

OLDMUTUAL

FINANCIALLY TALKING

MARCH 2023



CONTENTS

STAY UPDATED	4
THE BIG BUDGET THEMES	6
4 WAYS TO LIVE YOUR BEST LIFE	8
ONLINE SHOPPING SAFETY TIPS	10



**“PREDICTION IS VERY
DIFFICULT, ESPECIALLY IF IT'S
ABOUT THE FUTURE.”
– NIELS BOHR**

The first few months of 2023 have passed and as we find our rhythm, there is greater optimism that the worst-case scenarios feared in 2022 will not come to pass. Inflation is receding, though unevenly, which limits upward pressure on interest rates. The US dollar has pulled back, providing relief to many emerging markets and US multinationals. The International Monetary Fund upgraded its global growth forecast for 2023 slightly, and while it still expects economic growth to slow this year, it does not think the slowdown will be as severe as it was a few months ago. A better global growth outlook will benefit South Africa, as a small open economy.

In contrast to the more optimistic global outlook, in South Africa 2023 kicked off with sustained high levels of loadshedding that look set to be a feature for the next 12 to 24 months. This will cause a severe drag on economic growth. The recent announcement by the Financial Action Task Force (FATF) that South Africa has been 'grey listed' was largely anticipated and therefore priced into the investment market. The government has promised to address the eight identified shortcomings to ensure that, over time, South Africa will join other countries that have successfully turned around their grey listing status. In practical terms, it means that foreign entities will have to do enhanced due diligence on any dealings with South Africans. As an investor you can be assured that any savings and investments you have with Old Mutual are safe and secure, just as they have always been.

Despite this, there are still silver linings. Firstly, while the Monetary Policy Committee hiked the repo rate to 7.25% at its January meeting, this was probably the final rate increase in the cycle. Secondly, to ease the burden of loadshedding and encourage a rapid move to renewable energy, spending on alternative sources of energy is likely to accelerate dramatically as policy and regulatory obstacles are progressively removed. We have already seen this take effect in the form of the tax incentives for South African businesses and households, as announced by the Finance Minister in the 2023 Budget. While we cannot predict what the rest of the year will bring, we are hopeful that returns over the coming months will be more optimistic than in 2022.

ASSET TV ACCOLADES FOR OLD MUTUAL

Old Mutual made a clean sweep at the inaugural Asset TV Audience Choice Awards in February. Asset TV is a UK-based video research and learning platform for investment professionals and trusted by industry leaders.

Old Mutual Investment Group was awarded for:

- Most Watched: Masterclass (Institutional) – ESG with Fawaz Fakier as panellist,



**KERWYN WILLIAMS – MANAGING DIRECTOR
OLD MUTUAL UNIT TRUSTS**

- Most Watched: Investment Den with Jason Swartz,
- Most Watched: Company (Overall).

Old Mutual Wealth was awarded for:

- Most Watched: Roundtable (Retail) – Tax Efficient Solutions with Tiaan Herselman as panellist,
- Most Watched: DFM Session – Asset Allocation with Roland Gräbe as panellist,
- Most Watched: Person (Overall) – Roland Gräbe.

We are proud of our team for their award-winning contributions to these conversations and their willingness to step in front of the camera and engage with such skill and insight.

INVESTING WITH PURPOSE

Warren Buffet, one of the most successful investors of all time, recently said, "The weeds wither away in significance as the flowers bloom. Over time, it takes just a few winners to work wonders." This is a powerful reminder that by maintaining a diversified portfolio and staying invested for the long term, you can weather any form of market volatility, even when the short term seems uncertain. Now, more than ever it is important to focus on your long-term investment goals and avoid reacting in a knee-jerk manner by pulling assets out of the market – it simply locks in losses, and it is almost impossible to time when to re-enter. We encourage you to speak to your financial planner for guidance on your investments.

Buffet also emphasised the importance of starting early and living into your 90s. While we can't control how long we live, we can control when we start investing and for how long we stay invested. The earlier we start, the more time we have for our investments to grow and compound. By starting early and staying committed, we can achieve our investment goals and build a brighter future for ourselves and our families.

