



## ***TRANSPORT***

*Sector Retirement Fund*

Moving Towards A Better Future

**INTEGRATED  
ANNUAL REPORT  
2021**







## OUR ACTIVITIES AT A HIGH LEVEL:



### IMPACT INVESTING



### FUND MANAGEMENT



### RISK MANAGEMENT



### GROWTH



### TRANSFORMATION



### DISTRIBUTION

## CONTENTS

05	<b>ABOUT THIS REPORT</b>
07	Statement of the Chairperson of the Board
09	External audit assurance
13	<b>OUR BUSINESS</b>
13	Offices
14	TSRF at glance – 2021 Highlights
15	Benefits
16	<b>BOARD OF TRUSTEES REPORT</b>
16	Management and control of the Fund
16	Current Board of Trustees
21	<b>PRINCIPAL OFFICER'S REPORT</b>
25	Economic and investment outlook
29	Regulatory developments
34	Fund stakeholders
36	<b>FUND PERFORMANCE</b>
36	Membership
37	Growing and protecting assets
38	Actuarial valuation
38	Housing loans
38	Life stage investment
38	Insurance
39	Subsequent events - new staff appointments
40	Stakeholder engagements, education and communication
42	Transformation, ESG and SRI
61	<b>FUND GOVERNANCE</b>
63	Changes to the rules of the Fund
63	Managing legal and regulatory matters
64	Risk management
65	Internal audit
66	Committees
69	FSCA Thematic reviews
70	<b>FINANCIAL STATEMENTS</b>
72	<b>IMPORTANT INFORMATION</b>
72	External service providers
73	Nomination of beneficiaries
73	Preservation of benefits
74	Compliance regarding payment of contributions
76	Covid-19 relief applications
77	Complaints and disputes
78	Financial advice
79	Questions, comments and suggestions

# TSRF HOLDS ONTO HOPE WITH A CONTINUED FOCUS ON IMPACT INVESTING

**Impact Investments are socially desirable investments** that are made with the **primary goal** of achieving **specific, positive social benefits while also delivering a financial return**.

**Impact Investments create a direct link** between **portfolio investment** and **socially beneficial activities**.

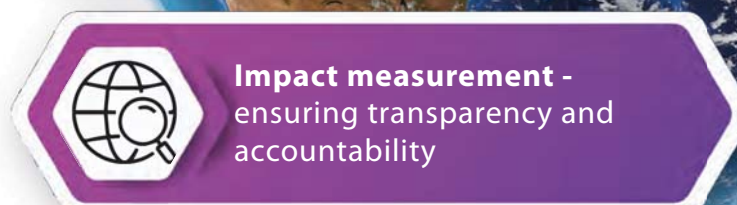
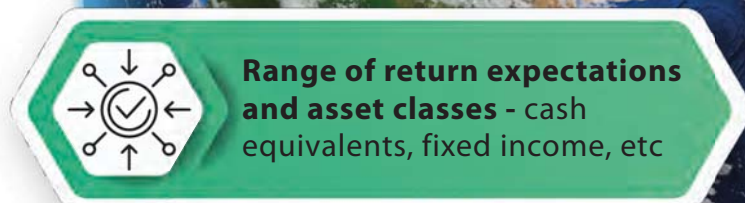
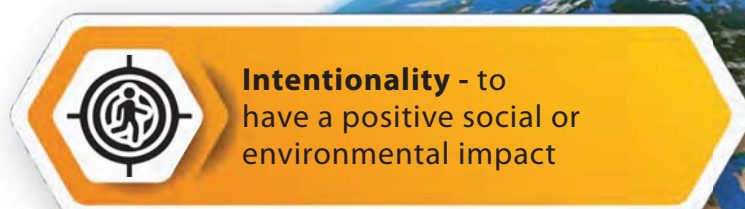
**Impact Investing challenges the conventional reliance** on philanthropic donations to address social and environmental challenges, that is **introducing a capital market for “good”**.

**Commercial financial returns** remain very important while seeking to make **measurable impact** in other aspects.

As a true corporate citizen, the Fund, through impactful investment **drives, socially inclusive growth and environmentally friendly initiatives, create jobs and alleviate poverty** by incorporating **ESG principles** in its investments.

**Read more about the TSRF’s Impact Investments on pages 42 - 60 of this Report**

## CHARACTERISTICS OF IMPACTING ORGANISATIONS/COMPANIES





## ABOUT THIS REPORT

*The Trustees of the Transport Sector Retirement Fund ("TSRF" / "the Fund") have the pleasure of presenting their report for the financial year ended 28 February 2021.* This report aims to provide Fund stakeholders and members with an overview of the activities, management, administration and financial status of the Fund during the past financial year and to illustrate how the Fund creates and sustains value for all its stakeholders in the short, medium and long term.

### NAVIGATING UNCHARTERED WATERS

Covid-19 has impacted the entire world, from the way people interact and live, the way goods and services are acquired and distributed to the way that business is conducted. Governments around the globe have had to take action to not only fight the pandemic, but to also bolster economic activity and prevent the collapse of financial markets and economies in general.

South Africa was not spared. The pandemic together with various lockdown restrictions have had an everlasting effect on our daily lives. Some have been infected and have recovered and some have succumbed to the virus. Many more have endured hardship and have sacrificed much during this time. Our already fragile economy has taken a beating with many small business owners within the transport industry bearing the brunt of these unprecedented circumstances.

South Africa's economic recovery is underway, buoyed by global tailwinds and gains in terms of trade, as well as an improved fiscal position and positive signs in South Africa's policy implementation. Recent unrest is a setback. Lost activity, incomes and profitability may carry short- and long-term repercussions.

The Fund acted swiftly in response to this crisis, by instituting a proactive crisis communication campaign to inform, advise and reassure members that, amongst their numerous other concerns, they could rest assured that their risk benefits would remain intact and the investments closely monitored. In addition the Fund stood in solidarity with its members and employers to grant relief to those employers in financial distress and to maintain fund operations (even during lockdown) in order to swiftly pay the benefits of those members who lost their jobs.

*We thank all South Africa's essential workers and especially our truck drivers for the many sacrifices they have made during this trying time in our history. We salute you!*

*"The Fund has recovered fully from the investment market fall in March 2020 because of its well-designed investment strategy."*









**Mdumisani Mabaso**, Chairman



## STATEMENT OF THE CHAIRPERSON OF THE BOARD

South Africa's transport sector contributes 17% to the country's GDP and creates almost 30% of formal employment, which gives an indication of the direct value that transport plays in the sustainable development of the nation.

*The transport sector is an enabler – it enables trade, commerce, tourism, economic growth, and gives people access to jobs, services, education, medicine, entertainment, sport, and social interaction that helps to create a dynamic country and citizens who live productive, positive lives.* It plays an essential role in the provision of socio-economic stability and national security. *Without transport the South African economy would grind to a halt. This has been clearly demonstrated during the National State of Disaster declared as the global Covid-19 pandemic took its hold on populations and world economies.* During the period of national lockdown, the Fund and its members continued to play a key frontline and vital role to deliver essential goods and services to the South African nation and neighbouring countries.

*I commend the members of the TSRF that have endured hardship during the last two years but have persevered and have continued to contribute to our economy as essential workers.* Despite great adversity, especially during the recent violence and looting, our truck drivers spent their time on route to various destinations in South Africa and across our borders into Africa, tirelessly delivering essential goods.

In the environment of National Lockdown and social distancing the Fund relied 100% on its Electronic Communication Channels to get messages across and keep our stakeholders informed. The walk-in claim and benefit counselling service-centres were often closed at short notice as the Covid-19 pandemic took its toll and members needed to be updated of these closures at short notice via the Fund Facebook page.

*“The **strength of the TSRF** is underpinned by the quality of our **governance structures** and areas in which the Fund is able to directly **benefit members.***

*The Fund's **Impact Investment projects** in the following industries: Housing, Retail and Office Space Properties, Agriculture, Truck Stops, Manufacturing and Old Age Homes.”*

**The Fund was rewarded for its efforts with yet another IRFA Stakeholder Engagement and Education Best Practice Certificate in 2021, our 8th consecutive award for our innovative and effective member communication strategies.**

The Fund has invested much time and resources over the last few years encouraging members to use the **Fund website, Facebook and Twitter** - and this paid-off all through lockdown in 2021. Members flocked to the Fund website to find information. The website measured over 1 million visits in September 2020.

Members were encouraged to register and use the newly developed **Online Benefit Counselling Tool** where they could access their Fund Benefit statement. **Once registered members are able to use WhatsApp and USSD on their phones to view Fund balances.** More than 4000 members registered to use the Online tool in the first 20 minutes after it was launched via an sms notification.

**The strength of the TSRF is underpinned by the quality of our governance structures and the capability of our Board of Trustees to identify areas in which the Fund is able to directly benefit members.** Besides our goal of ensuring that once members retire their living standards are maintained, the TSRF continually looks for ways to improve members' livelihoods while they are still actively employed. This goal is achieved through **the Fund's Impact Investment projects in the following industries: Housing, Retail and Office Space Properties, Agriculture, Truck Stops, Manufacturing and Old Age Homes.**

Our journey to enhance benefits and positively contribute to our members' lives has culminated yet again in a successful year with **the Fund winning an IRFA Best Practice Gold Standard Award Certificate for the third year in a row. This prestigious accolade essentially recognises the TSRF as one of the top Funds in the country.** This is in no small means directly attributable to my fellow Board members and our

visionary principal officer, **Mr Joe Letswalo. I thank my fellow trustees, our principal officer and our various service providers for their diligence, hard work and ongoing commitment to improving our members' livelihoods.** As we navigate through the ongoing storm, we have to **remain positive and hold on to hope. Stay strong, wear your mask and remember to social distance in public.**



**MDUMISANI MABASO**

**CHAIRPERSON OF THE BOARD**

*"The **foundations** of our **democracy** are based on the **will of the people**. It is our collective duty as South Africans to **work together** to build a **united** and democratic South Africa able to take its rightful place as a sovereign state in the family of nations. Let us all join hands to **continue building** the South Africa of **our dreams** despite the many challenges we face."*

**-President Cyril Ramaphosa**



*“The **Board of the Fund** is also responsible for **compliance** with the requirements of the **Rules of the Fund** and the **Pension Funds Act** of South Africa.”*



## EXTERNAL AUDIT ASSURANCE

### REPORT OF THE INDEPENDENT AUDITORS EXTRACT

#### OPINION

We have audited the financial statements of The Transport Sector Retirement Fund (the Fund) which comprise the statement of net assets and funds as at **28 February 2021** and the statement of changes in net assets and funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

***In our opinion, the financial statements of The Transport Sector Retirement Fund for the year ended 28 February 2021 are prepared, in all material respects, in accordance with Regulatory Reporting Requirements for Retirement Funds in South Africa.***

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are independent of the Fund in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### EMPHASIS OF MATTER – FINANCIAL REPORTING FRAMEWORK AND RESTRICTION ON USE

We draw attention to note 1 which describes the principal accounting policies in which the applicable financial reporting framework

is identified, as prescribed by the Registrar. Consequently, the financial statements and related auditor's report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## OTHER INFORMATION

The Board of the Fund is responsible for the other information. The other information comprises the annual financial statements in terms of section 15 of the Pension Fund Act no 24, 1956, but does not include the financial statements (schedule F, G and HA) and our auditor's report thereon (schedule D).

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE BOARD OF THE FUND FOR THE FINANCIAL STATEMENTS

The Board of the Fund is responsible for the preparation of the financial statements in accordance with the Regulatory Reporting Requirements for Retirement funds in South Africa and for such internal control as the Board of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of the Fund is also

responsible for compliance with the requirements of the Rules of the Fund and the Pension Funds Act of South Africa.

In preparing the financial statements, the Board of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



**Identify and assess the risks** of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as





fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



**Obtain an understanding of internal control** relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.



**Conclude on the appropriateness of the Board of Fund's** use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that

a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



**Evaluate the appropriateness of accounting policies** used and the reasonableness of accounting estimates and related disclosures made by the Board of the Fund.

*We communicate with the Board of the Fund regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.*

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Statement of Responsibility by the Board of the Fund describes instances of non-compliance with laws and regulations, including those that determine the reported amounts and disclosures in the financial statements that have come to the attention of the Board of the Fund and the corrective action taken by the Board of the Fund. There are no additional instances of non-compliance with laws and regulations that came to our attention during the course of our audit of the financial statements.

### **Mazars**

Registered Auditor

Partner: Munesh Patel

Johannesburg

20 July 2021







## OUR BUSINESS OFFICES

The Fund's main offices are situated in Wellington Road, Parktown, Johannesburg.



### CLIENT CONTACT CENTRES/ WALK-IN CENTRES

In order to service the members, the Fund also has Client Contact Centres in the following areas:

JOHANNESBURG	CAPE TOWN/BELLVILLE	DURBAN
<i>Client Contact Centre</i>	<i>Client Contact Centre</i>	<i>Client Contact Centre</i>
Samro Place	Suite 2	300 Anton Lembede Street
8th Floor	Edward building 1	6th Floor, Office 606
20 De Korte Street	116 Edward Street	Delta Towers
Braamfontein	Oakdale	Durban
	Belville	



# BENEFITS

## TRANSPORT SECTOR RETIREMENT FUND BENEFITS FACT SHEET

FSB Registration No: 12/8/37811

BENEFIT	DESCRIPTION	
Employee Contribution Rate	10%	
Employee Contribution Rate	10% (inclusive of costs)	
Normal Retirement Age Late Retirement	65 years. Employer approves continued employment past age of 65 years. Lump sum disability benefits cease at age 65. Lump sum death and funeral benefits continue to age 70.	
Death Benefit	3 x annual salary plus 100% fund credit	
Capital Disability Benefit	3 x annual salary plus 100% fund credit	
Funeral Benefit	Main Member Spouse Children: 14 to 21 years 6 to 13 years 1 to 5 years 0 to 11 months Stillborn	R65,000 R65,000 R48,500 R13,000 R10,000 R5,0000 R3,9000
Repatriation of Mortal Remains	<ul style="list-style-type: none"> <li>• Repatriation of Mortal Remains</li> <li>• Funeral/Cremation Arrangements</li> <li>• Obtaining of death certificate</li> <li>• Trauma Counselling</li> <li>• Legal Assistance</li> </ul>	
Administration Fees	Front Office (Sanlam)	
	Back Office (SALT EB)	
Pension-backed Home Loan (provided employer signs agreement)	<b>Loan parameters</b> 60% of Fund Credit Minimum loan term: Min: loan amount: Min: loan repayment: Interest rate:	12 months R5,000 minimum R200 pm Prime less 0.75%
Investments	The Fund provides a Life Stage investment strategy - investing members' fund credit based on their age and remaining term to retirement as follows: Member 54 and younger - Growth Portfolio Members 55 to 63 - Conservative Portfolio Members 64 and older - Cash Portfolio	

# TSRF AT A GLANCE

## HIGHLIGHTS

### 2021



## AWARDS

In 2021 the **Institute of Retirement Funds (IRFA)** once again recognised the **Transport Sector Retirement Fund** as **an innovative trailblazer in the industry**. The Fund received a certificate in the **overall Gold Standard Award** for meeting all the criteria in the following areas of excellence: **governance; transformation; stakeholder engagement and education; investment practice, trustee development; and financial management and reporting**. The Fund also received **Best Practice certificates** for **Stakeholder Engagement** (for the 8th year in a row).



# BOARD OF TRUSTEES REPORT

## MANAGEMENT AND CONTROL OF THE FUND

The Fund is managed by a Board of Trustees. The Principal Officer and Deputy Principal Officer are the executive representatives of the Fund and official contact persons for the Financial Services Conduct Authority. The Principal Officers are required to authorise all Fund documentation and carry the same fiduciary responsibilities to the Fund as those pertaining to the Trustees.

