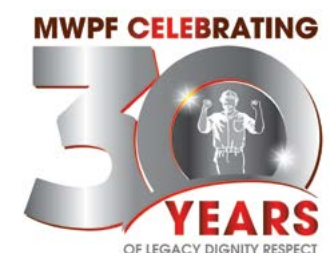


Respect Dignity Legacy



Mineworkers Provident Fund has an accomplished history that stretches back to the late 1980s. While we have transitioned and evolved alongside the society and sector we exist in, our values and overarching vision has 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 a significant emphasis on ensuring that our members are included in everything we do. From actively participating in communities through various ESG initiatives to member education activities, we hope that the 2019 integrated report provides a snapshot of just how we have connected with our members and plan to continue that connection for years to come.



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ABOUT THIS REPORT

Mineworkers Provident Fund's (to be referred to either as "MWPF" or "the Fund", depending on the context or usage) integrated annual report ("the report") for the year ended 31 December 2019 aims to provide feedback and developments to our stakeholders. This report combines data related to the Fund's financial, social, environmental and governance aspects on the Fund's 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 2018, 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 last 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; as well as 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").

Scope and boundary

This report covers the key events that took place from 1 January 2019 to 31 December 2019. 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 material issues that have been identified and for which feedback on our performance has been discussed were determined as follows:

- Acknowledgement and reflection on the importance of the Fund's 30th birthday;
- 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 concerns highlighted in the strategic review process; and
- Key performance objectives set for management for the following year.

Combined assurance

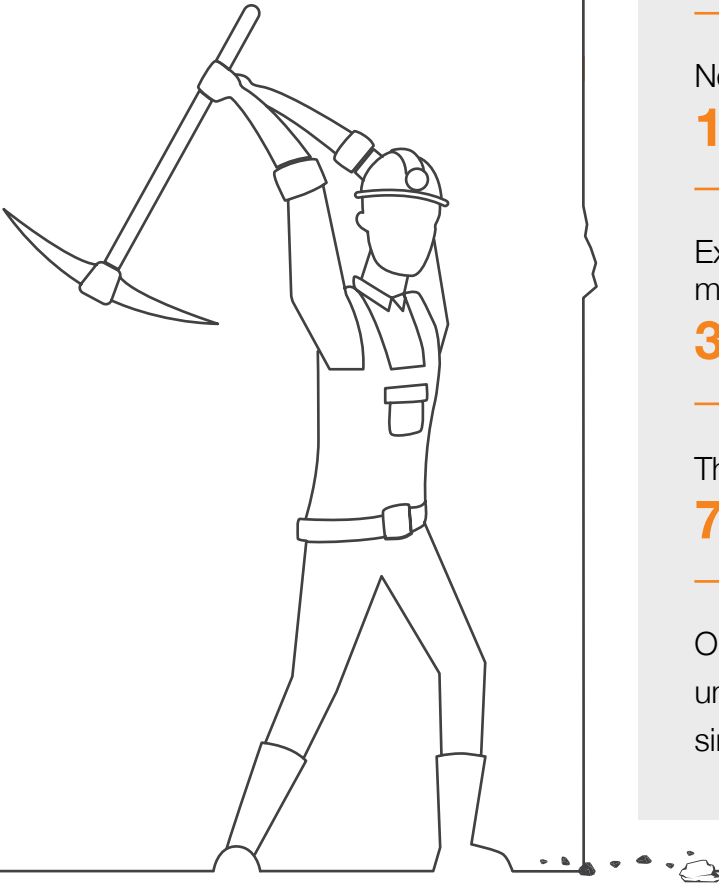
The Fund's annual financial statements are audited by SizweNtsalubaGobodo Grant Thornton Inc. ("SNG Grant Thornton"). An assurance approach has been adopted in respect of non-financial information from the Fund's management, internal audit and external independent third parties.

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.

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.

OUR YEAR
AT A GLANCE
2019



Growth in total assets under management	2.12%	2018: 4.47%
Total amount of benefits paid	R3.789 billion	2018: R3.7 billion
Investment returns over 12-month period	8.39%	2018: 2.21%
Annual contributions	R2.223 billion	2018: R2.2 billion
Net increase in active membership	1.52%	2018: -8.52%
Exposure per previously disadvantaged asset manager handle	36.24%	2018: 37.98%
The overall staff turnover rate	7.45%	2018: 7.45%
Our external auditors have issued an unqualified audit opinion for 9 years since self-administration		

“A people-serving company
with a special history”

Risk Benefits: Profit Share Agreement
continue to grow year-on-year with the cumulative balance standing at over **R300 million** as at the end of the 2019 financial year





01

MWPF IN CONTEXT

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30
YEARS
OF LEGACY DIGNITY RESPECT



OUR IDENTITY

Mineworkers Provident Fund is a retirement fund in the mining industry providing retirement benefits to a vulnerable group of workers in our society – the mineworkers.

Formed in 1989 with a clearly defined vision and strategic objectives which include being the retirement fund of choice in the sector, we are driven by our desire to create and preserve value for future generations. This is based on the notion that just like other workers, mineworkers have the right to retire with dignity thus accounting for all the years of hard labour they have invested.

How we create value and preserve the dignity of our members



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 by, and bolstered with, 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, dependents/ 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, Mineworkers Provident Fund demonstrates its ability to create meaningful value over time according to the six discreet 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 skills or know-how of an organisation's personnel as well as their commitment and motivation, and it covers those aspects of an organisation's staff which 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 as a whole.

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



THE IMPORTANCE OF TURNING 30

First formed in 1989, Mineworkers Provident Fund was built upon providing a vulnerable group of workers in our society – mineworkers – with not only the means to retire with dignity and support their dependents but to treat them with the respect they deserve throughout the process of saving towards their retirement funding. Through the Fund's own legacy – that of running a fund of choice with great success – we hope to enable these individuals to realise their own legacies of financial freedom.

2019 marked the occasion of the Fund's 30th birthday and it is with great pride that the Fund can look back and examine the work it has done over the course of the past three decades. From its inception in 1989, the Fund has grown tremendously with regards to its staff accompaniment.

While the Fund's membership base has been in decline as investments in mining declines similarly, there has been a steady increase in terms of employers' numbers as the Fund onboards new members. With further decades ahead, the Fund plans to continue its strong growth.

Over the course of the past 30 years the Fund has made an incredible difference in the lives of those it helps and, for the years to come, as it continues to build considerable growth and strong returns on investment, it aims to continue with the good work it does.

When asked to reflect on what the Fund's 30th birthday meant to them, members of the executive management team had this to say:

"At Mineworkers Provident Fund, celebrating our 30th birthday signifies legacy. For me – the Fund has come through a lot and, with all the work it has done over the years, it has so much to be proud of. 2019 was a major milestone in our journey and, at the same time, as much as we celebrated the past, we must continue to look to the future. We have done this for 30 years, and now let us do that again – something different, something better – for the next 30 years. As I see it, this milestone is a stepping stone."

- Amma Amparheng, Chief Financial Officer

"For me, Mineworkers Provident Fund turning 30 is a great opportunity for us to take a step back and re-evaluate. 30 years is a long time and I think we have done a lot in that time but I'm still wondering: do we really understand our members? We're the oldest black-owned, -managed and -controlled fund in the mining sector and, with most of our members aging and retiring in the next few years, it's important that we find ways of repositioning our brand so as to attract the next generation of members. And we're going to do just that by knowing who these individuals are, by understanding how to talk to them, and, most importantly, by appreciating what it is they want."

- Muziwandile Ndlovu, Business Development Executive

"Turning 30 is a major achievement for the Fund and signifies an important part of the journey. Having come this far, for me, shows that we have demonstrated incredible agility as a Fund and going forward we need to start focusing on being future-fit to embark on the next 30 years. The journey continues – still on the path of creating value."

- Lungelo Solombela, Human Resource Executive

"The Fund's values – that of respect, dignity, and legacy – are the ones which we invest in heavily. We've done this for countless years and, in our actions, in our culture, in those ways which we conduct ourselves, we try our best to embody these values. The Fund's members and their beneficiaries are often vulnerable members of our society. To my mind, those persons we provide for, the Fund is specifically duty-bound to protect them. Being able to provide financially, treating our members and their beneficiaries with respect and offering them the opportunity of living with dignity, are at the core of the Fund's own legacy and the fact that we've been doing this for three decades, that's really a milestone."

- Philda Mphephu, Principal Officer

"Over the years, people haven't just seen the importance of Mineworkers Provident Fund, they've seen the importance of our members. At MWPF, we're serious about legacy and that means being serious about the work we do and the benefits we provide our members. Through our actions, we acknowledge everything they have done during the course of their lives – the sweat and toil they've put in over the years – and, as a Fund, we will continue to do our best to support them and their dependents as and when necessary."

- Molefi Sebitlo, Member Trustee

"Over the course of the past three decades the Fund has established a strong foundation for itself. The work which has been done across all of these years is a testament to how we prioritize our members, putting them first. At the end of the day, it's all about maintaining the legacy and dignity of these individuals. As a self-administered fund, Mineworkers has demonstrated its capabilities time and time again, outperforming the competition while still achieving sustainable returns from the market. The foundation which we have created serves us well because we are headed for a significantly different future. Our resilience, our strong leadership, the various automation 'pushes' we have made – these will all help us greatly. With fresh perspectives, different thinking and new approaches to doing business, the Fund is equipped and, while the future may be uncertain, the Fund certainly isn't."

- Thomas Kgokolo, Acting Chairman

"Mineworkers Provident Fund turning 30 has indeed been a milestone achievement. For the past 30 years the Fund has shown only positive investment growth. The choice to become self-insured was one which many doubted, assuming that the Fund would be unable to remain sustainable but, 30 years later, the Fund has proved them wrong, having grown from strength to strength. I am very proud to have been a part of the legacy of this Fund and I look forward to many more successes and greater achievements."

- Nathan Williams, Chief Operations and Technology Officer

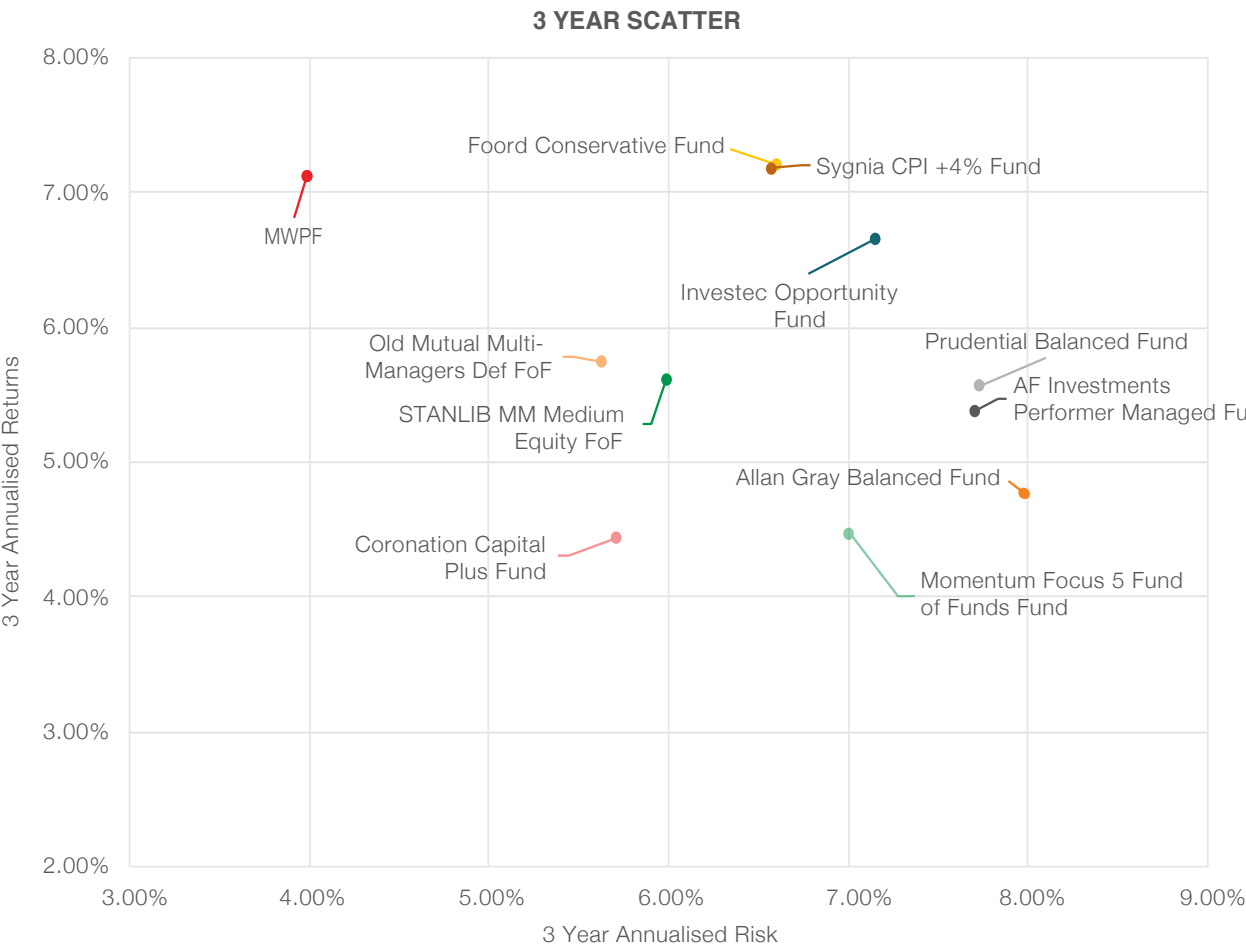


OUR MEMBER VALUE PROPOSITION

In realising our ambitions of being the retirement fund of choice in the sector, we take pride in having a multi-pronged approach to differentiating ourselves to the rest of the funds. Given that investment performance and member-centricity are key and closely linked in our future success, we frame our value proposition around how we outperform the sector we operate in while nurturing and strengthening our relationship with stakeholders such as members and employers.

We outperform our competitors

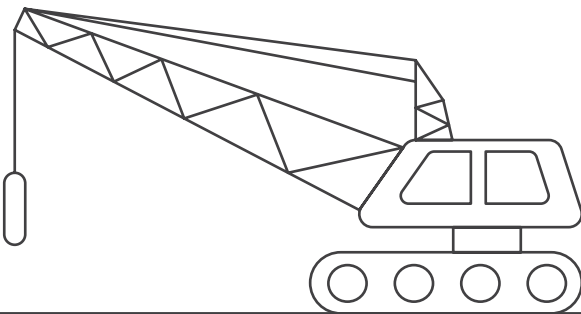
- The Fund has outperformed the majority of its industry peers (with the same investment objectives) over three, five and ten years. The Fund also stacks up favourably over one year as it remains in the top funds when compared to industry peers.
- Most importantly, we have achieved these outstanding results with a transformed value chain of service providers, demonstrating that transformation makes good business sense!
 - Asset Consultant – Majority black-owned managed and controlled (Level 1 contributor)
 - Asset Managers – 35% exposure to majority black-owned, black-managed and black-controlled (inclusive of black women participation)
- As an asset owner, we understand that the power of reform lies with us. Therefore, we continuously review our supply chain and engage our service providers through the setting of transformation targets and ongoing monitoring.



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 relationship objectives	Actions implemented
To educate members so they can better understand their accumulated Fund values and investments and make sense of the information appearing on their Benefit Statements.	<ul style="list-style-type: none">• How to read your Benefit Statement Poster: English, isiZulu, Xhosa, Sesotho and Tsonga• Streamlining of communication to suit members
To engage with and educate members so they can better understand their Fund benefits, specifically the disability and death benefits and how the Fund works.	<ul style="list-style-type: none">• Member newsletters (English and four vernacular languages as above)• Employer Newsletters• Disability Benefits Poster• Death Benefit Poster and Flyer• Fund Calendar with a summary of Benefits• SMS communication• Scribble video (English, Sesotho and isiZulu)• Streamlining of communication to suit members
Create direct contact with members through the use of SMS messaging, member and beneficiary roadshows, and face-to-face contact sessions.	<ul style="list-style-type: none">• Beneficiary Communication• Roadshows/Unclaimed Benefits Roadshows• Regional Advisory Committee contact session• Member and Employer Newsletters• SMS communication• Creation of online portal for member use
To continuously evaluate the needs and expectations of members and ensure that these needs are met. To obtain more cellular numbers of members in order to improve member-level communication.	<ul style="list-style-type: none">• Research Surveys• Research Results• Feedback Report/Evaluation• Creation of tracking software to locate members with unclaimed benefits



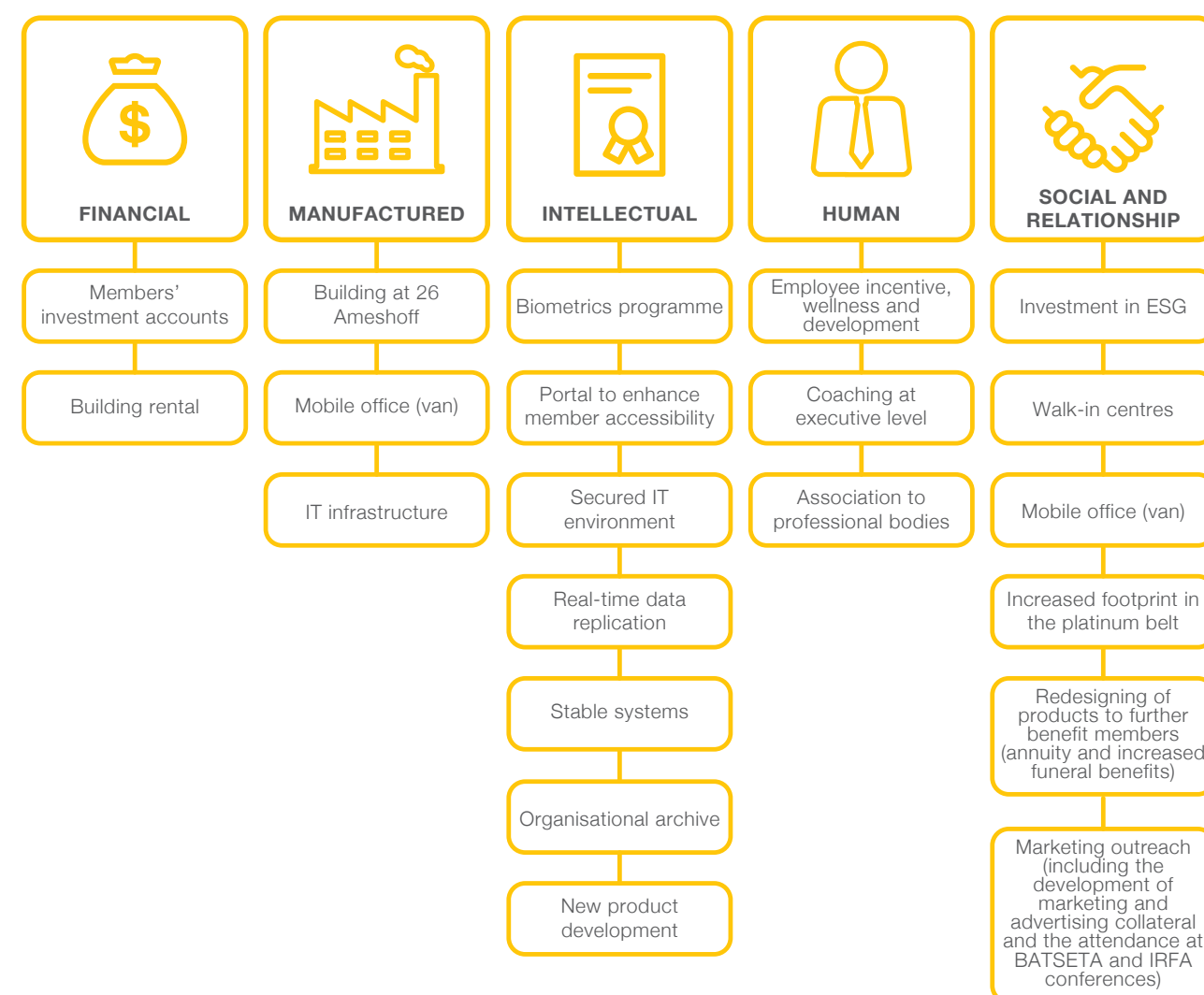
MWPf'S VALUE CREATION INITIATIVES

The six capitals of Integrated Reporting

The purpose of this integrated report is to demonstrate how, as an organisation, Mineworkers Provident Fund creates value over time both for itself and, more importantly, for its members, its staff/employees and its other stakeholders that 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 as a whole.

An organisation's ability to create value over time is measured by its stock of the following six capitals: financial, manufactured, intellectual, human, social and relationship, and natural.

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



2019's big initiatives

Best foot forward



Over the past financial year, Mineworkers Provident Fund has undertaken a number of initiatives which have created value in incredibly meaningful ways.

The first of these initiatives was the Fund's drive to increase its employer participation footprint by making forays into the platinum mining belt. Following the outcomes of research conducted during the previous year, 2019 was a year spent meeting with various unions and employers, making successful inroads and building relationships within this sector, which was previously untapped by the Fund.

This initiative was driven in large part by the Marketing and Communications department's versatile approach to the research outcomes of 2018. Their efforts put Mineworkers Provident Fund in the spotlight in this sector. While a large amount of time was invested towards this endeavour, the subsequent 'foot in the door' is incredibly important to the Fund growing its membership base outside of the traditional gold and coal sectors.

Reaching our remote members



As a means of 'reaching out' to its members, the Fund's second noteworthy initiative was the result of research conducted on the membership base, their wants and needs, and its own service delivery ability. Factoring in things like remote access, signal and communication challenges, and quick turnaround times, the Fund's mobile van concept was created. This van, which is completely kitted out in terms of technology, is able to take the Fund's business to the people, the members and beneficiaries.

Driven by the Fund's member-centric approach as well as the need to communicate with those members in outlying areas, the mobile van, with its own staff complement, roaming internet capability, and the various devices it houses, is the perfect solution for helping these individuals.

Streamlined systems to save time



With the POPI Act (the law on privacy and confidentiality of personal information) taking effect from 1 July 2020, Mineworkers Provident Fund understands that complying with this law means adjusting the way in which it handles its members' data (personal information). Tracing members with unclaimed benefits is paramount to the Fund and, while secure tracing companies have been used in the past to help find these individuals, this method, going forward, would need to be revised in line with the requirements of the POPI Act.

Sensing an opportunity to innovate, the Operations and Information Technology departments developed software which not only brought the process of tracing members in-house, but also simultaneously streamlined and cut down costs on the tracing process overall. This robust system aids staff immensely when it comes to tracing these members and also ensures that their sensitive data no longer has to leave Mineworkers Provident Fund at all.



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**.

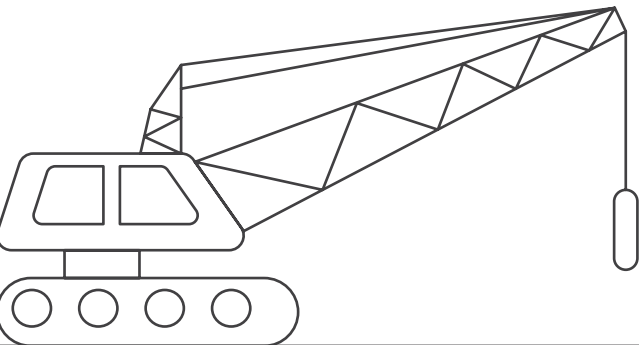
Our business model aims to grow and to preserve our members’ retirement benefits – facilitating generational benefits.

- We aspire to provide value for money to our members.
- We aim to be a Fund of choice in the industry and a low-cost operator.
- 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; and
- Several other African countries.



1

WE INVEST FUNDS

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

2

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

Market-linked portfolio

40%

60%

3

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

4

AND ULTIMATELY CREATE GROWTH

To date, we have achieved steady investment growths for our members

CPI +4.5%

1 Year

3 Year

5 Year

MWPF

1 Year

3 Year

5 Year

9,88%

9,68%

8,85%

2,21%

7,74%

9,97%

5

THAT WE ACTIVELY PAY AND DISTRIBUTE

With the growth achieved in the Fund, we are able to pay our members and their beneficiaries

We also trace unclaimed beneficiaries through a dedicated tracing system, through our annual roadshows and permanent walk-in centres

Our value creation story means that we have spent the past 30 years — our legacy — providing our retired mineworkers with dignified and secure retirements, so that they can create their own legacy.





02

OUR VALUE DRIVERS

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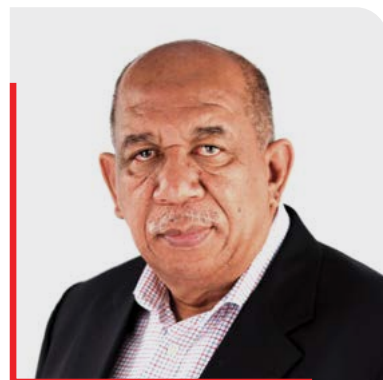
30
YEARS
OF LEGACY DIGNITY RESPECT



ACTING CHAIRMAN'S REPORT



Thomas Kgokolo
Acting Chairman
(July 2019)



Martin Kuscus
Chairman
(1 Jan 2019 - 15 June 2019)



“ For 30 years the Fund has improved the lives of generations of mineworkers and, for the foreseeable future, will continue to do so. ”

quite well. For the mines this came as a nice reprieve, leaving them in a profitable position. With performance on the up and up, the mines were not as pressured and jobs within the sector were somewhat safeguarded. This meant retrenchments during 2019 weren't as far-reaching as they were in the year prior.

As expected, there was a noticeable trend in the continuous reduction of jobs in the mining industry, specifically within the gold and coal sectors; conversely, platinum and other minerals continue to grow as investment in these areas grows. This decline, coupled with the increased movement towards automation, has been identified as a risk for the Fund going forward. However, identified well in advance, the Fund has already begun implementing various means of mitigating this risk.

As a Fund, we understand that the GDP is influenced by various sectors within the economy and, while 2019 wasn't a year of significant growth in the mines, the 'knock-on' effect – that of the Fund's membership base slowly shrinking – may, given enough time, lead to an eventual increase in the cost-per-unit of the Fund itself. This is something which the Board and myself are investigating in great depth and, at present, we're happy with the progress that has been made to date regarding the implementation of various strategies which are geared towards not only mitigating this 'shrinkage' but actually swelling our membership numbers over the years to come.

South Africa's downgrade to junk status towards the end of 2019 – while not unexpected – did have an effect in terms of the Fund's returns. We invest heavily in local markets and, if the economy isn't performing well, the Fund 'feels' that as a result. However, through our diversified portfolio, experienced investment managers and a few 'tactical'

investments over the course of the year, the Fund was able to take control of the shifting market space it found itself in. In hindsight, we have the Fund's investment policy strategy to thank for our success in mitigating this potential risk and, while we didn't necessarily 'shoot the roof' with our returns, it certainly wasn't a bad year. In spite of market uncertainty, the Fund remains consistent.

Amendments and regulatory changes

At the start of 2019, Government published the Taxation Laws Amendment Act No. 23 of 2018 which highlighted a number of important changes for the retirement fund industry. While the Fund is cognisant of these changes as well as their various implications, we feel it is important to communicate with members those changes which could be of importance to them.

From a governance point of view, the Fund constantly monitors these types of regulations and laws. In 2020, funds across South Africa will have to pay particular attention to the POPI Act, complying in a timely manner and, as a fund of choice in the mining sector, it falls to us to remain vigilant and ensure that our systems and processes are in complete alignment. For Mineworkers Provident Fund, ensuring that we are compliant is paramount to the work we do and, beyond that, we also aim to communicate with our members and other stakeholders so as to explain the importance of this compliance and, most importantly, what it means for them.

Further to this, the Default Regulations, which came into effect from 1 March 2019, stipulated a number of necessities which had to be in place to ensure compliance.

With the Fund celebrating its 30th birthday during the course of 2019, we are reminded not only of our 'age' but also of the good work which we have done to date. From its humble beginnings to the present day much work has been done to improve the lives of some of South Africa's most vulnerable individuals – its mineworkers.

