RETIREMENT INVESTMENTS AND SAVINGS FOR EVERYONE

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INVESTMENT POLICY AND PROCESS DOCUMENT

RISE
RETIREMENT INVESTMENTS AND SAVINGS
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INTRODUCTION

The purpose of the Investment Policy and Process document is to outline the philosophy and framework used in the management of investments at RISE. The policy sets out RISE's investment process and the strategy that will be used to achieve the objectives of its underlying investment portfolios.

RISE manages assets on behalf of third-party institutional clients whose primary objective is to achieve investment returns above inflation at an acceptable level of risk. The policy outlines the duties and roles of the respective key players such as the Investment Team, the Investment Committee and the organization's overall governance structure.

The Investment Policy document serves as the primary document which addresses the governance and administration of the Investment Manager's investment portfolios. The Policy document has been developed using the guidelines set out by the Six Principles of the UNPRI Codes of Responsible and best practice as defined by UNPRI. The Policy is to be read in conjunction with the RISE Responsible Investment Policy, the RISE ESG Policy, the RISE Conflicts of Interest Management Policy and the Terms of Reference of the RISE Investment Committee.

The Policy has also been set in line with the guidelines set out by the Financial Services Conduct Authority (FSCA in meeting the requirements of the Pension Funds Act of 1956 and Regulation 28 as amended.

The Investment Committee will oversee the implementation of the Investment Policy which, will be reviewed annually but is subject to amendment on an ongoing basis to include any changes set out by the industry governing bodies as well as the regulatory authorities.

SECTION 1: INVESTMENT PHILOSOPHY

Investment Approach

RISE's investment philosophy is based on a combination of active and passive asset management. Unlike investment strategies that are based on tactical or static strategic investments over the long term, we define active management as a multitiered approach to investing that applies to all aspects of a diversified portfolio.

Our approach transcends the use of single, specific investment vehicles (such as passive index funds or active managers) to embrace a more comprehensive view across products, managers and asset classes.

We believe:

- In a specialist portfolio structure which selects and appoints best of breed managers at low fees and competitive costing.
- In applying a robust strategic asset allocation framework customised to meet specific investment objectives.
- That short-term market inefficiencies create opportunities to add value across and within asset classes.
- A passive core portfolio is a key to lowering costs and managing the beta exposure to the market.
- Skilled active managers exist and can be utilised as essential alpha sources.
- Setting long term performance targets, but we will apply pragmatism to accommodate changing short and medium-term changes in the environment.
- An active risk management approach is essential for continual oversight and aligning returns with portfolio objectives.
- Appointing managers with strong BEE credentials and robust investment processes.

RISE utilises a multi-manager investment platform in which we monitor and hire multiple specialised managers with clearly differentiated investment processes within each asset class and combine them to achieve strong diversification. We also will use ETFs and other specialized financial instruments to achieve the investment objectives set out for the investment portfolios.

Determine the Strategic Asset Allocation	• Use stochastic process to identify the most optimal portfolios amongst the efficient portfolios in accordance to each portfolio investment target.
Portfolio Construction	• Apply a specialist investment approach and identify the best of breed of Managers in each asset class
Apply the active & intelligent use of passive strategy	• Look at information efficiency and the CSV spread to determine passive allocation
Define the Manager Universe	• Identify the managers across all asset class
Manager Research "Due Diligence"	• Quantitative & Qualitative factors
Manager Style Analysis	• Value/ Growth/ Momentum/ GARP
Style diversification within each asset class.	• Look for low correlations and determine the optimal exposure to the different styles
Tactical Asset Allocation	• Modifying asset allocation to take advantage of short term opportunities
Ongoing Monitoring	• Rebalancing and Risk Management

Our investment professionals assume the responsibilities of portfolio construction, manager selection, evaluation and replacement. This approach frees the investment committee from these tasks, increases efficiency and allows them to focus on critical strategic investment issues.