The Fund is managed through a sub-committee structure reporting to the full board. The following sub-committees are in place:

- **Administration;**
- **Legal and Risk;**
- **Investment;**
- **Death Benefit Disposal.**

## CURRENT BOARD OF TRUSTEES

*The Fund Trustees* are as follows:

FULL NAME	CAPACITY	COMMENCEMENT DATE	APPOINTMENTS
<b>Mr Mdumisani Mabaso</b>	Chairman	01/10/2017	Main Board Investment Sub-Committee
<b>Mr Solomon Mothibedi</b>	Trustee	01/10/2017	Main Board Legal & Risk Sub-Committee Death Benefit Disposal Sub-Committee
<b>Mr Dumo Lovemore Masango</b>	Trustee	01/10/2017	Terminated March 2021
<b>Adv Tebalo Maloka</b>	Independent	01/10/2017	Main Board Investment Sub-Committee Legal & Risk Sub-Committee
<b>Mr Mandla Nkosi</b>	Independent	01/10/2017	Main Board Administration Sub-Committee Legal & Risk Sub-Committee
<b>Mr Mbuso Nzama</b>	Trustee	09/07/2018	Main Board Administration Sub-Committee
<b>Mrs Pontsho Mokoena</b>	Independent	01/10/2017	Alternative Investment Sub-Committee
<b>Mr Tawana Mopeli</b>	Trustee	18/09/2020	Main Board Death Benefit Disposal Sub-Committee
<b>Mr Jack Mazibuko</b>	Trustee	08/10/2019	Alternative
<b>Mr Willy Lekgoathi</b>	Trustee	25/11/2020	Main Board
<b>Mr Harrison Baloyi</b>	Trustee	27/07/2021	Main Board Administration Sub-Committee Death Benefit Disposal Sub-Committee



**MR MDUMISANI MABASO**  
**CHAIRPERSON OF THE BOARD**

Mdumisani has served on the RFLIPF Board of Trustees since 2004. He serves on the National Bargaining Council for the Road Freight Industry as well as the General Secretary of the Motor Transport Workers Union (MTWU).

**MR JOE LETSWALO**  
**PRINCIPAL OFFICER**

Joe Letswalo holds B Proc, LLB and MBA degrees, and international executive post graduate certificate from the London School of Economics. He is a qualified Professional Principal Executive Officer and Chartered Principal Executive Officer.



**MR SOLOMON MOTHIBEDI**  
**TRUSTEE**

Solomon is the National Coordinator for the Motor Transport and Workers Union. He has completed a number of accredited trustee training courses. He has extensive experience as a trustee having served on the Board of the Private Security Sector Provident Fund.



**ADV TEBALO MALOKA**  
**INDEPENDENT TRUSTEE**

Tebalo is an admitted but non-practicing Advocate with a vast range of experience as a Trade Unionist and Labour Relations expert. He is also an experienced Public Administrator with a proven track record of appearances in conciliations, arbitrations and disciplinary hearings in Municipalities, the South African Local Government (SALGBC) and CCMA.





### **MR MANDLA NKOSI**

#### **INDEPENDENT TRUSTEE**

Mandla is a lawyer with more than twenty years' experience in pension fund law. He serves on numerous retirement fund boards as a Principal Officer, Chairperson as well as Independent Trustee, in legal and advisory capacities. His strong affinity to Ethics and Corporate Governance has secured him the position of Director and Trustee on the Board of the IRFA – Institute of Retirement Funds Africa.



### **MR MBUSO NZAMA**

#### **TRUSTEE**

Mbuso is the Deputy President of the Motor Transport and Workers Union and also serves as a Board member of the Bargaining Council (NBCRFLI).



### **MS PONTSHO MOKOENA**

#### **INDEPENDENT TRUSTEE**

Pontsho joined the board in 2017. She holds a Bachelor's Degree in Insurance & Risk Management and Business Finance from the University of the Witwatersrand, a Masters Degree in Actuarial Science from the University of Leicester and is also an Associate of the Insurance Institute.



### **MR TAWANA MOPELI**

#### **TRUSTEE**

Tawana started his studies with the London School of Business and Management and continued to complete his BA (Hons) Business Studies with the University of Greenwich. He completed a BA (Honours) in Social Science with Wits University followed with a BA (Masters) in Social Science with Wits University in 2020. He started his career with SATAWU (South African Transport and Allied Workers Union) as Head of Research and was appointed as the Head of Operations in the office of the General Secretary. Appointed as a Commissioner at the Department of Labour- Employment Conditions Commission.



## **MR JACK MAZIBUKO**

### **TRUSTEE**

Jack Mazibuko has a long history of trade union activism. Following his rise as a shop steward and worker office-bearer in various structures of SATAWU (South African Transport and Allied Workers Union), he was later employed as a union official/organiser in 2007. He was later elected as Provincial Secretary in Free-State from 2008. During his tenure as a Provincial Secretary, Jack was elected as a Trustee and Chairperson of the Cleaning Bargaining Council from 2003. In 2018, he was elected as the SATAWU General Secretary. He is also currently serving as the Chairperson of the Road Freight Bargaining Council and as an Executive Member of the International Transport Workers Federation. Jack has obtained qualifications in the human resource and labour field at the University of Free State.



## **MR WILLIAM LEKGOATHI**

### **TRUSTEE**

With 18 years experience, Willy has extensive knowledge of transport and freight. Completing certificates in labour relations, skill development and legal practice, he has a wide variety of skills. He started his career at the South African Transport and Allied Workers Union (SATAWU), he filled the position of Acting National Road Freight Sector Coordinator and later moving into the position of Provincial Road Freight Sector Coordinator. He is affiliated with the Motor Ferry Bargaining Council as well as the Road Freight Bargaining Council.



## **MR HARRISON BALOYI**

### **TRUSTEE**

Mr Harrison Baloyi started his career in the Transport sector in 2008, employed as an organizer for the Professional Transport and Allied Workers Union, where he went on to become Acting General Secretary in 2016 and then General Secretary in 2019. Harrison has served in the Financial Committee for the National Bargaining Council for Private Security Sector as well as serving as Chairperson for SGB amongst other achievements. He is also involved in other community activities such as Secretary for the ANCYL and SANCO.









## PRINCIPAL OFFICER'S REPORT

I am pleased to confirm that ***the Fund is in a sound financial position*** and has received ***a clean audit for the 9th consecutive year. Good governance, business integrity and ethical practices are of high importance to the Fund and its various service providers.*** The Board of Trustees ("the Board") embraces its fiduciary duty to act in good faith, with due diligence and care, to avoid conflicts of interests and act with impartiality in respect of all its members, being ultimately accountable and responsible for the performance and affairs of the Fund. ***We believe that the strong governance of the Fund is a result of the Board of Trustees, who themselves are members of the Fund, understanding, meeting and exceeding member expectations.***

The TSRF is one of a few funds managing its investments according to a risk log allowing it to timeously put risk mitigation processes in place. ***The Fund has diversified its investment strategy in order to carefully navigate both good and bad economic and investment environments. In these turbulent times the Fund continues to grow in line with its long-term targets.*** The Fund's well designed and diversified life stage investment strategy enabled the Fund to recover well from the short term market decline, due to Covid-19, and has ***provided a 95% growth in assets to R8 billion over the last year.***

***Our single-minded drive to benefit members, as they are our shareholders, informs the Fund's investment strategy and transformation agenda.***

The TSRF is committed to the ongoing transformation of South Africa's economy to become more inclusive by supporting service providers in the investment value chain that contribute significantly to the targeted economic empowerment of black South Africans. The Fund does not believe in incubation for black asset managers but rather in black talent management especially since only 10% of the assets

Joe Letswalo, Chartered Principal Executive Officer



*"The Fund's **proactive self-insurance** approach allows it to **plough back surpluses** and **enhance members' benefits.** All the **proceeds** of the Fund's activities are **reinvested**, ultimately **benefiting members' retirement savings.**"*

under management in South Africa are controlled by black managers. South Africa's second-quarter unemployment rate of 34.4% is a stark reminder of the economic challenges facing the country. The South African economy needs to grow to raise living standards and achieve the goals of the National Development Plan.

**The Fund policy is to have not less than 60% of its domestic assets of the Fund managed by Black owned and controlled investment management companies as defined in the Financial Services Charter and the Broad Based Black Economic Empowerment Codes of Good Practice.** The Fund contributed immensely in the **transformation of the asset management industry.** To date 85% of the Fund's assets are invested with black owned and transformed managers of which 75% are level BBBEE rated as per the new DTI codes. **The Fund has been able to grow the assets of the Fund while pursuing its transformation objectives.**

The benefits that the Fund afford members are highly competitive and has resulted in the Fund being able to continue to grow its membership even in these tough economic times. **The Fund's proactive self-insurance approach allows it to plough back surpluses and enhance members' benefits. All the proceeds of the Fund's activities are reinvested, ultimately benefiting members' retirement savings.**

The Fund maintains a good compliance record with regards Sec13A contribution collection despite the Covid-19 lockdown and many business owners within the transport industry bearing the brunt of these unprecedented circumstances. The Fund wishes to thank those employers (big and small) who diligently pay their contributions to the Fund on time.

**The Pension Funds Adjudicator (PFA)** from time-to-time highlights in her reports non-compliance levels and judgments against certain Fund employers, including some of the TSRF. Although this can be perceived as a negative, the Fund is in fact encouraged

by these findings as the Fund and its administrators proactively refer cases to the PFA for consideration and action. The Fund liaises closely with the office of the PFA to address any issues. It is encouraged by the solid progress that is being made in this regard.

**As a true corporate citizen, the Fund, through impactful investment drives, socially inclusive growth, and environmentally friendly initiatives, creates jobs and alleviates poverty by incorporating ESG principles in its investments.** The TSRF emphasises integrating environmental, social, and governance [ESG] factors in measuring the sustainability and ethical impact of any investment, which helps determine the investment's future financial performance. **The integration of ESG factors into our investment strategy is one of the main reasons that the Fund has invested in the development of a township economy, agricultural projects and the Truckstop Fund.** Investments which improve the lives of our people in communities and ensure money of our members contributes to the development of marginalised communities, and generates better returns for our members retirement savings.

**The Fund has been gradually increasing its infrastructure allocation that meets impact investing as well as ESG standards and our combined value is now 22.7% in line with Regulation 28.** This is a mixed bag of direct and indirect infrastructure i.e. some investments are via private equity and some are directly on the Fund's balance sheet. Going forward the Fund will still consider infrastructure investments as part of the Fund's strategic asset allocation.

The TSRF supports the principles enshrined in the **Transformation Action Forum (TAF)** aimed at accelerating meaningful transformation across the investment industry, and **to contribute direct and indirect real and diversified sustainable growth.**

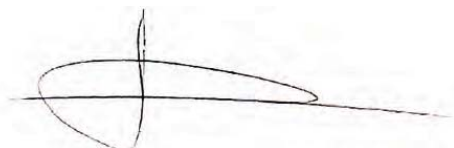


The Fund believes in the **empowerment of women especially as the transport sector** was one of several sectors that traditionally excluded women. **The Fund supports the initiatives of the Commercial Transport Academy (CTA) and its Women Inspiring Women to Lead in Transport programme** which is an ideal platform to emancipate women and open more doors for female leaders. The Fund is excited that CTA will empower 915 women through the Women Inspiring Women to Lead in Transport programme and the **120 female professionals, 300 female entrepreneurs, and 495 female truck drivers who are being trained.**

**Member communication remains a top priority** of the Fund. The Fund encourages all members to visit the **Fund's website, Facebook and Twitter** pages. **Newsletters, flyers and videos** are **sent directly to members via their mobile devices to keep them informed.**

The Board of Trustees of the Transport Sector Retirement Fund remains thankful that many of us are still healthy during this time. **Our heartfelt thoughts go out to everyone who has lost a loved one during the Covid-19 pandemic.**

Until we meet again, stay strong, remain positive and take care of yourself and your loved ones. And remember: We stand in solidarity with you.



**JOE LETSWALO**

**CHARTERED PRINCIPAL EXECUTIVE OFFICER**



*"The TSRF is committed to the ongoing transformation of South Africa's economy. Our single-minded **drive to benefit members, as they are our shareholders,** informs the Fund's **investment strategy and transformation agenda."***







# ECONOMIC AND INVESTMENT OUTLOOK

## ECONOMIC OVERVIEW (AUGUST 2021)

The resurgent COVID-19 infections meant the so-called “pandemic beneficiaries” were amongst the best-performing stocks in August with the FAANG (Facebook, Apple, Amazon, Netflix and Google’s parent company, Alphabet) stocks up c. 6% in aggregate for August.

The rollout of regulations aimed at implementing the latest five-year plan in China continued to weigh on Chinese stocks, though predominantly those with primary listings outside the mainland. The Nasdaq Golden Dragon Index (-1.6% MoM) of US listed Chinese companies and the Hang Seng China Enterprises Index (-0.3% MoM) of Hong Kong-listed Chinese companies continued to suffer due to the uncertainty around the impact of the shifting Chinese regulatory landscape.

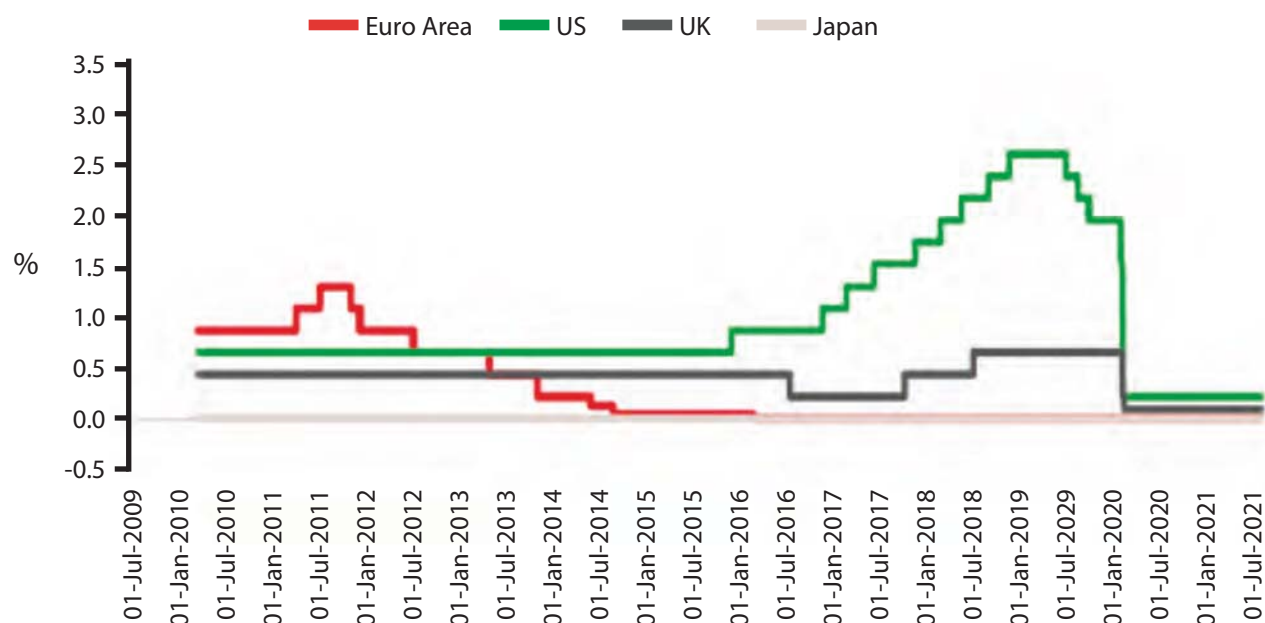
Chinese stocks, along with Brazilian equities (where a sharply weaker iron ore price weighed on the miners), were the emerging market (EM) underperformers, but a stellar performance by the Indian bourse (Nifty 50 Index +8.7% MoM) and a strong month for Russian equities (MSCI Russia +3.6% MoM) helped push the EM benchmark (MSCI EM +2.6% MoM) slightly ahead of its DM peers. Indian stocks were buoyed by strong retail investor demand as economic data showed that the economy was much less impacted by the severity of the most recent COVID-19 wave than expected.

○ .....

OIL (BRENT)



*“South Africa has seen a **material improvement** in its **outlook**, especially **in relation** to many other **emerging markets**”*

**G4 Policy Rates****RSA BONDS**

SA government bond yields initially followed global yields higher but drifted lower to end the month largely unchanged as inflation data came in below expectations, likely through the worst of the transitory spike, and removing any pressure for the SA Reserve Bank to hike rates imminently. July's headline CPI inflation number dropped to 4.6% y/y, 0.3ppt down from the June print. This was slightly lower than our expectation of 4.9% y/y as well as the Bloomberg consensus of 4.7%.

