

# Del Mar Times

## *Fear and greed*



### *Financial Thoughts*

*by John Schooler*

Investing in the markets can be a war between fear and greed. Investors who can control both of these emotions in themselves can profit.

Many stocks had gains last year. This can drive people to invest in stocks that they would normally avoid. At times, people warring with fear and greed buy aggressively at market highs and then panic when the market corrects. This can then lead them to sell stocks at a much lower price -just to see the market move higher.

It is important to take a long-term approach to the market. Buy when all others are selling, and if you need to sell, sell when all others are buying. In other words “buy low, sell high.” Do this in the context of an overall strategy and asset allocation plan. Some stocks or groups of stocks may not recover, so be careful what you buy.

A great way to take advantage of market fluctuations is to “dollar cost average.” This is an investment strategy under which you put the same amount of money into the mutual fund or security on a regular basis over a period of time. This allows for you to buy fewer shares at the highs and more shares at the lows. You get an average price and do not have to try to time the market..

Having an overall strategy will allow you to invest in different types of stocks and better control your long-term plan. Doing this will also aid you in controlling fear and greed. When the market begins to fluctuate, you will be able to evaluate your overall strategy and refrain from panic.

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