

THE AXIS PENSION BULLETIN

— QUARTER TWO 2020 —



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AXIS PENSION TRUST

EDITOR'S NOTE

The theme of this issue of the Axis Pension Bulletin is financial peace of mind in a time of uncertainty. The world is currently battling the COVID-19 pandemic. Due to its speed of transmission as well as its overwhelming effect on healthcare systems, many governments have had to take the bold step to lock down their countries partially or completely as well as close borders.

Unfortunately, these measures continue to have a negative effect on economies as economic activity and productivity have slowed down. This has put enormous pressure on the finances of people and families across the globe. The major question on many minds is “How do we thrive in this time of great uncertainty?” If you find yourself wondering this also, then you will certainly want to read this edition of the Bulletin.

Readers of this issue will learn details of the various interventions Axis implemented to alleviate the impact of the pandemic on our clients and neighbors. In a thought provoking piece titled “Beyond Uncertainty!”, Karl Ocran breaks down the economic impact of the pandemic on investors. Our Chief Investment Officer, Nana Wiafe Boamah, follows this up by presenting readers with key strategies to overcome the ‘pandemics’ of life. Building wealth remains very essential even in a time of COVID-19. Read the article by Ernest Attimah, General Manager of Axis Fund Services, which provides essential tips on how to build wealth in a time of financial uncertainty.

As always, it was a pleasure putting this issue together for our readers. Have a great time reading this edition and discovering helpful tips to inspire you to achieve financial peace of mind.

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Albert Boateng
Editor



“

Albert Einstein

COMPOUND INTEREST IS THE
EIGHTH WONDER OF THE WORLD.
HE WHO UNDERSTANDS IT, EARNs IT ...
HE WHO DOESN'T ... PAYS IT.

”

AXIS PENSION COVID –19 INTERVENTION

COMMUNICATING THROUGH COVID-19 PANDEMIC

Maintaining communication with clients and key stakeholders was of utmost importance for Management and Staff of Axis Pension Trust.

With this in mind the company instituted a series of communications to keep clients updated on events and decisions at Axis Pension Trust as the COVID-19 situation progressed in Ghana. Communications focused on measures instituted to ensure safety of clients, available self-service tools and other tips relevant to the period of COVID-19.

A multi-channel approach was adopted in order to ensure the maximum reach of these communications. Messages were sent to client through Email, SMS text as well as Social Media updates. To prevent clients from being overwhelmed with information proper spacing was maintained between the timing of each communication.

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MAINTAINING TRANSACTIONS VIA DIGITAL CHANNELS

As a key reference point for quality service delivery, Axis Pension Trust has always leveraged state-of-the-art technology to deliver world-class value to clients. In this regard, Management ensured that technology was leveraged to enable clients to continue to transact with Axis in a safe and convenient manner.

The digital channels for transaction include:

- Online Client Portal
- Axis Pension Mobile App
- Live Chat Service
- USSD Code
- Axis Customer Service Email
- Official Axis Social Platforms – Facebook, Twitter, LinkedIn, Instagram

In addition, clients could speak to a call center agent during our regular business hours by dialing 030 273 8555. These channels are still active and highly patronized as we continue to observe social distancing protocols. Clients are entreated to make use of these channels to transact digitally with Axis Pension Trust.

The Good Neighbor

—Axis Pensions

In a bid to relieve the strains placed on certain sections of our society due to the COVID-19 pandemic, Axis Pension Trust Limited partnered with MyHelp-YourHelp Foundation, a Non-Governmental Organization, to donate food items worth GHS 15,000 to the less privileged.

The donation took place on Tuesday 7th April, 2020 in suburbs of Accra specifically Mempeasem, Shiashie, Okponglo and American House that were also observing the President's restriction of movement directives. Some of the items donated include bags of rice, bottles of cooking oil, canned foods, sanitizers and rolls of tissue paper.

Beneficiaries were also encouraged to stay at home as much as possible and not take anything for granted. Helpful tips on personal hygiene and COVID-19 preventive measures were shared with the beneficiaries as well.





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to set up or update beneficiaries online.

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Beyond Uncertainty!

- Karl Ocran

This pandemic has reaffirmed that no one knows what the future holds and our capacity as humans to predict the future with certainty is “nil”. That said, whilst we cannot predict the future with certainty, we can prepare adequately for it by relying on our understanding and extrapolation of past patterns - with the knowledge and humility that those patterns may not be repeated in future.

Life before COVID-19

Prior to the economic disruption caused by the virus, Ghana had successfully completed a four-year IMF Extended Credit Facility (ECF) program in April 2019 and had since 2017 been implementing a home grown industrialization agenda seeking to return the country to a path of sustained economic growth. The combined effect of an economic shutdown and the closure of international borders has caused adverse demand and supply shocks to the Ghanaian economy.

