

**ANNUAL FINANCIAL STATEMENTS**

**NAME OF RETIREMENT FUND: NATIONAL FUND FOR MUNICIPAL WORKERS**

**FINANCIAL SECTOR CONDUCT AUTHORITY  
REGISTRATION NUMBER: 12/8/35064**

**FOR THE PERIOD: 1 JULY 2019 to 30 JUNE 2020**

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\* Not subject to any engagement by an auditor

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE A  
REGULATORY INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2020**

**REGISTERED OFFICE OF THE FUND**

Postal address: PO Box 15515  
Sinoville  
Pretoria  
0129

Physical address: Section 2, Business Park @ Zambezi  
860 Milkplum Street  
Montana  
Pretoria  
0182

**FINANCIAL REPORTING PERIODS**

Current year: 1 July 2019 to 30 June 2020  
Prior year: 1 July 2018 to 30 June 2019

**BOARD OF FUND**

Full name	E-mail Address	Capacity	Date appointed/ reappointed	Date resigned
CCK Antonio	charles@nationalfund.co.za	C & M	1 May 2018	
CJ Labuschagne	rina@nationalfund.co.za	M	1 September 2014	
EA Schutte	eugene@nationalfund.co.za	M	1 September 2014	
HS Rossouw	dricus@nationalfund.co.za	M	1 September 2014	
J Nkuna	james@nationalfund.co.za	M	1 May 2018	
KG Booysen	kevin@nationalfund.co.za	M	1 September 2014	30 November 2019
L Geldenhuys	louwrens@nationalfund.co.za	M	1 May 2018	
MC Makgalemele	christina@nationalfund.co.za	M	1 September 2014	
ME Jantjie	evelyn@nationalfund.co.za	M	1 September 2014	
NC Cindi	clive@nationalfund.co.za	M	1 September 2014	
PR Nolutshungu	rio@nationalfund.co.za	E	13 September 2018	
PS Mofokeng	sticks@nationalfund.co.za	M	1 September 2014	
R Solomons	robert@nationalfund.co.za	M	1 May 2018	30 November 2019

- 'M' denotes member elected
- 'E' denotes employer appointed
- 'C' denotes chairperson

**Governance note: schedule of meetings\* held by the Board of Fund in terms of the rules of the fund**

Meeting date	Place of meeting	Quorum (yes/no)
11 September 2019	Pretoria	Yes
26 September 2019	Pretoria	Yes
20 November 2019	Pretoria	Yes
11 March 2020	Pretoria	Yes
6 May 2020	Pretoria	Yes
10 June 2020	Pretoria	Yes

\* Only meetings held by the Board of Fund and does not include meetings held by the sub-committees

**FUND OFFICERS**

**Principal Officer**

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed	Date resigned	Other
SL Samons	PO Box 15515 Sinoville 0129	Section 2, Office Park @ Zambezi 860 Milkplum Street Montana Ext 143 0182	(012) 743 3003	sean@nationalfund.co.za	1 November 2007	6 May 2020	
L Ndawana	PO Box 15515 Sinoville 0129	Section 2, Office Park @ Zambezi 860 Milkplum Street Montana Ext 143 0182	(012) 743 3004	leslie@nationalfund.co.za	6 May 2020		Mr L Ndawana was Acting Principal Officer from 06 May 2020 to 31 July 2020

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE A  
REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2020**

**Deputy Principal Officer**

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed	Date resigned
L Ndawana	PO Box 15515 Sinoville 0129	Section 2, Office Park @ Zambezi 860 Milkplum Street Montana Ext 143 0182	(012) 743 3004	leslie@nationalfund.co.za	1 September 2017	6 May 2020

**Monitoring Person\***

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed	Date resigned
SL Samons	PO Box 15515 Sinoville 0129	Section 2, Office Park @ Zambezi 860 Milkplum Street Montana Ext 143 0182	(012) 743 3003	sean@nationalfund.co.za	1 November 2007	6 May 2020
L Ndawana	PO Box 15515 Sinoville 0129	Section 2, Office Park @ Zambezi 860 Milkplum Street Montana Ext 143 0182	(012) 743 3004	leslie@nationalfund.co.za	6 May 2020	

*\*(In terms of Section 13A of the Pension Funds Act)*

**PROFESSIONAL SERVICE PROVIDERS**

**Actuary/Valuator**

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed
G Grobler	PO Box 2435 Pretoria 0001	189 Clarke Street Cnr Clarke & Fehrsen Street Brooklyn Pretoria 0181	(012) 425 4237	groblerg@aforges.co.za	1 July 2011

**Auditor**

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed	Date resigned
Pricewaterhouse Coopers Inc.	Private Bag x36 Sunninghill 2157	4 Lisbon Lane Waterfall City Jukskei View 2090	(011) 797 4000	julanie.basson@pwc.com	15 March 2018	10 June 2020
Deloitte & Touche	5 Magwa Crescent Waterfall City 2090	5 Magwa Crescent Waterfall City 2090	(011) 806 5000	rvangraan@deloitte.co.za	10 June 2020	

**Benefit Administrator**

Full name	Postal address	Physical address	Telephone number	Date appointed	Registration number in terms of section 13B
Sanlam Life Insurance Ltd	PO Box 1 Sanlamhof 7532	2 Strand Road Belville 7532	(021) 947 9111	1 June 2016	24/85

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE A  
REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2020**

**PROFESSIONAL SERVICE PROVIDERS (continued)**

**Investment Administrator**

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
Rubrics Global UCITS Funds plc	PO Box 87353 Houghton 2041	City Pavilion ,27 Bush Lane Cannon Green London, EC4R 0AA United Kingdom	+44 (0) 20 3972 7890		2733
Allan Gray Life Ltd	PO Box 51318 V&A Waterfront Cape Town 8002	1 Silo Square V&A Water Front Cape Town 8001	(021) 4467727		6663
Argon Asset Management (Pty) Ltd	PO Box 23454 Claremont 7735	1st Floor Colinton House The Oval 01 Oakdale Road Newlands 7700	(021) 670 6570	1 March 2019	835
Ashburton Fund Managers (Pty) Ltd	1st Floor 4 Merchant Place Cnr Fredmand and Rivonio Drive Sandton 2196	1st Floor 4 Merchant Place Cnr Fredmand and Rivonio Drive Sandton 2196	(011) 2828800		40169
Benguela Global Fund Managers (Pty) Ltd	6 Mellis Road The Avenues North Rivonia 2191	6 Mellis Road The Avenues North Rivonia 2191	(010) 596 8500		45122
Catalyst Fund Managers SA (Pty) Ltd	PO Box 44845 Claremont 7735	4th Floor Protea Place Cnr Protea Road and Dreyer Claremont 7708	(021) 657 5500		36009
Coronation Asset Management (Pty) Ltd	PO Box 993 Cape Town 8000	7th Floor Montclare Place Campground and Main Road Claremont 7708	(021) 680 2099		548
First Avenue Investment Management (Pty) Ltd	PostNet Suite 92 Private Bag X11 Birnam Park 2015	Turner & Townsend House 21 Fricker Road Illovo Sandton 2196	(011) 772 2480	19 June 2019	42693
Futuregrowth Investments CC	Private Bag X6 Newlands 7725	57 Astral Drive Woodhurst Chatsworth 4092	084 878 6612		39033
Investec Asset Management (Pty) Ltd	PO Box 1655 Cape Town 8000	36 Hans Strijdom Avenue Foreshore Cape Town 8001	(021) 416 1684		587
Kagiso Asset Management (Pty) Ltd	PO Box 1016 Cape Town 8000	Fifth Floor Montclare Place Cnr Campground and Main Claremont 7708	(021) 673 6300		784
Legacy Africa Fund Managers (Pty) Ltd	4th Floor, The Firs Cnr Biermann Lane and Cradock Avenue Rosebank South Africa 2196	4th Floor, The Firs Cnr Biermann Lane and Cradock Avenue Rosebank South Africa 2196	(011) 759 4012	10 April 2019	44651

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE A  
REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2020**

**PROFESSIONAL SERVICE PROVIDERS (continued)  
Investment Administrators (continued)**

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
Mazi Asset Management (Pty) Ltd	PO Box 784583, Sandton, 2146	4th Floor, North Wing, 90 Rivonia Road, Sandton, 2196	(010) 001 8300		46405
Metope Investment Managers (Pty) Ltd	PO Box 51316 V&A Waterfront 8002	Moorings 4 Portwood Ridge Portwood Road V&A Waterfront	(021) 418 3760		21999
Morgan Stanley Investment Management Ltd	20 Bank Street Canary Wharf London E14 4QA United Kingdom	20 Bank Street Canary Wharf London E14 4QA United Kingdom	+44 20 7425 7537		9752
Nedgroup Investment Advisors (Pty) Ltd	Nedbank clock Tower Precinct V&A Waterfront Cape Town 8001	Nedbank clock Tower Precinct V&A Waterfront Cape Town 8001	(021) 416 6224		1652
Northern Trust International Fund Administration Services Ltd	20 Bank Street Canary Wharf London E14 4QA United Kingdom 9999	20 Bank Street Canary Wharf London E14 4QA United Kingdom 9999	0861 273783		45382
Novare Investments (Pty) Ltd	3rd Floor The Cliffs Office Block 1 Niagara Way Tyger Falls Carl Cronje Drive Bellville 7530	3rd Floor The Cliffs Office Block 1 Niagara Way Tyger Falls Carl Cronje Drive Bellville 7530	(011) 447 9605		757
Old Mutual Investment Group (Pty) Ltd	Mutualpark Jan Smuts Drive Pinelands 7405	Mutualpark Jan Smuts Drive Pinelands 7405	(021) 504 7296		604
Prescient Investment Management (Pty) Ltd	Steenberg Office Park Block B Silverwood Silverwood Lane Tokai 7945	Steenberg Office Park Block B Silverwood Silverwood Lane Tokai 7945	(021) 700 3607		612
Prowess Investment Managers (Pty) Ltd	Private Bag 15086 Vlaeberg 8078	20th Floor 1 Thibault Square 1 Long Street Cape Town 8001	(021) 565 0065	15 August 2018	38318
Sanlam Investment Management (Pty) Ltd	Private Bag X8 Tyger Valley 7536	55 Willie van Schoor Road Bellville 7536	(021) 950 2695		579
Vunani Fund Managers (Pty) Ltd	PO Box 44586 Claremont 7735	6th Floor, Letterstedt House Newlands on Main Newlands Cape Town 7700	(021) 670 4900	14 March 2019	608
Denker Capital (Pty) Ltd	Private Bag X8 Tygervalley 7536	6th Floor The Edge 3 Howick Close, Tyger Falls Bellville 7530	(021) 950 2603	17 July 2019	47075

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE A  
REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2020**

**PROFESSIONAL SERVICE PROVIDERS (continued)  
Investment Administrators (continued)**

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
Terebinth Capital (Pty) Ltd	CRF Building 2nd Floor 4 Bridal Close Tyger Falls Blvd Tyger Valley, Cape Town, 7530	CRF Building 2nd Floor 4 Bridal Close Tyger Falls Blvd Tyger Valley, Cape Town, 7530	(021) 943 4819	1 July 2019	47909

**Investment Advisor**

Full name	Postal address	Physical address	Telephone number	FAIS registration number
Mosaic Investment Consulting	PO Box 6685 Welgemoed 7538	Willowbridge Place Carl Cronje Drive Tygervalley 7530	(021) 914 0496	45675

**Risk Insurer**

Full name	Postal address	Physical address	Telephone number	FSP approval no
Camargue Underwriting Managers (Pty) Ltd	Camargue House 33 Glenhove Road Melrose Estate Johannesburg 2196	Camargue House 33 Glenhove Road Melrose Estate Johannesburg 2196	(011) 778 9140	6344
Sanlam Life Insurance Ltd	PO Box 1 Sanlamhof 7532	2 Strand Road Belville 7532	(021) 947 9111	6832

**Custodian and/or Nominee**

Full name	Postal address	Physical address	Telephone number	FSP approval no
Nedbank Limited	PO Box 1144 Johannesburg 2000	CCS JHB 2nd Floor Block F Johannesburg	(011) 294 3255	9363
FirstRand Bank Limited	PO Box 7713 Johannesburg 2000	Mezzanine Floor 3 First Place Bank City Corner of Jeppe & Simmonds Streets Johannesburg 2001	087 577 8791	4894

**PARTICIPATING EMPLOYERS**

The list of participating employers is available for inspection at the Fund's registered office.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE B  
STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND  
FOR THE YEAR ENDED 30 JUNE 2020

**Responsibilities**

The Board of Fund hereby confirm to the best of their knowledge and belief that, during the year under review, in the execution of their duties they have complied with the duties imposed by Pension Funds Act legislation and the rules of the fund, including the following:

- ensured that proper registers, books and records of the operations of the fund were kept, inclusive of proper minutes of all resolutions passed by the Board of Fund;
- ensured that proper internal control systems were employed by or on behalf of the Fund;
- ensured that adequate and appropriate information was communicated to the members of the fund, informing them of their rights, benefits and duties in terms of the rules of the Fund;
- took all reasonable steps to ensure that contributions, where applicable, were paid timeously to the fund or reported where necessary, in accordance with section 13A and regulation 33 the Pension Funds Act in South Africa;
- obtained expert advice on matters where they lacked sufficient expertise;
- ensured that the rules and the operation and administration of the fund complied with the Pension Funds Act and all applicable legislation;
- ensured that fidelity cover was maintained and that this cover was deemed adequate and in compliance with the rules of the Fund; and
- ensured that investments of the fund were implemented and maintained in accordance with the Fund's investment strategy.
- the Board of Fund assessed the Fund's ability to continue as a going concern in addition to the above responsibilities

**Approval of the annual financial statements**

The annual financial statements of National Fund for Municipal Workers are the responsibility of the Board of Fund. The Board of Fund fulfils this responsibility by ensuring the implementation and maintenance of accounting systems and practices adequately supported by internal financial controls. These controls, which are implemented and executed by the fund and/or its benefit administrators, provide reasonable assurance that:

- the fund's assets are safeguarded;
- transactions are properly authorised and executed; and
- the financial records are reliable.

The annual financial statements set out on pages 13 to 36 have been prepared for regulatory purposes in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the Rules of the fund and the Pension Funds Act. The Board of Fund is not aware of any instances of non-compliance during the financial year nor during the year up until the signature of these financial statements.

These annual financial statements have been reported on by the independent auditor, Deloitte & Touche, who was given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of Fund believes that all representations made to the independent auditor in the management representation letter during their audit were valid and appropriate. The report of the independent auditor is presented on pages 10 - 12.

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE B  
STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2020**

**Instances of non-compliance**

The following instances of non-compliance with Acts, Legislation, Regulations and Rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements came to our attention and were rectified before the Board of Fund's approval of the financial statements:

Nature and cause of non-compliance	Impact of non-compliance matter on the fund	Corrective course of action taken to resolve non-compliance matter
Late payment of Contribution due to municipalities experiencing severe cash flow problems	The members does not receive their monthly return on the contributions deducted from their payroll.	<p>The following actions are taken in the event where the employer fails to make payment timeously:</p> <p>Section 13A interest is raised from the first day of the month in question until received.</p> <p>SMS messages are send to the affected members advising them of the employer's failure to make payment.</p> <p>The employer is telephonically contacted and letters are also send to inform them about the consequences for their failure to comply with Section 13A.</p> <p>If the employer remains in arrears for 3 months, the FSCA is informed about the employer's failure to comply.</p> <p>At this point, a complaint is lodged with the Pension Funds Adjudicator.</p> <p>In this event the Pension Funds Adjudicator will normally order the employer to settle all arrear contributions and interest.</p> <p>If the employer still fails to comply with the judgement obtained from the Pension Funds Adjudicator, the matter is handed over to the Fund's Legal representatives to obtain warrants of execution in respect of the determinations handed down by the Pension Funds Adjudicator.</p>
Retirement benefit payments made to Category E members.	The Category E pension fund members received at retirement the full cash payment and not only one third of their pension fund.	<p>Front Office will implement an additional check to ensure that retirement fund claim forms submitted for Category E members will be completed correctly, allowing only one third of the members in Category E portion to be taken in cash.</p> <p>Back Office have also updated the Key Compliance Checklist to ensure that all claims classified as Category E members will not be allowed to commute more than one third of the Category E portion of his/her benefits and if forms are incorrectly completed, they will be send back to Front Office.</p> <p>Ensure that all Category E members or groups loaded going forward have a note loaded manually until development has been made to the administration system to accommodate such members within the Fund.</p>

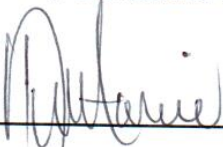


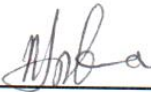
NATIONAL FUND FOR MUNICIPAL WORKERS


SCHEDULE B  
STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2020

These annual financial statements:

- were approved by the Board of Fund on 26 November 2020;
- are to the best of the Board members knowledge and belief confirmed to be complete and correct;
- fairly represent the net assets of the fund at 30 June 2020 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Fund by:

  
\_\_\_\_\_  
CCK Antonio  
CHAIRPERSON  
26/11/2020  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Name: MKUMIA NJ  
MEMBER TRUSTEE  
26/11/2020  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Name: L. Goldenhags  
MEMBER TRUSTEE  
26/11/2020  
\_\_\_\_\_  
Date



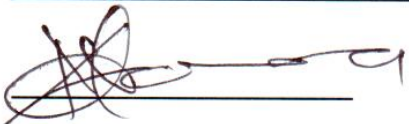
**NATIONAL FUND FOR MUNICIPAL WORKERS**

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE C  
STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER  
FOR THE YEAR ENDED 30 JUNE 2020**

I confirm that for the year under review the National Fund for Municipal Workers has timeously submitted all regulatory and other returns, statements, documents and any other information as required in terms of the Pension Funds Act and to the best of my knowledge all applicable legislation except for the following:

Specific instances of non-compliances	Remedial action taken
Retirement benefit payments made to Category E members.	<p>Front Office will implement an additional check to ensure that retirement fund claim forms submitted for Category E members will be completed correctly, allowing only one third of the members in Category E portion to be taken in cash.</p> <p>Back Office have also updated the Key Compliance Checklist to ensure that all claims classified as Category E members will not be allowed to commute more than one third of the Category E portion of his/her benefits and if forms are incorrectly completed, they will be send back to Front Office.</p> <p>Ensure that all Category E members or groups loaded going forward have a note loaded manually until development has been made to the administration system to accommodate such members within the Fund.</p>
Late payment of Contribution due to municipalities experiencing severe cash flow problems	<p>The following actions are taken in the event where the employer fails to make payment timeously:</p> <p>Section 13A interest is raised from the first day of the month in question until received.</p> <p>SMS messages are send to the affected members advising them of the employer's failure to make payment.</p> <p>The employer is telephonically contacted and letters are also send to inform them about the consequences for their failure to comply with Section 13A.</p> <p>If the employer remains in arrears for 3 months, the FSCA is informed about the employer's failure to comply.</p> <p>At this point, a complaint is lodged with the Pension Funds Adjudicator. In this event the Pension Funds Adjudicator will normally order the employer to settle all arrear contributions and interest.</p> <p>If the employer still fails to comply with the judgement obtained from the Pension Funds Adjudicator, the matter is handed over to the Fund's Legal representatives to obtain warrants of execution in respect of the determinations handed down by the Pension Funds Adjudicator.</p>



L Ndawana  
Principal Officer

26/11/2020  
Date



## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF FUND OF THE NATIONAL FUND FOR MUNICIPAL WORKERS

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the annual financial statements of National Fund for Municipal Workers ("the Fund") set out on pages 19 to 36, which comprise the statement of net assets and funds as at 30 June 2020 and the statement of changes in net assets and funds for the period then ended, and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared for the purpose of reporting to the Financial Sector Conduct Authority ("FSCA").

