



Cape Peninsula
University of Technology

RETIREMENT FUND



Cape Town Campus



Bellville Campus



Wellington Campus



Mowbray Campus



Granger Bay Campus

2016 ANNUAL REPORT

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OVERVIEW OF THE CPUT RETIREMENT FUND

The Cape Peninsula University of Technology (CPUT) Retirement Fund is registered in terms of the Pension Funds Act, No 24 of 1956 and is an approved Provident Fund in terms of the Income Tax Act, No 58 of 1962.

The CPUT Retirement Fund was established on 1 December 1994. All full-time employees of the CPUT are required to belong to the Fund as a condition of employment.

The objectives of the Fund are to provide benefits:

- to in-service members on their retirement (and thereafter, for those members who receive pensions from the Fund);
- to surviving dependents of deceased members who die in service; and
- for members who cease to be contributing members of the Fund for reasons such as resignation, retrenchment, or disability.

The CPUT Retirement Fund is a Defined Contribution arrangement. This means that the benefit members receive on retirement depends on the contributions that are set aside monthly as their retirement savings and the investment return (positive or negative) earned on this money.

In addition to providing retirement benefits, the Fund also provides resignation, retrenchment, death and disability benefits. Since the Fund is approved for tax purposes as a Provident Fund this gives members flexibility because they can decide how much of their benefit they want as a lump sum and/or pension at retirement.

As at 30 June 2016, the Fund served the interests of 1 644 in-service members and 26 pensioners.

The Council of Cape Peninsula University of Technology is the Employer participating in the Fund.

As at 30 June 2016, the Fund's total funds and reserves amounted to some R1 495 million.

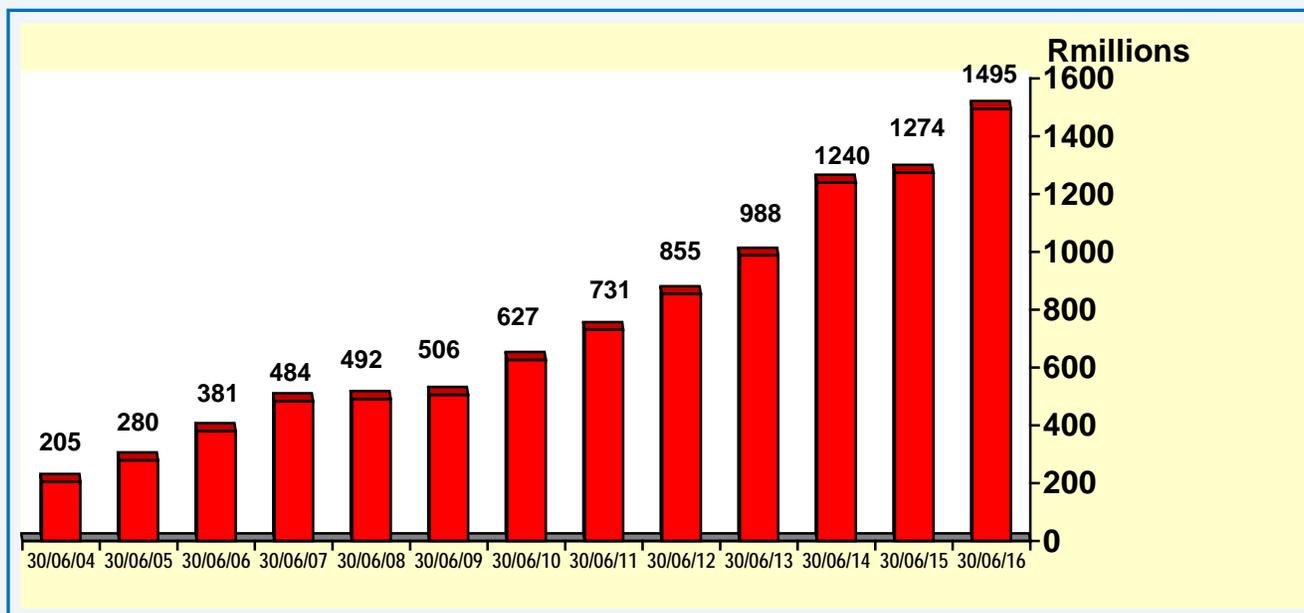


HIGHLIGHTS OF THE YEAR IN REVIEW

GROWTH IN FUND VALUE

During the 2016 financial year the Fund value increased by some 17%, from R 1 274 million to R1 495 million. This increase can mainly be ascribed to the investment returns earned by the assets of the Fund over the year ending 30 June 2016 as well as an increase in the Fund's membership.

The chart below shows the growth of the Fund's assets over the last 13 years.

