

Calm over calamity

HOW FINANCIAL ADVISERS
CAN LEAD WITH CONFIDENCE
DURING TURBULENT MARKETS

TO CLIENT FACING VISUALS

15 TIPS FOR BEST PRACTICE
CLIENT COMMUNICATION

CLIENT PSYCHOLOGY GUIDE



INTRODUCTION

ABOUT THIS PAPER

This paper explores how leading advisers are managing client communications about market volatility by leading with proactivity, communicating with calmness and clarity, and always anchoring conversations back to long-term goals and client-specific plans.



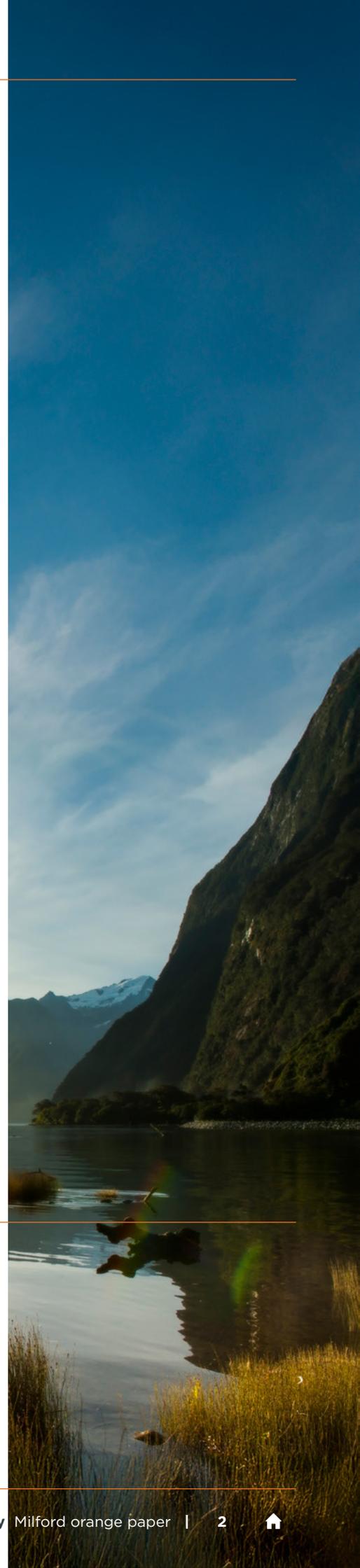
Drawing on real-world insights from experienced advisers, we highlight practical communication strategies, the role of external resources and visual tools, and the opportunity to reinforce the value of advice during uncertain times.

This paper will unpack what leading advisers are doing to stay connected and credible during times of extreme turbulence, and how they are helping their clients stay calm and focused, while steering clear of the calamitous emotional decisions that can destroy wealth and set financial and personal plans back years.

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ABOUT THE AUTHOR

Richard Dunkerley is an award-winning Australian financial services thought leader and communications expert, with more than two decades' experience across investment markets, superannuation, and financial advice.

He works closely with leading fund managers, platforms, and advisers to craft communication strategies that translate complex market concepts into clear, engaging messages. His expertise lies in helping professionals build trust and confidence with clients—particularly in volatile conditions—through better conversations, messaging, and educational content.

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



GEOFF PLUMMER
Financial Planner,
Virtus Financial Services,
New South Wales, Australia



CHRIS REHBEIN
Financial Planner,
Capital Focused Private Wealth,
Queensland, Australia



KADY BUCHANAN
Head of Intermediary
Clients, Milford,
Auckland, New Zealand



ANDREW TORNEY
Director and Certified
Financial Planner,
Muirfield Financial Services,
Victoria, Australia



ADAM EASTER
Financial Planner,
Northcorp, New South Wales,
Australia



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MARKET VOLATILITY: A CONSTANT COMPANION IN INVESTING

Over the past several decades, global investment markets have cycled through periods of strong optimism and sharp corrections — often triggered by unexpected political, economic, or policy shifts. While markets have shown remarkable resilience and the ability to recover to new highs, the only true certainty in investing is that volatility will always be part of the journey.

For investors — especially retirees or those nearing retirement — this unpredictability can be particularly challenging. The risk of experiencing a market downturn just before or during retirement, known as sequencing risk, can significantly impact long-term outcomes. With limited time to recover from losses, these investors may feel especially vulnerable.

In today's hyper-connected world, constant media coverage and real-time updates on portfolio balances can amplify anxiety, making it harder to stay focused on long-term goals. Yet history has consistently shown that staying invested through periods of uncertainty is often the most effective strategy.



THESE ARE THE ADVISER'S MOMENTS

People who haven't checked their KiwiSaver balances in years are suddenly logging in twice a day. Phones are ringing more than usual. Clients are worried. They want reassurance. They want answers. Some may even want action.

**But what they
need most isn't
a revamped portfolio,
it's a steady hand.**

And things are moving faster. Shifting policies, real-time news cycles, and clients accustomed to instant digital feedback mean the old playbook may no longer be enough.

In times like these, advisers step beyond numbers — becoming mentors, coaches, and behavioural anchors. Conversations shift from returns to resilience.

Amid the turmoil, there's opportunity: a chance to build deeper trust, elevate the dialogue, and showcase the true value of advice.

01 UNDERSTANDING CLIENT BEHAVIOUR

No matter how robust your risk profiling process, it is only during extreme market events that our true tolerance for risk reveals itself.

Understanding what drives a client's behaviour is central to tailoring the way you work with that client.

Behavioural finance research shows that fear and emotion can overtake logic during market stress. Many advisers will be familiar with the concept of behavioural biases — decision making short cuts we take as individuals as a way of coping with informational overload. The one talked about most often is loss aversion — the observation that humans feel the pain of losses about **twice as strongly** as the pleasure of gains.

Loss aversion means a 10% drop hurts more than a 10% rise feels good, often driving an inherently conservative approach to investing generally, and at times of market tumult, turning into a tendency to panic-sell at the worst possible time.¹ Paradoxically this means an individual's willingness to take risk is reduced when stocks are being 'discounted', meaning 'buying the dip' is totally antithetical.

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

"Clients who have been with us through 2022, 2020, 2018, 2015 — and even the GFC — know that markets move, but a robust strategy endures."

ADAM EASTER



THE EXTERNAL NOISE CAN BE DEAFENING

Compounding investor panic is
the **media's role** in amplifying fear.

News media coverage saw headlines such as these commonplace:

“Wall Street crashes
after Trump announces
100% tariffs on China;
\$1.5 trillion wiped out.”

FINANCIAL EXPRESS, US²

“NZ shares fall sharply
as US tariff chaos hits.”

RNZ³

“European stock
market PLUMMETS
as Trump threatens
to slap EU with 25%
tariffs.”

GB NEWS⁴

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**

Such sensational headlines — which capture eyeballs — can be hard to escape, and this combination of portfolios awash with red ink and market pundits predicting doom triggers the brain’s fight-or-flight response.

Even investors who know they should stay calm can find it psychologically overwhelming to do so amid a ‘fear-driven frenzy’.

The result? For many of those without the guidance and wise counsel of their financial adviser, the response will be to sell at the bottom, in a panicked attempt to ‘stop the bleeding’.

This invariably is a something they come to regret, having crystallised losses and likely missing any market rebounds.

COMMON BEHAVIOURAL MISTAKES DURING MARKET DRAWDOWNS

Several behaviours emerge repeatedly in downturns:

1 Panic selling at the bottom

Investors often capitulate **after** markets have already fallen 20% or more, thus locking in losses permanently.

Ironically, the same investors then hesitate to re-enter markets during the rebound, waiting for a better entry point that never comes. Unsurprisingly, this buy-high, sell-low behaviour devastates long-term returns, especially when repeated.

2 Trying to time the market

Some believe they can sell at the top and buy at the bottom, but even expert professionals fail at such timing consistently.

Jumping in and out invites missing the swift rebounds that often follow big drops.

3 Herd mentality and social contagion

When everyone around is panicking, it's easy to assume "*they must know something*" and join the selling stampede.

4 Confirmation bias in news consumption

In fearful times, people gravitate to information that validates their worst fears.

An investor convinced the market will keep crashing will tune in to every dire prediction and ignore more balanced views. This creates a doom loop of negativity, reinforcing panic.

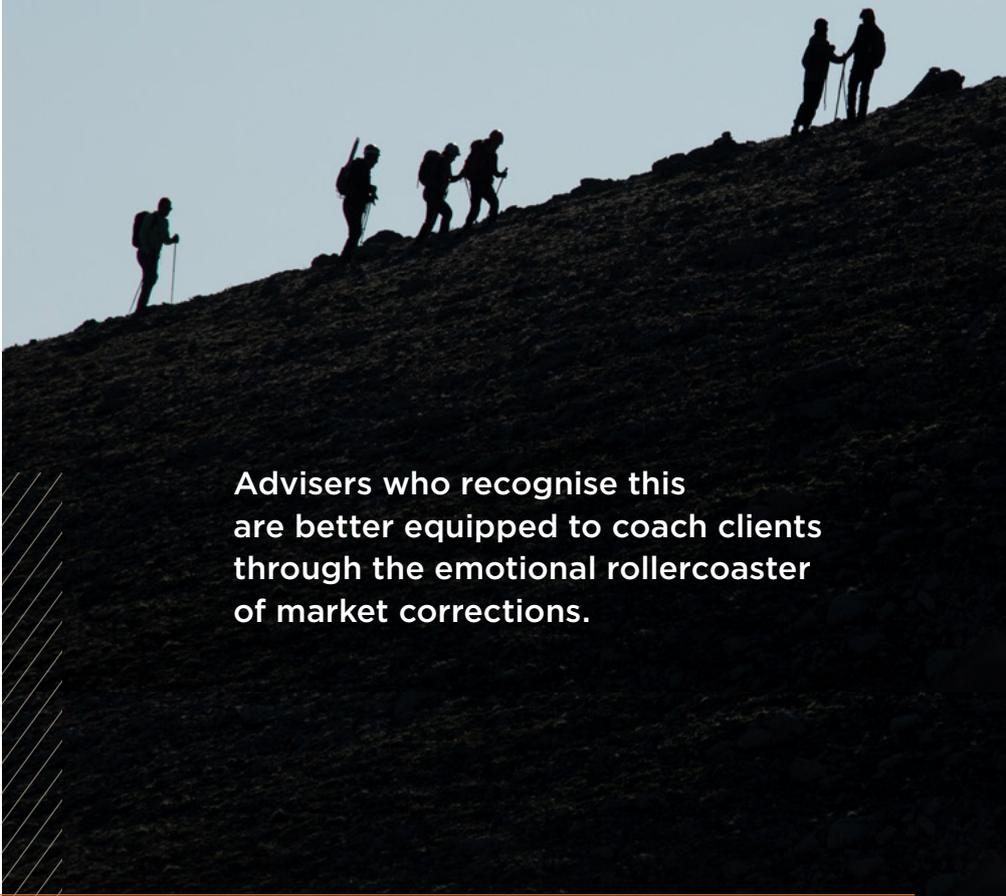
As Benjamin Graham
— the ‘Father of Value
Investing’ — once said⁵:

“

the investor’s chief
problem – and even
his **worst enemy** –
is likely to be himself.”

