# Investment Reality as Told Through the Most Interesting Man in Baseball

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You probably haven't heard of Greg Dobbs. If you have, you are either a big Major League baseball fan, a casual fan of the Miami Marlins baseball team, or you know Greg Dobbs personally. He is a solid Major League player, but will not be mentioned alongside Ruth, Mays and Ripken. He is a great team player, a great media interview and was briefly featured on a national TV program last year as "the most interesting man in baseball," a moniker given to him by one of his teammates. Greg Dobbs may not be very interesting to you, but he and many other ballplayers like him are metaphor for a very serious evolution in the way investment management should be viewed.

Over the past few years, Dobbs has been one of the best in the Major Leagues at pinch hitting. You might call him a pinch hitting specialist. But for Dobbs and others, success in that brief period of time in a game does not always translate to performing in a full-time role. Many players who prove to be good part-time contributors are given the opportunity to play every day. Often, they are not as successful. It could be that they wear out when used too much, or that opposing teams are able to exploit their weaknesses after seeing them hit day after day.

As I have watched investment markets develop over the past three decades, I have tried to keep a keen eye out for developing trends that have staying power. I think I have identified one and it follows the same line of thinking as the part-time ball player.

With the help of Morningstar Direct, **I reviewed the 52-week high and low prices of the stocks in the S&P 500 as of September 10, 2013. The median stock had a range from high to low of 43%. And that's in a relatively calm market! We have to ask ourselves: is long-term investing synonymous with "buy and hold?" I think not.**

Specifically, **many stocks appear to be most effective when owned over shorter periods of time than most "long-term investors" are used to. This trend has grown stronger over the past couple of years, likely stoked by the combination of a more pervasive financial media, faster mobile communication, increase in the use of quantitative data to evaluate investments, and low trading commissions at discount brokerages. It is becoming more obvious to me that success in the investment markets today has a lot to do with a different type of asset allocation: that between the securities you expect to own for longer than one year, and those which may be more effective when owned for weeks or months at a time.**

For tax-deferred accounts and tax-exempt entities like private foundations where investment activity is not taxed, this is a no-brainer to adapt to. For taxable investors, there is still a tremendous incentive to examining this balance of securities you "own" for years versus those you "rent" for weeks or months.

What is the incentive to thinking this way? The U.S. stock market has been on a 4 ½ year run higher, with only one noticeable pullback (a 19% correction in the S&P 500 Index during 2011). That environment will not persist forever. **And when stock price patterns get choppy or downright ugly, it certainly will help those willing to adapt to today's new reality of stock market investing.**

Baseball players like Greg Dobbs, Justin Turner of the New York Mets (thanks to Bruce Kelly of Investment News for pointing out that example), Sam Fuld of the Tampa Bay Rays and many others are simply most effective when used on and off, not continuously. The same goes for some investments. If you have opinions about a player from your favorite team that fits in the same category, by all means, let me know. If I get enough suggestions, I will gladly print a list of "part-time All-Stars" in a future blog post!



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