

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 2017 to 30 JUNE 2018

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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 SATURDAY, 30 JUNE 2018****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 2017 to 30 June 2018
Prior year: 1 July 2016 to 30 June 2017

BOARD OF FUND

Full name	E-mail Address	Capacity	Date appointed/ reappointed	Date resigned
RJ Field	ron@nationalfund.co.za	C	1 March 2012	31 January 2018
JCG Burger	kobus@nationalfund.co.za	M	1 March 2012	30 April 2018
NF Rathaga	francis@nationalfund.co.za	E	1 September 2014	
CCK Antonio *	charles@nationalfund.co.za	C	1 May 2018	
KG Booysen	kevin@nationalfund.co.za	M	1 September 2014	
ME Jantjie	evelyn@nationalfund.co.za	M	1 September 2014	
MC Makgalemele	christina@nationalfund.co.za	M	1 September 2014	
HS Rossouw	dricus@nationalfund.co.za	M	1 September 2014	
EA Schutte	eugene@nationalfund.co.za	M	1 September 2014	
PS Mofokeng	sticks@nationalfund.co.za	M	1 September 2014	
NC Cindi	clive@nationalfund.co.za	M	1 September 2014	
L Geldenhuys	louwrens@nationalfund.co.za	M	1 May 2018	
CJ Labuschagne	rina@nationalfund.co.za	M	1 September 2014	
R Solomons	robert@nationalfund.co.za	M	1 May 2018	
A Tiemie	august@nationalfund.co.za	M	1 June 2016	
J Nkuna	james@nationalfund.co.za	M	1 May 2018	

* Mr CCK Antonio was elected on 16 November 2017 as the Chairperson of the NFMW Board of Fund with effect from 01 February 2018.

- '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)
12 September 2017	Durban	Yes
16 November 2017	Pretoria	Yes
15 March 2018	Pretoria	Yes
19 June 2018	Durban	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
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

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018**

Deputy Principal Officer

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed
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

Monitoring Person*

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed
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

*(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
KPMG Inc.	85 Empire Road Parktown South Africa 2193	85 Empire Road Parktown South Africa 2193	(011) 647 7111	leon.grobler@kpmg.co.za	11 November 2010	15 March 2018
Pricewaterhouse Coopers Inc.	Private Bag x36 Sunninghill 2157	4 Lisbon Lane Waterfall City Jukeskei View 2090	(011) 797 4000	julanie.basson@pwc.com	15 March 2018	

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 SATURDAY, 30 JUNE 2018**

PROFESSIONAL SERVICE PROVIDERS (continued)

Investment Administrator

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
ACPI Investments Ltd	PO Box 87353 Houghton 2041	Pegasus House 37-43 Sackville Street London W16 3EH 9999	0861 273783		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
Ashburton Fund Managers (Pty) Ltd	1st Floor 4 Merchant Place Cnr Fredmand and Rivonia Drive Sandton 2196	1st Floor 4 Merchant Place Cnr Fredmand and Rivonia 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	24 May 2018	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
Investec Asset Management (Pty) Ltd	PO Box 1655 Cape Town 8000	36 Hans Strijdom Avenue Foreshore Cape Town 8001	(021) 416 1684		587
Futuregrowth Investments CC	Private Bag X6 Newlands 7725	57 Astral Drive Woodhurst Chatsworth 4092	084 878 6612		39033
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
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 Portsworld Ridge Portsworld 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

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018**

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

Full name	Postal address	Physical address	Telephone number	Date appointed	FAIS registration number
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
Sanlam Investment Management (Pty) Ltd	Private Bag X8 Tyger Valley 7536	55 Willie van Schoor Road Bellville 7536	(021) 950 2695		579
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	25 August 2017	45382

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 Tygervally 7530	(021) 914 0496	45675

Risk Insurer

Full name	Postal address	Physical address	Telephone number	FSP approval no
Marsh (Pty) Ltd	Private Bag x14 Benmore 2010	Corner 5th Street and Fredman Drive Building 1 Alice Lane Sandton 2196	(011) 060 7765	8414
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

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 SATURDAY, 30 JUNE 2018

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.

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 11 to 32 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, PricewaterhouseCoopers Inc., 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 8 - 10.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE B

**STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued)
FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018**


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 letter 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 lodger 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>

These annual financial statements:

- were approved by the Board of Fund on 20 February 2019;
- 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 Saturday, 30 June 2018 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Fund by:



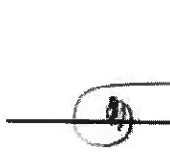
**CKK Antonio
CHAIRPERSON**

20/2/2019
Date



**Name: E. A. Schult
MEMBER TRUSTEE**

2019/02/20
Date



**Name: M. C. Makhemhle
MEMBER TRUSTEE**

2019/02/20
Date

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE C

**STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER
FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018**

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.



**SL Samons
Principal Officer**

20 February 2019
Date



SCHEDULE D

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 the National Fund for Municipal Workers ("the Fund") set out on pages 16 to 32, which comprise the statement of net assets and funds as at 30 June 2018 and the statement of changes in net assets and funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared for the purpose of assisting the Board of Fund to report to the Financial Sector Conduct Authority.

In our opinion, the financial statements of the National Fund for Municipal Workers for the year ended 30 June 2018 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 International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

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.

Other information

The Board of Fund is responsible for the other information. The other information comprises the Annual Financial Statements in terms of section 15 of the Pension Funds Act no 24, 1956 for the period 30 June 2018, but does not include the financial statements (schedule F, G and HA) and our auditor's report thereon (schedule D).

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.

*PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View 2090
Private Bag X36, Sunninghill 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za*

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



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 laws and regulations that came to our attention during the course of our audit of the financial statements.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act we report that we have identified certain unlawful acts or omissions committed by persons responsible for the management of National Fund for Municipal Workers which constitute reportable irregularities in terms of the Auditing Profession Act, and have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in note 8 to the Report of the Board of Fund.


PricewaterhouseCoopers Inc.
Director : J Basson
Registered Auditor
Johannesburg
Date: 22 FEBRUARY 2019

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE E REPORT OF THE BOARD OF FUND FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018

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.

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.

1.3. 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. Prior notice of the particulars of such an agreement must be provided to the insurer and, 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.

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.

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.

1.3.2. Employer contributions

a) The Local Authority must contribute monthly to the fund in respect of a 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 between the Local Authority and the Insurer and of which rate the employee has been informed in writing. 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 4.1(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.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE E

REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018

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
4	a) A pro-rata amount expressed as a percentage of the member's remuneration and determined by the Fund's actuary would be allocated to the service charge and paid to the expense reserve account. b) The Board of Trustees have the discretion to distribute the balance of a living annuity sub-account after any deductions and to purchase a living annuity from the Fund for the benefit of the spouse. c) The Fund shall keep an Expense Reserve Account to meet the ongoing Fund expenses. d) A deputy principal officer may be appointed to assist the principal officer. e) Delete the definition Fund Advisory Committee	16 November 2017	1 June 2016	18 December 2017

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:

- The amount determined from time to time which is paid out of the Employer contributions in terms of rule 42.5(i) to cover Fund expenses
- Transfers from the Pensioner Account in respect of Pensioner expenses
- Allowance for any expenses (incurred and accrued) for the management of the Fund, which are allowed for in the determination of the Fund interest
- Investment returns on the assets in this account, if such investment returns are positive.

Debits:

- All costs and expenses referred to in the rules
- 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 SATURDAY, 30 JUNE 2018

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 Sharia-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, sukuk 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.

2.1.3. Unclaimed benefits

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

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE E

REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018

2.1.4. Reserve accounts

The Reserve accounts are distributed proportionally between the portfolios.

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

	30 June 2018	30 June 2017
	R	R
Allan Gray Life Limited	3 098 836 761	3 190 223 709
Ashburton Fund Managers (Pty) Ltd	564 724 799	612 812 408
Benguela Global Fund Managers (Pty) Ltd	324 406 056	-
Catalyst Fund Managers (Pty) Ltd	507 926 679	523 168 404
Futuregrowth Investments CC	707 523 134	518 225 591
Investec Asset Management (Pty) Ltd	567 577 476	591 527 233
Morgan Stanley Investment Funds plc	140 512 137	247 751 706
ACPI Investment Managers	157 297 001	145 885 745
Nedgroup Investment Advisors (Pty) Ltd	673 251 877	563 723 921
Kagiso Asset Managers (Pty) Ltd	17 164 432	8 715 729
Old Mutual Investment Group (Pty) Ltd	1 098 925 777	966 423 966
Coronation Asset Management (Pty) Ltd	2 846 765 496	2 495 382 988
Mazi Asset Management (Pty) Ltd	625 764 201	298 678 071
Novare Investments (Pty) Ltd	200 032 261	132 888 395
Metope Investment Managers (Pty) Ltd	241 568 150	81 397 136
Prescient Investment Management (Pty) Ltd	1 076 159 822	986 842 047
Sanlam Investment Management (Pty) Ltd	1 331 645 794	1 541 786 803
Northern Trust International Fund Administration Services Ltd	767 794 474	-
RFS Home Loans (Pty) Ltd	519 548 054	-
Total value of investments managed	15 467 424 381	12 905 433 852

3. MEMBERSHIP

	Active members	Deferred Members	Pensioners	Unclaimed benefits
Number at the beginning of year	45 413	76	13	828
Adjustments*	(631)	655	-	-
Additions	4 301	-	24	380
Transfers in	290	-	4	-
Withdrawals	(885)	-	-	-
Retirements	(634)	-	-	-
Disabilities	(49)	-	-	-
Deaths	(325)	-	-	-
Unclaimed benefits paid	-	-	-	(55)
Number at the end of the year	47 480	731	41	1 153
Number at end of year (South African citizen)	47 465	731	41	1 153
Number at end of year (non-South African citizen)	15	-	-	-

Adjustments:

* Adjustment relates to the prior year closing membership understated and reallocation of Category E members.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE E

REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018

4. ACTUARIAL VALUATION

The last statutory actuarial valuation for the Fund was done for the period ended 30 June 2015, 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 granted 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 auditors have reported a reportable irregularity in terms of Section 44 of the Auditing Profession Act to IRBA and the details are as follows:

Prior to 2016 the former Chairperson of the Fund, was granted housing loans in terms of section 19(5) of the Pension Funds Act. However, the evidence that subsequently came to the Fund's attention suggests that the loans were utilised for other purposes other than those prescribed by section 19(5) of the Pension Funds Act. The former Chairperson retired on 31 January 2018 and he settled his loans directly with the credit provider. The Board confirms that there was no financial prejudice to the Fund in any manner. Since 2016, there is a process where the credit provider confirms to the Fund that all the loans granted to members in terms of section 19(5) of the Pension Funds Act have been utilised in accordance with the requirements of the said provision [section 19(5) of the Pension Funds Act]. This process is meant to ensure that housing loans granted to members are utilised in accordance with the requirements of section 19(5).

