BAYSIDE
FINANCIAL PLANNING

<u>The global share markets are an emotional roller-coaster; should I get off?</u>

Global financial markets are currently experiencing panic selling, and an oil price war has erupted between Saudi Arabia and Russia which will damage all players in the industry.

In a week that brought the wildest market swings since the financial crisis back in 2008, Thursday in the US hammered investors with something crazier -- a 10% drop in the Dow, the end of the longest bull market on record and the biggest sell-off since 1987's Black Monday.

Have you ever tried to stay calm on a roller coaster? Your heart rate isn't going to slow down while you're speeding along the track, upside-down and 100 feet above the ground, now is it?!?!. The same is true when you're watching the value of your investments rapidly go up, down, down, down, up and down, ... all while seemingly rational people talk about chaos, panic, and plague. Then, there are all of those news headlines?!? The more sensational the news; the more newspapers that are sold.

It is normal to feel some anxiety, though. Whether it's a pandemic, a political change, a technological breakthrough, or any number of other catalysts, we will see black days (weeks or possibly months) in the market.

The stock market (and pretty much any market) is driven by two human emotions, being fear and greed. "Fear of losing out" when the market is going down and the "Greed relating to missing out" when the market is going up.

We, here at Bayside Financial Planning continue to manage the volatility that you experience as best we can by buying regularly into quality companies, across different market sectors, different geographical regions and we recommend a mixture of both growth and defensive investments. Why? These assets will all behave differently at moments in time. Dollar cost averaging and diversification are the technical names for these strategies.

But, what is different about THIS point in time is that we are not currently considering further purchases into companies such as Flight Centre or Qantas (to name a couple) because of the longer-term negative effects that COVID-19 may have on them well past the end of this next period of time.

Our overall recommendations haven't changed; we are continuing to purchase on behalf of people in the accumulation stage into quality stocks that are all trading at below Fair Value Estimates at the moment. Now, not to make light of the situation, but it is like the ASX has announced the Boxing Day Sales with companies being offered at discounts between 5% and 60% of their Fair Value.

Our overall recommendations haven't changed for our clients in pension stage either. We have significant portions of your money in defensive assets such as cash and fixed interest. Then, you draw your pension payments from cash so that the portion of your growth assets have time to recover when a downturn comes.

Price volatility is always a part of an investment, and that is okay. It is only ever a negative if we were being forced to sell assets at a price lower than what we paid for it.

However, if you are experiencing any feelings of anxiety or fear relating to your portfolio, please contact us. E: info@baysidefp.com.au PH: 07 3822 3437

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