Why should I invest in the stock market now?

Navigating through market volatility

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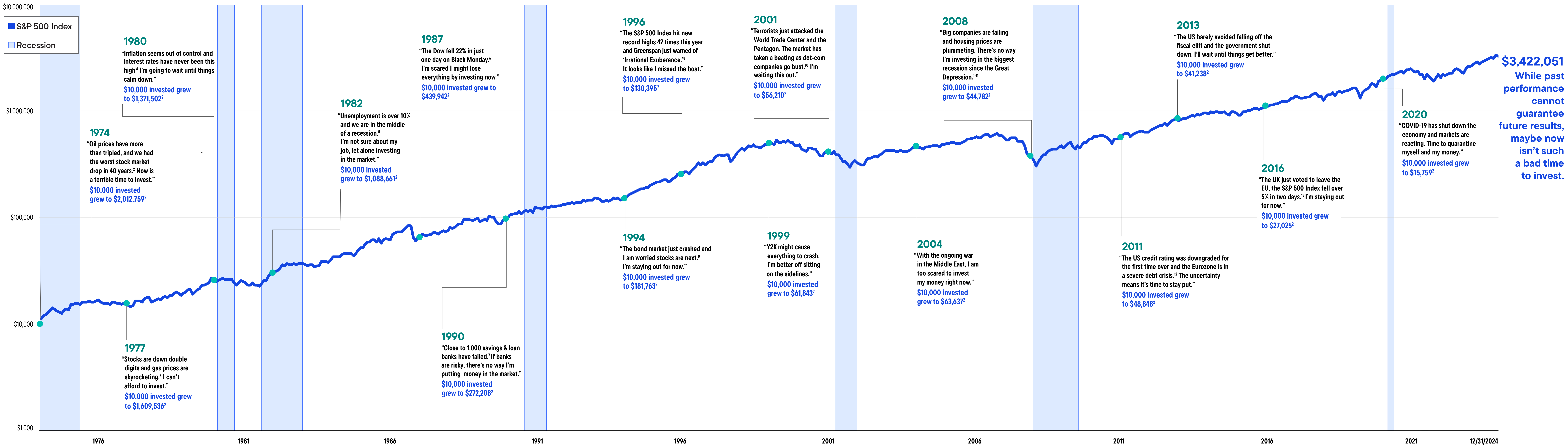
Where is the market headed?

Volatility may have some investors contemplating when they should pull out of the market or if they should sit on the sidelines and wait for the best time to invest. If you're wondering if now is a good time to invest, consider some of the reasons that may have kept investors out of the market in years past.

The stock market in general is forward-looking—it moves in anticipation of expected events. Because of this, market recoveries often start before a recession is officially over, as can be seen in the chart below. In fact, on average, stocks hit bottom four months before a recession has ended.[1] Of course, past performance cannot guarantee future results.

Despite short-term ups and downs, over the long-term the stock market has trended up. And often the best buying opportunities were when things still seemed quite bleak. By waiting for the perfect time to start investing, you may be late into the market.

S&P 500 Index Performance over the Last Half Century
(December 31, 1974–December 31, 2024)



The unmanaged S&P 500 Index represents the broad-based US stock market index and is used for informational purposes only. It does not reflect the performance of any Franklin Templeton fund. Index performance returns do not reflect any management fees, transaction costs or expenses. One cannot invest directly in an index. All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Past performance does not guarantee future results.

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1. Sources: S&P Global, © 2025 Morningstar.
2. Assumes a $10,000 investment made on 12/31 of the prior year that is held through 12/31/2024.
3. Sources: Morningstar, Inc., US Bureau of Labor Statistics, as of 1977.
4. Source: Federal Reserve, as of 3/31/1980.
5. Source: US Bureau of Labor Statistics, as of 1982.
6. Source: FactSet, DJIA daily index close, as of 10/19/1987.
7. Sources: National Bureau of Economic Research, Federal Deposit Insurance Corporation (FDIC), as of period from July 1990 to March 1991.
8. Source: Morningstar, Inc. Bonds are represented by the Bloomberg Barclays US Aggregate Bond Index as of 1994.
9. Source: FactSet as of 1996.
10. Source: Morningstar, Inc., as of 2001.
11. Sources: Case-Shiller, National Bureau of Economic Research. Housing prices are represented by the S&P/Case-Shiller Composite-20 Home Price Index as of 12/31/2008.
12. Source: Standard & Poor's, *United States of America Long-Term Rating Lowered To 'AA+' On Political Risks And Rising Debt Burden; Outlook Negative,* as of 8/5/2011.
13. Source: FactSet, as of 6/23/2016.

