Market Volatility is Normal: Staying the Course is Critical

While market volatility can be unsettling, historically, the market has recovered from intra-year declines and provided positive returns for investors over time.

A positive long-term trend
Since 1980, the S&P 500® Index has shown a positive return in 34 out of the 41 full years shown on this chart, which is more than 82% of the time.

Market declines throughout the year are not unusual
Despite this positive long-term trend, it is important to highlight that intra-year declines of more than -10% are quite normal. On average, the largest drop in price from peak to trough for the index in any given calendar year has been -13% over this same period.

Patience and discipline may lead to long-term gains
Investors who resist the urge to react to market volatility may benefit from the potential recoveries that could follow. That’s why we believe in sticking with your long-term investment plan to help you reach your financial goals.

Intra-year decline is the difference between the highest and lowest point in the market during that year

Questions? Contact your Fidelity Representative at 800.544.3455

Past performance is no guarantee of future results. Indexes are unmanaged. It is not possible to invest directly in an index. Returns are based on index price appreciation and dividends. Intra-year drops refer to the largest index drop from a peak to a trough during the year. For illustrative purposes only. See appendix for index definition. Data as of 12/31/20. Source: Standard & Poor’s, Bloomberg Finance L.P.
Investing involves risk, including risk of loss.

Diversification and/or asset allocation do not ensure a profit or protect against loss.

Generally, among asset classes, stocks are more volatile than bonds or short-term instruments and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Although the bond market is also volatile, lower-quality debt securities, including leveraged loans, generally offer higher yields compared with investment-grade securities, but also involve greater risk of default or price changes. Foreign markets can be more volatile than U.S. markets due to increased risks of adverse issuer, political, market, or economic developments, all of which are magnified in emerging markets.

The S&P 500® Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. S&P 500 is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates.

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