



OLDMUTUAL

FINANCIALLY TALKING

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KERWYN WILLIAMS – MANAGING DIRECTOR OLD MUTUAL UNIT TRUSTS



A POSITIVE END TO A BUSY 2024!

As 2024 draws to a close, we find ourselves at a natural point for reflection - celebrating successes, learning from challenges, and preparing for the journey ahead. S&P Global has noted that South Africa's Government of National Unity has improved political stability and driven increased energy for reform, marking a positive step toward boosting private investment and economic growth. As a result, on 15 November, S&P Global upgraded South Africa's outlook from stable to positive. This is a step in the right direction, though there is still work to be done to regain investment-grade status. Coupled with this, and the general downward trend in inflation and interest rates, signals a positive end to the year.

As we reflect, especially at this time of the year, it is important to acknowledge challenges posed by our inequalities which make reforms difficult. However, we should also be proud of and celebrate our strong institutions, such as the judiciary and the central bank, as well as our well developed and modern deep financial sector. Apart from these, our sports, arts and cultural activities, which are at times difficult to quantify in terms of economic impact, play a significant role in keeping the country united and optimistic. In 2024, we have a long list of achievements, from the arts to the Olympics, phrases such as “no DNA, just RSA”, “hulle weet nie wat ons weet nie” might sound like gimmicks but the oneness they create enables us to unite and push through our challenges as a country.

Globally, the US election has introduced uncertainty, which may impact international markets. As an investor, it's essential to stay calm and stick to your long-term financial goals. It is understandable that a volatile market can tempt investors to try to time the market or chase performance. However, disinvesting or switching funds can be costly, reducing your long-term growth. Before making any changes, it is strongly recommended that you consult a qualified financial planner to ensure you're making an informed decision that aligns with your sustained investment goals.

BUSINESS UPDATE

Old Mutual Unit Trust will be implementing a Low Balance Charge after receiving approval from the Financial Sector Conduct Authority (FSCA). To facilitate the implementation of the Low Balance Charge, we will be introducing a Prescribed Minimum Balance requirement of R10 000 per fund, per investment contract. Changes thereto will be stipulated on the funds' Minimum Disclosure Document from time to time. A communication has been sent to inform you about these changes.

NEWS

In this edition of our newsletter, we look into the global impact of the US elections. Our 2025 outlook offers insights into key trends and opportunities, providing a roadmap for the year ahead and reviews recent policy indications by President-elect Trump.

We also examine the long-term benefits of the Two-Pot Retirement System, highlighting its role in shaping a secure financial future for South Africans.

The festive season is a time for relaxation and celebration, and it's also a period when financial discipline can be overlooked. We've included practical tips to help you manage holiday spending wisely, ensuring you start the new year on a solid financial footing.

THANK YOU!

We appreciate your continued support and trust in us with your financial future. We value you and strive to help you meet not only your financial goals but also your broader aspirations.

Wishing you a joyful, restful festive season and a prosperous 2025.

Kerwyn



TWO-POT UPDATE

One of the standout moments locally was the implementation of the two-pot retirement system in September. This new structure has already brought immediate relief to many South Africans while in the long run, it is intended to promote a sustainable savings culture encouraging investors to save a significant portion of their retirement fund contributions. It represents a fundamental shift in our approach to retirement planning, balancing short-term needs with long-term security.

WHY ARE PEOPLE WITHDRAWING?

Data indicates that 60% of withdrawals go towards debt repayment, 23% for emergencies, and 4% for education. This trend highlights South Africa's economic challenges and underscores the need for good financial planning and emergency savings. As an investor, you should carefully

consider decisions and assess whether accessing these funds aligns with your long-term financial goals.

THE BIGGER PICTURE AND ECONOMIC IMPLICATIONS

Withdrawals provide short-term relief by easing debt burdens, which can support broader economic stability. However, ongoing withdrawals may threaten future retirement readiness, increasing pressure on social support systems for some.

Before tapping into retirement savings, one should consider alternatives like investing in an emergency fund such as unit trusts. These versatile investments offer exposure to diverse asset classes, aligning with different risk profiles and financial goals, and they are liquid and secure. Prioritising these options can help safeguard retirement funds and support financial well-being in the long run.



TWO-POT
RETIREMENT SYSTEM



INDEXATION WITH AN EDGE: OLD MUTUAL'S INNOVATIVE APPROACH

Indexation offers a powerful investment approach by tracking the performance of specific market indices through a broad range of securities. This strategy provides efficient, cost-effective access to diversified markets, making it an attractive option. Its appeal lies in lower costs, ease of

access, and availability through products like unit trusts and exchange traded funds (ETFs). Talk to your financial adviser today or explore options online at <https://www.oldmutualinvest.com/individual/funds/indexation/>

Watch Bernisha Lala, Portfolio Manager and Head of Indexation at Old Mutual Investment Group, unpack the power of indexation.



TRUMP'S RETURN: WHAT IT MEANS FOR SOUTH AFRICA

The recent US election outcome, while anticipated, signals significant shifts for global markets. With President-elect Donald Trump back in the White House, inflationary policies could push global interest rates higher and strengthen the dollar creating headwinds for emerging markets like South Africa.

Jason Swartz, Portfolio Manager at Old Mutual Investment Group, explores the implications for South African investors. Listen now for more insights!

[Click here to listen](#)



ECONOMIC UPDATE

In our 2025 economic outlook, Izak Odendaal, Chief Investment Strategist at Old Mutual Wealth, analyses how the 2024 US elections might affect the global economy in 2025.

For an update on the world and local macroeconomic environment, as well President-elect Trump's latest policy indications regarding BRICS and trade tariffs, click below to read more.

[Click here to read more](#)



'TIS THE SEASON: SMART TIPS FOR A FINANCIALLY STABLE HOLIDAY

Understanding the core motivation behind holiday spending is essential for finding fulfilment without overspending. Take an easy, fun and reflective questionnaire to uncover the motivations driving holiday spending and how we can find similar joy through cost-free or more affordable alternatives, from home or away.

[Click here to read more](#)



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About Old Mutual Unit Trusts

Old Mutual Unit Trust Managers (RF) (Pty) Ltd is a registered manager in terms of the Collective Investment Schemes Control Act 45 of 2002. The fund fees and costs that we charge for managing your investment are set out in the relevant fund's minimum disclosure document (MDD) or table of fees and charges, both available on our public website or from our contact centre. Collective Investment Schemes are generally medium- to long-term investments; the value of participatory interests or the investment may go down as well as up; past performance is not necessarily a guide to future performance. Old Mutual is a member of the Association for Savings and Investment South Africa (ASISA).

Important information

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