

**INTEGRATED**  
ANNUAL REPORT

**2022**





THE TSRF SALUTES  
WOMEN PAST AND PRESENT. THANK  
YOU FOR BEING OUR  
PILLARS OF STRENGTH.

OUR **ACTIVITIES** AT A HIGH LEVEL:

**1** *IMPACT INVEST*

**2** *FUND MANAGE*

**3** *RISK MANAGE*

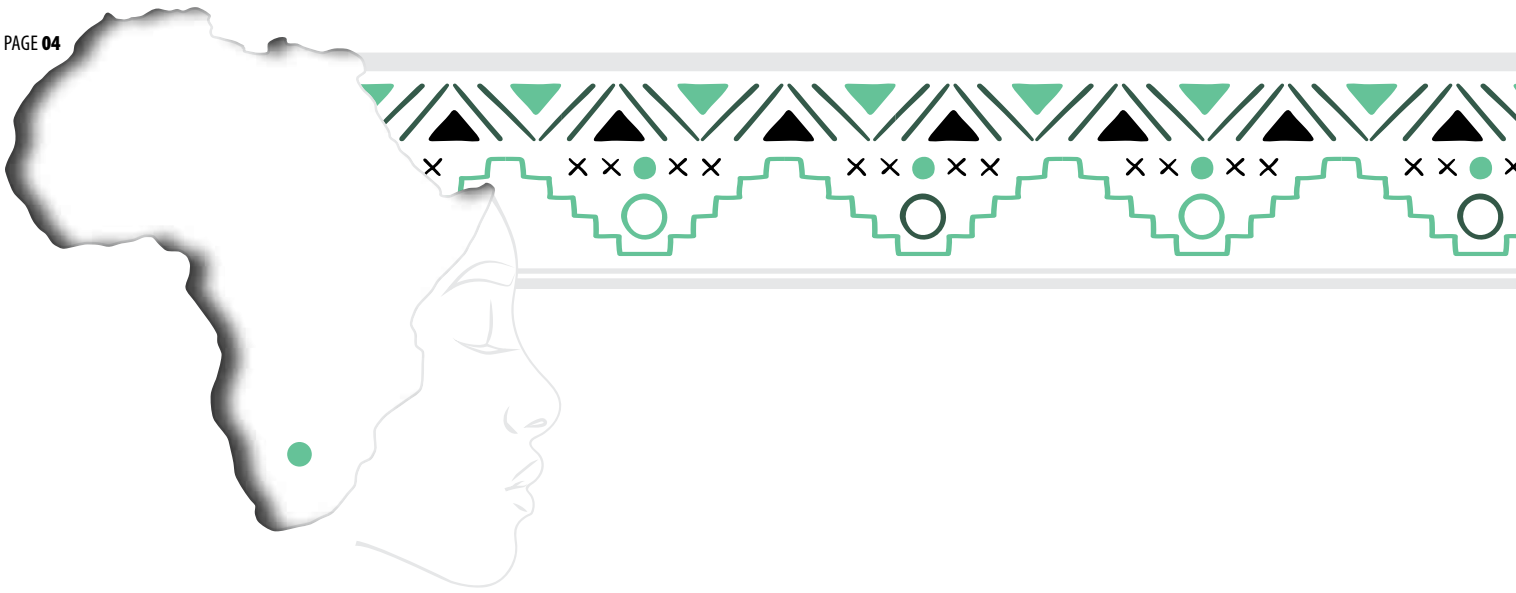
**4** *GROW*

**5** *TRANSFORM*

**6** *DISTRIBUTE*

# CONTENTS

04	ABOUT THIS REPORT
05	<i>TSRF at glance – 2021 Highlights</i>
06	<i>Statement of the Chairperson of the Board</i>
08	<i>External audit assurance</i>
10	OUR BUSINESS
10	<i>Benefits</i>
11	BOARD OF TRUSTEES REPORT
11	<i>Management and control of the Fund</i>
11	<i>Board of Trustees</i>
16	PRINCIPAL OFFICER'S REPORT
18	FUND GOVERNANCE
19	<i>Regulatory developments</i>
23	<i>Changes to the rules of the Fund</i>
23	<i>Managing legal and regulatory matters</i>
23	<i>Risk management</i>
24	<i>Risk culture</i>
24	<i>Internal audit</i>
25	<i>Financial Sector Transformation Council</i>
26	<i>Committees</i>
29	<i>Stakeholders</i>
31	FUND PERFORMANCE
31	<i>Economic and investment outlook</i>
34	<i>Growing and protecting assets</i>
35	<i>Membership</i>
35	<i>Actuarial valuation</i>
35	<i>Housing loans</i>
35	<i>Life stage investment</i>
35	<i>Subsequent events</i>
35	<i>Stakeholder engagements, education and communication</i>
38	<i>Transformation, ESG and SRI</i>
52	FINANCIAL STATEMENTS
55	IMPORTANT INFORMATION
55	<i>External service providers</i>
55	<i>Nomination of beneficiaries</i>
55	<i>Preservation of benefits</i>
55	<i>Section 13A Fund compliance</i>
56	<i>Complaints and disputes</i>
57	<i>Online Benefit Counselling Tool</i>
57	<i>Offices</i>
60	<i>Questions, comments and suggestions</i>



*Mike Abel, CEO of M&C Saatchi Abel, recently wrote a post about “His South Africa” and the words are so fitting, we share an extract:*

*‘My South Africa is about its incredible people, the sights, sounds, music, smells and tastes. The stuff you only find here and nowhere else.*

*My South Africa is about a new democracy still struggling to find its feet and its voice.  
The heroes of the past, and the activists of the present. The builders, not the breakers.*

*My South Africa is about kindness, warmth, and Ubuntu. Generous people. Creative people. People who want crime to stop and to move from hope into a better reality. The ever-patient parents who just want their kids to be safe. Who themselves want to be safe.*

*My South Africa is braaivleis, bobotie, bunny chow, koeksisters, chakalaka, umnqushu and potjies.  
This is home and a place worth fighting for!’*

## 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 2022. 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. It illustrates how the Fund creates and sustains value for all its stakeholders in the short, medium, and long term.

### NAVIGATING UNCHARTERED WATERS

The last two years have been incredibly challenging for the transportation and logistics industry worldwide. For the first time, the global supply chain was affected by the pandemic and then by the conflict in Ukraine. Like all other sub-sectors of logistics, the road freight industry is presently experiencing unprecedented challenges. The existing vulnerabilities of the sector and the increase in fuel prices are further complicated by new obstacles such as digitisation, the e-commerce boom, labour shortage, and changing market conditions.

Uncertain times almost always negatively affect an emerging market like South Africa's. The exchange rate, stock market indices and bond valuations have deteriorated of late and could continue on this weaker footing for some time given the current “extraordinarily uncertain” global outlook.

As a result, South Africa's economic growth is slowing once more.

After the 2020 recession, the economy bounced back in 2021 as GDP expanded by 4.9%. However, even before the Russian invasion of Ukraine, local economic growth moderated to a significantly lower level over the medium term. If economic growth was a car, South Africa would be driving at 60 km/h, while the global average is above 100 km/h.

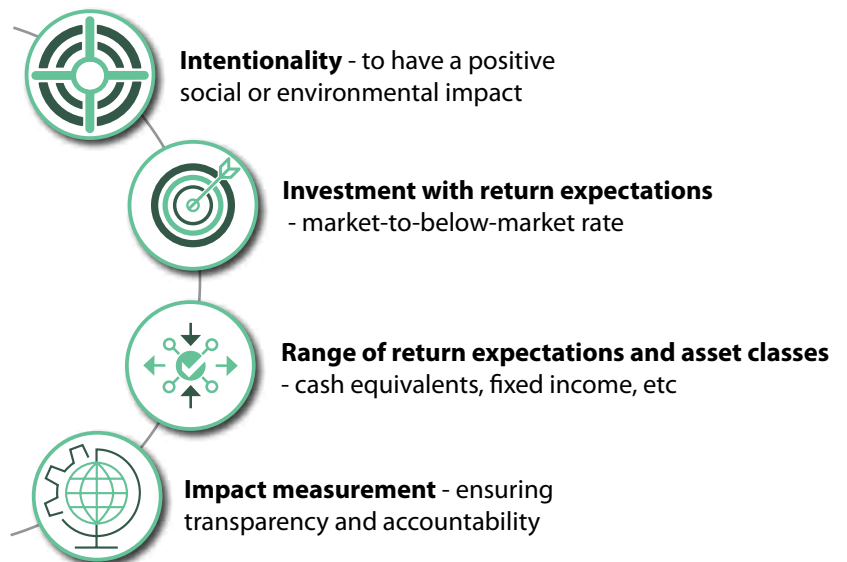
THE FUND IS POISED TO  
GROW AND EXPAND AS  
THE TRANSPORT INDUSTRY  
RECOVERS AND THRIVES  
IN THE YEARS TO COME

## TSRF READY FOR CONTINUED GROWTH THROUGH INFRASTRUCTURE DEVELOPMENT PROJECTS

As a true corporate citizen, the TSRF believes in infrastructure development through Impact Investment drives, socially inclusive growth, supporting transformation, environmentally friendly initiatives as well as considering climate change challenges. By incorporating impact investment and ESG principles into its investments, jobs are created and poverty eased.

TOMORROW  
BELONGS TO THE  
PEOPLE WHO  
PREPARE FOR IT  
TODAY

- African Proverb



## TSRF AT A GLANCE—2022 HIGHLIGHTS



### EXCELLENT INVESTMENT GROWTH

**11.7%** for the year to 28 February 2022



### TOTAL ASSETS UNDER MANAGEMENT

Increased from R7.9 billion in 2021 to **R8.8 billion** in February 2022



### BLACK-OWNED INVESTMENT MANAGER

Black-owned investment managers handle **85%** of the assets under management with a **75% Level 1 B-BBEE** compliance rating



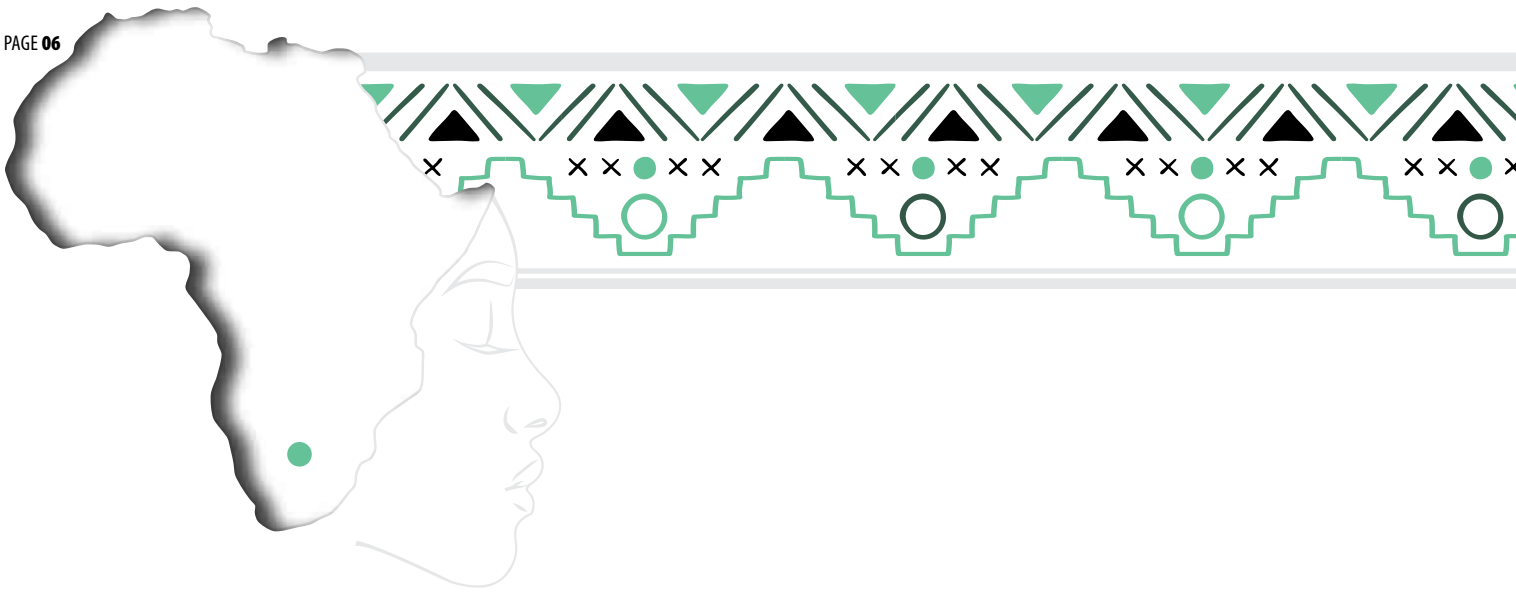
### BENEFIT CLAIMS PAID

**R1.4 billion** in benefits paid during the year



### ANNUAL CONTRIBUTIONS

During the period under review, **76 230** active members paid contributions to the value of **R1,4 billion**



## STATEMENT OF THE CHAIRPERSON OF THE BOARD

*"THE FOUNDATIONS OF OUR DEMOCRACY ARE  
BASED ON THE WILL OF THE PEOPLE.*

SOUTH AFRICANS HAVE DEMONSTRATED TO  
THE WORLD THAT WE ARE COMMITTED TO A  
DEMOCRATIC GOVERNMENT, THAT WE OPPOSE  
VIOLENCE AND CRIMINALITY, AND THAT WE  
WILL STAND UP TO ANYONE WHO SEEKS TO  
DESTABILISE OUR COUNTRY.

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

In this report, we celebrate the uniqueness of our beautiful country, its place on the African continent and our courageous people, and specifically pay homage to the women of South Africa. The TSRF salutes women past and present, for being pillars of strength within their families, communities, and in the workplace.

One of the sectors that traditionally excluded women was the transport sector, which is why the Fund believes in the empowerment of women. Thus, 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 for emancipating women to become leaders.

It excites the Fund that the CTA will empower 915 women through the Women Inspiring Women to Lead in Transport programme with 120 female professionals, 300 female entrepreneurs, and 495 female truck drivers in training.

The transport sector is an enabler in trade, commerce, tourism, and economic growth. It gives people access to jobs, services, education, medicine, entertainment, sport, and social interaction to help create a dynamic country and citizens who live productive, positive lives. Transport 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. The Fund thanks its members who continue to play a key frontline and vital role in delivering essential goods and services to the nation and neighbouring countries.

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

The Fund has invested time and resources over the last few years encouraging members to use the Fund website, Facebook and Twitter. This paid off throughout lockdown in 2020 and 2021. Members have embraced our social media channels and diligently read the Fund newsletters and newsflashes on their mobile devices via SMS messages sent to them.

Members have also registered to use the Fund's Online Benefit Counselling tool where they can access their fund benefit statement. Once registered, members can use WhatsApp and USSD on their phones to view fund balances and to receive their benefit statement electronically.

The quality of our governance structures and the capability of the Board of Trustees to identify areas where the Fund can benefit members directly underpins the strength of the TSRF. Besides our goal of ensuring that once members retire, their living standards are maintained, the TSRF continually looks to improve members' livelihoods while actively employed. We achieve this 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.

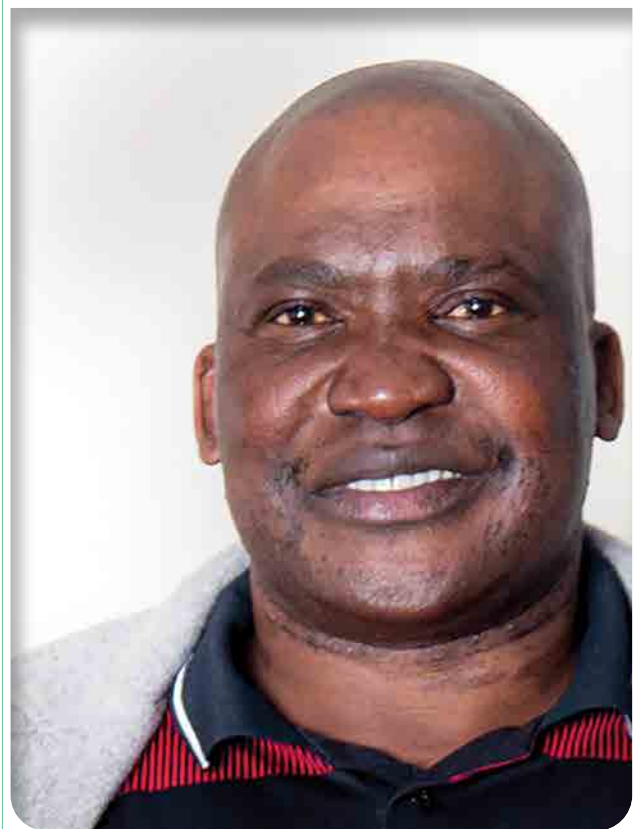
I thank my fellow Trustees, Fund Officials and our various service providers for their diligence, hard work and ongoing commitment to improving members' livelihoods. Learning to manage the new ways of doing things and still delivering value to stakeholders is a key challenge for the financial sector and for retirement funds, in particular.

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!

As we navigate through the next financial year, we have to remain positive and hold on to hope, as we position the transport industry for growth in the years to come.



**MDUMISANI MABASO**  
CHAIRMAN



WE DO NOT  
INHERIT THE EARTH FROM  
OUR ANCESTORS,  
WE BORROW IT FROM  
OUR CHILDREN

- African Proverb





## EXTERNAL AUDIT ASSURANCE

### REPORT OF THE INDEPENDENT AUDITORS

#### OPINION

We have audited the financial statements of the Fund set out on pages 21 to 41, which comprise the statement of net assets and funds as at 28 February 2022. It includes the statement of changes in net assets and funds for the year then ended, and notes to the statements, with a summary of significant accounting policies.

The financial statements present fairly, in all material matters, the financial position of the Fund as at 28 February 2022, and its financial performance and cash flows for the year ended are in accordance with Regulatory Reporting Requirements for Retirement Funds in South Africa.

#### BASIS FOR OPINION

We conducted our audit under 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 under 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 (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities, under the IRBA Code, and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe the audit evidence 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 we identify the applicable financial reporting framework, as prescribed by the Registrar. Consequently, the financial statements and related auditor's report may not be suitable for another purpose. Our report is intended solely for the Board of the Fund and parties other than the Board of the Fund should not use the report.

#### OTHER INFORMATION

The Board of the Fund is responsible for the other information. This information comprises the Report of the Board of the Fund, as required by the Regulatory Reporting Requirements for Retirement Funds in South Africa.

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 under 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 prepare financial statements that are free from material misstatement, whether because of fraud or error.

In preparing the financial statements, the Board of the Fund assesses the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to a 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 because of 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.
- **Get an understanding of internal control** relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express 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 change our opinion. Our conclusions are based on the audit evidence received up to 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 deficiencies in internal control we identify during our audit.***

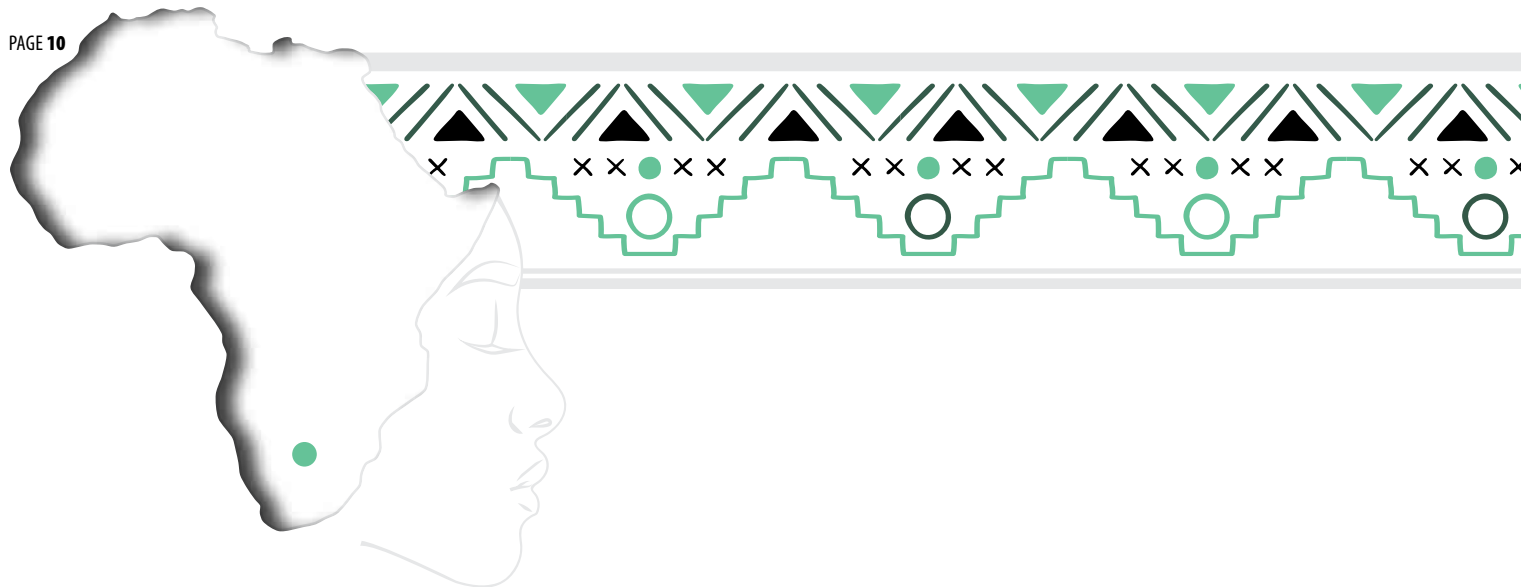
#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As part of our audit of the financial statements for the year ended 28 February 2022, we have read the Board of Fund's Report to identify whether there are material inconsistencies between this report and the audited annual financial statements. The Board of the Fund Report is the responsibility of the Board. Based on our reading of the report, we have not identified material inconsistencies between the report and the audited annual financial statements. However, we have not audited the Board of the Fund Report and accordingly do not express an opinion thereon.