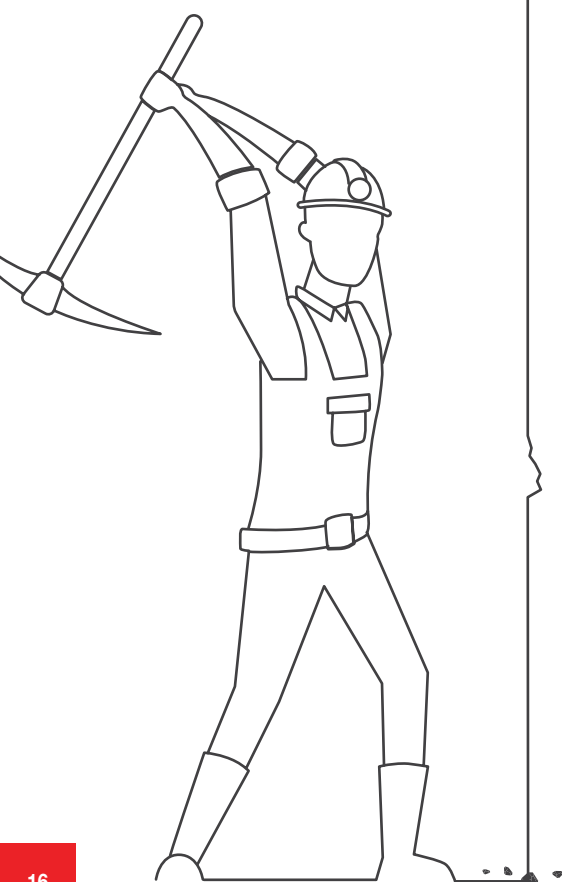
These individuals reside at the heart of everything which the Fund does and, through our actions, we aim to create value for them while protecting the purchasing power of their retirement benefits into the future. With our continued performance, savvy investments and strong service delivery we aim to offer our members not only financial security but the opportunity to retire with dignity and enjoy the fruits of their labour.

For 30 years the Fund has improved the lives of generations of mineworkers and, for the foreseeable future, will continue to do so. With over R29 billion in assets, an exemplary track record of uninterrupted positive returns to members since its inception, and an agility and dynamism when it comes to overcoming obstacles, the Fund is in a strong position to not only provide for its members but to swell its membership numbers as a whole.

2019: Year in review

2019 came to a close with our active member numbers at 77 357 (2018: 83 325). We had R28 billion (2018: R29 billion) in assets under management and paid out approximately R3.7 billion (2018: approximately R4 billion) in benefits for the financial year. While the Fund enjoys its own internal consistency, it is worth noting various changes within the mining sector.

As always, the mining industry remains a significant part of the South African economy, contributing R356 billion to the economy in 2019, up from R350.8 billion in 2018. Mining made up over 8.1% of the GDP for 2019 and, at present, provides nearly half a million direct jobs. For 2019 we saw the mining sector's performance increase and mineral prices – gold and platinum, in particular – rising



“ Through their actions, demonstrations of dedication, and unerring proficiency in their controls, the executive management continues to serve the Fund as strong role models.

”

In this regard, the Fund has achieved this compliance.

To date, Mineworkers Provident Fund has:

- established a default investment strategy for members which complies with Regulation 37;
- made allowance for members to defer their withdrawal and become paid up members in the Fund;
- provided access to retirement counselling for members before their withdrawal or retirement benefits are paid; and
- established a default annuity strategy for retiring members.

The Fund's ability to react timeously to these kinds of changes is a demonstration of the kind of versatility, dynamism and adaptability which is key to our continued success. In the same manner, due to software and systems developments within the Fund's IT and Operations departments, the Fund is already compliant with the stipulations of the POPI Act.

Meaningful appointments

During 2018, we worked tirelessly to ensure that our members' hard-earned pensions were not put at risk and in 2019 the Fund has continued its good performance 'streak'. With the support of our nine regional advisory committees, our investment partners and dedicated personnel, we continue to provide our members with the much-needed protection through our astute management of members' savings.

Various staff appointments during 2018 really bore fruit during 2019 and I would like to take a moment to acknowledge the parts these individuals have played during this financial year.

Mr Muziwandile Ndlovu joined the Fund as a Business Development Executive at a time when we were really being challenged from a membership point of view. As mentioned, certain sectors within the mining industry aren't growing and, as a Fund, we are required to think differently and to diversify so as to attract new business. Mr Ndlovu has been instrumental when it came to diversifying our membership base and he has made incredible strides to ensure that we can grow our membership base. As much as there's still some ground to cover, we are seeing trends that suggests that his hard work is paying off.

Ms Amma Amparbeng, filling the Chief Financial Officer vacancy at the end of 2018, has made significant contributions towards the Fund's performance and service delivery during the 2019 financial year. For the large part of last year, the Fund operated with an acting CEO and Amma's diligence and attention to detail was a huge help when it came to assisting the acting CEO and ensuring that she felt supported. Ms Amparbeng's hard work has also gone a long way towards ensuring that we, as a Fund, are able to minimise non-compliance, something which we have struggled with in the past.

Without a permanent CEO for 2019, the Fund looked to Ms Philda Mphephu for assistance and, for the work she performed during her time as acting CEO, we remain forever grateful. Ms Mphephu stepped in, filled this glaring gap for us when we didn't have a permanent CEO and we commend her for her performance, her diligence, and her ability to ensure that the team cohered during this time. She acted as a bridge between the Board and executive management and did a fantastic job of ensuring that, regardless of the challenges and difficulties faced, there was alignment between these two entities.

“ As a Fund we know that any opportunities we don't leverage have a tendency to become risks and it is for this reason that we must continue to remain agile and dynamic.

”

Strategic review

Our 2023 strategy aims to not only shape our business over the course of the next few years but also helps determine our growth trajectory. Implemented in 2017, strengthened in 2018, and with action taken in 2019, the Fund is well on its way to achieving the targets it has set for itself.

Armed with 2018's market research findings, the 2019 financial year served the Fund as a year for 'reacting' to these learnings. Though there were a number of facets identified during this research – all of which will eventually be addressed – the Fund has made good progress with regard to these. These are highlighted in greater detail on page 32 of the Acting chief executive officer's report.

In hindsight, 2019's big focus was on implementation and execution. The Fund has developed and deployed appropriate measures which will ensure the shortcomings found in our market research are addressed and, with good progress made across all of these areas, we will circle back to boast of our successes in 2020.

Governance

The Fund's continued commitment to ensuring a sound governance framework resonates through every level of our business and our consistency, strength, and shared experiences all contribute significantly to the strength of our governance.

Midway through 2019, in June, the term of the previous chair, Mr Martin Kuscus, came to an end and I had to step in as acting chairman until my eventual appointment to the role. I would like to take this opportunity to thank Mr Kuscus

for the outstanding work which he has done. Without his strong leadership as well as the groundwork and foundation which he established during his term, I would have had a harder time 'steering the ship', as it were. As a Fund, we are indebted to his contribution and, whatever his future endeavours may be, we wish him well.

In terms of governance, I would also like to make mention of our executive management who, through their diligence and hard work, have helped maintain our clean audit outcomes. Through their actions, demonstrations of dedication, and unerring proficiency in their controls, the executive management continues to serve the Fund as strong role models. Our reductions with regards to unclaimed benefits and our minimisation of non-compliance can be attributed, by and large, to their hard work.

Emerging opportunities

There are a number of opportunities in the market which we, as a Fund, have taken note of. By constantly monitoring developments we are able to tap into other emerging sectors at just the right time so as to maximise our benefits. At present, the Fund is not only dominant in the gold sector, it is also dominated by the gold sector. The majority of our present membership base is in gold and, as we look to the future of the mining industry as a whole, we aim to diversify our membership base so as to ensure our continued success. While the Fund has made strides into the platinum belt under the guidance of our business development unit, we are still just dipping our toes into the diamond and iron ore sectors. In the longer term, we are even considering diversifying outside of the mining sector, though it is worth noting that this is ultimately determined by what leeway regulations afford us.



As a Fund we know that any opportunities we don't leverage have a tendency to become risks and it is for this reason that we must continue to remain agile and dynamic. By knowing where these opportunities will arise, we put ourselves a step closer to knowing what exactly we can do with them so as to maximise the benefits.

Remaining relevant

In light of things like automation, artificial intelligence and the fourth industrial revolution, the Fund has and always will, do its very best to remain relevant. At the Board level, remaining relevant and leveraging emerging opportunities are synonymous and, with this in mind, we have to acknowledge the importance of the technological 'space'. When we talk about things like streamlining, increasing ease-of-use, reducing or preventing fraud, and improving lines of communication – understanding what's out there in terms of technology is integral to achieving these ends. Through the introduction of biometrics for member identification; improved communications with bodies like Home Affairs; and strong admin systems which allow us to reach our members more efficiently; the Fund has invested heavily in technologies which improve our internal operations and, in turn, heighten our efficacy when it comes to assisting our members.

As always, technology is fast-moving. The space itself is in a constant state of rapid change and we've entrusted executive management with the responsibility of scanning the market for any developments that can enhance our ability to deliver on the work we do at an effective cost. As always, the Fund seeks to upgrade, improve, and tweak our ways of working but only as long as it is being done responsibly so as to ensure that we aren't frivolous in this regard.

Outlook for 2020

2019 was another good year for both the Fund and, by and large, the mining industry as a whole. The Fund has continued to demonstrate consistent achievement, sound returns on investment, and continued outperformance of its competitors. That being said, as we look to 2020, we know that we must approach the year with employer and member diversification forming a big part of our agenda. The Fund is increasingly aware of the changes and the challenges within the mining sector. As certain segments shrink, others grow in turn and, for this reason, the Fund must continue with its drive to establish a meaningful presence within these other segments. We are the fund of

choice within the gold and coal sectors and, in the years to come, I foresee us establishing ourselves similarly in other sectors, and beyond.

The Fund was acutely aware of the struggling South African economy in 2019 and, with this in mind, seeks to, in the next financial year, diversify its investments even further, potentially leveraging offshore investments and movements into the private equity space so as to circumvent potential losses, if regulations allow. This diversification will also help mitigate potential market-related risks in years to come.

In terms of our members, we hope to grow our numbers as we explore new sectors but, as we do so, we are paying close attention to our current membership. The Fund is constantly meeting with both employers and members in an attempt to improve our understanding of their lived experiences as well as how the Fund can tailor the way it works to serve them better. Ultimately, the Fund aims to improve communications across the entirety of the organisation in an effort to get even closer to these individuals so as to improve their overall experience.

Appreciation

I take this opportunity to recommit the Fund to ensuring that our members and their beneficiaries are serviced promptly, to eradicate unclaimed benefits, and to deliver superior investment returns. I would like to take a moment to show my appreciation to our key stakeholders and, in particular, our sponsors – the NUM, the AMCU, and the Minerals Council South Africa – your continued support and input ensures the Fund is able to sustain its continued performance. Another key stakeholder – our employers in the mining industry – deserve our thanks too. Without their hard work and due diligence, we wouldn't have the sort of membership numbers we enjoy today. I commend the Board for their strong leadership direction as well as their ability to ensure the Fund performs as well as it does. To the main stakeholders of the Fund – the members – I wish to thank you for entrusting the Fund with your retirement savings and making us the fund of your choice. To all the staff of the Fund as well as executive management: I thank you. Your hard work never goes unnoticed and it is the real reason the Fund has been able to reach its 30th birthday while having achieved such success.

Thomas Kgokolo
Acting Chairman

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	Local	Industry	Social
<ul style="list-style-type: none">• Mining Charter has been shared, providing more certainty• Rigid labour legislation• More stringent B-BBEE codes• Retirement fund reform uncertainty	<ul style="list-style-type: none">• There is low economic growth in RSA• Negative investor perception of RSA• Unfavourable interest rates• Perceived political instability	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• The unemployment rate is rising• Growing poverty• Low literacy levels in RSA• Minimal transformation in the asset manager space

Five-year vision statement

To be the leading Financial Services Institution for the working class 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	Our service	Our growth	Our people
Increase our reservoir of intellectual capital through market research and intelligence	Focus on the efficiency of our systems and administration to meet the needs of our ambitions	Focus on growing the Fund	Cultivate an organisational culture that aligns with our strategic objectives and maintain efficient talent management



Strategic KPI	Measure
Unclaimed benefits The total number of unclaimed benefits in the Fund	Total number of identified claimants with values due
Member satisfaction How our products and services meet or surpass our members' expectations	Annual survey Regional Advisory Committee (RAC) and Walk-in-Centre metrics
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	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 below)	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

MATERIAL STAKEHOLDERS

Mineworkers Provident Fund 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:

- Cement the role we play with each of our stakeholders.
- Create and sustain a positive image/reputation of Mineworkers Provident Fund.
- 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, SMSes, roadshows, social media, surveys, walk-in-call centre	<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 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



BOARD OF TRUSTEES



Thomas Kgokolo
Independent
Chairperson
Reappointment date:
23 April 2020
Appointment date:
31 March 2014



Xolani Bokoloshe
Member Trustee
Appointment date:
8 October 2018



Wessel du Toit
Employer Trustee
Reappointment date:
1 May 2019
Appointment date:
7 April 2010



John Lekgori
Member Trustee
Appointment date:
3 October 2019



Jeff Mphahlele
Member Trustee
Appointment date:
8 October 2018



Luyanda Mphinda
Member Trustee
Appointment date:
8 October 2018



Bonginkosi Mrasi
Member Trustee
Appointment date:
15 August 2018



Dusty Ngwane
Member Trustee
Appointment date:
9 March 2019



Serame Maetle
Member Trustee
Reappointment date:
1 May 2019
Appointment date:
16 May 2016



Leepi Marumule
Employer Trustee
Appointment date:
2 December 2019



Patrick Mathibela
Employer Trustee
Reappointment date:
2 December 2019
Appointment date:
1 November 2015



Richard Mguzulu
Member Trustee
Reappointment date:
27 June 2017
Appointment date:
27 March 2014



Lydia Nkopane
Member Trustee
Reappointment date:
12 February 2019
Appointment date:
14 March 2016



Caleb Overmeyer
Employer Trustee
Appointment date:
1 March 2017



Mpho Phakedi
Member Trustee
Appointment date:
15 October 2018



Molefi Sebitlo
Member Trustee
Reappointment date:
12 February 2019
Appointment date:
8 May 2009



John Mosemeng
Employer Trustee
Reappointment date:
18 June 2020
Appointment date:
1 March 2016



Kenny Mothae
Employer Trustee
Reappointment date:
10 March 2019
Appointment date:
21 August 2008



Willem van Heerden
Employer Trustee
Reappointment date:
1 April 2019
Appointment date:
1 April 2013



Steph Wall
Employer Trustee
Reappointment date:
1 September 2017
Appointment date:
1 September 2008



EXECUTIVE MANAGEMENT



Philda Mphephu
Principal Officer
Acting Chief Executive
Officer

*LLB Business Acumen
Programme
Certified Financial Planner*

Philda is an admitted advocate with experience in commercial, legal and financial services. Philda has a history of delivering on challenging and complex goals. She is dynamic, resilient and has strong problem-solving abilities.



Amma Amparbeng
Chief Financial Officer

*CA(SA)
BComm (Financial Accounting)
Postgraduate Diploma in
Accounting
Advanced Certificate in
Auditing (SA)
National Certificate: Financial
Markets and Instruments*

Amma 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 whilst working in the United States of America for five years. Prior to joining MWPF, 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
Technology 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 Data and Business
Intelligence
Lean Six Sigma Black Belt
Professional
PRINCE2 Practitioner Certificate
in Project Management
Advanced Management
Diploma*

High profile Senior Executive, Nathan Paul Williams, retains 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. Nathan 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

*Post Graduate Diploma in
Labour Law (PGDLL)
Higher Certificate in
Organisation Effectiveness
Bachelor's degree in
Human Resources*

Lungelo 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

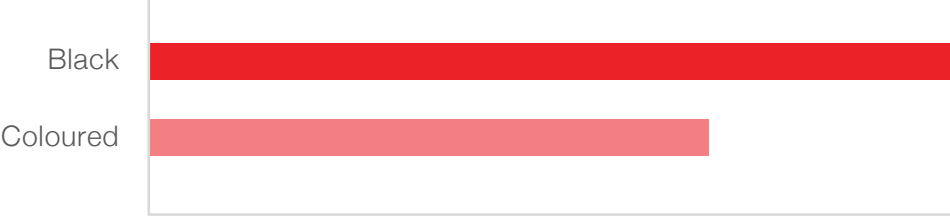
*Public Administration and
Management
Postgraduate certificate
in Wealth Creation and
Management
Management Development
Programme (MDP)
Master's in Business
Administration (MBA 2019)*

Having been in the sales environment for over 20 years, Muziwandile 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, talents in people leadership, as well as technical and human resource management expertise.

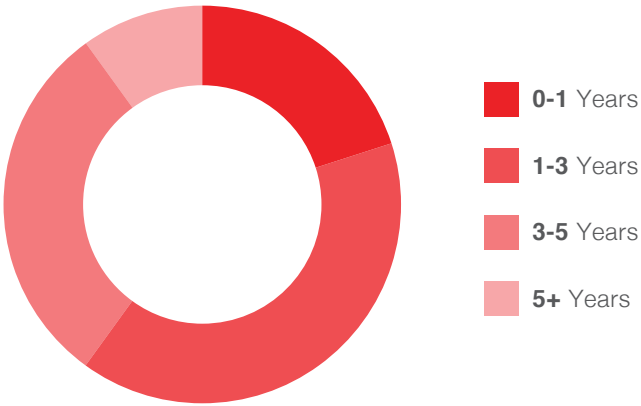


The Fund's executive management has the requisite diversity of skills and expertise, gender make-up and ethnicity that will allow the Fund to deliver on its strategic objectives.

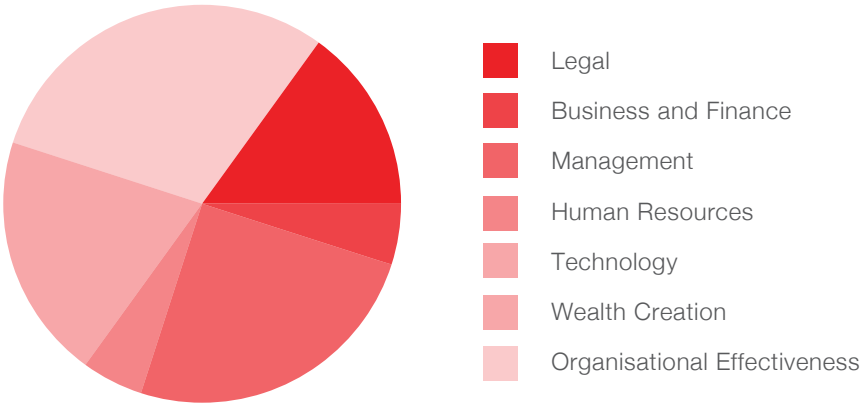
DEMOGRAPHICS



YEARS AT FUND



AREAS OF EXPERTISE





03

INVESTMENT PERFORMANCE

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30
YEARS
OF LEGACY DIGNITY RESPECT



ACTING CHIEF EXECUTIVE OFFICER'S REPORT



Philda Mphephu
Acting CEO



As a Fund, we're always cognisant of our membership base and, through various market research initiatives and different points of contact with these members throughout the course of the year, we deepen our understanding of their needs as well as the challenges which they face. We know our members want to retire with dignity while simultaneously ensuring their dependents are taken care of – even in their own absence – and they want to do this all in safe communities which have the infrastructure necessary for them to live decently.

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

For 2019, our main area of focus was ensuring that we bring group life assurance in-house, something which the Fund achieved through hard work. With our previous approach – that of outsourcing – there were communication challenges, there were fees, there were difficulties and that was something we just didn't want. With the move to in-house we can help our members with greater immediacy while also offering them better benefits. As it stands, we are handling everything admin-related, we are breaking down communication barriers, and, because we are carrying the fees, we can pass any savings back to our members.

With our members' needs in mind, the Fund created its mobile van which serves as another example of the multi-pronged approach we take when it comes to reaching and assisting its members. This van is used to travel to remote areas, perform roadshows to our members and, ultimately, takes the business to the people, putting the Fund on the road in a very real way. We can't afford to sit in our offices waiting for people to come to us – we're active, we're out there – and the mobile van has been instrumental when it comes to increasing our outreach as a Fund.

The investment markets in 2019

The investment market in 2019 was difficult to navigate for a number of reasons. However, the country's downgrade to junk status had obvious effects on investment strength. With that being said, there was a kind of 'disagreement' between the ratings agencies, with Moody's keeping South Africa at investment

“ At Mineworkers Provident Fund, we know that legacy is a long-term thing and we want our members with us for the long haul.



grade while other agencies went to junk status and this disagreement, in hindsight, was positive in some regard.

With Moody's impending downgrade on the cards, investors became hesitant and doubtful and, as a result, their investment faith in South Africa began to wane. They expected – earlier than it actually happened – that this downgrade would come and reacted accordingly. What eventually ended up happening was that, because the downgrade didn't take effect before the end of year, the Fund was able to take greater care of its members' investments. We expected something, stuck to our investment policy strategy and, with some tactical investment allocations and diversification in terms of our portfolio, we were able to curb our losses greatly. As a Fund we demonstrated our agility by reacting timeously.

With the ever-changing environment it finds itself in and with a market that's always on the move, the Fund needs to adhere to various investment principles which, if they are to prove effective in the long-term, should be adaptable and ready to evolve as necessary.

While our members' funds are able to grow as expected, 2019 was another year in which we noted a continued decline in our overall membership numbers. This, however, was expected. While the Fund celebrates its 30th birthday, we must remember that a good number of our members have aged similarly, bringing them closer to retirement and their eventual exit from the Fund. On top of this, certain sectors within the mining industry continue to shrink while sporadic retrenchments also play their part when adding to these exit numbers.

The Fund is cognisant not only of these factors but of the various nuances of the mining industry and, as a result,

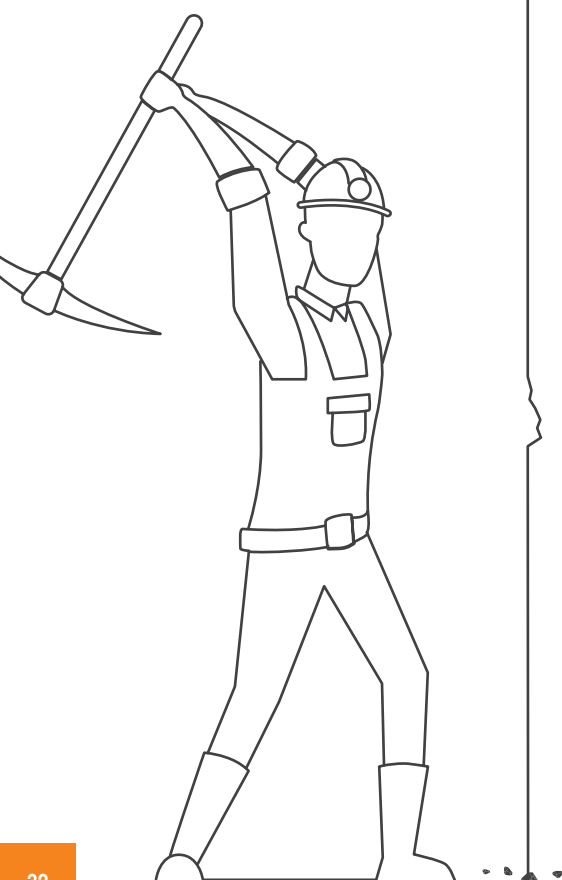
seeks to leverage our continuing market research and the efforts of our business development unit to grow our membership base in the years to come.

Sustainability of investments and assets

On 14 June 2019, retirement funds were issued with the FSCA Guidance Notice regarding the sustainability of investments and assets which provides guidance on environmental-, social- and governance-related issues. These issues are of incredible importance when it comes to the continued promotion of sustainability worldwide and, as such, the Fund has focused its attention on the 17 sustainable development goals as outlined by the United Nations and, in 'accounting' exercises conducted across the entirety of its operations, is taking the goal of sustainability very seriously.

At present, responsible investing in South Africa is still in its nascent phase. Successful as well as meaningful integration of ESG factors into the investment process takes time and, as a result, intense analysis and screening must be undertaken before action can be taken. On the whole, South Africa needs this kind of investment, particularly when it comes to infrastructure, so as to make the country completely sustainable.

For the time being, the Fund is still grappling with this type of responsible investing and asking questions in terms of how we can contribute, meaningfully, towards these. Ultimately, this a journey that we will be on for a number of years and it's a balancing act of sorts. As a Fund, we want to see growth, as do our members; and being able to strike a balance between investments which yield sound returns while integrating various ESG factors is, at present, a very nuanced process.



Transformation and the Fund

Transformation has, and continues to be, of the utmost importance to the Fund. Through various initiatives and endeavours conducted during the course of year, the Fund edges ever closer to aligning itself internally with its members externally. Ultimately, those individuals who we strive so hard for, who all our work is for, we want them to see themselves reflected in the Fund itself.

Even when it comes to our investments, the manner in which the Fund splits the money follows this agenda of transformation. While we do use the big companies for the majority of our members' investments, those smaller asset managers who we are constantly onboarding through our incubation programme are all black-owned as well as operated.

Strategic review

The sustainability of the Fund rests in our ability to address the short-, medium- and long-term challenges that may impact the Fund's future performance while simultaneously taking advantage of the opportunities that arise. In the previous integrated report, we introduced our 2023 strategy aimed at enhancing our long-term sustainability for the benefit of our members. With regard to the four focus areas for our organisation, the following progress has been made:

Market research conducted in 2018 highlighted a few areas of concern within the Fund and, as a result, guided many high-level recommendations for 2019. These form part of the 'Our Understanding' focus area.

With regard to areas of communication, the Fund sought to improve communication as a whole, both internally and externally. On the whole, we were able to streamline our communications and, where we could, made them more concise and clear.

Member education was another big takeaway from this research and, through various outreach programs conducted across the year, we strived to inform these individuals of how the Fund operates as well as how, in layman's terms, their money gets invested.

Throughout the course of the year – and driven largely by the IT and Operations departments – various improvements to the Fund's service delivery capabilities were made by leveraging a number of streamlining and automation mechanisms.

The Fund continues to pay close attention to employee satisfaction as well as the overall employee value

proposition. The annual engagement survey which the Fund conducts is comprehensive and, more importantly, highlights not only where the Fund succeeds but those areas where a bit more work is warranted. 2019 was also the year where we partnered with a new employee wellness provider (ICAS).

Finally, as mentioned previously, this market research was paramount in exposing new revenue streams which the Fund can leverage in the years to come.

For 'Our Service', the Fund reflected on one of the most significant internal risks which faced the Fund during 2018, that of data integrity. With issues relating to duplication, fragmentation and poor 'housekeeping', the Fund undertook a number of actions during 2019 in an effort to mitigate this risk as a whole. We know that, without quality data, the Fund's operations will be unwieldy and our ability to address our members' needs would be hindered significantly. Quality data streamlines our ability to find, contact, and, ultimately, pay our members their benefits while also significantly reducing instances of fraud, delays and processing errors.

For this reason, it was one of the Fund's biggest focuses for the year. The data clean-up process was kickstarted successfully with a number of 2019's targets being met timeously, setting the scene for a strong 2020.

By leveraging market research conducted during the course of the year we position ourselves to better understand the true 'scope' of the data we already have as well as how we can use it more efficiently and effectively so as to improve the way we work. The findings from this comprehensive analysis have been indispensable when it comes to prepping for the year ahead as, now, we are poised to act on our learnings and implement new strategies and approaches.

One of the by-products of improving data integrity overall is that it significantly reduces the number of benefits which transition to being unclaimed. Quality data enables us to communicate with, locate, and pay these 'missing' members with greater ease.

The Fund's product basket remains, as always, integral to our continued success. Our various product offerings are what ensure not only our competitiveness in the market but also our popularity among employers and prospective members. We're always considering what we can add to our wheelhouse, what we can offer our members and, in 2019, one of the questions we ended up asking ourselves was how we could improve our offerings to members when it comes to funeral benefits.

“ With the ever-changing environment it finds itself in and with a market that's always on the move, the Fund needs to adhere to various investment principles which, if they are to prove effective in the long-term, should be adaptable and ready to evolve as necessary. ”

Another product which was introduced is the default retirement annuity product. Typically, our members would retire, take their fund credit and then spend this sum rapidly. After that, they wouldn't have any money going forward and this product, in short, is designed to circumvent that. The Fund aims to care for its members well into their retirement and, by providing them with this option, by allowing them to use their fund credit to 'buy' themselves an income for life, we can do just that.

In terms of the Fund's continuing 'Our Growth', the introduction of the business development unit has proven to be hugely beneficial. Under the guidance of Muziwandile Ndlovu, this unit has sought to increase our membership base through an eventual diversification of our employer base.

As mentioned previously, if you were to look at coal and gold today, you would see a sector experiencing a slow but steady decline; whereas, within platinum and other sectors, there's a noticeable uptick in terms of growth. At present, the Fund dominates the gold and coal sectors; here, we're the fund of choice and, in the years to come, this business development unit will be leading the charge when it comes to increasing Mineworkers Provident Fund's footprint in other sectors within the mining industry. While 2019 has been a year of solid progress in this regard there is still more work to be done.

Market research conducted in 2018 highlighted the importance of 'Our People' as well how the Fund needs to improve its employee value proposition while also fostering a high-performance organisational culture that really embodies our values. On the 'fostering' front, we have paid particular attention to the Fund's need for continuous leadership development within the executive management

team and, as such, have continued with one-on-one executive coaching which has assisted them greatly.

