

MEMBER REPORT

31 JULY 2019

PRINTING INDUSTRY PENSION FUND FOR SATU MEMBERS

AND

SATU NATIONAL PROVIDENT FUND

PREPARED BY:

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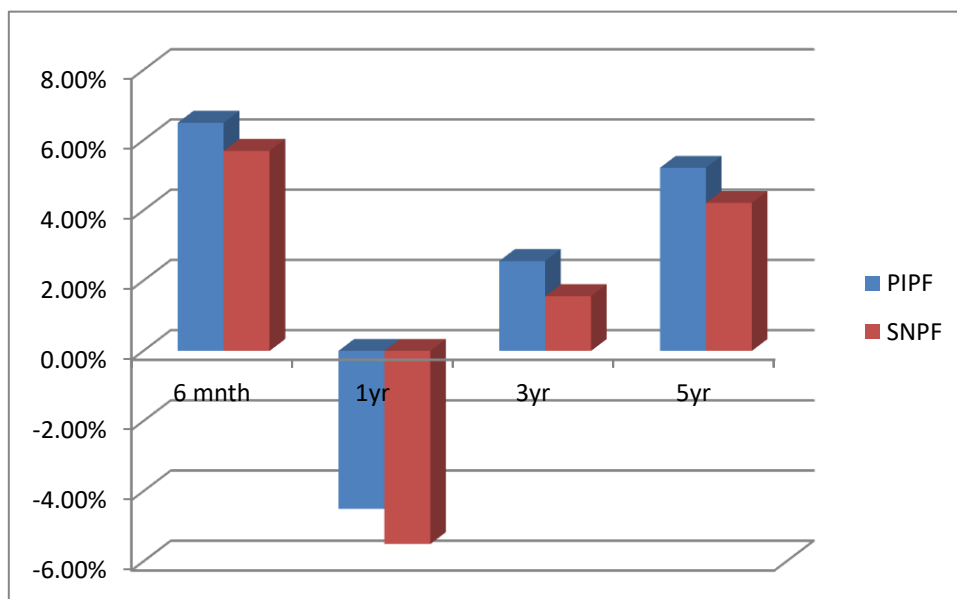
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1. Introduction

This is an annual report of the Printing Industry Pension Fund for SATU Members and SATU National Provident Fund sent in the second half of 2019. Benefit statements as at 31 December 2018 were sent earlier during the year.

2. Investments

2.1 Annual returns to December 2018 (per annum) and 6 months to June 2019



In 2018 almost only cash investments in South Africa gave positive returns.

The investment returns during 2018 were dominated by global events in the last third of the year when President Trump and the USA imposed tariffs (import duties) on especially goods imported from China. There are still fears that this will reduce trade worldwide. The USA had nine interest rate increases until the end of 2018. A small reduction in interest rates in the USA was announced in July 2019.

In South Africa, one share Naspers, constitutes more than 20% of the South African benchmark index and it fell significantly in 2018. Naspers owns 30% of a Chinese internet company, Tencent, various internet businesses throughout the world, Media24 in South Africa and at that stage Multichoice (DSTV). Tencent owns various games and the Chinese platform WeChat that is widely used in China. Naspers's share price fell with the noise around the USA/Chinese trade. The Naspers share price has subsequently recovered significantly and the Multichoice shares were listed and unbundled to Naspers shareholders (the funds received these shares). The Funds have benefited from these management actions.

There has been a more realistic assessment of government finances and the demands of the State Owned Enterprises like Eskom, SAA, the SABC, Denel and others. This has increased the borrowing requirement of the state and it negatively impacts on economic growth and service delivery in South Africa. It is quite possible that members will experience further above inflation tax increases, whether it be through local municipal taxes, electricity rates or even further national tax increases.

The Fund has not escaped these economic events and will have to carefully navigate the economic events in South Africa, in fact worldwide, to try and meet members benefit expectations.

