

The 10X Umbrella Fund



Investments

why a retirement fund?

A company retirement fund (either pension or provident) is the most efficient and tax-effective way for employees to save for retirement.

Such funds offer a disciplined investment plan that pays on retirement, retrenchment, resignation, disability or death. Participants receive generous tax concessions and, by pooling their investments, pay lower administration and investment costs than could be achieved individually. Retirement funds are regulated to safeguard the interests of savers and their dependents. Further, they can facilitate insurance benefits, such as life and disability cover at group rather than individual rates.

“We offer a direct, low-cost umbrella fund, our total fees rarely exceed 1%. We provide full transparency, online reporting and hassle-free administration.”

Steven Nathan, CEO 10X



Who should consider an umbrella fund?

An umbrella fund is appropriate for all employers who lack size to extract scale benefits from a stand-alone fund. But it also suits large employers who wish to outsource the administration and management of their retirement fund.

An umbrella fund pools the retirement investments of multiple employers. This reduces the average cost per member and can provide other advantages such as professional governance. Members and employers benefit from higher returns and lower regulatory risk. The South African retirement industry is heading strongly in the direction of umbrella funds: the number of stand-alone retirement funds in South Africa has almost halved over the past few years.

What are the tax advantages of a retirement fund?

A retirement fund confers three significant tax advantages that can increase the final value of your employees' investment by up to 30%.

- > Contributions to a retirement fund are deductible up to 20% of income (in a pension fund, the employee can deduct a further 7.5%).
- > The investment return earned by the fund is tax free.
- > The first R945,000 of any cash lump sum is taxed at a low rate at retirement.

the 10X low-fee advantage

High costs are a problem with the standard umbrella fund. Investors may pay high recurring broker, administration and investment management fees. Also, these fees are often not disclosed or are hard to find. Total fees can add up to 3% of the member's investment value per annum. Compounded over a working life, this can eat up 75% of the real investment return (after inflation) and more than offset the tax advantages of a retirement fund.

You can avoid these practices with 10X. We offer a direct, low cost umbrella fund. Our total fees rarely exceed 1%.

10X Umbrella Fund fees (ex. VAT)

Investment value	Broker ¹	Consulting & Admin ²	Investment management pa
R0 - R1m	Nil	charged per employee	0.90%
R1m - R10m	Nil	based upon company size. Fees	0.70%
R10m - R25m	Nil	range from R20pm to R50pm per employee	0.50%
R25m - R100m	Nil		0.30%
R100m - R500m	Nil		0.25%
+R500m	Nil		0.20%

Source: 10X Investments pm = per month, pa = per annum

¹ Should the employer wish to use an independent broker, such broker will charge a fee, either at a negotiated rate or per industry scale.

² Approximate fee range; subject to annual review.

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. These portfolios ensure you are invested in mainly high growth assets (local and international shares) for the bulk of your working life, to maximize your long term return. Share markets are volatile and deliver unpredictable returns in the short term, but volatility decreases and predictability increases over the long term.

10X Life-Stage asset allocation



— Low risk assets (bonds and cash)
 — High risk assets (local and foreign equities)

Source: 10X Investments

However, over your last ten working years, the 10X Life-Stage portfolios gradually shift your money to less volatile assets (bonds and cash) to preserve your accumulated wealth.

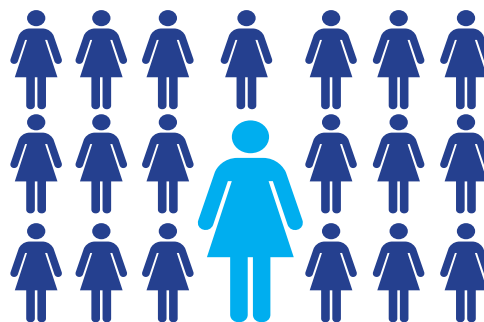
By enduring short-term swings you reap the long-term reward.

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? Because only one in 20 fund managers beats 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.

Only one in 20 actively-managed funds outperforms the SA market



Source: Profile Data, General Equity Unit Trusts versus FTSE JSE All Share Index 20 years to Dec 2010

For more information refer to the 10X Investment Guide.



Transparent reporting and independent governance

10X reporting is simple, complete and transparent. All reports are available on-line. Benefit statements and investment performance are updated monthly. Employers and members have full access to all aspects of their retirement fund.

Strong governance is fundamental to our business. The 10X Retirement Funds are controlled by an independent professional Board of Trustees (refer salient product features). PwC are the independent auditors and Deutsche Bank is the independent asset custodian. Retirement fund assets are ring-fenced to ensure they are always safe and secure.

Hassle-free administration

10X's administration is efficient and effective. Our uniform investment and reporting processes run off the latest technology and are simple to manage. As our systems do not have to contend with legacy issues and products, they are not prone to error and delays.

How do you apply for the 10X Umbrella Funds?

