

Newsletter 4 of 2020

July 2020

HEADLINE NEWS

- The Trustees have appointed Mr Isgaak Jarodien as Principal Officer with effect from 1 July 2020.
- Investment markets have recovered further in May and June 2020.
- Investment portfolio fact sheets show useful information for each portfolio.

DITABAKGOLO

- Boratrasete ba kgethile Mna Isgaak Jarodien bjalo ka Mohlanka Mogolo go thoma ka 1 Mosegamanye 2020.
- Mebaraka ya dipeeletšo e kokotletše go ya pele ka Mopitlo le Moranang 2020.
- Matlakala a dintlha a diphotefolio tša dipeeletšo a laetša tshedimošo ya photefolio ye nngwe le ye nngwe.

IZINDABA EZINOHLOLONZE

- Abaphatheli ababekiwe baqoke uMnu Isgaak Jarodien ngengeGosa Lomphathi kusukela ngomhlaka 1 Julayi 2020.
- Izimakethe zokutshala imali sezivuselelekile ngoMeyi nangoJuni 2020.
- Amashidi eqiniso ephothifoliyo yokutshala izimali atshengise imininingwane ewusizo kwiphothifoliyo ngayinye.

MAHUNGUNKULU

- Vafambisankwama va thorile Ttn Isgaak Jarodien tanihi Muofisirinkulu kusukela hi 1 Mawuwana 2020.
- Timakete ta vuvekisi ti yile emahlweni ti humelela hi Mudyaxihi na Khotavuxika 2020.
- Maphepha ya timhaka ta photifoliyo ya vuvekisi ya kombisa mahungu yo pfuna eka photifoliyo yin'wana na yin'wana.

APPOINTMENT OF NEW PRINCIPAL OFFICER

Mr Nico Loubser has reached normal retirement age and has retired from his position as the Principal Officer of the eJoburg Retirement Fund effective 30 June 2020.

Following an extensive selection and review process, the Board of Trustees has appointed **Mr Isgaak Jarodien** as the Principal Officer of the Fund with effect from 1 July 2020.

Mr Jarodien can be contacted, in respect of any disputes or complaints against the Trustees or the Fund, as follows:

Email: isgaak.jarodien@liblink.co.za

Fax: 011 587 8386



INVESTMENT PORTFOLIOS AND PERFORMANCE

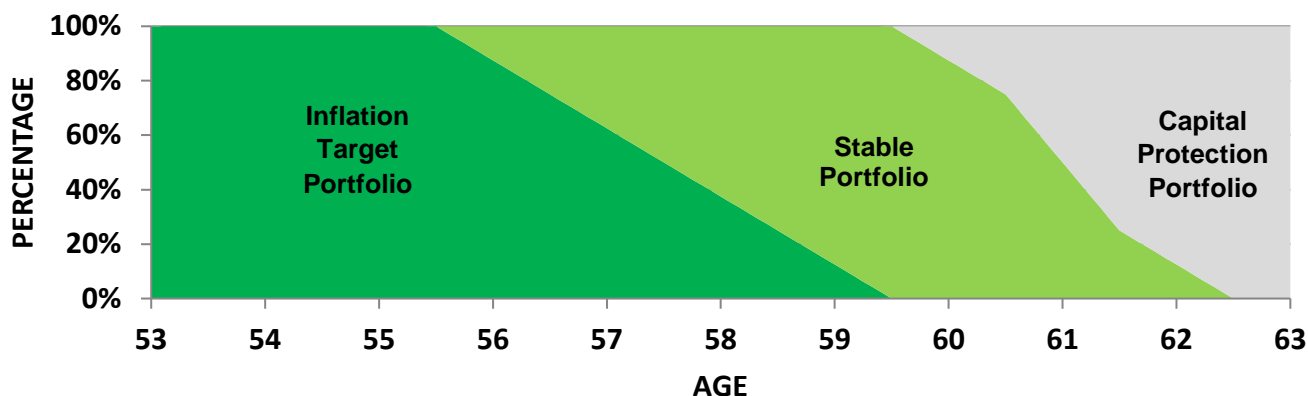
Lifestage models

In order to understand which investment returns apply to their retirement savings (Fund Credits) in the Fund, members need to know which investment portfolio or combination of portfolios that their Fund Credits are invested in. The Fund operates two life stage models as the basis for the investment of Fund Credits, where each member's Fund Credit is transitioned through the investment portfolios as they approach retirement. Please refer to your latest benefit statement to see which life stage model applies to you.



