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FINANCIAL

INSIGHTS

by

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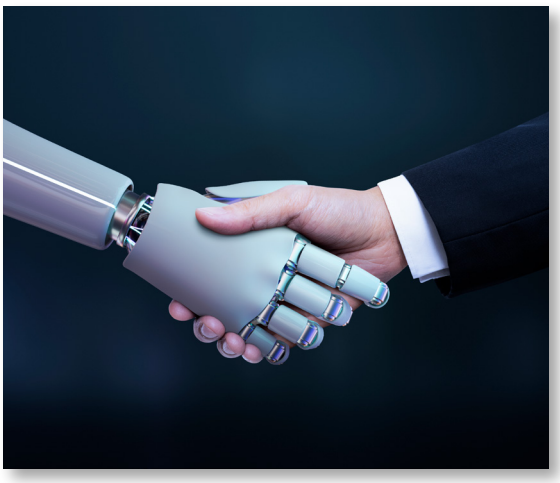
WHY INVESTING IN DATA SECURITY AND PRIVACY IS A GREAT IDEA FOR INVESTORS

In the age of data and digital transformation, ensuring cybersecurity and privacy of data is at the top of most businesses' priorities.

As such, the realm of data privacy and cybersecurity has become one of the most investable industries, with private equity firms and independent investors alike hopping on board to increase the total cybersecurity investments by around 10% in 2021, as forecasted in reports by both Canalys and Gartner.

While the world of business has been undergoing digital transformation and harnessing technology such as the Internet of Things, the Industrial Internet of Things and cloud computing for years, the events of the last year – namely, the COVID-19 pandemic and the resulting lockdowns – have forced many more businesses to become more digitally enabled.



While this propelled many businesses forward, allowing them to connect with customers in new ways, keep their employees working remotely, and update their systems to become more competitive and efficient in the digital age, this also provided more opportunities for malicious cyber attacks.

As a result, 2020 had the most cyberattacks on record. One SonicWall report showed that the number of hacking attempts had increased by 20% in the first half of the year. A Helpnet Security article cited that ransomware attacks increased by around 60% in 2020.

In particular, public sector industries – which were under immense strain during the pandemic period, especially healthcare and education entities – were also the most targeted by cyberattackers and fraudsters, increasing the incentive to invest more of their budget into cybersecurity.

This is especially true as these entities – among many – hold sensitive data about individuals, making security and privacy of data even more essential to protect these individuals, in addition to protecting against reputational damage and GDPR-associated fines for not adequately protecting data.

Therefore, despite the advantages that increased interconnectivity, data collection and online working offers, there is also increased risk, and companies who want to succeed in the quickly evolving modern world – which is becoming more and more technologically enabled – have to take and mitigate, this risk to compete with companies that use data to their advantage.

Organisations such as Facebook, Google and Amazon, established in the age of data, are all examples of how data – collected and used effectively – can fuel immense success, and these companies similarly take excellent care to implement measures to keep their data secure and their – and their customers' – privacy protected.

Therefore, even during the pandemic, more giant corporations' cybersecurity spending remained resilient. However, smaller businesses cybersecurity budgets were affected, despite the increased risk of cyberattack.

However, now that lockdowns around the world have eased. Consumer spending has increased – and it looks as though the economy is beginning to stabilise, and employment statuses feel more secure – small to medium businesses will likely hike up their security spending, as the threat of cyber-attacks and data breaches remains high and is expected to grow, with the range of cyber threat expanding.

All of these factors – among many more – are a few of the reasons why cybersecurity is a continually growing industry. Also, one of the most investable, as businesses become more technologically enabled and harness the power of data and the threat of cyberattack simultaneously grows.

Across the many different types of cybersecurity, including data security, web and email security, endpoint security and network security, all cybersecurity segments are forecasted to grow in 2021 from 5-12% across the various sectors, as cited in a report by Canalys.

This is reflected in the stock market as the value of the cybersecurity industry is recognised, with numerous cybersecurity companies achieving a composite rating of above 90 – meaning they've outperformed 90% of all other possible stocks in the country traded in – including CrowdStrike, Proofpoint, Zscaler and Palo Alto Networks among more.

More than this, CrowdStrike and Zscaler feature in the top half of the IBD 50 roster of growth stocks. With CrowdStrike cracking the top 15 stocks and Zscaler making the top 25 already this year, the former specialising in malware detection on devices with access to corporate networks and the latter specialising in cloud-based web security gateways.

