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Market timing is time and resource intensive

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While geopolitical conflicts and market volatility can tempt investors to try to time their market entries and exits, history and statistics show that this approach is fraught with risk.

We believe investors should be cautious about assuming a swift resumption of energy flows from the Strait of Hormuz. We also do not expect meaningful or lasting economic damage in our base case. This means long-term investors with well-diversified portfolios should stay invested. History shows that attempts to "market time" geopolitical events often result in failure.

Market timing is time and resource intensive. Attempting to time the market requires constant monitoring, rapid decision-making, and a deep understanding of global events, policy shifts, and market dynamics. This is time and resource intensive, and even professional investors struggle to consistently predict market turning points. We continue to believe that time in the market ultimately beats timing the market, and having a well-diversified portfolio with adequate hedges should help investors withstand volatility ahead.

The best days often follow the worst, and missing them risks performance. The idea of selling before downturns and buying before recoveries may seem appealing during periods of heightened uncertainty, but statistics show it hurts wealth creation and preservation over the long run. A USD 100 investment in the S&P 500 in September 1989 would have grown to USD 3,617 by the end of January this year with a simple buy-and-hold approach. Missing the best day's performance would lead to around 10% less wealth. This arises because markets' strongest days frequently occur

within weeks of their sharpest declines, underscoring the danger of being out of the market at the wrong time. Selling in response to immediate uncertainty locks in temporary losses and reduces the ability to participate in recoveries.

Emotional decision-making can hurt performance, too. Market timing is closely linked to emotional decision-making. During crises, investors often succumb to "action bias"—the urge to take action simply to feel in control. This can lead to selling at market lows and buying at highs, a pattern that erodes wealth over time. Behavioral finance studies show that investors who react emotionally to market volatility tend to underperform those who stay invested.

We maintain the view that staying invested with a well-diversified portfolio is the best way to capture long-term market growth, and investors can consider gold, quality bonds, capital preservation strategies, and hedge funds as portfolio hedges and diversifiers.

Original report – **Avoid "market timing" despite volatility, 25 March 2026.**

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