The Fairheads Umbrella Beneficiary Fund

Summary of the Investment Policy – a guide for guardians and caregivers

Registration number 12/8/37890/01 | Version adopted 11 August 2026

This is a plain-language summary of the Fund's Investment Policy Statement, which sets out how the Board of Trustees invests the money held for each member. It is a summary only.

Why the Fund exists

The Fairheads Umbrella Beneficiary Fund is a beneficiary fund registered with the Registrar of Pension Funds under the Pension Funds Act, 1956. It was established to look after death benefits awarded to the dependants of retirement fund members who have died, in terms of Section 37C of that Act.

The Fund holds and invests that money, pays a regular monthly income, and makes additional payments for a member's maintenance, education, medical costs and general wellbeing. Each member's money is held in a separate member fund account, recorded in that member's own name.

Who the members are

Members are mainly minors whose parent died while employed by an employer with a pension or provident fund, where there is no guardian or caregiver able to administer the benefit, or where the guardian or caregiver preferred that the Fund do so. Members may also be adults who have consented to the Fund administering their benefit, or adults labouring under a legal disability. Because members join at different ages, each has a different investment time horizon. The majority of members claim the benefit owing to them at age 18, but for those who elect to leave their monies in the Fund, the investment period can extend well beyond eighteen years.

What the Fund is trying to achieve

Money must be there when a member needs it. For that reason, the greatest emphasis is placed on **security of capital**, secondly on **income**, and only then on **capital growth**. The Board also keeps a close watch on fees and costs, because these erode a member's benefit over time.

All of the Fund's portfolios comply with Regulation 28 of the Pension Funds Act, which limits how much may be invested in each type of asset and requires trustees to invest prudently.

How a member's money is invested

Each member's money is spread across three portfolios. The mix depends on the member's age and the size of their account.

- **Cash portfolio -** holds roughly twelve months of income, plus an allowance for fees and a contingency, so that payments can be made without having to sell other investments.
- **Income portfolio -** protects capital and generates monthly income if required. It aims to return inflation plus 3% a year over any rolling three-year period.
- **Balanced portfolio -** grows capital over the longer term and therefore carries more short-term ups and downs. It aims to return inflation plus 5% a year over any rolling five-year period.

Younger members with larger accounts hold more in the Balanced portfolio, because they have time to recover from market downswings. As a member approaches the age of majority, the money is moved steadily into the Income portfolio to protect it. Specifically:

- The mix is recalculated every year, in the month of the member's birthday, using a formula approved by the Board.
- No more than 90% is held in the Balanced portfolio and at least 10% in the Income portfolio.
- Within two years of the age of majority (age 18), all of the money is moved into the Income portfolio.
- Where an account is below a threshold set by the Board, the money is held in the Income portfolio only, as the account is too small for growth investing to be worthwhile.
- Members who are disabled, as defined, and who hold more than R250 000 remain fully invested in a 90% balanced and 10% income split until age 44, after which the age-based formula applies through to age 65.

Cash holdings are reviewed monthly to make sure there is enough available to meet payments.

Who manages the money

The Fund does not invest directly in shares or bonds. It appoints professional asset managers to do that on their behalf through pooled products which the managers administer. The Board uses more than one asset manager in the Income and Balanced portfolios so that the Fund is not dependent on any single asset manager. The current managers are:

Portfolio	Manager	Allocation
Cash	Stanlib Money Market Fund	100%
Income	Vunani Enhanced Income Fund	42.5%
	Prescient Income Provider Fund	42.5%
	RisCura Impact Debt Fund	8.25%
	Futuregrowth Yield Enhanced BBB STeFI+ Fund	6.75%
Balanced	Nedgroup Investments Balanced Fund	40%
	Coronation Balanced Plus Fund	40%
	Camissa Global Balanced Fund	20%

When choosing a manager the Board considers financial strength and reputation, track record, experience with the mandate, investment style, responsible investment practices (see below), insurance cover and fees. Broad-based black economic empowerment is a requirement rather than a preference.

Managers are reviewed every quarter. Where performance or conduct falls short, the Board takes the matter up with the manager and may end the appointment.

Responsible investing

The Board regards responsible investing as part of its duty to members, not an optional extra. Most members are children whose money will be invested for twenty years or more, and who will live with the long-term consequences of how the companies the Fund invests in behave today. The approach has three parts:

- **ESG integration -** managers must take environmental, social and governance factors into account when they invest, and report to the Board on how they do so.
- **Active ownership -** because the Fund invests through pooled funds it does not engage directly engage with companies and does not vote on resolutions at company meetings itself. It requires its managers to vote and to engage with companies on its behalf, and to report on that activity.
- **Impact investing -** part of the Income portfolio is invested in South African debt investments chosen to deliver a measurable social, economic or environmental benefit alongside competitive financial returns.

The Fund supports the Code for Responsible Investing in South Africa (CRISA 2) and has regard to the King V Report on Corporate Governance and to Guidance Notice 1 of 2019 issued under the Pension Funds Act.

Who oversees the investments

The Board of Trustees is responsible for the investment policy and is accountable to members for how the Fund's assets are invested. It is advised by an asset consultant, which reports quarterly on performance, risk and the managers' conduct. The administrator maintains member records, makes payments and monitors cash so that there is always enough available.

All service providers must declare any conflict of interest annually. The Board reviews this policy at least once a year, and immediately if there is a fundamental change in the Fund's membership or in investment markets.