

It has been a difficult start to 2022 for investors in risk assets with the S&P 500 dropping about 9% and the Nasdaq down over 13% through late January. While every correction is different, there are traditional safe havens that tend to provide shelter during equity market storms. The most common safe haven has been U.S. Treasury bonds, because when equity markets correct there is typically a flight to safety reaction by investors. Long-duration Treasuries have only provided partial shelter from the storm, falling just less than half of the S&P 500 year-to-date. The best performing safe haven has been gold that has traded up over just 1% in 2022. Many investors are expecting the Fed to step in and change the narrative to quell concern over rate hikes.

- While gold has held up relatively well during the volatility sell-off in 2022, the precious metal is essentially flat over the last year and remains almost 5% lower than the high achieved in August 2020.
- The performance of long-duration Treasuries during the prior two bear markets suggest they may again be a safe haven against equity volatility as they climbed over 20% in each instance.
- There are occasions where investors rotate out of growth stocks and into value to reduce portfolio risk. This is occurring today as evidenced by “value” stocks dropping about half the broad market.