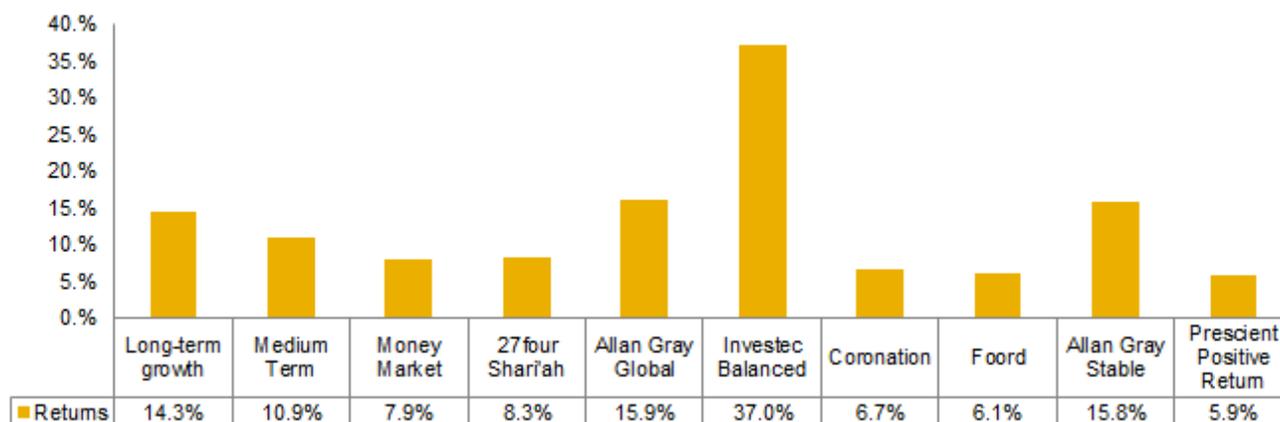


INVESTMENT RETURNS VS INFLATION

The investment returns for each portfolio during the 2015/2016 financial year are shown in the table below. Please note that in all cases the returns are shown before deducting investment manager fees.

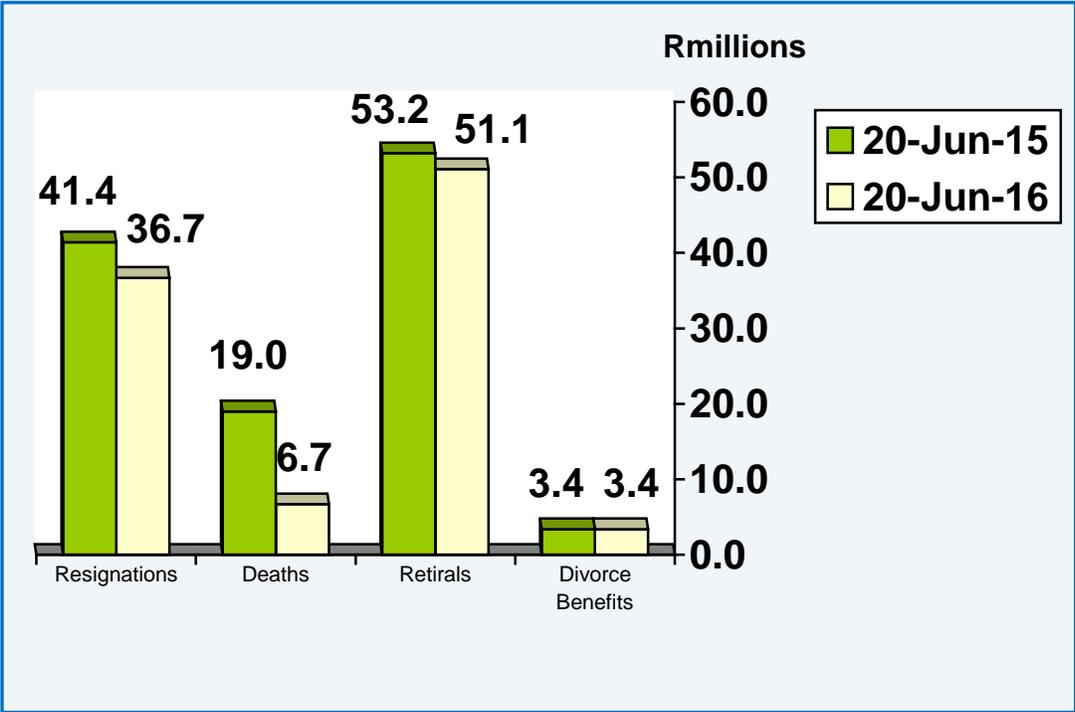
NOTE: The annualised investment returns for various measurement periods for all the portfolios are shown in the section on Investments (see page 20).

Investment Returns: 12 months to 30 June 2016



BENEFITS PAID

Benefits paid due to resignations; deaths and retirements decreased by some 16% from R116.9 million as at 30 June 2015 to R97.946 million as at 30 June 2016. The chart shows a breakdown of these benefits paid for the existing financial year as well as the previous financial year.



MEMBERSHIP STATISTICS

IN-SERVICE MEMBERS

MEMBERSHIP NUMBERS

The table to the right shows a build-up of the in-service membership from 1 July 2015 to 30 June 2016.

	Total
Present as at 1 July 2015	1 547
New entrants	204
Adjustments	-2
Resignations	-82
Deaths	-2
Retirements	-21
Present as at 30 June 2016	1 644

PENSIONERS

MEMBERSHIP NUMBERS

The table to the right shows the total number of pensioners as at 1 July 2015 and 30 June 2016.

	Total
Present as at 1 July 2015	24
Present as at 30 June 2016	26

UNCLAIMED BENEFITS

The table to the right shows the total number of unclaimed benefits as at 1 July 2015 and 30 June 2016.

	Total
As at 1 July 2015	90
Additions	1
Settled in full	80
As at 30 June 2016	11

CHAIRPERSON'S REPORT

Dear members and pensioners,

As Chairperson, it gives me great pleasure to present the Cape Peninsula University of Technology Retirement Fund's Annual Report for the year ended 30 June 2016.

The financial year ending 30 June 2016 was an eventful year and presented the Fund with various challenges, but these challenges were met and the Fund emerged at the end of the financial year celebrating many achievements.

