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How to Land Safely in a Stock Market Crash

by Herbie A. Recato, RFP®

Stock prices rise and fall. And with the many crises that affect markets on a global scale, it would only be wise to know what steps to take when these crop up.

Learn from the March 2020 fall

The best course of action is to do not panic. The Philippine stock market fell sharply at the start of the COVID-19 pandemic. Yet, stock prices did not stay low for too long. Following that sell-off, the market rebounded quite nicely and is currently sitting near its pre-pandemic level.

Avoid selling at a loss especially if you are invested in blue chip or stable companies. In all likelihood, your investments will rebound.

Review your investment plan

If your investment objective is for long-term purposes, you do not have to worry about the present noise and should not change your strategy a lot.

A market downturn is the best opportunity to look at your investments and review the diversity within your portfolio. You can ask help from your investment adviser to with your portfolio to assess if you need to change your target allocation.

Consider buying more

If you have extra money to invest, market crashes are typically one of the best times to buy provided you do not rush in right away. Start accumulating when there is a sign of reversal of the trend.

Also note that there are other ideal times to buy. Thinking of timing your trades by waiting for the "perfect moment" to catch the bottom price is not the best strategy.

You can buy more shares at regular intervals because you will never know where the bottom will be. Purchase stocks of stable businesses with sound fundamentals and attractive return on equity. Stock market dips provide an excellent opportunity to acquire good companies at a low cost.

Consider hiring a Financial Planner

Stock market dips will happen from time to time. However, you must know what to do when the market declines and take advantage of this opportunity. It is also important to do due diligence and get a thorough understanding of what you are investing in before making any investment decisions.

There is no harm in seeking professional help when you are unsure about something. Most people tend to do what they can for themselves, avoiding costs in hiring professionals. But investing directly requires that you have expertise, experience and time for managing your money.

Financial planners who not only bear certifications but undergo constant training, coaching and mentoring will be the ideal ones to hire.



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One of the main benefits of online shopping is supposedly the lower prices brought on by transparent pricing among competitors and in depth product/service disclosures.

Sidebar, the Consumer Act of the Philippines has a provision that requires the display of only one tag price, the all-important suggested retail price or SRP. But where bidding is legally allowed, something akin to price discovery is present.

According to Investopedia, “Price discovery is the overall process, whether explicit or inferred, of setting the spot price or the proper price of an asset, security, commodity, or currency...Simply put, it is where a buyer and a seller agree on a price and a transaction occurs.”

There are also the buyers’ comments that can attest to the appropriateness of pricing and quality of the product or service. It pays to look at these comments to get a better handle on what you are pining for. But do not just be on the receiving end. Make your own comments to help future buyers. Some Apps even remind buyers to make such comments.

On a lighter note, I have discovered that online shopping is a great replacement for a broken doorbell. Whereas there was no enthusiasm before with seeing who was at the gate, now delivery services heralding the arrival of packages send people in our household rushing to the gate to see whose package arrived.

But you need to be careful because online sellers track your browsing behavior and will send adds your way wherever page you are on the Internet. Subliminal advertising is not as sublime as it used to be.

Online sellers have also mastered the art of holiday

The Lure of Online Shopping

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spending creation. For one, sellers take advantage of the nth day of the same numbered month to launch sales discount promotions. As an occasional online shopper (i.e. shopping whenever there are occasions), I have noticed that some of the items I am following steadily go up in price over days and months and then drop to their original level during the said sales discount promotions.

In behavioral economics, too many choices lead to analysis paralysis. But online sellers have a solution for that too and it is called “Add to Cart” or ATC. It makes perfect sense for you to first park in your cart the choices you have narrowed down for further weeding out later on. However, the ATC also brings you one step closer to the checkout page. And when you are aimlessly browsing online selling platforms, you will soon find yourself suffering from the ATC disorder, of having too long a list of items in your shopping cart.

More importantly, please note that prices online are at SRP. Particularly for home appliances, you can get the real lower price if you were to just haul yourself to the physical store, with consideration given to health safety protocols, and pay for the item in cash, in person. There may be delivery charges, which are sometimes waived with online shopping. Still, such charges will not offset the savings you will get from paying the cash price. After all, SRP is just what it is, only a suggestion.

So, while online shopping does bring some benefits, keep your eyes wide open as you may just end up being an online shopping junkie.

Stay safe and healthy.

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Editor's Note

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Your Best Before Date

Slowly but surely, Filipinos are talking about planning for retirement. Prior to this, many thought of their children as supporting them in retirement.

But in the spirit of paying forward, many parents are now working to be financially independent from their children in the former's golden years.

Filipinos have also realized that, 60 is truly just a number that does not dictate when to stop working. Work is enriching, not just financially but also physically, mentality and spiritually. In essence, work provides a person with dignity, the knowledge that he still has something valuable to contribute to society. On the other hand, it is said that a person's overall health will depreciate faster if he is doing nothing in retirement.

That is why when PFA does consultations on financial planning, retirement age is also referred to as the best (in earnings only) before age, not as a stop sign. It is at that age when one will have reached his peak earnings and would, by choice, want to slow down on earning and do more of other things like enjoying life and giving to others.



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