

LEGAL PROVIDENT FUND

MEMBER NEWSLETTER: SEPTEMBER 2021

This newsletter provides information on:

1	Reminder of the Fund's investment strategy
2	Portfolio investment returns as at 30 September and 31 October 2021
4	Administration fees to apply from 1 January 2022
3	Using AFOnline



Reminder: What is the Investment Strategy set by the Fund?

The Fund follows a Lifestage model to invest savings for those members who prefer that the Trustees choose their investment strategy. The Performer portfolio is the “growth phase” portfolio and the aim is to obtain reasonable longer-term inflation-beating returns in the period before a member reaches age 55 years. From the age of 55 years a member’s assets are phased into a more defensive portfolio, the Conserver Portfolio, which aims to protect a member’s accumulated assets but looks to still achieve inflation-beating returns until the member retires at the age of 65 years. Because the portfolio is defensively positioned, the investment returns will differ from that of the Performer Portfolio.

Both portfolios are diversified portfolios, with investments spread across the available asset classes like local and global shares, property, bonds, cash, and other alternative investments. The allocation to these asset classes is different in each portfolio. Performer will have a higher allocation to growth assets such as shares which generally are more volatile and Conserver a lower allocation to growth assets and a higher allocation to cash and bonds which usually deliver more stable investment returns.

What investment portfolios are available to you?

In addition to the default investment strategy, members have the option to choose their own investment portfolios, or a combination, from the following portfolios:



What are the objectives of these portfolios?

91% of members' benefits are invested in the Performer Portfolio.

Performer

Moderate to high risk, multi-asset class portfolio that aims to outperform the Alexander Forbes Investable Global Large Manager Watch™ Median. Targets inflation-beating returns of CPI +5% over rolling five-year periods.

Conserver

Managed within conservative parameters. Lower allocation to equities means a higher allocation to local and global bonds and cash. Targets inflation-beating returns of CPI +3/4% over rolling three-year periods.

Banker

The specialist investment managers selected for this portfolio may invest in money-market instruments and cash. Money-market instruments are liquid financial instruments that basically simulate cash, but often give a higher return.

Accelerator

An aggressive multi-asset class portfolio that aims to achieve capital growth above inflation over the long term by having a consistently high allocation to growth assets.

