

THE PERFECT STORM

disruptors

tough
economic
conditions

changing
customer
needs

funds
consolidating

REGULATORY CHANGES

1994

“ Pension and provident funds should be treated on the same basis, as should private and public funds; While government should continue to provide **an incentive to taxpayers** to provide for their retirement, there should be **neutrality between incentives** for different forms of saving ”

Katz Commission Report into taxation



In-fund preservation, Regulation 38

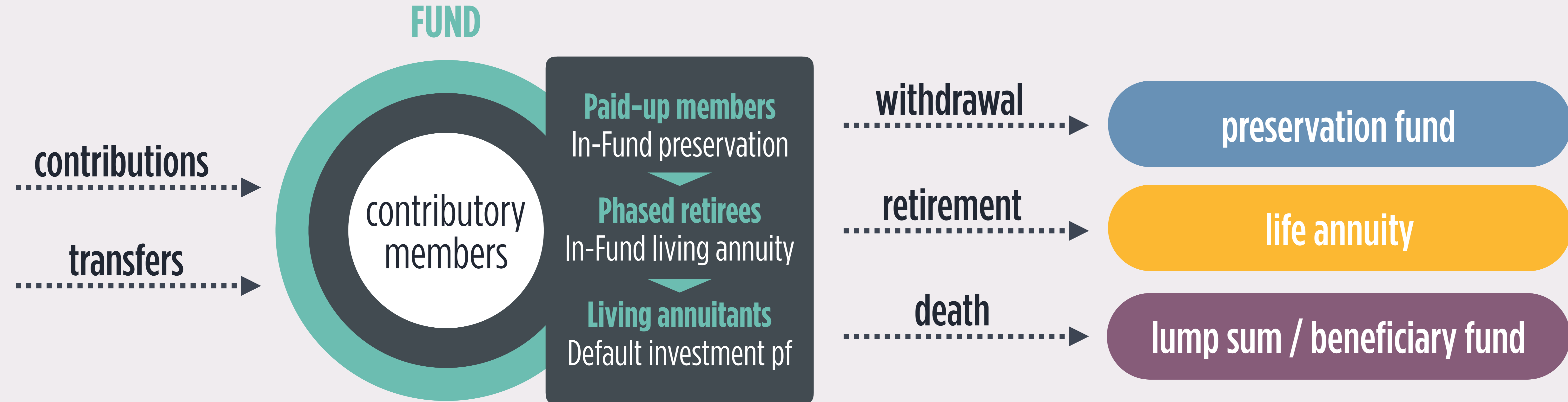
“All employer-sponsored retirement funds, union funds and umbrella funds will be required to make in-fund preservation the default for members who withdraw”

Default annuity strategy, Regulation 39

“The rules of all retirement funds must provide for a default annuity strategy.”

