

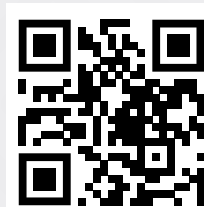


NATIONAL TERTIARY RETIREMENT FUND



# Trustee Report 2022

[www.ntrf.co.za](http://www.ntrf.co.za)



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Don't think of  
retiring from the world until  
**the world will be sorry that  
you retire**



# Welcome

## Dear Members

It gives me great pleasure to present the annual report for the Fund for the 2022 financial year. The Fund had a successful year, with a total of R18 billion in investments.

*As we begin 2023, there are several changes on the horizon for the retirement industry. These changes, and their impact on you, are discussed on page 3 of this report.*

To the South African economy, as well as most other economies globally, 2022 was a difficult year. The Russian invasion of Ukraine, volatility in international financial markets, inflationary pressures and other factors mean that many countries face the possibility of a recession.

In the period under review South Africa was affected by low levels of economic growth, high levels of unemployment (*above 35%*), inflation rates above the upper limit of the South African Reserve Bank's inflation target of 6%, loadshedding and the wide-ranging impact thereof and a cycle of increases to the repo rate (*increasing the cost of credit*).

These macro-economic factors have not eased and South Africans should brace themselves for a continuation of these tough times in 2023. However, I would like to reiterate that the Fund's governance and management teams always have the members' best interests at heart. The members of the Board are, for the most part, members of the Fund and are thus affected in the same way as any other member of the Fund by the volatility in the investment markets and the impact it has on the value of retirement savings.

2022 was a memorable year for the fund with the appointment of a new Principal Officer, Deputy Principal Officer, and Independent Chairperson. The strength of commitment of the Board ensured that these major transitions went smoothly and did not impact negatively on the Fund in any way.

*Rest assured that, despite the huge challenges facing our country, the Board will continue to lead the Fund in a way that protects your interests.*

I would like to thank the Board of Trustees for their ongoing support and dedication. We look forward to a good year of cooperation and progress, and we remain optimistic about the future.

