

The ASISA logo consists of the letters 'ASISA' in a white, bold, sans-serif font, centered within a dark purple rounded rectangular shape.

ASISA

ASSOCIATION FOR SAVINGS & INVESTMENT SA

A decorative horizontal banner with a brownish-gold background. It features a faint, stylized image of a classical building facade with columns and arches, overlaid with a network of thin, white, curved lines that resemble a globe or a complex architectural structure.

ASISA FINANCIAL PLANNER FORUM
OCTOBER 2009

Overview of SA Markets

	<u>1 Jan 09</u>	<u>30 June 09</u>
➤ JSE All Share Index	21 509	22 049
➤ Prime rate	15%	11%
➤ R/\$	9.46	7.88
➤ Unit Trust Mancos		39
➤ Unit Trust Funds		899
➤ Life Companies		24+5

Life Industry Stats (6 months to 30 June '09)

		<u>Var '08</u>
Total Income	R121 BN	-8%
Total Benefits	R75 BN	-16%
Expense	R16 BN	-4%
(Commission)	R5 BN	-18%
Net inflow	R26 BN	15%

Life Industry Stats (6 months)

		<u>Var '08</u>
Total Assets	R1,026 BN	-4%
Liabilities		
Policy	R887 BN	-3%
Other	R44 BN	-26%
CAR	R31 BN	-3%
Excess Assets	R63 BN	-11%
Excess Assets	3 x CAR!	

Life Industry Stats (6 months)

		<u>Var '08</u>
New Business Recurring	R5.8 BN	-16%
New Business Single	R21.8 BN	-14%
Total New Business	R27.6 BN	-14%
Broker New Business		
Recurring	R2.5 BN	
Single	R14.3 BN	
ILLA'S	R7.2 BN	0%
Compulsory SP Annuities	R2 BN	-19%

Life Industry Stats (6 months)

Individual Surrenders	R14.6 BN	-26% (better)
Lapses by premiums	R2.7 BN	7% (worse)
Lapses by policies	2.6 m	2% (better)

COMMENTARY

- New business fell in the period
 - o consumer crisis
 - o reversal from last 6 months 2008
 - o life industry lags economy
- Industry very well capitalised
- Retrenched/economic slowdown
 - o preservation business sharply down
 - o consumer stress vs retirement savings
- Swing from compulsory annuities to ILLA'S
 - o falling interest rates
 - o low guaranteed rates
 - o Q2 equity surge
 - o transfer from ILLA to conventional
- Benefits paid fell
 - o improving surrender position
 - o maturity values down
 - o lapse experience improving

Life Industry and Unit Trusts

	<u>Life</u>	<u>UT</u>
Total assets	R1 026 BN	R703 BN
Money market assets	R359 BN	R243 BN

- Many investors continue to miss out on equity returns
- 5 year returns end June '09 9% vs 18%