



AND



PRESENT

# ONLINE RETIREMENT FUND TRUSTEE EDUCATION PROGRAMME

## 1. BACKGROUND

The ASISA Academy, in partnership with the ASISA Foundation, makes available online a full series of Retirement Fund Trustee Education (RFTE) workshops at no cost to South African retirement funds and their trustees. The Academy is the preferred service provider for the ASISA Foundation which receives grant funding from sponsors for trustee education, thus allowing the workshops to be made available in this way. This pooled initiative ensures the independence of the education programme from the individual sponsors of the ASISA Foundation. Our workshops are aimed primarily at trustees and principal officers of retirement funds and are ideally run with individual funds but can also be delivered as multi-fund courses. Since inception we have delivered more than 200 workshops to almost 3,000 trustees and principal officers in South Africa, Botswana and Namibia, with highly favourable feedback.

In the wake of South Africa (and the world) experiencing its first lockdown during the Coronavirus pandemic, the team at the ASISA Academy reflected on how we could offer our Retirement Fund Trustee Education workshops online in live sessions using video-conference and for practical time periods instead of our traditional 1-day and ½-day face-to face workshops. We have therefore, adapted our content and composition of the RFTE programme into an online offering using either MS Teams or Zoom depending on your preference. Our preference is to use Zoom with its new enhanced security features.

## 2. A SUMMARY OF OUR ONLINE WORKSHOPS

**STANDARD, 3 HOUR HALF-DAY WORKSHOPS - 3 BATSETA CPD POINTS ARE AWARDED PER WORKSHOP**

1. INVESTMENT FUNDAMENTALS - Part 1
2. INVESTMENT FUNDAMENTALS - Part 2
3. RETIREMENT FUND TRUSTEE GOVERNANCE AND ETHICS - Part 1
4. RETIREMENT FUND TRUSTEE GOVERNANCE AND ETHICS - Part 2
5. RESPONSIBLE INVESTING - Part 1
6. RESPONSIBLE INVESTING - Part 2
7. EMPLOYEE BENEFITS - Part 1
8. EMPLOYEE BENEFITS - Part 1
9. FUND ANNUAL FINANCIAL STATEMENT ANALYSIS
10. INVESTMENT POLICY STATEMENT FORMULATION AND ASSESSMENT
11. PENSION FUNDS ACT SECTION 37C DEATH BENEFITS
12. INVESTMENT MANAGEMENT FEES AND COSTS
13. PENSION FUNDS ACT INVESTMENT DEFAULT REGULATIONS
14. PRIVATE EQUITY
15. INFRASTRUCTURE INVESTING

### TAILORED, 3 HOUR HALF-DAY WORKSHOPS

Should funds require tailor-made workshop content which does not fall into one of the above standard workshops, we are happy to engage with the fund to craft workshop content for those particular needs. Bespoke workshops we have presented include:

1. MULTI-PARTICIPATING EMPLOYER (UMBRELLA) FUNDS AND MANCOS
2. SEGREGATED INVESTMENT PORTFOLIOS
3. NEW TRUSTEE INDUCTIONS WITH FUND RULE REVIEW AND INTERPRETATION
4. PASSIVE vs ACTIVE INVESTMENT STRATEGIES
5. FINANCIAL SECTOR CONDUCT AUTHORITY TRUSTEE TOOLKIT

Detailed learning outcomes for each workshop are contained in this brochure.

## 3. MONITORING AND EVALUATION

The ASISA Foundation-sponsored Trustee Education workshops are formally monitored and evaluated (M&E) by an independent agency. This M&E process ensures our trustee education programmes are planned and presented in a manner which brings about effective knowledge transfer, with real improved governance and financial literacy amongst delegates for the ultimate benefit of fund members and beneficiaries. The context of our online workshops has required adaptation of the M&E process, as explained below.

### DELEGATE INTAKE FORMS

Each delegate will be asked to complete and submit online intake forms before the commencement of the workshop, including details of their retirement fund, role in the fund board, email address and demographics. We are required by the Financial Sector Code in the context as a BEE Regulator to keep statistics based on demographics and gender, hence we request that all demographic and gender statistics should be completed.

### WORKSHOP FEEDBACK FORMS

Delegates will receive an online link to a workshop feedback form at the end of a workshop on which they are required to score various aspects of the workshop and make compliments or suggestions for improvements. Comments made by delegates may be used in marketing material.

### M&E FEEDBACK FORMS

A first set of online questions is supplied to delegates via an online link before the workshop which delegates are asked to complete before the workshop commences. A second set of the same questions will be supplied via an online link to delegates at the end of the workshop. Answers are completely anonymous.

### ATTENDANCE CERTIFICATES

Delegates who have submitted all of the workshop documentation described above will receive emailed ASISA Academy attendance certificates which reflect 3 Batseta CPD points in respect of the half-day workshop. The fund remains responsible for ensuring that the CPD points awarded are updated on the Batseta database.

