

Is it Time to Invest?—Not for Some Investors Apparently

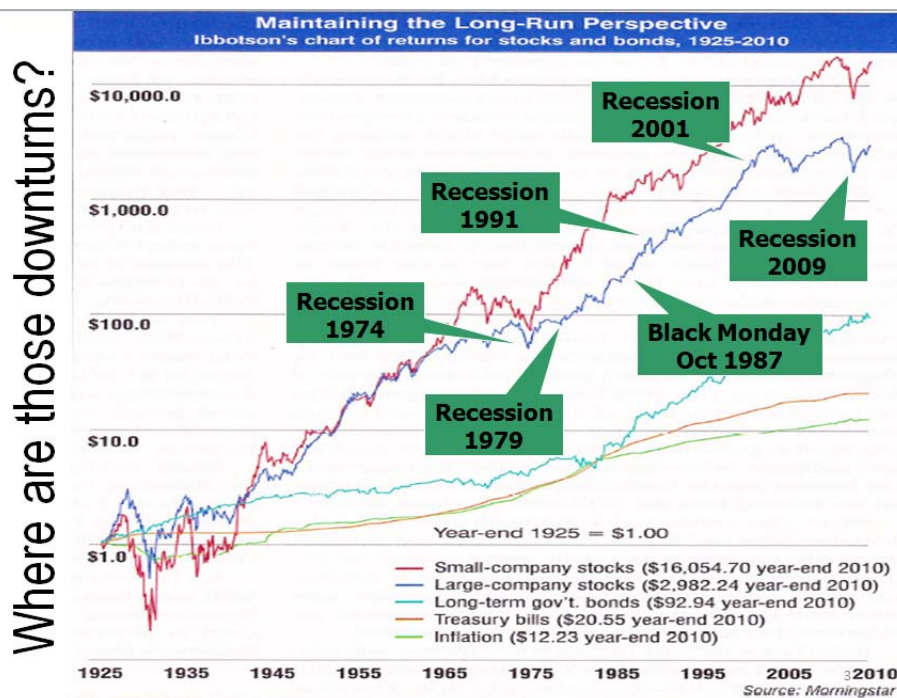
Bob Adams
January 2013

There are billions of dollars “sitting on the sidelines”, to quote many gurus. In addition, money is still flowing out of mutual funds and into cash, even today, and that trend has been repeated over the last several years. Those who have not invested in equities over the most recent year missed out on a 10% gain, based on market averages. Are you one of those? If so, put your money to work for you, now.

There is an old adage which suggests the time to invest is now—and that’s regardless of what is happening in the market. Over time, that’s the wisest move. Stay invested if you aren’t going to need the money in the next five to ten years.

The accompanying graph shows why the wise move is to stay invested. Over the past 80+ years the equities market has gone up—both large and small companies—returning a gain much better than bonds, regardless of the bond type. It also shows the value of equities decreases for short periods then continues the upward climb. Long term, the market goes up. Let me repeat that—long term the market goes up. Take advantage by buying great companies at a fair price. That’s the whole emphasis behind our teaching. Use the downturns in the market to buy. Use the upturns to sell over priced companies. On average, the downturns last 18 months. The upturns last about 5 years. Those are good averages for excellent returns. Take advantage of that knowledge.

I marked several recession periods on the chart. Notice how quickly the recovery occurred and what happened to market value during the next few years. There is a solid lesson in using this chart to remind us of the direction the market takes over time.



Who is Bob? I'm a volunteer for [Better Investing](#), a non-profit organization with a goal to help educate investors; a former Director on the BetterInvesting® national Computer Group Advisory Board, and Director Emeritus for the Puget Sound Chapter of BetterInvesting in Seattle, Washington.