

Newsflash

MUNICIPAL GRATUITY FUND - MEMBER INVESTMENT CHOICES

Guaranteed Portfolio and Life Stage Portfolios



MGF

Just a reminder to members that the last date to exercise member investment choices for the next financial year is 31 May 2005. The prescribed form is obtainable from the fund administrator, Coris Capital (tel nr **012 683 3900**) or can be printed from the website www.mymgf.co.za.

Please note that the form must be in possession of the Fund or Administrator not later than 31 May 2005. It can be posted, hand delivered or faxed to **086 613 5034/7**, as long as it is in the possession of the Fund or Coris Capital **before or on 31 May 2005**. Late submissions will **NOT** be accepted.

The terms of the Guaranteed Product (GP) for the period 1 July 2005 to 30 June 2006 are as follows:

Capital:	Guaranteed
Guaranteed growth:	4,5% per annum
Plus: Possible maximum additional growth:	<u>10%</u> per annum
Total possible maximum (capped) return:	14,5% per annum

In other words not less than 4,5% and not more than 14,5% for the period 1 July 2005 to 30 June 2006.

These terms are based on the current financial market factors. The structured products can only be purchased end of June 2005. If changing conditions require a downward adjustment of the guaranteed growth to less than 4% per annum for the GP, members who exercised a choice will be advised accordingly and be given an opportunity to reconsider their election.

The GP will be maintained separately from the life stage portfolios and members currently invested in the GP will **not** be switched to a life stage portfolio **unless** requested by them on the prescribed form. **Please note that no new housing loans will be allowed from funds invested in the GP.**

Please note that the Standard Portfolio will be merged with the three Life Stage Portfolios from 1 July 2005 and that from such date the following portfolios will be operative:

Life Stage One:	Aggressive Portfolio	up to 50 years
Life Stage Two:	Moderate Portfolio	50 to 60 years
Life Stage Three:	Conservative Portfolio	60 to 65 years
Additional Portfolio:	Guaranteed Portfolio	

Although members may exercise a choice between these 4 portfolios it is not encouraged unless you have a proper knowledge of the financial markets or you have specific peculiar circumstances warranting such choice. **In such event a written motivation must be submitted together with the prescribed MGF Member Investment Choice Form.**

DO NOT EXERCISE A CHOICE UNLESS YOU HAVE A VALID REASON, BECAUSE YOUR FUND CREDIT WILL AUTOMATICALLY BE ALLOCATED TO THE APPROPRIATE LIFE STAGE PORTFOLIO ACCORDING TO YOUR AGE. THESE LIFE STAGE PORTFOLIOS ARE DESIGNED TO HAVE THE HIGHEST PROBABILITY TO RENDER THE BEST RETURNS IN THE LONG RUN.

If you need more information please contact us or visit the website www.mymgf.co.za.

Kind regards

M.J.D. JACOBSON
CHIEF EXECUTIVE OFFICER
12 May 2005