## 4. WORKSHOP CODE OF CONDUCT

Delegates, presenters and other Academy staff are all expected to engage in the following ways.

1. Delegates commit to learning on the course.
2. Delegates and Academy staff commit to signing in at least 10 minutes prior to the starting time so as not to delay the commencement of the session which puts pressure on the presenter and other delegates. The Zoom/ MS Teams room will open 10 minutes before the workshop is due to start. Please ensure that you have logged in and settled down comfortably by the starting time.
3. Academy staff commit to starting the workshop on time.
4. Delegates are requested to switch on their cameras at the start of the session. After introductions we request delegates to switch off their cameras in order to keep the platform stable and data usage optimised.
5. Delegates must ensure that their audio is muted throughout the session, except when participating in discussions or posing questions.
6. If delegates have questions or comments, they can use the chat platform or click the raised hand icon which can be located on the screen's "floating bar" in Microsoft Teams and by clicking on the "Participants" button in Zoom.
7. The presenter will agree a break time with delegates as part of the introductions.
8. When returning from the breaks, delegates are requested to switch on their microphones on re-entering the session so that the presenter can have an indication of the number of delegates that are back.
9. Delegates must advise the Academy if they are not able to make a session or if, for unavoidable reasons, they are going to be late.



## 5. ONLINE WORKSHOP LEARNING OUTCOMES

The following tables summarise for each workshop the Learning Areas and Learning Outcomes covered:

### A. INVESTMENT FUNDAMENTALS (2 parts, 3 hours each: 6 hours total)

#### Part 1 (½ day – 3 hours)

Learning Area	<b>Learning Outcomes</b> - By the end of the course successful delegates will be able to...
<b>The South African economy</b>	<ul style="list-style-type: none"> <li>Describe the high-level economic functioning of South Africa with specific focus on the following concepts: Inflation, interest rates and currencies, commodities (gold &amp; oil), how supply and demand impact markets, GDP, monetary policy and central bank roles.</li> <li>Draw up a glossary of commonly used acronyms and terms.</li> </ul>
<b>Asset classes part 1</b>	<ul style="list-style-type: none"> <li>Identify the most common asset classes and expand on each. <ul style="list-style-type: none"> <li>Equities: <ul style="list-style-type: none"> <li>Definition and unique characteristics;</li> <li>The South African and foreign markets for this asset, the key indices and latest developments;</li> <li>Approaches to valuing this asset.</li> <li>Risks inherent in equities</li> </ul> </li> </ul> </li> </ul>

#### Part 2 (½ day – 3 hours)

<b>Asset classes part 2</b>	<ul style="list-style-type: none"> <li>Identify the most common asset classes and expand on each. <ul style="list-style-type: none"> <li>Bonds: <ul style="list-style-type: none"> <li>Definition, terminology and unique characteristics. Distinguish between different types: government, corporate, inflation linked;</li> <li>The South African and foreign markets for this asset and the key indices;</li> <li>Approaches to valuing this asset: Time value of money and opportunity cost. Impact on the value of bonds when interest rates change.</li> </ul> </li> <li>Property: <ul style="list-style-type: none"> <li>Definition and unique characteristics;</li> <li>The South African market/s for this asset and the key indices;</li> <li>Approaches to valuing this asset.</li> </ul> </li> <li>Money Market: <ul style="list-style-type: none"> <li>Definition and unique characteristics;</li> <li>The South African market/s for this asset and the key indices;</li> <li>Approaches to valuing this asset.</li> </ul> </li> <li>Derivatives: <ul style="list-style-type: none"> <li>Definition and unique characteristics;</li> <li>The South African market/s for this asset and the key indices;</li> <li>Approaches to valuing this asset.</li> </ul> </li> <li>Alternative investments – Private Equity and Hedge Funds: <ul style="list-style-type: none"> <li>Definition and unique characteristics;</li> <li>The South African market/s for this asset and the key indices;</li> <li>Approaches to valuing this asset.</li> </ul> </li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Describe the purpose of a formalised market and define the concept of an efficient market.</li> <li>List the sources of information for each market.</li> </ul>
<b>Risk and Return</b>	<ul style="list-style-type: none"> <li>Contrast the returns over time on each market;</li> <li>Calculate typical return measures;</li> <li>Explain why risk should always be considered in conjunction with return.</li> </ul>
<b>Portfolio construction and Regulation 28 of the Pension Funds Act</b>	<ul style="list-style-type: none"> <li>Explain asset allocation and diversification;</li> <li>Share the constraints on investment decisions e.g. Regulation 28, ethical, ESG introduction and prudential;</li> <li>Describe the process of "shorting" the market and scrip lending.</li> </ul>



