



IN PROUD PARTNERSHIP WITH



# RETIREMENT FUND TRUSTEE EDUCATION PROGRAMME BROCHURE

## 1. A SUMMARY OF OUR WORKSHOPS

The ASISA Academy, in partnership with the ASISA Foundation, is making available the following seven Trustee Education workshops at no cost to South African retirement funds and their trustees:

- A. INVESTMENT FUNDAMENTALS (1 day – 6 Batseta CPD points)
- B. RETIREMENT FUND GOVERNANCE AND ETHICS (1 day – 6 Batseta CPD points)
- C. RESPONSIBLE INVESTING (1 day – 6 Batseta CPD points)
- D. ANNUAL FINANCIAL STATEMENT ANALYSIS (½ day – 3 Batseta CPD points)
- E. INVESTMENT POLICY STATEMENT FORMULATION AND ASSESSMENT (½ day – 3 Batseta CPD points)
- F. EMPLOYEE BENEFITS (1 day – 6 Batseta CPD points)
- G. DEATH BENEFITS (½ day – 3 Batseta CPD points)

Detailed learning outcomes for each workshop are contained in section 4 of this brochure. 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 public courses.

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 at no cost to South African retirement funds and their trustees. This pooled initiative arrangement ensures the independence of the education programme from the individual sponsors of the ASISA Foundation.

To the extent that clients require tailor-made workshop programmes or are not South African retirement funds, we will quote a fee for the particular circumstances relating to such programmes once the scope of the workshop content has been agreed.

The Academy team delivering the workshops comprises a group of highly experienced university lecturers and seasoned financial professionals, all of whom also have past experience of working in the financial services industry. To further ensure the independence of the content of the workshops, one of our key requirements of these presenters is that they are currently not permanent staff members of any financial services providers. This team of experienced and independent lecturers are available to present the workshop anywhere in Southern Africa. To date we have delivered workshops to more than 800 trustees and principal officers in South Africa, Botswana and Namibia with highly favourable feedback.

Our retirement fund trustee education workshops are “Interactive Initiatives” and qualify as “Consumer Education” as those terms are defined in Guidance Note GN 800(a) released by the Financial Sector Charter Council. Accordingly sponsors (as measured entities) should receive Consumer Education points provided the contributions are committed to the programme within 12 months of receipt of the funds.

The ASISA Foundation sponsored Trustee Education workshops are formally monitored and evaluated by an external independent agency.

## 2. ACADEMY VISION & CONTEXT

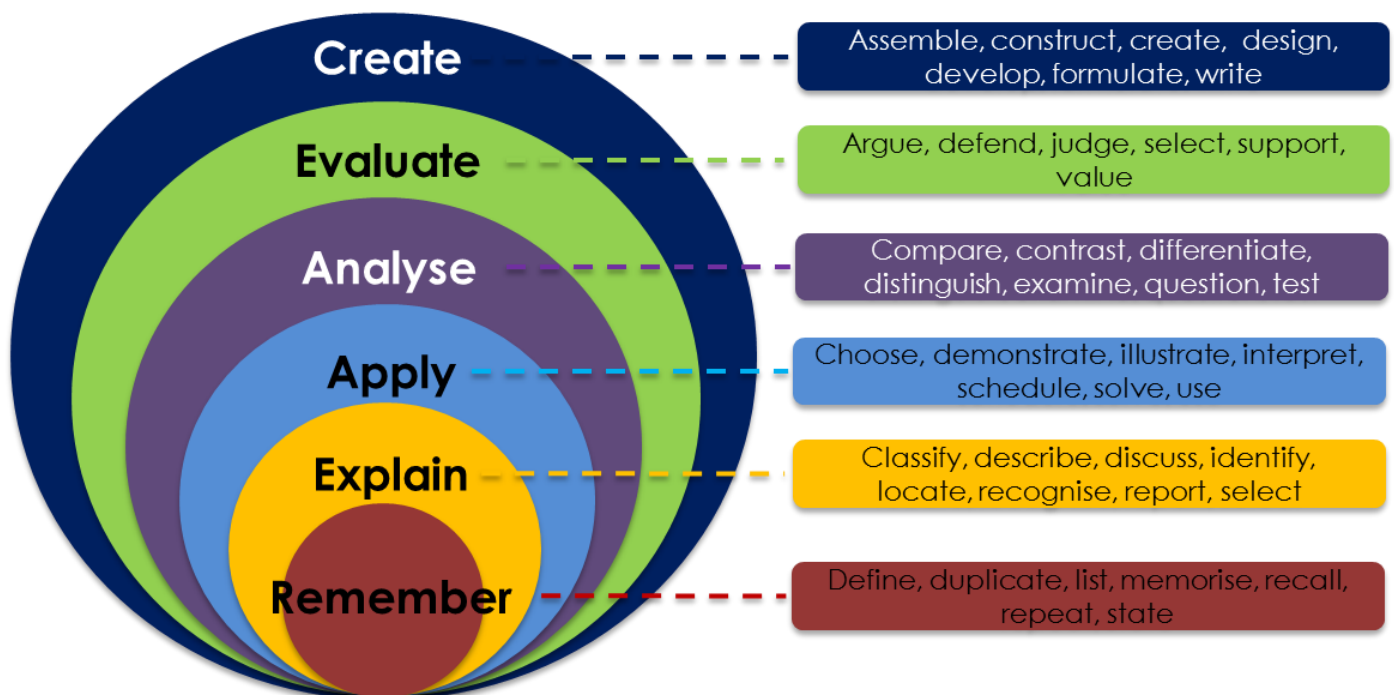
The ASISA Academy creates and delivers high quality solutions to meet the skills development needs of South African Savings, Life Assurance and Investment Management organisations. Our learning solutions are informed by and responsive to industry realities and delivered in an academically sound and practitioner-led manner.

