

“WHY YOU SHOULD MAINTAIN YOUR INVESTMENT”

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While everyone's investment is different, here are some reasons to retain your composure and maintain your investment:

1. MARKET VOLATILITY

Some BT economic research into the relationship between recessions, share slumps and share recoveries reveals that in the past seven recessions the US share market has risen by an average of 33% in the following year.

On the five occasions since 1985 that the Australian market has suffered a negative return, it has generated an average rise of 28% in the following year! So history tells us that the share market generally bounces back sharply after a period of negative returns. Missing that bounce can be very expensive.

The Australian financial system is one of the best placed in the world, with the recent announcement by the Government to guarantee all bank deposits an additional safety net for all Australians

2. HISTORY SHOWS THAT THE LONG TERM MARKET TREND IS UP

Over the last twenty years or so, there have been at least ten major events that have had an impact on the Australian share market, including the famous Wall Street Crash in 1987 and the Tech Wreck of 2000. While each of these events resulted in a sustained period of market downturn, the market has always recovered.

3. TIME IN IS EVERYTHING

Importantly, despite short-term market uncertainty in the past, over the long-term the general trend of share markets is upward. Australian shares, for example, continue to perform very well, up 171% in the last ten years.

4. IF YOUR OBJECTIVES HAVEN'T CHANGED WHY CHANGE YOUR INVESTMENT STRATEGY?

Stick to what you are trying to achieve and how long you're prepared to invest, rather than focusing on what's happening in the market on a day to day basis. Keep in mind that the longer the investment timeframe, the more likely you will experience some form of short-term market volatility.

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