Balance Wealth Autumn Update

October – December 2024

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Investor sentiment was put to the test as the quarter progressed with much of the uncertainty centred on key policy initiatives within the globally important US economy.

Market Commentary

Fresh off the back of an excellent year in 2024, the first three months of 2025 ushered in a more difficult investment environment. While some markets performed creditably, others, including the influential US share market, were down for the quarter, contributing to reduced portfolio valuations for many investors.

Investor sentiment was put to the test as the quarter progressed with much of the uncertainty centred on key policy initiatives within the globally important US economy.

While it often takes more than one country, or one leader, to unsettle markets, the directives coming out of the White House in early 2025 clearly contributed to the market wobbles throughout the first quarter and into April. The most telling of these was the adverse global reaction to the US's ever-evolving plans to implement widespread new international trade tariffs.

President Trump initially announced tariffs on certain countries (notably Mexico and Canada) and on some goods (cars, steel and aluminium). However, as the quarter progressed, investors were left nervously awaiting 2 April, dubbed 'Liberation Day' by President Trump, and the announcement of a more comprehensive range of tariffs.

Investors feared that new tariffs, plus the widespread public sector job cuts planned by Elon Musk's new Department of Government Efficiency, could put significant pressure on US consumers and accelerate the US economy towards a possible recession.

Although Republican supporters of the tariffs claimed they would be in the US's best interests, the market response was much less complimentary. Tangible evidence of this was seen in widespread price weakness and heightened volatility across the US (and many other) share markets from mid-February, which intensified further following the Liberation Day announcements.

The truth about tariffs

If you've listened to some of the arguments for and against tariffs, there's a good chance you could be confused.

A tariff is simply a tax imposed by a government on imported goods. For example, if the US puts a tariff on foreign made cars, it effectively increases the price of the foreign cars when they are imported into the US.

Some of the main reasons for considering imposing tariffs are to protect domestic industries, encourage additional production locally, and for the government to generate additional tax revenue.

However, when a tariff imposed in the US raises the price of foreign goods, it is importers in the US (mainly US businesses) who pay the tax upfront, not the foreign producers. These higher costs are generally then passed on to US consumers in the form of higher prices.

Of course, some US consumers might decide to switch from buying a foreign car to a US made car. However, if they were originally buying the foreign car because it was cheaper, then the total cost to the US consumer will still go up. For an administration that campaigned on lowering prices to US consumers on "day 1", this is likely to be an unexpected and unwelcome outcome for most Americans.

It's important to note that this simple tariff example also ignores more complicated scenarios like - how will tariffs affect the price of US made cars, particularly if they include imported component parts which are also affected by tariffs? Answer – domestic car prices are very likely to go up as well.

And none of this factor in the potential for retaliatory tariffs being imposed by other countries on US exports.

Tariffs have been imposed in different forms since the 1600's so this isn't a new idea. However, since World War II, there has been a fairly successful global movement to reduce tariffs and increase free trade to promote economic growth. What is new is that the Trump administration, despite the mainly chequered historical evidence to date, seems to see only the potential benefits and none of the associated weaknesses of significantly increasing tariff rates.

First quarter returns in context

The S&P 500 index in the US tracks the performance of 500 of the largest publicly traded US companies. It is widely regarded as one of the best indicators of the overall health of the US share market and economy.

In 2024, the S&P 500 index delivered an outstanding return of +25.0% (in USD), making it one of the better performing markets around the world. Over the first three months of 2025 however, the US share market moved from leader to laggard, with the S&P 500 index delivering a return of -4.3% over this period.

In isolation, that three month return isn't particularly unusual. Yes, it's disappointing because it is a negative number, but if we look at all the rolling three month returns in the S&P 500 index since the beginning of 1926 (there are a total of 1,189 such periods), we can find 198 three monthly periods that delivered a worse return than -4.3%. That's one in every six rolling periods, so negative returns of this magnitude are far from rare.

