

What does it really mean to be *a patient investor*?

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Having managed money together for decades we have lost count of the number of times we convinced ourselves of being sensible when, in truth, we were just uneasy. We have added risk after markets had already run because it felt uncomfortable to be left behind. We have cut risk after sharp declines because it felt irresponsible not to do something. In the moment, these decisions did not feel emotional but thoughtful and justified. And more often than not, they were wrapped in the language of patience.

This caused us to become sceptical of how casually the word "patience" is used in investing. It is one of the most overworked and least examined ideas in our business. We repeat it to clients during drawdowns. We invoke it to discourage market timing. We point to it when explaining long-term success. Yet we rarely stop to ask what patience actually requires of us when markets are volatile, valuations are uncomfortable, and narratives are persuasive.

For many investors, patience is implicitly defined as endurance. Hold on. Sit tight. Don't change anything. Time will take care of it. But that definition is incomplete. Markets change. Portfolios drift. Lives evolve. A concept of patience that forbids change altogether is not discipline - it is rigidity. A more useful way to think about patience is not as a personality trait, but as a design choice. It is not about how calm we feel. It is about what we have decided, in advance, we will and will not respond to.

History tells us that risky assets have been rewarded over long periods of time. What is less clear is how investors are meant to behave along the way. Time does not eliminate risk. It reshapes it. Long-term investors still experience deep drawdowns, long recoveries, and extended periods where patience feels less like virtue and more like stubbornness. Any definition of patience that ignores this reality is not very helpful.

Behavioural research helps explain why this is so difficult. Investors tend to underperform not because markets are unfair, but because emotions interfere with decision-making. Buying after strength and selling after weakness

feels prudent in the moment yet reliably produces poor outcomes. From this perspective, patience is not about insight. It is about discipline and restraint.

There is a more structural insight that often gets overlooked. Over long horizons, portfolio outcomes are driven far more by asset allocation than by security selection or tactical shifts. The balance between growth assets and defensive assets, risk and safety, does most of the work. If this is true, and the evidence suggests it is, then patience must apply first to asset allocation rather than to individual positions, styles, or forecasts.

Seen this way, patient investing is simply the ongoing commitment to a long-term asset allocation that reflects an investor's goals and life stage, maintained through market cycles with periodic rebalancing and a conscious disregard for short-term noise. This framing resolves many apparent contradictions. Patience does not mean never changing a portfolio. It means changing it for reasons that are structural rather than emotional. It does not mean inactivity. Rebalancing requires action by design. And it does not require confidence about where markets, valuations, or styles are headed next.

So when should a patient investor make changes? When life changes. Retirement approaches. Income stability shifts. Spending needs evolve. Adjusting a portfolio in response to these realities is not market timing. It is the reason portfolios exist in the first place. Rebalancing plays a central role here. It is sometimes described as tactical, but it is better understood as maintenance. It involves no forecast and no opinion about the future. It simply restores a portfolio to its intended proportions after markets have pulled it out of alignment. If patience has a mechanical expression, this is it.

By contrast, changes driven by recent performance, headlines, or discomfort with valuations deserve scepticism. Rotating between value and growth because one has disappointed, or reducing risk because markets feel dangerous, often reflects unease more than insight.

This perspective also clarifies common debates about style and valuation. Value and growth are not behaviours; they are exposures, each with long cycles of success and disappointment. Paying a high multiple is not inherently impatient, just as paying a low multiple is not inherently disciplined. Impatience shows up when investors abandon sound plans because conditions have become emotionally challenging.

All of this leads to a conclusion that is simple. Patient investing is setting a strategic asset allocation that is consistent with your investment goals and sticking with it until something factual and material forces you to revisit it. It might help to provide some examples of things that are factual and material and some things that are not.

- Factual and material – You decide to retire 5 years earlier than previously planned. You unexpectedly will need to care for a relative and assume the financial responsibility for them. You unexpectedly inherit a significant sum. Your portfolio significantly outperforms your expectations (e.g. It doubles in 3 years instead of 10 years). Your portfolio significantly underperforms your expectations (e.g. Drops by 40%).

- Not factual and/or material – You fear the AI bubble will burst. You have FOMO about gold being at \$5,000 and you would hate to miss out on the next leg up. You feel quite sure that significant interest rate cuts are coming shortly. You are concerned about valuations and would feel terrible if you did not do anything and the market fell.

Recall that the most important investment decision is asset allocation, and that decision should be driven primarily by the investment goals, not by where markets happen to be at any given moment. Once that choice is made thoughtfully, many other questions lose their urgency. Market timing becomes unnecessary. Style debates recede. Volatility becomes something to manage, not fear.

The task that remains is straightforward, if not easy: maintain the allocation, rebalance when it drifts, and change it only when factual and material circumstances truly warrant it. Of course, real portfolios are messier than this idealised description suggests. Taxes, legacy holdings, liquidity needs, and client behaviour all complicate implementation. But these frictions do not invalidate the framework; they make discipline more valuable, not less.

That is not passive investing. It is disciplined investing - and discipline is what compounds.

About the Authors

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