Market Insights

Seven Principles for successful long-term investing

Tried and tested techniques to achieve your financial goals

J.P.Morgan
ASSET MANAGEMENT

The key to successful investing isn't predicting the future, it's learning from the past and understanding the present.

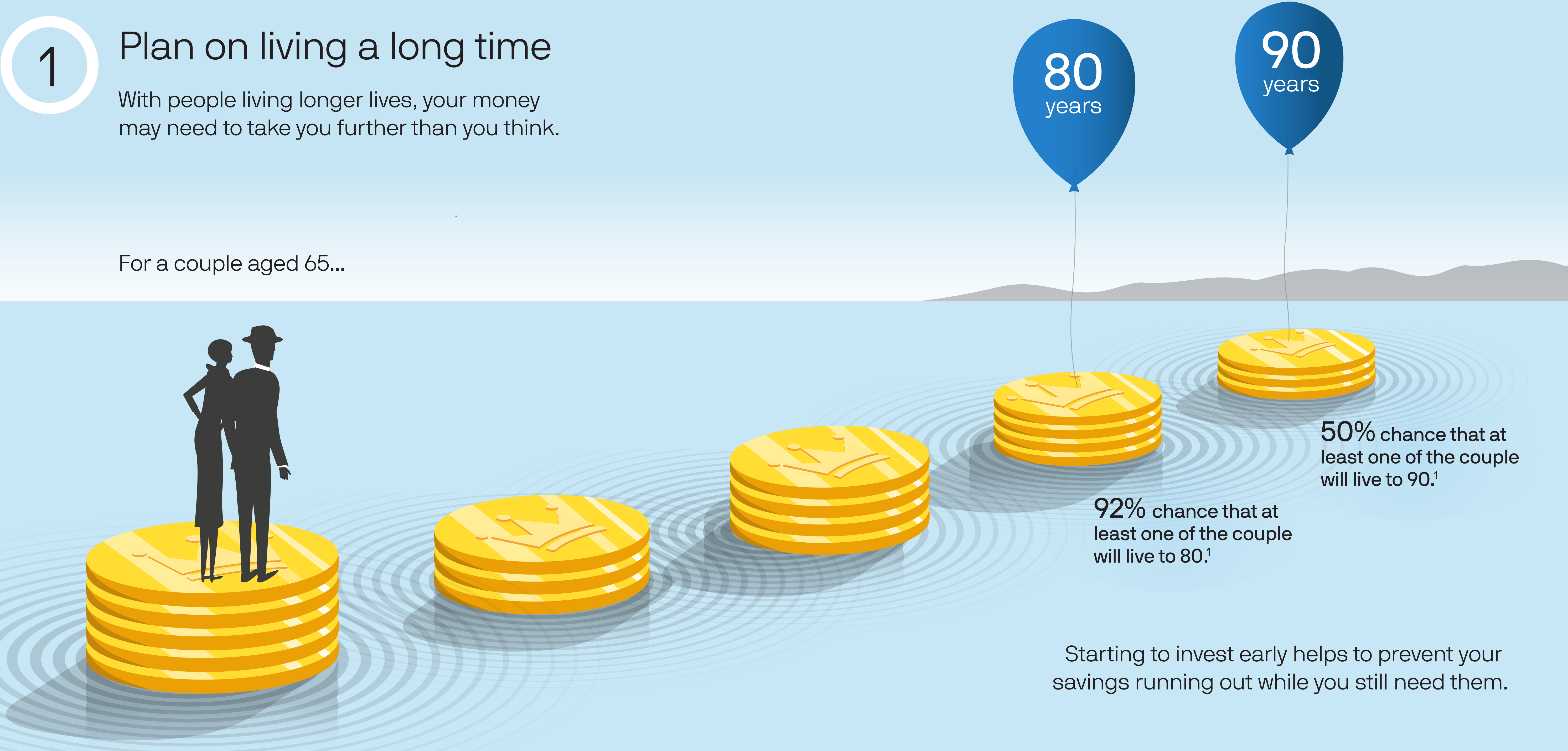
We present seven time-tested strategies to help you navigate today's challenging markets and achieve tomorrow's goals.

