



RETIREMENT FUND NEWSLETTER

Issue number: 2/2021

NOVEMBER 2021

Dear members

Welcome to the last newsletter for the year.

While 2020 was a year we will all never forget, 2021 continued to be a difficult year for many of us living through the COVID-19 pandemic. To those that have lost loved ones, our sincere condolences go out to you and your families.

As a member you are assured that your Fund remains to be in a good financial position and on a positive note, the Fund's investments over the past year have been very strong. This is detailed inside this newsletter.

We hope that you find the information meaningful and interesting. If there is any item you want to see in future issues, please write to us to let us know.

We wish all our members well during the upcoming festive season. Stay safe.

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Board of Trustees

November 2021

Disclaimer:

The information contained in this newsletter does not constitute advice by either the

Board of Trustees or its advisors. If you need advice you should seek the assistance of an independent professional advisor.

INVESTMENT NEWS

INVESTMENT PERFORMANCE

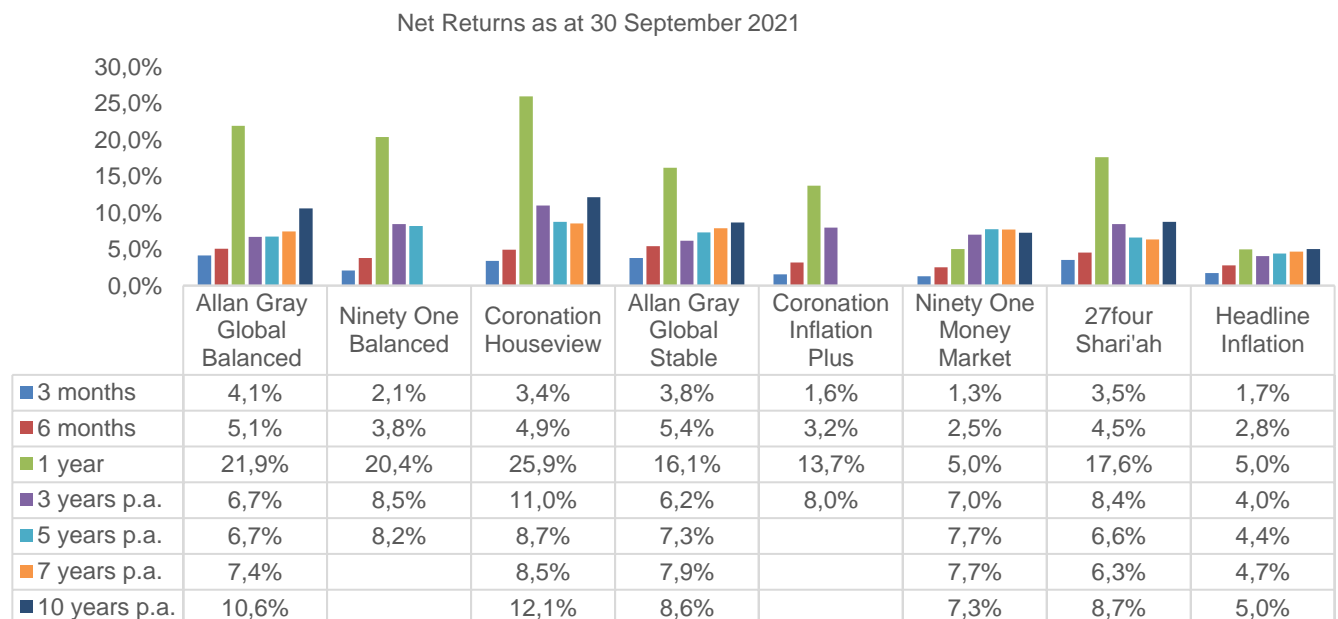
Below are the annualised manager returns (net of fees) for all the portfolios over different measurement periods to 30 September 2021.

Ninety One Balanced Fund is excluded from the table above, as the Fund measurement period for this portfolio is too short.

