

The Rewards of Long-term Investing

Positive vs. negative average annual returns for the S&P 500 (1937-2021)¹

Historically, investors who stick to a long-term investment approach mostly see positive stock market returns over time.

10.7% average annual return: 1937 - 2021

20 negative years

-12.2% average negative return

3 years down 24.01%	1 year down 18.01%-24%	1 year down 12.01%-18%	10 years down 6.01%-12%	5 years down 0%-6%	10 years up 0%-6%	9 years up 6.01%-12%	8 years up 12.01%-18%	17 years up 18.01%-24%	21 years up 24.01%+
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2008 -37.0%	2002 -22.1%	1973 -14.7%	2001 -11.9%	2018 -4.4%
1974 -26.3%			2000 -9.1%	1990 -3.1%
1937 -34.7%			1977 -7.2%	1981 -4.9%

1969 -8.4%	1953 -0.9%
1966 -10.0%	1939 -0.4%
1962 -8.7%	
1957 -10.7%	
1946 -8.0%	
1941 -11.6%	
1940 -9.8%	

1931 + 2008

The Great Depression and the Global Financial Crisis led to two of the largest stock market losses in U.S. history.

65 positive years

19.7% average positive return

2021	28.7%
2019	31.5%
2013	32.4%
2009	26.5%
2020	18.4%
2003	28.7%
2017	21.8%
1998	28.7%
1999	21.0%
1997	33.4%
1996	23.0%
1995	37.6%
1986	18.6%
1991	30.5%
1983	22.5%
1989	31.7%
1982	21.5%
1985	31.6%
1979	18.4%
1980	32.4%
1976	23.8%
1975	37.1%
2015	1.4%
2016	12.0%
2007	5.5%
2004	10.9%
2014	13.7%
2005	4.9%
1993	10.1%
2012	16.0%
1994	1.3%
1992	7.6%
2010	15.1%
1994	1.3%
1992	7.6%
2010	15.1%
1987	5.2%
1984	6.2%
2006	15.8%
1987	5.2%
1984	6.2%
2006	15.8%
1970	3.9%
1978	6.5%
1988	16.6%
1970	3.9%
1978	6.5%
1988	16.6%
1960	0.5%
1968	11.0%
1971	14.2%
1960	0.5%
1968	11.0%
1971	14.2%
1948	5.4%
1959	12.0%
1965	12.5%
1948	5.4%
1959	12.0%
1965	12.5%
1947	5.6%
1956	6.5%
1964	16.4%
1947	5.6%
1956	6.5%
1964	16.4%
1942	20.1%
1938	30.8%
1972	19.0%
1961	26.9%
1967	23.9%
1958	43.1%
1963	22.8%
1955	31.4%
1952	18.2%
1954	52.3%
1951	24.0%
1950	31.5%
1949	18.6%
1945	36.3%
1944	19.5%
1943	25.6%

Although stocks have an average annualized return of 10.7% since 1937, the return can be far higher or lower in any single year.

Long-term investors should consider the pattern of returns over the last 20 years and avoid the distraction of the market's ups and downs along the journey.

Steady and continuous growth is the exception, not the rule.

Source:
1. Source: Franklin Templeton. Each calendar year listed in chart reflects average annual performance from December 31 of prior year to December 31 of listed year. Returns prior to 1957 are representative of the S&P 90 Index, a value-weighted index based on 90 stocks.

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