
SECURING A LIFETIME OF
FINANCIAL WELL-BEING



University of Johannesburg Pension Fund

Annual Trustees' Report as at 31 December 2019



CHAIRMAN'S REPORT

The Board of Trustees of the University of Johannesburg 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.

The 12 months to the end of 31 December 2019 was a challenging investment year as market performance came under pressure due to increased political tensions influenced by geographical factors. Then over the period to 31 March 2020 an unprecedented global health emergency saw markets falling to levels last experienced some 10 years ago. It is difficult for all of us to keep a cool head during these tough times. It is important to remember that the Fund has set a long term investment strategy and this means your investments have a chance to recover from these extreme events. 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.

Even though times are tough, it's essential to start saving and investing as early as possible for your retirement. Make saving a habit by contributing as much as your budget allows and for as long as possible. Over a 40-year period, your retirement savings will be in much better shape than they would've been had you only started saving later in life and at a low rate.

Many of us, sadly, wait too long to start saving enough for retirement or we waste our savings by cashing in our benefits when we change jobs. If you find yourself in this situation, get advice from an accredited financial adviser, who can help you with your investment and savings decisions going forward.

Remember, once you've retired it'll be very difficult to fix the situation of you haven't saved enough – so plan ahead and get expert advice.

As Chairperson, I would like to thank the Board of Trustees, the Principal Officer and her team for their contribution to the successful management and functioning of the Fund throughout the year.

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

Prof Amanda Dempsey
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 A Dempsey	Principal Officer	Ms E Vanrenen-Linford
Employer-appointed Trustees	Ms B Madikizela Mr F Cooper Ms N Mamorare Prof D Millard	Alternate Employer Appointed Trustees	Mr M Naidoo Ms S Makinta Mr B Mogapi
Member Elected Trustees	Prof A Dempsey Ms D Diseko Mr L Modibedi Prof P O'Brien	Alternate Member Elected Trustees	Mr C Anschutz Ms M Mphanje Prof G Els Ms M De Wet

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 amendments were registered during the 15-month period up to 31 March 2020 and a quick summary is provided:

Rule amendment 2

- To make it clear that the employer does not contribute in respect of Members classified as assistant lecturers and therefore contributions for risk benefits are deducted from contributions made by such members
- Resolution Circle, is recognised as a participating Employer in the Fund
- To make it clear that the Employer does not contribute in respect of Members who are employees of Resolution Circle and accordingly contributions for risk benefits are deducted from the contributions made by Members

Rule Amendment 3

- To reaffirm that pensions are payable to Eligible Children from the Fund;
- To establish a Pensions Account to pay monthly pensions to Eligible Children and Eligible Partners;
- To allow a Member who retires from Service to leave his benefit in the Fund until such time as he makes an election with regard to payment of the benefit;
- To allow a Member who has retired from Service, to transfer the benefit to an Approved Retirement Annuity Fund;
- To allow a Member to preserve his benefit in the Fund or transfer the benefit to another Fund or to receive a lump sum payment
- To allow a member to transfer a benefit from another Fund into the Fund;

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



SOLUTIONS TO HELP YOU REACH YOUR MILESTONES

RETIREMENT BENEFITS COUNSELLING

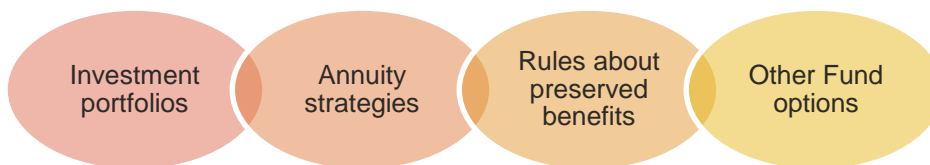
The introduction of retirement benefit counselling (RBC) as part of the new default regulations defines the minimum access to information you should enjoy throughout your time in the fund. The intention is that you'll receive the right information at the right time so that you can make the best financial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



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



DEFAULT INVESTMENT STRATEGY

In this section we look at the default investment strategy and the information that is legally required to be provided to members invested in the default investment strategy. The information that must be provided is:

- Asset allocation and top ten shareholding in each portfolio
- Investment performance compared to the portfolio benchmark for each portfolio
- The expense ratios for each portfolio

When a member joins the Fund their savings will automatically be invested in the default portfolio that is designed to be cost-effective and appropriate, unless, they wish to set their own strategy and elect a portfolio for that strategy.

The Trustees have designed the default investment strategy with the assistance of expert investment advisers:

The Fund’s default investment strategy is the Low Equity Lifestage Portfolio

The broad principles behind this Lifestage portfolio are that there are three important stages during a member’s savings journey and at each stage a member needs to be invested in the right portfolio at the right time. These stages are summarised below.

