



MAKE

Ten Best Power Lunch Spots; Dealmaking at Michael's; Kimbal Musk Breaks from Tech

GROW

Eight Emerging-Market Power Brokers; Trusting Financial Advisors; JPMorgan's Marianne Lake

LIVE

Dangerous Vacations Worth Considering; Ferrari's New Beauty; The Ultimate Smart Home

Worth[®]

THE EVOLUTION OF FINANCIAL INTELLIGENCE

THE MOST
POWERFUL
PEOPLE
IN GLOBAL
FINANCE

2015 POWER 100

WORTH.COM

38

VOLUME 24 | EDITION 05



Stonnington Group LLC, Member FINRA/SIPC

Nicholas H. Stonnington, President

“Is trying to ‘time the market’ a viable investment strategy?”

By Nicholas H. Stonnington

The old saying, “Timing is everything,” certainly has applicability to market investing. For equities, “perfect timing” means going to cash right before a market downturn, holding the cash until the downturn hits bottom, then buying up all those cheap stocks right before the market heads back up. As the stocks regain their value, they might eventually double, triple, even quadruple the worth of the original portfolio. **But here is the caveat:** Anyone who tells you that they can actually “time the market” this way may also want to give you “the inside scoop” on a bridge for sale in Brooklyn.

That is not to say one should ignore timing investments altogether. There are algorithms and other “mechanical” means to create a “timed” investment method. However, this method relies on data trends that indicate pending market drops or upticks that are apparently triggered when you take money out or put it in. Rigid discipline is required not to let your “gut instincts” override the system. In my experience this form of “timing” works maybe half the time, or less.

Of course, being human, many investors cannot help being drawn to the seeming prescience of those famous advisors who magically seem to “know”

when to buy and when to sell and, as a result, make millions. Less famous advisors will point to a time when they pulled out or jumped into the market at exactly the right moment and saved or made clients fortunes. If they offer this boast, you might ask if they ever repeated their good fortune. **Without disparaging those with good gut instincts, we feel there are two investment considerations at least as important as timing:**

1. What you buy
2. Strategies that rely less on timing the market than successfully weathering market volatility

In a recent TED talk, early-stage venture capital investor Bill Gross presented research he had done on start-up companies, something he knows more than a little bit about. He found there were five factors that determined a new company’s survival: the idea, the founders/management team, the business plan, funding and timing. Now, Gross did find that timing was the number-one factor in start-up survival and success by far, even though the other factors were important, too.

Here is the point: When you invest in a stock, you invest in a company. Using these five criteria to evaluate a company can help you determine if it is

a good investment. That includes timing. An idea ahead of its time, or behind it, is not a good choice. But a solid idea, well-timed and appropriately funded, with a realistic business plan and strong management should be a good investment. **The key:** Do the homework before you make the buy, but also have a strategy to handle the risk of timing.

In terms of an investment “method,” again, I think it is less about timing the market and more about strategies that are timeless. **Here are three:**

Diversification of your portfolio—investing in lots of “ideas” and asset classes—increases your odds of having the right investment at the right time.

Dollar-cost averaging—meaning you consistently and frequently make same-size multiple investments, the way your 401(k) does. You do have losses, but usually profit during bull markets.

Buy and hold—which still works, as any investor who did not panic and sell off in 2008 can attest. Most of their stocks are worth more than ever.

In sum, the allure of market gurus, famous and not so, who claim the power to time the markets will continue to draw investors to the flame of “hitting it big.” The problem is that for investors, like the moth, things can often turn out badly. ☹

“The allure of market gurus, famous and not so, who claim the power to time the markets will continue to draw investors to the flame of ‘hitting it big.’”

—Nicholas H. Stonnington

How to reach Nicholas H. Stonnington

Our firm’s multi-faceted approach addresses the complex and unique needs of multigenerational, high net worth families. To learn more about how we may be of service to you, please contact me at 818.444.0600.



About Nicholas H. Stonnington

Nicholas H. Stonnington has been a wealth advisor since 1983. He founded Stonnington Group in 2004 to better serve clients by offering them a platform for independent fiduciary advice. The Stonnington Group team manages client investments and advises on their businesses. Mr. Stonnington was ranked #1 in Los Angeles on *Registered Rep* magazine’s 2002 list of America’s Best Wealth Advisors. He is a sought after investment expert and has served as a frequent guest commentator on KFWB News 98 (Los Angeles). His expert commentary has been featured in such publications as the *Wall Street Journal*, the *Los Angeles Times*, the *New York Times*, *Investment News* and *Investment Advisor*. His research has been published in the *Family Wealth Report* and he has written articles on investing for numerous industry journals. Mr. Stonnington has presented at industry conferences, including the Milken Global Conference, on topics related to philanthropy and socially responsible investing.

Financial Services Experience
32 years

Assets Under Management
Available on request

Minimum Fee for Initial Meeting
None required

Largest Client Net Worth
\$1+ billion

Minimum Asset Requirement **\$1 million (for investment services)**

Professional Services Provided **Investment advisory services, insurance products and money management services**

Primary Custodian for Investor Assets **Pershing, Fidelity, Charles Schwab**

Compensation Method **Asset-based fee (for investment services)**

Email **nick@stonningtongroup.com**

Website **www.stonningtongroup.com**

ILLUSTRATION BY NANCY JANUZZI

Stonnington Group LLC,
Member FINRA/SIPC

21031 Ventura Boulevard, Suite 1201, Woodland Hills, CA 91364

818.444.0600



Nicholas H. Stonnington
President

Stonnington Group LLC, Member FINRA/SIPC
21031 Ventura Boulevard, Suite 1201
Woodland Hills, CA 91364
Tel. 818.444.0600

nick@stonningtongroup.com
www.stonningtongroup.com

REPRINTED FROM
Worth[®]
THE EVOLUTION OF FINANCIAL INTELLIGENCE

Stonnington Group LLC, Member FINRA/SIPC is featured in *Worth*[®] 2015 Leading Wealth Advisors[™], a special section in every edition of *Worth*[®] magazine. All persons and firms appearing in this section have completed questionnaires, have been vetted by an advisory group following submission by *Worth*[®], and thereafter paid the standard fees to *Worth*[®] to be featured in this section. The information contained herein is for informational purposes, and although the list of advisors presented in this section is drawn from sources believed to be reliable and independently reviewed, the accuracy or completeness of this information is not guaranteed. No person or firm listed in this section should be construed as an endorsement by *Worth*[®], and *Worth*[®] will not be responsible for the performance, acts or omissions of any such advisor. It should not be assumed that the past performance of any advisors featured in this special section will equal or be an indicator of future performance. *Worth*[®], a Sandow Media publication, is a financial publisher and does not recommend or endorse investment, legal or tax advisors, investment strategies or particular investments. Those seeking specific investment advice should consider a qualified and licensed investment professional. *Worth*[®] is a registered trademark of Sandow Media LLC. See "About Us" for additional program details at <http://www.worth.com/index.php/about-worth>.