Vanguard

JULY 2026

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.

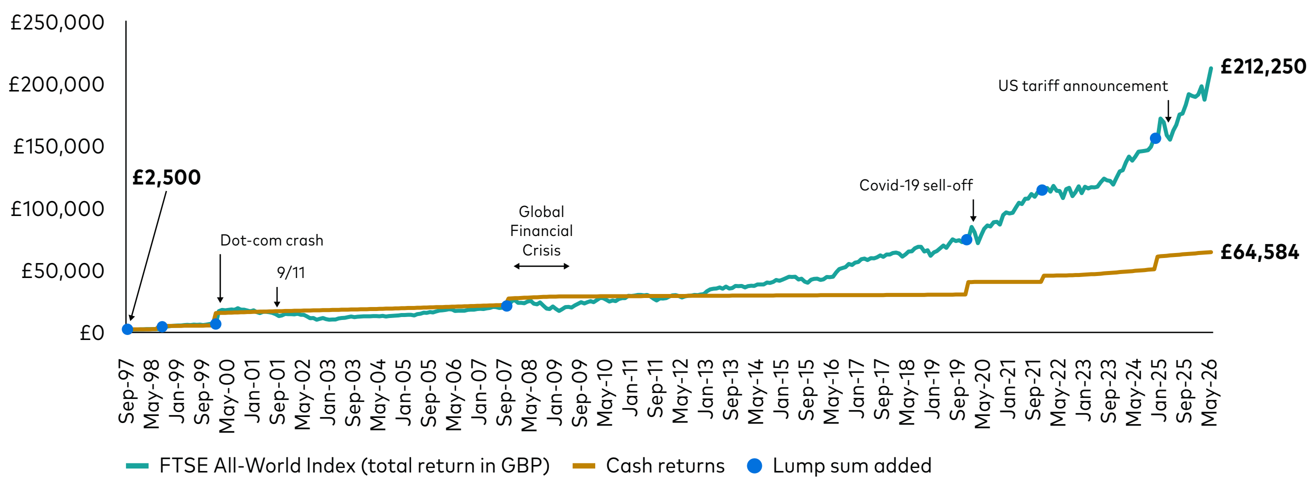
The 'unluckiest investor'

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.

Despite such unfortunate timing, Jim's hypothetical investments still substantially outperformed cash in the long run. 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.* Even so, Jim's £45,000 grew to £212,250 by May 2026 – a 372% return. If Jim had left that same amount in 'safe' cash? It would have only grown to £64,584.

It's important to note that these represent hypothetical 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 compares cash returns (based on Bank of England interest rates) with the FTSE All-World Index (total return in GBP) from 30 September 1997 to 31 May 2026. The hypothetical scenario assumes the investor contributed seven lump sums totalling £45,000 over the time period. For more details, see Notes.

Source: Vanguard calculations in GBP, 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

Our analysis assumes a hypothetical scenario where our investor, Jim, made seven unfortunately-timed contributions to his investment in the FTSE All World Total Return Index, an index of global shares, as follows:

September 1997: Jim made his first investment of £2,500 just before the Asian financial crisis, sending his portfolio down £228 in the first month.

July 1998: Jim invested another £2,500 shortly before Russia defaulted on its debt and the collapse of Long-Term Capital Management, leaving Jim with losses of £844 a month later.

January 2000: Jim invested £10,000 at the height of the dot-com bubble – a period when technology stocks shot up rapidly. The bubble began to burst in March 2000. The 9/11 attacks in 2001 and the ensuing war in Afghanistan pushed Jim's portfolio down by nearly 32% (a loss of almost £4,800) by September 2002. A recovery followed, and by October 2007 Jim's total £15,000 of contributions were worth £21,153.

October 2007: Jim invested a further £5,000 just before the Global Financial Crisis started. Despite the sharp downturn, the rebound that followed meant that by the end of November 2019, Jim's total investment of £20,000 was worth around £74,500 – a rise of 273% in just over 22 years.

December 2019: Jim added another £10,000. Just two months later, concerns about Covid-19 triggered a rapid global market crash, pushing his portfolio down to £71,776 – a 16% drop from the start of January to the end of March 2020.

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

December 2024: Jim made his final investment of £10,000, bringing his total contributions to £45,000. A few months later, US trade tariffs shook markets – causing Jim's portfolio to fall by 9.5% in just four days – although markets made a full recovery later that year.

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

Vanguard only gives information on products and services and does not give investment advice based on individual circumstances. If you have any questions related to your investment decision or the suitability or appropriateness for you of the products described, please contact your financial adviser.

The information contained herein is not to be regarded as an offer to buy or sell or the solicitation of any offer to buy or sell securities in any jurisdiction where such an offer or solicitation is against the law, or to anyone to whom it is unlawful to make such an offer or solicitation, or if the person making the offer or solicitation is not qualified to do so. The information does not constitute legal, tax, or investment advice. You must not, therefore, rely on it when making any investment decisions.

The information contained herein is for educational purposes only and is not a recommendation or solicitation to buy or sell investments.

Issued by Vanguard Group (Ireland) Limited which is regulated in Ireland by the Central Bank of Ireland.

Issued in Switzerland by Vanguard Investments Switzerland GmbH.

Issued by Vanguard Asset Management, Limited which is authorised and regulated in the UK by the Financial Conduct Authority.

08/26_2814

Connect with Vanguard©

global.vanguard.com

Vanguard®