The yield curve flattened by the end of August – the short-dated bonds recorded a decline in yields (the R2023 by 7bp and the R186 by 1.5bp), while the R2030 declined by 5bp. Yields dropped at the longer end of the curve, with the yield on the R2048 lower by 21bp. The R2023 returned 0.52% m/m, while the R186 returned 0.69% m/m. The R2030 returned 1.05% while the ultra-long R2048 returned 2.76% m/m.

The ALBI returned 1.73% for the month with the longer end of the curve contributing to most of the positive performance. Non-residents continued to remain net sellers of local paper. We maintain a cautious view of the asset class and retain a slightly underweight position.

**RSA PROPERTY, ALTERNATIVES AND CASH**

In August, listed property had a very good month, ending up 7.64%. The re-set of property companies' earnings and balance sheets is very favourable for the sector's re-rating potential. The property sector has therefore turned attractive by historic standards and as such we made use of the pullback to add to our property exposure.

The full impact of Covid-19 is still very much lingering and the recent return to Level 4 lockdown is sure to leave some scars down the road. We prefer to remain under-weight the asset class, albeit less so than previously. In South Africa's money market, the 3-m JIBAR rate decreased by 1bp and ended the month at 3.67%, while the 12-m JIBAR rate declined by 2bp to 4.71%. After rising 12bp last month, the 12-m T-bill average yield dropped 8bp to 5.03% at the end of August.



## RSA EQUITIES

August was another solid month for the local equity market (FTSE/JSE Capped SWIX +2% MoM) with the local bourse ending the month 20% higher YTD when measured in US dollar terms. Stocks geared towards the domestic economy were the stars of the show in August (+12% MoM), as a slew of results showed the companies comfortably exceeding expectations.

Local banks were amongst the best performers with the FTSE/JSE SA Banks Index up 15% MoM as earnings reports showed that local banks were able to unwind impairments much faster than initially expected, with credit losses tracking well below expectations. This even though 2Q21 employment data, released during the month were worse than expected, with the unemployment rate setting another record high of 34.4%.

The rand was marginally stronger against the US dollar in August (+0.6% MoM) which added to the woes of the largest domestically listed companies with predominantly ex-SA earnings. SA has seen a material improvement in its outlook, especially in relation to many other emerging markets; this could see some upside from the financials and resources sectors as inflation expectation start to increase. We have started to reduce our underweight to this asset class and will consider increasing further should the opportunity arise.

## INTERNATIONAL

Developed market equities delivered yet another positive return (MSCI World +2.5% MoM) for the seventh-consecutive month. US equities were again leading from the front (S&P 500 +3% MoM and now +21.6% YTD). The month started well with better than- expected US payroll data resulting in US 10-year bond yields spiking driving the S&P 500 financial sector (+5.1% MoM) higher on the prospect of higher net interest margins for banks. A mid-month release of weaker-than-expected US retail sales and waning consumer sentiment data then spooked markets just as the COVID-19 Delta variant was causing another spike in infections, with new daily infections in the US reaching levels similar to those seen in the previous

wave (before meaningful vaccine rollouts). Concerns around the impact of the resurging COVID-19 infections on mobility weighed on the price of Brent crude oil (-4% MoM), resulting in the S&P 500 energy sector (-2% MoM) being the only sector to end the month lower.

Markets though were buoyed into month-end by signals from the US Federal (Fed) Open Market Committee (FOMC) – initially by the release of Fed minutes and later by Fed chair, Jerome Powell's comments at the annual Jackson Hole Economic Symposium for central bankers – that there was limited agreement amongst Fed members about the timing of tapering for bond purchases under the current quantitative easing (QE) programme. More importantly, Powell noted that the decision to hike interest rates was in no way connected to the start of tapering, with interest rate hikes very much dependant on the path of US labour markets, which are still a long way from their pre-pandemic level. The resurgent COVID-19 infections meant the so-called "pandemic beneficiaries" were amongst the best-performing stocks in August with the FAANG (Facebook, Apple, Amazon, Netflix and Google's parent company, Alphabet) stocks up c. 6% in aggregate for August.

The rollout of regulations aimed at implementing the latest five-year plan in China continued to weigh on Chinese stocks, though predominantly those with primary listings outside the mainland. The Nasdaq Golden Dragon Index (-1.6% MoM) of US listed Chinese companies and the Hang Seng China Enterprises Index (-0.3% MoM) of Hong Kong-listed Chinese companies continued to suffer due to the uncertainty around the impact of the shifting Chinese regulatory landscape. Chinese stocks, along with Brazilian equities (where a sharply weaker iron ore price weighed on the miners), were the emerging market (EM) underperformers, but a stellar performance by the Indian bourse (Nifty 50 Index +8.7% MoM) and a strong month for Russian equities (MSCI Russia +3.6% MoM) helped push the EM benchmark (MSCI EM +2.6% MoM) slightly ahead of its DM peers. Indian stocks were buoyed by strong retail investor demand as economic data showed that the economy was much less impacted by the severity of the most recent COVID-19 wave than expected.







# REGULATORY DEVELOPMENTS

## T-DAY

The Taxation Laws Amendment Act, 2013 contained the following changes with an effective date of 1 March 2016–

1. 27.5% tax deduction up to a maximum of R350 000 per annum for all retirement fund contributions;
2. The increase to the de minimis annuitisation threshold from R75 000 to R247 500;
3. The fringe benefit taxation of employer contributions to pension and provident funds;
4. **The tax-free concession for pension to provident fund transfers;**
5. **Making provident funds subject to the pension fund annuitisation regime, subject to the protection of vested rights.**

Items 1 to 3 were implemented effective 1 March 2016, but **items 4 and 5 were postponed several times; the last postponement happened via the Taxation Laws Amendment Act, 2018 which set the effective date at 1 March 2021.**

## WHAT CHANGED?

From 1 March 2021 provident funds now work like pension funds, i.e. at retirement only one-third can be taken as a cash lump sum and two-thirds must be used to buy a pension for life. To protect members' vested rights all members will from 1 March 2021 have two "pots" of money in a Fund. A vested "pot" and a non-vested "pot".

## WHAT IS THE DIFFERENCE BETWEEN A VESTED "POT" AND A NON-VESTED "POT"?

**The vested "pot"** of money is the member's current fund savings as at 1 March 2021 plus growth on the money until the member retires. At retirement this pot can be taken as a cash lump sum.

**The non-vested "pot"** of money is all the new contributions from 1 March 2021 up until the member retires plus growth. At retirement the member can only take one-third of this money as a cash lump sum and two-thirds must be used to buy a pension (compulsory/guaranteed/life annuity).

If the **non-vested "pot"** is less than R247 500 (the de minimis) this may be taken as a cash lump sum.

This means that provident fund members will keep their right to withdraw their accumulated retirement savings as at 1 March 2021, plus the growth on them, as a lump sum cash benefit, even if they transfer to another retirement fund after 1 March 2021.

## WHAT ABOUT MEMBERS WHO WERE 55 YEARS OR OLDER ON 1 MARCH 2021?

If these members stay in the TSRF until their retirement, they will be allowed to take their total accumulated retirement savings as a cash lump sum at retirement. This means that they only have a "vested pot".

If these members transfer to any other retirement fund after 1 March 2021, they will have two "pots" at retirement:

**The vested "pot"**, which will be an amount that they can take as a lump sum cash benefit at retirement, consisting of their accumulated retirement savings in the TSRF on the effective date of the transfer to the new fund, plus the growth earned on the transferred amount in the new fund until retirement.

**The non-vested "pot"**, which will be an amount that they must use to buy an annuity at retirement, consisting of their contributions made to the new fund plus the growth on these contributions, at retirement. If the value of the non-vested "pot" is less than R247 500 at retirement this may be taken as a cash lump sum.

An application for exemption from these requirements has been submitted to the FSCA. The Fund is still waiting for a response from the FSCA on this application.

## REGULATION 28

Retirement funds are required to invest in a range of instruments and asset classes to reduce risk, i.e. equities, bonds, cash. Regulation 28 of the Pension Funds Act regulates the limits across instruments and asset classes to protect members and is therefore a safekeeping mechanism against risky investments.

Regulation 28 helps with diversification through its limits in terms of geographical areas, asset classes and instruments but can also be a constraint on institutional investors in optimising their portfolios, i.e. by limiting exposure to global assets to 30% (excluding the additional Africa allocation).

The primary goal is to protect the members' retirement provision from the effects of poorly diversified investment portfolios which is achieved by limiting the maximum exposure to instruments or asset classes perceived to be riskier, ensuring that no unnecessary risks are taken with retirement money.

## MAIN DRAFT AMENDMENT

### INFRASTRUCTURE

The current regulation does not define 'Infrastructure' as a specific category, and exposure can be obtained across a number of asset classes like equities, bonds and private equity.

The proposed amendment is to introduce a more precise definition of Infrastructure with various limits and aggregate limits across instruments and asset classes (bonds, equities, immovable property, private equity and other) already permitted through Regulation 28. This will also enable better data and measurement.

The proposed overall investment limit in infrastructure across all asset categories is 45% in respect of domestic exposure and an additional limit of 10% in respect of the rest of Africa, with a 25% aggregate limit per issuer or entity.

*"The TSRF  
has always  
been **a proponent  
of alternative  
investments**  
and we  
welcome the  
proposed  
amendments"*







*“The **primary goal** is to **protect the members’ retirement provision** from the effects of poorly diversified **investment portfolios**”*

*Retirement fund investments should have a **positive effect** on the **economy and social benefits***

### SUMMARY

*The TSRF has always been a proponent of alternative investments and we welcome the proposed amendments as this will allow retirement funds to invest more into these types of investments. If retirement funds do allocate more to these types of assets, **this should have a positive effect on the economy and social benefits**, both of which are currently extremely needed.*

Although the proposed amendment focuses on infrastructure, our view is that Government should also have taken the opportunity to re-look all limits given that it was last reviewed in 2011, especially in terms of some of the limits which are in the Fund’s view, currently a constraint on institutional investors, i.e. by limiting exposure to global assets to 30% (excluding the additional Africa allocation). By only allowing 30% to be invested offshore, limits institutional investors to global industries, technology and innovations that are not available locally and reduces overall diversification as well as potential for better returns.

Nonetheless, the Fund feels that the proposed amendment is a step in the right direction that should stimulate the economy and provide better social benefits should retirement funds allocate more to these types of assets. It is also important to note that Government hasn’t proposed prescribed assets in these amendments and funds still don’t have to invest in these types of assets but have the option to do so.

## PROTECTION OF PERSONAL INFORMATION ACT (POPIA)

The right to privacy of personal information is enshrined in law in South Africa, both in the Constitution and in the enabling legislation, the Protection of Private Information Act 4 of 2013 (POPIA), which was fully effective from 1 July 2021. POPIA has brought South African privacy laws in line with existing current international trends and laws on privacy.

The intention behind POPIA is to regulate the processing of personal information. **The two main objects of POPIA are:**

1. **Safeguard personal information** in line with rights of privacy, as specified in the Constitution; and
2. **To regulate the processing** of personal information.

POPIA sets out eight principles which ensure that the objects of POPIA are achieved.

## WHAT DOES THIS MEAN FOR OUR STAKEHOLDERS?

TSRF is committed to treating member information responsibly, and to deal with members' personal information with far more diligence than ever before. This means that we will collect information responsibly, will only request and process personal information that is absolutely necessary, share and store information securely and responsibly. The TSRF has developed a POPIA Compliance Risk Management Framework, in terms of which it has developed and implemented policies and procedures to ensure that the requirements of POPIA are satisfied. All personal information and types of personal information, is identified and reasonable measures have been implemented to protect and secure all such information, in a robust risk management program. This means steps have been taken to mitigate infringements of our stakeholder rights, to avoid the regulatory action and administrative penalties affiliated with non-compliance with the provisions of POPIA.

## PLEASE TAKE NOTICE OF THE FOLLOWING POPIA CHANGES:



### **TSRF Privacy Notice on the website**

The Fund's Privacy Notice sets out details of how the Fund deals with personal information of its members. The Privacy Notice is available on the Fund's website at <https://www.rflipfund.co.za>



### **The Privacy Notice will explain the following:**

- **Processing personal information:** The Fund collect personal information in order to provide members with the benefits and services, and also as required by the Pension Fund Act, insurance, tax and other legislation.
- **Sharing personal information:** The Fund will share members' personal information with its service providers, industry bodies, and regulators. This is done to assess claims, process claims, trace members and beneficiaries, prevent fraud, report to regulators, conduct surveys and required audits.
- **Protecting personal information:** The Fund takes every reasonable precaution to protect members' personal information, from theft, unauthorised access and disruption of services.
- **Receiving marketing and communications from the Fund:** The Fund will not use or share members' personal information for marketing purposes. However, members' personal information will be used to send members (via sms and email) communication messages about the Fund and their benefits.

*The **Principal Officer** and the **Legal and Risk Officer** of the Fund have been respectively **appointed as the Information Officer and Deputy Information Officer of The Fund.***



## TREATING CLIENTS FAIRLY

**TCF requires that any financial service provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of its clients or members and the integrity of the financial services industry generally.** All organisations that provide a financial service, must be able to demonstrate the achievement of the six outcomes outlined within the TCF initiative.

**The TCF initiative lays down six outcomes to which TSRF is committed to adhere to in order to be fair.** The delivery of these outcomes is enforced by imposing a range of visible and credible deterrents to unfair treatment.

**The TCF approach aims to ensure that the fair treatment of the Fund's members, is embedded within TSRF's culture.** Fairness is about how we provide retirement benefits to our members and how members are dealt with through the value chain of the Fund's business and through all the interactions between TSRF and its stakeholders.

**TSRF is a relationship driven retirement fund, with a focus on the growth of assets under management which directly impact on the growth of its retirement benefits of its members**

**The objective of the TSRF is to ensure that its members receive retirement benefits which ensure that they retire with dignity.** At TSRF, we are committed to offering our members the highest possible standards of service. In so doing we are pleased to support the initiative 'Treating Customers Fairly' and ensure that this principle is the golden thread that determines the strategy of the Fund. We recognise that both the Fund, its members and their beneficiaries, have everything to gain if we look after our members' best interests and treat them fairly in all aspects of the relationship.

*We strive to be recognised as an organisation that not only **delivers value-added benefits for a dignified retirement** for our members and their beneficiaries, but one that is a **leader and innovator** in respect of **transformation and financial inclusion***

## TCF PRINCIPLES



TCF Outcome 1  
*Principle of Culture and Governance*



TCF Outcome 2  
*Principle of Product Suitability*



TCF Outcome 3  
*Principle of Disclosure*



TCF Outcome 4  
*Principle of Suitable Advice*



TCF Outcome 5  
*Principle of Performance and Service in line with expectations*



TCF Outcome 6  
*Principle of Claims, Complaints & Changes*



## FUND STAKEHOLDERS

THE FUND'S STAKEHOLDERS INCLUDE:



2157 **EMPLOYERS;**



75 000 **MEMBERS;**



**BENEFICIARIES** AND **FORMER MEMBERS;**



**TRADE UNIONS;**



**BOARD OF TRUSTEES;**



**TRUCK STOP** AND **TRUCK STOP EMPLOYEES;**



**SERVICE PROVIDERS;**



THE BROADER **TRANSPORT INDUSTRY;**



THE **REGULATOR.**

*“Taking our  
members with us  
as we journey  
towards a  
better future”*

### PRIMARY STAKEHOLDERS: MEMBERS

Stakeholder	Reason for engagement	Channel
Members	<ul style="list-style-type: none"> <li>To inform and educate members about their retirement saving, benefits and rights under the Fund.</li> <li>To inform members of Fund developments.</li> </ul>	Newsletters, brochures, website, posters, sms, roadshows, social media, surveys, walk-in-centres, call centre.