Contents

1 Plan on living a long time

With people living longer lives, your money may need to take you further than you think.

For a couple aged 65...



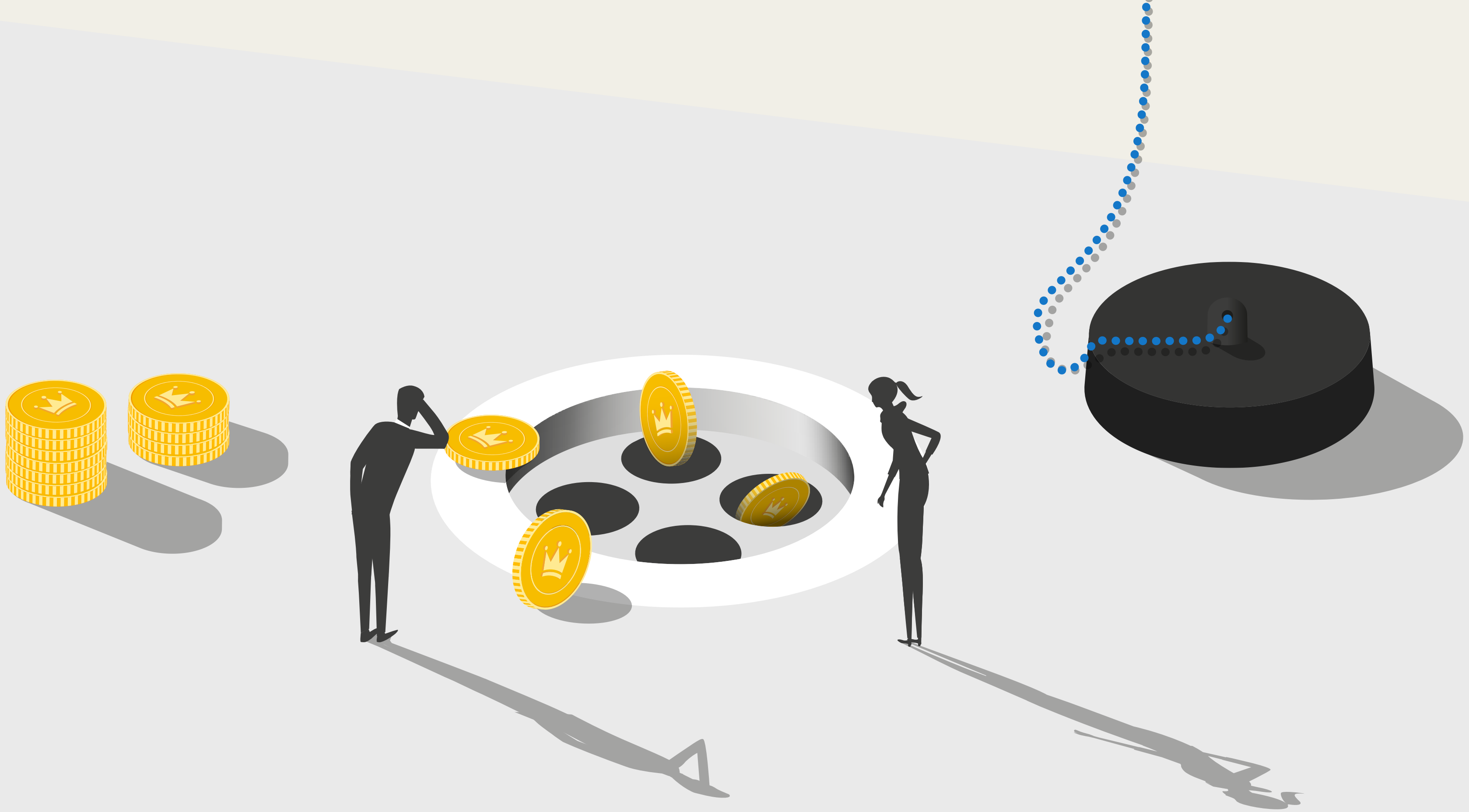
92% chance that at least one of the couple will live to 80.[1]

