THE IMPORTANCE OF ALLAN
ESG AND RETIREMENT FUNDS AFTER COP26

Today's Trustee
Dec 21/Feb 22
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Today's Trustee

YOUR MONEY YOUR POWER

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In a bold move after the recent COP26 conference, held in Scotland, the International Financial Reporting Standards (IFRS) Foundation announced the need for a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' needs.

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Financial institutions can play a disproportionately significant role in both developing and developed economies, in particular in the way in which they can drive growth. Financial journalism has an equally important role to play. Holding financial institutions accountable to the highest standards and calling out inadequacies in the public domain are critical.

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T*oday's Trustee* has always been at the forefront of pushing issues and stimulating debate in the retirement industry. The proposed two-pot system will realise a number of the initiatives Allan held so close to his heart.

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Rosemary Hunter, a dear friend of both Allan and Riana, posted a notice of Allan's sudden passing on her LinkedIn page. This resulted in an outpouring of shock, grief, love, sadness and the most wonderful of memories from a host of people. We were all so touched by this spontaneous, from-the-heart tribute to Allan that we wanted to share them with you on these pages.

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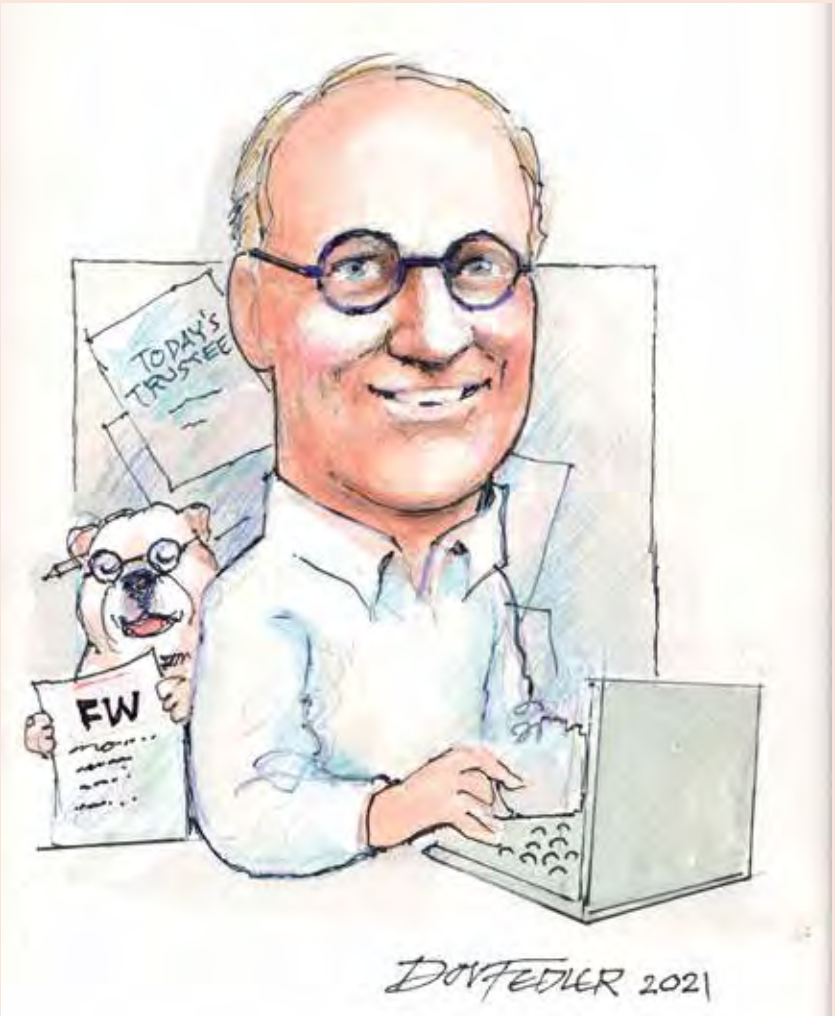
FIRST WORD

Fearless, incisive – and a moral giant



Publishing this issue has been a journey of tears and joy, made possible only by the outpouring of support from the pension-funds industry and South African business.

Today's Trustee was a labour of love for Allan, and a channel through which he could add value to South African lives. With unwavering integrity, passion and bravery, he held financial institutions accountable and fought for the interests of millions of ordinary South Africans who place their trust in the pension-fund industry every day.

While this edition celebrates Allan's life, it also highlights some of the industry issues that Allan was planning to focus on in coming months. There wasn't a day in his life that he didn't plan the future of Today's Trustee or work tirelessly to expand its influence for the good of the country.

We deeply thank everyone who contributed to this issue, for their generosity and their time. ■

Your retirement investments and the world we live in.

Why not grow both together?

We want investors to do well and do good. We believe investments that consider social and environmental implications are the ones that really pay off. So, we support environmental, social and governance (ESG) investing, also known as responsible investing. ESG examines the long-term health and stability of the market as a whole to help create investments that are good for investors and the world we live in. We're here to help you achieve your retirement goals. **Because when it comes to sustainable investment growth, for us, investing is personal.**

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CURRENTS

Sigh of relief over planned pension-fund changes

New draft to regulation 28 is an indication that the government is keen to listen.

Draft changes to Regulation 28 of the Pensions Funds Act could finally uncork the much-hoped-for infrastructure investment that President Cyril Ramaphosa has been calling for.

The new draft of changes, published in early November, will be a big relief to pension funds, which had serious reservations about an earlier draft released in March. This is not only because, as *Today's Trustee* wrote in May, the previous draft had numerous holes, but also because it failed to allay the spectre of "prescribed assets", in which funds would be forced to invest in crumbling state-owned entities.

The new draft will calm the nerves. Most commendably, there is no mention of "prescribed assets", which will help to build confidence that, just occasionally, the government listens when the private sector has something legitimate to say.

More constructively, the draft also expands the ambit of projects that would qualify.

In the March draft, the definition of "infrastructure" projects that qualified for investment was limited to those projects that were part of the government's National Infrastructure Plan. This was a problem, since many of the state-run projects listed there were hardly a compelling proposition for pension funds looking to ensure returns weren't compromised.

The new draft, however, says an investment in "any asset class that entails physical assets constructed for the provision of social and economic utilities or for the benefit of the public" will qualify.

This relaxation means that private-sector infrastructure projects, as well as infrastructure projects outside South Africa's borders, are now drawn into the circle. And critically, the decision of where to invest remains the sole prerogative of the pension-fund trustees.

It's a pragmatic and welcome change.

As *Today's Trustee* argued earlier this year, South Africa desperately needs infrastructure investment on a scale unaffordable by the country's battered and depleted fiscus. But as much as this is a priority, any rule forcing pension funds to invest in decaying "public" projects would inevitably erode returns.

Widening the ambit to private-sector projects means this is less likely to happen, and it provides funds with far more enticing options. Asset managers Old Mutual Alternative Investments and Futuregrowth, to name just two, are well up to speed on this front, and have their own compelling

propositions.

What is especially pleasing, however, is that National Treasury listened to the views of the private sector – something you can't take for granted in government. In this case, Treasury said it had received 39 submissions on the March draft.

In its announcement, Treasury said the decision to widen the definition of "infrastructure" takes into account the input from the Association for Savings and Investments SA (Asisa), in particular, and it accords better with the UN Principles of Responsible Investment.

The responsible investment principles are a key part of this puzzle, since they ensure that any investment made by funds needs to be properly vetted to ensure it meets certain goals, a critical requirement in a country with sub-par growth, where pensioners weren't exactly getting stellar returns anyway.

The new draft is also far more accommodating when it comes to the reporting rules. Previously, pension funds had to provide exhaustive reports on all their infrastructure investments; the new draft introduces more flexibility by requiring reporting on only the top 20 projects.

While this is certainly an improvement from the March draft – and, as a result, likely to be far more successful in wooing investment – the industry feels there is still scope for improvement.

Jason Lightfoot, a portfolio manager at Futuregrowth, says that, while it's pleasing that Treasury has "listened to the advice of the market, more engagement needs to take place to iron out concerns", to ensure meaningful investments in infrastructure.

For a start, he says the new draft seems to cap the investment in infrastructure, both in South Africa and abroad, at 45% of all assets. This is a reduction from the earlier draft, where funds could invest up to 45% in South African infrastructure projects, and another 10% in the rest of Africa.

"The 45% limit is too low – more so now, given the wider definition of infrastructure," he says. "If listed instruments are included in this limit, it's quite likely that pension funds will very quickly hit this ceiling."

Lightfoot argues that the overall infrastructure limit should either be increased or removed, "allowing the individual asset class limits to dictate the level of risk that a pension fund is able to take".

Still, the importance of this new draft goes beyond simple tweaks to the wording; it's an indication that the government is keen to listen, and, perhaps more to the point, that it realises it actually needs to provide a compelling proposition for funds, rather than simply a stick. *– Rob Rose*

Godongwana impresses in maiden outing

On 11 November, Enoch Godongwana stood up for the first time to give a budget speech as South Africa's Minister of Finance. As the replacement for Tito Mboweni, Godongwana was seen as someone with more political capital, but perhaps less willing to reject requests for additional money from some of his more profligate colleagues.

In the end, no-one need to have worried. Godongwana's medium-term budget policy statement, the appetiser before next February's budget speech, was a calculated exercise in fiscal constraint. It assured everyone that the man who has kept a cool head as the head of the ANC's economic transformation committee wasn't going to be the one to open the spending taps.

In his speech, Godongwana promised his "unflinching commitment" to keeping South Africa on the track towards fiscal sustainability, while aiming to cut the budget deficit and stabilise debt.

"We're in a difficult situation," Godongwana told journalists ahead of his speech. "I don't underestimate the challenge of dealing with the fiscal trajectory we have, but… we're getting there."

He's not wrong about how tough it is. Thanks to the prodigal habits of the government during the

Godongwana . . . unflinching commitment

Jacob Zuma era, South Africa has a mountain of debt that it's battling to service, at a time when GDP growth is particularly low.

It means that, for every rand it collects, South Africa immediately hands over 21c to service its debt. Significantly, this off-kilter scale means the country is now spending more on paying debt than on its healthcare system – a disturbing metric in a pandemic.

Behind closed doors, analysts say, Godongwana has managed to hold off the demands for more cash from his cabinet colleagues. By one measure, the various departments had requested an extra R600bn over the next three years.

In his speech, he sounded very much like the adult in the cabinet when he told his colleagues, as much as the public, that "we cannot have everything we want at the same time".

Peter Attard Montalto, analyst for Intellidex, said in a research note that Godongwana's speech was "a rallying cry for reform", and for jobs-led growth.

The problem is, the GDP growth forecasts are weak, which Montalto says speaks to a problem for National Treasury of "tiptoeing a line between reforms lifting growth in unclear and uncertain ways over murky timelines".

In the end, the story that Godongwana was able to tell in parliament was far better than many expected, which prompted the three major credit ratings agencies, Fitch, S&P Global and Moody's, to stay put on their ratings, rather than downgrading the country again. (South Africa is already deep in sub-investment-grade status.)

It's true, however, that Godongwana lucked out to some extent. In particular, the steep rise in the price of commodities this year had led to something of a windfall in taxes, which helped to mitigate an otherwise bleak picture. In all, tax revenues were R120.3bn more than National Treasury had expected in February.

As a result, Godongwana said South Africa will be able to cut its deficit to 7.8% of GDP in 2021/2022, after which it's expected to drop to 4.9% in the next three years.

It all sounds cheery enough, provided Godongwana can stick to that. The big unknown is whether he'll be able to resist the clamour for higher civil servants, and the burgeoning demand for the R350-per-month special COVID grant to continue after March, when it's expected to come to an end. That particular grant costs the country R40bn per year, so it's not small change. But the unexpected arrival of the Omicron variant will have fuelled the case for the grant to be extended.

And then, of course, there are South Africa's basket-case state-owned entities – including Eskom, SAA and arms dealer Denel. Between them, Godongwana said, all the state-owned companies have hoovered up more than R290bn in bailouts since 2013. In his speech, he spoke about showing them "tough love". "No additional funding is provided for state-owned companies," he said.

Well and good, if he can hold this line. You'd have to be naive at this point to discount the odds of any of them arriving at Treasury's door with a begging bowl again — and to believe that the other ministers won't push Godongwana to help.

Futuregrowth analyst Refilwe Rakale says that, if the global environment remains supportive, "the government could have an opportunity to

finally turn the fiscal ship around". Still, Rakale says, it would be wrong to ignore the real spending pressures likely to arise in the next few years, which is why Godongwana's statement doesn't entirely dispel concerns.

