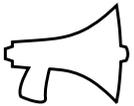


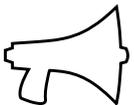
TYPICALLY ASKED QUESTIONS AND RESPONSES



1 Why have my retirement fund savings decreased so much?

Your retirement savings are invested in financial markets and are linked to the performance of those markets. Markets that perform well help grow your savings. Markets that perform poorly erode your savings.

Currently, global markets are experiencing declines across the board – financial markets in the US have fallen almost 30% since the beginning of the year. This is a global phenomenon and South Africa is no exception. Our own local market has dropped nearly as much as the US over the same period. In these market environments, it is almost impossible for investment portfolios to come out unscathed. This is why your retirement savings have dropped in value.

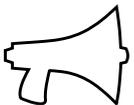


2 What is the reason for this market collapse?

Events or financial circumstances around the world that cause swings in investor sentiment — in either direction — can be sources of financial market fluctuations.

Various long-standing issues have been placing downward pressure on financial markets for some time now. However, the recent global health emergency sparked off by the coronavirus (COVID-19) outbreak has been the catalyst for the severe financial market downturn we are experiencing.

Fear and uncertainty brought about by COVID-19 and its implications on global health and economic activity have fuelled widespread anxiety. This sentiment has led to the losses we are experiencing across financial markets globally.

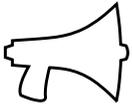


3 Will my retirement fund savings decrease further?

Financial markets go through cycles – sometimes they're up, and sometimes they're down. The fact is we cannot predict when financial markets will be up and when they will be down. If this were possible, every investor would be easily, and outrageously, rich.

The full extent of the virus on financial markets is not yet known, so it is difficult to say what the further implications will be on your retirement fund savings. What we do know is that financial markets go through cycles. There are periods when markets are down (recession) and periods when markets recover and are up (growth).

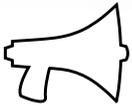
Although it is hard to rationalise what is currently happening to your hard-earned savings, it is important to emphasise that this market downturn is no different from any other market downturn investors have experienced over the last 40 years or more. Historically, we have seen markets recover from some of the worst recessions and even beat inflation.



4 Do global financial markets affect my retirement savings?

The global economy has suffered broadly as have investment portfolios and the retirement fund savings of many millions of people around the world.

The severe falls in local and global financial markets have had a negative impact on your investment portfolio's performance. Given that retirements savings are invested in financial markets and are linked to the performance of financial markets, this has led to the decrease in value of your retirement fund savings.



5 When will markets recover?

Again, we cannot predict when financial markets will be up and when they will be down. Given that markets go through cycles, we know that when one market cycle is finished, the next one begins. The timing of the recovery is difficult to predict, but historical evidence suggests that it happens fairly quickly and that some of the best investment returns are achieved at the end of a market crash.



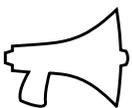
6 Should I switch to a different investment portfolio?

With investment performance falling to levels last experienced several years ago, it's no surprise investors follow their natural instinct to avoid risk by taking their retirement fund savings out of the market, or changing their investment. This might seem like a good idea in moments of panic but it may destroy your investment values in the long term.

Before considering what changes to make to your investment strategy, define what goals matter most to you in life and identify what solutions or services are best placed to achieve them, and keep you on track to achieving them. Seek assistance from a certified financial planner to help you make thoughtful and wise decisions in this regard. If you don't have your own, we can transfer your call to the individual advice centre, and they can assist you or put you in contact with a financial planner. The right expertise, at the right time, could be the difference between an impulsive investment strategy that falls short of your needs, and one that ultimately rewards you.



Note that if you do choose to switch portfolios, the switch process takes approximately five working days once we have received the correctly completed switch form.



7 What is Alexander Forbes doing to prevent my retirement fund savings from reducing further?

We can't eliminate the risks brought about by these market shocks, but we can manage them. This requires a strong focus on risk management to strike the right balance in taking advantage of growth opportunities while also protecting against market downturns, and quickly modifying investments if required.

