

INVESTMENT STRATEGY AND MEMBER OPTIONS

This information document sets out the investment strategy of the eJoburg Retirement Fund (the “Fund”) and the options available to members. The document only provides information in this regard and does not provide advice, as each member’s personal circumstances are different and you should take advice from a properly qualified and registered financial advisor before making any investment decisions.

You may elect any one of the three different investment strategies offered by the Fund, namely:

<p style="text-align: center;">OPTION 1 Lifestage Stream A (Fund default) Targets a life annuity at retirement</p>	<p style="text-align: center;">OPTION 2 Lifestage Stream B Targets a living annuity at retirement</p>
<p style="text-align: center;">OPTION 3 Member Investment Choice</p>	<p style="text-align: center;">CLOSED OPTION (NO LONGER AVAILABLE) A small closed group of members elected in 2014 to remain on a two-stage lifestage model</p>

It is important to note that:

- If you do not elect an investment strategy, your Fund Credit is automatically invested in Lifestage Stream A.
- It is your responsibility to determine which investment strategy best suits your personal circumstances (including when you expect to leave the Fund and what type of annuity you expect to purchase on retirement) and to elect the most appropriate investment strategy.
- Members should ensure they have sufficient investment expertise and experience, or they have consulted a properly registered and qualified financial advisor, before they elect either Option 2 or Option 3.
- Your assets in each of your Pots in the Fund will all be invested in terms of the same investment strategy, either in terms of the default option or the option selected by you.

BUILDING BLOCK INVESTMENT PORTFOLIOS

The three investment strategies utilise the Fund’s three building block investment portfolios, namely:

- **High Growth Portfolio (previously called the Inflation Target Portfolio):** The Trustees designed this portfolio for members who are younger than age 55. This portfolio has the highest “risk/return” profile, as it has the highest weighting to market linked investments (such as shares listed on local and foreign stock exchanges) which are expected to deliver higher returns over the longer term but with the possibility of material volatility in returns and the possibility of negative returns in some periods. The portfolio targets a return of inflation plus 5% per annum over rolling 8-year periods.
- **Medium Growth Portfolio (previously called the Stable Portfolio):** The Trustees designed this portfolio for members between the ages of 56 and 62. Members in this age group are gradually moved into this portfolio as part of a de-risking approach. This portfolio has a lower “risk/return” profile than the High Growth Portfolio as it has a lower weighting to market linked investments and a higher weighting to bonds and cash. The portfolio still has the possibility of volatility in returns and the possibility of negative returns in some periods. The portfolio targets a return of inflation plus 3% per annum over rolling 3-year periods.
- **Money Market Portfolio (previously called the Capital Protection Portfolio):** The Trustees designed this portfolio for members who are close to normal retirement age. This portfolio has the lowest “risk/return” profile, as it is predominantly invested in money market and cash investments, which are expected to deliver lower returns over the longer term with less volatility and more capital security. The portfolio targets a return of inflation plus 1% over any 12-month period.

Each building block investment portfolio targets to earn a net real return (the return in excess of inflation) over a period. The returns are net of the investment management fees incurred in the management of the assets of the Fund.

Details for each building block investment portfolio in relation to its investment target, underlying asset managers and actual returns are set out in the Fund’s investment Fact Sheets which are available on the Fund’s member website (eJoburgretirementfund.co.za) or from the Fund’s Administrator (eJoburgfund@momentum.co.za).

LIFESTAGE STRATEGIES AND PURCHASE OF AN ANNUITY ON RETIREMENT

In the lifestage portfolios, your assets are invested in the High Growth Portfolio at younger ages to achieve the highest expected return over the long-term, albeit with the highest expected volatility. Your assets, based on your period to normal retirement age, are transitioned to more capital secure assets in the Medium Growth Portfolio and the Money Market Portfolio as you approach normal retirement age to give greater certainty of returns, although these may be lower than for the High Growth Portfolio over the long-term.

The transitioning takes place automatically every month according to your period to retirement for so long as you remain invested in that lifestage strategy.

It is important to understand that the Fund is a defined contribution pension fund and **you will have to purchase an annuity with a minimum of your Retirement Pot and two-thirds of your Vested Annuity Pot** (see the separate counselling document on Retirement Benefits) in the open market when you retire from the Fund. The cost of the annuity may be influenced by prevailing interest rates at the time of your retirement if you purchase a **life annuity** (also referred to as a conventional annuity), while exposure to equity and other markets is more relevant if you purchase a **living annuity** on retirement from the Fund.

