YOUR**OASIS**

SA EDITION 10 - 2019

VIEWS FROM OUR CEO

Three global macro themes played out in 2019. First, global growth was in a synchronised slowdown driven by weaker trade and manufacturing production, with employment and services especially in advanced economies providing a cushion. Second, monetary authorities eased policy both with respect to their policy rates and re-extending quantitative easing, with limited fiscal support in some countries like China also helping. Third, major risks including the US-China Trade War and BREXIT added to vacillations in market sentiment. Better performances are expected in 2020 with emerging economies leading a recovery, as this year's stimuli and resolutions in major risks bolster activity.[1]

SA ECONOMY

South Africa suffered a disastrous year, as an expected rebound in activity after a weak 2018 was derailed by the impact of supply disruptions, including load shedding and labour disputes, and generally weak underlying activity due to a severe lack of confidence.

Growth is now expected to average 0.4% for the year, following an already-disappointing 0.8% in 2018, with growth of just above 1.0% expected in 2020. With failing State-Owned Enterprises, an unemployment rate including discouraged workers of 36.8%, a fiscal position deemed as unsustainable, and domestic economic activity at a standstill, the country is in crisis. Arresting this downward spiral requires urgent action from all spheres of society. It is time for all South Africans to roll up our sleeves to secure our future. A new path of stronger sustainable growth is needed, and that requires effort from all, be it government, businesses, labour and the citizenry. We must all be brave to the necessary sacrifices that lie ahead.

First and foremost, government's role is essential, and it needs to deliver. We need appropriate policy, and efficient spending where it matters. It has to provide core infrastructure, basic services, quality education that prepares citizens for the new economy, and security. It needs to implement reforms to restructure the supply-side of the economy and make it more competitive. It needs to restructure network industries and the provision of bulk services to ensure much-needed competition and greater efficiency. It needs to sort out its failing State-Owned Enterprises.

When corrupt tenders and incompetent management lead to the failure of key state entities to provide basic services, be it running trains or supply electricity, the impact on economic activity and job creation is devastating. Sorting out the failing entities diverts precious state resources away from the most vulnerable in our society.

Second, businesses need to walk the talk. They have a key role to play beyond grandstanding on the sidelines and lamenting government's failures whilst some in their midst are focussed exclusively on extracting as much as possible and others are guilty of engaging in corrupt practices with impunity as illustrated in the Steinhoff debacle.

Businesses need to show its confidence and commitment by investing in much-needed capacity and upskilling its workforce to enable it to rise to the challenges and opportunities of a vibrant economy that embraces the challenges of the Fourth Industrial Revolution. They need to ensure that their behaviour is ethical and sustainable; that the interests of all company stakeholders are catered for, including workers, management and shareholders; and that its objectives are aligned with the broader society and future generations.

Much as government needs to be held to account for a decade of failure, so too does business need to answer for its excesses, be it outright fraud, and woefully lopsided management remuneration policies geared towards short-term gains of senior management. Businesses should be run with a view to creating sustainable gains for all stakeholders over the long-term.

Third, Labour must come to party. The challenge is both to create jobs, and to secure existing jobs. The former requires a vibrant and growing economy that is seizing opportunities created by new areas of economic activity. The latter requires a labour force that is flexible and nimble. Trade unions can either be part of this process by adapting to a world of greater competition, or see themselves shrink into insignificance as its membership dwindles.

Where a trade union backs a financially fragile entity into a corner with excessive wage demands, as was done with South African Airways recently, the results are disastrous to its own members, the company and the broader economy. How the company landed in the fragile position becomes irrelevant to those who join the growing queue of unemployed.

Lastly, our role as citizens is essential. Whilst we should hold government to account and demand better delivery, we should also pay our due. For example, part of Eskom's financial mess is due to non-payment by government entities and citizens not paying their due. And inasmuch as rising discontent is understandable, burning down schools or damaging other essential infrastructure sets our country back further. Where we are guilty of breaking even simple laws and the first response is to see if the problem can be solved through a brown envelope, we are part of the problem.

We can succeed, we have done it before. From 2000 to 2009, the economy averaged growth of 3.6%, the strongest decade-average since the 1960s with strong gains in household disposable incomes. Between 2004 and 2006, the economy averaged growth of 5.2%. Over the fiscal years F2007-08 and F2008-09, National government registered surpluses of 0.6% and 0.9% of GDP, with rapidly-declining debt levels and stable investment grade credit ratings from the three major ratings agencies. This achievement was despite implementing one of the most comprehensive social welfare programs among emerging economies.

