# Debunking Investing Myths

YCHARTS

# About this deck:

This deck explores common investing misconceptions, backed by data and actionable insights to help inform better financial decisions. Looking for a PowerPoint version of this deck? **Download it here**.

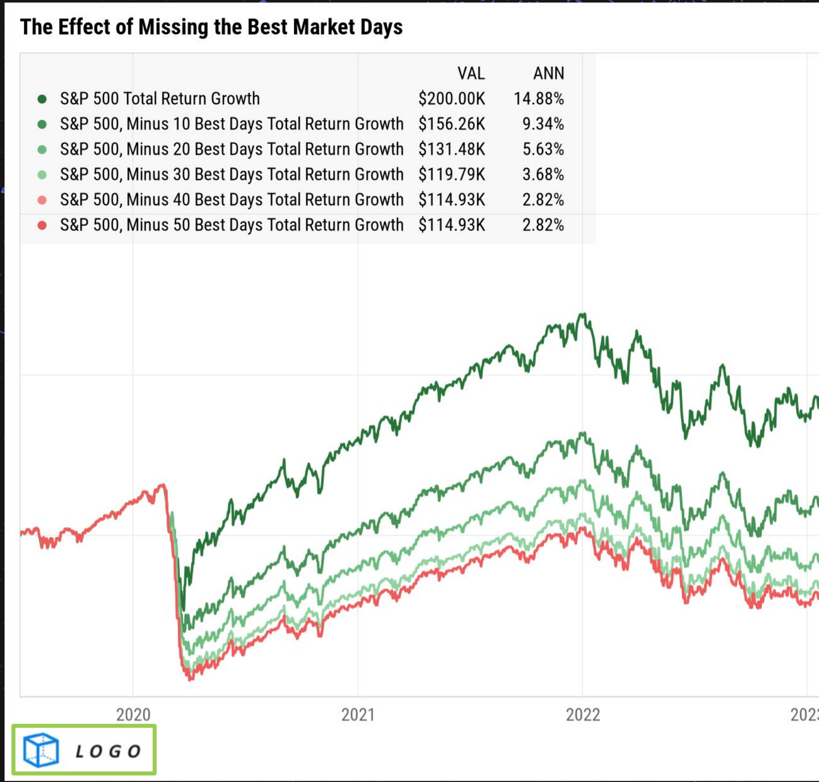
*If you've uploaded a logo to YCharts, all visuals in YCharts will appear with that logo.*

**Not yet a YCharts user? Get started:**

**Start a Free Trial**

**Book a Demo**

*Released August 2025*




**YCharts clients:** have your logo added to all charts!

YCHARTS

# Table of Myths

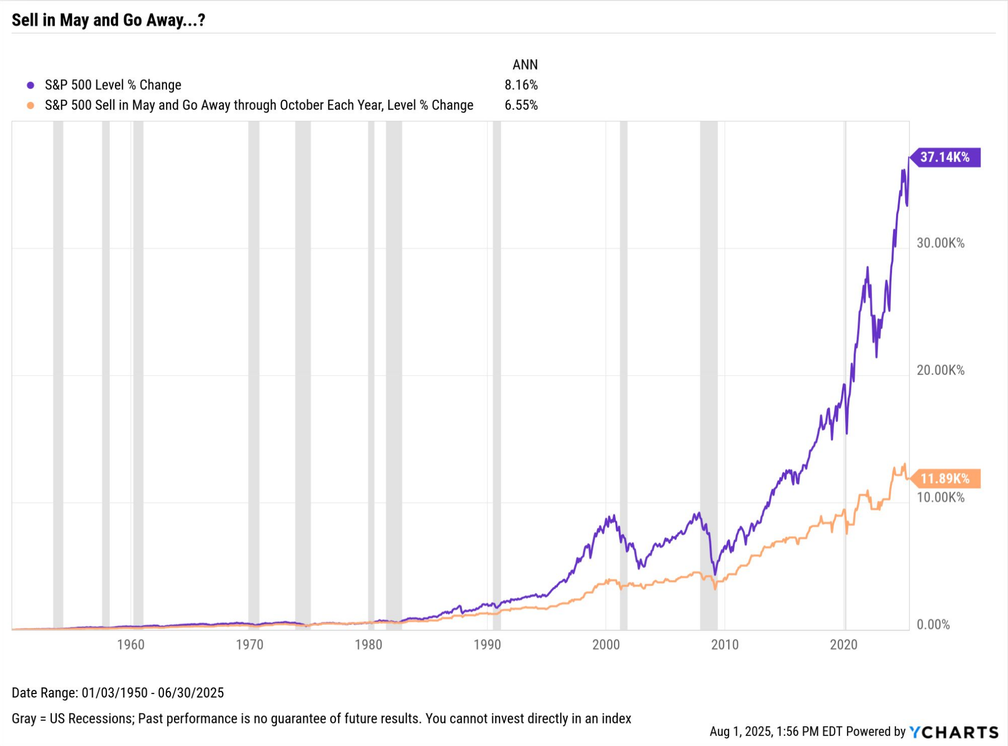
Select a myth to navigate directly to its slide

# “Sell in May and Go Away”

This seasonal adage claims markets underperform during summer months, but historical data consistently disproves this notion.

| *Sell in May and Go Away?* **Average S&P 500 Returns** *Since 1950 through Jun 2025* | |
|---|---|
| January | 1.05% |
| February | -0.08% |
| March | 1.01% |
| April | 1.46% |
| May | 0.46% |
| June | 0.25% |
| July | 1.13% |
| August | 0.09% |
| September | -0.59% |
| October | 0.75% |
| November | 1.91% |
| December | 1.44% |