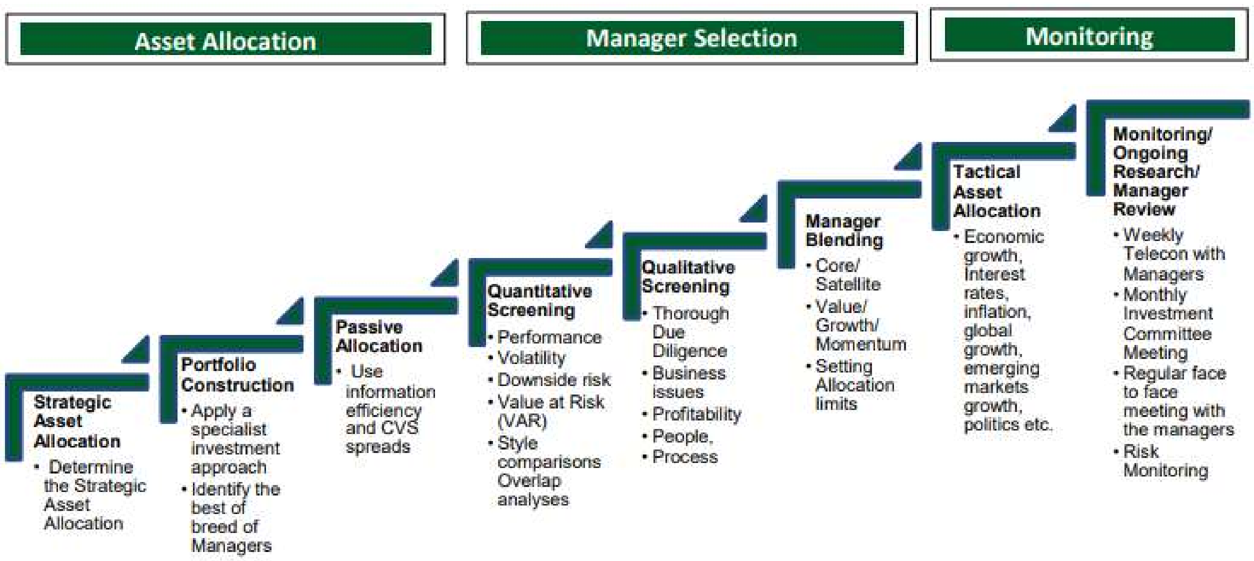
RISE believes in striking a balance between pragmatism and quantitative analysis when making investment decisions. We believe that markets are driven by fear and greed, which cannot be captured using quantitative analysis alone. We, therefore, run the quantitative and qualitative bottom-up process concurrently. The quantitative section of the study is used as a sanity check to affirm the views from the qualitative analysis.

We recognise that markets are dynamic, and therefore, the philosophy and process are dynamic and evolving to suit ever-changing market conditions.

SECTION 2: INVESTMENT PROCESS

Summary of Investment Process

The Investment process can be summarised as follows:



Step 1 Asset Allocation

Strategic Asset Allocation

Capital Market Assumptions - Asset allocation involves a precise division of an investor's portfolio that sets up boundaries for a portfolio's risk exposure and return potential. Our approach to asset allocation takes predefined inflation-linked goals into account along with more traditional measurements such as market indices and standard deviation.

Capital markets change over time, triggering adjustments in correlations between asset classes and in expectations for both risk and return. As a result, an asset class that might have historically provided diversification may no longer offer the same benefits today.

Our assumptions about the behaviour of capital markets and our expectations for the performance of specific asset classes are accordingly adjusted to reflect these shifts. We do this by reviewing the covariance assumptions in our model and changing the values thus.

Asset Return modelling - RISE develops asset return assumptions that are critical inputs into the asset allocation process. Our premises are derived using estimates of variables such as historical returns, volatility and correlations by asset class, as well as prospective ranges for these values over various time horizons.

RISE uses a multi-stage process to develop expectations for asset class return and alpha (excess return above the index). We apply a variety of quantitative models for filtering historical data and isolating the fundamental characteristics of asset classes.

RISE also use a qualitative analysis which is targeted towards removing the effect of unsustainable short-term valuations or trends or capturing structural changes that are not yet reflected in the historical data.

RISE then concentrates on determining reasonable alpha expectations for actively managing the asset classes. Where appropriate, our asset class return assumptions include an alpha expectation based on each specific opportunity.

Our return assumptions are intended to capture the behaviour of asset classes observed over several market cycles. We focus on stress assumptions because the characteristics of asset classes are always changing. Our models manage the numerous assumptions required to estimate portfolio characteristics under different macroeconomic environments. The investment research team is responsible for developing these asset return assumptions and reviewing them every quarter.

Setting the long-term strategic asset allocation – Using the output from the capital market assumptions and the asset return modelling, RISE will then establish the base asset allocation and will set the tilts and limits around these allocations. The allocations are therefore developed by combining both the top-down, macroeconomic perspective with bottom-up underlying investment management perspectives.