In our opinion, the financial statements of the Fund for the period ended 30 June 2020 are prepared, in all material respects, in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Emphasis of matter – Financial reporting framework and restriction on use*

Without modifying our opinion, we draw attention to the principal accounting policies in which the applicable financial reporting framework is identified, as prescribed by the Authority. Consequently, the financial statements and related auditor's report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### *Other information*

The Board of Fund is responsible for the other information. The other information comprises the information included in the Annual Financial Statements in terms of section 15 of the Pension Funds Act of South Africa, of the Fund for the period 01 July 2019 to 30 June 2020, but does not include the financial statements (schedules F, G and HA) and our auditor's report thereon (schedule D)



National Executive: \*LL Bam Chief Executive Officer \*TMM Jordan Deputy Chief Executive Officer; Clients & Industries \*MJ Jarvis Chief Operating Officer \*AF Mackie Audit & Assurance \*N Sing Risk Advisory DP Ndlovu Tax & Legal \*MR Verster Consulting \*JK Mazzocco People & Purpose MG Dicks Risk Independence & Legal \*KL Hodson Financial Advisory \*B Nyembe Responsible Business & Public Policy \*TJ Brown Chairman of the Board

A full list of partners and directors is available on request

\* Partner and Registered Auditor

**B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice**

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Board of Fund for the Financial Statements*

The Board of Fund is responsible for the preparation of the financial statements in accordance with the Regulatory Reporting Requirements for Retirement funds in South Africa and for such internal control as the Board of Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Fund is also responsible for compliance with the requirements of the Rules of the Fund and the Pension Funds Act of South Africa.

In preparing the financial statements, the Board of Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Conclude on the appropriateness of the Board of Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Fund.



We communicate with the Board of Fund regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

The Statement of Responsibility by the Board of Fund describes instances of non-compliance with laws and regulations, including those that determine the reported amounts and disclosures in the financial statements that have come to the attention of the Board of Fund and the corrective action taken by the Board of Fund. There are no additional instances of non-compliance with the Pension Funds Act that came to our attention during the course of our audit of the financial statements.

A handwritten signature in black ink that reads "Deloitte &amp; Touche".

**Deloitte & Touche**  
Registered Auditor  
Per: Ronel van Graan  
Partner  
10 December 2020

# NATIONAL FUND FOR MUNICIPAL WORKERS

## SCHEDULE E REPORT OF THE BOARD OF FUND FOR THE YEAR ENDED 30 JUNE 2020

### 1. DESCRIPTION OF FUND

#### 1.1. Type of fund in terms of the Income Tax Act, 1962

In terms of section 1 of the Income Tax Act, 1962 the Fund is classified as a retirement fund. The Fund is a defined contribution fund.

In terms of regulation 30(2)(t) (ii) of the Regulations to the Pension Funds Act, the umbrella fund is registered as an umbrella fund.

#### 1.2. Benefits

In terms of the rules of the Fund these are lump sum payments to retirees or their dependents, as well as death benefits, retrenchment benefits and withdrawal benefits.

##### 1.2.1. Unclaimed benefits

Unclaimed benefits are benefits that have not been claimed after two years of a member leaving the fund. Strategy of the Board of Fund towards unclaimed benefits is that unclaimed benefits remain available to the beneficiary and do not expire.

In respect of unclaimed benefits, complete records, as prescribed, are maintained as from 1 July 2001.

##### 1.2.2. Paid-up members

Paid-up members are members who has not yet retired but has left the service of the employer concerned prior to normal retirement date, leaving in the fund the member's rights to such benefits as may be defined by the rules.

#### 1.3. Contributions

##### 1.3.1. Current contributions by members

a) As long as a member, other than a Category A member and a Category B member, is an employee, he/she must make a monthly contribution to the fund equal to a percentage of his/her remuneration as agreed on by the particular Local Authority and the member as set out in the schedule less the amount of the member's contributions that are payable to the National Group Life Insurance Scheme for the municipal workers, administrated together with the Fund. Notwithstanding any provision to the contrary contained in his agreement, the monthly contribution must at least be equal to the monthly contributions made by the member to the old fund immediately prior to the date on which he/she became a member of the fund, subject to an absolute minimum contribution of 5% of his/her remuneration per month. Category C-Members appointed after 1 July 2012 who are not part of the schedule shall make monthly contributions to the Fund equal to 7.5% of their remuneration.

b) A Category A member must make a monthly contribution to the fund equal to at least 2% of his/her remuneration, less the amount of the member's contributions which are payable to the risk scheme to which the fund subscribes. Category A-Members appointed after 1 July 2012 who are not part of the schedule shall make monthly contributions to the Fund equal to 2% of their remuneration.

c) A Category B member must make a monthly contribution to the fund equal to the following:

1. the contributions as described in Rule 4.1(1); and
2. an additional monthly contribution equal to at least 2% of his/her remuneration less the amount of the member's contribution which is payable to the risk scheme to which the fund subscribes.

d) The Local Authority must deduct a member's contribution for a particular month from the member's remuneration before or on the last day of that month.

e) If the member's membership commences after the fifteenth day of a month, no contribution is payable for the month in which he/she becomes a member.

f) The member's contributions are applied in respect of retirement benefits.

g) The member/local authority may make additional voluntary contributions that will form part of their member's share in the Fund.

##### 1.3.2. Employer contributions

a) The Local Authority must contribute monthly to the Fund in respect of each member, other than a Category A and Category B member, who contributes to the fund, a sum equal to the percentage as described in the agreement

## NATIONAL FUND FOR MUNICIPAL WORKERS

### SCHEDULE E

#### REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2020

between the Local Authority and the Fund. With effect from 1 July 2012 all Local Authority contribution for new employees appointed by the Local Authority on or after 1 July 2012 who are Category C members, will be 18% of the member's remuneration, less the amount of the Local Authority's contributions that are payable to the National Group Life Insurance Scheme for the Municipal Workers whether the Local Authority is in the schedule or not. Notwithstanding any provision to the contrary contained in such an agreement, the monthly contributions must at least be equal to the monthly contribution made by the Local Authority to the old fund in respect of such an employee immediately prior to the date on which he/she became a member of the fund, subject to an absolute minimum contribution of 5% of his/her remuneration per month, less the amount of the Local Authority's contributions which are payable to the risk scheme to which the fund subscribes.

b) In case of a Category A member who contributes to the fund, the Local Authority must make a monthly contribution to the fund equal to at least 2% of his/her remuneration less the amount of the Local Authority's contributions which are payable to the risk scheme to which the fund subscribes.

c) In case of a Category B member the Local Authority must make a monthly contribution equal to the following:

1. the contributions as described in Rule 4.2.1; and
2. additional monthly contribution equal to at least 2% of his/her remuneration less the amount of the Local Authority contributions which are payable to the risk scheme to which the fund subscribes.

d) If a member's membership commences after the fifteenth day of a month, no contribution is payable in respect of that member for the month in which he/she become a member.

#### 1.4. Rule Amendments

##### 1.4.1. Amendments

	Description	Date of Board of Fund resolution	Effective date	Date registered by the Financial Sector Conduct Authority
2	Replace Rule 12.2 : Composition of the Board of Trustees	15 November 2019	1 December 2019	14 February 2020
3	Provide for financial relief to participating employer who are under financial distress due to situations like COVID-19	28 July 2020	4 August 2020	1 April 2020

All rule amendments are available for inspection at the fund's registered office.

#### 1.5. Reserves

##### Contingency Reserve

The fund keeps a Contingency Reserve. This is credited with all profits received from the insurer from the risk underwriting profit share agreement the fund has with the insurer. The Contingency Reserve Account is debited with payments by the fund not governed by any other rules as approved by the Board of Fund and where necessary, in consultation with the Actuary and transfers to members' shares in the form of fund interest in consultation with the Actuary.

##### Expense Reserve

An Expense Reserve Account will be kept to meet the ongoing Fund expenses and to cover the service charge and all the other costs incurred in the management of the Fund as well as to allocate to the Members any excess in this account.

The following transactions shall be recorded in the Expense Reserve Account:

##### Credits:

- i) The amount determined from time to time which is paid out of the Employer contributions in terms of rule 4.2.5(i) to cover Fund expenses
- ii) Transfers from the Pensioner Account in respect of Pensioner expenses
- iii) Allowance for any expenses (incurred and accrued) for the management of the Fund, which are allowed for in the determination of the Fund interest
- iv) Investment returns on the assets in this account, if such investment returns are positive.

##### Debits:

- i) All costs and expenses referred to in the rules
- ii) The Board of Trustees may allocate any balances in this account to the Fund interest, as calculated and recommended by the Fund's Actuary.

## NATIONAL FUND FOR MUNICIPAL WORKERS

### SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2020

#### 2. INVESTMENTS

##### 2.1. Investment strategy

The Board of Fund have formulated an investment strategy whereby the investments are managed according to the following principles. This investment strategy complies with the provisions of Regulation 28 of the Pension Funds Act in South Africa.

##### 2.1.1. Investment policy

The investment policy sets out the investment arrangement of the National Fund for Municipal Workers and covers all aspects required for a detailed investment arrangement within the guidelines of Regulation 28 of the Pension Funds Act.

The Fund has a diverse range of members of differing ages and with different needs. Thus they also have different investment objectives. The Fund offers member choice and life stage investment options. With reference to the Fund vision, mission and risk profile, the following five portfolios have been selected to cater for the needs of the members.

1. Capital Protector
2. Stable Growth
3. Capital Growth
4. Aggressive Growth
5. Shariah Portfolio

##### 2.1.2. Investment portfolios

###### Capital Protector

The objective of the Capital Protector Portfolio is to achieve a return of CPI+1% pa (net of fees) over a rolling 1-year period at least 50% (probability) of the time. The portfolio is expected to produce positive returns over a rolling 12 month period 100% (probability) of the time. The portfolio is suitable for the members that require capital security and no negative returns and is suitable for members within 2 years to retirement.

###### Stable Growth

The objective of the Stable Growth Portfolio is to achieve a return of CPI+2.25% pa (net of fees) over a rolling 3-year period at least 50% (probability) of the time. The portfolio is expected to produce positive returns over a rolling 12 month period at least 85% (probability) of the time. The portfolio is suitable for the members who require relatively stable returns but are comfortable with a probability of negative short-term returns from time to time and is designed for members within 2 to 5 years to retirement.

###### Capital Growth

The objective of the Capital Growth Portfolio is to achieve a return of CPI+3.00% pa (net of fees) over a rolling 3-year period at least 50% (probability) of the time. The portfolio is expected to produce positive returns over a rolling 12 month period at least 75% (probability) of the time. The portfolio is suitable for the members who require capital growth and are comfortable with a more volatile short-term returns and negative returns from time to time and is designed for members within 5 to 10 years to retirement.

###### Aggressive Growth

The objective of the Aggressive Growth Portfolio is to achieve a return of CPI+4.25% pa (net of fees) over a rolling 3-year period at least 50% (probability) of the time. The portfolio is expected to produce positive returns over a rolling 12 month period at least 65% (probability) of the time. The portfolio is suitable for the members with long term investment horizon looking to maximise capital growth whilst acknowledging this will lead to volatile returns and an increased likelihood of negative returns in the short term and is designed for members with more than 10 years to retirement.

###### Shariah Portfolio

This portfolio is suitable for Muslim investors requiring a Shariah-compliant portfolio appropriate for retirement schemes. The portfolio will be invested in a wide variety of domestic and international asset classes such as equity securities and listed property, within the constraints of the statutory investment restrictions for retirement funds. The underlying investments will comply with Sharia requirements as prescribed by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). Members in this portfolio seek to build and grow their long-term retirement savings, while preserving the purchasing power of their capital over the long-term and limiting their exposure to short-term market fluctuations. The portfolio was launched in August 2012.



## NATIONAL FUND FOR MUNICIPAL WORKERS

### SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2020

#### Default Investment Portfolios

Where a member does not exercise the option available, all contributions and other monies pertaining to such member shall be invested in the default investment portfolios on the member's behalf.

#### 2.1.3. Unclaimed benefits

The unclaimed benefits will be managed as part of the Capital Growth investment choice of the fund.

#### 2.1.4. Paid-up members

The paid-up members have the option of member choice and life stage investment.

#### 2.1.5. Reserve accounts

The Reserve accounts are distributed proportionally between the portfolios.

#### 2.1.6. Living Annuity

Annuitants have the option to choose to invest in the different portfolios provided.

#### 2.1.7. Securities Lending Transactions

The Board of Fund utilise securities lending transactions as part of their investment strategy. The Board of Fund ensures that the securities lending transactions are in compliance with the relevant conditions as prescribed by Notice.

#### 2.2. Management of investments

All investment administrators have complete discretion as to the composition of their share of the portfolio within the boundaries allowed by the Pension Funds Act in South Africa. The Board of Fund oversees the investment policy and monitors the asset allocation and performance of the investment administrators against the investment strategy of the Fund. Investment managers are remunerated according to their mandates.

The Fund's Investment and Policy statement addresses the Fund's commitment to adhere to the ESG and CRISA principles. Asset managers also report on their compliance thereof with their annual reporting to the Investment Committee, which is monitored by the Investment Committee.

The fair value of the Fund's investment, administered by the investment administrators at the end of the year was:

	30 June 2020	30 June 2019
	R	R
Allan Gray Life Limited	2 483 310 014	2 576 754 491
Argon Asset Managers (Pty) Ltd	341 836 299	303 872 136
Ashburton Fund Managers (Pty) Ltd	511 631 499	503 898 628
Benguela Global Fund Managers (Pty) Ltd	774 084 419	783 038 091
Catalyst Fund Managers (Pty) Ltd	396 236 277	526 191 167
Coronation Asset Management (Pty) Ltd	2 602 951 358	2 449 110 881
Denker Capital (Pty) Ltd	444 495 021	-
First Avenue Investment Management (Pty) Ltd	243 387 174	293 459 658
Futuregrowth Investments CC	878 256 589	788 023 633
Investec Asset Management (Pty) Ltd	1 019 164 601	628 376 593
Kagiso Asset Managers (Pty) Ltd	21 094 180	21 088 935
Legacy Africa Fund Managers (Pty) Ltd	337 303 904	306 088 967
Mazi Asset Management (Pty) Ltd	507 907 648	615 192 247
Metope Investment Managers (Pty) Ltd	156 137 440	254 097 123
Morgan Stanley Investment Funds plc	217 156 691	164 840 392
Nedgroup Investment Advisors (Pty) Ltd	973 875 966	762 575 445
Northern Trust International Fund Administration Services Ltd	1 092 248 610	832 646 589
Novare Investments (Pty) Ltd	215 510 710	166 055 317
Old Mutual Investment Group (Pty) Ltd	1 316 925 190	1 114 612 093
Prescient Investment Management (Pty) Ltd	1 062 511 970	1 295 036 937
Prowess Investment Managers (Pty) Ltd	471 206 059	362 381 337
RFS Home Loans (Pty) Ltd	563 475 951	570 553 701
Rubrics Global UCITS Funds plc	75 267 990	60 056 737
Sanlam Investment Management (Pty) Ltd	542 403 258	1 499 428 427
Terebinth Capital (Pty) Ltd	738 720 500	-
Vunani Fund Managers (Pty) Ltd	329 914 978	298 909 226
<b>Total value of investments managed</b>	<b>18 317 014 296</b>	<b>17 176 288 751</b>

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE E  
REPORT OF THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2020**

**3. MEMBERSHIP**

	Active members	Deferred Members	Pensioners	Unclaimed benefits
Number at the beginning of year	49 954	711	65	688
Adjustments	(303)	689	-	(4)
- Previous year adjustment*	(303)	-	-	(4)
- Adjustments**	-	689	-	-
Additions	3 712	-	35	246
Transfers in	128	791	-	-
Transfers out	(3)	-	(1)	-
Withdrawals	(703)	(77)	-	-
Retirements	(808)	(64)	-	-
Disabilities	(39)	(5)	-	-
Deaths	(289)	(3)	(2)	-
Unclaimed benefits paid	-	-	-	(72)
<b>Number at the end of the year</b>	<b>51 649</b>	<b>2 042</b>	<b>97</b>	<b>858</b>
Number at end of year (South African citizen)	51 631	2 042	97	858
Number at end of year (non-South African citizen)	18	-	-	-

**Adjustments:**

\* Adjustment relates to members that has been incorrectly classified.

\*\* This adjustment relates to members that were transferred from the Government Employee Pension Fund that is non contributing members and they were incorrectly classified in the prior year.

**4. ACTUARIAL VALUATION**

The last statutory actuarial valuation for the Fund was done for the period ended 30 June 2019, the results of such valuation are reported in schedule HB of the annual financial statements.

**5. SURPLUS APPORTIONMENT**

The Fund is a defined contribution fund which operates in such a way that no actuarial surplus may arise and any surpluses which arise, are distributed annually amongst all the members.

**6. HOUSING LOAN FACILITIES**

Loans to members were granted in terms of rule 9.12 and 9.13 of the rules of the Fund and section 19(5) of the Pension Funds Act in South Africa, and are secured by members' withdrawal benefits and/or mortgage bonds.

The Fund has issued housing loan guarantees in terms of rule 9.13 of the fund and Section 19(5) of the Pension Funds Act. Each guarantee is secured by the fund credit of the respective member. The loan is limited to 60% of the respective member's fund credit.

**7. INVESTMENTS IN PARTICIPATING EMPLOYERS**

No investments in participating employers have taken place.

**8. SIGNIFICANT MATTERS**

The Fund received a letter dated 26 March 2020 from FSCA which the Board of Fund considered at a special Board meeting held on 6 May 2020. At the said special Board meeting, the Board of Fund took a decision (which had an immediate effect) to abide by and act in terms of the requirements of Section 8(5)b of the Pension Funds Act. As a result of the decision, Rule 12.6.3.2 of the Rules of the Fund took effect from the 6th of May 2020. At the Board meeting held on 10-11 June 2020, in compliance with Board notice 57 of 2015, the Board appointed Mr Leslie Ndawana as the Principal Officer of the Fund, with effect from 1 August 2020.

