Cape Peninsula University of Technology

RETIREMENT FUND

N E W S L E T T E R

Issue number: 2/2023 **November 2023**

Dear members

Welcome to the final newsletter for 2023, the newsletter designed for you – our members and pensioners.

This year has been exceptionally dynamic for the Fund and the broader retirement fund industry. In this edition, we aim to bring you up to speed on the ever-relevant "Two Pots system.

In this issue, we are also happy to share the positive news with you regarding the significant reduction in the cost of risk benefits effective 1 July 2023. The Board of Trustees remains steadfast in its commitment to securing optimal retirement outcomes for members. The decrease in these rates translates to more funds contributing to your retirement savings.

We hope that you find the information meaningful and interesting. If there is any item you want to see in future issues, please write to us to let us know.

We wish all our members well during the upcoming festive season. Here is to a bright New year!

Board of Trustees

November 2023

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Disclaimer:

The information contained in this newsletter does not constitute advice by either the Board of Trustees or its advisors. If you need advice, you should seek the assistance of an independent professional advisor.

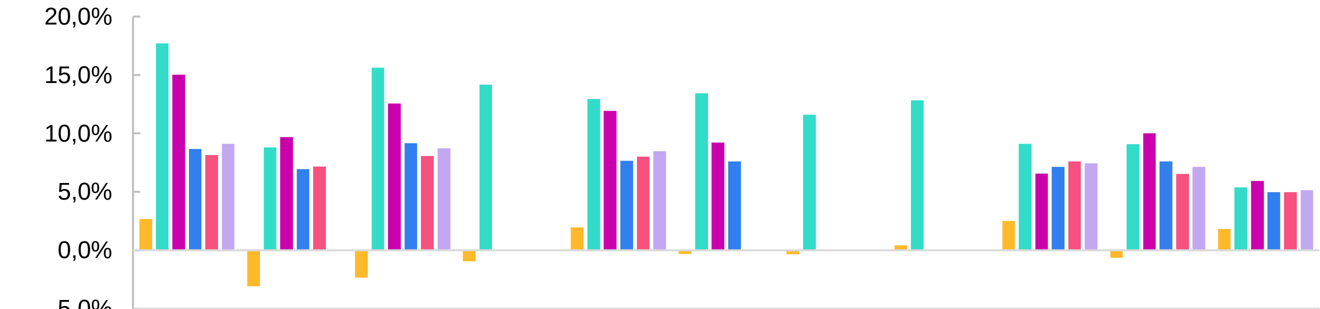
INVESTMENT PERFORMANCE

Below are the annualised manager returns (net of fees) for all the portfolios over different measurement periods to 30 September 2023.

The Ninety One Cautious Managed Fund is excluded from the table below, as the Fund measurement period for this portfolio is too short.

Portfolio	Manager/Product	Investment Objective	Measurement period to 30 September 2023	Manager returns p.a. over measurement period	Inflation p.a. over the measurement period	Return above Inflation p.a.*
Long-term Growth Portfolio	Allan Gray Global Balanced	CPI + 4.5% net over a rolling 7- year period	7 years	8.1%	5.0%	3.0%
	Coronation Houseview			8.1%	5.0%	2.9%
	Ninety One Balanced			7.2%	5.0%	2.1%
Medium-term Protection Portfolio	Coronation Inflation Plus	CPI + 2.5% net over a rolling 3- year period	3 years	9.2%	5.9%	3.1%
	Allan Gray Global Stable			11.9%	5.9%	5.7%
Money Market Portfolio	Ninety One Money Market	CPI +1.5% net over a rolling 1- year period	1 year	9.1%	5.4%	3.5%
Shari'ah Portfolio	27four Shari'ah Balanced Fund	CPI + 4.0% net over a rolling 5- year period	5 years	7.6%	5.0%	2.5%

