Investing Wisdom

A Prudent Way To Make The Most Of Opportunities

by John Buckingham

(NAPSA)—Nothing lasts forever—including bad news. Unlike some in the financial industry, I believe strongly that we are not in the beginning of a multiyear bear market—in fact, far from it.

While we make no bold predictions about the exact month or day a sustained market recovery will occur, we do believe that it's possible a recovery can come to fruition in the next 12-24 months. Those who position themselves in a strategic fashion over that period may find they have more than one opportunity to reap benefits.

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That's why, as this process unfolds, the key question for many will be how best to recognize and take advantage of the opportunities that do emerge.

Some say a useful strategy for those trying to balance the twin fears of missing the bottom or buying at the top may be to enter the market in a slow but systematic way, always purchasing the same number of stocks each month, but varying the selection of stocks.

Rather than putting all your assets back in the market at once or attempting to time the highs and lows of the market or a particular stock or sector, investing in such a systematic manner can enable an investor to re-enter the market and potentially take advantage of opportunities in the U.S. Equity Markets.

It is also intended to help investors manage risk and maintain flexibility, while creating a broadly diversified portfolio, brick by brick.

A systematic approach to investing can help to remove emotion from the equation—eliminating the emotional highs and lows that can be triggered by the market's highs and lows.

We believe this can help investors mitigate the negative effects of market volatility—another term for price swings—while taking advantage of favorable prices. The fact that it is a systematic approach can help to remove emotion from the equation—eliminating the emotional highs and lows that can be triggered by the market's highs and lows.

History shows that after a period of underperformance there is often a rotation back to gains, and I contend that we at Al Frank see the underpinnings for that kind of movement now.

It is important to remember that while some strategies may be more effective at different times than others, no investment strategy can ensure success or guarantee protection against loss in a down market.

Such a plan involves continuous investment in securities regardless of fluctuations in price levels of such securities. An investor should consider his or her ability to continue purchasing through periods of low price levels.

However, we believe that an approach designed to build a diversified portfolio over a period of several months can often provide patient investors with a prudent way to participate in the market.

John Buckingham is the chief investment officer for Al Frank Asset Management as well as editor of "The Prudent Speculator" newsletter. To learn more, call (888) 994-6827 or visit the Web site at www.alfrank.com.