THE CORONAVIRUS AND YOUR RETIREMENT FUND SAVINGS

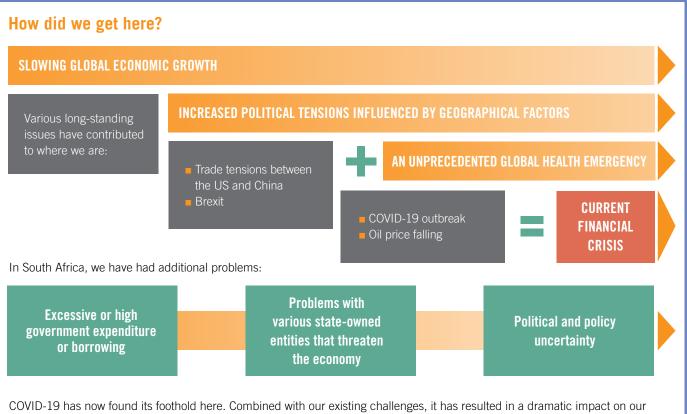




The world was not prepared for the spread of COVID-19 and the economic impact it would have. In the last two weeks, market losses have been the worst we've experienced in more than 10 years. Your retirement savings may have also dropped significantly, depending on your investment strategy.

How bad have things been?

The South African All Share Index (ALSI) has fallen as much as 30% year to date. Global equity markets have fallen as much as 10% (in rands) over the same period.



COVID-19 has now found its foothold here. Combined with our existing challenges, it has resulted in a dramatic impact on our economy and the ability of our investments to grow. The economy has yet again entered a technical recession – a fall in gross domestic product (GDP) in two successive quarters.



How does this affect you and what should you do?

Your retirement savings are linked to financial market performance. The uncertainty and problems discussed have resulted in share prices falling, which affects your retirement savings.

It is important to understand that your retirement fund has a long-term investment strategy. This means that your investments have a chance to recover from these extreme events.

Your investment portfolios are diversified

The way the fund invests is legislated by the *Pension Funds Act*. Regulation 28 of the *Pension Funds Act* sets out the limits and exposures that a fund can have to the various asset classes, including shares, bonds, cash and others.

Having a diversified portfolio means that investment managers hold several different asset classes and may even include alternative asset classes to try to help cushion the losses in times of negative performance. However, retirement savings portfolios are not guaranteed.

What should members be doing?

It is difficult for each of us to see the impact of this COVID 19 crisis on our savings and not react hastily. However, the following investment principles have stood the test of time and can help each of us tackle similar market downturns:

Understanding more about the principles of investing in retirement portfolios can help us make good decisions about what to do with our retirement savings during difficult times.



Don't panic

Decisions should be made based on what may happen over a long period of time rather than being based on current events or panic. Talk to a registered financial planner if you are unsure about whether your retirement savings are in the correct investment portfolio based on your personal circumstances.



Be patient

Markets go through cycles – they experience ups and downs. They usually recover sometimes making back the losses, and more, with time.



Stay invested

Changing your investment strategy when the market falls means you lock in your losses and won't participate in gains as the financial market recovers.



Don't focus on what is happening day by day or minute by minute

Tuning into the news headlines daily and evaluating its impact on your savings is too stressful. Keep your long-term goals in mind and stick to your savings plan. Shares go through bad periods but over the long term they have outperformed all other asset classes.



Focus on the long term

Over the long term you need to invest in shares to build up enough savings to retire comfortably. It is easy to get emotional about your life savings but be careful of making decisions in haste and out of fear that could prevent you from reaching your goals.



Don't time the markets

It is impossible to accurately and consistently outsmart the market by determining when to switch between investment portfolios. Given that market prices are volatile, it would be dangerous to switch out of your investment as you may exit at the bottom and lose out on any potential recovery.



Remember: By continuing to invest when stocks have fallen, you'll take advantage of the opportunity to accumulate more shares at a lower price. **Stay on the journey.**

You can access more information on our website: https://www.alexanderforbes.co.za/investorrelations/announcementsand-other-news/covid-19

'The two most powerful warriors are patience and time.' Leo Tolstoy, War and Peace