



Retirement Fund Reform discussion paper

Comments from Alternative Investment Management Association of SA

[We have commented only on section 7, Investment Regulation, since this is where our area of expertise lies.]

1. AIMA welcomes this initiative to allow trustees to invest in an asset portfolio appropriate to the nature of their retirement fund liabilities.
2. AIMA also agrees with the increased emphasis on the responsibility trustees have to ensure that the assets of the fund are appropriate for its liabilities.
3. We believe that by including alternative investments, with their uncorrelated return profile targeting stable real returns, trustees can improve their portfolio's risk/return profile and provide a better fit for the liabilities of the fund.
4. However, alternative investments are often more complex than conventional investments, and are probably less familiar to the average trustee. AIMA recommends that trustees ensure that any potential alternative investment has been properly assessed and understood before being included in an asset portfolio. AIMA currently supports trustee-training activities, and publishes a Hedge Fund booklet aimed at trustee education.
5. AIMA also recommends that the investment manager appointed to manage alternative investments have the appropriate qualifications and experience, and should be specifically approved to manage alternative investments under FAIS or equivalent.
6. Item 7.5.5. - it is unclear which 'standard quantitative limits' are being referred to.

7. Item 7.6.4. – some funds may prefer to invest more than 10% of their assets in a SRI fashion, and with the approval of their members and sponsors should be able to do so.

Thank you again for the opportunity to comment. Please contact Garth Taljard, gtaljard@omam.com, who chairs the Regulatory and Tax portfolio at AIMA (SA).