Default investment portfolio, Regulation 37

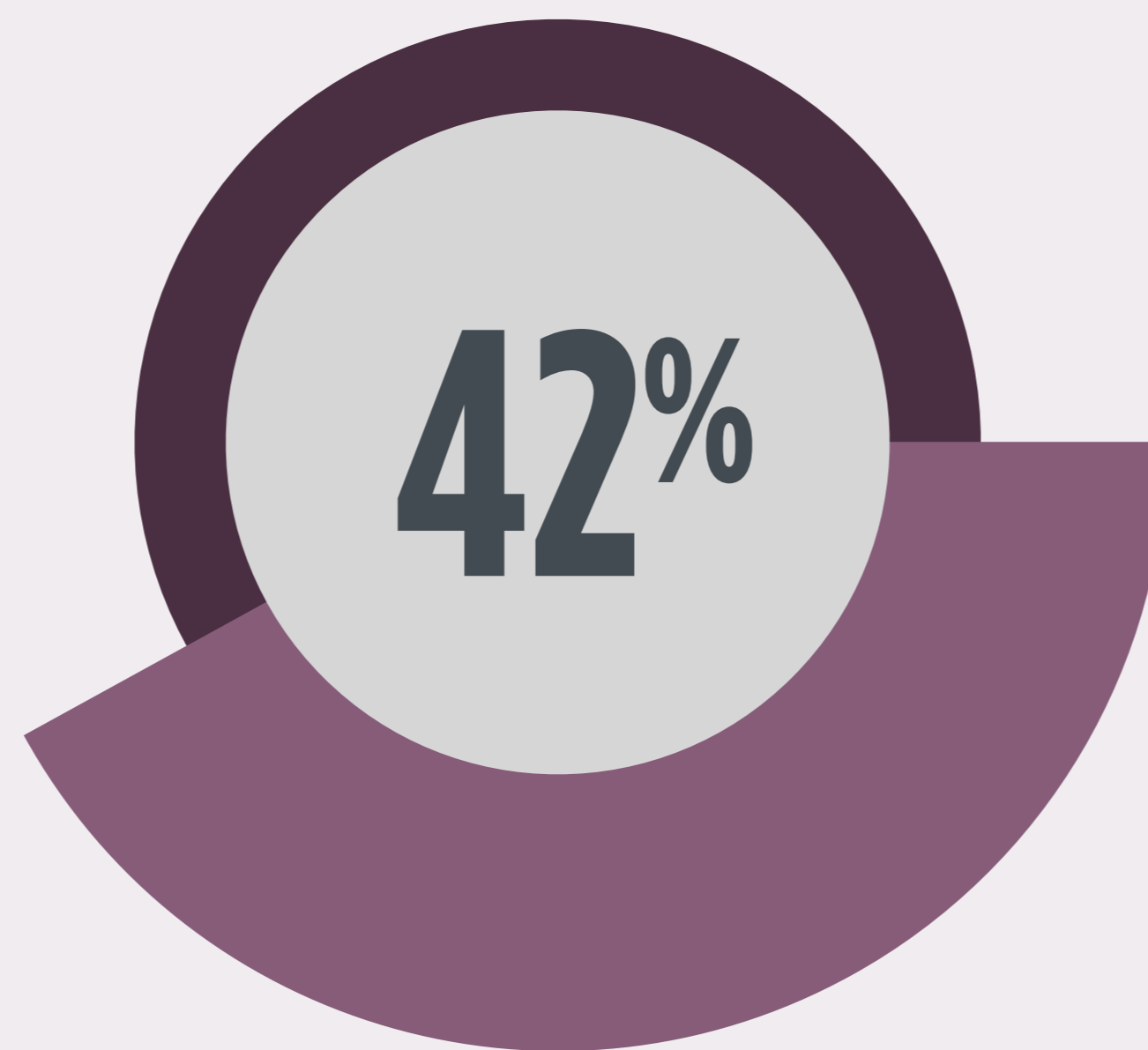
“The rules of all retirement funds must provide for a default investment portfolio, unless exempted from this requirement after application in writing to the Registrar.”