## SECONDARY STAKEHOLDERS: PARTNERS, REGULATORY/INDUSTRY STAKEHOLDERS

## First tier: our partners

Stakeholder	Reason for engagement	Frequency of engagement	Responsible person
Staff	<ul style="list-style-type: none"> <li>To provide staff with strategic direction and keep them informed about the Fund activities.</li> <li>To ensure that <b>TSRF</b> is an inspiring environment to work in.</li> <li>To understand and respond to the needs and concerns of employees.</li> </ul>	Ongoing and daily	Principal Officer
Employers	<ul style="list-style-type: none"> <li>To provide relevant and timeous information relating to benefits, new regulations, Fund developments/ strategy.</li> <li>To maintain strong relationships.</li> </ul>	Ongoing	Principal Officer
Board of Trustees	The Board of the Fund's main responsibility is to provide strategic direction to the Fund in the interest of all our members.	Quarterly	Principal Officer
Sponsors and Trade unions	<ul style="list-style-type: none"> <li>To inform them of Fund strategy, investments, Fund developments.</li> <li>To maintain strong relationships.</li> </ul>	Quarterly - and ongoing as required	Chairperson of the Board; Principal Officer
Service providers	Our service providers are carefully selected based on their ability to help us achieve our operational objectives. We hold regular meetings with our service providers in order to keep the flow of information constant throughout our contract period.	As deemed necessary	Principal Officer

## Second tier: Regulatory or industry stakeholders

Stakeholder	Reason for engagement	Frequency of engagement	Responsible person
Regulators	We abide by the recommendations that have been set out by the Financial Sector Conduct Authority and the regulations of the Pension Funds Act, 24 of 1956. We engage with the regulator through various channels.	Twice annually as well as when required	Principal Officer; Chairperson of the Board and/or two Trustees
Industry bodies	The <b>TSRF</b> is a member of the major industry bodies within South Africa, Batseta Council of Retirement Funds and the IRFA.	Quarterly meetings	Principal Officer
Media	<ul style="list-style-type: none"> <li>To protect and manage the <b>TSRF</b> reputation.</li> <li>To communicate with relevant stakeholders and the broader public.</li> </ul>	In response to business-related media queries	Chairperson of the Board; Principal Officer

## FUND PERFORMANCE

### MEMBERSHIP

	ACTIVE MEMBERS
Numbers at the beginning of period	66 611
New Members	25 341
Capital Disability	(260)
Deaths	(429)
Retirements	(627)
Divorce – non- member spouse	(37)
Resignations	(11 689)
Retrenchments	(3 685)
Transfers out	(225)
Numbers at end of period	75 000

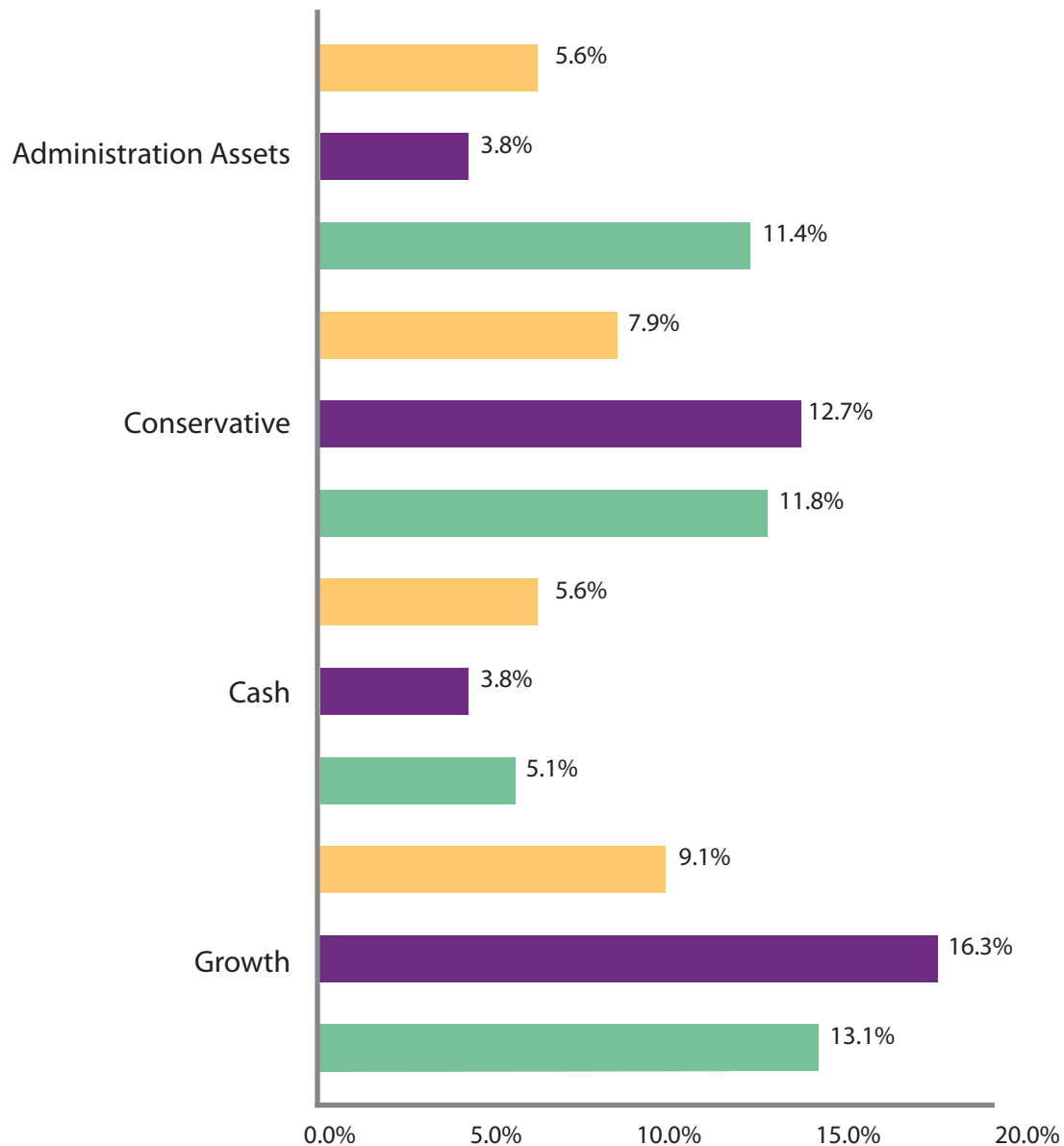
“Besides our **goal of ensuring** that **once members retire** their **living standards are maintained**, the TSRF continually looks for ways to **improve members’ livelihoods** while they are **still actively employed**. This goal is achieved through the Fund’s **Impact Investment projects** in the following industries: **Housing, Retail and Office Space Properties, Agriculture, Truck Stops, Manufacturing and Old Age Homes.**”



# FUND PERFORMANCE

## GROWING AND PROTECTING ASSETS

### 1 YEAR RETURN UP TO AUGUST 2021



Investment objective



Strategy



Portfolio

Source: Novare Actuaries & Consultants

The Board of Trustees is confident that the Fund has managed to successfully generate good returns on behalf of its members. In doing so, **the Fund has aligned itself to asset managers who share its vision for the creation of sustainable futures through investment strategies which are carefully responsive to current and future operating environments.**

## ACTUARIAL VALUATION

The financial statements summarise the transactions and net assets of the Fund, but do not take account of liabilities to pay pensions and other benefits in the future. In accordance with the Rules of the Fund (which do not take such liabilities into account), the TSRF's finances are examined and reported by the actuary at intervals not exceeding three years.

***An actuarial valuation was performed as at 29 February 2020 and the Valuator reported that the Fund was in a sound financial position.*** In terms of the Pension Fund Act no 24, 1956, the next statutory valuation will be performed as at 28 February 2023 and will be due for submission by 28 February 2024.



## HOUSING LOANS

***The Rules of the Fund make provision for granting of housing loans or guarantees to its members.*** The Fund has granted housing loans in terms of the Rules of the Fund and Section 19(5) of the Pension Funds Act.

Each guarantee is secured by the fund credit of the respective member. ***The loan is limited to 60% of the respective member's fund credit after taking into account the effects of taxation (i.e. PAYE).***



## LIFE STAGE INVESTMENT

The life stage model is composed of three stages, i.e. Growth life stage for up to 54 years of age; Conservative life stage from 55 to 63 years of age, and; Cash life stage from 64+ years of age. This model aims to aggressively grow the capital of younger members while protecting the capital of members approaching normal or early retirement. It does so by having the younger members invested in more aggressive growth-oriented investment portfolios, while older members nearing retirement, invest in more defensive capital-protecting portfolios.

## INSURANCE

The Fund had its new Rules approved by FSCA effective 03 August 2017. In line with this approval the Fund is self-insured. ***SALT Employee Benefits is the appointed administrator of the*** Fund's self-insurance arrangement.



*"The Fund wishes to **thank** those **employers** (big and small) who **diligently pay** their **contributions** to the Fund **on time**"*



## SUBSEQUENT EVENTS NEW STAFF APPOINTMENTS

### **MS LERATO MOGOPUDI** **DEPUTY PRINCIPAL OFFICER**

Lerato has been active in the Retirement Industry for more than 20 years. She holds a Law degree from the University of the North West and a diploma in Labour Relations. She has completed a number of industry related certificates. She has served in a senior consultant role with various major insurance companies. She has had the honour of working alongside Principal Officers of some very large Funds in the industry, particularly in the Organised Labour sector. She is currently enrolled to study towards the Principal Executive Officer qualification with Batseta.

*\*Tebogo Kgosi resigned as Deputy Principal Officer at the end of April 2021 and the Fund wishes her all the best.*



### **MS GRACE CHAUKE** **INVESTMENT OFFICER**

Grace Chauke started her career at Alexander Forbes as an Actuarial Assistant and then went to work for NMG Actuaries and Consultants as an Actuarial Consultant. She then joined RMB asset managers as an Assistant to the Portfolio Manager and then moving on to CellC as a Financial Analyst. She later joined the ECIC as a Risk Analyst where she was later promoted to be an Investment Specialist. Grace has a Bsc Degree in Mathematical Statics obtained from the University of Pretoria and she's a CFA level 3 candidate.

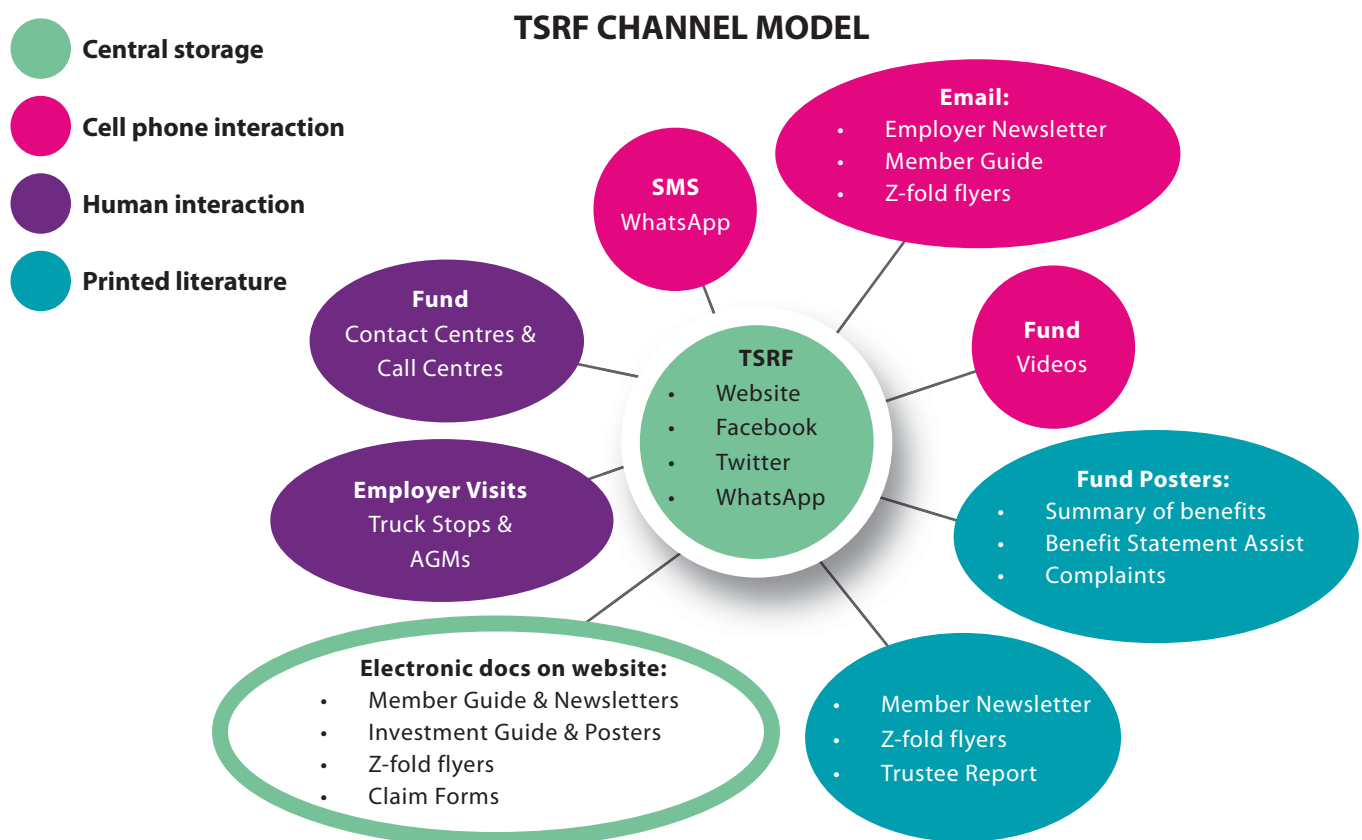


### **MS PENNY SPENTZOURIS** **LEGAL AND RISK OFFICER**

Penny qualified in 1987 with a BA LLB from the University of Witwatersrand. She practised law specialising in labour law until 2013. In 2013 moved into financial services and worked for SALT Employee Benefits. Since then worked at Nestlife Assurance and for MHA Management Holdings (Pty) Ltd as Compliance Manager and Legal Risk and Compliance Manager respectively. She has a Compliance Management Certificate from UCT, PGDip (Labour Law), BCom Honours (Risk and Insurance- with distinction) and an LLM (Pension Law) all from the University of Witwatersrand. She is presently studying MCom (Risk and Insurance) at the University of Witwatersrand and has applied to do a PhD from the University of Witwatersrand in the field of the economic reason for regulation.



# STAKEHOLDER ENGAGEMENT, EDUCATION AND COMMUNICATION



**Member communication and education has always been a top priority for the Board.** The Fund has over the years (from 2012) developed a sound communication strategy with rigorous research done annually to measure service delivery, satisfaction and understandability of communication messages as well as member needs and preferences. The strategy is a living document that is adapted and updated as the needs and expectations of members change.

**The Fund's stakeholder communication strategy is based on the Fund's Channel Model** as seen in the diagram above, an **integrated communication approach is followed utilising a variety of platforms**, including print media, newsletters, digital and mobile technologies (sms's and scribble videos), web-based and social media platforms, as well as mainstream media organisations.

One of the major challenges for the Fund in respect of stakeholder engagement is that by far the **majority of the Fund's members are truck drivers**, who by

the nature of their jobs, are very mobile within the industry.

Therefore, traditional channels of communication are not always as effective in the **highly mobile transport industry**, and an "out of the box" approach is required to be adopted in order to keep our members informed. This challenge was mainly overcome by obtaining the **cell phone contact details of all Fund members via the Section 13A process**. This allows the Fund to communicate with members wherever they are by uploading all the Fund's communication and/or notifications to TSRF's website and certain social media platforms; and then **disseminating the information (via embedded links) to members on their mobile devices**.

**Social media became even more important during 2020 and proved an invaluable channel** used by members not to only access information but also post queries with regards to claims and any other questions they have. Facebook became a source of convenience



for members where they could post queries on claims and receive feedback on the same day. ***It remains a huge benefit to members to receive service from the Fund by only using data from their personal phone and thus avoiding human engagement during Covid-19.***

The Fund had to look at ways to add to the communication mix and aid members to find alternative ways to follow up on claims and queries without placing them at risk during the pandemic, thus reducing actual face-to-face interaction. ***During the lockdown the Fund remained operational as an essential service to ensure members were still serviced albeit electronically and via drop-off boxes placed outside the walk-in centres, this at a time that they needed their benefits the most.***

Over the last three years the Fund's communication strategy included a "Back to Basics" campaign where the Fund focused on making sure that all members really understood their benefits and how the Fund's processes work with regards withdrawal, death and retirement fund benefits.

