ZURICH

Managing the ups and downs of investing

We see that from time to time equity markets can fall quickly. This is part of the normal journey for a long term investor – but during these times it can make us feel worried, concerned or even want to stop investing altogether.

With this in mind, we take a look at the past and highlight what lessons we can learn for the future. Although these tips may be of most use when the market outlook is uncertain, some general principles of investment may be helpful as you put your financial plans in place.

Define your goals

These fundamental principles of investing will help you navigate risk and volatility and take a step closer to realizing your aspirations.

Medium Term Plan
5 to 15 years
- Starting a small business
- Buying a car or home

Long Term Plan
+15 years
- Planning for retirement
- Financing your child's future education

Understand your appetite for risk

Investors accept different levels of risk depending on the returns they seek.

Adventurous
Risks
Return
Term
You take significant investment risk for potentially higher long-term returns

Balanced
Risks
Return
Term
You take an average amount of investment risk for good long-term returns

Cautious
Risks
Return
Term
You take less investment risk and accept proportionately lower returns

Step out of cash

Maintain a long-term perspective by not getting caught up in the short term noise, but by finding market opportunities.

A - MSCI World TR (428.29%) B - Bloomberg Global Aggregate TR in US ($123%) C - FRB of New York United States Federal Funds Effective Rate TR in US (40.51%)

Inflation erodes the value of your money. You may have a greater return with equity or bonds than you would with cash. In a 20 year period you would have gained **8.68** annual return on equity, **2.29** annual return on bonds, compared to only **1.72** annual return on cash.

*Based on the average total returns from 2005 to 2025

Stick with a Long Term Investment Plan

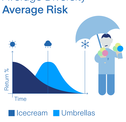
In the long term even major market fluctuations become a blip across the landscape of your investment plan, and short-term declines should not detract from the potential of the market to help you achieve your investment goals.

Diversify to manage risk

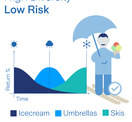
By diversifying your portfolio across assets, sectors and markets, you can significantly reduce your risks.

Low Diversity
High Risk

Average Diversity
Average Risk



High Diversity
Low Risk



Avoid the classic investment trap

Avoid the classic investment trap to ensure you make the most of your investment plan.

Benefit from regular investing

Making regular payments over a fixed period of time helps you manage investment risks. It enables you to navigate through uncertainty by protecting your investment against market falls and you benefit when markets rise again.
This is known as Dollar Cost Averaging.

Overcome the common investment obstacles

For inexperienced investors, there are often a number of hurdles to overcome on the path to financial success.

Framing
Being influenced by the content in which a situation is framed

Anchoring
Using past information to make future decisions

Herding
Reacting based on current market trends and general opinion

Loss Aversion
Fearing losses and avoiding potential long term gains

Keep in mind the key investment principles

These key investment principles will help you achieve your goals.

Remember to speak with your financial professional, **stay informed** and **stay focused**.

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