

ENGINEERING INDUSTRIES PENSION FUND

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

ANNUAL REPORT TO MEMBERS – 31 MARCH 2019

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 2019. The Engineering Industries Pension Fund is one of the largest Pension Funds in the country with total assets exceeding R56,8 billion (Fifty six thousand eight 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.

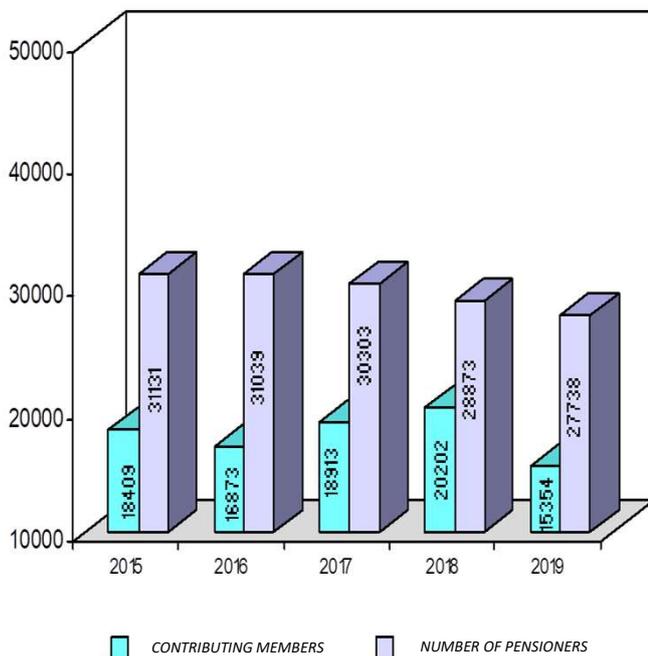
Note:

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.

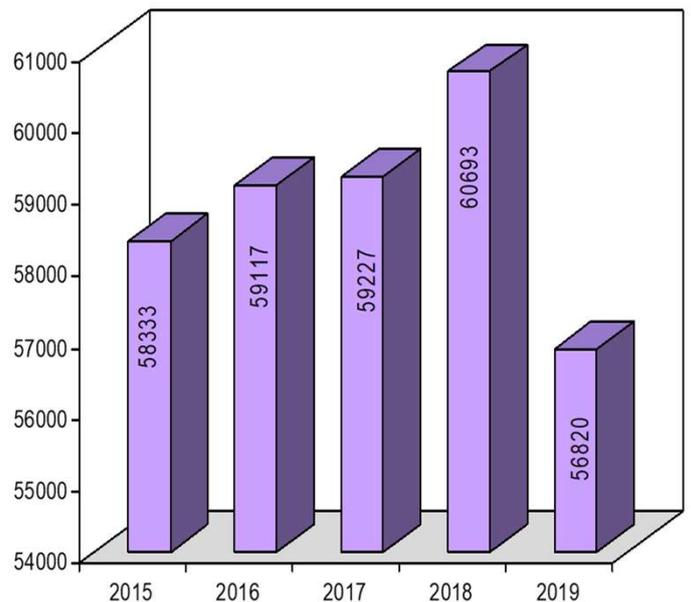
MEMBERSHIP

The composition of the Fund as at 31 March 2019 was 15 354 contributing members and 27 738 pensioners in receipt of monthly payments. (In 2018, there were 20 202 contributing members and 28 873 pensioners).

**CONTRIBUTING MEMBERS
AND PENSIONERS**



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



FINANCIAL RESULTS AS AT 31 MARCH 2019

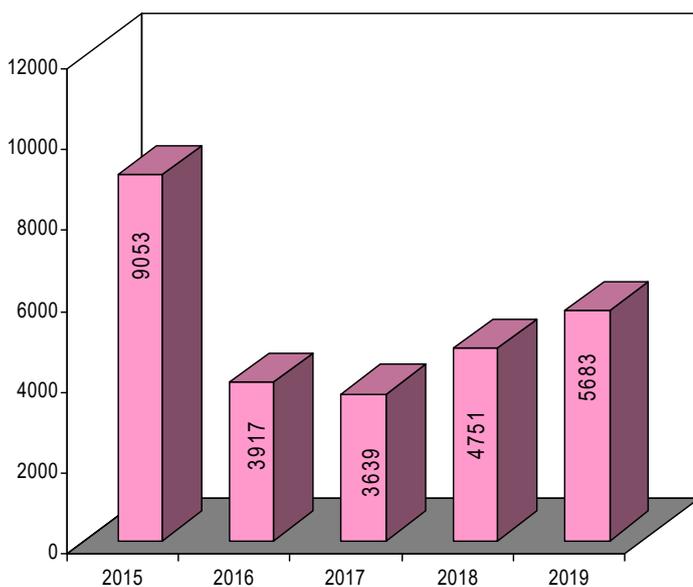
The audited financial position of the Fund as at 31 March 2019 is summarised as follows:

BALANCE SHEET AS AT 31 MARCH 2019		2019
		R 000's
<i>FIXED ASSETS & INVESTMENTS (AT MARKET VALUE)</i>		67 656 906
<i>CURRENT ASSETS</i>		569 385
SUB TOTAL		68 226 291
<i>LESS: CURRENT LIABILITIES</i>		<i>(11 405 821)</i>
ACCUMULATED FUNDS	TOTAL	56 820 470
REVENUE AND EXPENDITURE - 1 APRIL 2018 TO 31 MARCH 2019		2019
		R 000's
<i>CONTRIBUTIONS RECEIVED</i>		382 101
<i>TRANSFERS RECEIVED</i>		16 112
<i>INVESTMENT INCOME</i>		5 284 396
TOTAL INCOME		5 682 609
<i>LESS: TOTAL EXPENSES (including risk premiums)</i>		<i>(332 041)</i>
<i>BENEFITS PAID AND TRANSFERS OUT</i>		<i>(8 390 072)</i>
NET EXPENDITURE		(3 039 504)
<i>ADD: ACCUMULATED FUNDS AT BEGINNING OF YEAR</i>		<i>59 859 974</i>
ACCUMULATED FUNDS AT END OF YEAR		56 820 470

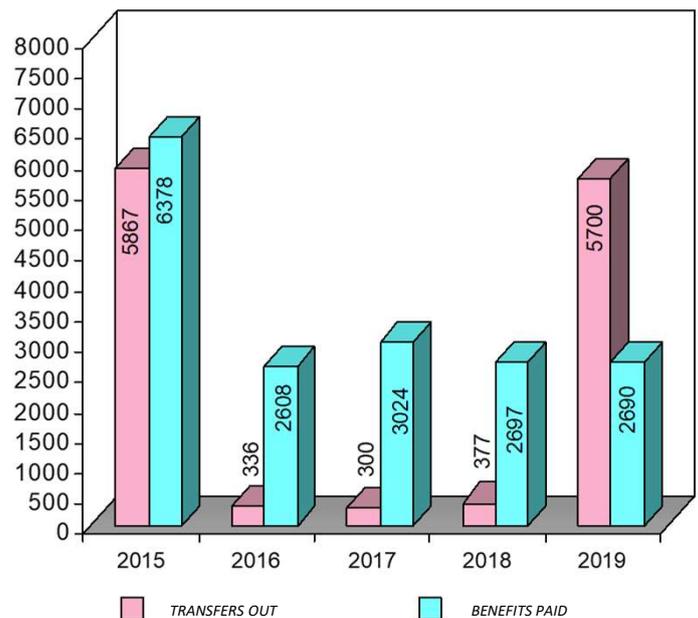
INCOME AND BENEFITS PAID

Contribution and Investment income for 2019 amounted to R5 683 million. Benefits paid and transfers out of the Fund totalled (R8 390 million). In terms of the Industrial Agreement, members contribute 7.4% of pensionable remuneration. Employers contribute at a rate of 7.4% of pensionable remuneration.