Understanding these psychological
tendencies is crucial. Investors are
only human, and fear and greed
can overrule reason.

But this is exactly where a financial
adviser can provide immense value:
by being the steady voice of reason
that counteracts impulsive tendencies.



Advisers who recognise this
are better equipped to coach clients
through the emotional rollercoaster
of market corrections.

THE COST OF BAD BEHAVIOUR: UP TO 5% OR MORE

Several studies have sought to quantify the extent to which the behavioural shortcomings of the typical individual investor can diminish returns.

One such study is the Quantitative Analysis of Investor Behaviour report, or QAIB, published annually by Dalbar.

Their research series studies investor performance in managed (mutual) funds. Its goal is to shed light on how investors can improve portfolio performances by managing behaviours that cause them to act imprudently.

Often succumbing to the behavioural biases described above, the QAIB reports clearly show that people are more often than not their own worst enemies when it comes to investing. And, as reinforced in the 2024 edition of the study, investment results are more dependent on investor behaviour than fund performance.

That report showed the average equity investor **earned 5.5% less** than the S&P 500 in 2023, the 3rd largest investor gap in the prior decade⁶.

Morningstar's **Mind the Gap** study uses a different methodology but also finds investor behaviour to be a drag on returns.

The study estimates the return of the average dollar invested in funds and ETFs (that is, "Investor Return") and compares it with the average fund's total return. Any difference is attributable to the timing of investors' purchases and sales. The smaller the gap, the more investors captured their funds' total returns and vice versa.

In the study released in 2024, Morningstar found the average dollar invested in funds earned a 6% annual return over the 10 years ended Dec. 31, 2022, while the average fund gained about 7.7% per year over that same span, **for a gap of about 1.7% annually**⁷. Gaps of similar magnitudes were found in the four previous editions of the study.

ADVISER ALPHA IS IN BEHAVIOURAL COACHING

The scope for unchecked, emotionally charged investor behaviour to destroy portfolio value and send financial plans off track underscores the importance of the adviser's role as coach and mentor.

As the data shows, in volatile times, **managing client emotions** is more important, and can have a bigger impact on performance, than making portfolio tweaks.

Indeed, research into 'adviser alpha' by both Vanguard⁸ and Russell⁹ has estimated the value of this coaching to be between 1 and 2% per annum, an uplift that can make a substantial difference over the longer term.



02

THE ADVISER'S ROLE AS
A STEADYING INFLUENCE

Clients will naturally **look to their adviser** for clues on how to feel as volatility unfolds.

They seek reassurance for their emotional, as well as financial, wellbeing, meaning above all, exuding an air of calm and control is crucial.

These stressful moments are often described as the “moments that matter” most in client relationships. Helping clients tune out short-term noise and avoid panic can literally save a client’s financial future.

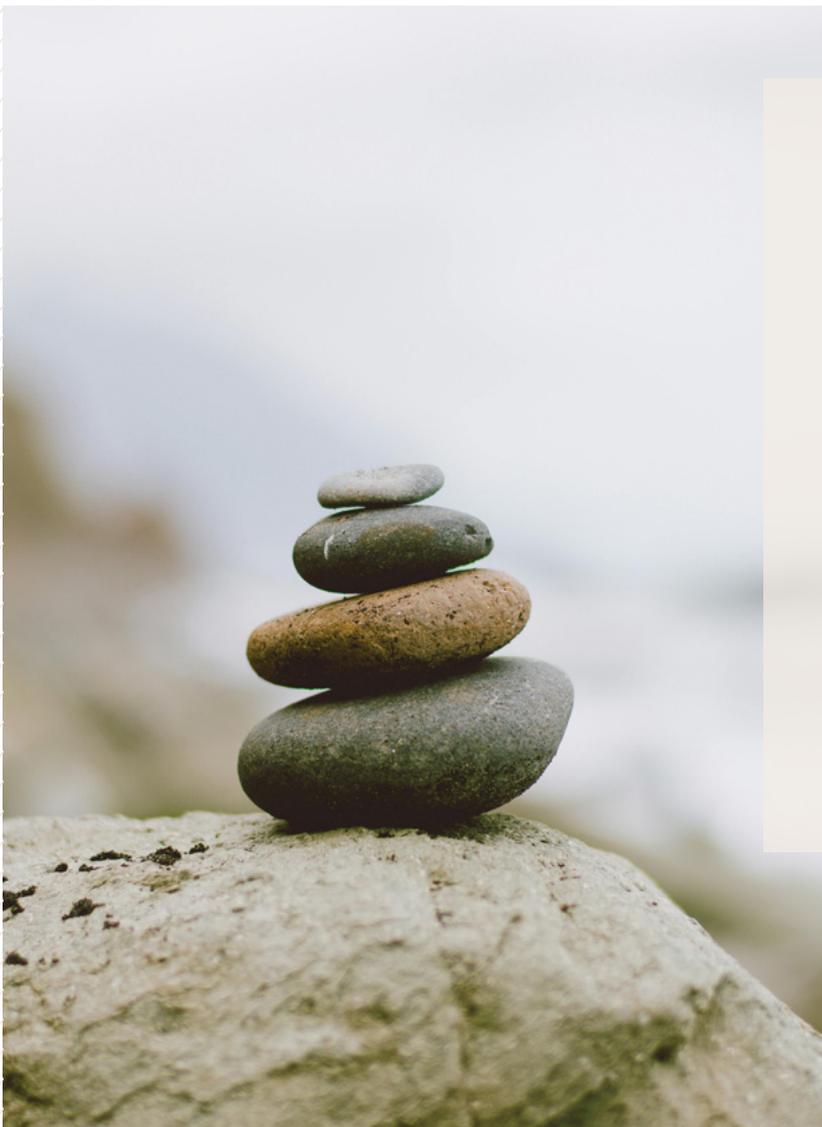
ADVISER INSIGHTS

“Doing nothing is sometimes doing something – it’s a deliberate decision.”

CHRIS REHBEIN

“In times of noise, the most powerful thing we can do is nothing. One calm, clear communication was enough – no panic, no mass phone calls.”

ADAM EASTER



Here are some ways advisers can offer calmness and counsel to their clients:

1 REFRAME VOLATILITY AS “NORMAL” AND PROVIDE CONTEXT

A key role for advisers is to put any market turmoil in context. Remind clients that market volatility is a natural, expected part of long-term investing. In any given year, the number of ‘up days’ and ‘down days’ will often be similar. And the longer you invest the more corrections and even bear markets will become inevitable.

While downturns always feel new in the moment, advisers can comfort clients that **this scenario was planned for** from the start, and their portfolio was constructed in anticipation of exactly this kind of volatility.

In other words:

‘We expected there would be storms like this. Your portfolio is **designed to withstand** this kind of turbulence.’

ADVISER INSIGHT

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

CHRIS REHBEIN

2 ENSURING PORTFOLIOS MATCH RISK TOLERANCE

Leading advisers understand that risk profiling is not a tick-a-box compliance exercise, it's a critical pillar in the construction of portfolios that a client is likely to stick with.

They also understand the critical difference between risk tolerance and risk capacity, and that just because

a client is willing to take a risk, it doesn't mean they should.

Reminding clients that their asset allocation was specifically chosen — with the help of a rigorous, scientific process - to achieve their goals while still allowing them to sleep at night can go a long way.

ADVISER INSIGHTS

“Knowledge is power. Engaging clients, establishing understanding and accountability is vital. Spreading risk via diversification in the short term allows for more beneficial outcomes long term as spreading risk allows for potentially less impact and quicker rebounds when markets return.

Defining a balance and having regular reviews for maintenance allows for reduced emotional investing and more beneficial outcomes.” **GEOFF PLUMMER**

“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**

3 A DIVERSIFIED PORTFOLIO IS NOT THE INDEX

In investing, as in life, being at the extremes is rarely desirable. Diversification — or ‘not putting all your eggs in one basket’ — is the most fundamental principle of investing for uncertainty. It’s a principle which has added resonance at a time when so much money, personal and institutional, found itself drawn to the Magnificent Seven tech stocks in the US.

Remind your clients that you specifically diversified their portfolios to include assets that weren’t exposed to technology, that weren’t exposed to the US, and weren’t even exposed to equities — specifically to minimise the damage in times like this. A diversified portfolio is likely to sustain less

damage than a portfolio purely invested in equities, so you should have data to back you up.

Whether or not the 60/40 portfolio will continue to be the gold standard remains to be seen, but regardless, your expertise in diversifying between sectors, countries, asset classes and styles is critical to helping clients sail through any storm with a sense of calm and control.

The other important point here is that the media reports on indices, not portfolios. This is important context to give to ensure your clients don’t equate the daily drops reported in the news to the exact same movement in their own investments.

4 BEHAVIOURAL COACHING AND DISCIPLINE

As we have already seen, the coaching and mentoring offered by advisers has a very tangible value. Advisers should think of themselves as a behavioural anchor — a steadying force that keeps clients from going adrift and becoming their own worst enemies.

