



PENSION SCHEME  
and PROVIDENT FUND

ISASA

Independent Schools Association of Southern Africa

BACK TO BASICS UNDERSTANDING THE FUNDS'

# LIFESTAGE *Portfolios*

## WHY DO THE FUNDS OFFER LIFESTAGE PORTFOLIOS?

The **Board of Trustees** is aware that some **members may feel that they lack sufficient knowledge about investments and therefore are not comfortable when choosing a portfolio**. The Lifestage models, each consisting of two portfolios, will save members this onerous task by ensuring that their assets are invested according to their years to retirement (investment horizon).

## WHAT IS A LIFESTAGE MODEL?

A lifestage model works on **the simple principle that the shorter the period until you reach retirement age (your investment horizon), the safer your investment should be**. So, as you age, your investment time horizon reduces. This results in the level of investment risk you take being reduced, allowing an automatic, gradual transfer of investments from a more volatile investment portfolio (growth) to a less volatile investment portfolio (protection).

## THE FUND OFFERS TWO LIFESTAGE MODELS:



### **DEFAULT GOALS-BASED LIFESTAGE MODEL**

### **PASSIVE LIFESTAGE MODEL**

## DEFAULT GOALS-BASED LIFESTAGE MODEL

**If you make no active investment choice, you will automatically be invested** in the Funds' default Goals-based Lifestage Model.

The two portfolios are:



-  **1. PERFORMER PORTFOLIO** (Growth Phase)
-  **2. PROTECTOR PORTFOLIO** (Protection Phase)

The Default Goals-based Lifestage Model was designed by the Trustees in consultation with retirement fund investment experts and has a greater focus on assisting members to achieve their retirement income goals.

## PASSIVE LIFESTAGE MODEL

**Passive investment management is an investment strategy that aims to track a benchmark index as closely as possible at the lowest possible fees.** There is no intention to try to outperform the benchmark index.

The two index-tracking portfolios are:

-  **1. BALANCED INDEX FUND** (Growth Phase)
-  **2. CONSERVATIVE INDEX FUND** (Protection Phase)

The Passive Index-tracking LifeStage Model is similar to the default Lifestage in that it uses just two portfolios and the time horizons for the switches from the growth portfolio to the protection portfolio are the same, i.e. starting from five years to retirement and ending at two years from retirement.

