

# ACRAVEST QUARTERLY BULLETIN

4<sup>TH</sup> ISSUE - JUNE 2022

## IMPORTANT REMINDERS TO MEMBERS/INVESTORS



1. Remember to update your beneficiary nominations with any changes
2. Remember to annually re-align your saving strategy to your long-term savings goal: Utilise the Acravest mobile app to define your goal and track progress.

## THE RETIREMENT FUND LANDSCAPE, A QUICK OVERVIEW OF MAIN DEVELOPMENTS

The Minister of Finance announced a change in the foreign asset allocation limitations (as a percentage of total assets) allowed in your retirement fund:

- Previous limits were 30% for general foreign investments plus 10% for Africa specific investments. These limits are consolidated into a new limit of 45% for general foreign investment limit.



### • IMPORTANT NOTE TO EMPLOYER:

#### **SECTION 13A(7), COUPLED WITH REGULATION 33(7) (PENSION FUNDS ACT):**

PF 110: "Interest on late payment of contributions is payable if payment is not received by the Fund within 7 days after the end of the month for which the contribution was payable in terms of Section 13AS (3)(a).

Interest is to be calculated from the first day of the month following that period for which the contribution was payable."

***The interest rate chargeable is designed as a penalty, calculated based on the value of contributions outstanding, which interest rate is considerably higher than the normal bank overdraft rates.***

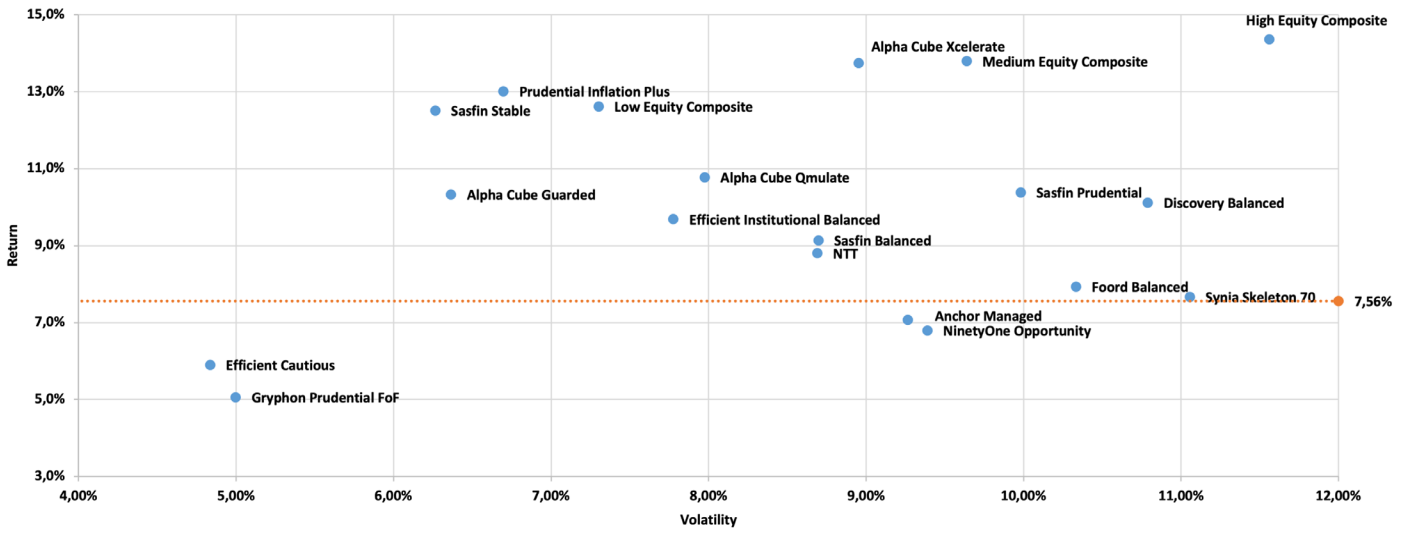
Please note that levying this interest on late payment of contributions is a **serious statutory obligation** of the Fund and its administrator. Acravest will be implementing an automatic interest charge on moneys not reflected in the Fund's bank account on the 7th of each month from 1 July 2022. PLEASE ENSURE YOUR COMPLIANCE to the payment deadline to avoid undue frustration and additional costs resulting from this matter.