Portfolio	Manager/Product	Investment Objective	Measurement period to 31 March 2021	Manager returns p.a. over measurement period	Inflation p.a. over the measurement period	Return above Inflation p.a.*
Long Term Growth Portfolio	Allan Gray Global Balanced	CPI + 4.5% net over a rolling 7-year period	7 years	7.4%	4.7%	2.7%
	Coronation Houseview			8.5%		3.8%
Medium Term Protection Portfolio	Coronation Inflation Plus	CPI + 2.5% net over a rolling 3-year period	3 years	8.0%	4.0%	3.9%
	Allan Gray Global Stable			6.2%		2.1%
Money Market Portfolio	Ninety One Money Market	CPI +1.5% net over a rolling 1-year period	1 year	5.0%	5.0%	0.0%
Shari'ah Portfolio	27four Shari'ah Balanced Fund	CPI + 4.0% net over a rolling 5-year period	5 years	6.6%	4.4%	2.2%

*Returns above inflation are subject to rounding.

The chart below shows the performance of each asset manager over various measurement periods to 30 September 2021. The returns are shown after deduction of tax and investment management expenses.



While there has been a recovery in the investment markets over the last 12 months, the investment managers in the Long-term Growth Portfolio are still lagging their real return targets over 7 years, as is the Shari'ah Portfolio.

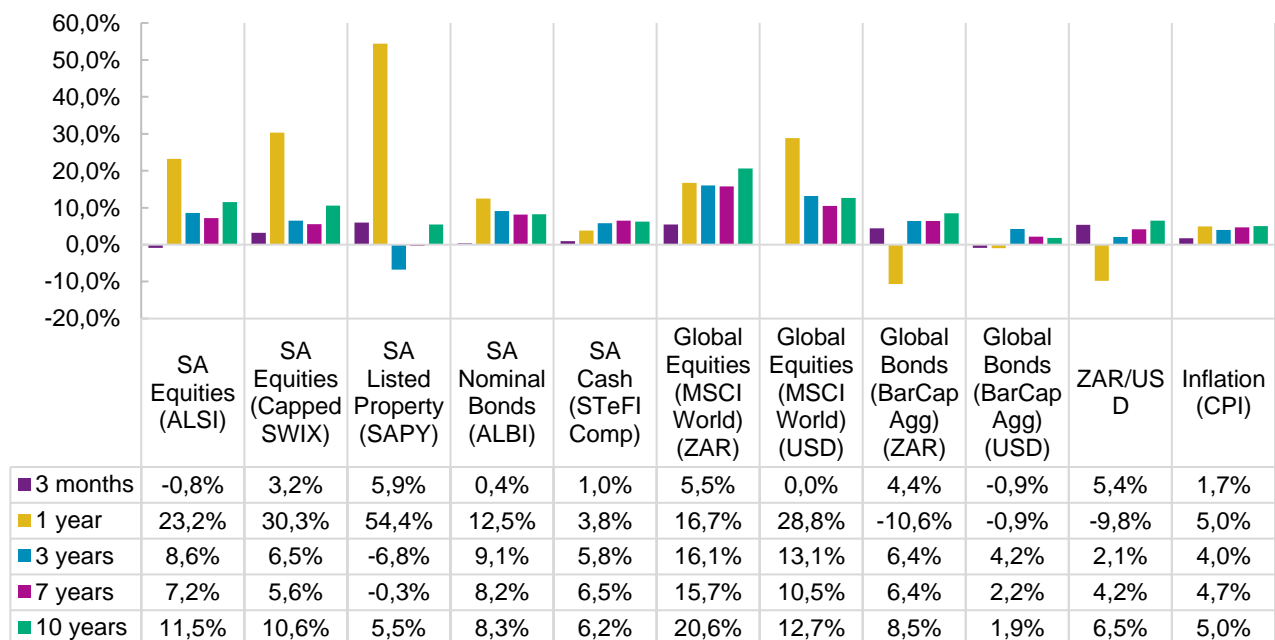
If you are a long way from retirement, you will be contributing money to the Fund for many years to come and these years of poor investment performance should not make you fearful. They are a part of the natural fluctuations of the investment markets over time and, in fact, provide some valuable opportunities for long term investors such as yourself to achieve better returns in the future. The key is that you must stay invested, through the good years and the bad.