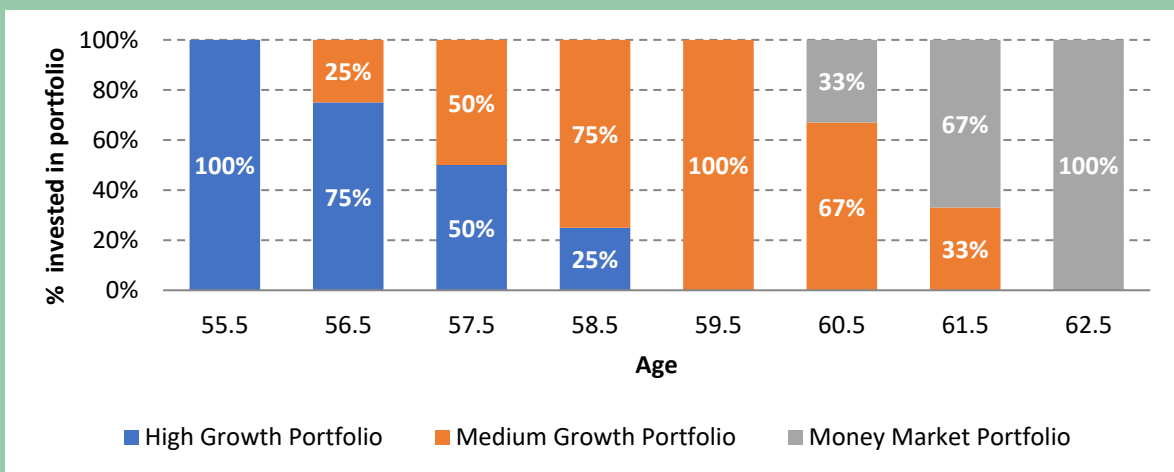
INVESTMENT STRATEGY OPTIONS

OPTION 1: LIFESTAGE STREAM A (FUND DEFAULT)

Lifestage Stream A may be appropriate if you intend to purchase a **life annuity** on retirement from the Fund. The Trustees believe that Option 1 is the most suitable option for most members.

A **life annuity** is based on a contract between yourself and an insurance company where you pay over your retirement savings in return for a guaranteed income (annuity) for the rest of your life (and that of your surviving spouse, if provided for). The annuity ceases on your death (or on the later death of your spouse, if applicable), although provision can be made in the contract for the annuity to be paid for a limited guarantee period. There are various types of life annuities, with some providing an annuity that increases annually with inflation, a level income (that never increases), or one with annual increases partially dependant on market returns. Typically, there is no flexibility for you to change your monthly annuity (other than the contractual annual annuity increases) or move to a different annuity provider once you have purchased a life annuity on retirement from the Fund.

Under Lifestage Stream A your assets will be automatically transitioned on a monthly basis between the various building block portfolios as shown at the following sample ages:



Under Lifestage Stream A, your assets will be fully invested in the Money Market Portfolio by the time you reach your normal retirement age. This is generally suitable for the purchase of a life annuity.

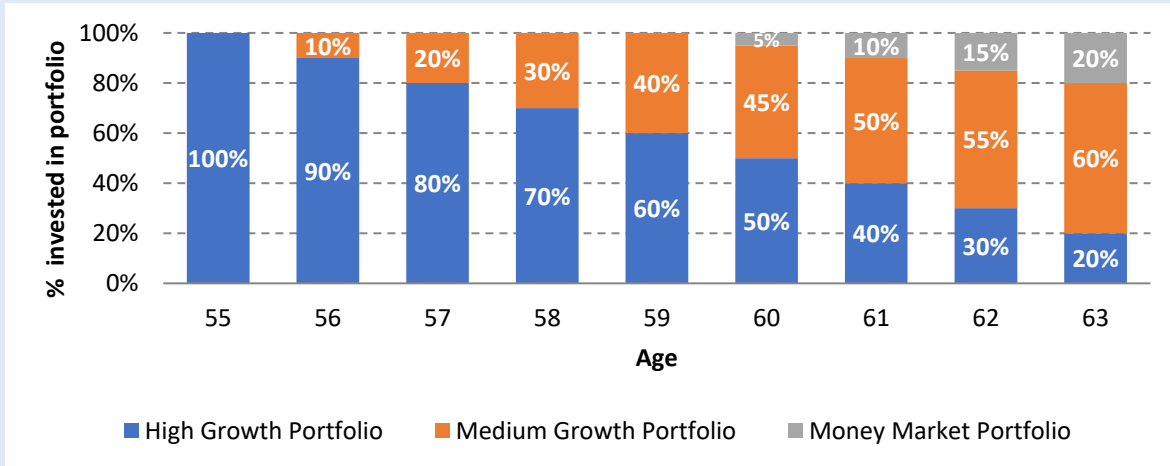
Lifestage Stream A is the default investment strategy. If you do not want to be invested in Lifestage Stream A you must complete an investment switch form and elect either Lifestage Stream B or Member Investment Choice.

Commission-free indicative life annuity quotes, in terms of the Fund’s annuity strategy, are available from the Fund on retirement (free of charge and free of obligation). Please see the Fund’s counselling documents on “Retirement Benefits” and “Commission free annuity quotes on retirement”.

OPTION 2: LIFESTAGE STREAM B

Lifestage Stream B may be appropriate if you intend to purchase a **living annuity** with a similar investment profile on retirement from the Fund. If you want to be invested in Lifestage Stream B you must complete an investment switch form (available from the Fund's member website or the Fund's administrator).

