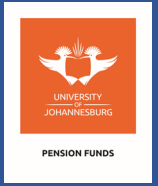


University of Johannesburg Pension Fund

Investment Choice Brochure



INTRODUCTION TO THE UNIVERSITY OF JOHANNESBURG PENSION FUND INVESTMENTS

The University of Johannesburg pension fund is a **defined contribution fund**. This booklet is designed to assist members in making their fund investment decisions. You must make an informed investment choice with regard to your investment in your pension fund. You are encouraged to seek financial advice on all your pension fund matters.

Make Time to Invest in your Future

In order to retire comfortably, we need to ensure that we have sufficient money saved to maintain our current standard of living. Therefore, it is important for you as a member to ensure that you are able to mirror your pre-retirement lifestyle to your post-retirement lifestyle.

This booklet explains the options available to you as a Fund member, together with the factors members should consider when making an investment portfolio choice.

The Funds offer two broad methods of investing being the **Life Stage Portfolio** or **Individual Choice Portfolios**.

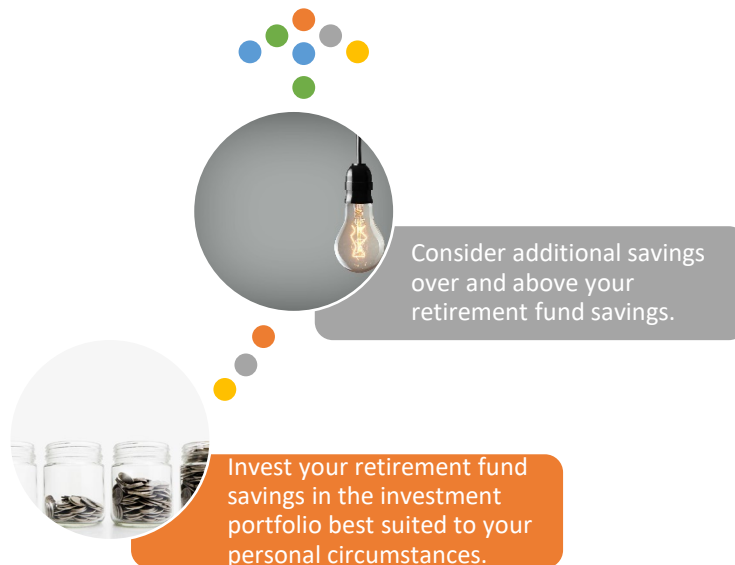
All members have the opportunity to review their investment portfolio that they are invested in and to move their pension fund savings to another portfolio at any time. The first investment switch in a calendar year will be free, an administration fee will be charged for additional switches within the same year.

You cannot invest in more than one Portfolio, you may however, elect to change your investment portfolio at any time by choosing an alternative portfolio from the range of portfolios that are available within the Funds.

So how do you ensure you have enough money saved for retirement?

The answer is simple. The key to successful retirement lies in your hands. You need to take time out to plan for your retirement.

This booklet provides you with the tools to make an informed decision about your investment choices.



UNIVERSITY OF JOHANNESBURG INVESTMENT PORTFOLIOS

The investment portfolios described in this booklet are the investment portfolios available to you as member of your fund. Your board of trustees together with its accredited consultants have carefully considered the range of investment options which are available. These portfolios were selected to target and/or better certain inflation objectives in the long-term.

The size of your targeted retirement benefit will depend mostly on the investment portfolios you choose during your membership of your Fund and the returns earned on each. The Trustees, with the assistance of its consultants, set up a range of portfolios for members to choose from. These portfolios were carefully researched and chosen to suit the diverse needs of members.

The following portfolios are available to choose from:

Portfolio	Nature of portfolio
○ Wealth Creation Portfolio	○ Aggressive balanced
○ Wealth Preservation Portfolio	○ Moderately aggressive balanced
○ Capital Protection Portfolio	○ Moderately low, focussing on protecting capital
○ Capital Guarantee Portfolio	○ Low risk of capital loss
○ Money Market Portfolio	○ Low risk of capital loss
○ Life Stage Portfolio	○ Optimal mix of Wealth Creation, Wealth Preservation and Capital Protection
○ Shari'ah Portfolio (High Growth)	○ Moderate balanced
○ Shari'ah Medium Growth Portfolio	○ Moderately low, focussing on protecting capital

Wealth Creation Portfolio

The Wealth Creation Portfolio consists mostly of a mix of equities, bonds, property, and cash. This Portfolio has a high level of expected future investment return, along with a high level of associated risk. This is because a large proportion of the portfolio will be invested in equities, which historically have produced higher returns than any other asset classes over the long term.

