I'm writing this item, as the FTSE 100 falls below 5,000 for the first time in a year and there are riots on the streets of Britain. The date is Tuesday 9th August 2011 10.20 AM.

By the time you are reading it, sometime in September, I suspect the riots may well be almost forgotten, but what will have happened to the FTSE 100. Look it up now if you can.

Folk are "put off" investing their money properly by headlines like "£50 billion wiped off shares in one day", but let's look at the reality of the current situation.

The FTSE 100 index is a simple measure of the "health" of the largest companies in Britain. It started on the 3rd January 1984 by working out how much it would cost to buy 1 share in each of the top 100 companies in the UK by size and equated that cost to 1,000. If the shares cost more to buy the index goes up and vice versa. It makes no allowance for the dividends (income) on the shares; the index is just based on their capital value.

This means that £1,000 invested in the FTSE 100 in January 1984 would today be worth £5,000. In addition you would have had the dividends (income) from the shares to spend or save each year. The income on the FTSE Index is currently around 3%, which is about its average over the last 25 years or more.

Had you bought £1,000 worth of the FTSE100 in January 1984 you would have enjoyed income of approximately £2,430 and your capital would have grown to £5,000.

I cannot find the same dates for a bank or building society account but from 31/01/1986 to 31/10/2007 £1,000 in an average return account would have produced income of £1,430 and your capital would still be £1,000.

The figures speak for themselves. Shares and Property are the only assets that in the longer term can provide capital growth and rising income. These are tough times politically but that is no reason to sell, in fact looking back it could be the very time to buy. The vast majority of us will eat tomorrow, pay our bills, and have cash in the bank, so FTSE 100 companies will continue to prosper.

It's a sad but true fact that the general public, buy shares when they have risen in value and sell them when they fall, which if you think about it is the very opposite of what they should do.

Don't let the headlines put you off sensible investing; most of us need both cash and shares in a portfolio so see your IFA now and ask about a properly balanced portfolio.

If you have looked up the current FTSE100 index figure as suggested earlier, it will be either higher or lower than 5,000. If it's higher you may have missed out on a quick profit and an opportunity to buy shares cheaper than today and if it's lower, you're missing the boat see an IFA now!