

# The Buy-and-Hold "Best Days" Argument: Fact or Fiction?

Buy-and-Hold proponents frequently cite the 'Best Days' argument in support of the Buy-and-Hold strategy. They produce statistics intended to show that a large portion of the Stock Market's total gains are contained in just a handful of days - the 'Best 10', 'Best 25', the 'Best 100' etc. Therefore, the argument goes, investors must stay invested all the time for fear of missing those 'Best Days'.

A look at the most recent 15+ years of data (1/1/2000 - 3/31/2015), however, reveals significant flaws in the 'Best Days' argument:

- 1 - The 100 best days are **completely offset** by the 100 worst days (+377.1% for the best days, -376.0% for the worst days). 'Best Days' and 'Worst Days' occur at about the same frequency and at about the same size - they are the mirror image of one another, at opposite ends of the distribution curve of daily returns.
- 2 - You can't be in the Market in order to get the benefit of the 100 Best Days **without** being in the Market and getting the damage from the 100 Worst Days...thereby netting you **nothing**.
- 3 - It is well documented that Bear Markets are characterized by substantially higher volatility than Bull Markets. Therefore, one might expect that more of the 'best' and 'worst' days would occur in Bear Markets than in Bull Markets. **But the degree of lopsided-ness is shocking:**

## **Best 100 Days (1/1/2000 - 3/31/2015):**

- 10 of the top 10 occurred in Bear Markets (100%)
- 21 of the top 25 occurred in Bear Markets (84%)
- 46 of the top 50 occurred in Bear Markets (92%)
- 72 of the top 100 occurred in Bear Markets (72%)

## **Worst 100 Days (1/1/2000 - 3/31/2015):**

- 8 of the top 10 occurred in Bear Markets (80%)
- 20 of the top 25 occurred in Bear Markets (80%)
- 39 of the top 50 occurred in Bear Markets (78%)
- 70 of the top 100 occurred in Bear Markets (70%)

So, the best and worst days are not only more likely to occur during Bear Markets than during Bull Markets, but **overwhelmingly more likely!**

- 4 - Therefore, proponents of the 'Best Days' argument are in effect saying that **in order to get the benefit of the best days, you must be fully invested during Bear Markets, since that's when most best days occur.** Not only do you end up with nothing since the 'Best 100 Days' are completely offset by the 'Worst 100 Days' - actually you end up with **much less than nothing**, since the Bear Markets during this time took away a good 50% - while you were hanging around waiting for those 'Best Days' - **twice!**

Conclusion:

The 'Best Days' argument is both misleading and potentially damaging to investors. It somehow ignores the completely offsetting 'Worst Days', and it does not recognize that the overwhelming majority of 'Best Days' occur during Bear Markets.

So, Fact or Fiction? We'd have to say...**Fiction**.

Wouldn't it be better to simply try to skip the Bear Markets altogether and leave all those 'Best Days' to someone else?

In our view, Yes!



