# How to invest when the going gets tough

*Ruky started investing in an equity mutual fund a year ago because she wanted to build her wealth over the long term. Although she understood that equities were a high risk investment, she wasn't ready for the losses she saw in her account. Her total investment amount had dropped by about 13% over the last three months to the extent that she is considering stopping the investment altogether. Is this the right decision to make or there are options Ruky can explore?*

All investing comes with a certain level of risk. If you invest in stocks (or equity), you are bound to experience more high and low moments with the stock than with other investment types. However, we invest because we seek to grow our money so what can we do when this does not seem to be happening?

## Strategies for surviving a downturn

1. **Wait it out:** Consider holding on to the investment you have made (without necessarily adding more to it) and leave it to endure the highs and lows of the stock. Eventually, as history has proven, your money is more likely to grow over the **long term** than make losses.

2. **Diversify:** Diversification is a strategy to manage risk by investing in different investment products, companies, assets, etc. Instead of completely disinvesting, you could decide to now choose investments you are more comfortable with. This allows you to still keep investing your money. You can readjust your portfolio whenever you think you are comfortable with investing in equities again.

3. **Take advantage of low prices:** This may not look like the logical response to such a situation, but it could actually be a good way to make more on your investment. Lower share prices means the number of shares you can buy has also increased. If the share price was GHC 2.00 and you invested GHC 200, you would own 100 shares in the investment. But if the share price reduces to GHC 1.00, you would own 200 shares with the same amount. Now imagine the fund started picking up again and the share price moved to GHC 5, your 200 shares (GHC 200) would now be valued at GHC 1,000.

## Don't time the Market

Timing the market is an investment strategy for exiting the market when it's high and reentering when it's low. It can also refer to selling your shares when prices fall and waiting to reinvest when the market picks up. Many investors, unfortunately, adopt this as their method of making the most out of the market because it sounds very smart. However, this move may not always be beneficial as the equity market is highly unpredictable. What many investors end up with, rather, is reentering after the stock has made its best returns. They lose all the returns they would have made if they had just left their investment lying there.

As you choose the right strategy to weather the storms, ensure your decisions are made with information or guidance from a financial advisor. Every person has their unique investment goals and risk appetite so there is no one-size-fits-all solution for everyone. Instead, make your decisions based on your current situation and future prospects.

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