More than their stellar performance in the stock market, cybersecurity companies are being invested in by huge private equity companies and even acquired by some of the most successful corporations, such as Microsoft, who recently bought RiskIQ – a security and threat management company – for $500 million.

Bearing in mind the impressive financial potential of the cybersecurity industry and the guarantee that cybersecurity will become even more essential for the protection of privacy and data – especially now that the financial strain of COVID-19 and subsequent lockdowns are easing – investing in cybersecurity, data security, and privacy protection will likely be more lucrative than ever in 2021/22.

WHAT IS AN ETF AND WHAT YOU NEED TO KNOW WHEN INVESTING

The world of investing, trading and stocks can be a minefield to navigate, especially if you're taking your first steps into the realm of investment.

In addition to the scathes of investment-centric jargon all new investors have to get to grips with, there are many different types of investments to choose from, with one popular type of investment being the Exchange Traded Fund, more commonly referred to as an ETF.

WHAT IS AN EXCHANGE TRADED FUND?

Simply put, an Exchange Traded Fund (ETF) is a collection of trading securities – which can be stocks, bonds, commodities, or a combination of these investment types – which typically track a particular index, industry or sector.

The vast majority of ETFs are passively managed, which means they track – and aim to match – the performance of an underlying index, sector or industry.

Although Exchange Traded Funds are like mutual funds in the sense that the fund comprises a diverse portfolio of different investments, ETFs have the benefit of being able to be traded like a regular stock.

So, ETFs can be bought or sold and traded for profit throughout the day, just like stocks on the stock exchange, and the price of an ETF will, likewise, fluctuate throughout the day. ETFs are therefore unlike mutual funds because they can only be sold at the close of the market – usually at the end of the day.

As a type of marketable security, an ETF has an associated price. However, when buying and selling ETFs, there are two prices you need to be aware of: the asking price and the bid price, the former being the price for which you can purchase an ETF and the latter referring to the price for which you can sell the ETF.

WHAT ARE THE BENEFITS OF INVESTING IN ETFS?

Exchange-Traded Funds are made up of multiple securities that represent shares in numerous companies, commodities or industries, allowing ETF owners to enjoy the benefits of a diverse portfolio of investments – such as risk offsetting and the likelihood of seeing steady returns over time – without the exorbitant costs of buying these stocks individually.

For example, an ETF tracking an index such as the S&P 500 might contain all 500 stocks from the index – through ETFs can contain potentially thousands of stocks – only one purchase needs to be made to acquire this selection of stocks.

More than this, with individual stocks, a broker's fee is usually paid each time a stock is bought and sold, making it more costly to trade multiple separate stocks. On the other hand, Exchange Traded Funds are considered one stock in that they are traded as one unit, and therefore only one broker's fee is applied each time an ETF is bought and sold, making ETFs a less costly option than mutual funds.

HOW ARE ETFS MADE?

ETF providers work with Authorized Participants, often financial entities such as investment banks, to create new shares of their particular Exchange Traded Fund.

When an ETF provider wants more shares to be available, the Authorized Participant buys the underlying securities that make up the ETF shares in the correct proportions for the fund and delivers these to the ETF provider. The provider then gives the AP the same value of ETF shares in exchange – this is known as a 'creation unit' and typically comprises 50,000 shares.

It's important to note that, while the AP is given the same value in ETF shares – in terms of the fund's Net Asset Value – this is not necessarily the same price that the ETF will be trading for on the market, allowing the AP to resell the ETF shares at a profit.

Moreover, the mechanism also works in reverse. Authorized Participants can remove ETF shares from the market – enough to form a creation unit – and return these to the ETF provider for the individual securities that make up the ETF.

This process, known as the creation and redemption mechanism, helps to ensure that the ETF share prices don't veer too far away from the value of the securities that make it up.

WHERE SHOULD YOU START WITH ETF INVESTING?

Like purchasing traditional stocks, ETFs can be bought and sold on most online investing platforms and apps, often free to use.

Next, you'll need to research the different types of ETF to decide which class to invest in as there are tons of different kinds on the market, including Bond ETFs, Stock ETFs, Industry ETFs and more.

Depending on what type of Exchange Traded Fund you purchase, you will need to research the whole sector, industry or index that the shares within your ETF belong to, and, like with any investment, you should consider which trading strategy to employ when buying and selling your chosen ETFs, whether you're thinking of dollar-cost averaging or swing trading.

ONE OF US

In 'One of Us', we share intimate conversations with colleagues, thought leaders, and financial experts to educate, enlighten, and entertain you.

