



# The Connector

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If you could go back in time and change anything about your past, what would it be? What advice would you give your younger self? Unfortunately, we can't go back in time and change our decisions, but we can change the way we make decisions going forward.

It's often the small things you do (or don't do!) in your day to day life that shape your future. The things you do today are what matters in the long term and every decision you make plays a role in what your future looks like. When you overcome temptation and install discipline, you shape the future you want for yourself.

**Will you look back later and know that your actions helped your health, wealth and happiness?**

You may have long term goals and know what you want to be doing and what you want your life to look like in future. Try to imagine yourself in ten years' time and ask yourself those same questions about what you would want to change or give your younger self advice about.

Many of us have expectations, hopes and fears for the future but we struggle to imagine our future selves. Psychologists believe that the more your future self feels like an extension of who you are now, the more motivated you are likely to be to make positive decisions that will benefit you in the long term.

**If you don't act on your goals now, you may not have the time you need to achieve these goals.**



## GETTING STARTED ON YOUR LONG-TERM GOALS

Most of us start our day with a “to do” list of work and personal items that need attention. While we may have long term goals for our health, finances and growth, very often these don’t get the attention they need when we don’t have enough hours in the day to get to them.

It’s easy to focus on the small tasks that need to be completed and lose sight of our long-term goals. But what steps can you take to prioritize the bigger goals that help your future self?

### Break down your long-term goals into smaller tasks

We like to be able to tick off the tasks on our to do lists and feel like we are being productive. Work through what actions you need to tackle to achieve your long-term goals and add these to your weekly to do list. You will feel that you have made progress and motivate yourself.

### Don’t wait for inspiration before you tackle your goals

It’s tempting to wait until we feel “inspired” before we tackle our long-term goals. But when we get around to tackling the task, the relief we feel is worth it. If you set aside time to tackle the task you haven’t got around to doing yet, you are likely to have a greater sense of accomplishment.

### Use your time wisely

We all have different times of the day when we are our most productive. For many people, its first thing in the morning. Its recommended that you start your day with the harder tasks and leave the easier ones for later in the day.

### Use your calendar to help you prioritize your goals

Instead of filling your calendar with meetings and time to do small tasks, think about whether you can schedule time to work on your bigger, long-term goals. This way, you have set time aside to tackle your long-term goals.

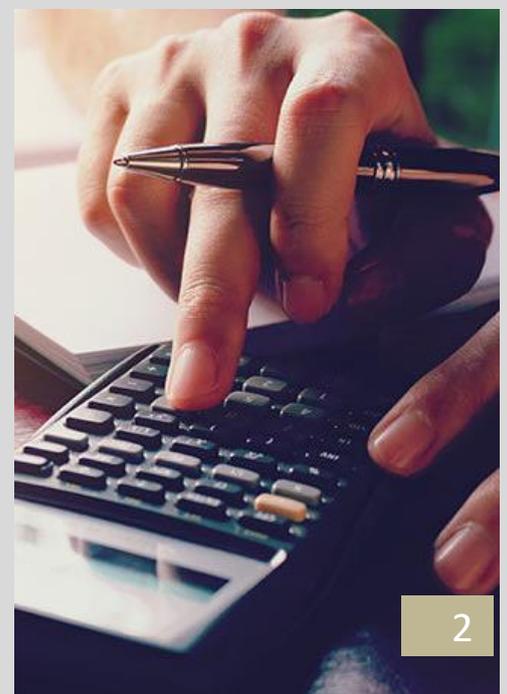
**When our short-term and long-term goals fit with each other, this tends to lead to greater happiness and fulfillment.**

## GETTING OUT OF DEBT

Statistics released in 2019 show that South Africa has 25 million active credit consumers. More than 10 million of these credit consumers are behind on their repayments having missed three or more monthly repayments.

Many people are borrowing to pay for necessities like food and transport. While being in debt negatively affects your credit rating and may stop you from obtaining a new loan or prevent you from even renting a new home, the impact that it has on your mental health is significant.

Money experts tend to share similar practical ways that can help you get out of debt if you can control your behaviour and exercise self-discipline.



## What's your financial status?

Knowing the actual status of your financial situation is key to start a debt-free journey and start improving your finances.

How much do you earn?

How much debt do you have?

Make a list of who you owe money to, how much you owe and what the interest rate is for each loan. What is the minimum payment for each loan?

Get into the habit of checking your bank account daily and loan accounts frequently.

If you are behind on your debt repayments, you will need to act quickly.

## AVOID GETTING DEEPER INTO DEBT

The NMG financial planners recommend that it's always better to pay cash if you can afford it. You need to avoid going further into debt at all costs. Look at your bank statement and consider the things that you have spent money on in the last few months. Which of these purchases were necessary and which do you even remember spending money on?

Many of us live from payday to payday but still spend money on entertainment and things we don't really need. Take up the challenge to attend free events, eat at home and cut unnecessary spending.

How can you cut back on your weekly expenses and items like subscription services? Do you need to look at your bigger expenses like your home and transport arrangements? Could you put that extra cash into your debt or savings?

The envelope system is effective as it reinforces your relationship with money. When you purchase on a card, it's hard to monitor your spending. When you withdraw cash and put the budgeted amount into an envelope, you can monitor your spending.

## INCREASE YOUR INCOME

Increasing your income may be necessary for many people. Is there a way you can increase your income? Are you able to sell things you don't use, or do you have a hobby that you can use to increase your income?

