



Financial Wellness

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I usually get a number of frequent questions



1. WHEN should I start investing?
2. WHAT is investing?
3. WHY invest?
4. Some inspiring STORIES..
5. WHAT investment options are out there?
6. WHAT do I need to consider before investing?
7. HOW to invest?
8. WHAT is a portfolio, WHY is it important to have one?
9. WHAT investment solutions does STANCHART offer?
10. BANCASSURANCE – AT LEAST LEARN ONE TERMINOLOGY...
11. FAQs

WHAT IS FINANCIAL WELLNESS



Physical Wellness



Breath 3.2.1/push/lock/release and. and Breath



Financial Wellness

Budget/save/invest/grow





Why Financial wellness?



It's natural to have questions and worries about the future.

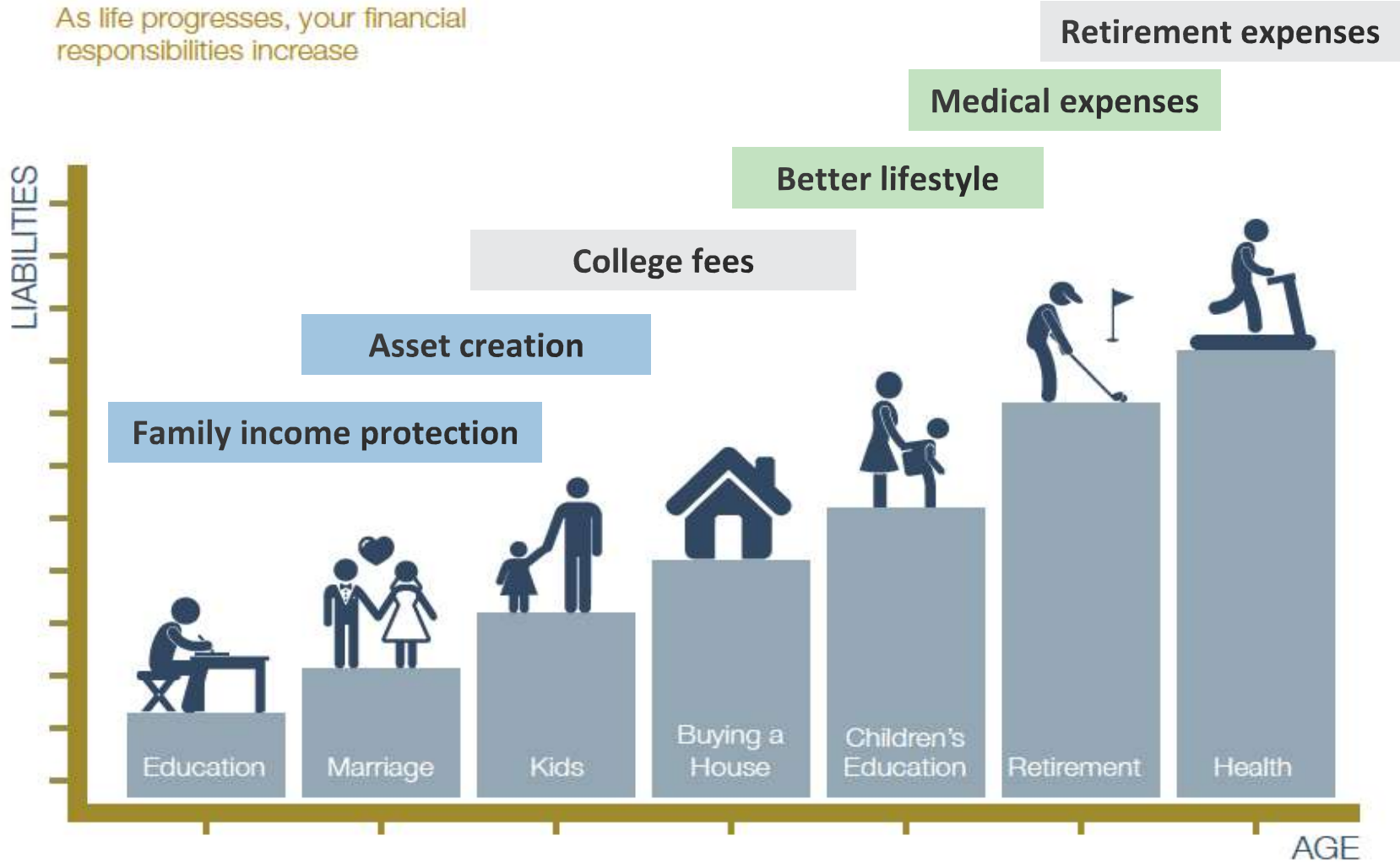
Whether it's about sending your kids to a world-class university, having enough savings for a stress-free retirement or creating a safety net for your family.

Financial planning can make all the difference and provide you with financial freedom.

