

What Drives Investment Return?

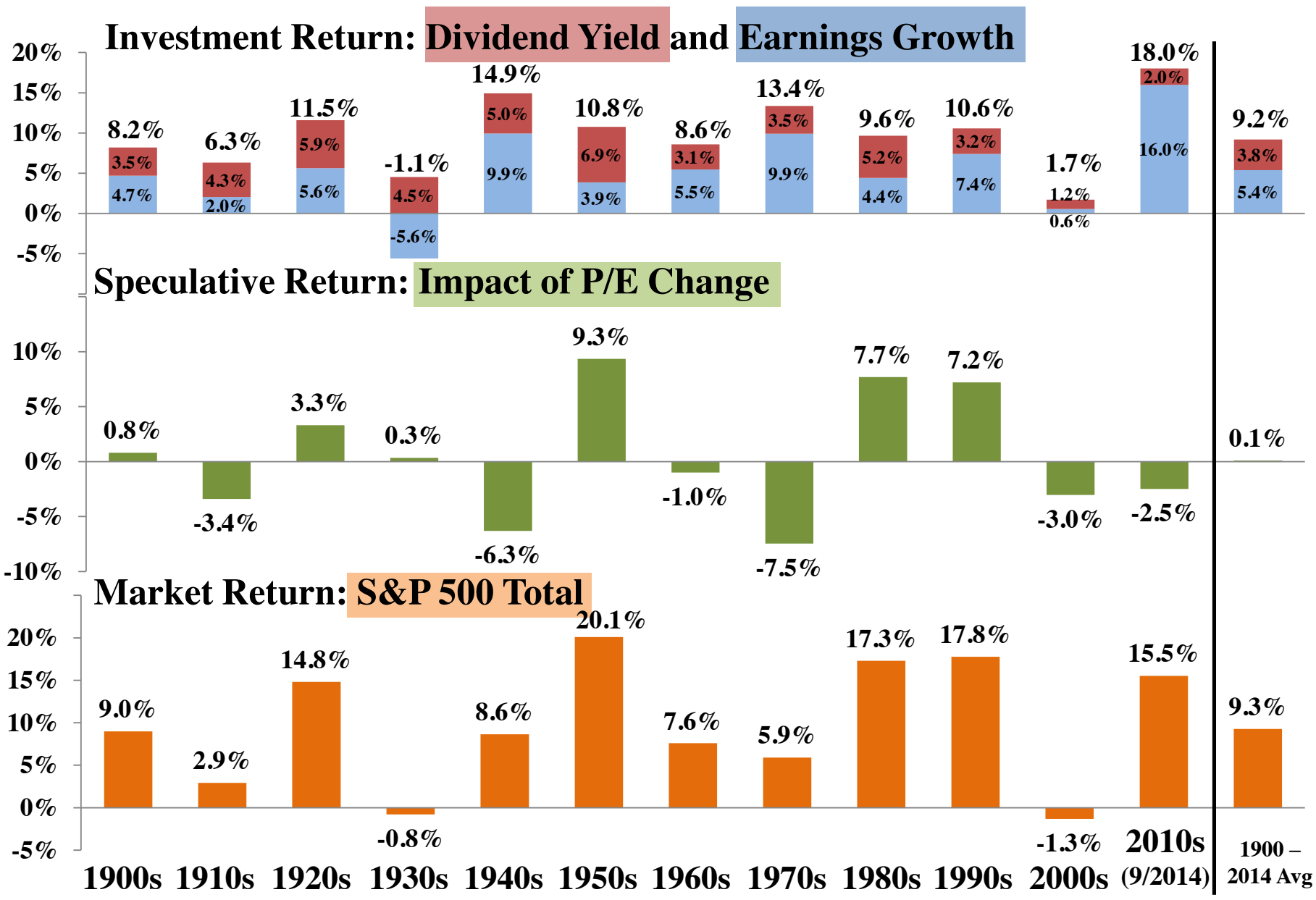
MicNOVA
November 19, 2014

Earnings

Dividends