Conducted during the year, our staff survey was incredibly important and proved instrumental when it came to highlighting the knowledge 'gaps' within our ranks. Being able to identify these gaps means we're able to then provide particular staff with the specific training that they require, meeting their needs in the best way possible.

The Board too receives training in an ongoing manner and, in 2019, attended a number of seminars and workshops based on various relevant topics.

From the culture side, there is more work to be done. 2019 has ultimately been a year of laying the foundation for years to come and time has been taken to gather information, to investigate the best approach, and to strengthen strategy so as to achieve more meaningful culture change in the future.

Looking ahead

2019 was a lacklustre year for global economic growth and, while it wasn't the greatest year for the Fund, our ability to perform and deliver was maintained at the right levels. We were able to do what was necessary to ensure the Fund's continued strong performance and subsequent success. Even with 2019's weak market, our investments – on an IRR basis – have been sound, helping us maintain our return of 4.5% above CPI.

There was much in the way of investment in terms of IT, with the Fund implementing automation to not only manage those more mundane tasks but to also improve the manner and speed of our service delivery.



Where we are now, we are faced with this decline which is happening in the mining sector – particularly in gold and coal – and, from this, we have asked ourselves questions about how best we can manage the knock-on effects of this decline and, also, how the Fund can change its growth trajectory to accommodate same.

Pondered at upper-management levels, these questions have gone a long way towards informing strategy and actions to be taken in the future. As we look forward, we will seek to reduce the cost structure of the Fund; improve our membership attraction in new sectors within the mining industry while simultaneously ‘growing’ our presence there. Further, by adding to our product basket and improving our communication, we hope to increase member retention even further. Internally, the Fund needs to be particularly cognisant of its culture. By listening for the Fund’s ‘pulse’ we will be able to get an overall impression of its health and, from that, we’ll be able to not only improve staff experience, wellbeing and behaviour, but also determine how, externally, we are viewed by our members.

Commitment

For the year ahead, we renew our commitment towards striving for excellence. The Fund’s continued performance over the years is a strong driver when it comes to establishing 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 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 our member retention for years to come. At Mineworkers Provident Fund, we know that legacy is a long-term thing and we want our members with us for the long haul.

Appreciation

I want to take this opportunity to thank the management team of the Fund for their excellent leadership in getting us closer to achieving our strategic objectives. I would like to extend my thanks to the entirety of the executive management team. During 2019, a number of challenges were faced and overcome, and I would be remiss not to thank these important individuals for their unwavering support during this time. The Board of the Fund too, deserves my thanks for their tireless collaboration with one another to achieve the goals of the organisation. They have worked seamlessly to help management achieve business goals. Adding to this, I would like to say a big thank you to our dedicated staff who, each and every day, live the Fund’s values of respect, dignity, and legacy. I want to also thank our participating employers and sponsors who, through their input, make the work we do possible. Finally, to those members who place their trust in us: I thank you for choosing Mineworkers Provident Fund.

Philda Mphephu
Acting CEO



INVESTMENT REVIEW

Salient features and highlights

Investment philosophy

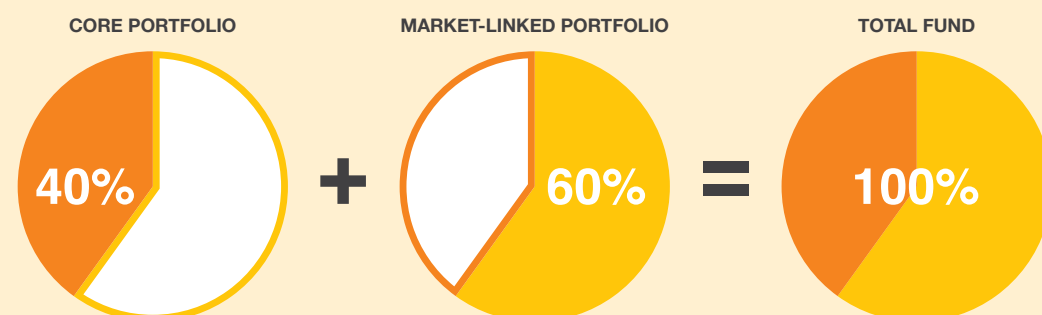
Our primary goal is to preserve the purchasing power of our members' retirement savings and deliver investment returns in excess of inflation at the lowest possible level of risk. This is achieved through the adoption of a liability-driven investment approach that allows us to understand our membership profile and tailor a solution that allows 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:

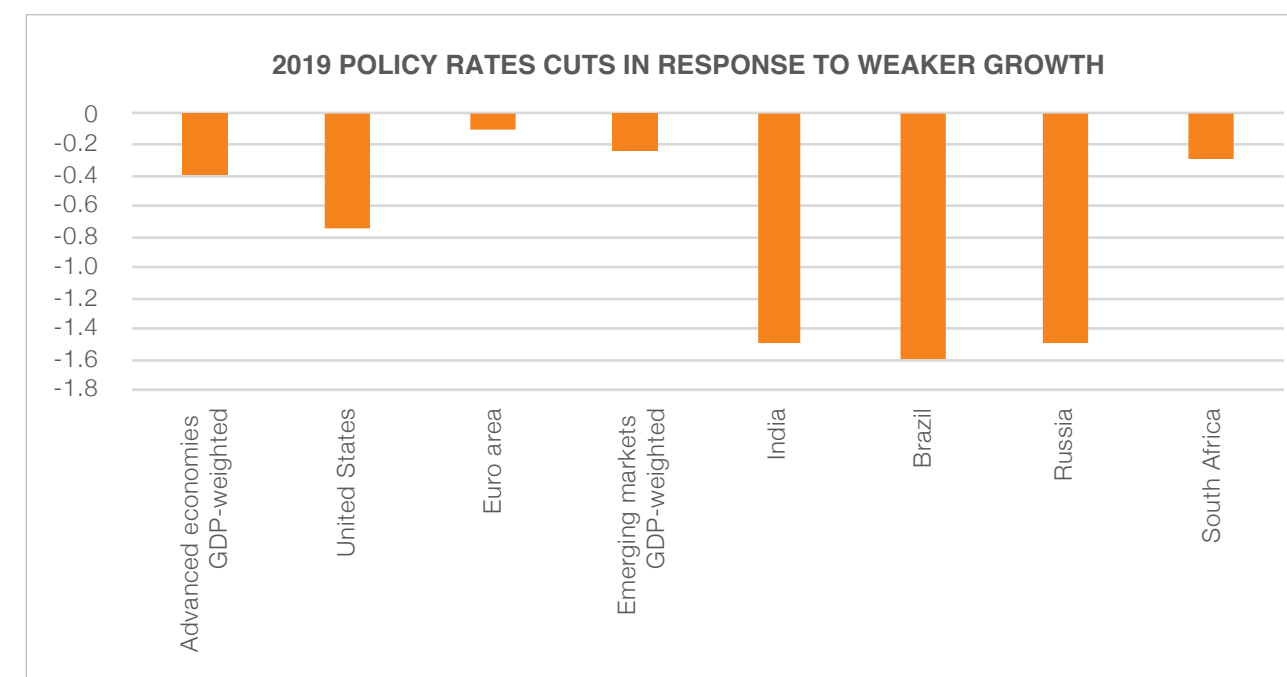


Review of 2019

2019 had an uncertain start with many fearing that the trade war between the world's two largest economies – US and China – would throw curve balls in the path of companies and economies. Most analysts were expecting declines in corporate earnings and global GDP.

However, things turned out better than feared, thanks to timely and aggressive interventions by central banks which somewhat softened the trade war headwinds which rumbled for the better part of the year. The world's two giants engaged in a tit-for-tat skirmish, volleying tariffs on each other's respective imports for most of 2019. A limited deal only came towards the end of the year, with the US agreeing to forego new tariffs and China agreeing to allow more US agricultural imports. However, it was a little too late because the damage to business investment, industrial production and exports was already done. Data compiled by the International Monetary Fund (IMF) showed that global industrial production fell by 0.1% during 2019 while world trade volumes were 1% lower.

Over the course of the year, several central banks cut interest rates. The Federal Reserve reversed all of its 2018 rate hikes after slashing its benchmark interest rate three times. It also proactively engaged in quantitative easing-like actions by purchasing \$60bn in government assets per month and stepping in to fund overnight lending through the repo market.



Several other banks jumped on the bandwagon and implemented accommodative policies. These monetary interventions as well as fiscal easing in China, softened the blow on the global economy which regardless recorded its weakest pace since the 2008 global financial crisis: a modest 2.5% growth. Global companies' earnings also didn't regress substantially as initially anticipated, falling by a respectable 2.5% according to Yardeni Research Inc. Total earnings for companies in the S&P 500 grew by about 1.7%, which implies significant growth if we strip out corporate tax-cut relief given to US companies in 2018.

Despite a weak economic backdrop and a constant barrage of negative (and occasionally positive) news flow on the trade war between the US and China, 2019 turned out to be a solid year for investors as risk assets danced to the tune of liquidity injections and accommodative monetary policy. Investors who adopted the so-called "don't fight the Fed" policy were greatly rewarded. The Mineworkers Pension Fund was, in this regard, well positioned.

Risk assets bounced back from a disastrous 2018 to close higher in 2019, with several major equity indexes at record highs led by the tech-heavy Nasdaq, which gained more than 35%. The US large caps on the Dow (+23.34%) and the S&P 500 (+28.88%) also fared well. The MSCI World Index gained 25.19% in total dollar returns terms despite ongoing Brexit turmoil and overall global economic weakening. Emerging markets lagged with MSCI EFM ex SA ending 11.59% higher.



The bond market experienced somewhat of a rare phenomenon as the US yield curve inverted for the first time since 2007 on the back of US-China issues. However, the yield inversion was short-lived as global bonds ended at 6.84% – not great though good enough given the ‘risk-on’ sentiment.

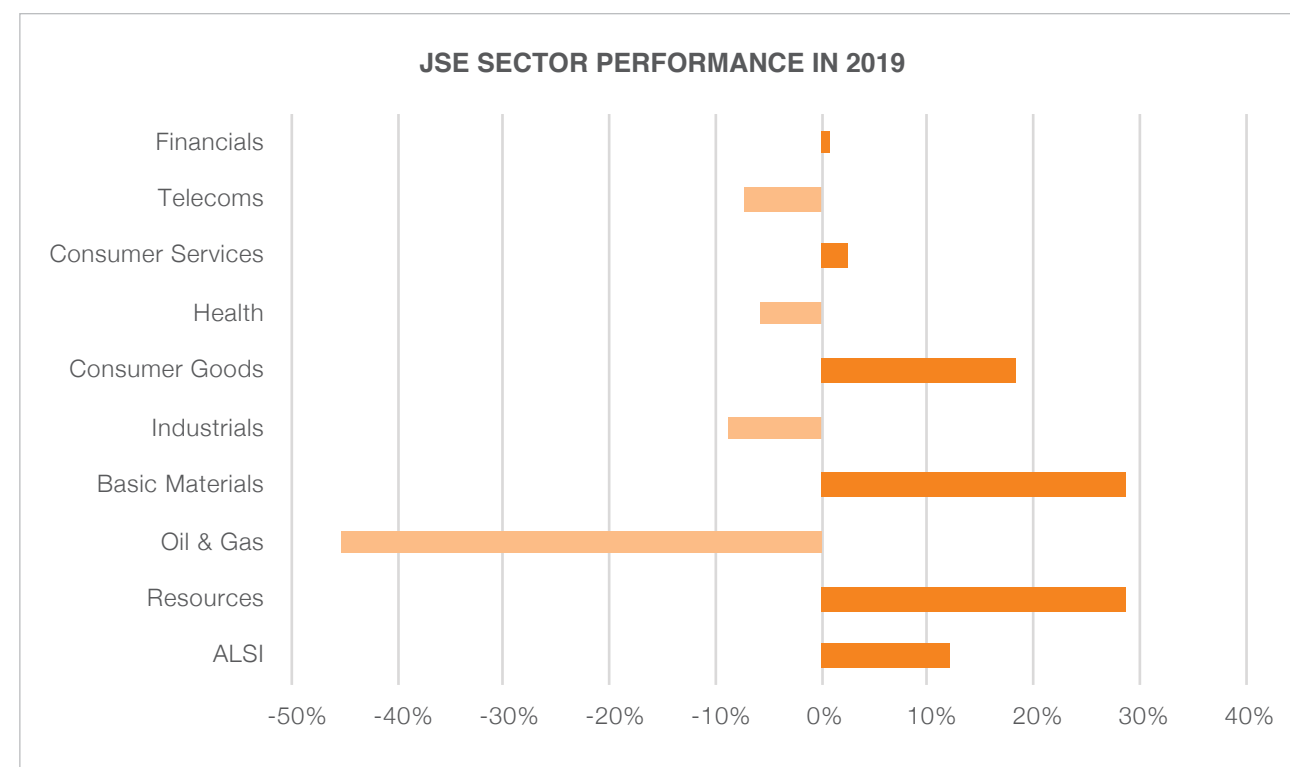
Back home, investors had to deal with a multitude of idiosyncratic challenges on top of global risks. Africa's most industrialised country started 2019 on the back foot with its first quarter GDP contracting 3.2% quarter on quarter (q/q). It subsequently bounced back to a record growth of 3.1% q/q in the second quarter but the subdued performance demonstrated in the second half of the year only saw the economy scrape a measly annual GDP growth of 0.2% – its slowest pace since experiencing a 1.5% contraction in 2009.

Weak economic conditions had ripple effects on several other macroeconomic indicators. Fewer employment seekers were absorbed into the economy which saw the unemployment rate climbing to an 11-year high of 29.1% during the second quarter of 2019. Job losses were pronounced across both the formal and informal sectors.

With such an economic backdrop, consumers' and businesses' sentiment remained subdued. The Bureau of Economic Research (BER)'s Consumer Confidence Index reached its lowest index reading of -7 (since 2017 Q4) during the third quarter of 2019 and remained flat for the rest of the year. Rising taxes, unemployment and electricity prices were blamed for the weak index reading. The BER Business Confidence Index also began to decline steadily during the second quarter of 2018, reaching a 20-year low in the third quarter of 2019.

Again, macroeconomic reforms were like a can kicked down the road and electricity shortages dominated the year with Eskom rolling out its most stringent load-shedding schedule which left major ratings agencies with no option but to downgrade the country's credit worthiness further towards junk status.

Unlike in global markets where there was somewhat of a dislocation between fundamentals and asset performance, SA's problems played out in financial markets as investors continued to flee stocks which generate most of their income in SA, rotating into those exposed to outside economies with better economic growth prospects. This saw health and industrials which are predominantly SA incorporated companies being punished by investors. Oil and gas as well as telecoms also fell during 2019 but for different reasons. Telecoms were obviously pulled down by MTN which had a horrible year while the oil and gas reflects the performance of Sasol which struggled due to rising debt levels and cost overruns in the US Lake Charles project. Segments dominated by offshore earners did well which assisted the JSE All-Share Index.

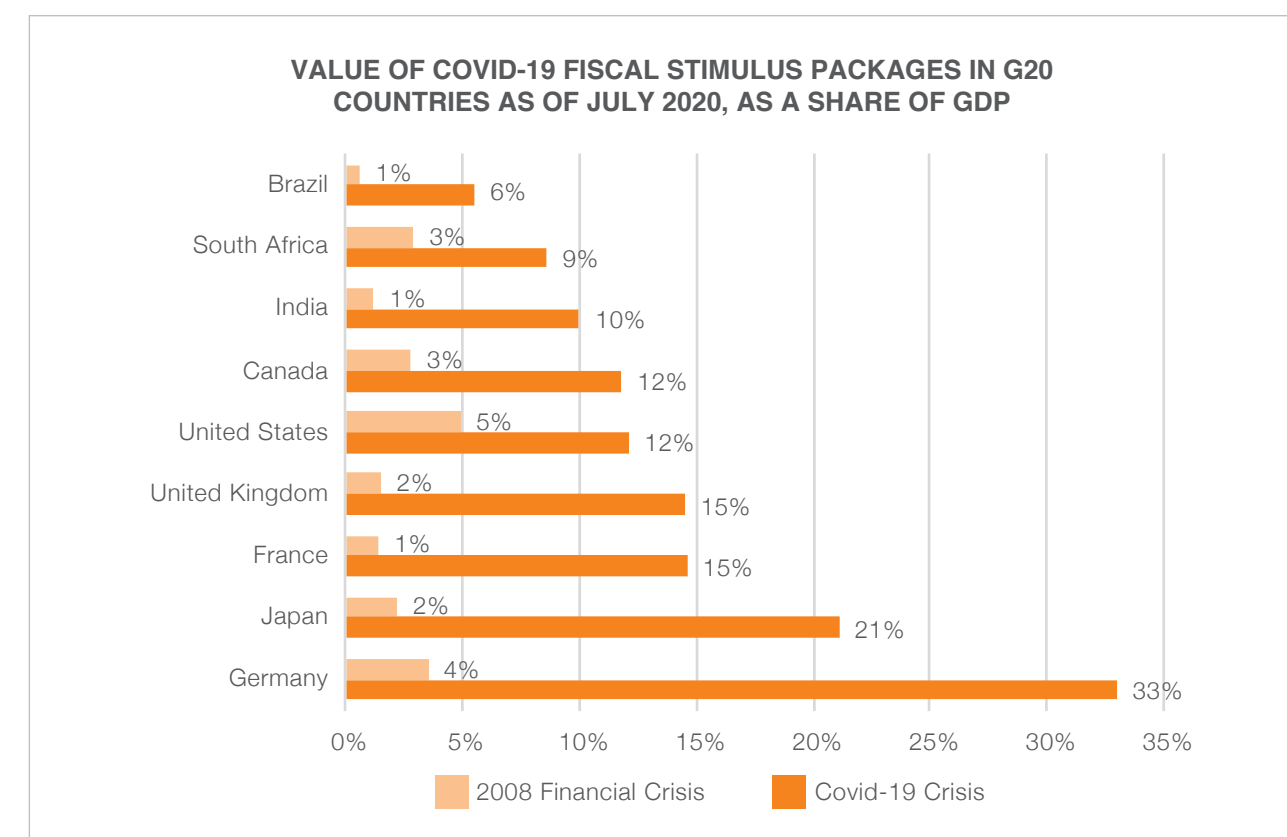


The positive financial markets backdrop described above propelled the Mine Workers Provident Fund to a solid return of 8.4% in 2019, 33 basis points ahead of the CPI+4.5%. Most underlying managers improved on 2018 performance.

2020 outlook

2019's momentum was carried over into 2020 but came to a screeching halt towards the end of February as the novel coronavirus started spreading beyond its epicentre in China. At that point it was becoming apparent that Covid-19 was a serious threat forcing the World Health Organisation (WHO) which was initially hesitant to call the outbreak a pandemic, to flip and declare the outbreak a pandemic. Governments across the world issued stay-at-home orders and closed their borders to foreigners bringing global trade and economic activity to a standstill. Leveraging lessons from previous crises, monetary and fiscal authorities intervened swiftly.

Central bankers pumped close to \$9tn into the financial system and pushed interest rates to record lows while fiscal authorities complemented this with packages to support hamstrung households and businesses. The level of support was unprecedented as shown on the graph below.



Source: McKinsey

Actions by central banks pre-empted secondary shocks by avoiding credit events creating a domino effect while fiscal stimulus was crucial to minimise business failures and sustain consumer spend.

The lockdowns slowed the spread of the virus and saved lives even though more than a million people succumbed to the disease.

At the time of writing, global economic recovery was under way. Several economies including SA were releasing upbeat high frequency data driven by the move from hard to soft lockdowns. Most countries have flattened the coronavirus infections and deaths rates curves but the risk of a second wave still lingers.



The final quarter of the year will, in our view, be driven by the trajectory of the coronavirus and developments around the vaccine. A second wave of infections is a key risk to watch. Hard lockdowns are unlikely though, as the virus spread is likely to be dealt with locally. Most encouragingly, there is a good chance that a vaccine will be developed before the end of 2020.

The pending US elections as well as negotiations for a fiscal stimulus package in the US are likely to continue to drive investor sentiment in the short term. By January 2021, we should know the outcome of these issues as well as whether a no-deal Brexit is avoided.

In the medium-to-long term, investors should watch government balance sheets. While fiscal authorities were commended for quick fiscal interventions which pre-empted the impact of Covid-19, this came at the expense of fiscal prudence. Of course, there is no immediate danger of default from most developed economies, but prevailing high debt levels can only be reversed through restrictive fiscal policies in the future which would constrain global growth. Debt issues are an immediate risk in emerging markets like SA with many risking downgrades.

Moving on to financial markets, investor sentiment has since improved buoyed by a promising outlook on the development of a Covid-19 vaccine and the easing of lockdown restrictions which is boosting economic activity. In SA, tech and resources counters continue to be preferred by investors while other segments, particularly SA-facing sectors like banks and property continue to be under the storm. We remain bearish on SA property as we expect headwinds facing the sector to take some time to wear off. While current market valuations in the sector appear attractive prospects remain weak, as most companies are experiencing negative rental reversions and increased vacancies.

We expect quality stocks to remain in favour but there are chances of a value come-back as valuations are currently ridiculously cheap. The reopening of economies also supports cyclicals. On the global front, we think current valuation of tech stocks continues to be stretched, though we do not see a reversal if monetary support remains.

Valuations on the long end of SA government bonds curve appear attractive. However, the deterioration in the government's debt trajectory is a risk. With a collapse in revenue collection in sight, the government needs to swiftly make progress on the reduction of its expenditure, particularly its bloated wage bill. Without fiscal consolidation, we see the government seeking external funding to finance the budget deficit which is projected to increase to 14.1% by the end of this financial year. With SA's anaemic growth prospects, further government bond downgrades by rating agencies are immediate, if no structural reforms are instituted. Given that global yields are closer to the theoretical floor of zero, prospects of global bonds are not enticing. However, this may work in favour of investment grade corporate bonds.

The bottom line is that the focus should be on diversification, both on geography and asset class, with alternatives and targeted absolute return strategies playing an increasingly important role in portfolio diversification.

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%. In order 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.

Regulation 28

The Fund is managed in accordance with Regulation 28 of the Pension Funds Act.

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.

Portfolio risk management

There are many investment risks that can impact the Fund. Through ongoing monitoring of these risks and having control measures in place, the Fund is well-positioned to manage and mitigate such risks.

Risk	Control measures in place
Financial markets risk: Being invested in financial markets introduces the risk that the capital value of the Fund will fluctuate as investment markets fluctuate and asset values increase as well as decrease in price	The Fund's exposure to guaranteed funds and real assets ensures that a segment of the Fund is immunised from a drawdown in the market. The Fund is also diversified across asset classes so, should one asset class deliver negative returns, there are other drivers of performance within the Fund to counterbalance this
Liquidity risk: This risk is introduced when holding assets that cannot be liquidated for a reasonable value on demand. The Fund may hold illiquid assets for their higher return premium to liquid assets	This risk is reduced through cash flow management and holding assets that can be easily liquidated at the expected market value when required. Exposure to unlisted assets is limited within the Fund
Risk of not meeting the CPI+4.5% target return: The Fund targets a return of CPI+4.5% but there may be times when inflation is high and asset returns are low and the Fund does not achieve this target return	The asset allocation mix of the Fund is reviewed on at least an annual basis to assess whether the asset mix still has the highest probability of achieving the target. Furthermore, short-term tactical tilts to the long-term asset allocation are made to either protect the Fund from a downturn or to capitalise on an expectation of a positive market move. The goal should be achievable over rolling five-year periods



Risk	Control measures in place
Investment manager risk: When utilising a range of different asset managers, there is the risk of one or more of the asset managers failing or that the asset managers underperform their benchmarks	The Fund conducts asset manager selection with great care to ensure that the managers that are selected have sound businesses with good governance and operations and the skill to manage the particular mandates assigned to them. Ongoing monitoring and evaluation of the appointed asset managers ensures that risks are identified and addressed. Diversification across asset managers further serves to mitigate the negative impact any one asset manager can have on the overall Fund
Foreign investment risk: Assets invested outside of the country are subject to currency fluctuations	Currencies can be volatile and impact the returns of assets invested in foreign markets. The allocation to foreign markets remains within the parameters of the regulation and is appropriate for the risk and return profile of the Fund. The Fund's overall foreign exposure is measured and monitored on a monthly basis
Regulatory risk: The Fund is required to comply with all regulatory requirements and there is a risk that there may be periods of non-compliance	The Fund remains abreast of all regulatory requirements and changes, and is monitored on an ongoing basis for any compliance breaches
Concentration risk: The Fund could underperform if it is overexposed to any one asset class, asset manager, investment style or region	Risk is mitigated across the Fund by being optimally diversified across the different sources of risk and return. The Fund is continuously monitored for concentration risk which can occur because of market movement. Hence the Fund is regularly re-balanced back to its strategic weightings

In addition to the ongoing risks monitored as mentioned above, the table below provides a summary of the current investment risks which the Fund believes to be pertinent.

Risk	Description
Impact of Covid-19 on the South African economy	An entrenched low growth environment is weighing on business and consumer confidence. The pandemic has had a devastating impact on company earnings as well as the closure of many businesses resulting in high unemployment. The South African government is also heavily indebted and struggling to close the gap between expenditure and revenue. Without structural reform and economic growth, listed companies tied to the performance of the South African economy such as banks and retailers will remain under pressure. South Africa's ranking amongst its emerging market peers has also deteriorated sharply when comparing the amount of external debt accumulated, fiscal deficit balances as a percentage of GDP and the amount of reserves the country has

Risk	Description
General global uncertainty	The threats posed by Covid-19, increased protectionist policies and geo-politics are expected to continue to weigh on global trade. Market participants remain nervous of ongoing tensions between the United States and China and the subsequent impact on global corporate earnings. This year is also a presidential election year in the United States adding to uncertainty in the capital markets as Donald Trump is generally regarded as a market-friendly president given his support of corporate tax cuts. The global low interest rate environment is expected to favour risk assets, as investors move higher up the capital market risk premium in search of return, however, not without high levels of volatility

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 enterprises 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.
- To make 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.
- The Fund's strategy in meeting the requirements of the Amended Financial Services Sector Code of 2017.

