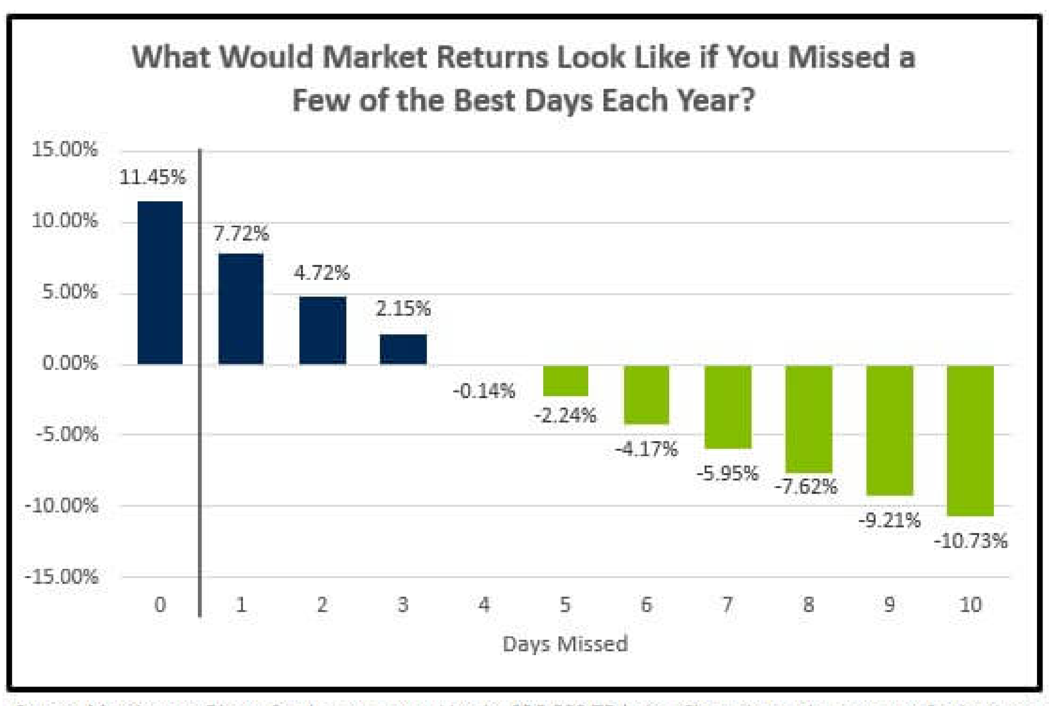
PACIFIC CAPITAL



Source: Morningstar Direct. Stocks represented by the S&P 500 TR Index. Chart shows the average of calendar year returns from 1990-2019 using daily data, and eliminating the specified number of the highest return days.

May 26, 2022

A very little known fact: most of your investment returns each year come from three or four days. If you miss those days, your return is 0% or negative.

The table above illustrates the average annual return on the S&P 500 going back thirty years (11.45%). It also shows what happens to the average annual return if the best days each year are stripped out.

If the best day of each year is missed, the average return declines by a third to 7.72%. If the two best days are missed, the return is more than cut in half! If an investor misses the four best days each year, the average annual return over a thirty-year period becomes negative!

Staying committed to your investment strategy takes courage during times of volatility. But riding through the volatility (assuming you have a good investment strategy) is the only way to earn the higher long-term returns.

Some investors panic and sell their investments to sit their money on the sidelines. They want the dust to settle and for things to calm down before they are ready to dip their toes back in. The problem with this approach is that by the time things are "calm" again, the market has already rallied substantially.

Covid March 2020 Example:

- **1 day after S&P 500 hit the low point, market jumped up 9%**
- **3 days after, the market was up 17%**
- **2 months after, S&P 500 went up 36%**

The big drops and high bounce recovery days are unpredictable and unexpected. Staying invested allows you to capture that upside growth each year. Do not jump off a roller coaster in the middle of the ride. When the flight is turbulent, don't jump out of the plane or go grab the controls in the cockpit. Stay calm. Stay invested.

Reminder: All successful investing is goal-focused and plan-driven, all unsuccessful investing is market-focused and emotionally-driven. Successful investing is based on continually acting on your plan, while unsuccessful investing is based on acting on current-events and media hype.

If you are not yet a PACIFIC CAPITAL client and want to review your investment strategy and overall financial life, simply click here to schedule a time to talk with us.

Have a great upcoming holiday weekend!

A few resources to check out:

60 recipes for a perfect Memorial Day BBQ

Do you have a tax preparer or a tax strategist?

Stress Free Money

Smart Not Spoiled

My Podcast Interviews

Sincerely,

Certified Financial Fiduciary®

Click HERE to read our google reviews.

Schedule a Call