This month we caught up with our Head of Global Recruitment & Operations- Anu Aggarwal

Q: Thank you so much, Anu, for taking the time to do this interview. Can we start by letting our audience know a bit about your background and your role with AMA

A: Hi, and thank you for the opportunity to be featured in the Monthly Insights magazine!
I would describe myself as a passionate and driven individual. I enjoy a challenge and strive to be the best at what I do. I'm pretty competitive while also being very personable.

With Austen Morris Associates, my primary role is heading up global recruitment while
working alongside Greg Morris -Founding Partner & James Colclough- Managing Senior Partner on all aspects of operations, project management, and supporting the business's marketing needs internally and externally.

My career started in the UK retail sector. I worked my up the business in various managerial roles with high fashion footwear company, 'Faith', going on to being appointed the General Manager for the Flagship Store in London's Oxford Street (then the world's most prominent high street). Under my management, we underwent a total makeover. We re-launched the brand, giving it a much more high fashion/trendy feel, which catapulted Faith to the UK's number 1 high street Footwear retailer.

Seeking the next challenge, I moved to Phones 4U, a large telecommunications company, as the General Manager of the company's Flagship Store in the heart of London's Oxford Street. During my time with P4U, I was ranked among the top 3 managers nationwide out of 600 managers.

The opportunity to go to China presented itself through a friend who had just been offered a role in Shangai with a private wealth management company, and there was a position that may be suited for me. I always wanted to travel, and this seemed like a once in a lifetime opportunity, so my great Asia adventure started there.

Q: You were headhunted by AMA in 2007; what was your first impression about this company? Also, what has changed in the past 14 years?

A: I was working as the Operations & Marketing Manager in Shanghai when AMA approached me. My first meeting was a memorable one; I met with Senior Partner James Colclough. Usually, I'm the one interviewing candidates, so it was a little odd being the interviewee. The conversation just flowed, and I remember thinking, what a great guy! We just chatted for what seemed like a very long time on a wide range of subjects. For me, the natural attraction to AMA was the company culture core values, which were in line with my own. I Instinctively knew AMA would be the right move for me, and I wasn't wrong!

In 2007 I started as the Operations Manager, and by 2008 we had more than tripled in size. With offices in China, the Philippines, Thailand, Vietnam and Indonesia. During which time, we became one of the most service-oriented Financial Service Companies in Asia. In July 2013, we opened the first office in South Africa. Since then, we have continued to grow our global presence in Africa, the USA and Europe, with over 7,500 clients in over 90 countries and growing. In the last 18 months, the most significant changes have been our advancements in technology and client connection, as evidenced by our Interactive Client Engagement system (ICE), the website, and mobile App client application tool.

Q: How did your successful career in retail, sales and marketing help you with your role as AMA's head of global recruitment and operations? And what do you most enjoy about your job?

A: As a General Manager in the UK, my overall responsibilities included overseeing HR duties, recruitment, setting training standards and hiring procedures, analysing and improving organisational processes, and improving the quality, productivity, and efficiency. So when it came to Recruitment & Operations at AMA, it was a perfect fit.

What I love about my job is that I am always kept busy. Getting stuck into a new project is something that I enjoy. Some of the more notable ones recently were the AMA website and the development of the mobile App. I also plan and manage all of our events in China. The AMA Private client dinner is always fun to do, and we have one coming up on the 3rd of November, look out for the video!

Q: In 2014, you moved with AMA to South Africa. Can you share a bit more about your experience there?

A: I relocated to South Africa to help grow and develop the team and the Africa headquarters in Johannesburg. Since then, our AMA Africa team has continued to grow and go from strength to strength. Living and working in South Africa was a whole new experience for me, celebrating Christmas in July (their winter time) due to the SA being in the southern hemisphere. That said, I have never seen a bluer sky; the South African people are some of the loveliest I have ever met, and their love of Braai (BBQ) is unmatched. Did I mention that they are the most sporty outdoorsy people ever, queueing to get into the gym before 5 am! Although I didn't have the chance to visit the game reserves in SA during my time there, I did visit Kenya in 2005. I went on safari in Tsavo East National Park, hands down the best holiday experience I have ever had. If you get the chance to get to SA or another African country, you must do a safari at lest once in your life, for me it still remains the best experience ever!

Q: Many of us who know you well know that you have a special love for animals, and we love your passion for rescuing, sheltering, fostering and protecting them till they find their forever homes. When did it all start? And what makes them so close to your heart?

