



2018 SUMMARY OF INVESTMENT RETURNS

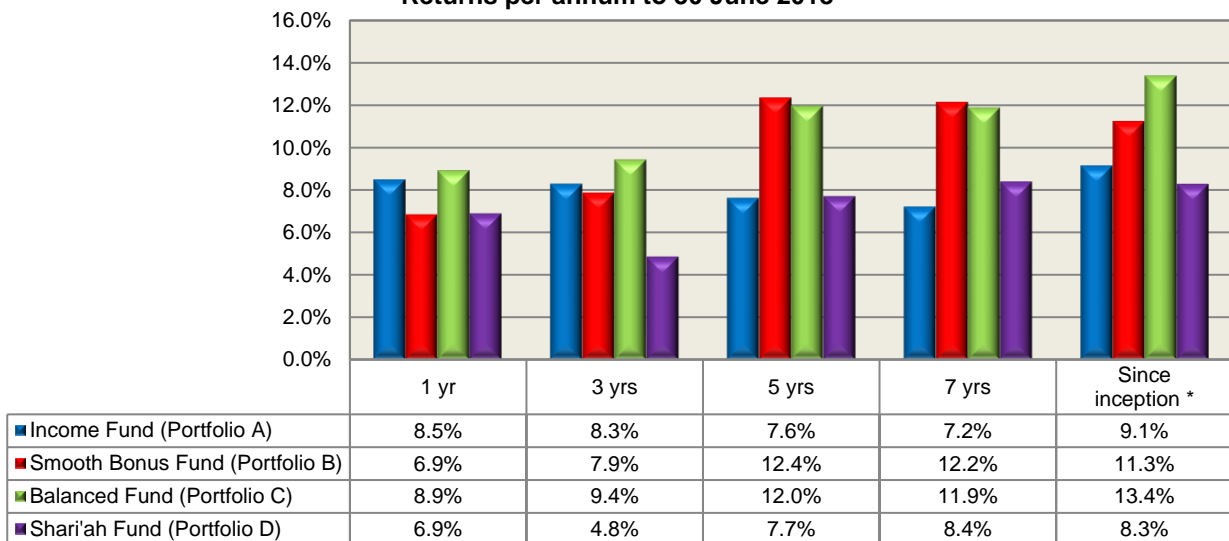
Overall performance

The chart below shows the annual performance of the investment channels available to members of the University of Cape Town Retirement Fund since inception (1 January 1995) and over the 1-year, 3-year, 5-year and 7-year periods ended 30 June 2018.

Please note that:

- (a) Portfolio A is the Income Fund, Portfolio B is the Smoothed Bonus Fund, Portfolio C is the Balanced Fund, and Portfolio D is the Shari’ah Fund.
- (b) The Portfolio B returns include the vested and non-vested bonuses declared. These are returns on amounts invested in the “Old Bonus Series” of Portfolio B, not the “New Bonus Series” introduced at the start of 2009, into which all new cashflows into Portfolio B were invested until it was merged with the “Old Bonus Series” in April 2010.
- (c) The performance shown is after deducting Retirement Fund Tax (where applicable) and the investment manager fees.

