For our December Client Question of the Month, we thought it would be helpful to update some of our favorite charts that put the year in context and reinforce our investment philosophy. At Winthrop Wealth, we apply a total net worth approach to wealth management that combines both comprehensive financial planning and investment management. Our investment philosophy is based on providing actively managed, well-diversified portfolios, with a long-term focus. We continue to believe this is the optimal approach for helping our clients ultimately reach their goals and objectives.

The following charts support our investment philosophy by demonstratin: the stock market goes up over time, market declines are common, the value of time, and the benefit of portfolio diversification.

The market goes up over time, but returns are not linear

The S&P 500 returned +18.4% in 2020, which ranks as the 40th best calendar year ever. The following chart displays the S&P 500's annual returns since 1928. From 1928 to 2020, the stock market produced a total annualized return of +9.6%. A $1,000 investment in 1928 would be worth over $4.8 million today. We would also like to highlight that this data set starts right before The Great Depression where the market posted a total return of-29.0% throughout the entire 1930s. The total time period includes eleven bear markets, fifteen recessions, and dozens of corrections and pullbacks.

Since 1928, the stock market produced positive results in 68 calendar years vs. 25 years with negative returns. The market went higher in 73% of years with an average return of +20.8% and declined in 27% of years with an average drop of-14.0%. As always, we remind our clients that the market goes up over time, but the returns are not linear. Volatility and negative periods are common, however the longer an investor remains in the market the greater the probability of a positive return.

S&P 500 Annual Return: 1928 - 2020

Total Annualized Return:	9.6%	
Positive Annual Returns:	68	73%
Negative Annual Returns:	25	27%

						1944 19.5%				
						1972 19.0%				
						1986 18.7%				
						1979 18.6%	2003 28.7%			
						2020 18.4%	1998 28.5%	1928 37.9%		
					1992 7.6%	1952 18.2%	1961 26.9%	1995 37.5%		
				1939 -0.1%	1978 6.6%	1988 16.6%	2009 26.4%	1975 37.2%		
				1953 -0.9%	1956 6.5%	1964 16.4%	1943 25.6%	1945 36.3%		
				1990 -3.2%	1984 6.3%	2012 16.0%	1976 23.9%	1936 33.7%		
				2018 -4.4%	1947 5.6%	2006 15.8%	1967 23.9%	1997 33.3%		
				1934 -4.7%	2007 5.6%	2010 15.1%	1951 23.8%	1950 32.6%		
				1981 -4.9%	1948 5.4%	1971 14.3%	1949 23.6%	1980 32.5%		
				1977 -7.2%	1987 5.3%	2014 13.7%	1996 22.9%	2013 32.4%		
			1957 -10.7%	1946 -8.0%	2005 4.9%	1965 12.5%	1963 22.8%	1985 31.7%		
			1941 -11.6%	1969 -8.4%	1970 3.9%	1959 12.0%	1983 22.6%	1989 31.7%		
			2001 -11.9%	1962 -8.7%	2011 2.1%	2016 12.0%	2017 21.8%	2019 31.5%		
		2002 -22.1%	1929 -11.9%	2000 -9.1%	2015 1.4%	1968 11.0%	1982 21.5%	1955 31.4%	1933 44.1%	
	1937 -34.7%	1974 -26.5%	1973 -14.7%	1940 -9.6%	1994 1.3%	2004 10.9%	1999 21.0%	1991 30.4%	1958 43.1%	
1931 -47.1%	2008 -37.0%	1930 -28.5%	1932 -14.8%	1966 -10.0%	1960 0.5%	1993 10.1%	1942 20.1%	1938 30.1%	1935 41.4%	1954 52.3%
-50% to -40%	**-40% to -30%**	**-30% to -20%**	**-20% to -10%**	**-10% to 0%**	**0% to 10%**	**10% to 20%**	**20% to 30%**	**30% to 40%**	**40% to 50%**	**50% to 60%**