ACTUARIAL SOCIETY OF SOUTH AFRICA

EXAMINATION

24 April 2026 (am)

Subject N211 — Communications

Examination time: *Three hours and fifteen minutes (includes fifteen minutes reading time)*

Upload time: *Five minutes*

[Total time on examination countdown clock: Three hours and twenty minutes]

Total marks: *100*

INSTRUCTIONS TO THE CANDIDATE

Failure to adhere to any of these instructions could incur examination sanctions including disqualification from the examination.

1. *Your examination countdown timer reflects your TOTAL examination time. Reading and writing time is three hours and fifteen minutes.* ***You may NOT continue to write during the five minutes upload time as this could lead to disqualification from the examination.***

2. *The question paper is only available on the ASSA Exam Platform and may not be printed. Copy/paste of questions or parts thereof is allowed from the question paper to your answer documents only.*

3. *Use only the Word and PowerPoint answer templates provided in your personal folder under the "Exam" icon on your desktop. The files have already been named using your candidate number. Please confirm that your candidate number matches the candidate number used in the file names. If there are any discrepancies, notify an invigilator immediately. Do not rename your files and do not create multiple versions.*

4. *Ensure that your* ***full Candidate number*** *is entered in the "Header" (Word template) and "Footer" (PowerPoint template). [Double-click on the "Header" / "Footer" on the Word and PowerPoint documents, input your Candidate Number only, then press "Esc" to close the header/footer.]* ***Ensure that you do NOT include any personal information, such as your name or surname, in any part of your submission, including anywhere in your Word or PowerPoint answer document including in PowerPoint slides or drafting email or letter responses, nor in the document name. Your candidate number must be the only identifier used. Submissions that are incorrectly labelled or cannot be clearly identified by candidate number may not be marked and may result in forfeiture of the examination attempt.***

5. *An Excel spreadsheet with data will be available in your personal folder under the "Exam" icon on your desktop for use in Question 2 but will not be uploaded and used for the marking process.*

6. *You may not access any file from your computer, use any other computer software (e.g. Email), or open or use any other browser, collaboration tools or AI tools, including those embedded in MS Word and Adobe AI assistant (e.g. Copilot, ChatGPT etc.) during the examination. Embedded AI tools must be disabled. You may not use Grammarly, Grammarly Premium or similar built-in language and grammar tools which must also be disabled. Microsoft Word spellcheck is allowed.*

7. *You are not permitted to bring any other material into the examination (e.g. a Formulae and Tables book). Any such information/material that may be required will be provided to you in the examination.*

8. *You are strongly encouraged to use the first fifteen minutes as reading time only; however, you may start answering the paper whenever you are ready.*

9. *Mark allocations are shown in brackets.*

10. *Add your word count to the bottom of Question 1. Include words and numbers in tables and graphs. If these are not included automatically, count manually and add to the total.*

11. *Attempt all questions. Save your work continuously during the examination.*

12. *Show calculations where appropriate. You may use blank paper to carry out rough work calculations. Only calculators from the ASSA approved list are permitted.*

13. *Upload one version of each of your Word and PowerPoint answer documents only onto the ASSA Exam Platform. Once uploaded, click* ***Finish Attempt.*** *You may still use* ***Review to attempt*** *to check that the correct version has been uploaded, provided you have time remaining. When you are satisfied with your uploads, you must click* ***Submit all and Finish*** *to complete your submission. After selecting this option, no further changes can be made. Candidates remain fully responsible for ensuring that the correct files are uploaded, in the required format, size, and location, within the scheduled examination time. The submitted files will be treated as the final version and cannot be replaced or amended.* ***Please note that no typing or editing of answers is permitted during the final five minutes allocated for upload****.*

14. *ASSA will not retrieve, replace or amend answer scripts where incorrect, incomplete or unintended versions are uploaded, nor where candidates subsequently notify ASSA after the conclusion of the examination session that an incorrect file was submitted.*

15. ***You must submit your answer documents onto the ASSA Exam Platform BEFORE the time on your examination countdown timer runs out.***

Note: The Actuarial Society of South Africa will not be held responsible for loss of data where candidates have not followed instructions as set out above. The onus remains on you to read and implement all examination instructions.

END OF INSTRUCTIONS

QUESTION 1

Your friend, Mwaloni, phoned you a couple of days ago to tell you excitedly that he has decided to buy his first new car. His problem, though, is that he isn't sure how he is going to pay for it. He has now done some research and sent you an email that sets out the details of three financing options that have been made available to him. He has asked you to help him assess which option would be best for him. He understands that "best" could mean a few different things – including lowest monthly payments, timing and amount of all payments due, lowest overall cost and least risk of having to pay more. He would like to own the car, but his view on this and his circumstances might change.

About the car

- Model: 2025 Starlet Cross
- Price: R299 900 inclusive of all extras, charges and fees

Option 1: Motor Dealer Finance

Deposit	R0
Repayment Term	48 months
Repayments	R4 371 per month, at the end of each month
Interest rate	Variable, linked to the prime lending rate
Guaranteed Future Value*	R215 928

*The guaranteed future value means that the owner has the option at the end of the repayment term to either

a) sell the car to the dealer for this amount, after which he will no longer own the car and will have no further obligations relating to the car, or
b) pay the dealer this amount and continue to own the car.

