

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
01/14/00	\$10,000	\$9,760
05/21/01	20,000	18,004
03/19/02	30,000	23,191
12/31/03	40,000	38,795
12/28/04	50,000	52,085
03/04/05	60,000	65,705
12/27/06	70,000	85,702
10/09/07	80,000	99,829
05/02/08	90,000	71,622
12/30/09	100,000	100,550
12/29/10	110,000	121,114
04/29/11	120,000	127,826
10/05/12	130,000	157,376
12/31/13	140,000	218,141
12/26/14	150,000	253,965
05/21/15	160,000	259,553
12/20/16	170,000	307,220
12/28/17	180,000	377,684
10/13/18	190,000	361,404
12/27/19	\$200,000	\$459,845
Average annual total return: 7.79%		

Best-day Investments (Market Lows)		
Date of Market Low	Cumulative Investment	Account Value at End of Year
03/07/00	\$10,000	\$10,219
09/21/01	20,000	20,504
10/09/02	30,000	28,234
03/11/03	40,000	48,744
10/25/04	50,000	63,888
04/20/05	60,000	78,973
01/20/06	70,000	102,472
03/05/07	80,000	119,047
11/20/08	90,000	88,927
03/09/09	100,000	128,308
07/02/10	110,000	153,997
10/03/11	120,000	162,247
06/04/12	130,000	198,533
01/08/13	140,000	275,540
02/03/14	150,000	320,296
12/18/15	160,000	326,201
02/11/16	170,000	386,189
01/19/17	180,000	474,009
12/24/18	190,000	453,236
01/03/19	\$200,000	\$576,906
Average annual total return: 9.59%		

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.)