



ALEXANDER FORBES
CLARITY™

It's retirement income, defined.



The current landscape

We know that only 6% of South Africans are retiring with enough savings for a comfortable retirement. At Alexander Forbes Investments we're on a mission to improve this statistic, by helping clients secure their financial well-being. We're proud to introduce a revolutionary solution that is leading and shaping the market. Our solution brings our Living*Investing approach to life as we aim to give our clients a higher degree of certainty of reaching their retirement outcomes through different markets, and their own, life cycles.

Introducing Alexander Forbes Clarity™ In Pursuit of Certainty

Alexander Forbes Clarity™ creates a personalised retirement investment strategy for each member of your retirement fund, taking into account specific retirement income goals per member (as defined by the fund trustees on behalf the members). This is designed with the aim of giving members an increased level of certainty in reaching their retirement income goals. It aims to allow members to retire with a more adequate retirement income (their retirement income goal), thereby helping them improve their financial well-being.

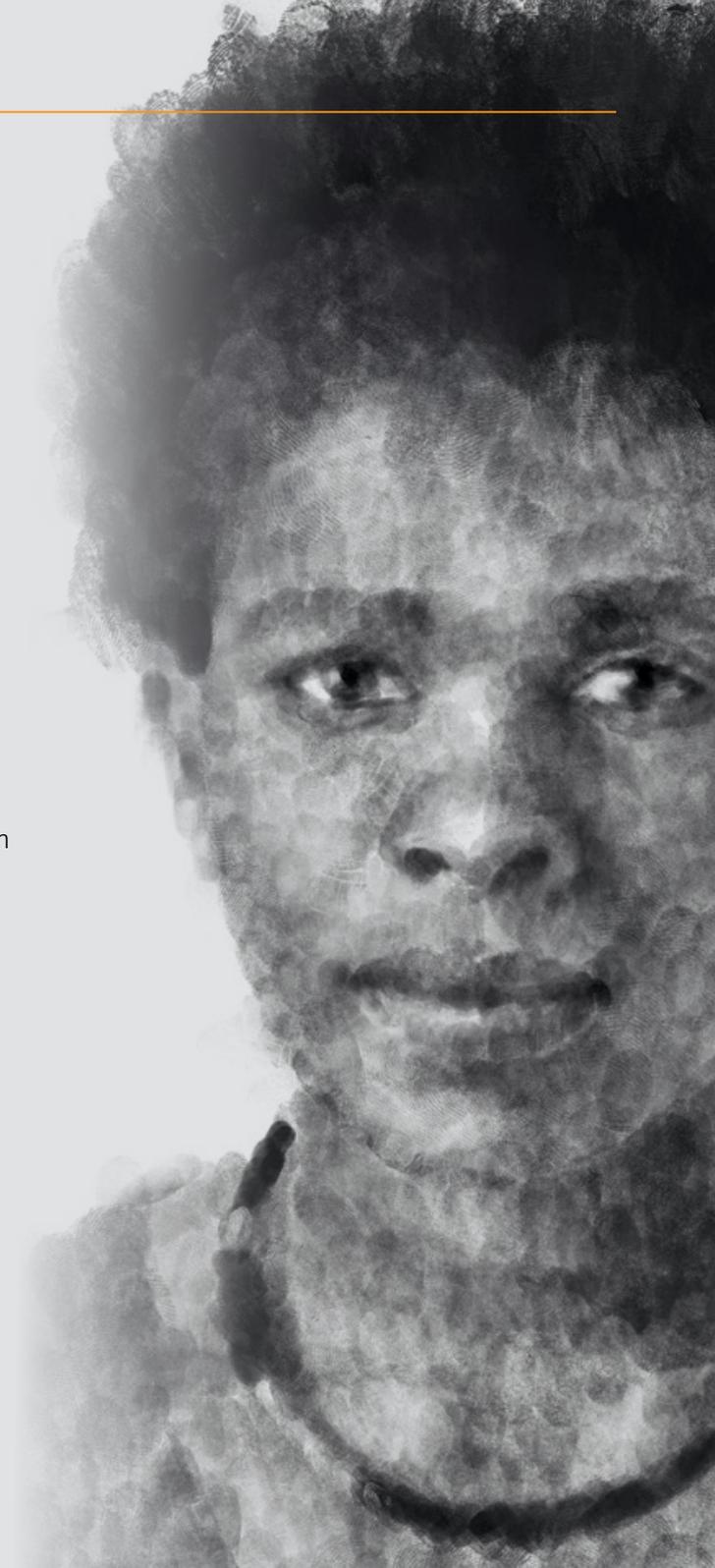
Alexander Forbes Clarity™

It's engineered for individuality.

No two people in a retirement fund are the same, so why should their investment strategies be identical? Alexander Forbes Clarity™ focuses on each individual, to create a personalised retirement income goal that's as unique to them as their fingerprint. It then tailors their retirement investment strategy to improve the likelihood of reaching the retirement income goal. Unlike traditional lifestage models currently available in the market that use a person's age, Alexander Forbes Clarity™ is the only solution that is technically capable and built to use unique member information in one complete picture. We use information such as:

- ° time to retirement
- ° time in fund
- ° fund credit
- ° contribution amount
- ° current interest rates
- ° current salary and salary inflation

It's game-changing technology that allows us to use this data to calculate each members' targeted retirement income goal in accordance with the overall strategy set by the trustees. Direct member communication further aids the client on how best to achieve their retirement income goal.



