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Message from the Chair

Welcome back and all the best for the year ahead. We trust that you are well rested and ready for 2018.

In the last month of 2017, investment markets were hit hard by the news of Steinhoff's accounting scandal. However, the rand strengthened following the change in ANC leadership, while investor sentiment also turned positive. Despite the economic volatility it is pleasing to note that the Growth Portfolio achieved a net return of 12.40% for the 2017 calendar year.

The Board of Trustees remains committed to addressing members' needs. In this regard it was agreed to offer a Shari'ah compliant investment portfolio to members, as well as offering single

members with no dependants the option to select no death cover linked to the Fund. Read more about this later in this newsletter.

We also provide details on the latest developments in the retirement fund industry.

A smartphone app will soon be made available to you, making your USRF information even more accessible.

Regards

Adv Fran du Plessis
Chairperson



Investment returns

The table below summarises the Growth Portfolio's returns to 31 December 2017:

Period	Return	Inflation	Inflation plus 5%	Peer group median*	Peer group top quartile**
12 months	12.40%	4.62%	9.62%	11.40%	13.44%
36 months	10.06%	5.32%	10.32%	8.05%	8.96%
60 months	13.42%	5.43%	10.43%	11.11%	12.70%

*The peer group median is the investment manager that performed in the middle of its peer group. This is indicative of the performance of other retirement funds over these periods.

**The peer group top quartile comprises the investment managers who outperformed three-quarters of their peer group. The peer group benchmarks are derived from the Alexander Forbes survey.

As of November 2017, Prudential has been replaced by Investec as an underlying asset manager of the local assets of the Growth Portfolio. The Board of Trustees believes that Investec is a better complement to the other two asset managers.

You are urged not to focus too much on short-term investment returns. However, it is pleasing to note that the Growth Portfolio outperformed the peer group top quartile over 3- and 5-year measurement periods to 31 December 2017.

For more information on the returns achieved by the underlying portfolios please visit <http://www.retirementfundweb.co.za>

Investment options of the Fund

Your fund value is invested in the Growth Portfolio until you reach age 60. USRF now also offers the option to invest in the Old Mutual Albaraka Balanced Shari'ah Portfolio to members who wish to invest their fund credit according to Islamic principles. Members opting for the Shari'ah portfolio cannot participate in the lifestage investment strategy. However, members are entitled at any time to switch back to the lifestage investment strategy from the Shari'ah portfolio.

From age 53, members have a choice between five investment portfolios, namely:

Growth Portfolio; and

Multi-managed Aggressive Absolute Return Portfolio; and

Multi-managed Conservative Absolute Return Portfolio; and

Capital Protection Portfolio; and

A portfolio offering hedging against interest rate fluctuations.

The Aggressive Absolute Return Portfolio and the Conservative Absolute Return Portfolio are suitable for the in-fund living annuities as well as for the purchase of external living annuities (outside the Fund).

The portfolio offering hedging against interest rate fluctuations is suitable for the purchase of external guaranteed annuities on retirement.

Benefit and projection statements as at 31 December 2017

Your benefit statement confirms your fund value as at 31 December 2017, as well as your retirement contributions from 1 January to 31 December 2017, and retirement, death and disability benefits. Please check the information on your benefit statement and contact Human Resources (Charné Pool at +27 (0)21 808 9271 / charnep@sun.ac.za) if any details on the statement are incorrect.

The projection statement accompanying your benefit statement only serves as a guideline to determine the estimated monthly pension as at the normal retirement date. Therefore it is important to consult a financial adviser before you make any retirement decisions. The actual value of the monthly pension can only be determined at the time when the pension is purchased on retirement. Please note that the estimated monthly pension is reflected as a percentage of your monthly pensionable income. It is important to note that the pensionable income used for the projections amounts to 75% of cost of employment for most staff members.

The assumptions applied to the projection statements are the same as those used by the *Retirement Calculator* on Sanlam Retirement Fund Web.

In calculating the estimated pension on retirement, the 31 December 2017 projection statements also take into account the post-retirement medical fund subsidy some members qualify for. This is a valuable benefit and demonstrates the difference it makes to your retirement projections.