50% chance that at least one of the couple will live to 90.[1]

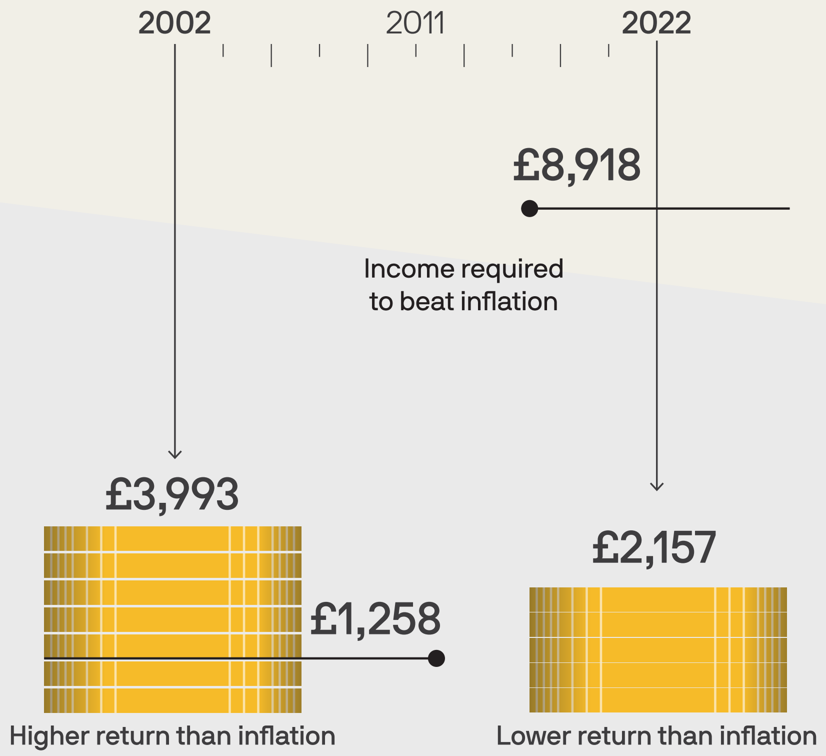
Starting to invest early helps to prevent your savings running out while you still need them.

2 Cash is rarely king

Even with increased interest rates, inflation continues to erode returns on cash.



Interest earned from £100k of savings in a UK bank deposit account over a 12-month period.[2]



Investing can help the value of your savings outpace inflation.

Forecasts are not a reliable indicator of future performance.

3 Start early and reinvest income

Starting early gives your investments more time to grow...

...and if you reinvest the income you earn, you may be able to reach greater heights.

