The odds have favored investors who take a long-term approach. Sticking to a long-term investment strategy pays off. Average stock market returns are mostly positive over time.
### Positive versus negative average annual returns for the S&P 500 (1937–2018)

Though the stock market’s returns vary tremendously, the average returns for the S&P 500 were positive in 76% of the years from 1937 to 2018.

10.2% average annual return: 1937–2018

62 positive years
19.4% average positive return

<table>
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<tr>
<th>3 years down</th>
<th>1 year down</th>
<th>1 year down</th>
<th>10 years down</th>
<th>5 years down</th>
<th>10 years up</th>
<th>9 years up</th>
<th>8 years up</th>
<th>16 years up</th>
<th>19 years up</th>
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Source: Legg Mason. Each calendar year listed in chart reflects average annual performance from December 31 of prior year to December 31 of listed year. Returns prior to 1957 are representative of the S&P 90 Index, a value-weighted index based on 90 stocks. Performance shown reflects the effects of dividend reinvestment. This chart is for illustrative purposes only and does not represent actual performance, past or future, of any investment. Past performance is no guarantee of future results.

The S&P 500 Index (S&P 500) is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S. Performance does not reflect the impact of fees and expenses. Investors cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

**Investment Products: Not FDIC Insured • No Bank Guarantee • May Lose Value**
WHY IT CAN PAY TO STAY INVESTED

Stocks are generally more volatile than fixed income, and returns can vary greatly from year to year. As a result, stock investors may be tempted to abandon a long-term strategy when the markets are down. However, it pays to stick to a plan and stay invested for the long term.

Steady growth is the exception, not the rule

S&P 500 Index: Annual total returns 1998–2018 (%) ending on December 31, 2018

Although stocks have averaged a 10.2% annual return since 1937, the return can be far higher or lower in any single year. Long-term investors should consider the pattern of returns over the last 20 years and not be thrown off course by the market’s ups and downs along the way: Steady, continuous growth is the exception, not the rule.

A few days can make a difference

$10,000 Investment made to S&P 500 Index from January 1, 1999–December 31, 2018

Pulling money out of stocks in down periods can reduce long-term returns, because when the market bounces back, it can happen suddenly and quickly. Missing even a few trading days could mean missing some of the market’s biggest gains.

There were 5,048 trading days during this 20-year period … yet missing only 10 of them would reduce an investor’s returns by 50%.

Source: Legg Mason. Past performance is no guarantee of future results. All investments involve risks, including loss of principal. The chart provided is for illustrative purposes only and represents an unmanaged index in which investors cannot directly invest. The data in the chart are based on 260 trading days in a year.
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- A broad mix of equities, fixed income, alternatives and cash strategies invested worldwide
- A diverse family of specialized investment managers, each with its own independent approach to research and analysis
- Over a century of experience in identifying opportunities and delivering astute investment solutions to clients

Where can I find more information?

History tends to repeat itself. Legg Mason seeks to ensure that your portfolio can withstand and recover from the inevitability of market corrections and portfolio losses, with a balance of strategies that addresses your need for portfolio growth, income, capital appreciation and risk management. Talk to your financial advisor today about the right investing strategy for your situation.

What should I know before investing?

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