SMART INVESTMENT STRATEGIES DURING COVID-19

As the world continues to cope with the impact of the COVID-19 pandemic and tries to settle at a new normal, we continue to observe volatility in the financial markets. This volatility is expected to last until normalcy returns to the global economy.

For investors, the BIG question is:-

How do I invest in these times with uncertainty being the order of the day?

At JMMB, we have always, and will continue to emphasize and encourage a balanced approach to investing that seeks to match your investment portfolio with your goals.

Here are some of the reasons for this balanced disciplined approach:-

- By identifying your goal and creating an asset allocation that is appropriate, the long term portfolio impact created by a market event such as the one we are experiencing is reduced.
- Using this asset allocation as a guideline, the individual assets are then selected to create a portfolio that matches the achievement of your goals.

THE JMMB GROUP
Your best interest at heart.

- While some persons may be tempted to try and time the market, we don't recommend this speculative approach. An investment strategy based on speculating may yield above average returns; but may also result in significant losses. It also requires an inordinate amount of time dedicated to monitoring the investments as the markets can suddenly change based on new information.
- In a speculative strategy you also have to contend with unforeseen market events such as the one we are currently experiencing.

At JMMB, we recommend and use a 3-Step Approach to investing, which is ideal as it is built on the premise of goal-based investing. The 3 steps are:

STEP 1: BUDGETING

- Budgeting is the process by which you balance your income with your expenses with the aim of either balancing your budget (income equal to expenses) or preferably, having a surplus (Income greater than expenses). It is this surplus that can then be used for saving and investing.
- Budgeting will allow you to allocate the right amounts to both your saving and investment needs and in so doing, achieve your financial goals.
- A budget will also assist in identifying any gaps between the amount you want to save/invest vs what you can actually save and invest i.e. It helps you set the most achievable plan.

STEP 2: EMERGENCY FUND

- An emergency fund is one in which money is set aside to manage any unforeseen expenditure requirements.
- Even with a properly constructed budget you can face expenses outside of those that were budgeted. As such, it is generally recommended that you set aside the equivalent of 3 to 6 months of expenses for such emergencies.
- We recommend that you separate your emergency funds from your long term investments and that you keep your emergency funds in investments that can be easily converted to cash.
- Separating your emergency funds from your long term investments is important because it allows you to stay invested and not have to break your plan because of unexpected expenses.
- A common misconception is that investing all your funds in long term risky investments in an attempt to gain greater returns is the better strategy but the downside to that is having to potentially liquidate an investment prematurely at lower prices and realizing losses.
- **The JMMB Investments Emergency Fund** or the **JMMB Bank EZ Access** or **Bonus Saver** solutions are excellent options for your emergency funds.

STEP 3: INVESTMENT ALLOCATION

- Having done your budget and taken care of your emergency funds, it's now time to look at structuring a portfolio to meet your investment goals.

- We recognize that you may not have the time required to build out and monitor such a portfolio. The good news is that JMMB has just the service to fill this gap. Our **Investment Management Service** offers the expertise and insights necessary to manage a well balanced portfolio for you. We will assist you in clearly identifying your goals, allocating your funds to the various asset classes and rebalancing your portfolio as market conditions change, all with the achievement of your goals in mind.

Volatility Lessons

- In the last 12 years we have seen two (2) major market events i.e, The US Housing sector crisis of 2008 and COVID-19. What they have taught us is that markets will not move in any one direction (up or down) forever.
- With the onset of a crisis, we will quite likely not have sufficient warning or lead time to limit our exposure to the impact of volatility.
- COVID-19's impact on the market was very sudden and if your investment strategy was based on timing the market you may have sustained substantial losses if your timing was off.
- To that end JMMB continues to encourage a disciplined approach towards investing with a portfolio that is built with the sole purpose of meeting your identified goals. We believe in selecting assets that are fundamentally solid thus allowing your portfolios to withstand market volatility, even at the level of the one we are currently experiencing.

With our simple 3-Step Approach coupled with our Investment Management Service, we will continue to partner with you towards the achievement of your goals.

Please feel free to contact us if you have any queries. As always, we will be more than happy to assist.