The importance of remaining invested

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There is no shortage of information and opinion provided by the media when it comes to investments and the financial markets. Sometimes, the sheer weight of information can make you feel like it's not the right time to be invested.

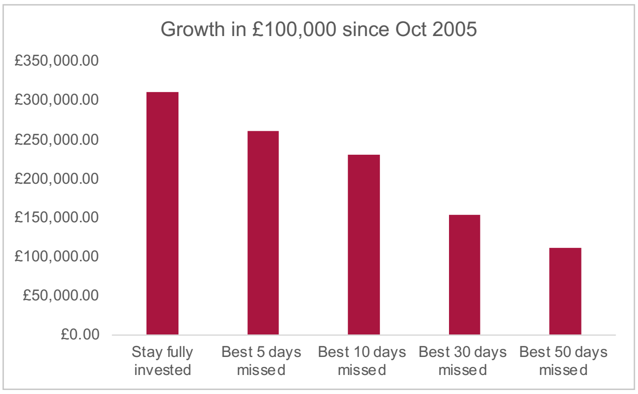
It can be tempting to try and time the market. The benefits of getting it right are obvious, but it's very difficult to predict with any certainty when is the best time to buy or sell.

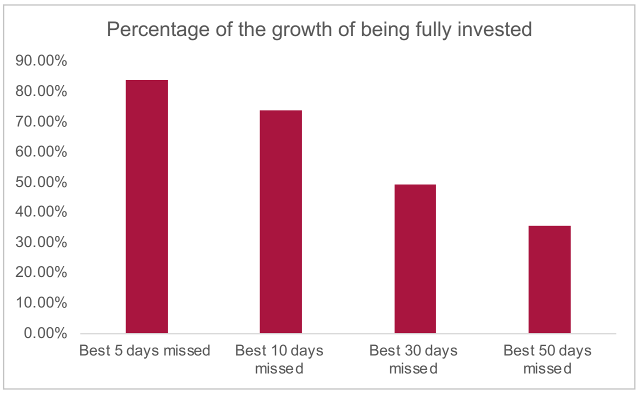
With the speed that markets move, the risk of getting it wrong is very high and can have significantly negative consequences on your investment. There's a significant risk that by trying to time your entry, or exit, you could end up selling low or buying high.

That means you risk not only suffering the losses you are trying to avoid, but you compound them by missing out on the highest periods of growth that often follow a fall.

To test this point, we have below looked at the MSCI Dynamic Planner 5 index since its launch, a period of 5090 days that covers a number of significant market falls. It shows the returns for investors who stayed invested throughout, compared to the returns of those investors who felt they should sell and missed out on the subsequent best periods, from as short as the best 5 days to the best 50 days.

MSCI Dynamic Planner Index 5





Time in the market, not timing the market

Ultimately, the above shows that if you try to time the market and get it wrong, you would be significantly worse off than if you stayed invested for the duration.

Fortunately, because users of Dynamic Planner recommend investments that their clients understand and suit them, the majority have remained invested and enjoyed the full rewards.

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