

JANUARY 2021

AN OVERVIEW

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1. WHY WE EXIST

The Association for Savings and Investment South Africa (ASISA) is empowered by a mandate from an industry that manages some R6.6 trillion of the nation's savings and investments.

The majority of our members are South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers and life insurance companies. Membership is also open to service providers to our industry such as fund administrators, accounting and legal firms, as well as industry data and software firms. ASISA has 119 members.

ASISA enables **members** to speak with one voice to ensure that the South African savings and investment industry remains relevant and sustainable for the benefit of not only ASISA and its members, but also the country and its citizens. Our mission is to work towards promoting a culture of savings and investment in South Africa.

ASISA is recognised as a significant and relevant partner around Government's negotiation table where we proactively engage on policy, regulatory reform and other issues of national priority such as economic transformation and inclusion.

2. OUR STRUCTURES & TECHNICAL CAPACITY

ASISA membership can only be attained at the highest appropriate level in a company's corporate structure, never at a subsidiary company level. In addition, members must be represented on the **ASISA Board** by their most senior representative. The aim is to ensure that high-level strategic thinking shapes the future of the financial services industry, and not product-aligned agendas. ASISA and its members are committed to the principle that the consumer's best interest will govern all decision-making.

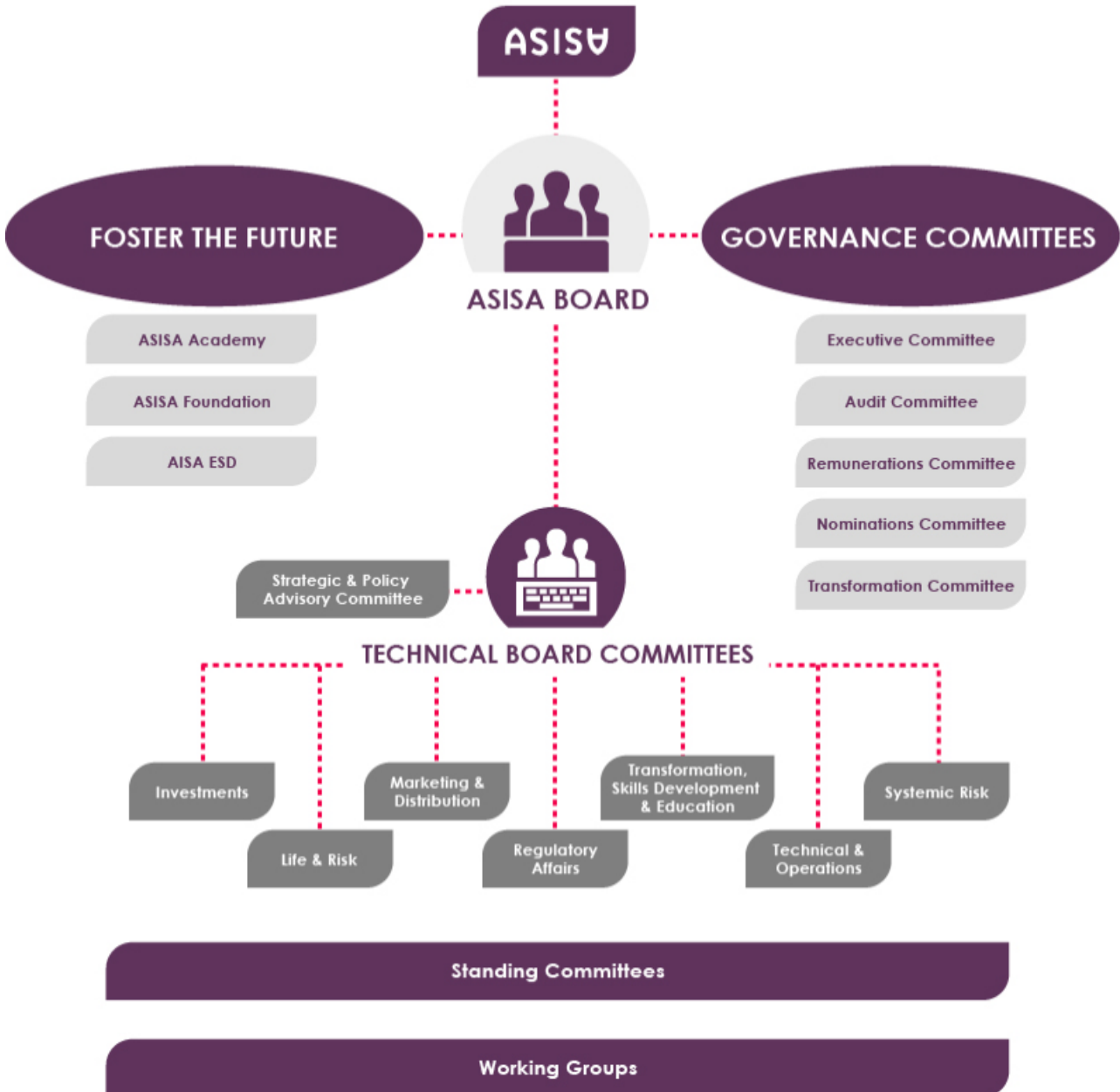
ASISA applies the principle where voting members have only one vote when electing members of the ASISA Board, irrespective of size or number of licences held.

The ASISA Board determines the association's strategic direction, taking into consideration the priorities of our country, as well as international direction. The strategy is executed by eight **Technical Board Committees**, each chaired by an ASISA Board member and supported by a team of subject matter experts from ASISA as well as member companies.

All members, voting and non-voting, can nominate representatives to serve on the various ASISA technical board committees and their sub-structures such as standing committees and work groups. All members are encouraged to submit comments to be included in submissions on draft legislation and regulation. At the same time, the importance of minority views is recognised and presented together with the majority view.

The activities within the ASISA structures are driven by highly experienced and well-qualified employees. The ASISA team has on average 21 years of hands on experience in the financial services industry.

