

# 151-Year Returns

## Growth in stocks vs. bonds 1871 to 2021

|                                | Average Nominal Returns | Average Real* Returns | Real growth from \$100,000** |           |           |            |            |
|--------------------------------|-------------------------|-----------------------|------------------------------|-----------|-----------|------------|------------|
|                                |                         |                       | 1 Year                       | 5 Years   | 10 Years  | 15 Years   | 20 Years   |
| Stocks                         | 9.6%                    | 7.6%                  | \$7,559                      | \$48,759  | \$111,884 | \$187,809  | \$306,287  |
| Bonds                          | 4.5%                    | 2.5%                  | \$2,483                      | \$10,180  | \$20,240  | \$30,518   | \$49,372   |
| Inflation                      | 2.1%                    |                       |                              |           |           |            |            |
| Difference in growth (real \$) |                         |                       | +\$5,076                     | +\$38,579 | +\$91,644 | +\$157,291 | +\$256,915 |
| Difference in growth           | 2.1x                    | 3.0x                  | 3.0x                         | 4.8x      | 5.5x      | 6.2x       | 6.2x       |

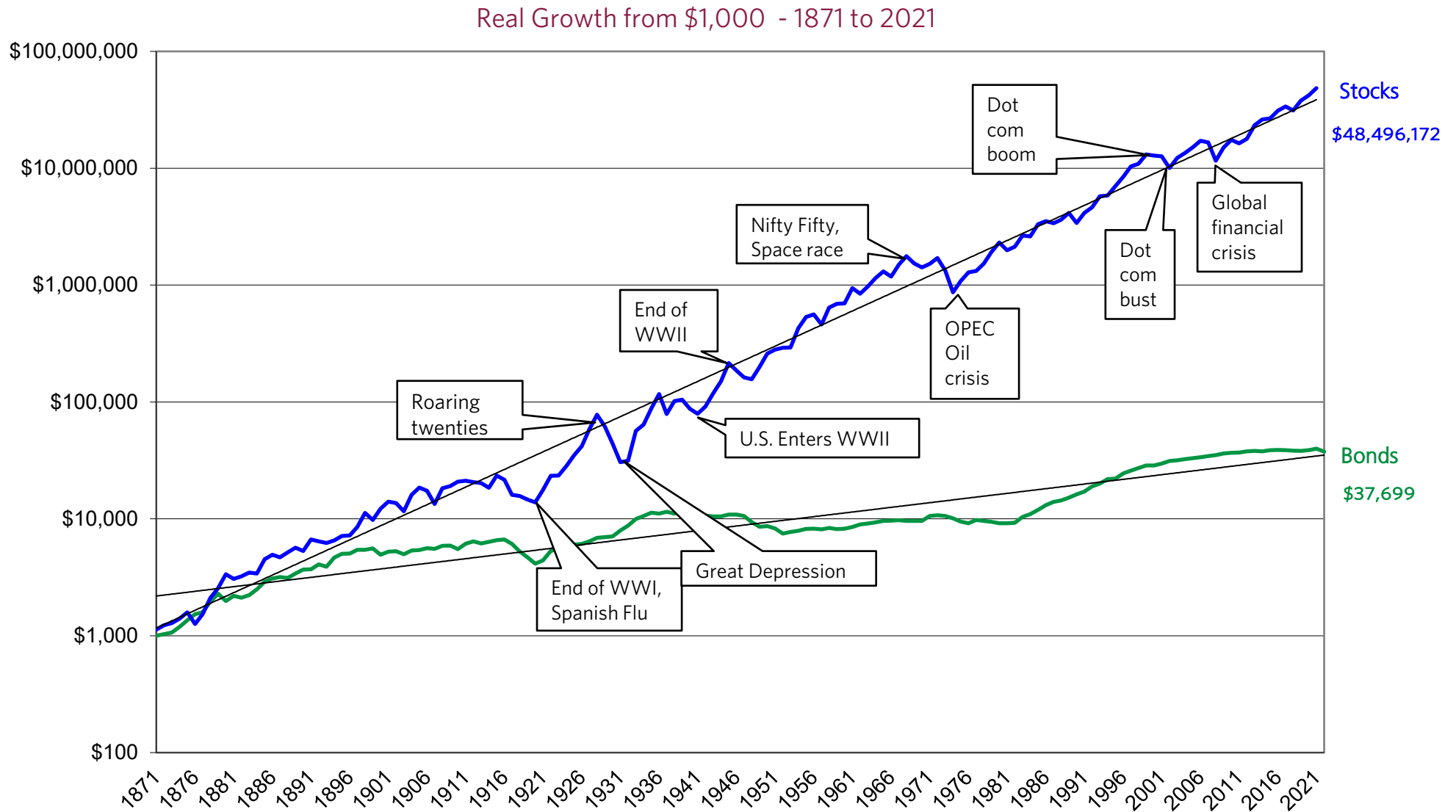
Source: Siegel, Shiller, CRSP, Cdn Institute of Actuaries, TSX, Bank of Canada.