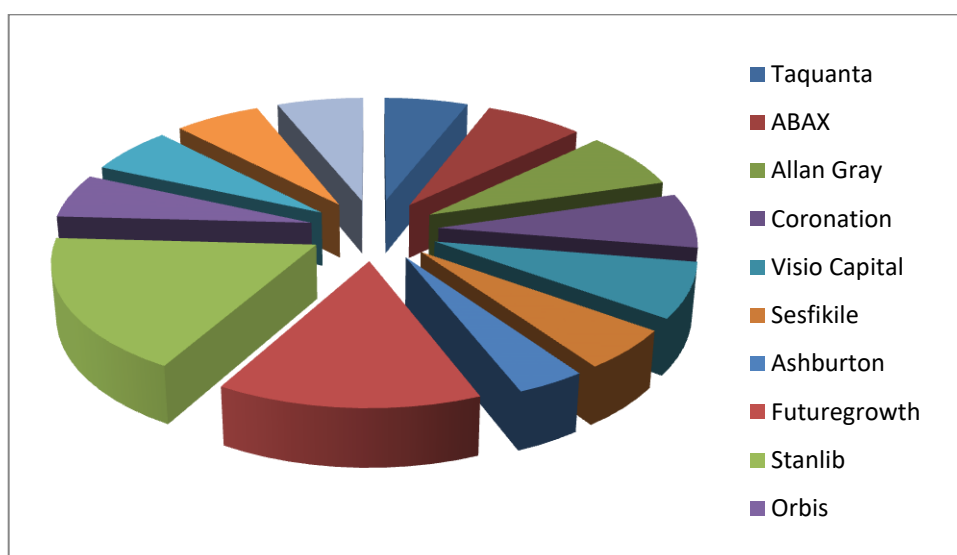
2.2 Investment strategy

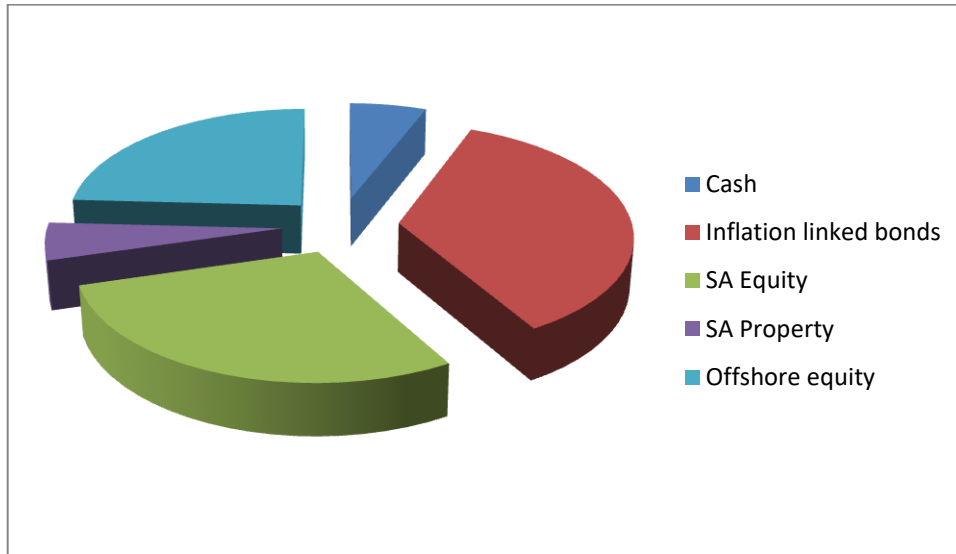
The Funds followed an investment strategy that invests its maximum that is allowed offshore (almost 30%). The remainder in South Africa is diversified across asset classes. The strategy is based on an asset liability model based on the Funds' age and expected cashflow profile.

The Funds are advised by Riscura on its asset allocation and investment strategy. The Funds' actuary, Michael Badenhorst of Moruba, also signs off on the strategy. The Funds have a Joint Investment Committee that meets quarterly. The meetings include amongst others feedback on its investments and the economy, asset manager reviews, review of the Funds' asset allocation, cashflow requirements and possible alternative strategies.

The Funds' use 13 different asset managers to try ensure diversification.

The combined split of assets between asset managers and asset classes as at 30 June 2019 are shown below.





In practice the Funds have more detailed asset allocation for its active members and a separate asset allocation for its pensioner liabilities.

2.3 Investments in participating employers

The Funds are limited to a 5% holding in participating employers in terms of the Pension Funds Act of 1956. Naspers, through Media 24, is one such a participating employer for which this limitation is relevant. This limitation compares with a SWIX-benchmark weight in excess of 15%. The Funds may increase the holding up to 10% with approval of the FSCA after communication with members. The Funds have obtained this approval.

2.4 Investment Policy Statement (IPS)

The investment policy statement of the Funds is reviewed annually.

The Funds focus on its liability profiles and incorporate that into its investment strategy.

The Funds are also cognisant of its corporate responsibility and are incorporating the governance principles as stated in King IV into its processes. The Board has adopted the Code of Responsible Investment for South Africa (CRISA).

