

ANNUAL REPORT OF THE BOARD OF TRUSTEES

for the year ended
31 December 2018 issued in **June 2019**

My RETIREMENT FUND



TFG 
retirement fund
you can never start too early

1. Message from your chairman

As your chairman of the Board of Trustees, I trust that you will find the annual report of the Board of Trustees of TFG Retirement Fund for the year ended 31 December 2018, interesting and informative.

The year 2018 proved to be a very challenging year on all fronts, with investment markets providing negative investment returns across the world. However, the Board of Trustees, who represent your interest, continues to strive to protect and grow your retirement savings, improve your benefits as a member and assist you in saving more to retire comfortably.

This report provides you with an overview of the main activities of the past financial year.

Warmest regards

Ronnie Stein
Chairman

2. Board of Trustees

The TFG Retirement Fund is managed by a Board of Trustees. The Board is made up of five company appointed and five member elected trustees. In addition, the Board appoints a Principal Officer, who is responsible for the day-to-day running of the Fund. Importantly, the Trustees are responsible for all the decisions made in the TFG retirement Fund and have to ensure that the members, pensioners and beneficiaries' interest are protected at all times. The Board, together with the Principal Officer have access to retirement industry experts and specialists and utilise their expertise when necessary.

The Fund held elections for member elected Trustees during March to early June this year, at the same time the company will also review the appointment of the company nominated trustees. The results of the elections will be announced on the Fund's website towards the end of June 2019.

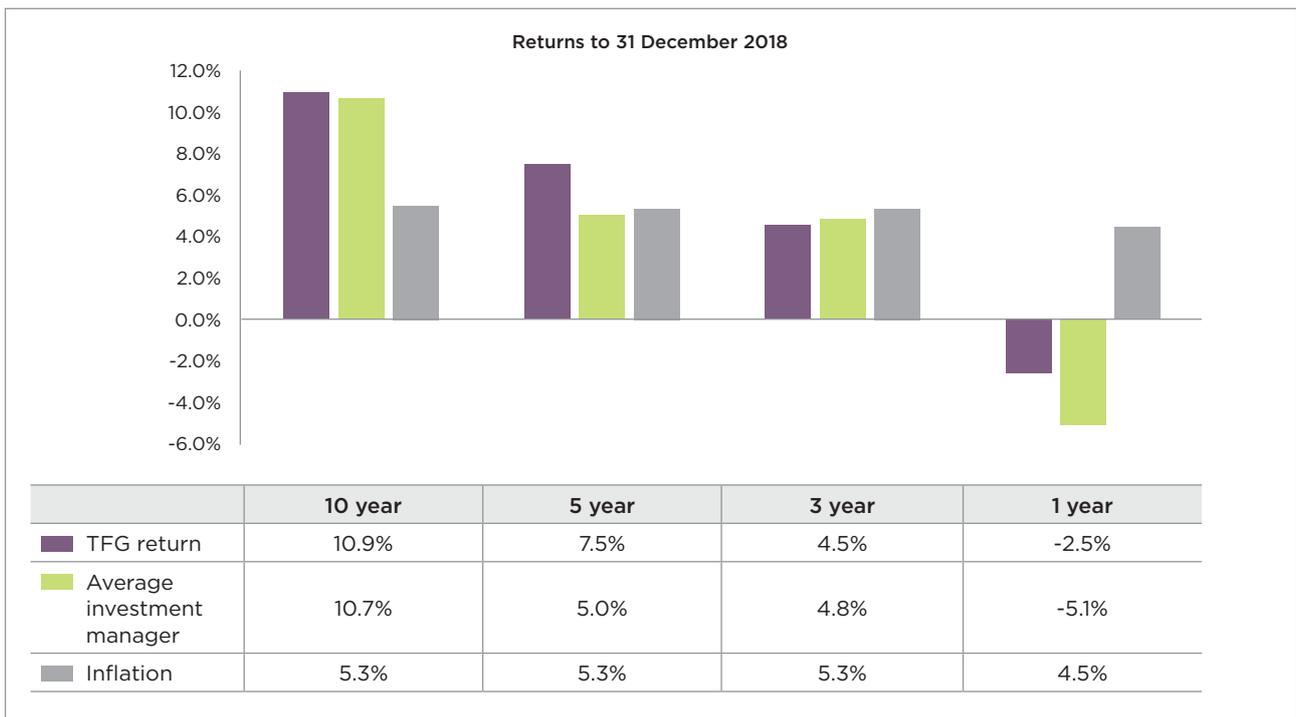
[CLICK HERE](#)

for more information about the Fund management, the Board of Trustees, Specialist Committees and service providers.