## B. RETIREMENT FUND TRUSTEE GOVERNANCE AND ETHICS (2 parts, 3 hours each: 6 hours total)

### Part 1 (½ day – 3 hours)

Learning Area	<b>Learning Outcomes</b> - By the end of the course successful delegates will be able to...
<b>Retirement Fund types and purposes</b>	<ul style="list-style-type: none"> <li>Describe retirement funds and illustrate how they work including:           <ul style="list-style-type: none"> <li>Explain the purpose of a retirement fund;</li> <li>Distinguish between the different kinds of retirement funds and explain the implications of the differences;</li> <li>The Government Employees Pension Fund</li> <li>Apply these principles to the fund of which they are a trustee/ principal officer, identifying what kind of fund it is and how it works.</li> </ul> </li> </ul>
<b>Retirement Fund functions</b>	<ul style="list-style-type: none"> <li>Identify the different functions comprising a retirement fund to fulfil its mandate to the fund members and explain the potential issues, risks and requirements of each function.</li> <li>Show how trustees are responsible for ensuring these functions are fulfilled including:           <ul style="list-style-type: none"> <li>Identify the resources required to fulfil these functions and which of these functions can be outsourced to external service providers.</li> <li>Apply the above to retirement fund in which he/she serves as a trustee:               <ol style="list-style-type: none"> <li>Naming each role player, stakeholder and service provider;</li> <li>Identifying the role(s) which they fulfil and the tasks which they perform for the fund; iii. Identifying the associated costs;</li> </ol> </li> <li>Treating Customers Fairly</li> </ul> </li> </ul>
<b>Fund rules</b>	<ul style="list-style-type: none"> <li>Navigate around key rules within their own fund context, and identifying:           <ul style="list-style-type: none"> <li>Board composition and terms of office;</li> <li>Trustee nominations and elections;</li> <li>Meeting procedures and protocols;</li> <li>Quorums and voting.</li> </ul> </li> </ul>

### Part 2 (½ day – 3 hours)

<b>Trustees' roles and responsibilities</b>	<ul style="list-style-type: none"> <li>Describe the legal requirements relating to trustees including:           <ul style="list-style-type: none"> <li>List the legislation and other relevant regulations governing retirement funds in South Africa and demonstrate an awareness of the latest developments relating to this legislation and regulatory environment.</li> <li>Demonstrate a familiarity with, and ability to use, the contents of Pension Fund Circular 130.</li> <li>Explain what the term "fiduciary duty" means.</li> <li>Demonstrate an understanding of how fiduciary duty is fulfilled in practice.</li> <li>Identify the particular challenges facing trustees of retirement funds, with specific reference to the South African context.</li> <li>Minimum skills requirements and the FSCA Trustee Toolkit.</li> </ul> </li> </ul>
<b>Trustees' ethics</b>	<ul style="list-style-type: none"> <li>Describe the ethical principles binding trustees to the members' interests, focusing on:           <ul style="list-style-type: none"> <li>The essence of their fiduciary duty as trustees including the typical ethical challenges facing trustees.</li> <li>Explain the implications for the trustee and for the fund of a breach by a trustee of their fiduciary duty.</li> <li>Reporting obligations to the FSCA</li> <li>The responsibility for identifying perceived, actual and potential conflicts of interest,</li> <li>How conflict is best managed or avoided altogether, why and how.</li> </ul> </li> </ul>



ASISA

ACADEMY



ASISA

FOUNDATION

## C. RESPONSIBLE INVESTING (2 parts, 3 hours each: 6 hours total)

### Part 1 (½ day – 3 hours)

Learning Area	Learning Outcomes By the end of the course successful participants will be able to...
<b>Introduction and definitions</b>	<ul style="list-style-type: none"><li>Define responsible investment (RI).</li><li>Explain the difference between socially responsible investment, ethical investing and impact investing.</li><li>Contrast the rationale and drivers behind the growth of RI.</li><li>Identify key Environmental, Social and Governance (ESG) issues and how they impact on investment risk and opportunities.</li><li>Define key concepts such as "materiality" and "externalities".</li></ul>
<b>Regulatory and risk environment</b>	<ul style="list-style-type: none"><li>Show the relationship between RI and a trustee's fiduciary duty. Assess the implications of ESG non-compliance with Regulation 28.</li><li>Analyse the relationship between ESG analysis and risk management at all investment levels (sovereign, portfolio and individual assets).</li><li>Discuss how ESG issues might differ across companies, sectors and countries.</li></ul>

