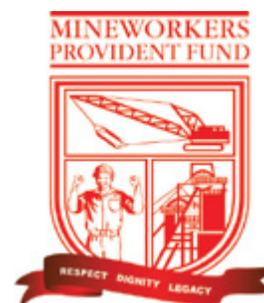




Mineworkers Provident Fund ('MWPF' or 'the Fund', depending on the context or usage) has an accomplished history that stretches back to the late 1980s. While we have transitioned and evolved alongside society and the sector we exist in, our values and overarching vision have remained steadfast and resolute. Mineworkers, who form part of a vulnerable section of the country's labour force, have been the bedrock of our business and have framed our intention to provide them with a better future and create generational value for years to come. In continuing our mission, we place significant emphasis on ensuring that our members are included in everything we do. 2020 was a difficult year the world over. It presented an opportunity for MWPF to do things differently and we hope that the 2020 integrated report demonstrates our out-of-the-box thinking in connecting with our members.

INTEGRATED ANNUAL REPORT 2020



www.mwpf.co.za





CONTENTS

About this report	2
2020 at a glance	3

01 MWPF IN CONTEXT	
Our identity	6
Our member value proposition	8
MWPF's value creation initiatives	10
Our business model	12

02 OUR VALUE DRIVERS	
Chairperson's report	16
Strategic operating environment	20
Material stakeholders	22
Board of Trustees	24
Executive management	26

03 INVESTMENT PERFORMANCE	
Chief Executive Officer's report	30
Investment review	34

04 OUR GOVERNING PRINCIPLES	
Principal Officer's report	46
COO and Business Development Executive's report	52
Human Resources report	58

05 OUR FINANCIAL PERFORMANCE	
Chief Financial Officer's report	66
Independent auditor's report	76
Condensed annual financial statements	80

EMBRACING THE CHANGING WORLD



**RESPECT
DIGNITY
LEGACY**



None of us, including me, ever do great things. But we can all do small things, with great love, and together we can do something wonderful. – Mother Teresa





ABOUT THIS REPORT

A people-serving organisation with a special history, MWPF's integrated annual report for the year ended 31 December 2020 aims to provide feedback and information about developments to our stakeholders. This report combines data related to the Fund's financial, social, environmental and governance aspects of performance. The report is intended to explain our business, how we are governed, our strategy and how we have implemented it, and the results achieved during the reporting period.

The most recently published report was for the year ended 31 December 2019, with an electronic copy available from our website: www.mwpf.co.za.

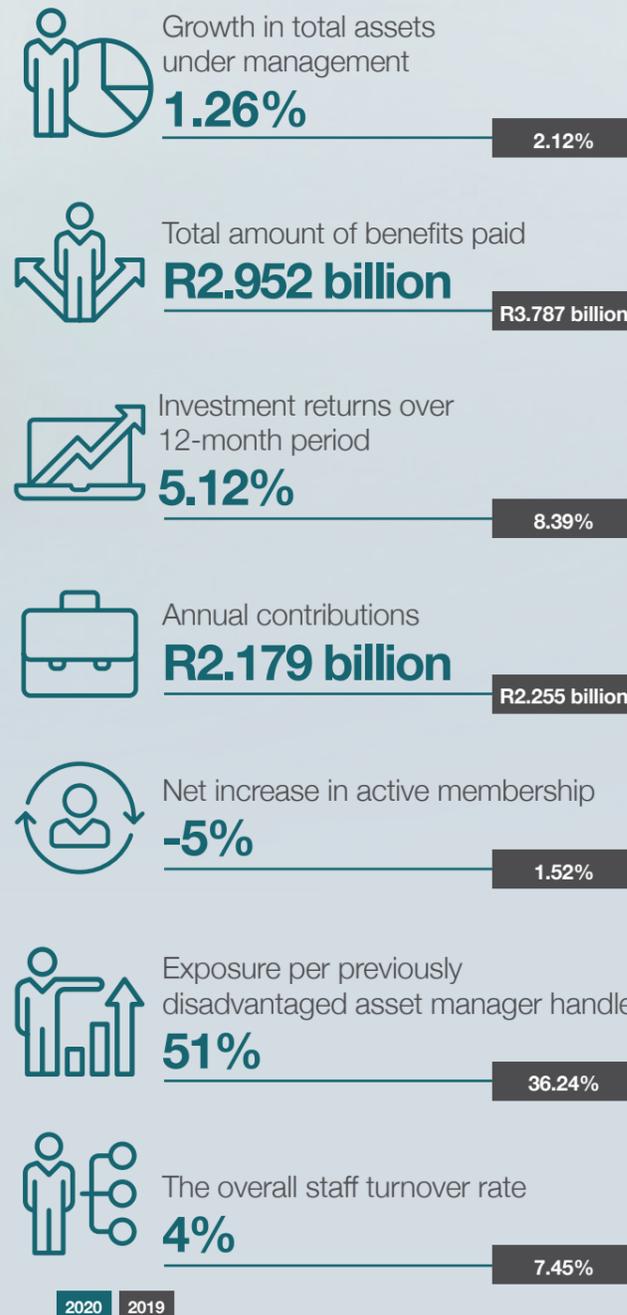
Our approach to integrated reporting has been to gradually improve the integration of sustainability and financial performance reporting over the past few years. This year's report demonstrates, in greater detail:

- the link between the six capitals of integrated reporting;

- the resulting value creation within the Fund;
- what is most important to us; and
- how we have performed against what we consider material circumstances or conditions.

When preparing this report, we have been primarily guided by the International Integrated Reporting Framework, the King Code of Corporate Governance, the Financial Sector Conduct Authority ('the FSCA'), and the Pension Fund Act, No. 24 of 1956 ('the Act').

2020 AT A GLANCE



Feedback:
For any questions or queries regarding this integrated annual report or its contents, please contact the Fund on (010) 100 3000 or by email on externalcomm@mineworkers.co.za or clientservice@mineworkers.co.za.

SCOPE AND BOUNDARY

This report covers the key events that took place from 1 January 2020 to 31 December 2020. Where external entities are part of our value chain and have a significant impact on our ability to create value, their real or potential impact is also discussed. All significant items disclosed are prepared on the same basis as the comparative periods and there have been no restatements. The report includes summarised annual financial statements. The full set of annual financial statements is available on our website. Supplementary information that provides more detail to the information included in this report is also available on our website at www.mwpf.co.za.

DETERMINING MATERIALITY

The following were identified as material matters that were considered when providing feedback on our performance for the year under review:

- Our embodiment of the values of respect, dignity, and legacy while carrying out our duties;
- Qualitative calculations;
- Review of strategic risk registers;
- Reports submitted to the Board and matters that the Board is most concerned about;
- Incorporated areas of concern highlighted in the strategic review process; and
- Key performance objectives set for management for the following year.

COMBINED ASSURANCE

The Fund's annual financial statements are audited by SNG Grant Thornton. An assurance approach has been adopted in respect of non-financial information from the Fund's management, internal audit and external independent third parties.

APPROVAL BY THE BOARD

The Board is responsible for the integrity of this integrated report. The Board applied its collective mind in preparation and presentation of the integrated report and is satisfied that the report is a fair and reasonable representation of the Fund's performance and prospects in accordance with the Integrated Reporting Framework.





Life is a series of natural and spontaneous changes. Don't resist them; that only creates sorrow. Let reality be reality. Let things flow naturally forward in whatever way they like.

– Lao Tzu



01

MWPF IN CONTEXT

Our identity	6
Our member value proposition	8
MWPF's value creation initiatives	10
Our business model	12





OUR IDENTITY

MWPF has a deep and emotive history within the context of South Africa. We are proud to say that we are one of South Africa's oldest black retirement funds. Established on 14 June 1989 to better the lives of mineworkers, we have overcome adversity and grown from strength to strength. MWPF was created as a vehicle that would ensure that mineworkers' retirement fund benefits are of the highest standards. This commitment is embedded in our ethos and values and permeates all our strategic objectives.

Because of our history and how we were founded, we believe we are one of the few retirement funds that truly understands and provides for the needs of the working class. For more than 31 years now, MWPF has served one of the largest working-class populaces in this country: mineworkers, who are the backbone of our economy. We believe that we understand what it is that our members require, and we believe that we can extend these services to a broader group of working-class members within the mining industry.

How we create value and preserve the dignity of our members

- Tailored solutions;
- Member-centred product development; and
- Consistently outperforming both our targeted investment benchmark as well as several well-established, balanced portfolios with a similar risk profile.

Throughout the years we have focused our efforts on ensuring that we remain true to our founding principles of treating our members with respect, restoring their dignity, and helping them achieve their own financial freedom legacy.

As such, our efforts have been underpinned and bolstered by our foundational principles, which include:

Our Mission

- To provide superior service to our members and their beneficiaries;
- To provide sustainable and competitive retirement and auxiliary benefits to members, dependants/beneficiaries;
- To deliver superior market-related performance;
- To provide efficient administration services; and
- To provide dynamic and effective communication to our members and stakeholders.

Our Vision

- To be the retirement fund of choice in the mining industry

Our Values

- **Respect:** Respect is prudent, considerate, tolerant, fair and compassionate
- **Dignity:** Dignity is humble, appreciative, worthy and unassuming
- **Legacy:** Legacy takes legendary actions, endures despite challenges and adversities, shows positive growth, accomplishes goals set, always has a winner's mentality and has a 'yes' attitude

In line with the premises of integrated reporting, MWPF demonstrates its ability to create meaningful value over time according to the six discrete capitals prescribed. These are as follows: financial, manufactured, intellectual, human, social and relationship, and natural.



Financial capital

This capital is a traditional measure of performance and includes monies obtained through financing or generated by means of productivity.

Manufactured capital

This capital encompasses physical infrastructure or technology, such as equipment and tools.

Intellectual capital

This capital includes intangibles associated with brand and reputation, as well as patents, copyrights, organisational systems, and related procedures.

Human capital

This capital comprises the skills or know-how of an organisation's personnel as well as their commitment and motivation, and it covers those aspects of an organisation that affect their ability to fulfil their roles.

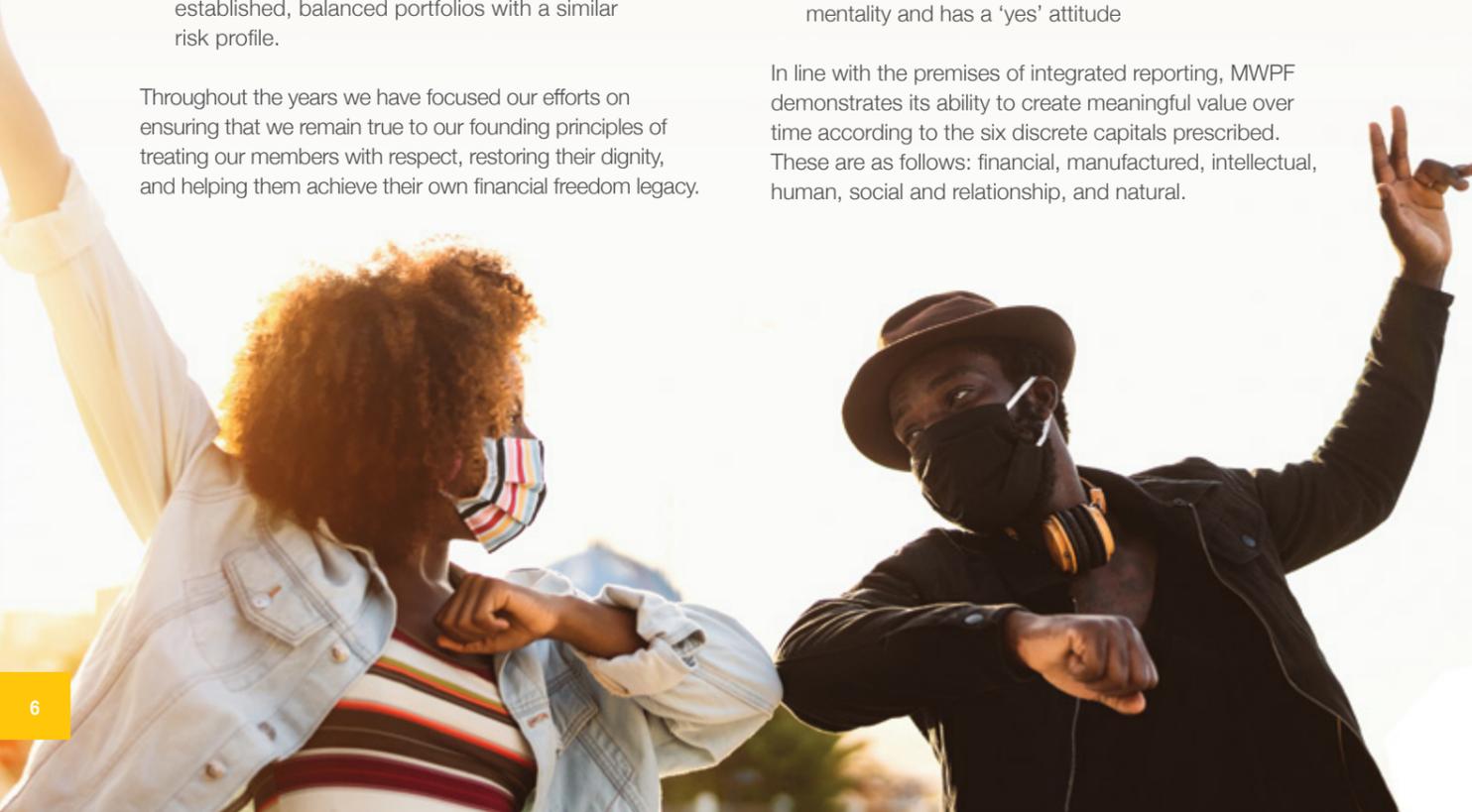
Social and relationship capital

This capital values the relationships between an organisation and all its stakeholders, including communities, governments, suppliers, and customers.

Natural capital

This capital includes resources such as water, fossil fuels, solar energy, crops, and carbon sinks, which cannot be replaced and are essential to the functioning of the economy.

The above icons correspond to their respective capitals and, throughout the course of this report, will demonstrate those places where these capitals are addressed.





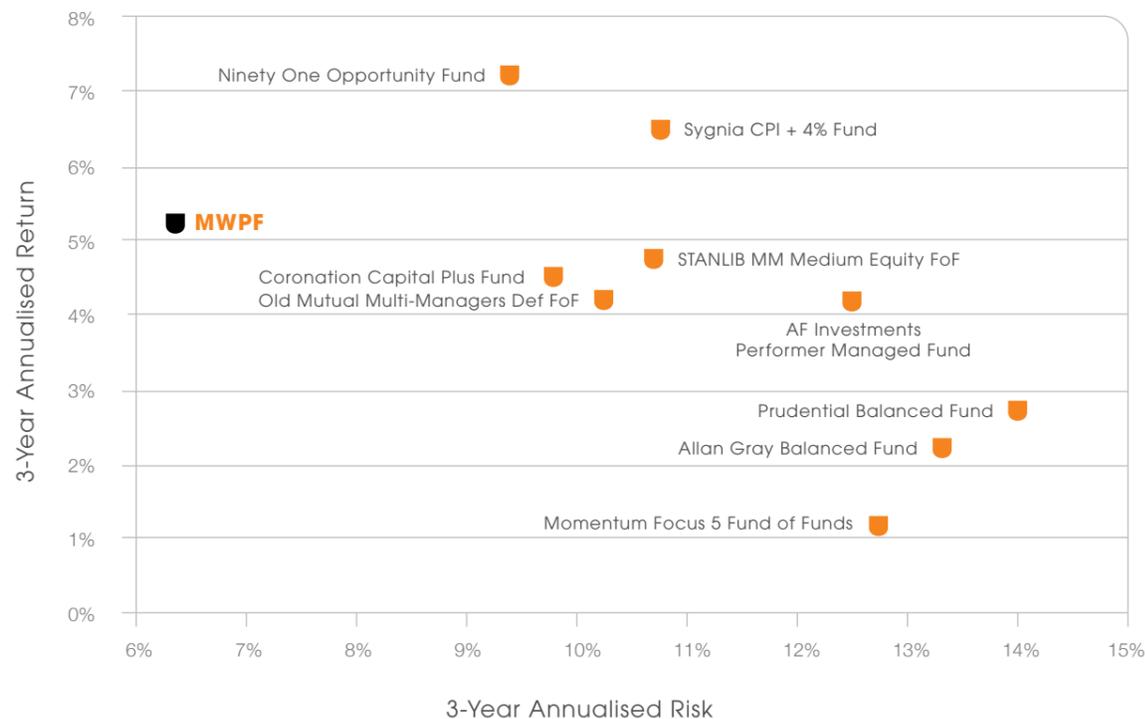
OUR MEMBER VALUE PROPOSITION

In realising our ambitions of being the retirement fund of choice in the industry, we pride in our multi-pronged approach to differentiating ourselves to other funds. Given that investment performance and member-centricity are key focus elements and are closely linked to our aim of realising our ambition. We frame our value proposition around how we compared to our industry peers; while nurturing and strengthening our relationship with our stakeholders, particularly the members and participating employers.

Our performance

- From an investment perspective, the Fund has performed very well over the three-, five- and ten-years horizons. The numbers indicate that even over the current 12-month period, the returns stack up favourably compared to our industry peers.
- Most importantly, we have achieved these outstanding results with a largely transformed value chain of service providers. This is a demonstration that transformation makes good business sense!
- The Fund continues to make a positive impact in the asset management space, by deliberately ensuring that many of the previously disadvantaged and new black asset managers are empowered.
- As an asset owner, we understand that we hold the power to contribute towards reform initiatives. Therefore, we continuously review our supply chain and we actively engage our service providers through the setting of transformation targets and ongoing monitoring.

Peer Comparison to 31 Dec 2020



We foster and nurture our member relationships

Over and above the performance of our Fund relative to industry peers, we also differentiate ourselves through the proximity we keep to our members. We prioritise the cultivation and nurturing of member relationships with proactive engagements and actions. We take pride in the free flow of information to members to ensure that they are capacitated and aware of the mechanics of the Fund and how their benefits work.

Member communication objectives	Actions implemented
<ul style="list-style-type: none"> • To educate and engage with members on a regular basis so they better understand their fund benefits, accumulated fund credit and investments and make sense of the information appearing on the benefit statement. • To continuously evaluate the needs and expectations of members and ensure that these needs are met. • To create trust between the members, the Fund and its service providers by increasing transparency in the Fund processes and by building the credibility of the Fund. • To encourage members to refer queries to the call centre and walk-in offices and to ensure that beneficiaries and dependants know who to contact in case of a death claim. • To encourage members and beneficiaries to make use of the MWPF internal complaints unit in order to raise their grievances/complaints against the Fund. • To ensure that members understand their rights and responsibilities. • To make members aware that they do not have to move to another fund once they have been promoted from being underground workers. • To put more emphasis on the retirement options members have available. 	<ul style="list-style-type: none"> • Biannual member newsletters were produced electronically, with members receiving an SMS linking to the Fund's website. The newsletters went out in March and September. • To set the members' minds at ease regarding the Covid-19 situation and their investment returns, an electronic information flyer was sent to members. • To educate members on their benefits, an existing video was converted to an audio message and translated to the vernacular languages. This was sent to members via SMS. • To further educate members on their benefits, radio interviews as well as live reads were done on Thobela FM, Lesedi FM and Motsweding FM. These are the stations that targeted the areas where most of our members are based. • A new WhatsApp line was created as another channel for members to communicate with the Fund. The WhatsApp number was communicated via our social media channels and the radio interviews mentioned above. In a survey done in 2018, members revealed that they prefer communication through their phones though face-to-face rated first. • As another communication channel, the Fund launched a loyalty programme called Masibambisane Rewards Programme. This provides members with grocery discount coupons from Shoprite, Checkers and Boxer. Members and beneficiaries can access these coupons through a booklet that allows the Fund to communicate Fund-related matters. Coupons can also be accessed digitally. • Retirement preparation and benefits counselling sessions were promoted through an SMS campaign. • An SMS campaign that focused on educating members on the annuity product was done. • Annual Benefit Statements were sent as priority to members. • A fraud alert campaign was done and communicated to members via SMS, social media, and the Fund website. The campaign educated members on how to look out for fraudulent activities related to their claims. • The Fund received free airtime on channel 157, on a show called Moja Love, to educate members, ex-miners and the public in general on unclaimed benefits. • Quarterly employer newsletters were sent via e-mail to all HR offices and employers with a link to the actual newsletter, which enabled the Fund to track the number of readers and the specific articles read. • Quarterly Regional Advisory Committee (RAC) newsletters were sent with a link to the actual newsletter, which enabled the Fund to track the number of readers and the specific articles read. • A Fund app was developed and launched to members. The app allows members to have access to information. • Fund calendars were produced for 2021, displaying a summary of the loyalty programme and Fund contact details.





MWPF'S VALUE CREATION INITIATIVES

THE SIX CAPITALS OF INTEGRATED REPORTING

The six capitals, in one way or another, all become inputs in the Fund's business model and, during various activities, are varied or transformed such that they are improved or consumed for the purpose they are meant for. For the purposes of this report, the financial, manufactured, intellectual, human, and social and relationship capitals will be used.



FINANCIAL

Members' investment accounts, and returns



INTELLECTUAL

Biometrics programme, portal to enhance member accessibility, portal for seamless employer connectivity, real-time data replication, cloud computing, secured IT environment



MANUFACTURED

Member asset (Braamfontein building), mobile satellite van, IT infrastructure



HUMAN

Employee wellness and development, management coaching, association to professional bodies



SOCIAL AND RELATIONSHIP

The establishment and maintenance of the walk-in centres, mobile satellite van, social media utilisation, billboard initiative for member connection

2020'S BIG INITIATIVES

Safety first



Over this financial year, MWPF has undertaken a number of initiatives that have created value in incredibly meaningful ways.

Our employees come first and in the 2020 financial year, the whole world was engulfed by the Covid-19 pandemic, thus the Fund had to focus on the protection of its employees.

Every staff member was relocated from the office building to their respective homes where they were appropriately set up to function and continue to deliver exceptional service to our members and stakeholders.

Service levels were not compromised by this major readjustment, although everyone had to engage in a paradigm shift to the new normal.

Employee wellness programmes were enhanced during this time to help employees transition to the new normal way of doing things.

Retaining and encouraging members remotely



The Masibambisane Rewards Programme was successfully implemented, and aims, inter alia, to:

- Improve the education of members and their beneficiaries about the Fund benefits available to them;
- Continue the improvement of clean and up-to-date member data; and
- Add cash and nutritional value to members and beneficiaries through shopping vouchers.

Reaching out to members



The billboard installation initiative was introduced and extended closer to different mines where our members would easily see them and be empowered to communicate with the Fund.

This initiative extended further than originally anticipated since many long-lost members and beneficiaries also got to know the details of where and how to communicate with the Fund with respect to their possible unclaimed benefits.

The purpose of this integrated report is to demonstrate how, as an organisation, MWPF creates value over time both for itself and, more importantly, for its members, its employees, and its other stakeholders – which include employers. With integrated reporting, one of the Fund's end goals is to improve the way in which the Fund can demonstrate its value creation over time; however, a wonderful by-product of such reporting is that, as an organisation, integrated thinking becomes the norm. As a part of the Fund's culture, this kind of thinking removes silos, encourages communication, and demonstrates to staff members the holistic nature of the organisation.





OUR BUSINESS MODEL



Everything we do as a Fund is underpinned by our guiding purpose, which is to leave behind a tangible legacy for future generations by providing retirement benefits to one of the most vulnerable groups of workers in society – the mineworkers.

Our guiding purpose is carried out by our growth agenda. Our business model aims to grow and to preserve our members' retirement benefits – facilitating generational benefits.

- We aspire to provide value for money to our members.
- We aim to be a retirement fund of choice in the industry and a low-cost organisation.
- We are passionate about securing dignity for our members.
- We aim to provide superior service to our members and other stakeholders.
- Our staff are committed and share a strong sense of self-belief.

Our value creation story starts with active mineworkers who entrust us to grow and to preserve their retirement benefits.

Our members are from:

- South Africa
- Mozambique
- Lesotho
- Eswatini

Our value creation story means that we have spent the past 31 years providing our members with dignified and secure retirement benefits, so that they can create their own legacy.

WE INVEST

We invest our members' contributions with the goal of growing and preserving the purchasing power of their benefits. We aim to achieve a rate of return of 4.5% above inflation on the assets.

THEN WE MANAGE THEM

To realise our goal, we manage the funds with a core-satellite approach, dividing our investments into two portfolios:

- Core Portfolio – 60%
- Market-Linked Portfolio – 40%

KEEPING A CLOSE EYE ON OUR RISKS

We actively monitor risks that could affect the Fund's performance. We set up control measures to manage and to combat risks.

AND ULTIMATELY CREATE GROWTH

To date, we have achieved steady investment growth for the Fund and the members.

CPI + 4.5%



MWPF



THAT WE ACTIVELY PAY AND DISTRIBUTE

With the growth achieved in the Fund, we can pay enhanced benefits to members and their beneficiaries.

We also trace unclaimed beneficiaries, including through annual roadshows and permanent walk-in centres situated in several areas with mining activities.



Over the years, the Fund has intensified its focus on improving governance, increasing efficiencies across the entirety of its operations, being member centric and ensuring the long-term sustainability of member savings.

– Dumisa Hlatshwayo



02

OUR VALUE DRIVERS

Chairperson's report	16
Strategic operating environment	20
Material stakeholders	22
Board of Trustees	24
Executive management	26





CHAIRPERSON'S REPORT



The year 2020 was difficult for the Fund for a number of reasons – known reasons, those resulting from the global pandemic – as well as those unique to the Fund itself, the mining industry and our membership base. In spite of all the challenges faced during the year, the Fund demonstrated an incredible resilience and adaptability in terms of our overall performance.

Mr Thomas Kgokolo
Chairperson

While there was some uncertainty during the first months of the pandemic, the recovery of our assets during the latter half of the year was a telling demonstration of our diversified investment strategy working as intended. The Fund's overall stability was also increased by onboarding a number of new members at Board level.

In closing my 2019 report, I made a number of assumptions for the year ahead and, unsurprisingly, one of these was not the arrival of a global pandemic that caused the world economy to grind to a halt. I did, however, mention our drive to grow our membership base, while simultaneously paying close attention to our current members. While this is still critical for the Fund's future and informs our strategy going forward, 2020 was a year where we were forced to focus on the Fund's preservation. To this end, we 'inventoried' the Fund at all levels and assessed what could be done with what we already had. While we couldn't succeed in the ways we had previously expected, the Fund experienced a number of wins in other areas of operation.

Take, for example, the role communication plays across the entire Fund. Both internally and externally, the manner in which we communicate – the mediums used, the messages sent – is critical. Though the Fund's staff members were dynamic and adapted quickly to the remote-working world, our membership base, who we largely interact with via our walk-in centres, were less fortunate. While assessing and implementing new means of contacting these individuals has always been a priority for the Fund, 2020 ratcheted up the need to make this happen sooner rather than later. As a fund of choice for the mining industry, and for these individuals at the coalface, rethinking the way we communicate with them is a must. Investing into the creation of infrastructure that can facilitate this and, as the country opens up, moving towards a holistic model of communication, which ensures that none of the members are left behind, is paramount.

Changing the way we work as the pandemic plays out

With the implementation of a nationwide lockdown in March 2020, the Fund started its 'new normal' on an unstable footing. Though staff were ready to adapt, the markets and the mining industry reacted to closures and changes with prices and performance dipping; however, reaching the end of 2020, we saw markets recover and, similarly, the mining industry rally as commodity prices climbed. Our investment strategy, spread widely as a result of our diverse portfolio, was resilient during this time and, as a result, the Fund achieved the targets it wanted to achieve for the year.

While the Fund enjoyed success in terms of its finances, we faced immense challenges in terms of getting closer to our members. As a Fund, we're constantly on the lookout for ways to bridge the divide between the Fund and its members, and 2020, with its increased pandemic-related pressure, was no exception. One of our major objectives has always been to reduce the number of unclaimed benefits the Fund has and, unable to physically contact these individuals through our usual roadshows or remote-community visits, we simply couldn't achieve this. With various restrictions placed on how we can interact with our membership base, we faced the challenge of needing to move with both speed and safety and, as the country relaxes in terms of its restrictions, this is something that we can really get to work on.

