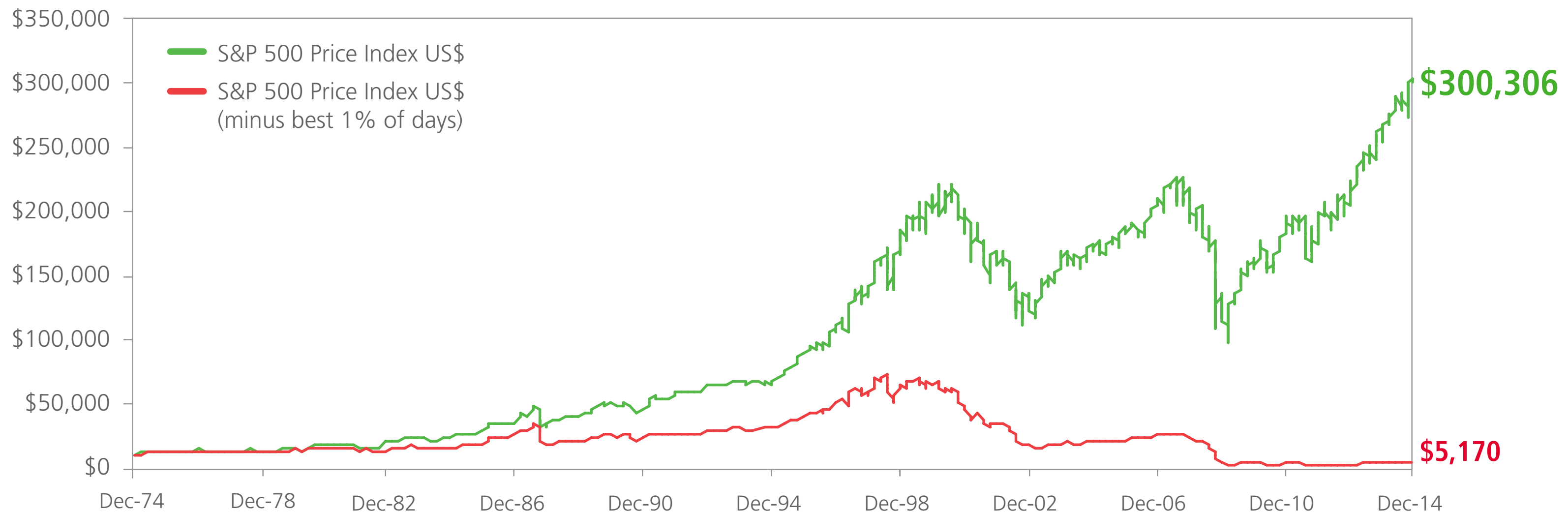
The Power of Staying Invested

Trying to time the market may cause an investor to miss out on long-term growth. Let's take a look at the impact of missing the best one percent of days over 40 years while investing $10,000 in the S&P 500 Price Index.



A few days can make a big difference:
A considerable portion of long-term gains can be attributed to a relatively small number of good days. In this example missing the best one percent of days reduced the end value of an investor's portfolio by over $295,000.

The best days typically come after some of the worst:
Many of the best days shown in this example occurred soon after the bad days. An investor who sells their investment on a bad day may miss out on the good days that follow, thus potentially reducing long-term portfolio value.

Source: TD Asset Management Inc. and Bloomberg Finance L.P.

For illustration purposes only. The index returns are shown for comparative purposes only. Indexes are unmanaged and their returns do not include any sales charges or fees as such costs would lower performance. It is not possible to invest directly in an index. The graph is used only to illustrate the effects of the compound growth rate and does not reflect future values of any fund or returns on investment of any fund.

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As history of the markets has demonstrated, during previous bear markets, U.S. equities eventually recovered and resumed their upward trend. That's why it's important to remain focused on your long-term investment objectives and consider staying invested to allow your portfolio the opportunity to participate in any upward market moves. As you can see in the chart below, investors who attempt to time the market or sell during bear markets, may miss out on significant returns during prolonged recovery periods and bull markets.

U.S. Bull-Bear Market Cycles: January 1975 – December 2014[1]

S&P 500 Price Index

% Change: 400%, 200%, 0%, -100%

Index Level: 2500, 2000, 1500, 1000, 0

1975, 1979, 1984, 1989, 1994, 1999, 2004, 2009, 2014

86% 27 months

-14.3% 14 months

87% 33 months

-16.5% 20 months

279.7% 61 months

-29.6% 3 months

71.5% 30 months

-14.7% 5 months

355.3% 92 months

-15.4% 2 months

62.7% 24 months

-44.7% 25 months

108.4% 61 months

-51% 16 months

217% 70 months

Source: TD Asset Management Inc. and Morningstar® EnCorr. Market returns are based on S&P 500 Total Return Index US$. The index returns are shown for comparative purposes only. Indexes are unmanaged and their returns do not include any sales charges or fees as such costs would lower performance. It is not possible to invest directly in an index.

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[1]The terms bull market and bear market describe upward and downward market trends, respectively. In the illustration above, we classify a price movement of 20% or more (up or down), over any given period as a bull or bear market respectively. In the illustration above, we classify a price movement of 10% or more (up or down), over any given period as a market correction. [2]From January 1973 – September 1974 (21 month period) the S&P 500 Total Return Index experienced a decline of 42.6%. The information contained in this sales tool has been provided by TD Asset Management Inc. ("TDAM") and is for information purposes only. The information has been drawn from sources believed to be reliable. Where such statements are based in whole or in part on information provided by third parties, they are not guaranteed to be accurate or complete. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any fund. The information does not provide financial, legal, tax or investment advice. Particular investment or trading strategies should be evaluated relative to each individual's objectives and risk tolerance. TDAM, The Toronto-Dominion Bank and its affiliates and related entities are not liable for any errors or omissions in the information or for any loss or damage suffered. Bloomberg and Bloomberg.com are trademarks and service marks of Bloomberg Finance L.P., a Delaware limited partnership, or its subsidiaries. All rights reserved. ®©2015 Morningstar is a registered mark of Morningstar Research Inc. All rights reserved. All trademarks are the property of their respective owners. ® The TD logo and other trade-marks are the property of The Toronto-Dominion Bank.

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