



Cape Peninsula
University of Technology

RETIREMENT FUND NEWSLETTER

Issue number: 2/2020

November 2020

Dear members

Welcome to the final newsletter for the year.

2020 has certainly been a year that will be etched on our memories forever. Many members of the Fund were deeply concerned to see the value of their retirement savings falling at some time. If you managed to stay the course during the time, you would have seen a significant recovery by now.

As a member you are assured that your Fund remains to be in a good financial position. In this newsletter, we focus mainly on investment topics. 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.

Board of Trustees

November 2020

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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

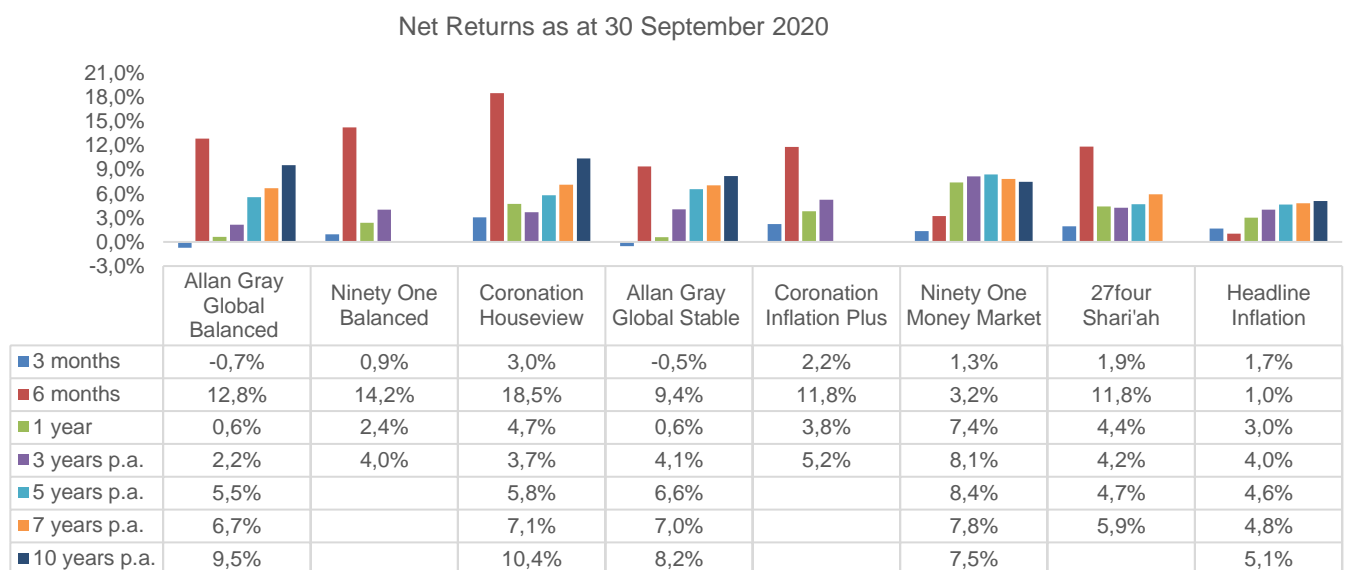
Below are the annualised manager returns (net of fees) for all the portfolios over different measurement periods to 30 September 2020.

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 30 September 2020	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	6.7%	4.8%	1.8%
	Coronation Houseview			7.1%		2.3%
Medium Term Protection Portfolio	Coronation Inflation Plus	CPI + 2.5% net over a rolling 3-year period	3 years	5.2%	4.0%	1.2%
	Allan Gray Global Stable			4.1%		0.0%
Money Market Portfolio	Ninety One Money Market	CPI +1.5% net over a rolling 1-year period	1 year	7.4%	3.0%	4.4%
Shari'ah Portfolio	27four Shari'ah Balanced Fund	CPI + 4.0% net over a rolling 5-year period	5 years	4.7%	4.6%	0.0%

*Returns above inflation are subject to rounding.

The chart below shows the performance of each asset manager over various measurement periods to 30 September 2020. The returns are shown after deduction of tax and investment management expenses.



