

## Investment Policy Statement

### Preamble

The Board of the Funds accepts its fiduciary duty to manage the Fund's investments with due care, diligence and good faith and to ensure compliance with its rules and applicable legislation.

This document records the investment philosophy adopted by the Board and in terms of which various investment options are made available to members.

### Background

The Fund purchases units in collective investment schemes through Sanlam Linked Investments (Pty) Ltd ("the Product Provider") to fund its liabilities in respect of each member.

The Fund's products offer a range of collective investment scheme portfolios. These products are administered by Sanlam Life Insurance Limited ("the Administrator") and the investment portfolios are managed by a range of designated asset managers.

Members join the Fund voluntarily and select, with or without the advice of an accredited intermediary, the type of product, including the investment portfolios and other features, from the range that the Fund offers. The member accepts the investment risk accompanying these choices.

The products are regulated by the Fund Rules specified in terms of the Pension Funds Act (1956, as amended) and approved for income tax purposes in accordance with the income Tax Act (1962, as amended).

### Investment Objective

The investment objective of the Funds is to provide a suite of products, and a selection of suitable investment portfolios, to meet retirement savings needs of members within practical limits.

The Funds have no defined metrics, in terms of asset mix or rate of return expectations, to measure its investment objective against since it operates on an individual member-choice basis.

### Structure of the Fund and Delegation of Powers

The Board acknowledges that the Funds' liability towards a member is covered by the value of the units held by the Fund in respect of the member in the collective



investment scheme portfolios. The administration and investment of individual member assets, in line with the member's individual investment choice, will be the responsibility of the Administrator and the designated asset managers.

It is evident from the above that the Board has no direct involvement in making decisions in the underlying collective investment scheme portfolios.

## **Products**

The Board is directly responsible for approving and monitoring the range of products offered to members.

The Board has appointed a Product Committee to, in accordance with Regulation 30(2)(w)(v) of the Pension Funds Act, regularly review the existing product offering, approve new products or changes to existing products and to monitor the performance of the underlying collective investment scheme portfolios.

If the Board is concerned with the features, benefits or performance of a certain product, it will raise its concerns with the Product Provider. The Board may instruct the Product Provider to stop the availability of the product to new members.

## **Asset Management**

The Product Provider decides on the appropriate collective investment scheme portfolios after conducting a due diligence exercise on the asset manager and taking the following, in line with the Pension Funds Act, amongst others, into consideration:

- The manager's investment philosophy and process before deciding to invest in securities including whether or not the environmental, social and corporate governance (ESG) performance indicators are integrated into the decision-making process.
- The manager's track record.
- The level of charges levied (both fixed and performance-based).
- The manager's own corporate governance structures.

The Board has given the Product Provider a responsibility to ensure that appointed asset managers have adopted the Code for Responsible Investing in South Africa (CRISA) or any other equivalent code, otherwise, appointed asset managers should commit to taking part in constructive discussions or intervene in institutions who have issued securities held in their investment portfolios in order to promote good corporate governance.

The Fund has a claim against units in collective investment scheme portfolio, but no against the underlying assets of the portfolios. Therefore, the voting rights attached to



securities held by the collective investment scheme portfolios, fall on the appointed asset managers or the Product Provider and not the Board.

The Product Provider may make available collective investment scheme portfolios of a specific nature including those for members who wish to invest in a manner that is consistent with certain religious laws (e.g. Shari'ah compliant investment portfolios), promote biodiversity, Broad-Based Black Economic Empowerment (BBBEE) or supports renewable energy projects, provided such collective investment scheme portfolios are available in the market and there is adequate need from members.

All asset manager appointments and the addition/removal of portfolios must be approved by the Board.

The Product Provider is responsible for setting up and monitoring service level agreements for every collective investment scheme portfolio.

## **Investment Options and Risk**

The Product Provider makes available a diversified range of investment portfolios to invest in across the risk spectrum.

Portfolios ranging from single to multi asset class investments with various performance benchmarks (inflation-targeting, composite index, equity indices, etc.) are available.

There is no default investment portfolio. All members must make their own investment choice.

The Product Provider must ensure that information (especially asset mix, benchmark, charges and past performance) pertaining to the investment portfolios is made available via fund fact sheets on its website and updated regularly to enable members to make an informed investment choice.

From 1 April 2011, all new investment portfolios must adhere to the asset allocation requirements under the Regulation 28 of the Pension Funds Act. The Administrator has put processes in place to monitor compliance with Regulation 28.

## **Investment Consultant/Advice**

Because the Funds provide for individual investment portfolio choice, the Board notes that the services of an external investment consultant to the Fund will not be required.





The Product Provider is responsible for ensuring that members are provided with advice from a FAIS-accredited, licensed financial services provider (FSP) on the products offered and, in particular, the choice of underlying investment portfolios.

## **Governance and monitoring**

The Investment Policy Statement is reviewed by the Board on an annual basis.

The Board takes cognisance of the requirements in Regulation 28, but notes that due to the structure of the Funds, certain requirements are not relevant to the Fund. Where applicable, the Product Provider is required to adhere to the requirements.

## **Regulatory monitoring**

The Board monitors the following reports from the Administrator (at least annually):

- Foreign exchange regulations (D427)
- Regulation 28 asset allocation requirements

In the event of any breaches of these regulations, the Board will engage with the Administrator to set up corrective steps.

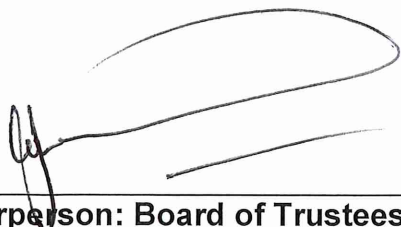
## **Investment performance monitoring**

The Administrator and/or asset managers will supply the Board with quarterly performance figures for the investment portfolios available to members.

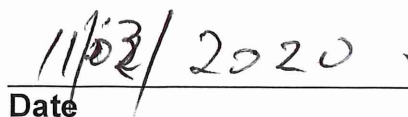
The Administrator will arrange for, at least, annually a meeting of the Board with all the asset managers.

The Board's role in monitoring investment performance is limited, but it will raise any consistent under-performance relevant to benchmarks with the Administrator and require that the Administrator review the status of the asset manager.





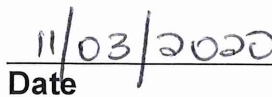
Chairperson: Board of Trustees



Date



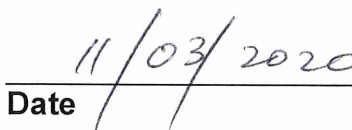
Member: Board of Trustees



Date



Principal Officer



Date