



**ELECTRICAL INDUSTRY KWA-ZULU NATAL PENSION FUND**

**ANNUAL TRUSTEE REPORT**

**FOR THE YEAR ENDING  
31 DECEMBER 2023**



## ELECTRICAL INDUSTRY KWA-ZULU NATAL PENSION FUND

Registration No: 12/08/14479

23 Lennox Road, Greyville, Durban, 4001

Annual Trustee Report (31 December 2023 Annual Financial Statements)

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### **1. CHAIRPERSON'S FOREWORD**

The Board of Trustees continue to strive for optimal long-term savings and retirement outcomes for the members of the Fund. They do so by pursuing continuous improvement in the operations of the Fund and in their own personal development as Trustees. The newly improved and expanded FSCA Trustee Toolkit is required to be completed by all Trustees. This program ensures improved participation by Trustees in directing the affairs of the Fund, and has clearly contributed to the continued improvement in the performance of the Fund.

I am pleased to report that the Board has successfully navigated the change in administrator from Sanlam to AlexForbes during the 2023 financial year. Please remember that member queries can be made via the NBCEISA and that Retirement Benefit Counselling is available from Independent parties to assist you in making informed decisions whilst planning for your retirement.

As always, communication and education of our members remain one of our greatest priorities. The retirement funding landscape continues to change and it is important that you remain informed of developments and legislative changes. The Board of Trustees continue to work closely with the National Bargaining Council for the Electrical Industry to improve the collection of member contact details so that the Fund is able to communicate with you directly. We therefore encourage you to update your personal details with the NBCEISA to ensure that your most recent contact details are available.

The retirement fund system has undergone several changes over recent years. The latest BIG change to the retirement fund industry is the implementation of the Two-Pot system effective 1 September 2024. This is another step in retirement reform designed to result in better retirement outcomes for members. The Fund and its administrator have been preparing for the change and have made available member communication to assist you in better understanding South Africa's new retirement system and how this affects you.

As the retirement funding landscape continue to change, the Board will continue to manage your retirement fund with the utmost care, working with stakeholders and service providers to successfully navigate the road ahead to the benefit of Fund members.

Dave Alcock  
(Chairperson)

### **2. INTRODUCTION**

The Trustees ensure that the Fund issue members with Annual Benefit Statements providing Members with details of the benefits held in the Electrical Industry Kwa-Zulu



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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 (2023).

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 AS AT 31 DECEMBER 2023

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
- 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.



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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

Your benefit statement reflects the contribution rates applicable as at 30 June 2024.

#### Contributions:

Member contributions	<b>6,00%</b>	<b>(7.5% effective 1 July 2024)</b>
Employer contributions	<b>9,00%</b>	<b>(7.5% effective 1 July 2024)</b>
<b>TOTAL</b>	<b>15,00%</b>	

The following deductions are made from the above contributions:

Less (Unapproved benefit<sup>1</sup> premiums paid directly to the Insurers by the NBCEISA):

PHI premium (Disability benefit)	<b>0,69%</b>	(Monthly Remuneration)
Funeral benefit premium	<b>0.33%</b>	(R20 per member per month)
<i>Sub-total (Total contribution paid to AlexForbes by NBCEISA)</i>	<b>13,98%</b>	

Less:

GLA premium (Death benefit): Approved benefit <sup>2</sup>	<b>1,45%</b>	(Monthly Pensionable Salary)
Fund expenses <sup>3</sup> (average for the 2023 Financial Reporting Year)	<b>2,58%</b>	
<i>Sub-total</i>	<b>4,03%</b>	

<b>NETT ALLOCATION TO RETIREMENT SAVINGS</b>	<b>9.95%</b>
<i>(average for Financial Reporting Year)</i>	

<sup>1</sup>**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.

<sup>2</sup>**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).

<sup>3</sup>**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 R560,506,628 as at 31 December 2023 (31 December 2022: R491,643,628).

