Portfolio Surveillance

How often do you review the values of your investment portfolios? Every year? Every quarter? Daily? A study was done involving the S&P 500 Index which is a broadly accepted index out of the USA that depicts the overall health of the economy. (Source: Bloomberg - As at June 30 2018 Rolling Total Returns). The study showed the percentage of times the S&P 500 Index returns were negative over various holding periods from Jan 1, 1928 to June 30th, 2018. Here were the results:

Holding Period (Rolling)	Percentage of Time returns were Negative
1 day	46%
3 months	33%
1 year	26%
3 years	17%
5 years	12%
10 years	7%
15 years	3%
20 years+	0%

It's powerful to show that if an investor were to look at their portfolio values every day, they would see a negative number almost half the time (46%) and therefore would likely be unhappy almost half the time. At Kudsia Leith Sanchez we believe this could lead to bad investor behaviour. Conversely looking at one's portfolio values once per year would show that you would have a negative rate of return experience only 1 in every 4 years. (26%). We believe the overall mindset of an investor is much healthier in this timeframe environment. As you extend out the frequency with which you check your portfolio values, the chance of seeing a negative number obviously decreases more and more over time. Be sure to space out your portfolio surveillance as it will increase the likelihood of a positive return. Investing in equities is not something to be judged over short timeframes. The best and safest way to generate wealth is the old-fashioned way……it needs to be earned over long periods of time.

Please feel free to reach out to us to discuss further in detail.

~ Paco