The Single Worst Market Timing Event in History

Attempting to time the market could be the most popular mistake among market participants. Here's what I wrote about market timing back in January 1997:

> *Panic!…*
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> *History has been made. Since the exact summer Dow low of 5346.55, the Dow has soared an amazing 21.9%. Never in stock market history has the Dow added 1,000 points so fast. As a cap to the monster four-month surge, the Dow Jones News Service headlined a lead story with, "November Point Gain Was Largest Ever for the Dow." To anyone who was foolish enough to sell stocks in front of this tidal wave, the bailout goes down, in terms of points, as the single worst market-timing event in history.*
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> *How have you fared? With a history-making, four-month supercharged gain under our belts, now is the right time to take a little investor inventory. Are you on board with my serious long-term battle plan? Or are you running from rock to rock like most investors, dodging bullets as in an old Tom Mix western? Well, you needn't be bushwhacked by savage market swings.*

Even professionals can get market timing wrong. Later in the same piece, I wrote:

> *[H]ere is a tragic example of market timing at its bankrupt worst. At the end of 1995 and the opening days of 1996, the fund manager for the biggest U.S. equity fund made a massive timing/sector bet by switching the fund's biggest positions into long bonds instead of equities. In effect, he created a*

> *balanced fund for mostly unknowing investors who had largely invested in Magellan Fund as a way to participate in equities through smart stock picking. Well, the mammoth timing/sector bet was a disaster, and the fund manager is now history. And Magellan, the worst performer among the big 10 equity funds year to date, has beaten not one of its nine competitors.*

Successful investing is primarily all about compounding, time, and patience. It is more about intuition and less about anything else. And it is more about diversification and less about selection. It is all about doing less and not more.

Below, you can watch *Riders of the Purple Sage*, filmed in 1925, starring Tom Mix, Beatrice Burnham, Arthur Morrison, Warner Oland, and Wilfred Lucas. The film, directed by Lynn Reynolds, was based on the novel of the same name by Zane Grey, published in 1912 by Harper & Brothers.