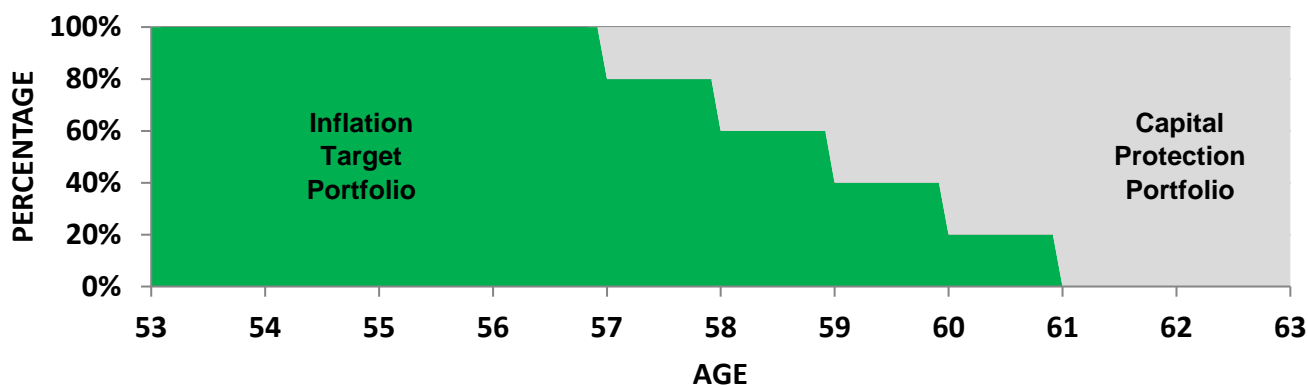
Most of the members of the Fund have their Fund Credits invested according to the **three stage life stage model**, which gradually invests retirement savings more conservatively as normal retirement age draws nearer. Each member's Fund Credit is invested at each age as follows:

- Until the age of 55½, assets are fully invested in the Inflation Target Portfolio.
- From the age of 55½ to 59½, assets are transferred in monthly amounts into the Stable Portfolio.
- From the age of 59½ to 62½, assets are then transferred in monthly amounts into the Capital Protection Portfolio.



A small group of members, who were members of the Fund in April 2014, elected to remain invested in the previous **two-stage life stage model**, which utilises only the Inflation Target Portfolio and the Capital Protection Portfolio. Each member's Fund Credit is invested at each age as follows:

- Until the age of 57, assets are fully invested in the Inflation Target Portfolio.
- From the age of 57 to 61, assets are transferred in annual amounts into the Capital Protection Portfolio.



Actual Fund investment returns since 1 January 2020

The actual investment returns for the Fund's three investment portfolios over the first six months of the 2020 calendar year have been as follows.

Period	Inflation Target Portfolio	Stable Portfolio	Capital Protection Portfolio
January 2020	0.99%	1.95%	0.78%
February 2020	(4.64%)	(1.95%)	0.57%
March 2020	(11.32%)	(4.33%)	0.58%
April 2020	10.68%	5.85%	0.61%
May 2020	0.95%	1.92%	0.52%
June 2020	3.08%	0.47%	0.47%
1 January 2020 to 30 June 2020	(1.64%)	3.66%	3.58%

Fund long-term investment returns

Although the Stable Portfolio and the Capital Protection Portfolio have clearly given higher investment returns than the Inflation Target Portfolio over the last six months, it is important for the Trustees to make investment decisions based on investment returns over longer periods. The following table shows that the Inflation Target Portfolio has outperformed the Stable Portfolio and the Capital Protection Portfolio over longer periods.

