

ENGINEERING INDUSTRIES PENSION FUND

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

ANNUAL REPORT TO MEMBERS – 31 MARCH 2018

Dear Member,

The Board of Management has pleasure in presenting a report on the position of the Fund for the financial year ended 31 March 2018. The Engineering Industries Pension Fund is one of the largest Pension Funds in the country with total assets exceeding R60,7 billion (Sixty thousand seven hundred million rands) at market value.

The Fund provides pension and lump sum benefits on retirement, retrenchment/redundancy and withdrawals to members or to their beneficiaries on their death. Members automatically belong to the Metal and Engineering Industries Permanent Disability Scheme which provides a salary continuation benefit for members who have been declared permanently disabled by the Medical Advisors of the Scheme.

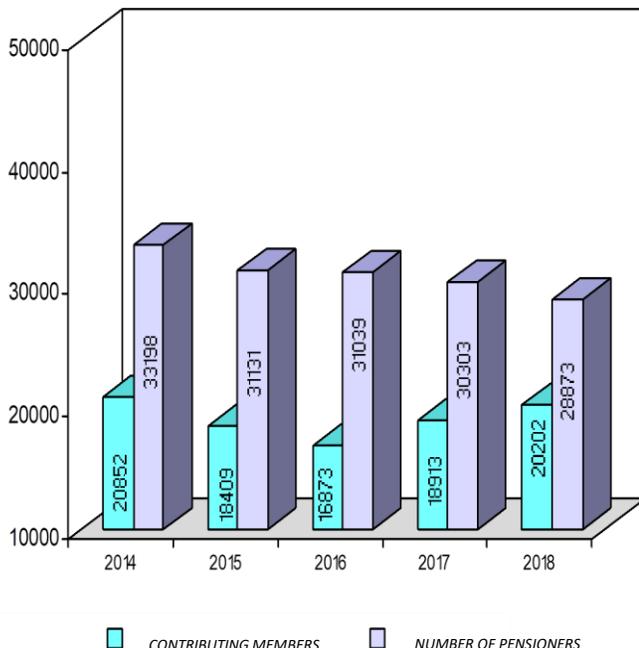
Note:

New employees in the Industry have a choice of participating in the Engineering Industries Pension Fund or in the Metal Industries Provident Fund. This option may be changed within the first 3 months of employment.

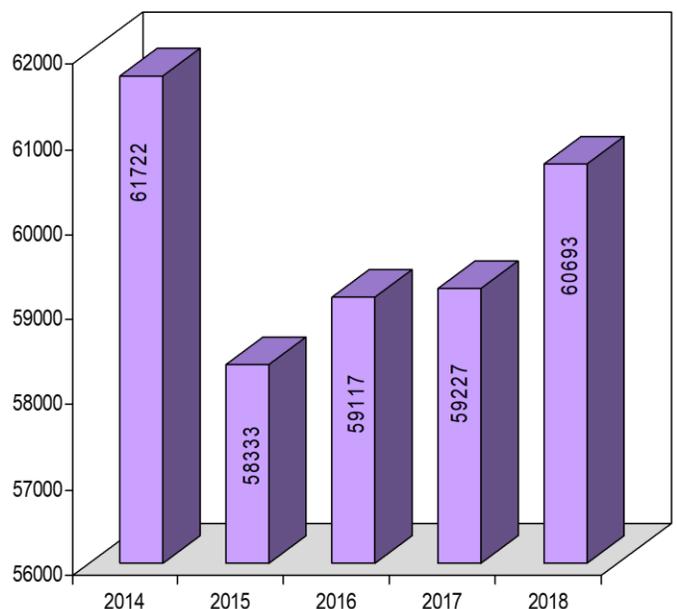
MEMBERSHIP

The composition of the Fund as at 31 March 2018 was 20 202 contributing members and 28 873 pensioners in receipt of monthly payments. (In 2017, there were 18 913 contributing members and 30 303 pensioners).

**CONTRIBUTING MEMBERS
AND PENSIONERS**



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



FINANCIAL RESULTS AS AT 31 MARCH 2018

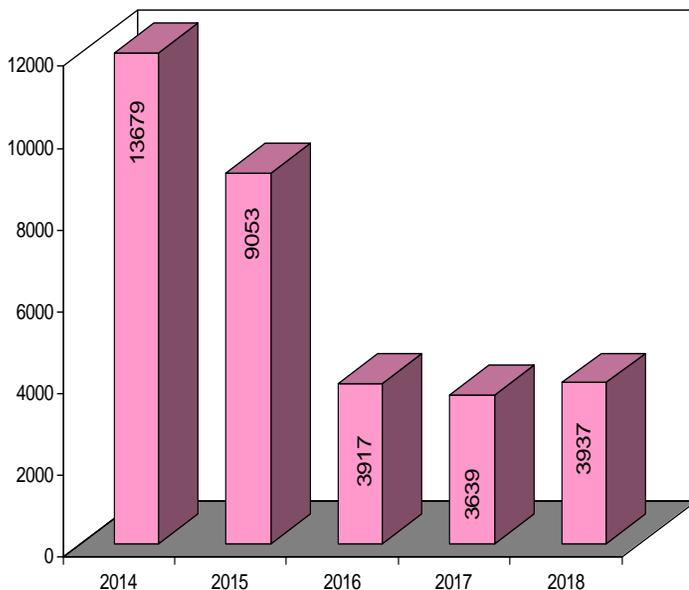
The audited financial position of the Fund as at 31 March 2018 is summarised as follows:

BALANCE SHEET AS AT 31 MARCH 2018		2018
		R 000's
FIXED ASSETS & INVESTMENTS (AT MARKET VALUE)		71 975 686
CURRENT ASSETS		466 986
SUB TOTAL		72 442 672
LESS: CURRENT LIABILITIES		(11 749 191)
ACCUMULATED FUNDS	TOTAL	60 693 481
REVENUE AND EXPENDITURE - 1 APRIL 2017 TO 31 MARCH 2018		2018
		R 000's
CONTRIBUTIONS RECEIVED		389 486
TRANSFERS RECEIVED		9 866
INVESTMENT INCOME		4 351 198
TOTAL INCOME		4 750 550
LESS: TOTAL EXPENSES (including risk premiums)		(209 494)
BENEFITS PAID AND TRANSFERS OUT		(3 074 362)
NET EXPENDITURE		1 466 694
ADD: ACCUMULATED FUNDS AT BEGINNING OF YEAR		59 226 787
ACCUMULATED FUNDS AT END OF YEAR		60 693 481

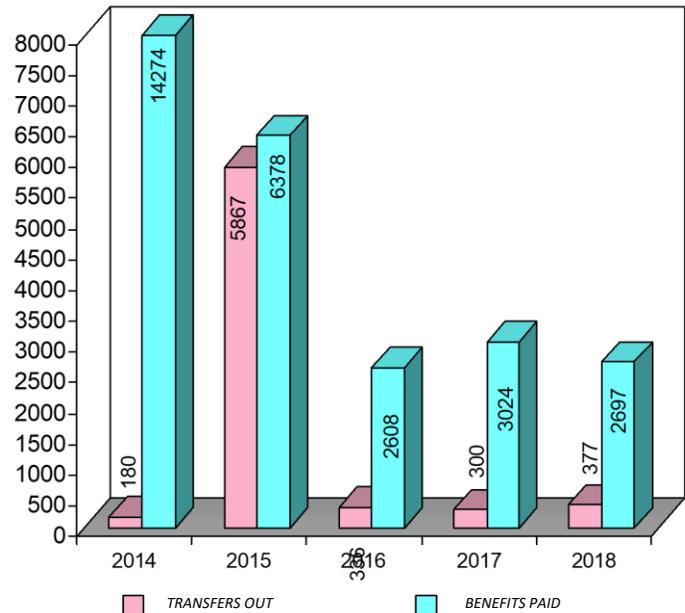
INCOME AND BENEFITS PAID

Contribution and Investment income for 2018 amounted to R3 937 million. Benefits paid and transfers out of the Fund totalled (R3 074 million). In terms of the Industrial Agreement, members contribute 7.3% of pensionable remuneration. Employers contribute at a rate of 7.3% of pensionable remuneration.

CONTRIBUTION AND INVESTMENT INCOME (R000,000'S)



