Quilter Investors

Investing in uncertain times

UK: Suitable for retail and professional clients

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Helping you invest in uncertain times

The current economic conditions present financial challenges. However, history shows that getting financial advice and investing with a long-term outlook is key to achieving your financial goals. Here is your three-step plan.

1. Get financial advice

Speak to a financial adviser and get some expert advice. They can help to put your mind at ease about whether you're doing the right thing. They can also help to take the emotion out of investing and provide an objective view. It may just be the best investment you ever make.

2. Have a long-term financial plan

Your money needs to be in the right place to recover in value and make a profit if markets go up, so it's important not to sell an investment as a knee-jerk reaction if its value goes down temporarily. It's vital to make a long-term investment plan, stick to it, and don't try to time the market.

3. Make sure your investments are diversified

It's best to invest in a range of different places where your money has a chance to grow. You should always hold some funds in cash in case of an emergency, but other investments offer better growth potential and by spreading money across different investment types, it is possible to avoid exposing your portfolio to undue risk.

Over the following pages we've put together some helpful charts and diagrams that demonstrate the benefits and advantages of a long-term, diversified approach to investing.

The advantages of investing early

Compound interest – earning interest on your interest – can have an incredible effect on your investments.

The chart below shows the benefits of investing as early as possible. An investor could have accumulated £50,264 more than someone who started investing five years later, even though they have both made the same £10,000 initial investment. If the other investor wanted to accumulate the same amount, they would need to make an investment of £18,147.

Key takeaways

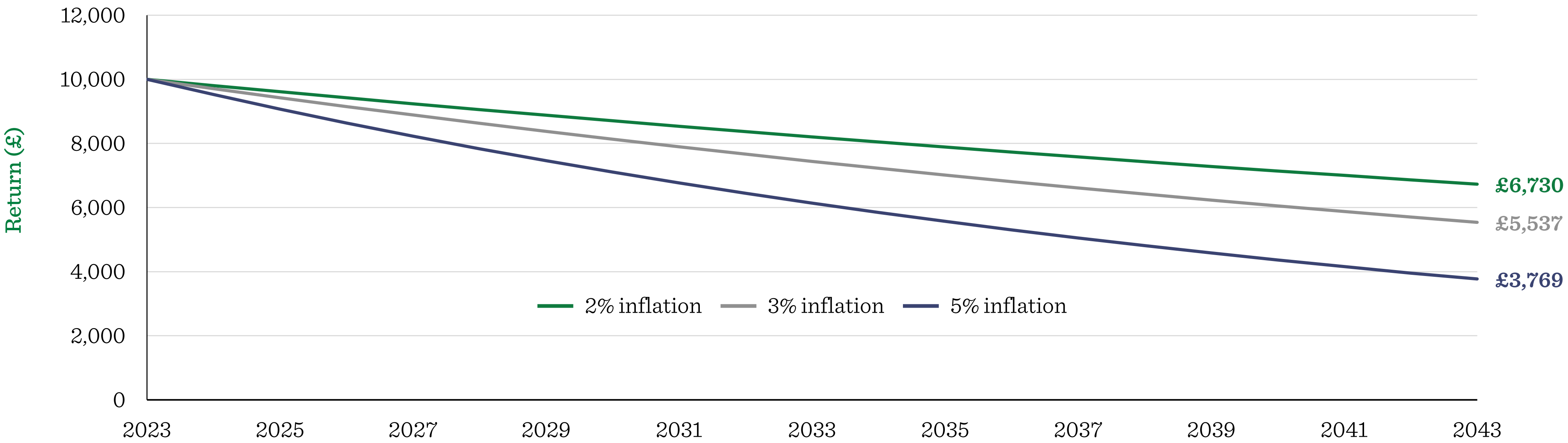
- Invest as early and as soon as you can.
- Grow your investments quicker by earning interest on your interest.
- Avoid withdrawing money to boost the effects of compound interest.

Source: *Quilter Investors as at 30 June 2023. Total return in pounds sterling over period 30 June 1993 to 30 June 2023. Based on an initial investment of £10,000 into the MSCI All Country World Index. 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 an index.*

The dangers of inflation

It is tempting to see cash as a safe haven against market volatility, but inflation can be very damaging to your investments.

The chart below demonstrates how inflation of just three percent, well below the current levels, can reduce the value of cash by almost half over a twenty year period. Inflation can be incredibly corrosive to any savings held in cash.



Key takeaways

- Inflation can be devastating to your savings over the long term.
- Holding your investments in cash does not provide any protection against inflation.
- Cash should only be held for an emergency or for short- to medium-term income purposes.

Source: *Quilter Investors as at 30 June 2023.The information provided is for illustrative purposes only and doesn't represent the past performance of any particular investment.*

The benefits of diversification

By spreading your money across different types of assets, it is possible to avoid exposing your investments to undue risk.