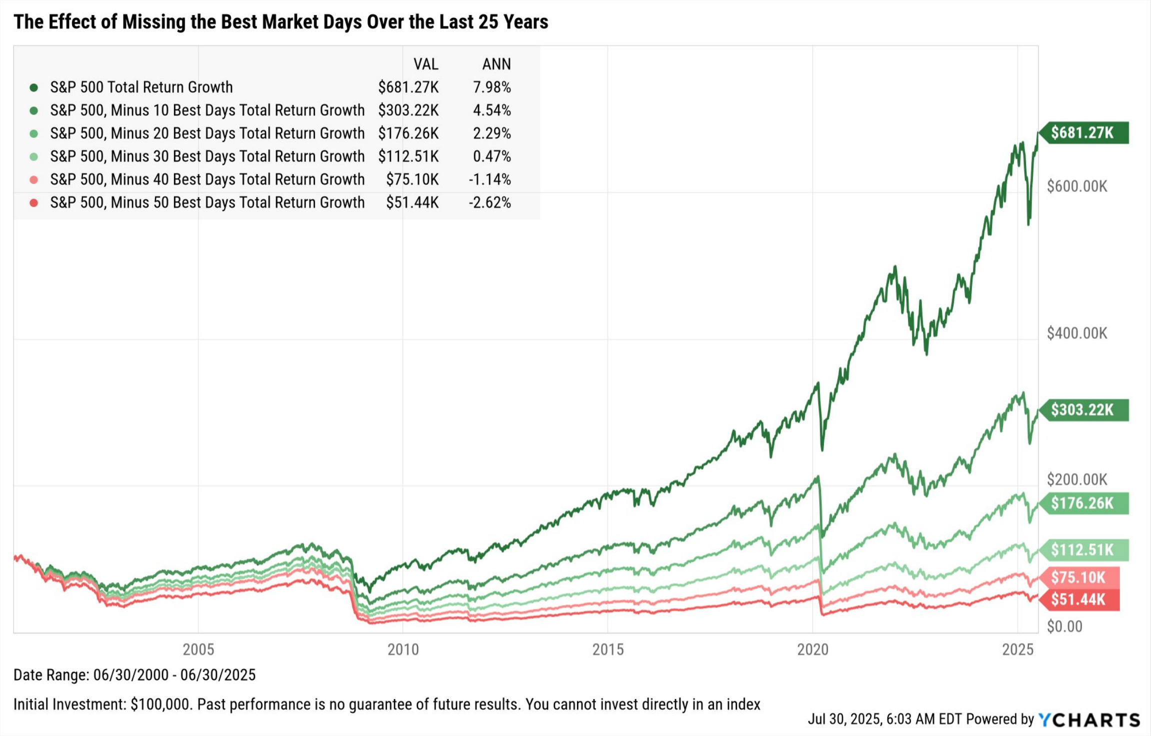
YCHARTS




View & Modify in YCharts →

# “Market Timing is Key to High Returns”

Many believe timing is key, but missing just a few top-performing days significantly impacts long-term returns.




View & Modify in YCharts →

**Annualized returns over the last 25 years, when missing the best…**

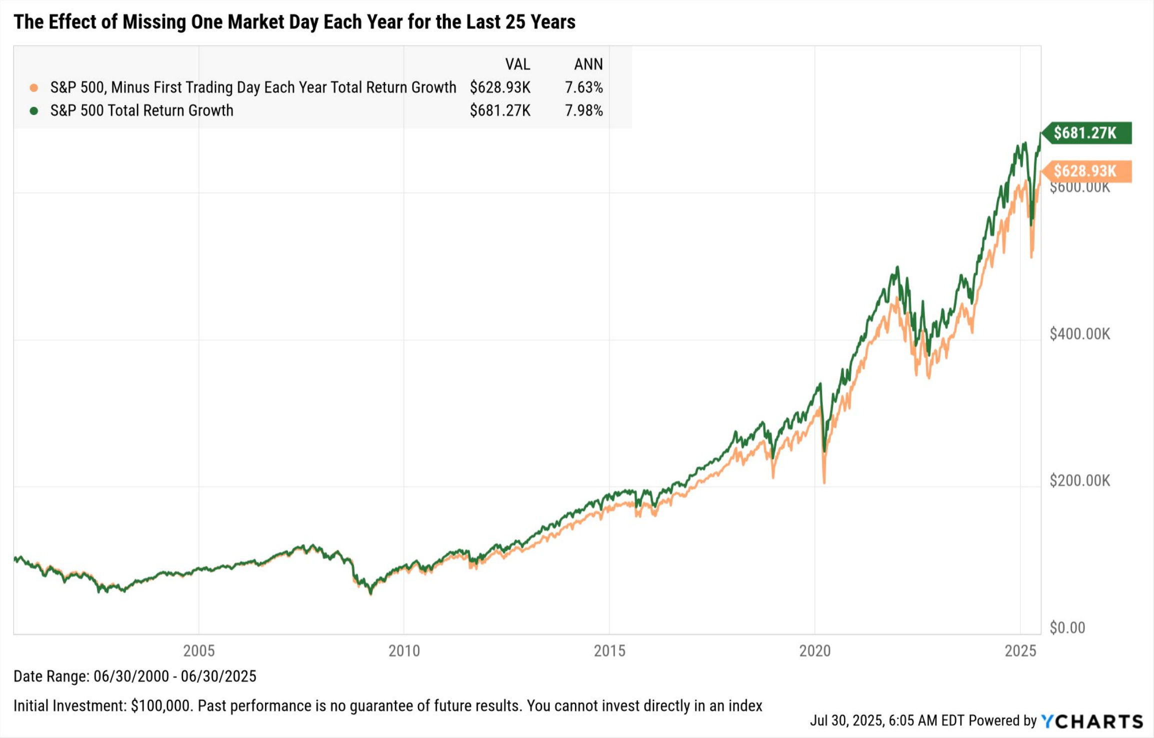
- 0 days: 7.98%
- 10 days: 4.54%
- 20 days: 2.29%
- 30 days: 0.47%
- 40 days: -1.14%
- 50 days: -2.62%

Missing just the 10 best market days over 25 years cuts returns nearly in half.

Staying fully invested ensures you maximize long-term growth potential.

# “Market Timing is Key to High Returns” (cont.)

Missing even a single day each year can significantly impact portfolio performance over time.



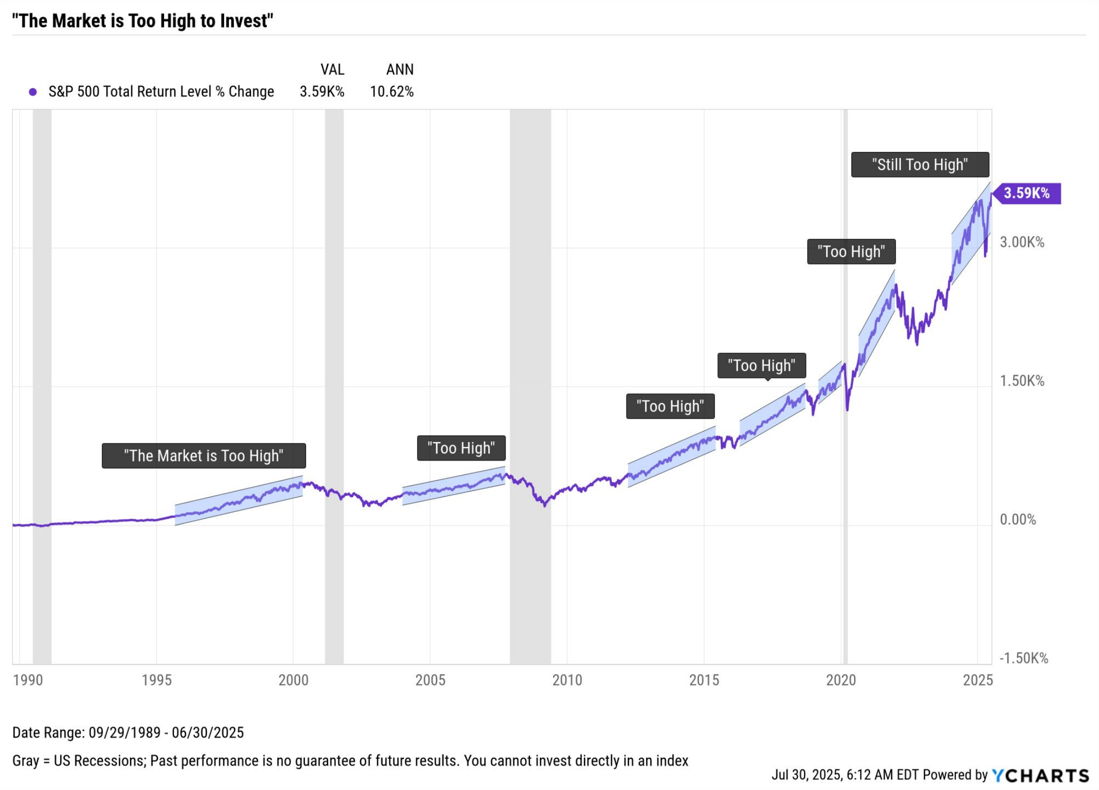

View & Modify in YCharts →

Even brief periods of being out of the market can significantly impact long-term portfolio returns.

