



Money Matters with Les Conway

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Risk comes from not knowing what you're doing

This month's article title is a quote from the well renowned investor extraordinaire, Warren Buffett.

It could be argued that he knows how to manage risk. His track record of sustained success gives him the knowledge, confidence and experience to invest billions into businesses of various types. This alone could be viewed as very risky. But he knows what he's doing and as a result, the risk is greatly reduced. So perhaps we could say, he knows how to manage 'his level of risk'.

In general, the financial risks we're most familiar with are:

- How much we can afford to borrow, from where and at what interest rate
- Where we're going to place the money that we've accumulated
- Whether we should save or invest
- Whether we appreciate the impact of inflation

Some people are so spooked, they won't even think about taking guidance to assist with planning ahead. Fear is a real factor. The fear of loss is natural and understandable. But the fear of change or more likely, the fear of the unknown and thus inaction can be just



as damaging.

On the flip side, some people take a 'gung-ho' approach where they plough ahead without conducting any form of 'real' due diligence or research.

There is a risk in everything we do. Even crossing the road carries risks if we don't undertake some degree of research and analysis. For those of us that are old enough, remember the Tufty Club and the Green Cross Code!

The key, as with most things in life, is to strike the right balance and also to ensure that we seek advice and support to establish a better level of understanding to then make informed decisions.

As a result, by enhancing our understanding and by taking guidance, the risks are greatly reduced and our chances of success are bolstered.

Investments can fall as well as rise and you might get back less than you invested.

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