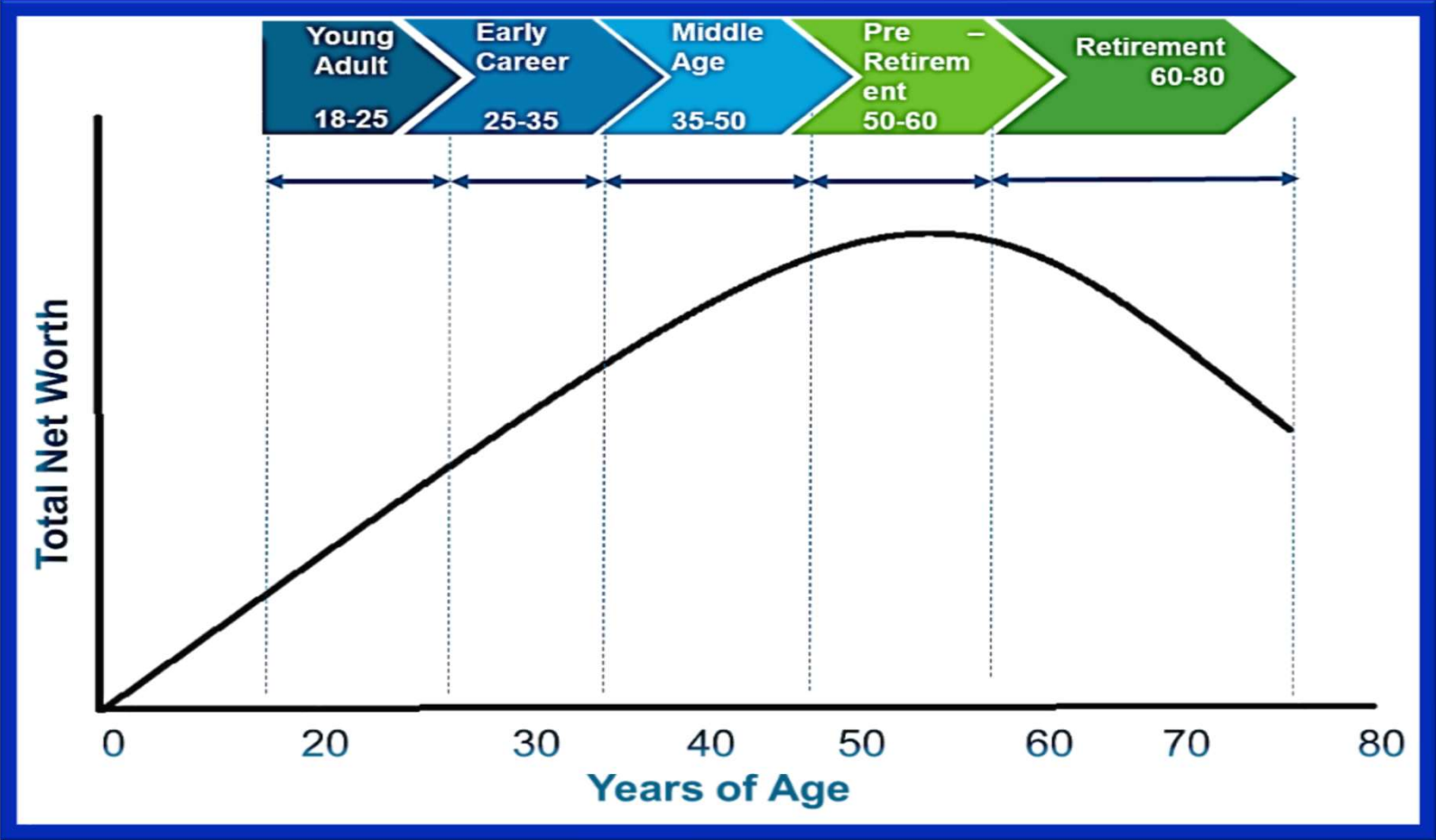
“Wealth is not about having a lot of money; it's about having many viable options”

Chris Rock, American comedian

As life progresses, your financial responsibilities increase...



NET WORTH AT DIFFERENT LIFE STAGES



Tangible net worth = Total Assets - Total Liabilities - Intangible Assets

YOUNG ADULT – MIDDLE AGE FINANCIAL NEEDS

YOUNG ADULT (18 - 25)

School

Graduation

Travel

Savings

First Job

EARLY CAREER (25 - 35)

Wedding

First House

First Car

First Child

MIDDLE AGE (35 - 50)

Promotion

Medical Checkups

Children's Education

Real Estate

Liquidity Needs

Pre – Retirement through to Retirement

PRE - RETIREMENT (50 - 60)



Leisure



Investments



Healthcare Needs



Retirement Planning

RETIREMENT (60 - 80)



Healthcare Needs



Income Protection



Disability Protection



Travel



Estate Planning

WHAT IS INVESTING



WHAT IS INVESTING?

An investment in knowledge pays the best interest." - Benjamin Franklin



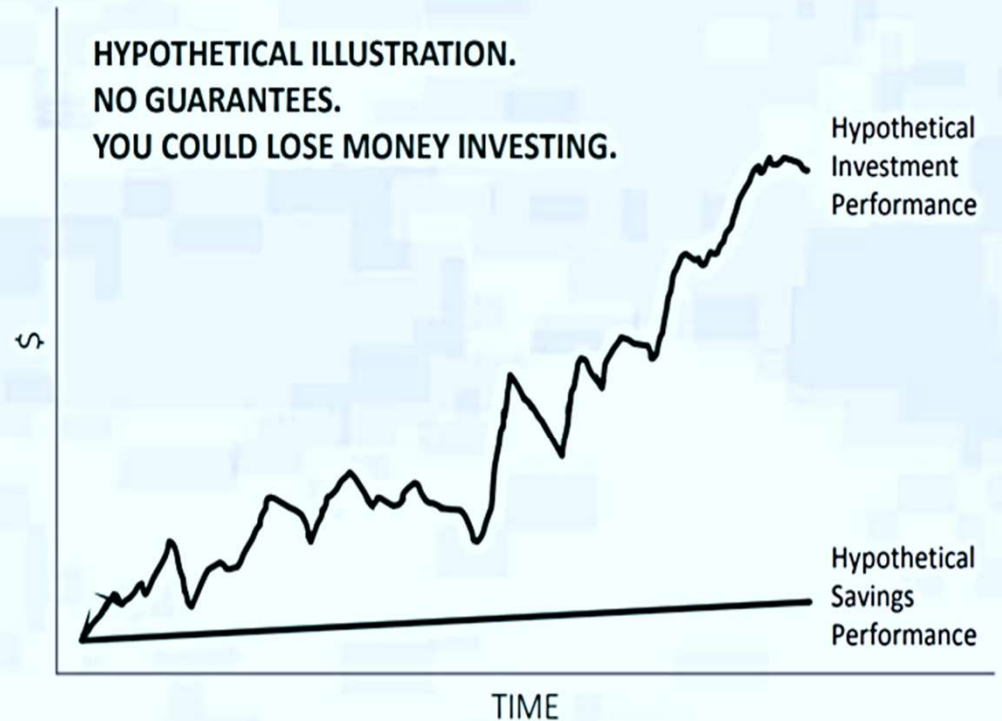
MONEY WORKING FOR YOU



INVOLVES RISK



DIFFERENT THAN SAVING



WHY INVEST?



- INVESTING OUTPACES INFLATION**
- YOU EARN MORE AND ACCUMULATE MORE**
- SAVING ALONE IS NOT ENOUGH**

WHEN DOES INVESTING MAKE SENSE?



ADEQUATE **EMERGENCY FUNDS**

= Protection



ADEQUATE **INSURANCE**

= Protection



NO (OR LOW)
HIGH-INTEREST DEBT

= Budgeting



RISK / POTENTIAL REWARD
TRADEOFF UNDERSTOOD

= Knowledge



LONG ENOUGH **TIME FRAME**

= Power of compounding



Billionaires Stories – Get inspired, Learn, Start Small



Warren Buffett

- Warren Buffett is widely regarded as the most successful investor in the world based on the amount of capital he started with and what he was able to grow it into
- When he stated his partnerships with his close friends and family, he had a personal savings of around \$174,000.
- He is considered one of the most successful investors in the world and has a net worth of US\$88.9 billion as of December 2019, making him the fourth-wealthiest person in the world.



George Soros

- Soros was born in Hungary; at 17 he left the country and put himself through the London School of Economics working as a railway porter and waiter.
- George Soros is a celebrated hedge fund tycoon who managed client money in New York from 1969 to 2011.
- In September 1992, he risked \$10 billion on a single trade when he shorted the British Pound. He was right, and in a single day made over \$1 billion.

