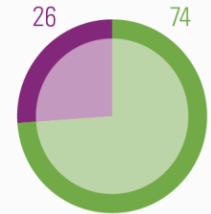
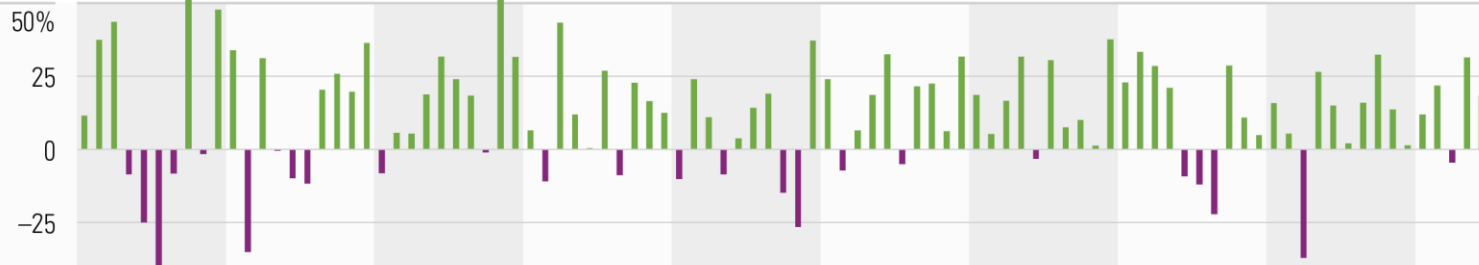


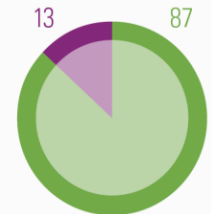
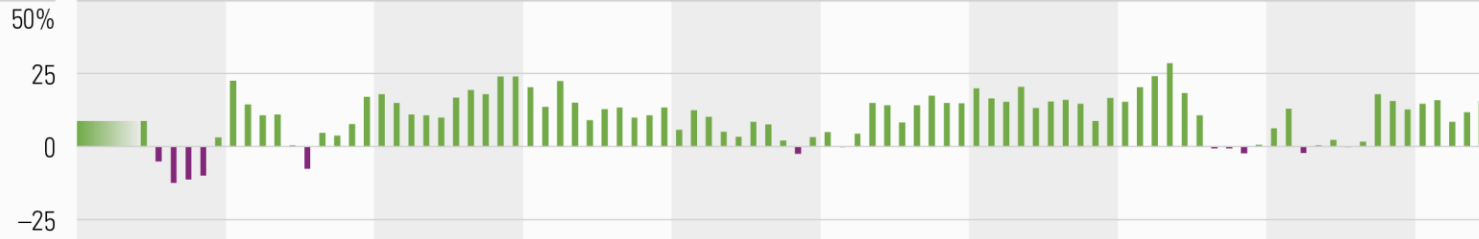
Risk of Stock Market Loss Over Time

1926–2020

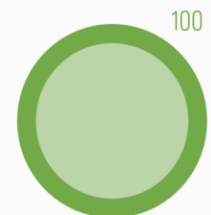
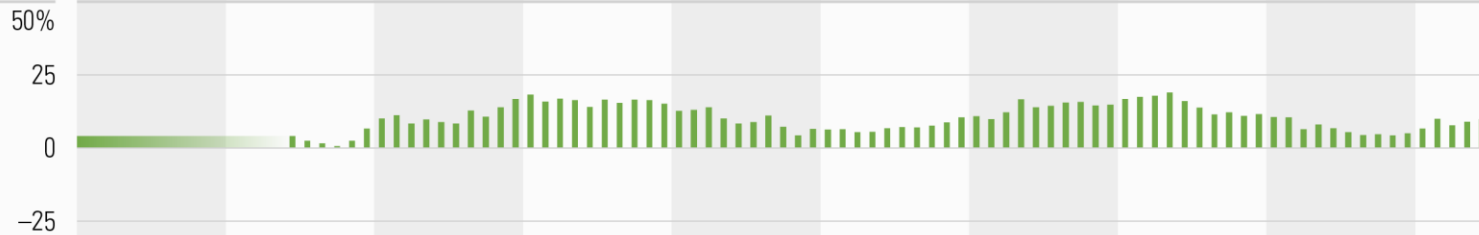
One-year returns



5-year annualized returns (Each bar represents the average return for the preceding 5-year time period)



15-year annualized returns (Each bar represents the average return for the preceding 15-year time period)



■ Gain ■ Loss

1926 1936 1946 1956 1966 1976 1986 1996 2006 2016

FRIYLOB

Risk of Stock Market Loss Over Time

1926–2020

Risk of Stock Market Loss Over Time

Though stocks are often considered by some to be risky investments, long-term gains have been demonstrated to offset short-term losses for the long-term investor. It is important to understand that, as with other investments, you can expect to experience losses from time to time when investing in the stock market. Short-term losses can even be expected for fixed-income investments, though they are generally considered less risky than stocks. With a long investment horizon, however, losses could potentially be recouped.

This graph illustrates the realized losses in the stock market for the one-, five-, and 15-year periods. Of the 95 one-year periods since 1926, 25 resulted in a loss. However, increasing the holding period to five years, only 12 of the 91 overlapping five-year periods resulted in a loss. Moreover, none of the 81 overlapping 15-year periods since 1926 resulted in losses. However, keep in mind that holding stocks for the long term does not ensure a profitable outcome and that investing in stocks always involves risk, including the possibility of losing the entire investment. Stocks are not guaranteed and are more volatile than other asset classes.

About the data

Large stocks in this example are represented by the Ibbotson Large Company Stock Index. An investment cannot be made directly in an index. The data assumes reinvestment of all income and does not account for taxes or transaction costs.

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