



Principles of Successful Investing

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Successful investing is hard – financial markets are complicated and unpredictable. A better understanding of investment principles will help you avoid some common pitfalls.

Successful investors are marathon runners, not sprinters. Staying invested in the markets over the long term usually gives the best returns. When you see the markets fluctuate, it can be tempting to buy and sell investments to chase short-term

gain, but this rarely helps you meet your longer-term financial goals.

We need to be aware of how emotions can affect our actions. As markets peak, we may all feel excited and be tempted to flood into the market. This is often the worst time to do so, as markets are likely to be over-priced. Conversely, when markets dip, investors often feel panic and the fight-or-flight part of our brains urges us to exit the market. This would lock in your losses. For new investors, this would actually be an opportune time to buy.

Trying to time the market has plenty of risks, particularly the risk of missing out. Exiting the market during a downward trend can mean missing some of the biggest rebound days.

Missing the best few days of a market cycle can significantly affect returns. A hypothetical £10,000 investment in the FTSE All Share Total Return, from January 2005 to December 2014 would have generated a profit of £10,754 if invested throughout. Missing the five best days reduced the profit to £4,278. Missing the 30 best days resulted in a loss of £4,270.



We believe the wisest investors are those who spend time beforehand creating a good long-term strategy, and then have the discipline to stay in the market when necessary. Statistically, they have the best chance of success. Your strategy should be based on your personal circumstances, objectives, time horizon and risk profile. Take professional advice.

Figures do not include fees or charges. The effect of these would reduce the figures quoted.

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“I’m concerned about how my investment portfolio is performing in the current market climate.”

Talk to the people who know.

At Blevins Franks we ensure our clients’ portfolios are well diversified and specifically designed around your objectives and risk tolerance. Importantly, we provide an ongoing service to regularly review your portfolio, adjust it as necessary and deal with any concerns you may have. Our aim is always to give you peace of mind.

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