

● ● GEPF Thought Leadership Conference 2023

Pension Policy and Regulatory Reforms

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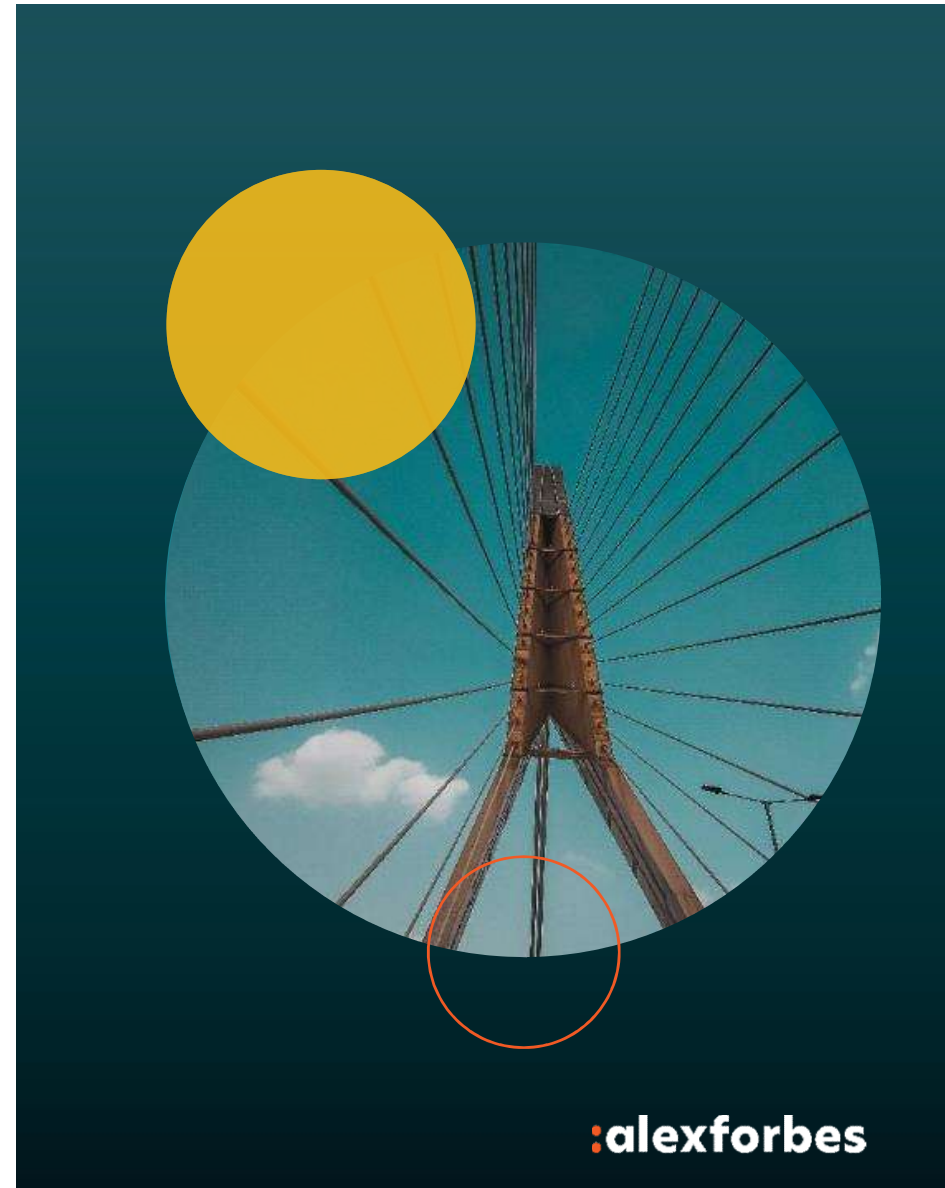
FSCA

GEPF

Jonathan Mort Inc.