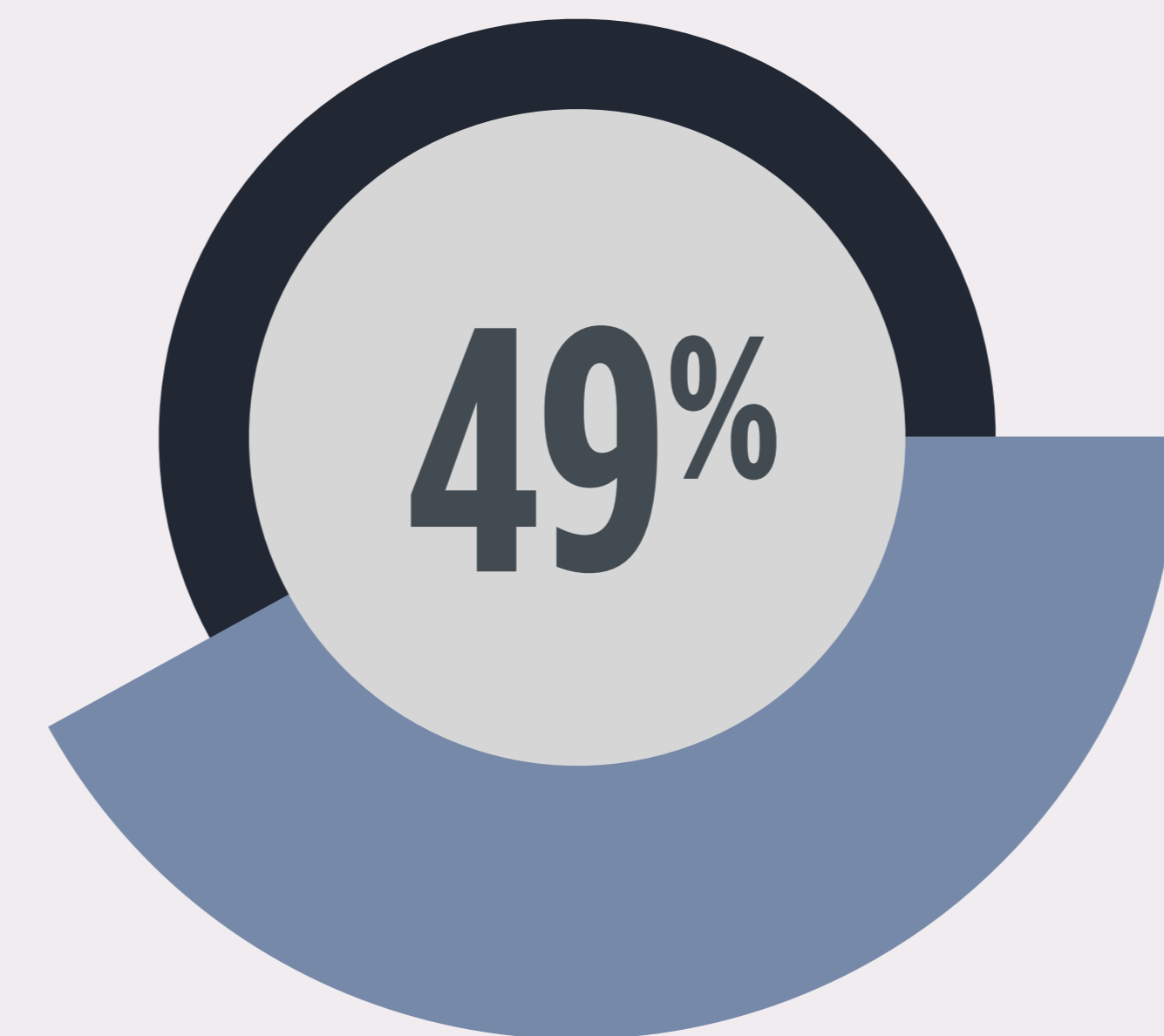
“ believe Regulation 28 is unnecessarily restrictive ”



