
SECURING A LIFETIME OF
FINANCIAL WELL-BEING



University of Johannesburg Defined Benefit Pension Fund

Annual Trustees' Report as at 31 December 2019



CHAIRMAN'S REPORT

The Board of Trustees of the University of Johannesburg Defined Benefit Pension Fund (“the Fund”) is pleased to present this report to you, our valuable members of the Fund, for the period ended 31 December 2019. The aim of this report is to give you an overview of the management, activities and financial results of the Fund as well as general retirement fund information.

Members will be only too aware of the current travails afflicting South Africa and indeed the world, which are having an effect on society and the economy. The emergence of the COVID-19 virus has traumatised the world and the resulting deaths and severe disruption to daily lives is taking its full toll on South Africa. The parlous state of our economy with external debt nearing unaffordable levels and unemployment at over 30% and worsening, was emphasised as the country tipped into recession in the first quarter of 2020. South Africa is a small open economy and events taking place on the international stage have an adverse effect that we cannot hope to fully counter.

We would like to remind you that the following investment principles have stood the test of time when we found ourselves in similar market downturns:

1. **Don't panic** – Don't focus on what happens day by day or minute by minute. Decisions should be based on what happens over the long term. Be careful of making decisions out of haste or out of fear.
2. **Be patient** - There is a lot of truth to the saying that “investment returns don't come in a straight line”. This is because, like waves in the ocean, financial markets go up and down (fluctuate) constantly. We want to remind you to allow the ups and downs to run their course and to give your investments time to go through these motions and to mature.
3. **Stay invested** – changing your investment strategy purely as a result of market volatility, means you are locking in losses and you may not participate in gains as financial markets recover. The Trustees strongly recommend that you seek the assistance of an accredited financial planner before making any important decisions related to your investments.
4. **Don't time markets** – Sometimes doing nothing is doing something (TR Dewar). It is impossible to accurately and consistently outsmart the market by switching between growth and cash portfolios. You may exit at the bottom and/or miss days of really good performance. As another old saying goes: time spent in the market is more important than timing the market.

The Fund is fortunate in the dedication and commitment of its Principal Officer, her team and the Board of Trustees and I would like to thank each and every one of them for the efforts they have made over the year and the support they have given me as chairperson. Their responsibilities are onerous and are being extended each year as new measures intended to assist all pension fund members in improving their retirement conditions are introduced.

Thank you for your on-going trust in us as your Trustees. We wish you and your family well. Stay safe

Yours
Prof JC Sonnekus
Chairperson

Speak to a financial adviser to help you consider your options.

For financial advice contact Alexander Forbes Individual Advice Centre (IAC): Telephone: 0860 100 444

Email: iac@forbes.com



YOUR TRUSTEES

A Board of Trustees manages the Fund. Your employer chooses the Employer-appointed Trustees, while the members choose the Member-elected Trustees. The Trustees during the year in review were:

Chairperson	Prof J Sonnekus	Principal Officer	Ms E Vanrenen-Linford
Employer-appointed Trustees	Ms N Mamorare Mr F Cooper Prof D Meyer Mr Rossouw	Alternate Employer Appointed Trustees	Ms S Makinta Mr M Hassan Prof A Dempsey Mr B Mogapi
Member Elected Trustees	Prof M Muller Dr W Oldewage Prof J Sonnekus Prof A Swart	Alternate Member Elected Trustees	Prof C Villet Prof GA Goldman Prof A Oldewage Mr M Edwards

The Rules of the Fund stipulate that the term of office for the Board of Trustees is four years. Elections are held as and when required to replace Member-elected Trustees whose terms of office has expired.

The Trustees meet formally four times a year to review the legal, benefit, financial and governance framework of the Fund. The Duties of the Trustees is summarised below:

What are the duties of a trustee?

MAKE sure the Fund complies with all relevant laws.

1

MANAGE the Fund according to the rules of the Fund and all relevant laws

2

TAKE all reasonable steps to ensure the interests of the Fund and its members are protected.

3

ACT with care, diligence and in good faith.

4

AVOID conflicts of interest.

5

ACT with fairness towards all members and beneficiaries.

6

MAKE sure proper management control systems are in place.

7

MAKE sure members get appropriate and adequate communication.

8

TAKE reasonable steps to ensure contributions are paid on time.

9

GET expert advice where required.

