



The 10X offering to stand-alone funds

What does 10X offer?

10X Investments (10X) is an authorised financial services provider, a licensed Retirement Fund Administrator and a discretionary investment manager offering the full range of services to retirement funds. This includes consulting, administration and investment management.

10X offers a fully integrated service:

- 10X provides guidance to the trustees on the fund structure (stand-alone versus umbrella fund), benefit and contribution design and investment strategy
- 10X administers and manages the assets of the fund.
- The 10X Preservation Funds are available to withdrawing members with no initial fee. This preserves not only the investment but also the low fee structure and the 10X investment strategy.

10X also offers an investment-only service, which is well-suited for default funds, in a member choice environment.

Member investment choice and the default fund

It is becoming common to offer member choice, allowing employees to choose from a selection of investment managers and funds. This is not a desirable development.

There are three problems with member choice. One, few members exercise choice: typically 80% of employees end up in the default fund. Two, of the members who do exercise choice, few have the insight to select appropriately. And three, choice increases costs.

Why 10X?

The 10X retirement solution is ideal for stand-alone funds that do not offer choice or that provide a 'default' option. In terms of the Pension Funds Act, trustees must act in the best interests of all members; this duty is best discharged with an investment strategy that considers the individual rather than the average member.

At 10X, all members are invested according to their retirement date, to ensure they own risk-appropriate portfolios throughout their working life.

Our low fee structure improves the investor return (fees are negotiated but as an indication, on funds above R50m, the investment fee is likely to be around 0.3% pa) and our reporting is flexible and highly transparent. The monthly benefit statement provides full disclosure on performance, costs, asset allocation and how much money the member can expect at retirement – in today's terms.

How is your money invested?

You are invested in an optimal portfolio based upon your age

Your money is invested in one of the 10X Life-stage portfolios according to your expected retirement date.

The longer the investor's time to retirement, the higher their allocation to shares – the asset class with the highest expected long term return. If you are more than nine years away from your retirement date, you will be allocated to a portfolio with the highest exposure to shares (75%). This portfolio will produce highly variable returns over the short term and may suffer losses of 20% or more over a one or two-year investment period. However, over the long term this portfolio is expected to produce the highest returns, around 5% pa after inflation.

The shorter the investors time to retirement, the greater the focus on capital preservation. With less than nine years to your retirement date, you will be allocated to portfolios with lower share exposure and higher exposure to bonds and cash (lower risk assets).

The 10X Funds are indexed

An index fund seeks to mirror the performance of the stock market by investing directly in the shares that make up the market. The alternative strategy is to trade the market in the hope of earning a higher return than the market delivers. This is called active management.

Why index? Typically only two out of 10 fund managers beat the index over twenty years. And as past performance is not an accurate predictor of future performance, the probability of identifying these outperformers ahead of time is equally low. We liken it to playing Russian roulette, not with one chamber loaded, but with one chamber empty.

Fig 2: Only 2 out of 10 actively-managed funds outperform the SA Index



Source: Profile Data, General Equity Unit Trusts versus FTSE JSE All Share Index 20 years to Dec. 2009

How do you find out more about the 10X offering?

Contact us at info@10X.co.za, www.10x.co.za or at 0861 109 109 to set up a formal presentation. On request, 10X will prepare a formal proposal, quotation and 'Terms and Conditions' document for your approval.

About 10X

10X Investments is a licensed Pension Administrator and authorised Financial Services Provider offering the full range of services to retirement funds and companies. These services include education on appropriate savings and investment strategies, as well as administration and investment management. The company was founded by Steven Nathan, former Managing Director and top-rated analyst at Deutsche Bank, and David Shochot, an actuary and also a former Deutsche Bank analyst. Our clients include African Bank, Deutsche Bank, Macquarie and Invicta Group.

