not the underlying asset-manager fees. As such, the costs associated with managing assets is a key area that should be reviewed, especially as greater transparency would enable retirement savers to make more informed comparisons and selections based on performance and the associated costs to determine real returns.

While this echoes Gluckman's calls for greater transparency to allow for easier cost and benefit comparison, the idea of a legal requirement for employers to obtain three quotes every three years is arbitrary and pointless. It's a weak attempt to solve the real issue. If employers were able easily to evaluate rival umbrellas and switch to them with less hassle, other issues would fall into line.

*– Michael Field,*
*product development manager, FedGroup.*

# Investment for national good

**The 2014 platinum strike highlights how weak** labour relations can have a severe negative impact not only on stakeholders in one industry but also on the general economy. As *TT* frequently reminds us, we all have a part to play in addressing the country's challenges. As an asset consultant I have had exposure to several innovative investment funds which are doing just that.

The first example addresses labour relations head-on. An asset manager has set up an agricultural fund which aims to acquire agricultural land, develop it and thereafter exit after 10 to 12 years. The fund has a socially-responsible element in that the farms offer permanent workers free healthcare and free or upgraded housing where farms are far removed from local communities.

Regular training and skills development are provided. Farm workers are encouraged to attend English and maths classes which are recognised by the Department of Education. The classes are paid for by the fund. Farm workers who show potential are further trained in management roles.

The fund allocates a certain percentage of its budget

**Sukha . . . practical examples**

to implement these social benefits with no impact on its outlook for long-term returns. These social benefits for workers have sparked interest from neighbouring farms as they see the positive effect, and not least because they are losing key workers who choose instead to work at the fund's farms.

While conducting a due-diligence exercise on one of the farms in the fund, I was told how the farm workers voluntarily patrolled the boundaries during violent strike action from neighbouring farm workers. This was in an effort to prevent destruction of property. Workers genuinely believe that they have a vested interest in the farm due to the constructive way in which the owners engage with them.

The second example is an investment fund looking to provide expansion capital for established companies in an effort to boost job creation. This fund has negotiated a partial guarantee from the Jobs Fund to cover losses incurred should any of the underlying companies default on their obligations.

In the aftermath of African Bank, this guarantee is helpful especially in terms of partially "de-risking" the fund for investors. The fund aims to provide good risk-adjusted returns for long-term investors and also play its part in job creation. ■

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