Excellent Quotes by Warren Buffet



On Earning: "Never depend on single income. Make investment to create a second source".

On Spending: "If you buy things you do not need, soon you will have to sell things you need".

On Savings: "Do not save what is left after spending, but spend what is left after saving".

On Taking Risk: "Never test the depth of river with both the feet".

On Investment: "Do not put all eggs in one basket".

On Expectations: "Honesty is very expensive gift. Do not expect it from cheap people".

INVESTMENT SPECTRUM

- 1. LOWER RISK
- 2. LOWER RETURN
- 3. SHORTER TIME FRAME

HIGHER RISK
POTENTIALLY HIGHER RETURN
LONGER TIME FRAME



Cash Examples

- *Certificates of Deposit*
- *Savings Account*
- *Call deposit*
- *Fixed Deposit*

Typically used for goals less than 2 years away or for those desiring safety



Bonds Examples

- *T-bills*
- *Local Bonds*
- *International Bonds*

Typically best if you have at least 3 years, sometimes longer for certain bond types.



Equity Examples

- *Shares e.g. Safaricom, Standard Chartered, Apple shares, Google Shares*
- *Mutual Funds / Unit Trusts/Saccos*

Typically time frame is at least 5 years, preferably 7 to 10 years or longer.

HOW TO INVEST – STOCK MARKETS

INDIVIDUAL **SECURITIES** (STOCKS AND BONDS)



RELATIVELY **EASY TO DO**



CHALLENGING TO **DO WELL**

- » What to Buy?
- » What to Pay?
- » When to Sell?
- » How to Diversify?

HOW TO INVEST - BONDS

A **bond** is a contract between two parties.

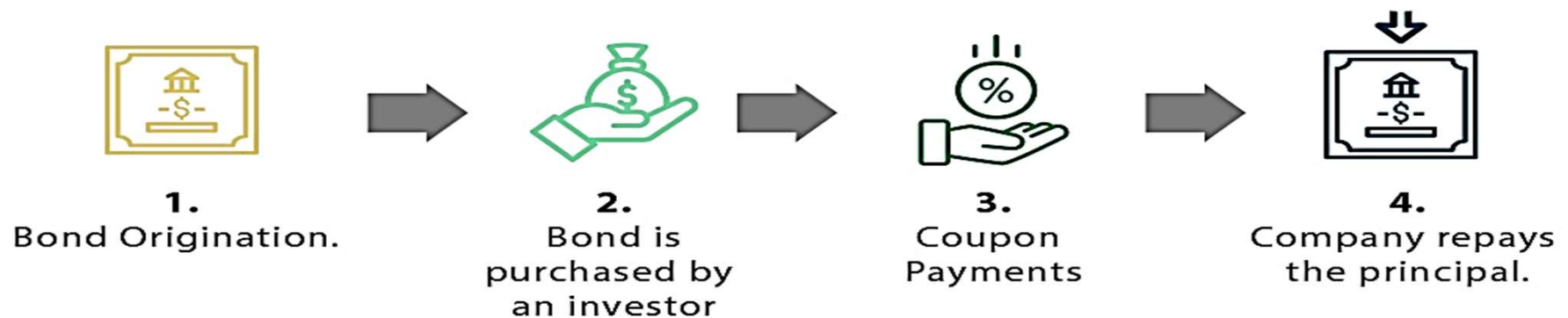
MY WORD IS MY BOND

Companies or governments **issue bonds** because they need to borrow large amounts of **money**. They issue bonds and investors buy them.

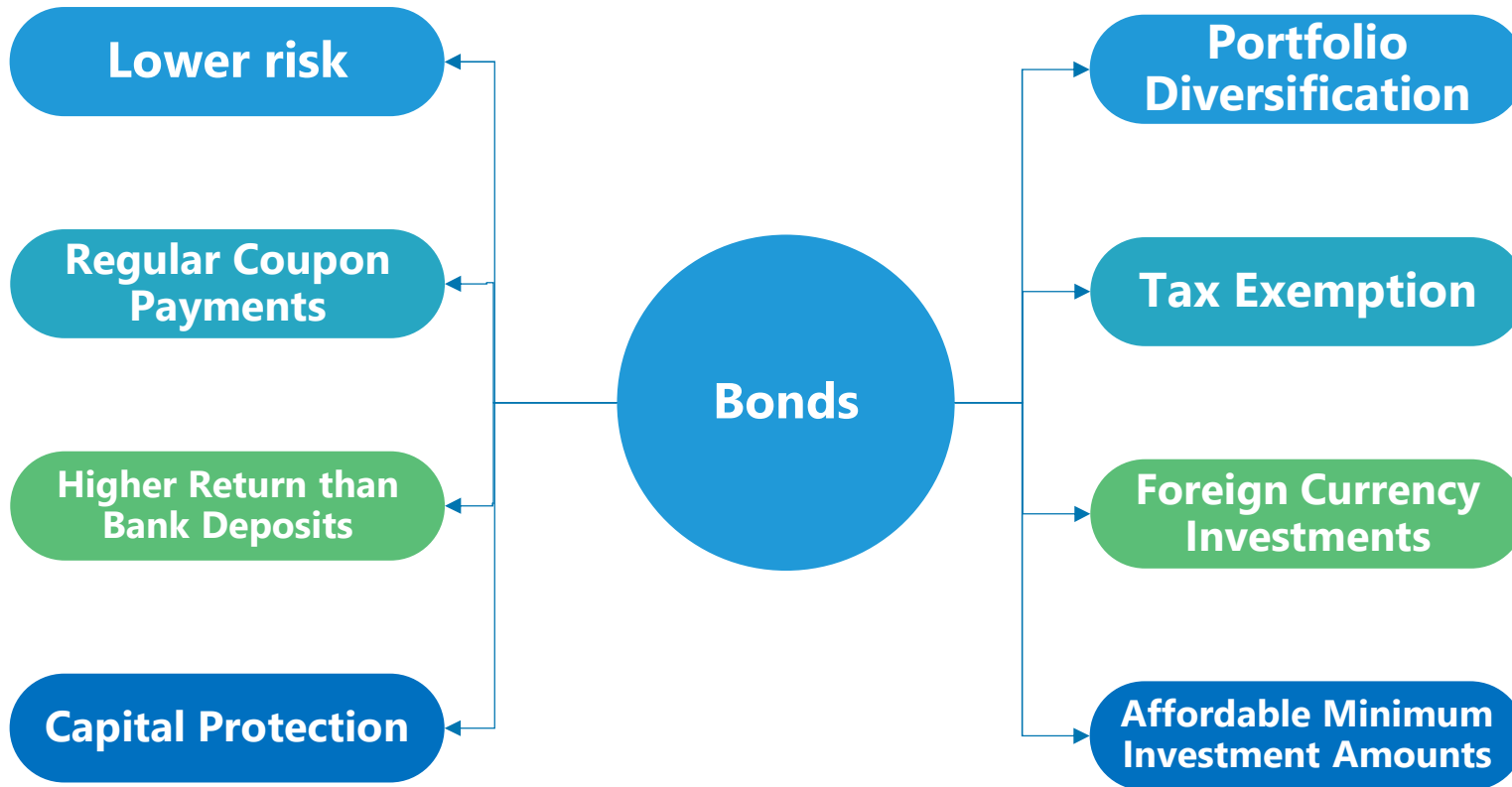
Bonds have a **maturity date**. This means that at some point, the bond issuer has to pay back the money to the investors, a little bit more than they paid for the bond.

