

## THE TROUBLE WITH MARKET TIMING

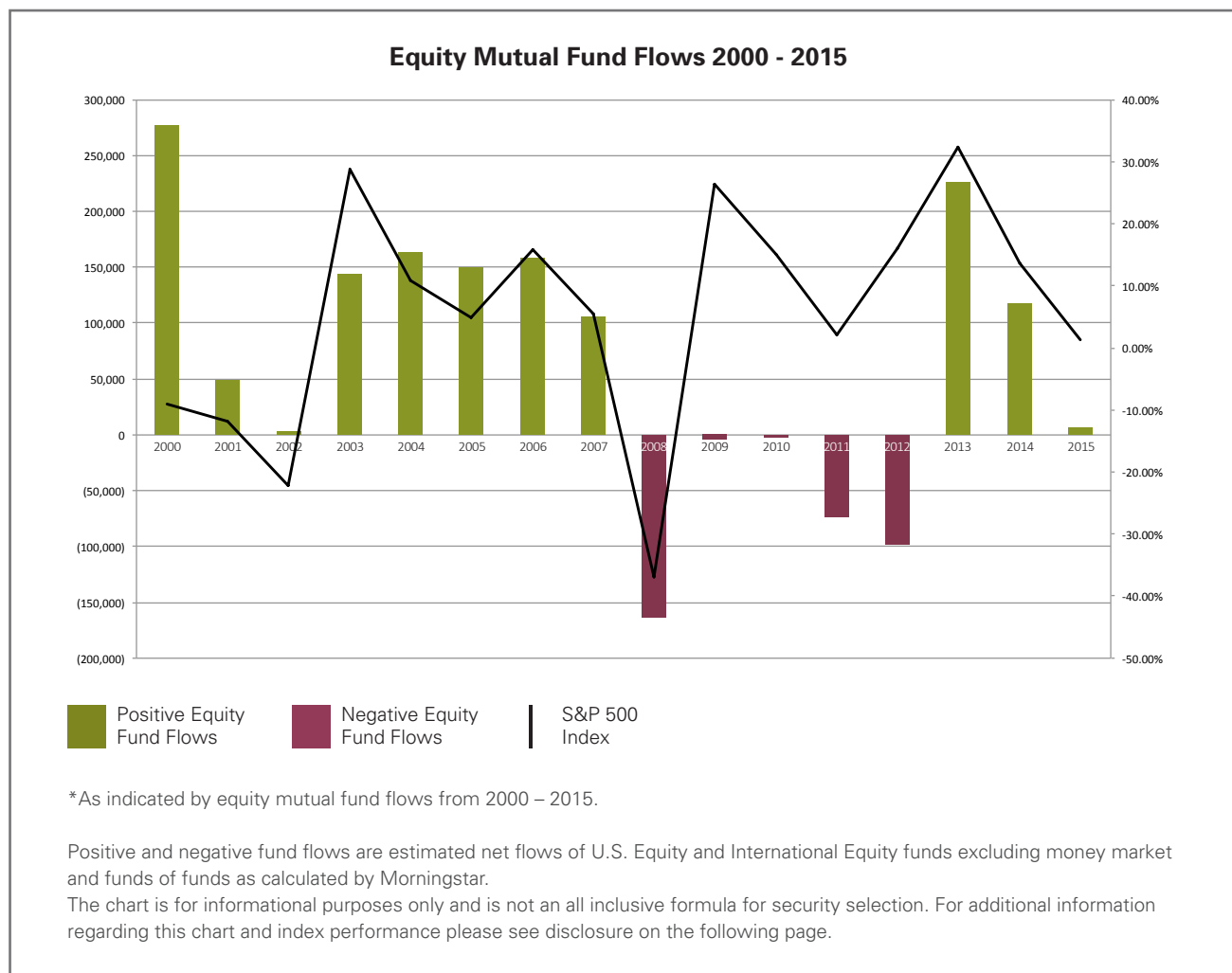
### Difficult at Best

We've all heard the old adage, "buy low and sell high." While a seemingly sensible strategy, timing the buying and selling of investments to coincide with the market highs and lows is, we believe, difficult if not impossible.

