

MONEY *matters* | BY BRITANNIA

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Covid-19, Elections in NZ and the US, and New Zealand's economy - a general market update



For most of this year, worldwide lockdowns have been imposed, lifted to varying degrees, and often reinstated. Even with these measures, Covid-19 has unfortunately continued to spread and to date there have been in excess of 33 million cases globally. For comparison, there were 10 million cases at the start of July.

The economic impact on countries has been severe. Many countries are reporting some of the largest quarterly GDP declines in their history. These include Australia (-7%), the USA (-9.1%) and the UK (-20.4%). New Zealand has also had its share of economic pain, with a quarterly decline over 12%.

We are starting to see the beginnings of spring in the Southern hemisphere and despite battered economies and the ongoing pandemic, equity markets have begun to test new highs. This is encouraging as the markets are forward looking. Investors are seeing positive future economic signs among the dark clouds. A better than expected second-quarter earnings season, and the increasing potential for a Covid-19 vaccine, have improved investors' enthusiasm.

In the US, albeit earnings were down 33%, 84% of companies beat expectations. This rally has been driven by massive US technology companies like Apple, Amazon, Alphabet (the parent company of Google), Microsoft and Facebook. Apple, after becoming the first US company valued at over US\$1 trillion two years ago, became the first US company to be valued at US\$2 trillion as its share price nearly doubled from its March 2020 lows. This vastly outstripped the wider US markets. Such rapid gains also come with the potential for rapid declines. In early September, those US technology companies saw their share prices decline between 4% - 8% in one day. Apple's 8% fall wiped US\$150B off their share value. For comparison, that is roughly the size of the entire NZX Equity Market.

Overall, the equity markets have rewarded those who remained invested, but the markets are still volatile, and gains are not evenly spread. Some companies excelled, while others failed.

What to do

The share market crash in March this year, was one of the fastest declines in history, but the rapid rebound was also one of the fastest. Investors who were able to keep their nerve and remain invested were able to ride out these turbulent times.

Given the uncertainties, a well-diversified portfolio makes sense, ensuring that you benefit in scenarios such as a vaccine being announced, or the recovery being slower than anticipated.

A key to getting through these trying times is getting the right advice. Your financial adviser can help explain what is going on and provide advice on what you can do in your particular circumstances.

The information contained in this newsletter is of a general nature only and does not take into account individual circumstances. It is not intended to provide comprehensive or specific financial advice. Before making an investment decision you should talk to your Authorised Financial Adviser.

Life insurance in times of uncertainty: tips from an industry pioneer



As you'll know from previous articles, we talk a lot about investments in times of uncertainty, but today we want to remind you how important it is to have your life insurance plan in place, and to give you some tips and things to think about.

To do this, we've picked the brains of Britannia Financial Planning's life insurance expert, Ian Wallace. We asked Ian to answer some questions we hope will be of help and reassurance to you.

What has been your experience during the Covid-19 era so far?

Covid-19 has had an enormous impact on the life insurance market and clients' general approach to insurance.

During the initial lockdown, I spent most of my time on the phone or in video meetings, reassuring clients how what they had in place would protect them if they suffered from Covid-19. Many of my small business clients just called to vent their stresses. The fact that they felt comfortable enough with me to do that was good. There has been a huge surge of clients wanting to revisit the adequacy of what they have in place in the last few months.

What advice would you give to anyone who is concerned about their life insurance now?

My primary advice to anyone with life insurance is do not cancel anything without careful consultation with an unbiased financial adviser (preferably your current Britannia scheme adviser), and with detailed consideration of that advice.

One of the most important things to understand is that sometimes insurance products you already have in place will offer superior protection than what is currently available.

If your budget is an issue, your financial adviser can work closely with all of the insurance companies to assist with premium relief for a period of time. If you have any questions or concerns about your insurance, please contact your financial adviser as soon as possible. If you are talking to an adviser other than your Britannia scheme adviser don't allow yourself to be 'sold a product' which may be inadequate, or insufficient, for your current needs, or that is based purely on the monthly cost.

What about people who don't have any, or only have minimal insurance in place?

My advice for anyone requiring insurance now, for protection for the next 5-10 years is, 'review and place it NOW'. Don't wait! With the uncertainty of the financial markets as a result of Covid-19, insurance companies are risk adverse and are only going to be increasing prices and offering progressively more restrictive terms in the near future. Companies cannot alter the terms of policies which are already in place.

Retirement just got easier thanks to Britannia Financial

Did you know that when you reach the age of 65 you can turn your Britannia investment into a regular income? Fortnightly or monthly payments are available at no extra cost to you.

Our regular income payments are designed to help you manage your budget, without having to withdraw your investment, by providing what you need over and above what you receive from your fortnightly NZ Super payments.

If you would like more information about any of our benefit payment plans, and how they can help you have the retirement you want, please get in touch with your Britannia scheme adviser today.

Do you have any questions or feedback?

Here at Britannia, we take the responsibility of managing your investment extremely seriously. Thank you for placing your trust in us. If you have any questions about your investment or feedback for Britannia, we encourage you to get in touch with us.

You can email us at investments@britanniafinancial.co.nz or call us on **0800 500 811** – we'd love to hear from you.