

Quarterly Report

# VMPF

Vrystaat Munisipale Pensionfonds

October 2022

A cup of coffee on a saucer next to financial documents and a pen.

A word from the

# Board of Trustees and Principal Officer

**Welcome** to the third quarterly newsletter of the Vrystaat Munisipale Pensioenfonds (the Fund) for 2022.

This newsletter provides you with all the important matters regarding your membership in the Fund that you need to be aware of.

The Board of Trustees meets regularly and continues to work hard to ensure that you benefit as much as possible as a member of the Fund

We encourage you to take the time to read this newsletter and contact us should you have any questions or concerns you would like to discuss with your Board of Trustees.

**Hazel Hopkins (Principal Officer) on behalf of the Board of Trustees**

10.2022



The background of the slide features a close-up, shallow depth-of-field photograph of various coins (pennies, nickels, and dimes) scattered on a surface. Overlaid on this image are several large, semi-transparent geometric shapes: a large white triangle pointing downwards, a smaller white triangle pointing upwards, and a yellow rectangle in the top-left corner. The text is positioned on the right side of the slide, set against the white background.

# What's Covered

1. Stakeholders and Service Providers
2. Fund Contributions
3. Investment Update
4. Death Benefits
5. Fund Matters and Updates

# Stakeholders and Service Providers

## Board of Trustees

All Trustees have been appointed in accordance with Rule 16 of the Amended Rules of the Fund. The Trustees meet regularly as they have a fiduciary duty towards the Fund and to act in your best interests as a member. **The Trustees are as follows:**

Name of Trustee	Type of Appointment
Mr. Roelof Ter Stege (Chairman)	Member elected
Mr. Malcolm Campbell (Vice-chairman)	Independent Trustee
Vacancy	Employer Appointed
Mr. Tsediso Moalosi	Employer Appointed
Mr. Petrus Coenraad Faber	Member Elected
Mr. Ewan Eloff	Member Elected

Each council is required to nominate Employer Trustees to ensure that the Board of Trustees has representation in accordance with the Rules of the Fund at all times and in ensuring the Fund is managed effectively. As you will notice there is a vacancy for an employer appointed trustee and the Principal Officer is in the process of requesting nominations from each municipality whereafter there will be a vote.

The Board is supported by the Principal Officer in ensuring that the Fund acts in the best interests of its members, pensioners and beneficiaries. The Principal Officer implements all Board decisions and gives effect to the Board’s strategy as well as supports the Board with day-to-day operations.

## Service Providers

The Fund makes use of service providers to assist the Board in fulfilling its fiduciary duties. All service providers are appointed through a competitive bidding process in accordance with the Fund’s procurement process.

The current service providers used by the Fund are as follows:

Function	Service Provider
Actuarial Services	Simeka Consultants
External Auditor	PwC
Benefit Administration	Sanlam
Investment Advisor	GraySwan
Investment Administration	- Alexander Forbes
	- Allan Gray
	- Coronation
	- Colourfield
	- Ninety-One
Risk Assurer	- Sanlam
	- ABAX
	BrightRock

The Board of Trustees reviews the effectiveness and value provided by each of the service providers on an ongoing basis to ensure appropriateness and that as a member, you are getting the best possible value.



# Fund Contributions

As an active member, it is important that your monthly contributions are paid by your **Employer to the Fund** (as required by Section 13A of the Pension Funds Act) to ensure that your pot of retirement savings continues to grow as much as possible for your retirement!

Your monthly contributions and applicable fees are shown below as a percentage of your salary:

Category	A Defined benefit	B Defined contribution	C Hybrid
Employer Contributions	18.07%	18.07%	18.07%
Employee Contributions	8.50%	8.50%	8.50%
Life Cover Premium	N/A	-4.46%	-4.46%
Disability Cover Premium	N/A	-0.92%	-0.92%
Total Contributions Invested	26.57%	21.19%	21.19%

As at 24 October 2022, the municipalities below are in arrears with contributions:

Municipality	Status
Kopanong	September contributions and schedule outstanding.
Mafube	July 2019 – September 2022 contributions and schedule outstanding.  Prior to admin change May 2015 – June 2019 contributions and schedule outstanding.
Masilonyana	December 2021 – September 2022 contributions and schedule outstanding.
Mohokare	September 2022 contributions outstanding.
Nketoana	August 2022 – September 2022 contributions and schedule outstanding.

