PROBABILITIES OF INVESTMENT SUCCESS

Return Ranges	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
60% to 65%	0.2%	-	-	-	-	-	-	-
55% to 60%	0.3%	-	-	-	-	-	-	-
50% to 55%	0.5%	-	-	-	-	-	-	-
45% to 50%	0.7%	-	-	-	-	-	-	-
40% to 45%	1.8%	-	-	-	-	-	-	-
35% to 40%	3.6%	-	-	-	-	-	-	-
30% to 35%	6.4%	1.8%	-	-	-	-	-	-
25% to 30%	7.7%	5.1%	3.8%	-	-	-	-	-
20% to 25%	9.6%	6.5%	6.0%	-	-	-	-	-
15% to 20%	15.3%	22.6%	22.8%	26.4%	21.1%	16.0%	7.1%	-
10% to 15%	13.2%	29.0%	29.9%	33.3%	41.2%	41.1%	50.4%	85.3%
5% to 10%	12.2%	13.4%	12.6%	29.7%	29.0%	42.6%	42.5%	14.7%
0% to 5%	7.7%	8.1%	15.5%	6.0%	8.7%	0.3%	-	-
-5% to 0%	5.3%	4.8%	9.2%	4.6%	-	-	-	-
-10% to -5%	4.4%	5.3%	0.2%	-	-	-	-	-
-15% to -10%	4.8%	3.0%	-	-	-	-	-	-
-20% to -15%	2.0%	0.3%	-	-	-	-	-	-
-25% to -20%	2.0%	-	-	-	-	-	-	-
-30% to -25%	0.8%	-	-	-	-	-	-	-
-35% to -30%	0.2%	-	-	-	-	-	-	-
-40% to -35%	1.2%	-	-	-	-	-	-	-
-45% to -40%	0.2%	-	-	-	-	-	-	-
-50% to -45%	-	-	-	-	-	-	-	-
-55% to -50%	-	-	-	-	-	-	-	-
-60% to -55%	-	-	-	-	-	-	-	-
-65% to -60%	-	-	-	-	-	-	-	-
Positive | Negative	79.2% | 20.8%	86.6% | 13.4%	90.7% | 9.3%	95.4% | 4.6%	100.0% | 0.0%	100.0% | 0.0%	100.0% | 0.0%	100.0% | 0.0%

Positive Investment Outcome Frequencies

Negative Investment Outcome Frequencies

This chart illustrates the probabilities of positive and negative returns on stock investments over different time horizons, using data from the S&P 500 Index. What it shows is that, ultimately, for long-term investors, the range of potential performance outcomes narrows over time. This is highlighted by the 15-year rolling returns, marked in green.

The chart also shows that, over the last 30 years, the dispersion between the best and worst scenarios for a one-year time horizon is exceptionally wide. However, as time elapses for subsequent scenarios, such as those that exist for investors with five-, 10-, or 15-year time horizons, the probability of achieving higher and more positive rates of return increases materially.

While many investors have a tendency to fixate on market timing for capital deployment, according to this data, the entry point for buying risk assets seems to become less relevant with a longer time horizon.

Of course, past performance does not predict or guarantee future performance. Still, this data seems to demonstrate the adage that time in the market beats timing the market. Although short-term investment results can be somewhat random, the probability of compounding wealth seems to skew heavily in the investors' favor if they stay invested for at least five years.

Sources: Morningstar Direct; CAPTRUST Research. This chart reports the historical performance of the S&P 500 Index, including total returns (defined as price changes plus dividends) based on trailing monthly annualized performance for all month-end time periods from January 1970 through March 2023. Investors cannot invest directly in an index. Past performance does not guarantee future performance.

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