



## STAY FOCUSED ON YOUR OBJECTIVES

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When popular investment options begin to show negative returns, some people may wonder if they should change their investment selection.

We all have a personal “risk tolerance” which may be defined as our ability or willingness to endure declines in the value of our investments while we wait for them to return a profit. This will vary from one person to another and will also change as we go through life.

Mature age people often have a lower risk tolerance as they near retirement, knowing that money lost cannot easily be replaced. Conversely, as we have more experience of investing we learn that markets always rebound. Before you start to worry, remember that in 1987 the Australian share market dropped by 42% but recovered to reach much greater heights in following years.

When assessing our risk tolerance we also have to consider our objectives. While it may be more comfortable to hold very low risk investments, such as cash or the Capital Guaranteed option within our portfolio, these carry the risk that we may not achieve a sufficient return to enable us to enjoy a comfortable retirement.

It all comes down to the level of risk we can tolerate without spoiling a good night’s sleep!

Helping you build yours.