Impact of COVID-19

Fund performed well in a very challenging investment and economic environment as a result of the COVID-19

## **NATIONAL FUND FOR MUNICIPAL WORKERS**

### **SCHEDULE E**

#### **REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2020**

pandemic. The reaction and repercussion on the world and local markets experienced during this period were unprecedented. Despite this, the Fund through its well-diversified portfolios remained resilient and members' fund credits well protected.

The Fund's operations were not negatively affected by COVID-19. The Fund remained fully operational since the beginning of the national lockdown at the end of March 2020. Our administration systems underpinned by modern information technology assisted the Fund to continue operating without interruptions. However, all staff members were operating remotely, which may have harmed the social fibre of the team structure. The aspect that was affected the most, especially at the beginning of the lockdown, was the communication arm. The Communication team could not effectively communicate with the entire membership since that portion of the Fund's membership that is not tech-savvy could not be easily reached under the circumstances.

The Fund effected a Rule Amendment to provide for financially distressed employers to defer, suspend or reduce contributions. However, no participating employer used this provision. The employers that had always had difficulties to pay (or pay on time) their contributions were essentially the employers that notably did not comply with Section 13A of the Pension Funds Act.

Overall, the Fund was well-positioned to address the impact of COVID-19 and the Fund continues to refine its approach to operations and investments to cater for the uncertain future. All the scheduled Board meetings and Board Committees were held, with Trustees either attending physically or attending electronically through the ZOOM meeting platform.

#### **9. LIVING ANNUITY**

Retiring members may invest all or part of their retirement benefits in the NFMW In-Fund Living Annuity if the retiring members meet all the requirements.

#### **10. SUBSEQUENT EVENTS**

The Fund held trustee elections which resulted in Messrs J Dodo, LR Nani, SJ Mpembe and L Mphuthi joining the Board of Fund effective 1 November 2020 and Ms EM Jantjie, Ms CJ Labuschagne, Mr HS Rossouw and Mr PS Mofokeng exiting the Board of Fund effective 31 October 2020.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE F  
STATEMENT OF NET ASSETS AND FUNDS  
AS AT 30 JUNE 2020

	Note	30 June 2020 R	30 June 2019 R
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>18 336 862 121</b>	<b>17 193 742 456</b>
Property and equipment	2	18 517 447	15 809 176
Investments	3	18 317 014 296	17 176 288 751
Housing loans	4	1 330 378	1 644 529
<b>Current assets</b>		<b>501 090 803</b>	<b>296 180 175</b>
Accounts receivable	5	186 907 948	28 036 279
Contributions receivable	12	142 987 234	72 400 818
Cash at bank		171 195 621	195 743 078
<b>Total assets</b>		<b>18 837 952 924</b>	<b>17 489 922 631</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Members' funds and surplus account</b>		<b>18 166 257 924</b>	<b>16 994 214 233</b>
Members' individual accounts	18	18 053 503 095	16 908 573 280
Amounts to be allocated	20	112 754 829	85 640 953
<b>Reserves</b>			
Reserve accounts	19	288 445 931	117 489 954
<b>Total funds and reserves</b>		<b>18 454 703 855</b>	<b>17 111 704 187</b>
<b>Non-current liabilities</b>			
Unclaimed benefits	10	21 317 654	18 062 134
<b>Current liabilities</b>		<b>361 931 415</b>	<b>360 156 310</b>
Transfers payable	8	2 939 478	-
Benefits payable	9	320 671 427	322 694 805
Accounts payable	11	38 320 510	37 461 505
<b>Total funds and liabilities</b>		<b>18 837 952 924</b>	<b>17 489 922 631</b>

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE G  
STATEMENT OF CHANGES IN NET ASSETS AND FUNDS  
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Members' individual accounts & Amounts to be allocated R	Reserve accounts Refer note 19 R	Current year 2020 R	Previous year 2019 R
Contributions received and accrued	12	2 168 778 147	66 290 691	2 235 068 838	1 994 053 386
Reinsurance proceeds		205 718 032	-	205 718 032	191 411 522
Net investment income	13	105 026 059	50 342 725	155 368 784	684 251 916
Allocated to unclaimed benefits	10	(856 342)	-	(856 342)	(2 355 669)
Other income	14	-	126 460 895	126 460 895	3 490 676
Less:		(307 932 157)	(75 984 669)	(383 916 826)	(364 818 179)
Re-insurance premiums		(307 932 157)	-	(307 932 157)	(287 386 082)
Administration expenses	15	-	(75 984 669)	(75 984 669)	(77 432 097)
<b>Net income before transfers and benefits</b>		<b>2 170 733 739</b>	<b>167 109 642</b>	<b>2 337 843 381</b>	<b>2 506 033 652</b>
<b>Transfers and benefits</b>		(995 849 075)	-	(995 849 075)	(799 184 723)
Transfer from other funds	6	97 919 726	-	97 919 726	289 582 370
Transfer to other funds	8	(8 461 921)	-	(8 461 921)	(4 040 524)
Benefits	9	(1 085 306 880)	-	(1 085 306 880)	(1 084 726 569)
<b>Net income after transfers and benefits</b>		<b>1 174 884 664</b>	<b>167 109 642</b>	<b>1 341 994 306</b>	<b>1 706 848 929</b>
<b>Funds and reserves</b>					
Balance at the beginning of the year	19	16 994 214 233	117 489 954	17 111 704 187	15 404 855 258
Actuarial adjustment		(2 840 973)	2 840 973	-	-
Revaluation surplus: Property		-	1 005 362	1 005 362	-
<b>Balance at the end of the year</b>		<b>18 166 257 924</b>	<b>288 445 931</b>	<b>18 454 703 855</b>	<b>17 111 704 187</b>

## NATIONAL FUND FOR MUNICIPAL WORKERS

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### 1. PRINCIPAL ACCOUNTING POLICIES

The following are the principal accounting policies used by the Fund. These policies have been applied consistently to all years presented, unless otherwise specifically stated.

##### 1.1. PURPOSE AND BASIS OF PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the rules of the Fund and the provisions of the Pension Funds Act.

The annual financial statements are prepared on the historical cost and going concern basis, except where specifically indicated otherwise in the accounting policies below:

##### 1.2. PROPERTY AND EQUIPMENT

All property and equipment are initially recorded at cost.

Owner-occupied buildings are subsequently stated at revalued amount less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the re-valued amounts, to their residual values over their estimated useful life as follows:

Buildings	50 years
Furniture & fittings	6 years
Computer equipment & software	3 years

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against income.

##### 1.3. FINANCIAL INSTRUMENTS

###### Measurement

Financial instruments are initially measured at fair value as of trade date, which excludes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

Financial instruments are recognised on acquisition using trade date accounting, which includes transaction costs. Upon initial recognition financial instruments are designated at fair value through the statement of changes in net assets and funds as the assets or liabilities are managed, evaluated and reported internally on a fair value basis and/or the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Subsequent to initial recognition, these instruments are measured as set out below.

###### 1.3.1. Investments

Investments are classified at fair value through the statement of changes in net assets and funds and are measured at fair value.

###### Housing loans and loans receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market other than those that the fund intends to sell in the short term or that is designated as at fair value through the statement of changes in net assets and funds. Loans and receivables are measured at amortised cost less any impairment losses.

###### Debentures

Debentures comprise investments in listed and unlisted debentures.

###### Listed debentures

The fair value of listed debentures traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the statements of net assets and funds date.

###### Unlisted debentures

Unlisted debentures are financial assets with fixed or determinable payments and fixed maturity. Fair value is estimated using pricing models or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of the unlisted debenture.

## NATIONAL FUND FOR MUNICIPAL WORKERS

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

#### 1.3.1. Investments (continued)

##### **Bills and bonds**

Bills and bonds comprise investments in government or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.

##### **Listed bills and bonds**

The fair value of listed bills and bonds traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the statements of net assets and funds date.

##### **Unlisted bills and bonds**

A market yield is determined by using appropriate yields of existing bonds and bills that best fit the profile of the instrument being measured and based on the term to maturity of the instrument. Adjusting for credit risk, where appropriate, a discounted cash flow model is then applied, using the determined yield, in order to calculate the fair value.

##### **Equities**

Equity instruments consist of equities with primary listing on the Johannesburg Stock Exchange, equities with secondary listing on the Johannesburg Stock Exchange, foreign listed equities and unlisted equities.

Equity instruments designated as fair value through the statement of changes in net assets and funds by the fund are initially recognised at fair value on trade date.

##### **Listed equities**

Equity instruments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of changes in net assets and funds. The fair value of equity instruments with standard terms and conditions and traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the reporting date.

##### **Unlisted equities**

If a quoted closing price is not available i.e. for unlisted instruments, the fair value is estimated using pricing models, or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of equity instruments.

##### **Preference shares**

##### **Listed preference shares**

The fair value of listed preference shares traded on active liquid markets is based on regulated exchanged quoted ruling closing prices at the close of business on the last trading day on or before the reporting date.

##### **Insurance policies**

##### **Linked or market-related policies**

If the policy is unitised, the value is equal to the market value of the underlying units. Other linked or market-related policies are valued at the market value of the underlying assets for each policy, in line with the insurer's valuation practices.

##### **Collective investment scheme**

Investments in collective investment schemes are valued at fair value which is the quoted unit values, as derived by the collective investment scheme manager with reference to the rules of each particular collective investment scheme, multiplied by the number of units.

#### 1.3.2. Housing loans

Housing loans are measured at fair value. Housing loans are derecognised when the right to receive cash flows from the member has expired or been transferred and the fund has also transferred substantially all risks and rewards of ownership.

#### 1.3.3. Accounts receivable

Accounts receivable are financial assets measured initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment.

#### 1.3.4. Cash and cash equivalents

Cash and equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at fair value.

## NATIONAL FUND FOR MUNICIPAL WORKERS

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

#### 1.3.5. Accounts payable

Accounts payable are financial liabilities measured initially at fair value, net of transaction costs that are directly attributable to the liability and subsequently measured at amortised cost using the effective interest rate method.

#### 1.3.6. Loans (other than housing loans) - loans and receivables

Loans comprise loans to companies and other loans. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those the fund intends to sell in the short term or that is designated as at fairvalue through the statement of change in net assets and funds. Loans are measured at amortised cost.

#### 1.4. RESERVES

Reserve accounts comprise particular amounts of designated income and expenses as set out in the rules of the fund and are recognised in the year in which such income and expenses accrue to the fund.

#### 1.5. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

##### Provisions

Provisions are recognised when the fund has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

##### Contingent liabilities

A contingent liability is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

##### Contingent assets

A contingent asset is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

#### 1.6. CONTRIBUTIONS

Gross contributions are brought to account on the accrual basis except for voluntary contributions, which are recorded in the year in which they are received.

##### Interest charged on late payment of contributions

Compound interest on late payments or unpaid amounts and values shall be calculated for the year from the first day of the month following the expiration for the month in respect of which the relevant amounts or values are payable or transferable until the date of receipt by the fund.

#### 1.7. FOREIGN CURRENCIES

Foreign currency transactions are recorded, on initial recognition in Rand, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction.



## NATIONAL FUND FOR MUNICIPAL WORKERS

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

#### 1.8. INVESTMENT INCOME

**Investment income comprises of dividends, interest and adjustment to fair value.**

##### **Dividends**

Dividend income is recognised in the statement of changes in net assets and funds when the right to receive payment is established – this is the last date to trade for equity securities. For financial assets designated at fair value through the statement of changes in net assets and funds, the dividend income forms part of the fair value adjustment.

##### **Interest**

Interest income in respect of financial assets held at amortised cost is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

##### **Collective investment schemes' distribution**

Distribution from collective investment schemes are recognised when the right to receive payment is established.

##### **Income from policies with insurance companies**

Insurance policy income is recognised when the right to receive payment is established.

##### **Gains and losses on subsequent measurement**

Gains or losses arising from changes in the fair value of financial assets at fair value through the statement of changes in net assets and funds are presented in the statement of changes in net assets and funds in the year in which they arise.

##### **Expenses incurred in managing investments**

Expenses in respect of the management of investments are recognised as the service is rendered.

#### 1.9. BENEFITS

Benefits payable are measured in terms of the rules of the Fund. Benefit payments are recognised as an expense when they are due and payable in terms of the rules of the Fund. Any benefits not paid at the end of the reporting period are recognised as a current liability and are classified as benefits payable.

##### **Reinsurance proceeds**

Reinsurance proceeds are measured at the fair value of the consideration received or receivable and are accrued and recognised as income at the same time as the recognition of the related claim.

#### 1.10. UNCLAIMED BENEFITS

Unclaimed benefits represents members where the Fund has received the notification of exit in line with the rule of the Fund, however, the benefits has not been paid within twenty four months of the accrual date. These benefits consist of accumulated fund credit including any additional return earned from the investment strategy of the Fund specifically pertaining to unclaimed members.

#### 1.11. TRANSFERS TO AND FROM THE FUND

Section 14 and 15B transfers to or from the Fund are recognised on approval being granted by the Financial Services Board. Individual transfers are recognised when the individual member's transfer is received or paid.

#### 1.12. ADMINISTRATION EXPENSES AND REINSURANCE PREMIUMS

Expenses and Reinsurance premiums incurred in the administration of retirement funds are recognised in the statement of changes in net assets and funds in the reporting year to which they relate.

In the event that an expense has not been paid at the end of a reporting year the liability will be reflected in the accounts payable note. If the expense was paid in advance or overpayment occurred, the applicable amount will be disclosed under the accounts receivable note.

## NATIONAL FUND FOR MUNICIPAL WORKERS

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

#### 1.13. RELATED PARTIES

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

If there have been transactions between related parties, the fund shall disclose the nature of the related party relationship as well as the following information for each related party relationship:

- the amount of the transactions;
- the amount of outstanding balances;
- their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;
- details of guarantees given or received;
- provisions for doubtful debts related to the amount of outstanding balances; and
- the expense recognised during the year in respect of bad or doubtful debts due from related parties.

#### 1.14. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The Fund applies adjustments arising from changes in accounting policies and errors prospectively. The adjustment relating to a change in the accounting policy or error is therefore recognised in the current and future years affected by the change.

#### 1.15. ASSET IMPAIRMENT

The carrying amounts of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of a financial asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Changes in Net Assets and Funds.

The Fund first assesses whether objective evidence of impairment exists for financial assets that are individually significant, such as service provider debtors. In the case of assets which are not individually significant, such as contribution debtors, financial assets are grouped on the basis of similar credit characteristics, such as asset type and past-due status. These characteristics are used in the estimation of future cash flows recoverable.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed in the Statement of Changes in Net Assets and Funds.

#### 1.16. MEMBER INDIVIDUAL ACCOUNTS

Member individual accounts comprise of the funds attributable to individual members, represented by investments and cash.

#### 1.17. AMOUNTS TO BE ALLOCATED

Amounts to be allocated represents contributions or return received in the fund but not yet allocated to members or reserves.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 30 JUNE 2020

2. PROPERTY AND EQUIPMENT

2.1. Current year

	Buildings R	Computer equipment and software R	Furniture and fittings R	Total R
<b>Gross carrying amount</b>				
Cost at beginning of year	16 308 547	3 242 984	1 400 888	20 952 419
Additions	-	549 269	-	549 269
Disposals	-	(21 178)	-	(21 178)
Revaluation	2 934 430	-	-	2 934 430
<b>At end of year</b>	<b>19 242 977</b>	<b>3 771 075</b>	<b>1 400 888</b>	<b>24 414 940</b>
<b>Accumulated depreciation and impairment</b>				
At beginning of year	(1 308 547)	(2 977 445)	(857 251)	(5 143 243)
Depreciation charges	(334 430)	(205 751)	(233 482)	(773 663)
Accumulated depreciation on disposals	-	19 413	-	19 413
<b>Net carrying amount at end of year</b>	<b>17 600 000</b>	<b>607 292</b>	<b>310 155</b>	<b>18 517 447</b>

The buildings consist of an office block situation on Sections 1 to 6, SS BusinessPark@Zambezi (D509/2018) situated on Erf 2092, Montana Extension 143. The buildings were revalued by an independent valuator. The valuation was performed as at 22 July 2020. The fair value was determined directly by reference to observable prices in an active market, estimated R 17 600 000.

2.2. Prior year

	Buildings R	Computer equipment and software R	Furniture and fittings R	Total R
<b>Gross carrying amount</b>				
At beginning of period	18 237 615	3 217 605	1 376 340	22 831 560
Additions	-	118 624	24 548	143 172
Disposals	-	(93 245)	-	(93 245)
Revaluation	(1 929 068)	-	-	(1 929 068)
<b>At end of year</b>	<b>16 308 547</b>	<b>3 242 984</b>	<b>1 400 888</b>	<b>20 952 419</b>
<b>Accumulated depreciation and impairment</b>				
At beginning of period	(943 795)	(2 121 361)	(627 036)	(3 692 192)
Depreciation charges	(364 752)	(856 084)	(230 215)	(1 451 051)
<b>At end of year</b>	<b>(1 308 547)</b>	<b>(2 977 445)</b>	<b>(857 251)</b>	<b>(5 143 243)</b>
<b>Net carrying amount at end of period</b>	<b>15 000 000</b>	<b>265 539</b>	<b>543 637</b>	<b>15 809 176</b>

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2020

3. INVESTMENTS

3.1. Investment summary

	Note	Local R	Foreign R	Total current year R	Total previous year R	Fair value current year R	Categorised per Regulatory Framework
Cash and deposits		1 312 249 932	316 695 493	1 628 945 425	1 491 116 759	1 628 945 425	At fair value through statement of changes in net assets and funds
Commodities		8 603 002	-	8 603 002	35 165 113	8 603 002	At fair value through statement of changes in net assets and funds
Debt instruments including Islamic debt instruments *		1 879 736 772	5 511 264	1 885 248 036	1 459 784 475	1 885 248 036	At fair value through statement of changes in net assets and funds
Equities (including demutualisation shares)		6 753 632 126	(39 403 694)	6 714 228 432	7 172 979 761	6 714 228 432	At fair value through statement of changes in net assets and funds
Insurance policies		2 807 117 823	407 228 390	3 214 346 213	2 694 639 388	3 214 346 213	At fair value through statement of changes in net assets and funds
Collective investment schemes		661 096 174	4 204 547 014	4 865 643 188	4 321 906 709	4 865 643 188	At fair value through statement of changes in net assets and funds
Derivative market investments		-	-	-	696 546	-	At fair value through statement of changes in net assets and funds
<b>Total</b>		<b>13 422 435 829</b>	<b>4 894 578 467</b>	<b>18 317 014 296</b>	<b>17 176 288 751</b>	<b>18 317 014 296</b>	

\*Included in debt instruments is RFS Home Loans (Pty) Ltd Loan that is held at amortised cost and all other debt instruments are held at fair value through the Statement of Changes in Net Assets and Funds.