1

The accumulation stage – up to 5 years prior to reaching the normal retirement age of 65

At this stage a member needs to be invested in growth assets such as equities. Even though equities are more volatile than other asset classes, they offer higher returns over the long term (the long term is generally more than 7 years) and at this stage of a member's life they have time before retirement so even if the market drops in value they can remain invested and be part of the recovery when the markets do recover. The accumulation portfolio is the **Wealth Creation Portfolio**.

2

The pre-retirement stage – from 5 years prior to retirement

At this stage a member has less time to retirement and therefore should the markets drop the impact on the member may be more severe. When members reach five years from retirement they begin phasing down into a more conservative portfolio to protect the savings they have accumulated. The pre-retirement portfolio is the **Capital Protection Portfolio**. In the 5 years before age 65 years you are gradually phased into the Capital Protection Portfolio until you are 100% invested in this portfolio in the year you turn age 65 years.

3

The post (after) retirement stage – which can last more than 30 years

At this stage a member is no longer working and may now be receiving a monthly pension that they will use to finance their living expenses. The type of pension a retiring member purchases will depend on the individual member and their own financial position.

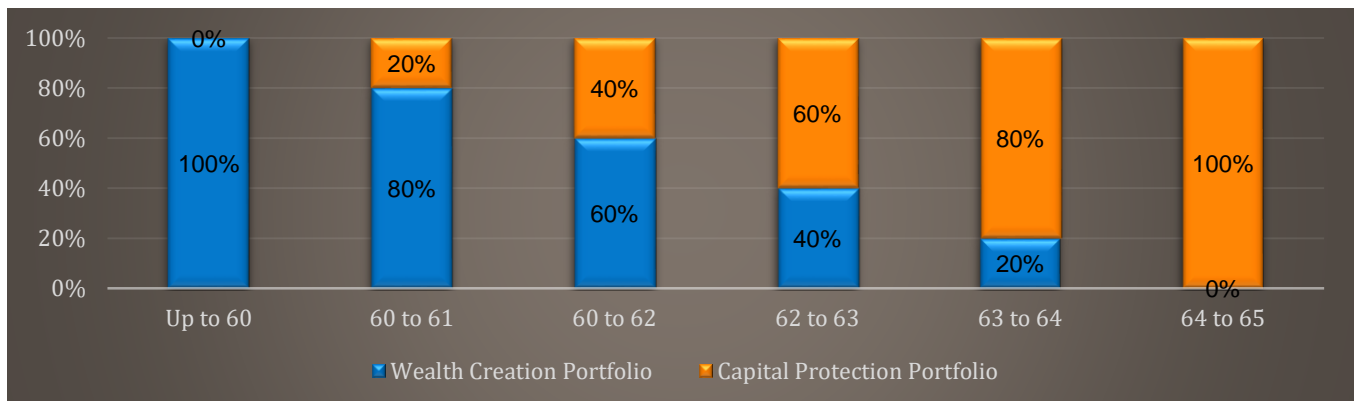
The Default Low Equity Lifestage Portfolio is an optimal mix of the Wealth Creation and Capital Protection Portfolios. This portfolio is also an active choice option for members.

This portfolio is used as the portfolio for members who have not exercised an investment choice, or are unsure what choice to make.

This investment portfolio is suited to members purchasing a with-profit annuity or a low equity living annuity after retirement.

In summary: when you are 60 years or younger, your retirement savings will be invested in the Wealth Creation Portfolio (see details below) with high potential share/equity exposure. From the end of the year in which you turn age 60 and every year thereafter, your share/equity exposure is decreased. In the year of your retirement you will be fully invested in the Capital Protection Portfolio. Your money will be switched automatically every quarter and you will not be required to complete an option form as you grow older.

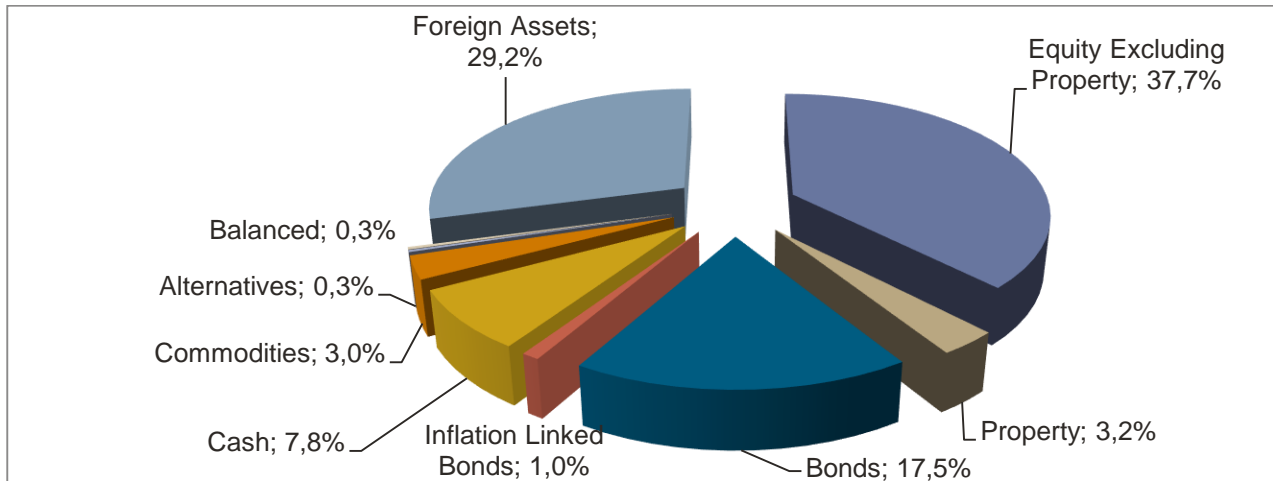
The table below shows how the assets in this Lifestage Portfolio are invested at the end of each year:



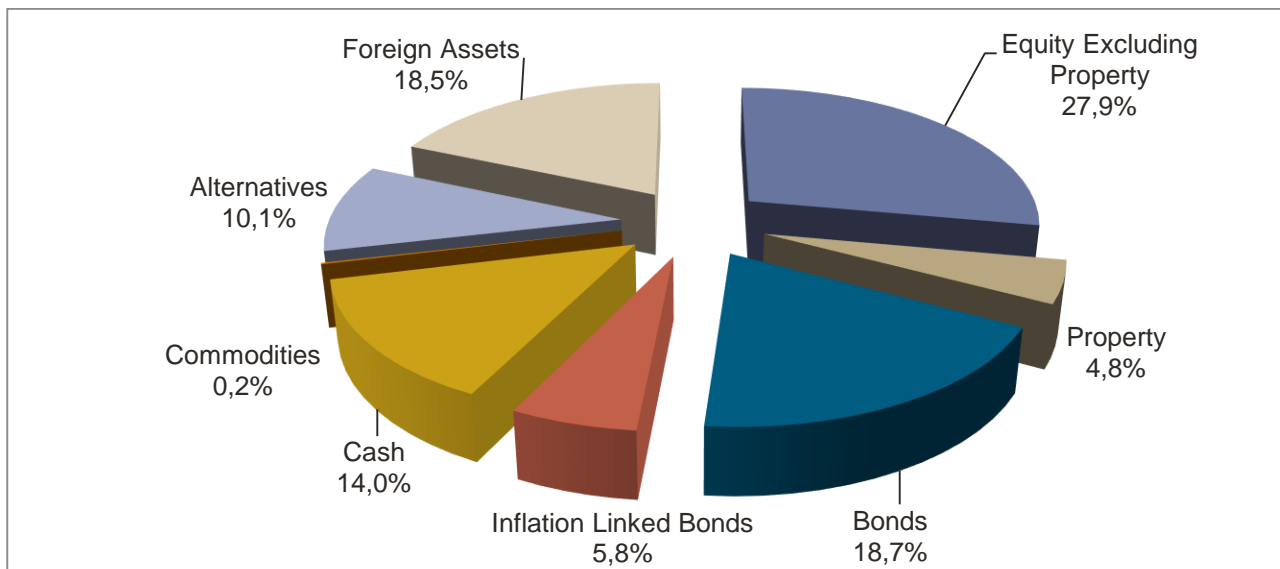
Asset Allocation and top ten shareholding

We now look at the asset allocation in the Wealth Creation and Capital Protection Portfolios so that you have an understanding of how the portfolios are divided between the different asset classes. Both portfolios are diversified portfolios with the investments spread across local and offshore equities, bonds, cash, property and other alternative asset classes.

Wealth Creation



Capital Protection



The Top 10 share holdings

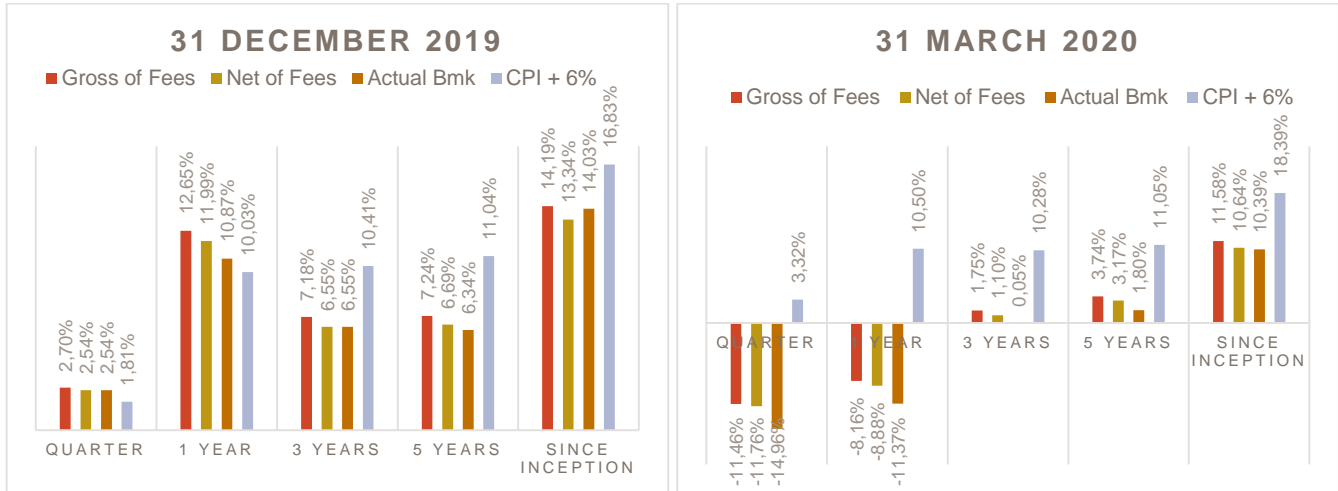
The top ten shareholdings show into which types of industries the majority of the local equity investments were made:

Wealth Creation		Capital Protection	
British American Tobacco Plc	4.08%	Naspers	2.71%
Naspers	3.86%	British American Tobacco Plc	1.92%
Standard Bank Group	1.68%	Anglo American	1.87%
Compagnie Financiere Richemont AG	1.58%	Standard Bank Group	1.73%
Sasol	1.57%	Sasol	1.42%
Investec GSF – Global Quality Equity Income Fund	1.50%	Prosus	1.16%
Egerton Capital EQ F-I USD	1.33%	MTN Group	1.13%
Assore Ltd	1.23%	ABSA Group Limited	1.13%
Eminence Fund Long	1.20%	Impala Platinum HLDS	0.85%
Coronation African Frontier	1.18%	Old Mutual Ltd	0.79%
TOTAL	19.20%	TOTAL	14.70%

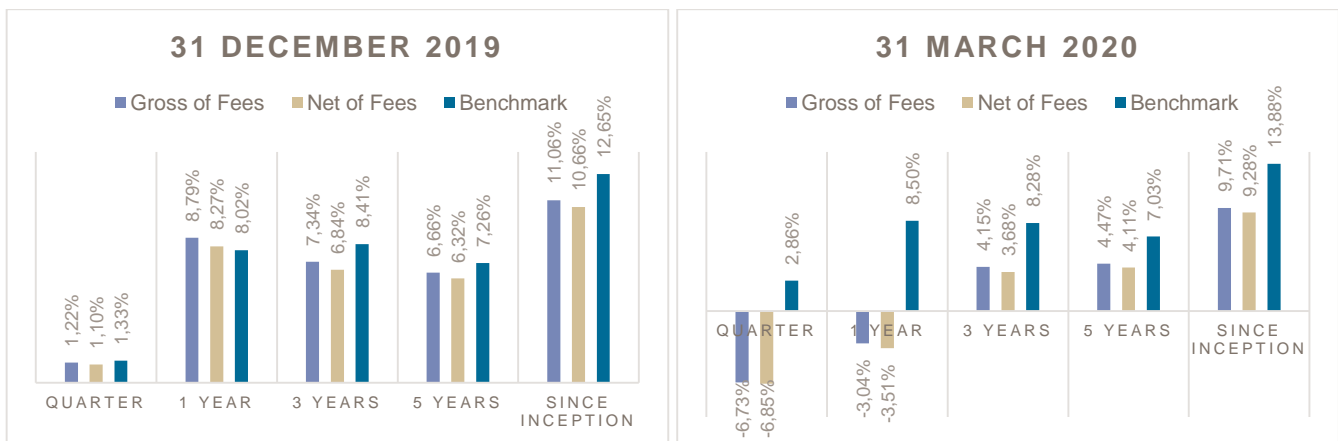
Investment Returns

This is how the default strategy performed over various periods to 31 December 2019 and 31 March 2020. The returns are the returns before and after the deduction of the investment manager fees, compared to the portfolio benchmark:

Wealth Creation



Capital Protection



Total expense ratio and total investment charge

Legislation requires that the Fund disclose the total fees and costs incurred in the management of the Fund's default investment portfolios. The Trustees are very conscious of the importance of managing costs and have provided costs measures used in the industry below. These standards are the total expense ratio (TER) and transaction costs (TC). The sum of TER and TC equals the total investment charges (TIC). These ratios are provided below over a twelve-month period to 31 December 2019.

Explaining the cost measures used:

Total Expense Ratio ("TER")	Transaction Costs ("TC")
<p>The TER is a measure used by investors and advisors to determine how much of a Portfolio's underlying assets are paid for services provided by the investment administrator. These costs would typically include fixed management fees, admin fees, performance fees, custody fees and audit fees.</p> <p>These fees are typically used to pay the investment administrator for the daily running of the fund.</p>	<p>TC is a measure that can be used by investors and advisors to determine the costs incurred in buying and selling the underlying assets of a portfolio.</p> <p>These fees would include brokerage fees, VAT and Forex spread costs.</p>

Total Investment Charge (“TIC”)

The TIC is the sum of the TER and TC.