This portfolio aims to achieve a return of CPI+6% per annum over a rolling 3-year period.

Members who choose to invest in this portfolio will share directly in the performance of the financial markets. As a result, the portfolio may yield negative returns in certain market environments and cycles, and the returns may be volatile over periods of time.

The portfolio's expected future investment returns are likely to outperform the level of future inflation over the long term and as such would offer a member protection against assets being eroded by inflation. In general, and unless you have specific personal circumstances, this portfolio is suitable for members who have a long time-horizon to retirement.

The Wealth Preservation Portfolio has a medium level of expected future investment return, with a medium level of associated risk. ***This portfolio aims to achieve a return of CPI+4% per annum over a rolling 3 year period.***

The portfolio's expected future investment returns are likely to outperform the level of future inflation over the long term and as such would offer a member protection against assets being eroded by inflation. However, the returns are likely to be lower than that of the Wealth Creation Portfolio over the long term.

The portfolio may yield negative returns and the returns may be volatile over periods of time, though less so than in the Wealth Creation Portfolio. The structure of the Portfolio is such that a larger proportion of the assets are used to reduce the probability of a negative return and the effect of volatility. The portfolio is thus structured to optimise returns in positive market cycles and to protect capital in negative periods. It is however possible that on exit from the Fund the member's benefit is being withdrawn when the markets are down. The member may not recover the full capital invested.



Wealth
Preservation

Capital Protection Portfolio

The Capital Protection Portfolio aims to achieve a return of CPI+4% per annum over a rolling 3 year period. The product is designed to remove the volatility associated with investing in either the Wealth Creation or Preservation Portfolios. It should be noted that 100% of capital and growth declared (book value) is guaranteed on Retirement, Retrenchment, Resignation, Death and Disability.

The portfolio is suitable for risk-averse investors such as members close to retirement who want to lock in their returns or want to avoid the volatility of full market-linked investments.

The Capital Protection Portfolio is a low risk portfolio. The portfolio provides protection of the capital value of members' assets with a low, positive expected future investment return.

The Old Mutual Coregrowth portfolio is used as a guarantee portfolio in the underlying Funds. This portfolio is a smoothed bonus portfolio and aims to provide competitive, inflation-beating growth in the long-term while protecting returns against the volatility associated with market-linked portfolios. ***The objective of the portfolio is to achieve a return of inflation (CPI) plus 3.5% in the longer term.***

The portfolio offers a fixed guarantee on capital, contributions and declared positive returns. Investment return is allocated in the form of bonuses which is declared monthly in advance. Once declared it vests fully. The guarantee is applied on withdrawal and retirement and specified other events. Members who want to switch from this portfolio in terms of an individual member choice decision can switch at book value. A maximum of 10% (per annum) of the total assets of the Funds invested in the Old Mutual Coregrowth portfolio will be allowed to be switched at book value, in the event that the market value is lower than the book value.

A maximum of 10% (per annum) of the total assets of the Funds invested in the Old Mutual Coregrowth portfolio will be allowed to be switched at book value, in the event that the market value is lower than the book value.



Capital Guarantee
Portfolio

Money Market Portfolios are conservative portfolios that comprise of quality securities from banks, government, parastatals and corporations. The instruments include cash, short-term debt and credit. The volatility risk of the money market portfolios is much lower compared to equity and bonds. The instruments within the money market portfolio are also more liquid and short-term in nature. They are therefore suitable for investors who have a low appetite for volatility risk, investors with short-term investment horizons and investors who aim to preserve capital in the short-term.

The Money Market Portfolio aims to earn a higher level of income than fixed deposits and call deposits over time, while aiming to protect capital and provide investors with immediate liquidity. ***The portfolio targets returns in excess of the STeFI 3-month money market index, measured over one year periods. The target is to achieve a return of inflation (CPI) plus 1.5% in the longer term.***



Money Market
Portfolio



Shari'ah High
Growth Portfolio


Shari'ah investments are investments that are made in accordance with Islamic Law. The advent of Shari'ah-compliant investments has been a more recent development and is set to grow strongly over the coming years.

