



COLUMBUS RETIREMENT FUNDS



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COLUMBUS RETIREMENT FUND

INVESTMENT POLICY AND PRINCIPLES

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*This document contains the principles that the Board of Trustees use to
manage the Fund's investment and
measure the investment returns*

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1. INTRODUCTION

The Columbus Retirement Fund (CRF) is a registered occupational retirement fund, serving the employees of Columbus Stainless (Pty) Ltd. The Board of Trustees (Board), of which 50% are member elected Trustees, manages the Fund.

The CRF is a defined contribution fund, and members are exposed to investment decisions and outcomes. The Board structures investment options with the assistance of experts.

The Fund benefits include retirement, insured death, and preservation benefits, as well as an In-Fund Living Annuity. Members choose their contribution levels and select from risk-profiled investment portfolios to align with their retirement goals. Members are advised to use a registered financial advisor to assist them with their financial planning.

The participating employer desires that members are provided with a simple, cost-effective, and competitive retirement savings vehicle. The CRF meets this purpose and provides a robust and comprehensive retirement solution.

2. PURPOSE

This Investment Policy and Principles Statement (IPPS) guides the Fund's investment strategies, policies, and decisions. It directs the Fund's approach to investment governance, risk management, mandates, portfolios, member investment options, and the selection and appointment of service providers. The IPPS is designed as a framework guiding the decisions required to achieve the Fund's investment objectives.

The IPPS further defines responsibilities and reporting structures, the monitoring of performance, and the events or conditions that initiate an IPPS review.

3. OBJECTIVES

The Fund's main objective is to provide the benefits contained in the Rules of the Fund in a transparent, consistent, and fair manner, and:

- Implementing sound and appropriately responsible investment principles
- Complying with legislation and member protection guidance
- Optimising resources utilisation to achieving the investment objectives
- Managing risk effectively
- Empowering members to preserve and grow their savings, and meeting their objectives in the process

4. INVESTMENT PHILOSOPHY

Consistent inflation-beating investment performance is achievable over the long-term. It requires a well-defined IPPS, a participative, disciplined approach, and a good understanding of the investment markets.

The Columbus Retirement Fund is guided by this IPPS in managing the funds, and all investment decisions. These philosophies and policies are essential to achieving the Fund objectives and some of its key philosophies are:

- A knowledgeable and informed Board

- Transparent member and key role player engagement
- Robust fund and benefit design
- Prioritising consistent, sustainable long-term inflation-beating returns, commensurate with the risk and expected returns for the selected investment options/portfolios
- Informed members and simplified options, including risk-profiled portfolios and default options
- Enlist qualified and experienced service providers and advisers
- Focussed risk and loss management
- Analysis and attribution-based decisions
- Transparent and measurable investment mandates
- Defined asset ownership and management
- Avoidance of blanket mandates, complex products, performance-related remuneration, direct property investments, geared investments, marketing, and sales approaches
- Defined, appropriate and legally compliant (per transaction) use of derivatives, limited to listed instruments (including asset swaps and scrip lending)
- Controlled and outcomes-based reporting (e.g. Fund templates) focussed on long-term portfolio goals and resisting short-term market changes/events and reporting on trends (including returns, risks, costs, and taxes in performance evaluations)
- Avoidance of investment approaches common in the market but outside of the Fund strategy and typically ambiguous in their merit, considering the associated risk
- Alignment of role-player interests, e.g. multi-manager, and selected manager co-responsibility for the portfolio outcomes
- Document the investment processes and the constraints in supporting investment policies
- Investment decision-making via Board resolutions, signed by all Board members, effective after sign-off
- Established IPPS review processes as specified in the IPPS Review Policy.

