



# FINANCE UPDATES OCTOBER 2020

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**CAMPBELL & McCONNACHIE**  
chartered financial planners

## REVIEWING YOUR INVESTMENT PORTFOLIO

Staying on track during a turbulent year.

To ensure you will be financially secure throughout your lifetime, planning is essential. It's also important to remember that a financial plan needs continued attention, especially in unprecedented times like these.

As we enter the final quarter of 2020, how has your investment portfolio performed over the year so far?

Following the volatility caused by the COVID-19 pandemic, your investments might have been exposed to a level of risk you were not comfortable with.

On the other hand, the same volatility may also open up opportunities for new investments and a renewed strategy.

And as we reach the end of the Brexit transition period on 31 December 2020, more changes could be ahead – making now the ideal time to review your portfolio and take a fresh look at your investment goals.

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### WHY REVIEW YOUR PORTFOLIO?

Many stocks and shares have significantly fallen in value as a result of the coronavirus pandemic, so reviewing your portfolio regularly is the best way to take advantage of any opportunities that might arise.

Even under ordinary circumstances, it's important to monitor your investments on a regular basis rather than buying and forgetting about them.

Assessing your exposure to market uncertainty can also help you to keep your portfolio in line with your appetite for risk, such as knowing what you can afford to lose.

This all depends on your circumstances. Ask yourself, what would happen if I lost some of all the money I am investing?

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### HOW TO REVIEW YOUR PORTFOLIO

#### Set targets

One of the main ways to review your portfolio is by setting targets to determine the best time to dispose of certain investments, such as funds, bonds or shares.

Even if you decide not to sell, this gives you a reminder to check your portfolio to review your progress.

For example, what is your goal? Is it to save your retirement, achieve your desired lifestyle, pay off your mortgage or student loan fees, or just ensure financial stability for your family?

With this in mind, it is essential to understand the most suitable investment goals are the ones you know you can achieve and are measurable, rational and realistic.

For example, if you say you want to save £1 million in personal net worth by the age of 50, you are not going to save that by putting aside £5,000 a year between the ages of 28 and 50.

So, to overcome this, you either have to lower your expectations or increase the amount of money you are saving every year in that period of time.

#### Check costs

Keeping a close eye on the cost of your investments is important, especially at a time of recession.

Make sure you're clear about the fees you're paying and find out whether there's a less costly alternative that you could switch to.

### Assess asset allocation

Some investments may perform better than others over time, and the disruption of the pandemic may have affected some of your funds more than others.

Reassessing how your assets are allocated, and rebalancing them if needed, will allow you to adjust to a level of risk you're comfortable with.

How you determine your asset allocation depends on how much time you have to spend on your investments, how much growth needs to be achieved to meet your realistic and measurable targets and how much risk you are willing to take.

### Monitor performance

In order to meet your targets, you need to monitor your performance with regular portfolio reviews to keep up-to-date with changes in the economy and to avoid investing more in underperforming investments.

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## WHEN TO REVIEW YOUR PORTFOLIO

There's no right or wrong answer to this, but you should probably go over your investments on at least an annual basis.

It's usually a good idea to review your portfolio after a major event that has affected the whole market, as part of a wider financial planning review.

You could also review your portfolio as a response to a major change in your personal life, such as marriage, divorce, civil partnership, starting a family, or even a career change.

Other reasons to regularly check your portfolio include:

### Realigning your goals and portfolio

Throughout your career, your goals change, whether that is on a personal or professional level. Equally, it is important to have your investment portfolio and strategy aligned with your goals to align with your visions.

Over time, people naturally change their goals and what you have planned this year may not fit in with last year's strategy.

It's normal for unexpected change to inspire you to re-evaluate your portfolio and make vital changes needed for it to perform.

### Re-evaluating the cost of your portfolio

In light of the current recession, it is important to look at how much your investments are costing you. Ask yourself: is it worth it? Am I hitting my targets? And am I getting the best value for my money?

### Taking economic moves into account

We have already mentioned the recession and speculation is mounting about another nationwide lockdown due to the coronavirus pandemic.

But over time, there will be multiple examples of economic changes, which have played a huge role in determining greater levels of risk for your investments.

Although it is not always possible to predict how the economy will cope, it is a good idea to keep up-to-date with changes in the economy by following relevant news and social media.

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## BUYING AND SELLING

After reviewing your portfolio, it might be time to trade by buying or selling investments. Here are some tips:

- don't jump at what looks like an exciting opportunity without proper research
- don't panic and sell an investment if it's performing poorly – it may still recover
- be aware of any capital gains tax implications when you decide to sell investments
- try and keep up-to-date with current affairs and the latest economic news
- review your portfolio more often to align your investments with your goals.

Given the current market volatility, it's more important than ever to be on the ball with your investments – and expert independent advice is available.

[!\[\]\(26cddea01ddf7f002af4ba779c4999ee\_img.jpg\) Get in touch to discuss reviewing your portfolio.](#)

## IMPORTANT INFORMATION

The way in which tax charges (or tax relief, as appropriate) are applied depends on individual circumstances and may be subject to future change.

This document is solely for information purposes and nothing in it is intended to constitute advice or a recommendation. You should not make any investment decisions based on its content.

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