



ISASA

Independent Schools Association of Southern Africa

PENSION SCHEME AND PROVIDENT FUND

UPCOMING CHANGES TO THE

FUNDS' Investments



UPCOMING CHANGES TO THE FUNDS' INVESTMENTS AS OF 01 SEPTEMBER 2017

One of the main focus areas of the Board of Trustees is to constantly review and assess the Funds' investment strategies, in order to ensure that they are appropriate given changing market conditions, whilst keeping track of new developments in the industry.

The recent discussion paper on retirement industry charges issued by National Treasury emphasized that many investors are prejudiced by excessive fees, choice and complexity, by poor disclosure and governance, and by conflicts of interest.

After receiving expert advice from the Funds' investment consultants, the Board has considered how to simplify the Funds' investments and introduce lower cost investment options for the benefit of members.

As a result, the Funds will adopt the following new portfolios with effect from 1 September 2017:

- 1. NEW GOALS-BASED LIFESTAGE MODEL** - This targets better retirement outcomes for members by designing the pre-retirement portfolio to be more aligned to the income solution that members will invest in at retirement.
- 2. PASSIVE LIFESTAGE MODEL** - Index-tracking portfolios which aim to track a benchmark index as closely as possible at the lowest possible fees.
- 3. SHARI'AH-COMPLIANT PORTFOLIO** - The underlying portfolio managers adhere to the prescribed guidelines as all investments are thoroughly screened and analysed to ensure conformity to Shari'ah Law. This option was introduced on 1 April 2017.

CONTENTS

UPCOMING CHANGES TO THE FUNDS' INVESTMENTS AS OF 1 SEPTEMBER 2017	01
1. NEW GOALS-BASED LIFESTAGE MODEL	01
2. PASSIVE LIFESTAGE MODEL	01
3. SHARI'AH-COMPLIANT PORTFOLIO	01
MEMBER WEB ACCESS: ONLINE SWITCHES	02
SWITCH FORM	02
HOW WILL THESE CHANGES AFFECT YOU?	02
1. CURRENT DEFAULT LIFESTAGE MODEL	02
2. GOALS-BASED LIFESTAGE MODEL	02
3. THE PASSIVE LIFESTAGE MODEL	03
4. MEMBER INVESTMENT CHOICE (MIC)	04
4.1 MIC members invested in current LifeStage model portfolios	04
4.2 Money Market and Smooth Bonus	04
4.3 From 8 September 2017, the following portfolios are available for selection under MIC	04
SUMMARY OF SIGNIFICANT CHANGES	05
CONTACT FOR SWITCH FORMS AND QUERIES	05



ISASA

Independent Schools Association of Southern Africa

UPCOMING CHANGES TO THE FUNDS' Investments

PENSION SCHEME AND PROVIDENT FUND

MEMBER WEB ACCESS: ONLINE SWITCHES

Due to the asset manager and administration transfer requirements for the bulk switch (accumulated benefit transfers) to the new strategy, members will not be able to access the online switch platform to make any investment elections or view Fund credits or benefits from 24 August 2017 to 8 September 2017.

SWITCH FORMS:

You will find an investment switch form on the website from 8 September 2017 at www.isasapensionfund.co.za or www.isasaprovidentfund.co.za

HOW WILL CHANGES AFFECT YOU?

1. CURRENT DEFAULT LIFESTAGE MODEL

Effective 1 September 2017, the following portfolios will fall away:

CURRENT LIFESTAGE MODEL PORTFOLIOS
High Growth
High/Medium Growth
Medium Growth
Medium/Conservative Growth
Conservative Growth

2. GOALS-BASED LIFESTAGE MODEL

With effect from 1 September 2017, the Funds' current default LifeStage model will be replaced with the new Goals-Based LifeStage model which utilises the following two portfolios:

GOALS-BASED LIFESTAGE MODEL PORTFOLIOS
Performer Portfolios
Protector Portfolios

This means that all members who elected the current LifeStage model or members who were defaulted to the current LifeStage model, will be invested in the Performer and Protector portfolios, of the new active Goals-Based LifeStage model with effect from 1 September 2017 as set out in the table on the opposite page:

NEW 5 YEAR DE-RISKING: Number of months from retirement		Performer	Protector
From Months	To Months		
More tahn 60 months from retirement		100.00%	0%
60	58	92.31%	7.69%
57	55	84.62%	15.38%
54	52	76.93%	23.07%
51	49	69.24%	30.76%
48	46	61.55%	38.45%
45	43	53.85%	46.15%
42	40	46.15%	53.85%
39	37	38.45%	61.55%
36	34	30.76%	69.24%
33	31	23.07%	76.93%
30	28	15.38%	84.62%
27	25	7.69%	92.31%
24	0	0%	100.00%

From 8 September 2017 online switches and switch forms will be available. If you would like to elect your own portfolios you will be given an opportunity to opt out of the new Goals-Based LifeStage. You may choose the automated passive LifeStage, where you will be invested according to the number of months to retirement in the percentages shown in the table above, or you can make your own investment choice into any one, or a combination of:

- The underlying portfolios of the Goals-Based LifeStage (Performer and Protector) in whichever proportions you prefer
- The underlying portfolios of the Passive LifeStage (Balanced Index Fund and the Conservative Index Fund) in whichever proportions you prefer
- Smooth bonus
- Money Market
- Shari'ah High Growth portfolio.