#### Mazars

Registered Auditor  
Partner: Munesh Patel  
Johannesburg  
15 August 2022





## OUR FUND BENEFITS

BENEFIT	DESCRIPTION																
 <b>Employee Contribution Rate</b>	10%																
 <b>Employer Contribution Rate</b>	10% (inclusive of costs)																
 <b>Normal Retirement Age Late Retirement</b>	65 years. Employer approves continued employment past the age of 65 years. Lump sum disability benefits cease at age 65. Lump sum death and funeral benefits continue to age 70.																
 <b>Death Benefit</b>	3 x annual salary plus 100% fund credit																
 <b>Capital Disability Benefit</b>	3 x annual salary plus 100% fund credit																
 <b>Funeral Benefit</b>	<table> <tr> <td>Member</td><td>R65,000</td></tr> <tr> <td>Spouse</td><td>R65,000</td></tr> <tr> <td>Children:</td><td></td></tr> <tr> <td>14 to 21 years</td><td>R48,000</td></tr> <tr> <td>6 to 13 years</td><td>R13,000</td></tr> <tr> <td>1 to 5 years</td><td>R10,000</td></tr> <tr> <td>0 to 11 months</td><td>R 5,000</td></tr> <tr> <td>Stillborn</td><td>R 3,900</td></tr> </table>	Member	R65,000	Spouse	R65,000	Children:		14 to 21 years	R48,000	6 to 13 years	R13,000	1 to 5 years	R10,000	0 to 11 months	R 5,000	Stillborn	R 3,900
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6 to 13 years	R13,000																
1 to 5 years	R10,000																
0 to 11 months	R 5,000																
Stillborn	R 3,900																
 <b>Repatriation of Mortal Remains</b>	Repatriation of mortal remains																
 <b>Administration</b>	Front Office (Sanlam) Back Office (SALT EB)																
 <b>Pension-backed Home Loan</b> (provided employer signs agreement)	<b>Loan parameters</b> 60% of Fund Credit Minimum loan term: 12 months Minimum loan amount: R5000 Minimum loan repayment: R200 pm Interest rate: Prime less 0.75%																
 <b>Investments</b>	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																

## BOARD OF TRUSTEES REPORT

### MANAGEMENT AND CONTROL OF THE FUND

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

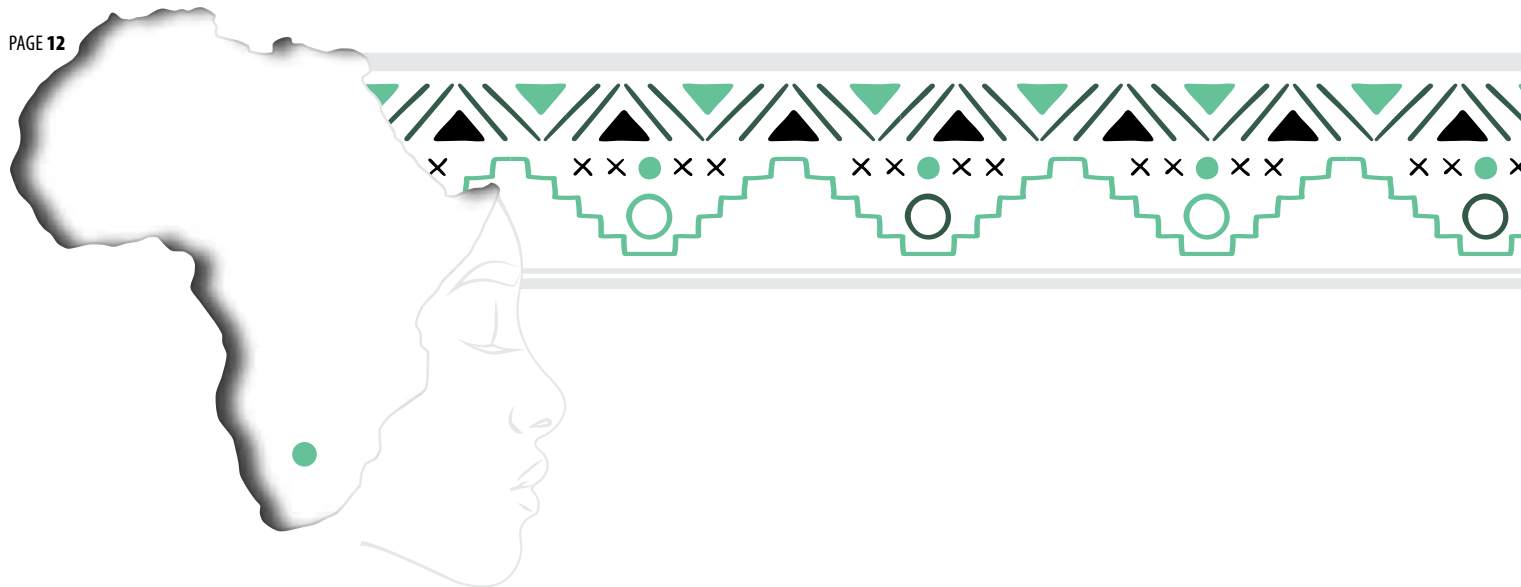
The Fund is managed through a sub-committee structure reporting to the full board. Sub-committees in place are:

- Administration
- Legal and Risk
- Investment
- Death Benefit Disposal

### BOARD OF TRUSTEES

The Fund Trustees are:

NAME	DELEGATION	ROLE
MR M MABASO	MEMBER REPRESENTATIVE	Chairperson of the Board Investment Sub-Committee
MR S MOTHIBEDI	MEMBER REPRESENTATIVE	Legal & Risk Sub-Committee Death Benefit Disposal Sub-Committee
MR ST MALOKA	INDEPENDENT REPRESENTATIVE	Investment Sub-Committee Legal & Risk Sub-Committee
MR M NZAMA	MEMBER REPRESENTATIVE	Administration Sub-Committee
MS PB MOKOENA	INDEPENDENT REPRESENTATIVE	Alternate Investment Sub-Committee
MR M NKOSI	INDEPENDENT REPRESENTATIVE	Administration Sub-Committee Legal & Risk Sub-Committee
MR TJ MAZIBUKO	MEMBER REPRESENTATIVE	Alternate
MRT T MOPELI	MEMBER REPRESENTATIVE	Death Benefit Disposal Sub-Committee
MR W LEKGOATHI	MEMBER REPRESENTATIVE	Deputy Chairperson of the Board
MR H BALOYI	MEMBER REPRESENTATIVE	Administration Sub-Committee Death Benefit Disposal Sub-Committee



## MR MDUMISANI MABASO

### CHAIRMAN

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



## MR SOLOMON MOTHIBEDI

### TRUSTEE

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

## ADV. TEBALO MALOKA

### INDEPENDENT TRUSTEE

Tebalo Maloka 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 Nkosi is a lawyer with over 20 years' experience in pension fund law. He serves on many retirement fund boards as a principal officer, chairperson and an independent trustee in legal and advisory capacities. His strong affinity for ethics and good 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

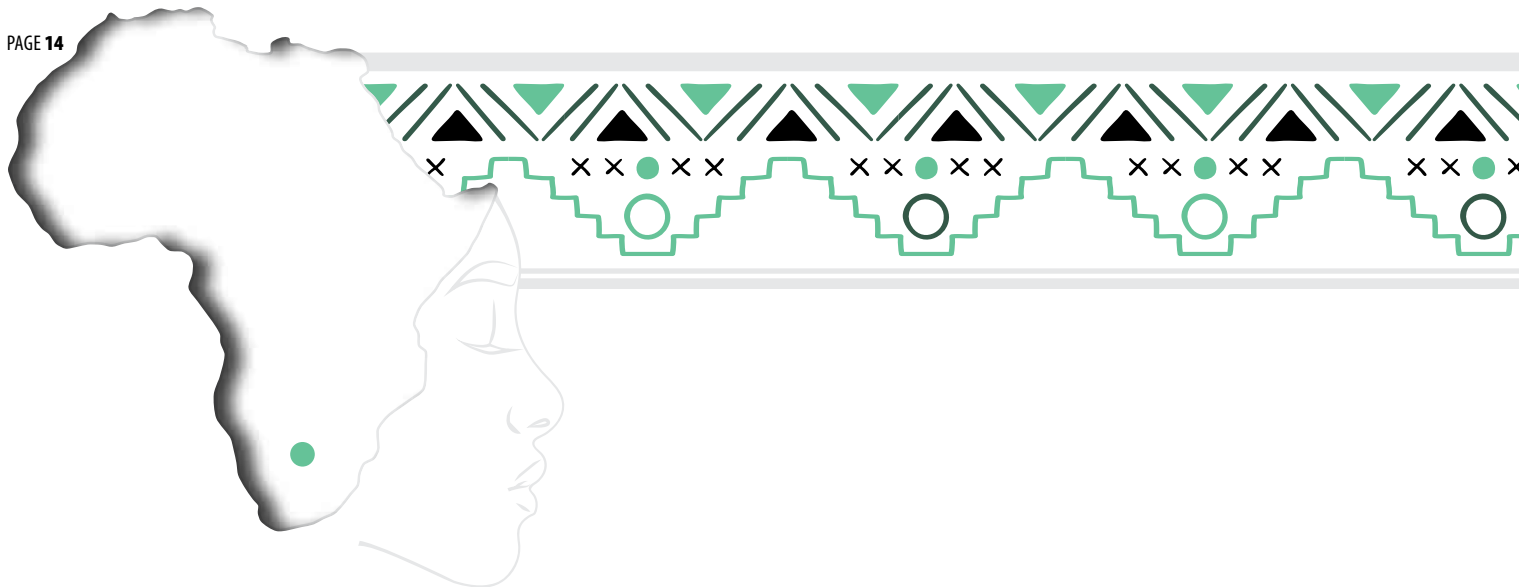
Mbuso Nzama is the Deputy President of the Motor Transport and Workers Union and also serves as a board member of the Bargaining Council (NBCRFLI).

### MS PONTSHO MOKOENA

#### INDEPENDENT TRUSTEE

Pontsho Mokoena joined the board in 2017. She holds a bachelor's degree in insurance and risk management and business finance from the University of the Witwatersrand, a master's degree in actuarial science from the University of Leicester and an associate of the Insurance Institute.





## MR TAWANA MOPELI

### TRUSTEE

Tawana Mopeli 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 appointed head of operations in the office of the general secretary. He is 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). Later, he worked as a union official/organiser in 2007 and elected as Free State provincial secretary in 2008. While there, they elected Jack as a trustee and chairperson of the Cleaning Bargaining Council in 2003. In 2018, he became the SATAWU general secretary. He currently serves as the chairperson of the Road Freight Bargaining Council and an executive member of the International Transport Workers Federation. Jack holds qualifications in the human resource and labour field at the University of Free State.



## MR WILLY LEKGOATHI

### TRUSTEE

Willy Lekgoathi has 18 years' experience in transport and freight, completing certificates in labour relations, skill development and legal practice. 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 he became a provincial road freight sector coordinator. He is affiliated with the Motor Ferry Bargaining Council and the Road Freight Bargaining Council.



## MR HARRISON BALOYI

### TRUSTEE

Harrison Baloyi started his career in the transport sector in 2008, as an organizer for the Professional Transport and Allied Workers Union, where he became acting general secretary in 2016 and then general secretary in 2019. Harrison served on the financial committee for the National Bargaining Council for Private Security Sector and chairperson for SGB among other achievements. He is also involved in community activities as the Secretary for the ANCYL and SANCO.





## FUND MANAGEMENT

**MR JOE LETSWALO**

PRINCIPAL OFFICER

**MS LERATO MOGOPUDI**

DEPUTY PRINCIPAL OFFICER

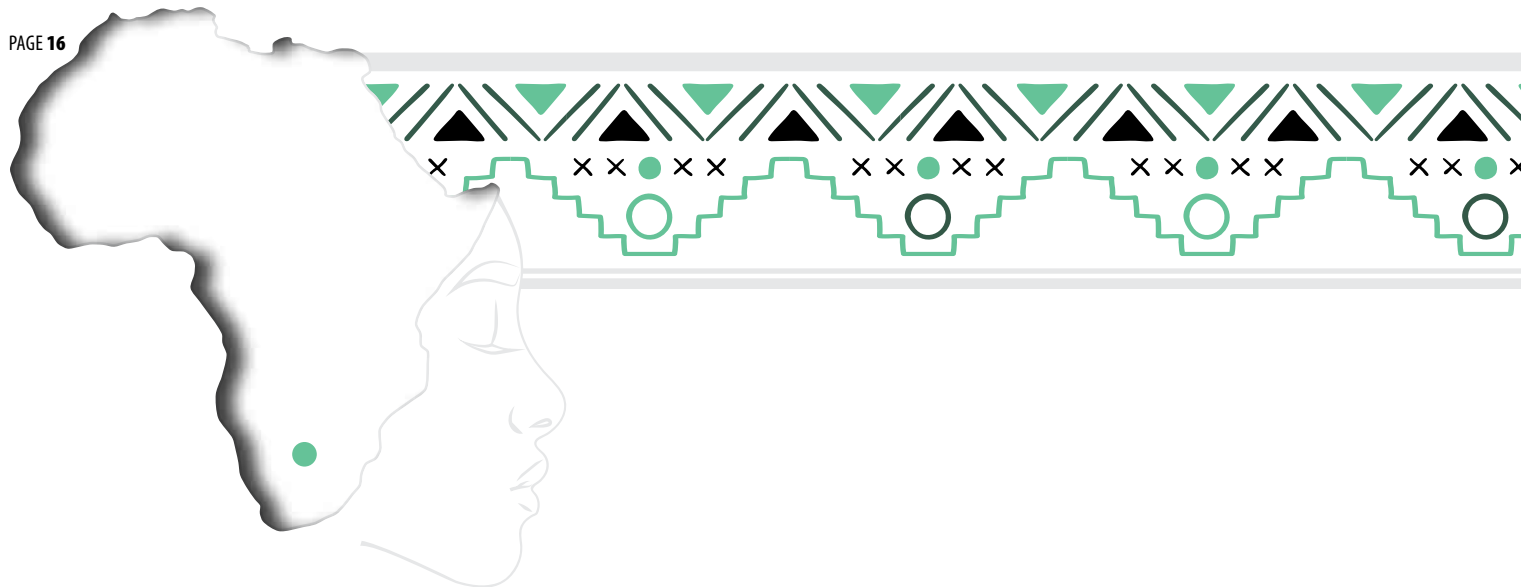
**GRACE CHAUKE**

INVESTMENT OFFICER

**PENNY SPENTZOURIS**

LEGAL AND RISK OFFICER





## 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 10th consecutive year. The Fund has diversified its investment strategy to navigate both good and bad economic and investment environments. Despite a gloomy economic outlook, the Fund achieved an 11.7% investment growth, bringing the assets under management to R8.8 billion.

This vigorous growth is in no small way because of the Fund's impact investment strategy. As a true corporate citizen, the Fund, through impactful investment, socially inclusive and environmentally friendly initiatives, creates jobs and eases poverty by incorporating ESG principles into our 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 Fund invested in the development of a township economy, agricultural projects and the Truckstop Fund. These investments improve the lives of our people and ensure that members' money is used to develop marginalised communities. In doing so, it generates better returns for the same members. We refer to this as the TSRF circle of life and prosperity.

The Fund has been gradually increasing its infrastructure allocation that meets impact investing and 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 collective, strategic asset allocation.

The Fund considers its functions of promoting savings among its members and investing their savings as vital within the economic landscape of South Africa. A landscape in which a low percentage of salaried individuals have any long-term savings or retirement products, and many are in a spiral of debt.

As part of ongoing efforts by the FSCA to better understand, monitor and promote financial literacy in South Africa, the Human Sciences Research Council (HSRC) was commissioned to undertake surveys that examine financial knowledge, attitudes and behaviour among adult South Africans.

The 2020 research report showed that the extreme hard times that South Africans faced have affected financial literacy levels, and (46%) reported that their income did not cover their living costs. Indications are that heightened feelings of financial stress and despondency accompanied this economic duress, hence the observed downturn in many financial literacy indicators.

The TSRF believe that saving is an integral part of financial literacy and therefore the Fund raises members' awareness of key concepts of money management, which includes the habit of balancing a household budget.

The Fund is proud of its extensive member communication and education initiatives and our annual member research shows the following results:

**78%** understand their Fund benefits

**88%** report that Fund benefits meet their needs

**82%** understand their benefit statement

**86%** report that Fund communication is easy to understand

**85%** report that Fund communication enhances their knowledge of the Fund

**89%** regularly visit the Fund's website

The Fund members' financial knowledge levels have increased year on year from when it was first measured about eight years ago.

Good governance, business integrity and ethical practices are of high importance to the Fund and its various service providers. The Board of Trustees embraces its fiduciary duty to act in good faith, with due diligence and care, to avoid conflicts of interests and act with impartiality regarding 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 results from the Board of the Fund, 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. During the year under review, I am proud to report that the Fund has extended its risk management framework to include a risk appetite statement that provides a comprehensive summary of risk appetite parameters that guide the Fund's operations.

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 contributes significantly to the targeted economic empowerment of black South Africans.

The Fund does not believe in incubation for Black asset managers but in Black talent management, especially since only 10% of the assets 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.

As a rule, 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.

Commendably, the Fund contributed immensely to 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 grown the assets of the Fund while pursuing its transformation objectives. During the year under review, the Fund received a Level 1 B-BBEE contributor rating.

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

The Fund maintains a good compliance record regarding Sec13A contribution collections, despite the Covid-19 lockdown and many business owners within the transport industry bearing the full force of these unparalleled circumstances. So the Board of the Fund implemented a contribution holiday plan for qualifying employers and we thank those employers (big and small) who diligently pay their contributions to the Fund on time.

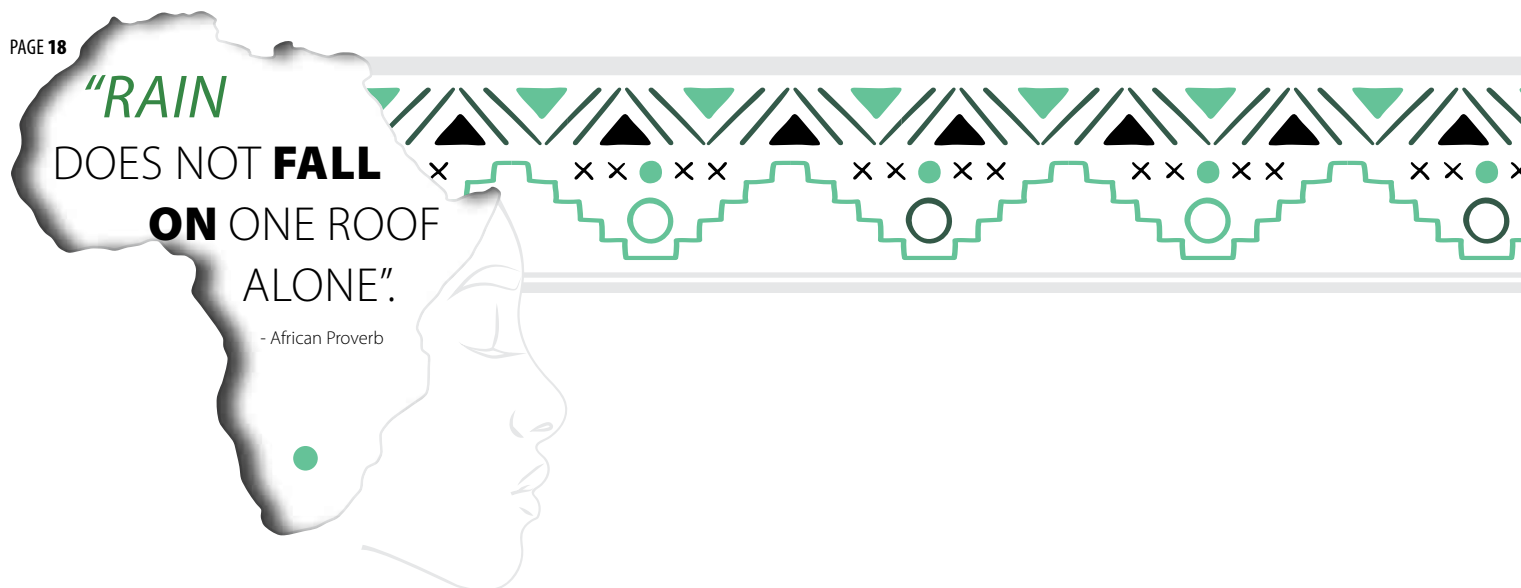
A watchful Pension Funds Adjudicator (PFA) from time-to-time highlights in her reports non-compliance levels and judgments against certain Fund employers, including some of the TSRF. Although this can be perceived as a negative, the Fund is in fact encouraged by these findings, as they and its administrators proactively refer cases to the PFA for consideration and action. The Fund liaises closely with the office of the PFA to address any issues. The solid progress made is encouraging.

I would like to thank the Board of Trustees for their dedication and hard work and for their unwavering support during trying times. Until we meet again, stay strong, remain positive and take care of yourself and your loved ones. Remember, we stand in solidarity with you.

