

Tuning out the noise



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WHILE WE ARE surrounded by a steady stream of information, facts and figures. It seems in times of high volatility and low yield (low interest rates), this “noise” reaches a crescendo so much so that ASIC has released a statement recently, stating that it is scrutinising the marketing of managed fund performance and risks.

So, what is going on? Stock markets have generally done well over the last year (recovering from the market decline in FY20) and the interest rates remain low. This means that investors are seeking reliable or high returns. Exploiting this as an “opportunity” ASIC has found that representations by some managed funds may have misled the consumers about the particular funds’ characteristics and underlying assets. ASIC’s concerns stem from the concern that retail, unsophisticated investors and in particular retirees continue to be targeted with ambiguous or misleading performance and risk representations.

In simple words, funds may be

marketing based on returns over the short term and without fully disclosing or explaining the level of risk associated with the level of returns. This is not the first time that something like this has happened and there have been several instances in the past where fund managers, financial planners, accountants and several other have been pulled up for incorrect, misleading, or fraudulent advertising. However, this is often after many retail clients have already suffered a loss.

Knowing that there is always a tendency for businesses to try and maximise their opportunity returns, the key would be to firstly have a plan which allows you the peace of mind to be able to continue on your planned path which would already consider that markets move up and down as such deal with different market conditions. The second thing is to stick to it and tune out the noise. This will help keep you disciplined and also alleviate the anxiety associated with following the news headlines and general chatter.



ASIC