

Investing in the Stock Market Tends to Build Wealth

Investing in the stock market during an up market is a no-brainer for many individuals. Yet investing during a downturn takes a bit more moxie. It's harder to see the long term when the here and now is so pessimistic.

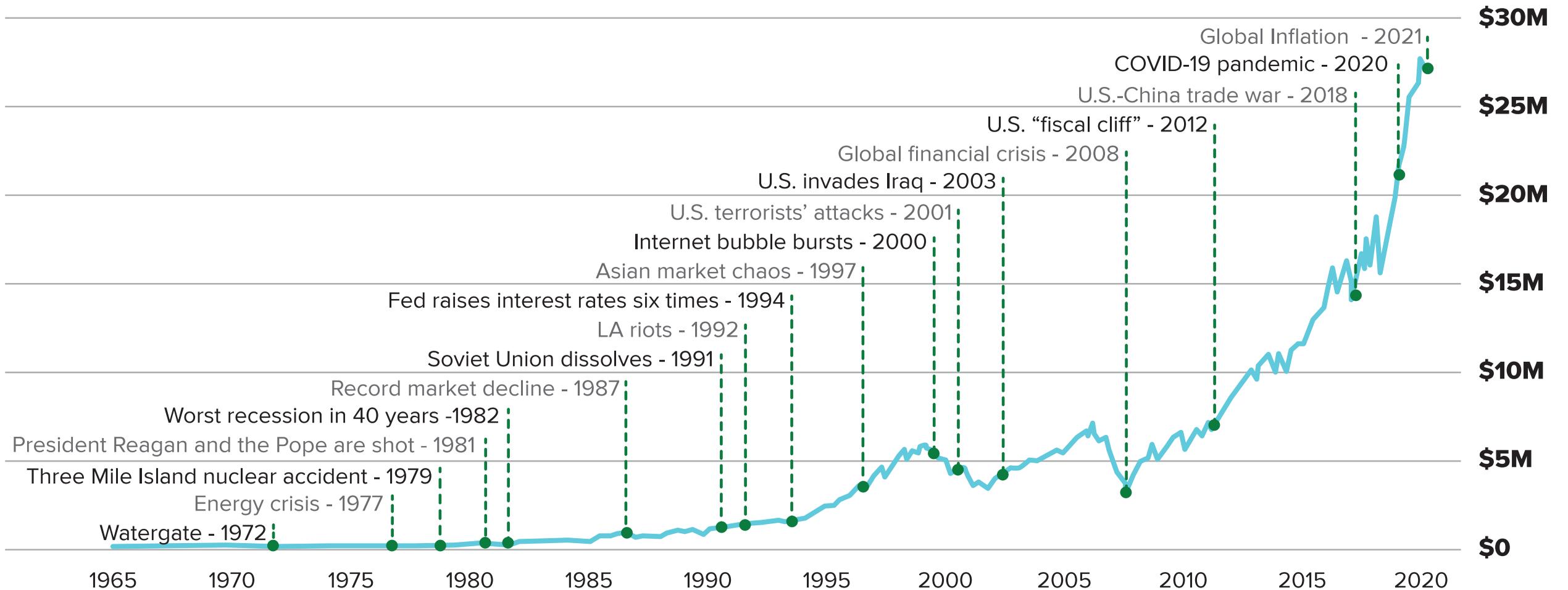
But we believe investing should be about the long term. We also think that wealth is built at market lows. What do we mean? When the market has experienced a broad and prolonged sell off, many of the world's best companies tend to fall alongside the not-so-great ones. So if investors could buy what they believe to be good stocks at fire-sale prices, they tend to get rewarded over time. What is the basis for our belief?



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This chart explains. Hypothetically, if an investor put \$100,000 in the S&P 500® Index* in 1965, they would have \$26,853,000 (not adjusted for inflation) in 2021. That is an average annual return of 10.31%. Even adjusted for inflation, the average annual return was 6.22%. There is one word that explains this phenomenon: Compounding. But compounding takes patience and at times of market turmoil, a steel reserve.

Hypothetical Growth of a \$100,000 Over Time



*The S&P 500® is an unmanaged index used as a general measure of market performance. It is not possible to invest directly into an index. However, you may invest in mutual funds and ETFs ("Investment Companies") that attempt to follow the S&P 500 Index. Like most funds, Investment Companies that track major market indices charge management fees (typically in the range of 0.2 to 0.03%) and incur other operating expenses. These fees and expenses reduce performance and are not reflected in this chart.

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Amount	\$111,599	\$104,440	\$121,273	\$134,147	\$122,673	\$131,927	\$150,398	\$177,265	\$148,391	\$117,118	\$163,017	\$181,290	\$164,900
Total Return	12.45%	-10.06%	23.98%	11.06%	-8.50%	4.01%	14.31%	18.98%	-14.66%	-26.47%	37.20%	23.84%	-7.18%

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Amount	\$191,672	\$224,478	\$282,887	\$262,460	\$341,497	\$411,067	\$443,606	\$560,656	\$736,683	\$736,683	\$847,947	\$1,042,716	\$1,033,837
Total Return	6.56%	18.44%	32.42%	-4.91%	21.55%	22.56%	6.27%	31.73%	18.67%	5.25%	16.61%	31.69%	-3.10%

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Amount	\$1,364,171	\$1,469,742	\$1,641,784	\$1,660,703	\$2,247,184	\$2,862,088	\$3,660,887	\$4,814,361	\$5,564,232	\$5,274,296	\$4,563,802	\$3,645,199	\$4,686,592
Total Return	30.47%	7.62%	10.08%	1.32%	37.58%	22.96%	33.36%	28.58%	21.04%	-9.10%	-11.89%	-22.10%	28.68%

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Amount	\$4,969,841	\$5,472,845	\$6,204,885	\$6,115,572	\$3,936,652	\$5,248,530	\$6,108,329	\$6,314,932	\$7,337,492	\$9,214,737	\$10,454,777	\$10,093,454	\$12,223,335
Total Return	10.88%	4.91%	15.79%	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%

	2017	2018	2019	2020	2021
Amount	\$15,276,730	\$14,549,268	\$18,642,521	\$21,973,233	\$26,853,051
Total Return	21.83%	-4.38%	31.49%	18.40%	28.71%

Source: officialdata.org. Data is for the S&P 500 from 1965 through 2021. Total returns include reinvested dividends. The S&P 500® is an unmanaged index used as a general measure of market performance. It is not possible to invest directly into an index. However, investors may invest in mutual funds, ETFs ("funds"), and investment strategies ("strategies") that attempt to follow the S&P 500 Index. There is no guarantee that funds and strategies will achieve the same results as the S&P 500 Index.

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