Santander Asset Management

Stay in tune...

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When considering your investment portfolio, regular reviews make sense to help manage your risks and keep you on track towards your investment goals.

Investing is for the longer-term, usually five years or more, so once you've put in the effort to build a portfolio that's right for you, it's natural to sit back and focus on other things. But - just as you would service your car to keep it running as you need it to - there are good reasons to take a regular look under the bonnet of your portfolio.

Three reasons for regular reviews

1. Staying in control

It's your money and taking a step back to review your progress every so often will help keep you aware and in control of what's happening with it. If you can see things are broadly on track, it's an encouragement. And if you can see they're not, you're able to consider why based on facts, rather than emotions, and then make any adjustments you need.

2. Keeping your balance

Market movements can mean that, over time, you end up taking more or less risk with your money than you planned. For example, as stock markets rise, the proportion of your money that's invested in higher-risk investment types, like shares, may get bigger because the value of those shares has increased. The opposite can be true too, potentially leaving you not taking enough risk to meet your long-term needs.

Left unchecked for too long, the make-up of your investment portfolio may become quite different to how you intended it to be. So regular reviews to keep on track is always advisable.

3. Responding to changing needs

As your life and personal priorities change, you may also want to change the risk profile of your portfolio into a different split of investment types. For example, as you approach retirement you may become less willing to take risks with at least some of your money, since there is less time to make up any lost ground in the event of a downturn.

Tips

Investment values go down as well as up, market conditions change and so can the costs, objectives, risk profile and performance of any fund you're invested in. So when reviewing your portfolio it's worth checking for context how investment markets are performing generally. It's also worth looking for the latest KIID or KID for each of your funds to remind yourself what you've got and make sure you are still happy it's working for you.

Professional investors will often rebalance portfolios on a monthly or quarterly basis. That's unlikely to be necessary for you as a private investor but making it a habit to check your portfolio every year or so would be a sensible step.

It can be easy once on your investing journey to lose sight of where you want to go. So it's worth beginning each portfolio review by considering again what you want from your investments, the goals you want to achieve, how much you want to invest, whether your personal risk profile has changed and how investing fits into your wider finances.

Make regular reviews a habit

One approach would be to circle the same date in the diary each year to take a couple of hours out for a portfolio once-over, or if you feel things need more frequent attention, perhaps one at the beginning of each year and one in the middle.

Another potential good time can be when a statement arrives. They are there to help you keep track and contain important information like the current value of your investments and how that compares to last time.

Whatever works best for you, a regular date should allow for some flexibility to respond to any significant changes.

Focus on your goals

Whatever your goals in life, you're more likely to stay on track if you stay in control. Ultimately, that's what regular reviews are all about and why they are likely to form an integral part of any successful investing journey.

Let's be clear!

Investment terms explained

Portfolio: a group of investments that are managed together to meet a particular objective.

Shares (often referred to as Equities or Stocks): In investing, this is a share of ownership in a company. Investing in a fund gives exposure to underlying share prices without investors actually owning the shares themselves.