In the end, whether Godongwana succeeds or fails will depend on the extent to which he's supported by his colleagues. President Cyril Ramaphosa certainly has his back, but whether that's enough, only time will tell. – *Rob Rose*

FSCA update focuses on consultation, standards and streamlining

It has been reported by the Pension Lawyers Association that, at a quarterly meeting between the Financial Sector Conduct Authority (FSCA) and representatives of organised labour and the retirement-funds industry, on 25 October 2021:

- National Treasury said that, on 11 November 2021, it would issue, together with the Medium-Term Budget Policy Statement, a consultation paper in regard to the governance of umbrella funds – no sign of it as of 30 November, however;
- Proposed amendments to the Financial Sector Regulation Act provided for in the draft Conduct of Financial Institutions Bill (the CoFI bill) will, if adopted by parliament, make the promotion of transformation in the retirement-funds industry an explicit function of the FSCA;
- The CoFI bill is unlikely to be tabled in parliament this year, as National Treasury intends to consult a number of bodies first;
- The FSCA has had an initial meeting with Batseta (the Council of Retirement Funds) and the Actuarial Society of Southern Africa to discuss ways of standardising formulae to be used for the calculation and reporting of fees and charges by retirement funds of all types. The FSCA plans to discuss this with the Association for Savings and Investments South Africa as well;
- Due to IT constraints, the FSCA's online *Trustee Toolkit* is expected to be updated only in 2023;
- The FSCA is still working on its draft Governance Conduct standard, which will incorporate principles reflected in *King IV, Circular PF 130* and other relevant circulars and directives;
- The proposed "conduct of business" return will be finalised only after the Governance and Conduct of Business standards have been finalised;
- The FSCA wants demographic information in relation to retirement-fund members to be included in the proposed return, to assist it in providing statistics relevant to transformation matters;
- The "funds cancellation project" has resumed. The FSCA is likely to process more quickly requests for the cancellation of the registration of funds that comply with the standards set out in *FSCA Information Request 5 of 2020 (RF)*, published in November 2020, than those that do not;
- It's hoped that technological improvements will reduce delays in the approval, in terms of section 14 of the Pension Funds Act, of schemes for the transfer of assets, but those improvements will take some time;
- The FSCA intends to discuss with SARS ways of minimising delays in transfers attributable to members whose tax affairs are not in order; and
- The FSCA is working on a system to streamline the processing of queries and complaints across the organisation. – *Rosemary Hunter* ■

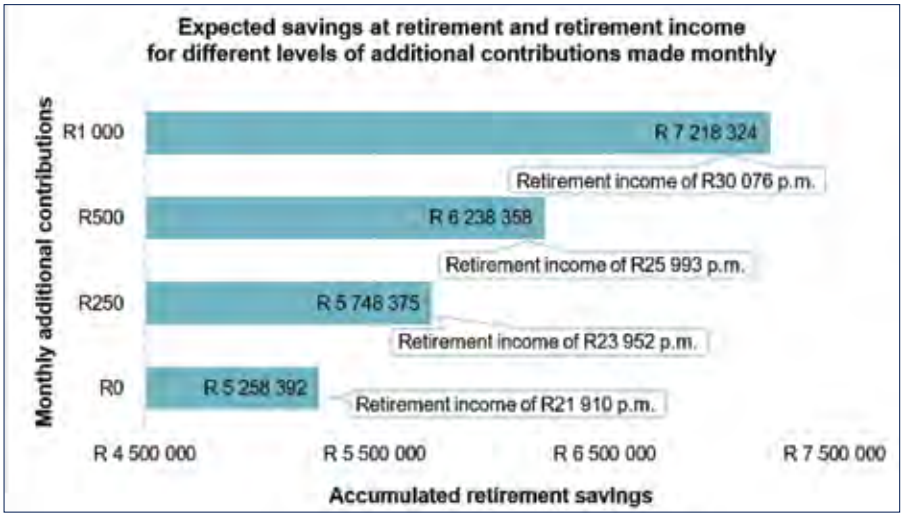
The importance of understanding your retirement savings

By consolidating retirement savings, members are able to benefit from greater retirement savings and lower costs.

When members of retirement funds consider how to improve their ability to achieve a more comfortable retirement, their first thought gravitates towards cutting down on direct costs, such as fees. Indeed, it is essential for members to understand the impact of fees on their retirement outcome and what could be done to influence this, as such costs can have a significant effect on the final value of one's accumulated retirement savings.

There are, however, two additional levers members can use to improve their retirement outcomes. One is to increase the amount they contribute towards their retirement savings, by making additional voluntary contributions (AVCs). An alternative is to consolidate savings across various retirement funds, increasing cost efficiencies.

Making AVCs may increase one's expected retirement savings. Larger AVCs may have a greater impact on retirement savings. Consider an individual who has a starting salary of R240 000 per annum, and a pensionable salary of 70% of this amount. This individual contributes 16,41% of their pensionable salary towards their retirement savings from age 20 until retirement at age 65. This would result in expected savings at retirement of R5,26 million, which would allow them to purchase a retirement income of R21 910 per month. The impact of different levels of additional contributions (made monthly) on the individual's accumulated retirement savings and income at retirement is illustrated in the graph.



Assumptions: The individual is invested in the Liberty Corporate Core Balanced portfolio; Expected return is CPI+6% (gross); The individual has a starting salary of R240 000 per annum; Pensionable salary is 70%; Inflation is 6%; Salary increases monthly at an effective annual rate of inflation + 1%; All projections are shown in today's money terms; All fees are ignored; AVCs are made in the individual's first retirement contribution and one year later thereafter until retirement; 5% income drawdown rate (ASISA recommended rate for females) is used to determine the monthly retirement income.

An additional contribution of R250 per month would result in R0,49 million more in expected savings at retirement. A larger additional contribution of R1 000 per month would result in R1,96

million more in expected savings at retirement – allowing the member to purchase an annuity that provides a monthly retirement income of R30 076 per month (compared to R21 910 per month if they do not make any additional contributions).

Increasing retirement savings through AVCs is as simple as notifying one's fund financial adviser or human resource representative that one wishes to do so.

When looking to achieve a better retirement outcome, consolidating retirement savings may not always be the first option that comes to mind. However, by doing so, members are able to benefit from greater retirement savings and lower costs.

Hybrid retirement funds were historically established by employers to maximise benefits provided to their employees. Under this arrangement, employers' contributions towards their employees' retirement savings are made in a provident fund, while members contribute into a pension fund to allow for maximum tax-deductibility (as member contributions into the provident fund were not tax-deductible at the time).

However, with the introduction of several retirement fund reforms over the past few years, these hybrid retirement fund arrangements have become less beneficial.

The Taxation Laws Amendment Act 2015 harmonised the tax treatment for retirement fund contributions between the different types of retirement funds, and the 2020 Taxation Laws Amendment Act means that, from 1 March 2021, employers and members can now also benefit from enhanced tax-free transferability between retirement funds.

Combined, these changes make hybrid retirement funds less beneficial than they once were. It may now be more advantageous to consolidate funds

Naude . . . achieving a more comfortable retirement

within a single retirement fund. This results in greater cost efficiencies, due to economies of scale and having to participate in only one fund. Reduced costs mean that more money can be allocated towards members' retirement savings, and the added effect of greater compounding interest on these higher amounts helps members to ultimately achieve a more comfortable retirement.

It is important that members consult their fund financial adviser before making the decision to transfer their accumulated retirement savings to another retirement fund, as the appropriateness of the options available to them will depend on their individual needs.

Reducing costs or making additional contributions to increase retirement savings should also always be done by considering one's unique financial circumstances and retirement goals. It is recommended that members contact their fund financial adviser for professional advice before making important financial decisions.

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RESPONSIBLE INVESTING

What gets measured gets done

John Oliphant explains the objectives of CRISA 2, in his response to an email from Allan Greenblo.

Hi John,

Have been through the document and am quite amazed by the extent of detail required ie simple CRISA principles, easy to understand and implement, suddenly become a massive tome. Also concerned that this is the start of CRISA's commercialisation ie to become a cost centre for asset managers/owners (payments for consultants, compliance officers, reporting obligations etc). Am now right on deadline, so four quick questions:

1. **Who commissioned this exercise?**
2. **What is the budget for it?**
3. **Who will pay for it?**
4. **What value from it is anticipated?**

Regards
Allan
***Today's Trustee* Publishing (Pty) Ltd**

Dear Allan,

I never acted with urgency to respond to your email, because I thought you will always be around. Death is weird, because it never prepares us for its eventuality, always striking when we least expect it. Although you never got the opportunity to read this response, I am comforted by the fact that you would agree with every point in it. In your article "Rhodes must fall, UCT, Lonmin and pension funds", you argued that "If the trustee board fails to consider ESG criteria, it fails in its fiduciary and legal duties", and that is our position.

This year marks the 10th anniversary since the launch of the Code for Responsible Investing in South Africa (CRISA). Since the launch of CRISA, significant advancements have been made, both locally and globally, in regulations relating to integration of environmental, social and governance (ESG) issues into mainstream investment considerations.

Globally, in 2016, the PRI and UNEP FI launched a four-year project to clarify investor obligations and duties in relation to the integration of ESG issues into investment practice and decision-making. Their final report, titled *"Fiduciary duty in the 21st Century"*, concluded that the fiduciary duties of investors require them to:

1. Incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes, consistent with their investment horizon.

2. Encourage high standards of ESG performance in the companies or other entities in which they invest.

Oliphant . . . objectives

3. Understand and incorporate beneficiaries' and savers' sustainability-related preferences, regardless of whether these preferences are financially material.

4. Support the stability and resilience of the financial system.

5. Report on how they have implemented these commitments.

Failure to consider long-term investment value drivers, which include ESG issues, in investment practice is a failure of fiduciary duty, the report concludes. This report was supplemented by country roadmaps. In the context of South Africa, the recommendations, in summary, were:

1. Regulatory guidance – FSB (now FSCA) should provide practical guidance to trustees on interaction with investment consultants on ESG integration, and review investment mandates.

2. Enhanced stewardship – CRISA should be supported with more resourcing and a permanent secretariat, to enable its work on stewardship and responsible investment.

3. Investor education – ESG issues should be a core competency in the National Qualification Framework for trustee training.

4. Corporate governance and reporting – South African stakeholders, including the FSCA and exchanges, should review the quality of material ESG factors, following the report of the International Financial Stability Board.

The report further recommended a greater alignment between ASISA, Batseta, CRISA and the PRI in the work of ESG integration in South Africa. Taking into account the recommendations above, we believe the country is ripe for further innovations to achieve a systematic shift from policy commitments into more action. This is demonstrated through the ongoing work of the South African Sustainable Finance Initiative, and FSCA practice notes, the recent one being on sustainability of investments and assets in the context of a retirement fund's investment policy statement – a welcomed regulatory guidance.

Taking into account the above recommendations and developments, the CRISA Committee felt that the investment community still pays lip service to

responsible investing, and more was required to ensure implementation. CRISA 2 aims to spur the much-needed impetus through enabling a sharpened recognition of how investment arrangements and activities intersect with the environment and society. The main objective of CRISA 2 is to reaffirm a framework of principles for stewardship and responsible investment as a key component of South Africa's overall governance framework.

The Code has, as further objectives, the following:

1. To position stewardship, and responsible investment principles and practices within a broader context as universally relevant throughout the investment value chain, and across all asset classes, investment styles and type of organisation.

2. To create a context within which the investment environment can evolve towards positive outcomes to address South Africa's unique environmental and social challenges, including unemployment and transformation, balanced with the delivery of suitable, transparent, cost-effective and relevant services to the users of investment products.

3. To incorporate the implementation of sound governance practices as they relate to stewardship and responsible investment, and foster accountability for implementation and disclosure.

4. To cultivate integrated thinking throughout the investment industry, through building capacity in the six capitals, and understanding of the triple context of society, economy and environment within which businesses operate, as well as their relevance on the impacts on the six capitals.

5. To establish meaningful reporting and public disclosure about practices of stewardship and responsible investment.

6. To encourage collaborative action towards the mainstreaming of sustainable finance that contributes to a more equitable and inclusive South African economy.

7. To promote the development and implementation of green/sustainability-oriented investments and investment vehicles that address ESG issues (such as those encapsulated in the UN's SDGs).

> *Our combined journey and your agitation for more urgent action on responsible investing will forever remain your greatest contribution to the world of pension funds. Your legacy will live on.*

The principle adopted by the committee is that what gets measured gets done. With CRISA 2, with improved and enhanced regulatory oversight and reporting requirements by the FSCA, there will be increased implementation and adoption of responsible investment practices by asset owners.

Our combined journey and your agitation for more urgent action on responsible investing will forever remain your greatest contribution to the world of pension funds. Your legacy will live on.

"What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead." – Nelson Mandela

You have lived a life of significance. Your impact will forever be with us. Your legacy will live on through *Today's Trustee.* ■

Sanlam Benchmark Research 2021

Key take-outs from the 40th retirement industry survey

1 Cost of retirement fund administration

0.55%
Cost for stand-alone funds (slight reduction since 2019)

0.59%
Cost for participating employers in umbrella funds (the same as 2020)

R52
average cost for stand-alone funds in rands

R41
average cost for participating employers

2 Contribution trends

Stand-alone funds and participating employers' employer contribution levels are **steadily increasing again since a drop in 2018.** However, 2021 recorded a slight drop in employee contribution levels in umbrella funds of 0.7% although still up from 2018 levels.

