

Your adviser as your investment coach

It is always tempting to judge the value of your adviser on the recent performance of your investment portfolio – good, or bad. That is unfair as it fails to understand the true value that a good adviser delivers (leaving aside the valuable financial planning advice that they also provide) and the fact that no manager can control the returns that the market delivers.

The true value of good advice lies not just in the adoption of a sensible evidence-based philosophy and the robust structuring of a portfolio, but as a protection from the truly dangerous combination of investor emotions and bad, yet often tempting, investment ideas. A good adviser can earn their ongoing fee several times over, simply by helping their clients to have patience, fortitude and discipline in their investing.

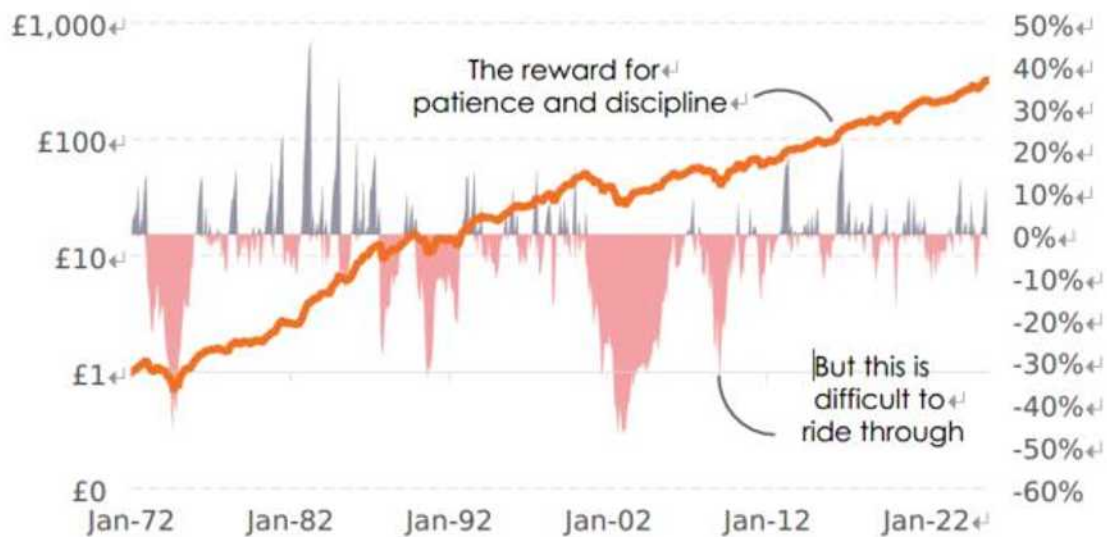
Investing: simple, but not easy

It is, without doubt, hard to be an investor. The rationale for investing may be simple – to retain or grow the purchasing power of one's hard-earned capital, for example – and the solution itself may also be relatively simple in design. Additional complexity does not always relate to better outcomes. However, living through the ups and downs that an investing journey brings can be a challenge, especially in the noisy world we live in.

The dreams that we all hold – perhaps of a comfortable retirement, providing financial assistance to our family or community, or to pursue philanthropic works - are to a lesser or greater extent funded by the returns that an investment portfolio provides. No-one likes to see a fall in value on their portfolio, but short-term falls are part and parcel of investing for anyone trying to protect or grow the long-term purchasing power of their assets. It is often a case of two steps forwards and one step back.

When investors truly understand that investment returns never come in a straight line but are made up of the ups and downs of the returns that the markets – not advisers - deliver from one short-term period to the next (e.g. the time between progress meetings), then investing becomes easier, but still not easy.

Figure 1: Growth of global stocks (left axis), and falls/rises since previous high/low (right axis)



Source: Albion World Stock Market Index (smartersuccess.net/indices). Data from Jan-72 to Dec-25. GBP and nominal terms.

This series of short notes will explore six ways that a good adviser will bring true value to a client's investment programme.

- Value level 1:** Establish your guiding principles
- Value level 2:** Build a robust portfolio for all seasons
- Value level 3:** Maintain the efficacy of the portfolio and avoid fads
- Value level 4:** Providing support and guidance along the way
- Value level 5:** Instilling the fortitude and discipline to rebalance
- Value level 6:** Doing the boring stuff

Investing is never easy, but a good adviser will make it easier and ensure the chances of success are higher than going it alone.

Important notes

This is a purely educational document to discuss some general investment related issues. It does not in any way constitute investment advice or arranging investments. It is for information purposes only; any information contained within them is the opinion of the authors, which can change without notice. Past financial performance is no guarantee of future results.

Products referred to in this document

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