Historical Index Risk Return

Portfolio Allocations and Historical Index Risk/Return (1926–2019)

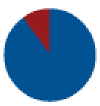
Understand how a portfolio's broad equity-to-fixed income mix has historically affected its risk and return characteristics.

Income

An income-oriented investor seeks current income with minimal risk to principal, is comfortable with only modest long-term growth of principal, and has a short- to mid-range investment time horizon. Generating current income is a primary goal.

100% Fixed income

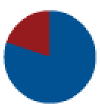
Average annual return	5.33%
Best year (1982)	32.62%
Worst year (1969)	–8.13%
Years with a loss	14 of 94



10% Equity/90% Fixed income

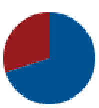
Average annual return	5.99%
Best year (1982)	31.33%
Worst year (1969)	–8.14%
Years with a loss	12 of 94

Conservative



20% Equity/80% Fixed income

Average annual return	6.62%
Best year (1982)	30.01%
Worst year (1931)	–10.74%
Years with a loss	13 of 94

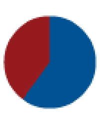


30% Equity/70% Fixed income

Average annual return	7.21%
Best year (1982)	28.67%
Worst year (1931)	–15.07%
Years with a loss	15 of 94

Balanced

A balanced-oriented investor seeks to reduce potential volatility by including income-generating investments in his or her portfolio and accepting moderate growth of principal, is willing to tolerate short-term price fluctuations, and has a mid- to long-range investment time horizon.



40% Equity/60% Fixed income

Average annual return	7.77%
Best year (1933)	31.84%
Worst year (1931)	–19.32%
Years with a loss	17 of 94

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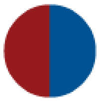
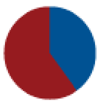


50% Equity/50% Fixed income

Average annual return	8.29%
Best year (1933)	36.37%
Worst year (1931)	–23.49%
Years with a loss	18 of 94

Moderate

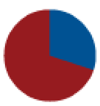


60% Equity/40% Fixed income

Average annual return	8.77%
Best year (1933)	40.57%
Worst year (1931)	–27.58%
Years with a loss	22 of 94

Growth

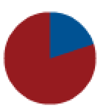
A growth-oriented investor seeks to maximize the long-term potential for growth of principal, is willing to tolerate potentially large short-term price fluctuations, and has a long-term investment time horizon. Generating current income is not a primary goal.



70% Equity/30% Fixed income

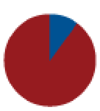
Average annual return	9.21%
Best year (1933)	44.45%
Worst year (1931)	–31.59%
Years with a loss	23 of 94

Aggressive



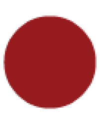
80% Equity/20% Fixed income

Average annual return	9.61%
Best year (1933)	48.01%
Worst year (1931)	–35.52%
Years with a loss	24 of 94



90% Equity/10% Fixed income

Average annual return	9.97%
Best year (1933)	51.26%
Worst year (1931)	–39.37%
Years with a loss	24 of 94



100% Equity

Average annual return	10.29%
Best year (1933)	54.20%
Worst year (1931)	–43.13%
Years with a loss	26 of 94

Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

When determining which index to use and for what period, we selected the index that we deemed to be a fair representation of the characteristics of the referenced market, given the information currently available. For U.S. stock market returns, we used the Standard & Poor's 90 Index from 1926 through March 3, 1957; the S&P 500 Index from March 4, 1957, through 1974; the Dow Jones Wilshire 5000 Index from 1975 through April 22, 2005; the MSCI US Broad Market Index from April 23, 2005, through June 2, 2013; and the CRSP US Total Market Index thereafter.

For U.S. bond market returns, we used the S&P High Grade Corporate Index from 1926 through 1968, the Citigroup High Grade Index from 1969 through 1972, the Lehman Brothers U.S. Long Credit AA Index from 1973 through 1975, the Bloomberg Barclays U.S. Aggregate Bond Index from 1976 through 2009, and the Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.