Portfolio Construction

RISE applies a specialist building block approach. Within the asset class building blocks, RISE will utilise a core-satellite approach which consists of a passive “core” component which is supplemented by active “satellite” components.

In the specialist structure, RISE will use best of breed asset managers and will use drivers of return (alpha sources) instead of styles to evaluate managers for the investment platform. Our analysis seeks to identify each manager’s competitive advantage and characteristics of that advantage that can then be monitored on an ongoing basis.

RISE’s portfolio construction and asset allocation modelling build upon the capital markets research process, which expands beyond traditional stock and bond selection to incorporate less traditional asset classes. This approach results in an added diversification benefit to include investment vehicles that demonstrate lower correlation to traditional stocks and bonds. Allocations are then tailored to the individual return targets.

RISE revises the assumptions and asset allocation targets regularly to reflect market changes. Inflation-sensitive assets and commodities are notable examples. Additionally, as material changes in the capital markets affect the expected characteristics of asset classes, we will make strategic changes accordingly.

RISE holds a weekly meeting to integrate the views of the portfolio management team and the manager research team, which is then implemented across client portfolios.

Passive Allocation

We believe that accurate forecasting is exceptionally challenging because:

- economies and financial markets are complex adaptive systems
- positive feedback loops and non-linear effects caused by the interaction of competing strategies (for example, value, momentum, and passive approaches)
- underlying investor decisions that are made by people with imperfect information and limited cognitive capacities, who are often pressed for time, affected by emotions (fear and greed) and subject to the influence of others.

It is therefore imperative that a particular portion of a portfolio is allocated to passive investments. To optimise the allocation to passive investments, we interrogate asset class information efficiencies and use our asset return assumptions to determine the optimum allocation to passive investment. We also analyse beta efficiency and CrossSectional Volatility (CSV) spreads to determine the optimal allocation to the asset classes.

Step 2: Manager Selection

Manager Selection Process

The process of assessing fund managers consists of both a qualitative and quantitative analysis of the managers. The quantitative and qualitative factors are weighted and placed into a ranking table per product. From this, the shortlist of our preferred managers and products is then determined.

Quantitative Screening

For quantitative analysis, RISE uses an in-house MATLAB based tool. This tool has been developed in-house, and therefore, it can be tailored for any investment environment. Manager research and performance surveys are customised for each strategy and can be comprehensive in nature.

Qualitative Screening

The qualitative aspect of the manager selection process involves assessment of the asset managers about the following:

Business and strategic issues –We would look at ownership, management structure, size of assets under management, and administration and compliance capabilities as well as financial soundness.

People - Asset management is an intellectual capital industry. We look at the composition of the team, the quality of the organisation (qualifications, experience and reputation) and incentivisation (how they are motivated, remunerated and retained).

Process - How the investment philosophy is translated into actual investment decisions and implemented.

Philosophy – The investment philosophy followed by the asset manager in setting the investment strategy.

Systems Capabilities – We establish the depth and capabilities of the asset manager in terms of systems technology. Progress and innovation are essential in this regard, together with the research capabilities of the institution.

Manager Selection

Product and manager selection begins with an evaluation of factors that have the potential to generate alpha (returns over the benchmark) in a given asset class. RISE's Investment Research team is responsible for this effort, which begins with the identification of the desired alpha source(s) for a given investment mandate.

We conduct quantitative and qualitative research to identify sources of excess return that have demonstrated consistent long-term results across multiple market cycles. RISE also aims to select managers that apply sound Environment, Social and Governance (ESG) principles and in this regard, they will review their policies and evaluate whether the implementation is done at a level that is satisfactory.

The next step is to evaluate and select managers that implement the chosen alpha source within a given asset class. Studies have shown that past performance provides limited insight into a manager's future performance. Therefore, differentiating manager skill from market-generated returns is one of our primary objectives, as we seek to identify managers that we believe can deliver consistent results.

Based on our manager research, we develop forward-looking expectations regarding how the manager will execute a given investment mandate, environments in which the strategy should outperform and environments in which the strategy might underperform. We aim to identify, classify and validate skill.

Manager Blending

After alpha sources have been selected, and the appropriate manager is chosen, the Investment Research Committee constructs a multimanager portfolio. The portfolio construction process is designed to maximise the risk-adjusted rate of return by finding a proper level of diversification between alpha sources and the managers implementing them.

