

## 29 reasons not to invest

**Over the past three decades there have been plenty of shocks to dissuade people from investing. Our data shows what happened after each event.**

Wars, disasters, economic strife and political instability have been persistent themes over the last three decades and they can affect people's attitude towards investing.

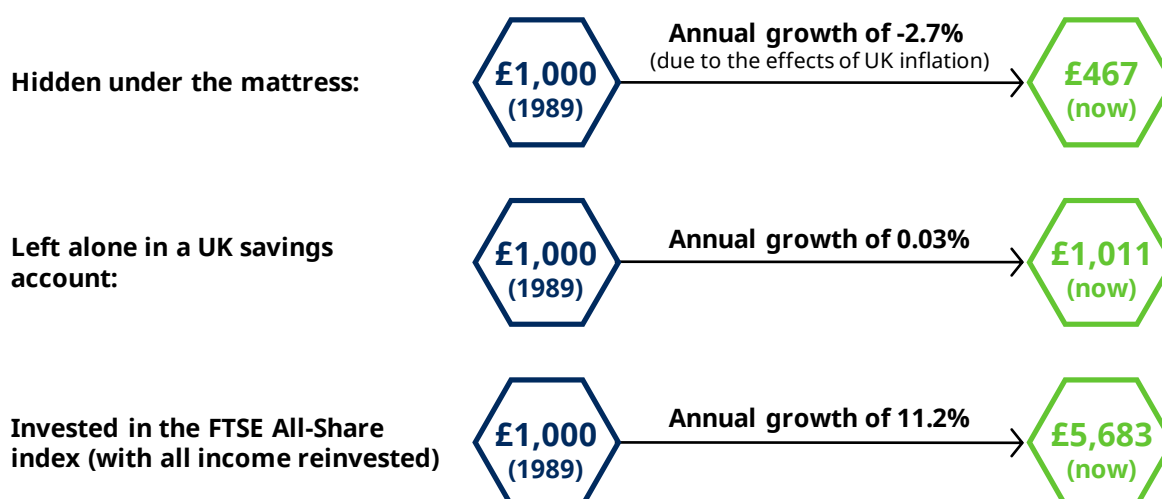
In many cases they make an already tough decision to part with your money and invest even harder, leading some to not invest at all. Behavioural scientists have a name for this: loss aversion. They estimate that the psychological pain of losing is about twice as powerful as the pleasure of gaining, hence why some people shy from the risks involved with investing.

Yet as Schroders' research shows, staying out of the stock market over the last 30 years could have proven costly.

The eroding effects of inflation and historically low interest rates would have eaten away at the value of your money if you decided not to invest. While investing in the stock market carries greater risks [the possibility of your losing all the money you have invested] and volatility [the value of the money you have invested going up and down] it could have boosted your returns.

Of course choosing to invest depends on your personal circumstances and if you are unsure as to the suitability of any investment speak to a financial adviser.

Schroders research found, after adjusting for the effects of inflation:

