

## SPREADING IT OUT

### A long-term investment strategy

Buy low, sell high – if only maximizing your investment returns was as easy as it sounds. Of course, the unpredictable nature of the financial markets makes timing them – attempting to buy at the bottom and sell at the top – nearly impossible, not to mention risky. This is especially difficult because stock market rallies tend to occur in spurts. Over time, being out of the market even briefly can significantly diminish your returns.

An investment strategy that might help is dollar-cost averaging – spreading out your investment at regular intervals. For example, let's say you have \$12,000 to invest. Instead of speculating on what day to invest the entire amount in a security that has price fluctuations due to market volatility, you could invest \$1,000 per month over a 12-month time period. By regularly investing a fixed amount, you purchase more shares when the share price declines and fewer shares as the price increases. Over time, dollar-cost averaging may result in a lower average cost per share than investing a lump sum.

### Consider dollar-cost averaging as part of your investment strategy

Compare the difference in the average cost per share if you invested one lump sum of \$12,000 in a fund or used a dollar-cost averaging strategy.

#### Lump sum investment – \$12,000 invested one time

Month	Amount Invested	Cost Per Share	Number of Shares Purchased	Total amount invested (\$12,000) ÷ Total number of shares purchased (176.5)
1	\$12,000	\$68	176.5	Average cost per share= \$67.99

#### Dollar-cost averaging – \$1,000 invested each month over 12 months

Month	Cost Per Share	Number of Shares Purchased	Total amount invested (\$12,000) ÷ Total number of shares purchased (195.8)
1	\$68	14.7	Average cost per share = \$61.29
2	\$70	14.3	
3	\$63	15.9	
4	\$57	17.5	
5	\$51	19.6	
6	\$52	19.2	
7	\$58	17.2	
8	\$55	18.2	
9	\$60	16.7	
10	\$68	14.7	
11	\$73	13.7	
12	\$71	14.1	

This hypothetical example is for illustrative and educational purposes only and does not represent the performance of any particular investment. Fees and expenses that apply to continued investments are excluded.

Investing involves risk, including the possible loss of principal and fluctuation of value.

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A program of regular investing does not assure a profit or protect against depreciation in a declining market. Since a consistent investing program

involves continuous investment in securities regardless of fluctuating prices, you should consider your financial ability to continue purchases through periods of various price levels.

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