While 2020 was difficult for all industries and organisations across the country, I am pleased to say that, as part of the Fund's overall resilience and dynamism, we were able to retain the majority of our staff and even saw our new Principal Officer, Frans Phakgadi, join us during the year. His arrival during this turbulent time served the Fund well as he was instrumental in strengthening the PO's office, the administration office and, perhaps most importantly, the legal compliance office. On top of that, the Fund was able to produce its financials on time and pay out claims to members as they were lodged. Our readiness to adapt and embrace the changing world meant that we met our deliverables and, in terms of our overall operations, the Fund was stable and made steadfast progress on various of our plans.

In terms of governance, 2020 has been one of our best years. Board meetings were well attended, resolution-driven and a real showcase of the talent and professionalism of both the staff and Board members at their levels. Completely collaborative and always well aligned, these meetings felt outcomes-based and, somewhat surprisingly, there was no rescheduling and meetings enjoyed perfect attendance. Overall, it was an incredible display of the calibre of individuals working for the Fund. While the pandemic revealed this can-do attitude from our staff, it also demonstrated our incredible infrastructure, which enabled everyone to work online and remotely.

Conversely, the pandemic highlighted the fact that our current model of communicating with members simply isn't feasible when considering the regulations and safety measures imposed. To this end, we need to rethink and re-evaluate how we reach these individuals, and for this reason, we took this model to task. Finding ways of equipping our members with meaningful communication technology allows them to communicate with us, and vice versa, and is a critical element.

Further to this, and because the Fund is heavily reliant on our members' information, we need to enhance the data-led environment we have already worked on fostering. With the right platform – completely POPIA-compliant





and ready to house sensitive information – we'll be able to better track, store, and retrieve this information. This is something we're looking at for 2021.

As a Fund we need to improve our technological capabilities without leaving our members behind. No good can come from creating systems that our membership base can't use or access and, as such, we're looking at ways in which the Fund can collaborate both with members and their respective employers to achieve this.



The Fund can take pride in the fact that its investments have done well; our staff can pat themselves on the back about their adaptability and willingness to work during these tough times.



To date, I think the Fund's efforts to embrace the changing world have been worthy of merit; however, there is still a lot of work to be done, especially because we're dealing with members who simply aren't ready to embrace it to the same extent.

The Fund can take pride in the fact that its investments have done well; our staff can pat themselves on the back about their adaptability and willingness to work during these tough times; but the personal-touch feeling that our members deserve was inadequate during 2020.

Among the lessons learned this year is that the Fund needs to continuously build and stress-test robust systems, policies and procedures to enable business continuity with minimised disruption and, while there were a few touch-and-go times with markets, the Fund as a whole responded with incredible agility and dynamism.

The Fund by the numbers

As in 2019, we continued to see our active membership numbers declining and, while this was certainly exacerbated by the pandemic, the downward trend – which may ultimately lead to higher per-member administration costs – is a concern to the Board. As part of our business development for the years to come, we will continue our efforts to increase numbers through a

variety of measures. Whether it's through diversification, increased marketing, or new employers joining us, the Fund must increase its active member numbers. However, we also note that the decline is caused by members who retire, resign, are dismissed or retrenched and are subsequently paid their benefits from the Fund. This is a positive thing as it aligns with the objective of the Fund as a retirement fund.

Our assets under management, rallying in the latter half of 2020, broke through the R30 billion mark – an incredible achievement considering the global climate and the local economy – and is a testament to the strengths of having a diverse portfolio of investments. The assets closed at R28 billion at the end of 2019.

Our members in the mining industry

The mining industry never ceases to surprise me. While the pandemic played havoc with mining operations for a time, we eventually saw a boom in commodity prices. Around the country, mines declared huge dividends for the year and, similarly, we saw high share prices across the board. Though positive, we must give pause and consider the nature of this growth. Potentially inorganic, these increases are likely a result of the pandemic driving investors to shift from normal equities into commodities. With growth not being a result of opportunities, discoveries or advances in the industry, there's the question of sustainability as a result.

As with 2019, job reductions continued as mines leveraged automation to improve running costs. Adding to this automation push was the new realisation that the pandemic brought in tow: the power of financial reserves. An incredible failsafe to those businesses that had them, the mines will, in future, look at building up substantial reserves as part of their business contingency plans. For this reason, we may not see these funds being recapitalised into their respective businesses in a way that leads to tangible growth.

Strategic review

While strategic review is a prerequisite of good business, 2020 forced the Fund to reassess its 2023 strategy and, though our main concern was about member decline, we remained cognisant of matters relating to cost management. Going forward, the Fund needs to be attentive to and considerate of the market as well as willing to diversify its offering to accommodate growth that might mitigate these risks.

While a strategically difficult year, I would say that the Fund covered significant ground in terms of cost management and improving on our various offerings. We achieved approximately 60% of what we set out to do and, while there's a glaring 40% left, we have to acknowledge the

fact that there were a number of victories and unexpected successes such as budgets being met across the board, success on the investment front, a sound transition to remote working, and timely benefits claims payouts.

The Fund's performance was satisfactory but, as we look to the future, we must remind ourselves that we are likely to face greater challenges that will demand even more from us. We are acutely aware of the fact that the mining industry is a sunset sector, especially as automation becomes more widespread and key to our continued success and survival is a diversification of our membership base and perhaps a movement of the Fund outside of the mining sector.

If we cast our minds back to 2019, we were asked how the Fund can remain relevant in the light of various technological developments. 2020 has asked this same question but with greater urgency and, though we've been able to leverage technology and demonstrate efficiency during the year, it's been all internal. Our systems are well developed and effective but, in the larger scheme of things, we need a simpler, more accessible technology to meet our members where they are – something that comes to them and works for them.

Outlook for 2021: What lies ahead

Coming off the high of our 30th anniversary in 2019, this year was a significant challenge that the Fund did its best to overcome. For 2021, I see new challenges arising and, as such, we have to look at the year ahead as one of rebirth. We've come out of this very difficult period, and we've had our resilience tested. This new year brings with it this hope and expectation that we can take what we've learnt from 2020 and, from these lessons, birth a new business model that seeks to focus on organic growth for the Fund and improve on the membership base.

It's all good and well to grow, to see returns on your assets, but that isn't a sustainable way of growing the Fund as a whole. We are well aware of the fact that markets cycle and, as much as 2020 was a good year, 2021 might play out differently. Looking ahead, we anticipate not only stabilising our membership numbers but growing them through a variety of means, matching this upward trajectory with our asset and staff growth.

Appreciation

On behalf of the Board, I'd like to extend my thanks to our staff for their incredible resilience and resoluteness during this trying year. More importantly, we are thankful to their families and loved ones who provided support to them while they worked from home. Staff pulling double duty as teachers, as caregivers, as mothers, as fathers: much was asked of you during the year and, through it all, you still managed to put the Fund's members first. Your ability

to execute tasks with diligence, with passion and with love during this new normal is something that the Board will forever be grateful for.

To the Fund's executive management, under the leadership of our CEO, I would like to congratulate you all on having steered us through this difficult year while ensuring that, although employees continued to meet deliverables, their well-being and health came first throughout. As we look forward to ways of improving the way we work, of increasing efficiency during this time, we are excited to see our employees' contributions and creativity shining through.

To the Sponsors of the Fund – AMCU, NUM and Minerals Council SA – thank you for your continued dedication and support of the Fund.

To the Employers participating in the Fund, thank you for adhering to your side of the bargain by making sure that all the contributions and premiums payable in terms of the Rules of the Fund, are paid in full and on time. This is a high bar for compliance, as the Fund does not have to deal with situations of default in contributions, at all.



Thomas Kgokolo
Chairperson





STRATEGIC OPERATING ENVIRONMENT

External considerations

In pursuing our ambitions and mission, we are cognisant of the fact that we operate in an international political economy as well as a national and local sectorial political economy, which poses significant conditions that have a direct effect on our ability to carry out our strategy.

Regulatory

- Mining Charter has been shared, providing more certainty
- Rigid labour legislation
- More stringent B-BBEE codes
- Retirement fund reform uncertainty

Local

- There is low economic growth in RSA
- Negative investor perception of RSA
- Unfavourable interest rates
- Perceived political instability

Industry

- A decline in shaft sinking indicating negative quality of investment in mining
- Negative global commodity outlook
- Retrenchments are rising
- Contract workers are rising
- Productivity is decreasing while costs for mining companies increase

Social

- The unemployment rate is high
- Growing levels of poverty
- Low literacy levels in RSA
- Minimal transformation in the asset manager space

Five-year vision statement

To be a leading retirement fund of choice for the working class in the mining industry by 2023.

Strategic objectives

Our strategic objectives give us tangible outcomes to pursue that will capacitate us in realising our five-year vision statement.

These objectives include:

- Being the best-in-class retirement fund by fostering a high-performance culture supported by engaged employees.
- Diversifying to become a retirement fund of choice to low- and medium-income workers.
- Adopting a growth strategy that aligns with the objectives of the Fund.
- Diversifying our Fund product portfolio for the benefit of our existing members as well as for the purpose of attracting new members.

Strategic focus areas

Our understanding

Increase our reservoir of intellectual capital through market research and intelligence.

Our service

Focus on the efficiency of our systems and administration to meet the needs of our ambitions.

Our growth

Focus on growing the Fund.

Our people

Cultivate an organisational culture that aligns with our strategic objectives and maintain talent.

Management

Strategic KPI	Measure
Unclaimed benefits: Reduction of the total number of unclaimed benefits in the Fund	Reduction of unclaimed benefits numbers by tracing and paying out identified claimants
Attraction and retention of members: The year-on-year growth (%) in members	Increase or decrease in our total number of members year-on-year
Cost-efficiency: The cost of delivering services to our members	Low administration cost and sound financial capital control
Growth in asset base: Year-on-year net growth in our assets under management	Balance on the investment account
Stakeholder satisfaction: How our services and engagements meet the needs, concerns, and expectations of our stakeholders (refer to Material Stakeholders on page 22)	Annual stakeholder survey
Employee satisfaction: The degree of employee motivation, employee goal achievement, and positive employee morale in the workplace	A culture of motivated, driven, and collaborative employees driving our strategy

Organisational culture

On the point of organisational ethics, we ensure that employees commit on an annual basis to the Code of Conduct of the organisation through a few interventions. This involves the measure of our culture through the culture and engagement survey – on an annual basis each employee is given the opportunity to participate in the survey and give their view of our culture and desired culture. It is well known in the Fund that our culture measures are rooted in our core values. This has proven valuable in keeping our values alive.

General principles guiding employee conduct

To meet the King IV requirements, decision-making and employee conduct in the Fund is governed by the Industrial Relations policy of the Fund. This policy clearly stipulates conduct that is acceptable and misconduct. There are consequences stipulated if an employee does not meet the required behaviour standards. Further to that, we have aligned our Fund's core values, namely respect, dignity, and legacy to the recognition programme of the Fund. This ensures that we have embedded these values in all that we do.

The performance contracts of the executive team include a discretionary weighting, which also includes how we demonstrate our values when going the extra mile.





MATERIAL STAKEHOLDERS

MWPF takes a proactive approach to stakeholder engagement and, in line with our communication strategy, our aim is to achieve meaningful stakeholder engagement by focusing on three key objectives:

1. Cement the role we play with each of our stakeholders;
2. Create and sustain a positive image/reputation of MWPF; and
3. Encourage two-way participation with our key stakeholders.

We identify two broad stakeholder segments and depending on the type of stakeholder, we seek to engage or inform.

Primary focus

Stakeholder	Engagement methods	Needs, concerns and expectations expressed
Members	Newsletters, brochures, website, posters, SMSs, roadshows, social media, surveys, walk-in centres	<ul style="list-style-type: none"> • Growth and value of their money • Safety and security of their benefits • The Fund carrying out its fiduciary responsibilities

Other areas of focus

First tier: Our partners

Stakeholder	Frequency of engagement	Needs, concerns and expectations expressed	Responsible executive
Employers	Ongoing	<ul style="list-style-type: none"> • Fair and proportionate membership on the Fund's Board of Trustees • Collaboration in unclaimed benefit outreach • Fair and accurate distribution of benefits • Fund's year-on-year performance 	Chief Executive Officer Principal Officer
Board of Trustees	Quarterly		Chief Executive Officer Principal Officer
Regional Advisory Committees (RACs)	Quarterly		Chief Executive Officer Principal Officer Chief Operating Officer
Sponsors	Quarterly and ongoing as required		Chairperson of the Board Chief Executive Officer Principal Officer
Service providers	As deemed necessary		Chief Executive Officer Principal Officer

Other areas of focus

Second tier: Regulatory or industry stakeholders

Stakeholder	Frequency of engagement	Needs, concerns and expectations expressed	Responsible executive
Regulators	Twice annually and as and when required	<ul style="list-style-type: none"> • Maintaining the Fund's registration and approval status • South Africa's socio-political environment • Economic outlook • Regulatory compliance 	Chairperson of the Board and/or two Trustees Chief Executive Officer Principal Officer
Industry bodies	Monthly or quarterly meetings		Chief Executive Officer Principal Officer
Government	As and when required		Chief Executive Officer Principal Officer
Department of Labour (Mozambique and Lesotho)	As and when required		Chief Executive Officer Principal Officer Chief Operating Officer
Media	In response to business-related media queries		Chief Executive Officer Principal Officer

The Board adopts a Code of Conduct in order to set out the ethical values that will guide the behaviour of the Board in achieving its objective of managing the affairs of the Fund.

Ethics are the basis and background of the Code of Conduct.

Compliance with the Code of Conduct will provide the stakeholders of the Fund (members, Sponsors, Employers, and regulatory authorities) with assurance that the Board is acting within the parameters of the highest ethical standards at all times.





BOARD OF TRUSTEES



Thomas Kgokolo
Independent Chairperson of the Board
Appointed: 31 March 2014
Reappointed: 23 April 2020



Sakhile Masuku
Independent Chairperson of the Audit, Risk Management and Compliance Sub-Committee and Deputy Chairperson of the Board
Appointed: 02 July 2020



John Mosemeng
Employer Trustee
Appointed: 01 March 2016
Reappointed: 18 June 2020



Kenny Mothae
Employer Trustee
Appointed: 21 August 2008
Reappointed: 10 March 2019



Xolani Bokoloshe
Member Trustee
Appointed: 08 October 2018



Serame Maetle
Member Trustee
Appointed: 01 May 2016
Reappointed: 01 May 2019
Resigned: 30 April 2021



Jeff Mphahlele
Member Trustee
Appointed: 08 October 2018



Bonginkosi Mrasi
Member Trustee
Appointed: 27 June 2017
Reappointed: 15 August 2018



Leepi Marumule
Employer Trustee
Appointed: 02 December 2019



Wessel du Toit
Employer Trustee
Appointed: 07 April 2010
Reappointed: 01 May 2019



Willem van Heerden
Employer Trustee
Appointed: 01 April 2013
Reappointed: 01 April 2019



Vusi Sampula
Employer Trustee
Appointed: 13 November 2018
Reappointed: 17 September 2019



Molefi Sebitlo
Member Trustee
Appointed: 08 May 2009
Reappointed: 12 February 2019



Mpho Phakedi
Member Trustee
Appointed: 15 October 2018



Lydia Nkopane
Member Trustee
Appointed: 14 March 2016
Reappointed: 12 February 2019



Luyanda Phinda
Member Trustee
Appointed: 08 October 2018
Resigned: 7 April 2020



Steph Wall
Employer Trustee
Appointed: 01 September 2008
Reappointed: 01 September 2017
Resigned: 31 August 2020



Phuti Raletjena
Employer Trustee
Appointed: 12 October 2020



Caleb Overmeyer
Employer Trustee
Appointed: 01 March 2017
Resigned: 29 February 2020



Dusty Ngwane
Member Trustee
Appointed: 09 March 2019



Abiot Lebelwane
Member Trustee
Appointed: 03 October 2019



Sikhumbuzo Ntlali
Member Trustee
Appointed: 03 October 2019





EXECUTIVE MANAGEMENT

The Fund's executive management has the requisite diversity of skills and expertise and ethnicity that will allow the Fund to deliver on its strategic objectives.

DEMOGRAPHICS

84% Black
16% Coloured

YEARS OF SERVICE

2 Execs = less than 1 year
2 Execs = 1-3 years
2 Execs = more than 5 years

LEVEL OF EDUCATION

CEO = CA(SA) & MBA
PO = LLM
HRE = B Degree HR & PGDLL

CFO = CA(SA)
BDE = MBA
COO = MBA & PhD
Technological Management

AREAS OF EXPERTISE

- Investments
- Retirement funds
- Legal

- Insurance
- Business and finance
- Management
- Human resources
- Technology
- Wealth creation
- Organisational effectiveness



Dumisa Hlatshwayo
Chief Executive Officer

- Bachelor of Commerce
- Bachelor of Accounting Science Honours
- Certificate in the Theory of Accounting
- Master of Business Administration
- Chartered Accountant (SA)
- Chartered Director

Mr Hlatshwayo has been involved in the provident and pension fund industry for more than two decades, which includes having been a financial director of a listed financial services company and having been chairman of a few large independent provident funds. He has also been an independent non-executive director and chairman of audit and risk committees on a handful of boards.



Frans Phakgadi
Principal Officer

- Baccalareus Procuratoris (B Proc)
- Bachelor of Law (LLB)
- Master of Law (LLM)
- Certificate in Pension Fund Law

Mr Phakgadi has over 20 years of experience in the financial services and retirement funds industry and a vast amount of experience and proven acumen in the pension funds space.



Amma Amparbeng
Chief Financial Officer CA(SA)

- BComm (Financial Accounting) (University of Cape Town)
- Postgraduate Diploma in Accounting (University of Cape Town)
- Advanced Certificate in Auditing (SA)
- National Certificate: Financial Markets and Instruments
- Chartered Accountant (South Africa)

Ms Amparbeng has a solid record of over 16 years in financial management (post articles), reporting and control, auditing, technical accounting (IFRS), strategic risk planning and management, and improved business performance. She also has international work experience (US GAAP) in the sectors of infrastructure, construction, financial services, property management, asset management and other industries, which she acquired while working in the United States for five years. Prior to joining MWPF in November 2018, she spent four years as the finance executive of a division of a JSE-listed company. Prior to that she was an assistant vice president in the technical advisory group for a multinational bank.



Nathan Williams
Chief Operations Officer and Chief Information Officer

- PhD in Technology Management
- Master's in Technology Management
- Certified Associate in Big Data (CABD)
- Diploma of Information Technology Management
- IT Strategy and Governance Certification
- Certification in Data and Business Intelligence
- Lean Six Sigma Black Belt Professional
- PRINCE2 Practitioner Certificate in Project Management
- Advanced Management Diploma

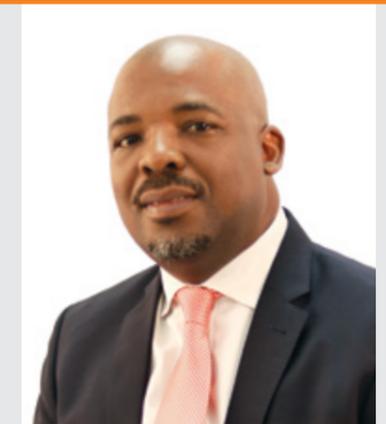
A high-profile senior executive, Mr Williams has 36 years of industry expertise spanning across the telecommunications, banking and retirement fund industries, and a broad set of advanced skill sets in leadership of operations, information & communications technologies, and customer relations. He has been at the helm of numerous critical strategic, technical, and management initiatives – spanning security and algorithms, to customer experience and leveraging data intelligence to mitigate threats and drive business growth.



Lungelo Solombela
Human Resources Executive

- Postgraduate Diploma in Labour Law (PGDLL)
- Higher Certificate in Organisation Effectiveness
- Bachelor's Degree in Human Resources

Mr Solombela has over 20 years' experience in the financial services industry providing strategic HR leadership and overseeing all aspects of human resources practices and processes, and he has a proven track record when it comes to employee engagement and coaching.



Muziwandile Ndlovu
Business Development Executive

- Public Administration and Management
- Postgraduate Certificate in Wealth Creation and Management
- Management Development Programme
- Master's in Business Administration

Having been in the sales environment for 23 years, Mr Ndlovu has developed a strong can-do attitude, leaving no stone unturned. Accustomed to driving hard-to-exceed targets while maintaining profitable relationships with all involved, he is also an effective communicator with strong interpersonal and negotiation skills, talented in people leadership, as well as with technical and human resource management expertise.



Our successes during the year hinge on the underlying investment strategy, the staff, and their abilities, as well as the philosophy that the Board adopted and approached 2020 with.

– Frans Phakgadi



03

INVESTMENT PERFORMANCE

Chief Executive Officer's report	30
Investment review	34



CHIEF EXECUTIVE OFFICER'S REPORT



After 31 years of operation, the Mineworkers Provident Fund continues to create a legacy through respect and dignity, hence the exceptional and ever-increasing assets under management performance achieved for its members, year on year.

Mr Dumisa Hlatshwayo
Chief Executive Officer

The year in perspective

This year, the world was thrust into a global pandemic the likes of which were last seen over one hundred years ago. Around the globe, we saw countrywide closures occurring almost simultaneously, which significantly hampered economic activity in all forms.

From the beginning of the second quarter, all our staff, equipped to work remotely, took their work home with them and, as a result, there was no possibility of physical engagement with either our clients or stakeholders. Through the agility of the Fund, all staff were technologically enabled to efficiently deliver at the appropriate required and contracted levels throughout the various levels of lockdown.

As was to be expected, the economy was negatively affected by the pandemic. The implementation of various regulations, safety measures and closures across the board led to a 25% drop in the South African economy during March 2020; however, there was some noticeable recovery towards the end of the second quarter.

During this same time, the Fund's membership numbers contracted, mainly due to mine closures as well as mine retrenchments resulting from the pandemic. Many people lost their jobs during the year, and this had an obvious dampening effect on the members under administration. Despite these challenges, the Fund generated a 5.21% internal rate of return (IRR) to edge our strategic 4.5% above CPI annual investment performance. We have also continued on our trajectory of stabilising our retirement annuity product, which will work to improve the asset retention in the Fund – an effort which is progressing very well.

A further achievement that I am proud to highlight is the fact that the Fund has achieved yet another clean audit report, a record that has been held for more than ten years now.

Over the years, the Fund has intensified its focus on improving governance, increasing efficiencies across the entirety of its operations, being member-centric and ensuring the long-term sustainability of member savings. All of which, at a grass roots level, benefit our members. We know these individuals want to retire with dignity while simultaneously ensuring that their dependents are taken care of – even in their own absence – and they want to do this all in safe communities that have the infrastructure necessary for them to live decently.

While the needs of our members are always top of mind, it was unfortunate that this year we could not fully utilise our mobile van to take our business to them on our usual, cross-country roadshows. In the interest of keeping both our staff and our members safe, we had to find and employ alternative measures to track our 'lost' members

during this time. Compounding this new challenge was the fact that we had to be adaptable and find technological means which were applicable to these individual members. While reducing unclaimed benefits numbers through settlements continues to be a challenge for the Fund, good progress has been made to date with regard to locating long-lost members despite the lack of physical engagements with the communities themselves.

While the Fund has adapted well to the challenges that 2020 brought with it, we are looking forward to a time when South Africa's citizens are fully vaccinated – a situation that will present another opportunity for us to take our business to the members in their various communities.

Reflection on working through the pandemic

I started with the Fund in March of 2020, right as the pandemic became a reality for South Africa. Prior to this, I had been following international events, taking note of how the pandemic was developing elsewhere and preparing for similar events in South Africa. One of my first meetings was with the IT department where we started looking at the feasibility of equipping our staff with laptops.

Realistically, I wanted to have the option available: staff could work from home if they needed to; however, on March 26 the country was plunged into a radical lockdown that lasted three weeks. Fast-tracking this initiative, we acquired the necessary laptops and then, in just a single day, had these devices programmed and prepared for staff to use remotely.

Not coming into the office, not seeing their colleagues, not having the usual 'social' side of the workplace, was something that certain staff members found difficult. To circumvent this, we implemented weekly communications sessions aimed at settling staff, ensuring their well-being, and reminding them about the healthcare resources available to them.

On the whole, staff responded well to working from home, accepting the responsibility as well as the accountability that came with this shift. This demonstration of self-discipline resulted in output actually increasing during this time and, without the commute to the work, staff oftentimes started work earlier and finished later.

The pandemic has highlighted a number of places where we can 'reconsider' the way we work in an effort to lower the cost of doing business. Remote working and the shift to cloud documents has resulted in a huge drop in physical printing. This, in turn, was a good demonstration of the overabundance of printers we currently use. When we return to the office, in whatever capacity, I hope to maintain these lowered printing levels.





Similarly, in terms of having staff in the office, we will likely look at reconfiguring the overall layout to match the flexibility of a hybrid working model. As we slowly phase out desktop machines in favour of laptops, making use of hot-desks – which staff can use interchangeably – becomes more sensible.



Through all of this, the Fund did not waver but instead kept firm on its investment-policy strategy. This strategy, coupled with some tactical investment allocations and the overall diversification of our portfolio, helped curb losses.



Overall, the pandemic, though challenging, resulted in a number of learnings. First among these was how impressively adaptable our staff are. With the right equipment and the right attitude, work simply continued unabated. Staff willingness to adopt technology to the extent that we did was both surprising and refreshing. I watched as staff members transitioned to using technology, taking it all in their stride. And, finally, staff willingness to accept me as their new CEO, welcoming me into the position and being amicable to working with me remotely, as well as to adapting to my leadership style, was commendable.

The investment markets in 2020

The year presented a number of economic challenges that were difficult to juggle. After many close calls in the past, South Africa's credit rating was downgraded to junk status, something likely priced in by the market, since the downward trajectory of the SA economy was minimal. This downgrade, taking place at the same time as the country's lockdown, was a shocking double blow.

Through all of this, the Fund did not waver but instead kept firm on its investment-policy strategy. This strategy, coupled with some tactical investment allocations and the overall diversification of our portfolio, helped curb losses. While this success can be attributed to the forethought and planning of previous years, the Fund's agility and reactivity were also contributing factors.

As mentioned previously, with the ever-changing environment we find ourselves in and with a market that's always on the move, the Fund needs to adhere to various investment principles that, if they are to prove effective in the long term, should be adaptable and ready to evolve as necessary. 2020 was a trial by fire for these investment principles and, in hindsight, we can say they have served us well.

While our members' funds were able to grow as expected, 2020 was another year in which we noted a continued decline in our overall membership. This, however, was expected. Certain sectors within the mining industry continue to shrink while sporadic retrenchments also play their part in adding to these reduced numbers.

The Fund is well aware that the mining industry is continuing its automation 'push' – something that will negatively affect the Fund's membership. As a result, we seek to leverage our continuing market research and the efforts of our business development unit to grow our membership base in our sectors of the mining industry as well as outside of this particular industry in the years to come.

Strategic review

While the year was a challenging one, I am happy to report that the Fund is well on its way to realising our 2023 strategy, which is aimed at enhancing the Fund's long-term sustainability for the benefit of our members.

The strategic plan, Vision 2020/21, details the perspectives and subsequent position that the leadership chose to adopt and thus fleshes out the new strategy as well as the required resources for successful implementation of the plan.

The priorities for Vision 2020/21 were identified as follows:

- Governance
- Efficiency
- Customer-centricity
- Sustainability

Unchanged from the prior year, strategic focus areas for the organisation are centred around the following:

- Our Understanding
- Our Growth
- Our Service
- Our People

Strategic outlook

The Fund has benefitted from its effort of bringing group life assurance into the Fund for self-administration; this was one of the strategic imperatives of the Fund to ensure members' value protection.

For the future, we continue our investigations into other alternatives that the Fund can make use of in an effort to improve the risk benefits of our members, building on an already solid foundation. We continue with such efforts to introduce value to our members and to differentiate our Fund from others out there.

Over the years, the coal sector has experienced a general decline – particularly as a result of the increased focus on clean-energy production; however, this a programme that government has not formally approved as yet. As this sector contracts, the Fund looks towards diversification of its mining membership by entering different mineral sectors in the interests of growth and risk mitigation.

Cognisant of the challenges that lie ahead for the Fund, in the coming year we are being bold and putting our stake in the ground by saying that we will achieve a strong investment performance of at least 4.5% above CPI on an IRR basis.