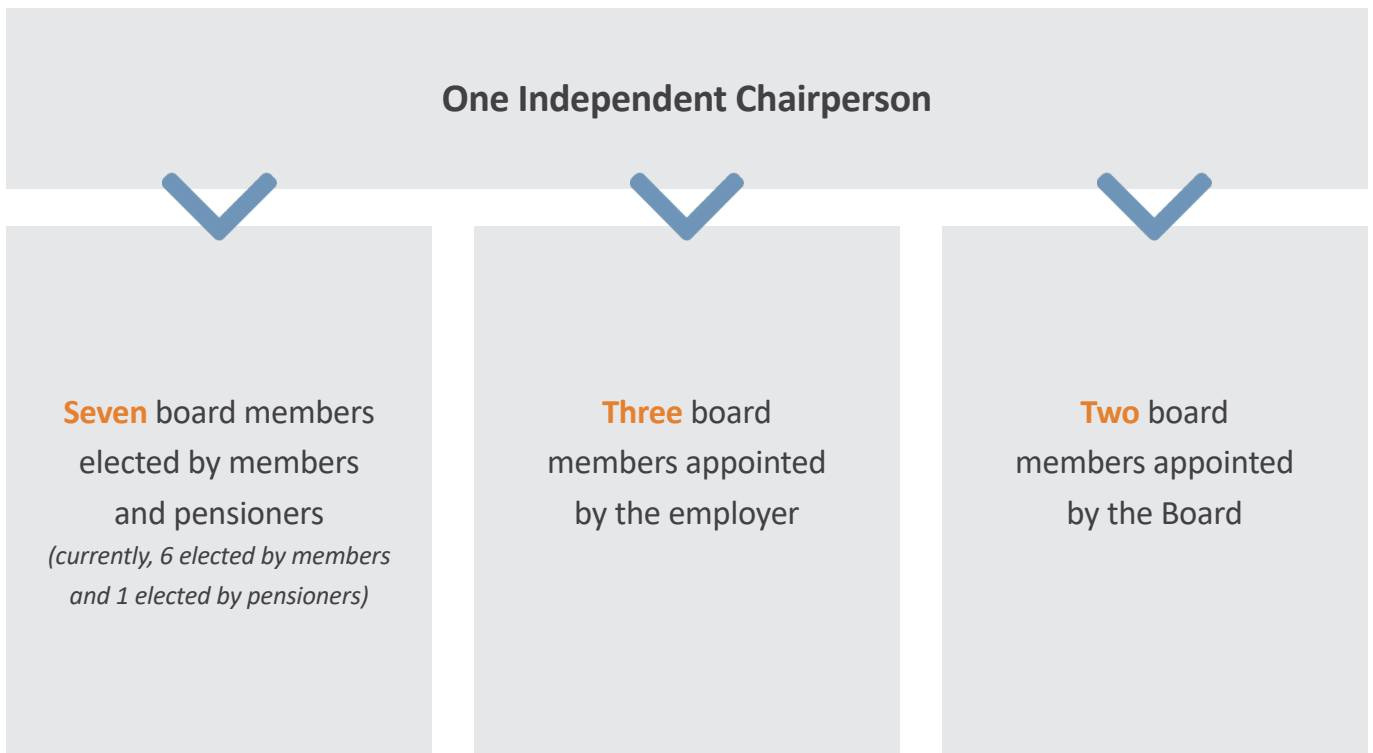
## Regards



**Anesh Soonder**  
Chair of the Board of Trustees

# The Board Of Trustees

*The Fund is managed by a Board constituted in accordance with the Rules of the Fund and the provisions of the Pension Funds Act. The Board consists of:*



## Board Members

### Employee Representatives

- Mr JR Basson
- Prof J Laubscher
- Dr TE Louw
- Mr NG Munsamy
- Mr N Patchiappen
- Dr L Hillermann

### Employer Representatives

- Prof R Balkaran
- Mr BA Stanfliet
- Ms NC Tsita

### Board-Appointed Members

- Mr M Scheepers
- Prof AP Staak

### Pensioner representative

- Dr D Tromp

### Independent chairperson

- Mr A Soonder

### Principal Officer & Deputy Principal Officer

- Ms J Grefen
- Ms D Bent

**The Board has various committees to assist them. The composition of the committees is as follows:**

### **Audit & Risk Committee**

#### **Composition**

- Mr JR Basson
- Dr TE Louw
- Mr M Scheepers
- Mr BA Stanfliet (*chairperson*)
- Dr D Tromp
- Prof J Laubscher (*observer*)

### **Investment Committee**

#### **Composition**

- Mr JR Basson
- Mr NG Munsamy
- Mr M Scheepers (*chairperson*)
- Dr L Snell
- Prof AP Staak
- Mr BA Stanfliet

### **Communication Committee**

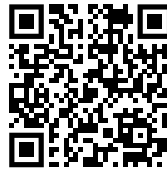
#### **Composition**

- Prof J Laubscher
- Dr TE Louw (*chairperson*)
- Mr NG Munsamy
- Mr N Patchiappen
- Prof AP Staak
- Ms BA Erickson (*co-opted member*)



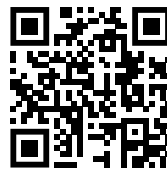
# The Year That Was...

*The Fund hosted a number of webinars for members during 2022. Here are the links to view them, if you could not attend, or if you would like to refresh your memory:*



## **New member induction**

[www.ntrf.co.za/ntrf/new-member-induction](http://www.ntrf.co.za/ntrf/new-member-induction)



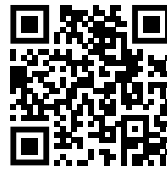
## **General Fund presentation**

[www.ntrf.co.za/ntrf/newsletters](http://www.ntrf.co.za/ntrf/newsletters)



## **Retirement presentation**

[www.ntrf.co.za/ntrf/retirement-guide](http://www.ntrf.co.za/ntrf/retirement-guide)



