

# ACRAVEST QUARTERLY BULLETIN

5<sup>TH</sup> ISSUE - JULY 2022

## MEMBERS

### IMPORTANT REMINDER



1. Beneficiary nominations to be updated with changes;
2. 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 DIRECTLY RELATING TO MEMBERS:

Following our 3rd Issue, where we reported on the introduction by the National Treasury of the concept of **providing members with access to a portion of their retirement savings** whilst maintaining membership, the so-called "Two Pot System" **by 1 March 2023**: The National Treasury concluded that the target date is not realistic from a practical perspective and moved the implementation timeline to a period of **2 to 5 years** into the future. Draft regulations are expected in 2022.

### Changes to Regulation 28 (Prescribed Investment Guidelines):

Apart from adjusting changes to the investment exposure limits for infrastructure and private equity, the limits for housing loans by members are being reduced from **95% to 65%**. The Regulator is of the opinion that the home loans mechanism is abused and the plan is to totally close it with the introduction of the two pot system.

## CHANGES IN SERVICE OFFERING / FEES

The Acravest App is also available to members with **Huawei smartphones**. Please download from your app store and ensure that you stay connected to your retirement Fund!



The **Acravest App**, which you can download, gives access to:

- Your personal capital balance in the fund, updated daily.
- It also provides you with a calculator that utilises your current savings pattern in the fund to reflect whether you are on track towards reaching your retirement goal. This ensures that your savings strategy is aligned with your goal;
- You can generate your benefit statement, with daily updated capital values, notify us of a change in beneficiaries of your capital in your fund, access updated newsletters and much more.

**DOCUMENTS**  
Download updated benefit statement  
Upload documents using camera  
View membership card

**UPDATE PERSONAL INFORMATION**  
View & update your personal information

**BENEFICIARIES**  
View & update your beneficiaries

**CONTACT US**  
View our contact details  
Select option for us to call you back

**BUDGET CALCULATOR**  
Assists you in understanding how daily expenses have a long term impact on your retirement saving

**INVESTMENT & RISK BENEFIT**  
View current money saved  
View risk benefits  
View investment option

**INVESTMENT PERFORMANCE**  
View investment performance

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

# MANAGING YOUR RETIREMENT PROJECT

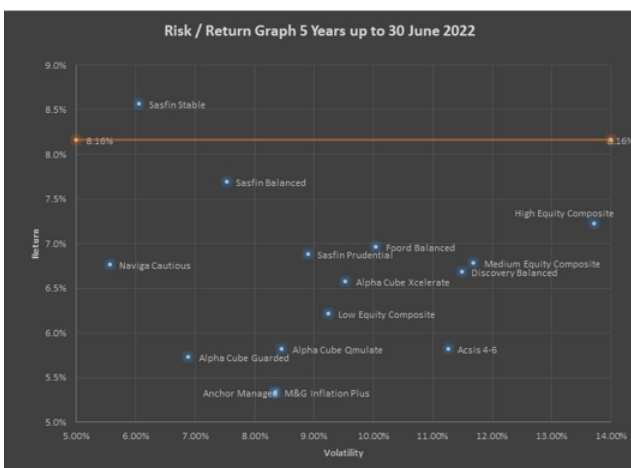
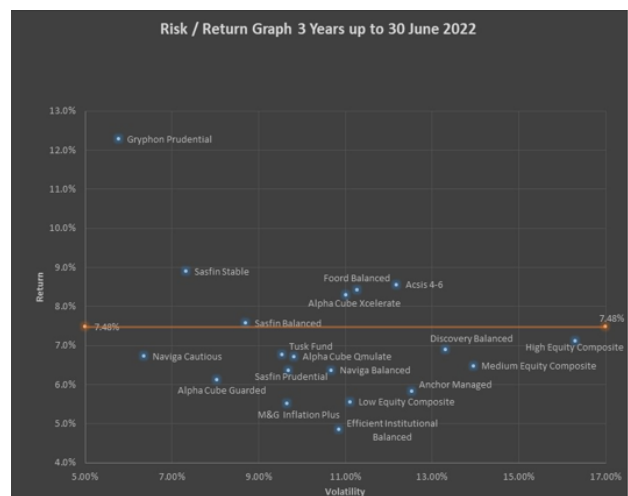
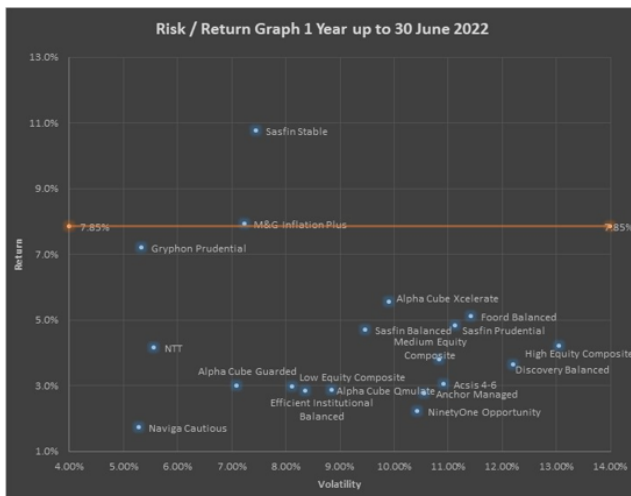
A retirement fund is the most tax efficient Medium available to implement and manage your retirement project – The Government subsidises your savings and as a Member:

