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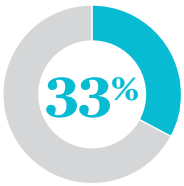
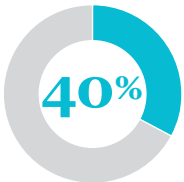
Dollar cost averaging: opportunity amidst uncertainty

During periods of uncertainty and increased market volatility, investors can easily lose sight of their long-term financial goals or even fall into the trap of trying to time the ups and downs of the market. But keep in mind, in order to be a successful market timer you need to get it right twice — when to exit and again when to re-enter the market.

Since 2000, there have been four bear markets. During each overall market drop, multiple up-market periods add to the complexity of trying to time your actions.

Technology bubble[1]	Financial crisis[1]	COVID-19 health crisis[1]	Inflation bear market[1]
24 Mar 2000 to 09 Oct 2002	*09 Oct 2007 to 09 Mar 2009*	*19 Feb 2020 to 23 Mar 2020*	*03 Jan 2022 to 12 Oct 2022*
-47.4% total decline	**-54.9%** total decline	**-33.5%** total decline	**-24.0%** total decline
 months with positive return	 months with positive return	**If I got out, did I get back in?**	 months with postive return

Dollar cost averaging is a disciplined investment plan that results in buying more shares when prices are low and fewer shares when prices are high. This may help:

- Reduce the emotion created by market volatility
- Avoid the traps of market timing
- Help achieve financial goals

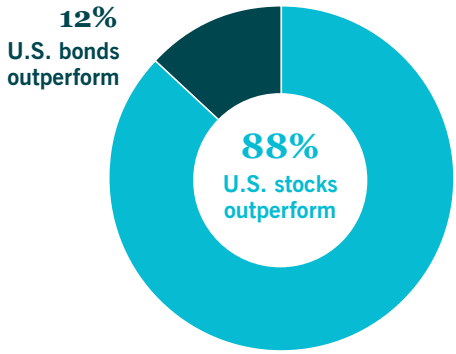
Note: dollar cost averaging does not assure a profit and does not protect against loss in declining markets

As markets move lower, it's natural to want to sell out of stocks and buy bonds. But remember, historically stocks have tended to provide higher returns.

Investors that stick to a systematic investing plan, like dollar cost averaging, may actually take advantage of stock market downturns to enhance investment return over the long-term.

Rolling 10 year periods[1,2]

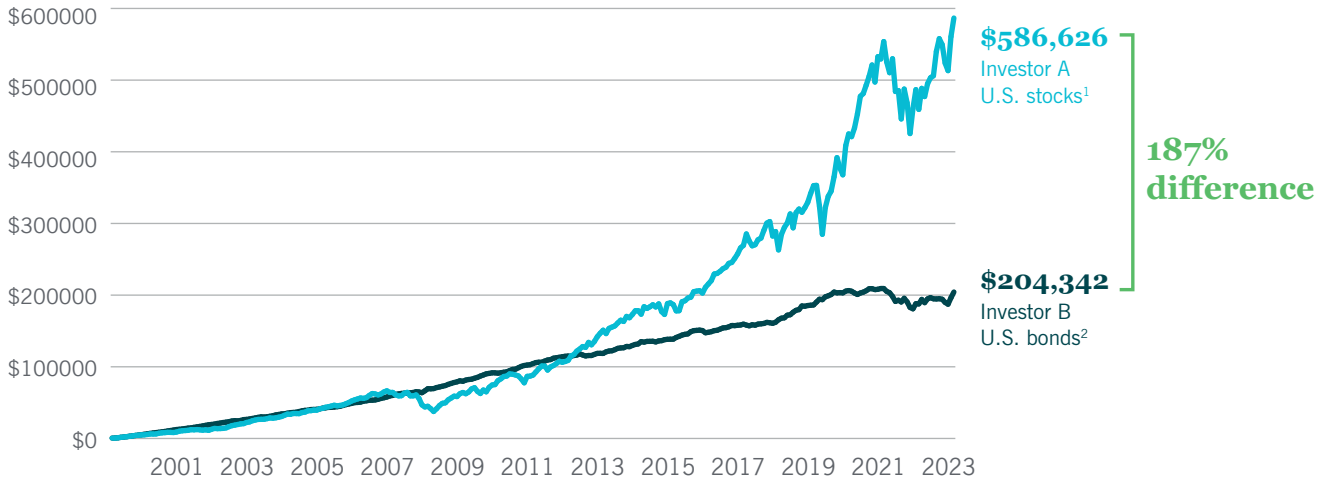
457 total periods evaluated since 01 Jan 1976



Consider the example below:

- Investor A invests $500 every month into U.S. stocks, while Investor B puts $500 every month into U.S. bonds since the beginning of the century (01 Jan 2000 through 31 Dec 2023)
- This period includes four bear markets (technology bubble, financial crisis, COVID-19 health crisis and 2022 inflation) since 2000
- During this period, U.S. stocks (+7.03) outperformed U.S. bonds (+4.05%) on an annualized basis
- While, **Investor A accumulated 187% more wealth by benefitting from short-term volatility to buy more shares of stocks when prices were lower**

Accumulation of wealth after $500 monthly investments



This is a hypothetical example for illustrative purposes only and is not intended to predict or project performance of any account. Does not include any withdrawals, fees, or taxes that would reduce performance. Actual returns will vary. **It is not possible to invest directly in an index.**

For more information, please visit nuveen.com.

Note: U.S. stocks are represented by the S&P 500® Index and U.S. bonds are represented by the Bloomberg US Aggregated Bond Index. Total returns include reinvested income and dividends.

1 The **S&P 500® Index (S&P 500)** is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S. Performance does not reflect the impact of fees and expenses. Investors cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

2 The **Bloomberg US Aggregate Bond Index,** or the **Agg**, is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. Investors frequently use the index as a stand-in for measuring the performance of the U.S. bond market.