



Prudential Investment Managers

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5 steps for establishing and achieving your investment goals

Between the [unique jargon](#), complex calculations and limitless possibilities, investing can be very intimidating for beginners. But whether you're an experienced trader or a [first-time investor](#), one thing remains true: if you don't have an investment goal, you'll probably never achieve it. Here's a five-step guide on how to set up and achieve your investment goals.

Know why you're investing

Are you investing for your retirement, or maybe for a house or your child's education? Maybe you're investing towards a shorter-term target, like an overseas holiday. Whatever it is, having a clear goal in mind is likely to keep you disciplined and motivated when things get bumpy... and they will (read part 4 on volatility). Long-term investing is all about consistency and staying the course. As long as your goals don't change, neither should your investment. Meanwhile, shorter-term investing requires a different type of portfolio (one that's more conservative).

Use a goal calculator

Setting goals helps you keep track of where you've been, where you are and [where you're going](#). By plugging that goal into [our online goal calculator](#), you'll get a clear sense of your expected contributions and time horizon, equipping you to keep your investment goals measurable, realistic and compatible with your long-term objectives.

Be realistic

Of course you want to be the next Warren Buffett, and of course you want your investments to set you up for life, letting you retire at 40 as your money works for you. But you also need to be realistic in terms of your expectations. How much capital are you contributing? [How much risk are you taking on?](#) How much time are you expecting to spend in the market? [Speak to your financial adviser](#), and get a sense of the potential returns on your investments. This will help you with your financial planning, and it'll also give you a sense of how long a "long-term" investment might take to deliver the returns you're hoping for. Our [Past Performance Calculator](#) can help you get a sense of what's realistic and what's not.

Understand volatility

Before you start investing, it helps to know just how volatile your investment is likely to be. It's usually the case that growth assets (such as property and equities) are higher risk in the shorter term in that they are likely to experience frequent downturns. However, they offer greater potential for higher returns over the long term. Fixed income assets (such as bonds and cash) are less volatile over the short term, but are likely to produce lower returns over the long term. The most important thing to recognise, however, is that [volatility is a natural part of investing](#). Values go up and down, sometimes predictably but often not. Learn to live with it, and always keep long-term consistency in mind.

Select your investment

Once you know what you want to achieve and how long it's likely to take for you to achieve it, your final step is to choose the investment vehicle that'll get you there. If you're a beginner, your best choice may well be a unit trust investment where the fund manager selects

the underlying investments for you (such as the [Prudential Balanced Fund](#)). This way, you'll have a trusted, qualified professional handling all the day-to-day affairs of running your investment, which is especially useful if you don't have the time or the expertise to do it yourself. Alternatively, try our [Fund Selector Tool](#) to see which Prudential unit trusts best meet your investment needs.

Ready to start investing? [Complete our online application form](#) in under 10 minutes. If you need more information, speak to your financial adviser or feel free to call our Client Services Team on 0860 105 775 or email us at query@prudential.co.za.

<https://www.prudential.co.za/insights/articlesreleases/5-steps-for-establishing-and-achieving-your-investment-goals/>