## **Risk review**

[www.ntrf.co.za/ntrf/risk-benefits](http://www.ntrf.co.za/ntrf/risk-benefits)

**Retirement** is the world's  
longest coffee break.  
**Enjoy your coffee!**



# Economic Overview Of 2022

*The performance of the Fund’s investment portfolios mirrored global trends impacted by rising interest rates, high inflation rates and the impact of the Russia/Ukraine war. Locally, concerns about economic growth, loadshedding and collapsing infrastructure severely affected markets. The Board continues to hold our investment managers responsible to consider this known information in assessing how our funds are invested.*

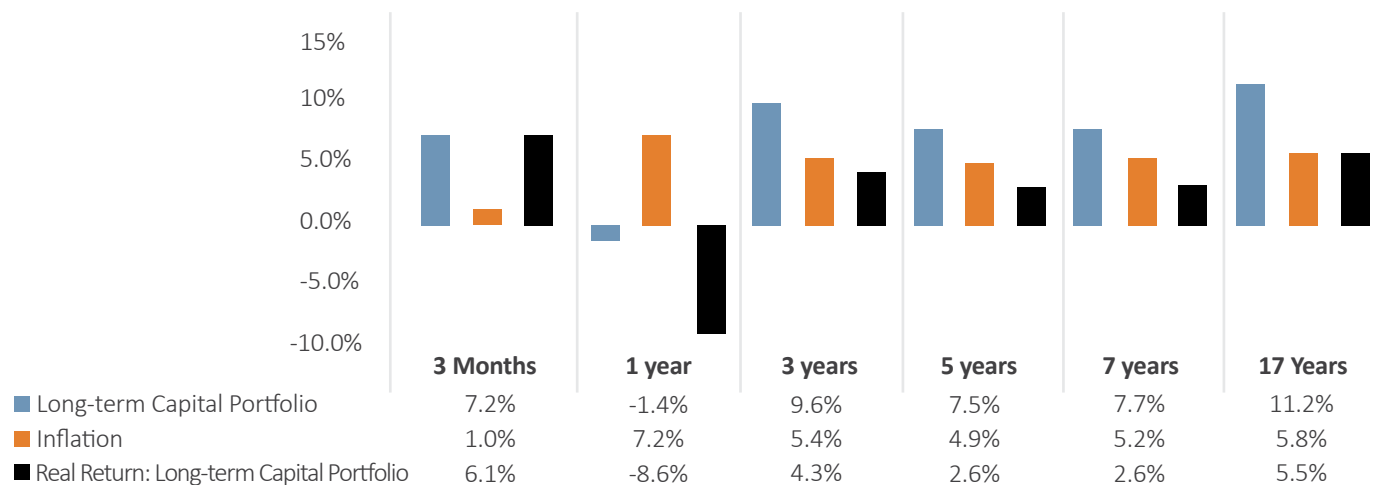
The main factor affecting the investment returns over longer periods has been the weak performance of local assets as investors have become concerned about the fragility of South Africa Inc.

The section below sets out the net-of-fee performance of the Fund’s portfolios for measurement periods to 31 December 2022. Further information is available on the Fund’s Fact Sheets that are published on the NTRF website: <https://ntrf.co.za/ntrf/how-did-they-perform>

## Long-term Portfolio

The Long-term Portfolio adopts a long-term investment horizon. The portfolio will always have a 70% to 85% exposure to the share (or equity) market. This means that the portfolio’s return will be volatile and that there will be periods when the return is significantly negative. However, over long measurement periods investors should be rewarded for taking on more risk, provided that the underlying system is able to bounce back.