## GENERAL CHANGES IN SERVICE OFFERING/FEEES

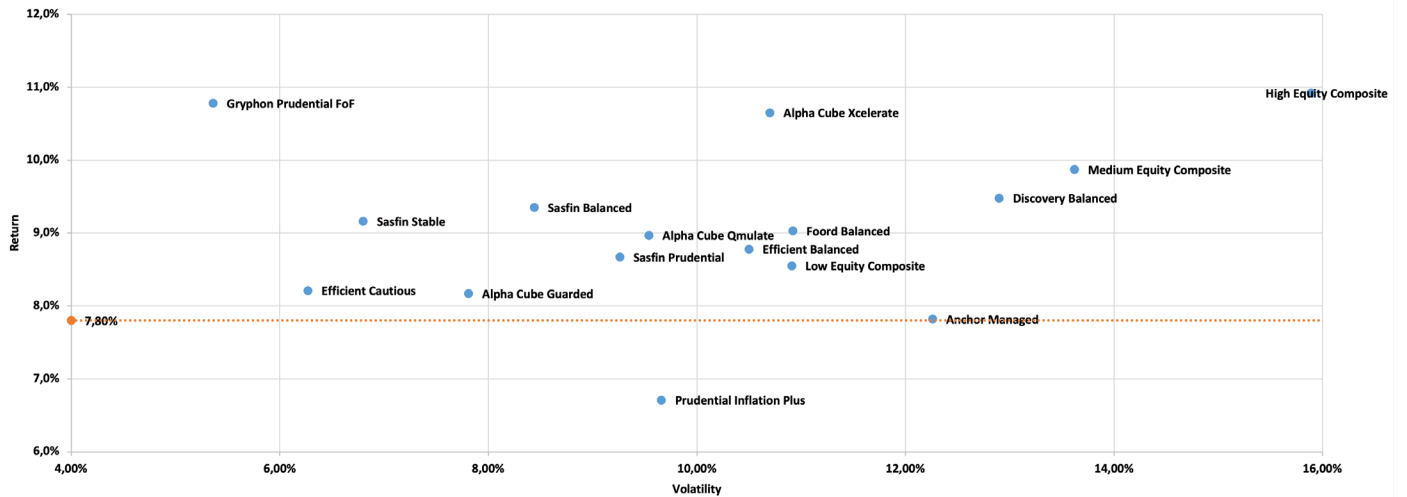
The Fund offers a financial counselling service for members at a fixed hourly rate.

# INVESTMENT FEEDBACK

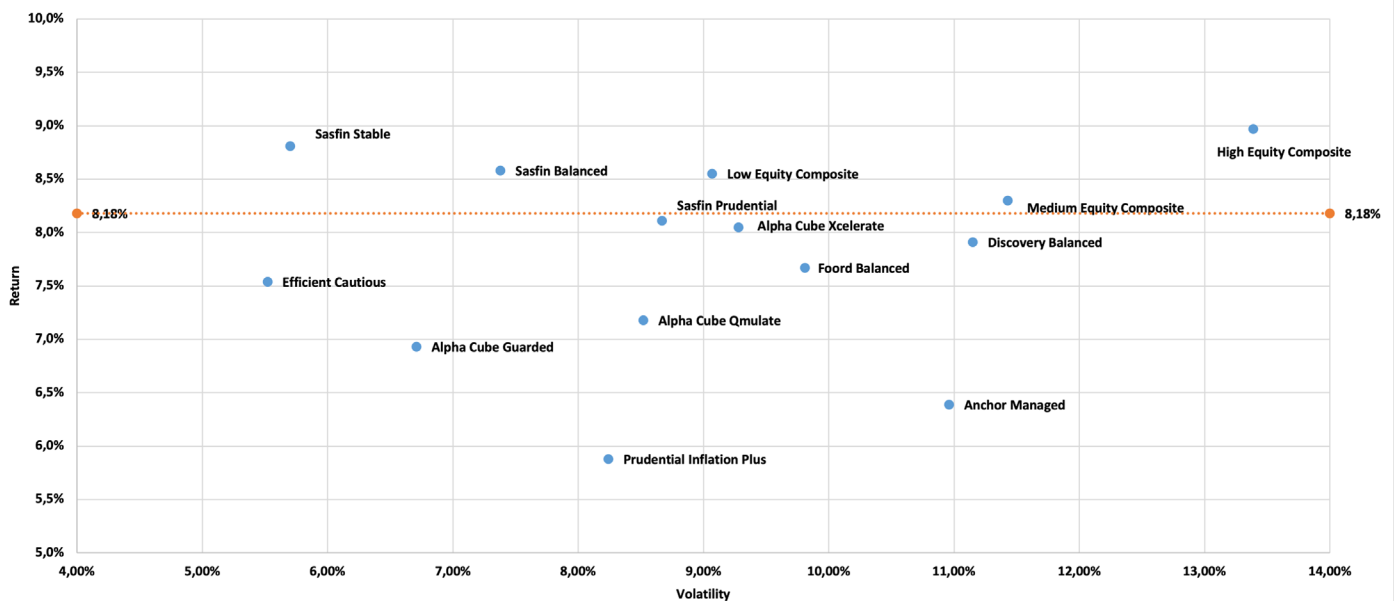
Risk / Return Graph 1 Year up to 31 March 2022



Risk / Return Graph 3 Years up to 31 March 2022



Risk / Return Graph 5 Years up to 31 March 2022



As you have now become accustomed, we reflect on the performance of different investment strategies by fund managers on our investment platform over the short term and long term. Strategies will only reflect if the specific strategy was on the Acravest platform for the duration of the measurement period.

