

RIP VAN WINKLE AND THE STOCK MARKET

Scott Welch — Chief Investment Officer – Model Portfolios
06/08/2020

*If you're lost, you can look and you will find me
 Time after time*

*If you fall, I will catch you, I'll be waiting
 Time after time*

*If you're lost, you can look and you will find me
 Time after time*

*If you fall, I will catch you, I will be waiting
 Time after time*

(From "Time After Time," by Cyndi Lauper, 1984)

Let's play a game, and let's call it *The Rip Van Winkle Game*. Most of you will remember the story, by the early American author Washington Irving, about a man (Rip) who goes hunting in the Catskills to get a little "alone time" and promptly falls asleep for 20 years. Adventures ensue.

So here is the game: I'm going to pick some dates from the past 20 years, and I'm going to put you to sleep for those periods of time, and then when you wake you back up, I am going to show you the point-to-point total return performance of the [S&P 500 Index](#). Let's start in recent times and work our way backward.

First up: From March 6, 2020 until May 12, 2020, a period of a little more than two months, covering a sizeable chunk of the current coronavirus disruption:

S&P 500 Total Return

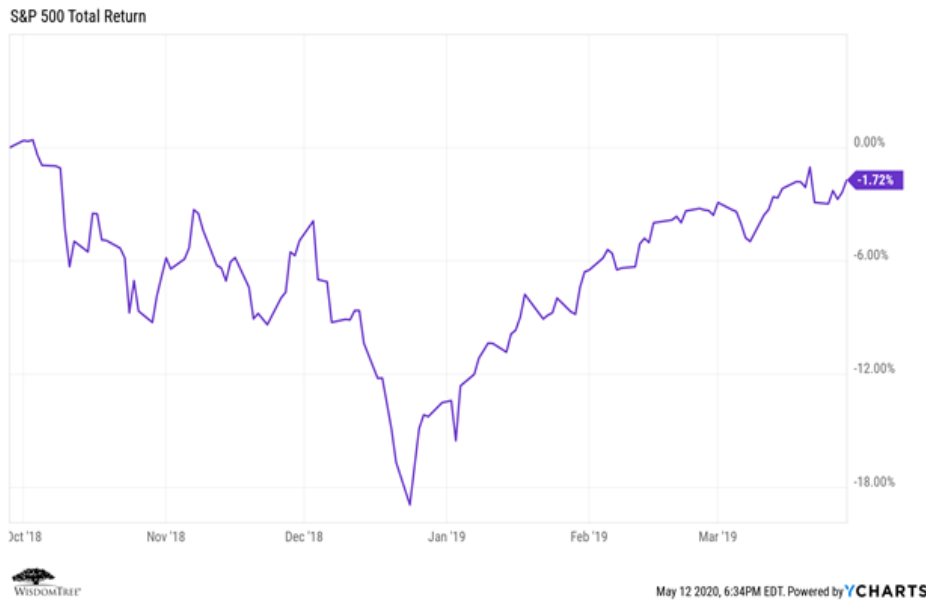


May 12 2020, 6:32PM EDT. Powered by **YCHARTS**

Source: YCharts, data through 5/12/20. Past performance is no guarantee of future results. You cannot invest in an index.

Next up, we'll go a little further back, this time from September 30, 2018 until March 31, 2019—almost exactly six

months—a time when many investors panicked because they thought the [Federal Reserve \(Fed\)](#) was going to take away their “liquidity punch bowl”:



Source: YCharts, data through 5/12/20. Past performance is no guarantee of future results. You cannot invest in an index.

Now (though we could play this game all day), let’s look back at another “nap,” from June 30, 2006 until September 30, 2010—a period of just more than four years leading into and then back out of the great financial crisis (GFC):



Source: YCharts, data through 5/12/20. Past performance is no guarantee of future results. You cannot invest in an index.

And, just for fun, let’s look at the market performance over the last 20 years—the same amount of time as Rip slept. Here is that performance from May 12, 2000 until May 12, 2020 (keeping in mind that the early years included both the [tech bubble](#) crash and the horror of 9/11:

S&P 500 Total Return



Source: YCharts, data through 5/12/20. Past performance is no guarantee of future results. You cannot invest in an index.

Yep, if old Rip had invested in the stock market 20 years ago and then set out for the Catskills, he would have awakened recently to see that his investment had gone up more than 200%!

I suspect everyone gets the point. Life can feel pretty rough when you are in the heart of a disruptive period. And we certainly are in one right now.

But we always find it helpful, when feeling despondent or nervous, to *extend our time horizon*. Those of you who lived through the GFC remember all too well that it felt like things would *never* get better.

But they did, and, ultimately, the only people who lost out from an investment perspective were those who bailed out of the market and then didn't get back in because *they had become afraid and abandoned their long-term financial plan*.

We don't know when this current crisis will end, [but we do believe that it will](#). Markets go up and down, and sometimes the best investment opportunities are when it feels the [scariest](#). But we believe in the long-term potential of the global economy, global markets and the enduring human spirit. We will figure this out.

In the meantime, what we are hoping for most right now is that this current pandemic-induced "nap time" doesn't last too much longer. We've had enough *sleep* for now, thank you very much.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Kara Marciscano, Jianing Wu and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only.

You cannot invest directly in an index.

DEFINITIONS

Federal Reserve : The Federal Reserve System is the central banking system of the United States.

Tech Bubble : Market collapse between 1999-2001 that was led by technology stock.