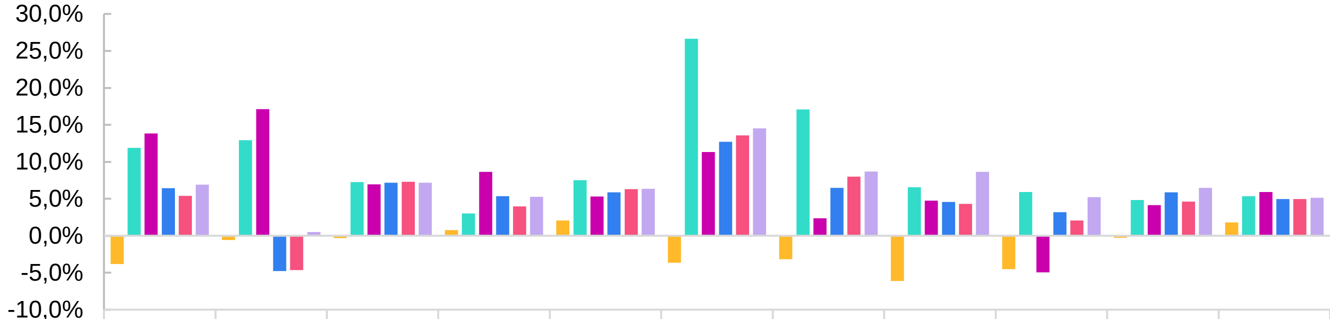
The chart below shows the performance of each asset manager and Life Stage portfolio over various measurement periods to 30 September 2023. The returns are shown after deduction of tax and investment management expenses including the Alexforbes Investment administration fee from 1 May 2022.



	Allan Gray Global Balanced	Ninety One Balanced	Coronation Houseview	Long-term Growth	Allan Gray Global Stable	Coronation Inflation Plus	Ninety One Cautious Managed	Medium-term Protection	Ninety One Money Market	27four Shari'ah	Inflation
3 months	2,7%	-3,1%	-2,3%	-0,9%	2,0%	-0,3%	-0,3%	0,4%	2,5%	-0,7%	1,8%
1 year	17,7%	8,8%	15,6%	14,2%	12,9%	13,4%	11,6%	12,8%	9,1%	9,1%	5,4%
3 years	15,0%	9,7%	12,6%		11,9%	9,2%			6,6%	10,0%	5,9%
5 years	8,7%	6,9%	9,2%		7,6%	7,6%			7,1%	7,6%	5,0%
7 years	8,1%	7,2%	8,1%		8,0%				7,6%	6,5%	5,0%
10 years	9,1%		8,7%		8,5%				7,4%	7,1%	5,1%

MARKET COMMENTARY

The graph below shows the performance of the various sectors of the market during various measurement periods ended 30 September 2023.



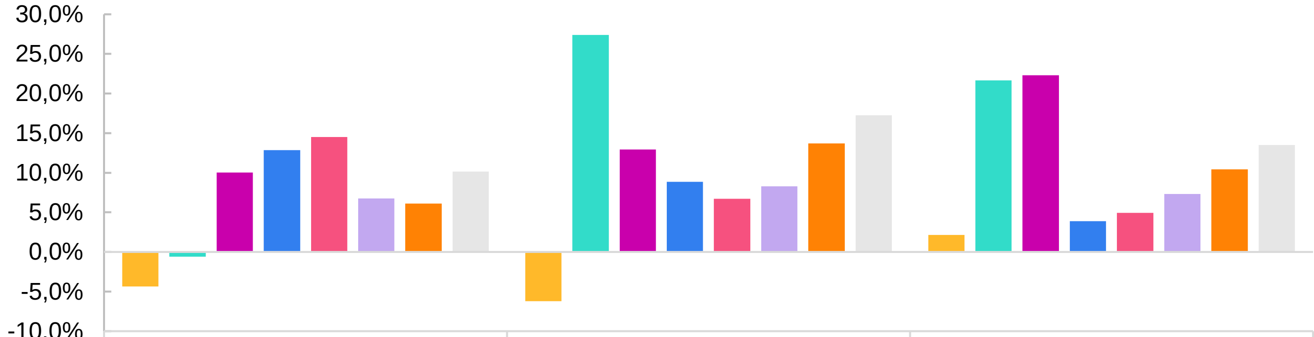
	SA equity (Capped SWIX)	SA property	SA bonds	SA ILB	SA cash	Global equity (ZAR)	Global EM equity (ZAR)	Global property (ZAR)	Global bonds (ZAR)	USD/ZAR	Inflation
3 months	-3,8%	-0,6%	-0,3%	0,7%	2,1%	-3,7%	-3,2%	-6,1%	-4,5%	-0,3%	1,8%
1 year	11,9%	12,9%	7,2%	3,0%	7,5%	26,6%	17,1%	6,5%	5,9%	4,8%	5,4%
3 years	13,8%	17,1%	7,0%	8,6%	5,3%	11,3%	2,3%	4,8%	-4,9%	4,1%	5,9%
5 years	6,4%	-4,8%	7,2%	5,3%	5,9%	12,7%	6,5%	4,6%	3,2%	5,9%	5,0%
7 years	5,4%	-4,6%	7,3%	4,0%	6,3%	13,6%	8,0%	4,3%	2,0%	4,6%	5,0%
10 years	6,9%	0,5%	7,2%	5,2%	6,3%	14,5%	8,7%	8,6%	5,2%	6,5%	5,1%