Contact us at umbrella@10x.co.za or at 021 412 1010 to set up a formal presentation. On request, 10X will prepare a formal proposal and quotation document for your approval. We also offer a benchmarking exercise to compare your current fund to 10X.

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.

10X Funds are independently controlled and thus have a strong focus on the investors' interest and low fees. Our clients include African Bank, Deutsche Bank, Macquarie Securities, Invicta Group, EOH and I-Net Bridge.

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 10X.

The 10X solution:

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

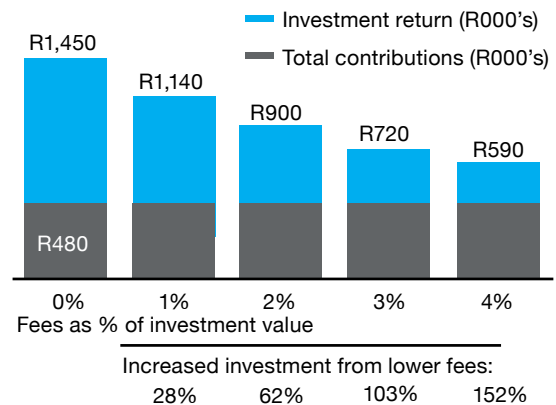
10X reporting is simple, complete and transparent.

Independently-controlled funds

All 10X's fund are professionally governed by an independently-controlled Board of Trustees to focus on investors' interests.

All of these factors combine to secure your retirement.

Fee impact on your investment value



Source: 10X Investments

An investor saving R1,000 per month for 40 years earning a 5% pa real (after-inflation) 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.

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) will reduce your potential real return by a full 75%.

“A low-cost index fund is the most sensible equity investment for the great majority of investors.”

Warren Buffett



10X umbrella funds: salient product features

Asset allocation

Life-stage based upon investor's retirement date.

Investment style

Indexed portfolios

Tax deductibility of employee contributions

7.5% for pension fund member, none for provident fund member

Tax deductibility of employer contributions

20% of remuneration defined as retirement funding income

Tax on investment return

No tax is payable.

Tax on lump sum investment at exit

At retirement	Tax rate	Withdrawal	Tax rate
R0 - R315,000	0%	R0 - R22,500	0%
R315,000 - R630,000	18%	R22,500 - R600,000	18%
R630,000 - R945,000	27%	R600,000 - R900,000	27%
+R945,000	36%	+R900,000	36%

Source: South African Revenue Service

Estate duty (tax)

Upon death, the investment is not subject to estate duty provided no lump sum is taken.

Insolvency protection

A retirement fund is protected should the member become insolvent.

Available cash lump sum on retirement

For a pension fund, one-third of the investment value at retirement; for a provident fund, the full amount.

Annuity

Pension fund members must use two-thirds of their investment to purchase an annuity; the monthly annuity is taxed per the income tax tables.

Early withdrawal

Participants may withdraw their investment upon leaving their employer; otherwise only upon retirement.

Minimum retirement age

55

In the event of death

The proceeds will be paid to your nominated beneficiaries, once the Trustees are satisfied that your dependents are provided for.

Asset custodian

Deutsche Bank

Auditor

PwC

Regulator

Financial Services Board (FSB)

Independent Board of Trustees

Jonathan Mort

- past National President of the Pension Lawyers Association

Prof. Caspar Greeff

- former head of WITS and Stellenbosch Actuarial Departments

Wanjiru Kirima

- Principal Officer FirstRand Group

Administrator

10X Investments, approved Section 13(B) administrator 24/444

Investment manager

10X Investments, authorised Financial Services Provider (FSP 28250)

Umbrella Pension Fund registration

10X Umbrella Pension Fund #12/8/37756

Umbrella Provident Fund registration

10X Umbrella Provident Fund #12/8/37757

10X governance

Independently controlled Board of Trustees:

Independent trustees



Jonathan Mort (Chairman) is a pension fund lawyer with over 25 years experience. Mr Mort is a past National President of the Pension Lawyers Association, sits on the Actuarial Society

professional conduct committee and acts as legal advisor to the Tutu Foundation.



Professor Caspar Greeff has more than 40 years experience. He was the Head of the Actuarial Departments at University of Wits and Stellenbosch Universities.



Ms Wanjiru Kirima is the Principal Officer of the FirstRand Group and Chair of the Principal Officers Association.

Founder and executive director:

Sponsor elected trustee



Steven Nathan (CEO, CA (SA), CFA) is a former Managing Director of Deutsche Bank. He was a top-rated equity analyst and a member of Deutsche Bank's SA management exco. He formerly headed the bank's

Global and European banks research in London.

Auditors: PwC

Asset custodian: Deutsche Bank

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This is an information document, it does not constitute advice and does not form part of the contract between the member and the 10X Umbrella Funds. The rules of the 10X Umbrella Funds are registered with the Financial Services Board, and are available for inspection. These rules together with the Pension Funds Act govern the 10X Umbrella Funds.

10X Investments is an authorised Financial Services Provider.