

## Historical Events and Market Volatility

Rallies often followed market drops from major crises

Historical events can have a significant impact on financial markets. Uncertainty often clouds judgment, sending some investors into a panic. But history has shown that significant historical events don't necessarily spell doom for investors. While past performance cannot guarantee comparable future results, stock markets have rallied in the weeks and months following some major historical events during the last century.

### Crisis Events, Dow Declines and Subsequent Performance

The Dow dropped by a median 2.9% during crises over the last century – but usually rallied later.

Event	Reaction Dates	% Gain/ Loss	22 Days Later	63 Days Later	126 Days Later
Stock exchange closed (World War I)	07/22/14-12/24/14	-10.2%	10.0%	6.6%	21.2%
Woodrow Wilson stroke	09/25/19-09/26/19	1.3	5.7	-4.5	-16.0
Bombing at JPMorgan office	09/15/20-09/30/20	-5.5	2.4	-14.9	-9.5
Fall of France	05/09/40-06/22/40	-17.1	-0.5	8.4	7.0
Pearl Harbor	12/06/41-12/10/41	-6.5	3.8	-2.9	-9.6
Truman upset victory	11/02/48-11/10/48	-4.9	1.6	3.5	1.9
Korean War	06/23/50-07/13/50	-12.0	9.1	15.3	19.2
Eisenhower heart attack	09/23/55-09/26/55	-6.5	0.0	6.6	11.7
Suez Canal Crisis	10/30/56-10/31/56	-1.4	0.3	-0.6	3.4
Sputnik	10/03/57-10/22/57	-9.9	5.5	6.7	7.2
Cuban Missile Crisis	10/19/62-10/27/62	1.1	12.1	17.1	24.2
John F. Kennedy assassination	11/21/63-11/22/63	-2.9	7.2	12.4	15.1
Martin Luther King assassination	04/03/68-04/05/68	-0.4	5.3	6.4	9.3
U.S. bombs Cambodia	04/29/70-05/14/70	-7.1	0.4	3.8	13.5
Kent State shootings	05/01/70-05/26/70	-14.0	9.9	20.3	20.7
Arab oil embargo	10/16/73-12/05/73	-18.5	9.3	10.2	7.2
Nixon resigns	08/07/74-08/29/74	-17.6	-7.9	-5.7	12.5
Iranian hostage crisis	11/02/79-11/07/79	-2.7	4.7	11.1	2.3
USSR in Afghanistan	12/24/79-01/03/80	-2.2	6.7	-4.0	6.8
Hunt silver crash	02/13/80-03/27/80	-15.9	6.7	16.2	25.8
Falkland Islands War	04/01/82-05/07/82	4.3	-8.5	-9.8	20.8
Beirut bombing	10/21/83-10/23/83	0.0	2.1	-0.5	-6.9
U.S. invades Grenada	10/24/83-11/07/83	-2.7	3.9	-2.8	-3.2
U.S. bombs Libya	04/14/86-04/21/86	2.8	-4.3	-4.1	-1.0

<b>Crisis Events, Dow Declines and Subsequent Performance (continued)</b>					
<b>Event</b>	<b>Reaction Dates</b>	<b>% Gain/ Loss</b>	<b>22 Days Later</b>	<b>63 Days Later</b>	<b>126 Days Later</b>
Stock market crash of 1987	10/02/87-10/19/87	-34.2	11.5	11.4	15.0
U.S. invades Panama	12/15/89-12/20/89	-1.9	-2.7	0.3	8.0
Iraq invades Kuwait	08/02/90-08/23/90	-13.3	0.1	2.3	16.3
Persian Gulf War	01/16/91-01/17/91	4.6	11.8	14.3	15.0
Gorbachev coup	08/16/91-08/19/91	-2.4	4.4	1.6	11.3
ERM U.K. currency crisis	09/15/92-10/16/92	-4.6	0.6	3.2	9.2
World Trade Center bombing	02/25/93-02/27/93	-0.3	2.4	5.1	8.5
Oklahoma City bombing	04/18/95-04/20/95	1.2	3.9	9.7	12.9
Asian stock market crisis	10/07/97-10/27/97	-12.4	8.8	10.5	25.0
U.S. embassy bombings in Africa	08/06/98-08/14/98	-1.8	-4.0	4.8	10.4
USS Cole Yemen bombing	10/11/00-10/18/00	-4.2	6.6	6.1	6.1
Sept. 11 terrorist attacks	09/10/01-09/21/01	-14.3	13.4	21.2	24.8
Bali nightclub bombing	10/11/02-10/13/02	0.3	6.6	12.3	6.7
Iraq War	03/19/03-05/01/03	2.3	5.5	9.2	15.6
Madrid terrorist attacks	03/10/04-03/24/04	-2.4	3.9	3.9	-0.1
London train bombing	07/06/05-07/07/05	0.3	2.3	0.1	5.6
India, Israel and Lebanon bombings	07/11/06-07/18/06	-3.0	5.0	10.9	16.4

Sources: Copyright 2008 ©Ned Davis Research, Inc. (NDR) All rights reserved.

The first date in the reaction dates column indicates the start of the market reaction or the trading day prior to the event. The 22-, 63- and 126-day rate of change is calculated from the last day in the reaction dates column. Days equal days when the market was open. In 1916, a new list of 20 stocks for the Dow Jones industrial average (DJIA) was adopted and computed back to the reopening of the exchange on Dec. 12, 1914. NDR analysis for this study adjusted the DJIA Index level prior to Dec. 12, 1994, to reflect an accurate and consistent data set. Source: The Dow Jones Averages 1885-1990.

### **Think before you react**

Prudent investors know the potential benefits of long-term investing. By reacting to headlines and selling off investments, investors may be selling at market lows – in addition to missing out on potential gains when the markets recover. Selling may also trigger unnecessary tax consequences and transaction costs.

### **Talk to your financial advisor**

Your sights are set on a financial summit – a college degree, new home or secure retirement. One of the best ways to help reach your goal is to partner with a strong team: a financial advisor who can provide sound guidance based on your individual needs and an investment company that can deliver a broad range of diversified strategies. Talk to your financial advisor about how an investment plan and Invesco Aim can help you pursue your financial goals.

## **NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

**Consider the investment objectives, risks and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial advisor and read it carefully before investing.**

**This is not an offer to buy or sell any financial instruments and should not be relied upon as the sole factor in an investment-making decision.**

Note: Not all products, materials or services available through all firms. Advisors, please contact your home office.

Invesco Aim<sup>SM</sup> is a service mark of Invesco Aim Management Group, Inc. Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco PowerShares Capital Management LLC are the investment advisors for the products and services represented by Invesco Aim; they each provide investment advisory services to individual and institutional clients and do not sell securities. Invesco Aim Distributors, Inc. is the distributor for the retail mutual funds, exchanged-traded funds and U.S. institutional money market funds represented by Invesco Aim. All entities are indirect, wholly owned subsidiaries of Invesco Ltd.