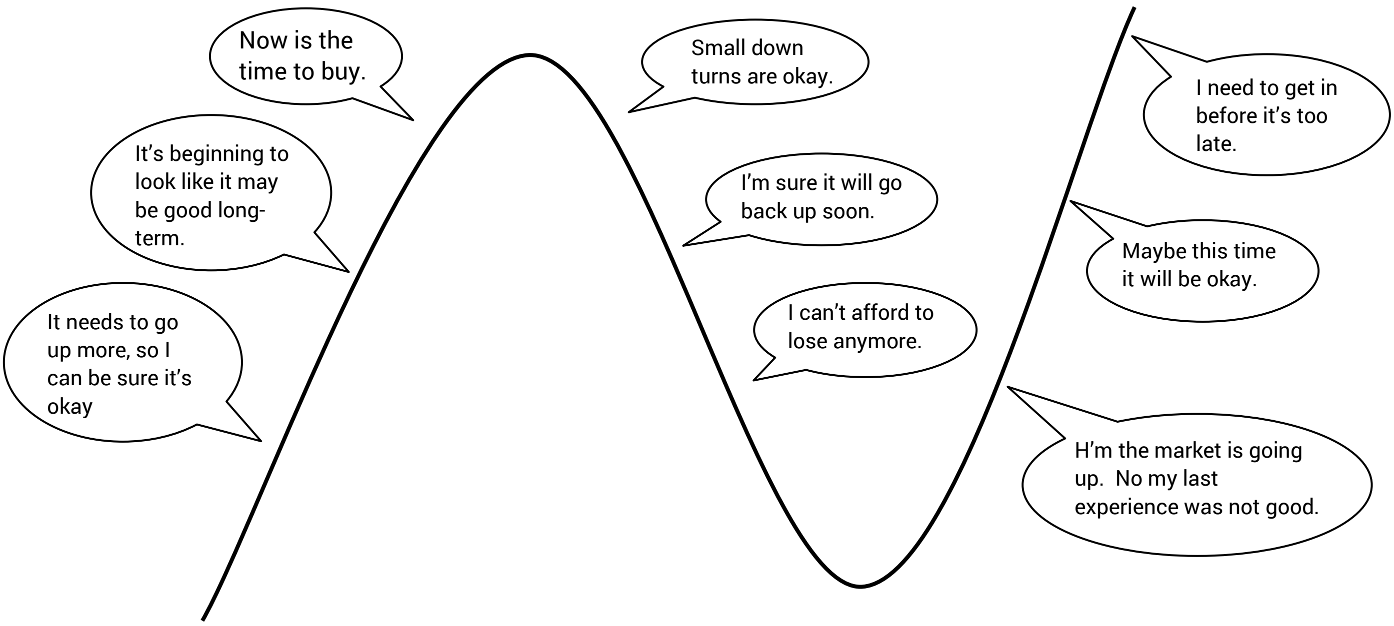
Investing – it's time not timing

May 2015

There is a saying about investing - *'it's time, not timing that is important'.* You cannot get a good 10 year average return, if you are not invested in the markets for 10 years. As an investor therefore, you need to have a clear understanding of what you are trying to achieve, and have patience while you achieve it.

"it's time not timing that is important"



History has shown that the values of shares generally goes up, but along the way go both up and down. Historically, falls in share markets are generally followed by rises and, market ups and downs tend to be cyclical. However, each cycle is not the same as the last, and in each case it's almost impossible to say when the top or the bottom of the cycle has been reached, or how long the cycle will last. Even the experts find it difficult to guess market movements before they happen.

Very rarely do investments all move in the same direction. The investment markets are dynamic, and there are many things that can have an impact on the value of an investment at any point in time. Global economic and political conditions, including inflation and one off events (such as oil shocks), all influence the current value of an investment, along with local events and conditions. At the same time investor confidence has a significant influence and can dominate over the short-term. Because the investment markets are dynamic, often by the time the data is available that shows an economy has slowed down, the share market may be positioning itself for a recovery with share prices rising and vice versa. Waiting to invest until it is clear that an economy is growing can therefore result in missing a market upturn.

Successful savers take a long-term view. Over a longer period, the evidence is that carefully chosen investments will progressively increase in value. It therefore pays to be patient, and understand the benefits time, not timing, will bring. At times when the market fluctuations lead to returns that are low or negative, it pays not to automatically sell an investment. Instead, put the negative short-term return in the context of the normal pattern of returns that arise from market ups and downs.

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