

## Investment held for 25 years

You save and invest this year. Hold for 25 years. Then sell it for your spending.  
We can see the results of 73 25-year return periods since 1926.

Two Options: **Stocks** and **Bonds**. You can pick one or the other or a mix of the two.  
What would you choose?

Expected Returns for 25 years – the long-run average returns since 1926.

**Stocks** = 6X in real spending power

**B** = 1.8X in real spending power

On average, **Stocks** returned 3.3X **Bonds**

Returns for both vary from their average over 25-year periods. Looking at the returns for **Stocks** and the returns for **Bonds** . . .

**Stocks** never declined in real spending power in any 25-year period

The worst for **Stocks** was 2X in real spending power

The worst for **Stocks** was greater than the average for **Bonds**

**Bonds** declined in real spending power in 16 25-year periods

The worst for **Bonds** was .8X – a 20% loss in real spending power

The best for **Stocks** for 25 years was 16.5X.

The best for **Bonds** for 25 years was 4.7X

The best for **Bonds** did not equal the 6X average for **Stocks**

We can compare the relative performance of **Stocks** and **Bonds** in all 73 25-year periods

**Stocks** were always greater than **Bonds**. **Bonds** were never greater than **Stocks**.

The best 25-year period for **Bonds** relative to **Stocks** ...

**Stocks** = 5.0X

**Bonds** = 4.5X

**Stocks** returned 10% more than **Bonds** when **Bonds** performed their best relative to **Stocks**

The best for **Stocks** relative to **Bonds** ...

**Stocks** = 15.3X

**Bonds** = .98X

**Stocks** returned 15X while **B** declined 2% in spending power