

# TIME IS MONEY

## Are you investing for the long term?



*When investment markets become unstable or unpredictable, it may be tempting to switch to investment portfolios with very low risk, to ensure you preserve as much as possible. Seems, logical, doesn't it? BUT this option has its own disadvantages – such as the risk of not keeping up with inflation – and is often not your best choice.*

One of the most important aspects to consider before switching is: **“What is your time horizon?”**

**Your time horizon is the length of time for which you will stay invested.** This is a key factor when deciding what type of investment you should consider, which investments to avoid and when to switch your investment (if at all). Your investment strategy when you are 30 years old (i.e. lots of time to make up losses if returns are poor) will be vastly different from when you are 60 years old (i.e. near to retirement, with little time to make up losses if returns are poor).

**The following table provides a rough guideline to investing according to your time horizon:**

Time Horizon	Things to keep in mind	Investments that may work	Risk and Return
<b>Short term</b> <i>(Less than 5 years)</i>	<p>You want your money to grow but will not have the time to make back losses if there is a market drop.</p> <p>To reduce the risk of loss, lower-risk investments that can be easily turned into cash may be the better strategy.</p>	<ul style="list-style-type: none"> <li>• High-interest savings accounts</li> <li>• Money market funds</li> <li>• Unit Trusts</li> <li>• Government bonds</li> </ul>	<b>Lower</b>
<b>Medium Term</b> <i>(Between 5 and 10 years)</i>	<p>You want your money to grow and know that you have a few years to invest before you will use it.</p> <p>You can consider investments with more growth potential and a moderate risk level.</p>	<ul style="list-style-type: none"> <li>• Bonds</li> <li>• Stocks</li> <li>• Balanced Mutual Funds (mix of stocks and bonds)</li> </ul>	<b>Moderate</b>
<b>Long Term</b> <i>(More than 10 years)</i>	<p>You have many years to invest your money before you need the cash. While there is greater investment risk, there is also more time available to recover from loss.</p> <p>Consider some investments with medium to high growth potential and moderate to higher risk.</p>	<ul style="list-style-type: none"> <li>• Equity Funds</li> <li>• ETF (Exchange-traded funds)</li> <li>• Stocks</li> <li>• Shares</li> </ul>	<b>Higher</b>

The secret to sensible investing is all about planning and understanding your goals. And if it's all too much and too complicated for you and you'd rather leave it up to the experts, your fund's Life Stage Model is the way to go – contact your Fund for more information about this option.



### Important note:

If you are unsure of what options you have it is best to consult an accredited and trusted financial advisor who can guide you with your investment choices.

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