According to the previously cited QAIB study, since 1984:

70% of average investor underperformance has happened during 10 key periods of market crisis (e.g. 1987, 2008, 2020) because they bought or sold instead of staying the course¹⁰.

Indeed, during those 10 worst cases of underperformance — periods between September 1986 to October 2008 — the study found eight would have produced better returns as soon as one year later if investors had taken no action and simply ‘stayed put’¹¹.

By calming investors down during times of panic, advisers literally prevent the type of mistakes that permanently impair wealth, and quality of life.

03

BEST PRACTICE
CLIENT COMMUNICATION

The advisers interviewed for this paper agree there are several best practices for client communication during volatile, loss-heavy periods.

While each had their own unique approach, the common thread was their desire to be proactive, empathetic, and educational, so clients feel informed and reassured rather than panicked.

Following are key strategies, with insights from financial planners and industry experts:

LEAD WITH PROACTIVITY & PERSONALISATION

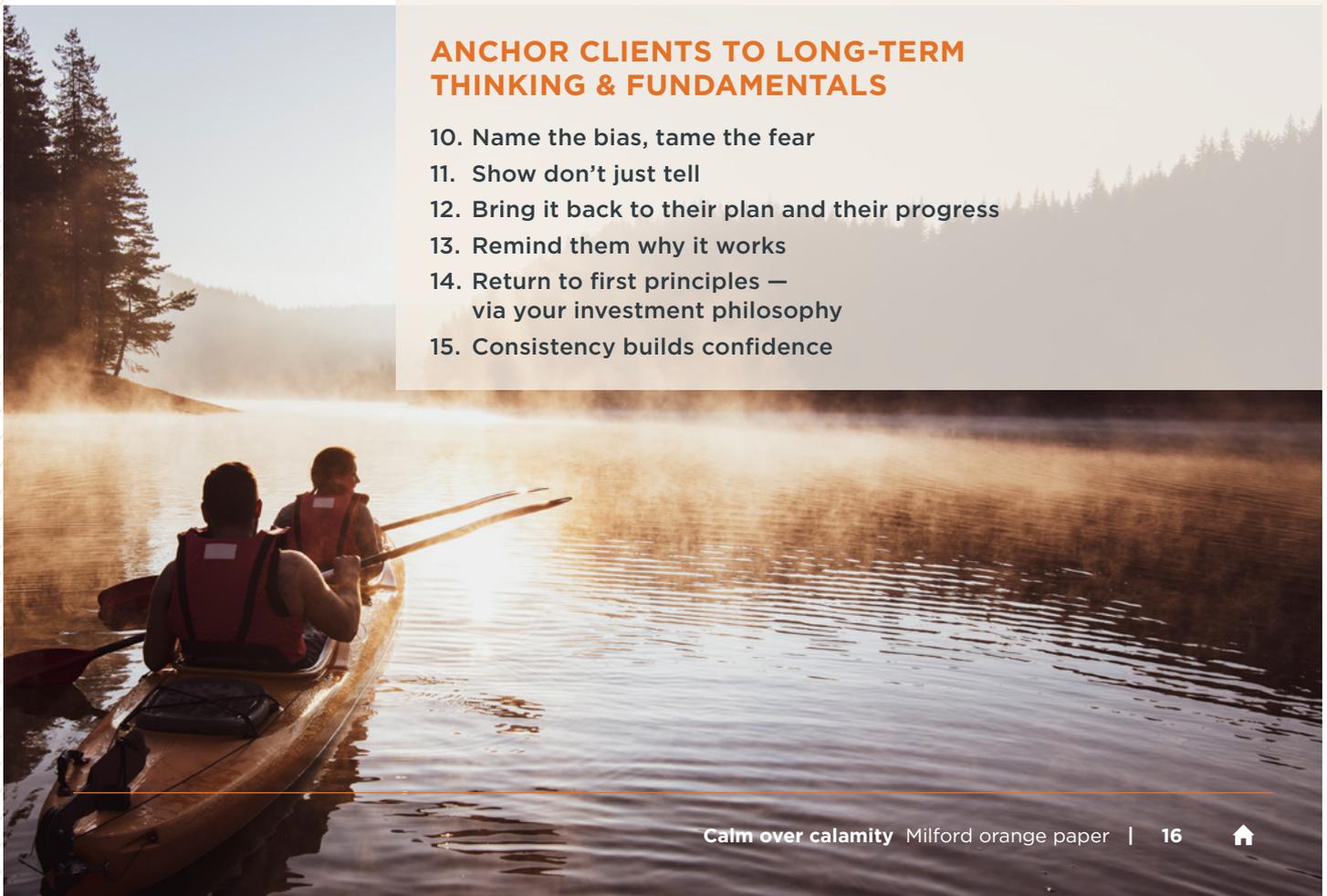
1. Call them before they call you
2. One size doesn't fit all
3. Borrow brilliance. Don't go it alone.
4. Let AI do the heavy lifting

COMMUNICATE WITH CALMNESS, CLARITY, & EMPATHY

5. Stay cool to keep them calm
6. Hear the fear before offering hope
7. Clarity over complexity
8. Help them tune out the hype
9. Speak in stories not stats

ANCHOR CLIENTS TO LONG-TERM THINKING & FUNDAMENTALS

10. Name the bias, tame the fear
11. Show don't just tell
12. Bring it back to their plan and their progress
13. Remind them why it works
14. Return to first principles — via your investment philosophy
15. Consistency builds confidence



LEAD WITH PROACTIVITY & PERSONALISATION

1 CALL THEM BEFORE THEY CALL YOU

The number one golden rule during times of heightened volatility is:

‘Don’t wait for the phone to ring – reach out to clients early’.

Vacuums get filled, and in the absence of any news or contact from you, that vacuum will be filled by the sensational doom and gloom headlines your clients will be

encountering when they are reading the news, scrolling their social media, or chatting to their friends.

Realising the importance of acting fast, many advisers send a quick email or place a call as soon as major market-moving news breaks, explaining what it might mean for client portfolios.

The frequency of contact should be tuned to client needs – some may appreciate weekly bulletins, while others just want a check-in if things worsen. The key is clients shouldn’t feel abandoned - proactive communication shows the adviser is on top of the situation and cares about the client’s peace of mind.

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

LEAD WITH PROACTIVITY & PERSONALISATION

2 ONE SIZE DOESN'T FIT ALL

During extreme turbulence, it may be tempting, in the interests of time, to fire off an email – the same email – to every single one of your clients. This is despite the fact they likely all have different risk profiles, learning styles, communication preferences, and even engagement with their investments. They likely also have different goals, values and time horizons.

You will demonstrate true care, and likely be more successful in keeping clients calm and resilient, if you personalise your approach. Depending on the client that could range from different media (a short video recorded on your phone to

a long email), different messaging (emphasising a buying opportunity for more risk tolerant clients), to different complexity (short and simple, versus plenty of charts, tables, and technical analysis from fund managers and economists). Some clients will want a meeting to discuss specific aspects of their portfolio, others will be happy just to know you are on top of matters and that their plans are still on track.

If you have been advising long enough, you've probably gone through this before and may already have segmented your clients for communication purposes.

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 base Newsletter.”

GEOFF PLUMMER

LEAD WITH PROACTIVITY & PERSONALISATION

3 BORROW BRILLIANCE. DON'T GO IT ALONE.

Extreme market movements are always accompanied by a wealth of analysis from fund managers, portfolio specialists, researchers and economists. Many will also produce tools and resources to help with your client conversations. Draw on all of these to ensure your client communications represent the full breadth of data and commentary. If you use an asset consultant, communications support will likely be part of their offering.

Drawing on these resources injects crucial contemporary context to your messaging. For example, seasoned market experts will draw on the precedents of the first Trump

presidency, which also saw a level of tariff-related trade conflict — a point most people have likely forgotten.

However, much of this analysis may be technical in nature and not suitable to be on-sent to clients without some sort of simplification and tailoring.

Some fund managers may even offer to create bespoke video content or participate in client events. At times like this, you aren't expected to be the font of knowledge, instead you should be the facilitator of the specialists with deep expertise and for whom monitoring and trading in markets is a full-time job.

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

LEAD WITH PROACTIVITY & PERSONALISATION

4 LET AI DO THE HEAVY LIFTING

Most advisers face two major challenges in creating bespoke content for their clients; firstly, there is almost an overwhelming amount of analysis and expert commentary sent to them by fund manager partners, and secondly, writing is generally not a core strength.

For AI tools like ChatGPT, Microsoft Co-Pilot, however, synthesising

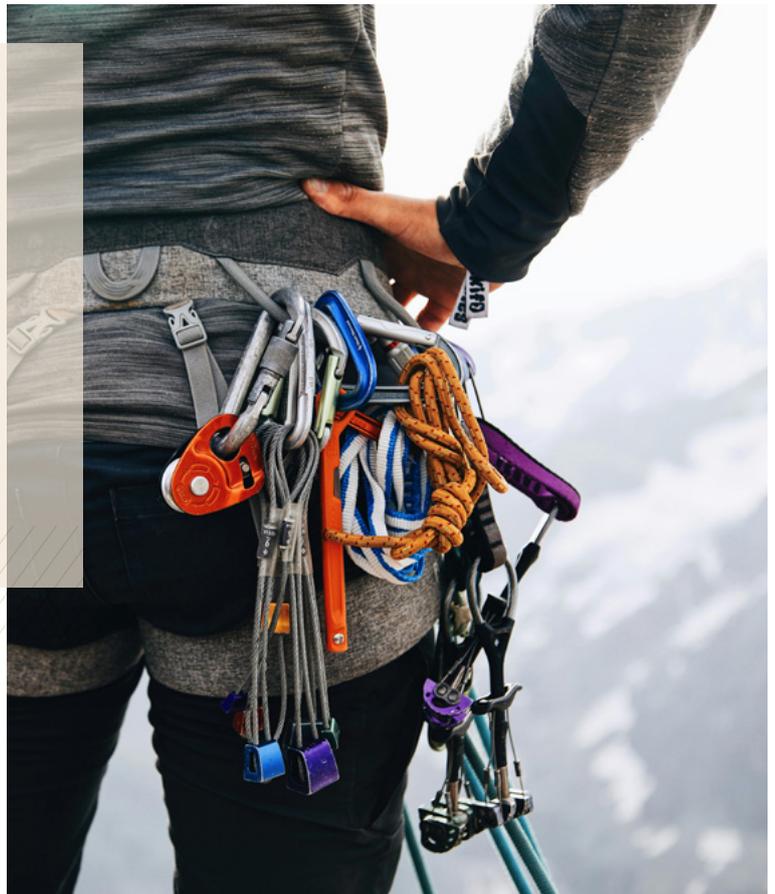
a large number of inputs and distilling down to simplified talking points, client emails, even tables and charts **is** a core strength.

