

# How investing is like skiing

If you have snow skied before, you know how much effort it takes to get out of bed and hit the slopes for another day.



Florbela Yates, head of Momentum Investment Consulting

Florbela Yates started her career in 1993 as a consultant at Alexander Forbes. Her career has spanned over several leading businesses offering investment solutions to clients both locally and internationally. Since January 2017, Yates' role has been as head of Momentum Investment Consulting (MIC) where she is responsible for Momentum Retail's advisory business. She has a BCom degree (Economics, Business Finance and Marketing) and is a Certified Financial Planner (CFP).

It requires a serious commitment to put on your ski boots and meet your instructor despite the stiff joints, bruised shins and exhaustion. And once you've started the journey down a slope, there's no turning back. You must trust that your instructor worked out the best course by considering the weather, your level of skill and your ability to navigate the various challenges, such as visibility and moguls.

On a recent ski trip to France, we started one day in sunlight but finished off in a blizzard. Our instructor had foreseen these conditions and took us to the top of the mountain early to tackle the more difficult slopes in good conditions. As the weather turned, he navigated us to easier and wider slopes. Not only did the wider slopes allow for a wider margin of error, but he made us follow more closely and stopped often to check that we were all coping. Those for whom the level of discomfort was no longer palatable, he guided safely towards the nearest chair lift to wait.

Navigating investment markets is like navigating the ski slopes. Once you've committed to making that investment, a financial advisor can assist to navigate the most suitable course for clients to increase their chances of achieving their investment goals. In determining the most appropriate investment for clients, as investing is personal, the investment time frame, risk tolerance and the expected volatility and liquidity constraints are considered.

Financial advisors will consider clients' personal circumstances including tax status, ability to tolerate market drawdowns, the required real returns as well as the need to invest in one or multiple products. They will also help to adjust investment options as clients' requirements or timeframes change.

Once the investment is made, clients need to trust their financial advisor to monitor the investment and make sure that they stay the course. Because, just as the weather changes, so do investment markets. They will go through cycles – some which make it easier to stay invested and others where you'll experience some discomfort.

In my ski example, the instructor plays an important role when faced with a pupil that wants to bail halfway. The same goes for the financial advisor and their clients: they will guide clients to avoid selling during a downcycle. By exiting then, you lock in the loss. It's often better to stay invested and consider exiting once the market has recovered.

It's important to partner with experts that are best placed to make decisions based on their skill and understanding of the circumstances. On a ski slope, the rescue teams monitor various conditions. In investment markets, investors need to ensure that they partner with an investment house skilled in managing portfolios.

Momentum Investment Consulting has a proven track record of building portfolios that cater to a range of different investment outcomes. Our portfolios are constructed to ensure they are diversified across asset classes as well as investment styles. We work closely with financial advisors to ensure that our portfolios cater to clients' longer-term outcomes, while catering for maximum drawdowns over shorter time periods.

So just as the skier who wants to improve their skill would choose an experienced instructor, clients rely on our investment skill and understanding of risk to help them consistently get to their investment outcomes. ■

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