

# Calm over calamity

How Financial Advisers can Lead with Confidence During  
Turbulent Markets

# About this Presentation

- This presentation is compiled using the behavioural finance research and adviser insights featured in Milford's Orange Paper "*Calm over Calamity*"
- The research explores how leading advisers manage client communication during times of extreme volatility.
- This presentation unpacks the strategies and tools they use to stay connected and credible, and how they help their clients stay calm and focused.

# Contributors

We would like to acknowledge the following individuals for their contributions to this paper:

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# Today

- Understanding Client Behaviour
- The Adviser's Role as a Steadying Influence
- Best Practice Communication Tips
- Charts to help you tell the story

# Understanding Client Behaviour

# Where the rubber hits the road

## ADVISER INSIGHTS

“Markets go down the elevator and up the escalator.  
It can fall fast, while the recovery takes time.  
You have to expect it will rebound — just not instantly.”

**ANDREW TORNEY**

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# “The investor’s chief problem – and even his worst enemy – is likely to be himself.”

- Fear overtakes logic
  - Herd mentality, loss aversion, confirmation bias all kick in
- Bad investment behaviours
  - Panic selling
  - Timing the market
  - Chasing winners

# The cost of this bad behaviour?

Studies quantify the extent to which poor investor behaviour destroys wealth:

- Dalbar/QAIB:
  - Avg investor underperformed market by 5.5% in 2023
- Morningstar:
  - 1.7% p.a. average drag from poor timing
- Since 1984
  - 70% of average investor underperformance has happened during 10 key periods of market crisis

# Chasing winners...

TEN KILLER CHARTS  
TO USE WITH CLIENTS

## THE FOLLY OF CHASING THE BEST PERFORMERS

CHART 8 Asset Class Returns (%)

ASSET CLASS - INDEX

- High Yield Bonds - ICE BofA US High Yield Index
- REITs - FTSE NAREIT All Equity Index
- Large Cap Stocks - S&P 500 Index
- Cash - S&P U.S. Treasury Bill 0-3 Mth Index
- High Grade Bonds - Bloomberg Barclays U.S. Agg Index
- International Developed Stocks - MSCI EAFE Index
- Small Cap Stocks - Russell 2000 Index
- EM Stocks - MSCI Emerging Markets Index
- Asset Allocation Portfolio

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REIT	28.0	8.3	19.7	38.8	28.0	2.8	21.3	37.8	1.8	31.5	20.0	41.3	1.6	26.3	25.0
Sm Cap	26.9	7.8	18.6	32.4	13.7	1.4	17.5	25.6	0.0	28.7	18.7	28.7	-11.2	18.9	11.5
EM	19.2	4.4	17.9	23.3	6.9	0.6	12.0	21.8	-2.3	25.5	18.4	14.8	-13.0	16.9	8.2
HY Bnd	15.2	2.1	16.4	11.5	6.0	0.0	11.6	14.7	-4.0	22.7	9.8	11.8	-14.0	13.5	8.1
Lg Cap	15.1	0.3	16.0	7.4	4.9	-0.4	8.6	14.6	-4.4	18.9	8.3	10.9	-16.5	12.8	7.4
AA	13.5	0.1	15.6	2.9	2.5	-1.3	7.2	8.7	-5.6	18.9	7.5	5.4	-18.1	11.4	5.3
Int'l Stk	8.2	-4.2	12.2	0.1	0.0	-4.4	2.7	7.5	-11.0	14.4	6.1	0.0	-19.7	10.3	4.9
HG Bnd	6.5	-11.7	4.2	-2.0	-1.8	-4.6	1.5	3.5	-13.4	8.7	0.6	-1.5	-20.4	5.5	4.4
Cash	0.1	-18.2	0.1	-2.3	-4.5	-14.6	0.3	0.8	-14.3	2.2	-5.1	-2.2	-25.0	5.1	1.3

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# ... is a fool's game...

