

As equity investors in emerging markets get a taste of the bear the lessons of successful investing are learned the hard way.

I'm only rich because I know when I'm wrong.

- George Soros

NSE at a glance  
(For week ended December 22nd)

Index:	36,325.86	-13.27%
Cap:	N7.97trn	-13.37%
Volume:	1.09 billion	+10.43%
Value:	N7.19bn	-14.8%



## Planning your investment strategy for 2009

Despite the high volatility in the stock market for most part of 2008 and general expectation of a persisting trend throughout the year, the Nigerian stock market recorded a swift change in trend penultimate week with major indicators recording upward movements.

Between Wednesday December 17, 2008, and last Tuesday the NSE All Share Index had gained 6.64% rising from 28,390.83 points to 30,276.03.

This sudden positive development is paradoxical by every logical sense. Under normal circumstances one would have expected that the period preceding the end of year festivities would witness a dip in market activities and indices.

This is a time when investors would need to fall back on their investments to offset their bills in preparation for the Christmas and New Year festivities. Similarly, the return of the Diaspora Nigerians normally results in some of them offloading their stocks create liquidity to meet financial obligations while in the country. These sentiments usually culminate in fall in stock prices and therefore, market slide given the forces of demand and supply.

While the turnaround cannot be adduced to any immediate factor, analysts believe the return of bullish trend has rekindled investors' interest in the market, hence the increase in both volume of trades and price appreciation.

With the recent development, many investors who had stopped investing during the downturn would be gearing up to resume again from next year. Some of the points highlighted below would be helpful as you plan your investment strategy for next year.

### Start now to plan

Now is the time to start devising your entry plan and when you are doing this. No doubt, investors have been beaten over the last nine months, and may be very frightened with the market but this is not the time to be running scared. The damage has been done so now is the time to dust you off and start thinking straight – where is the value.

Don't wait for the market to fully recover before you start to feel comfortable about investing again. Also, don't forget to diversify your assets. Taking time to diversify your portfolio is important. Whatever the investment objective, the investor with a well diversified portfolio is most likely to come out on top. As a general rule, it's important to include a diverse mix of asset classes e.g. Equities, bonds, property, commodities in your portfolio.

### Plan your investment for the Long-term

It is important to know about long term investments. Usually long term investments give more benefits than many short term investments. Many short-term investments also do well long-term investments will add stability and security to your portfolio.

Long-term investments have the ability to appreciate of money over a longer period of time. The slow-but-steady pace of long-term investments allow for a much greater degree of stability and a much lower risk than short-term investments.

### Reduce borrowing to invest

No doubt, borrowing to invest in stocks can be quite advantageous. This is because you take the loan at a lower interest than your returns on investment. Ever so often there are arbitrage opportunities that can be taken advantage of and therefore using margin can pay off if



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downside risk can be hedged away, but speculating on a stock price's future movement based on fundamental bullishness with borrowed money is a recipe for potential disaster. Accordingly, it is advisable, particularly for individual investors, to reduce their borrowing to the barest minimum as the market stabilizes. Recent development in the Nigerian stock market have raised the possibility a greater part of your investment being wiped out in a downside market. Also, most investors who borrowed to invest where forced by their lenders to sell the shares at a loss in order for them (lenders) to recover their money.

### Find Yourself Some Good Help

With not too much trouble you will find many other people investing like you are. Ask around, there's a good chance many of them use Investment Managers they're happy with. In this case they'll gladly recommend their services and if you're new this may be a smart way to get started - this should also help you to avoid mistakes.

### Keep an Eye on New Developments

You should also read news about developments in different sectors of the economy which has the potential of improving the performance of companies within such sector. New advancements in these fields can cause a sudden rise in stock prices, quickly earning you a nice profit. Learning about new and advanced technologies before they become well known, can potentially give you long term benefits and opportunities to engage your money in other investments. Don't expect each and every new technology to cause an increase in stock value, but there is a better chance for making good profits from initial investments.

### Search for Recent News

A good way to find profitable investments is by reading news stories that may influence the value of a companies stock in which you are going to invest your money. By updating yourself about the stock market you can be in touch with top stories of public companies, which can keep you informed about what is going on in the market (company's stock value is going up or down). This can be especially useful if you get wind about major scandals or negative factors on time and are able to sell shares before the price drops. Alternatively this will also enable you to invest before an upcoming event that may cause a spike or upwards trend as well.

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## Christmas: Spend less and 'invest' more this year

Christmas is a time of uncommon generosity in not just in Nigeria but across the world.

Though it is celebrated throughout the Christian population, it is also celebrated by many non-Christians as a secular, cultural festival. The holiday is celebrated around the world. Because gift-giving and several other aspects of the holiday involve heightened economic activity among both Christians and non-Christians, Christmas has become a major event for many retailers.