Bonds pay half yearly coupon at a fixed interest rate hence called Fixed Income.

Lifecycle of a Bond



Benefits of Bonds

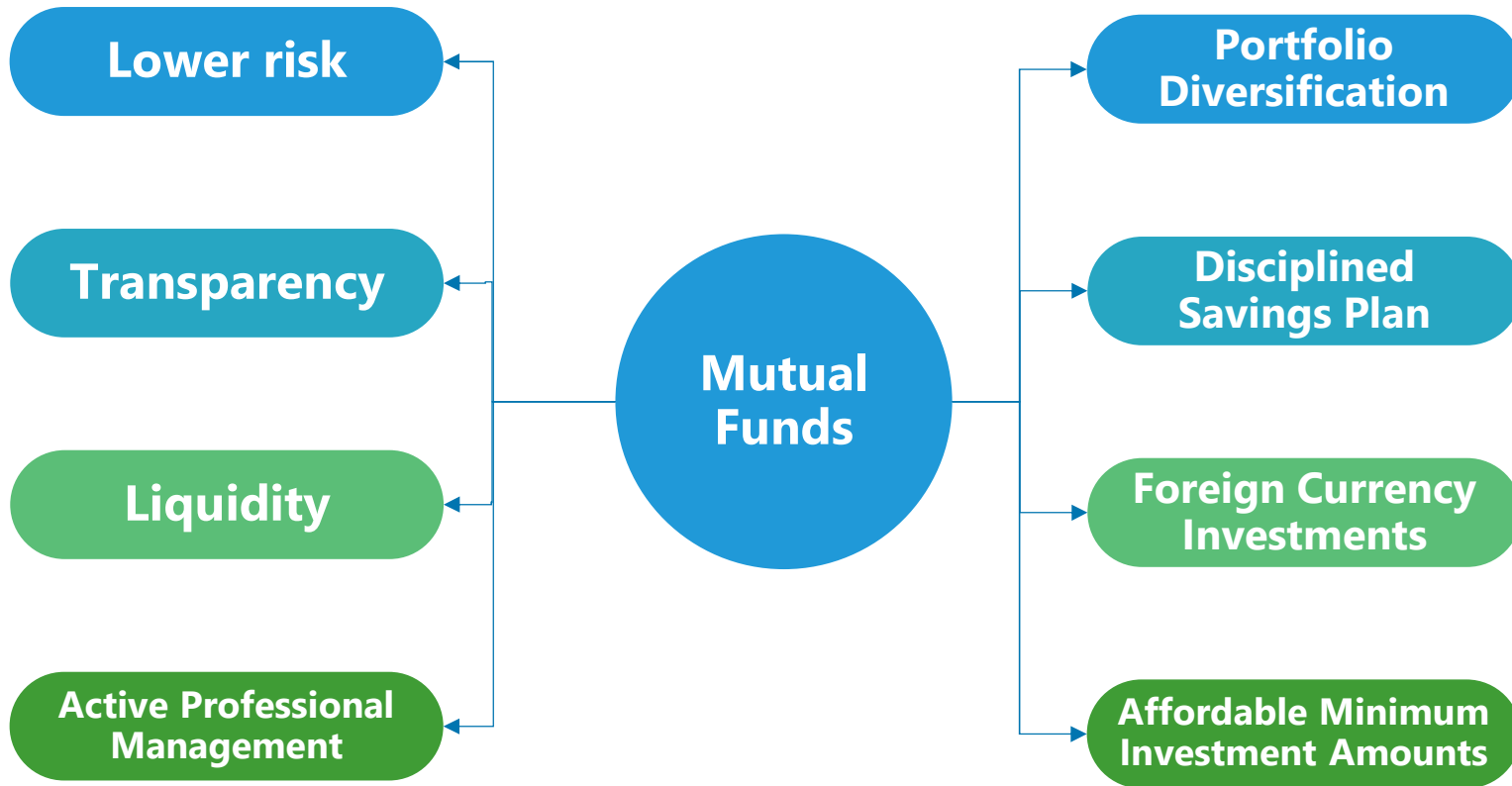


HOW TO INVEST – MUTUAL FUNDS/ UNIT TRUSTS



