Quilter Investors

# Patience and planning are key in uncertain markets

13 March 2020

*Volatility in the investment markets continued on Thursday (12 Mar) as global markets reacted to measures enacted by governments around the world in response to the impact of the Coronavirus outbreak.*

In the UK, the FTSE 100 index fell 10.9% and in the US the Dow Jones Industrial Average index dropped 10% as the US instituted a ban on European travel and countries including Ireland and France shut down large public gatherings in an effort to delay the spread of the virus. These actions, coupled with further uncertainty of what we can expect to see in the coming weeks, means further volatility is to be expected as the pandemic evolves.

Across communities and countries, we see families, business and governments, all looking for the best way to prepare and protect themselves from the outbreak. In such times we all need to prioritise what matters most, and for many that includes making sure that they protect their hard-earned investments. This means it can be hard to sit back and observe the very real impact of the market volatility on your savings.

At these times, as we have seen during previous similar bouts of volatility during global events, one of the most important factors is to maintain a long-term view, rather than trying to compensate for short term losses.

Three key principles that are worth remembering at times such as these are:

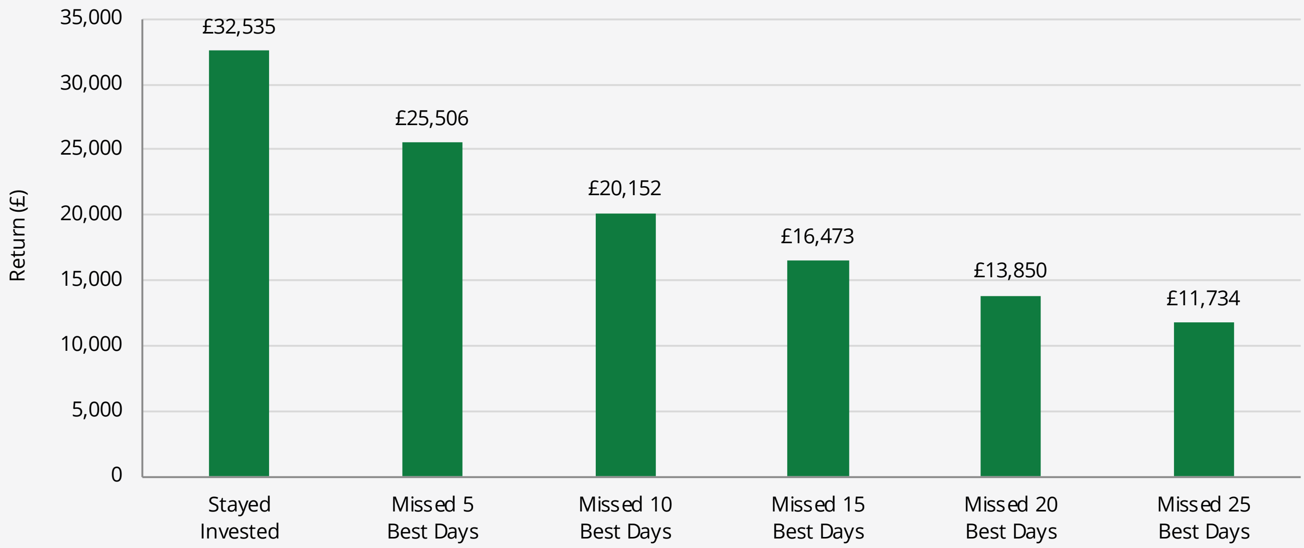
1 *Stick to your plan* – the distraction of short-term market changes does not change the purpose of the long-term plan you originally made with your adviser. Making sudden changes without taking advice could cause longer-term implications, so always talk to your adviser in the first instance.

2 *Remember cash is not always king* – While we all need some cash in case of an emergency, the temptation to move into low risk investment, such as cash may not be the answer. Remaining in a diversified investment solution, which helps spread risk across a range of investments, is important even during widespread volatility to help maintain capital growth, spread risk and position your investments for any subsequent market recovery.

3 *Stay invested* – when markets are volatile, it is tempting to exit the market or switch to cash in an attempt to reduce further expected losses. However, timing these moves is inherently difficult for individual investors. As markets move up and down, being out of the market can actually cause further losses and missed opportunities for recovery.

The chart below illustrates how missing just a few of the best performing days in the global equity market can have a large impact on returns.

As an example, over the last 20 years, using an initial investment of £10,000, an investor who stayed in the markets throughout the period could have had a potential return that is nearly three times greater than that of an investor who missed the best 25 days of the market.




**Past performance is not a guide to the future. The value of units may fall as well as rise.**

Source: Quilter Investors as at 31 December 2019. Based on an initial investment of £10,000 into the MSCI World Index over the period 31 December 1999 to 31 December 2019. Gross return in pounds sterling. The information provided is for illustrative purposes only and doesn't represent the past performance of any particular investment. **It is not possible to invest directly into the MSCI World Index.**

At Quilter Investors we are continually monitoring the latest developments as a team and should the coronavirus outbreak further escalate in the UK as some predict, we have well prepared plans and systems in place for business continuity to enable us to continue managing our portfolios without missing a beat.

**For further insight, read *'Investing through volatile times'* a guide for investors during turbulent markets. If you have any further questions about your investments, please do speak with your financial adviser who can provide further information regarding your portfolio.**

## *Important information*

***Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back any of the amount originally invested. Because of this, an investor is not certain to make a profit on an investment and may lose money. The performance data do not take account of the commissions and costs incurred on the issue and redemption of shares. Exchange rate changes may cause the value of overseas investments to rise or fall.***

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