

The twelve golden rules of investing

1

Work out what you actually want to achieve from your investments and define the time frame.

2

Find your 'risk profile', taking into consideration your age, how long you want to invest and your needs.

3

Agree your end goal and work backwards from that place in a planned and disciplined manner.

4

Understand that effective 'investing' is a long-term solution – ideally think in terms of at least 10 years.

5

Take advantage of the engine that powers long-term investment returns – 'compounding'.

6

Diversify, and spread the risks within your portfolio using asset allocation models.

7

Remember risk and return are related. The higher the risk, the higher the likely return. And vice versa.

8

Recognise the importance of costs and tax that negatively affect the ultimate size of your wealth pot.

9

Hold your nerve. Keep short and medium-term market movement in perspective.

10

Don't try to 'time the market' or 'cherry pick' popular stocks or asset classes.

11

Review and rebalance your portfolio at least annually.

12

Discipline also requires regular monthly investments to benefit from pound cost averaging.