10



SUB COMMITTEES

The Trustees established the following sub-committees to further effective management of the Fund. A very brief summary of the committee activities is provided:

- ✓ **FINANCIAL STATEMENTS REVIEW AND RISK MONITORING COMMITTEE** – this committee reviews the annual audited financial statements to ensure an accurate final version is presented to the Trustees for approval and monitors the risks the Fund is exposed and suggests interventions to mitigate and manage the identified risks.
- ✓ **INVESTMENT COMMITTEE** – this committee regularly monitors investment performance, assesses the ongoing appropriateness of the Fund’s investment strategy and appointed asset managers to deliver on the strategy, considers changes to the investment strategy, considers other investment managers/investment portfolios, etc.
- ✓ **DEATH BENEFIT DISTRIBUTION COMMITTEE** – this committee considers the distribution of death benefits in line with the requirements set out in the Pension Funds Act.
- ✓ **ADMINISTRATION MATTERS COMMITTEE** – this committee meets monthly to review activity reports regarding the day to day operations of the Fund (including investment of contributions, payment of claims, etc.).



ROLE PLAYERS

VALUATOR

Responsible for assessing the financial soundness of the Fund, and advice to the Trustees in this regard.

CONSULTANTS – Alexander Forbes appointed to provide general consulting and specialised investment consulting services to the Fund.

EXTERNAL AUDITOR - PwC
Audit the financial statements of the Fund annually.

ASSET MANAGER/S – Alexander Forbes Investments, a multi-manager appointed for their expertise in constructing portfolios and appointing asset managers to invest the assets in line with agreed mandates of the portfolio.

ADMINISTRATOR – Alexander Forbes
Responsible for maintaining member records, payment of claims, managing the bank account, paying expenses and recording and maintaining information required for statutory reporting and reporting to the Trustees.

FINANCIAL SECTOR CONDUCT AUTHORITY
Regulatory authority established by statute to oversee compliance, by the Fund and Trustees, with the registered rules and all relevant laws.



RULE AMENDMENTS

The following amendment was not registered / registered during the 15-month period up to 31 March 2020 and a quick summary is provided:

Rule amendment 2 (Await Registration)

- To allow a member who has retired from service and has not yet elected to receive payment of his benefit, to transfer the benefit to an Approved Retirement Annuity Fund; and
- To promote preservation of retirement benefits by providing in-fund preservation as the default on leaving service before retirement but allow a member to elect to transfer the benefit to another arrangement for retirement funding or to receive payment of the benefit as a lump sum.

Rule Amendment 3 (Registered 11 October 2019)

- To change the composition of the Employer appointed Trustees;
- To change the composition of the Member elected Trustees
- To change the number of Trustees that are required to form a quorum

You can view the registered rules of the Fund at the Fund's registered address, which is:

Pensions Office
University of Johannesburg
Auckland Park Kingsway Campus
Cnr University and Kingsway Avenue
Auckland Park



PENSION INCREASE POLICY

Members in the following categories may choose to receive a pension directly from the Fund at retirement: Main rules, Annexure A and Annexure B.

With effect from 1 March 2007 the pension increase policy of the Fund is to aim to grant increases on 1 April each year equal to:

- 55% of inflation for ex-NTRF pensioners
- 65% of inflation for other pensioners

This is subject to affordability given the Fund's experience of pensioners relative to the valuation assumptions, including experience with the mortality of pensioners and investment returns.

The Fund aims to grant additional catch-up increases for pension increases to be:

- At least equal to 55% of inflation, subject to affordability, for ex-NTRF pensioners since 1 July 2008 or retirement date if later.
- At least equal to 65% of inflation, subject to affordability, for other pensioners since 1 January 2003 or retirement date if later.

Inflation is defined as the increase in the CPI inflation index over the preceding year. Pro rata increases will apply to pensioners who retired during the preceding year. The increase will be limited, in consultation with the valuator, such that the value of pensioner liabilities following an increase does not exceed the actuarial value of the assets held in the pensioner reserve account.

The reason for the differentiation between the ex- NTRF pensioners and the other pensioners is that the transfer value received from the National Tertiary Retirement Fund was based on a post-retirement interest rate which is higher than the post-retirement interest rate used in the Fund. The assets received therefore support lower expected increases over the long term.

