Earn. Save. Invest. Reinvest. Legacy

@EMUKUMBO

Disclaimer

NB!! I am not a financial advisor, I will be sharing what I have learnt and nothing in this document constitutes as financial advise. This information is not advice as defined and contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended.

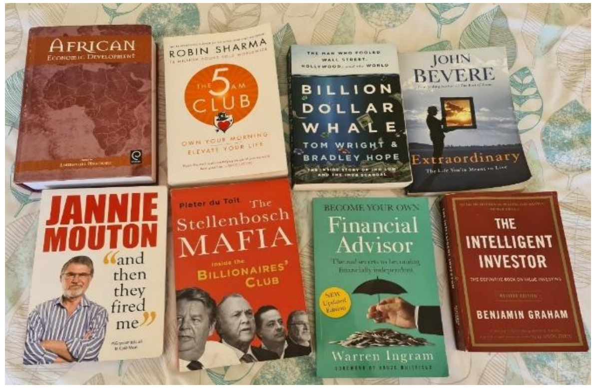
WHO IS ESTHER?

MY JOURNEY

Learning phase-self discovery

Finding purpose – the why?

Investing in myself



Setting a target

@EMUKUMBO

CALCULATING FI NUMBER

Methods Used

Working out my FI number
Assumptions
Annual incomeX25= FI figure
4% drawdown rate

The investor challenge-Patrick Mackay's blog :
https://www.investorchallenge.co.za/com_calc_fire.php?net_income=25000&savings=3000&net_worth=200000

Calculation

Complete the following to calculate your time to FIRE

Net monthly income (after tax and deductions)	25000
Amount saved per month	3000
How much you already have	200000

Calculate

What you earn:	R25 000
What you spend:	R22 000
What you save:	R3 000
Savings rate:	12%
Amount needed to be FI:	R6 600 000
Minus what you already have:	R200 000
How much more to save:	R6 400 000

It will take you 42 years and 2 months to reach FIRE!

@EMUKUMBO

STEPS TAKING TO REACH FI

Methods Used

Paying debt off (snowball method)

