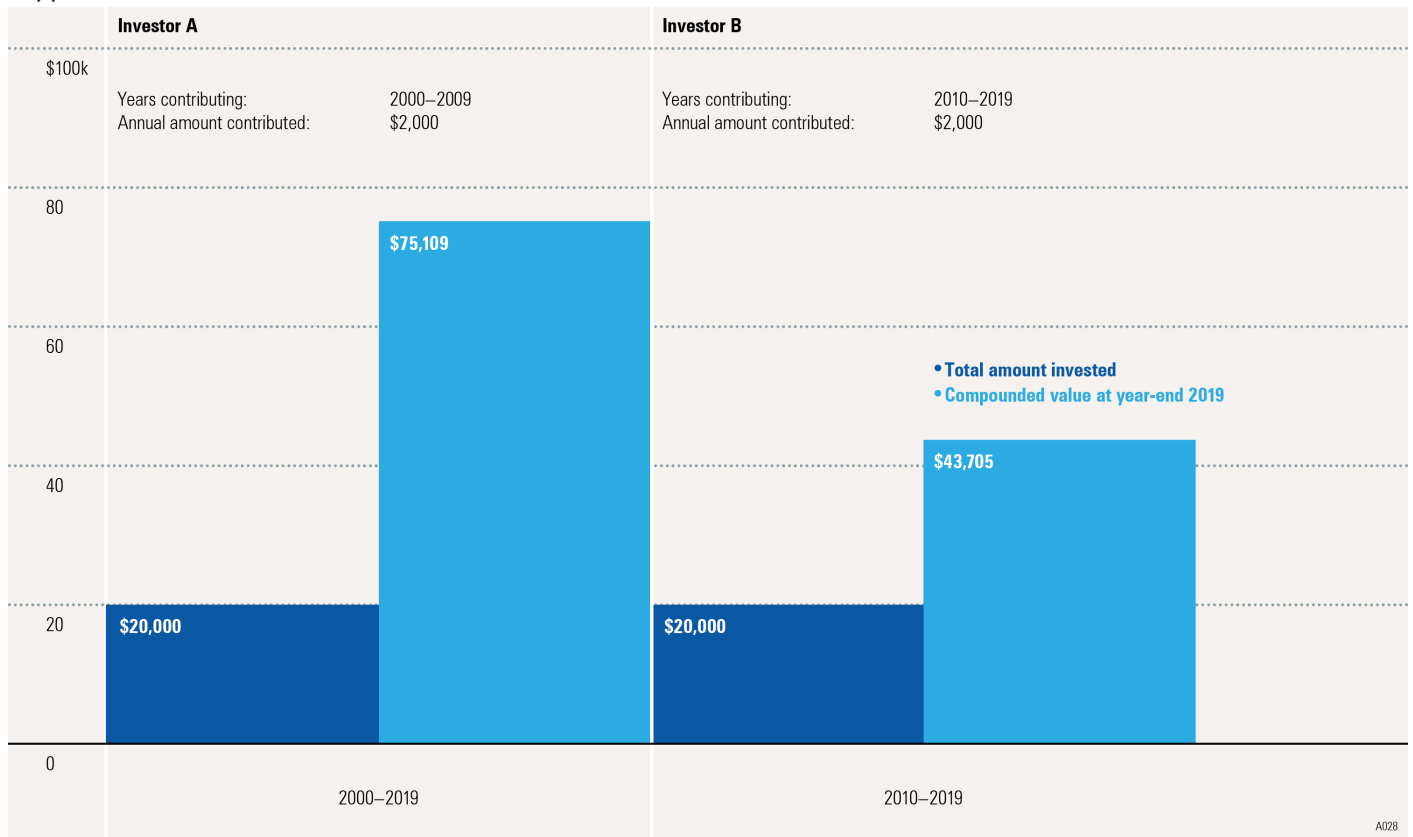


Power of Compounding

Hypothetical Investment in Stocks



A028

Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © Morningstar 2020. All Rights Reserved.

- ▶ It's easy to procrastinate when it comes to initiating a long-term investment plan. However, the sooner you begin, the more likely it is that the plan will succeed.
- ▶ This image illustrates the effects of compounding over time. Investor A began investing in stocks at the beginning of 2000, investing \$2,000 each year for 10 years. After 10 years, Investor A stopped contributing to the portfolio but allowed it to grow for the next 10 years. The \$20,000 outlay grew to \$75,109 by year-end 2019.
- ▶ Investor B postponed investing for 10 years. At the beginning of 2010, Investor B began investing \$2,000 each year in stocks for 10 years. The \$20,000 outlay of Investor B (same as the one of Investor A) only grew to \$43,705 by year-end 2019.
- ▶ By starting early, and thereby taking advantage of compounding, Investor A accumulated \$31,404 more than Investor B, while investing exactly the same amount.
- ▶ Returns and principal invested in stocks are not guaranteed, and stocks have been more volatile than the other asset classes. The data assumes reinvestment of income and does not account for taxes or transaction costs.

About the data

Stocks are represented by the Ibbotson® Large Company Stock Index. An investment cannot be made directly in an index.