

## Newsletter 2 of 2021

June 2021

### HEADLINE NEWS

- Minor amendments have been made to the Rules of the Fund, although these changes won't affect most of the members of the Fund.
- The market linked investment performance has been very strong over the last 12 months.
- Investment portfolio fact sheets show useful information for each portfolio.

### DITABAKGOLO

- Diphetošo tše nnyane di dirilwe go melao ya Sekhwama, le e le gore diphetošo tše di ka se ame maloko a mantši a Sekhwama.
- Mmaraka wo o kgokanego le papatšo ya dipeeletšo o matlafetše kudu mo dikgweding tše 12 tše di fetilego.
- Matlakala a dintlha a photefolio ya dipeeletšo a laetša tshedimošo ye e bohlokwa ya photefolio ye nngwe le ye nngwe.

### IZINDABA EZINOHLOLONZE

- Izichibiyelo ezincane sezenziwe emithethweni yesiKhwama, yize lezi zinguquko zingathinti iningi lamalungu esiKhwama.
- Ukusebenza kokutshalwa kwemali okuxhumene nemakethe kube namandla kakhulu ezinyangeni eziyi-12 ezedlule.
- Amaphepha ayiqiniso eminingwane yephothifoliyo yotshalomali akhombisa iminingwane ewusizo yephothifoliyo ngayinye.

### MAHUNGUKULU

- Ku cincanyana ku ve kona eka milawu ya Nkwama, hambiloko ku cinca ka kona ku ta ka ku nga khumbi vuningi bya swirho swa Nkwama.
- Matirhelo ya vuvekisi lebyi hlanganisiweke na timakete ya vile na ntamu swinene eka tin'hweti ta 12 leti nga hundza.
- Maphepha ya timhaka ta photifoliyo ya vuvekisi ya kombisa mahungu lama pfunaka ya photifoliyo yin'wana na yin'wana.

## AMENDMENTS TO THE RULES OF THE FUND

### Phased contribution rate for Joburg Market employees

A number of employees at Joburg Market who were members of a separate retirement fund have elected to join the eJoburg Retirement Fund. Although the employer contribution rate in respect of these members was 18% of pensionable salaries, these members did not contribute to their previous retirement fund.

The rules of the eJoburg Retirement Fund have been amended to allow these members to phase in their member contributions over three years – a contribution rate of 2.5% of pensionable salaries for the first year, 5% of pensionable salaries for the second year and 7.5% of pensionable salaries (as for all other Fund members) for the third year and thereafter.

### Amounts transferred from provident funds after 1 March 2021

Previously, members who retired from provident funds were allowed to take their full fund benefit in cash on retirement. The Income Tax Act was changed effective 1 March 2021 to require, as is already the case for pension funds, that a maximum of one-third of retirement benefits from provident funds may be taken in cash and the balance must be used to purchase an annuity. All provident fund benefits, plus future investment return thereon, accumulated by 1 March 2021 may still be taken in cash and there are further concessions for provident fund members who were age 55 or older on 1 March 2021.



The eJoburg Retirement Fund is a pension fund, so these “annuitisation” requirement don’t directly affect the Fund. However, any qualifying “vested” amounts that members transfer to the eJoburg Retirement Fund after 1 March 2021 from a previous provident fund (or a provident preservation fund), plus investment return thereon, may also be taken in cash on retirement.

**Example:**

*A new member aged 50 joins the eJoburg Retirement Fund on 1 January 2022 and transfers R100 000 from her previous provident fund. R80 000 of this amount relates to her vested benefit in the provident fund as at 1 March 2021 and R20 000 relates to her contributions made to the provident fund after 1 March 2021.*

*When the member retires in 2035, her total retirement benefit is, say, R2 100 000 of which R300 000 is the vested transfer amount of R80 000 accumulated with investment return in the eJoburg Retirement Fund. The member will be able to take a maximum of R900 000 in cash on retirement, calculated as R300 000 plus one-third of the balance of the benefit of R1 800 000, i.e. R300 000 plus R600 000.*

*A member without any vested amounts, but with a total retirement benefit of R2 100 000, will only be able to take a maximum of R700 000 in cash on retirement, i.e. one-third of the total benefit.*

*It is important to remember that it may not be sensible to take the maximum permissible amount in cash on retirement, as any such amount reduces the monthly annuity that can be purchased with the balance of the retirement benefit. A primary consideration on retirement should be to purchase the highest possible monthly annuity.*

The Rules of the Fund will be amended to allow for the appropriate treatment of such qualifying vested amounts that are transferred into the Fund after 1 March 2021 from previous provident funds (or provident preservation funds).