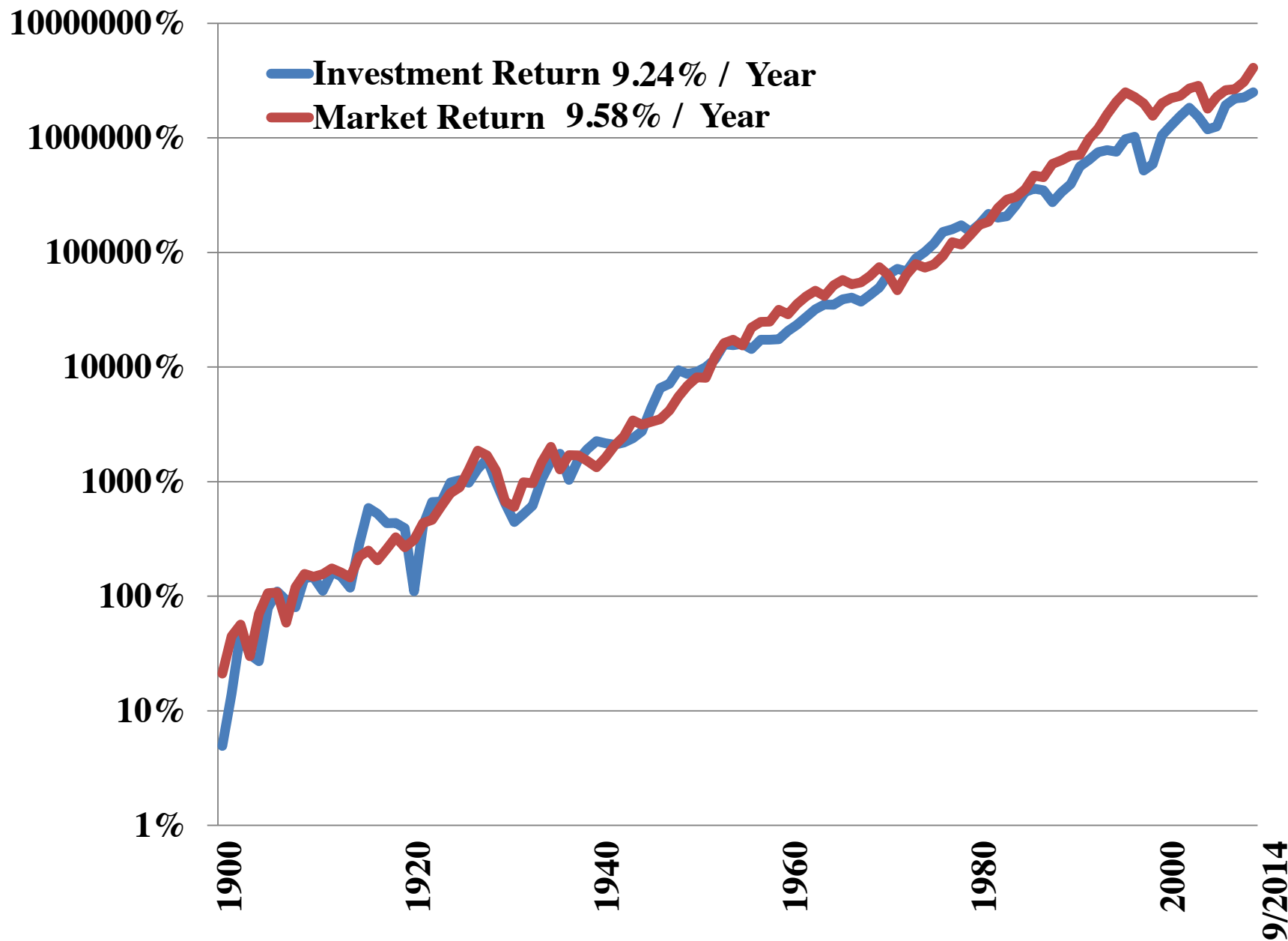
P/E Ratio

Historical Sources of Stock Market Returns over the Decades 1-1



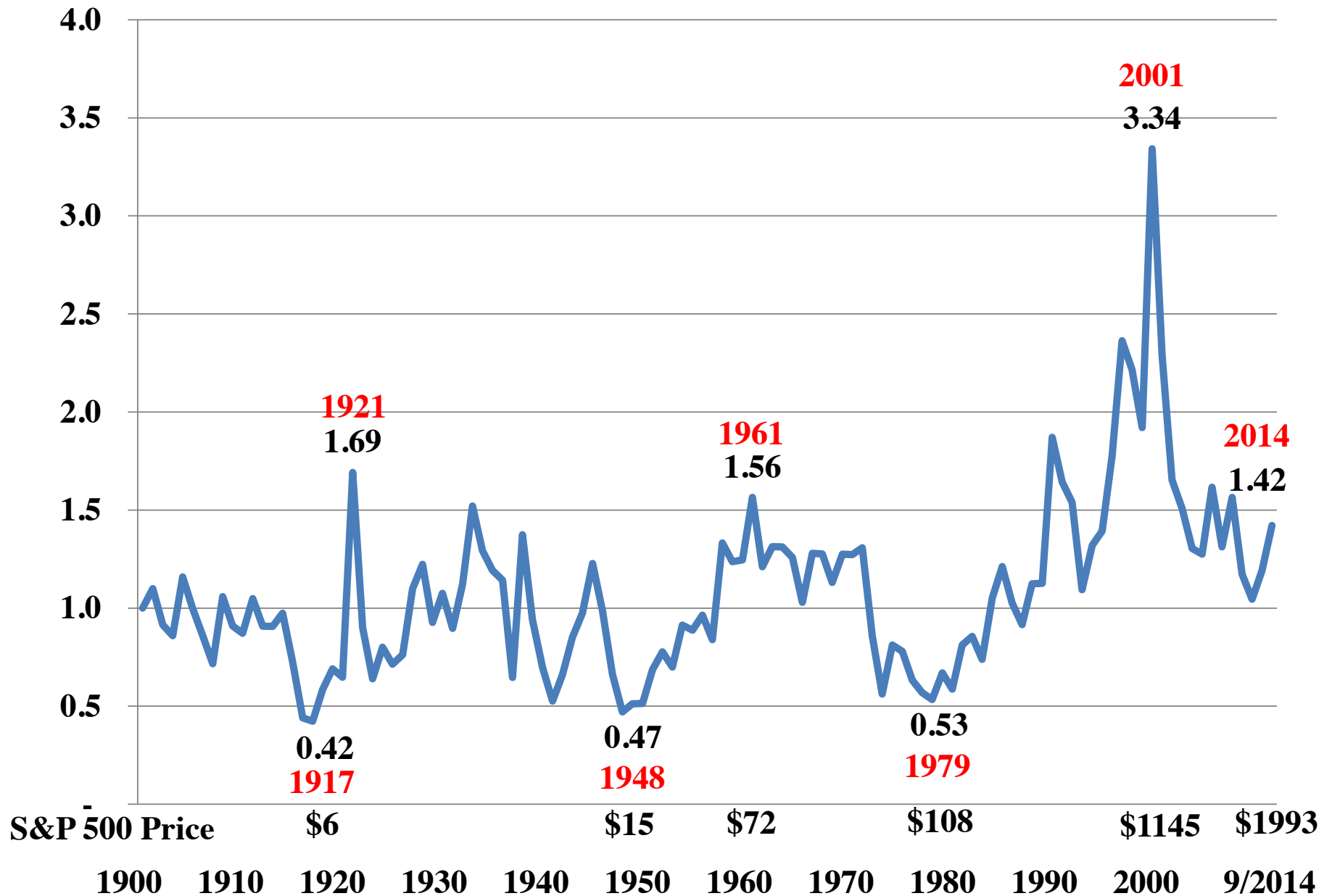
