What smart investors do when markets get noisy

Presented by Tom Wilson
Investor Education

INVESTSMART 10 YEARS PORTFOLIOS

Is this webinar for you?

- You’re new to investing or already invested
- You feel overwhelmed by market noise
- You want a clear, long-term strategy
- You don’t want to make expensive mistakes

General Advice Warning

WARNING

This publication is general information only, which means it does not take into account your investment objectives, financial situation or needs. You should therefore consider whether a particular recommendation is appropriate for your needs before acting on it, seeking advice from a financial adviser or stockbroker if necessary.

DISCLAIMER

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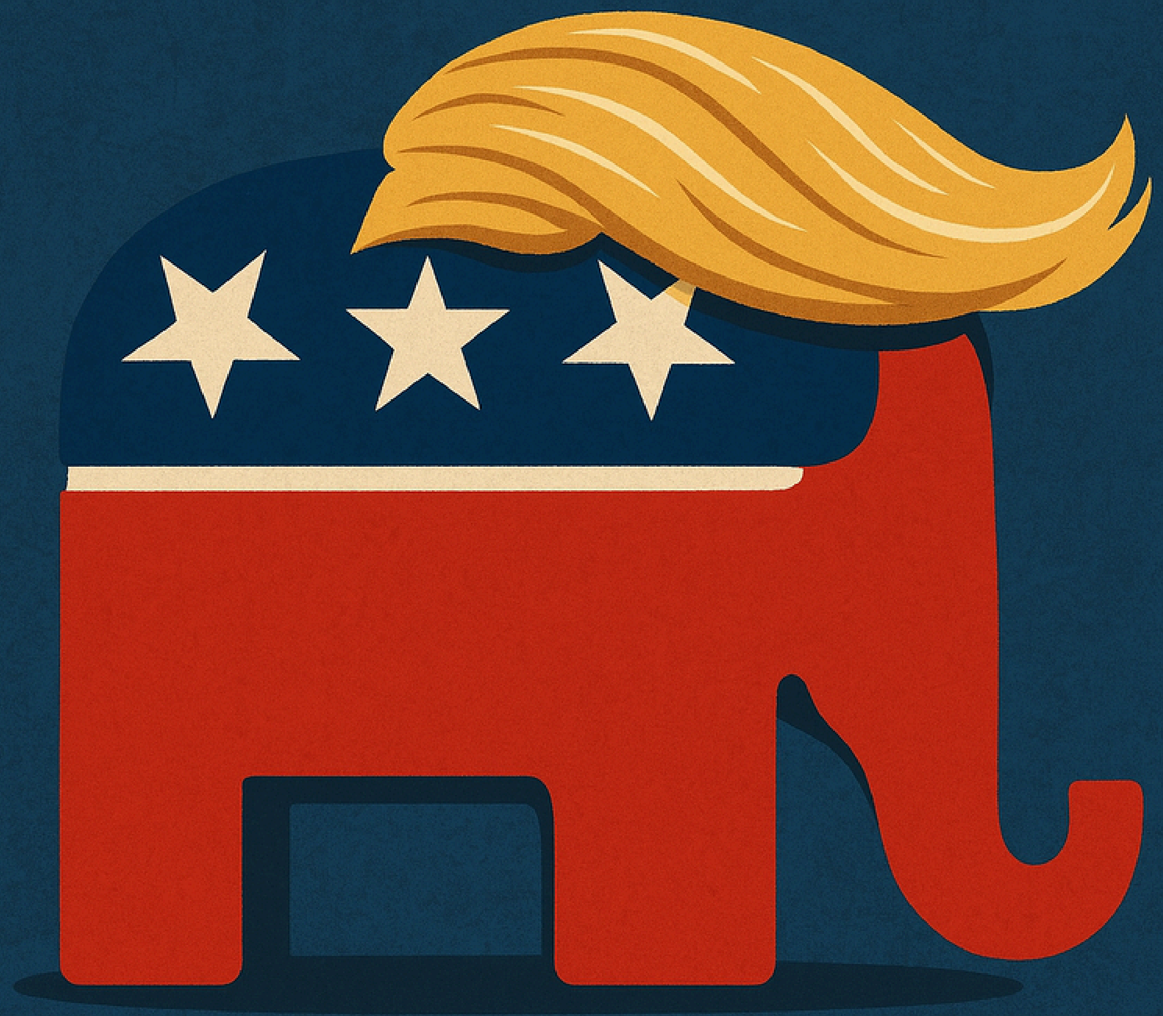
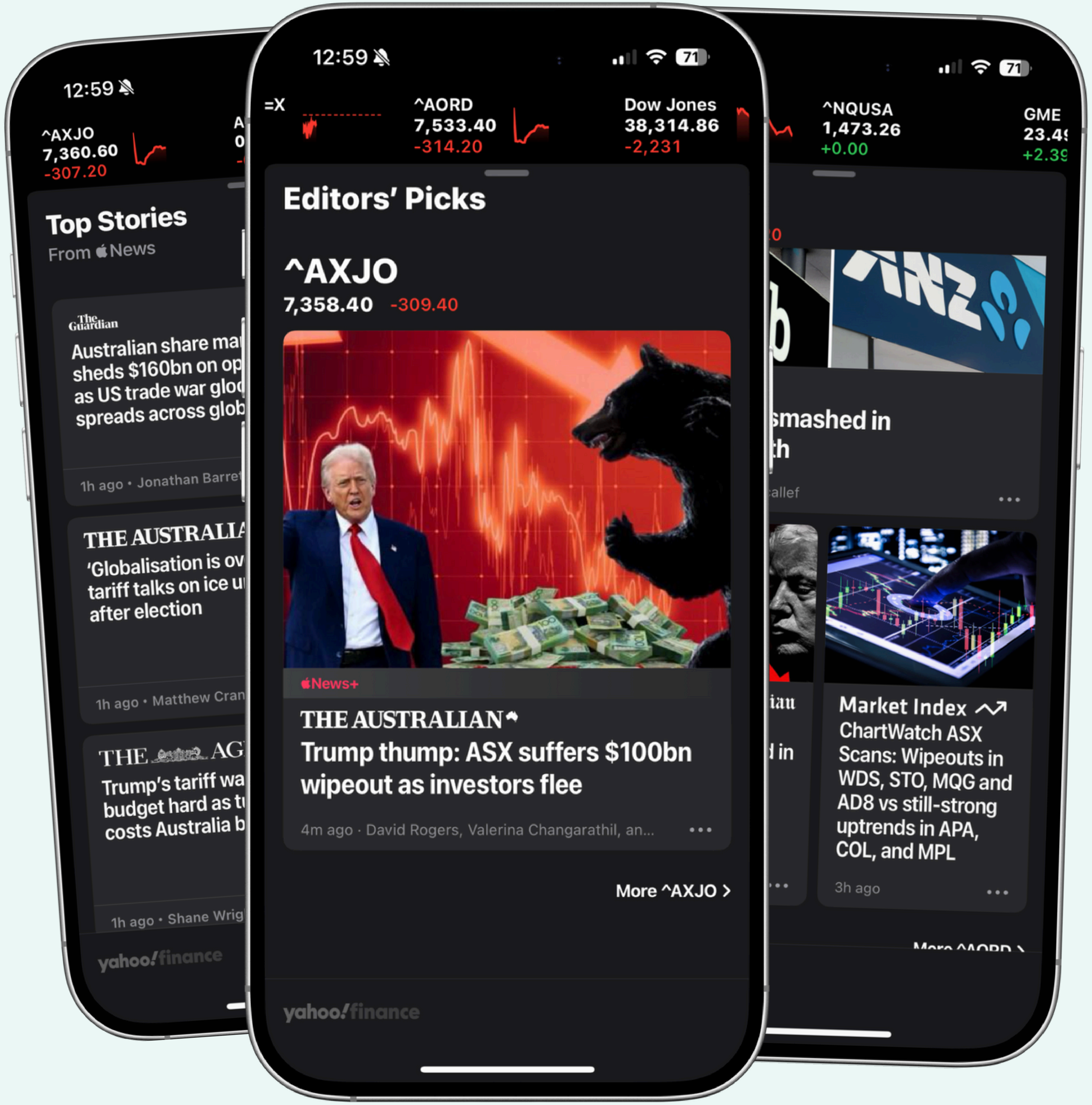
PERFORMANCE

