

ENGINEERING INDUSTRIES PENSION FUND

(REG NO. 12/8/5040/2)

ANNUAL REPORT TO MEMBERS – 31 MARCH 2016

Dear Member,

The Board of Management has pleasure in presenting a report on the position of the Fund for the financial year ended 31 March 2016. The Engineering Industries Pension Fund is one of the largest Pension Funds in the country with total assets exceeding R59,1 billion (Fifty nine thousand one hundred million rands) at market value.

The Fund provides pension and lump sum benefits on retirement, retrenchment/redundancy and withdrawals to members or to their beneficiaries on their death. Members automatically belong to the Metal and Engineering Industries Permanent Disability Scheme which provides a salary continuation benefit for members who have been declared permanently disabled by the Medical Advisors of the Scheme.

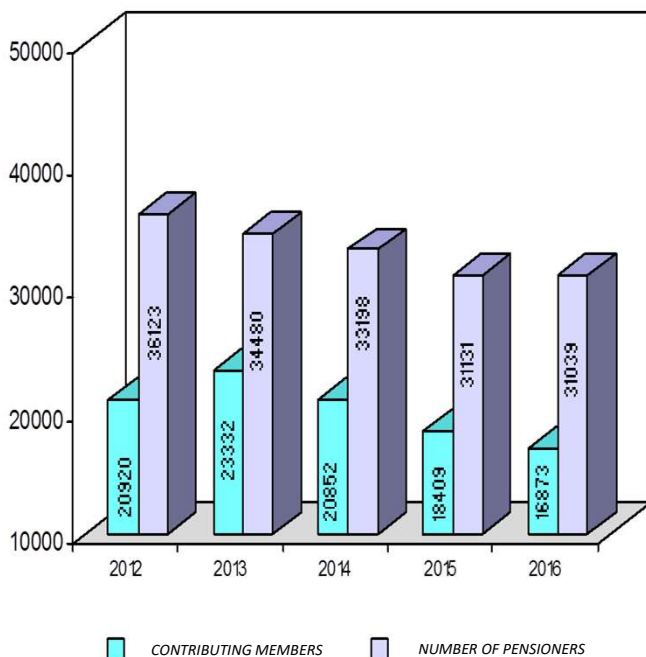
Note:

New employees in the Industry have a choice of participating in the Engineering Industries Pension Fund or in the Metal Industries Provident Fund. This option may be changed within the first 3 months of employment.

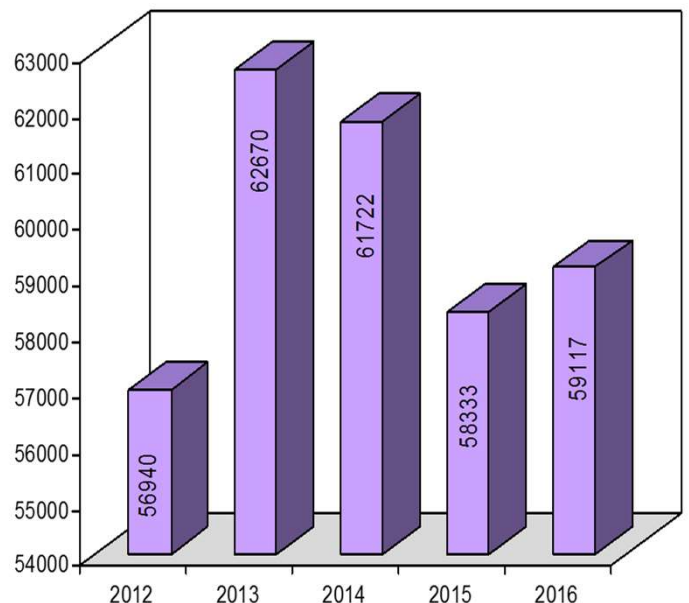
MEMBERSHIP

The composition of the Fund as at 31 March 2016 was 16 873 contributing members and 31 039 pensioners in receipt of monthly payments. (In 2015, there were 18 409 contributing members and 31 131 pensioners).

