

## MEDIA RELEASE July 2011



### Managing Investor Confidence

During times of high market volatility or when markets stay flat for a prolonged period, investors tend to lose confidence or feel uncertain. MyLife provides a few thoughts that may help beat the blues.

#### The Accumulator

For MyLife, investments are an important aspect of any plan, but during the accumulation phase of an investor's life, investments are not what is most important. Debt is. If you are on track with your debt projections (providing you have someone to provide you with accurate projections) then you know you are able to maintain your lifestyle and achieve your financial goals. Your investments on the other hand are there for your retirement. Investments will continue to go up and down, a bit like a yo-yo, but as long as they eventually grow to be more than what was projected, you will have the confidence that your funds will meet your lifestyle needs and goals in retirement.

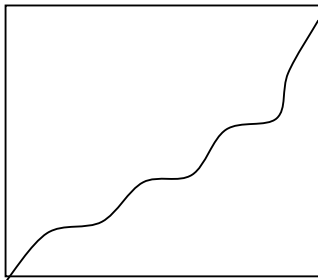
It comes back to the importance of 'Time In, Not Timing'. This is further explained by Fidelity International, one of the worlds leading investment managers, on their website: <http://www.fidelity.com.au/fidelityP2/?LinkServID=12B94122-0361-6B54-C1777E6F6390F37A>.

For example, if you decided to invest in Australian Shares for only one year, your return could have been as high as 86.1% pa or as low as minus -40% pa. Huge volatility! However, if you move the bar across, you can see that over 10 years your return could have been as high as 28.7% pa or as low as 2.9% pa; less difference and a lot less risk<sup>1</sup>.

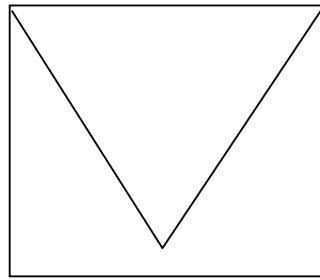
**'Generally the longer you remain invested for, the more predictable your returns become'**.

Another example, imagine if you were investing into shares every month over a period of so many years and you could pick what market cycle to invest in. Pick from the below charts which cycle you believe would provide the best results.

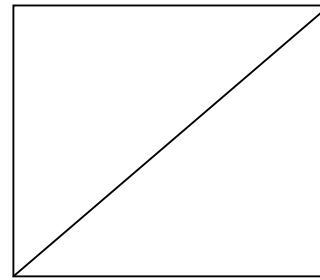
1.



2.



3.



The majority choose Chart 1, believing that with growth and buying into the market at some highs and lows you come out with the best result. In fact, Chart 2 provides the better result as you acquire a lot more shares often at a cheaper price and potentially receive a lot more in distributions.

25 Canterbury Road, Blackburn Vic 3130

\* Financial Planning  
Bill Paying & Budgeting  
Accounting  
Loans

### **The (Pre) Retiree**

'Time In, Not Timing' also plays an important part for retirees, however, retirees do not have the luxury of relying on other sources of income while markets recover. They continue to have daily expenses and the last thing they want is to have to eat into their growth assets. This is why MyLife uses the 'Bucket Strategy', where portfolios are developed so that during market downturns, defensive stocks such as cash and fixed interest are used up first.

The amount of money a client needs to draw should be a factor when determining what level of risk a client is willing to take. For example, if stocks and property are held, they should be invested for a minimum of seven years and there should be enough funds sitting in defensive stocks to last for the same period so growth assets have a chance to recover in the event of a market downturn.

**For a no obligation 1<sup>st</sup> Appointment contact MyLife on 1300 889 446 or visit [www.mylife.com.au](http://www.mylife.com.au).**

<sup>1</sup> Past performance is not a reliable indicator of future performance.

#### General Advice Warning

This information is of a general nature only and neither represents nor is intended to be specific advice on any particular matter. Infocus Securities Australia Pty Ltd strongly suggests that no person should act specifically on the basis of the information contained herein but should seek appropriate professional advice based upon their own personal circumstances. Although we consider the sources for this material reliable, no warranty is given and no liability is accepted for any statement or opinion or for any error or omission. MY LIFE (Aust) Pty Ltd t/a MyLife Financial Planning ACN 106 398 994 is a Corporate Authorised Representative of Infocus Securities Australia Pty Ltd ABN 47 097 797 049 AFSL/ACL No. 236523

#### Disclaimer

Although every effort has been made to verify the accuracy of the information contained in this document, Infocus, its officers, representatives, employees and agents disclaim all liability (except for any liability which by law cannot be excluded), for any error, inaccuracy in, or omission from the information contained in this document or any loss or damage suffered by any person directly or indirectly through relying on this information.