ASK THE **ADVISERS**

The views and opinions expressed in "Ask the Advisers" are solely those of Keith Singer.

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Buy Sell AND Hold

You may be wondering what moves you should be making during a major stock market correction. Inflation is roaring and the federal reserve is nervously raising interest and tightening the money supply in hopes of cooling off the economy and bringing inflation down to a manageable level. The market has already discounted a considerable future economic slowdown by dropping over 20%. Many investors are concerned with the possibility that things could get even worse although no one knows for sure. Clients have asked me if they should be reducing exposure to equities in these uncertain times. The problem with selling now is for that strategy to succeed, your prediction that the market will indeed go significantly lower than current levels must to be right and then you must know when to buy back in before the market recovers past current levels. Ineffectively timing the market will hurt your long-term returns. Some brave investors who happen to have some cash on the sidelines, have been asking me if they should buy more at this distressed level. Although I can't predict the future, buying after corrections have occurred has consistently rewarded disciplined long-term investors. Most investors are not brave enough to add more to their investments. In fact, investors are more likely to sell than buy when stocks are falling. That is one of the reasons that the average investor has historically underperformed the stock market. If you are wanting to get more conservative but not miss out on a potential rebound, you could SELL your stocks and mutual funds and BUY a buffered ETF, or a buffered bank note that tracks the S&P 500 but offers downside protection in exchange for a limit on your annual returns. For instance, you could choose a 15% buffer which means that one year from now if the S&P 500 Is down another 16% from its current levels you would only lose 1% not 16%. However, if the market wound up being up 20% for the year, the most you could make would be approximately 18%.