

# Schroders Navigator

## Investor guide

### Why the stockmarket can be a great place to invest



### The benefits of stockmarket investing

When considering an investment it's best to focus on what is likely to happen to the market over the period you will hold it for, not what will happen tomorrow. If you become overly concerned about what's going on in the market at any particular moment in time, there's a risk you won't put the right plan in place to achieve your long-term objectives.

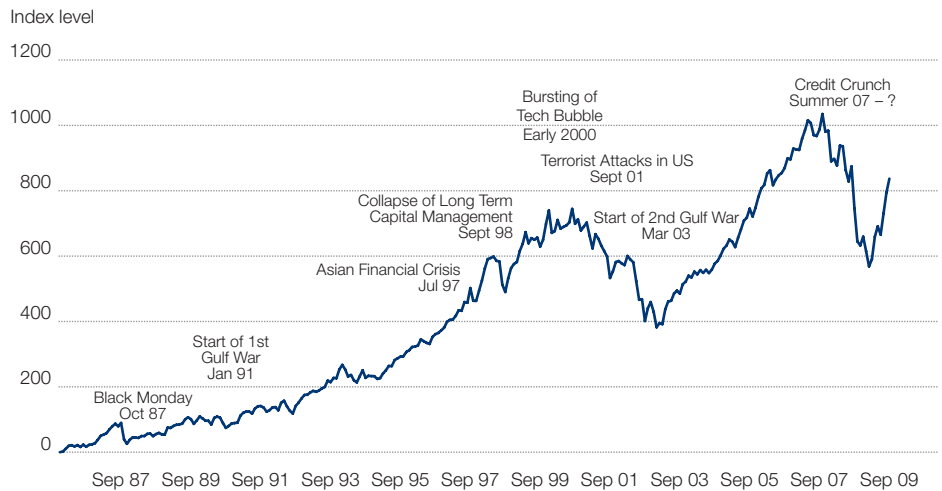
If you can invest for a long period it's reasonable to expect that, despite the inevitable downs which go with the ups along the way, you'll get a better return from the stockmarket than you'd get from leaving your money in the bank or investing in bonds. So if you're looking for long-term growth and are prepared for a sometimes bumpy ride, the stockmarket can be a great place to invest.

### Why time is on your side

Time is very much on your side. Over time, progress in the stockmarket is linked to growth in the economy and company profits. Despite sometimes suffering significant setbacks, the long-term trend in both of these has always been upwards.

The graph below shows the progress of the FTSE All-Share index since December 1985. This shows how the UK stockmarket has continued to trend upwards, despite facing some major challenges along the way.

### FTSE All-Share index 31/12/85 – 30/09/09



Source: Lipper Hindsight, 31/12/85 to 30/09/09.

### Best avoided for short-term investing

If you can only invest for a short period, say less than five years, the stockmarket is generally best avoided. It's hard to forecast what will happen to the market tomorrow and unpredictable and unforeseen factors often result in marked swings in the price of shares. This means there's always a risk that you could lose money in the short term even when market conditions look good.



## Showing the long-term benefits

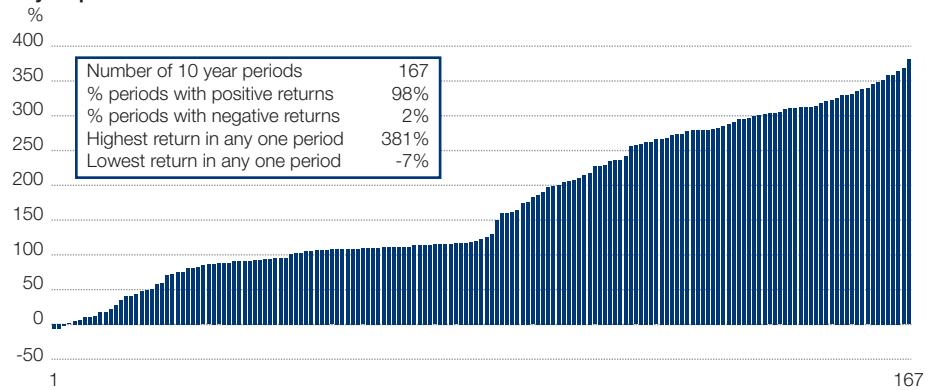
The charts below show that the longer you invest for, the higher the chance that you will achieve strong returns from investing in the stockmarket and the lower the chance that you will lose money.

