

Investment Success Takes Time, Not Timing



When market volatility continually makes front-page news, some investors impulsively try to time the market. They do this by putting their money in cash and then trying to find the right moment to reinvest later. If this sounds like you, there is something you should know. While your money is out of the market, some of the best returns could be passing you by. At times the stock market can seem risky and uncertain. When the market gets rough, is your natural reaction to bail out?

Long-term investing is the key to success. Missing even a handful of invested days could cost you dearly. No one, even the best of the best, can consistently predict what the market will do next.

If you take your money out of the market whenever volatility increases or the market declines, you could miss some of the best days. For example, if you had invested \$100,000

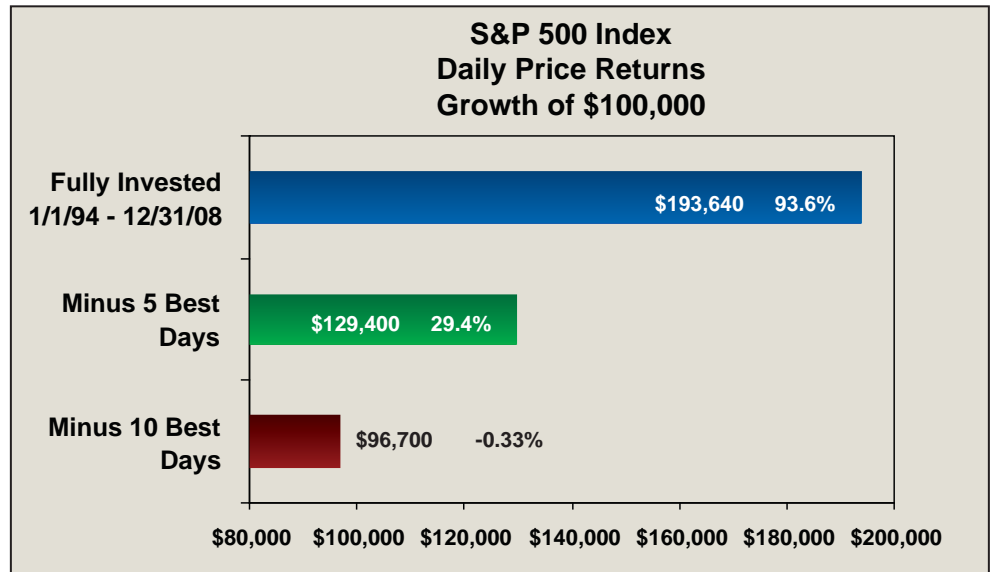
Long-term investing requires discipline

in the S&P 500 Index in January of 1994, your money would have grown to \$193,640 by December 31, 2008, a total return of over 93%.

Now let's assume that during that period there were times when volatility or uncertainty convinced you to pull your money out of the market. If you missed the market's 5 best single-day performances, your return would be cut to 29.4% or \$129,400. If you had missed the market's 10

best days your performance would actually be a negative return and your portfolio would only be worth \$96,700.

The lessons of this analysis are really simple. *It is time, not timing that really counts for investment success.* The longer the holding period and the more distant the planning horizon, the greater the investor's opportunity to accumulate wealth will be. Keep focused on your long-term financial goals and remember that TIME, not timing is the key to financial success.



Source: Bloomberg

Note: 7 of the 10 best total return days were in 2008!

- 10/13/08 = +11.58%
- 10/28/08 = +10.79%
- 11/13/08 = +6.92%
- 11/24/08 = +6.47%
- 11/21/08 = +6.32%
- 09/30/08 = +5.42%
- 12/16/08 = +5.14%

Staying out of the market means you may risk missing the recovery periods



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