\* "Real" returns are nominal returns after subtracting inflation

\*\* "Real growth from \$100,000" is the median real growth over different time periods, showing the effect of compounding.

# 151-Year Returns

Growth in stocks vs. bonds 1871 to 2021

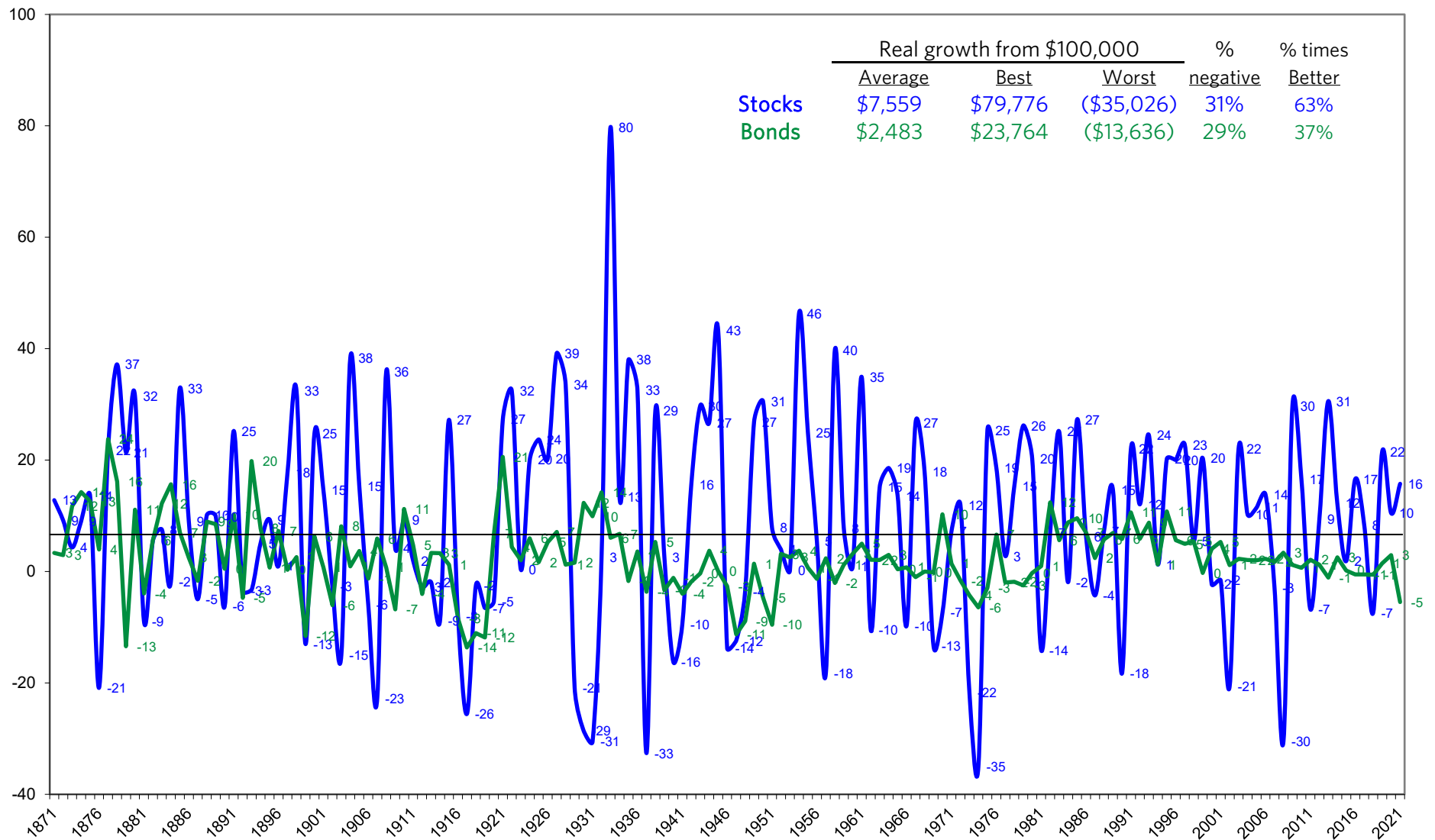


Source: Siegel, Shiller, CRSP, Cdn Institute of Actuaries, TSX, Bank of Canada.