### Part 2 (½ day – 3 hours)

<b>International and local practice</b>	<ul style="list-style-type: none"><li>Describe the current status of RI in South Africa.</li><li>Compare developments in South Africa with other international markets.</li><li>Identify market players (consultants, asset managers) in the RI "ecosystem" and define their roles.</li><li>Identify key initiatives and organisations (PRI, CRISA) and assess the benefits of membership.</li></ul>
<b>Practical implementation</b>	<ul style="list-style-type: none"><li>Develop RI policies for their retirement fund.</li><li>Implement an RI policy and translate commitments into action.</li><li>Engage confidently with service providers on RI and evaluate their advice.</li><li>Describe how RI can be applied in different asset classes.</li><li>Debate the relationship between RI and financial performance.</li><li>Recognise and describe the use of different RI strategies (negative screening, positive screening; active ownership and engagement; integration) in the context of their funds.</li><li>List the disclosure and reporting requirements for RI.</li><li>Identify RI investment opportunities available to their funds.</li><li>Monitor their fund's implementation of the Action Steps set out in "Responsible Investment and Ownership – A Guide for Pension Funds in South Africa".</li></ul>



ASISA

ACADEMY



ASISA

FOUNDATION

## D. EMPLOYEE BENEFITS (2 parts, 3 hours each: 6 hours total)

### Part 1 (½ day – 3 hours)

Learning Area	Learning Outcomes By the end of the course successful participants will be able to...
<b>Roles and responsibilities</b>	<ul style="list-style-type: none"> <li>Identify and describe the key role players in a defined contribution (DC) retirement fund.</li> <li>Discuss the current status of retirement reform in South Africa.</li> </ul>
<b>Administration</b>	<ul style="list-style-type: none"> <li>Describe and assess the critical function of the fund administrator.</li> <li>Interpret and use reports generated by the administrator.</li> <li>Critically compare the administrator's performance with their service level agreement.</li> <li>Assess the implications of flawed or missing administrative procedures and identify the possible impact on the fund.</li> </ul>
<b>Governance and Compliance</b>	<ul style="list-style-type: none"> <li>Discuss the broad governance and compliance environment of a DC fund.</li> <li>Identify and apply the constraints imposed by PFA Regulation 28.</li> <li>Assemble a basic checklist of compliance features and factors.</li> <li>Contrast members' quality of retirement from good fund compliance, with that of poor compliance.</li> <li>Design and develop compliance tools for a fund.</li> <li>Liquidations and terminations of funds.</li> </ul>
<b>Member cashflows</b>	<ul style="list-style-type: none"> <li>Identify the alternative processes of paying benefits to beneficiaries.</li> <li>Evaluate logistical challenges where beneficiaries have limited internet or banking access.</li> <li>Determine and calculate withdrawal payouts, including related tax implications.</li> <li>Calculate and discuss death in service benefits.</li> <li>Assess and motivate various monthly payout timings.</li> <li>Illustrate how SARS tax directives are obtained and their use in calculating payouts.</li> <li>Describe how benefits may be structured to optimise beneficiaries' retirement.</li> </ul>

### Part 2 (½ day – 3 hours)

<b>Fund cashflows and accounting</b>	<ul style="list-style-type: none"> <li>Illustrate the key elements of a fund's treasury function.</li> <li>Describe the concept of fund liabilities being matched with assets.</li> <li>Explain the various asset classes into which the fund may invest.</li> <li>Calculate how different assets yield cash returns at different times.</li> <li>Discuss the concept of S14 transfers into and out of the fund, with related cashflow implications and fund preservation principles.</li> <li>Formulate and describe the broad principles of fund accounting and interpret a fund's basic financial statements.</li> </ul>
<b>Products and benefits</b>	<ul style="list-style-type: none"> <li>List and describe the range of benefits offered by the fund (pension, death in service, funeral, lump sum, loan settlement, surviving spouse, disability, custodian services).</li> <li>Discuss options available to members after retirement, along with related features.</li> <li>Describe and calculate income replacement ratios.</li> <li>Design and discuss benefit claims procedures, including fraud mitigation.</li> <li>Assess death in service settlements in terms of PFA 37C and discuss the associated practical challenges.</li> <li>List and describe in brief terms the various tax implications of fund membership and retirement options.</li> </ul>