- Your contributions **reduces** your taxable income (Reduction limits = 27.5% of your income (Maximum contributions R350 000 per annum));
- Income earned (Interest; dividends; capital growth) through your investment in the fund **accumulates** for you in your Fund and is tax free;
- You **only** pay tax when you start to use the money from your fund, often (depending on the reason) at beneficial tax rates.

Your Employer should be commended for the fact that you have access to this massive incentive. **Your goal** with your retirement project is to **accumulate enough** capital through your working life, to **replace** your salary at retirement and there-after.

The **AcraVest App**, which you can download on your mobile phone, gives you not only access to your personal capital balance in the fund, updated daily, but also provides you with a calculator that utilises your current savings pattern in the fund to reflect whether you are on track towards reaching your retirement goal. It is critical for you to ensure that

## YOUR INVESTMENT STRATEGY PERFORMANCE IN A NUTSHELL



### Interpret the graphs:

- The graphs reflect different timelines, ending 30 June 2022;
- Vertical axis = growth achieved;
- Horizontal axis = risk (volatility or market value fluctuation, measured);
- The different timelines illustrate how strategies perform differently over different timelines;
- Note that these are long term strategies, therefore you should add more weight to long term performance when comparing strategies;
- Strategies are designed to attract risk;
- The strategies referred to as "Composites" reflect benchmarks designed by your investment committee, each with a different risk budget: low equity = low risk (Trending towards left of graph); medium equity = medium risk (Trending towards middle of graph); high equity = high risk (Trending towards right of graph).
- The orange line shows the medium term (4 year) risk free rate: R186 (2026);

## Additional Information:

- We publish investment performance in this manner, in order for you to get an understanding of **investment performance from different investment strategies**, and to see **how your strategy of choice performs relative to other strategies**. The information is not provided to motivate switches between strategies. Your employer selects the optimal strategies for you.
- Some of the strategies are new to our platform and will reflect in the different timeline graphs as soon as it reaches the measured period on our platform. The reason for this is that the platform independently **calculates performance** (after management cost) and risk. We need a full year of data to present meaningful information.

**Below**, for your convenience, we publish the same data in table format. Investment strategies are designed to deliver long term performance and these strategies are classified in terms of their long-term performance goals. Higher performance goals are normally coupled with expected higher volatility in market values and similarly, lower goals with less volatility. The strategies are designed to be aligned with different needs from different members.

The goals are defined in terms of CPI (Consumer price index) + "X", with "X" being the level of expected long term performance, higher than CPI.

In the tables, we differentiate between strategies with different long-term goals. The "composites" referred to, represent the performance of the Investment Committee's theoretically designed portfolios for the different performance targets.

Performance Table : 1 Year as at 30 June 2022								
Inflation Plus 6	Annualised Return	Volatility	Inflation Plus 4	Annualised Return	Volatility	Inflation Plus 2	Annualised Return	Volatility
<b>High Equity Composite</b>	<b>4.21%</b>	<b>13.06%</b>	<b>Medium Equity Composite</b>	<b>3.80%</b>	<b>10.84%</b>	<b>Low Equity Composite</b>	<b>2.96%</b>	<b>8.12%</b>
Discovery Balanced	3.64%	12.02%	Alpha Cube Qmulate	2.86%	8.85%	Sasfin Stable	10.76%	7.45%
Sasfin Prudential	4.82%	11.14%	Naviga Cautious	1.73%	5.28%	Alpha Cube Guarded	2.99%	7.09%
Alpha Cube Xcelerate	5.55%	9.91%	Sasfin Balanced	4.70%	9.47%	M&G Inflation Plus	7.92%	7.24%
Foord Balanced	5.10%	11.42%						
Anchor Managed	2.75%	10.57%						
Efficient Institutional Balanced	2.83%	8.37%						
Gryphon Prudential	7.19%	5.33%						
NinetyOne Opportunity	2.23%	10.43%						
Acis 4-6	3.05%	10.92%						
NTT	4.15%	5.56%						