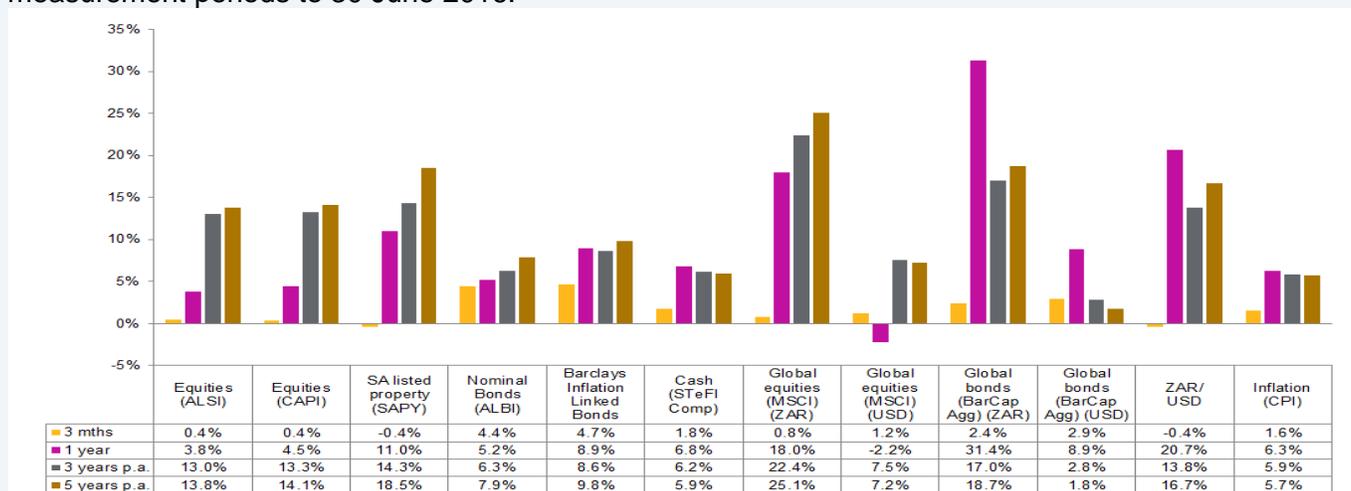
THE YEAR IN REVIEW

INVESTMENT PERFORMANCE

The financial markets performed better than the previous financial year ending June 2015. However, investment returns over the last few months have been extremely volatile. It is important to remember that your retirement fund planning is a long-term initiative, and while it's good to be informed about market developments, you should not base your investment decisions on short-term historical performance.

A detailed commentary in this regard is provided in the Investment Report on page 15.

The table below shows the performance (in percentages) of the major asset classes over various measurement periods to 30 June 2016.



CHANGES TO THE LONG TERM PORTFOLIO STRATEGIC CHANGES

The **Long-term Growth Portfolio** was split between four asset managers up until June 2016 as follows:

-  Coronation Houseview Global Balanced Fund 20%
-  Investec (Value) Balanced Fund 20%
-  Allan Gray Global Balanced Fund 30%
-  Foord Global Balanced Fund 30%

The Finance and Investment Committee held its annual investment strategy review meeting in December 2015. After considering the current manager line-up in the Long-term Growth Portfolio, the Committee decided to review the appointment of the Investec (Value) Balanced Fund, with the portfolio having underperformed the Towers Watson Global Balanced benchmark over the last 5 and 10 year periods.

At the 25 February 2016 Board of Trustees meeting, the Trustees decided to terminate the appointment of the Investec (Value) Balanced Fund and replace it with the **Investec (General Equity) Balanced Fund**. The Trustees further decided to split the Long-term Growth Portfolio equally between the four asset managers. Accordingly, the Long-term Growth Portfolio changed as follows during June 2016:

 Coronation Houseview Global Balanced Fund	25%
 Investec (General Equity) Balanced Fund	25%
 Allan Gray Global Balanced Fund	25%
 Foord Global Balanced Fund	25%

2016 BUDGET OVERVIEW – IMPACT ON RETIREMENT FUNDS

THE FOLLOWING CHANGES TOOK EFFECT ON 1 MARCH 2016:

The change in legislation was primarily intended to allow for tax harmonisation of retirement fund contributions and benefits. It introduced a higher cap on contributions for tax purposes. The tax deduction for contributions increased to 27.5% (of the greater of taxable income or gross remuneration), up to an annual limit of R350 000, based on both member and employer contributions combined. This is to the advantage of most members and allows members to save more towards retirement in a tax efficient manner. Any excess contributions are taxed monthly via PAYE system.

RECENT DEVELOPMENTS

RULE AMENDMENTS

The following rule amendments were registered after the last financial year. They are explained in more detail on the next page.

-  **Rule amendment 1**, effective from 1 September 2015, lowered the early retirement age from 60 to 55 and provided for changes to tax legislation regarding members who elect to leave the money in the Fund upon retirement. This was registered on 5 September 2016.
-  **Rule amendment 2**, effective from 1 November 2015, reflects the Fund's status as a conduit to pay for insured external risk benefits and to provide for the number of trustees on the Board to be fixed. This was registered on 27 September 2016.
-  **Rule amendment 3**, with effect from 1 March 2016, removed the reference to additional voluntary contributions being used to buy past service since this is a defined contribution fund. This was registered on 2 October 2016.

All rule amendments are available for inspection at the registered office of the Fund.

CHANGE IN THE EARLY RETIREMENT AGE

The early retirement age specified in the Fund rules has been decreased from age 60 to age 55 for all members of the Fund. This is in line with the employment policy of CPUT and takes immediate effect.

DEFERRED RETIREES

THE RULES OF THE FUND HAVE BEEN AMENDED IN LINE WITH THE TAXATION LAWS CHANGES IMPLEMENTED ON 1 MARCH 2015.

This means that when you decide to retire, you do not have to make an immediate decision as to how much money you want to take in cash and how much you want to use to receive a monthly pension. You can leave the entire amount in the Fund until such time that you make a final decision in this regard (no later than age 70). In this case you will become a “deferred retiree”. Importantly, all contributions to the Fund cease when you retire.

RETIREMENT BENEFITS WILL ONLY ACCRUE ONCE THE MEMBER HAS DECIDED WHAT HE/SHE WANTS TO DO WITH THE BENEFIT.

From 1 March 2015, the lump sum benefit accrues to the member on the date on which the member makes a decision to draw the benefits due. This means that you will only get taxed on your retirement benefit once you decide to draw your benefit, which might be later than your normal retirement age.

