



Five Months Into The Year

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“The great earthquake shall be in the month of May; Saturn, Capricorn, Jupiter, Mercury in Taurus; Venus, also Cancer, Mars in zero.” – Nostradamus

Every year is different from what you expect, and that is particularly true in financial markets. It is easier to say over the first five months of 2022 which investment areas have lost you money, especially if you also factor in the enhanced inflationary backdrop. There will always be some element of volatility in financial market investment, but it still plays the most essential role in any pension fund portfolio or medium-term financial target. What really matters is maintaining confidence during times of uncertainty.

Maybe some global investors sold in May and went elsewhere, but the fifth month of 2022 showed more gains than losses for the average investor. Whilst the sad events in Ukraine continue, and a number of important global central banks raised their interest rates, a good proportion of both equity and bond investments made money, and even the pound managed - for the first time in a number of months - to hold its value against the dollar.

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The economic backdrop for all global citizens remains complex, as evidenced by higher living costs. Meanwhile, the average company faces a range of supply and demand issues in a world with heightened geopolitical concerns. Whilst year-to-date challenges are always of enormous importance, the key for any investor is to focus on what

will happen next. After all, it is not what you predicted; it is how you react to both and identify the opportunities.

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As we all learned during the COVID-19 challenges - which, fortunately, the world continues to move away from (including a number of key cities in China which were materially closed down during the first few weeks of May) - the investment markets of the 2020s are behaving differently from the (typically profitable) 2010s. However, as all investors saw over the last couple of years - this does not mean there are no opportunities, even if there is more volatility and uncertainty. Big challenges, after all, can lead to big changes, too, as seen over many recent decades. And as investment history always tells us, the biggest risk of not benefiting from something is not being involved at all.

It is not controversial to say that the weather across the Northern Hemisphere should get better over the next few months. Similarly, it is easy to be pessimistic about prospects for financial markets currently. So, a bit like a rainy day during the height of summer, the world has had plenty of emerging challenges over recent years, but it has not been without opportunities too. Nostradamus, after all, has been calling for his great earthquake during the month of May for some

time. Every year there is a small one somewhere in the world, and maybe one day, the great earthquake will occur. But it still remains wise to be involved in the investment markets. After all, we will all be hoping one day that it is time to enjoy a comfortable retirement.

As for the investment world, stay thoughtful and be happy.

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