

MARKET RISK & RETURN

Choosing Your Investment Mix

The chart below shows the historical risk and reward for different portfolios of stocks and bonds.

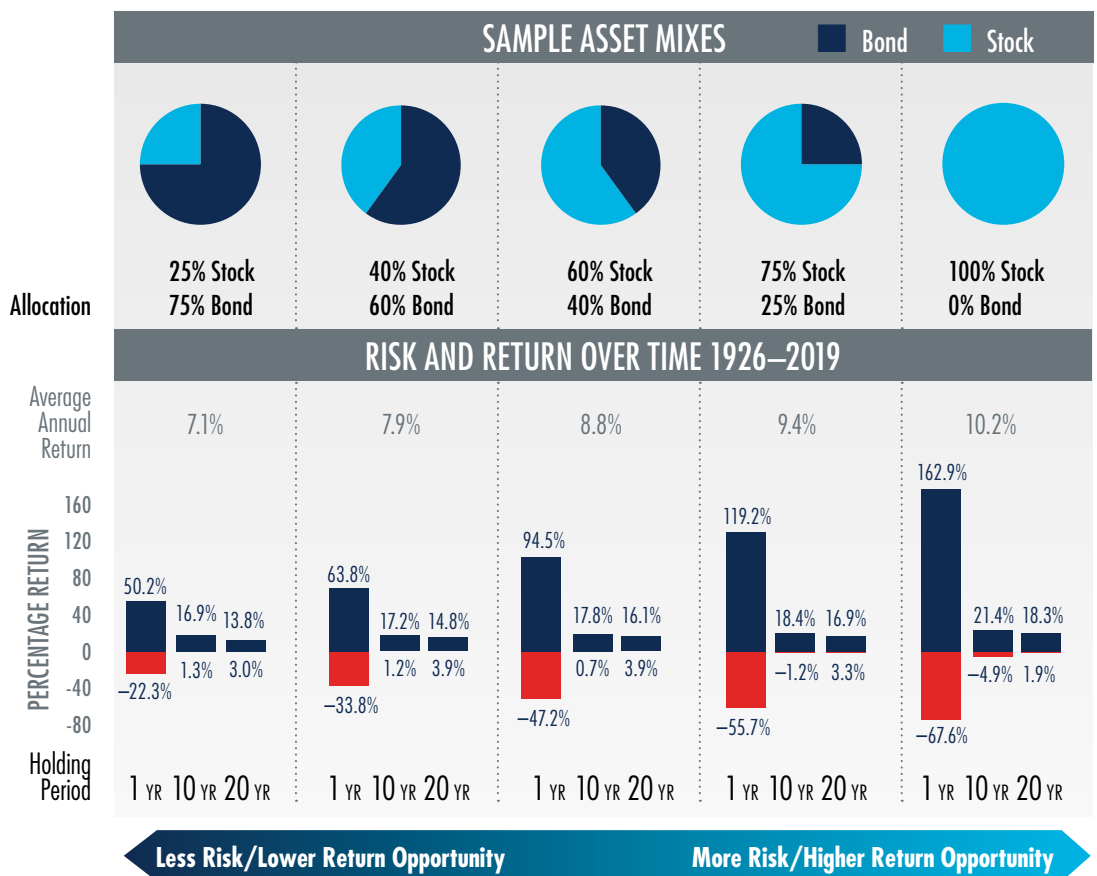
It includes their average annual return and volatility over rolling one, five and ten-year periods (for example, 10-year periods run from 1926 to 1935, 1927 to 1936, and so on).

Portfolios with higher portions of stocks have historically outperformed but with much greater volatility and risk of losses, particularly over shorter time periods.

Average Annual Returns and Range of Returns (1926–2019)

Source: Morningstar Direct

Performance figures were calculated using historical returns of the Standard & Poor's 500 Index and U.S. Long-Term Government Bonds. The past performance shown is no guarantee of future results.

