INVESTING IN TIMES OF UNCERTAINTY

MURRON
WEALTH MANAGEMENT

AUTHORISED FINANCIAL SERVICES PROVIDER 14099

THE RIGHT INVESTMENT STRATEGY

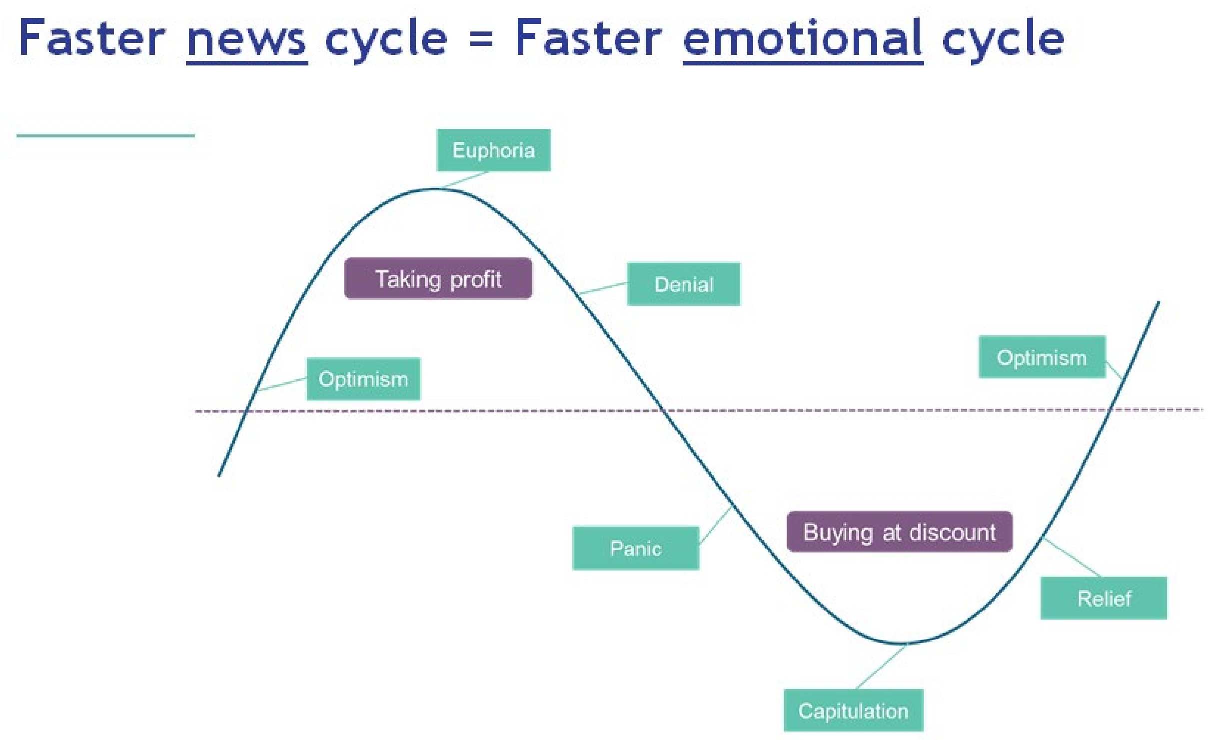
AN INVESTMENT STRATEGY MUST BE CONSTRUCTED TO ALIGN WITH AN INVESTOR'S LONG TERM GOALS.

CHANGE THE STRATEGY WHEN THERE IS A CHANGE IN GOAL…NOT MARKET PRICES.

