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%
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.

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%+
				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%
2015 1.4%			1979 18.4%	1980 32.4%
2011 2.1%	2016 12.0%		1976 23.8%	1975 37.1%
2007 5.5%	2004 10.9%	2014 13.7%	1972 19.0%	1961 26.9%
2005 4.9%	1993 10.1%	2012 16.0%	1967 23.9%	1958 43.1%
1994 1.3%	1992 7.6%	2010 15.1%	1963 22.8%	1955 31.4%
1987 5.2%	1984 6.2%	2006 15.8%	1952 18.2%	1954 52.3%
1970 3.9%	1978 6.5%	1988 16.6%	1951 24.0%	1950 31.5%
1960 0.5%	1968 11.0%	1971 14.2%	1949 18.6%	1945 36.3%
1948 5.4%	1959 12.0%	1965 12.5%	1944 19.5%	1943 25.6%
1947 5.6%	1956 6.5%	1964 16.4%	1942 20.1%	1938 30.8%

65 positive years

19.7% average positive return

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.