Past performance is not a reliable indicator of future results. Our performance figures are hypothetical and based on recommendations from Intelligent Investor using stock prices at date of publication. Brokerage costs have not been included. As stocks rise and fall, returns may be negative. We encourage you to think of investing as a long-term pursuit.



Let's talk about the elephant in the room

- Significant market drops yesterday
- Tariff policy and global uncertainty
- Causing volatility and concern



What is market noise?

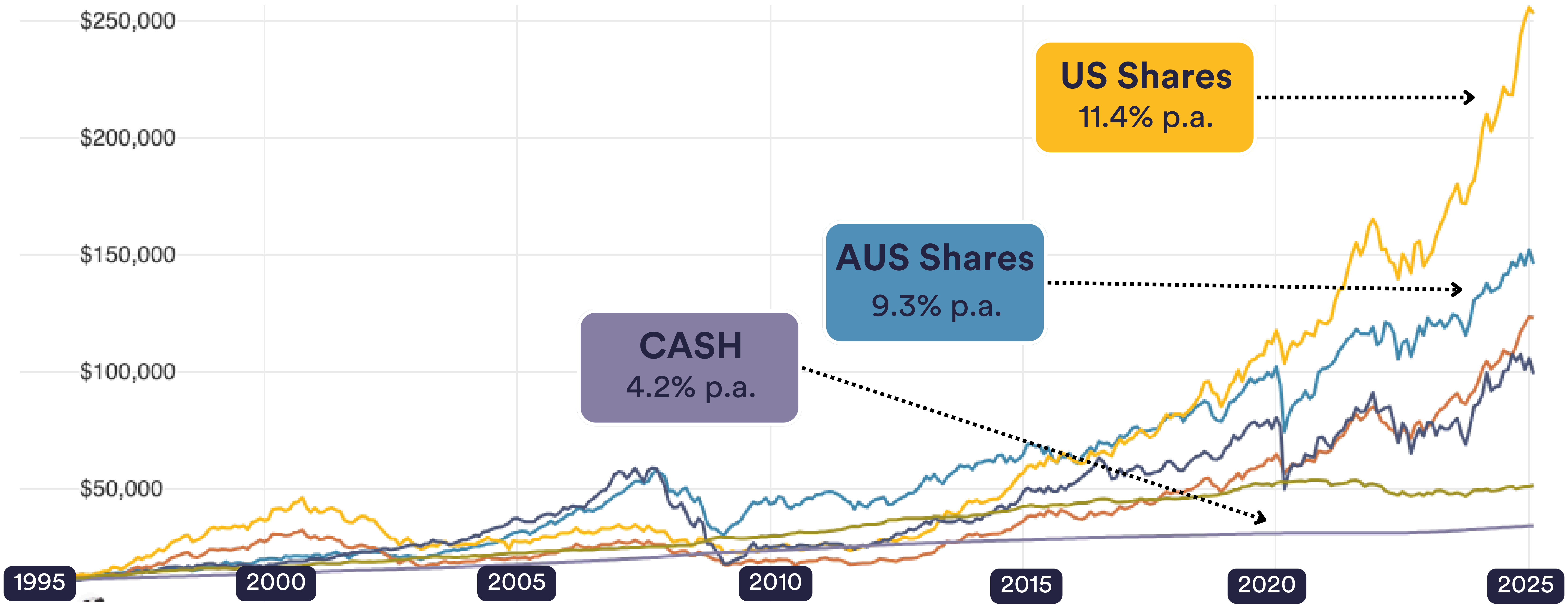
Market noise is the stream of headlines and opinions **designed to capture attention, not to guide** smart decisions.

It's the daily drama of:

- **Crash!**
- **Boom!**
- **Buy now or miss out!**

It can push investors to act emotionally instead of following their plan.

