

How do long-term investors fare?

Investment Strategy Team



It can sometimes be difficult for long-term investors to stay the course during tough periods of market volatility and uncertainty. You may decide that a more volatile environment requires a more active, nimble strategy. Others may flee to what they believe are safe investments. However, we believe following a long-term investing strategy is a more strategic approach and may perform better than more nimble efforts.

Overcoming the roadblocks

It's no secret that U.S. stocks punished investors in the early years of the 21st century. The bursting of two bubbles (technology stocks and housing), the Sept. 11 terrorist attack, three bear markets, a global pandemic and three recessions all resulted in sharp stock market declines. Even patient long-term investors began to wonder whether times were different. But as seen in the table on Page 2, stocks have tended to rebound strongly in the five years after each sell-off.

Following the severe bear market and Great Recession in 2008, many naysayers claimed stocks would never rebound. But the S&P 500 rose above its previous peak in the spring of 2013. Stocks recovered their ground and rose, just as they have after past market declines.

Why nimble strategies are flawed

1. Timing markets is difficult.

Some have concluded that frequent and sharp stock market moves, a series of bubbles, fast trading and heightened uncertainty favor nimble investors who can dodge multiple risks. But even nimble investors are likely to misstep.

2. You can't completely avoid risks.

Others have reacted to a higher-risk environment by reducing their equity allocation or avoiding stocks altogether. But letting your emotions drive large shifts in your portfolio allocations could lead to a portfolio that is not aligned with your financial goals.

What we've overcome	Date	S&P 500 annualized total return after events' dates			
		1 year	3 years	5 years	As of 12/31/2025
Tech bubble bursts	3/11/2000	-10.6%	-15.7%	-1.4%	8.3%
9/11 attacks	9/11/2001	-15.5%	2.7%	5.4%	9.9%
Enron collapses	12/12/2001	-19.4%	3.2%	6.3%	9.8%
Iraq war begins	3/19/2003	30.3%	16.7%	10.4%	11.6%
Hurricane Katrina	8/29/2005	10.3%	4.1%	-0.4%	11.0%
Bear Stearns collapses	3/17/2008	-38.0%	1.9%	6.3%	12.0%
Lehman Brothers collapses	9/15/2008	-13.6%	1.1%	8.5%	12.5%
Unemployment rate peaks at 10%	10/1/2009	10.7%	13.3%	15.4%	14.3%
Japanese earthquake (tsunami & nuclear worries)	3/11/2011	8.1%	15.4%	11.7%	14.0%
Downgrade of U.S. debt	8/5/2011	18.5%	19.5%	15.1%	15.0%
COVID-19 pandemic	2/12/2020	19.3%	8.5%	14.3%	14.6%
Russia invades Ukraine	2/24/2022	-4.4%	14.0%	?	15.0%
Banking crisis of 2023	3/12/2023	32.9%	?	?	23.6%
U.S. tariff announcement	4/2/2025	?	?	?	31.3%
Average		2.2%	7.1%	8.3%	14.5%

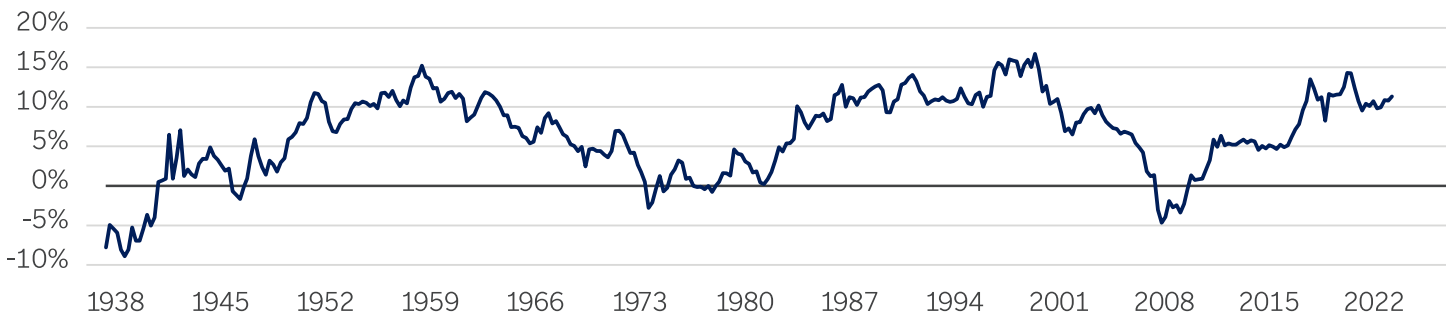
Source: Morningstar Direct, 12/31/2025. Past performance is not a guarantee of future results. The S&P 500 Total Return Index is an unmanaged index, not available for direct investment and not meant to depict an actual investment. Returns of greater than one year are annualized.

Are you better off than you were a decade ago?

While presidential campaigns may ask whether you're better off than you were four years ago, long-term investors tend to look at decades of returns. It's rare for stocks to lose ground over a decade. Historically, average 10-year stock returns have been greater than 4% more than 71% of the time.

While disappointing decades are rare, they do happen. But when rough decades have occurred in the past, they've been followed by decades of above-average returns, as the chart on Page 3 shows. No one can predict what may happen to the markets, but with history as a guide, we believe maintaining a disciplined approach to investing can help keep you on track to achieving your financial goals.

S&P 500: 10-year rolling period annualized performance



Source: Morningstar Direct, 12/31/2025. S&P 500 Price Index. Past performance is not a guarantee of how the market will perform in the future. The S&P 500 Index is unmanaged, not available for direct investment and not meant to depict an actual investment.

Stocks may not be enough

Depending on your risk tolerance, financial goals and time horizon, it may be appropriate to own a combination of stocks and bonds tailored to your specific goals.