The SA equity market (as measured by the FTSE / JSE Capped SWIX Index) was down 3.8% over the quarter thus slightly under-performing both global and emerging market equities which delivered -3.7% and -3.2% respectively. In US$ terms global and emerging market equity returns are -3.4% and -2.9% respectively as the ZAR strengthened by 0.3% against the US$.

The best local performing stocks over the period were mid cap stocks Liberty Two Degrees (+53.5%) and Montauk Renewables (+28.9%) and top 40 counter Truworths (+39.5%). Index heavyweights Anglo American, Naspers and MTN were down 0.4%, 11.0% and 18.3% respectively. The only top 10 stocks to post positive returns were Standard Bank (7.4%) and Mondi (11.3%). The banking sector was the best performing area over the quarter.

Returns for global equity markets over the quarter were impacted by investor concerns about higher interest rates for longer as central bankers expressed their determination to keep inflation in check. The only sector to post a positive return over the quarter was energy stocks which were up 10.7%.

The following chart shows the performance of the broad sectors of the SA equity market for periods to 31 March 2023:



	Resources	Industrials	Financials
3 months	-4,3%	-6,2%	2,2%
1 year	-0,6%	27,4%	21,7%
3 years	10,0%	12,9%	22,3%
5 years	12,8%	8,9%	3,9%
7 years	14,5%	6,7%	4,9%
10 years	6,8%	8,3%	7,3%
15 years	6,1%	13,7%	10,4%
20 years	10,2%	17,2%	13,5%

Industrials had a very good year being up 27.4%. This result was driven by the excellent performance of index heavyweights Richemont (38.3%), Naspers (34.1%) and Bidvest Corporate (54.9%).

Commodity stocks lagged over the year as investor concerns about a global slowdown mounted. The main negative contributor was the platinum sector being down over 30% over the year. This was partially offset by the strong performance of the diversified miners with a higher exposure to copper namely BHP (+24.3%) and Glencore (25.3%). In addition, the gold miners delivered very strong returns led by Harmony Gold (+67%) and Gold Fields (+44.1%).

Financials delivered a return of 21.7% over the year, driven by the solid performance of banks and long-term insurers. Investec +63.5%, Standard Bank +37.7% and Sanlam up 35.4%, were the main contributors.

Resources are comfortably the best performing sector over the five and seven-year periods, following on a challenging period from 2010 to early 2016, as can be seen from the 10-year returns. We highlight that this cycle has been somewhat different to previous commodity cycles as the companies have allocated very little capital to new mines, thus maintaining a firmer grip on supply. This approach may reduce the cyclicality of such counters, although their fortunes remain tied to global economic growth and supply shocks.

