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MEDIA RELEASE: ENSURING RELEVANCE OF SAVINGS AND INVESTMENT INDUSTRY TOP PRIORITY FOR NEW ASSOCIATION

For the information of member offices we circulate a media release issued today.

LERATO MAMETSE
General Manager

(Circulated in the absence of Ms Mametse)

MEDIA RELEASE

ASSOCIATION FOR SAVINGS AND INVESTMENT SOUTH AFRICA (ASISA)

22 OCTOBER 2008

ENSURING RELEVANCE OF SAVINGS AND INVESTMENT INDUSTRY TOP PRIORITY FOR NEW ASSOCIATION

The new Association for Savings and Investment South Africa (ASISA) aims to play an integral part in achieving a greater savings culture in South Africa by working as a united body towards making financial services more relevant to the consumer.

Leon Campher, CEO of ASISA, says never before has achieving a savings culture been of such a high priority in South Africa.

“By uniting our industries we can now collectively apply ourselves to making a bigger difference by speaking with one voice. ASISA will be an active participant in creating an environment that promotes equal opportunities for its members through holistic legislation, while at the same time looking after the interests of consumers and ensuring the sustainability of the industries we represent and the intermediaries who promote us.”

The new association formally opened its doors at the beginning of this month and represents the majority of South Africa’s asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.

ASISA was formed earlier this year by members of the Association of Collective Investments (ACI), the Investment Management Association of South Africa (IMASA), the Linked Investment Service Providers Association (LISPA) and the Life Offices’ Association (LOA). These four associations have been disbanded and staff members and assets have been transferred to ASISA.

Why a single association

Campher explains that in the past there were four associations representing industries that all share one common goal: to provide consumers with savings and investment options.

He says the result was that regulators and policy makers had to engage with four different lobby groups, often on issues of common interest.

“With ASISA we have created the single body Government was looking for to engage with on policy issues,” says Campher.

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The members of the four associations also subscribed to Codes of Conduct, but often a company would belong to more than one association and therefore different Codes of Conduct would apply to the one company.

Campher says this duplication of efforts was in no-one's interest, least of all in that of the consumer.

"As a united industry we are now able to promote healthy competition among companies by focusing on issues such as achieving meaningful disclosure, rather than pitching product wrappers against each other without providing the tools that enable consumers to pick the best option."

Campher says one of the first items on the agenda of the new association is to improve disclosure within the industry by making products more comparable in relation to costs versus benefits.

The ASISA structure

ASISA membership can only be attained at corporate level, never at a subsidiary company level. In addition, members can only be represented on the ASISA Board by their most senior representative.

Campher says the composition of the ASISA Board and the voting rights of members will introduce a new form of governance into the financial services industry.

He says a member company may only be represented on the Board, if the most senior representative of that company is committed to attending Board meetings in person.

"The aim is to ensure that high level strategic thinking shapes the future of the financial services industry, and not product aligned agendas. For this reason it was decided that ASISA will not allow board members to nominate alternates."

This, he says, will enable ASISA to take decisions that will take into consideration the impact on an investor's entire basket of investments, irrespective of the investments that make up the portfolio.

ASISA's first step towards creating a level playing field in the financial services industry has been to introduce a one-member-one-vote principle. Campher explains that members will therefore not be able to vote per unit trust or life license held.

"For the first time, the big conglomerates will have the same vote as a small independent company," explains Campher. "This should also allay any concerns that ASISA has the makings of a cartel."

He also notes that the current composition of the Board will see the big four life companies work together closely in a joint forum for the first time with the big four independent asset managers.

The ASISA Board

Campher says the majority of Board members are the heads of the companies that had been mandated by the four associations to work towards forming a new unified association. They are:

Bruce Hemphill – CEO of Liberty
EB Nieuwoudt – MD of Momentum Group
Frank Cadiz – MD of Cadiz African Harvest Asset Managers
Fred Robertson – Chairman of Lion of Africa Life Assurance Company
Graham Mason – CEO of Prudential Portfolio Managers South Africa
Greg Fury – COO of Allan Gray
Herschel Mayers - CEO of Discovery Life
Hugo Nelson – CEO of Coronation Fund Managers
John Green – MD of Investec Asset Management South Africa
Johan van Zyl – CEO of Sanlam (chairman)
Leon Campher – CEO of ASISA
Paul Hanratty – MD of Old Mutual (SA)
Shaheen Ebrahim – Chairman of Oasis Group
Tebogo Naledi – CEO of Renaissance Asset Management
Wilhelm van Zyl - CEO of Metropolitan Life

This board will be in office until the end of 2009 to oversee the implementation of the new association. Thereafter a nomination process will apply.

Background

Just over two years ago, the ACI and IMASA started exploring the creation of a new association which would incorporate the activities of both associations.

In June 2006 the sponsoring members of these associations sent representatives on a fact finding mission to investigate the workings of similar integrated trade associations in the UK and Australia.

On completion of the fact finding mission the Boards of the ACI and IMASA formed a Joint Committee tasked with putting together a proposal regarding the formation of a new association. At this stage LISPA requested to be included in the process.

The Joint Committee drafted a principle document which was approved by the boards of the involved associations.

The LOA was then drawn into the process when the heads of several of the big financial services providers requested that the new association should also incorporate their risk business.

Richard Gilbert, CEO of the Australian Investment and Financial Services Association (IFSA), was invited to SA to give an in depth briefing on how IFSA was formed since IFSA represents both risk and investment business.

He visited Cape Town in January last year and gave a detailed briefing on how IFSA was formed and elaborated on how the various businesses were incorporated and catered for. In addition a SA delegation had also been sent to visit IFSA in Australia.

Earlier this year members of the ACI, IMASA, LISPA and the LOA voted in favour of disbanding and forming a new association.

Ends