9. SUBSEQUENT EVENTS

There are no subsequent events.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE F
STATEMENT OF NET ASSETS AND FUNDS
AS AT SATURDAY, 30 JUNE 2018

	Note	30 June 2018 R	30 June 2017 R
ASSETS			
Non-current assets		15 488 902 090	13 394 543 384
Property and equipment	2	19 139 368	20 472 797
Investments	3	15 467 424 381	12 905 433 852
Housing loans	4	2 338 341	91 979 774
Loan receivable	18	-	376 656 961
Current assets		290 691 826	199 232 244
Accounts receivable	5	77 701 806	36 388 194
Contributions receivable	10	76 144 708	99 194 127
Cash at bank		136 845 312	63 649 923
Total assets		15 779 593 916	13 593 775 628
FUNDS AND LIABILITIES			
Members' funds and surplus account		15 311 322 291	13 177 863 945
Members' individual accounts	16	15 198 086 524	13 136 508 988
Amounts to be allocated	19	113 235 767	41 354 957
Reserves			
Reserve accounts	17	93 532 967	55 901 815
Total funds and reserves		15 404 855 258	13 233 765 760
Non-current liabilities			
Unclaimed benefits	8	25 579 044	15 727 768
Current liabilities		349 159 614	344 282 100
Benefits payable	7	310 253 884	308 459 445
Accounts payable	9	38 905 730	35 822 655
Total funds and liabilities		15 779 593 916	13 593 775 628

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE G
STATEMENT OF CHANGES IN NET ASSETS AND FUNDS
FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018

	Note	Members' individual accounts & Amounts to be allocated	Reserve accounts Refer note 17	Current year 2018	Previous year 2017
		R	R	R	R
Contributions received and accrued	10	1 702 436 115	52 467 774	1 754 903 889	1 528 252 466
Reinsurance proceeds		174 624 348	-	174 624 348	177 513 384
Net investment income	11	1 231 389 315	11 233 104	1 242 622 419	680 059 106
Allocated to unclaimed benefits	8	(1 516 055)	-	(1 516 055)	-
Other income	12	-	60 703 288	60 703 288	39 212 238
Less:					
Re-insurance premiums		(263 152 193)	(78 889 199)	(342 041 392)	(310 434 612)
Administration expenses	13	(263 152 193)	-	(263 152 193)	(224 186 418)
		-	(78 889 199)	(78 889 199)	(86 248 194)
Net income before transfers and benefits		2 843 781 530	45 514 967	2 889 296 497	2 114 602 582
Transfers and benefits					
Transfer from other funds	6	(718 206 999)	-	(718 206 999)	(864 353 756)
Benefits	7	251 038 095	-	251 038 095	127 771 950
		(969 245 094)	-	(969 245 094)	(992 125 706)
Net income after transfers and benefits		2 125 574 531	45 514 967	2 171 089 498	1 250 248 826
Funds and reserves					
Balance at the beginning of the year	17	13 177 863 945	55 901 815	13 233 765 760	11 983 516 934
Transfers between reserve accounts	17	7 883 815	(7 883 815)	-	-
Balance at the end of the year		15 311 322 291	93 532 967	15 404 855 258	13 233 765 760

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018

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 bases, 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 SATURDAY, 30 JUNE 2018

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 unithised, 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 SATURDAY, 30 JUNE 2018

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 SATURDAY, 30 JUNE 2018

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

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 SATURDAY, 30 JUNE 2018

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, CHANGING 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 SATURDAY, 30 JUNE 2018

2. PROPERTY AND EQUIPMENT

2.1. Current year

	Buildings R	Computer equipment and software R	Furniture and fittings R	Total R
Gross carrying amount				
Cost at beginning of year	18 237 615	3 045 096	1 266 991	22 549 702
Additions	-	172 509	109 349	281 858
At end of year	18 237 615	3 217 605	1 376 340	22 831 560
Accumulated depreciation and impairment				
At beginning of year	(579 043)	(1 097 455)	(400 407)	(2 076 905)
Depreciation charges	(364 752)	(1 023 906)	(226 629)	(1 615 287)
Net carrying amount at end of year	17 293 820	1 096 244	749 304	19 139 368

The buildings consist of an office block situated 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 27 September 2018. 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
Gross carrying amount				
At beginning of period	13 391 250	2 297 881	1 106 641	16 795 772
Additions	4 846 365	747 215	160 350	5 753 930
At end of year	18 237 615	3 045 096	1 266 991	22 549 702
Accumulated depreciation and impairment				
At beginning of period	(230 445)	(146 642)	(195 890)	(572 977)
Depreciation charges	(348 598)	(950 813)	(204 517)	(1 503 928)
At end of year	(579 043)	(1 097 455)	(400 407)	(2 076 905)
Net carrying amount at end of period	17 658 572	1 947 641	866 584	20 472 797

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018

3. INVESTMENTS

3.1. Investment summary

	Note	Local		Foreign	Total current		Total previous		Fair value		Categorised per Regulatory Framework
		R	R		year	R	year	R	current year	R	
Cash and deposits		1 080 072 297	34 932 356		1 115 004 653	1 283 475 270		1 115 004 653	At fair value through statement of changes in net assets and funds		
Commodities		15 214 976	-		15 214 976	35 983 760		15 214 976	At fair value through statement of changes in net assets and funds		
Debt instruments including Islamic debt instruments *		1 838 248 759	-		1 838 248 759	1 512 983 986		1 838 248 759			
Investment properties		-	-		-	834 220 911		-	At fair value through statement of changes in net assets and funds		
Equities (including demutualisation shares)		6 613 254 957	200 032 261		6 813 287 218	5 752 364 979		6 813 287 218	At fair value through statement of changes in net assets and funds		
Insurance policies		2 315 074 923	213 095 951		2 528 170 874	2 396 552 385		2 528 170 874	At fair value through statement of changes in net assets and funds		
Collective investment schemes		80 225 008	3 056 280 031		3 136 505 039	1 089 852 561		3 136 505 039	At fair value through statement of changes in net assets and funds		
Derivative market investments		20 992 862	-		20 992 862	-		20 992 862	At fair value through statement of changes in net assets and funds		
Total		11 963 083 782	3 504 340 599		15 467 424 381	12 905 433 852		15 467 424 381			

*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

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018

4. HOUSING LOAN FACILITIES

4.1. Housing loans

	A At beginning year	C Repaid	D Interest capitalised	E Other adjustments *	A+B-C+D+/-E At end of year
	R	R	R	R	R
Loans granted in terms of the rules of the fund and section 19(5) of the Pension Funds Act in South Africa	91 979 774	(1 213 111)	240 802	(88 669 124)	2 338 341
Total	91 979 774	(1 213 111)	240 802	(88 669 124)	2 338 341

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%.

*Other adjustments - RFS Home Loans (Pty) Ltd loan was reallocated to investments.

4.2. Housing loan guaranties

The fund has granted the following guaranties:

1. 4 683 (2017: 4 241) guaranties to RFS Home Loans (Pty) Ltd for loans granted to members, amounting to R519 081 270, (2017 : R466 960 788);

2. 9 (2017: 0) guaranties to Standard Bank Ltd for loans granted to members, amounting to R 2 230 471, (2017 : R0)

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

5. ACCOUNTS RECEIVABLE

	30 June 2018	30 June 2017
	R	R
Reinsured proceeds receivable	17 146 332	30 069 101
Risk profit receivable	55 754 368	-
RFS Home Loans (Pty) Ltd	-	3 804 617
Interest on contributions receivable	3 461 651	1 883 439
Sundry Debtors	1 339 455	631 037
Total	77 701 806	36 388 194

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018

6. TRANSFERS FROM OTHER FUNDS

Effective date	No. of members	Applied for not yet approved (contingent)	A		B	D	A+B+C-D
			At beginning of year	At end of year			
		R	R	R	R	R	R
Living annuitants transfers							
Individual transfers							
	4	-	-	24 125 951	(24 125 951)	-	-
RFS Administrators (Pty) Ltd (Polokwane Local Municipality)	1	-	-	234 308	(234 308)	-	-
EJoburg Retirement Fund (Ekurhuleni Metropolitan Municipality)	1	-	-	781 822	(781 822)	-	-
Government Employees Pension Fund (Sedibeng District Municipality)	1	-	-	566 849	(566 849)	-	-
Cape Municipal Pension Fund (City of Tshwane Metropolitan Municipality)	1	-	-	2 640 288	(2 640 288)	-	-
African National Congress Gauteng (West Rand District Municipality)	1	-	-	100 285	(100 285)	-	-
Government Employees Pension Fund (Mopani District Municipality)	283	-	-	222 588 592	(222 588 592)	-	-
Total	292	-	-	251 038 095	(251 038 095)	-	-
Transfers approved (B)							
Return on transfers (C)							
							251 038 095
							-
Statement of changes in net assets and funds							251 038 095

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 SATURDAY, 30 JUNE 2018

7. BENEFITS

7.1. Benefits - current members

	A	B	C	D	E	A+B+C-D-E
	At beginning of year	Benefits for current period	Return allocated	Payments	Transferred to unclaimed benefits	At end of year
	R	R	R	R	R	R
Monthly Annuities	-	4 313 645	-	(4 313 645)	-	-
Lump sums on retirements						
- Full benefit	49 034 574	440 174 184	5 609 366	(393 489 043)	(942 239)	100 386 842
Lump sums before retirement						
- Disability benefits	26 670 954	45 402 737	2 013 814	(60 446 610)	(351 260)	13 289 635
- Death benefits	199 429 018	193 345 014	9 690 173	(235 480 598)	(12 724 152)	154 259 455
- Withdrawal benefits	33 324 899	228 147 024	3 857 756	(217 718 227)	(5 293 500)	42 317 952
Other						
Divorce payments	-	36 691 381	-	(36 691 381)	-	-
Total	308 459 445	948 073 985	21 171 109	(948 139 504)	(19 311 151)	310 253 884

Benefits for current year (B)

Return allocated (C)

948 073 985
21 171 109

Statement of changes in net assets and funds

969 245 094

8. UNCLAIMED BENEFITS

	30 June 2018	30 June 2017
	R	R
Balance at the beginning of the year	15 727 768	19 500 472
Transferred from benefits payable	19 311 151	143 859
Adjustments	3 436 643	-
Investment income allocated	1 516 055	-
Less:		
• Benefits paid	(14 412 573)	(3 916 563)
Balance at the end of the year	25 579 044	15 727 768

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018

9. ACCOUNTS PAYABLE

	30 June 2018	30 June 2017
	R	R
Risk premiums and benefits	24 405 284	23 577 118
PAYE	7 814 785	8 445 119
Audit fees accrual	843 600	708 434
Risk claims: Members	926 083	926 083
Sundry Creditors	2 980 679	1 002 997
RFS Home Loans (Pty) Ltd	52 650	52 650
Administration fees	1 882 649	1 110 254
Total	38 905 730	35 822 655

10. 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	28 441 303	537 621 667	-	(540 873 586)	25 189 384
Employer contributions received and accrued	70 752 824	876 280 772	333 621 759	(1 229 700 031)	50 955 324
Additional voluntary contributions - members	-	7 379 691	-	(7 379 691)	-
Total	99 194 127	1 421 282 130	333 621 759	(1 777 953 308)	76 144 708
Towards retirement					1 421 282 130
Towards reinsurance and expenses					333 621 759
Statement of changes in net assets and funds					1 754 903 889

11. NET INVESTMENT INCOME

	30 June 2018	30 June 2017
	R	R
Income from investments	203 955 179	398 316 610
• Dividends*	-	220 957 236
• Interest	203 681 623	176 970 314
• Interest received on home loans	240 802	389 060
• Income from insurance policies	32 754	-
Interest on late payment of contributions	2 372 465	653 643
Loss on foreign exchange difference	-	(155 826 561)
Adjustment to fair value	1 110 369 275	543 034 361
	1 316 696 919	786 178 053
Less: Expenses incurred in managing investments	(74 074 500)	(106 118 947)
Total	1 242 622 419	680 059 106