The dotted line refers to the risk-free rate, referring to the long term government bond R186

### **Investment Discussion:**

Briefly speaking, the major challenge faced by asset managers is the uncertainty caused by the armed conflict in Ukraine. The conflict and subsequent sanctions have driven up food and energy commodities prices. The EU is scrambling to become energy independent from Russia, which disrupts the oil and gas sectors. Simultaneously China is in a zero - Covid lockdown strategy, further disrupting, in the short term, manufacturing capacity worldwide. With massive stimulus packages from western governments to stimulate economic growth, supply and demand imbalances deepen and put additional upward pressure on already growing consumer inflation. Higher Inflation causes central banks to tighten monetary policy through, amongst others, interest rate increases. Increases in interest rates put pressure on asset prices.

The Global equity market is suffering as of early March. Many of these factors benefit the South African trade balance in the short term on account of a weaker rand and higher commodity prices. At the same time, the "non-China" world is seemingly normalising in the wake of the COVID pandemic. Fears of flair-ups are still present but seem isolated. Inflation in major economies remains a worrying risk factor.

Locally the South African trade balance deficit has been revised to a lower projected peak. The economic recovery post-Covid has been lacking momentum and is being disrupted by local unrest, weak policy choices by government and recent flooding.

As always – an investment strategy is a long-term initiative, and performance must not be considered based on short term variables.

---

## **IT IS CRITICAL TO NOT SACRIFICE YOUR RETIREMENT BY CASHING IN ON YOUR RETIREMENT CAPITAL WHEN CHANGING JOBS... THIS WILL PROVE TO BE AN EXPENSIVE MISTAKE**

Solutions where you can maintain your capital accumulation momentum, are listed below. These solutions, in most instances, offer the same investment strategies reflected in the Investment Scatter Plots above. The core principles for these solutions are (i) competitive costs (Acravest interrogates investment management charges quarterly and savings achieved flow through to members / Investors); (ii) high integrity immediate information, confirmed by high transparency for members/investors and supported by (iii) competitive investment strategy options.

Transparency is achieved through immediate and continuous access for members/investors to their investment account records via the Acravest Mobile APP, where investment accounts are visible as they are updated daily by market movements and member/investor transactions.

If you utilise more than one solution, all will be visible on the same page on the APP.

Product	When will I need the product	Fee structure	How to access: Forms available on Ac-ravest Website
<b>In-Fund Preservation</b>	Upon resignation from your employer, to remain a member of the Fund and carry on with optimal investment strategy without contributing to the Fund	<ul style="list-style-type: none"> <li>• R52.00<sup>1</sup> Monthly admin fee and</li> <li>• Continuation of existing investment and governance fee structure</li> <li>• Investment management charges<sup>2</sup></li> </ul>	Complete the Fund resignation transaction form and indicate your election to preserve in the Fund
<b>iRetire Retirement Annuity Fund</b>	If you want to access the iRetire platform and features as an individual investor (not linked to employer): <ul style="list-style-type: none"> <li>• To carry on with contributions after resignation/retirement from an iRetire Fund</li> <li>• To transfer moneys you have in a retirement annuity fund but with a different provider</li> <li>• Any individual who wants to implement a retirement strategy</li> </ul>	<ul style="list-style-type: none"> <li>• R 32.50<sup>1</sup> Monthly admin fee</li> <li>• 0.10% Per annum platform fee (% of investment value)</li> <li>• 0.05% Per annum governance fee (% of investment value)</li> <li>• Investment management charges<sup>2</sup></li> </ul>	Complete application form for membership of retirement annuity fund

Product	When will I need the product	Fee structure	How to access: Forms available on Ac-ravest Website
<b>Acravest Living Annuity Policy</b>	<p>Individuals at retirement who want to initiate a monthly pension from their investments.</p> <p>This retirement policy act as the default living annuity for Funds on the Acravest/ iRetire Platform</p>		<p>Complete the application form for the Living Annuity Policy</p>
<b>Acravest Retirement Annuity Policy</b>	<p>If you want to access the iRetire platform and features as an individual investor (not linked to employer)</p> <ul style="list-style-type: none"> <li>• To carry on with contributions after resignation/retirement from an iRetire Fund</li> <li>• To transfer moneys you have in a retirement annuity fund but with a different provider;</li> </ul> <p>Any individual who wants to implement a retirement strategy</p> <p>The difference between the Retirement Annuity Fund and the Retirement Annuity policy is lesser statutory restrictions in terms of investment strategy at a slightly higher cost</p>	<ul style="list-style-type: none"> <li>• R 32.50<sup>1</sup> Monthly admin fee</li> <li>• 0.10% Per annum platform fee ((% of investment value)</li> <li>• 0.05% Per annum statutory fees</li> <li>• 0.10% per annum license fee (% of investment value Investment management charges)</li> </ul>	<p>Complete the application form for the Retirement Annuity Policy</p>

<sup>1</sup> Fixed monthly fees adjusted by inflation (CPI) annually;

<sup>2</sup> Investment management charges available on request