

Timing or time in

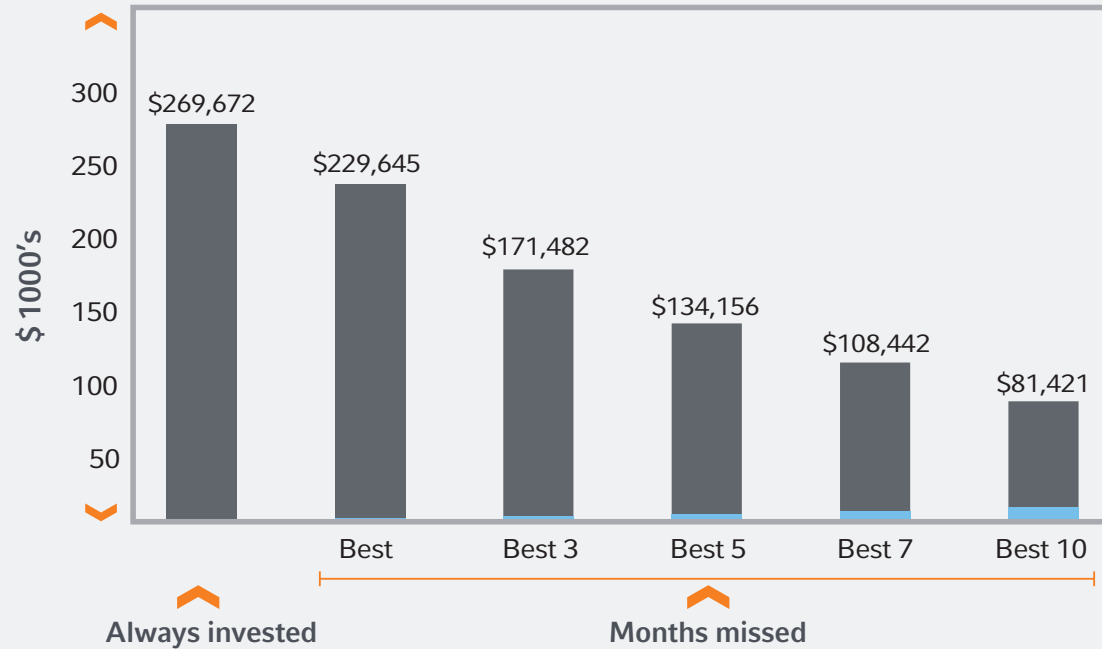
It's natural to want to protect the things that are close to you in life. If your friends or family are in trouble, your first impulse is to take them away from the impending dangers. However, when it comes to investing, removing yourself from the market when times are tough is more detrimental to your portfolio over the long term than staying put. Think of it as a kind of tough love; when markets are taking your investments on a bumpy ride, you need to stay in the market, turn off your emotion and let it ride out the storm.

Why? Because trying to time the markets, by cashing in your investments when the markets start to fall, and then trying to time your reentry, means you're more than likely to miss the market's recovery.



Series: What you need to consider
Complexity: **Beginner**

Staying invested is important when you consider the impact of missing some of the best months in the market



The fact is that market timers must be right twice - when they sell and when they buy. Because of this, timers tend to get out too early and get back in too late, so they miss the up markets before and after the fact. Market timers will then usually have difficulty getting back in the market, because upward moves in the market tend to happen in accelerated bursts, which can be very easy to miss.

In the diagram, the bar on the left-hand side shows how much \$10,000 invested in the sharemarket in 1980 would have grown to by 30 June 2009. The bars to the right show the impact of being out of the market for the months with the biggest returns during those 30 years, illustrating how important it is to stick to your long-term strategy.

Source: ASX All Ordinaries Accumulation Index in AUD from 1 January 1980 to 30 June 2009.

For more investor education,
visit the Investor Toolkit,
which can be accessed through
www.russell.com.au

Alternatively, you can call
our Helpline on **1800 555 667**
or speak to your adviser.

Published: **July 2009**

Issued by Russell Investment Management Ltd ABN 53 068 338 974, AFS Licence 247185 ("RIM"). This communication provides general information only and has not been prepared having regard to your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation and needs. This information has been compiled from sources considered to be reliable, but is not guaranteed. Past performance is not a reliable indicator of future performance.

You may contact Russell on (02) 9229 5111. R_NEWS_Toolkit_Timing_V1F_0907 MKT/2113/0709

Copyright 2009 Russell Investments. All rights reserved.