

Financial advisers can help when markets are volatile



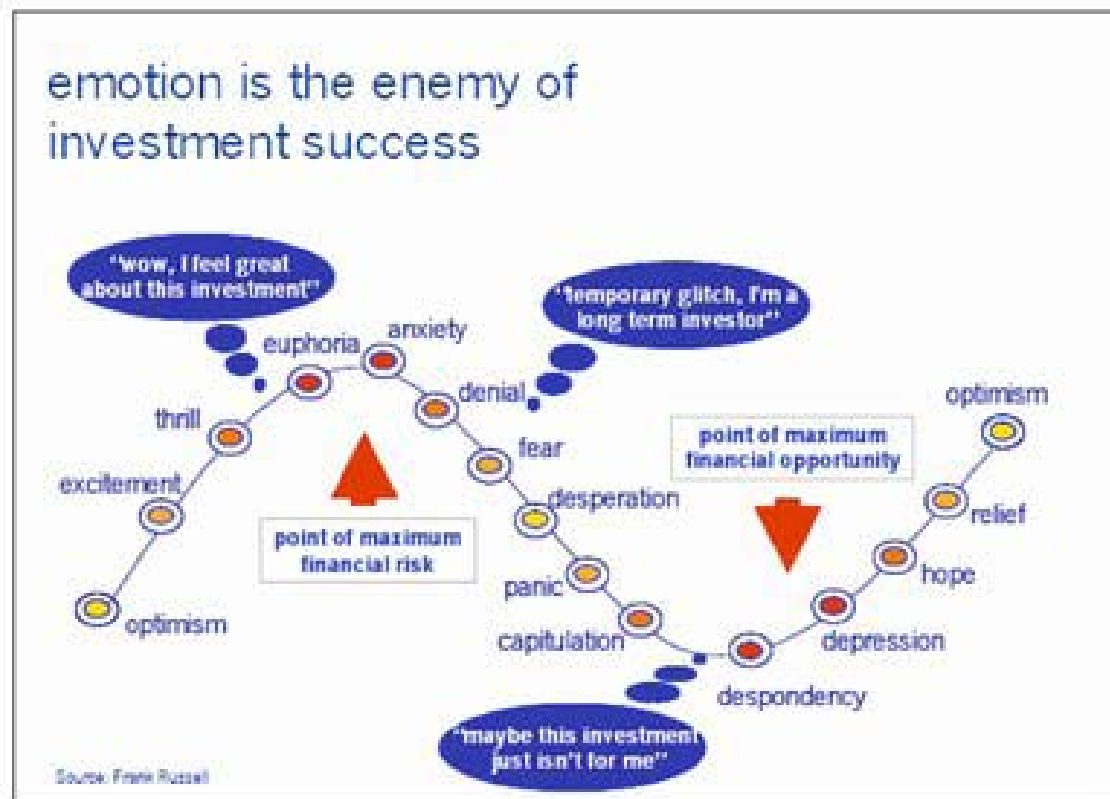
When markets are falling news headlines are proclaiming doomsday is just around the corner and it seems that everyone has an opinion about when markets will recover. It is at these times, when markets are bumpy, that it really pays to have a financial adviser by your side. The knowledge that you have someone, who has your best interests at heart, just a phone call away is invaluable.

However, to really understand how an adviser can help during the tough times, it's important to first understand the role of emotions in investing. When markets are delivering high returns (like we saw during 2003-2006) investors feel happy, confident and in control. What about when the tide turns and markets fall? Often emotions take over and it is during these times that many investors panic and bail out. Reacting to market swings in this manner is one of the surest ways to sabotage your success.

The following graph depicts the roller coaster ride that investors experience in response to changes in market conditions. It is a strong investor who can ride above their emotions and stay invested - but that's exactly what you need to do when markets are falling.

An important part of a financial adviser's role is to help you make the right choices at each stage during this range of emotions so you can stay invested and benefit when markets recover.

Graph "emotions are the enemy of investment success"



How advisers help during the tough times

1. They will act as your guide in uncertain times, preventing you from making hasty decisions. Your adviser will remind you that in every market downturn in the last century share markets not only recovered they went on to exceed the highs set prior to the falls. With your adviser by your side, you can stick to your long-term investment strategy safe in the knowledge that market fundamentals will eventually win out and markets will go on to recover.

2. Your adviser can act as a sounding board. They will remind you of your long-term goals and help you remember back to the time when you were confused about where you were going financially, and then the peace of mind you felt when you knew you had a long-term plan in place to achieve your goals. By reminding you about how far you have come, you will get a real sense of how important it is to stay the course.
3. They will help you use other 'levers' to build wealth. Your adviser is constantly looking for other opportunities that you can use to your advantage, that are outside of the performance of investment markets. For example, changes to superannuation rules, government legislation or smart ways to manage your tax obligations.
4. Your adviser can help you regain control. While you can't control changes in investment markets, rising petrol prices, interest rate hikes etc there are things that you can control. For example, how much you spend and how much you save. Your adviser can help you review your current spending patterns to see if there is any benefit in postponing expenditure or cutting back in some areas to enable you to spend more money later.
5. Your adviser will go bargain hunting for you. In the same way you might keep your eye out for bargains at sale time, when markets are falling there are often good buying opportunities for investment managers who can buy shares in quality companies at a reduced price. Your adviser can help you capitalise on any new opportunities available within the current investment environment.