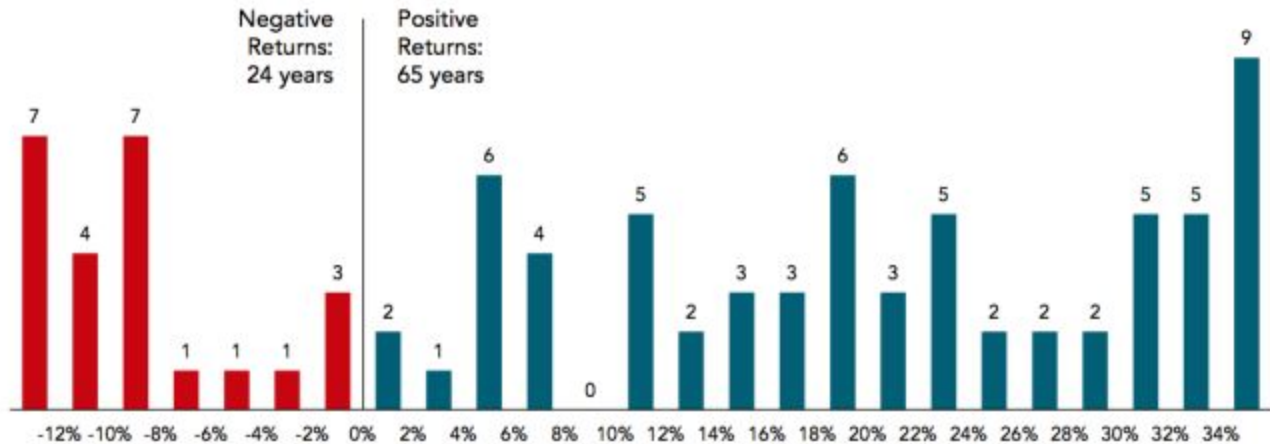


Annualized Compound Return 10.12%
Average Annual Return 12.07%
Median Annual Return 14.32%



1. Looking at the histogram of stock market returns above, what percentage of years has the stock market had a positive return?

DOK 1

2. What is the most frequently occurring return for the stock market over this time period?

DOK 1

3. Using the compound interest return indicated above, how much would \$1,000 invested in the stock market 90 years ago be worth today? (Hint: Amount = Starting value X (1+annual compound return, expressed as decimal)^{Number of years})

DOK 2

4. Investing in the stock market is often referred to as a roller coaster ride. What percentage of the years in this sample did the market have an annual return within the range of -10% to +10%? Does this surprise you?

DOK 2

5. Your friend tells you that most people lose money investing in the stock market and that it is very risky. Convince him that his thinking is wrong by using the data provided in the histogram above. Also, let him know about one big caveat when looking at historical data.

DOK 3