If you are close to retirement, on the other hand, you do not have a long time remaining to be invested in the Fund. This is why the life stage model is designed to move your savings into a more conservative strategy as you get closer to retirement to protect your savings from a fall in the market, should one occur, just before you retire.

We note that there are online tools provided by the Fund's Administrator, which enables members to look at the returns earned on their individual account. Please note the disclaimers attached to the tool as there may be a difference in the returns shown on the tool from those shown above. This is due to the one day lag in the prices used on the Administration system along with the impact of the member's individual cashflows on the returns. If you have any questions over the differences, please contact Principal Officer.

KEY PERFORMANCE INDICATORS WITH MARKET COMMENTARY FOR THE QUARTER ENDING 30 September 2021

The graph below shows the performance of the various sectors of the market during various measurement periods ended 30 September 2021 (source: IRESS for local indices and Morningstar for global indices).

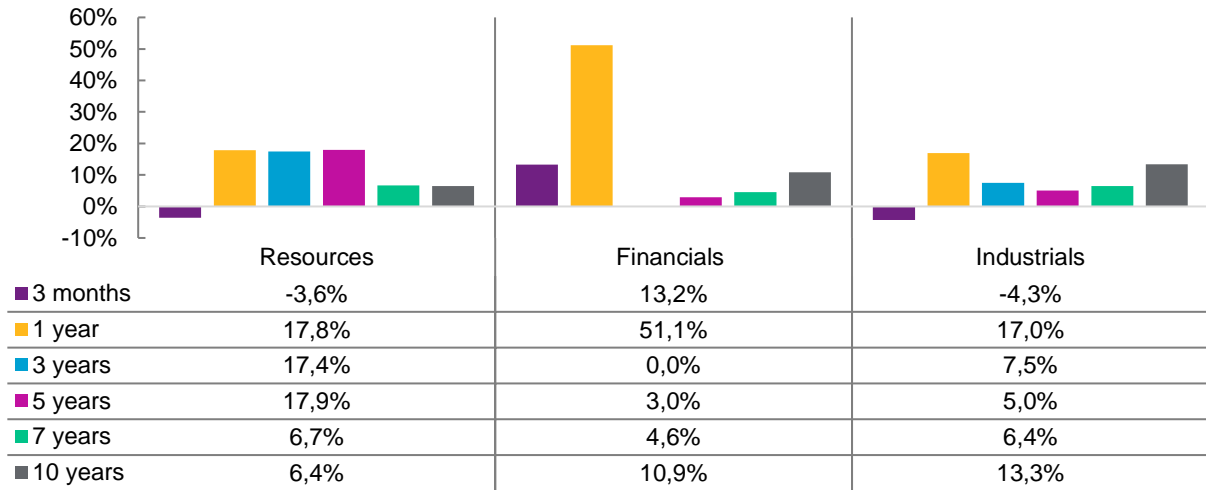


- Among the local asset classes, listed property provided the strongest returns in the quarter and over the past year (noting that this is off a low base). There were slight net inflows into the SA bond market over the quarter, and inflation-linked bonds (represented by the IGOV Index, up 2.0%) outperformed nominal bonds (represented by the ALBI which was up 0.4%).
- Local equities ended the quarter positively, underpinned by Financial shares. The Financials sector continued to be the standout performer quarter on quarter, booming 13.2% for the quarter.
- An explanation of the different sectors appears below.