**CONTRIBUTING MEMBERS
AND PENSIONERS**



**ASSETS
(MARKET VALUE)
(R000,000'S)**



FINANCIAL RESULTS AS AT 31 MARCH 2016

The audited financial position of the Fund as at 31 March 2016 is summarised as follows:

BALANCE SHEET AS AT 31 MARCH 2016		2016 R 000's
FIXED ASSETS & INVESTMENTS (AT MARKET VALUE)		69 954 359
CURRENT ASSETS		1 911 112
SUB TOTAL		71 865 471
LESS: CURRENT LIABILITIES		(12 748 885)
ACCUMULATED FUNDS	TOTAL	59 116 586
REVENUE AND EXPENDITURE - 1 APRIL 2015 TO 31 MARCH 2016		2016 R 000's
CONTRIBUTIONS RECEIVED		384 545
TRANSFERS RECEIVED		2 220
INVESTMENT INCOME		3 529 812
TOTAL INCOME		3 916 577
LESS: TOTAL EXPENSES (including risk premiums)		(189 062)
BENEFITS PAID AND TRANSFERS OUT		(2 944 083)
NET EXPENDITURE		783 432
ADD: ACCUMULATED FUNDS AT BEGINNING OF YEAR		58 333 154
ACCUMULATED FUNDS AT END OF YEAR		59 116 586

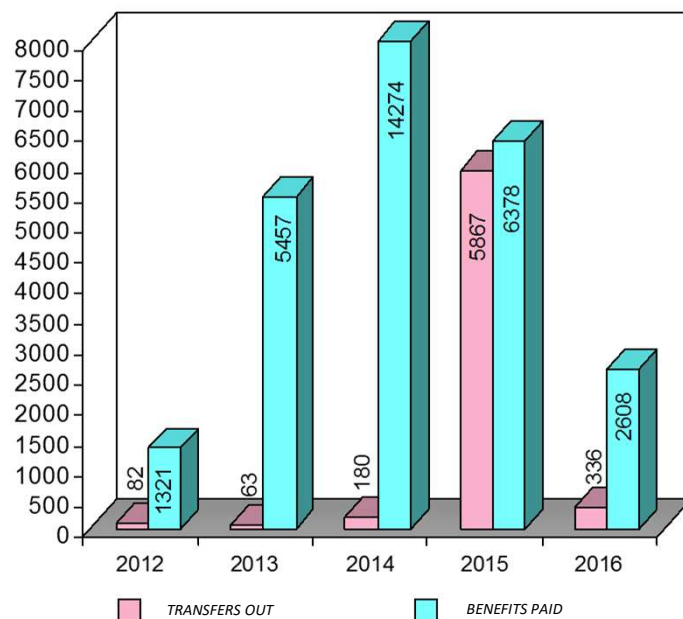
INCOME AND BENEFITS PAID

Contribution and Investment income for 2016 amounted to R3 917 million. Benefits paid and transfers out of the Fund totalled (R2 944 million). In terms of the Industrial Agreement, members contribute 7.1% of pensionable remuneration. Employers contribute at a rate of 7.1% of pensionable remuneration.

CONTRIBUTION AND INVESTMENT INCOME (R000,000'S)



BENEFITS PAID AND TRANSFERS OUT (R000,000'S)