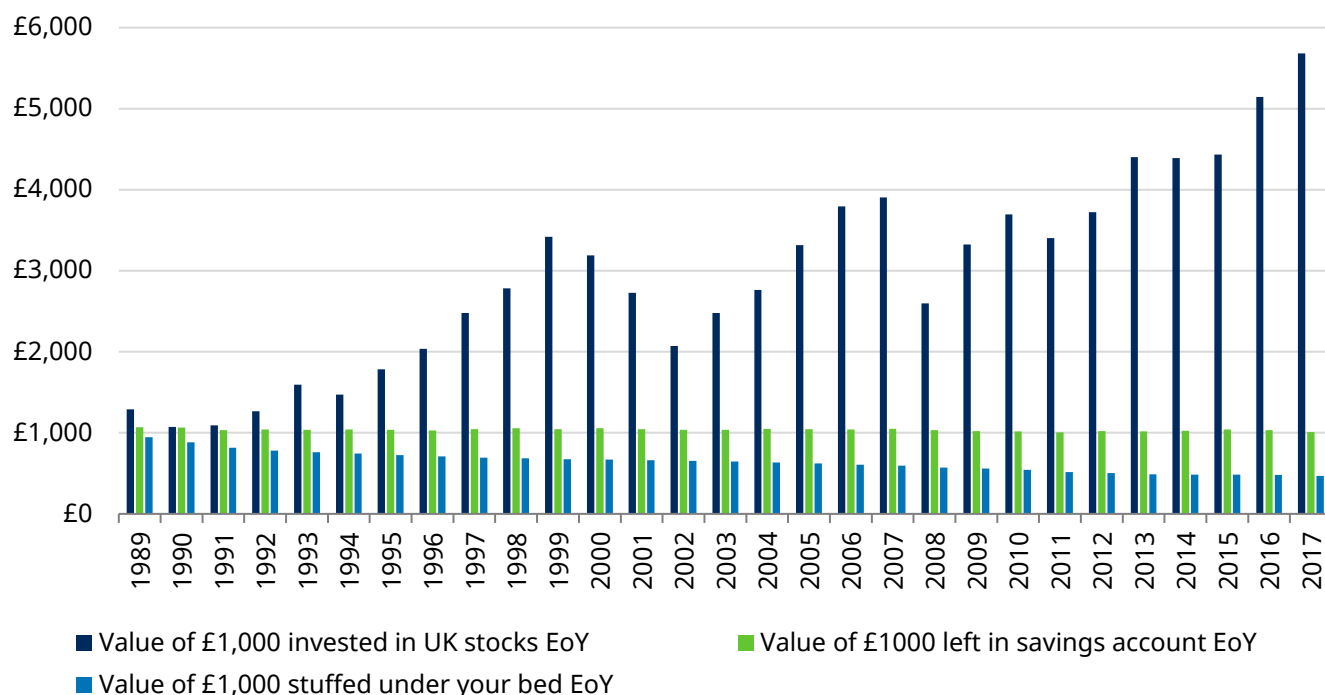


These figures are not adjusted to include any account charges or investment fees.

The chart below illustrates the change in real value each year of £1,000 invested in UK stocks, a UK bank account or left under your bed.

Please remember that past performance is not a guide to future performance. Investing in one geographical region [UK equities] may result in large changes to the value to your investment, which may adversely impact the performance.

In some circumstances, up to £85,000 in a UK bank account is protected by the Financial Compensation Services Scheme.



This material is not intended to provide advice of any kind. Information herein is believed to be reliable but Schroders does not warrant its completeness or accuracy. Source: Schroders. Refinitiv data for The FTSE All-Share Index correct as at 19 November 2018.

The last 30 years have included some of the biggest stock market crashes in history.

In 2001, the FTSE All-Share index fell by 13%. It was in the wake of the bursting of the dotcom bubble at the end of 1990s, when highly-rated technology stocks were sold off. But it also coincided with the devastating attacks on the World Trade Centre in New York in September. The period also saw a global economic slump, although the UK managed to avoid recession. The FTSE All Share index was down 22% in the year to the end of 2002.