THE ASISA STRUCTURE



THE ASISA BOARD OF DIRECTORS

Thabo Khojane – Chairman
MD: Ninety One SA (Pty) Ltd

Iain Williamson – Deputy Chairman
CEO: Old Mutual

Leon Campher
CEO: ASISA

Anton Pillay
CEO: Coronation Fund Managers Limited

Bernard Fick
CEO: Prudential Portfolio Managers South Africa (Pty) Ltd

Bridget Mokwena-Halala
CEO: Assupol Life Limited

David Munro
CEO: Liberty Holdings Limited

Dawie de Villiers
CEO: Alexander Forbes Limited

Fatima Vawda
MD: 27four Investment Managers (Pty) Ltd

Francois Gouws
CEO: PSG Konsult

Hillie Meyer
CEO: Momentum Metropolitan Holdings Ltd

Hylton Kallner
CEO: Discovery Life

Iolanda Ruggiero
Group Managing Executive: Nedbank Wealth at Nedbank Group Life

Lee Bromfield
CEO: FirstRand Life Assurance Ltd

Malungelo Zilimbola
CEO: Mazi Asset Management (Pty) Ltd

Mila Mafanya
Interim CEO & Head of Equities: Afena Capital (Pty) Ltd

Paul Hanratty
CEO: Sanlam Limited

Rob Formby
COO: Allan Gray (Pty) Ltd

Roland Greaver
CEO: Kagiso Asset Management

Saks Ntombela
Group CEO: Hollard Insurance

Shaheen Ebrahim
Chairman: Oasis Group Holdings (Pty) Ltd

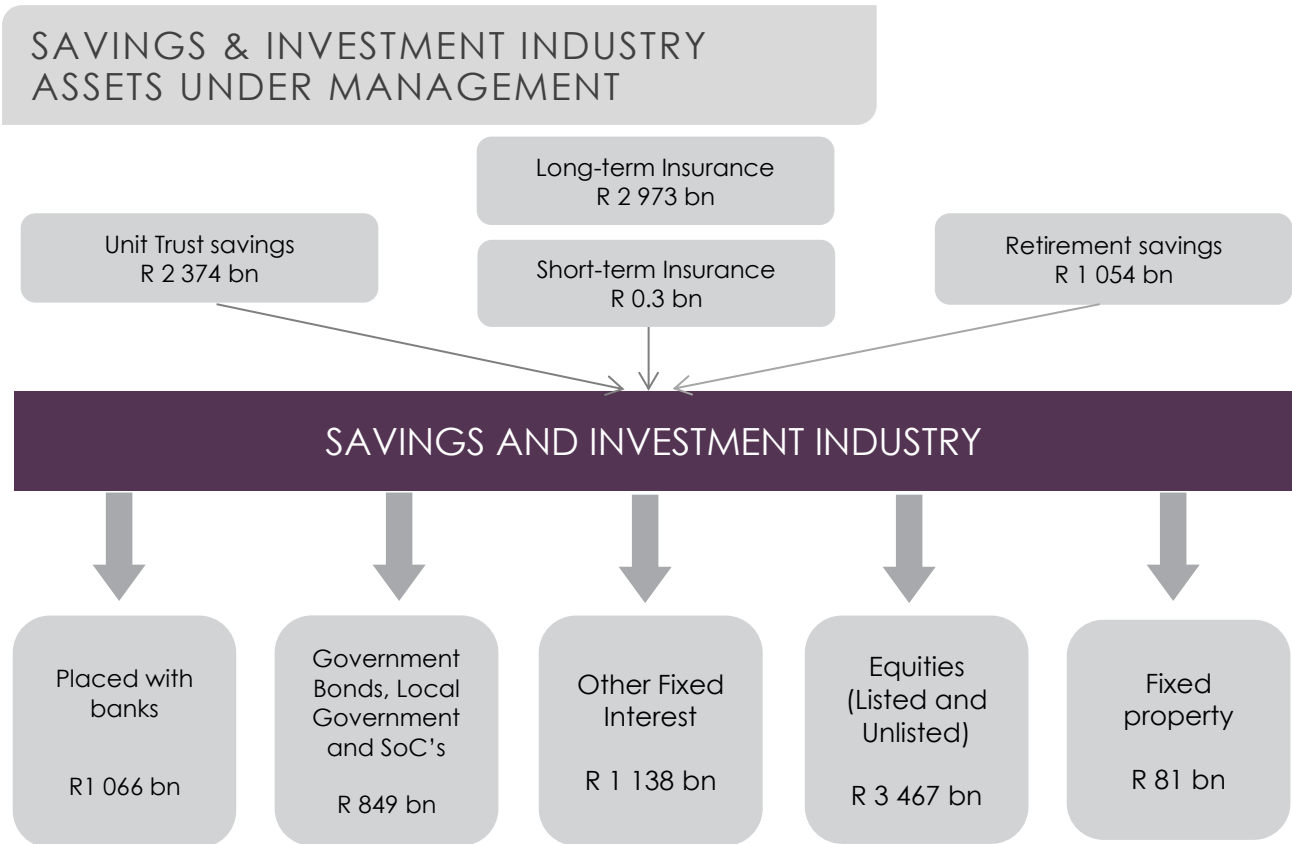
Willem Venter
CEO: Prescient Holdings (Pty) Ltd

3. SAVINGS

ASISA members manage the long-term savings and investments of customers in the following regulated product ranges:

- Pension and Provident Funds
- Retirement Annuities
- Endowment Policies
- Collective Investment Schemes (unit trusts, exchange traded funds, hedge funds)
- Risk protection policies such as life, disability and dread disease cover