STAY UPDATED

TRANSITIONING TO ONLINE QUARTERLY STATEMENTS

At Old Mutual, the protection of your personal information through responsible practices is a priority. To ensure that your personal information remains safe and secure all quarterly statements are also available via the Old Mutual Wealth and Unit Trusts secure client website and the Old Mutual App. Very soon we will only make your statements available via these secure portals.

If you have not yet registered for Secure Services, simply [click here](#). It will only take a few minutes of your time. If you need help with accessing the Old Mutual App or secure client website, email unittrusts@oldmutual.com or call us on 0860 234 234 or +27 21 503 1770 for assistance.



DID YOU KNOW?

When you switch your communication preference from post to digital, you can earn 1 000 Old Mutual Rewards points, which can be redeemed at our designated partners.

REMEMBER TO DOWNLOAD THE OLD MUTUAL APP

It's now simpler and easier than ever to access your portfolio and products using the Old Mutual App. The app offers a richer experience where you can view your products and investment portfolio, easily download policy documents and tax certificates, update your details, and do so much more.

The **Old Mutual** App is available for download from the various app stores. Search for the name **Old Mutual** in your mobile device's app store, click on your app store link and install the Old Mutual App.



OLD MUTUAL WEALTH AND UNIT TRUSTS SECURE CLIENT WEBSITE

At Old Mutual Unit Trusts, we are committed to delivering a seamless online investment experience. We offer you the convenience of being able to transact safely and securely online from the comfort of your home through our secure client website. Have you registered yet?

[REGISTER](#)

[LOGIN](#)



THE **BIG BUDGET** THEMES



IZAK ODENDAAL | INVESTMENT STRATEGIST AT OLD MUTUAL WEALTH

Finance Minister Enoch Godongwana's 2023 Budget has been labelled as credible, for maintaining the fiscal consolidation path set out in previous years. While most people think of the Budget as a speech, it is actually a 280-page document containing eight chapters, six

addenda and three explanatory memoranda. In the legal-technical sense, it is also a set of bills tabled for Parliament to approve. It contains a bewildering array of numbers, tables and charts, denoted in millions, billions and even trillions. There are projections, actuals, ratios, and percentages in spades, some of them in calendar years, and the rest in fiscal years. Eyes glaze over a few pages in and it is easy to get lost, distracted or confused.

However, it is useful to step back and focus on four overarching themes.

1. GET GROWTH GOING

The starting point for the Budget is a projection of economic growth, on which assumptions about tax revenue growth can be based. These forecasts must be sensible if the Budget is to have any credibility. Treasury expects real economic growth of 0.9% this year, 1.5% in 2024 and 1.8% in 2025.

The 2023 Budget emphasises the fragile state of the economy, highlighting the devastating toll of load shedding and a crumbling logistics network, both due to inefficient state-owned enterprises. The tax breaks for rooftop solar installation, with businesses being able to reduce taxable income by 125% of the cost of solar panels, will support economic growth in the short term. The less-generous incentive for households can help persuade a few undecided homeowners.

The debt relief for Eskom includes Government taking over its interest and capital repayment commitments over the next three years at R186 billion, absorbing R70 billion of Eskom's debt directly. This will give Eskom more room to breathe financially and invest in transmission capacity. Fixing the operational and governance side of things still has a long way to go.

2. FISCAL CONSOLIDATION COMMITMENT REMAINS

The commitment to fiscal consolidation remains. Despite a looming election, Government is dedicated to getting its debt under control by increasing spending discipline. As of this year, projected non-interest spending will be less than tax revenues. However, spending on interest remains substantial, and this is precisely why fiscal consolidation matters. Failure to reduce borrowing means the debt service burden will continue to rise, squeezing out other important areas of spending. Already, almost 20 cents of every tax rand goes to debt service costs. It is not sustainable to allow this to continue growing.

