Risk vs reward

While homeowners can still benefit from low mortgage rates, savers will be struggling to enjoy any kind of growth on money they have on deposit, leading some to consider a riskier investment.

If you're considering investing in the stock market, one crucial and very personal issue is how you feel about the prospect of putting money at risk and your ability to accommodate any loss in value.

What's your appetite for risk?
It's a fact that risk and the potential for reward go hand in hand: Investments that are low in risk are low in potential reward, whereas the more risk you're willing to take with your money the greater the potential for reward.

Factors in determining risk
As investment advisers, we will consider a range of factors when assessing your attitude to investment risk:

- *Age* - how old you are may affect how you would like to invest, particularly the closer you get to retirement.
- *The need for emergency cash* – you should always keep a certain amount readily accessible (for example, in a deposit account) in the event of an emergency or as a foundation for your longer-term savings and investment.
- *Can you afford to take a risk?* - if your investments dropped in the short term, do you have the time to wait for them to recover?
- *Can you afford not to take a risk?* – leaving all your money on deposit may carry minimal risk, but you may miss out on higher potential returns and possibly see the spending power of that money fall due to inflation.
- *Are there tax-efficient opportunities available* – such as pensions or ISAs?

Devising an appropriate investment strategy
Once you are clear about the risk you need to take to reach your goals you'll need an investment strategy that is finely calibrated to deliver the results you're looking for.
This is where a number of other key aspects of investment come into play:
1. Avoiding the 'eggs-in-basket' principle.We can make sure your portfolio is invested across a range of assets in order that the positive performance of some, neutralises the negative performance of others.
2. Making sure your money is in the hands of some of the best and most consistent investment managers in the business.
3. Making sure you can give your investments time – the longer you can leave your investments in place, the more likely you are to cope with any short-term changes in market value.

Talk to us
As members of Openwork, one of the UK's largest networks of financial advice businesses, we follow a clear and thorough process designed to clarify exactly what you need from your investments. We also have access to a meticulously researched and managed range of investments specifically designed to meet clients' different needs.

Taken together, you will know not only that your money is in good hands, but also, that given time, there is an increased level of probability that it will perform in line with your expectations.

Need advice?
Good investment advice involves building a clear picture of the results you're looking for, taking into account your current financial position, your future goals and your personal attitude towards the subject of investment risk.

The value of investments and any income from them can fall as well as rise. You may not get back the amount originally invested.

Talk to us for expert advice on 01942 265866.

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