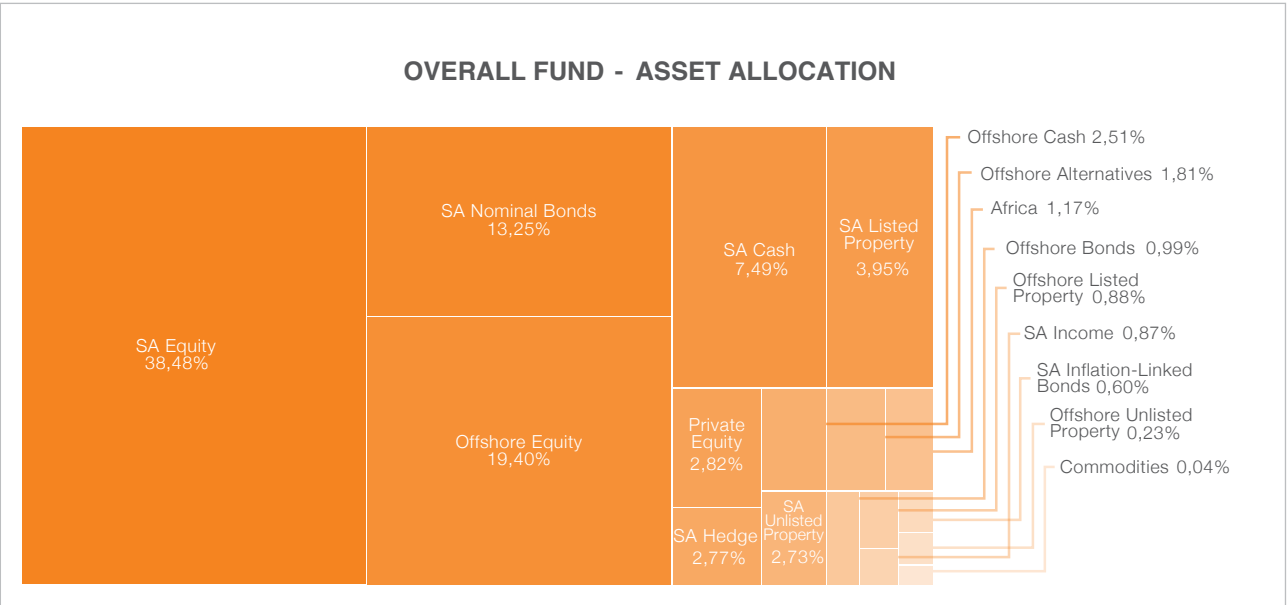
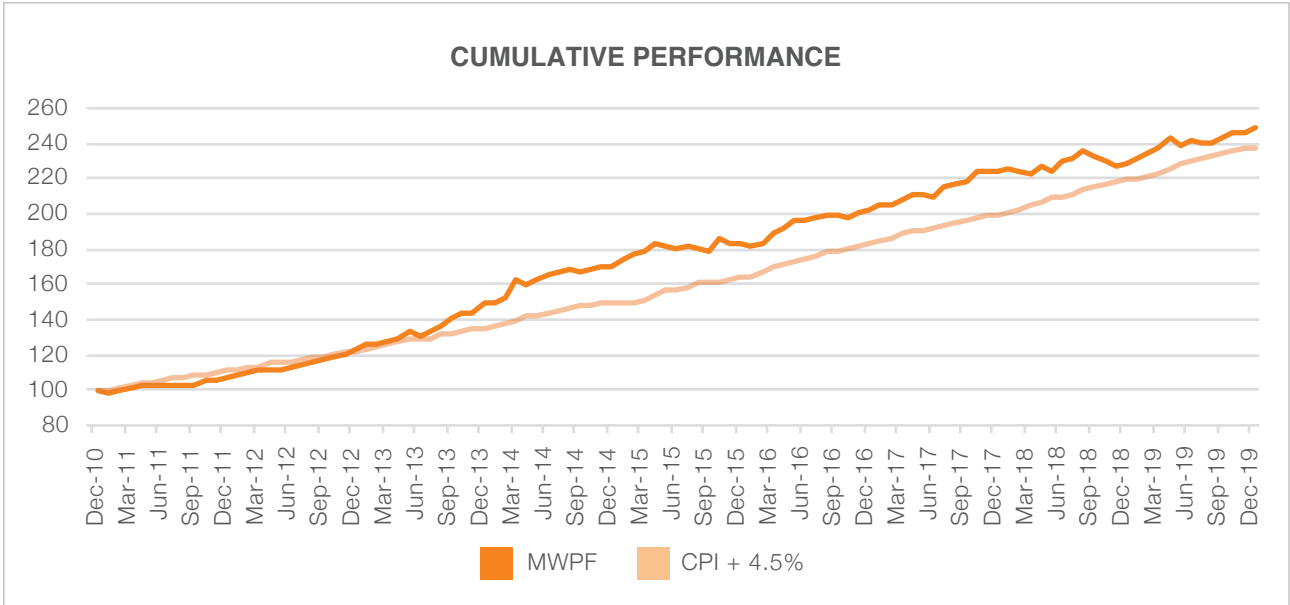
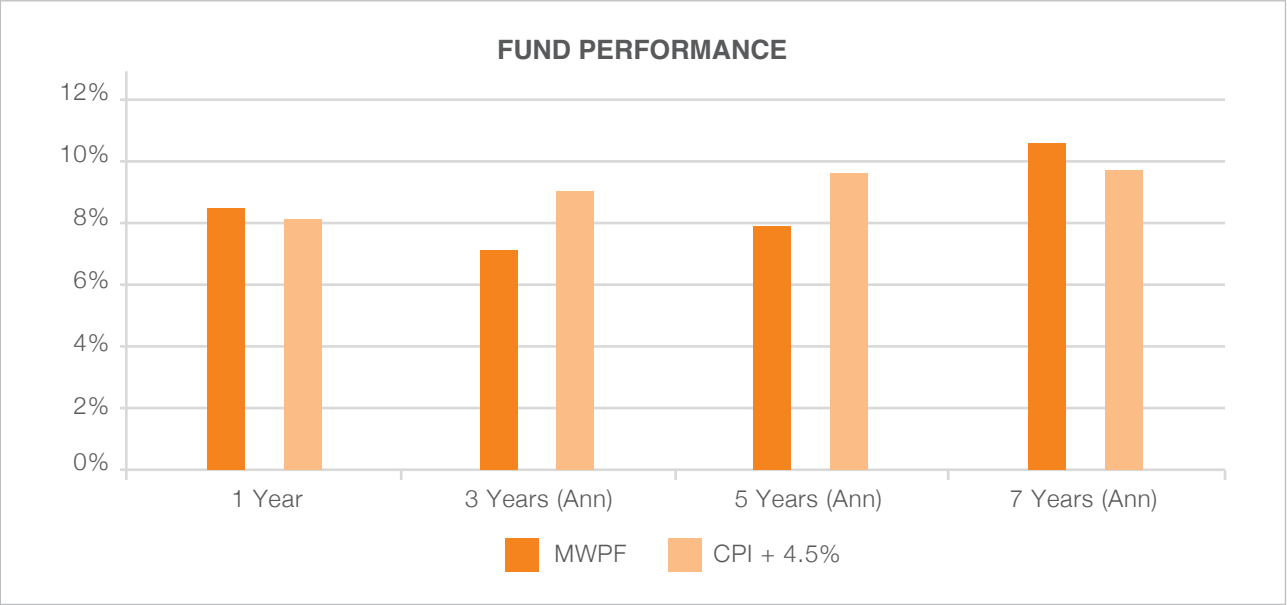
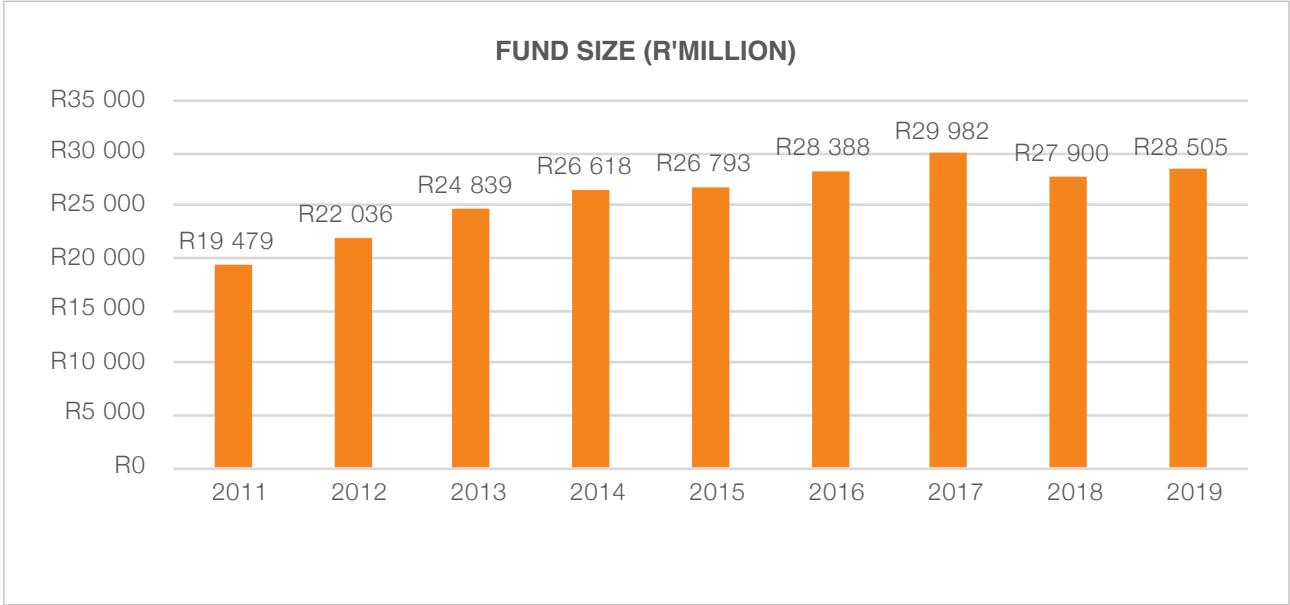
Socially responsible investment policy

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. As such the Fund has implemented a Responsible Investment Policy which forms part of the Investment Policy Statement and focuses on the following key issues:

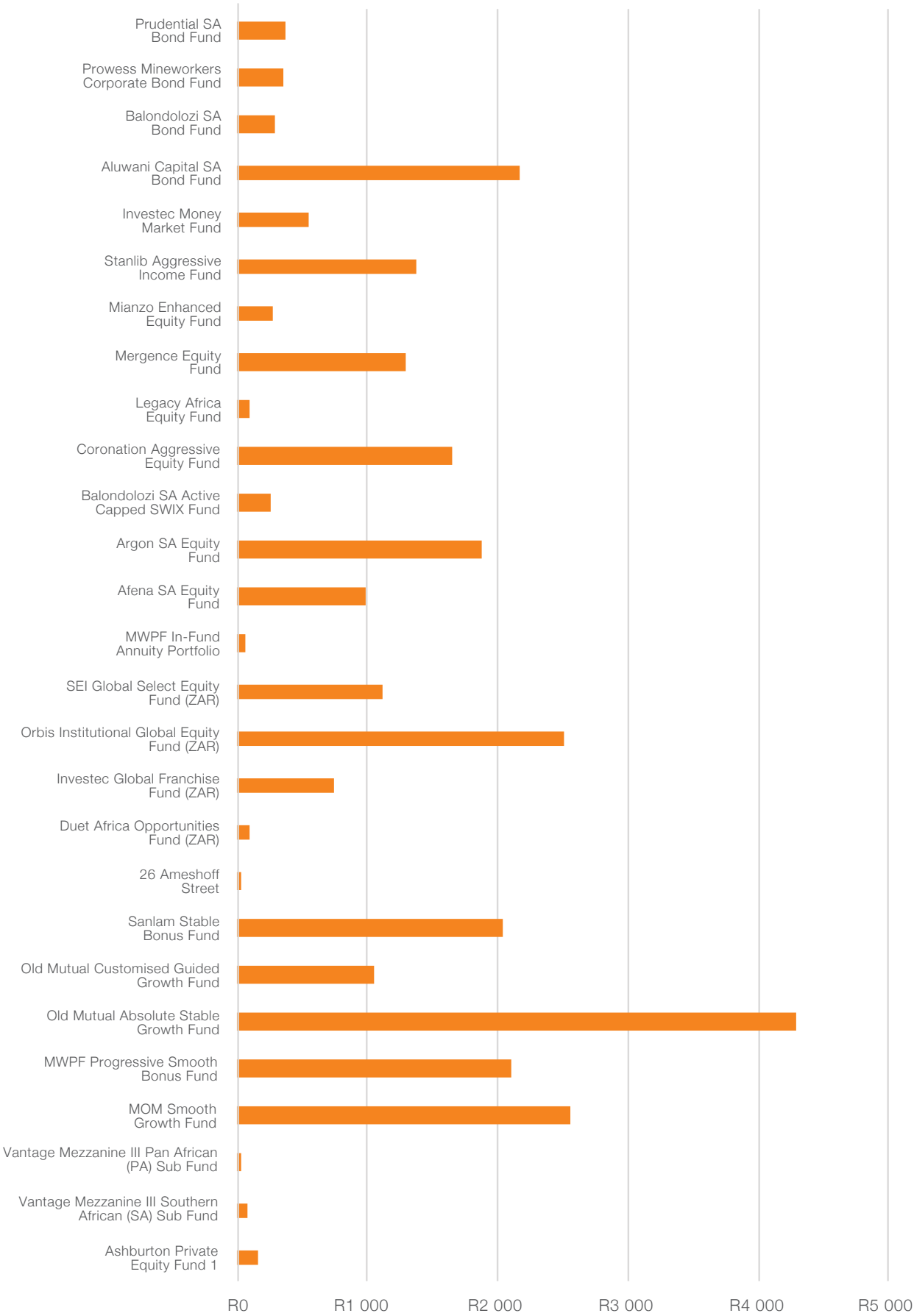
- Investment strategy: application of ESG considerations in manager selection and portfolio construction.
- Engagement and proxy voting: engaging with companies and using shareholder activism to influence the behaviour of investee companies.
- Impact investment: investment made with the intention for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



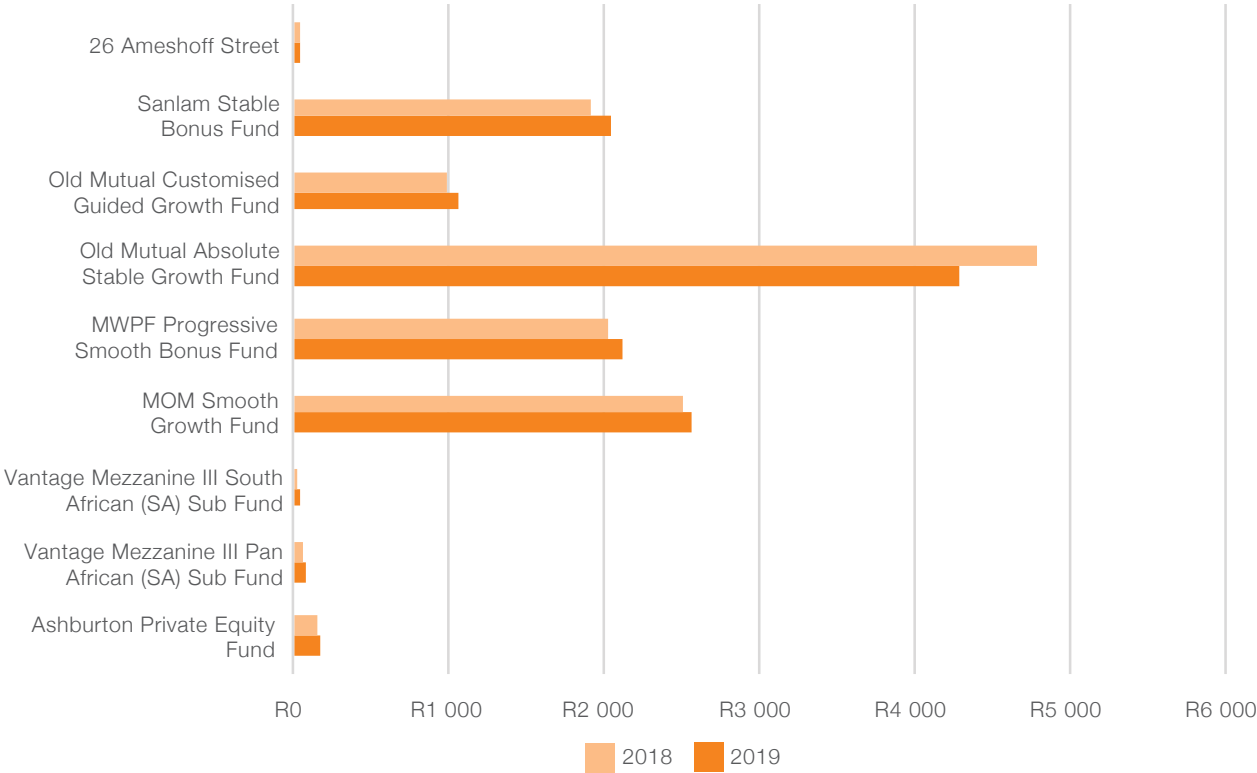
Fund data as at 31 December 2019



OVERALL FUND – INVESTMENT MANAGER ALLOCATION (R'MILLION)

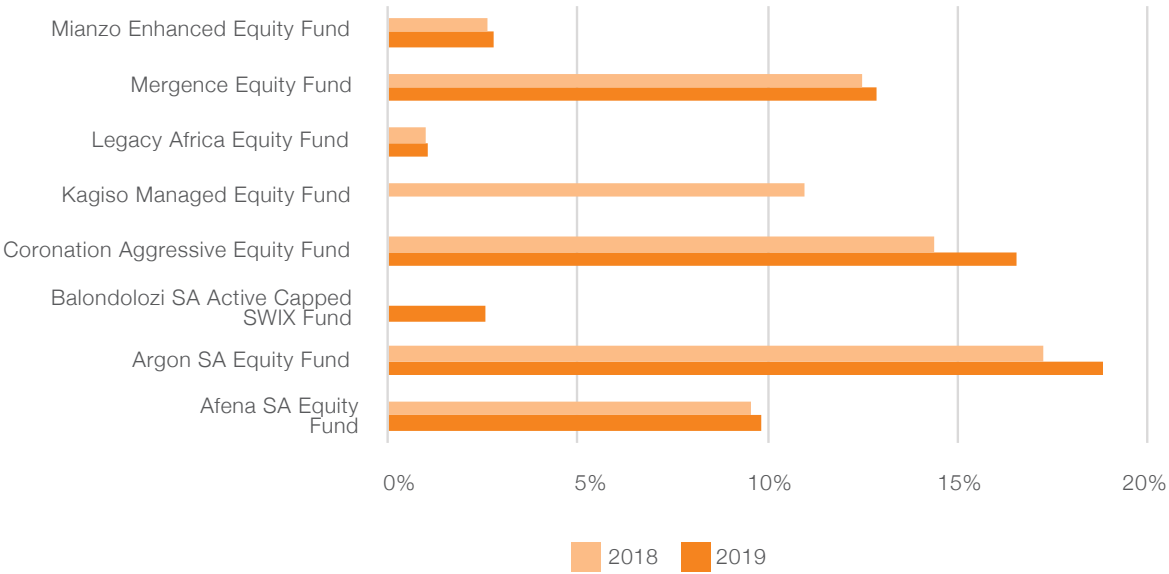


CORE PORTFOLIO – MANAGER SPLIT

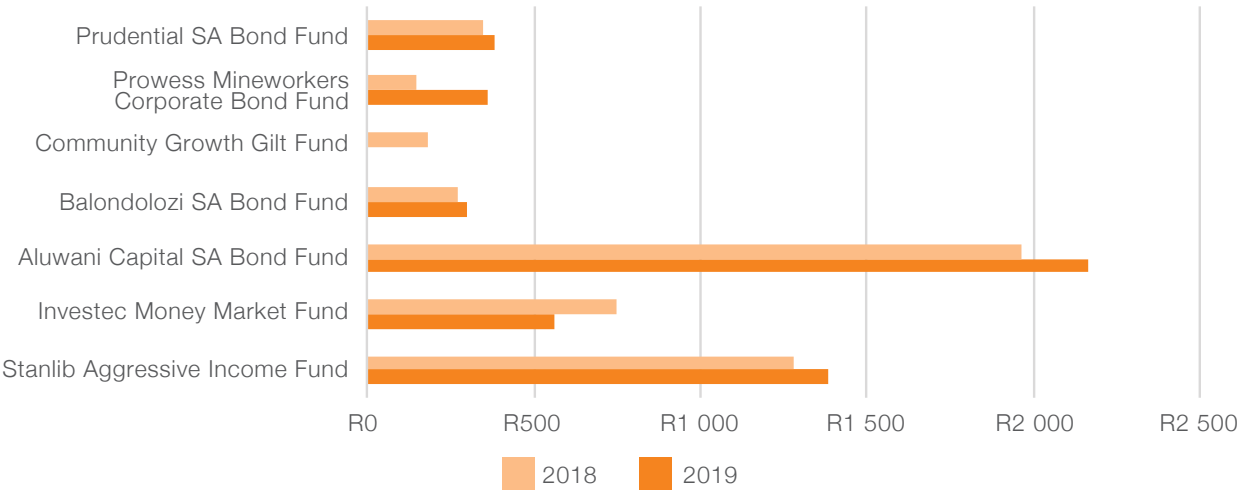


Market-linked portfolio

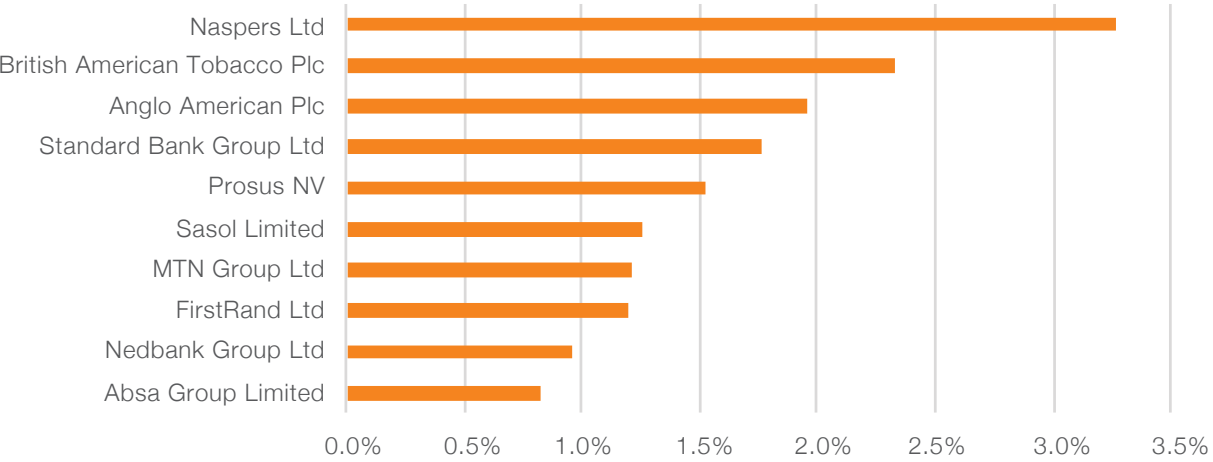
SOUTH AFRICA – EQUITY MANAGER SPLIT



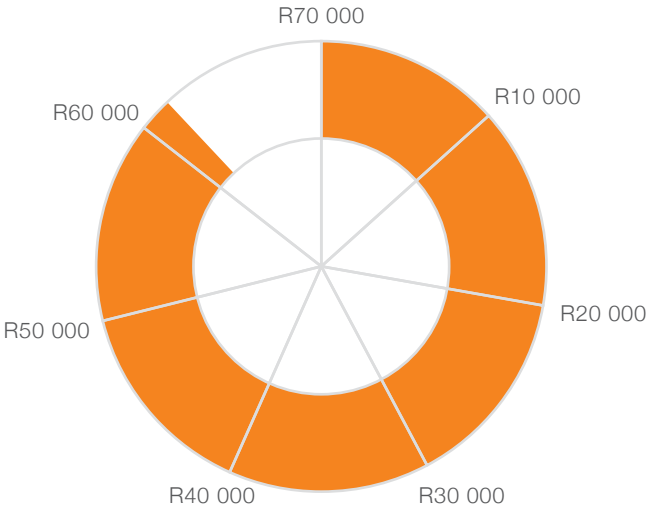
SOUTH AFRICA – FIXED INCOME MANAGER SPLIT



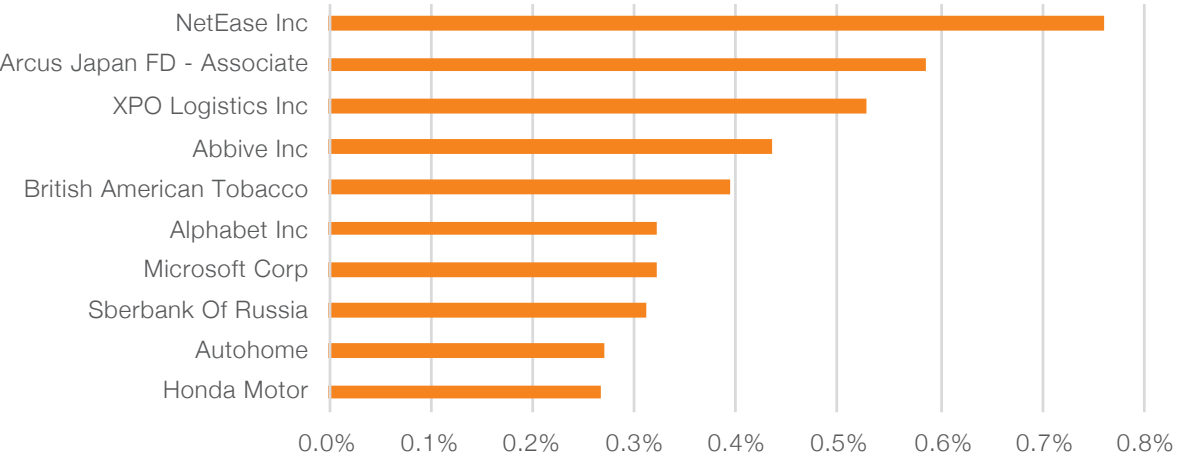
TOP 10 SOUTH AFRICAN SHARES HELD ACROSS THE FUND



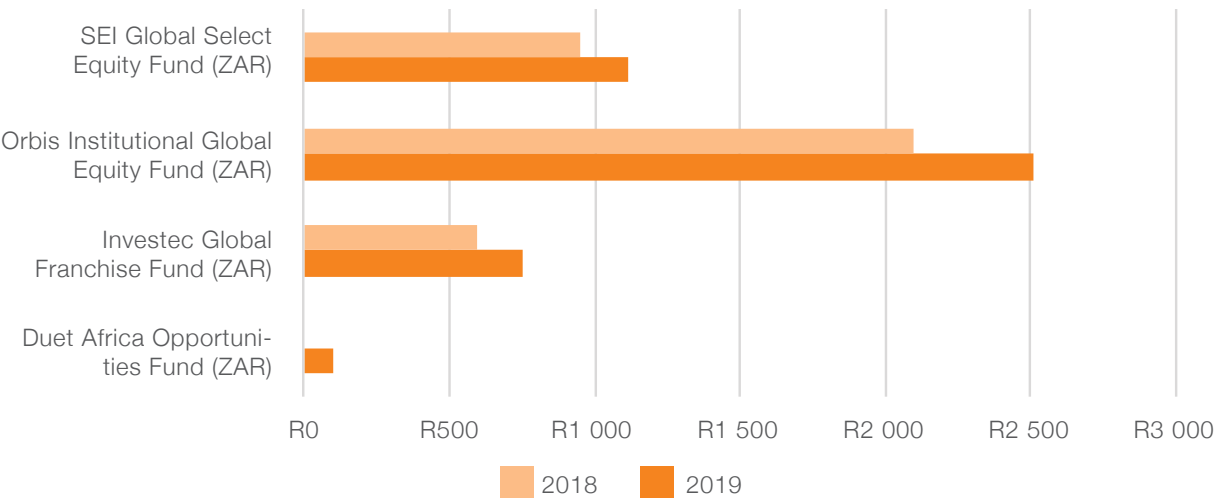
MWPF ANNUITY FUND PORTFOLIO



TOP 10 OFFSHORE SHARES HELD ACROSS THE FUND



OFFSHORE – EQUITY MANAGER SPLIT





04

OUR GOVERNING PRINCIPLES

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30
YEARS
OF LEGACY DIGNITY RESPECT



PRINCIPAL OFFICER'S REPORT



Philda Mphephu
Principal Officer



“ We continue to outperform our peers and the Fund, as a whole, remains consistent and successful over consecutive years. ”

On the whole, 2019 was another good year for the Fund, though that's not to say that we didn't face our fair share of challenges throughout. With a number of changes to the market, shifts in the industry and, internally, challenges faced when it came to filling vacancies on the Board, the Fund once again has demonstrated its ability to be adaptable and agile when it comes to coping with whatever challenges it faces.

In 2019, the 1 March deadline for compliance with the Default Regulations loomed and the Fund was able to achieve complete compliance timeously. This was a particular highlight for us because it really set the tone for the year, helping it get off to a good start. In comparison to other retirement funds who did not meet the deadline for compliance on time and subsequently sought extensions, Mineworkers Provident Fund, once again, was at the forefront of retirement funds that achieved compliance early.

As mentioned, the Fund had to grapple with filling some Board positions which had become vacant. With our Chairperson's term of office expiring in the middle of 2019, there was an obvious need to fill this position quickly. However, while the recruitment process was underway, the Deputy Chairperson, acting to fill the expired term of office of the then Chairperson's shoes, adopted this mantle and the various responsibilities which came with it, successfully helming the Fund while our search for a suitable Chairperson continued.

Externally, 2019 was a year in which the Fund was reminded that, within the mining industry, there are sectors which are contracting slowly. Obviously, the Fund's membership base is directly linked to the mining industry as a whole. We are noticing a slow decline in our membership numbers, but with the implementation of our new business development strategy we've begun establishing the Fund within other sectors which are still growing. The result hasn't been a mere 'shoring up' of gaps but rather a full-blown growth strategy in terms of our membership numbers.

The Fund, as always, has continued its own growth 'story'. Regardless of the various challenges faced and overcome during the year, we continue to see good return on investments, we continue to outperform our peers and the Fund, as a whole, remains consistent and successful over consecutive years.

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

Without robust governance and statutory mechanisms, the very aim 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 on its governance.

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 which 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 and Compliance Sub-Committee. The Trustees are individuals with diverse backgrounds, skills and experience so as to encourage robust discussions at the Board and whose thorough engagement helps lead the decision-making process.