Expenses do impact investment returns over time particularly in an environment where an investment strategy is out of favour for an extended period, which results in the expense being a bigger part of the return at the early stages of the investment thus requiring a longer term period for the investment returns to be meaningful.

A higher TER or TIC does not necessarily mean lower returns because it largely depends on the investment manager’s skill and the market environment.

The Trustees would caution members against making an investment decision purely on the basis of cost. Members are strongly encouraged to consult with their financial adviser when making any investment decision.

For the rolling period 01 January 2019 to 31 December 2019

DECEMBER 2019

PORTFOLIO NAME	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H
	AVERAGE ANNUAL SERVICE CHARGE (INCL VAT)	UNDERLYING MANAGER PERFORMANCE FEES EXPENSE	UNDERLYING GLOBAL MANAGER EXPENSE	UNDERLYING FUND EXPENSE	OTHER EXPENSES	TOTAL EXPENSE RATIO (TER) Columns A+B+C+D+E	TRANSACTION COSTS (TC)	TOTAL INVESTMENT CHARGES (TER + TC) Columns F+G
JJ Capital Guarantee	0.48%	0.00%	0.00%	1.35%	0.01%	1.84%	0.00%	1.84%
JJ Capital Protection	0.48%	0.00%	0.00%	0.35%	0.01%	0.84%	0.07%	0.90%
JJ Money Market	0.48%	0.00%	0.00%	0.00%	0.01%	0.49%	0.00%	0.49%
JJ Phase-down Portfolio 1	0.48%	0.00%	0.08%	0.29%	0.01%	0.87%	0.05%	0.92%
JJ Phase-down Portfolio 2	0.48%	0.00%	0.06%	0.31%	0.01%	0.86%	0.06%	0.92%
JJ Phase-down Portfolio 4	0.48%	0.00%	0.02%	0.33%	0.01%	0.84%	0.06%	0.91%
JJ Shari’ah	0.48%	0.00%	0.00%	0.00%	0.01%	0.49%	0.10%	0.59%
JJ Wealth Creation	0.48%	0.00%	0.10%	0.28%	0.01%	0.87%	0.05%	0.92%
JJ Wealth Preservation	0.48%	0.00%	0.04%	0.32%	0.01%	0.85%	0.06%	0.91%



POST RETIREMENT ANNUITY STRATEGY

When a member reaches retirement, they will be offered the option to secure an annuity (regular monthly pension income) in terms of the annuity strategy that the Trustees determined to be an appropriate, and cost-effective option that retiring members could consider. The Trustees adopted the following annuity strategy.

The choice of annuity (or annuities) remains that of the retiring member.

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.

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.



INVESTMENT STRATEGY STATEMENT

This statement is intended to explain and summarise the investment strategy of the University of Johannesburg Pension Fund (the fund) to members. The complete investment strategy document is available on the Fund intranet at: <http://pension.uj.mobi/>

The fund is a defined contribution pension fund. Members participate directly in the investment performance of the fund's investments and retirement outcomes are not guaranteed.

The fund informs members of the level of retirement income they could reasonably expect to purchase at retirement, given their existing retirement savings in the fund, their current contribution to the fund and expected future investment returns. Various assumptions are made to project retirement outcomes and these outcomes are not guaranteed.

The fund uses a goals-based life-stage investment model where members' retirement savings are gradually moved from the fund's growth portfolio to the pre-retirement portfolio from five years before normal retirement age. The fund uses the growth portfolio to try to achieve a long-term real return of CPI + 6% per annum. To stand a good chance of achieving this return, the portfolio has a relatively large exposure to share markets and the investment risks associated with these markets. This is the default investment portfolio for younger members.

As members get closer to retirement, the default strategy is for retirement fund assets to be invested more conservatively to reduce the risk of capital loss. Members can opt out of the life-stage model and can then select portfolios from the investment choices available to members of the fund. Members can ask their HR representative for the member investment choice booklet if they are interested in this option.

The fund participates in pooled investment portfolios together with other retirement funds. These investment portfolios are provided and managed by the fund's appointed asset managers. The trustees frequently monitor the performance of the fund's investment portfolios and, should the trustees believe it to be appropriate to do so, the trustees will replace the manager or investment portfolios with more suitable manager(s) or investment portfolios.

The trustees believe that material extra-financial factors relating to environmental, social and governance (ESG) issues can affect the performance of investment portfolios. Responsible investing is an approach that incorporates these material extra-financial factors into investment processes and activities with the objective of decreasing investment risk and improving risk-adjusted returns. Active ownership requires the fulfilment of ownership duties in order to give effect to the above responsible investment approach.

