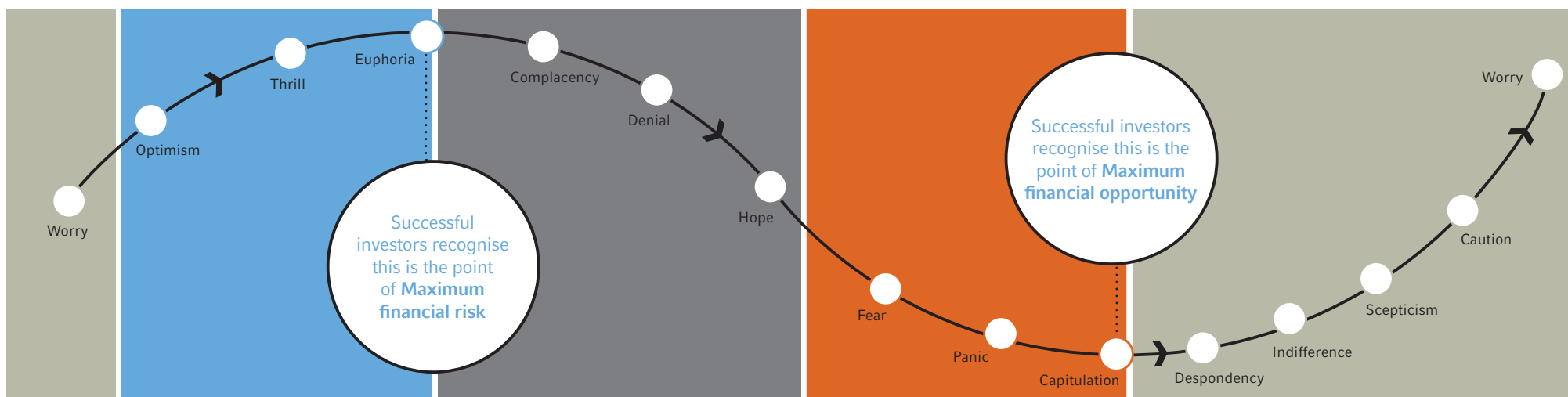


The Cycle of Market Emotions

2021 edition



	OPTIMISM	THRILL	EUPHORIA	COMPLACENCY	DENIAL	HOPE	PANIC	CAPITULATION	DESPONDENCY	SCEPTICISM	CAUTION	WORRY	
Market Cycle 1	25%	Nov 1971 – Dec 1972 • Inflationary pressures. • Productivity improvements. • Rapid corporate earnings growth. • Introduction of paperless technology.		-19%	Jan 1973 – Jan 1973 • OPEC Oil crisis – crude oil prices tripled. • Inflation. • Credit squeeze. • Property company failures.		-24%	Mar 1974 – Nov 1974 • Global recession. • Extended bear market.		36%	Dec 1974 – Jun 1975 • Share market recovery despite recession.		
Market Cycle 2	119%	Aug 1984 – Aug 1987 • Credit boom. • Strong world economic growth.		-2%	Sep 1987 • Irrational shareholder sentiment. • Peak of overinflated stock values vs historical PEs.		-28%	Oct 1987 – Nov 1987 • 1987 Global stock market crash.		53%	Dec 1987 – Dec 1989 • Share market recovery as value hunters sought to buy quality stocks cheaply.		
Market Cycle 3	90%	April 1997 – Sep 2000 • Tech boom. Investor exuberance. • Emergence of 'new economy' sectors.		-28%	Oct 2000 – Sep 2001 • Tech bubble burst • September 11 terrorist attack.		-22%	Mar 2002 – Feb 2003 • Reduced global economic growth forecasts. • Extended bear market. • Corporate accounting scandals.		42%	Mar 2003 – May 2005 • Geopolitical uncertainty. • Refocus on world economic fundamentals. • Boom in resources in response to industrialisation of China.		
Market Cycle 4	22%	Jun 2005 – Jul 2007 • US home prices hit highs. • Credit boom. • Higher interest rates.		-20%	Aug 2007 – Sep 2008 • Credit crunch. Sub-prime mortgage crisis. CDO failures. • Lehman Brothers declares bankruptcy.		-37%	Oct 2008 – Feb 2009 • Global financial crisis • European and U.S. recessions. Negative real GDP reported for major developed countries in Q4 2008.		174%	Mar 2009 – Oct 2014 • Global stock market recovery. • Deleveraging, slow economic growth.		
Market Cycle 5	60%	Nov 2014 – Dec 2018 • Unemployment rates falling. • Economy normalises. • Profit margins elevated.		-8%	Feb 2020 • COVID-19 crisis.		-24%	Feb 2020 – Mar2020 • COVID-19 pandemic. • -24% to 23rd March		46%	Mar 2020 – Oct 2020 • COVID-19 pandemic. • Global stock market recovery. • 23rd March market rebound.		
Market Cycle 6	15%	Oct 2020 – Dec 2020* • Early stage of economic recovery. • COVID vaccine optimism. • Continued policy support.											

*Latest month-end data available at the time of publishing as at 31 December 2020.
Market cycle returns calculated using S&P500 Price Index (in USD). Indexes are unmanaged, cannot be invested in directly, and do not take into account any fees and costs associated with an actual investment. The information contained in this publication was prepared by Russell Investment Group Limited on the basis of information available at the time of preparation. This publication provides general information only and should not be relied upon in making an investment decision. Before acting on any information, you should consider the appropriateness of the information provided and the nature of the relevant Russell Investments' fund having regard to your objectives, financial situation and needs. In particular, you should seek independent financial advice and read the relevant Product Disclosure Statement or Information Memorandum prior to making an investment decision about a Russell Investments' fund. Accordingly, Russell Investment Group Limited and their directors will not be liable (to the maximum extent permitted by law) for any loss or damage arising as a result of reliance being placed on any of the information contained in this publication. None of Russell Investment Group Limited, any member of the Russell Investments group of companies, their directors or any other person guarantees the repayment of your capital or the return of income. All investments are subject to risks. Significant risks are outlined in the Product Disclosure Statements or the Information Memorandum for the applicable Russell Investments' fund. Past performance is not a reliable indicator of future performance. The Product Disclosure Statements or the Information Memorandum for the Russell Investments' funds (as applicable) are available by contacting Russell Investment Group Limited on 09 357 6633 or 0800 357 6633. Copyright © 2021 Russell Investment Group Limited. All rights reserved.