



Total Wealth

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Updates from Total Wealth

New Premises

We recently have secured an office in Papanui working alongside an accountancy firm and Dorothy Scott (AFA) from Wilo Financial Services. We look forward to the collaboration that arises from this move.

Staff Changes

We have an opportunity for employment and are currently looking for an administrator to join our team. Last month we also farewelled Paul Gunby who has resigned from his position as Director and has started his retirement with plans to travel overseas. We wish him all the best with these endeavours.

Market Volatility

"Embarking on a financial plan is like sailing around the world. The voyage won't always go to plan and there'll be rough seas, but those who are prepared, flexible, patient and well-advised greatly increase the odds of reaching their destinations" (Jim Parker).

After an extended strong run, the first quarter of 2018 unfortunately saw diversified portfolio returns slip into the negatives. Negative quarters have been remarkably scarce in recent years as the market has continued its recovery from the global financial crisis.

So, does this mean that markets are now going down? Well, there's not a simple yes or no answer to that question, and your investment timeframe plays an important part in the

answer. If your timeframe is only the last three months, then 'yes' probably feels like the right answer. But if your timeframe is longer than the last three months, there is a strong argument to say that the markets are still going up. As we know, markets never go anywhere in a straight line. They go up and down at different times, but over longer and longer time periods they always go up.

This means that by plotting an investment strategy that seeks to earn higher expected returns, we are knowingly taking higher risks. And a risk is an outcome that is not guaranteed. Over time, we take these risks because we expect to be compensated in a way that enables us to achieve our investment goals. However, in positioning ourselves to reap these long term gains, we have to be mindful that, sometimes, over shorter time periods, the risk will not play out as we would like.

If we remove risk then we also remove the opportunity for portfolios to earn more than the risk-free rate of return. So, getting rid of portfolio volatility and avoiding the occasional negative quarter can have more far reaching (negative) consequences on your investment plan than putting up with some greater variability of returns along the way.

Over the first quarter of 2018, most asset classes struggled to maintain their previous price momentum. However, after such a strong finish to 2017, when a number of global share markets gained 5% - 10% over the final three months of the year alone, it is not unreasonable that the markets would pause to draw breath at some stage.

Although investors experienced a negative quarter, the fact that markets will occasionally go down is known with certainty. Accordingly, it is factored in to our long term expected return calculations. In other words, experiencing a negative quarter every once in while is highly unlikely to suddenly mean you are no longer on track to meeting your long term investment goals and objectives.

What lies ahead for markets is, as always, impossible to predict. Unfortunately, that won't prevent people from guessing. So you need to be very wary of anyone, including most in the media, prone to dressing up their guesses as facts.

Economic indicators tell us that the global economy remains buoyant and, regardless of other distractions, we are currently in the unusual situation of having all major economies growing in unison.

This could be great news for the markets, particularly if the concerns of a USA/China trade war begin to fade.

Given that markets (and portfolios) go up far more often than not, the best strategy bar none is to stick with your plan: stay diversified, stay disinterested in unrelated media noise, and stay the course.



A New Paradigm in Personalised Health

In our rapidly changing world, health problems are increasing, and people are becoming more confused about what is best for them when it comes to food, fitness and lifestyle challenges.

By using a comprehensive personalised health platform, Dr Nick Kimber's nutrition consultancy company can help you consider a range of factors that can affect your health. This company can also give you access to a team of health professionals that understand your results and can turn your best intentions into your best results yet in a sustainable way.

Visit www.drnick.co.nz for more information

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