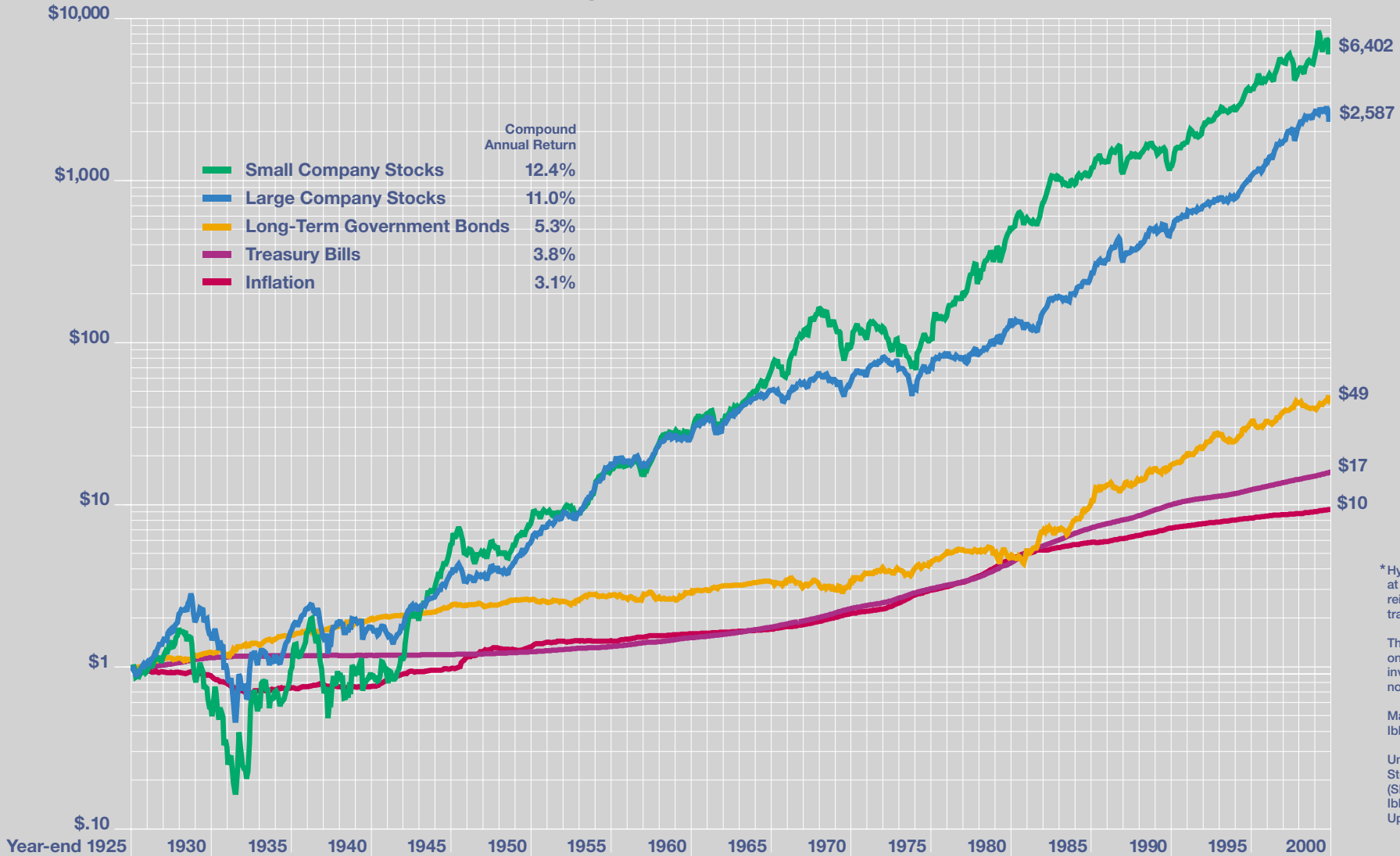


Stocks, Bonds, Bills, and Inflation

Year-end 1925-2000

Wealth indices of investments in the U.S. capital markets*



*Hypothetical value of \$1 invested at year-end 1925; Assumes reinvestment of income and no transaction costs or taxes.

