



THE POWER
OF INDEPENDENT ADVICE

IN THIS ISSUE

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THE UPSIDE OF AN UNEXPECTED GLOBAL PANDEMIC

By Mags Heystek, CFP® and head of the Brenthurst Wealth Sandton office

It is now one year since the first Covid-19 patient was identified in South Africa. Since that date, the [pandemic](#) has spread to all corners of the country and the government, like many others around the world, stepped in with measures in attempt to curb the spread of the virus.

The impact this had on the local and global markets was swift and, in some cases, severe. The pandemic not only delivered financial and social hardship, family challenges as well as fears, but also served as a wake-up call to consumers and investors to review their financial affairs.

Winston Churchill famously said “never let a good crisis go to waste” in 1940.

Investors and households adapted to the crisis brought upon by the global COVID-19 pandemic and developed a renewed sense of urgency about their personal financial affairs.

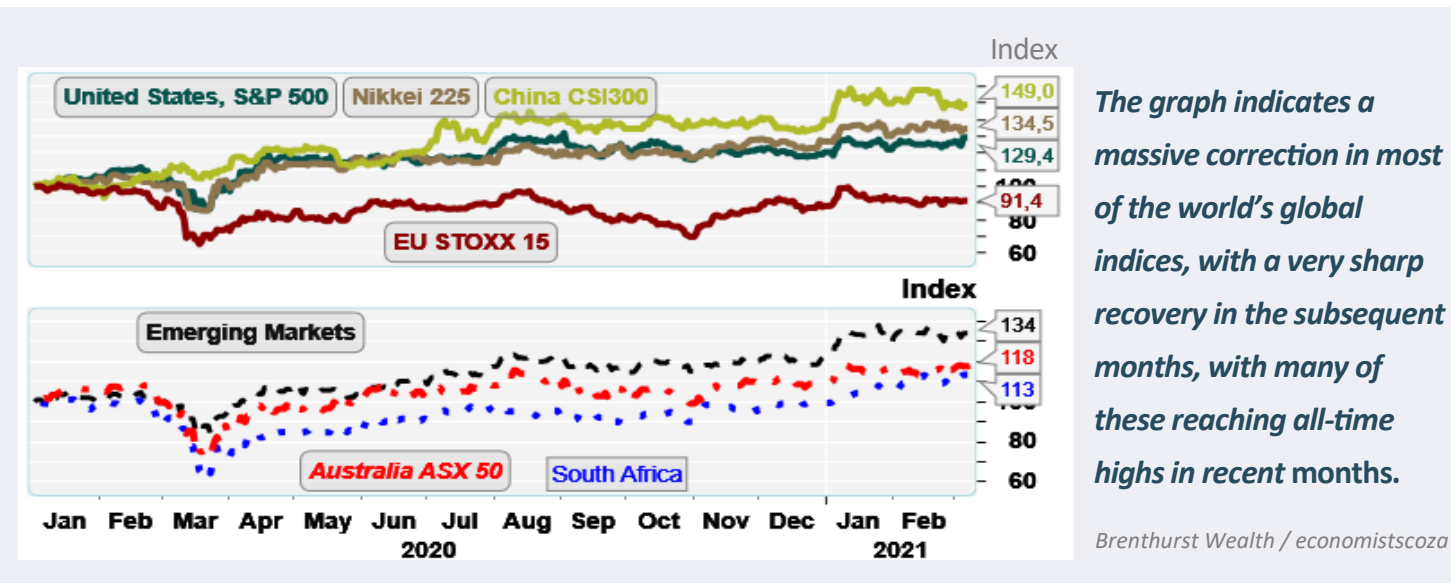
According to the [2020 Momentum UNISA Household Financial Insights](#) report, the financial behaviour of many households changed – in some cases forcefully due to lower incomes or job losses and in others due to fear.

The impact of the pandemic not only changed household expenditure, it also made investors realise that they need to review their existing financial plans and actually interrogate their portfolios and range of investment products, the returns achieved, and the costs associated with the investments.

The local currency reached [R19 to the US dollar](#) in April 2020. Markets everywhere, the JSE included, pulled back from high levels (**see graph**), creating investor uncertainty and increased demand for professional advice. The rand and markets have since recovered, at times touching on all-time highs, but still investor uncertainty remains.

WHAT HAPPENED IN 2020?

EQUITY PRICE RETURNS JAN 2020 = 100



During such a difficult year for many other businesses, Brenthurst Wealth was very fortunate to experience an upsurge in business activity throughout 2020. This growth in business and interest from current and potential clients resulted in the addition of two further offices, taking its national network to eight locations, and the appointment of six additional advisers in a six-month period.

THE COMPANY IDENTIFIED THE FOLLOWING TRENDS AS THE DRIVERS FOR THE GROWTH IN ITS TOTAL CLIENT BASE AND ASSETS UNDER MANAGEMENT:

- ✓ The impact on portfolios during the market declines as lockdowns drove markets lower.
- ✓ The worsening local economic situation. The South African economy was already under stress before COVID-19 arrived but the impact of the pandemic, which had a serious negative impact on business activity resulting in, amongst other issues, dramatic increases in unemployment. In view of this impact and the prevalent risks of investing in the local market made investors realise that they need to adapt portfolios to include more offshore exposure.
- ✓ The review of existing investment products, e.g., retirement annuities and pension fund investments.
- ✓ Comprehensive analysis of their overall financial plans and investment strategy, including components like wills, saving strategies for children, tax efficient investment options, risk cover and estate planning.

THE MAJOR CHANGES IMPLEMENTED ON BEHALF OF CLIENTS:

1. Adding offshore exposure in portfolios in rand and international currencies.
2. Switching retirement annuities to living annuities.
3. Updating wills.
4. Opening offshore bank accounts through the Brent Wealth office in Mauritius.

COVID-19 has inflicted incalculable social, economic and structural damage that wars from earlier years did not and it is expected that it will take years before economies fully recover from the impact. To join the investors who have adapted their finances and investment strategies to suit the current very challenging investment environment, consult a professional advisor. Also read more about [investment planning](#) and [offshore investing](#).

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ADVISORS PROFILE: MAGS L HEYSTEK, CFP® & HEAD OF THE BRENTHURST SANDTON OFFICE



MAGS is the head of the Sandton office, and also serves as the Key Individual for Johannesburg.

Mags has been in the financial services industry for over seven years and qualified as a CERTIFIED FINANCIAL PLANNER® Professional in November 2012. Mags also acts as a representative and key individual for Brenthurst Capital (Pty) Ltd and a member of the investment committee dealing with investment and asset allocation decisions.

Mags is a CERTIFIED FINANCIAL PLANNER® professional, a member of the Financial Planning Institute of South Africa and is fully qualified to give advice on all investment matters.

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