POLARIS
WEALTH ADVISORY GROUP

The Polaris Perspective

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Gaza & Ukraine

Crisis events often influence investors to make emotional decisions about the holdings in their portfolio. At the very worst, a crisis can rattle the nerves and require fortitude to keep invested. Israel's conflict in Gaza and the recent Malaysian Airlines downing in Ukraine are two such events. The reality, however, is that these short-term trigger points may affect you emotionally, but they rarely have a material impact on a portfolio's performance.

According to Ned Davis Research's study on crisis events, the effect is quite immaterial. This study took over fifty different crisis events that have occurred over the past 100+ years and looked at how the Dow Jones Industrial Average performed in the days, weeks, and months after the occurrence. These crises included: wars, assassinations, terrorist attacks, several currency crises, social crises, and several economic crises.

DJIA Mean Return After a Crisis Event

Days after Event	1	5	10	22	63	126
DJIA Return	-1.50%	-1.40%	-2.00%	-1.50%	-0.20%	2.50%

Performance calculated from trading day prior to event day
Source: Ned Davis Research

As you can see from the returns above, the market typically makes an initial retreat the day after a crisis event happens and then the market stabilizes. After a few months, it recovers from the attempted pull back and is back into positive territory.

Obviously not all crisis events are equal. We will continue to monitor the impact that both of these particular crises may have on the market and manage your portfolio based upon the risk these crises may have on our markets. Our dynamic investment strategy is positioned to protect your portfolio if needed or to increase stock exposure if risk subsides.

As always, I welcome questions and comments. Please feel free to call or write.

Sincerely,

Jeff