



2014 SUMMARY OF INVESTMENT RETURNS

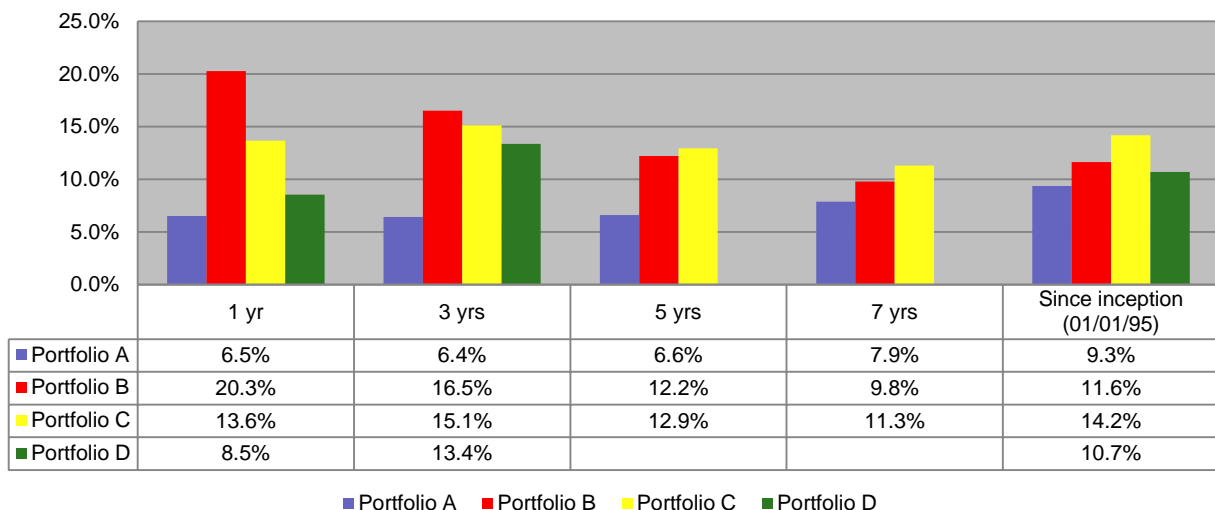
■ Overall performance

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-years ended 31 December 2014.

Please note that:

- Portfolio A is the Income Fund, Portfolio B is the Smoothed Bonus Fund and Portfolio C is the Balanced Fund. The Shari'ah Fund, Portfolio D, was introduced on 1 April 2010 and does not yet have a 5-year track record.
- 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.
- The performance shown is after deducting Retirement Fund Tax (where applicable) and the investment manager fees.

**UCT Retirement Fund
Returns per annum to 31 December 2014**

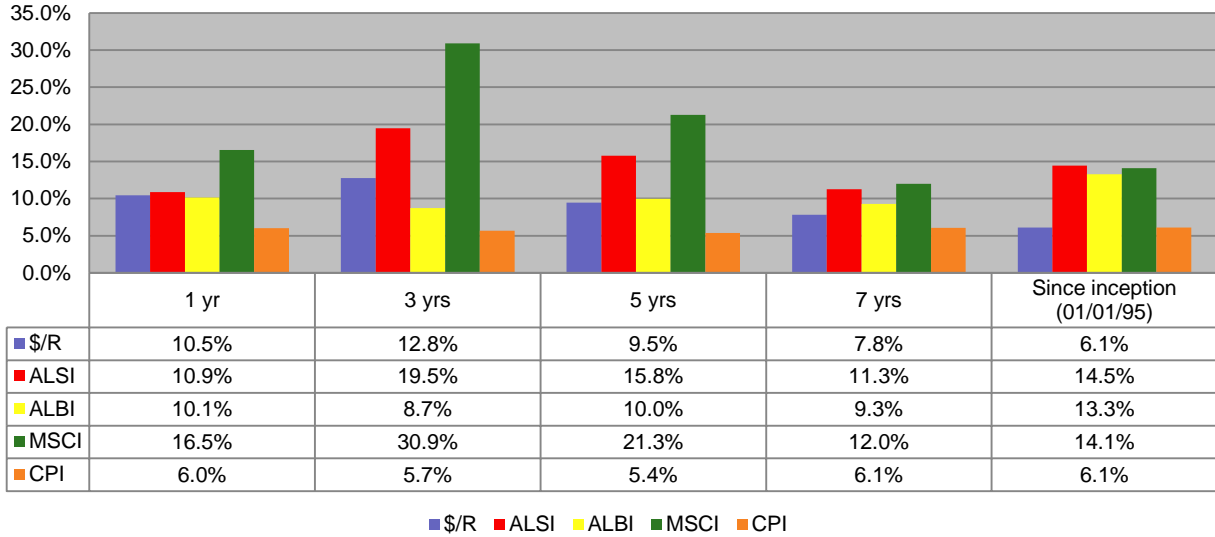


Over the last 7 years (to 31 December 2014) the Balanced Fund (Portfolio C) has delivered the highest return, but it also has the most risk. It is possible for the

Balanced Fund to show very low or even negative returns in some years. This is important to understand, especially for members nearing retirement who plan to move from the Fund and 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 years. (These indices do not allow for Retirement Fund Tax, which has now been abolished, and investment manager fees).