FINANCIAL ADVISORY

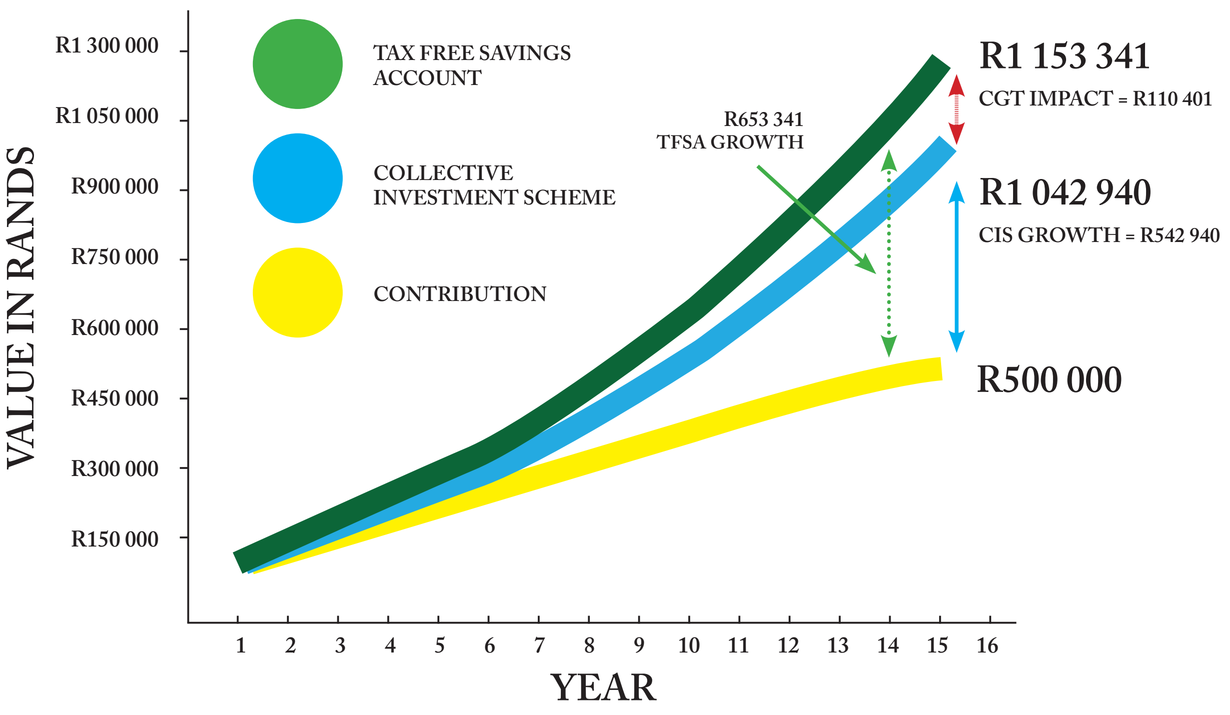
With the low household savings ratio in South Africa, National Treasury moved towards creating a better savings culture in South Africa, in order to stimulate wealth creation and reduce public dependency on government during retirement. This led to the introduction of a tax incentivised investment vehicle in 2015 called the Tax Free Savings Investment Account. At Oasis we support financial sector reforms to encourage indivduals to save.

The Tax Free Savings Investment Account (TFSA) is an ideal way to build a tax free nest egg for you and your family, as all income generated from this investment remains non-taxable. There will be no income tax, no dividends tax and no capital gains tax on the growth of your investment.

For a family of five, if the annual limit of R33 000 per individual is invested, a total of R165 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 Investment Accounts which would have significant value addition over a 15 year period (time taken to invest R33 000 annually).

Tax Free Growth - TFSA vs CIS

INVESTMENT OF R33 000 P.A. @ 10% GROWTH FOR 15 YEARS



The above are for illustrative purposes only and represents a graphical illustration in an Oasis TFSA compared to investing in a Collective Investment Scheme and not investing your savings. The above assumes R33 000 annual contribution at the beginning of each year, for 15 years at 10% annualised growth rate.

The Tax Free Savings Investment Account is a suitable investment vehicle to build an emergency fund, a gift for your child or grandchild's education or to supplement your retirement savings. Far too often we have seen members having to prematurely cash in their retirement savings when changing jobs or on resignation, at punitive tax rates. By investing in a Tax Free Savings Investment Account, it affords you the opportunity to access a tax free cash withdrawal if the need arises.

The Oasis range of Tax Free Savings Investment Accounts includes Shari'ah compliant income and balanced fund options, catering for every risk profile and provides ethical investors with an opportunity to invest in high quality, cost effective, and flexible savings products. As government attempts to rebalance the budget, the possibility of further tax increases remains possible. You are encouraged to top up your Oasis Tax Free Investment Account before the 29th of February 2020, if you have not utilised your full annual contribution limit of R33 000.

To find out more about the Oasis Tax Free Savings Investment Accounts, contact your financial advisor or call Oasis directly on 0860 100 786.

OCAS SA Travel

Our Financial Advisors travel throughout the country on a monthly basis. During the month of January 2020, our advisors will be travelling to the following areas:

DATE	AREA
13 to 17 Jan	**Gauteng:** Mayfair, Riverlea, Homestead Park, Crosby, Pretoria, Laudium, Fordsburg, Lenasia, Robertsham, Vereeniging, Pretoria **Kwa-Zulu Natal:** Umhlanga, Phoenix, Verulam, Overport, Chatsworth, Shallcross, Queensburgh **Boland:** Paarl, Strand, Malmesbury, Wellington, Worcestor, Stellebosch
20 to 24 Jan	**Gauteng:** Johannesburg CBD, Pretoria, Laudium, Erasmia, Randburg, Florida **Limpopo:** Belabella, Modimolle, Mokopane, Polokwane **Kwa-Zulu Natal:** Durban City, Durban North, Overport, Verulam, Westville, Shallcross, Pietermaritzburg
27 to 31 Jan	**Gauteng:** Lenasia, Laudium, Centurion, Benoni, Bedfordview, Sandton, Fordsburg, Mayfair

1 IMF World Economic Outlook, Oasis.

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