



Breaking News BULLETIN

AUGUST 2018

DIRECT COST RECOVERY 2018/2019

Sentinel's "Direct Cost" recovery methodology includes all investment, fund entity and administration costs and is based on assets held in the respective portfolios. This fee is charged individually to member accounts and on a pooled basis to the Pensioner Portfolio and Risk Benefit Portfolios.

The following table reflects the actual costs[#] recovered in the 2018 financial year as well as the budgeted costs for the 2018 and 2019 financial years, per the various portfolios:

Description	2018 Budget	2018 Actual	2019 Budget
Wealth Builder Portfolio	0.57%	0.52%	0.61%
Inflation Protector Portfolio	0.55%	0.50%	0.59%
Pension Protector Portfolio	0.51%	0.46%	0.54%
Money Market Portfolio	0.26%	0.26%	0.26%
Pensioner Portfolio	0.51%	0.46%	0.54%
Risk Benefit Portfolios	0.45%	0.40%	0.50%

The Shari'ah and Capital Protector Portfolios are external portfolios where direct asset management fees are levied by the portfolio service providers.

[#] Investment returns are communicated monthly, reflecting both gross returns (returns before direct cost, after implicit costs) and net returns (returns after deducting **all** costs; after direct and implicit costs).

Cost recovery ratios can fluctuate significantly from year to year as some investment managers are remunerated on performance relative to their benchmark. In the past year specifically, actual costs in relation to the approved budget were lower mainly due to international managers' relative performance being lower than expected, resulting in lower performance fees being paid.

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DEVELOPMENT:

The newly introduced Regulation 37 and 39 (effective 1 March 2019) requires that all fees and charges, whether borne directly or indirectly by the fund, implicit or explicit, are disclosed on a regular basis to the board and the relevant information is appropriately disclosed to members, in a clear and understandable manner, and in formats which may be prescribed by the Registrar.

Members and pensioners are advised that the Board of Trustees of Sentinel is currently in the process of reviewing and developing the required formats for implementation in the 2019 financial year.