**UCT Retirement Fund
Returns per annum to 30 June 2018**



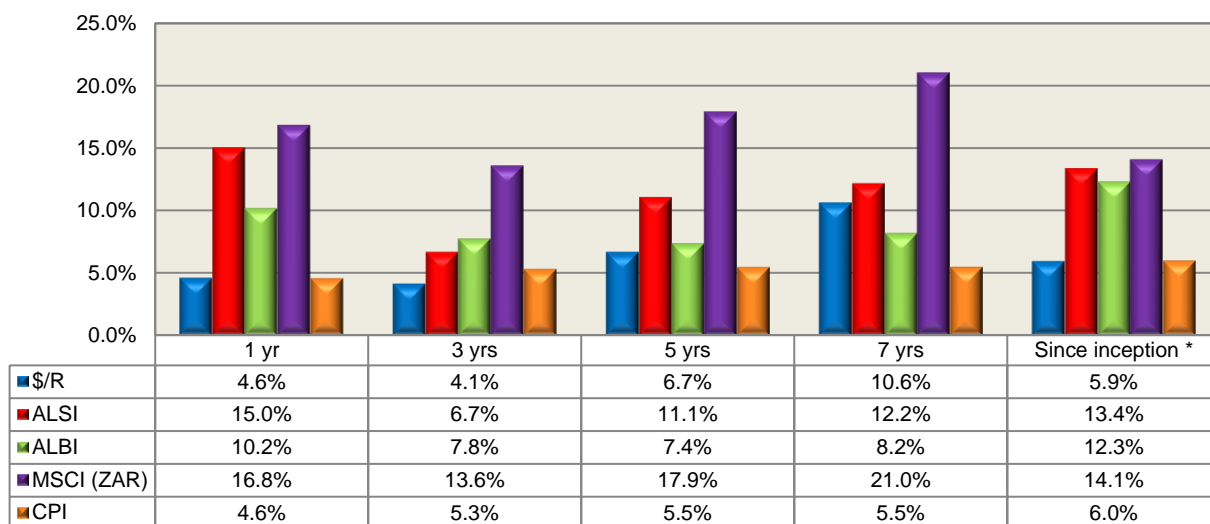
Note: inception date is 1 April 2010 for Portfolio D, 1 January 1995 for the other portfolios.

Over the last 7 years (to 30 June 2018) the Smooth Bonus Fund (Portfolio B) has delivered the highest return. It is possible for the Balanced Fund to show very low or even negative returns in some years. This is important to understand, especially for members nearing retirement who may move to a different type of investment at retirement.



To give you an idea of how various investment asset classes have performed over the same period, the following graph indicates the movement of some of the major indices since inception of the Fund and over 1 year, 3 years, 5 years and 7 year periods. (These indices do not allow for Retirement Fund Tax, which has now been abolished, and investment manager fees).

Indices per annum to 30 June 2018



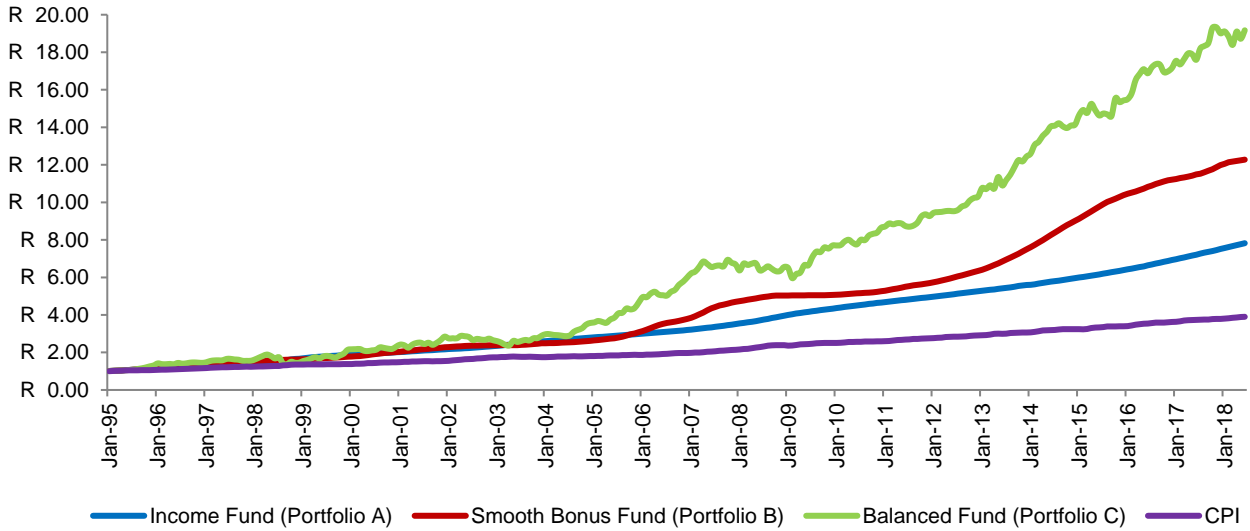
*Inception date = 1 January 1995.

