

## Default Investment Strategy

The Central Provident Fund provides a range of different investment portfolios to accommodate the needs and risk profiles of individual members. On application, members can select from up to 10 investment portfolios with assistance of an employer-appointed intermediary. If a new member does not select any of these investment portfolio(s), their premiums will automatically be invested in the Sanlam Moderate Absolute Fund, the default investment portfolio as adopted by the Board of Trustees in terms of Regulation 37 of the Pension Funds Act.

Each member bears all the risks associated with their investment choices. The Board of Trustees cannot be held responsible for any investment losses including those that arise from participating in the default investment portfolio. Members may also opt out of the default investment portfolio at any time.

## Important aspects about Sanlam Moderate Absolute Fund

- It is an actively managed fund with a primary objective of achieving a positive return over any 12-month period.
- The fund manager targets gross returns of CPI+5% over any 36-month period.
- The volatility of the fund is expected to be less than that of a typical balanced fund due to lower exposure to equity instruments.
- The fund manager is mandated to allocate to different asset classes available in South Africa and abroad including cash, bonds, listed equity, listed property and derivatives instruments subject to regulatory limits.
- The fund management fee charged for benchmark performance is 0.3% each year and the total investment cost (TIC) has averaged 0.40% over the 3-year period to 30 September 2018.
- The fund manager shares in the outperformance and underperformance of the portfolio in relation to its benchmark up to a maximum of 0.2.

Since the above specifications can change from time to time, detailed information including current holdings and investment performance of the Sanlam Moderate Absolute Fund is available from the latest fund fact sheet on the Sanlam website or the Client Care Centre. The information about the default investment portfolio will also be provided in your annual benefit statement.

## Implications for existing members

There is no impact on existing members. They will remain invested in their chosen investment portfolio(s). However, they have the option to switch their fund value or a portion thereof and redirect any regular payments to the default investment portfolio.

Existing members with a legacy plan (The One Endowment for Provident Funds) will need to convert their plan to a Stratus or Stratus Premier Endowment for Provident Funds if they wish to access the default investment portfolio.



Should a legacy plan reach its fixed maturity date and a member does not make a choice of how the benefits should be applied, the plan will be continued for an open-ended period and the benefit will be invested in the default investment portfolio.

Since the default investment portfolio is market-linked, there is a possibility that the maturity value could reduce in instances where there is a drop in the markets.

It is recommended that you seek advice from the employer-appointed intermediary if you wish to make any changes to your existing plan.