World Bank

Railpen (UK)





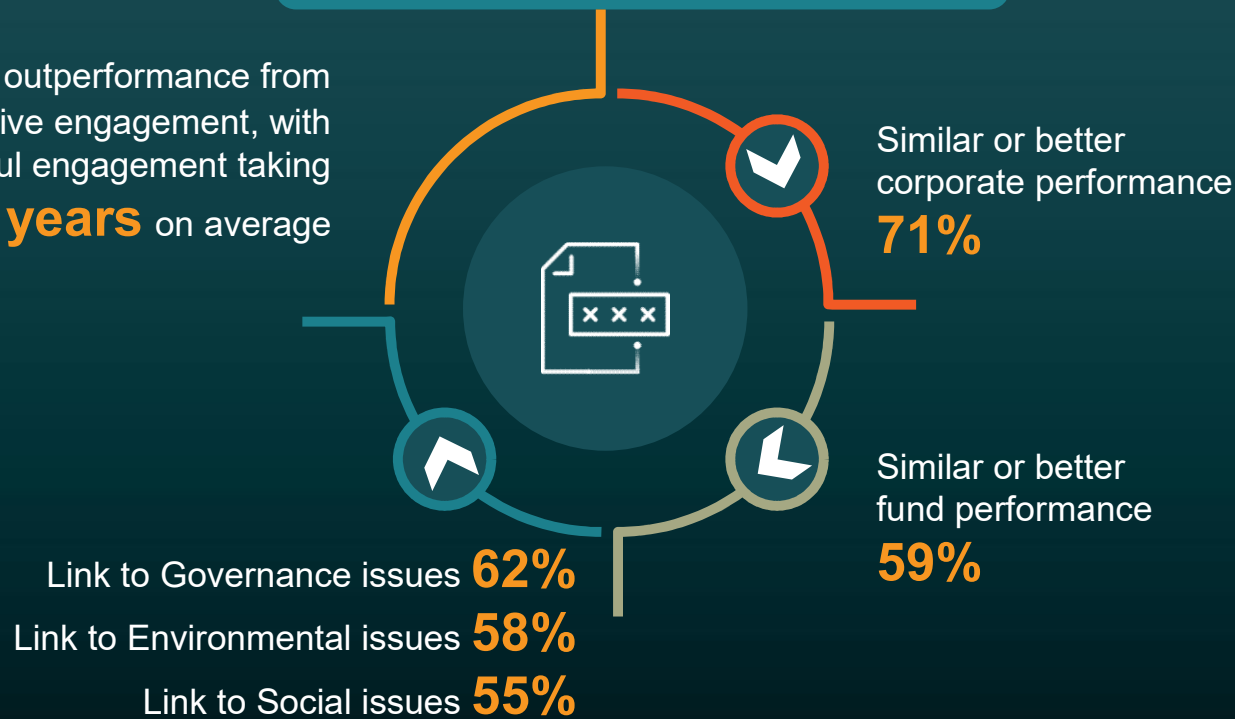
Taking sustainability seriously will deliver benefits in the future (and make the fund more resilient)...



The value of incorporating ESG into decision-making

Link to corporate performance and portfolio performance to varying degrees

90% of outperformance from active engagement, with successful engagement taking **1.5 years** on average

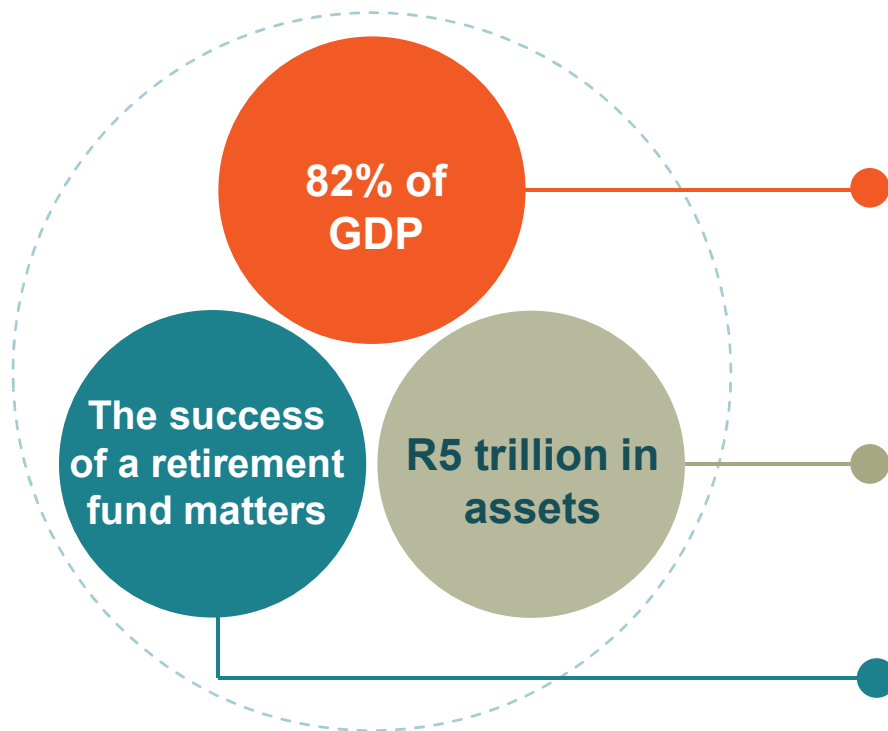


There is evidence of correlation between existing investment management styles and factors (value, growth, momentum, size, quality, risk) and ESG

