



ROBERTS MACKIE WINSTANLEY

INDEPENDENT FINANCIAL ADVISERS

Investment wise

Learning from the past and understanding the present

The key to successful investing isn't predicting the future, it's learning from the past and understanding the present. To give your money its best opportunity to grow, whether you're just starting to build a portfolio or looking to rebalance an existing one, we consider some of the key questions you need to consider to nurture your wealth.

HAVE YOU PARKED TOO MUCH CASH?

You may think cash is a safe haven even in volatile times, or even as a source of income, but the ongoing era of ultra-low interest rates has depressed the return available on cash to near zero. This will leave your cash savings vulnerable to erosion by inflation over time and undermine your long-term investment objectives

ARE YOU TAKING TOO MUCH RISK?

For example, if you are already in retirement, you may need to adjust your portfolio accordingly. If you still have a number of 'adventurous' investments, you may wish to consider reducing your weightings in these holdings. That way, you can realise some of the gains of previous years and reduce the overall risk of your portfolio so you're not placing too much of your future income in jeopardy.

ARE YOU TAKING TOO LITTLE RISK?

If you're investing for a retirement that's more than 30 years away, for example, you may want to consider an 'adventurous' or a 'dynamic' portfolio, with few higher risk, higher potential return investments (such as growth-focused equity funds or perhaps a global or an emerging market fund). The longer the time horizon before you need to withdraw your money, the riskier you can afford to be, as you can ride out a few bumps and dips along the way. Although, of course, your personal attitude to risk is of paramount importance.

DO YOU KNOW YOUR RISK PROFILE?

While a higher-risk approach is generally advocated for those with a greater amount to invest and a longer time horizon, an ability to accept risk is also important. You must be comfortable with short-term losses and happy

to invest for a long period of time to think of yourself as an 'adventurous' investor, for example. If swings in valuation worry you and/or you are closer to retirement, you might prefer to take a 'cautious' stance.

DO YOU HAVE ENOUGH DIFFERENT INVESTMENTS?

One of the ways to reduce the volatility of your portfolio, apart from selecting funds with a lower risk rating, is to diversify your holdings. The greater the spread of funds, the more you reduce your risk. But keep in mind that spreading your assets across too many funds means those that perform strongly will have less impact on overall performance.

DO YOU REINVEST INCOME FROM YOUR INVESTMENTS?

If you don't require the income from your investments, you should consider reinvesting the



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income to boost your portfolio value further. The difference between reinvesting and not reinvesting the income from your investments over the long term can be significant.

IS YOUR INVESTMENT BALANCE SUFFICIENT?

The greater your spread of sectors and asset classes, the less your portfolio will be subject to swings in market sentiment. You could give a greater weighting to your preferred sector but still keep a percentage of your total portfolio in other areas too.

DO YOU MONITOR YOUR PORTFOLIO?

Remember to monitor your portfolio, at least on an annual basis, to prevent sector and country biases creeping in. Go back to your original goals and the sector and country weightings you were trying to achieve. As some of your investments perhaps outperform and others underperform, your portfolio weightings may have shifted. This could mean you've accidentally taken on a higher or lower risk profile than you intended and you need to rebalance – for example, if a volatile fund

has done particularly well, you may want to sell some of your holding to realise those gains and re-invest it into something lower risk.

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HOW CAN WE HELP YOU?

Volatility in financial markets is normal, and investors should be prepared upfront for the ups and downs of investing rather than reacting emotionally when the going gets tough. We can help you consider the issues and opportunities that affect your financial plans and investment portfolio to meet your ambitions and aspirations. To find out more, please contact us.



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