

## The challenge

“I hear you... but this time it’s different!”

## The coaching opportunity

Gain perspective on the realities of market cycles

### ASK

➤ Everything does feel different! Tell me more about what feels really different for you today?

### LISTEN

➤ *In addition to listening to the client’s words, watch their non-verbal cues as they speak to get additional clues about how they are feeling. That will help you empathise and coach more effectively. Resist the urge to interrupt—let the client speak their current truth.*

### EMPATHISE

➤ Yes, so much about our lives does feel so different right now. When it comes to making investment decisions, I have found time and time again in my [xx] years of investing, it helps to go back to history to get some perspective. Especially in moments when everything feels different. To do that, I recently looked back at the number of bear markets versus bull markets we have experienced since 1971 when the Australian All Ordinary data started. Want to take a guess? How many bear markets do you think there have been since 1971? *[wait for client to respond]*. It turns out, there have been 5, based on S&P 500® Index data. What about bull markets—how many bull markets do you think there have been since the 1970s? We’ve had almost the same amount, 6! Isn’t that surprising! (Bear market defined as 20% market drawdown)

### COACH

➤ History shows us that likely, bear markets follow bull markets, and bull markets follow bear markets. So, it’s not surprising that we are experiencing a bear market right now, after 11 years of bull markets. Of course, I don’t deny it feels painful right now, and life definitely feels different right now. But when you look at the *facts*, today’s situation isn’t that different from longer-term history. What adds to this feeling of “it’s different this time” is that unfortunately, no one has the clock to tell us when this phase—the bear market, the global health pandemic lifestyle—will end and the next phase will begin. But I believe that grounding our investment decisions about your future in the *facts* will serve us better than *feelings* will right now.



# Reinforce the coaching opportunity with additional messaging

"I hear you... but this time it's different!"

Historically market downturns can generally be measured in months, whereas market expansions are often measured in years.

For many investors, it's not the bear market that will derail you. It's what you do in a bear market that can derail you.

Markets typically do not go up or down in straight lines; instead they tend to be bumpy and discontinuous.

Let's beware of the crowd during extremes. When everyone goes to one side of the boat, the prudent move often is to move to the other side. We cannot let herding mentality derail your investment goals.

In my [xx] years working with clients, I have found that my clients benefit more from spending our time together learning about the realities of market cycles, behavioural biases and keeping clients focused on achieving their lifelong goals... rather than analysing short-term market moves.

One of the biggest obstacles to investor success is actually NOT investment performance. Rather, it's investor behaviour.

Historically, the worst days in the stock market have often been best friends and neighbors with the best days in the stock market.

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# Be your clients' coach, guide and guru

Recent market volatility has likely created anxiety among investors and can lead a client to question some of the basic tenants of investing and potentially have great impact on their financial success. Financial advisers who **coach** clients on the timeless concepts like maintaining a long-term investment horizon, understanding the realities of market cycles and share the value they bring to the relationship can turn challenging conversations into business growth opportunities. Getting to the top of your profession and staying there is about **guiding** your clients and being a **guru** in managing client relationships and client expectations.

## We are here to help you

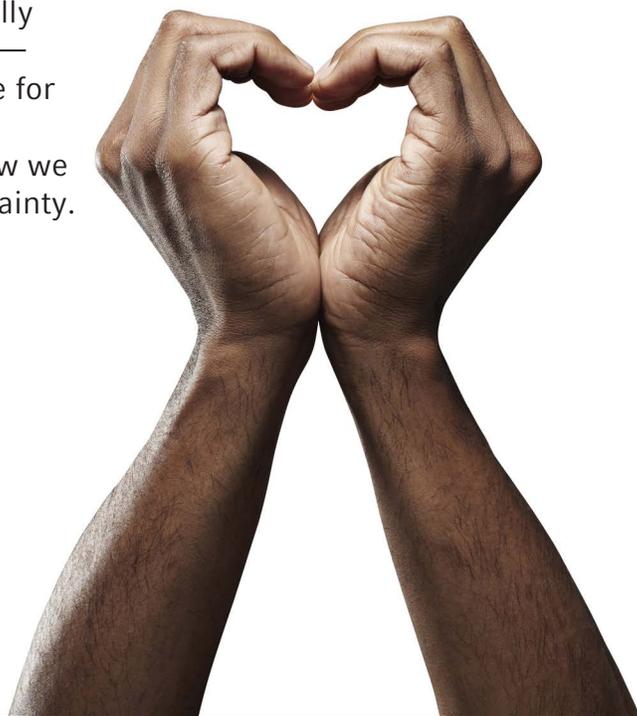
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