M&G Investments
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What the Comrades Marathon can teach us about investing

As a sport, running can be good for you. Studies link it to a longer life, improved immunity, and better sleep and mood. Ask any runner and they'll likely tell you just how much running has helped improve their life. Which begs the question, if running is so good for you, why don't more people do it? The reality is that running – especially running a marathon – is a hard discipline to conquer. It requires planning, dedication, resilience… and most importantly, consistency.

In fact, there are many similarities between being a successful marathon runner and a successful investor. So, in honour of this year's Comrades Marathon, here are three tips from running that can make you a better investor.

Tip 1: Have a plan

If you're thinking about running a long-distance event like a marathon, it would be risky to compete without any formal preparation. To train effectively, you'll need to put together a realistic training schedule that will help you build strength, speed and endurance. And this will need to be done over a reasonable and measurable timeframe in order to minimise the risks of injury but still get you ready in time for the big event. For most people this preparation takes considerable time, which means that it may not always be easy to stay motivated. However, sticking to your plan and being consistent with your training is important.

Investment takeaway

You can think of successful investing in the same way as a training schedule. Together with your financial adviser, it's important to develop a plan that best suits your long-term goals, taking into account your risk appetite and time horizon. The next step is to make sure you stick with it over time. If your plan is too fluid, or if you're not disciplined enough, you run the risk of switching investments too frequently or disinvesting when markets underperform, which could end up destroying your investment's value over the longer term. As with training to run a race, being consistent as an investor means ignoring the short-term noise, sticking to your plan, and keeping your eyes on your long-term objectives.

Tip 2: Find the right pace

For a marathon runner, it's unrealistic to sprint right from the start and hope to sustain that same speed all the way to the finish line. Similarly, if you begin too slowly, you may struggle to get into a proper rhythm. What you really need is to maintain a consistent pace that sees you through to the end, one steady step at a time. Put differently, if you're aiming to finish the race within a specific time, you'll need to work out the right pace required over each segment to reach your goal.

Investment takeaway

The same is true for investing. Once you know your investment objective and how long you have to get there, you'll be able to calculate just how much you should contribute (whether as a lump sum or a monthly debit order) and the type of return that you'll need in order to reach your goal. Using our Goal Calculator is a great way to put all these variables into perspective. Then, after investing you'll need to monitor the growth rate to ensure you're still on track. Your investment may need to be adjusted occasionally, reflecting any changes in your investment goals over time.

Tip 3: Don't give up

Arguably, the hardest section of the Comrades Marathon 'down' run this year from Pietermaritzburg to Durban is the steep six-kilometre climb after the town of Drummond, leading up to Botha's Hill. It is here where mental resilience plays an increasingly important role, as you need to keep moving forward on tired legs in order to begin your descent into Pinetown. As a motivated finisher, you can't give up, even if you need to walk.

Investment takeaway

While your investment journey may not take such a physical toll on your body, it's important to remember that market volatility can make it quite an emotional ride. However, as with running, it's just as important to stick with your investment. Pausing your contributions will only delay you from reaching your investment goals, or you will have to invest more to catch up.

To sum up, investing, much like running a marathon, is a long-term journey. It requires planning, discipline, patience and mental resilience. Without the adequate preparation and approach, you could miss out on good returns and derail your long-term objectives. Here, as with most things in life, consistency is a key component for success.

For more information on investing with M&G Investments, please contact our Client Services Team on 0860 105 775 or email us at info@mandg.co.za.