2015

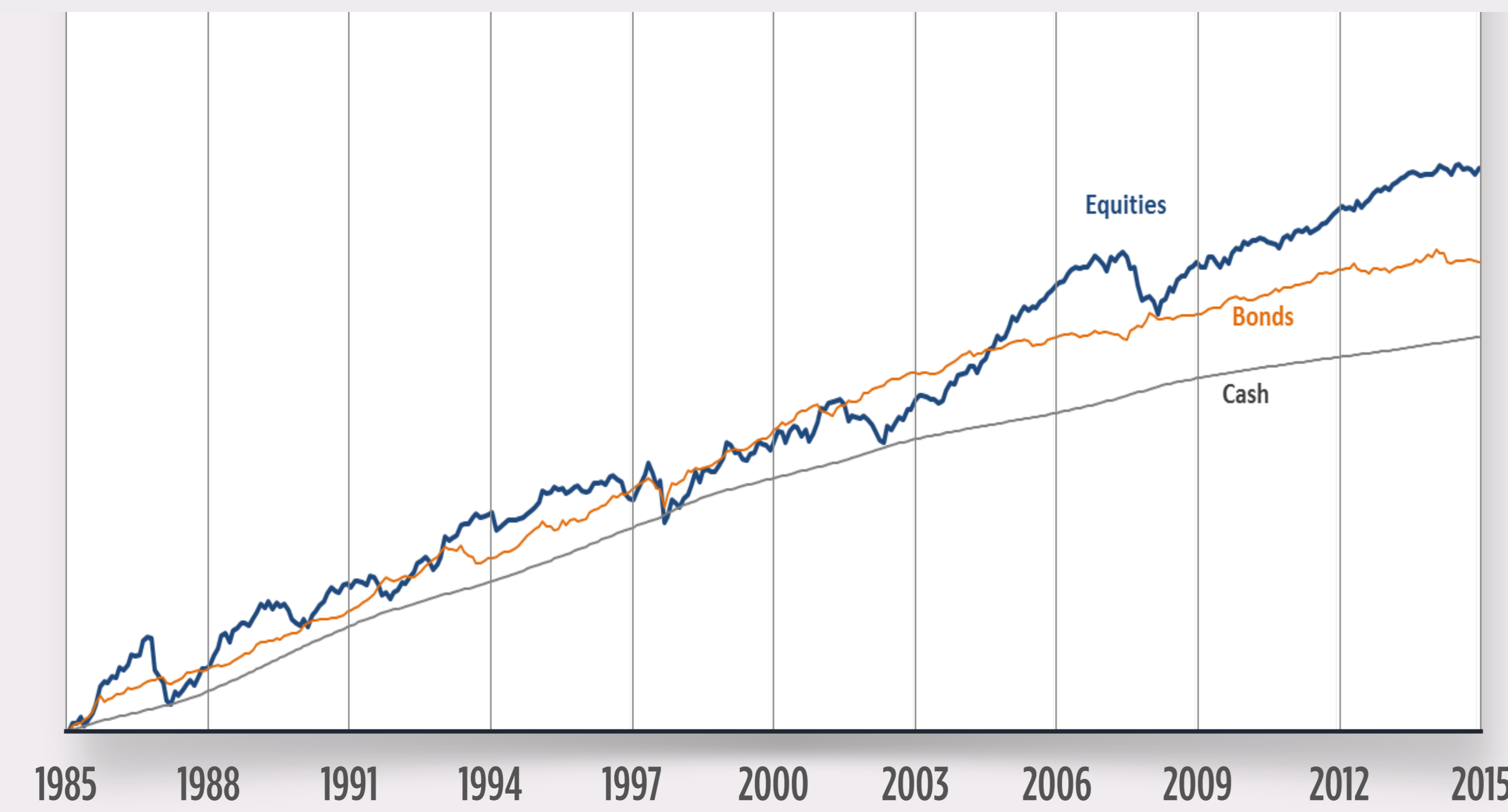


2016

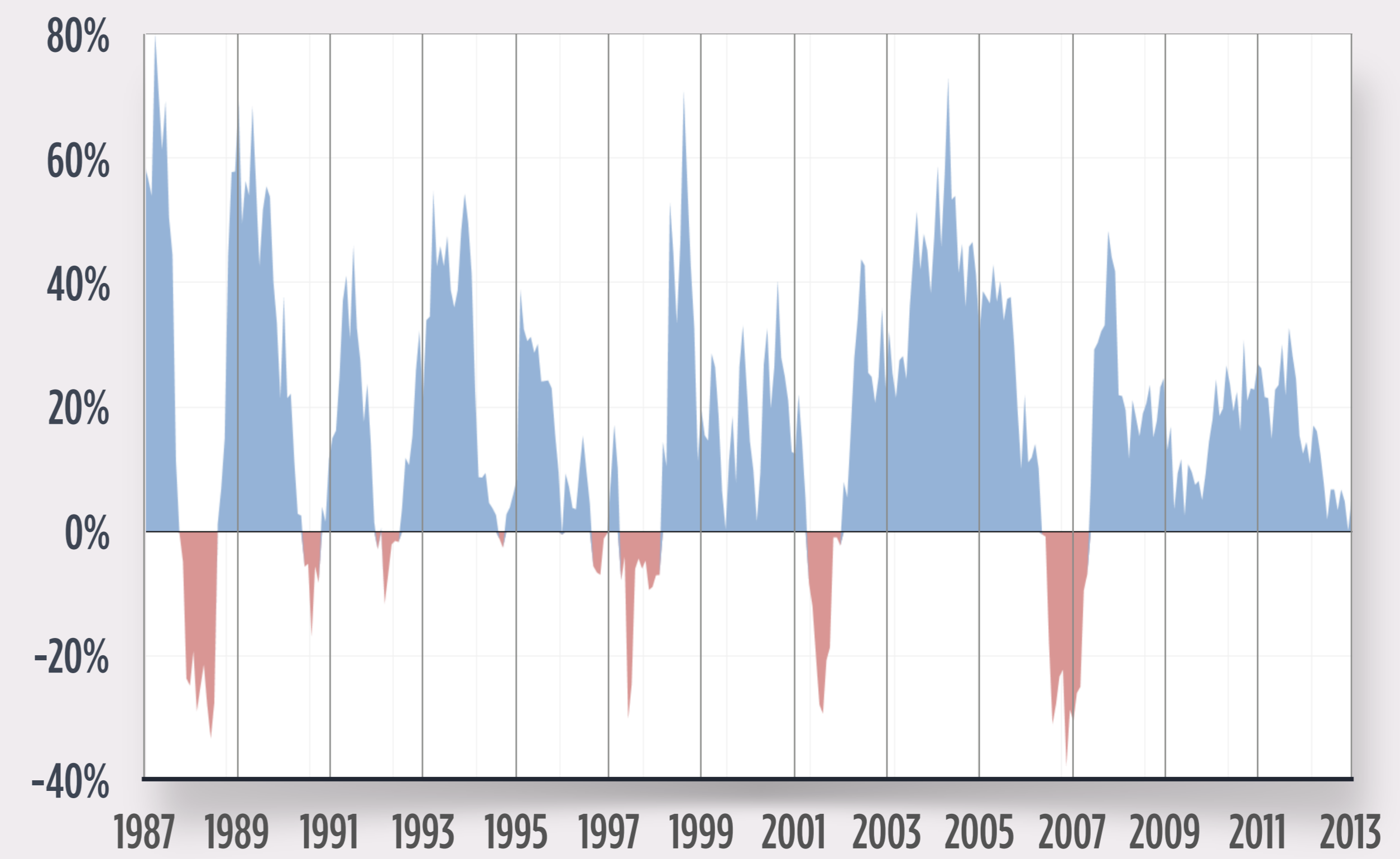


“ believe Regulation 28 adds unnecessary layers of cost ”

cumulative returns
(log scaled)

