

Investment video

14 September 2022

Rathbones
Look forward



Committing capital is an emotional process at the best of times; after markets have fallen in value it can be downright gut-wrenching. In this *Putting money to work* video, Rathbones' co-chief investment officer Ed Smith explains how we try to overcome unhelpful behavioural biases.

If you have money to invest and are nervous about putting it to work in the current environment, we understand. We understand, because we're human too, and subject to the same behavioural biases.

We all like to buy things at a discount. If your favourite shop was offering 20% or more off a jacket you've had your eye on, chances are you'd be buying it. But most people don't think like that when it comes to investing; people tend to prefer investing when stocks are rising in price, even if they are offering less and less value as they climb. But being in a position to invest new money after equity valuations have fallen is really quite propitious.

We're not complacent about the next 1 to 2 years. While we think long-term investors should be in the market, we believe in adding value by tilting portfolios towards certain factors at certain times, and at the moment we want to overweight more defensive assets: companies with stable profit margins, less sensitive to the vicissitudes of the business cycle, for example. We are constantly planning for different scenarios, probability-weighting them together to arrive at dynamic investment solutions as the outlook evolves.

Another important way to make your journey as an investor less bumpy is to diversify. Not putting all your eggs in one basket. We have a long history in identifying and diligently monitoring investments that demonstrate a low correlation with both bonds and equities, which we believe will be particularly important as we move into an era of more volatile inflation.

We hope this video may give you more confidence to invest for your future. You can't magically control the stock market, but you can control how you think about its ups and downs.

Find out more

To read our latest investment views and insights, please visit www.rathbones.com/knowledge-and-insight

Click here for a link to the PDF of this *Putting money to work* video.

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