Shari'ah High Growth

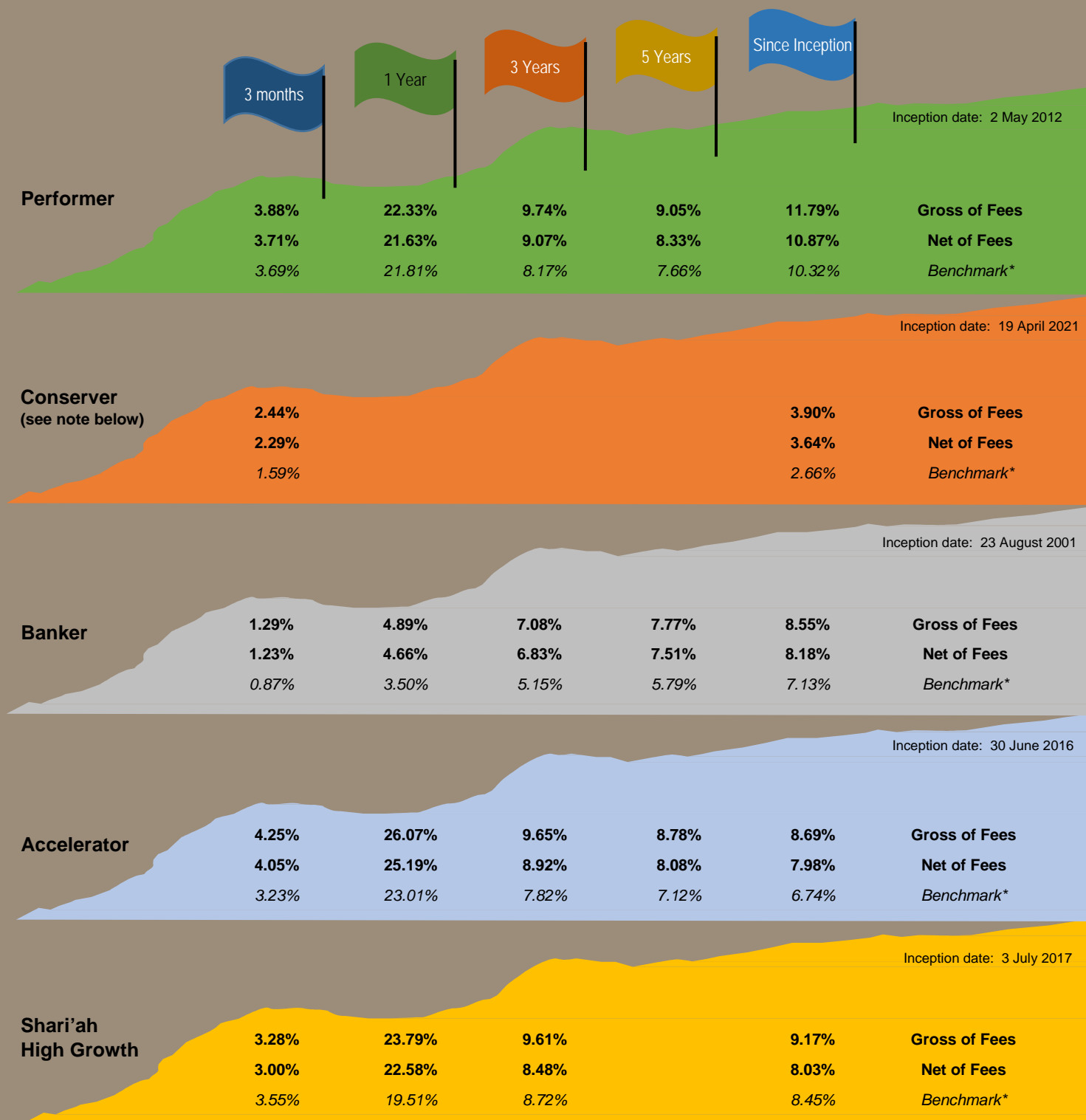
A Shari'ah compliant portfolio designed to grow an investor's savings over the long term (six years or more). This portfolio is invested in both local and international investments that are Shari'ah compliant, such as shares, sukuk and listed properties.

You can obtain more information about each portfolio by looking at the monthly Fact Sheets produced by Alexander Forbes investments. These Fact Sheets can be accessed at: <https://www.alexanderforbesinvestments.co.za>.

Investment returns as at 30 September and 31 October 2021

The investment returns of the portfolios over various periods to 30 September and 31 October 2021 are provided below: Note that the Fund has not had the portfolios in place for all periods considered and the returns for these longer periods are therefore not reflected.

