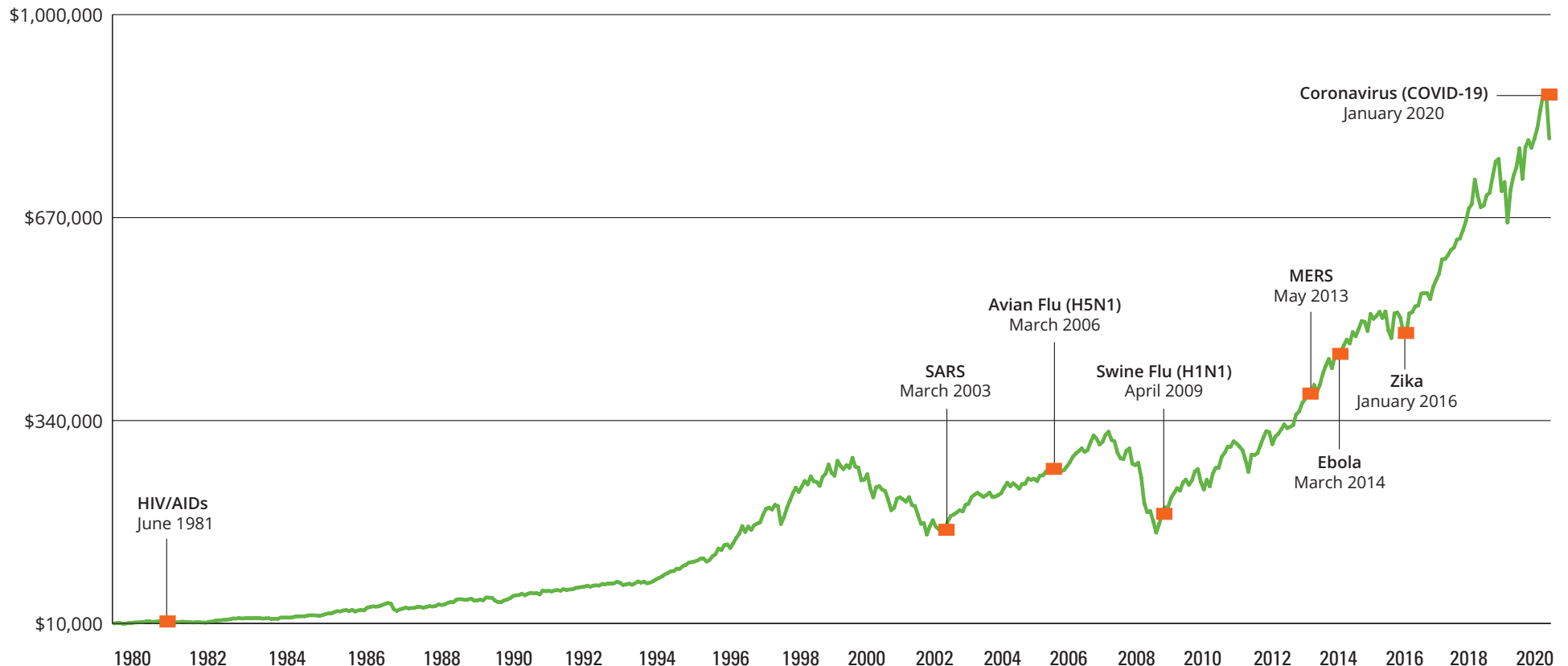


# A Health Epidemic Doesn't Have to Mean Market Contagion

**COMBINE UNCERTAINTY FROM A DISEASE OUTBREAK (SUCH AS CORONAVIRUS) WITH A NEWS CYCLE THAT'S QUICK TO HIGHLIGHT NEGATIVE NEWS, AND IT CAN BE HARD TO FEEL CONFIDENT STAYING INVESTED.** However, there are many factors that influence market performance, and the stock market is separate from the economy. So while the global economy may feel the effects of a health crisis due to reduced travel and tourism, some historic perspective shows us that epidemics have had a much greater impact on our day-to-day lives than they have on long-term stock performance.

## Epidemics Have Had Little Impact on Long-Term Market Performance

Growth of \$10,000 in the S&P 500 Index 1980 - 2/29/2020



Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. For illustrative purposes only. Data sources: WHO, Kaiser Foundation, Morningstar, and Hartford Funds, 3/20. Start date for epidemics determined by first report of cases in at least two countries.

# Client Conversations

A look at global epidemics in the last 20 years proves that not only have stocks tended to recover well, they've done so quickly: Once they reached their bottom, stocks recovered to their pre-epidemic highs within 60 days on average. One year after an outbreak began? The S&P 500 Index notched positive results across the board with an average return of 24.69%. In other words, as the chart on page 1 and the table below show, staying invested tended to reward investors in both the short and long term.

## The S&P 500 Index Has Historically Recovered Quickly From Epidemics

Epidemic	Start Date	S&P 500 Index Performance from Start Date (%)					Date of Market Bottom*	Number of Days to Recovery
		1-Month	3-Month	6-Month	1-Year	3-Year (Annualized)		
SARS	March 2003	0.97	15.05	20.88	38.52	17.11	3/31/2003	30
Avian Flu	March 2006	1.24	-0.35	2.79	11.97	-15.11	6/13/2006	127
Swine Flu	April 2009	9.57	15.93	34.02	49.77	23.42	2/8/2010	51
MERS	May 2013	2.34	6.10	11.15	20.44	11.26	2/3/2014	40
Ebola	March 2014	0.84	3.97	8.84	15.51	10.63	10/15/2014	40
Zika	January 2016	-4.96	1.35	3.84	11.96	9.26	2/11/2016	74
Coronavirus	January 2020	-0.04	??	??	??	??	??	??
# of Positive		5	5	6	6	5	Average: 60	
# of Negative		2	1	0	0	1		
Average Return (%)		1.42	7.01	13.59	24.69	9.43		

STOCKS HAVE  
RECOVERED  
TO  
PRE-EPIDEMIC  
HIGHS  
IN 60 DAYS  
ON AVERAGE  
FROM THEIR MARKET LOWS

Past performance does not guarantee future results. Data source: Morningstar, 3/20. \*Date of market bottom is the lowest trough during the 12-months following the initial outbreak. Days to recovery is the number of trading days it took for the Index to return to its pre-epidemic level off that trough.

Talk to your financial advisor today to make sure your portfolio is diversified so you can feel confident staying invested.

**S&P 500 Index** is a market capitalization-weighted price index composed of 500 widely held common stocks.

**Important Risks:** Investing involves risk, including the possible loss of principal. Diversification does not ensure a profit or protect against a loss in a declining market.

This information should not be considered investment advice or a recommendation to buy/sell any security. In addition, it does not take into account the specific investment objectives, tax, and financial condition of any specific person.

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