National Fund for Municipal Workers sold their home loan book value as at 1 June 2007 to RFS Home Loans (Pty) Ltd.

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2020**

**4. HOUSING LOAN FACILITIES**

**4.1. Housing loans**

	<b>A At beginning year R</b>	<b>C Repaid R</b>	<b>D Interest capitalised R</b>	<b>A+B-C+D+/-E At end of year R</b>
Loans granted in terms of the rules of the fund and section 19(5) of the Pension Funds Act in South Africa	1 644 529	(448 722)	134 571	1 330 378
<b>Total</b>	<b>1 644 529</b>	<b>(448 722)</b>	<b>134 571</b>	<b>1 330 378</b>

Housing loans are granted to members in terms of paragraph 9.12 of the rules of the Fund and Section 19(5) of the Pension Funds Act. Loans are limited to 60 percent of the cash benefit (less tax) of the member, due by the Fund on voluntary termination of membership. Interest rate charged on outstanding loans: repo plus 2%.

**4.2. Housing loan guarantees**

The fund has granted the following guarantees:

1. 4 679 (2019:5 245) guarantees to RFS Home Loans (Pty) Ltd for loans granted to members, amounting to R552 399 125, (2019 : R567 187 266);
2. 158 (2019: 32) guarantees to Standard Bank Ltd for loans granted to members, amounting to R32 016 230, (2019 : R6 917 079)

The amount of the guarantee may not exceed 60% of the cash benefit that a member would receive in terms of the rules of the fund and Section 19(5) of the Pension Funds Act if he or she had to terminate membership to the fund voluntarily.

The guarantees are granted for the period agreed upon for the outstanding loan. The guarantee period may not exceed 30 years.

**5. ACCOUNTS RECEIVABLE**

	<b>30 June 2020 R</b>	<b>30 June 2019 R</b>
Reinsured proceeds receivable	50 762 405	19 988 932
Risk profit receivable	124 003 716	-
Interest on contributions receivable	10 360 489	6 570 376
Sundry Debtors	1 781 338	1 476 971
<b>Total</b>	<b>186 907 948</b>	<b>28 036 279</b>

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2020

6. TRANSFERS FROM OTHER FUNDS

	Effective date	No. of members	Applied for not yet approved (contingent) R	A At beginning of year R	B Transfers approved R	C Return on Transfers R	D Assets transferred R	A+B+C-D At end of year R
<b>In terms of Section 14</b>								
Magalies Water Retirement Fund (City of Tshwane Metropolitan Municipality)	31/08/2019	24	-	-	73 945	129	(74 074)	-
<b>Transfers</b>								
Government Employees Pension Fund (Vhembe District Municipality)	31/03/2020	92	-	-	71 586 516	7 551 683	(79 138 199)	-
Government Employees Pension Fund (OR Tambo Municipality)	30/04/2020	2	-	-	4 566 807	322 242	(4 889 049)	-
Government Employees Pension Fund (Mopani District Municipality)	30/06/2020	5	-	-	3 653 877	(429 604)	(3 224 273)	-
Government Employees Pension Fund (Mopani District Municipality)	31/10/2019	1	-	-	876 981	4 334	(881 315)	-
<b>Living annuitants transfers</b>	Various	2	-	-	8 338 566	-	(8 338 566)	-
<b>Individual transfers</b>								
Ensimini (City of Tshwane Metropolitan Municipality)	29/04/2020	1	-	-	3 231	-	(3 231)	-
KZN JM Provident Fund (Lekwa Local Municipality)	31/01/2020	1	-	-	869 831	-	(869 831)	-
EJoburg Pension Fund (Ekurhuleni Metropolitan Municipality)	27/01/2020	1	-	-	501 188	-	(501 188)	-
<b>Total</b>		<b>129</b>	<b>-</b>	<b>-</b>	<b>90 470 942</b>	<b>7 448 784</b>	<b>(97 919 726)</b>	<b>-</b>
Transfers approved (B)								90 470 942
Return on transfers (C)								7 448 784
<b>Statement of changes in net assets and funds</b>								<b>97 919 726</b>

The details of above transfers from other funds are available for inspection at the registered address of the Fund.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 30 JUNE 2020

7. REVALUATION RESERVE - PROPERTY

	30 June 2020	30 June 2019
	R	R
Revaluation	2 934 430	-
Impairments	(1 929 068)	-
Transfer to statement of changes in net assets and funds	(1 005 362)	-
<b>At end of year</b>	<b>-</b>	<b>-</b>

8. TRANSFERS TO OTHER FUNDS

	Effective date	No. of members	A At beginning of year R	B Transfers approved R	C Return on Transfers R	D Assets transferred R	A+B+C-D At end of year R
<b>In terms of Section 14</b>							
Momentum Metropolitan Life Ltd	14/08/2019	1	-	1 978 515	-	(1 978 515)	-
Momentum Metropolitan Life Ltd	30/07/2019	1	-	3 543 928	-	(3 543 928)	-
PSG Wealth Management Ltd	30/06/2020	1	-	2 939 478	-	-	2 939 478
<b>Total</b>		<b>3</b>	<b>-</b>	<b>8 461 921</b>	<b>-</b>	<b>(5 522 443)</b>	<b>2 939 478</b>
Transfers approved (B)							8 461 921
Return on transfers (C)							-
<b>Statement of changes in net assets and funds</b>							<b>8 461 921</b>

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 30 JUNE 2020

9. BENEFITS

9.1. Benefits - current members

	A At beginning of year R	B Benefits for current period R	C Return allocated R	D Payments R	E Transferred to unclaimed benefits R	A+B+C-D-E At end of year R
Monthly Annuities	-	18 052 990	-	(18 052 990)	-	-
Lump sums on retirements						
- Full benefit	97 103 608	584 625 220	4 728 985	(581 480 878)	(61 403)	104 915 532
Lump sums before retirement						
- Disability benefits	22 993 567	30 995 545	802 071	(49 622 862)	-	5 168 321
- Death benefits	161 474 879	241 751 477	7 932 679	(221 952 390)	-	189 206 645
- Withdrawal benefits	41 122 751	148 105 495	1 978 422	(161 691 692)	(8 134 047)	21 380 929
Other						
Divorce payments	-	46 333 996	-	(46 333 996)	-	-
<b>Total</b>	<b>322 694 805</b>	<b>1 069 864 723</b>	<b>15 442 157</b>	<b>(1 079 134 808)</b>	<b>(8 195 450)</b>	<b>320 671 427</b>
Benefits for current year (B)						1 069 864 723
Return allocated (C)						15 442 157
<b>Statement of changes in net assets and funds</b>						<b>1 085 306 880</b>

10. UNCLAIMED BENEFITS

	30 June 2020 R	30 June 2019 R
Balance at the beginning of the year	18 062 134	25 579 044
Transferred from benefits payable	8 195 450	188 061
Adjustments *	(3 077 834)	(836 634)
Investment income allocated	856 342	2 355 669
Less:		
• Administration expenses	(27 672)	-
• Benefits paid	(2 690 766)	(9 224 006)
<b>Balance at the end of the year</b>	<b>21 317 654</b>	<b>18 062 134</b>

\*The adjustment relates to amendments of members' fund credit liabilities.



NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 30 JUNE 2020

11. ACCOUNTS PAYABLE

	30 June 2020	30 June 2019
	R	R
Risk premiums and benefits PAYE	25 034 614	24 342 841
Audit fees accrual	3 716 712	6 907 157
Sundry Creditors	920 000	851 000
Administration fees	5 017 582	2 991 566
	3 631 602	2 368 941
<b>Total</b>	<b>38 320 510</b>	<b>37 461 505</b>

12. CONTRIBUTIONS

	At beginning of year	Towards retirement	Towards re-insurance and expenses	Contributions received	At end of year
	R	R	R	R	R
Member contributions received and accrued	24 749 042	686 526 531	-	(667 397 280)	43 878 293
Employer contributions received and accrued	47 651 776	1 161 906 469	374 731 170	(1 485 180 474)	99 108 941
Additional voluntary contributions members	-	11 904 668	-	(11 904 668)	-
<b>Total</b>	<b>72 400 818</b>	<b>1 860 337 668</b>	<b>374 731 170</b>	<b>(2 164 482 422)</b>	<b>142 987 234</b>

Towards retirement	1 860 337 668
Towards reinsurance and expenses	374 731 170

**Statement of changes in net assets and funds** **2 235 068 838**

13. NET INVESTMENT INCOME

	30 June 2020	30 June 2019
	R	R
Income from investments	241 370 520	209 962 371
• Interest	217 968 190	209 797 693
• Interest received on home loans	134 571	161 397
• Collective investment schemes distribution	23 018 605	-
• Income from insurance policies	249 154	3 281
Interest on late payment of contributions	5 100 148	3 851 023
Rental income	8 000	2 000
Adjustment to fair value	3 652 643	574 535 499
	250 131 311	788 350 893
Less: Expenses incurred in managing investments	(94 762 527)	(104 098 977)
<b>Total</b>	<b>155 368 784</b>	<b>684 251 916</b>

\* In terms of the accounting policies dividends are included in Adjustment to fair value.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2020

14. OTHER INCOME

	30 June 2020	30 June 2019
	R	R
Sanlam risk income received	124 003 716	-
Profit on assets	13 791	64 444
Script lending fees received	2 116 175	1 572 263
Repo fees received	327 213	1 853 969
<b>Total</b>	<b>126 460 895</b>	<b>3 490 676</b>

15. ADMINISTRATION EXPENSES

	30 June 2020	30 June 2019
	R	R
Administration fees	21 486 794	18 890 362
Audit fees	992 181	910 454
Audit fees - Audit services	920 000	851 000
Audit fees - (Over)/under provision previous year	72 181	59 454
Legal fees and compliance fees	4 797 867	4 884 346
Depreciation	773 662	1 533 571
(Profit)/Loss on property revaluation	(1 929 068)	1 929 068
Fidelity insurance	526 729	464 712
Other expenses	6 907 467	9 021 300
Bank charges	194 884	441 223
Occupational rent	425 001	462 835
Financial Sector Conduct Authority Levy	1 058 972	931 517
Marketing expenses	3 026 030	3 916 051
Conference and meetings	834 100	938 640
Consultancy fees	1 062 067	1 914 875
Travel and accommodation (non - Board of Fund )	306 413	382 458
Printing & courier expense	-	27 677
Security	-	6 024
Office expenses	4 189 508	5 220 602
Board of Fund expenses	4 349 431	4 551 278
Staff expenses	33 849 352	29 869 360
Principal Officer expenses	68 418	157 044
Less: Amount allocated to unclaimed benefits	(27 672)	-
<b>Total</b>	<b>75 984 669</b>	<b>77 432 097</b>

15.1. Board of Fund expenses

	30 June 2020	30 June 2019
	R	R
Retainer fees	3 176 000	2 970 000
Board of Fund - expenses	1 173 431	1 581 278
<b>Total</b>	<b>4 349 431</b>	<b>4 551 278</b>

15.2. Staff expenses

	30 June 2020	30 June 2019
	R	R
Staff expenses- Remuneration	33 831 504	29 820 066
Staff expenses- Other payments	17 848	49 294
<b>Total</b>	<b>33 849 352</b>	<b>29 869 360</b>

15.3. Principal Officer expenses

	30 June 2020	30 June 2019
	R	R
Principal officer expenses - Other payments	68 418	157 044
<b>Total</b>	<b>68 418</b>	<b>157 044</b>

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2020

16. RISK MANAGEMENT POLICIES

**Risk management framework**

The Board of Fund has overall responsibility for the establishment and oversight of the fund's risk management policies. The Board of Fund has established the Executive Committee, which is responsible for developing and monitoring the fund's risk management policies. The committee reports regularly to the Board of Fund on its activities.

The fund's risk management policies are established to identify and analyse the risks faced by the fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the fund's activities.

- **Solvency risk**

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the Funds contractual obligations to members.

Continuous monitoring by the Board and the Fund's actuary takes place to ensure that appropriate assets are held where the Fund's obligation to members are dependent upon the performance of specific portfolio assets and that a suitable match of assets exists for all other liabilities.

- **Credit risk**

Credit risk is the risk that a counter-party to a financial instrument will fail to discharge an obligation, and cause the Fund to incur a financial loss.

The Board monitors receivable balances on an ongoing basis with the result that the Fund's exposure to bad debts is not significant. An appropriate level of provision is maintained.

- **Legal risk**

Legal risk is the risk that the Fund will be exposed to contractual obligations which have not been provided for.

Legal representatives of the Fund monitor the drafting of contracts to ensure that rights and obligations of all parties are clearly set out.

- **Cash flow risk**

Cash flow risk is the risk that future cash flows associated with monetary financial instruments will fluctuate in amount. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

The Board of Fund monitors cash flows by using monthly cash flow projections.

- **Currency risk**

Currency risk is the risk that the value of an instrument will fluctuate in Rands owing to changes in foreign exchange rates. The Fund's exposure to currency risk is mainly in respect of foreign investments made on behalf of members of the Fund for the purpose of seeking desirable international diversification of investments.

The Board of Fund monitors this aspect of the Fund's investments and limits it to 30% (plus as additional 10% Africa) of total assets.

- **Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments.

- **Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices of market interest rates.

## NATIONAL FUND FOR MUNICIPAL WORKERS

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

#### 16. RISK MANAGEMENT POLICIES (continued)

- **Investments**

Investments in equities are valued at fair value and therefore susceptible to market fluctuations. Investments are managed with the aim of maximising the Fund's returns while limiting risk to acceptable levels within the framework of statutory requirements.

Continuous monitoring takes place to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non-market related liabilities.

#### 17. RELATED PARTY TRANSACTIONS

Key management personnel

Trustees

CCK Antonio  
MC Makgalemele  
ME Jantjie  
HS Rossouw  
EA Schutte  
PS Mofokeng  
L Geldenhuys  
CJ Labuschagne  
NC Cindi  
R Solomons  
J Nkuna  
PR Nolutshungu

Acting Principal Executive Officer

L Ndawana

Transactions with related parties

Board of Fund allowances paid

Refer to note 15.1 for full disclosure concerning the Board of Fund allowances paid.

Principal Officer's expenses

Refer to note 15.2 for full disclosure concerning the Principal Officer's expenses paid.

Contributions received

The contributions received by the Fund from the Board of Fund were as follows: R1 487 874,34 (2019: R1 583 092,93). The amount includes both member and employer contributions.

This constitutes contributions by related party as a member of the Fund in their individual capacities. All contributions by the related parties were on the same terms as applicable to all members of the Fund.

#### 18. MEMBERS' INDIVIDUAL ACCOUNTS

	30 June 2020	30 June 2019
	R	R
Active and paid up/deferred members	17 705 843 684	16 662 728 615
Living annuities	347 659 411	245 844 665
<b>Total</b>	<b>18 053 503 095</b>	<b>16 908 573 280</b>

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2020

19. SURPLUS AND RESERVE ACCOUNTS

	Reserve Accounts Total R	Contingency reserve R	Expense reserve R	Revaluation reserve R
At beginning of year	117 489 954	36 238 434	81 251 520	-
Actuarial adjustment	2 840 973	-	2 840 973	-
Contributions received and accrued	66 290 691	-	66 290 691	-
Net investment income	50 342 725	2 325 651	48 017 074	-
Allocated to unclaimed benefits	-	-	-	-
Other income:	126 460 895	124 003 716	2 457 179	1 005 362
- Sanlam risk income received	124 003 716	124 003 716	-	-
- Profit on assets	13 791	-	13 791	-
- Script lending fees received	2 116 175	-	2 116 175	-
- Repo fees received	327 213	-	327 213	-
- Property revaluations	1 005 362	-	-	1 005 362
Administration costs	(75 984 669)	-	(75 984 669)	-
Benefits	-	-	-	-
<b>At end of year</b>	<b><u>288 445 931</u></b>	<b><u>162 567 801</u></b>	<b><u>124 872 768</u></b>	<b><u>1 005 362</u></b>

20. AMOUNTS TO BE ALLOCATED

	30 June 2020 R	30 June 2019 R
Living Annuity members allocated	-	11 104 053
Investment return to be allocated	91 030 650	54 355 182
Excess assets	21 724 179	20 181 718
<b>Total amounts to be allocated</b>	<b><u>112 754 829</u></b>	<b><u>85 640 953</u></b>

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**REPORT OF THE VALUATOR  
FOR THE YEAR ENDED 30 JUNE 2020**

**SCHEDULE HB**

**NATIONAL FUND FOR MUNICIPAL WORKERS  
REPORT OF THE VALUATOR FOR THE YEAR ENDED 30 JUNE 2020**

**Particulars of financial condition of the fund as at 30 June 2019 (the last statutory valuation)**

**1. Net assets available for benefits.**

R 17 107 067 000

**2. The actuarial value of the net assets available for benefits, for the purposes of comparison with the actuarial present value of promised retirement benefits.**

R 17 107 067 000

**3. The actuarial present value of promised retirement benefits, split into vested and non-vested benefits.**

Members' fund credits	R 16 302 270 000
Outstanding direct housing loans	R 1 645 000
Living annuitants	R 251 377 000
Deferred members	R 363 515 000
<b>Total liabilities as at 30 June 2019</b>	<b>R 16 918 807 000</b>

**4. Reserve account balances.**

Contingency reserve account	R 36 238 000
Expense reserve account	R 84 092 000
<b>Total reserve accounts as at 30 June 2019</b>	<b>R 120 330 000</b>

**5. Details of the valuation method adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.**

Assets:

Assets were valued at the full market value. Adjustments were made for accruals at the valuation date (e.g. contributions in respect of the valuation period received after the valuation date, outstanding benefit payments, outstanding expenses, etc.)

Liabilities:

The fund operates on a defined contribution basis. The accrued liabilities are therefore equal to the sum of the individual members' fund credits and the balance in the contingency reserve account.

Funding level:

The funding level is the rate of the value of the assets to the value of the liabilities.

6. **Details of the actuarial basis adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.**

Refer to par. 5 above.

7. **Any other particulars deemed necessary by the valuator for the purposes of this summary.**

The statutory valuation as at 30 June 2019 disclosed an excess of R 67 930 000 (corresponding to a funding level of 100.40%), which is within acceptable margins.

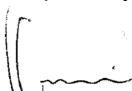
The board accepted the actuary's recommendation that this balance be maintained given the uncertainty with respect to the impact of COVID-19 on the financial position of the fund, the impact of any data errors and omissions as well as the impact of timing differences, mismatching and other processing errors.