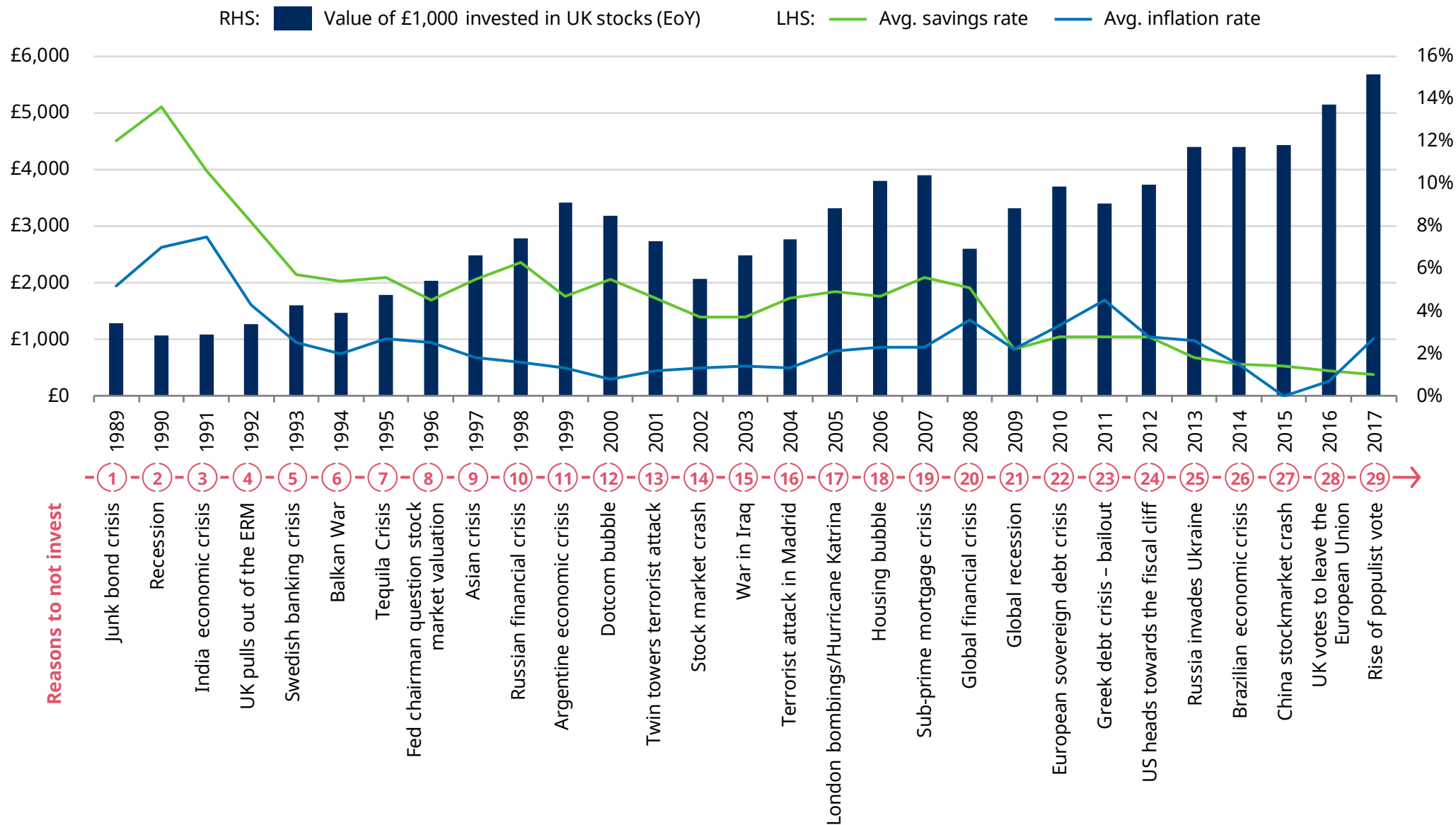
The global financial crisis of 2008, which began with the gradual collapse of the housing market in the US the year before, led to the worst global recession since the 1930s. In the year to the end of 2008 the FTSE All-Share was down 30%, its worst annual performance since 1989.

The table below illustrates how your investment returns could build up year by year between 1989 and 2017 and shows the damaging effect inflation can have on your wealth. It also shows global events that investors could have used as excuses not to invest in any of those given years.

Year	A reason to not invest?	UK stocks level - end of year (EoY)	UK stocks year- on-year % change	Avg. savings rate	Avg. inflation rate	Value of £1,000 left in savings account (EoY)	Value of £1,000 stuffed under your bed (EoY)	Value of £1,000 invested in UK stocks (EoY)
1989	Junk bond crisis	761	36.1%	12.0%	5.2%	£1,068	£948	£1,291
1990	Recession	687	-9.7%	13.6%	7.0%	£1,066	£882	£1,074
1991	India economic crisis	830	20.8%	10.6%	7.5%	£1,033	£815	£1,091
1992	UK pulls out of the ERM	1,000	20.5%	8.2%	4.3%	£1,042	£780	£1,268
1993	Swedish banking crisis	1,284	28.4%	5.7%	2.5%	£1,036	£761	£1,596
1994	Balkan War	1,209	-5.8%	5.4%	2.0%	£1,039	£746	£1,471
1995	Tequila Crisis	1,497	23.9%	5.6%	2.7%	£1,035	£726	£1,783
1996	Fed chairman question stock market valuation	1,747	16.7%	4.5%	2.5%	£1,028	£708	£2,037
1997	Asian crisis	2,159	23.6%	5.5%	1.8%	£1,044	£695	£2,480
1998	Russian financial crisis	2,456	13.8%	6.3%	1.6%	£1,057	£684	£2,782
1999	Argentine economic crisis	3,051	24.2%	4.7%	1.3%	£1,044	£675	£3,419
2000	Dotcom bubble	2,870	-5.9%	5.5%	0.8%	£1,058	£670	£3,190
2001	Twin towers terrorist attack	2,489	-13.3%	4.6%	1.2%	£1,047	£662	£2,726
2002	Stock market crash	1,924	-22.7%	3.7%	1.3%	£1,038	£653	£2,074
2003	War in Iraq	2,326	20.9%	3.7%	1.4%	£1,038	£644	£2,478
2004	Terrorist attack in Madrid	2,624	12.8%	4.6%	1.3%	£1,048	£636	£2,763
2005	London bombings/Hurricane Katrina	3,203	22.0%	4.9%	2.1%	£1,045	£623	£3,315
2006	Housing bubble	3,739	16.8%	4.7%	2.3%	£1,041	£608	£3,793
2007	Sub-prime mortgage crisis	3,938	5.3%	5.6%	2.3%	£1,051	£594	£3,907
2008	Global financial crisis	2,760	-29.9%	5.1%	3.6%	£1,034	£573	£2,597
2009	Global recession	3,591	30.1%	2.2%	2.2%	£1,020	£560	£3,323
2010	European sovereign debt crisis	4,112	14.5%	2.8%	3.3%	£1,016	£542	£3,695
2011	Greek debt crisis – bailout	3,970	-3.5%	2.8%	4.5%	£1,005	£518	£3,403
2012	US heads towards the fiscal cliff	4,458	12.3%	2.8%	2.8%	£1,023	£503	£3,725
2013	Russia invades Ukraine	5,386	20.8%	1.8%	2.6%	£1,016	£490	£4,404
2014	Brazilian economic crisis	5,449	1.2%	1.5%	1.5%	£1,025	£483	£4,392
2015	China stockmarket crash	5,502	1.0%	1.4%	0.0%	£1,040	£483	£4,433
2016	UK votes to leave the European Union	6,424	16.8%	1.2%	0.7%	£1,033	£479	£5,147
2017	Rise of populist vote	7,266	13.1%	1.0%	2.7%	£1,011	£467	£5,683