Employer contribution

10.8%
average employer's total contributions in stand-alone funds

9.4%
average employer's total contributions in umbrella funds

Member contribution

Ave 6.6%
of total package contributed by members in stand-alone funds

Ave 6.3%
contributed by members in participating employers in umbrella funds

3 Contribution suspension

41.0%
of participating employers in umbrella funds suspended retirement contributions due to Covid-19

27.0%
in stand-alone funds

4 Retirement funds and rewards/loyalty programmes have not yet gained traction in a retirement funds context.

88.9%
of stand-alone funds said they do not offer rewards/ loyalty programmes

79.0%
of participating employers in umbrella funds do not offer rewards/ loyalty programmes

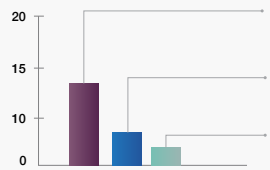
5 Health integration

49.0%
of stand-alone funds and,

36.0%
of participating employers believe a holistic, integrated health and financial wellness programme delivers higher productivity and staff happiness.

6 Investments

More funds and employers are selecting a combination of default investments with and without member choice



Less (10.0% to 13.0%)
funds and employers are offering default investment portfolio plus member choice.

Proposed changes to Regulation 28

Only 6.6% **of stand-alone funds and,**

4.7% of participating employers will be investing in infrastructure investments.

7 Default regulation and member behaviour

Stand-alone funds have not seen a significant improvement in member behaviour since the implementation of default regulations.

57.0% Preservation

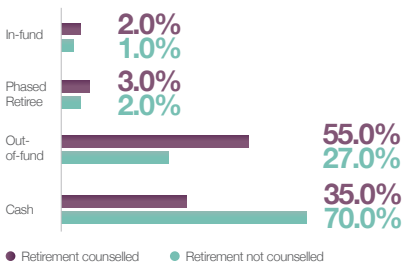
46.0% Annuitisation

25.0% Retirement Benefit counselling

- Base: All those who have not seen an improvement in member behaviour
- Stand-alone funds

8 Retirement benefits counselling outcomes

Impact of Retirement Benefit Counselling at retirement



The Sanlam Umbrella Fund data indicates that members that are counselled at withdrawal are twice as likely to preserve

9 Impact of Covid-19

Impact of Covid-19 on cyber security

Increase in the risk of cyber security as a result of staff working remotely.

46.0%
41.0%

- Stand-alone funds
- Participating employers

Impact of Covid-19 on Members' Finances

31.0%
of participating employers reported retrenchments at the workplace.

For 40 years, the Sanlam Benchmark Survey has been South Africa's most comprehensive retirement industry research.
In 2021, 90 stand-alone funds, 10 stand-alone union funds and 100 participating employers in umbrella funds were surveyed.

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Changes to the industry

Change happens very slowly, then very quickly

Dawie de Villiers, Chief Executive Officer of Alexander Forbes Group Holdings, discusses shifts in the South African retirement-funding landscape over the past decade-and-a-half.

The Japanese have a construct that ripples across their various art forms, from the theatrical to the martial. It can crudely by summed up as "slow, then fast", which describes a movement that begins with circumspection and rapidly accelerates beyond a certain point in its trajectory.

This pacing aptly describes the South African retirement-funding landscape in the time since *Today's Trustee* was founded, given the considered pace of reform that transitioned into swift adoption and implementation. The shifts noted below are some the key interventions over this period that have changed, and will continue to change, the course of outcomes for members, with trustees bearing the responsibility to make decisions that have far-reaching impacts:

▶ Default regulations

The default regulations represented the most significant opportunity over the course of the past 16 years for fund trustees to apply themselves to shift outcomes for their members. They presented the ability for trustees to set their members up for success by directly addressing investments, preservation and annuity strategies, with the intent of leveraging the institutional scale and access to sophisticated consulting expertise, to positively impact on the lives of the majority of members. They also introduced the requirement of retirement benefits counselling, which ultimately supports members in making informed decisions about their retirement savings and benefit options. It was regulation that considered the member's journey through their career into retirement, and expanded the scope of trustees' responsibilities through this journey.

▶ Individualisation of institutional retirement funds

Retirement funds have traditionally been far removed from the specific needs of individual members, with structures and decisions being taken by trustees to apply rigidly to the whole. Over the past 16 years, though, this dynamic has changed, with members being empowered by choice to construct their respective retirement-funding journeys in a manner that best suits their circumstances and goals. Whether via flexibility offered in contribution rates, group risk benefits or investment portfolio choice, the spectrum now available to members is greater than ever before. An outcome of this range of choice is the need to better

De Villiers . . . change happens

connect members with their benefits, their options and the consequences, as well as the longer-term impact, of their decisions.

As such, member engagement has emerged as a discipline in its own right, and has taken various forms, ranging from financial literacy training and retirement benefits counselling to financial advice, in order to empower the individual to make appropriate decisions.

The rise and rise of umbrella funds

The dramatic consolidation of standalone retirement funds into umbrella fund structures has gathered pace over the past decade, due to the convergence of multiple factors, including greater competition, resulting in better value for members and an increased regulatory burden on trustees. Trustees have to consider whether they are best equipped to optimise outcomes for their members, or whether members are best served by placing this responsibility with a trusted and capable umbrella fund, which takes a high degree of maturity and conviction. Trustees of such funds have an amplified impact on members, given the significant scale of a number of leading umbrella funds, and the professionalisation of the trustee body in South Africa is therefore an enabler of better outcomes across this growing segment.

Simplification of retirement-funding structures

Members are largely disconnected from their retirement funds, partially due to the complexity of the legal vehicles traditionally on offer, among other factors. The simplification of the vehicles via the harmonisation of pension and provident funds, on both the tax treatment of contributions and the annuitisation requirement, has standardised what members can expect of retirement funds and allowed for further consolidation. This makes it easier for most members to comprehend their structures, and they are therefore more empowered to act rationally, rather than being confused into apathy by complexity.

The body of work within *Today's Trustee* reflects the flow of our industry's contribution to people's lives, which often goes unseen for decades, but becomes very real, very rapidly, at some point in the distant future. It is exactly at that point that the individual member benefits from the decisions made over the course of decades by informed, engaged and empowered trustees. This is the calling that *Today's Trustee* has answered since 2005, and the need for its voice to resonate today and into tomorrow has never been greater.

On a personal note, I wish to acknowledge Allan's steadfast commitment to doing the right thing, and for using the public platform he created via *Today's Trustee* to promote good governance and call out bad behaviour. His intent of empowering trustees to make better decisions, by providing access to information, insight and opinion, lives on in the impact that he has made on the lives of the people that knew him, but, and probably more important to him, on the lives of retirement-fund members who would never have heard of him, but benefited nonetheless from his life's work. ■

COP26

ESG and retirement funds after COP26 – a pathway to sustainable development

The importance of using Environmental, Social and Governance (ESG) principles to create both socially positive and impactful investment outcomes is now readily accepted. The retirement-fund industry has a critical role to play in this regard, writes Dr Johan van Zyl.

At the recent COP26 gathering of world leaders in Glasgow, Scotland, ESG matters were centre stage. So it was no surprise that, after that conference, the International Financial Reporting Standards (IFRS) Foundation made a bold move in announcing the need for a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' needs.

The IFRS Foundation is also calling for the publication of disclosure requirements that deal with a company's impact on ESG matters, which are relevant to assessing enterprise value and making investment decisions.

This is a critical move in the right direction.

For one thing, it will bring much-needed clarity to ESG-related discussions when it comes to assessing financial performance. If industry ESG guidance is haphazard and ill-defined, it's inevitable that companies with poor track records will develop inadequate ESG frameworks. And if that happens, it will ultimately make ESG integration in investment decisions a pipedream.

Within South Africa's financial-services sector, discussions on ESG have been ongoing for at least a decade, but this has been given new impetus through updates to Regulation 28 of the Pension Funds Act. We now need to build on this foundation if we want to act in a socio-economically responsible manner. And it's vital that we do so with pragmatism and commitment, given South Africa's triple challenge of unemployment, poverty and inequality.

Responsible investment, with ESG at its core, refers to the integration of ESG matters into investment decisions as a key part of one's fiduciary duty to clients. Of course, this is possible only if you operate in a well-regulated capital-markets environment, such as ours, with its long-held tradition of triple-bottom-line corporate reporting (now integrated reporting), which ensures that companies report on materially relevant ESG matters.

As it is, South Africa's capital markets are relatively sophisticated and well developed compared to those of its peers, bolstered by the fact that we have a well-developed private-market investment environment. This provides confidence to both domestic and international investors, who are increasingly interested in the ESG credentials of both their investment managers and the underlying investee companies.

Van Zyl . . . critical role

The simple objective is to reward companies doing well on the ESG front, while penalising companies with questionable ESG practices, by not investing in them.

In this way, the financial community, supported by an increasingly engaged citizenry, can effectively direct the creation of a sustainable ESG-driven ecosystem. And the best way to get meaningful results is to have a method of properly measuring ESG practices, combined with a pragmatic system of rewarding and penalising companies.

As the steward of a significant savings pool, the retirement-funds industry is critical on this front. The collective strength of this pool should be leveraged to ensure long-term sustainable returns, as well as increased ESG compliance, for retirement-fund clients.

This is the most desirable outcome, given our country's context. But the reality is that many people will ask whether pension-fund members can realistically strive towards achieving *both* good social objectives and good risk-adjusted financial returns that boost the bottom line.

This is a necessary discussion. But the good news is that, in South Africa, we already have a strong foundation from which to work.

The proposed amendments to Regulation 28, which will govern the way in which retirement funds allocate capital to infrastructure projects, will help to secure steady risk-adjusted inflation-linked returns, with long-term inflation-linked liabilities, while also contributing to job creation, market efficiency and better regional economic integration.

Here, Batseta, the Council of Retirement Funds for SA, is playing a key role in educating principal officers, trustees and fund members on how best to collaborate on major investment themes, most particularly ESG and infrastructure.

A key milestone on this journey was reached on 19 November, when Batseta formally launched its Asset Owners Forum SA. Created with support from USAID and the World Bank, this forum is an open and voluntary coalition of retirement funds that aim to pursue suitable investments into private markets to enable economic growth in South Africa.

Our regulators are also coming to the party, helping to guide this shift in mindset. This year, National Treasury published a technical paper on financing a sustainable economy, which underscores its mandate of ensuring transparency, accountability and sound financial controls in the management of public finances.

Treasury says it aims to achieve financial stability, to protect the South African economy and its citizens from major shocks to the financial system, through solvency and effective risk management. But it adds that achieving financial stability "requires building a greater understanding of the environmental, social and governance risk exposure facing the financial sector".

It continues: "Sustainable finance seeks to encourage the reallocation of capital to have a more positive impact, and the raising of new and dedicated funds to finance the transition to a climate-resilient and lower-carbon economy."

In the final analysis, you can't divorce the need to deliver longer-term market-related returns for members' pensions from the other forces in the environment – especially socio-economic dynamics.

ESG, in other words, is here to stay. But deploying the most relevant and pragmatic ESG-based investment strategies is a skill that fund managers will have to sharpen up on, as we seek ways of using investment as a true force for good.

** Dr Johan van Zyl is co-CEO of African Rainbow Capital. Both in his current role and in his previous role as CEO of Sanlam, he had many constructive and insightful interactions and engagements with the late Allan Greenblo.* ■

Investing with purpose: Going beyond financial returns

Mike Adsetts, Deputy Chief Investment Officer, and Motlatsi Mutlanyane, Head of Alternative Investments at Momentum Investments, look at responsible investing.

An integrated approach to any investing is critical, if you are to invest responsibly, explains Mike Adsetts, Deputy Chief Investment Officer at Momentum Investments. "What that means is that we disaggregate environmental, social and governance factors, and we think about every single type of investment we make from multiple perspectives.

"You need to be mindful of what the implications are for employees if you decommission a fire station or close down a coal mine, for example. What are the alternative career paths in the new renewable-energy place that you can put them into? That's an example of what we consider from the environmental and social sides."

Broadly, Momentum Investments' impact investment portfolios focus on three areas: alternative energy, social infrastructure and diversified infrastructure. "Sometimes this means investing in the unlisted space, which can be disconcerting to more traditional investors, but we believe there is real value to be found there."

Importantly, for Adsetts, these investments are closely linked to very specific United Nations sustainable development goals, to which Momentum Investments subscribes. "This is a level of commitment we think is unique – not only in how we're investing, but in how we're matching these investments specifically with common, international goals for a better, more inclusive world."

Great returns

Leading the charge on this is Motlatsi Mutlanyane, Head of Alternative Investments at Momentum Investments. Mutlanyane has the complex responsibility of identifying these purposeful investments, while being sure they are not only right from a responsibility perspective, but that they will generate good returns on investors' money.

"Finding purposeful investments may not be as hard as it used to be, but finding ones that will also generate a strong return becomes more complex," explains Mutlanyane. "This kind of strategic, goal-oriented investing means that our investors can hold us accountable at the end of the day. I believe it makes for better decision-making, and better-quality conversations with our investors."