# 151-Year Returns

Growth in stocks vs. bonds 1871 to 2021

Real Returns for 1 Year

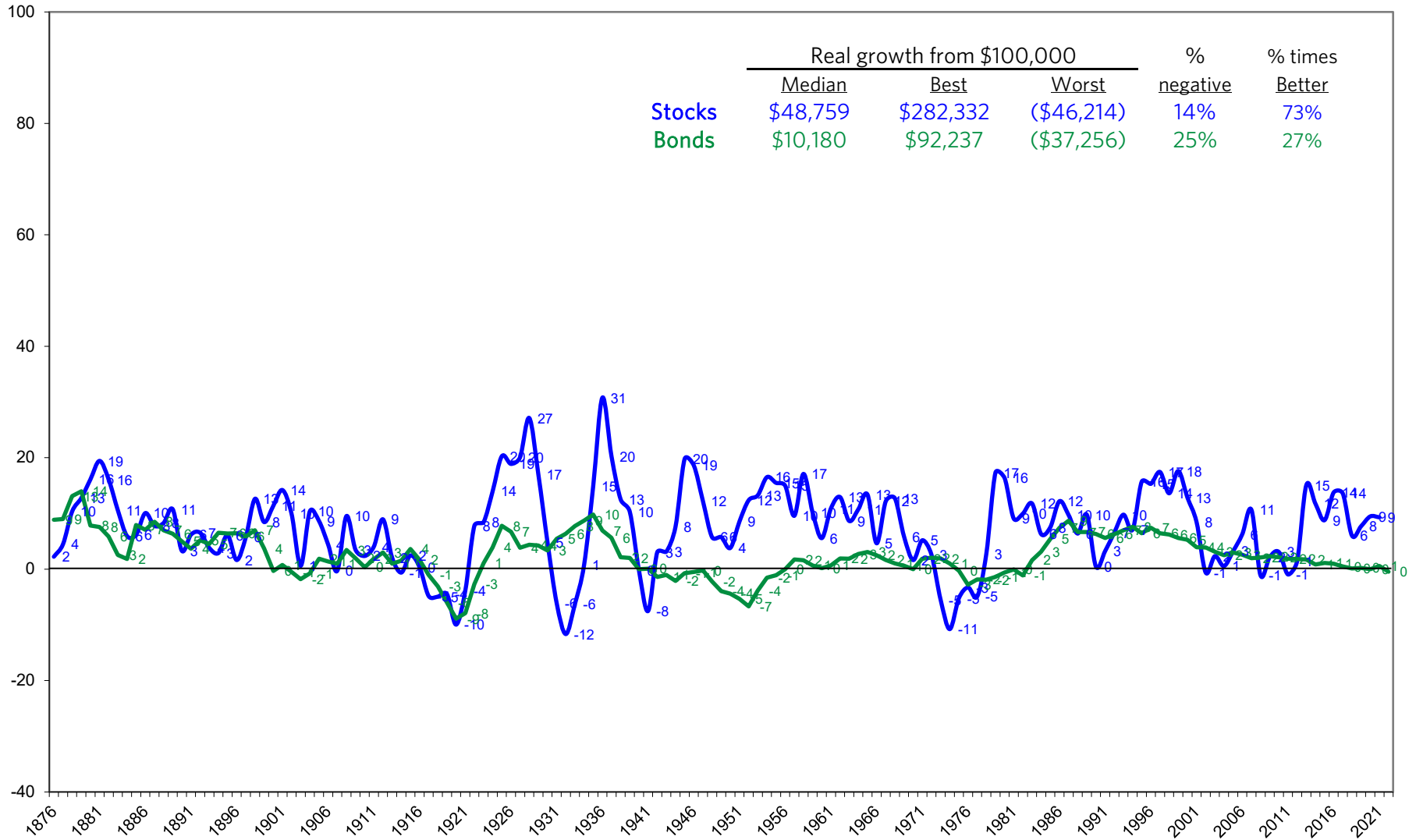


Source: Siegel, Shiller, CRSP, Cdn Institute of Acutaries, TSX, Bank of Canada.