As with Option 1, Lifestage Steam A, members are fully invested in the High Growth Portfolio until the age of 55. However, under Lifestage Stream B your assets will be automatically transitioned on a monthly basis between the various building block portfolios as shown at the following sample ages:



Under Lifestage Stream B, your assets will be invested 20% in the High Growth Portfolio, 60% in the Medium Growth Portfolio and 20% in the Money Market Portfolio by the time you reach your normal retirement age. This is generally suitable for the purchase of a living annuity.

The income from a **living annuity** is not guaranteed (you can outlive your assets) and is dependent on the performance of the underlying investments. You make "draw down" decisions (within prescribed limits) on how much of your assets to receive each month. Your surviving spouse and/or other nominated beneficiaries will receive the balance of any capital remaining on your death. There is normally flexibility to change living annuity providers or purchase a life annuity at any time.

OPTION 3: MEMBER INVESTMENT CHOICE

Lifestage Stream A and Lifestage Stream B may not be suitable for your particular circumstances, either in terms of where you wish your assets to be invested whilst you are a member of the Fund or where you wish your assets to be invested at the time you retire from the Fund and purchase an annuity.

You may therefore make **Member Investment Choice** decisions (subject to a reasonable administrative period to effect your election), as to how much of your Fund Credit and your ongoing retirement funding contributions are invested in any one or a combination of the building block portfolios offered by the Fund, namely the High Growth Portfolio, the Medium Growth Portfolio and the Money Market Portfolio.

Once you have made a Member Investment Choice election, you may change your Member Investment Choice at any time and you may elect to change to either Lifestage Stream A or Lifestage Stream B.

DEFAULT INVESTMENT STRATEGY

If you do not make an investment choice by completing an investment switch form and submitting it via the Fund's member website or to the Fund Administrator, your assets and any future contributions will be defaulted to Lifestage Stream A.

A default is required by law, and also because, practically, your Fund Credit and any ongoing contributions must be invested somewhere. Lifestage Stream A reflects a balanced risk and return strategy, which, under normal investment conditions, should result in reasonable financial outcomes for most long serving members that retire from the Fund at or around their normal retirement age and plan on receiving a pension for life that is targeted to keep pace with inflation (in line with the Fund's Annuity Strategy).

As explained under Option 1 above, if you are in Lifestage Stream A, this means that as you move closer to normal retirement age, the percentage of your assets that are invested in each of the building block portfolios will automatically change to reflect the risk and investment profile indicated for that age.

It is important to note that this may not be appropriate for all members. For example, it may be more appropriate for a member who intends to purchase an annuity whose cost is dependent on equity market conditions at the date of retirement from the Fund or to possibly purchase a living annuity with a particular asset profile to have their assets invested in a similar asset profile shortly before and after retirement. That investment profile is unlikely to be the “lower risk/return” investment channel of predominantly money market and cash as indicated at normal retirement age for Lifestage Stream A. A member who intends to purchase a living annuity on retirement from the Fund may prefer to retain some market exposure, for example, such as that indicated at normal retirement age for Lifestage Stream B, or by choosing the member's own mix of the building block portfolios as permitted under Member Investment Choice.

SWITCHING BETWEEN INVESTMENT STRATEGIES

You may change your investment strategy at any time.

A change to a different investment strategy or a switch under the Member Investment Choice strategy is considered to be a change. There is no administrative fee charged on changing your investment strategy.

Please note that you will remain invested (and your assets automatically switched in terms of the applicable lifestage strategy if you are invested in terms of a lifestage strategy) in terms of your current investment strategy until such time as you make an investment strategy election by completing an investment switch form and submitting it via the Fund's member website or to the Fund's administrator via the Fund's email address.

Should you become a paid-up member or a deferred retiree of the Fund on exit from employment, your assets will remain invested according to your investment strategy at the date of exit from employment. You will continue to have the same investment strategy options and ability to change strategy whilst you are a paid-up member or deferred retiree.

INVESTMENT ADVICE

Investment markets are complex and extremely difficult to predict. Matching your investment strategy with your individual circumstances and requirements is also an area of complexity. You thus need to weigh up all the different risks (e.g. volatility of returns, potential reduction in capital, long term returns, annuity options at retirement, etc.) in considering the options that are available to you.

While it is recommended that you consult a properly registered and qualified financial advisor, it must be pointed out that:

- As with any other profession, the quality of the advice may differ from one financial advisor to the next.
- Financial advisors are often remunerated via commissions and some may thus give advice to maximise their income or to generate future income, rather than being in the best interests of the member.
- Commissions or other remuneration to a financial advisor must be fully disclosed by the financial advisor and can often be negotiated in advance of receiving advice, i.e. there are no fixed commission or remuneration scales.
- You should not simply accept the advice of a financial advisor, but rather review it to make sure it is reasonable. If you are uncertain as to the advice, you could also consider consulting more than one financial advisor. A list of accredited, independent financial advisers is available on the website of the Financial Planning Institute.

In the light of the above and in line with best practice, the investment switch option form that you will be asked to complete if you exercise individual investment choice will require you to certify that you have the financial skills, or have taken advice from someone with the necessary financial skills, to make an informed decision. It also contains an indemnity in respect of other parties (such as the Fund and the Trustees) from the consequences of your choice.