

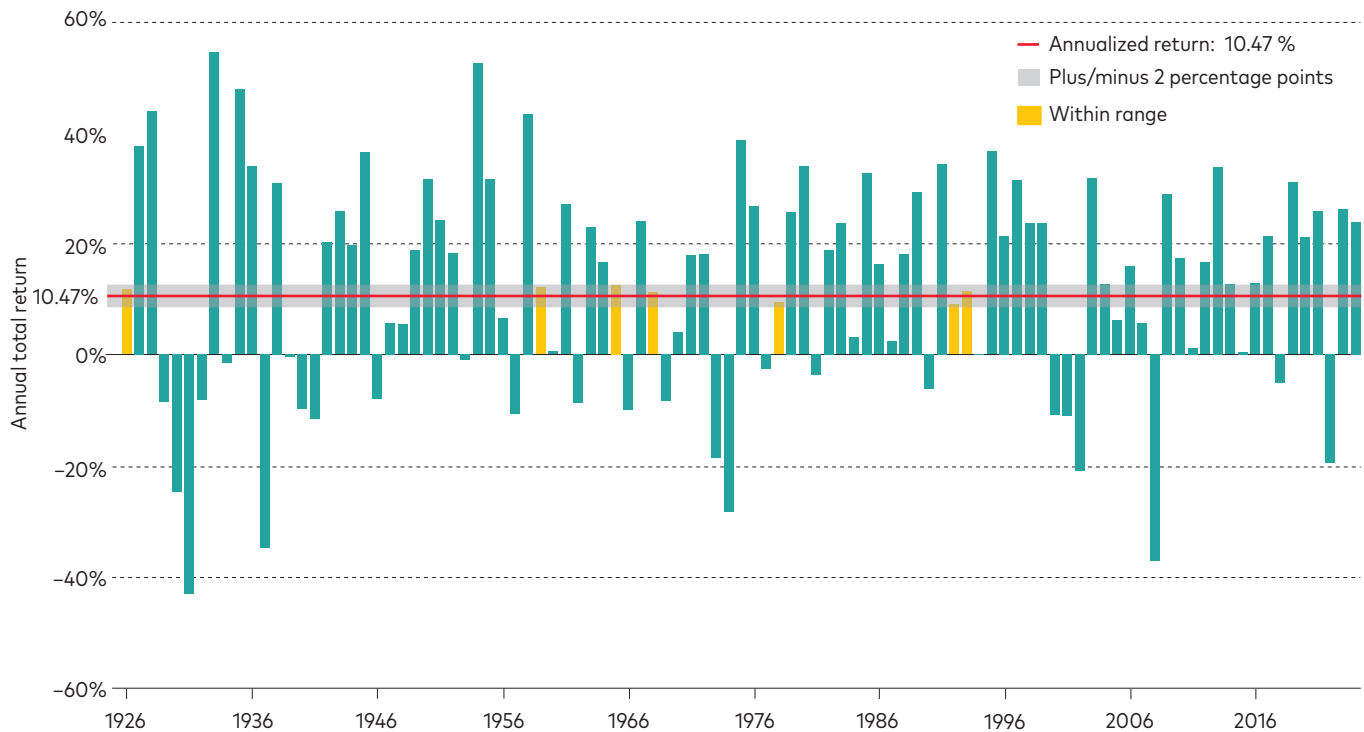
When will we get back to average market returns?

Average total returns in the stock and bond markets are often cited in financial circles, perhaps giving lay investors the false impression that these returns are the norm. In reality, there have been few years when either stocks or bonds delivered returns that are even close to market averages.

Financial markets, particularly stock markets, are inherently volatile over the short term. To benefit from long-term market performance, investors should temper their expectations and stay the course.

U.S. stock market 1926–2024

Returns fell within 2 percentage points of the annualized return of 10.47% in only 7 out of 99 years.



