

STOCKS, BONDS, BILLS & INFLATION

83 YEARS OF HISTORICAL RETURNS

01/01/1926 – 12/31/2008

Ibbotson and Sinquefeld have published performance indexed for the years 1926 - 2008 (*Stocks, Bonds, Bills and Inflation*, Financial Analysts Research Foundation, Charlottesville, VA). Data on compound annual returns, with income reinvested, for the 83 year period from 1926 to 2008 have been as follows:

| | |
|--------------------------------------|--------|
| Common Stocks (S&P 500) | 9.62 % |
| Corporate Bonds (20-year) | 5.86 % |
| Long-term Government Bonds (20-year) | 5.71 % |
| Treasury Bills (30-Day) | 3.70 % |
| Inflation (Consumer Price Index) | 3.02 % |

This Data has been used to compute annual returns for all 1-year, 5-year, 10-year and 25-year holding periods. A comparison between the four holding periods can be of interest in assessing the relative attractiveness of stocks, bonds and bills. Here are a few of the more revealing statistics:

| | Common Stocks (S&P 500) | Corporate Bonds (20-Year) | Government Bonds (20-Year) | 30-Day T-Bills | CPI |
|--|-------------------------|---------------------------|----------------------------|----------------|---------|
| 83 One-Year Holding Periods | | | | | |
| Highest annual return | 53.90% | 43.79% | 40.37% | 14.72% | 18.16% |
| Lowest annual percent return | -43.30% | -8.09% | -9.20% | -0.04% | -10.30% |
| Number of periods with negative returns | 24 | 17 | 20 | 2 | 9 |
| Number of periods outpacing inflation | 56 | 55 | 51 | 54 | N/A |
| Number of periods with best of 5 returns | 46 | 8 | 13 | 8 | 8 |
| 79 Five-Year Holding Periods | | | | | |
| Highest annual return | 28.55% | 22.41% | 21.62% | 11.12% | 10.07% |
| Lowest annual percent return | -12.47% | -2.22% | -2.14% | 0.05% | -5.42% |
| Number of periods with negative returns | 11 | 3 | 6 | 0 | 7 |
| Number of periods outpacing inflation | 60 | 51 | 48 | 50 | N/A |
| Number of periods with best of 5 returns | 54 | 14 | 4 | 2 | 5 |
| 74 Ten-Year Holding Periods | | | | | |
| Highest annual return | 20.06% | 16.27% | 15.56% | 9.17% | 8.67% |
| Lowest annual percent return | -1.38% | 0.98% | -0.08% | 0.14% | -2.56% |
| Number of periods with negative returns | 3 | 0 | 1 | 0 | 6 |
| Number of periods outpacing inflation | 66 | 45 | 41 | 47 | N/A |
| Number of periods with best of 5 returns | 57 | 7 | 3 | 1 | 6 |
| 59 Twenty-five-Year Holding Periods | | | | | |
| Highest annual return | 17.25% | 11.14% | 11.21% | 7.24% | 5.90% |
| Lowest annual percent return | 5.90% | 1.50% | 1.20% | 0.63% | 1.34% |
| Number of periods with negative returns | 0 | 0 | 0 | 0 | 0 |
| Number of periods outpacing inflation | 59 | 36 | 30 | 38 | N/A |
| Number of periods with best of 5 returns | 58 | 0 | 1 | 0 | 0 |