Period to 30.6.2020	Inflation Target Portfolio (inception 1.9.2005)		Stable Portfolio (inception 1.5.2014)		Capital Protection Portfolio (inception 1.9.2005)	
	Actual per annum	Target: Inflation plus 5% per annum	Actual per annum	Target: Inflation plus 3% per annum	Actual per annum	Target: Inflation plus 1% per annum
Last 12 months	1.39%	7.80%	7.06%	5.80%	7.90%	3.80%
Last 3 years	4.36%	8.94%	7.41%	6.94%	8.50%	4.94%
Last 8 years	9.96%	10.00%	N/A	N/A	7.76%	6.00%
Since inception	11.24%	10.63%	7.34%	7.60%	8.17%	6.63%

Given the nature of each of the three Portfolios, performance is measured over different periods (eight years for the Inflation Target Portfolio, three years for the Stable Portfolio and one year for the Capital Protection Portfolio) as highlighted in green.

The Stable Portfolio was introduced as part of the review of the three stage life stage model during April 2014. The returns for this portfolio are reported from 1 May 2014, representing the first full month that the portfolio was in existence.

INVESTMENT PORTFOLIO FACT SHEETS

Attached please find the June 2020 Fact Sheets for each of the Inflation Target Portfolio, the Stable Portfolio and the Capital Protection Portfolio. The Fact Sheets provide investment related information to help members understand the following for each portfolio:



- The investment objective.
- The underlying asset managers and the asset allocation (both locally and internationally).
- The actual investment performance and comparison to each portfolio's investment target.
- The Total Expense Ratio ("TER") of the portfolio, which includes the investment management and transaction costs, which shows the reduction in investment returns due to expenses.

The Fund will distribute the Fact Sheets on a **quarterly** basis with the Fund's newsletter. The **monthly** Fact Sheets are available to members following each month end on the Fund's Member Website which can be accessed through following the link: <https://mra.momentum.co.za/momentum/portals/>. Full details of how to access the website were provided in Newsletter 3 of 2020 (June 2020).

This Newsletter is issued for the general information of the members of the eJoburg Retirement Fund.

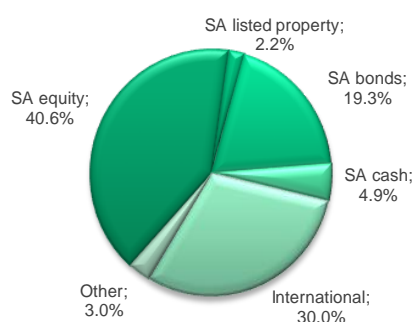
It is not intended as a substitute for specific legal, financial or other advice in considering the implications for each member's particular circumstances.

Investment objective

The Inflation Target Portfolio is a market related portfolio that aims (but does not guarantee) to provide a return that exceeds headline inflation by 5% per annum net of investment manager fees over measurement periods of 8 years. The portfolio is most suitable for members that have a long investment horizon (8 years or more) and who are concerned about managing their inflation risk. As reflected in the asset allocation below, the portfolio has a significant exposure to South African and global equity markets and thus large negative (and positive) returns are possible, particularly over short periods.

Asset allocation

The typical asset allocation of this portfolio would be to invest 70% to 75% in growth assets (SA and global equities and listed property) and 14% to 30% to fixed interest (mainly bonds). The indicative split of the portfolio between the asset classes (using the asset manager mix) is as per the chart below:



Manager	Product	Allocation
Allan Gray	Global balanced	24.4%
Coronation	Managed portfolio	23.4%
Ninety One	Balanced Fund (global)	21.6%
Prudential	Balanced Fund (global)	12.0%

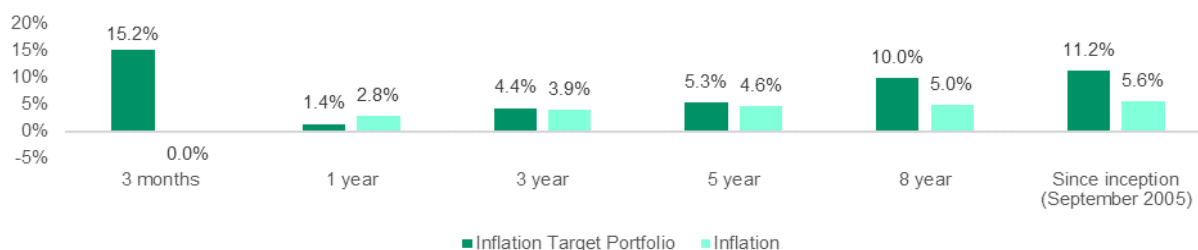
Various specialist managers: SA equity 41.4% (Mazi, First Avenue, Fairtree Capital); SA listed property 2.2% (Sesfikile); SA bonds 21.0% (Futuregrowth); SA Cash 5.5% (Aluwani); International 29.9% (Sygnia) 18.6%

Percentages shown above has been rounded to 1 decimal place and may not add to 100%.

