

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
12-28-2004	\$10,000	\$9,416
03-04-2005	20,000	19,946
12-27-2006	30,000	32,517
10-09-2007	40,000	43,419
05-02-2008	50,000	34,775
12-30-2009	60,000	53,641
12-29-2010	70,000	69,009
04-29-2011	80,000	76,539
10-05-2012	90,000	97,978
12-31-2013	100,000	139,451
12-26-2014	110,000	165,781
05-21-2015	120,000	172,536
12-20-2016	130,000	207,358
12-28-2017	140,000	257,976
10-13-2018	150,000	249,546
12-27-2019	160,000	320,525
12-31-2020	170,000	376,746
12-29-2021	180,000	480,234
01-04-2022	190,000	414,043
12-28-2023	\$200,000	\$541,889
Average annual total return: 9.31%		

Best-day Investments (Market Lows)		
Date of Market Low	Cumulative Investment	Account Value at End of Year
10-25-2004	\$10,000	\$10,289
04-20-2005	20,000	21,518
01-20-2006	30,000	35,706
03-05-2007	40,000	48,128
11-20-2008	50,000	42,587
03-09-2009	60,000	69,297
07-02-2010	70,000	88,452
10-03-2011	80,000	97,733
06-04-2012	90,000	123,829
01-08-2013	100,000	176,572
02-03-2014	110,000	209,269
12-18-2015	120,000	216,654
02-11-2016	130,000	260,472
01-19-2017	140,000	323,432
12-24-2018	150,000	312,535
01-03-2019	160,000	401,661
03-23-2020	170,000	475,549
01-29-2021	180,000	606,193
09-30-2022	190,000	523,125
03-13-2023	\$200,000	\$684,803
Average annual total return: 11.0%		

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? So when everyone is screaming that it's the end of the world and your investment falls in value, you are not going to sell, right? Okay, just wanted to make sure.)