

Navigating turbulent times in the share market

As investors grapple with uncertainty, keeping a cool head has never been more important.

"Time in the market, not timing the market" is a popular investment philosophy that emphasises the importance of staying invested over the long term rather than trying to predict short-term market movements. While markets can be volatile in the short term, historically, they tend to grow over time.

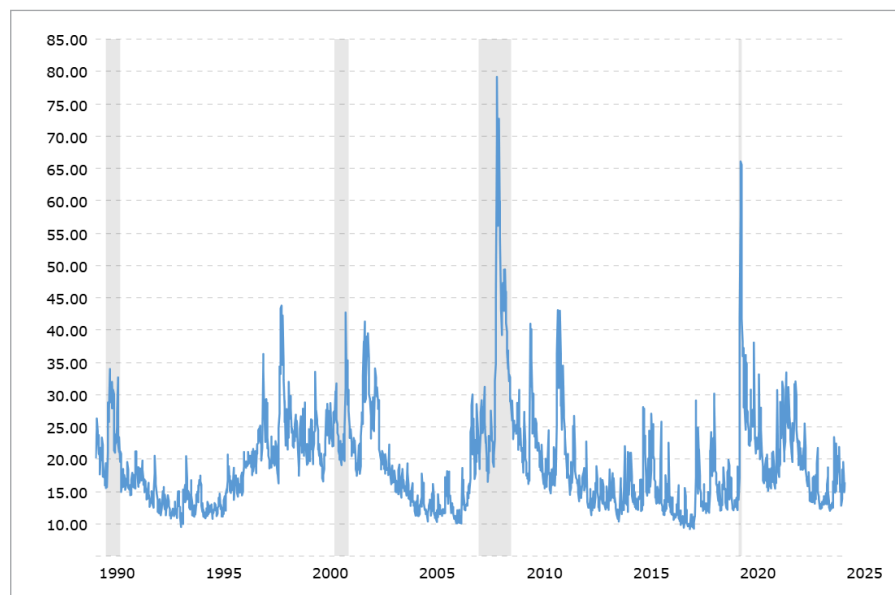
It's a strategy that helps you avoid getting caught up in short-term market fluctuations or trying to predict where the market is heading.

With the recent market turbulence, from the global effects of US President Donald Trump's administration to ongoing conflicts in Ukraine and the Middle East, savvy investors look beyond the immediate chaos to focus on strategies that encourage stability and growth over the long-term.

It's a hallmark of the approach by the world's most high-profile investor, Warren Buffet, who argues that short-term volatility is just background noise.

"I know what markets are going to do over a long period of time, they're going to go up," says Buffet.ⁱ

VIX Volatility Index - Historical Chart - 1990 -2025



Source: Macrotrends

"But in terms of what's going to happen in a day or a week or a month, or even a year ...I've never felt it was important," he says.

Buffet first invested in the share market when he was 11 years old. It was April 1942, just four

months after the devastating and deadly attack on Pearl Harbour that caused panic on Wall Street. But he wasn't fazed by the uncertain times.

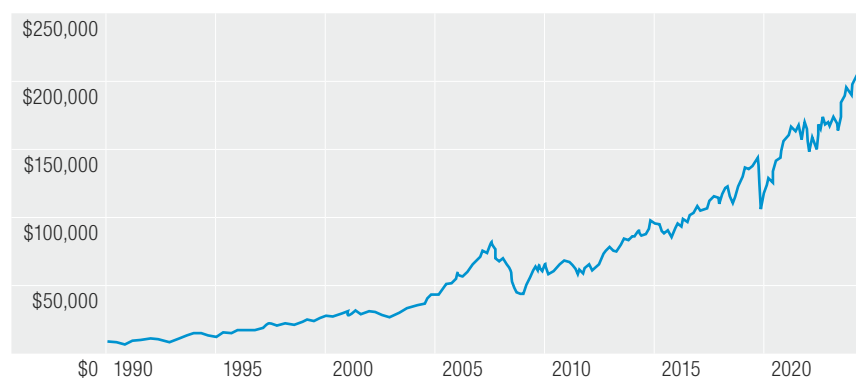
Today Buffet is worth an estimated US\$147 billion.ⁱⁱ

Long-term growth in Australia

While growth has been higher in the US, investors in Australian shares over the long-term have also fared well. For example, \$10,000 invested 30 years ago in a basket of shares that mirrored the All Ordinaries Index would be worth more than \$135,000 today (assuming any dividends were reinvested).ⁱⁱⁱ

And it's not just the All Ords. If that \$10,000 investment was instead made in Australian listed property, it would be worth almost \$95,000 today or in bonds, it would be worth almost \$52,000.

Australian shares – tracking performance from 1990 to 2024



Source: Vanguard

In real estate, the average house price in Australia 30 years ago was under \$200,000. Today it is just over \$1 million.^{iv}

Meanwhile, cash may well be a safe haven and handy for quick access but it is not going to significantly boost wealth. For example, \$10,000 invested in cash 30 years ago would be worth just \$34,000 today.^v

Diversify to manage risk

Diversifying your investment portfolio helps to manage the risks of market fluctuations. When one investment sector or group of sectors is in the doldrums, other markets might be firing, therefore reducing the chance that a downturn in one area will wipe out your entire portfolio.

For example, the Australian listed property sector was the best performer in 2024, adding 24.6 per cent for the year. But just two years earlier, it was the worst performer, losing 12.3 per cent.^{vi}

Short-term investments – including government bonds, high interest savings accounts and term deposits – can play an important role in diversifying the risks and gains in an investment portfolio and are great for adding stability and liquidity to a portfolio.

Ongoing investment strategies

Taking a long-term view to accumulating wealth is far from a set-and-forget approach and by staying invested, you give your investments the best chance to grow, avoiding the risks of missing out on key growth periods by trying to time your buy and sell decisions perfectly.

Reviewing your investments regularly helps to keep on top of any emerging economic and political trends that may affect your portfolio. While it's important to stay informed about market trends, it is equally important not to overreact when there is volatility in the share market.

Emotional investing can lead to poor decisions, so remember the goal is not to avoid market declines but to remain focussed on your overall long-term investment strategy.

Please get in touch with us if you'd like to discuss your investment options.

i https://www.youtube.com/watch?v=5jdll1_mcbk

ii <https://www.bloomberg.com/billionaires/profiles/warren-e-buffett/>

iii, v, vi <https://www.vanguard.com.au/personal/support/index-chart>

iv <https://propertyupdate.com.au/the-latest-median-property-prices-in-australias-major-cities/>



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