INVESTMENT REPORT

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HOW TO HANDLE MARKET CORRECTIONS

By Suzean Haumann, Certified Financial Planner®, Brenthurst Bellville

I work alongside a force in the wealth management industry, someone I esteem and turn to for advice and guidance, namely Magnus Heystek. He recently tweeted that he has experienced several market crashes (the last seven to be exact) and, in his opinion, the current market correction is the worst with regards to its global impact. Unlike veterans of this industry, I have only experienced three of these corrections during my career in financial services; the aftermath of 2008, Covid-2020 and (as I refer to it) HURRICANE 2022.

SUMMARY OF THE PAST MARKET CORRECTIONS SINCE 1929.

THE 2022 CORRECTION, BY FAR, ISN'T THE WORST.

"THEN WHY DOES THIS ONE FEEL SO INTENSE?

START	MONTHS LASTED	S&P 500 CHANGE
September 1929	32.8	-86.20%
March 1937	61.8	-60.00%
May 1946	36.5	-29.60%
August 1956	14.7	21.50%
December 1961	6.5	-28.00%
February 1966	7.9	-22.20%
November 1968	17.8	-36.10%
January 1973	20.7	-48.20%
November 1980	20.4	-27.10%
August 1987	3.3	-33.50%
July 1990	2.9	-19.90%
March 2000	30.5	-49.10%
October 2007	17	-56.80%
March 2020	1.1	-33.90%
2022	...	-23.80%

In my opinion, the current market conditions are hitting investors harder because of everything else that is happening globally. **The world was still recovering from a 2-year global pandemic when suddenly we were facing a war in Eastern Europe, rampant high inflation and sky-high interest rates.** Mentally, it is all just too much, too soon. We are experiencing higher fuel, food and electricity prices, not to mention the constant load shedding that is negatively impacting South African businesses and its people. It is a depressing scenario.

SO, WHAT DO I DO AND WHAT IS MY ADVICE TO MY CLIENTS?

As mentioned, I joined the industry in the aftermath of the 2008 crash. Thereafter was the 2020 crash, which was short-lived, and the subsequent market growth was so phenomenal that most investors almost forgot the February-March 2020 blip. Through all these episodes we (I) have been urging our clients not to make any emotional and rash decisions. It is better to stay on course and keep your investment objectives in mind. Certain changes within a portfolio are sometimes necessary, but selling everything and moving into cash is never the answer.

Following big market corrections in the past, the world has seen astounding growth between these double-digit corrections. To name a few: 1991 to 1997 the S&P delivered a 302% growth, in 2003 to 2007 the S&P delivered a 112% growth and the graph below shows the recovery between March 2020 to December 2021.

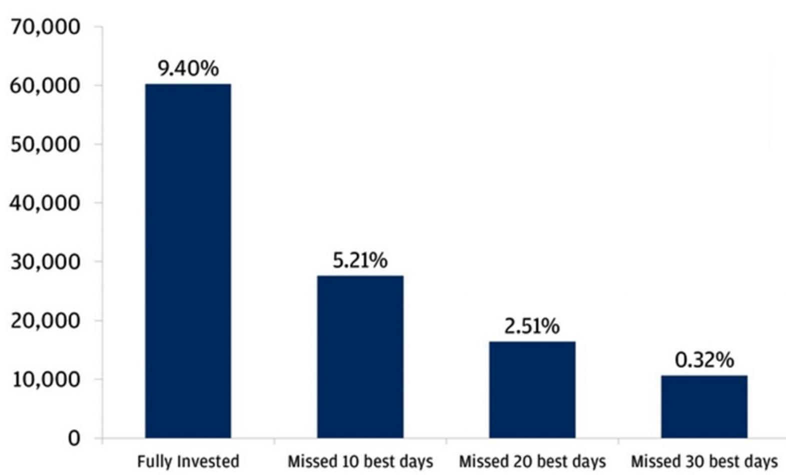
Had an investor sold out at the bottom in March 2020, they would have missed some of the biggest market recoveries that followed.

Unfortunately, we don't have crystal balls and we can't predict when the markets will bottom out or when the recovery will start.

Therefore, our advice remains to stay invested because the likelihood that you'll "call" the market correctly is very slim.

