

UK STRATEGY REPORT

PATIENCE AND PERSPECTIVE

Since 1963, the total return from the FTSE All-Share has averaged 11.6%, which includes reinvested dividends and price changes. However, there are only a few years that are average, as illustrated in the chart below. The yearly gains and losses for the FTSE All-Share, as shown on the histogram, help provide a good perspective on the wide range of actual returns for the UK market. Keep in mind that:

- The FTSE All-Share has a positive return in about twice as many years as a decline. Of the 46 years shown in the chart, 34 had positive returns.
- Whilst the annual average return was 11.6%, no year matched the average and only 10 years, or 22%, were between 5% and 15%.
- Years with significant losses were frequently followed by years with substantial gains.

If you look at 10-year annualised returns for the FTSE All-Share, they vary less than those for one year. In addition, the years cluster more tightly around the long-term average of 11.6% per annum. Whilst no one can predict short-term returns, consider staying invested over time to help you achieve the results you expect. Please note that:

- No 10-year period showed a loss.
- Twenty decades, or 54%, had annualised returns between 5% and 15%.
- Decades with low average returns were followed by high average returns. Since 1963, the lowest 10-year-period return (1965-74) was followed by the 10-year period with the highest annual average return, which was 32% between 1975 and 1984.

FTSE ALL-SHARE TOTAL RETURN 1963 – 2008

1-year Total Return										2003																											
										2004					1999																						
										1998					1997																						
										2007		1988		2005		1995		1993		1977																	
										2006		1981		1996		1992		1986		1989		1975															
										1987		1979		1972		1991		1983		1980		1971															
										1974		2008		2002		2001		1990		1970																	
										1973		2002		1969		1964		1966		1976		1978		1965		1963		1985		1982		1984		1967		1968	
Return	-40%	-35%	-30%	-25%	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%	25%	30%	35%	40%	40% +	0%	5%	10%	15%	20%	25%	30%	35%	40%	40% +									
Band	-40%	-35%	-30%	-25%	-20%	-15%	-10%	-5%	0%	0%	5%	10%	15%	20%	25%	30%	35%	35%	0%	5%	10%	15%	20%	25%	30%	30%	35%	35%									
10-year Annualised Total Return										92-01																											
										90-99																											
										98-07		87-96		91-00																							
										97-06		85-94		89-98																							
										96-05		73-82		88-97																							
										95-04		72-81		86-95																							
										94-03		71-80		84-93		80-89																					
										93-02		70-79		83-92		79-88																					
										69-78		68-77		82-91		78-87																					
										99-08		66-75		67-76		81-90		77-86																			
										65-74		64-73		63-72		74-83		76-85		75-84																	
Return	-40%	-35%	-30%	-25%	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%	25%	30%	35%	40%	40% +	5%	10%	15%	20%	25%	30%	35%	40%	40% +										
Band	-40%	-35%	-30%	-25%	-20%	-15%	-10%	-5%	0%	0%	5%	10%	15%	20%	25%	30%	35%	35%	0%	5%	10%	15%	20%	25%	30%	30%	35%										

Source: Bloomberg, Edward Jones. The FTSE All-Share is an unmanaged index and cannot be invested in directly. Past performance is not a guarantee of future results.

Over a 10-year period, investors achieved positive returns but they did not earn an *average* return year after year. They earned *actual* returns for each year, which varied. To receive the potential benefit of the positive long-term average, you need to stay invested for the entire duration, during both up and down years.

Schedule an appointment for a portfolio review with your Edward Jones financial adviser today. This can help you determine whether the investments you currently own make sense to achieve your long-term goals. A properly constructed, well-diversified mix of investments can help you stay invested in equities over time.

Edward Jones Limited is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange. Registered in England and Wales No. 3403976. 11 Westferry Circus, Canary Wharf, London, E14 4HH. © 2009.