The long-term trend is up — despite the headlines

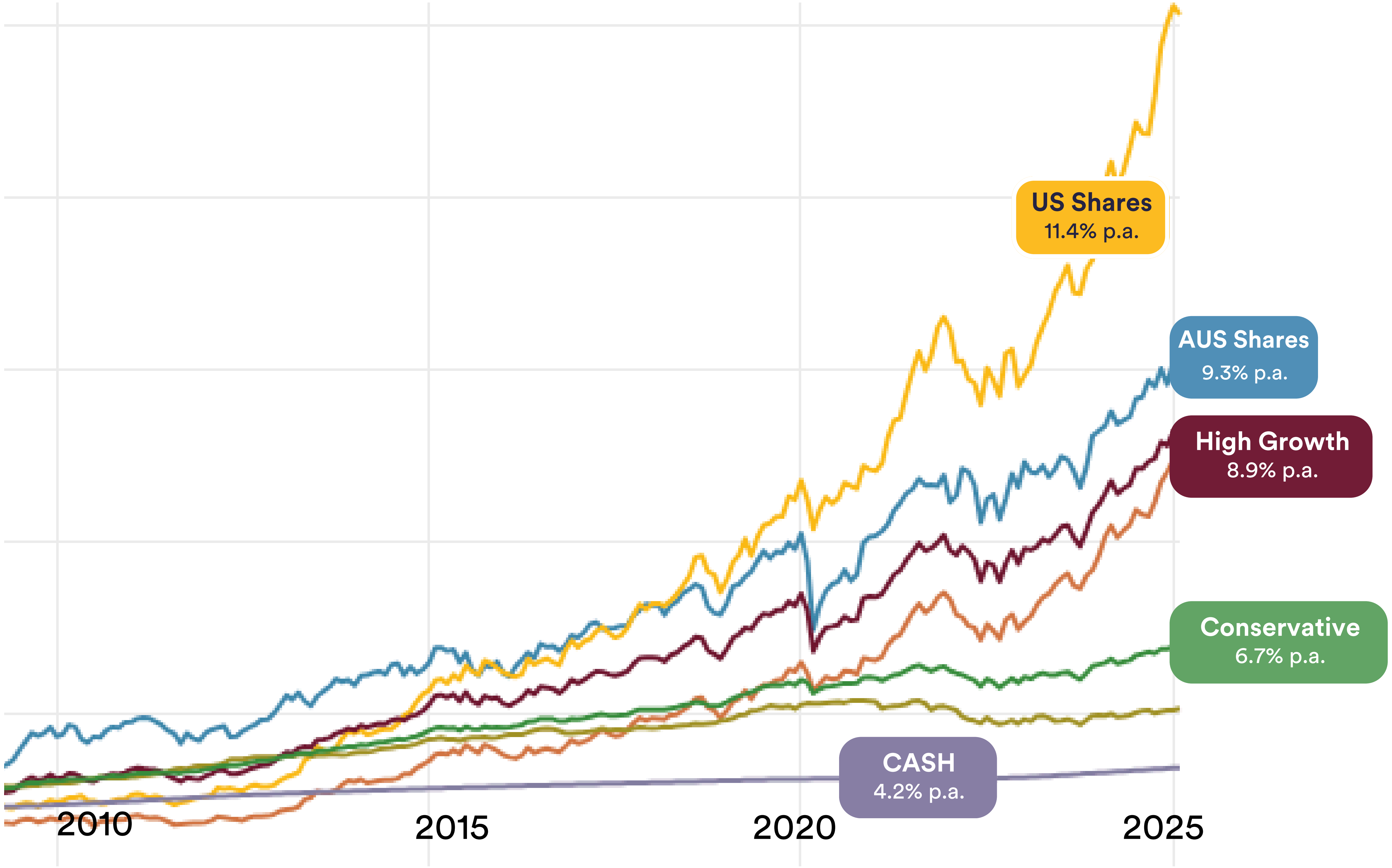


Asset classes	Value at 28 Feb 2025	Return since 1 Mar 1995
Australian Shares	$145,877	9.3% p.a.
International Shares	$122,957	8.7% p.a.
US Shares	$253,108	11.4% p.a.
Australian Property	$98,797	7.9% p.a.
Australian Bonds	$51,260	5.6% p.a.
International Bonds	$60,045	6.2% p.a.
Cash	$34,100	4.2% p.a.

Vanguard

https://www.vanguard.com.au/adviser/tools/index-chart

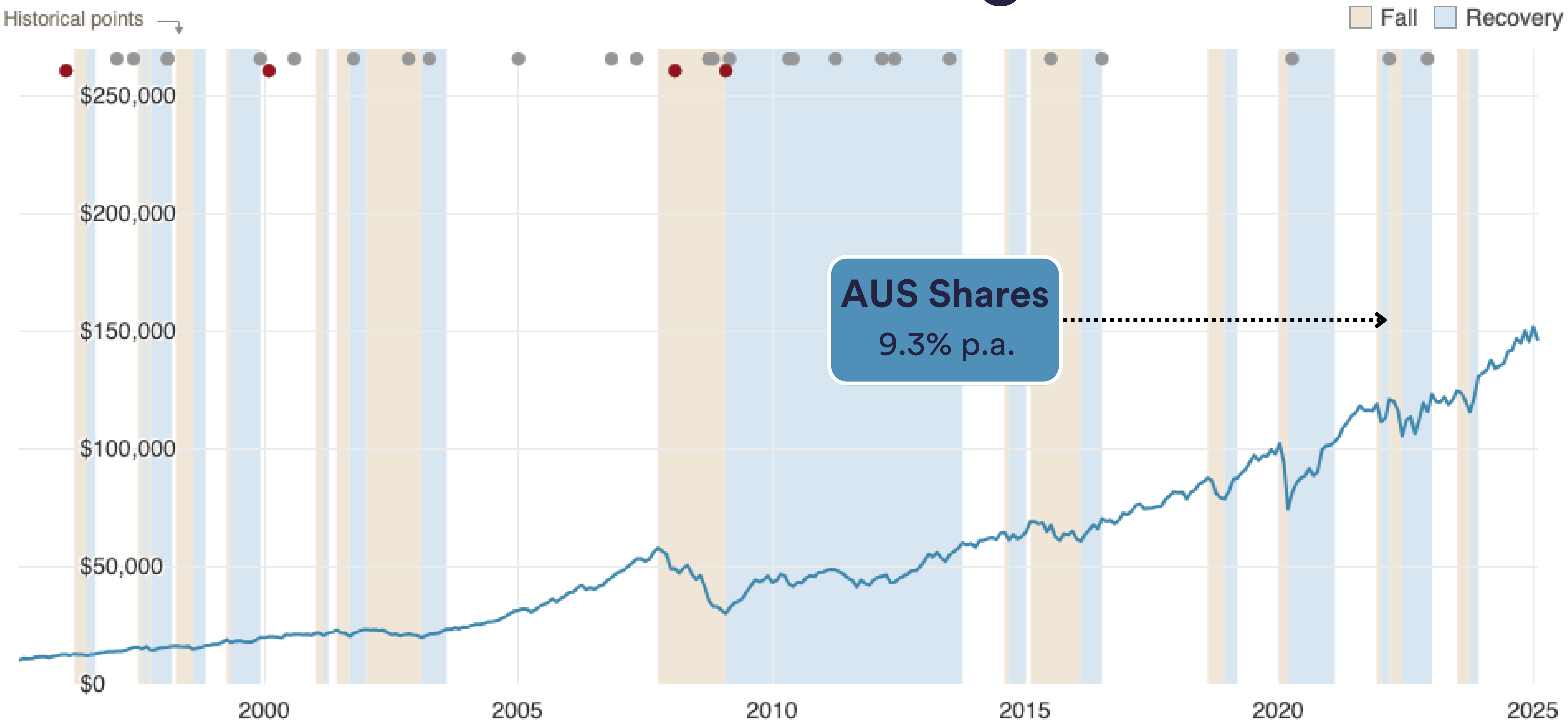
Why diversification matters



Rather than trying to pick the best-performing asset class each year, diversified portfolios combine a mix of assets — like shares, property, bonds, and cash — to balance risk and return.