To date, Momentum Investments has constructed four local portfolios, which are all generating strong returns, despite

Mike Adsetts and Motlatsi Mutlanyane

the COVID-19 pandemic, which has negatively affected many other investments:

- **Momentum Alternative Energy Fund:** TThe portfolio is predominantly invested in unlisted equity instruments, but can also hold unlisted debt instruments of sustainable energy companies and projects. Equity positions can only be minority positions. Finance is provided to alternative-energy initiatives, renewable-energy and energy-efficient projects in South Africa.
- **Momentum Diversified Infrastructure Fund:** The portfolio is invested in unlisted debt-like and equity instruments. It is predominantly invested in South African and Southern African Development Community opportunities with positive social and environmental delivery objectives. Underlying assets have stable and predictable cash flows, as well as strong environmental, social and governance features.
- **Momentum Social Infrastructure Fund:** The portfolio is invested in debt and equity instruments related to social infrastructure. Social infrastructure refers to student accommodation, quality affordable housing and non-urban shopping centres.
- **Momentum Impact Fund:** This is a multi-asset-class portfolio with an impact focus. The portfolio gains its exposure through the Momentum Alternative Energy Fund, the Momentum Social Infrastructure Fund and the Momentum Diversified Infrastructure Fund. Like the underlying portfolios, the portfolio targets underlying assets that have a positive societal impact through addressing social and environmental challenges.

"These portfolios are not only setting the bar, but they are beating it and exceeding even our own expectations," explains Mutlanyane. "The lack of infrastructure development in South Africa specifically – due to long-standing inequality – is in dire need of investment. Investing in such economic infrastructure certainly makes sense, because we're able to see significant ripple effects, their job creation at scale. That's good for our investors, and good for South Africans in areas where these developments are.

"Government seems to want to work with the private sector to fund this kind of development. They've identified about 276 projects that they're trying to get to a stage where they are bankable, and can be converted into projects that the private sector would be able to invest in. We're already involved in this – and we're actually hoping that more of our competitors will also get involved, so we can leverage this for everyone."

The role of the individual investor

While the positioning of many of these investments does come across as institutional in nature, individual investors may believe that infrastructure investments are of less concern to them. However, there are myriad ways in which individual investors can influence and gain exposure to these types of investments. Below are three:

Firstly, it is important to raise the profile and intent with responsible investments. As advocacy grows, the extent of integration and availability of responsible-based investments will grow.

Secondly, individuals can exercise choice in the case of retirement funds, engage with trustees to bring these issues on the agenda, and influence which investments the principal officers and trustees of retirement funds choose.

Thirdly, there is a wealth of investment types available which can have exposure to less liquid investments. These include preservation funds, endowment policies and retirement annuities – areas where retail investors can exercise their own discretion.

As the trend and demand for responsible investments grow and expand, the availability of the types of portfolios that can be invested in will expand. This is something that Momentum Investments is excited by, and an area into which the company will actively expand as investment managers.

Momentum Investments is part of Momentum Metropolitan Life Limited, an authorised financial services and registered credit provider, and rated B-BBEE level 1.

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Conduct of institutions

The importance of Allan

David Munro, Chief Executive of Liberty Holdings Limited, hails Greenblo as a force for good in the lives of millions of real people.

Financial institutions can play a disproportionately significant role in both developing and developed economies, in particular in the way that they can drive growth. The task of financial services in the modern digital world is further elevated by the ubiquitous presence of the network of devices that we have all become dependent on.

The impact of financial institutions, be they banks, insurance companies or asset managers, is achieved through their scaled use of financial resources, both liquidity and capital. Leveraging these financial resources through modern digital technology and human capital provides the magic that can fuel the economy and drive growth.

In this context, financial institutions, and the executives that run them, find themselves confronted with the complex combination of power and responsibility – power to influence the direction of economies, and responsibility to do so for the benefit of all stakeholders.

Financial journalism has an equally important role to play. Holding financial institutions accountable to the highest standards and calling out inadequacies in the public domain are clearly critical. Recognising the positive impact that can be achieved when this is done responsibly and well, as well as encouraging these institutions to do so, is an equally important task.

Allan was a master of both. He deeply understood the pension-fund industry, and his life's work reflects in striving for better outcomes for the real people it served. He was not shy to take a stand and call out inadequacy. He was also not shy to recognise where progress was being made. He avoided extremism, he always provided a balanced view, and he promoted trust among all involved in the industry.

Munro . . . an epic contribution

His contribution was epic. He was a hero, and he will be sorely missed as a deeply respected and influential contributor, quietly and selflessly a force for good in the lives of millions of real people to whom he was invisible. ■

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TRIBUTE

Consistent in demands for accountability and transparency

Today's Trustee gave Rosemary Hunter one of her 'most enriching, exasperating, delightful and caring friendships'.

It was in 2005 that I first heard of Allan Greenblo. At the time, I was a young, wannabee human-rights attorney who had managed to graft a pension law practice onto the employment law job I had gratefully accepted after completing my articles at Edward Nathan.

What did I know about corporate shenanigans (other than those forming the subject matter of cases in which my firm, Edward Nathan, had become involved in some way)?

Robyn Stein, then an environmental lawyer at Edward Nathan, called me to say that Allan Greenblo was starting a magazine for pension-fund trustees and she would like to introduce him to me, because she thought I could help him.

"Sure," I said.

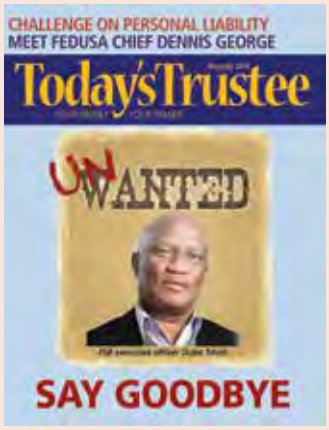
Soon after that, I received a call from someone who sounded like a lovely young man. He was Allan Greenblo and he wanted to meet me.

Okay, then, I thought. I was always happy to help young reporters try to explain complicated retirement-funding-related issues to members of the public.

But he wasn't a young reporter. He was a very experienced financial journalist and former editor of *Finance Week*. He knew the inside stories of many of this country's major transactions, and was widely known, admired and even feared by some senior business leaders.

The high regard many in the business community had for Allan was evident at the launch of *Today's Trustee* in 2005. I felt socially out of my depth there, among all the movers and shakers. So, having met the affable Jabulani Sikhakhane, I stuck with him (thank you, Jabulani, for putting up with me).

Rosemary Hunter



Over the years that followed, I fed Allan information and suggested stories that he could write about, and he decided whether he would use the information or take the suggestions, or not. I often wished that he would let me read his stories before he published them, so that I could correct any errors in them that I detected. But Allan was vigorous in the defence of his independence as a journalist, even from me. So he didn't.

And, after I'd joined the erstwhile Financial Services Board as its deputy executive officer: retirement funds and deputy registrar of pension funds in 2013, he didn't spare me from his demands for accountability and transparency.

Allan wanted to know what costs retirement funds under curatorship were being forced to bear for the privilege, and how those costs were calculated and justified. His demands for this information were particularly pointed in relation to the funds to which Tony Mostert had been appointed as curator. It seemed to Allan that Mostert enjoyed special protection by the then-FSB executive officer, Dube Tshidi.

I wish I could've told Allan all that he wanted to know, and more. He and the members of the public he wrote for deserved it. But I had to pick my battles, and Allan understood that.

The costs of the Mostert curatorships are but one part of Allan's unfinished business.

Shortly before he died, Allan told me that he wanted to interview Unathi Kamlana, the new Commissioner of the Financial Sector Conduct Authority, for this edition of Today's Trustee. Given Kamlana's reputation as a person of integrity and professionalism, Allan hoped that he might lead the FSCA along a path different from that trodden by Dube Tshidi since 2008.

Maybe Kamlana would see that transparency in relation to matters such as curatorship costs would do more to promote confidence in the financial system (one of the objectives of the Financial Sector Regulation Act) than would the secrecy that Tshidi had embraced as the FSB's default position on just about anything controversial.

One such issue on which the bulldog Allan would gnaw from time to time was whether Tshidi had ever received the Masters in Law qualification he'd claimed to have acquired, but persistently refused to prove by disclosing his degree certificate – even in the face of his obfuscatory testimony in relation to his qualifications during the Simon Nash criminal trial.

Integrity in the leadership of a financial sector regulator was (and is) self-evidently important.

If Tshidi hadn't persuaded the then-Minister of Finance that he had a Master's degree, it's unlikely he would have been appointed as the FSB's executive officer back in 2008. If so, and Tshidi didn't have the degree, the FSB and FSCA would have been entitled to recover from him the remuneration that he shouldn't have earned in the circumstances – that is, many millions of rands funded by levies paid by regulated persons and entities.

While Allan was often angry about the conduct of some of the FSB's and FSCA's senior executives, he only got that way after giving them the benefit of the doubt for a very, very long time, and being disappointed.

He took the same approach to senior executives in the financial-services industry. As I was seething about the conduct of two of the largest financial-services companies in relation to the pension-funds cancellations project, Allan remained confident that their new chief executives would put things right in time. He just thought that they were decent human beings.

And while he was despondent about the state of our country, Allan never lost his enthusiasm for the potential of the collective financial muscle of retirement funds to drive real change through their investments in infrastructure, among other things, and the exercise of their ownership rights to promote integrity, accountability and long-term economic growth.

That was the flag that he wanted to see *Today's Trustee* fly long after he'd released it from his personal care. ■

Diversifying the industry needs alternative thinking

Isaac Ramputa and Chad Ward, RisCura

More intentional support is needed to develop a South African investment industry that better represents the demographics of our country. Over the last decade we have seen increased attention on developing black investment firms, however, currently only 10% of South Africa's total savings is managed by black asset managers.

To effect real change, more work and collaboration is required

RisCura believes that developing black firms in the industry is vital, which is why we have actively backed start-up and emerging black asset managers for over two decades with the ultimate goal of supporting transformation and diversity in the industry. This support has evolved into a discretionary offering: the RisCura Manager Development Programme. The programme aims to ensure that black asset managers are equipped to attract clients, with investment solutions to match. As part of this process the programme aims to support women-owned and led investment firms, while also looking for opportunities to upskill black investment professionals. This includes investing in alternative asset classes, which RisCura believes is an important component of growing diversity and the economy.

At the heart of our approach is our promise to *Invest with Care*

RisCura was started by entrepreneurs and has grown into a global investment firm. That experience provides us with useful skills to draw on and share, and it is part of our vision to help other firms go through their own growth process.

Our Manager Development Programme seeks to graduate fully-fledged asset managers who can compete not just locally but also internationally. There are many successes from the programme thus far, but it's time to take that progress to the next level. RisCura sees the diversity journey like an educational curriculum – starting at Diversity 1.0 through to Diversity 4.0. No doubt there will be further levels to master as the journey continues.

Below we briefly look at the investment industry's diversity journey (and RisCura's) in these terms:

Diversity 1.0 is where investment holding companies focused on allocating funds to black asset managers.deals during the pre-2000s.

Diversity 2.0 saw focused involvement with launching black asset managers and partnering with them such as those supported by RisCura, 27four Investment Managers and Afena Capital.

Diversity 3.0 the current focus on manager development and support, including product diversification into alternative assets. This phase of the journey has seen several "incubation" programmes being put in place to allocate capital towards start-up black asset managers.

Diversity 4.0 where we need to be in as it represents successfully building an inclusive investment industry beyond only supporting black firms but also supporting black skillsets. This phase continues to focus on alternative assets – an area where we have seen underrepresentation of transformation and diversity.

Alternative assets such as private equity are well-recognised in other parts of the world and are delivering strong returns. Investing in a private company can also produce immediate diversity results such as creating secure jobs.

We need to think beyond local

We recognise that the South African listed equity market is no longer simply "local". A substantial amount of earnings of JSE listed companies comes from offshore investors. South African asset owners should be thinking globally, which naturally extends to greater diversity, and exposure to different assets and asset classes.

Through our Manager Development Programme, we want to support managers through their entire business cycle. We commit to a journey with them from start-up phase to emerging status and on, into the mainstream. Our support goes beyond just allocating capital but extends into all facets of building and running a sustainable business.

To showcase the stories within our Manager Development Programme, we have created a series of videos, which depict the individual journeys, challenges and successes from some of the managers within our programme.

Visit https://www.riscura.com/manager-development-programme/ to find out more about the RisCura Manager Development Programme.

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Tribute

An uncompromising and principled journalist

In our frenetic political environment, his views were respected by many.

Paul Pretorius SC remembers Allan Greenblo as a friend who could reason with intellectual honesty, but without ever causing offence.

Once he became your friend, Allan was a seamless and consistent presence in your life.

Allan first made contact with me when I had been banned in the early '70s. He counselled without presumption, supported unconditionally, and without intrusion. On reflection, Allan had a way of being present actively and meaningfully, but always with a respect for boundaries. I can't recall ever one offensive word from him, even when he gently referred to feeling lonely at the time of his troubles with the Financial Mail. I also recall now that he never made demands of his friends, but was always ready to give – in an almost unnoticeable and unassuming manner.

Back to our history together

I presume we became friends because of our shared history in student politics, albeit in different eras. When I was banned, he met with me to provide support. I needed to earn an income and keep contact with students. Now that I recall this time again, without demands or intrusion, he found premises for a record bar and arranged with Bennie Rabinowitz for a surety to allow me to borrow money from the bank. He kept a watchful eye over the whole process. He was unable to persuade the landlord (Truworths) to let me name the record bar "Paul's Band". Too provocative, they said. "Cold Storage" was allowed, after Allan's further intervention. Suited his understated sense of humour!