A: Those of you that know me will also know that I have an adorable toy poodle, Kali. As a teenager, we had a family dog, a handsome German Shepard, Prince, so we have always loved animals. In September 2019, I stumbled upon a dog tied to the bushes in a terrible state(clearly had been abandoned) in my apartment complex with her two tiny puppies, and that's where it all started. I managed to rescue them with the help of a colleague. The Mum was seriously ill and she had to stay in hospital for a few weeks, I had to take in the puppies. They were no more that 6 weeks old at the time, so I went from a one poodle mummy to 3 furbabies very quickly. Long story short, the Mum is now living her best life in Singapore; she was the first to get adopted. One of the boys (Leo) has his forever family in China, and Boy (yes, that's what I named him), took his freedom flight in May this year to his forever family in the UK. Sadly there are no state-sponsored organisations for animal welfare here; the situation for abandoned animals is desperate. I was fortunate enough to get to know the founders of Eleventh Hour Rescues (a non-profit organisation volunteer group rescuing dogs and cats across Shanghai). EHR helped me manage my rescues, offering support and guidance and discounted vets and boarding facilities. Before this, I had no idea about the plight of abandoned and abused animals; it broke my heart. I just wanted to do as much as I could to support the organisation, help raise funds, and, most importantly, save these animals. We are always looking for foster families, adoptors and flight volunteers and, of course, donations to help us with our never-ending and fast-growing bills.

Q: Coming back to China recently and going through 14 days of quarantine must have been tough. Any tips you can share with our audience on making their quarantine period more manageable and more productive?

A: Flights to China, in particular, are tough to find and super expensive. So I had quite the challenge, but I managed to get a flight and landed in Xiamen, a beautiful port city in southeast China's Fujian province. I was lucky to be put in a lovely hotel and even had a balcony with a sea view, so that made my 14 days bearable. I was online and working every day; the only thing I was desperate to do was to go to the gym, so definitely bring something that will keep you active. I ended up ordering a skipping rope and stretch bands to get some activity in and a few books and Netflix! Fourteen days later and a short plane ride away, I was back in Shanghai to do my self-monitoring for seven days. Much less restrictive than the mandatory quarantine, I was able to leave my apartment and get some normality back, albeit self restricted, mindful of not going to crowded places.

FINANCIAL TERMS THAT EVERYONE SHOULD KNOW

Even though finance is a crucial part of every adult's life, most of us are economically clueless as we leave the education system – which is meant to prepare us for life in the real world.

Therefore, the responsibility falls to us as adults to become financially savvy and educate ourselves with articles, books and explanatory videos to aid our quest to achieve financial literacy.

With this in mind, we've compiled a list of financial terms that everyone should know and understand to navigate the finance world successfully.

INFLATION.

Inflation measures the rate that the overall price of products and services increases (or decreases), with banks forecasting a general predicted growth of around 1-3% per year in most countries, including the UK, US and China.

COMPOUND INTEREST.

A type of interest that's earned on both a deposited – or borrowed – sum of money and the interest that may accumulate on the sum over time.

So, when a person saves money, their compound interest is the interest they earn on both the original sum and any interest that this sum propagates.

However, after taking out a loan and incurring debt, the compound interest is the interest earned on both the original loan amount and the interest accumulated over time, which the borrower must payback.

INTEREST RATE.

A term most commonly used when banking, the interest rate, is the percentage interest a bank pays an individual for keeping a sum of money there.

FIXED-RATE MORTGAGE.

A mortgage that carries a fixed interest rate for the entire life of the loan. You don't have to worry about your payments going up if interest rates rise with a fixed-rate mortgage. The downside is that you could be locked into a more expensive mortgage if interest rates go down.

AMORTIZATION.

This term refers to the schedule of repayments a person adheres to pay off their debt over a certain period of time, like the monthly repayments of a mortgage.

ESCROW.

Most often used in real estate, 'Escrow' refers to an account – managed by an unbiased third-party organization – which holds capital/investments of two parties to facilitate a fair transaction.

NET WORTH.

Net worth is the most common metric that we judge an individual's wealth.

Simply put, net worth is calculated by subtracting any debts a person has from their 'investments', including the physical investments they own and any capital they have.

CAPITAL GAINS/CAPITAL LOSS.

When selling an asset, you may acquire capital gains or capital loss, depending on whether you sold the asset from more than it was purchased or less respectively; the capital gains or loss represents the difference between these two figures.

Moreover, when selling, you'll pay taxes on the capital gains earned on an asset, whereas a capital loss could reduce the tax you pay when selling.

