

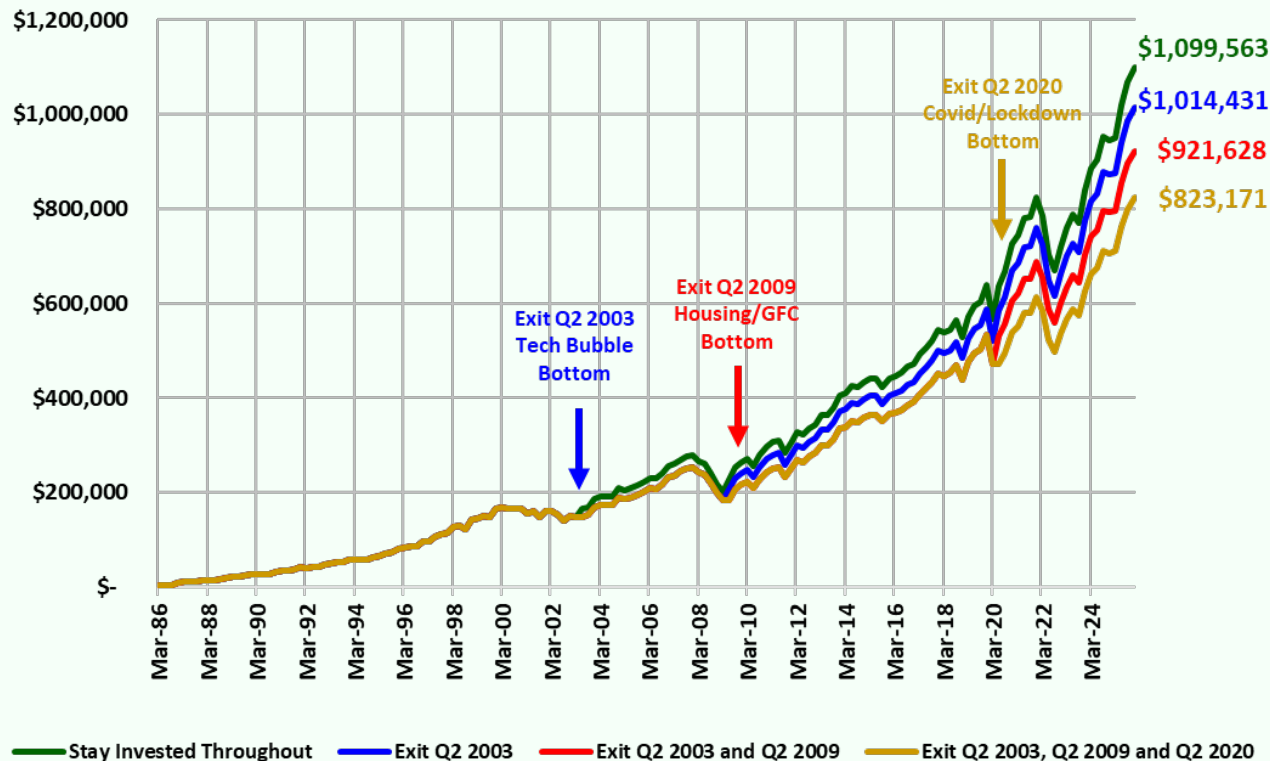
MARKET MICROSCOPE – The Danger of Panic-Selling – Missing Part Of The Rebound Has A Big Impact

Many investors have doubts about staying invested during a market downturn, however getting out of the market at the wrong time can have a big impact on the long-term growth of a portfolio.

Consider a retirement saver who invested \$4,000 each year in a retirement account that maintained a constant asset allocation of 60% in stocks (split 70% S&P 500, 30% MSCI EAFE) and 40% in bonds (Bloomberg Aggregate) over the past 40 years. At the end of 2025, they would have accumulated nearly \$1.1 million dollars (the green line).

But what if they had panicked and exited the market for just one quarter at the bottom of major downturns?

40-Year Retirement Savings: 1986 - 2025



- An investor who pulled all of their money out of the market for just a single quarter at the bottom of the Tech Bubble would have reduced their final balance by \$85,000.
- If that investor also left the market for one quarter at the bottom of the Great Financial Crisis, that would have reduced their final balance by another \$93,000.
- Finally, if they exited the market a third time during Covid in 2020, that would have cut their final balance an additional \$98,000.
- Altogether, missing those three quarters reduced the investor's final balance by over \$276,000!