



Alternative Thinking

Hold the Dip

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“Buy the Dip” has become a popular investment mantra over the past five years. In this article, we look at the longer term and ask a simple question: does it beat “buy and hold”? The short answer is no. One reason is that buy the dip tends to face a headwind—it’s usually positioned opposite momentum. If investors want to add value through timing market entry and exit points, history shows it’s better to align with momentum than to buy the dip, by following the trend.¹

[1] Though a huge disclaimer is necessary: We believe in trend following (see for example Moskowitz et al [2012], Asness et al [2013], Hurst et al [2017], and Asness et al [2017]) but would take very little risk on any single position, preferring to diversify across many—and even then, no directional (or otherwise!) strategy is anywhere near perfect.

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