ALSI:	South African equities as measured by the All Share Index
SAPY:	South African listed property index.
ALBI:	South African all bond index
SteFI Comp:	South African short term fixed interest investments (cash)
MSCI World:	Morgan Stanley Capital Index – equities in developed overseas markets
BarCapAgg:	The Barclays Capital Global Aggregate bond index
CPI:	South African inflation rate

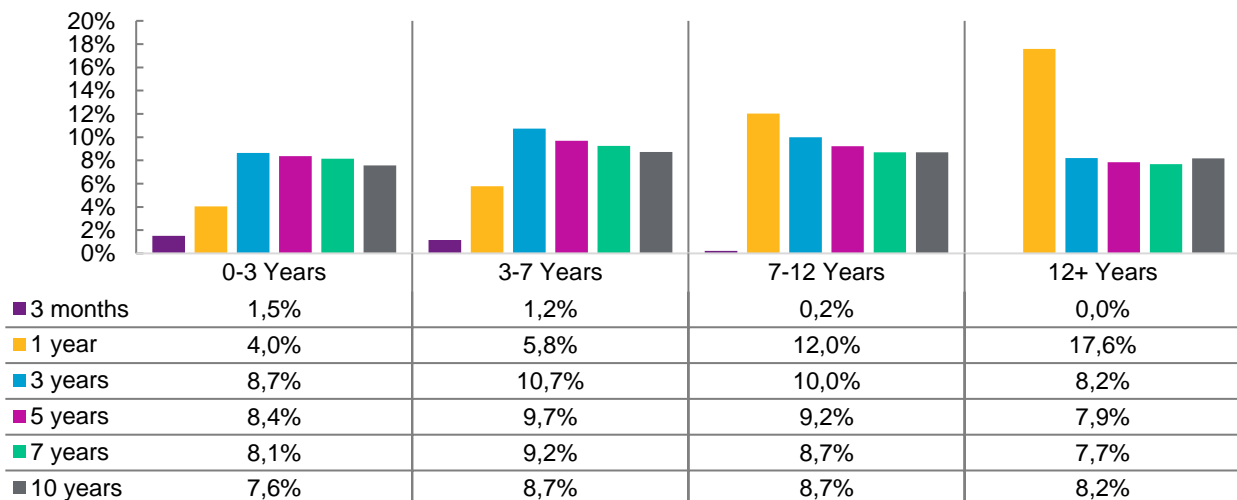
ZAR/USD: Rand investment in US Dollars (negative numbers show a strengthening" rand).

The following chart shows the performance of the broad sectors of the SA equity market for periods to 30 September 2021:



- Resources gave up 3.6% over the quarter, extending the losses from Q2 2021, but the sector has still significantly outperformed over the three- and five-year periods.
- Industrials were down 4.3% for the quarter. Within the sector, index heavyweights Naspers and Prosus weighed on performance declining 17% and 15% respectively for the quarter.
- Financials rose 13.2% for the quarter, outperforming the Resources and Industrials subsectors for this period and significantly outperforming over the past year.

The chart below shows the performance of the different sectors of the SA bond index for periods ended 30 September 2021:



- The largest positive contribution to the local bond market index over the quarter was from the “0-3 years” maturity bucket, which delivered a 1.5% gain for the period. Long dated bonds outperformed significantly over the past year.
- Over the long term, one would expect longer-dated bonds (“12+ year”) to offer a return premium relative to short- and medium-dated bonds, as investors need to be compensated for the uncertainty regarding future inflation (the so-called “term premium”). However, over the past ten years, there has been no term premium earned for investors in SA bonds in the “12+ year” category versus medium-dated maturities.

- More recently, the increased risk premium on longer-dated maturities is due to the sharp deterioration in the country's finances and debt metrics, prompting investors to seek higher risk compensation for longer duration bonds.

The chart below shows the asset allocation for the different manager portfolios as at 30 September 2021:

Asset Managers	SA Equities	SA Bonds & Cash	SA Listed Property	Other	International
Allan Gray Global Balanced	50.9%	15.7%	0.9%	2.0%	30.5%
Ninety One Balanced	43.6%	22.5%	4.2%	1.5%	28.1%
Coronation Houseview	51.4%	20.4%	3.2%	1.0%	24.0%
Coronation Inflation Plus	24.1%	45.8%	2.8%	3.6%	23.8%
Allan Gray Global Stable	25.3%	38.3%	2.0%	2.1%	32.2%
Ninety One Cautious Managed	8.5%	61.0%	0.9%	2.0%	27.7%
Ninety One Money Market		100.0%			
27four Shari'ah Balanced	37.2%	32.3%		4.3%	26.2%

The "Other" asset class includes commodities and local hedge funds.