The Fund is focused on following up on all non-compliant Municipalities and continues to address these.

# Investment Updates

# 3

## Market Values

as at 31 August 2022

Active Members	Market Value
Allan Gray Global Balanced	R519,863,475
Coronation Global Balanced	R499,835,898
Ninety-One Global Balanced	R483,407,243
<b>Total Growth Portfolio</b>	<b>R1,503,106,616</b>
Ninety-One Cautious Managed	R30,436,352
SIM Cautious Absolute Fund	R30,276,618
<b>Total Cautious Portfolio</b>	<b>R60,712,970</b>
AFI Banker	R147,399,624
SIM Cash Fund	R100,326,185
ABSA Fixed Deposit	R19,700,000
<b>Total Cash Portfolio</b>	<b>R267,425,809</b>

  

Pensioners	Market Value
Colourfield LDI	R920,699,616

  

	Market Value
<b>Total Investments</b>	<b>R2,751,945,011</b>

## Fund Growth (before fees)

as at 31 August 2022

Active Members	1 Month	Quarter	1 Year	3 Years	5 Years	10 Years
Allan Gray Global Balanced*	0.22%	-1.64%	9.32%	8.39%	5.70%	9.08%
Coronation Global Balanced*	0.30%	-0.68%	1.93%	10.57%	7.14%	10.09%
Ninety One Global Balanced*	-0.53%	-2.12%	2.10%	7.10%	6.03%	9.38%
<b>Total Growth Portfolio</b>	<b>-0.01%</b>	<b>-1.47%</b>	<b>4.26%</b>	<b>7.82%</b>	<b>5.79%</b>	<b>9.27%</b>
Ninety One Cautious Managed**	-0.15%	0.29%	0.96%	6.06%	6.94%	8.10%
SIM Cautious Absolute Fund**	0.46%	0.09%	4.31%	5.39%	6.05%	8.01%
<b>Total Cautious Portfolio</b>	<b>0.16%</b>	<b>0.20%</b>	<b>2.36%</b>	<b>5.67%</b>	<b>6.47%</b>	<b>8.04%</b>
AFI Banker	0.64%	1.52%	5.38%	5.86%	6.90%	7.07%
SIM Cash Fund	0.57%	1.36%	4.73%	5.37%	6.07%	5.83%
<b>Total Cash Portfolio</b>	<b>0.62%</b>	<b>1.46%</b>	<b>5.12%</b>	<b>5.66%</b>	<b>6.57%</b>	<b>6.57%</b>

  

Pensioners	1 Month	Quarter	1 Year	2 Years	5 Years	10 Years
Colourfield LDI	2.41%	0.68%	9.00%	11.06%	-	-



## Life Stage Model Reminder

### B AND C MEMBERS

The Life Stage model takes into account the different risks and needs of investors close to retirement (5 years or less to retirement) and younger members still further from retirement age (more than 5 years). Because of the distinct difference in the risk appetite of members close to retirement (5 years or less) and younger members (more than 5 years from retirement), there are two separate portfolios utilised for both Category B and C members. **The two separate portfolios are:**

#### Free State Growth Portfolio

This portfolio focuses on long term capital growth and aims to achieve returns of inflation plus 5% over 5-year periods. This portfolio is utilised to manage members’ assets that are more than 5 years from retirement. In other words, all members aged 60 years or younger are fully invested into this portfolio.

#### Free State Cautious Portfolio

This portfolio is more focused on capital protection given the shorter investment horizon (for members who are closer to retirement age). In addition to the primary objective of protecting capital, the portfolio still aims to achieve returns of inflation plus 3% over 3-year periods. This portfolio is utilised to manage member’s assets that are less than 5 years from retirement.

The table below explains how the life stage works:

Up to age 60	Age 60 to 63	From age 63
100% Free State Growth Portfolio	Transition quarterly over 3-year period	100% Free State Conservative Portfolio
Capital Accumulation		Capital Protection

It is an important consideration of the Board of Trustees that members have different needs to each other. For this reason, you have the option to not have your investments form part of the default lifestage.

