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Helping you maximise the effectiveness of your financial planning

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Short-term pressure, long-term view

Many investors may feel somewhat battered by the gyrations of the equity markets over the past few months.



Long-term view should be adopted

To put that in perspective, October saw the FTSE100 enjoying its best five-day run since 2011. It recorded a gain of 286 points, or 4.67%. However, this followed a dire summer sell-off, following the Greek economic drama, the slowdown of the Chinese economy with its dramatic bear effect on the Shanghai stock market, the dramatic fall in the oil price, and the threat of interest rate hikes emanating from the USA's Federal Reserve.

The FTSE100 had sunk by as much as 17 percent on August 24th, now known as *'Black Monday'*, this was from its all-time high of 7,104 achieved in April of this year.

This volatility concentrates the investor's mind tremendously and many may have felt tempted to bail out during the dramatic falls. Predicting the future movements of equity markets has proved a difficult task and, as a famous quote states: *"Prediction is difficult, especially when it's about the future"*.



So should they be donning their tin hats, or adopting a more sanguine view on global events?

Historically, equity investments have been a long-term success, as most markets - over the long-term - have returned excellent results. Most fund managers adopt the medium to long-term view on their investment decisions, discounting the short-term blips that are almost inevitable in most markets.

They tend towards investing in well managed, fundamentally sound businesses that portray a strong competitive advantage over their peer group. This investment philosophy is achieved only after their stringent technical analysis of the data available and their professional interaction with the market players.

We are happy to offer our advice on clients investment decisions over all time frames, short, medium and long term, so do not hesitate to call us for our views.