Vanguard https://www.vanguard.com.au/adviser/tools/index-chart

The market spends more time rising than falling



Vanguard https://www.vanguard.com.au/adviser/tools/index-chart

78%

Of the market's best days happen during downturns

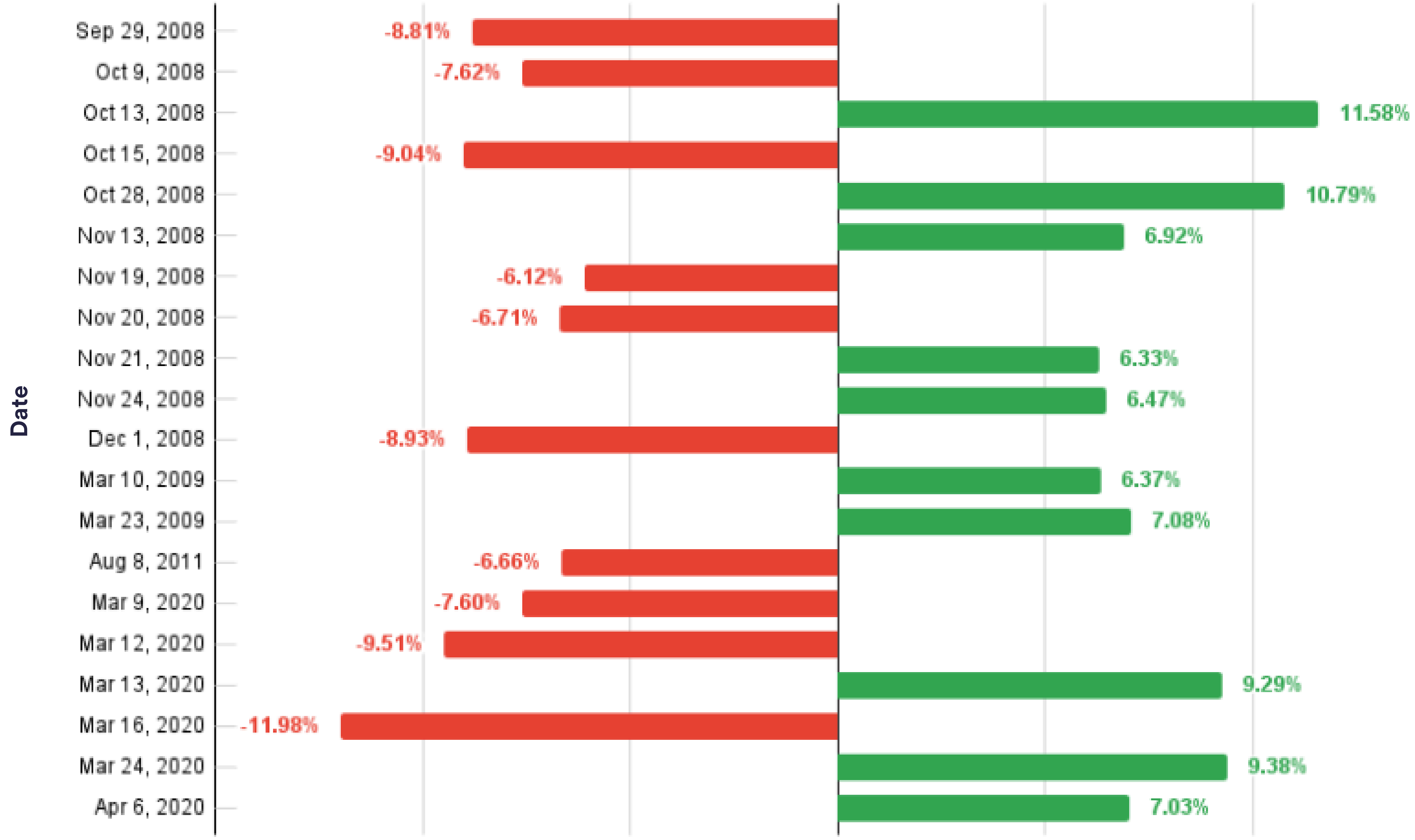
Investors who panic and pull out during volatile periods often miss the market's strongest recovery days.

Smart investors stay focused, ignore the noise, and stick to their plan.

Time in the market beats timing the market

Source: JP Morgan Asset Management. Returns are based on S&P 500 Total Return Index. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Data is as of January 31, 2022.

Why reacting is risky



10 best and worst days in the market

S&P 500 Total Return Index (GSPC)

2002 - 2022

Big up days often happen during/after big down days

If you panic-sell, you miss the rebound

FMP

Source: FMP Wealth Advisers analysis using data from Yahoo Finance. Returns are based on the S&P 500 Total Return Index (GSPC), an unmanaged, capitalization-weighted index that measures the performance of 500 US-based large capitalization stocks representing all major domestic industries.

"Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in corrections themselves."

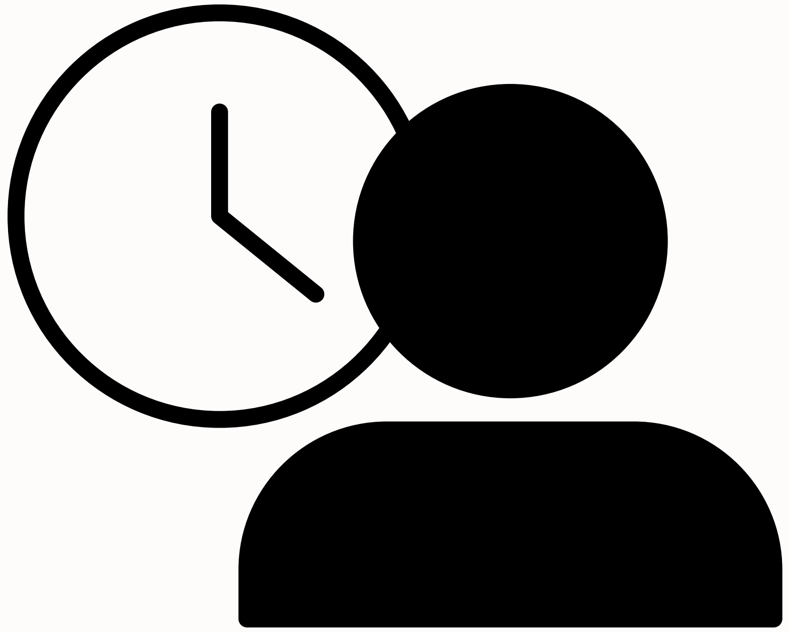
Peter Lynch

Why we make bad decisions

Loss Aversion

We hate losing money more than we enjoy gaining it.

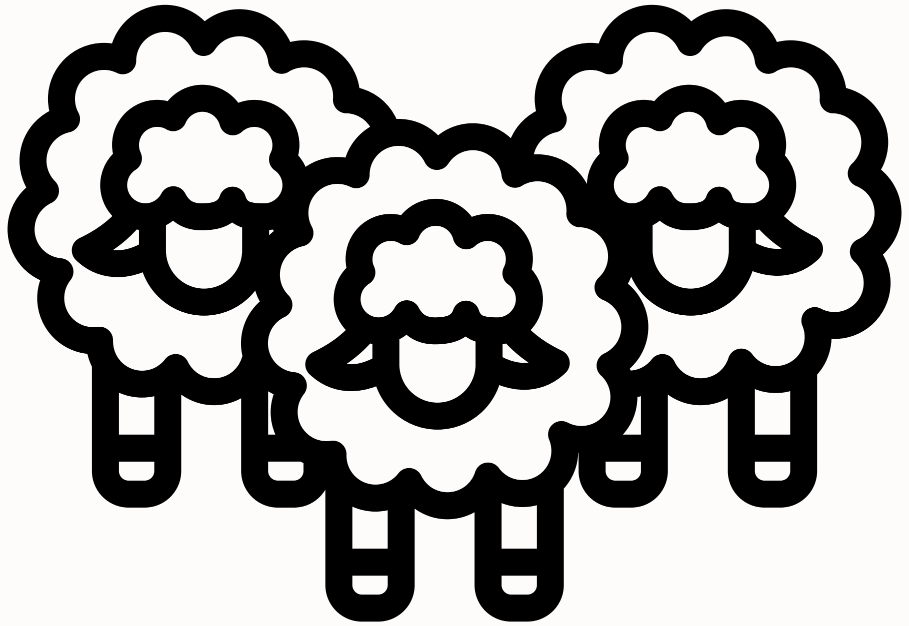
Losing money hurts twice as much as gaining it feels good. That's why some investors never get started — they fear the fall more than they want the climb.