5. BENEFICIARIES AND STAKEHOLDERS

The role descriptions and responsibilities of the key parties are defined in the Fund's Code of Conduct. Here we list the main role-players:

Person/entity	Role	Responsibilities
Beneficiaries	The dependants of the Member.	Receive death benefits
Board	The appointed and elected trustees as defined in the Rules	Legally responsible for and managing the Fund
Employer/Sponsor	Columbus Stainless (Pty Ltd)	Contribute financially to the Fund Nominate Board members
Investment Consultant	Investment consulting	Render advice, as contracted, to enhance the effectiveness with which the Fund achieves its objectives
Investment Manager	Investment management	Manage fund assets, in line with the mandate, to achieve and exceed Fund objectives
Member	The main beneficiary of the Fund as defined in the Rules	Contribute to the Fund Monitor performance Participate in the forums Elect Board members
Regulators	Financial Services Conduct Authority, SA Revenue Services and the Reserve Bank	Exercise regulatory authority over the Fund in the interests of its members and consistent with government policy and the rule of law
Service providers/ experts/ administrators and consultants	Provide services and advice	Provide defined, arms-length services, based on contracts for specified services and in the interests of the Fund and its members

6. INCOME

The Fund receives contributions from the employer and members. The contributions and accumulated savings (fund credits) are invested according to the Rules of the Fund, member investment choices and in member names and reserve accounts.

7. BENEFITS AND OUTFLOWS

The member and employer contributions, less appropriate expenses, are invested in pooled portfolios, according to member choice in a Member Choice Option or in a Life-stages Option, which is also the Fund default.

The Fund pays retirement and early retirement benefits (including lump sums and in fund living annuities), insured death benefits, resignation and retrenchment benefits to members and their beneficiaries.

To administer the income and benefits, the Fund pays administration, consulting, legal, regulatory, and other fees.

8. SELECTION AND APPOINTMENT OF SERVICE PROVIDERS

The Fund selects and appoints service providers, in its sole discretion, based on the service providers' alignment with the Fund's IPPS, including their investment philosophies, risk management strategies, team qualifications and experience, track record, assets under management, fees and costs, legal structures, governance and insurance structures, demonstrated understanding of Fund objectives and extensive referral checking.

9. PERFORMANCE MONITORING AND REPORTING

The Service provider reports to the Board regularly, in the format prescribed by the Board. The key elements of the reporting are the achievement of the objectives set out in the portfolio mandates (as opposed to general market feedback), detailed explanations for non-achievement (including over and under-performance), risk management and compliance as well as governance of the Fund investments. Non-compliance with this objective is material to the Service provider's tenure with the Fund.

10. PORTFOLIOS

The Fund offers member benefits through a range of investment portfolios, designed to provide a 60% to 75% salary replacement benefit after 25 to 35 years, based on the member's investment choice. The Board reviews the portfolios from time to time, with the assistance of experts.

The Fund selects investment portfolios, based on its long-term return expectations and the associated risks of investments along with a Life-stage Option as default when members are yet to make an investment choice. Members are encouraged to consult with a financial advisor since they could make inadvertent asset allocation decisions through their portfolio selections.

10.1 PORTFOLIO TARGET RETURNS AND CYCLES

	Portfolio			
	CRF Balanced Plus	CRF Balanced	CRF Stable	CRF Money Market
Returns target	CPI + 6%	CPI + 5%	CPI + 2	CPI / SteFI
Return cycle	4 Years	3 Years	2 Years	1 Year
Volatility <i>(annualised standard deviation of the monthly returns over the years specified)</i>	Global MW Dynamic Median of 5 years	Global LMW Median of 5 years	Global Manager Watch Conservative Median of 3 years	SA Money Market MW Median of 3 years

10.2 ASSET ALLOCATIONS

Asset allocations may not exceed the limitations in this table, without prior written Board approval and may in any event not exceed the limitations of the Pension Funds Act and supporting regulations.

Portfolio	Range	Local				Offshore		
		Equity	Bonds	Property	Cash	Equity	Bonds	Cash
CRF Balanced Plus	Max	75%	40%	25%	25%	30%	20%	10%
	Target	45%	15%	5%	8%	20%	5%	2%
	Min	30%	10%	0%	0%	15%	0%	0%
CRF Balanced	Max	70%	50%	20%	30%	30%	20%	10%
	Target	35%	25%	5%	8%	20%	5%	2%
	Min	20%	15%	0%	0%	15%	0%	0%
CRF Stable	Max	30%	80%	10%	70%	10%	25%	25%
	Target	15%	60%	2%	5%	5%	10%	3%
	Min	0%	30%	0%	0%	0%	0%	0%
CRF Money Market	Actual	0%	0%	0%	100%	0%	0%	0%

The Fund does not subscribe to unlisted property or over the counter (OTC) derivatives instrument holdings and limits private equity to 2% and Africa to 2.5%.

