

# On balance

## Keeping your head when markets are moving

Most people wouldn't sell their house if they read that property prices may be falling. They certainly wouldn't have their house valued every day. However, when it comes to shares, some people panic at the first sign of a downturn and begin offloading their holdings. While financial commentators, journalists and news writers monitor market movements daily, investors saving for retirement or building wealth need to take a more balanced view.

### Not investing is risky too

Selling your holdings during a period of poor performance may protect your net worth in the short term – but it may stall or hamper your longer-term wealth building plans if the markets turn up while you remain on the sidelines.

### Don't sweat the small stuff

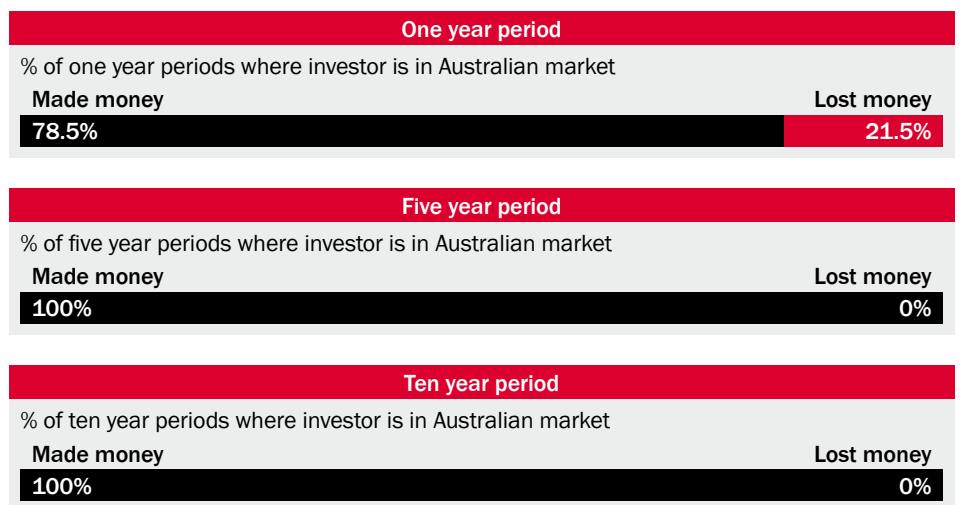
Instead of worrying about daily movements in the market, a much

wiser approach is to invest according to your investment horizon. For example, if you are investing for a retirement that is 30 years away, poor daily, monthly or even yearly performance is less important.

It's more important for long-term investors to appropriately establish their goals and objectives and structure a suitable investment portfolio to reach them. A financial adviser can help you establish the right mix of investments for your situation and regularly review this.

### Time is on your side

Despite their reputation as a 'risky investment', historical data shows that the greater the time period, the lower the chance of losing money on sharemarket investments. Consider the example below. While 21.5% of Australian sharemarket investors lost money after a year, all were better off after five and ten year periods.



**Source:** Investment Solutions BT Financial Group. Benchmark based on an annualised return of the S&P/ASX 200 Accumulation Index (the S&P/ASX 200 Accumulation Index was introduced in May 1992, prior to this the ASX All Ordinaries Accumulation Index was used) over 1, 5 and 10 years on all eligible time periods to 30 June 2009. Past performance is not a reliable indicator of future performance.

## A diversified approach

One of the most reliable ways to maximise your long-term returns and reduce the risk of losing money is through diversification.

By taking a diversified approach to your investments – spreading your money across asset classes, regions, sectors and investment managers – you may be able to achieve superior risk adjusted returns.

By spreading your investment across different sources of return your chances of having at least some exposure to the best performing assets

is increased. Just as importantly, the impact of a loss from any of one of your investments is reduced.

Intelligent diversification has another advantage – by spreading your money across different investments in line with a long-term plan instead of buying and selling based on short-term market moves. By sticking to a diversified approach over the long term you not only reduce your trading costs, you also avoid the temptation of constantly trying to beat the market – a job even highly trained professionals find difficult to do.

**“Don’t be distracted by day-to-day market ‘hype’. Talk to your financial adviser about how you can take a diversified approach to investment and maximise your wealth over the long term.”**

This document has been prepared by Asgard Capital Management Ltd ABN 92 009 279 592 AFSL 240695 ('Asgard'). It is based on information believed to be reliable and received from sources within the market. No representation is given, warranty made or responsibility taken as to its accuracy, timeliness or completeness and neither Asgard, the trustees, nor their associated companies will be liable to the reader in contract or tort (including for negligence) or otherwise for any loss or damage arising as a result of the reader relying on any information or recommendation (except in so far as any statutory liability cannot be excluded). The information in this document has been prepared without taking into account the objectives, financial situation or needs of any particular person. It does not constitute investment advice and should not be relied upon as such. Before acting on the information, a person should consider its appropriateness having regard to their objectives, financial situation and needs. Investment advice should be sought in respect of individual circumstances. Asgard is a related company of St.George Bank Limited ABN 92 055 513 070 and, as such, is a member of the St.George Group. No company of the St.George Group supports or guarantees Asgard's obligations. The BT Financial Group's Investment Solution team and Asgard are both part of the Westpac Banking Corporation (Westpac) ABN 33 007 457 141 Group, as is St.George Bank Limited (St.George) ABN 92 055 513 070 the parent company of Asgard. No member of the Westpac Group including St.George, supports or guarantees an investment through an Asgard Account.

### Sydney

Level 12  
400 George Street  
Sydney NSW 2000  
Telephone 02 9947 1288  
Facsimile 02 9511 2366

### Melbourne

Level 7  
530 Collins Street  
Melbourne VIC 3000  
Telephone 03 9941 3355  
Facsimile 03 9941 3377

### Brisbane

Level 16A, Central Plaza One  
345 Queen Street  
Brisbane QLD 4000  
Telephone 07 3229 5888  
Facsimile 07 3229 5877

### Perth

Level 38, Central Park  
152 St George's Terrace  
Perth WA 6000  
Telephone 08 9415 5688  
Facsimile 08 9481 4834

### Adelaide

Level 2,  
51 Pirie Street  
Adelaide SA 5000  
Phone: (08) 8424 5301  
Fax: (08) 8424 5258