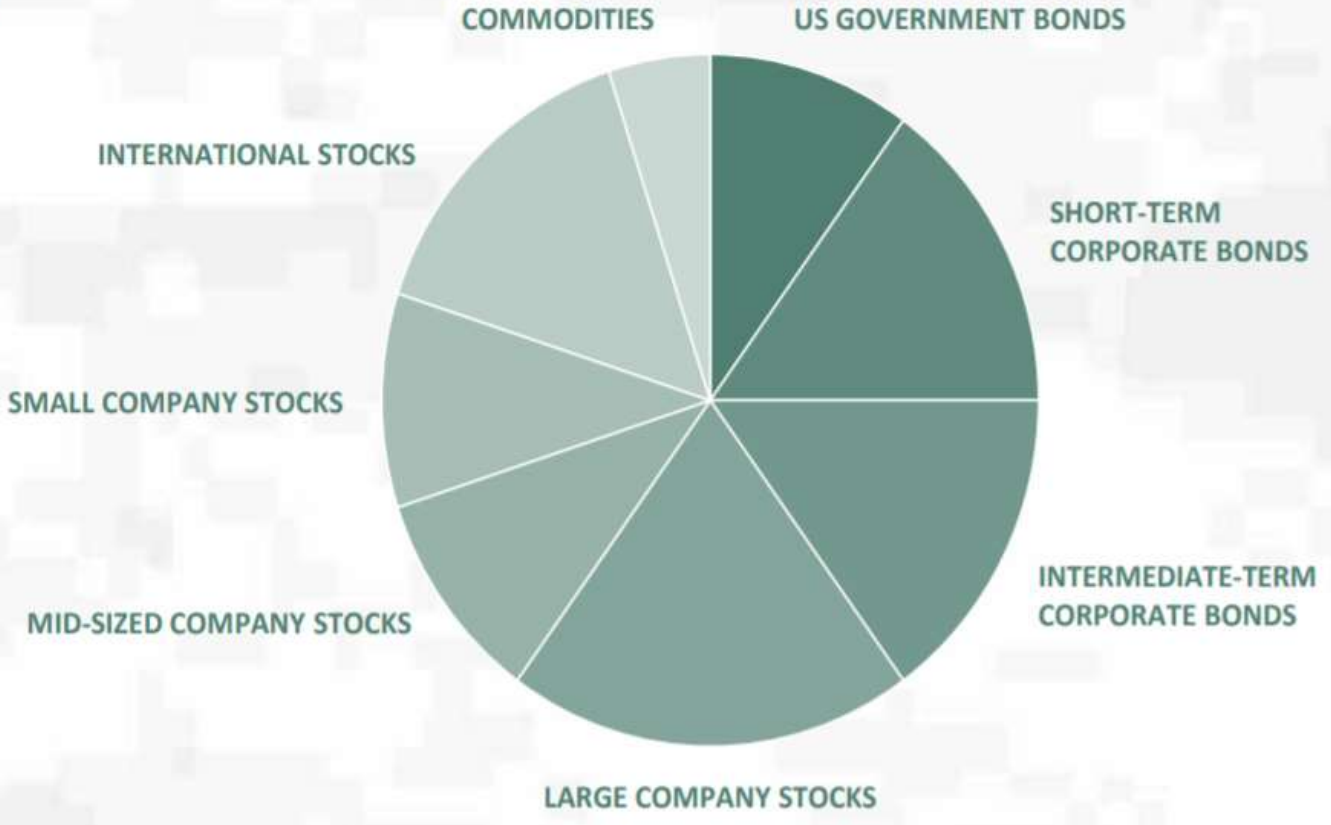
Professionally managed international 'Sacco'

Benefits of Mutual funds and Wealth Builder plan

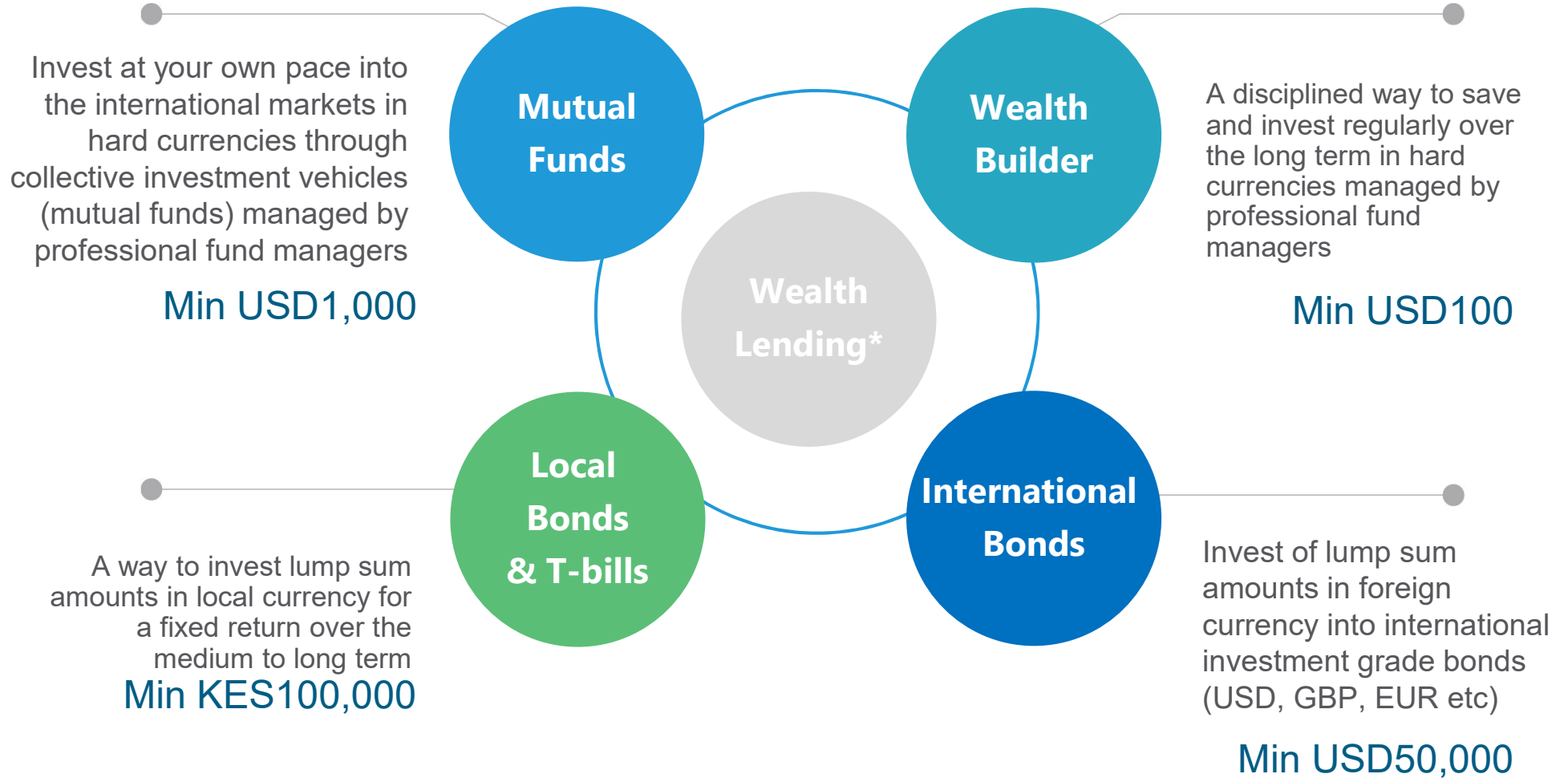


WHAT IS A PORTFOLIO AND WHY IS IT IMPORTANT?