Recency Bias

Recent losses feel more important than long-term results.

Just because markets had a bad week doesn't mean your plan's broken. But recency bias loves a panic headline and a poor decision.



Herd Behaviour

We follow the crowd, even if it means buying high or selling low.

We assume the crowd knows something we don't. But in investing, the crowd is often just as lost — only louder.

So... what does the smart investor do?

5 STEPS

Step 1: Build a plan before you react

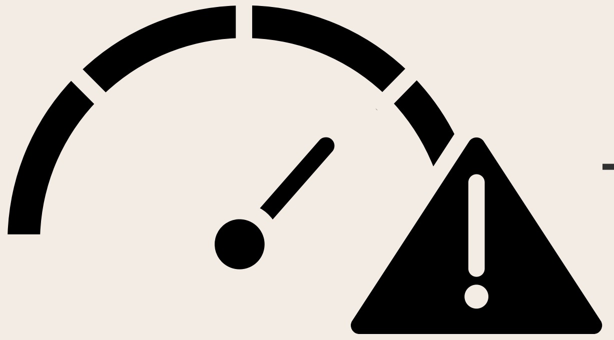
A plan removes the need for emotional decisions

Set your goal

Are you investing for a home deposit, retirement, education, or wealth building?

Know your timeframe

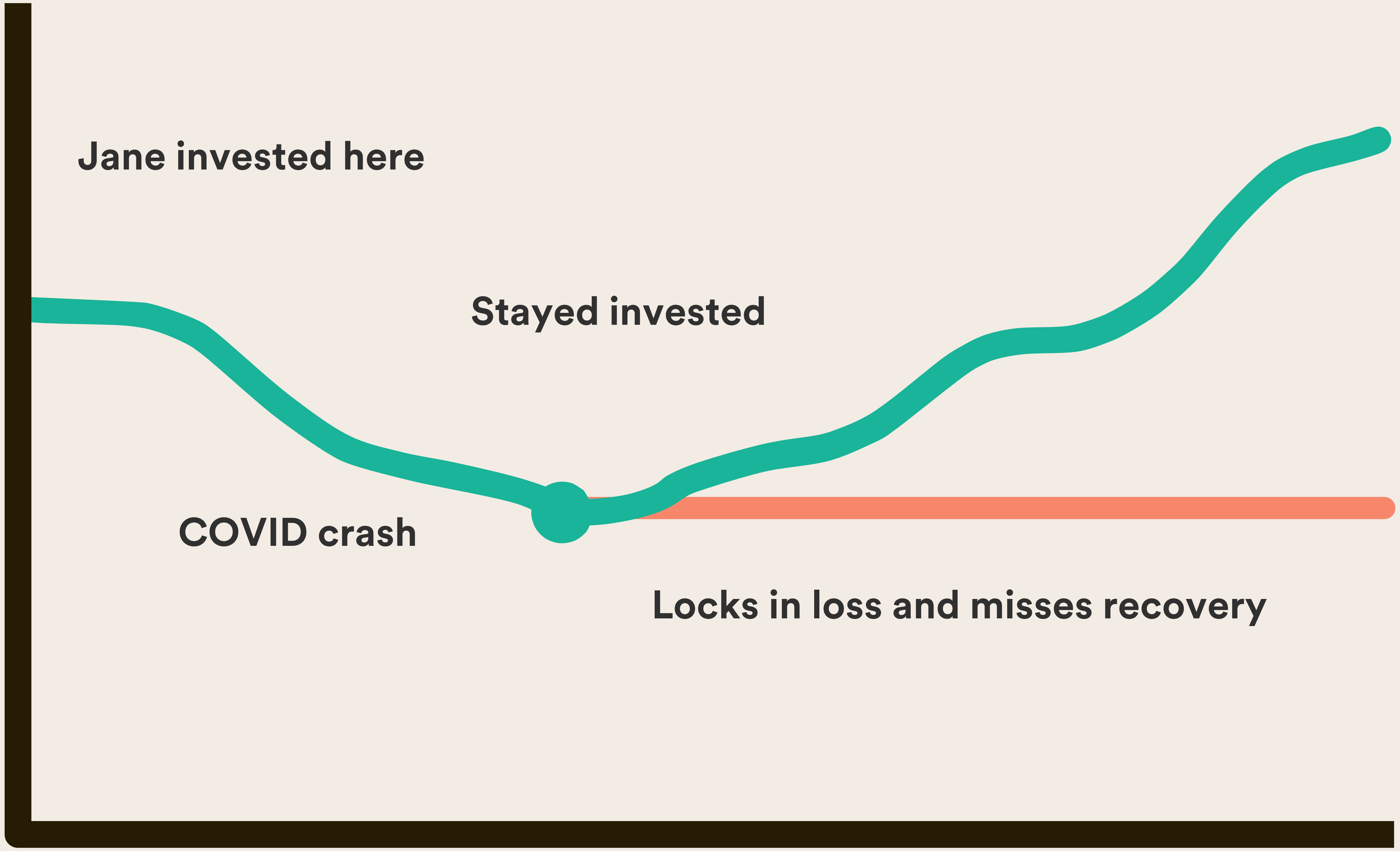
Short-term = more stable assets. Long-term = room for growth assets.



Match your risk

Conservative to aggressive: match it to your comfort and goal.