Staying consistently invested is critical to maximizing growth and avoiding the compounding effects of missed opportunities.

# “Now is the Wrong Time to Invest”

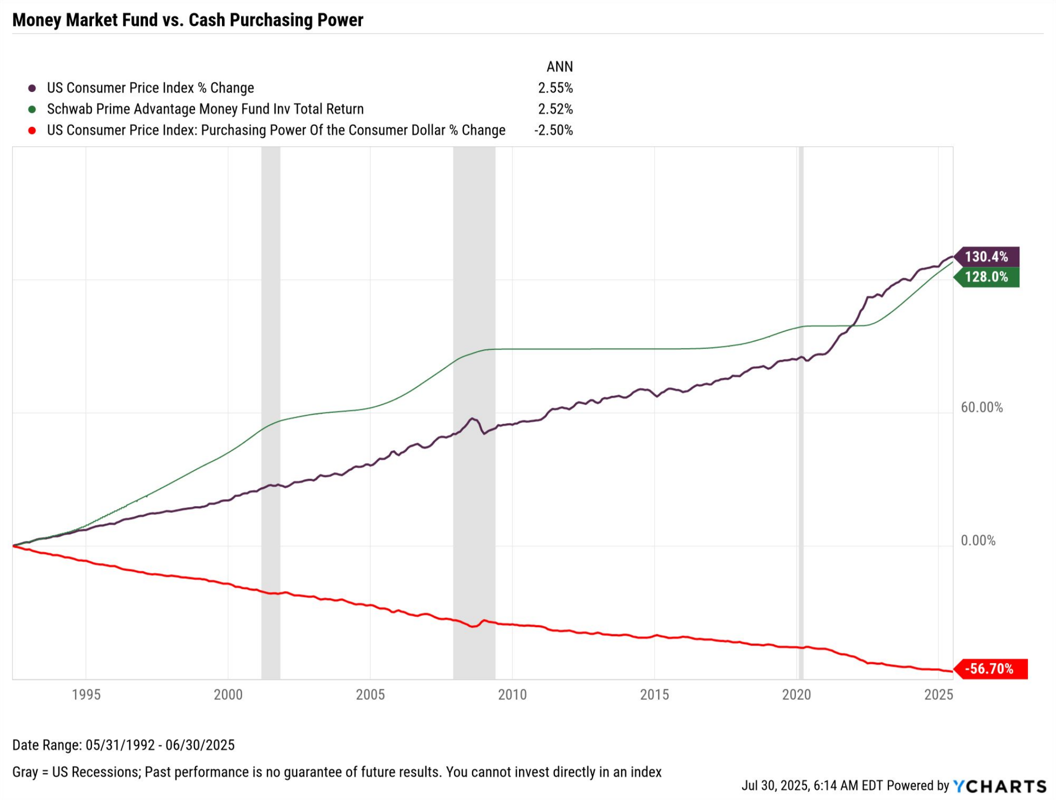
Timing the market risks missed gains. Data proves staying invested beats emotional decisions.




View & Modify in YCharts →

# “Holding Cash is Better Than Investing”

Holding cash feels safe, but inflation erodes its purchasing power.



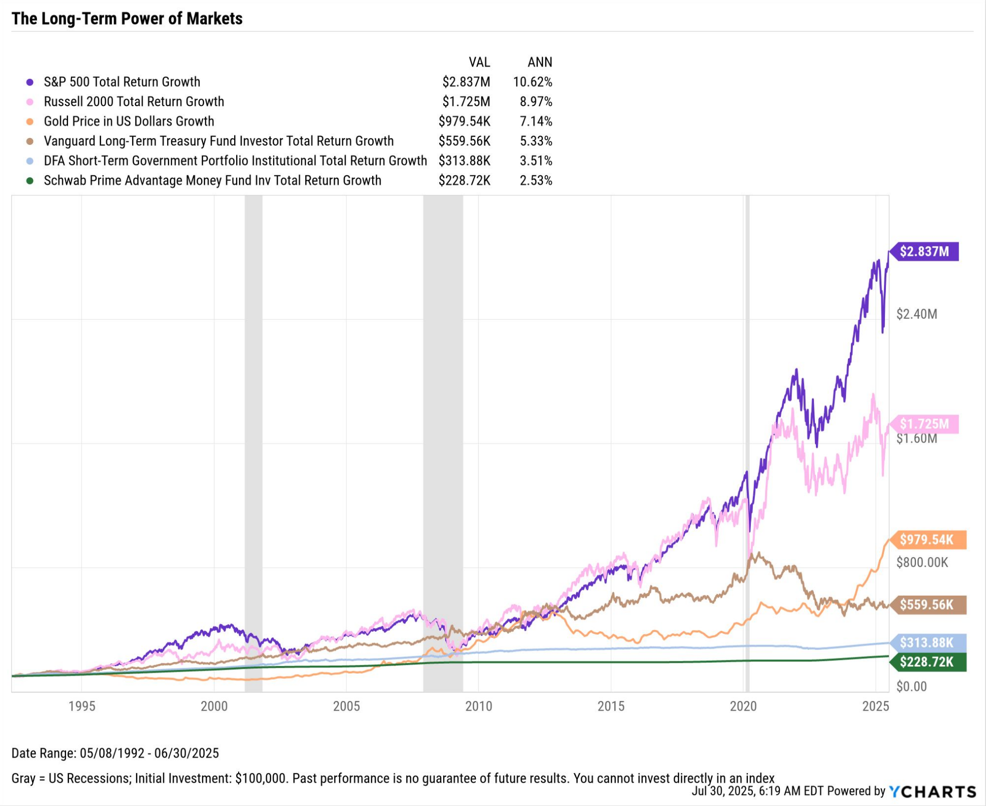

**View & Modify in YCharts →**

Investing cash in a money market fund can help mitigate the effects of inflation, but it doesn’t generate significant growth.

Over time, uninvested cash loses value due to diminished purchasing power.

# “Holding Cash is Better Than Investing” (cont.)

Over time, investing typically outperforms cash savings, especially after inflation.




