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Getting your clients back on track with their financial goals

It has been about 14 months since the South African Government declared a National State of Disaster in response to the COVID-19 pandemic. Soon after, they implemented one of the earliest and harshest lockdowns around the globe. These lockdown measures have had profound implications on the lives and livelihoods of many South African families. Amidst the panic of the pandemic and uncertainty around income, individuals' financial goals and dreams were forced to take a backseat.

A report by Momentum Investments indicates that nearly half of all South African households experienced financial challenges over the lockdown period, such as a reduction in household income or a struggle to pay debts. As a result, people had to take steps to adjust their budgets in an attempt to prevent or reduce cash flow problems. In addition to reducing loan repayments, many have put a hold on their investment contributions and issued instructions to stop their debit orders contributing towards discretionary investments and retirement planning, with plans to restart them at a later stage.

Although there remains a very real threat of a third wave, it is highly unlikely that we would revert to the stringent lockdown policies we had seen at the onset of the pandemic. It is widely agreed that another strict National lockdown is simply not feasible, and the South African economy has already started bouncing back from the worst of the COVID-19 pandemic and lockdown.

Financial setbacks are nothing new. Financial Advisors are used to situations where they need assist clients in adjusting course due to some unforeseen life event. While the pandemic certainly was an unusual and severe occurrence of such, and extreme action such as stopping debit orders was warranted, it is time to get back on the horse. Advisors need to encourage their clients to start debit orders again, especially the ones contributing towards retirement planning.

On the flip side, many wealthier South African households are sitting with a lot more cash under their mattresses as lockdown resulted in many expenses being reduced drastically, or even eliminated from the budget. This includes fuel and transport costs, entertainment and convenience spend, and clothing and luxury goods.

In this scenario, and especially with triple digit returns from crypto currencies dominating headlines, greed can motivate investors to take an ill-advised gamble and put their money into higher risk investments, lured by the possibility of high returns. Advisors need to guide such clients with a logical and well-defined investment process, to invest in a way that aligns with their individual needs and risk appetite.

Another group of investors that need to get back on track and recalibrate their investment portfolios, are those who, as a knee-jerk reaction to COVID-19-related market volatility, switched to lower-risk investments between April and December 2020. The problem here is that these people missed out on the recovery completely, and investment strategies have unnecessarily suffered significant setbacks. It is estimated that around R100 million was lost, and an average of 6.5% of investment value was destroyed, due to investors switching to lower risk strategies during lockdown.

Seed Weekly

The Time Is Now by Lisa



Being financially disciplined is more important than ever, and we can't allow fear and anxiety to lead to procrastination and inaction. Time is of the essence when it comes to budgeting and financial management, and the cost of doing nothing, sitting on your cash, or remaining in unsuitable investments can be great. There is no better time than now to reevaluate and think about how you are going to reach your future financial goals and get your investments in order.

The popular Chinese proverb is just as applicable to investing as it is to gardening - "The best time to plant a tree was 20 years ago. The second-best time is now."

Our Investment Team, equipped with a range of dedicated industry of experts and top-notch research, is available to offer you the guidance that you need to ensure that your client portfolios get back on track as soon as possible. Please contact our offices on +27 21 914 4966 or send an email to investmentteam@seedinvestments.co.za.

We would love to join you on your journey!

Kind regards,



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