MarketWatch

Thetell Blog

Jack Bogle's market advice: 'Don't do something; just stand there'

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Investors should sit tight even after stocks endured a beating in January. That's the takeaway from a Jack Bogle column published on Monday.

Vanguard's founder and retired CEO offers a warning against trading too much due to a rocky market.

He suggests that while buying and selling certainly generates fees for brokerages, it isn't the way to wealth for regular investors. Here's an excerpt from the column:

"The principles of sensible savings and investing are time-tested, perhaps even eternal. The way to wealth, it turns out, is to avoid the high-cost, high-turnover, opportunistic marketing modalities that characterize today's financial service system and rely on the magic of compounding returns."

Bogle writes about Ben Franklin's investing advice, saying the Founding Father had an "acute understanding of the miracle of compound interest."

Bogle -- often called St. Jack for everything he's done for small investors -- also writes that daily trading represents "speculators attempting to garner competitive advantage" but it inevitably reduces the returns earned overall by investors. Here's another excerpt:

"While the interests of the business are served by the aphorism 'Don't just stand there. Do something!' the interests of investors are served by an approach that is its diametrical opposite: 'Don't do something. Just stand there!'"

The full column -- adapted from a speech Bogle made a few years ago -- is available at CNBC.com. Bogle also has his critics, of course, with some writing that "Saint Jack's church tolerates no complexity."

--Victor Reklaitis