INVESTMENT REPORT

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INVESTING IS AN OLYMPIAN EFFORT

By Josh Mac Rae, Financial Advisor at Brenthurst Cape Town Waterfront Office

Up until recently, we would eagerly sit down every four years to marvel at the athletic prowess of Olympic athletes at the top of their game. Enthralled by the power, grace and speed on display, it's easy to dismiss the hard work and commitment they've put in to reach peak performance.

Clamouring to the top of the world stage takes far more than raw talent. It demands an unflinching focus on a goal they might only get a crack at every four years. And it demands sticking to a plan designed to produce a singular outcome.

Not too dissimilar, if you think about it, from investment planning. In fact, the process of training to be an Olympic athlete has a number of similarities with the long-term mindset required of investors. Let's explore them.

1. OLYMPIANS ARE SCHOLARS OF THEIR SPORT

World-class athletes appreciate that they need to immerse themselves in their chosen discipline. They can be the best only if they know the rules inside and out, if they revel in the history and background to the sport and if they fully grasp all technicalities involved.

Your investment plan demands the same level of attention to detail.

You might not be expected to understand technical analysis charts, but you cannot properly prepare for what you need in retirement if you remain ignorant of conditions and developments that impact your future.

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This means keeping an interest in current financial developments, including your portfolio and pension fund, so that you're adequately prepared the future. Don't shy away from asking your investment manager to explain their decisions if you don't understand the rationale or consequences.

You can only expect your financial plan to reflect your needs and desires if you keep an active interest in it.

2. THEY SET CLEAR GOALS

Qualifying to compete at the Olympics is often a life-long endeavor that is only possible because of a series of earlier, smaller achievements.

An Olympian's goal-setting, therefore, cannot revolve only around only the global event that takes place every four years. Athletes have to compete in local, regional, national and international events to earn the right to qualify for the big event.

Your investment planning deserves the same pragmatic, systematic approach to achieving your big investment goals. You can only get to your goal of retiring comfortably by staying the course and continuing to build your portfolio so that it's able to sustain you through retirement.

3. THEY DON'T DO IT ALONE

Every serious athlete has at least one coach who helps to guide them along their journey to Olympic glory. Often, they have multiple coaches responsible for very specific aspects of their performance.

In a financial sense, this coach can be an investment or financial advisor or wealth manager able to guide you through specific aspects of your investment plan.

Many investors could have done with the calming voice of an investment manager in March 2020 when markets collapsed in response to the global pandemic. Since then, markets have surpassed the already high levels of the beginning of 2020, showing that staying the course despite the pandemonium was the right course of action.

4. COMMITMENT AND A SINGULAR VISION

No matter the sport, a professional athlete has to show absolute commitment to a strict regimen of training every day, eating correctly, sleeping enough, competing against the best and giving their body enough time to recover.

Investing might not be nearly as physically taxing as preparing for the Olympics, but it can get the pulse racing and leave you emotionally spent if you're not prepared.

You can avoid these pains if you have a plan, understand the plan and stick to the plan. With the guidance of a coach, you should be able to navigate this path a little easier and with a little angst as you're encouraged and nudged in the right direction.

5. UNCERTAINTY IS A CONSTANT

The 2020 Olympics that has now become the 2021 Olympics is a prime example of the disappointment that pro athletes have to deal with. Not only are they at the mercy of freak events like the pandemic, but injury is an every-present threat that could derail four years of preparation.

Athletes learn to deal with failure, injuries and setbacks as part of the job. A similarly practical approach to your investment portfolio could go a long way to riding out the highs and lows of market returns.

Even though you don’t plan to fail, it’s unreasonable to expect returns every quarter and every year to do nothing but move upward.

The final lesson we can all take away from the tremendous courage and determination shown by Olympic athletes is that we can all dream, but only by doing something about it can we realise that dream.

You can have grand visions for your near or long-term future but unless you put a plan into action, your investment dreams may be as elusive as Olympic gold.

Read more about investment planning.

ADVISORS PROFILE: JOSH MAC RAE |FINANCIAL ADVISOR AT BRENTHURST WEALTH CAPT OFFICE

JOSH joined Brenthurst Wealth in February 2016 as an Administrative Assistant, where he assisted the Financial Planners with administrative duties that included portfolio reviews, organization, and monitoring of documentation.

Josh is a young, driven individual who is busy establishing his career in the financial planning industry. He obtained a BCom degree in the College of Law at the University of South Africa (UNISA) and is currently studying towards completing his Postgraduate Diploma in Financial Planning through Milpark.

Josh is now employed as a Financial Advisor under the direct supervision of BWM Managing Director and CERTIFIED FINANCIAL PLANNER®, Brian Butchart.

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