JUST LIFETIME INCOME

Allan Gray Balanced Investment Portfolio

2019 income increases

JUST.
RETHINK RETIREMENT

How your lifetime income will increase

Just Lifetime Income is designed to provide the following benefits:

- A lifetime income that can never reduce, regardless of what happens to investment markets or how long you live.
- Annual increases in your lifetime income linked to the performance of the Allan Gray Balanced Fund, but guaranteed to be no lower than zero.
- **After your annual increase, this new level of income is guaranteed for life.**

The annual increase is calculated using the increase formula that is set out in your policy contract and reviewed by an independent actuary. The last table shows you how to approximate this calculation using the approach set out in our Fund Fact Sheet.

Your annual increase depends on the post-retirement interest rate category that you chose

Your policy contract will indicate whether you are receiving a Lifetime Income or a Lifetime Income with a full mortality guarantee. The only difference being that for a Lifetime Income with a full mortality guarantee Just insures the mortality experience and any deviations in actual mortality experience from expected experience will not have any impact on your increases.

When taking out your policy, you selected a guaranteed interest rate category (post-retirement interest rate, or PRI) that set your starting income, and determines your increase category. There is a trade-off: the higher the PRI, the higher your starting income, but the lower your targeted future increases. You will find your PRI category in the policy schedule of your contract.

The table below indicates what the increase in your income in 2019 will be:

PRI category	Lifetime Income increase	Lifetime Income with mortality guarantee increase
0%	9,35%	10,15%
0,5%	8,80%	9,59%
1%	8,25%	9,05%
1,5%	7,72%	8,50%
2%	7,18%	7,97%
2,5%	6,65%	7,43%
3%	6,13%	6,91%
3,5%	5,61%	6,39%
4%	5,10%	5,87%

In a tough economic environment, we are delighted that all the increases exceed the latest known average year-on-year inflation over the last twelve months of 4,6% (Source: Stats SA).

Increases are supported by a large positive experience adjustment this year, which has been distributed immediately amongst the policyholders. In the long-term, we would expect this item to be small.

Approximate calculation

The annual increase is calculated using the increase formula set out in the Fund Fact Sheet. This can be very closely approximated using this approach, also shown in the Fund Fact Sheet:

1. The average investment return on the Allan Gray Balanced Fund over the six years up to the increase calculation date, after deducting asset management fees,
2. less the annual product management fee,
3. add/less an experience adjustment,
4. less your selected post retirement interest rate category.

Step 1:

The actual investment track record of the Allan Gray Balanced Fund that has been taken into account for increases starts on 1/11/2015. Prior to that, we use a return of average inflation (CPI) + 6%.

Year	Return after asset management fees
Nov' 2012 – Oct' 2013	11,7%*
Nov' 2013 – Oct' 2014	12,1%*
Nov' 2014 – Oct' 2015	10,6%*
Nov' 2015 – Oct' 2016	7,0%
Nov' 2016 – Oct' 2017	13,2%
Nov' 2017 – Oct' 2018	-1,5%
Average over the 6 years	**8,9%**
75% of the average over the 6 years	**6,7%**

* Average inflation (CPI) + 6%

Step 2:

Deduct the product management fee of 1,1%, as disclosed in the Fund Fact Sheet and your policy contract.

Step 3:

Add the experience adjustment.

	Lifetime Income	Lifetime Income with mortality guarantee
The experience adjustment that has been included in the Lifetime Income increase	3,80%	4,60%

The experience adjustment is the difference between the best estimate assumptions required for pricing annuities (reviewed by the independent actuary, Deloitte) and actual experience, spread over six years - this item is usually very small. Assets and liabilities are closely matched and it is unnecessary to hold back surplus - if there is a surplus of more than 2,5% of liabilities, it is distributed immediately to the policyholders.

Our Principles and Practices of Financial Management (PPFM) have been updated to reflect this practice. The PPFM is available on our website at www.justsa.co.za.

Step 4:

Deduct your post-retirement interest rate category, which you will find in your policy contract.

Approximate calculation table for Lifetime Income and PRI 3,50%

Step 1: Start with 75% of the average return over the 6 years	6,70%
Step 2: Deduct the product management fee of 1,1%	-1,10%
Step 3: Add experience adjustment	+3,80%
Step 4: Deduct your post-retirement interest rate (3,50% in this example)	-3,50%
Approximate increase	**5,90%**
* Accurate increase as per contract formula	**5,61%**

**Accurate increase as per contract formula: This is the value calculated using the formula that can be found in the Annexure to your policy contract.*

When will my income increase?

Your income will increase in the month indicated in the Schedule of your Policy.

Disclaimer

Contact details

Call: 087 238 2690
Email: info@justsa.co.za
Visit our website: www.justsa.co.za

- A more detailed description of the Just Lifetime Income (Investment Driven) is available in brochure format on our website.
- The way in which we manage the Just Lifetime Income (Investment Driven) is outlined in the Principles and Practices of Financial Management (PPFM) document, also available on our website.

Please contact your Financial Adviser should you have any further queries.