Dear <CLIENT>

As part of our recent conversation, you would recall me talking about why it’s important to adopt a dynamic or ‘valuation-driven’ approach to investing. This is to ensure that your investment portfolio is actively managed to suit current market conditions.

Here’s a 2-minute video produced by our investment partner Morningstar, which provides a good run-through of when is the best time to buy and sell assets:

<https://www.youtube.com/watch?v=uJTgBYL_TCk>

**The key take outs for me were:**

1. The best time to buy assets is often when people act irrationally - e.g. when other investors act on human emotions like fear and anxiety, not on research and facts.
2. Buy assets when they are priced significantly below their 'fair value'.
   * In simple terms, 'fair value' is what a reasonable person would pay for an asset, having done their research on what something is really worth.
   * To be on the conservative side, it's preferable to also build in some wiggle room, also known as a 'margin of safety'.
3. Holding overvalued assets is risky and can lead to losses that are unable to be recovered.
4. Be greedy when others are fearful and be fearful when others are greedy.

It makes perfect sense to me, it’s in line with the investment principles I spoke to you about and personally, I wouldn’t invest in any other way.

Regards,

<ADVISER>