> *Latterly, he found an invaluable niche and speciality in pension-fund support and development.*

At the time, he set aside a bottle of excellent red, which he said we would drink at the end of my banning order. We did eventually enjoy it together. Again, an unassuming and valuable token of friendship.

Over the following years, our friendship

Pretorius . . . a constant and consistent presence

remained constant as we pursued our careers. Allan was an uncompromising and principled journalist – and if his views and attitudes didn't please those in his work environment, he simply remained uncompromising and principled. This did make life difficult for him, particularly in the high-up echelons of financial journalism. But he made his way, steady and without fuss.

He became engaged in long and arduous attempts to have his book on Kerzner published – something that really should now see the light of day.

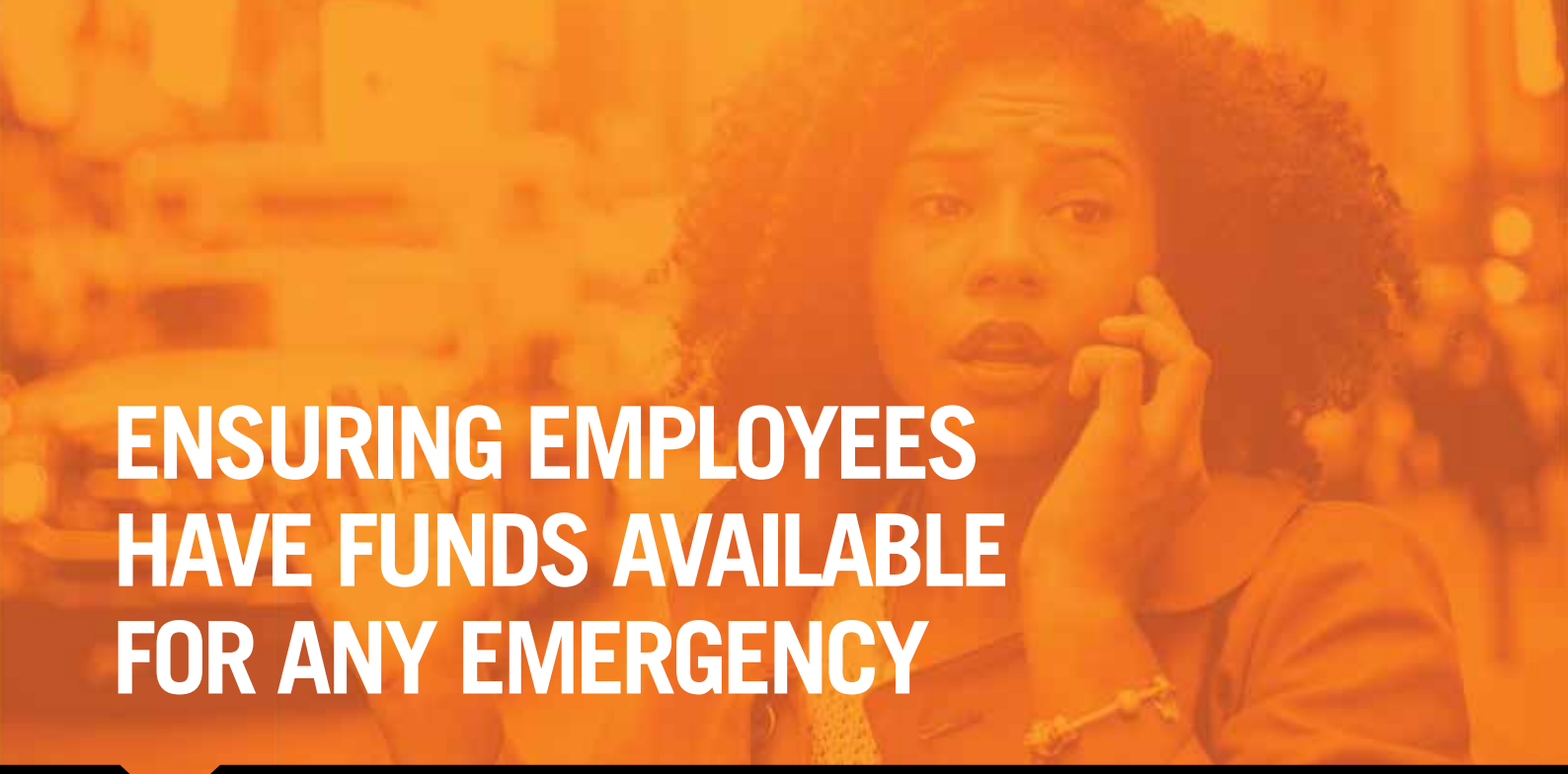
Latterly, he found an invaluable niche and speciality in pension-fund support and development. Again insightful, forceful and uncompromising, but never gratuitous or offensive.

Valuable contributions

He was very often called upon by editors, and very often offered to contribute opinion pieces on topics of interest. In our frenetic political environment, his views were respected by many – perhaps because, on reflection, he just managed to reason, clearly, with intellectual honesty, but somehow never causing offence.

On a personal level, of course I miss him, his constant and consistent presence, his wonderful sense of humour, his political debate (he had that rare quality of listening), his mischievousness – all of him. I miss his presence, and I regret sometimes taking it for granted.

RIP Allan. ■



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Tribute

Making our future what we want it to be

Looking back on a friendship of 30 years, Dr Thami Mazwai writes of a shared dream of a new South Africa of promise.

I first met Allan Greenblo, my good friend of 30 years or so, in the aftermath of the 1990 unbannings and Nelson Mandela's subsequent release from Victor Verster Prison. South Africans of all ilk were at last finding each other, discovering that they could work together and build a future for all.

Allan was editor of *Finance Week*. We hit it off immediately, and started telling stories about our past. I instantaneously became a columnist for *Finance Week*, a relationship that ended when his term as editor came to an abrupt end.

Ours was a friendship that would stand the test of time. He even became godfather to my son, Osagyefo Mikateko. Osa was at the funeral, running errands for Riana. He had lost not only a godfather, but a mentor and a guardian in South Africa's competitive corporate environment.

Unfortunately, I couldn't attend the funeral, as my wife Hlubi and I were in Thornybush. The news of Allan's demise came via WhatsApp, and what a thunderbolt! The excitement and high spirits of our bushveld sojourn simply evaporated. The tears flowed down my cheeks as I recalled the Allan who had been my bosom friend for all these years.

I recalled his visits to my house in Pimville, with wife Riana and daughter Mia. Once, as my three girls and Mia were playing in the dusty yard, something bit Mia and she cried. Her dummy fell out of her mouth. Without wasting time, Thandiswa picked it up, shoved it into Mia's mouth, and the playing continued.

Riana then remarked: "Thank God Allan didn't see; he would have freaked." We had a good laugh, because he was a bit on the on the possessive side when it came to Mia. Riana, who had grown up on a *plaas*, knew the nutritional value of soil when children are playing. Don't bother them with hygiene.

I was also a regular at the Greenblo homestead, and enjoyed what I called Riana's speciality: fried chops. Wow, Allan and I simply tucked into the chops that Riana prepared religiously on Saturday afternoon as Allan and I built and rebuilt South Africa. The girls and I would leave late in the afternoon for Pimville. Even today, Nomsa took her two children to meet granny Riana.

Just before my departure for Thornybush, I phoned Allan and he told me that, just a month before, he had also gone to the bushveld with Riana, and how they had enjoyed themselves. "We saw all five," he boasted.

We made plans to celebrate our 30-year relationship, via a dinner with our wives. The girls were still to be informed. I recalled that, two months before, I was at his house. Allan, Riana and I were simply aghast at the long queues of people getting their R350 COVID-19 subsistence from government.

We looked beyond COVID-19 and lamented what

Mazwai . . . building and rebuilding South Africa

had become of our dreams, and those of fellow South Africans, of a new South Africa of promise. Was it a dream deferred? Would it still happen? These are the questions that marked our discussions – discussions that millions of South Africans are having too. What happened? Where did we go wrong?

A strange thing is that Allan and I were in agreement that we could leave the politicians to themselves, and we, as ordinary South Africans, could build our future. It is possible, we agreed, but it needed guts to get South Africa to know that government is what we can make it to be, not what they sell us at election time.

My first project with Allan, in say 1991, was a monthly magazine aimed at the black middle class. Our first editor was Eric Mafuna, another friend of Allan's. Eric and Riana, a communications professional, had responsibility for the project, and I was to join in six months or so, and leave the *Sowetan*.

As Allan would later remark, the magazine was born long before its time, as our then-conservative advertising community was simply not aware of any black middle class, or ready for it.

How prophetic Allan's words were. The advertising world continues to structure campaigns and strategies on what Frantz Fanon called the "black man's journey to be white". All Allan said was that the reality on the ground must drive our way forward. If only this would sink in for our political masters.

Adieu, Allan. It was an honour to travel part of my road with you. It's a pity your desire for me to visit Israel didn't happen. Perhaps, as I continue to remember you, my sons and I will make it happen. So long, friend. Till we meet in the other world. ■

Pressing need for South African SMMEs to focus on ESG principles

Rob Nagel Credit Portfolio Manager at Ashburton Investments, explains.

Primarily due to a lack of resources, small and medium-sized entities (SMMEs) have been slower than their larger corporate counterparts in South Africa to adopt ESG (environmental, social and governance) principles.

But in light of the growing shift in capital and societal demands towards ESG factors, SMMEs need to at least make small steps towards greater sustainability. Failure to adapt means they could find themselves struggling to attract staff, maintain strong supplier relationships, raise finance and maintain a strong brand.

But there are challenges.

SMMEs, as well as those in the unlisted space, are often owned by a combination of founders, private equity firms, family offices and management. Smaller unlisted companies cannot necessarily afford large independent boards, independent remuneration committees and audit committees, as suggested by ESG principles.

They often do not have to comply with all the typical regulatory requirements of a larger listed company, or follow King IV corporate governance standards to the letter.

Additionally, when it comes to governance, non-executive directors are typically shareholder representatives, who cannot be seen as truly independent.

Research on and the adaptation to sustainable products is often too costly for smaller companies. They are hindered by data that is difficult to interpret, as well as a lack of resources.

Nagel . . . focus on key factors

But if capital continues pursuing larger, listed organisations, we will continue to see dwindling support for unlisted and smaller corporates. These companies will simply have to recognise ESG and embrace sustainable practices if they want to grow in the shifting economic landscape.

The good news is that they don't have to replicate the larger company structures and ESG application methodologies. There are simple, but profound, steps they can take to begin the ESG journey.

How to make smaller companies more competitive

Many important areas of business are easily measurable: board composition, diversity, ethics policies, carbon intensity, energy efficiency, waste management, employee wellbeing and community engagement.

Smaller enterprises do not have to measure and report on all of these metrics, but rather focus on the key factors that are material to their core operations.

If measured, all corporates can produce targets and benchmarks, and track progress against these ESG metrics. These can be reported publicly on their website or social media. It may even help to reduce staff turnover as increasing numbers of workers seek out the feel-good factor of being employed by a forward-thinking, sustainable company.

Another step towards transparency can be achieved in the form of value statements that communicate intent and the goals of the business. This greater transparency is a big win for smaller companies, and has the potential to dramatically improve branding and perception.

Most significantly, the consideration of ESG factors as part of an overall risk-management exercise can be revealing. It can save costs and direct executive resources where they are needed in the business.

Demonstrating how you are contributing and enhancing the community in which the business operates is another way to create goodwill, attract capital and make an impact as a good corporate citizen.

www.ashburtoninvestments.com

ASHBURTON INVESTMENTS

REMEMBERING ALLAN

A remarkable sense of time-in-space

Maeder Osler reflects on a deeply social man, full of fun and wisdom.

Surprises were a vital part of the life and times of our friend, Allan Greenblo. He shared a remarkable sense of place – of where we have been, of where we now are, of where we could be. A remarkable sense of time-in-space. His artistry was, and is, deeply social. He loved to learn from the stories of his living and working.

Once, he said, something in his back "clicked" at a morning gym session. Unbowed, he stood up, on tiptoe, to tame his keyboard. He needed to change, he said. "I see better from new views…"

At Mia and Rob's wedding, there was a strength in the pluriversality of faiths, table seats, languages, aspirations and dreams. Allan wove a speech to fit. We loved the many conversations that grew from that.

He loved to recall how his father, Alf, a custodian of the modest False Bay Rugby Club in Cape Town, was so thrilled when the club – our club – won the Grand Challenge Trophy. Annual dinner by dinner, Alf Greenblo refused to believe the club had ever NOT held the trophy – again and yet again, year on year, grand challenge trophies forever.