The chart below shows the asset allocation for the various portfolios as at 30 September 2023:

Portfolio	**SA equity**	**SA bonds and cash**	**SA Listed Property**	**Other**	**International**
Long-term Growth	39.5%	18.2%	1.8%	1.9%	38.6%
Medium-term Protection	12.0%	54.0%	0.7%	2.5%	30.8%
Money Market		100.0%			
27four Shari'ah Balanced	34.3%	31.1%		4.6%	29.9%

The “Other” asset class includes commodities and local hedge funds. The “International“ asset class includes exposure to Africa ex-SA.

CHANGE IN THE RISK BENEFIT PREMIUMS AS WELL AS THE DEATH-IN-SERVICE BENEFIT

Earlier this year we sent a communique to all members to inform you of the decrease in premiums for the Risk benefits. This is good news after the big increase to some risk benefit premiums over the last 2 years due to the Covid-19 pandemic. Both the Disability and spouse's benefits are separate insured benefits and do not from part of the Fund benefits. However, the Employer pays these contributions from the total contributions they pay for members of the CPUT Retirement Fund. Below is a brief summary of the current Employer contribution rate breakdown:

CPUT contribute 18.750% of pensionable salaries to the CPUTRF (including the 13th cheque). Of the employer contribution of 18.750%, 4.50% is paid towards the cost of insured risk benefits and administration expenses of the CPUTRF (this includes both the disability income benefit premiums as well as the spouse's benefits premiums). This leaves 11.250% payable towards retirement savings. The CPUTRF contribution structure is as follows:

Retirement savings	- employer	11.250%
	- "deemed" employee	7.500%
Plus, Insured risk benefits and administration		4.500%
Total		**23.250%**

Below is the breakdown of the risk benefit premiums as well as the expenses payable prior to 1 August 2023:

Group life benefits	2.077%
Disability benefits	1.300%
Separate spouse's insurance cost	0.938%
Total risk cost	**4.315%**
Expenses	0.350%
Total costs of risk benefits and expenses	**4.665%**
Less enhancement from employer surplus account	(0.165%)
Excess allocated towards retirement savings	**0.000%**
Total	**4.500%**

With effect from 1 August 2023 the risk benefit premiums decreased, and the new contribution rate breakdown is as follows:

Group life benefits	1.770%
Disability benefits	1.209%
Separate spouse's insurance cost	0.897%
Total risk cost	**3.876%**
Expenses	0.350%
Total costs of risk benefits and expenses	**4.226%**
Excess allocated towards retirement savings	**0.274 %**
Total	**4.500%**

This means that the total contribution rate going towards retirement savings for members has increased from **18.750% to 19,024%.**

Furthermore, we have also increased the Group Life Cover back to its original cover prior to last year's increase in premiums. The new cover is no longer 90% of the benefit, but 100%.

Below is a brief summary of the revised death-in-service benefit:

If you die in service on or before you reach age 65, your dependents will receive a cash benefit equal to:

- Your Fund Credit; plus
- A cash lump sum equal to a multiple of your annual Pensionable Earnings determined as follows:

$$\frac{100 - \text{your age at date of death}^{1}}{10}$$

[1] Age at death is deemed as member's age on the first day of the month immediately following the month in which they died.

Therefore, if a member dies at age 45, the multiple of salary will be determined as follows:

$$\frac{100-45}{10} = 5.5$$

The lump sum will therefore be equal to your annual Pensionable Earnings multiplied by 5.5.

To confirm, the remaining terms and conditions for the insured lump sum death benefits remain unchanged, and the disability benefit remains unchanged in its entirety.

RETIREMENT REFORM- TWO POT SYSTEM UPDATE

In previous newsletters, we have mentioned National Treasury's discussion papers on Retirement Reform – ***"the Two-Pot system"*** - which were issued in December 2021. Draft legislation was then issued in late July 2022 and again in early July 2023.

