



Seven  
Investment Management

## Good News and Bad News

If we are to believe a lot of the media I am sure many of us will have the famous words of Private Frazer out of Dad's Army ringing in our ears, "we're doomed". Well the good news is that we are not; however there is of course the bad news - we do have some extremely difficult economic issues to address.

After the worst UK recession since records began (1955), this next year will see some economic growth, but I fear that words such as anaemic and insipid are likely to be applied with some frequency. Of course much will be dependent upon the general election. Not so much necessarily its outcome but its date, as at least it will then allow whoever wins to finally start taking some action. What I fear in the meantime is almost a state of torpor whilst nothing meaningful is decided for fear of losing votes.

As has been well telegraphed by all the main parties, we are going to be in for a period of economic austerity in order to try and restore some economic sanity to our national and personal finances. As a country we have been living beyond our means and as individuals we spent too long borrowing and spending during a decade of decadence; welcome to the new decade of lean!

However, it is all too easy to write everything off and remain thoroughly gloomy. There are in fact some positive elements to what will now be happening and with good judgement and stewardship we can come out from this period a wiser and even wealthier nation.

The change for many has already started with their personal borrowings. For the first time in some years we have been paying down debt and, yes, even starting to save again, also many now realise that houses are for living in and not speculating on. As house values stabilise and even start to rise, so will our levels of confidence, and increasingly as the banking industry is repaired so greater funding facilities will become available. Additionally more of us will be thinking about financial planning and less about investment betting, and doing so on a family basis rather than just as sad lonely individuals.

Also the shape of our companies has been changing. We may not be a nation of shopkeepers but we are increasingly a nation of smaller businesses. Fewer of us are shackled to the corporations of the last decade and, whether by choice or otherwise, we have been forced to learn to paddle for ourselves. This has meant that we are far more flexible and adaptable than many other nations and I have certainly found far more innovative.

So for 2010 don't look at the short term, but ask yourself the question – will it be better in five years time? And the answer will most probably be yes.

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