

GUARDIAN TRUST**TOP TIPS – HOW TO APPROACH INVESTING DURING A RECESSION?**

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What approach should people with existing investment portfolios be taking now?

Investors should stay the course – now is not the time to panic. If your planning has been robust, unless your circumstances or goals have changed significantly, persevere. If you're working with an investment adviser, they should be offering more support than usual – staying in close contact and keeping you updated on what is going on with the markets and how your portfolio is affected.

Should investors look at abandoning some asset classes as the recession plays out?

No. Diversification is now and always has been a key investment principle. In any case, everything has been hit by the downturn – the stock market has crashed at the same time that property prices are going down, which is almost unheard of. Investors can take heart from the fact that essentially, everyone is in the same boat, and if they hold steady, the upturn in the value of their investments will come. What is happening with their investments is the consequence of markets.

What characterizes a good attitude to investing in this climate?

When you first make a particular investment, it's important to manage your own expectations. You should understand whatever risk is involved from the outset, and make a fully informed decision. Most investment should be approached as a long-term proposition, and with an understanding that if it looks too good to be true, it almost certainly is. This applies regardless of the economic conditions in which you make the investment.

Which is a better tack to take in terms of risk – a conservative, balanced, or high-growth strategy?

This all depends on the investor and their appetite for risk – no matter what the condition of the market. Older people tend to be more conservative, which is sensible because the life of their portfolio will be shorter. Younger investors can afford to take on extra risk (if that is their choice), because over the long-term the peaks and troughs are likely to add up to a steady growth trajectory.

What areas are investors most concerned about at this point, and how can concerns be addressed?

There is understandable concern among some investors about diminishment of income. In those cases, it is worth examining portfolios closely to see where slight alterations can be made. It's very hard to be tactical in the current market, and in any case, investors are better advised to take a strategic view. Investors are well-served by taking a long-term outlook, and avoiding going with 'what's hot' and 'what's not' and getting spooked by fluctuations in particular asset classes. This is the most prudent way to manage investments, rather than just bailing out of one thing and going to cash or gold or whatever the flavour of the month is. Good strategy will endure.

A disclosure statement is available free of charge, on request.

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