The Academy resulted from the need for a fresh approach to developing savings and investment management skills and achieving broader, more rapid transformation of the industry. The intention is take delegates' learning beyond that of their tertiary studies using an approach that responds to industry realities and is delivered by industry experts in an academically sound manner.

More than 5,300 people in the Southern African financial services sector have learned with the ASISA Academy since 2008 with over 450 industry presenters keeping the learning rooted in reality. The Academy has a Level 2 B-BBEE rating.

## 3. ACTIVE LEARNING

We work hard at the ASISA Academy to ensure every learning experience is as interactive as possible. To achieve this we draw on the expertise of some of the most experienced and specialised professionals in the industry and we limit the size of our groups. The following diagram captures the Academy approach to learning. We aim to achieve the bulk of our learning in the biggest circles.



## WORKSHOP LEARNING OUTCOMES

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

### A. INVESTMENT FUNDAMENTALS (1 DAY)

<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.</li> <li>• Draw up a glossary of commonly used acronyms and terms.</li> </ul>
<b>Asset classes</b>	<ul style="list-style-type: none"> <li>• Identify the most common asset classes and expand on each using the categories below.             <ul style="list-style-type: none"> <li>○ Equities:                 <ul style="list-style-type: none"> <li>▪ Definition and unique characteristics;</li> <li>▪ The South African market/s for this asset, the key indices and latest developments;</li> <li>▪ Approaches to valuing this asset.</li> </ul> </li> <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 market/s 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>
<b>Financial markets</b>	<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>• Asset allocation and diversification;</li> <li>• Constraints on investment decisions e.g. Regulation 28, ethical and prudential;</li> <li>• Market “shorting” and scrip lending.</li> </ul>

## B. RETIREMENT FUND TRUSTEE GOVERNANCE AND ETHICS (1 DAY)

Learning Area	Learning Outcomes - 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>○ 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 required by the retirement fund to fulfil its mandate to the fund beneficiaries 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>i. Naming each role player, stakeholder and service provider;</li> <li>ii. Identifying the role(s) which they fulfil and the tasks which they perform for the fund;</li> <li>iii. Identifying the associated costs.</li> </ol> </li> </ul> </li> </ul>
<b>Conflicts of interest</b>	<ul style="list-style-type: none"> <li>• Show how trustees are responsible for identifying potential conflicts of interest, expressing an opinion as to whether the conflict is best managed or should be avoided altogether, why and how.</li> </ul>
<b>Trustees' roles and responsibilities</b>	<ul style="list-style-type: none"> <li>• Describe the legal requirements and ethical principles 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>○ Explain 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>○ 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> </ul> </li> </ul>

## C. RESPONSIBLE INVESTING (1 DAY)

Learning Area	<b>Learning Outcomes</b> 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>
<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>

## D. ANNUAL FINANCIAL STATEMENT ANALYSIS (½ DAY)

<b>Learning Area</b>	<b>Learning Outcomes</b> By the end of the course successful participants will be able to...
<b>Purpose and use</b>	<ul style="list-style-type: none"> <li>• Describe the purpose and use of fund financial statements.</li> </ul>
<b>Legal context</b>	<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>
<b>Composition</b>	<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 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>
<b>Analysis of AFS</b>	<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>



