

The Rewarding Distribution of US Stock Market Returns

29.6% CRSP 1-10 INDEX RETURNS BY YEAR, 1926-2021 1989 28.9% 28.8% 1967 28.7% 72 24 28.4% **Negative Years** Positive Years 1988 18.0% 28.2% (25%)(75%)9.8% 17.7% 26.9% 1972 26.8% 8.4% 16.8% 8.3% 16.2% 25.2% 1978 7.5% 2012 16.2% 1975 38.8% 25.2% 6.2% 16.1% 24.3% 38.5% 1964 2021 5.8% 24.0% 16.1% 38.4% 4.5% 16.1% 23.5% 36.8% 2006 15.5% 2015 -0.5% 4.1% 22.6% 35.2% 14.5% 34.7% -10.0% -3.6% 3.6% 22.0% 1968 1944 21.5% 33.5% 2.8% 14.1% -4.3% -5.0% 2.1% 13.6% 21.4% -10.2% 32.8% 1.7% 13.4% 32.3% -10.9% -6.0% 1959 12.7% 32.2% 1.2% 21.0% -11.1% -6.2% 1940 2004 1963 -21.1% -11.4% -7.1% 0.8% 12.0% 21.0% 31.6% 50.0% 2014 -34.7% 0.7% 11.6% 20.7% -27.0% -15.2% -8.6% 31.4% 45.0% -8.7% 0.0% 11.1% 20.2% 30.4% 44.4% -50% to -40% -40% to -30% -30% to -20% -20% to -10% -10% to 0% 0% to 10% 10% to 20% 30% to 40% 40% to 50% 50% to 60%

Annual stock market returns are unpredictable, but "up" years have occurred much more frequently than "down" years in the US. That may be reassuring to investors, especially if they find market downturns unsettling.

- The US stock market posted positive returns in 75% of the calendar years from 1926 through 2021.
- The market gained an annualized average of 10.2% during this period. Yet nearly two-thirds of yearly observations were at least 10 percentage points above or below the average.
- Another noteworthy trend: More than two-thirds of the down years were followed by up years. The most recent example: a 5.0% loss in 2018 followed by a 30.4% gain in 2019.

The stock market tends to reward investors who can weather annual ups and downs and stay committed to a long-term plan.

-50% 0% 60%

1. Return in 1970 was 0.002%.

Past performance is no guarantee of future results. Investing risks include loss of principal and fluctuating value. There is no guarantee an investment strategy will be successful. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

In US dollars. CRSP data provided by the Center for Research in Security Prices, University of Chicago. The CRSP 1–10 Index measures the performance of the total US stock market, which it defines as the aggregate capitalization of all securities listed on the NYSE, AMEX, and NASDAQ exchanges.

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