

Financial Advisor Don Dirren Discusses the Myth of the 'Buy and Hold' Investment Strategy

Financial advisor Donald Dirren discusses the myth of the 'buy and hold' investment strategy.

PHOENIX, AZ, USA, September 2, 2020 /EINPresswire.com/ -- The "buy and hold" strategy has been popular in the investment world for decades. However, despite what many assume, it isn't an investment strategy that suits everyone. Financial advisor [Donald Dirren states](#) the buy and hold strategy is famed for its simplicity. It doesn't require a lot of effort or financial expertise. Unfortunately, [Donald Dirren explains](#) that's why this investment strategy isn't exactly foolproof.

"The buy and hold investment strategy is alluring, because it appears as a way to get rich without needing to commit all of your time and energy," Don Dirren says.

Don Dirren explained that the buy and hold strategy is simple. Make a stock investment and hold onto it for 20 years or more. A number of academic studies show that a proper, diversified portfolio of investments in the stock market does not lose money when held onto for more than 20 years. However, that's where the myth is revealed. The strategy ignores the entire concept of assessing and managing risk.

Don Dirren explains that this investment strategy implies that an investor can purchase stocks at any price, and see gains if they simply hold onto them for 20 years. He asks those considering investing if they've ever made a purchase without considering price at all. Don Dirren explains that if you wouldn't make an everyday purchase without considering price, why would you make a stock market investment without considering price?

"The studies in support of the buy and hold strategy are skewed," Don Dirren says. "Investors must sell stocks and replace them often. Stocks often vanish or are reduced to zero, and the studies in support of the buy and hold strategy don't show this."

Don Dirren explains that risk management is a major part of every investment strategy, and buy and hold investing completely eliminates that concept. He adds that its a passive approach to investing, that is not likely to help you get the most out of what you put into the stock market. Don Dirren asks why investors would choose to be passive in investing, when they would never

choose to be passive in their careers, relationships, and other aspects of life.

"The buy and hold strategy implies that making zero transactions throughout the course of your investment term is ideal, and that's completely false," Don Dirren explains. "A qualified financial advisor will combine your investment strategy with a risk management strategy to create results that are far greater and more reliable than trying a buy and hold strategy on your own."

Don Dirren finished by stating that the buy and hold strategy is often pushed as a way for individuals to invest on their own from home. He suggests always consulting a qualified financial advisor to make sound investments that don't eliminate the essential strategy of risk management.

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