

Steve Dodge thinks back.

They say nostalgia is a thing of the past but I was just sitting here thinking how different the reaction to the “China” crisis has been compared to nearly 30 years ago when the Independent Financial Advice Centre started out in Billericay.

I have no idea what the current situation will be when you read this item but we have been through several major market falls since we were established and client’s reactions to them have changed considerably.

On my desk is a model of a Dodge Viper, an American sporty car, given to me by a client following his first year or so of investing his money with us. It was a turbulent time, markets were moving down rapidly and every time there was a major headline quoting how much value had been “wiped off” the FTSE 100 he would phone me and ask if he should sell.

I always gave him the same explanation, which was that his money was invested for the long term, his 25 years or more in retirement not just for a few weeks or days. After many calls, (I must confess my patience was wearing a little thin,) I suggested he should take advantage of low market prices to invest a little more, buy cheap sell dear is an old market adage. I cannot print his reply.

That crisis came to a halt and the market recovered rapidly so I phoned him and told him the market was considerably up. “I know” he said “why are you calling me?” “You call me when it goes down” I replied “so I thought I would reciprocate!” The model car was both a thank you and an apology. He is still a client and a very happy one at that.

We used to get lots of similar calls in those days but this time it is noticeable that virtually no-one has phoned with similar concerns about the recent falls in values, to the contrary I have had several people ask to invest a little more.

Investing is about time, spread (don’t have all your eggs in one basket) and not following the herd. Markets rise and fall but 250 million people in Europe will pay their gas, electricity and water bills and spend money on their health so virtually no matter what happens those companies will still make profit and create dividends (income).

Please remember most IFAs have been through several market collapses, and those clients that hold their nerve in difficult times and invest a little more are the ones who reap the highest rewards without taking excessive risk.

If you are concerned do speak to your IFA to ensure you have a properly constructed and balanced portfolio which should see you through hard times.