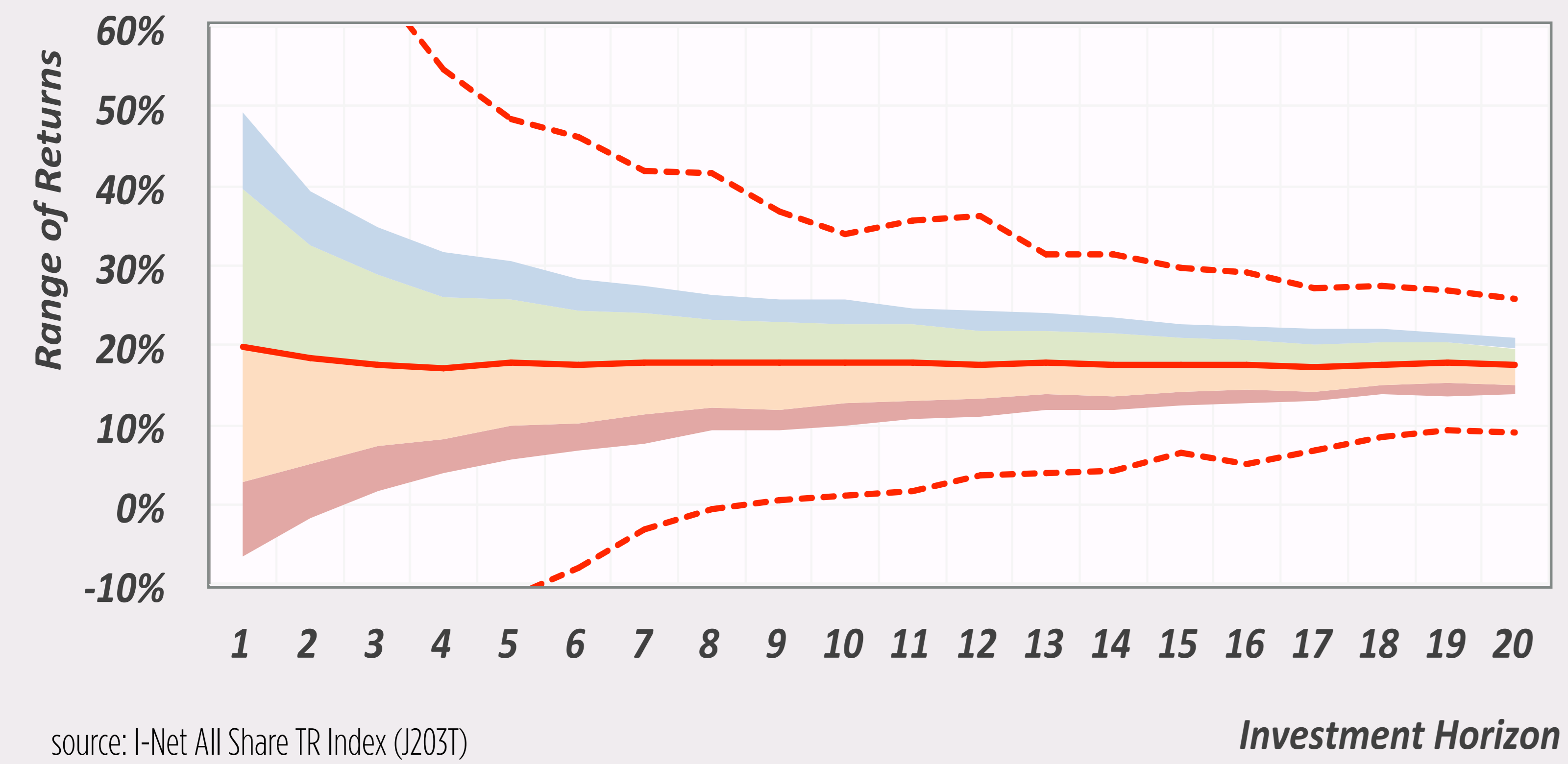


rolling 12-month
returns