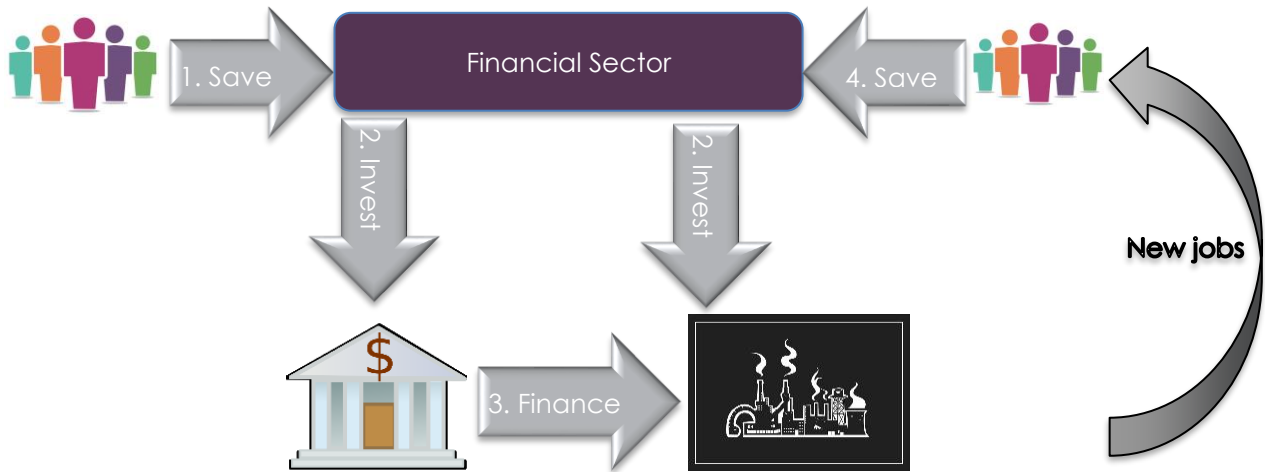
With assets under management of R6.6 trillion, ASISA members are collectively one of the biggest contributors to the financial sector. The financial sector in turn is a major contributor to the national GDP and plays a critical role in financing South Africa's economy. ASISA members are also considered one of the key custodians of our nation's savings and investments.



SOURCE: SARB Quarterly Reports – 31 December 2019

The assets reflected in the graphic above belong to ordinary South African citizens and savers. The financial sector plays a vital role in aggregating the savings of individuals and organisations. These savings are then mobilised and deployed into productive enterprises that, in turn, create more jobs, wealth and then more savings. This virtuous circle encourages economic development and the ownership of South African assets by ordinary citizens, thereby building their wealth.

THE VIRTUOUS SAVINGS CIRCLE



4. INVESTMENTS

We believe that many of our country's challenges can be overcome through effective public private partnerships (PPPs). To date, ASISA members have deployed the savings of their clients as follows:

- SA Government, Local Authorities and State-Owned Companies: **R849 bn**
- Equities (listed and unlisted) and Other Fixed Interest (listed and unlisted) have provided a total funding pool of **R4 605 bn**, which has been deployed as follows:
 - **Listed** - Equities and Other Fixed Interest: funding provided to corporate SA.
 - **Unlisted** - Equities and Other Fixed Interest: direct loans to corporate SA and State-Owned Companies as well as private equity investments and infrastructure investment in support of the following projects:
 - Renewable energy
 - Township development
 - Affordable housing
 - Urban regeneration
 - Student accommodation
 - Water
 - Roads
 - Agriculture (emerging farmers)
- Banking Sector:
 - The savings and investment sector has deployed **R1 066 bn** into the banking sector by way of cash, deposits, and bank paper.
 - It should be noted that banks are not able to create money. They can only deploy capital raised from their depositors. The money raised from the savings and investment sector, private individuals and other entities is then deployed (through loans) to ordinary people, Government, State Owned Companies, Local Authorities and the Corporate Sector.

In deploying this capital, our industry must strike a fine balance between protecting the savings of the people and investing in the economy with a reasonable risk-adjusted return. The long-term nature of these arrangements emphasises the importance of governance and stability.

In addition to the above, South African life insurers inject billions of Rands into the economy each year through benefit payments to policyholders and beneficiaries.

In 2019 the long-term insurance industry paid R491 billion in claims and benefit payments. The significance becomes evident when compared to Government's R309.5 billion Social Development budget for 2020.

5. TRANSFORMATION

ASISA and its members consider meaningful transformation a key priority. The majority of ASISA's biggest members - life insurers and investment managers - have achieved Level 3 Broad-Based Black Economic Empowerment (B-BBEE) status or higher. ASISA is in the process of compiling a detailed transformation report specific to the savings and investment industry.

5.1 TRANSFORMATION WITHIN THE ASISA STRUCTURES

ASISA is recognized as a B-BBEE Level 2 Provider and the ASISA Academy as a Level 1 Provider. The ASISA Foundation complies with the requirements of a broad-based ownership scheme and exceeds the set minimum requirements. More detailed information on the ASISA Academy and Foundation can be found further on in this document.

- ASISA Board: 22 Directors (nine are black and three are female)
- ASISA Executive Committee: 6 Directors (four are black and one is female)
- ASISA Executive Management: 80% black, 40% female
- ASISA Senior Staff: 31% black, 53% female

The ASISA Executive Management Team consists of Leon Campher, CEO, Siphso Solfafa, COO, Rodger Walters, CFO, Alicia Davids, CEO of the ASISA Academy, and Ruth Benjamin-Swales, CEO of the ASISA Foundation. Alicia and Ruth are responsible for overseeing ASISA's learning and transformation programmes, which are key in the transformation of the industry and the country.

5.2 INVESTMENT INDUSTRY

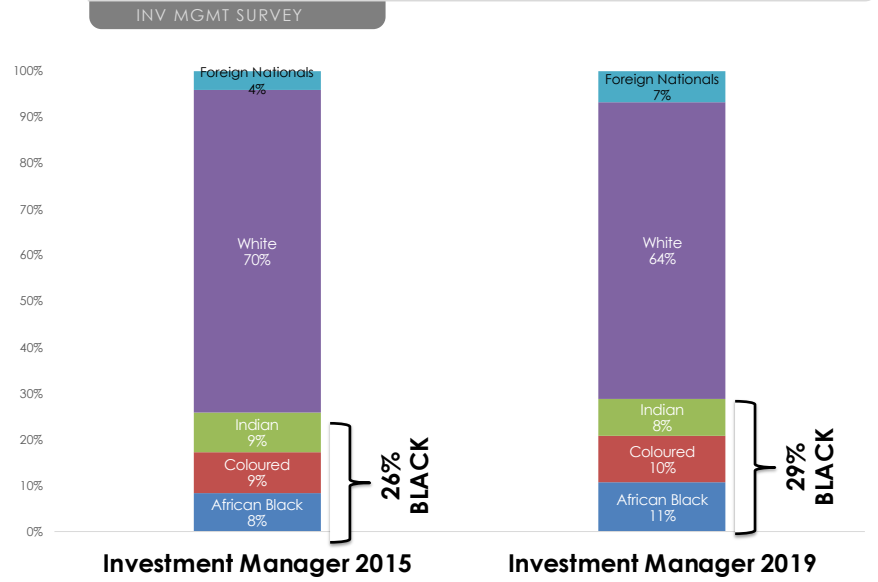
The ASISA Academy's Investment Management Employment Equity Survey for 2019 shows that on aggregate 53% of employees in the investment industry are now black. This is an increase of 6% from 2015, when the percentage of black investment employees was 47%.

