

# It's not all gloom and doom (although it seems so at times)

By Andrew Brotchie, Managing Director: Glacier International

*Through hurricanes and headwinds, there are always reasons to invest, says Andrew Brotchie, managing director at Glacier International*

The global economic landscape is a complex one. Trade wars, Brexit, escalating tensions between Iran and the West, and the tentative unwinding (or indeed reintroduction) of quantitative easing – arguably the biggest financial experiment in history. Add to that the climatic consequences of global warming and it's easy to see why investors throw their hands up in despair. This hardly seems the perfect time to look abroad for investment options. Not true, says Brotchie.

## The age of ideas and innovation – locally and abroad

While global returns have been muted recently, global equities have broadly returned in the region of 28% in USD terms over the last three years. So, there are some good reasons to include offshore investing as part of your portfolio. There are more opportunities than we can imagine, as this is the age of ideas and innovation. Advancements in AI and machine learning are leading us down exciting investment paths. Look for opportunities and you will find them, and that's what we spend a large part of our time doing at Glacier International. Currently, given investors' nervousness around global prospects, we are focusing on opportunities for enhanced capital growth but with an overlay of protection, should it be required.

## We can't ignore the obvious

Brotchie cautions against ignorance, and everything has a context. We can't ignore the turmoil in geopolitics, in all quarters of the globe. We have to be aware of the dangerous rise of nationalism around the world, a consequence of the fragile interplay between liberal democracy and the version of capitalism that we have created. There simply are too few winners in this game. Humans often adopt a narrow world view when their survival is under threat, and nationalism is a function of this.

We're not a worst-case scenario (and even bad scenarios change)

Recently, due to some election surprises around the world, currencies like the Argentine peso have plummeted, and stocks and bond markets have suffered the same fate. However, these countries are coping and finding innovative ways to recover. Remember how bad things were for Greece a couple of years ago during their crisis? The Athex – the main Greek stock index – is now up more than 40% since January (roughly double the S&P 500 over the same period). Sovereign yields are lower than the US, and after contracting by more than 25% during the crisis, the Greek GDP grew by 1.9% in 2018. South Africa is nowhere near this kind of crisis, but we have socio-political challenges that we need to deal with urgently. Corruption, poverty and crime are crippling us economically, and adversely affecting the morale of our people. Positive action to address these ills and visible outcomes of these actions, are needed urgently.

How to keep a cool (investment) head

Dealing with everything that is happening in the global arena requires patience, resilience and know-how. Here are a few tips to help you cope:

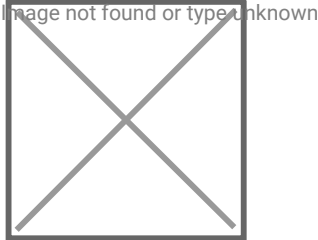
1. *Start as early as you can.* There is no age restriction – or limit – to being an investor. Also, many people realise too late that they have not saved enough for retirement.
2. *Find a good partner.* Adopt the criteria for choosing a life partner, in choosing a financial planning partner, too – trust, stability, integrity, a sound track record and a good reputation.
3. *Consider offshore investment options.* While global returns have been muted recently, global equities have broadly returned in the region of 28% in USD terms over the last three years. There are good reasons to include offshore investments as part of your portfolio and a qualified financial adviser can construct the most appropriate one relative to your risk appetite.
4. *Be in it for the long run.* Investing is a marathon, not a sprint. Prepare to put your money away for at least five years (there's a sound argument for 10), and then relax. There's nothing you can do about Brexit.
5. *Don't panic and stick to your plan.* A qualified financial planner should have experience in portfolio construction. They will design a portfolio that suits your risk appetite. As a partner with Glacier, they have access to the best research and information that informs portfolio decision-making. Stick to the plan and turn off the news sometimes. Watching daily troughs and peaks in your portfolio is not sensible and will only add to your anxiety.
6. *Annual review of your portfolio is essential.* Life happens and your needs change. An annual financial check-up is as important as your annual physical.

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## Andrew Brotchie



Andrew Brotchie was appointed as managing director of Glacier International on 1 January 2015, prior to which he was head of product and investments with Glacier International from March 2011. Before joining Glacier International, Andrew spent more than 10 years working in the international investment arena (in South Africa, the United Kingdom, Hong Kong, Singapore and Taiwan), in the areas of business development, product and investments, and managing an investment advisory firm. He has a BA (Honours) in History and Politics and an MBA in International Management, both from the University of Exeter in the UK.

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Glacier Financial Solutions (Pty) Ltd.

A member of the Sanlam Group

Private Bag X5 | Tyger Valley 7536 | Email [client.services@glacier.co.za](mailto:client.services@glacier.co.za) | Tel +27 21 917 9002 / 0860 452 364 | Fax +27 21 947 9210 | Web [www.glacier.co.za](http://www.glacier.co.za) | Reg No 1999/025360/07

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Private Bag X8 | Tyger Valley 7536 | Tel +27 21 950 2600 | Fax +27 21 950 2126 | Web [www.smmi.com](http://www.smmi.com) | \*Reg No 2002/030939/07  
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