View & Modify in YCharts →

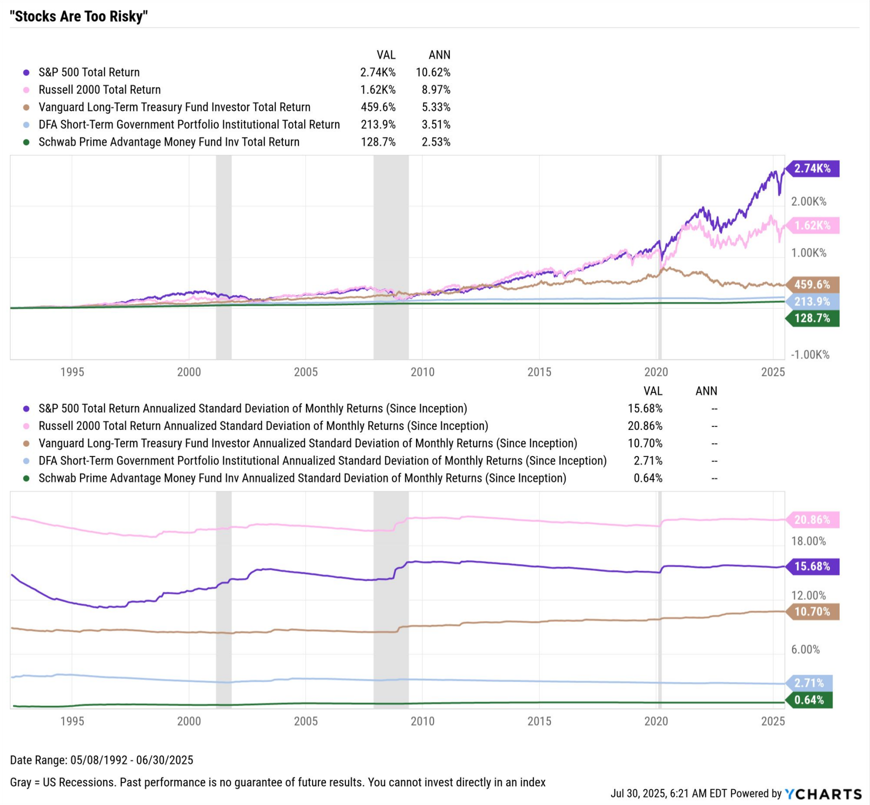
Investing in growth assets far outpaces cash savings in the long term.

Growth of an initial $100K investment in 1992 through Q2 2025:

- S&P 500: $2.837M
- Russell 2000: $1.725M
- Gold: $979,540
- Long-term Bonds: $559,560
- Short-term Bonds: $313,880
- Money Market: $228,720

# “Stocks Are Too Risky”

Volatility is often misunderstood as excessive risk. Over time, volatility may lead to growth potential.

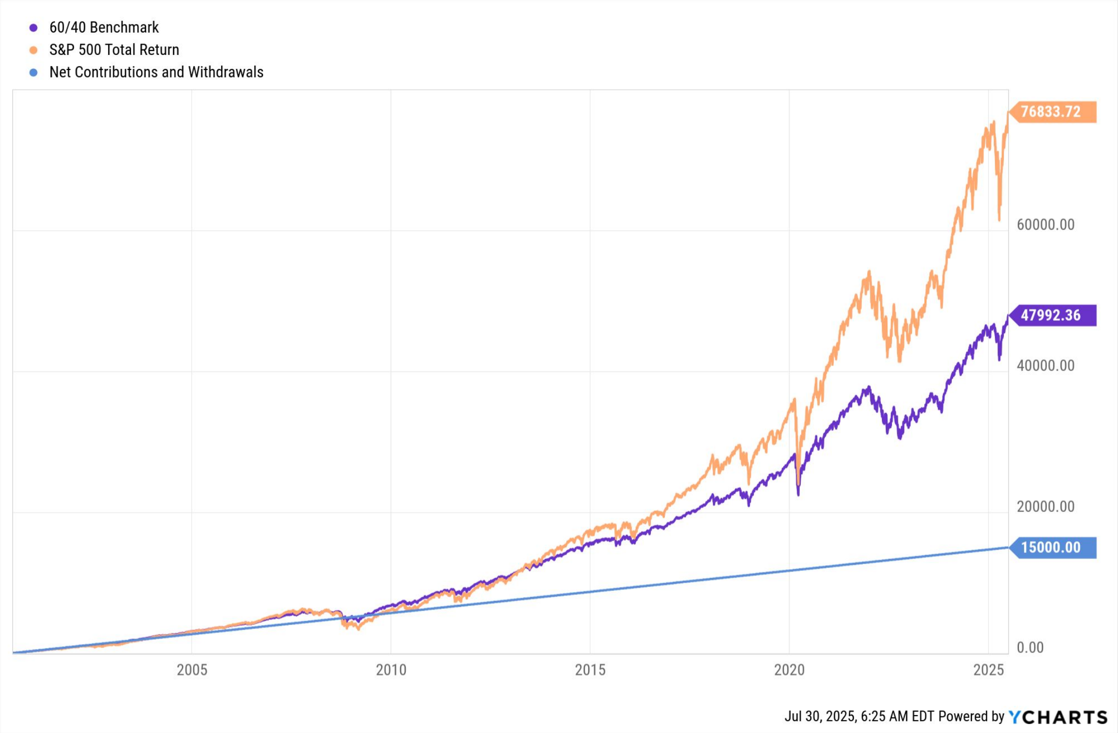



Equities carry higher levels of risk/reward than bonds or cash. While standard deviation of the S&P 500 is about 50% higher than long-term treasuries, annualized return of the U.S. stock index is almost double that of the long-term fixed income fund.

View & Modify in YCharts →

# “Investing is Only for the Rich”

The power of compounding can grow small, regular investments over time, making investing accessible to a wide range of income levels.




View & Modify in YCharts →

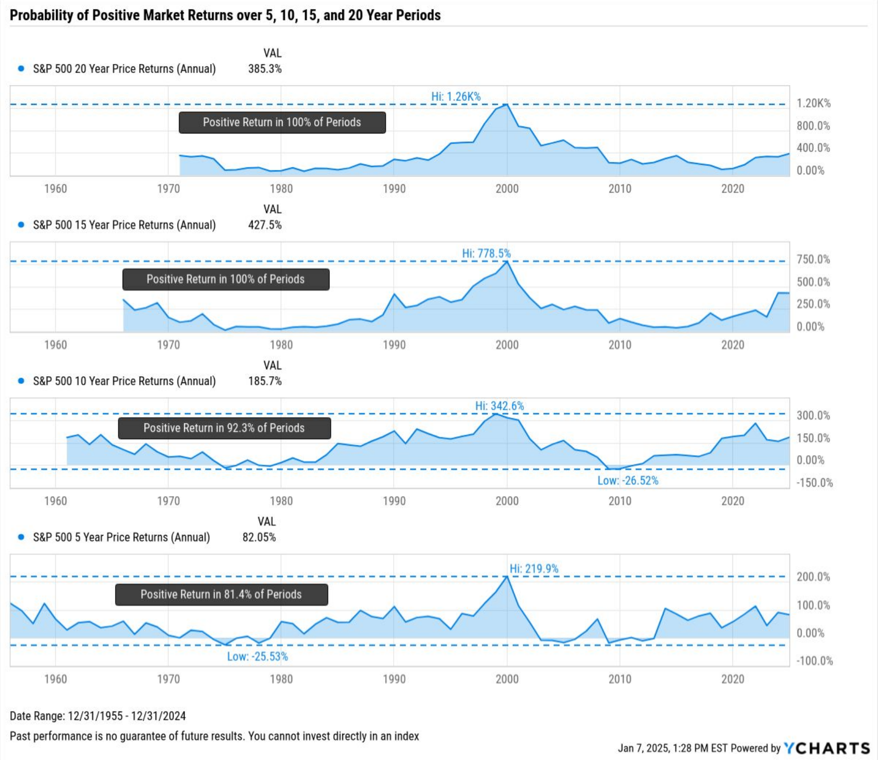
By investing just $50 a month for the last 25 years, you would contribute a total of $15,000.