Illustrative performance (net of all investment costs)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2005	-	-	-	-	-	-	-	-	2.0%	-0.1%	1.0%	4.3%	7.3%
2006	3.8%	-0.5%	4.8%	1.2%	-1.3%	1.5%	0.2%	3.6%	3.8%	3.0%	3.2%	4.3%	31.1%
2007	2.2%	1.1%	3.8%	4.4%	-0.3%	-0.9%	0.3%	0.1%	0.7%	3.8%	-0.9%	-1.6%	13.2%
2008	-4.4%	6.8%	-0.7%	1.0%	1.4%	-5.0%	-1.7%	1.8%	-3.9%	-4.7%	0.3%	2.4%	-7.3%
2009	-0.5%	-7.0%	4.3%	0.2%	5.9%	-1.6%	6.3%	3.5%	0.0%	4.0%	-0.3%	2.0%	17.4%
2010	-0.4%	0.7%	3.2%	1.1%	-2.4%	-1.1%	4.1%	-1.2%	4.1%	1.3%	0.1%	2.6%	12.3%
2011	0.8%	1.3%	0.1%	1.5%	0.5%	-1.3%	-0.3%	0.8%	1.1%	5.1%	0.6%	-0.2%	10.2%
2012	2.6%	1.2%	1.1%	1.0%	-0.3%	0.4%	2.2%	2.5%	1.4%	3.0%	1.6%	1.0%	19.1%
2013	5.1%	-0.4%	2.8%	-0.7%	7.3%	-4.2%	3.1%	2.1%	3.2%	2.6%	-0.1%	2.7%	25.6%
2014	-0.2%	2.3%	1.2%	1.6%	1.7%	1.8%	0.8%	-0.2%	-0.2%	-0.3%	1.3%	0.6%	11.0%
2015	2.3%	2.4%	0.5%	2.6%	-1.1%	-1.2%	1.2%	-0.9%	-0.9%	5.6%	-0.8%	-0.5%	9.3%
2016	-0.9%	1.4%	3.8%	1.4%	2.4%	-3.0%	1.2%	2.0%	-0.7%	-3.0%	0.7%	0.6%	5.8%
2017	2.2%	-0.7%	1.4%	2.2%	0.5%	-1.7%	3.9%	0.9%	0.5%	4.9%	0.0%	-1.9%	12.7%
2018	0.6%	-1.1%	-2.4%	3.8%	-2.1%	2.6%	0.0%	3.5%	-2.7%	-3.0%	-3.5%	1.4%	-3.2%
2019	1.2%	3.3%	1.9%	2.5%	-4.0%	1.8%	-1.2%	0.4%	1.2%	1.8%	-0.8%	1.7%	10.0%
2020	1.0%	-4.6%	-11.3%	10.7%	1.0%	3.1%	-	-	-	-	-	-	-1.6%

The graph below shows the returns compared to inflation over various measurement periods ended 30 June 2020. The portfolio returns met the target of inflation plus 5% over the 3-month, 8-year and since inception period considered.



Returns for periods longer than 1 year are annualized (per annum) whereas returns for shorter periods are for the period. Inflation for prior month is estimated as the geometric average over the last 12 months.

Total Expense Ratio

Manager fees, including an estimate in respect of trading and administration costs amounts to **0.86%** per annum for the year of 2019.

Disclosure Statement

There are no capital guarantees for this investment channel and members are reminded that the value of their investments can go down or up. Past performance is not an indication of future performance.