Outlook for 2021

With regard to 2021, I find myself feeling tentative. As much as we would like to return to what once was, it is unlikely – even with a countrywide vaccine rollout – that this will ever be the case. For the year ahead, the Fund must stay the course in terms of its adaptability and willingness to embrace technology.

I foresee a number of challenges in terms of costs for the year ahead, though there are ways in which we can offset these, either by reconsidering the extent of our printing, our usage of space, or even refreshing our investment portfolio.

Depending on the country's overall response to the pandemic, I fear that physical meetings might be few and far between and, while staff have adapted well to virtual meetings and these are still very outcomes-based, to meet physically we will have to create a safe environment in which to do so.

In a way, we are heading into unfamiliar territory still. Though we have armed ourselves with the tools necessary to work as best we can, we have to somehow remain motivated through all of this. In the year ahead, we will continue to provide the support our staff need to work remotely while also reminding them of the importance of their own well-being during this time. While taking care of our members and their needs is important, our staff's wellness is equally important.

Commitment

We renew our commitment to striving for excellence. The Fund's continued performance over the years – and, in particular, the year that 2020 ended up being – is a strong driver when it comes to establishing the Mineworkers Provident Fund as the retirement fund of choice in the mining industry. Our growth over the years stems from the Fund's sound investment-policy strategy as well as the leadership from a Board that, though changing over time, still demonstrates cohesion and, more importantly, continuity. We hope that through our innovative financial products, our automation and streamlining, both internally and externally, and our improvements to communication across the entirety of the Fund, the Fund will not only grow its membership base but also increase member retention for years to come.

Appreciation

I want to take this opportunity to thank the Chairperson of the Board and the other Trustees for their displays of support and confidence in the executive team of the Fund during this difficult time. Further, to the executive team themselves, I thank you. During 2020, you worked tirelessly, making every effort possible to direct the Fund towards prosperity despite the challenging environment.

To the rest of the MWPF staff, I echo this; you have all executed a sterling performance during this year, demonstrating the overall agility, adaptability and creativity in spite of the obstacles placed in our path. The diligence and effort of every staff member during this pandemic has been commendable and for this I am both ecstatic and thankful.

Externally, I truly appreciate the support received from all our other stakeholders, the employers and our members. At all levels, support for the Fund has been unwavering and, in the year ahead, I look forward to working with the MWPF team as we continue to generate value for our members. As we move into the future, let us all work together to carry the legacy of our members forward.

Dumisa Hlatshwayo
Chief Executive Officer





INVESTMENT REVIEW

Salient features and highlights

Regulations informing the investment strategy of the Fund

The Fund is managed in compliance with the following regulations and principles:

- 1 Pension Funds Act, 1956: Regulation 28
- 2 Circular PF 130: Good Governance of Retirement Funds
- 3 Pension Funds Act, 1956
- 4 Guidance Notice: Sustainability of investments and assets in the context of a retirement fund's IPS
- 5 Amended Financial Services Sector Code, 2017
- 6 Investment Policy Statement

Investment philosophy

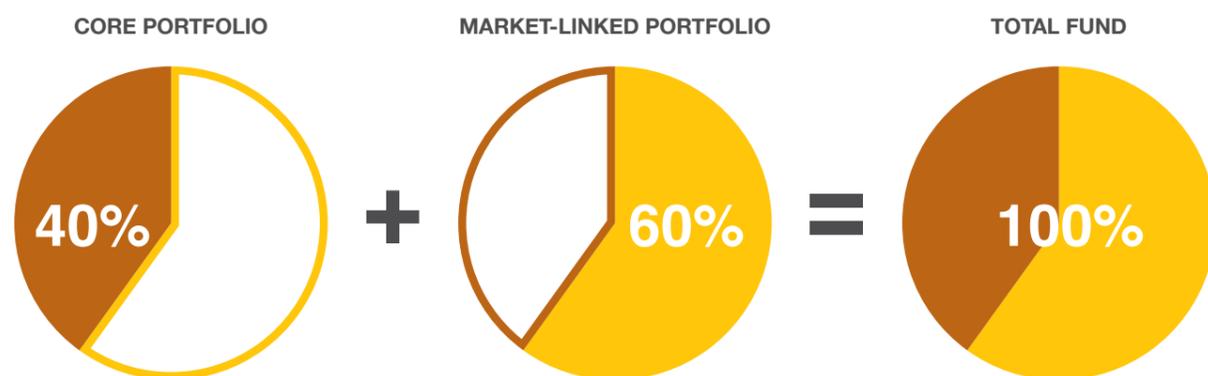
Our primary goal is to preserve the purchasing power of our members' retirement savings and deliver investment returns in excess of inflation at the lowest possible level of risk. This is achieved through the adoption of a liability-driven investment approach that allows us to understand our membership profile and tailor a solution that enables our members to retire comfortably and meet the Fund's future cash payments with a high degree of certainty.

Investment objective

The Fund offers members a single default portfolio that seeks to deliver a real return of 4.5% above inflation (CPI + 4.5%) over any consecutive five-year period at a minimum level of risk. This target level of return is the outcome of a stochastic liability-driven modelling exercise to determine the most appropriate level of return target suitable for the membership profile of the Fund.

Investment approach

The Fund utilises a core-satellite approach to meet the investment objective of CPI + 4.5% over any consecutive five-year period. The total Fund is managed as a combination of a Core Portfolio (core) and a Market-Linked Portfolio (satellite). The strategic weighting between the core and the satellite is 40% and 60%, respectively.



Core Portfolio

This is the anchor of the Fund and is best described as a low-volatility, stable-return building block that aims to protect capital through the delivery of inflation-beating returns with a low probability of capital loss. The benchmark for the core portfolio is CPI + 4.5%. The portfolio comprises a combination of guaranteed mandates and long-term real assets.

Market-Linked Portfolio

This is a multi-asset class portfolio that is optimally constructed to deliver the target return of CPI + 4.5%. To achieve this targeted return, the portfolio is constructed through diversified exposure to different sources of return:

- Geography
- Asset class
- Sector
- Investment manager
- Investment strategy and style

Weightings to the different sources of return are determined using asset allocation analysis and risk budgeting. Asset allocation analysis is conducted to determine the optimal mix of asset classes best suited to deliver the expected return. Risk budgeting is used to ensure that we are rewarded for every unit of risk that we pick up. Specialist investment managers are selected within each asset class following a thorough due diligence and selection process and given appropriate asset class benchmarks to beat. The market-linked portfolio will display short-term volatility but has a higher probability of delivering outperformance over the long term than the core portfolio.

Tactical asset allocation

Capital markets change over time, causing adjustments in correlations between asset classes and expectations of risk and return. Accordingly, our assumptions and our expectations for the performance of asset classes are adjusted to reflect these shifts. Therefore, the Fund's long-term base-case outlook is actively adjusted to capitalise on prevailing market conditions and to also ensure that portions of the Fund are not vulnerable to short-term market downturns. As such, the strategic exposure to the Core Portfolio and the Market-Linked Portfolio are allowed to deviate within a 5% tactical band:

- Core Portfolio (min 35%, max 45%)
- Market-Linked Portfolio (min 55%, max 65%)

Similarly, strategic weightings to the different sources of return within the Market-Linked Portfolio are dynamically adjusted (underweight or overweight from the long-term mix) to either protect the portfolio from short-term adverse

market movement or to align a source of return to the current cycle of the market.

B-BBEE investment policy

The Fund endorses and supports government's Broad-Based Black Economic Empowerment policy and is of the opinion that all South African entities have an equal obligation to redress the imbalances of the past. The Fund, therefore, prefers to do business with service providers who share these same values and who are prepared to contribute to meaningful transformation initiatives. As such, the Fund has implemented a B-BBEE Investment policy, which is a formal statement of the main principles underlying the transformation investment strategy of the Fund and forms part of the Fund's Investment Policy Statement. Key aspects of the policy include:

- An articulation of the Fund's transformation investment strategy roadmap;
- Minimum B-BBEE criteria to be met by all asset managers managing assets on behalf of the Fund;
- Making opportunities available for black-owned, -managed and -controlled emerging asset managers through the Fund's Black Asset Manager Incubation Programme, thereby building on the current low levels of B-BBEE participation in the investment management sector in South Africa; and
- The Fund's strategy in meeting the requirements of the Amended Financial Services Sector Code of 2017.

Socially responsible investment policy

Regulation 28 of the Pension Funds Act promotes responsible investing of Fund assets, based on a sustainable, long-term, risk-aligned, and liability-driven investment philosophy. Regulation 28(2)(b) of the Regulations to the Act requires all retirement funds to have an Investment Policy Statement, and Regulation 28(2)(c)(ix) requires boards of retirement funds to consider environmental, social and governance (ESG) factors before investing in an asset. Consequently, the Fund has implemented a Responsible Investment Policy, which forms part of the Investment Policy Statement and focuses on the following key issues:

- Investment strategy: application of ESG considerations in manager selection and portfolio construction;
- Engagement and proxy voting: engaging with companies and using shareholder activism to influence the behaviour of investee companies;
- Impact investment: investment made with the intention of beneficial social and environmental impact in addition to financial return;
- Awareness and collaboration: promoting and creating awareness about ESG issues; and
- Transparency: meeting regulatory expectations regarding disclosure and reporting on issues of sustainability.





Review of 2020

The past year was arguably the most turbulent since the inception of the Fund. The Covid-19 pandemic upended all socio and economic structures across the globe, resulting in historic declines in economic activity and immeasurable loss of life and human suffering including unbearable volatility in capital markets. Globally, 82.84 million people contracted the virus with 1.88 million succumbing to the pathogen. South Africa reported 1.06 million Covid-19 cases and 28 469 deaths.

The economic impact of the pandemic and the containment measures instituted to curb the spread of the virus was unprecedented. According to the International Monetary Fund, the global economy shrank 3.5% in 2020, which ranks as the deepest global recession since World War II where the global economy declined 15.4%.

For South Africa, which entered the pandemic with a weak balance sheet, high unemployment and a stagnating economy, the impact was even worse. The economy declined by approximately 7% in real terms in 2020, which exacerbated poverty levels, inequality, and unemployment. SA's expanded unemployment reached an all-time high of 42.6% in the fourth quarter of the year as many businesses were severely impacted with a large number of them closing down.

The mining industry was fortunate because of the simultaneous demand and supply shocks that supported high commodity prices, and because the industry was allowed to operate, albeit at less than full capacity, when other sectors were forced to completely halt their operations. In fact, 2020 was a banner year for the mining sector as most mining houses closed on very strong financial positions.

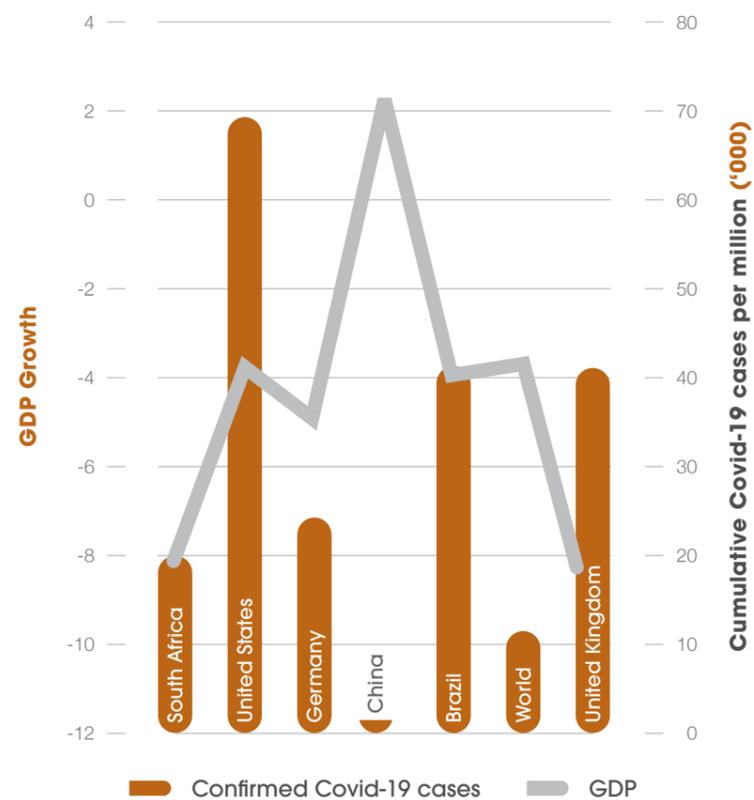
In hindsight, the global economic outcome could have been worse were it not for the swift responses by policymakers who unleashed unconventional fiscal and monetary policies. The speed, size and coordination efforts from policy authorities was exceptional and softened the impact of the pandemic on the global economy.

Central banks slashed interest rates and began asset purchase programmes, with the US Federal Reserve (Fed) and European Central Bank (ECB) providing most of the market liquidity. The Fed and ECB cut interest rates aggressively close to zero and further into negative territory. Emerging markets were constrained on the fiscal side, so they relied mostly on central banks' actions – who also cut interest rates to record lows. Locally, the South African Reserve Bank followed the actions of other central banks and slashed interest rates from 6.5% pre-Covid to 3.5%. For the first time in its history, the bank also engaged in an asset purchase programme to alleviate liquidity shortages in the bond market. Additionally, the government launched a R500 billion relief package targeted at vulnerable people and small businesses.

The above actions by policymakers averted a blood bath in capital markets. Most equity markets recovered quickly from a short-lived bear market, which occurred at the onset of the pandemic with most global benchmarks ending in record territory. The widely followed S&P 500 and the MSCI World indices closed 2020 with annual returns of 18.4% and 16.5% respectively (in USD). Emerging markets also did well, returning 18.69% in USD. However, not all asset prices increased by those margins in 2020 and certainly not all segments within each asset class had a strong year.

There were significant dispersions as markets were narrowly driven by a handful of US and Chinese mega tech stocks. For instance, non-US developed markets, as measured by the MSCI World ex USA index, returned 7.59% and non-Chinese emerging markets returned 12.85% (in USD). SA's FTSE/JSE Capped SWIX grew 0.58% in ZAR. The dispersions were also notable from an investment style perspective. The global growth style had an exceptional year, growing 34.18% against -0.38% for value (in USD).

The Cost of Covid-19

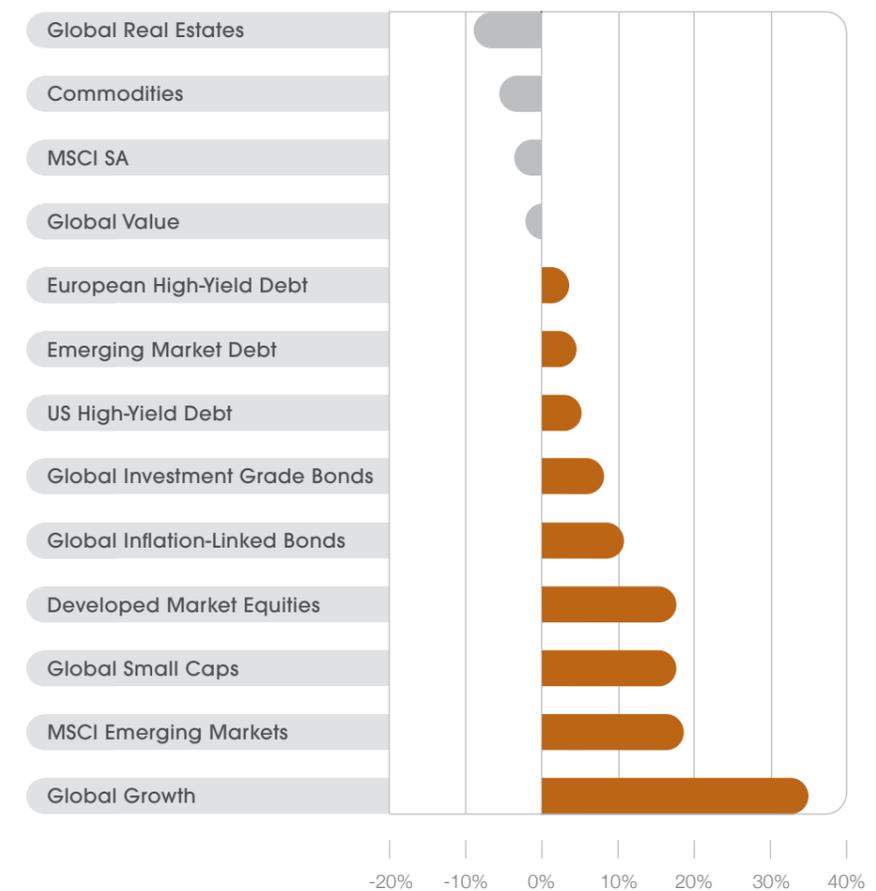


Source: Our World in Data and the World Bank

South African asset owners and citizens, in general, expressed their ongoing frustration with the country's economic policy framework. Despite increased impetus to fast track the implementation of the much-needed structural reforms, 2020 was once again another wasted year. The crucial energy sector remained constrained, which resulted in chronic load shedding even during periods when the economy was operating below its

full capacity. Telecommunication companies remain hamstrung by a lack of spectrum as the auction for additional spectrum was kicked down the road for several reasons. State-owned entities continued to gobble state finances. Foreign investors persistently complained about the business environment and the labour market. These issues would need to be rectified for SA to be able to grow its economy at the required 5% to 6% level.

Global Asset Class Performance in 2020



Source: Bloomberg, MCSI and Iress





Fixed income markets mirrored the extremity of equity, with high dispersion in returns between the various types of bonds. For instance, in the first quarter, US high-yield bonds underperformed US treasuries by more than 11% but swapped in the second quarter, which was the second-most positive one on record for corporates over treasuries, with a 7.74% advantage. Return deviations were also observed between developed market bonds and emerging market bonds as well as between inflation-protected and nominal bonds.

Global yield curves finished the year generally lower than at the start. The US treasury curve ended relatively flat in the short-term segment but upwardly sloped from the intermediate-to-long-term segment. For 2020, the Bloomberg Barclays Global Aggregate Bond Index returned 5.58% in USD. The SA All-Bond Index gained 8.65% in ZAR ahead of most emerging market debt.

2021 outlook

The outlook for 2021 remains uncertain, but the global economy is in a much better position than it was in 2020. The announcement of the discovery of highly effective Covid-19 vaccines by Pfizer and Moderna bolsters prospects for the resumption of full economic activity in 2021. However, concerns around the skewed distribution of the vaccines in favour of developed countries persist. Largely because of this, SA and its peers are expected to attain herd immunity only towards the end of the year or in early 2022. Virus mutations in the UK and SA that appeared to be 50%–70% more transmissible are also a concern. While several scientists expect vaccines to be effective against these newly identified variants, the mutations temper our enthusiasm, as they are a stark reminder that Covid-19 is still not completely understood and can evolve.

Given the possibility of a further increase in the spread of the virus and delays in vaccine procurement and distribution, expect the road to recovery hitting many road bumps along the way. Like any other recession, anticipate some Covid-19 scarring to linger.

The recent changes in the US political landscape following a clean sweep of the three branches of the US government by Democrats in the November 2020 election are also going to have seismic consequences on financial markets.

With the Democrats having a majority in both the house and the senate, President Joe Biden will have the scope to push ahead with a broad package of policies aimed at boosting jobs, investment, and green energy estimated to be around \$4 trillion. On policy, Biden presents a predictable and coherent outlook which is good for the global economy.

Another factor to watch closely in 2021 is inflation as expectations are shifting. While economic recovery is underway, market participants expect the fiscal and monetary environment to remain accommodative to create jobs and return employment to pre-Covid-19 levels as quickly as possible. Those stimulus policies will eventually pressure wages upward, de-anchoring inflation expectations.

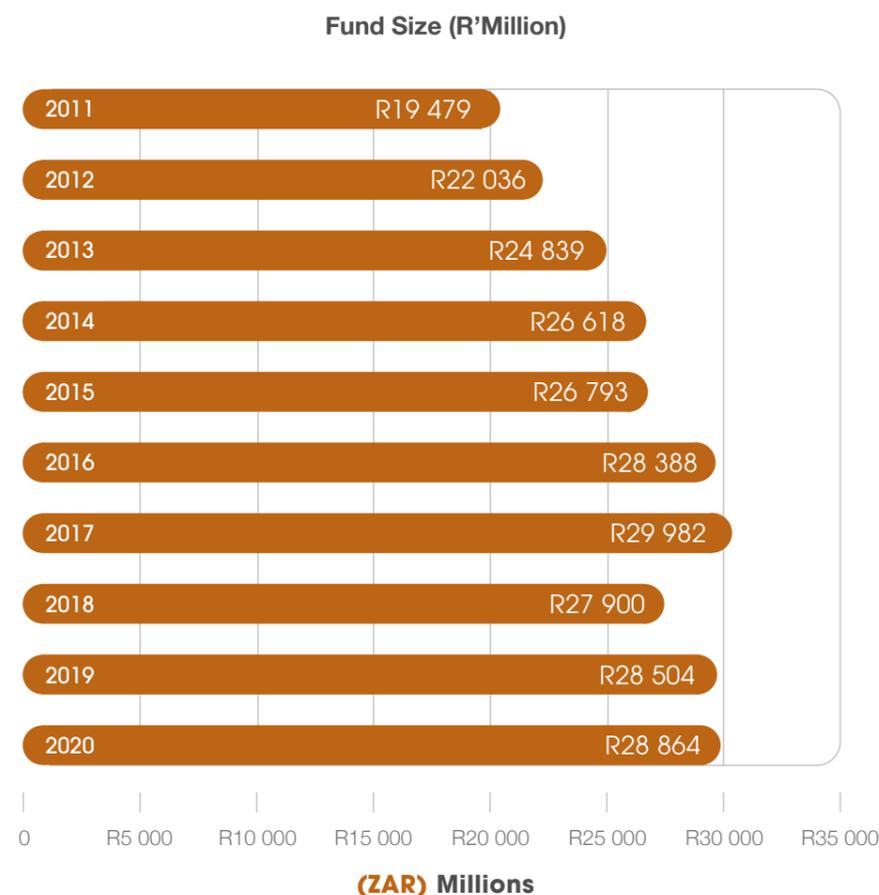
With this macroeconomic backdrop, the Fund remains constructive on equities and some segments of fixed income instruments. Despite several uncertainties, we still feel some level of risk-on sentiment will prevail for most of the year. Investors are forward-looking; hence they are likely to overlook short-term Covid-19 headwinds if they are confident that the vaccines will work and will be distributed timeously.

However, given the valuation dispersion in global equities, expect performance to be skewed in favour of 2020 laggards – developed markets cyclical and emerging markets equities – which are reasonably priced. While SA Inc. counters fit into that bucket, some idiosyncratic risk – delays in distribution of the vaccines, poor economic trajectory, and a constrained fiscal space – temper enthusiasm for the segment. Optimism for SA rand-hedged counters persist, even though most are close to fair value as market participants expect such counters to benefit from a global recovery, which will be fuelled by mass vaccinations. However, rand strength has the potential to curb potential benefits through currency translation effects.

The Fund also expects emerging market debt to thrive in 2021 on a weak dollar and inflation outlook tailwinds. SA bonds offer competitive real returns, so they should benefit. Contrarily, the Fund is bearish on high-quality developed market debt.

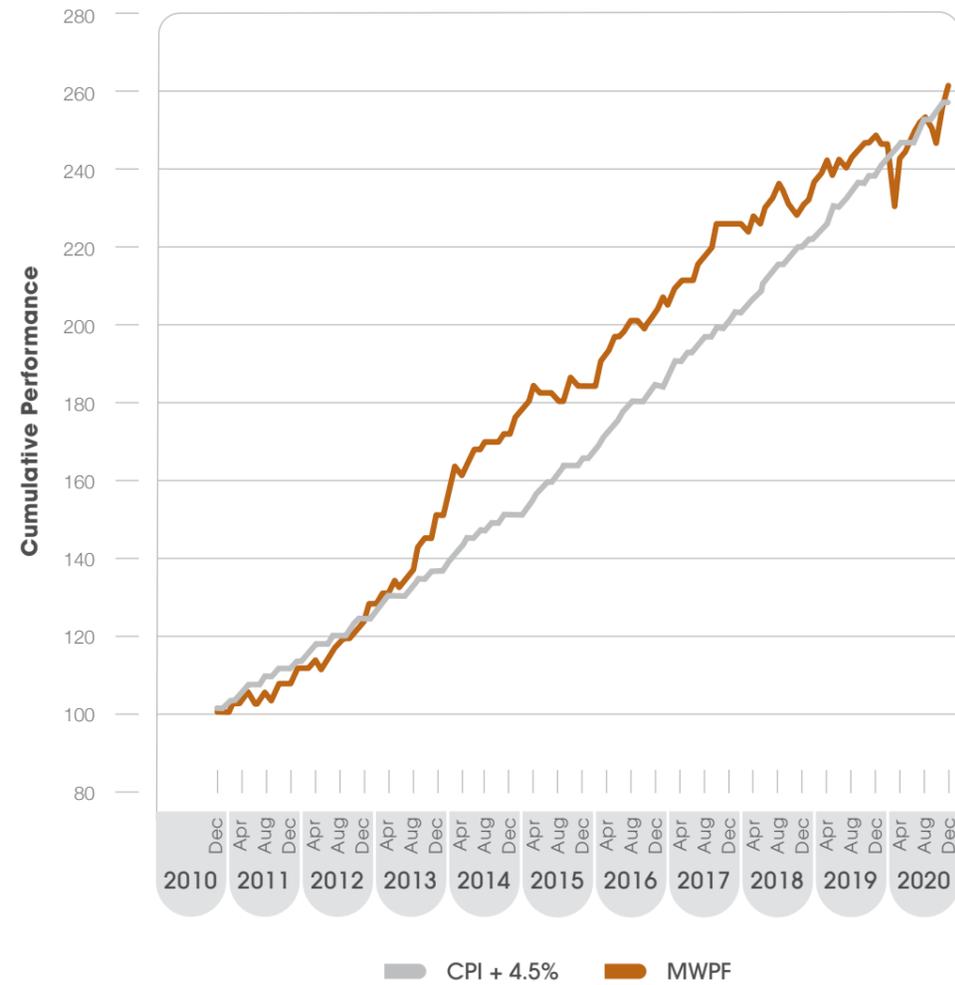
Risks to the global economic recovery

Covid-19
The latest emergence of escaped mutants poses a substantial risk to achieving herd immunity in 2021. Fortunately, the current vaccines seem to be effective against the new variants. Should a more transmissible and vaccine-resistant variant emerge, such an outcome would stall the reopening momentum and reinforce the current lockdown restrictions.
Geopolitics
Given the US presidential win by Joe Biden, the tensions between the US and China are likely to remain, but the approach to resolving the issues relating to data privacy, intellectual property and human rights are expected to be more structured and coordinated, converse to the approach used by the Trump administration. Overall, the implemented trade tariffs by the Trump administration will continue to be in place, but the escalation is set to be muted.
Inflation
Covid-19 has impaired and exacerbated supply-chain bottlenecks, which has seen a gradual increase in input costs for industrial goods. Several factors from the supply side have contributed to the pickup in costs – a surge in shipment costs, the increase in delivery times and harbour infrastructure constraints. Additionally, loose monetary policy and pent-up demand on the consumer side might further induce a pickup in prices.