# 151-Year Returns

## Growth in stocks vs. bonds 1871 to 2021

Average Annual Real Returns for 5 Years

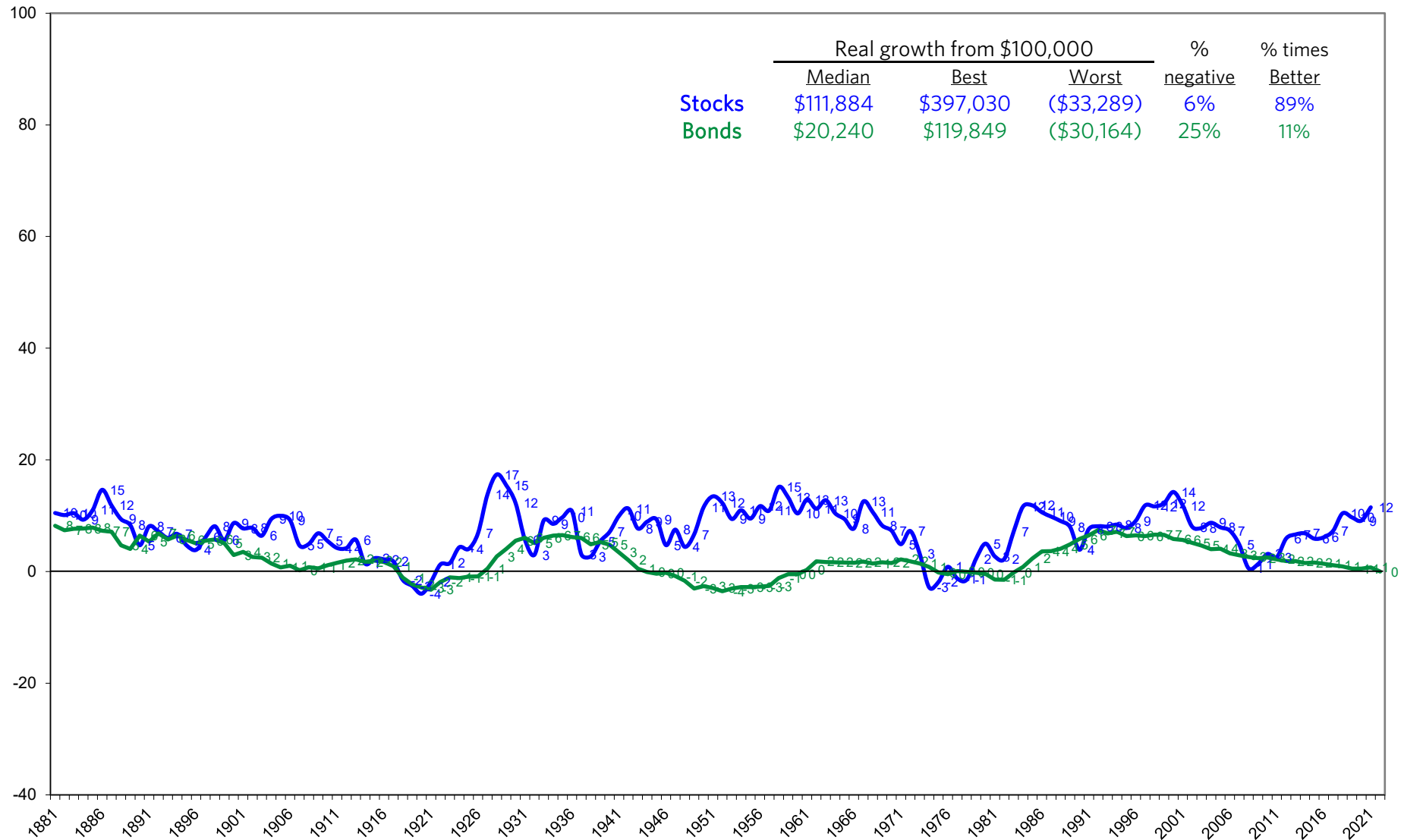


Source: Siegel, Shiller, CRSP, Cdn Institute of Actuaries, TSX, Bank of Canada.