Why? One reason is because successful market timing requires that an investor make two decisions correctly: when to get out of the markets, and when to get back in. Unfortunately, most investors are not very good at timing these decisions. In fact, even professional money managers struggle to make successful market timing decisions on a consistent basis, often resulting in their underperformance relative to an appropriate benchmark index.<sup>1</sup>

### The Unintentional Effects of Emotion

Typically driven by the emotions of fear and greed, many investors will enthusiastically buy stocks during periods of strong market performance, and sell when the market declines.\* Unfortunately, such emotional decision-making often results in buying high and selling low, potentially hindering the chances of reaching one's goals.



<sup>1</sup>Source: Standard & Poor's Index versus Active (SPIVA) report as of 12/31/15. For further information regarding Standard and Poor's Indices Versus Active Funds, please go to [www.spiva.standardpoors.com](http://www.spiva.standardpoors.com).

## The Likely Consequences of Missing the Best Days

Whether an intentional investment strategy or an emotion-driven behavior, market timing will undoubtedly result in times when the investor is either partially, or completely, out of the markets. Time and again, however, significant gains have occurred suddenly, and over a relatively short period of time. Unfortunately, those who are on the sidelines waiting for the “right time” to get back in may end up missing some of the market’s best days, often to the detriment of their portfolios’ long term growth potential.

### Growth of \$10,000

|   | 20 Years<br>(1996-2015) | 15 Years<br>(2001-2015) | 10 years<br>(2006-2015) |
|---|-------------------------|-------------------------|-------------------------|
| <b>Stayed in the Stock Market</b>                       | \$48,252                | \$20,801                | \$20,243                |
| <b>Missed the Month with the Best Return Each Year*</b> | \$12,877                | \$8,135                 | \$10,849                |

This is a hypothetical investment in the S&P 500 Index, an index of 500 large-cap stocks. \*The values for the data titled “Missed the Month with the Best Return Each Year” were calculated by replacing the highest monthly return for each calendar year with a return of zero percent in order to simulate not being in the market for that month. Past performance does not guarantee future results. You cannot invest directly in an index. Your investment returns will be different.

Source: Zephyr StyleADVISOR

## A Better Path to Follow

At Symmetry, we believe a better path to follow is to create a financial plan based on your goals, time horizon and risk tolerance, and then implement that plan using low-cost, tax efficient investment strategies. By staying focused on the long term while practicing a disciplined, buy and hold approach to investing, we believe investors will be better positioned to capture the returns that the markets provide, while also increasing their chances of reaching their goals.

Symmetry Partners, LLC, is an investment advisory firm registered with the Securities and Exchange Commission. The firm only transacts business in states where it is properly registered, or excluded or exempted from registration requirements. No current or prospective client should assume that future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this piece will be profitable. As with any investment strategy, there is a possibility of profitability as well as loss. All data is from sources believed to be reliable but cannot be guaranteed or warranted. Symmetry charges an investment management fee for its services. All Symmetry Partners fees can be found in the ADV Part 2A located on the Symmetry Partners website, [www.symmetrypartners.com](http://www.symmetrypartners.com). As with any investment strategy, there is the possibility of profitability as well as loss. Diversification seeks to reduce volatility by spreading your investment dollars into various asset classes to add balance to your portfolio. Using this methodology, however, does not guarantee a profit or protection from loss in a declining market. Rebalancing assets can have tax consequences. If you sell assets in a taxable account you may have to pay tax on any gain resulting from the sale. Please consult your tax advisor. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy will either be suitable or profitable for your portfolio. You and your advisor should carefully consider your suitability depending on your situation.

**Index Disclosure:** Past performance is no guarantee of future results. Investors cannot invest directly in an index. Indexes have no fees. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. Actual performance for client accounts may differ materially from the index portfolios.

**Standard & Poor’s 500 Index** represents the 500 leading U.S. companies, approximately 80% of the total U.S. market capitalization.

**Positive equity mutual fund flow** results when the total dollars going into equity funds exceeds the dollars being sold out over a given time period.

**Negative equity mutual fund flow** results when the total dollars going into equity funds is less than the dollars being sold out over a given time period.

Historical fund flows are not indicative of future returns. The chart is for informational purposes only and is not an all inclusive formula for security selection.