Starting my emergency fund

Starting my investment portfolio

How to apply methods practically

Saving and Investing 20% of income

Any extra funds i.e bonuses and increases we invest 40-60%

We share one car in our household

@EMUKUMBO

VEHICLES I AM USING

Retirement products

- ✓ Retirement Annuity- Tax benefit
- ✓ Pension Fund
- ✓ Provident fund

Investments

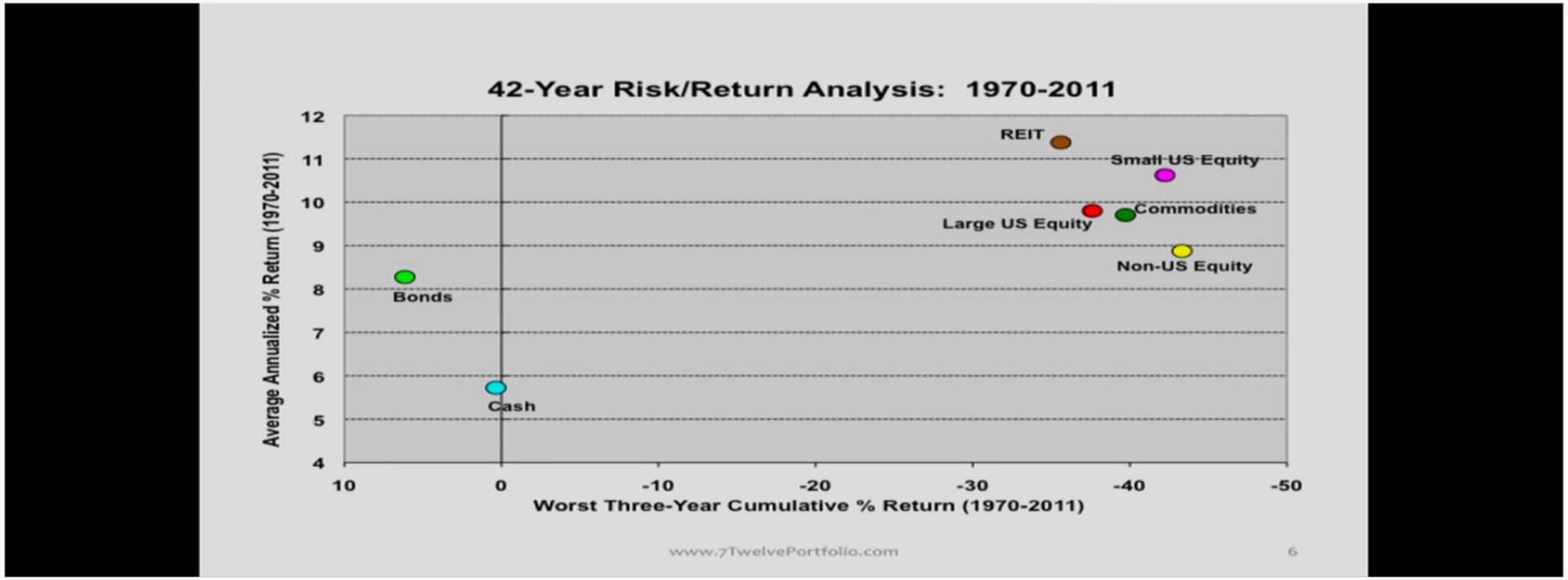
EasyEquities
www.easyequities.co.za

- ✓ Emergency fund –Savings account easily accessible
- ✓ EasyEquities Account- TFSA, USD and ZAR Account

@EMUKUMBO

ASSET CLASS- DECIDING WHICH ASSET CLASSES TO INVEST IN

Different types of asset classes have different returns. Below is a study done on the return of various asset classes over a period of time



Asset Allocation: Building a Better Balanced Portfolio (Personal Finance Symposium IV - 2012)

@EMUKUMBO

DIFFERENT ASSET CLASSES AND DIFFERENT RETURNS

Year	Large US Equity	Small US Equity	Non-US Equity	Aggregate US Bonds	Cash	Real Estate	Commodities	Equally Weighted Multi-Asset Portfolio
1991	30.47	46.04	12.13	16.00	5.68	23.84	(6.13)	18.29
1992	7.62	18.41	(12.17)	7.40	3.59	15.13	4.42	6.34
1993	10.08	18.88	32.56	9.75	3.12	15.14	(12.33)	11.03
1994	1.32	(1.82)	7.78	(2.92)	4.45	2.66	5.29	2.39
1995	37.58	28.45	11.21	18.48	5.79	12.24	20.33	19.15
1996	22.96	16.49	6.05	3.63	5.26	37.05	33.92	17.91
1997	33.36	22.36	1.78	9.66	5.31	19.66	(14.07)	11.15
1998	28.58	(2.55)	20.00	8.69	5.02	(17.01)	(35.75)	1.00
1999	21.04	21.26	26.97	(0.82)	4.87	(2.58)	40.92	15.95
2000	(9.10)	(3.02)	(14.17)	11.63	6.32	31.04	49.74	10.35
2001	(11.89)	2.49	(21.44)	8.44	3.67	12.35	(31.93)	(5.47)
2002	(22.10)	(20.48)	(15.94)	10.26	1.68	3.58	32.07	(1.56)
2003	28.69	47.25	38.59	4.10	1.05	36.18	20.72	25.23
2004	10.88	18.33	20.25	4.34	1.43	33.16	17.28	15.10
2005	4.91	4.55	13.54	2.43	3.34	13.82	25.55	9.73
2006	15.79	18.37	26.34	4.33	5.07	35.97	(15.09)	12.97
2007	5.49	(1.57)	11.17	6.97	4.77	(17.56)	32.67	5.99
2008	(37.00)	(33.79)	(43.38)	5.24	1.51	(39.20)	(46.49)	(27.59)
2009	26.46	27.17	31.78	5.93	0.16	28.46	13.49	19.06
2010	15.06	26.86	7.75	6.54	0.14	28.07	9.03	13.35
2011	2.11	(4.18)	(12.14)	7.84	0.06	9.37	(1.18)	0.27

www.7TwelvePortfolio.com

Asset Allocation: Building a Better Balanced Portfolio (Personal Finance Symposium IV - 2012)