The statutory valuation report as at 30 June 2019 indicated an accumulated balance in the contingency reserve account of R 36 238 000 or 0.21% of member liabilities. The name of this account was changed to the "risk reserve account" with effect from 1 July 2020, per rule amendment no.4 registered on 11 August 2020. The fund is in the process of amending its rules to give the ability to self-insure all or part of the risk benefits, which is not inappropriate given the membership structure of the fund. Consideration must, however, be given to both the financial and operational implications for the fund, its administrator as well as the various participating employers.

8. **A statement as to whether the fund was in a sound financial condition for the purposes of the Pension funds Act, 1956.**

The assets of the fund are sufficient to cover 100.40% of the members' liabilities as at 30 June 2019 and the fund was hence financially sound. It can be expected that the funding level of a fund of this nature will fluctuate around 100%, for example due to timing differences in the investment and receipt of monies, slight mismatching of assets and liabilities and processing errors.

Prepared by me:



**GERDA GROBLER**  
**VALUATOR**

Fellow of the Actuarial Society of South Africa  
Fellow of the Faculty of Actuaries

In my capacity as the valuator of the Fund and as an employee of Alexander Forbes Financial Services

15 October 2020

## SCHEDULE I

### REPORT OF THE INDEPENDENT AUDITOR OF THE NATIONAL FUND FOR MUNICIPAL WORKERS OF FACTUAL FINDINGS TO THE BOARD OF FUND AND THE FINANCIAL SECTOR CONDUCT AUTHORITY

We have performed the procedures agreed with the Financial Sector Conduct Authority ("Authority") and set out below with respect to the audited financial statements ("annual financial statements") and other information in the general ledger and management information comprising the accounting records of the National Fund for Municipal Workers (the "Fund") for the year ended 30 June 2020. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 Engagements to perform agreed-upon procedures regarding financial information. Our procedures were performed solely to assist the Authority in evaluating whether any instances of non-compliance with the requirements of the relevant sections of the Pension Funds Act of South Africa (the Act), regulations and rules of the Fund were identified. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed, is that of the Authority.

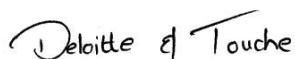
#### Procedures and findings

Our procedures performed are set out in the numbered paragraphs (not bold) in the attached table, which forms part of our report, together with our findings thereon. Unless otherwise indicated, all balances, lists, schedules etc. referred to in the table relate to the accounts/balances reflected in the annual financial statements of the Fund for the year ended 30 June 2020.

Because the procedures do not constitute an audit, a review or other assurance engagement performed in accordance with the IAASB's International Standards we do not express any assurance. Had we performed additional procedures, or had we performed an audit, a review, or other assurance engagement, other matters might have come to our attention that would have been reported.

#### Restriction on use and distribution

Our report is solely for the purpose set out in the first paragraph of this report and for the information of the Authority and accordingly may not be suitable for any other purpose and distributed to other parties. This report relates only to the information specified and does not extend to the annual financial statements of the Fund taken as a whole.



**Deloitte & Touche**  
Registered Auditors  
Per: Ronel van Graan  
Partner  
10 December 2020



**MAKING AN  
IMPACT THAT  
MATTERS**  
*since 1845*

National Executive: \*LL Bam Chief Executive Officer \*TMM Jordan Deputy Chief Executive Officer; Clients & Industries \*MJ Jarvis Chief Operating Officer \*AF Mackie Audit & Assurance \*N Sing Risk Advisory DP Ndlovu Tax & Legal \*MR Verster Consulting \*JK Mazzocco People & Purpose MG Dicks Risk Independence & Legal \*KL Hodson Financial Advisory \*B Nyembe Responsible Business & Public Policy \*TJ Brown Chairman of the Board

A full list of partners and directors is available on request

\* Partner and Registered Auditor

**B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice**

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited



	Procedures	Findings
	<b>Statement of Net Assets and Funds</b>	
<b>1</b>	<b>Investments</b>	
1.1	Inspect the list of investment balances reflected in the general ledger of the Fund as at 30 June 2020 for any investments in accordance with the terms of section 19(4) of the Act.	
1.1.1	Agree details of the written confirmations obtained from the investment managers/insurers to the investment balances reflected in the general ledger.	Details of the written confirmations obtained from the investment managers/issuers were agreed to the investment balances reflected in the general ledger, except for the difference of R109 628.70 noted on the Novare Investments (Pty) Ltd portfolio.
1.1.2	Where investments held in the participating employer exceed 5% of the total assets as reflected in the financial statements, inspect the appropriate approval of the Authority.	Not applicable as the Fund did not have investments in the participating employer.
1.2	Obtain the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate between the Fund and the investment administrator(s), and perform the following procedures on a sample of 10 mandates (comprising the 3 largest by value of investments at year end and 7 other randomly selected mandates):	
1.2.1	Inspect whether the underlying investments are in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate.	The underlying investments were in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate.
1.2.2	Inspect whether the investment mandate and the investment policy statement provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed.	The investment mandate and the investment policy statement did provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed.
1.2.3	Inspect whether the collateral and counterparty requirements as prescribed are complied with.	The collateral and counterparty requirements as prescribed in Notice no 2 of 2012 issued by the Authority were complied with.

	Procedures	Findings
1.2.4	<p>For segregated portfolios, confirm directly with the investment administrator(s):</p> <p>(a) whether scrip lending took place during the year and, if so,</p> <p>(b) whether there was collateral provided by the counterparty/(ies) for any scrip lending activities and, if so,</p> <p>(c) the percentage exposure covered by the collateral.</p> <p>Report on the amount for a).</p>	<p>The direct confirmations received from the investment administrator(s) indicated that:</p> <p>(a) scrip lending took place during the year. Scrip lending amounted to R1 083 934 402 as at 30 June 2020, and</p> <p>(b) collateral was provided by the counterparty/(ies) for any scrip lending activities; and</p> <p>(c) collateral provided covered 117% of the exposure.</p>
<b>2</b>	<b>Member individual accounts (defined contributions funds as well as defined contribution section of hybrid funds)</b>	
2.1	Obtain a list of member individual accounts per participating employer that agrees in total to the Statement of Net Assets and Funds as at 30 June 2020.	
2.2	Select a random sample of the lesser of 50 or 10% of the number of members (from participating employers selected in 8.1 below) from the list of members and perform the following procedures:	
2.2.1	Compare the member and employer contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the year under review).	The member and employer contributions received and allocated for the members selected as reflected on the administrator's system agreed to information supplied by the participating employers for the three months selected.
2.2.2	Compare the member and employer contribution rates for the members selected as reflected on the administrator's system, to the rules of the Fund, for a randomly selected period of three months (including the last month of the period under review).	The member and employer contribution rates for the members selected as reflected on the administrator's system agreed to the rules of the Fund for the three months selected.

	Procedures	Findings
2.2.3	In respect of unitised investment products, for the three months selected in 2.2.1 and 2.2.2, calculate the conversion of the contributions at the unit price per the administration system on the dates that the contributions were invested and compare the units recalculated to the administration system units for the selected members. Inspect that the units were added to the existing units for that member.	Not applicable as the Fund is non-unitised.
2.2.4	In respect of unitised investment products, calculate the conversion of units at the end of the year, at the year-end unit price per the administration system and agree the calculated amount to the member's fund credit amount recorded in each member's record.	Not applicable as the Fund is non-unitised.
2.2.5	In respect of unitised investment products, compare the unit price(s) as per investment manager/actuary/other authorised party at the year-end to the unit prices on the administration system used to calculate each member's credits at year-end.	Not applicable as the Fund is non-unitised.
2.2.6	In respect of non-unitised investment products, compare the interim and/or final return allocated to each individual member's account in the administrator's records for the year under review to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator.	The interim and/or final return allocated to each individual member's account in the administrator's records agreed to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator.
2.3	Obtain a list of members who switched investment portfolios during the year from the Fund/administrator, select a random sample of the lesser of 50 or 10% of members who switched between investment portfolios during the year, and perform the following procedures:	

	Procedures	Findings
2.3.1	Inspect evidence that the portfolios were switched in accordance with notification of the member's instruction/ investment strategy (including life stage models) of the Fund and within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund.	The portfolios were switched in accordance with notification of the member's instruction/investment strategy (including life stage models) of the Fund and were switched within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund, except for the following: - The switch for 1 member (Member number: 52047200) from NFMW Benefits Portfolio to Aggressive Growth Portfolio was done in the process reactivating the members record and placing migration values on this record.
2.3.2	Inquire as to whether any fees relating to switches were deducted, and if so, inspect evidence of the approval by the Board of Fund and/or in terms of a service level agreement or client mandate.	Not applicable, as no fees were deducted for the sample of switches tested.
2.4	For investment products obtain the Asset Liability Match (ALM) reconciliation per investment portfolio, excluding the reserve accounts, for member individual accounts from the administrator, and perform the following procedures:	
2.4.1	Compare the investments per product on the ALM reconciliation to the investment certificates in total.	The investments per product agreed to the investment certificates in total.
2.4.2	Compare the member individual accounts on the ALM reconciliation per investment portfolio to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds.	The member individual accounts on the ALM reconciliation per investment portfolio agreed to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds.
2.4.3	Inspect whether the total mismatch (in Rand) for all portfolios was within the range as prescribed by the Authority.	The total mismatch of 0.16% for all portfolios was within the range per Interpretation Note 2 of 2010 issued by the Authority.

	Procedures	Findings
<b>3</b>	<b>Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)</b>	
3.1	Select a sample of the lesser of 50 or 10% of the number of members from the list of members provided by the administrator and perform the following procedures for each member selected:	
3.1.1	Compare the member contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the year under review).	Not applicable as the Fund is a defined contribution Fund.
<b>4</b>	<b>Surplus apportionment scheme</b>	
4.1	If a surplus apportionment scheme was approved by the Authority in the current year or if allocation and/or payments to members were made during the year, perform the following procedures:	
4.1.1	<u>Active members:</u> Select a random sample of the lesser of 50 or 10% of number of active members to whom surplus has been apportioned in the approved surplus apportionment scheme and perform the following procedures:	
4.1.1.1	1 Agree the original surplus amount allocated to the selected member to the individual allocation on the member records per the administration system.	Not applicable as there was no surplus apportionment scheme that was approved by the Authority in the current year. No allocation and/or payments were made to active members during the year.
4.1.1.2	2 Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	Not applicable as there was no surplus apportionment scheme that was approved by the Authority in the current year. No allocation and/or payments were made to active members during the year.
4.1.2	<u>Former members and pensioners:</u> Select a random sample of the lesser of 50 or 10% of number of former members and pensioners as defined by the surplus apportionment scheme from the surplus schedules attached to the approved surplus apportionment scheme and perform the following procedures:	

	Procedures	Findings
4.1.2.1	Agree the original surplus amount allocated to the selected member and/or pensioner to the individual allocation on the member records per the administration system.	Not applicable as there was no surplus apportionment scheme that was approved by the Authority in the current year. No allocation and/or payments were made to former members during the year.
4.1.2.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Pension Funds Act and allocated to the member records in the administration system.	Not applicable as there was no surplus apportionment scheme that was approved by the Authority in the current year. No allocation and/or payments were made to former members during the year.
4.1.2.3	Agree the total of the amount calculated in 4.1.2.1 and 4.1.2.2 to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation.	Not applicable as there was no surplus apportionment scheme that was approved by the Authority in the current year. No allocation and/or payments were made to former members during the year.
<b>5</b>	<b>Member and employer surplus accounts</b>	
5.1	Obtain the analysis of the transactions in the member and/or employer surplus account per the annual financial statements, and perform the following procedure:	
5.1.1	Inspect that the transactions are permitted in terms of the registered rules of the Fund and/or the Act.	Not applicable as the Fund did not have the surplus accounts during the year.
<b>6</b>	<b>Reserves</b>	
6.1	Obtain the list of reserves and other related accounts (e.g. pensioner accounts) and the movements per the financial statements and/or in the actuarial valuation, and perform the following procedures:	
6.1.1	Inspect whether the reserve and other related accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation are in accordance with the registered rules of the Fund.	The reserve and other accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation were in accordance with the registered rules of the Fund.
6.1.2	Inspect that the movements in reserves as disclosed in the annual financial statements are permitted in terms of the registered rules of the Fund and/or the Act.	The movements in reserves as disclosed in the annual financial statements were permitted in terms of the registered rules of the Fund and/or the Act.
<b>7</b>	<b>Other assets, liabilities and guarantees</b>	

	Procedures	Findings
7.1	Obtain the list of housing loans granted to members by the Fund in terms of section 19(5) of the Act as at 30 June 2020, and perform the following procedure:	
7.1.1	Agree the total loans on the above list to the corresponding account in the annual financial statements.	The total loans on the list did not agree to the corresponding account in the annual financial statements. A difference of R15 008.35 was noted.
7.2	From the list in 7.1, randomly select a sample of the lesser of 50 or 10% of the number of members' housing loans granted and perform the following procedures:	
7.2.1	Inspect evidence that the value of the loan provided does not exceed the amount permitted by the rules and the home loan agreement.	The value of the loan provided did not exceed the amount permitted by the rules and the home loan agreement.
7.2.2	Inspect evidence that the loan has been granted in terms of Section 19(5) (a).	In terms of the housing loan agreement, the member is required to complete and sign the housing loan agreement.  It is not feasible to confirm if the loan was utilised for housing purposes in accordance with section 19(5)(a).
7.2.3	Inspect evidence that repayments are being made in accordance with the loan agreement.	Repayments were made against the loan and were made in accordance with the loan agreement.
7.2.4	Inspect the interest charged on the outstanding loan and compare the rate used to the prescribed rate.	The interest charged was in line with the prescribed rate.
7.2.5	If the Fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, inquire whether the Fund was registered as a credit provider under the National Credit Act, 2005 (the NCA).	The Fund was registered as a credit provider under the NCA. A certificate, supporting the registration was inspected.
7.3	Obtain the list of housing loan guarantees and select a sample of the lesser of 50 or 10% of the number of housing loan guarantees and perform the following procedures:	
7.3.1	For the sample selected, determine that each selected guarantee did not exceed the gross value of the benefit that the member would become entitled to had they withdrawn, as at the year end, in terms of the Act, the loan agreement and/or the rules of the Fund.	Each selected guarantee did not exceed the gross value of the benefit that the member would become entitled to had they withdrawn, as at the end of the period, in terms of the Act, the loan agreement and/or the rules of the Fund.
7.3.2	Inspect evidence that the guarantee has been granted in terms of Section 19(5) (a).	In terms of the housing loan agreement, the member is required to complete and sign the housing loan agreement.  It is not feasible to confirm if the loan was utilised for housing purposes in accordance with section 19(5)(a).

	Procedures	Findings
7.4	Obtain a list of other loans per the general ledger of the Fund as at 30 June 2020 and perform the following procedure:	
7.4.1	Confirm that no loans were granted and/or investments made as prohibited in terms of section 19(5)B.	Not applicable as no other loans and /or investment made as prohibited in terms of section 19(5)B.
	<b>Statement of Changes in Net Assets and Funds</b>	
<b>8</b>	<b>Contributions</b>	
8.1	Select a sample of the lesser of 50 or 10% of the number of participating employers or pay points (whichever is the lower) from a list of participating employer/pay-points supplied by the Fund/administrator, select three months and perform the following procedures:	



	Procedures	Findings																																																																					
8.1.1	Compare, in total, the contributions received by or on behalf of the Fund to the remittance advices from the participating employer/pay-point.	<p>The contributions received by or on behalf of the Fund agreed to the remittance advice from the participating employer/pay-point, except for the following reconciling over and under payments.</p> <table border="1" data-bbox="742 421 1348 1668"> <thead> <tr> <th data-bbox="742 421 837 459">Month</th> <th data-bbox="837 421 1157 459">Participating employer</th> <th data-bbox="1157 421 1348 459">Differences (R)</th> </tr> </thead> <tbody> <tr> <td data-bbox="742 459 837 526">Oct-19</td> <td data-bbox="837 459 1157 526">Ekurhuleni Metropolitan Municipality</td> <td data-bbox="1157 459 1348 526">7 638.78</td> </tr> <tr> <td data-bbox="742 526 837 593">Oct-19</td> <td data-bbox="837 526 1157 593">Polokwane Local Municipality 15067</td> <td data-bbox="1157 526 1348 593">-187.31</td> </tr> <tr> <td data-bbox="742 593 837 627">Oct-19</td> <td data-bbox="837 593 1157 627">Umlalazi Local Municipality</td> <td data-bbox="1157 593 1348 627">-292.86</td> </tr> <tr> <td data-bbox="742 627 837 683">Oct-19</td> <td data-bbox="837 627 1157 683">Emalahleni Local Municipality</td> <td data-bbox="1157 627 1348 683">314.14</td> </tr> <tr> <td data-bbox="742 683 837 728">Oct-19</td> <td data-bbox="837 683 1157 728">Emfuleni Local Municipality</td> <td data-bbox="1157 683 1348 728">-163.24</td> </tr> <tr> <td data-bbox="742 728 837 795">Oct-19</td> <td data-bbox="837 728 1157 795">Mogalakwena Local Municipality</td> <td data-bbox="1157 728 1348 795">1 751.82</td> </tr> <tr> <td data-bbox="742 795 837 851">Oct-19</td> <td data-bbox="837 795 1157 851">Greater Sekhukhune District Municipality</td> <td data-bbox="1157 795 1348 851">268.43</td> </tr> <tr> <td data-bbox="742 851 837 884">Oct-19</td> <td data-bbox="837 851 1157 884">Makhado Local Municipality</td> <td data-bbox="1157 851 1348 884">729.7</td> </tr> <tr> <td data-bbox="742 884 837 952">Feb-20</td> <td data-bbox="837 884 1157 952">Ekurhuleni Metropolitan Municipality</td> <td data-bbox="1157 884 1348 952">-906.02</td> </tr> <tr> <td data-bbox="742 952 837 985">Feb-20</td> <td data-bbox="837 952 1157 985">Umlalazi Local Municipality</td> <td data-bbox="1157 952 1348 985">-292.86</td> </tr> <tr> <td data-bbox="742 985 837 1052">Feb-20</td> <td data-bbox="837 985 1157 1052">Emalahleni Local Municipality</td> <td data-bbox="1157 985 1348 1052">-3 306.28</td> </tr> <tr> <td data-bbox="742 1052 837 1086">Feb-20</td> <td data-bbox="837 1052 1157 1086">Emfuleni Local Municipality</td> <td data-bbox="1157 1052 1348 1086">-1 774.24</td> </tr> <tr> <td data-bbox="742 1086 837 1153">Feb-20</td> <td data-bbox="837 1086 1157 1153">Mbombela Local Municipality</td> <td data-bbox="1157 1086 1348 1153">-650.66</td> </tr> <tr> <td data-bbox="742 1153 837 1220">Feb-20</td> <td data-bbox="837 1153 1157 1220">Mogalakwena Local Municipality</td> <td data-bbox="1157 1153 1348 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8.1.2	Inspect the bank statements for the date on which the cash was received to determine whether the contributions were deposited with a registered bank in accordance with section 13A of the Act and whether late payment interest has been raised in terms of regulation 33, where applicable.	<p>Contributions were deposited with a registered bank in accordance with section 13A of the Act and late payment interest had been raised in terms of regulation 33, where applicable.</p> <p>The contributions from the following participating employers were received late and late payment interest was charged</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Participating employer</th> <th>Date received</th> </tr> </thead> <tbody> <tr> <td>Oct-19</td> <td>Lekwa Local Municipality</td> <td>11/11/2019</td> </tr> <tr> <td>Feb-20</td> <td>Lekwa Local Municipality</td> <td>18/03/2020</td> </tr> <tr> <td>Jun-20</td> <td>Dipaleseng Local Municipality</td> <td>08/07/2020</td> </tr> <tr> <td>Jun-20</td> <td>Moqhaka Local Municipality</td> <td>09/07/2020</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Month	Participating employer	Date received	Oct-19	Lekwa Local Municipality	11/11/2019	Feb-20	Lekwa Local Municipality	18/03/2020	Jun-20	Dipaleseng Local Municipality	08/07/2020	Jun-20	Moqhaka Local Municipality	09/07/2020			
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8.2	Select a sample of the lesser of 50 or 10% of the number of participating employers or pay points which reflect arrear contributions (whichever is the lower) at year-end from a list supplied by the Fund/administrator and perform the following procedure:																			
8.2.1	Inspect the accounting records of the Fund to determine whether amounts disclosed as arrear contributions at year-end have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. Where the amounts were received after the prescribed period, report the date of receipt and where they were not received, indicate as such.	<p>Amounts disclosed as arrear contributions at year-end have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act, except for the following municipalities for which the contributions were received after the prescribed period:</p> <table border="1"> <thead> <tr> <th>Date received</th> <th>Participating employer</th> <th>Amount (R)</th> </tr> </thead> <tbody> <tr> <td>10/07/2020</td> <td>Setsoto Local Municipality</td> <td>13 451.61</td> </tr> <tr> <td>16/07/2020</td> <td>West Rand District Municipality</td> <td>336 282.84</td> </tr> <tr> <td>08/07/2020</td> <td>Amathole District Municipality</td> <td>174 660.51</td> </tr> <tr> <td>09/07/2020</td> <td>Moqhaka Local Municipality</td> <td>129 971.7</td> </tr> <tr> <td>08/07/2020</td> <td>Dipaleseng Local Municipality</td> <td>192 410.02</td> </tr> </tbody> </table>	Date received	Participating employer	Amount (R)	10/07/2020	Setsoto Local Municipality	13 451.61	16/07/2020	West Rand District Municipality	336 282.84	08/07/2020	Amathole District Municipality	174 660.51	09/07/2020	Moqhaka Local Municipality	129 971.7	08/07/2020	Dipaleseng Local Municipality	192 410.02
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<b>9</b>	<b>Benefits</b>																			
9.1	Obtain a list from the administration system of lump sum benefits reflected as expenses in the Fund's Statement of Changes in Net Assets and Funds for the year under review and perform the following procedure:																			

