



25 February 2022

## Returns During Conflicts

War	Date	Day of	Day 1	1 Week	1 Month	3 Months	6 Months	1 Year
Hitler Invades Poland	9/1/1939	0.6%	2.7%	11.6%	12.8%	9.0%	8.8%	-3.5%
Pearl Harbor	12/7/1941	-3.5%	-6.3%	-4.7%	-4.3%	-12.3%	-9.5%	-1.4%
Suez Crisis	10/29/1956	0.2%	0.1%	1.9%	-4.0%	-1.8%	1.6%	-10.3%
Cuban Missile Crisis	10/22/1962	-0.8%	-2.7%	1.1%	11.2%	17.8%	24.0%	30.3%
Six Day War	6/5/1967	-1.8%	0.1%	1.8%	0.2%	4.7%	2.9%	5.1%
Yom Kippur War	10/8/1973	0.7%	0.3%	-0.4%	-8.0%	-11.3%	-12.7%	-38.0%
Iran/Iraq War	9/12/1980	-0.5%	-0.4%	2.4%	2.2%	-3.5%	2.8%	-7.3%
Iraq Invades Kuwait	8/1/1990	-0.2%	-1.4%	-5.9%	-9.9%	-15.3%	-5.8%	4.1%
Enduring Freedom	10/7/2001	-0.6%	-0.7%	2.5%	5.7%	11.9%	13.0%	-18.1%
Iraqi Freedom	3/19/2003	0.9%	1.1%	0.4%	0.8%	11.1%	16.7%	23.2%
Israel - Lebanon	7/12/2006	-1.1%	-2.6%	-1.1%				

Data source: Jeff Saut, Raymond James CIO

### SPADE Index Commentary, August 2006, *The SPADE Investor* –

In looking at the [above] data, there did not seem to be a correlation between world events and the return of the companies that comprise the Dow 30 either in the short-term or over a period of a year. Instead, market forces, such as the recessions in 1973, 2002, etc. seemed to have more relevance. One would expect the aerospace and defense companies would see a more visible relationship, so we generated a similar table using the SPADE Defense Index for the last several wars and incidents to compare with the broader S&P500 to see what trends we could identify. As you can see, in all five instances, returns one month following an incident were positive but significant outperformance of the sector over the broader stock market came over a 6-month and 1-year period with 13%+ outperformance in 4 of the 5 examples. With data for the SPADE Defense Index available back to December 1997, we are unfortunately prevented from seeing whether these gains are indicative of the current market, or a long-term cause-and-effect noted over the past sixty years.

War	Date	Day of	Day 1	1 Week	1 Mo	3 Mo.	6 Mo.	1Yr
September 11, 2001								
SPADE	9/11/01		-0.8%	-3.2%	3.1%	9.2%	29.0%	11.4%
S&P500			-5.9%	-9.8%	-1.7%	4.7%	7.5%	-15.1%
<b>Sector Outperform</b>			<b>5.1%</b>	<b>6.5%</b>	<b>4.9%</b>	<b>4.6%</b>	<b>21.5%</b>	<b>26.5%</b>
Operation Enduring Freedom								
SPADE	10/7/01		0.3%	1.1%	2.8%	10.9%	24.8%	-1.7%
S&P500			-0.9%	1.9%	4.6%	9.5%	5.1%	-23.5%
<b>Sector Outperform</b>			<b>1.2%</b>	<b>-0.8%</b>	<b>-1.8%</b>	<b>1.4%</b>	<b>19.7%</b>	<b>21.8%</b>
Operation Iraqi Freedom								
SPADE	3/19/03	0.5%	-0.3%	-1.1%	1.7%	19.4%	25.0%	33.4%
S&P500		0.8%	1.0%	0.4%	2.7%	13.3%	15.0%	19.7%
<b>Sector Outperform</b>		<b>-0.3%</b>	<b>-1.3%</b>	<b>-1.5%</b>	<b>-1.0%</b>	<b>6.1%</b>	<b>10.1%</b>	<b>13.7%</b>
Madrid Train Bombing								
SPADE	3/11/04	-1.0%	0.6%	0.2%	6.7%	7.1%	8.7%	19.2%
S&P500		-1.3%	-0.2%	-0.1%	1.6%	0.9%	0.0%	5.1%
<b>Sector Outperform</b>		<b>0.2%</b>	<b>0.9%</b>	<b>0.3%</b>	<b>5.1%</b>	<b>6.3%</b>	<b>8.7%</b>	<b>14.1%</b>
London Bombings								
SPADE	7/7/05	0.5%	1.6%	1.5%	2.6%	2.4%	6.3%	8.5%
S&P500		0.2%	1.0%	1.8%	1.6%	0.1%	5.2%	2.9%
<b>Sector Outperform</b>		<b>0.3%</b>	<b>0.6%</b>	<b>-0.4%</b>	<b>0.9%</b>	<b>2.4%</b>	<b>1.1%</b>	<b>4.6%</b>
Israel - Lebanon Conflict								
SPADE	7/12/06	-0.8%	-2.3%	-2.7%	0.2%			
S&P500		-0.7%	-1.6%	-1.3%	1.1%			
<b>Sector Outperform</b>		<b>-0.1%</b>	<b>-0.7%</b>	<b>-1.4%</b>	<b>-1.0%</b>			

Credit: SPADE Indexes LLC

### Shocks to the System: Market Declines and Recoveries Since WWII (S&P 500)

	Event Date	S&P500 1-Day	S&P500 Total Drawdown	Calendar Days to Bottom	Calendar Days to Recovery
Saudi Aramco Drone Strike	9/14/2019	-0.3%	-4.0%	19	41
North Korea Missile Crisis	7/28/2017	-0.1%	-1.5%	14	36
Bombing of Syria	4/7/2017	-0.1%	-1.2%	7	18
Boston Marathon Bombing	4/15/2013	-2.3%	-3.0%	4	15
London Subway Bombing	7/5/2005	0.9%	0.0%	1	4
Madrid Bombing	3/11/2004	-1.5%	-2.9%	14	20
9/11	9/11/2001	-4.9%	-11.6%	11	31
Iraq's Invasion of Kuwait	8/2/1990	-1.1%	-16.9%	71	189
Reagan Shooting	3/30/1981	-0.3%	-0.3%	1	2
Yom Kippur War	10/6/1973	0.3%	-0.6%	5	6
Munich Olympics	9/5/1972	-0.3%	-4.3%	42	57
Tet Offensive	1/30/1968	-0.5%	-6.0%	36	65
Six-Day War	6/5/1967	-1.5%	-1.5%	1	2
Gulf of Tonkin Incident	8/2/1964	-0.2%	-2.2%	25	41
Kennedy Assassination	11/22/1963	-2.8%	-2.8%	1	1
Cuban Missile Crisis	10/16/1962	-0.3%	-6.6%	8	18

source: LPL Research, S&P Dow Jones Indices, CFRA

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Following the Russian invasion of Ukraine, the SPADE Defense Index gained 4.8% from 2/22 to 2/25 vs. 1.9% for the S&P500. Additionally, the defense sector saw a 1.60% smaller peak decline from 2/22 before the market rebounded on 2/24 and 2/25.

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