The power of long-term investing can grow that $15,000 into $48,000 with a 60/40 portfolio.

If the same $50 monthly contributions were invested in an all-S&P 500 portfolio, your total would grow to more than $76,000 — over 5x your original investment.

# "Investing is Like Gambling"

Unlike gambling, which relies on chance, investing is about compounding growth and has historically rewarded long-term commitment with positive returns.




**View & Modify in YCharts →**

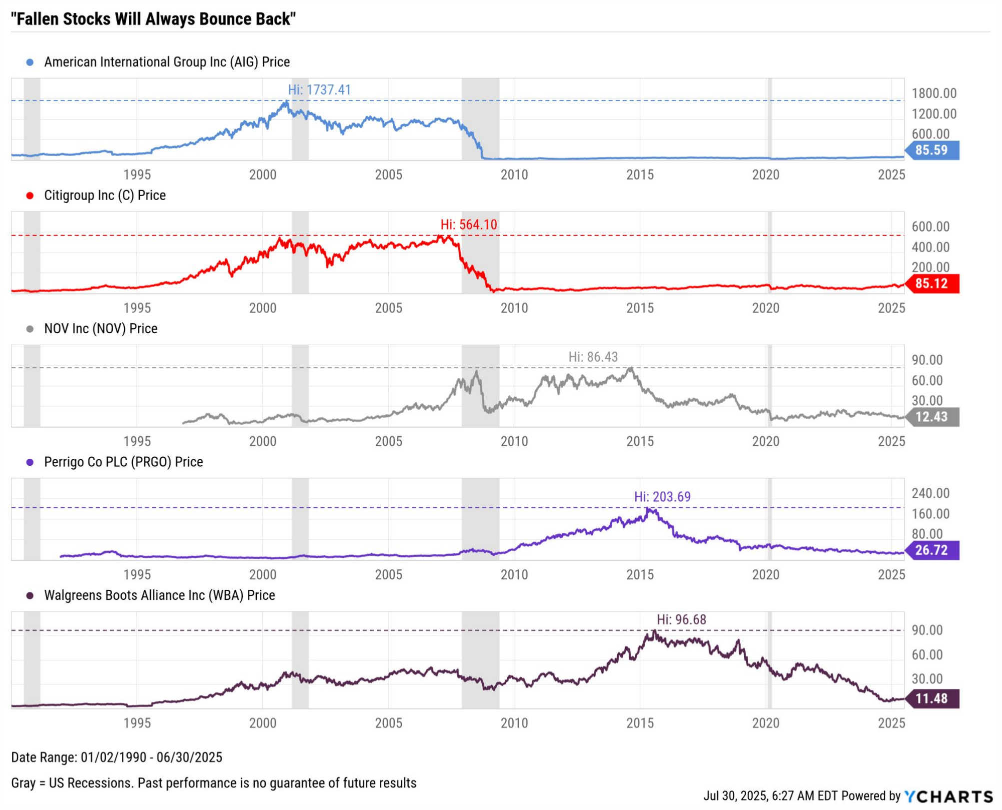
## Probability of Winning Casino Games:

- Craps: ~50%
- Blackjack: ~49%
- Roulette: ~47% to 49%
- Baccarat: ~44% to 46%

*Source: Action Network*

# “Fallen Stocks Will Always Bounce Back”

Contrary to the belief that they must rebound at some point, some stocks might never recover.




**AIG** -95.1% below all-time high

**C** -84.9% below all-time high

**NOV** -85.6% below all-time high

**PRGO** -86.9% below all-time high

**WBA** -88.1% below all-time high

View & Modify in YCharts →

# "The More You Own, The Better Diversified You Are"

Rather than just increasing holdings, true diversification reduces concentration risk without increasing overlap.

**Sector ETFs Portfolio Holdings**

1-25 of 531 Securities

| Symbol | Name | % Weight |
|---|---|---|
| AMZN | Amazon.com Inc | 2.14% |
| XOM | Exxon Mobil Corp | 2.13% |
| META | Meta Platforms Inc | 1.63% |
| LIN | Linde PLC | 1.51% |
| TSLA | Tesla Inc | 1.50% |
| CVX | Chevron Corp | 1.39% |
| NVDA | NVIDIA Corp | 1.36% |
| MSFT | Microsoft Corp | 1.31% |
| LLY | Eli Lilly and Co | 1.11% |
| AAPL | Apple Inc | 1.08% |

Sector ETFs Model Portfolio: 9.09% allocation to each of the 11 SPDR® Select Sector ETFs
**531 total holdings; 15.16% in Top 10 Holdings**

**Broad Index Portfolio Holdings**

1-25 of 2935 Securities

| Symbol | Name | % Weight |
|---|---|---|
| NVDA | NVIDIA Corp | 5.03% |
| MSFT | Microsoft Corp | 4.91% |
| AAPL | Apple Inc | 4.05% |
| BISXX | BlackRock Cash Funds Instl SL Agency | 3.43% |
| AMZN | Amazon.com Inc | 2.79% |
| META | Meta Platforms Inc | 2.14% |
| AVGO | Broadcom Inc | 1.71% |
| GOOGL | Alphabet Inc | 1.37% |
| BRK.B | Berkshire Hathaway Inc | 1.21% |
| TSLA | Tesla Inc | 1.19% |

Broad Index Model Portfolio: 16.666% allocation to each of IWD, IWF, IWN, IWO, SPY, OEF
**2,935 total holdings; 27.83% in Top 10 Holdings**

# “The More You Own, The Better Diversified You Are” (cont.)

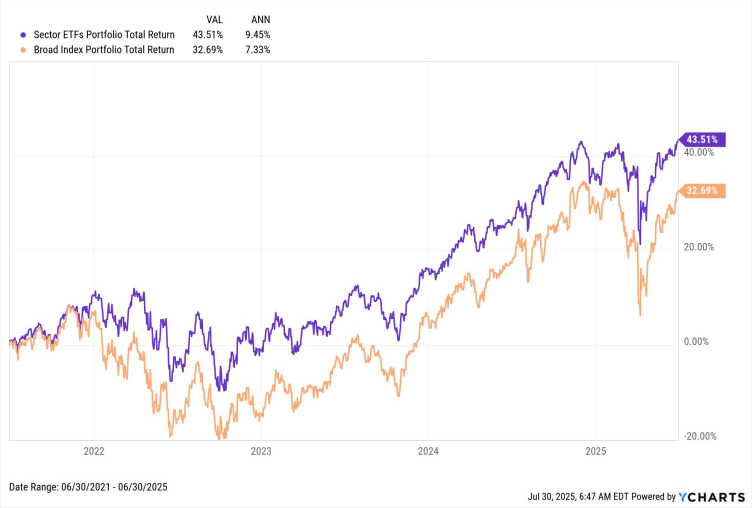
Excessive overlap can reduce returns and increase the severity of drawdowns.

