



SENTINEL
retirement fund

Facts and FEATURES

January 2023

Innovating Your Future Responsibly

GENERAL INFORMATION

Name of the Fund: Sentinel Retirement Fund

FSB Registration : 12/8/1215

Fund Type: Defined contribution umbrella pension fund (Type A)



History

The Fund was established on 1 March 1946 and found its roots serving the South African mining industry. Today, after having converted to a type A umbrella fund in 2013, the Fund is open to any employer registered in South Africa across all industries/sectors.

Differentiating Factors

- 75 year track record.
- "Mutual society" business model places the focus primarily on delivering a superb value proposition to clients.
- In-fund products promote "seamless and costless" transitions between life stages.
- Limited employer resource utilisation.
- Highly competitive investment returns generated through a time-tested Liability Driven Investment (LDI) strategy.
- No hidden costs and no commissions levied.

Profile 1 January 2023

- Assets under management exceeding R86 billion. One of the largest retirement funds in South Africa.
- More than 80 active participating employers.
- 38 500 Members.
- 32 500 Pensioners.

Service Providers

- **Administrator:**
Self-administered
- **External Auditor:**
Deloitte & Touché
- **Internal Auditor:**
PricewaterhouseCoopers Inc

- **Consulting Actuary:**
Alexander Forbes Financial Services (Pty) Limited
- **Investment Consultant:**
RisCura Solutions (Pty) Limited

Value proposition

Employers:

Flexibility of contribution rates, retirement age, risk benefits. Facilitate participation & fulfil monthly contribution responsibilities, assist with distribution of Fund communication.

Members:

Sensible default product options, individual member investment choice, pension income choice, 24/7 access to member account with online benefit estimate calculator.

Pensioners:

Superior annuity factors, pension increase history, in-fund living annuity options.

Governance

Sentinel is committed to the highest levels of corporate governance, compliance, and transparency. The Fund is managed by a Board of 10 Trustees including an independent Trustee who is also the chairperson. To assist the Board in discharging its duties and responsibilities, the Board is supported by six specialist sub-committees.

A combined assurance framework, with four levels of assurance, is followed. Management oversees the daily internal controls and implements the Board's risk management strategy, internal audit assesses the effectiveness of internal controls and risk management, external auditors express an opinion on the financial statements and the consulting actuary provides assurance on the solvency and sustainability of the pensioner and risk reserves. The Audit and Risk Committee applies a coordinated approach ensuring appropriate combined assurance is provided.

VALUE PROPOSITION DRIVERS

Investment Strategy

- A LDI approach is followed to address interest rate risk, inflation risk, mortality risk and longevity risk, combined with a multi-portfolio "life stage" strategy, with each portfolio having different risk and return objectives.
- Asset liability modelling is used to set the asset allocation for each portfolio, to achieve optimal sustainable long-term investment returns at an acceptable level of risk, being cognisant of Fund payment obligations.
- Risk is managed through position sizing and a well-diversified multimanager investment structure spread across geographies, asset classes and within asset classes.
- Investments are approached in a responsible manner, incorporating sustainability considerations.
- Asset managers are monitored dynamically, including comparisons to benchmarks and peer groups.
- Regulation 28 compliant at Fund and member levels.

Costs and Charges

Sentinel adopted a concept of Total Retirement Savings Charges in line with Regulations 37 and 39. Actual costs are recovered from assets held in the Fund and no commissions or other charges are levied.

Please refer to our website for the latest budgeted retirement savings charges per portfolio. This can be found under Member Communication at: <https://www.sentinel.za.com>.

Access to Information, Assistance & Advice.

Our member/pensioner service delivery model promotes "self-service" with direct support when required. Ongoing communication and an in-house advisory service team assists employers, members and pensioners with planning and the optimal utilisation of Fund benefit/product options.

A comprehensive Communication Strategy guides the provision of communication with members and pensioners via their preferred channel. The Fund's website provides all communication

material, including the Rules, financial statements, brochures, and application forms. In addition, members can access their investment values and a benefit calculator 24/7.

Administration Systems & Processes

Globally sourced, state of the art, cloud based systems, specific to retirement fund administration, are utilised to ensure accurate unitisation, daily pricing, compliance reporting and individual member record management.

Employers submit contribution details electronically through a secure website with basic validations and contributions are posted to member accounts within five days from receipt.

IT infrastructure is hosted off-site with systems being web based. Infrastructure is further duplicated off-site and data is mirrored in real-time, ensuring 100% business continuity.

PRODUCTS & OPTIONS

Employer Flexibility

Special Rule provisions

The conditions of employment of employees, who are members of the Fund, are mirrored in the participating employer's registered Special Rules.

Risk Benefit Options

Sentinel provides approved in-fund death cover and lump-sum disability cover. This risk benefit product is self-insured and allows for flexibility as an employer can elect to participate, selecting from a range of cover options, or opt-out of one or both cover types (for all or specific category of employees). The latest communication to employers and members reflecting the current years risk cover multiples and costs, can be found under Member Communication at: <https://www.sentinel.za.com>.

Employers are, therefore, able to opt-out and obtain their preferred risk benefit products from a registered insurer, of the employer's choosing, that enables annual re-broking of these risk benefits, without impacting employees' retirement vehicle.

Pension Backed Home Loans

Pension backed home loans are offered through Sentinel provides pension backed home loan guarantees on home loans provided through Imas Finance Co-operative Ltd, an independent service provider. An employer has the option to participate, which essentially means transacting monthly loan repayments through a payroll deduction. Members can obtain a guarantee for a home loan of up to 50% of their Sentinel Fund Credit value, over a maximum term of 20 years, at the Imas lending rate.

Management Committee

A participating employer has the option to create a Management Committee. The costs associated with such a committee (representative elections, meetings, secretarial functions, etc) are borne by the employer.

As Sentinel accepts its responsibilities towards its employers and members, not delegating any of its functions to employers or intermediaries, our experience is that most participating employers do not establish such a committee.

Member Flexibility

Member Investment Choice (MIC)

The Fund provides members with two investment avenues:

The Life Stage Model provides for automatic switching of members' retirement savings from one investment portfolio to the next, as they approach retirement (default option). Three investment portfolios are utilised in this model and include the Wealth Builder Portfolio (an aggressive portfolio for younger members up to 12 years before NRA), the Inflation Protector Portfolio (a moderate portfolio for members who have less than 12 but more than 5 years to NRA) and the Pension Protector Portfolio (a conservative portfolio for members who have less than 5 years to NRA).

Member Investment Choice allows members who elect not to follow the Life Stage Model, to switch between investment portfolios daily. The three Life Stage portfolios, plus a Money Market and Shari'ah portfolio are available. Splitting between portfolios is allowed.

Pension Income Choice (PIC)

Sentinel provides a seamless and costless transition from active member to retiree. Members who retire, and the spouses of deceased members, may within prescribed parameters, provide for multiple Sentinel in-house pensions (a default option also exists). These include "with profit" guaranteed pensions with various term-certain guarantee options and spouse continuation options, and an in-fund flexible pension (living annuity) option. The same investment portfolios and MIC options, available to members, are utilised for pensioners selecting a "living annuity" type pension.

The Board of Trustees, in consultation with the Actuary, aim to increase guaranteed pensions annually by at least 80% of CPI to counter the effects of inflation on the purchasing power of pensions in payment.

Extended Membership

When a member leaves the service of an employer, a flexible preservation option is available to safeguard their accumulated retirement savings in Sentinel until they have considered all their options.

These members may, once they qualify, retire in Sentinel and exercise PIC options, as explained above.