* 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 SATURDAY, 30 JUNE 2018

12. OTHER INCOME

	30 June 2018	30 June 2017
	R	R
Sanlam risk income received	55 754 368	-
Rental income	-	40 666
Script lending fees received	3 059 147	2 639 096
RFS Home Loans interest received	-	34 721 242
Repo fees received	1 675 132	1 811 234
Sanlam refund	214 641	-
Total	60 703 288	39 212 238

13. ADMINISTRATION EXPENSES

	30 June 2018	30 June 2017
	R	R
Administration fees	23 713 765	37 054 340
Audit fees	826 527	1 294 529
Audit fees - Audit services	843 600	708 435
Audit fees - Other services	-	267 814
Audit fees - (Over)/under provision previous year	(17 073)	318 280
Legal fees and compliance fees	5 818 231	5 303 144
Depreciation	1 615 287	1 503 928
Fidelity insurance	391 962	358 559
Other expenses	9 679 416	9 072 974
Bank charges	119 199	74 684
Occupational rent	412 458	412 120
Financial Services Board Levy	823 959	716 522
Marketing expenses	3 386 733	2 702 487
Conference and meetings	1 022 745	936 238
Consultancy fees	2 181 654	2 392 225
Travel and accommodation (non - Board of Fund)	636 012	691 913
Printing & courier expense	1 026 864	1 121 071
Security	69 792	25 714
Office expenses	4 323 229	4 064 708
Board of Fund expenses	13.1 3 598 818	3 825 533
Staff expenses	13.2 28 801 447	23 415 168
Principal Officer expenses	13.3 120 517	355 311
Total	78 889 199	86 248 194

13.1. Board of Fund expenses

	30 June 2018	30 June 2017
	R	R
Meeting allowances	1 795 779	1 706 250
Board of Fund - expenses	1 803 039	2 119 283
Total	3 598 818	3 825 533

13.2. Staff expenses

	30 June 2018	30 June 2017
	R	R
Staff expenses- Remuneration	28 801 447	23 415 168
Total	28 801 447	23 415 168

13.3. Principal Officer expenses

	30 June 2018	30 June 2017
	R	R
Principal officer expenses - Other payments	120 517	355 311
Total	120 517	355 311

14. RISK MANAGEMENT POLICIES

- **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.

As at 30 June 2018 the current liabilities exceeded the current assets by R 28 781 684 (2017 : R 145 049 856) rendering the Fund illiquid. However the Fund has sufficient investments listed under non-current assets, which are liquid, and should a need arise for these liabilities to be settled immediately, the fund will be able to meet this obligation.

- **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 SATURDAY, 30 JUNE 2018

14. 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.

15. RELATED PARTY TRANSACTIONS

Key management personnel

Trustees

NF Ratlhaga
CCK Antonio
KG Booysen
MC Makgalemele
ME Jantjie
HS Rossouw
EA Schutte
PS Mofokeng
L Geldenhuys
CJ Labuschagne
NC Cindi
R Solomons
A Tiemie
J Nkuna

Principal Officer

SL Samons

Deputy Principal Officer

L Ndawana

Transactions with related parties

Board of Fund allowances paid

Refer to note 13.1 for full disclosure concerning the Board of Fund allowances paid.

Principal Officer's expenses

Refer to note 13.2 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: R 1 549 126,11 (2017: R1 362 123). 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.

16. MEMBERS' INDIVIDUAL ACCOUNTS

	30 June 2018 R	30 June 2017 R
Active and unpaid members	15 062 614 932	13 093 406 879
Living annuities	135 471 592	43 102 109
Total	15 198 086 524	13 136 508 988

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018

17. SURPLUS AND RESERVE ACCOUNTS

	Reserve Accounts Total R	Contingency reserve R	Expense reserve R
At beginning of year	55 901 815	55 901 815	-
Contributions received and accrued	52 467 774	-	52 467 774
Net investment income	11 233 104	4 771 000	6 462 104
Allocated to unclaimed benefits	-	-	-
Other income:	60 703 288	55 754 368	4 948 920
- Sanlam risk income received	55 754 368	55 754 368	-
- Script lending fees received	3 059 147	-	3 059 147
- Repo fees received	1 675 132	-	1 675 132
- Sanlam refund	214 641	-	214 641
Administration Expenses	(78 889 199)	-	(78 889 199)
Transfer between reserve accounts and allocated to members	(7 883 815)	(32 883 815)	25 000 000
At end of year	93 532 967	83 543 368	9 989 599

18. LOAN RECEIVABLE

	30 June 2018 R	30 June 2017 R
Opening Balance	376 656 961	330 758 983
Loans issued	-	53 732 428
Interest raised	-	34 721 242
Less:		
- Payments received	-	38 751 075
- Transfer to trade and other receivables	-	3 804 617
Other	376 656 961	-
Adjustment from housing loan facility	376 656 961	-
Total	-	376 656 961
Disclosed as:		
- Non-Current	-	376 656 961

The RFS Home Loans (Pty) loan was reallocated to Investments.

19. AMOUNTS TO BE ALLOCATED

	30 June 2018 R	30 June 2017 R
Living Annuity members allocated	8 365 308	43 102 109
Gross Contributions June 2018 received subsequent to year end	-	112 390 518
Bonus declaration June 2018	-	(143 308 606)
Investment return to be allocated	86 231 583	29 170 936
Excess assets	18 638 876	-
Total amounts to be allocated	113 235 767	41 354 957

NATIONAL FUND FOR MUNICIPAL WORKERS

**REPORT OF THE VALUATOR
FOR THE YEAR ENDED SATURDAY, 30 JUNE 2018**

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

The valuation of the fund as at 30 June 2015 disclosed an excess of R 41 783 000 (corresponding to a funding level of 100.42%). The previous valuation at 30 June 2014 revealed an excess of R 9 251 000 (corresponding to a funding level of 100.10%).

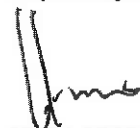
The main reason for the improvement in the financial position was the cost deduction from July 2014 to April 2015. Over this period the fund return was reduced by 0.06% per month and only reduced to 0.05% per month from May 2015 onwards. This resulted in a total deduction of approximately R 69.1 million to cover investment fees not deducted directly off investment returns and expenses not directly deducted from the members' contributions, which totaled R 50.6 million over the valuation period resulting in a profit of R 18.5 million (or 0.18% of assets) over the valuation period.

The board of trustees agreed with the valuator's recommendation that the excess be retained in the fund and that the situation be reconsidered after the migration to the new administration platform has been successfully completed.

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 100.42% of the members' liabilities as at 30 June 2015 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

18 November 2016

Procedures and Findings

	Procedures	Findings
	Statement of Net Assets and Funds	
1	Investments	
1.1	Inspect the list of investment balances reflected in the general ledger of the Fund as at 30 June 2018 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 agreed to the investment balances reflected in the general ledger.
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.	The Fund has no investments in participating employers.
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):	

Procedures		Findings			
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.	Inspection of the underlying investments, investment mandate and investment policy statement revealed the following:			
		Investment Manager	Underlying Investment	Investment Mandate	Allowed in terms of IPS
		Allan Gray-Domestic Portfolio	Segregated	Segregated	Yes
		Coronation Equity	Segregated	Segregated	Yes
		Old Mutual	Insurance policy	Insurance policy	Yes
		ACPI	Collective investment scheme	Collective investment scheme	Yes
		Futuregrowth	Insurance Policy	Insurance Policy	Yes
		Investec Credit income	Insurance policy	Insurance policy	Yes
		Investec Global	Insurance policy	Insurance policy	Yes
		Atlantic Cash/Ashburton	Segregated	Segregated	Yes
		Mazi Capital	Segregated	Segregated	Yes
		Metope	Segregated	Segregated	Yes

	Procedures	Findings																																																																						
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.	<p>The investment policy statement provides for the following:</p> <table><tr><th>Asset class</th><th>Provided for</th><th>Exception noted</th></tr><tr><td>Securities lending transactions</td><td>Yes</td><td>No</td></tr><tr><td>Hedge funds</td><td>Yes</td><td>No</td></tr><tr><td>Private Equity</td><td>Yes</td><td>No</td></tr><tr><td>Derivatives</td><td>Yes</td><td>No</td></tr></table> <p>For the sample selected, the investment mandates provide the following:</p> <table><tr><th>Portfolio</th><th>Securities lending transactions</th><th>Hedge funds</th><th>Private equity</th><th>Derivatives</th></tr><tr><td>Allan Gray-Domestic Portfolio</td><td>Yes</td><td>Not specified</td><td>Not specified</td><td>Yes</td></tr><tr><td>Coronation Equity</td><td>Not specified</td><td>Not specified</td><td>Not specified</td><td>Not specified</td></tr><tr><td>Old Mutual</td><td>n/a</td><td>Not specified</td><td>Not specified</td><td>Yes</td></tr><tr><td>ACPI</td><td>n/a</td><td>Not specified</td><td>Not specified</td><td>Not specified</td></tr><tr><td>Futuregrowth</td><td>Yes</td><td>Not specified</td><td>Not specified</td><td>Yes</td></tr><tr><td>Investec Credit income</td><td>No</td><td>Not specified</td><td>Not specified</td><td>Yes</td></tr><tr><td>Investec Global</td><td>n/a</td><td>Not specified</td><td>Not specified</td><td>Not specified</td></tr><tr><td>Atlantic Cash/Ashburton</td><td>Not specified</td><td>Not specified</td><td>Not specified</td><td>Yes, with prior approval</td></tr><tr><td>Mazi Capital</td><td>Yes</td><td>Not specified</td><td>Not specified</td><td>Yes</td></tr><tr><td>Metope</td><td>Yes</td><td>Not specified</td><td>Not specified</td><td>Yes</td></tr></table>	Asset class	Provided for	Exception noted	Securities lending transactions	Yes	No	Hedge funds	Yes	No	Private Equity	Yes	No	Derivatives	Yes	No	Portfolio	Securities lending transactions	Hedge funds	Private equity	Derivatives	Allan Gray-Domestic Portfolio	Yes	Not specified	Not specified	Yes	Coronation Equity	Not specified	Not specified	Not specified	Not specified	Old Mutual	n/a	Not specified	Not specified	Yes	ACPI	n/a	Not specified	Not specified	Not specified	Futuregrowth	Yes	Not specified	Not specified	Yes	Investec Credit income	No	Not specified	Not specified	Yes	Investec Global	n/a	Not specified	Not specified	Not specified	Atlantic Cash/Ashburton	Not specified	Not specified	Not specified	Yes, with prior approval	Mazi Capital	Yes	Not specified	Not specified	Yes	Metope	Yes	Not specified	Not specified	Yes
Asset class	Provided for	Exception noted																																																																						
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Atlantic Cash/Ashburton	Not specified	Not specified	Not specified	Yes, with prior approval																																																																				
Mazi Capital	Yes	Not specified	Not specified	Yes																																																																				
Metope	Yes	Not specified	Not specified	Yes																																																																				
1.2.3	Inspect whether the collateral and counterparty requirements as prescribed are complied with.																																																																							

