Stock Returns in the Eurozone Since 1986

The Euro Stoxx Return Triangle of Deutsches Aktieninstitut

Negative Returns
Returns around Zero
Positive Returns

Annual Returns in Percent:
- Negative Returns
- Returns around Zero
- Positive Returns

The principle:
An investor who bought shares in 1995 and sold them in 2010 achieved an average annual return of 6.7 percent. Along the white steps you will find other investment periods of 15 years.
EQUITY INVESTMENTS IN THE EUROPEAN CURRENCY AREA ACHIEVE HIGH RETURNS, ESPECIALLY IN THE LONG RUN

Shares offer the chance of high returns in form of dividend payments and profits from rising share prices. They will help investors to accumulate wealth and private old age provisions – provided that the rules of a share investment are applied: Diversify your savings over a sufficient number of different shares, invest continuously and with a long term perspective and always keep shares together with other assets in your portfolio. These rules can be applied without spending much time.

Deutsches Aktieninstitut’s Euro Stoxx Return Triangle shows the overall positive balance of an equity investment in blue chips of the Eurozone. Since 1986 a long term investment in the top 50 stock corporations of the Eurozone have primarily led to positive returns. Even double digit returns have been achieved in a number of cases. However, losses may occur in the short run as the stock market downturns during the last decade have shown.

The historical experience also suggests that share prices tend to rise again quickly when the economy recovers. Positive returns can be achieved over the years even if the point in time at which the investment is made was unfavourable. The longer the investment period the less likely are losses. The chart thus substantiates Aktieninstitut’s principle: By providing for sufficient diversification of the equity investment and focusing on the long term, an investor can expect high returns, even without spending a lot of time on monitoring performance. This is what makes shares an attractive investment, especially in the long term.

The EURO STOXX 50® Net Return Index (SX5T) contains the 50 biggest listed companies of the Eurozone. It is weighted according to their free float. The calculation of the index is based on the assumption that the dividends are immediately reinvested in the respective share. This means that all components of the return on shares are taken into account. The EURO STOXX 50® Net Return Index was calculated for the first time on December 31, 1991. The data for the period from 1986 to 1990 has been calculated by the index provider, STOXX Ltd.