It starts with the creation of a fund thesis that identifies the alpha sources prevalent in each asset class. Based on our asset-class-specific analysis, as well as typical investor risk tolerances, we set strategic alpha source allocation targets at the fund level. Each allocation represents a specific percentage of the portfolio.

Manager blending is the second part of the process. The allocation to a given manager is based on the manager's particular array of alpha sources, the current macroeconomic environment, expectations about the future macroeconomic environment and the level of risk inherent in a specific manager's investment strategy.

Our manager blending process uses our strategic view of alpha sources as the foundation to control manager-specific risk. In other words, given differences in tracking error or relative return volatility, as well as correlations with other managers in the same portfolio, a manager's capital allocation is a reflection of the manager's risk allocation within the portfolio.

RISE explicitly measures and allocates to the managers based on their risk allocation in an attempt to ensure that one manager does not dominate the risk of our multimanager, multi-alpha source portfolios. Allocations change in response to a variety of factors, including fluctuations in a portfolio's risk level, decisions that managers make in underlying portfolios, macro-economic developments and other factors.

Step 3 : Ongoing Monitoring

Tactical asset allocation

The RISE Investment Research team will actively monitor the economic landscape to identify opportunities to enhance returns. The team will actively monitor macroeconomic variables such as economic growth, interest rates, inflation, global growth, political developments both locally and internationally.

RISE receives daily market data through various investment platforms and other sources. We then input the data into economic models that we have developed inhouse. We actively monitor the release of critical domestic and global economic data and ensure that these models are up to date.

By studying historical relationships between these variables and market returns, we can forecast the impact of these variables and make short term tactical asset allocation decisions to take advantage of this.

RISE utilises both broker and research from asset managers to evaluate markets effectively. RISE uses research from Econometrix and other independent economic research houses. RISE also employ the acumen of a qualified internal economist. The team also utilises research tools from INFRONT and the BCA platform, which make us able to analyse and interpret data on market movements and events.

Rebalancing

RISE reviews each manager's underlying holdings regularly to determine whether the outcomes are consistent with the expectations and guidelines that were established before selection. This security-level analysis is also vital in understanding the forward-looking risk level of the manager.

Our systems provide tracking error calculations for all managers based on the current securities held in the portfolio. This enables RISE to monitor closely and manage the portfolio's overall risk budget.

Conference calls and onsite due diligence visits are scheduled regularly so that the research team can monitor and analyse manager and portfolio changes. In situations where a manager is deviating from expectations, we will initiate a call to discuss the reasons behind the change.

If a manager's performance or risk monitoring deviates from expectations, the portfolio manager has several options. Cash that becomes available in the portfolio may be channeled to other managers, or the portfolio may be rebalanced according to target weights.

Similarly, the manager's allocation within the portfolio could be reduced to limit its overall impact, in which case it would be placed on an internal "watch list." The portfolio manager could also remove the manager and reallocate the proceeds to other managers.

Ongoing Manager Research

These manager research reports typically contain the following sections:

- Risk and return analysis over various periods

- Graphical representations of the different risk and return characteristics of the portfolios analysed.
- Asset allocation and fees payable given the current mandate size
- Description and commentary on each portfolios
- Description of the investment philosophies of the managers
- Our conclusions and recommendations

RISE utilizes a MATLAB based platform to analyse manager performance and store the information that is obtained from the ongoing manager research process. This information is reviewed and updated on an ongoing basis.

Investment Research

Our investment research is completed by the investment research committee, which consists of investment professionals who perform capital market research and develop new strategies that form the foundation of our asset allocation recommendations and active asset allocation decisions.

This group includes a dedicated research manager that is responsible for providing market analysis to our clients. The team's analysis of current market conditions is applied internally within our investment management and active asset allocation programs. Reports are published on a bi-weekly basis and are available on our website or emailed automatically to clients.

Every quarter, we also provide our clients with our house view recommendation. The monthly economic commentary and market analysis are produced and distributed to our clients. Other papers discussing market issues and their effects on portfolios are also addressed in our monthly fund performance reports. Lastly, economic analysis is incorporated within quarterly fund fact sheets.

SECTION 3: RISK MANAGEMENT

Systems

To provide the best solutions for our clients, our analysts use RISE's proprietary risk management and monitoring technology that incorporates some of the leading software in the industry.