The survey reflects data from 23 companies as at 31 March 2019. The sample surveyed includes the 10 biggest investment management companies, which represent 86% of all permanent employees working in investment management roles at ASISA member companies.

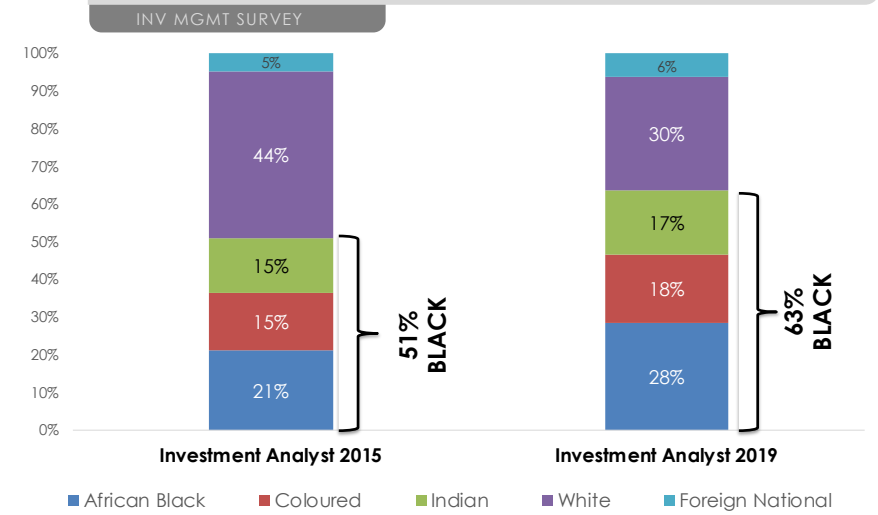
While the number of black portfolio managers has increased from 26% in 2015 to 29% in 2019, the shift in the investment analyst role has been very encouraging. At least 63% of investment analysts are now black (51% in 2015), while 77% of junior investment analysts are black.

The shift in the investment analyst number is significant, because this is the pipeline that produces future portfolio managers. Since it takes on average 10 years to progress from junior investment analyst to portfolio manager, we expect the number of black portfolio managers to grow steadily.

ASISA INVESTMENT MANAGERS (PMs)



ASISA INVESTMENT ANALYSTS



When split at Junior and Senior levels, **77% of Junior Analysts** are black as at March 2019.

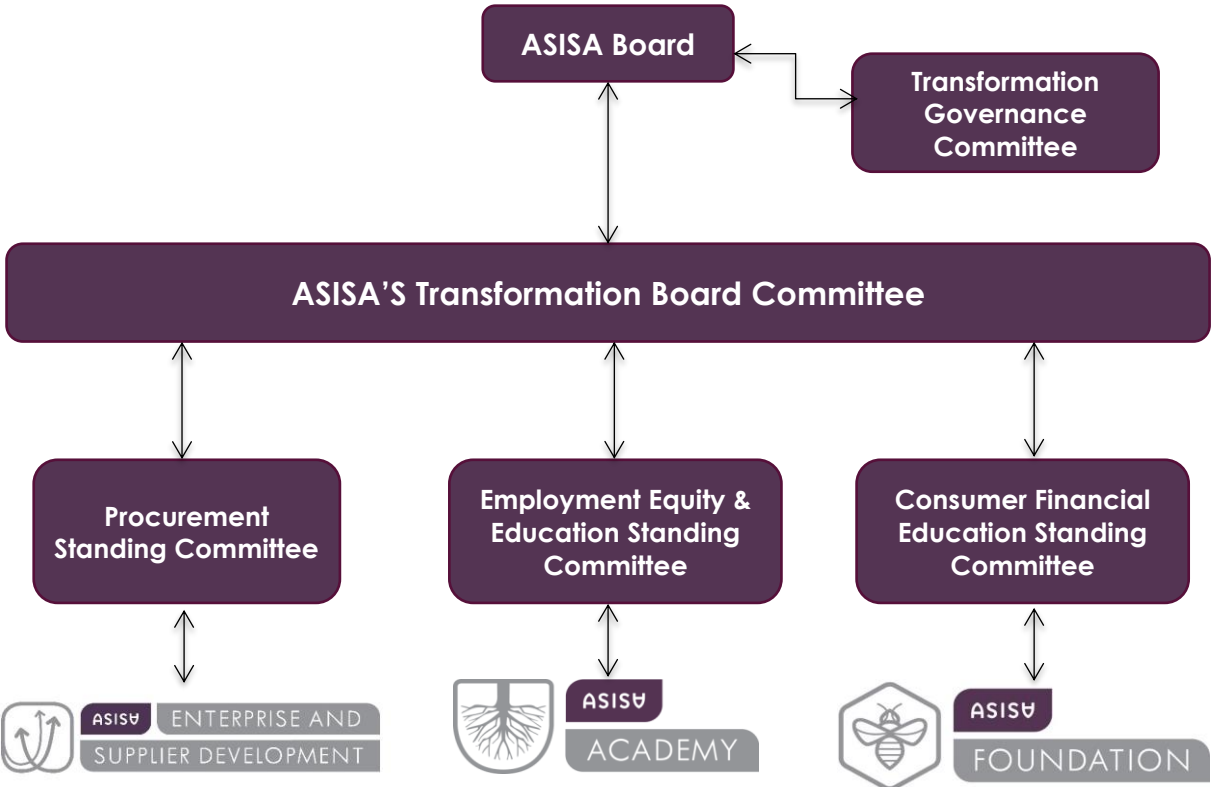
SOURCE: ASISA Academy 2019 Investment Management Employment Equity Survey

6. FOSTERING THE FUTURE

The Foster the Future initiative brings together three independent entities: the **ASISA Foundation**, the **ASISA Academy** and the **ASISA Enterprise and Supplier Development Initiative**. With ongoing support from key stakeholders and funding from ASISA members, the Foster the Future initiative drives inclusive transformation by focusing on skills development, job creation, financial inclusivity through financial literacy and growing SMEs.