	Procedures	Findings
9.1.1	Compare the list to the respective general ledger benefit expense accounts reconciliation.	The list did reconcile to the respective general ledger benefit expense accounts reconciliation.  Reconciling items were investigated and noted to be valid.
9.2	Select a sample of the lesser of 50 benefits or 10% of the total number of benefits from the list and perform the following procedures:	
9.2.1	Compare the benefit per selected member to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.	The benefit paid agreed to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.
9.2.2	For death benefits, where a portion of the benefit had been reinsured by the Fund, inspect a bank deposit or an accrual raised for the recovery from the insurer.	The recovery from the insurer was received/accrued by the Fund.
9.2.3	<u>For a defined contribution fund</u> Agree the opening fund credit for the member to the opening fund credit report and determine whether contributions were added every month until the date of exit (either by Rand amount or in the case of unitised funds, by units). Agree the balance paid out to the member (inclusive of late payment interest where applicable) to the fund credit report or administration system as at the date of exit.	The opening fund credit for the member agreed to the opening fund credit report and contributions were added every month until the date of exit. The balance paid out to the member (inclusive of late payment interest where applicable) agreed to the fund credit report or administration system as at the date of exit.
9.3	Obtain a list of all benefits not yet paid at year-end, select a sample of the lesser of 50 benefits or 10% of the total number of benefits from the list and perform the following procedure:	
9.3.1	Agree whether the benefits that are older than the period as set out in the Act or a shorter period defined by the Rules are classified as unclaimed benefits.	The benefits that were older than the period as set out in the Act or a shorter period defined by the Rules were classified as unclaimed benefits.
<b>10</b>	<b>Transfers</b>	
10.1	Compare the list of total section 14 transfers to and from the Fund to the corresponding accounts in the general ledger.	The list of total section 14 transfers to and from the Fund agreed to the corresponding account in the general ledger.

	Procedures	Findings
10.2	From the list of section 14 transfers paid/received and accrued to and from the Fund throughout the year select a sample of the lesser of 50 or 10% of the number of transfers in and the lesser of 50 or 10% of the number of transfers out, and perform the following procedures:	
10.2.1	<p>Agree the sample of section 14 transfers to and from the Fund to:</p> <p>a) the section 14(1) documentation as approved by the Authority in respect of each transfer; and/or</p> <p>b) the section 14(8) documentation as prescribed.</p>	<p>The sample of section 14 transfers to and from the Fund agreed to:</p> <p>a) the section 14(1) documentation as approved by the Authority in respect of each transfer.</p> <p>The fund received transfers from GEPP on 30/04/2020 and 30/06/2020 (Case 515759 &amp; 515757 respectively) amounting to R4 889 049 &amp; R3 224 273 respectively), subsequently this was submitted by the Fund to the FSCA and approval is awaiting.</p> <p>b) Section 14(8) transfers not applicable.</p>
10.2.2	Inspect whether the transfers to and from the Fund were received/paid within 60 days of Authority approval for section 14(1) transfers and 180 days from application date for section 14(8) transfers and whether the growth and investment return had been allocated from the effective date of the transfer to the date of final settlement.	<p>The transfers to and from the Fund were received/paid within 60 days of Authority approval for section 14(1) transfers and growth and investment return was allocated from the effective date of transfer to the date of final settlement.</p> <p>The fund received transfers from GEPP on 30/04/2020 and 30/06/2020 (Case 515759 &amp; 515757 respectively) amounting to R4 889 049 &amp; R3 224 273 respectively), subsequently this was submitted by the Fund to the FSCA and approval is awaiting.</p>
10.2.3	In respect of unitised funds, select a sample of the lesser of 50 or 10% of the number of members transferred from other funds and recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt, investment return was added from the date of receipt to the date of purchase).	Not applicable as the fund is non-unitised.
10.3	<p><b>Individual transfers</b></p> <p>Obtain the list of individual transfers throughout the year ended 30 June 2020, select a sample of the lesser of 50 or 10% of the number of individual transfers, and perform the following procedures:</p>	

	Procedures	Findings
10.3.1	Agree the transfers to the approved recognition of transfer documentation.	The transfers agreed to the approved recognition of transfer documentation, except for the following: <ul style="list-style-type: none"> <li>The recognition of transfer for 1 individual transfer (Member number: 51826088) could not be inspected for audit purposes.</li> </ul>
10.3.2	<b>For individual transfers in selected</b> In respect of unitised funds, recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt investment return was added from the date of receipt to the date of purchase).	Not applicable as the Fund is non-unitised
<b>11</b>	<b>Pensioners paid</b>	
11.1	Obtain a copy of the list of pensioners and amounts paid for the year from the administration system and/or, for outsourced pensioners, confirmation from the insurer and perform the following procedure:	The fund did not have any monthly pensioners but only have living annuities purchased in the Fund. Below procedures have been tailored for living annuities.
11.1.1	Agree the total pensions paid for the year ended 30 June 2020 to the corresponding account reconciliation to the general ledger balance.	The total annuities paid for the year ended 30 June 2020 as per the corresponding account reconciliation agreed to the general ledger balance.
11.2	Select a sample of the lesser of 50 or 10% of the number of pensioners paid directly from the fund from the above list and perform the following procedures:	
11.2.1	Inspect the pensioner increases for authorisation by the Board of Fund.	The change in rates is elected by the living annuitants and should be within the prescribed levels referred to in the definition of a living annuity in Section 1 of the Income Tax Act and/or other legislation.  For the sample selected, the drawdown rates elected by the living annuitants was within the prescribed levels.
11.2.2	Inspect evidence obtained by the administrator/Fund supporting the fact that the pensioners selected exist.	The evidence indicated that the living annuitants selected existed.
11.3	Where the Fund has purchased an annuity in the name of the Fund, obtain a written confirmation from the annuity provider summarising movements from opening market value to closing market value and perform the following procedures:	
11.3.1	Agree the closing market value of the annuity to the annual financial statements.	Not applicable as the Fund did not have purchased annuities in the name of the Fund during the year.

	Procedures	Findings
11.3.2	Agree the pensioner payment per the confirmation from the insurer to the pensions paid disclosed in the notes to the annual financial statements.	Not applicable as the Fund did not have purchased annuities in the name of the Fund during the year.
	<b>General</b>	
12.1	Inspect evidence that the Fund's fidelity insurance cover was in place throughout the year ended 30 June 2020, that the Fund's fidelity insurance cover extends after year-end and report the date to which the subsequent fidelity insurance cover extends.	The Fund's fidelity insurance cover was in place throughout the year ended 30 June 2020, the Fund's fidelity insurance cover extended after year-end. The subsequent fidelity insurance cover extended to 31 July 2021.
12.2	Confirm with the Fund's GLA insurer as to whether the GLA policy has lapsed at year ended 30 June 2020.	Per inspection of the confirmation, the GLA policy has lapsed at year ended 30 June 2020.
12.3	Obtain the most recent statutory valuation signed and submitted by the valuator as at 30 June 2019 and perform the following procedures:	
12.3.1	Report the funding status of the Fund per the report (whether the Fund was under-funded or fully funded).	Per the report the Fund was fully funded.
12.3.2	Where the Fund is under-funded, obtain evidence as to whether a scheme, as required in terms of section 18 of the Act in South Africa, has been approved by the Authority.	Not applicable as the Fund was fully funded.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS  
AT TUESDAY, 30 JUNE 2020

INVESTMENTS

	Notes	Direct Investments	Non-compliant Collective investment schemes Note M1	Non-compliant Insurance policies Note M2	Total	Local	Foreign	Total Foreign	Total percent of foreign exposure	TOTAL as per Regulation 28 (Schedule IB)
		R	R	R	R	R	R	R	%	R
Cash (including cash at bank)	A	1 800 141 046	426 444 045	217 273 376	2 443 858 467	2 035 616 570	408 241 897	408 241 897	16.70	2 443 858 467
Commodities	B	8 603 002	836	-	8 603 838	8 603 838	-	-	-	8 603 838
Housing loans		1 330 378	-	-	1 330 378	1 330 378	-	-	-	1 330 378
Debt instruments including Islamic debt Instruments	C	1 885 248 036	272 223 557	1 717 044 511	3 874 516 104	3 782 116 882	92 399 222	92 399 222	2.38	3 874 516 104
Investment and owner occupied properties	D	703 957 289	173 077 269	3 585 654	880 620 212	716 069 948	164 550 264	164 550 264	18.69	880 620 212
Equities	E	6 027 871 143	3 993 897 481	1 263 371 846	11 285 140 470	7 055 753 385	4 229 387 085	4 229 387 085	37.48	11 285 140 470
Other assets		-	-	(704 065)	(704 065)	(704 065)	-	-	-	(704 065)
Private Equity Funds		-	-	13 774 891	13 774 891	13 774 891	-	-	-	13 774 891
<b>Total investments</b>		<b>10 427 150 894</b>	<b>4 865 643 188</b>	<b>3 214 346 213</b>	<b>18 507 140 295</b>	<b>13 612 561 827</b>	<b>4 894 578 468</b>	<b>4 894 578 468</b>	<b>26.45</b>	<b>18 507 140 295</b>

A CASH

Instrument	Fair Value R
<b>Local</b>	
<b>Local notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments</b>	<b>1 483 445 553</b>
<b>Total of issuers not exceeding 5%</b>	528 748 300
A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument - not exceeding 5% of total assets	-
<b>Total of issuers not exceeding 5%</b>	805 303 106
Any positive net balance in a margin account with an exchange - not exceeding 5% of total assets	-
<b>Total of issuers not exceeding 5%</b>	146 597 558
Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets - not exceeding 5% of total assets	-
<b>Total of issuers not exceeding 5%</b>	2 796 589

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 AT TUESDAY, 30 JUNE 2020

Foreign

Foreign balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments

Any balance or deposit held with a foreign bank - not exceeding 5% of total assets

**Total of issuers not exceeding 5%**

Any balance or deposit held with an African bank - exceeding 5% of total assets

**Total of issuers not exceeding 5%**

**Total of issuers not exceeding 5%**

**Total**

**316 695 493**

-

289 941 570

-

-

26 753 923

**1 800 141 046**

**B COMMODITIES**

Instrument	Holding number	Holding %	Fair value R
Other		Holding %	
Platinum	-	0.05	8 603 002
			<b>8 603 002</b>
			<b>8 603 002</b>
<b>Total</b>			<b>8 603 002</b>



NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT TUESDAY, 30 JUNE 2020

C DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS

Instrument	Local or foreign	Secured/ Unsecured	Issued/ Guaranteed	Redemption value R	Fair value R
<b>Government debt:</b>					
Debt instruments issued by an loans to the government of the Republic and any debt or loan guaranteed by the Republic					
<i>Total of issuers not exceeding 5%</i>					
					426 527 839
<i>Total of issuers not exceeding 5%</i>					
					-
<b>Bank debt:</b>					
Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-					
Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed					
<i>Total of issuers not exceeding 5%</i>					
					342 841 536
<i>Total of issuers not exceeding 5%</i>					
					44 440 269
<i>Total of issuers not exceeding 5%</i>					
					(829 962)
<b>Corporate debt (excluding debentures):</b>					
Debt instruments issued or guaranteed by an entity that has equity listed on an exchange					
Listed on an exchange					
<i>Total of issuers not exceeding 5%</i>					
					242 064 132
Not listed on an exchange					
<i>Total of issuers not exceeding 5%</i>					
					182 607 447
Other					
Listed on an exchange:					
<i>Total of issuers not exceeding 5%</i>					
					66 745 309
Not listed on an exchange					
<i>Total of issuers not exceeding 5%</i>					
					580 851 466
<b>Total debt instruments including Islamic debt instruments</b>					
				<b><u>1 885 248 036</u></b>	



NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT TUESDAY, 30 JUNE 2020

E EQUITIES

Instrument	Local/ Foreign	Issued shares	Ordinary/ Preference shares	Holding number	Holding in issuer/ entity %	Fair value R
<b>Listed equities</b>						
<b>Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed</b>						
Naspers Ltd	Local	435 511 058	Ordinary	278 477	0.06	880 853 383
British American Tobacco Plc	Foreign	2 456 520 738	Ordinary	665 250	0.03	445 471 358
Anglo American Plc	Foreign	1 363 118 080	Ordinary	821 370	0.06	329 632 208
Prosus N.V	Local	1 624 652 070	Ordinary	180 742	0.01	290 750 618
Firststrand Ltd	Local	5 609 488 001	Ordinary	6 235 583	0.11	237 326 289
Standard Bank Group Ltd	Local	1 619 929 317	Ordinary	1 809 441	0.11	189 086 585
Quilter PLC	Foreign	1 807 773 015	Ordinary	5 421 007	0.30	161 112 328
Glencore Xstrata PLC	Foreign	14 586 200 066	Ordinary	3 965 923	0.03	144 597 553
BHP Billiton Plc	Foreign	2 112 071 796	Ordinary	370 181	0.02	131 603 047
Impala Platinum Holdings Ltd	Local	799 034 147	Ordinary	1 043 919	0.13	121 094 604
Sasol Ltd	Local	626 041 861	Ordinary	879 695	0.14	116 295 679
Shoprite Holdings Ltd	Local	591 338 502	Ordinary	1 089 183	0.18	116 161 367
Old Mutual Ltd	Local	4 708 553 649	Ordinary	9 571 868	0.20	115 245 291
Aspen Pharmacare Holdings Ltd	Local	456 451 541	Ordinary	709 743	0.16	101 855 218
Bic Corp Ltd	Local	335 404 212	Ordinary	357 978	0.11	101 486 763
Anheuser-Busch Inbev	Local	1 693 242 156	Ordinary	108 884	0.01	92 878 052
MTN Group Ltd	Local	1 884 269 758	Ordinary	1 728 550	0.09	91 319 297
Nedbank Group Ltd	Local	502 054 496	Ordinary	893 906	0.18	90 776 154
Spar Group Ltd	Local	192 602 355	Ordinary	503 589	0.26	86 415 872
Remgro Ltd	Local	529 217 007	Ordinary	832 135	0.16	83 130 287
Woolworths Holdings Ltd	Local	1 048 576 648	Ordinary	2 433 699	0.23	80 555 437
Reinet Investments Ltd	Local	195 941 286	Ordinary	254 102	0.13	77 391 846
Northam	Local	509 781 212	Ordinary	664 116	0.13	77 170 279
Sibanye Stillwater Ltd	Local	2 924 560 172	Ordinary	1 912 942	0.07	72 117 913
Anglogold Ashanti Ltd	Local	416 838 655	Ordinary	54 678	0.01	68 571 149
Life Healthcare Group	Local	1 467 349 162	Ordinary	3 782 878	0.26	63 817 152
Anglo Platinum Ltd	Local	265 292 206	Ordinary	50 578	0.02	63 428 858
Mondi Plc	Foreign	485 553 780	Ordinary	186 505	0.04	60 491 032
Exxaro Resources Ltd	Local	358 706 754	Ordinary	462 345	0.13	60 308 282
Multichoice Group Ltd	Local	442 512 678	Ordinary	510 078	0.12	54 190 686
Sanlam Ltd	Local	2 226 974 408	Ordinary	899 138	0.04	52 995 194
Bidvest Group Ltd	Local	340 274 346	Ordinary	372 975	0.11	52 977 369
ABSA Group Ltd	Local	847 750 679	Ordinary	594 615	0.07	50 720 660
Vodacom Group Ltd	Local	1 835 864 961	Ordinary	357 338	0.02	43 934 707
RMI Holdings Ltd	Local	1 531 807 770	Ordinary	1 449 247	0.09	42 318 012
Tiger Brands Ltd	Local	189 818 926	Ordinary	226 260	0.12	40 364 784