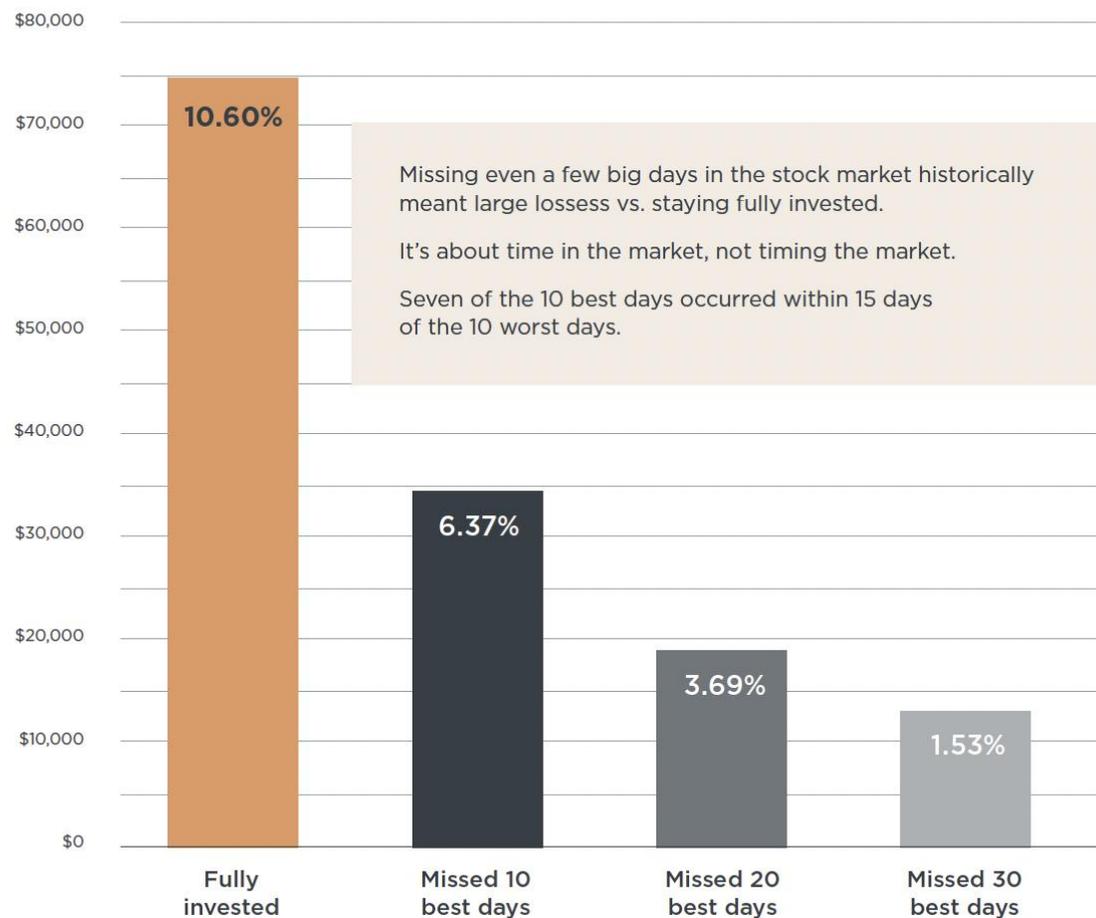
## THE FOLLY OF CHASING THE BEST PERFORMERS

CHART 9 Dangers in return chasing

YEAR	ACTUAL ALLOCATION	ANNUAL RETURN %	BEST ASSET CLASS	BEST ANNUAL RETURN %	UNDER-PERFORMANCE V BEST	LARGE CAPS RETURNS %	UNDER/OVER PERFORMANCE V LARGE CAPS
2011	REITS	8.30	REITS	8.3	0	2.10	6.20
2012	REITS	19.70	REITS	19.7	0	1.60	18.10
2013	REITS	2.90	Small caps	38.8	-35.9	32.40	-29.50
2014	Small caps	4.90	REITS	28	-23.1	13.70	-8.80
2015	REITS	2.80	REITS	2.8	0	1.40	1.40
2016	REITS	8.60	Small caps	21.3	-12.7	12.00	-3.40
2017	Small caps	14.70	EM	37.8	-23.1	21.80	-7.10
2018	EM	-14.30	Cash	1.8	-16.1	4.40	-18.70
2019	Cash	2.20	Large caps	31.5	-29.3	31.50	-29.30
2020	Large caps	18.40	Small caps	20	-1.6	18.40	0.00
2021	Small caps	14.80	REITS	41.3	-26.5	28.70	-13.90
2022	REITS	-25.00	Cash	1.6	-26.6	-18.10	-6.90
2023	Cash	5.10	Large caps	26.3	-21.2	26.30	-21.20
2024	Large caps	25.00	Large caps	25	0	25.00	0.00

SOURCE: Data analysed from Morningstar Asset Class returns (%). © 2025 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete, or timely nor will they have any liability for its use or distribution. See full disclaimer in end notes\*

## ... as is timing the market



J.P. Morgan Asset Management analysis using data from Morningstar Direct. Data as of February 28, 2025. Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large-capitalization domestic stocks representing all major industries. Past performance is not indicative of future returns. It is not possible to invest directly in an index. An individual cannot invest directly in an index. Analysis is based on the J.P. Morgan Asset Management Guide to Retirement.

# The adviser as a steadying influence



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The Context

# Expect the Unexpected

**RBA's superannuation warning amid \$50 billion ASX plunge: 'Chilling effect'**

The central bank is concerned that the super system in Australia could face issues in the future under a perfect storm of domestic and overseas factors.

4 April

**Dow slides more than 800 points as spiking Treasury yields and deficit fears spur a sell-off: Live updates**

May 21

**Oil and gold prices soar and stock markets fall after Israel's attacks on Iran**

14 June

**The Stock Market Is Hitting New Highs. Things Aren't as Calm as They Seem.**

1 July

**ASX to fall, Wall St tumbles as Trump renews his trade wars**

July 8

**\$A spikes, stocks fall after RBA holds rates**

July 8



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# Clients look to you for cues

- Clients seek reassurance for their emotional and financial wellbeing
- Projecting an air of calm and control is crucial



# Calm and counsel

- Reframing volatility as “normal” and planned for
- Ensuring portfolios align to risk profiles

## ADVISER INSIGHT

“As I told my clients, we knew this was going to happen eventually. Markets don’t up forever. Stay invested, this is just short-term noise.”