# 151-Year Returns

## Growth in stocks vs. bonds 1871 to 2021

Average Annual Real Returns for 10 Years

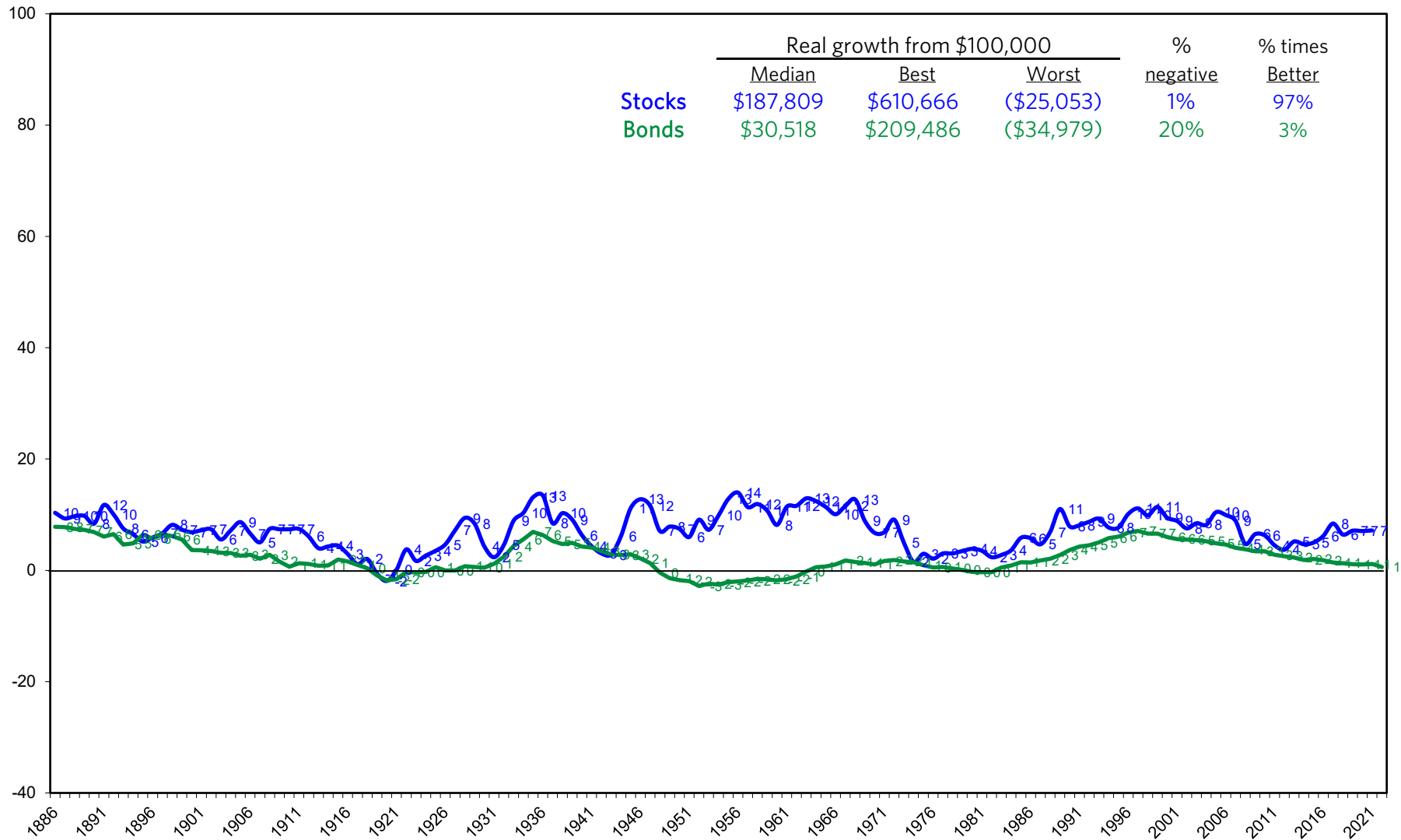


Source: Siegel, Shiller, CRSP, Cdn Institute of Acutaries, TSX, Bank of Canada.