The changes to the Income Tax Act also now permit members to transfer their benefits to a provident preservation fund on exit from the Fund prior to retirement. Previously such transfers were only permitted to pension preservation funds. The Rules of the Fund will be amended accordingly.

## INVESTMENT PERFORMANCE

### Fund investment returns over the last 12 months



Market linked investment returns have been very strong over the last 12 months, although this is in part a recovery from the fall in market values in February and March 2020. The return on the Stable Portfolio over the last 12 months has also been very good. The returns on the Capital Protection Portfolio over the last 12 months have been consistent from month.

Period	Inflation Target Portfolio	Stable Portfolio	Capital Protection Portfolio
June 2020	3.08%	0.47%	0.47%
July 2020	2.36%	1.12%	0.57%
August 2020	0.97%	1.68%	0.47%
September 2020	-1.97%	-1.23%	0.46%
October 2020	-2.42%	-1.24%	0.40%
November 2020	7.06%	3.34%	0.44%
December 2020	2.73%	1.52%	0.35%
January 2021	3.33%	1.75%	0.45%
February 2021	4.04%	1.23%	0.42%
March 2021	1.02%	-0.17%	0.41%
April 2021	1.24%	1.79%	0.32%
May 2021	0.57%	0.16%	0.42%
<b>1 June 2020 to 31 May 2021</b>	<b>23.92%</b>	<b>10.82%</b>	<b>5.29%</b>

## Fund long-term investment returns

The investment returns earned on each of the portfolios for longer periods to 31 May 2021 are as follows:

Period to 31.5.2021	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	23.92%	10.55%	10.82%	8.55%	5.29%	6.55%
Last 3 years	8.48%	9.02%	9.01%	7.02%	7.37%	5.02%
Last 8 years	9.02%	9.90%	N/A	N/A	7.64%	5.90%
Since inception	11.85%	10.58%	7.85%	7.63%	8.00%	6.58%

Given the nature of each of the three Portfolios, performance is assessed by the Trustees 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 May 2021 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, including the investment management and transaction costs, which shows the reduction in investment returns due to expenses.

The Fund distributes the Fact Sheets on a regular basis with the Fund's newsletters. The monthly Fact Sheets are also available to members following each month end on the Fund's Member Website which can be accessed by 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.*

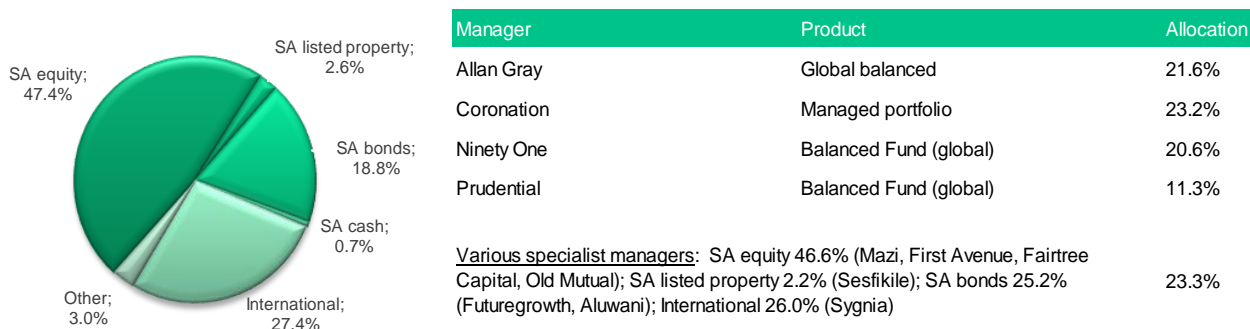
*It is not intended as a substitute for specific legal, financial or other advice in considering the implications for each member's particular circumstances.*

