

36<sup>th</sup> AGM

29 MAY 2020

Chairman's Report

Mr Danie Carstens



# WELCOME

**“These unprecedented times require us all to do different things differently.”**

**Thank you for connecting with us virtually.**

Managing and running the Fund from home during the lockdown and keeping our members and employers updated on all financial developments:

- Special Investment newsletter 1<sup>st</sup> and 2<sup>nd</sup> editions

**The focus of this report back is on the financial year to 30 June 2019.**

The full impact of the COVID-19 pandemic will be reported on in the 2019/2020 financial year.



# BOARD OF TRUSTEES

**Thank you to 2 fellow trustees whose terms of office ceased on 31 December 2019:**

Mr Herman Botha

- served close to 25 years as a Trustee and was elected as Chairperson of the Board and Chairperson of the Audit Committee for many years.
- helped steer the Board through the Fund's transition from a defined benefit pension fund to a defined contribution retirement fund.

Mr Piet Esterhuizen

- served close to 7 years as a pensioner elected Trustee.
- passionate about listening to the needs of our defined benefit pensioners.

**Welcomed the election and appointment of 2 Trustees wef 1.1.2020 and 1.3.2020:**

- ✓ Adv Christi Franken replaced Mr Esterhuizen as an elected pensioner Trustee.
- ✓ Mr Jonathan Lawack replaced Mr Botha as an additional Trustee appointed by the Board.

# 2018/2019 YEAR

“Helping you build your better future.”

Range of cost effective and flexible benefit offerings provided over last 4 years (i.e. your building blocks) and members choose what they need and can afford when joining the Fund. May change some of these options during membership.

Active management of the Fund’s investments to achieve the desired returns over time.

Mindful of the Fund’s cost structures to maximise returns and maximise the total contributions.

# MANAGING COSTS

Cost effective building blocks provided:

- Benchmark risk benefits every year to ensure the provision of the most robust, dynamic, cost effective and affordable benefits for our members. Changed the structure of the disability income benefit in 2019 to prevent an increase in the rate.
- Benchmark all services provided to the Fund on a regular basis.
- Trustees manage their own costs - reduced number of meetings from every month to every second month to reduce travel and accommodation costs.

**Read the cost case study in the 2018/2019 Annual Report**

# Investment returns & In-Fund Living Annuity

Fund's returns have historically beaten our competitors in the industry and those in the retail market.

Click on the link to the investment review by the Fund's asset consultant, Mr Duncan Theron of GraySwan Investments.

The Fund established its very own cost effective In-Fund Living Annuity in June 2016:

- seamless transition to this annuity as the underlying investment structure is identical to the investment portfolios provided to active Fund members.
- no disinvestment needed and annuitants benefit from Fund's superior investment returns.
- annuitants continue to benefit from good Fund governance structures.
- in-Fund Living annuity sustainability analysis - monitor sustainable duration of annuity/pension payments.

# CHOICE = RESPONSIBILITY

Members have the power to choose their building blocks.

**All members are urged to take responsibility by equipping themselves with as much knowledge as possible regarding the Fund.**

Encourage members to read all Fund material that is sent to them:

- all convey relevant fund information and very often a request for members to take action

**Actively get involved in member elections and decide who is best able to represent your interests and those of all Fund members.**

Ensure that the Fund has your latest contact details (i.e. e-mail and cell phone numbers) so that Fund communication can be sent electronically to everyone.

# PENSIONER ASSETS

Liability Driven Investment (LDI) Strategy matches pensioner liability.

**Trustees granted pension increase in line with the Fund's Pension Increase Policy.**

Pension increase target increased from 65% to 70% of inflation wef 1 January 2019

- Pension increase of 3.22% granted on 1 January 2019.
- Discretionary pensioner bonuses of 50% and 60% respectively of gross monthly pensions were declared on 1 December 2018 and 1 December 2019.

# LOOKING FORWARD

Continued dedicated focus on a culture of ethical conduct and good governance.

**Cost management underpins all that we do.**

Continued focus on increasing our membership in order to capitalise on economies of scale to deliver benefits and cost efficiencies to all members.

**Increased use of electronic communication mediums means all members must ensure that we have their updated e-mail and/or cell phone numbers.**

Encourage everyone to participate in the upcoming member trustee elections this year. Watch out for the e-mails and SMS's from mid-June.

**Keep a watchful eye over the South African Local Government Bargaining Council's (SALGBC) pension fund restructuring proposals and respond.**

thank

you:))

- Employers,
- Fund members
- Fellow Trustees
- Service providers
- Principal Officer

**Questions:** Please click on the link provided and send your questions to us. The answers will be posted on the same platform.