

RETIREMENT FUND NEWSFLASH



THE CURRENT VOLATILITY IN THE INVESTMENT MARKETS & HOW IT IMPACTS YOUR RETIREMENT SAVINGS

The investment markets have experienced their worst declines since the 2008 global financial crisis. This is as a result of the Global outbreak of the Coronavirus (also known as COVID-19) and the significant drop in oil prices.

HOW DOES THIS IMPACT YOUR RETIREMENT FUND SAVINGS?

Over the short-term, you will most likely experience negative returns. History has shown that it is not uncommon for markets to react negatively in the short-term during a global crisis and to recover over the medium and long-term, once the crisis is been brought under control.

Although the equities (shares) are currently experiencing high volatility, it is important to remember that your Retirement Fund Investment Portfolios are spread across various asset classes; such as bonds, property, cash and international assets, to reduce risk. Members' monies are also protected by the limitations of exposure to asset classes enforced by Regulation 28 of the Pension Funds Act.

The Board of Trustees ("the Board") appointed expert investment consultants to assist in developing an investment strategy best suited for the members of the Fund. The Board closely monitors any developments in the markets and such unpredictable times create opportunity for the Fund investment consultants to explore necessary adjustments of the investment strategy, in order to protect the members' interests.

WHAT CAN YOU AS RETIREMENT FUND MEMBER DO?

Saving for retirement is a long-term strategy that involves many risks and uncertainty. The best way to deal with uncertainty is through proper financial planning, patience and persistence with long-term investment strategy. Making "knee-jerk" changes to a long-term strategy may result in more harm than good and destroy the long-term value of your savings. Therefore, we must be careful not to make hasty decisions in the moment, based on fear.

We understand that members may be scared, as they want to protect their capital and not suffer any further losses. However, this will result in members not benefiting from investment returns when the market turns upwards again. Unfortunately, we cannot predict when this will happen, except to emphasise that saving for retirement is a long-term strategy requiring patience and persistence.