#### **Joe Letswalo**

CHARTERED PRINCIPAL EXECUTIVE OFFICER





## FUND GOVERNANCE

The Transport Sector Retirement Fund conforms to the governance principles in the Code of Corporate Practices, as reflected in the King IV Report on Corporate Governance for South Africa. It confirms that materially the Fund has complied with the Code's principles for the period under review.

They committed the Fund to the highest levels of good governance, compliance and transparency and have 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 leads 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. It should act with impartiality regarding 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. It 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 under a Charter, which sets out its mission, role, duties and responsibilities and in particular:

- 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. This is to ensure that they manage ethically the business of the Fund, 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 they keep the Board apprised of fresh developments and monitors and supports governance and sound business practices on behalf of the Fund.

The Fund enforces several governance policies 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's Legal and Risk Officer ensures that the Fund constantly monitors its legal and risk frameworks to align it to a constantly changing framework.

Trustees convene at least once a quarter and monitor 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.

It held four meetings of the Board of Trustees during the period under review.

The Fund follows a structured approach for delegation, reporting and accountability, which includes reliance on various Board of Trustees Committees. The chairperson guides and monitors the input and contribution of the Trustees. The Trustees have unrestricted access to Fund information.

Trustee and committee member training are 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 several training sessions, conferences and seminars during the year under review.

## REGULATORY DEVELOPMENTS

### CONDUCT STANDARD 1 OF 2022 (RF) ON REPORTING OBLIGATIONS RELATING TO RETIREMENT FUND CONTRIBUTIONS

On the 22 November 2022, a notice was published in the Government Gazette, by Minister of Finance Enoch Godongwana, announcing the repeal of regulation 33 of the Pension Funds Act (PFA) and its replacement with Conduct Standard 1 of 2022 (RF), which will take effect on the 20 February 2023.

The FSCA published **“Conduct Standard 1 of 2022: Requirements related to the payment of pension fund contributions”** on 19 August. It said the Conduct Standard would come into effect six months after publication.

*The Conduct Standard provides for the following matters that are currently provided for in regulation 33:*

- The minimum information to be furnished to a fund by an employer, with regards to payments of contributions made by an employer in terms of section 13A of the PFA;
- Notification and reporting obligations on the board of a fund, principal officer or other authorised person where there is a contravention of or non-compliance with sections 13A(2)(b) or 13A(3)(a) of the Act by an employer; and
- The rate of interest payable on arrear contributions.

*The Conduct Standard makes further provision for the following:*

- Sets a standard format in which a fund must inform a participating employer of its duties and obligations under section 13A of the Act;
- Sets out the format in which a request by a fund to an employer, as referred to in section 13A(9) of the Act, must be made;
- Prescribes the manner and format of reporting by principal officers of pension funds or any other authorised persons as referred to in section 13A(6) of the Act to the board of a fund regarding compliance with, or non-compliance with, the provisions of sections 13A(2)(b) and 13A(3)(a) of the Act by an employer;
- Imposes standard notification and reporting obligations on the board of a fund where there is a contravention of or non-compliance with sections 13A(2)(b) or 13A(3)(a) of the Act by an employer; and
- Sets requirements for the board of a fund, and participating employers, when the board outsources the collection of outstanding contributions to attorneys.

### Steps taken by the Transport Sector Retirement Fund to comply with the Conduct Standard

The Fund notifies every participating employer on registration with the Fund, of its duties, obligations and liability under section 13A of the PFA and the conduct standard. Through its communications mechanisms, the employer is constantly reminded of these obligations by the Fund. The newsflashes and newsletters are published on the Fund's social media platforms and the Fund's website.

### Employer's obligation relating to data

The Conduct Standard highlights an employer's obligation to provide a fund with the minimum level of contribution data. It is further a requirement that contribution data must be accompanied by a declaration by the employer that “all employees eligible to be members of the fund are accurately reflected in the minimum information”. Employers are encouraged to take note of these obligations.

Another important anticipated change in the industry is the introduction of the two-pot retirement system which will result in each fund member either contributing to or having vested savings in multiple pots. This system will require that accurate, up-to-date information about contributions are provided to the fund in order to facilitate transfers from the “savings” to the “retirement” pots within a fund and the transfer of pots from one fund to another when a member changes employer.

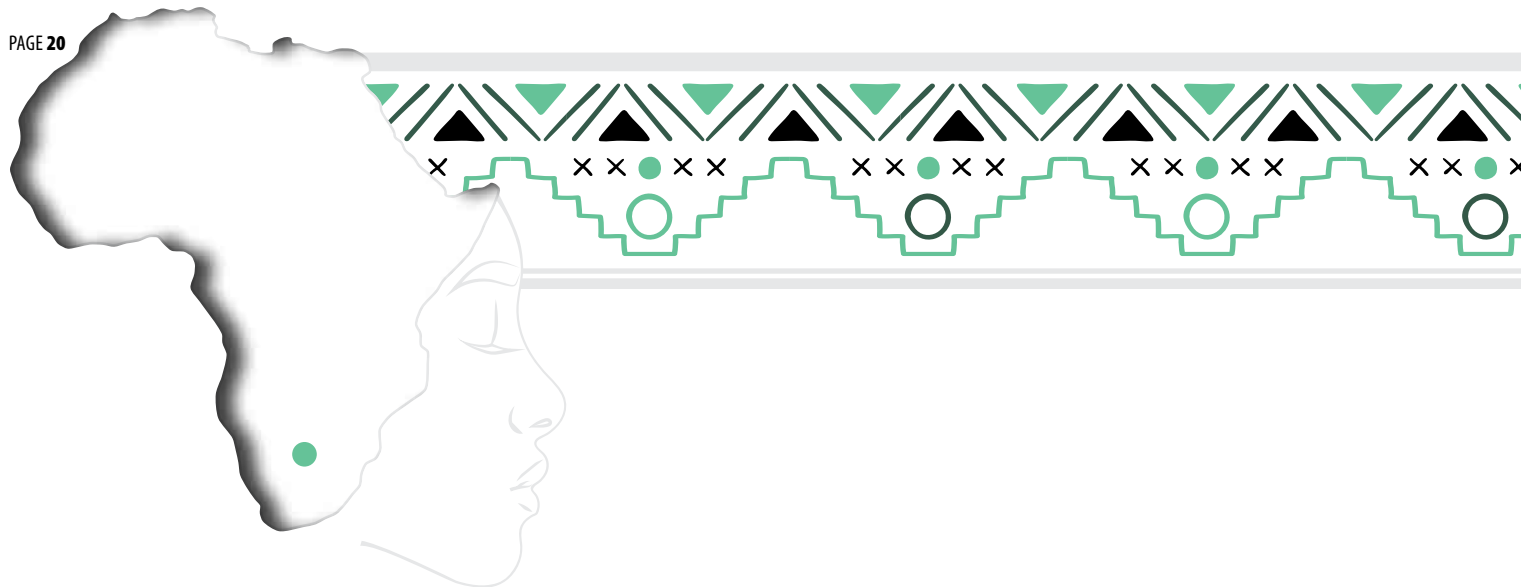
### Recovery of arrear contributions

The Conduct Standard sets out broad requirements for retirement funds that outsource the recovery of arrear employer contributions to an attorney or third party. These are designed to combat what the FSCA called “undesirable practices and/or outcomes”.

This provision in the Conduct Standard highlights the needs for trustees to ensure that policies are in place to ensure that these practices are combated. Broad principles are provided and funds are not prescribed on the manner in which it must mitigate conflicts of interest.

Section 4(3) of the Conduct Standard, relates to steps to be taken by funds to open criminal cases with the SA Police Service against employers that don't pay contributions to funds and/or don't provide contribution schedules. The FSCA has ensured that this provision remains in the Conduct Standard as this provision will deter undesirable behaviour, while “the practicalities are being addressed”.





The Fund is being proactive and is in the process of ensuring that it is ready for the effective date for the implementation of the Conduct Standard. The changes are considered by the Fund as positive and in the interest of protecting members' interests and retirement benefits.

#### NEW PROPOSED TWO-POT SYSTEM WITHIN RETIREMENT FUNDS POSTPONED UNTIL MARCH 2024

The proposed two-pot system will allow members to access a portion (minimum of R2 000), or all, of their savings pot without leaving employment. This will be subject to several conditions.

The draft Revenue Amendments Bill ('the Bill') that allows for implementing the two-pot system, was due to be enforced on 1 March 2023. But the effective date of the Bill has been postponed to March 2024 to allow administrators time to make amendments to their systems.

#### **This new Bill will effectively divide members' retirement benefits into three "pots":**

**Pot 1: Vested Pot** All contributions and growth that accumulated before 1 March 2024 in your fund (the "vested pot") will have to be valued at the date immediately prior to implementation, to enable vesting of rights. The conditions that were attached to those contributions will remain in place. If you are a member of a provident fund, this means that the vested pot may always be taken in cash at retirement.

**Pot 2 Savings Pot** (access money once a year, minimum of R2 000) Maximum of one-third of new contributions made from 1 March 2024 will go to the "savings pot" which is accessible once a year, without changing your employment status (resigning).

**Pot 3 Retirement Pot** (must be used to buy an annuity when you retire) At least two-thirds of new contributions made to your fund from 1 March 2024 will be allocated to the "retirement pot" which must be preserved until retirement.

#### **Please note:**

- No amounts can be transferred from the "retirement pot".
- No transfers can be made into the savings pot, unless from other savings pots.
- The retirement pot and the savings pot must be held in the same retirement fund (e.g. you cannot hold the savings pot in your old employer's fund and the retirement pot in your new employer's fund).

#### NEW FUNERAL NOMINATION FORM REQUIRED

Members are now required by law to complete the Funeral Nomination Form. In the event of your death, the funeral benefit pays out to the person named in your nomination form. Should you not have completed a nomination form, then the benefit is paid into your estate.

Please note that your estate may take up to 12 months to be opened and your family may not have the money to bury you should a completed form not be available. Kindly ensure the person you nominate to receive your funeral benefits is above the age of 18 years and willing to take responsibility to arrange your funeral. Ask your HR representative for this form or access it on the Fund's website.

#### 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. They achieve this by limiting the maximum exposure to instruments or asset classes perceived to be riskier, ensuring that they took no unnecessary risks with retirement money.

#### **Main draft amendments**

##### **Infrastructure**

The current regulation does not define 'Infrastructure' as a specific category, and exposure can be across several 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% regarding domestic exposure and an additional limit of 10% regarding the rest of Africa, with a 25% aggregate limit per issuer or entity.



### Split of hedge funds, private equity and any other assets

Hedge funds, private equity and any other assets not listed in the schedule have been split into hedge funds, private equity and any other assets not listed in the schedule on stand-alone asset classes. This will allow for specific limits to each of these asset classes. Whereas the private equity limits have changed, the limits of hedge funds and any other assets not listed in the schedule remain the same:

- Hedge funds: 2.5% per hedge fund, 5% per Fund of hedge funds with an aggregate limit of 10% to hedge funds
- Other assets: 2.5%

- The total limit of 15% towards hedge funds, private equity and any other assets not listed in the schedule has been removed because of the split

### Private equity

The table below sets out the proposed changes of the private equity limits:

	CURRENT	PROPOSED
Aggregate limit	10%	15%
Private equity funds	2.5%	5%
Fund of private equity funds	5%	10%
Infrastructure Private equity funds	Via normal limit - 2.5%	5%
Infrastructure Funds of private equity funds	Via normal limit - 5%	7.5%

Overall, there has been a relaxation of the private equity limits, with the limits doubling and the aggregate limit increasing by 5%.

In addition, where the current limits on hedge funds, private equity and any other assets not listed in the schedule is limited to 15%, the resultant split will mean that funds may invest up to 27.5% towards hedge funds, private equity and any other assets not listed in the schedule.

### Summary

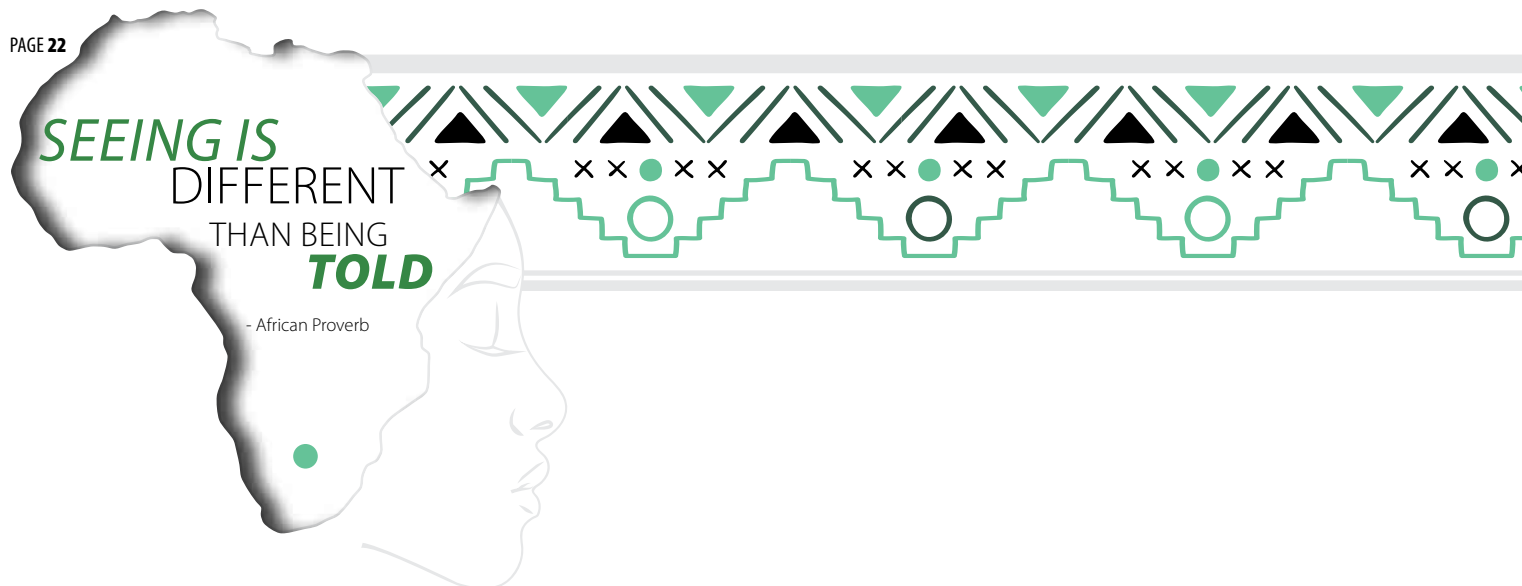
The TSRF has always been proponents of alternative investments and we welcome the proposed amendments, as this will allow retirement funds to invest more into these types of investments. If retirement funds allocate more to these types of assets, this should have a positive effect on the economy and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

Although the proposed amendments focusses on Infrastructure, our view is that Government should also have taken the opportunity to re-look at all limits given that it was last reviewed in 2011, especially in terms of some limits which are 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 and potential for better returns.

We feel that the proposed amendments are 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 the government hasn't proposed prescribed assets in these amendments and funds do not have to invest in these types of assets, but has the option to do so.

### The Fund's Alternative Allocations are:

	Current Fund Allocation (TSRF)	Proposed New Regulation 28 Limits
<b>Total Infrastructure</b>	<b>22.70%</b>	<b>45% locally and 10% in Africa</b>
<b>Total Private Equity</b>	<b>3.89%</b>	<b>15.00%</b>
<b>Total Hedge Funds</b>	<b>0.00%</b>	<b>10.00%</b>



## 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 international trends and laws on privacy.

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

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

POPIA has set eight principles to achieve its aim.

### What does this mean for our stakeholders?

TSRF is committed to treating member information responsibly, and to deal with members' personal information with 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 satisfy the requirements of POPIA.

All personal information and types of personal information are identified, and it has set measures to protect and secure all such information in a robust risk management program. This means they have taken steps to mitigate infringements of our stakeholder rights, to avoid regulatory action and administrative penalties affiliated with non-compliance with POPIA.

### Please note 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 the personal information of its members. The Privacy Notice is available on the Fund's website at <https://www.rflipfund.co.za/>.

### The Privacy Notice explains the following:

- **Processing personal information:** The Fund collects 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. They do this 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. However, members' personal information will be used to send members communication messages (via SMS and email) about the Fund and their benefits.

### Information Officer and Deputy Information Officer:

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)

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. All organisations that provide a financial service must be able to show the achievement of the six outcomes outlined within the TCF initiative.

This 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.

Its approach aims to guarantee 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 aim of the TSRF is to make sure its members receive retirement benefits, so they can retire with dignity.

The Fund is committed to offering members the highest possible standards of service. We are pleased to support the initiative 'Treating Customers Fairly' and supporting this principle is the golden thread that determines the strategy of the Fund. They 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 regarding transformation and financial inclusion.***

## 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 OF REGISTERED BY FCSA
8	The rule of amendment to assist the Fund in line with FCSA communication 11 of 2020 (RF), to negotiate and recover a portion of outstanding contributions and penalty interest payable in instances of liquidation and business rescue of a participating employer.	20 September 2021	01 September 2021	17 February 2022

## MANAGING LEGAL AND REGULATORY MATTERS

### RISK MANAGEMENT

An Enterprise Risk Management (ERM) function to identify and assess its critical risks and support the Board in managing those risks was set up. This is a systematic approach to identifying, assessing, and managing risk. TSRF aims to continually improve its governance, increase accountability, improve sustainability, promote transformation and financial inclusion, make investments with economic, social and governance impact, and enhance investment returns for members and beneficiaries of the Fund.

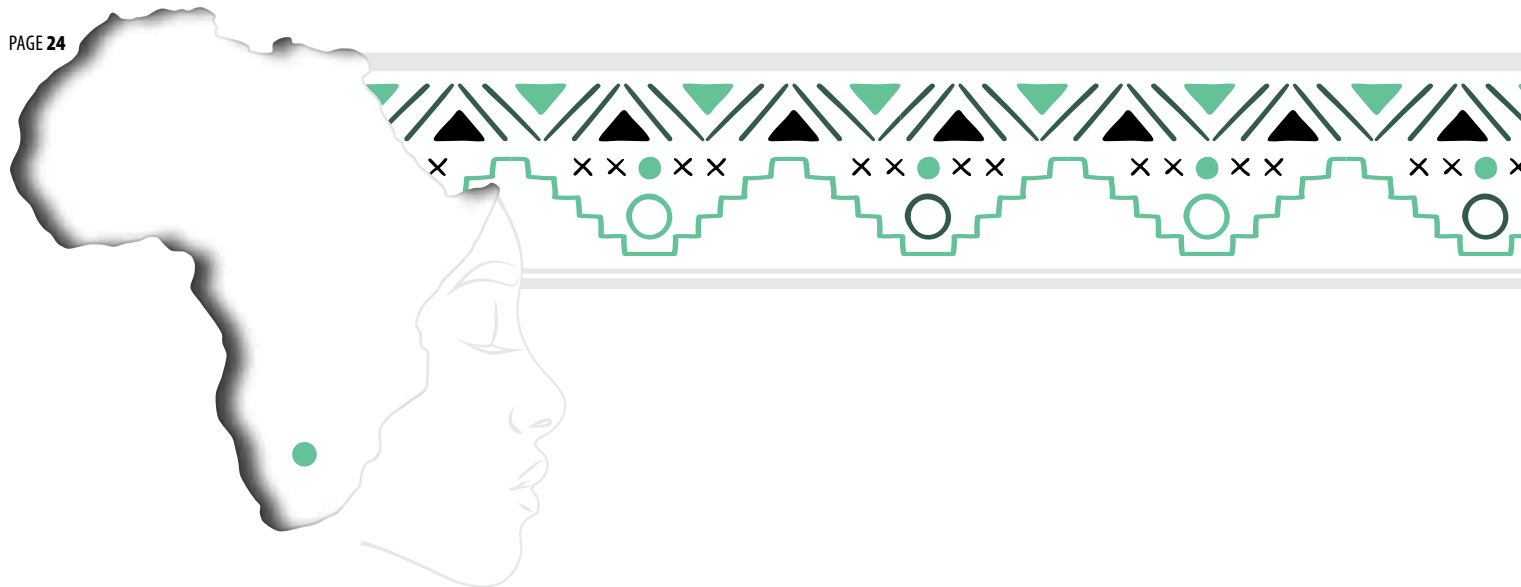
TSRF is responsible to its stakeholders. As part of this responsibility, TSRF acknowledges its responsibility to its management and employees. Everyone is considered as an individual, and their dignity is respected and merit recognised. They are mindful of ways to assist employees in fulfilling their family obligations. Employees are free to make suggestions and to lay complaints. They can feel confident that they face no comeback for complaints made confidentially. There are equal opportunities for employment, development and advancement for those qualified. TSRF provides competent management, and actions must be just and ethical.

It acknowledges its responsibility to its members, their beneficiaries and the community in which it operates. Acknowledged its responsibility as a good corporate citizen, supporting investments that are sustainable and aim to contribute to the UN's Sustainable Development Goals. TSRF encourages infrastructure development, better health and education, and maintains the property it is privileged to use, in good order, protecting the environment and natural resources.

Finally, TSRF takes responsibility for making sound investments and returns for its members. In order to do so, TSRF is required to consider new ideas, research within the defined industry and its competitors, to provide innovative programs, benefits and products for its members, the industry and community it serves. Reserves may be created to provide for adverse circumstances and risks taken within the defined regulatory framework, in order to achieve TSRF's strategic objectives as defined by the Board and maximise retirement benefits for its members.