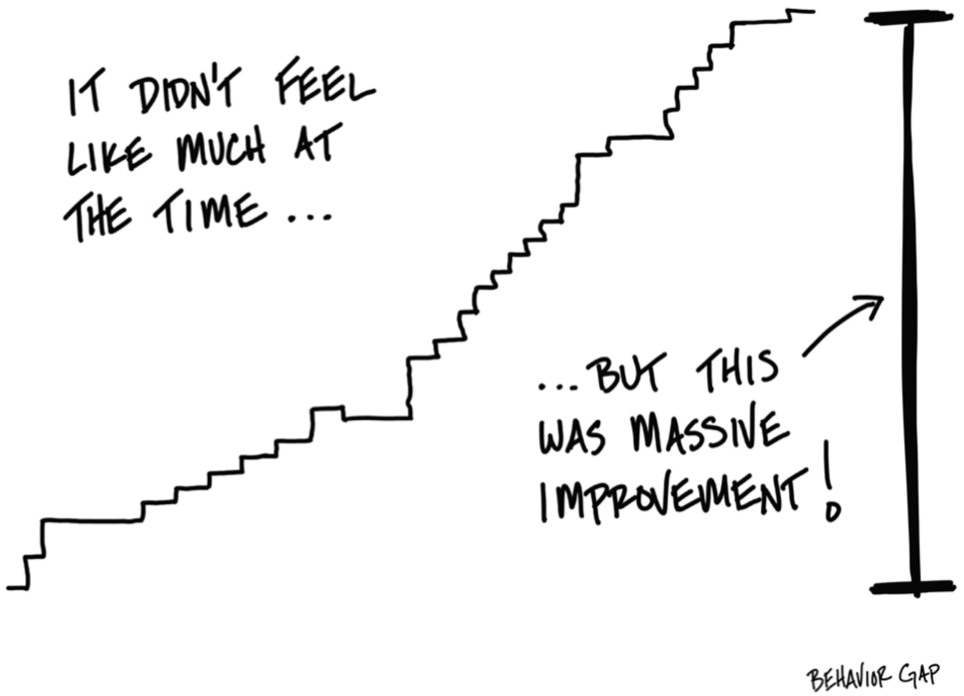
SOUNDS SIMPLE…BUT REQUIRES PATIENCE AND DISCIPLINE WHEN SENTIMENT IS NEGATIVE!