It's also worth remembering that diversified investors aren't solely exposed to the performance of the US market, even if the media headlines tend to focus on it above all others.

> Diversifying across multiple international markets is a feature of any well-constructed investment portfolio, as investors will always have at least some exposure to the better performers, even if the markets overall are difficult.

Some other notable markets in the quarter delivered a variety of different returns, including a number that were better than the US market, such as Australia's ASX 200 index (-2.8%), the German DAX index (+11.3%), China's Shanghai Composite index (flat), and UK's FTSE 100 index (+5.0%).

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Ordinarily, with that point made, this article would move on to discussing other matters of economic interest. However, we think it is important to break with convention and comment further about some of the very short term market movements we have witnessed in the few days since the end of the March quarter.

Market reaction to new Trump tariffs

On 2 April, US President Donald Trump announced a series of international tariffs – a universal tariff of 10% effective from 5 April, and country-specific tariffs on approximately 60 countries effective from 9 April.

In the immediate aftermath of the announcement, global share markets dived. The S&P 500 index dropped -4.8% on 3 April and another -6.0% on 4 April. Other markets also reacted, with the two-day returns of the German DAX down about -8%, the Australian ASX 200 down -3.4% and the New Zealand NZX 50 index down -4.6%.

Since then, markets have had bursts of both strength and weakness – sometimes in the same day – as the volatility associated with share market trading escalated markedly. At the time of writing, following an announcement that many of the higher tariffs above a universal 10% level would now be deferred for 90 days, the markets rebounded significantly.

Given the heightened market volatility, reporting the valuation of the markets on any given day is challenging as share prices may have already moved by the time this report is published. All we know is the white-knuckle market ride that kicked off on 2 April, is showing no signs of slowing down and probably needs more consistent messaging from the White House in order to do so.

While the 9 April news of the tariff deferral was clearly a positive sign, many questions still remain. The overarching question is where this all leads. If higher tariffs are to be the norm for global trade involving the US, what does this mean for inflation, interest rates, consumer demand and economic growth?

Right now, the ultimate long-term impact is uncertain, and markets dislike uncertainty. That's what has been behind the highly volatile price movements seen in early April.

> Observers have been left wondering if this is primarily a trade negotiation tactic, one that might be quickly reversable, or if it is closer to a large-scale economic experiment rather than a highly tuned strategy.

So far, the various announcements and messaging around the tariffs have been disjointed. It's not that the US couldn't present a cogent case for revising tariff settings (at least in certain instances), it's that their rationale has so far been conveyed in such a haphazard manner. The confusion has led to critics pointing to a lack of logic and cohesion, with the overall approach only fuelling the market uncertainty.

Until there is more clarity, observers have been left wondering if this is primarily a trade negotiation tactic, one that might be quickly reversable, or if it is closer to a large-scale economic experiment rather than a highly tuned strategy.

Time will inevitably tell, but for now the rest of the world are scrambling to grasp its implications and the markets are scrambling to find an equilibrium amidst the upheaval.

Both of these elements will hopefully become much clearer as the second quarter progresses.

Pessimism is a positive

In the meantime, while it may seem counterintuitive, investors should actually take some heart from the spike in uncertainty.

Three professors from Stanford and Northwestern universities have developed a mechanism for objectively measuring economic uncertainty. They mainly utilise newspaper searches measuring the volume of news articles discussing economic policy uncertainty. For the US component of their data, they also uniquely measure uncertainty related to US tax settings, and differences in the predictions of economic forecasters about key macroeconomic variables.

From the mid 1990's, their overall measurement of global economic uncertainty can be summarised by the following line graph.

Global economic policy uncertainty index and subsequent five year returns for MSCI ACWI

Source: Baker, Bloom, Davis; Economic Policy Uncertainty

At a glance, we can quickly note a couple of things. Firstly, global uncertainty (as measured by these academics) has, on average, been increasing over time. Secondly, by the end of 2024 (the latest data point we have), global uncertainty had spiked to the highest point in their database. It's not unreasonable to assume that number is likely to be even higher today.

