

Open letter to:

All existing clients of Robson Savage (Pty) Ltd.

Other interested parties

7 April 2006

“Secret profits”

This letter has been written in reaction to recent press reports that have caused great distress to retirement fund members, trustees and sponsoring employers.

These reports allege that retirement fund administration companies engage in practices that are designed to make profits which are not disclosed to fund stakeholders.

It is alleged that some of these practices are unlawful.

I state without qualification that:

- Robson Savage (Pty) Ltd. **does not** engage in any of the activities that have been criticised in the press.
- Robson Savage (Pty) Ltd. has **never** engaged in any such activities.
- Robson Savage (Pty) Ltd. **does not** engage in any other activities, not yet mentioned in the press, whereby any “secret profits” are derived, and again **never has done**.
- Robson Savage (Pty) Ltd. has at all times operated on the basis of a **disclosed, agreed fee** in return for our services and that is **all that we earn** from our involvement with our clients’ retirement funds. We do not receive or accept one cent over and above the agreed fees.
- Where we believe we can add extra value, we negotiate a fee openly with the client.
- I further state that we **do not**, and again **never have**, received any “hidden” payments in the form of commissions, rebates or financial rewards by any name whatsoever from any service suppliers used by our client retirement funds, including insurance companies, investment managers, multi managers or any other entities.

I am very proud to state that **Robson Savage (Pty) Ltd. is completely clean** as regards the allegations that have been laid against the practices of other administrators. At the same time we state that we are aware of many of the alleged activities, and some others yet to come to light, and applaud the media in bringing the matter to the attention of the public.

The Financial Services Board has initiated an investigation into the “hidden profit” activities of registered administrators and we will openly and gladly make whatever input they require of us.

Our clean approach is clearly stated in our marketing presentations. For those funds that have appointed us this has now paid off, as they will not have to go through the turmoil of seeking reparations and carrying out investigations and reviews of their fund administrators, actuaries and consultants.

It is the view of Robson Savage as well as being my strong personal view, that the activities that have been exposed, and will yet be exposed, represent a **deplorable breach of trust** between any trustee board and its chosen service providers.

Regards,

Yours sincerely,

Neil Savage
Managing Director