

Some Perspective On Corrections And Bear Markets

Major Global Equity Indices (Total Returns In USD)

Index	8/31/18-12/31/18	2/19/20-3/23/20	8/31/18-8/31/21
S&P 500	-13.03%	-33.79%	64.61%
S&P MidCap 400	-18.18%	-41.81%	41.18%
S&P SmallCap 600	-22.64%	-41.27%	30.07%
NASDAQ 100	-17.00%	-27.84%	109.34%
MSCI EM BRIC Net TR	-6.36%	-28.97%	31.40%
MSCI Emerging Net TR	-7.96%	-31.16%	32.62%
MSCI Europe Net TR	-12.41%	-35.15%	32.06%
MSCI Latin America Net TR	5.07%	-50.02%	12.07%
MSCI Daily TR Net World (ex U.S.)	-12.10%	-33.61%	30.23%

Source: Bloomberg. Past performance is no guarantee of future results.

View from the Observation Deck

1. Investors who committed capital to the stock market heading into September 2018 soon learned that it was not the most opportunistic time to buy in. It happens.
2. From 8/31/18-12/31/18 (see table above), the S&P 500 Index posted a total return of -13.03%, which qualifies as a correction. A correction is defined as a 10.00% to 19.99% price decline from the recent peak in a security or index.
3. Since World War II (excluding the 33.79% selloff from 2/19/20-3/23/20), the average decline in the S&P 500 Index spanning 26 corrections was 13.70%, according to CNBC. That is in line with the 13.03% drop in late 2018.
4. When you factor in last year's COVID-induced bear market on top of the correction in 2018, equity investors should be pleased with the 3-year performance results in the last column in the table above. A bear market is defined as a 20% or more price decline from the most recent peak.
5. The S&P 500 Index is currently trading slightly below its all-time high established on 9/2/21. Having said that, there are a multitude of articles and videos featuring pundits/analysts/podcasters predicting when the next correction will arrive.
6. Rest assured it will happen at some point. Just know that the benchmark S&P 500 Index has never failed to fully recover the losses sustained in any prior correction or bear market.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P SmallCap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The NASDAQ 100 Index includes 100 of the largest domestic and non-financial companies listed on The NASDAQ Stock Market based on market capitalization. The MSCI BRIC Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Europe Index is a free-float weighted index designed to measure the equity market performance of the developed markets in Europe. The MSCI Emerging Markets Latin America Index is a free-float weighted index that captures large and mid-cap representation across five emerging markets in Latin America. The MSCI World (ex U.S.) Index is a free-float weighted index designed to measure the equity market performance of developed markets. The U.S. Dollar Index (DXY) indicates the general international value of the dollar relative to a basket of major world currencies.

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