



Your Oasis

Monthly News Update

Your Oasis | February 2012

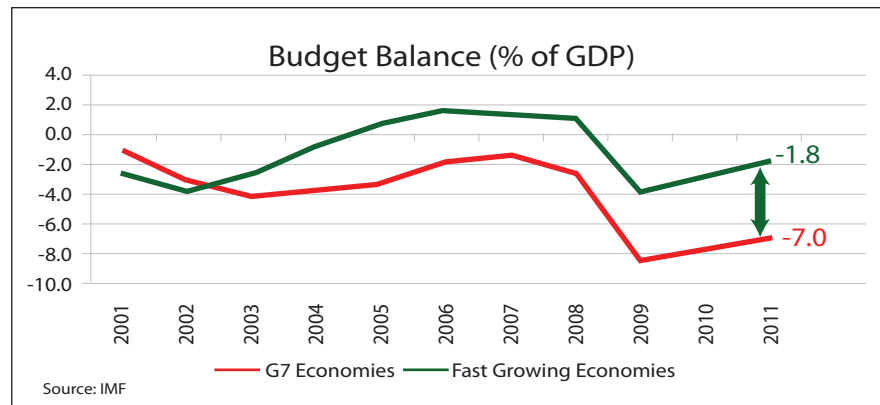
CEO Introduction



After an eventful and jovial start to the year, we have now entered the romantic month of February. This month holds important events for many and for the country as a whole, where February begins with the President's State of Nation Address; equally important, February is also the month in which Finance Minister, Pravin Gordhan, shall deliver the annual budget for South Africa.

As governments plan budgets for nations, it is our responsibility to list down our personal and household needs, in order to create a budget of our own so that we may live comfortably and spend within our means. It is important that every individual plans their income and expenses for the year ahead in order to control overspending and avoid unnecessary debts. This approach will help all households gain insight into their financial needs and plan the year accordingly. The importance of financial planning can be learnt from the events of recent years which have highlighted the negative consequences of overspending.

As shown below, governments in developed economies, who have not been capable of matching revenues against expenses; have seen an increase in budget deficits over the past few years. The developed world (G7 Economies) has continuously been living beyond their means and now as a result, these governments are forced to introduce strict austerity measures which will be implemented through cut backs in state expenditure (e.g welfare) and increased taxes. The developing world (Fast Growing Economies) however, is in a relatively better position with lower budget deficits and debt levels. However, the key lesson to take home is that in order to ensure long term sustainable growth, it is important to adopt financial prudence, maintain low debt levels and increase our savings.



The Economy at a Glance

Economic growth in South Africa slowed during the second half of last year but positive growth of around 3% is expected for 2011 compared to 2.8% for 2010. Being part of the global economy, there still exist a few challenges that may impact economic growth in the year ahead. The recent weakening of the Rand however, should support crucial sectors of the economy, such as mining and manufacturing through increased exports. South Africa can therefore, be expected to realize positive economic growth in the coming year.

In light of the immediate challenges facing the economy, inflation remains a key concern. Inflation has been on the rise over the past few months, and was reported at 6.1% during November and December 2011. However, we believe that inflation will continue to increase in the coming months, largely on the back increases in food prices and transport related costs.

Prices in Rand terms	January 2011	January 2012	% increase
Maize (per tonne)	1,544	2,600	68.4
Poultry (per kg)	12.7	13.9	9.4
Beef (per kg)	26.0	31.9	22.7
Petrol (per litre)	8.5	10.3	21.2

Source: INet

High maize prices are expected to continue to feed into food prices along with high fuel costs which are contributing to higher inflation. As a result, real disposable income for consumers is expected to come under pressure, and is likely to impact consumer spending in the year ahead.

A Word on Financial Matters

Over the past few years, as financial markets faced increased volatility, investors became overly concerned about their investments especially in the equity markets. This led them to opt out of these robust, inflation hedge assets and into low yielding income related products. While these products may have low volatility, in relation to inflation, they currently deliver negative real returns.

SA Asset Classes	Equity	Property	Bonds	Cash
Capital	9	3	0	0
Income	3	7	8	6
Total	12	10	8	6
Inflation	-7	-7	-7	-7
Real Return	5	3	1	-1
Volatility	High	Medium	Low	Low

Source: Oasis Research

Disclaimer: The table above is for illustrative purposes only. No warranty as to the accuracy, correctness or completeness of the information contained therein is provided.

As noted above, equity and property are necessary investment vehicles in order to provide the appropriate inflation hedge and although these are higher volatility assets in comparison to income related products, these asset classes provide greater real returns over the long-term. Whereas, while bonds and cash are subject to lower market volatility they provide either inadequate or negative real returns and deplete value of the investment over time.

For risk averse investors looking for a well diversified portfolio across multiple asset classes, geographies and currencies, which will still have the ability to hedge against inflation, our balance funds have proven to be the ideal investment vehicle. Our balanced funds not only diversify your investments, but have also shown the ability to generate sustainable income over the long run providing investors a relatively more stable stream of income even in tough economic situations. Oasis has a proven track record and is the only authorized financial services provider in South Africa that offers the complete range of transparent, highly regulated, Shari'ah compliant balanced funds with options of low, medium or high equity exposures to suit every individual's investment objectives and risk profiles.

In the News

In continuing with our commitment to social development and upliftment, Oasis Group Holdings was present at Thembalethu School for the disabled last month. Each child at the school received a school bag, stationery and an art set for the year ahead to ensure that they get off to an outstanding start in the new school year. Oasis pledged to sponsor the children living at the school's hostel with their daily meals beginning on Mandela Day, 2011 and will continue to ensure ongoing support and care for these children. The Group is planning to provide a Welcome Back to School surprise for these deserving children and is keen to ensure that 2012 is as bright and promising as these special children who have come to hold a very special place at Oasis.

A reminder for all investors, 29th February 2012 marks the end of the 2011/2012 tax year. So make sure to top up your retirement annuity by then. Do not lose this opportunity to maximize your retirement savings and make the most of the tax benefits available to you on your investment. If you already have a retirement annuity, it's a good time to Top-Up by adding a lump sum to an existing retirement annuity to raise your contributions to the maximum amount you are allowed. For more information contact your financial advisor today.