Set out below is a summary of the increases granted by the Fund over the last number of years relative to inflation:
Effective date Increase granted Annual inflation:

Effective date	Increase granted		Annual inflation
	Non-NTRF Pensioners	NTRF pensioners	
2012	4.00% (April 2012)	3.40% (March 2011)	6.10%
2013	5.70% (April 2013)	5.70% (April 2013)	5.68%
2014	5.40% (April 2014)	5.40% (April 2014)	5.40%
2014*	2.13% (April 2014)	2.75% (April 2014)	5.40%
2015	5.30% (April 2015)	5.30% (April 2015)	5.30%
2016	5.20% (April 2016)	5.20% (April 2016)	5.20%
2017	6.80% (April 2017)	6.80% (April 2017)	6.80%
2018	4.70% (April 2018)	4.70% (April 2018)	4.70%
2019	4.50% (April 2019)	4.50% (April 2019)	4.50%
2020**	2.60% (April 2020)	2.60% (April 2020)	4.00%

*These increases relate to the minimum inflationary catch-up increases required every three years in terms of the Pension Funds Act.

**Over the period from the end of December 2019 to 18 March 2020, global and local markets contracted sharply. This contraction resulted in a reduction in the assets invested by some 16.5%. As a result, the increase that the Fund could afford to grant is 2.6%.



SOLUTIONS TO HELP YOU REACH YOUR MILESTONES

RETIREMENT BENEFITS COUNSELLING

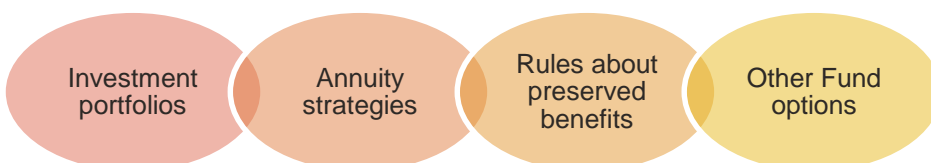
The introduction of retirement benefit counselling (RBC) as part of the new default regulations defines the minimum access to information you should enjoy throughout your time in the fund. The intention is that you'll receive the right information at the right time so that you can make the best financial decisions for your personal needs.

- As part of the default regulations, RBC must be made available to members:
- Before their benefits are taken in cash or transferred
- At least three months before a member's normal retirement age.

The Fund has appointed Alexander Forbes to provide Retirement Benefit Counselling to its members. Subject to the COVIDS-19 containment and social distancing requirements, a Retirement Benefit Counsellor is usually available at the following sites on Monday and Wednesday of the first 2 full weeks in each month:

Auckland Park Kingsway (APK) Pension Fund Office, E Ring, Ground Floor	First Monday of the Month
Soweto (SWC) Commercial Accounting Boardroom, Robert Sobukwe Building	First Wednesday of the month
Doornfontein (DFC) Room 2206, John Orr Building, Dept of Biotech and Food, Tech Boardroom	Second Monday of the Month
Auckland Park Bunting Road (APB) Main Campus Library, Visitor's Office, First floor	Second Wednesday of the Month

Retirement Benefit Counselling includes explanations on:



When does worksite counselling happen?



An appointment with the Retirement Benefit Counsellor can be made with Mrs Fairuze Morgan on extension 4877 or via email on fkhan@uj.ac.za. During COVID-19 lockdown, appointments are either telephonic, or through virtual platform meetings.



IN-FUND PRESERVATION

The Fund is required to provide members who exit the Fund and elect to preserve their benefit with a “paid-up” certificate within 60 days of leaving the Fund. To ensure that certificates reach members who exit please ensure that you provide your forwarding contact details to the Fund, if you exit the Fund:

- Cell phone number
- E-mail address
- Postal address



POST RETIREMENT ANNUITY STRATEGY

The following categories of members have the option to elect to receive a pension from the Fund: Main Rules and Annexure A. This pension is paid for life and also has a guaranteed period of five years and a partner’s pension, according to the Rules of the Fund. This complies with the requirements of the new regulations. These members can however elect to purchase any other annuity from a registered insurer as well.

The Fund annuity strategy is:

Living annuity with Alexander Forbes Financial Services (“AFRIS”)

This is a living annuity managed by Alexander Forbes. In a living annuity you decide on the investment portfolio for your savings and how much pension you want to draw each month. You can currently choose to draw between 2.5% and 17.5% of your capital each year. This is a very broad summary. Much more detail will be provided to members who are retiring.

With-profit annuity with Old Mutual – Platinum Pension 2003

This is a with-profit annuity managed by Old Mutual. In a with-profit annuity your annuity income will never decrease, regardless of how long you live or investment market performance. The annuity income is increased each year, and it is this new level of income each year which is guaranteed never to decrease.

Although the Fund had to implement an Annuity Strategy, this is not a default and you will have to actively select the pension you wish to purchase at retirement. You are not limited to this product only, but can still select from all the annuity products in the market. The Board recommends that you obtain financial advice prior to entering into any annuity product as the majority of them provide a guarantee and therefore you cannot reverse or terminate the agreement. Three months prior to retirement, a document setting out all the options and relevant costs will be made available to you.