# 151-Year Returns

## Growth in stocks vs. bonds 1871 to 2021

Average Annual Real Returns for 15 Years

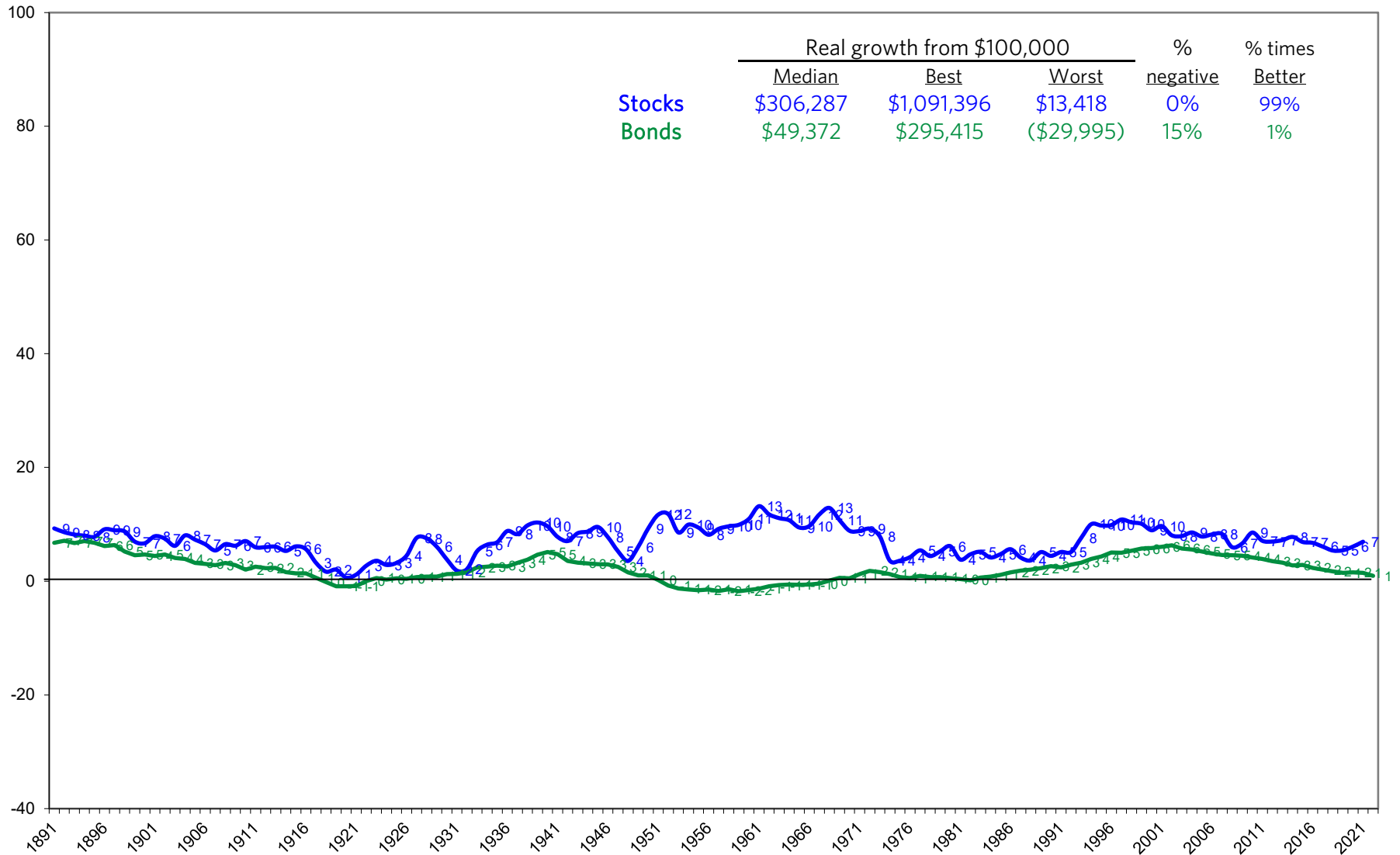


Source: Siegel, Shiller, CRSP, Cdn Institute of Actuaries, TSX, Bank of Canada.

# 151-Year Returns

## Growth in stocks vs. bonds 1871 to 2021

Average Annual Real Returns for 20 Years



Source: Siegel, Shiller, CRSP, Cdn Institute of Actuaries, TSX, Bank of Canada.

### RETURNS

#### Real growth of \$100,000

| Highest returns                 | 1 Year           | 5 Years           | 10 Years          | 15 Years          | 20 Years          |
|---------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Stocks                          | \$79,776         | \$282,332         | \$397,030         | \$610,666         | \$1,091,396       |
| Bonds                           | \$23,764         | \$92,237          | \$119,849         | \$209,486         | \$295,415         |
| <b>Extra returns for stocks</b> | <b>+\$56,013</b> | <b>+\$190,095</b> | <b>+\$277,181</b> | <b>+\$401,181</b> | <b>+\$795,982</b> |

| Median returns                  | 1 Year          | 5 Years          | 10 Years         | 15 Years          | 20 Years          |
|---------------------------------|-----------------|------------------|------------------|-------------------|-------------------|
| Stocks                          | \$7,559         | \$48,759         | \$111,884        | \$187,809         | \$306,287         |
| Bonds                           | \$2,483         | \$10,180         | \$20,240         | \$30,518          | \$49,372          |
| <b>Extra returns for stocks</b> | <b>+\$5,076</b> | <b>+\$38,579</b> | <b>+\$91,644</b> | <b>+\$157,291</b> | <b>+\$256,915</b> |

