



ELECTRICAL INDUSTRY KWA-ZULU NATAL PENSION FUND

ANNUAL TRUSTEE REPORT

2021



ELECTRICAL INDUSTRY KWA-ZULU NATAL PENSION FUND

Registration No: 12/08/14479

23 Lennox Road, Greyville, Durban, 4001

Annual Trustee Report (31 December 2021 Annual Financial Statements)

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1. CHAIRPERSON'S FOREWORD

The COVID-19 pandemic has challenged us to change the way we do things. Some of those changes may have been uncomfortable. However, some changes have definitely been for the better, and we see these becoming the "new normal" as we move forward.

The Board of Trustees has been active in ensuring that your investment in the Fund is carefully managed to the benefit of all Fund members and stakeholders. Investment market performance continued to improve during the calendar year and the prudent investment strategy developed in consultation with the Fund's expert investment advisers has performed well. Those that have persevered and preserved have had a particularly good year.

One of the changes during the 2021 calendar year was a change in insured risk benefits provider. These benefits are now placed with Hollard Insurance. As a result, please ensure you update and submit a beneficiary nomination update form to the National Bargaining Council for the Electrical Industry of South Africa ('NBCEISA') for both your Death Benefit and Funeral Benefit. While it is important to keep beneficiary nomination forms updated regularly, it is particularly important to do so this year.

The Fund is committed to protecting member's privacy and all reasonable measures are taken to adequately protect the personal information the Fund holds and to avoid unauthorised access and use thereof. Members are reminded that the Fund's PAIA (*Promotion of Access to Information Act*) Manual and POPIA (*Protection of Personal Information Act*) Policy is available on the Fund's website and/or registered address which provides guidance on how to access records and the manner in which the Fund deals with personal information respectively.

Members are also encouraged to review their contact information available on the Fund records to ensure these are up to date for communication purposes especially relating to non-compliance with contribution payments. It is particularly useful if you can provide both your mobile phone number and your personal email address.



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All members are invited to contact the Fund if they have any queries regarding the Fund, investments, or benefits. The Fund offers Retirement Benefit Counselling services to members at no additional cost (applies upon withdrawal as well). The service is offered to allow members to be provided with the relevant information to make an informed decision upon withdrawal/retirement.

Members are entitled to lodge a written complaint with the Fund, to which the Fund must reply to within 30 (thirty) days (internal process). In the event the member is not satisfied with the reply from the Fund, a written complaint may be submitted to the Office of the Pension Funds Adjudicator ('OPFA'), however all internal dispute resolution processes must be exhausted first before approaching the OPFA. Contact can always be made through the NBCEISA, by visiting their premises or contacting them telephonically.

Dave Alcock
(Chairperson)

2. INTRODUCTION

The Trustees communicate annually with Members, by issuing Annual Benefit Statements providing Members with details of the benefits held in the Electrical Industry Kwa-Zulu Natal Pension Fund (*"The Fund"*), accompanied by a Trustee Report providing information about the Fund, any developments in the Fund in particular and in the Retirement Fund Industry in general for the Financial Reporting Year (2021).

The Trustees and Principal Officer are bound by the Rules of the fund, which are available for inspection at the Registered Office of the Fund.

The Annual Trustee Report must be read in conjunction with the Member Booklet.



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3. BOARD OF TRUSTEES

The Board of Trustees of the Fund are as follows and hold office for a period of three (3) years. (01 July 2019 – 30 June 2022) and for the Independent Trustee (21 May 2021 – 20 May 2024).

FULL NAME		POSITION
Mr Sipho	Mayisela	Member Trustee*
Mr Deon	van Deventer	Member Trustee*
Mr Innocent	Nkabinde	Member Trustee*
Mr Amos	Madonda	Member Trustee*
Mr Dave	Alcock	Employer Trustee
Mrs Shantonette	Pillay	Employer Trustee
Mrs Zinhle	Mfeka	Employer Trustee
Mr Bernie	Carr	Employer Trustee
Mr Carlyle	Field	Independent Trustee

**The Fund has been granted a Pension Funds Act, Section 7B exemption in terms of the requirements of Section 7A which requires members of the Fund to elect Member Trustees. The Employee Parties to the NBCEISA therefore appoint the Member Trustees.*

The legislated duties of Trustees include the following:

- Ensure that the interests of members are protected
- Act with due care, diligence, and good faith
- Avoid conflict of interests
- Act with impartiality in respect of all members and beneficiaries
- Ensure that proper control systems are in place
- Communicate with members
- Ensure that contributions are paid timeously and in accordance with the Pension Funds Act
- Obtain expert advice where applicable
- Ensure that the Rules of the Fund as well as the operation and administration of the Fund comply with the Pension Funds Act
- Ensure that the assets are invested for the benefit of the members of the Fund and in a manner that is appropriate for the membership profile.

