



ELECTRICAL INDUSTRY KWA-ZULU NATAL PENSION FUND

ANNUAL TRUSTEE REPORT

2022



ELECTRICAL INDUSTRY KWA-ZULU NATAL PENSION FUND

Registration No: 12/08/14479

23 Lennox Road, Greyville, Durban, 4001

Annual Trustee Report (31 December 2022 Annual Financial Statements)

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1. CHAIRPERSON'S FOREWORD

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 was healthy during the calendar year and the prudent investment strategy developed in consultation with the Fund's expert investment advisers continues to produce positive investment returns.

There is an increased focus on the ability to communicate information to members, but this relies on having channels in place where important messages can get through. The Board of Trustees have been working closely with the National Bargaining Council for the Electrical Industry to improve the collection of member contact details. This is vital when we need to communicate sensitive information directly to you as a member of the Fund. So please remember to update the NBCEISA whenever there is a change to your mobile number or personal email address.

The Fund has created a Facebook page where general announcements and information will be posted. By following the page at facebook.com/ECIRegionC you can add a channel to keep informed of latest developments of the Fund. More detailed information and official Fund documents are posted on our website - eifunds.co.za/kzn/

By the time this report reaches our members, there will have been a change in our administrator effective from 01 June 2023 – from Sanlam to AlexForbes. Member queries can be made via the NBCEISA as always, but there will also be new communication channels where members will be able to obtain the latest information on their share of Fund and obtain Retirement Benefit Counselling as they approach retirement, as well as counselling when withdrawing from the Fund. Expect further information on these exciting new developments shortly.

Finally, we remind members that they are entitled to lodge a written complaint with the Fund, to which the Fund must reply 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



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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 (2022).

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.

3. BOARD OF TRUSTEES

The Board of Trustees of the Fund are as follows and hold office for a period of three (3) years up to 30 June 2025 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
Mr Linden	Bowes	Employer Trustee
Mr Paolo	Minichiello	Employer Trustee
Mr Scott	Adams	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



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- 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.

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		(R20 per member per month)
<i>Sub-total (Total contribution paid to AlexForbes by NBCEISA)</i>	14,29%	

Less:

GLA premium (Death benefit): Approved benefit ²	1,61%	(Monthly Pensionable Salary)
Fund expenses ³ (average for the 2022 Financial Reporting Year)	2,58%	
<i>Sub-total</i>	4,19%	

NETT ALLOCATION TO RETIREMENT SAVINGS 10.01%

(average for Financial Reporting Year)

¹**Unapproved benefits** means that the NBCEISA is the policyholder. The benefit will be paid out



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²Approved benefits

tax-free, however the monthly premiums are taxed as a fringe benefit in the hands of the employee.

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).

³Fund Expenses

relates to FSCA Levies, Audit Fees, Administration Fees, Contingency Reserve Account etc.

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 R491,643,628 as at 31 December 2022 (31 December 2021: R494, 339, 443).

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 (2022 AFS):

YOUNGER MEMBER PORTFOLIO		OLDER MEMBER PORTFOLIO		PENSIONER PORTFOLIO	
Coronation Houseview Equity	7.40%	Coronation Houseview Equity	2.60%	Coronation Houseview Equity	2.60%
Fairtree Equity	7.80%	Fairtree Equity	2.70%	Fairtree Equity	2.80%
Sentio Equity	7.40%	Sentio Equity	2.60%	Sentio Equity	2.60%
Truffle Equity	7.30%	Truffle Equity	2.50%	Truffle Equity	2.60%
Momentum Capped SWIX Equity Index Tracker	20.10%	Momentum Capped SWIX Equity Index Tracker	7.00%	Momentum Capped SWIX Equity Index Tracker	7.10%
Catalyst Property Fund	4.90%	Catalyst Property Fund	4.10%	Catalyst Property Fund	3.90%
Futuregrowth Infrastructure Bond	5.10%	Futuregrowth Infrastructure Bond	19.20%	Futuregrowth Infrastructure Bond	18.80%
Aluwani Active Cash	8.10%	Aluwani Active Cash	25.50%	Aluwani Active Cash	25.10%
Momentum Money Market	0.00%	Momentum Money Market	0.00%	Momentum Money Market	0.00%
Prescient Low Liquidity	0.20%				
BlackRock World Sub Index Equity	21.90%	BlackRock World Sub Index Equity	19.30%	BlackRock World Sub Index Equity	19.70%
Sanlam Inflation Plus	9.70%	Sanlam Inflation Plus	14.50%	Sanlam Inflation Plus	14.80%
	100%		100%		100%



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6. FINANCIAL REPORTING (31 DECEMBER 2022)

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 2022.

