The Parking Lot Problem in Investing

You are committed to improving your health. You track your steps, set daily targets, and make a conscious effort to move more.

Then you arrive at the shops and instinctively circle for the closest parking spot to the entrance.

It's a small contradiction. Almost trivial.

But it reveals something deeper: the same person, pursuing the same goal, behaving differently simply because the context has changed.

This is known as **domain dependence**, the tendency for our decisions and behaviours to shift with context. What we believe, intend, and even know to be right in one domain often fails to carry through to another. We value exercise and willingly lift heavy weights in the gym, yet quickly hand over heavy bags to a porter when they feel inconvenient. The goal doesn't disappear, but the context quietly changes how we act.

Investing is no different
Investors seek long-term growth, yet when markets fall and opportunities improve, they retreat to safety, often at precisely the wrong time. When prices are high, risk feels comfortable. When prices are low, and future returns are more compelling, risk feels dangerous. The objective remains, but the behaviour changes. Like parking as close as possible while trying to increase step count, investors often undermine their own objectives, simply to minimise short-term discomfort.

Why this matters
The cost of this inconsistency is not obvious in the moment, but over time, it compounds.

Small behavioural shifts, repeated over cycles, often have a far greater impact on outcomes than the events themselves, because markets recover.

A disciplined approach
While behavioural challenges are a natural part of investing, they can be managed. A clear philosophy and a disciplined process help anchor decisions in logic rather than emotion.

At Seed, our investment philosophy is centred on three core principles:

1) Long-term investing
2) An opportunity seeking mindset
3) Risk management

Combined with a disciplined process, this provides a steady framework for navigating uncertainty while staying focused on the outcomes that matter for clients.

Navigating uncertainty
The current geopolitical environment has been one such test. Volatility, uncertainty, and strong narratives make it easy to react and difficult to think clearly.

Our approach has been simple: stay focused on long-term outcomes, take opportunities where they arise, and remain aware of risks without being driven by fear.

Three principles to stay grounded
In navigating this environment, three personal principles have been particularly useful:

1) Filter the noise, don't absorb it
Not all information is useful. In volatile periods, more news often leads to worse decisions. Reduce intake and actively question what you do consume, especially if it reinforces your existing views.

2) Anchor to the long term, not the current emotion
Markets move quickly. Compounding does not. Let strategy be driven by long-term outcomes, not short-term conditions.

3) Avoid irreversible mistakes
This is not the time to be clever. It is a time to avoid decisions that permanently impair capital or derail a sound plan.

Conclusion
In the end, outcomes are shaped less by events and more by behaviour.

In moments of uncertainty, the greatest risk is not the market, but the instinct to seek comfort at the wrong time. The same instinct that makes us park closest to the entrance while trying to walk more shows up in how we invest.

Those small, seemingly harmless decisions compound over time. Markets recover. The cost of small acts against our goals often has a lasting impact.

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If you have any questions, Tawanda and our team would love to hear from you on investmentteam@seedinvestments.co.za.