

Bogleheads XVII!

Stay the Course

John C. Bogle

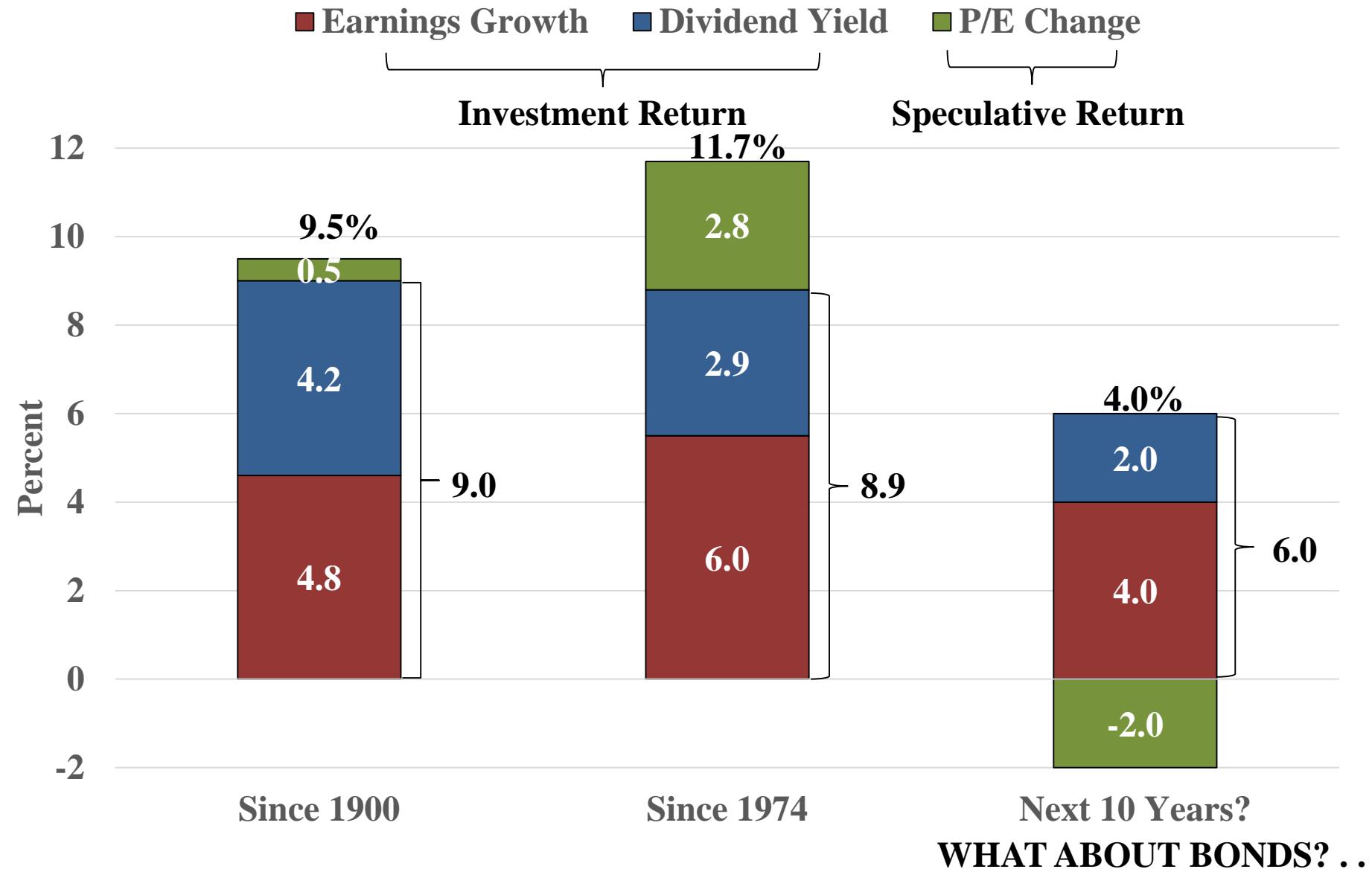
Philadelphia, PA

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IX. Future Returns on Financial Assets

