

Are you affected by the Steinhoff scandal?

What's this all about?

Steinhoff International is a South African international retail holding company, and one of the largest companies listed on the Johannesburg Stock exchange. The company is also listed in Germany.

On **6 December 2017**, it was announced that Steinhoff's CEO, **Markus Jooste**, had resigned; and that the company's auditors would be investigating accounting irregularities at the business. Furthermore, German authorities are currently investigating charges of **accounting fraud**. Simply put, it seems that the company's profits have been overstated, and its losses understated, for a number of years.

By **10 December 2017**, Steinhoff as a whole had decreased in value by **R282 billion**.

Are your investments affected?

Although many retirement funds are likely to have invested a portion of their assets in Steinhoff, the **GOOD NEWS** is that all retirement funds are legally obliged to follow certain rules for how much exposure they can have to any one company, in line with **Regulation 28 of the Pension Funds Act**.

If you are invested according to your age, then the younger you are, the more likely you are to have exposure to Steinhoff. This is because you would have a larger portion of your assets invested in shares. Nevertheless, the impact would still be very small, as it is unlikely that more than **2%** of your total portfolio would be invested in one company.

There is a valuable lesson to be learned here:

It's so **IMPORTANT** to invest in a diverse range of shares as well as asset classes. As the old saying goes, you should **NEVER** risk putting all your eggs in one basket.

What should you do now?

Yet again, the best option right now is to keep calm and carry on. Your Fund's investments are diversified across various sectors, as well as multiple asset classes, both locally and internationally. Your Fund will also be in discussion with its asset consultants, asset managers, and the Financial Services Board.

There are still many unanswered questions around Steinhoff, and it will take time to find the truth and for the facts to be made public.

DON'T PANIC.
Trust the experts to make the right call on your behalf.

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