The charts illustrate what would have happened during the period from 31 December 1985 to 30 October 2009 to a notional portfolio which exactly matched the FTSE All-Share index for any 10 year, 5 year, or 1 year period, starting at the end of each month.

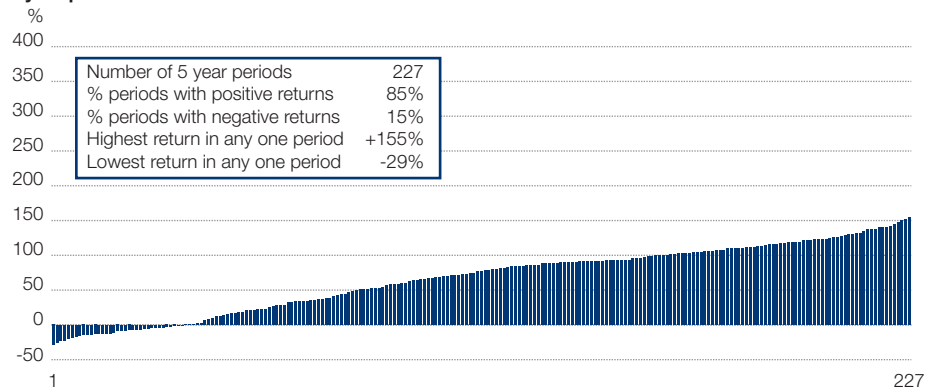
There were a total of 167 possible 10 year periods over this time and you would have made money if you had invested in 164, or 98%, of them. In contrast, out of the 265 possible 1 year periods, you would have lost money 21% of the time.

Please note that 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 amount originally invested.

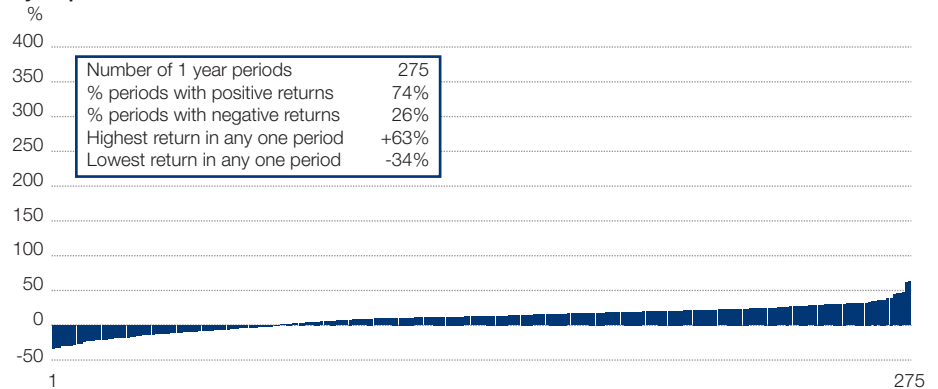
### 10 year periods 31/12/85 – 30/10/09



### 5 year periods 31/12/85 – 30/10/09



### 1 year periods 31/12/85 – 30/10/09



Source: Lipper Hindsight, 31/12/85 to 30/10/09.



### Key takeaways

- The stockmarket can be a great place to invest if you are looking for long-term growth but remember there are risks involved
- The longer you invest in the stockmarket, the higher the chance that you will get a strong return and the lower the chance you will lose money
- If you can only invest for a short period, the stockmarket is generally best avoided
- If you're thinking about making a new investment or changing your investment strategy, speak to your Financial Adviser. If you do not currently have a Financial Adviser, you can find one near to where you live by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk)

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