Source: Jack Bogle 2014

Market Return vs. Investment Return, 1900-9/2014



Source: Jack Bogle 2014

U.S. Stock Market Return / Investment Return, 1900-9/2014 1-3



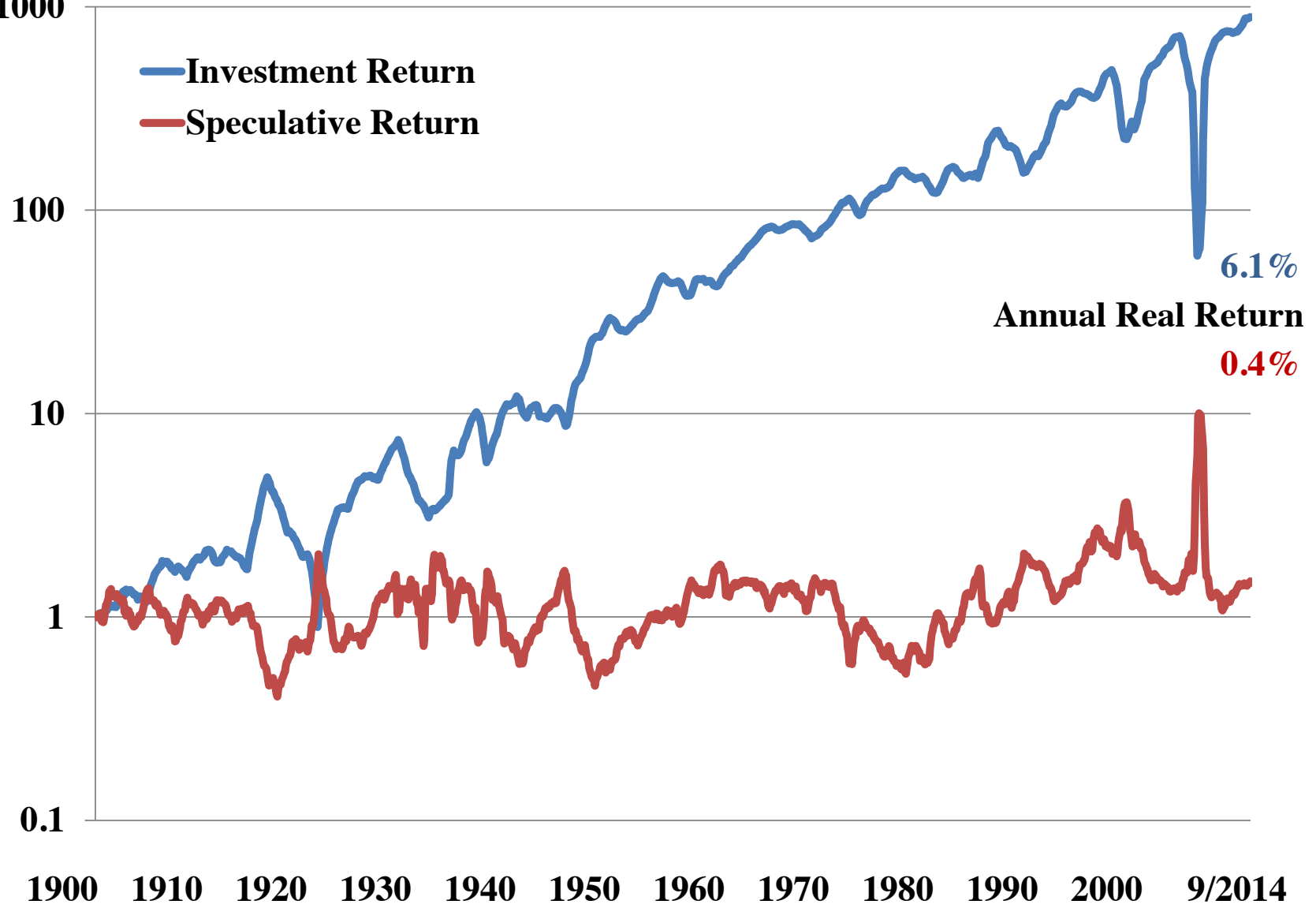
Source: Jack Bogle 2014

Cumulative Total Return Investment