## E. FUND ANNUAL FINANCIAL STATEMENT ANALYSIS (½ day – 3 hours)

Learning Area	Learning Outcomes
By the end of the course successful participants will be able to...	
Purpose and use	<ul style="list-style-type: none"><li>Describe the purpose and use of fund financial statements.</li></ul>
Legal context	<ul style="list-style-type: none"><li>Explain the legal requirement of a retirement fund to produce timely financial statements, in accordance with the Section 15 of the Pension Funds Act (PFA).</li><li>Discuss the implications of late submission or non-compliance with the PFA.</li><li>Assess the broad duties of the board of trustees as required by law.</li></ul>
Composition	<ul style="list-style-type: none"><li>List the contents and reports of the financial statements required by S15.</li><li>Formulate and describe the broad principles of retirement fund accounting (compared with a company's accounting protocols and reporting format)</li><li>Analyse the composition of each component, its relevance and use.</li><li>Describe the roles played and disclosures made by professional advisers within the financial statements.</li><li>Assess the independent auditor's role and report.</li><li>Describe and explain the actuary's report and financial soundness.</li><li>Describe the purpose and use of Regulation 28 asset compliance.</li><li>Identify the trustees' stated acknowledgements of fiduciary duty and legal compliance within the financial statements.</li></ul>
Analysis of AFS	<ul style="list-style-type: none"><li>Assess the suitability, formulation and disclosure of the fund's accounting policies.</li><li>Reflect on and assess the importance of grammatical and punctuation standards.</li><li>Respond to items of possible non-compliance (if any) discovered in the financial statements and how to remedy these.</li><li>Assess the quality and content of reports supplied by professional service providers.</li><li>Contrast areas of well-disclosed content with areas containing minimum content.</li><li>Discuss disclosures made relative to the employer's role in the fund.</li></ul>



## F. INVESTMENT POLICY STATEMENT FORMULATION AND ASSESSMENT (½ day – 3 hours)

Learning Area	Learning Outcomes By the end of the course successful participants will be able to...
<b>Investment Policy Statement formulation</b>	<ul style="list-style-type: none"> <li>• Describe the core principles underpinning an optimal investment policy statement (IPS).</li> <li>• Demonstrate investment decisions that meet the needs of fund members.</li> <li>• Incorporate developmental concepts into the fund's IPS.</li> <li>• Formulate and set appropriate performance measures e.g. market benchmarks, social development benchmarks.</li> <li>• Assess the implications of any ethical or social responsibility requirements of the employer and the fund's members, and draft these into the IPS.</li> <li>• Evaluate how to communicate the IPS's requirements and ethos to service providers who will be mandated to give effect to them.</li> <li>• Set a suitable time frame within which the trustees should revisit the IPS principles for relevance and efficacy.</li> <li>• Describe the principle of the Life Stage retirement model and assess the impact on the fund IPS's ability to meet liquidity needs.</li> <li>• Explain the concept of asset diversification and apply this to the fund IPS.</li> </ul>
<b>Investment Policy Statement assessment</b>	<ul style="list-style-type: none"> <li>• Critically assess and evaluate your fund's IPS in light of the IPS formulation learning areas.</li> <li>• With the benefit of hindsight, evaluate your fund's portfolio performance and describe how this assessment may affect the IPS construction going forward.</li> <li>• Discuss asset manager and consultant feedback of portfolio historical performance and determine how this fits the IPS principles.</li> <li>• Monitor fund performance against measures.</li> </ul>

## G. PFA SECTION 37C DEATH BENEFITS (½ day – 3 hours)

Learning Area	Learning Outcomes By the end of the course successful participants will be able to...
<b>Background and trustee duties</b>	<ul style="list-style-type: none"> <li>• Describe the background and objectives of death benefits as contained in section 37C of the Pension Funds Act.</li> <li>• Interpret the duties and responsibilities of trustees relative to S37C.</li> <li>• Summarise the relevant Law of Persons insofar as it affects death benefits.</li> </ul>
<b>Identification and process</b>	<ul style="list-style-type: none"> <li>• Interpret the legal requirements of S37C relative to beneficiaries and dependants.</li> <li>• Describe the processes of identification of dependants - legal, factual, or potential.</li> <li>• Discern and analyse dependants' financial needs.</li> <li>• Assess and design systems to enable trustees to make benefit allocations compliant with S37C and the principles of equitable and fair.</li> <li>• Describe the implications for trustees of non-compliance or poor judgement in discretionary application.</li> </ul>
<b>Dependant definition</b>	<ul style="list-style-type: none"> <li>• Categorise and describe the full range of dependant types.</li> <li>• Discuss the implications of wider familial complexities deriving from customary marriages, children born out of wedlock, common law unions and adopted/foster children.</li> </ul>
<b>Benefit Payments</b>	<ul style="list-style-type: none"> <li>• Identify the alternative types of payment prescribed and available.</li> <li>• Assess the processes of paying benefits to beneficiaries/dependants.</li> <li>• Evaluate logistical challenges where beneficiaries/dependants have limited internet or banking access.</li> </ul>
<b>Member communications of Death Benefits</b>	<ul style="list-style-type: none"> <li>• Design and distribute key features of death benefits to all fund members/dependants.</li> <li>• Solve challenges of communication with rural versus urbanised members.</li> <li>• Formulate a contact/call centre model to receive and process member/dependant queries</li> </ul>