The "International" asset class includes exposure to Africa ex-SA.

PROTECTION OF PERSONAL INFORMATION ACT (POPIA)

As previously highlighted in the May 2021 newsletter, the full provisions of the Protection of Personal Information Act (“POPIA”) commenced from 1 July 2020, and companies, as well as retirement funds, had one year from that date to ensure compliance. Well, the time has come, and “POPIA” has officially come into effect from 1 July 2021. We are pleased to inform you that the CPUT Retirement Fund is aligned with “POPIA” and all their information and governance practices is now in line with the Act’s requirements and full compliance has been achieved. A communique was sent out to all members of the Fund explaining this in more detail. Below is a short summary thereof.

We have uploaded all relevant “POPIA” material on the CPUT Retirement Fund’s website. These include the **Privacy Policy**; the **Confidentiality policy** as well as the **“POPIA” manual**.

A short overview of “POPIA”

POPIA applies to the processing of personal information in the form of a record by, or on behalf of, a responsible party. The CPUT Retirement Fund, as a responsible party, processes personal information concerning its members and pensioners. As a registered retirement fund, we also have third party service providers (operators) who process personal information of data subjects on behalf of the Fund. The CPUT Retirement Fund prioritises protecting this personal information to ensure that it does not end up in the wrong hands. It is our responsibility to ensure that we process personal information in accordance with the conditions for lawful processing in terms of POPIA.

Your personal information is valuable and needs to be managed carefully.

MEMBER TRUSTEE ELECTIONS

Member trustee elections recently took place, and we are pleased to announce a new Board of Trustees. Congratulations to all those elected and re-elected. To all those Trustees that served on the Board previously and were not re-elected, we thank you for your commitment and dedication shown over your period as a Trustee.

Member-elected trustees	Council appointed trustees
WA Lötter (Chairperson)	N Qomoyi
D Dlamini	C Nhlapo
M Aziz	P Sotshononda
P Chibvuri	P Du Plessis
A Neethling	J Dubihlela

MEDIUM TERM PROTECTION PORTFOLIO CHANGES

Up until September 2021, the **Medium-term Protection Portfolio** was split equally between two asset managers as follows:

- **Allan Gray Global Stable Fund** 50%
- **Coronation Inflation Plus Fund** 50%

The investment objective of the Medium-term Protection Portfolio is to earn a net real return of 2.5% p.a. above inflation over any rolling 3-year period, with a less than a 5% chance of a negative investment return over any rolling 1-year period. The investment philosophy of the CPUTRF is to invest with a number of investment managers in order to diversify by investment approach (or investment style), e.g., value, growth, momentum and quality. Both Allan Gray and Coronation follow a valuation-based (or value) approach to investing and following the annual review of the CPUTRF Investment Policy Statement in October 2020, the Board of Trustees agreed to diversify the Medium-term Protection Portfolio by investment style. This led to the inclusion of an additional asset manager viz. **Ninety One Cautious Managed Fund**. The Medium-term Protection Portfolio manager allocation changed as follows in September 2021:

- **Coronation Inflation Plus Fund** 1/3rd
- **Allan Gray Global Stable Fund** 1/3rd
- **Ninety One Cautious Managed Fund** 1/3rd

If you are currently invested in the Medium-term Protection Portfolio as a default Life Stage member, you will see on your next benefit statement a confirmation of a “switch” of a portion of the Allan Gray and Coronation investment

into the Ninety One Cautious Managed Fund. The CPUTRF will bear the cost of the switch.

If you are not invested via the Life Stage Model and wish to make an allocation to the Ninety One Cautious Managed Fund then you **must request a switch form** from the Principal Officer, Rushnah Davids on davidsru@cput.ac.za and return the completed switch form to the Principal Officer as per the normal switching process.

