

Sisonke /

We protect legacies



June 2020

Note from the Principal Officer

Welcome to the first edition of the Sisonke Newsletter for 2020!

We've adopted a new look and feel, and incorporated some fresh elements into our communication with you. Our aim is to bring you informative and insightful content on a quarterly basis, dealing with topics that are relevant to both guardians and beneficiaries. If there is a specific subject you would like us to cover in future editions, please do let us know. Send me an email on moabi.ditseho@standardbank.co.za

In this quarter's newsletter, we discuss the impact that the spread of Covid-19 has had on financial markets and what this means for your portfolio. The fund has taken a long-term view of the market correction and thought it wise to adhere to the current investment strategy. You can rest assured that we are doing everything in our power to protect the value of your assets during this very uncertain time.

We also take a look at how best to communicate with beneficiaries about their Trusts depending on what phase of life they're in. Child beneficiaries, for example, have very different information requirements compared to young adult beneficiaries; understanding their life phase will help you broach the topic in the most constructive way.

We would welcome any feedback you may have on our new format and content so please do get in touch with us. It's important to us that this newsletter meets your needs as a guardian or beneficiary.

Wishing you everything of the best as we start the second half of 2020.

Moabi Ditseho,
Principal Officer Standard Umbrella Beneficiary Fund



Guarding / Trust Beneficiaries



Our gratitude to the guardians

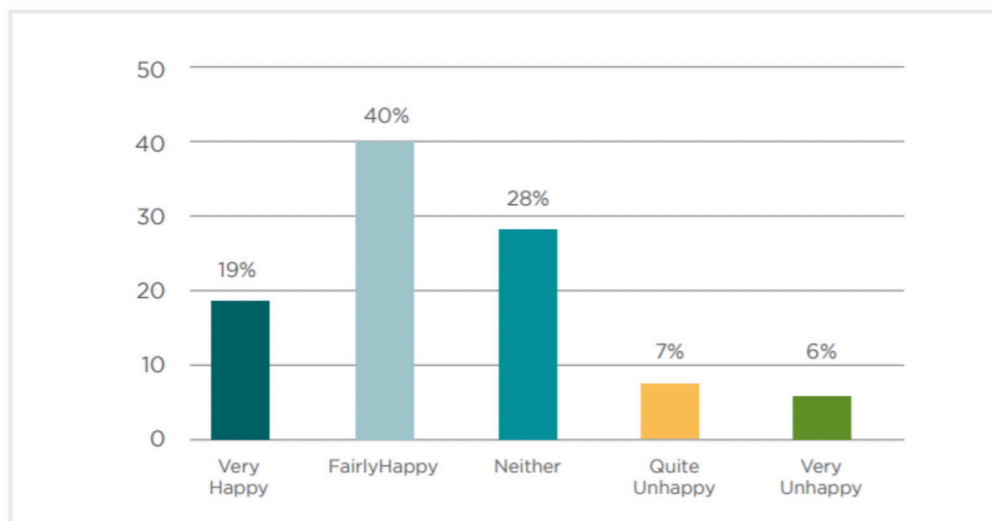
BenCare appreciates the amazing role you play in the lives of our beneficiaries. We acknowledge the challenges you face on a daily basis as you prepare them for adulthood. Some will become university students, whilst others seek employment. One thing we know for certain is that without your love, support and guidance, they would not be where they are today.

Youth month: Looking to the future

For many of you, 2020 marks the start of your adulthood. It's a time of great challenge but also of great opportunity; there are big decisions to be made and lots of new experiences to enjoy.

Recent research shows that the good news is that many of you are generally positive about your lives, your employment prospects and the contributions you aim to make to society. You generally want to go on to study after school (aspiring to university qualifications) in order to obtain a professional job and improve your life.

Responses to the question: “How do you feel about your life in South Africa?”