On 25 October 2023, National Treasury made a presentation to Parliament's Standing Committee on Finance on these two Bills as well as other draft legislation, and the first Bill went to Parliament on 1 November. In summary, the **proposed** changes by Treasury were:

- **Delaying the implementation of the two-pot retirement system by one year until 1 March 2025, to give the pension fund industry time to implement systems needed to administer the changes. The Finance Committee in Parliament however wants the implementation date to remain at 1 March 2024. However, a final date is still to be confirmed and finalised.**
- **Raising the so-called "seed capital" amount to R 30 000** (or 10% of your Fund savings on 1 March 2025, if this is less than R 30 000) **- the portion of their pension savings that employees can immediately access when the system comes into effect (whenever that may be).**

This is discussed in more detail below.

We highlight that the term "Two Pots" has been retained in this note, although there are in fact "three pots" or components to consider (namely the savings component, the retirement component, and the vested component), as we have noted previously.

Legislation was introduced in Parliament on 1 November, in line with the presentation to the Finance Committee on 25 October. It is now up to Parliament to consider and ultimately to vote on this legislation – Parliament does have the right to amend the legislation before it goes to the President to be signed into law.

IMPLEMENTATION OF THE "TWO POTS" REGIME – PUSHED BACK TO 2025? TO REMAIN AT 2024?

Most notably, Treasury had acceded to pressure from the pensions industry to delay the implementation of these reforms (previously timetabled for 1 March 2024). ***Government proposed an implementation date of 1 March 2025*** in the hope of providing sufficient time for funds and trustees to consult fund members and to communicate clearly to members what the impacts on their future contributions will be.

As highlighted above, Parliament wishes to change this back to 1 March 2024, due to ongoing pressure from different parties. However, final confirmation still needs to be given.

It therefore remains important for Trustees to engage with their Fund's administrator, to assess the administrator's state of readiness as 1 March 2024 approaches. The Fund is already in the process of setting up administrative structures and processes to accommodate such changes, should they indeed be implemented on 1 March 2024.
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Furthermore, the rules of the Fund will need to be amended to allow for this. .

"SEED CAPITAL" FOR THE SAVINGS POT

The other issue on which there has been disagreement between Treasury and COSATU is the "seed capital" for the savings pot (more correctly called the "savings component").

This is the portion of a member's existing retirement savings (the so-called "vested component") that will be available for immediate cash withdrawal, via a transfer to the "savings component" as soon as the Two Pots system comes into effect. The draft legislation originally set this "seeding" amount at the lower of R 25 000 and 10% of the 1 March 2024 (or 2025) vested balance. Treasury is now proposing to change this to the lower of 10% and **R 30 000**. COSATU is still arguing for a higher Rand minimum, possibly R 50 000, but we understand that the Finance Committee in Parliament was satisfied with a R 30 000 cap.

OTHER CHANGES TO THE PROPOSALS SET OUT IN THE PREVIOUS DRAFT BILLS – TAXATION OF "SAVINGS POT" BENEFITS

Treasury also announced some changes to the previous proposals, based on stakeholder comments regarding the taxation of cash withdrawals from the "savings pot" when these are paid out. The practicality of requiring a tax directive for every cash withdrawal from the "savings pot" has been addressed. Treasure is proposing, as a concession here, that the system will instead use the "withholding method" whereby SARS tells the fund administrator the correct tax rate (percentage) to apply. Overall, though, it remains the case that "savings pot" withdrawals will be taxed at the member's marginal income tax rates.

NOTE: We reiterate that the final legislation is pending, and parliamentary approval is required before implementation of the "two-pot" system. We will keep you updated on any new developments.

PLANNING FOR RETIREMENT WORKSHOPS - EMPOWERING YOUR JOURNEY

These workshops take place quarterly. We have completed all the sessions for 2023 and had a great response at these workshops.

Our workshops cover a comprehensive range of topics, including the Fund's options, pre-retirement planning, managing the transition, expected income under different scenarios, associated costs, potential pitfalls of resigning early, taxation considerations, and much more.

Our aim is for you to ultimately gain the tools to ensure your retirement goals are on track, allowing you to maintain your desired standard of living without relying on financial assistance.