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

	FAIS Registration number	31 December 2022 R	31 December 2021 R
Momentum Outcome-Based Solutions (Pty) Limited	19840	488,206,987	494,339,443
Sanlam Life Insurance Limited	579	3,436,641	-
Total value of investments managed		491,643,628	494,339,443

MEMBERSHIP

	Active members	Pensioners	Unclaimed benefits
Number at the beginning of year	4,000	116	6,620
Adjustments	407	2	(1,044)
- Records merged	(8)	-	(4)
- Member omitted in the prior year	20	2	-
- Member benefits depleted	-	-	(645)
- Member reinstated to live status	395	-	(395)
Additions	579	7	553
Suspended	-	(4)	-
Withdrawals	(804)	-	-
Retirements	(17)	-	-
Retrenchments	(119)	-	-
Deaths	(7)	(5)	-
Section 14 transfer out	(1)	-	-
Unclaimed benefits paid	-	-	(283)
Number at the end of the year	4,038	116	5,846
South African citizen at the end of the year	4,038	116	5,846

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

Active members - 4038

- Included in the total of 4038 is 17 paid up members.

Adjustments

Adjustments in the active membership was due to:

- 8 member records merged with other records
- 395 member records were moved to the active Portfolio
- 20 member records omitted in the prior year

Adjustments in the Unclaimed membership was due to:

- 4 member records merged with other records
- 645 member records were depleted by administration fees
- 395 member records were moved to the active Portfolio.

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

- Unclaimed benefit members - 4925
- Former member write back - 921



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7. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES

7.1 Membership

The total number of members as at 31 December 2022 was 10 000 (2021: 10 736)

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 AlexForbes 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

Ms Resheka Sewpersadh resigned from the Board effective 27 February 2023 and was replaced with Mr Linden Bowes.

8.2 Section 7B Exemption

The Fund has been granted an indefinite exemption on 12 June 2023 by the Financial Sector Conduct Authority.

8.3 Sanlam/AlexForbes transition

The Board of the Fund approved a transfer date of 01 June 2023 to transition from Sanlam to AlexForbes.

8.4 Rule Amendment 1

The Rules of the Electrical Industry Kwa-Zulu Natal Pension Fund was amended with effect



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from 1 August 2021 as follows:

- To establish a Risk Reserve Account to fund and pay for death benefits referred to in Section 8.1.1 in the event of the Fund not being insured with an Insurer, specifically in respect of the period immediately following the liquidation of Nestlife during which the Fund did not have cover with an Insurer.
- To amend the condition of liability to pay a death benefit to cater for scenarios where all of the benefit is self-insured by the Fund.

8.5 Rule Amendment 2

The Rules of the Electrical Industry Kwa-Zulu Natal Pension Fund are to be amended with effect from 1 January 2024:

- To provide that all benefits payable in terms of Section 8.1.1 shall be paid through the Risk Reserve Account and to enable the total or part self-insurance of the benefit by the Fund.
- To amend the condition of liability to pay a death benefit to cater for scenarios where part or all of the benefit is insured with an Insurer and/or part or all of the benefit is self-insured by the Fund.

8.6 Nestlife Liquidation

Following the Nestlife Liquidation the Fund lodged a claim with the Liquidators during 2022 and the First Liquidation and Distribution Account were dealt with all assets recovered which provided for payment of dividends of 10c in the Rand based on the available funds.

A Second Liquidation and Distribution Account has been lodged with the Master of the High Court and further instructions on the payment of dividends as proposed is awaited by the Master of the High Court. Payments will only be made on confirmation of the account by the Master of the High Court.

9. REGISTERED ADDRESS OF THE FUND

Address : 23 Lennox Road, Greyville, Durban

Tel : (031) 309 1325