Naturally you always need to check the output for accuracy, but the power of these tools drives real efficiencies in creating content that represents the best of the best, and is very client friendly.

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



COMMUNICATE WITH CALMNESS, CLARITY, & EMPATHY

5 STAY COOL TO KEEP THEM CALM

Clients look to their adviser not just for expertise, but for behavioural cues. If you exhibit signs of panic or pessimism, they will mirror that. The tone of your verbal or written communication should always be calm, confident, and optimistic.

ADVISER INSIGHT

“If we project calm, clients pick that up instantly. If we seem anxious, they’ll feel it too.”

CHRIS REHBEIN

6 HEAR THE FEAR BEFORE OFFERING HOPE

If you are talking to clients directly about losses, remember to start with empathy, and by understanding the anxiety they are feeling is very real for them. This is not the time to be dismissive of their concerns, or to act like you know better (even though you do). Nor is it the time to use their risk profile against them, as if drawdowns were something the client had agreed to in advance. Rather, acknowledge their fear and stress before launching into analysis.

Listen actively to what they are expressing and use mirroring language, repeating back their worries in their own words to help them feel heard and validated in their feelings. It can also get them to open up more.

For example, if a client says, “I’m afraid I’ll lose everything,” responding with **“It sounds like you’re worried about how these losses could impact your future plans”** can get them to open up more.

Only after fully hearing the client out should the adviser transition to offering guidance. Empathy builds trust, as it shows you’re not dismissing their emotions. And authentic empathy (“this is hard, I know”) combined with professional calm sets the tone for productive dialogue.

COMMUNICATE WITH CALMNESS, CLARITY, & EMPATHY

7 CLARITY OVER COMPLEXITY

In uncertain times, clients crave clear and honest information. This is not the moment for jargon or technical minutiae; it's about straightforward answers to *"What is happening to my money?"* and *"What are we doing about it?"*. Simplify complex data into plain language.

Transparency is critical — if a portfolio is down 15%, don't sugarcoat it. Instead, explain **why** it's down and what that means long-term. And stick to the facts, rather than offering an opinion on whether tariffs are good or bad, just reinforce that the markets are worried about their potential to affect trade flows and company profitability.

By delivering information in a concise, digestible way, advisers help demystify the situation. A client who understands why their portfolio is down is less likely to panic than one who just sees a scary number with no context.

Clarity also means admitting what we **don't know**. If a client asks whether the market will drop further, it's fair (and wise) to say *"We can't know for sure. What we do know is that your portfolio is built to handle further drops, and we have strategies ready if things worsen."* This honesty builds credibility.

ADVISER INSIGHT

"Don't inundate clients with technical BS, just be real with them, and let them know you are investing their money like you would your own. Reiterate your value add as a professional adviser.

Back this up with comfort that you have access to a vast network of investment specialist research teams to reinforce the recommendations provided."

GEOFF PLUMMER

COMMUNICATE WITH CALMNESS, CLARITY, & EMPATHY

8 HELP THEM TUNE OUT THE HYPE

It may be easier said than done but remind your clients that media outlets are driven to maximise their audience. This sees them rely on sensational headlines which generally lack context.

For example, as previously mentioned, in percentage terms, the worst of the April 2025 falls in the Dow Jones

didn't even make the top 20, but in points terms they have been among the very worst in history. Most media will find the second version more newsworthy.

By explaining this to clients, you can make them more impervious to negative headlines.

9 SPEAK IN STORIES NOT STATS

Using analogies or relatable terms can underpin more effective communication of inherently complex or challenging concepts.

For example, diversification can be explained as a safety net designed to ensure a financial plan isn't derailed by one single event or dependency. Falling share prices can be framed as stocks 'going on sale', helping reframe drawdowns as buying opportunities.

Extending this analogy, advisers can refer to the behaviour of a business 'buying high and selling low' – and how quickly that business would shut down because they never made a profit.

Being a passive index investor is like being in a boat with no rudder, you will travel in the direction of the tide. When its running in the right direction it's fine, but when the storm arrives, you need to be able to steer a path, which is what an active manager does.

ADVISER INSIGHT

“An analogy that seems to really resonate with my clients is that of the ‘snowball...avalanche effect’, which is slow to start but then gathers size and speed as it progresses down the mountain side. It helps them focus on the long-term compounding effect rather than the short-term bumps.” **GEOFF PLUMMER**

ANCHOR CLIENTS TO LONG-TERM THINKING & FUNDAMENTALS

10 NAME THE BIAS, TAME THE FEAR

An innovative approach is bringing behavioural finance education into the conversation. When clients understand **why** they feel compelled to “do something” (like sell), it can empower them to resist unhealthy impulses. Some advisers explicitly talk about common biases — for example, *“As humans we hate losses more than we enjoy gains, a trait called loss aversion, and it can trick us into wanting to sell at exactly the wrong time.”*

By naming the bias, you externalise it: it’s a known, and common, psychological pitfall, not a personal failure.

Advisers can also share simple behavioral tips, e.g. explaining that checking the portfolio too frequently in volatile times can worsen anxiety (much like checking news headlines every hour can).

Educating clients on how *“emotions like fear and greed can drive poor decisions and move markets”* helps them recognise those feelings and make more informed choices. It shifts the mindset from *“I must react to stop the pain”* to *“This urge to flee is a normal fear response, but not necessarily a rational one.”*

The 2025 tariff-induced turmoil offers a teachable moment: for instance, advisers can point out how herd behaviour works (everyone selling at once causes a stampede) and contrast it with the client’s own long-term strategy. Educating clients treats them as partners in the process and can reduce knee-jerk reactions.

ADVISER INSIGHT

“We need to make decisions based on facts, goals and timeframes, not emotions. Once you start making emotionally charged decisions, that’s when you lock in the 30k loss you could have avoided.” **GEOFF PLUMMER**

ANCHOR CLIENTS TO LONG-TERM THINKING & FUNDAMENTALS

11 SHOW — DON'T JUST TELL

This too shall pass. What's unfolding might feel new and unprecedented, but in truth the market has seen most things before, including two world wars, a great depression, and more than one global pandemic. In percentage terms, the worst of the April 2025 tariff drawdowns didn't even crack the top 20 all-time falls in the Dow Jones¹².

Now is the time to refer to those charts and visual aids that reinforce

all the key principles of successful investing and staying the course, including: the graph depicting the long term trend of the sharemarket, the charts that show how missing a handful of the best days in the market can see you miss out most of the return, and the table that shows what happens if you constantly chase the best performing asset class.

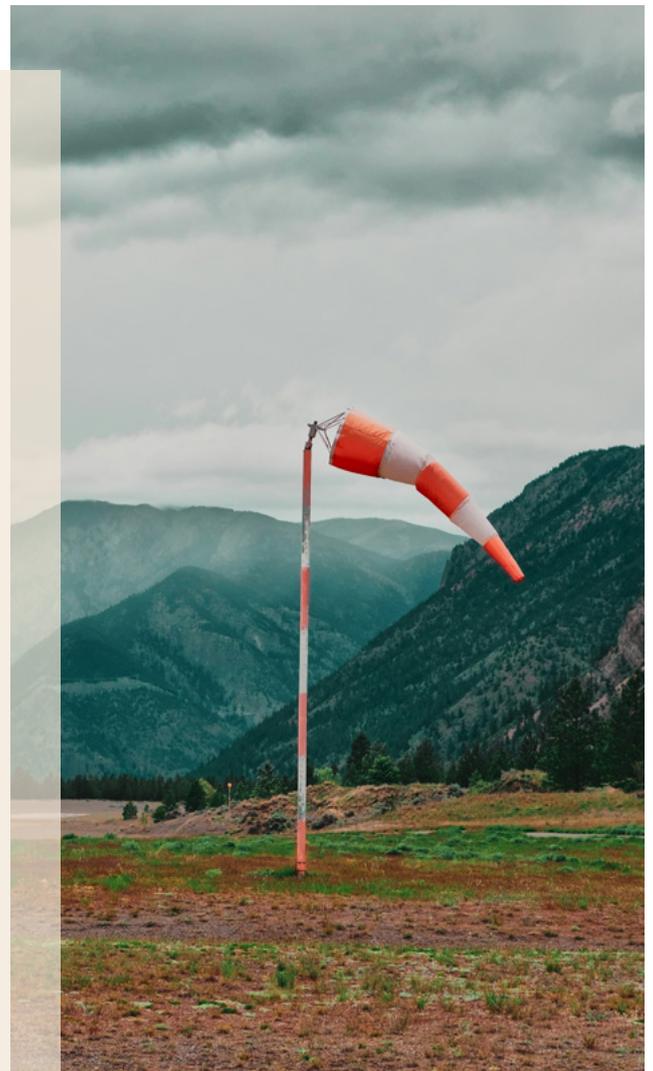
See section five 'Ten killer charts' for these and other examples.

ADVISER INSIGHT

"There's plenty of charts that show every time the market corrects, there is a pretty quick rebound — it's just a matter of when, not if."