@EMUKUMBO

SINGLE ASSET VS MULTI-ASSET PORTFOLIO

Single Assets vs. Multi-Asset Portfolio

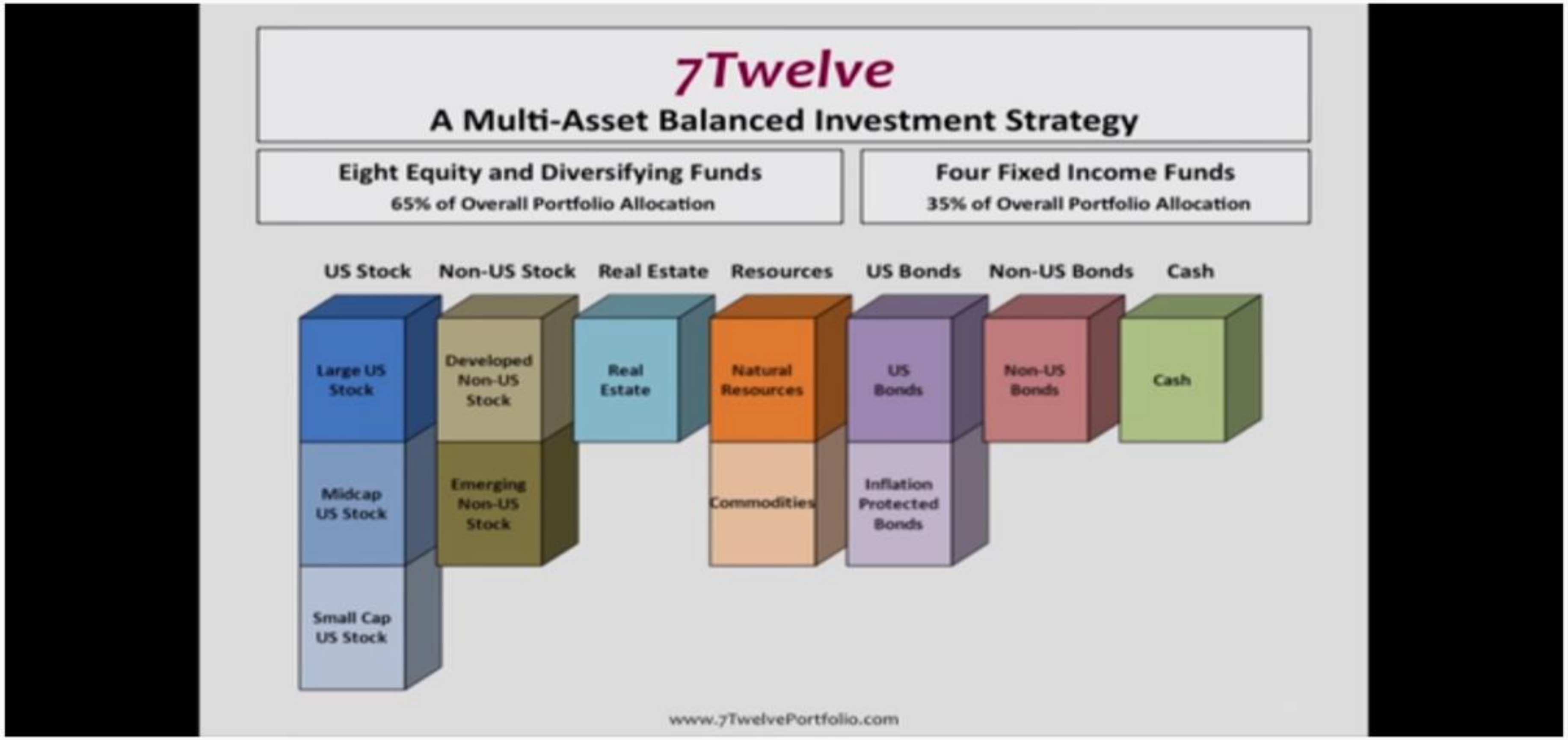
1970-2011	Large US Equity	Small US Equity	Non-US Equity	US Bonds	Cash	Real Estate	Commodities	Equally Weighted 7-Asset Portfolio
42-Year Average Annualized % Return	9.80	10.62	8.87	8.28	5.72	11.38	9.70	10.26
42-Year Standard Deviation of Annual Returns	17.75	22.25	22.76	6.57	3.41	19.65	24.71	10.47
Growth of $10,000	507,362	693,816	355,563	281,975	103,609	923,187	488,889	605,768
Number of Years with Negative Returns	9	13	12	2	0	9	11	5
Worst One-Year % Return	(37.00)	(33.79)	(43.38)	(2.92)	0.06	(39.20)	(46.49)	(27.59)
Worst Three-Year Cumulative % Return	(37.61)	(42.24)	(43.32)	6.15	0.36	(35.61)	(39.72)	(13.30)

www.7TwelvePortfolio.com

Asset Allocation: Building a Better Balanced Portfolio (Personal Finance Symposium IV - 2012)