At the height of COVID restrictions, Allan took the trouble to find our mutual friend, Jonty Driver, exiled, once more, at an airport on the edge of our proudly African city. Here they relished updating stories on their new worlds, on pensions and trusteeships, on caring and sharing economies, on wisdoms of the Old Testament books, on sports, on poetry…

Once, as then-student leaders, Allan and I were invited to a posh reception for the late Mr and Mrs Joel Mervis (Joel the editor of the *Sunday Times*), hosted by Stanley and Mrs Uys (Stanley then the political editor in Cape Town). Probably underconfident, we felt entitled to leave early. Together with Joel Mervis's son, we escaped to adventures in and around the nightclubs at our Mother City docks, and sang our way back to the Southern Suburbs. (Unknown to us, Joel and Mrs Mervis were, at that very midnight hour, stranded without their transport, alienated, in those same leafy suburbs.) Then, we saw an amazing apparition: in formal attire, gesticulating desperately from a lonely bus shelter. We serenaded. They seemed genuinely puzzled, as if he, in dark dress suit, bow-tied, hesitated before another deadline – she, draped in long, flowing robes swirling in the cold breeze. The couple seemed astounded to see their very own son, our passenger, hanging raucously out of a window. None of us, at first, saw more than a blur.

Greenblo and Maeder Osler

Meanwhile, we dropped the luckless son back with his folks, we thought, in Sea Point. Surprisingly, in those days of no cellphones, no fake news, messages shaped. Allan woke me, concerned at how the special guests, refocusing in his mind, might feel at our reckless disharmonies. Our compatriot and their son, Allan feared, had lost all chances of an inheritance, forever. So, Allan returned to Sea Point...

Some stories have rolled over to the next generation, Mia and Rob Nichols, and the succeeding generation, through the grandchildren Poppy and Harry. So, I salute my dear friend of so much fun and wisdom, and honour his associates, friends, colleagues, comrades, compatriots – those who respect people, stories and conversations, including respect for the real and really fanciful stories Allan shared with his various Harry bulldogs.

Thank you, Allan, Riana, family and friends. Such memorable surprises, such committed times. ■

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TRIBUTE

United by common interests: rugby and politics

Duncan Innes cherishes a friendship of over 70 years.

My friendship with Allan started when we were both five years old – and lasted over 70 years, until his sudden death on 11 October 2021. Ours was literally a friendship that lasted a lifetime, and he would often call me his oldest friend.

Allan and my family both lived in Plumstead, a suburb in Cape Town. In fact, our houses faced each other across an open field or park, where young people of all ages who lived in the neighbourhood would congregate in the late afternoon to play games such as soccer, cricket or volleyball. That's where I met and became friendly with Allan. Sometimes arguments would break out and, in later years, Allan often told our friends how he'd hit me over the head with a cricket bat in one such altercation. In truth, I have no such recollection, but it's possible that the blow he delivered to my head was so hard that it erased the incident from my memory.

A year or so later, Allan and I were bundled off to nursery school together by our respective parents, who would share the chore of driving us to school and picking us up after lunch. The school, which was located in Wynberg, was called Little People's School, and Allan and I were both proud to be called "little people".

When we were both eight, our friendship suffered a blow when my parents decided to move to Rondebosch, which was closer to my new primary school, while Allan went to Wynberg Boys' School. Over the next 10 years, Allan and I saw very little of each other, as we would meet only occasionally at rugby events between our two schools. Even though we both matriculated at our respective schools in 1963, we had no contact. I went to the army and Allan to UCT where he started to become politically aware.

In 1965 I was accepted into UCT and, once again, renewed my friendship with Allan. It turned out that, like Allan, I had a great love for the game of rugby and, at that time, we both played rugby for UCT, although in different teams. But, again like Allan, I was also becoming more politically aware. It was these two common interests, rugby and politics, which united us again. Even though Allan played more of a low-key political and advisory role than I did, we both shared the same political view that apartheid was totally unacceptable and needed to be overthrown.

Unfortunately, our friendship was again interrupted in 1972, as I felt the need to leave South Africa for a while and focus on my post-graduate academic work in England, while Allan chose to remain in South Africa.

It was about this time that Allan entered the world of journalism, which he was very good at, and it wasn't long before he joined the Financial Mail (FM), where he was promoted to the position of Property Editor. But, although he had a good position at the FM, Allan also had a dream that he needed to fulfil: a dream to own and edit his own financial journal. And so, together with a few colleagues and financial backers, he launched Finance Week and became its editor.

Under Allan's leadership, Finance Week became the FM's major competitor in South Africa, a situation that continued for well over a decade. But, in the 1980s, as protests against apartheid mounted inside the country, South Africa lurched into a political and economic crisis. In this environment, magazines found themselves in dire straits – and Finance Week was no exception. An internal revolt by Allan's partners led, sadly, to his removal as editor and, ultimately, to the closure of Finance Week.

After I'd returned from England in 1981, I'd resumed my friendship with Allan. But it was a dark time for him as he fought for his place at Finance Week, which he ultimately lost – and there was very little I could do to help him. But he still carried within him his dream to own and edit his own financial journal. And so he launched Today's Trustee, a journal that he owned and edited until his passing.

These were good times for Allan, and for his family and friends. Today's Trustee was growing steadily under his leadership, and we could all celebrate Allan's success. We socialised with him and his other close friends, partied together, discussed politics and, of course, we watched rugby.

In May this year, I invited Allan to my birthday lunch. A couple of months later, Allan invited my wife and me to dinner at his and Riana's house, together

with Paul Pretorius and Elma, as well as Maeder and Les Osler. It was a wonderful evening, as we all cherished the warm friendship that we'd shared over many, many years. We felt blessed.

Not long after that, Allan became ill and had to have an operation. I was very concerned about him and phoned him regularly to see how he was recovering. At the end of my last phone call to him, he said something I will never forget. He said: "Thank you for caring." ■

The Finance Week years: 1978 to 1995

Allan co-founded the magazine in 1978
and was the editor from 1982 to 1995

When I returned from Mozambique and caught up on news, it was such a shock, and I was so sad to hear about Allan. It's hard to believe such a big personality and life force is gone.

I remember those mornings where he would say, "Come sit with me while I smoke my pipe", and we would discuss events, people and story ideas. I remember the regular gym visits, first in Eloff Street, overlooking

Nomsa Mazwai and Mia Nichol

Kerry Devine: Finance Week (1988-1990 and 1991-1995)

the buses chugging past, and then at Sandton Health & Racquet. I think of Allan when we visit Steffanie's Restaurant, which is now just around the corner from us in Somerset West – I know he always enjoyed the Steffanie's Eggs Benedict at Hyde Park Corner.

My memories of Allan are many: his energy and passion for pet subjects – Oliver Hill and Max Hahn, Ed Dutton, the Absa "lifeboat" scandal, to name a few. His editorials were always written with such flair, and I was a huge admirer of his writing, even if he sometimes drove the "works" crazy by pushing the button on them the last minute before deadline (but then Arthur enjoyed being grumpy!).

He had the ability to connect with a broad range

of interesting people, as typified by the Breakfast Club guests, but also by the diverse staff and contributors he drew together: Howard Preece, John Stewart and Des Kilalea, as giants of journalism who contributed such excellence to the magazine. Then people with struggle credentials, such as Jenny Cargill and legal expert Dennis Davis, now a High Court Judge. He teamed up with Joel Stern of the renowned New York management consultancy, and the Bureau of Financial Analysis at the University of Pretoria, to add value to *FW*'s annual *"Finance Week 200 Survey"*. The list should go on, but my memory fails.

For the energy and intellectual capital he put into the business, I always thought he deserved so much more, and I remember being shell-shocked when his time as editor was brought to such a premature end. ■

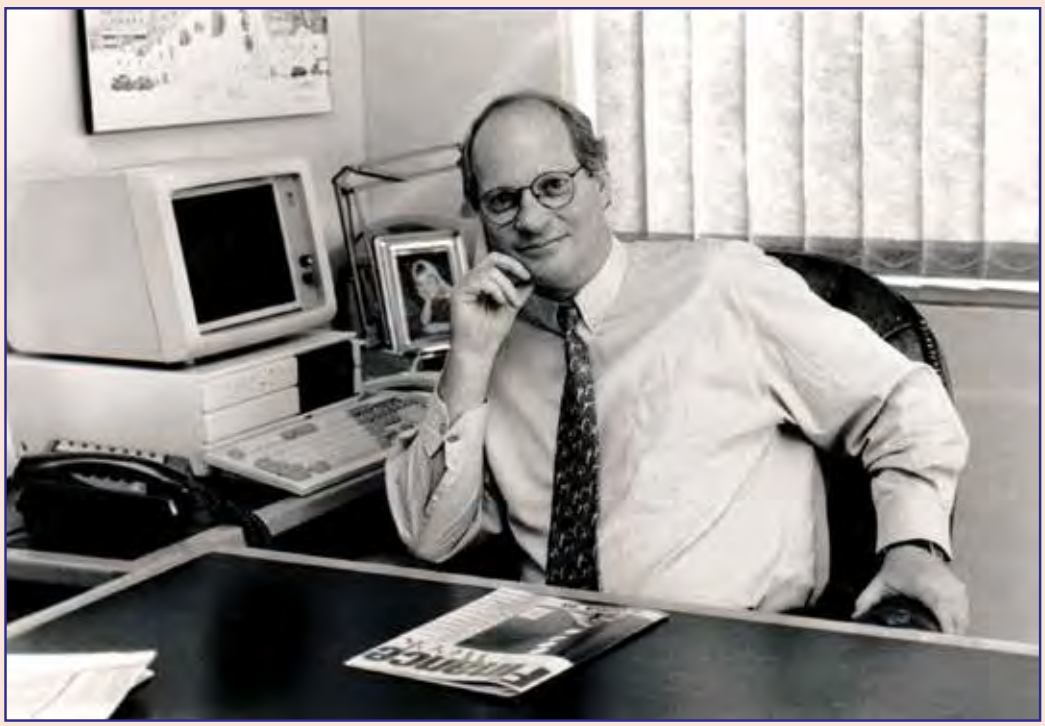
Thank you

The messages of goodwill have been overwhelming. From the many friends in business and government who have called, to the strangers who introduced themselves in shopping malls, goes my gratitude for their expressions of support and encouragement. I bask in this as the highest reward of all.

In particular I must mention my *FW* colleagues who have shared every moment of this tribulation with me. They have had to work under the most oppressive circumstances, and it is their dedication which made it possible for me to have diverted so much time into a futile court case. Howard Preece and Kerry Clarke on the editorial side, Carole Shill on the advertising side, exerted themselves way beyond the call of duty to keep together a team whose commitment would be the pride of any employer.

Among our shareholders there is Ronnie Taurog, chairman of the holding company since 1987, who has never received a cent for the invaluable services he rendered with a joyfulness always to lift our spirits. And in Cape Town there is Ben Rabinowitz, on my side come fair weather or foul.

And finally there is my wife, Riana, who kept me on an even keel. We are enriched by friendships that are now proven.



Investing in Infrastructure

Bankability remains the key consideration: that there will be sufficient sustainable cashflow to both service debt and provide adequate returns for equity investors, – Jason Lightfoot, Portfolio Manager at Futuregrowth.

Why does investing in infrastructure matter?

The macroeconomic benefit of investing in infrastructure has been well researched and documented over the past century. Such investment bolsters a country's economic growth, while simultaneously providing both intended and unintended social benefits. These include, among others, reducing income inequality, poverty and unemployment. Experience has shown that capital providers of these investments can, at the same time, earn sound risk-adjusted returns.

Infrastructure is defined as the basic physical structures and systems for the provision of utilities or services for public use or enjoyment. Expanding on this, a consensus view has emerged: that infrastructure development is fundamental to economic growth and poverty reduction, given that the availability of infrastructure (or lack thereof) affects production costs, employment creation, access to markets and, ultimately, investment. In the context of South Africa, it can be seen as an important catalyst to improve our economic growth trajectory, while addressing the urgent need for job creation.

Infrastructure development has the following knock-on benefits:

- It allows for easier access to markets, and is an enabler for the development of other sectors and industries. This is specifically important in the African context, where a vast portion of the population lives and works in rural areas. Thus infrastructure development gives these communities improved access to the formal economy and markets.
- It has positive impacts on transaction costs. Investment in infrastructure development and maintenance can improve production costs and business competitiveness.
- The link between appropriate and adequate infrastructure and poverty alleviation efforts has been seen in many areas. Research shows, for example, that access to electricity improves literacy, healthcare and nutrition. Conversely, where infrastructure development is not addressed, the cycle of intergenerational poverty is entrenched.

South Africa faces a growing infrastructure funding shortfall

Over the next 10+ years, it is expected that there will be an infrastructure funding shortfall of approximately R1,8 trillion. This is based on the government's own infrastructure drive, and, apart from the public-private partnerships, such as the renewable-energy programme, the bulk of these would normally be funded by government and its various branches in the form of the State-Owned Enterprises (SOEs).

However, given the expectation that the net debt to GDP will increase over time (and be further exacerbated by contingent liabilities in the form of guarantees provided to various SOEs, such as Eskom), our government will not have the means to play a big role. The onus will therefore fall on the capital markets (ie banks and pension funds) to fund these opportunities. Nevertheless, bankability remains the key consideration: that there will be sufficient sustainable cashflow to both service debt and provide adequate returns for equity investors.

South Africa's infrastructure funding gap

Source: Futuregrowth & SIDSSA. Updated: 19 October 2021

Regulation 28 draft amendments elicit some considerations

In February 2021, National Treasury released its draft amendments to Regulation 28 of the Pension Funds Act, which aim to make it easier for pension funds to invest in infrastructure. Please refer to our recent article: Reg 28 second draft amendments go some - but not all - the way.