**“Sector ETFs Portfolio”** with 531 total holdings:
9.45% annualized return since June 2021

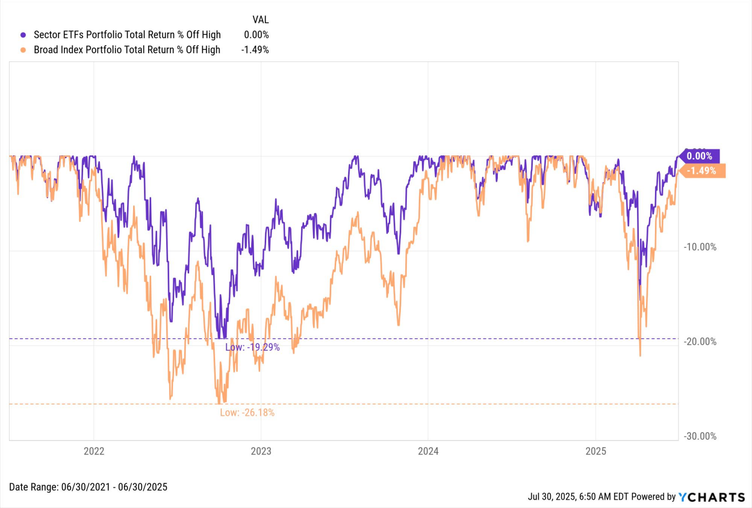
**“Broad Index Portfolio”** with 2,935 total holdings:
7.33% annualized return since June 2021

**“Sector ETFs Portfolio”** with 531 total holdings:
-19.29% max drawdown

**“Broad Index Portfolio”** with 2,935 total holdings:
-26.18% max drawdown



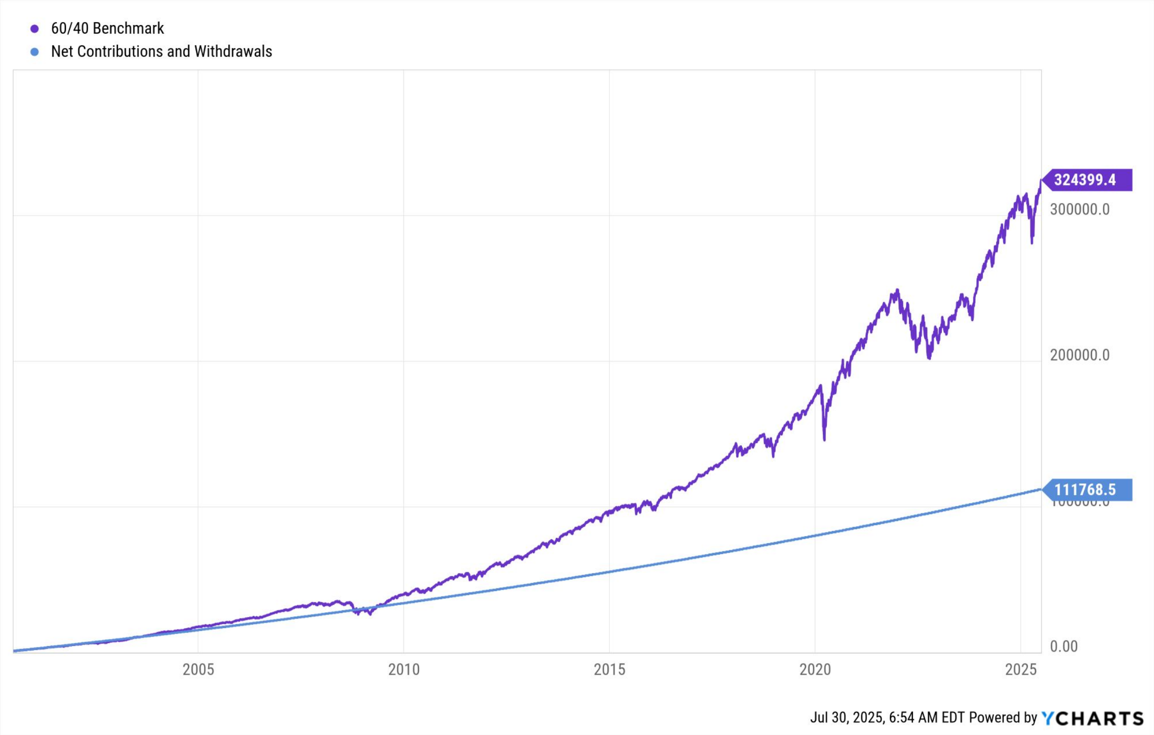

View & Modify in YCharts →




View & Modify in YCharts →

# “Successful Investors Take Big Risks”

Akin to avoiding “putting all your eggs in one basket” up front, contributing over time often provides for a smoother–and more rewarding–investing journey.




View & Modify in YCharts →

The chart illustrates an example 25-year investment in a 60/40 portfolio:

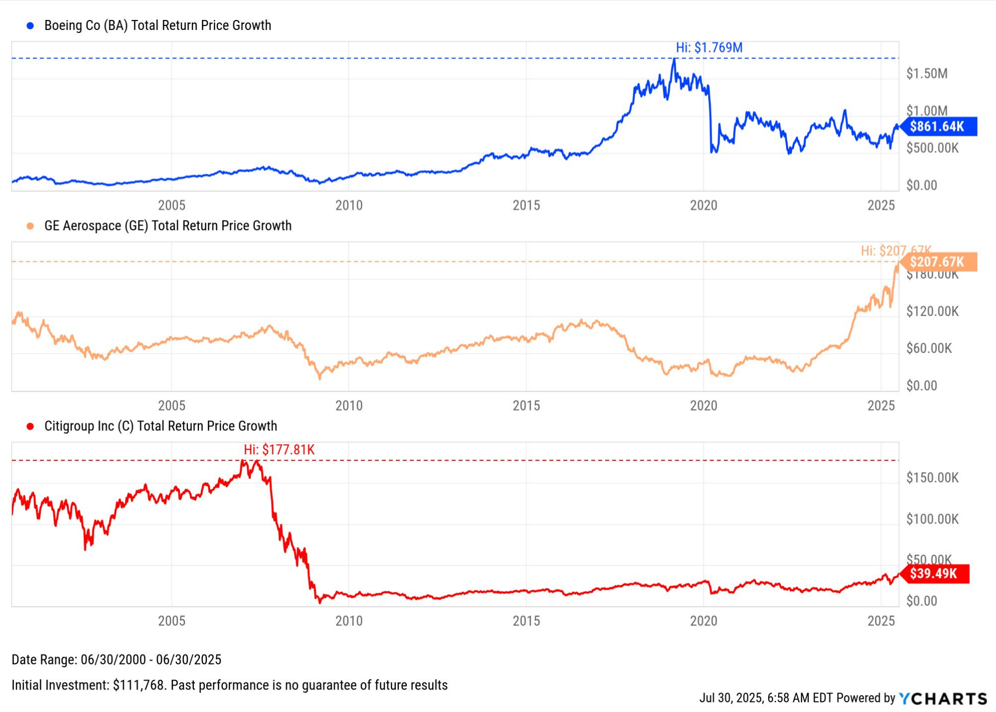
**Initial Investment**: $1,000, made in July 2000

**Ongoing Contributions**: $250 monthly, with a 3% annual increase, from August 2000 through June 2025

**Total Contribution:** $111,768.50

# “Successful Investors Take Big Risks” (cont.)

Akin to avoiding “putting all your eggs in one basket” up front, contributing over time often provides for a smoother–and more rewarding–investing journey.