KEY

- \$/R The movement in the US Dollar-to-Rand exchange rate. A positive return indicates the Rand’s weakening against the dollar, and vice-versa.
- ALSI The movement in the JSE All Share Index.
- ALBI The movement in the All Bond Index for the SA bond market.
- MSCI The movement in the MSCI World Equity index in Rands (for developed markets only).
- CPI The movement in the South African headline Consumer Price Index.



Cumulative return of R1 invested on 1 January 1995



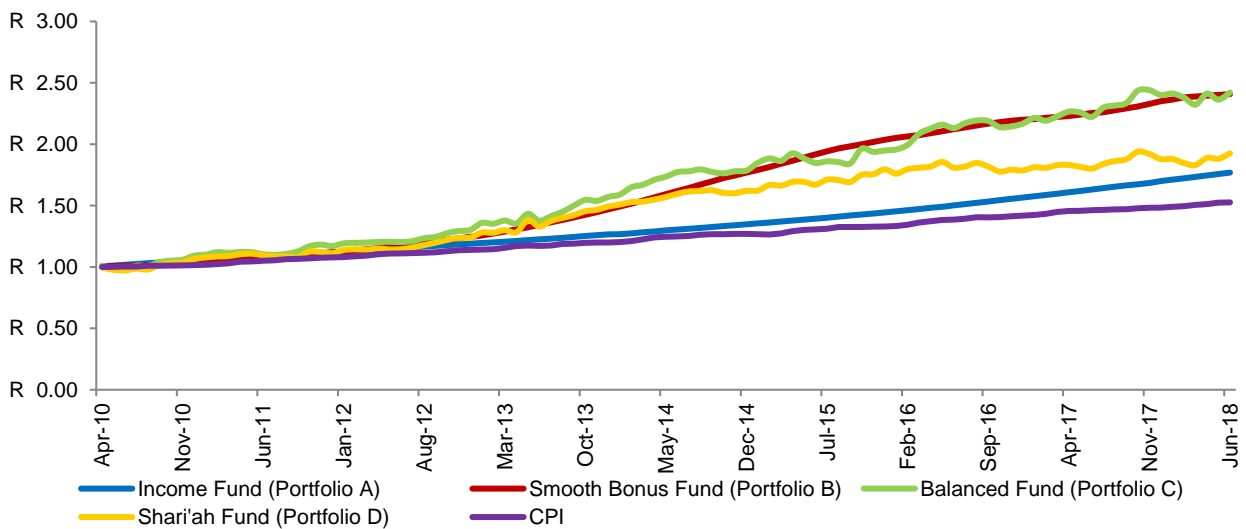
Average annual return since 1 January 1995

Portfolio A	9.1%
Portfolio B	11.3%
Portfolio C	13.4%
CPI	6.0%

Cumulative value at 30 June 2018

Portfolio A	R 7.82
Portfolio B	R 12.28
Portfolio C	R 19.17
CPI	R 3.91

Cumulative return of R1 invested on 1 April 2010



Average annual return since 1 April 2010

Portfolio A	7.2%
Publication Date:	October 2018

Cumulative value at 30 June 2018

Portfolio A	R 1.77
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Portfolio B	11.2%	Portfolio B	R 2.41
Portfolio C	11.3%	Portfolio C	R 2.42
Portfolio D	8.3%	Portfolio D	R 1.93
CPI	5.3%	CPI	R 1.53



Monthly Performance

The table shows the monthly returns for the four portfolios for 12 months to 30 June 2018. These figures are shown after investment manager fees.