The ASISA Board, through its Transformation Governance Committee, exercises strategic oversight over the Foster the Future entities.

AN INDUSTRY WORKING TOGETHER TO ACHIEVE INCLUSIVE TRANSFORMATION





7.1 THE ASISA FOUNDATION

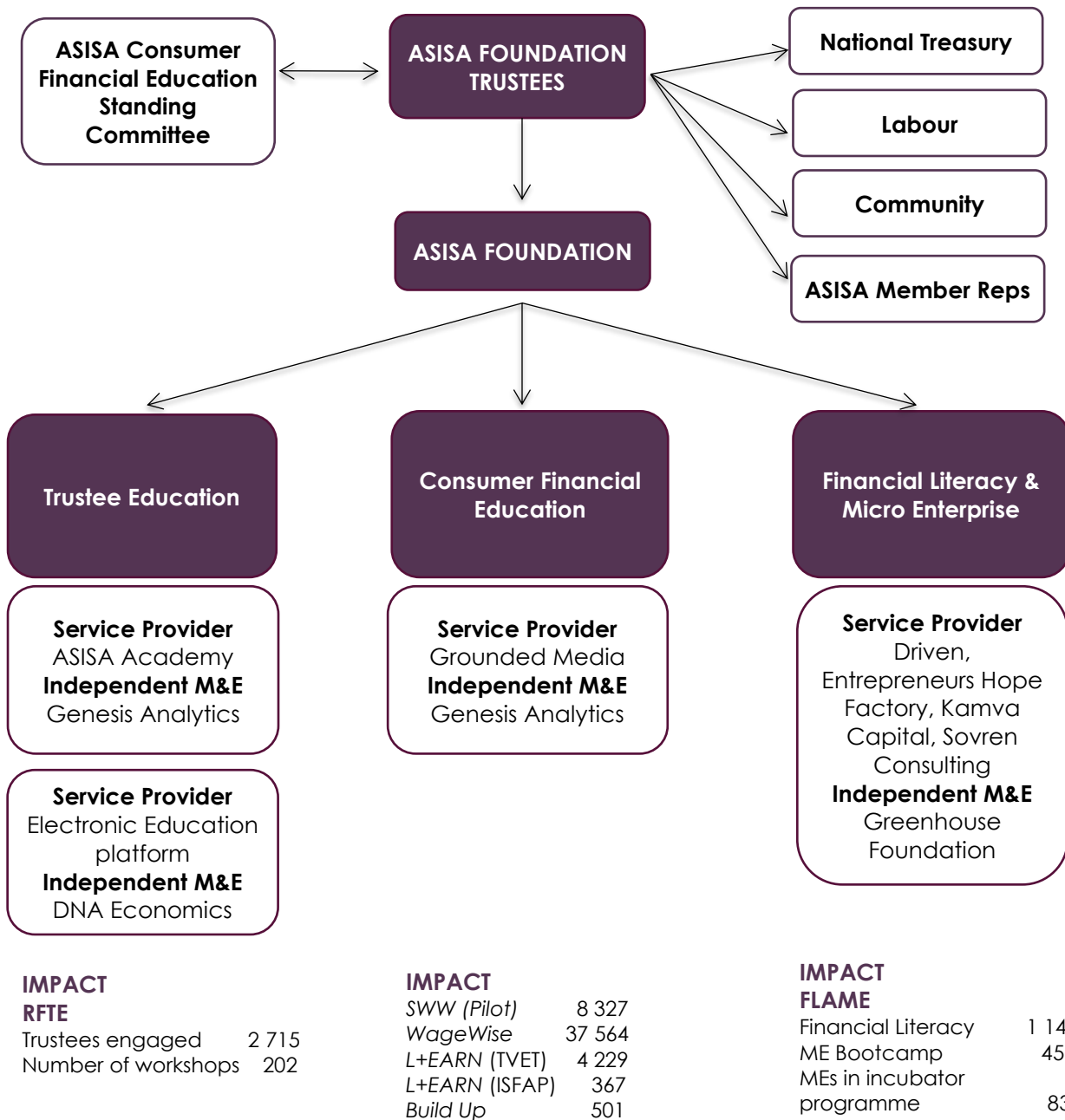
The ASISA Foundation (a non-profit industry initiative) delivers effective and objective financial literacy and micro-enterprise development programmes to South Africa's most vulnerable groups. The aim is to achieve a long-term sustainable and positive impact on the financial wellbeing of communities, particularly the poor and needy, through facilitating greater financial capability and economic participation by all South African citizens. The Foundation prides itself on the independent and objective monitoring and evaluation applied to all projects to assess the impact of programmes. Learnings are implemented across all projects to enhance implementation, reach, methodologies and content.

- All programmes qualify as consumer financial education and socio-economic development spend as per the Financial Sector Code.
- At least 85% of activities are carried out for the benefit of black South Africans, 40% of whom must benefit black women.