	Procedures	Findings																								
1.2.4	For segregated portfolios, confirm directly with the investment administrator(s): (a) whether scrip lending took place during the year and, if so, (b) whether there was collateral provided by the counterparty/(ies) for any scrip lending activities and, if so, (c) the percentage exposure covered by the collateral. Report on the amount for a).	The direct confirmations received from the investment administrators indicated that: (a) scrip lending took place during the year. Scrip lending amounted to R1,104,899,188 as at 30 June 2018, and (b) collateral was provided by the counterparties for any scrip lending activities; and (c) collateral provided covered 105% of the exposure.																								
2	Member individual accounts (defined contributions funds as well as defined contribution section of hybrid funds)																									
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 2018.	<table><tr><td colspan="2">The list of member individual accounts agreed to the Statement of Net Assets and Funds after the following reconciling items were taken into account:</td></tr><tr><td>Member fund credits per listing</td><td>14,735,693,044</td></tr><tr><td>Deferred members</td><td>467,830</td></tr><tr><td>Less: Members provided for as benefits payable</td><td>(27,889,013)</td></tr><tr><td></td><td>14,708,271,861</td></tr><tr><td>June contributions allocated in July</td><td>136,286,922</td></tr><tr><td>June return allocated in July</td><td>373,490,233</td></tr><tr><td>Living annuity allocations after 30 June 2018</td><td>8,357,782</td></tr><tr><td>Divorce settlements processed after 30 June 2018</td><td>(2,620,801)</td></tr><tr><td>Fund credits relating to benefits payable</td><td>(25,742,090)</td></tr><tr><td>Other</td><td>42,617</td></tr><tr><td>Member individual accounts per financial statements</td><td>15,198,086,524</td></tr></table>	The list of member individual accounts agreed to the Statement of Net Assets and Funds after the following reconciling items were taken into account:		Member fund credits per listing	14,735,693,044	Deferred members	467,830	Less: Members provided for as benefits payable	(27,889,013)		14,708,271,861	June contributions allocated in July	136,286,922	June return allocated in July	373,490,233	Living annuity allocations after 30 June 2018	8,357,782	Divorce settlements processed after 30 June 2018	(2,620,801)	Fund credits relating to benefits payable	(25,742,090)	Other	42,617	Member individual accounts per financial statements	15,198,086,524
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Fund credits relating to benefits payable	(25,742,090)																									
Other	42,617																									
Member individual accounts per financial statements	15,198,086,524																									
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:																									

	Procedures	Findings
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 administration system agreed to information supplied by the participating employers for the three months selected. Selected the months of September 2017, February 2018 and June 2018. The contributions for June 2018 were allocated after year end.
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 year under review).	The member and employer contribution rates for the members selected as reflected on the administration system agreed to the rules of the fund for the three months selected.
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 not 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 not 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 not unitised.

	Procedures	Findings
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 monthly return allocated to each individual member's account in the administrator's records agreed to the return calculated by the actuary of the Fund and approved by the investment committee.
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:	
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.	We inspected 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 the timeframe specified in the service level agreement with the administrator.
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, there were no fee deductions 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 in total agree to the investment certificates plus the value of the owner occupied property.
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 per investment portfolio agreed to the total member individual accounts disclosed in the statement of net assets and funds, after taking into account the reconciling items noted in 2.1

	Procedures	Findings
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 for all member portfolios was within 2%.
3	Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)	
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, this is not a defined benefit or hybrid fund.
4	Surplus apportionment scheme	
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:	Not applicable, a surplus apportionment scheme was not approved by the Authority in the current year and allocations and/or payments were not made during the year.
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	Agree the original surplus amount allocated to the selected member to the individual allocation on the member records per the administration system.	Not applicable.
4.1.1.2	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.

	Procedures	Findings
4.1.2	Former members and pensioners: 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:	
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.
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.
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.
5	Member and employer surplus accounts	
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, the Fund does not utilise a member or employer surplus account.
6	Reserves	
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 reserves held by the Fund are in accordance with the registered rules of the Fund.

	Procedures	Findings						
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 financial statements are permitted in terms of the rules of the Fund.						
7	Other assets, liabilities and guarantees							
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 2018, 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.	<div>The total loans on the list agreed to the annual financial statements after taking into account reconciling items.<table><tr><td>Loans per listing</td><td>R2,367,336</td></tr><tr><td>Loans per financial statements</td><td>R2,338,341</td></tr><tr><td>Reconciling items</td><td>R28,995</td></tr></table></div>	Loans per listing	R2,367,336	Loans per financial statements	R2,338,341	Reconciling items	R28,995
Loans per listing	R2,367,336							
Loans per financial statements	R2,338,341							
Reconciling items	R28,995							
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 housing loan provided 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).	The housing loan had been granted in terms of 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 housing loan and were made in accordance with the housing 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 is 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 is registered under the National Credit Act.						
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:							

	Procedures	Findings
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.	We inspected that selected guarantees did not exceed the limits of the member's fund credit as at year-end, as prescribed by the rules of the Fund.
7.3.2	Inspect evidence that the guarantee has been granted in terms of Section 19(5) (a).	The confirmation from RFS Home Loans does not specifically confirm that the guarantee is granted in terms of Section 19(5)(a).
7.4	Obtain a list of other loans per the general ledger of the Fund as at 30 June 2018 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, no other loans were issued by the Fund during the year.
	Statement of Changes in Net Assets and Funds	
8	Contributions	
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 the Fund agreed to the remittance advice from the participating employer/pay-point for the following 3 months: September 2017, February 2018 and June 2018, except for the following:</p> <p>September 2017</p> <table><tr><th>Employer</th><th>Difference</th></tr><tr><td>Greater Letaba Local Municipality</td><td>R387</td></tr><tr><td>Musina Local Municipality</td><td>R2,943</td></tr></table> <p>February 2018</p> <table><tr><th>Employer</th><th>Difference</th></tr><tr><td>Lephalale Local Municipality</td><td>R2,828</td></tr><tr><td>Ngwathe Local Municipality</td><td>R1,235</td></tr><tr><td>Nkomazi Local Municipality</td><td>R1,596</td></tr></table> <p>June 2018</p> <table><tr><th>Employer</th><th>Difference</th></tr><tr><td>Victor Khanye Local Municipality</td><td>R6,112</td></tr></table>	Employer	Difference	Greater Letaba Local Municipality	R387	Musina Local Municipality	R2,943	Employer	Difference	Lephalale Local Municipality	R2,828	Ngwathe Local Municipality	R1,235	Nkomazi Local Municipality	R1,596	Employer	Difference	Victor Khanye Local Municipality	R6,112
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Employer	Difference																			
Victor Khanye Local Municipality	R6,112																			
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>For the sample selected, contributions were deposited with a registered bank in accordance with section 13A of the Act, and no late payment interest had to be raised in terms of Regulation 33 except for the following:</p> <p>February 2018</p> <table><tr><th>Employer</th><th>Date received</th></tr><tr><td>Bela-Bela Local Municipality</td><td>12/03/2018</td></tr><tr><td>Musina Local Municipality</td><td>09/03/2018</td></tr></table> <p>June 2018</p> <table><tr><th>Employer</th><th>Difference</th></tr><tr><td>Merafong Local Municipality</td><td>09/07/2018</td></tr><tr><td>Bela-Bela Local Municipality</td><td>09/07/2018</td></tr><tr><td>Musina Local Municipality</td><td>09/07/2018</td></tr></table> <p>Late payment interest was raised in accordance with regulation 33.</p>	Employer	Date received	Bela-Bela Local Municipality	12/03/2018	Musina Local Municipality	09/03/2018	Employer	Difference	Merafong Local Municipality	09/07/2018	Bela-Bela Local Municipality	09/07/2018	Musina Local Municipality	09/07/2018				
Employer	Date received																			
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Bela-Bela Local Municipality	09/07/2018																			
Musina Local Municipality	09/07/2018																			

	Procedures	Findings																																				
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:</p> <table> <tr> <th>Employer</th><th>Contribution month</th><th>Date received</th></tr> <tr> <td>Merafong Local Municipality</td><td>June 2018</td><td>09/07/2018</td></tr> <tr> <td>Maluti-A-Phofong Local Municipality</td><td>Nov 2017 to June 2018</td><td>24/07/2018</td></tr> <tr> <td>Matjhabeng Local Municipality</td><td>May 2018</td><td>02/07/2018</td></tr> <tr> <td>Madibeng Local Municipality</td><td>June 2018</td><td>10/07/2018</td></tr> <tr> <td>Great Kei Municipality</td><td>March 2018 to June 2018</td><td>13/07/2018</td></tr> <tr> <td>Tswelopele Local Municipality</td><td>May 2018</td><td>04/07/2018</td></tr> <tr> <td>Tswelopele Local Municipality</td><td>June 2018</td><td>09/07/2018</td></tr> <tr> <td>Bojanala Platinum District Municipality</td><td>June 2018</td><td>11/07/2018</td></tr> <tr> <td>Musina Local Municipality</td><td>May and June 2018</td><td>09/07/2018</td></tr> <tr> <td>Setsoto Local Municipality</td><td>May 2018</td><td>10/07/2018</td></tr> <tr> <td>Setsoto Local Municipality</td><td>June 2018</td><td>12/07/2018</td></tr> </table>	Employer	Contribution month	Date received	Merafong Local Municipality	June 2018	09/07/2018	Maluti-A-Phofong Local Municipality	Nov 2017 to June 2018	24/07/2018	Matjhabeng Local Municipality	May 2018	02/07/2018	Madibeng Local Municipality	June 2018	10/07/2018	Great Kei Municipality	March 2018 to June 2018	13/07/2018	Tswelopele Local Municipality	May 2018	04/07/2018	Tswelopele Local Municipality	June 2018	09/07/2018	Bojanala Platinum District Municipality	June 2018	11/07/2018	Musina Local Municipality	May and June 2018	09/07/2018	Setsoto Local Municipality	May 2018	10/07/2018	Setsoto Local Municipality	June 2018	12/07/2018
Employer	Contribution month	Date received																																				
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Setsoto Local Municipality	June 2018	12/07/2018																																				
9	Benefits																																					

	Procedures	Findings
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:	
9.1.1	Compare the list to the respective general ledger benefit expense accounts reconciliation.	The list agreed to the respective general ledger benefit expense accounts reconciliation.
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	<p><u>For a defined benefit fund and hybrid funds with a defined benefit underpin</u></p> <p>Inspect that the calculation of the benefit payment was done by the actuary in accordance with the requirements of the rules of the Fund and/or the Act.</p> <p><u>For a defined contribution fund</u></p> <p>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.</p>	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:	

	Procedures	Findings
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 24 months were classified as unclaimed benefits.
10	Transfers	
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 the Fund agreed to the corresponding account in the general ledger. There were no section 14 transfers from the Fund.
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	Agree the sample of section 14 transfers to and from the Fund to: a) the section 14(1) documentation as approved by the Authority in respect of each transfer; and/or b) the section 14(8) documentation as prescribed.	The section 14 transfers to the Fund agreed to the Form A completed by the funds. No approval was received from the Authority as the transfer was from the Government Employees Pension Fund which is not governed by the FSCA.
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.	Not applicable. The transfer was from the Government Employees Pension Fund.
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 not unitised.

