FRANKLIN TEMPLETON

The rewards of long-term investing

Investing principles

The odds have favored investors who take a long-term approach. Historically, sticking to a long-term investment strategy has paid off with average stock market returns being mostly positive over time.

Positive performance over time

If you have questions about your equity portfolio, ask your financial professional—who can help you decide whether adjustments may be appropriate based on changes in your financial situation (including your risk tolerance, time horizon and investment objectives).

Positive Versus Negative Average Annual Returns for the S&P 500 (1937–2023)[1]

Though the stock market's returns vary tremendously, the average returns for the S&P 500 were positive in 76% of the years from 1937 to 2023.

10.5% average annual return: 1937–2023

21 negative years | **-12.5%** average negative return

3 years down 24.01%+

2008	-37.0%
1974	-26.3%
1937	-34.7%

2 years down 18.01%–24%

2002	-22.1%
2022	-18.1%

1 year down 12.01%–18%

1973	-14.7%

10 years down 6.01%–12%

2001	-11.9%
2000	-9.1%
1977	-7.2%
1969	-8.4%
1966	-10.0%
1962	-8.7%
1957	-10.7%
1946	-8.0%
1941	-11.6%
1940	-9.8%

5 years down 0%–6%

2018	-4.4%
1990	-3.1%
1981	-4.9%
1953	-0.9%
1939	-0.4%

10 years up 0%–6%

2015	+1.4%
2011	+2.1%
2007	+5.5%
2005	+4.9%
1994	+1.3%
1987	+5.2%
1970	+3.9%
1960	+0.5%
1948	+5.4%
1947	+5.6%

9 years up 6.01%–12%

2016	+12.0%
2004	+10.9%
1993	+10.1%
1992	+7.6%
1984	+6.2%
1978	+6.5%
1968	+11.0%
1959	+12.0%
1956	+6.5%

8 years up 12.01%–18%

2014	+13.7%
2012	+16.0%
2010	+15.1%
2006	+15.8%
1988	+16.6%
1971	+14.2%
1965	+12.5%
1964	+16.4%

17 years up 18.01%–24%

2020	+18.4%
2017	+21.8%
1999	+21.0%
1996	+23.0%
1986	+18.6%
1983	+22.5%
1982	+21.5%
1979	+18.4%
1976	+23.8%
1972	+19.0%
1967	+23.9%
1963	+22.8%
1952	+18.2%
1951	+24.0%
1949	+18.6%
1944	+19.5%
1942	+20.1%

22 years up 24.01%+

2023	+26.3%
2021	+28.7%
2019	+31.5%
2013	+32.4%
2009	+26.5%
2003	+28.7%
1998	+28.6%
1997	+33.4%
1995	+37.6%
1991	+30.5%
1989	+31.7%
1985	+31.6%
1980	+32.4%
1975	+37.1%
1961	+26.9%
1958	+43.1%
1955	+31.4%
1954	+52.3%
1950	+31.5%
1945	+36.3%
1943	+25.6%
1938	+30.8%

66 positive years | **19.8%** average positive return

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. Performance shown reflects the effects of dividend reinvestment. This chart is for illustrative purposes only and does not represent actual performance, past or future, of any investment.

The S&P 500 Index (S&P 500) is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S. Performance does not reflect the impact of fees and expenses. Investors cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

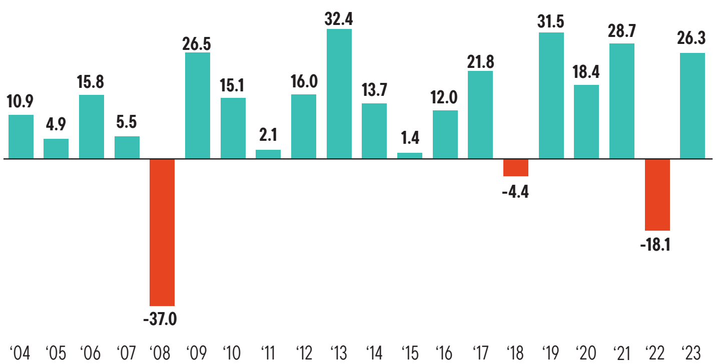
Why it may pay to stay invested

Stocks are generally more volatile than fixed income, and returns can vary greatly from year to year. As a result, stock investors may be tempted to abandon a long-term strategy when the markets are down. While past performance doesn't guarantee future results, history has shown it has been beneficial for investors to stick to a plan and stay invested for the long term.

Steady growth is the exception, not the rule

S&P 500 Index: Annual Total Returns (%)[2]

January 1, 2004–December 31, 2023



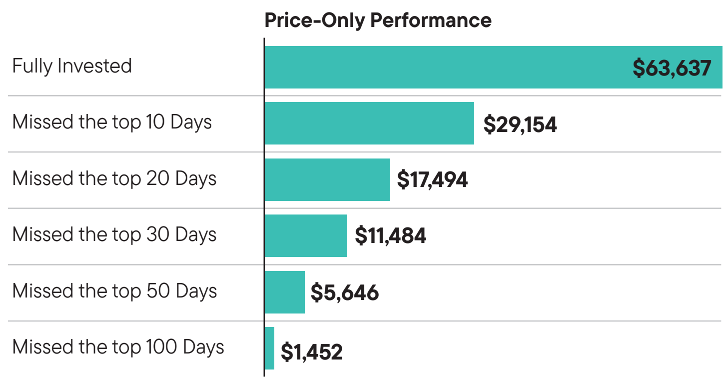
Although stocks have an average annualized return of 10.5% since 1937, the return can be far higher or lower in any single year.

Long-term investors should consider the pattern of returns over the last 20 years and not be thrown off course by the market's ups and downs along the way: Steady, continuous growth is the exception, not the rule.

A few days can make a difference

$10,000 Investment Made to S&P 500 Index[3]

January 1, 2004–December 31, 2023



Pulling money out of stocks in down periods can reduce long-term returns, because when the market bounces back, it can happen suddenly and quickly. Missing even a few trading days could mean missing some of the market's biggest gains.

There were 5,033 trading days during this 20-year period... yet missing only 10 of them would reduce an investor's final return by 64%.

What should I know before investing?

All investments involve risk, including possible loss of principal. Equity investments generally provide an opportunity for more capital appreciation than fixed income investments, but they are subject to greater market fluctuations. Fixed income securities may be subject to extension risk, which is the risk that the issuer will repay their obligations more slowly than the market anticipates in the event that market interest rates rise. Issuers also have the right to pay their payment obligations ahead of schedule in the event that market interest rates fall, subjecting investments to prepayment risk.

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2. Source: Franklin Templeton.
3. Source: Franklin Templeton. All investments involve risks, including loss of principal. The chart provided is for illustrative purposes only and represents an unmanaged index in which investors cannot directly invest.

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