and Speculative Return, 1900-9/2014

Returns
1-4

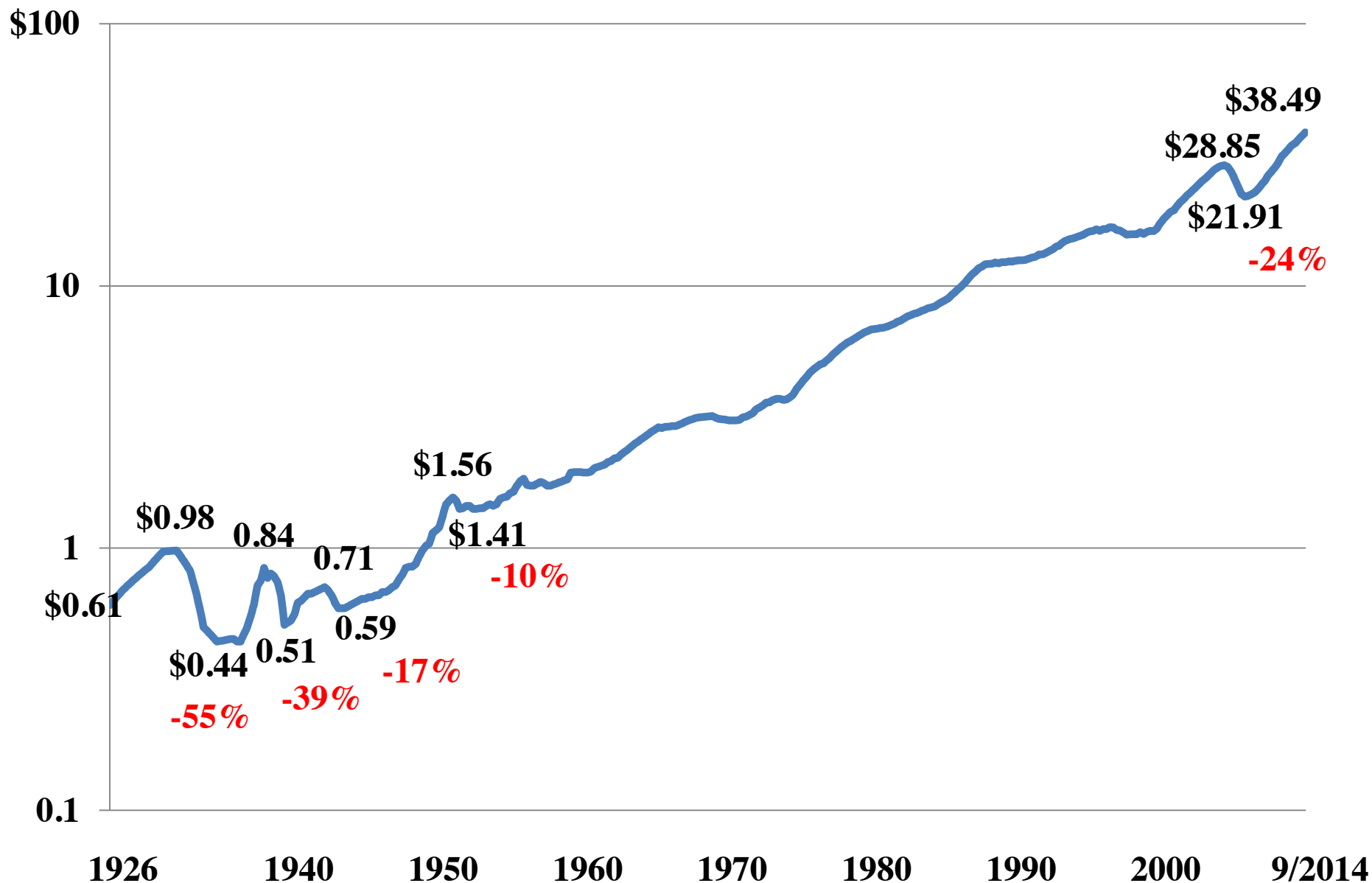
Value of Initial \$1

\$1000



Source: Jack Bogle 2014

