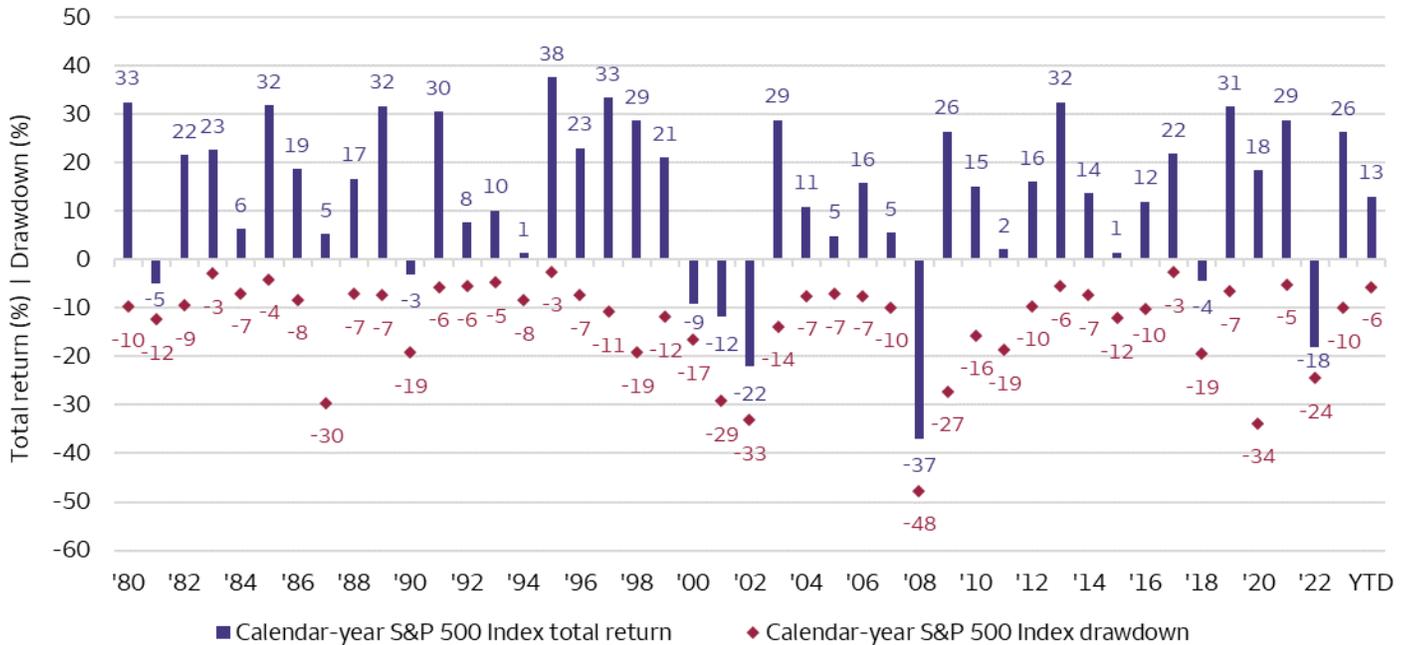


Chart of the Week

Weekly market analysis on key market indexes

August 6, 2024

A downturn is no reason to exit the market



Sources: © Morningstar Direct, All Rights Reserved¹, and Wells Fargo Investment Institute. Data from January 1, 1980, to August 2, 2024. For illustrative purposes only. YTD = year to date. Severe intra-year corrections do not necessarily indicate subpar performance for the calendar year. Analysis was compiled using the daily total returns of the S&P 500 Index. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

Total return of the S&P 500 Index and calendar-year drawdowns since 1980

Market corrections and downturns can be difficult to endure. The chart shows, however, that corrections of at least 10% are common for the S&P 500 Index. The purple bars represent the total return each year for the S&P 500 Index, while the red diamonds represent the largest market drops from peak to trough for each calendar year.

Despite experiencing a drawdown for each year, the S&P 500 Index posted a positive return for 82% of the years between 1980 and 2023. Further, during this period, 42% of the drawdowns exceeded 10% while 16% were in excess of 20%. The data shows that a market downturn does not necessarily mean markets will perform poorly for the year.

What it may mean for investors

Volatility, while not easy to endure, has been a common occurrence in equity markets. However, over the past four decades, investors who stayed the course generally have been rewarded. We believe sell-offs such as what we are seeing now can potentially offer opportunities for investors to purchase high-quality stocks at reasonable prices.

Global Asset Allocation Team

Excerpted from *Market Charts* (Third-quarter 2024)

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

Risk Considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets** are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors.

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