Remember these options are not compulsory and retiring members can compare these options to any other options available in the annuity market and make their decision based on their own personal circumstances and income needs.



INVESTMENTS

We look at investment market performance generally, the portfolios available to members who want to choose their own investment strategy, the investment returns on these portfolios and some information that may assist in these turbulent times.

Performance of investment markets

The performance of markets generally will provide you with some background on the reasons for the Fund's own investment performance.

Global and Local Market Performance

No one could have expected that the global economy and financial markets would be brought to its knees so rapidly, by a global health emergency spurred on by the COVID-19 outbreak. Combined with some significant existing challenges, what we have witnessed has had a dramatic impact on all aspects of our lives, not just financial and economic.

Whilst the global economy has been broadly impacted, so too has the well-being of many millions of people around the world. It's painful, but it has become increasingly clear that we are all in this together, as a community, as a country and as global citizens. And this helps. Hopefully, the immediate health concerns and fragile global economic conditions simultaneously playing out, are a once-in-a-lifetime event. History tends to repeat itself and so too do the markets. We know that financial markets go through cycles. There are periods when markets fall (during recessions) and periods when markets recover and go up (during growth/expansionary periods). As one market cycle ends, the next one begins. The timing of the recovery is difficult to predict, but the good news is that history suggests that when it does happen, some of the best investment returns are subsequently realised.

The full extent of the impact of COVID-19 and other risks on financial markets is not yet known. We are in a time when many of us are concerned about our own health and that of our loved ones. It is also a time where there is good reason to be uncertain about our future financial security, seeing how financial markets have responded to the recent market shock. Against this backdrop of elevated uncertainty, we want our members to be reassured of our firm commitment to tackle market turbulence, now and in the future. As members of our retirement fund, and as part of our community, we thank you for entrusting us with the management and administration of your investments.

Looking at how the financial markets reacted over the three-month period to 31 March 2020:

- SA Equities fell by 21% as investors lowered their growth expectations and reduced risk appetite for this asset class. The Coronavirus outbreak will trigger an economic recession but it's important to note that broader economic conditions supported this process towards recession. The late cycle in the global economy, high debt levels, already low interest rates and complacency with the degree of economic and financial stability over the past 10 years, are all factors that were in-place before the Coronavirus hit.
- SA Property was the worst-performing asset class, down 48.2%. March 2020 was the biggest monthly decline on record, with the sector losing a massive 36.6% Property has been particularly badly hit across the globe because there is sudden uncertainty related to property leases, rental incomes and the underlying value of the assets. South Africa's economic growth was already under pressure before the global recession risks, but the domestic economic lockdown during March and April has thrown the property sector into distress.
- SA bonds were down 8.7% as investors sold out of fragile Emerging Markets like South Africa. Once risk appetite improves, global investors will require much higher bond yields (interest rates) to compensate them for the risk of investing in bonds issued by the South African government. Extreme aversion towards risk caused liquidity to dry-up in the SA bond market, which pushed the SA Reserve Bank to begin a domestic asset purchase programme, buying South African bonds and holding them on its balance sheet. Yields moved up in excess of 300 basis points on SA bonds.
- SA Cash performed well as it suffered no capital loss. Domestic interest rates were also elevated relative to inflation. These rates of interest will now decline after the SARB cut interest rates by 1% in March and again in April.
- Global stock markets dropped in excess of 30% (in US Dollars) which was the fastest monthly fall since the great depression of 1929. The continued fall in stock markets, in spite of repeated central bank actions, highlights the inability of central banks to solve all problems. This external shock caused a sudden adjustment to future

earnings expectations, and the resulting volatility sent markets into a sharp downward trajectory. In Rand terms, global stock markets returned 0.5% due to the Rand weakening against the USD, which highlights the importance of off-shore exposure.

- The Rand weakened significantly against major currencies and lost 21.5% of its value to the US Dollar. The Rand was the one of the weakest performers amongst Emerging Markets (Brazilian Lira was down 22.6% and the Russian Ruble 21%). Some may attribute the Rand and SA bond underperformance to Moody's credit rating downgrade of South Africa to sub-investment grade status in March 2020. While there was certainly some impact resulting from Moody's actions on markets, the downgrade was largely expected. The unexpected event was the sudden unravelling of global economic growth and the lock-down of the South African economy, which caused global investors to take a much less sanguine perspective on the SA government's credit risk. The downgrade was unfortunately the result of continued credit deterioration over a number of years. More telling than the credit rating downgrade was the fact that Moody's left SA on a 'negative watch', which implies further rating downgrades are possible over the coming quarters.

