framework financial

latest word

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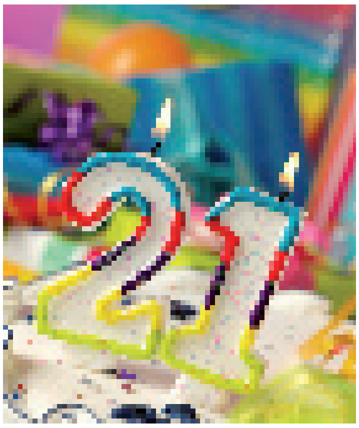
21st Birthday

In June of this year we were 21 years in business. During that time many things have changed in both our business and the financial services industry, and no doubt will continue to do so.

For many of those years, our business had a very traditional offering, arranging Life Assurance, Pensions and Investments products for our clients. We have come to truly understand that financial planning and advice is not just about products, it's about people. It's about the choices they want to make, it's about goals they want to achieve, and it's about what they want to do with their life. Our job is to listen, and to ensure our clients have the financial ability to do what they want to do when they want to do it.



In the last number of years, we have made some revolutionary changes to the way we serve our clients. It has been bold, it has even been frightening but I can truly say that we are no longer a follower in our industry in Ireland, but are a leader. Our levels of service, the quality of our processes and the transparency of our dealings with clients are second to none.

The one thing that hasn't changed in those 21 years is that our trusted relationship with our clients is at the very heart of our business. We always act in our client's best interest, it cannot be put any more simply than that.

It is in the nature of our industry that we get a window into the ups and downs of our client's lives. We have been genuinely grateful for the opportunity to serve and hope that has come shining through over the last 21 years and will continue to do so way into the future.

We are a very different business to when we started and to survive and grow in the years ahead we will continue to be innovative and client focused.

Any suggests you have in this regard are, as ever, most welcome.

Wishing you all the very best and Happy Birthday to us.

Market Volatility; Is it time to panic?

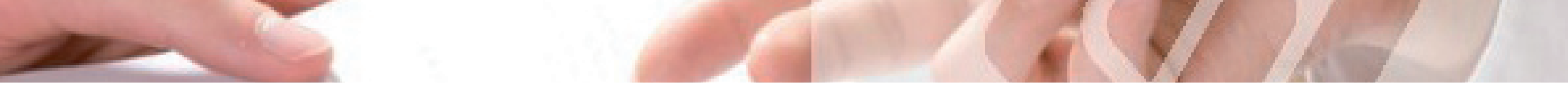
"May you live in interesting times"

We cannot turn on the TV or open a newspaper at the moment without hearing some news on dramatic stock market crashes or downgraded credit ratings on Governments bonds. There is no doubting that many economies, governments and businesses are facing tough economic challenges.

So as someone planning for your future, should you be worried?

Market volatility can make it a challenge to stick to a long term investment strategy. Short term volatility is particularly driven by emotions, such as fear and confidence. Emotional decisions are not the basis to manage your long term finances.

It is worth noting that there have always been periods of high and low volatility in markets and to remember that markets move in cycles. Bull markets and Bear Markets.



Let's take a look at the market valuation of Apple, over the summer, as an example. In June, the market valued Apple at $292bn, then at $373bn (+27%) in July and then at $339bn (-12%) in August. Has the outlook for sales of Apple iPhones, iPads and Mac Computers risen and dropped over the summer to the same extent as the market valuation?

Over the long term, a well diversified portfolio of shares and some other asset classes has been proven to deliver a return on investment, to grow an individual's wealth, to meet their future financial needs.

The alternative to long term investment, in an appropriate well diversified portfolio of assets, is to hold your wealth in cash, with your purchasing power being eroded by inflation or to make selective short term investments in specific assets which increases your risk, and may not be as liquid.

Two key steps to deal with the current market volatility are to:

1. **Have a long term financial plan**. This reduces the anxiety associated with short term market volatility and prevents short term emotional decisions. Asset values may go up and down over time but it's only the day you sell these assets that matters.

2. **Have considered Asset Allocation.** Make rational investment decisions in line with your long terms goals.

- At **framework financial**, we have developed a clear proven process to help our clients reach their financial goals and to minimise the effects of short term volatility.
- We provide our clients with a clearly written long term financial plan, after careful consideration of their needs and goals for their life.
- We very carefully consider our clients attitude to risk in the process and also the long term rate of growth of their wealth required to meet their financial goals.
- We advise of the asset allocation required to achieve the level of return required with the least level of risk.
- We have a written framework financial Investment Policy to help our clients commit to a disciplined investment plan, so that their decisions are not swayed by emotion.
- We regularly review our client's goals and objectives, and revise and rebalance their plan as required.

Market volatility is inevitable from time to time. Like so many things in life, it pays to be clear about your objectives, to accept the market's (and life's) unavoidable ups and downs and to have a plan to work around them. To ignore, to not accept the realities, to fear or to panic very often leads to poor decisions and poor outcomes or, at best, leaves more of your future in the precarious hands of lady luck.

Bear or Bull

Bear Market A prolonged period in which investment prices fall, accompanied by widespread pessimism. If the period of falling stock prices is short and immediately follows a period of rising stock prices, it is instead called a correction. Bear markets usually occur when the economy is in a recession and unemployment is high, or when inflation is rising quickly.

Volatility The relative rate at which the price of a security moves up and down. If the price of a stock moves up and down rapidly over a short time frame, then it has high volatility. If it doesn't, it has low volatility. It is a measure of a security's price stability and an important measure of risk. It is used when deciding on asset allocation in an investment portfolio.

Bull Market A prolonged period in which investment prices rise faster than their historical average. Bull markets can happen as a result of an economic recovery, an economic boom, or investor psychology.

Asset Allocation The process of dividing investments among different kinds of assets, such as stocks, bonds, property and cash, to optimize the risk/reward trade off based on an individual's specific situation and goals. It is a key concept in financial planning.

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