Performance Table : 3 Year as at 30 June 2022								
Inflation Plus 6	Annualised Return	Volatility	Inflation Plus 4	Annualised Return	Volatility	Inflation Plus 2	Annualised Return	Volatility
<b>High Equity Composite</b>	<b>7.11%</b>	<b>16.30%</b>	<b>Medium Equity Composite</b>	<b>6.48%</b>	<b>13.96%</b>	<b>Low Equity Composite</b>	<b>5.56%</b>	<b>11.11%</b>
Efficient Institutional Balanced	4.85%	10.86%	Alpha Cube Qmulate	6.72%	9.81%	Sasfin Stable	8.90%	7.33%
Gryphon Prudential	12.28%	5.78%	Naviga Cautious	6.73%	6.36%	Alpha Cube Guarded	6.12%	8.04%
Acis 4-6	8.56%	12.18%	Sasfin Balanced	7.58%	8.70%	M&G Inflation Plus	5.52%	9.65%
Discovery Balanced	6.90%	13.31%						
Sasfin Prudential	6.37%	9.68%						
Alpha Cube Xcelerate	8.30%	11.02%						
Foord Balanced	8.42%	11.27%						
Anchor Managed	5.83%	15.53%						
Tusk Fund	6.77%	9.55%						
Naviga Balanced	6.37%	10.67%						

Performance Table : 5 Year as at 30 June 2022								
Inflation Plus 6	Annualised Return	Volatility	Inflation Plus 4	Annualised Return	Volatility	Inflation Plus 2	Annualised Return	Volatility
<b>High Equity Composite</b>	<b>7.22%</b>	<b>13.72%</b>	<b>Medium Equity Composite</b>	<b>6.78%</b>	<b>11.70%</b>	<b>Low Equity Composite</b>	<b>6.21%</b>	<b>9.24%</b>
Discovery Balanced	6.68%	11.49%	Alpha Cube Qmulate	5.82%	8.46%	Sasfin Stable	8.56%	6.06%
Acis 4-6	5.82%	11.26%	Naviga Cautious	6.76%	5.57%	Alpha Cube Guarded	5.73%	6.89%
Sasfin Prudential	6.88%	8.90%	Sasfin Balanced	7.69%	7.54%	M&G Inflation Plus	5.33%	8.35%
Alpha Cube Xcelerate	6.57%	9.53%						
Foord Balanced	6.96%	10.05%						
Anchor Managed	5.32%	8.35%						

## NOTES ON FINANCIAL MARKETS

Expectation is for higher inflation and lower economic growth; the war between Russia and Ukraine has caused some disruption to financial and other markets.

Firstly, immediately after Russia invaded Ukraine, the financial conditions tightened for emerging markets and developing countries, causing global growth to slow down and inflation rates to rise. Russia is a major oil/gas - producing country, mainly to Europe and outrage over their behaviour is prompting countries to block Russia from the oil/gas markets, whilst important food and fertilizer supply from the Ukraine is cut off. These factors add to inflationary supply chain bottlenecks that is the legacy from the Covid pandemic.

Secondly, the high inflation rate causes central banks to tighten monetary policy through increases in interest rates. The increase in the interest rates has put pressure on global growth prospects and asset prices and therefore the investment/financial markets. There are growing concerns that we are entering a recession in the USA and wider. Slow economic growth and high inflation (Stagflation) is a very difficult problem for policy makers to solve.

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



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## FUND YEAR- END REPORT

Reporting only after financial year-end

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## DEFAULT OPTIONS FOR YOU AT RETIREMENT OR RESIGNATION

**“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”**

**We carry on with this theme from our previous publication because chances are that you will notice this mistake too late and it will then be impossible for you to recover.... A daunting prospect of retirement in poverty!**

**If you do need some cash when changing jobs, limit the portion you take from your retirement capital and preserve the maximum possible balance!**

When you change jobs, or retire, you are bombarded with choices for your retirement fund monies. Your Board of Trustees have already done the homework regarding costs, service delivery and quality of available investment strategies. Consider their proposals, they are objective and have your best interest at heart.... In case of the following life events:

- You change jobs – Your Fund provides you with the option to preserve your monies in the Fund and remain a member of the Fund OR if you want to continue contributing, you can opt for membership with the iRetire Retirement Annuity Fund, on the same platform, with access to multiple investment strategies;
- You Retire - Your Fund provide you with the option to retire and receive a monthly pension (Living Annuity) from the Fund OR you may opt for the Acravest / Guardrisk living annuity policy on the same platform;

**If you have Retirement capital invested with a different Fund/Product**, you may transfer that money into your iRetire Fund, or one of the products mentioned here. It may just be worth your while to compare features (cost- and actual growth acknowledged in your account) of the options offered by your Trustees, with that investment solution.

## DO YOU HAVE ANY SUGGESTIONS ON CONTENT YOU WOULD LIKE TO READ

Our intention is for this bulletin to be helpful to you! We look forward to your suggestions. Use the following feedback channel:



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