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Jim Cramer: Buy-and-Hold Is for Losers

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Investors who employed the “buy-and-hold” strategy have gone nowhere over the last decade, says investment guru Jim Cramer.

The Dow Jones average recently rose over 10,000 points, prompting many to point out that stocks were at that level a decade ago.

“The major averages have literally fallen back to levels they first hit 10 years ago. That means, for example, that if you'd contributed a little bit to your 401(k) each month, the way most people do, then most of your buying was at much higher prices,” writes Cramer in his column at TheStreet.com. “The results are in.”

Cramer's harsh assessment goes even further, as he reckons that there may well be no difference today between “gambling” in Las Vegas or Atlantic City or Macau and buying and holding stock in a company.

“It's investing blind, and investing blind is no different from investing dumb,” adds Cramer.

Though he is pessimistic about the “buy and hold strategy,” Cramer counsels investors not to give up hope completely in Wall Street, nor to put their money in a savings account at the local bank.

“You'll never get back to even that way,” writes Cramer.

“Because there is a world of difference between owning stocks, which has caused so much wealth to disappear, and trying to make money in stocks, an approach that at the very least lets you sidestep some of the pain. You can get back to even if you follow the latter course.”

Cramer's advice is, of course, controversial.

Major investment research firms continue to recommend the buy-and-hold strategy for stocks in many market sectors throughout the global economy.

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