Although attempting to create a greater impetus for investments in infrastructure, the proposed changes have suggested a very narrow definition of infrastructure, which considers only investment in public infrastructure as "infrastructure", and thereby ignores infrastructure investments by the private sector.

Furthermore, in our view, infrastructure assets should not be seen as a different asset class, which this additional classification suggests. These assets need to fit within an already defined asset allocation strategy, be they in debt, equity or property. They are typically long-

Lightfoot . . . economic growth trajectory

term in nature, and act as a natural asset/liability match for retirement funds. As alluded to above, the returns afforded to retirement funds need to be on full commercial terms, giving investors sound risk/return characteristics.

Retirement funds can play a meaningful role

Over the past two decades, through various specialist managers, the retirement-fund industry has invested in many private-sector initiatives that have ensured tangible returns for both the country and members of pension funds.

Due to the expected infrastructure funding shortfall over the next two decades, pension funds can play a meaningful role in that regard, but this needs to be done in a manner that does not put retirement funds at risk due to sub-optimum investments.

Investment fundamentals need to prevail, with a need for a pipeline of bankable transactions driven by:

- Cashflows to support debt and equity;
- Sound public and private-sector partnerships;
- Reputable and experienced developers;
- An enabling environment and legislation;
- Municipal infrastructure that works;
- ESG considerations; and
- Suitable impact reporting, to meet the needs of investors.

Questions to consider when reviewing infrastructure investments

These questions are collated from a combination of Futuregrowth's own experience in managing these complex (predominantly unlisted) alternative investments and a range of frequently asked questions based on client interactions over the past few years.

1. How experienced is the service provider?

Infrastructure investments require a specific skill set, bolstered by a deep understanding of project finance and its associated risks – as well as how to mitigate against (and adequately price for) both construction and operational risks. It is of utmost importance that trustees of pension-fund money apply proper due diligence in this regard.

2. How important is liquidity?

Investors often think that, if an asset is more liquid, it is less risky. However, if you were invested in African Bank shares or bonds, for instance, you would know that liquidity does not take away business risks, and that liquidity would be beneficial only in exiting an investment before it completely sinks, and probably doing so at a deep discount.

While unlisted assets in infrastructure might not be liquid, investors in these projects generally have more insight into the business on a regular basis. Equity-holders in an unlisted business may, for example, have board representation (depending on their shareholding), which would keep them appraised of the activities and performance of the business. In the case of investors that provide debt funding directly in the unlisted market, protections for investors can be negotiated, such as access to financial information (such as monthly management accounts) or by taking security over the asset being funded.

3. What is the investment horizon?

Investments in both unlisted and listed infrastructure assets require a relatively long-term view – more so for unlisted assets, because of their often illiquid trading nature. When making the decision whether to invest in traditional or alternative asset classes, clients' income requirements and level of risk tolerance need to be carefully considered.

4. What types of assets should be considered?

The entire market has access to listed assets on an exchange, and access to investments in specific economic sectors is limited to what is available on the exchange.

The unlisted market can provide investors with access to a wider selection of infrastructure assets across various sectors. Some of these businesses can be in a niche market, be difficult to replicate and have little competition – such as renewable energy, toll roads and broadband infrastructure. Therefore, opportunities for investment in these assets should not be overlooked.

5. How should risk and return on the investment be measured?

The risk-and-return assessment on a listed or an unlisted infrastructure asset would largely be the same. The only difference might be a higher liquidity premium for an unlisted asset, in order to compensate for reduced liquidity and tradability of the asset (versus being on an exchange).

Conclusion: protections and bankability are key

Investing in unlisted assets can appear to be riskier than investing in traditional listed assets, but there are a number of tools at investors' disposal (some of which we have highlighted above) to ensure that they are rewarded for the risks taken. An investment in an unlisted asset can be protected by having numerous "belts and braces" in

place, which the borrowing company or entity would need to comply with over the life of the investment.

As we have indicated above, investing in unlisted assets is complex, due to the additional layers of work involved, and requires highly specialised skills. Therefore, we recommend that investors who include alternative assets as part of their portfolio allocation invest with partners that have a proven track record in managing investments in infrastructure.

Infrastructure spending continues to be seen as an important driver of economic development and growth, as well as job creation. We are all aware of the infrastructure backlog that plagues South Africa, with the government having launched various initiatives over the past few years to try to address this concern. Given government's rising debt to GDP levels, and therefore limited ability to fund these initiatives, the role of the private sector becomes ever more important.

The bankability and sustainability of such investments are key. While developmental finance institutions can play a subsidised financing role, and thereby take on more risk, banks and institutional investors can fund only on the basis of bankability – and should expect to earn commercial returns.

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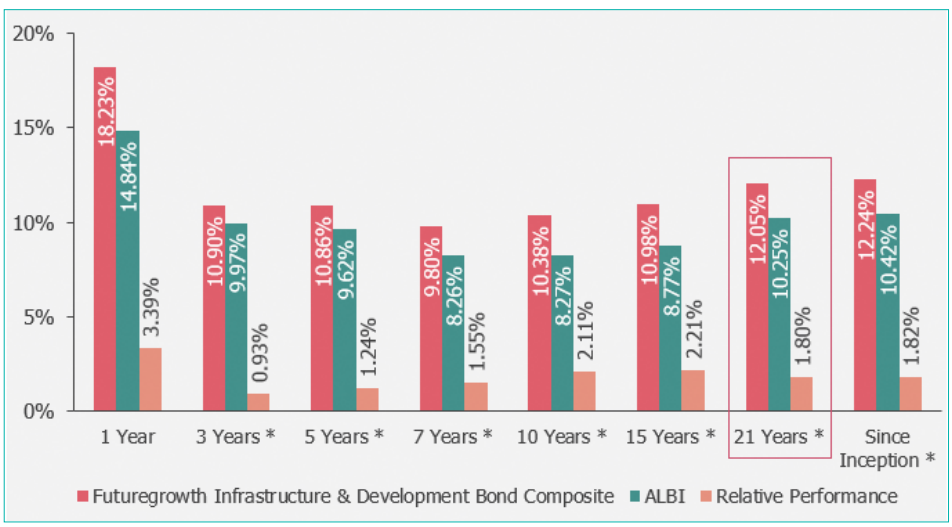
Published on www.futuregrowth.co.za/insights

FUTUREGROWTH INFRASTRUCTURE & DEVELOPMENT BOND FUND

The Futuregrowth Infrastructure & Development Bond Fund (FGIBF) has continued to play an integral part in infrastructure funding since its launch more than two decades ago, funding various initiatives in the infrastructure and developmental space, gaining exposure to sectors such as power, transport corridors, healthcare, transport, education, SMME development and affordable housing. Diversity plays an important role in terms of the management of the Fund – echoing our credit ethos – which has exposure to over 154 issuers and 37 economic sectors.

Which sectors does FGIBF invest in?

Updated: 30 June 2021



FUTUREGROWTH
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REMEMBERING ALLAN

Going where the facts took him

Barney Mthombothi remembers his friend and confidante as generous, compassionate and sensitive to the needs of the less fortunate.

It's difficult to talk about Allan in the past tense. Allan and death just don't seem to belong in the same sentence. Besides, it was all so painfully sudden.

On the Friday before that fateful Monday, we had met at Dunkeld, in Johannesburg, to sign some documents for a trust named after George Palmer, the legendary editor of the *Financial Mail*. Allan looked good. His face was glowing.

He was in high spirits too, the family having just come back from an enjoyable holiday in the Kruger National Park. They'd had a great time, he said. With fewer tourists around (because of the COVID-19 pandemic), he joked, even the animals looked happy.

Despite what he'd been through lately, he seemed more concerned about my wellbeing. "Look after yourself," he said, as we left the meeting. Little did we know at the time that that was his way of saying goodbye.

Allan was like a brother to me. He was always ready to lend an ear to my many travails and a gentle shoulder to cry on – very generous with his time, especially once he'd put *Today's Trustee* to bed. "Let's meet for coffee," he'd say. After such a get-together, one would head home with more than one's thirst satisfied.

I got to know Allan more than 20 years ago, when I started writing a weekly column for the *FM*. I was employed at the SABC as head of its radio news at the time. When I was dumped by the corporation, I joined the magazine full time. I didn't only land a job; I also gained a friend and a confidante. When a few

> *That was Allan: generous to a fault. He was always ready with a piece of well-reasoned advice, a nudge, or even a kindly rebuke, when deserved. If he couldn't help, he always knew somebody who could.*

years later the SABC – under a new and seemingly more enlightened board – recruited me to head the entire news division, Allan was astounded that I was prepared to go back to the people who had treated me so shabbily. The place is a snakepit, he said.

To stop me from leaving, he offered me an editor's job. To my everlasting regret, I turned him down. Despite his disappointment, he didn't cut me loose or turn his back on me. He kept in touch. And when I got into trouble with my not-so-new employers, I turned to Allan for advice. He was more than happy to offer his counsel.

That was Allan: generous to a fault. He was always ready with a piece of well-reasoned advice, a nudge, or even a kindly rebuke, when deserved. If he couldn't help, he always knew somebody who could. As a result, he let me in on his circle of friends, some of whom remain friends of mine to this day.

I've been wondering what made Allan the person he was: generous, compassionate, comfortable in his own skin, at ease in the company of the powerful – of all colours and persuasions – and yet sensitive to the needs of the less fortunate. His empathy for the needy shone through in his journalism. Such activism was probably evident in his youth. He often spoke proudly about his role in student politics at the University of Cape Town, and the fact that he was part of the NUSAS (National Union of SA Students) leadership which, in 1966, annoyed Prime Minister Hendrik Verwoerd's government by inviting US senator Robert Kennedy to deliver the Day of Affirmation address. Kennedy's "A Tiny Ripple of Hope" speech is considered his greatest, and certainly one of the best ever delivered in this country.

Journalism, I guess, merely became a seamless extension or the next chapter after his student activism. His journalism was neither ideological nor propagandistic. He went where the facts took him. But he despaired at the vanity and corruption of the new elite, just as he had railed against the iniquities of apartheid. It's often assumed that those who write about money, machines and the markets, like financial writers, are either cold-hearted or indifferent to the suffering around them. With Allan, the contrary was true. He used his skills to give people the sort of information and education that would empower them. That, I guess, is the philosophy behind *Today's Trustee*, the baby that he was so passionate about, a labour of love.

There's something else that we should thank people like Allan and his generation for: it's that generation which fought to keep the spirit of a free press alive at a time when the apartheid state was at its most ruthless. Their struggle has ensured that an unfettered media become part and parcel of the new South Africa. ■

OLDMUTUAL

A TRIBUTE TO ALLAN

Old Mutual Investment Group would like to pay tribute to Today's Trustee founder, Allan Greenblo, for the contribution he made, not only to the world of financial journalism but to the investment and pension fund industry at large.

Allan's deep insight and experience as well as his unwavering commitment to his craft will leave a gaping hole for the many who worked with him, and for the industry for which he championed so many critical causes so passionately. His expert steering of key conversations helped to shine a light on many trade issues and his advocacy of progressive arenas, such as responsible investment and environmental, social and governance (ESG) investment considerations, paved the way for change.

He was an outstanding journalist and embraced content in any way or form – as long as it was meaningful and would help make a difference in our industry.

We will miss his keen engagement, his commanding presence at our events and most of all, his intelligent sense of humour. His family was everything to him, and he had become like family to us.

Allan, you have left a legacy and a mark which we will do our utmost to continue as a force for good.

INVESTMENT GROUP

DO GREAT THINGS EVERYDAY

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RETIREMENT CONTRIBUTIONS

The two-pot system: not a pipe dream

Rowan Burger, Head of Client Strategy at Momentum Metropolitan, assesses the benefits of splitting retirement contributions.

***Today's Trustee* has always been at the** forefront of pushing issues and stimulating debate in the retirement industry. The proposed two-pot system will realise a number of the initiatives Allan held so close to his heart, and may bring immediate relief to desperate South African savers. Its longer-term impact may be more profound.

There have been a number of calls on retirement funds to assist with COVID relief. Access to retirement savings would require significant legislative and administrative system and process changes. National Treasury has seized upon the opportunity to introduce greater preservation of savings to our retirement system, in exchange for allowing this greater access. In essence, contributions will be split into a retirement pot, which can be drawn upon only at retirement, and an access pot, which will allow members financial relief at a time convenient to them, rather than only when changing jobs.

Legacy savings

At the start of the new system, it is envisaged that the access pot will receive some seeding from existing (or legacy) savings. These legacy savings will continue to enjoy the rights they currently do. Its introduction will have a number of significant longer-term consequences.

Given the immediate availability of funds from the access pot, it is likely that members will more actively engage with the value of their benefits. At each potential draw on their savings, they will need to evaluate the adequacy of their remaining retirement nest egg.

> *Having an accessible pot in a retirement annuity now means more self-employed persons will consider these investments.*

Burger . . . meaningful representation

Having an accessible pot in a retirement annuity now means more self-employed persons will consider these investments. This could well be the enhancement that opens up retirement funding to informal and atypical workers, significantly reducing wealth inequality.

