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Black Friday: Take the smart-money approach

Between Black Friday, Cyber Monday and the festive season shopping rush, you'll have plenty of opportunities to get great deals on all the things you want to buy. But how great are those deals really, and do you really need everything that's on sale? When it comes to building wealth, it pays to know a good deal when you see one and to be aware of the dark side of Black Friday.

Don't be distracted by all the flash sales and apparently unbeatable deals. Remember your longer-term money goals, and beware the pitfalls of spending money you don't have on things you don't need.

Buying on credit may be necessary in some cases (e.g. for big-ticket items like a house, a car and household necessities), but wealth creation is about long-term thinking... and in the long run credit is invariably more expensive than paying cash.

Draw up a budget before the sales season starts, and use it to guide your spending. If you're buying festive season gifts, set a budget for each person so that you avoid overspending.

Remember, too, that you need to take care of yourself first. If you're still paying off loans or credit card debt, then it may be in your best interests to switch off and avoid Black Friday entirely!

Also: beware of falling into the FOMO trap, where you make unnecessary purchases out of fear of missing out on a great deal. Many Black Friday or Cyber Monday sales are opportunities for retailers to move large volumes of stock off their inventory, especially when they have new model ranges in the pipeline. Do your homework, and figure out whether or not that "great deal" really is such a bargain. Don't stress too much about missing out on Black Friday, either: Cyber Monday, pre-Christmas, post-Christmas and the Back to School sales are all just around the corner.

In a nutshell, while Black Friday can be a great opportunity for you to get a good price on something that you actually need, remember to plan ahead. Draw up a budget to determine how much you can afford to spend, and don't exceed it. Avoid buying on credit, and don't be tempted into buying something just because it seems like a "once-in-a-lifetime" deal.

Given that the theme of this article is a "smart-money approach" to navigating a discount world, it's worth mentioning that, in Prudential's view, many South African asset classes like equities and government bonds are currently priced at a discount for longer-term investors. While SA equities are offering a roughly 20% discount, SA 10-year bonds and longer are yielding 9% and more – very attractive compared to their history and worth their risk in the longer-term. So to take advantage of the current favourable conditions and invest in assets that are likely to grow in value over time, speak with your financial adviser and consider Prudential unit trusts.

Try out our **Past Performance Tool** to see what your investment would have been worth had you invested earlier, or our **Fund Selector Tool** to see which Prudential fund is right for you.

For more information, speak to your financial adviser, contact our Client Services Team on **0860 105 775** or email us at query@prudential.co.za.