Change in risk benefits

As of January 2018, USRF offers the option of no insured death benefit in the Fund to those members with no spouse or children. The insured death benefit in the Fund provides the following benefit:

- Spouse's and children's pension
 - a spouse's pension for life, at 35% of your pensionable remuneration; and
 - a children's pension of 10% of your pensionable remuneration, limited to three children, until age 18 (or 24 if the children are full-time students)
- OR
- A minimum of twice your annual pensionable remuneration.

All members may take out optional additional cover of twice their pensionable remuneration via the standalone non-approved scheme.

Contact Human Resources (Client Service Centre at +27 (0)21 808 2753 / sun-e-hr@sun.ac.za) for more information on how to exercise these options. If you do exercise the option of no insured death benefit in the Fund, and get married and/or have children at a later stage, you will have to select the insured death benefit in the Fund to ensure that your spouse's and/or children's needs are catered for in the event of your death.

Sanlam's new website and Sanlam app

The new Sanlam website now offers easy, quick and user-friendly access to your fund information. The new website is an enhancement of the Retirement Fund Web, enabling members to get the same experience when they view fund information, irrespective of the digital medium they use.

If you have had access to Retirement Fund Web in the past, there is no need to re-register for access to the new website.

A new Sanlam smartphone app is currently in a pilot phase and will be rolled out soon. This app will give you access to your USRF fund information in the palm of your hand, and notify you of the following information and functions that are available:

the retirement calculator;

your fund value and risk benefits;

where your money is invested;

access to educational information and how to make saving for retirement easier;

access to important contacts and links; and

other fund information.

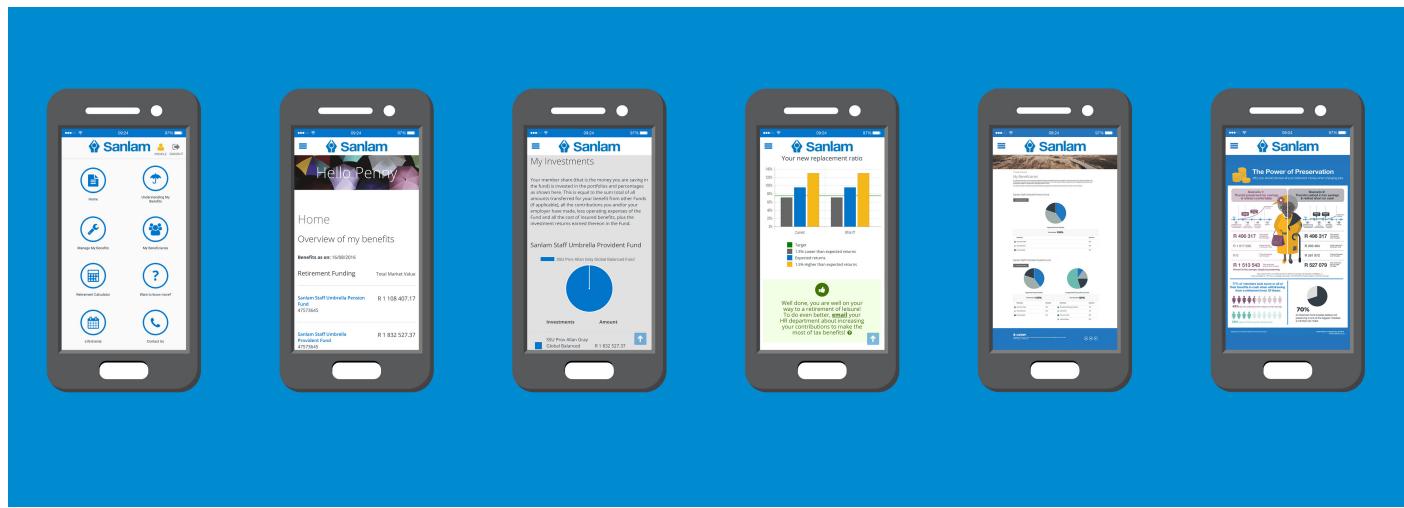
How do I access Retirement Fund Web?

