Markets recover from crises

A major crisis that causes the stock market to drop in value can be unsettling, but does not spell the end for markets or investment strategies. History has shown that markets bounce back, and that staying invested through volatile episodes lets you benefit from a rebound.

Crisis and recovery: How the S&P 500® Index performed during and after historic events

Event	Event reaction dates	Percent of gain/ loss during event	S&P 500 percentage of gain/loss after last reaction date			
			1 month later	1 year later	5 years later	10 years later
Fall of France	5/9/40–6/22/40	–18.2	3.1	5.2	15.9	13.2
Attack on Pearl Harbor	12/6/41–12/10/41	–6.9	4.5	16.0	18.1	17.1
Outbreak of Korean War	6/23/50–7/13/50	–11.1	9.5	42.0	27.6	18.4
Cuban Missile Crisis	8/23/62–10/23/62	–9.9	15.5	41.1	15.8	11.0
President Kennedy assassination	11/21/63–11/22/63	–2.8	7.0	27.8	12.4	7.0
U.S. attacks Cambodia	4/29/70–5/26/70	–15.0	6.4	49.0	9.3	9.3
President Nixon resigns	8/9/74–8/29/74	–13.4	–6.8	30.6	14.6	14.6
1987 stock market crash	10/2/87–10/19/87	–31.5	7.1	27.9	17.0	18.9
Gulf War ultimatum	12/17/90–1/16/91	–2.8	17.2	36.6	17.3	18.0
Attempted coup in USSR	8/16/91–8/19/91	–2.3	3.2	14.5	15.2	14.3
September 11 terrorist attacks	9/10/01–9/21/01	–11.6	11.3	–11.1	8.3	3.9
U.S. invades Iraq	3/18/03–3/31/03	–2.1	8.2	35.1	11.3	8.5
Collapse of Lehman Brothers	9/5/08–11/20/08	–39.1	18.3	48.8	21.5	15.8
U.S. debt downgrade by S&P	8/5/11–10/3/11	–8.0	14.9	35.0	17.0	17.1
U.K. Brexit referendum	6/23/16–6/27/16	–5.3	8.5	23.5	18.7	—
Covid-19 pandemic	2/19/20–3/23/20	–33.8	25.2	77.8	—	—
Pandemic recovery slows	9/2/20–9/23/20	–9.5	7.2	39.5	—	—

Historical references do not assume that any prior market behavior will be duplicated. Past performance does not indicate future results.

There are risks associated with mutual fund investing including the possibility that share prices will decline. Since investment return and principal value will fluctuate, shares when redeemed may be worth more or less than their original cost. Performance of Putnam funds will differ.

The S&P 500® Index is an unmanaged index of common stock performance. You cannot invest directly in an index. Indexes are unmanaged and used as a broad measure of market performance.

The pattern of crisis and recovery

All too often, a crisis can lead to fear as public perceptions become overly pessimistic. Financial markets that are usually rational can behave irrationally. But the U.S. stock market has proven remarkably resilient; it routinely has recovered from short-term crisis events to move higher over longer time periods.

The graph below shows a hypothetical investment in the S&P 500® Index, which represents some of the largest companies in the U.S. stock market from across all sectors of the economy. In spite of recessions, wars, and other crises, the annualized return over the past 80 years was 11.67%.