MANAGING BEHAVIOUR

FOCUS ON THE HEADLINES RESULTS IN RESISTANCE



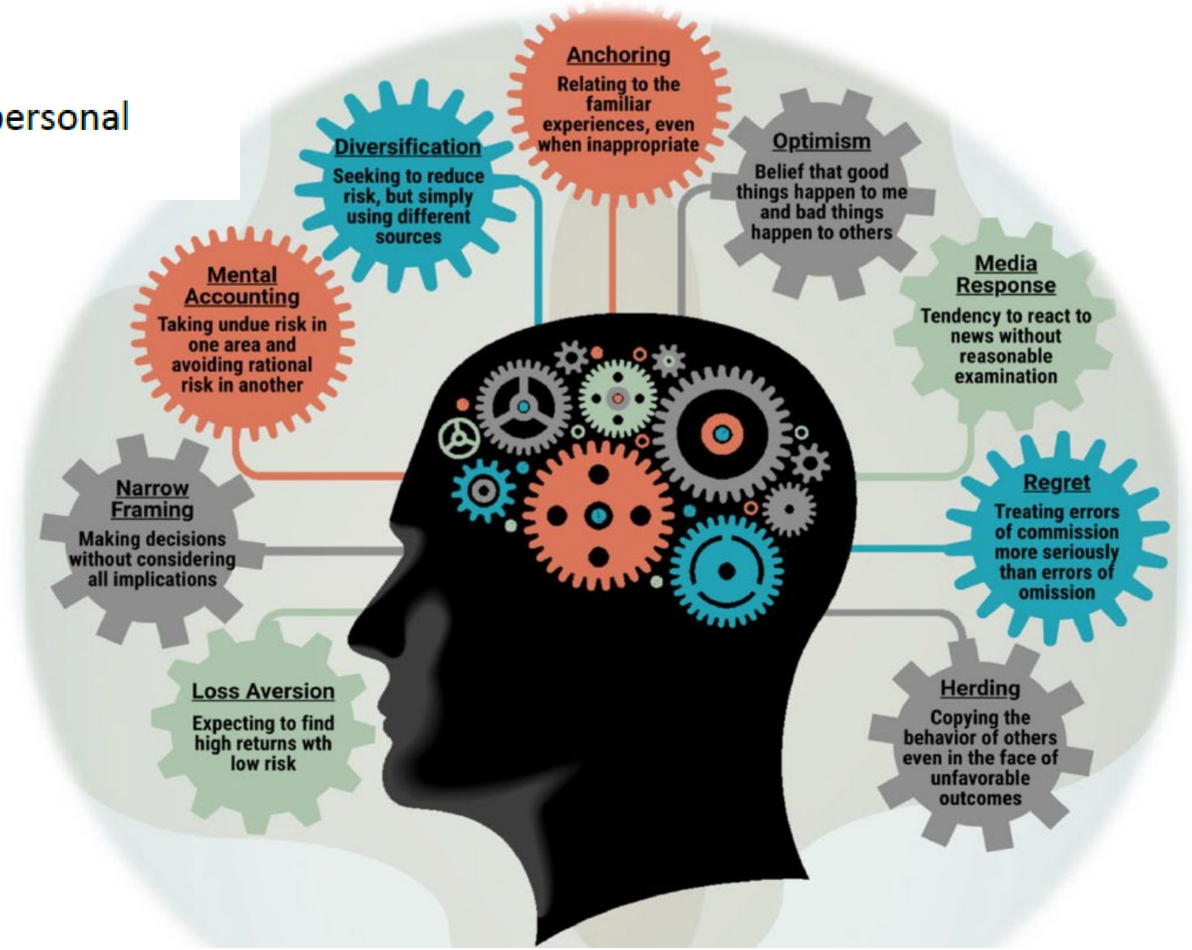
FOCUS ON THE FINANCIAL PLAN DELIVERS RESULTS



INVESTOR PSYCHOLOGY

When discussing investor behavior it is helpful to first understand the specific thoughts and actions that lead to poor decision-making. Investor behavior is not simply buying and selling at the wrong time, it is the psychological traps, triggers and misconceptions that cause investors to act irrationally. That irrationality leads to buying and selling at the wrong time, which leads to underperformance.

There are 9 distinct behaviors that tend to plague investors based on their personal experiences and unique personalities.



Hypothetical Outcomes of Crisis Periods

One major reason that investor returns are considerably lower than index returns has been the fact that many investors withdraw their investments during periods of market crises. Since 1984, approximately 70% of this underperformance occurred during only ten key periods. All of these massive withdrawals took place after a severe market decline.

The investor experiences during and after these key periods reveal the motivation for the underperforming withdrawals.

Forecasts of market rises have coexisted with conflicting forecasts of doom (see #DoomEcho) since the origin of investment markets. History explains the coexistence of the contradictory opinions. Since 1964, positive markets occurred in 54% of cases and negative in 46%.

Investors therefore always have an expert opinion to support the action they take (buy, sell or hold). These opinions serve to maintain the investors' awareness of unpredictability, thus increasing the vulnerability to market changes.

The result is that market changes initiate a call to action, which often translates to withdrawal. A startling event often leads to a withdrawal, but this is almost always after the event has occurred and the market has adjusted. Such a withdrawal takes place after the decline and is only productive if additional declines occur.

Best for Investors

While investor actions and choices are heavily influenced by fear of the unknown, historical events presented here illustrate the economic effect of the three alternatives examined.

The best course of action can only be one that an investor is willing to take. During the crises covered here, many investors rejected the alternative of taking no action, even though the historical evidence is overwhelming that "Take No Action" is most often the best course.

Assumptions

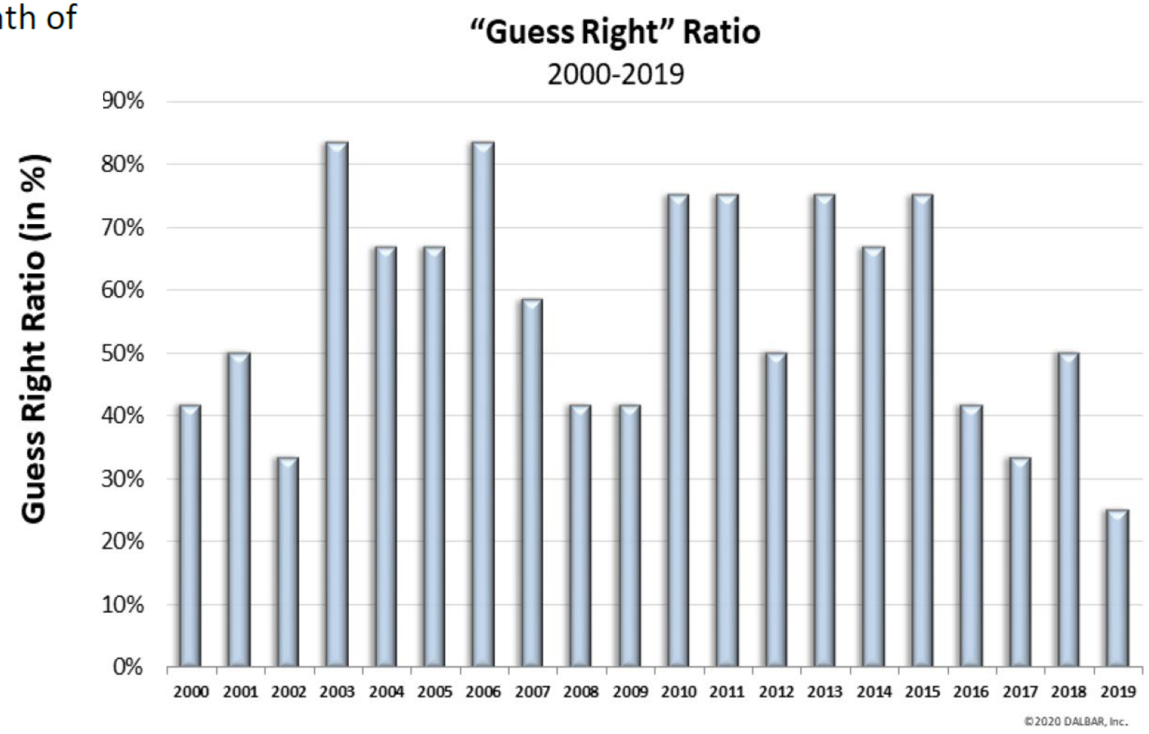
The hypotheticals presented here cover the ten most severe monthly outflows from equity mutual funds since 1964. It is assumed that investor's holdings are valued at $100,000 at the start of the month during which the outflow occurs.

