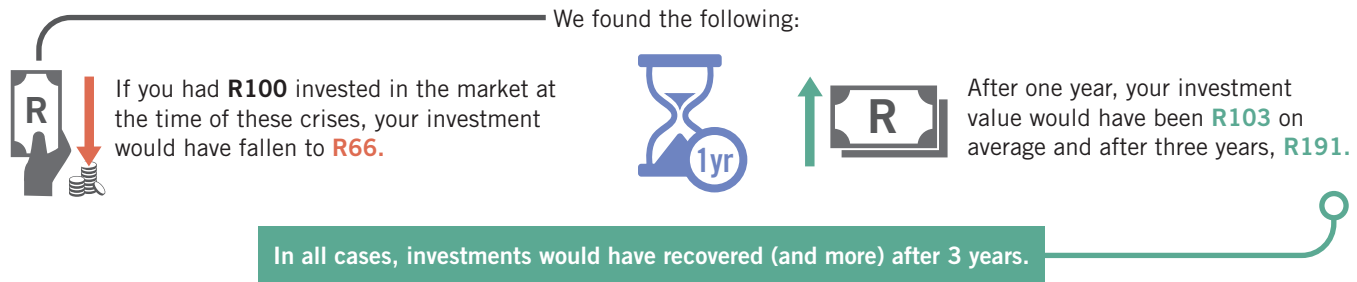


WHAT HAPPENS TO PEOPLE’S INVESTMENTS DURING FINANCIAL MARKET SHOCKS?

If we examine nine financial market shocks from the energy crisis in 1969/1970 to the global financial crisis in 2008/2009, we see that the share market lost an average of a third of its value.



What can we learn from this?

In general, it's better to keep money invested in the share market after a crash

There are no guarantees that the current market crisis will follow the same path. How much the market will recover and how long any recovery will take is not something we can predict. The information we have about the past shows that people who took their money out of the market after the crash would have been better off had they rather kept their money invested in the share market.

The effect of this financial market shock: we now pay less for buying a retirement income

Achieving retirement income goals not only depends on the amount of savings you have when you retire. Retirement income also depends on the cost of converting your savings into a retirement income (by buying a life annuity). This cost changes over time and is mostly determined by changes in government bond interest rates. The impact of the financial market shock on the bond market and these interest rates has meant that the cost of buying a life annuity has decreased.

The recent financial crash has not significantly affected the retirement income a pensioner could buy

At the beginning of March 2020, a person with R1 million could have bought a retirement income (life annuity) of approximately R7 290 a month. On 23 March, they could have bought a retirement income of approximately R7 269 a month with their reduced savings balance of R846 321 – a difference of R21 only. This shows that although the financial market crash reduced the amount invested, it did not significantly reduce the retirement income a pensioner could buy.

Most of us will know what has happened to financial markets since the start of the crisis because it's the kind of news that makes headlines. Some of us will understand that markets go up and down over time and have recovered from past crises in time. Far fewer of us will know that COVID-19 and other recent market shocks have resulted in the **cost of buying a retirement income going down**. This highlights the importance of having experts helping us manage our money.

