

A case for investing

Depending on your individual circumstances and your objectives, it may be important to have a medium to long-term (at least 5 to 10 years) perspective when you are considering investing.

Economic, political and world events in the past have caused stock markets to go up and down - investing over the long term can help to smooth out often significant movements that might be experienced during these times. Some examples of large movements are:

- October 1987 – The ‘Black Monday’ stock market crash saw the FTSE 100 fall over 20% in the space of 2 days as stock markets around the world fell sharply.
- September 2001 – The FTSE 100 fell 5.7% in a day when the 9/11 terrorist attacks occurred.

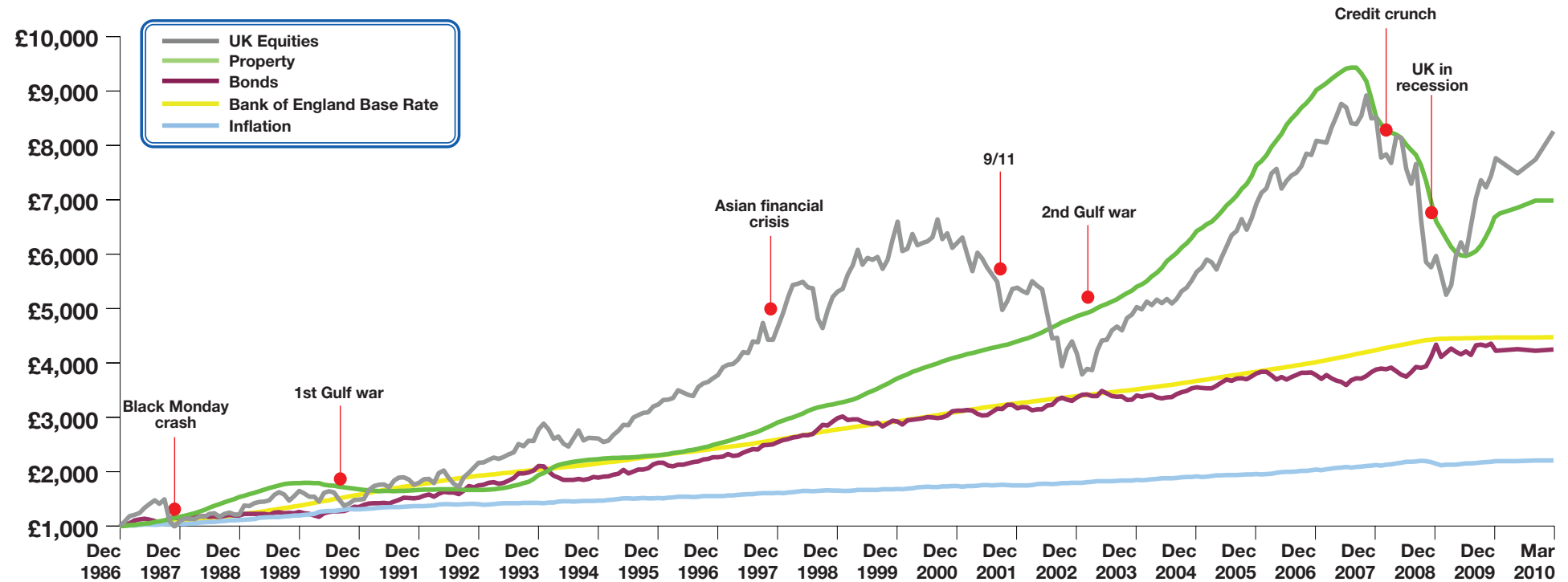
Although we have seen significant falls in the past, markets have previously recovered strongly, potentially rewarding investors for holding on to their investments. However, you should always remember that the value of investments is not guaranteed and can go down as well as up, and that past performance is not a guide to future performance. You may get back less than you invested.

Over the long term, equities have generally outperformed all other asset classes albeit with greater volatility along the way.

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The growth of £1,000 invested on 31st December 1986



Source: Lipper, a REUTERS Company. Basis: Total return, income reinvested, data is from 31/12/1986 to 31/03/2010. Equities are represented by the FTSE All Share Index. Bonds are represented by the IMA UK Gilt Index. Inflation is measured by the UK Retail Prices (RPI) Index. Property is represented by the IPD UK All Property Monthly Index. Please note you cannot invest directly in an index.