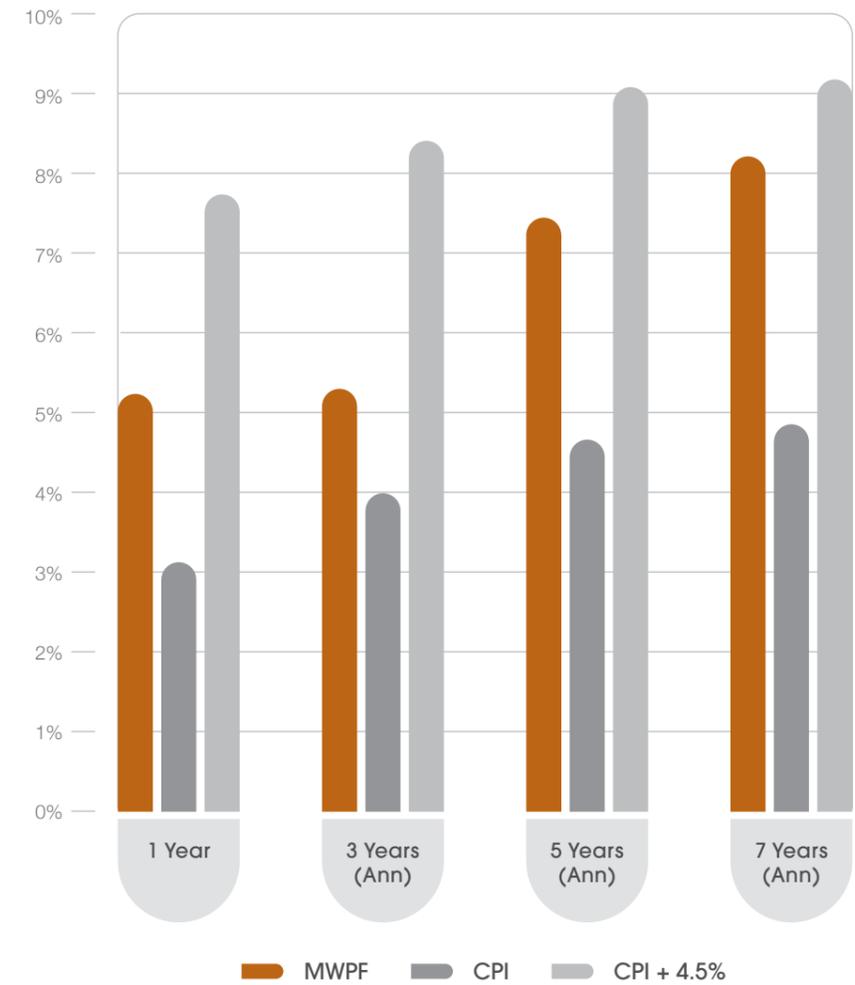




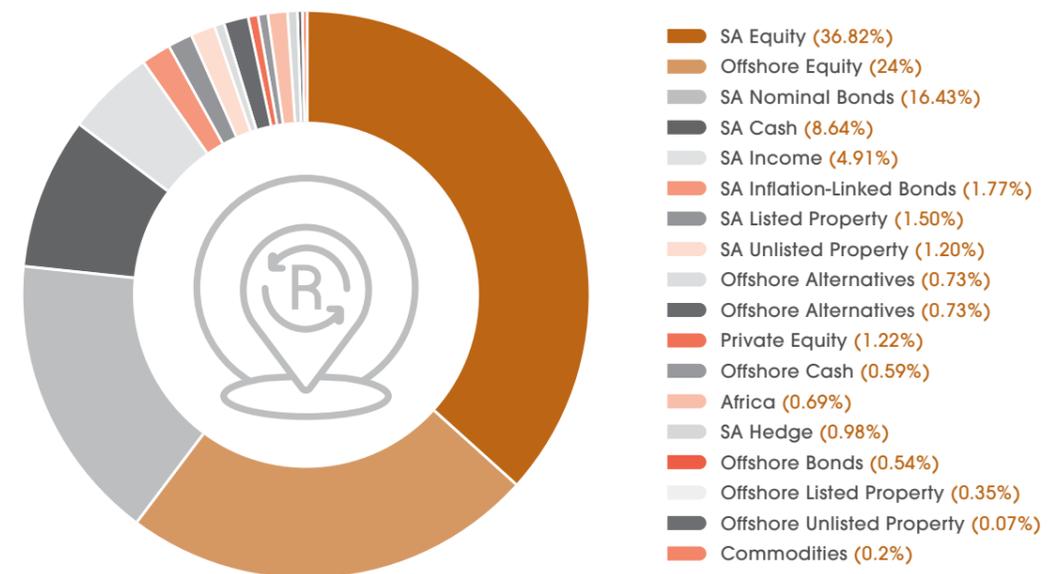
Cumulative Fund Performance



Fund Performance

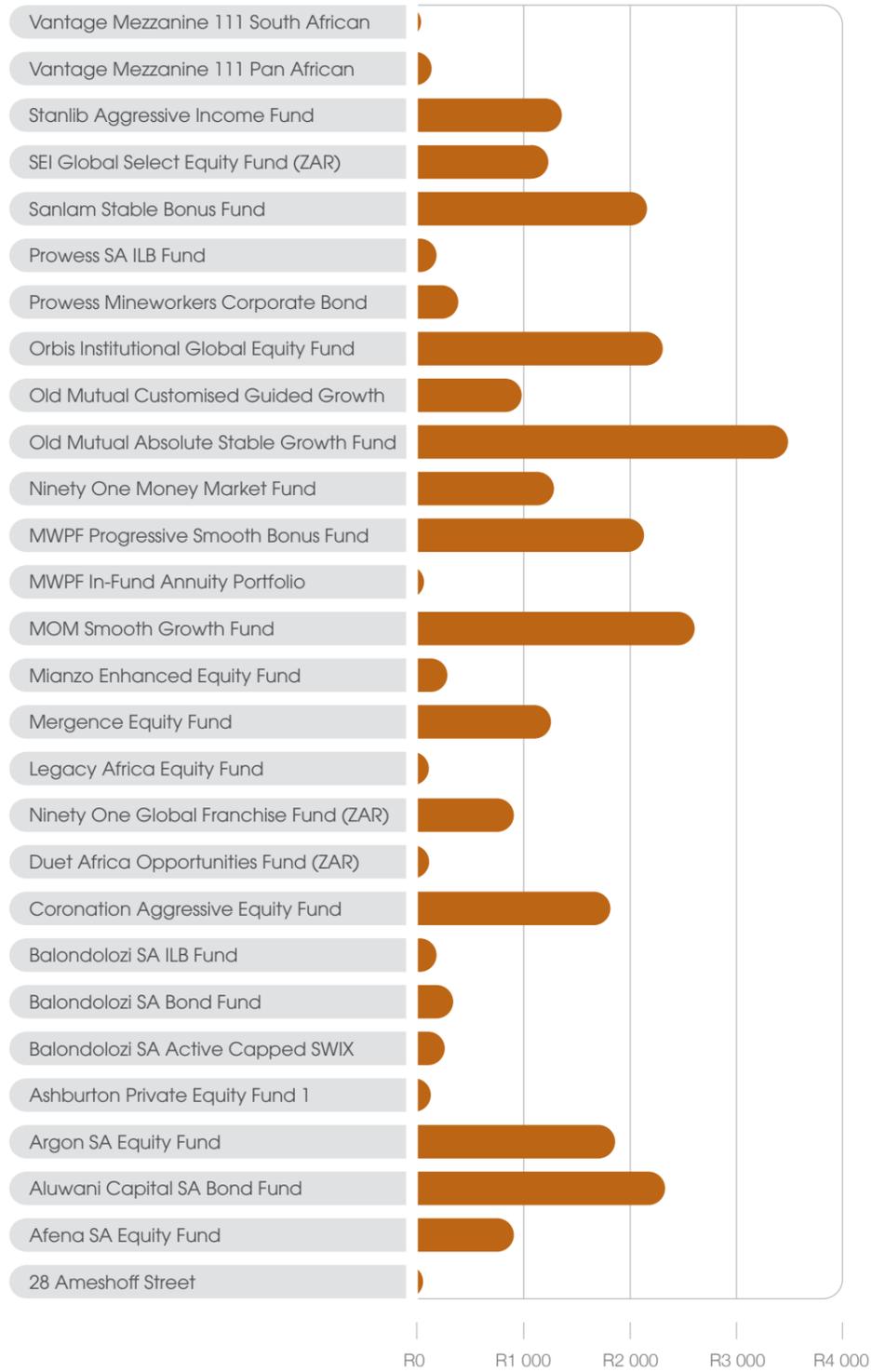


Overall Fund – Asset Allocation

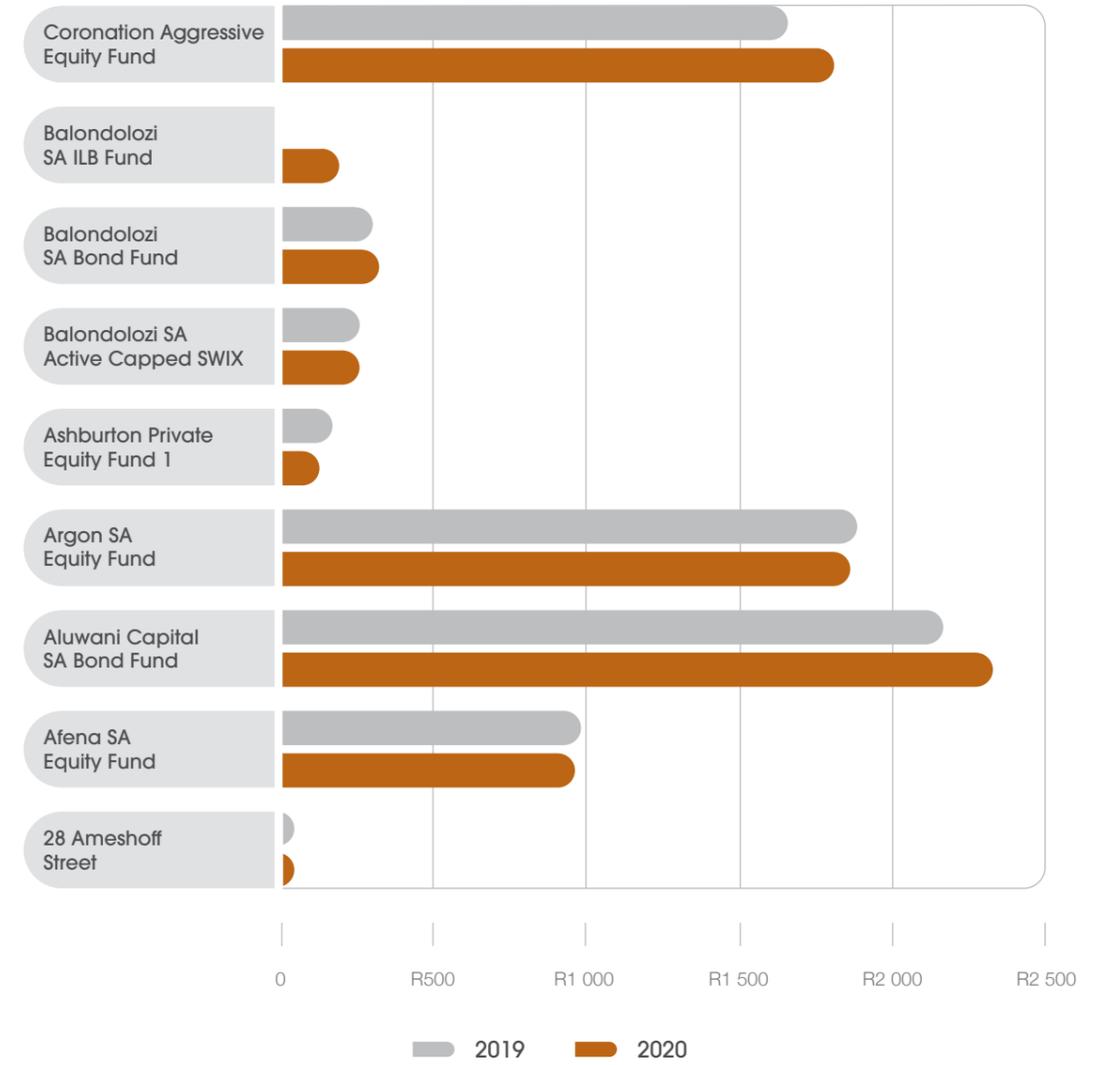




Overall Fund – Investment Manager Allocation (R'million)



Core Portfolio – Manager Split





Year on year, we continue our efforts to enhance our various processes to ensure that they are robust, resilient and compliant.

– Muziwandile Ndlovu



04

OUR GOVERNING PRINCIPLES

Principal Officer's report	46
COO and Business Development Executive's report	52
Human Resources report	58





PRINCIPAL OFFICER'S REPORT



Joining the Fund in the fourth quarter of 2020, I found myself in the midst of a group of individuals who were well on their way to managing themselves during the Covid-19 pandemic. As a whole, the Fund had weathered the storm and this was reflected in the growth in assets towards the end of the year.

Mr Frans Phakgadi
Principal Officer

The year in review

In those last three months of 2020, I learnt about the dynamics of the Fund, its governance, the make-up of its membership base and, though the Fund was going through its own share of challenges, I saw a staff who were incredibly committed to their jobs.

This commitment, shown over the long term, is how the Fund was able to sustain itself on its self-administration journey – blazing a trail that required guts, grit, and determination in no small measure. Many of those individuals who set out on this journey a decade ago are still with the Fund today.

For the short period I was able to observe, I saw the strong foundation upon which the Fund is built. Its success is a result of staff willingness to put their shoulders to the wheel when called for. The synergy and synchronisation shown during 2020 between all staff across all levels of the Fund was impressive.

I commend Ms. Amma Amparheng for her willingness to accept the mantle of interim Principal Officer for a period of six months in 2020, during such a turbulent time. She did a fantastic job of holding down the fort and went above and beyond in terms of her efforts. It is noteworthy that during that time, she still occupied her full-time job of Chief Financial Officer for the Fund.

Pushing through a global pandemic

The pandemic, obviously problematic the world over, was something that the Fund dealt with surprisingly well. Without any time to prepare, businesses were reliant on their adaptability and any contingencies they may have set up in advance. The Fund already had several measures that eased the difficulties of shifting to working from home, namely staff receiving laptops and having a robust IT infrastructure. The Fund wasn't caught out and I think that's a direct result of their investment into this IT infrastructure. In some ways, they had anticipated the scenario, just not to the extent to which it unfolded.

In terms of its people, as I've said before, adaptability was a key theme for 2020. Working from home highlighted how much time is lost due to traffic or travelling between meetings; however, this new way of working does come with its own downsides.

The mining industry, home to the Fund's membership base, was in some ways lucky when it came to the pandemic. While they did down tools at the start of the lockdown, government was quick to exempt mining companies, granting them 'essential' status, which meant that they experienced minimal disruption – very important as they support key infrastructure through the resources they generate.

As the mines stayed open, their shares began to climb as a result and, with the Fund having invested indirectly in these various companies, we saw our financials benefitting.

While the market dipped following the lockdown conditions imposed during March 2020, the recovery towards the end of 2020 – a staggering R2 billion growth in just 12 months – was extremely significant. This wasn't just a testament to the investment strategy adopted by the Board of Trustees of the Fund, it also served to augment member retirement benefits hugely.

A noticeable challenge the Fund faced during the year was the inability to communicate effectively with its membership base. Mass meetings, roadshows, and our walk-in centres were all affected by the regulations imposed by Covid-19 and, with a membership base that doesn't always have reliable access to devices or data to continue communication, we struggled with contact. Our physical efforts, going out into the field and meeting these individuals, is how we track down those 'lost' members – the ones who have unclaimed benefits that need paying out. It satisfies the heart to pay these members or their beneficiaries, and the Fund must find more creative ways to supplement the physical approach it takes to doing this work.

Performance against peers

While funds across the country grappled with the pandemic, it must be noted that the MWPF performed admirably in relation to its peers. Our successes during the year hinge on the underlying investment strategy, the staff, and their abilities, as well as the philosophy that the Board adopted and approached 2020 with. Well balanced and anticipatory, this philosophy recognised that while there might be dips, we would be cushioned, and if there were upsurges, we would benefit accordingly. To this end, our performance against our peers was impressive. The Fund's track record over the years has been strong and, having managed the pandemic better than other funds may have, we remain strong.

Governance

As always, the Board of Trustees of the Fund strives to achieve the highest standards of fund governance. The Board recognises that, ultimately, good governance emanates from effective and responsible leadership, which is characterised by the ethical values of responsibility, accountability, fairness and transparency, and the Board aims to embody these values in all the work it carries out.

Without robust governance and statutory mechanisms, the very purpose of a retirement fund would be undermined. For this reason, good governance is always top of the agenda and the Board continuously works to improve it.





The central role of the Board is not only to operate within a particular legal framework and policies but also to adopt an approach which, in the long run, ensures that the interests of members are protected. This is achieved by incorporating good governance into decision-making.

The Board is responsible for setting the Fund's strategic aims, reviewing major risks and potential challenges that we may face on our journey towards meeting our objectives, and providing the leadership to put our strategy into effect. The Board sets the values of the business. There is clear evidence of a link between good governance and better outcomes in an organisation.

The Board comprises nine employer Trustees, nine member Trustees and two independent Trustees, these being the Chairperson of the Board and the chairperson of the Audit, Risk Management and Compliance Sub-Committee, who is also the deputy chairperson of the Board. The Trustees are individuals with diverse backgrounds, skills, and experience to encourage robust discussions at the Board and whose thorough engagement helps lead the decision-making process.

During 2020, the Fund's Board, its composition, and its overall approach to managing affairs, provided a strong and stable governance foundation. Without this solid base, we may not have been able to speak of positives achieved during 2020 at all. The returns and various achievements to date signaled strong governance.

I wouldn't be able to discuss governance without mentioning our main Sponsors – the National Union of Mineworkers (NUM), the Association of Mineworkers and Construction Union (AMCU), and the Minerals Council South Africa (MCSA) – because, in terms of the Rules of the Fund, they are the ones responsible for nominating individuals to sit as Trustees on the Board. The support, dedication, and willingness to serve of the Trustees has been incredible – all while working at their full-time jobs.

Term of office for Trustees and their respective duties and responsibilities

The term of office of the individual Board member is three years. The Trustees are appointed by the founding Sponsors, the NUM, and the MCSA. In the year under review, four new Trustees were appointed by the Sponsors to serve on the Board. The terms of five Trustees were also renewed in the period under review and there were four Trustees who resigned during the period under review.

In terms of PF Circular 130 on good governance of retirement funds, the Board is responsible for directing, controlling, and overseeing the operations of the Fund in accordance with applicable laws and in accordance with the Rules of the Fund. Section 7 of the Pension Funds Act provides that the Trustees, both collectively

and individually, act with due care, diligence, and good faith. The Board is also responsible for providing strategic guidance and ensuring good corporate governance and ethics.

Beyond this, the Board also considers the way the Fund navigates technological change within the industry. With the advent of various advances in technology, the Board – as a part of its strategic approach – aims to keep itself abreast of these developments, aware of the impact that these can have on the Fund and, more importantly, how the Fund can leverage these advances to better its performance while simultaneously meeting (and exceeding) the needs of its members.

Induction and ongoing training

The Board has a policy in place that deals with the training and induction of new and existing Trustees which it considers vital to enable Trustees to execute their fiduciary duties and responsibilities.



The central role of the Board is not only to operate within a particular legal framework and policies but also to adopt an approach which, in the long run, ensures that the interests of members are protected.



Overall, board capacitation forms an integral part of the Fund's strategy and with the two-year plan implemented across 2020 and 2021, we were able to not only highlight the types of training the Board needed but were also able to approach the training process with a highly structured plan.

In the year under review, the Board attended two training sessions, two workshops as well as various conferences and seminars, and underwent the following training:

- Strategic risk assessment
- Governance for Trustees
- A workshop on the revised rules
- Investment: ESG, Private Markets, Impact Investments and Climate Risk

Transformation and the Fund

At a strategic level, the Board and the Fund itself are extremely cognisant of transformation not just in and of itself but in the space it operates in as a whole. Our assets under management, totalling over R30 billion, likely put us in the top 20 retirement funds by asset base in the country. This position is a powerful one and a place from which we can show others at this level that we exist in a space that does require more work in terms of transformation. Internally, the MWPF has transformation policies in place that determine the asset managers we can use, paying particular attention to those who might be overlooked by the bigger funds. This is done as part of the asset manager incubation process.

There is no cutting corners when it comes to transformation and, when I look at the make-up of the Fund's Board, we are leaps and bounds ahead of similar funds. However, at the heart of our own transformation is the fact that we aren't simply acting for transformation's sake. The work we do in this regard is a part of the overall consideration of the Fund taking action. If we offer work or give money to two different service providers and our due diligence determines that they are operating at different levels, this is something we don't simply ignore.

Internally, in terms of our staff demographics, the majority are black. It's not out of design, rather it's a function of the membership profile of the Fund itself. Our members require people who can speak their language, who know their culture. I believe it's important, aspirational even, for our members to see themselves reflected in the staff they interact with. At the end of the day, the Fund wants to deliver the ultimate product to its members and being able to demonstrate this in our culture, in our transformation efforts, and, obviously, in our overall performance, is important.

Board of Trustees proceedings

The Board meets at least four times a year to monitor management's achievements against set objectives and to also monitor compliance with policies and set frameworks. Additional special meetings may be held in the event of pressing matters that require the Board's attention.

During the period under review, nine Board meetings were held, five of which were special meetings.

The Chairperson of the Board presides over the meetings of the Board and guides the input and contributions of the Trustees. Decisions made by the Board are reached by way of consensus and the Board operates within a framework and approved Terms of Reference which are reviewed every three years or as and when required to ensure their relevance.

The Board's performance during the pandemic has been impressive. Members made themselves available as and when necessary, collaborating meaningfully and always with the Fund's various strategic goals in mind. Though meetings took place virtually throughout the year, attendance was always perfect and there was never a need to reschedule.

Board sub-committees

Each sub-committee's mandate is outlined in the Terms of Reference that are reviewed often to ensure relevance. Each sub-committee operates within the approved Terms of Reference and is delegated authority as approved by the Board. Each sub-committee nominates a chairperson for a one-year term with the chairpersonship alternating between employer and member Trustees each year.

The following sub-committees have been established to focus on specific areas of the Fund:

- Audit, Risk Management and Compliance Sub-Committee
- Investment Sub-Committee;
- Communication and Benefits Sub-Committee;
- Administration Sub-Committee; and
- Human Resources and Remuneration Sub-Committee.
- Audit, Risk Management and Compliance Sub-Committee

The Audit, Risk Management and Compliance Sub-Committee consists of 19 Trustees including an independent chairperson who is appointed by the Board. The Audit, Risk and Compliance Management Sub-Committee meetings are usually attended by internal auditors, the Chief Executive Officer, the Principal Officer and the Chief Financial Officer with external auditors attending by invitation. Other members of staff attend by invitation. The Principal Officer and the Chief Executive Officer are permanent members of the sub-committee, although they retain no voting rights. In the period under review, five meetings were held.

The Audit, Risk and Compliance Management Sub-Committee is constituted as a sub-committee of the Board and assists the Board in:

- Promoting the effective governance of the Fund;
- Establishing and maintaining an effective control environment over all operations;
- Estimating the reliability and integrity of information;
- Evaluating compliance with policies, plans, laws, Rules of the Fund and regulations;
- Effectively managing risk; and,
- Ensuring compliance with Fund governance.





The Audit, Risk Management and Compliance Sub-Committee is also responsible for the evaluation of the independence, objectivity, and effectiveness of the internal and external auditors, as well as the review of accounting and audit concerns identified by the internal and external audits.

The sub-committee is responsible for ensuring that proper governance and compliance policies are in place and existing ones are strengthened. The following policies were reviewed and adopted:

- Risk Management Framework Policy
- Risk Management Policy
- Risk Management Strategy
- Risk Appetite Policy
- Investment Sub-Committee

The Investment Sub-Committee consists of 18 Trustees including the chairperson, with the Chief Executive Officer and Principal Officer in attendance. The Principal Officer and the Chief Executive Officer are permanent members of the sub-committee.

Six meetings were held during the period under review of which two were special meetings.

The Investment Sub-Committee is tasked with:

- Developing and regularly reviewing the Fund's Investment Policy Statement;
- Recommending to the Board the appointment or termination of asset managers;
- Ensuring that proper agreements are in place for asset managers;
- Monitoring these asset managers in terms of their adherence to mandates, their policies, and their subsequent achievements; and
- Developing and regularly reviewing any policies on proxy voting, shareholder activism, and ESG guidelines.

The sub-committee also bears the responsibility of monitoring the Fund's performance and performing regular asset liability modelling exercises.

The key achievements for the sub-committee were:

- The appointment of two incubation managers – Ngwedi and Lima Mbeu – active equity investment managers;
- Disinvestments from Legacy Africa, Mergence, Afena and Prudential;
- The appointment of Fairtree and Aeon as active equity managers and Prescient and Vunani as passive equity managers;
- The appointment of Coronation as the operational cash management service provider; and
- Review of the Disinvestment Policy Statement.

Communication and Benefits Sub-Committee

The Communication and Benefits Sub-Committee consists of 15 Trustees including the chairperson. The Principal Officer and the Chief Executive Officer are permanent members of the sub-committee, although they retain no voting rights. During the period under review, four meetings were held.

The Communications and Benefits Sub-Committee is responsible for monitoring and overseeing the implementation of the Board's communication strategy and deals with any communication and/or benefits matters referred to the sub-committee by the Board or any communications and/or benefits matters that the sub-committee may deem necessary. The sub-committee is also responsible for the consideration and recommendation of rule changes – where appropriate and applicable – as well as benefits proposals. The sub-committee is further tasked with the investigation and consideration of all other issues related to the benefits provided by the Fund except issues pertaining to the distribution of death benefits in terms of section 37C of the Pensions Fund Act.

Some of the sub-committee's key achievements during the year under review were as follows:

- Introduction of the member reward programme;
- Approval of the CSI Project;
- Successful re-broking of the Disability and Funeral Benefit; and
- Appointment of FNB as a pension-backed housing-loan provider.

Administration Sub-Committee

The sub-committee consists of 16 Trustees including the chairperson. The Principal Officer and the Chief Executive Officer are permanent members of the sub-committee, although they retain no voting rights. In the period under review, four meetings were held.

The sub-committee also assists the Board with the development of guidelines and administrative procedures for the payment of benefits. The sub-committee has been delegated the authority to deal with the administration aspects of the payment of benefits – including unclaimed benefits and death benefit claims requiring discretion – for purposes of making recommendations to the Board. In the year under review, the sub-committee was responsible for ensuring that any unclaimed benefits were processed as quickly as possible upon return.

The sub-committee's main achievement was the further reclassification of 9 012 unclaimed records – a necessity due to historic data discrepancies. The main objective of this reclassification was to identify valid unclaimed numbers and, by reclassifying the figures associated with non-unclaimed members as well as identifying previously paid members, these claims can then be reclassified into their valid classes. In this way, following reclassification, claims that are legitimate remain a liability to the Fund and, thus, would still stand as an outstanding claim. Conversely, where members have been paid and no value remains, we reclassify these as paid-up and they no longer qualify as unclaimed benefits.

The following sub-committee policies were approved by the Board as recommended by the sub-committee:

- Data Management Policy
- Data Retention Policy
- The sub-committee also recommended the introduction of in-house, desktop tracing.

Human Resources and Remuneration Sub-Committee

This sub-committee is responsible for approving Human Resources policies and strategies, monitoring compliance with all relevant legislation, statutory requirements, and ensuring best practice is used throughout the operations.

The sub-committee also determines executive remuneration in terms of best corporate practices and makes responsible recommendations based on its monitoring of the Fund's performance.

The sub-committee consists of 12 Trustees including the chairperson. The Principal Officer and the Chief Executive Officer are permanent members of the sub-committee, although they retain no voting rights. In the period under review, four scheduled meetings and six special meetings were held.

The key achievement for the period under review was the review of six human resources and remuneration policies. The following policies were reviewed and approved by the Board:

- Recruitment and Selection Policy
- Induction Policy
- Study Assistance Policy
- Leave Policy
- Remuneration Policy
- Employee Value Proposition

Outlook for 2021

The Fund's positive performance and response to 2020 are proof enough that it is adequately prepared for 2021. The pandemic has taught us a great deal of resilience for the future as well as how, through creative problem-solving and adaptability, we can work towards achieving our goals.

Overall, I am satisfied with our performance in terms of meeting strategic objectives, and I feel that the experience of 2020 has primed us for whatever the future may challenge us with. We have several initiatives in the pipeline, set to be implemented during 2021, which will ensure that our service delivery efforts and customer experience issues are dealt with expeditiously.

