

24 March 2020

THE MOTOR INDUSTRY RETIREMENT FUNDS COMMUNICATION TO MEMBERS AND EMPLOYERS

Covid-19 is an unprecedented pandemic that not only we as South Africans, but the whole world is having to deal with. Whilst the financial implications are a major concern, all of us must primarily focus on maintaining our health. The responsibility to protect ourselves and our loved ones rests with us all. The South African government, as with many governments globally, is introducing restrictions and regulations to contain the rate at which this virus is spread. It is critical that you follow, and actively encourage others to follow, these directives. Also, the simple measures of regular washing of hands, covering up coughs and sneezes and exercising as much as possible “social distancing”, will go a long way to protecting both yourself and those around you.

The investment markets are currently highly volatile, which is similar to the 2008 financial crisis. As can be expected, this volatility has a direct impact on the Fund and to each member’s fund value. The volatility in the short-term is being influenced by two key factors, namely:

- ▶ COVID-19 pandemic and its impact on global economic activity as countries shut down; and
- ▶ The oil price war led by OPEC and Russia and the impact this will have on commodity prices.

Governments across the world have begun with significant economic stimulus packages to protect their economies. This will assist in curtailing the impact of the expected global recession in the short to medium term.

As the Motor Industry Retirement Funds, we cannot stop the market turmoil, but we, together with our fund managers and financial advisors, have taken action to try and protect the portfolios as much as possible. We continue to engage with the asset managers to find out what their strategies are. We are still of the view that our investment portfolios are being handled professionally and are actively being managed to minimize the impact.

Further to this, the Board wants to remind our members that the Fund is invested using a long-term strategy, which allows sufficient time for recovery, and a number of different asset managers, diversifying the portfolio into various asset classes not just equities.

What we are experiencing now is an unprecedented event that will impact each and every one of our lives for the foreseeable future. Financial markets will continue to be volatile, and we want to urge all our members not to panic and make short-term decisions that will have long-term impacts. Market analysis has shown that it is better holding the investment as it is, and to allow it to bounce back with the recovery of the markets. History has shown that we will recover.

The trustees would like to assure you of our best attention at all times and we remain confident in the leadership of our country and the expertise of our investment managers to navigate us all through these extraordinary times.

Please stay safe.

Anesh Soonder
Chairperson