The underlying investments of the Shari'ah-compliant portfolio are managed in accordance with the principles of Shari'ah Law, the sacred law of the religion of Islam. In compliance with Shari'ah Law, the investment managers screen all investments according to industry type and by means of financial ratios. Investing in enterprises with core business activities or sources of revenue associated with alcohol, tobacco, pork-related products, financial services, defense/weapons, gambling and pornography is prohibited. Also excluded are enterprises with levels of debt or interest income that are unacceptable according to Shari'ah Law. Any interest income received from companies that pass the above screening processes is distributed by the managers to charity organisations on behalf of the investors.

In addition, many of the portfolios have further guidelines as set out by their Shari'ah boards. The Shari'ah board is an integral part of the investment process as all the shares have to be approved by the board prior to being added to the investment universe. On a quarterly basis the entire share universe is reviewed by the board to see if there have been any changes to a company's operations or the debt and asset ratios which are acceptable. These compliance rules also reduce the risk of reckless trading by the portfolio managers.

The portfolio selected by the Trustees has been designed to target an investment return, over the long term, broadly comparable to that of a Balanced Fund. This portfolio satisfies the principles of Islamic Law while remaining Regulation 28 compliant. ***The long term target is to give an investment return comparable to a traditional balanced portfolio. The target is to achieve a return of inflation (CPI) plus 5% in the longer term.***

Similar to the Shari'ah High Growth portfolio these are investments that are made in accordance with Islamic Law whilst remaining compliant with Regulation 28 of the Pension Fund Act, 24 of 1956. This portfolio is managed within moderate limits and is suitable for members who wish to transition from the Shari'ah High Growth portfolio to a lower equity portfolio in the period prior to retirement. This portfolio aims to achieve investment growth of CPI +1.5% in the medium term



Shari'ah Medium
Growth Portfolio

Low Equity Life Stage Portfolio

This portfolio is a mix of the Wealth Creation and Capital Protection Portfolios. This portfolio is an active choice option for members and is also used as the portfolio for members who have not exercised an investment choice or are unsure what choice to make.

The allocation of investment types is not fixed and changes as the member ages. At age 60 or younger, your retirement savings will be invested in the Wealth Creation Portfolio (*see details above*) with high potential share/equity exposure.

Every year from then onwards, as you age, your share/equity exposure is decreased. At the end of the year when you turn 65 your money is fully invested in the Wealth Creation Portfolio (*see details above*) and at age 60, you are fully invested in the Capital Protection Portfolio where 100% of your capital is guaranteed. Your funds will be switched automatically on your birthday and you will not be required to complete an option form as you grow older.

The following table shows how the assets in the Life Stage Portfolio are invested:

Age	Wealth Creation	Capital Protection
Up to 60	100.0%	0%
60 to 61	80%	20%
61 to 62	60%	40%
62 to 63	40%	60%
63 to 64	20%	80%
65	0%	100%

Please note that the Life Stage Portfolio is constructed on the assumption that members will retire at age 65.

If you are planning to retire at an earlier age, this portfolio might not necessarily be suited for you as you approach your planned retirement age. Your choice of retirement channel should be based on what you intend to invest in after retirement.

You can invest in one of the following Phase-down portfolios which are portfolios that combine some of the portfolios listed above

Name	Underlying portfolios	Percentage
Phase-down 1	Wealth Creation Capital Protection	80%
		20%
Phase-down 2	Wealth Creation Capital Protection	60%
		40%
Phase-down 3	Wealth Creation Capital Protection	40%
		60%
Phase-down 4	Wealth Creation Capital Protection	20%
		60%

In addition to the Low Equity Lifestage channel, you can also select one of the following annuity targeting channels:

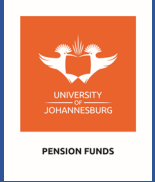
High Equity Living Annuity	This channel is aimed at members who elect to purchase a high equity living annuity. Members in this channel will remain invested in the <i>UJ Wealth Creation Portfolio</i> .
Cash	This channel is for members who will be commuting one-third of their retirement benefit for cash. These members will transition into the <i>Money Market Portfolio</i> .
Medium Equity Living Annuity	This channel is best suited for members who wish to purchase a low equity or medium equity living annuity. The members electing this channel will transition into the <i>UJ Capital Guarantee Portfolio</i> .
Protector portfolio. (Life, with-profit of inflation linked annuity)	In this channel members will transition into the <i>Protector Portfolio</i> which aims to protect members against inflation.