Pullbacks are normal

Consistently predicting when stock market declines or rallies will happen, or how long they are going to last, is impossible. While no one looks forward to market volatility, a historical perspective on the frequency and severity of past drops can provide a valuable perspective. The table to the right shows how frequently stock market declines of various amounts have occurred over the 50-year period ended December 31, 2024.[14]

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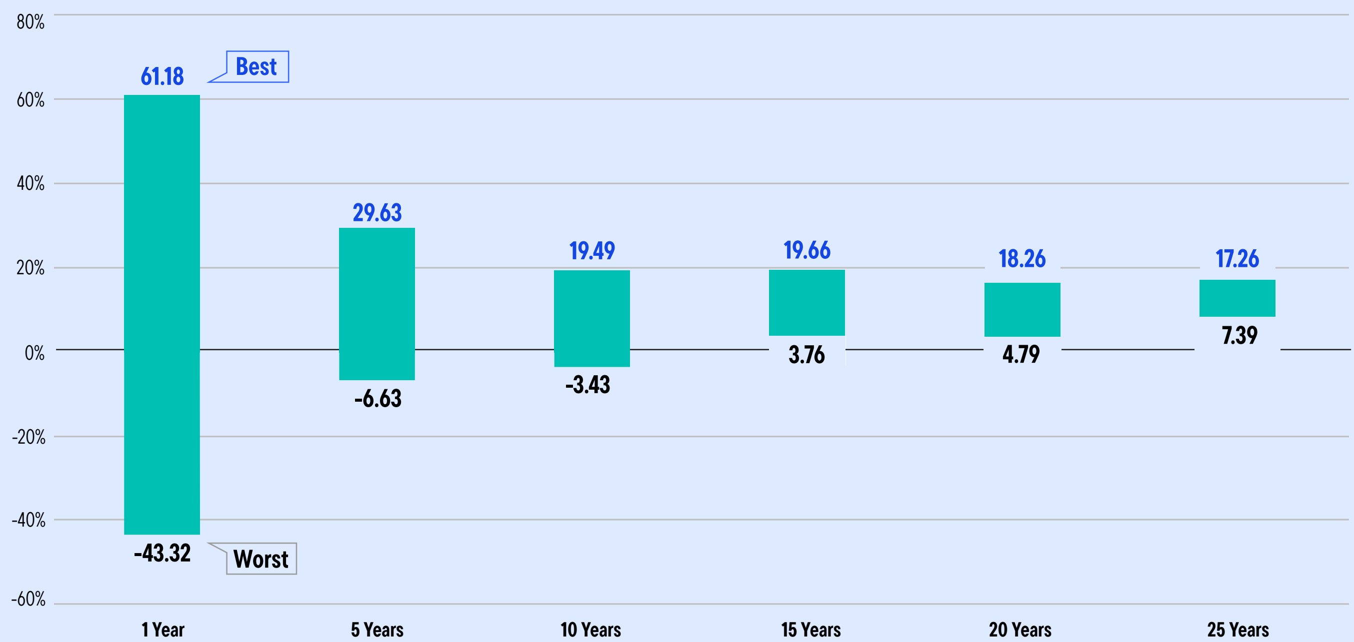
Market Decline	Average Frequency
5% or more	Every 8 months
10% or more	Every 2 years
15% or more	Every 5 years
20% or more	Every 8 years
25% or more	Every 8 years
30% or more	Every 13 years

It's time in the market, not timing the market

Buying stocks at market bottoms and selling only when prices are high is difficult to achieve, if not impossible. A better strategy is to focus on your investment goals, your risk tolerance and how long you plan to invest. Over the 50-year period ending 12/31/2024, stocks, as represented by the S&P 500 Index, have provided an average annual return of 12.38%.[14] But you can't expect that return every year. While past performance cannot guarantee future returns, the chart below shows how the longer you were invested, the less likely you were to experience negative returns, and the more likely you were to experience an overall return closer to the long-term average.

Range of Average Annual Total Returns for the S&P 500 Index[14]

Monthly rolling periods from December 31, 1974–December 31, 2024



Past performance is not a guarantee of future results. *Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.*

This is intended to be of general interest only and should not be construed as individual investment advice or a recommendation, and does not reflect the performance of any Franklin Templeton fund.

For more information on the importance of long-term investing and how to deal with market volatility, contact your financial professional or visit franklintempleton.com.

14. Sources: S&P Global, Morningstar, as of 12/31/2024.

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(800) 342-5236
franklintempleton.com

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