



## Regulation 28

### What is Regulation 28?

Regulation 28 of the Pension Funds Act of 1956 sets out the investment principles and asset limits that must be followed by the trustees of all retirement funds (including retirement annuity, provident, pension and preservation funds). This regulation was revised in March 2011 and introduces principles, includes new asset limits and *requires that the portfolios of individual members also comply with the asset limits.*

The asset limits of Regulation 28 are there to ensure that there is adequate diversification within a portfolio. This diversification ensures that the portfolio is not concentrated in any one particular area and reduces the risk of the portfolio.

The primary asset limits are that a portfolio may not exceed the following:

- 75% invested in equities (local and offshore)
- 25% invested in property (local and offshore)
- 25% invested in all offshore assets

### Do I have to comply with these limits on my existing investment contracts?

Contracts bought prior to 1 April 2011, and in which the investor has not transacted or materially changed the structure of the portfolio, need not comply.

### When am I required to switch out of existing funds?

All new contracts are required to comply, as are older contracts in which there has been investment activity on or after 1 April 2011 such as switching of existing assets, disinvesting, adding money to the contract or contracted schedule of premiums is increased.

The approach to regulation 28 taken by Investment Frontiers is that only funds that in themselves are Regulation 28 compliant are allowed within a portfolio that is regulated. If you have benefited from the concession granted to contracts taken out before 1 April, and have made a material change, we need to ensure that your portfolio meets the asset limits. We will require that you sell any funds that do not comply with Regulation 28 and use the proceeds to buy funds that do comply with the Regulations. Should you not wish to make this switch then you may invest any additional lump sums or premium increases into a new contract. The new contract will need to comply with regulation 28.

