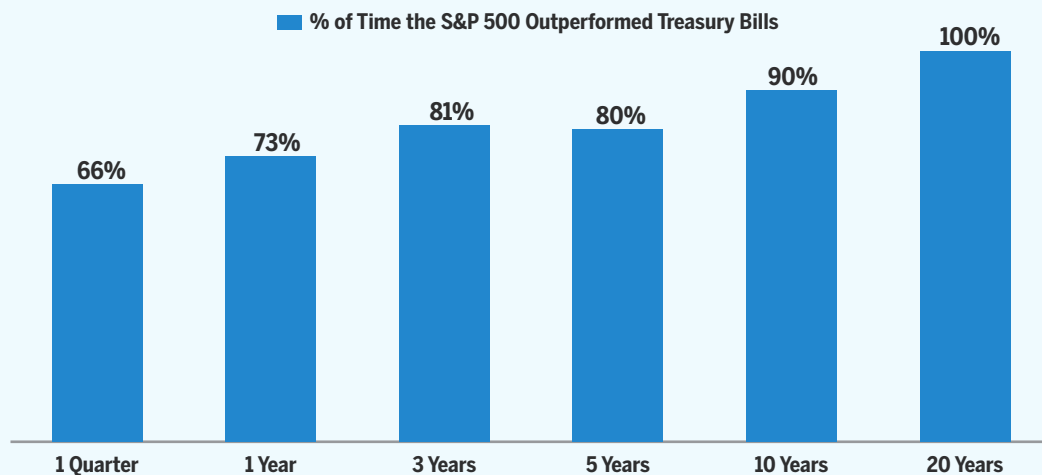


The Power of Patience

Recently, equity market volatility has increased due to heightened uncertainty around fiscal, monetary, and trade policy. During such periods, investors often become risk averse and are tempted to make short-term asset allocation decisions. However, we believe individuals may be better served by taking the long view during times of market volatility.

Probability of Stocks Outperforming Treasury Bills (1975 – 2024)



Source: FactSet. Quarterly total return rolling data 12/31/1975-12/31/2024. Stocks are S&P 500 and Treasury Bills is represented by the ICE BofA US Treasury 1-3 Year Index. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

- While it may be tempting to turn to “safe havens” such as cash or Treasury Bills in times of volatility, history shows that the probability of equities underperforming these assets decreases significantly over longer holding periods. Although past performance is not indicative of future returns, data over the past half century shows that equities have outperformed Treasury Bills 66% of the time over rolling quarters, 73% of the time over one-year periods, 90% of the time over 10-year periods, and 100% of the time over 20-year periods.
- To illustrate the power of patience, consider the worst 20-year rolling return for the S&P 500. Even from the peak of the internet bubble in March 2000 to the COVID-19 pandemic lows in March 2020 —the S&P 500 still generated an annualized return of +4.8%. Moreover, this return actually outperformed the Bloomberg U.S. Aggregate Bond Index’s worst rolling 20-year annualized return by over 200 basis points.
- We believe adopting a long-term view may encourage investors to ride out the inevitable volatility of the equity market. While market drawdowns can be difficult to endure, our work supports the adage: it’s time in the market, not timing the market.

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