

April 8, 2026

Missing the Market's Best Days: Why Staying Invested Matters



Key takeaways:

- Missing the market's best days can significantly reduce long-term returns
- The best days often occur in periods of stress rather than stability
- Staying invested consistently has proven more effective than trying to time the market's ups and downs
- Market volatility is unsettling, but it is a normal and unavoidable part of long term investing

THE TEMPTATION TO JUMP SHIP

One of the toughest challenges for investors is staying invested during periods of uncertainty.

Faced with the concerning situation in the Middle East, and the ever-beating drum of ominous news, it is natural that investor anxiety is currently high. In times like these, some might be compelled to step out of the market, reduce exposure, or wait for conditions to “feel” more safe.

However, exiting the market during volatile periods often means crystallising losses and missing the rebound. History shows that investors who react emotionally to short term news tend to underperform those who stay disciplined and maintain their long term investment strategy.

MISSING THE MARKET’S BEST DAYS CAN BE COSTLY

If investors step out of the market during volatile periods, they risk missing the powerful recovery days that are difficult to predict, but which have an outsized impact on long-term returns.

This is illustrated in the next chart. If one had invested \$10,000 in the S&P 500 in 2006 and left it there, the amount would have grown to over \$80,000 by 2025.

Missing just 10 of the best days cuts that amount by more than half.

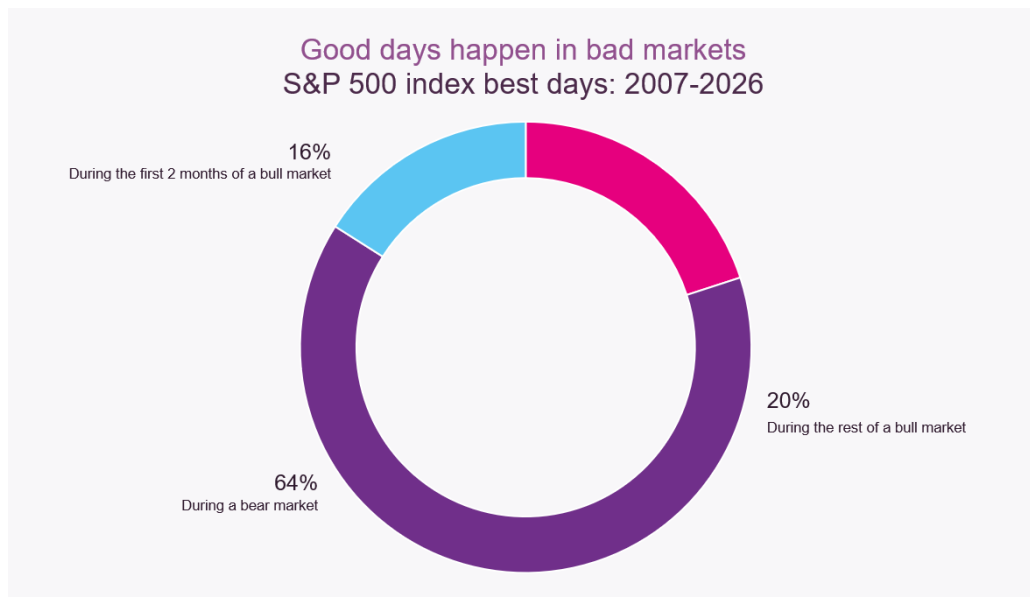
Missing 40 of the best days leaves the investor with less than the original amount invested.



Past performance is no guarantee of future returns. Source: Bloomberg, BIL. The S&P 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation. You cannot invest directly in an index.

WHEN DO THE BEST DAYS OCCUR?

The crux is that the majority of the market's strongest single day gains occur during periods of stress rather than stability. In fact, 64% of the S&P 500's best days between 2007 and 2026 happened during bear markets, when uncertainty was high. A further 16% occurred in the first two months of a new bull market, when conditions still felt fragile. Only 20% of the best days took place during the more comfortable, established phases of a bull market.



Past performance is no guarantee of future returns. Source: Bloomberg, BIL. Based on the 50 best days. The S&P 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation. You cannot invest directly in an index.

Because the best market days often occur soon after the worst ones, investors who exit to “avoid losses” frequently miss the recovery. For this reason, we often hear that time in the market – rather than trying to time the market – is a more reliable path to building long-term wealth.

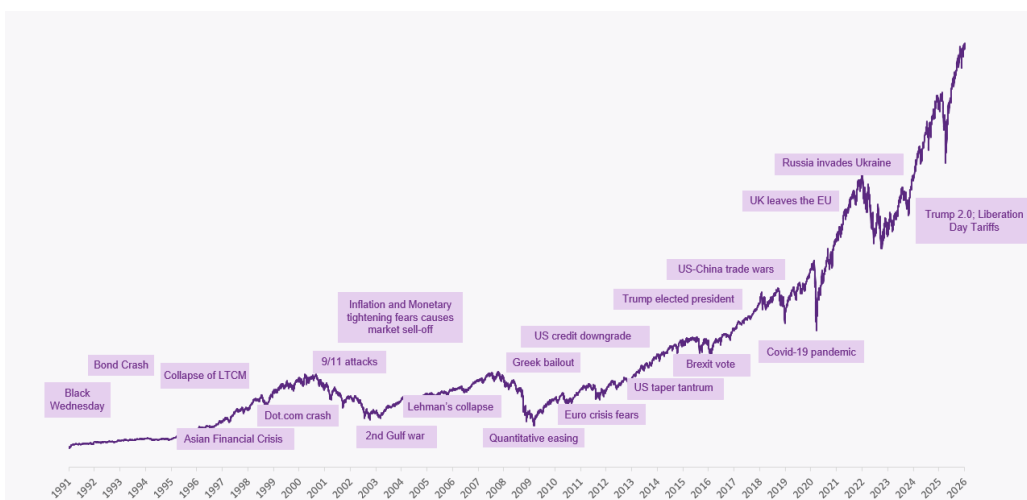
TIME IN THE MARKET IS PREFERABLE TO TIMING THE MARKET

Market downturns can be disconcerting, but they have also historically proven temporary. Across the course of the past century, markets have grappled with an array of global crises

including World Wars, the 2008 Financial Crisis, 9/11, and the Covid-19 Pandemic that brought the global economy to a virtual standstill.

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S&P 500 Historical Performance



Past performance is no guarantee of future returns. Source: Bloomberg, BIL. The S&P 500 Index is a market cap-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation. You cannot invest directly in an index.

But long term investors who remained invested through these shocks benefited from strong subsequent recoveries. Since 1991, the starting point in our chart, the inflation adjusted total return of the S&P 500 (including reinvested dividends) has been around 8.5% per year. Periods of drawdown are emotionally challenging, but they are typically shorter than the expansionary phases that follow.

CONCLUSION

Market volatility can be uncomfortable, especially in times of global uncertainty. But history shows that staying invested, remaining diversified, and avoiding reactionary decisions is often

the most rewarding path for long-term investors.

Founded in 1856, BIL is the oldest private bank in the Grand Duchy. Having stood beside our clients for generations, we know that great things are built over time. With regard to investing, we also think in decades, not days, and our objective – and perhaps even our duty - is to help our clients realise the beauty of being invested long-term. This means helping clients:

- harness the powerful force of compounding to build wealth over time
- cut through the noise and information overload and stay focused on their long-term investment objectives
- resist the urge to capitulate in tough moments, helping them navigate the various stages of the cycle through diversification and by making tactical shifts between the multiple asset classes that we cover

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