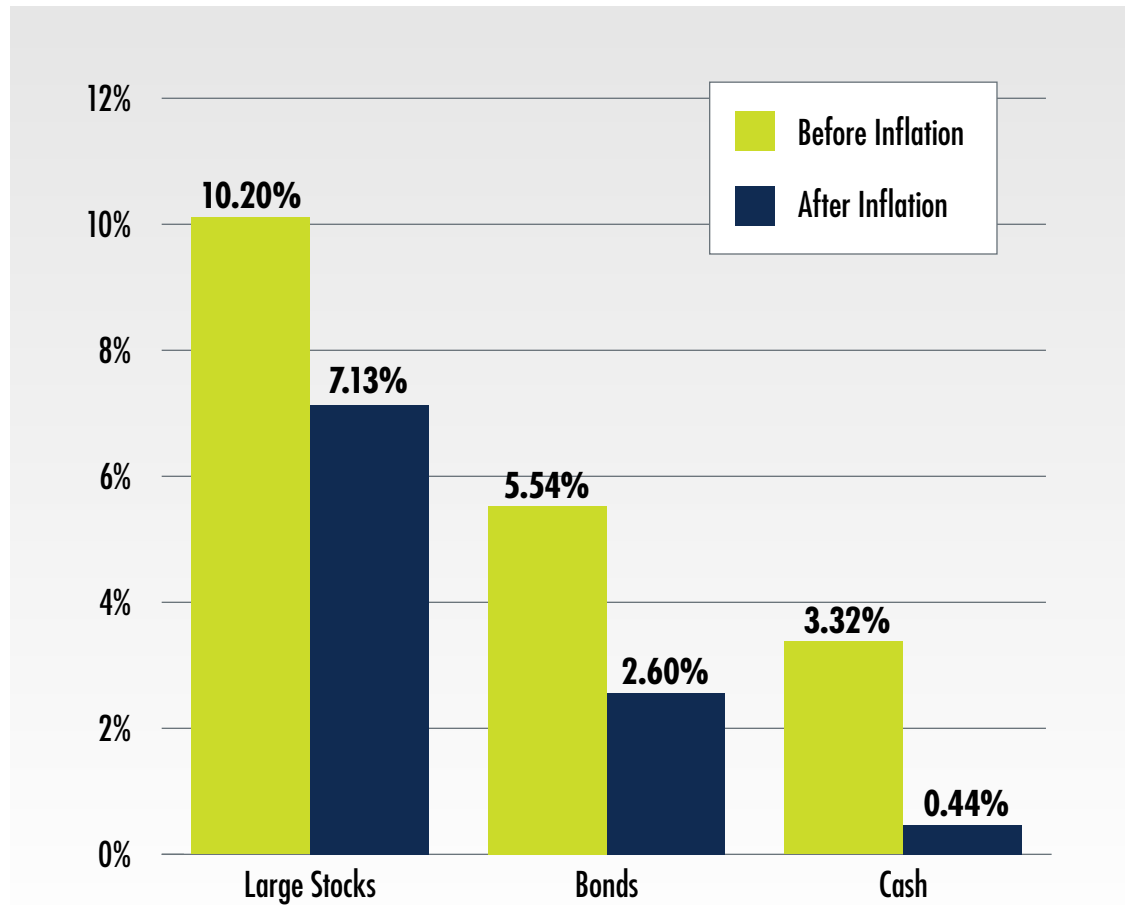


So what is your ideal long-term investment mix?

To start, consider choosing a mix of different investments, including different types of stocks and bonds. The ideal mix is the one most likely to meet your investment goals over time with a level of risk that you can tolerate.

To learn more, contact your ICMA-RC representative or visit www.icmarc.org/education.

Inflation will reduce your returns:



Source: Morningstar.

Large stock returns are based on the Ibbotson SBBI Large Stock Trust.

Bond returns are based on the Ibbotson SBBI US Long-term Government Trust. Cash Returns are based on the Ibbotson SBBI 30-day Treasury Bill Trust Data.

January 1, 1926 through December 31, 2019



Inflation reduces your ability to spend in the future, this is “purchasing power” risk



The stock market provides a better “after inflation” return, but has more “volatility” risk



When investing, remember that we need to balance current investment “volatility” risk with “purchasing power” risk



To balance risks and returns, it is useful to invest in different classes of investments