For more information or to invest, visit www.10X.co.za.
10X Investments is an authorised Financial Services Provider (FSP 28250)
This is an information document and it does not constitute advice

10X Investments: salient product features

Asset allocation	Life-stage based upon investor's retirement date
Investment style	Indexed portfolios
Administration fees	Per member (employee) per month, fees are dependent on Fund size
Investment management fees	Sliding fee scale pa as % of investment value (ex. VAT): R0 – R50m 0.44% R50m – R100m 0.30% R100m – R200m 0.25% R200m – R500m 0.25% R500m+ 0.20%
Asset custodian	Deutsche Bank
Auditor	PwC
Regulator	Pension Regulator of the Financial Services Board (FSB)
Administrator	10X Investments, approved Section 13(B) administrator 24/444
Investment manager	10X Investments, authorised Financial Services Provider (FSP 28250)

If you have any questions on this brochure, please e-mail us at info@10x.co.za

Why 10X?

Most people fail to save enough money to maintain their standard of living in retirement. Several retirement industry practices contribute to this failure. You can avoid these with a 10X retirement or preservation fund.

The industry: high cost, indirect

High cost

The long term real (after-inflation) return for a balanced investment portfolio is around 5% pa before costs. The total cost of retirement investing is around 3% pa; compounded over a working life, this absorbs 75% of the investor's return.

Choices

The industry provides hundreds of investment choices without a preferred solution. Choice adds cost, complexity and the need for advice.

Brokers

Too many advisors make inappropriate investment recommendations that are ill-informed or motivated by broker commissions.

Active management

Investors are led to believe that active managers reliably beat the market. But after costs, the market beats around 80% of active funds.

Low transparency

Reporting is often unclear and incomplete. The total cost of retirement investing is seldom disclosed, nor the long-term impact on your investment outcome.

Any one of these problems can derail your retirement

The 10X solution: low cost, direct

Low cost

10X's fees are well less than half the industry average. You capture the bulk of the investment return.

One solution

10X has one solution and no confusing choices. You are invested in an optimal portfolio based upon your age.

Direct

You deal directly with 10X - no brokers, no commissions. We embed essential advice and risk management in the investment strategy.

Indexing

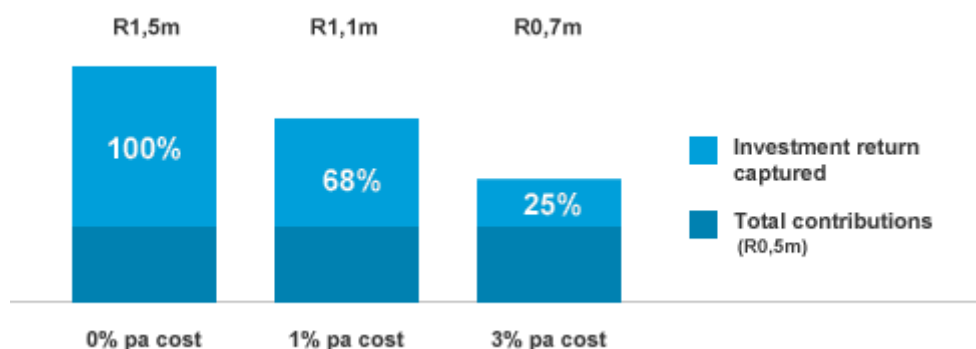
10X portfolios are indexed as index funds beat most professional managers.

Full transparency

10X reporting is simple, complete and transparent.

All the above must combine to secure your retirement

Fig 3: Cost impact on your real investment return: 40 year investment & 5% pa real return



An investor saving R1,000 per month for 40 years earning a 5% p.a. real return, will have a retirement investment of almost R1.5 million (in today's money) in a zero cost environment. This comprises roughly R500,000 of contributions and R1 million in investment returns. Source: 10X Investments.

The graph above shows the impact of costs on your long-term investment return. Costs of 1% will absorb a third of your real return but costs of 3% (the approximate industry average) a full 75%!

For more information or to invest, visit www.10X.co.za.
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