### 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:

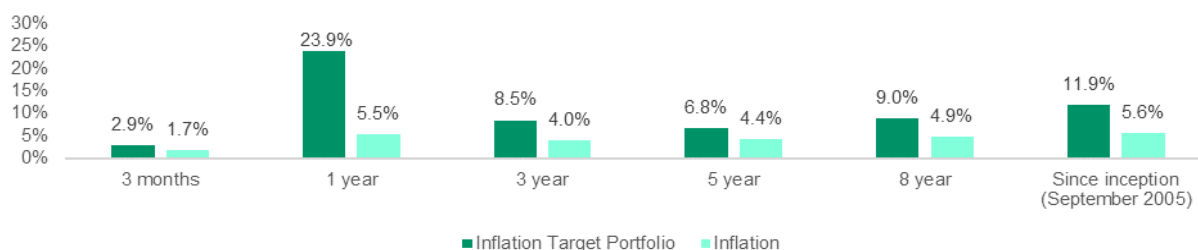


Percentages shown above has been rounded to 1 decimal place and may not add to 100%.

### Illustrative performance (net of all investment costs)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2005</b>	-	-	-	-	-	-	-	-	2.0%	-0.1%	1.0%	4.3%	<b>7.3%</b>
<b>2006</b>	3.8%	-0.5%	4.8%	1.2%	-1.3%	1.5%	0.2%	3.6%	3.8%	3.0%	3.2%	4.3%	<b>31.1%</b>
<b>2007</b>	2.2%	1.1%	3.8%	4.4%	-0.3%	-0.9%	0.3%	0.1%	0.7%	3.8%	-0.9%	-1.6%	<b>13.2%</b>
<b>2008</b>	-4.4%	6.8%	-0.7%	1.0%	1.4%	-5.0%	-1.7%	1.8%	-3.9%	-4.7%	0.3%	2.4%	<b>-7.3%</b>
<b>2009</b>	-0.5%	-7.0%	4.3%	0.2%	5.9%	-1.6%	6.3%	3.5%	0.0%	4.0%	-0.3%	2.0%	<b>17.4%</b>
<b>2010</b>	-0.4%	0.7%	3.2%	1.1%	-2.4%	-1.1%	4.1%	-1.2%	4.1%	1.3%	0.1%	2.6%	<b>12.3%</b>
<b>2011</b>	0.8%	1.3%	0.1%	1.5%	0.5%	-1.3%	-0.3%	0.8%	1.1%	5.1%	0.6%	-0.2%	<b>10.2%</b>
<b>2012</b>	2.6%	1.2%	1.1%	1.0%	-0.3%	0.4%	2.2%	2.5%	1.4%	3.0%	1.6%	1.0%	<b>19.1%</b>
<b>2013</b>	5.1%	-0.4%	2.8%	-0.7%	7.3%	-4.2%	3.1%	2.1%	3.2%	2.6%	-0.1%	2.7%	<b>25.6%</b>
<b>2014</b>	-0.2%	2.3%	1.2%	1.6%	1.7%	1.8%	0.8%	-0.2%	-0.2%	-0.3%	1.3%	0.6%	<b>11.0%</b>
<b>2015</b>	2.3%	2.4%	0.5%	2.6%	-1.1%	-1.2%	1.2%	-0.9%	-0.9%	5.6%	-0.8%	-0.5%	<b>9.3%</b>
<b>2016</b>	-0.9%	1.4%	3.8%	1.4%	2.4%	-3.0%	1.2%	2.0%	-0.7%	-3.0%	0.7%	0.6%	<b>5.8%</b>
<b>2017</b>	2.2%	-0.7%	1.4%	2.2%	0.5%	-1.7%	3.9%	0.9%	0.5%	4.9%	0.0%	-1.9%	<b>12.7%</b>
<b>2018</b>	0.6%	-1.1%	-2.4%	3.8%	-2.1%	2.6%	0.0%	3.5%	-2.7%	-3.0%	-3.5%	1.4%	<b>-3.2%</b>
<b>2019</b>	1.2%	3.3%	1.9%	2.5%	-4.0%	1.8%	-1.2%	0.4%	1.2%	1.8%	-0.8%	1.7%	<b>10.0%</b>
<b>2020</b>	1.0%	-4.6%	-11.3%	10.7%	1.0%	3.1%	2.4%	1.0%	-2.0%	-2.4%	7.1%	2.7%	<b>6.9%</b>
<b>2021</b>	3.3%	4.0%	1.0%	1.2%	0.6%	-	-	-	-	-	-	-	<b>10.6%</b>