The jumble of colours below – with each colour representing a different type of asset – shows how varied the performance of equities (company shares), bonds, and property has been over the past 10 years. There is no guarantee that the investment that is top in one year will perform well in the next.

Return (%)

	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023
Best	Europe ex UK equities	China equities	US equities	China equities	China equities	US equities	China equities	US equities	UK property	Europe ex UK equities
	UK equities	Japan equities	Global equities	Europe ex UK equities	US equities	Global equities	US equities	Emerging markets equities	UK equities	US equities
	UK property	US equities	Global bonds	Asia Pacific ex Japan equities	Global equities	Europe ex UK equities	Japan equities	Global equities	Cash	Japan equities
	US equities	UK property	Japan equities	Emerging markets equities	Japan equities	Global bonds	Global equities	Asia Pacific ex Japan equities	US equities	Global equities
	Global equities	Global equities	Asia Pacific ex Japan equities	Japan equities	UK equities	Emerging markets equities	Global bonds	Europe ex UK equities	Global equities	UK equities
	Global bonds	Asia Pacific ex Japan equities	Europe ex UK equities	Global equities	Asia Pacific ex Japan equities	Asia Pacific ex Japan equities	Asia Pacific ex Japan equities	UK equities	Japan equities	Cash
	Asia Pacific ex Japan equities	Emerging markets equities	Emerging markets equities	US equities	Emerging markets equities	UK equities	Europe ex UK equities	China equities	Global bonds	Global bonds
	China equities	Global bonds	UK equities	UK equities	UK property	UK property	Cash	Japan equities	Europe ex UK equities	Emerging markets equities
	Emerging markets equities	Europe ex UK equities	Cash	UK property	Europe ex UK equities	Cash	Emerging markets equities	UK property	Asia Pacific ex Japan equities	Asia Pacific ex Japan equities
	Cash	Cash	UK property	Cash	Cash	Japan equities	UK property	Cash	Emerging markets equities	UK property
Worst	Japan equities	UK equities	China equities	Global bonds	Global bonds	China equities	UK equities	Global bonds	China equities	China equities

Key takeaways

- Spread your money across a range of different investments to reduce risk.
- Don’t assume that the past performance of an investment will reflect its future performance.
- Investing in a range of assets is likely to be more successful than trying to pick just one or two.

Source: *Quilter Investors as at 30 June 2023. Total return, percentage growth in pounds sterling. Discrete annual returns over period 1 July 2013 to 30 June 2023. Global bonds is represented by the Bloomberg Global Aggregate Index; UK equities is represented by the MSCI United Kingdom; UK property is represented by the IA UK Direct Property sector average; Global equities is represented by the MSCI All Country World Index; China equities is represented by the MSCI China Index; Emerging markets equities is represented by the MSCI EM (Emerging Markets) Index; Europe ex UK equities is represented by the MSCI Europe Ex UK Index; Japan equities is represented by the MSCI Japan Index; US equities is represented by the MSCI North America Index; Asia Pacific ex Japan equities is represented by the MSCI AC Asia Pacific Ex Japan Index; and Cash is represented by the Bank of England Base Rate. 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 an index.*

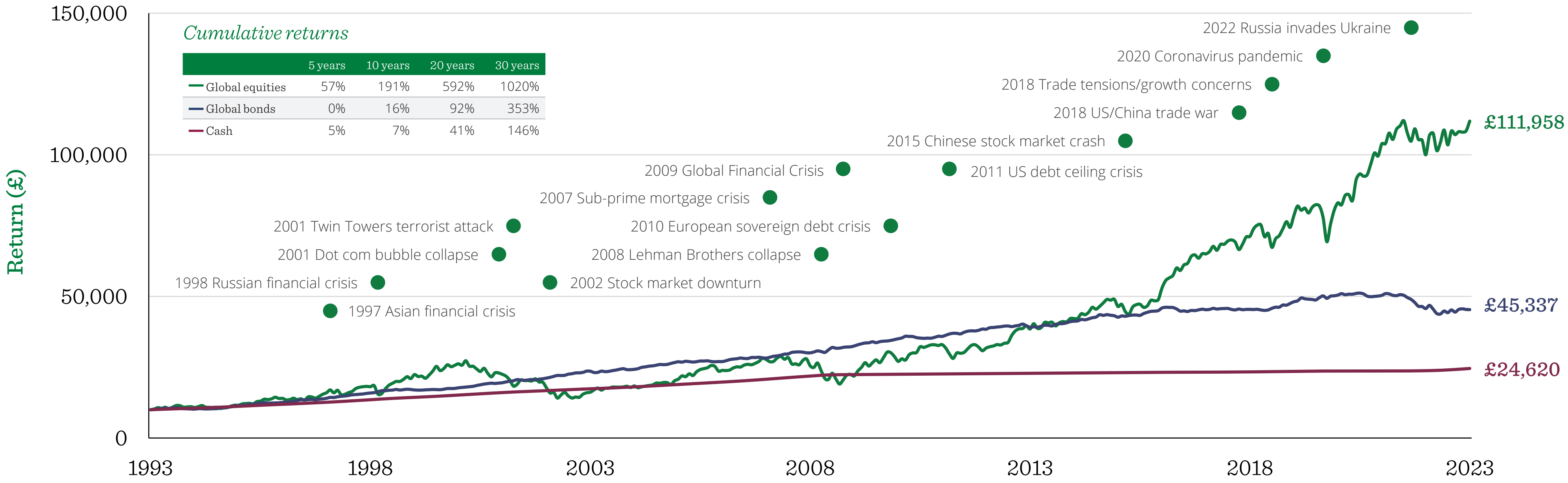
The importance of investing for the long term