DISABILITY INCOME BENEFIT

With effect from 1 November 2016 (after the financial year-end), the employer has switched disability benefit insurers from Capital Alliance to Sanlam. The reason for the change is that Sanlam provided a slightly better rate for a 2 year guaranteed period. The savings in premium rates will be allocated to your Member Share Account. Therefore, more money will be going into your Member Share Account on a monthly basis.

Furthermore, Sanlam will also be offering the disability benefit to new claimants with no cap on the insured income the member may receive.

COMMUNICATION

Communication remains an important focus area for the Trustees and the Fund remains strongly committed to excellence in member communication. Our ultimate objective is to educate members and we do this through the provision of relevant information and education sessions regarding the Fund, its benefits and available options. This will ultimately enable members to make informed decisions.

The communication programme includes the following:

-  A web-site. The link to this site is as follows: <http://www.cput.ac.za/> .
-  A communication file for all members containing a series of comprehensive modules on various topics relating to the Retirement Fund.
-  An intranet facility where the monthly investment returns are shown and kept up to date.
-  Newsletters produced twice yearly.
-  Verbal communication through the provision of yearly member feedback sessions, the Annual General Meeting and ad-hoc member presentations as and when required.
-  Quarterly retirement planning workshops for members over the age of 50.

Furthermore, members also have access to the Alexander Forbes web-site. The web-site link is: www.alexanderforbesonline.co.za . In order to access this site you need to register and then you will receive a pin and password.

CONCLUSION

We, the Board of Trustees, pride ourselves on striving to provide the best service available to our members and pensioners. The needs of our members remain our top priority in all aspects: investment, administration, communication and all-round service provision.

The Fund continues to remain financially sound and also properly managed. As mentioned earlier, the performance of the investment markets currently is extremely volatile. However, one has to continue to focus on how well the Fund's investments perform over the long-term relative to the defined performance objectives.

In closing, I must say that the management and daily running of the Fund are weighty responsibilities, as many of the crucial decisions that need to be made are complex and involved. Therefore, I wish to thank the members who serve on the Board for their time and their diligence, both of which make the Fund function smoothly, and make my job so much easier. I would also like to thank each member of the various sub-committees: these individuals never fail in their efforts to ensure that the Fund serve all our members' interests in all possible positive ways.

We will continue to inform you of any changes affecting you through our newsletters, and through presentations, benefit statements and our website.

I wish all of you and your families the very best for 2017.

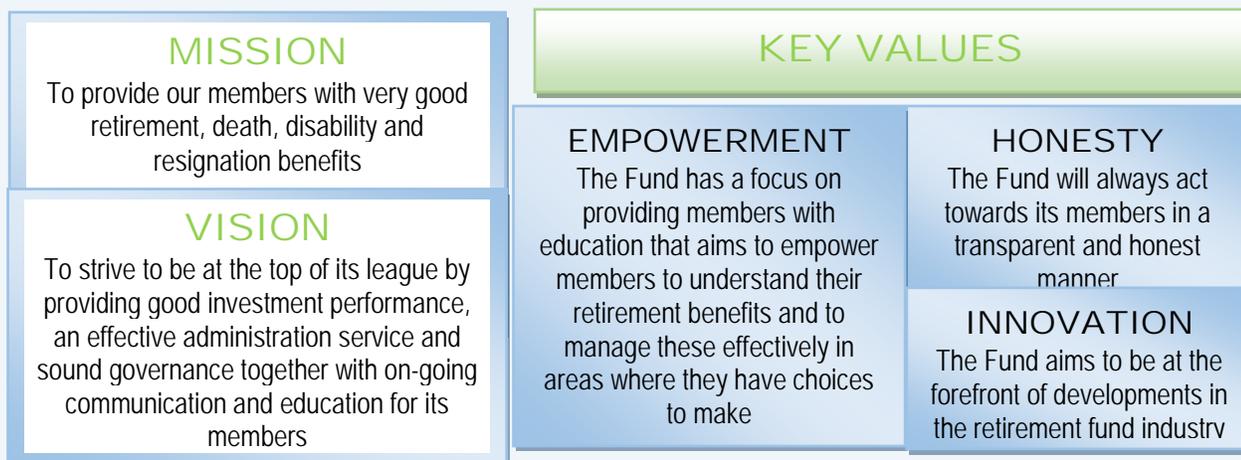
W A Lötter

Chairperson: Cape Peninsula University of Technology Retirement Fund



CORPORATE GOVERNANCE REPORT

The CPUT Retirement Fund confirms its commitment to an open governance process through which its members may derive assurance that in both protecting and adding value to the members of the Fund, the Fund is being managed ethically. It complies fully with the Pension Funds Act, and the independent external auditors' review and report on the financial statements is compliant with International Standards on Auditing.



CORPORATE PRACTICE AND CONDUCTION

THE BOARD OF TRUSTEES

A Board of Trustees manages the Fund. The Board, in keeping with the relevant legislation and statutory requirements as well as the Fund's Rules, comprises 10 Board members as constituted below:

- Five Board members appointed by the Employer
- Five Board members elected by the members.

The Board, both appointed and elected members, consists of individuals with diverse backgrounds and expertise, each of whom adds value and brings independent judgement to bear on the Board's deliberations and decision-making processes, all to the best interest of the Fund's membership. The term of office for the Board is three years.

The Trustees appoint the Fund's investment managers and contract with a third party administrator for the administration services. The Trustees also appoint an independent auditor and actuary for the financial management of the Fund. The Trustees monitor the performance of these service providers on an ongoing basis.

