



# ALEXANDER BABICH & ASSOCIATES

## PERSPECTIVE

April 2019

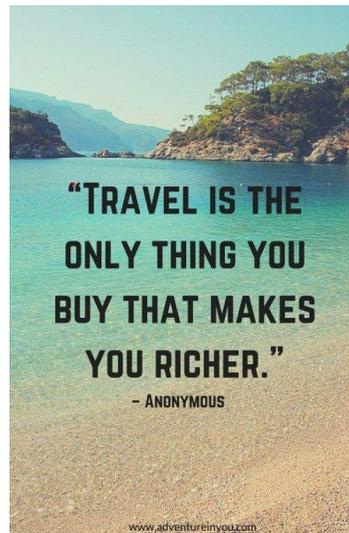
Rather than write my usual quarterly article I have provided useful insight as to the key roles of a Financial Advisor. As Deputy Chairman of the SAIFAA (South African Independent Financial Advisors Association), I'm continually providing both advisors & clients information regarding the key roles Advisors play in the sometimes daunting & complex field of investments, retirement, tax, and estate planning.

One of an Advisors key roles is to analyze, compare & simplify a client's portfolio. Investors are continually faced with a constant barrage of information in the media which can often lead to confusion, fear & anxiety. The upcoming elections and Eskom's dire financial situation are a case in point that affects our sentiment & risk appetite.

“The investor’s chief problem, and even his worst enemy, is likely to be himself”

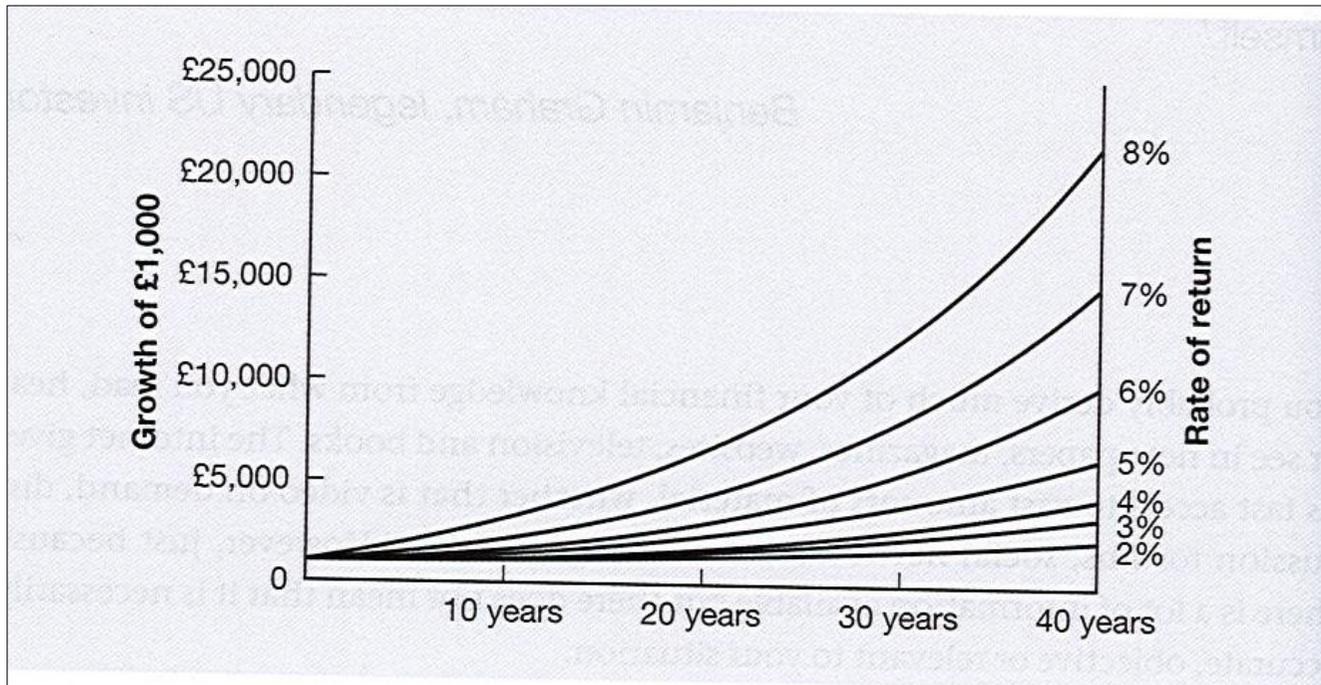
- Benjamin Graham , legendary US Investor

You probably derive much of your financial knowledge from what you read, hear or see in newspapers, magazines, websites, television and books. The internet gives us fast access to vast amounts of material, whether that is video on demand, discussion forums, social networks or knowledge archives. However, just because there is a lot of information available out there does not mean that it is necessarily accurate, objective or relevant to your situation. **(See attached article from Karl Leinberger, Chief Investment Officer at Coronation)**



The sheer amount of information, vested interests and speed of news, coupled with the huge amount of competition, means that journalists are fighting a losing battle when trying to be helpful, objective and independent in what they communicate to their readers on personal finance issues. Sometimes stories are inspired by real news events and other times by 'expert' comment from companies with some form of vested interest. The problem is that in the face of such a continual barrage of often conflicting and sensationalist news and information the average person finds it hard not to be seduced into taking actions that they may turn out to regret. Even if you've decided on your overall planning and investment approach, it is hard not to be knocked off track by the relentless media messages that bombard us on a daily basis.