The Fund carries Fidelity Insurance that provides cover against losses caused by wrongful acts (i.e. theft, fraud, dishonesty) of officials in carrying out their duties.



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All Expert Advisors are required to carry Professional Indemnity Insurance that protects the Fund against losses arising out of errors, omissions, or negligence.

4. FUND BENEFITS AND RELATED ISSUES

Contributions:

Member contributions	6,00%
Employer contributions	9,00%
TOTAL	15,00%

The following deductions are made from the above contributions:

Less (Unapproved benefit¹ premiums paid directly to the Insurers by the NBCEISA):

PHI premium (Disability benefit)	0,71%	(Monthly Remuneration)
Funeral benefit premium	0,25%	(R20 per member per month)
<i>Sub-total (Total contribution paid to Sanlam by NBCEISA)</i>	14,04%	

Less:

GLA premium (Death benefit): Approved benefit ²	1,61%	(Monthly Pensionable Salary)
Fund expenses ³ (average for the 2021 Financial Reporting Year)	2,25%	
<i>Sub-total</i>	3,86%	

NETT ALLOCATION TO RETIREMENT SAVINGS 10,18%

(average for Financial Reporting Year)

¹**Unapproved benefits** means that the NBCEISA is the policyholder. The benefit will be paid out tax-free, however the monthly premiums are taxed as a fringe benefit in the hands of the employee.

²**Approved benefits** means that the Fund is the policyholder and benefits are distributed in terms of Section 37C of the Pension Funds Act. The benefit will be taxed as per the tax scales noted, the monthly premiums are not taxed (tax deductible).

³**Fund Expenses** relates to FSCA Levies, Audit Fees, Administration Fees, Contingency Reserve Account etc.



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5. INVESTMENTS

Simeka Consultants and Actuaries are the Fund's Investment Consultants and advise the Board of Trustees on investment related matters. The fair value* of the Funds' assets was R494 339 443 as at 31 December 2021 (31 December 2020: R414, 425, 942).

Fair value means the estimate of the potential market price of an asset.

The table below illustrates the Asset Managers and Asset Allocation per portfolio as at 31 December (2021 AFS):

YOUNGER MEMBER PORTFOLIO		OLDER MEMBER PORTFOLIO		PENSIONER PORTFOLIO	
Coronation Houseview Equity	7.1%	Coronation Houseview Equity	2.6%	Coronation Houseview Equity	2.7%
Mazi Asset Management Equity	0.1%	Mazi Asset Management Equity	0.0%	Mazi Asset Management Equity	0.0%
Fairtree Equity	7.1%	Fairtree Equity	2.5%	Fairtree Equity	2.7%
Sentio Equity	7.1%	Sentio Equity	2.6%	Sentio Equity	2.7%
Truffle Equity	7.1%	Truffle Equity	2.6%	Truffle Equity	2.7%
Momentum Capped SWIX Equity Index Tracker	18.8%	Momentum Capped SWIX Equity Index Tracker	6.8%	Momentum Capped SWIX Equity Index Tracker	7.2%
Futuregrowth Infrastructure Bond	4.9%	Futuregrowth Infrastructure Bond	19.3%	Futuregrowth Infrastructure Bond	19.3%
BlackRock World Sub Index Equity	23.8%	BlackRock World Sub Index Equity	20.3%	BlackRock World Sub Index Equity	21.8%
Catalyst Property Fund	4.8%	Catalyst Property Fund	4.0%	Catalyst Property Fund	4.2%
Momentum Money Market	0.5%	Momentum Money Market	0.5%	Momentum Money Market	0.5%
Prescient Low Liquidity	0.2%	Momentum Active Cash Fund	23.3%	Momentum Active Cash Fund	22.6%
Momentum Active Cash Fund	8.9%	Sanlam Inflation Plus	15.5%	Sanlam Inflation Plus	13.6%
Sanlam Inflation Plus	9.5%				
	100%		100%		100%



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6. FINANCIAL REPORTING (31 DECEMBER 2021)

The table below illustrates a brief summary of the Audited Annual Financial Statements which confirms the income received by the Fund and the benefits paid out to Members/Beneficiaries during 2021.