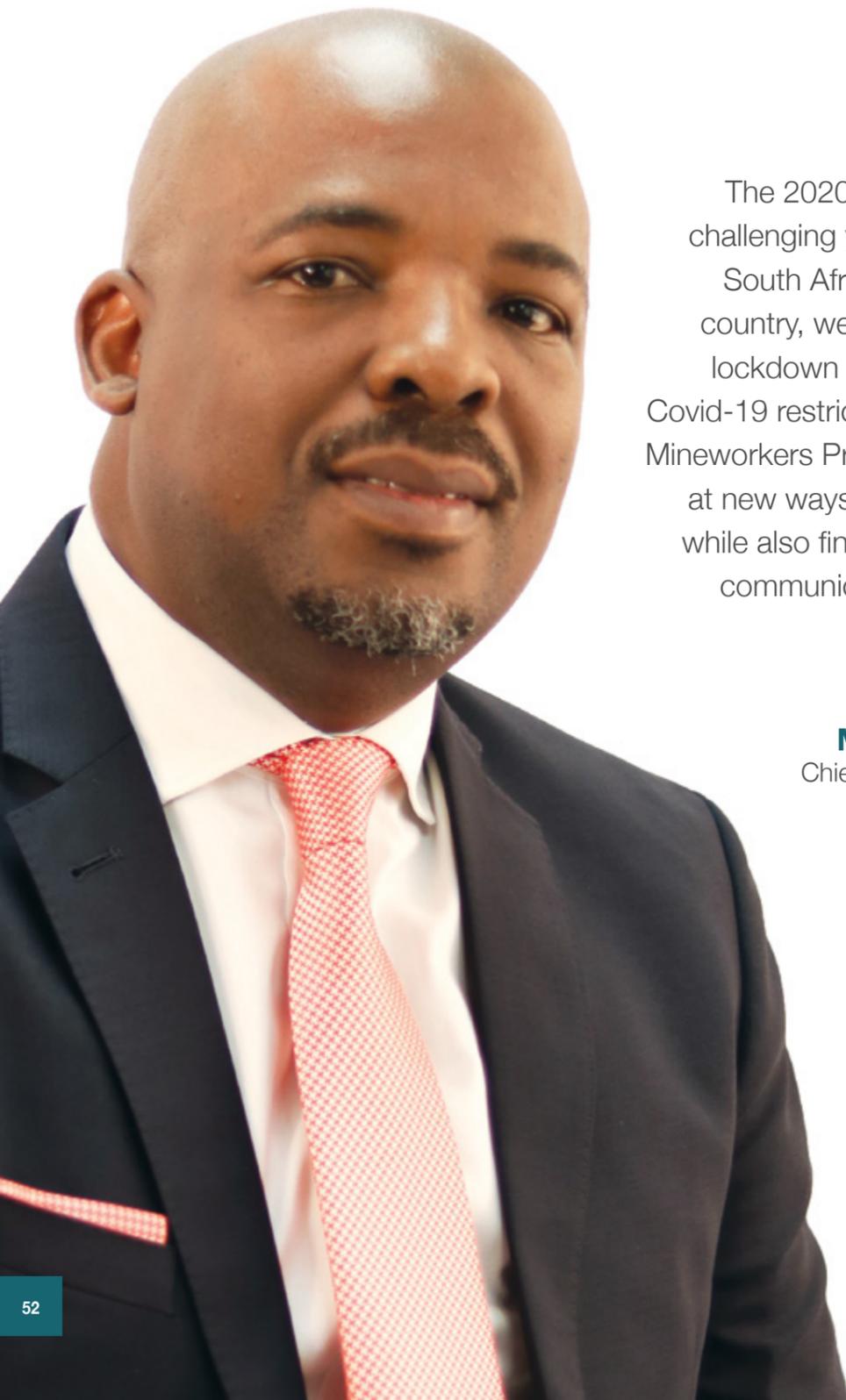
Our learnings to date, coupled with the continued support of the Board and our Sponsors will ensure that staff are empowered in their pandemic-changed working world. In the Fund's 2021's report, I look forward to discussing both our successes as well as our significant growth.

Frans Phakgadi
Principal Officer





COO AND BDE'S REPORT



The 2020 financial year was a very challenging year both globally and for South Africa. For the first time as a country, we were placed under strict lockdown conditions due to various Covid-19 restrictions. As a business, the Mineworkers Provident Fund had to look at new ways of continuing operations while also finding alternative means of communicating with our members.

Mr Muziwandile Ndlovu
Chief of Operations and Business Development Executive

2020: Year in review

In 2019, we highlighted a number of challenges that directly impacted our business, i.e. the introduction of the Fourth Industrial Revolution, retrenchments in the mining sector and slow economic growth. Reacting to these challenges, 2019 was a year of drastic changes that were all aimed at not only growing our membership but also improving our ability to retain existing members to sustain the business. In an attempt to grow our business, we tried to forge relationships in the platinum belt (North West), as well as the diamond and Iron Ore belt (Northern Cape).

While 2020 was supposed to be the year wherein we implemented our growth strategy in those two strategic areas, the pandemic slowed down the implementation process dramatically. Onboarding a new employer onto the Fund is a very complex process as it is, requiring large amounts of effort over a minimum of twelve months. Along the way, there is much red tape involved as well as numerous conversations that must occur at various levels. This whole process requires physical meetings which, in the light of the pandemic, had to be rethought. As a result, the whole process of onboarding was delayed.

Communication challenges with Covid-19

As a business, we had to look at alternative ways of communicating, retaining our existing members and growing our member base. We had to come up with unique ways to reach out during the pandemic that were beneficial to both the members and to the Fund. Among many efforts applied in 2020, we launched our rewards programme called 'The Masibambisane Rewards', which was a result of the market research efforts of previous years. The objectives of this programme were to incentivise our existing members, attract new members through organic growth and, most importantly, to encourage members to update their contact details with the Fund. This rewards programme was just one demonstration of how the Fund and its staff members were able to think outside the box and find unique ways of opening up new channels of communication with our members and beneficiaries.

These rewards not only helped to connect us to our members and share important details with them, but also worked to mitigate one of the challenges that the Fund experiences: that of missing member contact details. Our database stores the details of only around 40 000 members – a low total – and this number, coupled with the new normal forcing us to communicate digitally due to strict regulations, has hindered the Fund's efforts.

During the year, the knock-on effect of how well the rewards programme worked combined with word of mouth from our members, grew this figure dramatically. The rewards programmes and its various incentives also helped when it came to member retention.

Updating these figures also works towards the overall management of our unclaimed benefit numbers. With a growing contact database and incentives encouraging members to keep these details updated, our ability to track down and pay beneficiaries improves. Oftentimes, the Fund is critiqued for its lost members but, realistically, we've been around for 31 years and we're dealing with a membership base that's much harder to reach. For 2021, we're looking at a number of ways in which we can improve our tracking as a whole.

Performance during the pandemic

The Fund dealt with the pandemic relatively well, I feel, and for a number of reasons. Obviously, the hard lockdown presented problems but, as we shifted to working from home, these were managed in some regard. While communicating internally was straightforward, reaching out and speaking to our members and employers – key to growing the Fund – was far more difficult.

On the financial side of things, our investment strategy continued to show the strengths of a diversified portfolio. Though we faced a downward dip in March, we saw recovery towards the end of the third quarter, eventually closing the year out at just over R29 billion. While the Fund did well during this time, I believe that most funds likely delivered negative returns, something that the pandemic probably magnified. Our investment strategy has been praised previously but, with 2020's global pandemic, it really shone through.

While the Fund displayed a number of strengths in its approach to dealing with the pandemic, there were challenges that we faced which, sadly, were beyond our control. Growing the business through the process of onboarding is both technical and time-consuming. It requires multiple mass meetings to inform people of the benefits of the Fund, and we just couldn't do this with the pandemic regulations. While the onboarding process can start – the groundwork can be laid virtually to a certain extent – the final step of meeting face to face just couldn't happen.



At the end of 2020, we found ourselves in a changed world. The new normal, here to stay, was something that staff had to embrace to continue working, and I feel that this was something that we did well.

Due to changes in leadership and staff movement at Employers, discussions that began in 2019 will likely have to be revived, reminding those we hope to onboard of who we are and of the work we do.

At the end of 2020, we found ourselves in a changed world. The new normal, here to stay, was something that staff had to embrace to continue working, and I feel that this was something that we did well.

From day one, staff were able to work remotely while still delivering according to our various SLAs. Though arrangements had to be made for those who were not using portable devices, once set up, staff hunkered down and did the necessary work. As part of strengthening our 'embrace', a complete migration of all staff to laptops is definitely on the agenda.

With the requisite infrastructure already in place, we didn't face any challenges when it came to paying claims and servicing our members. In fact, productivity during this time increased with time wasted in a traffic-filled commute becoming a usable part of one's day.

Organic growth and increased brand presence

Even though some mines shut down in 2020 and the mining industry experienced mass retrenchments, we were, as a Fund, able to enjoy organic growth from our existing employers. This growth was a result of all the action taken during 2019, which was informed by the previous year's research. Adding to this was the strength of the MWPF brand – our presence is very strong in the mining sector; members believe in our brand and its rich history. As a result, these individuals are loyal to the brand, something that we can thank our Sponsors for as they continued to fly the Fund's flag high. Were it not for our partners, we would not be where we are today.

At the beginning of 2020, just prior to the March lockdown, we were able to onboard Exxaro Mine and, once again, credit must be given to our Sponsors for helping to make this a reality. As a Fund, we continue to forge, strengthen and cement our relationship with our Sponsors, and 2020, though it brought multiple challenges as well as sweeping changes, was what we referred to as the Fund's rebirth. Forced to completely reconsider our ways of doing business, of how we communicate both internally and externally, and to shake up our traditional thinking, the Fund entered 2021 revitalised for its efforts.

Our 2019 communication and marketing strategy gave birth to a different marketing strategy for the Fund going forward and credit must be given to our marketing and communication department for their hard work. As a Fund, we have been slowly moving away from traditional communication platforms towards digital platforms; however, this year and its pandemic highlighted the need to execute this move faster, as this is likely to be the new normal for most businesses. For their hard work during this time, we want to thank our participating Employers and encourage them to continue updating members' records with updated contact details to help us bridge any communication gap as much as possible.

Operations during 2020

The engine of administration, operations, at its core, involves the design, maintenance, and optimisation of the operational environment and processes. This role acts as the custodian of our customer interface and servicing model and ensures that quality service is delivered to members and beneficiaries of the Fund.

While 2020 had its challenges, there were a number of achievements for the year including increased efficiencies and reduced turnaround times for payments. Further to this, the Fund was able to deliver and exceed the expectations of its members and beneficiaries while operating remotely and without our usual walk-in centres and roadshows.

Adapting as we did, the Fund was able to reduce the number of unclaimed benefits by a total of 2 181 which translates to 5 828 payments. While low, this number is a direct result of our inability to conduct physical roadshows in 2020 because of various lockdown levels and pandemic regulations imposed around the country. When it comes to current claims, we managed to facilitate 7 981 payments to our members and beneficiaries.



For 2021, we will be focusing on three distinct areas. Firstly, we would like to improve our cycle times, trimming down turnarounds to better improve our members' experience. Reviewing how we work and improving automation will help in this regard.

Year on year, we continue our efforts to enhance our various processes to ensure that they are robust, resilient, and compliant. Where we can, we embrace technology to maximise efficiency and deliver quality service to our members and beneficiaries, all with a view to improving both member satisfaction levels and retention. As part of this work during the year, we completed the call-centre system enhancements to allow for real-time service ratings from callers. These responses will help guide future changes and improvements to be made to the call centre. Further to this, all employee-based service consultants were educated about the new process and service model, and we will continue to empower these individuals for better quality service to our members and beneficiaries.

For 2021, we will be focusing on three distinct areas. Firstly, we would like to improve our cycle times, trimming down turnarounds to better improve our members' experience. Reviewing how we work and improving automation will help in this regard.

Without the ability to conduct our usual roadshows and visitations, unclaimed benefits are our second focus area for 2021. Regulations obviously hindered our efforts during the year but, with only one tracing company carrying out this work, this effect was compounded. In the year ahead, we will look at onboarding a number of other tracing companies – some outside of South Africa – to help improve our management of these.

Finally, the Fund presently splits open claims into two categories: current and unclaimed. Any claim older than 24 months is considered unclaimed and any younger as current. However, if we can be a bit more granular with our definition of current claims, restricting them to a 12-month window, we can isolate and prioritise those claims that are approaching unclaimed territory. By acknowledging those claims that are more at risk, staff can better work to prevent them from lapsing.

Concluding thoughts

In conclusion, while the Fund has grappled with the pandemic throughout the course of the year, I am proud to report that we continued to see the benefits of having a business development team that works to drive organic growth within our existing participating employers.



Despite all the challenges that the Fund faced during 2020, we managed to reprioritise in terms of what was necessary to ensure that the Fund operated smoothly, and this enabled us to fast-track all activities that we were going to roll out in the future.

Adding to this, we had the external interface team forging and strengthening the Fund's relationships with all our stakeholders as well as efforts from our marketing and communication team that were aimed at repositioning our brand in the coal and gold sector. This was no small feat, as they worked to establish the brand in places where we have had no representation before. Beyond this, we also experienced a huge reduction in our Section 14 transfer, which was realised as a result of the retention strategy deployed back in 2019.

Despite all the challenges that the Fund faced during 2020, we managed to reprioritise in terms of what was necessary to ensure that the Fund operated smoothly, and this enabled us to fast-track all activities that we were going to roll out in the future.





Outlook for 2021

For the year ahead, I see the Fund growing its membership base. While this will be done as far as possible amid the overarching pandemic, our plans to absorb those funds that couldn't survive the pandemic storm, likely won't be halted by regulations. On the agenda for 2021 is a revision to our rules, altering our minimum contribution threshold so as to encourage membership growth. As the mining industry retrenches permanent staff in favour of using subcontractors, we too must work to accommodate these individuals, and a lowered threshold will help in this regard.



Despite all the challenges that the Fund faced during 2020, we managed to reprioritise in terms of what was necessary to ensure that the Fund operated smoothly, and this enabled us to fast-track all activities that we were going to roll out in the future.



It is worth noting that onboarding a subcontractor takes significantly less time to achieve (around six months) and, with our revised rules, the Fund will become a much more tantalising proposition to these bodies. Ahead of us, we have around 11 000 members who are reaching retirement in the next five to ten years and, through onboarding subcontractors, we can both replenish these exiting members and even exceed this figure. This segment is also where we will find the next generation of mineworkers, a younger demographic that is also more tech-savvy and connected. Incorporating them into our membership base will alter its make-up noticeably.

With regard to unclaimed benefits, work will continue to find the respective beneficiaries and ensure these funds are paid out. I see some of the younger funds operating in our space and know that, in the next few years, they will encounter similar challenges with their respective bases. It is refreshing to know that the MWPF has mastered this challenge and is actively improving the systems it uses to handle it.

Overall, I am excited for the future. While I'm sure 2021 will be just as challenging as 2020 and will still have the pandemic as a major theme, I feel that we've got some wonderful opportunities to grow the Fund. Adding to this, seeing our competitors delivering negative returns (something that reflects their investment strategy) means that there will be a number of disgruntled individuals out there who will want to consider a Fund that can offer them the returns they deserve.

Muziwandile Ndlovu
Chief of Operations and
Business Development Executive





HUMAN RESOURCES REPORT



The advent of the Covid-19 pandemic in 2020 had a drastic impact on the entire business, and our employees were not spared from this. We were ushered into a virtual working environment with all of its pros and cons. For this reason, a number of Human Resources plans had to be implemented remotely, while other initiatives had to be cancelled.

Mr Lungelo Solombela
Human Resources Executive



All HR practices were conducted through our online platforms including recruitment and selection, performance management and recognition. The same rang true for training and development interventions for staff members. We cherished the opportunity to keep in contact with our staff members through online-based platforms and, in this regard, our quarterly staff communication and recognition was done online.

As the year continued to change and disrupt the way we worked, it became clear that the well-being of our employees was a big priority. With support from ICAS, our employee wellness service provider, a number of sessions were held with staff members, and these proved to be of great value to our staff members as they grappled with the realities of the new way of work.

While the pandemic presented a number of challenges to the Fund's operations, staff reacted with flexibility and agility during this time, demonstrating an impressive response – especially considering how we were facing an unknown.

As the lockdown took effect towards the end of March, the Fund found itself grappling with work-from-home arrangements as well as the policies that govern WFH; however, within a matter of days (and once those still using desktops had had them relocated to home offices) business continued in the new normal. The shift, for those of us who already had the necessary tools of trade (laptops, tablets), was a far smoother transition.

The move to using online platforms was hugely helpful and, while these did need some optimisation due to the influx of users, they were perfect when it came to hosting meetings, running training, and managing general communication. While there was an uptick in productivity when WFH began, it must be noted that staff were working longer than usual and, for this reason, we had to ensure that staff weren't overworking.

Ensuring that we took breaks as necessary and 'switched off' when the workday was over were both very important. Inasmuch as productivity is integral to business success, it must not come at the cost of employee well-being.

If I were to assign an overall rating, I'd say the Fund's response to the pandemic was about seventy per cent positive. Coming from a people 'space', I am acutely aware of the experience of the Fund's staff and, as we all worked to deal with the new normal, there were a number of teething troubles and, while there were some who contracted the virus during the year, the Fund itself didn't lose any of its staff. Sadly, there were those who lost friends and family members, and the Fund offered what it could in terms of support, directing staff towards the health and wellness services offered by ICAS.

While the pandemic presented a number of challenges to the Fund's operations, staff reacted with flexibility and agility during this time, demonstrating an impressive response – especially considering how we were facing an unknown.

In terms of Human Resources operations, the pandemic was fairly disruptive. We wanted to continue our communications sessions, our face-to-face meetings, our get-togethers and team-building activities, but pandemic regulations made this impossible. As a Fund, we missed out on those opportunities to connect and, as with working in the office itself, there's a social element to these meetings that people need. Interacting with your colleagues and seeing the general buzz in an office space are strong reminders of being a part of something bigger.

There were a number of initiatives, driven by staff responses to our yearly engagement survey, that we wanted to work on during 2020. Staff engagement at the Fund is very important and one of the challenges we faced was reminding staff that working remotely doesn't equate to working in isolation.

Managing teams remotely was tricky as well. While training sessions were held to assist staff in this regard, connectivity issues, power failures, and software issues often led to 'missed connections' between team leaders and staff, which became frustrating. Sometimes these could be resolved quickly but, if IT support was needed, the turnaround time became lengthier as tickets were logged to handle issues.





Another disruption we found during this time was the uncertainty around the impact our communication with staff was having. Relegating the majority of our communication to text and audio put us in a position where body language fell completely by the wayside. The various nuances of face-to-face conversations are where we oftentimes see whether a message has had its intended effect.

We were also quick to discover that our means of measuring people and monitoring their performance was disrupted. While the majority of staff performed well during the year, there were a small number working remotely who did not. For 2021, we're considering ways in which we can better measure staff performance.

In hindsight, much was learnt during this time. Remote working, while good for keeping the business operating, comes with its fair share of difficulties. In some ways, it is a double-edged sword. As the majority of our staff continue to work from home, there are those who seek out an actual office space, somewhere that provides them with structure and helps to put them in the 'work' mindset.

Human Resources, in the same uncharted territory as everyone else during this time, was faced with a number of challenging questions from staff trying to manage themselves and others. We were asked a lot of questions to which the answers weren't always straightforward. In this new normal, we found ourselves managing these issues on a much more granular basis, going case by case as issues arose.

The learning around keeping staff engaged at a distance was important too. With multiple meets, a year-end function, and awards ceremonies absent during the year, we had to find creative ways of reaching out to staff and keeping them motivated and engaged.

As with 2019's report, the following six metrics were employed as a means of measuring our success for this year.

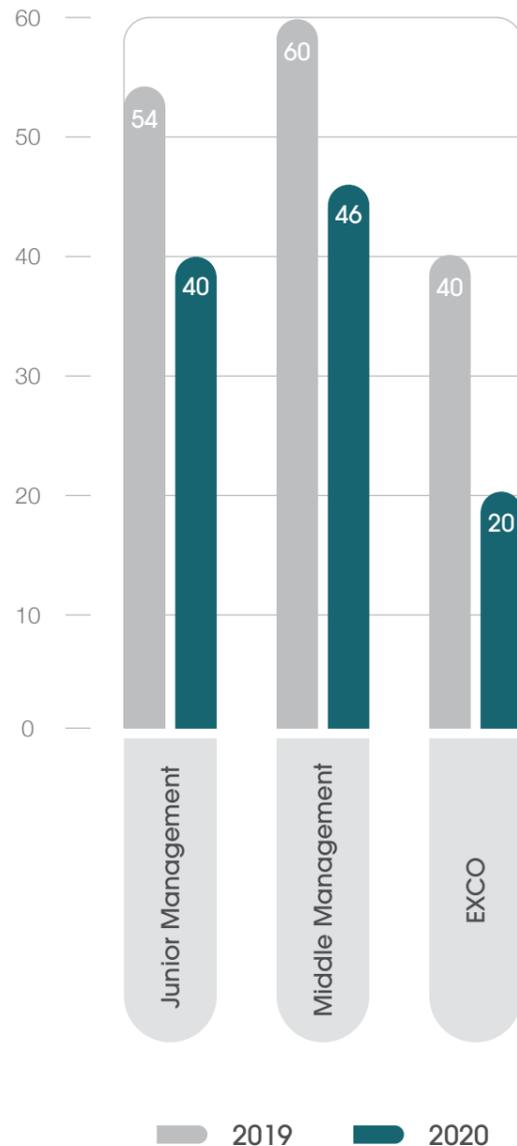
Employee profile and occupational levels

In terms of the Fund's occupational levels – which reflect the percentage of staff at the various levels – there were no significant changes from 2019 to 2020, and it is worth noting that, regardless of the pandemic, the Fund was able to retain the majority of its staff. One significant change was that the middle management layer increased, which can be attributed to critical roles at this level being filled.

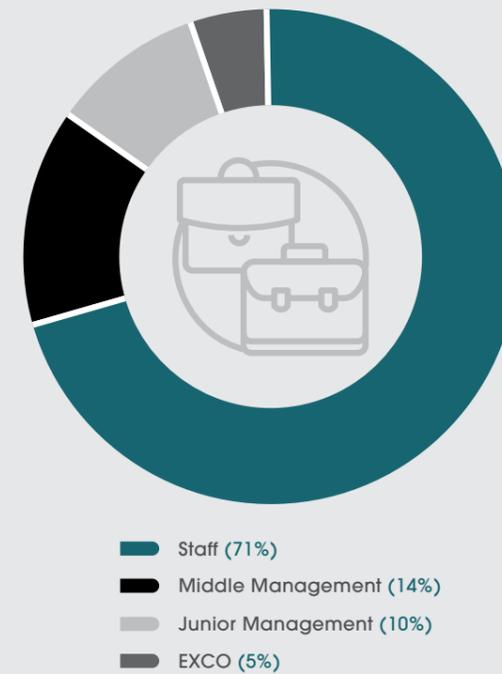
The quest to improve female representation at all levels of the organisation continued to be a priority. In 2020, we encountered a setback following the resignation of the Principal Officer of the Fund, which resulted in a significant reduction in female representation at the executive level, from 40% to 20%. Similarly, at the management level beneath this, there were similar setbacks; however, this layer remained strong overall in terms of its progress towards transformation plans.

Over the past two years the employee demographics picture has been consistent, reflecting the stability of our numbers with regard to employee turnover.

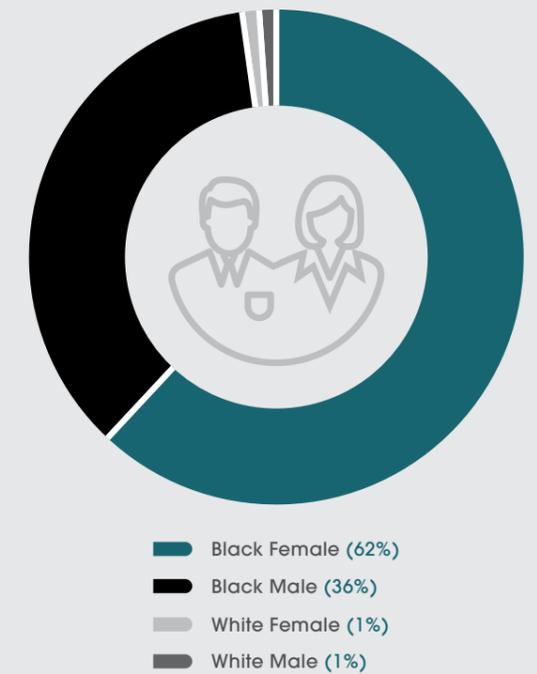
2019 vs 2020 Female Representation



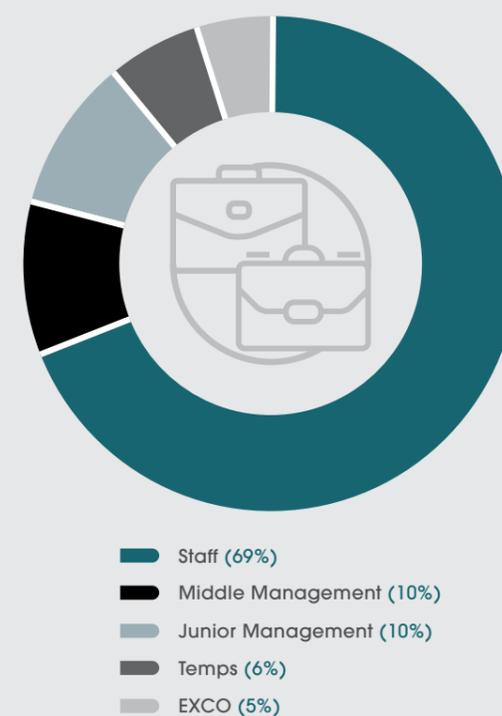
2020 Occupational Levels



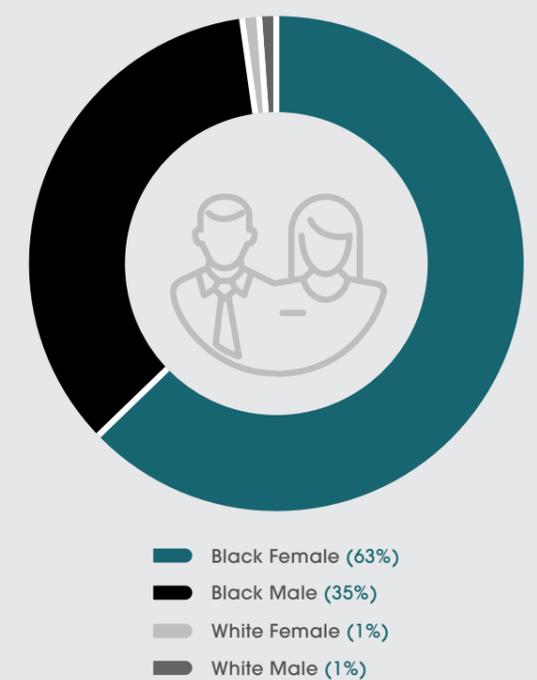
2020 Employee Demographics (%)



2019 Occupational Levels



2019 Employee Demographics (%)

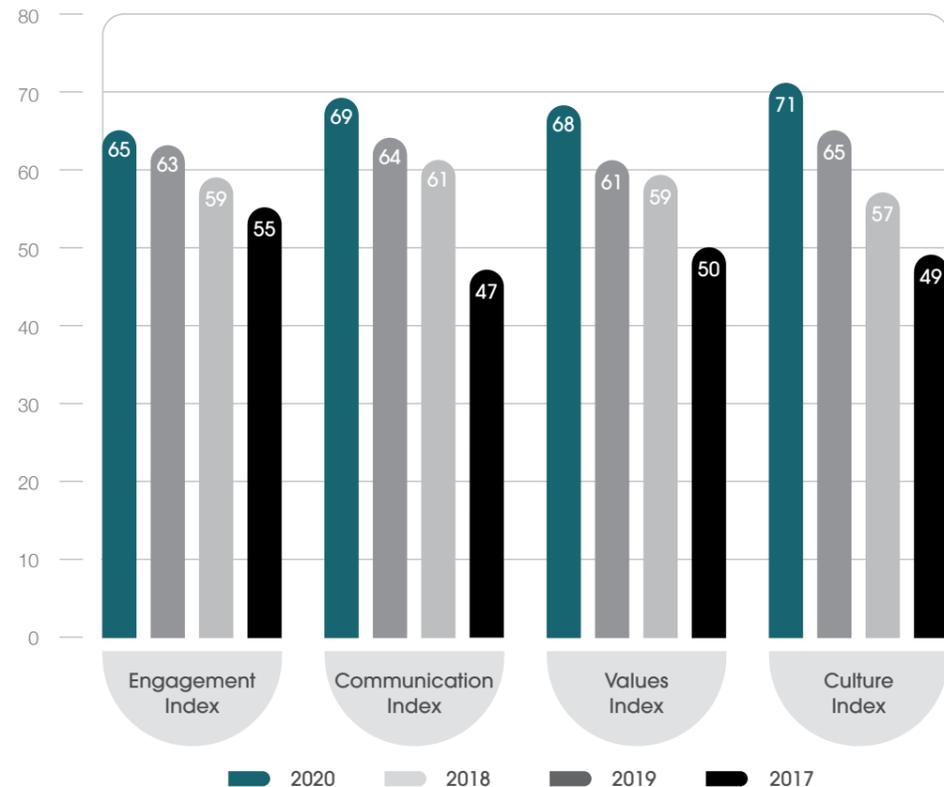




Employee engagement

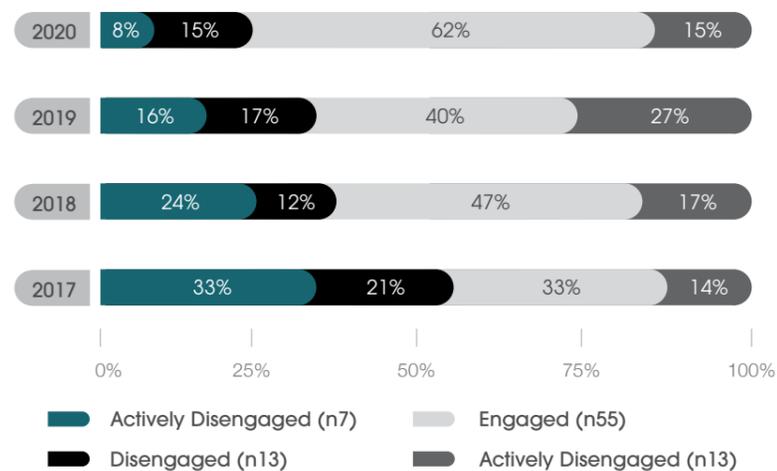
Improving the employee engagement experience of staff at the Mineworkers Provident Fund continued to be a key focus on our people agenda for 2020. While organisations around the globe have struggled to improve their relatively low employee-engagement indexes, the Fund has been on an upward trajectory over the past four years. In 2020, there was once again an improvement in the engagement score, a reflection of the various interventions implemented in 2019 to respond to those areas of improvement staff raised during our interactive feedback sessions.

