

Is It Too Late For Me To Invest?

Description

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The stock market is so high right now! Is it too late for me to invest?

Is this a V-shaped recovery? Or will there be another market crash?
Iâ??m not here to talk about whether the stock market rally in the past week is a false or genuine rally. The truth is, none of us really know.
If you reallllllllllly wanted a direction, hereâ??s a graphic which the folks at Dr Wealth presented this morning:

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And if youâ??ve been looking at the recent market rally, wondering whether youâ??ve already missed the boat and if it is too late for you to get in right now, hereâ??s something Iâ??ve learnt over the years:

You will always wish you invested earlier. It is never too late to start.

What you think is high nowâ?¦can actually go even higher.

I like this chart that was shared by EndowUs during one of their webinars, where they talked about the potential returns of â??the worldâ??s worst investorâ?• â?? an ill-fated figure who invests $100,000 *exactly* at the peak prior to every market crash.

And yet, even for this unfortunate (imaginary) investor, his portfolio would have done pretty well despite having to go through all those market crashes.

It is a good illustration of the concept that **time in the markets is more important than timing the markets.**

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Most investors try to forecast macros and economic outlooks because it makes them sound intelligent. Some â??gurusâ?• do it because their readers look to them for an answer, and they feel obliged to chime in with their take on where the market is going next. And while some may get it right once or twice, name me someone who has consistently gotten it right at every single point throughout their lives.

You couldnâ??t? Yeah, I thought so.

Because the truth is, nobody knows for sure.

Moreover, even if you had started investing during the crisis, thereâ??s no guarantee that your portfolio wouldnâ??t have been hammered as well. If you simply rewind to a few months ago, no one knew (or could say) with absolute certainty that the stock market was going to bottom in March.

And if you had invested at the start of the crisis in February, some of your positions might still be underwater â?? whether or not you had picked individual stocks or simply invested in broader indexes. As of today, neither the S&P 500 nor the STI Index has recovered to its pre-crisis highs during February.

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You might be wishing that you had entered then, but letâ??s be real â?? would you have held on to your investments as you watched your portfolio tank? Or would you have panicked and sold off your positions to â??cut lossâ?• instead, while waiting for a better time to re-enter?

Is this a real recovery?

I donâ??t know if the market is on its road to recovery now. For all we know, there might be another crash again. Some countries are already seeing a second wave of covid-19 cases, the political turmoil between the US and China is becoming more intense, some businesses that closed down during the last few months may never reopenâ?¦

The truth is, none of us know what will happen next.

So instead of spending my time trying to predict and guess where the stock market is going to go next, Iâ??d rather spend my time focusing on identifying quality businesses and their valuations instead.

Hereâ??s a quote from legendary investor Peter Lynch that suggests you do the same.

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Iâ??ve learnt over the years that the markets will never be without its challenges. At every point in history, there always seems to be a reason NOT to invest â?? be it crashing oil prices, political turmoil,

trade wars, currency depreciations, etc.

But stock markets have only trended higher over time. And so have the stock prices of fantastic businesses.

As an individual investor, I harbour no illusions that I know or can predict how macro factors can play out or influence the stock market in the near term. I can only guess.

And despite all the macro headwinds in the last decade, the stock market has only continued on with a sustained bull run as it climbed higher and higher.

So donâ??t worry so much about trying to â??catch the bottomâ?•. Spend your time focusing on studying individual businesses instead.

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P.S. If youâ??re clueless on how to start investing and youâ??re looking for a course that will guide you from start to end, check out the SGBB Investment Academy â?? a virtual version of the highly raved readersâ?? workshop I used to conduct in person. The Academy covers all the various investment strategies for the long-term, including Index Investing, Value, Income, Growth and even specialist ones on technology stocks and/or for the parents who wish to build their childâ??s investment portfolio.

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Unsure which course to choose? Iâ??d recommend the Strategic Investing Masterclass, where I walk you through the various strategies and how to choose the best approach that will work for YOU (because your life circumstances, financial ability, risk appetite, psychological reactions to money and resources â?? time, effort â?? will determine which approach is more suitable than another for you to succeed).

If youâ??re a reader, you donâ??t have to pay full price! As a token of thanks for your continuous support for my writings over the years, simply email me to get a promo code off your purchase for the ***Strategic Investing Masterclass****, or sign up for my mailing list here and unlock one!*

With love,
Budget Babe

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