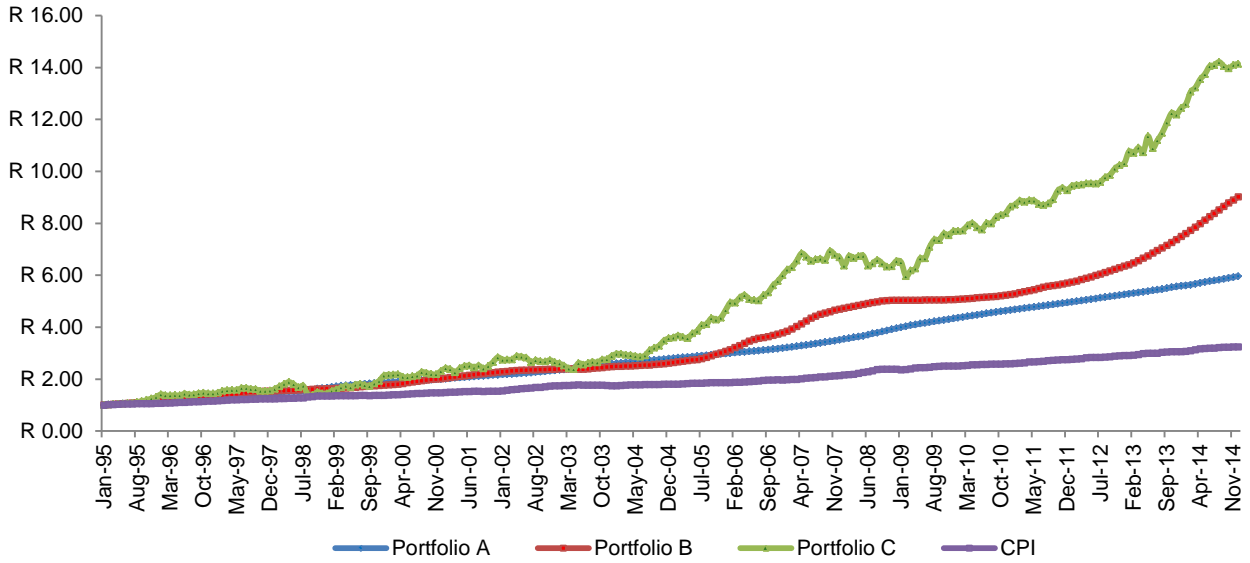
Indices per annum to 31 December 2014



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 FTSE/JSE All Share Index.
- ALBI The movement in the Bond Exchange of South Africa—All Bond Index.
- MSCI The movement in the Morgan Stanley Capital International world share index in Rands (for developed markets only).
- CPI The movement in the South African headline Consumer Price Index. The CPI has been estimated for the last month included in the periods shown.

Cumulative return of R1 invested on 1 January 1995



Average annual return

Portfolio A	9.3%
Portfolio B	11.6%
Portfolio C	14.2%
CPI	6.1%

Cumulative value at 31 December 2014

Portfolio A	R 5.96
Portfolio B	R 9.02
Portfolio C	R 14.14
CPI	R 3.26

■ Monthly Performance

The table shows the monthly returns for the four portfolios during 2014. These figures are shown after investment manager fees.

Month	Portfolio A	Portfolio B	Portfolio C	Portfolio D
Jan-14	0.15%	1.46%	1.22%	1.05%
Feb-14	0.49%	1.61%	3.72%	1.31%
Mar-14	0.70%	1.66%	1.26%	0.25%
Apr-14	0.55%	1.66%	2.40%	1.15%
May-14	0.68%	1.66%	1.50%	1.31%
Jun-14	0.52%	1.66%	2.16%	1.66%
Jul-14	0.48%	1.56%	0.32%	1.18%
Aug-14	0.52%	1.66%	0.88%	0.27%
Sep-14	0.56%	1.56%	-1.18%	0.38%
Oct-14	0.59%	1.56%	-0.60%	-1.32%
Nov-14	0.54%	1.21%	0.95%	-0.16%
Dec-14	0.55%	1.36%	0.33%	1.20%
Total for past 12 months:	6.51%	20.27%	13.65%	8.55%
Total since inception (p.a.):	9.34%	11.62%	14.16%	10.70%

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.

Annual 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.

We have summarised the salient features of the three portfolios in the following table to assist you in making your choice:

Portfolio	Investment objective	Investment 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**

New members joining the Fund who do not exercise a choice when joining the fund have their retirement savings contributions invested in the Income Fund (Portfolio A) until 1 April immediately following entry into the Fund. With effect from 1 April immediately following entry, and on 1 April in subsequent years, new members will have the choice to change. If again no option form is submitted, their funds will be invested according to the Life Stage Model (past and future contributions). Details of the Life Stage Model are included in the full investment guide (see below).

** This guide only provides a summary of investment returns. A comprehensive investment guide*

is available on the Fund's website: <http://www.uctrf.co.za/91/P/Investment-Guide>