SAVE & INVEST

Some techniques to think about when you're investing

Whether investing for the first time or looking to improve your approach, a good place to start is with the people who do this for a living.

Here are four techniques the professionals follow that could help you become a successful investor.

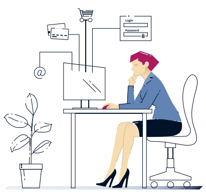
01 Think long term

History shows that patience and commitment tend to reward investors, which is why it's best tackled as a long-term exercise over many years. Timing the markets is something that even professionals admit is virtually impossible.

Your investments will almost certainly suffer periods where they fall in value, but they are also likely to recover if you stick it out. If you think you're going to need the money next year for something like a wedding or holiday, then investing probably isn't the right choice. But if you're looking to build a nest egg for the future, it could be a great approach.

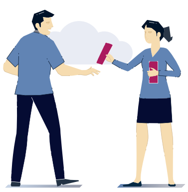
> "Timing the markets is something that even professionals admit is virtually impossible."

EARN



SPEND

Please speak to your financial adviser to find out about other guides in the series.



BORROW

PROTECT

Are you an active or passive investor?

Active funds
Actively managed by a team of professional investors who do all the hard work on your behalf. You pay a management fee when you invest in them. Active management means the managers can change the mixture of investments to adapt to changing market conditions.

Passive funds
Often called index trackers, these come with lower fees, which means more of your money is invested. They passively track an index – like the FTSE 100 in the UK or S&P500 in the US. But there's no active management.

02 Diversify

Diversification is essentially a strategy of spreading your investments across a range of assets rather than putting all your money into a single investment. You've probably heard of the term – don't put all your eggs in one basket? Many professional investors agree that a mixture of different investments is the best way to produce a balanced portfolio. Another route to diversify is by having exposure to different geographical regions around the world. The idea is that when some investments are struggling, others may be rising so you'll get a smoother journey over the long term.

03 Invest regularly

Investing at regular intervals is referred to as 'pound cost averaging', which means investing small amounts of money regularly. It helps you become a little less emotional in your approach because you're investing no matter what state the market is in. It's also a way to avoid being indecisive if you're attempting to time the market. For example, if you suddenly have £1,000 from a bonus or generous relative, instead of investing it all, make a plan to split it into four £250 investments at monthly intervals. This way, your money is less vulnerable to the ups and downs of the market.

04 Consider risk

There's always some risk when you're investing, as you might get back less than you invested. Risk is a personal issue for you, and it can be tricky to work out how much risk you're willing and able to accept and what that means for the types of investments that are best for you. It's a good idea not to check your investment too often even though it can be very tempting. A financial adviser can help here and may suggest you start by investing a small amount and see what happens.

Volatility is a feature of investing and markets have bad months, quarters and years. But the evidence still supports the argument that exposure to the markets can be an effective way to build wealth over time. Speak to your adviser and conduct some research to see which approach is right for you.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

Get in touch

Speak to us to learn more about how to make investing work for your financial goals. **Please get in touch to arrange a time to chat.**

PART OF THE Openwork PARTNERSHIP