We often overreact to news and ignore the reality of long-term, steady norms. This is normal and totally expected. We place far too much weight on what happened yesterday rather than what has happened over the past years. The media focuses our attention on the daily movements in the capital value of the stock market. In a sense this fixation on capital values is the investment sizzle, when in fact the investment steak is compound returns. The magic of compounding works away in the background, with dividend/interest and capital gains generated by the portfolio reinvested to create more income and more capital gains. Compounding has been described as the eighth wonder of the world and it is rarely understood what a powerful impact it has on investment returns



Having been a financial & investment consultant for over 27 years I have experienced many market conditions and events. This invaluable experience has enabled me to provide a unique understanding & insight beyond financial planning & advice. Providing support, empathy & guidance in family matters is also key in ensuring my “family” of valued clients are properly cared for at various levels.

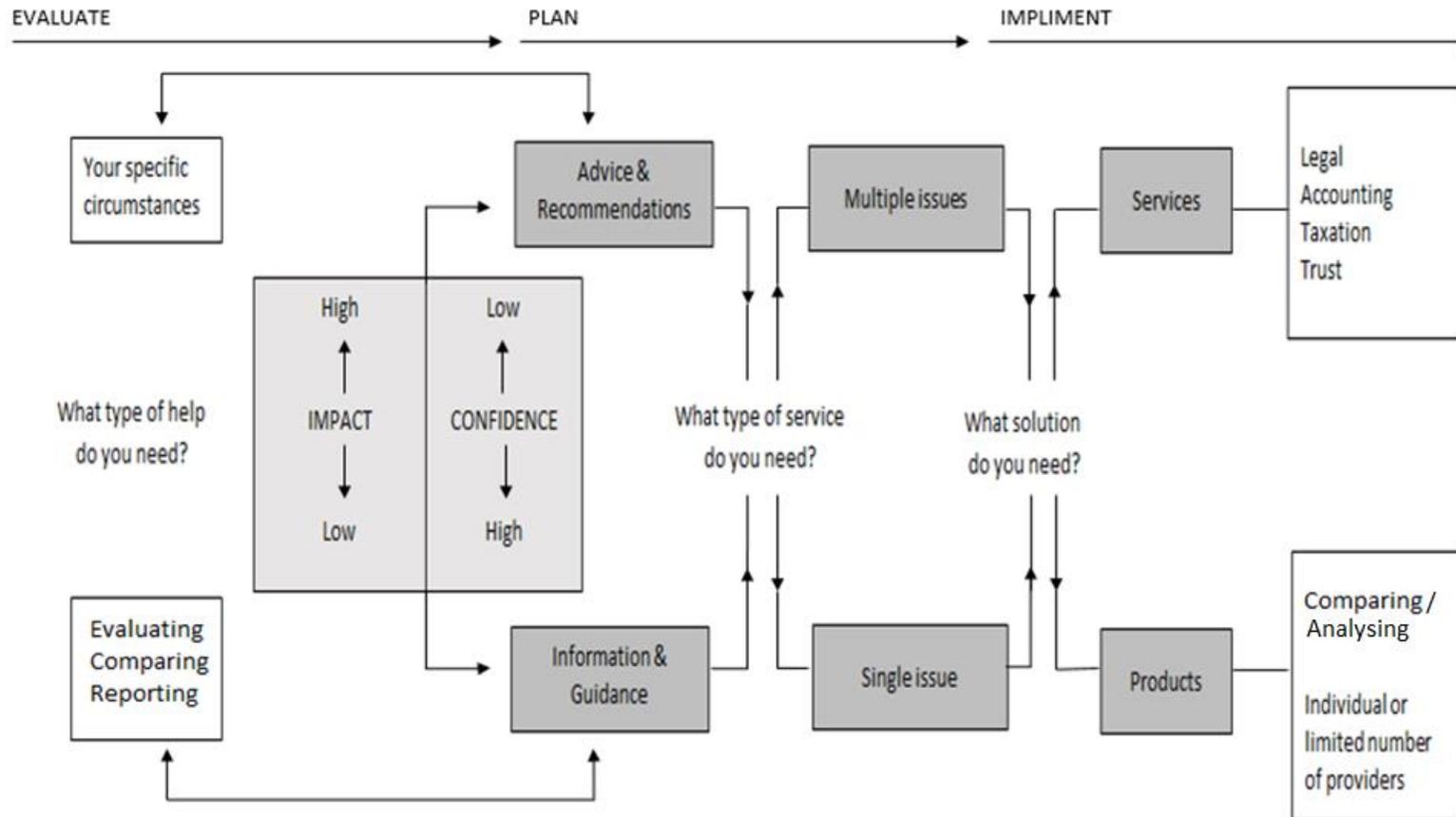
I trust the attached slides provide you, our valued client, with further insight regarding the various roles & functions a professional & accredited financial advisor their assistants and associates provide. This month we also welcome a new addition to the team Lizanda Rheeder. She brings another dimension to our established support staff & look forward to introducing her at our next seminar. (Date in May to be announced)