**Please remember that past performance is not a guide to future performance and may not be repeated.**

Source: Schroders. Refinitiv data for the FTSE All Share total return index, which includes dividends. Inflation numbers supplied by the Bank of England. Savings data from Building Societies Association and <http://www.swanlowpark.co.uk/savings-interest-data>.



**Please remember that past performance is not a guide to future performance and may not be repeated.**

Source: Schroders. Refinitiv data for the FTSE All Share total return index, which includes dividends. Inflation numbers supplied by the Bank of England. Savings data from Building Societies Association and <http://www.swanlowpark.co.uk/savings-interest-data>.

Nick Kirrage, a fund manager and author on the Value Perspective investment blog, has written often about the danger fear can play.

“People can lose touch with just how bad things have looked and been in the past,” he said. “That can lead to them taking – or failing to take – actions that can harm their personal wealth for decades to come.

“This data shows that investors who had instead opted to stay in cash would have seen their savings destroyed by inflation during a period when the stock market rallied. Quite frankly, there’s many other periods of the last century which offer the same conclusion. Even the Second World War offer decent stock market returns in the US and UK.

“The reality is that there is no ‘perfect’ time to put money into the stock market. If you are holding out for one, you are going to remain in cash forever and, over the longer term, you are likely to be materially worse off as a result.”

The opinions included above should not be relied upon and should not be construed as advice and/or a recommendation. Past performance cannot be relied upon as a guide to the future performance and the value of your money may fall when invested.

**Aspect8**  
**Holmwood House,**  
**Broadlands Business Campus,**  
**Langhurstwood Road,**  
**Horsham,**  
**West Sussex**  
**RH12 4QP**

**+44 (0)1403 331400**

**Aspect8.co.uk**

**Important Information:** The views and opinions contained herein are those of the author, and may not necessarily represent views expressed or reflected in other Aspect8 communications, strategies or funds. This material is intended to be for information purposes only and is not intended as promotional material in any respect. The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The material is not intended to provide and should not be relied on for accounting, legal or tax advice, or investment recommendations. Reliance should not be placed on the views and information in this document when taking individual investment and/or strategic decisions. Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. All investments involve risks including the risk of possible loss of principal. Information herein is believed to be reliable but Aspect8 does not warrant its completeness or accuracy. Reliance should not be placed on the views and information in this document when taking individual investment and/or strategic decisions. Some information quoted was obtained from external sources we consider to be reliable. No responsibility can be accepted for errors of fact obtained from third parties, and this data may change with market conditions. This does not exclude any duty or liability that Aspect8 has to its customers under any regulatory system. FTSE: FTSE International Limited ('FTSE') © FTSE 2016. 'FTSE®' is a trade mark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent. Regions/sectors shown for illustrative purposes only and should not be viewed as a recommendation to buy/sell. This content is issued by Aspect8 Limited, registered address: Holmwood, House, Broadlands Business Campus, Langhurstwood Road, Horsham, West Sussex, RH12 4QP, number 07572431. Aspect8 Limited is a member of Best Practice IFA Group Ltd which is authorised and regulated by the Financial Conduct Authority FCA No. 227247.