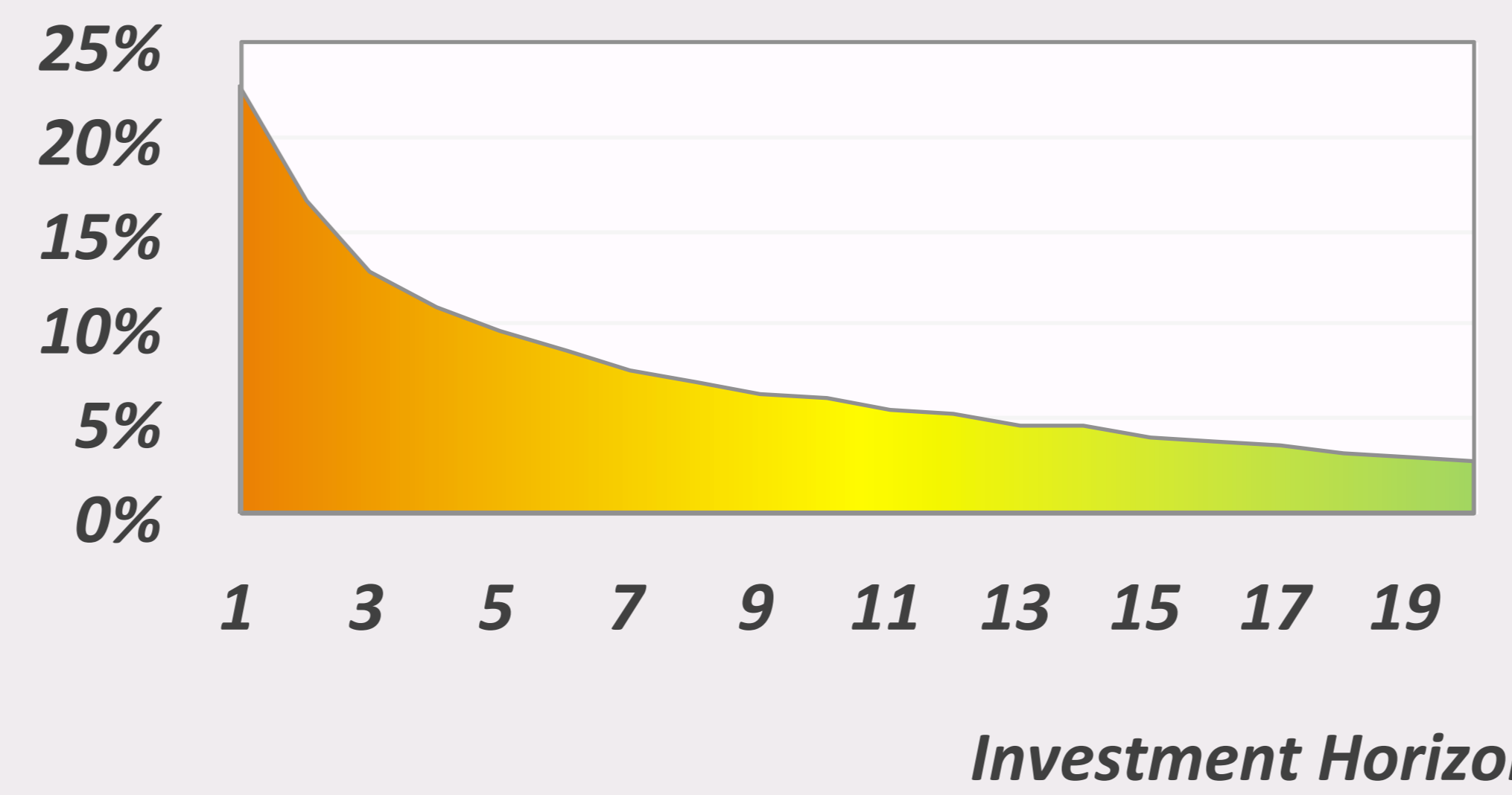


source: I-Net All Share TR Index (J203T)