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT TUESDAY, 30 JUNE 2020**

Compagnie Financiere Richemont SA Depository Rec	Local	5 220 000 000	Ordinary	348 388	0.01	38 455 067
Capitec Bank Ltd	Local	115 626 991	Ordinary	43 296	0.04	37 178 275
Mr Price Group Ltd	Local	256 370 858	Ordinary	259 580	0.10	37 119 940
Ninety One Plc	Foreign	622 624 622	Ordinary	832 460	0.13	37 044 470
AVI Ltd	Local	335 837 451	Ordinary	476 917	0.14	33 641 725
Pepkor Holdings Ltd	Local	3 660 350 881	Ordinary	2 741 770	0.07	30 159 470
Momentum Metropolitan Holdings Ltd	Local	1 497 475 356	Ordinary	1 707 735	0.11	30 073 213
Nampak Ltd	Local	689 811 504	Ordinary	20 545 503	2.98	26 503 699
DCAP INDEX FUT SEP20 (DCAPU0)	Local	-	Preference	-	-	25 493 600
Pick n Pay Stores Ltd	Local	493 450 321	Ordinary	495 012	0.10	25 245 612
Discovery Holdings Ltd	Local	658 290 736	Ordinary	227 341	0.03	23 768 502
PSG Group Ltd	Local	229 936 695	Ordinary	131 967	0.06	20 900 933
Investec Plc	Foreign	696 082 618	Ordinary	598 452	0.09	20 706 439
Investec Ltd	Local	318 904 709	Ordinary	533 132	0.17	18 409 033
Gold Fields Ltd	Local	883 333 518	Ordinary	106 039	0.01	17 201 647
Barclays Group Africa	Local	-	Ordinary	-	-	9 836 370
Clicks Group Ltd	Local	248 662 647	Ordinary	45 155	0.02	9 498 806
Mediclinic International Ltd	Local	737 243 810	Ordinary	128 316	0.02	7 344 808
Dis-chem Pharmacies Ltd	Local	860 084 483	Ordinary	401 070	0.05	7 030 757
Kumba Iron Ore Ltd	Local	322 085 974	Ordinary	12 451	-	5 766 058
Santam Ltd	Local	115 131 417	Ordinary	16 788	0.01	4 499 184
RMB Holdings Ltd	Local	1 411 703 218	Ordinary	2 690 977	0.19	4 413 202
African Rainbow Minerals Ltd	Local	223 497 745	Ordinary	14 644	0.01	2 477 033
Naspers Certificate UBS NPNR	Local	-	Preference	-	-	1 983 953
RMI Certificate UBS RMIA 18/09/2020	Local	-	Preference	-	-	801 483
SPX 09/18/20 C3100 Index	Foreign	-	Preference	-	-	(31 133 783)
BNP Paribas	Foreign	-	Preference	-	-	(8 269 912)
<b>Total</b>						<b>5 324 594 897</b>

**Issuer market capitalisation of between R2 billion and R20 billion, or  
an amount or conditions as prescribed  
Total of issuers not exceeding 5%**

649 779 237

**Issuer market capitalisation of less than R2 billion, or an amount or  
conditions as prescribed  
Total of issuers not exceeding 5%**

53 456 050

**Unlisted equities**

Bryant Technology	Local	-	Ordinary	-	-	1 746
Basil Read Holdings	Local	-	Ordinary	-	-	39 213
<b>Total</b>						<b>40 959</b>

**Total equities**

**6 027 871 143**

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT TUESDAY, 30 JUNE 2020

F SECURITIES LENDING

Securities on lend	Maximum of Fair value of security	Transaction date	Collateral	Fair value R	No. of shares lent	Name of counterparty	Script custodian	Manufactured dividend R
<b>Equities – Top 100 of companies (by market cap) listed on an exchange</b>	<b>75%</b>							
Anglo American Plc			Various	75 332 212	189 334	Nedbank	Nedbank	-
Anheuser Busch Inbev NV			Various	42 915 930	50 430	Nedbank	Nedbank	68 209
Acceleerate Property Fund Ltd			Various	485 053	570 650	Nedbank	Nedbank	-
Aspen Pharmacare Holdings Ltd			Various	38 366 927	264 636	Nedbank	Nedbank	-
Astral Foods			Various	1 929 704	13 050	Nedbank	Nedbank	-
AVI Ltd			Various	9 116 900	130 000	Nedbank	Nedbank	-
Alviva Holdings Ltd			Various	20 081	2 923	Nedbank	Nedbank	-
Brait SE			Various	1 571 338	460 803	Nedbank	Nedbank	-
BHP Group Plc			Various	16 455 119	46 810	Nedbank	Nedbank	-
BID Corporation Ltd			Various	58 764 885	205 637	Nedbank	Nedbank	-
Blue Label Telecoms Ltd			Various	1 550 400	570 000	Nedbank	Nedbank	-
The Bidvest Group Ltd			Various	9 307 520	64 000	Nedbank	Nedbank	-
Compagnie Find Richemont			Various	14 440 710	130 567	Nedbank	Nedbank	-
City Lodge Hotels Ltd			Various	1 333 007	56 245	Nedbank	Nedbank	37 303
Clicks Group Ltd			Various	2 586 813	12 300	Nedbank	Nedbank	-
Coronation Fund Managers Ltd			Various	6 492 951	156 721	Nedbank	Nedbank	278 963
Curro Holdings Ltd			Various	3 847 539	432 794	Nedbank	Nedbank	-
Comair Ltd			Various	332 916	332 916	Nedbank	Nedbank	-
Capitec Bank Ltd			Various	18 856 378	21 629	Nedbank	Nedbank	-
Cashbuild Ltd			Various	1 615 481	11 463	Nedbank	Nedbank	28 710
Dis-chem Pharmasies Ltd			Various	13 094 249	754 277	Nedbank	Nedbank	-
Delta Property Fund Ltd			Various	25 200	60 000	Nedbank	Nedbank	-
Discovery Holdings Ltd			Various	12 949 724	121 150	Nedbank	Nedbank	92 920
Emira Property Fund			Various	276 973	40 434	Nedbank	Nedbank	74 100
Bell Equipment Ltd			Various	8 849 637	525 201	Nedbank	Nedbank	-
Exxaro Resources Ltd			Various	41 893 780	317 690	Nedbank	Nedbank	933 900
Fortress Income Fund Ltd			Various	6 115	500	Nedbank	Nedbank	-
Fortress Reit Ltd			Various	2 092 675	656 011	Nedbank	Nedbank	8
Firststrand Ltd			Various	85 786 325	2 306 084	Nedbank	Nedbank	-
Gold Fields Ltd			Various	11 466 226	72 894	Nedbank	Nedbank	85 000
Growthpoint Properties Ltd			Various	139 900	10 000	Nedbank	Nedbank	148 627
Grit Real Estate Income Group Ltd			Various	95 183	6 703	Nedbank	Nedbank	-
Hammerson Plc			Various	3 822 230	206 607	Nedbank	Nedbank	-
Hospitality Prop Fund B			Various	145 189	59 261	Nedbank	Nedbank	-
Hyprop Invesmtents Ltd			Various	5 706 398	258 911	Nedbank	Nedbank	-
Adcock Ingram Holdings Ld			Various	205 470	13 500	Nedbank	Nedbank	6 812

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT TUESDAY, 30 JUNE 2020**

Impala Platinum Holdings Ltd	Various	64 141 589	541 462	Nedbank	Nedbank	689 750
Investec Plc	Various	240 090	6 925	Nedbank	Nedbank	-
Imperial Holdings Ltd	Various	4 178 175	104 116	Nedbank	Nedbank	43 963
Intuprop	Various	5 423	18 700	Nedbank	Nedbank	-
Invicta Holdings Ltd	Various	24 378	4 146	Nedbank	Nedbank	-
JSE Ltd	Various	3 220 952	26 030	Nedbank	Nedbank	225 960
KAP Industrial holdings Ltd	Various	927 189	360 774	Nedbank	Nedbank	-
PSG Konsult Ltd	Various	1 809 360	252 000	Nedbank	Nedbank	37 800
Libstar Holdings Ltd	Various	386 772	50 361	Nedbank	Nedbank	-
Lewis Group Ltd	Various	469 329	34 034	Nedbank	Nedbank	-
Life Healthcare Group Holdings Ltd	Various	8 744 620	509 000	Nedbank	Nedbank	-
Lighthouse Capital Ltd	Various	1 341	139	Nedbank	Nedbank	-
Merafe Resources Ltd	Various	137 286	292 098	Nedbank	Nedbank	9 103
Mr Price Group Ltd	Various	14 595 521	100 763	Nedbank	Nedbank	-
MAS REI Ltd	Various	1 298 187	96 162	Nedbank	Nedbank	-
Motus Holdings Ltd	Various	4 033 280	128 000	Nedbank	Nedbank	-
Murry and Roberts Holdings Ltd	Various	82 560	16 000	Nedbank	Nedbank	-
Ninty One Plc	Various	5 733 514	128 843	Nedbank	Nedbank	-
New Gold Platinum ETF	Various	4 583 470	33 500	Nedbank	Nedbank	-
Nampak Ltd	Various	477 750	356 530	Nedbank	Nedbank	-
Novus Holdings Ltd	Various	127 290	102 653	Nedbank	Nedbank	-
Ninety One Ltd	Various	4 861 920	112 000	Nedbank	Nedbank	-
Omnia Holdings Ltd	Various	3 668 000	131 000	Nedbank	Nedbank	-
Old Mutual Ltd	Various	45 327 730	3 743 000	Nedbank	Nedbank	-
Pan African Resources Plc	Various	12 663 713	3 450 603	Nedbank	Nedbank	-
Pick n Pay Stores Ltd	Various	10 315 109	200 566	Nedbank	Nedbank	-
Pepkor Holdings Ltd	Various	15 478 436	1 368 562	Nedbank	Nedbank	-
Prosus N.V	Various	68 582 360	44 000	Nedbank	Nedbank	-
PSG Group Ltd	Various	11 360 579	70 977	Nedbank	Nedbank	24 932
Royal Bafokeng Platinum Ltd	Various	7 777 000	220 000	Nedbank	Nedbank	-
Raubex Group Ltd	Various	649 457	28 115	Nedbank	Nedbank	-
Redefine Property Ltd	Various	9 887 150	3 099 420	Nedbank	Nedbank	-
Remgroup Ltd	Various	30 540 000	300 000	Nedbank	Nedbank	3 919 724
Resilient Property Income Fund	Various	9 863 873	224 128	Nedbank	Nedbank	-
Reunert Ltd	Various	861 250	25 000	Nedbank	Nedbank	-
RMB Holdings Ltd	Various	1 068 913	676 527	Nedbank	Nedbank	150
Reinet Investments SCA	Various	15 514 200	52 000	Nedbank	Nedbank	-
SA Corporate Real Estate Ltd	Various	1 716 000	1 320 000	Nedbank	Nedbank	107 192
Stadio Holdings Ltd	Various	150 264	115 588	Nedbank	Nedbank	-
Shoprite Holdings Ltd	Various	10 872 108	101 400	Nedbank	Nedbank	-
Sasol Ltd	Various	5 889 280	43 000	Nedbank	Nedbank	-
Super Spar Group Ltd	Various	8 299 902	520 370	Nedbank	Nedbank	-
The Spar Group Ltd	Various	51 974 508	297 167	Nedbank	Nedbank	1 582
Sto-age Prop Reit Ltd	Various	3 617 485	264 050	Nedbank	Nedbank	-
Sibanye Still Water Ltd	Various	40 848 592	1 104 016	Nedbank	Nedbank	-
Sun International Ltd	Various	4 545 411	258 262	Nedbank	Nedbank	-

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT TUESDAY, 30 JUNE 2020**

Tiger Brands Ltd	Various	21 702 291	121 066	Nedbank	Nedbank	-
Texton Property Fund Ltd	Various	2 654	1 896	Nedbank	Nedbank	-
The Foschini Group Ltd	Various	5 782 794	84 445	Nedbank	Nedbank	-
Tshogo Sun Hotels Ltd	Various	368 264	156 708	Nedbank	Nedbank	-
Telkom SA Ltd	Various	4 042 013	137 250	Nedbank	Nedbank	-
Truworths International Ltd	Various	16 088 900	461 000	Nedbank	Nedbank	-
Tshogo Sun Gaming Ltd	Various	3 307 833	735 074	Nedbank	Nedbank	-
Vodacom Group Ltd	Various	17 228 625	137 829	Nedbank	Nedbank	558 207
Woolworths Holdings Ltd	Various	31 857 581	948 707	Nedbank	Nedbank	-
Zeder Investments Ltd	Various	124 993	54 822	Nedbank	Nedbank	1 137 818
<b>Total</b>		<b><u>1 083 934 402</u></b>				<b><u>8 510 733</u></b>

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT TUESDAY, 30 JUNE 2020

**M REGULATION 28 NON-COMPLIANT INVESTMENTS**

**M1 NON-COMPLIANT COLLECTIVE INVESTMENT SCHEMES**

Instrument	Holding %	Fair value R
<b>Local</b>		
Coronation Asset Management (Pty) Ltd	0.42	77 063 858
Kagiso Asset Managers (Pty) Ltd	0.09	16 553 499
Prescient Investment Management (Pty) Ltd	3.07	567 478 817
		<u><u>661 096 174</u></u>
<b>Foreign</b>		
Allan Gray Life Ltd	4.85	896 714 441
Catalyst Global Real Estate Units Fund	0.95	175 726 467
Kagiso Asset Managers (Pty) Ltd	0.02	4 540 681
Morgan Stanley Investments Funds	1.17	217 156 691
Nedgroup Investment Advisors (Pty) Ltd	5.26	973 875 965
Vulcan Asset Managers Funds	5.90	1 092 248 610
Coronation Asset Management (Pty) Ltd	4.16	769 016 169
Rubrics Global UCITS Funds Plc	0.41	75 267 990
		<u><u>4 204 547 014</u></u>
<b>Total Non-compliant collective investment schemes</b>		<u><u>4 865 643 188</u></u>

**M2 NON-COMPLIANT INSURANCE POLICIES**

Instrument	Holding %	Fair value R
<b>Linked policies</b>		
<b>Local</b>		
Futuregrowth Investments CC	4.75	878 256 589
Investec Asset Managers (Pty) Ltd	3.33	615 767 723
Old Mutual Investment Group (Pty) Ltd	7.10	1 313 093 511
		<u><u>2 807 117 823</u></u>
<b>Foreign</b>		
Investec Asset Managers (Pty) Ltd	2.18	403 396 711
Old Mutual Investment Group (Pty) Ltd	0.02	3 831 679
		<u><u>407 228 390</u></u>
<b>Total linked policies</b>		<u><u>3 214 346 213</u></u>
<b>Total certified Regulation 28 non-compliant investments</b>		<u><u>8 079 989 401</u></u>



NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT TUESDAY, 30 JUNE 2020

O ENTITY / COUNTERPARTY EXPOSURE

Credit / Counterparty risk

Counterparty	Direct investment in counterparty	Guarantees	Any other instrument	Total per counterparty	Exposure to counterparty as a % of the fair value of the assets of the fund
	R	R	R	R	
<b>Banks</b>	<b>171 195 621</b>	-	-	<b>171 195 621</b>	<b>0.93%</b>
ABSA Bank Ltd	170 144 273	-	-	170 144 273	0.92%
Nedbank Ltd	1 051 348	-	-	1 051 348	0.01%
<b>Asset managers - local</b>	-	-	<b>12 004 916 409</b>	<b>12 004 916 409</b>	<b>64.87%</b>
Allan Gray Life Ltd	-	-	2 483 310 014	2 483 310 014	13.42%
Ashburton Fund Managers (Pty) Ltd	-	-	511 631 499	511 631 499	2.76%
Benguela Global Fund Managers (Pty) Ltd	-	-	774 084 419	774 084 419	4.18%
Catalyst Fund Managers SA (Pty) Ltd	-	-	220 509 810	220 509 810	1.19%
Coronation Asset Management (Pty) Ltd	-	-	2 602 951 358	2 602 951 358	14.06%
Investec Asset Managers (Pty) Ltd	-	-	167	167	-%
Kagiso Asset Managers (Pty) Ltd	-	-	21 094 180	21 094 180	0.11%
Mazi Asset Management (Pty) Ltd	-	-	507 907 648	507 907 648	2.74%
Metope Investment Managers (Pty) Ltd	-	-	156 137 440	156 137 440	0.84%
Novare Investments (Pty) Ltd	-	-	215 510 710	215 510 710	1.16%
Prescient Investment Management (Pty) Ltd	-	-	1 062 511 970	1 062 511 970	5.74%
Sanlam Investment Management (Pty) Ltd	-	-	542 403 258	542 403 258	2.93%
Argon Asset Management (Pty) Ltd	-	-	341 836 299	341 836 299	1.85%
First Avenue Investment Management (Pty) Ltd	-	-	243 387 174	243 387 174	1.32%
Legacy Africa Fund Managers (Pty) Ltd	-	-	337 303 904	337 303 904	1.82%
Vunani Fund Managers (Pty) Ltd	-	-	329 914 978	329 914 978	1.78%
Prowess Investment Managers (Pty) Ltd	-	-	471 206 059	471 206 059	2.55%
Terebinth Capital (Pty) Ltd	-	-	738 720 501	738 720 501	3.99%
Denker Capital (Pty) Ltd	-	-	444 495 021	444 495 021	2.40%
<b>Asset managers - foreign</b>	-	-	<b>2 534 275 724</b>	<b>2 534 275 724</b>	<b>13.69%</b>
Catalyst Global Real Estate Units Fund	-	-	175 726 467	175 726 467	0.95%
Morgan Stanley Investments Funds	-	-	217 156 691	217 156 691	1.17%
Nedgroup Investment Funds Plc	-	-	973 875 966	973 875 966	5.26%
Vulcan Asset Managers Funds	-	-	1 092 248 610	1 092 248 610	5.90%
Rubrics Global UCITS Funds Plc	-	-	75 267 990	75 267 990	0.41%
<b>Insurance companies</b>	-	-	<b>3 214 346 213</b>	<b>3 214 346 213</b>	<b>17.37%</b>
Futuregrowth Investments (Pty) Ltd	-	-	878 256 589	878 256 589	4.75%
Investec Asset Managers (Pty) Ltd	-	-	1 019 164 434	1 019 164 434	5.51%
Old Mutual Life Assurance Company SA	-	-	1 316 925 190	1 316 925 190	7.12%

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT TUESDAY, 30 JUNE 2020

Other funds	17 600 000	563 475 951	1 330 378	582 406 329	3.15%
RFS Home Loans (Pty) Ltd	-	563 475 951	-	563 475 951	3.04%
Business Park @ Zambezi	17 600 000	-	-	17 600 000	0.10%
Housing loans	-	-	1 330 378	1 330 378	0.01%
	<u>188 795 621</u>	<u>563 475 951</u>	<u>17 754 868 724</u>	<u>18 507 140 296</u>	<u>100.00 %</u>