> When uncertainty is greatest, individual investors are behaviourally more susceptible to selling their shares at larger price discounts (to put an end to their fears about an unknown future).

Renowned investor, Warren Buffett once famously commented that, to be successful investors needed to "be fearful when others are greedy and greedy when others are fearful." It's a reflection of Buffett's own tendencies of wanting to pay a fair price for a great business rather than paying a high price that had been excessively bid up by greedy investors. And, as Buffett found over much of his investment career, it was far easier to pick up bargains when sellers were concerned about the future, than when they were highly confident.

That aspect is hinted at by the other piece of information contained in the above chart. Above six of the temporary uncertainty 'peaks' in the line chart (i.e. where uncertainty was temporarily higher than usual) we have identified the subsequent five year annualised return of the MSCI All Country World Index (USD).

In other words, the numbers above each of these peaks reflect the subsequent five year return on global shares. In later peaks (2016 to 2019) the subsequent five year returns have averaged more than double-digits, so these have generally been great points to move into the share market, not great points to exit it.

This makes intuitive sense. When uncertainty is greatest, individual investors are behaviourally more susceptible to selling their shares at larger price discounts (to put an end to their fears about an unknown future). However, the more discounted those share prices become, the higher their future expected returns will usually be.

At the latest uncertainty peak, we have placed a question mark. We don't know (and won't know for another five years) what the subsequent returns on shares traded today are. However, if history, and Warren Buffett, is any guide, there is a very good chance those returns will turn out to be highly attractive.

For anyone even remotely considering selling growth assets in times of increased uncertainty, this chart alone should act as a significant deterrent.

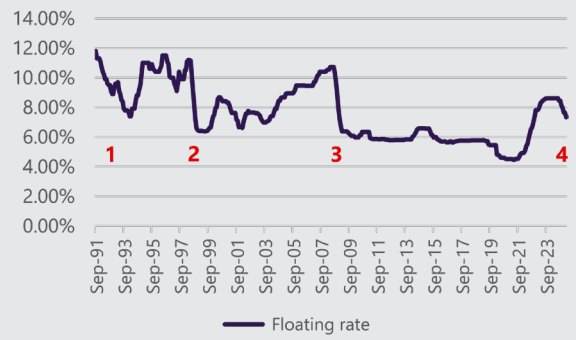
Home is where the heart is

With mortgage interest rates having peaked in the middle of 2024 and currently on the decline, is there anything we can conclude about the likely impact of lower mortgage rates on the domestic housing market?

The short answer is, it's usually been a very positive sign.

A longer answer requires us to look back over the last 35 years of housing data supplied by the Reserve Bank of New Zealand (RBNZ). To that end, we have included two charts below. The first is the change in floating mortgage rates since 1991 and the second is the annual performance of the house price index.

Residential floating mortgage rates



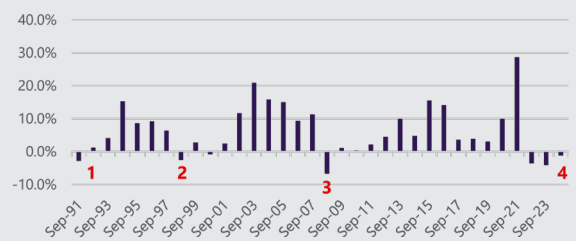
Source: RBNZ

On the floating mortgage rate history above, we've numerically highlighted four separate dates - in 1992, 1998, 2008 and the end of 2024, which is the latest data available from the RBNZ. These dates all share strong similarities. At points 2 and 3 (1998 and 2008) this coincided with a steep fall in floating mortgage rates. At point 1 (1992) mortgage rates were already well on the way down, and at point 4 (the end of 2024), mortgage rates had already started declining.

What's more interesting is when we line these same dates up on our second chart, to see what happened to house prices in the years following these sizable reductions in floating mortgage rates.

