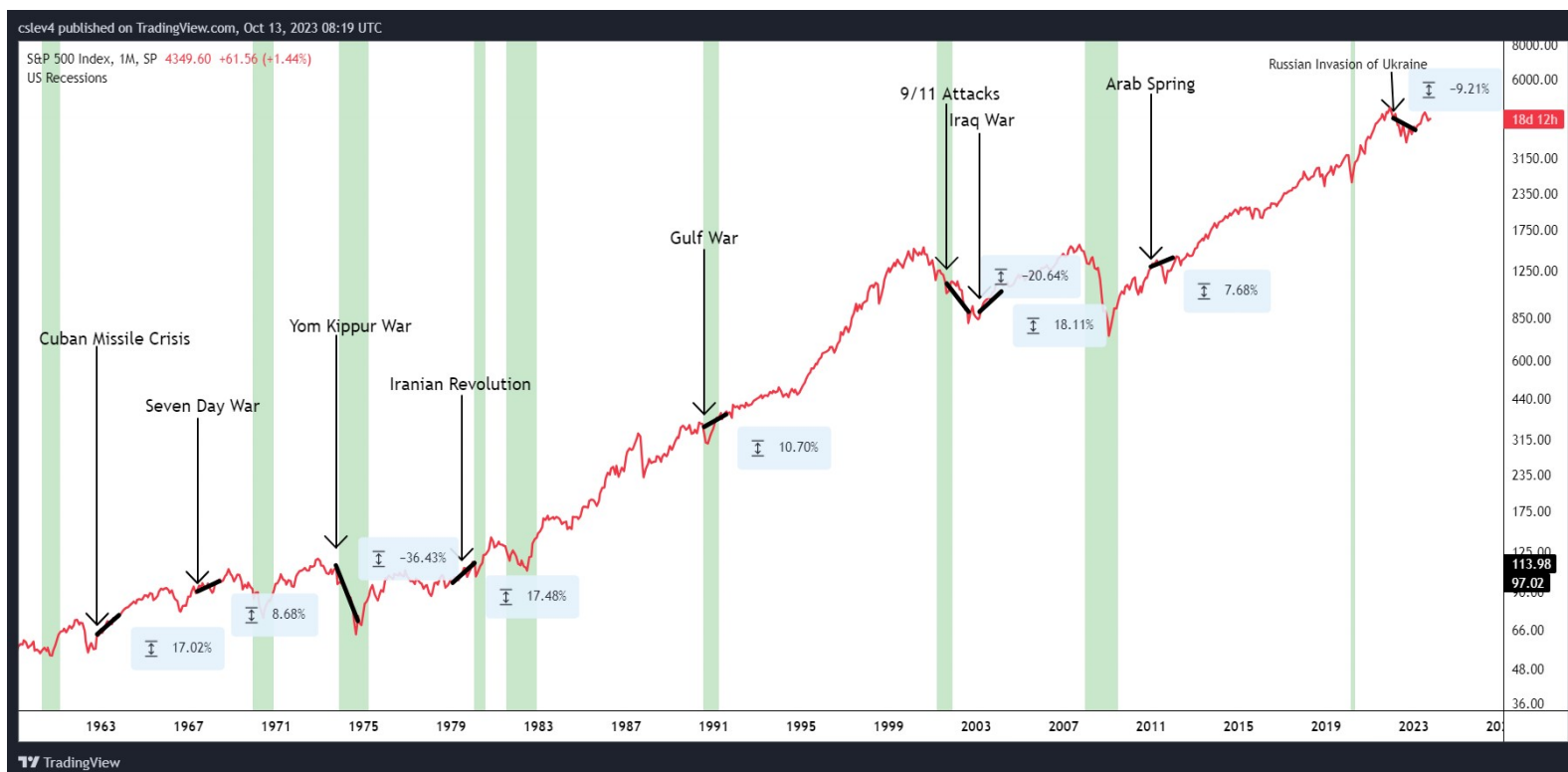


Looking through uncertainty

This week, geopolitical conflicts once again became a major talking point. While the current outbreak of hostilities in the Middle East is abhorrent, what is important to note from an investor's perspective is that in almost all cases throughout recent history markets have looked past conflicts like the current one. The data insight below shows the performance of the S&P 500 since 1962, and overlaid is a selection of crises and wars from this period along with recessions (green bars) in the US. What is interesting to note, is that in six of the nine crises plotted on this chart, the S&P recorded a positive gain in the 12 months after the beginning of the crises, with only three recording a 12-month loss.



Source: Seaspray Private

Our next chart details the performance of the S&P 500 in October and in Quarter four when its Year to Date returns up to September have performed between 10-20%. Of the 19 times when the S&P 500 has finished in this YTD range in September, the month of October has seen 13 instances where the month has been positive for the S&P 500, with only six instances where it has been negative. Interestingly for Q4 overall, the S&P 500 has seen a positive gain 16 of the 19 times it has been in this situation come September. For context, in 1979 when the index had a negative Q4, the Iranian Revolution had taken place the previous February, which led to a severe impact on global oil markets. In 1983, interest rates fluctuated at the end of the year after the recessionary period of 1980-82 ended, and may have caused unrest in markets, while in 2012 global economic issues, particularly around the

fiscal cliff. This referred to a series of tax increases and spending cuts scheduled to take effect at the beginning of 2013 if Congress and the President could not reach an agreement on fiscal policy.

Don't Bet Against A Fourth Quarter Rally Just Yet

S&P 500 Performance When Up YTD Between 10-20% At the End of September

| Year | S&P 500 Index Returns | | |
|----------|-----------------------------|---------|-------|
| | YTD Return End of September | October | Q4 |
| 1950 | 15.8% | 0.4% | 5.0% |
| 1951 | 13.9% | -1.4% | 2.2% |
| 1961 | 14.8% | 2.8% | 7.2% |
| 1963 | 13.6% | 3.2% | 4.6% |
| 1964 | 12.2% | 0.8% | 0.7% |
| 1976 | 16.7% | -2.2% | 2.1% |
| 1979 | 13.7% | -6.9% | -1.3% |
| 1980 | 16.2% | 1.6% | 8.2% |
| 1983 | 18.1% | -1.5% | -0.7% |
| 1988 | 10.0% | 2.6% | 2.1% |
| 1991 | 17.5% | 1.2% | 7.5% |
| 1996 | 11.6% | 2.6% | 7.8% |
| 2003 | 13.2% | 5.5% | 11.6% |
| 2009 | 17.0% | -2.0% | 5.5% |
| 2012 | 14.6% | -2.0% | -1.0% |
| 2013 | 17.9% | 4.5% | 9.9% |
| 2017 | 12.5% | 2.2% | 6.1% |
| 2019 | 18.7% | 2.0% | 8.5% |
| 2021 | 14.7% | 6.9% | 10.6% |
| 2023 | 12.8% | ? | ? |
| Average | | 1.1% | 5.1% |
| Median | | 1.6% | 5.5% |
| % Higher | | 68.4% | 84.2% |

Source: Carson Investment Research, FactSet 09/24/2023
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