P RECONCILIATION BETWEEN THE INVESTMENTS IN SCHEDULE HA AND SCHEDULE IA

	Fair value current period (as per Schedule HA 3.1) R	Cash at bank R	Non-compliant CIS R	Non-compliant Insurance Policies R	Other R	Total R
Cash and deposits	1 628 945 425	171 195 621	426 444 045	217 273 376	-	2 443 858 467
Commodities	8 603 002	-	836	-	-	8 603 838
Housing loans	-	-	-	-	1 330 378	1 330 378
Debt instruments including Islamic debt instruments *	1 885 248 036	-	272 223 557	1 717 044 511	-	3 874 516 104
Investment properties	-	-	173 077 269	3 585 654	703 957 289	880 620 212
Equities	6 714 228 432	-	3 993 897 481	1 263 371 846	(686 357 289)	11 285 140 470
Private equity funds	-	-	-	13 774 891	-	13 774 891
Collective investment schemes	4 865 643 188	-	(4 865 643 188)	-	-	-
Insurance policies	3 214 346 213	-	-	(3 214 346 213)	-	-
Other assets	-	-	-	(704 065)	-	(704 065)
<b>Total investments</b>	<u>18 317 014 296</u>	<u>171 195 621</u>	<u>-</u>	<u>-</u>	<u>18 930 378</u>	<u>18 507 140 295</u>

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2020

		Fair value R
<b>A</b>	<b>Total assets (Schedule IA -Total investments)</b>	18 507 140 295
<b>B1</b>	<b>Less:</b> Reg 28 compliant investments (certificate received from issuing entity):-	-
<b>B.1.1</b>	Collective Investment Schemes (Reg 28(8)(b)(i))	-
<b>B.1.2</b>	Linked Policies (Reg 28(8)(b)(ii))	-
<b>B.1.3</b>	Non-Linked policies (Reg 28(8)(b)(iii))	-
<b>B.1.4</b>	Entity regulated by FSCA (Reg 28(8)(b)(iv))	-
<b>B2</b>	<b>Less:</b> Reg 28 excluded investments	-
<b>B2.1</b>	Insurance Policies ( Reg 28(3)(c))	-
<b>C</b>	<b>Less:</b> Investments not disclosed /data not available for disclosure [Refer to schedule IAN]	-
<b>D</b>	<b>TOTAL ASSETS FOR REGULATION 28 DISCLOSURE</b>	<b>18 507 140 295</b>

Categories of kinds of assets	%	Fair value R	Fair value %
<b>1 CASH</b>		<b>2 443 858 467</b>	<b>13.20%</b>
<b>1.1 Notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments</b>	100%	<b>2 035 616 570</b>	<b>11.00%</b>
<b>1.1(a) Notes and coins; any balance or deposit in an account held with a South African bank;</b>		542 337 433	2.93%
ABSA Bank Ltd	25%	218 339 140	1.18%
Other	25%	323 998 293	1.75%
<b>1.1(b) A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument</b>		1 310 114 023	7.08%
Standard Bank Ltd	25%	329 192 745	1.78%
Other	25%	980 921 278	5.30%
<b>1.1(c) Any positive net balance in a margin account with an exchange</b>		147 350 288	0.80%
SAFEX	25%	139 161 423	0.75%
Other	25%	8 188 865	0.04%
<b>1.1(d) Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets</b>		35 814 826	0.19%
Nedbank Ltd	25%	33 544 097	0.18%
Other	25%	2 270 729	0.01%
<b>1.2 Balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments</b>	SARB max. limits	<b>408 241 897</b>	<b>2.21%</b>
<b>1.2(a) Any balance or deposit held with a foreign bank</b>		370 311 771	2.00%
JP Morgan	5%	300 544 888	1.62%
Other	5%	69 766 883	0.38%
<b>1.2(c) A money market instrument issued by a foreign bank including an Islamic liquidity management financial instrument</b>		37 930 126	0.20%
Firststrand Ltd	5%	26 753 923	0.14%
Other	5%	11 176 203	0.06%
<b>2 DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS</b>		<b>3 874 516 104</b>	<b>20.94%</b>
<b>2.1 Inside the Republic</b>	100%	<b>3 782 116 883</b>	<b>20.44%</b>
<b>2.1(a) Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic</b>		867 420 431	4.69%
RSA 8.875 28022035	100%	84 316 936	0.46%
Other	100%	783 103 495	4.23%
Carried forward		3 311 278 898	17.88%

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2020

Categories of kinds of assets	%	Fair value R	Fair value %
Brought forward		3 311 278 898	17.88%
2.1(c) Debt instruments issued or by a South African bank against its balance sheet	75%	697 285 384	3.77%
2.1(c)(i) Listed on an exchange with an issue market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	635 607 478	3.43%
Firstrand FRB26 FRN 030624 Jb3+224	25%	26 976 801	0.15%
Other	25%	608 630 677	3.29%
2.1(c)(ii) Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%	44 440 270	0.24%
IBL77 5.70800% 251120	15%	32 295 731	0.17%
Other	15%	12 144 539	0.07%
2.1(c)(iii) Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	75%	9 982 300	0.05%
STDJB171 23122020	10%	6 638 135	0.04%
Other	10%	3 344 165	0.02%
2.1(c)(iv) Not listed on an exchange	25%	7 255 336	0.04%
STDJB171 23122020	5%	8 085 298	0.04%
Other	5%	(829 962)	0.00%
2.1(d) Debt instruments issued or guaranteed by an entity that has equity listed on an exchange, or debt instruments issued or guaranteed by a public entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999) as prescribed	50%	882 314 911	4.77%
2.1(d)(i) Listed on an exchange	50%	623 816 627	3.37%
KAP010 8.7170% 150920	10%	20 967 611	0.11%
Other	10%	602 849 016	3.26%
2.1(d)(ii) Not listed on an exchange	25%	258 498 284	1.40%
TRANSNET FRN 02122030	5%	25 007 889	0.14%
Other	5%	233 490 395	1.26%
2.1(e) Other debt instruments:-	25%	1 335 096 157	7.21%
2.1(e)(i) Listed on an exchange	25%	147 322 396	0.80%
PEP01 5.53200% 100323	5%	10 032 882	0.05%
Other	5%	137 289 514	0.74%
2.1(e)(ii) Not listed on an exchange	15%	1 187 773 761	6.42%
RFS Home Loans (Pty) Ltd	5%	563 475 951	3.04%
Other	5%	624 297 810	3.37%
	SARB max. limits		
2.2 <b>Foreign</b>		<b>92 399 221</b>	<b>0.50%</b>
2.2(b) Debt instruments issued or guaranteed by the government of a foreign country	SARB max. limits	76 971 747	0.42%
Rubrics Global UCITS Funds Plc	10%	75 267 990	0.41%
Other	10%	1 703 757	0.01%
2.2(c) Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-	SARB max. limits	5 511 264	0.03%
2.2(c)(i) Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB max. limits	5 511 264	0.03%
Investec Bank Ltd	25%	5 511 264	0.03%
2.2(d) Debt instruments issued or guaranteed by an entity that has equity listed on an exchange	SARB max. limits	7 036 833	0.04%
2.2(d)(i) Listed on an exchange	SARB max. limits	7 036 833	0.04%
Daimler AG	10%	4 806 117	0.03%
Other	10%	2 230 716	0.01%
2.2(e) Other debt instruments	25%	2 879 377	0.02%
2.2(e)(i) Listed on an exchange	25%	2 879 377	0.02%
Carried forward		6 315 495 194	34.12%

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2020

Categories of kinds of assets	%	Fair value R	Fair value %
Brought forward		6 315 495 194	34.12%
STANDARD BANK OF SA LTD SR UNSECURED 07/22 VAR	5%	2 879 377	0.02%
<b>3 EQUITIES</b>		<b>11 285 140 470</b>	<b>60.98%</b>
<b>3.1 Inside the Republic</b>	<b>75%</b>	<b>7 055 753 385</b>	<b>38.12%</b>
3.1(a) Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	75%	6 176 042 683	33.37%
3.1(a)(i) Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	5 457 029 442	29.49%
Naspers Ltd	15%	924 411 078	4.99%
Other	15%	4 532 618 364	24.49%
3.1(a)(ii) Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%	661 832 363	3.58%
Netcare Limited	10%	50 295 972	0.27%
Other	10%	611 536 391	3.30%
3.1(a)(iii) Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	15%	57 180 878	0.31%
RENERGEN LTD	5%	5 585 809	0.03%
Other	5%	51 595 069	0.28%
3.1(b) Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	15%	879 710 702	4.75%
AFRICAN INFRASTRUCTURE INVESTMENT FUND	2.5%	95 101 794	0.51%
Other	2.5%	784 608 908	4.24%
<b>3.2 Foreign</b>		<b>4 229 387 085</b>	<b>22.85%</b>
3.2(a) Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	SARB max. limits	4 229 387 085	22.85%
3.2(a)(i) Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB max. limits	4 227 218 957	22.84%
Orbis Inst. Global Equity Fund	15%	891 423 825	4.82%
Other	15%	3 335 795 132	18.02%
3.2(a)(ii) Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	SARB max. limits	2 168 128	0.01%
MEDIA NUSANTARA CITRA	10%	2 043 124	0.01%
Other	10%	125 004	0.00%
<b>4 IMMOVABLE PROPERTY</b>		<b>880 620 212</b>	<b>4.76%</b>
<b>4.1 Inside the Republic</b>	<b>25%</b>	<b>500 559 238</b>	<b>2.70%</b>
4.1(a) Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange	25%	479 373 584	2.59%
4.1(a)(i) Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	322 514 698	1.74%
Growthpoint Properties Ltd	15%	85 709 340	0.46%
Other	15%	236 805 358	1.28%
4.1(a)(ii) Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	116 740 285	0.63%
HYPROP INVESTMENTS LTD	10%	20 990 049	0.11%
Other	10%	95 750 236	0.52%
4.1(a)(iii) Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	40 118 601	0.22%
Spear Reit	5%	9 795 025	0.05%
Other	5%	30 323 576	0.16%
4.1(b) Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange	15%	21 185 654	0.11%
Business Park@Zambezi	5%	17 600 000	0.10%
Other	5%	3 585 654	0.02%
Carried forward		18 104 074 279	97.80%

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2020

Categories of kinds of assets	%	Fair value R	Fair value %
Brought forward		18 104 074 279	97.80%
<b>4.2 Foreign</b>	<b>25%</b>	<b>380 060 974</b>	<b>2.05%</b>
4.2(a) Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange	25%	380 060 974	2.05%
4.2(a)(iii) Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	380 060 974	2.05%
Catalyst Global Real Estate	5%	164 550 264	0.89%
Other	5%	215 510 710	1.16%
<b>5 COMMODITIES</b>		<b>8 603 838</b>	<b>0.05%</b>
<b>5.1 Inside the Republic</b>	<b>10%</b>	<b>8 603 838</b>	<b>0.05%</b>
5.1(a) Kruger Rands and other commodities on an exchange, including exchange traded commodities	10%	8 603 838	0.05%
5.1(a)(ii) Other commodities	5%	8 603 838	0.05%
New Gold Platinum ETF	5%	6 378 781	0.03%
Other	5%	2 225 057	0.01%
<b>7 HOUSING LOANS GRANTED TO MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 19(5)</b>	<b>95%</b>	<b>1 330 378</b>	<b>0.01%</b>
<b>8 HEDGE FUNDS, PRIVATE EQUITY FUNDS AND ANY OTHER ASSET NOT REFERRED TO IN THIS SCHEDULE</b>		<b>13 070 826</b>	<b>0.07%</b>
<b>8.1 Inside the Republic</b>	<b>15%</b>	<b>13 070 826</b>	<b>0.07%</b>
8.1(b) Private equity funds	10%	13 774 891	0.07%
8.1(b)(ii) Private equity funds	10%	13 774 891	0.07%
KAGISO INFRASTRUCTURE EMPOWERMENT FUND	2.5%	13 774 833	0.07%
Other	2.5%	58	0.00%
8.1(c) Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2.5%	(704 065)	0.00%
FGR SWAP 7.248 07092027	2.5%	13 806 117	0.07%
	2.5%	(14 510 182)	(0.08)%
<b>TOTAL ASSETS – REGULATION 28</b>		<b>18 507 140 295</b>	<b>100.00%</b>

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2020**

**INVESTMENT SUMMARY (Regulation 28)**

	Local	Fair value	Foreign	Fair value	Africa	Fair value	Total
	R	%	(Excluding Africa) R	%	R	%	R
1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments	2 035 616 570	11.00	408 241 897	2.21	-	-	2 443 858 467
2 Debt instruments including Islamic debt instruments	3 782 116 883	20.44	92 399 221	0.50	-	-	3 874 516 104
3 Equities	7 055 753 385	38.12	4 229 387 085	22.85	-	-	11 285 140 470
4 Immovable property	500 559 238	2.70	380 060 974	2.05	-	-	880 620 212
5 Commodities	8 603 838	0.05	-	-	-	-	8 603 838
7 Housing loans granted to members - section 19(5)	1 330 378	0.01	-	-	-	-	1 330 378
8 Hedge Funds, private equity funds and any other assets not referred to in this schedule	13 070 826	0.07	-	-	-	-	13 070 826
<b>TOTAL</b>	<b>13 397 051 118</b>	<b>72.39</b>	<b>5 110 089 177</b>	<b>27.61</b>	<b>-</b>	<b>-</b>	<b>18 507 140 295</b>

**BREACHES IN TERMS OF SUB REGULATION 3 OF REGULATION 28**

Table 1 items	Asset Limits in terms of sub regulation 3(f)	Total (Inside & Foreign) R	Percentage of Fair value %	Regulation 28 limits
2.1(e)(ii)	Other debt instruments not listed	1 187 773 761	6.42	
3(b)	Equities not listed	879 710 702	4.75	
4.1(b)	Immovable properties not listed	21 185 654	0.11	
8	Hedge funds , Private Equity funds and other assets	13 070 826	0.07	
<b>TOTAL</b>		<b>2 101 740 943</b>	<b>11.35</b>	<b>35</b>

Table 1 items	Asset Limits in terms of sub regulation 3(g)	Fair value R	Fair value %	Regulation 28 limits
3.1(b)	Equities not listed	879 710 702	4.75	
8.1(b)	Private Equity funds	13 774 891	0.07	
<b>TOTAL</b>		<b>893 485 593</b>	<b>4.82</b>	<b>15</b>

Table 1 items	Asset Limits in terms of sub regulation 3(h)	Fair value R	Fair value %	Regulation 28 limits
1.1	Cash and deposits with a South African Bank	2 035 616 571	11.00	
2.1(c)	Debt instruments guaranteed by a South African Bank - Item	697 285 384	3.77	
<b>TOTAL</b>		<b>2 732 901 955</b>	<b>14.77</b>	<b>25</b>

**NATIONAL FUND FOR MUNICIPAL WORKERS**

**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2020**

**NOTES:**

1. In the absence of guidance in the Explanatory Memorandum that accompanied the issue of the revised Regulations 28 and further guidance in this regard by the Financial Sector Conduct Authority up to now, the trustees have interpreted paragraph 4 to mean that where an asset is made up of underlying assets, the Fund may disclose the largest value per issuer/entity, as applicable, for each category in Table 1 which the assets relate.



## Independent Auditor's Reasonable Assurance Report on Assets Held in Compliance with Regulation 28 of the Pension Funds Act No. 24 of 1956, as amended

### Report on Compliance of Schedule IB with Regulation 28 of the Act

We have undertaken our engagement in accordance with Section 15 of the Pension Funds Act No. 24 of 1956, as amended (the Act) in order to provide the Board of Fund of National Fund for Municipal Workers (the Fund) with a reasonable assurance opinion that Schedule IB "Assets held in compliance with Regulation 28" (the Schedule) on pages 66 to 71 at 30 June 2020 is prepared in all material respects in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) of the Act, and the Fund has complied, in all material respects, with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) as at 30 June 2020.

#### *The Board of Fund's responsibility for the Schedule*

The Board of Fund is responsible for ensuring that the Schedule is prepared in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) and for compliance of the Fund with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

#### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Deloitte applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on whether the Schedule is prepared in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) and whether the Fund complies with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) based on performing a reasonable assurance engagement.

We performed our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the Schedule is prepared in



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A full list of partners and directors is available on request

\* Partner and Registered Auditor

**B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice**

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accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) and whether the Fund complies with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9).

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain sufficient appropriate evidence that the Schedule is prepared in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) and that the Fund complies with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9). The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9), whether due to fraud and error. In making those risk assessments we consider internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

#### *Inherent limitations*

The Fund has investments in collective investment scheme and linked policies as defined in the Long Term Insurance Act. The Fund obtained confirmations including a breakdown of the underlying assets from the schemes, long-term insurers and issuers of these investments at 30 June 2020, the year-end of the Fund.

In certain instances, these confirmations were not subjected to audit procedures by the auditors of the different schemes, long-term insurers and issuers as at 30 June 2020.

We have not assessed the accuracy and completeness of the information included in these confirmations obtained from the schemes, long-term insurers and issuers to the value of R8 079 989 401 as at 30 June 2020. We are unable to conclude on the accuracy and completeness of these confirmations beyond whether the confirmations in total agree to the underlying accounting records of the Fund.

#### *Summary of work performed*

We completed our audit of the annual financial statements of the National Fund for Municipal Workers for the year ended 30 June 2020, prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, on which we issued an unmodified opinion on 10 December 2020. That audit was performed in accordance with International Standards on Auditing. Where appropriate, we have drawn on evidence obtained regarding information contained in the Schedule that has been extracted from the Fund's underlying accounting records that were the subject of our audit engagement on the annual financial statements and forms the subject matter of this engagement.

We have performed such additional procedures as we considered necessary which included.

- Evaluating whether confirmations from financial institutions are in support of the records made available to us;
- Inspecting the required documentation in terms of Regulation 28(8)(b) for investments excluded from total assets in terms of Regulation 28(8)(b);
- Evaluating whether the investments are classified correctly per the categories of Schedule IB based on information obtained about the nature of investments from the financial institutions;
- Recalculating the percentages of assets held in relation to total assets; and
- Comparing the percentages calculated to the prescribed limits.

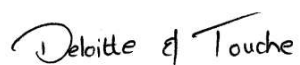
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

#### *Opinion*

In our opinion, the Schedule IB "Assets held in compliance with Regulation 28" at 30 June 2020 is prepared in all material respects in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) of the Act, and the Fund has complied, in all material respects, with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) as at 30 June 2020.

*Restriction on use*

Without modifying our opinion, we emphasise that Schedule IB is designed to meet the information needs of the Board of Fund for the purpose of reporting to the Financial Sector Conduct Authority (FSCA). As a result our report is not suitable for another purpose. Our report is presented solely for the information of the Board of Fund for the purpose of reporting to the FSCA.

The logo for Deloitte & Touche, featuring the company name in a stylized, handwritten-style font.

**Deloitte & Touche**  
Registered Auditors  
Per: Ronel van Graan  
Partner  
10 December 2020