Our solutions are underpinned by our multi-management approach that seeks to purposefully spread investment risk more across various asset classes, investment styles and asset managers. This provides us with a more sophisticated means of spreading investment risk within our overall client solutions. While we have experienced negative returns, the relatively defensive way we have constructed our solutions has meant that we have limited investment drawdowns relative to other market-linked portfolios and have not fully shared in the market falls.



8 How long is this volatility likely to last?

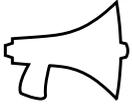
Volatility represents upward and downward movement of financial markets and how drastically they could swing. The reality is that volatility and investing go hand in hand – it has never left. It is normal for investments to come with some risk and market volatility.

Although volatility is a daily occurrence, the biggest price swings are seldom. Financial markets have experienced similar events in the past with some being more severe and drawn out than others. The good news is that while past experiences have been similarly severe, most have been short-lived. History shows us that financial markets eventually recover to their pre-market crash levels.



9 How does this market downturn create opportunities for me?

We love shopping when goods are on sale but it is strange how our instincts differ when it comes to our investments. A decline in investment returns often results in investors reacting impulsively, selling or switching their investments. However, it is during these periods that investors can afford to buy a greater share of the market for the same amount or investment. This may lead to better returns in future because it may be the best buying opportunity to rebuild your wealth when markets recover.



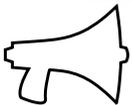
10 Cash seems to be holding up in this environment. Should I switch my retirement savings into a cash portfolio?

Remember, different asset types behave differently over time and during different market cycles. Growth assets, like equity (shares) and property, look to achieve an investment return that outperforms inflation. Defensive assets like cash and bonds, on the other hand, look to achieve more stable returns relative to growth assets. Although switching into cash or other defensive assets may seem like a good idea right now, these asset classes are less likely to beat inflation in the long term.

Your actions, not the market, are the biggest drivers of whether or not you will achieve your long-term investment goals. These actions should be guided by your investment goals. Before considering any changes to your investment strategy, it is important to seek the advice of a certified financial planner. A financial planner can help you with a proper review of your financial standing in relation to your investment goals and advise if any changes are required.



If you don't have your own financial planner, we can transfer your call to the individual advice centre and they can assist you or put you in contact with a financial planner.



11 How should investors manage their retirement fund savings during market volatility?

■ Try not to panic.

Learn to ignore the 'noise' and stick with your investment strategy. A calmer, long-term perspective will take you far.

■ Remain focused.

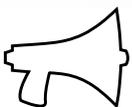
Don't make radical changes. Chat to a certified financial planner to review your situation and investment goals.

■ Control what you can control.

It's easy to get emotional about your life savings. News headlines can be valuable in keeping you informed but be careful of making decisions in haste and out of fear that could prevent you from reaching your goals.

■ Do not time the markets.

Attempting to outsmart the market by determining when to switch between investment portfolios ends in missed opportunities or even losses. **Time spent invested in the market is much more important than timing the market.**



12 What role have alternative assets such as hedge funds and private market investments played in my portfolio during this market downturn?

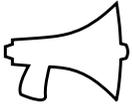
The benefit of our multi-managed approach is that we have the levers to reduce the impact of this environment by deploying different strategies at different times to implement our views and manage risk within the solutions.

The exposure to alternative assets in the mainstream component of our portfolio solutions is intended to strengthen our portfolio construction by building portfolios that are more resilient to financial market shocks.

Hedge funds have greater flexibility in the different investment strategies they can employ – either to enhance investment return or to reduce risk. This ability means hedge funds have a greater chance of mitigating losses during financial market shocks. Hedge funds are not without risk and that is why we manage them carefully in the best interests of our clients.