CHANGE IN RISK BENEFIT PREMIUM RATES AND EFFECT OF RETIREMENT SAVINGS CONTRIBUTIONS

CPUT contribute 18.750% of fund salaries to the CPUTRF (including the 13th cheque). Of the employer contribution of 18.750%, 4.50% is paid towards the cost of insured risk benefits and administration expenses of the CPUTRF (this includes both the disability income benefit premiums as well as the spouse's benefits premiums). This leaves 11.250% payable towards retirement savings. The CPUTRF contribution structure is as follows:

Retirement savings	- employer	11.250%
	- "deemed" employee	7.500%
Plus, Insured risk benefits and administration		<u>4.500%*</u>
Total		23.250%

*Up until the 31 August 2021, the insured risk benefits and administration expenses was 3.250%. The difference between 4.500% and 3.250% (1.250%) went toward the members retirement savings account. Therefore, the total amount going into the members retirement savings was 20.00% (11.250% + 7.500% + 1.250%).

Below is the breakdown of the risk benefit premiums as well as the expenses payable prior to the increase:

Group life benefits	0.900%
Disability benefits	1.400%
Separate spouse's insurance cost	<u>0.600%</u>
Total risk cost	2.900%
Expenses	<u>0.350%</u>
Total costs of risk benefits and expenses	3.250%
Excess allocated towards retirement savings	<u>1.250%</u>
Total	4.500%

With effect from 1 September 2021 there has been an increase in both the Disability Income premiums as well as the spouse's premium. Therefore, the new contribution rate breakdown is as follows:

Group life benefits	1.570%
Disability benefits	1.400%
Separate spouse's insurance cost	<u>0.938%</u>
Total risk cost	3.908%
Expenses	<u>0.350%</u>
Total costs of risk benefits and expenses	4.258%
Excess allocated towards retirement savings	<u>0.242%</u>
Total	4.500%

This means that the total contribution rate going towards retirement savings for members has decreased from **20.000%** to **18.992%**.

PLANNING FOR RETIREMENT WORKSHOPS

These workshops normally take place quarterly. These face to face workshops are not currently taking place due to the COVID-19 pandemic. However, we are running virtual sessions each quarter. The last workshop for the year is due to take place on 16th November 2021 at 10am. This will be a virtual session via teams.

Choosing the right pension is not an easy decision to make. We encourage you to attend these retirement planning sessions – even if you have previously attended; where you will receive in-depth education on all the options available to you. This in turn will pave the way for an easier decision-making process.

GENERAL INFORMATION

Due to the importance of the following items, they are standard features and are repeated in subsequent newsletters.

1. EXITS FROM THE FUND

A. DEATH

The importance of completing beneficiary nomination forms

This is explained in detail later on in the newsletter. Please read it carefully as it is an extremely important article.

B. RESIGNATION

How to speed up the benefit payment when leaving the Fund

When you leave the Fund, you will remain in the Fund as a paid up member unless you elect otherwise. If you elect to transfer or receive the benefit as cash, an income tax number is required in order to pay out your benefit. All members of the Fund, who are not registered as tax-payers and thus do not have a personal income tax number, must register and obtain a personal income tax number. It is important to do so in order to avoid unnecessary delays when a benefit needs to be paid out.

2. COMPLETION OF CLAIM FORMS

Claim forms that are not completed correctly will result in unnecessary delays. It is therefore important that you read the claim form thoroughly, fill in all relevant information and then submit whatever claim you may have to Human Resources for processing. If this is not adhered to, the benefit will remain in the Fund and will be invested in the underlying portfolio for another month.

3. BENEFICIARY NOMINATION FORMS – THE IMPORTANCE OF COMPLETING THESE

DEATH, ESPECIALLY ONE'S OWN, IS NOT A SUBJECT ONE WANTS TO THINK OF OR TALK ABOUT. HOWEVER, IT IS EXTREMELY IMPORTANT FOR ALL MEMBERS TO CAREFULLY CONSIDER THIS IN ORDER FOR THE DEATH BENEFITS PROVIDED BY THE FUND TO BE FINALISED AS SOON AS POSSIBLE.