Should you choose not to participate in the default (de-risking into the cautious portfolio), you have the option to “opt out” of this and remain in the growth portfolio up until your retirement age.

If you do not specifically “opt out”, your investments will be a part of the de-risking approach described alongside.

If you are considering the option to “opt out”, we encourage you to obtain financial advice to ensure that you are making a decision that will ultimately benefit you financially going forward

# 4

## Death Benefits

If you pass away while still employed and a Member of the Fund, your death benefits will be paid out to your Beneficiaries as follows:



### Beneficiary nomination form

**Without a completed form, your wishes cannot be taken into account!**

Please ensure that you have completed your beneficiary nomination form. Although the Trustees determine the allocation according to your financial and factual dependents, they are obliged to take your wishes into account when they make this decision.

Submit your completed form to the Principal Officer at [hazel@axiomatic.co.za](mailto:hazel@axiomatic.co.za) or [freepen@e3.co.za](mailto:freepen@e3.co.za).

## Membership Category

### Category B and C

There are 2 parts to your lump sum benefit (Insured and Retirement Death Benefit):

#### Insured Benefit

As part of the benefit of your membership (Category B and Category C members) of the retirement fund, you have group life cover in place, provided you are under age 60, that will pay out if you pass away.

#### Retirement Fund Death Benefit

In addition to the benefit described above, your Fund value, will pay out.

### Category A

In addition to the **lump sum death benefit** which is payable to your dependents and/or nominees, there are also **monthly pensions payable** to eligible spouses and children as set out in the Rules of the Fund.

**All death benefits are subject to tax.**

**Therefore, tax will be deducted before the benefit is paid out.**

Your death benefits are paid in accordance with Section 37C of the Pension Funds Act. All factual and financial dependency on you is taken into account when determining the distribution of your death benefits.

In a case where there are no factual and financial dependents, death benefits will be distributed to your nominees. Your will has no effect in respect of the distribution of these benefits.





# Fund Matters and Updates

## We Need Your Details

To ensure that we can provide you, our member, with the necessary updates to all matters affecting you as a member of the Fund, we need your updated contact information.

Please ensure that you send your email address and/or mobile number to any of the following contact email addresses:

[freepen@e3.co.za](mailto:freepen@e3.co.za) | [client.services@sanlam.co.za](mailto:client.services@sanlam.co.za) | [hazel@axiomatic.co.za](mailto:hazel@axiomatic.co.za)

## Complaints / Dissatisfaction

In the event of a complaint regarding the Fund, please raise your complaint in writing to the Fund. The Fund is obligated to respond to your complaint within 30 days. Should you receive no response, or are not satisfied with the response, you can lodge your complaint with the Pension Funds Adjudicator.

## Annual Financial Statements

The Fund's Annual Financial Statements for the year ended 30 June 2022 are in the process of being prepared and thereafter will be audited for the Board of Trustees to review.

## Contact Details

The Fund's front office has been closed and we are operating remotely. Please use the email addresses and contact numbers alongside should you need any assistance.

### Front Office

**Telephone number:** +27 (0)56 212 6161  
**Email address:** [freepen@e3.co.za](mailto:freepen@e3.co.za)

### Fund Administrator (Sanlam)

**Telephone number:** +27 (0)21 916 3883  
**Email address:** [client.services@sanlam.co.za](mailto:client.services@sanlam.co.za)

### Principal Officer

**Email address:** [hazel@axiomatic.co.za](mailto:hazel@axiomatic.co.za)

## Unclaimed Benefit Challenges

Although we have managed to trace many former members who had benefits owing to them, there remains money in the Fund owing to former members i.e. unclaimed benefits. We urge our members to assist us by informing former-colleagues and Fund members that they should check the database managed by the **FSCA** where all unclaimed benefit's owing to former members of any retirement fund in South Africa.

[Click here for the FSCA's database](#)

Should a former member identify that he/she has money due to them from the Fund – the member should reach out to any of the contacts listed below.

## Accreditation of Retirement Funds

Reminder that the parties to the South African Local Government Bargaining Council concluded a Retirement Fund Collective Agreement (RFCA) on 15 September 2021.

We inform you that the process of opening membership is currently on hold pending decision of the High Court. Updates will be communicated to you when available.