- Visit www.sanlam.co.za. Click on Login (top right) and select Secure Services.
- Select Register and use your fund membership number (which is reflected on your benefit statement) or your identity number.
- Confirm your mobile number and email address
- Select a user code / user name
- A temporary password will be sent to your mobile.

Use this temporary password to gain access. Change the temporary password as it may only be used once.

This forms part of Sanlam's digital strategy to enable you to access all your Sanlam insurance and savings products via one portal.

How do you access the app? Download the **Sanlam My Retirement** app from the Google Play store or Apple App store. Use your Sanlam Secure Services user code and password to access your USRF information.



Information sessions for members aged 53 and older

As of 2018, USRF will present quarterly information sessions for members aged 53 and older to assist them in preparing for the choices they have to make before and after retirement. Members will receive information on the investment portfolios that are available from age 53 onwards and the in-fund living annuity option offered by USRF. Eligible members will soon receive an invite to these sessions via email.

It is also advisable to make use of the financial advisory service as soon as you qualify for this (from age 53).

Financial advice available to members aged 53 and older

Once again, do remember that USRF offers a financial advisory service free of charge to members aged 53 and older, provided by a panel of five preferred service providers.

The service providers are:

Alexander Forbes Financial Planning Consultants:

+27 (0)21 809 3750 / wesselsw@aforbes.co.za

Efficient Wealth:

+27 (0)21 914 8030 / martin@efw.co.za

FinFocus:

+27 (0)21 861 7000 / usafadvies@finfocus.co.za

Graviton:

+27 (0)21 883 9192 / arissik@gravitonwm.com

Sanlam Financial Advice:

+27 (0)21 9471028/

hanlie.wethmar@sanlam.co.za

USAF will pay for two consultations with one of the preferred service providers. The first consultation may be scheduled any time from age 53, and the second one in the year of your retirement. Using this service is easy – simply follow these steps:

1. Select a service provider.
2. Contact Human Resources (Charné Pool at +27 (0) 21 808 9271 / charnep@sun.ac.za) to obtain a consultation voucher.
3. Make an appointment with your chosen service provider and present the voucher as proof that you are entitled to use the service.

Rule amendments

One rule amendment was made to the USRF Fund rules in the 2017 financial year.

Rule amendment no. 9 makes provision for:

- a. Providing an in-fund living annuity to the spouse of an in-fund living annuitant on death;
- b. Payment of the retirement benefit of a member with a deferred retirement benefit, to the member's estate in the event of the member's death during the period of deferred retirement;
- c. A description of the election procedures for the election of new employee representatives.
- d. Offering the option of no insured death benefit in the Fund to those members who don't have eligible spouses or eligible children.

The rule amendment was registered and approved for tax purposes on 19 December 2017.

Industry update

We would like to keep you posted on the latest developments in the retirement fund industry.

Default regulations

Following a consultation process, the long-awaited final default regulations were ratified by the Registrar of Pension Funds on 25 August 2017. The regulations took effect on 1 September 2017 but all existing funds have an extended deadline of 1 March 2019 to comply with the regulations.

So what is required from the Fund?

Essentially, in terms of the default regulations, retirement funds such as USRF are required to offer the following to members:

- a default investment strategy for members who are unable to choose how their retirement savings are to be invested;
- a default preservation strategy within the fund for members who leave employment prior to retirement; and
- an annuity strategy (pension strategy) for members when they retire.

All these strategies should be simple, cost effective and transparent, aimed at assisting members in building a retirement savings fund and converting it into an income on retirement.

Fund management

The USRF Board of Trustees consists of five employer and five employee representatives. At the end of 2017, Mrs Gretchen Arangies resigned as an employee representative. She was replaced by the secundus employee representative, Prof Johan van Rooyen, as an employee representative on the Board of Trustees. Mr C Bermosky, who got the next highest number of votes in the election, replaced Prof Van Rooyen as secundus employee representative.