There is an obligation on you, the member, to notify the Fund as to who you wish the beneficiaries of your death benefits should be. We therefore encourage and urge all members to please assist the Fund in ensuring that the Beneficiary Nomination form be completed and sent to the Fund's office. If you have already submitted a Beneficiary Nomination form in the past and your domestic situation has altered, it is necessary for you to submit a new form to replace the old one. It is important for all members to list ALL dependents (all spouses, children, partners, parents), especially those who you support financially. You may also indicate the portions of the benefit you would prefer to be allocated to your dependents. Feel free to indicate on the form your reason for allocating your benefit as you have indicated. The Trustees must and will consider your nomination form.

WHY IS IT SO IMPORTANT THAT THESE FORMS BE COMPLETED?

It is important for the Fund to have your beneficiary nominations as it will, on your death, serve as a guide to the Trustees in the allocation of your benefits; although, please note, that the Trustees are required to determine and allocate death benefits in accordance with section 37C of the Pension Funds Act. This Act requires the Trustees to pay your death benefit to those persons that were financially dependent on you at the time of your death and/or those who could have become financially dependent on you had you not died. The Trustees thus have to go through a process of establishing all the parties that are financially dependent on you

which may take some time. Your beneficiary nomination form will assist the Trustees to speed up the process.

By completing the forms (and keeping them updated), you will be advising the Fund of your wishes in the event of your death (subject to Section 37C above). This information will also help to speed up the pay-out process in the event of your death.

Remember that the information provided will always be treated as confidential by the Fund administrators and only made available to the Trustees when a claim is considered. Some members believe the requirements of the Act disempowers them as far as their wishes as to the allocation of benefits is concerned. Your nomination form must, however, be considered by the Trustees when an allocation is made. The Board must have a good reason to deviate from your written nomination and your beneficiaries are entitled to know their reasons for doing so.

Should you not have advised the Fund of all your dependents, this investigation will take longer and might cause hardship for your family. The Trustees can only arrange payment of your benefit once they are aware of all the facts.

Your list of dependants and beneficiaries is treated with the utmost confidentiality.

If you need a beneficiary nomination form, please contact the Fund and we will send you one. If you are unsure as to how to complete these forms, we will assist you in this regard.

ADDITIONAL INFORMATION ABOUT THE CPUT RETIREMENT FUND

- **Established** on 1 November 1994.
- Membership of the Fund is **compulsory** for all employees unless member elected to join the NTRF at joining.

MISSION AND VALUES

- **Honesty** – the Fund will always act towards its members in a transparent and honest manner
- **Empowerment** – the Fund has a focus on providing members with education which aims to empower members to understand their benefits and make the right decisions
- **Innovation** – the Fund aims to be at the forefront of developments in the retirement fund industry

GOVERNANCE

The Fund is separate from the Employer and is managed by the Board of Trustees.

The Board of Trustees =

- 5 individuals elected by members of the Fund + 5 individuals appointed by the Employer
- Term of 3 years
- Meets at least 4 times a year
- Responsibilities are to run the Fund in the **best interest of the members** and manage the Fund in terms of the **Rules and applicable laws**
- The Rules of the Fund can be obtained from the Principal Officer on request – details below

Your Board of Trustees are:

Member-elected trustees	Council appointed trustees
WA Lötter (Chairperson)	N Qomoyi
D Dlamini	C Nhlapo
M Aziz	P Sotshononda
P Chibvuri	P Du Plessis
A Neethling	J Dubihlela

Principal Officer and Information Officer: Ms Rushnah Davids

If you need to know anything that is Fund specific, she is the person you need to contact, and she will always willingly assist you. Her contact details are:

E-Mail: DavidsRu@cput.ac.za Telephone: 083 7922022

COMMUNICATION

More information is provided via the following:

- **Fund Website** for all Fund information: www.cputretirementfund.co.za
- **Newsletters** will be issued bi-annually
- **Benefit statements** showing your benefits will be issued annually towards the end of January
- **Projection statements** showing the expected pension that your retirement savings are likely to provide will be issued annually with your benefit statements towards the end of January

- **Alexander Forbes Online facility** where you can check your own information on a real time basis: www.alexanderforbes.co.za. In order to access this site, you need to register and then you will receive a pin and password. The AF on-line gives you access to the following information:
 - ✓ Your Member Share
 - ✓ Your contribution allocation
 - ✓ Projection tools – retirement calculator
 - ✓ Access to your benefit statement

NOTE:

For those members that do not have access to the internet, but you do have a smart phone, you can download the **AF MOBILE APP**. This app is available as a FREE download on the Apple App Store and Google Play Store. Simply search for Alexander Forbes. If you don't have an online profile, register by following the menu prompts.

