

ENGINEERING INDUSTRIES PENSION FUND

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

ANNUAL REPORT TO MEMBERS – 31 MARCH 2020

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 2020. The Engineering Industries Pension Fund is one of the largest Pension Funds in the country with total assets exceeding R49,9 billion (Forty nine thousand nine 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.

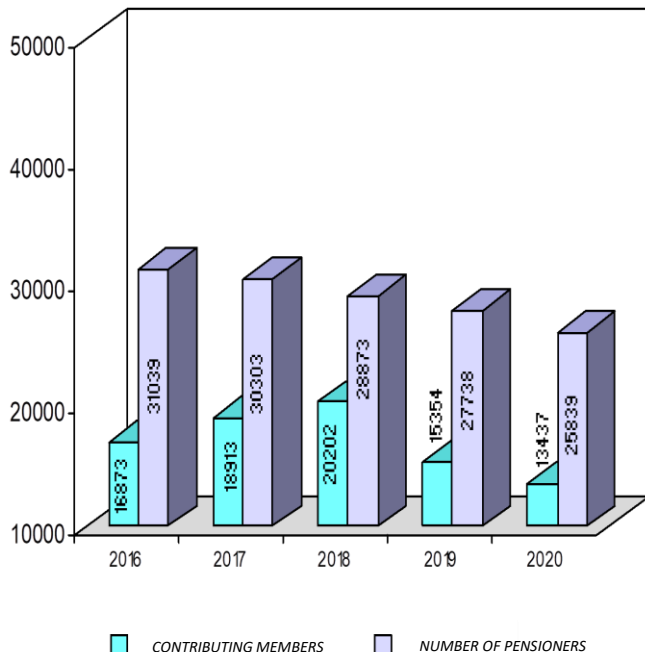
Note:

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.

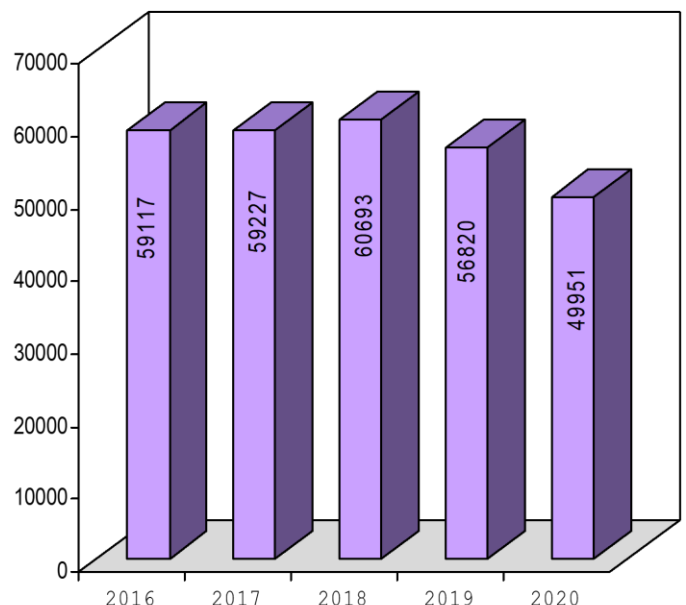
MEMBERSHIP

The composition of the Fund as at 31 March 2020 was 13 437 contributing members and 25 839 pensioners in receipt of monthly payments. (In 2019, there were 15 354 contributing members and 27 738 pensioners).

**CONTRIBUTING MEMBERS
AND PENSIONERS**



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



FINANCIAL RESULTS AS AT 31 MARCH 2020

The audited financial position of the Fund as at 31 March 2020 is summarised as follows:

