

WARWICK

WEALTH

The Investment Specialists

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WEALTH MATTERS



In this issue

Introduction and welcome from the Warwick Wealth Managing Director



It gives me great pleasure to welcome all our clients, professional network members and supporters to the founding edition of WEALTH MATTERS!

Each month we will be bringing you updates on local and international markets, a feature on investments, as well as commentary on estate planning and other newsworthy articles. We will also update you on relevant company developments such as the opening of new offices, new merger partners joining the Warwick Wealth family. On a quarterly basis we will bring you a longer edition of Wealth Matters which will provide more detailed analysis and stories of interest.

In company news, the Warwick Wealth expansion continues. Our Eastern Cape Port Elizabeth/Gqeberha region has just moved into lovely new offices and I am sure our Regional Manager, Rudi Oosthuizen, and his team would be delighted to show you around. We are also proud to announce that in recent weeks Warwick Wealth has opened three Advisory Offices in Pretoria, Grabouw and Langebaan.

We also welcomed Andrew Fuhri as a Wealth Planner in our KZN offices, as well as Pieter Crous as a Professional Network Manager in Gauteng and Izelle Marais as an Assistant Regional Administration Manager in Gauteng.

We would like Wealth Matters to be an interactive experience and so would welcome any ideas you may have for interesting and relevant issues we can cover.

Given the exceptional volatility we have experienced in recent weeks, I want to share with you a few of the most important tips I have picked up over the years with respect to staying invested. I hope you will find the articles of value and interest and please be in touch if you have any question or suggestion for us on our Toll-free number: **0800 50 50 50**, or email clientcare@thewarwickgroup.com

Enjoy the read and I look forward to being in touch again in June!

Marc Wiese, Managing Director

Local Markets

Stay invested and maintain a long-term view

The global political and economic landscape has been in a state of flux recently. Global inflation, rising interest rates, Russia's invasion of Ukraine and China experiencing economic uncertainty are all factors contributing to a complex environment for investors. The financial markets have also been impulsive over the past couple of months and we have seen major movers up as well as down. Years ago, JP Morgan was asked, what will the stock market do, he answered "It will fluctuate".

The past couple of months have borne this out. We have seen the investment industry overreact to economic, corporate and political news, but this is not all bad news, however, as volatility also has the potential to create opportunity.

It is basic human disposition to be focused on the short term. We are quick to forget that markets have had a phenomenal run over the past decade and volatility is bound to occur. The fact remains that the overarching tendency for stock markets has been upwards over the past 100 years. When investors "stick to their guns" and maintain their convictions and sound investment principles, we believe it will always deliver in the long term.

In our fast-paced world, quick access to information allows us to be in touch with current world events and to view how decisions made by politicians and regulators influence

our markets. The impact that active traders exert on share prices can be enormous when they react to information instantaneously. These short-term reactions cause investors to doubt the market, opting to get out after they witnessed a down turn, and wanting to return after upswings have begun.

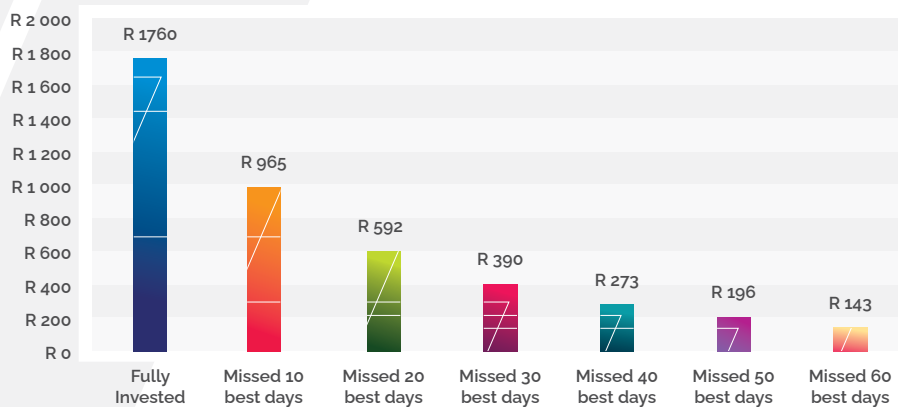
Are these short-term reactions a key to great investment returns? Or is a long-term investment strategy based on long-term fundamentals the key to unlock these returns?

R100 fully Invested on the JSE All Share Index (ALSI) from June 1995 to the present would have provided an average return of 16% per annum. When missing the 10 best performing days in this period, your own investment returns are reduced to only 12.4% per annum. This decline is more rapid as missing more and more of the best performing days in the period are lost, leaving you with a mere 1.9% return if the best 60 days over the same period.