Since bond prices have historically moved in the opposite direction from stock prices, they can help reduce the volatility of your portfolio. That's why we think rebalancing is so important today. Rebalancing your portfolio to the appropriate mix of stocks and bonds can help ensure your asset allocation is aligned with your goals.

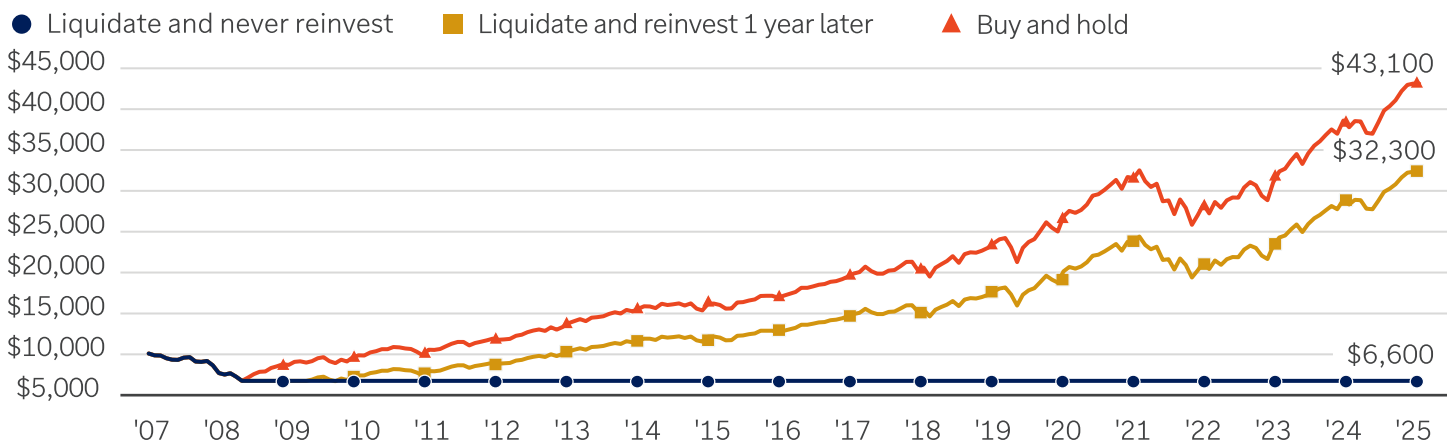
It's crucial to select the appropriate mix of stocks and bonds and then stay invested during market volatility. Investors who sold when stocks fell — even

if they decided to reinvest at a later date — rarely regained the ground lost compared with those who stayed invested.

Although equity returns were meager beginning in the early 2000s, fixed-income returns were among their highest in years. That's why a portfolio with 65% in equities and 35% in fixed income declined less than an all-equity portfolio in 2008. In addition, that portfolio didn't have any negative 10-year returns, assuming reinvestments and annual rebalancing.*

* Source: Morningstar Direct. 10-year returns calculated from 1/1/1980 – 12/31/2025. Past performance is not a guarantee of what will happen in the future. Rebalancing may result in a taxable event.

\$10,000 invested at 2007 market peak (portfolio of 65% stocks and 35% bonds)



Source: Morningstar Direct, 12/31/2025. Stocks represented by the S&P 500 Total Return Index. Bonds represented by the Bloomberg US Aggregate Bond Total Return Index. Market indexes are unmanaged, not available for direct investment and not meant to depict an actual investment. Portfolio rebalanced annually. Past performance does not guarantee future results. Performance is gross of fees. If a fee were charged, the ending value would be lower. Figures rounded to the nearest \$100.

4 lessons for staying on course

1. Review your portfolio regularly.

It's important to review your investments regularly and rebalance your portfolio when appropriate. Staying invested doesn't mean being frozen in place. Regular portfolio maintenance can help keep your investments from veering off course. It also gives you the opportunity to keep your portfolio aligned with your long-term financial goals.

2. Diversify your portfolio among quality investments.

Select an appropriate mix of quality investments rather than guessing which ones you think will perform the best. Consider including a variety of investments across multiple asset classes and sectors when building your portfolio. Our strategic asset allocation guidance can help establish a well-diversified mix of asset classes according to your risk and return objectives.

3. Avoid owning too much of a single investment.

On a related note, don't try to guess which individual investments will perform best. Avoid overconcentration, which results in taking too much risk in a few individual stocks or bonds. Diversifying your equity and fixed-income investments can help reduce your portfolio's volatility.

4. Stay invested.

Prepare to stay invested even if markets become volatile. Unless your circumstances have changed, sticking with your goal-oriented investment strategy is one of the most important lessons to hold onto because those who exit for the sidelines usually fail to reinvest. As we all know, you have to be invested to participate when stock prices rise.

Using a long-term, diversified approach may seem like a simple strategy, but it's not always easy to execute. It means staying invested when it feels like you should sell and doing nothing exactly when you most want to make changes.

While some may criticize a long-term approach as unsophisticated, it's a strategy that typically outperforms more nimble efforts.* As a result, it's much more strategic than you may realize.

Talk with your Edward Jones financial advisor to help make sure your strategy stays on track to meet your long-term financial goals.

*Source: "Quantitative Analysis of Investor Behavior, 2025," DALBAR, Inc. Annualized return for the past 30 years ending 12/31/2025. This study was conducted by an independent third party, DALBAR, Inc. A research firm specializing in financial services, DALBAR is not associated with Edward Jones.

Past performance is not a guarantee of future results.

Diversification does not guarantee a profit or protect against loss in a declining market. You should make investment decisions based on your unique objectives, risk tolerance and financial circumstances.

Investors should understand the risks involved in owning investments, including interest rate risk, credit risk and market risk. The value of investments fluctuates, and investors can lose some or all of their principal.