



Staying invested is crucial to long-term success, as missing just a few of the market's best days can significantly reduce overall returns. Data shows that consistently remaining in the market outperforms attempts to time it. Long-term discipline, not short-term reaction, is key to achieving retirement goals.

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It's been a year of headline-making market swings. In April, global investors panicked after US President Trump announced sweeping tariffs. The S&P500 dropped sharply, losing around 10% in just days. Then, almost as fast, the market turned. A 90-day pause triggered a rally and by July, the S&P500 was setting new all-time highs.

As you can see in these graphs, April's sell-off and rebound was global as the shock announcement stoked fear and uncertainty.





Anyone who tried to time the market – selling during the panic and waiting for things to “settle” – would have missed the rebound. And that mistake can be costly.

THE REAL RISK OF MISSING OUT

Let’s go beyond theory. What actually happens when you try to avoid downturns, but end up missing the best days in the market?

A powerful study looked at 5 680 trading days in the SA equity market using the Capped SWIX, spliced with the ALSI data, over 20 years of daily returns. It compared the returns you would have earned had you simply stayed invested versus the effect of missing just a few of the best-performing days.

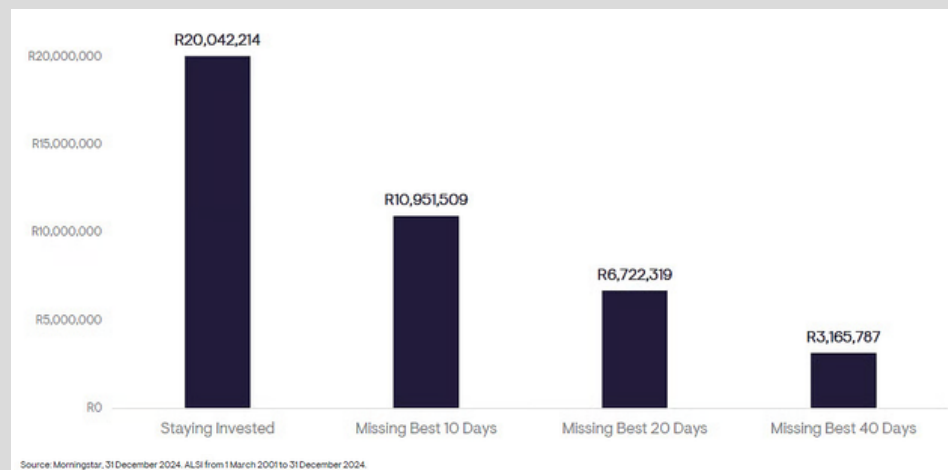
The results are striking:

- An investor who remained invested earned an annualised return of 16.38%.
- Someone who missed the best 30 days earned only 14.58% per year.

That 1.8% difference might not sound like much, but over 20 years, it’s massive.

TIME IN THE MARKET MATTERS MORE THAN TIMING THE MARKET

If you invested R100 and earned 16.38% per annum, you’d end up with R2 077.62 – more than 20 times your original investment. But if you missed those key 30 days and earned only 14.58%, you’d have just R1 521.17. That’s a 27% lower return, despite missing only 0.5% of all trading days.



This is the danger of panic-selling. The best days often follow the worst, and they’re easy to miss if you’re sitting on the sidelines.

WHY STAYING THE COURSE WORKS

Markets don't rise in a straight line. They react to news, policy changes, political noise and economic data. That's normal. What's also normal is recovery. In fact, some of the strongest market gains happen in the middle of volatility.

In April this year, the S&P500 posted a one-day gain of 9.5%, its biggest daily rally in 17 years. That came just days after its sharpest decline. By early July, markets were up over 25% from their April lows. That entire turnaround happened in under 90 days.

Timing that kind of recovery is next to impossible. Even seasoned professionals rarely get it right, which is why staying invested through market cycles remains the most reliable long-term strategy.

THE ROLE OF DIVERSIFICATION

A well-diversified portfolio can also help you stay the course. Not all parts of the market fall or rise at the same time. In April, industrial and value stocks took a hit, but tech and AI-led firms recovered faster, driving the broader rally.

Diversification spreads your risk across asset classes, sectors and geographies. That way, you're not overly exposed to any single shock, and more likely to benefit when markets bounce back.

FOCUS ON YOUR PLAN, NOT THE NOISE

It's understandable to feel anxious during market swings, especially when politics and policy seem to drive volatility. But the most important decision you can make is to stick to your plan. Review your goals, revisit your time horizon, speak to your advisor (if needed), but don't let short-term fear dictate a long-term financial strategy.

FINAL THOUGHT

The biggest risk most investors face isn't the next crash; it's missing the next recovery. As history demonstrates, markets reward patience and discipline. Staying invested, staying diversified and avoiding knee-jerk decisions are what separate successful long-term investors from the rest.

So, the next time markets dip and headlines shout, remember this: Missing the best 30 days could cost you nearly half your returns over 20 years. That's a price no long-term investor should be willing to pay.

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