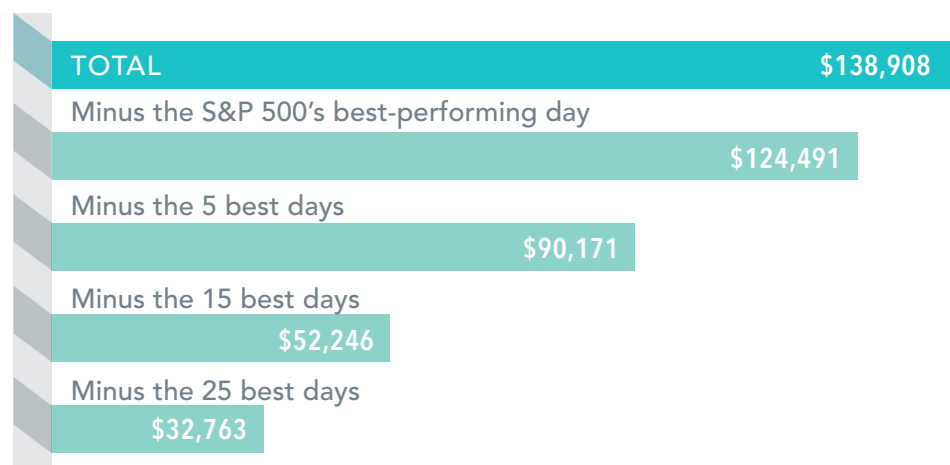

What Happens When You Fail at Market Timing

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Article | Client Ready

The impact of missing just a few of the market's best days can be profound, as this look at a hypothetical investment in the stocks that make up the S&P 500 Index shows. A hypothetical \$1,000 turns into \$138,908 from 1970 through the end of August 2019. Miss the S&P 500's five best days and that's \$90,171. Miss the 25 best days and the return dwindles to \$32,763. There's no proven way to time the market—targeting the best days or moving to the sidelines to avoid the worst—so history argues for staying put through good times and bad. Investing for the long term helps to ensure that you're in the position to capture what the market has to offer.

Hypothetical growth of \$1,000 invested in US stocks in 1970



Note: Based on the total return of the S&P 500 from Jan. 1, 1970, to Aug. 31, 2019.

The missed best day(s) examples assume that the hypothetical portfolio fully divested its holdings at the end of the day before the missed best day(s), held cash for the missed best day(s), and reinvested the entire portfolio in the S&P 500 at the end of the missed best day(s). Annualized returns for the missed best day(s) were calculated by substituting actual returns for the missed best day(s) with zero. Performance data for January 1970–August 2008 provided by CRSP; performance data for September 2008–August 2019 provided by Bloomberg. S&P data provided by Standard & Poor's Index Services Group. Indices are not available for direct investment. Past performance is no guarantee of future results.

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