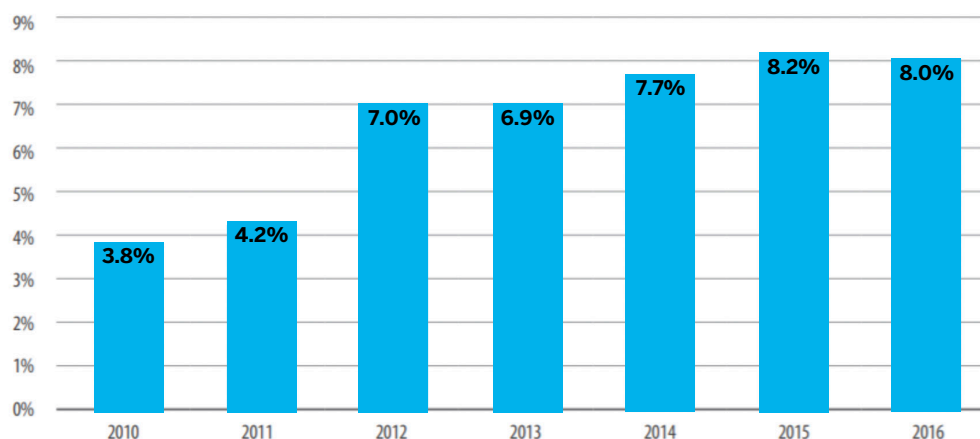


Source: Youth transitions in South African communities. Centre for Social Development in Africa and University of Johannesburg, 2019.

The benefits of studying further are well known. Research shows that employment rates in South Africa increase with education level; adults with at least a bachelor's level degree enjoy an employment rate of 81% but adults with only lower secondary education had an employment rate of 49%. Wages are also higher according to the Department of Higher Education and Training. Those with a degree are likely to earn as much as six times those without at least a matric.

That said, this is by no means the only path open to you. Technical and vocational educational training (TVET) colleges are an alternative option if you want to study further. This is becoming an increasingly popular choice according to the Department of Higher Education and Training.

Enrolment in TVET colleges as a percentage of 16–24 year olds in the population, 2010–2016:



The TVET sector is a key component of the government's 2030 National Development Plan. The objective of the sector is to produce job-linked programmes and graduates that are immediately employable whether as artisans or technically trained workers. It's hoped that this will help address the high youth unemployment rate in South Africa.

You not only face the decision on which institution to study at (if you want to study at all), but also what to study in order to pursue the career you'd like to. The below table shows which careers South Africans aged 18-24 are most interested in. Remember that choosing a career is a very personal choice; don't be influenced by what other people are studying or what's popular among your peers because at the end of the day you need to be happy and fulfilled in your job.

Career	Percentage of respondents career choices:
Marketing/Sales	23%
Accountant/Finance Worker	22%
Lawyers	21%
YouTuber/Video Blogger	20%
Teacher/Teaching Assistant	18%
App Designer	17%
Game Designer	16%
Nurse/Doctor	14%
Mechanical Engineer	12%
Journalist	11%
Fitness Instructor/Sportsperson	11%
Internet of things Product Designer	10%
Coder	10%
Robotics Engineer	10%
Pilot	9%
Automation Engineer	9%
Cyber Security Specialist	8%
Construction Worker	5%
Drone Pilot	4%
Machine Learning Analyst	3%

Your career choice is one of many choices that you'll have to make over the next few years. For example, you may be considering moving to a new city to live independently. This will bring with it a new set of challenges as you look for a space to live and learn how to manage your finances on your own.

Above all, enjoy this time of newfound freedom. You can shape your own future, follow a life path that works for you and become the person you want to be. Look out for more discussions about life choices and financial education in the upcoming editions of the Sisonke newsletter. We are developing exciting programmes and workshops for beneficiaries and guardians to better equip our young adults for the future.

Workshops to go ahead

In 2019, Standard Trust Limited hosted two guardian workshops in Kwazulu-Natal and Gauteng. Our plan was to host more guardian workshops across the country in 2020. Although, these plans have been interrupted by the national lockdown caused by Covid-19, we intend to go ahead with them as soon as the opportunity arises. We are busy developing exciting programs and workshops for beneficiaries and guardians.



Economic Update



Covid-19 and the impact on your fund

Covid-19 has wreaked havoc all over the world since it was first discovered in China in December 2019. Importantly, for those of us with money in the financial markets, it's had a significant impact on the value of these holdings. From late-February through March, we saw some financial markets post their biggest declines since the global financial crisis of 2008-2009. While markets have since reversed some of these losses, there is still a long road ahead of us.

Why has it affected markets so badly?

