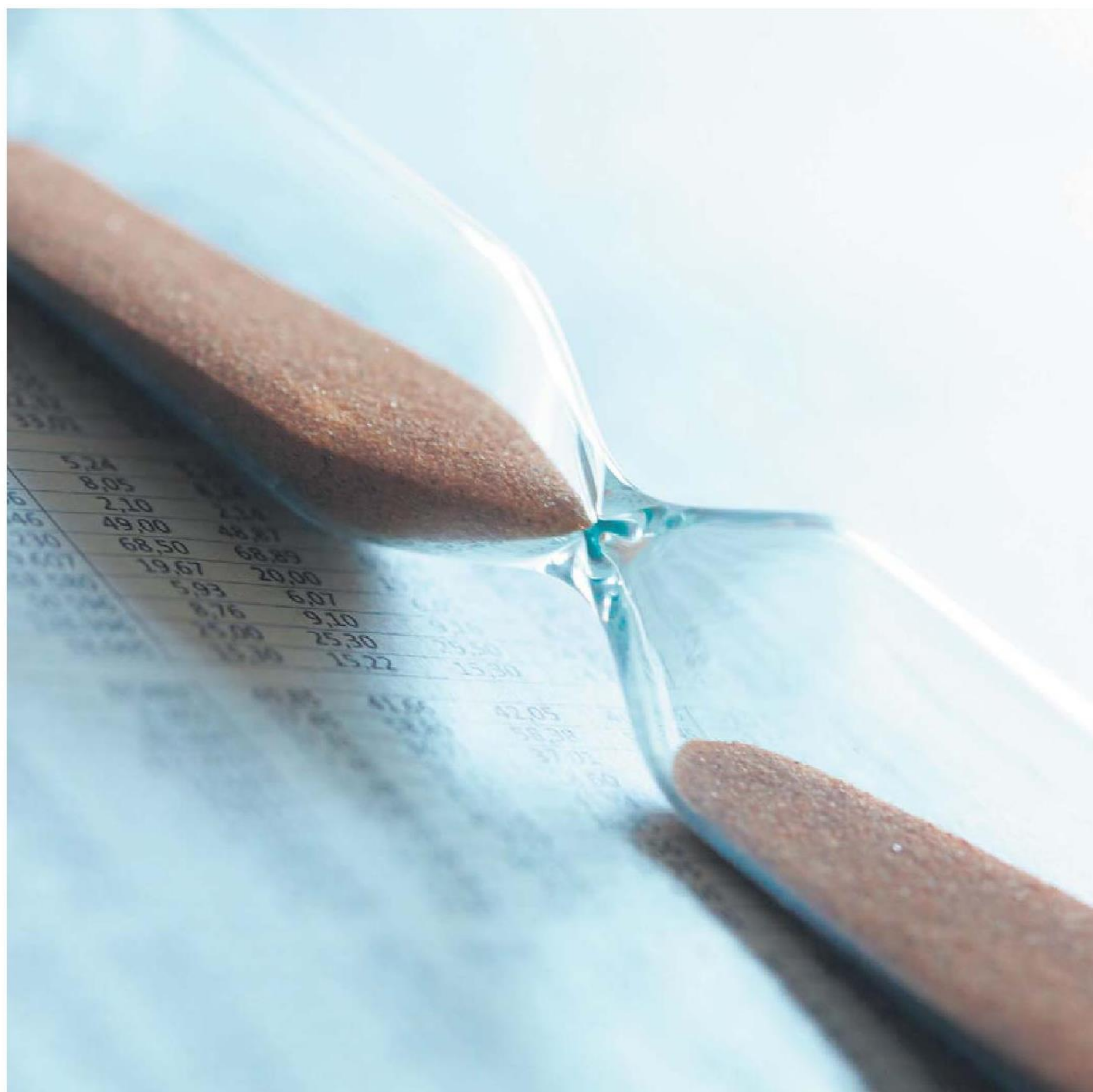




TIME TO PLAN. Investors need a structure that is applicable to them, bound with guidance from an advisor, but their most valuable asset is time. Picture: Shutterstock

Have a plan, and stick to it

TIME: AN INVESTOR'S GREATEST ASSET

» **Remain committed to your investment strategies, particularly offshore exposure.**

Magnus Heystek Jnr

The most repeated question of recent times is: 'What do you think the rand will do in the next few months?'

No one has the answer. Commentators like economists and analysts and myself try our best to provide commentary on the global and SA macro-economic realities, but recent events have shown how quickly things can change.

Each investor is different – each requires a unique financial plan, and a well-structured portfolio that suits their financial needs. Every client looks at performance – however, it's a difficult conversation to have, especially when it's negative and too short-term focused.

The nature of investing is simple. Investors need a structure that is applicable to them, bound with guidance from an advisor, but their most valuable asset is time. Markets go up and down and the rand goes up and down, but trying to time markets and currencies is impossible, and is a recipe for disaster. Long-term commitment will always work in the investor's favour, especially with an actively-managed portfolio.

Where will the rand be in 2019? Well, according to Annabel Bishop, Investec's chief economist, we could see the rand trading at R24 to the USD at the end of 2019 (a worst case scenario). In the same

breath, the best case scenario sees the rand at R7.90 (in a perfect world). If we were to take the median level into account, this still leaves the rand at R15.95 by the end of 2019. Nobody knows what is going to happen. However, investors who remain committed to their investments and don't panic, have and will continue to benefit greatly.

The importance of this example is evident. Investors who held offshore exposure prior to February 2018 saw a large drop in their portfolio values, as the rand strengthened significantly. However, seven months later, we are seeing rand levels reminiscent of Nenegate in 2015. Those who remained invested have done well, while investors who panicked and sold their dollars and/or offshore exposure made a loss.

Furthermore, we need to look at markets. If you place the returns of any market under a microscope, in the short run there will always be periods of poor performance. Markets are cyclical. But if we expand the horizon, we can see that in the long run, many of the world's stock markets have performed well over the past five years, and this is including periods of underwhelming performance in the short run.

Our JSE has been performing badly, however. It has only managed a cumulative return of 33.3% in rand terms over the past five years, compared with the US S&P 500 which has returned roughly 75% in USD terms over the same period.

This is by no means a call on the rand or markets. This is more of a recommendation that investors need to remain committed to their investment strategies, and in particular offshore exposure.

► *Magnus Heystek Jnr is a certified financial planner at Brenthurst Wealth*