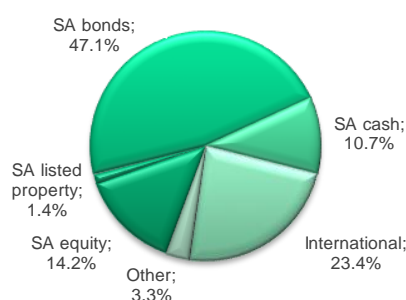
Investment objective

The Stable Portfolio aims (but does not guarantee) to provide a return that exceeds inflation by 3% per annum (net of investment manager fees) over measurement periods of 3 years. The portfolio will have a lower exposure to South African and global equity markets compared to the Inflation Target Portfolio.

In general the portfolio is most suitable for members who have a medium-term investment horizon (3 to 5 years) and who are concerned about maintaining a balance between earning a reasonable return compared to inflation, whilst at the same time protecting their retirement capital.

Asset and manager allocation

The typical asset allocation of this portfolio would be to invest 40% to 45% in growth assets (SA and global equities and listed property) and the remainder in bonds and cash. The indicative split of the portfolio between the asset classes (using the asset manager mix) is as per the chart below:



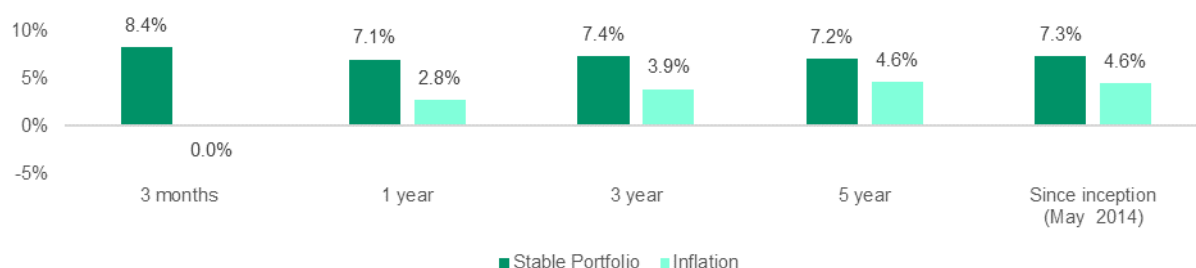
Manager	Product	Allocation
Ninety One	Cautious Managed Fund	52.1%
Coronation	Inflation Plus portfolio	47.9%

Percentages shown above has been rounded to 1 decimal place and may not add to 100%.

Illustrative performance (net of all investment costs)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	-	-	-	-	1.2%	1.2%	0.4%	0.3%	0.0%	0.3%	1.3%	0.3%	5.2%
2015	2.5%	0.9%	0.2%	1.2%	-0.1%	-0.7%	2.1%	-0.4%	0.3%	3.1%	-0.4%	0.0%	8.8%
2016	0.3%	0.5%	1.3%	1.2%	2.3%	-1.4%	0.1%	1.7%	-0.6%	-1.5%	0.5%	0.5%	5.0%
2017	1.0%	0.5%	0.7%	1.5%	1.0%	-0.9%	1.8%	0.3%	1.3%	2.3%	-0.9%	-1.0%	8.0%
2018	0.1%	-0.4%	-0.1%	2.2%	-0.3%	2.4%	0.3%	3.2%	-1.2%	-1.5%	-1.0%	0.0%	3.7%
2019	1.3%	2.5%	1.8%	1.8%	-1.3%	1.1%	0.4%	1.2%	0.5%	0.9%	-0.4%	0.6%	11.0%
2020	2.0%	-2.0%	-4.3%	5.9%	1.9%	0.5%	-	-	-	-	-	-	3.7%

The graph below shows the returns compared to inflation over various measurement periods ended 30 June 2020. The portfolio delivered returns above the target of inflation plus 3% over the 3-month, 1-year and 3-year periods but fell short over all other measurement periods considered.



Returns for periods longer than 1 year are annualized (per annum) whereas returns for shorter periods are for the period. Inflation for prior month is estimated as the geometric average over the last 12 months.

Total Expense Ratio

Manager fees, including an estimate in respect of trading and administration costs amounts to **0.71%** per annum for the year of 2019.

Disclosure Statement

There are no capital guarantees for this investment channel and members are reminded that the value of their investments can go down or up. Past performance is not an indication of future performance.

