

**TO ALL MGF MEMBERS: CIRCULAR 1/2004: 12 MARCH 2004**

**Interim Benefit Statements**

An interim benefit statement for the period 1 July to 31 December 2003 is currently distributed. All these benefit statements will be delivered at municipalities during the period 16 to 26 March 2004.

**Returns in Standard Portfolio**

➤ July	2003	2.00%	November	2003	0.00%
➤ August	2003	2.00%	December	2003	3.00%
➤ September	2003	0.00%	January	2004	4.00%
➤ October	2003	4.00%	February	2004	0.00%

The cumulative return is 15.00 %, which means a compounded return of 15.91% for the period 1 July 2003 to 28 February 2004.

**Life Stage Portfolio's**

The Management Committee of the Fund adopted a new investment policy statement (IPS), which contains a life stage model. Members will **automatically** be switched from **1 July 2004** into a life stage portfolio according to their age. These portfolio's are:

- **The Aggressive Portfolio (AP)** (Life stage 1). This age group is for members up to 50 years who still have many years of service left. Money allocation in this portfolio will consist of a high percentage in equities (shares), less in bonds, cash and property.
- **The Moderate Portfolio (MP)** (Life stage 2). This portfolio is for members 50 to 60 years of age where they will be exposed to less risk and still obtain a reasonable net real return. This will mean less investment in equities (shares), more in bonds, cash and property.
- **The Conservative Portfolio (CP)** (Life stage 3). This portfolio is for members in the age group 60 to 65 years where risk will be kept to the absolute minimum yet enable them to benefit from positive returns. Money will be allocated towards capital protection and income enhancement

Members will have the option however to transfer to any life stage portfolio of their choice once per year if they can motivate to the satisfaction of the Management Committee that it will be to their advantage to be in that particular portfolio.

**NB.** The current Guaranteed Portfolio (GP) will be maintained separately from the life stage portfolios and members in this portfolio will not be switched to a life stage portfolio unless requested by them. This portfolio is open to all members but they have to exercise an option before or on **31 MAY 2004**. However, with the current interest rates it is doubtful that the 8% guaranteed growth will still be obtained in the market. The Fund will only be in a position to determine this rate closer to May 2004.

**Surplus**

A statutory actuarial valuation of the Fund was completed and the results sent to the Registrar of Pension Funds. According to the valuation there is no surpluses in the Fund for distribution. All returns are allocated to members on a monthly basis.

All issues in this newsflash will be discussed in more detail in the next newsletter. However members may contact the Administrator, Coris Capital on (012) 426-0570 or the Fund on (011) 450-1224 for more information.

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CHIEF EXECUTIVE OFFICER