

Muted Market Returns May Indicate Better Times Ahead

Starting with the crash of October 1929, the stock market, as measured by the S&P 500, has delivered average annual returns of 9% per year. But averages can be misleading, since there have been extended periods when returns finished well below that mark. We're in one of those periods now.

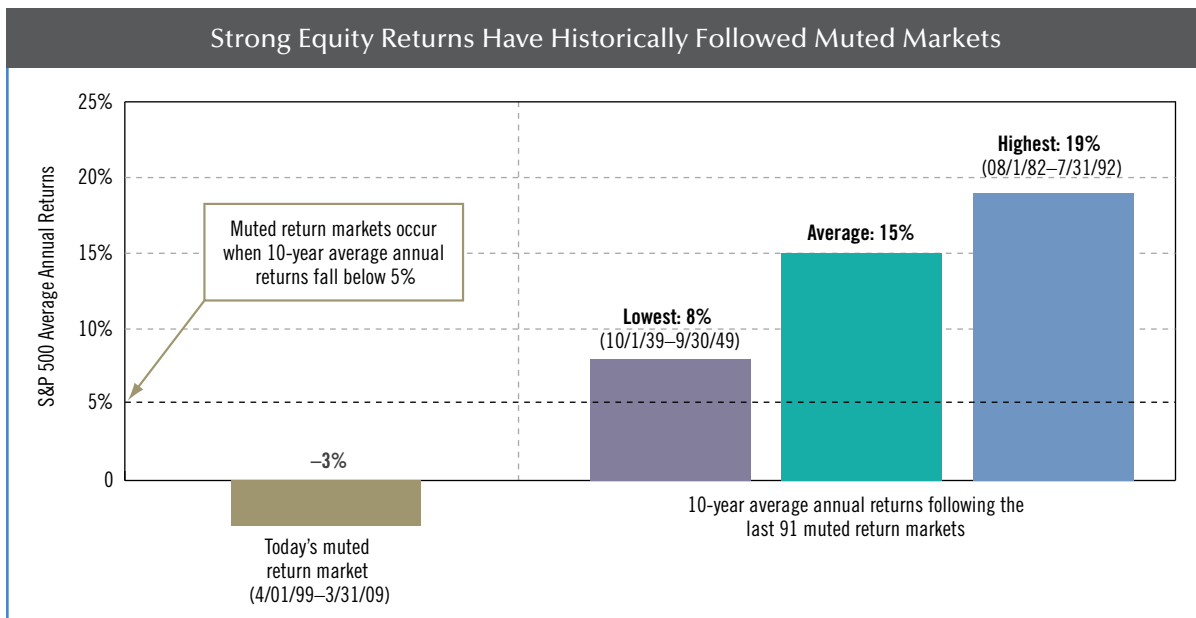
Today's Muted Return Market

We identify a muted return market as one that delivers an average annual return of 5% or below over a 10-year period. Since October 1929, muted return markets have occurred in 91 out of a possible 715 rolling 10-year periods.* Recent market behavior has landed within that low standard by returning an average of -3% over the last 10 years.