**Long-term Capital Portfolio net returns versus Inflation**

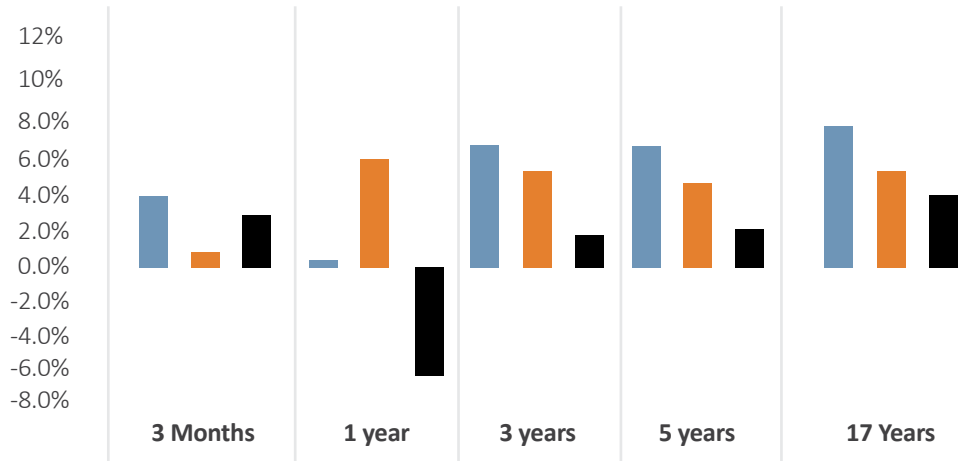


Members should read the graph from the right – the reason for this is that members should focus on the longer-term returns. Over the past 10+ years the portfolio has delivered a return that is 5.5% per year above inflation. This is probably a fair reward for this risk taken on.

## Stable Portfolio

The Stable Portfolio is suitable for members who have a shorter investment horizon. Typically, this portfolio will only have a 35% to 45% exposure to the share market. It also aims to deliver a positive return over rolling 12-month periods, although inevitably there will be a few times when the 12-month return is indeed negative.

**Stable Portfolio net returns versus Inflation**

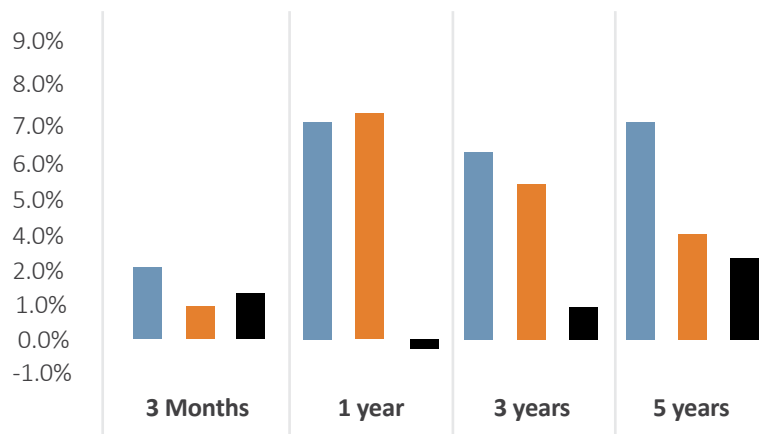


■ Stable Portfolio	4.5%	0.6%	7.4%	7.3%	9.7%
■ Inflation	1.0%	7.2%	5.4%	4.9%	5.8%
■ Real Return: Stable Portfolio	3.4%	-6.6%	2.0%	2.4%	4.0%

## Money Market Portfolio

This Money Market Portfolio is invested entirely in money market type instruments and is appropriate for members with a very short investment horizon. Given the short-term nature of this portfolio we only show performance for periods up to five years, although the portfolio has a longer track record.

