

NEWSLETTER 7



THOUGHTS FROM THE SPONSOR



What has the effect of COVID-19 been on the world and the economy?



What will the world look like after COVID-19?



What has the effect of the lockdown been?



WE REQUIRE ALL MEMBERS' CONTACT DETAILS

We need members' **cellphone numbers** as well as **email addresses**



WE REQUIRE ALL MEMBERS' TAX NUMBERS

Members' **tax numbers** are required by legislation

INDIVIDUAL INCOME TAX RETURN DEADLINES HAVE CHANGED



Taxpayers who file **online**: 1 September - 16 November 2020

Taxpayers who work through SARS branches **by appointment**: 1 September - 22 October 2020

Provisional taxpayers who file **electronically**: 1 September - 31 January 2021



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INVESTMENT & ECONOMIC FEEDBACK



Due to COVID-19 most countries' growth estimates are expected to be lower



Economists expect a V-shaped recovery from COVID-19



The South African economy is under immense pressure



THOUGHTS FROM THE SPONSOR

Johan Rupert note that the pandemic will reset the way the world works. It is uncertain what the outcome of the reset will be, but from a business perspective, it is critical to try and take a peek into the future and what changes are already incubating?



On international and inter-government level:

Internationally governments position themselves to increase wealth of their populations. Measurements such as wealth-, earnings-, growth, and intellect per capita, to name a few.

Success here results in increased living standards, bigger markets, and increased profitability for business, better solutions, better infrastructure and productivity, longer lives. Countries position themselves to become competitive and develop markets in other countries to earn foreign currency. Positive trade balances are the ultimate goal.

Risk in this environment means anything that distorts the “momentum” towards wealth: Terrorism; Resource dependence on other countries; Unfair trade and competition; Natural disasters; Opportunistic conduct of nations; Tension between nations; etc.

For all these “momentum” disrupters there are primary focus on information and strategies to manage the risks. One could argue that there was, with regards to health, also an oversight body with information gathering, and mentions of pandemics, with examples such as HIV/AIDS, and recent outbreaks of different versions of flu, but these examples were managed with least disruption to the “momentum” discussed above. Maybe the world believed that health risks can be contained easily, as historic examples proof resilience.

The COVID-19 threat was therefore not taken as seriously at the start, as it was expected that it would, as in previous cases, not disrupt the “momentum”. However, the “mobility” of the disease, and fatalities left in its wake, overwhelmed governments quickly, resulting in panic and a total lock-down of movement across the world.

The impact on ideal “momentum” is material, similar to a world war, but different in two manners, namely, we are fighting an invisible enemy that has no boundaries (the battleground is the whole world at once and not in isolated geographic areas and the enemy is carried inside friendly forces), and our infrastructure is not being destroyed as is the case in a war. Infiltration is therefore swift and invisible, but recovery once the “war” is won, can be fast as all the “assets” (infrastructure and workforce) remains available. One barrier to quick recovery, is the human psyche – how long will panic stay in our minds?

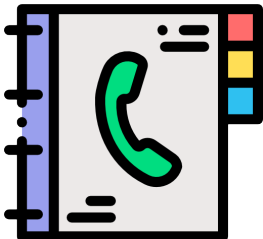
Lock-down across the world is now the most effective strategy to stop the mobility of the virus, but this strategy is only buying time until a vaccine is developed to kill the virus. The ideal strategy would be to detect such occurrence timeously at source and isolate in as small as possible geographic area at place of origin.

How would the world manage itself after COVID-19?

- Risk identification/analysis activity will become even more intense. More thought will go into identifying and analysing undetected potential risks at source as quickly as possible: Question: What else is there where we are sitting on a time bomb, without understanding that? Risk identification and assessment is currently a formal discipline, but the impact of risks will be viewed from a different paradigm, for instance to critically analyse any potential risk where the vehicle carrying the “enemy” is not naturally contained within national- or other borders;
- From a health risk perspective, people are the “vehicle”, enabling infiltration. Early detection of potential risks and containment will be configured around the movement of people through certain “ports”, in the form of screening, etc;
- Governments to focus on self-sufficiency regarding essential products, such as medical equipment and protective gear;
- Heightened awareness of hygiene and health matters;
- Design of monitoring mechanisms that would provide in-time data, to detect and reflect on trends regarding pandemic risk;

The lock-down provided a real life experiment of how to reduce pollution and contain climate change. Current strategies to contain climate change will most certainly be aligned to take into consideration the learnings from the experiment, which includes the rate at which the earth and atmosphere can repair itself when given the opportunity.

From a financial perspective (impacting financial markets), definition of a healthy balance sheet will now probably start to include reserves to back up risks. Insurance providers will also view risk from a different perspective, which could impact on the cost of insurance. Added parameters to a country's risk rating will be dealing with a country's readiness for pandemic type risks, including reserves for such disasters. Work from home will become more of a norm, impacting on the property asset class valuations and may well result in increased productive output per productive worker.



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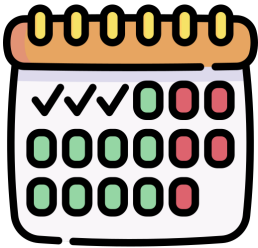
In line with new legislation please make sure that you send the fund the members' contact details. **We need cell numbers as well as email addresses.** This will assist us in communicating relevant information to all members.

WE REQUIRE ALL MEMBERS' TAX NUMBERS

As a member of the fund (Employee) please make sure that your Employer have your correct tax number. As an Employer please make sure that you send the fund all your members' tax numbers as required by legislation.



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View risk benefits
View investment option

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View investment performance

RETIREMENT CALCULATOR
Calculate if you are going to reach your retirement goal
Allows you to view different scenarios

INVESTMENT & ECONOMIC FEEDBACK

COVID-19 affected the whole world economically and will still do so for a while moving forward. All of the developed countries' growth estimates has been reduced and developing countries growth estimates are mixed – but mostly lower. Global economy expected to decrease by 3% for the 2020, from a forecasted increase of 3.3% for 2020 in January 2020. The UK and European area are expected to be impacted the most by up to 11% for some European countries.

The US FED also announced that they will continue with quantitative easing to support the markets – as long as necessary.

Global debt as % of GDP is as high as it was during WW2 (very high).

The economists do expect a V shaped recovery as a result of COVID – 19 (which just means one year negative growth – and the following year a recovery of the negative growth). This is however a current assessment with still substantial unanswered questions.

South Africa is under immense pressure as the country was in a recession even before the pandemic. SARB is expecting a 7% drop in economic growth for 2020. This will result in the Government deficit to increase even further. The South African bond credit rating has also been degraded to some of the lowest levels in 25 years. One thing that does help consumers is the lower interest rates (lowered by 2.75% so far in 2020).

Markets have been volatile – and the South African exchange rate has weakened considerably over the last 12 months.