The Foundation's successes include:

- The Saver Waya WageWise programme teaches financial literacy to improve the financial capability of vulnerable workers across a variety of sectors to better manage their personal finances, understand their payslips and engage with retirement fund benefit statements. The Foundation has reached over 37 000 workers across all nine provinces.
- The L+Earn programme equips students with the skills necessary for entering the job market and to manage their finances once they start earning an income. To date the Foundation has reached over 4 200 students.
- The FLAME (Financial Literacy and Micro-enterprise) programme empowers beneficiaries in low-income areas and is a three phase programme:
 - Financial Literacy: more than 1 100 community members reached
 - Micro-enterprise boot camp: more than 450 community members reached
 - Micro-enterprise incubation phase: 83 incubatees
- The Retirement Fund Trustee Education programme aims to equip trustees with relevant information that will enable them to fulfil their fiduciary duty towards their funds, effectively engage with financial service providers, and manage their retirement funds responsibly. The programme, funded by the Foundation and delivered by the ASISA Academy, has reached over 2 715 trustees. The ASISA Academy is accredited with the Quality Council for Trades & Occupations (QCTO) and is registered to deliver two full retirement fund trustee qualifications.

ASISA FOUNDATION GOVERNANCE & IMPACT



Figures are since inception



7.2 THE ASISA ENTERPRISE AND SUPPLIER DEVELOPMENT INITIATIVE

The ASISA ESD initiative is a campaign by the savings and investment industry to fast-track job creation by unlocking the growth potential of South Africa's small and medium enterprise (SMEs) sector. The sustainable development of high-potential black owned SMEs is achieved through an innovative combination of tailored business support, access to market and financial support structured according to the specific needs of each SME and the market. Eligible black owned SMEs are carefully selected from the supply chain of ASISA member companies.

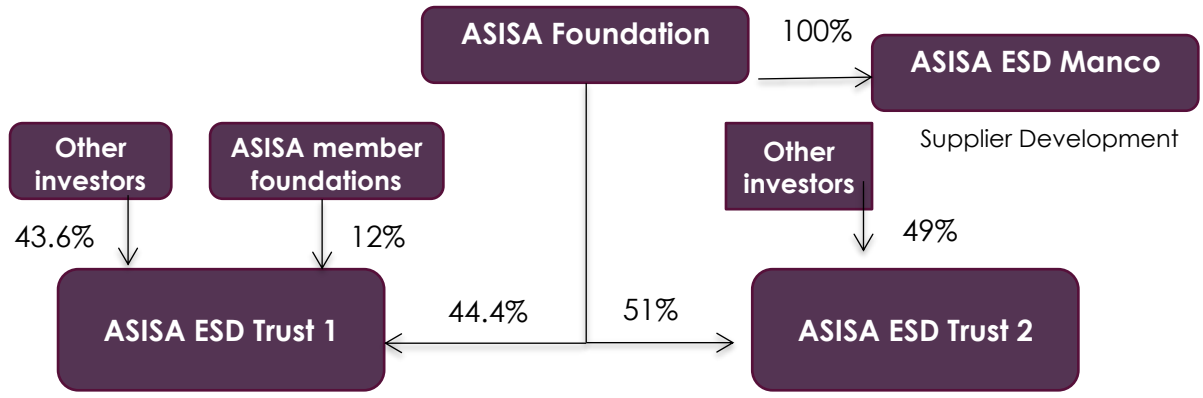
The operational model of the ASISA ESD initiative has been structured to align with the requirements of the Amended Financial Sector Code, which came into effect on 1 December 2017.

The ASISA ESD Management Company (Manco) oversees all supplier development programmes. Grant and project capital received from ASISA member companies for supplier development is channeled through the Manco.

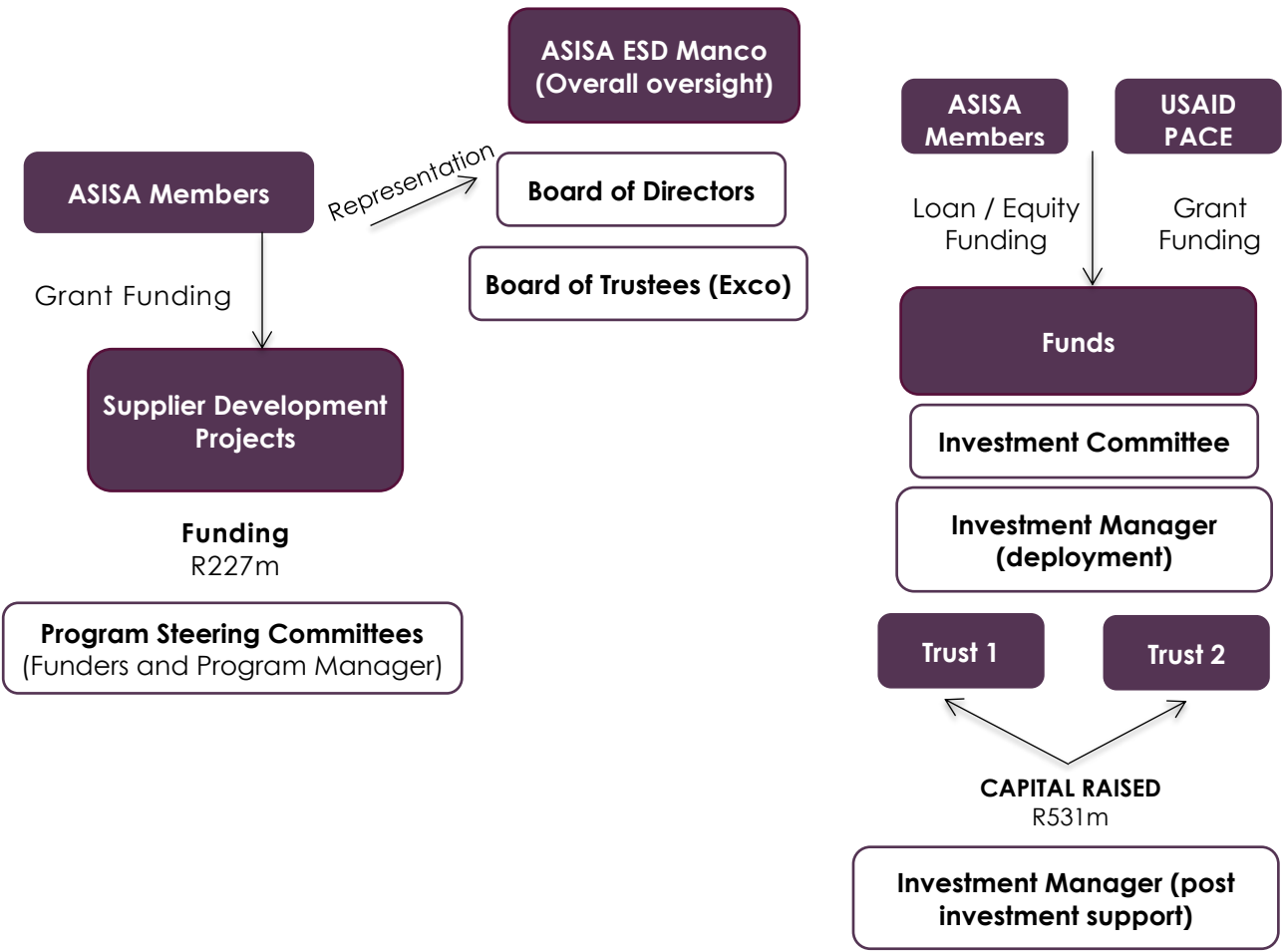
Loan and equity contributions received from ASISA members are channeled into the SME Investment Trusts. The ASISA ESD Investment Committee evaluates and approves the deployment of loan and equity capital into SMEs. The Investment Committee consists of investment professionals with experience in private equity, SMEs and developmental investing.

