



What makes investing so difficult?



July was National Savings Month. The objective of this past month was to raise awareness on the importance of saving and the impact it may have on your long-term investment objectives and retirement days. However, we are currently faced with a very challenging investment environment:

- Eskom is expected to get a bailout of R59 billion.
- Moody's suggest the bailout for Eskom is credit negative.
- The US Federal reserve cuts interest rates by 25 basis points. The first time since the financial crisis in 2008.
- Brexit - Deal or No Deal?
- Theresa May steps down as Prime Minister and is succeeded by Boris Johnson.
- The US - CHINA trade war still seems to be a talking point.
- Trump imposed tariffs on certain goods.

- China responds by devaluing the Yuan and stops US farm imports.
- Pravin Gordhan is at war with the Public Protector.
- State capture is still a major talking point.

With all the uncertainty not only in South Africa but globally, **why would one still want to invest?**

Let's look at some of the numbers, below are Year to date returns as at 31 July 2019 *(The figures below were calculated by Global & Local Technical Department based on values obtained from multiple internet sources and can therefore vary from actual returns).*

• JSE Overall (JHB)	-	7.68%
• JSE Top 40 (JHB)	-	8.71%
• Dow Jones Futures (New York)	-	15.79%
• S&P500 (New York)	-	19.52%
• FTSE100 (London)	-	12.87%
• DAX (Frankfurt)	-	15.44%
• Shanghai (China)	-	16.58%
• All Ords (Sydney_Aus)	-	20.47%

The above indicates if you were invested in the market you would have made satisfactory returns this year, but it's not that simple. If it was so easy, everyone in the world would be making millions, debt wouldn't be an issue, people would be buying luxurious houses and driving upmarket cars (Lamborghini, Ferrari, Rolls Royce, Maserati) but let's face it, the most common cars on the road today are Toyota, Ford, VW and even Haval.

So, what makes investing so difficult?

There are many different asset classes such as Equities, Property, Cash, Foreign and Bonds, but finding the right balance at the right time could prove to be very challenging and, choosing the best performing funds with the lowest fees is not always an effective solution. **A well-balanced portfolio** could provide you with the most consistent returns, but as experienced in the last few years, this has also proven to be challenging.

There has also been a lot of talk about **Cryptocurrencies** which are expected to deliver exceptional returns as it could become the next global currency. But who sets the price? Is it just based on the simple economic rule of demand vs supply? Why would you want to pay more for a crypto than the actual value of the commodity? Which is the best crypto to buy? You need to consider the risk associated with investing in **Cryptocurrencies**. The risk on **Cryptocurrencies** is very high and in no way is this an easy way to make a quick profit.

With all the uncertainty globally, the negative news and so many unanswered questions, investing becomes very challenging. **Global & Local** does not have a crystal ball *(Actually we do, but it does not help)* that will provide all the answers but there are always opportunities out there both locally and internationally. One needs to take into consideration your **long-term objectives** and should not let emotions or greed affect your decisions as this could prove to be very costly for your golden retirement days.



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Jaynesh holds a Bachelor of Science degree specialising in Operations Research from University of South Africa. He has also completed the required Regulatory Examination and numerous product specific courses with various service providers.



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