



Market Commentary – A Note on Market Timing

December 2024 Update

“The only value of stock forecasters is to make fortune-tellers look good.”
-Warren Buffett

Here we are, once again, bumping up against all-time stock market highs. The S&P 500 has done so at least 50 times this year. A classic feature of bull markets is the nervousness investors feel surrounding long stretches of gains. On one hand, we feel fortunate to be blessed with good returns. On the other, we may ask, "How long can this last?"

Market timing is never a good long-term strategy. Schwab issued an excellent publication in 2023 highlighting the dangers of such behavior (I highly recommend reading it [here](#)). In it, they correctly conclude that investing all at once produces a return superior to both dollar-cost averaging and poorly timing the market in most cases. This is usually true even when investing at market highs for a given year! Considering that it is nearly impossible to perfectly time markets, the "invest now" approach is a clear winner.

Investing Immediately Pays Off



Source: Schwab Center for Financial Research

This is not to say that we should turn a blind eye to overall portfolio risk. It is imperative to make appropriate asset allocation decisions so investor psychology and the need for a particular outcome are balanced. These are critical features of a successful portfolio that I have discussed in prior notes.

While we don't know where prices will go in the near term, we do know exactly what we own in our Sandhill portfolios—that is, high-quality businesses with fantastic opportunities for growth. Markets will zig and zag, and our own investment portfolio might zag while broader markets zig. But we are comforted through any potential volatility by understanding the fundamental strengths of the businesses we own for you. By accepting short-term price movements, we expand our opportunity set and open our clients up to the potential for growth.

As always, feel free to reach out to me. I really enjoy hearing from you and learning about your own investment thoughts and experiences.

Have a wonderful holiday season!

Sincerely,

John Canty

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