The graph below shows the returns compared to inflation over various measurement periods ended 31 May 2021. The portfolio returns met the target of inflation plus 5% over the 1-year and since inception 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 **0.86%** per annum for the year of 2020.

### 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.

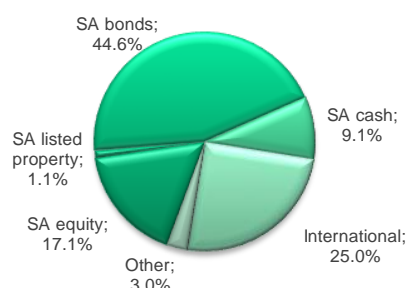
## Investment objective

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:



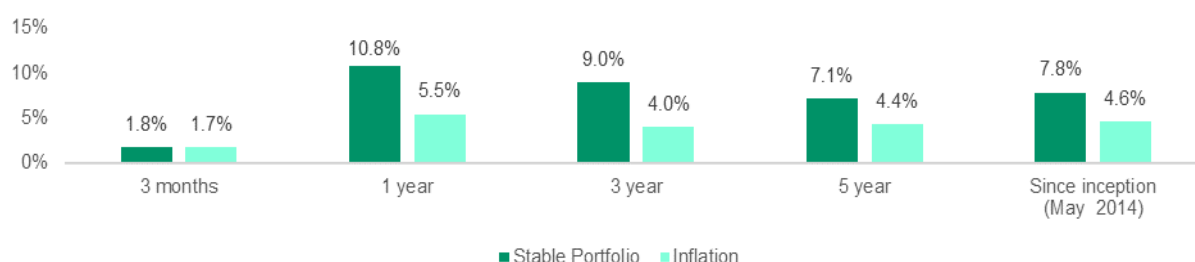
Manager	Product	Allocation
Ninety One	Cautious Managed Fund	50.6%
Coronation	Inflation Plus portfolio	49.4%

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
<b>2014</b>	-	-	-	-	1.2%	1.2%	0.4%	0.3%	0.0%	0.3%	1.3%	0.3%	<b>5.2%</b>
<b>2015</b>	2.5%	0.9%	0.2%	1.2%	-0.1%	-0.7%	2.1%	-0.4%	0.3%	3.1%	-0.4%	0.0%	<b>8.8%</b>
<b>2016</b>	0.3%	0.5%	1.3%	1.2%	2.3%	-1.4%	0.1%	1.7%	-0.6%	-1.5%	0.5%	0.5%	<b>5.0%</b>
<b>2017</b>	1.0%	0.5%	0.7%	1.5%	1.0%	-0.9%	1.8%	0.3%	1.3%	2.3%	-0.9%	-1.0%	<b>8.0%</b>
<b>2018</b>	0.1%	-0.4%	-0.1%	2.2%	-0.3%	2.4%	0.3%	3.2%	-1.2%	-1.5%	-1.0%	0.0%	<b>3.7%</b>
<b>2019</b>	1.3%	2.5%	1.8%	1.8%	-1.3%	1.1%	0.4%	1.2%	0.5%	0.9%	-0.4%	0.6%	<b>11.0%</b>
<b>2020</b>	2.0%	-2.0%	-4.3%	5.9%	1.9%	0.5%	1.1%	1.7%	-1.2%	-1.2%	3.3%	1.5%	<b>9.1%</b>
<b>2021</b>	1.8%	1.2%	-0.2%	1.8%	0.2%	-	-	-	-	-	-	-	<b>4.8%</b>