EXAMPLE PORTFOLIO THE MIX MATTERS



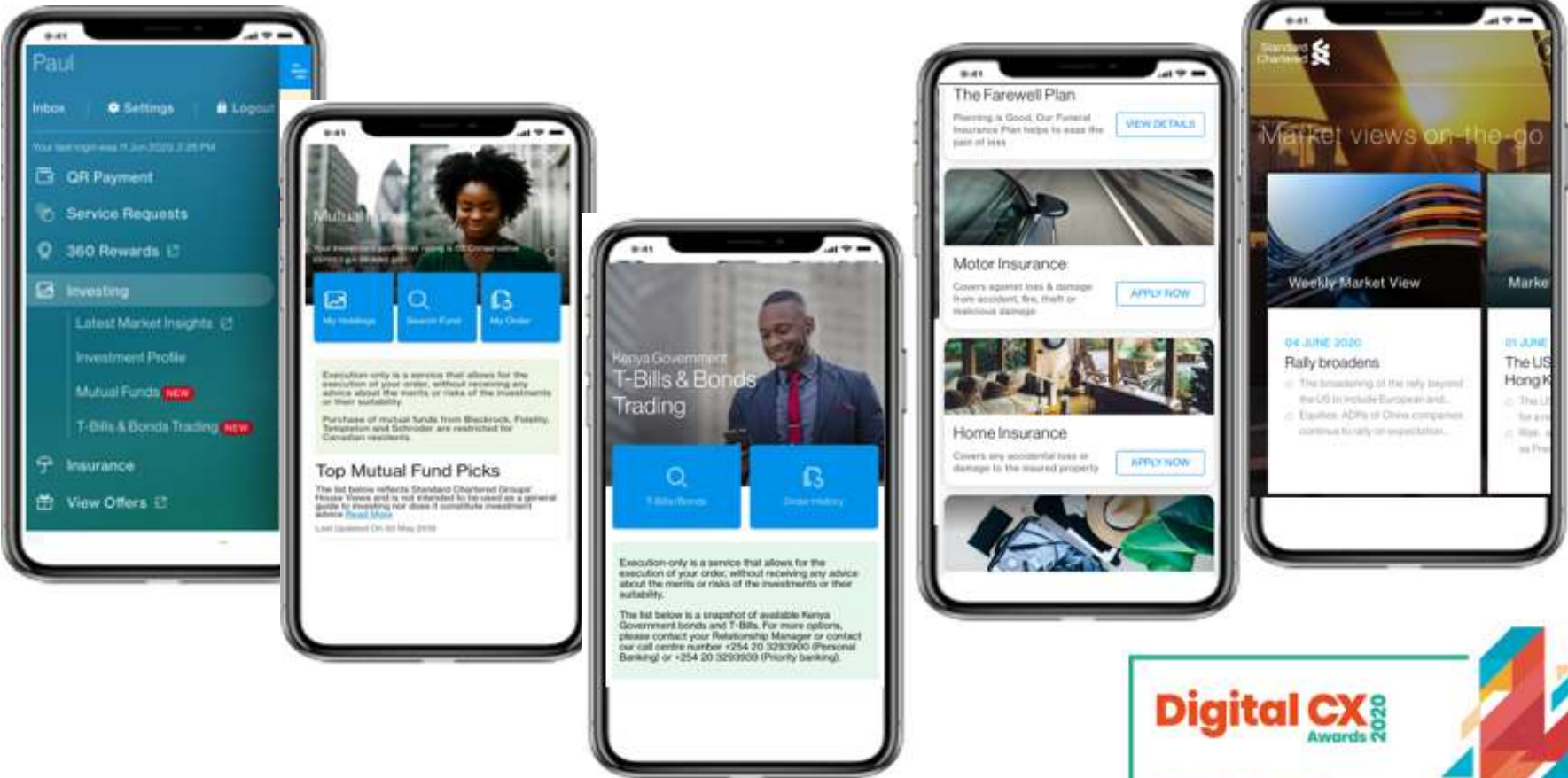
Examples of Stanchart investment solutions



* Available to Priority Clients

We're Digital!

Products & Services available on SC mobile App



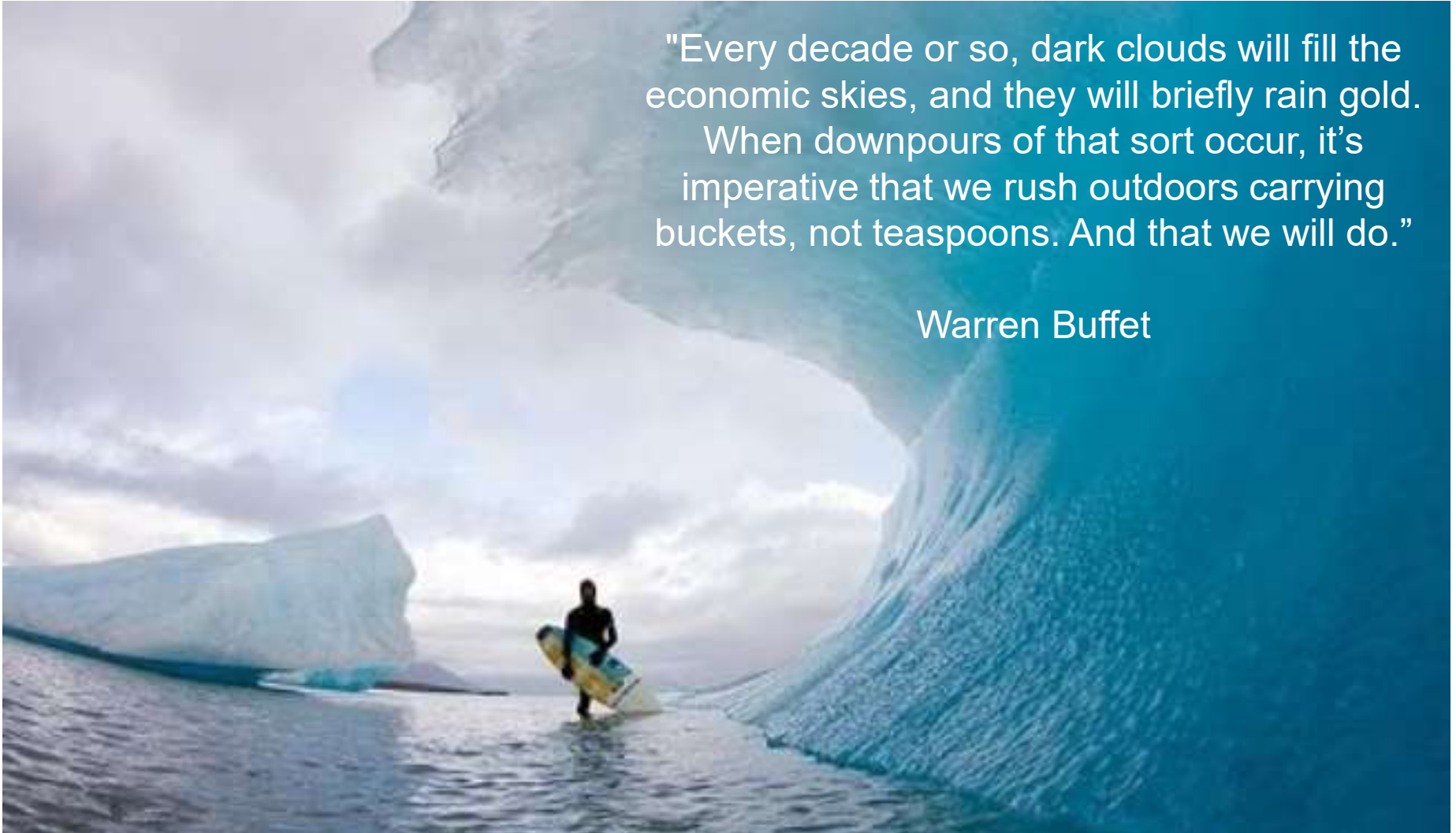
Global Award winning digital platform;
Global research capabilities;
Global and local products and solutions.



