



Investing Made Simple

A Candid Financial Advice guide

Straightforward guidance
helping you make good decisions



Candid Financial Advice About Us

Premium

Candid Financial Advice was born out of old colleagues, Justin Modray and Ian Millward, wanting to launch an advice firm that does the right thing for its clients.

Since launching in 2013 the business has flourished, thanks to attracting a steady flow of clients and looking after them well.

We provide independent financial advice to individuals across the UK from our office in Bath. Our expertise is looking after people who are retired, or organising their finances in readiness for retirement.

Our role is to help you make great decisions and then take away as much of the pain as possible, giving you peace of mind that your financial affairs are being handled professionally and cost effectively.

What sets us apart is putting your interests first, providing premium advice and service at an affordable price. We work with clients remotely via phone and/or video chat, forging really strong working relationships. The overwhelming feedback is a significant advice and service upgrade, along with greater trust and confidence. The bonus is cost savings often running into thousands of pounds a year.

financial

advice at a

fair price

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Investing The roller coaster ride



Investing is often compared to riding on a roller coaster

Given they both share a tendency for sudden sharp falls, it is easy to understand why.

But that really underestimates just how challenging investing can be. With a roller coaster you don't have the option of getting off mid-ride, but you know that everything will be OK in the end.

Investing rarely comes with such solace. You can

'hop off' at any time, albeit you risk nursing painful losses.

You are also constantly bombarded with a steady stream of news headlines, articles and 'expert' commentary predicting the next big thing or imminent disaster, often at the same time.

A financial loss carries more than twice the emotional burden of the equivalent gain

Coping with a crash

A 'crash' tends to send us into overdrive, challenging people when they feel at their most vulnerable. In fact, dealing with their emotions might be the biggest challenge facing most investors.

A financial loss carries 2.4 times the emotional burden of the equivalent gain, meaning your decision-making can be at its weakest when you need it most.

Chasing success

Most fund managers fail to consistently beat the market, yet we are drawn to success stories and the belief it will be different this time.

In a complex world, we seek predictions of certainty when history teaches us that markets seldom act as we expect. That is why economists can explain with absolute clarity what happened yesterday, but never what will happen tomorrow.

Investment professionals, to a degree, have an interest in perpetuating these myths. Complexity creates mystique and work. Fund management groups prosper by launching new funds and encouraging you to believe in the cult of the 'star manager'. In turn, wealth managers and financial advisers encourage you to believe in their ability to pick the winners.

Keeping it simple

Warren Buffett describes investing as simple, but not easy. Being a successful investor can be simple if you stick to some core principles and avoid some common pitfalls.

In this guide we explain our approach to investing. This is not a get rich quick guide, nor is it for speculators or those looking for the next big thing. It is for those who accept the investment journey because they realise that, in the long run, it is the best way to safeguard their financial future.

Investing What not to do



+6.3%

Invested throughout

-2.4%

Missed 30 best days

The above figures show FTSE All Share annualised returns (income reinvested) between 31/02/2017 - 31/01/2022. They compare remaining invested throughout versus missing the 30 best days during that period. Source: Fidelity.

Two common pitfalls

Successful investing often owes a lot to avoiding two common pitfalls:

Trying to 'call' the highs and lows

Moving money in and out of markets, attempting to buy low and sell high.

Chasing past performance

Buying or switching into shares and/or fund managers who have recently outperformed the market.

In both cases, success owes far more to luck, and the repercussions of being wrong can be very damaging.

Time in, not timing

Time in, not timing, the market is the key to successful investing.

Holding your nerve during the dark times is one of the most important things any investor can do. That means investing for the long term (at least five years) and being

prepared to ride out the bumps along the way.

Markets have a habit of doing the opposite of what you expect. Sometimes they continue rising when good sense suggests they should do the opposite.

When big falls do happen, they typically come out of the blue. When a market does crash, toughing it out is invariably the sensible thing to do, as missing

even a few days of a potential recovery can have a big impact on your final return.



Chasing past performance

This is definitely an area where the small print doesn't lie. Past performance tells you what has happened. It doesn't tell you what will happen, and is a weak guide to the future.

There are thousands of funds to choose from and only a minority tend to outperform over time and come close to justifying their charges. Even picking from this smaller subset is precarious.

Just because a 'star' manager has delivered in the past, there is no guarantee they will continue to do so.

There are many reasons that account for success, not least, luck and 'right place, right time'. Sectors and styles fall in and out of favour but chasing past performance rarely works.

