# Ask Tim

## *Are you a BUY and HOPE (or hold) Investor?*

**By Tim Shealy**

**Question:** ***Is a Buy and Hold investment approach for my IRA and other investment accounts a good investment strategy? – Pete from Cooper City, FL.***

**Answer:** Thank you for your question, Pete. This is a very timely question with the S&P 500 nearly down -25% from even 10 years ago and investors still reeling from the horrific bear market of 2008 and early 2000s. While we would like to see everyone have successful investment results, we sometimes refer to Buy and Hold investing as Buy and Hope investing. Buy and Hope (or Hold) investing is not an investment strategy, in our opinion. Buy and Hold investing may have worked well during the 1980s and 1990s when the US Economy was humming along for nearly two decades, and the stock market experienced nearly a 17 year bull run. However, many argue that we have been in a secular bear market since 2000. Secular bull and bear markets generally last 16 to 20 years. So if a secular bear market started in 2000, we could be in a bear market that lasts through 2016 or 2020. Our belief is that all investment managers should be employing at least some degree of technical and quantitative analysis in their asset management approach. If they're not, you really need to question your financial advisor. We believe investors should participate in the markets when up trends are present and liquidate into cash when the uptrend ends or breaks down. From there, we believe investors should then wait for the next uptrend to emerge before re-deploying your hard earned investment dollars. This type of approach is starkly different than riding the market all the way up and then all the way down. That has been a vicious cycle for many investors over the last 10 years. Additionally, we don't believe most investors should be taking a "LONG" only investment approach. When someone is a "LONG" only investor, they can only make money in the stock market if the stock market goes up. We believe that most investors should also be incorporating some type of "SHORT" strategy when the markets go down. "SHORT" strategies are designed to make money when the stock market goes down. Wouldn't it have been great to have held some "SHORT" strategies during the bear market of 2008. Well, guess what? Some investors made more than +30% and +40% during 2008 with "SHORT" Strategies. In conclusion, we don't believe Buy and Hope investing is a fundamentally sound strategy. We believe that all investment managers should be using at least some minimal level of technical and quantitative analysis with their approach as well as consideration for "SHORT" strategies to complement the "LONG" strategies.

*Tim Shealy is an independent money manager who manages investment portfolios for individuals, families, and institutions. You may e-mail Tim at* ***tshealy@shealywealth.com*** *for more information on this article, future questions to be answered in this series of articles, or for a complimentary consultation of your investment portfolio. You may also call Tim at (800) 967-5924.*

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