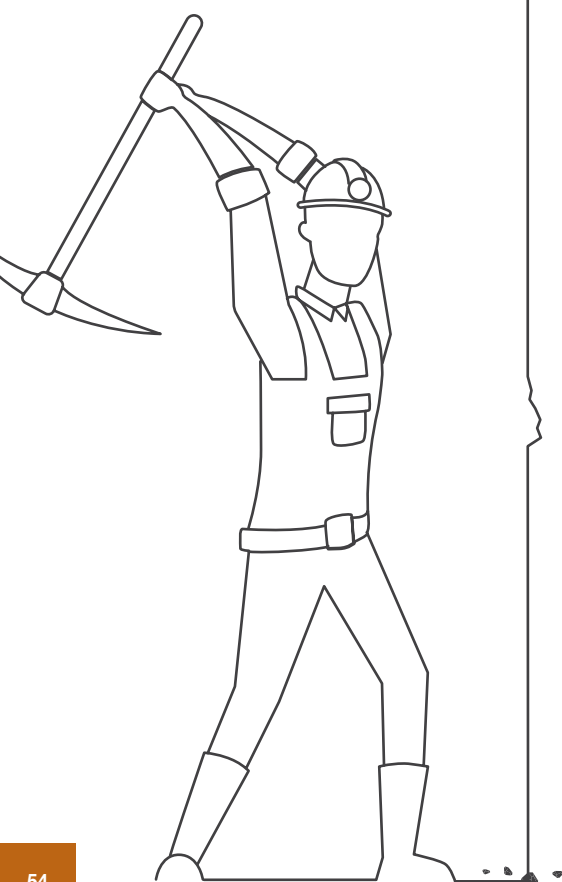
Term of office

The term of office of the Board is three years. The Trustees are appointed by the founding Sponsors, the National Union of Mineworkers (NUM), and the Minerals Council South Africa (MCSA). The participating organised labour union, the Association of Mineworkers and Construction Union (AMCU) also appoints Trustees whenever a Trustee's term ends. In the year under review, eight new Trustees were appointed by the Sponsors to serve on the Board. The terms of 11 Trustees were also renewed in the period under review and there were three Trustees who resigned during the period under review.

Board of Trustees duties and responsibilities

In terms of Circular PF130 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 manner in which 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 which these can have on the Fund and, more importantly, how the Fund can even leverage these advances in an effort 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 training and induction of new and existing Trustees which it considers to be vital to enable Trustees to execute their fiduciary duties and responsibilities.

Overall, board capacitation forms an integral part of the Fund's strategy and with the two-year plan implemented across 2018 and 2019, 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:

- Basics of Investing Retirement Fund Assets
- Investment Policy Statement
- A Workshop on the Proposed Revised Rules
- Risk Management

Board of Trustees proceedings

The Board meets at least four times a year to monitor management's achievements against set objectives and to also to 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, eight Board meetings were held, four of which were special meetings.

The Chairperson of the Board presides over the meetings of the Board and guides inputs and contribution of the Trustees. Decisions made by the Board are reached by way of a 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.

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 while the chairpersonship alternates between employer and member Trustees each year.

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

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

Audit, Risk and Compliance Management Sub-Committee

The Audit, Risk and Compliance Management Sub-Committee consists of 15 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 and external auditors, the Chief Executive Officer, the Principal Officer and the Chief Financial Officer. Other members of staff attend by invitation. The Principal Officer and the Chief Executive Officer are permanent members of the 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 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; the effective management of risk; and, finally, ensures compliance with Corporate Governance.

The Audit and Risk Management 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 audit.

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

- Contributions policy
- IT management policy
- Credit card policy
- Finance policy
- Asset policy

Investment Sub-Committee

The Investment Sub-Committee consists of 15 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 Committee, although they retain no voting rights.

“Simply put, the Fund doesn't wait for opportunities to emerge, it goes looking for them – this kind of exploration and drive to discover has become a large part of the Fund's culture.”

Five meetings were held during the period under review.

The Investment Sub-Committee is tasked with developing and regularly reviewing the Fund's Investment Policy Statement; recommending the appointment or termination of asset managers to the Board; 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, finally, any policies on proxy voting, shareholder activism, and ESG guidelines. The 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 graduation of two incubation managers – Balondolozzi and Prowess – to mainstream investment managers;
- The appointment of Africa Collective Investment for the Annuity Fund; and
- Annual review of the Investment Policy Statement

Communication and Benefits Sub-Committee

The Communication and Benefits Sub-Committee consists of 14 Trustees including the Chairperson. The Principal Officer and the Chief Executive Officer are permanent members of the 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 matters referred to the sub-committee by the Board or any communications 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 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.

One of the sub-committee's key achievements during the year of review was the enhancement of the Funeral Benefits to R40,000 at no cost to members or the employer.

Administration Sub-Committee

The sub-committee consists of 12 Trustees including the Chairperson. The Principal Officer and the Chief Executive Officer are permanent members of the 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 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 oversaw several roadshows within the borders of South Africa and beyond. The committee was also responsible for ensuring that any unclaimed benefits are processed as quickly as possible upon return.

The sub-committee's main achievement was the reclassification of 15 181 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.

Further, with the threat of identify fraud with regards to the tracing of unclaimed benefits, the sub-committee's approval of a Facial Recognition and Biometrics tool will allow the Fund to identify and pay only those members and/or beneficiaries with legitimate claims. This will help combat fraudulent claims which are both external and internal in nature.

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 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 11 Trustees including the Chairperson. The Principal Officer and the Chief Executive Officer are permanent members of the Committee, although they retain no voting rights. In the period under review, five scheduled meeting were held.

The key achievement for the period under review was the review of three human resources and remuneration policies.

The following policies were reviewed:

- Acting policy
- Employee health and wellness policy
- Study bursary policy

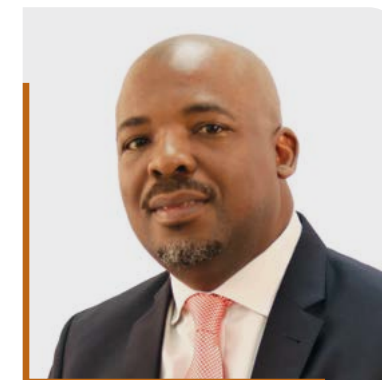
In 2019, the Fund dealt with a number of challenges both internally and externally. Besides having the Deputy Chairman acting in the role of Chairperson, the Fund also operated without a permanent CEO. These were two important staff 'shifts' in a year which already posed a number of challenges and, while it was disruptive to business for a time, the agility, adaptability and dynamism of not only these individuals but the Fund's staff complement as a whole meant we were able to come 'out the other side' better for it.

This organisation-wide agility is incredibly important, not just in times of difficulty but also in more 'neutral' times; times where the Fund has the chance to discover and subsequently leverage emerging opportunities. Mineworkers Provident Fund takes an incredibly active approach when it comes to determining these opportunities, making use of various types of research, engagement surveys and expert advice to help identify them. Simply put, the Fund doesn't wait for opportunities to emerge, it goes looking for them – this kind of exploration and drive to discover has become a large part of the Fund's culture.

On the whole, while 2019 was a challenging year, I feel that the Fund's ability to overcome any obstacles in its way, ultimately stands it in good stead for 2020. It would be overambitious of me to assume the next financial year will be an easy one and, as such, I approach it tentatively but with hope, and with a sense of cautious optimism, comfortable and confident in the fact that, whatever the future may hold, the Fund will be able to adapt and evolve in response to it.

Philda Mphephu
Principal Officer

BUSINESS DEVELOPMENT EXECUTIVE'S REPORT



Muziwandile Ndlovu

Business Development Executive



2019 was the year in which the Fund turned 30 years old and as a Fund we decided to reflect on and identify some of the things we needed to improve on so as to grow and sustain the Fund for the next three decades. A lot has changed between 1989 and 2019. New regulations have influenced member choices; new role players have entered our 'space'; we have experienced a decline in our economy, retrenchments in the mining sector, an ageing membership base, and the introduction of the fourth industrial revolution. As a Fund, we had to come up with a strategy to counter all these new developments; hence, we had to commission research to ascertain what the members wants and or expects from us as Mineworkers Provident Fund.

During the 2018 financial year, the new business unit focused primarily on consolidating our market position by ensuring the retention of existing members as well as creating a strong pipeline for 2019. This was realized through more effective servicing of clients, which we achieved by enhancing relationships with employers and organised labour. We were able to retain most of our members during the financial year through this intervention.

Leveraging research to reach results

As a Fund, one of the biggest challenges we faced was the fact that we were losing a lot of members to other retirement funds. This was due, in part, to our approach towards customer relations management. In an attempt to prevent this loss of membership, I looked at how we at Mineworkers Provident Fund might reposition ourselves and this became an exercise of identifying those stakeholders that we should be talking to. Research conducted in 2018 informed the approaches we took in 2019 in a big way.

The first in-depth finding of this research was that the Fund wasn't communicating with its members enough and, prior to 2018, was only communicating in English. This breakdown in communication is a big driver behind member loss because whatever we were trying to say – regardless of the message – it was getting lost along the way. Our course of action here was to reassess the Fund's approach to communication and this resulted in a repositioning with regard to our stakeholders, employers, and members. We translated and reworked the majority of our communications, really tailored it to our members and this helped hugely in terms



“ On the whole, 2019 was a year of drastic (though necessary) changes which were all aimed at not only growing our membership but also improving our ability to retain existing members so as to sustain the business. ”

of retention. For the first time these individuals – regardless of their literacy levels – were presented with information that was straightforward and, more importantly, in their mother tongue.

2018's research also highlighted the importance of improving relationships with organised labour and with employers. We adopted a more formal 'structure' when meeting and interacting with these parties to achieve this improvement. Prior to bringing in this structure, these interactions used to be 'drop-in' visits which were informal and, as a result, not always beneficial. Bringing in a structure meant defining the contents of these meetings, highlighting the desired results and also outlining the sorts of challenges that might be encountered along the way. The result was that these conversations became much more goal-oriented and, with both parties benefiting from this approach, relationships improved dramatically.

Challenges and changes

On the whole, 2019 was a year of drastic (though necessary) changes which were all aimed at not only growing our membership but also improving our ability to retain existing members so as to sustain the business.

Over the last 30 years, Mineworkers Provident Fund has been focused purely on employers in the coal and gold sectors. These sectors host around 190 000 employees and what we tried to do was find the area of greatest opportunity outside of this sector. We are the Fund of choice in the coal and gold sectors – we're well known here – but, move into other mining sectors like platinum, for example, and you will see that Mineworkers Provident Fund isn't dominant and the untapped potential here is huge.

Prior to 2019, we had a single employer in platinum, but this sector plays host to around 165 000 employees; while the diamond and iron ores sector host 16 000 and 19 000 members, respectively.

2018's research helped pinpoint these three untapped sectors (diamond, platinum, and iron ore) and highlighted their importance to the Fund. A decision was taken to focus on platinum specifically and the majority of the year (2019) was spent forging relationships with organised labour in this sector. The new marketing strategy we implemented was instrumental to achieving these ends. Ultimately, these are sectors where the Fund wasn't operating at present and, to swell its membership numbers, should be.

However, the onboarding of new employers on the Fund is complex, requiring large amounts of effort across a minimum of nine to twelve months to simply 'get a foot in the door'. It's a stringent process and there's a lot of red tape involved as well as numerous conversations which have to occur at various levels before we can even find ourselves in a position to talk to potential new employers.

It's for this reason that Mineworkers Provident Fund is incredibly proud of the fact that we were able to onboard three employers during 2019 – a very promising start. These new employers: VTN Mining in the coal sector; and Redpath Mining and Swallow Fork Mining both in the platinum belt; are important additions to our growing employer base. As a Fund, MWPF is incredibly competitive with others within this sector and, with further effort and persistence, stands to gain a larger share of this market.

Approaching marketing differently

For the large part, the Fund has made use of below-the-line marketing and advertising but in 2019 there was a departure from this approach and, for the first time, we went above-the-line with campaigns which were strategically focused on those mines where we really wanted to onboard new members.

This campaign involved the use of prominent billboards as well as branding on the sides of taxis, and our main driver behind these was to not only ensure that Mineworkers Provident Fund was top-of-mind with those in the sector but to also act as an introduction of sorts. As before, this is an untapped market for us, nobody knew who we were and, in the years to come, we have plans in place to change that. Based on research and feedback it's plain to see that the Fund is incredibly competitive in this space and, with time, stands to gain traction in this 'new' market.

And communicating clearly

Another big finding for us was that our members – a large majority – didn't actually understand what was happening with their money. During interviews, it came to light that some of them thought it was being sunk into stadiums or used to build roads and, as we probed further, we realised how this lack of knowledge was linked with the second research finding: the need for concise communication in the member's preferred language.

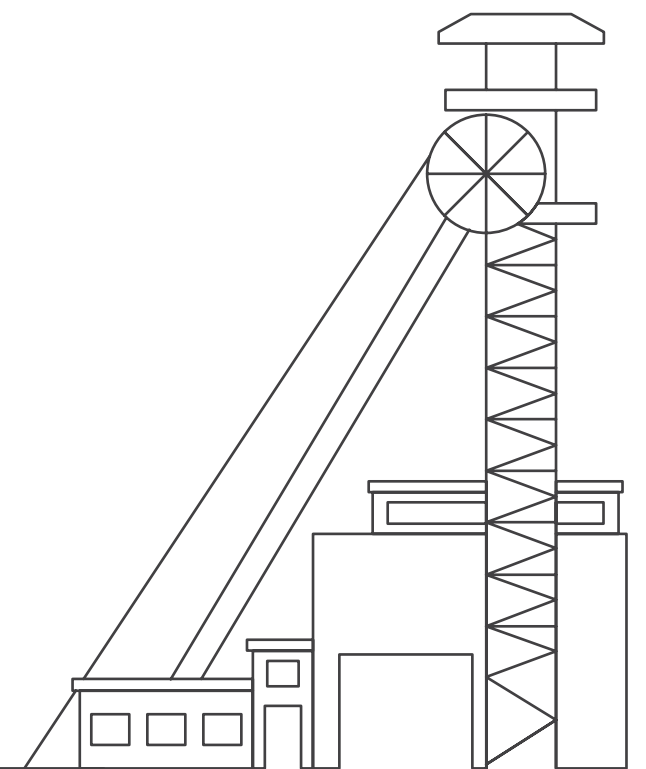
We looked at the conversations we were having with these members and started approaching them differently. In their preferred language, we started talking to the members and showing them where their money goes, in layman's terms, so that they could better understand this process and what it means for them in the long-term. Equally important in this approach was the amount of information we were sharing – we weren't being clear and concise. Our brochures – around 40 pages long – were an information overload and our marketing and communications team did an incredible job of streamlining this info and distilling it into a single page that was actually relevant to these members. It explains, again, in layman's terms, the risk benefits of the Fund and the investment strategy we follow because that's what the members need to know.

In conclusion, we continue to see the benefits of introducing a new business development team which works closely with our sponsors for member attraction and it's fair to say that our Marketing and Communications department has really put Mineworkers Provident Fund on the map. Their response to the market research and subsequent courses of action thereafter has highlighted just how adaptable and versatile they are. Rejigging our communications with stakeholders and members; enhancing the quality of the conversations we're having with our employers and members; and establishing Mineworkers Provident Fund brand within the platinum, diamond, and iron ore sectors are all huge accomplishments, and this department has made them happen.

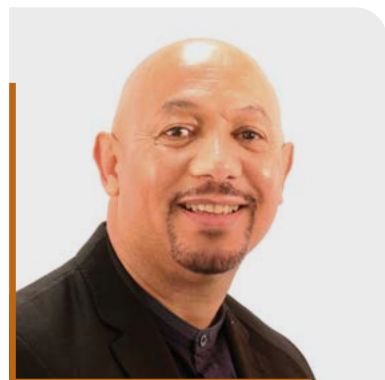
2019 was, I feel, a good year for the Fund. While much was achieved across a broad spectrum, I would like to make particular mention of our onboarding of new employers. The length of time behind this process is often overlooked and, building on 2018's good work, 2019 was another year of improving on this foundation we've built. Obviously, the growth potential for Mineworkers Provident Fund as we establish ourselves within these 'new' sectors is impressive but achieving this goal will be no simple task. 2019 is the second year in a five-year journey aimed at making inroads and forging these relationships and we are starting to see the fruits of our labour.

Muziwandile Ndlovu

Business Development Executive



INFORMATION TECHNOLOGY AND OPERATIONS REPORT



Nathan Williams
Chief Operations and
Technology Officer



At the start of 2019, the Board laid out a directive which combined the chief roles of IT and Ops – placing these under the purview of a single individual – and the pairing of these two roles acted as an incredible ‘bridge’ between two very dynamic and very demanding segments of Mineworkers Provident Fund. Ultimately, this has been an incredible opportunity for me to create an agile Operations department which was, and continues to be, strategically enabled by IT.

The highlights for the year have included increased efficiencies, the breaking down of silos, cost savings, increased member engagement, and so much more – all as a result of the various projects, initiatives, and developments undertaken by IT and Operations. While 2019 was the first year these two roles were combined, it has proven hugely beneficial to Mineworkers Provident Fund as a whole due to the amount of synergy and seamlessness that have been achieved to date.

My report illustrates how the Fund measures IT performance, secures information assets and sensitive data, as well as how it all ties into the strategic plan, Vision 2020/21. Overall, the 2019 Integrated Report puts into context the people and elements of the technology that come together to create solutions that serve the members of Mineworkers Provident Fund through an efficient digital fund. Some of our key outputs for the year include overseeing the delivery of innovative IT projects, utilizing better cloud-based services, and securing the Fund’s sensitive personal data.

Closing the gap

In terms of innovative IT projects, it has always been a big driver for the Fund that we get closer to our members – as they are at the centre of everything we do – and, in order to achieve this closeness, we had to create some sort of IT infrastructure or digital platform to allow for increased engagement. We started off with social media – Facebook, Twitter, etc. – and, while engagement numbers weren’t bad, there was definitely room for improvement. With our members in mind, we created and subsequently implemented a number of online portals to assist them. These portals are available 24/7, always online, and, most importantly, they are intuitive and easy to use. The unclaimed benefits portal, for example, takes an input – typically the individual’s information – and the entire process thereafter, of learning more about this person and whether there’s a payment to be made, is completely

“ By performing surveys and asking key questions we’re able to assess not only how well we’re working with our members but how we can improve our methods. ”

automated. We’re always on the lookout for ways of making the Fund accessible in real-time to all of its members no matter where they are in the country.

Matters of security

In 2016/17, the Fund experienced a number of fraudulent claims made by external parties and, sadly, these are the sorts of things which could only be detected well after the fact. In an effort to circumvent this type of activity in the future, I looked to automation – of the claims management process, of the contribution upload process – and, as a result of this, we’ve been able to reduce these sorts of fraudulent activities by about 99%.

In terms of cloud-based services, we implemented solutions involving artificial intelligence and robotics automation that, as a whole, help us to track every single activity within the organisation. We started making use of industry-leading cyber security software (Darktrace) which allows us to keep tabs on every aspect of the Fund’s IT infrastructure – from servers to devices – across thousands of activities, all measured in real-time. The importance of cyber security to the Fund’s continued successful operations cannot be downplayed – we deal with large sums of money as well as sensitive member data in the course of our operations – and protecting ourselves against outside threats to these is paramount.

Savvy technological investment

As the fund of choice for our members, we decided to invest in technologies that will ultimately keep us relevant in future. These include artificial intelligence, blockchain and data-transfer interfaces. Interest in such technologies is

increasing and we expect several large pension funds will eventually buy into them through acquisitions.

Our ability to invest in tech that’s also relevant for our members is a function of the fact that we have staff on the ground. Deployed to visit the mines, these individuals are present when the mineworkers meet and they’re able to interact with them. By performing surveys and asking key questions we’re able to assess not only how well we’re working with our members but how we can improve our methods. If, for example, we ask these individuals what the best method of communication is for them, then the immediate answer we receive is something which we, as Mineworkers Provident Fund, can begin implementing. This was a big driver behind the e-benefits tool which we developed – members simply input a USSD code into their phones, follow a few prompts, and the benefit statement is delivered directly to them.

Customer-facing solutions

While time spent on improvements has largely focused on the ‘back office’, customer-facing solutions are also starting to grow. For example, those solutions that show the members their investments online and provide them with the ability to interact in real-time with our administrators are no longer a nice-to-have but a necessity.

In 2019, we created an interaction-tracker in the form of a quality management system. This unified platform ensures that systems within the organisation – no matter where they are – are ‘communicating’ with one another. For example, if we have a member in one of the outlying areas call one of our operators to raise a query, that information is logged. This means that the next employee who helps this member is clued up on the ‘story’ so far. Ultimately, it allows us to



track, in real-time, a particular member's 'journey' as they raise queries or make claims and, by doing so, we can not only expedite the process but also break down potential communication silos along the way.

Innovation in the face of regulation

There has been much innovation in all these areas, but much more still needs to be done. Sadly, heavy regulation can stifle technological advances in pension funds though, in certain cases, it can also support innovation.

The implementation of the POPI Act, for example, meant that, as a Fund, we had to reconsider the manner in which we handle our members' data. Typically, this member data was filtered to external, secure tracing companies, who would then assist us when it came to tracing individuals

issue of POPI-compliance but, with the innovative solution we've created in the process, we've also achieved things like heightened data protection, cost savings, automation, and increased efficiency.

Rather than reacting with a negative knee-jerk to these types of regulations, we should do our best to see these as opportunities for the Fund which must be seized.

Improving our administration processes

While our members are central to everything we do, it's integral that we ensure that our administration work – all that behind the scenes stuff we do – doesn't become questionable. In the course of our operations, we manage huge amounts of money for our members while

“ Regardless of the challenges that lie ahead, we will remain dynamic and agile in the delivery of quality services as we work to advance Mineworkers Provident Fund as a fund for all. ”

around the country. This particular approach, with the POPI Act in mind, would no longer be viable. Here was a regulation which, for all intents and purposes, looked like it might stifle the way the Fund conducts business. We were placed in a position where, to achieve compliance with the Act, we would have to bring this particular process in-house and so we created our own desktop tracing capability. Once operational, this meant that member information no longer has to leave the Fund: our tracing software links to Home Affairs, to TransUnion, to Google Maps and other GPS-based mapping software, and, after inputting even small amounts of member information, we're able to find these missing individuals and pay them their benefits. Ultimately, we're using technology to 'defuse' the

simultaneously handling their sensitive data, and our focus is on ensuring that our administration processes are among the best. With our software offerings and the various systems we've implemented to achieve our goals, we've not only strived to become best-in-class but also provide solutions which our staff members can really appreciate.

And, while we're doing our best to streamline administration work internally, what's more important is the fact that, in every action we take, the members themselves are never at risk of being compromised.

Leveraging robotics

As a fund we are constantly presented with exciting new paths to engage the world around us. Already, robots are being used to engage and delight customers, solve logistics difficulties or even take on challenging or dangerous tasks. No matter the use case, advanced robotics offer an opportunity to push the intelligence of the digital world out into the physical one.

The Fund's IT department views the use of smart technology and digital services as a necessary means to engage our members and stakeholders while improving service delivery. Our greatest asset supporting these responsibilities is a skilled and dynamic Operations and Technology workforce that will continue to modernize and improve how we deliver member services.

With a solid foundation developed over the course of the year, we look forward to 2020 and the opportunities it may bring for our Fund. As an IT executive I see the Fund, at least in part, as a robotics company. There is this constant drive to iterate, to integrate, to improve and, by assessing the way we conduct operations today, highlighting any inefficiencies, leveraging assets that are really working for us, or streamlining certain processes, we can bring in new solutions or automations which can be felt company-wide, tomorrow. Sometimes this means forging new partnerships, hiring new talent, or finding new vendors that will grant access to the skills, tools and machines that we need to tackle our biggest ambitions.

Regardless of the challenges that lie ahead, we will remain dynamic and agile in the delivery of quality services as we work to advance Mineworkers Provident Fund as a fund for all.

Let's move forward together.

Nathan Williams

Chief Operations and Technology Officer



HUMAN RESOURCES REPORT



Lungelo Solombela
Human Resource Executive



2019 was a good year for Human Resources and was spent striving to achieve those goals determined by our strategy. Our overarching approach was to heighten performance as a whole while simultaneously increasing employee engagement. Overall, our messaging and communications were about our people and how incredibly important they are to us. These individuals are the heart and soul of Mineworkers Provident Fund and we want them to feel – during the course of their time spent working – that this is reflected throughout the entire organisation.

When it comes to performance management – we take feedback from our staff very seriously. What this means is that we’re constantly having conversations around their work environment, their personal development, their wellness, and so much more. In a way, we had to go back to basics with our approach because we identified serious gaps. Adding structure to this process became integral because we didn’t want staff feeling like they were being ‘watched over’ or critiqued but, rather, cared for and, subsequently, taken care of.

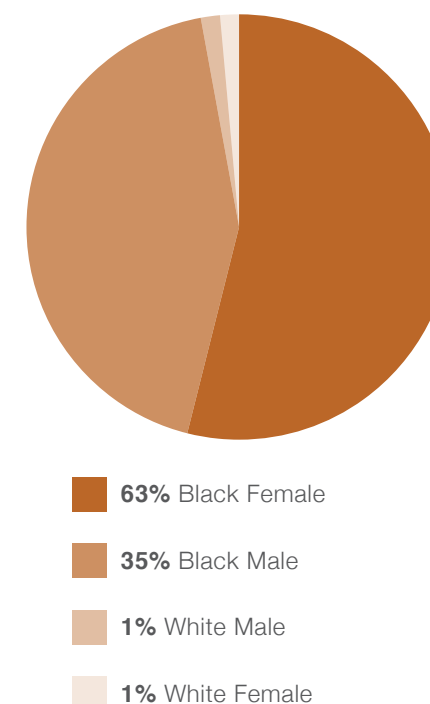
The six metrics laid out hereafter not only served as a means of guiding our actions but also helped us measure our achievements to date.

1. Employee profile and occupational levels

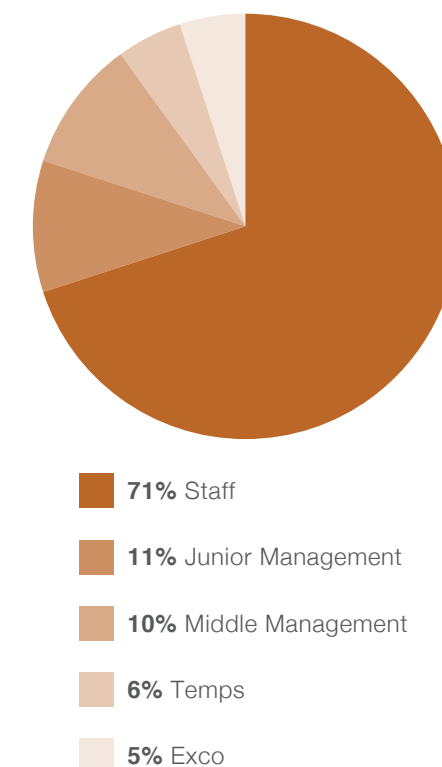
As always, we continue on our quest to diversify the working environment in responsible and meaningful ways.

With regard to representation within Mineworkers Provident Fund, we had this issue where – as we moved into the Fund’s higher levels – female representation started to dwindle. We wanted to improve the gender split at these levels and really have female staff permeate upper management. It was a very transformative undertaking for us and we feel that, for up-and-coming staff members, the ‘picture’ of upper management is much more in line with the Fund’s staff breakdown as a whole. We want these individuals to see themselves reflected in upper management so as to help them aspire to those heights.

