

RULING APPLICABLE TO RULE C7.5.0:-

Ruling indicating the process to be followed in respect of the implementation of Rule C7.5.0 “Investment Portfolios” applicable to Members (including, where applicable, deferred pensioners and in-Fund living annuitants) of the DC Section of the De Beers Pension Fund (the Fund)

1. Unitisation date

“Unitisation Date” shall mean the periodic calculation of the unit price of any investment portfolio (as more fully set out in paragraph 5 below).

2. Investment Portfolios

- (a) The Trustees shall arrange for the establishment and maintenance of separate age-related default life stage investment portfolios, each with its own underlying investment strategy. The range and number of investment portfolios shall be decided by the Trustees from time to time and shall be in accordance with the Fund’s stated investment strategy (IPS). Members (including, where applicable, deferred pensioners) will automatically move between default portfolios as they age. Members do however have the option to select life stage investment portfolios other than the default portfolios established for their age group, and a stand-alone cash portfolio.
- (b) Separate records shall be maintained for each investment portfolio that a Member or living annuitant is invested in.

3. Portfolio Conditions

- (a) Investment fees and charges relating to the investment of assets in any of the portfolios shall be deducted from the global amount invested therein.
- (b) A Member, deferred pensioner or living annuitant, as applicable, will be permitted three free optional investment switches (for his or her Fund Credit or living annuity capital account balance, as applicable) between life stage portfolios during the Fund’s financial year (March to February the next year). Thereafter a switching fee of R1 000.00 per switch will apply. Age related automatic life stage switches, where applicable, are implemented at no cost to the Member.

The Member is required to ensure that written confirmation of the execution of his portfolio switch instruction is received from the Fund.

4. Unitisation of Portfolios

- (a) The assets standing to the credit of each investment portfolio and all the other assets of the Fund are unitised.
- (b) The unit price of each portfolio is determined daily by the appointed unitiser in accordance with the current market values of the underlying securities, increased or decreased by the investment return and after taking into account any related investment charges.
- (c) Contributions paid by the Member and/or Employer to the Fund, net of any costs and expenses as provided for in accordance with the Rules, shall be credited to the applicable portfolio on the Unitisation Date within 5 working days of the later of (a) the receipt of the contributions and (b) the receipt and reconciliation of the Employer schedule to the contributions.
- (d) Interest paid by the Employer to the Fund as a result of the late payment of contributions in terms of Section 13A of the Act shall be allocated proportionately to the Fund Credits of affected Members within 5 working days of the receipt of such interest by the Fund.
- (e) Member benefit payments shall be disinvested as required at the ruling unit price and the number of units will then be adjusted accordingly.

5. Participating and Investment in Portfolios

- (a) The terms and conditions under which Members may be permitted to participate in the investment portfolios shall be decided by the Trustees from time to time.
- (b) The terms and conditions applicable to participation in the default life stage investment portfolios, including portfolio switching conditions and fees, and notice periods shall be specified by the Trustees acting on the advice of the Actuary and notified in writing to the Members from time to time.
- (c) The Trustees shall take all reasonable steps to ensure that Members of the Fund are adequately informed regarding all investment portfolios, investment and disinvestment practices / conditions and the investment choices available to them. Provided that the Trustees shall in no way advise, influence or assist Members in making their investment choices. Such advice must be obtained by Members from their personal financial planners should it be required.

6. Disinvestment

- (a) For the purposes hereof, the date of disinvestment of a withdrawal (including a resignation, dismissal or retrenchment) or retirement benefit (from the portfolio in which a Member's benefit was invested prior to such withdrawal or retirement) of a Member shall be within 5 working days (the ruling price for the day only being available the next day) subject to the provisions of 6(b) and 6(c) below, of the later of:

- the date of withdrawal or retirement from service;
- the date of the receipt of the last contribution from the Employer; or
- the date of receipt of all of the relevant documentation from the Member, in the format prescribed by the Fund and advised to the Member, of the Member's election to withdraw or retire from the Fund.

Negative contributions will only be recovered in cases where there are funds available in the member's disinvested Fund Credit and where the employer has previously overpaid the member's contributions to the Fund.

- (b) A Member who, following his or her withdrawal or retirement from service:

- (i) does not make an election to withdraw or retire from the Fund in terms of 6(a); or
- (ii) makes an election to become a deferred pensioner in terms of the Rules of the Fund

shall become a deferred pensioner within 5 working days of the later of:

- the date of withdrawal or retirement from service;
- the date of the receipt of the last contribution from the Employer; or
- the earlier of:
 - the date of receiving written or electronic notification from the Employer, in the format prescribed by the Fund and advised to the Employer, of the Member's withdrawal or retirement from service; and
 - the date of receipt of all of the relevant documentation from the Member, in the format prescribed by the Fund and advised to the Member, of the Member's election to become

a deferred pensioner following withdrawal or retirement from service.

Negative contributions will only be recovered in cases where there are funds available in the member's Fund Credit and where the employer has previously overpaid the member's contributions to the Fund.