A QUICK SUMMARY OF INVESTMENT DEFINITIONS

Assets	Something you own that can be sold for cash or exchanged for another item of value. Your house, car, furniture, jewellery, savings and any other investments are all assets.
Asset Classes	Another word for <i>Investment Types</i> . Refers to shares, bonds, cash, property etc.
Bond	A bond is basically an “I owe you” certifying that the bondholder has loaned money to a corporation or government and describing the terms of the loan (repayment period and interest rate). Government bonds, or gilts, are issued to raise money for the government and offer a fixed rate of interest over a fixed period of time. Placing money in government bonds is similar to having money in cash form. However, government bonds can incur capital losses or gains if traded before their maturity date. A bond usually pays interest at regular intervals. The principal amount of the bond (the amount you loaned) is repaid at maturity.
Capital	Any assets or money which can be invested.
Diversify	To spread your assets amongst different types of investment vehicles (e.g. bonds, fixed interest) and/or different Investment Managers.
Equities	Another name for shares.
Guaranteed Portfolios	These portfolios follow the market growth of the underlying assets directly but certain guarantees are provided in order to prevent capital losses in a declining market.
Investment Manager	An investment manager is an investment house or insurer who invests your assets. The Trustees delegate the responsibility of managing the assets to investment managers who have the expertise to invest the assets wisely, and within the constraints of legislation.
Liquidity	The measure of the ease with which the respective asset may be bought or sold. An asset is said to be liquid when it is easy to sell and obtain the cash value for the asset.
Market-related Portfolio	A portfolio where a portion of the money is invested in shares. Market-linked portfolios differ from guarantee portfolios in the sense that there are no guarantees of capital preservation. Members who choose to invest in a market-linked portfolio will share directly in the performance of the financial markets including possible declines in market values resulting in the partial loss of capital.
Portfolio	Portfolio is the name used to describe a group of different types of investments. For example, if you had R10 000 to invest, your portfolio might be made up of R4 000 in shares bought on the stock market, R1 000 in property, R4 500 in government bonds and R500 in cash. If the portfolio has a portion invested in shares bought on the stock market, it would be said to be a market-related portfolio, because the performance of your investment would be related to that of the share market. Likewise, a cash portfolio is one in which your money is invested mostly in bank deposits.

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Equitable Share	The total value of your benefits in the UJ Pension Fund, is made up of: <ul style="list-style-type: none">○ the full value of your own contributions plus○ the company's contributions towards retirement savings plus○ voluntary contributions (if any) plus○ any amount you transferred to the Fund plus○ the investment earnings on all these amounts○ less any expenses.
Shares	Also known as equity. Shares represent ownership in a company. The price of a given share is based on investors' collective view of a company's future. The price of shares can fluctuate dramatically as this view changes. Investments in shares give you the opportunity to achieve high returns over the long-term but your investment is affected by short-term market and currency fluctuations.
Volatility	The tendency of an investment to experience price swings. A highly volatile investment experiences dramatic price movement over short periods of time.



Principal Officer of the Fund: Dr. Evette Vanrenen-Linford

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 0115594877

 APK Pension Fund office

E Ring, Ground Floor, Opposite the student centre entrance

 [Pension Fund Website](#)

[Pension and Provident Fund Site](#)

Member investment choice switch - Generic

The purpose of this form is for you to instruct us where to place your investment.

In this form:

- 'You' refers to the person named on this form as the member.
- 'We' and 'us' refer to the company in Alexander Forbes that is shown at the top of this form, who is also the administrator of your fund.
- 'Fund' refers to the fund that you are a member of.

About new investments

You should get financial advice before you make these important decisions, in particular if you decide to choose your own investment portfolios. If you have any questions, you can contact Alexander Forbes (details at the top of this form). You can also ask us for brochures about the fund investments and the investment portfolios offered to members.

Key points to understand about this form

You should sign the form only if you agree to all the terms and conditions in it. The form is part of your contract with us. You must make sure that all the information is correct and that all parts of the form are complete. We have the right to treat the information given in the form as accurate and complete. If you make changes to what you have already filled in, you must sign next to each change.