@EMUKUMBO

MULTI-ASSET APPROACH



Asset Allocation: Building a Better Balanced Portfolio (Personal Finance Symposium IV - 2012)

@EMUKUMBO

ASSET ALLOCATION

@EMUKUMBO

BUILDING MY PORTFOLIO

Example

JSE Power Hour: Building a portfolio from scratch

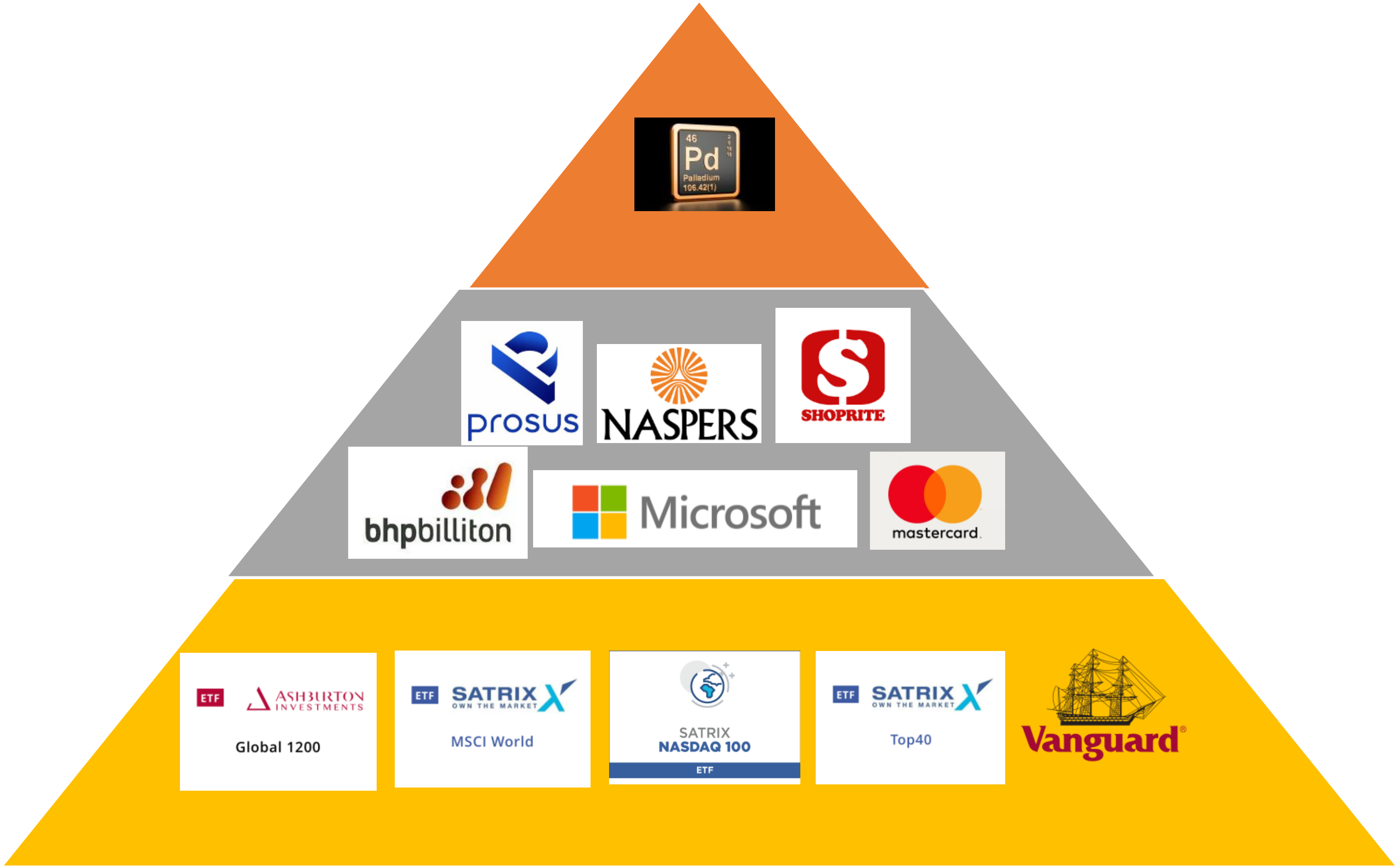
Satellite/Core

- ✓ Core- Mostly composed of Exchange Traded Fund i.e. Ashburton 1200
- ✓ Satellite- Deciding on individual stocks the asset classes between 8-10 shares