3. Investments

2018 was a very tough year for investment markets as negative investment returns were experienced in many regions across the world, especially in the United States, as well as in South Africa. This affected retirement funds across the world. As a result, the TFG Retirement Fund was also affected by the poor performance of the markets. Saving for retirement is however a long-term investment and it is therefore not appropriate for the Trustees to react to negative short term investment returns.

In these poor economic circumstances, the Active Member Balanced Portfolio Fund yielded an annual return of -2.5%. Whilst last year's performance was not as good as in the past, the performance of the Fund was better than the average South African investment manager and it is worthwhile noting that the markets and the Active Member Balanced Portfolio has recovered somewhat from last year's results in the first quarter of this year.



The Trustees continue to monitor the performance of the Fund's assets and asset managers on a regular basis to ensure that the investment objectives of the Fund are achieved in the long term.

[CLICK HERE](#)

for a more detailed look at the investment information, returns and reports.



4. Fund Website

Communication with you, the members of the Fund, remains one of our top priorities. We encourage you to visit the Fund's website regularly to stay up to date with the latest Fund information.



[CLICK HERE](#) to view the website.

5. Improvement in benefits

In striving to improve your ability to retire comfortably and improve your benefits in the Fund, the Board of Trustees have ensured the following:

- Increased the normal retirement age from **60 to 65** years for active employees, given the general increase in life expectancy, which will provide you with the opportunity to save longer for retirement and increase your retirement savings.
- Increase in your death benefit from **4.5 to 5 times** your annual basic salary, to provide more money for your beneficiaries and nominees in the unfortunate event of your death while still in service of the company.

6. Rule amendments

During the course of the financial year, there were three rule amendments submitted and approved by the Financial Sector Conduct Authority:

- Rule amendment No.5 (A) - effective 1 January 2017
- Rule amendment No 5 (B) - effective 1 January 2018
- Rule amendment No 6 - effective 10 May 2018



[CLICK HERE](#) to read more about the rule amendments.



7. Financial overview

The Fund has received a clean, unqualified audit from the Fund's auditor, Deloitte & Touche for the financial year ended 31 December 2018. In addition, the latest statutory actuarial valuation as at 31 December 2015, confirmed that the Fund is in a sound financial position. This is due to the high level of governance maintained by the Board of Trustees. A statutory actuarial valuation is performed every three years and the 2018 valuation will commence this year.



CLICK HERE

to view the latest breakdown of assets and liabilities of the Fund.

8. Fund membership and benefits awarded

The Fund had 12 713 active members, 297 deferred pensioners, 994 pensioners, 580 beneficiaries and 1 277 unclaimed benefits at the end of 2018.

Benefits totalling R358 million were awarded during the financial year upon resignation, retirement or death.



CLICK HERE

to view the latest Fund membership breakdown.

CLICK HERE

to view your contributions.

CLICK HERE

to view your benefits.

9. News on retirement reform

During 2018, the Fund was gearing up to be compliant with Default Regulations, which came into effect 1 March 2019. These regulations require each Fund to have a default investment strategy, allow for default preservation and have an annuity strategy. The Fund already complied with most of the requirements of the default regulations as at 31 December 2018. The rules of the Fund is in the process of being amended to allow for a member to become a deferred member by **default** upon leaving service before retirement.



CLICK HERE

to view what you need to know as a member regarding Default regulations.

10. Future developments

With the Financial Sector Regulation Act now in full operation, the industry is awaiting the next piece of legislation, namely the Conduct of Financial Institutions (COFI) Bill. The aim of this Bill will be to protect the interest of members of retirement funds. It will outline what members and industry players can expect from financial institutions. It will also incorporate the Treating Customers Fairly (TCF) principles into the manner in which financial institutions conduct their business with clients.

We will keep you informed when the Bill is signed into law and becomes an Act.

11. Contact information

For Fund related queries, send an email to tfgretirementfund@tfg.co.za

TFG Retirement Fund - Registered under the Pension Funds Act 1956 (Reg.No 12/8/10150/2)

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