Trinity

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Investment time horizons. What's yours?

What have the following companies got in common? Jawbone, Juicero, Yik Yak and Lily? Apart from the fact that you may not have heard of them (!) it's that they are all start up companies that went bust in 2017! At their peak they had a combined value of $3.6bn.

Many investors will have been seduced by the optimism that pushed the share prices so high only to find the earnings weren't deliverable and the share price come crashing down!

Investing in shares can be a risky pursuit and it isn't just in the area of small businesses. Think Blockbuster, Lehman Brothers, Enron all of whom were looked on as large established Corporations before the unthinkable happened.

This is why it is better to invest in a collective investment such as an OEIC or an investment trust that has sufficient diversity to absorb a single stock capitulating.

There's a worrying trend with investors to look for short term profit. The art of being patient is leaving us. If you want to be rich, spend less than you earn and do it for a long time.

If you are going to invest, it is important that you consider your time horizon with your adviser. That was they can construct a portfolio which takes into account how much volatility can be tolerated. If your time horizon is 20 years you can afford a greater degree of volatility in the short term than if you require funds in 6 years time. The longer the investment, the more equity it can afford to contain.

Trinity construct model portfolios which not only consider each investors risk tolerance, but also the timescale for achieving their goals. (This is done by firstly doing Financial planning) and we encourage our clients to take the long view and not to be distracted by short term noise!

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