Each person's retirement journey is unique, with different needs and obligations. Ultimately, the decision must be yours, guided by the knowledge gained from our workshops. Our workshops are here to empower you every step of the way.

We encourage members to attend multiple sessions, as part of our dedication to assisting you in crafting a well-informed retirement strategy. A new development and change regarding annuities is in an article beneath this one.

We will notify you of the remaining dates for 2023.

HYBRID ANNUITIES – COMBINATION OF A LIFE ANNUITY AND LIVING ANNUITY

In the May 2023 newsletter, we mentioned that legislation permits members to take a combination of a life annuity and living annuity – a so-called hybrid annuity. The choice of hybrid annuities is growing all the time as well as interest for such by CPUT Retirement Fund members.

We are pleased to announce that the CPUT Retirement Fund has implemented this and that the rules of the Fund have been amended to allow for this hybrid pension arrangement. This applies to all existing living annuitants as well as for future retirees of the Fund.

As far as existing living annuitants of the Fund is concerned, we took legal advice regarding this change to ensure that all possible implications of implementing this change has been bedded down.

Existing Living Annuitants who decide to purchase a life annuity with a portion of their living capital, can do so. However, there is a slightly longer process involved in doing so.

Living annuitants wishing to do this will need to inform the Principal Office of the Fund who will in-turn apply for a Section 14 transfer. A Section 14 transfer is the transfer of a retirement fund benefit (part of your living annuity capital from your CPUT Retirement Fund) to another (outside service provider's life annuity product). This process can take several months.

It is also important to note that this hybrid arrangement is an additional option offered to members of the CPUT Retirement Fund. The existing options remain as is.

The possible benefits of introducing this hybrid annuity is:

- **It offers members a reliable lifetime income:** The life annuity income of the annuity is guaranteed to be payable for the life of the member

- **It offers members growth potential:** If the investment returns of the living annuity capital increases in value after the member has drawn a pension, the living annuitant capital can continue to increase.

- **It provides the member with slightly less risk:** Due to the fact that the life annuity part, hybrid annuities are less risky than living annuities.

GENERAL INFORMATION

Due to the importance of the following items, they are standard features and are repeated in subsequent newsletters.

1. EXITS FROM THE FUND

A. DEATH

The importance of completing beneficiary nomination forms

This is explained in detail later on in the newsletter. **Please read it carefully as it is an extremely important article.**

B. RESIGNATION

How to speed up the benefit payment when leaving the Fund

When you leave the Fund, you will remain in the Fund as a paid-up member unless you elect otherwise. If you elect to transfer or receive the benefit as cash, an income tax number is required in order to pay out your benefit. All members of the Fund, who are not registered as tax-payers and thus do not have a personal income tax number, must register and obtain a personal income tax number. It is important to do so in order to avoid unnecessary delays when a benefit needs to be paid out.

2. COMPLETION OF CLAIM FORMS

Claim forms that are not completed correctly will result in unnecessary delays. It is therefore important that you read the claim form thoroughly, fill in all relevant information and then submit whatever claim you may have to Human Resources for processing. If this is not adhered to, the benefit will remain in the Fund and will be invested in the underlying portfolio for another month.

3. BENEFICIARY NOMINATION FORMS – THE IMPORTANCE OF COMPLETING THESE

DEATH, ESPECIALLY ONE'S OWN, IS NOT A SUBJECT ONE WANTS TO THINK OF OR TALK ABOUT. HOWEVER, IT IS EXTREMELY IMPORTANT FOR ALL MEMBERS TO CAREFULLY CONSIDER THIS IN ORDER FOR THE DEATH BENEFITS PROVIDED BY THE FUND TO BE FINALISED AS SOON AS POSSIBLE.

There is an obligation on you, the member, to notify the Fund as to who you wish the beneficiaries of your death benefits should be. We therefore encourage and urge all members to please assist the Fund in ensuring that the Beneficiary Nomination form be completed and sent to the Fund's office. If you have already submitted a Beneficiary Nomination form in the past and your domestic situation has altered, it is necessary for you to submit a new form to replace the old one. It is important for all members to list ALL dependents (all spouses, children, partners, parents), especially those who you support financially. You may also indicate the portions of the benefit you would prefer to be allocated to your dependents. Feel free to indicate on the form your reason for allocating your benefit as you have indicated. The Trustees must and will consider your nomination form.

