



MEDIA RELEASE

12 February 2009

RETIREMENT FUND INVESTMENT PERFORMANCE PUTS TRUSTEES UNDER PRESSURE

Retirement fund trustees, acutely aware of member concerns about the extent of financial losses in the wake of unprecedented market turmoil, are under pressure to preserve members' capital.

That's according to Leo Vermeulen, head of operations at Novare Actuaries & Consultants. "Retirement fund investments have not escaped the financial consequences of the global credit crisis. Global and emerging equity markets have tumbled as a result, but implementing drastic short-term changes to one's long-term investment strategy could result in different problems for funds."

Vermeulen says Novare Actuaries & Consultants, a major player in the South African investment advisory market, adopts an implemented consulting model intended to provide support throughout the investment process, from the initial advisory stage through to execution and on on-going monitoring of clients investments and shorter term investment ideas.

This approach, he says, is consistent with the modern emphasis on fund governance that requires a significant commitment from trustees in terms of managing risk in a complex regulatory and challenging economic environment.

"Decisions should be based on the fund's long term-strategy, informed by its liability profile, and taking cognizance of economic conditions - and not on knee-jerk reactions to hugely volatile indicators."

Retirement funds thinking about the wholesale disposal of equities at these levels need to question their strategies and seek specialist support when making decisions in the current

turmoil.

“Fund trustees have an obligation to members to maximise performance while taking the least amount of risk, or perhaps more accurately in this current market, to minimise losses.” Against this background there is the knowledge that the cost of making bad decisions is higher when markets behave as they are now.

“A diversified consulting service team should bring a new dimension to investment advice and to the execution of innovative asset management and best portfolio construction techniques,” said Vermeulen.

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Notes to Editors:

- Novare™ is owned by the Mvelaphanda Group Limited (50.1%) and management and staff (49.9%). Mvelaphanda was established in 1998 by Tokyo Sexwale and the company has emerged as a leading black managed and owned company in South Africa.
- Novare Group comprises Novare Actuaries & Consultants, Novare Investments, Novare Botswana, Novare Actuaries Africa and Novare Equity Partners.
- Novare Actuaries & Consultants strives to be the best implemented consulting firm in South Africa. The business is performance driven, with a focus on unique liability based investment solutions for each client.
- Novare Investments constructs portfolios by combining asset classes and using the best fund management skills available. When constructing portfolios, Novare looks for managers who make use of those innovative techniques and risk management tools, combining managers with skills in different areas. Novare Investments is a leader in South African hedge fund research.