U.S. stock market returns based on Standard & Poor's 90 Index from 1926 to March 3, 1957; S&P 500 Index from March 4, 1957, through 1974; Dow Jones Wilshire 5000 Index from 1975 to April 22, 2005; MSCI US Broad Market Index from April 23, 2005, to June 2, 2013; and CRSP US Total Market Index thereafter. Assumes all distributions were reinvested. *Past performance is not a guarantee of future results. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.*

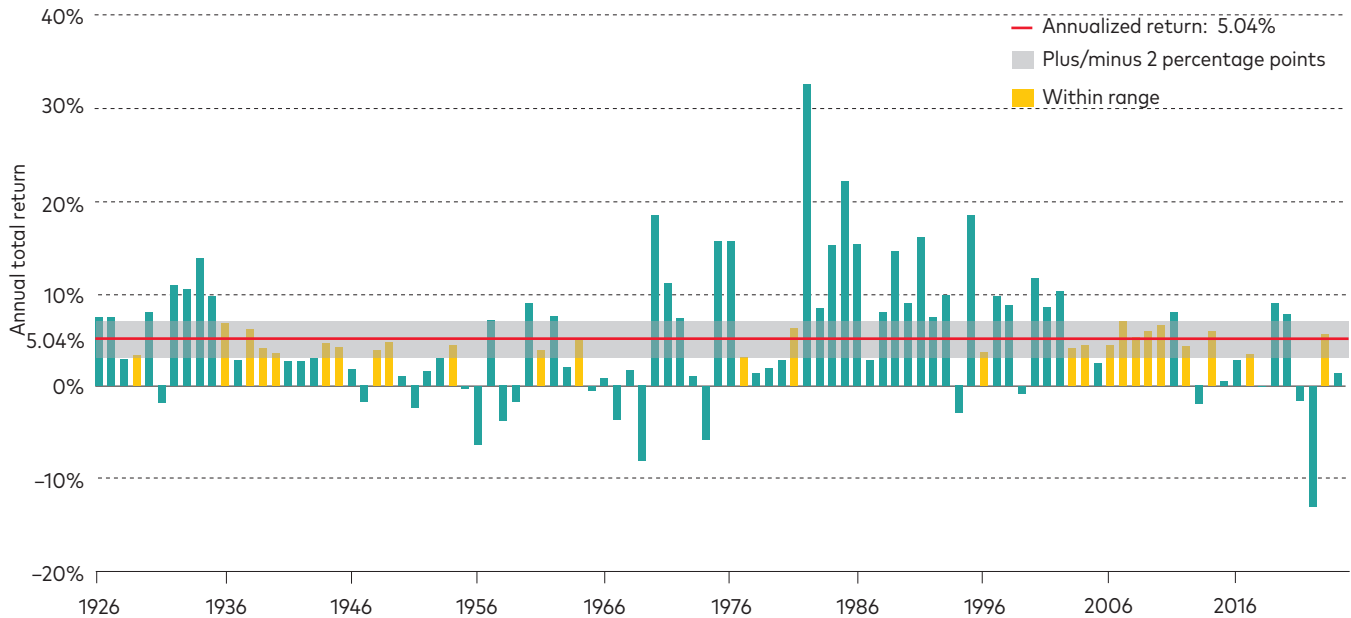
Source: Vanguard.

What does this mean to me?

Temper your expectations. As rare as it is for either the stock or bond markets to deliver returns near their historical averages, it's even more rare when both stocks and bonds have done so in the same calendar year. Investors should never expect the average return in any given year or even over intermediate time periods.

U.S. bond market 1926–2024

Returns fell within 2 percentage points of the annualized return of 5.04% in only 26 out of 99 years.



U.S. bond market returns based on S&P High Grade Corporate Index from 1926 through 1968, Citigroup High Grade Index from 1969 through 1972, Lehman Brothers U.S. Long Credit AA Index from 1973 through 1975, Barclays U.S. Aggregate Bond Index from 1976 through 2009, and Bloomberg U.S. Aggregate Float Adjusted Index thereafter. Assumes all distributions were reinvested. *Past performance is not a guarantee of future results. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.*

Source: Vanguard.

All investments are subject to risks. Investments in bonds and stocks are subject to interest rate, credit, and inflation risk.

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