ASSET ALLOCATION.

Refers to the process of choosing where to make your investments – which may include equities, bonds and cash/cash equivalents – usually striking a compromise between the measure of time in which individual hopes to reap returns, the size of returns desired and the amount of risk they can tolerate.

REBALANCING.

When undergoing asset allocation, an individual will typically have percentages of their total investment sum in mind that they want to store in each type of investment, such as stocks, bonds, funds and cash (these are called target allocations).

If one of these investment allocations performs remarkably well, however, the percentages – in terms of the value of the investment – may differ from your original target allocation. So, you can sell or invest sections of your portfolio in returning these percentages to the initial target allocation known as rebalancing.

STOCKS.

Also called equities or shares, stocks give you ownership in a company. When you buy stocks, you become a company shareholder, giving you a claim on part of that company's assets and earnings.

SECURITIES.

Securities are tradable financial assets with accompanying monetary value that may appreciate or depreciate over time, including stocks, bonds, mutual funds, index funds and ETFs.

DIVERSIFICATION.

Diversification is the act of spreading out your investments over multiple tradable investments, industries and sectors, and asset classes – which could include various stocks, bonds or funds – to reduce your overall investment risk.

Diversification means that if one company – or one sector or type of asset class – undergoes a hit, it doesn't deplete your entire investment portfolio.

DEFINED CONTRIBUTION SCHEME.

Defined contribution schemes are occupational pension schemes where your contributions and your employer's contributions are invested, and proceeds are used to buy a pension and/or other benefits at retirement. ... Contributions are invested on behalf of each scheme member.

TERM LIFE INSURANCE.

A type of policy that provides coverage over a set period, generally anywhere from 10 to 30 years. If you die within the set term, your beneficiaries receive a payout. If you don't, the policy expires with no value.

PREMIUM.

These are payments you make to an insurance company to maintain your coverage. You can pay premiums monthly, quarterly, semiannually or annually.

WHAT IS DOLLAR-COST AVERAGING AND HOW DOES IT WORK?

If you're taking your first steps into the world of investing, you've likely come across the term 'dollar-cost averaging' when browsing for sound investment strategies – or you may already be investing. Still, you've decided to switch up your strategy to see if you can improve your results.

Whatever the case, we've gathered everything you need to know about dollar cost averaging and how it works as an investment strategy.

WHAT ARE THE RULES OF THE DOLLAR-COST AVERAGING INVESTMENT STRATEGY?

Instead of investing a lump sum into a particular stock or fund at one time, dollar-cost averaging works on the basis that you invest smaller, equal amounts at regular intervals over a set period of time – such as 6 or 12 months – usually weekly or, more often, monthly.

The strategy works on the assumption that, over the long term, the price of investments will increase on average. For this reason, dollar-cost averaging doesn't typically work over a short period, as over just a few weeks or months, the price of shares fluctuates, enduring both rises and falls. Stock prices are unlikely to show growth in the same way they would over a more extended period.

So, if you want to invest $6,000 using the dollar-cost averaging investment technique, instead of investing all of the money at once, you would divide this sum up into equal amounts based on the length of time you want to invest in the stock or fund.

For example, you could invest $250 weekly or $1000 monthly over six months or $500 a month over 12 months.

The price of shares will vary month on month. Sometimes the price of shares will be high – where an investor will receive a smaller number of shares for their money – and sometimes, the costs will be low, where they'll receive more shares for the same price.

Regardless of the price, however, investors using the dollar-cost averaging strategy will invest at the same time each month (or at whichever predetermined intervals are chosen before investing).

Overall, as the price increases for the individual share over a period of time, the number of shares owned should be equivalent to a greater value than was invested over that period, growing investors' wealth.

BUT WHAT ARE THE BENEFITS OF USING THIS STRATEGY?

There are countless potential benefits to using the dollar-cost averaging investment strategy.

For one, spreading your investments out over time minimises the financial risk that you expose yourself. When you invest one lump some into a particular stock, there's a possibility that the price of the stock will plummet, making your shares less valuable than the price you paid for them, resulting in a financial loss.

However, when dollar-cost averaging, you invest in the same stock or fund on multiple occasions over time. So, you may lose money on one investment. Still, you also have many other opportunities to buy shares at a more lucrative time and offset the unfortunately timed investment, allowing your money to grow overall.

Another significant benefit of cost-dollar averaging is that it doesn't require the same volume of research that other investing strategies do, such as predicting when the stock market will rise and fall and purchasing shares accordingly.

