Brompton Insights

Don't Fear the Peak: Investing at All-Time Highs

BROMPTON FUNDS

September 18, 2025

The S&P 500 reached another all-time high on September 15, 2025, recovering from a near 19% correction earlier in the year.[1] Investors often find it difficult to invest when markets reach all-time highs, fearing that a correction is inevitable. This hesitation, though understandable, is often based on misconceptions. History shows that investing at all-time highs has not been a bad strategy. In fact, investing at all-time highs in the S&P 500 has historically led to strong returns, especially for long-term investors.[2]

The Gambler's Fallacy

The hesitation to invest at all-time highs is often rooted in a common cognitive bias known as the gambler's fallacy. This is the mistaken belief that past outcomes influence future, unrelated events, leading us to believe that a correction is due simply because the market has rallied for a while. However, market movements are not based on a series of random events but are driven by fundamental economic conditions and investor sentiment.

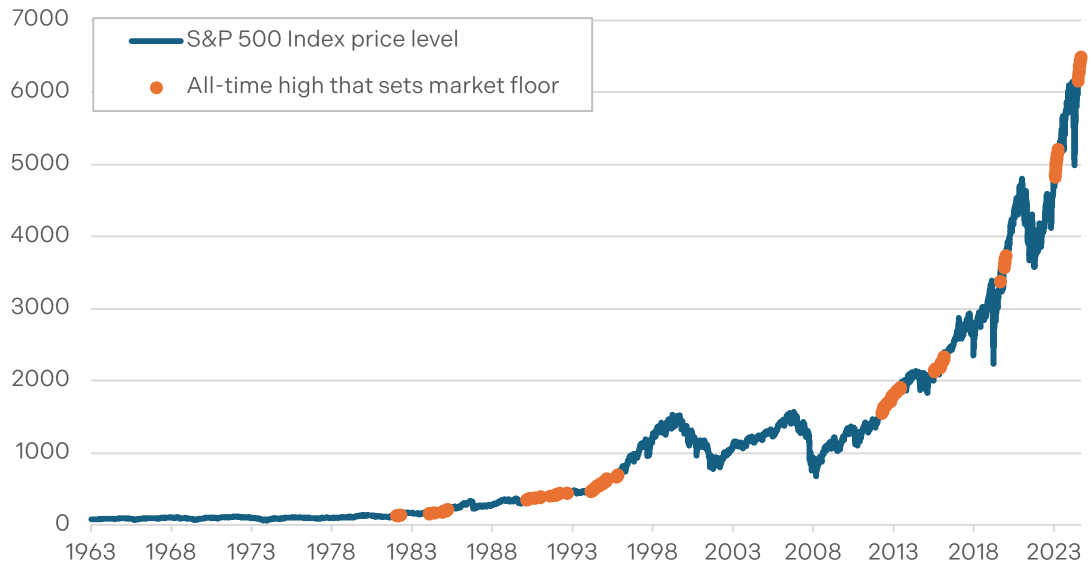
Investing at all-time highs may also trigger loss aversion, making investors overestimate short-term downside risk and underestimate long-term growth potential. These biases often lead investors to attempt to time the market, waiting for a pullback in hopes of entering at a lower point. However, timing the market is very difficult to do in practice. When a downturn occurs, negative news and fear often lead investors to expect further declines, making investing at market-lows emotionally challenging as well.

All-Time Highs are Common

All-time highs are a regular feature of market cycles and tend to cluster together. Since 1963, the S&P 500 has set more than 1,120 new all-time highs, averaging more than 18 per year.[3] In other words, 7% of trading days for the S&P 500 since 1963 have been all-time highs.[3] Of these highs, 29% became a new market floor, where the index never fell more than 5% below that level.[3] For investors on the sidelines waiting for a better entry point, a significant portion of all-time highs would have represented missed opportunities to buy at a lower price.