***From the research done in 2020 it has become clear that the "Back to Basics" campaign was very successful and that the Fund's communication strategy is really working. Members are utilising the Fund's resources such as the website, Facebook, the quarterly newsletters and videos and are actively watching and reading the newsletters and videos sent to members via sms.***

As a result of ***pro-active member education and engagement***, the Fund can report that research conducted shows:

- **90%** have **access** to the **internet** on their **cell phones**
- **75%** want **info** sent to cell **phones**
- **61%** **read** the **Fund newsletter** on their **cell phones**
- **68%** **view Fund videos** on their **cell phones**
- **68%** say **videos** enhances **understanding**
- **80%** say **newsletters** enhances **understanding**
- **73%** understand their **benefit statement**
- **80%** visit **website** regularly
- **75%** rated **Front Office** service as **Good**
- **73%** rated **Call Centre** service as **Good**
- **86%** say **Fund communications** are **easy to understand**
- **85%** say **Fund communication** is **useful** and **interesting**

***In 2021 the Fund's focus*** is on changing the behaviour of the members and to ***encourage members to preserve their benefits when they leave the Fund and to make additional savings outside of the Fund.***

## TRANSFORMATION, ESG AND SRI

In recent years the *Transport Sector Retirement Fund has been lauded* amongst industry peers for following a transformative approach – *as retirement fund industry mavericks who are changing the retirement industry landscape in South Africa for the better.*

**The Fund's transformative approach is based on three key principles:**

- ✓ Broad-based economic empowerment;
- ✓ Transforming society; and
- ✓ Transforming members' daily lives.

**In this regard, the Board of Trustees is committed to:**

- ✓ Socio-economic consciousness;
- ✓ Finding the right balance in terms of its investment approach;
- ✓ Moving it members, and indeed the country, forward;
- ✓ Creating better future for all.

**In order for its transformation approach to be successful and sustainable, the Board is committed to:**

- ✓ Uphold best business practices and good governance principles;
- ✓ Be cooperative;
- ✓ Be resourceful and innovative;
- ✓ Take carefully calculated risks.

To give effect to the commitments of the Board, the Fund has placed a target that 70% of the Fund's assets should be managed by black-owned investment firms. To date 75% of the Fund's assets are invested with black owned managers.

This approach extends across the board to acquiring other services as well, from stock brokers, to auditing and catering services.

Various initiatives had to be adopted to ensure the sustainability of the Fund's transformation approach. For example, the playing fields for appointed asset managers were not necessarily conducive to maintaining success levels, especially with regards to competition with more well-resourced and established "traditional" asset managers.

Furthermore, it was important that asset managers understood that the Fund's success is also their success.

Following a meeting with all asset managers at the end of 2018, the Fund's appointed asset managers unanimously pledged to uphold best governance procedures and to cooperate to advance fund's transformation agenda.







The TSRF is the key driving forces behind the establishment of the Transformation Action Forum (TAF) aimed at accelerating meaningful transformation across the investment industry, and to contribute direct and indirect real and diversified sustainable growth. Subsequent to a successful launch attended by industry stakeholders, TAF has seen a massive uptake with key stakeholders joining the forum as members affirming their support for the cause. An AGM has been scheduled for Q1 of 2021 to adopt the constitution and formalise the Board Structure to ensure the work of the forum can commence.

The TSRF's transformation objectives are clearly noticeable in its approach to responsible (impact) investment, where the Fund's investments assist in infrastructure development whilst it also directly serving the occupational needs of the majority of its workforce-members e.g. the Truck Stop Fund.

As much as the Fund's investment approach encapsulates all the usual listed asset classes, the Board of Trustees also focuses its attention on various alternative – and social impact investment options. The TSRF's approach to investment is considered to be progressive and dynamic, consciously addressing environmental-, social and governance (ESG) matters and actively pursuing to address these.

In this approach, it is important that the Fund's asset managers are reputable and consistent in providing the probability of returns. The Board of Trustees expects of its asset managers, to at all times be conscious of the environment in which they (and thus, the Fund) operate, and to give their committed consideration to transformation, including diversity and inclusivity, ESG principles and good governance. This investment strategy which grows and protects the assets of its members throughout their life stages affords the Fund's members not only with monetary benefits, but also gives them dignity.

As a case in point, the Truck Stop Fund, and particularly the development of the Highway Junction Truck Stop at Harrismith, does not only provide members good returns (of more than 25% over past 12 months), but it also plays a key role in job creation in the region. The Highway Junction Truck Stop is now one of the largest work providers in Harrismith (employing 200 local residents). TSRF's members are also benefiting daily by having access to a safe space where they can rest and recover; where they can access healthcare facilities; do banking, obtain good quality meals; and more.

The TSRF has proven its approach and the impact that flows from it, successfully unlocking different income revenue streams, and offering viable and competitive returns.

In the experience of the Board of Trustees, its impact investment strategy extends to encompass broader returns such as the revival of economies, job creation and improved gross domestic products (GDP), whilst also assisting to address social ills from service delivery, to healthcare and education.

It is the experience of the Fund that investments with a social impact and job creation objectives currently outperform investments on the JSE. Therefore, this asset class is certainly the right fit for the Transport Sector Retirement Fund.

# CORPORATE SOCIAL RESPONSIBILITY INVESTMENTS

## TRUCK STOPS

The TSRF with its **75 000 members from 3000 employers** is keenly aware that the majority of its members **(70%) earn their bread and butter whilst transporting goods and people on our country's roads**. As much as **our aim is to preserve the livelihoods** of our members and their families (through their retirement funds and death and disability cover), we are **also committed to help ensure their comfort and safety while they are still actively employed**.

Annually **truck crashes** cost the transport industry up to R18-billion and have a devastating effect on individuals, their families, transport operators, aligned industries and indeed the whole country.

As a retirement fund, we continually look for ways to improve members' lives. In this endeavour, the TSRF has developed a **responsible investment strategy to build more truck stops to enhance the safety and standard of overnight parking facilities for truck drivers**; and to create **transport hubs** along **major routes** where transporters can easily access quality **restaurants, primary healthcare, refuelling and auxiliary services**.

There are an insufficient number of truck stops and no established truck stop brand in South Africa; and often the existing truck stops do not provide adequate rest and security facilities. **TSRF's truck stop investment strategy aligns with the CSIR's research findings and recommendations**, including more and better rest areas; facilities for regular safety checks; improved integration of road safety and fleet management systems; and improved regulation.

**TSRF considers truck stops to be the missing link in the country's road transport and safety strategy**. The Transport Sector Retirement Fund aims to develop a national truck stop brand which will create

a strong, recognisable identity as an endorsement of standards and regulations that support the transport and logistics industry. The first truck stop upgraded and further developed by the TSRF is the Harrismith Highway Junction Truck Stop on the N3 corridor. This expansion was done in a joint venture with the Highway Group. The Highway Junction is now the first multi-brand facility of its kind in South Africa and undoubtedly one of the biggest and busiest truck stops on the continent, with more than a 1000 trucks parking at this facility every night. The Highway Junction Truck Stop is not only Africa's largest truck stop, but also its busiest with almost 70% of truck drivers passing through the N3 corridor making it their preferred stopover, in excess of 1500 vehicles pass through this facility daily.

**The TSRF has the advantage of being the first mover and believe truck stops will support the creation of efficient transport hubs**. The TSRF, through its **Truck Stop Fund**, has already **earmarked sites in Cape Town, East London, Colesberg and Musina for development**.





# INVESTMENT IN INFRASTRUCTURE DEVELOPMENT IMPACT INVESTING

At the Transport Sector Retirement Fund, we are always looking for ways to grow our members' retirement assets to ultimately provide them with the best return on their investments and long-term financial security. ***Apart from creating sustainable futures through our investment strategies and policies, the Fund is also committed to facilitate transformation in South Africa.***

In this regard ***the Fund's assets of R8 billion is carefully invested to reach its investment targets whilst at the same time empowering its members.*** In this endeavour, infrastructure development is an important asset class; one which the Fund believes not only provides direct benefits to the Fund's members, but which also assists to drive economic development and job creation.

This investment strategy ties in with the country's National Infrastructure Plan which focus on broad development projects which include amongst others spatial and transport development initiatives.

## CHAMPIONED BY THE TSRF ARE THE FOLLOWING PROJECTS IN VARIOUS SECTORS OF THE ECONOMY:

1. Housing – Sagole Fund;
2. Retail and Office Space Properties – Cubisol;
3. Agriculture – Sampada;
4. Truckstops – Truckstop Fund;
5. Manufacturing – Heritage Capital;
6. Africa retail and office – Novare Equity Partners.

Some of the TSRF's infrastructure projects include the ***development of good quality truck stops*** along certain of our country's major transport networks. In recognition of the fact that by far the majority of TSRF's members are truck drivers, the Fund resolved to invest in our trucking sector.

Our aim is to ***create safe and efficient transport hubs along our major routes.*** The TSRF holds a 50% share in the ***Highway Junction Truck Stop near Harrismith*** on the N3 Corridor. Within this joint venture with the ***Deyssel Group***, the facilities at Highway Junction were upgraded and expanded to create the first multi-brand facility of its kind on the continent.

The Highway Junction project is proving so successful that the TSRF has decided to expand the concept to four earmarked sites near Cape Town, East London, Colesberg and Musina. Civil works have already commenced at the Cape Town and East London sites.

Some of the Fund's other infrastructure development partnerships include the recently opened ***Philippi JunXion Mall outside Cape Town***, and two new ***mixed-use property developments*** – one ***near Sebokeng in the Vaal Triangle*** and the other ***in Simonstown in the Western Cape***. The mixed-use developments create ***urban villages*** which assist to ***accelerate the delivery of housing and key lifestyle services*** such as clinics, schools, business offices, shopping centres, parks, gymnasiums and more – these ***spatial development projects play a major role in poverty alleviation*** and ensuring property can be accessed by all as ***an asset for wealth creation and empowerment.***

***Please enjoy reading more about these impact investment projects on pages 45 - 59.***

## IMPACT INVESTING

### SAGOLE HOUSING FUND

*It is very apparent that the need for affordable and sustainable housing in South Africa is high.* There is an estimate shortage of close to 2 million houses in South Africa that proves the country is lagging in the delivery of decent low cost housing to low income citizens. ***The majority of the shortages are in the affordable housing markets; government has incentives such as grants and housing subsidies to close the gap.***

The sector ***affords investors with risk adjusted returns while also investing in real assets.*** The Sagole Housing Fund aims ***to build sustainable communities.*** Sagole Housing Fund is an en-commandite partnership structure where the primary mandate of the Housing Fund is to actively manage a well-diversified property investment portfolio. This consists of immovable property with an emphasis on ***affordable housing developments that have a high social impact*** and offer ***attractive risk-adjusted returns for investors.***



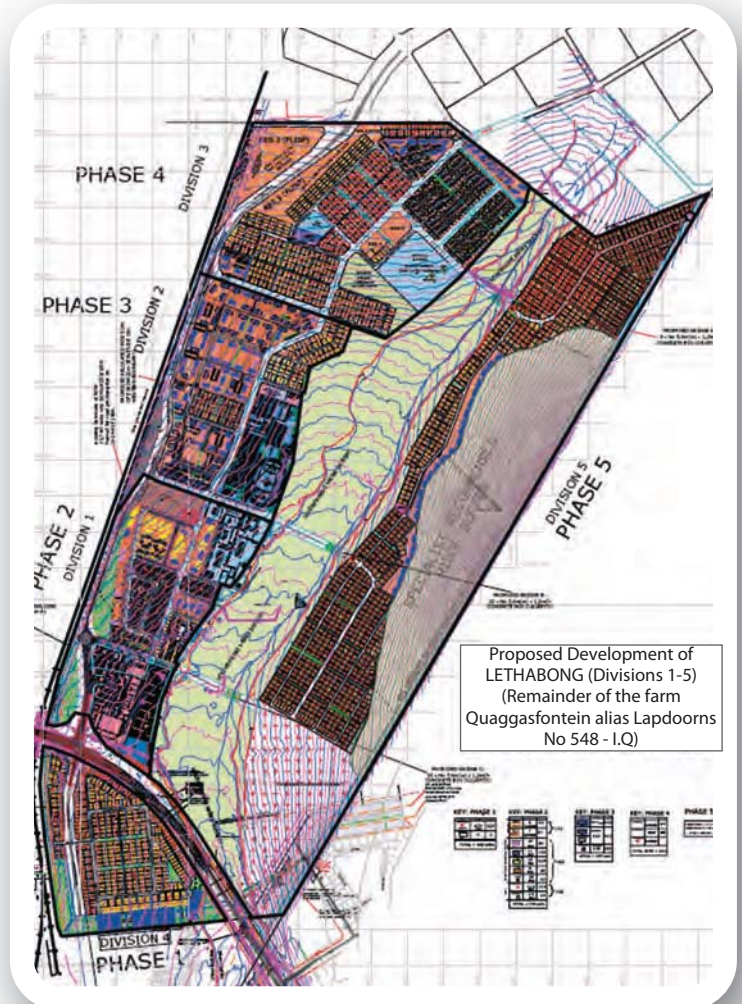


# IMPACT INVESTING

## LETHABONG MIX USE DEVELOPMENT

Lethabong Housing Development is one of the investment portfolios in the Sagole Housing Fund. A 236 hectares urban development with mixed use to develop integrated affordable housing including RDP, FLISP, Social Housing, community shopping mall, schools, Hospital and Gap Housing. The development intends to deliver 5,715 housing units with a target return of 22% - 25% and a measurable social impact.

- **Lethabong is a mixed used Mega City Development;**
- **5,715 housing units blended housing typologies (GAP/FLISP);**
- **2x Primary Schools;**
- **1x High School;**
- **2x ECD Centre;**
- **Churches;**
- **Hospital (300 beds);**
- **Clinic;**
- **Retail Shopping Centre (Shoprite being the anchor tenant – 3,500sqm);**
- **Light Industrial and Transportation Nodes.**



**Environmental, Social and Governance remains at the heart of the Sagole Housing Fund.** The Fund encourages responsible investing and has adopted the **Code for Responsible Investing in South Africa (CRISA)** and the **United Nations Principles for Responsible Investing (UNPRI)** among other ESG/SRI initiatives.

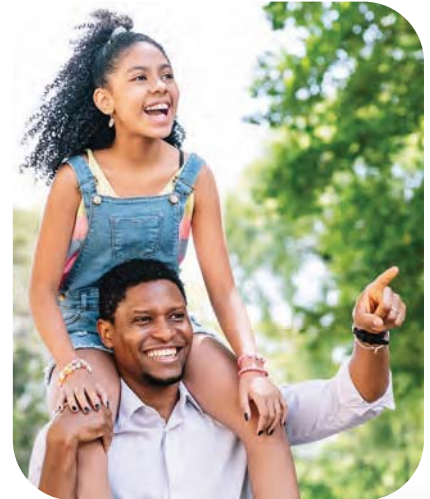




## IMPACT INVESTING

### ENVIRONMENTAL IMPACT

Quality of life and environment  
Staying in good quality houses  
Better hygiene and quality water  
Climate preservation due to use of quality energy



### SOCIAL IMPACT

Availability of water and sanitation  
Affordable housing  
Health and education  
Justice and security  
Employment



### GOVERNANCE IMPACT

Accountability  
Integrity  
Transparency

*“The TSRF places an emphasis on the **integration of environmental, social and governance [ESG] factors** in measuring the **sustainability, ethical impact** and **future financial performance** of an **investment**.”*

# IMPACT INVESTING

*Since breaking ground, Lethabong Housing Development has created  
4730 job opportunities within the Sebokeng Community.*

	Civil Employment Opportunities	Building Employment Opportunities	General Work Opportunities
Supervisors	51	25	
Site Admin		116	
Foreman	27	65	
Skilled Labour	65		
General Labour	373	318	
SMME	1,131	2,458	
Security Guard			47
Cleaning			27
Handyman			27
<b>Total</b>	<b>1,647</b>	<b>2,982</b>	<b>101</b>

***"Affordable housing** developments that have a  
**high social impact** and **attractive risk-adjusted**  
**returns for investors"***



## IMPACT INVESTING



As noted on previous pages, the **Fund** has **strategically aligned** its **ESG philosophy** with the **UN's Sustainable Development goals**, shown left.