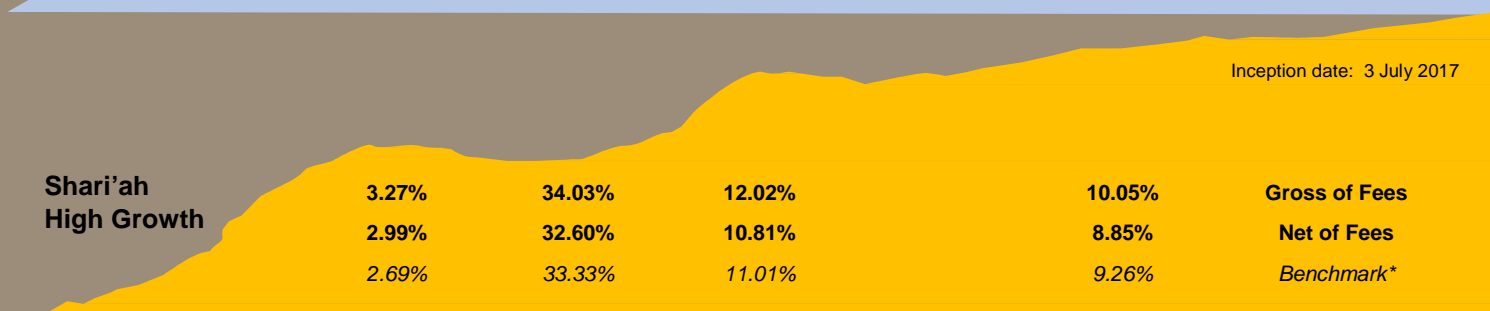
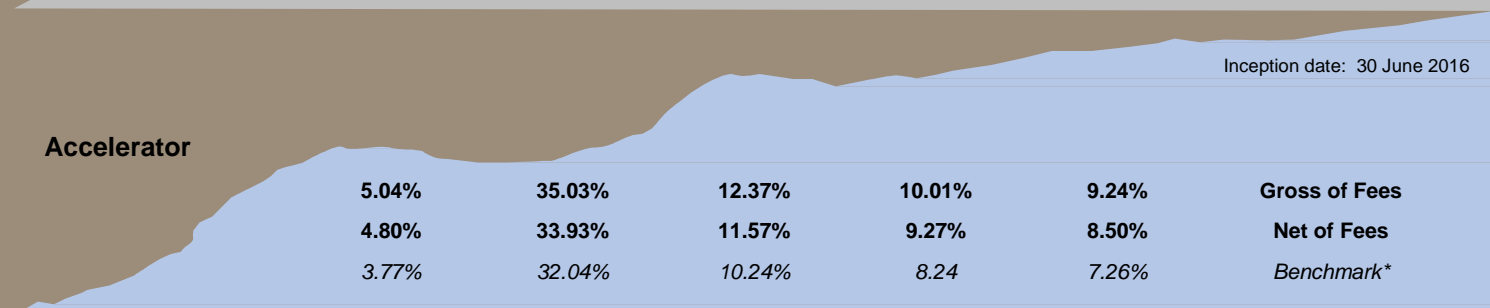
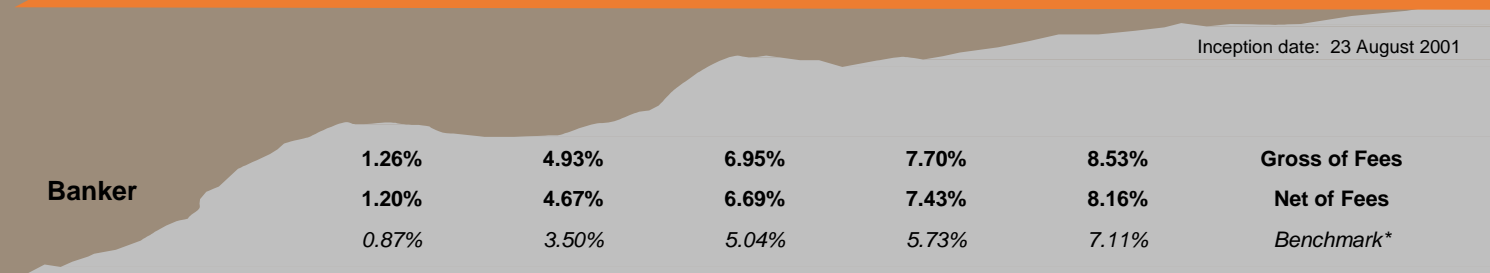
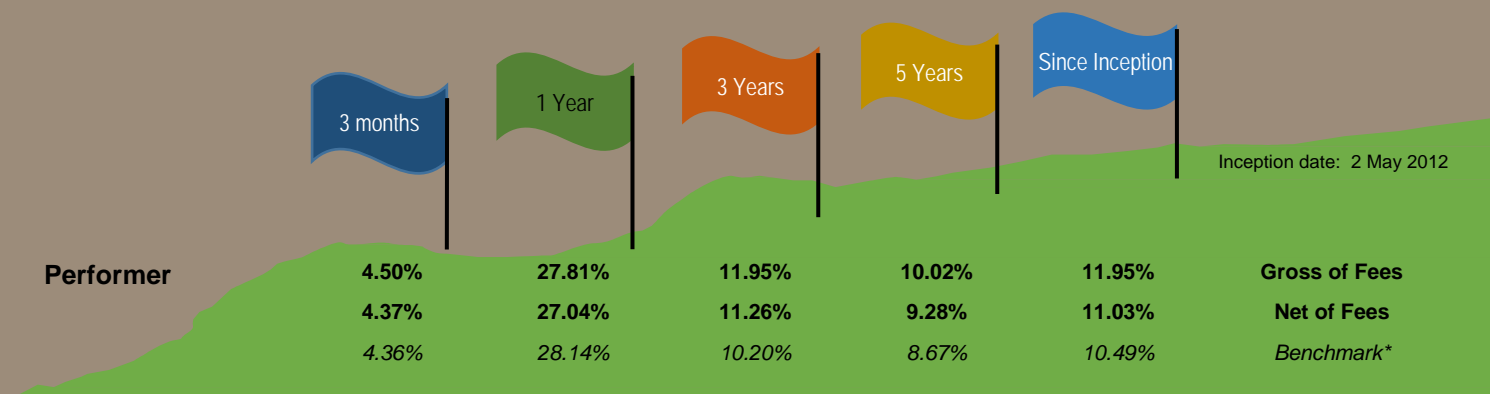
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* A benchmark is used as a value to measure how an investment portfolio is performing and if it is delivering on its performance objectives.

