WHY SHOULD I INVEST IN THE STOCK MARKET NOW?

Navigating through market volatility
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 too late.

WHERE IS THE MARKET HEADED?

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, in averages, stocks hit bottom four months before a recession has ended.* Of course, past performance cannot guarantee future results.

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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, 2019. This chart is for illustrative purposes only and does not reflect the performance of any Franklin Templeton fund.

It’s Time in the Market, Not Timing the Market
Buying stocks at market bottoms and selling only when prices are high is difficult, 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 ended December 31, 2019, stocks have averaged a 10.59% one-year return. But you can’t expect that return every year. 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
Monthly rolling periods from December 31, 1969–December 31, 2019

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

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Investors should carefully consider a fund’s investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Please carefully read the prospectus before you invest or send money.