**Money Market Portfolio net return versus Inflation**



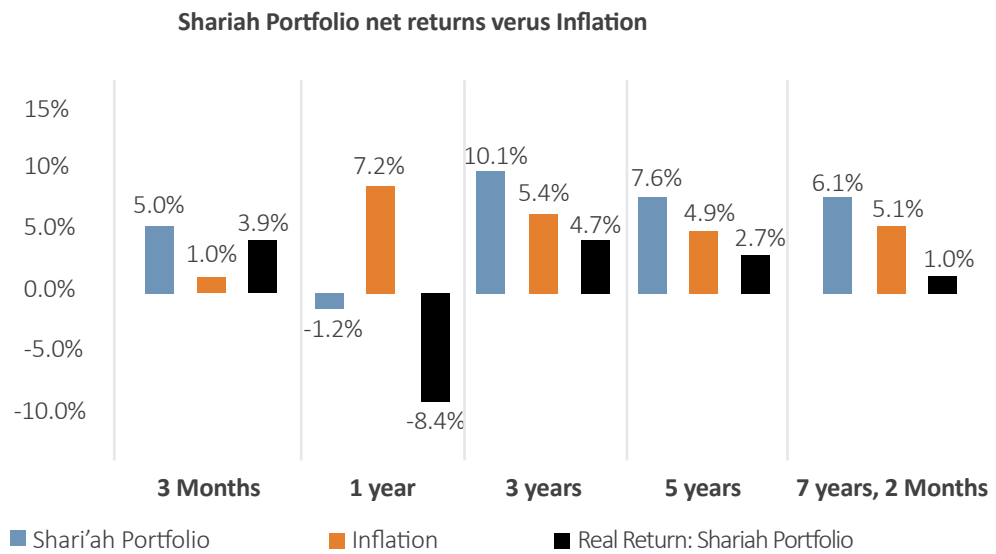
■ Money Market Portfolio	2.1%	7.1%	6.1%	7.1%
■ Inflation	1.0%	7.2%	5.4%	4.9%
■ Real Return: Money Market Portfolio	1.1%	-0.1%	0.8%	2.2%



As one would expect, this portfolio has delivered the highest return in 2022. However, this return is still lower than inflation because the South African Reserve Bank has until recently followed a policy of having short-term interest rates lower than inflation. The market expects that this policy will change in 2023 and the Money Market Portfolio may again deliver a return above inflation.

### Shari’ah Portfolio

The Shari’ah Portfolio has a 60% to 70% exposure to share markets and is managed in accordance with Shari’ah law.



### Pensioner Portfolio

The table below sets out the position as at 31 December 2022. The Pensioner Portfolio is in a sound financial position with a small surplus of R28 million.

Item	31 December 2022 R’m
Present value liability (PV Liabiliby)	4169.00
Market value of assets	4197.00
<b>Surplus (Shortfall)</b>	<b>28.00</b>
Funding level `	100.7%

The key figure is the funding level (100.7%) which should ideally be greater than 100%. As long as the funding level is between 98% and 102.5% at the increase date (March each year), the pension increase will be close to 65% of inflation. If the funding level is higher than this, a higher increase may be granted.

# Finances of the Fund

	31 December 2022	31 December 2021
	R	R
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments	17,962,408,807	17,840,620,775
<b>Current assets</b>	<b>289,505,149</b>	<b>622,624,171</b>
Accounts receivable	41,831,480	98,310,531
Arrear contributions	41,393,558	41,431,352
Cash at bank	206,280,111	482,882,288
<b>Total assets</b>	<b>18,251,913,956</b>	<b>18,463,244,946</b>
<b>FUNDS AND LIABILITIES</b>		
<b>Members' funds and surplus account</b>		
Members' individual accounts	12,350,519,985	12,790,377,648
<b>Reserves</b>		
Reserve accounts	4,573,087,642	4,611,735,842
<b>Total funds and reserves</b>	<b>16,923,607,627</b>	<b>17,402,113,490</b>
<b>Non-current liabilities</b>	<b>150,257,613</b>	<b>200,919,006</b>
Employer surplus account	85,383,970	153,484,071
Unclaimed benefits	64,873,643	47,434,935
<b>Current liabilities</b>	<b>1,178,048,716</b>	<b>860,212,450</b>
Transfers payable	-	61,670
Benefits payable	586,204,384	530,285,227
Accounts payable	22,189,800	20,896,458
Financial liabilities	569,654,532	308,969,095
<b>Total funds and liabilities</b>	<b>18,251,913,956</b>	<b>18,463,244,946</b>