Conserver – the inception date of this portfolio is 16 April 2021. The investment returns before this date were earned in the Real Return Focus Portfolio and the investment returns of this portfolio are included below.

OCTOBER 2021



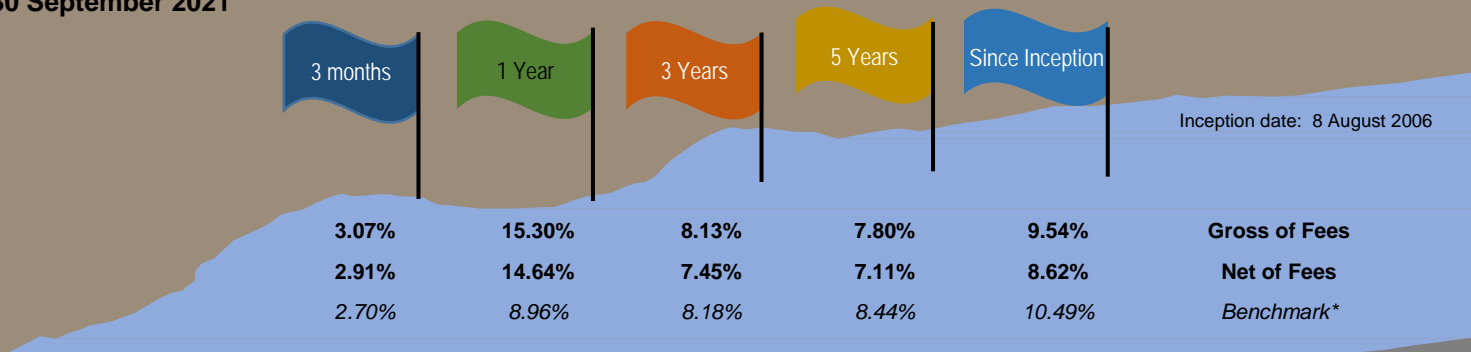
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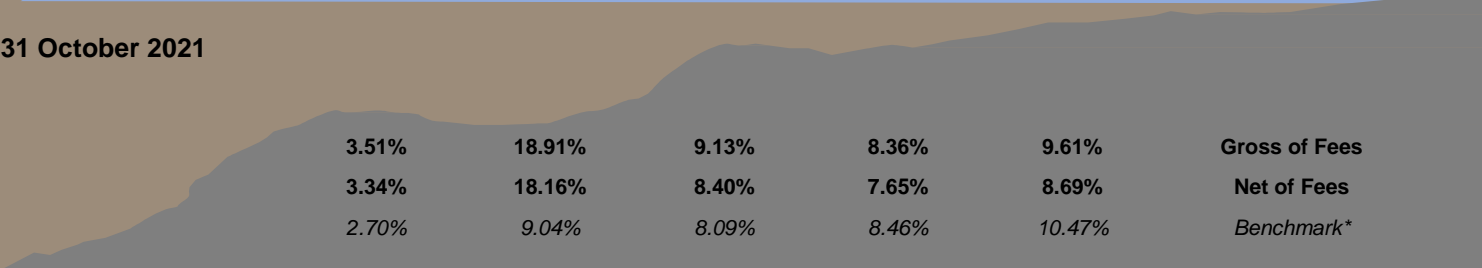
Real Return Focus Portfolio performance