Investment objective

The Capital Protection Portfolio aims (but does not guarantee) to provide a return of 1.0% per annum in excess of headline inflation net of investment manager fees over measurement periods of one year.

This portfolio is invested in high quality credit cash and other money market instruments and is expected to provide a return broadly similar to that of high quality money market instruments (i.e. the portfolio targets positive returns and very low volatility of returns). The level of return is not guaranteed and will depend inter alia on the performance of the investment manager of the portfolio.

In general the portfolio is most suitable for members with a short investment horizon (under 2 years) who require a high level of certainty of a reasonable level of return and very low risk of negative returns.

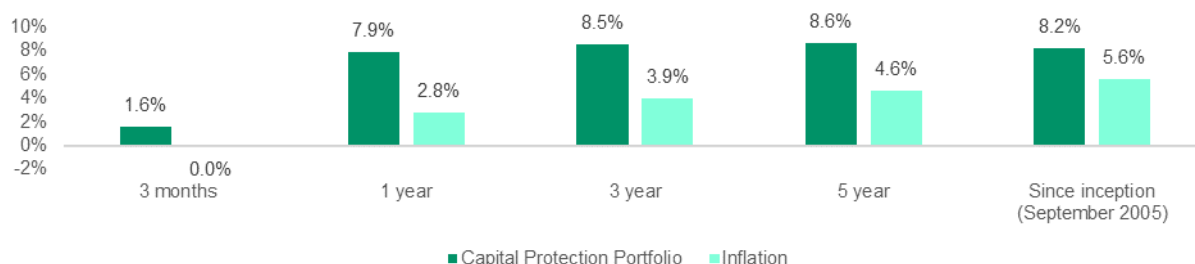
Asset and manager allocation

The portfolio will allocate 100% to South African money market assets. The appointed fund manager is Aluwani Capital.

Illustrative performance (net of all investment costs)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2005	-	-	-	-	-	-	-	-	0.5%	0.5%	0.5%	0.5%	2.0%
2006	0.5%	0.5%	0.6%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.7%	0.6%	0.7%	7.0%
2007	0.7%	0.6%	0.8%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	9.8%
2008	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.1%	1.0%	1.1%	1.0%	1.0%	12.5%
2009	1.1%	0.9%	0.9%	0.9%	0.8%	0.7%	0.7%	0.7%	0.6%	0.7%	0.7%	0.7%	9.8%
2010	0.7%	0.6%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	7.9%
2011	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.5%	0.6%	0.5%	0.5%	6.8%
2012	0.6%	0.5%	0.5%	0.6%	0.5%	0.6%	0.6%	0.5%	0.5%	0.5%	0.4%	0.5%	6.6%
2013	0.5%	0.5%	0.4%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.4%	0.5%	6.0%
2014	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.3%	0.6%	0.6%	0.5%	0.6%	6.4%
2015	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.5%	0.6%	0.6%	0.4%	7.0%
2016	0.8%	0.7%	0.7%	0.8%	0.8%	0.7%	0.7%	0.8%	0.6%	0.8%	0.7%	0.5%	8.9%
2017	1.0%	0.8%	0.9%	0.7%	0.9%	0.7%	0.7%	0.8%	0.6%	0.8%	0.6%	0.6%	9.4%
2018	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.7%	0.6%	0.8%	0.7%	0.7%	9.1%
2019	0.7%	0.6%	0.7%	0.7%	0.7%	0.6%	0.8%	0.7%	0.7%	0.7%	0.6%	0.7%	8.5%
2020	0.8%	0.6%	0.6%	0.6%	0.5%	0.5%	-	-	-	-	-	-	3.6%

The graph below shows the returns compared to inflation over various measurement periods ended 30 June 2020. The portfolio returns met the target of inflation plus 1% over all measurement periods.



Returns for periods longer than 1 year are annualized (per annum) whereas returns for shorter periods are for the period. Inflation for prior month is estimated as the geometric average over the last 12 months.

Total Expense Ratio

Manager fees, including an estimate in respect of trading and administration costs amounts to **0.15%** per annum for the year of 2019.

Disclosure Statement

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