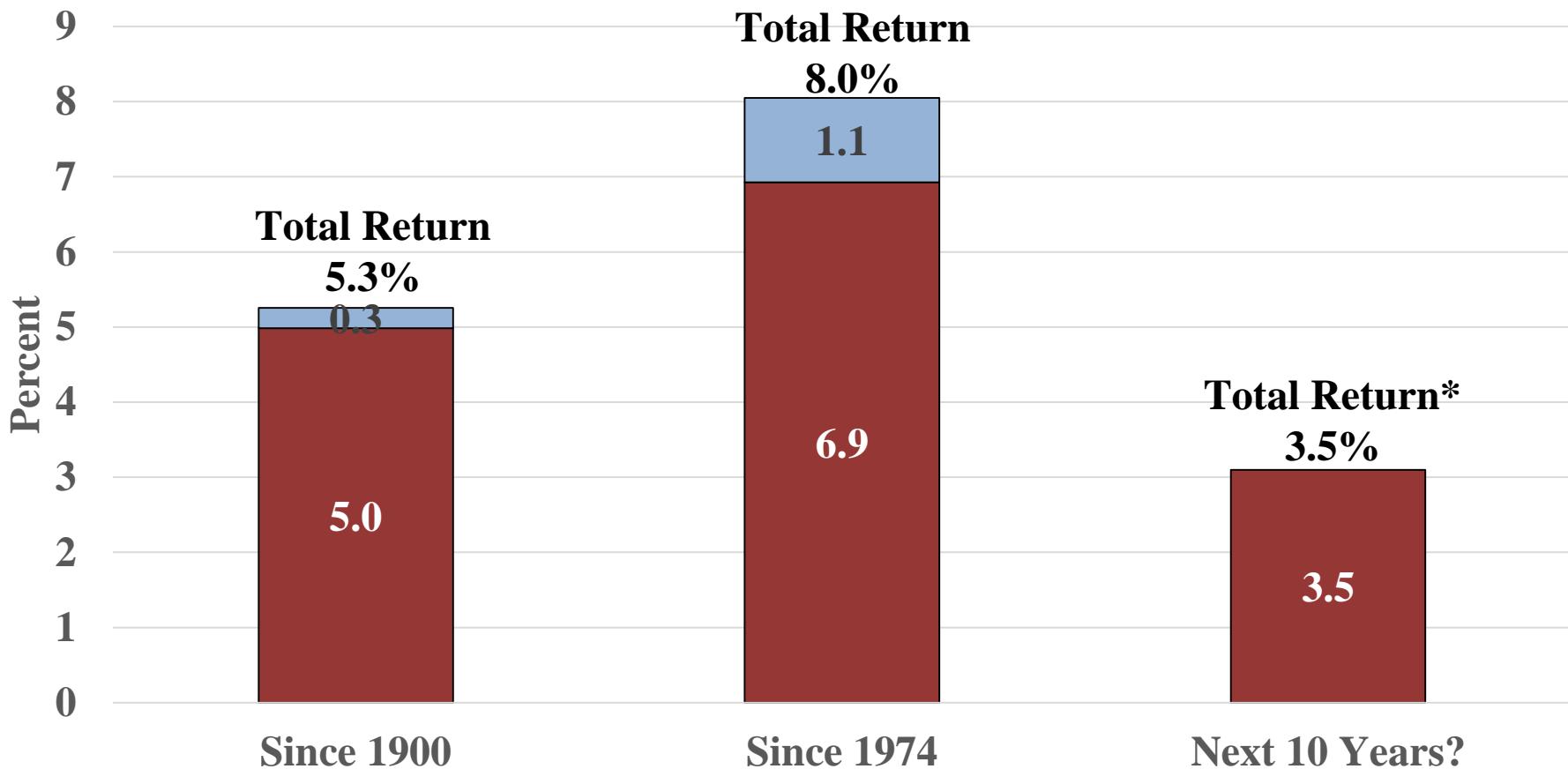
Reasonable Expectations for Stocks— Below Long-Term Norms

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Reasonable Expectations for Bond Returns— Below Long-Term Norms