(i) 2021 NYU / Rockefeller Asset Management Meta-Study (ii) 2015 Meta Study by G. Friede, T. Busch, and A. Bassen
(iii) Active Ownership by E. Dimson, O. Karakaş, and X. Li (iv) 2006 Hermes UK Focus Fund study
(v) Alexforbes research

Asset owners play an essential role in the creation of a sustainable and resilient future...

“The best way to predict the future is to create it.” Peter Drucker



South African retirement fund savings represent a material portion of GDP.

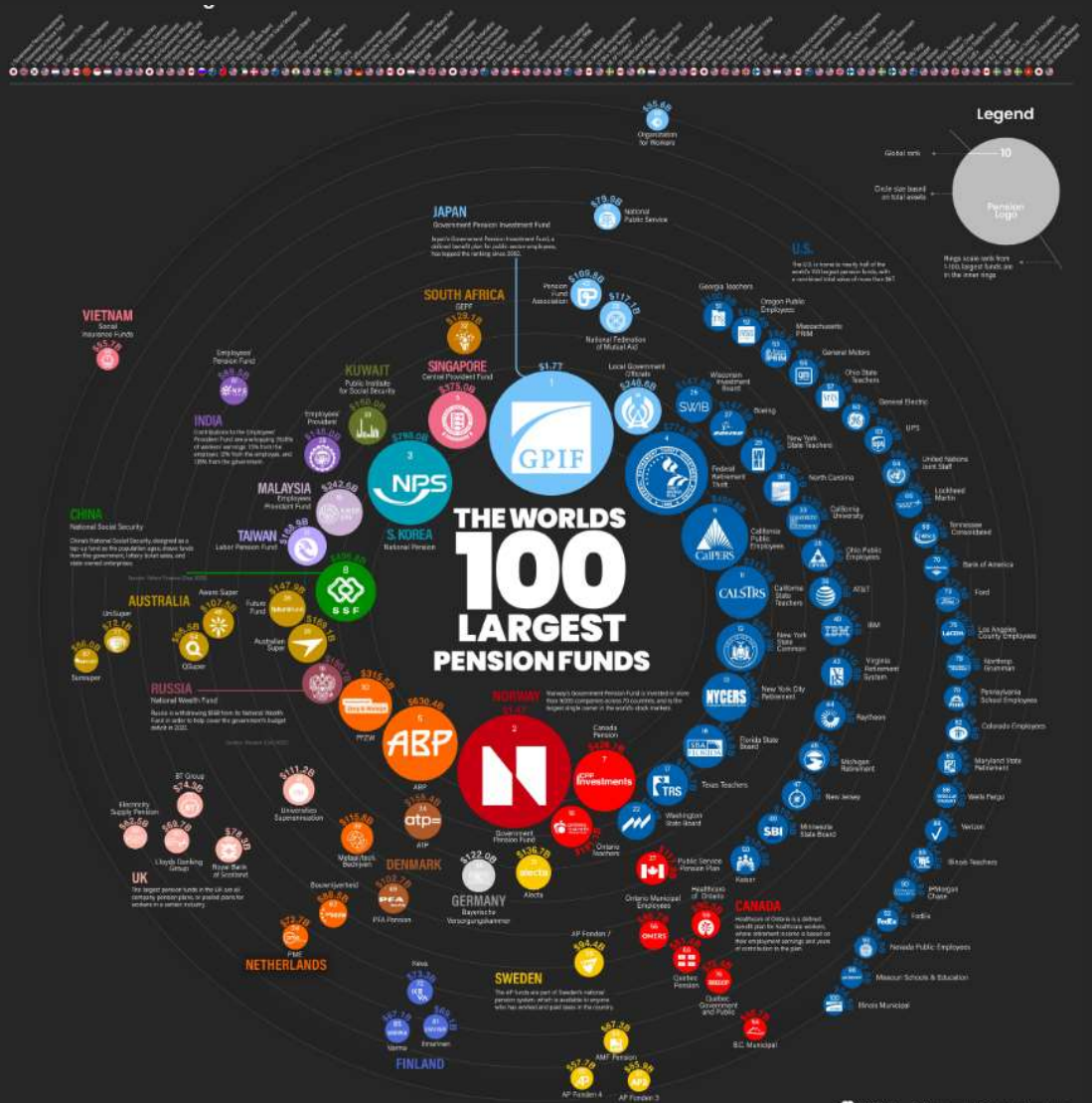
Owning *circa* 40% of the assets on the JSE Limited: massive power to steward and affect change.