# The 100 Best and Worst Market Days

## S&P 500 Jan. 1, 2000 through Mar. 31, 2015

Rank	Best 100 Days Ranking			Worst 100 Days Ranking		
	Market Date	Percent Change	Market Type*	Market Date	Percent Change	Market Type*
Top 10	10/13/2008	11.5800%	BEAR	10/15/2008	-9.0350%	BEAR
	10/28/2008	10.7890%	BEAR	12/1/2008	-8.9295%	BEAR
	3/23/2009	7.0758%	BEAR	9/29/2008	-8.8068%	BEAR
	11/13/2008	6.9213%	BEAR	10/9/2008	-7.6167%	BEAR
	11/24/2008	6.4723%	BEAR	11/20/2008	-6.7123%	BEAR
	3/10/2009	6.3663%	BEAR	8/8/2011	-6.6634%	BULL
	11/21/2008	6.3248%	BEAR	11/19/2008	-6.1156%	BEAR
	7/24/2002	5.7327%	BEAR	10/22/2008	-6.1013%	BEAR
	9/30/2008	5.4175%	BEAR	4/14/2000	-5.8278%	BULL
	7/29/2002	5.4078%	BEAR	10/7/2008	-5.7395%	BEAR
11 through 25	12/16/2008	5.1360%	BEAR	1/20/2009	-5.2816%	BEAR
	1/3/2001	5.0099%	BEAR	11/5/2008	-5.2677%	BEAR
	10/20/2008	4.7685%	BEAR	11/12/2008	-5.1894%	BEAR
	3/16/2000	4.7646%	BULL	11/6/2008	-5.0264%	BEAR
	8/9/2011	4.7407%	BULL	9/17/2001	-4.9216%	BEAR
	10/15/2002	4.7336%	BEAR	2/10/2009	-4.9121%	BEAR
	8/11/2011	4.6290%	BULL	8/4/2011	-4.7820%	BULL
	5/10/2010	4.3974%	BULL	9/17/2008	-4.7141%	BEAR
	4/5/2001	4.3680%	BEAR	9/15/2008	-4.7136%	BEAR
	1/21/2009	4.3491%	BEAR	3/2/2009	-4.6620%	BEAR
	9/18/2008	4.3342%	BEAR	2/17/2009	-4.5559%	BEAR
	11/30/2011	4.3315%	BEAR	8/18/2011	-4.4594%	BULL
	10/16/2008	4.2507%	BEAR	8/10/2011	-4.4152%	BULL
	3/18/2008	4.2410%	BEAR	3/12/2001	-4.3181%	BEAR
	11/4/2008	4.0826%	BEAR	4/20/2009	-4.2790%	BEAR
26 through 50	3/12/2009	4.0729%	BEAR	3/5/2009	-4.2532%	BEAR
	9/19/2008	4.0257%	BEAR	11/14/2008	-4.1699%	BEAR
	2/24/2009	4.0103%	BEAR	9/3/2002	-4.1536%	BEAR
	8/14/2002	4.0047%	BEAR	10/2/2008	-4.0291%	BEAR
	10/1/2002	4.0023%	BEAR	5/20/2010	-3.8976%	BULL
	12/2/2008	3.9941%	BEAR	10/6/2008	-3.8518%	BEAR
	10/11/2002	3.9059%	BEAR	7/19/2002	-3.8352%	BEAR
	9/24/2001	3.8983%	BEAR	1/4/2000	-3.8345%	BULL
	12/5/2000	3.8922%	BEAR	9/22/2008	-3.8237%	BEAR
	4/18/2001	3.8890%	BEAR	11/9/2011	-3.6695%	BEAR
	12/8/2008	3.8387%	BEAR	3/24/2003	-3.5231%	BULL
	4/9/2009	3.8053%	BEAR	3/30/2009	-3.4819%	BEAR
	5/8/2002	3.7504%	BEAR	2/27/2007	-3.4725%	BULL
	3/11/2008	3.7130%	BEAR	2/23/2009	-3.4699%	BEAR
	7/5/2002	3.6730%	BEAR	10/24/2008	-3.4511%	BEAR
	12/5/2008	3.6499%	BEAR	6/4/2010	-3.4411%	BULL
	4/1/2008	3.5896%	BEAR	4/3/2001	-3.4393%	BEAR
	3/17/2003	3.5427%	BEAR	8/5/2002	-3.4296%	BEAR
	11/26/2008	3.5328%	BEAR	9/9/2008	-3.4138%	BEAR
	10/10/2002	3.4966%	BEAR	7/10/2002	-3.3962%	BEAR
	10/19/2000	3.4743%	BEAR	1/14/2009	-3.3460%	BEAR
	3/13/2003	3.4457%	BEAR	1/29/2009	-3.3120%	BEAR
	10/27/2011	3.4291%	BEAR	7/22/2002	-3.2911%	BEAR
	8/23/2011	3.4285%	BEAR	5/6/2010	-3.2354%	BULL
	10/10/2011	3.4125%	BEAR	9/27/2002	-3.2259%	BEAR