3. KEEPING THE GOLDEN GOOSE ALIVE

Another theme is that Treasury is mindful of not taxing the economy, particularly the middle class, to death. There have been calls for a basic income grant, but there is no money and we are rather likely to see a continuation of the R350 per month Covid social distress relief grant.

No new tax increases were tabled apart from the usual sin tax increases on tobacco and alcohol. Keep in mind that sin taxes are not percentage-based taxes. In a period of high

inflation, the easiest thing for Treasury to do would be to let inflation push people into higher tax brackets, thereby quietly creaming off a few extra rands. Instead, Treasury will raise the tax brackets by 4.9% foregoing R15 billion in personal tax revenue. This is the largest amount of "fiscal drag" relief in many years.

4. THE HOW

The prudent way in which Treasury manages debt is another theme that gets little attention. It has always kept foreign currency borrowing low, and will continue to keep it around 11% of the total. Otherwise, a weak rand would lead to a rising debt burden.

Treasury also tries to spread the debt out across different maturities, so that it doesn't face the problem of a large portion of debt maturing at once. It also didn't assume that the commodity price windfall of the past two years will persist, and just as well, since these prices are now normalising following the disruptions of the pandemic and then the war in Ukraine.

The transparency of the budget process is also crucial. Treasury publishes monthly data on government revenue and spending so investors know exactly what is going on.



WHAT ARE THE INVESTMENT IMPLICATIONS?

The asset class most impacted by the Budget is bonds. The 2023 Budget should put a floor under the bond market's rating and it is another important step towards winning back the market's trust. South African bonds should continue to deliver decent real returns as the yield is well above inflation, with inflation likely to be reasonably well behaved over the medium term.

4 WAYS TO LIVE YOUR BEST LIFE

Are you ready for the year ahead?
Use these tips to make your life richer
and more fulfilling than ever in 2023.



The New Year rush is done and now is the perfect time to sit down with your notebook, gather your thoughts and plan for the rest of 2023. Here are four simple ways to help you make the most of that planning time – and every month to come!

1 | KEEP YOUR CUP FULL

As the saying goes, you can't pour from an empty cup. Given that it's the start of the year, your cup might be feeling full right now – but as the days, weeks and months go by, you might find your resources running low, possibly sooner than you anticipated. That's why it's so important

to invest in yourself – to proactively keep your cup, heart and energy full as you forge ahead.

Investing in yourself means different things to different people. It's also very much influenced by your current stage of life. If you're running a busy, sometimes chaotic household, it might mean signing up for a weekly yoga or pilates class. For singletons, it might mean applying for that programme you've been considering. If you're in your retirement years, it might mean signing up for a language course or a beginner's pottery class.

Whatever it is, find something that feeds your inner curiosities and leaves you feeling excited and refreshed about what's possible for your life. This year, make enriching your life and keeping your cup full a top priority. You can thank us later.

2 | TAKE OTHERS WITH YOU

Consider bringing others with you as you grow and develop this year. There are several ways to make this happen, from mentoring a work colleague to helping someone grow their network or develop their skills. Your place of employment may have opportunities to help others, or you could reach out to your alma mater to find out about any available opportunities.

Bear in mind that it doesn't need to be an overly formal thing; perhaps someone in your neighbourhood, kids' school or church could use your support? Reach out to them and work out a plan. Not only will this help the person in need, but it will also make your life feel richer and more fulfilling. As Michelle Obama said, "One person might be senior and be wiser and have more experience, but I've learned a lot from the people I mentor."

Still need convincing? As you help enrich the lives of others, you will also help develop your own sense of empathy and improve your ability to relate to others. Gaining exposure to diverse life references will give you a fresh perspective and challenge your preconceived ideas. In short, it's a win-win.

3 | COMMIT TO YOUR COMMUNITY

We all love our rainbow nation – but the reality is that it faces many challenges. It's important for every one of us to play our part in making our beloved country work. By living the wonderful spirit of Ubuntu, we get to play an important role in shaping the country that Tata Madiba believed in.