RISE uses a proprietary system that has been developed on the Matlab platform. Risk management is a critical part of RISE's investment process. We focus on evaluating and managing the strategic risks for our clients' portfolios, and we monitor and manage risk at multiple levels, i.e. portfolio level, asset class level and manager level.

RISE’s risk management process includes:

- Daily transparency at security, sector and asset class levels
- Daily security allocation relative to a benchmark
- Daily sector allocation relative to benchmark
- Daily portfolio asset allocation relative to long term strategic asset allocation
- Monthly attribution across all portfolios
- Monitoring of current volatility including measurement relative to long-term Monthly capital market assumptions
- Quarterly rebalancing to house view
- Adhoc rebalancing based on short term tactical views

Market Risk Management

There are various methods by which RISE can help control market risk. Firstly, alpha source management itself can help mitigate market risk, for example, by increasing the passive component at the expense of the ‘active’ alpha component. Secondly, and within prescribed limits, the cash component of the strategy can be increased. Thirdly we can introduce a derivative overlay specially designed to aid downside protection.

Risk Reporting

All client portfolios benefit from the tight controls described above. This information also supports our risk management process and tests long-term capital market assumptions. Annual risk reports incorporate the use of the LABS software.

This is used as a discussion aid to risk reports illustrate potential outcomes of the existing portfolio, spending and credit ratings during the various market and economic scenarios. The study includes a high-level report that outlines recommended actions to achieve investment goals within set risk constraints better.

SECTION 4: GOVERNANCE AND DECISION-MAKING PROCESS

Governance Structure

RISE implements a multimanager framework where we focus on manager selection and delegate the security selection decision to the selected managers who must operate within the guidelines and mandate for which they were hired.

RISE has a clear governance process for decision making to ensure the highest quality investment programs are implemented for our clients. In the organisation, decisions progress up a three-levelled tier, represented by the chart below.

RISE INVESTMENT COMMITTEE

INVESTMENT RESEARCH COMMITTEE

PORTFOLIO MANAGEMENT

MANAGER RESEARCH

The Investment Research Committee consists of the portfolio management team and the manager research team. They are responsible for manager research, selection, oversight and replacement. The portfolio management team looks at how the manager research ideas are captured into the investment portfolios.

The Investment Committee oversees the decisions proposed at this level. The Investment Committee provides independent, objective oversight to ensure all aspects of the manager research, manager allocation and manager termination processes are evaluated within a common framework across the universe.

This Committee:

- Creates and enforces a standardised, best-practices approach at all levels of investment activity
- Challenges the research teams to ensure research ideas are thoroughly vetted
- Ensures consistency of implementation across all of RISE’s strategies
- Provides a feedback mechanism to executive management.

If applicable, once ideas have been accepted by the Investment Committee, all final decisions must be ratified by the Investment Committee.

Mandate Implementation

RISE tracks the performance of client portfolios and compliance with their Investment Policy through continual monitoring. Regular review meetings between RISE and our clients include comprehensive portfolio reporting and discussions evaluating the appropriateness of the asset allocation, compliance with the Investment Policy Statement and performance against investment objectives.

Rebalancing

Rebalancing is key to ensuring that the asset allocation remains in compliance with the Investment Policy Statement. RISE establishes flexible rebalancing bands rather than having a fixed threshold as a trigger. Different bands (between 2% and 5%) of targets are set to trigger rebalancing and depending on current conditions; we may recommend that the allocation be changed either fully or partially back to target allocations. We will review the bands and make recommendations as necessary.

Manager Compliance

For each strategy, the underlying managers are monitored and managed by the Manager Research team. RISE has clearly stated guidelines for each manager that are monitored by professionals in our Manager Research team.

As with any asset class assumption framework, there is an inherent bias. While RISE creates portfolios and determines strategic allocations with great emphasis on objectivity, some degree of subjectivity and qualitative judgment occurs as we attempt to make prudent decisions in the interests of our clients.

MONITORING AND REVIEW

The Investment Committee will formally review the Investment Policy document annually or as and when they are significant circumstances that warrant its review. On an ongoing basis, the Investment Committee will check to see how well the policy is being implemented and whether the goals that were formulated in theory are being achieved in practice. They also check to see if the specific investment practices need to be developed further.

The Investment Committee will also check to see whether investment policies are remaining consistent with investment strategies and whether any internal/external factors require the portfolios to change how it incorporates ESG considerations into the investment policy and whether the organization is expanding how it is incorporating ESG issues into the investment process.