### RISKS

| Worst returns                 | 1 Year          | 5 Years        | 10 Years       | 15 Years       | 20 Years        |
|-------------------------------|-----------------|----------------|----------------|----------------|-----------------|
| Stocks                        | -\$35,026       | -\$46,214      | -\$33,289      | -\$25,053      | \$13,418        |
| Bonds                         | -\$13,636       | -\$37,256      | -\$30,164      | -\$34,979      | -\$29,995       |
| <b>Extra risks for stocks</b> | <b>\$21,390</b> | <b>\$8,957</b> | <b>\$3,125</b> | <b>n/a</b>     | <b>n/a</b>      |
| <b>Extra risks for bonds</b>  | <b>n/a</b>      | <b>n/a</b>     | <b>n/a</b>     | <b>\$9,926</b> | <b>\$43,413</b> |

| Chance of negative return    | 1 Year     | 5 Years    | 10 Years   | 15 Years   | 20 Years   |
|------------------------------|------------|------------|------------|------------|------------|
| Stocks                       | 31%        | 14%        | 6%         | 1%         | 0%         |
| Bonds                        | 29%        | 25%        | 25%        | 20%        | 15%        |
| <b>Extra risks for bonds</b> | <b>-2%</b> | <b>12%</b> | <b>19%</b> | <b>18%</b> | <b>15%</b> |

| Chance of worse returns      | 1 Year     | 5 Years    | 10 Years   | 15 Years   | 20 Years   |
|------------------------------|------------|------------|------------|------------|------------|
| Stocks                       | 37%        | 27%        | 11%        | 3%         | 1%         |
| Bonds                        | 63%        | 73%        | 89%        | 97%        | 99%        |
| <b>Extra risks for bonds</b> | <b>26%</b> | <b>47%</b> | <b>77%</b> | <b>94%</b> | <b>98%</b> |

Source: Siegel, Shiller, CRSP, Cdn Institute of Actuaries, TSX, Bank of Canada.



