

Financial Predictions

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When questioned, most people would agree that they can't predict the future. However, when it comes to investing people seem to be preoccupied by guessing what will happen next. Newspapers and the financial media are full of articles predicting which investments to buy and which should be sold. Will gold and oil keep rising in price? Will the bond bubble soon burst? Will there be a housing crash?



Economists themselves can't even agree on what the future holds. Indeed, one of the world's most famous economists - JK Galbraith - described it thus; "There are two types of economists - those who don't know the future, and those who don't know that they don't know".

John Maynard Keynes - perhaps the most famous economist of all - didn't manage to predict the stock market crash of 1929 as a result of which he lost most of his wealth.

So what can we lesser mortals do? There are some general truisms. While the stock market is wildly unpredictable in the short term it is relatively predictable over the long-term. Over the long term shares (and commercial property) have delivered better returns than cash and government bonds. In the short term shares (and commercial property) have fluctuated in value much more than cash and government bonds. It is unlikely, but not guaranteed, that

the same characteristics will apply in the future as they have in the past.

Do not rely on any one particular "asset class". Cash returns seldom match inflation so while the £ value remains fixed the purchasing power reduces. Do not buy shares with money that you expect to spend in 12 months time; if the markets go down you won't have enough!

Don't second-guess the market. If you do get out before markets fall in value you then have to guess when the markets are about to recover. When recoveries occur they are frequently rapid and unexpected. It is very easy to miss the recovery.

Be patient and disciplined - don't get greedy, spread your investments across different asset classes. Build an investment portfolio that will stand the test of time. Identify your tolerance to risk and make sure that your investments match this tolerance. Identify the rate of return that you need to achieve your objectives. Why take unnecessary risk? If you are very cautious, do you understand that you are at risk from inflation - as many people find out, too late, this is a very real risk.

Take ongoing professional advice from an expert - not from a salesman who receives commission from product sales, but a professional who works on your behalf and is paid directly by you.

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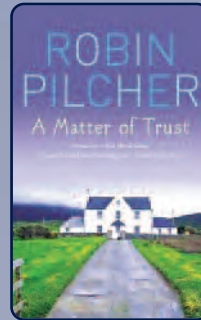
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Reading Matters

by Judith Spelman, *journalist and author*
sponsored by Booklore



A Matter of Trust is Robin Pilcher's fifth novel and yes, you are right, he is the son of Rosamunde Pilcher. His books are quite different, though. He came to writing through a circuitous route starting out as a cowboy in Utah, he went on to be a film cameraman, spent a bit of time in the army, became a PR consultant and then a farmer. At the age of 48 he decided it was time to write books and some 12 years later has produced a series of contemporary novels. *A Matter of Trust* was published in December 2010 and the hardback version was sold out within hours of being launched in his hometown of Dundee. It is a story that moves from Scotland to New York and back and follows the life of Claire, whose heart was broken by the love of her life when she was just 18. Years later, he is asking her to trust him again and she has a dilemma. The book is rich with finely drawn characters and the inevitable twist at the end.

A Matter of Trust by Robin Pilcher is a Sphere paperback £7.99.



If you read and enjoyed Rosamund Lupton's debut novel, *Sister*, you should know that her new book, *Afterwards*, will be published on 9 June. *Sister* was a huge success and was chosen for BBC Radio 4's Book at Bedtime. It went straight into the top ten best seller lists in its first full week of sales and sold over 350,000 copies. *Afterwards* could easily do the same and it is set to become Piatkus' biggest fiction launch of the year. Rosamund began her writing career with scripts for television and films and this lasted for about 10 years before she turned to novels. Both of her books show how lateral thinking and choosing unusual angles is one of her great strengths. *Afterwards* is about a family who face catastrophe and have to deal with the aftermath. The mother,

Grace, sees the school on fire and knows her teenage daughter, Jenny is inside. She runs into the burning building to try and rescue her but they both die in the blaze. The book is about the spirits of the mother and daughter talking to each other. It is a thriller and very cleverly written.

Afterwards by Rosamund Lupton is published by Piatkus on 9 June as an original paperback £7.99.



David Hewson is a journalist who has written for most of the quality newspapers as well as producing a number of travel books. His latest crime novel is called *The Fallen Angel* and this is the ninth in a series featuring his detective, Nic Costa. The setting is Rome and if you are a lover of Italy and the Italian way of life, you will find the descriptive passages very accurate because he has lived there for many years. He has a strong following of readers and has been compared to Donna Leon who writes detective fiction set in Venice.

The Fallen Angel is about the death of a British academic who falls from his Rome apartment. Did he fall or was he pushed? Nic Costa decides he is not being given some important information that would help him solve the case and the investigation, hampered by lies and intrigue, leads into the seamy side of Rome with all its treachery and corruption. *The Fallen Angel* is published by Macmillan in hardback £12.99

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Trivia Quiz

Q: : What is the name of a baby oyster?

Answer to May's Quiz:
What was the first name of Dr Jekyll?
Henry

Congratulations to
Joan Hooper-Immins - Weymouth
The winner of Barbara Nadel's book
'A Noble Killing'