WHY IS IT SO IMPORTANT THAT THESE FORMS BE COMPLETED?

It is important for the Fund to have your beneficiary nominations as it will, on your death, serve as a guide to the Trustees in the allocation of your benefits; although, please note, that the Trustees are required to determine and allocate death benefits in accordance with Section 37C of the Pension Funds Act. This Act requires the Trustees to pay your death benefit to those persons that were financially dependent on you at the time of your death and/or those who could have become financially dependent on you had you not died. The Trustees thus have to go through a process of establishing all the parties that are financially dependent on you which may take some time. Your beneficiary nomination form will assist the Trustees to speed up the process.

By completing the forms (and keeping them updated), you will be advising the Fund of your wishes in the event of your death (subject to Section 37C above). This information will also help to speed up the pay-out process in the event of your death.

Remember that the information provided will always be treated as confidential by the Fund administrators and only made available to the Trustees when a claim is considered. Some members believe the requirements of the Act disempowers them as far as their wishes as to the allocation of benefits is concerned. Your nomination form must, however, be considered by the Trustees when an allocation is made. The Board must have a good reason to deviate from your written nomination and your beneficiaries are entitled to know their reasons for doing so.

Should you not have advised the Fund of all your dependents, this investigation will take longer and might cause hardship for your family. The Trustees can only arrange payment of your benefit once they are aware of all the facts.

Your list of dependents and beneficiaries is treated with the utmost confidentiality.

If you need a beneficiary nomination form, please contact the Fund and we will send you one. If you are unsure as to how to complete these forms, we will assist you in this regard.

ADDITIONAL INFORMATION ABOUT THE CPUT RETIREMENT FUND

- Established on 1 November 1994.
- Membership of the Fund is compulsory for all employees unless member elected to join the NTRF at joining.

MISSION AND VALUES

- Honesty – the Fund will always act towards its members in a transparent and honest manner
- Empowerment – the Fund has a focus on providing members with education which aims to empower members to understand their benefits and make the right decisions
- Innovation – the Fund aims to be at the forefront of developments in the retirement fund industry

GOVERNANCE

The Fund is separate from the Employer and is managed by the Board of Trustees.

The Board of Trustees =

- 5 individuals elected by members of the Fund + 5 individuals appointed by the Employer
- Term of 3 years
- Meets at least 4 times a year
- Responsibilities are to run the Fund in the best interest of the members and manage the Fund in terms of the Rules and applicable laws
- The Rules of the Fund can be obtained from the Principal Officer on request – details below

Your Board of Trustees are:

Member-elected trustees	Council appointed trustees
WA Lötter (Chairperson)	N Qomoyi
D Dlamini	C Nhlapo
M Aziz	P Sotshononda
P Chibvuri	P Du Plessis
A Neethling	J Dubihlela

Principal Officer and Information Officer: Ms Rushnah Davids

If you need to know anything that is Fund specific, she is the person you need to contact, and she will always willingly assist you. Her contact details are:
E-Mail: DavidsRu@cput.ac.za Telephone: 083 7922022

COMMUNICATION

More information is provided via the following:

- Fund Website for all Fund information: **https://www.cput.ac.za/services/cputrf**

- Newsletters will be issued bi-annually

- Benefit statements showing your benefits will be issued annually towards the end of January

- Projection statements showing the expected pension that your retirement savings are likely to provide will be issued annually with your benefit statements towards the end of January

- Alexforbes Online facility where you can check your own information on a real time basis: www.alexanderforbes.co.za. In order to access this site, you need to register and then you will receive a pin and password. The AF on-line gives you access to the following information:
  - ✓ Your Member Share
  - ✓ Your contribution allocation
  - ✓ Projection tools – retirement calculator
  - ✓ Access to your benefit statement

  NOTE:

  For those members that do not have access to the internet, but you do have a smart phone, you can download the **AF MOBILE APP**. This app is available as a FREE download on the Apple App Store and Google Play Store. Simply search for Alexander Forbes. If you don't have an online profile, register by following the menu prompts.

