

Simplicity is key when investing

By Khanyi Nzukuma, Chief Executive

Simplicity is often underrated, and never more so than when it comes to investing. The world around us is complex, but that doesn't mean that our investments also need to be complex.

A changing landscape

Speaking at a Glacier event earlier this month, Lesley-Ann Morgan from Schroder's UK highlighted some of the disruptive forces expected to shape our environment over the next ten years. Declining productivity growth will result in lower GDP growth globally. Real interest rates are also expected to remain low, globally. Of the disruptive forces expected to shape our environment over the next ten years, regulation, technology and environmental issues will have the largest impact. We'll see the labour force change as a result of increasing technology – both in terms of available jobs and the skills required to fill those roles. Increasing political disruption will mean more pressure on individuals to take responsibility for funding their retirement.

But in the midst of all the change, it's important to remember that disruption also creates potential opportunities. And this is where the basic principles can serve investors well.

The basics of investing

We all know the basic rules of investing – we've heard them a hundred times before:

- Don't invest in anything you don't understand.
- Identify your goal. Are you saving for retirement, or for a specific goal in the shorter term?
- Your time horizon will inform how much risk you can take.
- Start as early as you can. Set up a debit order to automate your savings – known as “paying yourself first”. Increase your debit orders each year to keep pace with inflation.
- Meet with a financial adviser at least once a year to make sure you're on track to meet your goals.
- And most importantly, don't react to short-term market events. Unless your personal circumstances have changed, there's no need to change your investment strategy.

Repeat the above steps over the course of your working life and financial freedom will become attainable. Keep things simple. Fear and greed really are your enemies when it comes to investing.

Less really is more

The FIRE (Financial Independence, Retire Early) movement has gained traction in recent years. Initially favoured by millennials, there are lessons that anyone can take from the movement.

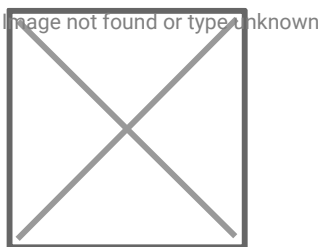
Essentially, it revolves around increasing your savings until the income from your assets can cover your living expenses for the rest of your life. For most people with a regular income, it's easier to control spending that it is to earn more. This is why simplicity is at the heart of the FIRE movement. It means being crystal clear about what you really want out of life. When you're clear about this, you won't be distracted by every promotion/ discounted offer/ buy-one-get-one-free deal on offer. Ultimately it's about looking for meaning in life, rather than acquiring "things".

Control your destiny

Not everyone who chases financial independence does so with the aim to retire. For many people, that may mean continuing working at what they're already doing, or giving them the option to change careers.

Financial freedom brings peace of mind, not having to worry about money, and having the freedom to decide how to spend your time. It means having more time for your family, and being able to help others and give back to society if that's what's important to you. It means being able to focus on the things that give meaning to your life. And ultimately, that's what we all want.

For more information, speak to your adviser or visit www.glacier.co.za



Khanyi Nzukuma

Khanyi Nzukuma obtained a BA in Psychology from Rhodes University in 1991. He then obtained a Masters in Business Administration from Potchefstroom University in 1998 and a Doctor of Psychology degree from the University of Johannesburg in 2011. Khanyi joined Sanlam in 1994, where he spent 11 years, starting as a Financial Adviser, and thereafter occupied a number of junior and senior management roles. He joined MMI Holdings in 2008, where he spent eight years, starting as a CEO of Metropolitan. In 2017 he was appointed CEO of Momentum. In January 2018 he left MMI and re-joined Sanlam as CEO of Glacier by Sanlam.

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