**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 (2023 AFS):

YOUNGER MEMBER PORTFOLIO		OLDER MEMBER PORTFOLIO		PENSIONER PORTFOLIO	
Coronation Houseview Equity	5.70%	Coronation Houseview Equity	2.90%	Coronation Houseview Equity	2.60%
Fairtree Equity	5.40%	Fairtree Equity	2.80%	Fairtree Equity	2.50%
Sentio Equity	4.90%	Sentio Equity	2.50%	Sentio Equity	2.30%
Truffle Equity	5.40%	Truffle Equity	2.80%	Truffle Equity	2.50%
Momentum Capped SWIX Equity Index Tracker	14.40%	Momentum Capped SWIX Equity Index Tracker	7.30%	Momentum Capped SWIX Equity Index Tracker	6.60%
Catalyst Property Fund	0.00%	Catalyst Property Fund	0.00%	Catalyst Property Fund	0.00%
Futuregrowth Infrastructure Bond	14.50%	Futuregrowth Infrastructure Bond	25.8%	Futuregrowth Infrastructure Bond	25.40%
Aluwani Active Cash	3.0%	Aluwani Active Cash	26.20%	Aluwani Active Cash	27.00%
Momentum Money Market	0.70%	Momentum Money Market	0.30%	Momentum Money Market	0.30%
Prescient Low Liquidity	0.20%	Prescient Low Liquidity	0.00%	Prescient Low Liquidity	0.00%
BlackRock World Sub Index Equity	34.60%	BlackRock World Sub Index Equity	15.60%	BlackRock World Sub Index Equity	15.70%
Sanlam Inflation Plus	10.00%	Sanlam Inflation Plus	13.00%	Sanlam Inflation Plus	14.10%
State Street USD Liquidity	1.20%	State Street USD Liquidity	0.90%	State Street USD Liquidity	0.90%
<b>100%</b>		<b>100%</b>		<b>100%</b>	

ASSET CLASS	YOUNGER MEMBER PORTFOLIO	OLDER MEMBER PORTFOLIO	PENSIONER PORTFOLIO
SA Equities	35.7%	19.7%	18.0%
SA Bonds	18.1%	44.4%	45.1%
SA Cash	6.4%	13.9%	14.4%
SA Property	0.9%	0.5%	0.4%
Intl Equities	35.8%	17.1%	17.4%
Intl Bonds	0.6%	1.2%	1.3%
Intl Cash	1.3%	0.9%	1.0%
SA ILB	1.1%	2.2%	2.2%
Intl Property	0.1%	0.2%	0.2%
	<b>100%</b>	<b>100%</b>	<b>100%</b>



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### The Fund's Investment Strategy – the Lifestage Model

The Fund's investment strategy is based on matching investment risk profiles to age appropriate portfolios over time i.e. more aggressive when you're young and becoming less aggressive as you near retirement.

The Fund makes use of separate Pensioner and Active/Former members portfolios and makes use of the following 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 1/48<sup>th</sup> of the assets from the Younger Member Portfolio to the Older Member Portfolio
- The member will be fully invested in the Older Member portfolio 1 year (12 months) away from retirement.

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 <sup>th</sup> from the Younger Member portfolio to the Older member portfolio.	
12 months (1 year)			100%

### Investment Performance

The Fund's Investments are carefully monitored by the Board of Trustees and the Fund's Investment Consultants. Investment performance for the financial year ending 31 December 2023 is indicated in the table below:

Portfolio Name	Investment Return (1 year)	Investment Return (3 years)	Investment Return (5 years)
Younger Member Portfolio	15.9%	14.1%	12.1%
Older Member Portfolio	13.1%	10.9%	10.3%



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### 6. FINANCIAL REPORTING (31 DECEMBER 2023)

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 2023.

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

	31 December 2023	31 December 2022
Momentum Outcome-Based Solutions Proprietary Limited	556 805 374	488 206 987
Sanlam Life Insurance Limited	3 701 254	3 436 641
<b>Total value of investments managed</b>	<b>560 506 628</b>	<b>491 643 628</b>

#### Membership

##### Active members

At beginning of period	4 038
Additions	577
Adjustments	(7)
Less:	
Withdrawals	146
Retrenchments	248
Deaths	12
Retirements	16
<b>At end of period</b>	<b>4 186</b>

Members at end of period (South African citizen) 4 186

##### Adjustments

The adjustment of 7 members are due to members loaded on the system in error.

##### Pensioners

At beginning of period	116
Additions	6
Less:	
Deaths	2
<b>At end of period</b>	<b>120</b>

Members at end of period (South African citizen) 120

##### Unclaimed benefits

At beginning of period	5 846
Additions	21
Less:	
Settled in full	60
<b>At end of period</b>	<b>5 807</b>

Members at end of period (South African citizen) 5 807





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## **7. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES**

### **7.1 Membership**

The total number of members as at 31 December 2023 was 10 113 (2022: 10 000)

### **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 and Facebook Page**

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.

