Lexington Avenue Capital Management

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Bad Memories

Memories of the Great Recession are still uppermost in most investors' minds. While lately some signs of cheer, perhaps even euphoria, have appeared, the recent trauma still rules. Most investors intuitively define risk as something bad happening. But the other side of the coin is missing out on something good and that can affect their long-term prospects just as much. Investors like to wait for the all clear sign before taking risk. By the time sunny skies appear, the stock market often has moved on. In the current bull market -- despite public perception it's now close to four years old -- some 20 percent of the total 120 percent move came in the first two weeks in mid-March 2009 and 80 percent came in the first six months when the world still looked totally bleak if not hopeless. Much of the rest came recently while we were under the cloud of the looming fiscal cliff. There are lots of ways to mess up in investing. Trying to guess the direction of the market and being as nervous as a cat are two of them.

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About Larry Luxenberg

Larry is a Chartered Financial Analyst with 28 years experience as an institutional investor and financial consultant. Larry specializes in retirement planning for Baby Boomers and strategies for maximizing benefits for Social Security. He has been widely quoted in newspapers and magazines and has appeared on CNBC and other television and radio programs.