BOARD DUTIES AND RESPONSIBILITIES

The Trustees of the CPUT Retirement Fund have a fiduciary duty to act in good faith, with due diligence and care, and in the best interests of the members and pensioners. They are ultimately accountable and responsible for the performance and affairs of the Fund, thereby providing strategic direction and leadership, ensuring good corporate governance and ethics, determining policy, agreeing on performance criteria and delegating the detailed planning and implementation of policy to the respective providers.

As Trustees, we are committed to the following:

-  Openness and transparency in our dealings and disclosures to all our members.
-  Offering our members good retirement, death, disability and resignation benefits.
-  Providing consistency in honouring our legal and moral obligations.
-  Providing excellent service to all our members at all times.
-  Providing outstanding communication, information and education.

The Board of Trustees have certified that, to the best of their knowledge and belief, during the last financial year of the Fund, in the execution of their duties they:

-  ensured that proper registers, books and records of the operations of the Fund were kept, inclusive of proper minutes of all resolutions passed by the Board of Trustees;
-  ensured that proper internal control systems were employed by or on behalf of the Fund;
-  ensured that adequate and appropriate information was communicated to the members of the Fund, informing them of their rights, benefits and duties in terms of the rules of the Fund;
-  took all reasonable steps to ensure that contributions, where applicable, were paid timeously to the fund or reported where necessary in accordance with section 13A and Regulation 33 of the Pension Funds Act in South Africa;
-  obtained expert advice on matters where they lacked sufficient expertise;
-  ensured that the rules, operation and administration of the Fund complied with the Pension Funds Act, the Financial Institutions (Protection of Funds) Act, and other applicable laws in South Africa;
-  ensured that fidelity insurance cover was maintained. This cover was deemed adequate and in compliance with the rules of the Fund; and
-  ensured that the investments of the Fund were implemented and maintained in accordance with the Fund's investment strategy.

BOARD PROCEEDINGS

Board and sub-committee meetings are scheduled on a quarterly basis. The Trustees are not remunerated for their services.

A structured approach is followed for delegation, reporting and accountability, which includes reliance on the Board Sub-Committees. The Chairperson guides and monitors the input and contribution of the Board members.

BOARD AND COMMITTEE PERFORMANCE AND EVALUATIONS

Performance evaluations of the Board and its Committees are currently done on an annual basis. The Principal Officer is appraised by the Board of Trustees.

BOARD AND COMMITTEE TRAINING

Board and Committee member training is considered essential to enable them to execute their fiduciary duties and responsibilities in a knowledgeable and confident manner. Board and Committee members attended a number of training sessions, conferences and seminars during the year under review.

ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the CPUT Retirement Fund are also the responsibility of the Board of Trustees. The Board of Trustees fulfils this responsibility by ensuring the implementation and maintenance of accounting systems and practices adequately supported by internal financial controls. These controls, which are implemented and executed by the Fund and/or its benefit administrators, aim to provide assurance that:

- the Fund's assets are safeguarded;
- transactions are properly authorised and executed; and
- the financial records are reliable.

A summary of the audited annual financial statements is set out on page 15 and 16.

These financial statements have been reported on by the independent auditors, who were given unrestricted access to all financial records and related data, including minutes of all relevant meetings.

INVESTMENT MANAGEMENT

The Board of Trustees regards investment management as one of its most important responsibilities. The trustees have appointed a number of independent local investment managers to manage the Fund's local and global Investment Portfolios. The Trustees monitor the performance quarterly, and obtain a monthly performance summary report.

The Fund invests primarily in equities and fixed interest securities with exposure to both local and international markets.

ADMINISTRATION

The administrators provide key information to the Trustees and also assist them in managing important administrative processes. The Service Level Agreement between the Fund and the administrators enables the Trustees to monitor their performance against set standards, as this is important for effective Fund governance.

MEMBERS OF THE BOARD OF TRUSTEES – AS AT 1 JULY 2016

Board of Trustees	Capacity	Date appointed	Date Resigned
Employer Appointed Trustees**			
M Geduld-Jefftha		08/04/2016	
G M Du Plessis		01 May 2008	08/04/2016
L Manise		22 November 2012	
P Nevhutali		1 February 2014	
N Qomoyi		1 July 2013	
P Sotshononda		22 November 2012	
Member Elected Trustees			
W A Lötter	Chairperson	01 January 2013	
C Bezuidenhoudt		1 November 2013	
A Neethling		01 November 2013	
W A J Smith		01 January 2013	
S W van der Merwe		01 November 2013	

PRINCIPAL OFFICER

The Principal Officer of the Fund is Ms Rushnah Davids.

COMMITTEES

The Trustees delegate certain responsibilities to two committees while retaining overall responsibility and accountability for the management of the Fund.

BENEFITS AND ADMINISTRATION COMMITTEE

This committee deals with administration matters, the rules of the Fund, compliance with legislation and communication to members.

The committee also considers the apportionment of death benefit lump sum payments in terms of section 37C of the Pension Funds Act and makes appropriate recommendations to the board.

FINANCE, INVESTMENT AND AUDIT COMMITTEE

This committee deals with the investment and safeguarding of assets, the review of financial and investment information, the identification and management of risks, financial reporting and investment performance reporting. One of its main tasks is to review investment strategy and to make appropriate recommendations to the board.

PROFESSIONAL ADVISORS

The Trustees use the following professional advisors to advise the Fund:

AUDITORS

Pricewaterhouse Coopers Inc.

ACTUARY

David Little – Willis Towers Watson

ADMINISTRATORS

Alexander Forbes Financial Services

INVESTMENT MANAGERS

Allan Gray Life Limited
Coronation Asset Management (Proprietary) Limited
Foord Unit Trusts Ltd
Investec Asset Management (Proprietary) Limited
Prescient Investment Management (Proprietary) Limited
27Four Investment Managers

BENEFIT AND INVESTMENT CONSULTANTS

Willis Towers Watson

LEGAL ADVISORS

Alexander Forbes Legal Services

RISK INSURERS

Sanlam Life Insurance Limited

ABRIDGED FINANCIAL STATEMENTS

The following is a summary of the Annual Financial Statements of the Fund for the year ended 30 June 2016. The 2015 audited financial accounts are also summarized.

