

# Recent Market Volatility: Putting it Into Perspective

March 2020

FRONTIER CAPITAL FUNDS

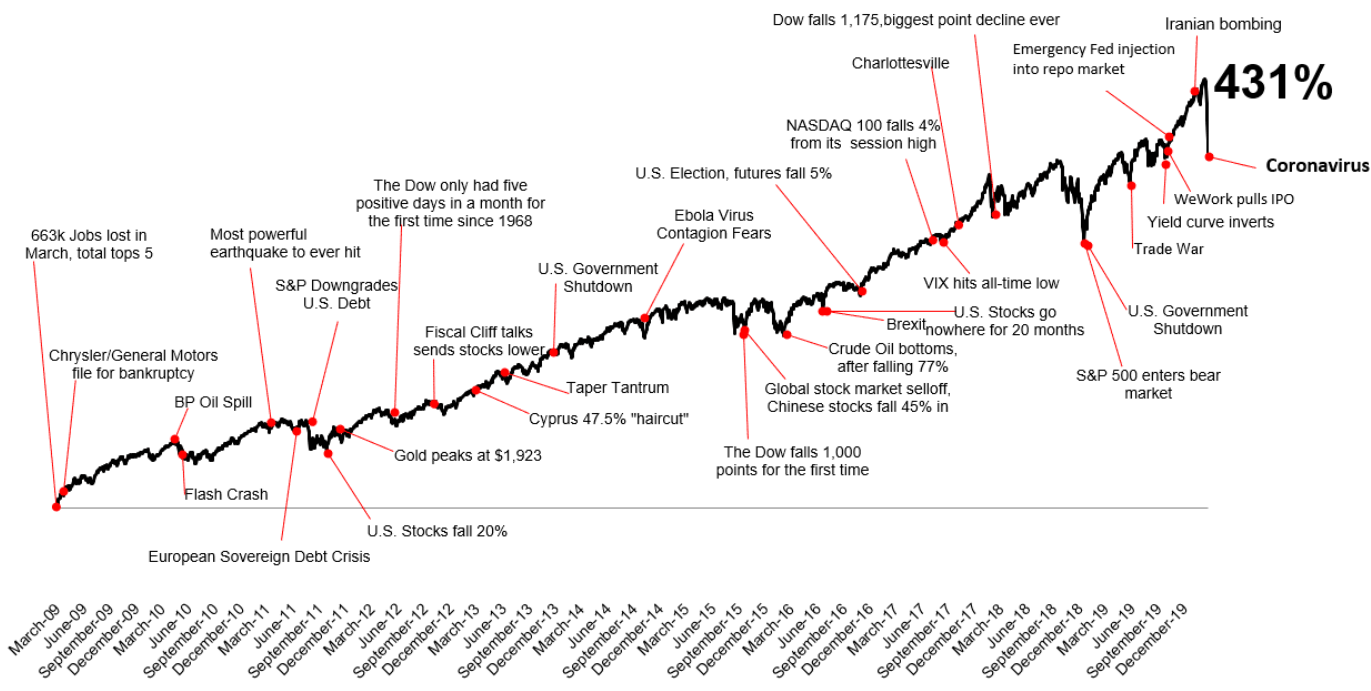
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The recent flood of coronavirus headlines has triggered excessive volatility in markets around the world, which has many investors worried. It is important at junctures like these to step back and assess the broader context. We at Frontier Capital Funds Inc. wanted to provide you with some information to help you do just that.

Below is some background on market corrections like the one we are currently experiencing and some comments on these recent events from Rob Taylor, Portfolio Manager of Asset Allocation Portfolio Class.

## Putting Market Declines in Context

The concept of long-term investing is simple, however it is sometimes not easy. Negative headlines always take centre stage, while positive news tends to play quietly in the background. We are not suggesting that the Coronavirus headlines are not to be taken seriously. However, negative headlines are a constant and they do sometimes have an impact on the market. When it comes to investing what is important to put into context is the resiliency of the market. It tends to recover from negative impacts like we are experiencing, and provide capital growth over the longer-term.



The chart above lists many of the negative headlines that have had an effect on the stock market over the past 10 years. With so much negativity, it may seem that it would be difficult for the market to make any positive returns. However, the line in the chart above is the movement of the stock market (represented by the S&P 500) over that same time period. As you can see, although there is short-term noise, the market tends to recover and continue its trajectory upward. In fact, over the past 10 years it returned 431%.

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**Rob Taylor, CPA, CA, CFA**  
SVP & Portfolio Manager

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## Recent Events

We have been in a bull market for about a decade, which has seen strong market growth. Within that time we have experienced a number of cycles, which includes significant market declines. We think we are at another period of a market decline. However, we believe that the bull market will continue. Once we move beyond the current period of fear, we would expect risk appetite to return which means more investing in the market, interest rates to move higher, and cyclical leadership to take hold.

We are not medical experts, but it feels as though this is getting blown out of proportion because of the fear of the unknown. Other health scares have shown a similar pattern, which ended up being fantastic buying opportunities. When the market reaches extremes like this, the market tends to rebound sharply and provide robust returns. The only exception is if it's followed by a recession, which we don't believe will happen. Rates are low, employment is strong, the housing market is robust, and credit is not showing any significant signs of stress

***For further information on the investment solutions offered by Frontier Capital Funds Inc., please contact Ali Shirvani, Senior Financial Planner, at 1-800-265-1888.***

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