

# Staying Invested Matters

Financial markets are experiencing a level of volatility without precedent in recent times. Unlike the more gradual effects of the global financial crisis, the Covid-19 pandemic has been understandably unsettling for everyone. From an investment perspective, the sharp falls have significantly undermined investor confidence and can tempt some to change their long-term investment goals.

In times like these, investors reaction is often to postpone new investment or even sell their current holdings with the aim of reinvesting when markets stabilise. However, if investors are able to take a long-term view, it is often best to hold onto investments through periods of volatility. Here, we provide some key messages to help investors remain invested.



## Staying invested matters:

Missing the best days can reduce returns



## Diversification matters:

A spread of investments can minimise volatility



## Volatility is normal:

Stock market declines are normal and short-lived

## Missing the best days



- When investment markets become volatile, it is usually best to resist making changes to your long-term investment strategy
- Missing just the ten best days over this period would have had a big impact on returns
- Time, not timing, is the key to investing

### Value of hypothetical \$10,000 investment in the S&P 500 Index from January 1988 to December 2019

Source: Morningstar. The information provided is for illustrative purposes only. The S&P 500 Index is an American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. The S&P 500 Index is unmanaged and unavailable for direct investment.

## Diversification matters

- By maintaining a spread of investments across different sectors and market areas, investors can minimise the effect of volatility across their whole investment portfolio and help deliver a smoother, steadier return over the long term.
- Multi-Asset funds provide significant diversification across and within asset classes, by sector, by currency, by manager and by strategy.

In addition, Thomond Asset Management offers bespoke investment solutions for both investment and pension clients with an overlay of risk management strategies that can help to deliver that smoother long term investment journey

## Risk Management



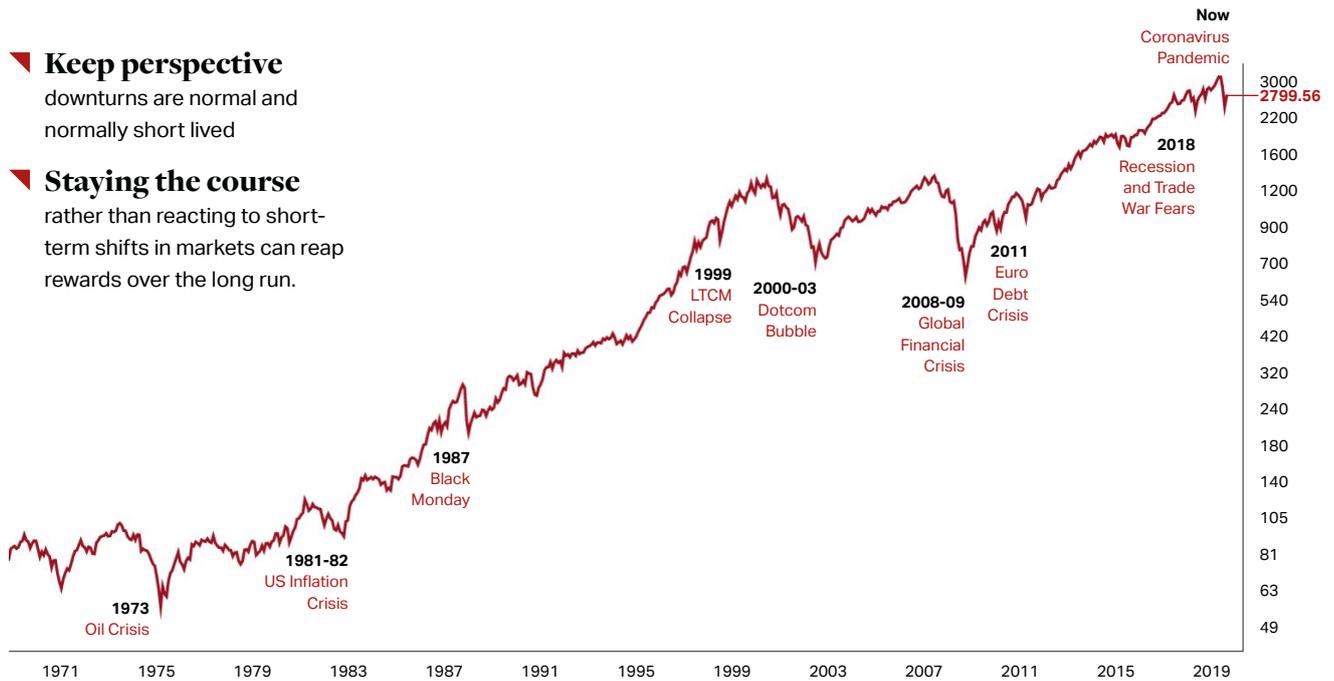
# Volatility is normal

## Keep perspective

downturns are normal and normally short lived

## Staying the course

rather than reacting to short-term shifts in markets can reap rewards over the long run.



Source: Bloomberg, data shown in S&P500. The information provided is for illustrative purposes only.

# Time in the markets

Market Shock	Bear Market Duration & Peak-to-Trough Fall	Strength & Duration of Subsequent Rally
1973 Oil crisis	21 months, -48%	74 months, 126%
1981-82 US inflation crisis	20 months, -27%	60 months, 229%
1987 Black Monday	3 months, -34%	147 months, 582%
2000-02 Dotcom bubble	30 months, -49%	60 months, 101%
2008-09 Global financial crisis	17 months, -57%	129 months, 378%

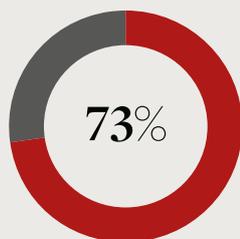
Financial markets are prone to short-term fluctuations

Investors should typically have at least a five-to-ten-year time horizon

The longer you stay invested, the greater chance you have of making a return

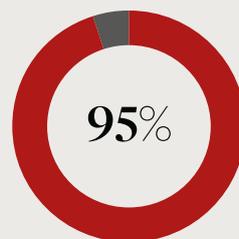
Source: Bloomberg, Standard & Poor's, JP Morgan; data shown is in price return terms, covering 31/12/72 to 31/12/2019

## 1-Year Holding Periods



Stockmarkets have been positive 73% of the time

## 10-Year Holding Periods



Stockmarkets have been positive 95% of the time

## 20-Year Holding Periods



Stockmarkets have been positive 100% of the time

Source: Morningstar. S&P 500 Index returns in calendar-year periods, 1927-2019. The information provided is for illustrative purposes only.

### WARNINGS

1. The income you get from an investment may go down as well as up.
2. The value of your investment may go down as well as up.
3. Benefits may be affected by changes in currency exchange rates.
4. Past performance is not a reliable guide to future performance.

### REGULATORY STATUS

Thomond Asset Management is regulated by the Central Bank of Ireland as an Investment Business Firm under Section 10 of the Investment Intermediaries Act, 1995 (as amended) and registered as an insurance, reinsurance or ancillary insurance intermediary under the European Union (Insurance Distribution) Regulations, 2018