This is for illustrative purposes only and not indicative of any investment. Past performance is no guarantee of future results.

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Underlying data is from the Stocks, Bonds, Bills, and Inflation® (S&BBI) Yearbook, by Roger G. Ibbotson and Rex A. Sinquefeld. Updated annually.

1929 Peak of bull market—Dow Jones Industrial Average 381.17
1930 Smoot-Hawley Tariff—cuts world trade

1932 Bottom of Great Crash—Dow Jones Industrial Average 41.22
1933 Gold standard dropped in U.S.
1934 Securities Exchange Act
1939 World War II begins in Europe

1941 Pearl Harbor—U.S. declares war
1942 First nuclear chain reaction
1944 Bretton Woods international monetary accords
1946 Post-war recession begins
1947 General Agreement on Tariffs and Trade (GATT)
1950 Troops sent to Korea

1952 Steel labor dispute—U.S. seizes mills
1953 U.S. Treasury-Federal Reserve Accords
1957 Sputnik launched
1958 First U.S. earth satellite

1961 Bay of Pigs
1962 Cuban missile crisis
1963 President Kennedy assassinated
1967 Six-Day War in Middle East
1968 Tet Offensive by Communist forces in Vietnam
1969 Neil Armstrong first man on moon

1972 Gold window closed
1973 Arab oil embargo—oil prices triple
1974 President Nixon resigns
1975 May Day—deregulation of securities brokerage fees

1984 AT&T divestiture
1985 Oil prices collapse
1987 Stock market crash
1989 Berlin Wall opened
1990 Mutual fund total assets hit \$1 trillion

1991 Gulf War
1993 U.S. Congress passes North American Free Trade Agreement (NAFTA)
1994 U.S. Congress passes GATT World Trade Agreement
1999 Dow Jones Industrial Average surpasses 10,000

Stocks, Bonds, Bills, and Inflation® 1925-2000

A 75-year examination of past capital market returns provides historical insight into the performance characteristics of various asset classes.

This graph illustrates the hypothetical growth of inflation and a \$1 investment in four traditional asset classes over the time period December 31, 1925 through December 31, 2000.

Large and small company stocks have provided the largest increase in wealth over the past 75 years. The fixed-income investments provided only a fraction of the growth provided by stocks.

As illustrated in this image, stocks produced greater returns and a higher ending wealth value than that of fixed-income investments. However, the higher returns are associated with much greater volatility (risk). Furthermore, small company stocks may be subject to a higher degree of market risk than large company stocks.

Note: The data assumes reinvestment of all income and does not account for taxes or transaction costs. The average return represents a compound annual return. Government bonds and Treasury bills are guaranteed by the full faith and credit of the United States government as to the timely payment of principal and interest. Stocks are not guaranteed. Small company stocks are more volatile than large company stocks, are subject to significant price fluctuations and business risks, and are thinly traded. Underlying data is from the Stocks, Bonds, Bills, and Inflation (SBBBI) Yearbook, by Roger G. Ibbotson and Rex A. Sinquefeld, updated annually. An investment cannot be made directly in an index. Past performance is no guarantee of future results.

Source: Small Company Stocks—represented by the fifth capitalization quintile of stocks on the NYSE for 1926-1981 and the performance of the Dimensional Fund Advisors (DFA) Small Company Fund thereafter; Large Company Stocks—Standard & Poor's 500®, which is an unmanaged group of securities and is considered to be representative of the stock market in general; Government Bonds—20-year U.S. Government Bond; Treasury Bills—30-day U.S. Treasury Bill; Inflation—Consumer Price Index.

To purchase additional graphs or to receive a free product catalog, please call or visit our web site.

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