The retirement pot will remain invested and allow the long-term effect of compound interest to substantially benefit participants. This could easily triple assets in the system from their current level. This significant improvement in scale as lower investment fees will certainly deliver better value to participants.

The more important consequence is that savings will be far more enduring. Trustees will be able to take a longer investment horizon when considering their investment strategies. This longer horizon (and lower cashflow requirement) allows significant investment in infrastructure and other unlisted asset classes, which may not only deliver superior returns, but create employment, improve our society and deliver an immediate, tangible benefit to retirement-fund members.

The significant increase in assets under the stewardship of trustees means they become more meaningful shareholders in companies, to the extent that they may appoint their own directors. In this way, employees will have meaningful representation on these boards. Important discussions regarding shared value and the future strategy of those companies can be held.

This reform should bring better member understanding and engagement, improve labour relations and advance society, reduce inequality and deliver vastly improved retirement outcomes to all South Africans. It may no longer be just Allan's dream, but become a reality. ■

A salute to Allan Greenblo

We were deeply saddened by your passing, and our deepest sympathies are with your beloved wife Riana, your daughter Mia, and the team at Today's Trustee. We at Coronation simply cannot remember a time when you weren't involved in the financial services industry.

Your gentle, non-confrontational demeanour hid a razor-sharp mind and an even sharper moral compass. You have made an invaluable contribution to financial journalism and the South African pension funds industry. In your roles as journalist, editor, educator and businessman, you were an industry watchdog extraordinaire, unafraid to tackle the big issues head on and unrelenting in your quest for transparency.

Farewell Allan,
you were a legend in your time,
and our industry will not be the same without you.

CORONATION

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CONDOLENCES

We will remember him

As we mourn the loss of the fearless Allan Greenblo, South Africa bids farewell to a smart and good committed South African. What a great loss of a moral giant with a smartness, courage and commitment to excellence. Rest in power. Rest in peace.
Anne Pratt: *Harvard Adaptive Leadership Network (Global), Harvard Fellow and Multi-Award-Winning Businesswoman*

Very saddened to receive this news. Allan was a great financial journalist and a legend in the South African pension-fund industry. A really big loss.
Adam Bateman: *Head of Business Development, Investor Services at Standard Bank of South Africa*

Very sad news. Allan has been such a valuable part of our industry for decades. It won't be the same without him. My deepest condolences to his wife and family. MHSRIP
Tebogo Naledi: *Managing Director of Old Mutual Investment Group*

Such sad news. Allan was a friend and one of our most respected, call-it-like-it-is financial journalists for many, many years. It's a great loss to the industry. Our deepest condolences to Riana Greenblo and the family. He will be missed.
Chris Brits: *CEO of EBnet | Pensions World SA and Chairman of the Retirement Industry Association*

A gem of a human. One of South Africa's very best financial journalists. He tackled all the critical issues head-on with such clarity and logic, and just plain sense. I shall miss him, his writings, and his friendship and conversations greatly.
Jonathan Bagg: *Trustee at Liberty Medical Scheme*

So sorry to hear this sad news. Condolences to family and friends. Allan was an outstanding journalist and financial writer, and I have enjoyed interacting with him over the years. He will be missed.
Gareth Stokes: *Redefining Content & Communication Strategy for Fintech, Insurtech, Investment & Technology Firms*

This is incredibly sad news. Allan was a true constant in the South African investment industry, and always took great care in surfacing a wide range of issues for the benefit of savers. A massive loss. Allan was also a kind and engaging person, and I will certainly miss the opportunity to interact with him. My heartfelt condolences to his loved ones and family. May you know how well-liked and well-respected he was by so many.
Delphine Govender: *Owner, Chief Investment Officer at Perpetua Investment Managers*

What an amazing soul, deeply caring for his country, with incisive wit and always a beaming smile. We will miss you, Allan, and thank you for all you have done.
Rowan Burger: *Head of Strategy at Momentum Investments*

Deeply tragic news. His contribution to financial journalism and the pensions space leaves a void too large to fill. My sincere condolences to Riana and his family. A giant has fallen.
Michael Avery: *Anchor of the HOT Business show on HOT1027, Host of Business Watch on BDTV, Host of Business Talk on BusinessTech*

Allan Greenblo, you will be missed indeed. I learned so much from your ability to always come at an issue with an unexpected angle, always fresh, always relevant and impactful. My thoughts and prayers are with those who were closest to you, and with an industry who will be poorer without your contribution.
Corli le Roux: *Cert.Dir. Independent Specialist, Sustainability | Strategy | Reporting Associate, Six Capitals ESG Advisory*

Riana and Allan, through Finance Week, brought me up to Johannesburg from Durban in 1988 to work for The Business Magazine they had set up to cover black business. May his soul rest in peace, and all strength to Riana.
Jabulani Sikhakhane: *Editor at The Conversation Africa*

Deepest condolences to Riana and your family. Allan was one of those rare people who engendered respect wherever he went, and from whoever he met. Wishing you strength in this very difficult time.

Zohra Ebrahim: *Director at Zutari*

What a huge loss! Condolences to the family and loved ones. I will miss shooting the breeze about the industry with Allan. Such a gentleman and consummate professional. He had such a clear and unwavering stand on issues.

Malusi Ndlovu: *Impact | Growth | Ubuntu*

Not a seminar went by without Allen and I getting together, laughing and chatting. A sincerely nice man and an amazingly excellent journalist.

Derek Field: *Chartered Principal Executive Officer (Professional Trustee and Pensions Industry Advisor)*

Oh my goodness. What a tragic loss! So sorry to hear this. A true gentleman, and passionate and knowledgeable supporter of all things retirement funds. MHDSRIP

Raymond Ndlovu: *Group Chief Executive Officer at Community Investment Ventures (Pty) Ltd*

Truly a GIANT has fallen. A great editor and writer, devoted husband and father, and caring friend. We wish Riana, Mia and the extended family a long life. Allan, you will always be remembered as a fearless and committed journalist with integrity, passion, energy and compassion.

Dr Len Konar: *Director/Consultant/ Chairman LKA Advisory*

A blow to the entire industry, as well as financial journalism. Very sad indeed! Condolences to all Allan's family and friends.

Roline Wilkinson: *Senior Account Director at Magna Carta Reputation Management Consultants*

A very sad loss for all, not least the retirement fund members and beneficiaries whose interests he consistently stood up for.

Rob Rusconi: *Pension and Insurance Policy, Researcher and Consultant*

Very sad indeed. Thoughts and prayers with Riana, family and friends.

Ian Ferguson: *Nedgroup Investments – Cash Solutions*

That's such sad news. I can't believe that he is gone. He will be greatly missed! Deepest condolences to his family.

Tracy Jensen: *Senior Investment Analyst at Nedgroup Investments*

Deepest condolences to Allan's family. He was a courageous activist. Every conversation with Allan was an education.

Tracey Unser: *Trustee | Principal Officer | Employee Benefits, Governance, Ethics, Compliance*

Such a sad loss. What a wonderful contribution Allan made. Sincere condolences to his loved ones.

Gail Le Grellier: *Director and Part Owner at LegalTech (Pty) Ltd*

Sad news! Allan was an advocate for the retirement fund industry, always searching for the truth – a real mensch!

Saleem Sonday: *Head: Group Savings and Investments, Allan Gray*

CONDOLENCES

Such sad news! Condolences to his family.
Nabelah Fredericks: *Communications and Marketing Coordinator, RisCura*

This is really sad news. He will be missed in the eb world. Condolences to his loved ones.
Pieter Cronje: *Principal Consultant at Momentum Consultants and Actuaries*

Huge loss for our industry. Our thoughts and prayers go out to his loved ones.
Michelle de Jager: *Independent Principal Officer and Trustee*

So sorry to hear. RIP Allan
Louise Brugman: *Managing Director at Vestor – Media and Investor Relations*

Such sad news. Allan did such good service to the retirement fund industry and added so much value. RIP Allan.
Claire Rentzke: *Chief Investment Officer at Sukha & Associates*

How sad. May his memory be a blessing. My condolences to you and his family
Juel Barnett: *Lawyer at Fasken (Incorporated in South Africa as Bell Dewar Inc)*

A wonderful man who combined integrity, determination and foresight. My deepest respects.
William Frater: *Founder at Kutumikia*

RIP dear Allan.
Christo Snyman: *Account Executive at Generali Employee Benefits – GEB*

This is just so, so sad. I used to see Allan every week at the gym. What a fantastic tiger of a thinker for our industry. We need many more Allans in this world. He will be sorely missed.
Anne Cabot-Alletzhauser: *Practice Director – Responsible Finance Initiative at GIBS Business School (Gordon Institute of Business Science)*

What a wonderful gentleman. Always a pleasure to engage with and a super journalist.
Rob Southey: *Head, Asset Consulting at Momentum Corporate*

This is immensely sad to hear. Allan was an icon in the pension fund industry (in my view) and was always so engaging! What a loss to the industry. Wish his family strength.
Sharmila Jaga: *Marketing Manager, Old Mutual Investment Group*

What a loss! Rest in peace dear friend and colleague! Condolences to the family.
Khaya Buthelezi: *Trusted Advisor, Marketer, Business Developer, Public Policy Leader*

My deepest sympathies to the family. A sad loss to the industry. I will surely miss the debates and his wisdom.
Samantha Jagdessi: *Head of General & Benefit Consulting, Old Mutual Corporate Consultants*

A very sad day. Condolences to his wife Riana and family. What a lovely soul. Allan will be missed.
Angelique Kalam: *Responsible Investment (RI), ESG & Impact Investment Practitioner*

Such sad news and deepest condolences to Alan's family and friends. His contribution to our industry was no doubt significant.
Tashia Jithoo: *Independent Trustee on Retirement and Beneficiary Funds*

What an absolute gentleman. He was never without a smile.
Ashraf Mohamed: *Strategy Consultant at Self Employed*

One of the few honest and accomplished real journalists in SA, whose erudite and informed writing guided so many readers. His death will leave an enormous void.
Ronald Bobroff: *Lawyer*

Oh no. This is awful news. Condolences to Alan's family. I so enjoyed working with him. He was an absolute gentleman and such a talented journalist. Our industry has definitely lost one of the best.
Teri Solomon: *Practice Leader Financial and Professional Practice, Marsh JLT Specialty*

Very sad news indeed. It is sad to see you go, but your work will always speak volumes about you. Rest in peace Allan.
David Mapharisa: *Executive Head, Business Development, at Sena Financial Services (Pty) Ltd*

This is sad to read. Allan Greenblo contributed a lot to my work. May his

soul rest in peace. What a loss.
Michael Ndinisa: *Group Chief Executive Officer at MNCapital Group*

Allan lived his passion to help people get better value from their retirement savings. We will miss his energy, passion and warm nature.
Steven Nathan: *CA (SA), CFA*

This is tragic news. My best wishes to Riana and their kids and grandchildren. I absolutely valued time with Alan.
Crispin Sonn: *Executive Director, Gamiro Investment Group*

Great loss to his family and the retirement fund industry. May his soul rest in peace.
Bongani Hlongwane: *Employee Benefits Manager at Mentenova Consultants and Actuaries*

What a loss to the industry. This is sad news indeed
Mildred Thabane: *Award-winning Strategic Storyteller*

Oh no, this is such tragic news. My deepest condolences.
Lulama Philiso: *Head, Reputation Management and Financial PR at Liberty Group South Africa*

Allan was a giant. RIP.
Hendrik du Toit: *Chief Executive Officer at Ninety One*

Exceptionally sad news. A beautiful, caring soul. My thoughts and prayers are with his family.
Quaniet Richards: *Nedgroup Investments, Head of Institutional Business*

Oh no. I'm so sad about this. One of the truly decent human beings I have had the pleasure of engaging with has left us.
Themba Gamedze: *Independent Director*

It has been a sad day indeed.
Jolly Mokorosi: *Independent Trustee, Professional Principal Officer, Various Retirement Funds*

Such sad news. Allan was a fine journalist with a deep and contagious passion for the retirement fund industry.
Gandy T Gandidzanwa: *Chief Strategy Officer, FundCraft*

Fearless, incisive and warm-hearted. That's how I will remember Allan.
Rhonda Stewart: *Owner, Stratfund Consulting*

This is devastating news! Allan Greenblo played a great role chronicling the pension fund industry. Thank you for all that you did for the industry and society. May your soul rest in peace.
Muitheri Wahome: *Asset Management Expert | Strategic Board Advisor*

This is devastating news. Rest in peace, dear Allan Greenblo. He was the doyen and champion of progressive, factual and hard-hitting journalism. The world of financial journalism is lost without him.
Prabir Badal: *Centre for Digital Transformation and Innovation Africa*

My condolences to his family and colleagues across our industry. Allan will be missed for his insight, passion and humour.
Viresh Maharaj: *Executive, Strategy and Customer Experience at Alexander Forbes*

So many will miss him.
Advocate Guy Hoffman: *Advocate at Group One Sandown Chambers*

One of the great ones. Rest in peace, Allan.
Advocate Sandile Khumalo

A great man who did much to highlight issues in the financial sector, and whose activism in representing the interests of the man-in-the-street did much to shake up financial institutions and expose unfair practices.
Jonathan Lewis: *Chief Executive Officer at ESG Institute*

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