Whether it's spending time at a grassroots organisation near you and offering your skills, helping a local charity to raise funds, or volunteering at your neighbourhood policing forum or animal shelter, there are so many ways to give back.

Even better, make your community involvement a family affair and help your children to learn the value of caring for those around them. According to research, teaching children about community service gives them a sense of belonging, plus it helps them to explore their interests, develop various skills and build and broaden their relationships and networks. Oh, and while you're at it, why not rope in a few friends to support you in your community-loving endeavours?

"We think of ourselves far too frequently as just individuals, separated from one another, whereas you are connected and what you do affects the whole world. When you do well, it spreads out; it is for the whole of humanity."

– the late Archbishop Desmond Tutu

4 | BRIGHTEN UP YOUR TOMORROW

The small steps you take today will have a big impact tomorrow. This principle is at the heart of investing in your future. Why? Because putting a little bit of money away now will help you to live the life of your dreams in the future – when it really matters. And no matter how young or old you are, it's never too early nor too late to start investing for your future.

A unit trust is an affordable way to invest your money and work towards achieving real financial freedom. From as little as R500 a month, a unit trust gives you access to different investment assets such as bonds, property and local and global shares in leading companies. It's also a flexible and secure investment vehicle that you can access with ease, anytime.

Another option is to invest in a unit trust as an emergency fund – a little pot of money that will help you in times of unexpected need. This will ensure that you don't have to take out expensive, high-interest loans that leave you out of pocket long after you've used them. An emergency fund gives you the safety net to face the uncertainties of tomorrow. And don't worry so much about how much you are putting away; what's important is to save whatever you can.

Visit oldmutualinvest.com/individual to find out more.

ONLINE SHOPPING SAFETY TIPS

As consumers turn to online shopping, banking on apps, and using digital devices to manage finances, criminals have increased their own efforts to steal data and defraud consumers on digital and online services. Before you press "PAY", here are some cybersecurity tips to ensure that you do not fall victim to a cybersecurity scam.



1. FREE PUBLIC WI-FI IS UNSECURE

Never use free public Wi-Fi for online shopping or banking. Hackers create fake Wi-Fi networks to intercept transactions or login details. Ensure that you always use a VPN (Virtual Private Network) and your home Wi-Fi or cellular network data.



2. ENABLE SECURITY ALERTS FOR TRANSACTIONS

Ensure that you activate alerts for every transaction that you make online. This will alert you in case of fraudulent transactions made with your debit or credit card.



3. USE SECURE WEBSITES

When you're shopping online, make sure that the website **starts with https:// and a lock icon.** This signifies that the store has taken extra security measures.



4. BE CAREFUL WHEN DOWNLOADING APPS FOR SHOPPING

Ensure that you download mobile apps, be it Android or iOS, from the **official App Stores or Google Play.**



5. TURN ON MULTI-FACTOR AUTHENTICATION (MFA)

In case someone gets hold of your password, MFA would ensure that they are still unable to log on to your account, as an additional code is needed that can only be sent through a secondary authentication option. **Enable it wherever possible.**



6. DON'T CLICK ON EMAILS OR SMS MESSAGES CONTAINING A LINK

If an email or SMS is from a credible brand, **go to their website** and, if the deals are legitimate, you'll see them there.

OLDMUTUAL

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

Old Mutual Unit Trust Managers (RF) (Pty) Ltd is part of Old Mutual Wealth (OMW), which is an elite service offering brought to you by several licensed Financial Services Providers in the Old Mutual Group ("the Old Mutual Group"). This newsletter is for information purposes only and does not constitute financial advice in any way or form. It is important to consult a financial planner to receive financial advice before acting on any information contained herein. OMW, the Old Mutual Group and its directors, officers and employees shall not be responsible and disclaim all liability for any loss, damage (whether direct, indirect, special or consequential) and/or expense of any nature whatsoever, which may be suffered as a result of, or which may be attributable, directly or indirectly, to the use of, or reliance upon any information contained in this newsletter.