In excess of 5 000 registered retirement funds in South Africa with a combined asset value of over R5 trillion (National Treasury / FSCA, 2022).

Only around 6% of our total membership base can expect a replacement ratio above 75% of pensionable salary.

Pension funds ranking 2021

<https://www.visualcapitalist.com/worlds-100-biggest-pension-funds/>



Challenges we face

01

Pandemic

02

Natural
disasters in
South Africa
(droughts
and flooding)

03

Increased
market
volatility

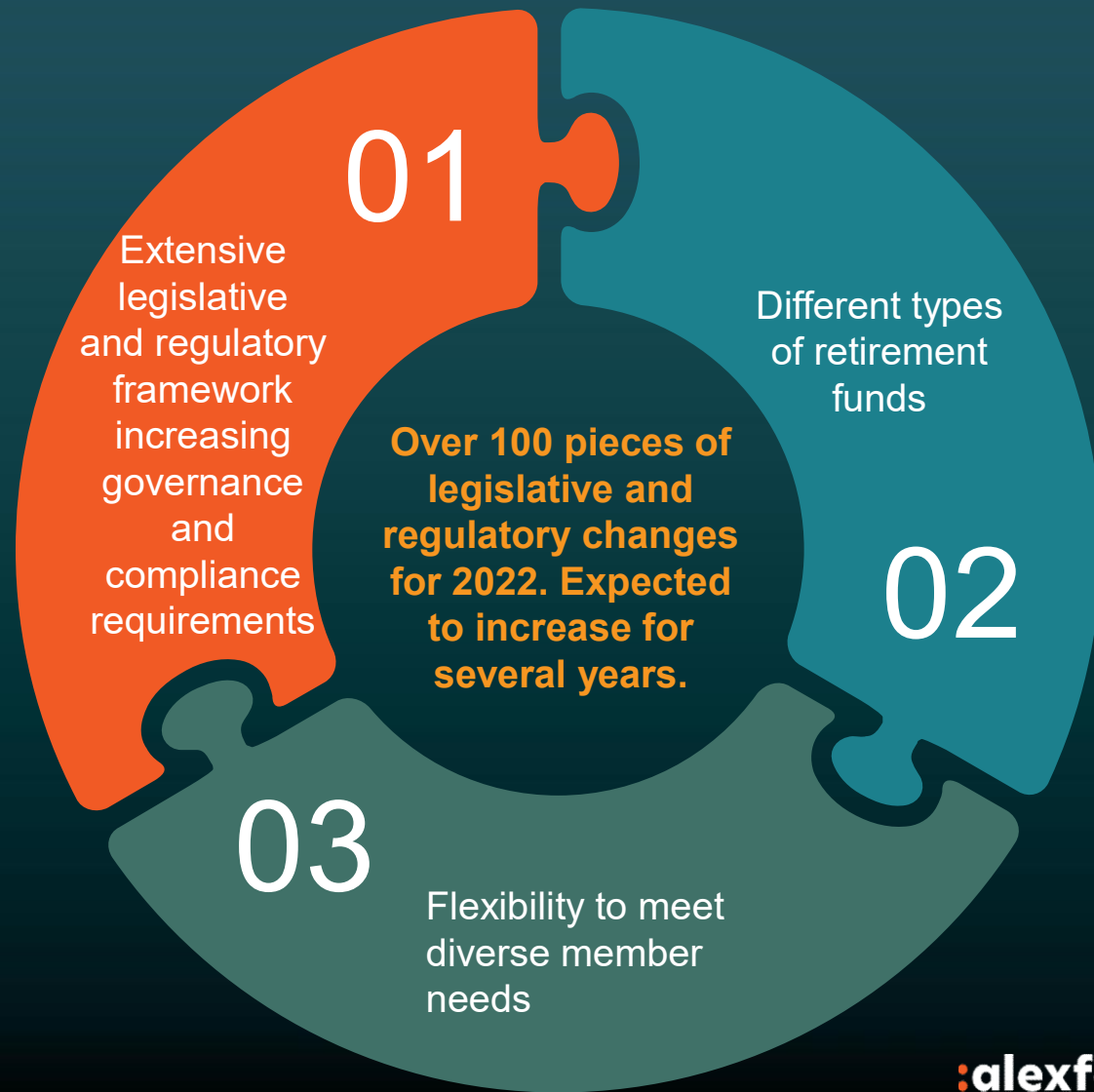
04

Increased
