### November 2022 | Investment perspectives

# Stay focused on your investment objectives



# Although it's easy to feel nervous when the going gets tough in financial markets, history shows that patience and commitment tend to reward long-term investors.

Investing hasn't been easy this year. A series of events have combined to create challenging conditions, with central banks increasing interest rates to tame persistently high inflation, which has been exacerbated by the war in Ukraine and disruptions to energy supplies. The pace of economic growth has slowed and as the outlook for company profits has weakened, stock markets have fallen.

What should investors do? The first thing to remember is that markets have almost always recovered from falls in the past and there's every reason to expect they will do so again. Yet it can take time, which is why it's important to remain invested when conditions are challenging.

## Looking forward

Although investing is difficult right now, history shows that markets tend to rise over the long-term (figure 1). Staying invested in a diversified portfolio that's appropriate for your situation and objectives has been a successful approach through previous geopolitical crises, wars, pandemics and recessions – and is likely to continue to do so.

#### Figure 1: UK equity valuations and long-term returns

Although there have been five bear markets since 1980 and other short-term falls, the long-term trend has always been higher.



Analysis based on MSCI World Index in sterling from 31 December 1979 to 21 June 2022. Bear markets are characterised by a fall of over 20% over a period of more than two months. As such, the sharp but short-lasting correction seen in early 2020 during the first wave of Covid-19 is not included as a bear market. Source: Bloomberg.

#### www.omnisinvestments.com

Issued by Omnis Investments Limited. This update reflects the views of Omnis at the time of writing and is subject to change. The document is for informational purposes only and is not investment advice. We recommend you discuss any investment decisions with your financial adviser. Omnis is unable to provide investment advice. Every effort is made to ensure the accuracy of the information but no assurance or warranties are given. Past performance should not be considered as a guide to future performance.

The Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC are authorised Investment Companies with Variable Capital. The authorised corporate director of the Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC is Omnis Investments Limited (Registered Address: Washington House, Lydiard Fields, Swindon SN5 8UB) which is authorised and regulated by the Financial Conduct Authority.

**O**mnis

Even professional investors acknowledge how difficult it is to time the markets with any degree of accuracy. If you sell when your investments have fallen in value, you'll risk missing out when they recover.

#### **Active investors**

At Omnis, we're committed to being active investors. We only work with investment managers that have long-term experience of investing across different market conditions. This approach should give you confidence that your money is being managed by professionals who can look through the market noise and seek attractive long-term investment opportunities.

You can also be assured that the Omnis team are continuously monitoring our investment managers to ensure they are on track to deliver the long-term objectives of our funds. If you have any questions about your investments then please speak to your financial adviser.