**CONTRIBUTION AND
INVESTMENT INCOME
(R000,000'S)**



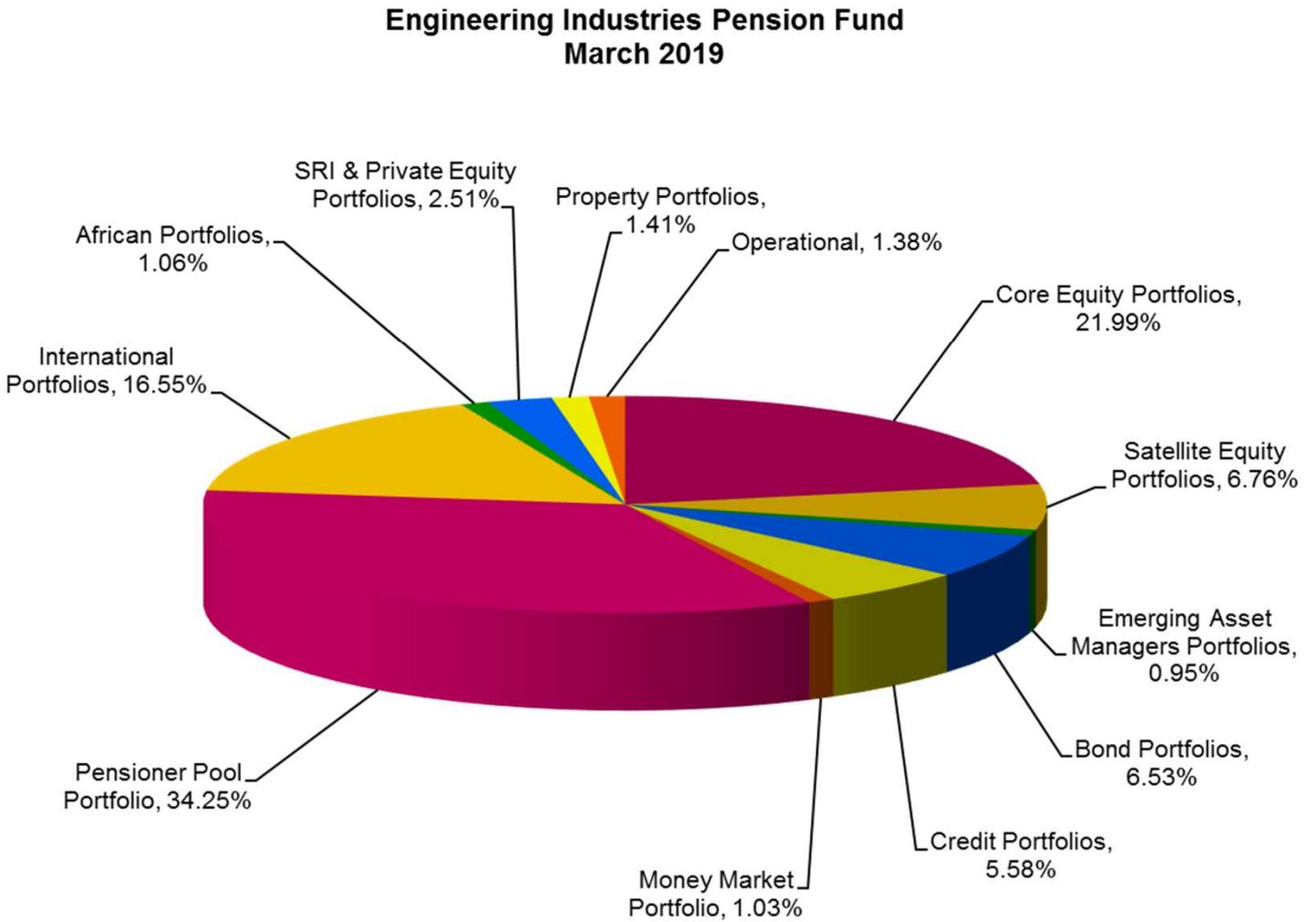
**BENEFITS PAID
AND TRANSFERS OUT
(R000,000'S)**



ASSETS

As at 31 March 2019, the total market value of the assets of the Fund amounted to R56 820 million.

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



The Investments department of MIBFA managed 44,5 % of the investment portfolio, the balance being managed by external managers.

ACTUARIAL REVIEW AS AT 31 MARCH 2018

The Actuary confirmed that the Fund was in a sound financial position as at 31 March 2018.

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 4.5% increase in pensions with effect from 1 July 2019.

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
01.07.2012 – 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%
01.07.2017 – 30.06.2018	6.1%
01.07.2018 – 30.06.2019	5%
01.07.2019 – 30.06.2020	4.5%

INTEREST DECLARATION ON MEMBERS' FUND CREDITS

The Board of Management in consultation with the Actuary to the Fund declared an interest rate of 8% for the period ended 31 March 2019.

PERIOD	FUND INTEREST
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%
01.04.2016 – 31.03.2017	6%
01.04.2017 – 01.03.2018	8%
01.04.2018 – 01.03.2019	8%

It was further declared that the exit bonus for members leaving the fund is currently 21%, on a sliding scale based on contributory service.

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. B. Khumalo**

The Fund's Auditors are: **Ernst & Young Inc.**

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**