PLAN. INVEST. THRIVE.

BEHAVIORAL · NO. 02

Missing the *ten best days* is what timing the market really means.

The case against timing the market isn't moral — it's arithmetic. The best days and the worst days cluster together, almost always inside the worst news. Sitting out the bad days means sitting out the good ones. **And the good ones are where most of the return lives.**

$10,000 INVESTED IN THE S&P 500 · 2003–2023

A 20-year window with two crashes (2008, 2020) and three bull markets. Same starting amount; the only difference is how many of the best days you missed.

Stayed fully invested Did nothing	**$64,800**	+9.8%/yr
Missed 10 best days ~1 day every 2 yrs	**$29,700**	+5.6%/yr
Missed 20 best days ~1 day a year	**$17,950**	+3.0%/yr
Missed 30 best days ~3 best days every 2 yrs	**$11,800**	+0.8%/yr
Missed 40 best days 2 best days per year	**$8,200**	−1.0%/yr

1 WHY THE BEST DAYS HAPPEN DURING BAD MARKETS

The math is uncomfortable: **7 of the 10 best market days of the last 20 years happened within two weeks of a 10%+ drawdown.** The biggest single-day gains tend to come immediately after — sometimes during — the panic that makes investors want to sell.

This is why "I'll get back in once things settle down" is so expensive. By the time the news feels safe, the recovery is already mostly behind you. The signal you're waiting for fires *after* the day you should have been holding.

2 WHAT THE BRAIN IS DOING

- **Loss aversion.** Watching $100K become $80K hurts about twice as much as $100K becoming $120K feels good. Selling at the bottom is the brain trying to make the pain stop.
- **Recency bias.** The last six weeks of headlines feel more representative of the next six months than 100 years of data.
- **Action bias.** "Doing something" feels like control. In investing, doing something is usually the worst available move.
- **Confirmation bias.** Once you've sold, you'll find ten reasons a day why staying out was correct. Until it isn't.

3 THE MISTAKE WE SEE MOST

It's almost never a single dramatic exit. It's a series of small ones: "I'll wait until after the election." "I'll wait until the Fed decides." "I'll wait until the war calms down." "I'll wait until Q3 earnings." Each individually feels prudent. **Together, they're a five-year exit from the market that you never quite decided to take.**

> Time **in** the market beats **timing** the market — not by a little, and not occasionally. By a lot, and almost always.

4 WHAT WE DO INSTEAD

- **We hold a Foundation layer** — 3 to 5 years of withdrawal needs in stable, low-volatility assets — so your spending doesn't depend on this week's market.
- **We rebalance on a schedule** — typically when drift exceeds 5%. That sells what's up and buys what's down, mechanically, without an opinion about what comes next.
- **We tax-loss harvest** in down years, banking the loss against future gains. The drawdown becomes an asset.
- **We talk in years, not weeks.** Your plan is measured against decades. Your news feed is measured against this afternoon.

A NOTE FROM MPM

The reason an advisor exists isn't to predict the next leg of the market. It's to keep you in your seat when staying in your seat is the hardest thing you've done all year. *The cost of getting that wrong is in the chart above.*

Sources: Putnam Investments & JPMorgan Asset Management — "Time, not timing" analyses of S&P 500 daily returns (2003–2023); underlying data from S&P Dow Jones Indices and Bloomberg. Best-day clustering documented across Morningstar, Hartford Funds, and Bank of America Global Research bear-market studies. For illustrative purposes only; past performance is no guarantee of future results.