OASIS

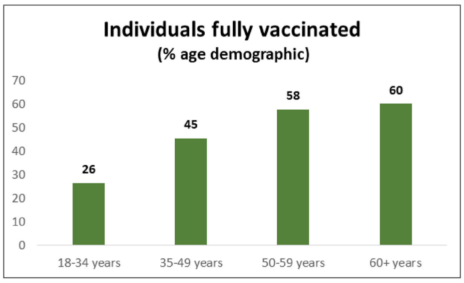
YOUR OASIS

SA EDITION 01 - 2022

VIEWS FROM OUR CEO

The discovery and sequencing of the new COVID Omicron variant in late November 2021 is testament to South Africa's medical excellence and the legacy of the fight over past decades against HIV Aids and TB. The new variant appears to be much more transmissible than previous variants and has quickly replaced the previous dominant Delta strain. Lamentably, the global travel bans to much of Sub-Saharan Africa over the key year-end holiday season are a severe blow to the hospitality and tourism sectors.

Tourism is a vital part of the South African economy, providing a livelihood for hundreds of thousands of people. According to Statistics South Africa, Tourism accounts for around 4% of national GDP or R260 billion of expenditure per annum and employs 5% of the labour force or 773,533 individuals. In 2019, before the COVID pandemic disrupted global travel, there were 14.8 million foreign tourists visiting South Africa. The World Travel & Tourism Council has estimated that the loss in revenue from the travel bans in December 2020 from the Beta variant cost SA around R8.0bn or 0.1% of annual GDP.



Source: Our World in Data

One of the key steps South Africa can take to better insulate itself from the economic and social disruption from the COVID pandemic, is to improve vaccination rates. Currently, 40% of the adult population is fully vaccinated which falls far short of many countries around the globe. Looking at the distribution of vaccination rates across age demographics, around 60% of individuals over the age of 60 years are fully vaccinated, with 58% of the 50-59 year demographic and 45% of 35-49 years. Only 26% of the 18-34 year cohort is currently fully vaccinated.

SA ECONOMY

Given the many structural headwinds which continue to hamper South Africa, the IMF expects that economic growth will revert back toward a much slower trend pace of 2.2% in 2022 after the spectacular rebound of 5.0% in 2021[1]. Economic growth had accelerated strongly in the first half of 2021 boosted by the surge in commodity prices and the terms-of-trade, positive tailwinds which have subsequently eased as commodity prices have fallen back. In addition, the recovery was interrupted in July last year by the looting and unrest which unfolded in Gauteng and KwaZulu-Natal. Combined with intermittent Level 4 electricity loadshedding by Eskom during October and November as well as the global travel ban, which was imposed in late December due to the new Omicron COVID variant being discovered in South Africa, economic growth momentum slowed sharply into the final stages of the year. Structural headwinds are likely to persist in the short- to medium-term. The slow vaccine rollout has left the country vulnerable to successive COVID infection waves as well as the emergence of new variants of the virus. Eskom electricity loadshedding and the slow pace of economic reform could further hinder the economy in coming years. On average, over the coming 5 years until 2026, the IMF forecasts that South Africa will grow just 1.5%, lagging Global growth of 3.2%. Macroeconomic policy stimulus is set to fade during 2022, particularly on the monetary policy side. Having hiked the repo rate by 0.25 percentage points to 3.75% in November, the Reserve Bank is signalling that the repo rate could rise up to 6.8% by the end of 2023, which could provide a material brake on aggregate demand.

FINANCIAL ADVICE

Retirement Savings

The opportunity to maximize one's tax saving is available until the 28th February 2022, and it is imperative that investors utilize this opportunity. With respect to retirement savings, individuals qualify for a tax deduction of 27.5% of taxable income (to a maximum of R350 000 per annum). You can top up by investing a lump sum into a Retirement Annuity (RA) or into your pension or provident fund if its rules allow. Saving for your retirement is important, and the best way to boost your savings is to optimize your retirement annuity or pension fund contributions.

The example below reflects how a contribution made to a Retirement Annuity impacts on your tax liability.

	No RA contribution	RA contribution
GROSS ANNUAL TAXABLE INCOME	R300,000	R300,000
RETIREMENT ANNUITY CONTRIBUTION	R0	R82,500
GROSS ANNUAL TAXABLE INCOME POST RA CONTRIBUTION	R300,000	R217,500
TAX LIABILITY*	R44,990	R23,540
ANNUAL TAX SAVINGS	R21,450	

* Calculations based on the Budget 2021/22 tax tables, using the Primary rebate of R15,714

An individual contributing the maximum 27,5% of taxable income can reduce their tax liability by R21,450.

Tax Free Savings

The Tax Free Savings Account is an ideal way to build a tax free savings nest for yourself and your family, as all income generated from this investment remain non-taxable. For a family of five, if the annual limit of R36 000 per individual is invested, a total of R180 000 would be saved annually. With an individual lifetime limit of R500 000, the family would have contributed R2 500 000 towards Tax Free Savings Accounts which would have significant value addition over a 13 year period (time taken to invest R36 000 annually).

The Oasis range of Tax Free Savings Accounts that include a Shari'ah compliant income and balanced fund option, provides ethical investors with an opportunity to invest in high quality, cost effective, flexible savings products. As the government attempts to rebalance the budget, the possibility of further tax increases remain possible. Therefore take full advantage of the annual tax breaks afforded to you before 28 February 2022 and reduce your overall tax contributions.

OASIS UPDATE

Our global journey began with the registration of the Oasis Global Investment Scheme as a Collective Investment Scheme with the Guernsey Financial Services Commission in November 2000. The Scheme included two funds, namely the Oasis Global Equity Fund and the Crescent Global Equity Fund.

In January 2003, the company opened its new global offices in the Dublin financial district, and assumed full control over the administration of its Irish-registered funds. In December 2010, Oasis' Funds were registered in the United Kingdom with the company opening its London office in Knightsbridge in June 2012.

On the 11th December 2020, Oasis Crescent Global Investment Fund (Ireland) Plc merged with the Oasis Crescent Global Investment Funds (UK) ICVC ("the UK Fund"), culminating in the re-domiciliation of the funds from Ireland to the United Kingdom.

Oasis Crescent Wealth (UK) Limited (OCW) is the authorized corporate director of the UK Fund. OCW was initially established with the purpose of advising on units of Undertakings for Collective Investment in Transferable Securities (UCITS). In April 2020, OCW was further authorized to advise on Personal Pension Products and on 21 July 2021, it was licensed as a UK UCITS Management Company.

In the UK, our products are marketed directly by Oasis Financial Advisors and through Business to Consumer (B2C) platforms via Independent Financial Advisors. Globally, our products are available on Business to Business (B2B) global and regional banks, Takaful providers and investment platforms.

Source: [1] IMF, World Economic Outlook, October 2021.

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