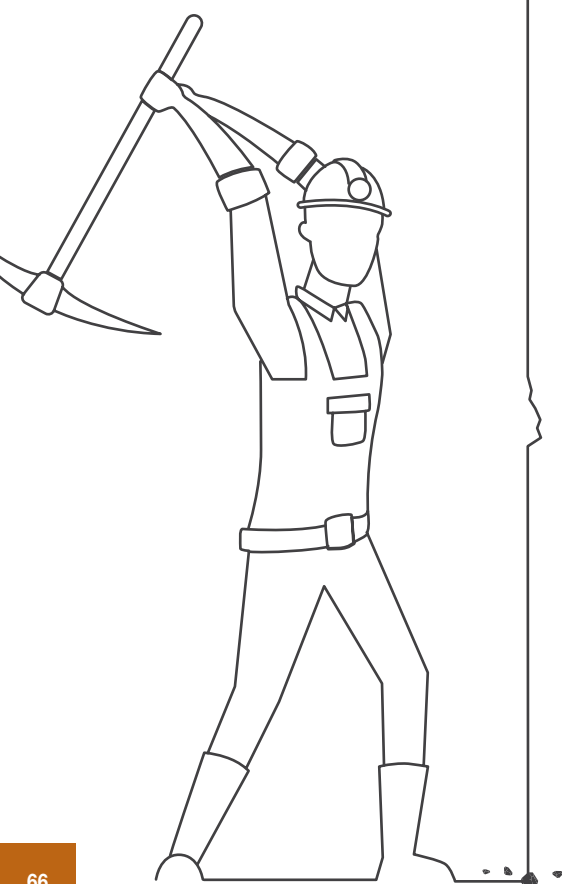
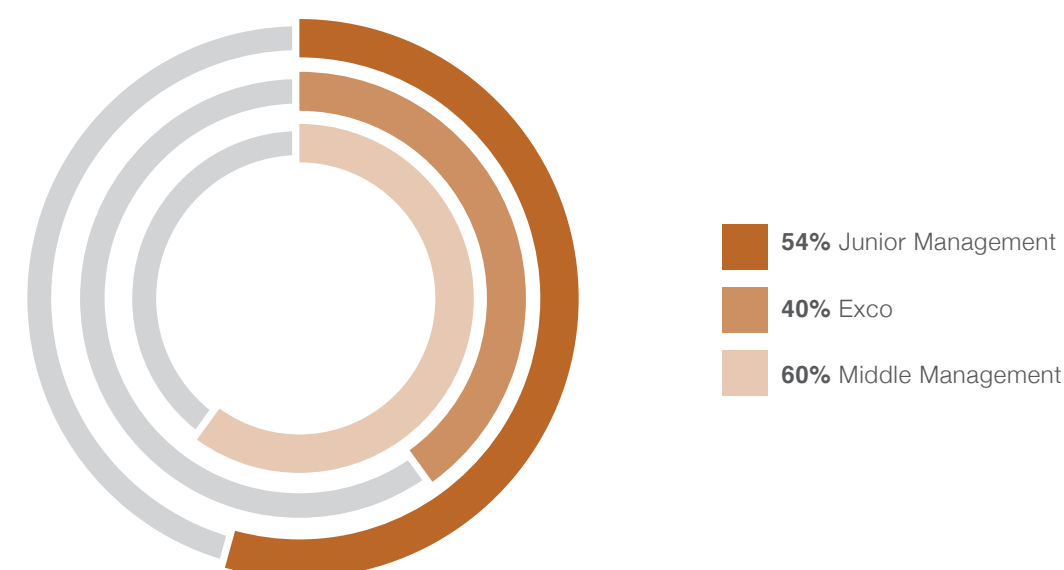
EMPLOYEE DEMOGRAPHICS



OCCUPATIONAL LEVELS



FEMALE REPRESENTATION



2. Employee engagement

For Mineworkers Provident Fund, the annual employee engagement survey forms part of a larger journey. An engaged workforce isn't something which can be achieved overnight and, as we carry out this survey in subsequent years, we are always aware of the previous years' findings. We know that employee commitment is a hearts and minds issue and, if the Fund can create an environment in which these individuals feel valued, are rewarded for their time, and where their wellness is taken care of, then it's a recipe for success.

As such, employee engagement continues to be a critical focus area for the improvement of the culture and the overall experience of our employees. During 2019, the third consecutive employee engagement survey was conducted and the efforts of the organisation were rewarded with an improvement on the overall employee engagement index. The engagement score moved from 59% to 63% and there is reason for mineworkers to be positive about the future of the organisation. The recorded improvements were seen across the indexes of engagement culture, values, and communication.

2019's engagement score growth can, I feel, be attributed to a number of initiatives which the Fund undertook. Obviously 2018's survey helped us identify various theme 'clusters' which could be addressed in 2019 – improved leadership and increased recognition were among these. With the relaunch of our values program; the push for leadership

development; increasing the opportunities for recognition; and our inclusive approach to communication we were able to increase employee engagement during the year.

While 2019's survey results were positive, certain themes did reappear (on a smaller scale) and these will help guide the various approaches and actions we take for 2020. As much as there is room for increased employee engagement there is just as much room for improved performance from upper management and the Fund as a whole.

3. Reward and recognition

The Fund strives to remain competitive and, through the use of external benchmarks, we conduct annual reviews of employee salaries. This allows us to compare our remuneration with that of the market. This benchmark exercise also provides Mineworkers Provident Fund with a view of how the market remunerates specific key roles. In addition, the results paint a picture that helps us to ensure our employees are remunerated fairly. The Fund's remuneration philosophy focuses on short-term (STI) and long-term incentives (LTI). In 2019, we continued to reward excellent performance which bodes well for our talent retention and further improves our value proposition. In terms of these performance rewards, 73% of our employees received incentives during the 2019 financial year. And, while 2018's incentivisation numbers were higher than 2019 – 84% and 73%, respectively – it is important to highlight that staff, at all levels, are being recognised for their good work.

When it came to recognising the good work our staff do, the work done in previous years continued into 2019. Management were encouraged to celebrate their staff, call out their good work, and give praise where due. The recognition awards – held on a quarterly basis – formed a big part of this. Further, while our staff is largely concentrated in Braamfontein, we do have employees in outlying areas around the country and recognising the work they do is important. Some of these individuals are sitting 'in the mines' and we felt the need to remind them of the good work that they're doing. At Mineworkers Provident Fund, we know that employee engagement is company-wide, not just at its core.

2019 also saw the relaunch of our recognition programme – "Values Superhero". These values – respect, dignity, and legacy – are woven into the way we work and the manner in which we recognise our staff is linked to these values. It boils down to how, during our working hours, each of us successfully embody these values. Are we being respectful when dealing with our members; do we conduct ourselves with dignity and help our members achieve their own dignity; are we aware of the Fund's legacy while performing various tasks?

4. Improve our control environment

We continuously introduced improved methods to enhance the control environment. In 2019, there was an ongoing focus on improving our risk 'picture' from an HR perspective. HR also attended to compliance matters raised through internal and external audits. As always, the HRR sub-committee is kept abreast of control measures that are introduced to improve the control environment.

5. Learning and development

The Fund invests in learning and development initiatives in line with future talent management and career growth opportunities for employees.

The uptake in learning and development activities for 2019 was particularly noteworthy as a number of employees undertook academic studies. The Fund's staff are eager to learn at all levels and, for the 2019 financial year, an amount of R1.1 million was invested into those individuals. While our 2018 and 2019 skills audit identified a number of skills 'gaps' Mineworkers Provident Fund has, by changing our messaging to staff, encouraged learning and development activities which have begun the process of shoring up these gaps.

As always, the Fund promotes continuous professional development and a number of professional qualifications were achieved in 2019.

6. Employee wellness

The Fund has always invested in the care and wellbeing of our employees and in 2019 we engaged the services of ICAS. This was the first full year in which we made use of ICAS and a big driver towards us contracting with them was ensuring that our employee wellness and wellbeing agenda is felt by our employees. In the past, we made use of a smaller service (which had its limitations, obviously) and the partnership with ICAS circumvented these completely. At Mineworkers Provident Fund, the wellness of our employees is critical – we want to help these individuals, remind them of their value, and create a good working environment for them.

Perfectly positioned to cater to the size of our organisation, ICAS is also available to our staff 24/7, and their approach to wellness is really broad. In their 2019 report to us, they highlighted the fact that the Fund's use of ICAS was large – 33% engagement compared to an average of 14% – meaning our employees really found value in this offering.

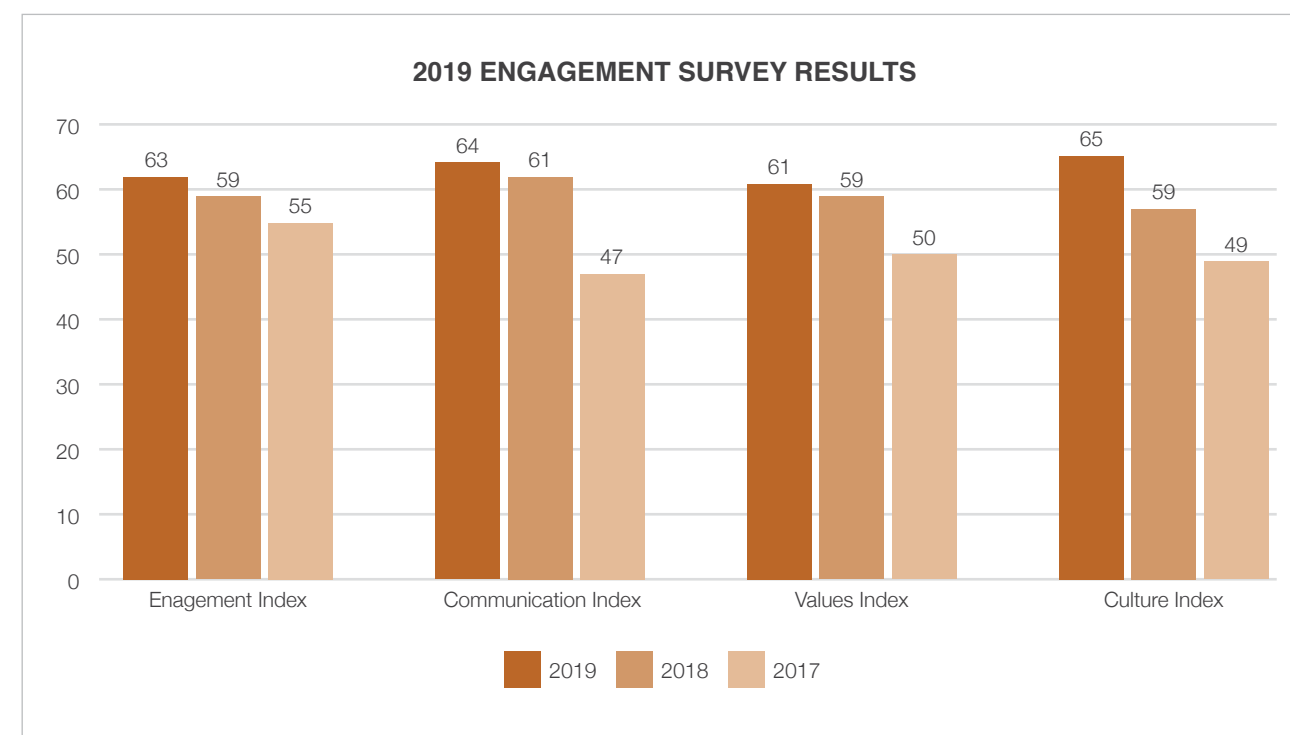
Once again, Mineworkers Provident Fund held its annual Wellness day where staff had an opportunity to experience health checks as well seminars on financial wellbeing and stress management. A lot of new staff reported that these wellness days – compared to their previous firms – were an incredible resource. It was quite surprising to get feedback from colleagues highlighting an apparent lack of care at other organisations.

On the whole, Human Resources is happy with the progress made for 2019 and, for the year ahead, we'll be continuing this care 'regime' for our employees at all levels. Our drive to improve and maintain staff representation, to heighten employee engagement, and to reward and recognise our staff for the good that they do, informs everything Human Resources does.

Ultimately, it's about making sure our employees are well because they're at the centre of everything we do.

Lungelo Solombela

Human Resource Executive





05

OUR FINANCIAL PERFORMANCE

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30
YEARS
OF LEGACY DIGNITY RESPECT



CHIEF FINANCIAL OFFICER'S REPORT



Amma Amparbeng
CFO



From the perspective of the CFO, 2019 felt like it had a number of focal points – procurement, payment and, perhaps most importantly, policy. In terms of procurement, the year started off with the development of our very own procurement portal which went a long way in terms of improving internal efficiency. We also invested time and effort into improving the control environment. 2019 was also the first year where we finally had a policy in place to map what finance does. We took stock of our entire operations and our standard procedures and we documented those. Finally, 2019 was noteworthy in terms of payments – we paid member benefits to the tune of R3.7bn – and, being able to dispense these much-needed funds to our members and their families was an absolute pleasure. As a whole, 2019 felt like a year where the Fund made an unprecedented impact not only in the lives of those members who needed it but for the communities where these individuals live.

Concerning retrenchments

The Fund derives its income from member contributions and, subsequently, from the net investment income accrued from the members' investment portfolio. In the 2019 financial year, there was a high level of involuntary retrenchments in the gold mining sector which, in turn, resulted in an increase in payments to affected members and beneficiaries.

For the mining industry, 2019 was a year of change and, reacting to things like diminished mining investment, employers scaling back operations, and a weak market performance carried over from 2018, these retrenchments within the industry were quite prominent. While the market turnaround did arrive later in 2019, the mines' first reaction was, sadly, involuntary retrenchment.

Regardless of these retrenchments, Mineworkers Provident Fund was there, resolute, and ready to pay these individuals their benefits, as necessary. At the end of the day, that's why the Fund exists – if a member retires, we're there; if a member is retrenched, we're there.

“The Fund once again maintained a positive cash flow throughout the year under review.”

2019 – continued positivity

The Fund once again maintained a positive cash flow throughout the year under review. This is further supported by returns on investments arising from significant positive turnaround on the adjustments to fair value from negative R1.1 billion in 2018 to positive R990 million in 2019 (a change of 189% or R2.1 billion). Compared to the previous year, investments and cash holdings decreased significantly due to interest earned from investments dropping by 91%.

- The decline in the previous year (2018), was attributable to the very weak performance of the Fund's risk assets, such as equities, which had a substantial impact on the Market-Linked Fund and contributed to the 2018-year negative return: SA equity – 10.94%.
- The positive turnaround in the year under review was due to significant positive turn on fair value adjustments.
- 2019 saw a partial recovery in local equity markets particularly in the first and last quarters of the year which has resulted in an improvement in the shorter term performance. The muted returns from markets over the last 5 years have still hampered the ability of the Fund to deliver in line with the target return (CPI + 4.5%) but the longer dated returns are ahead of target.

The Fund's risk profit share with Momentum Metropolitan Life (MMI) contributed R100 million for the 2019 financial year (2018: R98 million).

Despite the marginal performance of our investments, the Fund continues to outperform its peers as set out on page 32 of the Acting chief executive officer's report.

I feel it's important to showcase how well we are performing in regard 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 Mineworkers Provident Fund puts itself ahead of its competitors, and by a fair distance. We're really 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 iterate on the strategy being used. It's incredibly robust and tailored around performance management.

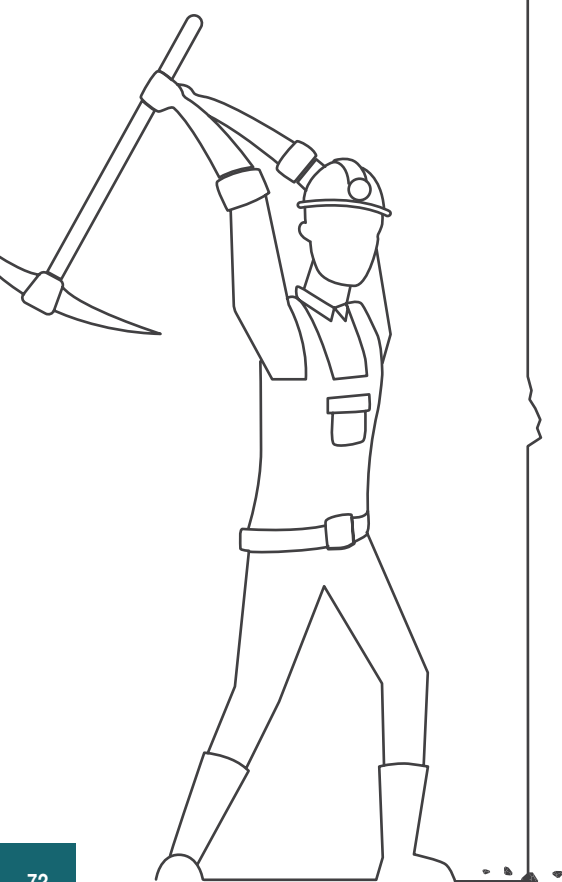
On top of that, we've taken a refreshed approach to our marketing and communications with employers and members – really striving to understand their wants and needs. There's also this massive undertaking in terms of Mineworkers Provident Fund establishing itself in 'new' sectors of the mining industry so as to grow, through diversification, our employer and member base. And all of 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 was a significant reduction in findings by the auditors, with 0 significant statutory audit findings for 2019 compared to 1 significant statutory finding tabled for the 2018 audit and 9 significant statutory findings in the 2017 audit.

2018 was the first year of the IT General Controls (ITGC) audit and the following was found:

- In 2018, MWPf had 9 housekeeping findings reported.
- In 2019, MWPf had 6 findings reported. 3 rated low, 2 rated medium and 1 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.

Improvement through automation, cost-rationalisation, and staff development

While turnaround times are often tricky in finance, many of the automation ‘pushes’ implemented by other departments had a positive knock-on effect in terms of the work we do. Automation, as always, has proven useful and, when it came to processes regarding reconciliations and credit control, it was an absolute godsend. We were able to identify issues faster, troubleshoot solutions quicker and, as a result, experienced not only an increase in efficiency but also time-saving. As a whole, the finance function of Mineworkers Provident Fund is ready for more automation.

In 2019, on the subject of cost-cutting, there were a number of ways in which we approached this. Obviously, we performed cost analyses where we could but, more importantly, we went on a rationalisation drive. Where we could, we asked ourselves ‘is this something we need?’ and, in those instances where we found ourselves

uncertain, we started looking for alternatives which were more economical. With that being said, cost curtailment remains a challenge for the Fund. It’s an ongoing process and, in 2020, we’ll continue with our efforts because, ultimately, we want to make sure our money works for our members.

While training and development at Mineworkers Provident Fund can be construed as ‘money out’, it’s absolutely necessary when it comes to our continued performance and subsequent success. Our skills audit in 2018 identified skills gaps which, in 2019, we were determined to fill. The Board was a big help in this regard because they implemented a big change to the policy around how bursaries are handled at Mineworkers Provident Fund. Prior to 2019, employees were provided with what effectively amounted to a ‘student loan’ which had to be repaid on a monthly basis but, by changing this to an actual bursary – whereby the Fund pays for employee education with certain caveats – the uptake grew immensely. These skills gaps can’t be shored up overnight but, with the increased numbers we are seeing, we are making good progress.

As part of the financial statement analysis, we have provided some underlying drivers to 2019’s performance – including those areas where the marked deviation from 2018 was marginal.

Our investments

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

2019	2018	Variance	Variance %
R28 420 162 874	R27 863 413 000	R556 749 874	2

Investment income

Return on our investments increased considerably in 2019 with fair value adjustments contributing favourably to returns. As mentioned previously, the Fund continues to outperform its peers (refer to the graph in the Acting chief executive officer’s report on page 32).

2019	2018	Variance	Variance %
R2 299 798 015	R274 973 919	R2 024 824 066	737

A detailed analysis of investment income is outlined below:

Description	2019	2018
Realised investment income/dividends received	R290 189 018	R353 465 132
Unrealised investment income/investment interest adjustments	R1 756 153 616	R824 532 362
Sanlam, Sanlam Progressive Smooth Bonus, Momentum Asset Management: Guaranteed Fund (insurance policies)	R303 992 979	R280 745 350
Other income	R67 469 874	R49 477 228
Net investment I&L/unrealised G&L: local listed equities	-	(R1 163 929 874)
LPI interest	R27 948	R73 171
Dividend/interest income/sundry income: Vantage & Ashburton	R2 004 000	R47 600 583
Administration fees incurred in managing investments	(R120 039 420)	(R116 990 032)
Total	R2 299 798 015	R274 973 919

Contributions

2019	2018	Variance	Variance %
R2 223 965 187	R2 179 898 679	R44 066 508	2

Contributions were marginally higher than in 2018 due to a decline in retrenchments (2019: R2.2 billion; 2018: R2.1 billion). Here, lost contributions were offset by salaries adjusted for members from 2018 to 2019 which resulted in more contributions received as well as new employers onboarded.

Although contributions increased marginally from 2018, the table below highlights those employers (paypoints) which closed in 2019, resulting in a loss to contribution income.

Participating employer	Company	Members lost	Contribution income lost per month
Anglogold Health Services	Anglogold Health	12	R80 491
Glencore and Shanduka	Springlake Colliery	6	R142 468
Anglo Coal	South African coal estates - SACE(Landau)	1	R40 539

Benefits

Member exits payment expenses decreased by 7% for the 2019 financial year with 25% of payments attributable to involuntary retrenchments paid in 2019. Sibanye Gold accounted for 51% of these retrenchments.

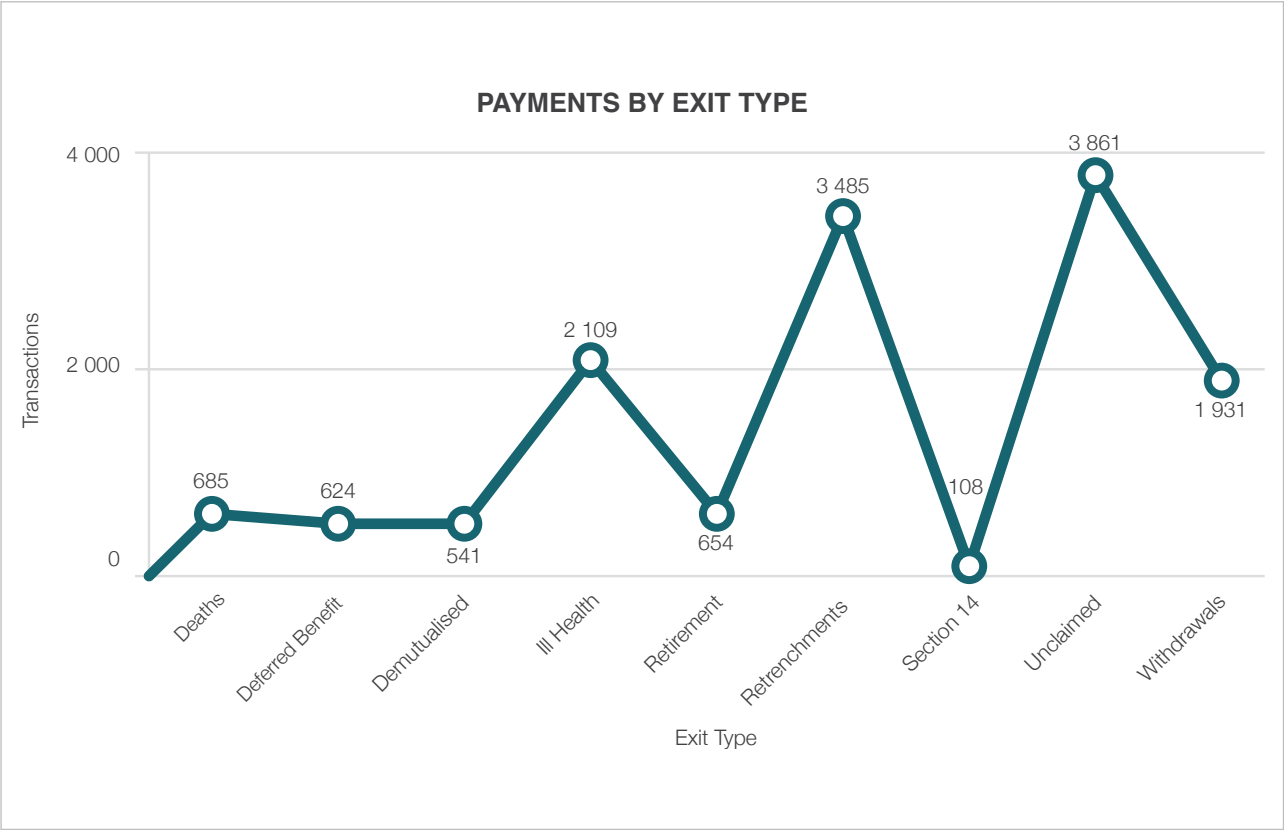
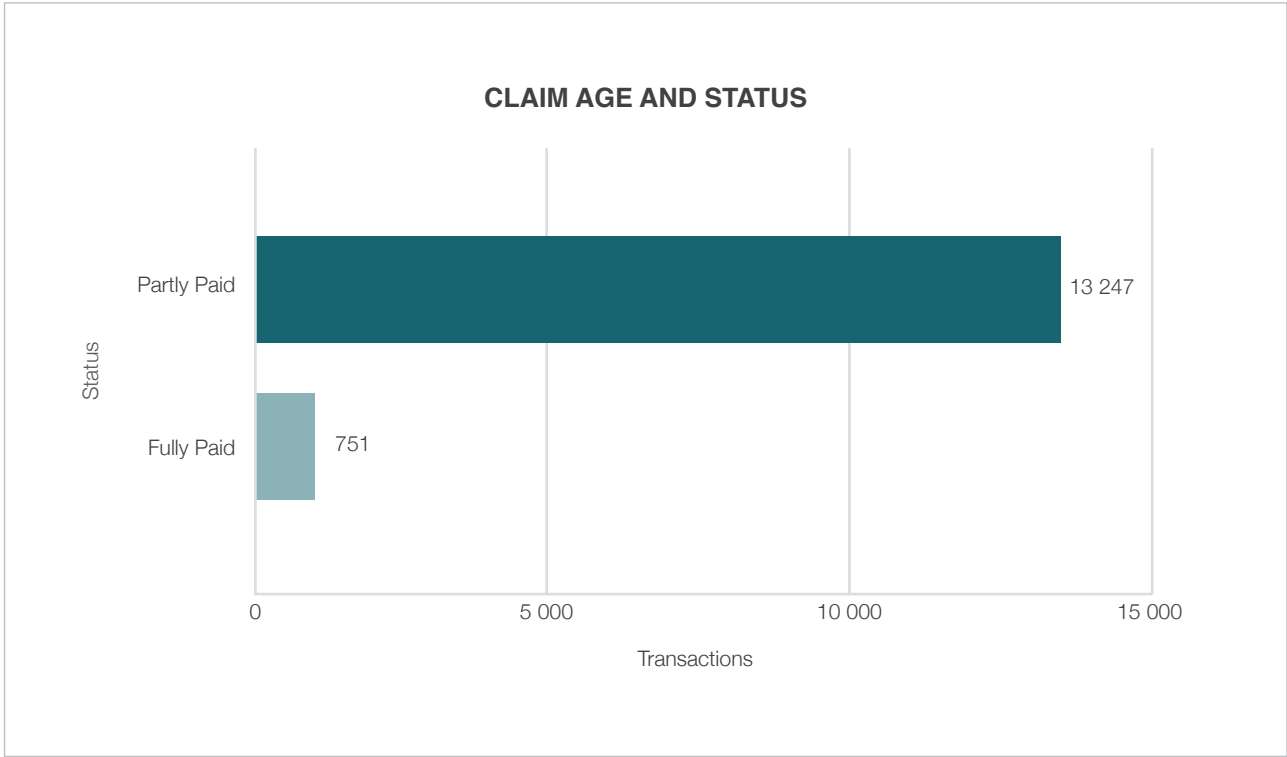
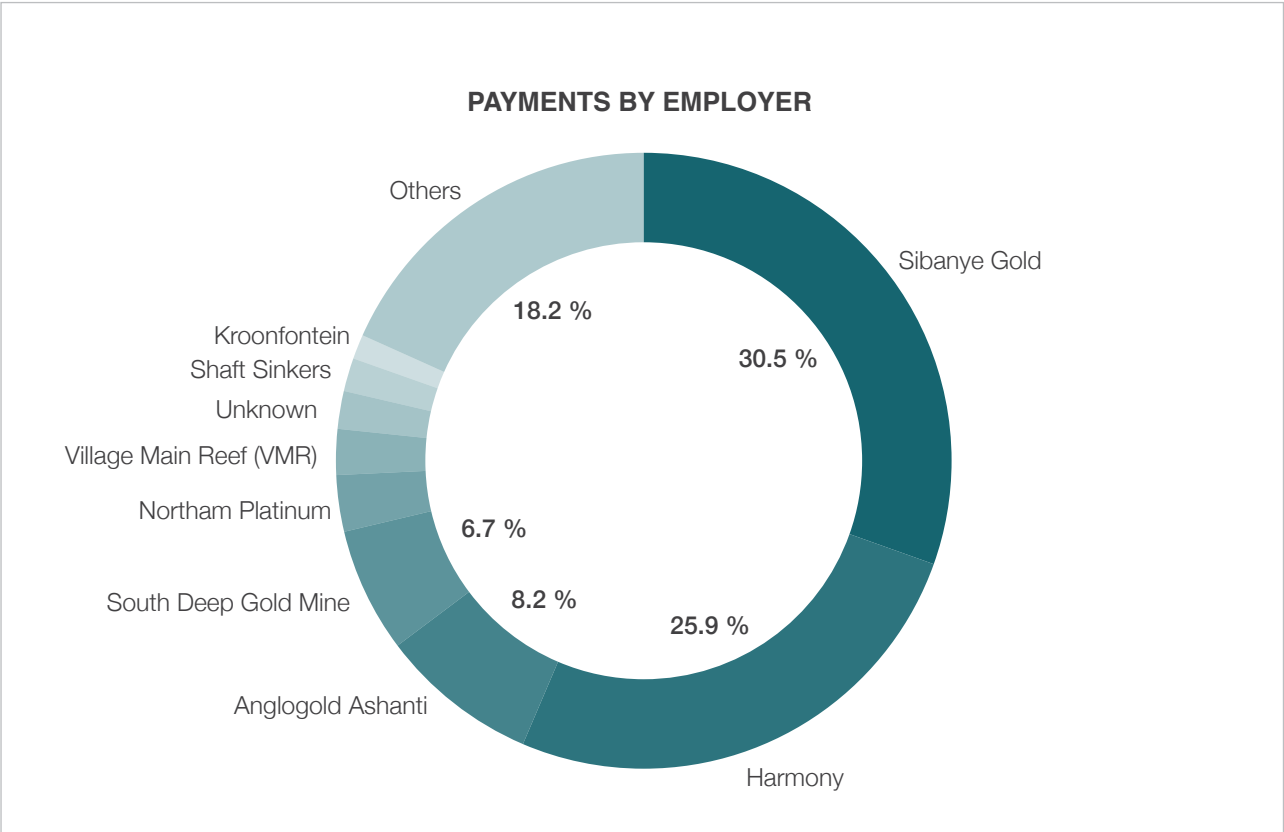
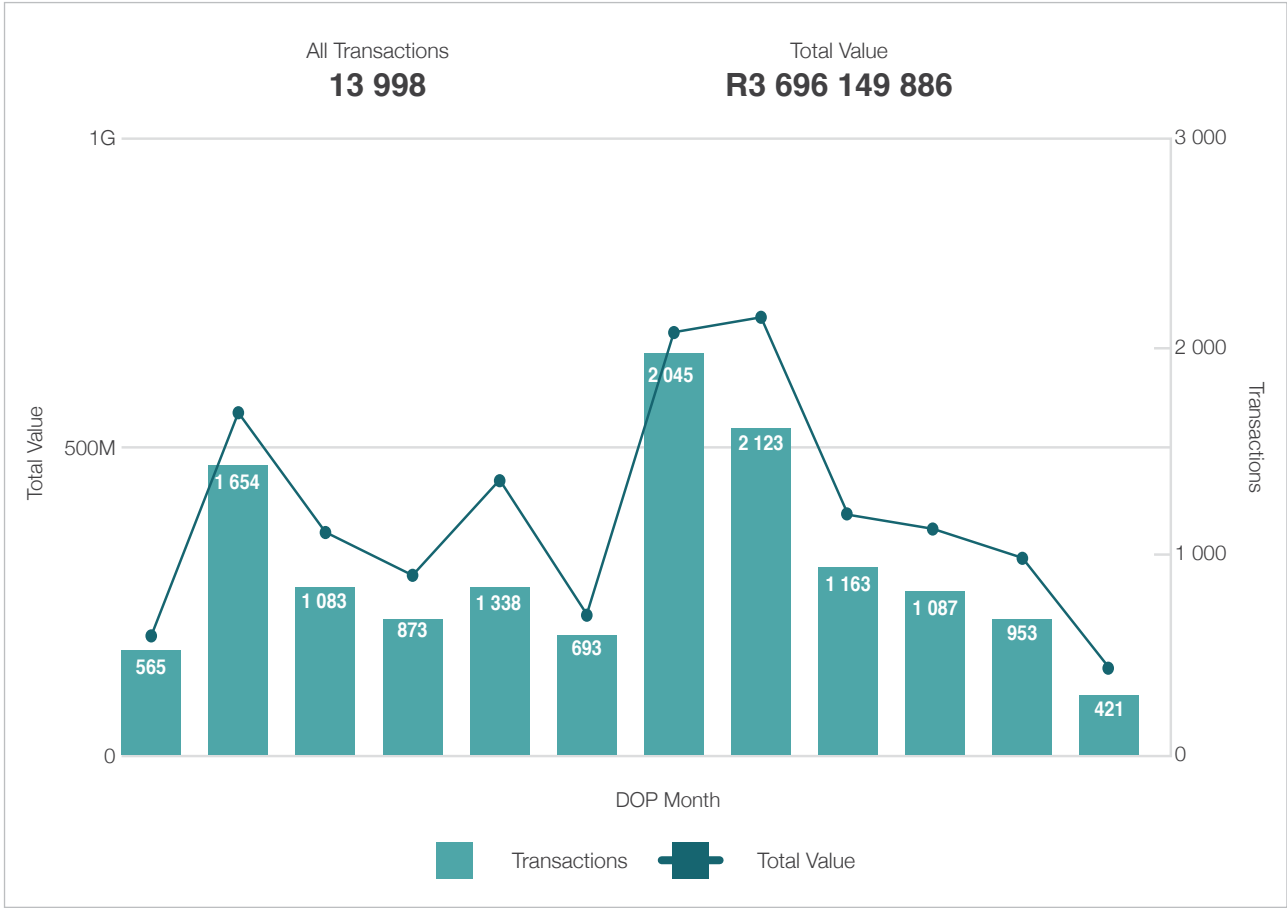
13 998 members to the value of R3.7 billion were paid out (2018: R4.1 billion). 3 485 out of 13 998 members paid (R1.3 billion) were for retrenchment benefits.