# Fund Membership

At 31 December 2022



## Fund Rules

***Rule amendment 1 was submitted to the Financial Sector Conduct Authority on 24 June 2022.***

**The reasons for this amendment were as follows:**

1. To amend the registered office of the Fund due to the change of registered address of the Fund.
2. To provide for additional provisions in relation to a new contribution category of membership comprising “Alternative Risk Members”, being active members of the Fund in respect of which a participating employer has elected that risk benefits shall no longer be provided by the Fund to all employees who are members of the Fund, on the basis that risk benefits will be provided to such active members under an arrangement in place between the participating employer and an insurer directly, and to provide for other consequential changes.
3. To allow for more flexibility in relation to the form of the annuity or annuities which may be provided to retirees on retirement.
4. To provide for an alternative 20-year guarantee which may be elected by a retiree on retirement, as an alternative to the default period of 5 years.
5. To provide for an alternative 0% spouse’s pension, subject to the written consent of the spouse, which may be elected by a retiree on retirement, as an alternative to the default 75% spouse’s pension.



**Fund's Rules**

<https://ntrf.co.za/ntrf/rules-of-the-fund>

**View**

# Industry Updates




## Changes to Regulation 28 of the Pension Funds Act

### Did you know?

Regulation 28 of the Pension Funds Act determines how much the Fund may invest in any one asset class.

In 2022, changes to Regulation 28, which sets out where retirement funds may invest, were published. These came into effect in January 2023 and will allow retirement funds to invest up to 45% (previously 40%) of their capital offshore. This includes the 10% allowance for other African countries as well as investment in infrastructure.

The most important restrictions are therefore as follows:

	Shares	75%
	Listed Property	25%
	Offshore Assets	45%

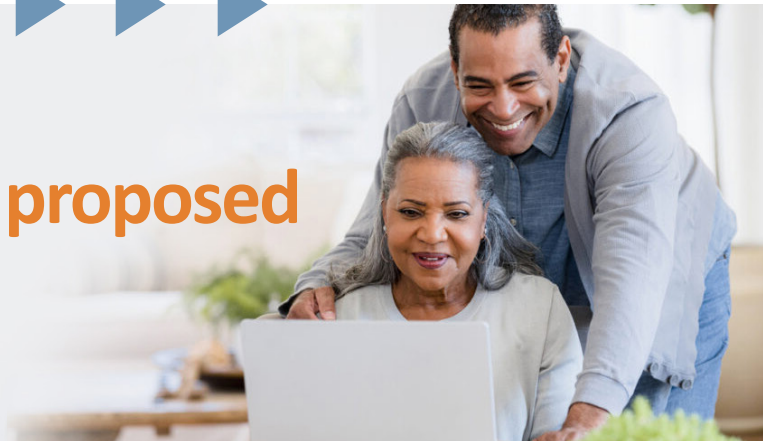
This higher proportion for offshore assets is good news. It means that the Fund's investment managers can further diversify the portfolios in which members' savings are invested.

An investment in **knowledge** pays the best interest.

Benjamin Franklin



## An update on the proposed ‘two-pot’ system



*You have probably seen articles in the news about the proposed changes to your options when it comes to accessing your Fund savings. The changes are commonly referred to as the ‘two pot’ retirement system. Simply put, the proposed changes allow you, subject to certain terms and conditions to be determined by the Financial Sector Conduct Authority, to take a portion of your Fund savings in cash before you exit the Fund. Previously, you only had this option at exit through resignation, retrenchment, or retirement.*

To allow you to access a portion of your retirement savings if you are experiencing a financial emergency;

AND

To make sure that the bulk of your savings remain invested, so that you will have an income when you reach retirement age.

### WHAT?

**The new proposal will mean that you will be able to make one withdrawal from your fund savings in a rolling 12-month period – but:**

- That withdrawal may not be less than R2 000.
- You will be taxed on any amount you withdraw in cash.
- It only applies to your new savings, from the date of implementation, except for a small once-off withdrawal.
- You will not have immediate access to the bulk of your historic savings, in other words, savings before date of implementation of the system! After the date of implementation of the system you will have to wait until you have R2 000 in your savings pot before you can access it. (See the example below.)

