It's a marathon, not a sprint

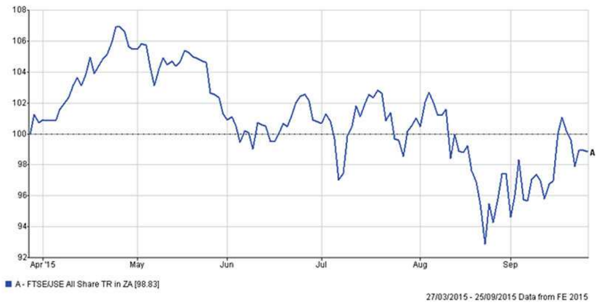
Why should you ignore short-term market volatility (noise) and rather focus on the original reasons why you started investing in the first place? The answer is simple, to accumulate wealth over your working life so that you can achieve certain financial goals, like having enough money at retirement.

This is done according to a well thought out plan that at times, when markets appear to be falling apart, applies some good old fashioned investment discipline and goes the distance no matter what.

Below are some scenarios based on investing R100 in the South African Top40 Index over certain periods. *(Source: Fund Analytics 2015. Total indexed returns before costs.)*

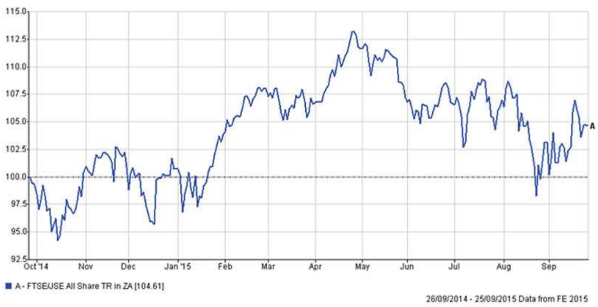
Extreme volatility

The Top 40 Index over last six months has been volatile. If you invested R100 in April 2015 you would now have R98. Investors don't like seeing this.



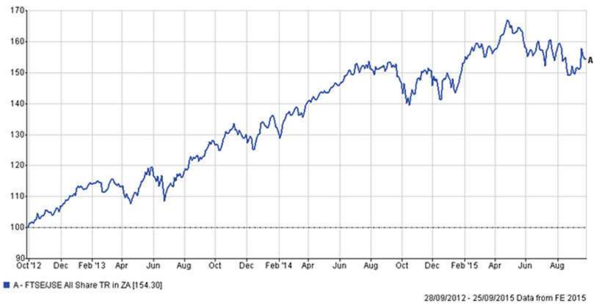
Flat as a pancake

Over the past year, the Top 40 Index has been flat. If you invested R100 a year ago, you would now have R104, not attractive at all.



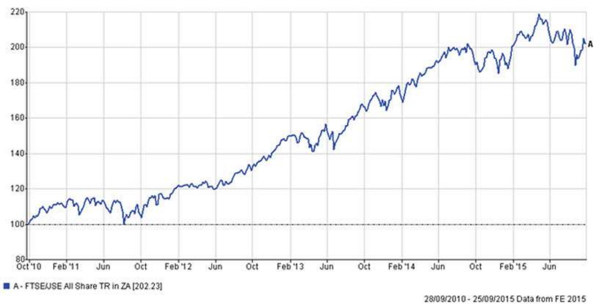
Some gains

If we look at the Top 40 Index over last three years, we see a better story. Despite the above poor market performance scenarios, investors who invested R100 three years ago and stayed in the market would now have R154. The longer you stay in the market, the less scary it looks.



It's all worth it

If we look at the Top 40 Index over last five years, we see the gold standard. This is what investing is about. Disciplined investing for the long term and ignoring the short-term periods of volatility, which over the fullness of time is really just noise. One hundred Rand invested five years ago would have doubled to R202.



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