



### Regulation 28: Increased Foreign Portfolio Investment Limits

In the Minister of Finance's annual budget speech which was delivered on 21 February 2018, it was announced that the offshore allocation limits for institutional investors have been increased by 5% across all categories. Following the Budget announcement by the Minister, the South African Reserve Bank ("SARB") issued Exchange Control Circular 7/2018, indicating the increase in the foreign investment limits.

Regulation 28(3)(i) of the Regulations to the Pension Funds Act states that the aggregate exposure to foreign assets must not exceed the maximum allowable amount that a fund may invest in foreign assets as determined by the SARB, or such other amount as may be prescribed. Retirement funds could previously acquire foreign exposure up to 25% for foreign portfolio investments, and 5% for foreign portfolio investments in Africa.

In light of the above increases, the Deputy Registrar of Pension Funds issued Information Circular PF No.3 of 2018, which confirmed that retirement funds may now acquire foreign exposure up to 30% for foreign portfolio investments, and up to 10% for foreign portfolio investments in Africa. This became effective on the date that the Circular was issued, which was 23 February 2018.

The MMI Sponsor Funds are Regulation 28 compliant and invest within the prescribed limits set out in Regulation 28. Where the Funds are invested offshore, such investments will be within the prescribed limits.

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