

During Volatile Times: Goals-Based Investing

Goals-based investing differs from traditional investing programs that generally allocate assets and measure progress based on market benchmarks. Instead, it focuses on the investor by mapping savings and investments to unique goals, which may involve specific time horizons and risk profiles, while measuring progress towards achieving these goals.

With goals-based investing, there is a dedicated focus on the investor to create a wealth plan that meets their needs and works towards achieving their unique goals. It takes into account a detailed understanding of an individual's personal liabilities, as well as their stated objectives over their lifetime: What do you currently owe and how will this change in the future? What do you wish to accomplish? When do you want to retire and what type of lifestyle do you envision in retirement? It also helps to plan for the many milestones that will come along the way: Do you wish to save for and support a (grand)child's education? Are you planning on any large purchases, such as a car, home or vacation property?

A Focus on the Investor...Not Day-to-Day Market Performance

Goals-based investing shifts the focus away from the markets and back to the individual investor. For those who use this approach, the objective is not to generate superior returns or beat an index over the short term, but instead to manage investments to achieve measurable goals over the longer term. This doesn't mean directing all emphasis away from market or investment performance, but it does help individuals to look beyond what may be happening in the markets in the short term and instead consider a broader view over multiple time horizons.

It can also help to instill discipline and foster better investment decision making. For many investors, the biases that can influence poor investment decision-making more commonly emerge during periods of market uncertainty, such as during market pullbacks. With goals-based investing, investment decisions are instead focused on achieving certain goals alongside the individual's personal risk profile, rather than comparing performance to the markets at any particular time.

A goals-based approach also requires a deep understanding of the investor, which can help to foster better relationships between advisors and investors. As the investor, you are in the driver's seat and will be actively involved in the decision-making process, with your investment strategy aligned to your life goals. Over time, your progress will be carefully followed to help ensure that you are on track to achieve your set goals. There is no blanket strategy — the approach is tailored to your own personal roadmap. Your life goals are unique to you and your wealth strategy should take this into account.

Ultimately, the purpose of having a goals-based investing approach is to help individuals attain better outcomes for their financial independence. With clearly defined goals from the onset, you can track your wealth plan throughout time with a focus on meeting your life objectives.

We Are Here to Assist

Portfolio construction and management should begin with the individual investor in mind. A goals-based investing program focuses on the investor first, helping to create a plan to achieve specific goals. If you have questions about this approach, or your own investing program, please get in touch.



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