

BUY & HOLD... Really? - see Mystery Charts 1 & 2

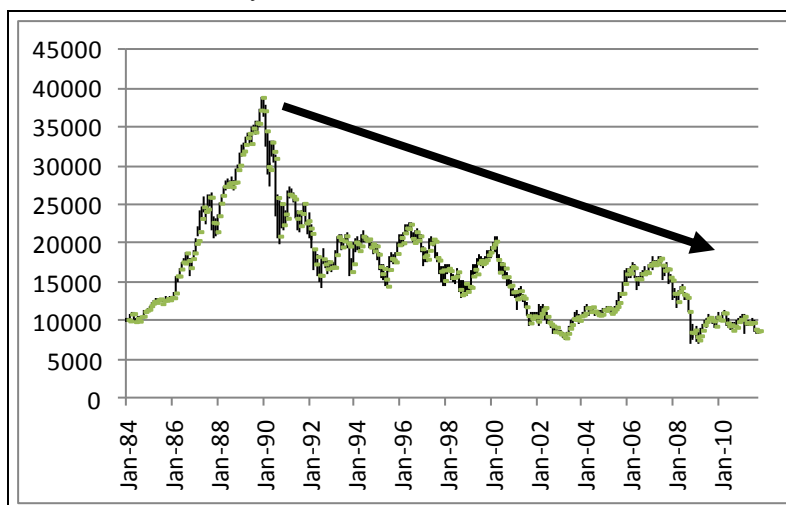
Take a look at the charts below. These are the monthly prices of two stock indexes, covering almost 27 years.

Notice on Chart 1, prices peaked in 1990, then began a multi-decade decline of lower lows and lower highs. Occasionally, prices would rally higher, then continue their descent lower and lower. Several market experts believe that the US stock market's future will play out like Chart 1.

With Chart 2 prices, peaked in early in the year 2000, then over the next 18 months declined almost 50%. Prices then rose to a new high in October 2007, before crashing, again, down over 50% from the Oct high.

Chart 1*

Monthly Stock Index Prices since Jan 1984

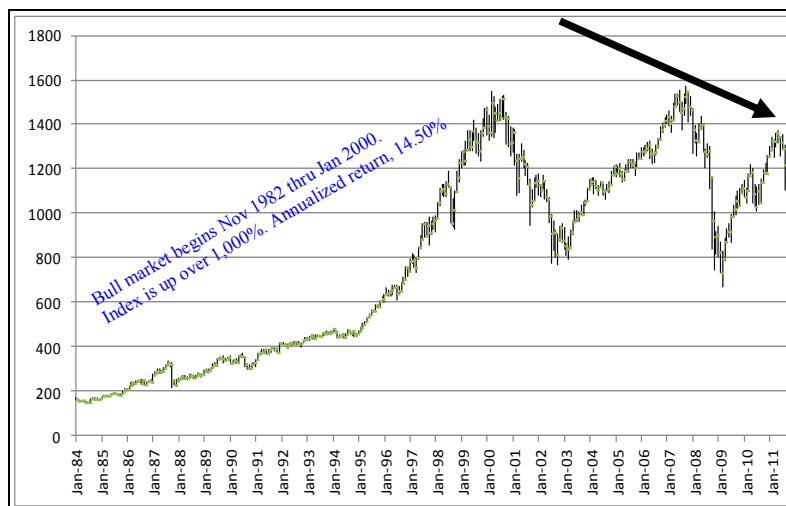


Arrows connote
(down) trend.



Chart 2*

Monthly Stock Index Prices since Jan 1984



* Price data from Yahoo Finance. Closing prices only. Dividends are not included

Have you figured it out? Chart 1 is Japan's Nikkei index. Chart 2 is the US' S&P 500.

Japan had a real estate bubble back in the mid-to-late 1980's. The bubble burst and their stock market crashed. The Japanese government lowered interest rates to practically zero. They devalued the yen. They lowered taxes. They threw stimulus after stimulus at their economy. - While no one knows if our economic future will resemble Japan's, I do know that if we are in a declining or range-bound market, then Buy & Hold is not the right way to invest... no matter how diversified you are.