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**Some Holiday Perspective**

As the holiday season approaches, it’s a good chance to sit back and reflect on what really matters, away from the day to day activity that accompanies us through the year. Those who have been following share markets will know that returns during 2018 have been more variable (both up and down) than in the few years prior, which were unusually smooth.

With plenty happening during the year, the temptation to keep a very close eye on investment returns is high. At first glance it might therefore seem a little worrying that only just over half of the days this year have delivered a positive return for shares. But this is exactly in line with history. Over the past 70 years, ‘only’ 53% of days have seen a market rise. Put another way, when you look at the share market on any given day, whether it’s gone up or down is pretty much a coin toss.

Put that together with our emotional tendency as humans to feel twice as much pain from a loss as we do pleasure from a gain. It’s then pretty clear that someone who checks their investment balance every day is not going to have a very pleasant time!

It gets better though. Despite ‘only’ rising on 53% of days, someone who just checked in annually would have seen a positive return 75% of the time. This rises to 98% of 10-year periods and all 15-year periods, reaffirming that most short-term returns are ‘noise’ for someone with a long timeframe.

In investing, like in many things in life, the best way to have a good experience is to have the right perspective.

Thinking about it this way, long term saving and investing has some similarities to going on holiday. When you’ve packed up and headed out on the road to your destination, if you run into roadworks on the way, you’re unlikely to respond by turning the car around.

And when you get there, with glass of wine in hand, you probably won’t call the cattery or dog kennel each day to see how the pets are getting on.

So feel free to sit back this summer – if your investment approach has been chosen with your adviser to be in line with your timeframe, aims and ability to ride out shorter term ups and downs, then your portfolio will thank you for it and you will enjoy your break SO much better.

**Market & portfolio update – November**

## Global share markets rose slightly in November (up 1%) despite remaining choppy, and with returns for NZ investors offset by a 5% rise in the New Zealand Dollar. Our currency has generally fluctuated in a moderate range between US 65c and 75c over the past two years, and its recent rise to just under US 70c brings it back closer in line with our assessment of long-run fair value.

## Oil prices dramatically reversed their recent rise (falling from over US$80 to $60 per barrel), as production rates have increased. This is likely to take the edge off inflation pressure and give central banks a little more flexibility in how they approach interest rates, but it shouldn’t detract too much from the path of gradually higher interest rates in the United States.