## PAY OFF YOUR DEBTS USING THE SNOWBALL EFFECT

If you have accumulated debt, you can settle it using the snowball effect. In this way, you start by paying off the smallest debt you have. Once you have settled that, you move on to settle the second smallest debt with the money you would have used to pay the smallest debt. This method can motivate you and help you reduce the debt you have.

They also recommend a "zero-based budget". The zero-based budget doesn't mean you have to have no money in your bank account. It means that every cent that comes in must be accounted for. It's important to have an emergency fund to cover emergencies, for example when your car breaks down or you have a medical emergency. You can also allocate money in your budget for recreation.

Don't be too hard on yourself. Discipline and commitment are important in budgeting. If you do slip up, learn from the past and then forget about it, budget the next month and move on.

## YOUR INVESTMENTS IN QUARTER 4 OF 2019

**2019 closed with higher financial market returns than 2018, despite subdued economic growth in many countries because of trade tensions and global market growth slowing. The South African economy was also adversely affected by these risks, intensified by its own weak factors.**

**Internationally**, investors were positive when announcements were made that trade talks between the US and China were set to resume during October. This failed when obstacles got in the way and talks were stopped. November brought talks regarding an impending 'phase one' trade deal to be signed at the beginning of 2020, and by December, additional tariffs had been suspended. A formal impeachment inquiry into Trump was announced at the end of September, and in December the House voted to impeach him. It will be seen how this affects the upcoming US elections during 2020.

Brexit has been an ongoing source of increased financial market risk. Boris Johnson made it his mission for Britain to leave the European Union on 31 October 2019, regardless of whether a deal had been reached. This did not happen, and an early general election took place on 12 December. He and the Conservative party won an outright majority. A new deadline was set for Britain to leave with a withdrawal agreement on 31 January 2020. This reduced risk had a positive effect on most financial markets to the end of December.

In Quarter 4 of 2019, it was announced that **South African** growth for Quarter 3 of 2019 was -0.6%, following large contractions in the mining and manufacturing sectors. Business conditions are not healthy as can be seen in the continued low levels of confidence and investor sentiment. The Medium Term Budget Statement showed challenging financial information. The return of load-shedding in Quarter 4 of 2019 did not help confidence.

Moody's is the last credit rating agency to have South Africa at investment grade. Although a downgrade was avoided in November, Moody's revised the outlook from stable to negative, which shows that the chance of a downgrade during 2020 has increased. The lack of growth played a significant role in Moody's rating announcement. S&P, which already has the country on junk status, also revised their outlook to negative during the quarter, citing increased debt burden and weak economic growth concerns.

Inflation dropped to 3.6% at the end of November, the lowest since December 2010. After the cut in August, the Reserve Bank kept interest rates at 6.5% at the November meeting, despite lingering concerns of growth.

### INVESTMENT MARKETS IN Q4 2019

2019 showed positive figures across global and local markets.

The JSE All Share returned 12.1% for the year, with Quarter 4 return of 4.6%, and was largely pulled up by resources. Emerging markets also enjoyed positive growth, returning 18.9% for the year of 2019.

Developed financial markets generally had a stellar year, largely driven by the strong US market which hit all-time highs time after time, ending the year with a return of 28.4%, and the US closing the year with a whopping 31.5%. Gold also finished out the year strongly with a 18.1% yearly return for 2019.

## KEY INDICES TO 31 DECEMBER 2019

| KEY INDICES  | 1 month<br>to 31 Dec<br>2019 | 3 months<br>to 31 Dec<br>2019 | 6 months<br>to 31 Dec<br>2019 | 1 years to<br>31 Dec<br>2019 | 3 years to<br>31 Dec<br>2019 | 5 years to<br>31 Dec<br>2019 | 10 years<br>to 31 Dec<br>2019 |
|--|------------------------------|-------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Local shares</b><br>FTSE/JSE All Share TR ZAR                   | 3.30%                        | 4.63%                         | (0.14%)                       | 12.05%                       | 7.42%                        | 5.99%                        | 10.78%                        |
| <b>Local resource shares</b><br>FTSE/JSE Resources 10 TR ZAR       | 6.85%                        | 13.46%                        | (5.14%)                       | 25.32%                       | 19.89%                       | 7.17%                        | 2.92%                         |
| <b>Local industrial shares</b><br>FTSE/JSE Industrials I 25 TR ZAR | 2.45%                        | (0.05%)                       | (2.33%)                       | 11.00%                       | 4.57%                        | 4.29%                        | 14.98%                        |
| <b>Local financial shares</b><br>FTSE/JSE Financial 15 TR ZAR      | 0.77%                        | 2.57%                         | (5.30%)                       | 0.90%                        | 6.37%                        | 4.72%                        | 12.52%                        |
| <b>Local property</b><br>FTSE/JSE SA Listed Property TR ZAR        | (2.07%)                      | 0.58%                         | (3.88%)                       | 1.92%                        | (3.72%)                      | 1.21%                        | 10.83%                        |
| <b>Local bonds</b><br>Beassa ALBI TR ZAR                           | 1.86%                        | 1.73%                         | 2.48%                         | 10.32%                       | 9.41%                        | 7.75%                        | 8.85%                         |
| <b>Local cash</b><br>STeFI Composite ZAR                           | 0.58%                        | 1.74%                         | 3.56%                         | 7.29%                        | 7.36%                        | 7.19%                        | 6.52%                         |
| <b>Global shares</b><br>MSCI ACWI GR USD                           | (1.17%)                      | 0.59%                         | 8.27%                         | 23.75%                       | 13.89%                       | 13.21%                       | 16.61%                        |

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Source: [www.moneyweb.co.za](http://www.moneyweb.co.za)



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