2019	2018	Variance	Variance %
R3 787 191 006	R4 091 245 871	(R304 054 865)	(7)



An analysis of benefits paid is outlined below for the financial year ending 31 December 2019:

13 998 member records were paid (R3.7 billion) for the financial year ending 31 December 2019. As noted previously, 25% of payments made were attributable to involuntary retrenchments.



Administration expenses

Despite the developments in the mining industry in 2019 which 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 2019 was R123 million.

2019	2018	Variance	Variance %
R111 664 253	R117 295 849	(R5 631 596)	(5)

Towards an integrated risk management approach

The Board is responsible for reviewing, ratifying and overseeing systems of risk management and internal control, and legal compliance in line with the provisions of the Pension Funds Act. Our approach to risk management has been defined in the Risk Management Framework approved by the Board and it is cognisant of the responsibilities of the trustees which are, inter alia, responsible for the prudent investment of contributions, monitoring of the investment growth and ensuring that benefits are paid timeously, as and when they fall due and payable.

The management of financial and financial reporting risk is a key focus of the Board, Audit and Risk Management Committee, and the Executive Management team. The Executive Management Committee is responsible for implementing and maintaining internal controls to manage financial and financial reporting risks; whereas the Audit and Risk Management Committee establishes and oversees the Risk Management Framework on behalf of the Board.

One of our key goals in terms of the 2023 Board strategy is to make improvements to our system of risk management. By integrating these risk processes into our work culture in meaningful ways we believe we can improve the way we work as an organisation while simultaneously mitigating the risks themselves.

During 2019, we identified 17 areas within the Fund, as follows:

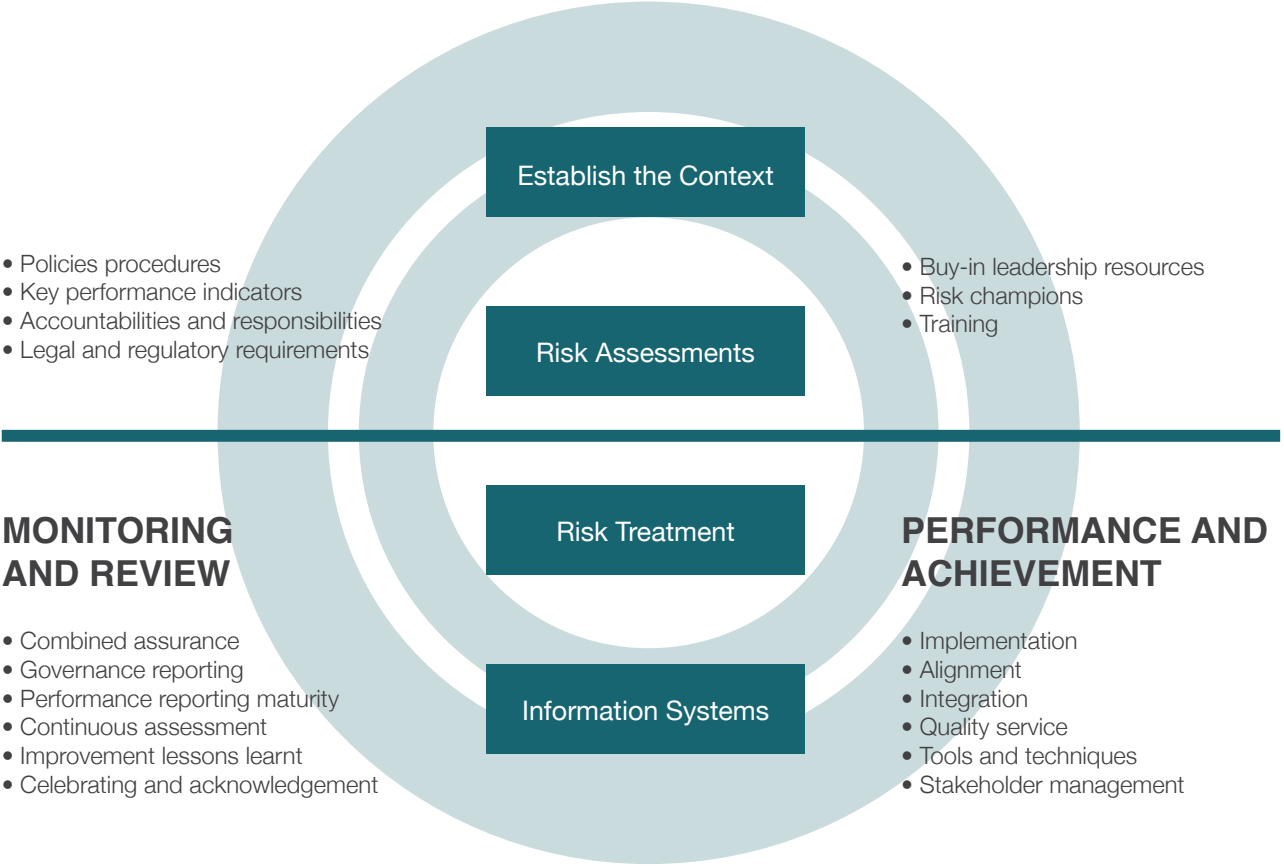
- 1. Business Development
- 2. Client Relationship Managers
- 3. Communications and Marketing
- 4. CO Office
- 5. Fund Finance
- 6. Corporate Finance
- 7. Facilities
- 8. Human Resources
- 9. Information Technology
- 10. Business Optimisation
- 11. Project Management
- 12. Quality Assurance
- 13. Operations Management
- 14. Data and Call Centre
- 15. EBS and Walk-in Centres
- 16. Secretariat
- 17. Compliance

These areas, representative of Mineworkers Provident Fund as a whole, provide us with a holistic overview of our entire operations. Within each of these areas, we appointed ‘Champions’ in terms of both risk and compliance. This individual – ‘on the ground’, so to speak – tracks a variety of risk-related activities which may occur within their respective area and then reports to the risk and compliance manager on a quarterly basis. This report highlights things like specific instances of risk events, any non-compliance which may have occurred, or just general deviations from policies. Understanding risk at a company-wide level is a demanding task and providing the risk and compliance manager with these Champions is a huge help when it comes to predicting any potential impact related to risk and, based on that, what actions to take in terms of mitigation. These Champions have proved themselves, funneling this information upwards – eventually reaching the Board and the ARC – and it goes a long way in helping to prevent risk events materialising into actual risks.

By identifying these areas within the Fund and then assigning Champions to them, we’ve established a strong foundation for improving our risk management system as a whole. Our ultimate long-term goal is to increase the overall maturity level of the Fund’s strategy when it comes to risk management and we have made a strong start by revising

various policies while also improving risk mitigation through the implementation of these Champions. We are on a risk management ‘journey’ and, in 2019, we have made lengthy strides towards even better risk management and mitigation within the Fund.

Risk culture



As a whole, the Fund’s risk management is informed by a proactive and integrated approach which is premised on the ISO31000 framework, provisions of PF circular 130, and other applicable regulations. The integrated risk management approach is a process which enables the fund to identify risks, as well as manage and monitor all risk factors which can potentially hinder its efforts of achieving key objectives. 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 regards to factors affecting all key stakeholders.

There are sound internal controls in place that are 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, 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

The Fund’s top risks are set at the Board level and then subsequently deliberated on by the Audit and Risk Sub-Committee. During 2019, the Fund took these risks, reappraised them – challenged them, as and where necessary – and ended up workshopping them with the Board in an effort to interrogate and improve the approach to risk management overall. While we made time to meet every quarter to take stock of the Fund’s risk as a whole, there was no change to these top risks.

Taken from our Audit and Risk Management Committee, the following is a summary of the specific top risks dealt with in 2019 which remain relevant.

Top risks	Potential impacts	Mitigating action
Ability to remain a going concern <ul style="list-style-type: none">• Retrenchments in mining leading to reduced membership• Threat of mines having their own provident funds which could result in loss of membership (competition)• Unstable political landscape which could result in job losses and reduced membership• Loss of membership through either key mine liquidations, or transfer	Diminished prospects of the Fund maintaining its status as a going concern leading to the restructuring of the Fund’s operating model	Partnering to mitigate retrenchment and withdrawal of funds by members, improving service delivery and regularly active member workshops
Exposure to cyber risk	Cyberattacks or critical IT system failures	Patch management process run weekly and cyber security solution to monitor Fund’s network infrastructure and potential vulnerabilities
Non-compliance with acts and policies which may result in reputational and financial risks	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
Rating agencies downgrade which could result in job losses in the mining industry	Adverse effect on the investment strategy employed by the Fund, given the regulatory restrictions imposed by Reg 28	Constant review of the SA landscape
Threat to investment returns (decisions regarding the class of assets; diversification of the portfolio; external factors/global markets)	An increased exposure to risk of capital loss resulting from investment and market risks	Monitoring of investment risk against the mandates with each of the fund managers
Risk of fraudulent claims due to unreliable data (data integrity); overriding of administration system and errors	An increased exposure to financial losses and insurance premium increases due to fraud risk precipitated by poor data quality and integrity	Quality Assurance Department that monitors system override and validations, bi-annual refresher training. (on administration system), elimination of duplicate records through matching of records to employers, facial recognition and verification system implementation
Revised rules of the Fund pending approval. This process has been in progress for a long time and now poses a risk to the Fund	This may lead to poor governance standards which will be inconsistent with the provisions of the Pension Funds Act	The Board has agreed on the changes to the revised rules with exception of two provisions which are undergoing further review
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 act on their behalf (caretaker model)

“With solid performance from Mineworkers Provident Fund staff, strong financials, and the continued outperformance of our competitors, my outlook for 2020 is positive.”

While these top risks are fairly constant over time, there are emerging risks which aren’t. These are risks which are either ‘new’ or, in a sense, ‘familiar’ but have arisen from odd or unexpected circumstances. Ultimately, in the same way our Risk Champions work to identify risk events ‘early’, these emerging risks are still developing.

Emerging risks	Potential impacts	Mitigating action
Participating employers establishing their own funds	Potential loss of members (large); increased cost of doing business; shrinking membership may place MWPF below minimum threshold for a self-administered fund	Increased, improved stakeholder engagement via sponsor intervention
Rules not being changed	Unable to access growing contractor market; loss of members at higher pay grade; a barrier to offering benefits to similar markets not in mining	Board to agree and sign off rules
Automation and mechanization of the mining industry	Potential loss of members (medium); shrinking market	Diversify Fund to cater for members outside the mining industry (and subsequently advertise this)
Delay in the appointment of a Chairperson and CEO	Negative impact on workload and ability to deliver on strategy; creates perception of instability within Fund	Expedite these appointments
Slow growth of RSA economy	Potential loss of members due to retrenchments and mine closures	Change rules and acquire Section A license to allow for growth outside the mining sector
Approval from FCSA not obtained	Inability to diversify and secure other low- and medium-income worker funds	Lobby FCSA

As always, the Fund continues to put in place mitigating action and controls to reduce risk to an acceptable level. In every industry, risk is pervasive, it can never truly be eliminated in the course of business but it can be managed and mitigated. By interrogating and reassessing risk, both top risks and emerging ones; workshopping with the Board, growing our Champions in their respective roles, and making improvements in terms of integrating our risk management strategy, the Fund has made fantastic progress in 2019 and this work will continue into 2020 as we strive to improve our overall risk management maturity level.

In conclusion, with solid performance from Mineworkers Provident Fund staff, strong financials, and the continued outperformance of our competitors, my outlook for 2020 is positive. Further, considering the improved market performance and the turnaround shown in the latter half of 2019, there is more than enough momentum for the Fund to continue on the trajectory it has set for itself.

Amma Amparbeng
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT



SNG Grant Thornton
20 Morris Street East
Woodmead, 2191
P.O. Box 2939
Saxonwold, 2132

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the annual financial statements of Mineworkers Provident Fund ("the Fund") set out on pages 22 to 47, which comprise the statement of net assets and funds as at 31 December 2019 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. The financial statements are prepared for the purpose of reporting to the Registrar of Pension Funds.

In our opinion, the financial statements of Mineworkers Provident Fund for the year ended 31 December 2019 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Victor Sekese (Chief Executive)

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

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

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

Report on the Audit of the Financial Statements (Continued)

Emphasis of matter – Financial reporting framework and restriction on use

Without modifying our opinion, we draw attention to the principal accounting policies in which the applicable financial reporting framework is identified, as prescribed by the Registrar. Consequently, the financial statements and related auditor's report may not be suitable for another purpose.

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 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.



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

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

Report on the Audit of the Financial Statements (continued)

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

- 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.
- 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.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Fund.

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 are no instances of material non-compliance with the Pension Funds Act and related 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

29 September 2020
 20 Morris Street East
 Woodmead



CONDENSED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

REGULATORY INFORMATION

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 2019 to 31 December 2019
Prior year: 1 January 2018 to 31 December 2018

BOARD OF FUND

Full name	Capacity	Date appointed	Date resigned
A Lebelwane	A	3 October 2019	
B Mrasi (Reappointed 15/08/2018)	M	27 June 2017	
C Overmeyer	E	1 March 2017	29 February 2020
D Ngwane	M	9 March 2019	
E Sephooa	A	3 October 2019	
G Fischer (Reappointed 09/04/2020)	A	1 April 2017	
I Zimo	A	10 July 2020	
J Lekgori	A	3 October 2019	10 July 2020
J Mabuza (Reappointed 01/04/ 2020)	A	1 August 2013	
J Mosemeng (Reappointed 18/06/2020)	E	1 March 2016	
J Mphahlele	M	8 October 2018	
K Mothae (Reappointed 10/03/2019)	E	21 August 2008	
L Letimela	A	9 April 2020	
L Marumule	E	2 December 2019	
L Mphinda	M	8 October 2018	17 April 2020
L Nkopane (Reappointed 12/02/2019)	M	14 March 2016	
M J Kuscus (Reappointed 15/06/2017)	I	12 November 2010	15 June 2019
M Lesabe (Reappointed 01/06/2020)	A	24 February 2015	
M Makhaya	A	3 December 2019	
M Mweli (Reappointed 01/06/2020)	A	27 June 2017	
M Phakedi	M	15 October 2018	
M Sebitlo (Reappointed 12/02/2019)	M	8 May 2009	
O Kgware	A	15 August 2018	
P Mathibela (Reappointed 02/12/2019)	A	1 November 2015	
P Soviya	E	18 October 2018	17 September 2019
R Joseph	M	3 December 2019	
R Mguzulu (Reappointed 27/06/2017)	M	27 March 2014	1 June 2020
S Khumalo	A	2 December 2019	
S Maetle (Reappointed 01/05/2019)	E	1 May 2016	
S Ntlali	A	3 October 2019	
S Wall (Reappointed 01/09/2017)	E	1 September 2008	
T Kgokolo (Reappointed 23/04/2020)	C	31 March 2014	
T Ramatshekgiba	A	3 October 2019	
V Bangani (Reappointed 01/06/2020)	A	27 June 2017	
V Mphore	A	15 August 2018	14 June 2019
V Sampula (Reappointed 17/09/2019)	E	13 November 2018	
W Du Toit (Reappointed 01/05/2019)	E	7 April 2010	
W Van Heerden (Reappointed 01/04/2019)	E	1 April 2013	
X Bokoloshe	M	8 October 2018	
Z Dlamini (Reappointed 01/06/2020)	A	27 March 2014	

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



GOVERNANCE NOTE:**Schedule of meetings* held by the Board of the Fund in terms of the rules of the Fund**

Meeting date	Place of meeting	Quorum (yes/no)
24 January 2019	26 Ameshoff Street Braamfontein	Yes
29 March 2019	26 Ameshoff Street Braamfontein	Yes
13 May 2019	26 Ameshoff Street Braamfontein	Yes
30 May 2019	26 Ameshoff Street Braamfontein	Yes
26 July 2019	26 Ameshoff Street Braamfontein	Yes
10 September 2019	26 Ameshoff Street Braamfontein	Yes
16 October 2019	26 Ameshoff Street Braamfontein	Yes
25 November 2019	26 Ameshoff Street Braamfontein	Yes

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

FUND OFFICERS:**Principal Officer**

Full name	Postal address	Physical address	Telephone number	E mail address	Date appointed	Date resigned
Ms Philda Mphephu	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	pmphephu@mineworkers.co.za	1 June 2016	31 March 2020
Ms Amma Amparbeng	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	aamparbeng@mineworkers.co.za	23 April 2020	

Monitoring Person*

Full name	Postal address	Physical address	Telephone number	E mail address	Date appointed	Date resigned
Ms Philda Mphephu	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	pmphephu@mineworkers.co.za	1 June 2016	31 March 2020
Ms Amma Amparbeng	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	aamparbeng@mineworkers.co.za	23 April 2020	

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

PROFESSIONAL SERVICE PROVIDERS**Actuary/Valuator**

Full name	Postal address	Physical address	Telephone number	E mail address	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	ranti@moruba.co.za	1 April 2016

Auditor

Full name	Postal address	Physical address	Telephone number	E mail address	Date appointed
SNG Grant Thornton	PO Box 2939 Saxonwold 2132	20 Morris Street East Woodmead 2191	(011) 231 0600	darshen.govender@sng.gt.com	1 January 2018



PROFESSIONAL SERVICE PROVIDERS (continued)

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	Not applicable Self-administered

Investment Administrator

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
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
(Africa Collective Investments) Mineworkers In Fund Annuity Portfolio	Firestation Rosebank 5th Floor 16 Baker Street Rosebank Johannesburg 2196	Firestation Rosebank 5th Floor 16 Baker Street Rosebank Johannesburg	(021)700 5600	29 March 2019	CIS 1065
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
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
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

Investment Administrator (continued)

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
Ashburton Investments	PO Box 782027 Sandton 2146	3rd Floor 4 Merchant 1 Fredman Drive Sandton 2196	(011) 282 1147	21 September 2015	FSP 40169
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
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
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
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
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
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



Investment Administrator (continued)

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
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
Momentum Group limited (Previously Metropolitan Life Ltd)	PO Box 2212 Cape Town Bellville 7530	Mispel Street Building 4 Parc Du Cap Bellville 7530	(021) 917 3593	3 November 2005	FSP 623
Ninety One (Previously Investec Asset Management (Pty) Ltd)	PO Box 13 Cape Town 8000	8th Floor125 Buitengracht Street Cape Town 8001	(021) 426 1313	6 October 2010	FSP 587
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
Old Mutual Life Assurance Company (South Africa) Ltd	PO Box 1014 Cape Town 8000	Mutualpark Jan Smuts Drive Pinelands 7405	(010) 100 3000	1 January 2011	Not applicable Self-administered
Old Mutual Life Assurance Company (SA) Ltd (Community Growth Management Company Ltd)	PO Box 248 Mutual Park 7451	Jan Smuts Drive Pinelands 7405	(086) 010 3180	21 April 2006	FSP 604
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
Prudential Portfolio Managers (South Africa) (Pty) Ltd	PO Box 44813 Claremont 7735	7 th Floor Protea Place 40 Dreyer Street Claremont 7708	(021) 670 5100	1 August 2005	FSP 615
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

Investment Administrator (continued)

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
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
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
Vantage Capital	PO Box 280 Parklands 2121	Unit 9B 1st Floor Melrose Boulevard Melrose Arch 2076	(011) 530 9100	14 July 2015	FSP 45610

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 no
MMI Group Limited	PO Box 2212 Bellville 7535	Parc Du Cap Mispel Road Bellville 7535	(021) 940 5902	FSP 3780



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	FSP 19896
Momentum Group Ltd	PO Box 48 Newlands 7725	Great Westerford Main Road Rondebosch Cape Town, 7700	(021) 658 6000	FSP 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	FSP 3071
Momentum Group Ltd	PO Box 48 Newlands 7725	Great Westerford Main Road Rondebosch Cape Town, 7700	(021) 658 6000	FSP 6406

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 31 DECEMBER 2019

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 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 the Fund. The Board of the 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.

The annual financial statements set out on pages 86 to 123 have been prepared for regulatory purposes in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the Rules of the Fund and the Pension Funds Act.

These annual financial statements have been reported on by the independent auditors, SNG Grant Thornton, who were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of the Fund believes that all representations made to the independent auditors in the management representation letter during their audit were valid and appropriate. The report of the independent auditors is presented on pages 82 to 84.



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 taken to resolve non-compliance matter
N/A	None

These annual financial statements:

- were approved by the Board of the Fund on 23 September 2020;
- 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 31 December 2019 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
Chairperson
(Reappointed 23/04/2020)



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



M Sebitlo
Member Trustee
(Reappointed 12/02/2019)

STATEMENT OF RESPONSIBILITY
BY THE PRINCIPAL OFFICER
FOR THE YEAR ENDED 31 DECEMBER 2019

I confirm that for the year under review 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
None	None



Amma Amparbeng
Principal Officer

Mineworkers Head Office
26 Ameshoff Street
Braamfontein

23 September 2020



1. OVERALL FUND EXPOSURE:

The table below sets out the investment manager allocation at total Fund level as at 31 December 2019:

Core Portfolio

Asset Class	Asset Manager Portfolio	Weighting in Overall Fund
Guaranteed Portfolios	Old Mutual Absolute Stable Growth Fund	15.05%
	Old Mutual Customised Guided Growth Fund	3.69%
	Sanlam Stable Bonus Fund	7.16%
	Sanlam Progressive Smooth Bonus	7.40%
	Momentum Smooth Growth	8.99%
Unlisted Assets	Ashburton Private Equity Fund 1	0.60%
	Vantage Mezzanine III	0.39%
	26 Ameshoff Street	0.12%
Total Core Portfolio		43.40%

Market-Linked Portfolio

Asset Class	Asset Manager Portfolio	Weighting in Overall Fund
South Africa: Equities	Afena SA Equity Fund	3.46%
	Argon SA Equity Fund	6.61%
	Coronation Aggressive Equity Fund	5.81%
	Legacy Africa Equity Fund	0.36%
	Mergence Equity Fund	4.52%
	Mianzo Enhanced Equity Fund	0.97%
	Balondolozzi SA Equity Fund	0.89%
South Africa: Fixed Income	Aluwani Capital SA Bond Fund	7.60%
	Balondolozzi SA Bond Fund	1.05%
	Prowess Mineworkers Corporate Bond	1.27%
	Prudential SA Bond Fund	1.33%
	Stanlib Aggressive Income Fund	4.85%

Market-Linked Portfolio (continued)

Asset Class	Asset Manager Portfolio	Weighting in Overall Fund
South Africa:	Cash Ninety One (Previously Investec Money Market Fund)	1.96%
Global: Equities	Ninety One (Previously Investec Global Franchise Fund)	2.63%
	Allan Gray Orbis Institutional Global	8.80%
	SEI Global Select Equity Fund	3.93%
Africa: Equities	Duet Africa Opportunities	0.35%
Balanced	(Africa Collective Investments) Mineworkers In Fund Annuity Portfolio	0.21%
Total Market-Linked Portfolio		56.60%
Total Asset allocation		100.00%

Unclaimed Benefits

The investment strategy for unclaimed benefits is the same as per the general investment strategy of the Fund.

Reserve Accounts

The investment strategy for the reserve accounts is the same as the general investment strategy of the Fund.



