

For customers

# Take a long-term view of investing

When markets are volatile, it can be tempting to get out and reinvest when performance improves. But that isn't necessarily the best course of action. Here's why.

## Market timing

In an ideal world, you'd be able to predict how markets will perform, buying at the lowest price and selling at the highest price. This is called market timing.

In reality, that's something that's very difficult to get right, especially in times of volatility, and getting the timing wrong can have a dramatic effect on the performance of your investment.

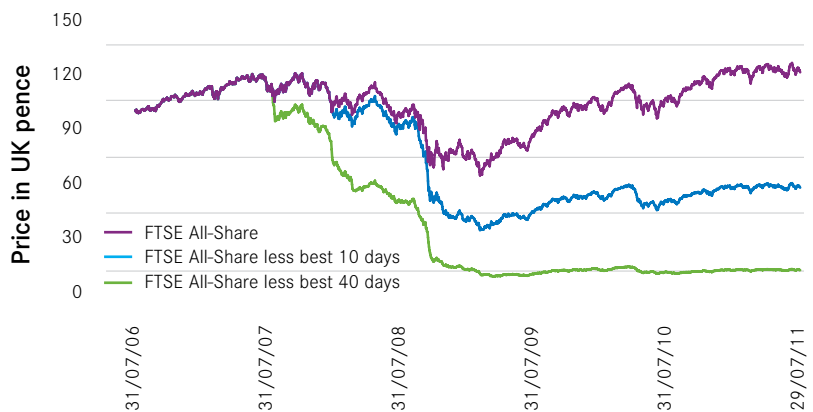
Taking your money out at the first sign of the market going down can prove particularly bad, as big dips could be followed by big increases. So while you may be tempted to sell your investment because you're worried about how much more you could lose, by doing that, you risk missing out on gains when the market recovers.

## Sit tight

The long-term performance of shares (also known as equities) shows that it can be more dangerous to move in and out of the market than sitting out market cycles.

The graph opposite shows that investors who remained fully invested in the UK market over the last five years would have received a positive return of 20.2%. It also shows that investors who missed out on the best 10 days would have seen a loss of around 41.4% and those who missed out on the best 40 days would actually have seen a loss of around 85.5%.

FTSE All-Share performance over the last five years



Source: Lipper from 31 July 2006 to 29 July 2011 on a mid-to-mid basis with gross income reinvested. UK shares are represented by the FTSE All-Share TR Index. Produced using Hindsight 5 by AEGON.

The table below shows in figures what the above graph represents.

## Returns over five years – effect of missing days

Index	Fully invested	Missing best 10 days	Missing best 40 days
FTSE All-Share	20.2%	-41.4%	-85.5%

Source: Lipper from 31 July 2006 to 29 July 2011 on a mid-to-mid basis with gross income reinvested. UK shares are represented by the FTSE All-Share TR Index. Produced using Hindsight 5 by AEGON.

Please note: an investment's past performance is no guide to its future performance. The value of investments can go down as well as up and is not guaranteed. You may not get back the amount originally invested.

Speak to your financial adviser today about the potential long-term benefits of investing in stock markets.



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