The fair value of the Fund's investment, administered by the investment administrator at the end of the year was:

	FSCA Registration number	31 December 2021 R	31 December 2020 R
Momentum Outcome-Based Solutions (Pty) Limited	19840	494,339,443	414,425,942
Total value of investments managed		494,339,443	414,425,942

MEMBERSHIP

	Active members	Pensioners	Unclaimed benefits
Number at the beginning of year	3,871	123	7,311
Adjustments	18	-	(480)
- Switch from other Portfolios	44	-	72
- Switch to other Portfolios and merged with existing records	(26)	-	(386)
- Member benefits depleted	-	-	(54)
- Switch from other Portfolios	-	-	(112)
Additions	585	1	149
Withdrawals	(328)	-	-
Retirements	(13)	-	-
Retrenchments	(114)	-	-
Deaths	(21)	(8)	-
Unclaimed benefits paid	-	-	(360)
Number at the end of the year	4,000	116	6,620
South African citizen at the end of the year	3,363	116	6,620
Non-South African citizen at the end of the year	637	-	-

The active members' membership at the year-end was made up of the following:

- Active members - 3562
- Paid up members - 438

Adjustments

Adjustments in the active membership was due to:

- 28 member records merged with other records
- 44 member records were moved to the active Portfolio

Adjustments in the Unclaimed membership was due to:

- 112 member records switched from the Former Member Proceeds Account (13 member records were switched to Pensioners Product and 99 member records switched to Younger Members Product and Older Members Product)
- 386 member records merged with other records
- 54 member records were depleted by administration fees
- 72 member records that were omitted in the prior period.

The unclaimed benefit membership at the year-end was made up of the following:

- Unclaimed benefit members - 5148
- Non-contributory members - 462
- Former member write back - 1010



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7. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES

7.1 Membership

The total number of members as at 31 December 2021 was 10 736 (2020: 11 305)

Fund Rules

A consolidation of the Fund Rules was undertaken and approved by the Authority ("FSCA") on 21 December 2021.

7.2 Annual Benefit Statement

In terms of Pension Fund Circular Number 86, the Fund is required to provide a member benefit statement to all Members, at least annually. Members are provided with an Annual Benefit Statement to ensure amongst other things that they are satisfied that all the static information reflected is correct and current (i.e., Full Name, Date of Birth, Pensionable Salary, etc.).

The Fund's Financial Year-End is 31 December annually, and members can expect to receive their Annual Benefit Statements during October annually reflecting information at the end of June.

The Member website is Administered through Sanlam and Members may register on the Member Website to access more regular information as per the process noted in the Member Booklet.

7.3 Fund Website

Members are encouraged to visit the Fund website (<https://eifunds.co.za/kzn>) where the Fund Rules and other related information can be accessed. The website is updated from time to time.

8. SUBSEQUENT EVENTS

8.1 Composition of the Board

Mrs Shantonette Pillay resigned from the Board effective 14 February 2022 and was replaced with Mr Scott Adams.



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The Trustees term of office expired on 30 June 2022 and the current Board Composition is as follows:

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Mr Sipho	Mayisela	Member Trustee
Mr Deon	van Deventer	Member Trustee
Mr Innocent	Nkabinde	Member Trustee
Mr Amos	Madonda	Member Trustee
Mr Dave	Alcock	Employer Trustee
Mr Scott	Adams	Employer Trustee
Mr Paolo	Minichiello	Employer Trustee
Ms Resheka	Sewpersadh	Employer Trustee
Mr Carlyle	Field	Independent Trustee

8.2 Default Investment Strategy (effective 1 May 2022)

The Fund makes use of separate Pensioner and Active/Former members portfolios and makes use of the Lifestage model for members who are within 5 years of Normal Retirement Age (65).

- If a member is 60 months and further away from retirement, they will be 100% invested in the Younger Member portfolio.
- If a member is less than 60 months away and more than 12 months away from retirement, they will be transitioned on a monthly basis by moving 1/48th of the assets from the Younger Member portfolio to the Older member portfolio.
- The member will be fully invested in the Younger Member portfolio 1 year (12 months) away from retirement.

The Fund's investment objective is to realise that a members' risk tolerance is mainly dependent on his/her Life-Stage Model. The Fund invests a member's contributions into a default Portfolio, based on the following Life-Stage Model.

Time to Normal Retirement Age	Younger Member Portfolio	Monthly Transitioning	Older Member Portfolio
Up to 5 years (60 months and further away)	100%		
Next 48 months (less than 60 months away and more than 12 months)		Over the next 48 months: Switch 1/48 th from the Younger Member portfolio to the Older member portfolio.	
12 months (1 year)			100%



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8.3 Nestlife Liquidation

Following the Nestlife Liquidation that was communicated last year, the Fund has lodged a claim with the Liquidator and is currently awaiting the outcome of this application. Further information will be communicated as and when this becomes available.

9. REGISTERED ADDRESS OF THE FUND

Address : 23 Lennox Road, Greyville, Durban

Tel : (031) 309 1325