	Procedures	Findings
10.3	Individual transfers Obtain the list of individual transfers throughout the year ended 30 June 2018, select a sample of the lesser of 50 or 10% of the number of individual transfers, and perform the following procedures:	
10.3.1	Agree the transfers to the approved recognition of transfer documentation.	The transfers agreed to the approved recognition of transfer documentation.
10.3.2	For individual transfers in selected 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 not unitised.
11	Pensioners paid	
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:	
11.1.1	Agree the total pensions paid for the year ended 30 June 2018 to the corresponding account reconciliation to the general ledger balance.	The total pensions paid 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.	Not applicable as the pensioners are living annuitants.
11.2.2	Inspect evidence obtained by the administrator/Fund supporting the fact that the pensioners selected exist.	The evidence indicated that the pensioners 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:	

	Procedures	Findings
11.3.1	Agree the closing market value of the annuity to the annual financial statements.	Not applicable, the Fund has not purchased an annuity in the name of the Fund.
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.
	General	
12.1	Inspect evidence that the Fund's fidelity insurance cover was in place throughout the year ended 30 June 2018, 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 2018, the Fund's fidelity insurance cover extended after year-end. The subsequent fidelity insurance cover extended to 31 July 2018.
12.2	Confirm with the Fund's GLA insurer as to whether the GLA policy has lapsed at year ended 30 June 2018.	Per inspection of the rate renewal letter for the period ending 30 June 2019, the GLA policy has not lapsed.
12.3	Obtain the most recent statutory valuation signed and submitted by the valuator as at 30 June 2015 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.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS
AT SATURDAY, 30 JUNE 2018

INVESTMENTS

Notes	Direct Investments	Non-compliant investment schemes Note M1	Non-compliant insurance policies Note M2	Derivative positions without residual risk Note G1	Total	Local	Foreign	Foreign Africa	Total Foreign	Total percentage of foreign exposure	TOTAL as per Regulation 28 (Schedule IB)
	R	R	R	R	R	R	R	R	R	%	R
Cash (including cash at bank)	A 1 251 849 965	262 344 686	272 374 034	-	1 786 568 685	1 411 581 676	374 987 009	-	374 987 009	20.99	1 786 568 685
Commodities	B 15 214 976	176 790	-	-	15 391 766	15 391 766	-	-	-	-	15 391 766
Housing loans	2 338 341	-	-	-	2 338 341	2 338 341	-	-	-	-	2 338 341
Debt instruments including Islamic debt instruments	C 1 838 248 759	3 524 219	1 267 712 485	-	3 109 485 463	3 090 390 021	19 095 442	-	19 095 442	0.61	3 109 485 463
Investment and owner occupied properties	D 1 074 515 181	145 874 208	2 352 066	-	1 222 741 455	877 346 081	145 363 113	200 032 261	345 395 374	28.25	1 222 741 455
Equities	E 5 756 065 857	2 724 585 136	948 476 282	-	9 429 127 275	6 664 264 502	2 764 862 773	-	2 764 862 773	29.32	9 429 127 275
Derivative Market instruments	G -	-	-	20 992 862	20 992 862	20 992 862	-	-	-	-	20 992 862
Other assets	-	-	1 018 344	-	1 018 344	1 018 344	-	-	-	-	1 018 344
Private Equity Funds	-	-	36 237 663	-	36 237 663	36 237 663	-	-	-	-	36 237 663
Total investments	9 938 233 079	3 136 505 039	2 528 170 874	20 992 862	15 623 901 854	12 119 561 256	3 304 308 337	200 032 261	3 504 340 598	22.43	15 623 901 854

A CASH

Instrument

Local	Fair Value R
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	
Notes and coins, any balance or deposit in an account held with a South African bank - not exceeding 5% of total assets	1 216 917 609
A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument - not exceeding 5% of total assets	316 487 568
Any positive net balance in a margin account with an exchange - not exceeding 5% of total assets	316 487 568
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	749 744 444
	114 090 085
	114 090 085
	36 595 512
	36 595 512

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT SATURDAY, 30 JUNE 2018

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

34 932 356
34 932 356

Total

1 251 849 965

B COMMODITIES

Instrument

Instrument	Holding number	Holding %	Fair value R
Other		Holding %	
Palladium	-	0.05	8 424 235
Platinum	-	0.04	6 790 741
			15 214 976
			15 214 976
			15 214 976

Total

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT SATURDAY, 30 JUNE 2018

C DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS

Instrument	Local or foreign	Secured/ Unsecured	Issued/ Guaranteed	Redemption value	Fair value
				R	R
Government debt:					
Debt instruments issued by an loans to the government of the Republic and any debt or loan guaranteed by the Republic					229 718 516
<i>Total of issuers not exceeding 5%</i>					
Debt instruments issued or guaranteed by the government of a foreign country:					
<i>Total of issuers not exceeding 5%</i>					
Bank debt:					
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>					569 465 117
Not listed on an exchange					
<i>Total of issuers not exceeding 5%</i>					397 927 208
Other					
Listed on an exchange:					
<i>Total of issuers not exceeding 5%</i>					102 335 874
Not listed on an exchange					
<i>Total of issuers not exceeding 5%</i>					538 802 044
Total debt instruments including Islamic debt instruments					1 838 248 759

D INVESTMENT AND OWNER OCCUPIED PROPERTIES

Instrument	Fair value
	R
Owner occupied properties	
<i>Total of issuer/entity less than 5% of total assets</i>	17 293 820
Total owner occupied properties	17 293 820
Total	17 293 820

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE 1A - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT SATURDAY, 30 JUNE 2018

Shares and linked units in property companies, or units in a collective investment scheme in property, listed on an exchange:	Local/ Foreign	Issued shares	Holding number	Ordinary/ Preference shares	Holding %	Fair value R
Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed						
Total of issuers not exceeding 5%						728 957 684
Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed						
Total of issuers not exceeding 5%						94 082 113
Issuer market capitalisation of less than R3 billion, or an amount or conditions as prescribed						
Total of issuers not exceeding 5%						234 181 564
Total						1 057 221 361
Total						1 074 515 181

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT SATURDAY, 30 JUNE 2018

E EQUITIES

Instrument	Local/ Foreign	Issued shares	Ordinary/ Preference shares	Holding number	Holding in Issuer/ entity %	Fair value R
Listed equities						
Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed						
Naspers Ltd	Local	438 600 000	Ordinary	192 772	0.04	642 536 419
British American Tobacco Plc	Foreign	2 460 000 000	Ordinary	677 796	0.03	468 973 701
Sasol Ltd	Local	624 540 000	Ordinary	847 979	0.14	426 414 719
Standard Bank Group Ltd	Local	1 620 000 000	Ordinary	1 808 672	0.11	347 029 897
Old Mutual Plc	Foreign	4 940 000 000	Ordinary	7 441 005	0.15	206 785 529
MTN Group Ltd	Local	1 880 000 000	Ordinary	1 426 064	0.08	153 872 306
Anglo American Plc	Foreign	1 410 000 000	Ordinary	500 097	0.04	153 744 821
Remgro Ltd	Local	529 220 000	Ordinary	721 859	0.14	147 468 575
Investec Plc	Foreign	681 050 000	Ordinary	1 292 161	0.19	126 140 757
BHP Billiton Plc	Foreign	2 110 000	Ordinary	394 740	18.71	122 669 402
Netcare Limited	Local	1 470 000 000	Ordinary	4 197 876	0.29	115 945 335
Nedbank Group Ltd	Local	500 240 000	Ordinary	447 378	0.09	111 656 601
Pick n Pay Stores	Local	493 450 000	Ordinary	1 411 682	0.29	105 565 580
Life Healthcare Group	Local	1 470 000 000	Ordinary	3 614 694	0.25	89 933 587
Reinet Investments SCA	Local	195 940 000	Ordinary	361 398	0.18	87 331 827
Firststrand Ltd	Local	5 610 000 000	Ordinary	1 334 855	0.02	85 283 886
Investec Ltd	Local	318 900 000	Ordinary	858 221	0.27	82 440 709
Woolworths Holdings Ltd	Local	1 050 000 000	Ordinary	1 393 268	0.13	77 256 711
Quilter Plc	Foreign	1 900 000 000	Ordinary	2 920 548	0.15	77 044 056
Spar Group Ltd	Local	192 600 000	Ordinary	2 161 963	1.12	75 755 195
Shoprite Holdings Ltd	Local	591 340 000	Ordinary	320 505	0.05	70 706 608
Anheuser-Busch Inev SA NV	Local	1 690 000 000	Ordinary	46 994		65 204 175
Northern Platinum Ltd	Local	509 780 000	Ordinary	1 698 650	0.33	62 306 482
Compagnie Financiere Richemont SA Depository Rec	Local	5 220 000 000	Ordinary	507 899	0.01	59 067 491
Barclays Group Africa	Local	-	Ordinary	383 209		58 343 553
Aspen Pharmacare Holdings Ltd	Local	456 450 000	Ordinary	217 502	0.05	56 163 366
Glencore Xstrata Plc	Foreign	14 590 000 000	Ordinary	783 272	0.01	51 656 788
Steinhoff Africa Retail Ltd	Local	4 310 000 000	Ordinary	2 677 015	0.06	44 706 151
RMI Holdings	Local	1 530 000 000	Ordinary	1 116 907	0.07	41 828 167
MMI Holdings Ltd	Local	1 530 000 000	Ordinary	2 364 471	0.15	41 780 203
Sappi Ltd	Local	557 200 000	Ordinary	454 184	0.08	41 557 836
Sanlam Ltd	Local	2 230 000 000	Ordinary	578 371	0.03	40 526 456
Exxaro Resources Ltd	Local	358 710 000	Ordinary	319 785	0.09	40 196 975
Tiger Brands Ltd	Local	189 820 000	Ordinary	120 055	0.06	39 786 365
Mondi Plc	Foreign	367 240 000	Ordinary	95 723	0.03	35 686 492
Capitec Bank Holdings Ltd	Local	115 630 000	Ordinary	37 035	0.03	32 146 380