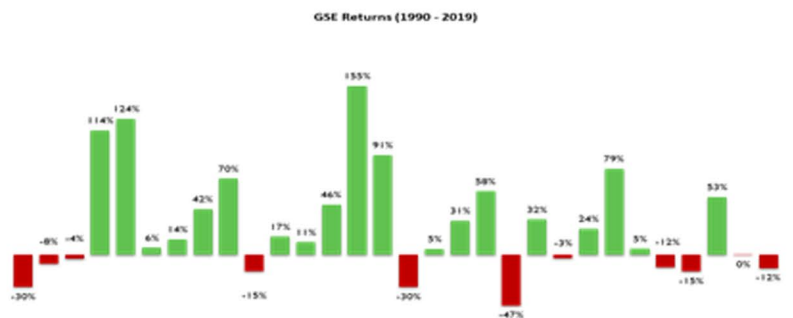
As depicted in the table below the authorities forecast GDP could decline from 6.8% to anywhere between 2.6% and 1.5% whilst the fiscal deficit could increase from a planned 4.7% of GDP to 7.8% of GDP.

Key Indicators	2020		2021*		2022*		2023*	
	Pre	Post	Pre	Post	Pre	Post	Pre	Post
Real GDP Growth (%)	6.8	1.5	4.9	3.5	4.6	6.5	6.5	6.4
Government balance (% of GDP)	(4.7)	(7.8)	(4.5)	(6.0)	(3.5)	(4.7)	(3.0)	(4.1)

Navigating the market in search of fallen angels

The Ghana stock exchange has recorded two consecutive years of negative returns and on a year-to-date (May 2019) basis is down 14% with investors losing over GHS3billion in the process.

Year	Return(%)	Year	Return(%)	Year	Return(%)	Year	Return(%)
1993	113.73	2001	11.42	2009	-46.58	2017	52.73
1994	124.35	2002	45.96	2010	32.25	2018	-0.29
1995	6.33	2003	154.67	2011	-3.10	2019	-12.25
1996	13.82	2004	91.33	2012	23.81	YTD(May29)	-14.01
1997	41.85	2005	-29.72	2013	78.81		
1998	69.69	2006	5.21	2014	5.40		
1999	-15.22	2007	31.21	2015	-11.77		
2000	16.55	2008	58.16	2016	-15.33		
Annualized Return 1993-2000	38.83	Annualized Return 2001-2008	36.65	Annualized Return 2009-2016	2.23	Annualized Return 2017-2019	10.15*



The recovery of risk assets especially on the GSE is expected to be a long and painful one because the drivers of the Ghanaian economy are largely represented in the informal sector which has been hardly hit by the virus. The announcement by the central bank suspending dividend payment by banks to shareholders will reduce liquidity and demand for stocks on the GSE which ultimately will lengthen the time for any recovery.

Healthcare, food, logistics, storage and Information & Communications Technology (ICT) rank as some of the biggest winners in this cycle - but the question is:

- How many of these sectors are adequately represented on our market?
- What kind of financial instruments in these sectors are available to the investing public?
- Is there an inflection point in the economy?
- When and what will be the catalyst for broad market recovery?

It is true the age old adage in investments says; “buy when others are fearful” - and with the market looking very attractive from a valuation standpoint it could be tempting to go treasure hunting. However, as advisors, our concern is on liquidity and the holding period.

The Hunt for Yield

Giving the economic uncertainty, the obvious choice for investors is to hold onto cash or relatively safer fixed income instruments. The combination of low oil prices, constrained government revenue, rising fiscal deficit, a vulnerable currency and rising inflation expectation suggest that the economics are ripe for interest rates to rally north. This is because authorities will need to borrow more to finance the rising deficit. However, the central bank has been on a dovish trajectory for some time as it seeks to provide the impetus for credit and economic growth.

The long walk to freedom

The post COVID-19 world will birth some new ways of doing business, new opportunities and new challenges. The 4th industrial revolution has been greatly accelerated as a result of this pandemic. It is important to remember that the world has been on this dark path before: Sars in 2003, the global financial crisis in 2008, Ebola in 2013 and Zika virus in 2015 – and yet economies still stand strong. COVID-19 will come and go and nations will begin their long walk to economic freedom. As assets look cheap and many opportunities arise, the one advice investors should hold to their chest; caveat emptor (buyer beware).



