

# KEEPING INVESTED FOR THE LONG TERM

Basing investment decisions on what has happened over a few days, rather than over longer time periods, rarely makes sense for investors.



## Choosing the right level of risk

Selecting the right level of risk for you is essential. Too much risk for your circumstances could lead to sleepless nights and you could lose money you cannot afford to. Too little risk and you might not achieve your long-term goals. If you are investing and have a long-time horizon, you are likely to make more money by carefully investing in a mix of assets like stocks and bonds, rather than restricting your investments to interest on savings.



## Investing for the long term

How much you allocate to higher risk assets like stocks versus lower risk assets like bonds will depend on factors such as your investment objectives and your ability to tolerate risk. Long-term investors are usually comfortable investing a higher percentage of their money in stocks because the risks may provide greater rewards in the long term.



## Markets go up and down

There's no escaping volatility when investing: markets go up and down. But if you're still worried, you should lower your expectations for future returns by buying safer - but lower growth - options. The history of asset class returns shows that in developed markets stocks typically outperform their government bond counterparts over the long term but they do experience frequent large drops in value.



## The benefits of compounding

Time is your greatest friend as an investor. Compounding simply refers to the benefit you get by reinvesting any returns you receive on your investment rather than taking any profit. For compounding to work its magic requires the reinvestment of investment returns and time. A bigger pot of money each year means the interest or returns you can potentially receive is greater.

“ **Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn't pays it.** ”

Believed to have been said by **Albert Einstein**



## THREE INVESTING TIPS FOR THE LONG TERM:

1

**Volatility is inherent in investing.** If you're investing for the long term, daily movements in the market shouldn't be your main concern.

2

**Choosing the right level of risk** for your long-term goals is essential.

3

When you make investments over a long period of time, **the benefit of compounding potentially helps to grow your investment.**

## **Important information**

These materials are for information purposes only and are intended to broaden readers' awareness of financial markets and of the investment management industry. No part of the materials should be construed to represent financial advice or an offer to buy, sell or otherwise participate in any investment activity or strategy. The content is based on information sources that are deemed reliable at the time of writing. The information presented can be changed without prior notice. Architas has no express or implied warranty, guarantee or statement as to the accuracy, suitability or completeness of the information provided. All rights are reserved. Without the prior consent of the copyright holder, no part of this publication in any form or by any means (mechanical, by photocopy, recording, or otherwise) is allowed to be published, copied or emailed or stored in an information system. These materials originate from Architas Limited ("Architas"). Architas is a company registered in England No. 02638607, registered office: 20 Gracechurch Street, London, EC3V 0BG. These materials are not intended for audiences in the United States of America.