## ENVIRONMENTAL

### QUALITY OF LIFE AND ENVIRONMENT

Aligned with the UN's Sustainable Development Goals (SDG's) i.e., good health and environment, the Fund strives to provide the community with a quality environment with the ultimate goal of improving the quality of the lives of the people living in the community.

### BETTER HYGIENE AND QUALITY WATER

The housing development aims to provide the community with clean, quality drinking water and provide better hygiene for the people of the community.

### STAYING IN GOOD QUALITY HOUSES

Our houses have been designed and constructed for durability. We value the lives of the people who will inhabit the houses and therefore we ensure that the best materials have been used and that the designs of the houses are structurally sound.

### CLIMATE PRESERVATION DUE TO USE OF QUALITY ENERGY

In trying to mitigate dangerous incidences that occur within informal settlements i.e. shack fires, the Fund has intervened by providing quality homes where a) the use of flammable and other dangerous forms of energy uses will be eradicated and b) the homes have been installed with solar solutions to promote energy efficiency.



# IMPACT INVESTING



## SOCIAL

### AVAILABILITY OF WATER AND SANITATION

We have ensured that the community has access to quality water and sanitation systems.

### AFFORDABLE HOUSING

The Housing Fund affords the people who will be living in the Lethabong Housing Development the opportunity to gain access to affordable housing.

### HEALTH AND EDUCATION

The development, in collaboration with the Department of Education and the Department of Health, will provide the community with quality schools and a new hospital to help reduce the capacity of the current Sebokeng hospital.

### JUSTICE AND SECURITY

To ensure the safety of the community, most especially women and children, who are the most vulnerable, the Fund has made it their mandate to build safe houses and a satellite police station to help mitigate crime in the development and from surroundings areas.

### EMPLOYMENT

With the current increase in employment during the construction of the development, it is anticipated that the employment rate will further increase due to the development of retail, educational, health and business facilities and complexes.

## GOVERNANCE

### ACCOUNTABILITY

Remaining accountable to our stakeholders is vitally important as we believe it promotes mutual trust between the Fund and the stakeholders.

### INTEGRITY

With every business interaction, we consistently lead with integrity to ensure mutual trust with the people and communities we engage with.

### TRANSPARENCY

We value openness and transparency with the communities we work with, and we ensure that those values are incorporated in all stages of the value chain.

## IMPACT INVESTING



### CUBISOL PROPERTY FUND

The Cubisol Property Fund has **a variety of shopping malls** in its portfolio including the **Mayfield Square Mall**, **Harbour Bay Mall** and the **Junxion Mall in Phillippi** (as shown in the pictures above, from left to right).

*Cubisol Property Fund took initiative to host a number of Covid-19 safety drives around the various shopping malls in its portfolio during April 2020. Being very cautious as to how they would distribute to the public, they took to the streets to hand out disposable paper masks and hand sanitizer to members of the public who are not in possession of masks or sanitizer.*



*In June/July and August of 2020 Cubisol's annual winter warmer drive where there is a soup kitchen and items of warm clothing consisting of a blanket, scarf or beanies are handed out to mainly the elderly who collect SASSA grants.*



*"Cubisol is focused on producing **reliable** and superior **long-term growth** for shareholders by investing in **quality retail centres**."*





## IMPACT INVESTING



"Cubisol celebrated **Mandela Day** by spoiling **67 elderly community members** at the **Mayfield Square Mall** and in October Cubisol gifted the **Sunflower Children's Hospice** with a grocery hamper worth R10 000."



 **mayfield square**



 **sunflower** Children's Hospice

The **Sunflower Children's Hospice** provides palliative care to children with life threatening and life limiting illnesses.



 **HARBOUR BAY**  
SIMONSTOWN

"Cubisol also supported the **Harbour Bay Mall soup kitchen** to provide a meal to **400 families** in Simonstown."



## IMPACT INVESTING



*"In January, Cubisol along with the **Soshanguve Mall team** handed out **school bags, pencil cases, stationery and lunch box hampers** to R.S Maluleka School's new Grade R group."*



*"The **Junxion Mall** in Phillipi in Cape-Town along with **local charity group Kasi Angels** handed out **school shoes** along with **stationery packs, rulers, school bags and lunch boxes.**"*

## IMPACT INVESTING

### HERITAGE CAPITAL

*The Transport Sector Retirement Fund (TSRF) was the first institutional investor in Heritage Capital, a 100% black women-owned and managed private equity firm.*

Heritage Capital was established in 2015 and is managed by passionate and highly skilled business partners, Philile Maphumulo and Xolisile Ntanzu.

Heritage Capital has R350 million in assets under management. *In 2017, TSRF committed R100 million into Heritage Capital's maiden fund as an initial investment. An additional R50 million was later committed in 2019 to Heritage Capital to increase the investment to R150m.*

*Heritage Capital has a portfolio of five companies across various sectors, with a presence in South Africa.* The company has shares in **SSEM Mthembu Medical (38%), General Profiling (30%), Aria Technologies (20%), Avis Forklift Centre (82.3%) and Tailifts SA (82.3%).**

It continues to look for potential companies to invest in, mainly in the consumer goods and services sectors, and create more value for its investors while having a positive impact on communities through its investments.

Heritage Capital invests in companies with a minimum EBITDA (earnings, before interest, tax, depreciation, and amortisation) of R15 million, strong growth potential, and capable and passionate management teams.

*The TSRF is an example of an impact investing fund that fulfils various criteria. The Fund invests in businesses that aim to deliver meaningful and positive change in Southern Africa.*

*“Heritage means valued objects, qualities or cultural traditions passed down for generations”*



*“Heritage Capital represents the **beginning of a legacy** and an **inherent possession of women’s power** to **direct and nurture investor capital** to be passed on to **future generations.**”*

# IMPACT INVESTING

## GENERAL PROFILING (PTY)LTD (“GP”)

### SCOPE

**Heritage Capital Fund**, managed by a 100% black female owned private equity fund manager, **owns 30% of GP, one of the largest independent steel service centre in the country**. GP stocks and processes all major grades of steel using laser cutting, plasma cutting and waterjet machines. GP is a provider of value-added steel services (cutting, bending, rolling, machining and fabrication), with 1500 customers (primarily in Gauteng and surrounds) servicing all major industry segments in South Africa and mining in South Africa and sub-Saharan Africa. The Company started as a family business in 1971 and was managed by the second generation when it was sold to the Fund, 2nd tier management and another financial investor. **Today GP employs over 300 employees most of whom are black South African semi-skilled technicians, machine operators and artisans. The company is located in Gauteng but indirectly supplies steel to various projects in the rest of Africa and the Middle East.**

### RETURN PROFILE

Heritage Capital Fund made the investment into GP, on behalf of its investors in October 2018. The business achieved good revenue and profits for the following financial years ending February 2019 and February 2020. However, the business was negatively affected by the recent COVID-19 lockdown as it was unable to trade. The business was able to make use of the UIF COVID-19 TERS funds to pay employees who could not render their services during the lockdown. Upon re-opening, the company had a sizeable order book and has demonstrated that it has recovered from the effects of the lockdown. As a result, large scale retrenchments were avoided, and employees were gradually brought back to work in line with increasing demand for the company's products and services.

**The company performance has continued to improve in the new financial year, boosted by increasing demand in the mining and agriculture sectors.** The SA mining sector has been a beneficiary of a boom in commodity prices as Covid-19 vaccinations become available and economies opened in the latter part of 2020. Another factor that has benefited this business is the diversity in the customer base. Strong demand for equipment from the agriculture and power sectors supported the business's growth during the times when the mining sector was subdued. **Over the last three years, GP is valued at 14% above investment cost, based on its' fair value and dividends paid back to the investors.**

### IMPACT - JOBS CREATED AND RELATED SPIN-OFFS

Since the initial investment in 2018, the number of permanent employees has increased from 237 to 249, despite the low economic growth and the increasing unemployment rate in South Africa. On the other hand, contract employees – which cannot be avoided due to the revenue profile of certain divisions - have reduced from 96 to 85 during this time.

**The new investors continue to make decisions that aim to improve the working conditions and to promote sustainable jobs. A pension scheme has recently been set up for all employees.**

General Profiling has always up-skilled and promoted staff within the organisation. In order to enhance this further, a third-party consultant has been engaged to assist in setting up a skills development program for all employees. Monthly planning of training sessions for staff at various levels has been implemented to enhance skills whilst keeping staff motivated.

**The business has also improved its BBBEE rating from non-compliant before Heritage Capital Fund investment to a Level 4 rating, with 2 black female non-executive directors representing the Fund. A black female Financial Director replaced the previous Financial Director who was promoted to the role of Managing Director as the seller and founding family formally exited their operational role in the business.**



# IMPACT INVESTING

## GENERAL PROFILING (PTY)LTD ESG

*Upon concluding the investment in 2018, some key improvements have been made to the business in the area of ESG, namely:*

### ENVIRONMENTAL

- **Improved health and safety documentation** particularly in the area of policies and procedures;
- **Improved record-keeping** on machine breakdowns, **repairs and scheduled maintenance** – all in an effort to **prevent injuries**;
- **Procedures to keep up to date approvals and certifications** for all gas, fire and electrical installations in the workshop;
- **Improvements in the workshop** to prevent diesel and oil **contamination from spillages**;
- **A health and safety committee** (made up of staff representatives) has been set up and meets quarterly with the aim of **enhancing safety measures and systems**.

### SOCIAL

- In addition to the **annual contributions made to the Teddy Bear Clinic** – the business has also started to contribute to **an orphanage** which caters for **90 children** from birth to 18 years in **Soweto**, a community where most of the staff of GP reside. **This has resulted in staff being motivated to contribute their time and efforts to become a part of these social initiatives.**

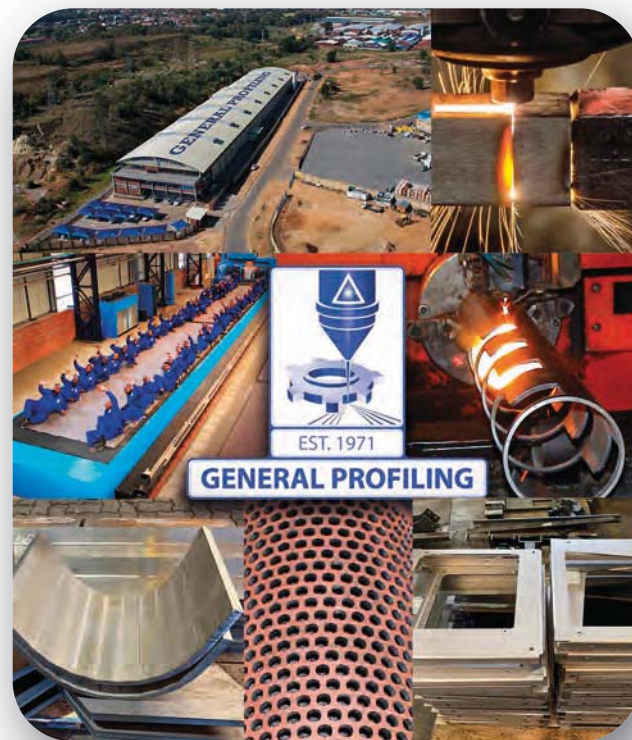
### GOVERNANCE

- **The new shareholders have set up a Board** as well as **Remuneration, Audit and Risk Committees** with the respective Charters fully adopted; and
- **Formal monthly management meetings, quarterly board meetings as well as an annual strategy session** form the main governance framework for the organisation.

**Transitioning from a family-owned business** and with the original founding family exiting left some employees not fully accepting the new management team and pushing back against a new style of management. **The business is still in a transition phase** and has identified areas where there may have been gaps in the transition process. These gaps are **being filled**

**by improved communication between staff and management.** In addition to the staff interventions mentioned above, **weekly “toolbox” talks** now take place between the different department heads and the respective staff members. This is because of the **Employee Climate Survey** recently conducted to understand the culture of the staff.

**We believe our infrastructure development projects are setting the tone for boosting economic growth and maximising investment returns.**



*“Within our diversified investment portfolio, the Transport Sector Retirement Fund’s infrastructure development projects are already offering good returns.”*

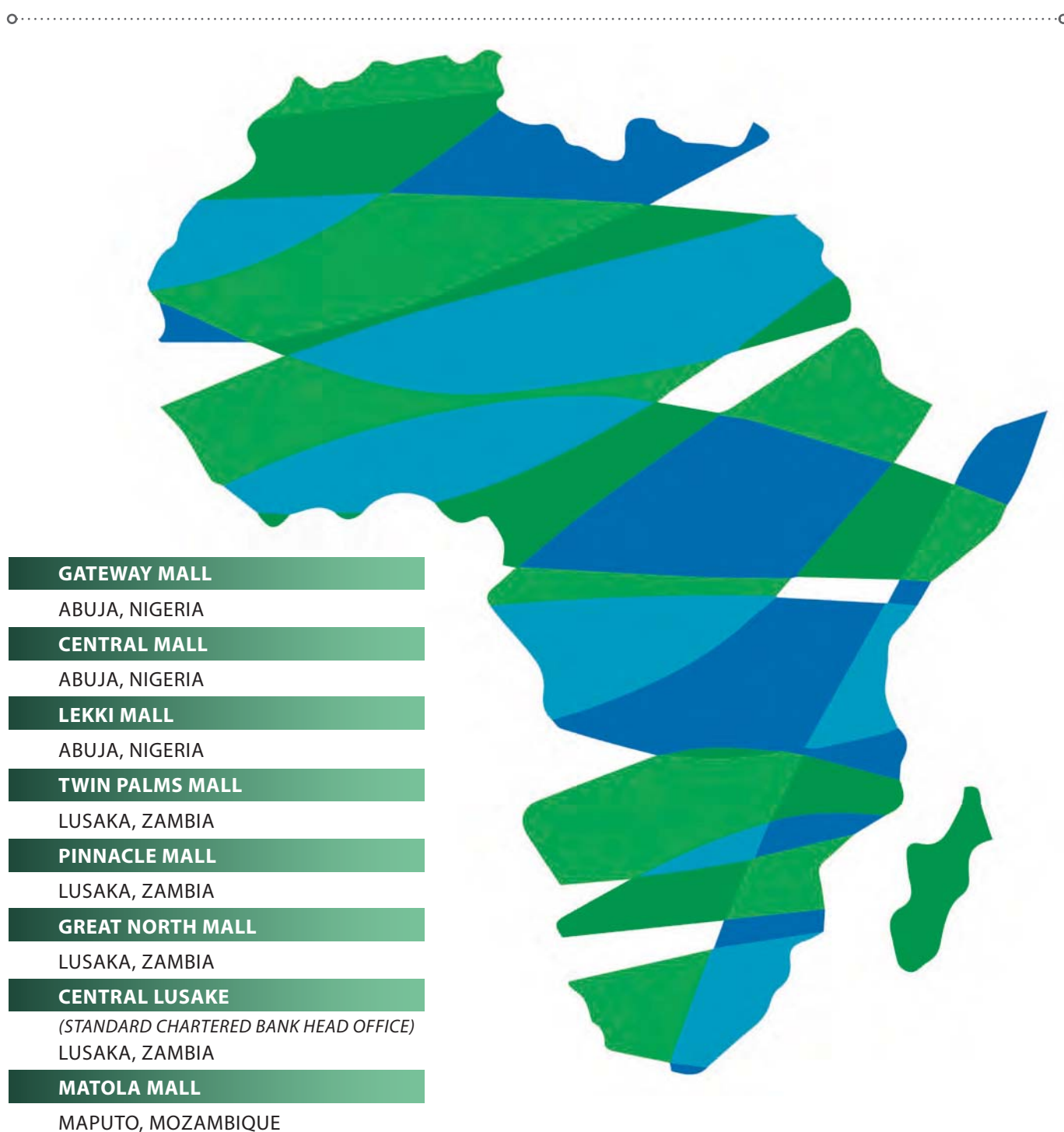
## IMPACT INVESTING

### NOVARE AFRICA PROPERTY FUND

*The TSRF is invested in the Novare Africa Property Fund (NAPF). This is a private equity fund focused on investing in the real estate sector, with a primary mandate to invest into retail and commercial properties across sub-Saharan Africa, excluding South Africa.* NAPF is typically invested into entities which own or acquire land that is identified, rezoned (where necessary) and developed by the fund as commercial and/or retail properties.

