

The Power of Investing NOW!

-Time to prepare for your future-

They say, 'if you fail to plan, then you plan to fail'. This cliché holds true for many situations, including planning and preparing for your financial future. We all have dreams, hopes, wishes and aspirations for the future. Whether it be to amass a lot of wealth, start a successful business, get fit, or leave a legacy for our children, we all have something profoundly personal and positive that we wish to achieve in the future. Sadly, only a minority of people realise these aspirations. Globally, there seems to be a distinct disconnect between our aspirations and us actually achieving these - and this is attested to by the surge in public content about going for your goals and taking action to live your dreams. While for some, the lack of change is due to disadvantageous circumstances, for the majority, it's due to either no planning or no action.

Most people fall prey to the "One Day" mindset. The problem with this mindset is that it allows you to build up a wonderful future in your mind without taking responsibility for it today. This Russian roulette approach to planning for the future, especially your financial goals, typically leads to tragic outcomes. We need to let go of the idea that time and resources will be abundant in the future and start creating and availing them now. But first, plan. Planning is a key starting step for everything you intend to do. It's not to say that a plan will get you to exactly where you want, but it greatly influences your preparedness for what's ahead and increases your chances of achieving your goals. Planning forces you not only to think about what you intend to do but to delve deeper into your desired outcome. It forces you to consider the path you need to take to connect your present to the future you want, and if done right, it forces you to come up with the individual steps of action you need to take to progress toward your goal.

Planning for your financial future can be simplified into four easy steps; Set your **Objectives**, Determine **How** to achieve them, **Implement**, and **Monitor** progress. Setting your objectives requires clarity on what it is you seek to achieve and why. Knowing your "why" will help in terms of prioritising this pursuit, as well as motivation to keep going when you're tempted to throw in the towel. For example: the idea of not being able to cover your child's school fees will most likely push you to stay the course when you're tempted to give up. A slightly more taxing task is deciding how you're going to achieve your goals. It's not enough to just evaluate the options at your disposal, you need to match them to your needs too. Key considerations here include your:

- timeframe (how long you have to reach your goal),
- affordability (how much you're able to contribute towards it whether all at once or regularly),
- your risk appetite (the level of uncertainty you're comfortable with in terms of your capital), and
- diversification.

Fortunately, Units Trusts, as financial and investment products, greatly assist one in implementing their financial goals without much friction to the "How" and the "Implementation" steps.

Unit Trusts tend to be a widely ideal investment vehicle especially for the novice investor as they cater to different risk appetites, are fairly accommodative of varying investment timelines and offer diversification across different asset classes and markets. They also make accessible investments that would typically come at a high cost or require hefty investment amounts. Bifm offers a range of Unit Trusts to choose from, they're suited to objectives such as preparing for your child's future (Bifm Letlotlo Education Fund and Bifm Ya Masa Junior Fund) as well as long term wealth creation or

preservation of your retirement benefit (Balanced Prudential / Local Equity, and Money Market Funds respectively). Although Unit Trusts offer a lot of flexibility, it must be noted that investing is generally a long-term commitment. It takes time and patience to realise the benefits of investing; even the compounding effect is limited in terms of what it can do for you in a period of just 6 or 12 months. Endure the market ups and downs in order to realise capital growth.

A long-term perspective is critical when investing in different geographical locations (local, offshore, or global) as these expose you to varying levels of risk. Inherent in investing offshore is exposure to relatively higher risk, thus, one must exercise due care when investing offshore to limit the risk exposure to a level you're comfortable with. Several years ago, the words on everybody's lips were "offshore" and "investment", and at the time, there was a growing trend of pop-up international companies (which we now know were Ponzi schemes) that were offering people substantial returns on investment in a short amount of time. While that experience may have tainted these words for some, offshore investments are a great way to diversify one's investment portfolio. The offshore or global investment market naturally surpasses the local in terms of size and diversity of opportunity. You have more investment instruments at your disposal, you can invest in different currencies and where your local market is limited in terms of available asset classes, international investing avails more to you. However, like all things, this must be done responsibly and with a trusted and regulated partner.

The truth is, as long as we're talking about the future, uncertainty is guaranteed; but instead of going into it blindly, take a proactive approach and decide on the kind of future you want. The changes you make today, however small, can have a significant impact on your financial outcomes. So dream big and have high hopes, then plan and act! You stand to gain more from acting now in preparation for your future, than not. I challenge you to change one thing today (relating to your finances) and **commit** to it. Write it down and in 10 years, check on your progress and reflect on how that one change has contributed to your journey.

Prepared by Thato Kgasa; Bifm Unit Trusts Retail Manager - Botswana Insurance Fund Management