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

Income statement for the year ended 30 June 2015					
			2016	2015	
	%		R'000	R'000	%
Income	100.0		309 506	161 997	100.0
Contributions (members and employer)	40.1		124 150	111 144	68.6
Reinsurance proceeds	0.6		1 974	8 274	5.1
Net investment income	59.2		183 382	42 579	26.3
<u>Less: Expenses</u>	2.8		8 902	7 969	4.9
Reinsurance premiums	2.3		7 051	6 267	3.9
Admin expenses (See note 1)	0.5		1 851	1 702	1.1
Net income for the year	97.2		300 604	154 028	95.1
Statement of change in members funds for the year ended 30 June 2015					
			2016	2015	
			R'000	R'000	
Opening balance (including reserve)			1262 505	1224 961	
Net income for the year			300 604	154 028	
Transfers (to) / from other funds			1 453	85	
Benefis provided			(97 720)	(116 569)	
Closing balance (including reserve)			1466 842	1262 505	

STATEMENT OF NET ASSETS AND FUNDS FOR THE YEAR ENDED 30 JUNE 2016

Statement of net assets and funds for the year ended 30 June 2015				
<u>ASSETS</u>		2016	2015	
		R'000	R'000	
Non-current assets: Investments		1469 055	1256 267	
Current assets		25 947	17 308	
		<u>1495 002</u>	<u>1273 575</u>	
<u>FUNDS AND LIABILITIES</u>				
Members accounts		1383 503	1183 194	
Reserves		83 339	79 311	
Funds and reserves		<u>1466 842</u>	<u>1262 505</u>	
Non-current liabilities		9 996	8 853	
Current liabilities		18 164	2 217	
		<u>1495 002</u>	<u>1273 575</u>	
<u>Note 1: Analysis of admin expenses per member</u>				
Based on average members: 1 700 (2015 - 1 530)				
		Per	Total	Total
		member		Per
		2016	2016	2015
		R	R	R
Administration fees	575	870 468	813 532	579
Auditors' remuneration	147	222 300	226 655	161
Bank charges	1	1 126	1 076	1
Consulting fees	365	552 953	445 690	317
FSB fees	19	29 224	25 400	18
Ad hoc fees Admin and Consulting	79	119 434	116 907	83
SA Reserve Bank reporting fees	16	23 655	18 753	13
Switch fees	3	4 125	7 866	6
Training: trustees	18	27 500	46 200	33
		<u>1 222</u>	<u>1850 785</u>	<u>1 212</u>
Per month	102			101

REPORTS OF THE AUDITOR AND ACTUARY

EXTRACT FROM THE REPORT OF THE INDEPENDENT AUDITORS

AUDIT OPINION

In our opinion the financial statements of the Cape Peninsula University of Technology Retirement Fund for the year ending 30 June 2016 have been prepared, in all material respects, in accordance with the basis of preparation applicable to retirement funds in South Africa as set out in the notes to the financial statements.

PRICEWATERHOUSECOOPERS INC

EXTRACT FROM THE REPORT OF THE ACTUARY

Actuarial valuations are prepared triennially, the statutory valuation having been carried out as at 30 June 2016.

The Fund's assets were sufficient to cover the member's share accounts and to provide for the establishment of various reserve accounts as at 30 June 2016. The Fund was therefore in a sound financial position with a surplus of R2.3 million at the valuation date.

In presenting this report we are operating under the professional standards of the Actuarial Society of South Africa which is the professional body governing our conduct as retirement valuers.

David Little

Valuator to the Cape Peninsula University of Technology Retirement Fund

WILLIS TOWERS WATSON



INVESTMENT REPORT

THE FUND'S INVESTMENT STRATEGY

The CPUT Retirement Fund exists primarily to provide members with reasonable retirement benefits. The Trustees have defined the Fund's investment philosophy as follows:

- A *medium-term time horizon* has been adopted in formulating the Fund's investment strategy. This means that the overall success of the strategy will be measured over periods of at least 5 years.
- The *main risks* carried by members of the Fund are:
 - **Inflation risk** - this is the risk that the Fund does not earn a sufficient return to be able to provide a reasonable retirement benefit. The Fund will therefore measure its success by comparing its return relative to inflation over periods of 5 years.
 - **Loss of capital** - it is important that members are provided with a high degree of capital security for the 5-year period leading up to retirement age.
- Monitoring investment-related expenses, since these reduce the overall returns and impact on the final benefits.
- The Trustees have assumed that the most appropriate indicator of investment risk is the time to retirement of the member. The further assumptions are made that age is a proxy for the time to retirement and members will take their benefits in the form of a cash lump sum at retirement. Younger members are assumed to place priority on management of inflation risk and older members on protection against loss of capital close to retirement.
- The Fund has established three separate default portfolios. Younger members will be allocated a portfolio that has the potential to earn returns sufficiently higher than inflation to build wealth and achieve a reasonable retirement benefit, and older members will be allocated a portfolio that offers a degree of capital protection close to retirement. The degree of protection will increase in the last two years before retirement. In principle the Fund will allow members to choose to invest differently from the default portfolios.
- The Fund's investments must be conducted in a manner that is honest, transparent and ethical.

The investments are managed according to the following principles:

GENERAL PRINCIPLES AND INDIVIDUAL MEMBER CHOICE

The Fund operates in terms of a Statement of Investment Principles, which sets out the investment philosophy of the Fund taking into account the different Fund obligations. The statement of Investment principles is available for inspection.