IT'S ALWAYS DARKEST BEFORE DAWN

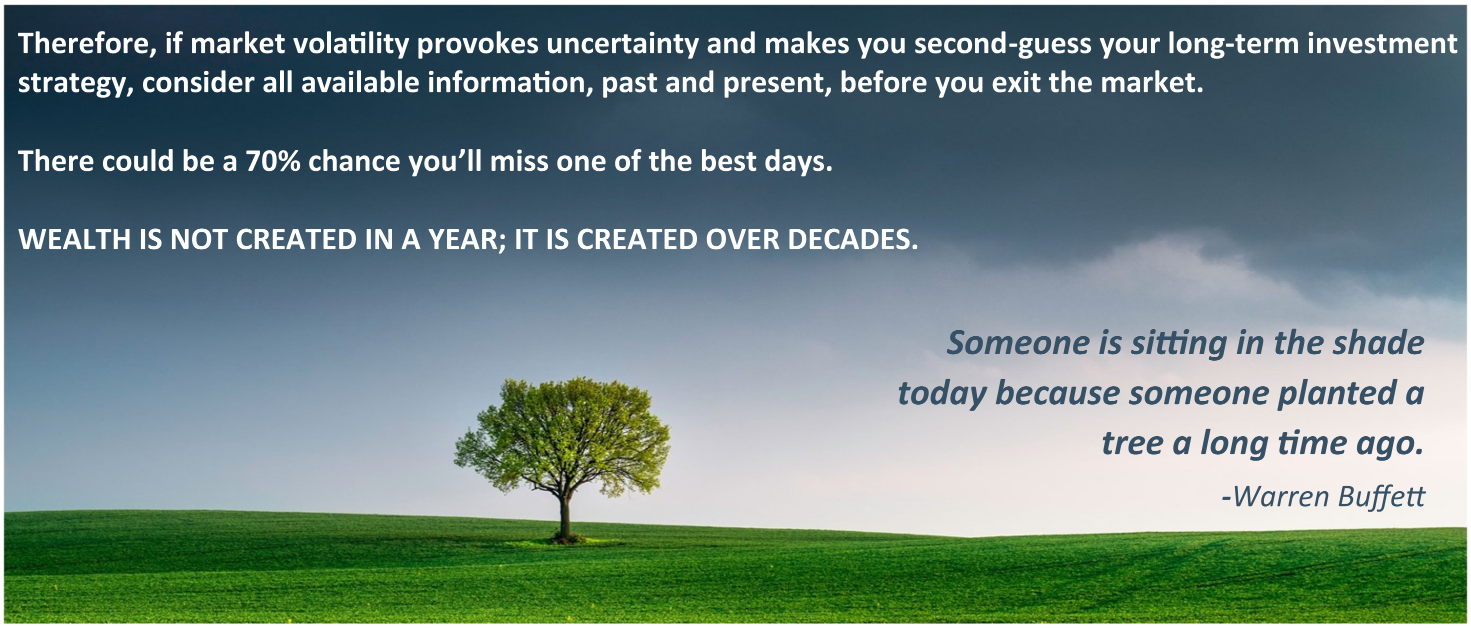
Annualised performance of a $10,000 investment between January 2002 and January 2022 ($)



Therefore, if market volatility provokes uncertainty and makes you second-guess your long-term investment strategy, consider all available information, past and present, before you exit the market.

There could be a 70% chance you'll miss one of the best days.

WEALTH IS NOT CREATED IN A YEAR; IT IS CREATED OVER DECADES.



ADVISOR PROFILE

SUZEAN HAUMANN | Certified Financial Planner® and Head of Brenthurst Tygervalley

SUZEAN is head of the Tygervalley office as well as one of the company's key individuals. She is a CERTIFIED FINANCIAL PLANNER® and a registered member of the Financial Planning Institute of South Africa.

She has experience in various aspects of financial planning, focusing on investment and retirement planning. Suzean is also a qualified Foreign Exchange Consultant for the company with a wealth of knowledge in offshore investments. **Suzean joined Brenthurst Wealth in 2010 and is fully qualified to give advice on all investment matters.**

Email: suzean@brenthurstwealth.co.za | **Phone:** +27 (0) 21 914 9646

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