LUMO FINANCIAL PLANNING

Our beliefs

Without exception, our relationship with you rests on these nine beliefs.

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Our beliefs

01

Mutual trust

You will hear the truth from us, as plainly as we understand it, all of the time. That is how trust gets earned.

02

Together, we work out what actually matters to you

Real financial planning comes down to helping you discover what is most important to you. From there, the work is lining your resources up behind the things you value most.

Watch: Rocks, pebbles and sand — prioritising your life

03

Spend your money on experiences, with the people you care about

Study after study shows that spending money on experiences makes us happier than spending it on things, and that the best return of all comes from experiences shared with the people you love. Unlike possessions, experiences gain value over time. They pay a memory dividend. The goal is not to die with as much money as possible. It is to live a life that felt full.

Read: Die With Zero, Bill Perkins

04

The plan comes before the portfolio

Our relationship only has meaning through your plan. Success is not the annual performance of your portfolio. It is whether you meet the goals you set. Your portfolio is never anything more than a function of your plan.

05

Most of our value is in how you behave

Shares offer the potential for better long-term returns, and that is exactly why they are volatile. Prices rise and fall, sometimes sharply. You can expect a significant fall every three to five years or so. Every one of those falls, so far, has been temporary — a downward blip on a long upward trend.

The risk in owning shares is not the volatility. It is your emotional response to it. The dominant factor in long-term, real-life outcomes is not *investment performance*. It is *investor behaviour*.

Read: Thinking, Fast and Slow, Daniel Kahneman

06

Predictions are worthless, so we do not make them

The economy, the markets and the future cannot be consistently predicted or timed. The only way to capture the full long-term return of the great companies of the world is to be willing to sit through their full and temporary volatility.

"We have long felt that the only value of stock forecasters is to make fortune-tellers look good."
— Warren Buffett

07

Most of the future is uncertain, and that is alright

Uncertainty is the only certainty. We do not move from calm periods into uncertain ones. We simply move from one uncertainty to the next. There is no way to know what happens next, and that is fine. That is life.

Read: Fooled by Randomness, Nassim Taleb

08

The news cycle sells you uncertainty

Ninety-nine per cent of the time, the events behind the headlines have no direct bearing on your life, and you cannot influence them in any meaningful way. Round-the-clock news is not your friend. It is a business. Do not take it personally — better still, do not take it at all. Turn it off.

09

You are living in a golden age

For all the short-term uncertainty in the world, there are countless reasons for long-term optimism. Prosperity is spreading across the globe. Poverty is being pushed back. Diseases we once dreaded are curable. Technology is changing millions of lives for the better. History teaches us to be long-term optimists. Look how far we have come.

Read: Factfulness, Hans Rosling

Clarity for every stage of life.

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