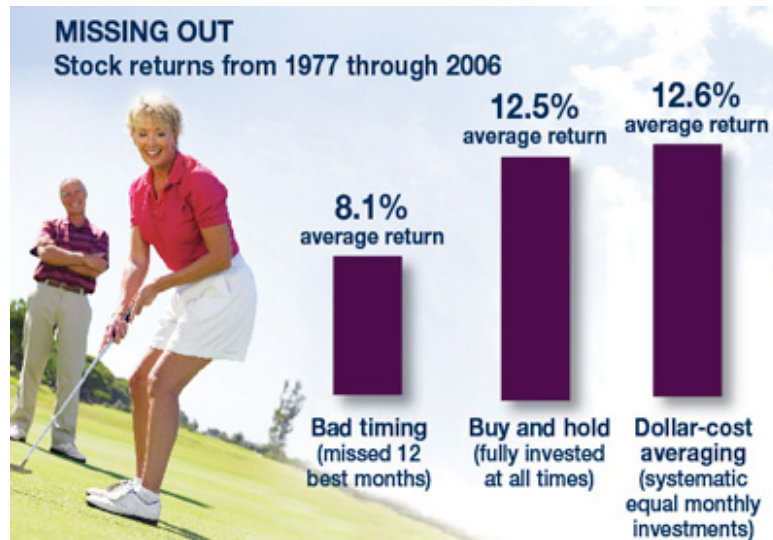


# The Trouble with Timing

The Dow Jones Industrial Average closed above a record 14,000 on July 19, 2007, but the party didn't last long. By August 16, the Dow hit a four-month low of 12,846 and lingered in the low 13,000s through mid-September.<sup>1</sup> During this time, many investors may have experienced a wave of conflicting emotions as the market soared and then sank.

The temptation for many investors is to buy when the market is high, betting that it will only continue to climb, and to sell when the market tanks, hoping to limit their losses. The speculation that drives market timing can often cause investors to get in right before a downturn or to flee before realizing potential gains.

The maxim "buy low, sell high" is great advice, but there is no way to accurately forecast the performance of the market. One of the best strategies may not be market *timing*, but rather simply *time*. A buy-and-hold strategy can help investors ride out the rough patches and possibly realize a greater return than if they had attempted to time the market, inadvertently missing out on the best days.



Source: Thomson Financial, 2007. Stocks are represented by the S&P 500 Composite Index (total return). Performance described is for the period 12/31/1976 to 12/31/2006. These hypothetical investment results are used for illustrative purposes only and are not meant to represent a specific product. Actual results will vary. The effect of investment fees and expenses is not considered. The dollar-cost averaging example assumes \$100 monthly contributions beginning on 1/31/1977. Dollar-cost averaging does not ensure a profit or protect against loss in a declining market. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results.

The return and principal value of stocks fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

With a long-term outlook on stock investing, perhaps time will help you achieve the goal of buying low and selling high.

1) Yahoo! Finance, 2007. The Dow Jones Industrial Average is generally considered representative of U.S. stocks. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results.

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