S&P 500 Dividend Growth, 1926-9/2014

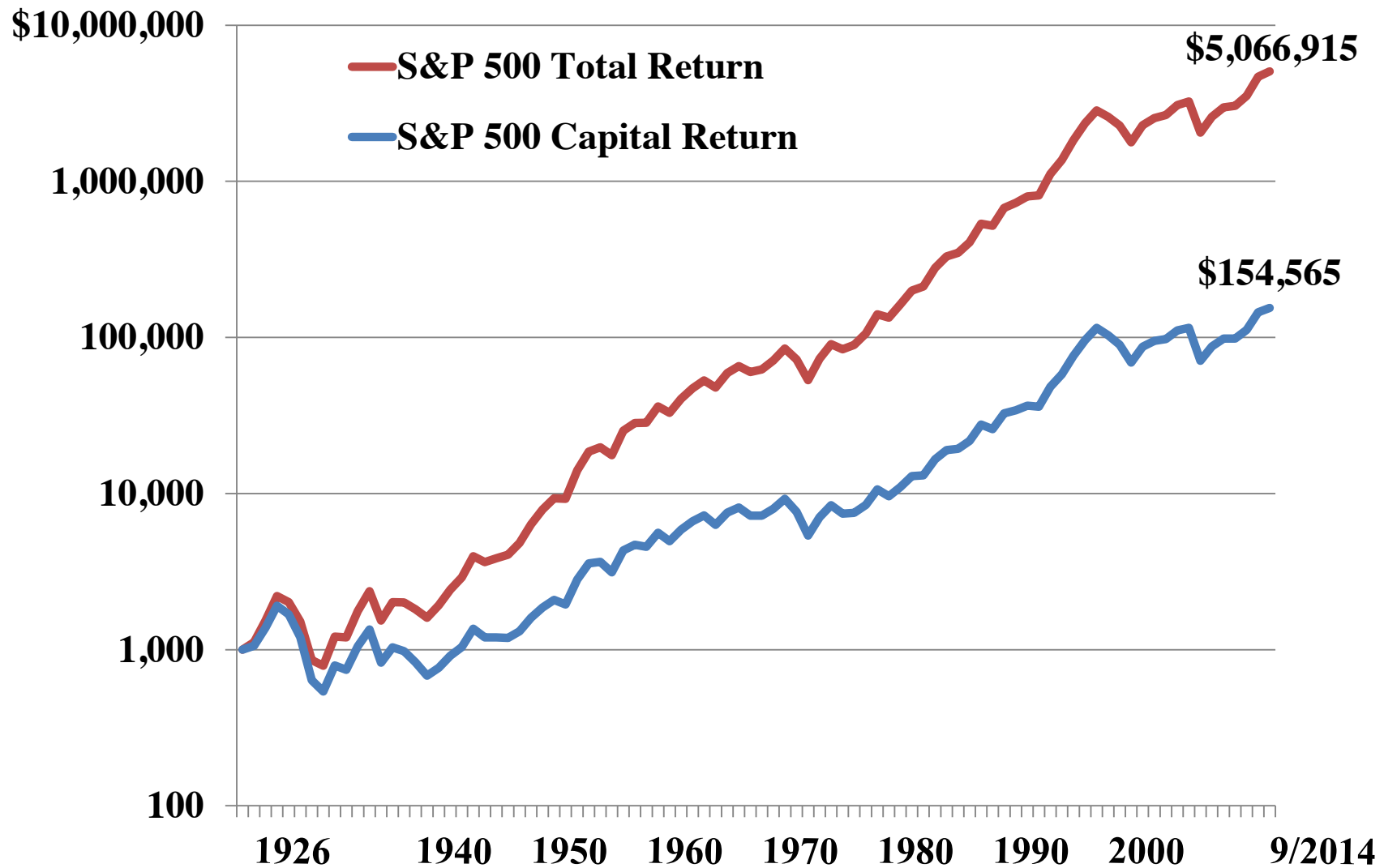


Source: Jack Bogle 2014

Dividends Matter!