The chart below exhibits a surprisingly clear pattern.

Annual change in house price index



Source: RBNZ

Following the large floating mortgage rate declines at points 1, 2 and 3 (in 1992, 1998 and 2008) the New Zealand house price index experienced extended periods of strong gains on each occasion.

With floating rate mortgages currently on the decline in late 2024 but not yet bottomed out, we don't have any observed data to suggest that house prices (post point 4) may be about to improve. However, history suggests there are good reasons for optimism.

Stick to good behaviours

When equity markets are strong, it's easy to adhere to the good behaviours required of a successful long term investor.

However, when markets have fallen and uncertainty is rising, we need to stay disciplined. If we succumb to emotionally charged thinking at these times, we only increase our chances of underachieving our long term plans.

It can be hard to hide from the daily news, but always remember - most media commentators are neither economists nor market experts and they are often looking to promote a sensationalised angle. So, try not to let scary media headlines lure you into focusing too closely on your daily portfolio balance.

In more volatile times, like now, your portfolio will be moving up and down more noticeably. However, if your investment time horizon is years into the future, then greater price volatility over the coming days or weeks will have next to no bearing on the successful outcome of a sound long term strategy.

In fact, when you work with an adviser, not checking your portfolio balance at all is probably the best strategy. There is no useful information to be found in short term portfolio value fluctuations, so it's better to just ignore them if you can.

Your adviser, who is continually monitoring your investments, will tell you everything you need to know in respect of your plan.

Key market movements for the quarter

The first quarter of 2025 saw a change in market leadership, with the US experiencing heightened volatility and a significant pullback, while major European indices soared higher.

Following a strong finish to 2024 dubbed the 'Trump Rally', US markets continued their upward trend in early January, before stumbling in the back half of the quarter. The primary reason for the US market's poor performance was uncertainty around the Trump administration's policy path going forward. The US Federal Reserve's decision to keep interest rates higher for longer and AI competition from China also contributed to the weakness in the US.

Sentiment in Europe rose to its highest level in years, pushing markets higher in the first quarter. Evidence of an economic recovery became more credible, with several positive economic surprises and earnings revisions helping support market confidence. Renewed hopes for peace in Ukraine also bolstered confidence in European markets, along with economic stimulus from higher defence spending.

Bond markets reflected the uncertainty felt in share markets this quarter, with long duration, high quality investments such as US Treasury Bonds increasing in price (i.e. yields lower) and credit spreads widening from their historically low levels. Yields on European government bonds increased despite two interest rate cuts by the European Central Bank.

Towards the end of the quarter, we saw an increase in volatility caused by Donald Trump's "Liberation Day" tariff announcement, which has subsequently seen several key markets fall by -10% or more amidst the most volatile market conditions since the COVID crash. At the time of writing, we are still waiting to see the full market impact of these announcements along with the impact of any retaliatory responses from affected countries.

International shares

-2.7%
(hedged to NZD)

-3.2%
(unhedged)

Developed share markets performed poorly in the first three months of 2025, primarily driven by weak performance in the US and Japan, with European shares providing some welcome buoyancy.

The US market started the quarter strongly, reaching three new all-time highs before beginning a downward spiral in the back half of the quarter, ending down around -4%. US markets were primarily driven by uncertainty around the Trump administration's policy path going forward, with markets wavering on key policies such as tariffs and migrant deportation throughout the quarter. Other factors that contributed to the sell-off in US shares include the US Federal Reserve's decision to keep interest rates higher for longer and concerns about AI competition from China.

The Japanese share market closed down -4% in the first quarter of 2025. This was primarily driven by a decrease in confidence among manufacturers (measured by the Manufacturing Tankan index) due to growing concern over US tariff policy.

Eurozone markets had a strong first quarter, with the S&P Europe 350 rallying +6.1%. This strong performance was caused by several factors coalescing, increasing the likelihood of an economic recovery. The spark of the Eurozone rally was Germany's aggressive fiscal stimulus plan, which included a €500 billion infrastructure fund and an increase in the defence spending limit. Several positive surprises in Eurozone economic indicators also bolstered the markets' confidence.

