

PERSPECTIVES

What Happens When You Fail at Market Timing

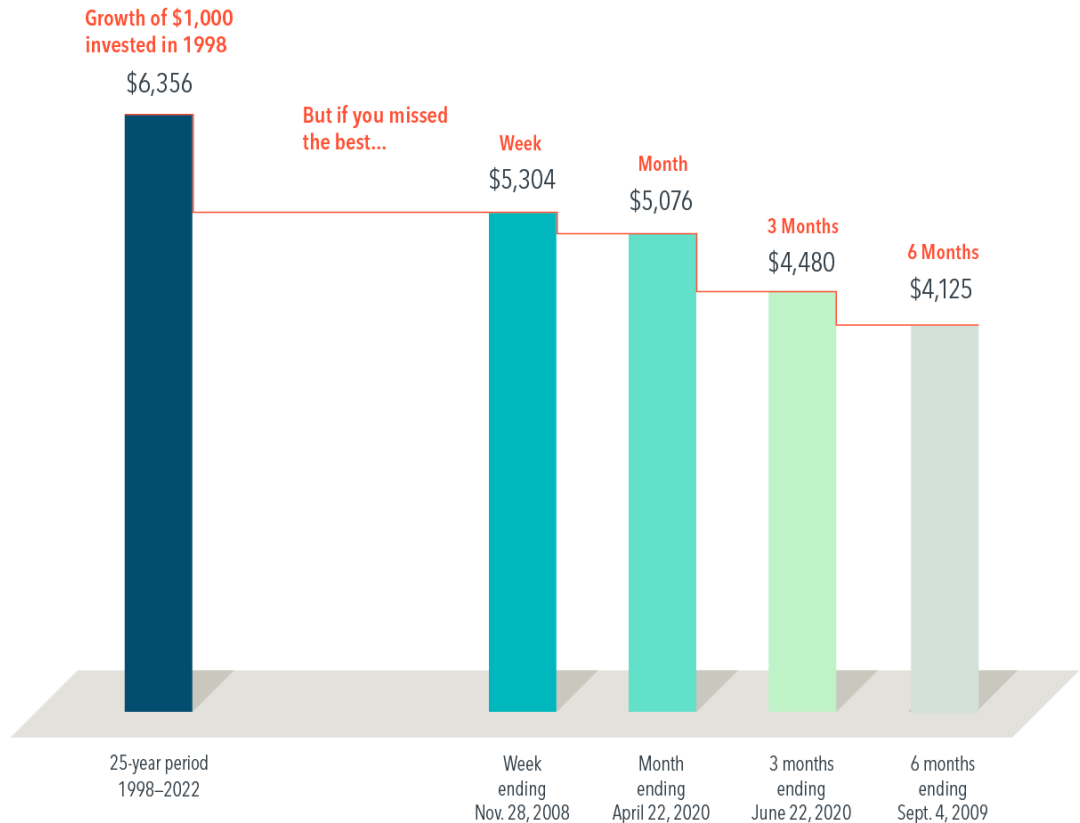
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The impact of being out of the market for just a short period of time can be profound, as shown by this hypothetical investment in the stocks that make up the Russell 3000 Index, a broad US stock market benchmark.

A hypothetical \$1,000 investment made in 1998 turns into \$6,356 for the 25-year period ending December 31, 2022. Over that same period, if you miss the Russell 3000's best week, which ended November 28, 2008, the value shrinks to \$5,304. Miss the three best months, which ended June 22, 2020, and the total return dwindles to \$4,480.

Exhibit 1 Missed Opportunity

Russell 3000 Index total return, 1998-2022



Past performance, including hypothetical performance, is not a guarantee of future results.

In US dollars. For illustrative purposes. Best performance dates represent end of period (November 28, 2008, for best week; April 22, 2020, for best month; June 22, 2020, for best three months; and September 4, 2009, for best six months). The missed best consecutive days examples assume that the hypothetical portfolio fully divested its holdings at the end of the day before the missed best consecutive days, held cash for the missed best consecutive days, and reinvested the entire portfolio in the Russell 3000 Index at the end of the missed best consecutive days. Data presented in the growth of \$1000 exhibit is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The data is for illustrative purposes only and is not indicative of any investment. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

There's no proven way to time the market—targeting the best days or moving to the sidelines to avoid the worst—so the evidence suggests staying put through good times and bad. Missing only a brief period of strong returns can drastically impact overall performance. We believe that investing for the long term helps ensure that you're in position to capture what the market has to offer.

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