ANDREW TORNEY

"A simple visual can calm a client faster than a thousand words. Showing the difference between recent market noise and long-term market growth — or even just their own relatively steady portfolio balance — helps clients stay grounded and confident." **ADAM EASTER**



ANCHOR CLIENTS TO LONG-TERM THINKING & FUNDAMENTALS

12 BRING IT BACK TO THEIR PLAN AND THEIR PROGRESS

Talking in abstract terms about markets and tariffs and complex strategies can be overwhelming, and the harder you make it for clients to understand, the more likely they are to remain anxious.

Personalise your approach by talking about their plan and the progress they are making towards their objectives (e.g. funding a 30+ year retirement, saving for school fees for a newborn grandchild). If you have built their portfolio in the right way, you should be able to demonstrate

that they are still on track to achieve their goals (which matters far more than pure returns). If appropriate run some projections that show a minimal impact to the achievement of these goals.

Take the opportunity to show them how the strategies you put in place for them (e.g. bucketing, diversification, alternatives) were designed precisely to help weather storms like this. This helps put them at ease while also reinforcing your own value and expertise.

ADVISER INSIGHTS

“The biggest concern from clients was ‘how has this impacted my retirement savings? Am I still on track?’. Our job is to reassure them the plan already has accounted for events like this and through our regular reviews we then determine if maintenance is required to address any changes.” **GEOFF PLUMMER.**

“I remind clients that we designed their plan for a marathon not a sprint.”
CHRIS REHBEIN

“Setting expectations early is key. When clients understand that their plan has allowances for tough years, they are less likely to panic when those years come around.”

ANDREW TORNEY

“We structure portfolios so clients won’t need to touch certain investments for 10 to 15 years. That time horizon is our clients’ best defence against short-term volatility.” **ADAM EASTER**

ANCHOR CLIENTS TO LONG-TERM THINKING & FUNDAMENTALS

13 REMIND THEM WHY IT WORKS

Don't overestimate the extent to which your clients are familiar with even the most basic investment principles. You may repeat mantras like 'investing is for the long term', 'time in, not timing', in your sleep, but your clients don't.

Now is the time to remind them of all those time proven ingredients of successful investing.



These include many already mentioned:

- A. **The long-term growth of markets**
- B. **The power of staying invested — miss just a handful of the best days and pay a hefty price**
- C. **The folly of always chasing the best performing asset class**
- D. **The value of diversification**
- E. **The long-term return profiles of different asset classes, and why staying in cash actually erodes wealth**
- F. **Even in a positive year, the market will experience almost as many 'down days' as 'up days', which can create a false sense of negativity if portfolios are monitored too frequently**
- G. **The concept of longevity risk (for retirees) and why investing too conservatively increases the chances of running out**
- H. **The difference between the full rollercoaster of passive index investing versus the smoother, less extreme journey with active management.**

ANCHOR CLIENTS TO LONG-TERM THINKING & FUNDAMENTALS

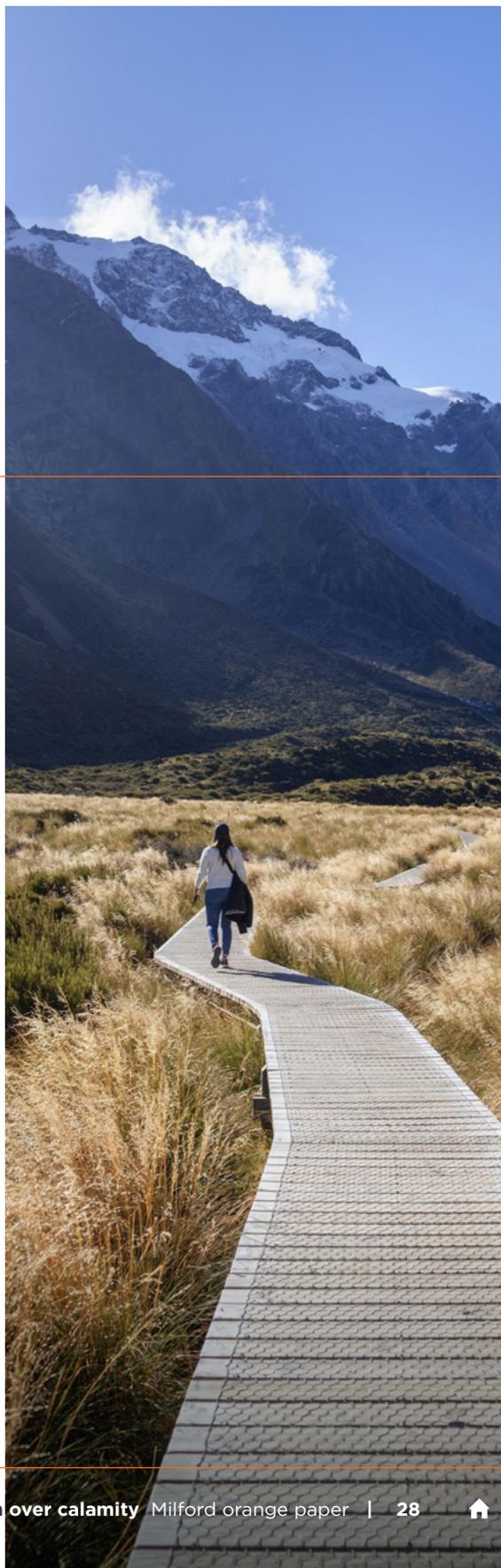
14 RETURN TO FIRST PRINCIPLES — VIA YOUR INVESTMENT PHILOSOPHY

Most advisers now have documented investment philosophies. Remind clients of that philosophy in both mass client communications and one on one interactions, as it helps instill confidence that you are entering the market minefield with a proven plan, one that anticipated uncertainty and constructed portfolios accordingly.

15 CONSISTENCY BUILDS CONFIDENCE

Having an investment philosophy is pointless if you abandon it at the first sign of trouble. The messages you were spruiking when markets were calm and hitting record highs should be the same messages you are spruiking now.

When markets are good, remind them you have given them a balanced portfolio to prepare for the bad times, and when markets are bad remind them exactly what downside protection you put in place to help them get through.



04

**TEN KILLER CHARTS
TO USE WITH CLIENTS**

Below is a selection of charts and tables that can help distil complex concepts into simple yet powerful demonstrations of investment fundamentals.

- CHART 1 The long-term view of investment markets since 1970
- CHART 2 Cumulative total market returns since 2001
- CHART 3 30-year performance profile for different portfolio mixes

PUTTING CURRENT VOLATILITY IN CONTEXT

- CHART 4 Top 20 worst single-day % drops for All Ordinaries index
- CHART 5 Recent bear markets and corrections

**RECOVERING FROM CORRECTIONS
AND STAYING INVESTED**

- CHART 6 Bear markets recoveries
- CHART 7 Staying invested: S&P 500 Total Return Index
- CHART 8 Asset class returns (%)