Prior to 16 April 2021, the defensive portfolio to phase into before age 65 years was the Real Return Focus Portfolio. We have included the performance of this portfolio below to indicate the investment returns earned to:

30 September 2021



31 October 2021



A note on the performance of the Performer Portfolio

The Performer portfolio was included in the investment strategy of the Fund in May 2012. The Fund regularly reviews the investment strategy and remains comfortable that Performer is a suitable accumulation portfolio because it has delivered great outcomes since Alexander Forbes Investments first started it in 1997. Here are some key highlights:

- It has **achieved an average annual** return of CPI plus 8% since 1997
- It **consistently** beats its benchmark (of CPI plus 5%) over rolling 5 year periods
- It **consistently** ranks in the first and second quartile of performance (measured against other managers as detailed in the Alexander Forbes investment surveys)
- The graph below indicates that over the five year period to 30 September 2021, Performer outperformed all but one of the large single managers participating in the Global Large Manager Watch™ (“GLMW”) survey, and it did so within reasonable risk parameters.

Performer vs GLMW



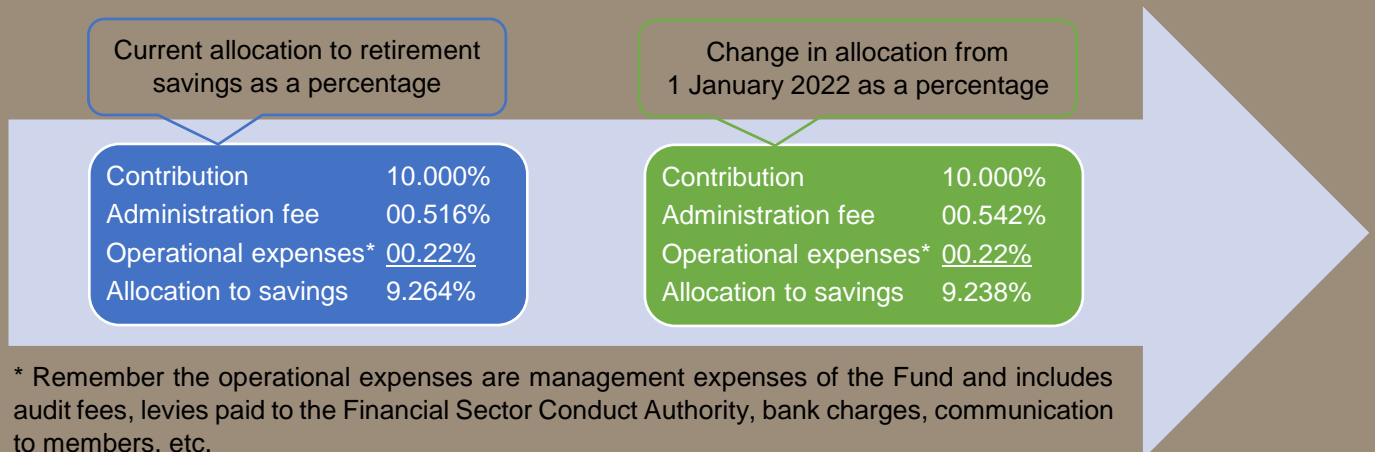
Administration Fees - change from 1 January 2022

