Johannesburg, 06 July 2020 – Goals whether short or long-term form the foundations of your everyday life and your financial plan. Whether saving for a new car, holiday, your retirement or your child’s education; you need to ensure that your goals are aligned to your life needs and most importantly your budget.

The COVID-19 outbreak sent markets into a spiral and we experienced times of extreme volatility. “With savings month in full swing we encourage all consumers to identify their investment goals. Importantly we need to stick to those goals which will be key in achieving sustainable investment returns,” says Bheki Mkhize, CEO FNB Wealth and Investments.

This is not the first time the world is experiencing such volatility. Below is a graph of other such events.
As seen above, the financial crisis of 2008 saw similar drop off levels. The market however has recovered post 2008 and saw upward rallies from 2009 onwards. 2008 also saw structural issues in the global economy which saw the world enter a deep recession. Even so the markets over the long term still corrected themselves.

Thus, over times of economic uncertainty like we are experiencing now, developing investment goals and sticking to them is key as this allows enough time for markets to correct the volatility over the short term. “Like 2008, there are opportunities available to purchase financial assets at decreased prices, allowing returns on investments to increase going forward from here. Increasing monthly contributions to take advantage of current prices may well see upside in the months and years to follow the current COVID-19 crisis,” says Mkhize.

As a result, South African consumers can identify suitable investment vehicles that they can dip into over the longer-term, should they need to. This helps alleviate the stress of needing to borrow more, reduces debt and build the assurance of a sound financial future.

He explains that, “Defining your ideal goal-set starts with you. It could mean different things for different people but ultimately it boils down to your needs, wants and responsibilities. This will ultimately determine your goal or objective. Long term investment goals must allow those investors to ride out any short-term volatility and allow your returns to beat inflation.”

“Your short, medium and long-term investment goals will differ as they all work according to a certain timeframe. Short-term goals would be something like saving for a holiday, medium or longer-term goals would translate to investing in your retirement,” he adds.
Choosing investment vehicles according to your goals, not only helps your returns increase on the same capital invested, but if those returns are re-invested along with the capital, the compound effect helps increase investment growth at a faster rate.

Another way to optimise returns is to invest in a mix of instruments that grow faster than inflation. We often procrastinate when investing for longer-term goals as we feel it’s not necessary now and will be dealt with later.

FNB offers clients the option of investing with advice or investing without advice. Through the FNB app or FNB online, clients can invest and manage their investment goals themselves; with access to help if required.

Building an investment strategy is a long-term process. “Investing should be a priority for everyone. It’s never too late to start building on your investment goals as this will help you in the future,” concludes Mkhize.

ENDS

Notes to the editor:

About FNB Wealth and Investments
In June 2017, FNB introduced FNB Wealth and Investments to its stable – comprising of Online Share Trading, Stockbroking, Portfolio Management, Horizon Series Unit Trust, Trusts & Philanthropy.

Through our advice – led philosophy we are able to provide our clients with a combination of investment capabilities and financial advice that collectively offers our clients holistic investment services and solutions. This is further supported by our World Class digital functionalities like robo advice and calculators that make investment products accessible and easy to understand. For more information visit Wealth and Investments on: https://www.fnb.co.za/for-me/save-and-invest.html