### So actually, there are three pots!

#### Your old Savings

Your old savings. This pot will stay invested and continue to grow with investment returns. You will only be able to access this money when you exit the Fund, except for a small once-off withdrawal of 10% or R25 000 (whichever is smaller).

#### Two thirds of your new savings

Two thirds of your new savings that you cannot access. Two thirds of your new contributions will go to this pot. You will only be able to access this money when you retire.

#### One third of your new savings

One third of your new savings that you can access, if you want to, once every rolling 12 months. One third of your new contributions will go to this pot. If you don’t withdraw this money, it will carry over.

## EXAMPLE



James has **R500 000** invested in his Fund on the date that the new system is implemented.



He contributes **R600 a month** to his Fund from this date.

### Old Savings Pot



**R500k**

**CANNOT BE ACCESSED BEFORE LEAVING THE FUND** except possibly for a once-off withdrawal of R25 000.

### Retirement Pot



**R400/Month**

**CANNOT BE ACCESSED BEFORE RETIREMENT**

### Emergency Pot



**R200/Month**

Can be withdrawn when it reaches **R2000**, once every 12 months, if you need it.

## TOTAL SAVINGS

### WHEN?

The new system is planned for implementation from **1 March 2024**, because of the following reasons:

- Retirement funds will have to change their rules and systems, and have their updated rules approved by the Financial Sector Conduct Authority.
- SARS will also need to update their systems to cater for the new retirement pots and to track withdrawals.
- Retirement funds must train employees and educate fund members about the reform and its implications.

### WHAT ELSE?

- On retirement or death, the savings pot can either be withdrawn in full or transferred to the retirement pot.
- Retirement pots and savings pots cannot be split between funds. In other words, a member cannot transfer a savings pot to another fund without transferring the related retirement pot to the same fund.
- No transfers can be made into the savings pot, unless from other savings pots.

#### Please Note:

#### A BIG DISCLAIMER, A WARNING, AND A SUGGESTION!

- None of the above has been finalised: the proposed changes are still in draft form. Things might change before the final legislation is promulgated.
- The Fund will communicate the final legislation and how it will be implemented once finalised.
- You should always make sure that you are on track for a comfortable retirement before making any decisions about how to use your savings. This money is meant to keep you secure when you are no longer working. Speak to an accredited Financial Advisor for assistance with your long-term planning.

# General

## Expression of Wish Form

One of the most challenging tasks facing the Board is to ensure that benefits paid on the death of a member or pensioner are equitably allocated to the appropriate dependants and nominees of that member. Although the Expression of Wish Form is not binding on the trustees, it does serve as an important guide after the death of a member or pensioner.

The trustees therefore urge all members and pensioners of the Fund to ensure that their Expression of Wish Forms are completed and submitted on the MRA portal, and thereafter updated on a regular basis, to reflect an accurate record of the status of each member's dependants and/or nominees.



### Expression of Wish Form

<https://ntrf.co.za/ntrf/forms>

Download

## Protection Of Personal Information Act (Popia)

The Fund is committed to the protection of your personal information. The Fund collects and processes members' personal information in order to effectively administrate our records. The Fund may also collect certain personal information of your beneficiaries and dependants in the event of your death to enable us to distribute any death benefits payable from the Fund, in accordance with the requirements of the Rules and the Pension Funds Act.

The Protection of Personal Information Act (POPIA) stipulates that personal information may be collected and processed in accordance with the Fund's obligations in the ordinary course of business, and that your prior consent is not required.

The Board of Trustees wants to reassure you that it has reviewed all personal information collected/processed by the Fund and its service providers. The Fund can confirm that the information is collected/processed lawfully in terms of POPIA and the requirements of the Pension Funds Act and any other relevant legislation.



### Relevant Documents

<https://ntrf.co.za/ntrf/rules-of-the-fund>

Download



## Pension-Backed Housing Loans

The Fund provides a pension-backed housing loan facility through Standard Bank. Should your Employer agree to participate, you may qualify for a housing loan at a competitive interest rate of prime less 1% and a low administration cost negotiated by the Fund. Contact HR for more in this regard.