Private market investments offer our solutions access to investment opportunities not generally available in the public market and are therefore less likely to be affected by shocks playing out in traditional financial markets. Importantly, private markets offer an opportunity to invest exclusively in projects that contribute to economic and social development objectives as well as the transition towards a greener economy by investing in renewable energy projects. Like hedge funds, private market investments come with their own unique risks and that is why we structure and manage them in the best interests of our clients.

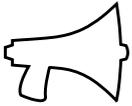
During this time, our allocations to alternatives (hedge funds and private markets) have been supportive of spreading risk more effectively in our solutions and capturing different sources of performance return. These investments, where appropriate, have helped protect our solutions against severe financial market shocks by limiting the extent to which our solutions have participated in the recent market falls.



13 Should I stop contributing to my retirement account?

The answer is a resounding 'No!'. Generating investment returns for members of retirement funds is just one part to achieving a reasonable retirement income at retirement. Retirement funds have several other benefits that are worth mentioning:

- **Contributions are tax deductible**, so this lowers members' annual taxable income.
- **Tax exemptions apply** while retirement savings remain in a fund. No tax on interest, no capital gains tax and no dividend withholding tax applies. Tax only applies when retirement savings are taken in cash by members when they leave an employer.
- **No estate duty is payable on retirement savings**, so this increases the benefits payable to beneficiaries.
- Retirement savings are generally **protected from creditors**.
- **You benefit from lower costs**. Employees will still need to save for their retirement, and the fees through an employer-sponsored arrangement are normally much lower than the employee could get in savings vehicles outside the retirement fund.
- **Compulsory savings are a benefit**. Most employees rely on their retirement funds as their only source of savings. By not having a retirement fund, employees would be significantly worse off, which would have a negative effect on their overall financial well-being.

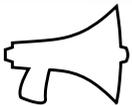


14 What is Alexander Forbes doing to prevent any further losses?

All our solutions remain closely monitored by seasoned investment professionals, who maintain a high level of investment oversight on behalf of our clients, irrespective of market or economic conditions. A risk-led investment approach is followed, meaning that the portfolio managers are equipped with the necessary levers to strike the right balance between protecting against inherent risks and quickly modifying investments to take advantage of growth opportunities, where appropriate. Portfolios that are responsive to market changes in this way are resilient to bouts of drastic volatility by minimising losses so that investments keep growing off a higher base. In this way, our solutions remain competitively positioned to deliver the highest likelihood of achieving our clients' investment goals in the long term.

Our investment team is constantly engaging with our underlying asset managers, assessing performance and evaluating if they are performing as would be expected in the current market conditions.

Against a backdrop of elevated uncertainty, our clients are reassured of our firm commitment to a multi-managed investment approach designed to crowd out value-destroying behaviour and help them tackle market turbulence, now and in future.



15 I am nearing retirement and my conservatively positioned portfolio has experienced losses. Why is my portfolio not protecting my savings during this time? What are my options?

The severity of this current market shock has meant that all financial markets have been adversely affected, including more defensively positioned investments such as bonds. The result is that virtually all risk-profiled portfolios are simultaneously constrained over this period – from those bearing the most risk (growth portfolios) to those more conservatively positioned (derisking portfolios).

This means that retirement fund members close to retirement would still have experienced losses if they have either progressed according to our best-view lifestage investment model or individually selected a derisking portfolio suited to their needs. While the returns on these portfolios have been negative, the extent of their underperformance has been muted relative to portfolios typically used in the 'growth' phase of retirement planning. This is what would be expected of a derisking phase portfolio, even when performance is adversely affected during sudden market shocks.

We encourage all soon-to-be retirees to speak to a certified financial planner to re-evaluate their financial position and consider how they should invest their accumulated retirement fund savings for the short term. Getting professional personalised advice, at the right time, can help you define what goals matter most to you in life at this time, identify what solutions or services are best placed to achieve them and improve your chances of financial success in your retirement years.



If you don't have your own financial planner, we can transfer your call to the individual advice centre and they can assist you or put you in contact with a financial planner.

Taking action based on information provided

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