FINANCIAL SYNERGIES®
WEALTH ADVISORS

Top 3 Investing Myths

When it comes to investing, there are far too many myths and misconceptions out there. Successful investing is actually pretty straightforward, so let's cut these three big myths down to size and focus on what really matters.

Top 3 Investing Myths

Myth 1: Market Timing Works

Market timing is when investors attempt to "time" when to get in our out of the market. The hope is that you can participate in all the upside and avoid the downside. It sounds great in theory, but no one has a crystal ball. Market timing simply doesn't work in the long run.

Myth 2: It's Different This Time!

Anytime we hit a rough patch in the market, some financial pundits will inevitably declare, "It's different this time!" And then proceed to advise you to get out of the market. The truth is it's never really different. The specifics of a market downturn may be different, but the market cycle never changes. As investors, we must accept the natural ebbs and flows of the global markets and not let our emotions get the best of us.

Myth 3: Tactical Allocation Works

Tactical allocation is trying to determine what asset classes may outperform or underperform in the short-term, and then positioning your portfolio accordingly. This is akin to market timing, and you run into the same issues here. These things cannot be predicted. Asset class performance can turn on a dime. It's better to remain diversified with a long-term game plan. Don't get caught up in trying to determine how to best allocate your investments in the short-term. Focus on what really drives returns over the long-term.

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