

# YOUR PERSONAL WEALTH

SPRING 2020



## Time in the market or timing the market?

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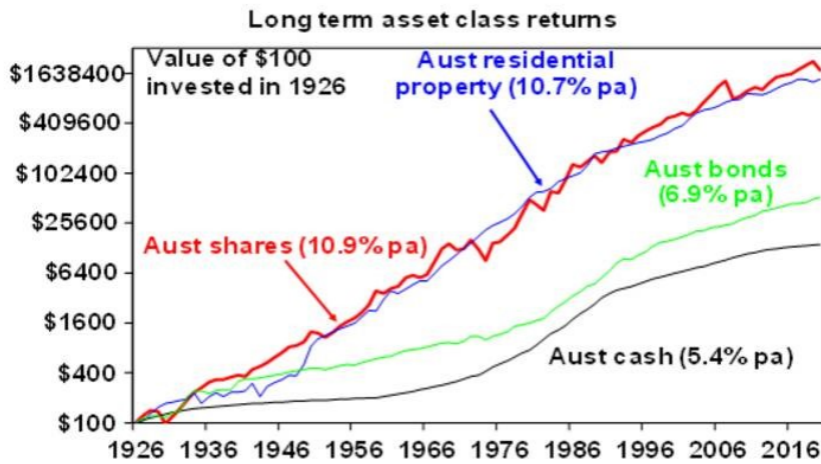
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Right now, in the midst of lockdowns, Covid-19 uncertainty and market volatility, people start getting concerned, and there is lots of talk of market timing.

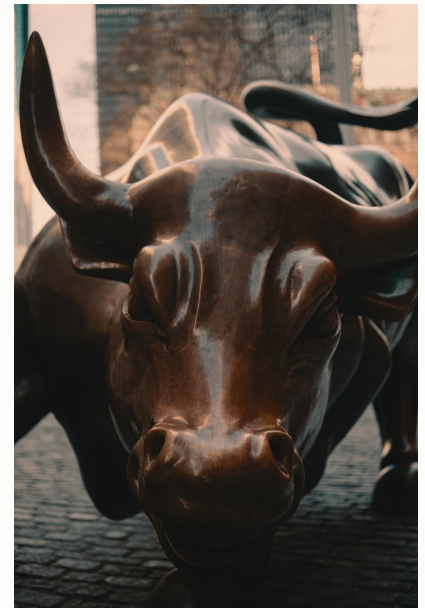
When you have a bull market, as we've enjoyed for a very long time, it's easy to listen to the folks who say you should buy-and-hold for the long term. When the market becomes volatile and up and down, it becomes much harder to listen to the experts and hold firm. With recent volatility, people have once again started talking about how they're buying or selling more stock. Or you might have heard people talking about bonds? It's all various forms of market timing. Trying to get out while it's still relatively high and re-enter when it's lower.

Many of us think we can do this successfully. The reality is most of us can't. Unless you are an investment specialist, often some efforts are no better than an educated gamble. That is why it is so important to understand and agree with the investment strategy that your financial adviser has put in place for you.

*(continued page 2)...*



Source: ABS, ASX, Bloomberg, REIA, AMP Capital



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### Some expert analysis

AMP Capital head of investment strategy and economics and chief economist, Shane Oliver, has been analysing market data for nearly two decades. He's experienced the tech bubble and the global financial crisis and his analysis of over 100 years of market data is clearly illustrating the importance of holding firm and not switching investments during volatile times.

The chart above shows how \$100 would have performed if invested in various asset classes in 1926 (with all dividends, rents and interest earned reinvested).

There are obvious deviations, like the decade between 1926 and 1936 when Australia was experiencing the Great Depression. However, by the end of the 1930s, \$100 invested in Australian equities in 1926 has nearly quadrupled.

In other analysis, Oliver has calculated that since 1900 Australian shares have experienced 18 bear markets. He defines a bear market as a 20% fall that is not fully reversed within 12 months.

Therefore, our current correction is not yet included. If it were, and we suspect it eventually will be, then Australian shares would have experienced 19 bear markets in 120 years.

Aside from a 59% fall over a 20-month period from Jan 1973 to September 1974 during the oil crisis and 1970s recession, our biggest bear market has been during the GFC when markets fell 55% between November 2007 and March 2009.

### What does all this really mean?

The chart on page 3 shows what would have happened if, at various times during the past 100 years you had changed investment strategies as a result of a bear market and switched into cash at that point.

You would have been \$409,641 worse off from switching. Of course, no one started saving for retirement back in 1928, however these charts highlight the damage that can be done from shifting into defensive, or lower performing assets as, or after, markets fall.

As your financial adviser we can put an investment strategy in place that matches your goals and objectives.

We work closely with investment research, and portfolio managers via managed portfolios and even Managed Discretionary Accounts if appropriate.