Overall Engagement Index Scores 2017–2020



The picture below shows the gradual four-year decline of the percentage of actively disengaged employees versus that of engaged employees.

Engaged and Disengaged Employees



Reward and recognition

Although 2020 had its own challenges, the Fund was able to implement a change in our recognition programme through the introduction of the CEO Awards, which were well received by our staff members. These awards were meant to elevate the recognition experience of our staff, taking it from quarterly recognition to a larger, special annual event where we could give certain individuals the respect and praise they deserve. Further to this, we implemented a new policy on remuneration with a specific focus on improving the short-term incentive model for the benefit of our staff members.

I must express my most sincere gratitude to the employees of the Mineworkers Provident Fund for the resilience and tenacity they displayed throughout 2020. This has not gone by unnoticed; all the efforts that made it possible for us to achieve what seemed to be mission impossible are worthy of recognition. The challenges that come with working remotely were new to our environment, but employees were able to navigate this new terrain with relative ease. I also would like to acknowledge those employees who had to come to the office due to the nature of their roles: we salute them. This is what it truly means to live a legacy.

Employee wellness

During the pandemic and with the move to WFH, staff were expected to balance their home and work lives without adequate preparation to do so. In order to equip our employees with the best possible skills and knowledge to tackle working in the new normal, we introduced various interventions backed by ICAS that were geared towards the management of remote teams and ensuring mental wellness during lockdown and while working at a distance. For HR, this was an attempt to make our environment more agile and responsive to the changing work environment, and we found that employees continued to access the services of ICAS throughout the year for assistance with various challenges.

Although over 20% of our employees were infected by Covid-19 over the course of 2020, we are grateful that we did not have any Covid-19-related fatalities.

Learning and development

During 2020, the Fund invested a total of R500 000 in both academic and professional employee development, which also included funding allocated towards master and doctoral studies. In 2020, among other achievements, we had our very first LLB graduate in the history of the organisation as well as an employee who graduated with a doctoral degree. With their successes, the Fund demonstrated the value that the study bursary offers

our employees as well as how this staff development contributes to our overall retention strategy. The delivery of learning and development for employees, upskilling these individuals and highlighting the importance of the contributions they can make over time, bolster the future pipeline of the Mineworkers Provident Fund in terms of talent management and succession planning.

Control environment

In 2020, the improvement of our control environment in dealing with the audit items continued to be a work in progress. This focus is an intentional effort to reduce audit findings related to the HR environment.

Other achievements

In May of 2020, our employees' pension fund was, after many years, transferred to Alexander Forbes – a decision taken after reviewing several funds for suitability. This was driven by a desire to improve not only the service experience for the employees but also to realise improvements on returns on their savings.

Overall, I am pleased with our performance for 2020. While I am expecting a 2021 that is similar to 2020 in some ways, I am hopeful that there will be a few creative opportunities for us to be flexible in terms of our working arrangements. I believe that WFH (or some kind of hybrid working model, at least) will be the reality for a while. Embracing the positives while mitigating the negatives will be challenging, but it is our way forward.

While we may have to create the kinds of conditions that allow us to meet safely during the year ahead, I am hoping to apply the same creative thinking to finding new ways of engaging with and helping our staff further. With vaccination in our near future, I hope that 2021 is another year where the Fund's staff stay well and stay safe.

Lungelo Solombela
Human Resources Executive





The world needs huge positive energy to fight against the negative forces. Go to the centre of your inner being and generate that positive energy for the welfare of the humanity.

– Amit Ray



05

OUR FINANCIAL PERFORMANCE

Chief Financial Officer's report	66
Independent auditor's report	76
Condensed annual financial statements	80





CHIEF FINANCIAL OFFICER'S REPORT



2020 was an unprecedented year where the motto “keep calm and carry on” became key to the Fund’s continued sustainability in light of the impact of Covid-19. The pandemic forced the corporate finance and Fund accounting functions to go digital. The Fund, which traditionally filed accounting records for the external and internal audits manually has, with the introduction of its work-from-home (WFH) policy, adopted a digital filing system, which has proven to be beneficial.

Ms Amma Amparbeng
Chief Financial Officer

2020: Year in review

In terms of procurement while working remotely, most of the Fund’s suppliers and service providers delivered their services to the Fund remotely, which necessitated the introduction of the Service Completion Form. This form, which was duly authorised and attested to by the suppliers and service providers, caused quite a stir. This could be attributed to the change management process which, for 2020, wasn’t as robust as usual due to the limitations arising from the WFH requirements. However, this new form was necessary as an additional layer of control to verify services being rendered to the Fund.

We continued to invest time and effort in improving the control environment. Looking back, we are proud of the controls around contributions, which were operating effectively with their respective risks reduced. A signal of our success in this regard is that, for 2020, the Fund received no audit finding on late contributions unlike 2019 where two Employer schedules were submitted late.

In 2020, the Fund underspent its budget due to curtailment and cost efficiency measures. A large contributor to this was that the finance team embedded a practice of challenging/weighting costs presented, especially if not yet incurred. While there was considerable underspend as a result of deferment caused by Covid-19, it should be noted that there was also active action by the corporate finance manager and team.

Reflection on working through the Covid-19 pandemic

In terms of the Fund’s overall ability to deal with the pandemic, I feel that we were primarily reactive during the year. A definite ‘unexpected event’, there really was no time to plan for Covid-19 and, for this reason, the Fund reacted as challenges arose – something that it did very well. Working remotely, getting up and running on the necessary software, and all the automation work from the claims department were all factors that contributed to our ability to continue working as normal.

It is also important to note that the majority of our success was internal in nature. The regulations that the pandemic brought about widened the communication gap between the Fund and its members, preventing our face-to-face meetings and roadshows. While the business continued to work during this time and various outputs were delivered timeously, the Fund had to acknowledge that talking to its members was a large foundering.

In terms of strengths and weaknesses, the pandemic brought to light or reminded us of what these are. Starting with our strengths, we were reminded of the incredible infrastructure that our IT systems are built on. These are capable and robust and, when we were working remotely, they provided a foundation that ultimately sustained the Fund. Our communication with staff during this time was heightened – likely a function of the ease of connecting virtually – and circulating information as well as monitoring staff, from a well-being perspective, was very successful. Keeping tabs on staff also meant being aware of their mental health as well as their motivation levels, an area where we had incredible support from ICAS. While we saw an increase in productivity during this time, something that might again be attributed to the virtual workplace, we remained vigilant – ensuring that staff weren’t overworking during this time.

Another weakness, which is simply a by-product of our IT systems, is that of cybersecurity. While we have implemented a number of safeguards to protect the infrastructure we use, it simply isn’t completely secure yet, and operating remotely during 2020 once again highlighted the importance of cybersecurity. With the information the Fund handles and shares, it simply cannot be vulnerable to these types of threats.

Overall, reflecting on the Fund’s response to the pandemic – our ability to embrace the changed world – I was surprised in a way. While the majority of staff were adaptable when it came to working from home, the sudden shift to doing so highlighted the few staff members who were left behind in terms of being ready to adopt the technology necessary to make this happen. Those who weren’t tech-savvy were exposed; however, rising to the challenge, they took the initiative, attended the relevant training and were up and running in no time.

The way the Fund has embraced the changes overall has been positive. Across the board, staff were positive, nobody complained and everyone simply ‘got on with it’. While there were a few stumbling blocks along the way, the Fund, largely enabled by its IT infrastructure and support, was able to continue doing business with minimal disruption.





Reduced levels of retrenchments and benefit payments

Facing the challenges presented by 2020, the mining industry was forced to react to things like diminished investment, employers scaling back operations, and a weak market performance carried over from 2019 into the first half of 2020.

The year saw reduced benefit payments – the Fund paid member benefits to the tune of R2.6 billion, down from R3.7 billion in 2019 – this was due to members being unable to visit the Fund’s walk-in centres due to lockdown restrictions. This, in turn, hampered the Fund’s ability to submit outstanding claim documentation and to complete family investigations. Furthermore, due to these restrictions, the Fund was unable to undertake roadshows, which are a large contributor to reducing unclaimed benefits.

These same restrictions hindered the Fund’s efforts to onboard new Employers and new members as well as to perform benefit counselling and member education significantly. A further challenge was the suspension of all Regional Advisory Committee meetings until lockdown level 1 was reached. While 2020 was a tough year for the Fund, we faced the same challenges as other funds out there.

While the Fund derives its income from member contributions and, subsequently, from the net investment income accrued from the members’ investment portfolio, it must be noted that during 2020 there was a reduced level of involuntary retrenchments in the gold mining sector. This, in turn, also contributed to the reduced payments to affected members and beneficiaries.

2020 – continued positivity

The Fund once again maintained a positive cash flow throughout the year under review. However, the net investment income declined in relation to 2019 due to lower adjustments to the fair value of R452 million, down from R990 million in 2019. Furthermore, there was lower interest income on investments of R425 million (2019: R766 million). Compared to the previous year, investments and cash holdings decreased marginally by 1.47% in relation to 2019 as follows:

- The positive turnaround in investments post Covid-19 was due to SA equity markets ending on a high note at the end of the financial year (JSE All Share Index 7% gain).
- The adjustments to fair value from R990 million in 2019 to R452 million in 2020 (54% or R538 million decline) reflects the March 2020 drawdown/market turbulence.

Notwithstanding the Covid-19 pandemic, the Fund was able to sustain its investment returns and, subsequent to the 2020 financial year, breached the R30 billion mark for assets under management in February 2021.

Despite the marginal increase in the investment and cash holding balances at the end of 2020, the Fund continues to outperform its peers as set out on page 47 of the Principal Officer’s report.

I feel it’s important to showcase how well we are performing compared to our competitors, because we are ahead of them in more ways than one. The financials are obviously important, but there are a number of ways in which the Mineworkers Provident Fund puts itself ahead of its competitors – and by a fair distance. We’re ahead of the curve when it comes to our internal processes; wherever we can we’re leveraging automation and improving efficiency while our competitors are still doing things manually. With regard to the Fund’s Investment Policy Statement and strategy, our Board has seen to it that we recruit top-notch investment advisers who, themselves, help augment the strategy being used. It’s incredibly robust and tailored around performance management.

Facing the challenges presented by 2020, the mining industry was forced to react to things like diminished investment, employers scaling back operations, and a weak market performance carried over from 2019 into the first half of 2020.



In addition, we’ve taken a refreshed approach to our marketing and communications with Employers and members, really striving to understand their wants and needs. There’s also a massive undertaking in terms of the Mineworkers Provident Fund establishing itself in ‘new’ sectors of the mining industry so as to grow, through diversification, our Employer and member bases. All these things dovetail together and, come year-end, are a big part of the reason we continue to outperform the competition.

Impressing the auditors

Our external auditors have issued an unqualified audit opinion for eight consecutive years since self-administration. There has also been a reduction in IT General Controls (ITGC) findings by the auditors, from nine in the Fund’s first year of ITGC in 2018 to seven in 2020, with no ITGC findings rated high. The automation of the majority of administration processes, including benefit payments, and a greater reliance on predictive analytics testing and sampling contributed to this result.

Budget performance, return on capital expenditure, cost rationalisation and embracing automation

We started 2020 with a focus on a number of key areas for corporate finance and Fund accounting, as follows:

Budget performance and evaluation – collaboration in action: The Finance team collaborated well across the business on initiatives to reduce costs, for example, on printing and stationery, which continued to be an escalating cost to the Fund. While working from home, the need for printing hard copies was reduced; however, the Fund continued to incur fixed printing costs that were not linked to the number of prints but rather the rental of the printing machines. The pandemic has highlighted to the Fund those areas where we can look to ‘reduce’ in the future by creating a digital or paperless environment. We also continued to streamline the procurement process in order to ensure cost efficiency in 2020.

Return on capital expenditure and strategic projects: The focus for 2020 was largely on project prioritisation – that is, working on the right projects – by investing in those that would yield returns above 10% and thus provide the Fund with a competitive advantage while increasing member satisfaction. This return could only be achieved through linking capital expenditure to the MWPF strategy.

Improved control environment and combined assurance: In 2020, we drove an effective control environment from the top. To this end, we ensured adherence to our policies and standard operating procedures, met the conditions on our service level agreements and worked alongside our internal auditors,

PWC, to implement enhancements to the control environment and to remediate audit findings with a zero tolerance to repeat findings. While the external audit commenced at the height of the pandemic, the Fund was still able to manage a remote external audit regardless of the volumes of data and files that had to be exchanged and shared on a digital platform while also holding meetings virtually.

In terms of the Fund’s overall ability to deal with the pandemic, I feel that we were primarily reactive during the year. A definite ‘unexpected event’, there really was no time to plan for Covid-19 and, for this reason, the Fund reacted as challenges arose – something that it did very well.



Integrated Risk Management Framework: In 2020, we worked on increasing our risk maturity level from level 2 to level 3 and on readying the Fund for a risk management reporting system. The Fund has not yet implemented this system but, to date, has achieved uniform risk reporting across all functional areas through the implementation of risk champions in the business. The Fund was able to achieve clearly defined risk ownership and understanding with the risk champions and ensure standardised risk reporting. Quarterly risk reporting was also implemented in a standard manner with the executive committee being made accountable for each department, and this has contributed to the growing risk culture across the Fund.

Cost rationalisation and automation: As part of the 2020 cost rationalisation drive, the Fund enhanced its understanding that it needs to be effective in its spending and embrace automation and innovations in the way we do things. To this end, the Fund was able to finalise the procurement Portal – Phase I in 2020, a project that began in 2019, and also went live with a new journal system.





Financial statement analysis

As part of the financial statement analysis, we have attributed some underlying drivers to 2020's performance – including those areas where the marked deviation from 2019 was marginal.

The value of our investment assets increased marginally in the year under review as a result of the partial recovery in local equity markets, particularly in the first quarter of the year.

2020	2019	Variance	Variance %
R28 836 701 584	R28 420 162 874	R416 538 710	1.47%

Return on investment income

Return on our investments decreased considerably in 2020 with fair value adjustments contributing unfavourably to the decline in returns arising from the March 2020 market turbulence. As mentioned previously, the Fund continues to outperform its peers.

2020	2019	Variance	Variance %
R1 247 305 376	R2 299 798 015	(R1 052 492 639)	-46%

A detailed analysis of investment income for 2020 is outlined below:

Description	2020	2019
Realised investment income/dividends received	R234 783 763	R290 189 018
Unrealised investment income/investment interest adjustments	R451 514 403	R1 756 153 616
Sanlam, Sanlam Progressive Smooth Bonus, Momentum Asset Management: Guaranteed Fund (insurance policies)	R221 345 437	R303 992 979
Other income	R14 800 187	R67 469 874
Investment G&L/unrealised G&L: local listed equities	-	-
LPI interest	R96 372	R27 948
Dividend/interest income/sundry income: Vantage & Ashburton	R2 567 268	R2 004 000
Administration fees incurred in managing investments	(R103 184 214)	(R120 039 420)
Total	R1 247 305 376	R2 299 798 015

Contributions

2020	2019	Variance	Variance %
R2 179 898 679	R2 255 668 734	(R75 770 055)	-3%

Contributions were marginally lower than in 2020 due to a decline in membership (2020: R2.2 billion; 2019: R2.1 billion). Here, lost contributions were offset by salaries adjusted for members from 2020 to 2019, which resulted in fewer contributions.

Although contributions decreased marginally from 2020, the table below highlights those employers (pay points) that closed in 2020, resulting in a loss to contribution income.

Company/Participating employer	Members lost	Contribution income lost per month
Village Main Reef (VMR)*	2 139	R5 565 609
Zululand Anthracite Colliery	478	R1 634 955
Savmore Mine	275	R700 703
Arnot Opco	26	R89 318
Delmas Collieries Limited	24	R62 446
Adcorp Technical Training Services	3	R5 338

* VMR is still a participating employer even though large retrenchments occurred in 2020.

Overall, 2 945 members were lost during the course of the year. As a whole, these members contributed an amount of R8 058 370 to the fund.

Benefits

Member-exit payment expenses decreased by 22% for the 2020 financial year with 30% of payments attributable to involuntary retrenchments paid in 2020. VMR accounted for 36% of these retrenchments.

During 2020, 14 943 members were paid out to the value of R2.95 billion (2019: R3.7 billion).

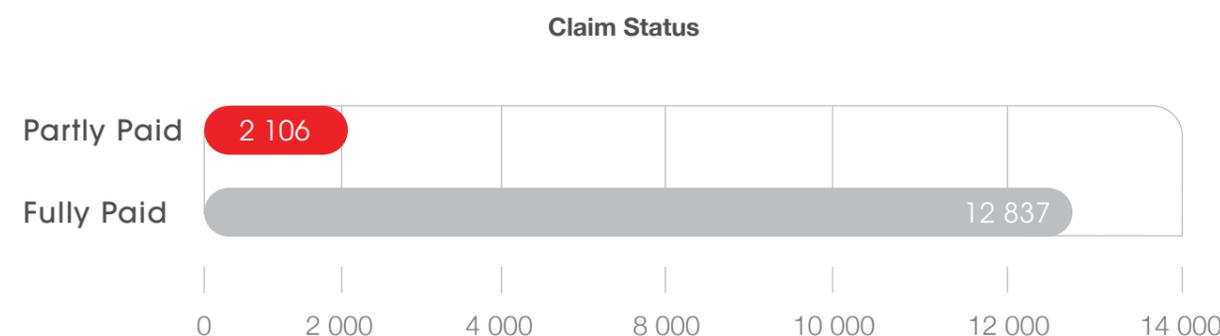
A total of 3 175 out of 14 943 members paid (nearly thirty per cent) were for retrenchment benefits – an amount of R815 million.

For the financial year ending 31 December 2020, 14 943 member records were paid (R2.95 billion).

2020	2019	Variance	Variance %
R2 952 640 991	R3 787 191 006	R834 550 015	-22%

An analysis of the payments made for 2020 is shown below.

As noted previously, 30% of payments made were attributable to involuntary retrenchments.



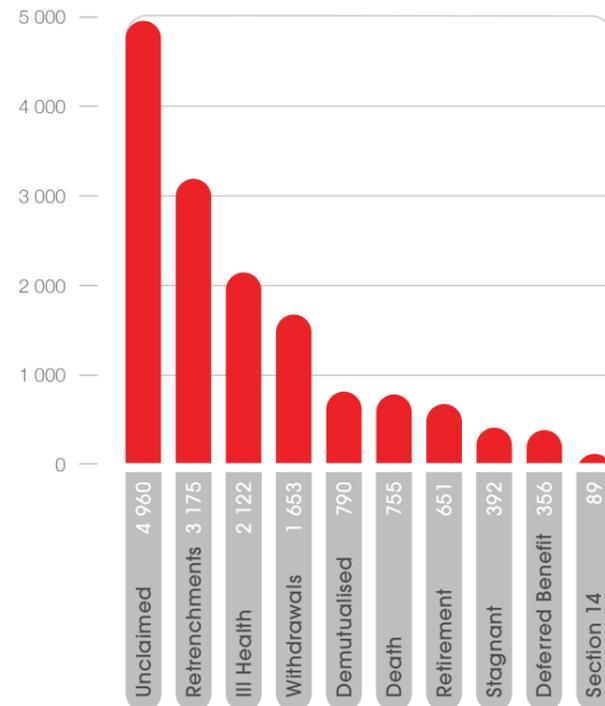


2020 Total Payments by Employer



- Harmony (26%)
- Sibanye Gold (25%)
- Village Main Reef (VMR) (15%)
- AngloGold Ashanti (8%)
- Northam Platinum (4%)
- Zululand Anthracite Colliery (4%)
- Shaft Sinkers (3%)
- Savmore Mine (3%)
- Old Mutual Demutualisation (2%)
- Other (10%)

2020 Payments by Exit Type



Administration expenses

Despite the developments in the mining industry in 2020 that resulted in retrenchments and reduced membership, the Fund still achieved a decrease in administrative expenses due to cost reduction measures. The Board-approved budget for 2020 was set at R135.5 million.

Actual spend 2020	Actual spend 2019	Variance	Variance %
R116 493 457	R111 664 253	R4 829 204	4%

Towards an integrated risk management approach

The Board of Trustees of the Fund (the Board) is responsible for the governance of risk in the Fund and for providing oversight in the systems of risk management and internal control, and legal compliance in line with the provisions of the Pension Funds Act, which is a vital component of the governance of the Fund. The Board is actively identifying and managing its risks to ensure that it is well positioned to manage all its activities with risks in mind, which in turn facilitates good member outcomes, quick response to incidents and the flexibility to take advantage of identified member- and Fund-centric opportunities

The management of financial and non-financial reporting risk is a key focus of the Board; Audit, Risk Management and Compliance Sub-Committee; and the executive management team. The Executive Management Committee is responsible for implementing and maintaining internal controls to manage financial and non-financial reporting risks; whereas the Audit, Risk Management and Compliance Sub-Committee establishes and oversees the risk management activities on behalf of the Board. To this end, the Board has agreed to the establishment of key risk and performance indicators to be deployed, monitored, and reported on, on a quarterly basis.

Continuous improvements to our system of risk management remains one of our key goals in terms of the 2023 Board strategy. By integrating these risk processes into our work culture in meaningful ways, we believe that we can improve the way we work as an organisation by not focusing only on risk management, but by managing the business of the Fund with risk in mind and embedding risk in all our business value chain processes.

During 2020, the following significant milestones were achieved by the Board in ensuring that risk management is integrated in our operations and systems and that risk is embedded in all our processes:

- Reviewing of our risk management policies and procedures to align with new provisions of the ISO 31000 (2018);
- Strategic risk assessment with the Board;
- Operational risk assessment at division and department levels;

- Training and awareness conducted for all employees and the Board regarding their responsibilities towards risk management in the Fund;
- Development of the risk appetite and policy statement including tolerance levels; and
- Appointment of 17 risk champions in all our departments/divisions within the Fund.

As a whole, the Fund's risk management is informed by a proactive and integrated approach, which is premised on the ISO 31000 (2018) framework, provisions of PF Circular 130, and other applicable regulations. The integrated risk management approach is a process that enables the Board to identify risks, as well as manage and monitor all risk factors that can potentially hinder its efforts of achieving key objectives and adding value to all our stakeholders. The main objective is to enable the Fund and its decision-making structures to make risk-adjusted decisions in relation to the execution of its strategic objectives as encapsulated in the strategy document with due regard to factors affecting all key stakeholders.

There are sound internal controls in place that are adequate and operating effectively and, as a Fund, we identify material risks and outline how these will be managed. We ensure that significant financial, operational and managerial information is accurate, reliable and timely so as to inform this process. Pertinent legislative and regulatory issues impacting the Fund are recognised and appropriately addressed. Further, indicators of fraud and business conduct are monitored and, if issues arise, management is informed promptly to ensure swift action. All requirements set out in policies, standards and authorities are met.

Mitigating MWPF's top and emerging risks

Following the Board Risk Workshop held on 19 June 2020, below is the outcome of the strategic and emerging risks identified in relation to the strategic objectives. Resulting from this, corresponding action items and controls have been deployed in line with the risk assessment outcomes.

Risks	Business implications	Mitigation
Participating employers establishing their own funds	Huge potential loss of members	Stakeholder engagement via Sponsor intervention
	Increasing business costs	Expedite diversification strategy to grow Fund membership
Delayed sign-off of revised rules	Unable to access the growing contractor market	The Board to approve the rule amendments to change both the minimum and maximum entry caps to attract and retain members for longer. Update: Revised rules have been submitted to FSCA for review/approval



Risks	Business implications	Mitigation
	Loss of members at higher pay	Look at outsourcing
	Barrier to offer benefits to similar markets not in mining	Look at separating admin from Fund into LFS
Mechanisation	Loss of membership as well as shrinking market	Diversify Fund to cater for members outside the mining industry Explore establishment of a black administration company to attract other sectors alongside the MWPF
RSA revised rating to junk status	Retrenchments and mine closures in the sector	Change rules and explore to allow for growth outside the mining sector Broaden product offering to base. Drive preservation fund – campaign
Increased loss of membership	Increased operational costs	Review structure
	Loss of current revenue generated	Look at outsourcing
An increased exposure to cyber risk	Cyberattacks or critical IT system failures	Patch management process run weekly and cybersecurity solution to monitor Fund's network infrastructure and potential vulnerabilities
Non-compliance with Acts and policies, which may result in reputational and financial risk	Failure to comply with applicable legislation will result in the breach of the objectives and duties of the Board and precipitate the authority's intervention in the governance of the Fund	Monitor compliance with regulations
Lack of adequate succession planning	An increased exposure to business continuity risk, coupled with loss of valuable institutional memory	Critical areas that cannot operate without an executive have identified staff members who can act on their behalf (caretaker model)
Investment risk	An increased exposure to risk of capital loss resulting from investment and market risks precipitated by Covid-19	Monitoring of investment risk and performance against the mandates issued to each investment manager of the Fund

Outlook for 2021

During 2020, the risk environment was punctuated by completely new and unexpected risks brought about by the Covid-19 pandemic. As a result, the Fund had to quickly learn to grapple with these new challenges posed by the stricter lockdown regulations, rapidly declining investment returns and the thrusting of its entire operations into the remote-work environment as well as the potential cybercrime exposure that comes with it. The Fund was able to circumnavigate these new challenges by enabling its operations to function remotely and by ensuring that it stayed the investment course embedded in its Investment Policy Statement. Our continued operations, even in times of the pandemic challenges and continuous lockdown regulations, attest that our business continuity management processes are resilient to any challenges.

With the evolving strategic landscape brought about by the global pandemic of 2020, my outlook for 2021 is heedful of the cost pressures precipitated by the declining membership, which is unabated, coupled with emerging risks around cybersecurity arising from the virtual WFH environment.

