

Dear Bursar

The Trustees, at their meeting on 24 August 2018, considered whether the Absolute Stable Growth (Smooth Bonus 80% Guarantee) portfolio was still the most appropriate option for the Funds' pensioner account, main account, deferred pensioner account and disability account.

The Trustees confirmed the ongoing use of the smoothed bonus portfolio. However, they felt that because it was unlikely that the 80% guarantee would be used going forward (it was noted that it had never been utilized historically), it was preferable to use the Absolute Smooth Growth portfolio with a 50% Guarantee. This would result in an annual fee saving of 0.5%. The Smooth Bonus (50% Guarantee) portfolio has the same underlying portfolio as the 80% guarantee portfolio and also provides the same smoothing mechanism. The lower fee will result in a 0.5% pa higher return going forward.

It was therefore agreed that the strategy for these accounts would be amended to the Smooth Bonus (50% Guarantee) portfolio with effect from 1 October 2018.

The introduction of the Smooth Bonus (50% Guarantee) portfolio will change the Funds' investment strategy as follows:

1. Pension Part I (DB) Pensioners

Effective 1 October 2018, the Smooth Bonus (80% Guarantee) Portfolio will be discontinued and replaced by the Smooth Bonus (50% Guarantee) Portfolio.

2. Pension Part I (DB) Schools

Effective 1 October 2018 the Smooth Bonus (50% Guarantee) Portfolio, Smooth Bonus (80% Guarantee) Portfolio and/or the Performer Portfolio, may be selected by each Participating Employer (School) in whichever proportion is preferred.

Pension Part 1 (DB) Schools which may want to consider the Smooth Bonus (50% Guarantee) Portfolio are welcome to consult the Fund Actuary, Stephen Walker; Tel: 021 509 5152 or Email: SWalker2@oldmutual.com.

3. Pension Part II (DC) and Provident Fund

Effective 1 October 2018, active members of the Pension Part II and Provident Fund will have the following investment options:

- The Active Goals-based Balanced LifeStage Model (Default portfolios)
- The individual underlying building blocks of the Goals-based Balanced LifeStage (Performer and/or Protector) in whichever proportions they prefer.
- The Passive Lifestage Model

- The individual underlying building blocks of the Passive Lifestage Model (the Balanced Index Fund and the Conservative Index Fund)
- Smooth Bonus (80% Guarantee) Portfolio
- **Smooth Bonus (50% Guarantee) Portfolio**
- Banker (Cash)
- Shari'ah (the Shari'ah High Growth portfolio)

HOW TO SWITCH

If members wish to switch out of their current portfolio, investment switch forms are available on the Funds' website at www.isasaprovidentfund.co.za or www.isasapensionfund.co.za. It remains each member's responsibility to make sure that Old Mutual receives their switch instruction.

4. Deferred Retirees

All the existing portfolios that are available to active Part II and Provident Fund members will be made available to Deferred Retirees. These portfolios are:

- Performer, Protector, Shari'ah (Shari'ah High Growth portfolio) Balanced Index Fund, Conservative Index Fund, **Smooth Bonus (50% Guarantee) Portfolio**, Smooth Bonus (80% Guarantee) Portfolio and Banker.

Default Investment:

- **Defined Contribution (Part II) and Provident Fund Members:**

If no investment choice is made at the date a member elects to defer, the member's retirement savings will be invested in the portfolio(s) they were invested in prior to the date employment ceased.

- **Defined Benefit (Part I) Members:**

Effective 1 October 2018, the Smooth Bonus (50% Guarantee) is the default investment vehicle for Part I members who do not provide an investment instruction when deferring their retirement.

HOW TO SWITCH

If Deferred Retirees wish to switch out of their current portfolio, investment switch forms are available on the Funds' website at www.isasaprovidentfund.co.za or www.isasapensionfund.co.za. It remains each member's responsibility to make sure that Old Mutual receives their switch instruction.

ADVICE

Members are encouraged to obtain advice from their financial adviser or broker to consider their investment needs. If they do not have a financial adviser, they can obtain one via the Financial Planning Institute website www.fpi.co.za or they can phone the Old Mutual helpline for financial advice: 0860 388 873.

If you have any questions or concerns, please do not hesitate to send an email to isasa@oldmutual.com.

Regards,
ISASA Team