

Penny Stolterfoht Deposition

I, the undersigned, Penny Stolterfoht, do hereby make oath and state as follows:

The contents of this affidavit are within my personal knowledge, unless otherwise indicated, and are both true and correct.

My name is Penny Stolterfoht

I have worked in pension fund administration for over 35 years

I have worked at numerous pension fund administration companies and companies involved with pension fund administration, including NMG, People, Pennant, Liberty, Dynamique, AON, Heritage, SAB and Cedar EB.

I worked at Dynamique from 05/04/2006 after which I joined AON on 1 February 2008 when AON took over the business of Dynamique

At Dynamique and AON I was an administration manager working closely with the Dynamique SA and IF Umbrella funds and other funds

The standard of service at Dynamique was always very good and was at least as good as or if not better than any of the other pension fund administration companies that I have worked for. The nature of pension fund administration is that it was impossible to please every client all of the time but for the most part our clients were very satisfied, and this was reflected in the excellent new business growth Dynamique had and the good client retention that Dynamique had.

At Dynamique all the controls that one would expect to see in place at a pension fund administration company were in place and the controls were as good as or if not better than those at any of the other pension fund administration companies that I have worked for. Amongst other things we had checking procedures in place (for contributions, investment and risk payaways, unit pricing, etc), authorisation and sign off levels, online access for clients, management reporting, etc.

The management and executives at Dynamique took their obligations very seriously and were very motivated and enthusiastic. In addition, Tony Kamionsky was, in my estimation, the most hands on, conscientious and knowledgeable boss that I have ever worked under. There was a good spirit at Dynamique and staff were generally committed and motivated and enjoyed working there.

At no time whilst at Dynamique did I witness any reckless actions by the management or anything that could be described as negligent behaviour

At Dynamique there was a strong focus on ensuring all contributions were up to date, ensuring all investments were made and priced properly allowing for offsetting of transaction where applicable, and ensuring all the unit price builds up were correct.

At Dynamique we were behind on the audits but that was due to us having to spend a lot of time on the audits of the IF Umbrella Funds for the period prior to us having taken over the

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administration of these funds as we found that things had not been processed through the system. Notwithstanding this the audits were progressing well, and we had obtained the required extensions from the Financial Services Board. At no time did Dynamique incur any penalties for late submission of audits. We had also brought in extra resources to assist with the audit preparation work.

AON then took over the business and staff of Dynamique on 1 February 2008 at which time AON took over all the systems and files and staff of Dynamique and I also joined the employ of AON. At some point shortly after 1 February 2008 we moved into AON's offices in Sandton.

At the time of the takeover there were no problems with the Dynamique member records

After the takeover I carried on as an administration manager for AON with responsibility for the Dynamique SA and IF Umbrella funds.

Tony Kamionsky stayed on as a consultant for a brief period following the takeover by AON but then his involvement ceased. This was a concern to me as Tony was very involved with the operations. In addition to losing Tony there were 2 other senior staff who left just prior to the AON takeover, namely:

- Aloysha Minaar who left end of November 2007. He was responsible for new business installations, investment allocations, switches, broker and Dynamique fee payments and dealing with external asset managers
- Tammy Murewa who also left end November 2007. She was head of accounting.

Now it concerned me greatly that we had lost all these senior staff members and it put a huge amount of pressure on myself to the point where it was negatively impacting my health. I had raised these concerns on numerous occasions with my reporting manager at AON, Ian Young, however I received no replacements for these senior staff who had left and the official reason I was given was that there was no budget available.

The strategy at AON seemed to be to replace senior staff with more junior resources with AON bringing in junior staff to replace senior staff on the administration side and on the audit side. This was also part of AON's strategy of segregation of duties, i.e. instead of having an administrator doing everything on a fund there were specialist teams set up, for example a separate update team that just did the monthly updates on the funds and a separate team that would pay the claims, etc.

The problem with this approach was that in my opinion the staff didn't have the experience to pick up problems, for example, an experienced administrator would pick up if a member's contribution changed a lot and would query if this was correct or pick up an error in unit pricing when checking the member's transaction history when paying a withdrawal but a junior staff member could or would miss such things.

Also the work on the outstanding audits seemed to me to grind almost to a halt as AON in my opinion didn't give the required resources to complete the outstanding audit work and they replaced senior staff with junior staff. At Dynamique we had Tammy and another experienced resource, Marlene, who were working on getting the auditing data up to date

however these people had now in my opinion been replaced by very inexperienced junior staff.

In addition, at Dynamique we had a technical team of 4 actuarial resources however under AON this technical team had been reduced from 4 people to 1 person. It even took AON 6 months to replace my assistant.

Once again I was very concerned about these staff shortages and staff competency issues but my pleas for more and better staff seemed to fall on deaf ears.

Not too long after AON took over we had a problem with the unit pricing. AON imported unit prices incorrectly messing up the pricing on the system of many of the portfolios. The problem related to conversion of the unit price from cents to Rands or vice versa. It was one of the brokers, Paul Argent, who identified this unit price problem at AON

The unit pricing issue at AON had a knock-on effect and escalated and in my opinion eventually got out of control because in my opinion AON wouldn't address it. I personally had fixed some of the portfolios, so I knew it could be fixed but it just took time. My manager Ian Young knew about the problem and at some point, had authorised overtime to fix it. However, AON seemed to not want to continue committing the resources and related finance cost, required to continue fixing the issue.

As far as I am aware AON never disclosed to the trustees that they had caused this pricing problem and as far as I am aware they blamed Dynamique for the problems with the member records. On the subject of blaming I had the distinct impression that David Lepar was very antagonistic towards Tony Kamionsky. David Lepar used every opportunity to run Tony Kamionsky down, be it at lunches with Ian Young, in telecons, etc.

My manager Ian Young was retrenched, which as far as I was aware was linked to these problems and then Carel Smith whose position was Administration Director, was also as far as I am aware retrenched, this too as far as I am aware may have been linked to these problems.

I firmly believe that had AON just continued with the process of fixing these unit prices then in my opinion the whole rebuild could have been avoided. In all my years in the industry I have never come across another case of records being scrapped and rebuilt from scratch as was done in this case.

I left AON at the end of July 2009. I was retrenched as part of an AON restructuring where all the administration was consolidated under another administration manager. I was not unhappy to be retrenched from AON as my health had been suffering as a result of the stress I had been under at AON.

Whilst at AON I did at times question about not getting a bonus and increase however I had no disciplinary issues with AON and I left AON without any bitterness towards AON or any other person for that matter.

After leaving AON I went to work at Heritage Employee Benefits for Anthony Cohen who was one of the brokers who had clients in the IF Umbrella funds. Whilst at Heritage I had the opportunity to see the member values from the rebuild for one of Anthony Cohen's largest

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clients. I compared these values to the pre-rebuild values and the values were essentially the same but for the fact that the rebuild values were 2,5% lower than the pre-rebuild values.

I confirm that everything I have stated above is the truth and nothing but the truth. I have no reason for making these submissions other than that I believe people should know the truth of what really happened.

Robert

DEPONENT

I hereby certify that the deponent has acknowledged that he knows and understands the contents of this affidavit, which was signed and sworn before me at JOHANNESBURG on the 28th day of ~~SEPTEMBER~~ 2018 the regulations contained in Government Notice No R1258 of 21 July 1972, as amended, and Government Notice No R1648 of 19 August 1977, as amended, having been complied with.

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COMMISSIONER OF OATHS

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