



MONEY *matters* | BRITANNIA

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Investing in a moving market



What happened to the markets in February 2018, and how did it affect New Zealand investors?

February 2018 provided the first breathless financial headlines for the year – on 5th February US share markets fell, and caused a ripple effect through the world. From a New Zealand perspective, the fall happened on Waitangi Day so there was very little investors could do about it except speculate on what the likely impact on New Zealand markets would be the following day.

And that is precisely what happened – the term “bloodbath” was thrown around with alarming frequency, and someone casually glancing at the headlines would have been forgiven for thinking the second great depression had started.

A more detailed review would suggest something less alarming had occurred. Over the two day period, the Dow Jones Index had fallen 425 points, or about 1.6%. While a fall like this is not appreciated by investors, it is not earth shattering, and is just part and parcel of investing in shares.

We asked Britannia Authorised Financial Adviser Wayne Becker to share his top 5 tips for investors in times such as these.

1. Having a well diversified portfolio pays off in situations like this as you will not be overexposed to any one particular economy, industry company or asset class.

2. Most investors have a 20+ year investment time horizon, so there's no need to be fixated with the daily value of an investment. Past evidence shows that those who make a 'knee jerk' reaction generally are worse off financially over the longer term.
3. Just because your investment may have gone down in value that does not mean you are invested in the wrong fund, the investment is broken or that you have made the wrong decision. It's all part of being an investor.
4. In February the major global equities benchmark (called the MSCI World Index) was up by almost 60% between early 2016 and the end of January 2018. In February it fell by around 4.6% returning the index to mid-January 2018 levels. So in that context a market correction could be considered as being due or even overdue.
5. Many commentators expect more volatility in the markets this year and more unexpected things (both good and bad) to happen – so you can reasonably expect the value of your investment to fluctuate more than you will have been used to recently.

As we all know the media love to sensationalise, so don't believe everything you read and make sure you talk to your adviser if you are worried about something you've seen or heard in the news.

Bridging the gap

Research published by Massey University in 2017* showed that a gap exists between what people want or, in many cases, simply need, in retirement and how much of that is funded by New Zealand Superannuation.

The report also highlighted that because women have a longer life expectancy than men they will generally need more money in their retirement. Longevity aside it's also worth remembering that because women still earn less overall, they will need to save more from less.

Regardless of gender, the sooner New Zealander's recognise that they are likely to be facing a gap in their retirement income, the greater the chance of being able to do something about it. Start by thinking about how much you'll need to cover the basic necessities, plus how much extra you'll need to achieve the lifestyle you desire in your retirement. This will allow you to identify if there's a gap,

and if so, how much of a top-up you'll need.

The Massey research paper provides guidelines that may be of assistance to anyone looking for "ball park" figures to help with calculations. You can access the full report by visiting our website at www.britanniaonline.com/newsletters.

Knowing that you are invested with Britannia should provide you with some peace of mind, but do talk to your adviser if you are concerned about your retirement and think you may need more savings to bridge the gap. Alternatively you can call Britannia on **0800 500 811** or email us at investments@opt-ltd.co.nz and we'll point you in the right direction.

*New Zealand Retirement Expenditure Guidelines 2016, Massey University.

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Tracey's South Island travels



Our Ops Manager, Tracey Harper-Verwoerd (who's been with Britannia for nearly 13 years) shares the highlights from her recent South Island holiday.

Where did you go?

We travelled from Jackson Bay at the bottom of the West Coast highway to Karamea at the top of the West Coast. We then went around to Golden and Tasman Bays, then along the newly re-opened State Highway 1 down to Temuka, Naseby and finally Queenstown (spending some of our tourist dollars in Kaikoura to help the earthquake recovery).

What was your highlight?

The trip to Farewell Spit and lighthouse at the top of the South Island was outstanding and definitely a highlight. So were the Nelson Lakes, Waikoropupu Springs and limestones caves and arches. The whole trip exceeded our expectations.

Any practical recommendations?

Plan your trip. There is so much to see and large distances to cover. Allow for slow travel times due to traffic, road works, stopping to look at the scenery. If you hire a rental car, memorise the number plate promptly. You will see many identical ones!

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