investment philosophy

At Ambrose, we believe the foundations of successful investment can be found in the following:

1. Diversification

Unless you have perfect knowledge of the future, all evidence suggests diversification reduces risk and enhances return.

2. Balance your risk and return

Risk and return are related, however not all risk is rewarded with an expected return.

It is important that you understand your level of comfort when it comes to investment, and align your mix of risk and return –your investment benchmark – with your specific and unique goals.

Once set, consistently re-balancing back to your benchmark – that is buying assets when low and selling assets when high – can objectively assist even the most timid investor navigate through uncertain times on investment markets. This helps maintain a level of investment risk and return they will commit to that is also appropriate to achieve their goals.

This consistent behavior, along with diversification, is a key driver of investment success.

3. What matters – your allocation of assets

Differences in portfolio returns can be explained by differences in risk. As such, portfolio management becomes an issue of asset allocation across the dimensions of risk rather than an issue of perceived money manager merit.

Generally speaking, risk can be thought of as:

- Fixed interest risks and returns – a means of taking a defensive position with your capital – based around the term and quality of debt obligations owed to you; and
- Equity risks and returns – a means of investing into human endeavor – a riskier but potentially more rewarding allocation of capital over time.

There is no right or wrong allocation to either; however an appropriate balance between the two with your specific goals in mind, is essential to determining the actual risk you take.

4. Speculate what you are happy to lose

Stock picking and market timing should be viewed as speculative activities. It is hazardous to confuse luck with skill when it comes to the preservation of your capital.

5. Determine your Asset

Wealth, although not a reason for happiness, is a significant contributor to whether you achieve financial peace of mind or not.

When it comes to accumulating and preserving your wealth, it is important one distinguishes between lifestyle, investment, speculative, business and philanthropic assets. Each has a different role, with some offering a higher degree of certainty as to what they can contribute to your overall wealth.

Defining the right balance of these assets on a personal level is fundamental in attaining financial peace of mind.

We assist you interpret your personal situation, clearly define your goals and implement and monitor an appropriate investment strategy focused on helping you achieve your goals.

Ambrose
Values Based Financial Advisory
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