Risk of Stock Market Loss Over Time
1926–2018

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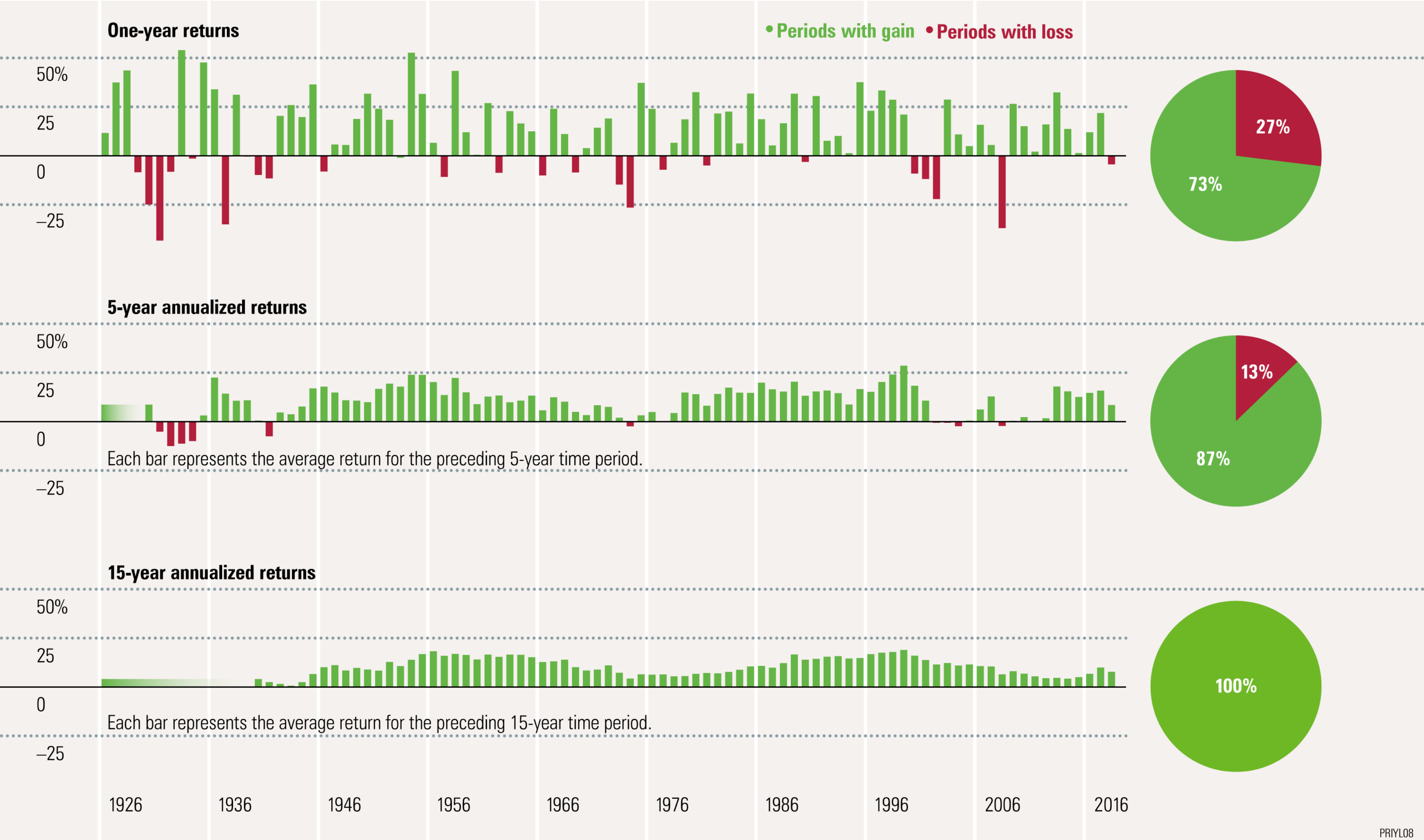

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Though stocks are often considered by some to be risky investments, long-term gains have been demonstrated to offset short-term losses for the long-term investor.

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 93 one-year periods since 1926, 25 resulted in a loss. However, increasing the holding period to five years, only 12 of the 89 overlapping five-year periods resulted in a loss. Moreover, none of the 79 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.