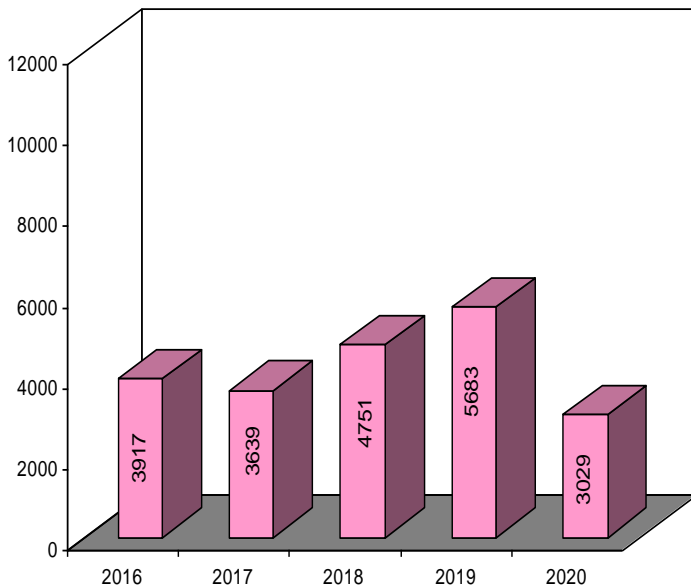
BALANCE SHEET AS AT 31 MARCH 2020		2020 R 000's
FIXED ASSETS & INVESTMENTS (AT MARKET VALUE)		60 616 339
CURRENT ASSETS		413 149
SUB TOTAL		61 029 488
LESS: CURRENT LIABILITIES		(11 078 555)
ACCUMULATED FUNDS TOTAL		49 950 933
REVENUE AND EXPENDITURE - 1 APRIL 2019 TO 31 MARCH 2020		2020 R 000's
CONTRIBUTIONS RECEIVED		378 013
TRANSFERS RECEIVED		1 704
INVESTMENT INCOME		2 648 834
TOTAL INCOME		3 028 551
LESS: TOTAL EXPENSES (including risk premiums)		(216 164)
BENEFITS PAID AND TRANSFERS OUT		(2 554 367)
ADJUSTMENT TO FAIR VALUE OF INVESTMENTS		(7 129 678) *
NET EXPENDITURE		(6 871 658)
ADD: ACCUMULATED FUNDS AT BEGINNING OF YEAR		56 822 591
ACCUMULATED FUNDS AT END OF YEAR		49 950 933

* Due to COVID 19 lockdown the investments declined to R60 615 422 at 31 March 2020. The markets are recovering and were valued at R68 179 373 in July 2020.

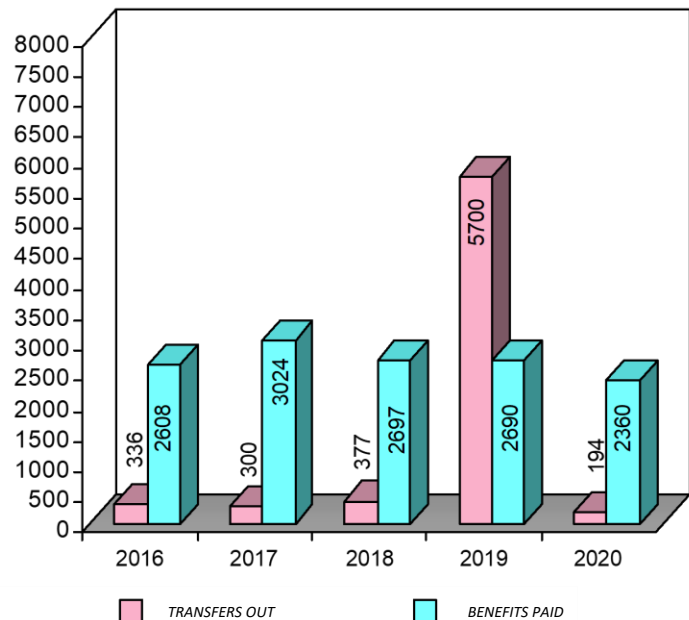
INCOME AND BENEFITS PAID

Contribution and Investment income for 2020 amounted to R3 029 million. Benefits paid and transfers out of the Fund totalled (R2 554 million). In terms of the Industrial Agreement, members contribute 7.5% of pensionable remuneration. Employers contribute at a rate of 7.5% of pensionable remuneration.