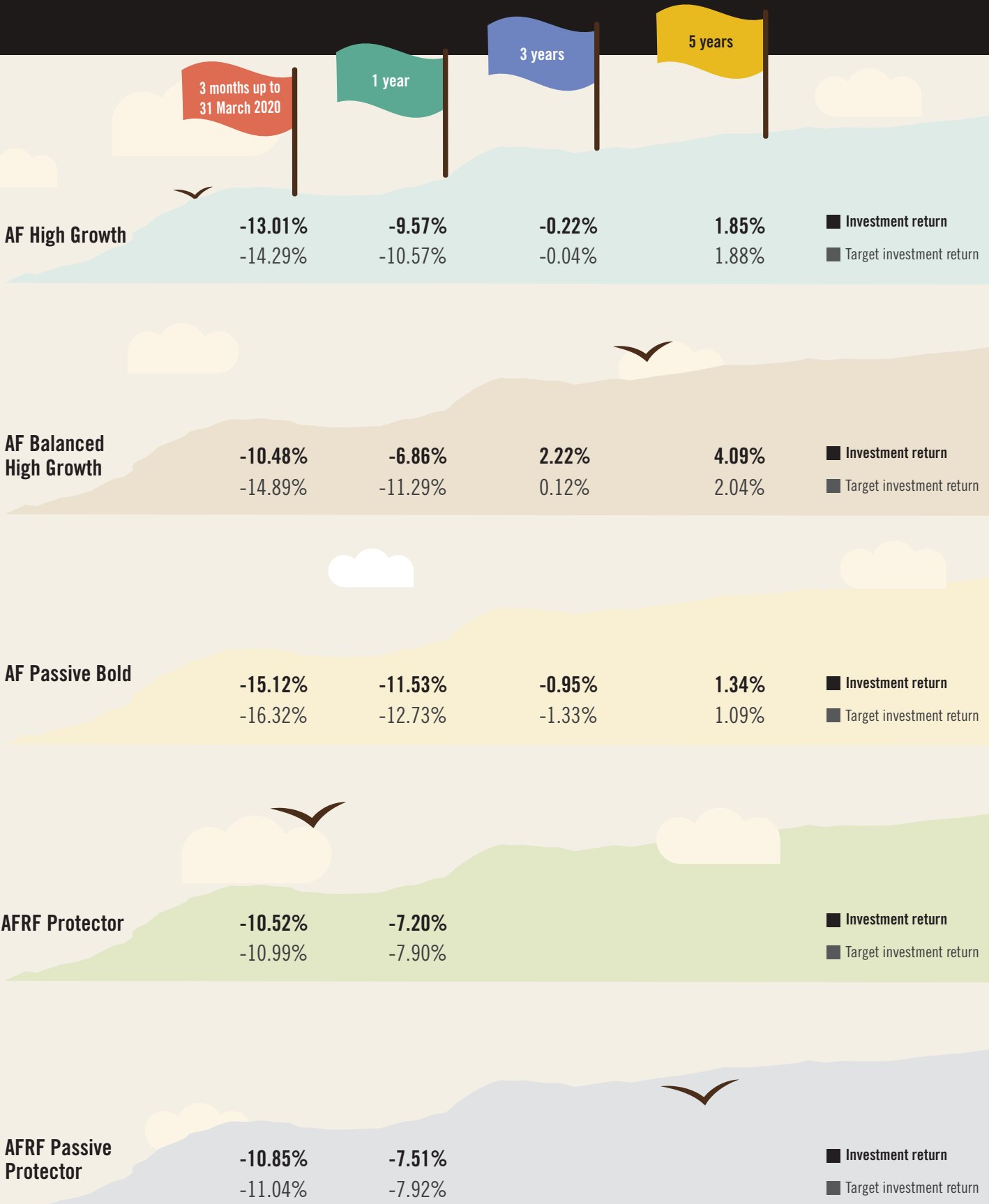
Although we can't be sure what will happen now, markets do tend to recover from shocks over time.

The most important things we want you to know:

- 1** After previous shocks to the financial system, **financial markets have tended to recover over the next few years.**
- 2** **Retirement savings are long-term investments.** This means that your savings can recover before you need them.
- 3** Nobody could have predicted these events. Financial market shocks have happened in the past and are expected to happen from time to time. This is the reason that **retirement fund regulations exist – to ensure that your savings are diversified** (invested in a number of different types of investments).
- 4** You will probably see the impact of COVID-19 and other recent world events on your retirement savings.
- 5** Be careful of making decisions in haste and out of fear that could cost you your long-term goal. **Seeking financial advice in times like these can help you to make good decisions.**

ALEXANDER FORBES RETIREMENT FUND INVESTMENT RETURNS – A LOOK AT INVESTMENT RETURNS FROM FIVE INVESTMENT PORTFOLIOS AT THE END OF MARCH 2020

