

Quarterly Update

January 2023

Welcome to our quarterly update for January. Christmas has come gone and we are back into the thick of it. We had a few events in the lead up to Christmas notably what may be the last AFA event as they look to merge with the FPA.

Special shout out to Emma Oliver who was recognised for her contributions to the Association of Financial Advisers over the many years she has been on the committee organising fundraising events for charity on their behalf. Please refer to the picture on the bottom left.

We also had another winner, Colin Oliver! Colin won the annual coin toss and walked away with a bottle of champagne which was enjoyed over the Christmas break with family. There was a little family dispute as the coins used were Emma's! Though there was no way anyone was plying the bottle away from Colin. Please refer to the picture on the bottom right.

Now back into Business, Emma will be taking annual leave from the 23rd of Jan until 1st of February. In Emma's absence Kathy will be contactable for advice-related matters.



Important Updates

2022 Market Review

The market was a roller coaster ride, ending worse than where we began. The ASX200 index was down more than 5% for the year.

Again, I would like to take the time to mention to our young investors that you have a long-time horizon and that short term losses should not result in drastic changes to your long-term investment philosophy.

For our older investors (if I'm allowed to say that!) we have structured your portfolios in a way that assets should not be required to be sold down, leaving you time to ride out the market losses.

Education

Kathy, Emma & Jayden will be back studying again this year and will have the Graduate Diploma of Financial Planning under their belt this year. Hopefully the last time until the government asks for something else!!

One of the topics of our study is how the human psyche influences our financial decisions, and at times causes us to make irrational financial choices. A bias ingrained in us all is that the impact of losses are felt far greater than equivalent gains (loss aversion bias).

This is notably something that some readers may be experiencing given the current markets. It is important in these situations to look at your long-term average return and compare the returns of your portfolio to relevant benchmarks.

CFP Team

Emma & Kathy – Advisers
Kelli & Jayden – Paraplanners
Michelle & Lorna – Client Service and Administration
Evelyn – Administration (Currently on leave)

SCAMS

There are so many scams happening out there now. Please be vigilant when clicking on any links or videos from email addresses that you don't know, also, when taking phone calls from people asking for any of your personal information over the phone.

Referrals

Please don't forget – our success is a result of referrals from clients and friends like you. If you have any children, family members, friends or colleagues that may need some advice, please pass our details onto them.

Article of Interest

Investing yourself vs using an adviser

While Kim Kardashian attracts attention everywhere she goes, she recently caught the eye of the US Securities and Exchange Commission and was fined over \$2 million for making one of her popular posts.

So, what was the offence? Wearing a dress Marilyn Monroe once owned or wearing too much eyeliner? No, her offence was encouraging followers to invest in cryptocurrency without disclosing she had been paid almost \$400,000 for doing so.

The case highlights the problem for people trying to make their own investment decisions and possibly being influenced by a raft of newly emerging so called 'fin-fluencers'. People who post investment advice online without a licence.

While it's tempting to go it alone and not seek out professional advice, research suggests do-it-yourself investors are significantly worse off than those who do take the time to obtain quality advice, tailored to their particular situation.

According to a study conducted in 2016 by the US-based Vanguard Investments, financial planners have the potential to add up to three percentage points to the net returns they achieve for their clients.

The study found they did this by embracing various complex strategies including locating lower-cost investments, better managing asset allocations and assisting clients in developing and adhering to financial plans.

These findings were also supported by research from the Queensland University of Technology. Clients of financial planners were surveyed twice, 15 months apart, to assess the impact of financial advice over time.

It found clients' satisfaction with their financial situation grew 12 per cent on average during this period, while clients who had been using a financial planning service for longer than this, believed they were in a much better financial position as a result of this advice.

So, what are the key advantages of using a financial adviser as opposed to trying to go it alone?

Financial planners are highly qualified and experienced professionals who spend their professional lives working in and around financial markets, reviewing and evaluating the best options for investing their client's funds.

They are not influenced by Kim Kardashian or other would-be influencers, who may or may not know what they are talking about and who certainly don't know if a certain investment is the best option for a particular client.

Importantly, financial planners spend time determining exactly what clients are hoping to achieve in managing their finances and they work to develop a strategy that is tailored to each client's specific needs.

Financial planners determine just what clients' attitudes are to risk and how much risk each client might be comfortable in assuming while determining which investments are most appropriate given their level of risk tolerance.

They bring years of experience and a thorough understanding of how financial markets work in good times and in bad, and so are able to better protect client's financial positions in the years ahead.

Advisers support their clients through challenging times when clients may not know exactly what they should be doing with their money or how they should be responding to one off events, such as falling markets or a spike in interest rates.

Most importantly, in using a financial planner, clients can rely on their advisers to put in the hard yards, investigating and reviewing various investment options, so they don't have to. They give clients the financial peace of mind to get on and enjoy their lives.

So, while Kim Kardashian might be a great source of advice next time you want fashion or beauty tips, when it comes to investing your hard earned savings, its best to rely on the professionals who know what they are doing and have your best interests at heart.