<u>Positive moves to protect your financial wealth during COVID -19</u>

Each day history is being made, and it is fair to say that we are presently boots and all in this time in history with the arrival of COVID 19. Its impact is being felt everywhere. We have experienced economic downturns before; however every downturn is different. This current downturn is different because the stresses are not only about financial markets and the global economy. We are experiencing fear for our own health and that of family members, we are struggling with isolation during lockdown and feelings of uncertainty around what things will look like on the other side. What is also different this time is the bewildering speed at which life has changed.

Although every downturn is different, history tells us that the outcome is the same, – this will come to pass and the world will get through this period. , Market volatility will ease and, thankfully, the seeds of optimism are now evolving.

What can you do?

On the big stuff, not a lot. This virus and its consequential impact is larger than you or I and, as much as we wish to, we cannot will the impact of this virus away, nor can we predict when our global economy will recover. What we can do is focus on the things we can control and let go of the things we can't.

Through the lens of a glass half full, we can choose to take this enforced time to review our general well-being and our financial position and see where improvements can be made. We can identify, for example, where money can be saved or how we can keep our money prudently invested, so that we give ourselves the best chance to benefit from a recovery.

Below are some suggestions for change you can explore regarding savings and investing as well as some time-proven tips, to help keep things in perspective:

<u>1. A time to save</u>

The upside of being in lockdown is that there is reduced opportunity to spend and time to take a serious look at what we were previously spending our money on.

During times of crisis the reassurance of having savings is so valuable. However, not all of us have been in the position to save, so now is the time to make a plan.

Many of us are reinvigorating lifestyle norms of the 70s and 80s. We are recognising the benefit of a vege garden, figuring out we are not so bad in the kitchen after all or getting on a bike instead of in a car – changes which involve less capital output.

If your income does take a hit because of the virus, you'll need to cut back on non-essential spending until you can get fully back to work. Keeping in place some of the practices above will aid these efforts. The trick is to think about keeping these changes and cuts to our spending in place for a while in order to help start building your savings.

It is also time to reflect on what really matters to you and transferring these reflections toward spending more mindfully in order to benefit your future.

Take a look at your bank and credit card statements, highlight in green necessities or items you are comfortable continuing to spend money on and, highlight in red the things that you can press pause on or stop completely. Dry cleaning may have to give way to handwashing, or the favourite magazine subscription may be considered a nice to have, but not an at the moment item.

Also think about how your spending patterns might change in the near future. Some expenses might go up — i.e. food delivery, whilst others will go down such as entertainment or travel. Do not overspend on stockpiling goods or spending on items you really know in your heart of hearts you do not require or will never use.

2. A time to stay invested

If you have an investment portfolio and a trustworthy financial adviser, be confident that you have many investment eggs held in different baskets. Your portfolio should have been constructed carefully, balancing growth (equity) and defensive (high quality bonds) assets to ensure that you can withstand temporary falls in the value of your portfolio. If necessary, your adviser will rebalance your portfolio to make sure you have the right level of equities to benefit from future market rises.
Stay focused on the purpose and role of your portfolio – that is a long term investment. Try to avoid falling into the trap of looking at your portfolio value too often – in times of volatility this will generate feelings of gloom so get on with more important things. If you're

looking every day, then think about how this behaviour is affecting you, and if it worries you, then stop. Emotions make for terrible investment decisions.

Accept that you cannot time when to be in and out of markets – it’s simply not possible. Even though markets have fallen, remember that you still own everything you did before. A fall does not turn into a loss unless you sell your investments and essentially crystallise that loss. If you don’t need the money, please try to avoid selling investments.

Control what you can – financial markets may be volatile, but your financial life doesn’t have to be. There’s so much that you can control including your own emotional response to the market’s turmoil.

No matter what impact this virus might have, it’s always good to take a look at your financial position and think about making it stronger. By reviewing your financial wellbeing, you are following the advice of Jacinda, by being kind to yourself and your family by reducing the impact of financial stress during an already extremely stressful time.