Source – JustOneLap @Simon Brown JSE Powerhour series

@EMUKUMBO

WHAT I HAVE IN MY PORTFOLIO



@EMUKUMBO

WHAT I HAVE IN MY PORTFOLIO

Stocks and ETFs	TFSA	Foreign

Stocks and ETFs

EasyEquities
www.easyequities.co.za

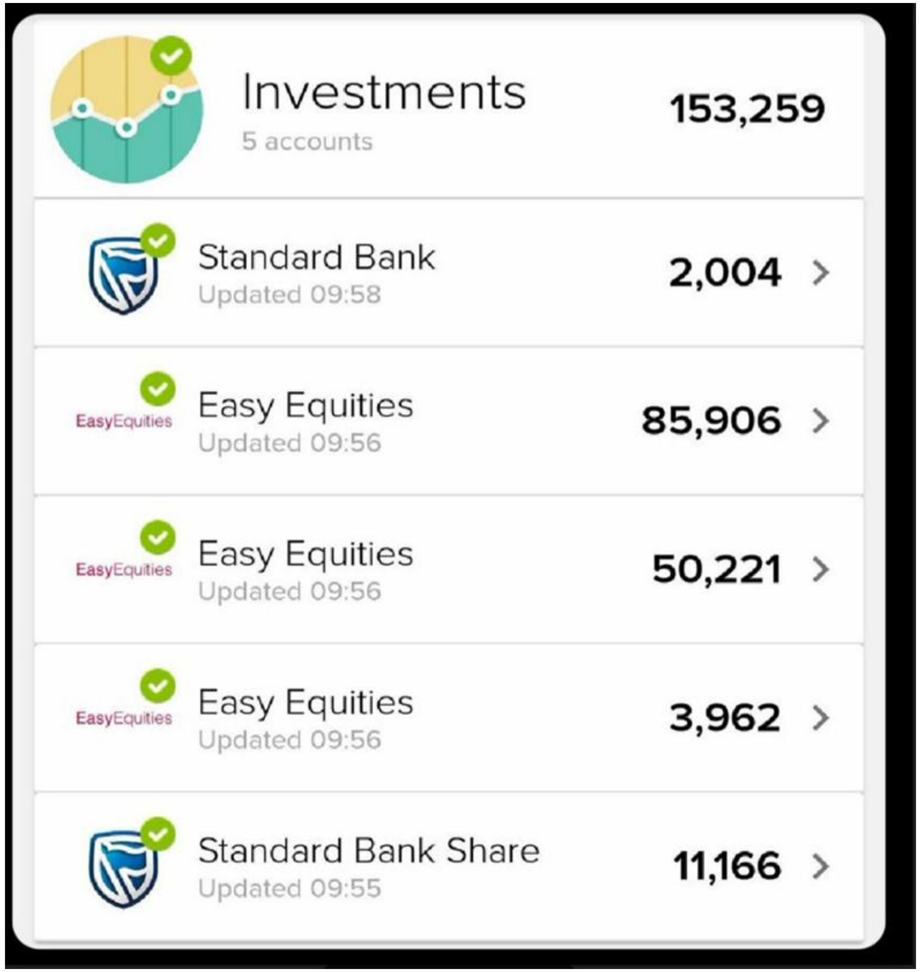
TFSA

