

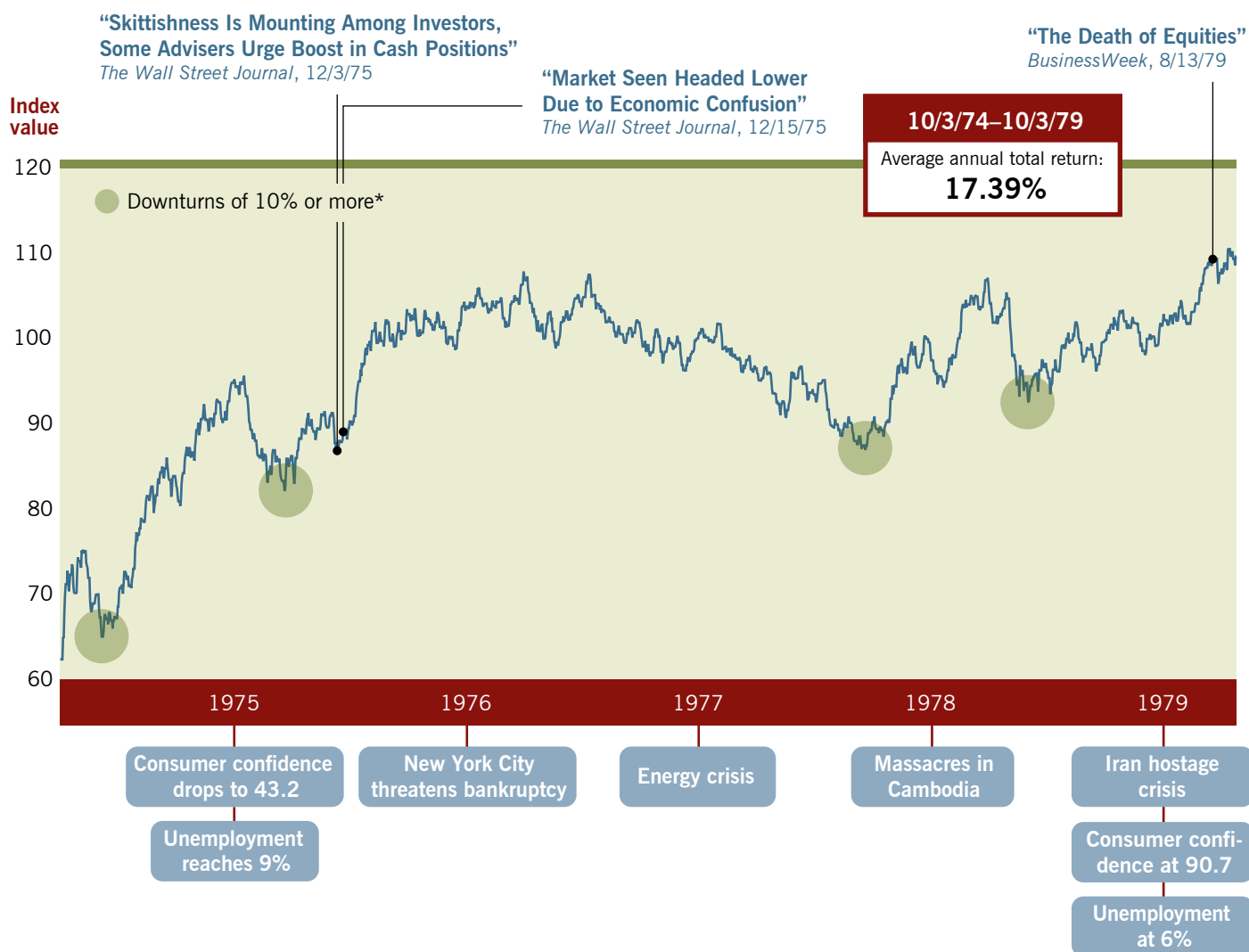
# Recoveries don't always *feel* good

After a significant decline, markets can be volatile

Bearish headlines, troubling events and disappointing economic news can unsettle investors. But while these times are difficult, they can also be times of opportunity.

The chart below shows the five years after the dramatic 1973–74 decline. The recovery was frustratingly slow, but investors with the courage and conviction to stay the course were rewarded with attractive results.

Daily index values and headlines for the five years after the S&P 500's 1/11/73–10/3/74 decline of 48.2%



The daily values for this chart are based on the change in price of Standard & Poor's 500 Composite Index (the S&P 500). Daily values and declines exclude dividends and/or distributions. The index is unmanaged, and its results do not reflect the effect of sales charges, commissions, account fees, expenses or taxes.

\* Market downturns are based on a decline of about 10% or more in the S&P 500's value (excluding dividends and/or distributions) with 50% recovery after each decline.

**Figures shown are past results and are not predictive of results in future periods.**

# Opportunities after past major declines

The chart below shows stock market returns in the five years after six significant recent declines. Although these periods were not without volatility, the average annual total return after each

decline was **positive** 100% of the time. Of course, there's no guarantee that this will be repeated after all declines.

## Declines in the S&P 500's value with 50% recovery after each decline

Market low	Decline	12-month returns					Average annual total return for the 5-year period	Number of downturns during the 5-year period*	Growth of a hypothetical \$10,000 investment during the 5-year period
		1st year after low	2nd year	3rd year	4th year	5th year			
10/3/74	-48.20%	44.43%	25.99%	-2.86%	11.79%	12.82%	17.39%	4	\$22,293
3/6/78	-19.41	18.76	17.20	25.80	-11.19	48.59	18.24	7	23,108
8/12/82	-27.11	66.11	6.80	18.52	34.65	40.98	31.90	1	39,917
12/4/87	-33.51	25.92	33.76	-3.74	20.31	17.12	17.97	2	22,845
10/11/90	-19.92	33.55	8.82	17.71	3.93	27.75	17.83	0	22,714
10/9/02	-49.15	36.15	9.91	8.51	15.09	18.05	17.14	1	22,060

\*Market downturns are based on a decline of about 10% or more in the S&P 500's value (excluding dividends and/or distributions) with 50% recovery after each decline.

Looking back even further, to the 9/7/29–6/1/32 decline that started the Great Depression, every five-year period after major

declines produced attractive returns, despite market fluctuations and significant downturns.

## Five-year returns following major declines

**18.95%**

Average of all the five-year annual total returns after 16 major S&P 500 declines†

**8.87%**

S&P 500's average annual total return (9/7/29–12/31/10)

†Excluding the most recent decline from 10/9/07–3/9/09.

**Declines are based on the index value of the unmanaged S&P 500 excluding dividends and/or distributions. Each market decline reflects a period of more than 80 days and a decline of about 15% or more in the S&P 500's index value with 100% recovery after each decline (except in 1976–78 when the market only recovered 78%). The average annual total returns and hypothetical investment results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or taxes.**

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