## H. INVESTMENT MANAGEMENT FEES AND COSTS (½ day – 3 hours)

Learning Area	Learning Outcomes By the end of the course successful participants will be able to...
<b>Background and context</b>	<ul style="list-style-type: none"><li>Describe the current challenges of the complexities and calculation bases of investment management (IM) fees.</li></ul>
<b>Trustee responsibilities re investment fees</b>	<ul style="list-style-type: none"><li>Interpret the governance requirements of PF130 relative to IM fees and costs.</li><li>Describe the implications of funds paying excess IM fees on a compounding basis.</li><li>Discuss the process of IM fee negotiations and terms with investment service providers.</li><li>Motivate how negotiated IM fees reflect fair treatment of fund members (TCF).</li><li>Explain how IM fees and costs should be addressed and included in the fund's Investment Policy Statement.</li></ul>
<b>Fee types and analysis</b>	<ul style="list-style-type: none"><li>Define the full range of IM fees/cost types, including industry acronyms.</li><li>Analyse and differentiate between the different layers of base and performance IM fees.</li><li>Interpret the cost implications of different IM fee and cost strategies.</li><li>Explain the potential IM fee implications of default investment portfolios.</li><li>Interpret the ASISA suggested fee disclosure protocols</li></ul>
<b>Fee calculations</b>	<ul style="list-style-type: none"><li>Assess and calculate the full spectrum of IM fees, from base fees through to hurdles /caps / high watermarks.</li><li>Evaluate the quantitative impact on investment returns of various IM fees and costs.</li></ul>
<b>Member communication</b>	<ul style="list-style-type: none"><li>Formulate understandable communication of IM fees and costs to fund members.</li></ul>



## I. INVESTMENT DEFAULT REGULATIONS (½ day – 3 hours)

Learning Area	Learning Outcomes By the end of the course successful participants will be able to...
<b>Background</b>	<ul style="list-style-type: none"><li>Describe FSCA's reasoning and purpose behind the DRs 37 - 39.</li><li>Explain the importance of the Investment Default Regulations (IDRs) as part of consumer financial literacy and savings behaviour.</li></ul>
<b>Default investment portfolios</b>	<ul style="list-style-type: none"><li>Explain the purpose of default investments in the context of prudent fund governance.</li><li>Discuss the link between the fund's investment policy statement, PF Circular 130, the Pension Funds Act (PFA) and default investments.</li><li>Describe the practical implications of default investment portfolios on existing investment strategies.</li><li>Assess how compliance with the default investment criteria should achieve fair treatment of customers/fund members.</li></ul>
<b>Default preservation and portability</b>	<ul style="list-style-type: none"><li>Articulate the challenges faced by the retirement industry and wider economy, of pre-retirement withdrawals from retirement funds.</li><li>Explain the importance of preservation of retirement savings during members' working lifetimes.</li><li>Describe options which members will have under default preservation/portability requirements.</li><li>Assess the practical implementation of default preservation/portability protocols.</li><li>Discuss how fee and cost constraints/disclosure will affect members and service providers.</li></ul>
<b>Default annuity strategies</b>	<ul style="list-style-type: none"><li>Describe the historical options available to retiring fund members to annuitise their retirement savings, along with associated costs and pitfalls.</li><li>Set out the annuity options to be made available to retiring members.</li><li>Determine how default annuity strategies should optimally fit members' interests.</li><li>Assess the implications of constructing and offering default annuities.</li></ul>
<b>Member communication</b>	<ul style="list-style-type: none"><li>Explain the principle of clear and understandable fund member communication, both during employment and on retirement.</li><li>Describe member counselling, its practical implications and the need to avoid provision of investment advice by trustees.</li><li>Suggest improved disclosure content and format to a fund's members.</li><li>Discuss the practical implications of compliance with the DR's communication requirements.</li></ul>
<b>Timing and trustee responsibilities</b>	<ul style="list-style-type: none"><li>Assess the impact on funds' systems and service providers of the implementation deadlines.</li><li>Determine and explain the increased trustee governance and responsibility challenges associated with compliance with the DRs.</li></ul>