Month	Income Fund (Portfolio A)	Smooth Bonus Fund (Portfolio B)	Balanced Fund (Portfolio C)	Shari'ah Fund (Portfolio D)
Jul-17	0.75%	0.33%	3.41%	2.08%
Aug-17	0.71%	0.68%	0.74%	1.31%
Sep-17	0.67%	0.68%	0.84%	0.79%
Oct-17	0.54%	0.68%	4.38%	3.29%
Nov-17	0.63%	0.93%	0.15%	-0.99%
Dec-17	0.87%	0.93%	-1.64%	-2.18%
Jan-18	0.69%	0.58%	0.52%	0.08%
Feb-18	0.64%	0.73%	-1.42%	-1.78%
Mar-18	0.70%	0.28%	-2.38%	-0.89%
Apr-18	0.65%	0.28%	3.87%	3.21%
May-18	0.69%	0.28%	-2.03%	-0.36%
Jun-18	0.62%	0.28%	2.43%	2.30%
Total for past 12 months:	8.49%	6.85%	8.93%	6.88%
Total since inception (p.a.):	9.15%	11.26%	13.39%	8.26%

Note: inception date is 1 April 2010 for Portfolio D, 1 January 1995 for the other portfolios.

As you would expect, the Balanced Fund (Portfolio C) shows the largest variation in monthly returns, reflecting the riskier nature of this portfolio, but with the highest returns since inception.

Your Investment Choice

Because the fund is a member-investment choice fund, the Trustees believe that it is necessary that all members have the fullest opportunity to make informed decisions about these matters. The UCTRF Investment Guide (available on the UCTRF website) is a first step to help you with regard to investment decisions. Your annual benefit statement is included for your information and to assist you making your decision.

The UCTRF Website www.uctrf.co.za has a toolkit which includes a retirement calculator to help you plan for retirement. We encourage you to read this and use the Website.



• **Investment Policy Statement**

The Trustees have adopted a formal Investment Policy Statement which is also available on the Fund’s website. We have summarised the salient features of the four portfolios in the following table to assist you in making your choice:

Portfolio	Investment objective	Invest-ment horizon	Broad strategy	Risk Constraint
Balanced Fund (Portfolio C)	5% p.a. (net of costs) above CPI over rolling 7 year periods.	7 years +	Markets are inefficient over short measurement periods, but tend towards efficiency over the long term, thus providing the long term investor the opportunity to earn superior returns.	The probability of the return being less than inflation over any rolling 7-year period is less than 10%.
Smoothed Bonus Fund (Portfolio B)	3% p.a. (net of costs) above CPI over rolling 5 year periods, subject to the proviso of an Insurer capital guarantee of all contributions paid into this portfolio (including lump sums).	3 - 5 years	To meet the dual goal of providing a reasonable return with capital preservation over short measurement periods an Insurer product will be used.	The Insurer provides a capital guarantee of contributions invested (incl. lump sum transfers) plus any vested bonuses declared.
Income Fund (Portfolio A)	1% p.a. (net of costs) above CPI over any 12-month period, with minimal risk of capital loss over the same period.	0 – 2 years	The portfolio will be invested in money market instruments (with duration less than 3 years) with high credit quality as being the best way to deliver a positive return with minimal risk of capital loss.	Less than 2.5% chance of a capital loss over a measurement period of 12 months.
Shari’ah Fund (Portfolio D)	4% p.a. (net of costs) above CPI over rolling 5 year periods.	5 years +	The investment philosophy is similar to that for Portfolio C except that the investments will be structured to comply with Shari’ah law. The Shari’ah Fund will have risk profile quite similar to that of Portfolio C, and members who are close to retirement and who are considering investing in this portfolio should keep this in mind – it is not a “low risk” portfolio.	The probability of the return being less than inflation over any 5-year period is similar to that for Portfolio C. The chance of a capital loss over shorter periods will be similar to or slightly lower than that of Portfolio C.

(The full Investment Policy Statement is available on the UCTRF website at www.uctrf.co.za.)



- **New members who failed to make an investment choice: default position**

You will be asked to submit a member investment option form when you join the Fund. With effect from 1 July 2017, if you don't exercise a choice when joining the Fund your retirement saving contributions (past and future) will be invested in accordance with the Life Stage Model as described above, unless you are aged 60 or over when you join the Fund, in which case your contributions will be 100% invested in the Income Fund. Details of the Life Stage Model are included in the full investment guide. You will have the choice to change your strategy at any time.

** This guide only provides a summary of investment returns. A comprehensive investment guide is available on the Fund's website: <https://uctrf.co.za/uctrf/member-guides>*