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GUIDE TO

INVESTING PRINCIPLES

10 fundamentals you need for investing success

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INVESTING PRINCIPLES

10 fundamentals you need for investing success

Everyone has a different idea of what money means to them. Having a financial plan can help you get where you want to be. The reality is that investors who make the effort to plan for the future are more likely to take the steps necessary to achieve their financial goals.

Your financial plan should take into account any current investments, your knowledge of financial markets, your tolerance for risk, how much you plan to invest and your overall investment objectives.

Always a good time to begin investing

Start by taking some time to set out your investment goals. Look at the big picture. How do you see yourself down the road? Set financial goals by writing down what you want to accomplish and by when.

Investing can help you grow your money faster than simply saving, but it can also be a little daunting knowing where to begin. You may think the volatile global stock markets may not be the ideal starting point for new investors, but it's always a good time to begin investing.

Power of compounding returns

The power of compounding returns over decades is potentially enormous if you save consistently and invest in the financial markets. You can start small but get started.

If you are contemplating investing and looking to take your first steps, we've provided our 10 fundamentals you need for investing success to get you started.

1. Have a plan

To start off with, it's important to have a plan for your investments. This means having an idea of what you're trying to achieve and how you're going to get there. Are you looking to invest for a specific goal? Are you looking to achieve investment growth, income or both? Ultimately, without a plan, it's easy to get off track and make decisions that aren't in line with your investment goals.

2. Start small

You don't need a large sum to start investing. In fact, drip-feeding what you can afford each month – or gradually whittling away a lump sum – could be beneficial during times of stock market turmoil and economic uncertainty.

Your money buys more shares at a cheaper price when the market falls, and fewer shares at a higher price when the market rises. This averages out the price at which you buy investments and, over time, could help to smooth portfolio performance.

3. Use your tax allowances

Remember your Individual Savings Account (ISA) allowance, which renews annually on 6 April. This currently amounts to £20,000 for the 2022/23 tax year. Investments inside an ISA grow tax-efficiently, which means more of your money goes towards achieving your future goals.

4. Be patient

Investing is a long-term process, that's why it's important to be patient. Don't try to time the market or make decisions based on short-term fluctuations. Instead, focus on your overall investment goals and stick to your plan.

5. Diversify

As the saying goes, 'Don't put all your eggs in one basket.' When you diversify, you spread your risk across different investments and sectors, which can help you weather the ups and downs of investment markets. Asset allocation and diversification can help you build an investment mix with the potential for growth and the right amount of risk for you that helps you feel comfortable.

6. Review your portfolio

Your investment portfolio should be reviewed on a regular basis. This will help you make sure that your investments are still in line with your goals and that you're not taking on too much risk with where your money is allocated.

“Investing isn’t always smooth sailing. There will be times, as we’ve seen in recent years, when the market is down or your investments don’t perform as well as you’d like.”

7. Stay disciplined

Investing can be emotional, which is why you need to stay disciplined. Don’t let greed or fear influence your decisions. Instead, keep focused on your goals and stick to your plan.

8. Have a time horizon

When you’re investing, it’s important to have a time horizon in mind. This is the amount of time you’re willing to wait for your investments to grow. For example, if you’re investing for retirement, you’ll likely have a longer time horizon than someone who’s investing to fund a child’s further eduction.

9. Be prepared for bumps in the road

Investing isn’t always smooth sailing. There will be times, as we’ve seen in recent years, when the market is down or your investments don’t perform as well as you’d like. It’s important to be prepared for these bumps in the road and have a plan for how you’ll handle them.

10. Seek professional advice

If you’re not sure where to start or how to create a diversified portfolio, seek professional advice. We’re here to provide you with the guidance you need to make smart investment decisions and take your first steps. ■

PROFESSIONAL EXPERT INVESTMENT ADVICE AT YOUR SERVICE

Investing can be complicated. It can be hard to know where to begin if you don’t have much experience. We are here to help you understand how to invest, make the most of your money and achieve your financial goals. If you are ready to start your investment journey or want discuss any existing investments goal, please get in touch.

HAVE YOU DECIDED TO INVEST AND ARE NOW READY TO BEGIN MAKING YOUR MONEY WORK HARDER?

Would you like to know whether investing is also suitable for you? And which type of investment may be suitable for you? Committing to a plan can put you on the path to building wealth.

To discuss your plans for the future and how we can help, please contact us

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