(for Investors) Event Date	Best After 1 Month			Best After 1 Year		
	Withdraw Assets	Purchase Insurance	Take No Action	Withdraw Assets	Purchase Insurance	Take No Action
September 1986			✓			✓
October 1987		✓			✓	
March 1988	✓					✓
August 1988			✓			✓
November 1988			✓			✓
February 1989			✓			✓
August 1990			✓			✓
September 2001			✓	✓		
July 2002			✓			✓
October 2008	✓					✓
TOTAL	**2**	**1**	**7**	**1**	**1**	**8**

Market Timing

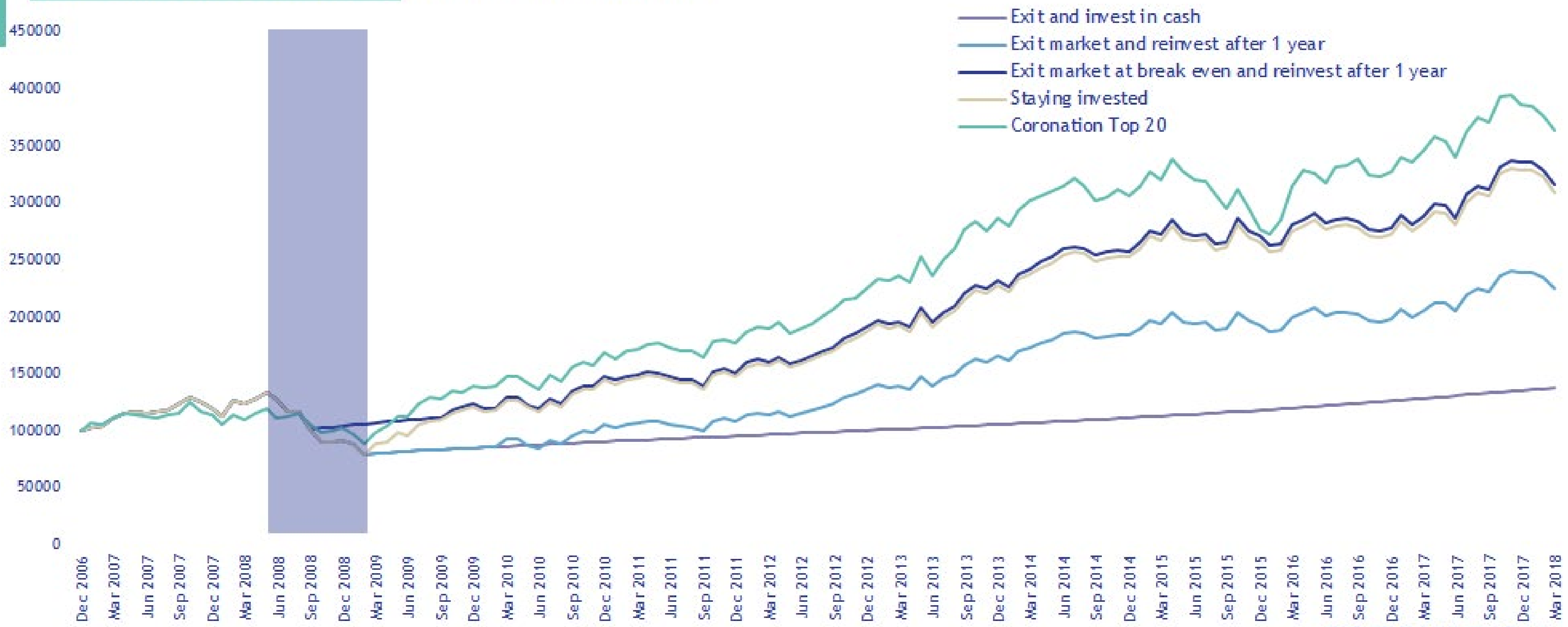
For 26 years, DALBAR has analyzed investors' market timing successes and failures through their net purchases and sales. This form of analysis, known as the Guess Right Ratio, examines fund inflows and outflows to determine how often investors correctly anticipate the direction of the market the following month. Investors guess right when a net inflow is followed by a market gain, or a net outflow is followed by a decline.