This leaves me to wish everyone a blessed & safe Easter with loved ones and friends. Travel safe. I will be away until the 25<sup>th</sup> for a few days leave.

Happy Holidays

Alexander Babich

# What financial service do you need?

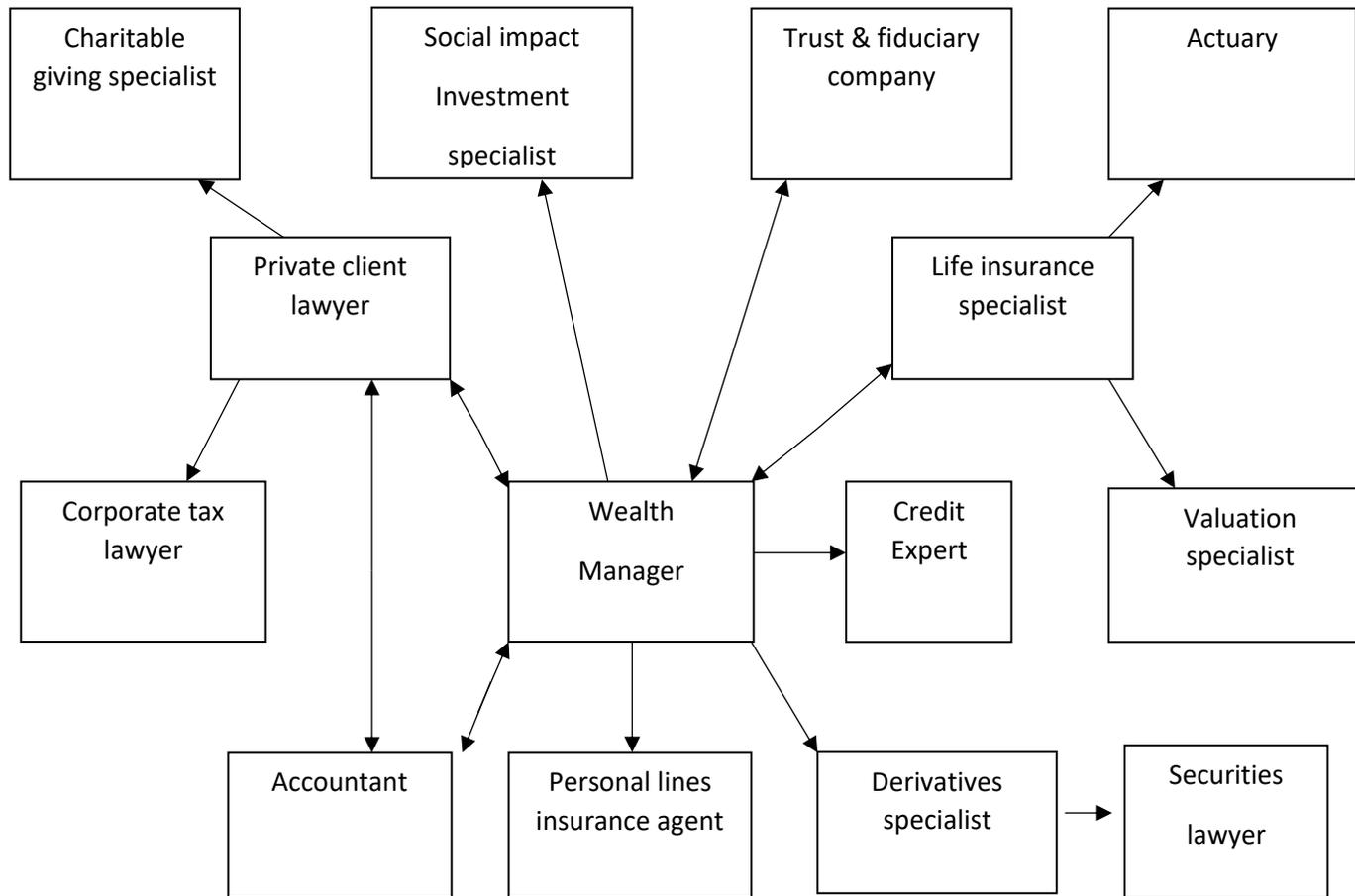


# The six-step financial planning process





# WEALTH MANAGER EXPERT NETWORK



# Key roles of financial adviser