Although difficult to rationalise, maintaining perspective on the resiliency of the human spirit can push fear and anxiety aside and better help us deal with this crisis, mentally and emotionally. At this time we draw comfort from Professor Deena Katz Evensky's words:

"If we recall, the 20th century had its own host of problems and tragedies. It's not that I encourage everyone to have all this blind faith in the stock market. Instead, have faith in the human race and its proven ability to adapt, invent, transform and make the world a better place. And that, in the end, is what fuels a strong economy and financial market".

Market Performance as at 31 March 2020

Index	Asset Class	3 Months	1 Year	3 Years (ann)	5 Years (ann)	8 Years (ann)	10 Years (ann)	15 Years (ann)	20 Years (ann)
South African Indices Local									
FTSE/JSE All Share	Equity	-21.38%	18.42%	-2.07%	-0.13%	6.79%	7.68%	11.61%	12.46%
FTSE/JSE SWIX	Equity	-23.28%	20.88%	-4.56%	-1.94%	6.23%	7.64%	11.54%	
FTSE/JSE Capped SWIX ALSI	Equity	-26.58%	24.53%	-7.38%	-3.81%	4.94%			
STeFI Composite index	Cash	1.69%	7.21%	7.31%	7.22%	6.61%	6.51%	7.31%	8.06%
All Bond Index	Bonds	-8.72%	-2.99%	5.27%	5.18%	6.58%	7.40%	7.64%	9.87%
Barclays/Absa SA Govt ILB Index	Inflation linked bonds	-16.82%	15.23%	-4.25%	-0.85%	2.83%	4.89%	6.86%	9.19%
Government Bond Index		-6.85%	-5.07%	-0.49%	1.42%	4.31%	6.08%	7.67%	
FTSE/JSE SA Property	Property	-48.15%	47.91%	23.00%	13.50%	-0.63%	2.82%	9.03%	15.15%
Global Indices Global									
MSCI AC World	Equity	0.13%	9.19%	11.55%	11.07%	17.53%	15.68%	12.84%	
MSCI World		0.53%	10.25%	12.01%	11.50%	18.38%	16.43%	12.95%	
MSCI Emerging Markets		-2.72%	1.27%	8.12%	7.60%	11.02%	10.00%	13.08%	
FTSE WGBI	Bonds	29.88%	30.62%	14.60%	11.19%	12.49%	11.65%	10.50%	9.66%
90-day US Treasury Bill Rate		27.70%	25.26%	11.80%	9.22%	11.95%	9.91%	8.64%	6.86%
One month UK Treasury Bill		19.38%	18.22%	10.17%	4.68%	8.16%	7.58%	5.93%	6.28%
French 1 Month Interbank Rate		24.25%	19.65%	10.36%	8.06%	8.27%	7.05%	7.10%	7.52%
FTSE EPRA/NAREIT Dev Ren TR US		-8.90%	-4.57%	6.62%	7.08%	15.79%	16.08%		

Investment Returns

All the money in the Fund makes up the Fund's assets. To make the Fund's assets grow, your Board of Trustees appoint investment managers to invest the money. If markets perform well, the Fund's assets can earn good investment returns but if the markets perform poorly, the investment returns earned can be poor. However, remember that retirement saving is a long-term investment. The returns shown below are net of investment fees.

	Quarter	1 Year	3 Year	5 Year
Trustee Portfolio				
Investec	-11.8	-7.8	1.6	-
<i>Actual Benchmark (GLMW Average) #</i>	-13.3	-9.6	0.7	-
<i>Peer Benchmark (GLMW Average) *</i>	-13.3	-9.6	0.7	-
<i>Passive Benchmark *</i>	-14.9	-10.6	1.0	-
<i>CPI + 5.5%</i>	2.9	9.6	9.7	
Coronation	-15.6	-11.0	0.8	2.3
<i>Actual Benchmark #</i>	-15.4	-11.2	0.3	2.1
<i>Peer Benchmark (GLMW Average) *</i>	-13.3	-9.6	0.7	-
<i>Passive Benchmark *</i>	-14.9	-10.6	1.0	-
<i>CPI + 5.5%</i>	2.9	9.6	9.7	10.5
Sanlam	-12.5	-7.7	2.1	3.2
<i>Actual Benchmark #</i>	-10.2	-5.6	3.4	4.1
<i>Passive Benchmark *</i>	-14.9	-10.6	1.0	-
<i>Peer Benchmark (GLMW Average) *</i>	-13.3	-9.6	0.7	-
<i>CPI + 5.5%</i>	2.9	9.6	9.7	10.5
Allan Gray Local Balanced + Mercer **	-14.0	-	-	-
<i>Actual Benchmark</i>	-12.5	-	-	-
<i>CPI+5.5%</i>	2.9	-	-	-
Allan Gray Global Balanced & Allan Gray Local Balanced + Mercer ##	-14.0	-13.8	-0.8	3.0
<i>Peer Benchmark (GLMW Average)</i>	-13.3	-9.6	0.7	2.3
<i>CPI+5.5%</i>	2.9	9.6	9.7	10.5
Total Trustee	-13.7	-10.2	1.0	2.8
<i>Peer Benchmark (GLMW Average)</i>	-13.3	-9.6	0.7	2.3
<i>CPI+5.5%</i>	2.9	9.6	9.7	10.5