Amma Amparheng
Chief Financial Officer





SNG Grant Thornton
20 Morris Street East
Woodmead, 2191
P.O. Box 2939
Saxonwold, 2132
T +27 (0) 11 231 0600

SCHEDULE D
MINEWORKERS PROVIDENT FUND
Registration number: 12/8/23053

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF FUND OF MINEWORKERS PROVIDENT FUND

Opinion

We have audited the annual financial statements of Mineworkers Provident Fund ("the Fund") set out on pages 96 to 114, which comprise the statement of net assets and funds as at 31 December 2020 and the statement of changes in net assets and funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of Mineworkers Provident Fund for the year ended 31 December 2020 are prepared, in all material respects, in accordance with Regulatory Reporting Requirements for Retirement Funds in South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Independent Regulatory Board for 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 in accordance with 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' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial reporting framework and restriction on use

We draw attention to the Basis of preparation paragraph on Schedule HA of the financial statements, which describes the basis of preparation of the financial statements. The financial statements have been prepared for the purpose of the Fund's reporting to the Financial Sector Conduct Authority (the Authority) in terms of section 15(1) of the Pension Funds Act No. 24 of 1956, as amended (the Pension Funds Act of South Africa), and have been prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Fund and the Authority and should not be used by parties other than the Board of Fund or the Authority. Our opinion is not modified in respect of these matters.

Victor Sekese [Chief Executive]

A comprehensive list of all Directors is available at the company offices or registered office

SNG Grant Thornton is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

SizweNtsalubaGobodo Grant Thornton Inc. Registration Number: 2005/034639/21

sng-grantthornton.co.za

SCHEDULE D
MINEWORKERS PROVIDENT FUND
REGISTRATION NUMBER: 12/8/23053

Other information

The Board of Fund is responsible for the other information. The other information comprises the information included in the Annual Financial Statements in terms of section 15 of the Pension Funds Act of South Africa of the Fund for the period 01 January 2020 to 31 December 2020, but does not include the financial statements (schedules F, G and HA) and our auditor's report thereon (schedule D)

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

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

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

Responsibilities of the Board of Fund for the Financial Statements

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

In preparing the financial statements, the Board of Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.





SCHEDULE D
MINEWORKERS PROVIDENT FUND
REGISTRATION NUMBER: 12/8/23053

Auditor's Responsibilities for the Audit of the Financial Statements(continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Fund.
- Conclude on the appropriateness of the Board of Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

Report on Other Legal and Regulatory Requirements

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

Darshen Govender
SizweNtsalubaGobodo Grant Thornton Inc.
Director
Registered Auditor

28 June 2021
20 Morris Street East
Woodmead





REGULATORY INFORMATION

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

REGISTERED OFFICE OF THE FUND

Postal address: PO Box 1583
Johannesburg
2001

Physical address: Mineworkers Provident Fund Building
4th Floor
No. 26 Ameshoff Street
Braamfontein
2001

FINANCIAL REPORTING PERIODS

Current year: 1 January 2020 to 31 December 2020
Prior year: 1 January 2019 to 31 December 2019

REGULATORY INFORMATION (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

BOARD OF FUND

Full name	Capacity	Date appointed	Date resigned
B Mrasi (Reappointed 15/08/2018)	M	27 June 2017	
S Masuku	I	2 July 2020	
K Mothae (Reappointed 10/03/2019)	E	21 August 2008	
M Lesabe	M	1 June 2020	
S Wall (Reappointed 01/09/2017)	E	1 September 2008	31 August 2020
R Joseph	M	3 December 2019	
A Lebelwane	M	3 October 2019	
J Lekgori	A	3 October 2019	10 July 2020
P Raletjena	E	12 October 2020	
M Sebitlo (Reappointed 12/02/2019)	M	8 May 2009	
M Makhaya (Reappointed 05/05/2021)	E	8 December 2019	
L Marumule	E	2 December 2019	
D Ngwane	M	9 March 2019	
T Ramatshekgiba	A	3 October 2019	
E Sephooa	A	3 October 2019	
S Ntlali	M	3 October 2019	
L Nkopane (Reappointed 12/02/2019)	M	14 March 2016	
C Overmeyer	E	1 March 2017	29 February 2020
X Bokoloshe	M	8 October 2018	
O Kgware	A	15 August 2018	
J Mphahlele	M	8 October 2018	

'M' denotes union appointed | 'E' denotes employer appointed | 'A' denotes alternate | 'C' denotes chairperson | 'I' denotes independent





REGULATORY INFORMATION (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

BOARD OF FUND

Full name	Capacity	Date appointed	Date resigned
L Mphinda	M	8 October 2018	7 April 2020
I Zimo	A	10 July 2020	
M Phakedi	M	15 October 2018	
V Sampula (Reappointed 17/09/2019)	E	13 November 2018	31 March 2021
L Letimela	E	9 April 2020	
S Khumalo	E	8 October 2020	
V Bangani (Reappointed 01/06/2020)	A	27 June 2017	
W Van Heerden (Reappointed 01/04/2019)	E	1 April 2013	
J Mabuza (Reappointed 09/04/ 2020)	A	1 August 2013	
W Du Toit (Reappointed 01/05/2019)	E	7 April 2010	
G Fischer (Reappointed 09/04/2020)	A	1 April 2017	
M Mveli (Reappointed 01/06/2020)	A	27 June 2017	
P Mathibela (Reappointed 02/12/2019)	A	1 November 2015	
T Kgokolo (Reappointed 23/04/2020)	C	31 March 2014	
S Maetle (Reappointed 01/05/2019)	E	1 May 2016	30 April 2021
J Mosemeng (Reappointed 18/06/2020)	E	1 March 2016	
Z Dlamini (Reappointed 01/06/2020)	M	27 March 2014	

'M' denotes union appointed | 'E' denotes employer appointed | 'A' denotes alternate | 'C' denotes chairperson | 'I' denotes independent

REGULATORY INFORMATION (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

GOVERNANCE NOTE:

Schedule of meetings* held by the Board of Fund in terms of the Rules of the Fund

Meeting date	Place of meeting	Quorum (yes/no)
24 February 2020	26 Ameshoff Street Braamfontein	Yes
26 February 2020	26 Ameshoff Street Braamfontein	Yes
23 April 2020	Online	Yes
25 May 2020	Online	Yes
2 July 2020	Online	Yes
26 August 2020	Online	Yes
10 September 2020	Online	Yes
23 September 2020	Online	Yes
3 December 2020	Online	Yes

* Only meetings held by the Board of Fund and does not include meetings held by the sub-committees

FUND OFFICERS

Principal Officer

Full name	Postal address	Physical address	Telephone number	Date appointed	Date resigned
Philda Mphephu	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	1 June 2016	31 March 2020
Amma Amparbeng	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	23 April 2020	30 Sept 2020
Frans Phakgadi	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	1 October 2020	





REGULATORY INFORMATION (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

Monitoring Person*

Full name	Postal address	Physical address	Telephone number	Date appointed	Date resigned
Philda Mphephu	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	1 June 2016	31 March 2020
Amma Amparberg	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	23 April 2020	30 September 2020
Frans Phakgadi	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	1 October 2020	

*(In terms of Section 13A of the Pension Funds Act)

PROFESSIONAL SERVICE PROVIDERS

Actuary/Valuator

Full name	Postal address	Physical address	Telephone number	Date appointed
R Mothapo, FASSA	Ground Floor No 2 Exchange Square 85 Maude Street Sandown Johannesburg 2196	Ground Floor No 2 Exchange Square 85 Maude Street Sandown Johannesburg 2196	(011) 784 2309	1 April 2016

Auditor

Full name	Postal address	Physical address	Telephone number	Date appointed
SNG Grant Thornton	PO Box 2939 Saxonwold 2132	20 Morris Street East Woodmead 2191	(011) 231 0600	1 January 2018

REGULATORY INFORMATION (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

Benefit Administrator

Full name	Postal address	Physical address	Telephone number	Date appointed	Registration number in terms of section 13B
Mineworkers Provident Fund	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	1 January 2011	Self-administered

Investment Administrator

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
Old Mutual Life Assurance Company (South Africa) Ltd	PO Box 1014 Cape Town 8000	Mutualpark Jan Smuts Drive Pinelands 7405	(021) 509 4410	1 January 2008	FSP 604
Aluwani Capital Partners	Private Bag X2 Bryanston 2021	EPPF Office Park 24 Georgian Crescent East Bryanston East 2152	(021) 204 3800	3 November 2005	FSP 46196
Stanlib Asset Management Limited	PO Box 202 Melrose Arch Johannesburg 2000	17 Melrose Boulevard Arch Melrose Arch Johannesburg 2000	(011) 448 6400	29 May 2013	FSP 719
Coronation Asset Management (Pty) Ltd	PO Box 993 Cape Town 8000	Boundary Terraces 1 Mariendahl Lane Newlands 7700	(021) 680 2219	1 August 2005	FSP 548
Prudential Portfolio Managers (South Africa) (Pty) Ltd	PO Box 44813 Claremont 7735	7th Floor Protea Place 40 Dreyer Street Claremont 7708	(021) 670 5100	1 August 2005	FSP 615
Allan Gray Ltd (Orbis Investment Management)	PO Box 51318 Cape Town 8001	Granger Bay Court Beach Road V&A Waterfront Cape Town 8001	(021) 415 2300	24 January 2008	FSP 6663





REGULATORY INFORMATION (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
Ninety One (Previously Investec Asset Management (Pty) Ltd)	PO Box 13 Cape Town 8000	8th Floor 125 Buitengracht Street Cape Town 8001	(021) 426 1313	6 October 2010	FSP 587
Old Mutual Life Assurance Company (SA) Ltd (Community Growth Management Company Ltd)	PO Box 248 Mutual Park 7451	Jan Smuts Drive Pinelands 7405	0860 103 180	21 April 2006	FSP 604
Argon Asset Management (Pty) Ltd	PO Box 482 Cape Town 8000	18th Floor Metropolitan Centre No 7 Coen Steytler Avenue Foreshore Cape Town 8000	(021) 441 2460	9 October 2009	FSP 835
Afena Capital (Pty) Ltd	PO Box 23883 Claremont 7735	Fifth Floor Montclare Place Cnr Campground & Main Roads Claremont Cape Town 7735	(021) 657 6240	9 October 2009	FSP 25033
Mianzo Asset Management (Pty) Ltd	PO Box 1210 Milnerton 7435	Unit GG01 The Forum North Bank Lane Century City 7441	(021) 552 3555	1 February 2014	FSP 43114
Kagiso Asset Management (Pty) Ltd	PO Box 1016 Cape Town 8000	Fifth Floor Montclare Place Cnr Campground & Main Roads Claremont Cape Town 7708	(021) 673 6300	1 August 2009	FSP 784
Momentum Group Limited (Previously Metropolitan Life Ltd)	PO Box 2212 Bellville Cape Town 7530	Mispel Street Building 4 Parc Du Cap Bellville 7530	(021) 917 3593	3 November 2005	FSP 623
Sanlam Life Insurance Ltd	PO Box 1 Sanlamhof Cape Town 7532	2 Strand Road Bellville Cape Town 7530	(021) 947 2225	1 January 2011	FSP 2759

REGULATORY INFORMATION (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
Mergence Investment Managers (Pty) Ltd	PO Box 8275 Roggebaai 8012	6th Floor The Equinox Corner of Main & Milton Road Sea Point Cape Town 8005	(021) 433 2960	1 October 2010	FSP 16134
Balondolozzi Investment Services	PO Box 542 Melrose Arch Melrose 2076	3rd Floor Old Trafford 1 Isle of Houghton 2198	0860 126 2270	31 January 2014	FSP 42188
Prowess Investment Managers (Pty) Ltd	Private Bag 15086 Vlaeberg 8078	Unit 2A 6th Floor 186 Loop Street Cape Town 8001	(021) 565 0065	31 January 2014	FSP 43191
Ashburton Investments	PO Box 782027 Sandton 2146	3rd Floor 4 Merchant 1 Fredman Drive Sandton 2196	(011) 282 1147	21 September 2015	FSB 40169
Vantage Capital	PO Box 280 Parklands 2121	Unit 9B 1st Floor Melrose Boulevard Melrose Arch 2076	(011) 530 9100	14 July 2015	FSP 45610
SEI Investments South Africa (Pty) Ltd	Postnet Suite 426 Private Bag X1 Melrose Arch 2076	1st Floor, Unit 8A 3 Melrose Boulevard Melrose Arch 2196	(011) 994 4202	1 August 2016	FSP 13186
Ninety One (Previously Investec Global Strategy Fund)	PO Box 1655 Cape Town 8000	36 Hans Strijdom Avenue Foreshore Cape Town South Africa 8001	(021) 416 1674	1 August 2016	FSP 587
Legacy Africa Fund Managers	PO Box 2015 Morningside 2057	The Firs 4th Floor Cnr Cradock Ave & Biermann Lane Rosebank 2196	(011) 759 4012	1 July 2016	FSP 44651
Duet Africa Opportunities Fund	Emerging Markets Investment Management Limited 27 Hill Street London W1J 5LP United Kingdom	Emerging Markets Investment Management Limited 27 Hill Street London W1J 5LP United Kingdom	44 (0) 20 7290 9858	17 January 2019	FSP 50135





REGULATORY INFORMATION (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
Mineworkers In-Fund Annuity Portfolio	Firestation Rosebank 5th Floor 16 Baker Street Rosebank Johannesburg 2196	Firestation Rosebank 5th Floor 16 Baker Street Rosebank Johannesburg 2196	(021) 700 5600	29 March 2019	CIS 1065
Just Retirement Life (South Africa) Limited	G01 Big Bay Office Park 16 Beach Road Estate Boulevard Big Bay Cape Town 7441	G01 Big Bay Office Park 16 Beach Road Estate Boulevard Big Bay Cape Town 7441	(021) 200 0463	11 March 2019	FSP 46422

Investment Advisor

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
27four Investment Managers	PO Box 522417 Saxonwold Johannesburg 2132	54 on Bath Ground Floor 54 Bath Avenue Rosebank 2196	(011) 442 2465	1 January 2016	31045

Risk Insurer

Full name	Postal address	Physical address	Telephone number	FSP approval number
MMI Group Limited	PO Box 2212 Bellville 7535	Parc Du Cap Mispel Road Bellville 7535	(021) 940 5902	FSB 3780

REGULATORY INFORMATION (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

Custodian and/or Nominee

Full name	Postal address	Physical address	Telephone number	FSP approval no
Allan Gray Ltd	PO Box 51318 V&A Waterfront Cape Town 8002	1 Silo Square V&A Waterfront Cape Town 8001	(021) 415 2300	FSB 19896
Momentum Group Ltd	PO Box 48 Newlands 7725	Great Westerford Main Road Rondebosch Cape Town, 7700	(021) 658 6000	FSB 6406

Other

Full name	Postal address	Physical address	Telephone number	FSP approval no
FirstRand Bank Ltd (First National Bank)	PO Box 7713 Johannesburg 2000	Bank City 3 First Place Mezzanine Floor Cnr Simmonds & Jeppe Streets Johannesburg 2000	(011) 371 3944	FSB 3071

PARTICIPATING EMPLOYERS

The list of participating employers is available for inspection at the Fund's registered office.





STATEMENT OF RESPONSIBILITY BY THE BOARD OF THE FUND

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

RESPONSIBILITIES

The Board of the Fund hereby confirms that to the best of their knowledge and belief that, during the year under review, in the execution of their duties they have complied with the duties imposed by Pension Funds Act legislation and the Rules of the Fund, including the following:

- Ensured that proper registers, books and records of the operations of the Fund were kept, inclusive of proper minutes of all resolutions passed by the Board of Fund;
- Ensured that proper internal control systems were employed by or on behalf of the Fund;
- Ensured that adequate and appropriate information was communicated to the members of the Fund, informing them of their rights, benefits and duties in terms of the Rules of the Fund;
- Took all reasonable steps to ensure that contributions, where applicable, were paid timeously to the Fund or reported where necessary, in accordance with section 13A and regulation 33 of the Pension Funds Act in South Africa;
- Obtained expert advice on matters where they lacked sufficient expertise;
- Ensured that the rules and the operation and administration of the Fund complied with the Pension Funds Act and all applicable legislation;
- Ensured that fidelity cover was maintained and that this cover was deemed adequate and in compliance with the Rules of the Fund; and
- Ensured that investments of the Fund were implemented and maintained in accordance with the Fund's investment strategy.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Mineworkers Provident Fund are the responsibility of the Board of Fund. The Board of Fund fulfils 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, and other service providers in order to provide reasonable assurance that:

- The Fund's assets are safeguarded;
- Transactions are properly authorised and executed; and
- The financial records are reliable.

INSTANCES OF NON-COMPLIANCE

The following instances of non-compliance with Acts, Legislation, Regulations and Rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements came to our attention and were not rectified before the Board of Fund's approval of the financial statements:

Nature and cause of non-compliance	Corrective course of action to resolve non-compliance matter
PF86 & PF90	Management is engaging with Employers on the updated member contact details
Old Mutual Superfund payment made 111 days late after date approved by FSCA	Management is working with the applicable funds to mitigate this occurrence going forward

STATEMENT OF RESPONSIBILITY BY THE BOARD OF THE FUND (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

These annual financial statements:

- Were approved by the Board of the Fund on 24 June 2021;
- Are to the best of the Board members' knowledge and belief confirmed to be complete and correct;
- Fairly represent the net assets of the Fund at Thursday December 31, 2020 as well as the results of its activities for the year then ended; and
- Are signed on behalf of the Board of the Fund by:

T Kgokolo
(Reappointed 23/04/2020)
Chairperson
24 June 2021

W Du Toit
(Reappointed 01/05/2019)
Employer Trustee
24 June 2021

M Sebitlo
(Reappointed 12/02/2019)
Member Trustee
24 June 2021

Mineworkers Head Office
26 Ameshoff Street Braamfontein
24 June 2021

STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

I confirm that for the year under review the Mineworkers Provident Fund has timeously submitted all regulatory and other returns, statements, documents and any other information as required in terms of the Pension Funds Act and to the best of my knowledge all applicable legislation except for the following:

Specific instances of non-compliances	Remedial action taken
PF86 & PF90	Management is engaging with Employers on the updated member contact details
Old Mutual Superfund payment made 111 days late after date approved by FSCA	Management is working with the applicable funds to mitigate this occurrence going forward

Frans Phakgadi
Principal Officer
24 June 2021





REPORT OF THE BOARD OF FUND

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

	Strategic assets allocation	Lower band	Upper band
Core Portfolio	40%	35%	45%
Market-Linked Portfolio	60%	55%	65%

ASSET MANAGER EXPOSURE

The Fund's asset manager selection process considers both quantitative and qualitative factors that provide an accurate screen of managers who have the greatest likelihood of beating respective benchmarks.

The table below sets out the asset manager allocations at total Fund level as at 31 December 2020:

CORE PORTFOLIO

Asset class

Asset manager portfolio	Weight in overall fund
Guaranteed Portfolios	
Old Mutual Stable Growth Fund	12.09%
Old Mutual Customised Guided Growth Fund	3.42%
Sanlam Stable Bonus Fund	7.46%
MWPf Progressive Smooth Bonus Fund	7.44%
Momentum Smooth Growth Fund	9.02%
Unlisted Assets	
Ashburton Private Equity Fund 1	0.44%
Vantage Mezzanine III	0.53%
26 Ameshoff Street	0.12%
Total Core Portfolio	40.52%

REPORT OF THE BOARD OF FUND (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

MARKET-LINKED PORTFOLIO

Asset class

Asset manager portfolio	Weight in overall fund
South African Equities	
Afena SA Equity Fund	3.14%
Argon SA Equity Fund	6.45%
Balondolozzi SA Active Capped SWIX Fund	0.89%
Coronation Aggressive Equity Fund	6.27%
Legacy Africa Equity Fund	0.35%
Mergence Equity Fund	4.35%
Mianzo Enhanced Equity Fund	0.95%
South African Fixed Income	
Aluwani Capital SA Bond Fund	8.09%
Balondolozzi SA Bond Fund	1.11%
Prowess Mineworkers Corporate Bond Fund	1.35%
Balondolozzi SA ILB Fund	0.67%
Prowess SA ILB Fund	0.67%
Stanlib Aggressive Income Fund	4.68%
South Africa Cash	
Ninety One Money Market Fund	4.47%
Global Equities	
Ninety One Global Franchise Fund	3.17%
Orbis Institutional Global Equity Fund	7.98%
SEI Global Select Equity Fund	4.31%
Africa	
Duet Africa Opportunities Fund	0.38%
South Africa Balanced	
MWPf In-Fund Annuity Portfolio	0.20%
Total Market-Linked Portfolio	59.48%
Total Asset Allocation	100.00%





REPORT OF THE BOARD OF FUND (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

2. INVESTMENTS

The Board of Trustees meets on a formal basis at least four times a year in relation to the investments of the Fund and monitors the performance of the Fund's investments on a quarterly basis. The Fund has a separate Investment Sub-Committee that meets at least every three months to monitor the investments of the Fund.

The fair value of the Fund's investment, administered by the investment administrators at the end of the year was:

	31 December 2020 R	31 December 2019 R
*Old Mutual Life Assurance Company (South Africa) Ltd	3,488,919,548	4,290,639,312
Aluwani Capital Partners	2,334,358,028	2,167,248,967
Coronation Asset Management (Pty) Ltd	1,808,480,770	1,656,540,616
Prudential Portfolio Managers (South Africa) (Pty) Ltd	13,150	380,247,876
Allan Gray Ltd (Orbis Investment Management)	2,303,011,068	2,508,581,695
*Ninety One	1,289,084,240	558,847,769
Argon Asset Management (Pty) Ltd	1,861,038,366	1,884,758,428
Afena Capital (Pty) Ltd	905,159,514	985,399,449
*Momentum Group Limited	2,604,661,695	2,561,901,739
*Sanlam Life Insurance Ltd	2,151,941,880	2,040,626,012
Mergence Investment Managers (Pty) Ltd	1,256,566,009	1,288,869,673
STANLIB Asset Management Limited	1,351,894,080	1,381,198,358
Mianzo Asset Management (Pty) Ltd	274,452,630	275,120,533
*Prowess Investment Managers (Pty) Ltd	388,510,548	360,746,917
Balondolozzi (Bond) Investment Services	321,136,157	299,717,745
Ashburton Investments	124,735,160	119,427,227
Vantage Capital	152,241,941	111,355,021
SEI Investments South Africa (Pty) Ltd	1,244,697,309	1,118,842,048
*Ninety One Global Strategy Fund	914,862,082	749,480,525
Legacy Africa Fund Managers	100,750,849	103,307,888
*Old Mutual Life Assurance Company (South Africa) Ltd Customised Guided Growth Fund	988,063,370	1,052,714,220
*Sanlam Progressive Smooth Bonus Fund	2,146,607,894	2,109,407,022
Duet Africa Opportunities Fund	108,277,495	99,572,054
Mineworkers In-Fund Annuity Portfolio	64,571,267	62,004,000
*Balondolozzi Equity Fund	256,071,175	253,607,780
*Balondolozzi SA ILB Fund	193,038,790	-
*Prowess Investment Managers (Pty) Ltd SA ILB Portfolio	194,129,642	-
Just Retirement Life (South Africa) Limited	9,426,927	-
Total value of investments managed	28,836,701,584	28,420,162,874

*Asset Managers are listed due to the multiple mandates held.

REPORT OF THE BOARD OF FUND (CONTINUED)

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

3. MEMBERSHIP

	Active members	Deferred pensioners	Advised benefits < 2 yrs	Unclaimed benefits
Number at the beginning of year	77,357	13,021	3,194	43,409
Adjustments	(2,560)	(1,428)	1,219	(10,190)
- Disability Benefits	(1,322)	-	(722)	-
- Adjustments	(1,238)	(1,095)	1,941	(2,099)
- Deferred members	-	(333)	-	-
- Transfer to Accounts Payable - Demutualisation and Stagnant members	-	-	-	(8,091)
Additions	3,900	-	-	-
Transfers in	174	-	-	-
Transfers out	(8)	-	(81)	-
Withdrawals	(1,325)	-	(278)	-
Retirements	(519)	-	(121)	-
Retrenchments	(2,940)	-	(186)	-
Deaths	(64)	-	(417)	-
Transfers (from)/to Unclaimed	-	-	(264)	264
Unclaimed benefits paid	-	-	-	(3,748)
Number at the end of the year	74,015	11,593	3,066	29,735
Number at end of year (South African citizen)	74,015	11,593	3,066	29,735

4. SUBSEQUENT EVENTS

The Fund submitted revised Rules to FSCA 21 March 2021. Board ratified the inclusion of the T day (Annuitisation of Provident Fund Retirement Benefits) amendments in the Revised Rules submission.

The Fund is in the process of assessing implementing a Cell-Captive arrangement to house its insured benefits, namely funeral, permanent total disability and temporary total disability. This assessment is in progress.

The Fund is also in the process of drafting a policy to manage future employer applications for contribution breaks.

The Fund is on course for the implementation of the Protection of Personal Information Act (POPIA) regulatory amendments effective 1 July 2021. This assessment is still in progress.





STATEMENT OF NET ASSETS AND FUNDS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

	Note	31 December 2020 R	31 December 2019 R
ASSETS			
Non-current assets		28,871,076,570	28,450,606,037
Property, plant and equipment	2	34,374,986	30,443,163
Investments	3	28,836,701,584	28,420,162,874
Current assets		788,390,110	922,682,506
Transfers receivable	6	1,587,321	82,334
Accounts receivable	5	81,349,837	357,406,267
Contributions receivable	11	148,706,316	156,701,855
Cash and cash equivalents		556,746,636	408,492,050
Total assets		29,659,466,680	29,373,288,543
FUNDS AND LIABILITIES			
Members' funds and reserve accounts		21,083,414,481	21,277,534,102
Members' individual accounts	19	20,341,959,710	20,572,793,376
Amounts to be allocated	20	741,454,771	704,740,726
Reserves			
Reserve accounts	19	4,371,427,255	3,917,786,652
Total funds and reserves		25,454,841,736	25,195,320,754
Non-current liabilities		2,485,298,397	2,948,328,385
Provisions	15	2,353,468	3,621,808
Unclaimed benefits	9	2,482,944,929	2,944,706,577
Current liabilities		1,719,326,547	1,229,639,404
Transfers payable	7	6,011,923	14,190,809
Benefits payable	8	1,238,145,155	1,056,254,537
Accounts payable	10	475,169,469	159,194,058
Total funds and liabilities		29,659,466,680	29,373,288,543

STATEMENT OF CHANGES IN NET ASSETS AND FUNDS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

	Note	Members' individual accounts & amounts to be allocated R	Reserve accounts Refer note 19 R	Current year 2020 R	Previous year 2019 R
Contributions received and accrued	11	1,585,849,034	669,819,700	2,255,668,734	2,223,965,187
Re-insurance proceeds		-	14,542,318	14,542,318	523,204,837
Net investment income	12	-	1,247,305,376	1,247,305,376	2,299,798,015
Benefit Adjustment from/(allocated to) unclaimed benefits	9	-	(98,902,856)	(98,902,856)	(210,142,310)
Other income	13	-	2,106,455	2,106,455	102,169,717
Less:		-	(274,616,720)	(274,616,720)	(572,794,042)
Re-insurance premiums		-	(158,123,263)	(158,123,263)	(461,129,789)
Administration expenses	14	-	(116,493,457)	(116,493,457)	(111,664,253)
Net income before transfers and benefits		1,585,849,034	1,560,254,273	3,146,103,307	4,366,201,404
Transfers and benefits		(2,369,605,640)	(531,251,298)	(2,900,856,938)	(3,267,657,493)
Transfer from other funds	6	8,204,013	-	8,204,013	5,599,343
Transfer to other funds	7	(12,412,933)	-	(12,412,933)	(43,135,781)
Benefits	8	(2,365,396,720)	(531,251,298)	(2,896,648,018)	(3,230,121,055)
Net income after transfers and benefits		(783,756,606)	1,029,002,975	245,246,369	1,098,543,911
Funds and reserves					
Balance at the beginning of the year	19	21,277,534,102	3,917,786,652	25,195,320,754	24,081,195,696
Transfers between reserve accounts	19	681,126,581	(666,851,968)	14,274,613	15,581,147
Transfer between reserve accounts					
Member surplus account					
Member administration fees		(91,489,596)	91,489,596	-	-
Balance at the end of the year		21,083,414,481	4,371,427,255	25,454,841,736	25,195,320,754





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

1. PROPERTY, PLANT AND EQUIPMENT

1.1. Current year

	Motor vehicles	Computer equipment and software	Office equipment	Furniture and fittings	Land and buildings	Total
	R	R	R	R	R	R
Gross carrying amount						
At beginning of the year	771,857	9,110,705	1,286,100	5,268,225	48,500,000	64,936,887
Additions	-	358,943	-	2,626,259	-	2,985,202
Disposals	-	(57,564)	-	-	-	(57,564)
At end of year	771,857	9,412,084	1,286,100	7,894,484	48,500,000	67,864,525
Accumulated depreciation and impairment						
At beginning of year	(309,050)	(7,898,090)	(1,270,873)	(4,715,711)	(20,300,000)	(34,493,724)
Depreciation charges	(154,372)	(701,738)	(15,227)	(298,717)	-	(1,170,054)
Revaluation(loss)/gain and (disposals)	-	1,420,689	-	2,053,550	(1,300,000)	2,174,239
At end of year	(463,422)	(7,179,139)	(1,286,100)	(2,960,878)	(21,600,000)	(33,489,539)
Net carrying amount at end of year	308,435	2,232,945	-	4,933,606	26,900,000	34,374,986

1.2. Prior year

	Motor vehicles	Computer equipment and software	Office equipment	Furniture and fittings	Land and buildings	Total
	R	R	R	R	R	R
Gross carrying amount						
At beginning of the year	771,857	8,371,978	1,286,100	4,703,850	48,500,000	63,633,785
Additions	-	738,727	-	564,375	-	1,303,102
At end of year	771,857	9,110,705	1,286,100	5,268,225	48,500,000	64,936,887
Accumulated depreciation and impairment						
At beginning of year	(154,678)	(6,553,381)	(1,221,912)	(4,622,058)	(21,000,000)	(33,552,029)
Depreciation charges	(154,372)	(1,299,468)	(48,961)	(93,653)	-	(1,596,454)
Accumulated depreciation on disposals	-	-	-	-	700,000	700,000
Revaluation (loss/gain) and (disposals)	-	(45,241)	-	-	-	(45,241)
At end of year	(309,050)	(7,898,090)	(1,270,873)	(4,715,711)	(20,300,000)	(34,493,724)
Net carrying amount at end of period	462,807	1,212,615	15,227	552,514	28,200,000	30,443,163

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

2. INVESTMENTS

2.1. Investment summary

	Note	Local R	Foreign R	Total current year R	Total previous year R	Fair value current year R	Categorised per IAS 39
Cash		919,237,000	279,000	919,516,000	240,078,655	919,516,000	At fair value through statement of changes in net assets and funds
Debt instruments including Islamic debt instruments		4,747,192,410	-	4,747,192,410	4,503,107,027	4,747,192,410	
Investment properties and owner-occupied properties		638,507,000	-	638,507,000	556,536,099	638,507,000	
Equities (including demutualisation shares)		5,008,587,047	-	5,008,587,047	5,455,475,167	5,008,587,047	
Insurance policies ***		11,389,621,315	-	11,389,621,315	12,055,288,305	11,389,621,315	
Collective investment schemes		64,571,267	4,570,847,954	4,635,419,221	4,563,803,624	4,635,419,221	
Hedge funds		(4,967,410)	-	(4,967,410)	-	(4,967,410)	
Private equity funds		148,588,772	128,388,329	276,977,101	230,782,248	276,977,101	
Investment in participating Employers	3.2.	1,225,848,900	-	1,225,848,900	814,801,241	1,225,848,900	
Other		-	-	-	290,508	-	
Total		24,137,186,301	4,699,515,283	28,836,701,584	28,420,162,874	28,836,701,584	

***Included in non-linked insurance policies are non-vested bonuses amounting to R1,138,544,110 (2019: R1,108,554,125). The guaranteed value of these policies as at 31 December 2020 is R11,454,192,582 (2019: R12,055,288,305).





