

# A recent lesson on market pullbacks

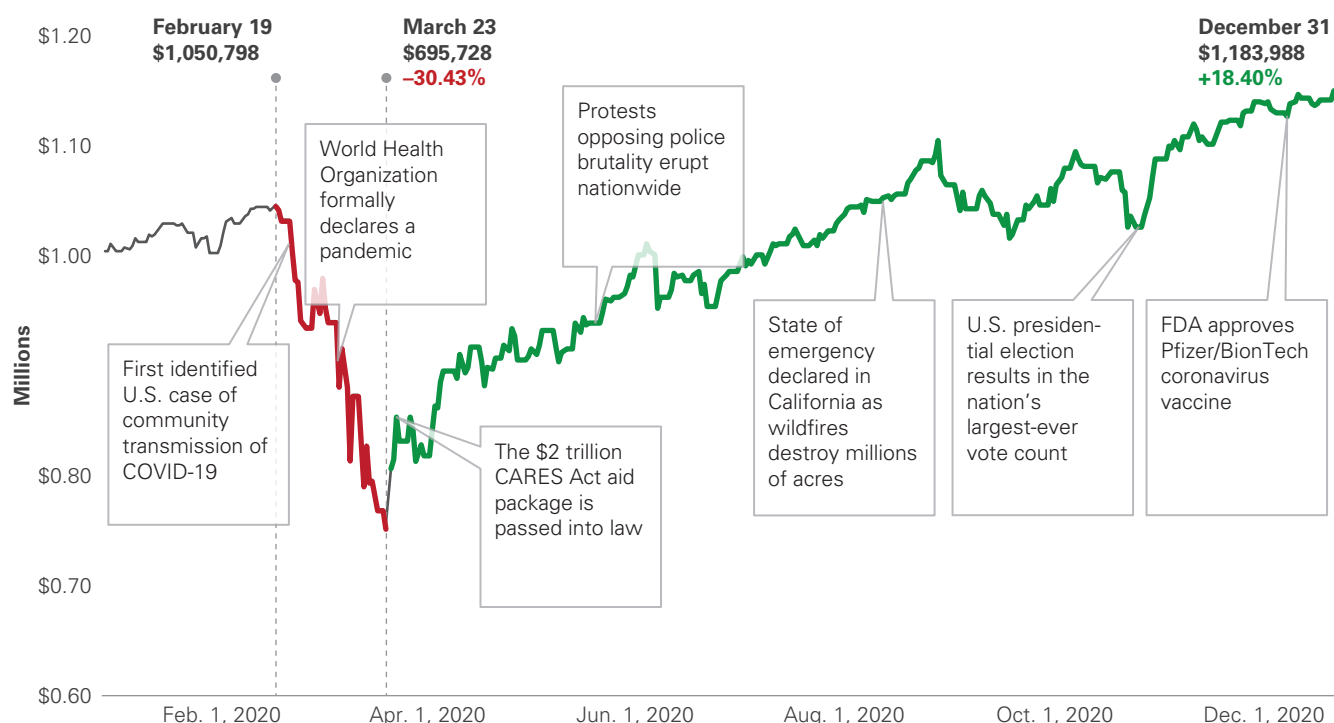
For many, 2020 qualifies as one of the most tumultuous years in recent memory, if not their lifetimes. In the United States, a reckoning over social equality shared headlines with a hardball political season, ecological threats, and a deadly pandemic.

The financial markets reacted negatively early in the year, but largely shrugged off the bad news and continuing uncertainty as the year progressed. Despite lingering pocketbook pain felt by many, the forward-looking stock market factored in the optimism of an eventual coronavirus vaccine and improved economic conditions. Investors who bailed from the stock market to stem paper losses earlier in the year might have regretted their moves after the stock market recovered, and then some.

## Historically, in difficult times, markets have proved resilient

Even during a tumultuous 2020, the performance of the Standard & Poor's 500 demonstrated the importance of staying invested.

### Value of a \$1 million initial investment in the S&P 500 index, January 1, 2020, to December 31, 2020



Source: Vanguard, using data from Morningstar, Inc.

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.

This is all worth bearing in mind when—not if—the next significant downturn comes along. It's part of an inevitable, if not quite predictable, cycle. Fortunately, the markets have historically been up more than they've been down. When the financial markets do head down, your advisor will be there to remind you of your plan and your goals—and how staying the course has historically been the smartest decision.



All investing is subject to risk, including the possible loss of the money you invest. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income.

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