## J. PRIVATE EQUITY (½ day – 3 hours)

Learning Area	Learning Outcomes By the end of the course successful participants will be able to...
<b>Introduction to Private Equity (What is Private Equity?)</b>	<ul style="list-style-type: none"> <li>Define what Private Equity is, with focus on the asset class within the South African context.</li> <li>Discuss the full range of fees in relation to accepted industry standards.</li> <li>Explain how returns are measured within the Private Equity sector.</li> <li>Describe the private equity investment value chain in terms of investment stages, categories and types of investments.</li> <li>Explain the terminology used in the private equity industry.</li> </ul>
<b>The business case for Private Equity (Why invest in Private Equity?)</b>	<ul style="list-style-type: none"> <li>Show the potential gains that can be expected to be made by including Private Equity into the investment portfolio.</li> <li>Describe the industry trends with emphasis on the social, economic and financial performance.</li> <li>Compare the financial performance of Private Equity with other asset classes such as listed markets.</li> <li>Demonstrate the opportunity Private Equity offers to Socially Responsible Investing (SRI) and Environmental, Social and Governance (ESG) issues.</li> <li>Explain the asset allocation limits to alternative investments as set out in Regulation 28 of the Pension Funds Act.</li> </ul>
<b>Opportunities and Considerations when including Private Equity into your investment portfolio</b>	<ul style="list-style-type: none"> <li>Identify the opportunities Private Equity offers within the context of portfolio diversification.</li> <li>Describe the various aspects that need to be taken into consideration when investing in Private Equity.</li> <li>Show the potential risks and accompanying mitigations relevant to Private Equity.</li> <li>Discuss the due diligence considerations for Institutional Investors considering Private Equity.</li> </ul>

## K. INFRASTRUCTURE INVESTING (½ day – 3 hours)

Learning Area	Learning Outcomes - By the end of the course successful delegates will be able to...
<b>The nature of Infrastructure Investments</b>	<ul style="list-style-type: none"> <li>Explain the characteristics of Infrastructure Investments in a developing economy context.</li> <li>Show the long-term nature of Infrastructure Investments.</li> <li>Demonstrate the typical timing of the cashflows generated by the asset.</li> <li>Show how a Discounted Cashflow model can be used to price an Infrastructure Investment.</li> <li>Describe the typical sectors in which Infrastructure Investments are available including transport (roads, rail, ports), housing (students, affordable housing), power generation (renewable energy), water &amp; sanitation, education &amp; healthcare and telecommunications.</li> <li>Contrast greenfields with brownfields infrastructure projects.</li> <li>Contrast listed with unlisted Infrastructure Investments.</li> <li>Debate whether Infrastructure Investment is an asset class in its own right or an investment theme across asset classes.</li> <li>Describe the advantages and disadvantages of 1) directly investing in an infrastructure project and 2) investing via a State-Owned Enterprise (SOE) and 3) investing via a Public Private Partnership.</li> <li>Discuss Infrastructure Investments in the context of prescribed assets.</li> </ul>



ASIA

ACADEMY



ASIA

FOUNDATION

Learning Area	Learning Outcomes - By the end of the course successful delegates will be able to...
	<ul style="list-style-type: none"><li>Contrast infrastructure project bonds with a portfolio of infrastructure projects.</li></ul>
<b>The investment case for the country and for retirement funds</b>	<ul style="list-style-type: none"><li>Explain the need for investing in infrastructure in the South African economy.</li><li>Evaluate the benefits to society of infrastructure investing.</li><li>Show how Infrastructure Investments contribute to economic growth and job creation.</li><li>Explain the advantages for a retirement fund of investing in infrastructure including cashflow liability matching, inflation-linked returns, government backing of projects.</li><li>Use at least two case studies to show how a retirement fund can successfully invest in infrastructure assets.</li></ul>
<b>How are Infrastructure Investments funded?</b>	<ul style="list-style-type: none"><li>Describe the current sources of funding.</li><li>Compare South African and international funding mechanisms.</li><li>Contrast government and private sector funding of Infrastructure Investments.</li><li>Show how the government allocates the country's Budget to infrastructure and how debt is issued to fund budget shortfalls.</li><li>List the main private sector providers of funding, namely, banks, life insurance companies, foreign agencies and retirement funds.</li></ul>
<b>Risk and return</b>	<ul style="list-style-type: none"><li>Contrast Infrastructure Investments' risks and returns with the other typical investments within a retirement fund portfolio.</li><li>Show the real returns on an Infrastructure Investment.</li><li>Describe the risks associated with Infrastructure Investing including country/political, market-related, project developer, technology changes, financial, project pricing, cashflow mismatching, liquidity requirements, carbon profile and government policy consistency.</li><li>Contrast the risks that should be borne by the public sector versus those that should be borne by the private sector.</li><li>List the life stages of an Infrastructure Investment with the associated considerations for investors at each stage.</li><li>Explain the advantages and disadvantages for a retirement fund investing in Infrastructure by either lending money (buying bonds/debt funding) or buying shares (equity) in the project.</li><li>For debt funding, show how the cashflows are a combination of capital repayments and interest payments.</li><li>Set out the credit rating mandates for Infrastructure Investment issuers.</li><li>Show the basis for calculating risk-weighted returns for an Infrastructure Investment.</li><li>Explain the concept of diversification in an investment portfolio and how Infrastructure Investments can play a role in achieving that.</li></ul>
<b>How to include Infrastructure in your Fund's Investment Policy Statement (IPS)</b>	<ul style="list-style-type: none"><li>Motivate why Infrastructure Investments should be included in the fund strategic investment mandate.</li><li>Explain how Infrastructure Investments can be included in your fund's IPS.</li><li>Explain the link between Infrastructure Investments and fund policies relating to Responsible Investing (RI) and Environment Social and Governance (ESG) imperatives.</li><li>Explain the identification and role of, the fund's asset and investment consultants in getting Infrastructure Investments included in the IPS.</li><li>Outline the factors for a retirement fund to consider when deciding to either directly invest in Infrastructure or to use external expertise to do so e.g. via an investment manager.</li><li>Explain how fund members should be informed of new Infrastructure Investment opportunities.</li></ul>