Crisis or Opportunity?

"Every decade or so, dark clouds will fill the economic skies, and they will briefly rain gold. When downpours of that sort occur, it's imperative that we rush outdoors carrying buckets, not teaspoons. And that we will do."

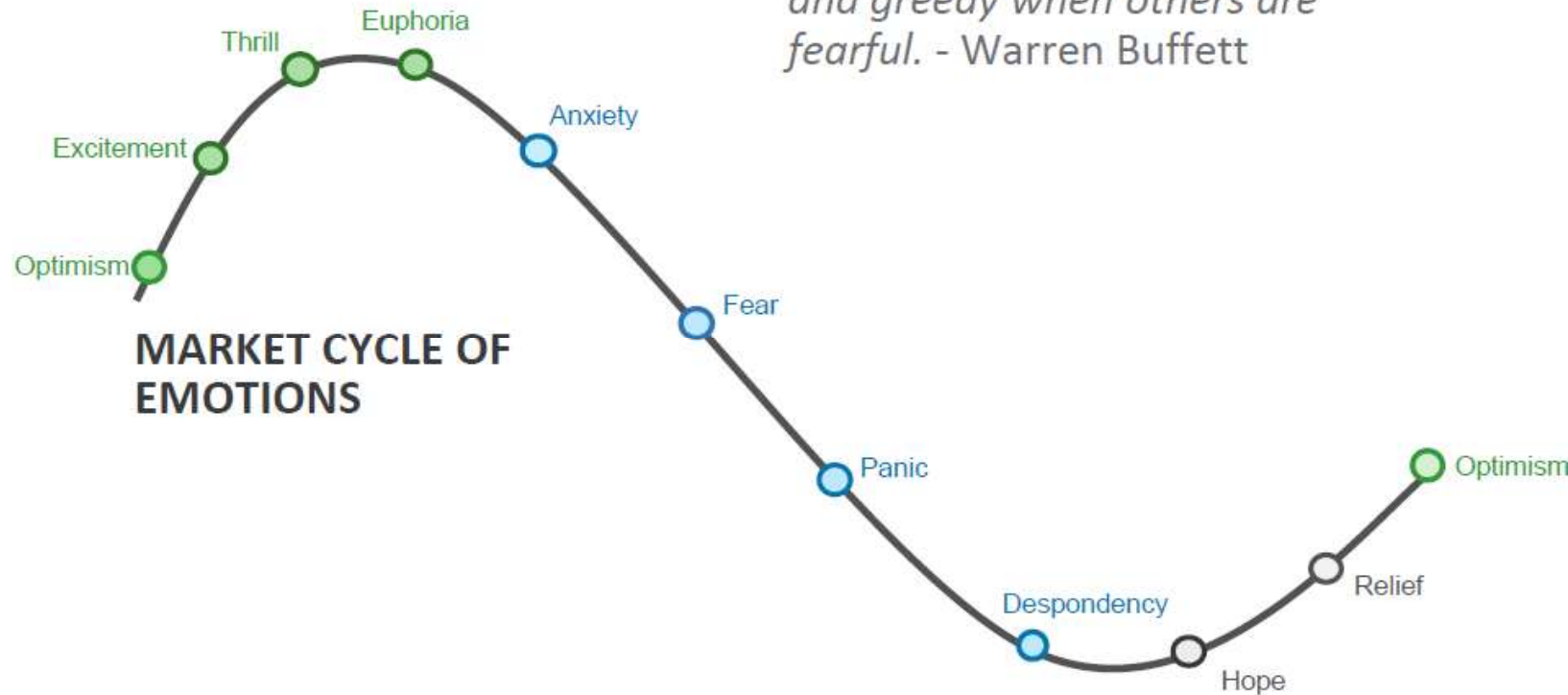
Warren Buffet



What should we **not do** as investors?

Strategies in down markets:

- Most of us tend to panic and take some of the worst decisions during a market panic
- Do not panic. Ensure your allocation still matches your risk tolerance
- Avoid timing the market. Time in market more important than timing markets
- No one will catch the absolute bottom. Put money to work in phases at cheaper prices
- Make use of declining prices to build longer term positions. Compounding is the 8th wonder of the world



“ Be fearful when others are greedy and greedy when others are fearful. - Warren Buffett ”

