PRUDENTIAL **INSIGHTS**

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INVESTMENT MANAGERS

Prudential Investment Managers
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How to manage your money during a pandemic

You've heard the bad news and you've read the scary headlines. The **COVID-19 pandemic** is taking its toll on human lives, economic growth and **financial markets**. With businesses closed and jobs being lost, the big question is: what should I do (or not do) with my money and investments? To help you out, we've listed five pointers below.

1. Revisit your budget
Many South Africans currently find themselves in unfamiliar territory, where their primary focus is firmly fixed on making sure that their day-to-day expenses are covered and that they stay out of the bottomless pit of debt. If this sounds familiar to you, you make want to take another look at your monthly budget and make sure you're still living within your means. You'll be surprised by how much money you could save by just making a few adjustments. In fact, you may even have money left over to invest. And if you don't already have a budget set up, now's as good a time as any to get started.

2. Set up an emergency fund
If those news headlines have taught us anything, it's that the future is never certain. Nobody knows what the 'fates' have in store for us – which is why a 'Rainy Day' fund is so important. Conventional wisdom has it that you should have enough money saved to cover your basic expenses for at least three months. That's a lot to ask if you don't have any savings at all… but setting aside even a small amount on a regular basis adds up over time.

3. Save… and invest
Given the dire state of the markets, you may be tempted to cash in your investments and stash them in the bank. But there's a reason why – in good times and in bad – the smart money isn't on just keeping your money in cash. While cash may seem like a safe bet in the short term, history tells us that almost all other asset classes will outperform it over the medium to long term. Even in a bear market (actually,

especially in a bear market!), there are good investment opportunities for those who are willing to set emotion aside. Have a look at our **Past Performance Tool** to find out more, or better still, try our **Fund Selector tool** see which Prudential fund best suits your investment goals.

4. Don’t disinvest
If you're not forced to sell your investments to cover your day-to-day expenses, then it's a good idea to simply stay put. At a time when many inexperienced investors are tempted to cash in their investments, it’s worth highlighting that selling at the bottom of the market will only lock in your losses. Historically, it’s typically a better long-term approach to stay put, and stay invested.
If you speak to your financial adviser, they might put the problem to you this way: “If the value of your house were to suddenly drop (say, because the property market was in a slump), would you immediately put your house up for sale?” Your answer would probably be “no”… and that’s exactly the point. By abandoning your investments now, you’ll not only lock in your losses, you’ll also limit your chances of recouping their value (and your money) when the market bounces back.

5. Beware of scams
Weak economies tend to bring out the worst in people, and the COVID-19 pandemic has already produced its share of chancers, opportunists and fake news peddlers. Fraudsters often use the names of trusted and well-known institutions to try and trick people into believing that they’re legit. But if you’re offered a deal or investment that sounds too good to be true, be sensible and run it past your **trusted financial adviser** first. Or better still, visit the institution’s website and contact them directly. In times like these it’s important to not only make good financial decisions, but also to have your wits about you.

To find out more about investing, contact your financial adviser or call our Client Services Team on **0860 105 775** or email us at query@prudential.co.za.