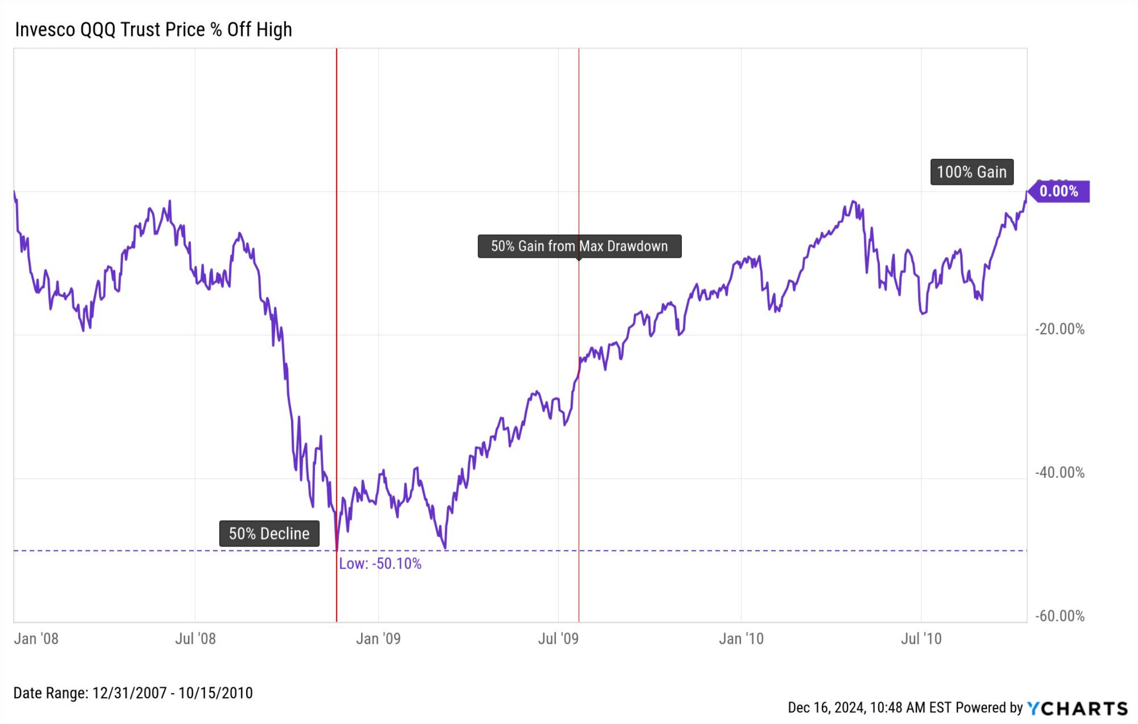

View & Modify in YCharts →

Investing that lump sum of **$111,768** into a single stock on **July 1, 2000**, would have resulted in the following outcomes:

- **Boeing (BA)**
  - High: $1.769M
  - Current value: $861.64K
  - Current % off high: -51.3%
- **General Electric (GE)**
  - High: $207,670
  - Current value: $207,670
  - Current % off high: 0%
- **Citigroup (C)**
  - High: $177,810
  - Current value: $39,490
  - Current % off high: -77.8%

# “Percentage Gains and Losses are Equivalent”

Higher levels of positive returns are required in order to fully counterbalance losses.



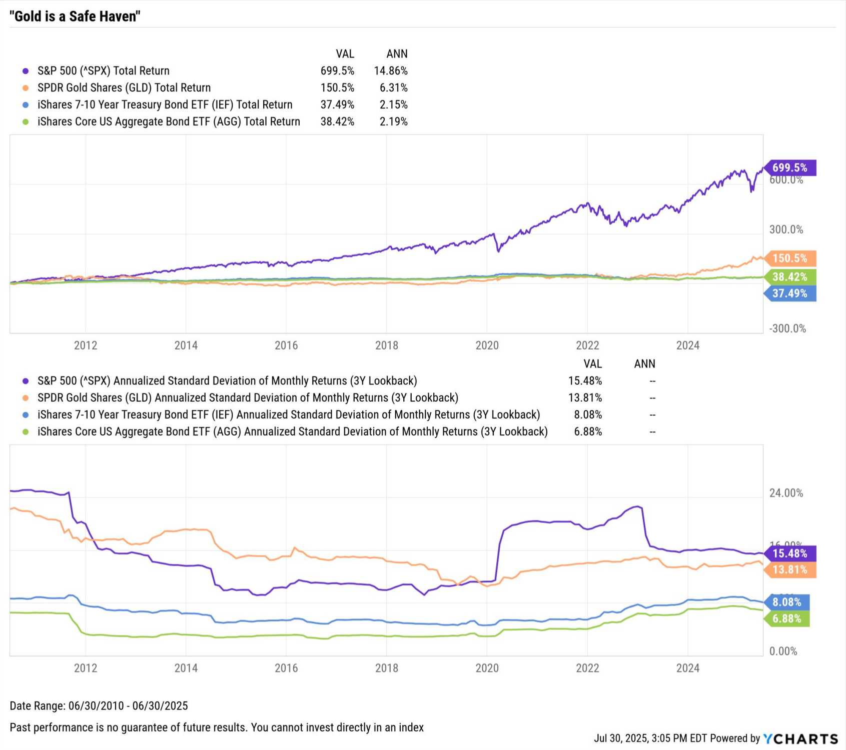

View & Modify in YCharts →

Between January 1 and November 20, 2008, the Invesco QQQ Trust (QQQ), an ETF tracking the Nasdaq-100 Index, experienced a 50% decline in value.

To recover from this loss, the ETF needed a 100% gain, which it achieved by October 15, 2010.

# "Gold is a Safe Haven"

Although gold has traditionally been considered a safe-haven asset, its recent risk/reward metrics suggest it may not always serve this role effectively.




View & Modify in YCharts →

## 15Y Return and Risk Metrics:

- **S&P 500:**
  - 14.9% Annualized Return
  - 15.5% Standard Deviation
- **GLD:**
  - 6.3% Annualized Return
  - 13.8% Standard Deviation
- **AGG:**
  - 2.2% Annualized Return
  - 6.9% Standard Deviation

The annualized return of gold, represented by SPDR® Gold Shares (GLD), is about only half as much as stocks since 2010, yet carries nearly the same volatility as the S&P 500.