## 6. OUR PRESENTERS



### **David Morris – B Comm, CA (SA)**

David has more than 26 years' experience of working in financial services in South Africa and the UK. After completing his articles with Price Waterhouse he worked as credit analyst and member of Nedbank's structured finance team. As the ASISA Academy Retirement Fund Trustee Education Programme Champion, David engages with stakeholders, develops workshop curricula and presents Trustee Education workshops. He is an independent trustee to the Nedgroup Beneficiary Fund and the Liberty Corporate Selection Suite of Umbrella Funds.



### **Jolly Mokorosi – B Comm, MBA, Certificate in Pension Law**

As a seasoned independent retirement fund trustee Jolly sits on a number of boards of trustees of SOEs and listed companies' funds. She is the chairperson of two of these funds and has previously worked as the principal officer of the Municipal Councillors Pension Fund. She previously worked at Old Mutual within their Corporate Distribution and Employee benefits divisions. Jolly is also ASISA Academy Principal Officer Professional Qualification (NQF7) Programme Champion.



### **Tony Remas**

Tony has been practising as a retirement funds compliance consultant since 2002. Prior to that he worked in legal services for various investment advisors. He is a highly regarded practitioner in the pension fund statutory and regulatory environment, specialising in trustee education and in particular death benefit. Tony is deputy chair of the IRFA Trustee Training and Education Committee, a member of the IRFA legal and Technical Committee, and a member of the Pension Lawyers Association.



### **Francois Toerien – PhD (Chemistry), MBA, CFA**

Francois is an associate professor in finance in the Department of Tax and Finance at the University of Cape Town where he also serves as Finance Section Head. He teaches third and fourth year BBusSci, B Comm and Economics students. Prior to joining UCT he worked as an equity analyst for Allan Gray. Francois has been presenting on the Academy's Trustee Education programme since its inception.



### **Malizole Mdlekeza – FIA, CAIA, CERA**

Malizole is a qualified actuary and chairman of the Actuarial Society of South Africa Alternative Investments committee which focuses on the suitability of infrastructure, private equity and hedge funds for institutions such as pension funds. His areas of specialization and focus within the actuarial profession are pensions and investments. In 2017, he was voted by the Mail & Guardian newspaper as one of South Africa's Top 200 South Africans.



### Johan Human – B Bus Sci (Hons), FIA, FASSA

Johan is an actuary with more than 20 years' experience in various aspects of Financial Services in Southern Africa, who has a particular passion for the development and investment in businesses that can successfully execute on concepts that excel in delivering commercial, social and environmental returns. He is the founder of Life House Finance, which has developed a range of Structured Finance solutions with a significant housing component. He is a member of the Alternative Investments Committee of the Actuarial Society of South Africa to consider the role that actuaries can play in this environment.



### Adrian Bertrand – BA, MBA

Adrian has worked as Head: Africa & Middle East for the UN-supported Principles for Responsible Investment (PRI) where he raised awareness of ESG issues for institutional investor signatories to the PRI and supported them in their implementation of the PRI Principles. Adrian has previously worked as ESG Manager at the Government Employees Pension Fund (GEPF) from 2011 - 2015, where he was responsible for managing and implementing the GEPF's Responsible Investment programme.

## 7. FEEDBACK FROM PAST DELEGATES



"Today's session meant that I could consolidate everything that I had learnt over the days of the course. It has been very valuable. I am very excited about the knowledge I have gained. Great course!"

"Overall, it was definitely encouraging, and I learnt new things once again. The course would be a great tool for all our staff members".

"What an excellent day! Learnt a tremendous amount from the brilliant speakers today."

"Great lecturers from the industry that has a wealth of knowledge to share. Thoroughly enjoyed it!"

"The program has broadened my perspective in terms of the actual industry - I am learning so much. It has been a great experience so far"

"Programme is fantastic, makes you apply your mind especially to the things you know but are ignorant of".



## 8. CONTACT INFORMATION

For course dates, venues and other information please contact the ASISA Academy on:

- Email: [LEARN@asisaacademy.org.za](mailto:LEARN@asisaacademy.org.za)
- Website: <http://asisaacademy.org.za/index.php/programmes/retirement-fund-trustee-education-rfte>