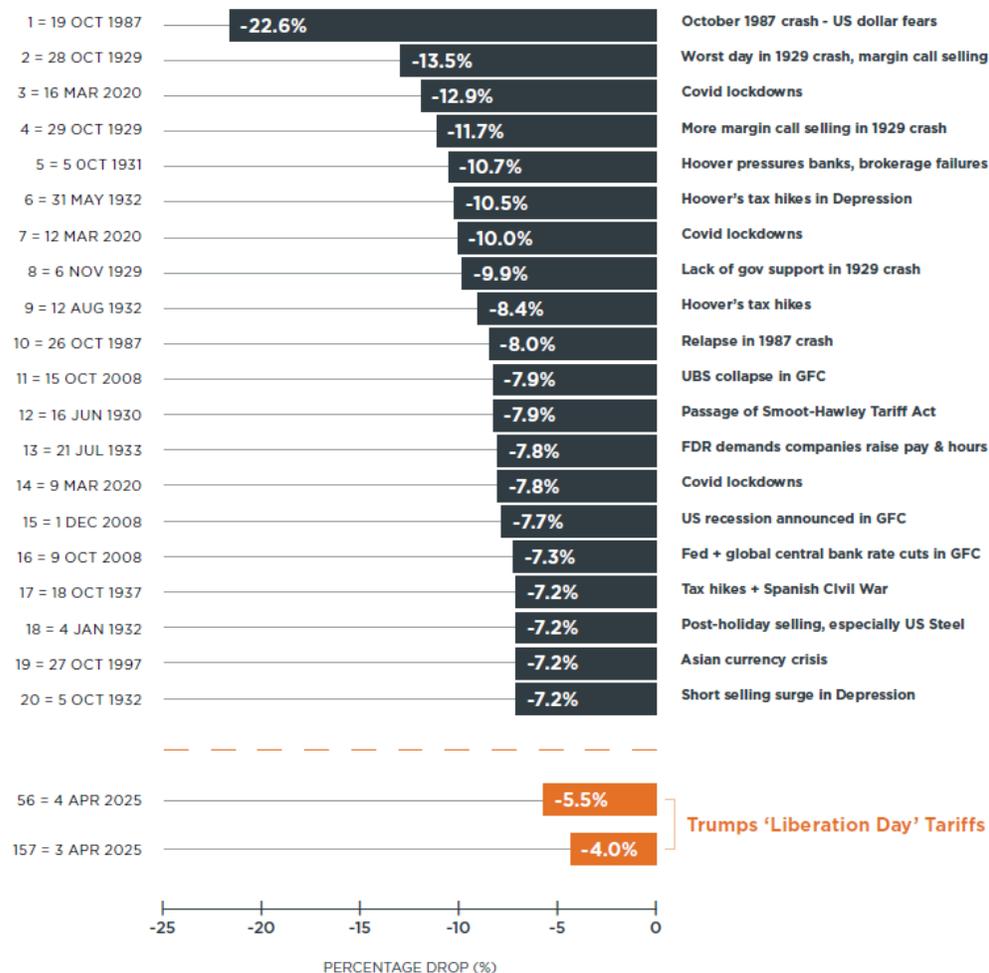
**CHRIS REHBEIN**

“Our first priority is always building robust portfolios – seeking returns comes second. That foundation is what gives clients peace of mind through volatility.” **ADAM EASTER**

# Was it really that bad?

## PUTTING CURRENT VOLATILITY IN CONTEXT

CHART 4 Top 20 worst days on Wall St.



SOURCE: Daily changes in Dow Jones Industrial Average since 1920. Dow Jones Industrial Average, Owen Analytics, OwenAnalytics.com.au

# Calm and counsel

- Their portfolio is not the index
- Decide to do nothing

## ADVISER INSIGHTS

“Doing nothing is sometimes doing something — it’s a deliberate decision.” **CHRIS REHBEIN**

## ADVISER INSIGHT

“Spreading risk via diversification in the short term allows for more beneficial outcomes long term as spreading risk allows for potentially less impact and therefore quicker rebounds when markets return.”

**GEOFF PLUMMER**

# The true Adviser alpha

**An extra 1-3% every single year.**

# Best practice communication tips



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# 1. Call them before they call you

## ADVISER INSIGHT

“We don’t just sit on our hands and wait for the phone to ring. We get in early because if ten people are asking questions, there are another hundred who are thinking about it but are too scared to ask.”

**ANDREW TORNEY**

## 2. One size doesn't fit all

### ADVISER INSIGHTS

"We sent a calm, client-update early – before they started panicking – and then made personal calls to our more sensitive clients."

**ANDREW TORNEY**

"We prioritised personal phone calls to clients we thought would be most anxious, then sent an email update to the broader client base to keep everyone informed."

**CHRIS REHBEIN**

"I made proactive phone calls to about half a dozen clients I knew would be more anxious – it's better to beat them to the punch and show you're on top of things. This was then followed up via a full client based Newsletter."

**GEOFF PLUMMER**

## 3. Borrow brilliance

### ADVISER INSIGHT

“Clients don’t just want our opinion, they want evidence. We use charts and updates from fund managers and researchers to show what we are saying is supported by real, long-term data.”

**ANDREW TORNEY**

## 4. Let AI do the heavy lifting

### ADVISER INSIGHT

“I actually used AI to draft the skeleton of my email. I fed in a few key points, and it helped me structure something really client friendly. Then I just tweaked it to make it my own.”