The responsibility for the management of the fund's assets has been delegated to the asset managers appointed by the fund and these managers will be interrogated about their active ownership approach including, engagement and proxy voting record, as well as their ESG policies. Asset managers are required to exercise active ownership responsibilities on behalf of the fund to positively influence the underlying companies in areas such as sustainability through proxy voting and other engagement.

The fund has also made certain retirement product options available to members in line with default regulations. More details are available in the fund's relevant 'options on retirement' and 'options on leaving' fund booklets.

The trustees will review the fund's investment strategy at least every year to ensure that it remains appropriate for the fund and its members.



MORE ABOUT INVESTMENTS

We now 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

We first look at the investment conditions over the period to 31 March 2020. 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.

As South Africa joined the long list of countries implementing a country-wide 'lock-down' to curb the spread of COVID-19, President Ramaphosa declared a national state of disaster on 15 March 2020, announcing far reaching measures to try and contain the spread of the Coronavirus. These measures included a travel ban to high-risk countries, and deploying the South African National Defence Force (SANDF) into our towns and cities to assist with the enforcement of the lock-down protocols. And the South African Reserve Bank has cut interest rates by 2% to try and provide some relief to the South African consumer.

Looking at how the financial markets have reacted over the last 3 months:

- SA Equities have fallen 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 at this moment, 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

This is how all the investment portfolios performed over various periods to 31 December 2019 and 31 March 2020. The returns are the returns before and after the deduction of the investment manager fees, compared to the portfolio benchmark:

December 2019

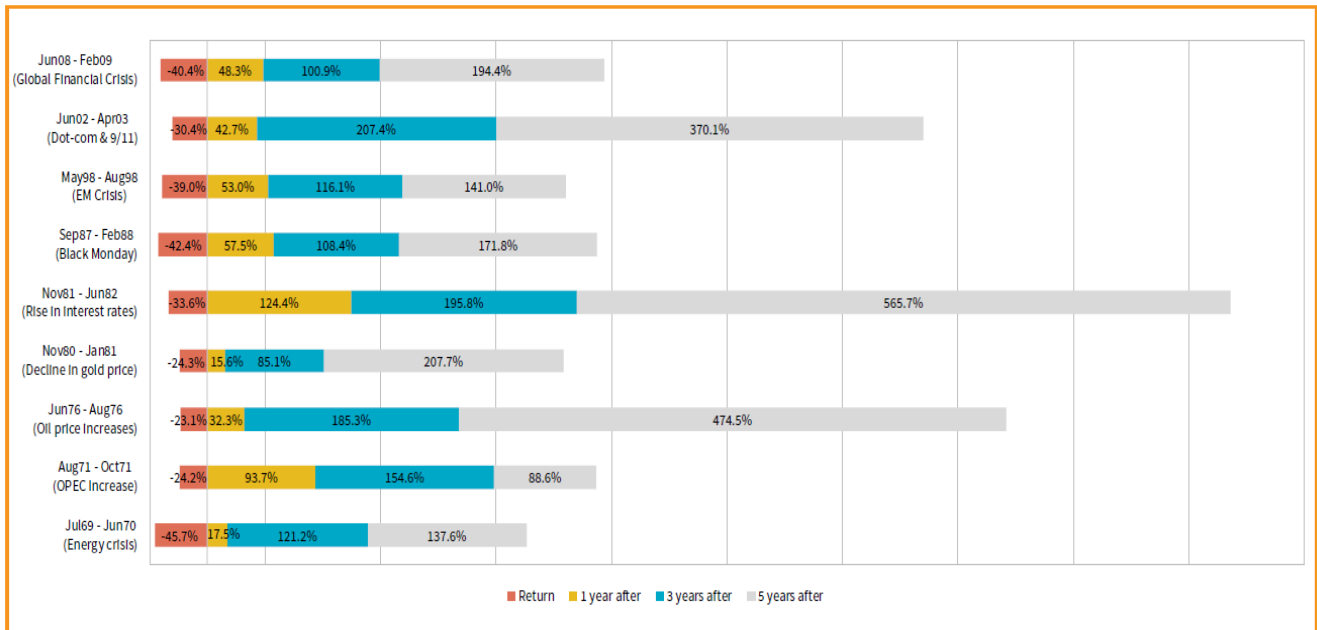
Name	1 Month	3 Months	6 Months	YTD	1 Year	3 Years	5 Years	Since Inception	Launch Date
UJ Capital Guarantee									
Gross of Fees	0.95%	2.14%	3.67%	6.31%	6.31%	8.02%	8.66%	10.26%	20 Mar 2013
Net of Fees	0.91%	2.01%	3.42%	5.80%	5.80%	7.50%	8.30%	9.99%	
Benchmark	0.54%	1.21%	2.96%	7.52%	7.52%	7.91%	8.54%	8.44%	
UJ Capital Protection									
Gross of Fees	0.76%	1.22%	2.24%	8.79%	8.79%	7.34%	6.66%	7.25%	19 Mar 2013
Net of Fees	0.72%	1.10%	1.99%	8.27%	8.27%	6.84%	6.32%	7.00%	
Benchmark	0.58%	1.33%	3.20%	8.02%	8.02%	8.41%	7.26%	8.28%	
UJ Money Market									
Gross of Fees	0.72%	2.06%	4.28%	8.72%	8.72%	8.78%	8.53%	8.06%	20 Mar 2013
Net of Fees	0.68%	1.94%	4.03%	8.20%	8.20%	8.26%	8.18%	7.79%	
Benchmark	0.60%	1.74%	3.60%	7.29%	7.29%	7.37%	7.18%	6.78%	
UJ Phase-down Portfolio 1									
Gross of Fees	1.35%	2.39%	3.61%	11.83%	11.83%	7.21%		6.41%	02 Mar 2015
Net of Fees	1.30%	2.24%	3.31%	11.20%	11.20%	6.60%		5.89%	
Benchmark	1.99%	2.64%	1.86%	10.52%	10.52%	7.37%		6.00%	
UJ Phase-down Portfolio 2									
Gross of Fees	1.21%	2.11%	3.28%	11.10%	11.10%	7.25%		6.40%	02 Mar 2015
Net of Fees	1.16%	1.97%	2.99%	10.49%	10.49%	6.66%		5.92%	
Benchmark	2.01%	2.72%	1.91%	10.11%	10.11%	7.33%		5.99%	
UJ Phase-down Portfolio 4									
Gross of Fees	0.91%	1.51%	2.58%	9.54%	9.54%	7.31%		6.28%	02 Mar 2015
Net of Fees	0.86%	1.38%	2.32%	8.99%	8.99%	6.79%		5.89%	
Benchmark	2.06%	2.88%	2.02%	9.27%	9.27%	7.23%		5.97%	
UJ Shari'ah									
Gross of Fees	0.85%	2.51%	2.27%	12.98%	12.98%	6.45%	5.95%	7.63%	20 Mar 2013
Net of Fees	0.81%	2.38%	2.02%	12.45%	12.45%	5.85%	5.55%	7.33%	
Benchmark	2.18%	2.82%	1.66%	9.88%	9.88%	7.17%	6.54%	8.66%	
UJ Wealth Creation									
Gross of Fees	1.51%	2.70%	3.97%	12.65%	12.65%	7.19%	7.25%	9.27%	19 Mar 2013
Net of Fees	1.45%	2.54%	3.66%	11.99%	11.99%	6.55%	6.69%	8.72%	
Benchmark	1.38%	2.54%	3.28%	10.87%	10.87%	6.55%	6.34%	9.16%	
UJ Wealth Preservation									
Gross of Fees	1.06%	1.81%	2.93%	10.31%	10.31%	7.28%	6.94%	8.10%	19 Mar 2013
Net of Fees	1.01%	1.68%	2.65%	9.73%	9.73%	6.72%	6.51%	7.72%	
Benchmark	1.45%	2.38%	2.29%	11.24%	11.24%	7.57%	6.93%	8.96%	

