



INVESTMENT QUORUM

UNIQUE, BOUTIQUE WEALTH MANAGEMENT

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Setting investment goals

What do you want from your investments?

Throughout our lives, we will have many different lifestyle and financial goals that we would like to achieve. Although we all have different goals, there are some key goals that we'll have in common, especially when it comes to retirement.

What do you want from your investments? Supplementing your income? Building your retirement pot? It's essential we tailor your investments to suit your goals. To understand your personal investing goals, you need to take into account all the needs and preferences that may shape your financial life.

When setting goals, you are forced to think hard about the various life aspects you care about and how much they will cost in future. This helps to put your expectations in perspective, so that you can align your savings with future requirements. It also prevents you from underestimating the amount of money you require for the future or being misled about your savings ability.

INCREASING YOUR CHANCES OF ACHIEVING YOUR GOALS

The simple act of writing your goals down and sharing them with others increases your chances of achieving them. What are your objectives for the money you're investing? Do you want to accumulate money for a longer-term goal, such as a child's or grandchild's university education, or

perhaps a comfortable retirement for yourself?

You might even have several goals, and each of those goals may require different investment approaches to achieve them. Before you decide to invest your hard-earned money, it is important to fully understand why you are investing and what you want to achieve.

PRIORITISING YOUR INVESTMENT GOALS

Growth: how much investment growth is appropriate and realistic to accomplish your objectives and meet your needs?

Cash flow: your portfolio ideally must sustain the ability to generate sufficient cash flow throughout your retirement.

Combination of growth and cash flow: you would like your portfolio to have the necessary growth to provide consistent cash flow. As with the pure growth goal, it's vital to understand what potential returns to expect.

Capital preservation: this aspect of goal-based investing refers to preserving the nominal value of your assets. Nominal values aren't inflation-adjusted, and this goal may be more appropriate for shorter-

term cash-flow needs than for longer time horizons, as capital preservation over a long period can mean watching your purchasing power diminish.

Capital preservation and growth: these two goals are inherently at odds. Realistically, these cannot be pursued at the same time, as terrific as that may sound. Growth cannot be achieved without putting investment capital at risk. It will be necessary to segment the investment monies to nominate the required amount to be set aside with a view to capital preservation, with an amount being maintained separately for investment with a view to achieving growth potential.

Maintain or improve lifestyle: you have worked hard for your retirement and may wish to maintain or enhance your current lifestyle in your retirement years. This means growing your purchasing power over time. Ultimately, this goal requires a growth strategy that must offset the erosive effects of inflation.

Depletion, or spending every pound: although spending every pound before you die isn't a common goal among retirees, it does exist. But as you might guess, it is a risky proposition. There is no way to accurately predict your lifespan. And



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should you live longer than you expect, you could run out of money sooner than you had planned.

With your goals in place, you then need to know how much risk you can tolerate. Along the way, there will inevitably be periods of ups and downs – and while the former are celebrated, the latter can be frightening, even to the most seasoned investor.

REGULAR REVIEWS TO ACCOUNT FOR ANY CHANGES

Whatever your personal investment goals may be, it is important to consider the time horizon at the outset, as this will impact the type of investments you should consider to help achieve your goals. It also makes sense to review your goals with us at regular intervals to account for any changes in your personal circumstances.

BALANCED APPROACH TO RISK AND RETURN

Investment strategies should often include a combination of various approaches in order to obtain a balanced approach to risk and return. But the real measure of risk is whether or not you reach your financial goals. Maintaining a balanced

approach is usually key to the chances of achieving your investment goals, while bearing in mind that at some point you will want access to your money. This makes it important to allow for flexibility in your planning.

When you know exactly what the money is for, the time you have to achieve those goals and your tolerance for risk, you can construct your investment portfolio accordingly. ■

HELPING YOU MAKE A PLAN TO REACH YOUR FINANCIAL GOALS

Achieving your financial goals – especially your long-term goals – requires a highly disciplined approach. No matter where you are in life, you will have financial goals you want to achieve. We can help you make a plan to reach them. To find out more or to discuss your future plans, please contact us.

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FACTSHEET