inflation
(globally and
locally) low
GDP growth

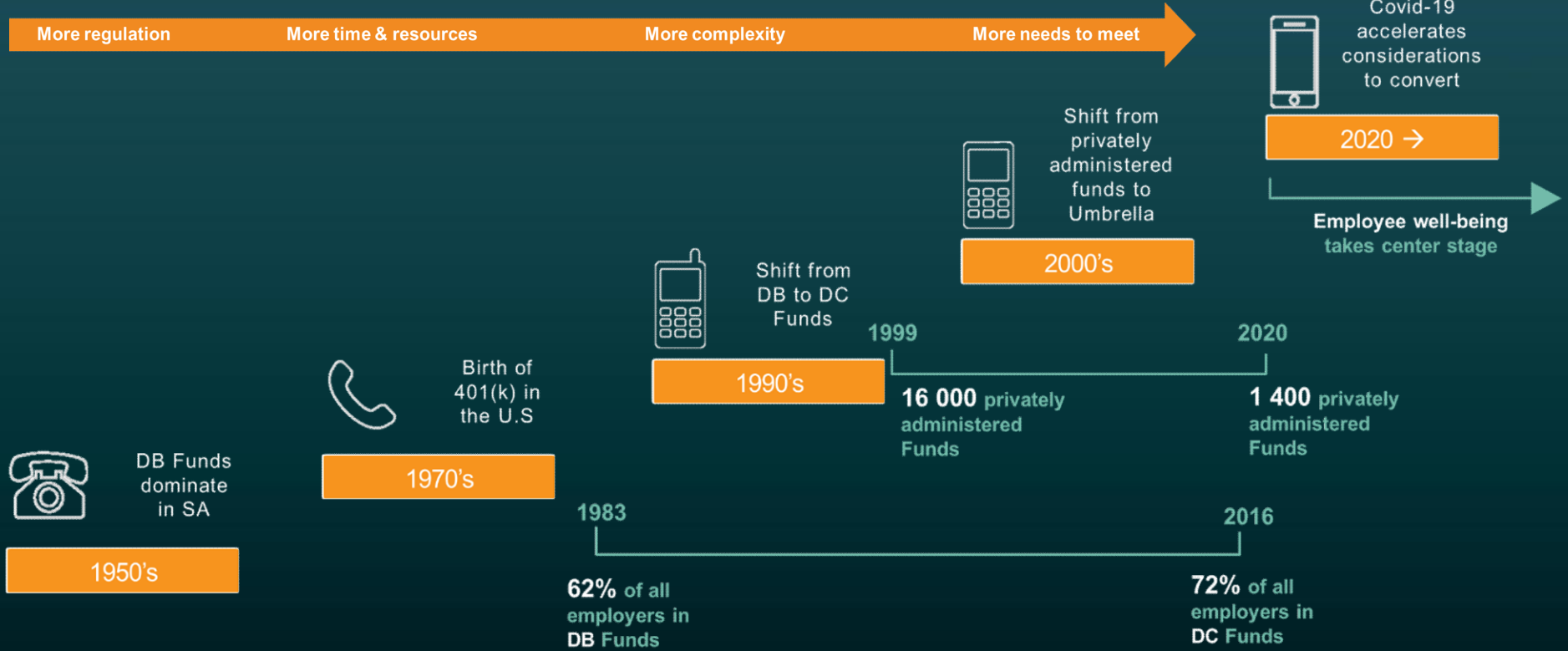
05

And now the
prospect of
another
World War
on the table

Complexity in the retirements landscape



History in the making

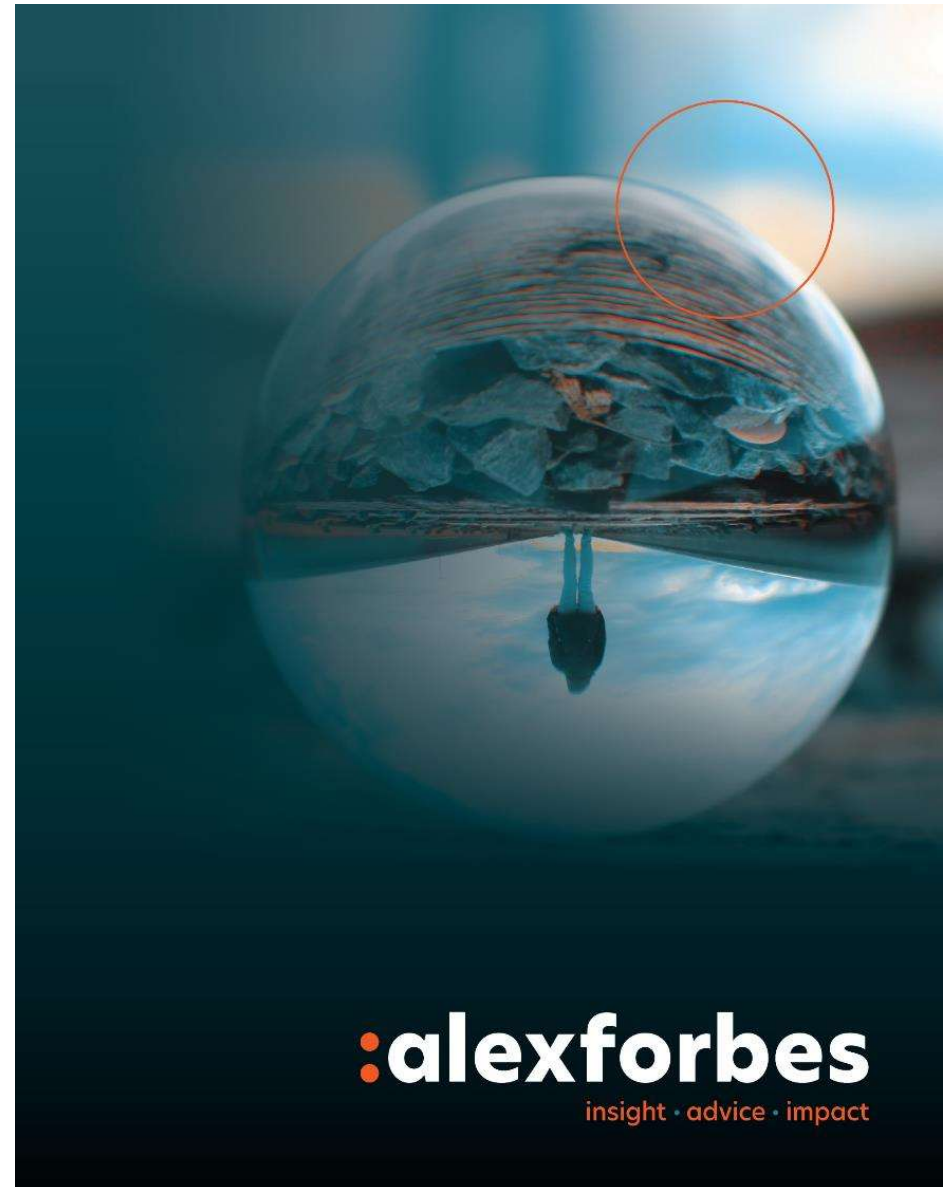




82%

"The individualisation of the member's experience of retirement funding is **the biggest opportunity** that we have to make an impact on people's lives by educating, informing and engaging them to make better financial choices"

Alexforbes Hot Topics 2023 Stakeholder Survey
n = 146



alexforbes
insight · advice · impact

Shift happens



Conflict between
Institutional &
Individual constructs

Regulatory trajectory towards
harmonization

Technological innovation
and accessibility

Institutional vs Individual



... Poor retirement outcomes

40.51%

Average projected
replacement ratio



31.47%

Average actual
replacement ratio of
retirees

These are value-based measures.

**The lived experience of
most members is that
they need to manage
with less than 20%**

Regulatory trajectory ... alignment with retail

