It may be that individual investors struggle to muster the insights of whole investment institutions with their impressive resources in equipment and personnel.

Yet, I suspect John or Jane Doe may hold one significant edge: patience.

Think of this way; individual investors ultimately answer to themselves.

Which means they get to set the timeline and targets.

If you’re in your 40s and saving for retirement, you will hopefully not react whenever your investments drop but remind yourself you have many years until you intend to draw from your savings.

Or if you’re in the enviable position of not needing more money than your fixed and investment income, you may ignore lower account values with the expectation that your principal will rebound at some point.

Institutional investors face a different world.

They often face quarterly comparisons to benchmarks and peer groups.

And their customers, individual investors, may pull their money if they imagine their fund is not keeping up.

Imagine knowing that a few missteps may cost you your customers and eventually your job and you might change your time horizon, too.

This can lead institutions to bail on an investment when they suddenly drop to stop the bleeding.

But what if it turns out to be wrong to sell low?

Maybe the investment will rebound, that has happened many times.

Or, vice versa, if an investment spikes and dominates the total market the institution may feel forced to chase the winner to avoid falling behind their benchmark.

Meanwhile, the individual investor may apply her own benchmark: her goals.

No need to measure herself to others. She can instead focus on staying on track to reach her own financial targets.

Even better, she may even rebalance by selling a little bit of a recent winner so she can add a little to the recent laggard.

Which begins to sound like selling high, buying low.

Good luck.

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