THE FOLLY OF CHASING THE BEST PERFORMERS

- CHART 9 Dangers in return chasing

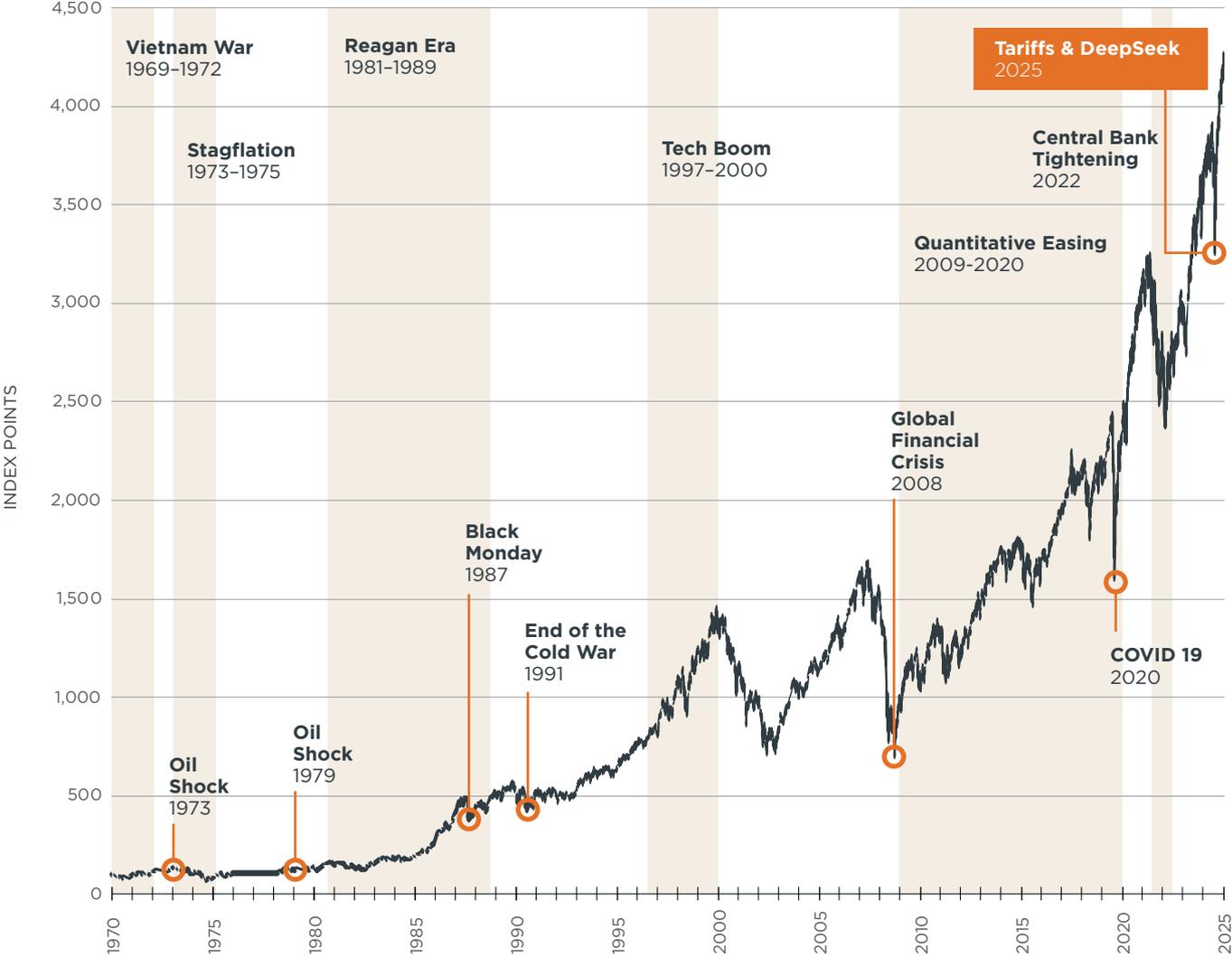
MARKETS HAVE MORE UP YEARS THAN DOWN YEARS

- CHART 10 Australian shares nominal total returns since 1900





CHART 1 The long-term view of investment markets since 1970



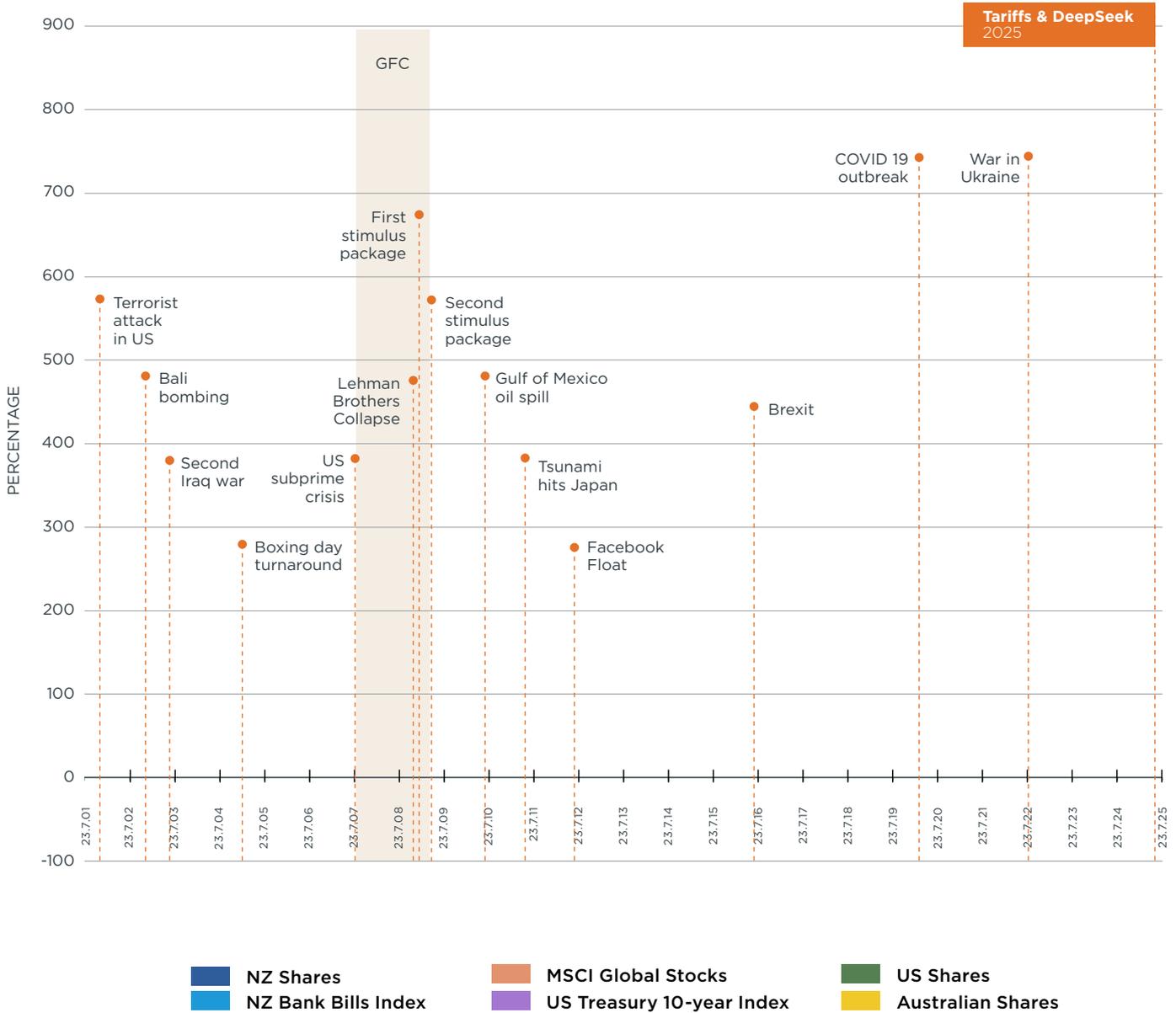
SOURCE: MSCI, Bloomberg

MESSAGE

Reminds clients of the resilience and long-term upward growth of markets even through wars, pandemics and economic crises.



CHART 2 Cumulative total market returns since 2001



SOURCE: Bloomberg, S&P

MESSAGE

Shows the long-term upward trend plus the lower long-term performance of more conservative investment options.

CHART 3 30-year performance profile for different portfolio mixes

Stock/Bonds Portfolio Allocation	Annual Return		
	BEST	WORST	AVERAGE
100% stocks / 0% bonds 	38.2%	-25.3%	10.2%
90% Stocks / 10% bonds 	34.8%	-21.7%	9.8%
80% Stocks / 20% bonds 	31.4%	-18.1%	9.3%
70% Stocks / 30% bonds 	28.0%	-14.6%	8.8%
60% Stocks / 40% bonds 	24.6%	-11.0%	8.4%
50% Stocks / 50% bonds 	21.2%	-10.3%	7.9%
40% Stocks / 60% bonds 	20.3%	-10.8%	7.4%
30% Stocks / 70% bonds 	19.5%	-11.2%	7.0%
20% Stocks / 80% bonds 	18.7%	-11.7%	6.5%
10% Stocks / 90% bonds 	17.8%	-12.1%	6.0%
0% stocks / 100% bonds 	17.0%	-12.6%	5.5%

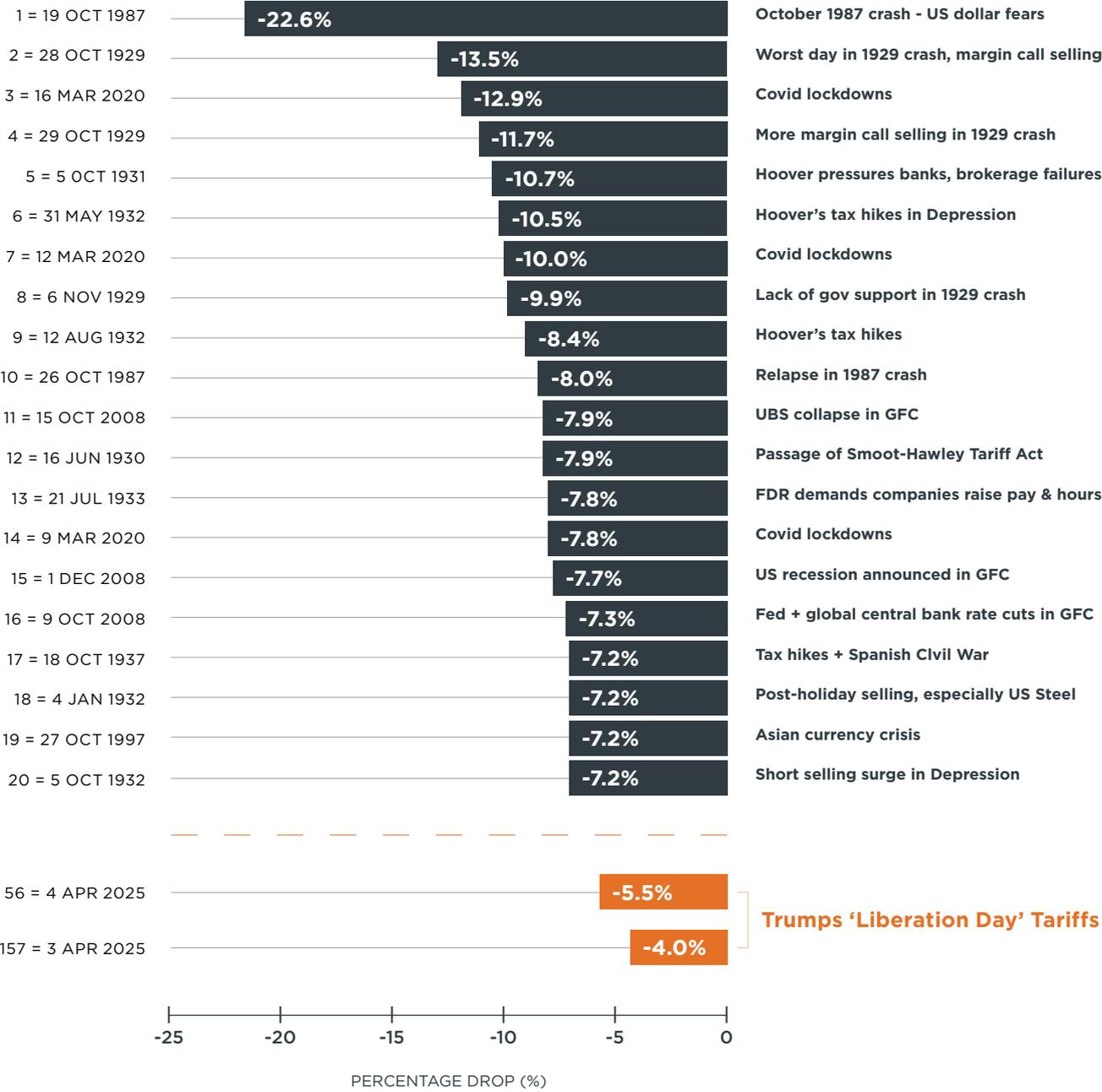
SOURCE: Bloomberg, S&P Global. Returns analysis done by Milford.

MESSAGE

Shows the impact of making portfolios more or less aggressive.