## THE GOALS-BASED LIFESTAGE MODEL

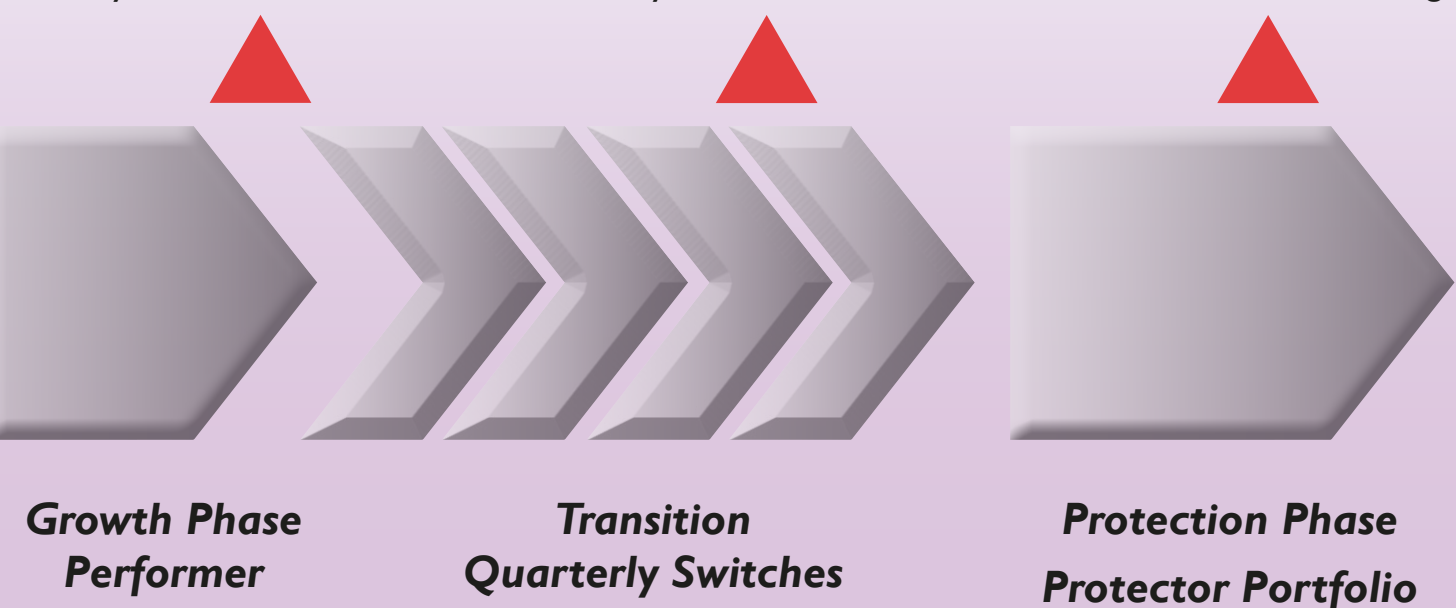
### Performer Portfolio

5 years to Retirement

### Protector Portfolio

2 years to Retirement

Normal Retirement Age



## THE PASSIVE LIFESTAGE MODEL

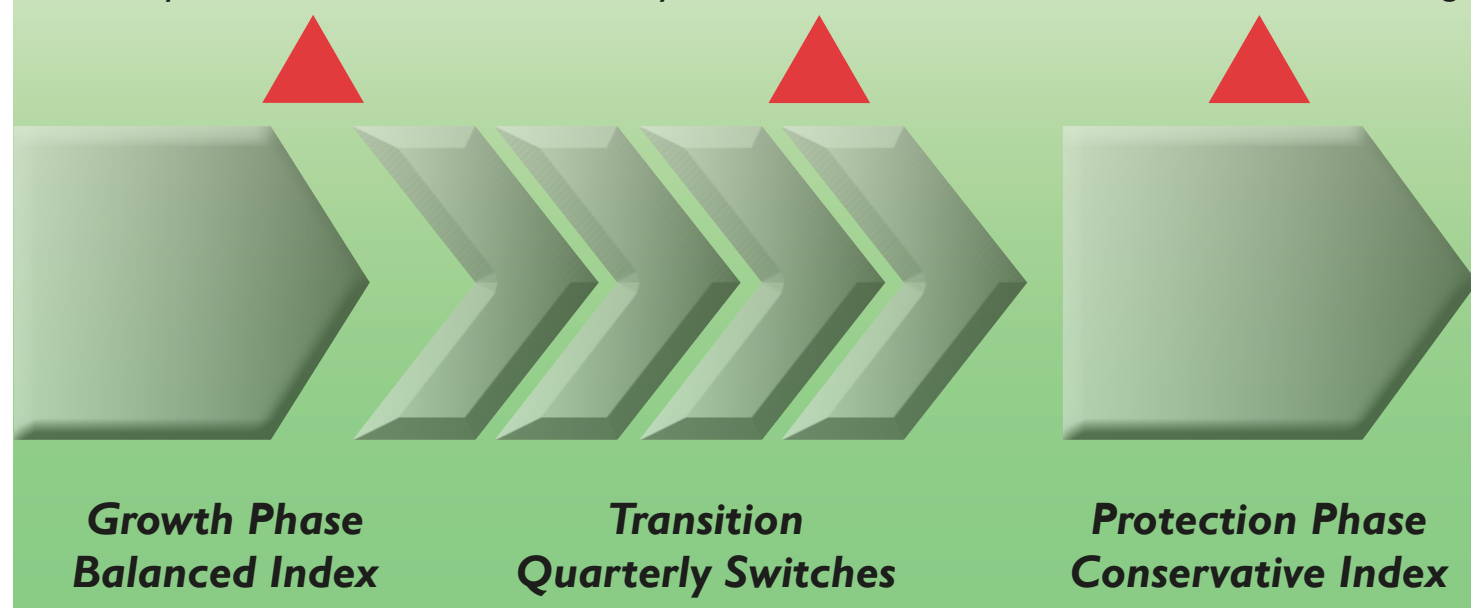
### Balanced Index Fund

5 years to Retirement

### Conservative Index Fund

2 years to Retirement

Normal Retirement Age










## INDIVIDUAL MEMBER CHOICE (IMC)

The **Board of Trustees** is of the opinion that, **for many members**, the **Goals-based default Lifestage portfolio** should be the **appropriate portfolio to invest their Accumulated Credit**. However, if you think that the Lifestage portfolios are not appropriate for **you**, **then you, as a member, may choose any of the eight portfolios offered by the Funds**.

### PROFESSIONAL ADVICE

You have various investment options and it is very important that you seek independent professional advice from an accredited financial adviser, in order to ensure that the investment of your Accumulated Credit in the Fund between now and your retirement is invested in line with your future financial needs.

Eight Portfolios available to members include:

-  **PERFORMER PORTFOLIO**
-  **PROTECTOR PORTFOLIO**
-  **BALANCED INDEX FUND**
-  **CONSERVATIVE INDEX FUND**
-  **ABSOLUTE SMOOTH GROWTH FUND - SMOOTH BONUS 50% (AGP50)**
-  **ABSOLUTE STABLE GROWTH FUND - SMOOTH BONUS 80% (AGP80)**
-  **BANKER PORTFOLIO (CASH)**
-  **SHARI'AH HIGH GROWTH PORTFOLIO**

### Please note:

Members may choose to have a combination of any of the eight portfolios listed here. However, a member will not be allowed to have a combination of the Lifestage portfolios and individual portfolios. If members elect either of the Lifestage models they can only elect to be invested 100% in that Lifestage model.

**Members can obtain an investment switch form** from the website

[www.isasapensionfund.co.za](http://www.isasapensionfund.co.za)

or

[www.isasaprovidentfund.co.za](http://www.isasaprovidentfund.co.za)

Please make sure your portfolio selections add up to 100%.