2. MANAGEMENT OF 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 2019 R	31 December 2018 R
Old Mutual Life Assurance Company (South Africa) Ltd	4 290 639 312	4 788 891 543
Aluwani Capital Partners	2 167 248 967	1 962 705 416
Old Mutual Asset Managers Company (SA) (Pty) Ltd (Community Growth Management Company Ltd)	-	185 067 748
Coronation Asset Management (Pty) Ltd	1 656 540 616	1 440 447 634
Prudential Portfolio Managers (South Africa) (Pty) Ltd	380 247 876	345 608 875
Allan Gray Ltd (Orbis Investment Management)	2 508 581 695	2 097 778 019
Ninety One (Previously Investec Asset Management (Pty) Ltd)	558 847 769	746 676 398
Argon Asset Management (Pty) Ltd	1 884 758 428	1 725 732 650
Afena Capital (Pty) Ltd	985 399 449	957 153 443
Kagiso Asset Management (Pty) Ltd	-	1 094 975 950
Momentum Group Limited	2 561 901 739	2 502 543 428
Sanlam Life Insurance Ltd	2 040 626 012	1 913 177 055
Mergence Investment Managers (Pty) Ltd	1 288 869 673	1 248 520 701
STANLIB Asset Management Limited	1 381 198 358	1 281 348 112
Mianzo Asset Management (Pty) Ltd	275 120 533	259 141 822
Prowess Investment Managers (Pty) Ltd	360 746 917	144 530 374
Balondolozzi Investment Services	299 717 745	271 438 128
Ashburton Investments	119 427 227	144 578 133
Vantage Capital	111 355 021	97 542 109
SEI Investments South Africa (Pty)Ltd	1 118 842 048	949 380 481
Ninety One (Previously Investec Global Strategy Fund)	749 480 525	596 773 160
Legacy Africa Fund Managers	103 307 888	97 164 190
Old Mutual Life Assurance Company (South Africa) Ltd Customised Guided Growth Fund	1 052 714 220	991 138 680
Sanlam Progressive Smooth Bonus Fund	2 109 407 022	2 021 098 951
Duet Africa Opportunities Fund	99 572 054	-
(Africa Collective Investments) Mineworkers In Fund Annuity Portfolio	62 004 000	-
Balondolozzi Equity Fund	253 607 780	-
Total value of investments managed	28 420 162 874	27 863 413 000

3. MEMBERSHIP

	Active members	Deferred pensioners	Advised benefits < 2 yrs	Unclaimed benefits
Number at the beginning of year	83 325	8 403	3 493	64 447
Adjustments	(7 274)	5 397	(798)	(15 195)
- Disability benefits	(1 321)	-	(798)	-
- Adjustments	(5 953)	5 397	-	-
- Transfer to accounts payable - demutualisation	-	-	-	(15 195)
Additions	5 218	-	3 326	-
Transfers in	225	-	-	-
Transfers out	(3)	-	(115)	-
Withdrawals	(1 252)	(779)	(727)	-
Retirements	(371)	-	(302)	-
Retrenchments	(2 416)	-	(1 247)	-
Deaths	(95)	-	(436)	-
Transfers (from)/to unclaimed	-	-	-	135
Unclaimed benefits paid	-	-	-	(5 978)
Number at the end of the year	77 357	13 021	3 194	43 409
	-	-	-	-
Number at end of year (South African citizen)	77 357	13 021	3 194	43 409

The above adjustments of (7 274) under active members consist of (1 321) disability benefits and (5 953) adjustment to active members relating to data cleanup. The adjustments of (798) under Advised benefits < 2 years consist of (798) disability members. (Disability benefit members are shown under the adjustments table).

The movement of (15 195) members from the unclaimed benefit member listing, is the data cleanup exercise where all Demutualisation i.e. non-members of the Fund have been removed from the unclaimed membership listing and their share of fund liability is now disclosed under other accounts payable. The Adjustment of 5 397 members under Deferred list is the data movement between the different categories.

The Advised benefits are members where an exit confirmation has been received, but the claim has not been finalised and paid. Following the Fund's data cleanup exercise, this resulted in changes in the re-classifications of member records.

4. SUBSEQUENT EVENTS

The Fund had the following Executive changes in 2020:

Ms Philda Mphephu ended her role as acting Chief Executive Officer effective 29 February and resigned as Principal Officer effective 31 March 2020.

Mr Dumisa Hlatshwayo was appointed as Chief Executive Officer effective 1 March 2020.

The Fund, effective 1 January 2020 is self-insuring the Group Life insurance benefits. This was previously administered by Momentum Metropolitan Group.

Momentum Metropolitan Group is still currently administering the Funeral and Disability benefits.

Ms Amma Amparbeng was appointed as the Principal Officer effective date 23 April 2020



STATEMENT OF NET ASSETS AND FUNDS AS AT 31 DECEMBER 2019

Assets

	Note	31 December 2019 R	31 December 2018 R
Non-current assets		28 450 606 037	27 893 494 757
Property, plant and equipment	1	30 443 163	30 081 757
Investments	2	28 420 162 874	27 863 413 000
Current assets		922 682 506	697 422 537
Transfers receivable	4	82 334	5 149 893
Accounts receivable	3	357 406 267	50 642 549
Contributions receivable	9	156 701 855	141 954 481
Cash and cash equivalents		408 492 050	499 675 614
Total assets		29 373 288 543	28 590 917 294

Funds and Liabilities

	Note	31 December 2019 R	31 December 2018 R
Members' funds and reserve accounts		21 277 534 102	20 062 709 533
Members' individual accounts	16	20 572 793 376	20 062 709 533
Amounts to be allocated	17	704 740 726	-
Reserves			
Reserve accounts	16	3 917 786 652	4 018 486 163
Total funds and reserves		25 195 320 754	24 081 195 696
Non-current liabilities		2 948 328 385	3 197 328 471
Provisions	13	3 621 808	3 047 770
Unclaimed benefits	7	2 944 706 577	3 194 280 701
Current liabilities		1 229 639 404	1 312 393 127
Transfers payable	5	14 190 809	10 373 498
Benefits payable	6	1 056 254 537	1 240 234 213
Accounts payable	8	159 194 058	61 785 416
Total funds and liabilities		29 373 288 543	28 590 917 294

STATEMENT OF CHANGES IN NET ASSETS AND FUNDS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Members' individual accounts and amounts to be allocated R	Reserve accounts Refer note 19 R	Current year 2019 R	Previous year 2018 R
Contributions received and accrued	9	1 548 611 576	675 353 611	2 223 965 187	2 179 898 679
Reinsurance proceeds		-	523 204 837	523 204 837	264 946 477
Net investment income	10	-	2 299 798 015	2 299 798 015	274 973 919
Benefit adjustment from/(allocated to) unclaimed benefits	7	-	(210 142 310)	(210 142 310)	601 399 099
Other income	11	-	102 169 717	102 169 717	98 628 728
Less:		-	(572 794 042)	(572 794 042)	(562 896 660)
Reinsurance premiums		-	(461 129 789)	(461 129 789)	(445 600 811)
Administration expenses	12	-	(111 664 253)	(111 664 253)	(117 295 849)
Net income before transfers and benefits		1 548 611 576	2 817 589 828	4 366 201 404	2 856 950 242
Transfers and benefits		(2 530 142 333)	(737 515 160)	(3 267 657 493)	(3 331 587 888)
Transfer from other funds	4	5 599 343	-	5 599 343	28 063 748
Transfer to other funds	5	(43 135 781)	-	(43 135 781)	(160 398 574)
Benefits	6	(2 492 605 895)	(737 515 160)	(3 230 121 055)	(3 199 253 062)
Net income/(loss) after transfers and benefits		(981 530 757)	2 080 074 668	1 098 543 911	(474 637 646)
Funds and reserves					
Balance at the beginning of the year	16	20 062 709 533	4 018 486 163	24 081 195 696	24 555 833 342
Transfers between reserve accounts	16	1 959 426 931	(1 943 845 784)	15 581 147	-
Member surplus account					
Member administration fees		(90 218 485)	90 218 485	-	-
Unallocated Returns adjustments		172 117 896	(172 117 896)	-	-
Allocations to/from surplus accounts					
Allocated to benefits payable		155 028 984	(155 028 984)	-	-
Balance at the end of the year		21 277 534 102	3 917 786 652	25 195 320 754	24 081 195 696



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. PROPERTY, PLANT AND EQUIPMENT

1.1. Current year

	Motor vehicles	Computer equipment and software	Office equipment	Furniture and fittings	Land and buildings	Total
Gross carrying amount	R	R	R	R	R	R
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)
Revaluation(loss)/gain and (disposals)	-	(45 241)	-	-	700 000	654 759
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 year	462 807	1 212 615	15 227	552 514	28 200 000	30 443 163

1.2. Prior year

	Motor vehicles	Computer equipment and software	Office equipment	Furniture and fittings	Land and buildings	Total
Gross carrying amount	R	R	R	R	R	R
At beginning of the year	696 510	7 877 479	1 273 350	4 614 275	48 500 000	62 961 614
Additions	75 347	494 499	12 750	89 575	-	672 171
At end of year	771 857	8 371 978	1 286 100	4 703 850	48 500 000	63 633 785
Accumulated depreciation and impairment						
At beginning of year	(11 609)	(4 962 288)	(1 139 673)	(4 520 590)	(21 000 000)	(31 834 160)
Depreciation charges	(143 069)	(1 543 999)	(82 239)	(101 468)	-	(1 870 775)
Revaluation(loss)/gain and (disposals)	-	(47 094)	-	-	200 000	152 906
At end of year	(154 678)	(6 553 381)	(1 221 912)	(4 622 058)	(21 000 000)	(33 552 029)
Net carrying amount at end of year	617 179	1 818 597	64 188	81 792	27 500 000	30 081 756

2. INVESTMENTS

2.1. Investment summary

	Note	Local	Foreign	Total current year	Total previous year	Fair value current year	Categorised per IAS 39
		R	R	R	R	R	
Cash		232 702 523	7 376 132	240 078 655	792 615 000	240 078 655	At fair value through statement of changes in net assets and funds
Debt instruments including Islamic debt instruments		4 491 829 294	11 277 733	4 503 107 027	3 529 503 290	4 503 107 027	At fair value through statement of changes in net assets and funds
Investment properties and owner-occupied properties		556 536 099	-	556 536 099	-	556 536 099	At fair value through statement of changes in net assets and funds
Equities (including demutualisation shares)		5 368 379 607	87 095 560	5 455 475 167	6 408 264 075	5 455 475 167	At fair value through statement of changes in net assets and funds
Insurance policies ***		12 055 288 305	-	12 055 288 305	12 216 849 655	12 055 288 305	At fair value through statement of changes in net assets and funds
Collective investment schemes		186 899 355	4 376 904 269	4 563 803 624	3 938 274 118	4 563 803 624	At fair value through statement of changes in net assets and funds
Private equity funds		152 454 527	78 327 721	230 782 248	242 120 242	230 782 248	At fair value through statement of changes in net assets and funds
Investment in participating employers	3.2	814 801 241	-	814 801 241	715 087 853	814 801 241	At fair value through statement of changes in net assets and funds
Other		290 508	-	290 508	20 698 767	290 508	At fair value through statement of changes in net assets and funds
Total		23 859 181 459	4 560 981 415	28 420 162 874	27 863 413 000	28 420 162 874	

***Included in non-linked insurance policies are non-vested bonuses amounting to R1 108 554 125 (2018: R457 799 214). The guaranteed value of these policies as at 31 December 2019 is R12 055 288 305 (2018: R12 216 849 655).



2. INVESTMENTS

2.2. Investment summary

	At beginning of year R	Additions R	Repaid/ disposals R	Other adjustments R	At end of year R
Debt instruments including Islamic debt	37 496 662	-	-	(7 180 337)	30 316 325
Participating employer/s					
Anglo American plc	291 402 978	86 933 954	(57 161 748)	61 162 411	382 337 595
Anglo American Platinum	34 579 754	3 596 787	(38 446 139)	6 123 822	5 854 224
AngloGold Ashanti Limited	53 669 139	41 246 256	(38 779 266)	21 745 343	77 881 472
Gold Fields Mining Limited	1 588 155	1 923 307	(865 505)	(552 348)	2 093 609
Exxaro Resources Limited	79 030 807	45 626 827	(33 396 799)	(5 687 527)	85 573 308
African Rainbow Minerals	67 360 589	18 532 696	(65 209 276)	(3 878 255)	16 805 754
Sibanye Gold Limited	321 672	40 591 194	(783 140)	20 675 793	60 805 519
Glencore Xstrata plc	26 657 610	2 680 401	(26 657 610)	(1 033 609)	1 646 792
Northam Platinum Limited	121 309 304	26 573 698	(74 164 780)	76 664 642	150 382 864
SOUTH32 Limited	331 022	-	-	(74 142)	256 880
Harmony Gold Mine	1 340 161	-	-	(493 262)	846 899
Total	715 087 853	267 705 120	(335 464 263)	167 472 531	814 801 241

3. ACCOUNTS RECEIVABLE

	31 December 2019 R	31 December 2018 R
Reinsurance proceeds	253 796 934	49 473 477
Receivable: staff member payroll adjustment	161 039	5 482
Office rental due	1 516 804	-
Contributions late payment interest	158 075	145 027
Insurance claim due	17 689	-
Financial Service Conduct Authority levy	1 755 726	1 018 563
Momentum profit share	100 000 000	-
Total	357 406 267	50 642 549

4. TRANSFERS FROM OTHER FUNDS

	Effective date	No. of members	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	01/03/2018	5	4 578 309	-	-	(4 578 309)	-
Sanlam Provident Fund	01/04/2018	2	571 584	-	-	(571 584)	-
Sanlam Provident Fund	01/07/2016	215	-	634 512	4 725 007	(5 277 185)	82 334
Old Mutual Superfund - Barberton	15/05/2019	2	-	227 802	(30 900)	(196 902)	-
	01/01/2018	1	-	41 260	1 662	(42 922)	-
Total		225	5 149 893	903 574	4 695 769	(10 666 902)	82 334
Transfers approved (B)							903 574
Return on transfers (C)							4 695 769
Statement of changes in net assets and funds							5 599 343



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	Return on Transfers and adjustments	Assets transferred	At end of year			
			R	R	R	R	R	R	R	R
In terms of Section 14										
Mine Employees Pension Fund	66	-	43 221	-	3 057	-	46 278	-	-	-
Sentinel Mining Industry Retirement Fund	159	-	235	-	(235)	-	-	-	-	-
Sentinel Mining Industry Retirement Fund	223	-	194 043	-	13 997	-	208 040	-	-	-
Mine Employees Pension Fund	37	-	1 146 966	-	69 910	-	1 216 876	-	-	-
NBC Umbrella Retirement Fund	1	-	147 375	-	11 910	-	159 285	-	-	-
Sentinel Mining Industry Retirement Fund	14	-	643 366	-	-	-	643 366	-	-	-
Sentinel Mining Industry Retirement Fund	126	-	245 916	-	14 922	-	260 838	-	-	-
Sentinel Mining Industry Retirement Fund	232	-	501 976	-	(68 633)	-	433 343	-	-	-
Sentinel Mining Industry Retirement Fund	82	-	904 630	-	(94 971)	-	809 659	-	-	-
Sentinel Mining Industry Retirement Fund	51	-	369 268	-	(108 727)	-	260 541	-	-	-
Sentinel Mining Industry Retirement Fund	65	-	289 291	-	(143 119)	-	146 172	-	-	-
Sentinel Mining Industry Retirement Fund	1	-	171 290	-	28	(171 318)	-	-	-	-
Sentinel Mining Industry Retirement Fund	18	-	142 769	-	-	(142 769)	-	-	-	-
Sentinel Mining Industry Retirement Fund	869	-	5 573 152	253	(1 271 586)	(865 699)	3 436 120	-	-	-
Sentinel Mining Industry Retirement Fund	26	-	-	18 900 749	(477 683)	(18 423 066)	-	-	-	-
Sentinel Mining Industry Retirement Fund	25	-	-	7 052 965	(633 085)	(6 218 386)	201 494	-	-	-
Sentinel Mining Industry Retirement Fund	23	-	-	4 884 578	(32 612)	(4 851 966)	-	-	-	-
Sentinel Mining Industry Retirement Fund	11	-	-	3 404 420	270 412	-	3 674 832	-	-	-

Ten of the largest approved section 14 transfers in values are listed above.
The listing of other bulk section 14 transfers are available at the Fund's registered office.

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	Return on Transfers and adjustments	Assets transferred	At end of year			
			R	R	R	R	R	R	R	R
Sentinel Mining Industry Retirement Fund	15	-	-	2 463 708	(27 225)	-	2 436 483	-	-	-
Sentinel Mining Industry Retirement Fund	12	-	-	2 221 810	17 296	(2 239 106)	-	-	-	-
Old Mutual Superfund Stibium Mining SA (Pty) LTD	7	-	-	1 952 340	363 377	(2 302 490)	13 227	-	-	-
Sentinel Mining Industry Retirement Fund	5	-	-	1 772 248	56 261	(1 828 509)	-	-	-	-
Sentinel Mining Industry Retirement Fund	1	-	-	483 963	9 840	(493 803)	-	-	-	-
Sentinel Mining Industry Retirement Fund	5	-	-	475 563	(4 275)	(471 288)	-	-	-	-
Various Section 14s out	13	-	-	1 482 638	71 687	(1 310 070)	244 255	-	-	-
Prospective approvals in terms of Section 14										
Sentinel Mining Industry Retirement Fund	1	110 735	-	-	-	-	-	-	-	-
Sentinel Mining Industry Retirement Fund	6	812 842	-	-	-	-	-	-	-	-
Sentinel Mining Industry Retirement Fund	70	10 070 149	-	-	-	-	-	-	-	-
Total			2 164	10 993 726	10 373 498	45 095 235	(1 959 454)	(39 318 470)	14 190 809	45 095 235
Transfers approved (B)										(1 959 454)
Return on transfers (C)										43 135 781
Statement of changes in net assets and funds										



6. BENEFITS

6.1. Benefits - current members

	A		B		C		D		E		A+B+C+D+E	
	At beginning of year		Benefits for current period		Return allocated		Payments		Transferred to unclaimed benefits		At end of year	
	R		R		R		R		R		R	
Lump sums on retirements												
Full benefit	169 979 928		329 923 884		19 856 060		(403 225 717)		(56 767)		116 477 388	
Lump sums before retirement												
Disability benefits	210 903 923		949 198 865		34 496 472		(815 887 087)		(1 582 838)		377 129 335	
Death benefits	479 677 724		351 822 698		17 677 614		(417 549 990)		(23 660 786)		407 967 260	
Withdrawal benefits	89 083 237		274 775 766		17 332 745		(303 988 535)		(587 861)		76 615 352	
Retrenchment benefits	290 589 401		1 015 171 139		58 111 196		(1 319 009 868)		(227 809)		44 634 059	
Other												
Deferred benefits	-		154 199 719		7 554 897		(128 323 473)		-		33 431 143	
Total	1 240 234 213		3 075 092 071		155 028 984		(3 387 984 670)		(26 116 061)		1 056 254 537	
Benefits for current year (B)			3 075 092 071									
Return allocated (C)					155 028 984							155 028 984
Statement of changes in net assets and funds												3 230 121 055

7. UNCLAIMED BENEFITS

	31 December 2019	31 December 2018
	R	R
Balance at the beginning of the year	3 194 280 701	4 080 698 595
Transferred from benefits payable	26 116 061	95 961 711
Adjustments: benefit movement prior year accruals	(13 508 787)	-
Benefit interest allocation	210 142 310	(601 399 099)
Less:		
• Transfer of demutualisation benefits to accounts payable	(110 342 541)	-
• Benefits paid	(361 981 167)	(381 841 944)
• Benefits for the year - transfer from Section 14	-	861 438
Balance at the end of the year	2 944 706 577	3 194 280 701

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 funds and, thereafter, were no longer members of the Fund.

Their demutualisation benefits was recorded in the benefits note, and after Board approval, their liability has now been recorded in Account Payable: Note 8 (R105 577 951).



8. ACCOUNTS PAYABLE

	31 December 2019	31 December 2018
	R	R
Reinsurance premiums	45 623 838	39 304 795
South African Revenue Services PAYE	1 994 726	15 412 016
Audit fees	1 492 750	1 354 764
IT-related expenses and licence fees	1 042 469	1 288 558
Non members demutualisation benefit	105 577 951	-
Staff remuneration	-	210 241
Audit internal costs	-	384 388
Investment consultancy fees	144 900	138 000
Consultancy fees	29 167	812 466
Printing and stationery	1 151	2 199
Actuarial fees	770 619	687 871
Telephone and postage	34 209	122 092
Legal expenses	267 375	200 000
Total staff events and other staff costs	1 061	19 136
Sundry expenses	-	1 575
Operations office costs	15 394	-
Payroll expenses	25 328	17 919
Cleaning services	17 987	26 051
Rent and related expenses	-	393 755
Change management and client servicing	8 413	-
Momentum Group Life refunds	186 825	229 104
Employer road show expenses	-	6 946
Property security expenses	-	24 519
Building maintenance costs	-	29 990
Office expenses (refreshments)	6 119	6 786
External interface members	836	-
Training costs - staff	18 720	-
Marketing costs	96 316	-
Training and development - trustees	-	2 633
Write-off account	666 312	-
Contributions overpaid various mine employers	748 090	1 099 527
Fixed asset expenses	192 184	-
Tracing costs	128 532	-
Staff training costs	-	10 085
Bank charges	31 924	-
Member lifestyle survey costs	70 862	-
Total	159 194 058	61 785 416

9. CONTRIBUTIONS

	At beginning of year	Towards retirement	Towards reinsurance and expenses	Contributions received	At end of year
	R	R	R	R	R
Member contributions received and accrued	41 876 572	663 165 683	-	(656 531 409)	48 510 846
Employer contributions received and accrued	99 368 137	870 123 586	675 353 611	(1 537 823 355)	107 021 979
Additional voluntary contributions - members	709 772	15 322 307	-	(14 863 049)	1 169 030
Total	141 954 481	1 548 611 576	675 353 611	(2 209 217 813)	156 701 855
Towards retirement					1 548 611 576
Towards reinsurance and expenses					675 353 611
Statement of changes in net assets and funds					2 223 965 187



10. NET INVESTMENT INCOME

	31 December 2019	31 December 2018
	R	R
Income from investments	1 429 975 155	1 506 818 416
• Dividends	290 189 018	353 465 132
• Interest	766 319 284	811 218 266
• Other income	67 469 874	47 600 583
• Collective investment schemes distribution	2 004 000	13 789 085
• Income from insurance policies	303 992 979	280 745 350
Interest on late payment of contributions	27 948	73 171
Adjustment to fair value	989 834 332	(1 114 927 636)
	2 419 837 435	391 963 951
Less: Expenses incurred in managing investments	(120 039 420)	(116 990 032)
Total	2 299 798 015	274 973 919

11. OTHER INCOME

	31 December 2019	31 December 2018
	R	R
Momentum profit share	100 000 000	98 000 000
Rental income	2 138 908	581 759
Proceeds on sale of assets and insurance claims	30 809	46 969
Total	102 169 717	98 628 728

The fund has 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 for (2019): Sale of assets **R7 925** and **R22 884** for asset insurance claims.



12. ADMINISTRATION EXPENSES

	31 December 2019	31 December 2018
	R	R
Actuarial fees	1 227 470	1 163 104
Audit fees	2 688 639	2 583 952
Audit fees	1 527 239	1 441 004
Audit fees Internal	1 161 400	1 142 948
Consultancy fees	437 533	1 832 983
Property security expenses	414 277	356 893
Depreciation	1 596 454	1 870 778
Fidelity insurance	-	4 000 951
Financial Service Conduct Authority levy	1 332 316	2 035 220
Other expenses	38 971 350	40 993 953
Bank charges	943 671	393 841
Legal fees	909 163	1 375 560
Postage and Telephone	1 261 193	787 803
Printing and stationery	1 877 492	1 842 009
Tracing expenses	128 532	-
Revaluation on building asset	(654 759)	(152 907)
IT related expenses & licences	20 616 476	19 304 786
Recruitment expenses	841 500	691 453
Sundry expenses	27 774	31 438
Vehicle running expenses	249 088	507 631
Independent chairperson fees audit & risk	376 420	517 215
Independent chairperson fees board	202 670	426 648
Benefit write off account	-	2 877 009
Investment consultants fees	1 784 800	1 698 400
Travel employer visit expenses	184 922	2 002 820
Cleaning services	377 230	400 492

	31 December 2019	31 December 2018
	R	R
Consulting fees communication costs	-	1 731 355
Building maintenance costs	1 320 365	1 678 402
Payroll management fees	307 637	234 316
Marketing expenses	2 605 681	1 467 935
Water and electricity and parking	650 641	1 078 797
Member lifestyle survey and industry body	744 453	303 845
Insurance premiums	378 656	315 240
Annual reporting function costs	526 136	-
Executive strategy expenses	453 114	288 149
Operations office expenses	615 250	188 509
Change management and client servicing expenses	890 252	1 003 207
Forensic investigations costs	51 060	-
Professional fees	34 829	-
External members interface costs	211 304	-
Performance review expenses	216 500	-
Unclaimed road show expenses	281 316	-
Board strategy expenses	293 131	-
Industry body costs	60 295	-
Office rental expenses	204 558	-
Office expenses (refreshments)	311 263	237 531
Operating lease payments	3 622 287	3 820 401
Board of Fund expenses (trustee)	14.1	1 183 256
Staff expenses	14.2	54 957 201
Principal Officer expenses	14.3	4 922 207
		2 385 667
Total	111 664 253	117 295 849



12.1. Board of Fund expenses (trustee)

	31 December 2019	31 December 2018
	R	R
Regional Advisory Committee	273 475	233 571
Meeting allowances	204 270	200 337
Travel expenses	357 239	618 767
Training and related expenses	348 272	394 477
Total	1 183 256	1 447 152

12.2. Staff expenses

	31 December 2019	31 December 2018
	R	R
Remuneration	47 520 758	47 349 195
Contributions to retirement fund	5 682 816	5 644 521
Training expenses	1 100 379	717 365
Other payments	653 248	856 183
Total	54 957 201	54 567 264

12.3. Principal Officer expenses

	31 December 2019	31 December 2018
	R	R
Remuneration	4 865 127	2 345 441
Allowances	57 080	40 226
Total	4 922 207	2 385 667

The Principal Officer expenses (remuneration) includes short-term and long-term incentives.

13. FINANCIAL LIABILITIES AND PROVISIONS

13.1 Provisions

	31 December 2019	31 December 2018
	R	R
Staff leave pay provision	3 621 808	3 047 770
Total	3 621 808	3 047 770

14. RISK MANAGEMENT POLICIES

Risk management framework

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

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 Rand value 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 2019, the current liabilities of the Fund exceeded the current assets by R 306 million (2018: R 615 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 2019 of R28 420 162 874 (2018: R27 863 413 000) which will be available on a trade plus three basis.

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 Fund’s, 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 2019	31 December 2018
	R	R
Within one year	3 574 342	3 782 518
Between two and five years	5 651 011	7 153 860
Total	9 225 353	10 936 378



16. RESERVES

	Members' Funds		Amounts to be allocated		Reserve Accounts Total		Investment reserve		Risk reserve	
	R		R		R		R		R	
At beginning of year	20 062 709 533		-		4 018 486 163		905 408 723		3 113 077 440	
Contributions received and accrued	1 548 611 576		-		675 353 611		-		675 353 611	
Reinsurance proceeds	-		-		523 204 837		-		523 204 837	
Net investment income	-		-		2 299 798 015		2 299 798 015		-	
Allocated to unclaimed benefits	-		-		(210 142 310)		(210 142 310)		-	
Other income:	-		-		102 169 717		2 169 717		100 000 000	
- Momentum profit share	-		-		100 000 000		-		-	
- Rental income	-		-		2 138 908		2 138 908		-	
- Proceeds on sale of assets and insurance claims	-		-		30 809		30 809		-	
Less:	-		-		(572 794 042)		-		(572 794 042)	
- Reinsurance premiums	-		-		(461 129 789)		-		(461 129 789)	
- Administration costs	-		-		(111 664 253)		-		(111 664 253)	
Net income before transfers and benefits	21 611 321 109		-		6 836 075 991		2 997 234 145		3 838 841 846	
Transfers and benefits	(2 530 142 333)		-		(737 515 160)		-		(737 515 160)	
Transfers from other funds	5 599 343		-		-		-		-	
Transfers to other funds	(43 135 781)		-		-		-		-	
Benefits	(2 492 605 895)		-		(737 515 160)		-		(737 515 160)	
Net income after transfers and benefits	19 081 178 776		-		6 098 560 831		2 997 234 145		3 101 326 686	
Transfer between reserve accounts	1 254 686 205		54 574 334		(981 587 868)		(1 235 507 944)		253 920 076	
Actuarial valuation adjustment	-		650 166 392		(962 257 916)		(650 166 392)		(312 091 524)	
Allocated to benefits payable	155 028 984		-		(155 028 984)		(155 028 984)		-	
Unallocated returns adjustments	172 117 896		-		(172 117 896)		(172 117 896)		-	
Member administration costs	(90 218 485)		-		90 218 485		-		90 218 485	
At end of year	20 572 793 376		704 740 726		3 917 786 652		784 412 929		3 133 373 723	

The investment reserve balance of R784 412 929 includes an amount of of R192 730 432 (2019) for unallocated returns.

17. AMOUNTS TO BE ALLOCATED

	31 December 2019	31 December 2018
	R	R
Investment return for December to be allocated	-	(74 296 005)
Actuarial valuation adjustments	704 740 726	-
Other amounts to be allocated	-	74 296 005
Total amounts to be allocated	704 740 726	-