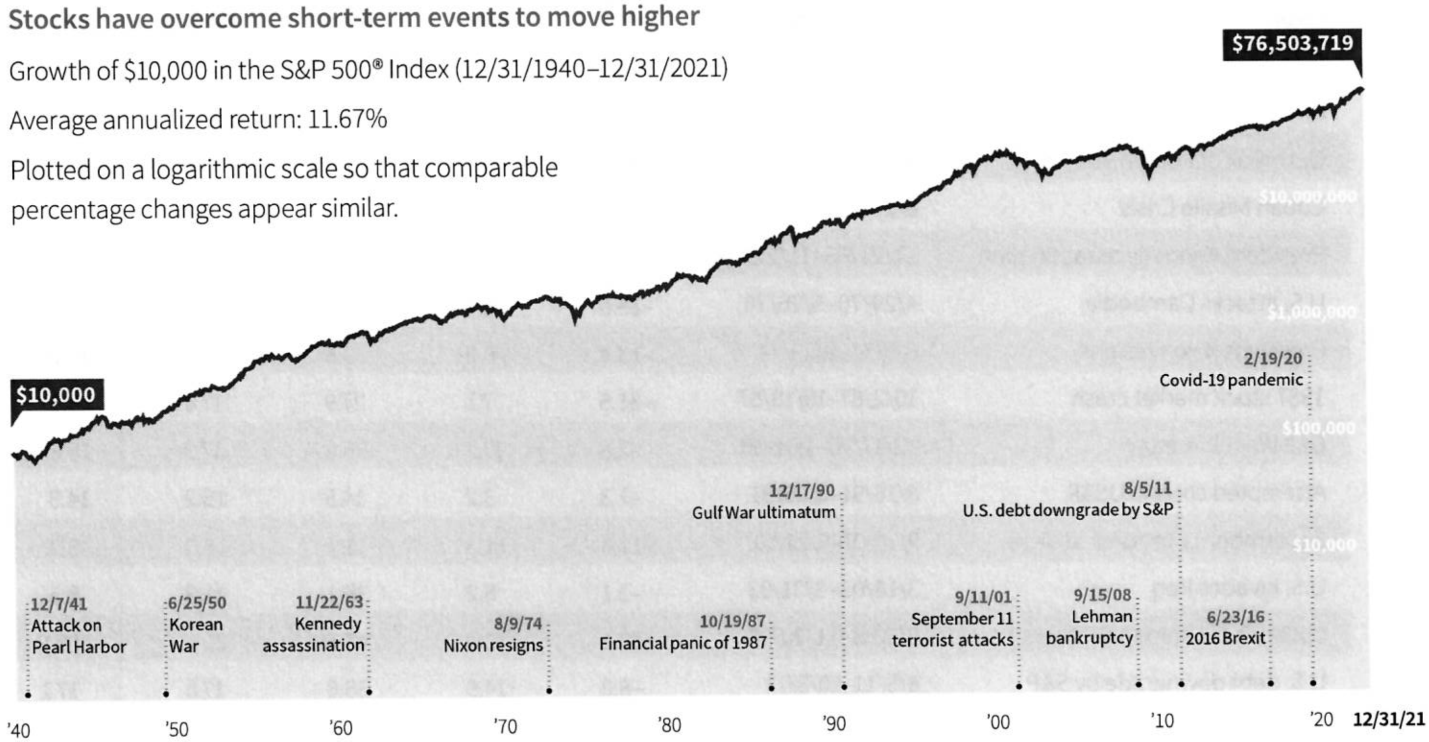
By staying invested during crises — or by investing during a crisis to take advantage of stock market valuations — investors can keep their portfolios on track in pursuit of their long-term goals.

Stocks have overcome short-term events to move higher

Growth of $10,000 in the S&P 500® Index (12/31/1940–12/31/2021)

Average annualized return: 11.67%

Plotted on a logarithmic scale so that comparable percentage changes appear similar.



This graph represents a hypothetical $10,000 investment in the S&P 500® Index, an unmanaged index of common stock performance. You cannot invest directly in an index. Indexes do not have sales charges and do not represent the performance of any Putnam fund or product. Past performance does not indicate future results, and prior markets may not be duplicated. Systematic or continued investing does not assure a profit or protect against loss. You should consider your ability to continue investing during periods of low price levels. The time horizon shown here is longer than that of most investors.

For informational purposes only. Not an investment recommendation.

All funds involve risk, including the loss of principal.