Step 2: Stick with the plan

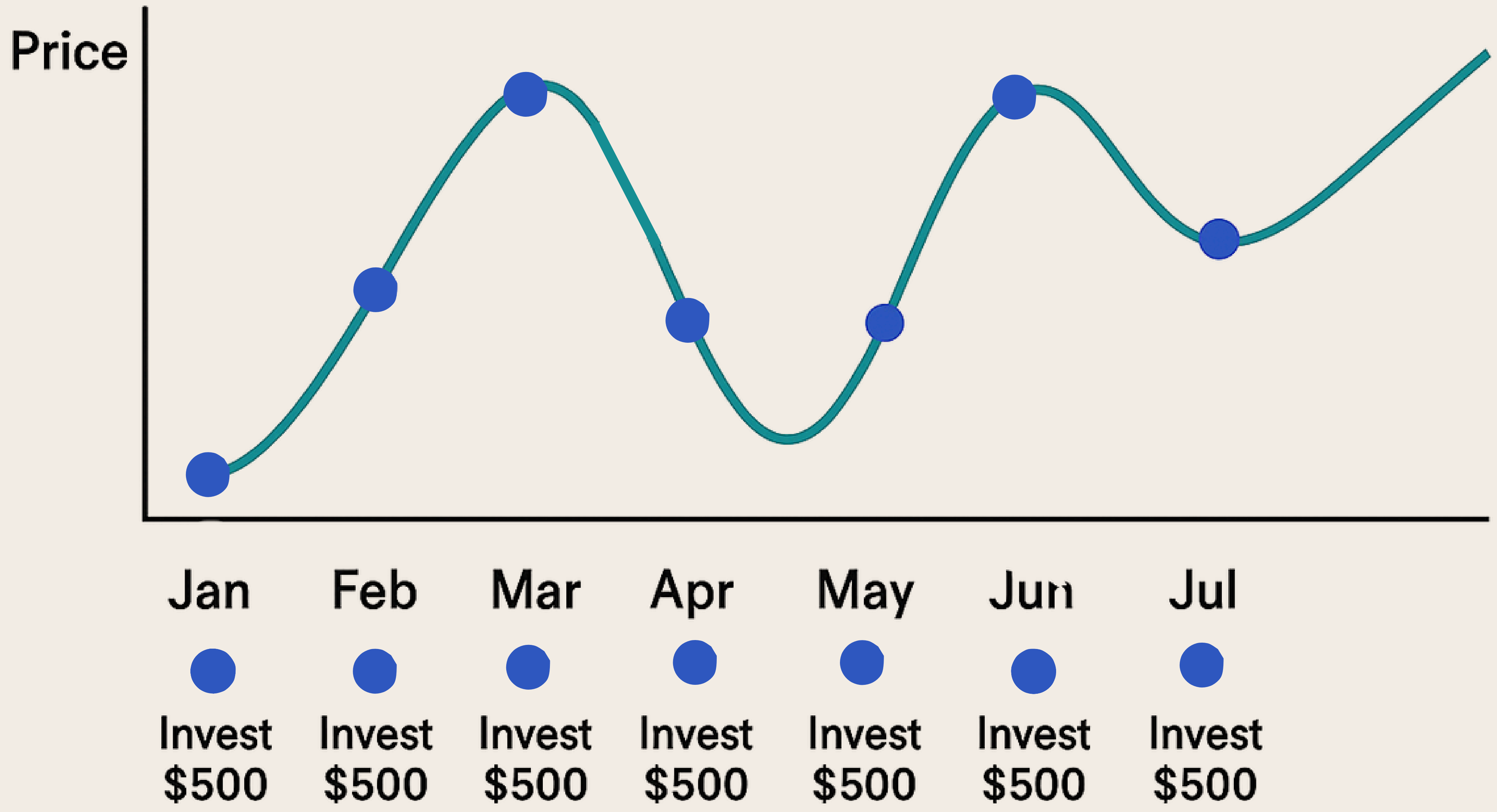


Meet Jane. She didn’t panic when the market dropped – she stuck with her long-term plan.

Reacting emotionally = selling low

Discipline = staying on course

Step 3: Invest regularly, not emotionally

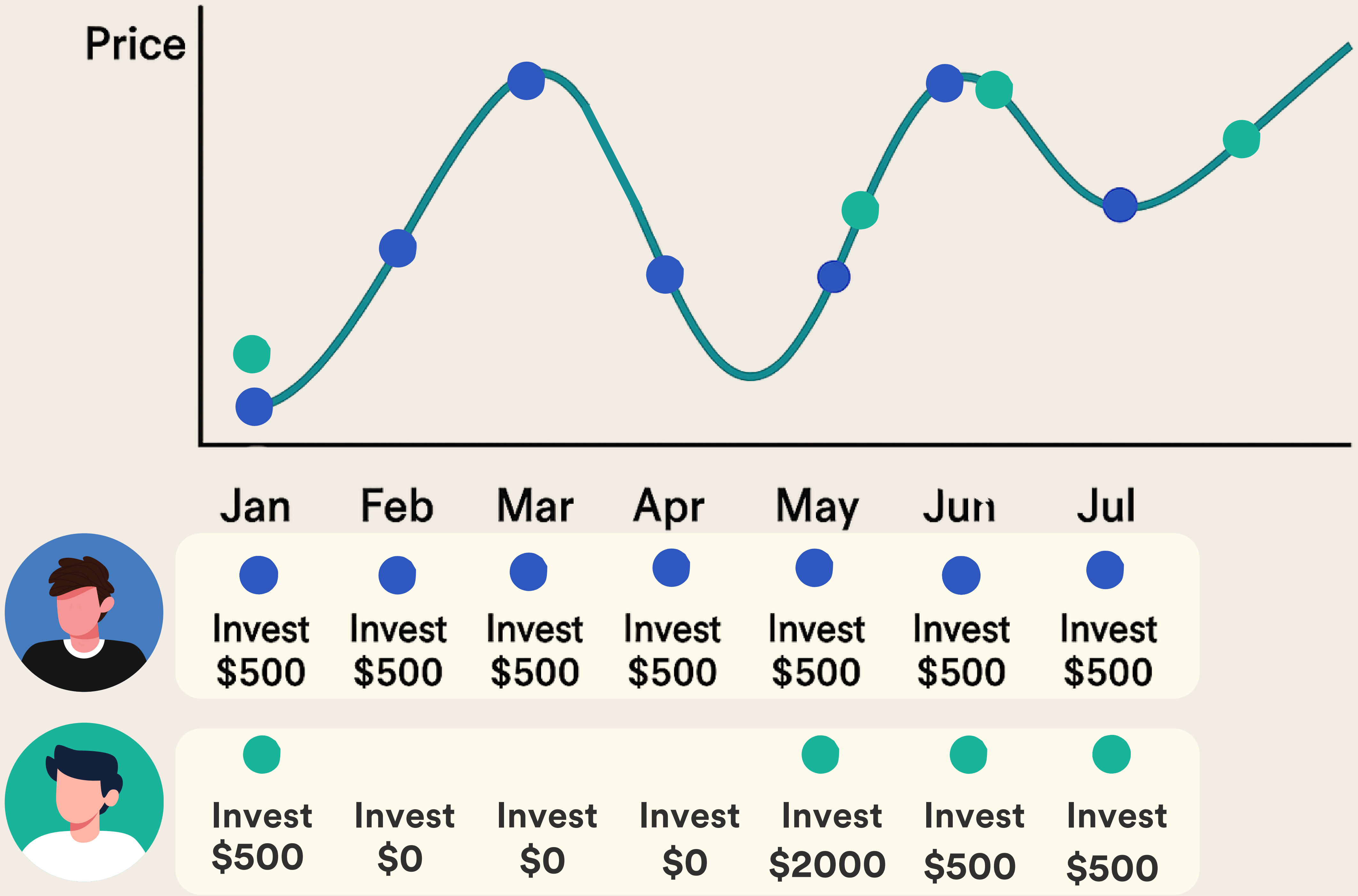


Why this works

- Buys more units when prices are low
- Buys fewer when prices are high
- Avoids emotional decisions
- Smooths out your average entry price
- Builds discipline and momentum

This is called Dollar-Cost Averaging (DCA), and it takes the stress out of trying to time the market.

