

Stick to Your Strategy

Two years after writing to clients warning them of the impending Global Financial Crisis, Adelaide-based financial strategist Theo Marinis is encouraging them (see the attached client letter) to continue to stick to their strategy.

“It is difficult to keep your nerve when everyone around you is panicking. However, I am convinced that as history shows us, those investors who do so will ride out the current Global Financial Crisis and find themselves in a far better position,” Theo said.

“In April 2007 I wrote to my clients advising them that from my perspective as an economist, a correction was inevitable. Realistically, nobody could have seen the depth of the recent market falls. However, the point was I wanted to prepare clients for the rough financial weather. My view has always been and remains, that despite the difficult times currently being encountered, if people stick to their strategy they will ride out the storm.”

“Attempting to pick hot stocks and to time markets, is as foolhardy as betting on blackjack – I wouldn’t like to see my fortune resting on the flip of a card.”

“The one person who wins in the long term in gambling is ‘The House’, because they coolly and level headedly always play the percentages, knowing that over time they will generate a fortune, even if they provide some wins from time to time to keep the punters gambling. Successful investors need to think like ‘The House’ and play the percentages in their own favour, not act like mug punters.”

“Investment strategies that don’t consider a downturn are a strategy for poverty, as many holders of margin loans have recently discovered. Essentially, a wise investor gives away a little of the upside to protect themselves from the downside.”

“I have always believed in the adage attributed to journalist Edna Carew – you should plan to get rich slow.”

“I expect the economic times to become more difficult over the next 12 months or so as the knock-on effect of the GFC washes through the economy. Once this time has passed and we stabilise I expect we will see a return to growth again.”

The medium and long term fundamentals have not changed for China and India and their continued economic development. They will continue to demand increasing amounts of our minerals, services and skills for many decades ahead.”

“The world’s greatest investor, Warren Buffett, describes his investment timeline as ‘forever.’ When you think of wealth as belonging to a family rather than an individual (and that under the new superannuation rules it essentially will be transferred intergenerationally) then I think you should adopt the same view about your investment timeframe.”

“One of the pillars of successful investing is to recognise that it is not about timing the market, but time in the market.”

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