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT SATURDAY, 30 JUNE 2018

Mediclinic International Plc	Local	737 240 000	Ordinary	1 158 658	0.16	32 002 148
Gold Fields Ltd	Local	821 530 000	Ordinary	640 891	0.08	31 531 837
Distell Group Holdings Ltd	Local	222 380 000	Ordinary	175 906	0.08	24 362 981
Liberty Holdings	Local	286 200 000	Ordinary	207 975	0.07	24 191 652
RMB Holdings Ltd	Local	1 410 000 000	Ordinary	292 833	0.02	22 193 813
Bidvest Group Ltd	Local	337 460 000	Ordinary	112 288	0.03	22 121 859
Coronation Fund Managers Limited	Local	349 800 000	Ordinary	364 929	0.10	21 279 010
Tsogo Sun Holdings Limited	Local	1 150 000 000	Ordinary	1 012 099	0.09	20 748 030
Mr Price Group Limited	Local	256 800 000	Ordinary	70 241	0.03	15 892 729
Brait S.A.	Local	525 600 000	Ordinary	360 757	0.07	15 361 033
Standard Bank Group Ltd Preference Shares	Local	8 000 000	Ordinary	186 124	2.33	14 703 814
KAP Industrial Holdings Limited	Local	2 690 000 000	Ordinary	1 809 200	0.07	13 550 908
PSG Group Ltd	Local	231 980 000	Ordinary	61 783	0.03	13 357 485
The Foschini Group Ltd	Local	509 780 000	Ordinary	74 775	0.01	13 010 850
Discovery Holdings Ltd	Local	646 840 000	Ordinary	84 970	0.01	12 533 075
Nedbank Ltd Preference Shares	Local	358 280 000	Ordinary	1 346 317	0.38	11 847 593
ABSA Bank Ltd Preference Shares	Local	4 940 000	Ordinary	15 451	0.31	10 846 511
Naspers Certificate DB NPAT 15/01/19	Local	-	Ordinary	19 166		10 393 453
Growthpoint Properties Ltd	Local	2 970 000 000	Ordinary	349 037	0.01	9 315 798
Clicks Group Ltd	Local	253 950 000	Ordinary	46 571	0.02	9 152 526
First Rand Preference Shares	Local	45 000 000	Ordinary	99 175	0.22	7 785 296
PPC Ltd	Local	1 590 000 000	Ordinary	1 041 307	0.07	7 528 650
African Rainbow Minerals Ltd	Local	1 030 000 000	Ordinary	66 135	0.01	7 215 329
Dischem Pharmacies Ltd	Local	860 080 000	Ordinary	267 265	0.03	6 994 325
Hulisan! Ltd	Local	50 000 000	Ordinary	658 791	1.32	6 917 306
AVI Ltd	Local	352 660 000	Ordinary	57 615	0.02	6 233 943
Delta Property Fund Ltd	Local	713 790 000	Ordinary	1 107 724	0.16	5 815 550
Cashbuild Ltd	Local	24 990 000	Ordinary	17 579	0.07	5 801 070
Libstar Holdings Ltd	Local	681 920 000	Ordinary	497 686	0.07	5 255 564
Dipula Income Fund	Local	264 670 000	Ordinary	569 763	0.22	5 224 727
Truworths International Ltd	Local	442 590 000	Ordinary	66 220	0.01	5 115 495
Anglo Platinum Ltd	Local	269 680 000	Ordinary	14 088	0.01	5 057 592
Imperial Holdings Ltd	Local	201 970 000	Ordinary	23 723	0.01	4 647 098
South32 Ltd	Local	5 110 000 000	Ordinary	110 068		4 051 603
Pioneer Food Group Ltd	Local	233 180 000	Ordinary	36 057	0.02	4 035 173
Santam Ltd	Local	115 130 000	Ordinary	14 070	0.01	4 015 859
Rhodes Food Group Ltd	Local	253 760 000	Ordinary	218 665	0.09	4 008 129
Curro Holdings Ltd	Local	412 090 000	Ordinary	129 185	0.03	3 772 202
Spear Reit Ltd	Local	185 390 000	Ordinary	305 544	0.16	3 024 886
Raubex Group Ltd	Local	181 750 000	Ordinary	152 788	0.08	2 961 031
Vodacom Group Ltd	Local	1 840 000 000	Ordinary	22 161		2 721 149
Mondi Ltd	Local	118 310 000	Ordinary	6 366	0.01	2 365 542
Long4Life Ltd	Local	913 660 000	Ordinary	397 607	0.04	2 238 527
Renegen Ltd	Local	83 470 000	Ordinary	152 655	0.18	1 496 019
Howden Africa Holdings Ltd	Local	65 730 000	Ordinary	37 014	0.06	1 425 039
RMI Certificate DB RMI	Local	-	Ordinary	61 700		1 038 090

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT SATURDAY, 30 JUNE 2018

Stadio Holdings Ltd	Local	816 250 000	Ordinary	213 217	0.03	872 058
Ellies Holdings Ltd	Local	657 610 000	Ordinary	1 511 569	0.23	408 124
Group Five Ltd	Local	112 260 000	Ordinary	59 636	0.05	79 912
Total						4 952 015 494

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

689 009 198

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

115 041 165

Total equities

5 756 065 857

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
Equities – Top 100 of companies (by market cap) listed on an exchange								
Aveng Ltd	75%		Cash @105%	8 400	60 000	Investec	Nedbank	-
Brait SA Ltd			Cash @105%	3 536 820	84 210	Investec	Nedbank	-
Aveng Ltd			Cash @105%	158 781	1 134 153	Societe Generale	Nedbank	-
Anglo American Plc			Cash @105%	37 199 142	125 711	Societe Generale	Nedbank	-
Anheuser-Busch Inbev			Cash @105%	4 194 785	3 072	Societe Generale	Nedbank	-
Accelerate Property			Cash @105%	10 872	2 136	Societe Generale	Nedbank	-
Aspen Pharmacare			Cash @105%	7 002 865	28 098	Societe Generale	Nedbank	-
African Rainbow Minerals			Cash @105%	6 168 807	58 650	Societe Generale	Nedbank	-
Attacq Ltd			Cash @105%	9 590 918	563 840	Societe Generale	Nedbank	-
AVI Ltd			Cash @105%	2 385 640	22 192	Societe Generale	Nedbank	-
Arrowhead - A			Cash @105%	2 112 499	373 233	Societe Generale	Nedbank	-
Brait SA Ltd			Cash @105%	1 392 762	33 161	Societe Generale	Nedbank	-
Barclays Africa Group			Cash @105%	1 758 843	11 582	Societe Generale	Nedbank	-
Billiton Plc			Cash @105%	26 901 173	88 299	Societe Generale	Nedbank	-
Blue Label Telecoms			Cash @105%	55 536	5 526	Societe Generale	Nedbank	-
Basil Read Holdings			Cash @105%	92 400	2 310 000	Societe Generale	Nedbank	-
British American Tobacco			Cash @105%	97 095 375	137 947	Societe Generale	Nedbank	-
Compagnie Fin Richemont			Cash @105%	11 672 109	101 700	Societe Generale	Nedbank	-
Capitec Bank Holdings			Cash @105%	6 938 718	8 215	Societe Generale	Nedbank	-

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued) AT SATURDAY, 30 JUNE 2018

Distell Group Holdings	Cash @105%	4 987 516	35 385	Societe Generale	Nedbank	-
Discovery Holdings	Cash @105%	1 186 441	8 188	Societe Generale	Nedbank	-
Emira Property Fund	Cash @105%	4 382 293	308 395	Societe Generale	Nedbank	-
Enx Group Ltd	Cash @105%	382 200	30 000	Societe Generale	Nedbank	-
Equities Property Fund	Cash @105%	155 032	8 749	Societe Generale	Nedbank	-
Exxaro Resources Ltd	Cash @105%	3 012 048	25 744	Societe Generale	Nedbank	-
Fortress Income Fund A	Cash @105%	8 778 762	579 839	Societe Generale	Nedbank	-
Firstrand Ltd	Cash @105%	1 557 428	25 828	Societe Generale	Nedbank	-
Goldfields Ltd	Cash @105%	14 703 371	308 635	Societe Generale	Nedbank	-
Glencore Xstrata	Cash @105%	24 711 737	378 376	Societe Generale	Nedbank	-
Group Five Ltd	Cash @105%	215 975	155 378	Societe Generale	Nedbank	-
Greenbay Properties	Cash @105%	89 760	68 000	Societe Generale	Nedbank	-
Growthpoint Properties	Cash @105%	15 211 933	595 379	Societe Generale	Nedbank	-
Hosken Consolidated	Cash @105%	1 880 618	14 024	Societe Generale	Nedbank	-
Hammerson Plc	Cash @105%	1 143 604	12 166	Societe Generale	Nedbank	-
Hyprop Investments	Cash @105%	199 578	1 969	Societe Generale	Nedbank	-
Impala Platinum	Cash @105%	13 958 167	733 097	Societe Generale	Nedbank	-
Investec Ltd	Cash @105%	4 091 266	43 538	Societe Generale	Nedbank	-
Investec Plc	Cash @105%	58 311 676	605 144	Societe Generale	Nedbank	-
Intu Properties	Cash @105%	452 158	13 904	Societe Generale	Nedbank	-
KAP International	Cash @105%	20 742 659	2 803 062	Societe Generale	Nedbank	-
Long4life Ltd	Cash @105%	1 088 023	190 547	Societe Generale	Nedbank	-
Liberty Holdings	Cash @105%	10 799 628	93 869	Societe Generale	Nedbank	-
Live Healthcare Group	Cash @105%	40 308 214	1 650 623	Societe Generale	Nedbank	-
Mediclinic International	Cash @105%	17 498 803	183 176	Societe Generale	Nedbank	-
MMI Holdings	Cash @105%	4 662 989	271 104	Societe Generale	Nedbank	-
Mondi Ltd	Cash @105%	3 512 387	9 684	Societe Generale	Nedbank	-
Mondi Plc	Cash @105%	12 437 906	34 001	Societe Generale	Nedbank	-
Mr Price Group	Cash @105%	1 380 717	6 386	Societe Generale	Nedbank	-
MAS Real Estate	Cash @105%	2 166 927	104 029	Societe Generale	Nedbank	-
MTN Group Ltd	Cash @105%	3 226 920	30 856	Societe Generale	Nedbank	-
Nedbank Group Ltd	Cash @105%	31 362 450	128 010	Societe Generale	Nedbank	-
Northam Platinum	Cash @105%	32 346 638	950 533	Societe Generale	Nedbank	-
Nampak Ltd	Cash @105%	15 100 845	1 006 723	Societe Generale	Nedbank	-
Naspers Ltd	Cash @105%	140 763 512	43 023	Societe Generale	Nedbank	-
Nepi Rockcastle Plc	Cash @105%	2 567 089	21 709	Societe Generale	Nedbank	-
Netcare Ltd	Cash @105%	45 448 643	1 680 793	Societe Generale	Nedbank	-
Old Mutual Ltd	Cash @105%	22 985 330	910 770	Societe Generale	Nedbank	-
Pan African Resources	Cash @105%	145 292	113 509	Societe Generale	Nedbank	-
Pick n Pay Stores	Cash @105%	18 928 224	256 029	Societe Generale	Nedbank	-
PSG Group Ltd	Cash @105%	394 696	1 923	Societe Generale	Nedbank	-
Quilter Plc	Cash @105%	7 269 779	270 252	Societe Generale	Nedbank	-
Royal Bafokeng	Cash @105%	3 601 761	181 084	Societe Generale	Nedbank	-
Redefine Properties	Cash @105%	20 752 291	2 020 671	Societe Generale	Nedbank	-
Remgro Ltd	Cash @105%	39 850 216	202 666	Societe Generale	Nedbank	-
Reunert Ltd	Cash @105%	1 120 578	14 420	Societe Generale	Nedbank	-

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT SATURDAY, 30 JUNE 2018**

RMB Holdings	Cash @105%	7 826 318	108 518	Societe Generale	Nedbank	-
Randgold Exploration company	Cash @105%	1	1	Societe Generale	Nedbank	-
Reinet Investments	Cash @105%	25 106 518	105 167	Societe Generale	Nedbank	-
SA Corporate Real Estate	Cash @105%	5 126 168	1 186 613	Societe Generale	Nedbank	-
Sappi Ltd	Cash @105%	1 317 953	14 483	Societe Generale	Nedbank	-
Standard Bank Group Ltd	Cash @105%	36 867 998	200 152	Societe Generale	Nedbank	-
Sandown Capital	Cash @105%	777 995	210 269	Societe Generale	Nedbank	-
Sanlam Ltd	Cash @105%	351 726	5 190	Societe Generale	Nedbank	-
Sasol Ltd	Cash @105%	22 484 476	46 312	Societe Generale	Nedbank	-
Super Group Ltd	Cash @105%	9 656 063	283 086	Societe Generale	Nedbank	-
Spar Group Ltd	Cash @105%	15 124 296	84 211	Societe Generale	Nedbank	-
Sirus Real Estate	Cash @105%	1 053 938	92 047	Societe Generale	Nedbank	-
Sun International	Cash @105%	9 327 340	155 068	Societe Generale	Nedbank	-
Spur Corporation	Cash @105%	196 549	7 630	Societe Generale	Nedbank	-
Transaction Capital	Cash @105%	5 409 908	316 184	Societe Generale	Nedbank	-
Tongaat Hulett	Cash @105%	5 419 089	67 968	Societe Generale	Nedbank	-
Trencor Ltd	Cash @105%	18 325	542	Societe Generale	Nedbank	-
Tsogo Sun	Cash @105%	5 654 268	277 851	Societe Generale	Nedbank	-
Vukile Property Fund	Cash @105%	217 357	11 262	Societe Generale	Nedbank	-
Woolworths Holdings	Cash @105%	17 497 642	324 451	Societe Generale	Nedbank	-
Zeder Investments	Cash @105%	4 700 488	902 205	Societe Generale	Nedbank	-
Total		1 052 284 941				-