Long-Term Gains Have Historically Followed Muted Market Returns

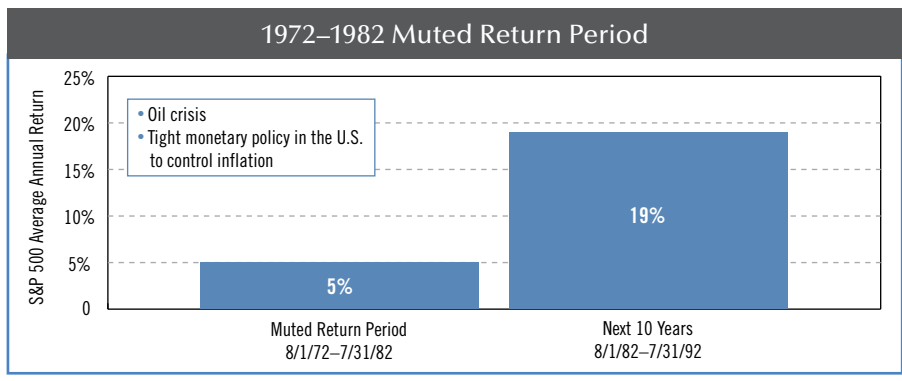
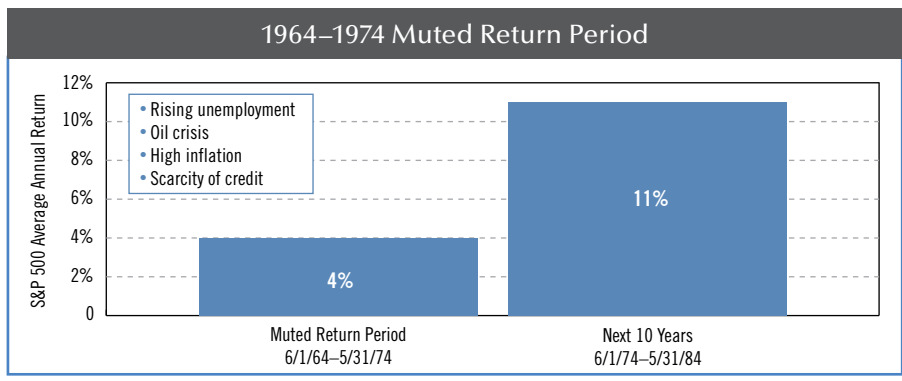
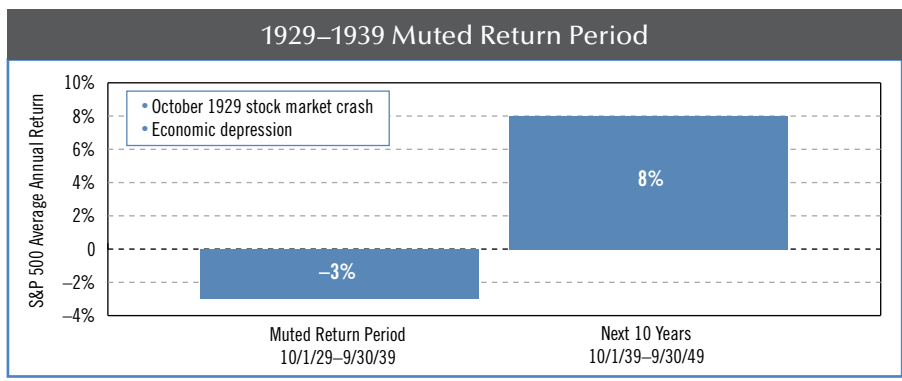
On the bright side, muted markets have historically been followed by 10-year periods of strong returns. In fact, the average annual return in the 10-year period following a muted market since October 1929 has been approximately 15%, with none returning less than 8%.

Many investors may benefit from maintaining a long-term perspective, as today's muted market return environment may be setting us up for better times ahead. Of course, there is no guarantee that long-term investing will always yield a positive result. This information is not intended to predict or depict the performance of any investment.



Source: Ibbotson Associates. The S&P Index is a weighted, unmanaged index composed of 500 large-cap stocks. It provides a broad indicator of stock price movements. The performance above does not reflect the impact of taxes, management fees or sales charges. Investors cannot invest directly in an index.

The charts below show how markets have behaved in three of the 91 muted return markets since October 1929. In each case, after 10 years of muted returns, the next 10 years were significantly more rewarding.



Keep in mind that investing involves risk. The value of your investment will fluctuate and, when sold, may be worth more or less than its original cost.

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S&P 500 Total Returns from October 1, 1929–March 31, 2009.

***About this study:** JennisonDryden studied monthly rolling 10-year periods, starting in October 1929 and covering 715 monthly periods, to determine the frequency of muted return markets and the magnitude of returns during and after those markets. We identify a muted return market as one that delivers an average annual return of 5% or below over a 10-year period. Since October 1929, muted return markets have occurred in 91 out of a possible 715 rolling 10-year periods. The first period studied was October 1, 1929–September 30, 1939 and subsequent 10-year period ranging from October 1, 1939–September 30, 1949. The last period studied was April 1, 1989–March 31, 1999 and subsequent 10-year period ranging from April 1, 1999–March 31, 2009.

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