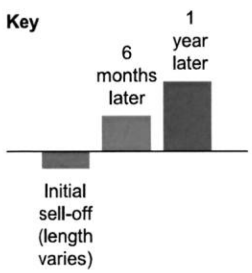
Request a prospectus, or a summary prospectus if available, from your financial representative or by calling Putnam at 1-800-225-1581. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

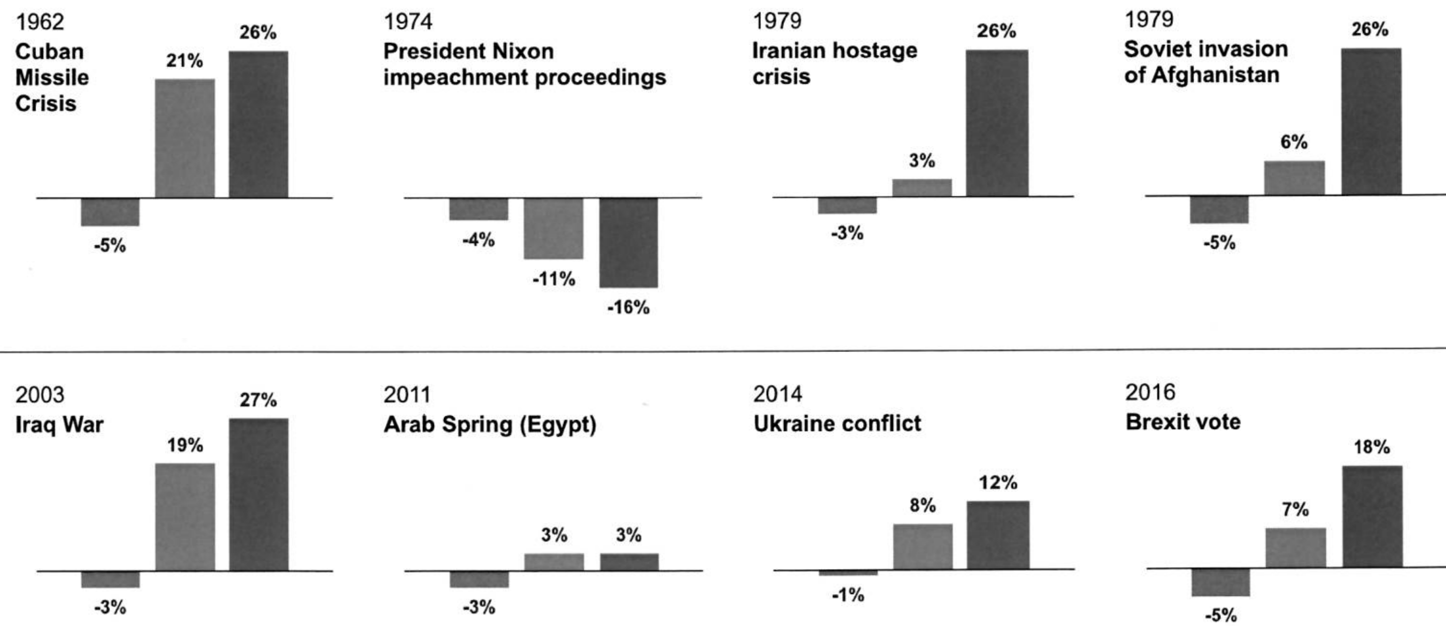
Vanguard

Geopolitical sell-offs are typically short-lived

5% Average total return **6 months** from event

9% Average total return **1 year** from event





Notes: Returns are based on the Dow Jones Industrial Average through 1963 and the Standard & Poor's 500 Index thereafter. All returns are price returns. Not shown in the above charts, but included in the averages, are returns after the following events: the Suez Crisis (1956), construction of the Berlin Wall (1961), assassination of President Kennedy (1963), authorization of military operations in Vietnam (1964), Israeli-Arab Six-Day War (1967), Israeli-Arab War/oil embargo (1973), Shah of Iran's exile (1979), U.S. invasion of Grenada (1983), U.S. bombing of Libya (1986), First Gulf War (1991), President Clinton impeachment proceedings (1998), Kosovo bombings (1999), multi-force intervention in Libya (2011), and U.S. anti-ISIS intervention in Syria (2014).
Sources: Vanguard calculations as of December 31, 2021, using data from Refinitiv.

Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

All investments are subject to risk, including the possible loss of the money you invest. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account.

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