

February 2023

## Global Experience, Local Knowledge

Headlines about falling markets can be worrying – particularly if you're approaching retirement. Find out more about the recent causes and what to consider.

After stellar rises in 2021, share markets lost some of their shine in January with steep falls that have attracted plenty of media attention. This is a market correction after a sustained period of share market gains. A few factors have spooked markets, including the prospect of interest rate rises, the ongoing disruption caused by the Omicron variant, and uncertainty about conflict between Russia and Ukraine.

If your super is in a balanced investment option, the falls in the share market are unlikely to be fully reflected in your account balance. That's because your investments are spread across a range of different types of assets, such as bonds, property and infrastructure – some of which are largely unaffected by the factors behind the share market falls.

There are also good reasons to believe markets are reacting to short-term challenges likely to be resolved relatively quickly. Central banks are committed to a gradual rollout of interest rate rises, the economy is doing well and, despite the challenges of Omicron, we are slowly but surely getting to grips with Coronavirus. As a result, our short-to-medium-term outlook remains positive.

### WHAT CAUSED THE SHARE MARKET FALL?

There are a few reasons that the share market has taken a tumble over the past month. These include:

- The prospect of earlier-than-expected interest rate rises by central banks, both in Australia and overseas. Rising inflation is the driving factor.
- The Omicron variant, which affected business operations. For example, sick workers resulted in disrupted trucking routes and empty supermarket shelves.
- Geopolitical uncertainty, including a Russian military build-up on the border with Ukraine.
- Finally, stock markets have surged over the past 20 months. After such a sustained period of growth, a correction is not unusual.

### WHAT DO YOU NEED TO CONSIDER?

As with all investment decisions, there are two key factors you should take into account. First, your risk appetite – how comfortable are you with experiencing falls in your investments? Second, your time horizon – when do you need to withdraw your money?

If the current falls in the share market are making you uncomfortable, it could indicate you are invested in an option that may not match your risk appetite. It could be helpful to speak to a financial adviser, if you don't have one, to review your different investment options. If you'd like to talk to someone, please call 0404167989 or email [ds@bluerocke.com](mailto:ds@bluerocke.com) at Bluerocke Investment Advisers

Contact Dev Sarker:

Phone [1300 71 71 36](tel:1300717136)

Email [info@bluerocke.com](mailto:info@bluerocke.com)

Address Adelaide: 167

Flinders Street, Adelaide SA

Web [www.bluerocke.com](http://www.bluerocke.com)

If your time horizon is longer than the medium term (say, five years), then you may have time to ride out any losses and simply wait for the market to recover. Keep in mind, switching to a more conservative investment option could 'crystallise' your losses – turning a paper loss into an actual loss – leaving you with less capital and a lower growth investment.

At times like these, it's important to keep in mind:

- Stock market corrections are normal, and can be healthy
- If you switch to a more conservative option such as cash, you risk locking in your losses
- Shares have performed well over the long term
- The economy is strong and unemployment remains low.

### WHY MARKET CORRECTIONS ARE NORMAL

It's impossible to know for certain what the future holds. Nevertheless, it's important to put the current share market falls in context – they follow 20 months of strong market returns driven by abnormally low interest rates. The reaction of markets in recent weeks is best seen as a return to normality.

We are here to support you and things you can do include:

- Reading our regular market updates
- Staying up-to-date with the latest market developments
- Reviewing your super to ensure it aligns with your risk appetite and financial objectives.

## On our own- now or never?

While living in the Middle East, I was once asked to speak to two groups about their finances. The first were those from OCED countries (mainly the West) and the other from EM countries (mainly South and South East Asia).

The contrast in the questions asked by the two group was stark. The OECD folk were mainly (not totally) about managing their debt which in general they felt was their challenge. While the EM folk were all about investment opportunities, for their savings.

What was remarkable was, that as a general average, the OECD folk were probably earning 2-3 times what the EM folk were, in that country.

I circled back at a later date and found that the OECD folk tended to believe that their government would look after them, so they didn't mind delaying plans for saving for retirement. But the EM folk were aware that they were on their own and hence were judicious in planning for the future.

We all know that OCED governments' finances are getting strained and the results are delayed pensions entitlements, lower pensions, reduced medical benefits, raised taxes etc.

We don't know how long the can 'can be kicked down the road', so perhaps it would be wise to start planning for your future. After all, retirement is a time of unemployment and we only retire once, so we need to get it right.

## WE'RE HERE TO HELP

As you keep your long-term goals top of mind, remember: we are here to help – with news, insights and helpful resources available on our website,  
**www.bluerocke.com**  
to help keep you up-to-date on the latest.



**Dev Sarker**  
Bluerocke Investments Advisors Pty Ltd  
4.90 ★  
13 Reviews

AR SILVER 9 Yrs Experience Adelaide, SA 5000

Back in October I wrote about the amazing work that P&N Connect do with their clients, especially new Australians who are exploring the Australian accountancy system for the first time. Another area that is starting to refer to BlueRocke is the consultancy sector, especially Small to Medium Enterprises looking for financial advice and loan sourcing to help drive growth. BlueRocke's sister company, SME Funding Hub ([www.smefundinghub.com](http://www.smefundinghub.com)) is starting to develop strong relationships to help small to medium enterprises to grow their future wealth.

By working with industry experts across the small to medium enterprise, medical and new Australian sector, BlueRocke is alongside assisting these organisations to grow. Want to find out more about how BlueRocke and SME Funding Hub can assist your clients, then reach out today.



Clients sometimes ask me for recommendations about books. One I recently came across in the monthly Australian Institute of Company Directors magazine is "What's Wrong with Boards" by Fred Hilmer. This book highlighted how being a Director is becoming more and more complex and less attractive – but the role of Director has never been more important. If the subject interests you here's a link to an article on the subject. The book is available at Amazon and booksellers