If you are in an Alexander Forbes goal-based lifestage model portfolio



If you have chosen your own investment strategy or portfolios

Multimanager investment portfolios	3 months up to 31 March 2020	1 year	3 years	5 years
AFRF Accelerator	-14.48%	-10.14%	0.61%	
<i>Targeted investment return</i>	<i>-15.80%</i>	<i>-12.16%</i>	<i>-0.63%</i>	
AFRF Banker	2.07%	8.67%	8.76%	8.61%
<i>Targeted investment return</i>	<i>1.55%</i>	<i>6.61%</i>	<i>6.66%</i>	<i>6.58%</i>
AFRF Conservor	-5.19%	-0.62%	5.44%	5.64%
<i>Targeted investment return</i>	<i>-7.58%</i>	<i>-3.53%</i>	<i>3.31%</i>	<i>4.10%</i>
AFRF Performer	-10.48%	-6.86%	2.22%	4.09%
<i>Targeted investment return</i>	<i>-14.89%</i>	<i>-11.29%</i>	<i>0.12%</i>	<i>2.04%</i>
AFRF Real Return Focus	-6.73%	-3.04%	4.15%	4.70%
<i>Targeted investment return</i>	<i>2.45%</i>	<i>8.73%</i>	<i>8.29%</i>	<i>9.36%</i>
AFRF Stable Focus Combined	-1.13%	4.28%	6.72%	5.93%
<i>Targeted investment return</i>	<i>2.21%</i>	<i>7.70%</i>	<i>7.28%</i>	<i>8.35%</i>
AFRF Spectrum	-13.60%	-9.79%	0.66%	2.43%
<i>Targeted investment return</i>	<i>-14.14%</i>	<i>-10.52%</i>	<i>0.36%</i>	<i>1.97%</i>
AFRF Shari'ah High Growth	-15.70%	-11.84%		
<i>Targeted investment return</i>	<i>-16.72%</i>	<i>-13.89%</i>		
AFRF Shari'ah Medium Growth	-12.34%	-8.22%		
<i>Targeted investment return</i>	<i>-12.63%</i>	<i>-9.55%</i>		

Single manager investment portfolios	3 months up to 31 March 2020	1 year	3 years	5 years
AFRF Allan Gray Classic Balanced	-14.66%	-13.25%	-0.20%	3.19%
<i>Targeted investment return</i>	<i>-14.89%</i>	<i>-11.29%</i>	<i>0.12%</i>	<i>2.04%</i>
AFRF Coronation Best Investment II	-16.52%	-12.25%	-0.38%	2.02%
<i>Targeted investment return</i>	<i>-14.89%</i>	<i>-11.29%</i>	<i>0.12%</i>	<i>2.04%</i>
AFRF Coronation Managed I	-16.53%	-12.58%	-1.60%	1.40%
<i>Targeted investment return</i>	<i>-15.48%</i>	<i>-11.37%</i>	<i>0.21%</i>	<i>1.96%</i>
AFRF Foord Asset Management (best investment view portfolio)	-6.99%	-1.74%	2.29%	3.22%
<i>Targeted investment return</i>	<i>-14.89%</i>	<i>-11.29%</i>	<i>0.12%</i>	<i>2.04%</i>
AFRF Investec Asset Management (best investment view portfolio)	-12.56%	-7.91%	2.14%	3.99%
<i>Targeted investment return</i>	<i>-14.89%</i>	<i>-11.29%</i>	<i>0.12%</i>	<i>2.04%</i>
AFRF Investec Cautious Managed	-1.19%	3.81%	6.18%	6.21%
<i>Targeted investment return</i>	<i>-7.50%</i>	<i>-2.95%</i>	<i>3.84%</i>	<i>4.59%</i>
AFRF Oasis Asset Management (best investment view portfolio)	-10.57%	-6.85%	0.91%	2.67%
<i>Targeted investment return</i>	<i>-14.89%</i>	<i>-11.29%</i>	<i>0.12%</i>	<i>2.04%</i>
AFRF Prudential	-18.12%	-15.46%	-0.69%	2.13%
<i>Targeted investment return</i>	<i>-14.89%</i>	<i>-11.29%</i>	<i>0.12%</i>	<i>2.04%</i>
PSG Global Balanced	-25.10%	-26.75%		
<i>Benchmark</i>	<i>2.68%</i>	<i>9.75%</i>		

