



Prudential Investment Managers  
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## Is it time to change your investments?

Investing is different to saving, and very, very different to gambling. Nevertheless, financial markets sometimes do strange things (sometimes because they overreact to certain news, or are driven by human sentiment). In turn, you may be tempted to make sudden changes to your own portfolio. That's when the old country song should start playing in your head: "You've got to know when to hold 'em; Know when to fold 'em; Know when to walk away; And know when to run."

Whether the markets are down, or you're disappointed by your investment returns, it's always best to take a few minutes to think before you fold like Kenny Rogers' Gambler (or simply walk away). Successful investing is about getting consistent returns over time, and you'll lose both the consistency and the time if you get distracted by the daily news in the market or make sudden, knee-jerk changes to your portfolio.

You should be checking in on your investments periodically (say, once a quarter), so there shouldn't be any sudden reasons to make massive changes to your investments if your medium- or longer-term goals haven't changed. Still, sometimes you will need to make some tweaks to ensure you're on the best path to achieving your investment goals. So what's your best approach? [Speak to your financial adviser](#) before you make any decisions, and ask your adviser – and yourself – the following questions:

### **Have my needs changed?**

If you've recently experienced a major, disruptive life event (like, for example, buying a house, [having a baby](#) or getting divorced), your financial goals are very likely to have changed. If that's the case, you may need to change your medium- or long-term investment plan as well, remembering to take your time horizon and [risk profile](#) into account.

### **Am I making this change purely because of short-term market performance?**

You've read the news headlines and the market updates, and you know what's happening in the markets right now. But are you over-reacting to that short-term shock? Remember that if the market nosedives suddenly, [the bad news will be all over your social media](#); but when the market steadily rebounds and goes back to its previous position a week later, that good news won't get a mention. Volatility is an economic inevitability. [Markets go through cycles](#), rolling from bulls to bears and back again. That's why appropriate funds, risk diversification and consistency are so important – and why it's so important to make your decisions calmly, and with the longer term in mind.

### **Is this an emotional decision?**

Be honest. You've heard about a hot stock tip, or you've seen the rand go into an overnight tailspin. You're excited or you're panicking, and you don't want to lose out – so you want to change your asset allocation right now! That may sound perfectly natural, but it's also risky – and it sounds a lot like [you're trying to time the market](#). Speak to your financial adviser, and get a rational, long-term outlook. If you suddenly sell an under-performing asset, you're likely to lock in those losses.

### **Have any of my funds changed?**

It's a question very few private investors think to ask, but it's an important one. If you're invested in a unit trust, your financial adviser may recommend that you re-examine your exposure if the fund changes its manager or its composition. Make sure the fund continues to offer exposure to the assets outlined in its monthly fact sheet), and that it's still in line with your overall portfolio and your investment goals.

### **Are my investments over-performing?**

Most people are pretty quick to ask if their investments are under-performing. After all, nobody wants to miss out on good returns, and nobody wants to hold onto a bad investment. But have you considered the other side of that coin? Speak to your financial adviser, and see if any of your investments have had an exceptionally good run. If their value is inflated, it may make sense to trim your exposure, since your overall portfolio may now be too highly weighted to that successful asset. In any case, a good adviser should be helping you to rebalance your portfolio once a year, depending on how financial markets have moved over the 12 months.

Whatever you choose to do – whether you're holding or folding, like the old song goes – make sure you're not reacting emotionally, and (it's worth repeating this) always speak to your financial adviser before you do anything you might regret later. Investments aren't impulse purchases – so whatever you do, keep the long-term future in mind.

Any questions? Speak to your financial adviser or contact our Client Services Team on **0860 105 775** or at [query@prudential.co.za](mailto:query@prudential.co.za)