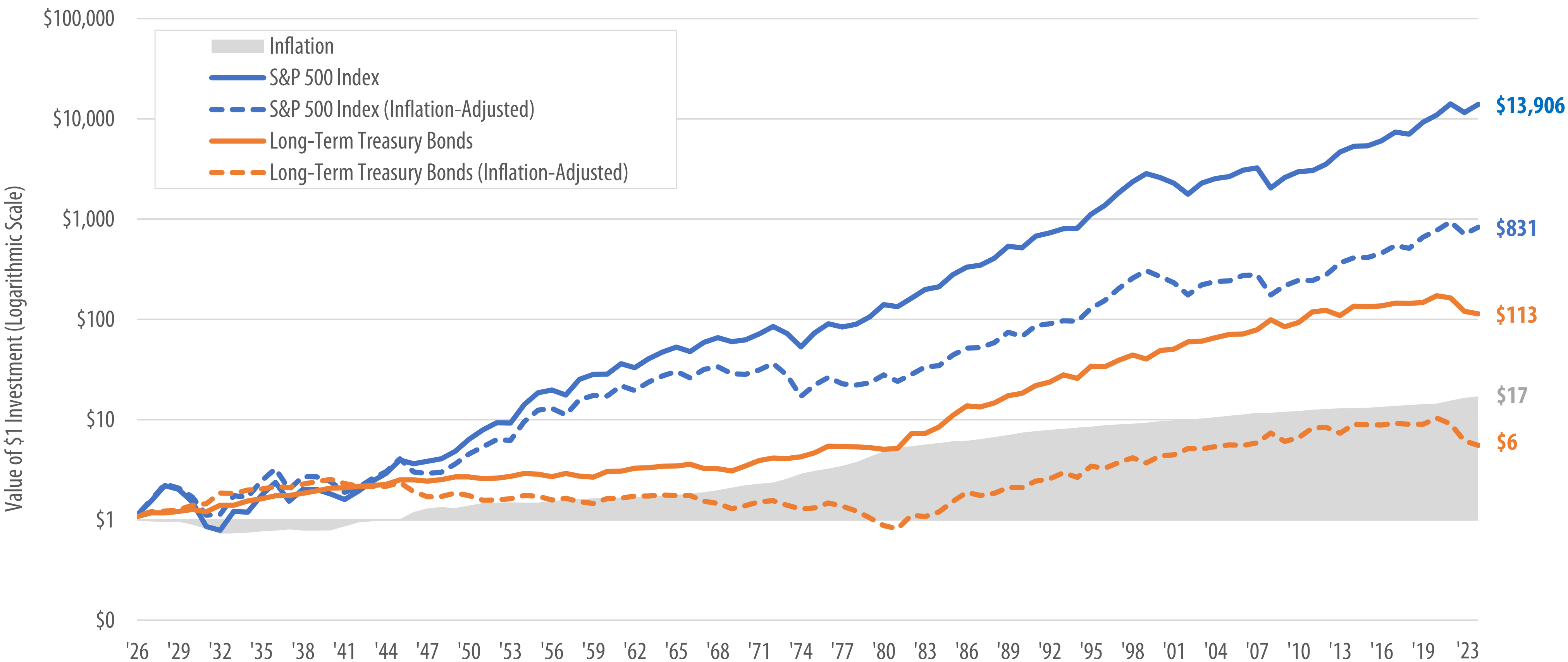
Inflation vs. Stocks and Bonds

First Trust

It can be tempting to shy away from risk in investing, especially during times of market turmoil, but the reality is that all investments carry some degree of risk. The chart below shows the hypothetical growth of $1 and the effect inflation has historically had on two types of investments -- stocks and bonds. This chart shows taking on a certain amount of risk can be necessary to stay ahead of inflation and should be factored in when assessing long-term financial goals.

HYPOTHETICAL GROWTH OF A $1 INVESTMENT: 1926 - 11/30/2023



Source: Ibbotson Associates, U.S. Bureau of Labor Statistics. Hypothetical growth of a $1 investment made on 12/31/1925. Data shows total returns through 11/30/2023 (latest data available). **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. These returns were the result of certain market factors and events which may not be repeated in the future. The asset classes shown here offer different characteristics in terms of income, tax treatment, capital appreciation and risk. U.S. government securities are subject to interest rate risk but generally do not involve the credit risks associated with investments in other types of debt securities. As a result, the yields available from U.S. government securities are generally lower than the yields available from other debt securities. Common stocks are subject to risks, such as an economic recession and the possible deterioration of either the financial condition of the issuers of the equity securities or the general condition of the stock market.

Inflation is represented by the Consumer Price Index (CPI-U) which measures the average change in prices over time that consumers pay for a basket of goods and services. The **S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. **Long-Term Treasury Bonds** are U.S. government bonds that have maturities longer than 10 years.

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