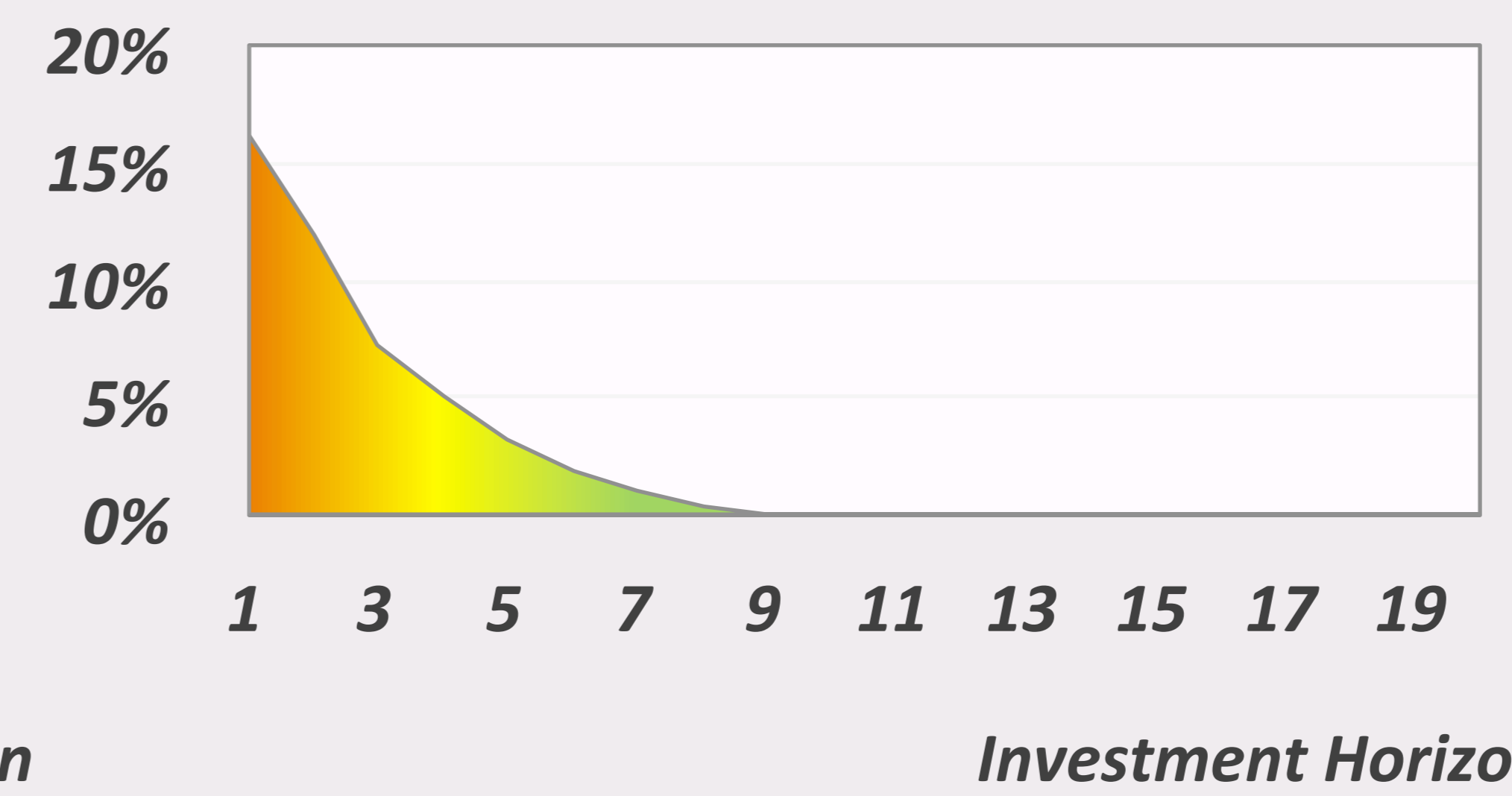
... with risks decreasing as time passes