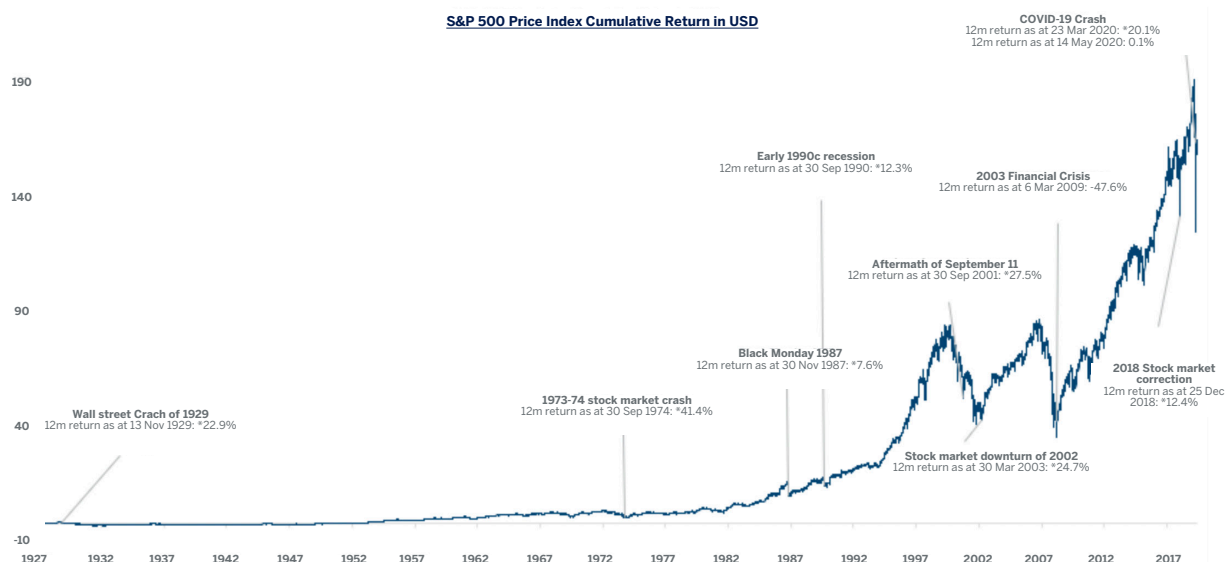
In a nutshell, the sell-off in financial markets was sparked by the fear that the Covid-19 outbreak, and the subsequent economic lockdowns enacted all over the world, would cause severe disruption to economic activity and weigh heavily on global growth.

The consensus view at this stage is that the drag on global growth will be significant. The International Monetary Fund (IMF) expects the pandemic to cause a global recession this year that could be worse than we saw in 2008-2009, but that the world economy should recover next year.

How is this all affecting my fund?

While the underlying investment portfolios are invested in a range of asset classes in order to reduce the volatility of portfolio returns (this is called diversification and is a way of ensuring that your eggs aren't all in one basket), your fund has not been immune to the impacts of the virus on the financial markets. The fund is currently invested in the Stanlib Absolute Plus Portfolio and the Stanlib Multi-Manager Medium Equities Funds of Fund Portfolio, both of which have suffered losses. However, we remind you that these portfolios are run with a long-term time frame in mind, the asset managers are mandated to manage the portfolios through times of market volatility and that market corrections like we are currently seeing are a common occurrence.

Figure 1: Market corrections have occurred frequently throughout history.



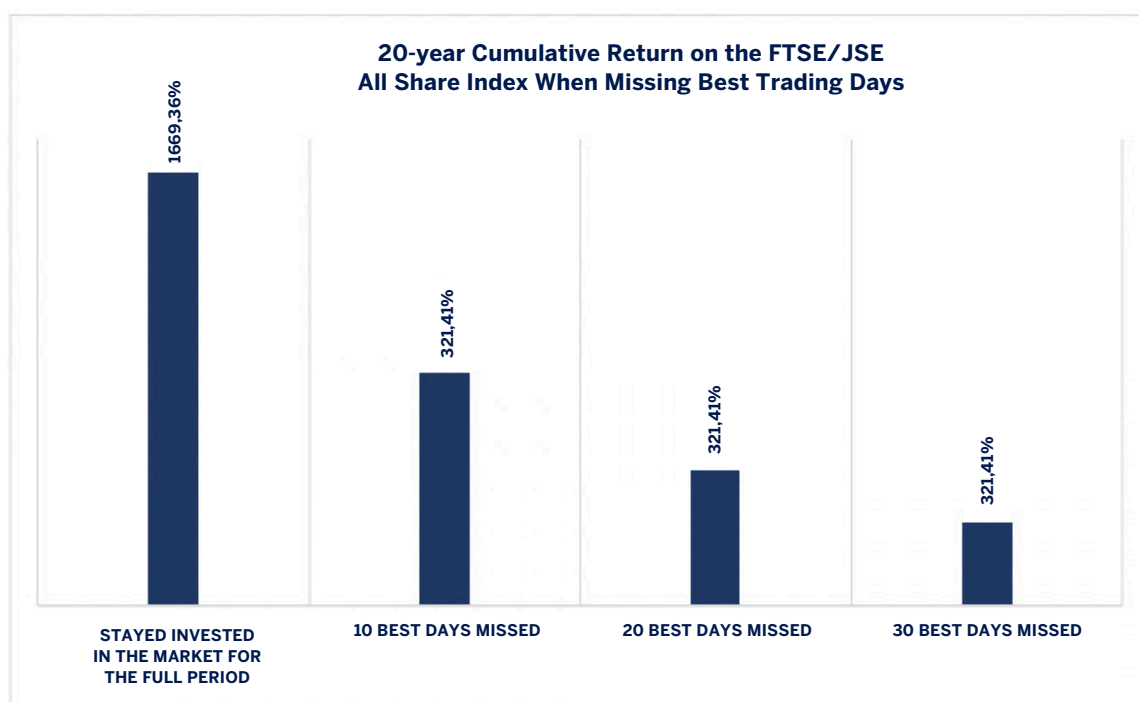
Is there anything I should be doing?

