

How to Survive the Stock Market's Ups and Downs

Since 1926, the Market's 58 Up Years Have Outweighed the 23 Down Years

Worried about the ups and downs of the stock market? Try taking a long-term view instead.

Since 1926, the stock market has posted positive annual returns in 58 years and has registered more than twice as many up years as down years. Plus, investors have enjoyed double-digit returns in 46 out of 58 years and returns higher than 20% in 31 years since 1926. Of course, past performance cannot guarantee comparable future results.

The Stock Market: The Good Years

When the market's been good, it's been very good. Since 1926, the market has advanced more than two out of every three years—with an average annual gain of 22.23% in up years.

More than 32% Gain		21–32% Gain		10–21% Gain		0–10% Gain	
1933	53.99%	1950	31.71%	1942	20.34%	1993	9.99%
1954	52.62	1955	31.56	1944	19.75	1992	7.67
1935	47.67	1989	31.49	1972	18.98	1978	6.56
1928	43.61	1938	31.12	1949	18.79	1956	6.56
1958	43.36	1991	30.55	1986	18.47	1984	6.27
1927	37.49	2003	28.70	1979	18.44	1947	5.71
1995	37.43	1998	28.58	1952	18.37	1948	5.50
1975	37.20	1961	26.89	1988	16.81	1987	5.23
1945	36.44	1943	25.90	1964	16.48	2005	4.91
1936	33.92	1951	24.02	2006	15.80	1970	4.01
1997	33.36	1967	23.98	1971	14.31	1994	1.31
1980	32.42	1976	23.84	1965	12.45	1960	0.47
1985	32.16	1996	23.07	1959	11.96		
		1963	22.80	1926	11.62		
		1983	22.51	1968	11.06		
		1982	21.41	2004	10.87		
		1999	21.04				

Sources: A I M Management Group Inc.; ©Ibbotson Associates Inc.

The chart represents the annual returns of the S&P 500® Index from 1926–2006, including reinvestment of dividends and price changes. The S&P 500 Index is an unmanaged index considered representative of the U.S. stock market. An investment cannot be made directly in an index.



Patience May Help Investors Survive Market Swings

Sure, the market was up roughly two out of three years since 1926. But what about the down years? The market's 23 down years averaged -12.60%—but the 58 up years averaged 22.23%. The market downturn in 2000–2002 was the first time since 1973–1974 with back-to-back down years.

The moral of this story? Don't look at the bumps in the road—keep an eye on your long-term goals.

The Stock Market: The Bad Years

When the market's down, you may want to consider it a prime opportunity to buy. During the market's 23 down years since 1926, the average annual loss was -12.60%.

Up to 5% Loss		5–10% Loss		10–25% Loss		More than 25% Loss	
1939	-0.41%	1977	-7.18%	1966	-10.06%	1974	-26.47%
1953	-0.99	1946	-8.07	1957	-10.78	1937	-35.03
1934	-1.44	1932	-8.19	1941	-11.59	1931	-43.34
1990	-3.17	1929	-8.42	2001	-11.88		
1981	-4.91	1969	-8.50	1973	-14.66		
		1962	-8.73	2002	-22.10		
		2000	-9.11	1930	-24.90		
		1940	-9.78				

Sources: A I M Management Group Inc.; ©Ibbotson Associates Inc.

Talk to a Financial Advisor

Whether you're launching a career, starting a family, saving for college or planning for retirement, you want a financial plan suited to your unique goals. A partnership with a financial advisor is a good starting point. At AIM, we understand the importance of selecting a financial advisor, as well as an investment company, with the depth of experience and breadth of products to help meet your needs. Talk to an advisor to learn more about how an investment strategy and AIM products may help put you on the path to achieving your goals.

Not FDIC insured | May lose value | No bank guarantee Consider the investment objectives, risks and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial advisor and read it carefully before investing.

Past performance cannot guarantee future results.

Note: Not all products available through all firms.

A I M Advisors, Inc., A I M Capital Management, Inc. and AIM Private Asset Management, Inc. are the investment advisors for the products and services represented by AIM Investments. AIM Private Asset Management, Inc. markets separately managed accounts, and does not sell securities. A I M Distributors, Inc. is the distributor for the retail mutual funds represented by AIM Investments.