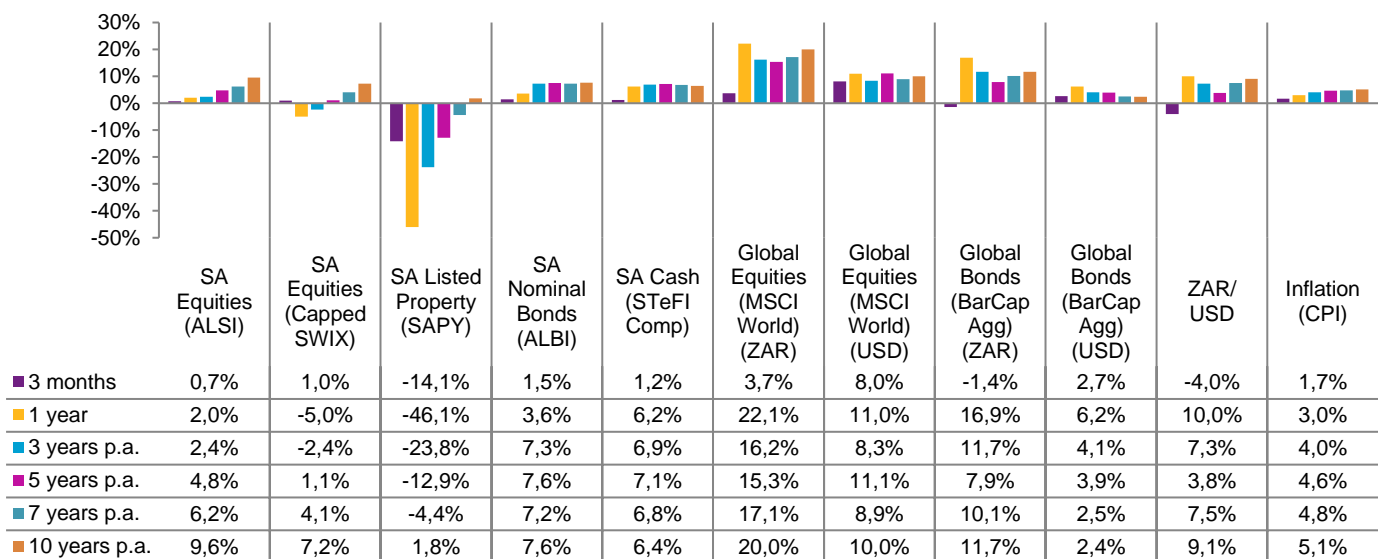
While there has been a recovery in the investment markets over the last 6 months, it is evident from the above that the medium-term investment returns for the investment managers in the Long-term Growth Portfolio and the Shari'ah Portfolio are low compared to inflation.

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.

KEY PERFORMANCE INDICATORS WITH MARKET COMMENTARY FOR THE QUARTER ENDING 30 SEPTEMBER 2020

The graph below shows the performance of the various sectors of the market during various measurement periods ended 30 September 2020 (source: IRESS for local indices and Morningstar for global indices).