The short-term investment decision is called market timing, and involves two decisions "When do I buy?" and "When do I Sell?". There is no guarantees that your buy decision is occurring at the bottom of the market and neither is there a guarantee of selling at the top, as markets tend move higher in the long run. Nobel laureate Harry Markowitz, known as the father of modern portfolio theory, has been quoted as saying: "It is yet to be shown

If we observe market movements over the last two decades we find some clarity on this:

GROWTH OF R100 ON THE ALSI



that anybody has the capability to market time successfully, and it is certainly yet to be shown that billions of dollars of pension funds could be successfully market-timed."

Long-term investing provides the most consistent returns, and having a trusted partner to assist you on this path makes the journey even safer. As prudent investment managers, we at Warwick Wealth believe in quality, in depth-analysis and diversification. When investment decisions are made by solid reasoning, backed by logical conclusions, investments are

expected to deliver in the long run. Buying quality quite simply means looking for investment opportunities with sensible and experienced management, good future potential and financial strength which creates long term attractive value. This same logic must be applied when considering share selections, geographical diversification and sector allocations.

Long-term investing means being patient and allowing time for your investment principles and philosophies to pay off. ●

International Markets

An exceptional, if not unique, correlation of factors is buffeting financial markets at the present, but we have enough experience to know how to respond and deal with these challenges.

While most of the globe is emerging and recovering from the worst of the Covid pandemic, ironically, China has been hit by a resurgence of infections and has responded in its customary authoritarian manner. China's economic and financial centre, Shanghai, has effectively been locked down in what constitutes the most extreme measures imposed on a major Chinese city. While the omniscience of the lockdown may prove effective in stabilising public health and eradicating this spike in Covid infections, its economic impact on the Chinese and global economy is alarming. Supply chain backlogs, silicon chip shortages and shipping blockages are just a few of the knock-on effects of the Shanghai lockdown.

As the world's major consumer of resources, the slow-down in the Chinese economy will also dampen the resources super-cycle which has shielded our South African economy over the past couple of years.

This interruption of the global recovery from the economic fall-out of the Covid pandemic comes at a time when advanced economies are grappling with exceptionally high inflation rates. This after record low interest rates have been the norm for almost a decade. In other words, we have the ingredients for a bout of stagflation if central banks, treasuries and the major developed economies mismanage this period of recovery.

As if this was not enough to contend with, the Russian invasion

of Ukraine has sent shock-waves through the energy supply chains in Europe and beyond, while simultaneously threatening to curtail supplies of fertiliser, grain and cooking oil. The impact of these latter factors will be felt most in developing countries and Africa in particular. This is yet another reason why South Africa must protect, grow and sustain its farming community to ensure food security now and for future generations.



Perversely, the energy crisis propelled by the Russian invasion of Ukraine has also placed a huge question mark over the roll-out of global sustainable/renewable energy policy even in the light of the commitments made to keep global warming below 1.5°C made at the climate change CoP26 held in Glasgow in November last year.

Little surprise then, that financial markets have recently come off significantly, with bloated tech stocks being hardest hit in the re-rating.

Yet, with all this said and the myriad challenges confronting global markets, a financial correction is neither unusual, nor unhealthy. Despite the current market and currency buffeting, the challenge is to remain invested in good quality portfolios that are soundly constructed and managed for the long-term wealth protection and income of informed investors.

This is exactly what our asset managers achieve by sticking to their disciplines, no matter how strong the head winds we face. ●

Tackling problems at the Master's Office

Enormous power vests in the in the office of the Master of the High Court. But with power comes responsibility. The Master's Office administration of deceased estates been beset with chronic problems for years and things have become so bad that not only have senior officials been suspended for fraud, but the Special Investigating Unit has launched a probe into possible malfeasance.



This presents a plethora of problems for Appleton, but most importantly for our clients and their heirs. While we accept that the Covid lockdown has created a unique set of challenges, we cannot accept the lack of care, professionalism and attention that has come to characterise elements of the Master's Office. This is not the case across the board of course, and there are still some cases of exemplary service, but this begs the question: why is it that some staff provide good service in some Master's Offices across the country, when many others in the same office not?

Warwick Wealth clients holding a Will with Appleton should be assured that we at Appleton are working tirelessly to bring you optimal service under trying circumstances. All our senior administrators are members of the Fiduciary Institute of South Africa (FISA) and we have been working closely with the Institute to try and find immediate and suitable solutions to the crises in the Master's Office. I have engaged

personally with the Minister of Justice, the Deputy Minister of Justice, Parliament's Justice Committee and indeed the

Chief Master to try and get relief for our clients. Notably, all of the above VIP stakeholders have been responsive and have undertaken to try and tackle the myriad problems besetting this key institution and for this we are grateful.

We will update clients each month on key developments in the fiduciary services sector, but please do not hesitate to contact your Warwick Wealth Specialist or IFA for any specific questions or queries we can assist with.

Until next month, please take good care and stay safe.

Tim Hughes
 Managing Director
 Appleton

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