10.3 DEFAULT PORTFOLIOS

The Fund default portfolio is the CRF Balanced Portfolio up to age 60 for members who have not yet made an investment choice or who do not want to make a choice. From age 60 onwards these members' Fund Values are invested as follows:

	Up to 60	60	61	Age 62	63	64	65
CRF Balanced Portfolio	100%	80%	60%	40%	20%	0	0
CRF Stable Portfolio	0	20%	40%	60%	80%	100%	100%

11. PRICING AND COST

The Fund requires full fee disclosures and avoids performance fees.

We are cost-sensitive and drive price-points that are well below the market rates, based on specific requirements and outcomes while taking care not to rely on sub-standard service or to incentivise behaviour that is not in the interest of the Fund.

12. CONSTRAINTS AND LIMITATIONS

The Fund is constrained by the limitations of Regulation 28 of the Pension Funds Act, as it may change from time to time, some of which is reflected in 10.3 above.

Due to the size of the Fund, the member mobility and the liquidity requirements, the Fund will observe the following:

- Investments in segregated portfolios must contain a higher rate of liquid assets as determined by the Fund actuary
- The Fund avoids investments in debt
- Property investments are limited to listed entities
- Investment in derivatives require Fund approval, every occurrence, and must be based on a sound record and proven results
- Scrip lending will be agreed under an addendum to the agreement, with the main objectives of risk containment and transparency
- Fund will not lend money for investment purposes
- Geared investments are avoided.

Further limitations will be agreed in the Investment Constraints and Limitations annexure.

13. MEMBER ENGAGEMENT

The Fund engages with Members regarding their investments via its website, annual open sessions, and group retirement planning sessions every three years.

The Fund also provided Members with a projected benefit statement and access to a financial advisor to construct their personal retirement plans. A projected benefit statement is produced and distributed with the normal benefit statement on an annual basis.

14. DECISION-MAKING

Decision-making and disputes will be managed in terms of the Rules of the Fund.

With regards investments, the Fund does not pre-approve exceptions to this IPPS.

The Fund takes note of industry-standard and practices, but all the role players must note and be vigilant to ensure that Fund investment decisions are consciously made, based on the Fund requirements and circumstances.

Professional advice will be obtained from independent sources, and decisions are only taken when the Board have line-of-sight of the conditions, limitations, opt-out stipulations and cost of the proposals and contracts.

The Fund does not allow on-selling, considers the IPPS as key to arrive at its stated outcomes, chooses to contract separately rather than to work through delegation and controls directly the investment processes and cycles in terms of this IPPS.

15. OWNERSHIP

The Board owns this document, and it applies to the Board, Members of the Fund, and all stakeholders to the Fund. Changes are effective once duly authorised and signed by the Board.

16. DISCLAIMER

Investments are complex, and every attempt has been made to simplify the IPPS and related documents for ease of understanding. The simplification may result in some issues being covered in less detail. Please contact the Principal Officer at the Fund's registered address for clarification.

Also note that:

- Past investment performance is not necessarily a guide to future investment performance. Statistics shown in the IPPS are for illustration purposes and are based on past performance
- The information contained in this guide does not constitute financial advice to members by either the Board of Trustees or its advisors.

17. REVIEW

All matters related to the Fund's investments and the service providers are subject to review. The reviews ensure governance under normal circumstances (Periodic Reviews), respond to / prevent events that may change the nature of the contract (Special Reviews), or intervene where disastrous failure or harm (may) affects the Fund / Members (State of Exception).

A State of Exception is an extraordinary event or circumstance, such as when the business of the Asset Manager fails, the State of Disaster is declared, or an epidemic renders normal investment activity ineffective. The Fund then retains the right to suspend contractual arrangements.

The periodic reviews and special reviews are detailed in the IPPS Review Procedure.

18. POLICIES AND PROCEDURES

Amongst others this IPPS is supported by the following Policies and Procedures:

1. Decision-making procedure
2. Manager selection and appointment Policy and Procedure
3. IPPS Review Procedure
4. Stakeholders and their roles and responsibilities
5. Constraints and Limitations
6. Terms and definitions
7. Reporting Procedure