

## Percy's not a pig

by Alex Harvey, CFA

A little over a fortnight ago history was repeated when NASA's Jet Propulsion Laboratory (JPL) successfully landed a rover on the Martian surface. After a near seven-month journey across 300 million miles of space, at a gentle cruising speed of nearly 25,000mph, the rover touched down on 18th February. Perseverance – or Percy for short – was lowered on to the surface by a sky crane, like its cousin Curiosity in 2012, in a feat of incredible human engineering. Of the now five successful JPL rover landings (yes, five!), this was the most accurate ever and was enabled through the experience gleaned over previous rover missions. [If you want to see the landing in real time from the onboard cameras see the link in the footnote<sup>1</sup>. It is remarkable to watch and with probably better resolution than my phone].

Believe it or not, there are similarities in what we do here at Momentum to what the rocket scientists do in Pasadena. We talk at length with clients about our outcome-based investment philosophy and how we build portfolios that are designed to make the journey as palatable as possible, enabling clients to stay the course. We hope not to subject them to the heavy G-force associated with space travel and do our best to smooth the client experience. We recognise that investing, like space travel, is not without hazards and occasionally, despite best efforts to navigate a comfortable journey, a shower of space junk (let's call it Covid-19) can throw you temporarily off course. We build safeguards into portfolios to help mitigate any loss of control with gold, treasuries, cash and alternatives all going some way to help smooth the rough edges. However, sometimes they might fail to fire – individually or together – and a combination (of diversifiers) is likely to do a better job of stabilising the module ahead of the next part of the journey.

Beyond the comfort factor, time is an important consideration. You don't want to be getting off at the mid-way point to Mars in the same way you may not want to exit a four-year strategy following a sell off two years in. The perils of jumping ship at that point may be less hazardous to an investor's health than for Nasa's passengers, but both are likely to feel disappointment, and neither will catch up with their fellow passengers who stayed on board.

Eventually the destination will be within sight (of a telescope perhaps). I've used the analogy several times recently that we as investment managers want to bring our clients as close to the proverbial 'X marks the spot' as we can. If we do that, whilst minimising the downside risk, we will have done our jobs well. But it doesn't happen by accident and like the teams at the JPL there is a lot of modelling and fine tuning to help align our strategies to that landing zone as their journey progresses. Percy's parachute certainly helped in ensuring the accuracy of the landing and whilst there are no power lines on the Martian surface in which to get entangled (and please keep it that way, Mr Musk), the risk of overshooting the planet altogether or crashing into the surface in a fiery descent are very real possibilities.

Turning the space exploration and investment analogy on its head for a moment, the tail risk for the former is success; so many things can go wrong, and you don't have the luxury of time to put them right. With an outcomes-based investment approach, the tail risk is failing to hit the target landing zone; time is the one constant you do have on your side and so many things can go right if you just let it. The recent success of the value investing style is a good example of how important it is to persevere with a strategy in which others have long lost faith, and let's not forget the rover named 'Value' has had several successful landings before. Success is never guaranteed, but perseverance brings with it the opportunity to learn from prior experience, make marginal improvements to previously less successful attempts, and build faith in a process. Crucial to the success that comes with perseverance is time. Without it, Percy isn't worth his bacon.

1

[https://upload.wikimedia.org/wikipedia/commons/0/0d/Perseverance\\_Rover%27s\\_Descent\\_and\\_Touchdown\\_on\\_Mars\\_Onboard\\_Camera\\_Views\\_.webm](https://upload.wikimedia.org/wikipedia/commons/0/0d/Perseverance_Rover%27s_Descent_and_Touchdown_on_Mars_Onboard_Camera_Views_.webm)

# Global Matters Weekly

8 March 2021

For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited  
研富投資服務有限公司  
9th Floor, Centre Mark II  
305-313 Queen's Road Central  
Sheung Wan, Hong Kong

Tel +852 2827 1199  
Fax +852 2827 0270  
belvest@bis.hk  
[www.bis.hk](http://www.bis.hk)

## Important notes

This communication is issued by Belvest Investment Services Limited and/or Belvest related companies (collectively, and individually Belvest) solely to its clients, qualified prospective clients or institutional and professional investors. Unless stated otherwise, any opinions or views expressed in this communication do not represent those of Belvest. Opinions or views of any Belvest company expressed in this communication may differ from those of other departments or companies within Belvest, including any opinions or views expressed in any research issued by Belvest. Belvest may deal as Distributor or Agent, or have interests, in any financial product referred to in this email. Belvest has policies designed to negate conflicts of interest. Unless otherwise stated, this e-mail is solely for information purposes.

This message may contain confidential information. Any use, dissemination, distribution or reproduction of this information outside the original recipients of this message is strictly prohibited. If you receive this message by mistake, please notify the sender by reply email immediately.

Unless specifically stated, neither the information nor any opinion contained herein constitutes as an advertisement, an invitation, a solicitation, a recommendation or advise to buy or sell any products, services, securities, futures, options, other financial instruments or provide any investment advice or service by Belvest.

No representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any figures, forecasts, prospects or return (if any) contained in the message. Such figures, forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. The assumptions and parameters used by Belvest are not the only ones that might reasonably have been selected and therefore Belvest does not guarantee the sequence, accuracy, completeness or timeliness of the information provided herein. None of Belvest, its group members or any of their employees or directors shall be held liable, in any way, for any claims, mistakes, errors or otherwise arising out of or in connection with the content of this e-mail.

This e-mail and any accompanying attachments are not encrypted and cannot be guaranteed to be secure, complete or error-free as electronic communications may be intercepted, corrupted, lost, destroyed, delayed or incomplete, and/or may contain viruses. Belvest therefore does not accept any liability for any interception, corruption, loss, destruction, incompleteness, viruses, errors, omissions or delays in relation to this electronic communication. If verification is required please request a hard-copy version. Electronic communication carried within the Belvest system may be monitored.