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to achieve financial peace of mind.**

**Tune in every
Wednesday at 4pm GMT**



Smart Saving Tips To Overcome Life's 'Pandemics'

– *Nana Wiafe Boamah*

Two life certainties, besides the day you were born, are the day you retire from active work and the day you die. Another certainty is that, the current Coronavirus Pandemic will eventually reach its end. The Coronavirus Pandemic, regardless of the many associated inconveniences and financial tolls, presents an opportunity to reiterate old savings and money management tips. Hopefully, the challenges brought about by the pandemic will be viewed as opportunities to drive some action. I hear fear is sometimes a good motivator.

In line with this, I want to shed light on two wealth building tips in this blog article that can be practised to overcome the 'pandemics' we encounter in our lives.

1. Increase your Emergency Savings

The first wealth building step is to build your emergency savings. Emergency funds help you ride out temporary life challenges. The hope is that we do not experience another global pandemic in our lifetime. On a micro-level however, we are all confronted with multiple life 'pandemics' such as job losses, death, accidents and we should all be adequately prepared. Aim to put away three to six months' worth of expenses in a savings account. If you do not have three to six months' worth of expenses saved, then it is time to make some sacrifices to increase your emergency fund.

One savings suggestion is to make a list of all your monthly discretionary and non-discretionary expenditures. Rank the discretionary expenses in order of importance, then cut out the items ranked near the bottom until you feel you cannot cut any longer. Add what is left to your non-discretionary expenditure. Multiply the total by three or six to determine the required amount to build into your emergency savings.

2. Invest for your Retirement

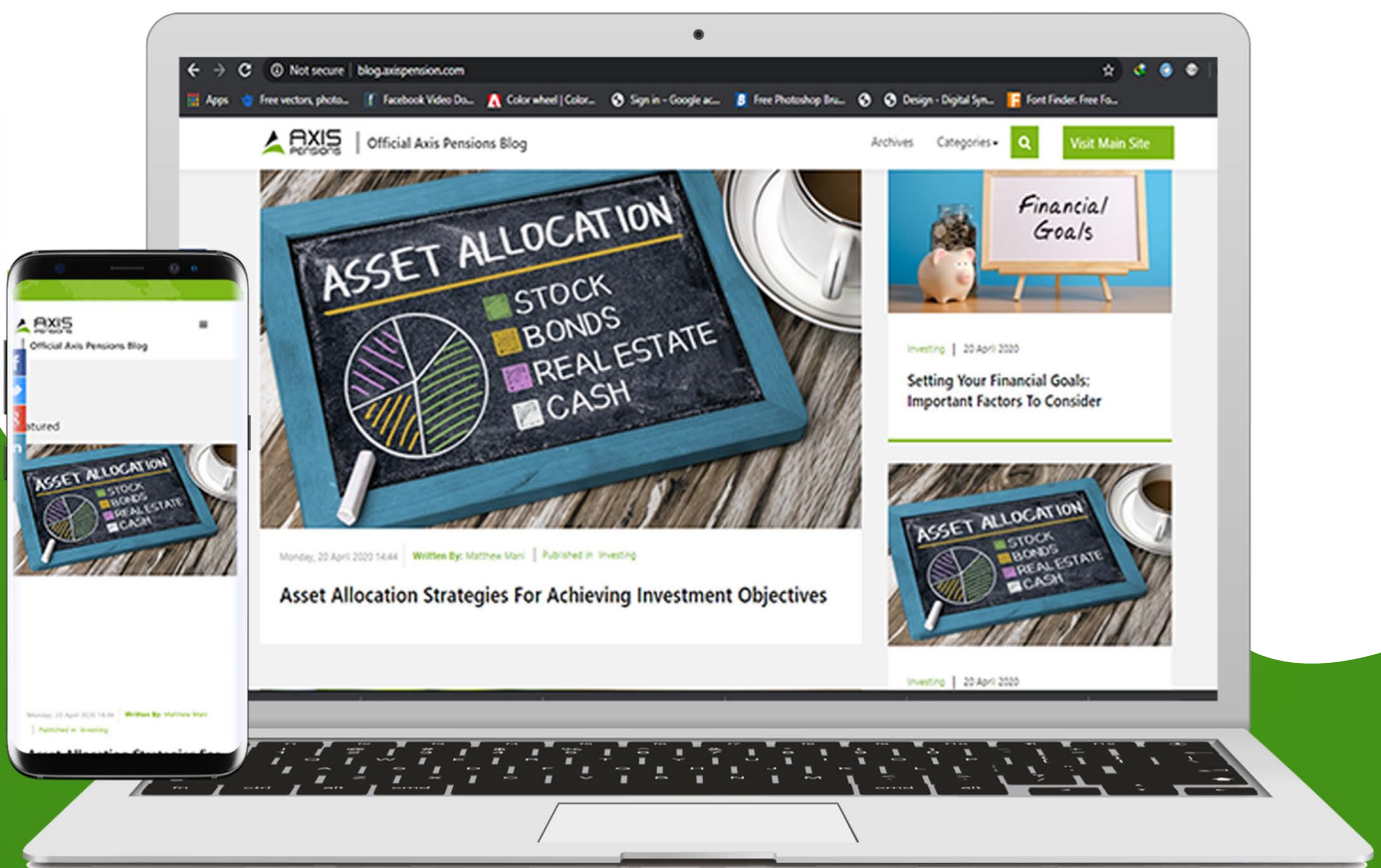
In addition to building your emergency savings, it is important to also keep a focus on other long-term saving goals. The most important in my view is retirement savings. The rule of thumb when it comes to retirement savings is to save up to 20% of your income starting with your first paycheck. If you are already on your 50th, 120th or 180th paycheck, the percentage of income you need to save to meet basic retirement goal should be more than 20%.