NAPF is domiciled and listed in Mauritius and is administered by Maitland (Mauritius) Limited. It is sub-advised by South African based Novare Equity Partners (NEP), who make investment recommendations to the NAPF's board. The Board make all final investment decisions. **A list of the NAPFs key milestones is provided in the Figure below.**

At end of 2020, the NAPF was invested into 8 projects, including 3 in Nigeria, 4 in Zambia and 1 in Mozambique.



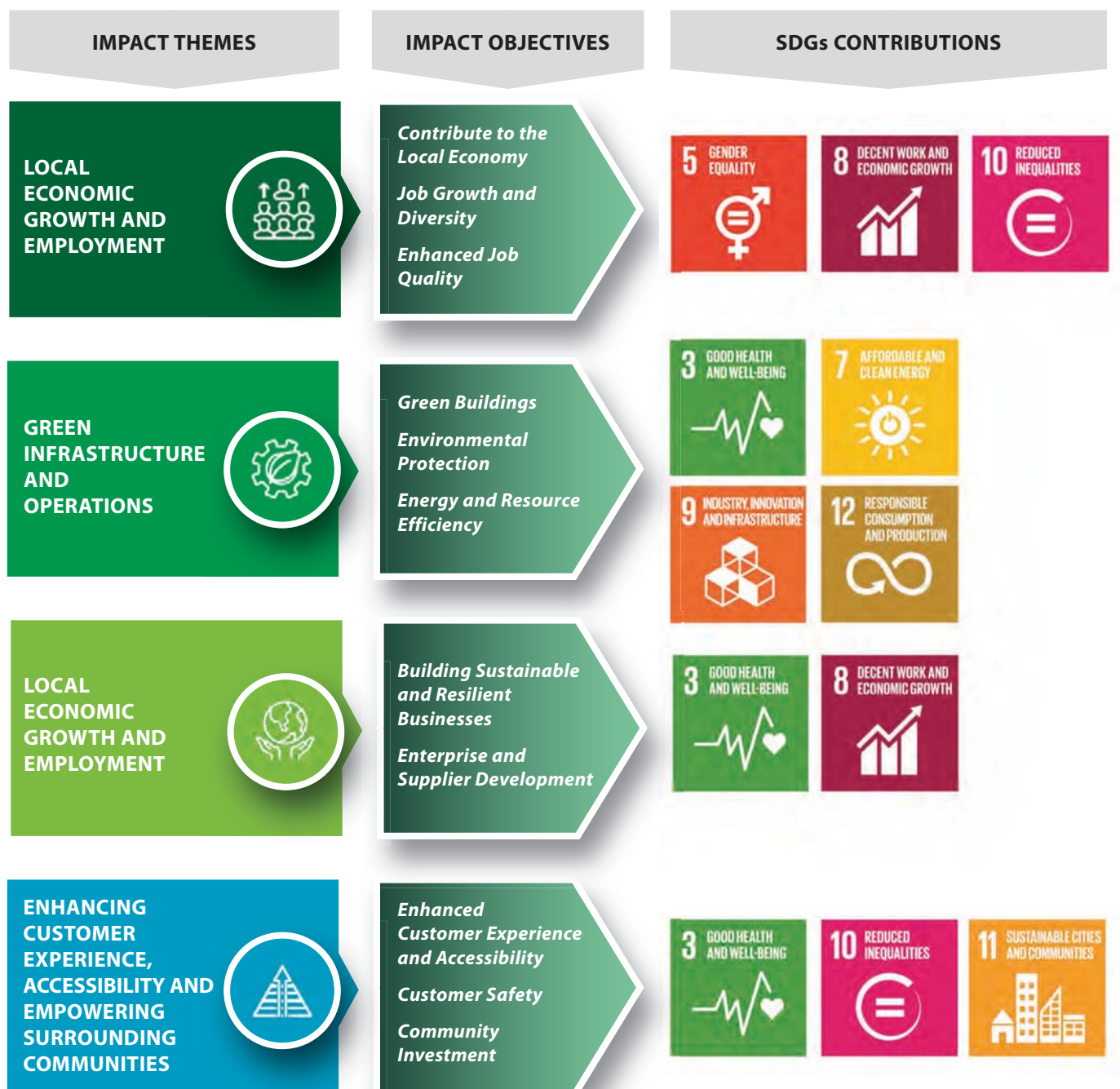
# IMPACT INVESTING

## NOVARE AFRICA PROPERTY FUND

*It is the intention of NAPF II's to use its position to drive positive environmental and social change for both internal and external stakeholders and the environment.* This includes the design, establishment and operation of sustainable developments and social infrastructure that support sustained and inclusive economic growth, social and cultural development, and environmental protection. The fund seeks **to identity and drive opportunities within:**

- 1. Effective Environmental and Social (E&S) governance;**
- 2. Local economic growth and employment;**
- 3. Green infrastructure and operations; and**
- 4. Enhanced customer experience and accessibility, as well as empowering surrounding communities.**

The **four key impact pillars selected to align with applicable national and international development priorities (i.e. the Sustainable Development Goals)** and areas in which NAPF is well positioned to make a meaningful impact, illustrated as follows:







*“The Fund is committed to the highest levels of good governance, compliance and transparency and has four sub-committees to support its role in managing and monitoring the activities of the Fund.”*

## FUND GOVERNANCE

The Transport Sector Retirement Fund conforms to the governance principles contained in the Code of Corporate Practices as reflected in the King IV Report on Corporate Governance for South Africa and confirms that in all material respects the Fund has complied with the Code’s principles for the period under review.

**The Fund is committed to the highest levels of good governance, compliance and transparency** and has **four sub-committees** to support its role in managing and monitoring the affairs of the Fund. These include: **Administration; Legal and Risk; Investment; and Death Benefit Disposal committees.**

The Chairperson is responsible for leading the Board of Trustees and its effectiveness. The Principal Officer is responsible for the execution of strategy and the day-to-day business of the Fund.

The Board of Trustees has a fiduciary duty to act in good faith, with due diligence and care, to avoid conflicts of interests and act with impartiality in respect of all its members, being ultimately accountable and responsible for the performance and affairs of the Fund. The Board provides strategic guidance, direction and leadership, ensures good governance and ethics, determines policy, agrees on performance criteria and delegates the detailed planning and implementation of policy and decisions to management.

The Board of Trustees is also responsible for managing a successful and productive relationship with the various trade union stakeholders.

The Board of Trustees operates in accordance with a Charter which sets out its mission, role, duties and responsibilities and in particular the following:



**Trustees’ fiduciary responsibilities;**



**Leadership of the Board;**



**Induction of new Trustees;**



**Evaluation of Trustees;**



**Matters reserved for the Board;**



**Unrestricted access to the Fund’s records.**

The Board and management continually review and enhance the systems of control and governance to ensure that the business of the Fund is managed ethically, within prudent risk parameters, and in line with internationally accepted standards of best practice.

The Board of Trustees from time to time, monitors and deliberates on changes to the legislative and statutory environment, new business policies and matters of compliance. This ensures that the Board is kept apprised of new developments and monitors and supports governance and sound business practices on behalf of the Fund.



A number of governance policies are enforced within the Fund. These comprise, but are not confined to, the declaration of business interests, the declaration of gifts, gratuities and hospitality, confidentiality, anti-competitive behaviour, and authority limits. **To further enhance compliance, the Fund created a Legal and Risk position and appointed Ms Penny Spentzouris that has many years experience in governance, risk and compliance.**

**The Board of Trustees convenes at least once a quarter and monitors management's compliance with policy and its achievements against predetermined objectives.** Additional meetings may be called when issues arise that need to be resolved between scheduled meetings.

**Four meetings of the Board of Trustees were held during the period under review. A structured approach is followed for delegation, reporting and accountability, which includes reliance on various Board of Trustees Committees. The Chairman guides and monitors the input and contribution of the Trustees. The Trustees have unrestricted access to Fund information.**

Performance evaluations of the Board of Trustees and its committees are done on an annual basis. The Principal Officer is appraised by the Chairman of the Board of Trustees in consultation with the Trustees, whilst the Board of Trustees assesses the performance of the Chairman. Trustee and committee member training are considered vital to enable excellence in the execution of the Board's fiduciary duties and responsibilities. **TSRF Trustees and Committee members completed the FSCA Trustee Toolkit and attended a number of training sessions, conferences and seminars during the year under review.**

*"A structured approach is followed for delegation, reporting and accountability"*





## CHANGES TO THE RULES OF THE FUND

Rule Amendment no.	Motivation and description of rule amendment	Date of Board of Fund's resolution	Effective date	Date registered by FSCA
6	The rule of amendment makes provision in line with FSCA communication 11 of 2020 (RF), to declare a contribution break due to an unforeseen and unavoidable disaster as a national state of disaster or a catastrophe for the duration of such event.	30 March 2020	01 April 2020	22 April 2020
7	Amendment to replace Rule 15.2.2 to align the appointment of Board Members to that of the allocation of seats on the Bargaining Council.	30 March 2020	01 April 2020	20 July 2020

## MANAGING LEGAL AND REGULATORY MATTERS

### TRUSTEE DEVELOPMENT

The knowledge-base of the Board of Trustees is regularly refreshed and expanded through formalised programmes focusing on a myriad of relevant topics from investment to governance (King IV), Twin Peaks, Default Regulations and more. Specific focus for 2021 was the FSCA Toolkit training and attendance of the numerous Industry virtual conferences and webinars including the IRFA and Batseta Conferences.

*The Board is keenly aware that the Fund does not operate in a vacuum and in order to maintain and even improve its success record, all its role players need to have an in-depth understanding of regulatory frameworks, as well as the socio-economic and political frameworks within which it operates and which impacts on the business of the TSRF, the decisions of the Board and the futures of members.*



## RISK MANAGEMENT

In line with the King Committee codes of Good Corporate Governance, the Fund's Board has accepted the responsibility for risk management within the Fund. Risks are regularly recorded, assessed and updated with a view to proactively manage and mitigating those risks the Fund are exposed to. **The Board of Trustees have implemented, and review from time to time, the following policies:**

- **Investment policy documents;**
- **Code of Conduct for Trustees;**
- **Risk management framework;**
- **Communication policy;**
- **Trustee expense policy; and**
- **Procurement policy.**



## RISK CULTURE

Our Risk Management and Assurance ensures the following:

- Our Risk Management is informed by **proactive and integrated** approach.
- Material risks are **appropriately identified** and managed.
- Internal controls are both designed and **operating effectively**.
- Resources are acquired economically, used **effectively and adequately** protected.
- Significant financial, **operational and managerial information is accurate**, reliable and timely.
- Significant **legislative and regulatory issues** impacting the Fund are recognised and appropriately addressed.
- Fraud and **business conduct matters** are identified or brought to the attention of management.
- The requirements set out in **policies, standards and authorities** are met.

The Fund's Legal & Risk sub-committee oversees a fully independent annual internal audit. The findings of the annual internal audit are managed by the sub-committee and from here flows the Fund Risk Matrix. During the year under review the following actions contributed to our risk management success:

- **Risk Matrix, Risk Log;**
- **Internal Audit report, Claims and Payments Process Internal Audit Report, Funeral Claims Management Process Audit, Legislative Compliance Management process Audit, Information Communication and Technology Audit;**
- **Internal Audit Close Out Report;**
- **Continuous monitoring of service providers via regular online meetings;**
- **Rule Amendments to allow for relief for Financially distressed Employers.**





## INTERNAL AUDIT

**Nexia SAB&T was appointed by the TSRF to provide internal audit services.** In terms of the terms of reference, the internal audit prepared, in consultation with management, a three year audit plan on the risk assessment process, having regard to its current operations, business plans and risk management strategy. **The internal audit, is used to formulate a risk-based plan based on the results of the risk assessment which aligns the priorities of the internal audit activity with the objectives and goals of the TSRF,** to focus on remedial actions implemented by management on internal audits performed during the previous financial year as well as taking into account management concerns.

The Internal Audit Plan as well as the internal audit fieldwork focused on the risks to which the TSRF is exposed which was agreed with management of the Fund. The auditable risks were evaluated and prioritised to form the basis for determining the urgency and frequency of the audits. **The following items were audited as part of the 2020-2021 audit:**

- **Information Technology Review;**
- **Contract Management;**
- **Complaints Management Follow Up;**
- **Compliance Review Follow Up;**
- **Claims and Payments Process Review;**
- **Governance Review;**
- **Contributions Review.**

According to the IIA International Standards for Professional Practice of Internal Auditing, as part of the audit process, the auditors considered the possibility of fraud in order to identify potential fraud incidents. **No incidents of fraud or potential fraud has been found or reported.** The findings and recommendations have been considered by the TSRF, and will be used to formulate and develop a risk-based risk management plan, which aligns to the Fund's goals and objectives. **A strong enterprise risk management program not only ensures that the Fund continuously improves its operations and processes, but indirectly ensures that the objectives of the Fund to provide retirement benefits to its members are achieved.**



## COMMITTEES

*The Transport Sector Retirement Fund is managed through a sub-committee structure reporting to the full board. The following sub-committees are in place:*

### ADMINISTRATION

The Committee also assists the Board with the development of the guidelines and administrative procedures for the payment of benefits. The Committee is delegated with the authority to deal with the administration aspects of payment of benefits including unclaimed benefits and death benefit claims requiring discretion for purposes of making a recommendation to the Board. This Committee is also responsible for stakeholder engagement and the development of an effective communication and marketing strategy.

### LEGAL AND RISK

The Committee assists the Board in promoting the effective governance of the Fund, establishing and maintaining effective control environment over all operations, evaluate the reliability and integrity of information, evaluate compliance with policies, plans, laws, rules of the Fund and regulations, effective management of risk and to ensure compliance with Corporate Governance.

### INVESTMENT

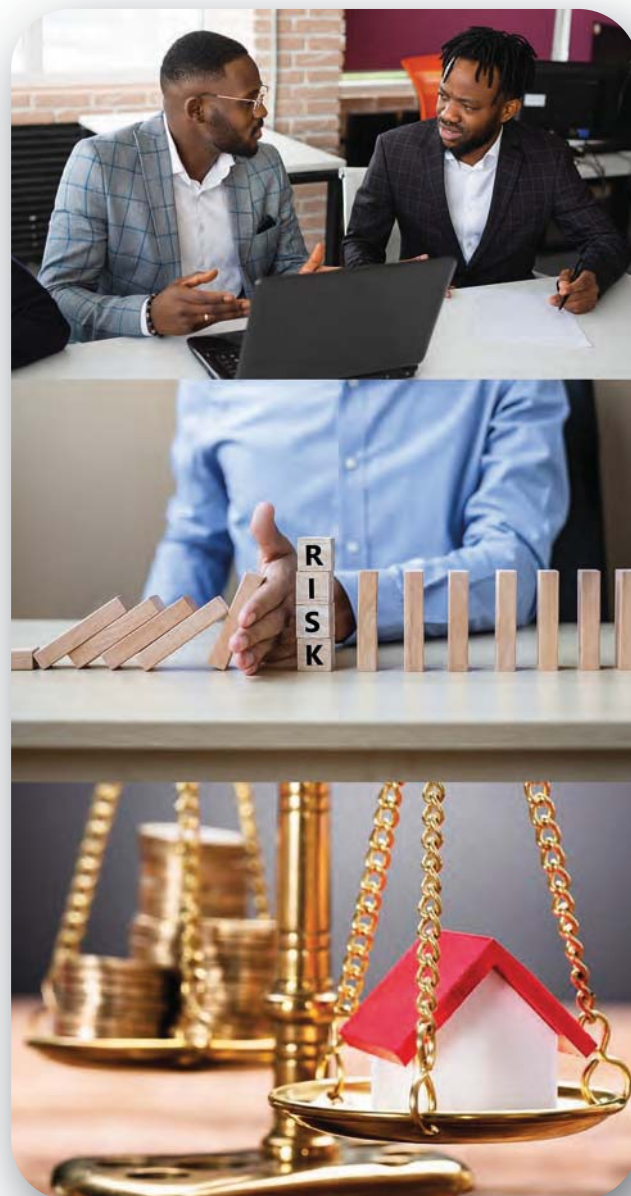
The Investment Committee is tasked with developing and regularly reviewing the Fund's Investment Policy Statement, recommending the appointment or termination of asset managers to the Board, ensure that proper contractual agreements are in place for asset managers and monitoring the managers on the achievement of their mandates, monitoring the appointed asset managers on their adherence to their mandate and their principles of their mandate and any policies on proxy voting, shareholder activism and ESG guidelines. The committee also bears the responsibility of monitoring the Fund's performance and perform regular asset liability matching exercises.

