

Investing | Market Timing



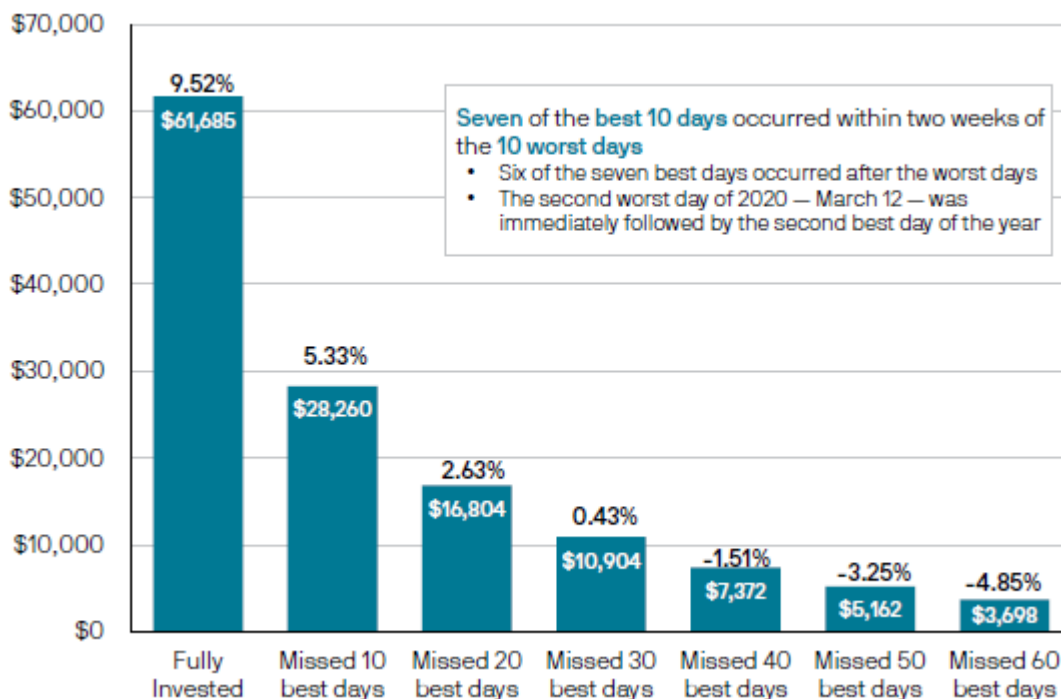
TIMING THE FINANCIAL MARKETS

There are investment advisors who promise investors that the road to instant riches lies in timing the financial markets. While the idea is appealing, no timing strategy has been able to identify with any consistency when the stock market is going to move up and when it's going to move down.

Market lows can result in emotional decision making, and investors can seriously impair the performance of their portfolios by constantly moving in and out of the stock market. In trying to avoid losses, investors often miss those days when the market makes significant gains. Sometimes, the gains made in three or four days account for much of the market's performance in a whole quarter or year.

Returns of the S&P 500

Performance of a \$10,000 investment between January 1, 2021 and December 31, 2021



*Source: J.P. Morgan Asset Management analysis using data from Bloomberg. Returns are based on the S&P 500 Total Return Index an unmanaged capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indices do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations are shown gross of fees. If fees were included, returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitations. Unlike an actual performance record, they do not reflect actual trading liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under or overcompensated for the impact of certain market factors such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Past performance is no indicative of future returns. An individual cannot invest directly in an index. Data as of December 31, 2021.

Many experts believe that what determines the success or failure of an investment strategy is how the assets are divided among the various asset classes. When you allocate certain percentages of your portfolio among different types of assets, you can reduce your exposure to the specific risks associated with any one type. For example, a portfolio invested solely in stocks would be severely impacted if the stock market were to decline substantially. By diversifying your portfolio, you add stability and risk control to your investments. When one investment market is down, others may be up, balancing your overall investment return.

Instead of trying to time the market, you'll be in a better position to reach your investment objectives if you invest regularly for the long term in a broadly diversified mix of assets. However, you still need to check the performance of your portfolio from time to time. If the investments are not performing as you anticipated or if your investment objectives have changed, you may wish to readjust your holdings.

Diversification does not ensure a profit or protect against loss in a declining market.

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