

# 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.

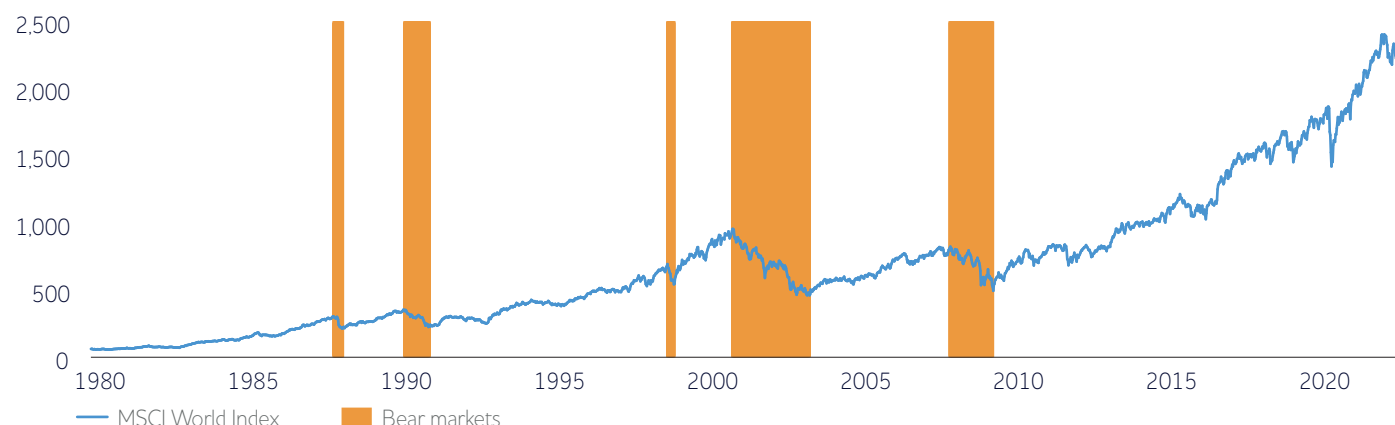
What should investors do? The first thing to remember is that markets have almost always recovered from falls in the past and there's every reason to expect they will do so again. Yet it can take time, which is why it's important to remain invested when conditions are challenging.

## 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.

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