**CHRIS REHBEIN**

## A question:

*Have you used AI in the creation of customer facing communication and materials?*

✓ Yes / ✗ No

## 5. Help them tune out the hype

### ADVISER INSIGHT

“When you hear ‘\$130 billion wiped off financial markets’, people think, ‘That’s all of my money gone’.

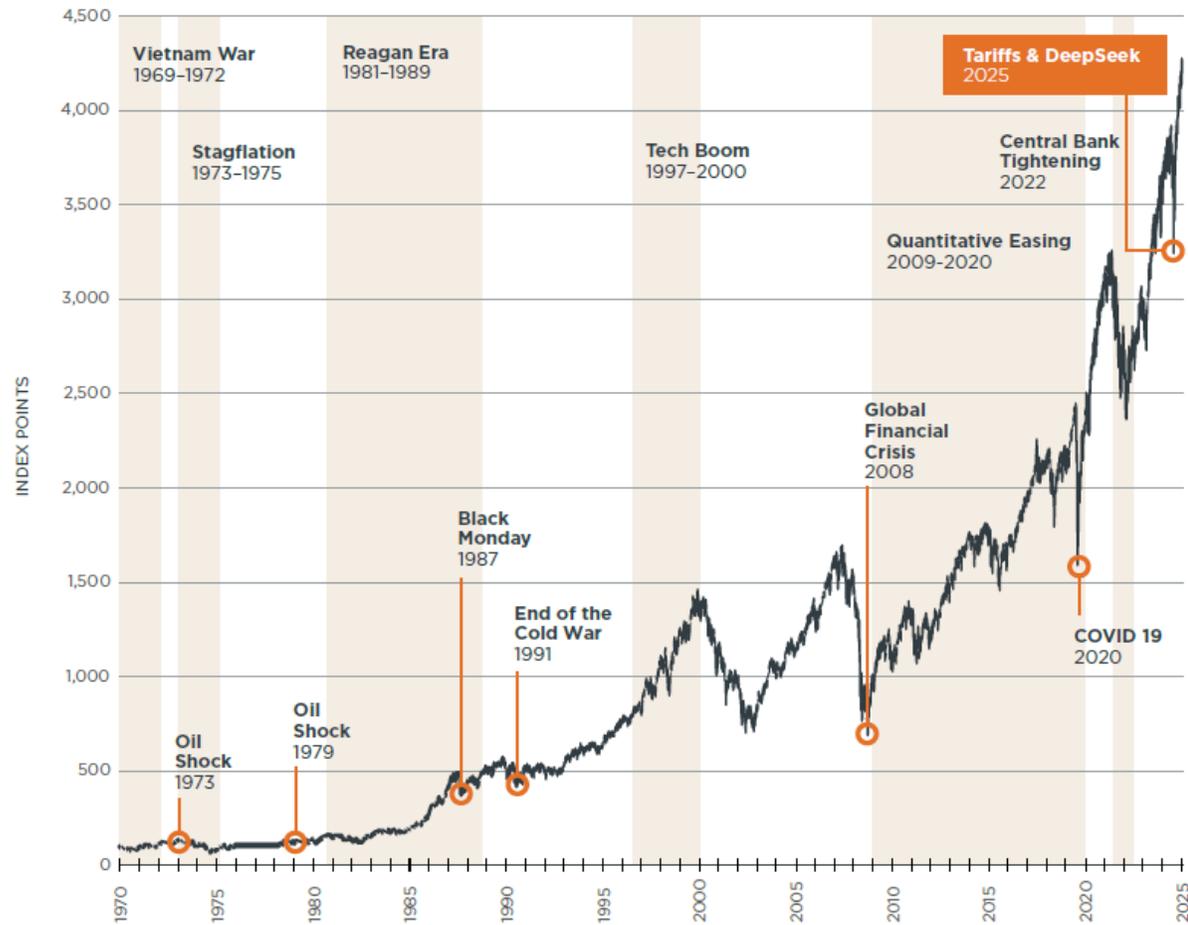
Fear of provision and loss kicks in. The media prey on sensationalism to receive an emotional reaction.”

