Timing the market

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In an ideal world, we'd buy low and sell high to maximise our returns. Sadly though, it's never as simple as that.

There's a popular saying in investing – time in the market is more important than timing the market.

Take a look at the value of the ASX over the last decade or so. While there were certainly opportunities to buy low and sell high (and vice versa), overall, if you just held on tight throughout, you'd most likely have seen a gain.

Market timing still has a role to play. If you're building a portfolio over time, it can be worth researching asset classes that are currently out of favour, because if things turn around, they could end up being the star performers.

Perhaps the best way to ride out the bumps is to regularly invest a smaller amount. Over time it may help even things out and help compensate for market fluctuations.

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