

# Lengthening your holding period and diversifying your portfolio can help reduce risk

Rolling periods 1927-2020

		12-month holding period				60-month			120-month		
100% Stocks		10.3%	162.9%	-67.6%	24.7%	36.1%	-17.4%	12.0%	21.4%	-4.9%	5.3%
75% Stocks 25% Bonds		9.3%	118.7%	-55.7%	22.2%	29.0%	-11.5%	7.1%	17.7%	-1.3%	0.9%
50% Stocks 50% Bonds		8.2%	77.8%	-40.7%	17.8%	22.2%	-6.1%	4.5%	16.2%	1.5%	0.0%
25% Stocks 75% Bonds		6.7%	40.9%	-22.0%	10.6%	20.0%	-1.2%	0.3%	14.9%	3.3%	0.0%
100% Bonds		5.1%	32.7%	-5.6%	10.1%	19.5%	0.7%	0.0%	13.7%	1.2%	0.0%
		Annual Return	Highest Return	Lowest Return	Negative Return	Highest Return	Lowest Return	Negative Return	Highest Return	Lowest Return	Negative Return

Source: Schwab Center for Financial Research with data from Morningstar, Inc. Every rolling period listed for each portfolio was analyzed from 1927-2020. Returns include reinvestment of dividends. Stocks are represented by the Ibbotson US Large Stock Index, and bonds are represented by the Ibbotson US Intermediate-term Government Bond Index. For illustrative purposes only. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. For additional information, please see Schwab.com/IndexDefinitions. **Past performance is no indication of future results. Diversification strategies do not ensure a profit and do not protect against losses in declining markets.**

# Disclosures

The information provided here is for general informational purposes only and should not be considered an individualized recommendation or personalized investment advice. The investment strategies mentioned here may not be suitable for everyone. Each investor needs to review an investment strategy for his or her own particular situation before making any investment decision.

## **Investing involves risk, including loss of principal.**

Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors.

Examples provided are for illustrative purposes only and not intended to be reflective of results you can expect to achieve.

Past performance is no guarantee of future results and the opinions presented cannot be viewed as an indicator of future performance.

Data contained herein from third party providers is obtained from what are considered reliable sources. However, its accuracy, completeness or reliability cannot be guaranteed.

Supporting documentation for any claims or statistical information is available upon request.

The Schwab Center for Financial Research is a division of Charles Schwab & Company, Inc.