%	56.59%
30/1/1990	-10.23%	5.55%	27.45%
11/10/1990	-19.92%	29.10%	36.28%
27/10/1997	-10.80%	21.48%	47.86%
31/8/1998	-19.34%	37.93%	58.54%
8/10/1998	-10.00%	39.25%	46.86%
15/10/1999	-12.08%	10.16%	-12.49%
14/4/2000	-11.19%	-12.76%	-18.10%
4/4/2001	-27.45%	2.09%	-20.34%
21/9/2001	-26.43%	-12.47%	7.30%
23/7/2002	-31.97%	23.93%	36.17%
9/10/2002	-19.31%	33.73%	44.46%
11/3/2003	-14.71%	38.22%	49.87%
10/3/2008	-18.64%	-43.49%	-10.03%
10/10/2008	-36.97%	19.16%	29.57%
27/10/2008	-15.39%	25.27%	39.29%
20/11/2008	-25.19%	45.05%	59.45%
9/3/2009	-27.62%	68.57%	95.12%
2/7/2010	-15.99%	31.01%	33.54%
3/10/2011	-19.39%	32.00%	52.71%
25/8/2015	-12.35%	16.32%	30.81%
11/2/2016	-13.31%	26.63%	47.35%
8/2/2018	-10.16%	4.92%	28.93%
24/12/2018	-19.78%	37.10%	57.50%
23/3/2020	-33.92%	74.78%	?
23/2/2022	-11.91%	?	?
<b>Average</b>	<b>-18.55%</b>	<b>24.91%</b>	<b>37.38%</b>
<b>Median</b>	<b>-15.99%</b>	<b>25.95%</b>	<b>44.58%</b>
<b>% Positive</b>	<b>N/A</b>	<b>90.63%</b>	<b>87.10%</b>

Source: First Trust Global Portfolios Management / Bloomberg. Performance is price return only (no dividends). Past performance is no guarantee of future results. For illustrative purposes only and not indicative of any actual investment. Market correction: When the market fell at least 10% from its recent peak. Index returns do not reflect any fees, expenses, or sales charges. These returns were the result of certain market factors and events which may not be repeated in the future. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index.

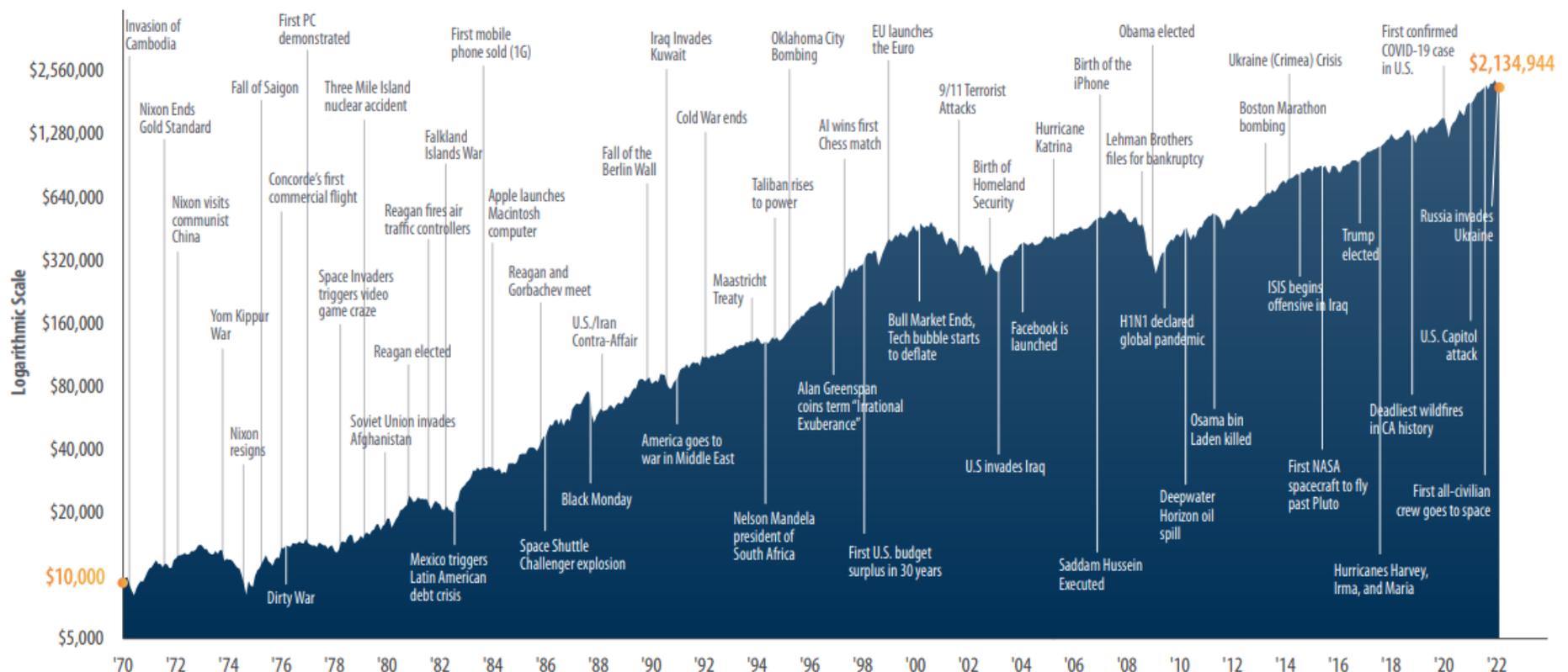
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## CRISIS AND EVENTS - S&P 500 Index: 1970 – 2022

This chart shows the growth of \$10,000 based on S&P 500 Index performance over the last several decades. Looking at the market's overall resiliency through major crises and events helps to gain a fresh perspective on the benefits of investing for the long-term.

**THE AVERAGE ANNUAL TOTAL RETURN OF THE S&P 500 INDEX FOR THE PERIOD SHOWN BELOW WAS 10.83%.**



Source: First Trust Global Portfolios Management / Bloomberg, First Trust Advisors L.P., 31/12/1969 - 25/02/2022. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Stocks are not guaranteed and have been more volatile than the other asset classes. These returns were the result of certain market factors and events which may not be repeated in the future. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person.