The Fund also created a Facebook page where general announcements and information is posted on a regular basis. By following the page at [facebook.com/ECIRRegionC](https://facebook.com/ECIRRegionC) you can add a channel to keep informed of latest developments of the Fund.

You can also register on the AlexForbes Member Website: <https://Connect2AF.alexforbes.com> by entering your ID Number and Surname and following the prompts. More information is provided in the Fund's Member Booklet.

## **8. SUBSEQUENT EVENTS**

### **8.1 Composition of the Board**

Mr Carlyle Field's Term of Office expired on 20 May 2024 and Ms Zanele Shongwe was appointed as Independent Trustee for a 3-year term effective 21 May 2024.

Mr Linden Bowes resigned as Trustee effective 5 September 2024 and an appointment in this regard will be finalised soon.



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FULL NAME		POSITION
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Mr Deon	van Deventer	Member Trustee*
Mr Innocent	Nkabinde	Member Trustee*
Mr Amos	Madonda	Member Trustee*
Mr Dave	Alcock	Employer Trustee
Vacant		Employer Trustee
Mr Paolo	Minichiello	Employer Trustee
Mr Scott	Adams	Employer Trustee
Ms Zanele	Shongwe	Independent Trustee

### 8.2 Rule Amendment 3

In order to facilitate the implementation of the requirements of the updated published Collective Agreement in terms of Government Notice No 48627 of 19 May 2023, the Fund prepared and submitted the required Rule Amendment to the Financial Sector Conduct Authority ("FSCA").

Approval was granted and the contribution rate change was implemented 1 July 2024. Both the Member Contribution Rate and Employer Contribution Rate is now set at 7.5%.

### 8.3 Rule Amendment 4

The Rules of the Electrical Industry Kwa-Zulu Natal Pension Fund was amended to allow for a clearer interpretation of the appointment of the Board of Trustees by the parties to Council by refining the relevant definitions contained in the Fund Rules.

This Rule Amendment was approved on 26 May 2024.

### 8.4 Nestlife Liquidation

Following the Nestlife Liquidation, the Fund lodged a claim with the Liquidators during 2022.

The First and Second Liquidation and Distribution Accounts dealt with all assets recovered which provided for payment of dividends of 10c in the Rand based on the available funds (First Distribution) and 8,5c in the Rand (Second Distribution). Payments of the liquidation proceeds have been made to the beneficiaries concerned.

### 8.5 Outsourcing of Pensioner Liability

The Board of Trustees considered advice from the Fund's investment Consultants and have agreed that pensioner payments will be outsourced to Sanlam in future. This means that Sanlam will pay pensions to the existing pensioners going forward.

This will improve efficiencies and may result in better future outcomes for pensioners. This process is currently underway and the Board will ensure the most efficient implementation method.



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### 8.6 Implementation of the Two-Pot System

The Two-Pot system was implemented effective 1 September 2024. This new retirement system creates three different "pots" for each member:

	 VESTED POT	 SAVINGS POT	 RETIREMENT POT
	<ul style="list-style-type: none"> <li>All fund savings until 31 Aug 2024</li> <li>Investment growth on the savings</li> </ul>	<ul style="list-style-type: none"> <li>1/3 of contributions from 1 Sept 2024</li> <li>Investment growth on the savings</li> <li>Seeding (10% of value as at 31 Aug 2024 up to a maximum of R30 000)</li> </ul>	<ul style="list-style-type: none"> <li>2/3 of contributions from 1 Sept 2024</li> <li>Investment growth on the savings</li> </ul>
	<ul style="list-style-type: none"> <li>Cash accessible on resignation</li> <li>Accessible at retirement in terms of Fund Rules</li> </ul>	<ul style="list-style-type: none"> <li>Cash accessible at any time</li> <li>One withdrawal per tax year, minimum of R2 000, subject to fees and tax at marginal rates</li> </ul>	<ul style="list-style-type: none"> <li>Not accessible on resignation</li> <li>Compulsory annuity at retirement</li> </ul>

For more information and to find out how to access funds in your savings pot, please visit the AlexForbes website: [Alexforbes Webinars | Two-Pot system for retirement funds](#)

## 9. REGISTERED ADDRESS OF THE FUND

Address : 23 Lennox Road, Greyville, Durban  
Tel : (031) 309 1325