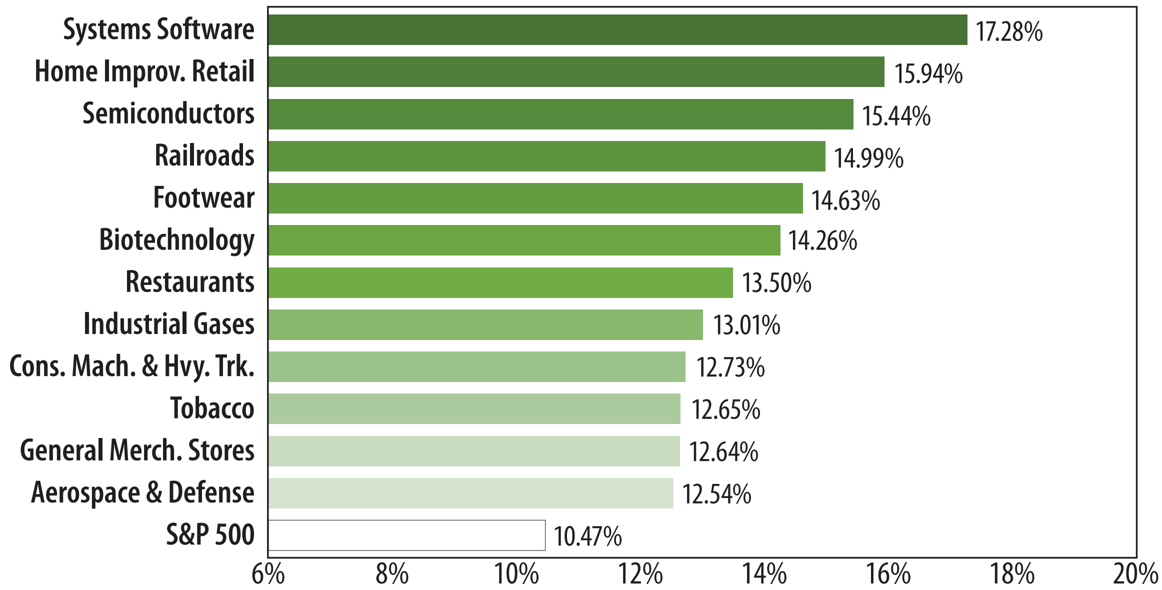
The Buy And Hold Investment Strategy Is Not Dead

Top 12 S&P 500 Index Subsectors vs. S&P 500 Index

Average Annualized Total Returns (3/20/92-3/22/22)



Source: Bloomberg. **Past performance is no guarantee of future results.**

View from the Observation Deck

1. Investors who follow the financial media have been told by the likes of traders and hedge fund managers for years that buying and holding stocks no longer works.
2. Pundits like to cite the S&P 500 Index's cumulative total return of -9.10% from 2000-2009 as evidence. It even has a name: "The Lost Decade." Some pundits are predicting that the markets are on the cusp of repeating it.
3. Even if the pundits are proven right, the chart above clearly shows the value of time in the market. While the industry's traditional definition of long-term investing is five years or so, these returns span 30 years.
4. The S&P 500 Index is comprised of 11 sectors and 123 subsectors, according to S&P Dow Jones Indices. We are focusing on the subsectors to show which industries performed the best over the period.
5. There are only two technology subsectors represented in the chart (Systems Software & Semiconductors).
6. The cumulative total returns for the 12 subsectors in the chart range from 3,369.80% (Aerospace & Defense) to 11,880.97% (Systems Software), according to Bloomberg. The S&P 500 Index posted a cumulative total return of 1,889.40% over the same period.
7. From 1926-2021 (96 years), the S&P 500 Index posted an average annual total return of 10.46%, essentially matching the 10.47% return for the 30-year period depicted in the chart, according to Morningstar/Ibbotson Associates.
8. The fact that the stock market (S&P 500 Index) essentially matched its average historical return since 1926 given all of the wars, recessions, asset bubbles, bear markets, corrections and leadership changes in the White House and Congress, and geopolitical events over the past 30 years is either one heck of a coincidence or something that should reassure investors that the checks and balances inherent in the system work over time.
9. Our takeaways from this snapshot are that investors can prosper with a buy and hold strategy and they do not have to necessarily overweight the newest, shiniest, most cutting-edge industries to make a buck.