



Prudential Investment Managers

NOVEMBER 2020

Four tips on how to navigate Black Friday

It's fair to say that everyone loves a good deal. There's something special about picking up a bargain, regardless of whether you really need the item that you're buying... or if you even have the money to buy it. Yet in spite of the fairly obvious pitfalls of this approach, most of us have fallen into the trap at some point in time of buying something just because it's on sale. With Black Friday just around the corner, the temptation to buy things that you don't really need, and perhaps can't really afford, is greater than ever before. So to help you navigate the "sale season" this year, we've listed four pointers to consider before spending your money on that "never-to-be-repeated" Black Friday deal.

1. Know how much money you have to spend

The first step to conquering any sale-season is to know exactly how much money you have to spend. The best way of doing this, and you guessed it, is to draw up a budget. A budget is also a great way to identify bad

spending habits and to nip them in the bud before they land you in financial trouble. The trick here is to be responsible about how you allocate your finances and not to give in to emotion, regardless of how good the sales are. This means that if you're still paying off a mountain of debt, it may be in your best interests to focus on reducing your liabilities first and avoid Black Friday all together! Which leads us to our next point.

2. Don't create unnecessary debt

Buying on credit may be necessary in some instances, for example, big-ticket items like a house or car. But if wealth creation is important to you (and it should be), it's a good idea to try and be as strategic as possible with your money and to use it wisely. Buying on credit is typically not a good move as it invariably costs more in the long run than paying cash. So if you don't have the money right now, your best bet is to simply avoid creating unnecessary debt, delay your purchase, and start saving. At Prudential, we have a range of interest-bearing funds that make great short-term investments, such as the [Prudential Income](#) and [Money Market Funds](#). Try our [Past Performance Calculator](#) to see just how much your investment would be worth today if you started investing in one of our funds sooner.

3. Do your homework

The reality is that most retailers use Black Friday as an opportunity to move large volumes of stock off their inventory, especially when they have a new range of models in the pipeline. Do your homework, and figure out whether or not that "great deal" really is such a bargain. It could be the case that the incoming model (although more expensive) might be better suited to your needs. This is especially true when it comes to tech items, such as phones, tablets and laptops, where the rate of advancement is so rapid that you could end up buying old or redundant technology. Sometimes, there's more than just one reason why things get marked down. But you'll only know this by doing your homework.

4. Don't forget about investing

While Black Friday is usually quite retail focused, there are other items being sold at a discount. In fact, most local asset classes are currently trading significantly below their long-term fair value – or put differently – are priced at a substantial discount. All of which suggests that the smart

money approach is to take advantage of the current favourable conditions and invest in assets that are likely to grow in value over time. Choosing where to invest your money can be challenging, fortunately our [Fund Selector Tool](#) can help you find which Prudential fund is right for you. Best of all, you can start investing with Prudential from as little as R500 per month. Setting up a new investment is quick and easy, and can be done [online](#) in under 10 minutes.

So 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 good deal". But most important of all, consider investing towards something that you really want or need, take advantage of the current valuations, and let your money work for you.

For more information, please feel free to contact our Client Services Team on **0860 105 775** or email us at query@prudential.co.za.