The key achievements for the sub-committee were the formulation of the transformation policy together with the ESG policy. Further, in the year under review and the rebalancing of the portfolio in order to take advantage of the returns earned by various asset classes.

The Committee is also responsible for the evaluation of the independence, objectivity and effectiveness of the Internal and External Auditors, as well as the review of accounting and audit concerns identified by the Internal and External Audit.

### DEATH BENEFIT DISPOSAL

The Committee is responsible for the distribution of death benefits in terms of section 37C of the Pension Funds Act.



## COMMITTEES

*The Fund is managed through a sub-committee structure reporting to the full board.*

TRUSTEE NAME	BOT			INVESTMENT SUB-COMM	
	30/03/2020	29/09/2020	25/11/2020	28/05/2020	18/02/2021
Mr Mdumisani Mabaso	X	X	X	X	X
Mr Johnson Gamede	X			X	
Mr Solomon Mothibedi	X	X	X		
Mr Dumo Masango	X	X	X		
Mr Tebalo Maloka	X	X	X	X	X
Mr Mandla Nkosi	X	X	X		
Mr Mbuso Nzama	X	X	X		
Mr William Lekgoathi			X		
Mrs Pontsho Mokoena			X		
Mr Tawana Mopeli		X	X		
Mr Jack Mazibuko					
FUND OFFICIALS					
Mr Joe Letswalo	X	X	X	X	X
Ms Tebogo Kgosi	X	X	X	X	X

*“Trustee and committee member training are considered **vital** to **enable excellence** in the **execution** of the **Board’s fiduciary duties** and **responsibilities**.”*



## COMMITTEES

*The Fund is managed through a sub-committee structure reporting to the full board.*

TRUSTEE NAME	LEGAL and RISK SUB-COMM		ADMINISTRATION SUB-COM		DEATH BENEFITS DISPOSAL SUB-COMM	
	07/07/2020	22/02/2021	07/07/2020	17/02/2021	07/07/2020	22/02/2021
Mr Mdumisani Mabaso		X	X	X		
Mr Johnson Gamede	X				X	
Mr Solomon Mothibedi	X	X				X
Mr Dumo Masango			X	X	X	X
Mr Tebalo Maloka	X	X				
Mr Mandla Nkosi	X	X	X	X		
Mr Mbuso Nzama				X		
Mr William Lekgoathi						
Mrs Pontsho Mokoena						
Mr Tawana Mopeli		X				
Mr Jack Mazibuko						
FUND OFFICIALS						
Mr Joe Letswalo	X	X	X	X	X	X
Ms Tebogo Kgosi	X	X	X	X	X	X

*“The **knowledge-base** of the **Board of Trustees** is **regularly refreshed** and **expanded** through formalised programmes **focusing on** a myriad of **relevant topics** from **investment** to **governance**”*

## FSCA THEMATIC REVIEWS

The FSCA (Financial Sector Conduct Authority) conducted two desk-top thematic reviews during the period under review. The purpose of the FSCA thematic reviews is for the Authority to conduct a supervisory on-site inspection of a supervised entity according to the following:

- **Check compliance** by the entity with a financial sector law for which the Authority is the responsible authority, a directive issued by the Authority or an enforceable undertaking accepted by the Authority;
- **Determine the extent of the risk** posed by the entity of contraventions of a financial sector law for which the Authority is the responsible authority; and
- **Assist the Authority in supervising** the relevant financial institution.

**Both responses with supporting documentation were submitted to the FSCA within the prescribed time period, and there has been no adverse feedback from the FSCA.** The FSCA responded that in light of the information provided, that there was no need to conduct an onsite visit.





***Are signed on behalf of the Board of Trustees  
of the Fund.***



## STATEMENTS OF CHANGES IN NET ASSETS AND FUNDS

## STATEMENTS OF CHANGES IN NET ASSETS AND FUNDS

(For the period 29 February 2020 - 28 February 2021)

Notes		Members' Individual Accounts and Amounts to allocated/ accumulated Funds	Total Reserves R	Total Current Period R	Total Previous period R
Contributions received and accrued	8	1 075 684 159	140 586 339	1 217 270 498	1 322 417 184
Reinsurance proceeds		181 580 970	-181 580 970	-	-89 861 895
Net investment income	9	540 366 470	40 350 817	580 717 287	251 968 590
Less: Administration expenses	10	72 857 768	7 337 950	80 195 718	84 430 842
<b>Net income before transfers and benefits</b>		<b>1 725 773 831</b>	<b>-7 981 764</b>	<b>1 717 792 067</b>	<b>1 400 093 037</b>
Transfers from other funds	4	1 158 583	-	1 158 583	7 558 954
Transfers to other funds	5	18 165 804	-	18 165 804	18 920 933
Benefits	6	1 211 345 074	-	1 211 345 074	1 164 346 215
<b>Net income after transfers and benefits</b>		<b>497 421 537</b>	<b>-7 981 764</b>	<b>489 439 773</b>	<b>224 384 843</b>
<b>Funds and reserves</b>		<b>6 177 548 212</b>	<b>1 320 739 966</b>	<b>7 498 288 178</b>	<b>7 273 903 335</b>
Balance at beginning of period		6 177 548 212	1 320 739 966	7 498 288 178	7 273 903 335
Prior period adjustment		259 552 981	-259 552 981	-	-
Transfer between reserves		-55 197 857	55 197 857	-	-
<b>Balance at the end of period</b>		<b>6 879 324 873</b>	<b>1 108 403 078</b>	<b>7 987 727 951</b>	<b>7 498 288 178</b>



## IMPORTANT INFORMATION

### EXTERNAL SERVICE PROVIDERS

To assist the Trustees with the management and control of the Fund, the following appointments were in place for the year under review:

#### ADMINISTRATORS

##### Front Office -

Sanlam Employee Benefits



##### Back Office -

SALT Employee Benefits



#### AUDITORS

Mazars



#### ACTUARY

Garth M Barnard

(Moruba Consultants and Actuaries)



#### INVESTMENT ADVISOR

Novare Actuaries and Consultants

Rand Merchant Bank



#### RISK INSURER

Guardrisk Life Limited



*"The Fund  
regularly reviews  
and monitors  
the performance  
of service providers"*



## NOMINATION OF BENEFICIARIES

One of the most challenging tasks facing the Board of Trustees is to ensure that lump sum benefits paid on the death of a member are equitably allocated to all known dependants of that member. Although the nomination form is not binding on the Trustees, it does serve as an important guide in the event of the death of a member.

***The Trustees therefore urge all members of the Fund to ensure that their Nomination of Beneficiary forms are completed, and thereafter updated on a regular basis, to reflect an accurate record of the status of each member's dependants and/or nominees.***

This form is distributed along with the annual benefit statements or can be obtained from the members' nearest Sanlam Walk-in Centre or from the Fund's website: [www.rfliipf.co.za](http://www.rfliipf.co.za) Completed forms will be kept on file by the member's employer and copies can be submitted to the Fund's administrator.

## PRESERVATION OF BENEFITS

***When a member withdraws from the Fund and considers what to do with fund his/her benefit, the TSRF encourages members to always make the preservation of their retirement savings their first consideration.***

Preservation occurs when money saved for retirement through provident funds remain in those funds until the person retires, or is rolled over into another similar retirement savings vehicle without incurring taxes or penalties when a person changes job.

Retirement savings, for the average worker, are the single largest source of income post retirement. However, rates of preservation are very low. ***Cashing out accumulated retirement savings prematurely erodes financial security in old age, undermines the alleviation of poverty and increases reliance on others.***

As from 01 March 2019, members who resign become paid-up members of the Fund. Their money remains invested in the Fund unless they inform the Fund that they choose to withdraw their retirement investment.

Members also have the option to preserve Fund benefits in the retirement funding system by placing the benefit in a retirement annuity; transferring it to a new employer's fund; or to a preservation fund.

***"A beneficiary is a person or legal entity who derives advantage from something, especially a trust, will, or life insurance policy."***



# COMPLIANCE REGARDING PAYMENT OF CONTRIBUTIONS

*As an employer on the Transport Sector Retirement Fund (TSRF) you have a responsibility to provide clear, concise and detailed contribution schedules and to make payment of contributions regularly and on time. A non-compliant employer faces serious consequences.*

## Section 13A of the Pension Funds Act

The Pension Funds Act ("the Act") sets two obligations on employers in relation to payment of contributions. The obligations are as follows:

- *A participating employer is obliged to pay **contributions** in terms of the rules of the Fund into the Fund's bank account not later than 20 days after the end of the month for which such contributions are payable; and*
- *A participating employer further has to provide **contribution schedules to the Fund not later than 20 days after the end of the month** in respect of which the payment was made to ensure that the contributions are allocated to the correct members.*



*"The **importance** of **compliance** with **S13A** cannot be overemphasised and it is **imperative** the **employers** play their role to **ensure** their **employees** **save** for their **retirement**."*

## Types of non-compliance on the Fund

1. Employers who **do not register and/or do not deduct contributions** from their employees;
2. Employers who deduct contributions from their employees but **do not pay them over to the Fund**;
3. Employers who deduct contributions and pay them to the Fund but **do not submit schedules to the Fund**, the Fund can therefore not allocate the contributions to the members;
4. Employers who are **under declaring**.

# COMPLIANCE REGARDING PAYMENT OF CONTRIBUTIONS

**Members and employers can now apply for writ of execution against non-compliant employers**

*The Office of the Pension Funds Adjudicator (OPFA) is upping the ante against employers that owe contributions to retirement funds.*

From 1 December 2021, the office could hand down orders that funds or member can use to obtain a writ of execution against the employer's property.

In the past, the OPFA has made orders calling on the fund and the employer to exchange information for the purpose of calculating the amount owed to the fund, whereafter the employer must pay the fund the outstanding amount. Determinations have been ignored although they are equivalent to civil judgments.

*“The OPFA deems it undesirable for complainants to be placed in a position whereby they are required to expend further time and legal costs in obtaining relief. In the circumstances, the OPFA will commence conducting investigations pertaining to arrear contributions in a manner that enables the adjudicator to make orders sounding in money with effect from 1 December 2021. This is intended to make it easier for a fund and a member to enforce such an order by obtaining a writ of execution from the relevant court in the event of non-compliance with the order by the employer or fund,”* the OPFA said.

Now retirement funds can use the determination to get a warrant of execution issued against the property of an employer to settle the judgment debt relating to arrear contributions.

***The property of an employer can be sold to recover outstanding contributions.***



## Criminal prosecution of non-compliant employers

In the case of non-compliance and non-payment of contributions, these matters are referred to the FSCA, NPA and SAPS. In terms of PF Circular 110, the Fund is required to report instances of non-compliance. A criminal docket is opened against the non-compliant employer and the process proceeds against the responsible person of the employer. These matters are investigated and monitored by the NPA.

***Remember, non-compliance with S13A of the Pension Funds Act, and non-payment of contributions in terms of the Rules of the Fund, are considered serious and there are serious implications both civilly and criminally for an employer and responsible parties of the employer.***

The importance of compliance with S13A cannot be overemphasised and it is imperative the employers play their role to ensure their employees save for their retirement. Any person who contravenes or fails to comply with section 13A is guilty of an offence and liable on conviction to a fine not exceeding R10 million or to imprisonment for a period not exceeding 10 years, or both.

Our already fragile economy has taken a beating with many small business owners within the transport industry bearing the brunt of these unprecedented circumstances. ***The Fund wishes to thank those employers (big and small) who diligently pay their contributions to the Fund on time.***

## COVID-19 RELIEF APPROVED APPLICATIONS

### PAYMENT HOLIDAY APPLICATION SUMMARY

STATUS	EMPLOYERS	RISK	CONTRIBUTION BREAK	REDUCED SALARIES	MEMBER 10% ONLY
APPROVED CASES	243	124	111	7	1
MEMBER COUNT	7255	3977	2818	207	10
RELIEF PERIOD APPLIED	EMPLOYERS				
1 Month	28				
2 Months	23				
3 Months	51				
4 Months	15				
5 Months	7				
6 Months	119				
GRAND TOTAL	243				
CURRENT STATUS	EMPLOYER				
All members exited after approved relief period - possible termination	6				
Company closed	15				
Compliant	205				
Non-compliant. In arrears after the approved relief period	17				
GRAND TOTAL	243				



## COMPLAINTS AND DISPUTES

Members who are dissatisfied with the way in which their retirement fund benefits are managed are able to ***lodge a formal complaint to the Fund by writing to the Principal Officer of the TSRF.***

The Principal Officer may address the complaint immediately or may need to institute an investigation to ascertain the causes that led to the complaint. Where necessary, the Principal Officer will refer the complaint to the Board of Trustees for consideration.

If the Fund's response deems to be unsatisfactory, or the Fund fails to address the complaint, the member has the right to refer the case to the Pension Funds Adjudicator. There is no charge to lodge a complaint with the ***Adjudicator's Office.***



Postal: **P O Box 651826, Menlyn, 0063**



E-mail address: [enquiries@pfa.org.za](mailto:enquiries@pfa.org.za)



Tel: **012 346 1738/ 012 748 4000**



Fax: **086 693 7472**



*"If you have **a complaint** about your retirement fund, you must **give the fund an opportunity to resolve your problem** before you complain to the Pension Funds Adjudicator (PFA), the Adjudicator's Office says."*

*“Retirement savings,  
for the **average** worker,  
are the single largest  
**source of income**  
post retirement”*

## FINANCIAL ADVICE

*For the majority of people their retirement fund money is their largest, and sometimes their only, form of savings. Being a member of the retirement fund does not necessarily guarantee sufficient income during retirement. To achieve this, members are encouraged to start planning towards financial security as early as possible during their working lives.*

Numerous financial planners will be able to provide sound retirement planning advice. It is important that the financial advisor takes into account individual requirements and circumstances, and that all facts are disclosed regarding the options available to a member exiting a retirement fund.

TSRF encourages its members to ensure that they only enlist the services of financial advisors that are accredited in terms of the Financial Advisory and Intermediary Services Act (FAIS), and that the advisor concerned provides written confirmation to this effect. A list of accredited financial advisors can be obtained from: [www.fpi.co.za](http://www.fpi.co.za) Or on the FSCA website [www.fsca.co.za](http://www.fsca.co.za)





***“Member communication remains a top priority of the Fund. The Fund encourages all members to interact with us via the **Fund’s website, Facebook, Twitter and WhatsApp** platforms. Newsletters, flyers and videos are sent directly to members via their **mobile devices** to **keep them informed.**”***

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## QUESTIONS, COMMENTS AND SUGGESTIONS

The Transport Sector Retirement Fund’s **Rules, Annual Financial Statements** and the **Actuarial Valuation** are **available for inspection** at the registered address of the Fund.

**Any queries, comments or suggestions** relating to the information contained in this report, or with regard to member benefits, investments or general Fund activities should be addressed to:


 Telephone: **011 544 8300**

 E-mail: [\*\*members@rflipfund-sanlam.co.za\*\*](mailto:members@rflipfund-sanlam.co.za)

 Web address: [\*\*www.rflipf.co.za\*\*](http://www.rflipf.co.za)

 Facebook: [\*\*@TransportSectorRetirementFund\*\*](https://www.facebook.com/TransportSectorRetirementFund)

 Twitter: [\*\*@transport\\_fund\*\*](https://twitter.com/transport_fund)

 WhatsApp: **087 240 7004**



# **TRANSPORT**

*Sector Retirement Fund*

Moving Towards A Better Future

## **INTEGRATED ANNUAL REPORT 2021**

