Great Fall of China

It probably hasn't escaped your notice that global investment markets are currently going through a bit of a rough patch. We have seen over the last couple of weeks fairly dramatic falls in global investment markets across the globe.

There are a number of reasons for this including a stock market crash in China and the price of oil continuing to fall as we move closer to the first rate hike from the US Federal Reserve.

However, all the factors that are causing the volatility are all things that we can't control. It is important at times like this not to panic and to focus on the things we *can* control.

Your financial plan

Remember, your investments and pension products are just tools we use to help you achieve your long-term financial and lifestyle objectives. Having a long-term plan is far more important to your financial future than short-term fluctuations in the value of your holdings.

Selling or cashing in your investments when markets fall is one of the most common mistakes investors make. When the value of your investments fall it is more important than ever to be disciplined and stick to the plan.

Diversification

One of the most important aspects of the Harvey Curtis investment philosophy is diversification. In simple terms this means not putting all your eggs in one basket. For more information about the importance of diversification please see our Investment Philosophy, which can be found on our website

http://www.harveycurtis.co.uk/images/uploads/library/Our_Investment_Philosophy.pdf

It is more than likely that your investment will be diversified across a number of different asset classes such as shares, fixed interest securities and property. Not all of these asset classes will behave in the same way at the same time; as some asset classes fall in value some may increase in value.

A high level of diversification will help reduce the fluctuations in the value of your investments even when individual asset classes are behaving in a volatile manner.

Suggested action

It is important not to make any knee-jerk decisions in times of volatility. It is very often the case that the best investment returns are achieved by remaining invested, rather than reacting to short-term fluctuations in value. Stock market falls are inevitable, but they are generally followed by a recovery. As such, we recommend that you sit tight, stick to the long-term plan and ride out this period of volatility.

Investment markets are likely to remain volatile over the forthcoming months and if you are very worried and uncomfortable with the value of your investments fluctuating you should discuss this with your Financial Planner.

If you take regular income from your investments or pension drawdown, and have money held in cash that you could use to cover your expenditure, it may be worth considering stopping your regular withdrawals while values are depressed. This will give your investment values a better chance of recovery once values start to bounce back. If you would like to discuss this with your Financial Planner please do not hesitate to give us a call.