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## Is Investing a Marathon or a Sprint?

Posted on December 13, 2016 by Peter Blatt

My 15 year old son and I ran a 5K on Thanksgiving together. For those non-runners a 5K is a 3.1 Mile run. He finished 3rd overall in the race, and I finished second in my age category.

Two days later we ran 2 Miles together and my wife encouraged me to run more with him.

He agreed and we are going to run the Disney ½ Marathon (Star Wars Theme) on April 23. This is his first ½ Marathon, for those non-runners it is a 13.1 Mile run.



He told me that he is quite nervous, as he's only run shorter distances. His fears remind me of a conversation that I often have with Stock Market Day Traders.

Now a stock market day trader is someone who performs the act of buying and selling a stock within the same day. Day traders seem to make a profit by leveraging capital to take advantage of small price movements in stocks or index funds. Some day traders do really well.

Most do not. It usually requires hours of study and even if you are technically correct, you can lose your shirt by being greedy or miss opportunity because of fear.

Often day traders will seek my firm out. They will say, 'I have had enough and my wife/ husband want me to take some risk of the table, can you help me invest?' Most investment professionals will tell day traders to stop day trading and that they rarely make any money.

We have found the way to help day traders is by not stealing their fun but carving out a portion of their assets for them to day trade and the majority of the other assets we invest it by using institutional money managers.



The reason we do not just invest all of their funds is that it's very hard to let go of something you enjoy or are in the habit of doing. A sprinter has a hard time converting to someone who runs marathons.

So how do you adjust and become a long term investor when all you know is day trading? The good news is that this movement from day trading to longer term investing is the norm and not the exception.

Most day traders will remember their great picks and not their 10 losses. One-day trader told me after the Presidential election he bought several private education companies because President Elect Trump's proposed School Choice and Education Opportunity Act.

This proposed Act redirects education dollars to give parents the right to send their children to the public, private, charter, magnet, religious or home school of their choice. Some stocks, Chegg up 17.1%, DeVry Education up 31.4%, and Strayer Education up 28.4%.

These stocks could be up in a single day more than longer held portfolios for a whole year. This makes a strong argument for day trading. However, some day traders lost money on cement companies, because they might have misinterpreted President Elect Trump's "End Illegal Immigration Act."

This year alone has had many winners and losers. Most conservative portfolios (because of rising interest rates) have been down and most aggressive equity positions have been up.

Long term investing relies upon asset allocation to weather a storm and still catch some wind in up markets. Day trading relies upon being right and not being wrong.



For our ½ Marathon, I downloaded a training schedule that shows how much to run per week. After sharing the schedule with my son, he said he will give it a try. That is all we can ask for as parents and financial advisors. Remember, plan today... protect tomorrow.

Until Next Time,

Peter Blatt

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