Why you should ride out investment dips

Potential stock market investors should not be deterred by the current downturn in the domestic and international markets.

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"It's all cyclical; there are moments when the markets will react adversely to global economic shocks and this will affect returns. However, potential investors or those already invested in stock markets would be better off if they stay put. It also requires a long-term view; in the short term markets fluctuate but if one stays the course there are rewards at the end," says Carin Meyer, CEO of FNB Share Investing.

According to Meyer the JSE All Share Index grew by over 150% between 2006 and 2015; this was however coupled with market dips. In the period starting from February 2006 to February 2009, the JSE slipped by 5.24%, this was as a result of the recession that gripped global markets along with a stalled growth in the JSE all share index. Conversely, the market recovered and grew by 155% between February 2009 and December 2015, outstripping the losses it had incurred by large margins.

Investing is for the long term

Tips for riding out the short term dips:

• Don't panic when the market dips

- Stay focused on your long-term goal
- Never use your emergency funds to invest
- Make sure you diversify

"During market dips some investors panic and they rush to sell, while this may look like a viable option the loss is usually greater if the sale is made in a hunch. Staying invested for longer opens up greater opportunities for growth. The biggest misconception that people have generally is that investing in the stock market is essentially about making a quick profit, this is not true. In the short term the market can be volatile but over the long run the market grows - stay invested."

"Investing for the long run yields greater returns if a buy and hold strategy is implemented," concludes Meyer