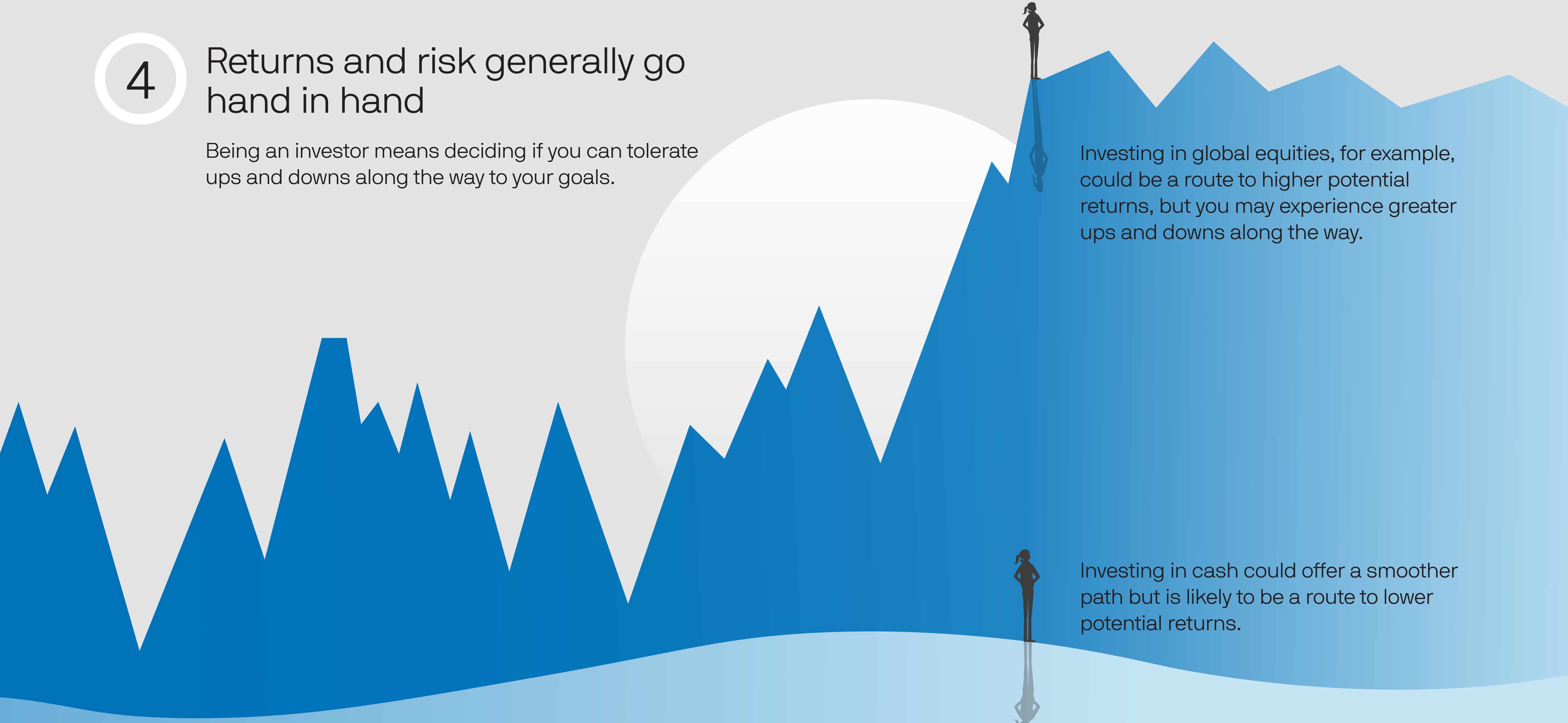
£5,000 invested annually, starting at 25, with 5% growth per year and income reinvested.[3]

£5,000 invested annually, starting at 35, with 5% growth per year but without income reinvested.[3]

Forecasts are not a reliable indicator of future performance.

4 Returns and risk generally go hand in hand

Being an investor means deciding if you can tolerate ups and downs along the way to your goals.



Investing in global equities, for example, could be a route to higher potential returns, but you may experience greater ups and downs along the way.

Investing in cash could offer a smoother path but is likely to be a route to lower potential returns.

