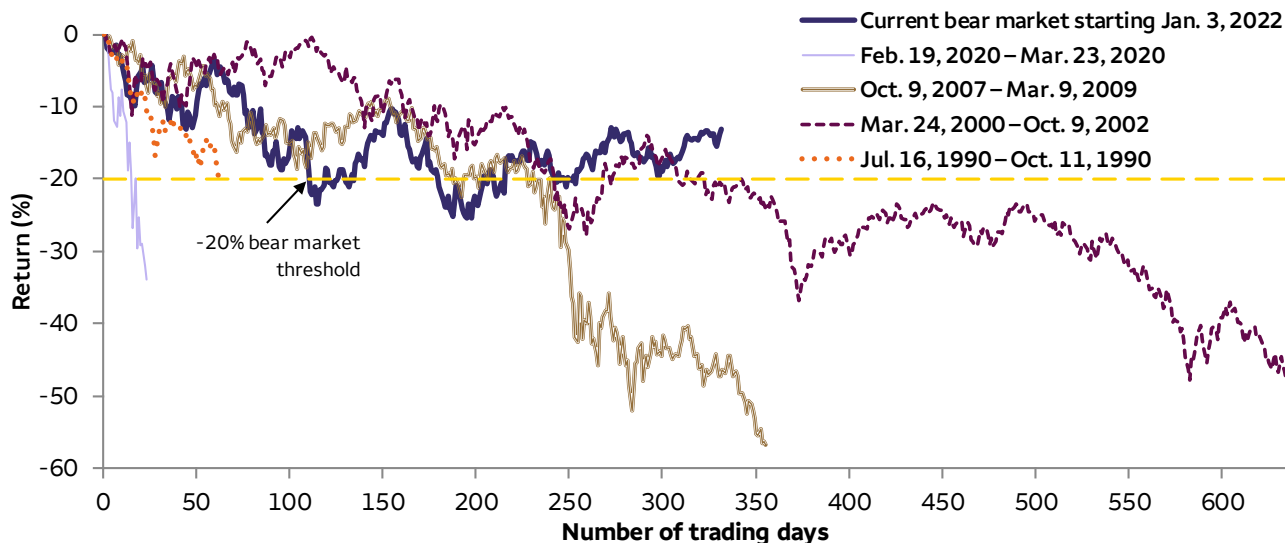


Putting the bear market into context



Sources: Bloomberg and Wells Fargo Investment Institute. Data as of April 30, 2023. Current bear market data is as of April 30, 2023, with trough date of October 12, 2022. Analysis uses S&P 500 Index price returns. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

S&P 500 Index declines in recent bear markets

Bear markets typically take time to find their bottom. The 2020 bear market, spurred by the coronavirus pandemic, saw the fastest-ever decline into a bear market (just 16 trading days) for the S&P 500 Index, and it also saw the quickest recovery (126 trading days) to the prior peak.

The current bear market, which started on January 2, 2022, has followed a different trajectory. This bear market took 111 trading days to reach the -20% threshold to be considered a bear market, and we expect the process for bottoming and recovery to take more time. Consider this for perspective: The 2000-2002 bear market (dashed purple line) took 641 trading days to bottom and 1,809 trading days to recover to its prior peak, while the 2007-2009 bear market (gold line) took 355 days to bottom and 1,378 days to recover to recover to its prior peak.

What it may mean for investors

Since early 2022, we have maintained a focus on quality in U.S. equity markets, and as the economy weakens, our preference for quality and more defensive positioning in portfolios remains in effect. Once we believe the recession appears to be fully priced in to market valuations, however, we likely will begin to position for the early cycle recovery we see emerging in 2024.

Excerpted from *Economic and Market Strategy Update* (May 15, 2023)

Investment and Insurance Products: > NOT FDIC Insured > NO Bank Guarantee > MAY Lose Value

Risk Considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets** are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors.

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