



# STRENGTHENING FUND GOVERNANCE – BEST PRACTICE TOOLS, STRATEGIES AND TECHNOLOGY FOR PENSION FUNDS AND ALTERNATIVE INVESTMENTS

PENSION FUNDS & ALTERNATIVE INVESTMENTS AFRICA CONFERENCE

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DIRECTOR – KWACHA PENSION TRUST FUND

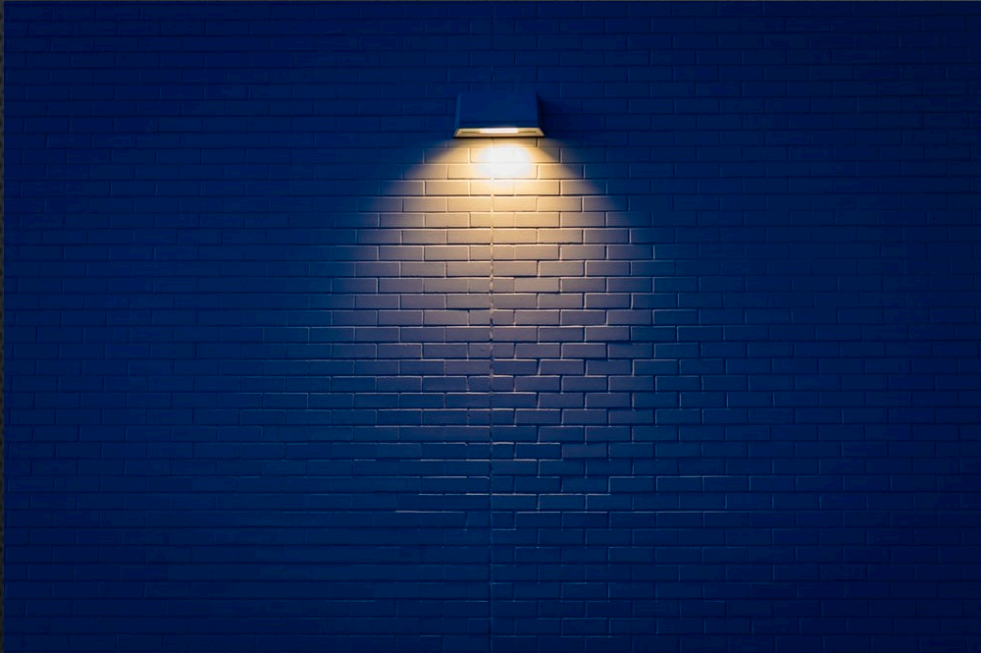
INTERCONTINENTAL HOTEL, BALACLAVA, MAURITIUS

15 JULY 2022





## OCCUPATIONAL PENSION INDUSTRY STATISTICS



Amount in USD'000	March 2022	Dec 2021	Dec 2020
Net Assets	704,994.01	667,582.25	593,687.56
Net Assets Growth	4.04%	22.35%	19.30%
NA/GDP		2.67%	2.86%
Return on Average Assets	23.16%	29.35%	33.21%
Inflation	13.1%	16.4%	19.2%



# CORPORATE GOVERNANCE GUIDELINES



1. COMPOSITION & QUALIFICATIONS OF TRUSTEES
2. BOARD COMMITTEES, QUALIFICATIONS & MAXIMUM NUMBERS
3. TERMS OF REFERENCE FOR COMMITTEES
4. FIT & PROPER APPROVAL BY REGULATOR
5. TRAINING OF TRUSTEES - COMPULSORY
6. REMUNERATION POLICY TO BE APPROVED BY MEMBERS
7. BOARD OF TRUSTEES TO BE EVALUATED EVERY YEAR
8. BOARD SECRETARY SHOULD BE QUALIFIED AS LAWYER/ACCOUNTANT/SECRETARY
9. AUDIT, RISK & ASSURANCE



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## GOVERNANCE DOCUMENTS



1. TRUST DEED
2. FUND RULES
3. BOARD CHARTER
4. CONFLICT OF INTEREST
5. INVESTMENT POLICY STATEMENT
6. COMMUNICATIONS POLICY
7. BUSINESS CONTINUITY PLAN
8. RISK MANAGEMENT POLICY
9. COMPLAINTS HANDLING POLICY
10. RISK REGISTER



# TECHNOLOGY ADOPTION



1. VIRTUAL BOARD MEETINGS
  2. VIRTUAL ANNUAL GENERAL MEETINGS
  3. ELECTRONIC BOARD/AGM PACKS
  4. ELECTRONIC MEMBER STATEMENTS
  5. ELECTRONIC SUBMISSION OF LIFE CERTIFICATES
- ✓ ROBUST AUTOMATED PENSION MANAGEMENT INFORMATION SYSTEMS
  - ✓ INVESTMENT IN CYBERSECURITY



# INVESTMENT GUIDELINES – SI 50 2021



1. DEVELOP INVESTMENT POLICY STATEMENT AND REVIEW IT EVERY THREE YEARS
2. A QUALIFIED ACTUARY OF A DEFINED BENEFIT PENSION SCHEME SHALL ISSUE A WRITTEN CONFIRMATION THAT THE INVESTMENT POLICY IS CONSISTENT WITH THE OBJECTIVES OF THE PENSION SCHEME
3. SUBMIT INVESTMENT POLICY STATEMENT TO REGULATOR WITHIN 14 DAYS OF APPROVAL
4. CLEAR PERFORMANCE BENCHMARKS





## PSIG SI 50 OF 2021- LIMITS



Asset Class	Allowable Range
Equity (Listed & Quoted)	5%-70%
Government Bonds	2.5% - None
Cash & Cash Equivalent	2.5% - None
Property	None-40%
Corporate Bonds	None-None
Collective Investment Schemes	None-20%
Off-shore Investments	None-30%
Insurance Policies	None-10%





PSIG SI 50 OF 2021-  
LIMITS



Off-shore  
investment requires  
approval by the  
minister of finance

Pension fund shall  
not invest in  
property outside  
the republic



## PSIG VS 2021 INDUSTRY ACTUALS



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	INDUSTRY ACTUALS	PSIG LIMITS	
Investment Category	12/31/2021	Lower	Upper
GRZ-Bonds	25.44%	2.5%	None
Property	17.28%	0%	40%
Term Deposits	17.48%	3%	None
Equity - Listed	16.27%	5%	70%
Corporate Bonds	3.39%	0%	10%
Off-shore Investments	9.78%	0%	30%
Collective Investment Schemes	6.10%	0%	20%
Equity -Unlisted	2.99%	0%	15%
Commercial Papers[1]	0.00%		
Treasury Bills	2.69%		
Other investments (Insurance Policies)	0.20%	0%	10%



## UPTAKE OF ALTERNATIVE INVESTMENT OPPORTUNITIES



- ✓ INFORMATION ASYMMETRIES
- ✓ SHORT-TERMISM
- ✓ PERCEIVED RISK
- ✓ PACKAGING OF INVESTMENT PROPOSALS
- ✓ PRINCIPAL-AGENCY PROBLEM
- ✓ FIDUCIARY DUTY VS FEAR VS INNOVATION
- ✓ QUALITY AND CALIBRE OF TRUSTEES
- ✓ EVIDENCE AND TRACK RECORD
- ✓ CROWDING OUT EFFECT



## PIA CONFERENCE







**Understand  
Consumers  
and  
Customers**

**Reduce  
Waste**

**Create  
Value**

**Build  
Partnerships**



THANK YOU FOR YOUR  
KIND ATTENTION

