



Ignore the Headlines

Smart
Investing
Series

We are constantly bombarded by the media on the financial catastrophe du jour be it by television, the internet or "tweets." Sensationalism can cause even the most seasoned investor to question their long-term plans and wonder if they should flee for safer havens. However, history shows many events that dominate the short term often recede into nothingness when viewed over an extended period of time. The table below shows a crisis that transpired in each calendar year from 1975 to 2011 and the annual return of the S&P 500® Index. In summary, investors best strategy may be to ignore the headlines and adhere to a well-constructed, long-term plan.

Year	Event/Crisis	S&P 500® Index Return (%)
1975	Assassination attempts on President Gerald Ford	37.23
1976	Pol Pot becomes prime minister of Cambodia	23.93
1977	Pact signed by 15 countries to curb nuclear weapons	-7.16
1978	"Framework for Peace" in Middle East signed at Camp David	6.57
1979	Soviet invasion of Afghanistan	18.61
1980	Iran Hostage Crisis	32.50
1981	Assassination attempt on President Ronald Reagan	-4.92
1982	Falklands War	21.55
1983	Terrorist attack kills 237 US Marines in Beirut	22.56
1984	Toxic gas leaks at Union Carbide plant in Bhopal, India	6.27
1985	U.S. budget balancing bill enacted	31.73
1986	U.S. planes attack Libya	18.66
1987	Iran-Contra Affair	5.25
1988	Canada and U.S. reach free trade agreement	16.61
1989	Fall of Berlin Wall	31.69
1990	Persian Gulf War	-3.10
1991	Dissolution of the USSR	30.47
1992	North American Free Trade Agreement signed	7.62

Year	Event/Crisis	S&P 500® Index Return (%)
1993	Bombing of World Trade Center in New York	10.08
1994	Russians attack secessionist Republic of Chechnya	1.32
1995	Oklahoma City Federal Building attacked	37.58
1996	Britain alarmed by outbreak of "mad cow" disease	22.96
1997	European Union plans to admit six nations	33.36
1998	White House sex scandal	28.58
1999	Y2K worries	21.04
2000	Terrorist attack on U.S.S. Cole in Yemen	-9.10
2001	September 11 attacks on United States	-11.89
2002	Enron scandal	-22.10
2003	U.S. and Britain launch war on Iraq	28.68
2004	Tsunami devastates Asia	10.88
2005	Hurricanes Katrina and Rita	4.91
2006	North Korea explodes nuclear device	15.79
2007	30,000 U.S. Troops in Iraq	5.49
2008	U.S. financial crisis	-37.00
2009	U.S. government bailout of AIG	26.46
2010	Massive number of U.S. home foreclosures	15.06
2011	S&P downgrades U.S. from AAA	2.11

From 1975 - 2011, the equity market experienced 30 positive years and 7 negative years resulting in a 11.56% annualized return.

Source: Mellon Analytical Solutions, Inc. January 2012

Past performance does not guarantee future results. You cannot invest directly in an index. The performance data does not represent fund performance and should not be considered representative of fund performance.

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