

September 2020

Dear Member

**PRESCRIBED ASSETS**

The Trustees of the University of Witwatersrand Retirement Fund would like to assure Members that they are fully aware of the recent media reports relating to the possible amendment of Regulation 28 of the Pension Funds Act and the potential re-introduction of prescribed assets.

Regulation 28 governs the way in which retirement funds are managed and prescribes limits to investments in certain asset classes like listed (public) equities, property and private equity. These limits are designed to reduce the overall risk that Members' savings for retirement are exposed to and have been amended from time to time to better serve this purpose. There is currently no prescription per se within Regulation 28 as Trustees are free to invest Members' savings as they choose (within the prudent exposure limits). In other words, Trustees are not currently forced to invest in specific types of investments that may not suit Members.

It is speculated that the proposed amendments to Regulation 28 will be a way for Government to reintroduce prescribed assets and thereby dictate to retirement funds where they must allocate Members' savings. There are those who speculate that the proposed amendments to regulations will be a way for Government to bail out dysfunctional SOE's using Members' retirement savings.

While pension fund money (via prescribed assets) has been used by the pre-1994 Government to fund infrastructure projects at a relatively low cost (and commensurate low return to members), it is not at this stage clear whether that is the intention of this Government's proposed changes to Regulation 28. As with all amendments to regulations, Government is engaging with the sector body, in this case ASISA, and discussions are ongoing.

It is important to emphasise that Government has not yet adopted any policy or legislative change pertaining to prescribed assets in any form. We would like to assure Members that the Trustees of the University of the Witwatersrand Retirement Fund and their consultants are monitoring the regulatory environment as well as any official communication in this regard. The Trustees will keep Members informed on this matter and how it relates to their savings as more information becomes available.

Yours faithfully,

Board of Trustees