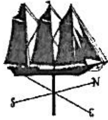

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The Cost of Missing the Market:
Not Being Seated at the Table When Dinner is Served

When the stock markets are volatile and the prevailing mood on Wall Street is all doom and gloom, some investors are tempted to sell their holdings and to get out of the market completely.

But being swayed by the majority opinion and reacting to short-term events can be costly, as shown in the table below, based on data from Morningstar and Standard & Poor's.

For the twenty-year period from 1990 through 2009, there were 5,044 trading days. Using the Standard & Poor's 500 Index, an unmanaged group of securities, as a representation of the stock market in general, an investor remaining invested for all 5,044 trading days earned a compound annual return of 8.2%.

In contrast, an investor who missed the 50 best days during the twenty-year period achieved a compound annual return of -3.5%.

Although the stock market can be extremely volatile on a daily basis, staying the course over the long haul can be rewarding.

Days in the Market Missed	Compound Annual Return
Invested for all 5,044 trading days	8.2%
Missed 10 best days	4.5
Missed 20 best days	2.1
Missed 30 best days	0.1
Missed 40 best days	-1.8
Missed 50 best days	-3.5

Sources: Morningstar, Standard & Poor's

Past performance is no guarantee of future results. Returns and principal invested in stocks are not guaranteed. Holding a portfolio of securities for the long term does not ensure a profitable outcome and investing in securities always involves risk of loss.

The information provided herein represents the opinions of David Wendell Associates and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

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