CONTRIBUTION AND INVESTMENT INCOME (R000,000'S)



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

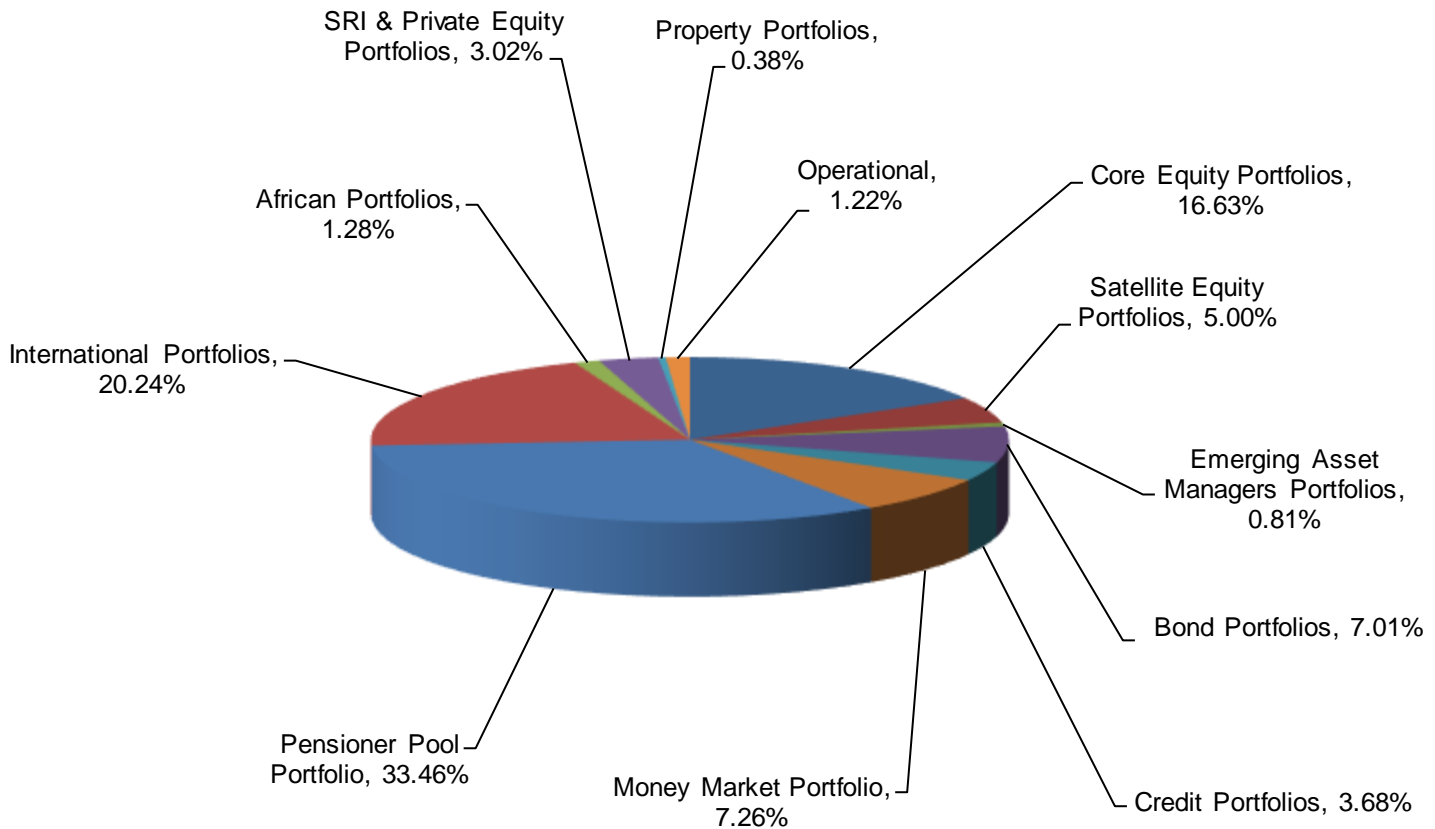


ASSETS

As at 31 March 2020, the total market value of the assets of the Fund amounted to R49 951 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 2020



The Investments department of MIBFA managed 49,15 % of the investment portfolio, the balance being managed by external managers.

ACTUARIAL REVIEW AS AT 31 MARCH 2019

The Actuary confirmed that the Fund was in a sound financial position as at 31 March 2019.

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 4.2% increase in pensions with effect from 1 July 2020.

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
01.07.2013 – 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%
01.07.2020 – 30.06.2021	4.2%

INTEREST DECLARATION ON MEMBERS' FUND CREDITS

The Board of Management in consultation with the Actuary to the Fund declared an interest rate of 0% for the period ended 31 March 2020.

PERIOD	FUND INTEREST
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%
01.04.2019 – 01.03.2020	0%

It was further declared that the exit bonus for members leaving the fund is currently 17,5%, 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**