

Having a Game Plan...

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WHEN unsettling news breaks and uncertainty looms large, investors can feel nervous about their financial planning and the urge to act can be hard to ignore. Do we adopt a 'fight-or-flight' or a more measured, thoughtful response?

Naturally, we have an urge to protect our wealth. The big question is whether instinctive, emotionally driven reactions are the best way of achieving that. Successful sporting coaches will tell their players to stop looking at the scoreboard and stick to the plan agreed upon before the game. The team will be urged to focus on all the little things they can control. So, my message to clients is to trust your Financial Planner and stick to your game plan. That way, we maximise the chance of getting a good result. There are times when the unexpected can happen, but a good strategy builds these eventualities into the pre-agreed game plan.

Financial Planning, like sport is an emotional business, there are always going to be eventualities you didn't plan for, so it's the job of your Financial Planner to take the noise and emotion out of the

process and to stay focused on getting the little things right and sticking to the long term plan.

A good financial game plan is one that uses design, diversification and discipline to maximise the chances of investors getting to their desired destinations whatever may occur.

It means identifying what drives returns over the long term and then using the information in prices to build portfolios that emphasise the dimensions of higher expected returns across all asset classes. The second element is diversification to help eliminate unnecessary risks. Think about the sports team that pins its success on the abilities of one or two star players. What happens if one or both of them are injured?

Likewise, a highly diversified portfolio is one that seeks to minimise the guesswork of investing and improves the reliability of outcomes. That means diversifying across securities, industries and countries.

Third, we need discipline. Once again, our successful sporting coach may admit that it is unrealistic to win every game, but that doesn't mean you shouldn't build a team culture that expects to win every



time by doing all the things within its control to get there. Similarly when investing, returns are inherently volatile and will not always go your way. So, it's critical you adopt an approach that you can live with when markets are turbulent. You can never totally eliminate doubt and uncertainty, but with a skilled Financial Planner you can build a structure that is resilient, flexible and increases the odds of getting you to where you want to go. That is a systematic approach. That is a disciplined approach. And that is a game plan.

**Need help with your game plan?
Contact Caroline Catlin at jch:
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