### What to do then?

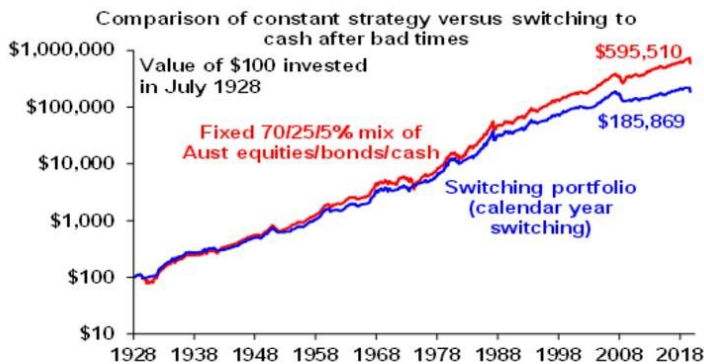
It is so important that you are aware and engaged in your investment strategy, and participate in asset allocation reviews at the very least on an annual basis, preferably twice a year, particularly if your circumstances have significantly changed.

**If you would like to discuss your portfolio and investment strategy please do not hesitate to contact the office.**

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**"It is so important that you are aware and engaged in your investment strategy"**

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Source: ASX, Bloomberg, AMP Capital

## Drop in pension payments

If you are receiving an income stream or annuity you might have noticed, or been advised recently by our office, that your pension has been reduced because of the change in minimum withdrawal amounts set by the federal government. With the volatility brought by Covid-19, the government introduced a stimulus package back in March which enabled income stream and annuity holders to not have to withdraw as much pension. The minimum pension withdrawal amount for the last financial year (2019/20) and this year (20/21) has been halved. If you receive your payments quarterly or annually, you have probably only just noticed this reduction. This reduction means that you do not have to withdraw as much money as previously, however you can continue to withdraw the same amount if you choose. By withdrawing less, you are able to better preserve your balances, and you will not have to crystallise any losses brought by the current market uncertainty.

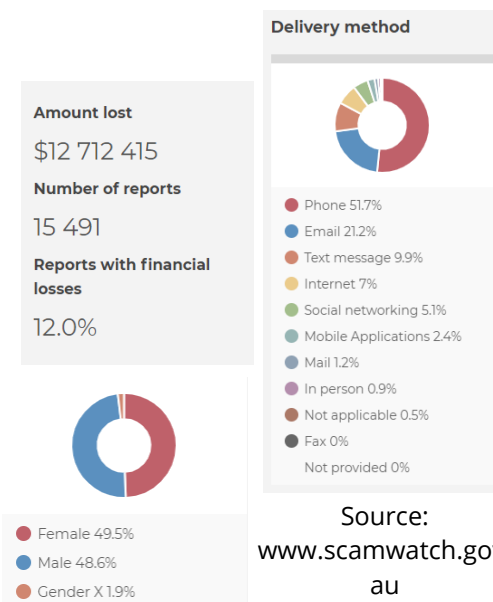
Age	Minimum % withdrawal (in all cases)	Reduced rates by 50% for 2019-20 and 2020-21 (%)
Under 65	4%	2%
65-74	5%	2.5%
75-79	6%	3%
80-84	7%	3.5%
85-89	9%	4.5%
90-94	11%	5.5%
95 +	14%	7%

“By withdrawing less you can better preserve your balance and not crystallise any losses.”

## Beware - Covid-19 scams

Scamwatch, a ACCC government website, is a great resource if you are unsure if you have been scammed or have seen a scam. You can make a report on the Scamwatch website, and find more information about where to get help. Be cautious and remain alert to coronavirus-related scams. Scammers are hoping that you have let your guard down. Do not provide your personal, banking or superannuation details to strangers who have approached you. Scammers may pretend to have a connection with you. So it's important to stop and check, even when you are approached by what you think is a trusted organisation.

[www.scamwatch.gov.au](http://www.scamwatch.gov.au)



# It is time to prioritise your health and wellbeing



With all of the change and upheaval over the past few months, it has never been so important to put your health and wellbeing as a number one priority. It is important to ask for help when you are feeling overwhelmed. It also is important to not neglect your health by avoiding appointments and check-ins with medical professionals.

**51%**  
of people engaged in physical activity are more likely to report improved mental wellbeing and decreased feelings of stress



**20%**  
of people are happy wabout their diets since the start of 2020



**156%**  
the percentage increase in people reporting stress linked to social life or lack of social contact



Source: AIA Vitality COVID-19 Insights members Feb-April 2020

## Four tips to help

### 1. Set up a daily routine

Plan fun activities that give you a sense of achievement

### 2. Stay active

Create exercise that is fun and reduces stress

### 3. Eat well

Plan your food for the day and keep it varied

### 4. Stay connected with family and friends

Explore all varied ways to stay in touch - Zoom, phone, group messaging



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