**GEOFF PLUMMER**

## Plus 10 more...

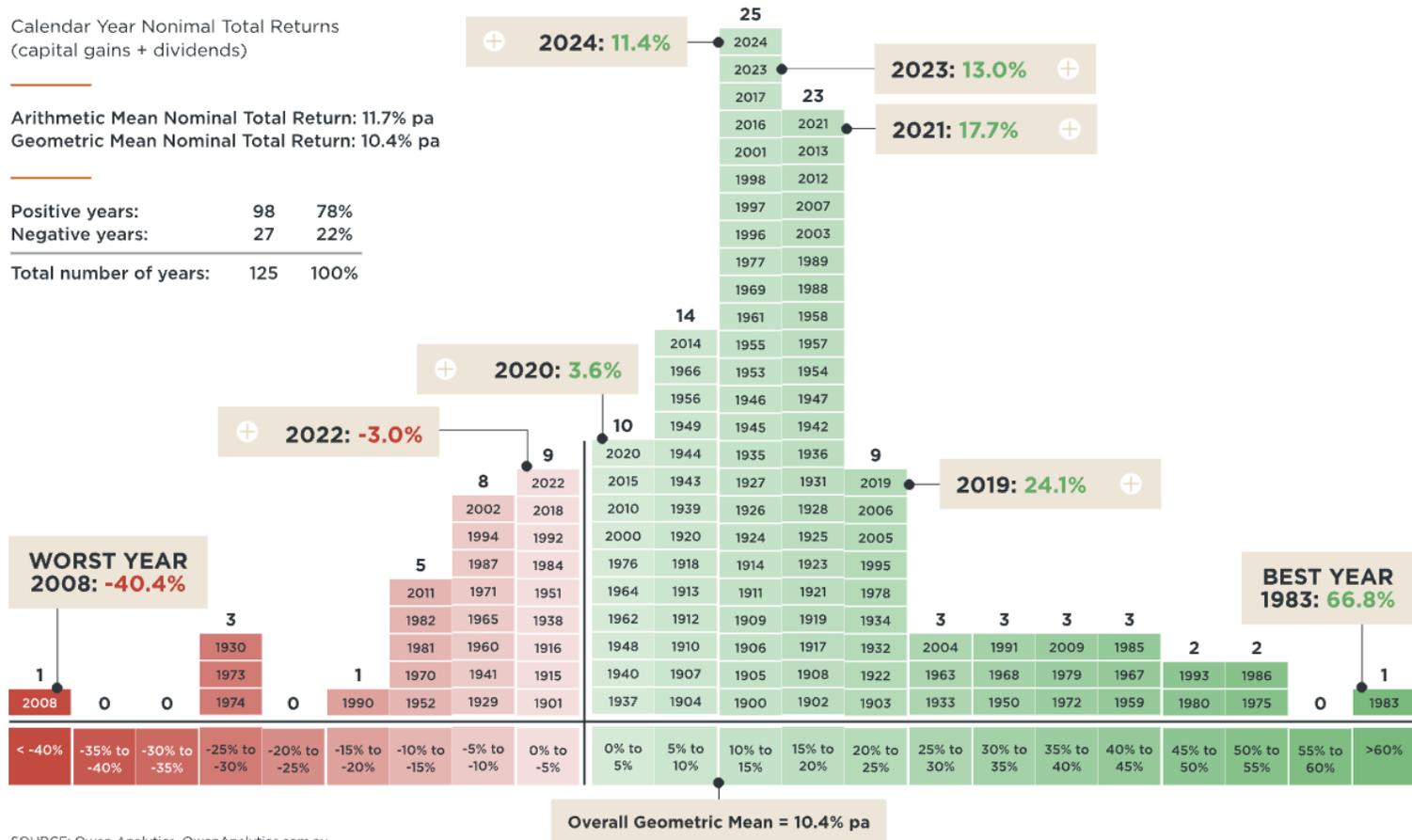
6. Stay cool to keep them calm
7. Hear the fear
8. Clarity over complexity
9. Speak in stories, not stats
10. Name the bias, tame the fear
11. Show, don't just tell
12. Bring it back to their plan
13. Remind them why it works
14. Return to your investment philosophy
15. Consistency builds confidence