March 2020

Name	1 Month	3 Months	6 Months	YTD	1 Year	3 Years	5 Years	Since Inception	Launch Date
UJ Capital Guarantee									
Gross of Fees	0.78%	2.34%	4.53%	2.34%	7.49%	8.23%	8.50%	10.24%	20 Mar 2013
Net of Fees	0.74%	2.22%	4.28%	2.22%	6.97%	7.71%	8.11%	9.96%	
Benchmark	0.96%	2.75%	3.99%	2.75%	8.00%	7.78%	8.55%	8.55%	
UJ Capital Protection									
Gross of Fees	-5.97%	-6.73%	-5.59%	-6.73%	-3.04%	4.15%	4.47%	5.92%	19 Mar 2013

Net of Fees	-6.01%	-6.85%	-5.82%	-6.85%	-3.51%	3.68%	4.11%	5.66%	
Benchmark	0.99%	2.86%	4.23%	2.86%	8.50%	8.28%	7.03%	8.40%	
UJ Money Market									
Gross of Fees	0.69%	2.07%	4.17%	2.07%	8.67%	8.76%	8.61%	8.07%	20 Mar 2013
Net of Fees	0.65%	1.94%	3.92%	1.94%	8.15%	8.24%	8.22%	7.80%	
Benchmark	0.59%	1.69%	3.47%	1.69%	7.25%	7.31%	7.22%	6.79%	
UJ Phase-down Portfolio 1									
Gross of Fees	-9.30%	-10.49%	-8.35%	- 10.49%	-7.11%	2.25%	3.88%	3.80%	02 Mar 2015
Net of Fees	-9.39%	-10.75%	-8.75%	- 10.75%	-7.78%	1.63%	3.34%	3.25%	
Benchmark	-8.73%	-12.86%	-10.56%	-	12.86%	-8.79%	1.59%	2.81%	2.87%
UJ Phase-down Portfolio 2									
Gross of Fees	-8.58%	-9.68%	-7.77%	-9.68%	-6.23%	2.68%	4.04%	3.97%	02 Mar 2015
Net of Fees	-8.66%	-9.91%	-8.14%	-9.91%	-6.86%	2.09%	3.54%	3.47%	
Benchmark	-8.39%	-12.33%	-9.95%	-	12.33%	-8.21%	1.79%	2.95%	2.99%
UJ Phase-down Portfolio 4									
Gross of Fees	-6.79%	-7.66%	-6.26%	-7.66%	-4.04%	3.69%	4.35%	4.31%	02 Mar 2015
Net of Fees	-6.84%	-7.81%	-6.54%	-7.81%	-4.57%	3.18%	3.95%	3.91%	
Benchmark	-7.71%	-11.28%	-8.72%	-	11.28%	-7.03%	2.15%	3.20%	3.21%
UJ Shari'ah									
Gross of Fees	-9.55%	-15.70%	-13.59%	- 15.70%	- 11.84%	-0.43%	2.52%	4.76%	20 Mar 2013
Net of Fees	-9.59%	-15.81%	-13.80%	- 15.81%	- 12.27%	-1.00%	2.10%	4.46%	
Benchmark	-9.08%	-13.31%	-10.87%	-	13.31%	-9.37%	1.26%	2.50%	6.15%
UJ Wealth Creation									
Gross of Fees	-10.16%	-11.46%	-9.07%	- 11.46%	-8.16%	1.76%	3.75%	7.04%	19 Mar 2013
Net of Fees	-10.27%	-11.76%	-9.51%	- 11.76%	-8.88%	1.10%	3.17%	6.48%	
Benchmark	-10.73%	-14.14%	-11.96%	-	14.14%	-	10.52%	0.37%	1.99%
UJ Wealth Preservation									
Gross of Fees	-7.64%	-8.63%	-6.97%	-8.63%	-5.10%	3.19%	4.22%	6.42%	19 Mar 2013
Net of Fees	-7.71%	-8.82%	-7.29%	-8.82%	-5.67%	2.64%	3.77%	6.03%	
Benchmark	-9.42%	-13.38%	-11.32%	-	13.38%	-9.02%	1.57%	2.87%	6.42%

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 assessment

Financial position of the Fund as at 31 December 2019

The Financial assessment as at 31 December 2019 confirms that the Fund is in a sound financial position and assets exceed the liabilities by 0.09%, therefore the funding level is 109%. Remember, the Fund is a defined contribution fund and the assets must at least equal the liabilities of the Fund.



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	2 304 101 110	1 958 193 706
Current assets		
Accounts receivable	3 205 634	9 994
Contributions receivable	33 753 189	30 345 599
Cash at bank	15 744 041	17 089 762
Total assets	<u>2 356 803 972</u>	<u>2 005 639 061</u>
FUNDS AND LIABILITIES		
Members' individual accounts	2 308 141 098	1 968 195 102
Amounts to be allocated	1 313 926	2 860 902
Member surplus account	2 213 850	197 295
	2 311 668 874	1 971 253 299
Reserves		
Reserves	16 190 616	15 218 448
Total funds and reserves	2 327 859 490	1 986 471 747
Non-current liabilities		
Unclaimed benefits	2 049 783	2 132 141
Current liabilities		
Benefits payable	25 069 388	15 705 453
Accounts payable	1 825 314	1 329 720
Total funds and liabilities	<u>2 356 803 975</u>	<u>2 005 639 061</u>

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

	Accumulated funds R	Surplus and reserves R	Total current period R	Total previous period R
Contributions received and accrued	244 962 299	10 057 449	255 019 748	227 941 397
Reinsurance proceeds	0	10 346 521	10 346 521	14 801 410
Net investment income	224 974 745	1 414 726	226 389 471	(31 413 706)
Other income	0	0	0	10 508
Net income before expenses	469 937 044	21 818 696	491 755 740	211 339 609
Less:				
Reinsurance premiums	0	10 057 449	10 057 449	6 565 502
Administration expenses	2 705 281	0	2 705 281	2 482 522
Net income before transfers and benefits	467 231 763	11 761 247	478 993 010	202 291 585



SOME INTERESTING FUND FACTS

Membership

Membership movements for the period 1 January to 31 December 2019:

Active members as at 1 January 2019	2 552
New members	235
Less:	
Withdrawals	107
Retrenchments	5
Retirements	27
Deaths	7
Adjustments	1
Active members as at 31 December 2019	2 640

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

31 December 2019	31 March 2020
R2 302 862 024	R2 085 123 975

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.

Video clips of some of these sessions as well as some of the previous years' sessions are available on the Fund's website.

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

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