S&P 500 Total Return and Capital Return, 1926-9/2014

Growth of an initial investment of \$1,000



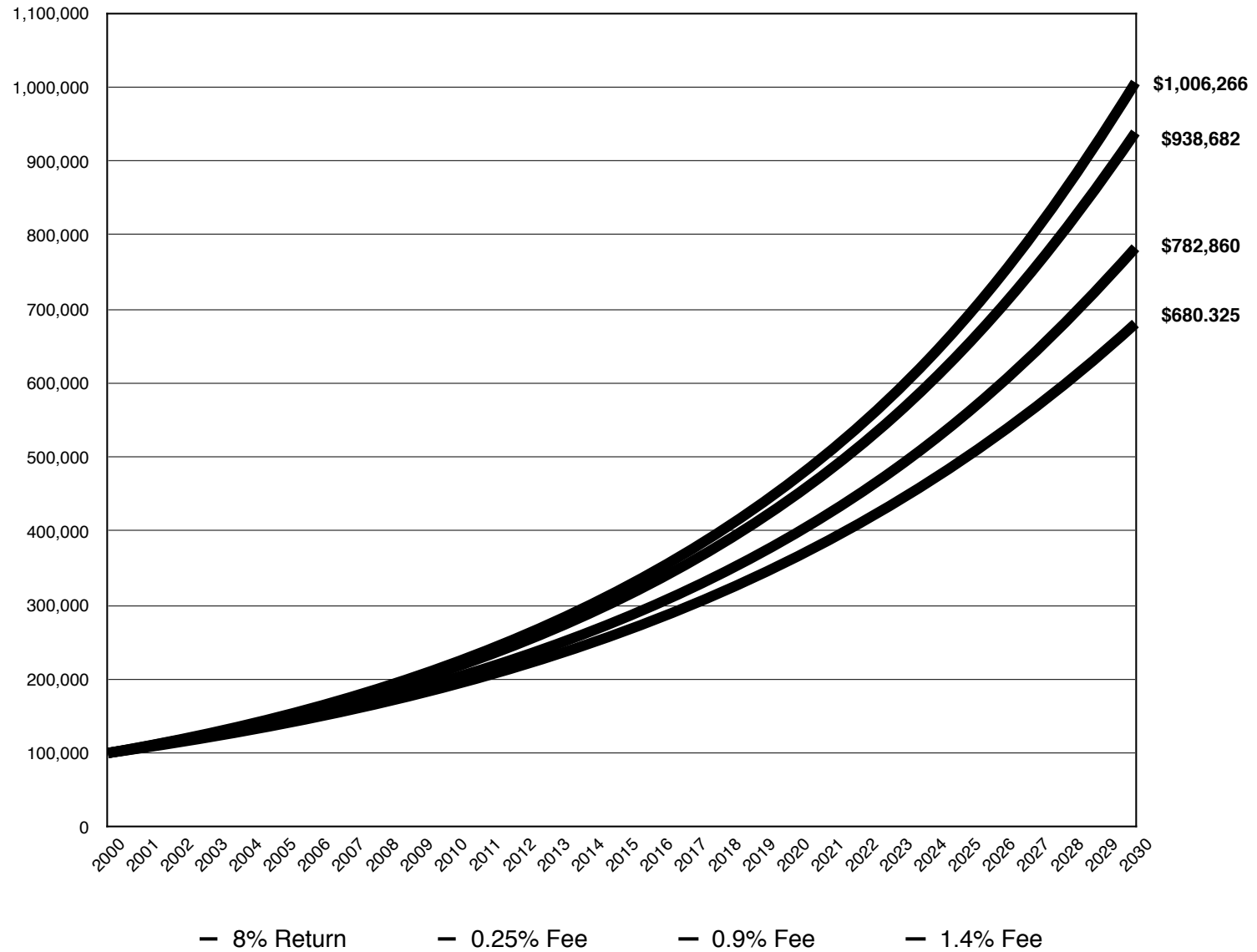
Source: Jack Bogle 2014

Dividend Yields and Expense Ratios*, 9/2004

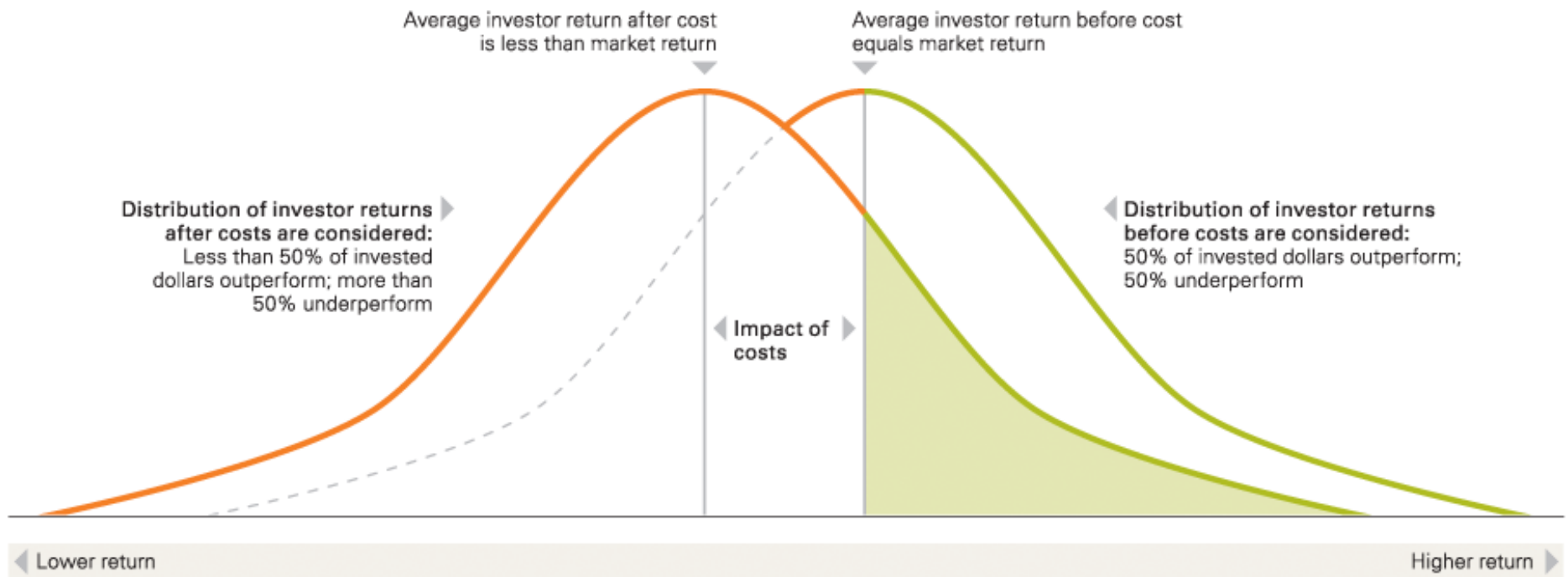
Category	Net Yield	Expense Ratio	Gross Yield	Percentage of Yield Consumed by Expenses
Domestic Stock	0.7%	1.2%	1.9%	63%
International Stock	1.1	1.4	2.5	56
Taxable Bond	2.0	0.9	2.9	31
Municipal Bond	2.9	0.9	3.8	24
Balanced	1.7	1.1	2.8	39

***Source: Morningstar**

Impact of Expenses on Total Return over 30 yrs



Costs Reduce Return



Source: Vanguard

Further Study

- <http://www.bogleheads.org>
- <http://vimeo.com/channels/bogleheads>
- <http://morningstar.com> (search for “jack bogle video”)
- Little Book of Common Sense Investing - Jack Bogle
- Bogleheads' Guide to Investing, 2d edition 2014