

## **Greece Jitters No Cause for Concern for Ibbotson Investors**

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Michael Kwok  
Product and Communications,  
Ibbotson Associates, Australia

Financial markets have been rocked by news from Greece. Greece has closed its banks and stock market ahead of a referendum this weekend to determine support for the latest EU bailout package. While the final outcome remains uncertain, it has increased the chance of Greece leaving the Eurozone, a risk most had previously seen as unlikely.

In response, most equity markets around the world have fallen. On the other hand, Government bonds have rallied – a sign that investors are seeking out safer ground. The scale of these moves highlights Ibbotson’s view that markets have not been adequately pricing in the many risks that exist across global financial markets.

For some time now we have been wary of this mispricing so adopted a more defensive position across the Ibbotson Trusts and Managed Accounts (“Portfolios”). While we did not predict developments in Greece, the combination of a growing number of concerns led us to further reduce risk. This has generally been implemented by selling down growth assets and adding proceeds to already significant cash holdings.

This positioning has helped the Portfolios protect investors’ capital and avoid losses being felt by investors who have significant exposure to growth assets. We cannot predict what markets will do in the days and weeks ahead, but should the current volatility continue the Portfolios are very well positioned to weather these conditions. In addition, should markets continue to fall, the Portfolios are in a good position to deploy their large cash positions into investment opportunities as and when they arise. This strategy, while preserving capital now will also help to enhance future returns and help the Portfolios to continue to exceed their CPI+ investment objectives.