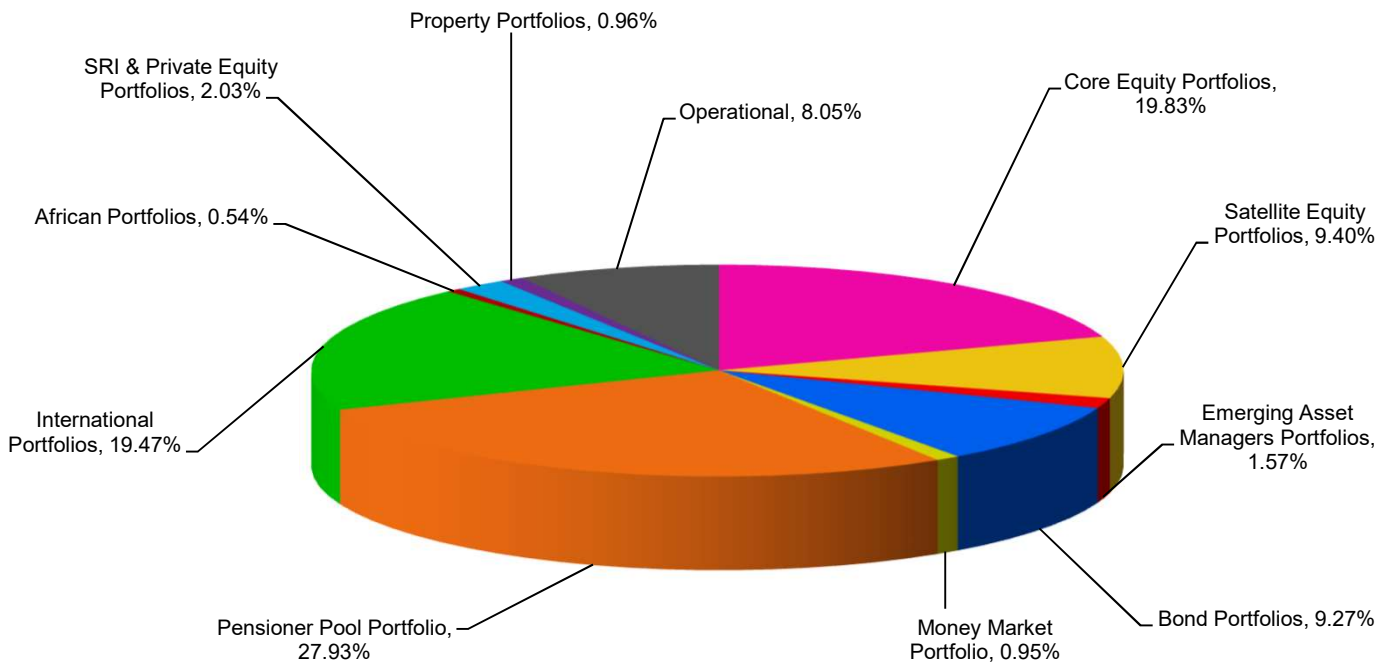


ASSETS

As at 31 March 2016, the total market value of the assets of the Fund amounted to R59 117 million.

These assets were held in the following types of investments (per market values as set out in the Audited Annual Financial Statements).

Engineering Industries Pension Fund March 2016



The Investments department of MIBFA managed 52.34 % of the investment portfolio, the balance being managed by external managers.

ACTUARIAL REVIEW AS AT 31 MARCH 2015

The Actuary confirmed that the Fund was in a sound financial position as at 31 March 2015.

PENSIONER INCREASES

The Board of Management has as one of its primary objectives the protection of pensions from the impact of inflation. It has declared a 6.5% increase in pensions with effect from 1 July 2016.

It is the policy of the Board of Management that pensioner increases should at least match the inflation rate, where affordable.

The historic pension increases declared by the Fund.

PERIOD	ANNUAL INCREASE
01.07.2011 – 30.06.2012	7%
01.07.2012 – 30.06.2013	6%
01.07.2013 – 30.06.2014	6%
01.07.2014 – 30.06.2015	6%
01.07.2015 – 30.06.2016	6%
01.07.2016 – 30.06.2017	6.5%

INTEREST DECLARATION ON MEMBERS' FUND CREDITS

The Board of Management in consultation with the Actuary to the Fund declared an interest rate of 6% for the period ended 31 March 2016.

PERIOD	FUND INTEREST
01.04.2011 – 31.03.2012	7%
01.04.2012 – 31.03.2013	15%
01.04.2013 – 31.03.2014	15%
01.04.2014 – 31.03.2015	7%
01.04.2015 – 31.03.2016	6%

It was further declared that the exit bonus for members leaving the fund is currently 19%.

FUND MANAGEMENT

The Management of the Fund is vested in a Board of Management, comprising an equal number of Employee and Employer representatives with the Chairman being appointed from either side on a two yearly rotational basis.

Employers are represented by the Steel and Engineering Industries Federation of South Africa (SEIFSA) while Employees are represented by the following Trade Unions:

Metal & Electrical Workers' Union of SA (MEWUSA)
Solidarity
National Union of Metal Workers' of SA (NUMSA)
United Association of South Africa (UASA)
South African Equity Workers Association (SAEWA)

The Fund is administered by: **Metal Industries Benefit Funds Administrators (MIBFA).**

The Fund's offices are located in Metal Industries House, 42 Anderson Street, Johannesburg.

Chairman: **Mr. V. Cibane**

The Fund's Auditors are: **Ernst & Young and Xabiso**

Principal Officer: **Mr. O. Gire**

The Funds Telephone number: **(011) 870-2000**

Website: **www.mibfa.co.za**

**ALL CLAIMS RELATED QUERIES TO BE DIRECTED
TO MIBFA CALL CENTRE TEL NO. 0860102544**