

Embracing uncertainty

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Uncertainty is an unavoidable part of life, and nowhere is this more evident than in financial markets. With global economies sending mixed signals and media headlines forecasting turmoil, it's tempting to feel overwhelmed. Constant uncertainty and misunderstanding with the inability to know what people will do next is the truth. Robert Greene, an author on strategy once wrote: "*The need for certainty is the greatest disease the mind faces.*" This causes some to look at the world as one big Excel spreadsheet, ignoring that the world around us is nuanced and often messy.

The key to long-term financial success is not about avoiding uncertainty, but in understanding and leveraging it to your advantage. Margaret Heffernan, in her book *Uncharted*, emphasises that resilience—not prediction—is the key to success in an unpredictable world. Rather than fearing it, we should build resilience and adaptability, because history has shown that **those who stay optimistic and embrace uncertainty tend to thrive.**

The illusion of certainty

Humans naturally crave certainty – we seek clear paths and predictable outcomes. This desire explains our obsession with market forecasts, currency predictions, and financial trends. Yet, the reality is that no expert or algorithm can consistently predict the future with absolute precision. Almost like weather patterns, financial markets are driven by countless factors such as economic trends, geopolitical events, and investor psychology—all of which can shift unexpectedly. An astute investor, Howard Marks puts it plainly: "*No one can predict reliably what the future holds... but many people overrate their ability and attempt to do so nevertheless. Eschewing certainty can keep you out of trouble.*" We don't know what's going to happen and how markets will react.

A false sense of security can prevent investors from taking necessary risks and adjust to realities. Instead of seeking certainty, successful investors focus on thorough risk management and long-term strategic planning. A trusted financial advisor can be an invaluable resource, helping to filter out the noise, set realistic expectations, and guide decisions based on sound principles rather than emotion or unrealistic promises. Having a professional to turn to in moments of doubt can help investors stay the course and avoid impulsive reactions that may harm long-term returns.

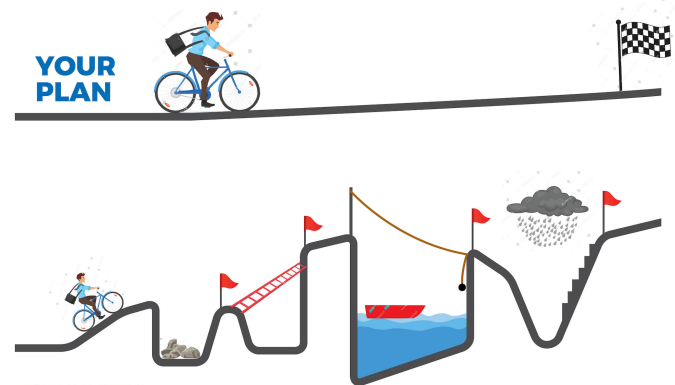
The pursuit of a guarantee, high-yield, no-risk investment often leads to poor decisions or, worse, a scam. People are continually sucked into these dubious offerings with the allure of an incredible return. Remember Herman Pretorius, Louis Liebenberg, and Mirror Trading? The list goes on...

Using volatility to your advantage

Think of the stock market as a rollercoaster – thrilling, unpredictable, and occasionally unnerving. The only real losses occur when investors jump off mid-ride. Market dips, while unsettling, present unique opportunities. Historically, downturns allow patient and disciplined investors to acquire quality assets at bargain prices, setting the stage for future gains. Rather than viewing market fluctuations as a threat, they should be seen as

an inherent feature of investing that can be harnessed for growth. Volatility reflects investor sentiment and broader economic cycles. It is the mechanism through which markets adjust and reprice assets and savvy investors recognise that temporary declines are often followed by recovery and long-term appreciation. Markets tend to swing more than economies and companies. It is because of market participants' psyches or emotions.

A well-informed perspective—often supported by an experienced advisor—can turn uncertainty into a strategic advantage. By maintaining a long-term view, rebalancing investments when necessary, and capitalising on opportunities that arise in turbulent times, investors can use market swings to their benefit rather than fear it.



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Navigating the uncertainty

To make the most of market fluctuations, here are core principles to keep in mind:

- **Stay Invested** – Attempting to time the market is a losing game. The best days in the market often follow the worst ones.
- **Be Aware of Emotions** – Impulsive reactions could derail long-term financial success.
- **Diversify** – A well-balanced portfolio helps cushion against volatility and spreads opportunities and risk effectively.
- **Stick to a Financial Plan** – Investing is a long journey. Short-term fluctuations don't change the fundamentals of a sound financial strategy.

Some final thoughts

We should stop waiting for the "perfect" time to act and instead focus on what we can control, such as sensible diversification, long-term thinking, and disciplined financial habits. Here Howard Marks offers a valuable insight: "*Doubt is not a pleasant condition, but certainty is absurd.*" The reality is that uncertainty is not something to be feared but rather understood and incorporated into our decision-making. Investors who acknowledge uncertainty, remain flexible, and avoid the trap of false confidence are more likely to achieve lasting financial success.

Embracing uncertainty is a critical skill and by reframing volatility as an opportunity rather than a threat, we could make more confident financial decisions. A trusted financial partner can provide perspective and strategic insight to stay the course, even when markets are turbulent. Do not hesitate to reach out to us.