

Equity Investments in the Eurozone

Attractive and profitable in the long run

The Euro Stoxx Return Triangle of Deutsches Aktieninstitut shows that long-term and diversified investments in shares of the Eurozone have in the past paid off for investors.

People who invested savings into shares represented by EURO STOXX 50® Net Return Index benefitted from the development of stock prices and dividends of the top 50 listed companies of the Eurozone. Over a 20 year-investment period the annual return has been 6.2 percent on average. The lowest figure showed 1.2 percent, while 12.8 percent in the best case.

10.000

5.000

2.500

1.000

Euro Stoxx 50



Equity investment – simple rules for being successful

Shares and equity funds offer attractive opportunities in the long run. That makes them a suitable form of investment for wealth building and old age provision. In order to be successful without spending much time and effort investors should follow simple rules:

1. A broad diversification of the equity investment in different sectors significantly reduces the risk of suffering a total loss which cannot be ruled out if money is invested completely in one single share.
2. The longer the investment horizon, the lower the risk to experience losses from an equity investment is. Long-term investors must not become nervous of volatile stock prices in the short or medium run.
3. Investing continuously (as for example provided by a saving plan on equity funds) allows investors to accumulate significant wealth in stocks over time with relatively small monthly savings.
4. Investors must not invest exclusively in shares, but should also have available liquid funds from other forms of investment. By diversifying across asset classes investors will be able to sustain stock market downturns and will not be forced to sell shares of equity funds at an inopportune moment.

Notes on calculation

The returns are calculated assuming a lump-sum equity investment. This is possible by investing directly into shares or with any form of indirect investment such as equity funds or ETFs.

The calculation is based on the EURO STOXX 50® Net Return Index (SX5T) representing the 50 biggest listed companies of the Eurozone. The index recognizes both the development of stock prices and dividend payments. This means that all components of the return on shares are taken into account. The EURO STOXX 50® Net Return Index was calculated for the first time on December 31, 1991. The data for the period from 1986 to 1990 has been calculated by the index provider, STOXX Ltd.

Costs of purchasing or selling shares or other securities are not taken into account. The same applies for additional costs or charges that may occur depending on the form of the equity investment (e.g. offering premium or management fees of equity funds). Costs and charges reduce possible yields for the investor.

1990

1995

2000

2005

2010

2015

2020