G DIRECT DERIVATIVE MARKET INSTRUMENTS

G1 DERIVATIVE POSITIONS WITHOUT RESIDUAL RISK

Instrument	Fair value
Options	R
Futures/Forwards/SAFEX	
Currency swaps	
Des18 ZAUS	151 657
Interest rate swaps	

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT SATURDAY, 30 JUNE 2018**

Forward rate agreements

Equity linked instruments

Dec18 S&P500

20 841 205

Other

Total

20 992 862

M REGULATION 28 NON-COMPLIANT INVESTMENTS

M1 NON-COMPLIANT COLLECTIVE INVESTMENT SCHEMES

Instrument	Holding %	Fair value R
Local		
Kagiso Asset Managers (Pty) Ltd	0.08	12 898 711
Coronation Asset Management (Pty) Ltd	0.43	67 326 297
		80 225 008

Foreign

ACPI Investment managers	1.01	157 297 001
Catalyst Global Real Estate Units Fund	0.89	139 138 903
Kagiso Asset Managers (Pty) Ltd	0.03	4 265 721
Morgan Stanley Investments Funds	0.90	140 512 137
Nedgroup Investment Advisors (Pty) Ltd	4.31	673 251 877
Vulcan Asset Managers Funds	4.91	767 794 475
Allan Gray Life Ltd	4.70	734 212 292
Coronation Asset Management (Pty) Ltd	2.81	439 807 625
		3 056 280 031

Total Non-compliant collective investment schemes

3 136 505 039

M2 NON-COMPLIANT INSURANCE POLICIES

Instrument	Holding %	Fair value R
Linked policies		
Local		
Coronation Asset Management (Pty) Ltd	0.99	154 145 226
Futuregrowth Investments CC	4.53	707 523 134

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT SATURDAY, 30 JUNE 2018

Investec Asset Managers (Pty) Ltd	2.80	437 387 023
Old Mutual Investment Group (Pty) Ltd	6.50	1 016 019 540
		2 315 074 923
Foreign		
Investec Asset Managers (Pty) Ltd	0.83	130 189 714
Old Mutual Investment Group (Pty) Ltd	0.53	82 906 237
		213 095 951
Total linked policies		2 528 170 874
		5 664 675 913
Total certified Regulation 28 non-compliant investments		

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	R	R	R	R	
Banks	136 845 312	-	-	-	-	-	136 845 312	0.88%	
ABSA Bank Ltd	136 435 387	-	-	-	-	-	136 435 387	0.87%	
Nedbank Ltd	409 925	-	-	-	-	-	409 925	-%	
Asset managers - local	-	10 188 722 367	-	10 188 722 367	-	10 188 722 367	10 188 722 367	65.21%	
Allan Gray Life Ltd	-	-	-	3 098 836 762	-	3 098 836 762	3 098 836 762	19.83%	
Ashburton Fund Managers (Pty) Ltd	-	-	-	564 724 799	-	564 724 799	564 724 799	3.61%	
Benguela Global Fund Managers (Pty) Ltd	-	-	-	324 406 055	-	324 406 055	324 406 055	2.08%	
Catalyst Fund Managers SA (Pty) Ltd	-	-	-	368 787 776	-	368 787 776	368 787 776	2.36%	
Coronation Asset Management (Pty) Ltd	-	-	-	2 339 631 575	-	2 339 631 575	2 339 631 575	14.97%	
Investec Asset Managers (Pty) Ltd	-	-	-	738	-	738	738	-%	
Kagiso Asset Managers (Pty) Ltd	-	-	-	17 164 432	-	17 164 432	17 164 432	0.11%	
Mazi Asset Management (Pty) Ltd	-	-	-	625 764 201	-	625 764 201	625 764 201	4.01%	
Metope Investment Managers (Pty) Ltd	-	-	-	241 568 150	-	241 568 150	241 568 150	1.55%	
Novare Investments (Pty) Ltd	-	-	-	200 032 261	-	200 032 261	200 032 261	1.28%	
Prescient Investment Management (Pty) Ltd	-	-	-	1 076 159 823	-	1 076 159 823	1 076 159 823	6.89%	
Sanlam Investment Management (Pty) Ltd	-	-	-	1 331 645 795	-	1 331 645 795	1 331 645 795	8.52%	

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT SATURDAY, 30 JUNE 2018

Asset managers - foreign	1 877 994 392	1 877 994 392	12.02%
ACPI Investment Managers	-	157 297 001	1.01%
Catalyst Global Real Estate Units Fund	-	139 138 903	0.89%
Morgan Stanley Investments Funds	-	140 512 137	0.90%
Nedgroup Investment Funds Plc	-	673 251 877	4.31%
Vulcan Asset Managers Funds	-	767 794 474	4.91%
Insurance companies	-	2 881 159 569	18.44%
Coronation Asset Management (Pty) Ltd	-	507 133 921	3.25%
Futureregrowth Investments CC	-	707 523 134	4.53%
Investec Asset Managers (Pty) Ltd	-	567 576 738	3.63%
Old Mutual Life Assurance Company SA	-	1 098 925 776	7.03%
Other funds	17 293 820	2 338 341	3.45%
RFS Home Loans (Pty) Ltd	-	519 548 054	3.33%
Business Park @ Zambezi	17 293 820	-	0.11%
Housing loans	-	2 338 341	0.01%
	154 139 132	14 950 214 669	100.00 %

P RECONCILIATION BETWEEN THE INVESTMENTS IN SCHEDULE HA AND SCHEDULE IA

	Fair value current period (as per Schedule HA 3.1)	Cash at bank	Non-compliant CIS	Non-compliant Insurance Policies	Other	Total
	R	R	R	R	R	R
Cash and deposits	1 115 004 653	136 845 312	262 344 686	272 374 034	-	1 786 568 685
Commodities	15 214 976	-	176 790	-	-	15 391 766
Housing loans	-	-	-	-	2 338 341	2 338 341
Debt instruments including Islamic debt instruments *	1 838 248 759	-	3 524 219	1 267 712 485	-	3 109 485 463
Investment properties	-	-	145 874 208	2 352 066	1 074 515 181	1 222 741 455
Equities	6 813 287 218	-	2 724 585 136	948 476 282	(1 057 221 361)	9 429 127 275
Private equity funds	-	-	-	36 237 663	-	36 237 663
Derivative market investments	20 992 862	-	-	-	-	20 992 862
Collective investment schemes	3 136 505 039	-	(3 136 505 039)	-	-	-
Insurance policies	2 528 170 874	-	-	(2 528 170 874)	-	-
Other assets	-	-	-	1 018 344	-	1 018 344
Total investments	15 467 424 381	136 845 312	-	-	19 632 161	15 623 901 854

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT SATURDAY, 30 JUNE 2018

		Fair value R
A	Total assets (Schedule IA -Total investments)	15 623 901 854
B1	Less: Reg 28 compliant investments	-
	(certificate received from issuing entity):-	
B.1.1	Collective Investment Schemes (Reg 28(8)(b)(i))	-
B.1.2	Linked Policies (Reg 28(8)(b)(ii))	-
B.1.3	Non-Linked policies (Reg 28(8)(b)(iii))	-
B.1.4	Entity regulated by FSCA (Reg 28(8)(b)(iv))	-
B2	Less: Reg 28 excluded investments	-
B2.1	Insurance Policies (Reg 28(3)(c))	-
C	Less: Investments not disclosed /data not available for disclosure	-
	[Refer to schedule IAN]	
D	TOTAL ASSETS FOR REGULATION 28 DISCLOSURE	15 623 901 854

Categories of kinds of assets	%	Fair value R	Fair value %
1 CASH		1 786 720 342	11.44%
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	100%	1 411 733 333	9.04%
1.1(a) Notes and coins; any balance or deposit in an account held with a South African bank;			
ABSA Bank Ltd	25%	343 343 925	2.20%
Other	25%	165 623 532	1.06%
		177 720 393	1.14%
1.1(b) A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument			
Firststrand Bank Ltd	25%	898 387 613	5.75%
Other	25%	325 268 614	2.08%
		573 118 999	3.67%
1.1(c) Any positive net balance in a margin account with an exchange			
Safex	25%	114 337 984	0.73%
Other	25%	113 398 880	0.73%
		939 104	0.01%
1.1(d) Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets			
Nedbank Ltd	25%	55 663 811	0.36%
Other	25%	54 214 980	0.35%
		1 448 831	0.01%
1.2 Balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments	SARB max. limits	374 987 009	2.40%
1.2(a) Any balance or deposit held with a foreign bank			
ACPI Cash	5%	368 656 189	2.36%
Other	5%	157 297 001	1.01%
		211 359 188	1.35%
1.2(b) Any balance or deposit held with an African bank			
		-	0.00%
1.2(c) A money market instrument issued by a foreign bank including an Islamic liquidity management financial instrument			
Catalyst Global Real Estate Cash	5%	6 330 820	0.04%
		6 330 820	0.04%
2 DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS		3 109 485 463	19.90%
2.1 Inside the Republic	100%	3 093 914 240	19.80%
2.1(a) Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic			
RSA Bonds	100%	499 701 442	3.20%
Other	100%	382 839 244	2.45%
	100%	116 862 198	0.75%
Carried forward		2 286 421 784	14.65%

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT SATURDAY, 30 JUNE 2018**

Categories of kinds of assets		%	Fair value R	Fair value %
Brought forward			2 286 421 784	14.65%
2.1(b)	Debt instruments issued or guaranteed by the government of a foreign country	75%	3 524 219	0.02%
	Orbis Inst. Global Equity Fund	10%	3 524 219	0.02%
2.1(c)	Debt instruments issued or by a South African bank against its balance sheet	75%	806 976 184	5.17%
2.1(c)(i)	Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	806 976 184	5.17%
	FirstRand Bank Ltd	25%	221 519 073	1.42%
	Other	25%	585 457 111	3.75%
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%	-	0.00%
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%	-	0.00%
2.1(c)(iv)	Not listed on an exchange	25%	-	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%	618 446 029	3.96%
2.1(d)(i)	Listed on an exchange	50%	490 118 399	3.14%
	Development Bank of SA Ltd	10%	66 413 517	0.43%
	Other	10%	423 704 882	2.71%
2.1(d)(ii)	Not listed on an exchange	25%	128 327 630	0.82%
	Landbank	5%	51 493 914	0.33%
	Other	5%	76 833 716	0.49%
2.1(e)	Other debt instruments:-	25%	1 165 266 366	7.46%
2.1(e)(i)	Listed on an exchange	25%	198 282 405	1.27%
	Inguza Investments (Pty) Ltd	5%	22 931 312	0.15%
	Other	5%	175 351 093	1.12%
2.1(e)(ii)	Not listed on an exchange	15%	966 983 961	6.19%
	RFS Home Loans (Pty) Ltd	5%	519 548 054	3.33%
	Other	5%	447 435 907	2.86%
	SARB max. limits			
2.2	Foreign		15 571 223	0.10%
2.2(a)	Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	SARB max. limits	-	0.00%
2.2(b)	Debt instruments issued or guaranteed by the government of a foreign country	SARB max. limits	-	0.00%
2.2(c)	Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-	SARB max. limits	15 571 223	0.10%
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	15 571 223	0.10%
	Standard Bank of SA Ltd	25%	8 879 721	0.06%
	Other	25%	6 691 502	0.04%
2.2(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	SARB max. limits	-	0.00%
2.2(c)(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB max. limits	-	0.00%
2.2(c)(iv)	Not listed on an exchange		-	0.00%
2.2(d)	Debt instruments issued or guaranteed by an entity that has equity listed on an exchange	SARB max. limits	-	0.00%
Carried forward			4 896 205 805	31.36%