## Returns from stocks: Trend Analysis

|                                      | Real Returns (after inflation) |             |             |             |             |
|--------------------------------------|--------------------------------|-------------|-------------|-------------|-------------|
|                                      | 1 year                         | 5 years     | 10 years    | 15 years    | 20 years    |
| 151 year median                      | 7.6%                           | 8.3%        | 7.8%        | 7.3%        | 7.3%        |
| Most Recent (end of 2021)            | 15.7%                          | 9.3%        | 11.5%       | 7.2%        | 6.9%        |
| Difference vs 151 year average       | +8.2%                          | +1.0%       | +3.7%       | -0.1%       | -0.3%       |
| <b>Trend for <u>next</u> period*</b> | <b>9.1%</b>                    | <b>6.9%</b> | <b>6.0%</b> | <b>7.1%</b> | <b>7.1%</b> |
| Difference vs 151 year average       | +1.6%                          | -1.4%       | -1.8%       | -0.2%       | -0.1%       |

\* Trend for next period: projected future returns based on a regression of future returns vs past returns over the past 100+ years.

### Additional Information

#### Sources of historical returns:

**Stock returns:** 1802-1923: U.S. stocks only. 1924 onward: 50% U.S. stocks and 50% Canadian stocks.

**US stocks:** 1802-1870: Jeremy Siegel. 1871-1926: S&P 500 Robert Shiller. 1927 onward: data is the equal weighted average of the top 8 deciles by market capitalization of stocks followed by the Center for Research in Security Prices (CRSP), sourced through Kenneth French from Princeton University. In 2021, this would include the approximately 1,880 U.S. stocks with market capitalization over \$900 million.

**Cdn stocks:** 1924-1949: Canadian Institute of Actuaries. 1950-1955: Montreal Exchange and Toronto Stock Exchange Market Review. 1956 onward: S&P/TSX Composite Index.

**Bond returns:** use a mix of 40% longer-term bonds and 60% T-bills.

**Longer-term bonds:** 1802-1870: U.S. bonds, Jeremy Siegel. 1871-1923: U.S. bonds, Robert Shiller. 1924-1980: Government of Canada bonds with 10yr + maturity until 1980, then FTSE TMX Universe.

**T-Bills:** 1802-1933: U.S. Government T-Bills, Jeremy Siegel. 1934-1949: Govt Canada T-Bills, Canadian Institute of Actuaries. 1950 onward: FTSE TMX 91 Day T-Bills.

**Inflation:** 1802-1870: U.S. CPI, Jeremy Siegel, 1871-1923: U.S. CPI, Robert Shiller. 1924 onward: Canadian Consumer Price Index.

All returns are shown in in Canadian dollars.

Stan Clark is a Senior Wealth Advisor with CIBC Wood Gundy in Vancouver, BC. The views of Stan Clark do not necessarily reflect those of CIBC World Markets Inc. This information, including any opinion, is based on various sources believed to be reliable, but its accuracy cannot be guaranteed and is subject to change. Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors. If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor. "CIBC Private Wealth" consists of services provided by CIBC and certain of its subsidiaries, through CIBC Private Banking; CIBC Private Investment Counsel, a division of CIBC Asset Management Inc. ("CAM"); CIBC Trust Corporation; and CIBC Wood Gundy, a division of CIBC World Markets Inc. ("WMI"). CIBC Private Banking provides solutions from CIBC Investor Services Inc. ("ISI"), CAM and credit products. CIBC World Markets Inc. and ISI are both Members of the Canadian Investor Protection Fund and Investment Industry Regulatory Organization of Canada. CIBC Private Wealth services are available to qualified individuals. The CIBC logo and "CIBC Private Wealth" are trademarks of CIBC, used under license.

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