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YOUR FINANCIAL FUTURE MADE REAL

IS IT TIME TO START INVESTING?

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For decades US stability has been a keystone of global finance, and the old piece of financial wisdom is that when America sneezes, the whole world catches a cold. It looks as though the chills are spreading. Stock markets are volatile, and investors appear nervous.

But although it might be tempting to sell up investments, sit on your cash and wait for any crisis to pass, it might actually be time to start investing.

The most appropriate time to start investing is (almost always) today

It is true that there is potential for global recession if international trade is disrupted by US sanctions.

But there is another view. There could be investment bargains to be had when confidence and prices fall. And it is usually not investing at the wrong time that costs us money. It is delaying getting started.

> The sooner you start investing, getting your money working for you, the more time you have for your potential wealth to grow.

Time in the market, not timing the market

Buying stocks when they are at their cheapest and selling them as their value peaks sounds like a recipe for success, but may actually be a recipe for disaster, as share price movements are unpredictable. If you try to time the market, you are just as likely to buy stocks that are cheap, only to watch them become valueless as the business behind them fails altogether.

> Unless you are an investment guru in the same league as Warren Buffett, the legendary investor and chairman of Berkshire Hathaway, it would be unwise to try to time the market.

Plus you will have trading costs to pay every time you make a deal.

A prudent approach could be time in the market – buying a diversified portfolio of sound shares and sticking with them. If you can hold your investment for the long term, at least five years and preferably more than ten, the short-term fluctuations in the market can be smoothed out, and the magic of compound returns can get to work.

You potentially get a return on your investment, from dividends, or capital growth. The second year you get returns on your original capital and the return from the first year. In the third year, you get returns on your capital and the first two years' returns. And so on.

Think of it like a snowball rolling downhill. Even if you start with a small snowball, given enough time, you could end up with an avalanche.

> Investing £200 a month over 40 years, with an average annual return of 10%, could grow to around £1.2M.

So what should you do now?

The first step is to decide to start investing. Whatever the economic climate there's no time like the present.

Choosing a sound investment strategy is second. Simply put, an investment strategy guides your decisions based on your goals, risk appetite, and long-term objectives. A set of sensible guidelines and having the discipline to stick to them is the foundation of rewarding investment.

> How much should you invest? Investing small sums regularly regardless of what's going on in the market means your money has the potential to buy more when prices fall and helps take the emotion out of investing.

If you don't feel that you have enough investment knowledge, investing in a shared fund may be the answer. Your investment decisions can be made for you by an expert manager, and you will have the added security of a diversified portfolio, with a good spread of investments from day one. A Stocks and Shares ISA could make your investment tax efficient .Currently the ISA allowance is £20,000 per annum.

To find out more about getting started in investments, and about creating your investment strategy, call us at Continuum. Remember, the most appropriate time to start could be now, so call us today.

Why the US Dollar Dominates Global Trade: An Economic Perspective

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