In respect of Members referred to in:

- 6(b)(i), the Member's Fund Credit shall be invested in the same manner in which it was invested before he or she withdrew or retired from service, i.e.
 - if the Member had made an active investment choice, that portfolio choice shall apply until such time as the Fund is advised otherwise by the Member, in the format prescribed by the Fund and advised to the Member; or
 - if the Member's Fund Credit was invested in the default life stage model, the default life stage model in respect of deferred pensioners shall apply to the investment of the Fund Credit after withdrawal or retirement from service until such time as the Fund is advised otherwise by the Member, in the format prescribed by the Fund and advised to the Member.
 - 6(b)(ii), the investment of the Member's Fund Credit shall be based on the Member's election, as advised to the Fund in the documentation submitted by the Member.
- (c) A Member (deferred pensioner) referred to in 6(b) may, to the extent permitted by the Rules of the Fund, elect to withdraw or retire from the Fund at any date following the date on which the Member became a deferred pensioner. The date of disinvestment of such a withdrawal or retirement benefit (from the portfolio in which a Member's benefit was invested prior to such withdrawal or retirement) shall be within 5 working days (the ruling price for the day only being available the next day) of the date of receipt of all of the relevant documentation from the Member, in the format prescribed by the Fund and advised to the Member, of the Member's election to withdraw or retire from the Fund.
- (d) The date of disinvestment of a Member's Fund Credit on the death of a Member (from the portfolio in which a deceased Member's benefit was invested prior to the Member's death) shall be within 5 working days (the ruling price for the day only being available the next day) of the later of:

- the date of death;
- the date of the receipt of the last contribution from the Employer; or
- the date of receiving written or electronic notification from the Employer, in the format prescribed by the Fund and advised to the Employer, of the Member's death.

Negative contributions will only be recovered in cases where there are funds available in the member's disinvested Fund Credit and where the employer has previously overpaid the member's contributions to the Fund.

Any lump sum death benefit received from the Fund's risk benefit insurer in respect of the deceased Member will be invested in the Fund's current bank account.

- (e) In respect of Members who transfer to another approved Fund as part of a transfer of business in terms of Section 14 of the Pension Funds Act, the date of disinvestment of a Member's Fund Credit (from the portfolio in which a Member's benefit was invested prior to the approval of the application by the Authority) shall be within 5 working days (the ruling price for the day only being available the next day) of the date on which the Fund receives confirmation of approval of the transfer from the Authority.
- (f) In respect of Members (living annuitants) who elect to transfer the balance in their Living Annuity Capital Account to a Registered Insurer in terms of the Rules of the Fund, the date of disinvestment of a Member's Living Annuity Capital Account Balance (from the portfolio in which a Member's benefit was invested prior to the approval of the application by the Authority) shall be within T+5 working days (the ruling price for the day only being available the next day) of the later of:
 - date on which the Fund receives confirmation of approval of the transfer from the Authority; and
 - the date of the payment of the pension in the month in which approval of the transfer is received from the Authority.
- (g) The benefit due to a Member in terms of the Rules shall be calculated with reference to the applicable unit price as at the date of disinvestment (in terms of 6 (a), (c), (d), (e) or (f) above) and shall be disinvested at that price and placed in the Fund's current bank account by no later than the 5 working days after disinvestment until actually paid to or transferred on behalf of a Member or his/her Beneficiaries, following receipt of all relevant exit documentation:

Provided that any interest accruing and/or costs and applicable taxes incurred in the intervening period pending actual payment of such benefit shall be debited and/or credited as applicable.

- (h) Any transfer of benefits out of the Fund shall be dealt with in accordance with the Rules of the Fund and any other conditions set out in writing by the Trustees acting on the advice of the Actuary at the time of such transfer.
- (i) It is recorded that any delay and/or negligence on the part of the Employer in attaining the turnaround times for effecting placement of a Member's benefit in the Fund's current bank account, as per paragraph 6 (a), 6(b) or 6 (d) above, the Employer will make good the shortfall so as to place the Member in the same position as he would have been had no delay and/or negligence occurred.
- (j) The Fund shall not be held liable for any losses incurred by a Member as a result of an election by a Member.

Members who are in the default life stage portfolio and whose birthday (where this birthday results in a move to the next life stage portfolio) occurs during a particular month will have the transfer to the next life stage portfolio done on the first working day of the next month.

- (k) Monthly payments in respect of both life and living annuities (in-fund annuities in payment) from the Fund will be disinvested from the applicable portfolio within 7 working days of the close of the pensioner payroll for any particular month.
- (j) For the purposes hereof, where a Member elects to switch to an alternative portfolio, the date of disinvestment will be within 5 working days of the receipt by the Fund of the notification from the Member.

7. Member's Fund Credit

The amount of each Member's Fund Credit shall be made up of the number of units allocated to a Member. The number of units allocated to the Member shall be proportional to:

- the value of the Member's Fund Credit as at 1 August 2006;
- the contributions paid by the Member (or by the Employer in respect of the Member) to the Fund and credited to the selected life stage investment portfolio in terms of paragraph 4(c) above;
- any amounts received / allocated for the benefit of the Member; and
- any amounts lawfully deducted.

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