Across most major currencies, the New Zealand dollar was stronger through the quarter which meant slightly higher reported returns for investors holding hedged foreign assets.

Source: MSCI World ex-Australia Index (net div.)

Emerging markets shares

+1.5%

Emerging markets shares posted a solid first quarter of 2025 with the MSCI Emerging Markets Index posting a +2.7% gain in local currency. Major markets including China and key Latin American markets had a very strong quarter, while the share slump in India continued.

Chinese markets delivered a strong quarter with the S&P China 500 rallying +6.5%. Several economic indicators coming out of China have pointed to a stabilising and positive trajectory for the economy. Some examples include increased fixed asset investment growth and retail sales growth increasing to +4.1% and +4% respectively. Commitment from the central government to provide additional stimulus packages, and technological advancements from the likes of DeepSeek further boosted performance.

South Korea posted a strong gain of +5.3% in the first quarter. Markets in Latin America had a stellar quarter with the S&P Latin America BMI rising +13.2%. Highlights included gains of +5.6% from Brazil, +7.7% from Mexico and +15.2% from Columbia.

Taiwan closed the quarter down by over -9%, as its largest constituent, Taiwan Semiconductor Manufacturing Company was hit hard by fears of overinvestment in AI related infrastructure (semiconductors).

India continued its losing streak from the fourth quarter of 2024 to string together five consecutive months of losses, the most in over a decade. While the market reclaimed some ground in March, it still finished the quarter down -6.7%. The Indian economy has seen slowing growth and weak corporate profits as high inflation and low wage growth put pressure on household spending. The free-falling Rupee has only made matters worse by making the market less attractive to foreign investors.

Source: MSCI Emerging Markets Index (gross div.)

New Zealand shares

-6.2%

New Zealand's S&P/NZX 50 Index gave back slightly more than the previous quarter's gains in a disappointing start to 2025.

Despite a steady decline throughout the quarter, the tone of NZ investors seemed to be 'cautiously optimistic'. With inflation under control and the Reserve Bank cutting the Official Cash Rate to 3.75%, the market consensus is that we are through the worst of the downturn. So why was the market down -6.2% for the quarter?

As we know, markets dislike uncertainty, and while the economic position of the country does appear to be improving, we are also entering a period of heightened uncertainty. Economic recoveries are inherently unreliable, and the departure of Reserve Bank Governor Adrian Orr introduced another potential variable in terms of policy settings. External uncertainty has been further heightened as the world watches the US President decide who and what he wants to tariff.

In addition, the labour market is yet to show signs of a recovery, with the unemployment rate rising to +5.1% in February.

A2 Milk led the pack in the NZX50 this quarter, up around +40%, a result of stimulus packages in Asia aimed at families with babies.

Other winners for the quarter included Vista Group (+21.6%) and Sanford Ltd (+19.1%).

On the other side of the ledger, Ryman Healthcare (-41.4%) announced a new $1 billion equity raise at a significant discount to its share price at the time of the announcement, leading to a sizable sell-off.

Source: S&P/NZX 50 Index (gross with imputation credits)

Australian shares

-3.3%

The Australian share market had a weak start to 2025, extending previous losses and nearing a technical correction, 10% below its all-time high.

The Reserve Bank of Australia (RBA) began their interest rate cutting cycle in February, cutting their cash rate target by 0.25% from 4.35% to 4.10%. The RBA gained sufficient confidence that inflation is sustainably moving toward the midpoint of their 2-3% target range. However, they noted several upside risks still existed such as strong labour market data and maintained a cautious tone overall. As expected, the RBA held rates at 4.10% at the 1 April meeting amid a more volatile global economic landscape.

