



LIBERTY

The importance of remaining invested during the COVID-19 pandemic

Many media articles and financial advisers encourage investors to 'remain invested'. This means avoiding making impulsive decisions to 'cash out' long-term savings in times of uncertain and volatile market conditions to meet other wants or needs not linked to the goal for which you may be saving towards. When it comes to saving towards retirement, it is important to remain focused on your long-term investment strategy in order to meet your retirement goal, particularly during periods of heightened uncertainty, such as during the COVID-19 pandemic.



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Understand and remain focused on your retirement goal

Contributing towards retirement is important to ensure that once you leave employment to retire, you are able to do so comfortably. However, living comfortably may mean different things for different individuals. One's current standard of living would typically dictate what may be defined as comfort, and could span from solely ensuring that basic necessities and expenses are covered, to experiencing some level of luxury such as future travel plans. In order to meet these objectives, one would require a minimum income during retirement. At Liberty Corporate, we refer to the required income in retirement as your **retirement goal**.

The way in which your retirement savings are invested should always aim to achieve your retirement goal. More specifically, your choice of investment portfolios (along with how much money you save each month and for how long you save it for) would influence your ability to achieve your retirement goal.

Since your retirement goal is unlikely to change often, caution should be taken when considering changing how your retirement savings are invested. Caution when changing your investment strategy is especially needed when investment markets experience significant volatility.

Keep calm and stay invested

Market conditions can drive emotions of investors to make poorly-timed decisions.

Most investments have been impacted due to the effects of the COVID-19 pandemic, including retirement savings. For example, March 2020 was one of the most volatile periods in financial markets globally and this was evident in the performance of many investment portfolios.

Volatility, or unpredictable movements in financial markets, is expected over the short-term, however, investors can easily get distracted by this kind of noise in the market. It is therefore important to remain focused on long-term market prospects, which have proven themselves time and time again through market recoveries.

Typically, markets tend to recover relatively quickly from losses, as was seen in 2009 following the Global Financial Crisis. This has similarly been seen more recently, in April and May of 2020, following significant market falls due to the impact of the COVID-19 pandemic.

Remaining invested during these market recoveries, together with the potential for future positive investment returns may help one **stay on track to achieve their retirement goal**. The recent investment performance of the Liberty Core Portfolios demonstrates this outcome.



Stay the course with Liberty's Core Investment Proposition

Within Liberty's Core Investment Proposition is our range of three Liberty Core Portfolios. These portfolios are designed within our Goals Based framework to help individuals monitor and meet their retirement goals. This Goals Based framework is not just about offering a list of suitable investment portfolios to choose from. It also provides financial advisers and employers with regular investment updates and member-level insights to assess whether retirement fund members are on track to achieve their retirement goals.

The Liberty Core Portfolios were impacted by the volatile market conditions earlier this year, driven by the effects of the COVID-19 pandemic. However, as a result of how these investment portfolios have been designed and managed, they have since recovered some of their losses suffered, and have also consistently performed better than other similar portfolios offered by Liberty Corporate. This is illustrated in the table below, which reflects the investment returns achieved over various performance measurement periods.

	1 month	3 months	6 months	Year to date	1 year	3 years	5 years
Liberty Core Balanced	2,19%	0,03%	2,70%	2,05%	6,09%	5,53%	5,65%
Average returns across balanced portfolios	0,78%	-0,55%	-2,71%	-4,25%	0,93%	3,75%	4,84%
Liberty Core Moderate	2,35%	1,64%	6,23%	5,81%	11,02%	7,42%	6,94%
Average returns across moderate portfolios	0,97%	1,75%	-0,13%	-1,55%	3,10%	5,23%	5,44%
Liberty Core Conservative	2,51%	3,14%	9,13%	9,03%	14,13%	8,71%	7,94%
Average returns across conservative portfolios	1,73%	1,56%	1,73%	0,76%	4,71%	6,10%	6,25%

Note: The numbers shown in the table above are gross performance values as at 31 May 2020. The Liberty Core Portfolios have an inception date of 1 March 2019; any prior performance values are based on back-tested historic returns. The returns shown for comparison purposes were calculated as the average return of other representative investment portfolios offered on the Liberty Corporate platform. This includes the performance of externally managed investment portfolios offered on the Liberty Corporate platform.

Source: Liberty Corporate investment performance data.



As an example, if a member invested R1000 in the Liberty Core Balanced portfolio on 1 January 2020, this would have grown to R1020,50 at the end of May 2020. However, if the R1000 investment was equally split across other representative investment portfolios, it would be worth only R957,50 at the end of May 2020.