Option 2: Bank Loan

Loan finance amount	100% of the cost of the car
Repayment Term	48 months
Repayments	R8 008 per month, at the end of each month
Interest rate	Variable, linked to the prime lending rate

Option 3: Lease to Buy

Deposit	R29 990
Lease Term	48 months
Lease payments	R4 049 per month, at the end of each month, fixed for the lease term
Future Purchase Price*	R209 930

*The future purchase price is the amount that the leaseholder must pay to the lease provider at the end of the lease term to take ownership of the car. If the lease holder does not want to take ownership of the car, there are no further obligations after all the lease payments have been made.

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Your email reply should be between 550 and 650 words. Count all words from below the salutation to above the close but include your subject line. Count all words and numbers in tables and graphs and add manually if not counted automatically.

Notes:

- Mwaloni has not told you the amount he can afford to pay each month or whether he has savings to pay the deposit.
- Currently, the interest rate that Mwaloni could earn on savings is 8% per annum, compounded monthly in arrears.
- Ignore insurance and tax considerations, car servicing and potential penalties for early termination of the financing.
- All the calculations are correct and there is no need to verify or confirm them.
- Do not calculate the amount Mwaloni must save each month to pay the Guaranteed Future Value or the Future Purchase Price of options 1 and 3.
- Use the following annuity and discounting factors for any calculations:
    - The present value of 1 per month in arrears for 48 months at 8% per annum, compounded monthly in arrears = 40.962
    - $(1+\frac{8\%}{12})^{-48}$= 0.72692.

  No other annuity and discounting factors should be used.

[Total 50]

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QUESTION 2

ActVest Investments manages a large defined contribution (DC) umbrella fund that currently has 250,000 members and over R80 billion in assets. The umbrella fund is the only fund that ActVest Investments offers. The fund follows a single investment mandate.

A trustee has recently read a media article reporting that several large retirement funds have been adjusting their asset allocations in response to falling inflation and declining interest rates. These funds have reportedly increased exposure to global equities and alternative assets while reducing holdings in cash and fixed interest assets. The trustee has questioned whether ActVest Investments should consider similar changes.

The Chairperson of the Board has asked you to prepare a short presentation of eight to ten slides for the upcoming trustee meeting. The presentation should provide an overview of the current economic environment, explaining why these conditions are relevant to the umbrella fund. The Chairperson has also asked that you address how shifts in the investment landscape could affect the fund's portfolio and outline the possible consequences for members' projected retirement outcomes, highlighting both potential risks and opportunities. The Chairperson has asked that high-level comparisons with other umbrella funds be included in the presentation to provide the Board with additional context. The presentation should leave the Board with clear options for next steps to consider.

Your audience will be the trustees, many of whom do not have technical investment knowledge.

The Chairperson has sent you the news article referred to:

Funds shift asset allocations in response to changing environment

Published: March 2026 – Retirement Fund News

Several large retirement funds have reduced their cash and fixed-interest allocations by as much as 25% as interest rates continue to decline. Instead, funds are increasingly turning to global equities and alternative asset classes such as infrastructure and private equity in a bid to boost member returns.

Pierre Viljoen, an investment consultant at GrowthCo, praised the shift in strategy, noting that retirement funds have a duty to maximise members' funds. However, other analysts have cautioned that the potential for additional return comes with increased risk, and volatility could negatively impact members, particularly those close to retirement.

The funds contacted confirmed that, alongside changes in investment strategy, they are increasing member communication and providing personalised projections showing how these changes affect members' expected retirement income. Some are also offering one-on-one advice sessions to help members better understand their fund choice and their projected retirement values.

Industry observers do agree on two things – investment strategies need to reflect the changing environment and members need to be supported to make informed fund choices.

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A colleague has just completed an internal economic update and has shared the following data with you:

Economic Indicators	Historical figures				Expected long term
	2022	**2023**	**2024**	**2025**	
Inflation (%)	6.9%	6.0%	4.4%	3.2%	3.0%
Nominal bond yields	9.8%	8.5%	7.5%	7.2%	7.0%
Interest earned on cash	8.7%	7.5%	6.5%	5.1%	5.5%
Return on SA equities	10.2%	2.1%	12.8%	18.3%	12.0%
Return on global equities	14.1%	21.6%	8.5%	16.1%	15.0%

Key implications

- Declining yields reduce income from the cash and fixed interest investment
- Declining yields will increase the capital value of existing bond holdings
- Declining yields create opportunities for growth assets such as equities

Current fund allocation

- 50% SA bonds
- 15% Cash and cash alternatives
- 30% SA equities
- 5% global equities

The asset allocation of the fund has remained unchanged since 2022.

You have made a start on the presentation and formulated a structure:

Agenda:

1. Introduction
2. Overview of current economic landscape
3. Impact of current environment on fund performance
4. Impact of increased equity allocation on fund performance
5. Implications for members' retirement outcomes
6. Key risks and opportunities
7. Changes other funds are making
8. Conclusions and next steps

[Total 50]

[Grand Total 100]

REMEMBER TO SAVE

END OF EXAMINATION