Losses were concentrated in the information technology sector, down -17.5% in the first quarter. The next worst performer was healthcare, down a little over -9%. Defensive sectors such as utilities, industrials and communication services were up small single digits.

Newmont Corp and Northern Star Resources were the two biggest winners in the top 50 ASX companies, up +30.2% and +20.3% respectively. On the downside, WiseTech Global and Mineral Resources were both down over -30%.

With the Australian dollar slightly weaker against the New Zealand dollar over the quarter, the reported returns to New Zealand investors were marginally lower than the index returns in the local Australian dollar.

Source: S&P/ASX 200 Index (total return)

International fixed interest

+1.3%

The first quarter of 2024 saw fixed interest yields converge across major markets. European bond yields lifted in early March while US bond yields declined throughout the quarter.

In the US, riskier debt started the quarter strongly, however as uncertainty in the market grew, demand for long dated, high-quality bonds increased as the 'flight to safety' trade played out.

The US Federal Reserve (Fed) held interest rates steady in the first quarter, delaying any further rates cuts until the market has greater certainty around the impact of fiscal policy on the economy. The Fed is confident that the economy does not need to be stimulated by reducing rates, and inflation is now under control. As a result, they seem to be in favour of doing less and waiting for clearer signals in one direction or another before changing the policy rate.

The US 10-year bond yield fell from 4.57% to 4.21% through the quarter, with the two-year bond moving from 4.24% to 3.89%, maintaining a positive yield premium for longer duration bonds. The Japanese 10-year rose from 1.08% to 1.47% and key European rates in Germany, Italy and France all rose around 0.30%.

The European Central Bank cut key European interest rates twice in the first quarter, the Bank of Japan raised rates to 0.5% and the Bank of England cut rates to 4.5%.

The FTSE World Government Bond Index 1-5 Years (hedged to NZD) was up +1.3% over the quarter, while the broader Bloomberg Global Aggregate Bond Index (hedged to NZD) was up +1.1%.

Source: FTSE World Government Bond Index 1-5 Years (hedged to NZD)

New Zealand fixed interest

+1.0%

The Reserve Bank of New Zealand (RBNZ) cut New Zealand's Official Cash Rate (OCR) by another 0.50% to 3.75% in the first quarter.

The key focus for the RBNZ has clearly now shifted to ensuring that inflation does not fall too far and send the NZ economy into a weaker position. NZ consumer spending is significantly lower and unemployment is rising. The RBNZ expects consumer spending and business hiring to pick up again once the lower OCR begins to impact the economy.

On the back of a mixed global bond market, the NZ 10-year bond was effectively flat, moving down from 4.61% to 4.59%.

The S&P/NZX A-Grade Corporate Bond Index gained +1.0% for the quarter, while the longer duration but higher quality S&P/NZX NZ Government Bond Index gained +0.6%.

Source: S&P/NZX A-Grade Corporate Bond Index

Table 1: Assets class returns to 31 March 2025

Assets class	Index Name	3 months	1 year	3 years	5 years	10 years
International shares	MSCI World ex Australia Index (net div., hedged to NZD)	-2.7%	7.2%	8.0%	15.9%	9.9%
	MSCI World ex Australia Index (net div.)	-3.2%	12.8%	15.1%	17.3%	12.7%
Emerging markets shares	MSCI Emerging Markets Index (gross div.)	1.5%	14.3%	8.9%	9.5%	7.0%
New Zealand shares	S&P/NZX 50 Index (gross with imputation credits)	-6.2%	2.1%	1.3%	5.4%	8.7%
Australian shares	S&P/ASX 200 Index (total return)	-3.3%	3.8%	6.3%	14.7%	8.0%
International fixed interest	FTSE World Government Bond Index 1-5 years (hedged to NZD)	1.3%	5.2%	2.6%	1.2%	2.1%
	Bloomberg Global Aggregate Bond Index (hedged to NZD)	1.1%	4.2%	1.0%	0.1%	2.2%
New Zealand fixed interest	S&P/NZX A-Grade Corporate Bond Index	1.0%	7.2%	4.2%	1.8%	3.3%
New Zealand cash	New Zealand One-Month Bank Bill Yields Index	1.0%	5.0%	4.8%	3.0%	2.5%

Unless otherwise specified, all returns are expressed in NZD. We assume Australian shares and emerging markets shares are invested on an unhedged basis, and therefore reported returns from these asset classes are susceptible to movement in the value of the NZD. Index returns are before all costs and tax. Returns are annualised for time periods greater than one year.