TSRF operates according to the aforesaid principles and strives to ensure that the members realise a fair return on their retirement benefits. The Investment Policy Statement of the TSRF, which is reviewed annually, defines the detailed investment activity schedule. They provide the annuitisation (pay-out) principles, replacement ratios and outcomes targeted by the Fund, in order to realise the return for its members. The statement includes all investment goals and objectives, and further defines the path that the TSRF will follow in order to achieve the aforesaid. The details include topics such as asset allocation, investment risk tolerance, and financial goals.

To deliver value to all stakeholders, TSRF's management must understand and manage the risks faced across its entire organisation. Risks are inherent in business activities and can relate to strategic threats, operational issues, compliance with laws and regulatory reporting obligations.



The Risk Management Framework summarizes TSRF's enterprise-wide approach to risk management and provides examples of how they implement it within the organisation. The purpose of TSRF's ERMF, and the risk appetite statement, is to describe the following:

- Identification and categorisation of risk
- The common framework used to identify and manage potential events that may affect TSRF
- To analyse and evaluate the risk
- Accountability for risk management
- Governance and oversight of risk management activities

## RISK CULTURE

TSRF established its Enterprise Risk Management (ERM) function in 2021 to identify and assess TSRF's critical risks and support the Board in managing those risks. By establishing a systematic approach to identifying, assessing, and managing risk, TSRF aims to improve TSRF's governance, increase accountability, improve sustainability, and enhance overall performance. Maintaining a risk-aware culture in which they avoid undue risks and calculated risks are taken in pursuit of investment objectives is of the highest priority.

The Risk Appetite Statement provides a comprehensive summary of Risk Appetite parameters guiding the operations of the TSRF. Its main purpose is to facilitate concise presentation and informed periodic review of the amount of risk the TSRF is prepared to take in its key activities. It reflects market practice, enhances the quality of internal decision-making, and helps build a fund risk awareness culture. It assists the TSRF in communication with stakeholders, including member, participating employers and service providers, supporting continued access to funding and ability to pursue the TSRF's objectives.

The Statement provides a consolidated overview of how they govern various types of risk at the TSRF. The parameters described in the statement have been adopted by Management and the Board of Trustees through dedicated policy instruments. The Risk Management Framework and statement is updated periodically by the Legal and Risk Officer in consultation with the Deputy Principal Officer and Principal Officer of the TSRF, and approved by the Board.

The Fund's Legal and Risk Sub-Committee oversees the risk management function, which includes an independent annual internal audit process.

*During the year under review, it undertook the following projects as part of the risk management process:*

- Review of all regulatory policies
- Internal Audit 2021-2022
- Continuous monitoring of service providers via online and in-person meetings
- On-site visits of investments and service providers
- Rule Amendment to help if participating employers are under business rescue or liquidation
- Development of the POPIA Risk Management Framework
- Development of a more robust risk management process
- Review of and improvement of complaints management process
- Annual Reporting to the Financial Sector Transformation Council

## INTERNAL AUDIT

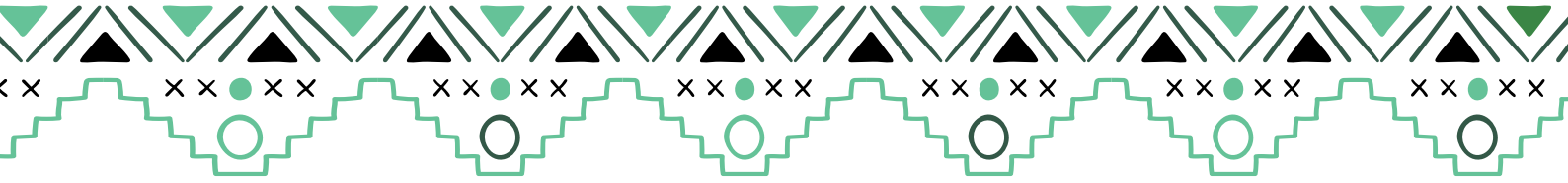
Nexia SAB&T has been appointed to provide the internal audit services on a three-year plan. The period 2021-2022 currently under review is the second year of the plan. Nexia- SAB&T is responsible for the management of its internal audit resources to meet the expectations of the Legal & Risk Committee and other stakeholders and to execute the Annual Coverage Plan in its entirety.

*The internal audit function is authorised to:*

- Have unrestricted access to all functions, records, property and personnel
- Have full and uninhibited access to the Legal & Risk Sub-Committee
- Allocate resources, set frequencies, select subjects, determine scopes of work in conjunction with TSRF's management, and apply the techniques required to accomplish audit objectives
- Get the help of personnel in divisions/areas/components of TSRF where Nexia- SAB&T performs audits, as well as other specialised services from within or outside the organisation

*Internal Audit services for the 2021-2022 financial year focused on the following four key audit areas:*

- Membership Data Review
- Investments Review
- Communications Review
- Internal Financial Controls Review



Under the IIA International Standards for Professional Practice of Internal Auditing, and as part of the internal audit process, Nexia - SAB&T considered the possibility of fraud to identify potential incidents of fraud. No incidents of fraud or potential fraud have been found or reported. The findings and recommendations of the internal audit are considered by the Board of the TSRF and are used to update the TSRF's risk management plan, which is aligned with the TSRF's strategic objectives and its legal and regulatory responsibility.

A strong ERM risk management program not only supports the improvement of operations and processes but also ensures that the Fund achieves its goals and the members' benefits are improved and protected.

#### **FINANCIAL SECTOR TRANSFORMATION COUNCIL**

The TSRF is committed to the transformation of the financial sector, and actively supports the vision and mission of the Financial Sector Transformation Council. The FSTC is a non-profit company made up in terms of the Financial Sector Code, gazetted under section 9(1) of the Broad-Based Black Empowerment Act 46 of 2013. They mandated it through its constituencies, which are the Trade Associations, Government, Nedlac Organised Labour Nedlac Organised Community and the Association of Black Securities and Investment Professionals (ABSIP), to enforce the Financial Sector Transformation Code.

The FSTC issued a notice for submission of B-BBEE Reports for the 2020/2021 measurement period under Section 10 (4) of the B-BBEE Act 53 of 2003 and Statement FS 000, Paragraph 8.4 of the Financial Sector Code (FS Code) which requires for each entity conducting business in the South African financial sector to report annually to the Financial Sector Transformation Council (FSTC) on its progress in implementing the provisions of the Financial Sector Code.

The TSRF in accordance with the code, has reviewed its B-BBEE certificate and granted a Level-1 contributor certificate for the period ending September 2023. The required reports were completed and submitted to the FSTC for the measurement period ending December 2021. The TSRF's transformation agenda, which includes responsible and impact investing, is committed to the transformation of the financial sector and is a leader in the retirement fund industry, championing compliance with the Financial Sector Code. The TSRF encourages all role-players in the financial sector to support the vision and mission of the FSTC and to play an active role in the transformation of the financial services industry.

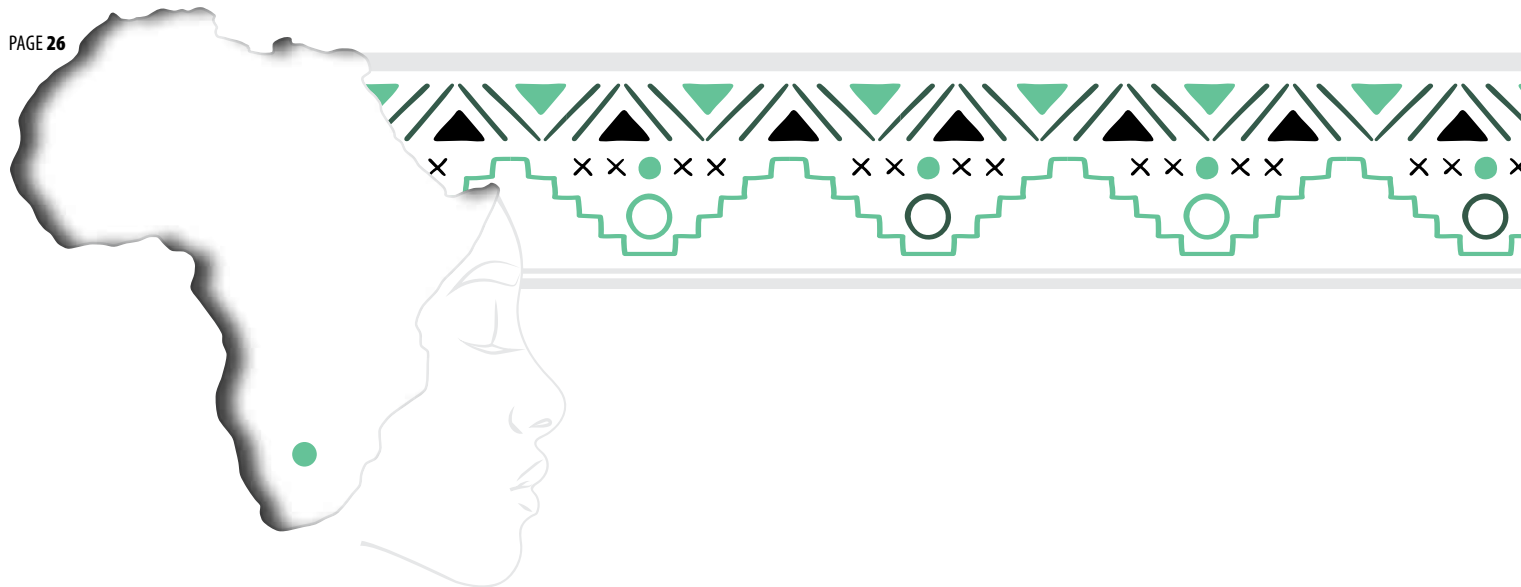
#### **Trustee development**

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 many Industry virtual conferences and webinars including the Pension Lawyers Association, IRFA and Batseta Conferences.

The Board knows that the Fund does not operate in a vacuum and, in order to maintain and improve its success record, all its role players need an in-depth understanding of regulatory frameworks. Besides that, they need to understand the socio-economic and political frameworks within which it operates and which affect the business of the TSRF, the decisions of the Board and the futures of members.

WHEN THE  
ROOTS  
ARE DEEP  
THERE  
IS NO  
REASON  
TO FEAR  
THE WIND

- African Proverb



## COMMITTEES

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

### ADMINISTRATION SUB COMMITTEE

MANDATE		ACTIVITY																	
<p><b>The Committee has been established by the Board to consider the following:</b></p> <ul style="list-style-type: none"><li>Managing the administration risks to the Fund;</li><li>Monitoring performance of the administrator against the standards laid down in the service level agreement and review the SLA from time to time;</li><li>Reviewing the Fund’s benefits from time to time and advising on changes thereto as appropriate;</li><li>Negotiating the basis and timing for regular financial reporting to the Board by the Fund administrator;</li><li>The Committee must record in minutes all major decisions of the Committee and the factors which have been considered by the Committee in reaching its decision.</li></ul>		<ul style="list-style-type: none"><li>Ensured that claims are paid within the time frame;</li><li>Ensured audited financials are submitted timeously;</li><li>Monitored the keeping of Fund records;</li><li>Records relating contributions in terms of section 13A of the Pension Funds Act;</li><li>Oversaw the Fund’s communication function and development of the Fund’s communication strategy;</li><li>Assisted the Trustees in fulfilling their fiduciary duties and responsibilities with regard to the Fund’s Insured Benefit Structure such as the cell captive.</li></ul>																	
<p><b>COMPOSITION</b></p> <table><tr><td><b>Name</b></td><td>: M Mabaso</td><td><b>Name</b></td><td>: H Baloyi</td></tr><tr><td><b>Meetings Attended</b></td><td>: 4 (Four)</td><td><b>Meetings Attended</b></td><td>: 4 (Four)</td></tr><tr><td><b>Name</b></td><td>: M Nzama</td><td><b>Name</b></td><td>: M Nkosi</td></tr><tr><td><b>Meeting attended</b></td><td>: 4 (Four)</td><td><b>Meetings Attended</b></td><td>: 4 (Four)</td></tr></table>				<b>Name</b>	: M Mabaso	<b>Name</b>	: H Baloyi	<b>Meetings Attended</b>	: 4 (Four)	<b>Meetings Attended</b>	: 4 (Four)	<b>Name</b>	: M Nzama	<b>Name</b>	: M Nkosi	<b>Meeting attended</b>	: 4 (Four)	<b>Meetings Attended</b>	: 4 (Four)
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<p><b>BY INVITATION</b></p> <p>Joe Letswalo (<i>Principal Officer</i>)</p> <p>Tebogo Kgosi (<i>Deputy Principal Officer</i>)</p> <p>Lerato Mogopudi (<i>Deputy Principal Officer</i>)</p> <p>Penny Spentzouris (<i>Legal and Risk Officer</i>)</p> <p>Grace Chauke (<i>Investment Officer</i>)</p>		<p><b>PERFORMANCE</b></p> <p>The Committee confirmed to the Board that for the period 1 March 2021 to 28 February 2022, it has fulfilled its mandate as prescribed in the terms of reference by the Board.</p>																	

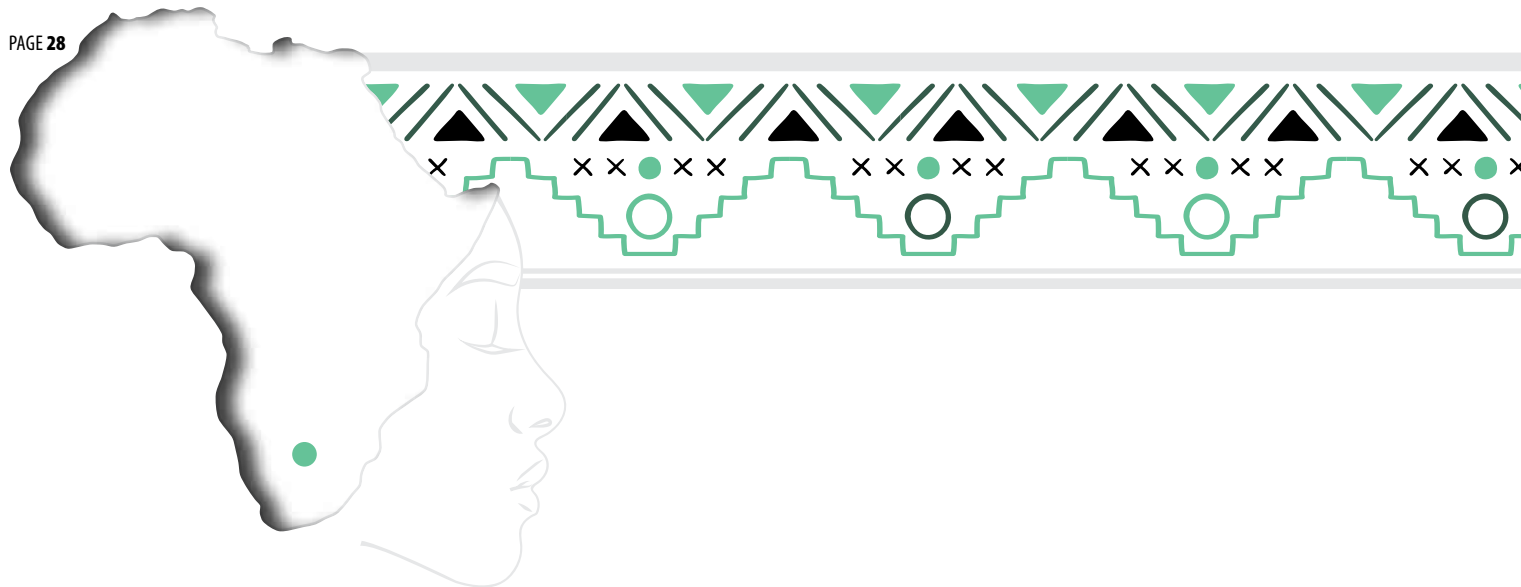


## INVESTMENT SUB COMMITTEE

MANDATE		ACTIVITY																					
<p><b>The Committee has been established by the Board to:</b></p> <ul style="list-style-type: none"><li>Assist the Board on behalf of the Fund, in establishing and monitoring adherence to as well as revising of the Investment Policy of the Fund;</li><li>To devise a suitable asset allocation strategy, recalling assets from existing Investment Managers and transitioning assets to new Investment Managers selected;</li><li>Setting mandates, fee agreements, setting-up strategic investment vehicles, monitoring and evaluation of assets strategy and all activities incidental thereto;</li><li>Monitoring and reviewing the effectiveness of the strategy and processes to ensure that funds are safeguarded against risks that could result in losses;</li><li>Ensuring that the portfolio of invested funds is structured to meet estimated benefit payments as they fall due.</li></ul>		<ul style="list-style-type: none"><li>The Committee recommended to the Board the selection of Investment Managers to execute the Investment Policy of the Fund and has performed the required due diligences on the appointed Investment Managers;</li><li>Revised the Investment Policy Statement;</li><li>Rebalance the Fund’s exposure to the various Investment Managers and asset classes depending on its views of the markets and within the limits as set out in the IPS;</li><li>Monitored and reported on the performance and compliance of the Investment Managers;</li><li>Monitored the Fund’s investment performance against the selected Fund benchmark.</li></ul>																					
<p><b>COMPOSITION</b></p> <table><tr><td><b>Name</b></td><td>: M Mabaso</td><td><b>Name</b></td><td>: T Maloka</td></tr><tr><td><b>Meetings Attended</b></td><td>: 4 (Four)</td><td><b>Meetings Attended</b></td><td>: 4 (Four)</td></tr><tr><td colspan="4"> </td></tr><tr><td><b>Name</b></td><td>: P Mokoena</td><td></td><td></td></tr><tr><td><b>Meetings Attended</b></td><td>: 2 (Two)</td><td></td><td></td></tr></table>				<b>Name</b>	: M Mabaso	<b>Name</b>	: T Maloka	<b>Meetings Attended</b>	: 4 (Four)	<b>Meetings Attended</b>	: 4 (Four)	 				<b>Name</b>	: P Mokoena			<b>Meetings Attended</b>	: 2 (Two)		
<b>Name</b>	: M Mabaso	<b>Name</b>	: T Maloka																				
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<p><b>BY INVITATION</b></p> <p>Joe Letswalo (<i>Principal Officer</i>)</p> <p>Tebogo Kgosi (<i>Deputy Principal Officer</i>)</p> <p>Lerato Mogopudi (<i>Deputy Principal Officer</i>)</p> <p>Penny Spentzouris (<i>Legal and Risk Officer</i>)</p> <p>Grace Chauke (<i>Investment Officer</i>)</p>		<p><b>PERFORMANCE</b></p> <p>The committee confirmed to the board that for the period 1 March 2021 to 28 February 2022, it has fulfilled its mandate as prescribed in the terms of reference by the Board.</p>																					

## LEGAL &amp; RISK SUB-COMMITTEE

MANDATE		ACTIVITY	
<p><b>The Committee has been established by the Board to consider the following:</b></p> <ul style="list-style-type: none"><li>• Overseeing corporate governance ;</li><li>• Conducting annual reviews and assessments of the Trustees;</li><li>• Reviewing the Trustees and Fund Administration liability and fiduciary insurance coverage;</li><li>• Overseeing the election/appointment of trustees and ensure that all vacancies on the Board are filled;</li><li>• Ensure compliance with the rules of the fund and applicable legislation;</li><li>• Overseeing the training needs and requirements of the Board and committee members;</li><li>• Overseeing the Fund’s legal function;</li><li>• Overseeing the Fund’s risk management functions.</li></ul>		<ul style="list-style-type: none"><li>• Reviewed and approved all policies and legal agreements;</li><li>• Attended to Fund Rules amendments;</li><li>• Provided legal advice to the Fund;</li><li>• Managing internal and external complaints;</li><li>• Affected changes to align to the Regulatory Framework of the Fund;</li><li>• Addressed fund risks in collaboration with the various committees of the Board;</li><li>• Prepared in consultation with the relevant committee, recommendations and reports, concerning Fund risk, to the Board;</li><li>• Assisted the trustees in fulfilling their fiduciary duties and responsibilities with regard to the Fund’s Insured Benefit Structure such as the cell captive.</li></ul>	
<b>COMPOSITION</b>			
<b>Name</b>	: S Mothibedi	<b>Name</b>	: M Mabaso
<b>Meetings Attended</b>	: 4 (Four)	<b>Meetings Attended</b>	: 4 (Four)
<b>Name</b>	: T Maloka	<b>Name</b>	: M Nkosi
<b>Meetings Attended</b>	: 4 (Four)	<b>Meetings Attended</b>	: 4 (Four)
<b>BY INVITATION</b> Joe Letswalo ( <i>Principal Officer</i> ) Tebogo Kgosi ( <i>Deputy Principal Officer</i> ) Lerato Mogopudi ( <i>Deputy Principal Officer</i> ) Penny Spentzouris ( <i>Legal and Risk Officer</i> ) Grace Chauke ( <i>Investment Officer</i> )		<b>PERFORMANCE</b> The Committee confirmed to the Board that for the period 1 March 2021 to 28 February 2022, it has fulfilled its mandate as prescribed in the terms of reference by the Board.	