Investing What to do



Understanding what you cannot control, or where success owes much to chance, helps you focus on a more reliable approach

Diversify

Manage risk through diversification and blending different asset types and markets e.g. stock markets, fixed interest investments (gilts and corporate bonds), commercial property and potentially others.

All have different attributes and tend to behave in different ways to each other.

Keep cash in the bank

Keep a healthy rainy-day cash float. This allows you to think long term with your investments and acts as a 'comfort blanket' during the inevitable dark times.

Control Costs

Other things being equal, controlling costs is the single most important thing you can do to improve returns.

Seemingly small percentage changes have an enormous impact when multiplied by large amounts of money and time. Be particularly wary of expensive portfolio management services and anyone who tells you that charges are not important.

Maintain discipline

Holding your nerve in the face of market turmoil, and not being seduced by the

next 'big thing', both rely on courage and discipline.

Staying the course; avoiding impulse and maintaining perspective are key to success. You should be heavily predisposed to patience.

Portfolio diversification

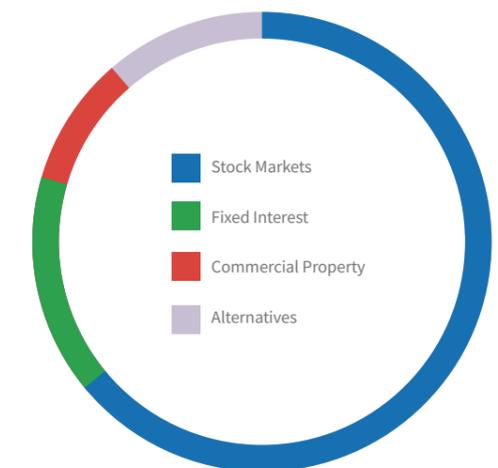
The chart (which should not be seen as advice or a recommendation) is an example of a diversified portfolio that includes different asset types and markets.

Our approach is to use tracker funds as a core as they provide a simple, reliable, and extremely low-cost base for a portfolio. We then add a carefully selected mix of active fund managers but keep exposure to individual funds to sensible levels.

However, the exact blend of assets, markets and investments is a matter of choice, and will depend on your own preferences, attitude to risk and personal circumstances.



Example portfolio diversification



Each asset type will also be diversified. For example, stock markets will be spread across the globe, as well as different sectors and company sizes. And fixed interest will contain a wide mix of government and corporate bonds, again across the globe.



We use tracker funds as a simple, reliable, low-cost core for portfolios.



Investing What successful investors say

Words of wisdom

We are firm believers in sensible diversification and not trying to time markets. But, rather than take our word, here are a few words of wisdom from some very successful investors.

Benjamin Graham

“The investor’s chief problem - and his worst enemy - is likely to be himself. In the end, how your investments behave is much less important than how you behave.”

John Bogle

“Your success in investing will depend in part on your character and guts and in part on your ability to realise, at the height of ebullience and the depth of despair alike, that this too, shall pass.”

Warren Buffet

“I make no attempt to forecast the market - my efforts are devoted to finding undervalued securities.”

Terry Smith

“When it comes to so-called market timing there are only two sorts of people: those who can't do it, and those who know they can't do it.”

Conclusion

Successful investing is not as difficult as it looks. It involves doing a few things right and avoiding serious mistakes. In fact, avoiding big mistakes is the best way to ensure above average returns.

Whilst speculating involves backing hunches and putting your emotions first, investing is about having the wisdom to know what you don't know and mastering your emotions.

Peter Lynch

“Far more money has been lost by investors trying to anticipate corrections, than lost in the corrections themselves.”

A final word From us



We spend a lot of time helping our clients make good decisions, of which sensible investing is key. Our disciplined, diversified, low-cost approach has proven itself through market crashes, wars and pandemics.

information. And if you have any questions feel free to give us a call or email.

Best wishes,

If you have found this guide useful, please visit our website, where you'll find a host of useful

Justin Modray
Founder



Lower Costs

We expect you'll make significant savings versus any comparable service.



Better Advice

Our advice is centered around putting your interests first.



Improved Service

Our clients rate us over 9 out of 10 across a range of areas, including service.



Experts

Our views and comment are regularly sought by the National Press.

Small print

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Please remember investments can go down as well as up in value and there is no guarantee that you will not lose more than you are comfortable with. Investment income can also go down as well as up.



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