

WorstDay / BestDay

Imagine that each year for the past twenty years, you had \$10,000 to invest. You happened to choose the sample mutual fund that we studied in our presentation. How much would you have if you picked the worst day of each year – the market high for the year? What if you had picked the best day of the year – the market low for the year? Below on the left are the results if you had picked the worst day. On the right are the results if you had picked the best day. You would think the difference over 20 years would be very large, right?

Worst-day Investments (Market Highs)		
Date of Market High	Cumulative Investment	Account Value at End of Year
08/06/97	\$10,000	\$9,618
11/23/98	20,000	21,540
12/31/99	30,000	34,605
01/14/00	40,000	45,771
05/21/01	50,000	52,473
03/19/02	60,000	52,771
12/31/03	70,000	76,202
12/28/04	80,000	93,197
03/04/05	90,000	109,706
12/27/06	100,000	136,805
10/09/07	110,000	154,035
05/02/08	120,000	107,074
12/30/09	130,000	145,739
12/29/10	140,000	171,203
04/29/11	150,000	177,022
04/29/11	160,000	214,219
12/31/13	170,000	293,433
12/26/14	180,000	338,511
05/21/15	190,000	342,861
12/20/16	\$200,000	\$402,538
Average annual total return: 6.6%		

Best-day Investments (Market Lows)		
Date of Market Low	Cumulative Investment	Account Value at End of Year
04/11/97	\$10,000	\$12,130
08/31/98	20,000	26,767
01/22/99	30,000	42,216
03/07/00	40,000	54,192
09/21/01	50,000	62,596
10/09/02	60,000	64,376
03/11/03	70,000	94,455
10/25/04	80,000	114,228
04/20/05	90,000	132,836
01/20/06	100,000	165,017
03/05/07	110,000	185,276
11/20/08	120,000	132,277
03/09/09	130,000	183,604
07/02/10	140,000	215,286
10/03/11	150,000	222,445
06/04/12	160,000	268,087
01/08/13	170,000	367,665
02/03/14	180,000	423,630
12/18/15	190,000	428,020
02/11/16	\$200,000	\$502,680
Average annual total return: 8.4%		

Wrong! There is a difference but it is not as large as you would expect. The moral of the story is that you need to get started now. Don't wait for the best time to invest. The best time to invest is right now! *(Pssst. You are in it for the long term, right? And you do remember that there are no guarantees, right? And as the numbers above show, your investment is going to be volatile, right? Okay, just wanted to make sure.)*