Some things are worth waiting for!

Investing for the short or long term can both be ideal depending on your goals and the investment instrument. If your investment goal is to be able to cater for emergencies or recurring costs, you can choose a short-term investment such as Treasury bills or a fixed-income mutual fund, like MFund 2. But if you are investing towards retirement or the future education of your unborn child, you are better off with a longer-term investment such as stocks or an equity mutual fund, like Epack.

Why a long-term perspective is important

To get the most out of your equity investment, you are required to have a **high risk tolerance** and a **long-term perspective.** This is important because day-to-day volatility is a fact of life for equity investments. Today, prices are up; tomorrow they are down. Epack, for example, has gone as low as -12.21% and as high as 137% in some years. If you cannot stomach these fluctuations and are not ready to wait for a long time (more than 5 years), you could miss out on significant growth on your investment.

3 benefits of thinking long-term

1. **Compounding**
   Time is your best friend because it gives compounding time to work its magic. Compounding is the mathematical process where interest on your money in turn earns interest and is added to your principal.

2. **Prevents emotional investing**
   With a long-term perspective, it is easier to make quality decisions in a timelier manner. You also avoid making bad short-term decisions that will affect your long-term goals, such as withdrawing during a downturn. The reality is your investment will go through different phases of upward and downward movements. And it is your calmness that will keep you from making real losses in your portfolio.

3. **Less impact of price fluctuations**
   The long-term investor is less affected by short-term volatility as the market tends to correct itself over time. In the long term, good stocks that may have been affected due to some other factors (in the short term) will give better than average returns.

   Long-term investors, particularly those who invest in a diversified portfolio, can survive a market decline without dramatically affecting his or her ability to reach their goals.

Think long term with Epack

As an equity mutual fund with up to 80% exposure to equities, Epack also experiences fluctuations. During a downturn, it may be natural for you to panic and want to withdraw all you have before it gets worse but there is no need to do that. Keep your eyes on the long term and remember why you started investing in the first place.

Remember, it is the patient investor who gets rewarded.

0302 610610
www.databankgroup.com

Databank
Leadership