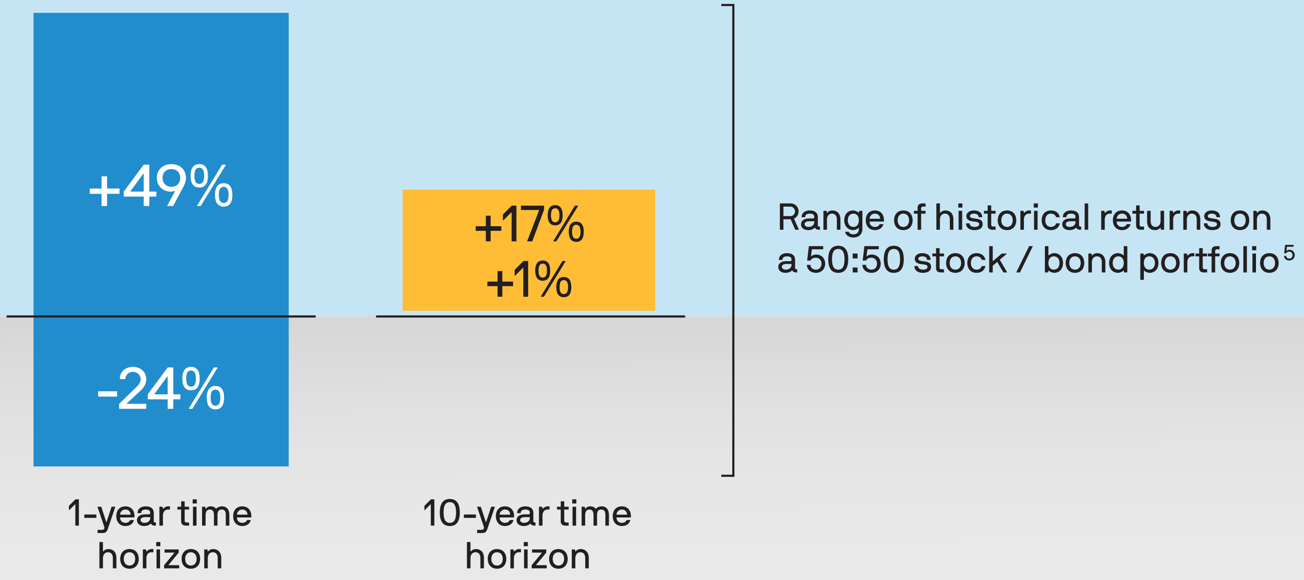
5 Volatility is normal

When market conditions are changeable, it can be tempting to alter your route. But if you've made a good plan for your journey, it's often best to stay the course.

Past performance is not a reliable indicator of future results.

6 Timing the market is difficult

It's notoriously tricky to buy at the bottom of the market and sell at the top.



