A better quarter

The third quarter of 2016 was not the meltdown it threatened to be after the referendum.

The final days of the second quarter of 2016 were dominated by the fall-out from the outcome of the referendum on 23 June. It was, to put it mildly, a volatile time for investment markets.

However, for all the gloom and uncertainty around at the end of June, the third quarter of 2016 has treated investors kindly, as the table below shows:

Index	Q3 2016 Change
FTSE 100	+6.1%
FTSE All-Share	+6.8%
Dow Jones Industrial	+2.1%
Standard & Poor's 500	+3.3%
Nikkei 225	+5.6%
Euro Stoxx 50 (€)	+4.8%
Shanghai Composite	+2.6%
MSCI Emerging Markets (£)	+11.5%

The FTSE 100 ended the September over 10% above its starting level for the year, an outturn few would have predicted on the back of a Brexit vote. The performance reflects the international nature of its constituents and the continued weakening pound. After reaching nearly $1.50 on 23 June, the pound was worth about 20c less by the end of the third quarter. As you may know from a recent holiday, it has been a similar story for the pound against the euro. The corollary of the weak pound has been that it has boosted returns from overseas markets for sterling based investors.

The third quarter of 2016 once more proved how difficult it is to predict short term market movements with any accuracy. The panicked investor who sold out when pessimism was at its worst on 24 June will have paid a high price for their attempt at market timing. On the other hand, the long term investor will have been satisfied by the returns from their inaction.

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance. Investing in shares should be regarded as a long-term investment and should fit in with your overall attitude to risk and financial circumstances.