This requires an in-depth knowledge of the economy and different sectors and businesses, and ensuring you keep this knowledge up to date – and even armed with this information; seasoned investors often find it difficult to predict the best time to invest accurately.

In contrast, aside from doing some initial research into the particular stock or fund, you're investing in, the dollar-cost averaging mechanism negates the need for research past this point, as you invest at the same at regular intervals regardless of the price of shares at those particular times.

Dollar-cost averaging makes a smaller demand on your time than other forms of investing. It makes it a good choice for those just starting to get into the investment world for those who probably don't have the know-how to ensure sound investment decisions via other more research-intensive methods.

Dollar-cost averaging is also suitable for more than just beginners – and for those who don't want to spend lots of time researching. It's also an excellent investment method for those who don't have a lot of savings, as it spreads out the cost of investment over several months, allowing investors to take advantage of long-term market growth from the outset without first saving a significant sum of money.

So, if you're looking for a less time-intensive, typically less risky method to begin investing, then dollar-cost averaging is one of the best options you can choose to help you grow your wealth.

GROW FINANCIALLY WITH AMA

At Austen Morris Associates, we know how the right financial decisions can make all the difference to your long-term security, quality of life and the realisation of your dreams. We also understand the importance of working closely with you over the long-term to understand your unique needs and help to meet any challenges along the way.

Since 1994, we have been committed to the core values of trust, professionalism and partnership to the benefit of our International Clients around the world, resulting in the successful long-term relationships that are the foundation of Austen Morris Associates today. As Independent Financial Advisors, we provide unbiased advice and give you access to the world's top investment management groups.

Our Consultants offer a wealth of experience in providing a full spectrum of financial advice. Our commitment to ensuring your peace of mind reinforces our focus on trust and partnership. By focusing on your specific needs and situation, we tailor plans to reach your financial goals while maximising the benefits of international investing.

Austen Morris Associates is a truly international company with its global registered office in Seychelles and wholly-owned registered offices in China, South Africa, Hong Kong, Mauritius, the USA and the Philippines. To begin your journey towards total financial security, we invite you to meet with one of our Consultants to understand our financial planning approach and why our clients become loyal and long-term partners.

Get in touch with us today for a free no-obligation consultation.
https://austenmorris.com/contact-us/

WHAT ARE THE TAX BENEFITS MAURITIUS OFFERS?

Mauritius has become a key location for many international investors. As a resident of Mauritius, through property investment or opening a business in Mauritius; investors are able to benefit from the attractive tax system it offers.

WHAT ARE SOME OF THE TAX BENEFITS MAURITIUS OFFERS?

- No tax on capital gains
- No estate inheritance taxes
- No wealth taxes

  Income taxes in Mauritius are set at 15% (income of companies and individuals combined). Income tax can vary from 15% to 50% in some countries.
- Mauritius has a double taxation treaty with 34 countries.

Are you still wondering whether to invest in Mauritius?

Austen Morris Associates offers our clients around the world a broad product and services offering in the most competitive of global jurisdictions. Austen Morris Associates International Limited, based in Mauritius, was awarded an Unrestricted Investment Advisor License in September 2020, giving our clients access to broad and bespoke investment management capabilities. Then in August 2021, our founding senior partner, Greg Morris finalised the acquisition of a Mauritian-based financial advisory firm – Personal Capital Management (PCM) – to expand our footprint and gain an immediate and material presence on the island.

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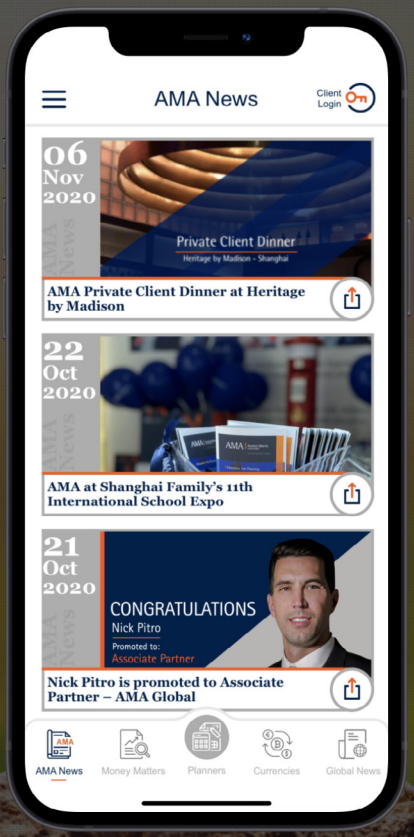

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