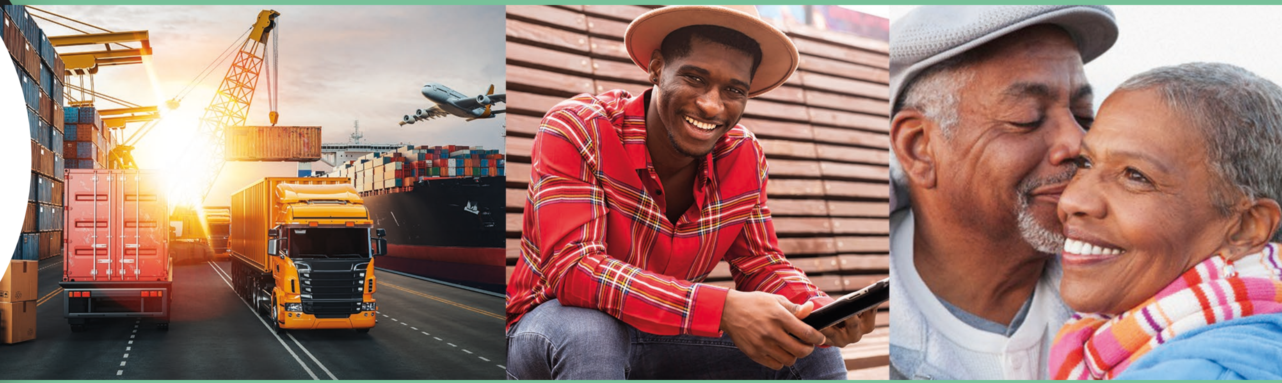
THE FUND **LIFESTAGE** PORTFOLIOS

TRANSPORT
Sector Retirement Fund
Moving Towards A Better Future



THE **"ABC"** OF **INVESTMENTS**

TSRF LIFE STAGE **PORTFOLIOS**

The Fund's Life Stage investment portfolios have been specifically designed to preserve and keep members' investments safe as they near retirement. The Life Stage portfolios comprise of ***three portfolios***, namely, the ***Growth portfolio***, ***Conservative portfolio*** and ***Cash portfolio***. Members are automatically invested in one of the three Life Stage investment portfolios indicated below based on their age and remaining term to retirement. Members have the choice to opt for a different portfolio, this can be done via an election form from the administrators. However, members are encouraged to obtain financial advice before exercising that choice.

18 years	55 years	64 years	65 years
GROWTH Portfolio **Aggressive** Aged up to 54	**CONSERVATIVE** Portfolio **Balanced** Aged 55 to 63	**CASH** Portfolio **Protection** Aged 64 to retirement	Retirement

GROWTH PORTFOLIO - **AGGRESSIVE**

Growth Portfolio (Accumulation Phase): The first stage in the Life Stage investment strategy focuses on growing or accumulating savings for retirement by investing retirement savings in the Growth Portfolio (that has more exposure to **SHARES**). When members are young and have a long time to retirement they can take more investment risk to increase potential investment returns over the long term.

CONSERVATIVE PORTFOLIO - **BALANCED**

Conservative Portfolio (Preservation Phase): As they move closer to retirement they will want to take less investment risk to preserve the capital that they have accumulated for retirement from sudden market movements (volatility). The Life Stage model automatically moves investment from riskier to less risky investment portfolios such as **BONDS**, as members approach their retirement age.

CASH PORTFOLIO – **PROTECTION**

Cash Portfolio (Protection Phase): As you approach your retirement age you will automatically be moved from the Conservative to the Cash portfolio (more money invested in **CASH**) to protect your accumulated Fund Credit before you retire. As you age your term to retirement reduces. As a result the level of investment risk you are willing to take reduces.

It is important to know the asset classes that make up the various portfolios offered by the Fund, namely ***Shares***, ***Bonds*** **and** ***Cash***. These asset classes have a mix of local and offshore (overseas) investments.

THE **"ABC"** OF **INVESTMENTS**

TYPE OF ASSET	DESCRIPTION
SHARES	***You buy a share or part of a company.*** Shares can be listed (Stock Exchange) or unlisted. For listed shares the value of the share can be seen by reading the prices quoted on the Johannesburg Stock Exchange (JSE). This is the most risky investment type since the return on this investment is directly determined by the performance of the company you are invested in. This means you could have a negative return if the company does not perform well over the short term. An investment in shares should provide you with high returns over the long term, however, your investments will be affected by short term market fluctuations.
BONDS	***These are loans to the government, large semi-government organisations and companies.*** Bond values can change from time to time because the value depends on interest rates. Although bonds do experience volatility, they are usually less volatile than shares. Inflation-linked bonds are bonds that guarantee a return at least equal to inflation if held to maturity.
CASH	***Cash is when you lend money to the bank by making a cash deposit.*** In return for your deposit the bank pays you interest. This is the safest investment type, except for the risk that the returns may not keep up with inflation over the long term.

Focus on the Long-Term: The Fund reminds members that ***investing for retirement requires a long-term perspective.*** While market volatility such as we are currently experiencing is uncomfortable, it is important not to make rush decisions now, and to remain invested in the markets for the long term. ***We understand that short-term negative performance creates concern for members, but the strategy of the Fund is designed to weather these turbulent times through the way it creates diversity through the investments in the portfolios.***

CALL TO **ACTION** - Make sure you ***understand the investment options*** available to you and ***consult a financial adviser*** if you feel unsure.

DID YOU **KNOW?**

Investment risk is all about taking risk in order to grow money. The more risk you take the more growth you receive over the long term. Portfolios that contain greater risk have more exposure to shares (equities). These portfolios are risky as they are volatile over the short term (will move up and down as the share market grows and falls).

Over the long term risky portfolios provide better growth than balanced or cash portfolios. Typically a ***conservative*** portfolio is composed of ***safer investments***, such as ***money market*** and ***bonds***, offering ***lower return but very little risk*** as there is minimal or no exposure to shares. Portfolios that are invested in cash provide protection against any capital losses, but over the long term provide lower returns than aggressive portfolios. They also do not always protect against inflation, which is the purchasing power of money.