Complete Financial PLANNING

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NEWSLETTER

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Week 3 of practicing social distancing and working from home! How is everyone going, I hope you are all managing well?!
The next few weeks will be the test with the kids home and the 'start' of school holidays. It's certainly going to be for us!

With so many things happening right now, the disruption this virus has caused, we are all doing the best we can. This new way of working or conducting client meetings etc I'm sure has stirred up a few frustrations along the way. Technology not working, having to revisit the way we do things and change. I'm sure our minds and bodies are feeling a little tense or exhausted? If so it's because our nervous and endocrine systems are strongly linked. What happens to your body affects your brain and your hormones, and vice versa.

The good news is that you can do things with your body to tell your brain to calm down. Here are 5 tried and tested favourites.

Exercise
Moving your body and getting your blood pumping is a great way to give you clarity. If you're mulling over a problem and can't seem to think straight, try a run, a long walk. A nice little break during the day to get your endorphins working which helps with the effects of stress.

Yoga
Yoga helps with deep breathing, mindfulness, and concentration, it's also good exercise. There are variations suitable for people of all ages and fitness levels. Use Google to find an online program. There are lots of free versions running currently (try Youtube)

Cooking
Instead of seeing cooking as a chore, you can view it as a fun activity that can help you stay stress-free.

Playing Games
Playing games whether with a group of adults you enjoy, or with children can be a great form of stress relief. Games have a way of keeping us in the present moment, with a light-hearted focus, and laughter that comes easily. Maybe it's time to dust off the scrabble board or a puzzle that's been sitting in the cupboard. Get a few friends or family members together and use Zoom for your virtual trivia game night.

Spend time in nature
Spending time in nature just might do wonders for your stress and energy levels. Nature works for many of our senses. It could be the quietness, the visual appeal of leafy trees and gardens, or smell of greenery that brings on a calming effect. Your future self just might be glad you spent time in a park or nature reserve near your home or workplace.

We wish you all a Safe and Happy Easter and when you are feeling a little overwhelmed or tense have a little break and try or introduce one of these methods to your daily routine.

3 Reasons Not to Sell After a Market Downturn **(Courtesy of Investopedia)**

Many of the market declines of the last decade, including the stock market crash of 2008, are becoming faded memories for most of us. In the end, investors who endured these difficult times, and stayed invested, came out in perhaps the best shape. But market crashes and economic downturns do not go away - as the COVID-19 pandemic shows, market calamity can seemingly occur out of nowhere. But do not despair, and do not let emotions like fear and anxiety cause you to make the rash decision to sell into a falling market.

Why? That's because after every decline in history, no matter how severe, investors tend to recover their losses and markets begin to stabilize and see positive growth over the long-run. These opportunities to hang on, or even accumulate more shares when prices are low, are lost on investors who sell during market downturns hoping to stem their losses and wait on the sidelines. Below, we go over three solid reasons not to sell during a market downturn.

KEY TAKEAWAYS

- A market crash can cause a lot of fear and anxiety as portfolio values fall and volatility rises.
- As a result, you may be tempted to sell your holdings and sit out of the market and wait until things blow over.
- However, this can be a bad tactic, causing you to sell low and miss opportunities for future price increases. Here, we discuss three good reasons not to submit to your fears and sell.

Downturns Tend to be Followed by Upturns

In down markets investors are understandably often overcome by their "loss aversion" instincts, thinking that if they don't sell, they stand to lose more money. However, the decline of the asset's value is often temporary and will go back up.
On the other hand, if the investor sells when the market is down, he or she will realize a loss. A lesson many investors have learned is that even though it can be challenging to watch a declining market—and not pull out—it is worth it to sit tight and wait for the upturn to come.

Research has shown that the average duration of a bear market is less than one-fifth of the average bull market, and while the average decline of a bear market is 28%, the average gain of a bull market is over 128%.
The important thing to remember is that a bear market is only temporary. The next bull market erases its declines, which then extends the gains of the previous bull market. The bigger risk for investors is not the next 28% decline in the market, but missing out on the next 128% gain in the market. In fact, stocks have risen on average over any ten-year period going back to at least the 1920s. While the past is not a predictor of the future, it should provide some assurances that what goes down does tend to go up in the end.

2. You Can't Time the Market

Timing the market can be incredibly difficult, and investors who engage in market timing invariably miss some of the best days of the market. Historically, six of the ten best days in the market occur within two weeks of the ten worst days.
According to J.P. Morgan's Asset Management's Guide to Retirement 2019, an investor with $10,000 in the S&P 500 index who stayed fully invested between January 4, 1999, and December 31, 2018, would have about $30,000. An investor who missed 10 of the best days in the market each year would have under $15,000. A very skittish investor who missed 30 of the best days, would have less than what he or she started with—$6,213 to be exact.
As a result, instead of selling on the way down, why not try buying instead. Accumulating more shares in a regimented way, even as stocks fall, allows you to dollar cost average, building your portfolio with a lower cost basis and getting in when prices are low.

3. It's Not Part of the Plan

For long-term investors, such as someone with a 20- or 30-year investment time horizon, the stock market crash of 2008, the market downturn after the Brexit referendum in 2016, and other dips and drops in the market are likely to have a smaller effect on the long-term performance of his or her portfolio, compared to someone who sells off during the downturns.
That's because what's important to a long-term investor is their own investment goals and a sound investment strategy based on a well-diversified portfolio with a mix of asset classes to keep volatility in check.
If you stick with your long-term investment strategy, you shouldn't let emotions like fear and greed change your course of action. If you contribute a certain amount to your portfolio each month, keep doing that! If you're target allocation is 80% stocks, 20% bonds, re-allocate when stocks drop to restore your target weights at a relative discount.

This advice should not apply if you are close to retirement and do not have the luxury of time to ride out periods of market volatility. In this case, however, you should already be in a more conservative portfolio as retirement approaches.

The Bottom Line

Having the patience and discipline to stick with your investment strategy is vitally important in successfully managing any portfolio. And if you have a long-term investment strategy, you'll be far less likely to follow the panicking herd over the cliff.