  If you need assistance: Telephone: 0860 100 333 or Email: afonlinehelp@aforbes.com

- Fund Rules can be obtained from the Principal Officer (details below) or from the Fund website.

- Presentations and workshops are held regularly. In particular the pre-retirement workshops which continue to be held quarterly (on a virtual basis) for all in-service members who are aged 50 and older, however all members can attend. We encourage all members who are aged 50 and older to attend these workshops. These workshops are educational in nature, and explain in detail the different pension options available, thereby empowering members to make the RIGHT CHOICE at retirement. Furthermore, should you wish to bring your spouse along with you, please feel free to do so. (These sessions are currently being held virtually)

QUESTIONS OR QUERIES - PLEASE CONTACT:

The Principal Officer: Rushnah Davids
E-Mail: DavidsRu@cput.ac.za

CHANGE IN ADDRESS OR PERSONAL DETAILS

Please notify the Human Resources department in writing of any such changes.

COSTS

Administration and Fund costs

By pooling members' retirement savings in the Fund, the Trustees are able to negotiate lower costs than a member would typically otherwise be able to receive on their savings in the retail market. As part of increased transparency in the Fund, the Trustees will be showing the fees charged inside of the Fund.

- Active members – Fund costs are funded from a deduction from the contribution rate – 0.35% of pensionable salary.
- Deferred members – R66.99 pm plus VAT.
- Deferred pensioners – R66.99 pm plus VAT.
- Living annuitants – Initial fee = R 1092,96 plus VAT (this is a once-off fee). Administration costs of R 95.06 pmpm plus VAT. This is deducted from the living annuity balance.
- **The Switching costs** (cost of changing investment decision) – first switch in the year is free. Thereafter R350.00 plus VAT is deducted from your account per switch.
- The Alexforbes Investment administration fee charged on Fund assets is 0.04968% per annum including VAT.

Note fees are subject to review typically every 1 July.

Cape Peninsula University of Technology

INVESTMENT FEES AND CHARGES FOR THE 12 MONTHS ENDING 30 JUNE 2023

The investment management fees and related costs and charges which currently apply to the CPUTRF investment manager portfolios are expressed as a percentage of the amount invested, per annum. This includes VAT where applicable. In practice, fees and charges are usually taken monthly (so the monthly fee percentages can be estimated by dividing the figures shown in the table below by 12).

Remember that the investment performance figures shown to CPUTRF members are after all these fees and charges have been deducted, i.e., they are net of all these fees and charges.

Portfolio	Investment management fees, but excluding performance fees	Performance fees / (rebate) (1)	Other investment-related costs and charges (2)	**Total fees and charges, including performance fees**
Long-term Growth	0.57%	0.13%	0.29%	**0.99%**
Medium-term Protection	0.50%	0.19%	0.16%	**0.84%**
Money Market	0.09%	0.00%	0.07%	**0.16%**
Shari'ah	0.72%	0.00%	0.18%	**0.90%**

(1) Where the CPUTRF has a performance fee arrangement in place with an investment manager, performance fees may be payable depending on how these managers perform compared to their benchmarks (targets), and therefore the total fees and charges will vary from time to time.

(2) Other costs and charges include items such as the Alexforbes Investments (AFI) administration fees, trading costs (e.g., stockbroker commission when shares are bought and sold), bank charges, taxes and custody fees.

These fees and charges have changed from time to time in the past and may change (up or down) in the future. The CPUTRF Board is committed to ensuring that the investment portfolios are reasonably priced and competitive.

Disclaimers and important note

- Past investment performance is not necessarily a guide to future investment performance.
- The information contained in this note does not constitute advice by either the Board of Trustees, or by its advisors.
- Members may need to seek expert financial advice before making an investment decision.