A key concept is that of sustainability (including environmental, social and governance factors) and is incorporated in the investment process. This includes voting all proxy votes at investee companies. The intention is that our asset managers must develop and implement a policy on proxy voting with specific reference to capital structure, leadership and remuneration. Where the Funds lend money to institutions, including State Owned Enterprises, our asset managers are encouraged to apply the same principles of sustainability and responsible investment practices.

The Funds have instructed its asset managers to vote against any donations to political parties by its investee companies, as the Funds' membership belongs to a union that is apolitical.

3. Financial Highlights

A summary of the important financial highlights is as follows:

Assets on	SATU National Provident Fund	Printing Industry Pension Fund for SATU Members
31 December 2018	R1 060 410 000	R4 985 539 000

In total the Funds paid R548,7m in benefits during 2017. The PIPF paid R403,5m and the SNPF paid R145,2m in benefits respectively.

The Funds are mature funds, which means membership is older and in the Pension Fund we have more pensioner members receiving benefits than active members making contributions.

4. Housing loan surety

ABSA Bank, the Funds' former pension backed home loan partner has withdrawn from the market. The Funds investigated various options to provide home loans and have now partnered with Transparent Financial Services, to provide such housing loans.

5. Beneficiary fund review

The Funds use Sanlam Life as a beneficiary fund provider.

6. B-BBEE Scorecard for the Fund

The Department of Trade and Industry published the amended Financial Sector code in December 2017 in terms of the BBB-EE Act. Until then retirement funds were not required to publish scorecards. The code now suggests a voluntary scorecard for the top 100 funds. The scorecard focuses on the leadership of the Fund (20%) and procurement (80%). The BBB-EE requirements have been taken into account in the procurement of services for some time. The Board has undertaken to work with service providers to comply with the code and has therefore subscribed to a process to complete its own scorecard. Some elements of disclosure will be difficult to ascertain such as the percentage of liabilities attributed to black people as the administrator has not kept records based on race for some time.

A draft scorecard has been compiled. The scorecard will have to be audited. Early indications are however that the Funds comfortably reaches almost all targets set in the Financial Sector Code.

7. Rule changes

The Funds have always allowed members to leave their benefits in the Fund as a withdrawal benefit can only be paid if a member leaves the industry. The default annuity is a pension payable from the Printing Industry Pension Fund.

The Funds are in the process of updating its Rules to allow wider membership of companies in the printing and packaging sector. The Rules will also allow for new employers to phase in contributions to the minimum required level. Further changes are required with the change in regulatory authorities from the FSB to the FSCA.

8. Board of trustees

The current Board of Trustees is as follows:

Member Elected Trustees	Employer Nominated Trustees	Independent Trustees
MK Maluleke	Dr. AM Mahomed	CH Bösenberg
X Mavuso	CD Conradie	
F Fouché	A Read	
AC Michael	S Ramdheo	
S Mbokotho (Alternate)	S Lange (Alternate)	
E de Klerk (Alternate)		
Actuary	Principal Officer	Chairperson
M Badenhorst	MD Oosthuizen	P Lacy

*The Printing Industry Pension Fund for SATU Members
and all its staff and Board members would like to wish
all our centenarian pensioners a happy birthday
on their special days in 2019*

Happy Birthday

<i>Mrs Ntombana Dinah Dlomo (531936)</i>	<i>1917/01/01</i>	<i>101</i>	<i>Natal Region</i>
<i>Mrs Ntombovu Mabaso (524708)</i>	<i>1918/01/01</i>	<i>100</i>	<i>Natal Region</i>
<i>Mrs Nomashaina Mazibuko (523281)</i>	<i>1917/03/04</i>	<i>101</i>	<i>Natal Region</i>
<i>Mrs Frances Ellen Rutgers (12383)</i>	<i>1915/09/12</i>	<i>103</i>	<i>Cape Region</i>



9. Enquiries and complaints

Step 1: Write to the Principal Officer with the details of your enquiry or complaint;

Principal Officer	Dirk Oosthuizen
Tel: (012) 338-2000	Fax: (086) 626-9857
<i>Please note our new postal & physical address</i>	
4 Estcourt Avenue Wierdapark Centurion 0157	
www.rfpi.co.za	dirko@transfin.co.za

Step 2: From the date of receipt of your letter/email by the Administrator's office (we receive correspondence addressed to the Principal Officer at the Funds' registered office), it can take up to a maximum of 30 days for the Principal Officer to investigate the matter and then to respond to you;