If you need assistance: Telephone: 0860 100 333 or Email: afonlinehelp@aforbes.com

- **Fund Rules** can be obtained from the Principal Officer (details below) or from the Fund website.
- **Presentations and workshops** are held regularly. In particular the pre-retirement workshops which continue to be held quarterly (on a virtual basis) for all in-service members who are aged 50 and older, however all members can attend. We encourage all members who are aged 50 and older to attend these workshops. These workshops are educational in nature, and explain in detail the different pension options available, thereby empowering members to make the RIGHT CHOICE at retirement. Furthermore, should you wish to bring your spouse along with you, please feel free to do so. (These sessions are currently being held virtually)

QUESTIONS OR QUERIES - PLEASE CONTACT:

The Principal Officer: Rushnah Davids
E-Mail: DavidsRu@cput.ac.za

CHANGE IN ADDRESS OR PERSONAL DETAILS

Please notify the Human Resources department in writing of any such changes.

COSTS

Administration and Fund costs

By pooling members' retirement savings in the Fund, the Trustees are able to negotiate lower costs than a member would typically otherwise be able to receive on their savings in the retail market. As part of increased transparency in the Fund, the Trustees will be showing the fees charged inside of the Fund.

- Active members – Fund costs are funded from a deduction from the contribution rate – 0.35% of pensionable salary.
- Deferred members – R63.25 pm plus VAT.
- Deferred pensioners – R63.25 pm plus VAT.
- Living annuitants – Initial fee = R 963.65 plus VAT (this is a once-off fee). Administration costs of R 84.34 pm plus VAT. This is deducted from the living annuity balance.
- **The Switching costs** (cost of changing investment decision) – first switch in the year is free. Thereafter R350.00 plus VAT is deducted from your account per switch.

Note fees are subject to review typically every 1 July.

INVESTMENT FEES AND CHARGES FOR THE 12 MONTHS ENDING 30 JUNE 2021

The investment management fees and related costs and charges which currently apply to the CPUTRF investment portfolios are expressed as a percentage of the amount invested, per annum. This includes VAT where applicable. In practice, fees and charges are usually taken monthly (so the monthly fee percentages can be estimated by dividing the figures shown in the table below by 12).

Remember that the investment performance figures shown to CPUTRF members are after all these fees and charges have been deducted, i.e. they are net of all these fees and charges. Investment Manager Portfolio

	Investment management fees, but excluding performance fees	Performance fees / (rebate) (1)	Other investment-related costs and charges (2)	Total fees and charges, including performance fees
Allan Gray Global Balanced	0.41%	0.00%	0.12%	0.53%
Allan Gray Global Stable	0.48%	0.00%	0.08%	0.56%
Coronation Houseview	0.70%	0.00%	0.48%	1.18%
Coronation Inflation Plus	0.50%	0.17%	0.24%	0.91%
Ninety One Balanced	0.60%	0.00%	0.19%	0.79%
Ninety One Money Market	0.09%	0.00%	0.00%	0.09%
27four Shari'ah Balanced	0.78%	0.00%	0.22%	1.00%

((1) Where the CPUTRF has a performance fee arrangement in place with an investment manager, performance fees may be payable depending on how these managers perform compared to their benchmarks (targets), and therefore the total fees and charges will vary from time to time. A performance fee was paid on the Coronation Inflation Plus Fund during the last 12 months.

(2) Other costs and charges include items such as trading costs (e.g., stockbroker commission when shares are bought and sold), bank charges, taxes and custody fees.

These fees and charges have changed from time to time in the past and may change (up or down) in the future. The CPUTRF Board is committed to ensuring that the investment portfolios are reasonably priced and competitive.