DCA vs Waiting Comparison



What this shows

This chart compares two investors:

- Investor 1 invests $500 every month, regardless of market conditions (Dollar-Cost Averaging).
- Investor 2 holds off during uncertainty, missing key opportunities to buy when prices are low —and tries to catch up later by investing more at higher prices.

By staying consistent, Investor 1 ends up with more investment units for the same total amount. It highlights how waiting for the “perfect time” can lead to missed opportunities and poorer results—even with good intentions.

If you're investing regularly, it doesn’t need to be perfect. It just needs to be consistent.

Step 4: Avoid common investing traps

Investing traps aren’t just about bad luck — they’re behavioural.

Chasing winners

Jumping into what's hot after it’s already run up

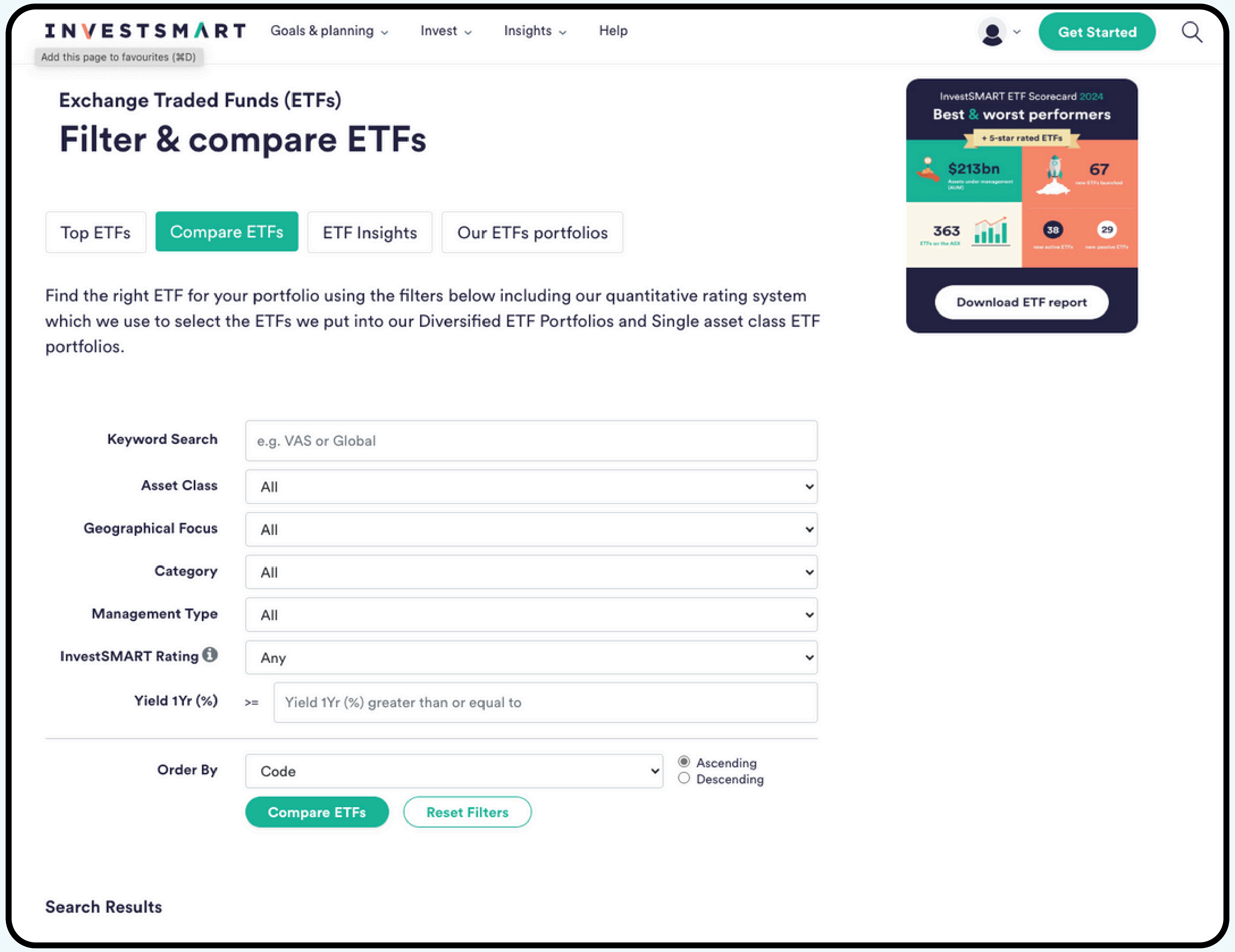
Switching strategies

Constantly reacting to news, switching plans midstream

Ignoring rebalancing

Portfolios drift without course-correction — risk goes unchecked

Step 5: Use the right tools



Filter & compare ETFs

- InvestSMART star rating
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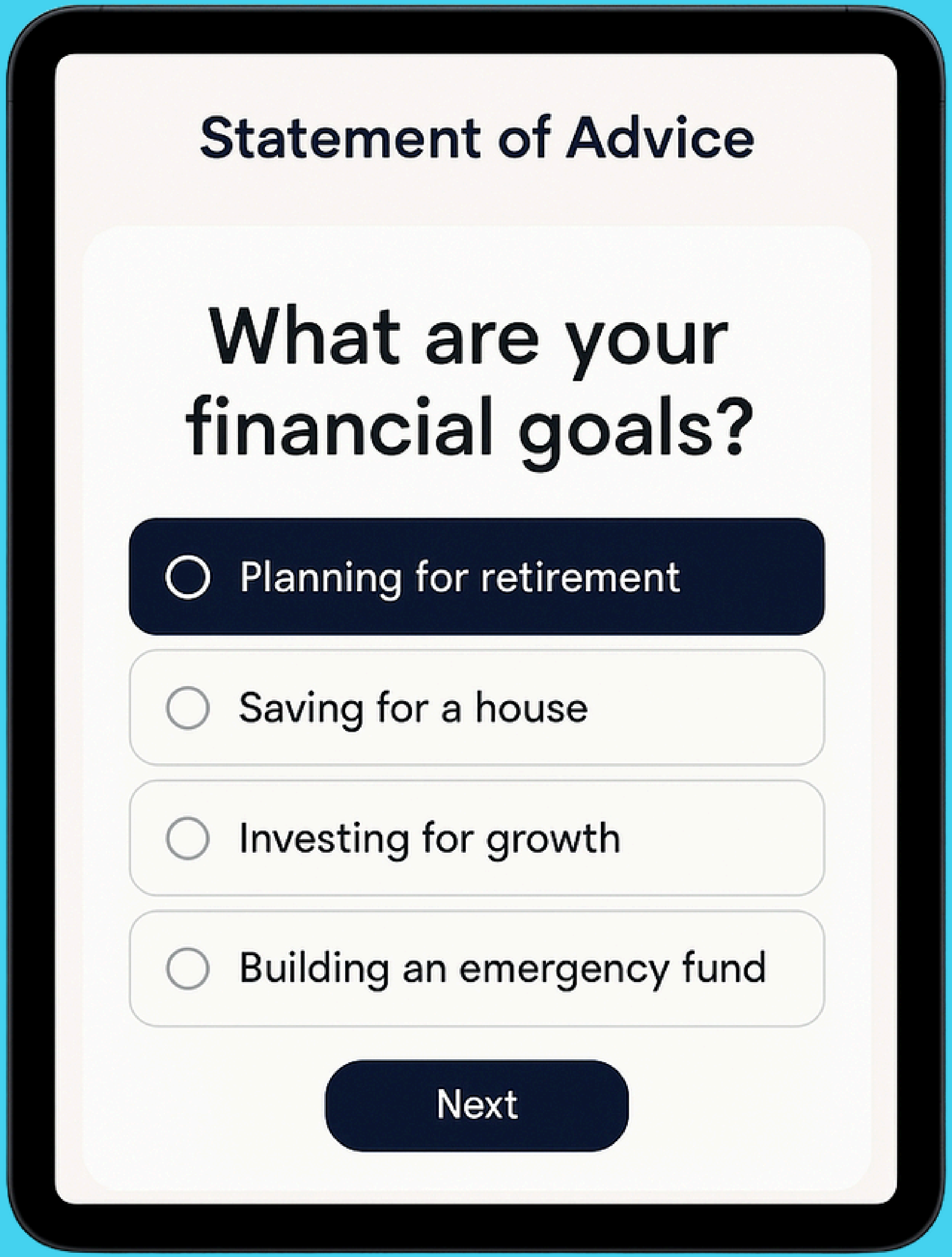
