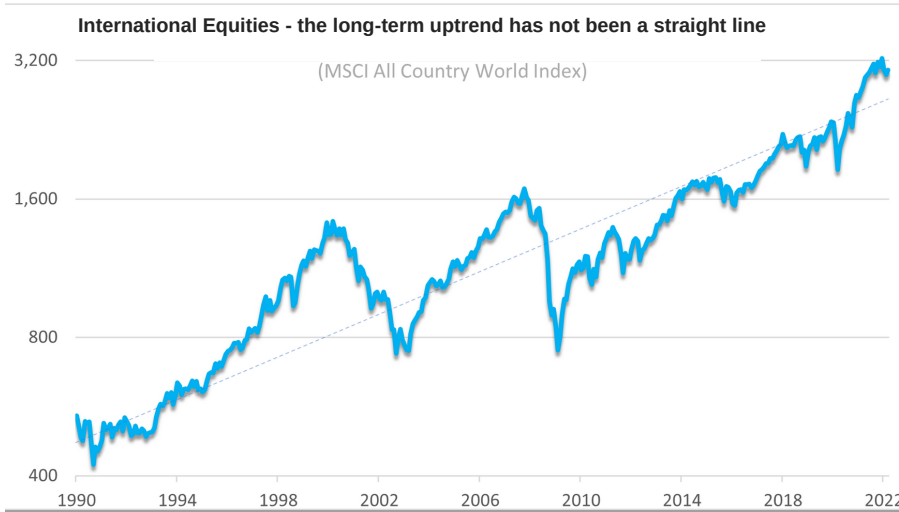


THE FEAR OF FLYING - Please fasten your seatbelts, we are facing some turbulence...

No sector has been affected more over the last 2 years of the pandemic than the aviation industry. We talk to many clients who are still very nervous about the prospect of future long-haul flights. Much like these long-haul flights, your portfolio navigated a severe storm of turbulence over the first quarter of 2022. Markets initially deviated from their flight plan to avoid the worst impact of central banks raising interest rates, only to be caught in a geopolitical storm as Russia invaded Ukraine.

Bumps are to be expected in almost every form of travel. Airplanes allow for flex in their wings, automobiles have suspension, similarly, all investing will experience these episodes of bumpy prices, but the objective of the journey makes enduring these periodic shudders worthwhile. As we entered March, more recent investors were starting to feel queasy and wanted to exit their investments. However, the last 3 weeks of March saw markets recover approximately 50% of the fall which has occurred since the beginning of 2022.



2021 was a great year for investors. The downside of such great investing years is that they can distort our expectations, and this is especially the case for those who may be new to investing.

Share markets are a human enterprise and are therefore subject to collective human behaviours – everything from manias to panics. In reality, the fall in markets during the first quarter of 2022 was normal and healthy behaviour.

DON'T LET THE SHORT TERM FOOL YOU

Despite the recent market revaluation of equities due to higher interest rates, the underlying economic conditions are supportive of stock markets. Looking at the U.S. economy (which makes up approximately 50% of global markets), there have been solid corporate earnings in addition to a strong labour market – both signs of a healthy economy.

Once interest rates finish their reaction to rising inflation and investors face more certain outcomes in Ukraine, the opportunity over the rest of 2022 is well documented.



KNOW YOUR TRUE APPETITE FOR RISK

Possibly the most important consideration of these last 3 months is observing your own reaction to a relatively mild market fall. Recent events have presented an opportunity to evaluate your risk appetite in a real-world situation.

Did you feel more nervous than you thought you would? Perhaps it made you realise that you were checking your returns too frequently? This is the downside of technological advancement. We have information at our fingertips, but do we need to be checking on our long-term investment objectives daily?



In any event, recent conditions serve as a reminder of why you have engaged a financial adviser – we're not only someone who can navigate markets and manage your investments, but also someone to talk to when fear threatens to overwhelm you.

It's during times like these that we often remind people to take a long-term view – step back and gain some perspective.

Not only is it better for your peace of mind, but it's also better for your long-term investment returns than if you react and lock in shorter-term losses.