

2017

Mid Year Newsletter



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Welcome to the Oakwood Financial Advisors mid-year Newsletter for Summer 2017.

Please find in this publication a brief update on **Investment Market Returns** year-to-date. We provide an overview on **Irish Commercial Property Funds** and also explain REIT funds which have become ever more popular for investors in the property space.

With markets now reaching all-time highs we look at what is required for a successful **Investment Strategy** and the importance of discipline when investing. We look at the potential for a **Stock Market Correction**.

Finally, we review the outlook for markets during the remainder of 2017. Also a comment on reviewing your portfolio too often which can lead to reduced growth due to chasing returns.

Oakwood Financial Advisors is an independent advisory firm where we provide impartial advice and tailored plans to meet our clients specific needs. We would like to take this opportunity to express our appreciation to all of our clients for their continued support.

Market Volatility

While politics can create short-term volatility and uncertainty in the markets, one key lesson from the first half of 2017 is to pay more attention to economic issues and less to political issues. Even with political uncertainty, still to the forefront, markets have continued their upward trajectory for the first six months of the year.

From a European perspective the Dutch and French elections are a thing of the past and the Italian banking issues are being slowly addressed.

Germany's Angela Merkel appears destined to retain her position in September's election. Reports of Europe's demise seem to have been premature, but there is still an Italian election to contend with before May 2018 and the possible fallout this could bring about.

Events that could cause market volatility are slowly passing. The worst outcomes, to date, have failed to materialise and markets have, in many cases, exceeded previous highs. *Continued in Outlook Page 2*

Market Outlook

Those investors bullish on markets generally argue that the current low level of long-term interest rates have helped make other assets – like equities or property – look cheap.

Those bearish on markets argue that the asset prices have been hyped up by the various Central Banks intervention. They fear that when the liquidity that has fuelled these excesses is removed asset prices will fall back significantly in bear markets (when markets fall).

From a global point of view debt levels are far higher than at the onset of the Credit Crisis in 2008 and this has been a concern.

In summary, it is hard not to be concerned at the latter two points but overall markets are still positive. From a Eurozone perspective the return of Greece to the bond markets and momentum towards a resolution of Italy's banking problems will further reduce investor anxiety.

Based on these points European shares are attractive to investors while property is still positive from an Irish perspective thanks to the Brexit fallout.

The withdrawal of central bank monetary stimulus will be an issue but *"cautious optimism"* would be the suggested approach.

Main Equity Market Returns Year to Date - 01.07.2017

Index	Returns (€)
S&P 500 (US)	0.0%
FTSE Europe Ex. UK	7.1%
Euro Stoxx 50	5.2%
UK FTSE 100	-0.4%
ISEQ (Ireland)	4.8%
FTSE 100 (UK)	-0.3%
TOPIX (Japan)	1.8%
FTSE World Index	3.2%

Comment – Reviewing Portfolios

Investors tend to chase investment returns of whatever has been hottest and to shun whatever has gone cold. Research by the renowned psychologist Paul Andreassen showed that people who receive frequent news updates on their investments earn lower returns than those who only look at periodic updates.

As the founder of security analysis, Benjamin Graham, wrote in *The Intelligent Investor* in 1949:

"The investor's chief problem – and even his worst enemy – is likely to be himself."

My job, as a financial advisor, is to steer clients away from making mistakes. At times this entails saving them from themselves.....*a disciplined investment approach over the long term will pay dividends!!*

Oakwood Financial Advisors Announcement

After five years of steady growth we are delighted to announce another addition to our team with Bronagh Lynch who joined us in February 2017. Bronagh completed her degree in UCD in 2016 and is now pursuing a career in financial services. We would like to welcome Bronagh and wish her the very best in her career.