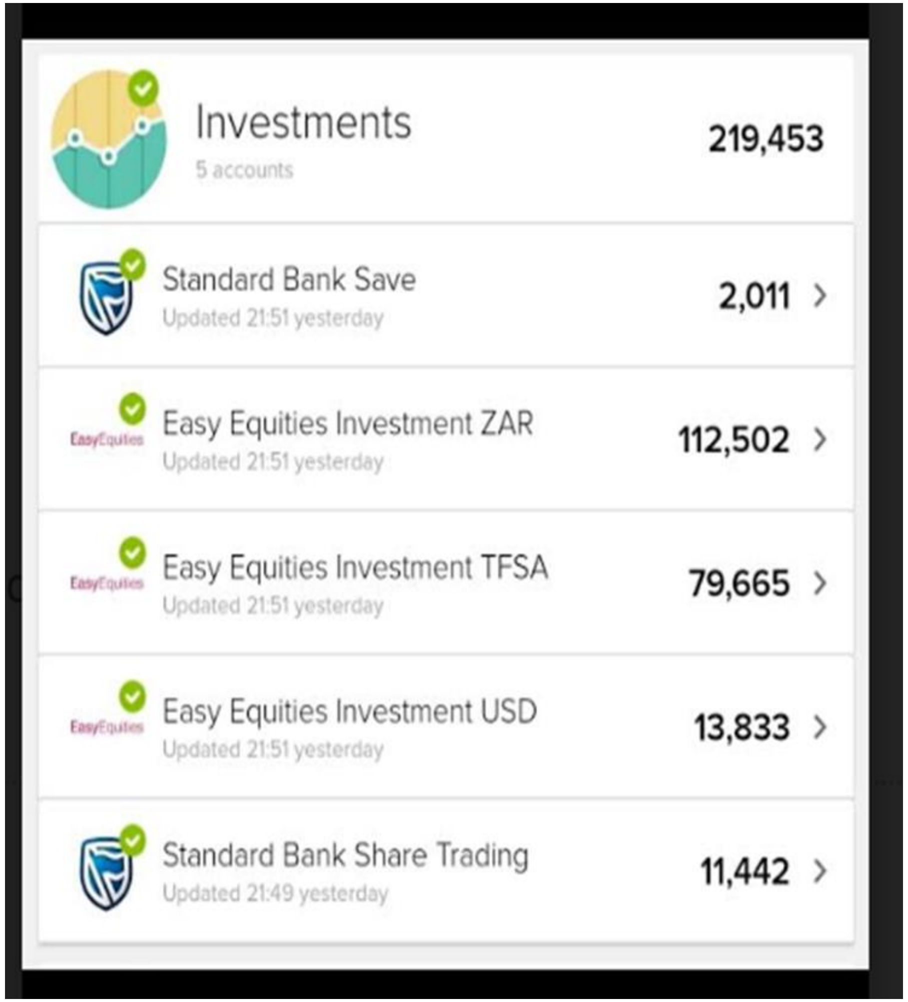
EasyEquities

Foreign

@EMUKUMBO

CURRENT PORTFOLIO





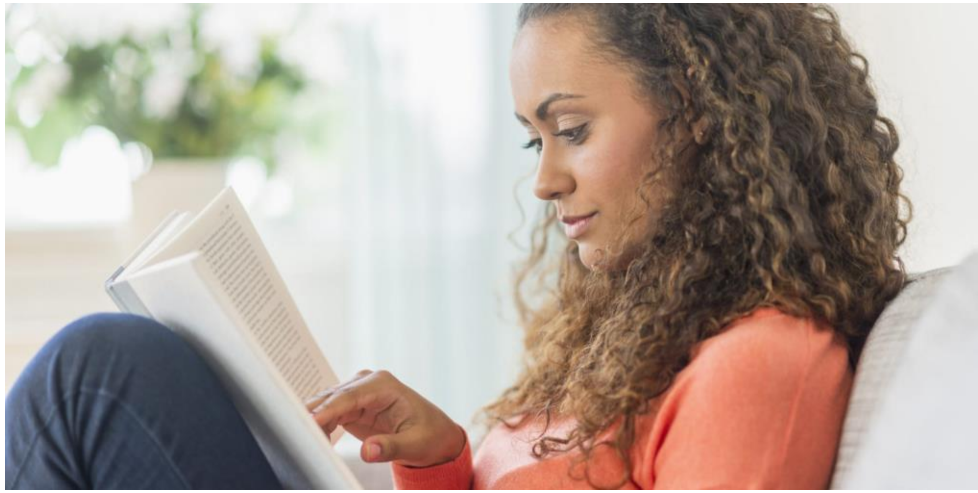
@EMUKUMBO

RESOURCES I USE

just one lap
money in action

Online Share Trading

Investing.com



Stealthy Wealth

@EMUKUMBO

Q&A


HAPPY INVESTING!
THANK YOU