# Chart example: The long-term view of investment markets



SOURCE: MSCI, Bloomberg

# Chart example: The folly of chasing the best performers



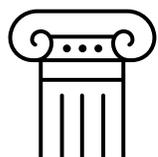
SOURCE: Owen Analytics, OwenAnalytics.com.au

# Why Milford During Volatile Times



**Active Management:** Investment team is constantly monitoring global developments and adjusting portfolios in real time.

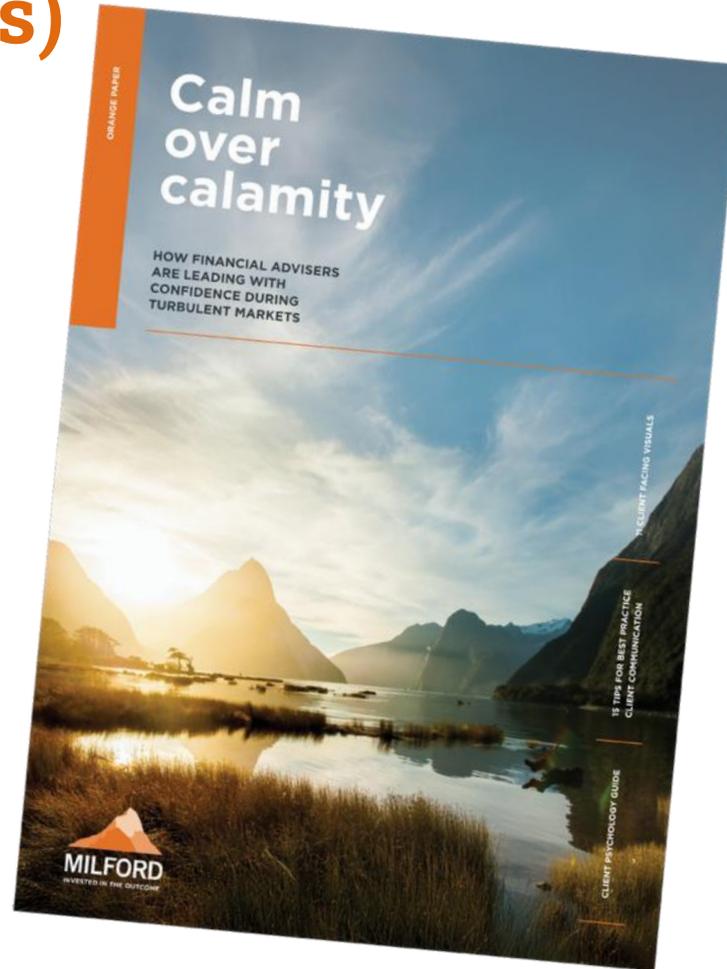
“Markets don’t wait — and neither do we. Flexibility is built into our process so we can respond quickly when conditions shift.” MARK RIGGALL, PORTFOLIO MANAGER, MILFORD



**Managing the Downside:** Many of Milford’s funds are designed with the flexibility to reduce risk when needed – including the ability to move materially into cash and to use derivatives when appropriate.

“We’re focused on hitting singles — ones and twos — not swinging for sixes. It’s about consistency, managing risk, and building long-term value.” JONATHAN WINDUST, PORTFOLIO MANAGER AND DEPUTY CIO

# Get the full story (and 10 killer charts)



# Contacts

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# It's your time to shine

## Key Traits of a Volatility-ready Adviser

- Empathetic listener
- Confident explainer
- Proactive communicator
- Resourceful and calm under pressure

# Thank you



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# Disclaimer

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Past performance is not a reliable indicator of future performance.

# Q&A



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