## Fund Service Providers

**The Board has appointed professional service providers to assist with the smooth running of the Fund. The service providers are as follows:**

*Willis Towers Watson (WTW) – Investment Consultants*

*PwC – Auditors*

*Momentum – Retirement Administrators*

## Queries and Complaints

In the event that a member is dissatisfied with the service provided by the Fund, such member may lodge a written complaint with the Principal Officer of the Fund in terms of the Fund Rules. You will find the contact particulars of the Principal Officer at the end of this Report.

If a member is not satisfied with the outcome of the complaint or did not receive a reply within 20 days, such member may lodge a written complaint with the Pension Funds Adjudicator (PFA).

**The contact details of the PFA are:**

**E-mail address:** enquiries@pfa.org.za

**Telephone number:** (012) 346 1738

**Fax number:** (086) 693 7472

**Address:** Riverwalk Office Park, 41 Matroosberg Road, Ashlea Gardens, Pretoria, 0081

**Remember:** Your first port of call if you are not satisfied with the service provided by the Fund is the office of the Principal Officer.

You can only lodge a complaint with the Pension Funds Adjudicator after you have lodged the complaint with the Principal Officer of the Funds. The Funds then have thirty (30) days in which to respond. If you receive no response, or the response is not satisfactory, you will be able to lodge your complaint with the Pension Funds Adjudicator.





# Set your Half-year Savings Resolutions

*A lot of us set savings resolutions on the first of January each year. A much smaller number of us actually stick to them ... . The first six months of the year go by so quickly, but now is the time to pick up the pieces.*

*You have an opportunity EVERY DAY to make positive changes.*

To make things easier for you, we share the following 6 tips to help you reach your savings goals, all within 6 months. You can decide to follow it step-by-step, or switch it up monthly.



## JULY

**Why not start with a visit to your financial advisor?** It is the perfect expert to approach when it comes to setting resolutions. Your advisor will help you design your perfect savings resolution plan.



## AUGUST

**Open that tax-free savings account that you've been meaning to open.** A tax-free savings account allows you to save up to R36 000 per year, tax free. It's a great supplement to your existing retirement plan.



## SEPTEMBER

**Spring is here!** Why not take this time to do some proper spring cleaning? Have a look at your water and electricity bills and make a list of the things costing you too much every month. See if there's a way to save, like switching off your geyser, pool pump or plugs, and fixing those leaking pipes!



## OCTOBER

**Get your tax affairs in order (there's not much time left) and seek help from your financial advisor to ensure that you aren't caught off-guard.** Be sure you know what to claim for and submit your claims on time. If you get any tax back, remember to save it for a rainy day!



## NOVEMBER

**Cut down on all unnecessary expenses this month.** Late nights and dining out can be swapped for eating in and spending time at home.



## DECEMBER

**Christmas is around the corner.** Have an honest conversation with your family and come up with ideas on how you can save on Christmas presents, food, and all those other holiday treats. You'll be surprised at how little creativity costs.

**Most importantly, DON'T GIVE UP ON YOUR GOALS! With the right amount of determination and self-discipline, you'll soon be on your way to achieving them all. It's never too late to make better financial decisions!**

# Contact Details

If you have any queries, please contact:

## Office of the Principal Officer

### Physical address

Building 2, Country Club Estate  
Woodlands Drive Woodmead

### Telephone

011 258 8825

### E-mail

[info@gobenefits.co.za](mailto:info@gobenefits.co.za)

## ADMINISTRATOR *(Administrative matters)*

Contact the Fund Administrator for all investment and claim queries and other admin-related queries.

### Physical address

Fund Retirement Administrators  
The Marc 129 Rivonia Rd Sandown Sandton

### Telephone

0860 000 071

### E-mail

[NTRF@momentum.co.za](mailto:NTRF@momentum.co.za)

### Disclaimer

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