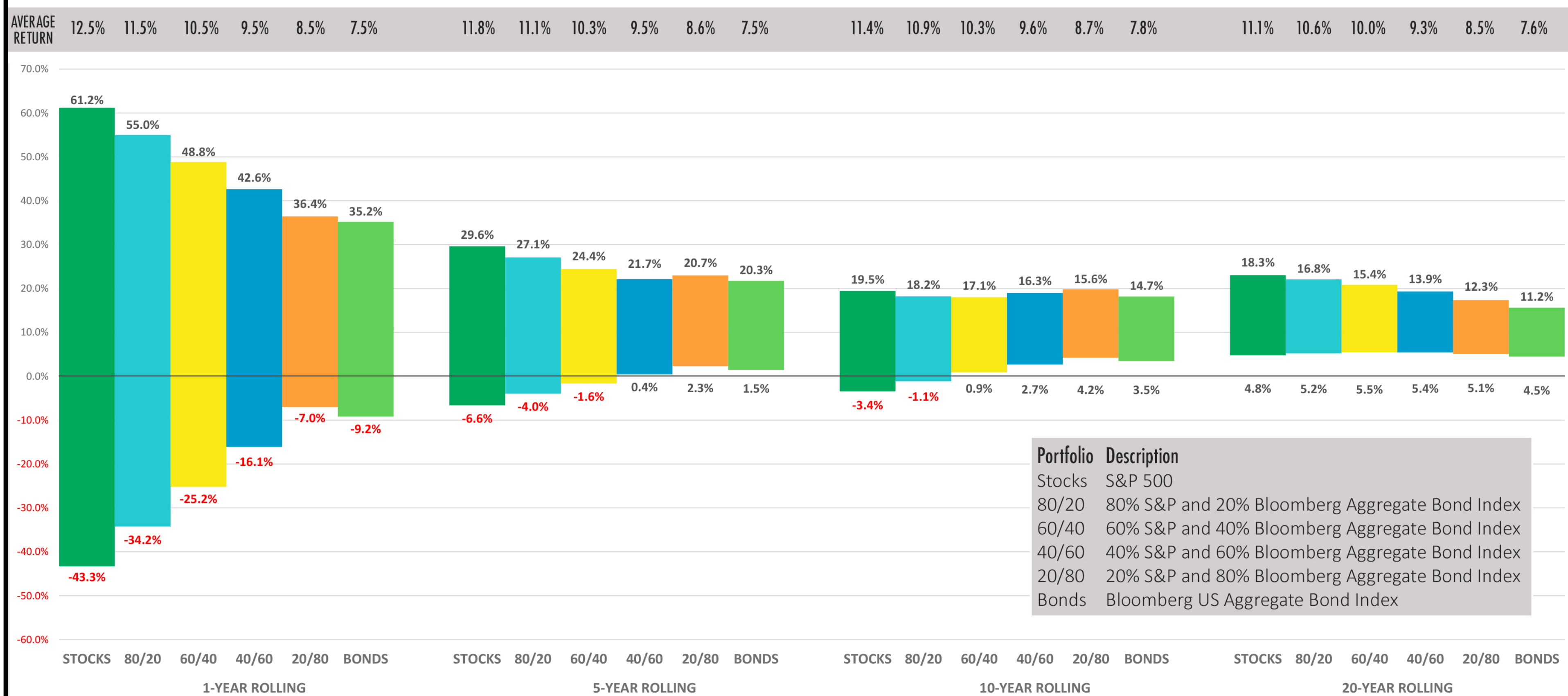
Value of time

The following chart displays the performance of various stock and bond portfolios over rolling periods. Our time-period runs from January 1976 through December 2020 – this is the longest possible data period we have for both the S&P 500 (stocks) and Bloomberg Barclays Aggregate Bond index (bonds). Rolling periods run from month-to-month over the stated time frame and allow for a larger data set than calendar year periods.

As the rolling time-period increases, the value of the lowest return increases and the range of returns (high – low) decreases. Markets can be extremely volatile in the short-term and equity drawdowns can be severe and occur suddenly. However, we also know that equity markets increase over time. In general, an investor with a long time horizon can afford a heavier allocation to equities because they are able to ride through challenging markets without needing to take withdrawals from their portfolio. The appropriate asset allocation is part of our financial planning process and will be determined by the clients' unique circumstances, including but not limited to, time-horizon and willingness and ability to take risk.

Range of stock, bond, and portfolio returns - Annualized total returns from 1976-2020



Source: Bloomberg. Total annualized returns are calculated using 12-month rolling periods from January 1976 to December 2020. Portfolios are re-balanced annually.