

Travelling - Managing a Portfolio

Over the years I have used a number of methods for managing my portfolio when travelling, depending on the circumstances:

Sell everything before I go

This is most appropriate for active investors because their time frame is quite short relevant to travelling time. It is some time since I was an active investor, but I have done it. Now that I am a far less active investor trying to hold stocks for several years through bull markets, I have used other methods. Nevertheless, I did adopt this strategy in 1993. We seemed to be in a very strong bull market with many signs of rampant speculation. I had already reduced my exposure to the market when I came to leave for New Zealand on Boxing Day 1993. I would be away for five weeks and I was concerned that I would not have an ability to manage my portfolio there. So, I sold everything before I left. As it happened the market continued up until early February, soon after I got back. However, I have never regretted getting out early when there was so much risk of a big fall while I was out of action.

Manage everything on the internet

When I am able to take my laptop with me and will have near daily access to the internet, I manage my positions over the internet. I have done this a number of times successfully in a number of countries. Although I have generally taken my small laptop, which can be a hassle when travelling, the advent of small netbooks/tablets makes this option very workable for the future.

However, the key is to have a secure connection. I would never use my PC on a public Wi-Fi connection for banking or share transactions because of the security risk. I will check the market and even update data on public Wi-Fi, but it is better to pay up for direct broadband access at a hotel or use one at a friend's place to do transactions. I would never log in to my broker's site and do a transaction in an internet cafe.

When travelling in Australia, I use wireless broadband, which is secure and cheaper than hotels charge for broadband. This is also very appropriate when I am staying with friends/relatives rather than in hotels. If staying overseas in one country for a reasonable time, this method could also be practical, but I have not done it. I think it would also be secure to use tethering to a mobile phone in Australia, but this is expensive overseas.

When I stay in London I have access to my daughter's Mac, which has a secure connection. I am happy to use that to check the market and to do transactions on my broker's website if necessary. If readers are wary about this, the actual transactions can be done by telephone – relatively cheap with a calling card or travel SIM, but inconvenient in other time zones like London.

Have a trusted person execute my stops

I have done this three times with three different people. It was effective. However, it is not ideal unless there is someone I trust and they have the discipline to act on stops. Most people cannot act reliably on their own stops (if they know what they are and have them) let alone someone else's stops. It is a very big responsibility and requires a special person. I used this three of the times when I was trekking in Nepal for a month where there was no internet access of any kind for several weeks.

Stops can be set with brokers

I have never done this. They are not reliable because brokers require both a trigger price and a limit price. If the market falls through the trigger price and also the limit price without the broker's system being able to execute your sell stop then the method fails, even though the investor might have sold had they been on deck. So be careful that the mechanics are well understood and that the risk of stops not being executed is acceptable.

There is a second, more dangerous issue with automatic stops left with brokers. This is that if there is any corporate action like a stock going ex-dividend, or a rights issue, the orders in the system are purged and have to be re-entered. To the best of my knowledge, stop orders would also be purged, but if contemplating using automatic stops this should be checked out with one's broker.

Do nothing

I did exactly that in September-October 2014 when I set off for South America and then New Zealand, four weeks on the move in all. I did have my laptop with me because I was going to need it to do a talk in New Zealand, but I did not take it out of my bag for three weeks in South America. My reasoning here was that we were in the early part of a bull market and the risk of a sudden large market fall was negligible. The market did trend down while I was away, but by the time I got to New Zealand, where I checked the situation, only one stock had violated its stop, and not by much.

I think the do nothing approach will only work in young bull markets and because I am now a far less active investor. It was also a function of the composition of my portfolio, where I did not think any stock I held was likely to fall disastrously. Maybe that was luck in hindsight, but it is an option for basically passive investors.

In conclusion

There are many alternative approaches to managing a portfolio when travelling that have to be weighed up against all the circumstances at the time. There is no single perfect strategy for all situations.

To read more of my work

Previous Articles

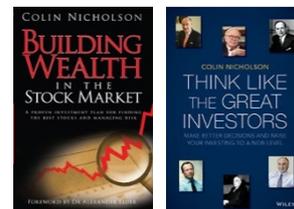
All my previous articles for the free website are now on the *Educational Articles* page on the Free Resources menu. They are now listed alphabetically by title with a brief description of their contents.

Books

I have written two books, both of which are available for purchase from the **Buy Books** menu:

BUILDING WEALTH IN THE STOCK MARKET – A proven investment plan for best stocks and managing risk

THINK LIKE THE GREAT INVESTORS – Make better decisions and raise your to a new level



finding the

investing

Members Website

Follow my thinking on my own investments, disclosure of my portfolio as I go, weekly market scans, weekly market charts and analysis plus many more articles about investing and analysis

I am one of the very few investors who publishes their investment results each year, which I have done since 2000 – see the Investment Returns page on the About Colin menu on the website