



Prudential Investment Managers
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Has COVID-19 wiped out my investments?

The South African economy is in recession, its credit rating is universally classified as ‘junk’, global markets are in a meltdown, and a deadly virus is spreading across the planet. As you look at the charts and the **frightening news headlines**, you’re naturally worried about your health, your future and your finances. It’s a question many investors are asking: Has the novel coronavirus outbreak – and its accompanying economic chaos – obliterated my investments?

The answer is a bit more complicated than just a simple yes or no. On the one hand, your investment portfolio has almost certainly decreased in value and absorbed unrealised losses – ‘unrealised’ is the important word here. While it might seem as though you’ve lost money, you have to remember that when it comes to your investments – **you don’t lose money until you sell.**

Letting your emotions rule your investment decision-making can also be disastrous. Reflex selling – when you disinvest through panic or at the first sign of bad news – will lock in your losses and all but guarantee that you’ll lose money.

In better times, some investors will try to **time the market** to buy and sell – or invest and disinvest – at the right time to get the most money out of their purchases and sales. This is extremely difficult, and can be disastrous if you don't know what you're doing.

While the short-term outlook remains challenging due to the uncertainty over the spread and impact of the virus and the partial shutdown of economies around the world like South Africa's, you shouldn't lose track of your long-term plan. Markets recover, and short- or even medium-term losses are eventually erased. If you're still relatively young and you're investing towards your retirement, keep focused on that long-term goal.

Past performance is never a guarantee of future investment performance, but you'll know enough from recent history to know that bear markets tend to be followed by bull markets. When the 2008 Global Financial Crisis hit in 2008, some investors lost fortunes overnight... on paper. Those who stayed invested and stuck to their long-term strategy ultimately rode out the storm. Many of those who invested when the market was down (mainly the professionals) ended up seeing investment gains over time! Patience pays off.

As always, it's best to **trust the professional asset managers** like Prudential. They're trained to understand markets and the way assets behave, and to adjust or align their clients' portfolios to suit the current market conditions. They'll manage your portfolio and risk on your behalf, keeping a calm head while you're losing yours. And that's exactly what we're doing.

The COVID-19 pandemic is a crisis unlike any we've seen in our lifetimes, and it's only natural to be worried or uncertain. But it's never wise to make investment decisions based on emotions. Yes, you're likely to **see a dip** in the paper value of your investments. But you won't lose any money until you sell.

Smart investing is all about staying calm, staying patient, trusting the experts, and keeping focused on your long-term time horizon. Sometimes that patience is tested to breaking point... and that's when you need an accredited **financial adviser** to help you see reason, and to remind you why you need to stay the course.

For more information on how to invest, speak to your financial adviser or call our Client Services Team on 0860 105 77, or email us at query@prudential.co.za.