

Why it's so important to stay invested

What investing in retirement means.

During periods of market volatility, it can be tempting, particularly for retirees, to become concerned and to potentially switch their investments to something 'safer' such as fixed income or cash. Typically they switch out of investments with exposure to shares.

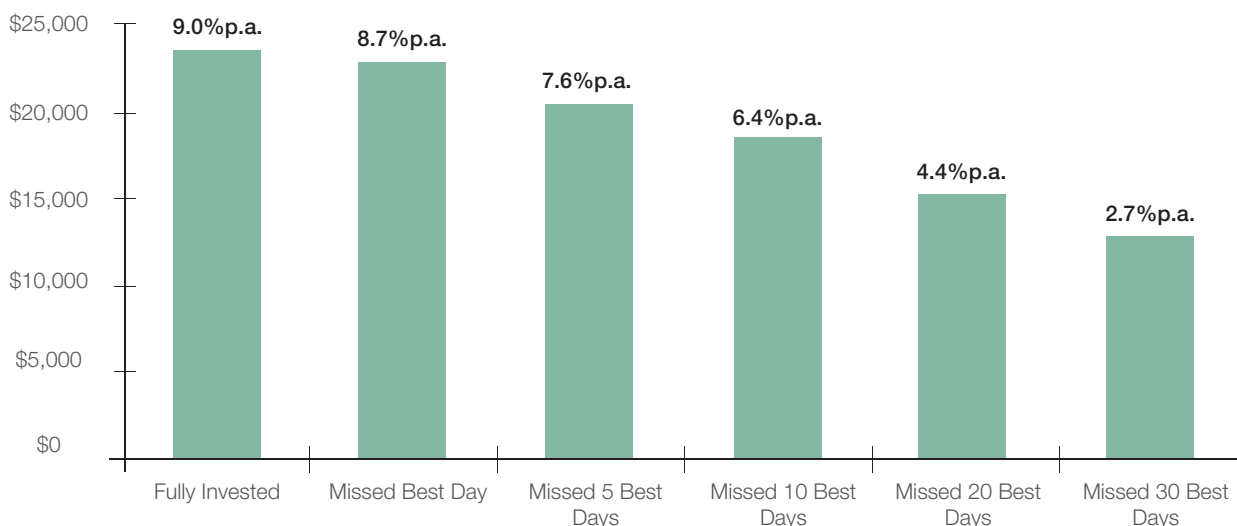
Why do they do this? Mainly with the aim of preventing further losses and further volatility in a portfolio of assets.

However it's important to understand what you may be giving up by following such an approach. During volatile periods in the markets, there will be some days where markets are down significantly, and also days when markets rise significantly. But it's very difficult, in fact almost impossible, to know exactly when markets will fall, or if they will continue to fall or rise.

By missing even one day, or a few days, of strongly rising markets, the effect on a portfolio can be significant. The chart below shows how \$10,000 invested could result in a return of 2.7% by missing the 30 best days over a 20-year period, compared to a return of 9.0% for a portfolio that's fully invested over the same period.



Value of \$10,000 invested in the S&P/ASX 300 Accumulation Index 20 Years ending August 2015



Source: Acadian Asset Management

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StatePlus targets reduced volatility of returns and reduced drawdown to help you maintain your investment strategy in conjunction with your financial plan.

It's unwise to 'try to time markets'

Marketing timing just doesn't work successfully for most investors because:

- It's very difficult, or impossible, to time markets and know when they are going to rise or fall.
- Individual investors may be significantly disadvantaged by switching investments in response to market volatility or by trying to time markets.
- Investors should try to 'stay the course' by investing over the medium and long term in order to maximise their chances of getting the best investment outcomes.

Seek financial advice

- You don't realise a loss until you have to sell assets.
- History has also shown that there will always be a bounce back.
- Remember your long-term goals. Formulating a strategy will give you peace of mind and a long-term focus.



For more information and to book an appointment contact StatePlus

 www.stateplus.com.au

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