Let's take a look at the trustees:

Name	Capacity	Background	Current term expires
Adv Fran du Plessis	Chair and Employer Representative	Adv Du Plessis is also a chartered accountant and serves on the boards of various companies. She has been a trustee since 1 March 2013.	28 February 2019
Mr Ché Bermosky	Secundus employee representative	Mr Bermosky is a legal adviser at the University and has served as a secundus trustee since 1 January 2018.	6 December 2019
Mr Le Roux Burrows	Employee representative	Mr Burrows works in the Department of Economics and has served as a trustee since 24 December 2002.	6 December 2019
Prof Johann de Villiers	Employer representative	Prof De Villiers is from the Business Management Department and has served as a trustee since 1 November 2000.	31 October 2018
Mr Peter Kirsten	Employee representative	Mr Kirsten is working in the Remuneration and Benefits division of the Human Resources Department and has served as a trustee since 7 December 2016.	6 December 2019
Prof Niel Krige	Employer representative	Prof Krige is the chairman of the Development Office and has served as a trustee since 18 November 2005.	17 November 2017
Mr Manie Lombard	Employer representative	Mr Lombard is Chief Director: Finance and has served as a trustee since 5 May 2011.	4 May 2017
Mr Victor Mothobi	Employer representative	Mr Mothobi is the Chief Director: Human Resources and has served as a trustee since 1 January 2018.	31 December 2020
Prof Wikus van Niekerk	Employee representative	Prof Van Niekerk is the Dean of the Engineering faculty and has served as a trustee since 7 December 2013.	6 December 2019
Prof Johan van Rooyen	Employee representative	Prof Van Rooyen is an associate professor in the Department of Business Management and has served as a trustee and secundus trustee since 7 December 2010.	6 December 2019
Prof Suzette Viviers	Employee representative	Prof Viviers is from the Business Management Department and has served as a trustee since 7 December 2016.	6 December 2019

Mr Japie Kotzé, a director in the Department of Human Resources, has been the principal officer of the Fund since 1 December 2012.

The service providers of the Fund

The following service providers have been appointed by the Board of Trustees to assist with the management of the Fund. Their duties are set out below:

Service Provider	Service	Functions performed
Simeka Consultants & Actuaries	Benefit, investment and actuarial advice	<ul style="list-style-type: none"> • Advice on the Fund's benefit structure and changes in legislation. • Benchmarking to ensure market-related insurance rates are paid. • Assistance with member communication. • Assistance with corporate governance compliance. • Providing support with selection and evaluation of investment managers. • Setting up agendas and keeping minutes of meetings held by the Board of Trustees. • Producing annual actuarial valuation to determine the financial soundness of the Fund. • Producing monthly investment reports. • Assistance with drafting an investment strategy and policy.
Sanlam Retirement Fund Administrators	Fund administration	<ul style="list-style-type: none"> • Monthly capturing of contributions. • Transfer and withdrawal of funds to and from the asset managers. • Payment of claims. • Issuing benefit statements. • Daily bookkeeping and preparation of the annual financial statements.
ABSA Bank	Bankers	<ul style="list-style-type: none"> • All fund transactions take place via the Fund's banking account.
Momentum	Insurer	<ul style="list-style-type: none"> • Insures the death benefit (spouse's and children's pension) as defined in the Fund rules.
Willis Towers Watson Allan Gray Coronation Investec Investment Solutions Sanlam Old Mutual	Asset managers	<ul style="list-style-type: none"> • Managing the investments of the Fund according to the mandates agreed with the Board of Trustees.
PwC	Auditors	<ul style="list-style-type: none"> • External audit

Important contact details

If you need more information on USRF you may contact the Remuneration and Benefits Department of the benefit consultant. Please contact the principal officer if you have any complaints about USRF.

Principle Officer

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Email: alfreda@simekaconsult.co.za

Remuneration and Benefits division

Peter Kirsten

Tel: +27 (0)21 808 3740

Fax: +27 (0)21 808 2484

Email: pkirsten@sun.ac.za

Pension Funds Adjudicator (PFA)

Email: enquiries@pfa.org.za

Members are entitled to contact the PFA if their complaints have not been dealt with satisfactorily by the Fund. Please consult the PFA's website (www.pfa.org.za) for more details.