It's about clarity.

This solution aims to give trustees:

CLARITY

on what their members' income at retirement could be

CLARITY

on how to improve their members' outcomes

CLARITY

on how to remain invested through volatile and uncertain markets

It's focused on an outcome, not a benchmark.

Market research and years of experience of educating members in retirement funds has shown that most members don't fully appreciate the concept of net replacement rates or capital values projected into the future. Even percentages can be confusing to many. But the one thing that resonates with a person is "how much income will I have in retirement?"

Alexander Forbes Clarity™ targets a specific retirement income goal (in today's money terms) for each person in the fund, tailoring it for the time each person spends in the fund. This retirement income goal becomes the yard stick against which fund performance is measured.

Each member's information as set out on the previous page is continuously assessed against their retirement income goal with their bespoke investment strategy responding to changes in markets and their choices within the retirement fund (such as future contribution rates).

It's about Living* Investing – Alexander Forbes Investments' unique investment philosophy

New technology now allows us to implement the Living* Investing approach where we bring together

goals, investment management, and enhanced client experience - all aiming to secure better outcomes for members in retirement. Each member's bespoke investment strategy will adapt to the market, while aiming to improve investment outcomes through our risk-led investment approach. This approach aims to reduce exposure to downward markets, growing members balances off a higher base to achieve the enhanced results.

It's about informed decisions

We aim to improve member behaviour through relevant information, not more information. This information is tailored, clear and easy to understand information based on their individual savings in the fund.

Each member will receive a personalised report that will show the retirement income they're on track to receive (relative to the goal), rather than focusing an overall fund credit. We believe that giving members relevant information in monthly income terms empowers members to make informed decisions about preserving their retirement savings if they change employers, as well as understanding how the amount of their contributions impacts on their retirement savings. The member is also likely to start engaging with their retirement provision at an earlier age through appropriate and holistic advice.

A clear and simple investment strategy, in pursuit of certainty.

There are two investment building blocks in Alexander Forbes Clarity™.

Alexander Forbes Clarity™ creates a personalised retirement investment strategy for each person in the fund that dynamically allocates their retirement savings between two types of portfolios. The first type of portfolio is a **growth portfolio** and the second type of portfolio is a **de-risking portfolio**. The allocations between these portfolios depend on the member's fund information as per the above criteria. Both portfolios are built with the **Living*Investing framework** as the foundation. At Alexander Forbes Investments, Living*Investing links goals to investment management, while uniquely building solutions with a risk-management mindset.



BUILDING BLOCK ONE:

A growth portfolio to build members' savings over the longer-term

1

Clarity Best View Growth

The Best View newly developed specialist portfolio for maximum growth which invests in mainly local and offshore equities (passive and active), local property and alternative growth assets

2

Clarity Smart Beta Growth

A newly developed portfolio that has a greater use of index tracking and smart beta building blocks to reduce overall costs while still seeking outperformance of market indices

BUILDING BLOCK TWO:

A de-risking portfolio that locks in growth and targets certainty

A member is then moved into de-risking portfolios when they are closer to retirement.

These include a mix of fixed income instruments to target the cost of an annuity.

How does it all work practically?

Alexander Forbes Clarity™ will be the default investment option chosen by the trustees, participating employer or management committee. The framework then automatically allocates individuals to a personalised retirement investment strategy. In addition, this meets the requirements of the new default regulations. Individuals can still choose their own retirement investment strategy by opting out of **Alexander Forbes Clarity™** if their fund allows this.

The growth and de-risking portfolios are managed in accordance with Regulation 28 of the *Pension Funds Act*. Trustees can have peace of mind in knowing that each and every member's investment as well as the fund will always be managed in compliance with Regulation 28 limits.

An international best practice solution produced by market leaders

Alexander Forbes Clarity™ is at the forefront of implementing individualised solutions at a member level through an institutional retirement saving solution within the South African retirement saving industry. It is the first, and only, of its kind in South Africa, designed by Nobel Laureates and brought to you by Alexander Forbes Investments, in conjunction with Colourfield Liability Solutions, its chosen provider.

The technology has been developed with some of the world's most highly acclaimed academics, such as Nobel Laureate Professor Robert C. Merton of Dimensional Fund Advisors who have dedicated

decades of their academic and professional lives to being at the forefront of this goals-based approach.

This approach has been adopted by leading institutions across the globe. It has been successful in the United States, United Kingdom, the Netherlands, Chile and Australia. SunLife, the largest administrator of defined contribution arrangements in Canada, and TIAA, one of the largest retirement providers of financial services in the United States use this approach. Various superannuation funds in Australia are now beginning to pursue this as well.



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It's retirement income, defined.

Give the individuals in your fund clarity on their retirement when you evolve your investment strategy to one that's as unique as they are.

Speak to your Alexander Forbes representative or your Independent Financial Adviser.

www.alexanderforbes.co.za

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Please note that Alexander Forbes Clarity™ does not consider all the various factors that influence the financial well-being of a member. We simply don't have access to all that information. Alexander Forbes Clarity™ encourages, through the member experience, more holistic financial planning and the seeking of appropriate advice.