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

2.2. Investment in participating Employer/s

	At beginning of year R	Additions R	Repaid/ Disposals R	Other adjustments R	At end of year R
Debt Instruments including Islamic debt	30,316,325	-	(18,952,573)	(431,520)	10,932,232
Participating Employer/s					
Anglo American PLC	382,337,595	38,811,029	(73,542,874)	93,463,920	441,069,670
Anglo American Platinum	5,854,224	70,279,577	(3,566,688)	5,709,343	78,276,456
AngloGold – Ashanti Limited	77,881,472	70,567,098	(23,034,501)	(17,562,741)	107,851,328
DRD Gold	-	291,992	(9,432)	136,968	419,528
Gold Fields Mining Limited	2,093,609	72,998,213	(6,702,348)	(28,782,246)	39,607,228
Exxaro Resources Limited	85,573,308	67,749,149	(25,399,716)	9,540,339	137,463,080
African Rainbow Minerals	16,805,754	24,184,921	(23,051,582)	213,627	18,152,720
Sibanye Gold Limited	60,805,519	48,411,732	(37,909,514)	107,884,423	179,192,160
Glencore Xstrata PLC	1,646,792	58,591,306	(3,492,636)	14,472,197	71,217,659
Northam Platinum Limited	150,382,864	30,226,102	(88,414,327)	39,688,572	131,883,211
SOUTH32 Limited	256,880	4,937,185	-	560,488	5,754,553
Harmony Gold Mine	846,899	2,195,059	(478,077)	1,465,194	4,029,075
Total	814,801,241	489,243,363	(304,554,268)	226,358,564	1,225,848,900

3. ACCOUNTS RECEIVABLE

	31 December 2020 R	31 December 2019 R
Re-insurance proceeds	78,565,170	253,796,934
Receivable: staff member payroll adjustment	37,192	161,039
Office rental due	927,702	1,516,804
Staff learning loans	89,493	-
Contributions late payment interest	152,606	158,075
Insurance claim due	-	17,689
Financial Service Conduct Authority levy	1,425,869	1,755,726
Momentum profit share	-	100,000,000
Old Mutual – bank charges	57,391	-
Harcourts – rent & cleaning, water & electricity refunds	19,170	-
Travel – petrol & maintenance	9,159	-
IT-related expenses	29,037	-
EBSphere Africa benefit claims	37,048	-
Total	81,349,837	357,406,267

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

4. TRANSFERS FROM OTHER FUNDS

	Effective date	No. of members	Applied for not yet approved (contingent) R	A At beginning of year R	B Transfers approved R	C Return on Transfers R	D Assets transferred R	A+B+C-D At end of year R
In terms of Section 14								
Sanlam Provident Fund	01/07/2016	215	-	82,334	-	-	(82,334)	-
Corporate Selection Umbrella Retirement Fund No 2	01/03/2019	223	-	-	8,333,836	(129,823)	(6,616,692)	1,587,321
Prospective approvals in terms of Section 14								
Bridging Provident Fund	Various	2	322,566	-	-	-	-	-
Total		440	322,566	82,334	8,333,836	(129,823)	(6,699,026)	1,587,321
Transfers approved (B)								8,333,836
Return on transfers (C)								(129,823)
Statement of changes in net assets and funds								8,204,013





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

5. TRANSFERS TO OTHER FUNDS

Effective date	No. of members	Applied for not yet approved (contingent)	A		B	C	D	A+B+C-D
			At beginning of year	Transfers approved				
		R	R	R	R	R	R	R
In terms of Section 14								
Mine Employee's Pension Fund	66	-	46,279	-	1,644	-	-	47,923
Sentinel Mining Industry Retirement Fund	223	-	208,039	-	(25,477)	-	-	182,562
Mine Employees Pension Fund	37	-	1,216,877	-	46,434	-	-	1,263,311
NBC Umbrella Retirement Fund	1	-	159,285	-	6,294	-	-	165,579
Sentinel Mining Industry Retirement Fund	14	-	643,366	-	-	-	-	643,366
Sentinel Mining Industry Retirement Fund	126	-	260,839	-	7,909	-	-	268,748
Sentinel Mining Industry Retirement Fund	232	-	433,344	-	(352,595)	-	-	80,749
Sentinel Mining Industry Retirement Fund	82	-	809,659	-	(83,282)	-	-	726,377
Sentinel Mining Industry Retirement Fund	51	-	260,542	-	10,460	-	-	271,002
Sentinel Mining Industry Retirement Fund	65	-	146,171	-	5,755	-	-	151,926
Sentinel Mining Industry Retirement Fund	18	-	3,436,119	-	(1,356,932)	(95,925)	1,983,262	
Sentinel Mining Industry Retirement Fund	869	-	244,255	-	-	(244,255)	-	
Sentinel Mining Industry Retirement Fund	25	-	201,494	-	25,625	(1)	227,118	
Old Mutual Superfund Pension Fund	7	-	13,226	-	(13,226)	-	-	
Sentinel Mining Industry Retirement Fund	15	-	2,436,482	-	-	(2,436,482)	-	
Sentinel Mining Industry Retirement Fund	11	-	3,674,832	-	-	(3,674,832)	-	
Old Mutual Superfund Pension Fund	3	-	-	324,658	(7,746)	(316,912)	-	
Old Mutual Superfund Pension Fund	6	-	-	812,842	54,426	(867,268)	-	
Old Mutual Superfund Pension Fund	7	-	-	1,040,489	19,841	(1,060,330)	-	
Old Mutual Superfund Pension Fund	2	-	-	682,052	14,479	(696,531)	-	
Sentinel Mining Industry Retirement Fund	15	-	-	4,102,661	84,709	(4,187,370)	-	
Old Mutual Superfund Pension Fund	3	-	-	646,898	9,788	(656,686)	-	
Sentinel Mining Industry Retirement Fund	1	-	-	110,735	4,713	(115,448)	-	

5. TRANSFERS TO OTHER FUNDS (CONTINUED)

Effective date	No. of members	Applied for not yet approved (contingent)	A		B	C	D	A+B+C-D
			At beginning of year	Transfers approved				
		R	R	R	R	R	R	R
Transfers in terms of Section 15B								
Sentinel Mining Industry Retirement Fund	13	-	-	3,367,092	59,848	(3,426,940)	-	
Sentinel Mining Industry Retirement Fund	2	-	-	148,893	(68,548)	(80,345)	-	
Sentinel Mining Industry Retirement Fund	3	-	-	644,444	13,014	(657,458)	-	
Sentinel Mining Industry Retirement Fund	7	-	-	2,043,356	31,680	(2,075,036)	-	
S15 transfers out (1)	6	646,637	-	-	-	-	-	
S15 transfers out (2)	23	4,031,757	-	-	-	-	-	
S15 transfers out (3)	26	5,012,672	-	-	-	-	-	
S15 transfers out (4)	70	10,070,148	-	-	-	-	-	
Total	2,029	19,761,214	14,190,809	13,924,120	(1,511,187)	(20,591,819)	6,011,923	
Transfers approved (B)								13,924,120
Return on transfers (C)								(1,511,187)
Statement of changes in net assets and funds								12,412,933





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

6. BENEFITS

6.1. Benefits – current members

	A At beginning of year R	B Benefits for current period R	C Return allocated R	D Payments R	E Transferred to unclaimed benefits R	A+B+C-D-E At end of year R
Lump sums on retirements						
- Full benefit	116,477,388	367,280,450	5,387,557	(381,857,349)	(69,313)	107,218,733
Lump sums before retirement						
- Disability benefits	377,129,335	710,491,867	6,659,944	(775,400,010)	(14,357,903)	304,523,233
- Death benefits	407,967,260	350,435,136	10,434,115	(297,366,254)	(67,285,540)	404,184,717
- Withdrawal benefits	76,615,352	378,604,162	7,314,706	(287,470,660)	(4,738,128)	170,325,432
- Retrenchment benefits	44,634,059	961,452,925	8,642,801	(815,428,677)	(525,896)	198,775,212
Other						
Deferred benefits	33,431,143	87,635,793	1,941,745	(69,890,853)	-	53,117,828
Pension payments	-	366,817	-	(366,817)	-	-
Member payments						
Total	1,056,254,537	2,856,267,150	40,380,868	(2,627,780,620)	(86,976,780)	1,238,145,155
Benefits for current year (B)						2,856,267,150
Return allocated (C)						40,380,868
Statement of changes in net assets and funds						2,896,648,018

7. UNCLAIMED BENEFITS

	31 December 2020 R	31 December 2019 R
Balance at the beginning of the year	2,944,706,577	3,194,280,701
Transferred from benefits payable	86,976,780	26,116,061
Adjustments: Benefit movement – Unclaimed members to other benefits	(13,554,184)	(13,508,787)
Benefits and interest	98,902,856	210,142,310
Less:		
- Transfer of demutualisation benefits and stagnant members to Accounts Payable	(333,136,514)	(110,342,541)
- Benefits paid	(300,950,586)	(361,981,167)
Balance at the end of the year	2,482,944,929	2,944,706,577

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

In 1999, the Fund received funds (Demutualisation Benefits) from Old Mutual for members who had previously been members of the Fund. These members were paid out their share of fund and were no longer members of the Fund thereafter. In 2019, these demutualisation benefits were recorded in the unclaimed benefits note; however, they were not unclaimed benefits in accordance with the Pension Funds Act. After Board approval in 2019, this liability of R110,342,541 was transferred to Accounts Payable in the context of the nature and settlement of this payable and remain disclosed under the Accounts Payable note in 2020. Of the amount of R110,342,541 transferred, R105,577,951 remained payable as at 31 December 2019 and R102,314,216 remains payable as at 31 December 2020. An additional amount of R333,136,514 relating to stagnant members was also transferred from unclaimed benefits to Accounts Payable in 2020. These stagnant member records are not derived from a claim and do not represent unclaimed benefits but remain payable by the Fund. Of the total Demutualisation Benefits and stagnant members amounts transferred in 2019 and 2020 respectively, R433,427,480 remains payable as at 31 December 2020. Refer to note 10 for further detail.

8. ACCOUNTS PAYABLE

	31 December 2020 R	31 December 2019 R
Re-insurance premiums	13,782,216	45,623,838
South African Revenue Services PAYE	17,343,264	1,994,726
Audit fees	1,518,614	1,492,750
IT-related expenses & license fees	2,771,271	1,042,469
Demutualised benefits and stagnant members transferred to Accounts Payable from unclaimed benefits, net of payments made during the year	433,427,480	105,577,951
Staff remuneration	23,442	-
COIDA	457,655	-
Investment consultancy fees	281,700	144,900
Consultancy fees	78,014	29,167
Printing & stationery	338,187	1,151
Actuarial fees	797,626	770,619
Telephone & postage	8,678	34,209
Legal expenses	138,748	267,375
Total staff events & other staff costs	21,113	1,061
Other payables	83,516	-
Business development and marketing	41,280	-
Operations office costs	5,766	15,394
Payroll expenses	9,562	25,328
Cleaning services	102,047	17,987
Property security expenses	48,890	-
Change management and client servicing	-	8,413
Momentum Group Life refunds	340,428	186,825
Postage & courier costs	9,295	-
Water & electricity, parking costs	1,312,972	-





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

	31 December 2020 R	31 December 2019 R
Trustees travel expenses	1,470	-
Office expenses (refreshments)	19,098	6,119
External interface – Members	-	836
Training costs – Staff	-	18,720
Marketing costs	-	96,316
Office refit expenses	33,391	-
Write off account	-	666,312
Contributions overpaid – various mine employers	1,471,295	748,090
Fixed asset expenses	383,667	192,184
Tracing costs	-	128,532
Change management and client servicing	128,234	-
Bank charges	59,449	31,924
Communication costs	131,101	70,862
Total	475,169,469	159,194,058

In 1999, the Fund received funds (Demutualisation Benefits) from Old Mutual for members who had previously been members of the Fund. These members were paid out their share of fund and were no longer members of the Fund thereafter. In 2019, these demutualisation benefits were recorded in the unclaimed benefits note; however, they were not unclaimed benefits in accordance with the Pension Funds Act. After Board approval in 2019, this liability of R110,342,541 was transferred to Accounts Payable in the context of the nature and settlement of this payable and remain disclosed under the Accounts Payable note in 2020. Of the amount of R110,342,541 transferred, R105,577,951 remained payable as at 31 December 2019 and R102,314,216 remains payable as at 31 December 2020. An additional amount of R333,136,514 relating to stagnant members was also transferred from unclaimed benefits to Accounts Payable in 2020. These stagnant member records are not derived from a claim and do not represent unclaimed benefits but remain payable by the Fund. Of the total Demutualisation Benefits and stagnant members amounts transferred in 2019 and 2020 respectively, R433,427,480 remains payable as at 31 December 2020.

9. CONTRIBUTIONS

	At beginning of year R	Towards retirement R	Towards re- insurance and expenses R	Contributions received R	At end of year R
Member contributions received and accrued	48,510,846	360,967,393	-	(260,771,923)	148,706,316
Employer contributions received and accrued	107,021,979	146,003,412	669,819,700	(922,845,091)	-
Additional voluntary contributions – members	1,169,030	1,078,878,229	-	(1,080,047,259)	-
Total	156,701,855	1,585,849,034	669,819,700	(2,263,664,273)	148,706,316
Towards retirement					1,585,849,034
Towards re-insurance and expenses					669,819,700
Statement of changes in net assets and funds					2,255,668,734

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

The insurance expenses consists of the funeral premium of R43,359,348 which is for the unapproved Funeral benefit, Group Life Assurance R511,737,537 and Permanent Disability R114,722,815.

Contributions for the period 01 April 2020 to 30 September 2020 from members and employers were allocated as AVCs due to the contribution holiday, based on the Board resolution following the impact of the Covid-19 pandemic.

10. NET INVESTMENT INCOME

	31 December 2020 R	31 December 2019 R
Income from investments	898,878,815	1,429,975,155
- Dividends	234,783,763	290,189,018
- Interest	425,382,160	766,319,284
- Other income	14,800,187	67,469,874
- Collective investment schemes distribution	2,567,268	2,004,000
- Income from insurance policies	221,345,437	303,992,979
Interest on late payment of contributions	96,372	27,948
Adjustment to fair value	451,514,403	989,834,332
	1,350,489,590	2,419,837,435
Less: Expenses incurred in managing investments	(103,184,214)	(120,039,420)
Total	1,247,305,376	2,299,798,015

11. OTHER INCOME

	31 December 2020 R	31 December 2019 R
Momentum profit share	-	100,000,000
Rental income	821,653	2,138,908
Momentum benefit refunds	23,124	30,809
Annuity fee income	3,837	-
EBSphere – benefit case refunds	37,049	-
Momentum benefit refunds	1,220,792	-
Total	2,106,455	102,169,717

The Fund had earned an amount of R100,000,000 from Momentum in 2019 for the profit share agreement. The amount of R30,809 is made as follows: Sale of assets R7,925 and R22,884 for asset insurance claims. No profit share received in 2020.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

12. ADMINISTRATION EXPENSES

	Note	31 December 2020 R	31 December 2019 R
Actuarial fees		1,463,558	1,227,470
Audit fees		2,967,189	2,688,639
Audit fees		1,550,623	1,527,239
Audit fees – Internal		1,416,566	1,161,400
Consultancy fees		2,091,651	437,533
Property security expenses		505,952	414,277
Depreciation		1,170,055	1,596,454
Fidelity insurance		2,344,947	-
Financial Service Conduct Authority levy		2,461,267	1,332,316
Other expenses		33,745,182	38,971,350
Bank charges		930,973	943,671
Legal fees		1,444,405	909,163
Postage and telephone		1,019,798	1,261,193
Printing and stationery		615,056	1,877,492
Tracing expenses		418,826	128,532
Revaluation on building asset		(2,146,550)	(654,759)
IT-related expenses & licences		21,251,620	20,616,476
Recruitment expenses		919,527	841,500
Sundry expenses		16,655	27,774
Vehicle running expenses		129,400	249,088
Independent chairperson fees – Audit & risk		327,331	376,420
Independent chairperson fees – Board		438,318	202,670
Benefit write off account		(4,725,389)	-
Investment consultants' fees		1,967,600	1,784,800
Employer visit expenses		33,078	184,922
Cleaning services		427,080	377,230
Risk management & consulting costs		307,105	-
Building maintenance costs		1,072,956	1,320,365
Payroll management fees		353,992	307,637
Business development and marketing costs		2,142,733	2,605,681
Water & electricity & parking		943,958	650,641
Communication & stakeholder engagement survey		495,412	744,453
Insurance premiums		382,276	378,656
Annual reporting function costs		199,570	526,136
Executive strategy expenses		81,858	453,114
Operations office expenses		234,491	615,250

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

	Note	31 December 2020 R	31 December 2019 R
Change management and client servicing expenses		567,544	890,252
Forensic investigations costs		-	51,060
Professional fees		12,228	34,829
External members interface costs		2,447,416	211,304
Performance review expenses		143,215	216,500
Unclaimed road show expenses		333,353	281,316
Board strategy expenses		302,762	293,131
Industry body costs		49,499	60,295
Office rental expenses		247,086	204,558
Strategic 2020 initiatives costs		360,000	-
Office expenses (refreshments)		303,785	311,263
Operating lease payments		4,330,803	3,622,287
Board of Fund expenses (Trustee)	12.1	776,866	1,183,256
Staff expenses	12.2	62,684,711	54,957,201
Principal Officer expenses	12.3	1,647,491	4,922,207
Total		116,493,457	111,664,253

12.1. Board of Fund expenses (Trustee)

	31 December 2020 R	31 December 2019 R
Regional Advisory Committee	120,568	273,475
Meeting allowances	58,698	204,270
Local and foreign travel expenses	453,437	357,239
Training and related expenses	144,163	348,272
	-	-
Total	776,866	1,183,256

12.2. Staff expenses

	31 December 2020 R	31 December 2019 R
Staff expenses – Remuneration	55,365,546	47,520,758
Staff expenses – Contributions to retirement fund	6,260,883	5,682,816
Staff expenses – Training expenses	672,342	1,100,379
Staff expenses – Other payments	385,940	653,248
Total	62,684,711	54,957,201





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

12.3. Principal Officer expenses

	31 December 2020 R	31 December 2019 R
Principal Officer expenses – Remuneration	1,604,579	4,865,127
Principal Officer expenses – Allowances	42,912	57,080
Total	1,647,491	4,922,207

The 2019 Principal Officer expenses (remuneration) includes short-term and long-term incentives. The remuneration for 2020 is made up of salary costs and the acting allowance of R94,995 for the Interim Principal Officer from May 2020 to September 2020.

13. FINANCIAL LIABILITIES AND PROVISIONS

13.1. Provisions 31 December 2020

	31 December 2020 R	31 December 2019 R
Staff leave pay provision	2,353,468	3,621,808
Total	2,353,468	3,621,808

14. RISK MANAGEMENT POLICIES

Risk management framework

The Board of Fund has overall responsibility for the establishment and oversight of the Fund's risk management policies. The Board of Fund has established the Audit, Risk Management and Compliance Sub-Committee, which is responsible for developing and monitoring the Fund's risk management policies. The committee reports regularly to the Board of Fund on its activities.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

Solvency risk

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the Fund's contractual obligations to members.

Continuous monitoring by the Board and the Fund's actuary takes place to ensure that appropriate assets are held where the Fund's obligation to members is dependent upon the performance of specific portfolio of assets and that a suitable match of assets exists for all other liabilities.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation, and cause the Fund to incur a financial loss.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

The Board of Trustees monitors receivable balances on an ongoing basis with the result that the Fund's exposure to bad debts is not significant. An appropriate level of provision is maintained.

Housing loan guarantees granted are secured by the after tax withdrawal benefit of the respective members on whose behalf the guarantees were granted. The amount of the guarantee may not exceed 60% of the fund credit of the respective members. Housing loan guarantees granted are renewed annually to ensure that the general terms and conditions are still applicable.

The Fund's assets are only invested through investment managers who are Financial Advisory and Intermediary Services compliant. The Fund's investment mandate stipulates that the investment manager should monitor the risks associated with the Fund's investments on a regular basis.

Credit risk is managed by the Fund's outsourced investment managers by investing in well-researched institutions and within the parameters of the investment mandate. The investment manager must report annually on the steps taken to identify and manage the credit risk, in terms of the Fund's risk management policy.

Legal risk

Legal risk is the risk that the Fund will be exposed to contractual obligations which have not been provided for. Legal representatives of the Fund monitor the drafting of contracts to ensure that rights and obligations of all parties are clearly set out.

Cash flow risk

Cash flow risk is the risk that future cash flows associated with monetary financial instruments will fluctuate in amount. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

The Board of Trustees monitors cash flows by using monthly cash flow projections.

Currency risk

Currency risk is the risk that the value of an instrument will fluctuate in Rands owing to changes in foreign exchange rates. The Fund's exposure to currency risk is mainly in respect of foreign investments made on behalf of members of the Fund for the purpose of seeking desirable international diversification of investments.

The Board of Trustees monitors this aspect of the Fund's investments and limits it to 25% of total assets.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Fund's liabilities are backed by appropriate assets and it has significant liquid resources.

As at 31 December 2020, the current liabilities of the Fund exceeded the current assets by R930 million (2019: R306 million). However, the Board of Trustees has no reason to believe that the Fund will not be able to meet its obligations as they arise based on the assets invested as at 31 December 2020 of R28,836,701,584 (2019: R28,420,162,874) which will be available on a trade-plus-three basis.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices of market interest rates. The Board of Trustees monitors and reviews the market risk profile of the Fund's financial instruments.

Investments

Investments in equities are valued at fair value and therefore susceptible to market fluctuations. Investments are managed with the aim of maximising the Fund's returns while limiting risk to acceptable levels within the framework of statutory requirements.

Continuous monitoring takes place to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non-market related liabilities.

Price risk

Price risk is the risk that the value and/or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised in the statement of changes of net assets and funds, but do not necessarily indicate the Fund's exposure to price risks.

Interest rate risk

Interest rate risk is the risk that the value and/or future cash flows of financial instruments will fluctuate as a result of changes in interest rates. The Board of Trustees manages interest rate risk through both fixed and variable, long- and short-term instruments.

15. OPERATING LEASE COMMITMENTS

	31 December 2020 R	31 December 2019 R
Within one year	2,608,418	3,574,342
Between two and five years	2,201,062	5,651,011
Total	4,809,480	9,225,353

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

16. RESERVES

	Members' funds R	Amounts to be allocated R	Reserve accounts total R	Investment reserve R	Risk reserve R
At beginning of year	20,572,793,376	704,740,726	3,917,786,652	784,412,929	3,133,373,723
Contributions received and accrued	1,585,849,034	-	669,819,700	-	669,819,700
Re-insurance proceeds	-	-	14,542,318	-	14,542,318
Net investment income	-	-	1,247,305,376	1,247,305,376	-
Allocated to unclaimed benefits	-	-	(98,902,856)	(98,902,856)	-
Other income:	-	-	2,106,455	844,777	1,261,678
- EBSphere – benefit refunds	-	-	37,049	-	37,049
- Proceeds on sale of fixed assets and insurance claims	-	-	23,124	23,124	-
- Rental income	-	-	821,653	821,653	-
- Momentum benefit refunds	-	-	1,220,792	-	1,220,792
- Annuity fee income	-	-	3,837	-	3,837
Less:	-	-	(274,616,720)	-	(274,616,720)
- Re-insurance premiums	-	-	(158,123,263)	-	(158,123,263)
- Administration costs	-	-	(116,493,457)	-	(116,493,457)
Net income before transfers and benefits	22,158,642,410	704,740,726	5,478,040,925	1,933,660,226	3,544,380,699
Transfers and benefits	(2,369,605,640)	-	(531,251,298)	-	(531,251,298)
Transfers from other funds	8,204,013	-	-	-	-
Transfers to other funds	(12,412,933)	-	-	-	-
Benefits	(2,365,396,720)	-	(531,251,298)	-	(531,251,298)
Net income after transfers and benefits	19,789,036,770	704,740,726	4,946,789,627	1,933,660,226	3,013,129,401
Transfer between reserve accounts	451,785,441	36,714,045	(474,224,873)	(636,721,051)	162,496,178
Opening transfers	192,627,095	-	(192,627,095)	(192,627,095)	-
Administration income from members	-	-	-	-	-
Contribution holiday – after surplus apportionment	-	-	-	-	-
Member administration costs	(91,489,596)	-	91,489,596	-	91,489,596
At end of year	20,341,959,710	741,454,771	4,371,427,255	1,104,312,080	3,267,115,175

The investment reserve balance of R1,104,312,080 includes an amount of R406,015,043 (2020) for unallocated returns.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED THURSDAY, DECEMBER 31, 2020

17. AMOUNTS TO BE ALLOCATED

	31 December 2020 R	31 December 2019 R
Opening balance	704,740,726	-
Investment return allocated during the year	36,714,045	-
Actuarial valuation adjustments	-	704,740,726
Total amounts to be allocated	741,454,771	704,740,726