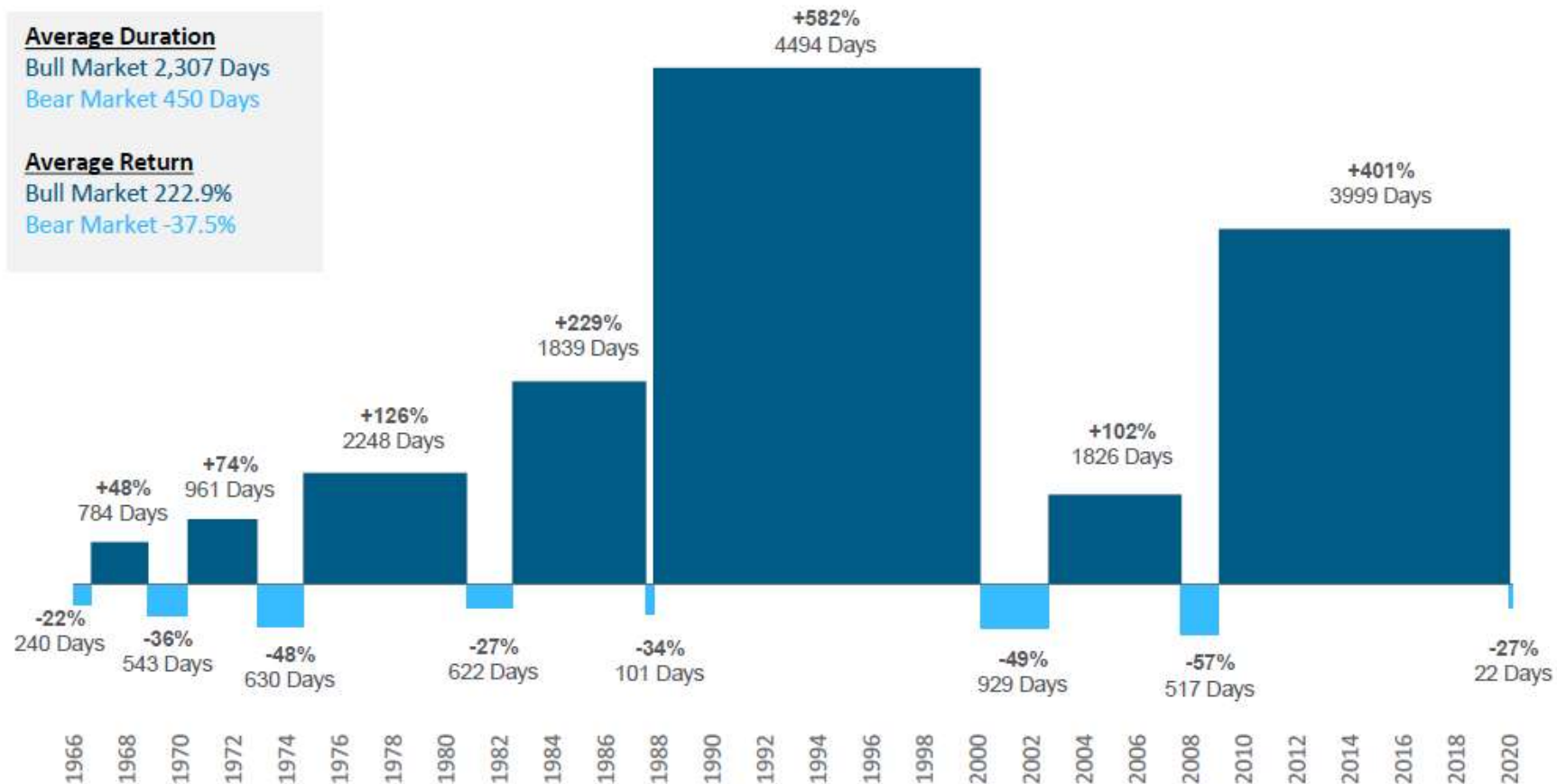
Source: Standard Chartered

Resist the temptations to rebalance solely based on recent market moves. Ignore the noise and focus on your long-term goals. Make use of the decline in prices to build out longer term positions

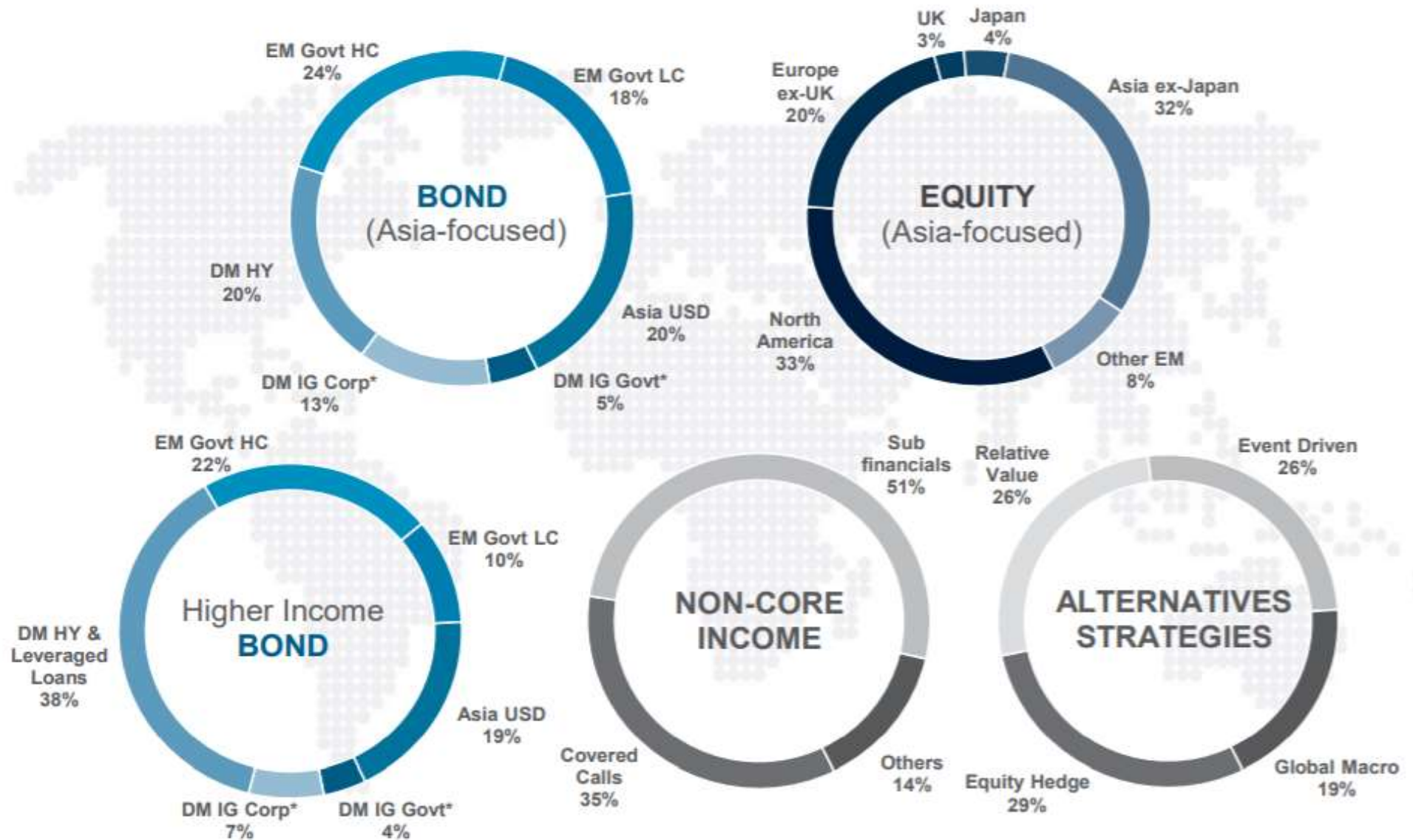
What should we remember as investors?

Sharp falls in markets tend to be concentrated in short-periods of time. Markets will experience bouts of volatility, but over the long-term offers steady growth.

S&P 500 peak to trough and trough to peak return



Our recommended allocations



Allocation figures may not add up to 100 due to rounding. *FX-hedged

BANK + INSURANCE = BANCASSURANCE



Hence we have partnered with Sanlam to deliver one-stop shop solutions

HABITS OF SUCCESSFUL INVESTORS

Five habits of successful investors



Invest for the long term



Use market corrections as an opportunity



Avoid stop-and-start investing



Diversify, diversify, diversify



Don't be swayed by short-term sentiment

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