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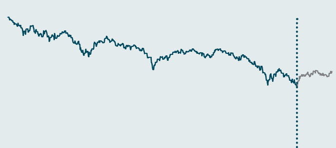
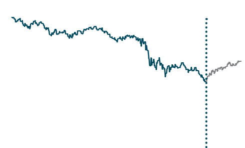
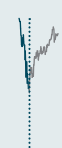
TIME DRAGS WHEN YOU'RE NOT HAVING FUN, BUT WE BELIEVE THAT PATIENCE IS KEY

June 2025

We are coming up on nearly half a year of tariff-induced market volatility, and some investors are growing increasingly uneasy. Although it may feel as if market volatility has lasted a very long time, history shows that prolonged drawdowns are not uncommon, and recoveries do take place.

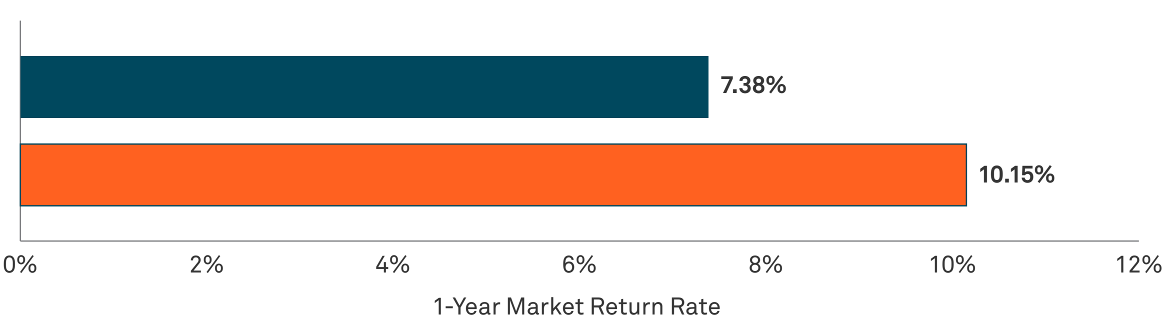
Let's rewind the clock to the year 2000, when the tech bubble burst triggered a prolonged bear market. The 2000 Dot-Com Bust drawdown lasted 769 days, the longest drawdown we have experienced in modern economic history. During this time, the S&P 500 Index (S&P 500) declined by over 47% from March 2000 to October 2002, as the collapse of technology stocks and a subsequent recession took its toll. However, after two years of market volatility, the S&P 500 made an extraordinary rebound by surging 33%.[1] The Dot-Com Bust showed that the long-term trajectory of the market can withstand lingering volatility for an extended period of time.

	DOT-COM BUBBLE A major historical bear market	**GLOBAL FINANCIAL CRISIS** The most severe market downturn in modern history	**COVID CRASH** The fastest bear market in history
# of drawdown days	**769**	**518**	**34**
Start Date – Max Drawdown Date	9/1/00 – 10/9/02 	10/09/07 – 03/09/09 	02/19/20 – 03/23/20 
Max Drawdown	-47.41%	-55.25%	-33.79%
1-Year Forward Return*	31.82	70.28	73.92
3-Month Forward Return*	14.48	38.30	35.95

Source: Morningstar, April 2025. * From max drawdown date.

AVERAGE MARKET RETURNS

■ S&P Return Since 2000 (annualized) ■ S&P Return After 20% Drawdown



Source: Bloomberg, April 2025.
Charts on this page are for illustrative purposes only. **Past performance is not necesarily indicative of future results.**

Now, fast forward to the year 2007, when we saw the most severe market drawdown in modern history — the Global Financial Crisis (GFC), lasting 518 days. The S&P 500 had been on a steady upward trajectory since 2003. After the index peaked in October 2007, it began to decline for the next 17 months. During the GFC, the index fell more than 55% and eventually bottomed out in March 2009. Yet the index achieved a dramatic recovery and gained 70% within the next 12 months.[2] The GFC is a prime example that even deep and prolonged downturns may have the potential to transform into new cycles of opportunity.

More recently, the COVID-19 pandemic triggered the fastest bear market in history, with the S&P 500 losing 34% of its value in just over a month. Although this market crisis was severe, it was remarkably short-lived and lasted only 34 days. As many remember, the market made a historic recovery as the S&P 500 surged 74% over the next 12 months.[3] This was one of the strongest one-year returns on record in modern history.

The COVID-19 drawdown shows that drawdowns can take various shapes, but even the most rapid and severe declines have historically been followed by strong recoveries. Notably, since 2000, the average 1-year return is just under 7%. However, over the same timeframe, the average 1-year return after periods of a 20% drawdown is more than 9.7%.[4]

In light of the recent and very short COVID-19 downturn, the current bout of market volatility may feel like it has lasted a long while. But going further back in history, we see that prolonged periods of volatility are not uncommon, and even those can lead to strong recoveries.

[1,2,3] Morningstar, April 2025. [4] Bloomberg, April 2025.

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S&P definition: The S&P 500® Index is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Investors cannot invest directly into any index.

Number of drawdown days: The count of consecutive days during which an investment or a trading account experiences a decline in value from its peak. **Max drawdown date:** The largest decline in value from a peak to a trough over a specific period of time.

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