■ Income □ Capital Appreciation

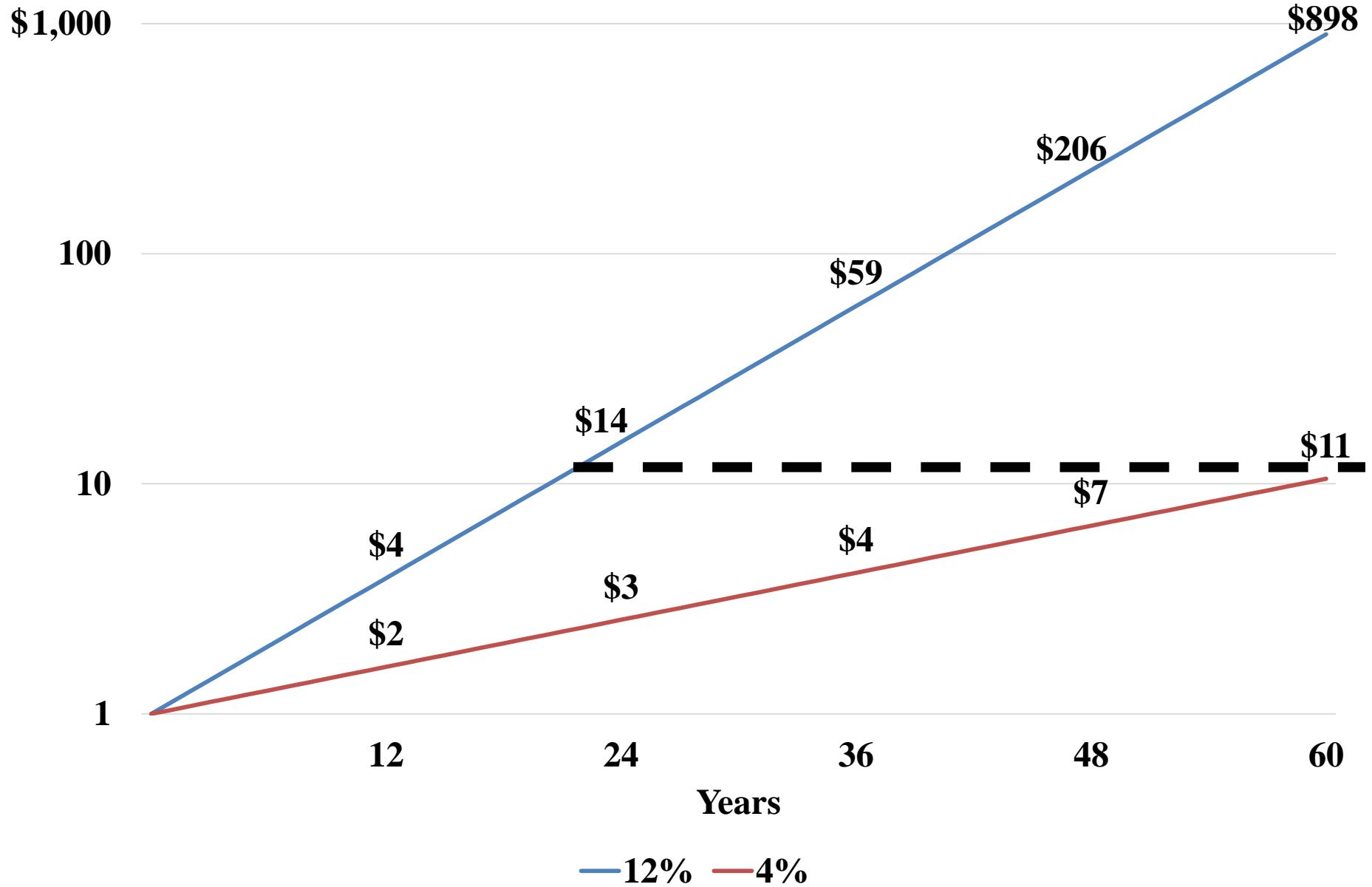


*Assumes accepting moderate additional credit risk and significant interest rate risk vs. the U.S. Treasury 10-year note

AND A BALANCED PORTFOLIO...

\$1 Compounded at 12% vs. 4%

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Expectations for Balanced Portfolio Returns Below Long-Term Norm of 7.4% Nominal; 4.4% Real

**Reasonable Expectations: Gross Returns
(50/50 Stock/Bond):**

3.75% Nominal; 1.75% Real

Don't Forget These Deductions
-1.5% Active Fund Costs*

or

-0.05% Index Fund Costs

*** * ***

And Don't Forget:
-2% Excess Taxes and
Investor Behavior for Active Funds

***Includes expense ratios and transaction costs but not sales loads.**