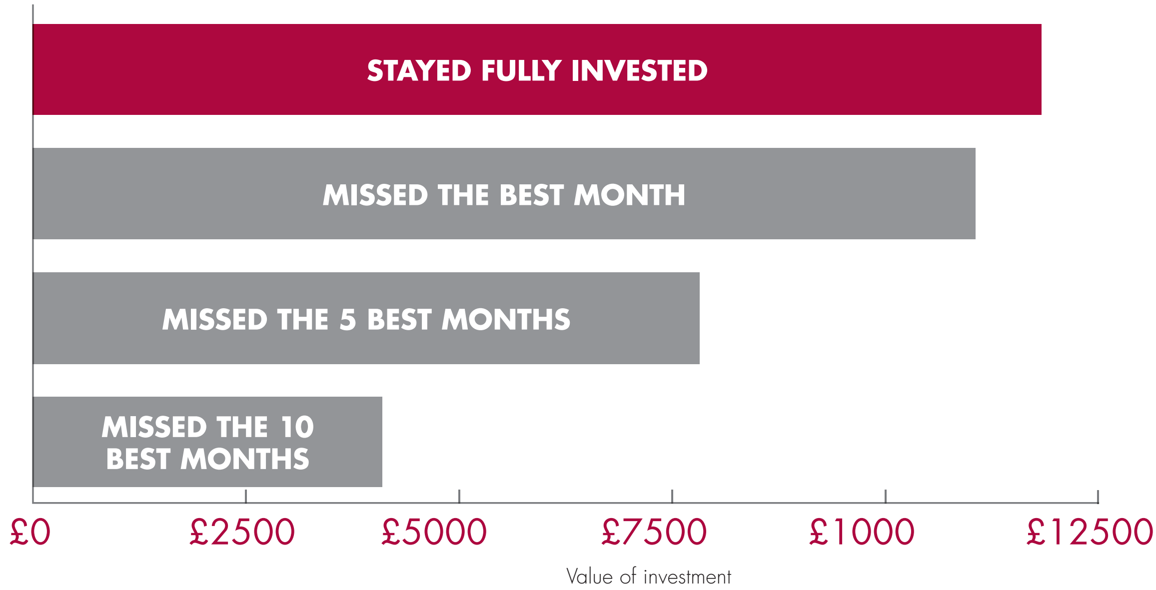
THE IMPORTANCE OF REMAINING INVESTED

There's no shortage of information and opinion provided by the media when it comes to investments and the financial markets. Sometimes the sheer weight of information can make you feel like it's not the right time to be invested.

It can be tempting to try and time the market. The benefits of getting it right are obvious but it's very difficult to predict with any certainty the best time to buy or sell. With the speed that markets move the risk of getting it wrong is very high and can have significantly negative consequences on your investment.

There's a risk that by trying to time your entry, or exit, you could end up selling low and buying high. That means you risk not only suffering the losses you are trying to avoid but compound them by missing out on the highest periods of growth that often follow a fall.

To test this point we have looked at the FTSE 100 over a period of time that covers market falls and also negative media coverage. It shows the returns for investors who stayed invested throughout, compared to the returns of those investors who felt they should sell and missed out on the one best month, five best months, and ten best months.



Source: London Stock Exchange based on investing £10,000 in FTSE 100 01/01/2006 to 31/12/2015

Time in the market, not timing the market

This shows that if you try to time the market and get it wrong you would be significantly worse off than if you stayed invested for the duration. Fortunately, because we recommend investments that our clients understand suit them, the majority have remained invested and enjoyed the rewards

THE VALUE OF PENSIONS AND INVESTMENTS CAN FALL AS WELL AS RISE AND YOU CAN GET BACK LESS THAN YOU INVESTED

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