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT SATURDAY, 30 JUNE 2018

Categories of kinds of assets		%	Fair value R	Fair value %
Brought forward			4 896 205 805	31.36%
2.2(d)(i)	Listed on an exchange	SARB max. limits	-	0.00%
2.2(d)(ii)	Not listed on an exchange	25%	-	0.00%
2.2(e)	Other debt instruments	25%	-	0.00%
2.2(e)(i)	Listed on an exchange	25%	-	0.00%
2.2(e)(ii)	Not listed on an exchange	15%	-	0.00%
3	EQUITIES		9 449 968 480	60.48%
3.1	Inside the Republic	75%	6 664 264 502	42.65%
3.1(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	75%	5 991 854 873	38.35%
3.1(a)(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	5 042 869 652	32.28%
	Naspers Ltd	15%	671 809 486	4.30%
	Other	15%	4 371 060 166	27.98%
3.1(a)(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%	830 468 876	5.32%
	AECI Ltd	10%	42 985 101	0.28%
	Other	10%	787 483 775	5.04%
3.1(a)(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	15%	118 516 345	0.76%
	Adcorp	5%	21 605 498	0.14%
	Other	5%	96 910 847	0.62%
3.1(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	15%	672 409 629	4.30%
	Intikon A Ordinary Shares	2.5%	64 756 357	0.41%
	Other	2.5%	607 653 272	3.89%
3.2	Foreign		2 785 703 978	17.83%
3.2(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	SARB max. limits	2 781 225 283	17.80%
3.2(a)(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB max. limits	2 164 656 977	13.85%
	Orbis Inst. Global Equity Fund	15%	707 560 386	4.53%
	Other	15%	1 457 096 591	9.33%
3.2(a)(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	SARB max. limits	5 448 641	0.03%
	Global Mediacom Tbk	10%	3 633 197	0.02%
	Other	10%	1 815 444	0.01%
3.2(a)(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB max. limits	611 119 665	3.91%
	Charter Communications Inc	5%	45 213 036	0.29%
	Other	5%	565 906 629	3.62%
3.2(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	10%	4 478 695	0.03%
	Orbis Inst. Global Equity Fund	2.5%	4 478 695	0.03%
4	IMMOVABLE PROPERTY		1 222 741 455	7.83%
4.1	Inside the Republic	25%	877 346 081	5.62%
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%	857 700 195	5.49%
4.1(a)(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	729 167 518	4.67%
	Growthpoint Properties Ltd	15%	116 762 848	0.75%
	Other	15%	612 404 670	3.92%
Carried forward			15 075 341 803	96.52%

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT SATURDAY, 30 JUNE 2018**

Categories of kinds of assets		%	Fair value R	Fair value %
Brought forward			15 075 341 803	96.52%
4.1(a)(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	94 383 374	0.60%
	Emira Property Fund	10%	18 440 264	0.12%
	Other	10%	75 943 110	0.49%
4.1(a)(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	34 149 303	0.22%
	Tower Property Fund	5%	15 323 574	0.10%
	Other	5%	18 825 729	0.12%
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%	19 645 886	0.13%
	Office Park @ Zambezi	5%	17 293 820	0.11%
	Other	5%	2 352 066	0.02%
4.2	Foreign	25%	345 395 374	2.21%
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%	345 395 374	2.21%
4.2(a)(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	12 555 030	0.08%
	Orbis Inst. Global Equity Fund	15%	12 555 030	0.08%
4.2(a)(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	-	0.00%
4.2(a)(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	332 840 344	2.13%
	Novare Africa Property Fund 2	5%	200 032 261	1.28%
	Other	5%	132 808 083	0.85%
4.2(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%	-	0.00%
5	COMMODITIES		15 391 766	0.10%
5.1	Inside the Republic	10%	-	0.00%
5.1(a)	Kruger Rands and other commodities on an exchange, including exchange traded commodities	10%	-	0.00%
5.1(a)(i)	Gold (including Kruger Rands)	10%	-	0.00%
5.1(a)(ii)	Other commodities	5%	-	0.00%
5.2	Foreign	10%	15 391 766	0.10%
5.2(a)	Gold and other commodities on an exchange, including exchange traded commodities	10%	15 391 766	0.10%
5.2(a)(i)	Gold	10%	-	0.00%
5.2(a)(ii)	Other commodities	5%	15 391 766	0.10%
	New Palladium ETF	5%	3 740 696	0.02%
	Other	5%	11 651 070	0.07%
7	HOUSING LOANS GRANTED TO MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 19(5)	95%	2 338 341	0.01%
8	HEDGE FUNDS, PRIVATE EQUITY FUNDS AND ANY OTHER ASSET NOT REFERRED TO IN THIS SCHEDULE		37 256 007	0.24%
8.1	Inside the Republic	15%	37 256 007	0.24%
8.1(a)	Hedge fund	10%	-	0.00%
8.1(a)(i)	Funds of hedge funds	10%	-	0.00%
8.1(a)(ii)	Hedge funds	10%	-	0.00%
8.1(b)	Private equity funds	10%	36 237 663	0.23%
8.1(b)(i)	Funds of private equity funds	10%	-	0.00%
	Kagiso Infrastructure Empowerment Fund	5%	-	0.00%
	Other	5%	-	0.00%
Carried forward			15 586 645 847	99.79%

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT SATURDAY, 30 JUNE 2018**

Categories of kinds of assets		%	Fair value R	Fair value %
Brought forward			15 586 645 847	99.79%
8.1(b)(ii)	Private equity funds	10%	36 237 663	0.23%
	Kagiso Infrastructure Empowerment Fund	2.5%	35 267 853	0.23%
	Other	2.5%	969 810	0.01%
8.1(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2.5%	1 018 344	0.01%
	FGR SWAP	2.5%	1 018 344	0.01%
8.2	Foreign	15%	-	0.00%
8.2(a)	Hedge fund	10%	-	0.00%
8.2(a)(i)	Funds of hedge funds	10%	-	0.00%
8.2(a)(ii)	Hedge funds	10%	-	0.00%
8.2(b)	Private equity funds	10%	-	0.00%
8.2(b)(i)	Funds of private equity funds	10%	-	0.00%
8.2(b)(ii)	Private equity funds	10.0%	-	0.00%
8.2(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2.5%	-	0.00%
TOTAL ASSETS – REGULATION 28			15 623 901 854	100.00%

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT SATURDAY, 30 JUNE 2018**

INVESTMENT SUMMARY (Regulation 28)

	Local	Fair value	Foreign	Fair value	Africa	Fair value	Total
	R	%	(Excluding Africa)	%	R	%	R
1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments	1 411 733 333	9.04	374 987 009	2.40	-	-	1 786 720 342
2 Debt instruments including Islamic debt instruments	3 093 914 240	19.80	15 571 223	0.10	-	-	3 109 485 463
3 Equities	6 664 264 502	42.65	2 785 703 978	17.83	-	-	9 449 968 480
4 Immovable property	877 346 081	5.62	345 395 374	2.21	-	-	1 222 741 455
5 Commodities	-	-	15 391 766	0.10	-	-	15 391 766
7 Housing loans granted to members - section 19(5)	2 338 341	0.01	-	-	-	-	2 338 341
8 Hedge Funds, private equity funds and any other assets not referred to in this schedule	37 256 007	0.24	-	-	-	-	37 256 007
TOTAL	12 086 852 504	77.36	3 537 049 350	22.64	-	-	15 623 901 854

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)	Percentage of Fair value	Regulation 28 limits
2.1(e)(ii)	Other debt instruments not listed	447 505 716	2.86	
3(b)	Equities not listed	676 889 806	4.33	
4.1(b)	Immovable properties not listed	20 589 681	0.13	
8	Hedge funds , Private Equity funds and other assets	37 256 007	0.24	
TOTAL		1 182 241 210	7.56	35

Table 1 Items	Asset Limits in terms of sub regulation 3(g)	Fair value	Fair value	Regulation 28 limits
3.1(b)	Equities not listed	676 889 806	4.33	
8.1(b)	Private Equity funds	36 237 663	0.23	
TOTAL		713 127 469	4.56	15

Table 1 Items	Asset Limits in terms of sub regulation 3(h)	Fair value	Fair value	Regulation 28 limits
1.1	Cash and deposits with a South African Bank	1 632 433 994	10.45	
2.1(c)	Debt instruments guaranteed by a South African Bank - Item	637 168 855	4.08	
TOTAL		2 269 602 849	14.53	25

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT SATURDAY, 30 JUNE 2018**

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 Services Board 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.



SCHEDULE IB

INDEPENDENT AUDITOR'S REPORT ON ASSETS HELD IN COMPLIANCE WITH REGULATION 28 TO THE BOARD OF FUND

Opinion

We have audited Schedule IB "Assets held in compliance with Regulation 28" of the National Fund for Municipal Workers ("the Fund") at 30 June 2018 (the "Schedule") for compliance with the requirements of Regulation 28 of the Pension Funds Act of South Africa (the Regulation), as set out on pages 64 to 70. Our engagement arises from our appointment as auditor of the Fund and is for the purpose of assisting the Board of Fund to report to the Financial Sector Conduct Authority (the "Authority").

In our opinion, Schedule IB "Assets held in compliance with Regulation 28" at 30 June 2018 by the National Fund for Municipal Workers is prepared, in all material respects, in accordance and in compliance with the Regulation.

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 Schedule* 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 International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). 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 purpose of our report as indicated in the opinion paragraph, and the basis of accounting. Consequently, the Schedule and our auditor's report may not be suitable for another purpose.

Other matter

The information contained in Schedule IB 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. Our audit of the annual financial statements of the National Fund for Municipal Workers for the year ended 30 June 2018 was conducted in accordance with International Standards on Auditing and in our report of 22 February 2019 we expressed an unmodified opinion, and therefore the annual financial statements are prepared, in all material respects, in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

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Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



Other information

The Board of Fund is responsible for the other information. The other information comprises the Annual Financial Statements in terms of section 15 of the Pension Funds Act no 24, 1956, for the year 30 June 2018 but does not include Schedule IB and our auditor's report thereon.

Our opinion on Schedule IB 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 Schedule IB, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with Schedule IB 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 Schedule

The Board of Fund is responsible for the preparation of the Schedule in accordance and in compliance with the Regulation, and for such internal control as the Board of Fund determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule 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 the Schedule.

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 Schedule, 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.
- 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.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

Director: J Basson

Registered Auditor

Johannesburg

Date: 22 FEBRUARY 2019