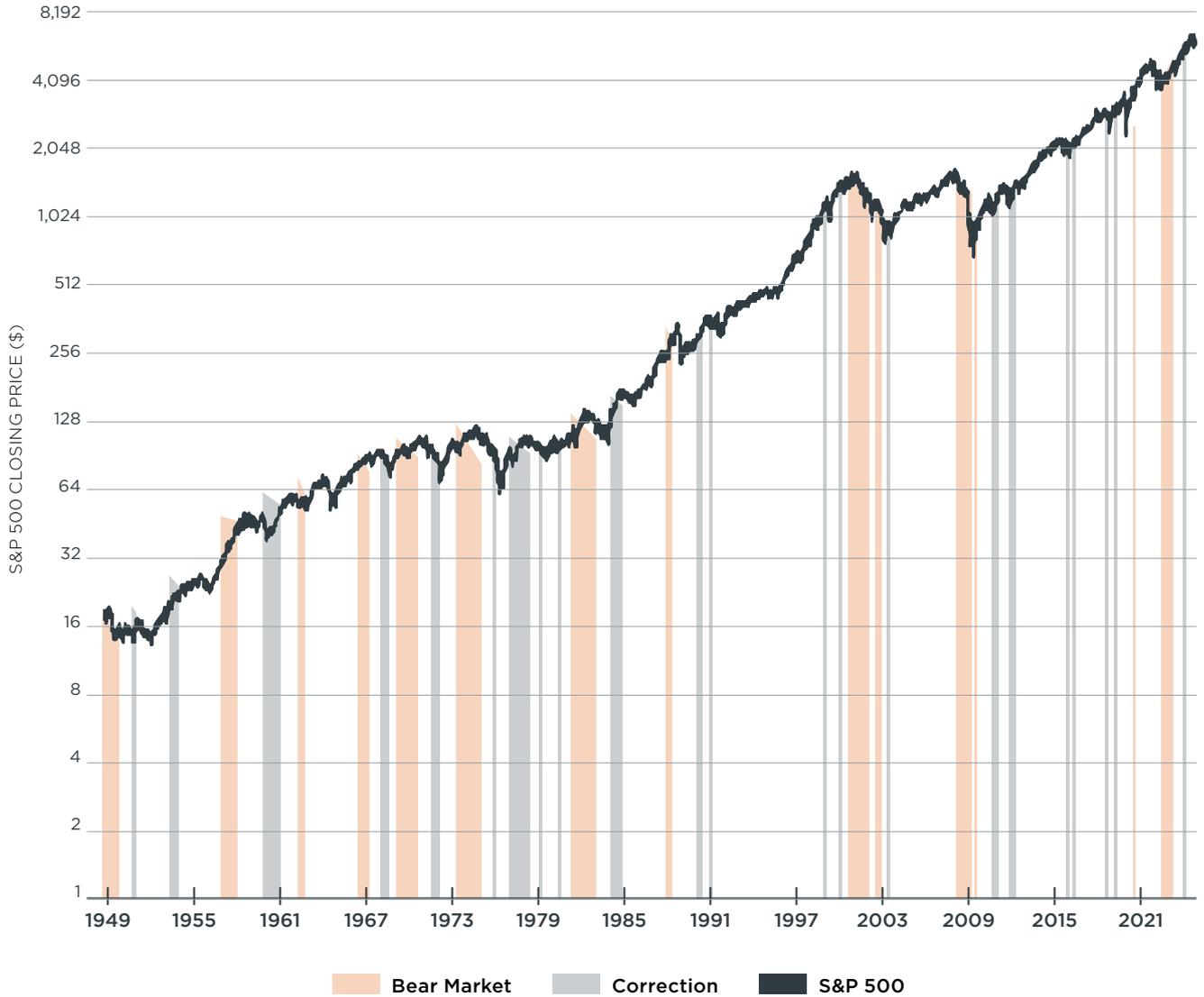
PUTTING CURRENT VOLATILITY IN CONTEXT
CHART 4 Top 20 worst days on Wall St.



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



RECOVERING FROM CORRECTIONS AND STAYING INVESTED
CHART 5 Recent bear markets and corrections



SOURCE: FactSet and American Century Investments. Data from 1/1/1949 to 3/31/2025. Past performance is no guarantee of future results.

	MARKET CORRECTION	BEAR MARKET
On Average How Many	29	13
How Often	every 2.5 years	every 6 years
How Much	-14%	-32%
How Long	4 months	11 months



CHART 6 Bear markets recoveries

BEAR MARKET				RECOVERY		
Time Frame of Downturn		How Many Months	% Decline	Post-Downturn Cumulative Return		
Start Date	End Date			1 Year Later	5 Years Later	10 Years Later
October 9, 2007	November 20, 2008	14.5	-51.93%	45.0%	136.7%	251.1%
January 11, 1973	October 3, 1974	22.5	-48.20%	38.0%	76.0%	160.8%
March 24, 2000	September 21, 2001	19.5	-36.77%	-12.5%	36.5%	20.8%
November 29, 1968	May 26, 1970	19.0	-36.06%	43.7%	30.7%	59.6%
February 19, 2020	March 23, 2020	1.0	-33.93%	74.8%	75.4%	
August 25, 1987	December 4, 1987	3.5	-33.51%	21.4%	93.0%	334.6%
January 4, 2002	July 23, 2002	7.0	-31.97%	23.9%	93.3%	69.3%
December 12, 1961	June 26, 1962	7.0	-27.97%	32.7%	75.2%	105.4%
January 6, 2009	March 9, 2009	2.0	-27.62%	68.6%	177.6%	305.5%
November 28, 1980	August 12, 1982	22.0	-27.11%	58.3%	224.5%	307.9%
January 3, 2022	October 12, 2022	6.0	-25.43%	21.6%		
February 9, 1966	October 7, 1966	8.5	-22.18%	32.9%	36.6%	41.4%
August 2, 1956	October 22, 1957	16.0	-21.63%	31.0%	41.0%	144.7%
AVERAGE:		11.4	-32.6%	36.9%	92.8%	163.7%

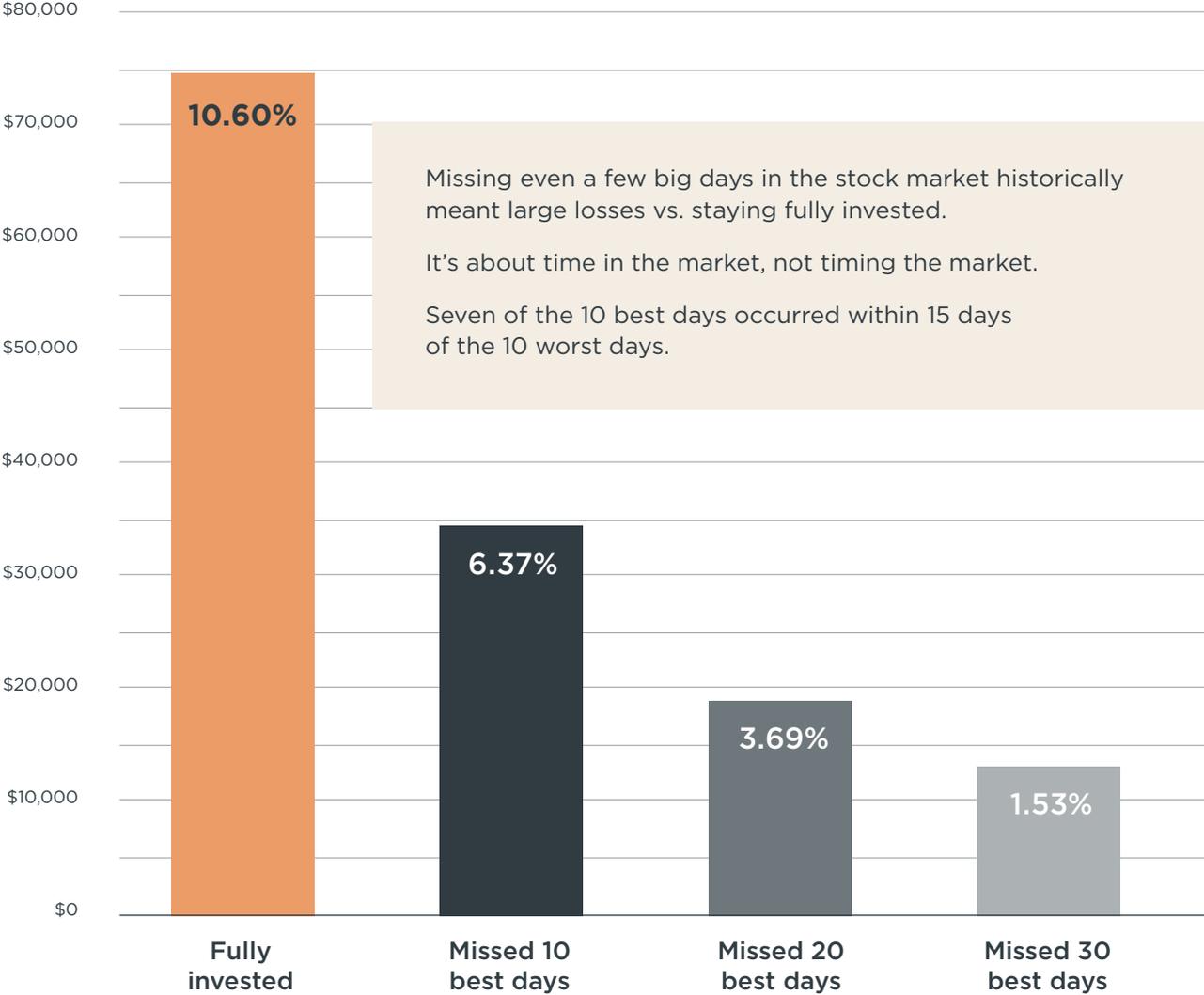
SOURCES: FactSet; American Century Investments. The table above shows all of the bear markets since 1950, as defined by Standard & Poor's using the S&P 500® Index. The returns are price returns only, not total returns, and thus do not include dividends. Past performance is no guarantee of future results. Thus, the table should not be taken as an implication of future returns. Rather, it should serve as a reminder of the past resiliency of U.S. financial markets.