## The 100 Best and Worst Market Days (cont.)

S&P 500 Jan. 1, 2000 through Mar. 31, 2015

Rank	Best 100 Days Ranking			Worst 100 Days Ranking		
	Market Date	Percent Change	Market Type*	Market Date	Percent Change	Market Type*
51 through 100	5/4/2009	3.3868%	BEAR	2/5/2008	-3.1995%	BEAR
	1/28/2009	3.3558%	BEAR	9/22/2011	-3.1883%	BEAR
	10/13/2000	3.3381%	BEAR	10/27/2008	-3.1764%	BEAR
	4/25/2000	3.3276%	BULL	12/20/2000	-3.1296%	BEAR
	1/2/2003	3.3200%	BEAR	2/4/2010	-3.1141%	BULL
	4/17/2000	3.3084%	BULL	9/20/2001	-3.1060%	BEAR
	5/27/2010	3.2876%	BULL	6/29/2010	-3.1017%	BULL
	8/8/2002	3.2722%	BEAR	6/6/2008	-3.0889%	BEAR
	5/30/2000	3.2242%	BULL	10/21/2008	-3.0800%	BEAR
	3/17/2009	3.2140%	BEAR	6/22/2009	-3.0600%	BULL
	1/2/2009	3.1608%	BEAR	2/18/2000	-3.0376%	BULL
	7/7/2010	3.1331%	BULL	9/19/2002	-3.0065%	BEAR
	5/18/2009	3.0389%	BULL	1/7/2009	-3.0010%	BEAR
	8/6/2002	2.9919%	BEAR	9/4/2008	-2.9922%	BEAR
	12/20/2011	2.9825%	BEAR	8/9/2007	-2.9650%	BULL
	7/15/2009	2.9630%	BULL	8/1/2002	-2.9574%	BEAR
	6/10/2010	2.9507%	BULL	9/21/2011	-2.9390%	BEAR
	9/1/2010	2.9505%	BULL	11/7/2007	-2.9370%	BULL
	11/28/2011	2.9240%	BEAR	6/26/2008	-2.9365%	BEAR
	9/18/2007	2.9208%	BULL	12/4/2008	-2.9308%	BEAR
	11/13/2007	2.9093%	BULL	1/24/2003	-2.9233%	BEAR
	11/7/2008	2.8855%	BEAR	7/2/2009	-2.9145%	BULL
	4/2/2009	2.8727%	BEAR	1/17/2008	-2.9093%	BEAR
	8/5/2008	2.8719%	BEAR	7/16/2010	-2.8819%	BULL
	6/17/2002	2.8691%	BEAR	1/29/2002	-2.8613%	BEAR
	4/18/2000	2.8663%	BULL	12/11/2008	-2.8524%	BEAR
	9/7/2011	2.8646%	BEAR	10/3/2011	-2.8451%	BEAR
	11/28/2007	2.8560%	BULL	8/11/2010	-2.8179%	BULL
	5/16/2001	2.8453%	BEAR	10/30/2009	-2.8065%	BULL
	8/29/2011	2.8280%	BEAR	1/2/2001	-2.8032%	BEAR
	11/27/2002	2.7986%	BEAR	11/1/2011	-2.7942%	BEAR
	1/7/2000	2.7090%	BULL	1/24/2000	-2.7634%	BULL
	4/10/2001	2.7066%	BEAR	1/28/2000	-2.7457%	BULL
	2/6/2009	2.6896%	BEAR	10/9/2002	-2.7287%	BEAR
	5/26/2009	2.6302%	BULL	2/29/2008	-2.7090%	BEAR
	4/2/2003	2.6116%	BULL	7/18/2002	-2.7019%	BEAR
	6/2/2010	2.5843%	BULL	7/23/2002	-2.7017%	BEAR
	12/3/2008	2.5836%	BEAR	5/13/2009	-2.6895%	BEAR
	6/1/2009	2.5818%	BULL	9/9/2011	-2.6705%	BEAR
	10/30/2008	2.5804%	BEAR	8/3/2007	-2.6586%	BULL
	3/9/2000	2.5602%	BULL	11/1/2007	-2.6423%	BULL
	3/27/2001	2.5575%	BEAR	1/5/2001	-2.6242%	BEAR
	3/21/2000	2.5566%	BULL	3/14/2001	-2.5842%	BEAR
	1/2/2013	2.5403%	BULL	3/10/2003	-2.5830%	BEAR
	1/31/2000	2.5218%	BULL	11/17/2008	-2.5810%	BEAR
	7/16/2008	2.5064%	BEAR	10/1/2009	-2.5760%	BULL
	7/13/2009	2.4934%	BULL	3/7/2000	-2.5631%	BULL
	6/29/2012	2.4920%	BULL	10/19/2007	-2.5616%	BULL
	9/25/2002	2.4863%	BEAR	8/2/2011	-2.5557%	BULL
	11/14/2002	2.4634%	BEAR	10/12/2000	-2.5509%	BULL