St. Deviation

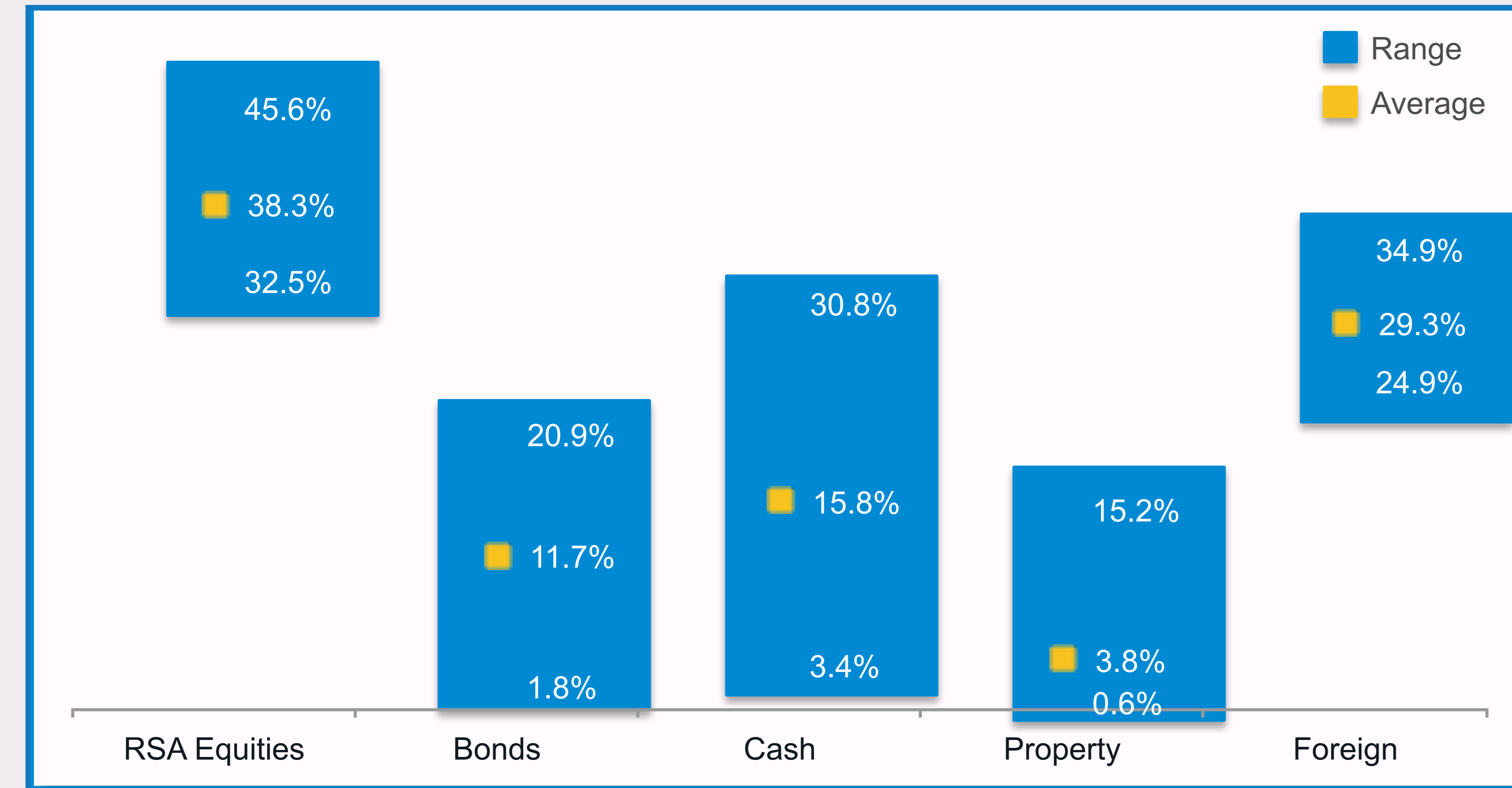


Prob. Of a Loss



source: I-Net All Share TR Index (J203T)

... however
the industry is
generally quite
conservative



Regulation 28

maximum equities	75%
maximum foreign	25%
maximum Africa	5%
maximum hedge funds	10%

Source: Alexander Forbes Global Large Manager Watch TM - December 2015



Pensions Institute
optimal equity allocation
up to age 45 and even 55 -

100%



optimal foreign allocation
for South African investors

30% – 40%