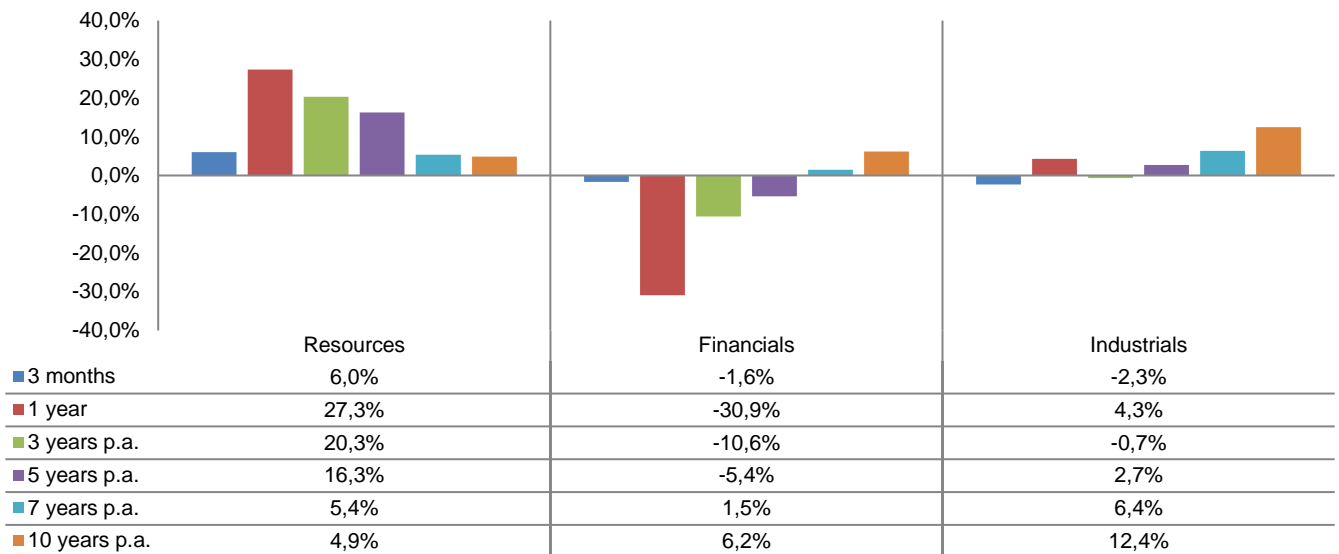


- The tone was predominantly positive, or “risk on”, in markets over the quarter, underpinned by strong policy measures and the gradual reopening of economies. The changes to the Fed’s inflation targeting definition and objective also provided support to markets.
- Emerging market equities registered a strong return in Q3, boosted by government stimulus measures and strong Chinese economic growth numbers. The MSCI Emerging Markets Index delivered 9.7% (in US dollars), ahead of the MSCI World Index, which finished 8.0% (in US dollars) higher for the period.
- The Asian region enjoyed strong equity gains in Q3 due to a sharp recovery in the Chinese economy.
- The SA equity market posted marginal gains for Q3. The FTSE/JSE All Share Index rose 0.7%, while the Capped SWIX added 1.0%. SA listed property had a poor quarter, declining 14% and taking losses over the past 12 months to 46%.
- The All Bond Index added 1.5% for the quarter, driven by returns from shorter-dated instruments.

An explanation of the different sectors appears below.

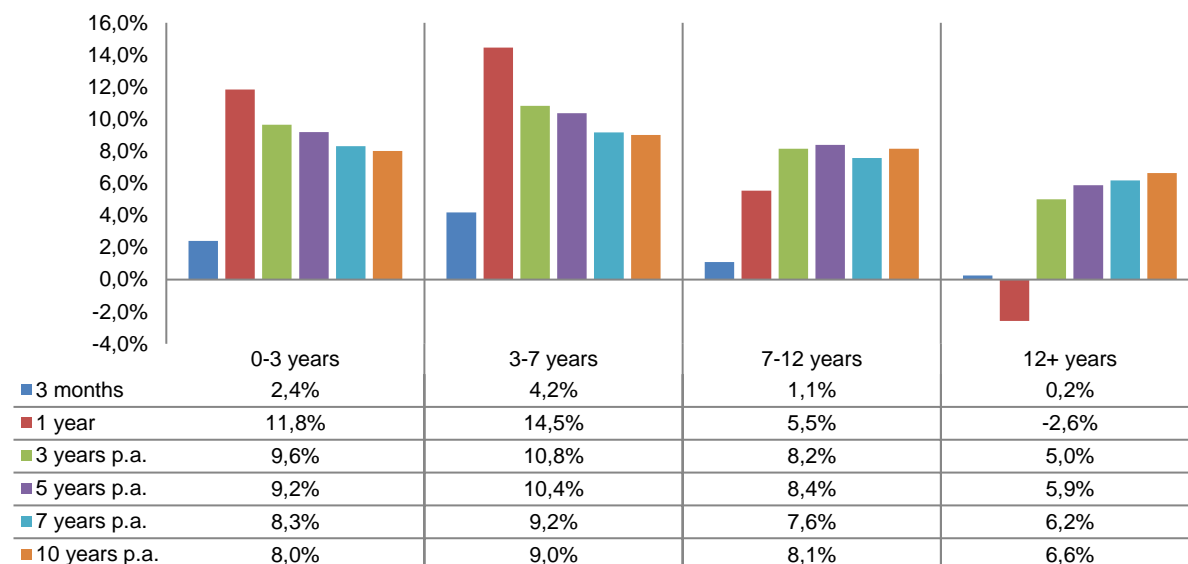
ALSI:	South African equities as measured by the All Share Index
SAPY:	South African listed property index.
ALBI:	South African all bond index
SteFI Comp:	South African short term fixed interest investments (cash)
MSCI World:	Morgan Stanley Capital Index – equities in developed overseas markets
BarCapAgg:	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 2020:



- The FTSE/JSE All Share Index (ALSI) posted a marginal gain for the quarter, rising 0.7%, and is now only slightly lower than where it started the year.
- Resources dominated returns for the quarter, on the back of precious metal and industrial commodity prices being boosted by strong Chinese growth numbers. Resources have outperformed over all illustrated periods of up to five years, having rendered double-digit returns per annum over the past one-, three- and five years.