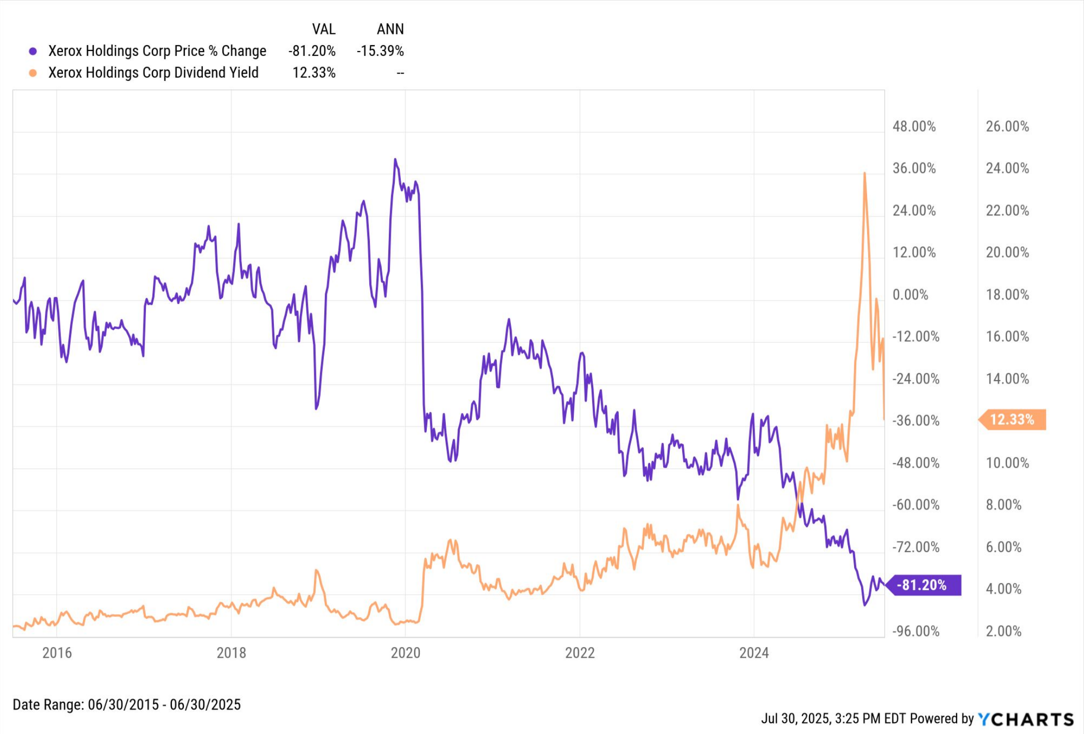
# “A High Dividend Yield Indicates a Safe Investment”

Investors often consider dividends as indicators of secure investments. However, elevated yields can be a signal of underlying company challenges, potentially becoming “dividend traps” that threaten long-term performance.

| Symbol | Name | Dividen. Yield | 1 Month Total Returns (Monthl. | 6 Month Total Returns (Monthl. | 1 Year Total Returns (Monthl. | 5 Year Total Returns (Monthl. | 10 Year Total Returns (Monthl. |
|---|---|---|---|---|---|---|---|
| BDN | Brandywine Realty Trust | 14.89% | 1.42% | -18.21% | 8.56% | -34.33% | -32.18% |
| NAT | Nordic American Tankers Ltd | 14.49% | 1.80% | 10.57% | -27.11% | -3.12% | -62.36% |
| NXDT | NexPoint Diversified Real Estate Trust | 13.13% | 0.72% | -26.09% | -14.01% | -42.61% | -59.07% |
| GNL | Global Net Lease Inc | 13.03% | -2.71% | 10.46% | 17.46% | -16.92% | -15.06% |
| XRX | Xerox Holdings Corp | 11.82% | 8.28% | -35.56% | -50.71% | -52.86% | -69.18% |
| NYMT | New York Mortgage Trust Inc | 11.73% | 5.78% | 17.50% | 30.01% | 17.71% | -21.46% |
| RWT | Redwood Trust Inc | 11.70% | 11.96% | -3.84% | 1.63% | 37.10% | -10.30% |
| WU | The Western Union Co | 11.62% | -6.80% | -16.61% | -24.57% | -45.79% | -30.85% |
| KSS | Kohl's Corp | 10.69% | 5.79% | -37.82% | -59.71% | -45.53% | -77.01% |
| CRI | Carter's Inc | 10.36% | -3.16% | -42.92% | -48.78% | -55.76% | -63.62% |

# “A High Dividend Yield Indicates a Safe Investment” (cont.)

Some investors perceive high dividend yields as indicators of secure investments. However, elevated yields can sometimes signal underlying company challenges, potentially affecting long-term stability.



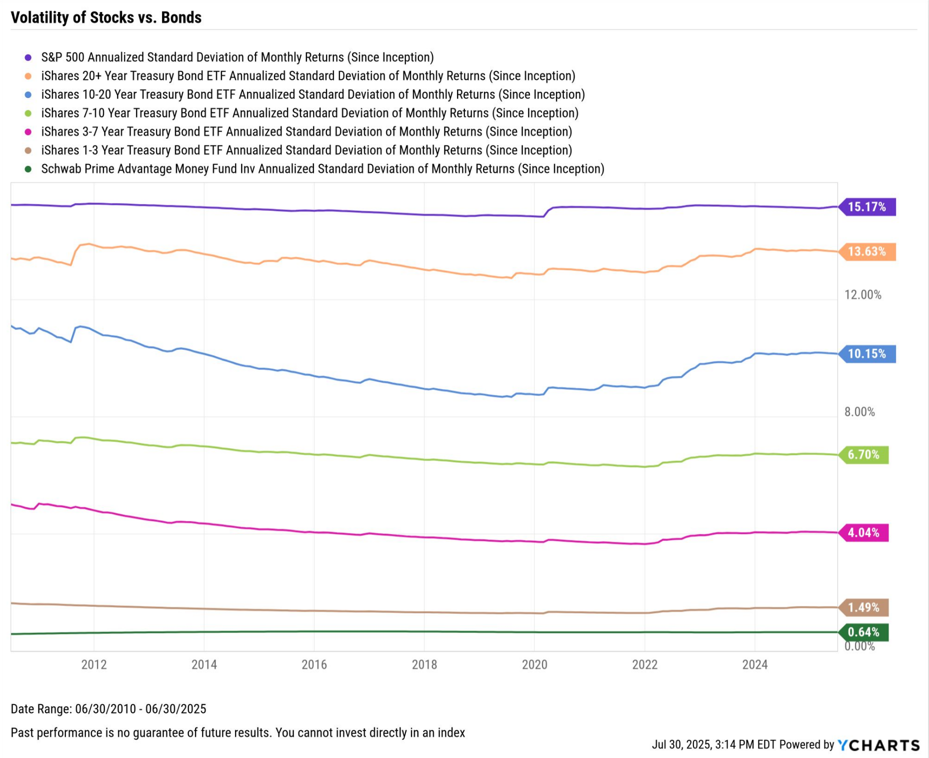

View & Modify in YCharts →

Dividend yields by nature lend themselves to denominator bias, a stock's price falling elevates the dividend yield.

For example, Xerox (XRX) shows a high current yield paired with a significant long-term decline in total return, reinforcing the risks of relying solely on dividend yields as an indicator of investment safety.

# “Bonds are Risk-Free Investments”

Bonds are not entirely risk-free; they can be affected by inflation, interest-rate, and default risks.




View & Modify in YCharts →

Bonds vary significantly in risk depending on their maturity (as illustrated by standard deviation), with longer-term bonds exhibiting higher volatility compared to shorter-term bonds.

While bonds generally have lower volatility than stocks, they are not entirely risk-free.

Cash remains the least volatile asset, but its returns are minimal, highlighting the trade-off between risk and potential reward.

# Help your clients invest smarter with insights from YCharts.

Book a Demo

Start a Free Trial