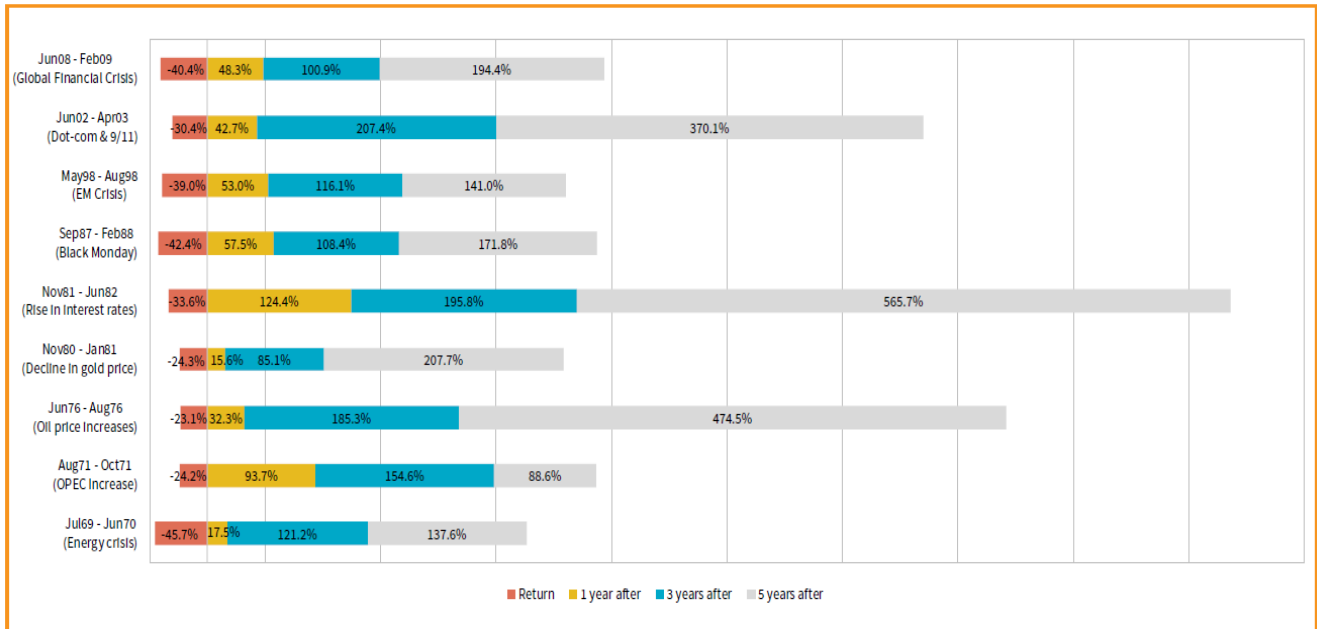
	Quarter	1 Year	3 Year	5 Year
Member Choice Portfolio				
Wealth Creation	-11.8	-8.9	1.1	3.0
<i>Actual Benchmark (GLMW Average) #</i>	-13.3	-9.6	0.7	2.2
<i>Peer Benchmark (GLMW Average) *</i>	-13.3	-9.6	0.7	-
<i>Passive Benchmark *</i>	-14.8	-10.5	1.0	-
<i>CPI+6%</i>	3.0	10.1	10.2	11.0
Phase Down Port 3 Wealth Preservation	-8.8	-5.6	2.6	3.5
<i>Peer Benchmark (40% GLMW & 60% Absolute Ave) *</i>	-5.9	-1.4	4.0	-
<i>Passive Benchmark (40% WC & 60% CP) #</i>	-13.4	-9.0	1.6	2.9
<i>CPI+4.5%</i>	2.6	8.6	8.7	9.5
Capital Protection	-6.8	-3.5	3.7	4.0
<i>Actual Benchmark (CPI+4%) #</i>	2.9	8.5	8.3	7.0
<i>Peer Benchmark (Average Absolute Return 3-5%) *</i>	-0.8	4.4	6.3	-
<i>Passive Benchmark *</i>	-12.4	-8.0	1.9	-
<i>CPI+4.0%</i>	2.5	8.1	8.2	9.0
Money Market	1.9	8.1	8.2	8.1
<i>Actual Benchmark (STeFI) #</i>	1.7	7.3	7.3	7.2
<i>Peer Benchmark (Average MM) *</i>	2.0	8.4	8.5	-
<i>CPI+1.5%</i>	1.9	5.6	5.7	6.5
Capital Guarantee	2.2	7.0	7.7	8.0
<i>Actual Benchmark (CPI+3.5%) #</i>	2.7	8.0	7.8	8.5
<i>Passive Benchmark *</i>	-15.1	-11.3	0.3	-
<i>CPI+3.5%</i>	2.4	7.6	7.7	8.5