## DEATH BENEFIT DISPOSAL SUB-COMMITTEE

MANDATE		ACTIVITY	
<p><b>The Committee has been established by the Board to consider the following:</b></p> <ul style="list-style-type: none"><li>• Consider the information received from the employer via the administrator and check that all the supporting documentation is on file;</li><li>• Identify those persons that qualify as dependants as defined in the Act;</li><li>• Identify those dependants that are dependent on the deceased especially those who are legally entitled to maintenance;</li><li>• The decisions of the Committee shall be recorded in the minutes at the next meeting of the Board and unless the Board stipulates that it must be referred to it for ratification, be regarded as a decision made by the Board.</li></ul>		<ul style="list-style-type: none"><li>• Considered and made payments based on an equitable distribution of deceased members’ death benefits;</li><li>• Recommended the method of payment including, the appropriateness of utilizing a Beneficiary Fund in the case of a minor beneficiary or nominee and recommend whether or not payment in installments is appropriate;</li><li>• Ensured that death claims statistics and reports on issues that require board deliberation are prepared and submitted to the Board of Management;</li><li>• Advised the Board on any matter referred by the Committee;</li><li>• Advise the Board on risks facing the Fund;</li><li>• Ensure that benefits are paid within a timeframes stipulated in section 37C of the Pension Funds Act and the service level agreement;</li><li>• Oversee the processes followed in death and funeral claims.</li></ul>	
<b>COMPOSITION</b>			
<b>Name</b>	: S Mothibedi	<b>Name</b>	: T Mopeli
<b>Meetings Attended</b>	: 4 (Four)	<b>Meetings Attended</b>	: 4 (Four)
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### FSCA Thematic Reviews

The FSCA conducted two desk-top thematic reviews during the period. *The purpose of the FSCA thematic reviews is for the Authority to conduct a supervisory on-site inspection of a supervised entity to:*

- 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;
- Assist the Authority in supervising the relevant financial institution.

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

## STAKEHOLDERS

The Fund's stakeholders include:



**2 157** Employers



**76 230** Members



**Beneficiaries** and former members



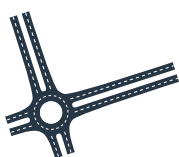
Organised labour and employer **associations**



Board of **Trustees**



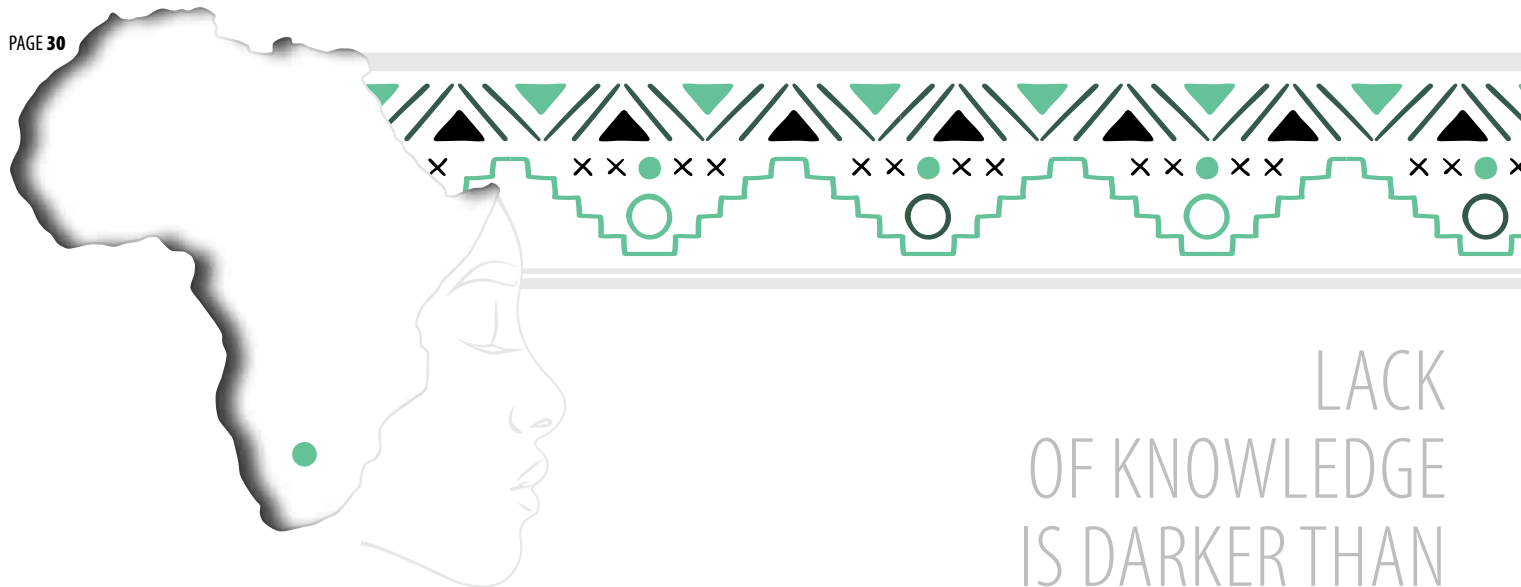
Service **providers**



The broader **transport** industry



The **Authority**



LACK  
OF KNOWLEDGE  
IS DARKER THAN  
NIGHT  
- African Proverb

### 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 TSRF 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 Organised Labour and Employer Associations	<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
Authority	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 authority through various channels.	Twice annually as well as when required	Principal Officer; Chairperson of the Board and/or two Trustees
Industry bodies	The TSRF is a member of the major industry bodies within South Africa, Batseta Council of Retirement Funds, the IRFA as well as the Pension Lawyers Association.	Quarterly meetings	Principal Officer
Media	<ul style="list-style-type: none"> <li>To protect and manage the TSRF 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

### ECONOMIC AND INVESTMENT OUTLOOK

#### Global markets

Global markets plummeted when Russia launched its invasion of Ukraine on Thursday, 24 February. Although there has been tension for some time, there was hope that President Putin would refrain from further action. Over the month, the MSCI World lost 2.5%. Emerging Markets (EM) delivered a widely divergent performance. The boom in selected commodity prices boosted net exporters, but some EM countries were negatively affected by the invasion. The MSCI EM closed 3% lower, while the MSCI BRIC (Brazil, Russia, India and China) lost 6.3%. In the United States (US), volatility reached two-year highs following the invasion of Ukraine. On the day the news broke, the Nasdaq swung by 6.8%, its largest intra-day move since the World Health Organization declared the start of the pandemic in March 2020. At one stage the S&P500 also traded at nearly 15% lower than its January peak.

The tumultuous situation in Europe is likely to push global inflation higher. Coupled with strong job gains, it may lead the Fed to be more aggressive in its hiking cycle. Federal Reserve Chair, Jerome Powell, in a meeting with the House Financial Services Committee, indicated that the Fed would be more aggressive in hiking rates if inflation hotted up again in response to the conflict.

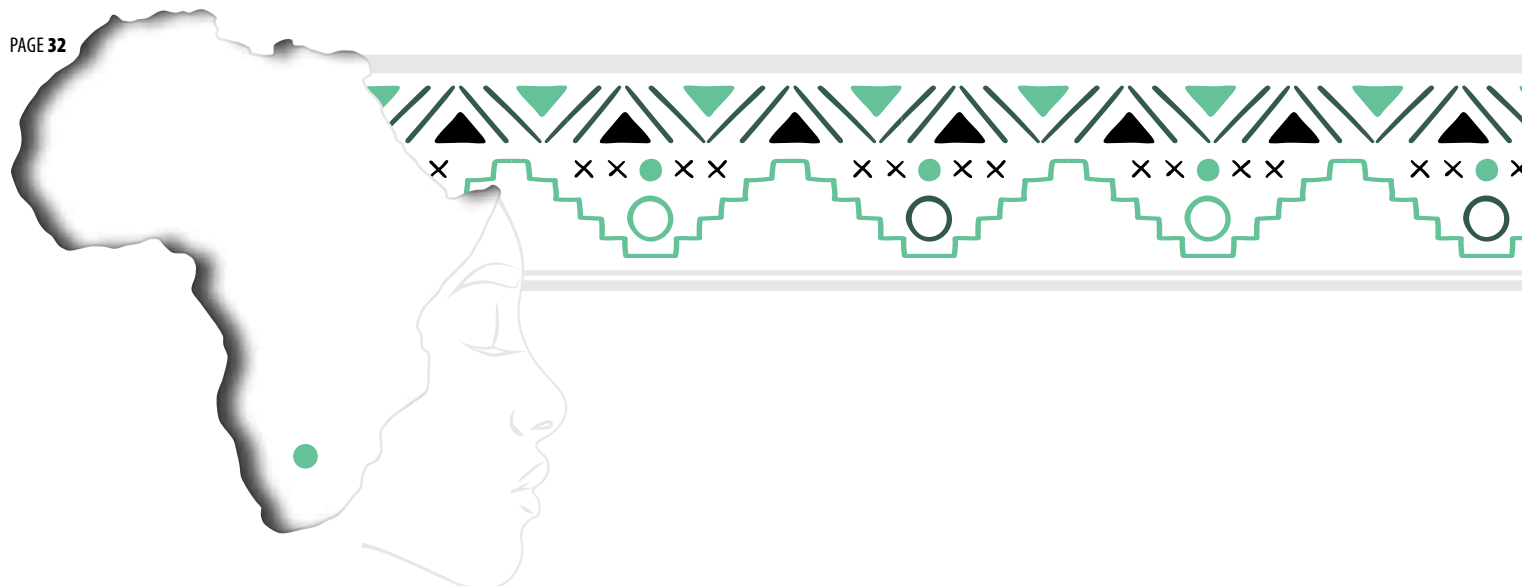
European equities took a beating during the latter part of February, and the STOXX All Europe lost 4.3%. The continent is facing an energy crunch, which has heavily weighed on investor sentiment, as well as on expectations of future growth and earnings. Around 40% of the European Union's (EU) natural gas are imports and Russia is the EU's biggest oil trading partner.

The supply chain was set to expand with the onboarding of Nord Stream 2 within this year. However, Germany had by month-end already halted the approval of the Nordstream 2 pipeline. Gas prices in the EU soared by nearly 70% in the last week of February 2022. Oil prices have also climbed to their highest levels since 2014, hitting more than USD 100 per barrel toward month-end. The knock-on impact on input costs will push inflation even higher. Eurozone inflation had already hit a new high of 5.6% in January 2022. More than 50% of this is attributable to energy inflation. The European Central Bank (ECB) has indicated that it will take a calm and gradual approach to hiking rates, but the current inflationary shock may force the Bank's hand. Against this backdrop, there are fears that Germany, a powerhouse in the EU, is facing a recession.

The country, which is manufacturing-heavy, has been badly hit by global supply chain disruptions and stay-at-home measures. The conflict will exacerbate supply chain bottlenecks and add to the price-crunch facing German consumers. The International Monetary Fund (IMF) has slashed Germany's predicted growth rate for 2022 by 0.8%, and the German economy registered a 0.7% decline in GDP in the fourth quarter of 2021. A second period of contraction will signal a recession. United Kingdom (UK) equities weathered the global storm better than European counterparts. The FTSE100 bucked the trend, gaining a modest 0.3% for the month. This is largely due to the significant weighting of energy and mining stocks in the index. The energy and basic resources subsectors account for just over 20% of the Index.

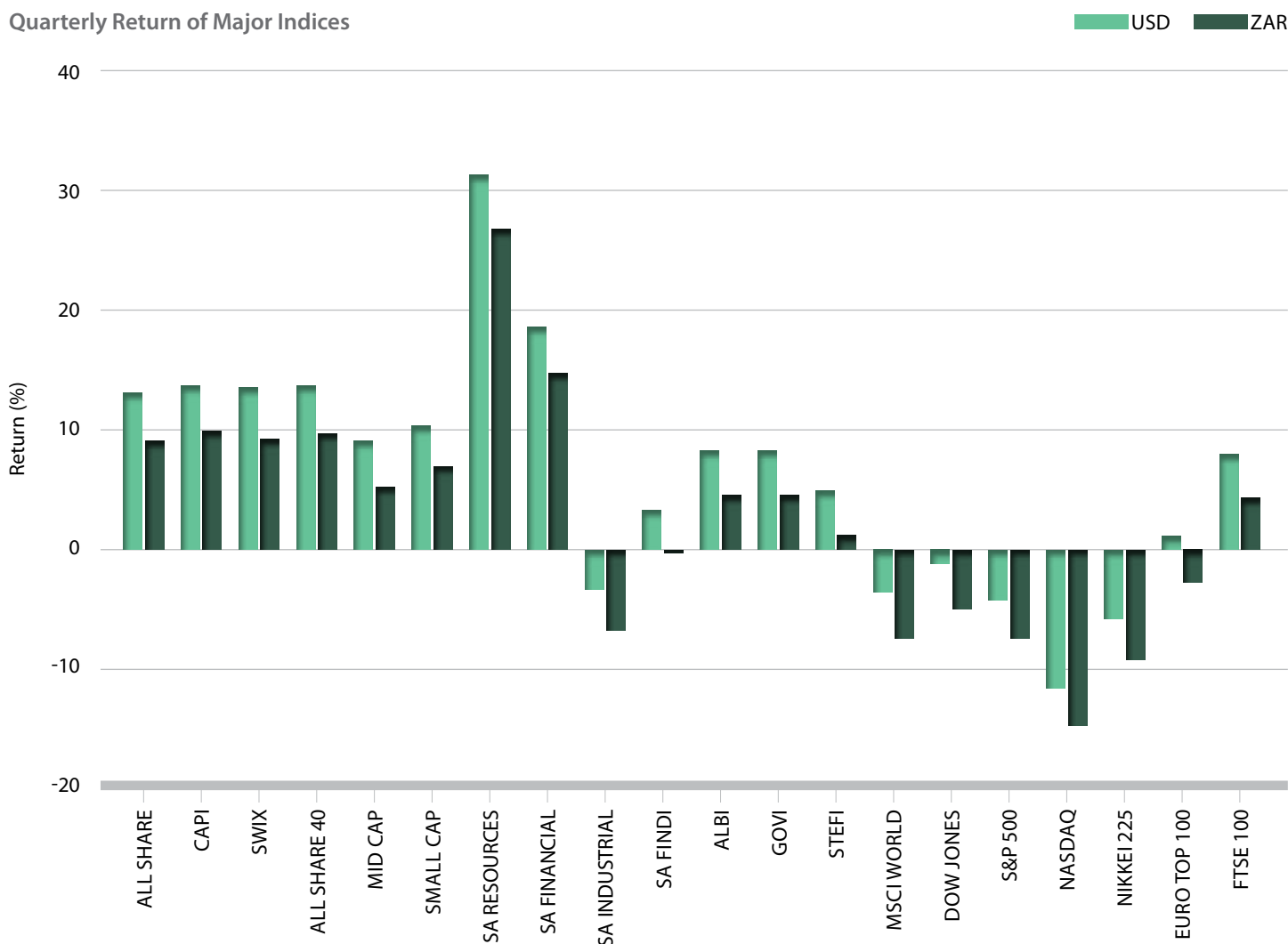
The UK is consequently also less dependent on Russia for its energy needs, a boon to investors and its near-term growth prospects.

Observers have also noted that some EM countries, notably fellow BRIC members (China, India and Brazil) have largely refrained from outright condemnation of Russia's actions. As energy prices soar, net oil importers such as India also dipped meaningfully, as did Chinese equities. China's rapid-fire regulatory changes hit several sectors very hard throughout 2021, but economists foresee fewer major changes (or so-called crackdowns) in 2022. Beijing appears to have shifted its focus to defending a 5% growth target, potentially plotting a more predictable policy path for the coming year. Against a backdrop of higher commodity prices, net exporters such as Brazil, Colombia, the United Arab Emirates (UAE) and Qatar all delivered solid gains for February. Oil prices were 9.8% higher at month-end, safe-haven gold gained 6.2% and industrial metals registered similarly impressive gains. Agricultural commodities, a sometimes-overlooked subsector, also delivered strong gains. Russia and Ukraine account for around 30% of global wheat exports and wheat prices have soared to their highest levels since 2008.



## WORLD MARKET INDICES PERFORMANCE

### Quarterly Return of Major Indices



### South African markets

The global appetite for safe-haven gold and industrial metals proved to be a boon to the South African equity market. The Capped Shareholder Weighted Index (Capped SWIX, in which the weight of Naspers/Prosus are capped) closed 2.7% in the green. The Resources subsector was the natural outperformer, gaining a stellar 16% for the month. Financials also delivered a solid 3.8% return, while Industrials lagged substantially (losing 7.4%). Higher oil prices, an uptick in the price of safe-haven gold and higher industrial metals prices once again boosted local companies. Due to the uncertainty around the Russian oil supply, oil-giant Sasol's share prices have gained a staggering 1 130% since their 2020 pandemic low. For February, the gain was a far more modest 1.64%.

Most other index constituents' performance, however, was dwarfed by share-price jumps in gold and platinum miners. Sibanye Stillwater delivered 26.3%, AngloGold was 22.6% higher, Impala Platinum gained 25.5% and Angloplat fell just short of being 30% higher at month-end. Conversely, Naspers had a dismal month, with the share price dropping nearly 20%. This is partly attributable to weakness in China (Tencent), but also due to the company's holding in Mail.ru (now known as VK). VK is a key internet player in Russia and Naspers pumped roughly R380 million into the company over 2020, taking its stake to 27%. It also, alongside Prosus and Tencent, took part in an R9 billion debt issued by the Russian company. The Naspers/Prosus stake was worth roughly R7.6 billion at the end of February. The London Stock Exchange has since suspended trading in VK Group, but not before its share price had plunged to under USD 1 per share.



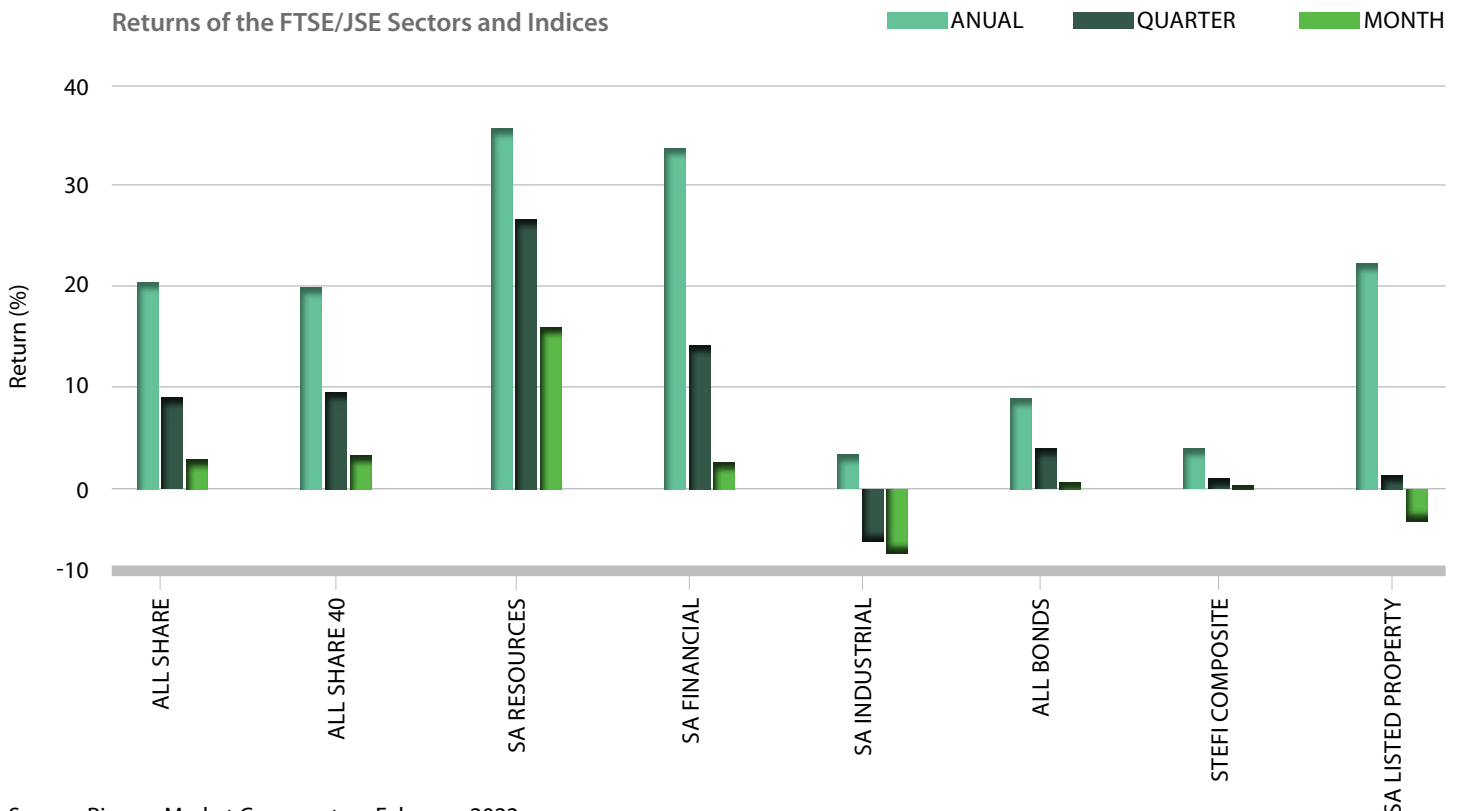
Consumers continue to feel the pinch of higher energy costs – the latest blows include sharp hikes in pump prices and electricity tariffs. Petrol prices increased by nearly R1.50 per litre in the first days of March, while Eskom has been granted a tariff increase of 9.61%, effective from the 1 April. Granted, the National Energy Regulator of South Africa (NERSA) pushed back against the proposed 20% increase the power utility had requested, but beleaguered consumers will find it hard to swallow (particularly since loadshedding is a regular occurrence). Cost pressures remain severe, and local firms marked up their output charges to the greatest extent in nine months. The IHS Markit PMI nonetheless rose to a three month high in February 2022, the second consecutive month of expansion as business activity continued to normalise.