## E. INVESTMENT POLICY STATEMENT FORMULATION AND ASSESSMENT (1/2 DAY)

<b>Learning Area</b>	<b>Learning Outcomes</b> 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>



## F. EMPLOYEE BENEFITS (1 DAY)

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> </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>
<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 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 salary 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>
<b>Member communications</b>	<ul style="list-style-type: none"> <li>Design contact protocols for all levels of beneficiaries (active members, pensioners, minors, estates).</li> <li>Solve challenges of communication with rural versus urbanised members.</li> <li>Develop a member retirement education and financial literacy programs.</li> <li>Formulate a contact/call centre model to receive and process member queries.</li> </ul>

## G. DEATH BENEFITS FUNDAMENTALS (½ DAY)

Learning Area	<b>Learning Outcomes</b> 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 beneficiaries and dependants, actual, future 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.</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 in cohabitation relationships, 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>

## 4. OUR PRESENTERS



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

David has more than 20 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. On leaving Nedbank in 2004, David established his own structured finance venture which provided trustee, rating and administrative services. As the ASISA Academy Retirement Fund Trustee Education Programme Champion David engages with stakeholders, develops workshop curricula and presents Trustee Education workshops.



### **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.



### **Indrani O'Leary-Govender – MSc (Stats), MSc (Applied Maths), CFA**

Indrani is a lecturer in applied mathematics at the University of Johannesburg's Department of Finance and Investment Management. She has previously lectured at the City University's Cass Business School in the UK and at the University of the Western Cape. She is a part-qualified actuary and previously worked as an equity analyst at Allan Gray and as an actuarial student for Southern Life and Old Mutual.



### **Ivor Msimang – B Comm, Wealth Mgmt Nat Cert, FAIS RE5**

Ivor has worked in the financial services sector for over ten years, predominantly in technical product learning, training and facilitation roles. This included developing educational course content for learning interventions. Ivor provided specialist training and development advice to a broad customer base, whilst integrating general HR best practice, business realities and external industry research. Ivor works for the ASISA Foundation as an operations and marketing executive.



### **Louise Gardiner – BA (Hons), MA**

Louise has 16 years of international experience in environmental and social standards for businesses and the financial sector. She has supported companies, industry bodies, institutional investors, and financial sector regulators in Africa, Latin America, and Asia to design strategic approaches to sustainability, agree common definitions and develop roadmaps for responsible investment in retirement investments. Louise is co-founder and director at KudosAfrica, a sustainable investing advisory firm.



### **Mike Davies – BBusSci (Ecos), MA**

Mike is an experienced analyst with specialist knowledge of sub-Saharan Africa, across a broad range of sectors, including mining, energy and retail. He provides research and analysis of political risk and environmental, social and corporate governance (ESG) issues and has worked for three of the top political and global risk consultancies in the United Kingdom. He has briefed numerous FTSE100 and S&P500 firms and financial sector clients, including asset managers and international financial institutions, on the risks and opportunities of investing sustainably and responsibly in sub-Saharan Africa.

## 5. FEEDBACK FROM PAST CANDIDATES

Some comments from past Academy delegates about their experiences on our courses:



- “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 was good, and in my opinion it would be a great tool for all our staff members”.

- “What an excellent day! Learnt a tremendous amount from the brilliant speakers today. Could easily spend a day with each of them”.
- “Great lecturers from the industry that has a wealth of knowledge to share. Thoroughly enjoyed it!”
- “In a nutshell, the investment industry summed up in a week and getting top industry professionals to simplify complexity in our working environment was one of the most fulfilling things in my career, and am ready to apply all the concepts learned, from Excel to self-management and through to compliance to add value and simplify my life, most of all and those that I work with, and continue to question status quo”.
- “It’s a great course and should really be given a lot more attention to new comers to the industry”.
- “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”.
- “Have enjoyed and found it very helpful and informative”.
- “Programme is fantastic, makes you apply your mind especially to the things you know but are ignorant of”.



- “It has been very valuable. I am very excited about the knowledge I have gained. Great course!”

- “The course was highly beneficial to me as a newbie in this industry. I would recommend that everyone who is unfamiliar with the big picture of the investment world do the course. Really great experience.”

## 6. CONTACT INFORMATION

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

- Email: [info@asisaacademy.org.za](mailto:info@asisaacademy.org.za)
- Landline: +27 21 673 1627
- Website: <http://asisaacademy.org.za/index.php/programmes/trustee-education-programme-trusted>