Don't Chase Every Shot

After years of saying I was going to do it, I finally booked my first golf lesson.

I turned up thinking I would spend an hour learning how to hit the ball as far as possible. Instead, my instructor spent most of the lesson telling me to slow everything down. Forget about distance for now. Focus on the basics. Build a consistent swing and let the rest come naturally.

It wasn't quite what I was expecting, but it made complete sense.

Watching markets this week reminded me of that lesson.

The US Federal Reserve decided to leave interest rates unchanged, which was largely what investors expected. The interesting part came from the voting, with several members arguing that rates should actually move higher. It was a reminder that, even though inflation has eased, there is still plenty of debate about where interest rates go next.

Markets responded in the way they often do. Investors reassessed expectations and some of the biggest names in technology and semiconductors came under pressure. Companies that have led markets for much of the past few years suddenly found themselves on the receiving end of profit taking as investors questioned whether expectations had simply run too far ahead.

It is a good reminder that markets rarely move in straight lines. Leadership changes. Sentiment changes. Even the strongest investment themes experience periods where enthusiasm cools and investors look elsewhere.

When you are new to investing it is easy to think the answer is to react to every headline or chase whichever sector has performed best most recently. In reality, that can be just as frustrating as trying to fix your golf swing after every shot. Sometimes the more changes you make, the harder the game becomes.

At TAM Europe, we prefer to build portfolios that can cope with different market environments rather than relying on a single prediction being correct. Although bond yields are far more attractive than they were a few years ago, we continue to hold a modest tactical underweight position in traditional fixed income because we believe inflation and interest rates may remain more persistent than many investors currently expect.

We also maintain an allocation to alternative investments, helping diversify portfolios and providing sources of return that are less dependent on the direction of either equities or bonds. We are not trying to predict every market move. We are trying to build portfolios that remain resilient whatever happens next.

I know one golf lesson is not going to turn me into Rory McIlroy. There will be plenty of bad shots before there are good ones. But if I keep chasing the perfect swing every time I step onto the course, I probably will not improve very quickly.

Investing feels much the same. There will always be another headline, another market rotation and another reason to change direction. More often than not, the best results come from staying disciplined, trusting the process and remembering that success is measured over the whole round, not by any single shot.

Kind regards,

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If you would like to speak with us about this investment note, or to discuss our discretionary investment management services in general, please get in touch with Eric today.

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