

FINANCE

with Stefan Wissenbach, chairman of
THE WISSENBACH GROUP



Five golden rules of investment

It often happens that people come up to me and say – “you’re in the investment business, what’s going to happen to the price of gold, interest rates, share prices in the Far East” or questions of a similar nature.

And my stock answer to these well meaning questions is invariably – “I haven’t the foggiest idea – and what’s more, I don’t think anybody else has the foggiest idea either.”

The reason is that, in the short term and sometimes even in the not-so-short term, markets – all markets – are at the mercy of any number of factors that are unknown and indeed unknowable. The simple truth is that the real world is different from the theoretical world, which is all that forecasters and mathematical models are able to analyse.

So, against this background of inevitable uncertainty, I have built up five simple rules for personal investment – and they all flow from the impossibility of predicting what’s going to happen in the shorter term.

■ **1.** Invest for the longer term, because the shorter term is so unpredictable. If you plan investments over a one to three year horizon, you’re likely to make some wrong, and sometimes very bad, decisions. If, however, you hold on to shares for the longer term you are



likely to be much better off than you are today.

■ **2.** Make sure you always have sufficient liquidity to meet your shorter term needs.

Always keep in liquid form – in a deposit or in the form of a short-dated fixed interest security which doesn’t fluctuate much in value – enough money to enable you to sleep easily at night – and then a little more to be safe.

■ **3.** Never ignore the risk that – sometime in your life – you’re going to have to live through a period of significant inflation.

■ **4.** Diversify your investments as widely as you can, while keeping the bulk of your assets in the forms of investment which have the

potential to grow in value to protect you against inflation.

■ **5.** Find the very best managers you can. When I started my business, I was determined to have access to the best investment managers in each class and sector. Through St. James’s Place, we have our own wide range of funds, and have selected external managers to look after each of these funds for us.

The best approach is one of structure, caution and understanding, making sure that you have developed a bespoke strategy which meets your personal needs. There is no such thing as a one size fits all. Done properly, investing can be a rewarding and enjoyable experience.

Stefan Wissenbach is Chairman of the Meriden-based Wissenbach Group, a wealth management and investment specialist consultancy which offers innovative financial strategies and advice to high net worth clients. For your complimentary guide on ‘How to make the right investment decisions’, please contact Allyson Owen on tel: 01676 522333. For further information on the services offered by The Wissenbach Group please visit www.wissenbach.co.uk.