All-Time Highs and Market Floors

S&P 500 Price Index, daily (Dec. 31, 1963 – Aug. 28, 2025)



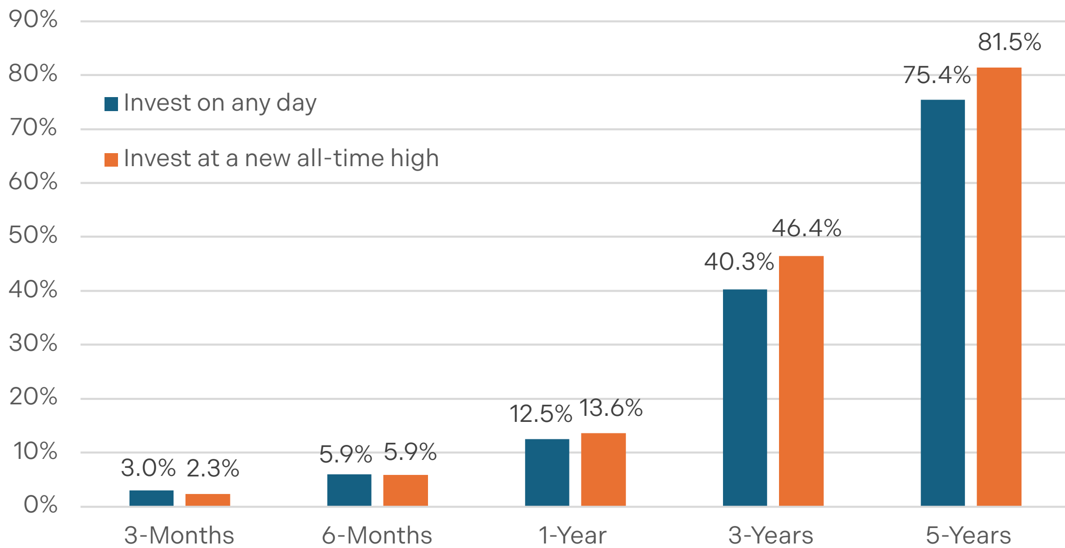
Source: LSEG Datastream, as of August 28, 2025. Market floors are identified as an all-time high from which the market never fell more than 5%.

Investing at Highs Has Led to Strong Returns

A look at historical total returns for the S&P 500 demonstrates that investing at a new high has historically resulted in similar or better returns compared to investing on any other day across various timeframes. Since 1988, the average 5-year cumulative total return for the S&P 500 after investing at an all-time high is 81%, which has outperformed investing on an average day, as shown in the chart below.4 Even over shorter time periods, the data shows that investing at all-time highs, on average, did not impair returns.[4]

Average Cumulative S&P 500 Total Returns

Jan. 1, 1988-Aug. 28, 2025



Source: LSEG Datastream, as of August 28, 2025. "Invest on any day" represents average of forward returns for the entire time period whereas "Invest at a new high" represents average of rolling forward returns calculated from each new S&P 500 high for the subsequent 3-month, 6-month, 1-year, 3-year, and 5-year periods.

A Diversified Approach for Staying Invested

Diversification can be an effective way to mitigate the emotional biases investors often experience when markets are at, or near, all-time highs. **Brompton Enhanced Multi-Asset Income ETF (BMAX)** combines multiple investment strategies diversified by geography, sector and asset class into one ETF, providing simple, low-cost access to an actively managed portfolio built for various market conditions.

Compound Annual Returns[5]	1-Year	Since Inception
Brompton Enhanced Multi-Asset Income ETF (TSX: BMAX)	12.2%	16.8%

[1] LSEG Datastream, as of September 16, 2025.

[2] LSEG Datastream, as of August 28, 2025. Based daily price index and total return data for the S&P 500 Index from January 1, 1988 to August 28, 2025.

[3] LSEG Datastream, as of August 28, 2025. S&P 500 price index, daily, from December 31, 1963 to August 25, 2025. Market floors are identified as an all-time high from which the market never fell more than 5%.

[4] LSEG Datastream, as of August 28, 2025. "Invest on any day" represents average of forward returns for the entire time period whereas "Invest at a new high" represents average of rolling forward returns calculated from each new S&P 500 high for the subsequent 3-month, 6-month, 1-year, 3-year, and 5-year periods.

[5] Returns are for the periods ended August 31, 2025 and are unaudited. Inception date October 18, 2022. The table shows the ETF's compound returns for each period indicated. The information shown is based on net asset value per unit and assumes that cash distributions made by the ETF during the periods shown were reinvested at net asset value per unit in additional units of the ETF. Past performance does not necessarily indicate how the ETF will perform in the future.

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Investor Relations
PHONE 416.642.6000
TOLL FREE 1.866.642.6001
FAX 416.642.6001
info@bromptongroup.com
www.bromptongroup.com

Address
Bay Wellington Tower,
Brookfield Place
181 Bay Street
Suite 2930, Box 793
Toronto, Ontario M5J 2T3