https://www.investsmart.com.au/etf/compare-top-performing-exchange-traded-funds

Step 5: Use the right tools

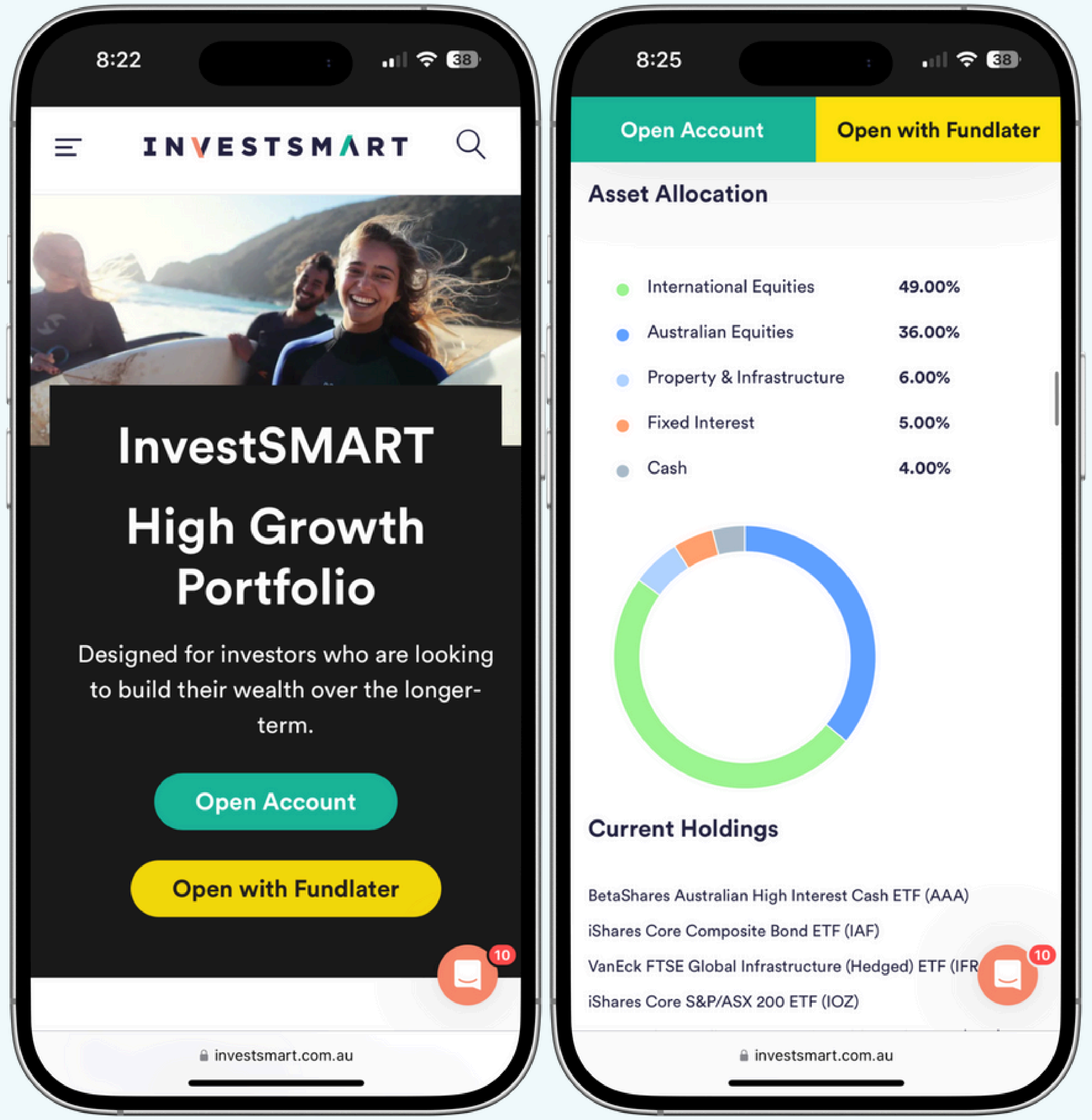


Statement of Advice tool

Step by step

Our Statement of Advice will provide you an Investment Plan detailing a number of steps for you to implement in stages to achieve your financial goal.

Step 5: Use the right tools



That's why our portfolios come with built-in discipline:

- ✓ Automatic rebalancing
- ✓ Strategy matched to your goals
- ✓ No need to chase trends
- ✓ Capped management fees
- ✓ Zero buy-side brokerage
- ✓ Automated top-ups

Investment portfolios

https://www.investsmart.com.au/invest-with-us

Diversified ETF portfolios

- Conservative Portfolio →
- Balanced Portfolio →
- Growth Portfolio →
- High Growth Portfolio →
- Ethical Growth Portfolio →

Single asset class ETF portfolios

- Cash Securities Portfolio →
- Hybrid Income Portfolio →
- Australian Equities Portfolio →
- International Equities Portfolio →
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Bonus $100* contribution for InvestSMART accounts opened and funded before 30 April 2025.

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Q & A

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