It is hoped that this normalisation will continue, as the lifting of the national state of disaster seems to indicate. President Ramaphosa, in his State of the Nation Address (SONA), announced that the disaster regulations which had been in place for nearly two years would be allowed to lapse by the 15 March. During the address, which was delivered in Cape Town's City Hall after the suspected arson at National Parliament, the President also announced that the R350 per month cash grant would be extended for another year.

The grant, while offering much-needed support to the poorest of the poor, has also placed a significant strain on government finances. Finance Minister Enoch Godongwana delivered the Budget Speech (on the 23 February) against this rather sombre backdrop. Economic growth has been revised downward from 4.8% in 2021, to 2.1% in 2022 and averaging at 1.8% over the subsequent three years. The budget deficit is projected to narrow from 5.7% in 2021/2022 to 4.2% in 2024/2025. Public debt, however, is predicted to increase steadily over the next three years before stabilising at 75% of GDP in 2024/2025. Godongwana had some harsh words and warnings for State-Owned Enterprises, indicating that the era of large-scale bailouts was set to end. The Speech also included some tax relief measures, enabled by commodity-spurred growth in tax revenue. One of the key highlights is a slight reduction in the corporate income tax rate, a move which is seemingly in line with a key message from SONA: namely that the private sector will be a growth engine in the economy. This message has not gone unnoticed by international investors, but has simultaneously come under heavy fire from political opponents. The Economic Freedom Fighters (EFF), for instance, continue to push for nationalisation and are opposed to the view that the private sector will drive economic growth. Key takeaways from both SONA and the Budget Speech: the country is poised for a return to normality. What the new normal will look like will depend on the formulation and steadfast implementation of sound economic and fiscal policies.

#### LOCAL MARKET INDICES PERFORMANCE

Returns of the FTSE/JSE Sectors and Indices



Source: Riscura Market Commentary February 2022

The Board of Trustees is confident that the Fund has managed to successfully generate good returns on behalf of its members regardless of tough market conditions. 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.**



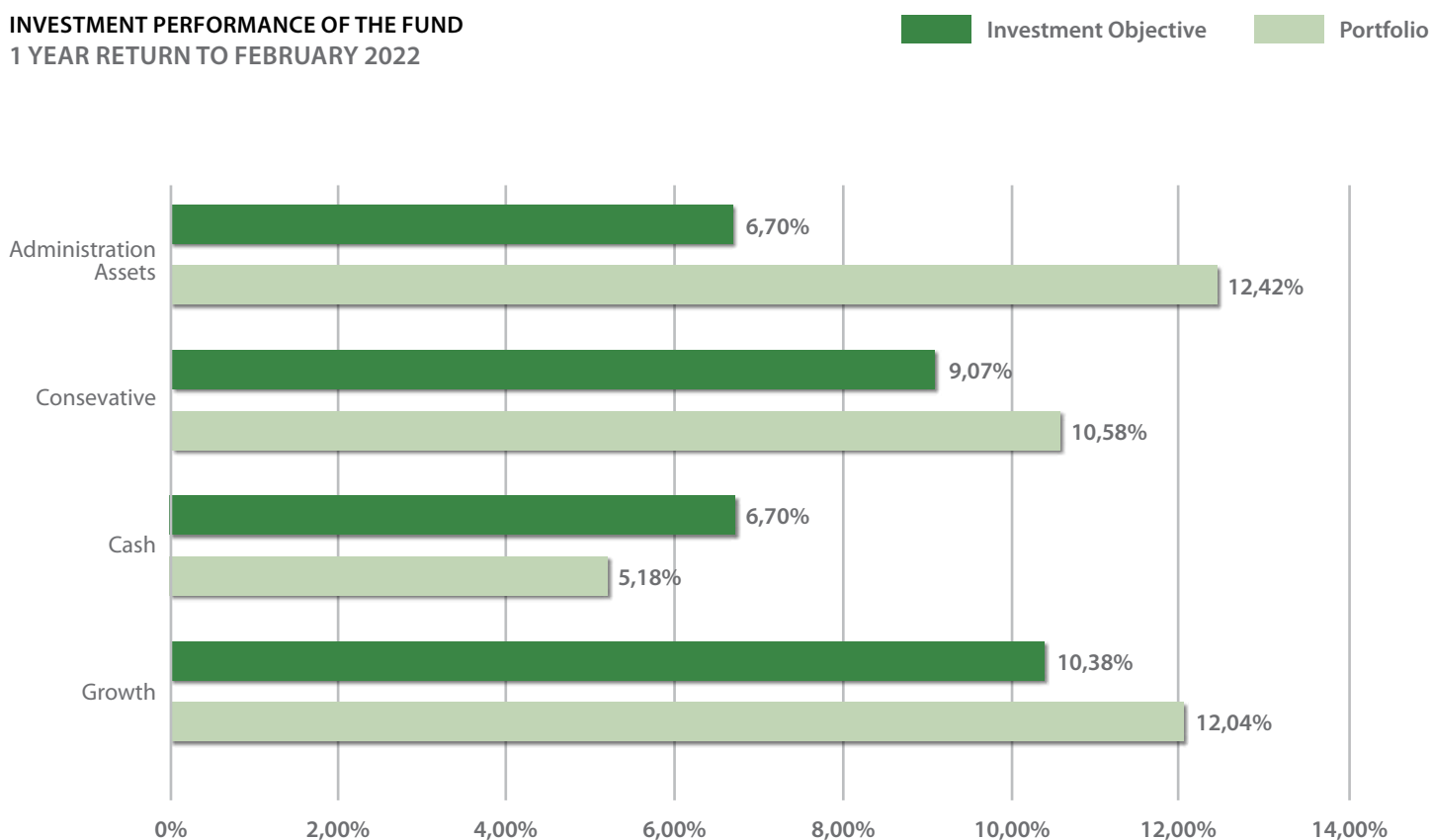
## GROWING AND PROTECTING ASSETS

### Fund performance

The Board of Trustees is confident that the Fund has generated successful 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 respond to current and future operating environments.

### INVESTMENT PERFORMANCE OF THE FUND

1 YEAR RETURN TO FEBRUARY 2022



## MEMBERSHIP AS AT 28 FEBRUARY 2022

	ACTIVE MEMBERS	DEFERRED MEMBERS	UNCLAIMED BENEFITS
<b>Number at the beginning of period</b>	<b>286 547</b>	<b>98 222</b>	<b>4 729</b>
Additions	25 778	-	-
Capital Disability	(130)	-	(3)
Transfers out	(206)	-	1
Withdrawals	(20 520)	(10 775)	(1 289)
Retirements	(415)	-	(42)
Retrenchments	(2 316)	-	(174)
Deaths	(932)	-	(499)
Divorce -non-members spouses	(29)	-	(7)
Transferred from benefits payable	-	-	(1 378)
<b>Number at the end of the period</b>	<b>287 777</b>	<b>87 524</b>	<b>4 093</b>
Number at the end of the period (South African citizen)	254 098	87 524	3 572
Number at the end of the period (non-South African citizen)	33 679	-	521

## ACTUARIAL VALUATION

The financial statements summarise the transactions and net assets of the Fund. The financial statements do not consider liabilities to pay pensions and other benefits in the future. Under the Rules of the Fund, the actuary examines and reports the actuarial position of the Fund which does not consider such liabilities, at intervals not exceeding three years. They performed an actuarial valuation on 29 February 2020 and the actuary reported that the Fund was in a sound financial position.

The next statutory valuation will be performed as at 28 February 2023, in terms of the Pension Funds Act, and will be due for submission by 28 February 2024.

## HOUSING LOANS

Rules of the Fund make provision for the 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. The fund credit of the respective member secures each guarantee. They limit the loan to 60% of the respective member's fund credit after considering the effects of taxation (i.e. PAYE).

## Investment in participating employers

The Fund holds no direct investments in any participating employer.

## 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 grow the capital of younger members aggressively, 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.

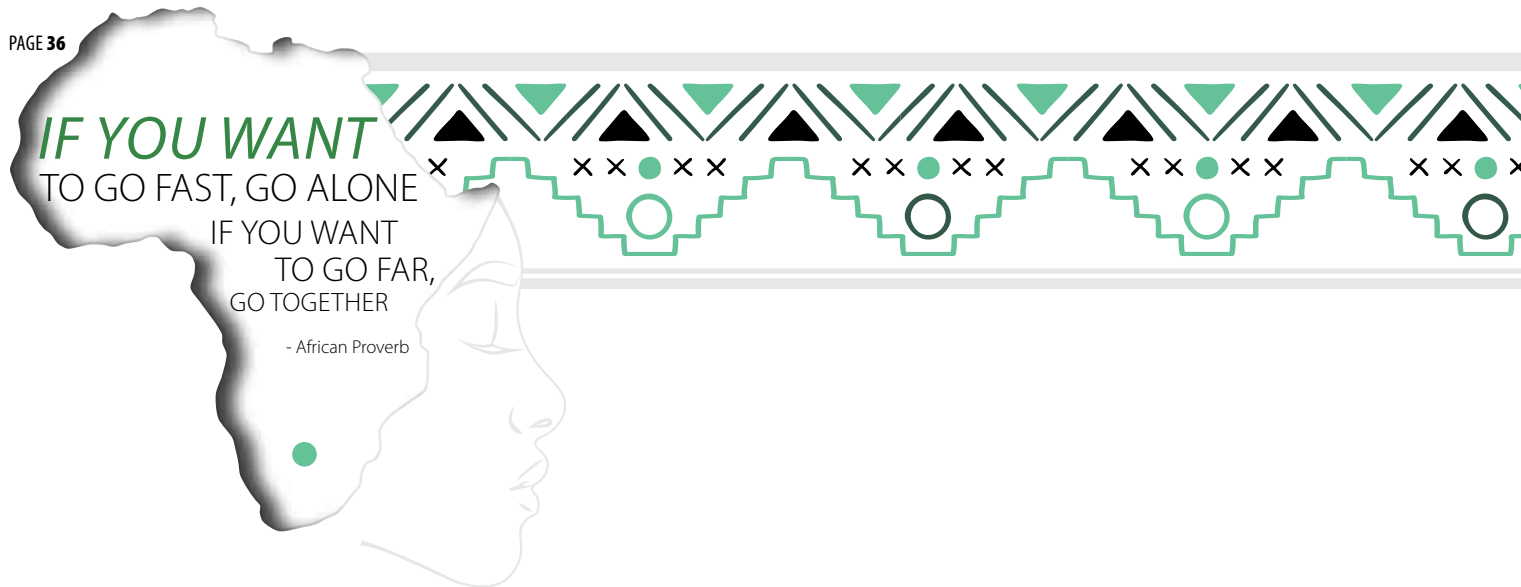
## SUBSEQUENT EVENTS

Guardrisk were appointed as underwriter of the Fund's third party cell, effective in April 2022.

## STAKEHOLDER ENGAGEMENT, EDUCATION AND COMMUNICATION

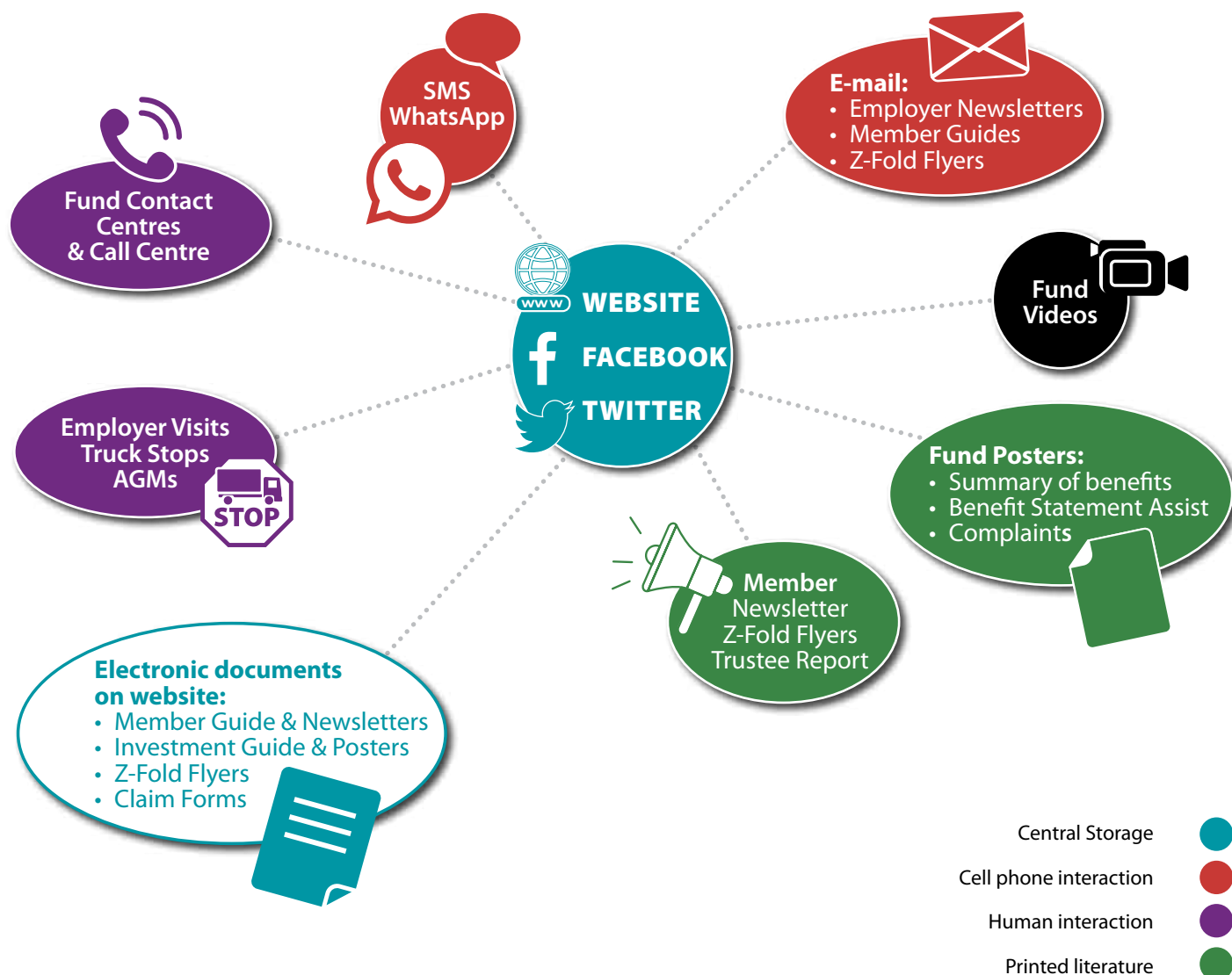
*"Information sharing is power BUT understanding is everything,"*

Member communication and education have always been a top priority for the Board. The Fund has since 2012 developed a sound communication strategy with rigorous annual research to measure service delivery, satisfaction and understandability of communication messages and 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 Figure 2 below. They followed an integrated communication approach 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.

#### TSRF CHANNEL MODEL







## INNOVATION

The Fund continuously strives to innovate and adapt the communication methods and channels to members. Through annual research and evaluation the Fund is able to offer the best solutions and outcomes for members.

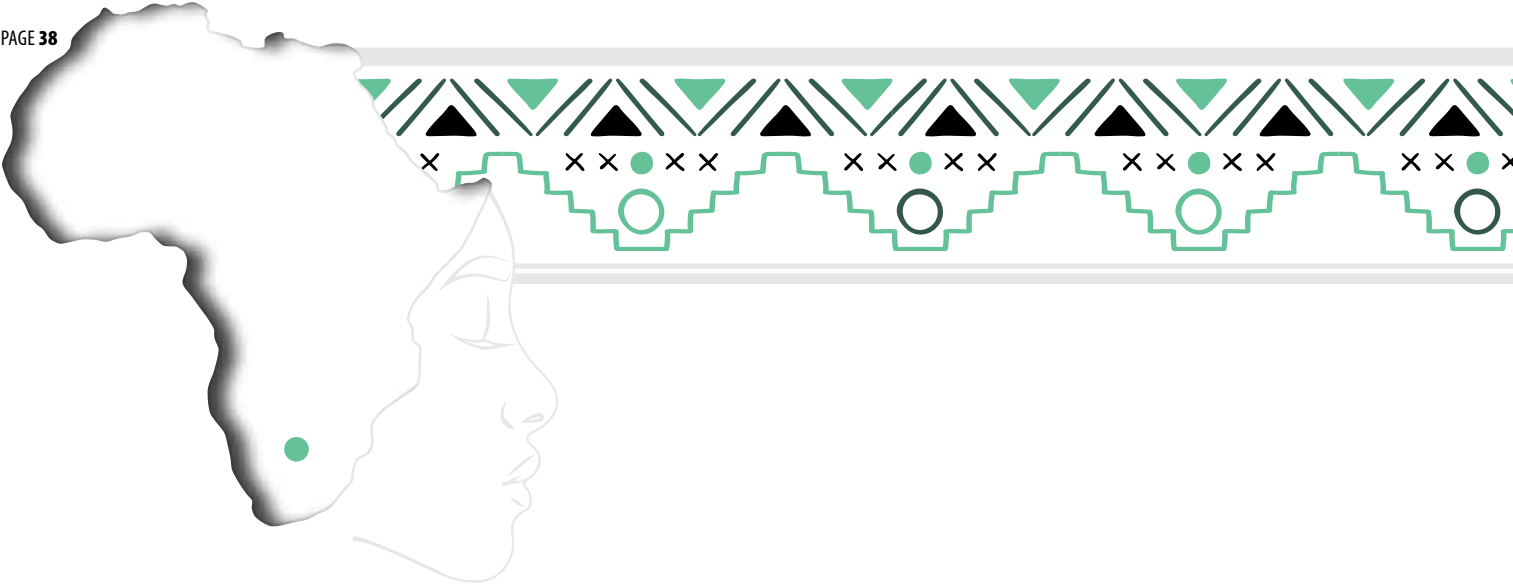
## INFOGRAPHICS

With the use of infographics the Fund can visually explain and demonstrate more complex concepts. Member benefits, the claims process, retirement planning and investments are better understood with visual effects and the use of colour.

Infographics has an impact on greater comprehension and improves the communication offering overall.

## INFORMATION SHARING

The main goal of the TSRF is to ensure that members have all the tools and knowledge so they may retire comfortably and maintain their standard of living, after retirement. Through regular sharing of important information the Fund is able to engage and educate members on their benefits and other Fund information.



**GOVERNANCE**



**AGRICULTURE**



**RETAIL OFFICE SPACE**



**TRANSFORMATION  
ESG  
SRI**



**TRUCKSTOPS**



**MANUFACTURING**



**HOUSING**



**EDUCATION**



## IMPACT INVESTMENTS

### Infrastructure Development

The Fund's investment of R8.8 billion to grow members' retirement assets aims for the best return and long-term financial security.

In this approach, infrastructure development is an important asset class, one which the Fund believes not only provides direct benefits to the members but helps drive economic development and job creation.

This investment strategy ties in with the country's National Infrastructure Plan (NIP), which focuses on broad development projects which include, among others, spatial and transport development initiatives.

*The following projects in various sectors of the economy are championed by the TSRF:*

1. HOUSING	SAGOLE HOUSING FUND
2. RETAIL AND OFFICE SPACE PROPERTIES	CUBISOL
3. AGRICULTURE	SAMPADA/TATS GREENERY
4. TRUCKSTOPS	TRUCKSTOP FUND
5. MANUFACTURING	HERITAGE CAPITAL
6. 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. The majority of TSRF members are truck drivers and this encouraged the Fund to invest in the trucking sector.

The TSRF holds a 50% share in the Highway Junction Truck Stop near Harrismith. In a joint venture with the Deysel 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 expanded the concept to four earmarked sites near Cape Town, East London, Colesberg and Musina. Civil works have begun at the Cape Town and East London sites.

Some of the Fund's other infrastructure development partnerships include the Philippi JunXion shopping mall outside Cape Town, and two new mixed-use property developments—one near Sebokeng in the Vaal Triangle and the other in Simon's Town in the Cape.

The mixed-use developments create urban villages which speed up 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 all can access property as an asset for wealth creation and empowerment.

### SAGOLE HOUSING FUND

The need for affordable and sustainable housing in South Africa is high. There is an estimate shortage of close to two million houses. The shortages are in the delivery of decent low-cost housing to low-income citizens. Most of the shortages are in the affordable housing markets and the government has incentives such as grants and housing subsidies to close the gap.

This 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 manage a well-diversified property investment portfolio. This includes immovable property with an emphasis on affordable housing developments that have a high social impact and offer attractive risk-adjusted returns for investors.

