

2020 vision

The end of one decade, and the start of another, may just be a moment in time, but it's a good one for reminiscing over what has past, and cogitating on what's to come.

While there is always room for debate, looking backwards is largely a reflection on facts and the known, while looking forwards is conjecture and speculation.

Looking backwards we have 20/20 vision. Looking forwards, little more than blurred and foggy images of what might be there but may not be.

For investors, the notion of knowing what's to come, so knowing which investments will do best, and which worst, sounds ideal. In reality, though, unless you are the only one with the knowledge, it wouldn't work at all.

Without uncertainty, there is no potential to enjoy investment returns above the "risk free return", since everything would be risk free. The "risk free return" is, in simplistic terms, whatever you can get from a bank deposit.

Right now, that is next to nothing, and less than inflation. Even if you leave all the interest in the account, your money is still losing value in terms of what it can buy.

So, if you want to put your money to work for you and enjoy some benefit from it, you need the world to be facing uncertainty, and you need to embrace that uncertainty as a friend, not a foe. Looking backwards, in January 2010, Gordon Brown was Prime Minister, although by May, David Cameron was, thanks to a coalition with Nick Clegg and the Liberal Democrats.

In the ten years since then, much has changed, including the seismic shifts of Brexit and Donald Trump's election, neither of which seemed at all probable as we entered the last decade.

And yet, for all that unexpected change, and the concerns created, investors have been well rewarded.

You only need to look the statistics to see that:

Sector	Average total return in 10 years - to 31/12/19	Average sector annualised return over the same 10 years
UK all shares	118.28%	8.11%
Global equity	204.26%	11.77%
Balanced managed	67.32%	5.28%
UK bonds	71.54%	5.54%
Global bonds	50.86%	4.20%

But that's the past; the stuff we do know. What about the future?

Well, if uncertainty is what creates the opportunity for good investment returns, we are currently in good shape.

Right now, we are blessed with bucket loads of it, ranging from what Brexit will actually mean, to what the US presidential election in November will produce, through trade tensions and tariffs to unrest in Hong Kong, and on to the weird and uncharted world of negative interest rates in some European countries.

These and other issues facing us as we head into 2020 are creating investment opportunities which would not be there if things were more certain.

While we can't promise that the strategies we recommend to take advantage of this uncertainty will prove the best of all the myriad options available, we can promise that we will be doing all we can to make 2020 a positive and rewarding year for all of our clients.

We know we don't have 20/20 vision when looking into the future, none of us do. But we do have a vision for 2020, and we believe it's a good one.

Happy New Year from all at Atkins Bland