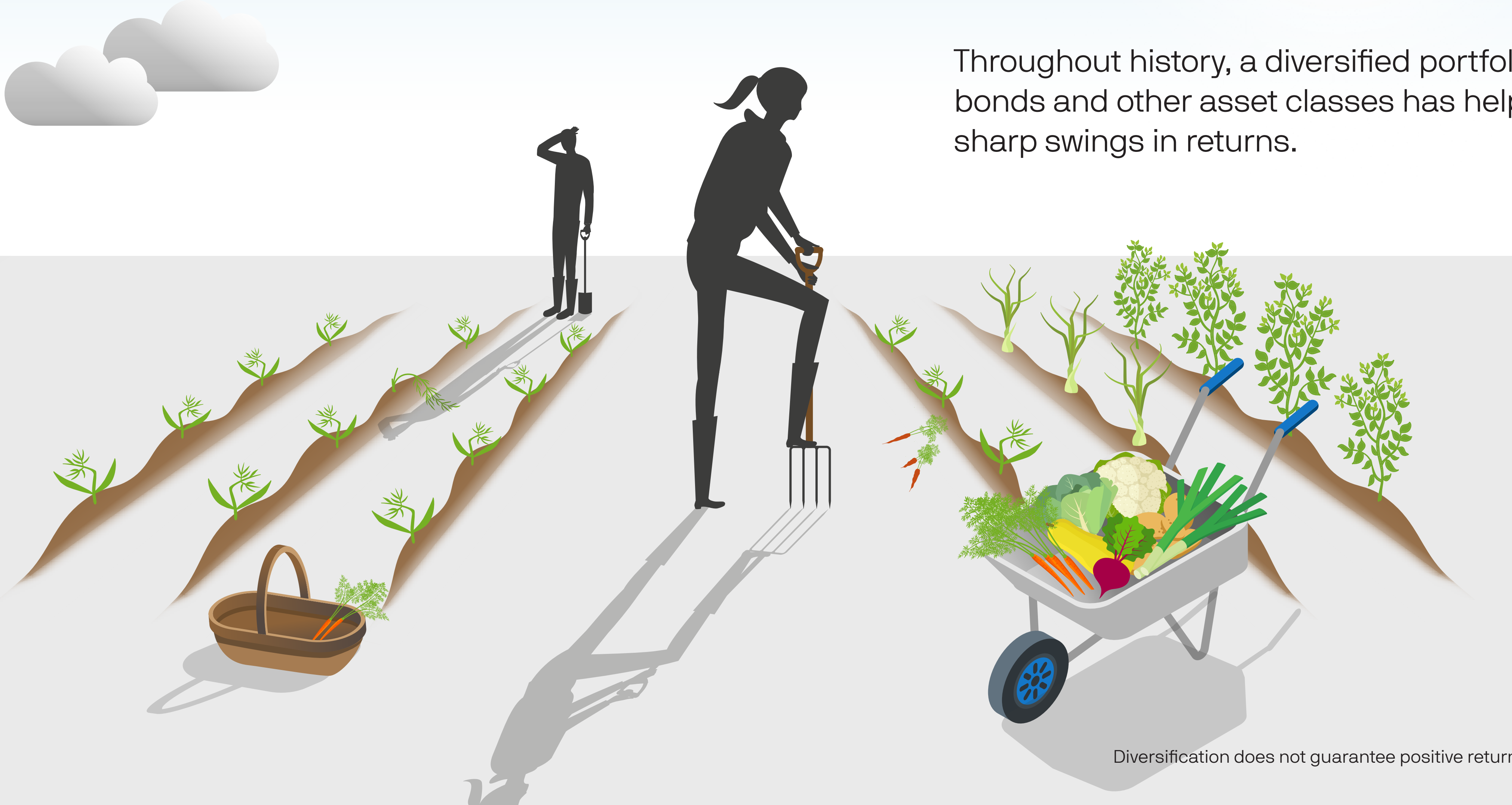
Getting the timing right is notoriously difficult - and staying invested has often proved to be a better way of achieving a brighter future.

Past performance is not a reliable indicator of future results.

7 Diversification works

Volatile conditions can hit individual asset classes hard, risking a poor harvest if you only grow one crop.

Throughout history, a diversified portfolio of stocks, bonds and other asset classes has helped to limit sharp swings in returns.



Diversification does not guarantee positive returns and does not eliminate the risk of loss.

Notes

Appendix

1. Source: ONS 2018-2020 Life Tables, J.P. Morgan Asset Management. Guide to the Markets - UK. Data as of 31 December 2022.
2. Source: ONS, Refinitiv Datastream, J.P. Morgan Asset Management. Data shown are averages over the course of the calendar year. Guide to the Markets - UK. Data as of 31 December 2022.
3. Source: J.P. Morgan Asset Management. For illustrative purposes only, actual investments may incur higher or lower growth rates and charges. Based on FTSE All-Share Index and assumes no charges. Guide to the Markets - UK. Data as of 31 December 2022.
4. Source: FTSE, Refinitiv Datastream, J.P Morgan Asset Management. Returns shown are price returns in GBP. Intra-year decline refers to the largest market fall from peak to trough within the calendar year. Returns shown are calendar years from 1986 to 2022. Guide to the Markets - UK. Data as of 31 December 2022.
5. Source: Bloomberg Barclays, Refinitiv Datastream, S&P Global, Strategas/Ibbotson, J.P. Morgan Asset Management. Large cap equity represents the S&P 500 Composite and Bonds represents the Strategas/Ibbotson US Government Bond Index, the US Long-term Corporate Bond Index until 2000 and the Bloomberg Barclays US Agg. Corporate – Investment Grade Index from 2000 onwards. Returns shown are per annum and are calculated based on monthly returns from 1950 to latest available and include dividends. Guide to the Markets - UK. Data as of 31 December 2022.

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