MESSAGE

Recoveries from bear markets can be swift and significant.



CHART 7 Staying invested: S&P 500 Total Return Index



SOURCE: 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.

MESSAGE

Markets generally recover quicker than you expect, and missing just a small number of the best days can cost you dearly. Time in, is better than timing.



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

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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*

MESSAGE

By constantly chasing returns (by allocating to the previous year’s best performing asset class), you are generally too late and cost yourself in performance, relative to staying invested all the way through. Simply investing in Large caps and ‘staying put’ tends to deliver a better outcome.

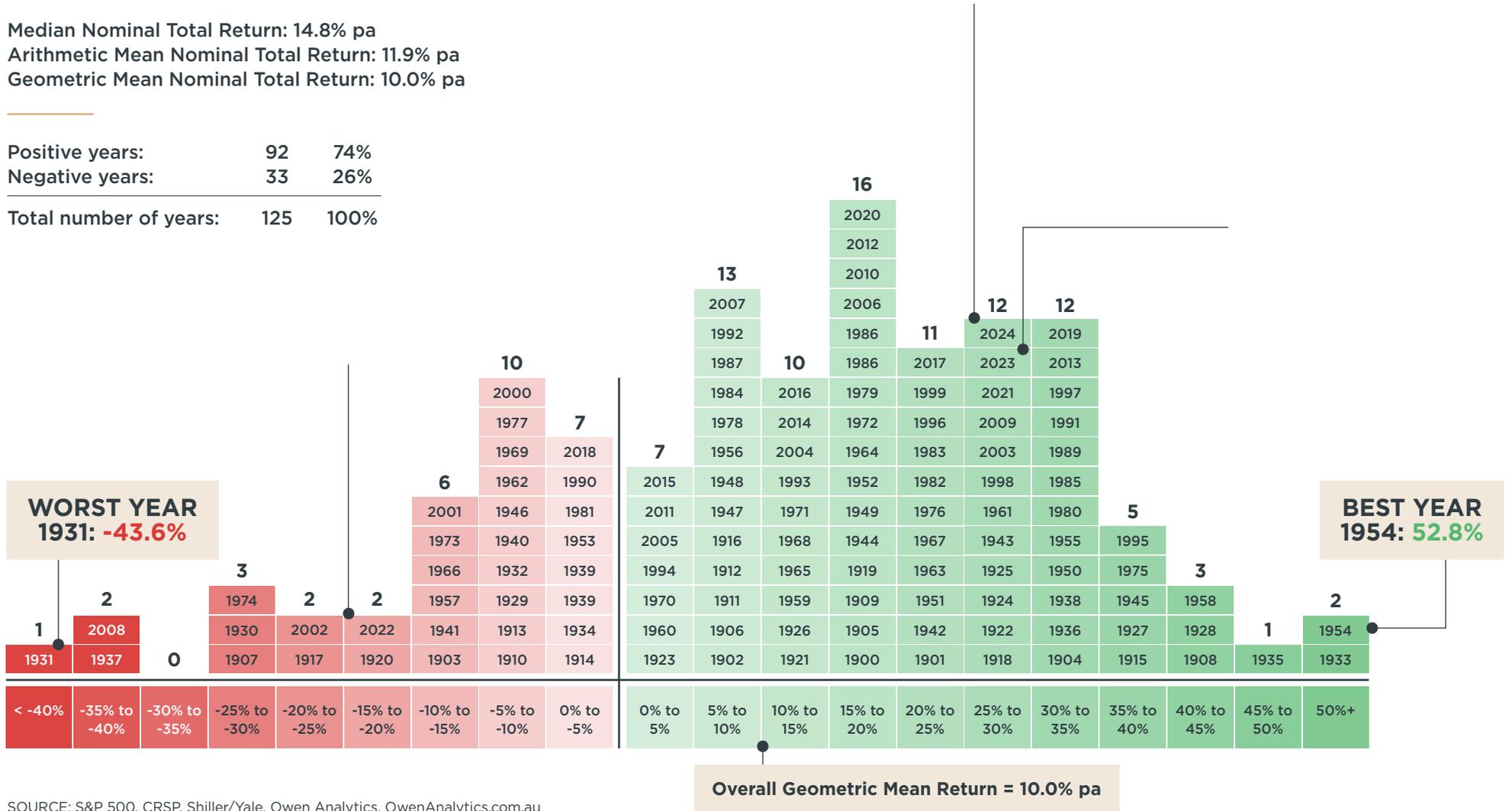
MARKETS HAVE MORE UP YEARS THAN DOWN YEARS
CHART 10 US shares - nominal total returns since 1900



Calendar Year Nonimal Total Returns
(capital gains + dividends) in US dollars

Median Nominal Total Return: 14.8% pa
Arithmetic Mean Nominal Total Return: 11.9% pa
Geometric Mean Nominal Total Return: 10.0% pa

Positive years:	92	74%
Negative years:	33	26%
Total number of years:	125	100%



SOURCE: S&P 500, CRSP, Shiller/Yale. Owen Analytics, OwenAnalytics.com.au

05

WHY MILFORD DURING VOLATILE TIMES

Market volatility can be unsettling — especially for clients nearing retirement or relying on their investments for income. In these moments, advisers play a crucial role in guiding investors, and having a strong fund manager behind you could make all the difference.

Milford's strength lies in the depth and agility of its investment team — one of the largest in New Zealand — which becomes even more valuable when markets are unpredictable. During periods of heightened volatility, Milford draws on two core pillars of its investment philosophy: active management and mitigating downside risk.

Active management means Milford's team is constantly monitoring global developments and adjusting portfolios in real time. This includes nimbly shifting between investment styles, asset classes, geographies and sectors to capture opportunities and avoid risks. Rather than being locked into a static strategy, Milford's managers respond swiftly to changing conditions — a capability that's especially critical when markets are moving fast.

MILFORD INSIGHT

“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**

At the same time, managing the downside and mitigating drawdown remains a central focus. Many of Milford's funds, including the Active Growth, Balanced and Diversified Income 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. This investment approach aims to cushion the impact of downturns and preserve clients' wealth. For advisers,

it provides a reassuring foundation: knowing their clients' investments are actively managed with both opportunity and downside risk in mind.

This dual focus — agility and minimising drawdown — positions Milford to navigate turbulent markets with confidence, helping you have stronger conversations with clients about staying the course.

MILFORD INSIGHT

“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**

Volatility will always be part of the investment journey.

For advisers, however, these periods offer an unmatched opportunity to demonstrate the true value of advice.

By leading proactively, communicating with authenticity, and consistently bringing conversations back to each client's financial plan, advisers can help clients navigate uncertainty with confidence.

Real-world insights from Andrew Torney, Chris Rehbein, Adam Easter, and Geoff Plummer show that the right words, delivered calmly and early, can make all the difference.

Advisers who **combine empathy with evidence** – who balance behavioural coaching with credible data – can help clients stay invested, stay disciplined, and stay focused on long-term outcomes.

As markets move, headlines shout, and emotions rise, the adviser's role is clear: be the steady hand on the wheel that keeps clients anchored to their future, even when the present feels uncertain.

Helping clients choose calm over calamity isn't just a communication strategy – it's the core of better outcomes and enduring client trust.



ENDNOTES

- 1 <https://www.investopedia.com/terms/l/loss-psychology.asp>
- 2 <https://www.financialexpress.com/world-news/us-news/wall-street-crashes-after-trump-announces-100-tariffs-on-china-1-5-trillion-wiped-out/4006437/>
- 3 <https://www.rnz.co.nz/news/business/557368/nz-shares-fall-sharply-as-us-tariff-chaos-hits>
- 4 <https://www.gbnews.com/money/european-stock-markets-trump-eu-tariffs>
- 5 <https://www.goodreads.com/quotes/9352859-the-investor-s-chief-problem---and-even-his-worst-enemy>
- 6 <https://www.businesswire.com/news/home/20240411364812/en/DALBAR-Releases-30th-Annual-QAIB-Report>
- 7 <https://www.morningstar.com.au/personal-finance/how-to-earn-1-7-more-a-year-than-the-average-investor>
- 8 <https://www.ch.vanguard/content/dam/intl/europe/documents/en/putting-a-value-on-your-value-quantifying-vanguard-adviser-alpha-eu-en-pro.pdf>
- 9 https://russellinvestments.com/-/media/files/ca/en-secure/research-and-commentary/value_of_advisor.pdf
- 10 <https://www.thinkadvisor.com/2020/04/01/market-crisis-for-best-results-ride-it-out-dalbar/>
- 11 <https://www.thinkadvisor.com/2020/04/01/market-crisis-for-best-results-ride-it-out-dalbar/>
- 12 https://en.wikipedia.org/wiki/List_of_largest_daily_changes_in_the_Dow_Jones_Industrial_Average

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Invested in expertise, performance and trust

When you invest with Milford you get a world-class investment partner dedicated to delivering strong long-term returns and outstanding adviser engagement.



A team who invests alongside their clients

It's our policy that our staff invest their own money in the same funds as our clients, so you can be certain our team is highly motivated to have your funds do the best that they can because we're on the same journey.



Active fund management

We take a hands-on approach to investing, constantly re-evaluating investments pursuing the best returns possible for our clients. Our ability to move quickly means we can take advantage of opportunities as they arise and manage risk along the way.



Global expertise

We have a large and globally experienced investment team with an impressive track record. We recently were named Morningstar Overall New Zealand Fund Manager of the Year.



In-depth research & insights

In-depth research is the foundation upon which this is built. From top-down macro economic insights to bottom-up company research, our 40-strong investment team leaves no stone unturned.

WE ARE LOCATED IN AUCKLAND AT:

Level 12, 50 Albert Street
Auckland, 1010,
ph: 0800 662 975

TALK TO MILFORD

Michael Robson

Head of Wholesale Distribution
mrobson@milfordasset.com
021 822 328

Kady Buchanan

Head of Intermediary Clients
kbuchanan@milfordasset.com
027 300 3636

Andre Makarevich

Relationship Manager
amakarevich@milfordasset.com
021 756 442