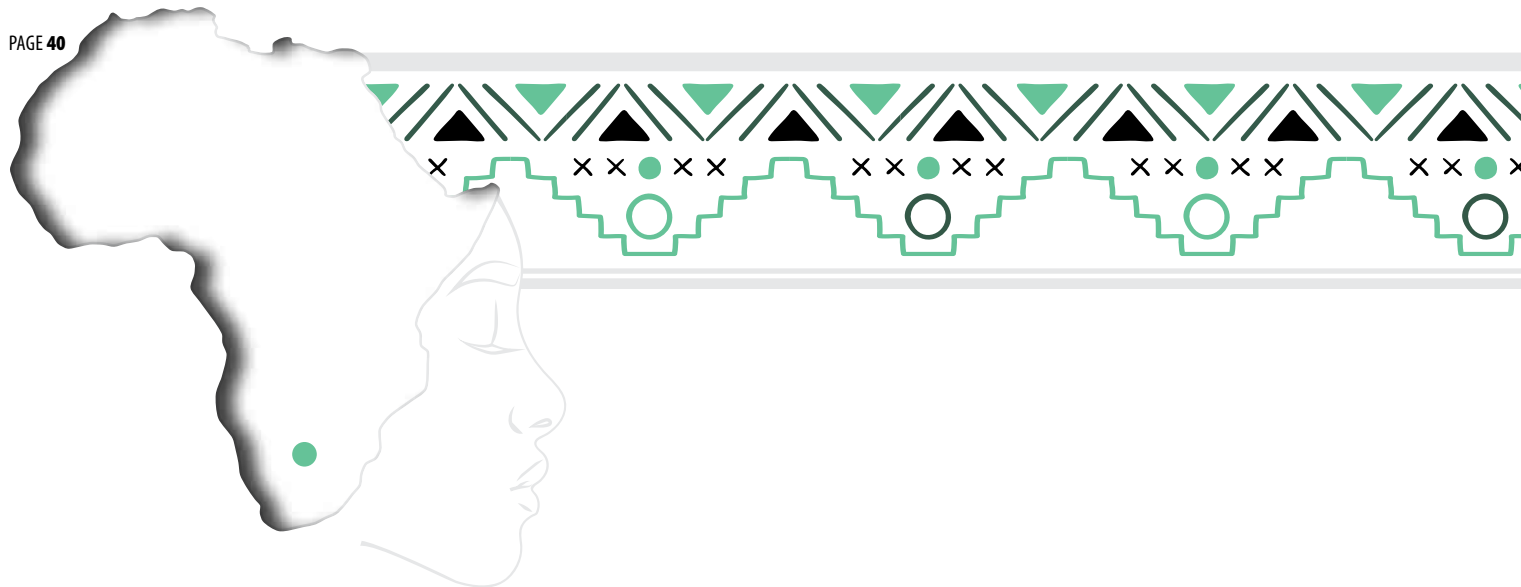
#### Lethabong Mix Use Development:

Lethabong Housing Development is one of the investment portfolios in the Sagole Housing Fund. A 236 hectares township 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
- A total of 5 715 housing units with blended housing typologies (GAP/FLISP)
- Two Primary Schools
- One High School
- Two ECD Centre
- Churches
- Hospital (300 beds)
- Clinic
- Retail shopping centre (Shoprite being the anchor tenant occupying 3 500sqm)
- Light Industrial and transport nodes

Environmental, social and governance remain 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.





Since breaking ground, Lethabong Housing Development has created 4 716 job opportunities within the Sebokeng Community.

	CIVIL EMPLOYMENT OPPORTUNITIES	BUILDING EMPLOYMENT OPPORTUNITIES	GENERAL WORK OPPORTUNITIES
Supervisors	55	32	
Site Admin	12	118	
Foreman	32	75	
Skilled labour	85	25	
General labour	255	280	
SMME	1 150	2 489	
Security Guard			59
Cleaning			29
Handyman			20
<b>Total</b>	<b>1 589</b>	<b>3 019</b>	<b>108</b>

#### Progress Summary:

Units Completed (allocated in June 2022)	370 units
Units Completed (awaiting allocation)	18 units
Practical completion achieved	24 units
Under construction (balance of 498 units)	86 units
Under Construction (90 units)	90 units

As noted above, the Fund has strategically aligned its ESG philosophy with the UN's Sustainable Development goals, illustrated below:



## • Environmental

### *Quality of Life and Environment*

Aligned with the UN's Sustainable Development goals i.e., good health and environment, the Fund strives to provide the community with a quality environment with the 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 better hygiene for the community.

### *Staying in Good Quality Houses*

Houses are structurally sound and constructed to last. They use the best materials because of the value placed on the people who will live in the houses.

### *Climate Preservation due to use of Quality Energy*

In trying to avoid dangerous incidences that happen within informal settlements like shack fires, the Fund has intervened by providing quality homes to eradicate the use of flammable and other dangerous forms of energy. Instead, they will install solar solutions to promote energy efficiency.

## • 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 gives the people who will live in the Lethabong Housing Development the opportunity to gain access to affordable housing.

### *Health and Education*

The development, with the collaboration of 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 reduce crime in the development and from surroundings areas.

### *Employment*

With the current increase in employment during the construction of the development, they expect that the employment rate will further increase because of 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 keep 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 we incorporate those values in all stages of the value chain.

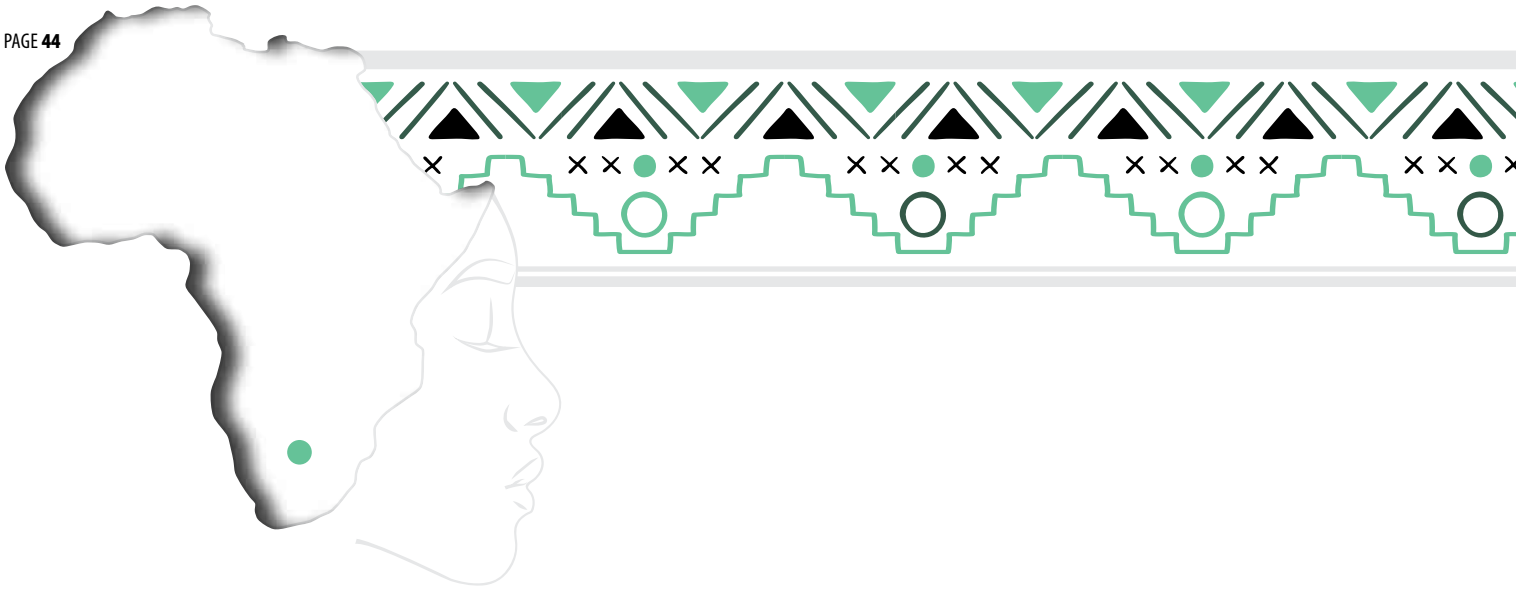












### Human Capital Demographics

The Emfuleni district municipality in which Lethabong Village development falls is plagued by high unemployment, a huge educational deficit, and health challenges. In addition, the low tax base and overall lack of economic strategic impact exacerbates the social challenges.

The Integrated Development Plan 2020/2021 of Emfuleni Local Municipality indicates a fairly young and mostly female population. This demographic is in line with the Fund's socio economic and skills development beneficiation strategies and objectives in the area, focusing on women and youth.

At its core the Integrated Skills Capacitation model has the promotion of broad based economic growth and improving social welfare. This is achieved through the formation of social networking partnerships between the private, public sector, and civil society in creating skills and job opportunities within the area. These collaborative partnerships strive to find solutions to common challenges.

### Skills Capacitation



The skills capacitation implementation focusses on developing new and strengthening existing skills to ensure meaningful impact for the community and individuals surrounding the Lethabong Village Development. The interventions are not restricted to physical construction related skills but include:

- Programs addressing social challenges within the targeted communities as well as,
- Skills capacitating young people within the construction industry to improve their employability and,
- SMME capacitation for entrepreneurs and new entrants into the market in order for them to actively participate in commercial activities created by the construction development.

The implementation model centres on the establishment of a recruitment, employment and skills pipeline sourced from the host and local community, linked to the Lethabong Development to support the construction build and to create economic opportunities through SMME enterprise development.

Strong strategic partnerships and collaboration with Seta's, Industry Bodies, Government entities and Non-Governmental Organisations support the integrated private, public partnership approach. The recruitment, employment and skills pipeline model focus areas:

#### • Social Challenges

Adult education Interventions focus on addressing access to further education opportunities with a specific beneficiation focus on females. Recognition of Prior Learning interventions provide skilled artisans within the construction trade with an opportunity to obtain recognition and credit for National Qualifications based on their years of experience.

This initiative has a direct impact on employability, access to gainful employment and further occupational education.

#### • Employability and Workplace Experience

Interventions focus on providing unskilled, semi- skilled and skilled workers with an opportunity to improve their technical skills and employability. Workers are placed on formal national qualifications and provided with an opportunity to learn and work. This model provides the workers with employment and valuable workplace experience.





- **SMME Capacitation**

The Construction Small Medium and Micro Enterprises in the area are provided with an opportunity to tender for work on the development. The SMME contractors and subcontractors represent the Waterdal and Boiketlong areas. SMME's that are compliant and contracted to work on site, are assisted to grow and improve their business through a mentorship programme. SMME's that are non-compliant are assisted on the road to compliance in order for them to secure future contracts on the construction build.

Our SMME capacitation learning journey focusses on specific training needs highlighted and identified in our SMME community. The two main development focus areas are institutional capacitation and technical skills training.

#### **Institutional Capacitation**

- Construction Management (manage construction contracting business)
- Construction Project Management (construction site and resource management)
- Financial Management for Non-financial managers

#### **Technical Skills**

- Bricklaying
- Painting
- Plastering
- Roofing
- Plumbing



#### **Labour Force**

A labour office, manned by local Community Liaison Officers ensures that general labour is sourced from the host and local communities. This role and function is key to effectively facilitate communication between all contractors, professionals and the local community.

A database of the semi-skilled and general labourers from the local and host community is maintained at this office.

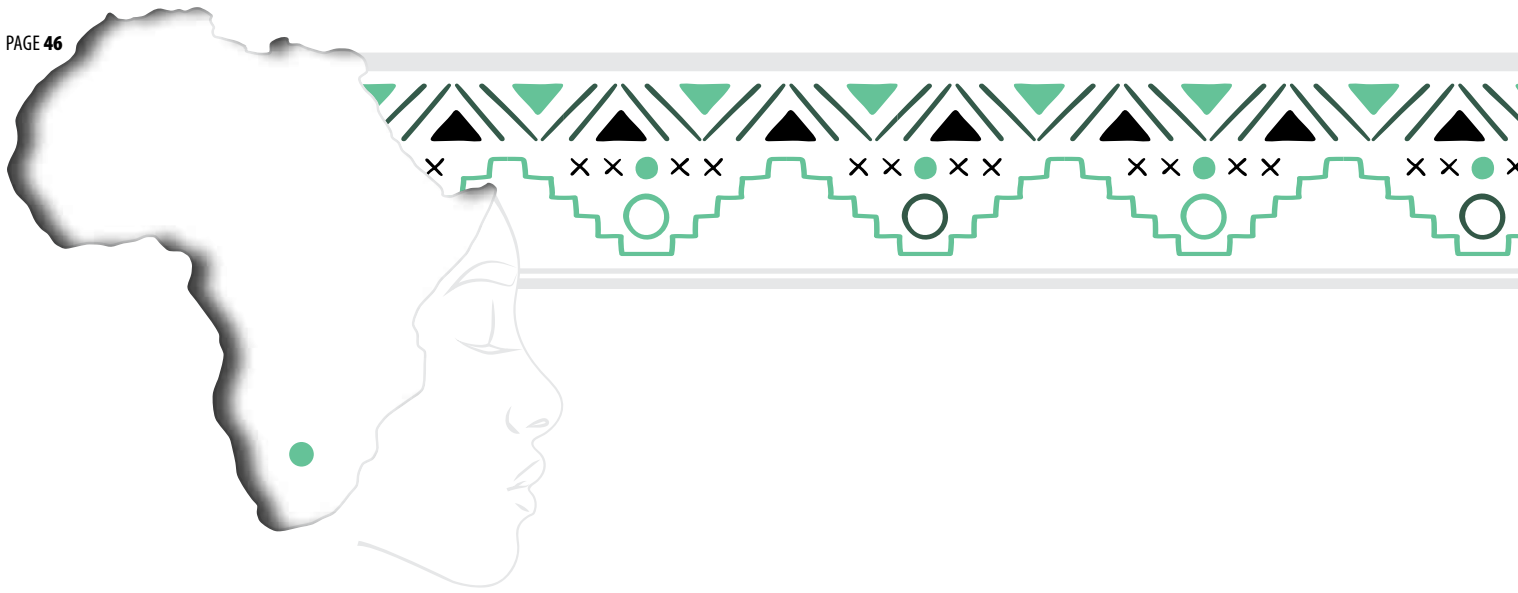
Contractors and SMME Sub-Contractors are required to source all labour from this database, thereby providing employment opportunities to unemployed people from the nearby community. The main contractor limits his own staff to Key Personnel only.

#### **Persons with Disability and Women in Construction**

The Fund is committed to promote the inclusion and integration of person with disability and women in construction into their developments.

We currently have eight female owned SMME Sub-Contractors and one Person with Disability SMME Sub - Contractor working on the development with a possibility of integrating more of this underutilised construction resource.





**Department of Human Settlements - Beneficiary Allocations:**

370 x Beneficiaries have taken occupation of their new constructed dwellings and a further estimated 104 x units will be delivered before year-end.



These initiatives all reflect our belief that this project needs to remain relevant and forward-thinking by considering and collaborating with the people in and around our developments to identify and address their real needs.

Strong partnerships and collaboration relationships are forged with diverse stakeholders in the area to agree on common goals and “shared value” vision for the region.

This forms the foundation for sustainability and ensure that the host communities where we build, can thrive after completion of the project.

Through this focus, we are able to tackle business and social challenges, while remaining relevant and offer better experiences and innovative offerings in our developments.





### CUBISOL PROPERTY FUND

The Cubisol Property Fund has a variety of shopping malls in its portfolio including Bel Air Shopping Centre, Carlswald Lifestyle Centre, Lonehill Shopping Centre, Harbour Bay Mall, Hibiscus Mall, Scottburgh Mall, Mountainview Shopping Centre, The Walk, The Junxion, Soshanguve Plaza and Mayfield Square. These malls have a variety of events annually to reach out and empower the communities they serve. Included below are a few of these initiatives.

#### LONEHILL SHOPPING CENTRE



**Lonehill Shopping Centre:**  
Easter eggs for charity-CSI campaign  
**Objectives:**  
Acknowledge Easter  
Fund raising  
Connect with the community

**Concept:**  
Lonehill Shopping Centre invited Woodrock Animal Rescue, a local charity to run a fund raising initiative at the centre. An Easter garden display was set up and shoppers were encouraged to purchase an Easter egg (dog biscuit in the form of an Easter egg) for R20 or more and hide it in the garden. Volunteers from Woodrock Animal Rescue managed the campaign for a week. Exposure for their adoption platform was also part of the initiative with daily visits from their rescue puppies. Lonehill Shopping Centre pledged to match the donation total received.

**Advertising elements:**  
In centre posters  
Facebook cover page  
Woodrock Animal Rescue platforms

**Results:**  
A total of R8047 was received from the public making the total donation towards Woodrock Animal Rescue including the donation match from Lonehill Shopping Centre, R16094. A well received successful campaign.



#### HARBOUR BAY SIMONSTOWN



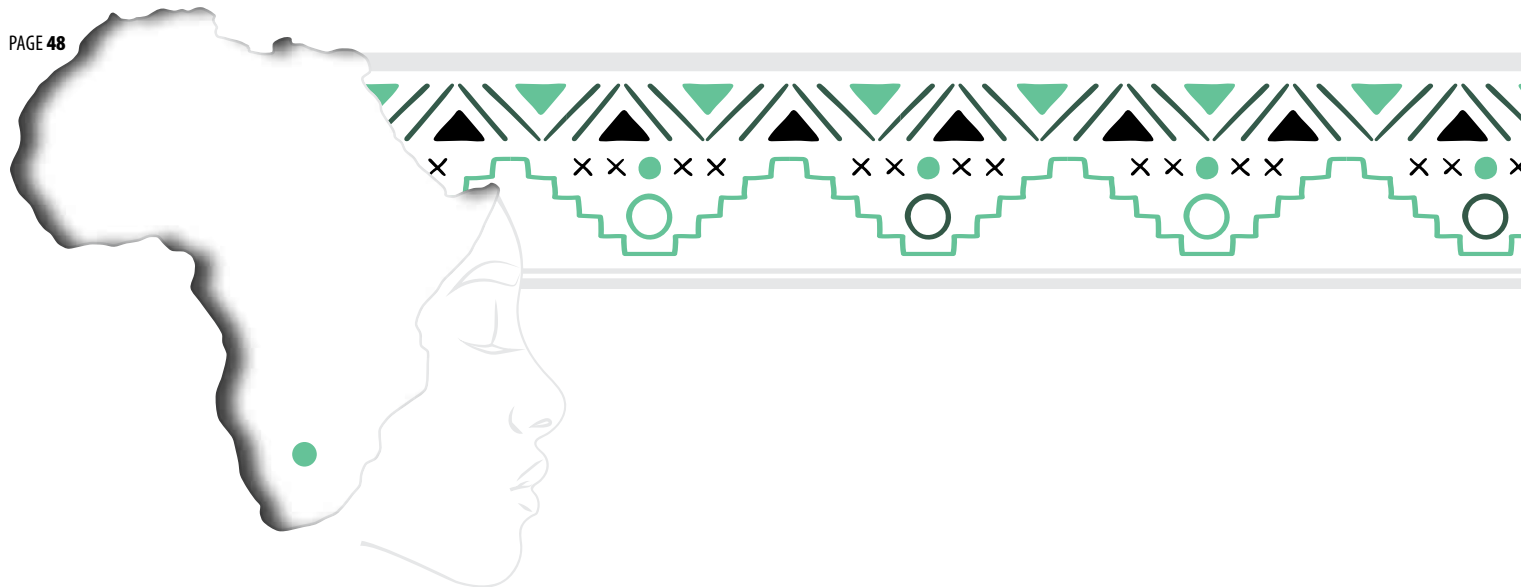
**Community Initiative: Simon's Town Sanitary Pad Drive**

**Objectives:**  
Connect with the community  
Giving back

**Concept:**  
The Simon's Town Navy Band launched an initiative to help keep girls in school by running a sanitary pad donation drive and then distributing sanitary pads to school girls in need.

**Results:**  
Harbour Bay Mall is currently one of their drop off points for donations.





### Hibiscus Mall: Grannies Walk

**Objectives:**  
Connect with the community

**Concept:**  
The Rotary Club of Hibiscus Coast hosted their 36th Grannies Walk along the seaside of St Michael's on Sea on Wednesday, 6 July 2022. Hibiscus Mall sponsored 5 walkers to form part of the fund raising.



Rotary Club Grannies Walk



### The Junxion Mall: Winter Warmers-SASSA recipients

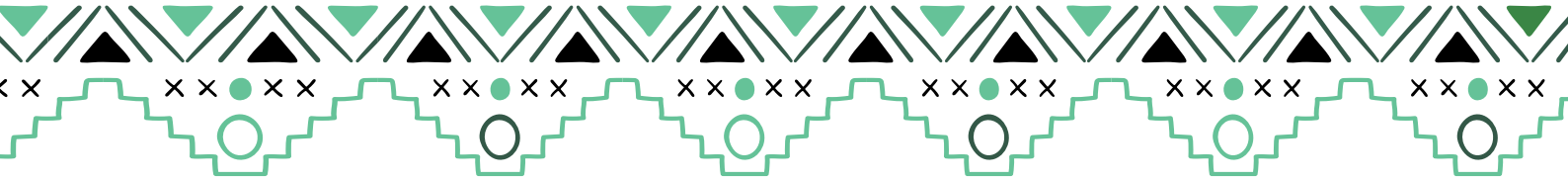
**Objectives:**  
CSI Initiative-Giving back

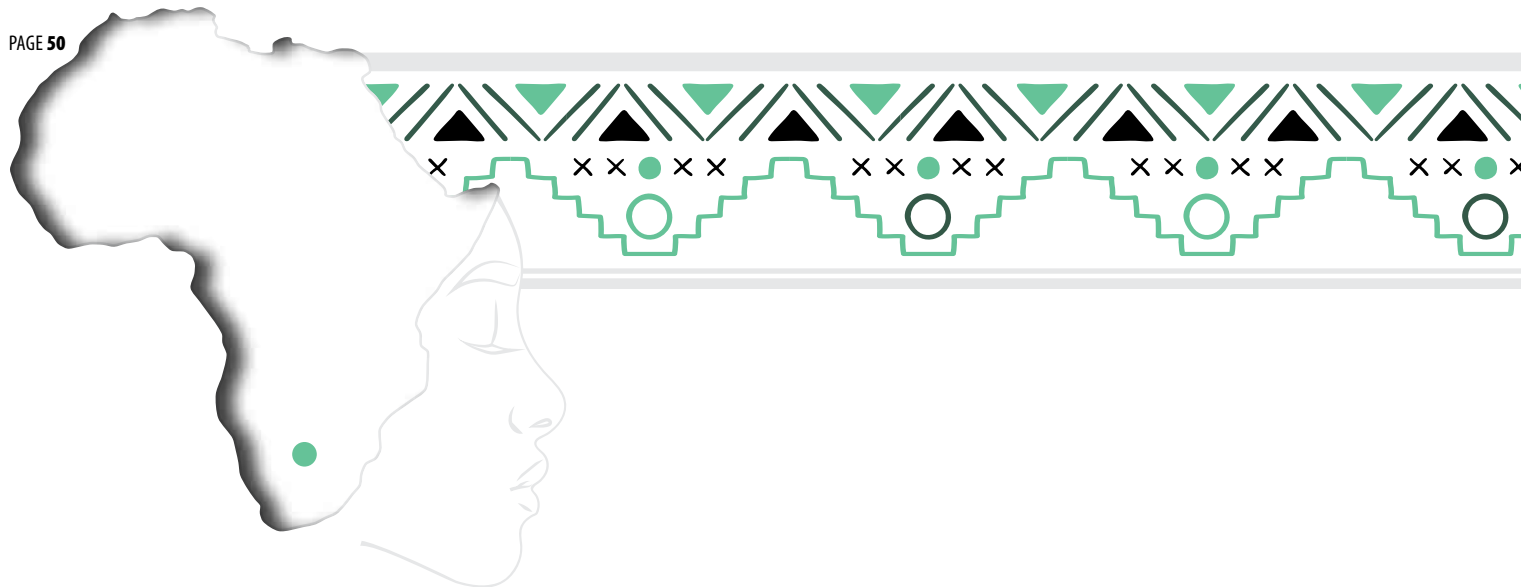
**Concept:**  
The Junxion Mall in partnership with a local charity, Kasi Angel foundation handed out warm soup to SASSA recipients waiting in line at The Junxion during the winter months. Branded blankets, beanies and scarves were also handed out with the warm soup.

