Manulife

00:00:10:00 - 00:00:46:17
Macan Nia
It's not timing the market. It's time in the market that matters. Everyone has heard this phrase at some point, as it may be one of the most used investing quotes. It appears to be sound advice, but actually the data suggests otherwise. Historically, timing the market yields superior returns. Since the great financial crisis in 2009, the average return for the broad U.S. stock market measured by the S&P 500 on a calendar year basis has been approximately 14% per year.

00:00:47:16 - 00:01:17:05
Macan Nia
If you missed the ten best trading days, your average return was approximately -10%. If you missed the ten worst trading days, your return would have skyrocketed to nearly 52%. The challenge is that there is no consistent strategy as to when to get in and out of the markets. The distribution of the worst versus best days makes it hard to execute.

00:01:18:07 - 00:01:50:17
Macan Nia
For example, in 2020, apart from two data points, the best ten days where returns range between positive 3.4% to positive 9.4% and the worst ten days, where returns range between -3.5% to -12%. All occurred during March and April and were intermixed. If we had a crystal ball and we had the time to execute, timing the markets is a much better strategy.

00:01:51:08 - 00:02:20:02
Macan Nia
However, in practice time in the markets is a more realistic strategy. If time in the market allows many investors to meet their financial goals, we shouldn't get greedy with trying to avoid the worst days because ultimately we'll also likely miss the best days.

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