Closed investment portfolios	3 months up to 31 March 2020	1 year	3 years	5 years
AF High/ Medium Growth	-11.96%	-8.35%	0.63%	2.51%
<i>Targeted investment return</i>	<i>-13.03%</i>	<i>-9.50%</i>	<i>0.35%</i>	<i>2.23%</i>
AF Medium Growth	-10.93%	-7.20%	1.72%	3.30%
<i>Targeted investment return</i>	<i>-12.24%</i>	<i>-8.59%</i>	<i>0.75%</i>	<i>2.54%</i>
AF Medium/ Conservative Growth	-9.74%	-5.65%	2.62%	4.02%
<i>Targeted investment return</i>	<i>-10.22%</i>	<i>-6.45%</i>	<i>1.45%</i>	<i>2.99%</i>
AF Conservative Growth	-7.80%	-3.17%	3.48%	4.65%
<i>Targeted investment return</i>	<i>-9.26%</i>	<i>-5.37%</i>	<i>1.78%</i>	<i>3.16%</i>
AF Balanced High/ Medium Growth	-9.20%	-5.21%	2.90%	4.30%
<i>Targeted investment return</i>	<i>-11.56%</i>	<i>-7.60%</i>	<i>1.61%</i>	<i>3.34%</i>
AF Balanced Medium Growth	-7.78%	-3.36%	3.67%	4.57%
<i>Targeted investment return</i>	<i>-8.19%</i>	<i>-3.86%</i>	<i>3.07%</i>	<i>4.63%</i>
AF Balanced Medium/Conservative Growth	-6.42%	-1.58%	4.38%	4.79%
<i>Targeted investment return</i>	<i>-4.77%</i>	<i>-0.06%</i>	<i>4.50%</i>	<i>5.89%</i>
AF Balanced Conservative Growth	-2.83%	2.74%	6.12%	5.48%
<i>Targeted investment return</i>	<i>2.93%</i>	<i>8.35%</i>	<i>7.60%</i>	<i>8.52%</i>

AF Passive Bold/ Moderate	-13.38%	-9.87%	-0.21%	1.95%
<i>Targeted investment return</i>	<i>-14.51%</i>	<i>-11.12%</i>	<i>-0.74%</i>	<i>1.56%</i>
AF Passive Moderate	-12.69%	-8.97%	0.27%	2.35%
<i>Targeted investment return</i>	<i>-13.66%</i>	<i>-10.15%</i>	<i>-0.35%</i>	<i>1.85%</i>
AF Passive Moderate/ Cautious	-10.44%	-6.31%	1.45%	3.30%
<i>Targeted investment return</i>	<i>-11.11%</i>	<i>-7.40%</i>	<i>0.72%</i>	<i>2.62%</i>
AF Passive Cautious	-8.81%	-4.33%	2.47%	4.09%
<i>Targeted investment return</i>	<i>-9.48%</i>	<i>-5.55%</i>	<i>1.48%</i>	<i>3.15%</i>
AFRF Coronation Fund Managers	-16.52%	-12.25%	-0.38%	2.02%
<i>Targeted investment return</i>	<i>-14.89%</i>	<i>-11.29%</i>	<i>0.12%</i>	<i>2.04%</i>
AFRF FullVest	1.63%	5.86%	6.54%	7.32%
<i>Targeted investment return</i>	<i>1.50%</i>	<i>4.63%</i>	<i>4.24%</i>	<i>5.20%</i>
AFRF Stable Focus	-3.88%	1.79%	5.72%	5.15%
<i>Targeted investment return</i>	<i>2.21%</i>	<i>7.70%</i>	<i>7.28%</i>	<i>8.35%</i>
AFRF Allan Gray (best investment view portfolio)	-12.40%	-12.22%	-0.17%	3.86%
<i>Targeted investment return</i>	<i>-14.89%</i>	<i>-11.29%</i>	<i>0.12%</i>	<i>2.04%</i>



Talk to us if you have any queries about:

- the fund in general: afrfqueries@aforbes.com putting your retirement on hold (deferring it) to save more: afrfclaims@aforbes.com or call 0860 100 333 (Monday to Friday, 08:30 to 17:30)
- about keeping your retirement savings invested in the fund or having a living annuity in the fund: investadmin@aforbes.com or call 011 324 3457 (Monday to Friday, 08:30 to 17:30)

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