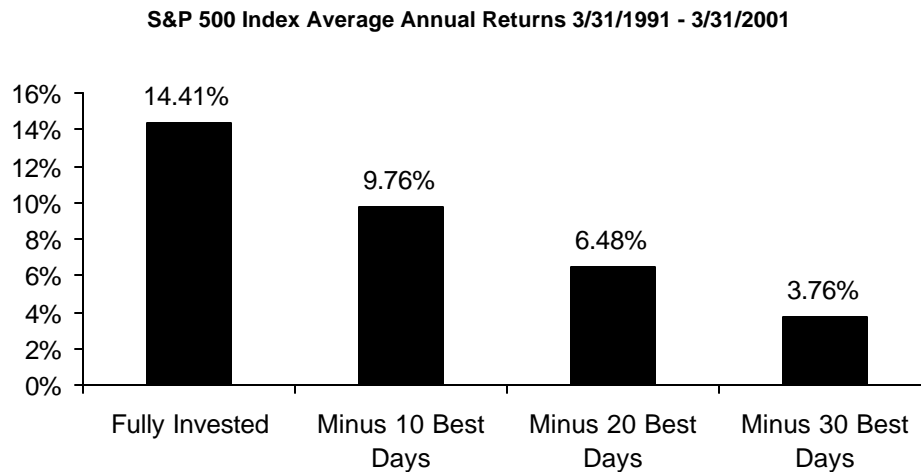


Opportunity loss (market timing)

Watching the stock market, and your money, fluctuate can be nerve-racking. We are frequently tempted to pull out when it looks like things are getting too bad. However, meeting long-term goals requires perseverance. Here's why:

Throughout the history of the stock market most of an annual return has been the result of one or two good months, and most of a monthly return has been the result of a few good days. The chart below shows just how devastating the urge to pull out and wait on the sidelines can be.

- If you held tight and rode through all of the market volatility of the S&P 500 from March of 1991 to March of 2001 you would have enjoyed an average annual return of 14.41%.
- If you missed *only the 10 best days* out of those ten years, your average annual return would have dropped to 9.76%.
- Missing the *20 best days* would have cut your potential return by more than half.
- Without the 30 best days, which were only about 1% of the total days in these ten years, your return would have been less than the average return of a Treasury Bill.



Source: Neuberger Berman

What are your chances of picking the right 20 days to be in the market over the next 10 years? Probably slim. You may get lucky a time or two by acting on a gut feeling or a hunch, but that one time you miss can devastate your long-term performance.

Stephen Hammers, CIMA