Step 3: A complainant who is not satisfied with the response, or if he or she did not get a response, may then approach the Pension Funds Adjudicator. The Pension Fund Adjudicator may not consider a complaint if the Fund has not had an opportunity to address the query. The Adjudicator's contact details are as follows;

Pension Funds Adjudicator	
PO Box 580 MENLYN 0063	
Tel: (012) 346-1738	
www.pfa.org.za	enquiries@pfa.org.za



Dirk Oosthuizen
Principal Officer

31 July 2018

Summary of Benefits

	Printing Industry Pension Fund for SATU Members	SATU National Provident Fund
Member's Contributions	Members contribute a minimum of 4% of their salary	Members contribute a minimum of 4% of their salary
Employer's Contribution	Employers contribute a minimum of 5% of a member's salary	Employers contribute a minimum of 5% of a member's salary
Normal Retirement Age	Age 65	Age 65
Early Retirement Age	Age 55	Age 55
Benefit on Retirement at normal retirement age	The member will become entitled to a pension that can be secured by his/her Fund Credit less any commutation at the date of retirement. The pension is guaranteed for a 5-year period and is increased annually.	The member will become entitled to a retirement benefit that can be secured by his/her Fund Credit at the date of retirement.
Benefit as a Result of Disability or Ill Health	In the event of total and permanent disability of a contributing member, the member is entitled to a pension that can be secured with his Fund Credit plus an additional benefit equal to a percentage of 2 times Fund Salary earned in the year preceding his retirement with the percentage being 100% before age 60 reducing to 20% after age 64, less any commutation.	In the event of total and permanent disability of a contributing member, the member is entitled to a retirement benefit that can be secured with his Fund Credit plus an additional benefit equal to a percentage of 2 times Fund Salary earned in the year preceding his retirement with the percentage being 100% before age 60 reducing to 20% after age 64.
Commutation	A member may, at retirement (including retirement due to disability or ill-health), elect to commute up to 1/3 of his/her full Fund Credit (including the insured benefit in case of disability pension)	A member may, at retirement (including retirement due to disability or ill-health), elect to commute the full Fund Credit. (including the insured benefit in case of disability pension)
Spouse's Pension on Death of Pensioner	A spouse's pension of 0%, 50% or 100% of the member's pension at date of death may be payable depending on the option chosen on retirement.	No Spouse's pension is payable

<p>Spouse's Pension on Death in Service</p>	<p>On the death of a contributing member younger than 65 years and there being a surviving spouse and/or minor children, the deceased member's Fund Credit plus 2 times Fund salary earned in the year preceding his retirement is distributable in terms of Section 37C of the Pension Funds Act and payable as a pension.</p>	<p>No Spouse's pension is payable</p>
<p>Lump sum on Death in Service</p>	<p>On the death of a contributing member younger than 65 years and in the event of there being no surviving spouse or minor children, the deceased member's Fund Credit plus 2 times Fund Salary earned in the year preceding his retirement is distributable in terms of Section 37C of the Pension Funds Act and paid as a lump sum.</p>	<p>On the death of a contributing member younger than 65 years, the member's Fund Credit plus 2 times Fund Salary earned in the year preceding his retirement is distributable in terms of Section 37C of the Pension Funds Act and paid as a lump sum.</p>
<p>Withdrawal</p>	<p>In the event of a member leaving the Fund and the Industry before attaining age 55, the member may elect to receive his Fund Credit as a lump sum or transfer his Fund credit to another approved pension fund.</p> <p>A member that already attained the age of 55 years (and who does not want to take an early retirement benefit) or any other member if he/she so wishes, must retain the Fund Credit in the Fund until he/she retires.</p> <p>A member that leaves the Fund but stays in the Industry must retain his/her Fund Credit in the Fund.</p>	<p>In the event of a member leaving the Fund and the Industry before attaining age 55, the member may elect to receive his Fund Credit as a lump sum or transfer his Fund credit to another approved retirement fund.</p> <p>A member that already attained the age of 55 years (and who does not want to take an early retirement benefit) or any other member if he/she so wishes, must retain the Fund Credit in the Fund until he/she retires.</p> <p>A member that leaves the Fund but stays in the Industry must retain his/her Fund Credit in the Fund.</p>
<p>Expenses</p>	<p>The Fund expenses, including administration and management fees are deducted from Fund Returns</p>	<p>The Fund expenses, including administration and management fees are deducted from Fund Returns</p>

PLEASE NOTE THAT THIS IS A SUMMARY OF THE BENEFITS CURRENTLY ON BOTH FUNDS. SHOULD THE SUMMARY DIFFER FROM THE RULES, THE RULES WILL APPLY