**Results:**  
This initiative was very well received by the SASSA recipients with some claiming that this was their only meal for the day. Photos were shared on The Junxion Facebook page and received a lot of appreciative responses. A average of 300 recipients were served per day (2 days per month)









## GENERAL PROFILING (PROPRIETARY) LIMITED (“GP”)

### Scope

Heritage Capital Fund I (“the Fund”), managed by a 100% black female-owned private equity fund manager, owns 30% of GP, one of the largest independent steel service centres 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 1 500 customers (primarily in Gauteng and surrounds) servicing major industry segments in South Africa and mining in Southern Africa and sub-Saharan Africa. The company started as a family business in 1971 and was managed by the second generation when sold to the Fund, second-tier management and another financial investor. Today GP employs over 300 people, most of whom are black South African semi-skilled technicians, machine operators and artisans. The company is in Gauteng but indirectly supplies steel to various projects in the rest of Africa and the Middle East.

### Return profile

The Fund made the investment into GP, on behalf of its investors in October 2018. The business was negatively affected by the COVID-19 lockdown, as it could not trade. The business made use of the UIF COVID-19 TERS funds to pay employees who could not work during the lockdown.

Upon re-opening, the company had a sizeable order book and has showed that it has recovered from the effects of the lockdown. They avoided large-scale retrenchments, and they gradually brought employees 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 GP is the diversity in the customer base. Strong demand for equipment from the agriculture and power sectors supported this growth 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 investor.

### Impact—jobs created and related spin-offs

The new investors continue to make decisions that aim to improve to the working conditions and to promote sustainable jobs. They have recently set up a pension scheme 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 help set up a skills development program. They have implemented monthly training sessions for staff at various levels.

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

### ESG:

Upon concluding the investment in 2018, they have made some key improvements to the business in ESG, namely:

#### Environmental

- Improved health and safety documentation, particularly in policies and procedures.
- Improved record-keeping on machine breakdowns, repairs and scheduled maintenance 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 to enhance safety measures and systems.

#### Social

- Besides the annual contributions made to the Teddy Bear Clinic—the business has also contributed to an orphanage. This caters for 90 children from birth to 18 years in Soweto, a community where most of the staff of GP live. 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 and remuneration, audit and risk committees with the respective Charters fully adopted.
- Formal monthly management meetings, quarterly board meetings and an annual strategy session form the main governance framework for the organisation.

### Any challenges faced and how you solved the problem/lessons learnt

- Transitioning from a family-owned business and with the original founding family exiting, led to some employees not fully accepting the new management team and 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.

An Employee Climate Survey recently conducted helped understand the culture of the staff.

- These gaps are being filled by improved communication between staff and management. Besides the staff interventions, weekly “toolbox” talks now take place between the department heads and the respective staff members.

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.



**HOWEVER FAR**  
A STREAM FLOWS  
IT DOESN'T FORGET  
**ITS ORIGIN**

- African Proverb

## FINANCIAL STATEMENTS

### APPROVAL OF THE FINANCIAL STATEMENTS

The annual financial statements of the TSRF Fund are the responsibility of the Board of Trustees of the Fund. The Board of the Fund fulfills this responsibility by ensuring the implementation and maintenance of accounting systems and practices adequately supported by internal financial controls. These controls, which are implemented and executed by the Fund and/or its benefit administrators, provide reasonable assurance that:

- The Fund's assets are safeguarded
- Transactions are properly authorized and executed
- Financial records are dependable

The annual financial statements set out on pages 11 to 41 have been prepared for regulatory purposes under the Regulatory Reporting Requirements for Retirement Funds in South Africa, the rules of the Fund and the Pension Fund Act.

These financial statements have been reported on by the independent auditors, Mazars, who had unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of Trustees considers all representations to the independent auditors (in the management representation letter during the audit) to be valid and appropriate. The presented report of the independent auditors is on pages 8 to 10.

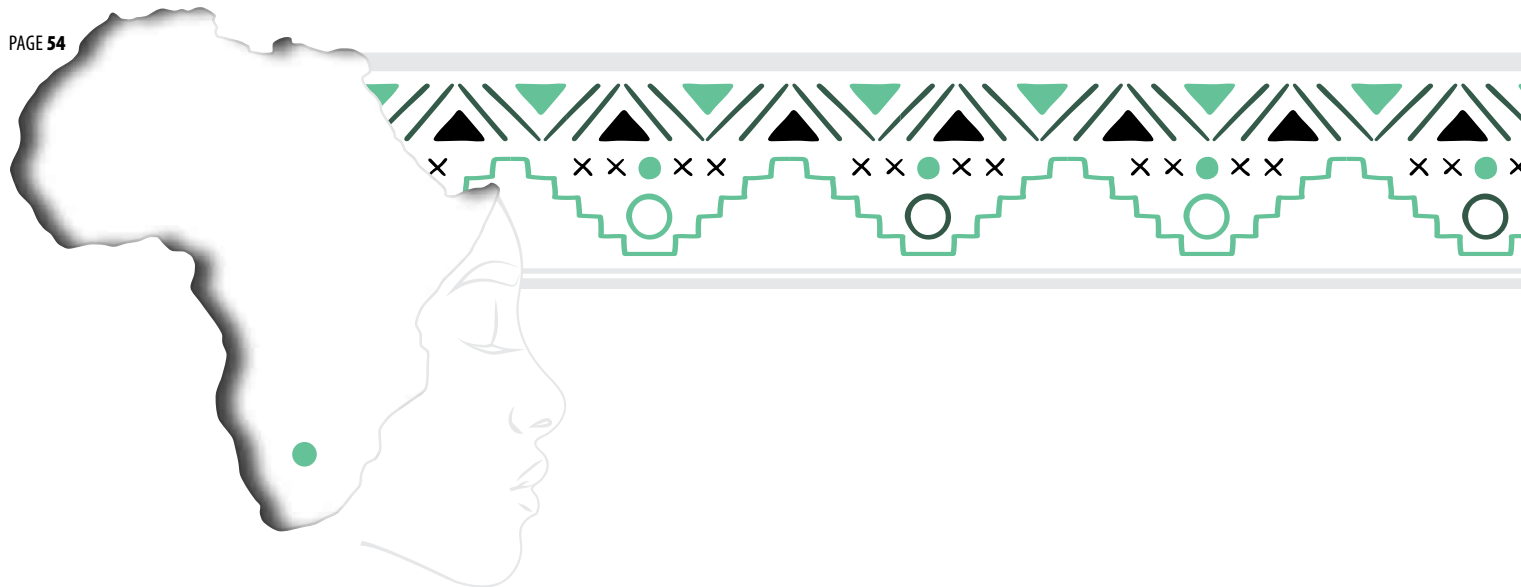
#### *These financial statements:*

- Were approved by the Board of Trustees on 8 August 2022
- Are to the best of the Board member's knowledge and belief confirmed to be complete and correct
- Fairly represent the net assets of the Fund as at 29 February 2022, as well as the results of its activities for the period under review
- Are signed on behalf of the Board of Trustees of the Fund



## STATEMENT OF CHANGES IN NET ASSETS AND FUNDS (For the period 28 Feb 2022)

		<b>Member's individual accounts &amp; amounts to be allocated</b>	<b>Reserve accounts Refer note 17</b>	<b>Current period</b>	<b>Previous period</b>
	<b>Note</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Contributions received and accrued	11	1, 153, 785, 693	247, 005, 932	1, 400, 791, 625	1, 217, 270, 498
Reinsurance proceeds		223, 177, 374	(223, 177, 374)	-	-
Net investment income	12	891, 743, 306	48, 747, 508	940, 490, 814	580, 717, 287
Other income	13	40, 099	-	40, 099	-
Less:					
Administration expenses	14	(29, 679, 842)	(71, 125, 436)	(100, 805, 278)	(80, 195, 719)
<b>Net income before transfers and benefits</b>		<b>2, 239, 066, 630</b>	<b>1, 450, 630</b>	<b>2, 240, 517, 260</b>	<b>1, 717, 792, 066</b>
<b>Transfers and Benefits</b>		<b>(1, 453, 274, 637)</b>	<b>-</b>	<b>(1, 453, 274, 637)</b>	<b>(1, 228, 352, 294)</b>
Transfer from other funds	6	9, 205, 665	-	9, 205, 665	1, 158, 583
Transfer to other funds	7	(20, 206, 906)	-	(20, 206, 906)	(18, 165, 805)
Benefits	8	(1, 442, 273, 396)	-	(1, 442, 273, 396)	(1, 211, 345, 072)
<b>Net income after transfers and benefits</b>		<b>785, 791, 993</b>	<b>1, 450, 630</b>	<b>787, 242, 623</b>	<b>489, 439, 772</b>
<b>Funds and reserves</b>					
Balance at the beginning of the period		6, 879, 321, 872	1, 108, 103, 078	7, 987, 727, 950	7, 498, 288, 178
Transfers between reserve accounts	17	682, 394	(682, 394)	-	-
<b>Balance at the end of the period</b>		<b>7, 665, 799, 259</b>	<b>1, 109, 171, 314</b>	<b>8, 774, 970, 573</b>	<b>7, 987, 727, 950</b>



The Fair Value of the Fund's investment, administered by the investment administrators at the end of the period, was:

	<b>Current period</b>	<b>Previous period</b>
	<b>R</b>	<b>R</b>
Copfav Faversham Real Estate Ltd	1,666,585,354	1,629,364,235
Novare Fund Management Limited	76,045,118	76,754,210
Argon Asset Management Proprietary Limited	600,095,997	537,274,739
Balondolozzi Investment Services Propriety Limited	1,168,854,171	855,757,898
Cubisol Holdings (Pty) Ltd	973,875,771	888,505,004
Futuregrowth Asset Management	5,873,377	399,954,907
Heritage Capital Proprietary Limited	126,307,186	146,358,863
Highway Property Group (Pty) Ltd	72,000,000	65,880,036
JM Busha Asset Managers Proprietary Limited	6,467,087	6,467,087
Mazi Capital Proprietary Limited	1,134,207,698	873,191,432
Meago Asset Management	-	11.936
PAPE Fund Managers Proprietary Limited	53,608,791	60,829,953
Prescient Investment Management Proprietary Limited	174,519,812	183,748,595
Prowess Investment Managers	349,886,254	323,998,304
Vunani Fund Managers	1,267,333,548	1,010,895,672
Sagole Capital Partners (Pty) Ltd	428,242,633	404,569,555
Truck Stop Fund GP (Pty) Ltd	127,744,860	110,084,793
Sampada Private Equity	190,285,327	96,267,712
Mila Risk Management Solutions (Pty) Ltd	75,522,595	-
Tats Greenery (Pty) Ltd	52,611,120	-
Meago Global Property B4	329,773,471	276,265,005
<b>Total value of investments managed</b>	<b>8,879,890,170</b>	<b>7,946,179,940</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
  - o Front Office: Sanlam Employee Benefits  

  - o Back Office: SALT Employee Benefits  

- Auditors: Mazars
- Actuary: Garth M Barnard  
(Moruba Consultants and Actuaries)
- Investment Advisor: Novare  
Rand Merchant Bank
- Funeral Insurer: Guardrisk Life Limited
- Investment Advisor: Rand Merchant Bank  
Novare Actuaries and Consultants

### NOMINATION OF BENEFICIARIES

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

The Trustees therefore urge all members of the Fund to confirm that their Nomination of Beneficiary forms are completed, and updated regularly, 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 got from the members' nearest Sanlam Walk-in Centre or from the Fund's website: [www.transportsectorfund.co.za](http://www.transportsectorfund.co.za). Completed forms will be kept on file by the member's employer and copies can be submitted to the Fund's administrator.

### New nomination form of funeral benefits

Members are now required by law to complete the Funeral Nomination of Beneficiary Form. In the event of a member's death, the funeral benefit will be paid to the person (beneficiary) that the member nominated in their nomination form. Please ensure that the person nominated as a beneficiary for the funeral benefit is over the age of 18 years, and would be responsible to pay or organise the funeral. Should a member not have completed a nomination form, then the benefit will be paid into their estate. Please note that an estate may take up to 12 months to be opened and a member's family may not have the money to bury the member should a completed form not be available.

### PRESERVATION OF BENEFITS

When a member withdraws from the Fund and considers what to do with 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 remains in those funds until the person retires, or placed 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.

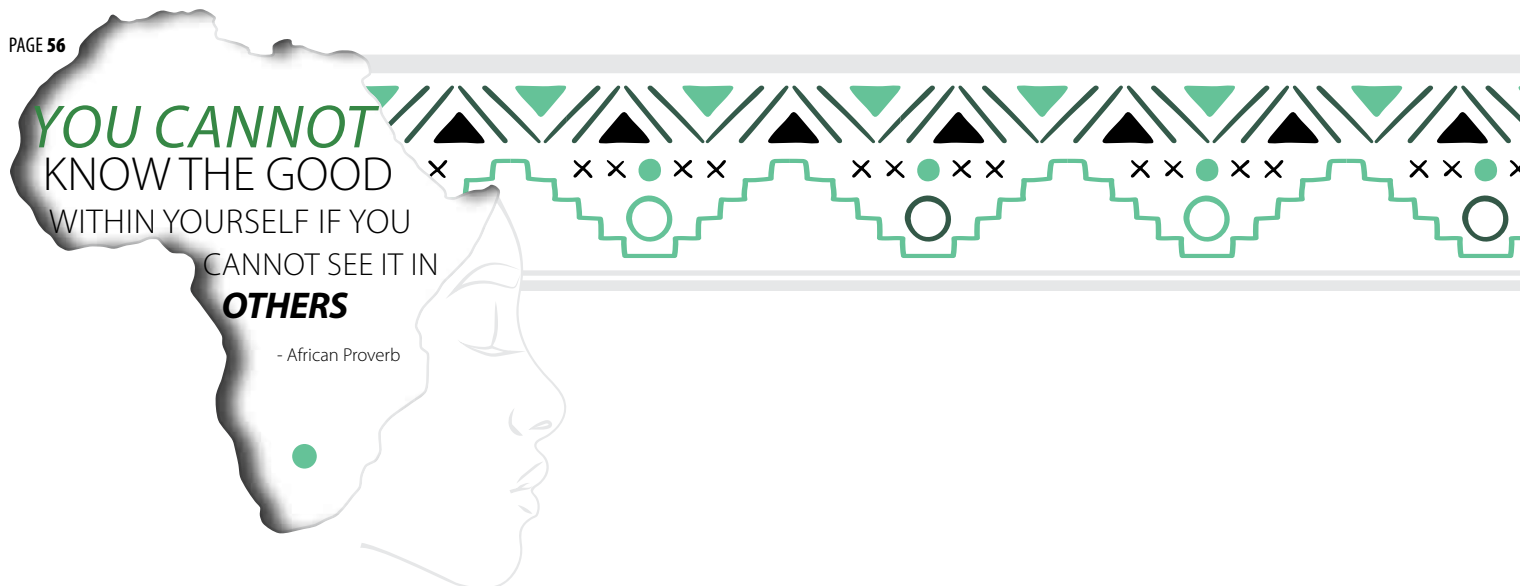
As of March 1, 2019, members who resign become paid-up members of the Fund. Their money stays invested in the Fund unless they inform the Fund that they choose to withdraw their retirement investment.

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.

### SECTION 13A FUND COMPLIANCE

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:

- 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
- 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.

### Types of non-compliance on the Fund

1. Employers who 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 therefore, cannot allocate the contributions to the members;
4. Employers who are under declaring.

Members and employers can now apply for a 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, the office may hand down orders that funds or members can 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 to calculate the amount owed to the fund, where after 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 spend further time and legal costs in obtaining relief. In the circumstances, the OPFA will begin conducting investigations pertaining to arrear contributions in a manner that enables the adjudicator to make orders in money with effect from 1 December 2021. This should 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 the retirement fund 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. They can sell the property of an employer to recover outstanding contributions.

### Criminal prosecution of non-compliant employers

With non-compliance and non-payment of contributions, they refer these matters 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 serious and there are severe implications both civilly and criminally for an employer and responsible parties of the employer.

***The importance of compliance with S13A cannot be over-emphasised 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 enduring these unprecedented circumstances. The Fund wishes to thank those employers (big and small) who diligently pay their contributions to the Fund on time.

### COMPLAINTS AND DISPUTES

Members dissatisfied with how their retirement fund benefits are managed can 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 find out 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 seems to be unsatisfactory, or the Fund cannot address the complaint, the member may 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:**

[enquiries@pfa.org.za](mailto:enquiries@pfa.org.za)

**Telephone:**

012 346 1738 or 012 748 4000

**Fax:**

086 693 7472



### ONLINE BENEFIT COUNSELLING TOOL

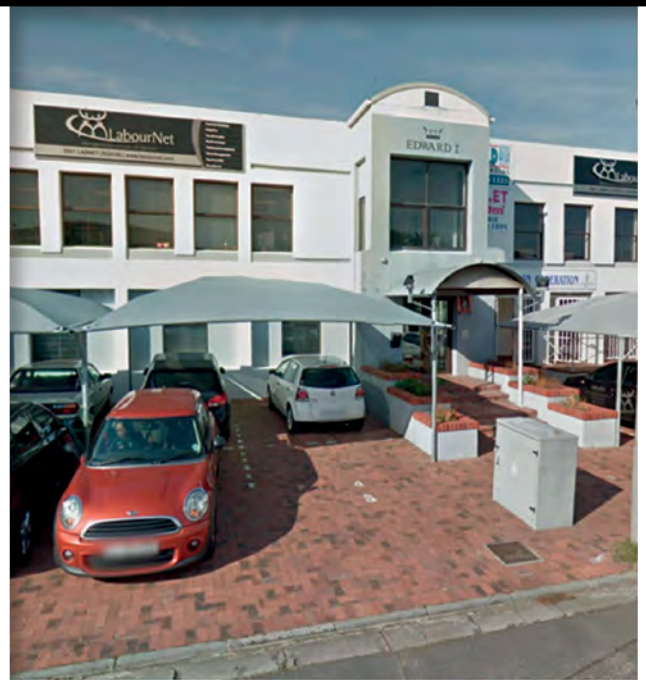
The Fund understands that retirement planning starts long before retirement. Therefore, our solution serves as a one-stop retirement planning tool for members of all ages.

The Fund provides retirement benefits counselling via an online cloud-based platform. The solution fully complies with new default regulations under section 36 of the South African Pension Funds Act and makes provision for retirement, resignation, retrenchment and dismissal.

All members can access the Benefit Counsellor, at any time and on any online device. Members can view their savings balances, plan for the future and receive counselling in real-time. You can use WhatsApp as well.

The South African Pension Funds Act stipulates that all retirement fund members must have access to retirement benefits counselling:

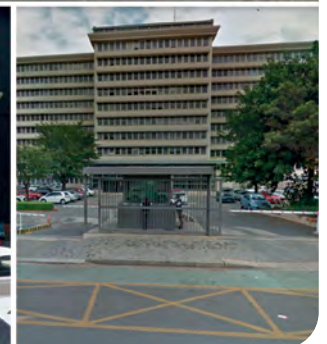
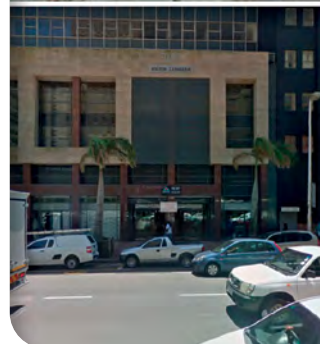
- Before any withdrawal benefit is paid
- Before they make any transfer to another fund
- At least three months before their normal retirement age



### OFFICES

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

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









### 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 in this report, or regarding 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)

Website: [www.transportsectorfund.co.za](http://www.transportsectorfund.co.za)