The chart below shows the performance of the different sectors of the SA bond index for periods ended 30 September 2020:



- Short- to medium-term bonds – terms between 0 and 7 years – delivered stronger returns over the past year, supported by aggressive policy rate cuts by the SARB. Longer-dated bonds faced headwinds around a sharp deterioration in government debt metrics, additional funding requirements and increased risk premia.

PRESCRIBED ASSETS

Prescribed assets continue to be topical and widely debated. It refers to what was described in the ANC's 2019 manifesto as the intention to "Investigate the introduction of prescribed assets on financial institutions' funds to mobilise funds within a regulatory framework for socially productive investments (including housing, infrastructure for social and economic development and township and village economy) and job creation while considering the risk profiles of the affected entities."

This has understandably caused concerns from members of retirement funds because of the possible implications it could have on investment portfolios should this indeed come into effect.

So, what exactly does the possible introduction of prescribed assets mean? The perception members have on this topic is not always accurate. Many members believe that Prescribed assets is a process by which Government takes a portion of your retirement funds and the fund value drops. This is not the case. Rather, it would be a requirement by Government for an institution (like retirement funds, but the scope could be wider) to invest a certain percentage of their funds into specific assets. In many cases, these prescribed assets are likely to be loans to Government and state-owned enterprises (SOEs). Retirement funds would still receive a return on its investment in the said prescribed asset, and the "investor" members of retirement funds, could receive a higher return than the return on any other asset. Still, this does not necessarily mean a favourable position for retirement funds.

What has been fiercely debated, is whether prescription is in fact the answer. Largely, the argument is for investment to be voluntary (based on a strong investment case for profitable investments) rather than for there to be any kind of prescription. This is naturally the Fund's position as well.

During a webinar in August 2020, the ANC's economic policy chief, Enoch Godongwana, stated in relation to prescribed assets that : "When we talk about tweaking Regulation 28, we are moving in a slightly different direction than what conference said. We are moving from an environment where there is no enforced prescription to creating an environment where trustees can invest in infrastructure projects as long as those projects are profitable."

We therefore do not believe that there is any cause for panic at this stage. Most of the current industry and media comment on this subject argues strongly against the possible introduction of prescribed assets.

Furthermore, there is currently no project from Government to force prescribed assets. However, to date a clear policy stance on the matter has still not been provided. At this stage, we encourage our members not be fearful. Rather, stay engaged and abreast all developments as communicated by the Fund in this regard. Should anything change, or if there is any notable update on this matter, we will immediately communicate with you.

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, a video on this topic has been made in this regard and is broken into different modules for members to watch during their own time. The video takes place in of the form of a power point presentation with the usual presenter visible and giving the tutorials.

Please contact Rushnah Davids who give you the link to follow if you are interested to view this.

Choosing the right pension is not an easy decision to make. We encourage you to attend these retirement planning sessions in future (when they are running again) – 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.

2021 ANNUAL GENERAL MEETING

The Annual General meeting of the CPUT Retirement Fund is due be held in March 2021 at the Cape Town Campus. We will inform you closer to the time if this meeting will be in person or whether conditions will still require a virtual meeting. We will be guided by the regulations in place at the time and will consider the health and safety of all who are required and invited to be in attendance.

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
WAJ Smith (Vice-chairperson)	C Nhlapo
C Bezuidenhout	P Sotshononda
S van der Merwe	P Du Plessis
A Neethling	J Dubihlela

The member trustee elections that were due to take place in March 2020 were postponed until further notice. This was cancelled due to the institutional closure arising from protests as well as the COVID-19 pandemic.



Principal 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: 021 4603404

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
- **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 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.

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 – nothing currently. As soon as costs are finalised we will inform you.
- Deferred pensioners – nothing currently. As soon as costs are finalised we will inform you.
- Living annuitants – Initial fee = R 856.00 plus VAT (this is a once-off fee). Administration costs of R75.00 pmpm 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.

INVESTMENT FEES AND CHARGES FOR THE 12 MONTHS ENDING 30 JUNE 2020

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	0.43%	0.00%	0.14%	0.57%
Allan Gray Global Stable	0.46%	0.00%	0.10%	0.56%
Coronation Houseview	0.72%	0.00%	0.38%	1.10%
Coronation Inflation Plus	0.50%	0.09%	0.17%	0.77%
Ninety One Balanced	0.60%	0.00%	0.28%	0.88%
Ninety One Money Market	0.09%	0.00%	0.01%	0.10%
27four Shari'ah Balanced	0.87%	0.00%	0.20%	1.07%

(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.

(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.