If you happen to work in the formal sector, your mandatory occupational pension and voluntary occupational provident fund (if you have one) could make up for the 20% of your income needed to be saved for retirement. If you really desire to live your best life in retirement you may consider putting aside in excess of 30% in retirement savings. If you are like most people who constantly withdraw from your provident fund for other very good reasons other than retirement, you should consider making up the shortfall by starting a personal pension investment account such as the Axis Pension Plan.

To conclude, we must recall the old Ghanaian adage made popular by today's urban youth 'Time No Dey' – which simply tells us there is no time to waste. It only seems like yesterday when I sat for my BECE 22 years ago and I know it will only take a blink of an eye for the year 2034 when I retire to dawn on me. It is time we all take action.

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Building Wealth In A Time of Financial Uncertainty

- Ernest Attimah

In the area of personal finance, there are a lot of different numbers that we are all concerned about. However, there is one overarching number that fully captures how effective your personal finance efforts are: **Your Net Worth.**

Net worth is simply the difference between the value of what you own—your house, retirement funds, investment accounts, checking account balance, etc.— and the value of what you owe such as the mortgage, car loan, other debts and so forth.

By knowing where you stand financially, you will be:

- More mindful of your financial activities
- Better prepared to make sound financial decisions
- More likely to achieve your short-term and long-term financial goals.

Net worth is a robust indicator of your personal financial health. A positive and increasing net worth indicates good financial health and cushioning against financial setbacks. It is certainly cause for concern if your net worth is decreasing. However, it does not necessarily mean you are financially irresponsible.

With this in mind it is not only important for you to know what your net worth is but what your ideal net worth should be based on your current conditions. This allows you to set your net worth goal with a target in mind but more importantly knowing your ideal net worth places your financial progress in the proper context and provides a yard stick for evaluation.

Tips on how to improve your Net Worth

Your net worth is a great measure of your personal wealth and you want that number to grow over time. Measures to grow your net worth can be broken down into 2 main categories:

I. Grow the value of your assets

- Increase your income by exploring multiple streams of income. The higher your income, the more money you can save, invest, or use to buy items that will go up in value.
- Reduce the money you spend on depreciating assets such as Cars, clothes, furniture and most personal possessions. They are usually going to be worth less than you paid for them after a short time.
- Invest your money wisely. It is important to be smart about the assets you invest in because you want them to grow.
- Avoid making unnecessary money mistakes by consulting a professional such as an Axis Pension Advisor.
- Have appropriate insurances to manage risk and preserve wealth.

II. Reduce the cost of your liabilities

- Avoid borrowing more than you need to. Try not to take out loans for unnecessary purchases, such as vacations or an extravagant wedding.
- Create a strategic debt payoff plan. You will want to work on paying off debt, but do it in a smart way. For example, pay off high-interest consumer debt quickly as opposed to a very low interest mortgage.

It may be difficult to improve your net worth in these times of financial uncertainty (COVID-19), however, you can protect what you have now by:

- Building an emergency fund
- Focusing on meeting your basic needs
- Maintaining your current net worth
- Continuing to pay off your debt
- Avoiding withdrawals from your investment accounts if you have no need of them
- Continuing to invest

Above all have a personal finance strategy. Earning more is important but we must stop thinking that the solution to all our problems is more money. We are better off by creating a strategy that helps us to manage our money better. Your net worth will fluctuate.

However, similar to the stock market, it is the overall trend that matters. Ideally, your net worth continues to grow as you age – as you pay down debt, build equity in your home, acquire more assets, etc.



True comfort is knowing that you have a plan to achieve financial peace of mind

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