Consistent with the purpose and philosophy of the Fund, the default is to invest the younger members' retirement savings in a portfolio that focuses on managing the member's inflation risk, and older members' retirement savings will be invested in portfolios that focus on capital protection.

The default portfolios are referred to as the Life Stage Portfolios. There are three such Life Stage Portfolios comprising the Long-term Growth Portfolio, the Medium-term Protection Portfolio and the Short-term Protection Portfolio.

Members who would like to adopt an investment strategy different from the default life stage portfolios may invest in any of the portfolios on offer. This allows these members to split their retirement savings in any combination between the following Portfolios:

- Investec Balanced Portfolio,
- Foord Global Balanced Portfolio,
- Allan Gray Global Balanced Portfolio
- Coronation Global Houseview Balanced Portfolio,
- Prescient Positive Return Fund,
- Allan Gray Stable Portfolio,
- Shari'ah Portfolio (27Four Multi-Manager)
- Investec Money Market Portfolio.

Investment switching between portfolios is permitted daily. We strongly recommend that you take sound financial advice from an accredited financial advisor prior making any investment decision.

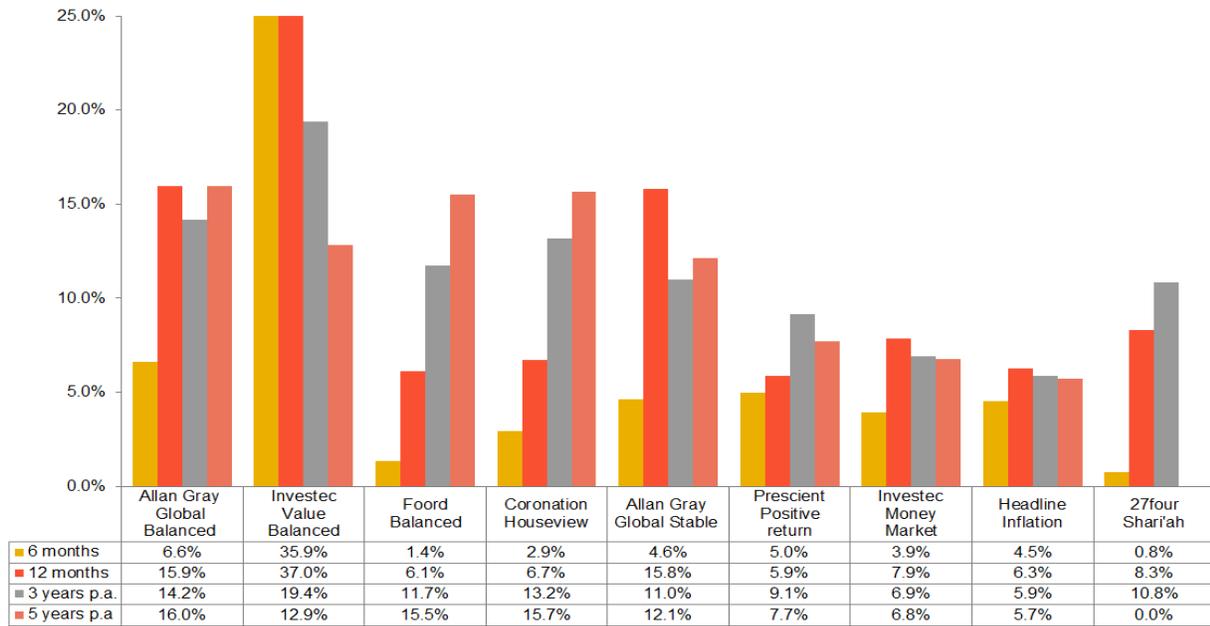
MARKET VALUE OF THE FUND'S ASSETS

The change in the market value of the assets during the year ending 30 June 2016 is summarized below.

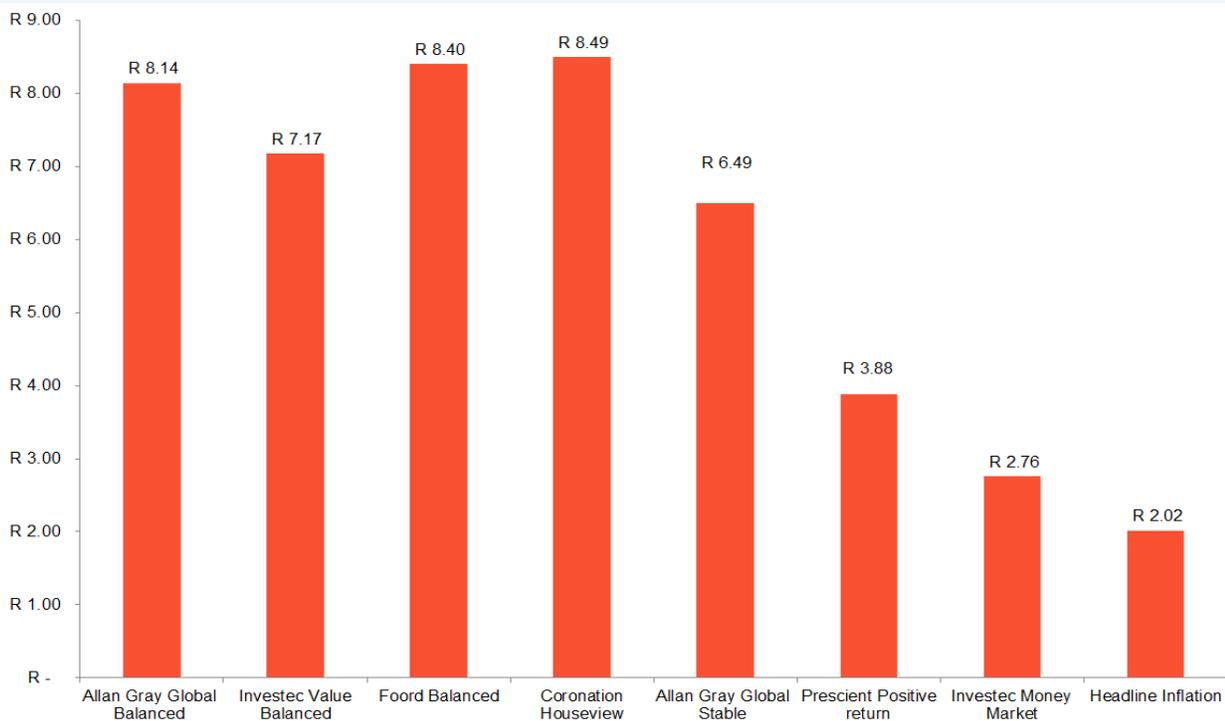
Asset	30 June 2016	30 June 2015
	Market value (R000)	Market value (R000)
Coronation Life Assurance Company Ltd	243 489	227 013
Investec Assurance Ltd	335 170	245 903
Prescient Investment Management(Pty) Ltd	63 699	49 716
Foord Unit Trusts Ltd	306 872	277 069
Allan Gray Limited	519 824	456 566
Sub-total – Investments	1 469 054	1 256 267
Cash at bank	25 947	17 301
Other current assets	0	8
Unclaimed benefits	(9 996)	(8 853)
Current liabilities	(18 164)	(2 217)
Sub-total – net current assets	(2 213)	6 239
Grand Total	1 466 841	1 262 506