Follow these steps

1. You need to fill out the form. You do have the option of filling in this form electronically and printing the electronic version of the form to be signed.
2. You must sign the form and date it.
3. Keep the first and second pages to refer to for any queries.
4. Please email the completed form to zzswitches@alexforbes.com or fax to **011 263 2948**. This form must not be sent to your human resources or payroll department at your employer.

Personal information, privacy and security

FIND OUT how we protect your personal information, privacy and security.

Alexander Forbes is not responsible for any loss you or anyone else may suffer if important information is left out of this document.

How to contact us

If you want to ask us if we have your personal information, you can contact us at the telephone number shown at the top of the form. If your personal information is incorrect, we will change it if you make us aware of this.

If you have a complaint

We would like to hear from you if you have a complaint:

- Visit us in person at any of our offices.
- Email contactus@alexforbes.com.
- Phone 0860 000 279 or +27 (0)11 669 7026 if you're outside South Africa.
- Follow our complaints process at www.alexforbes.com/za/encontactus/complaints.aspx.

If you need more information

Please contact us if you have any questions or if you need more information.

Member investment choice switch

Name of fund

About your employer

Name of employer

Name of section, division or paypoint

About you (the member)

Please fill in all the information in this section. If there are any changes to your personal particulars, please write to let us know.

Personal and contact details

Surname

First names

Maiden name

Title Prof Dr Mr Mrs Ms Other (specify)

ID or passport number

Country of issue

Date of birth

Employee number

Residential address (this is the address where you live most of the time)

Unit number

Complex

Street number

Street or farm name

Suburb

City or town

Country

Code

Postal address

Code

Contact details

Home number

Work number

Cell number

Email

Investment portfolio options

There are two options for choosing your investment strategy:

- **The LifeStage Model** has a set format for investing depending on how many years you have to normal retirement age.
- **Your own choice of portfolios.** This is a list of investment portfolios you can choose from.
- You are strongly encouraged to read the “Understanding Your Pension Fund Benefits (1) Investments” brochure before choosing your investment strategy.

You need to choose one of the following options. Details of these options are provided below.

1. The Default Lifestage Portfolio

I acknowledge and understand that at the date of the switch 100% of my existing retirement fund savings, i.e. my current Fund Credit and my future contributions to the Fund will be invested in the **Default Lifestage Portfolio**. This is a portfolio targeting a low equity living annuity at retirement and is suitable for the majority of members.

OR

2. Member Investment Choice Portfolios

The following Models follow a lifestage, automatic phasing down, approach over the 5 year period approaching Normal Retirement Age of 65 years.

Tick the box to invest your fund credit and ongoing contributions in **one** of the **Models** shown below. I acknowledge and understand that at the date of the switch 100% of my existing retirement fund savings, i.e. my current Fund Credit and my future contributions to the Fund will be invested in the **Model** that I have selected below.

<input type="checkbox"/>	Medium Equity Living Annuity Model (Phases to Capital Guarantee)
<input type="checkbox"/>	Protector Model
<input type="checkbox"/>	Cash Model (Phases to Money Market)

OR

Tick the box to invest your fund credit and ongoing contributions in **one** of the **portfolios** shown below. I acknowledge and understand that at the date of the switch 100% of my existing retirement fund savings, i.e. my current Fund Credit and my future contributions to the Fund will be invested in the **portfolio** that I have selected below.

AFI UJ Phase-down 1 (Wealth Creation 80% and Capital Protection 20%)	<input type="checkbox"/>
AFI UJ Phase-down 2 (Wealth Creation 60% and Capital Protection 40%)	<input type="checkbox"/>
AFI UJ Phase-down 3 Wealth Preservation	<input type="checkbox"/>
AFI UJ Phase-down 4 (Wealth Creation 20% and Capital Protection 80%)	<input type="checkbox"/>
AFI UJ Wealth Creation	<input type="checkbox"/>
AFI UJ Money Market	<input type="checkbox"/>
AFI UJ Capital Guarantee	<input type="checkbox"/>
AFI UJ Capital Protection	<input type="checkbox"/>
AFI UJ Protector	<input type="checkbox"/>
AFI UJ Shari’ah Portfolio (High Growth)	<input type="checkbox"/>
AFI UJ Shari’ah Medium Growth	<input type="checkbox"/>