#Benchmark changed from Jan 2017, long term returns are spliced with the previous benchmark.

*Benchmark since Jan 2017

*** These returns are not Fund specific, as the Fund was not invested in the Investec portfolio over this period.

The investment performance picture, especially in the shorter term (less than 3 years) is turbulent. Remember, there are going to be periods of contraction and recovery in every economy. The chart below shows the history of the South African share market, represented by the Johannesburg Stock Exchange All Share Index (ALSI), when the market experienced a “crash” and the recovery in market performance over subsequent years.



Source: Alexander Forbes Investments and Bloomberg

Except in two cases, the one year return after the crash exceeded the losses during the crash. Investors that took their savings out of the market at the beginning of the crash would have experienced significant losses - losses that could have been recovered if the investors remained invested during and after the crash. The markets can be a scary place at times but long term investors shouldn't panic, gains experienced in the long term outweigh the losses experienced in the short term.

This historical evidence reminds us that the biggest performance swings are rare occurrences that should not exaggerate the risk and uncertainty pinned on the anticipated long term value of investments. Investment goals are set with the future in mind. That is why being patient and staying invested for the long term is the best answer to an investment strategy that ultimately rewards.



FINANCIAL STATEMENTS

The following are extracts from the audited financial statements for the period ended 31 December 2019:

Statement of Net Assets and Funds as at 31 December 2019

	Current period R	Previous period R
ASSETS		
Non-current assets		
Investments	1 570 038 647	1 527 258 019
Current assets		
Accounts receivable	5 536	9 994
Contributions receivable	1 243 016	1 471 112
Cash at bank	28 072 728	15 948 250
Total assets	<u>1 599 363 260</u>	<u>1 544 687 375</u>
FUNDS AND LIABILITIES		
Members' individual accounts	36 169 571	38 313 675
Amounts to be allocated	0	2 029 673
Accumulated funds	800 842 049	788 068 402
	<u>837 011 620</u>	<u>828 411 750</u>
Reserves		
Reserves	684 815 070	654 685 374
Total funds and reserves	<u>1 521 826 690</u>	<u>1 483 097 097</u>
Non-current liabilities		
Employer Surplus Account	67 269 825	60 403 201
Current liabilities		
Benefits payable	9 674 098	737 225
Accounts payable	592 647	449 852
	<u>10 266 745</u>	<u>1 187 077</u>
Total funds and liabilities	<u>1 599 363 260</u>	<u>1 544 687 375</u>

Statement of Changes for Net Assets and Funds for the period ended 31 December 2019

	Accumulated funds R	Reserve Account R	Total current period R	Total previous period R
Contributions received and accrued	11 801 107	175 278	11 976 385	13 154 030
Contributions transferred from surplus accounts	(700 445)	0	(700 445)	1 810 384
Net investment income	85 160 798	65 613 412	150 774 210	(23 381 270)
Other income	0	0	0	1 520 286
Net income before expenses	96 261 460	65 788 690	162 050 150	(6 896 570)
Less:				
Reinsurance premiums	0	175 278	175 278	208 395
Administration expenses	1 665 089	0	1 665 089	1 509 096
Net income before transfers and benefits	94 596 371	65 613 412	160 209 783	(8 614 061)



SOME INTERESTING FUND FACTS

Membership

The following tables show you the membership movements for the year under review:

Active members as at 1 January 2019	113
New members	0
Less:	
<i>Withdrawals</i>	0
<i>Retrenchments</i>	0
<i>Retirements</i>	15
<i>Deaths</i>	2
<i>Adjustments</i>	0
Active members as at 31 December 2019	96

Pensioners as at 1 January 2019	270
New pensioners	19
Re-instatement of suspended pensioners	8
Less:	
<i>Deaths</i>	15
<i>Settled in full – child no longer qualified</i>	
<i>Suspension of pensioners</i>	11
Pensioners as at 31 December 2019	271

The Fund's total assets under management at 31 December 2019 and 31 March 2020 amounted to

31 December 2019	31 March 2020
R1 570 038 647	R1 474 900 000

Communication Sessions

The Fund hosted various sessions for members including:

- member education sessions,
- pre-retirement seminars,
- an AGM and
- sessions providing updates on Fund benefits and the performance of the Fund's investments.

Reminder: You have the option of choosing in-fund solutions when you leave or retire

You're on a journey to financial well-being and your investment in the University of Johannesburg Pension Fund aims to help you reach your retirement goal. Your investment in the fund will potentially reach the end of its journey in one of two ways:

1. Leaving the fund on resignation or dismissal from your employer
2. Retirement

You can keep your money saved and invested in the University of Johannesburg Pension Fund if you leave your employer or when you retire. The savings you leave in the Fund can also be moved into the Fund living annuity or with-profit annuity to pay you a pension when you reach retirement age. This option helps you protect your retirement savings for what they were meant for – a retirement income.

Speak to the Individual advice Centre 0860 100 444 or email iac@aforges.co.za about these options to help you secure your financial future.

Deferred members

Deferred members, please remember to tell us if your details have changed, call 0860 042 837 or email UJqueries@aforges.com.

Ask your financial adviser or your financial coach for help.

If you don't have a financial adviser, you can either log on to www.fpi.co.za or call the **Financial Planning Institute of Southern Africa on +27 (0)11 470 6000 to find an accredited financial adviser, or contact:**

Financial Adviser

James McConnell
(t): +27 11 269 2287
(e-mail): McConnellJ@aforges.com

**ANY QUESTIONS?****The Fund Website**

The Fund's website gives you access to retirement fund news and information at the click of a button.

You can also get your member booklet, claim forms and news from the Trustees when you need it.

The website address is: <http://pension.uj.mobi/>

General fund questions and complaints

As a member of the Fund, you have the right to see the rules of the Fund as well as any of its financial statements or reviews.

If you have any questions, comments or suggestions about the Fund, your benefits, investments or any other Fund-related issues, please contact your Principal Officer. Her details are provided below.

Principal Officer

Ms Evette Vanrenen-Lindford
Tel: 011-559-4898
Email: evettevl@uj.ac.za

University of Johannesburg HR representative

Ms Maggie Langedyk
Tel: 011-559-3643
Email: magteldl@uj.ac.za

Fund Consultants

Ms Sharon Horn
Tel: 011-269-1645
Email: UJqueries@aforges.com

Ms Mercia Smit
Tel: 011-269-0437
Email: UJqueries@aforges.com

You can also contact Alexander Forbes' dedicated UJ call centre line. The number is 0860 042 837.

Fund name	University of Johannesburg Defined Benefit Pension Fund
Registered address	University of Johannesburg Auckland Park Kingsway Campus Cnr University and Kingsway Avenue Auckland Park
Financial Services Board registration number	12/8/30806

The Board of Trustees of the Fund aim to make sure members are confident in the Fund and its service providers. According to the Fund's complaints policy, a written complaint should be lodged with the office of the Principal Officer. You will be notified of the receipt of your complaint within 72 hours. The steps taken on your complaint as well as the expected date of resolution of your complaint will be made known to you. The final outcome of the complaint will be advised four weeks from the date the complaint has been lodged.

If, however, you are not satisfied with the outcome, you can lodge a complaint with:

Pension Funds Adjudicator

Telephone: 087 942 2700

Fax: 087 942 2644

Email: enquiries-jhb@pfa.org.za

FAIS Ombud

Telephone: 012 470 9080

Fax: 012 348 3447

Email: info@faisombud

All complaints from the office of the Pension Funds Adjudicator will be referred to the Fund's consultant.

The Board confirms that they are satisfied with the Fund's current service providers. The levels of services rendered are regularly reviewed in terms of the service level agreements and mandates signed by the Board and the service providers.

If there are any conflicts between the information in this Board of Trustees report and the official Rules of the Fund, the Rules of the Fund will always apply.