INVESTMENT RETURNS

Below are the returns for all the portfolios over different measurement periods until 30 June 2016. Please note that in all cases the returns are shown after deducting investment manager fees.



The chart below shows the value of R1.00 invested at 1 October 2003 of each of the portfolios as at 30 June 2016. The charts also show R1.00 as 1 October 2003 increased by inflation to 30 June 2016. The performance shown below is for illustrative purposes.



COMMENTS ON PERFORMANCE

Overall, the Fund's portfolios produced positive returns over the 2016 financial year. Despite the fact that not all portfolios have grown in real terms (in excess of inflation) over this period, the Trustees still expect that, over the long term, the portfolios will succeed in providing reasonable benefits for our members.

However, one also has to look at performance over longer periods of time. Over the last 5 years to 30 June 2016, SA equities (which comprise the major part of retirement fund assets) delivered some 8.1% p.a. above inflation. The other asset classes (other than SA equities) that delivered returns significantly above inflation were Global equities (19.4% p.a. above inflation, measured in Rands); SA bonds (2.2% p.a. above inflation); SA inflation-linked bonds (4.1% p.a. above inflation); and SA listed property (12.8% p.a. above inflation).

We repeat that, as a retirement fund investor, you should continue to focus on how well your money has done over the long term. In accordance with our Life Stage Model, we consider this to be a period of least five to seven years. When providing for your retirement, you should also pay attention to how your savings have performed compared to inflation. A reasonable benchmark to aim for is to earn an investment return that is some 4.00% to 5.00% p.a. higher than inflation over the long term. This has been exceeded in this Fund over longer term periods.

We all know that the future of investment markets over the short term (i.e. periods of three to five years, or less) is always uncertain, even in good times and no-one can predict the future. Members should not attach too much weight to performance over short measurement periods, unless you need to start living on your retirement benefit within, say, the next three to five years. Generally speaking, if you are within three to five years of retirement you should be invested more conservatively, as per the Life Stage Model.

We continue to encourage members who are a long way from retirement to adopt a long term investment strategy. Don't be deflected by short-term market challenges from your ultimate objective, which is to build retirement capital.

THE FUND'S INVESTMENT OBJECTIVE

What finally affects your retirement benefit is **how the Fund has performed compared to inflation**.

The Trustees primarily focus on measuring the success of the Fund's investment strategy against inflation over longer measurement periods and have set out specific targets they wish to achieve for each portfolio.

SUMMARY OF BENEFIT PROVISIONS

A brief summary of the main benefits and conditions of the Fund is supplied below. This is not a complete and definitive explanation, and is for ease of reference only. For a definitive explanation reference must be made to the rules of the Fund

ELIGIBILITY CONDITIONS Those employees in service on 1 December 1994 had a once-off option to become members of the Fund or to remain in the Associated Institutions Pension Fund (AIPF) or Temporary Employees Pension Fund (TEPF).

Monthly paid employees entering permanent service on or after 1 December 1994 join the Fund as a condition of service.

NORMAL RETIREMENT AGE The last day of the month in which the member reaches retirement age as follows:
60 years in the case of a member who became an employee after 16 June 1989;
The selected age between 60 and 65 in the case of other members.

MEMBER SHARE The accumulated value of the retirement funding contributions paid to the Fund on the member's behalf, plus investment returns determined by the trustees.

RETIREMENT BENEFITS A pension secured by the Member's Share. The pension can be secured from an insurer chosen by the member and approved by the trustees. The member also has the option of purchasing an in-house Living Annuity. The member must choose the form of the pension, which can be partially or fully commuted for a lump sum. Alternatively a member can choose to receive a flexible annuity directly from the Fund.

Early retirement (after the age of 55) or late retirement (no later than 70) is subject to the Employer's consent

DEATH-IN-SERVICE BENEFITS The following benefit is payable in accordance with section 37C of the Pension Funds Act:

The Member's Share; plus

An insured lump sum equal to a multiple of the Member's annual pensionable earnings at the date of death, using a multiple of (100 minus age at the first day of the month immediately following the month of death) divided by 10. The benefit is limited to the amount that the insurer will insure if this is less than the benefit in terms of the rules.

WITHDRAWAL BENEFITS On resignation, retrenchment or dismissal, the Member's Share is payable in cash or may be transferred to another approved retirement fund or preservation fund at the choice of the member.