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## DON'T WORRY IF YOUR SHARE PORTFOLIO HAS DIPPED

Some people may be concerned that much of the value added to their Kiwisaver and/or share portfolios in the first quarter of the year has been wiped out in the second quarter. What should they do?

As it happens, long range investment research studies shows that the structure of a portfolio – i.e. the allocations made to different types of equity, bond, cash and other investments – is of far greater importance in determining the ultimate performance of an investment than stock picking or even the timing of market entry and exit. Short term fluctuations, whether upwards or downwards, have very little meaning to the long term investor.

Most investors are unaffected by short term negative fluctuations in market values, reflected in temporary, paper losses, which will have little bearing on the overall, long-term outcome of their investment experience. It may be unsettling to receive reduced quarterly performance figures, but these are only part of a much greater journey.

What's important is to ensure that your investment advisers have established and regularly audited fiduciary practices to ensure you are protected from the kinds of financial disasters New Zealand investors have suffered so frequently in recent years.

Proper fiduciary practices prevent inappropriate investment strategies, inter-company lending, a lack of transparency and other abuses that have led to corporate failure, creating problems for many thousands of investors. My own philosophy has always been that serving clients' best interests is in one's own long term best interests, and whatever can be done to enhance clients' investment experience should be rigorously pursued.

So, don't worry if the fears in Europe over sovereign debt issues, and worries in Australia about the mining super tax, have hit your Kiwisaver in recent months. So long as your investment is properly structured, and protected by strong fiduciary standards, this is all part of the ebb and flow of a market cycle.

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