Vanguard

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Proof you don't need perfect timing to outperform cash

Even if you invested right before every major stock market shock of the past 30 years, you'd still be better off than if you'd left your money in cash.

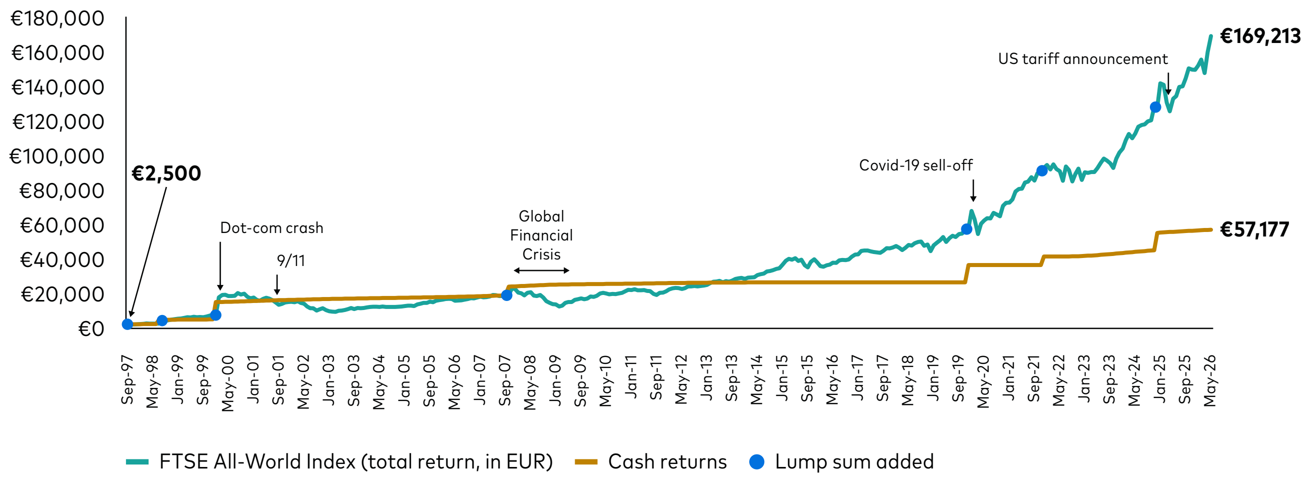
Staying invested over the long-term matters more than trying to predict market movements, as our new analysis shows.

The 'unluckiest investor'

To help illustrate the value of long-term investing, we conducted a hypothetical analysis of the world's unluckiest investor. Unlucky Jim, as we call him, has truly dreadful market timing. He managed to invest right before every major market downturn over the last 30 years. Jim put lump sums of money into the market just ahead of the dot-com crash, the Global Financial Crisis, the Covid-19 sell-off and other major market declines.

In total, he invested €45,000 at the worst possible times – and only at those times – over the last 30 years. *Just perfectly awful timing*. Despite all of that, Jim's €45,000 of contributions grew to €169,213 by 31 May 2026 – a 276% return. If Jim had saved his money at the bank instead? It would have only grown to €57,177. It's important to note these results are hypothetical total returns over a 30-year period and may not represent an actual investor's experience.

Investing at the worst possible times still beats saving your cash



Simulated past performance is not a reliable indicator of future results.

Notes: The chart shows the hypothetical returns of an investor who contributed seven lump sums totaling €45,000 into the FTSE All World Index (total returns, in EUR), compared with saving the same amounts as cash, for the period 30 Sept 1997 to 31 May 2026. Cash earnings based on European Central Bank (ECB) interest rates. ECB rates did not exist prior to January 1999; hence an annual cash rate of 3% was applied for the period 30 Sept 1997 to 31 Dec 1998. For further details on the analysis, please see the Notes.

Source: Vanguard calculations in EUR, based on data from Factset and Bloomberg, as at 31 May 2026.

So even the unluckiest investor beat the saver – not through genius or timing, but through patience, diversification and staying the course.

The importance of investing over the long term

It's important to note that despite the investor's gains, our hypothetical scenario was a particularly 'bad' one, with Jim making all of his investments at the worst possible times. Most investors will likely have better luck in timing their investments, resulting in materially higher returns over the same period.

Why staying invested beats market timing

So how can Unlucky Jim, who invested right before every market downturn, still see his money grow? It's because successful investing isn't about predicting what markets will do next – it's about discipline, focusing on the long-term and resisting the urge to react to short-term shocks.

Despite facing one market shock after another, our hypothetical investor Jim *stayed invested*. If he had panicked and sold out when the market dropped, he would have locked in losses and missed out on the subsequent rebounds.

While markets inevitably rise and fall, shares have historically delivered much stronger returns than cash over long periods.

Although downturns can feel unsettling, it's important to remember that markets usually recover and continue to grow over time.

Speak to your adviser for more information about investing during periods of uncertainty and the power of investing over the long term.

Notes on our *Unlucky Jim* analysis

The analysis assumes a hypothetical scenario where our investor, Jim, makes seven unfortunately-timed contributions to the FTSE All World Index, an index of global shares, as follows:

September 1997: The first investment of €2,500 was made just before the Asian financial crisis, sending the portfolio down €188 in the first month.

July 1998: Another €2,500 was invested shortly before Russia's debt default and the collapse of Long-Term Capital Management, leaving Jim down €786 a month later.

January 2000: €10,000 was added at the top of the dot com bubble; followed by the tech bust, 9/11 and the war in Afghanistan that left Jim down 31% by September 2002. A recovery followed, and by October 2007 Jim's total contributions of €15,000 were worth €19,470.

October 2007: €5,000 was added on the eve of the Global Financial Crisis. Despite the sharp downturn, the rebound that followed meant that by the end of November 2019, Jim's investments of €20,000 were worth €56,968.

December 2019: €10,000 was added just before the Covid-19 downturn (when the market declined ~20% before rebounding in 2020-21).

December 2021: After markets rebounded strongly, another €5,000 was invested – right before the Russia-Ukraine conflict, rising inflation[1] and rapid interest rate hikes.

December 2024: Jim invested his final €10,000 shortly before US trade tariff volatility caused the market to fall sharply in March/early April 2025 – before making a full recovery and heading higher by May 2025.

How it added up for Jim:

- **Total contributions:** €45,000 over approximately 30 years
- **Portfolio value (as at 31 May 2026):** €169,213
- **Total investment return:** +276% – despite consistently investing at the worst moments

1 Inflation is the rise in prices for goods and services over time, meaning your money buys less than it used to.

Investment risk information

The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.

Simulated past performance is not a reliable indicator of future results.

Important information

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