NB: You may only be in one of the automated LifeStage Models (active or passive) and you may not have a combination of an automated LifeStage Model and additional individual portfolios.

3. THE PASSIVE LIFESTAGE MODEL

The Index-tracking LifeStage model is similar to the default Goals-Based LifeStage in that it uses just two portfolios with the same time horizons for the switches from the growth portfolio to the protection portfolio, i.e. starting from five years to retirement and ending at two years from retirement. The new passive LifeStage model is not goals-based but will mirror the de-risking (phasing) percentages of the active Lifestage model (The Goals-Based Balanced LifeStage Range) as set out in point 2 above. The index-tracking portfolios are: **Balanced Index Fund (growth portfolio)** and **Conservative Index Fund (protection portfolio)**.



ISASA

Independent Schools Association of Southern Africa

UPCOMING CHANGES TO THE

FUNDS' Investments

PENSION SCHEME AND PROVIDENT FUND

4. MEMBER INVESTMENT CHOICE (MIC)

4.1 MIC MEMBERS INVESTED IN CURRENT LIFESTAGE MODEL PORTFOLIOS

If you have elected one or more of the portfolios of the current LifeStage via Member Investment Choice (MIC) all your new contributions and accumulated credit will automatically be switched into the closest matched portfolio(s) from the new goals-based range. Due to asset manager and administration processes involved in the switch from the old investment strategy to the new one, you will only be able to exercise choice from 8 September 2017. If you do not exercise choice after 8 September 2017 to provide the Fund with your revised election, you will continue to be defaulted into the underlying portfolios of the "New LifeStage" in the percentages as set out in the table below:

NEW PORTFOLIOS	UNDERLYING PORTFOLIOS - OLD LIFESTAGE				
	High Growth	High-Medium	Medium	Medium - Conservative	Conservative
Performer	100%	75%	50%	15%	0%
Protector	0%	25%	50%	85%	100%

Note: If you're not invested in the existing LifeStage model and have made an active choice to invest in other portfolios, you will be switched to the closest match to your existing choice as per above.

4.2 MONEY MARKET AND SMOOTH BONUS

All assets currently invested in the Money Market or Smooth Bonus portfolios will remain unchanged.

In the event that a member had previously elected a combination of the Money Market/Smooth Bonus portfolios and those portfolios within the underlying current LifeStage model, the assets held in the underlying LifeStage portfolio combinations will be split between Performer and Protector according to the table in 4.1, whilst the portions invested in Money Market and Smooth Bonus will be retained as previously elected. It is important to note that these splits have been carefully matched to produce a similar risk profile to the current portfolios.

4.3 FROM 8 SEPTEMBER 2017, THE FOLLOWING PORTFOLIOS ARE AVAILABLE FOR SELECTION UNDER MIC:

- The underlying portfolios of the active Goals-Based Balanced LifeStage (Performer and/or Protector) in whichever proportions you prefer
- The underlying portfolios of the Passive LifeStage (the Balanced Index Fund and the Conservative Index Fund)
- Smooth bonus
- Money Market
- Shari'ah High Growth portfolio.

Fact sheets for all the available portfolios can be found on the website.



SUMMARY OF SIGNIFICANT CHANGES

SIGNIFICANT CHANGES		
	CURRENT INVESTMENT STRATEGY	NEW INVESTMENT STRATEGY WITH EFFECT 1 SEPTEMBER 2017
Active Lifestage	5 underlying portfolios	2 underlying portfolios
Passive Lifestage	No passive investment available	Passive Lifestage with 2 underlying portfolios
Lifestage derisking	Lifestage derisking over a period of 7 years	Lifestage derisking (for both active and passive) between years 5 and 2 before retirement
Lifestage derisking	Derisking switches happening annually	Derisking switches happening quarterly
Member Investment Choice	Investment choice of 8 portfolios: High, Med High, Med, Med Con, Con, Smooth, Money Market and Shari'ah	Investment choice of 7 portfolios: Performer, Protector, Balanced Index, Conservative Index, Smooth, Money Market and Shari'ah
Member Investment Choice	Existing Smooth Bonus, Money Market and Shari'ah - assets remain unaffected	No change

Note: Derisking is the progressive transition from aggressively positioned asset allocations to more conservatively positioned asset allocations, as a member approaches retirement.

CONTACT FOR SWITCH FORMS AND QUERIES

Switch forms and queries to be sent to

ISASA@oldmutual.com

from 8 September 2017.