The graph below shows the returns compared to inflation over various measurement periods ended 31 May 2021. The portfolio returns met the target of inflation plus 3% over the all periods considered apart for the 3-month and 5-year 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 **0.67%** per annum for the year of 2020

## 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.

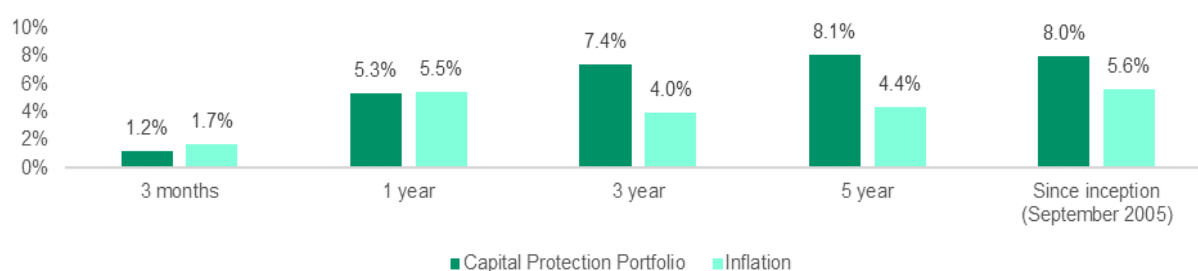
### Asset and manager allocation

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
<b>2005</b>	-	-	-	-	-	-	-	-	0.5%	0.5%	0.5%	0.5%	<b>2.0%</b>
<b>2006</b>	0.5%	0.5%	0.6%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.7%	0.6%	0.7%	<b>7.0%</b>
<b>2007</b>	0.7%	0.6%	0.8%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	<b>9.8%</b>
<b>2008</b>	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.1%	1.0%	1.1%	1.0%	1.0%	<b>12.5%</b>
<b>2009</b>	1.1%	0.9%	0.9%	0.9%	0.8%	0.7%	0.7%	0.7%	0.6%	0.7%	0.7%	0.7%	<b>9.8%</b>
<b>2010</b>	0.7%	0.6%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	<b>7.9%</b>
<b>2011</b>	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.5%	0.6%	0.5%	0.5%	<b>6.8%</b>
<b>2012</b>	0.6%	0.5%	0.5%	0.6%	0.5%	0.6%	0.6%	0.5%	0.5%	0.5%	0.4%	0.5%	<b>6.6%</b>
<b>2013</b>	0.5%	0.5%	0.4%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.4%	0.5%	<b>6.0%</b>
<b>2014</b>	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.3%	0.6%	0.6%	0.5%	0.6%	<b>6.4%</b>
<b>2015</b>	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.5%	0.6%	0.6%	0.4%	<b>7.0%</b>
<b>2016</b>	0.8%	0.7%	0.7%	0.8%	0.8%	0.7%	0.7%	0.8%	0.6%	0.8%	0.7%	0.5%	<b>8.9%</b>
<b>2017</b>	1.0%	0.8%	0.9%	0.7%	0.9%	0.7%	0.7%	0.8%	0.6%	0.8%	0.6%	0.6%	<b>9.4%</b>
<b>2018</b>	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.7%	0.6%	0.8%	0.7%	0.7%	<b>9.1%</b>
<b>2019</b>	0.7%	0.6%	0.7%	0.7%	0.7%	0.6%	0.8%	0.7%	0.7%	0.7%	0.6%	0.7%	<b>8.5%</b>
<b>2020</b>	0.8%	0.6%	0.6%	0.6%	0.5%	0.5%	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%	<b>6.4%</b>
<b>2021</b>	0.4%	0.4%	0.4%	0.3%	0.4%	-	-	-	-	-	-	-	<b>2.0%</b>

The graph below shows the returns compared to inflation over various measurement periods ended 31 May 2021. The portfolio returns met the target of inflation plus 1% over all measurement periods apart for the 3-month and 1-year 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 2020.

### Disclosure Statement

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