# income stability or aum growth? ??

## description

the swiss franc (chf) presents a unique dilemma. for independent wealth managers, it’s more than just a currency—it’s a strategic choice.

while working for an american employer two decades ago, i learned a crucial lesson: many fx research papers promising long-term forecasts often miss the mark. currency markets are unpredictable due to economic shifts, interest rate changes, and geopolitical events, especially when profit targets focus on quarterly results.

the strong chf provides stability and is naturally the cost base for a swiss wealth manager. however, the profitability gap becomes volatile when your earnings come in weaker currencies like the us dollar or euro. this complicates company risk management and demands a disciplined approach. hedging against currency fluctuations is possible, but it’s expensive and must be systematic, regardless of market trends.

but should we focus solely on the income stability that the chf provides?

while currency stability offers security, it’s crucial to consider the bigger picture. superior investment performance can offset currency losses and achieve aum growth. these two factors should be evaluated together—not just the potential decrease in income. a long-term view is essential. over the last five years, the s&p 500 has nearly doubled, and the dax has grown by almost 60%, while the smi has only gained 25%. this kind of growth can more than compensate for currency fluctuations and will visually please international clients who think only in their non-chf reference currencies.

so, what’s the proper focus? is it the stability of investing in chf or the potential for greater returns through international investments, even if it means accepting currency depreciation?

what’s your take on this crucial aspect of wealth management accounting? stability or aum growth ? let’s discuss it!

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