The Standard Chartered
Private Bank

Insights

What Do Successful Investors Do Differently?

For a variety of reasons, many affluent investors fall short of achieving their desired investment goals. Selecting an inappropriate mix of assets, trying to "time" the market, or losing sight of long-term objectives are among the most common investment mistakes.

Based on our extensive experience serving high net-worth clients, a disciplined and well-planned strategy is essential to successful investing. Such an approach is based on the following principles.

Know Yourself

Successful investors understand their own personal approach to life. Some take a "hands-on" approach to controlling their own destiny, while others are comfortable delegating day-to-day money management decisions to financial specialists who have demonstrated their performance.

No matter how great your intelligence, energy level or success in the business world may be, there are only 24 hours in each day. If your priorities are running a business, traveling frequently or focusing on family issues, you need to look realistically at the amount of time available to personally manage your investments.

Limit advisory relationships by working with a limited number of money managers. Many investors seek to diversify their portfolio with a multitude of advisory relationships. In most cases, the same benefits of diversification can be achieved — at a much lower cost — by engaging just two or three money managers.

Learn the Basics

Educate yourself about the basics of investment, including the constant trade-offs between risk and reward and the benefits of asset allocation. Many studies have shown that the assets in your portfolio can be optimised for the highest potential returns, while being consistent with your overall tolerance for risk. In other words, a well-constructed, diverse portfolio can move you closer to your goals.

In addition, consider a two-tiered approach to investing. If you want to play an active management role, consider creating two portfolios: one with your core assets for retirement or your estate under the direction of a professional manager and a second portfolio under your personal control.

Establish Realistic Goals

Set clear and reasonable objectives that align with the current investment climate. Despite the desires of most investors, achieving a 15% return on assets with virtually no risk is simply not a reasonable expectation in today's financial markets.

Review the performance of your money managers on a quarterly or annual basis. This allows you to review your portfolio's performance and make any necessary adjustments while allowing for market cycles.

Become a Disciplined Investor

It's important to follow a focused investment strategy throughout the ups and downs of market cycles. Emotions like fear and greed can trigger short-term decisions that may reduce your portfolio's long-term performance. Keep in mind the adage: "Time in the market is more important than timing the market."

By following a disciplined and rational approach to investment decisions, you can build a solid foundation for achieving your financial goals. The rewards can last a lifetime, and leave a lasting legacy for your children and grandchildren.

SG-7/06

SCPB-110-0608-F-E