The ESD initiative has received international recognition for its innovative approach as well as its impact. This has resulted in relationships with a number of foreign and local development agencies, which have provided concessionary funding and blended finance solutions to further the initiatives scope and impact outcomes. These partnerships have resulted in over \$1mn in grant funding into the initiative, as well as further focus on job creation, investment in the green economy and targeting of the UN's Sustainable Development Goals, all the while furthering transformation and supply chain development

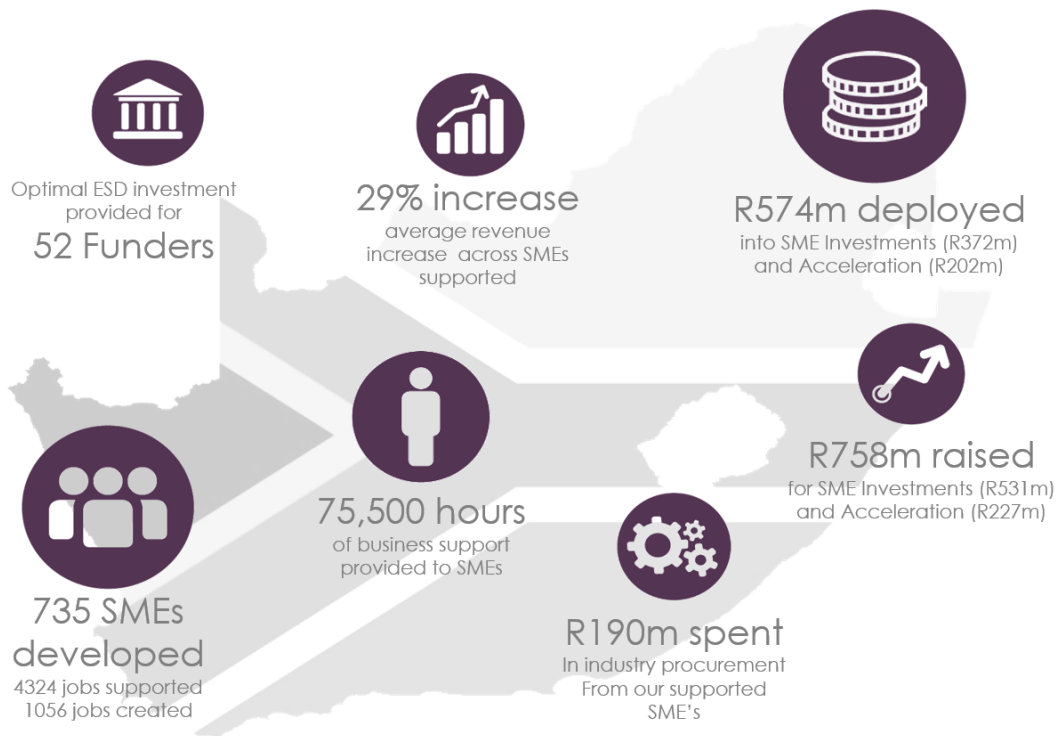
ESD INITIATIVE'S OWNERSHIP



ASISA ESD INITIATIVE' STRUCTURE & GOVERNANCE



ESD INITIATIVE'S IMPACT
(since inception)





7.3 THE ASISA ACADEMY

The ASISA Academy creates desperately needed employment opportunities for black graduates wanting to pursue a career in the savings and investment industry by bridging the problematic gap between tertiary education and the skills required by potential employers. All of the ASISA Academy programmes are designed and delivered by industry practitioners which ensures the learning remains rooted in the reality of the changing needs of industry.

IMPACT FOR GRADUATES

	IFA INTERNSHIP PROGRAMME	INVESTMENT MANAGEMENT WORK READY PROGRAMME (I'M WORK READY)	IMACS@TSIBA (INVESTMENT MANAGEMENT ADMINISTRATION & CLIENT SERVICING)
WHAT IS IT?	Sourcing, preparing, placing and mentoring graduates with high- performing IFA practices	Sourcing, preparing and placing graduates with ASISA members	Preparing undergraduate students for investment management roles and then placing them with ASISA members
DURATION	2 weeks work readiness, 12 months interning	3 weeks work readiness, 12 months interning	12 months learning with ASISA Academy, 4 months interning
NUMBER OF PROGRAMMES	5 from 2016 to 2020	6 from 2015 to 2020	9 from 2011 to 2020
WHERE?	JHB, CT, DBN, PE, EL, BLOEMFONTEIN	JHB & CT	CT
PARTNER UNIVERSITIES	UJ, UWC, UKZN, NMU, Potchefstroom, TSiBA & Free State	UJ & UWC	Tertiary School in Business Administration(TSiBA)
GRADUATE IMPACT	<ul style="list-style-type: none"> • 146 graduates • 100% black • 60% black female • 85% employed after internship 	<ul style="list-style-type: none"> • 89 graduates • 90% black • 85% employed after internship • 50% black female • 	<ul style="list-style-type: none"> • 105 undergraduates • 100% black • 85% employed after internship • 80% black female •

IMPACT FOR ASISA MEMBERS' EMPLOYEES

The Academy has worked with close to **5 000 staff members** of ASISA member companies and other key industry stakeholders such as the FSCA and the regulatory authorities from multiple African states. In March 2020 we presented a three-day Capital Adequacy training course to the **Eswatini Financial Services Regulatory Authority (FSRA) Capital Markets Development Division** in Mbabane. In August 2019 the Academy was invited to deliver a bespoke CIS course in **Kampala** for the **Ugandan Capital Markets Authority**. Over the past few years other neighbouring countries such as **Namibia** and **Botswana** have also enrolled employees on various Academy courses.