The 3-month investment return column in the table above best illustrates that had an individual been invested in one of our Liberty Core Portfolios and remained invested through the period of significant market volatility that occurred since March 2020, they would have benefited from the subsequent investment market recovery which the investment portfolios experienced thus far.

While all three of the Liberty Core Portfolios have shown to deliver a strong performance during a significantly difficult time, when the COVID-19 pandemic has hit the South African investment markets the hardest, it has also proven to do so over its lifetime thus far. This can be seen by the 1-year investment returns in the table on the previous page.

The positive returns earned by the three Liberty Core Portfolios over the past few months, as well as over its lifetime thus far, confirm the importance of remaining invested in your chosen investment strategy if your long-term retirement goal has not changed.

How you can obtain further information about the options available to you

If you are unsure of how to invest your retirement savings to best meet your retirement goal, you should speak to a financial adviser who can advise you on the best options suited to your individual needs. Remember to always keep your retirement goal in mind when considering cashing in your savings or making changes to your investment strategy.

If you are leaving your current employer, we understand that this may be a difficult time for you. There are various options available to you regarding your retirement savings. Each option may impact your retirement goal differently.

If you are close to retirement, there are annuity products that could provide you with a regular income in retirement. One of these options is a living annuity which allows your retirement savings to remain invested, while money is withdrawn from the balance on a regular basis to provide you with an income during retirement. The remaining balance is therefore able to recover from potential future market recoveries.

For more information about the Liberty Core Portfolios and all the other options available to you, please contact your financial adviser or you can contact our benefits counselling team on benefitcounselling@liberty.co.za or 011 558 2999.



The importance of retaining risk cover during the COVID-19 pandemic

The COVID-19 pandemic has forced many of us to change the way in which we interact with one another, both socially and professionally. It has altered the way in which we work, as well as resulted in an increased awareness of our personal hygiene. Things like our freedom of movement, the security of our jobs and our health may have been taken for granted in the past.

However, it has been a timely reminder of what is most important to us, including the importance of protecting and providing for our families should anything happen to us as a result of an unexpected event.

At Liberty, our purpose is to improve people's lives by making their financial freedom possible.



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We do this by offering companies various risk protection benefits that they purchase on behalf of their staff. Different types of risk protection benefits include cover for death, funeral, disability and critical illness, among other offerings.

As we ease out of the lockdown measures instituted by our government in an attempt to "flatten the curve" and reduce the rate of transmission of the disease, there is an expectation that infection rates, and therefore COVID-19 related deaths, may be on the rise in the near future. As of 7 June 2020, COVID-19 infections in South Africa passed the 45 000 mark with over 950 COVID-19 related deaths¹.

It is important to ensure that you retain your risk cover during this difficult and uncertain time. Should you pass away or suffer a serious illness and are unable to work, Liberty will be there to help you and your dependants and provide you with peace of mind. Our risk protection benefits are designed to assist with your added financial burden or loss of income should any of the events mentioned above happen.

¹ <https://www.worldometers.info/coronavirus/>

Value-added services in the time of COVID-19

During this period of uncertainty, and as children prepare to return to school and some companies re-open allowing people to start returning to work, we may feel worried about what our "new normal" may look like. We may be concerned about the eventual impact of the COVID-19 pandemic on the economy, our job security, our health, and the ability to provide for our families. This uncertainty could lead to increased stress and anxiety and may require the need to speak to a professional.

As Liberty, we want to remind you that we are in it with you. Liberty Corporate has partnered with Cims South Africa (Pty) Ltd (Cims) to provide value-added services at times when you need it most. These services include:

Trauma Helpline	Medical Information and Advice	R5 000 for Hospital Admission Guarantee	Emergency Ambulance Assistance	Legal Advice Helpline
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Since the start of the lockdown, Cims has reported a significant increase in the number of calls from our Liberty Corporate clients requesting support. In April 2020, the usage for the trauma counselling service and the legal advice service increased by 84% and 49% respectively, relative to the average usage for the prior 12 months.

All of the services mentioned above are available to you, as a Liberty Corporate client, as well as your spouse and child dependents under the age of 21. To qualify for the services, your employer must simply have a Liberty Corporate risk policy or be part of the Corporate Selection suite of Umbrella Funds. If your employer has taken a funeral policy with us on your behalf, you and the insured lives under the policy will also have access to funeral assistance services, including body repatriation.

To access these services which are available 24-hours a day, please contact the numbers below:

South Africa 0861 724 247 / International +27 11 966 5011