You don't need to do anything as the Trustees manage the Fund's investment strategy. Market corrections are unpleasant, and the temptation is always to try to avoid the falls and only participate in markets when they're on the rise. However, history has taught us that attempting to time the market can be very costly.

The below chart illustrates this well. If you had stayed invested in the JSE for the last 20 years, you'd have pocketed cumulative growth of 1669%.

If, however, you'd been trying to time the market and missed out on the best 10 trading days, the result would have been a very different 896% cumulative growth. Similar comparisons are shown below for missing out on the best 20 trading days and best 30 trading days.

Figure 2: How trying to time the market can be costly



The current volatility is therefore understandably causing beneficiaries much stress and anxiety but any knee-jerk or short-term focused reaction might put the longer-term investment strategy at risk.

It is important to remember that your Trustees, with the assistance of the asset consultant and investment managers, are committed to delivering on your long-term investment goals and are continuously assessing your investment strategy and investment portfolios with this in mind.



Certificate of Existence





Guardians are required to complete a Certificate of Existence (CoE) annually to confirm the living status of the guardians and beneficiaries and this also serves as confirmation that the beneficiaries are still in the care of the guardian. Previously, should there be no response received from the guardians within 3 months from the date the COE documents were sent, the monthly income payment was suspended until the relevant documents are received.

With effect from 1 May 2020, Standard Trust Limited have agreed not to suspend the monthly income payments to beneficiaries and guardians as we understand some of the challenges you face with the Lockdown, such as a need for income and limited accessibility.

We encourage you to complete and return the Certificate of Existence for 2020 as soon as you can as this will help us maintain your most recent contact details and we can look at new and exciting ways to communicate with you.



COVID-19

We are here to assist during the COVID 19 challenges

Please take comfort that we understand the challenges that you are facing amidst the COVID 19 pandemic, especially the financial strain it has placed on our beneficiaries and guardians. Since the lockdown, we have remained operational to ensure that we continue to serve you.

Some of our staff have returned to the office and others are working remotely to ensure continued support and service. Should you require any additional financial assistance as a result of COVID 19 during this difficult time, please contact us. We will require a motivation for the request together with the necessary supporting documents. We assure you that each request will be considered on its merit and our decision will be communicated with you as quickly as possible.

Remember to stay safe:

- Wash your hands regularly with an alcohol based hand rub or soap and water
- Maintain at least a 1,5m distance between yourself and others
- Avoid crowded places
- Avoid touching your eyes
- Follow good respiratory hygiene
- Stay home if you can
- Seek medical attention if needed without delay



Our Partners



It is with regret that we advise that our partners, the Edcon Group, have been placed under business rescue. This has a direct impact on the discounts you enjoyed from Edgars, CNA and Jet stores. With immediate effect, the Edcon group have discontinued CNA as a partner and have suspended Edgars and Jet partners until further notice.

We are in continuous communication with the Edcon Group and will keep you posted of any further developments. We recognise and understand the benefit these partnerships have brought to you as our beneficiaries and we will continue to work on alternative solutions for your benefit. We appreciate your understanding and patience during this difficult time.

Contact Us

Administration Department

Tel: 011 305 2438

Fax: 011 305 2537

Email: bencare@standardtrustlimited.co.za