Our short courses raise the skill levels of employees and assist in professionalizing their roles. *All courses are currently offered as live online courses.* They include:

- Online 2-hour workshops called Investment Sprints focusing on industry overview content
- 10 morning online UCT endorsed courses for Collective Investment Schemes and Investment Administration
- 18 day online UCT endorsed course for Life Insurance Claims Assessors
- 10 morning online Equity Analyst Bootcamps
- Bespoke courses for new employees of ASISA members

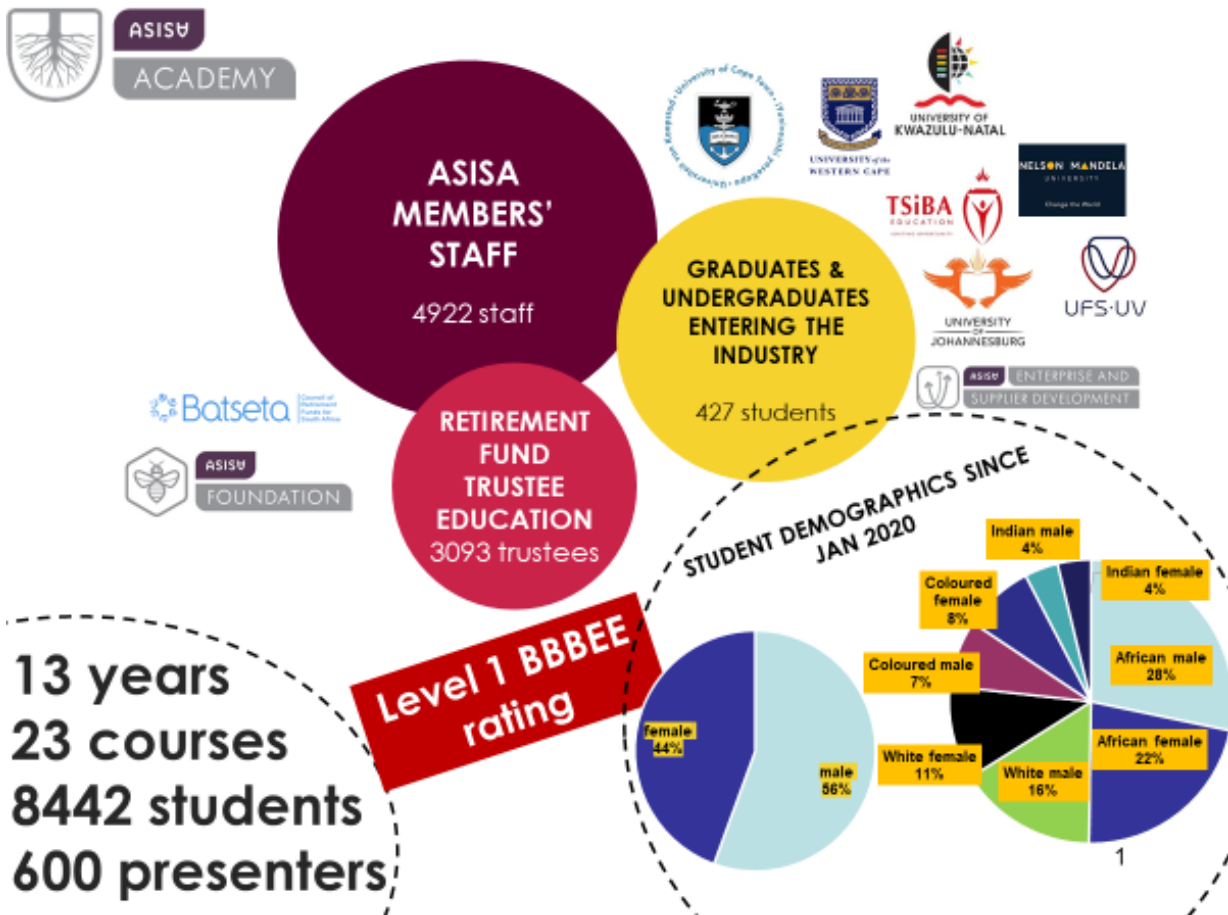
IMPACT FOR RETIREMENT FUND TRUSTEES & PRINCIPAL OFFICERS

Over the past decade **11 workshops** covering the most critical topics for South African trustees and principal officers have been developed, the latest of which is a half-day workshop on infrastructure investing. All workshops are currently offered as live online workshops. **More than 3000 trustees** have participated in these workshops which all qualify for Batseta CPD points and are offered at no cost to retirement funds through the enduring partnership with the ASISA Foundation. Independent M&E has shown our workshops make a dramatic difference in trustees' abilities to engage confidently with each other and with industry service providers to ultimately steward their funds better. In 2019 the Academy also signed a strategic partnership agreement with the Institute of Retirement Funds Africa (IRFA) which will facilitate access to a greater number of trustees going forward.

In addition to being accredited with Batseta and the FPI, the ASISA Academy is also accredited with the **Quality Council for Trades & Occupations** (QCTO) and is registered to deliver two full retirement fund trustee qualifications.

In 2018 the Academy was recognised as the South African Trustee Training Provider of the Year in the prestigious Imbasa Yegolide Awards.

In 2020 the ASISA Academy has achieved a level 1 BBBEE rating.



This diagram shows the cumulative student numbers across the Academy's three main target markets, our key partners and the demographics of our students since 2017.

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