Investors have guessed right at least half the time in 12 out of the last 20 years, but guessed correctly right only 3 of the 12 months in 2019. Unfortunately for the Average Investor, whether they guess right or wrong, it seldom produces superior gains either way because the dollar volume of bad guesses exceeds the dollar volume of right guesses. Even one month of wrong guesses can wipe out several months of right ones.



Staying the course

The rational response to market drawdowns



Source: Morningstar, Coronation as at 31 March 2018

CORONATION

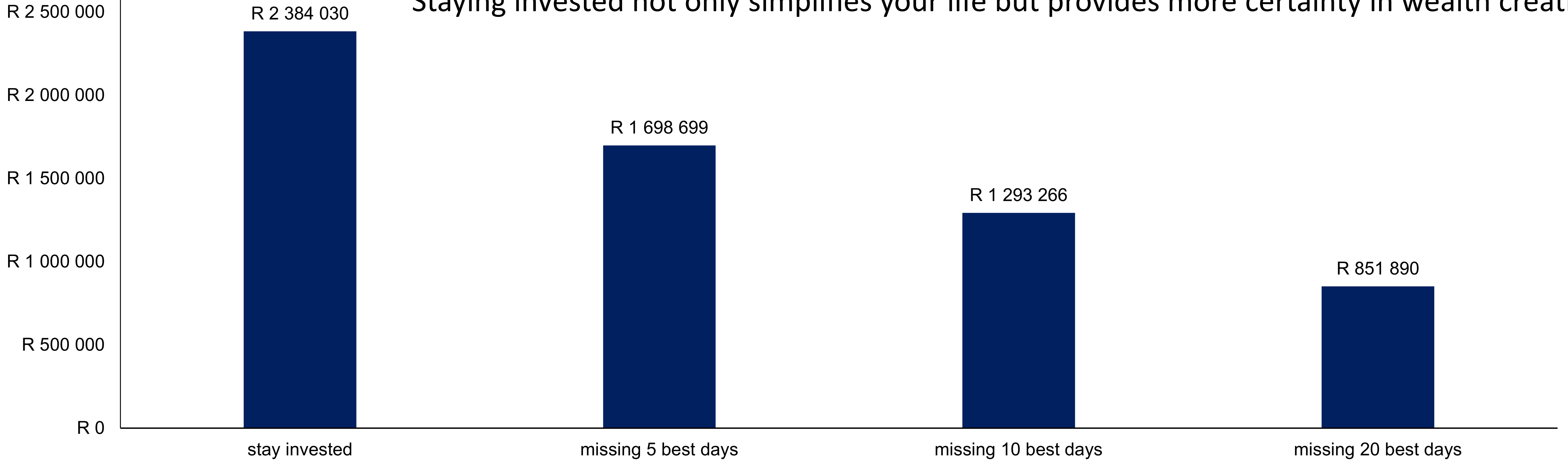
TRUST IS EARNED™

THE IMPACT OF MISSING THE BEST 10 DAYS

Trying to time the markets can be destructive to creating wealth

You are whether you admit it or not guessing.

Staying invested not only simplifies your life but provides more certainty in wealth creation.



Missing the 10 best days can mean your investment values halve

Source, I-Net Bridge. 15 years, daily data. Initial investment amount R1 000 000.00

THERE WILL BE PERIODS OF PAIN

Markets will go down…

but most times the best response for a well constructed investment strategy is to do nothing.