Investing with a long-term outlook is the best way for you to reduce the impact of stock market fluctuations and to grow your investments over time.

The chart below shows that over the long term, there is an upward trend of returns from equities and bonds, despite the short-term volatility caused by major events. In fact, an investment into global equities could have grown by more than 1020% over the past 30 years.

Cumulative returns

	5 years	10 years	20 years	30 years
Global equities	57%	191%	592%	1020%
Global bonds	0%	16%	92%	353%
Cash	5%	7%	41%	146%



Key takeaways

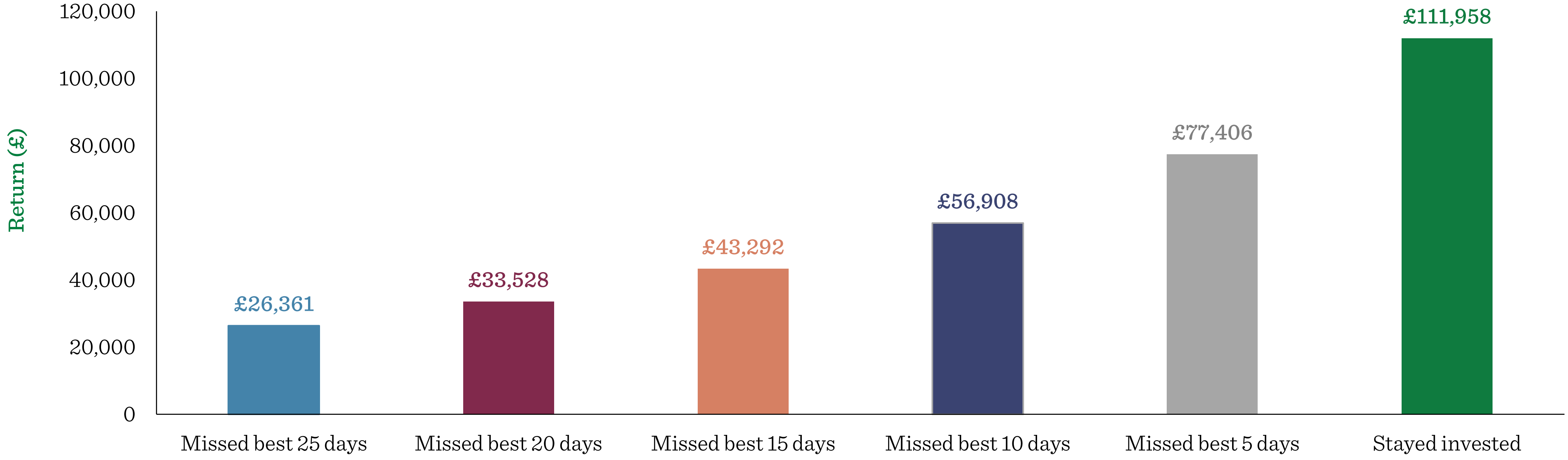
- Don't let short-term blips distract you from your long-term plan.
- People who stay invested are more likely to see their investments recover.
- Investing over the longer term (five years or more) is more likely to be successful.

Source: *Quilter Investors as at 30 June 2023. Total return in pounds sterling over period 30 June 1993 to 30 June 2023. Based on an initial investment of £10,000. Global equities is represented by the MSCI All Country World Index; global bonds is represented by the Bloomberg Global Aggregate Index; and cash is represented by the Bank of England Base Rate. 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 an index.*

The reward of staying invested

During periods of volatility it can be tempting to exit the market but missing just a few of the best days can have a big impact on your overall return.

The chart below shows that staying invested in global equities over the past thirty years, could have a delivered potential return more than four times greater than that of an investor who missed the best 25 days during the same period.



Key takeaways

- Time in the market is usually more successful than trying to time the market.
- Keeping your money invested means you can benefit from any upsides or bounces.
- Missing just a few good days can significantly reduce how much your investment grows.

Source: *Quilter Investors as at 30 June 2023. Total return in pounds sterling over period 30 June 1993 to 30 June 2023. Based on initial investment of £10,000 into the MSCI All Country World Index. 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 an index.*

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