

# THE FAIRFUND UMBRELLA BENEFICIARY FUND NEWSLETTER



**FAIRHEADS**  
Benefit Services

NOVEMBER 2010

*It has been a busy year at Fairheads but before the year draws to a close we would like to make contact with you and update you on developments in the fund. This newsletter addresses a range of issues which we hope you will find interesting to read.*

## **Introduction**

The Fairheads Umbrella Beneficiary Fund was the first fund in terms of the new legislation to be registered with the Financial Services Board on 17 December 2008. The fund received its first death benefit in January 2009. As at the end of September 2010 the fund had a market value of R252 million with 3 029 members.

## **Governance and legislation**

Fairheads and the trustees continue to focus on good governance. The fund is governed by the Pension Funds Act and governance is aligned to PF130.

The fund has a documented governance statement which is available on request or on our website. It also has an extensive list of policies and procedures, all of which are documented and reviewed regularly by the trustees, as well as the compliance and internal audit departments of Fairheads. From inception of the fund in January 2009 to date, there have been eight formal trustees meetings.

On the legislation side, the Consumer Protection Act becomes effective on 01 March 2011 and will require additional operational and communication changes. Fairheads has done an extensive analysis of the act and will ensure full compliance. The Protection of Personal Information Bill is still in draft format and its legislative progress is being monitored.

## **Audit**

The audit of the fund from inception to the year ended 28 February 2010 (14 month period) was completed timeously by the independent auditors KPMG. No significant matters were reported to the trustees and the fund received a clean audit report (unqualified).

The external annual audit of the Fairheads Group was also completed timeously without any significant matters reported on and all Financial Services Board reports and returns were submitted timeously.

## **Investments**

The trustees appointed Riscura Consulting as independent asset consultants to the fund. In addition to ongoing monitoring of investment managers, a number of projects were undertaken. The most significant one was the implementation in September this year of a new Investment Policy Statement (IPS) including a new asset allocation model. This was implemented after months of extensive back testing of data and statistical analysis. You may be interested to read the attached article "Investment strategy key to beneficiary success" which is published in our latest Fairheads Times.

The trustees, under the advice of Riscura Consulting, continue to monitor manager performance and are satisfied with the current managers which are Stanlib for the Money Market Fund, Prescient Investment Management for the Income Fund and Allan Gray for the Balanced Fund. For more information please refer to the September 2010 investment report available on our website.

The trustees continue to place a strong focus on investments, as they believe that the appropriate strategy and manager selection will go a long way to servicing beneficiaries better.

## **Operations**

### **Certificates of existence**

On the administration front we constantly strive to improve our service to beneficiaries and to reduce turnaround times which are constantly monitored by management. The single most important area of concern is the annual certificate of existence exercise and the resultant stopping of income in August for those guardians who have not returned properly completed certificates.

### **Call centre**

We have this year installed new state of the art call centre technology which significantly enhances our service. Call centre personnel are constantly being trained to assist guardians and beneficiaries, particularly with regard to the importance of



completing certificates of existence. The call centre also makes thousands of outgoing calls to guardians who have outstanding certificates of existence. We would like to encourage anybody that has any ongoing connection with guardians to support the education drive for the completion and submission of annual certificates of existence.

**Peak period**

We are about to enter our peak period which continues up until March 2011. During this period there is a significant increase in demand for funding for education related expenditure. Rest assured that we are well prepared for this period to ensure our service is as efficient as possible.

**Communication**

Communication is a major theme at Fairheads. Good communication is also a requirement in terms of FAIS, the Consumer Protection Act and PF130. Communication is a speciality area and as a result the fund has appointed an external communications expert to assist in the drafting and implementation of a communications policy. This project is expected to be completed in the current year and includes a review of all correspondence (including certificates of existence) and the preparation of a member's information booklet in plain language.

**Website**

Fairheads launched a new enhanced website in September and we are currently working on developing a web interface for guardians and beneficiaries so that they will be able to access information and submit certificates of existence and other relevant information on the web.

**Roadshows**

In line with our overall communication strategy we hosted guardian workshop roadshows between May and October in a number of different locations in the Eastern Cape, KwaZulu Natal, Gauteng, Mozambique and Lesotho. All guardians of the fund were invited to attend. The objectives were as follows:-

- To educate all guardians and beneficiaries regarding the certificate of existence and the implications of not returning them timeously
- To explain the submission of required documents for various processes
- To remind guardians of the importance of up to date contact details
- To provide general counselling and education on how the fund works
- To communicate other information from a communications workshop held earlier in the year.

Approximately 1 500 guardians from various funds under our administration attended the various workshops, most of whom were very grateful to have the opportunity of a face to face meeting and have their queries attended to. The trustees are considering doing the roadshows annually to improve communication and contact with guardians.

**Summary**

As can be seen from above, it has been a busy time at Fairheads as we strive to improve on all key areas, governance, investments, operations and communication. It remains a constant work in progress and we look forward to updating you on a regular basis.

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