BECAUSE INVESTING IN A GROWTH STRATEGY…

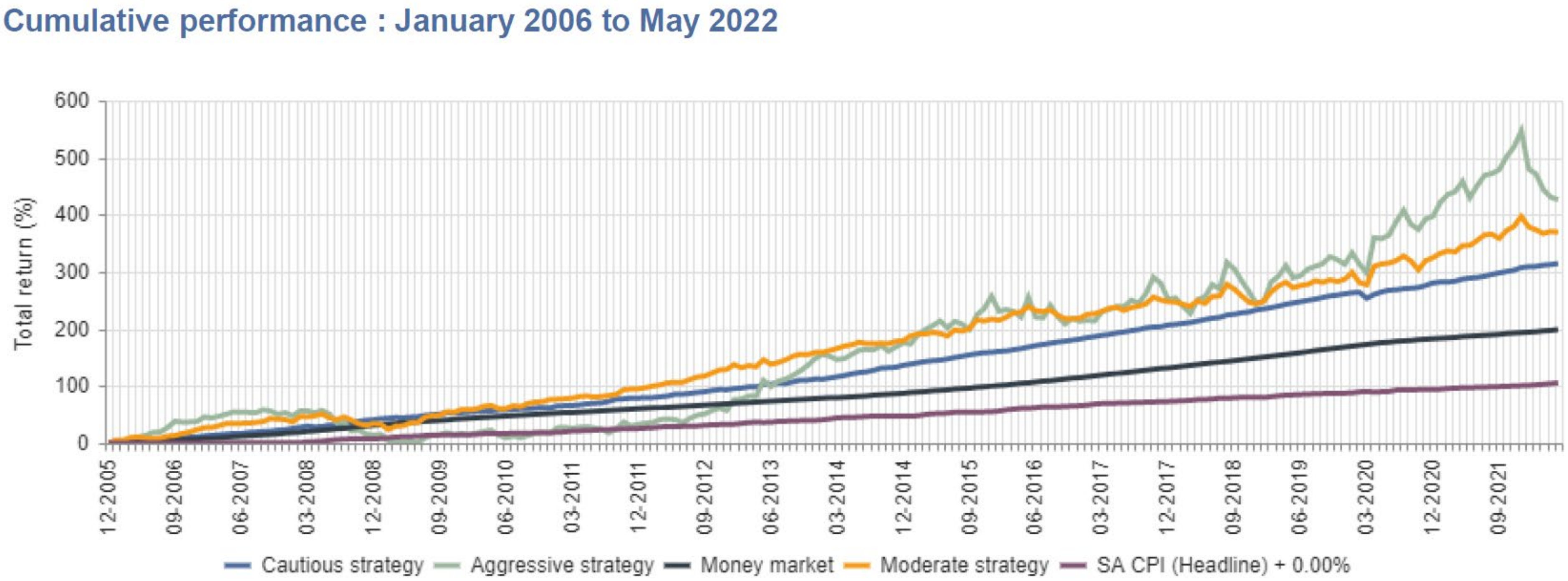
WILL RESULT IN SHORT TERM VOLATILITY BUT IS THE ONLY WAY TO BEAT INFLATION.

Performance data : January 2006 to May 2022

Investment funds	%	Inception date	1 year %	3 year %	5 year %	10 year %	Worst rolling 12 months %	Worst drawdown
Cautious strategy	100.00	-	6.10	6.12	7.10	8.31	.30	-2.84
Aggressive strategy	100.00	-	-.69	10.53	9.18	14.06	-34.46	-36.46
Money market	100.00	-	4.04	5.14	6.13	6.25	3.82	.00
Moderate strategy	100.00	-	5.15	8.05	6.80	8.58	-15.43	-18.00
SA CPI (Headline) + 0.00%	-	-	6.51	4.56	4.51	5.08	2.22	-.52

WAS THE RISK WORTH IT ?

YES…GROWTH STRATEGIES REWARDED THE PATIENT INVESTOR



Aggressive strategy - 430%

Moderate strategy - 370%

Cautious strategy - 310%

Money market strategy - 200%

Inflation - 110%

Investment markets have been battered over the last few months. The reasons for the downturn are not surprising, although the markets hysterical response is always somewhat amusing. The world is in flux, more rapid today than ever. Expect uncertainty, embrace volatility and focus on your long term plan! Heeding historically empirical evidence over convoluted forecasts makes more sense to us. Don’t hesitate to contact your adviser for further advice or guidance on your investment portfolio.

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