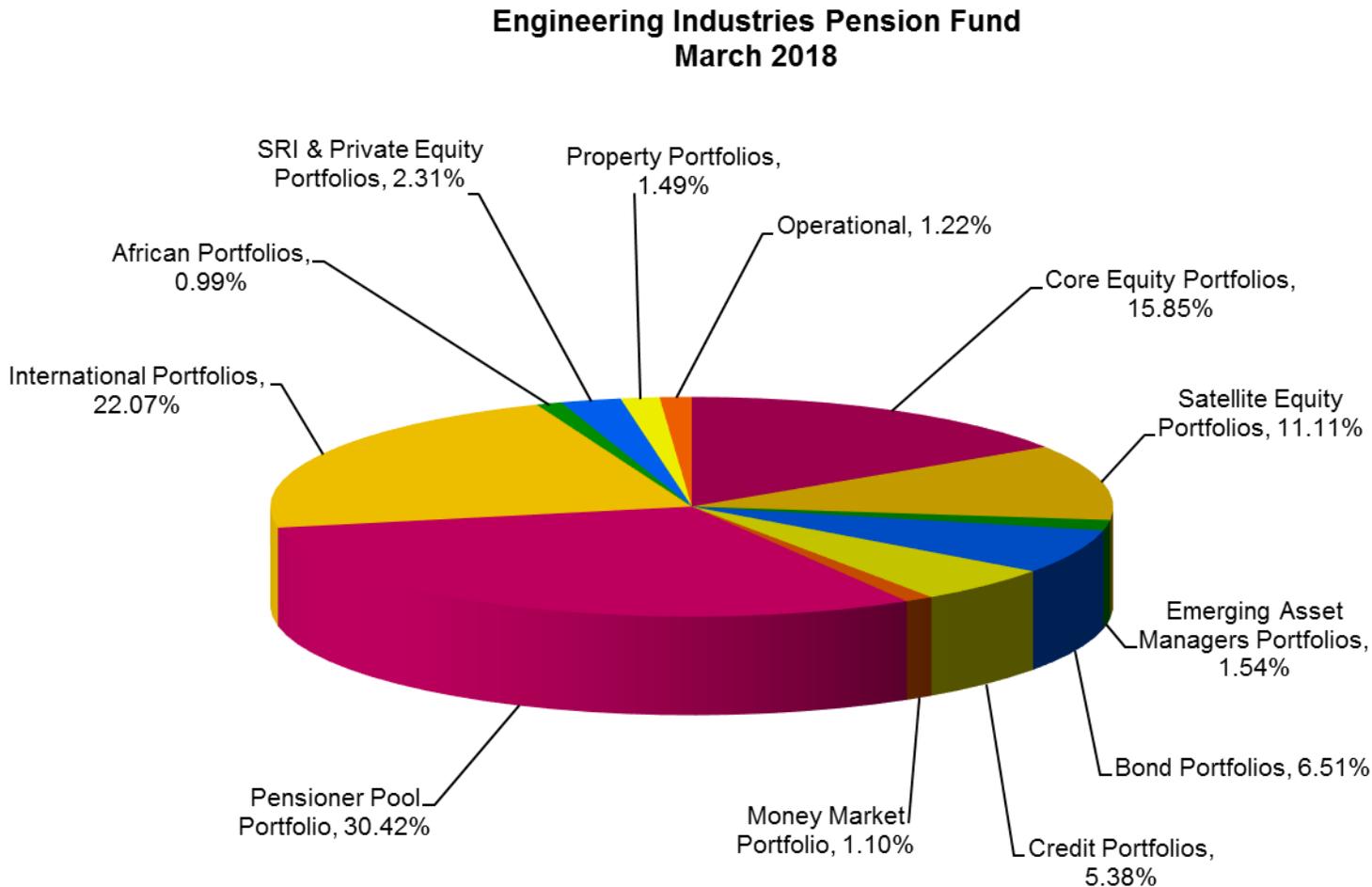
BENEFITS PAID AND TRANSFERS OUT (R000,000'S)



ASSETS

As at 31 March 2018, the total market value of the assets of the Fund amounted to R60 693 million.

These assets were held in the following types of investments (per market values as set out in the Audited Annual Financial Statements).



The Investments department of MIBFA managed 45,7 % of the investment portfolio, the balance being managed by external managers.

ACTUARIAL REVIEW AS AT 31 MARCH 2017

The Actuary confirmed that the Fund was in a sound financial position as at 31 March 2017.

PENSIONER INCREASES

The Board of Management has as one of its primary objectives the protection of pensions from the impact of inflation. It has declared a 5% increase in pensions with effect from 1 July 2018.

It is the policy of the Board of Management that pensioner increases should at least match the inflation rate, where affordable.

The historic pension increases declared by the Fund.

PERIOD	ANNUAL INCREASE
01.07.2011 – 30.06.2012	7%
01.07.2012 – 30.06.2013	6%
01.07.2013 – 30.06.2014	6%
01.07.2014 – 30.06.2015	6%
01.07.2015 – 30.06.2016	6%
01.07.2016 – 30.06.2017	6.5%
01.07.2017 – 30.06.2018	6.1%
01.07.2018 – 30.06.2019	5%

INTEREST DECLARATION ON MEMBERS' FUND CREDITS

The Board of Management in consultation with the Actuary to the Fund declared an interest rate of 8% for the period ended 31 March 2018.

PERIOD	FUND INTEREST
01.04.2011 – 31.03.2012	7%
01.04.2012 – 31.03.2013	15%
01.04.2013 – 31.03.2014	15%
01.04.2014 – 31.03.2015	7%
01.04.2015 – 31.03.2016	6%
01.04.2016 – 31.03.2017	6%
01.04.2017 – 01.03.2018	8%

It was further declared that the exit bonus for members leaving the fund is currently 19%.

FUND MANAGEMENT

The Management of the Fund is vested in a Board of Management, comprising an equal number of Employee and Employer representatives with the Chairman being appointed from either side on a two yearly rotational basis.

Employers are represented by the Steel and Engineering Industries Federation of South Africa (SEIFSA) while Employees are represented by the following Trade Unions:

Metal & Electrical Workers' Union of SA (MEWUSA)
Solidarity
National Union of Metal Workers' of SA (NUMSA)
United Association of South Africa (UASA)
South African Equity Workers Association (SAEWA)

The Fund is administered by: **Metal Industries Benefit Funds Administrators (MIBFA).**

The Fund's offices are located in Metal Industries House, 42 Anderson Street, Johannesburg.

Chairman: **Mr. B. Khumalo**

The Fund's Auditors are: **Ernst & Young Inc.**

Principal Officer: **Mr. O. Gire**

The Funds Telephone number: **(011) 870-2000**

Website: **www.mibfa.co.za**

**ALL CLAIMS RELATED QUERIES TO BE DIRECTED
TO MIBFA CALL CENTRE TEL NO. 0860102544**