The Fund has outsourced the administration services of the Fund to Alexander Forbes Financial Services ("Alexander Forbes"). In terms of the agreement with Alexander Forbes, fees are reviewed each year in November and any changes in fees take place from 1 January each year. The last change in fees was on 1 January 2019. The Board of Trustees agreed to a change in fee from 1 January 2022, which is the first administration fee increase in three years. The average fee increase is approximately 5.5%, although this differs by member. The average headline inflation rate over the twelve months to October 2021 was 5.0%. Therefore, the fee increase is only slightly above inflation despite being the first increase after a three year period. From 1 January 2021 the administration fees, deducted from contributions received, changes as follows:

For members where only the employer contributes and at a rate of 5% of Fund salary, the fee is 0.542% (including VAT) of Fund salary to a maximum of R40 per month.

For all other members, the fee is 0.542% (including VAT) of Fund salary to a maximum of R135 per month.

The impact for members of this change is a reduction in the allocation to retirement savings. We have used an example of a 10% contribution rate to illustrate the change as follows:



To illustrate the change in Rand terms, we have used a monthly Fund salary of R8 000. Before the change, our fictional member paid R41.28 per month in administration fees. After the change our fictional member pays R43.36 per month. The increase in fee is R2.08 per month.

Employers who have selected insured death and/or disability benefits pay a risk administration fee over and above the contributions paid to the Fund. This monthly risk fee increases from R23.60 to R24.80 per month.

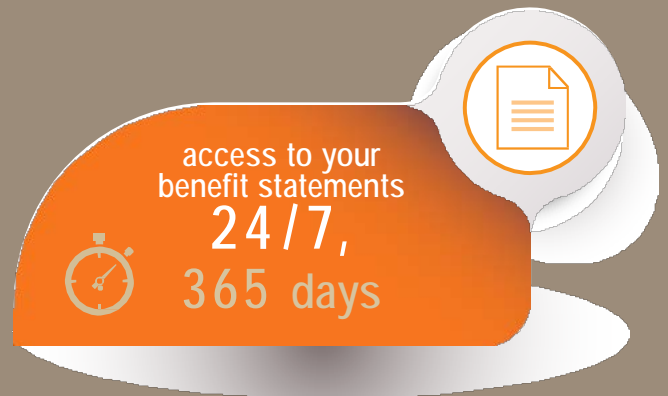
In summary, a comparison of the fees before and after the increase is set out below:

	Current fee (incl VAT)	New fee (incl VAT)
Employer contribution 5%	0.516% to maximum R35 per month	0.542% to maximum of R40 per month
All other members	0.516% to maximum R120 per month	0.542% to a maximum of R135 per month
Risk administration fee	R23.60 per member per month for members who are covered for insured death and/or disability cover	R24.80 per member per month for members who are covered for insured death and/or disability cover

HOW TO VIEW YOUR BENEFIT STATEMENT ONLINE ...

Do you know how much your retirement savings are worth?

Some members would like to know how much their retirement savings are worth and would like to view their benefit statements. It is easy to get a copy of your benefit statement online. Once you have been registered on AF Online, you'll have access to your benefit statements 24/7, 365 days a year!



Follow these steps if you

... are NOT registered with AF Online

- STEP 1: Log in [here](#)
- STEP 2: Click on **Register now**
- STEP 3: Complete the registration page

... are registered with AF Online

- STEP 1: Log into [AF Online](#)
- STEP 2: Click on the **Individual** tab and select **Investment values**
- STEP 3: The investment value screen will open. Click on **Statements**
- STEP 4: The **Statements** screen will open. Select the statement you'd like to view from the list



The benefits of AF Online

With AF Online, you can view your updated:



Need more information?

The Fund Website

The Fund's website gives you access to retirement fund news and information at the click of a button. You can also get your member booklet, claim forms and news from the Trustees when you need it. If you need assistance with administration issues, please contact the Fund's administrators.

Questions

It is very important for you to understand what benefits are available to you as a member of the Fund. If you have any questions about your retirement fund benefits, please contact:

For Administration questions

zzlpf@forbes.com

For Other questions

zzlegalprovidentfund@forbes.com