

Investment Update – To Be or Not To Be

Confidence is an unusual thing. It can be taught, learned and practiced, but when it is absent the consequences can be devastating. We have witnessed a collapse of confidence that is evident to anyone caring to look.

The credit crisis has thrown up some alarming numbers and has clearly demonstrated an over-reliance on debt to fund growth. The gap between those that 'have' and those that 'have not', is widening on a daily basis and I dare say that most of us have adjusted personal budgets over the last few months. I very much regret that the measures introduced by the Government have had little or no effect at all. Many businesses are struggling and within the business community there is a noticeable return to the adage "cash is king" – by which is meant having positive funds in a business account available for use. Cash-flow is inevitably one of the many casualties and we are beginning to witness the effects of a slow down in cash-flow that is now impacting even the well-run businesses.

To suggest that "all it takes is confidence" would be to reduce the significant problems to an almost dismissive level, however there is a vital truth held within this assertion. The markets react to fear (and greed). Fear that there will be further falls, and fear that any rise could be missed. This is a decidedly unhealthy position - fear is best cured by action. There is little room for procrastination in the current climate. The way out of trouble is to take action through thought.



As warned, the global markets continue to suffer from bad news and more will follow. We will not know when the market reaches it's bottom until after the event, however investors with the ability to take a long-term view can take comfort in very reduced stock market values. This makes investing better value for money – but only for those able to take a longer term view. Markets will rise again and although I have altered my projections (slightly) I am of the view that the London Olympics should roughly coincide with improved economic conditions. So anyone thinking of withdrawing funds to retire, repay a mortgage or provide for education fees, realistically I suspect that 2012 will provide better options than 2009.

I am of the view that unlike the last recession, this one will change the financial landscape and some of the architecture that is currently used within financial services. Some of you are old enough to remember the old style Bank Manager and having to queue for a mortgage. We cannot wind the clock back, but there are some lessons that can be learned from the not-too-distant past. The 'get rich quick' culture is by and large over. There will be few "quick profits" to be taken from the property market and investments. A new era is being ushered in with the rise of China, India and Russia, the balance of power is shifting.

The voice of business guru Tom Peters has become more pertinent to those continuing in some form of employment. Change is here. Life is not going to have familiar certainties, which in practice were

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never that certain. Many will need to reassess lifetime goals and plan for a future that considers retirement rather differently. The need to constantly develop new skills that are “marketable,” and to develop talent, is probably more important than in the recent past. The ability to adapt is going to be vital for any business. All of are in for some serious change, some of which will not be obvious.

Change is not new. Our lives are a process of change. Change can be good, but change can also be somewhat scary. We all need to prepare for a new future.

Whilst billions have been “lost” and many lives have altered, I wonder how else a collective need to reflect and re-think the injustices in the financial world might have been brought about. No longer can businesses pay lip service to terms like “integrity”, “service” and “ethics”. These are now surely mandatory for any business attempting to navigate the future. Equally, on a personal level these values resonate with greater depth.

So now more than ever, a thoughtful approach to the future is required. Forget A to B, the journey is far more complex. I have spent increasing time with clients helping them to think through the life that they want, for to live simply from payslip to payslip is not really an option for the sort of clients that we have at Solomon's. Our clients tend to be people that want a full life, a rich life – not necessarily financially, but certainly one that is “worth living”. This is not something that falls within the domain of “the young” but of everyone. As your adviser we will help you to think through what you really want from your life, how you want to live and how you find value in the work that you do (paid or unpaid).

I have invested significantly in training and technology over the last year or so that enables us to provide far greater certainty about your “number”. This can be a truly revolutionary exercise, enabling you to visually see the implications of your outworked values. Many are responding very favourably to this and finding the results confidence building.

If you have not already done so, please request our Values Pack which is a tool to help with this process. Of course for those that wish to explore this even more deeply we can suggest people like Nicola, the executive career counsellor we feature in this e-zine, who can provide invaluable assistance. If you would like to contact Nicola, please email your details to info@solomonsifa.co.uk, and we will pass them on to her.

Change is here, market confidence may well be at a low, but there is every reason for you to take confident action from an inspired plan. Now is the time to act.