Timeless advice on volatile markets

Investing can sometimes feel like a black hole — absorbing as much time and energy as you allow. As one busy professional put it, "It used to consume my evenings and weekends." And with recent tariff threats sparking renewed market ructions, that pull can feel stronger than ever. But it doesn't have to be that way.

> Tariff announcements and geopolitical tensions can jolt prices in the short term, but for long term investors, these moves are noise — not signal.

Nobel Prize-winning economist Paul Samuelson (1970) offered a timeless perspective that still holds today:

"Investing should be more like watching paint dry or watching grass grow. If you want excitement, take $800 and go to Las Vegas."

Samuelson's point is especially relevant amid today's market jitters. Tariff announcements and geopolitical tensions can jolt prices in the short term, but for long term investors, these moves are noise — not signal.

He's not alone in seeing investments from this perspective. Eugene Fama, another Nobel laureate (2013), developed the Efficient Market Hypothesis (EMH), which states that share prices already reflect all publicly available information. As he put it:

"For investment purposes, there are very few investors that shouldn't behave as if markets are totally efficient."

This body of research, known as evidence-based investing, suggests that markets are generally fair and forward-looking. Prices move on news no one can consistently predict. One reason markets have whip-sawed recently is because news seems to change on a daily basis. However, no matter what the market conditions are, the implications are profound:

1. Market prices are the best indicator of value. Trying to outguess them, especially in reaction to headlines, is a poor use of time.

2. Paying fund managers to time when to enter and exit the market often fails. Most market timers underperform over time, particularly after fees.

3. Worrying about day-to-day volatility distracts from what truly matters: your long term goals.

The freedom of an evidence-based approach

The investment approach preferred by Professors Samuelson and Fama offer investors something rare: peace of mind. You don't need to take calls from brokers, track every headline, or scramble when markets dip on news like tariff threats.

But these two are not alone in recommending an approach that doesn't focus on headlines. Nobel laureate Richard Thaler (2017) advised:

"Whenever anyone asks me for investment advice, I tell them to buy a diversified portfolio heavily tilted toward shares, especially if they are young, and then scrupulously avoid reading anything in the newspaper aside from the sports section."

Daniel Kahneman, another Nobel Prize winner (2002), echoed this view:

"If owning shares is a long term project for you, following their changes constantly is a very bad idea."

What you should focus on

The evidence of these four winners of the Noble Prize is consistent; forget focusing on short term noise. But there is one thing that deserves your full attention and that is having a clear, personalised financial strategy. This means:

- Defining your financial goals - whether it's financial independence, early retirement, or helping your children through university.
- Assessing your current position - including assets, income, savings habits and investment appetite.
- Sticking to a realistic plan - aligned with your goals, risk tolerance and time horizon.

This clarity helps you tune out the day-to-day market drama and stay focused on your life and career.

Keeping your strategy on track

Of course, both markets and life are unpredictable and your strategy should be reviewed regularly. When adjustments are needed you can respond thoughtfully not reactively. That might mean saving more, adjusting your risk exposure, or simply staying the course.

The other key is to always keep your portfolio efficient when better investment products become available, whether through lower fees, improved diversification, or smarter tax structures. These quiet improvements often matter more than trying to "win" in volatile markets.

The Bottom Line

Markets will rise and markets will fall. But sound investing doesn't need to be stressful or time-consuming. With the right strategy and advice, you can build long term wealth without getting caught up in the drama of daily headlines.