The decision to stay invested during market turmoil is often better than timing when to sell and buy.

Staying the course during market volatility is often difficult for many investors. Some choose to move to cash investments, while others try to time the market. Unfortunately, these investors are often buying high and selling low—and miss the rallies that follow the challenging periods.

So, does staying the course pay off?

In the chart (below), we look at a hypothetical portfolio of 60% stocks and 40% bonds faced with three alternatives as of Sept. 30, 2008 (two weeks after the collapse of Lehman Brothers). The starting point for the $100,000 hypothetical portfolio is Oct. 9, 2007, the prior market peak.

The choices as of Sept. 30, 2008 are:

**OPTION #1**: Stay invested, and make no changes.

**OPTION #2**: Move to 100% cash, represented by the Barclays 1–3 Month U.S. Treasury Bill Index, and remain in cash.

**OPTION #3**: Move to 100% treasuries, represented by the Barclays Treasury Index, on Sept. 30, 2008, and remain in treasuries.

As the chart shows, when sticking with a 60/40 portfolio, investors recovered a greater percentage of their lost value—and at a faster rate—than going to cash or treasuries.