

## **VERSO UNCLAIMED BENEFIT PROVIDENT PRESERVATION FUND**

### **FUND REPORT AT 30 JUNE 2015**

#### **Introduction**

This report forms part of the Trustees communication policy. It endeavors to provide both participating employers and fund members with useful information about their fund and specific information regarding the Fund's financial position which is based on the latest financial statements approved by the Trustees.

The Fund is a defined contribution fund and therefore the optimization of fund returns and the minimization of fund expenses is of critical importance. Both these issues are addressed within this report.

Members are encouraged to contact the Fund's Trustees or their human resources department with any questions and concerns.

#### **Board of Trustees**

For your convenience, the current Board of Trustees and Principal Officer are confirmed below:

- Mr Andrew Mestern: Chairperson of the Board and Independent Trustee;
- Mr Edward Thomson: Sponsor Trustee;
- Mr Wouter Hugo: Sponsor Trustee;
- Mr Richard Cox: Sponsor Trustee.
- Ms Y Abrahams: Sponsor Trustee.
- Mr S Chagan: Sponsor Trustee

Ms Brenda Krummeck ([brenda@verso.co.za](mailto:brenda@verso.co.za)) is the Fund's Principal Officer.

#### **Fund Governance**

The Fund is a separate legal entity, totally independent of the Fund's sponsor, Verso Financial Services (Pty) Ltd, and is managed by the Board of Trustees. As part of the Trustees' commitment to good governance as prescribed in the Financial Services Board Circular PF130, the Trustees have formulated the following Fund policies:

- Board charter for the Board of Trustees;
- Communication policy and strategy;
- Investment strategy;
- Risk management policy;
- Self-assessment framework for Board members.

These policies were formulated to ensure that the Fund is optimally managed to the benefit of the members of the Fund. The Trustees review these policies annually to ensure their relevance.

#### **Rule amendment to the Fund**

Rule amendment no 1 to the Fund, effective 1 October 2014, was approved by the Financial Service Board.

#### **The following is implemented:**

- Provision for the definition of pension preservation fund;
- Empowerment of the Fund to receive death benefits;
- To update the Rule with regard to the Registrar's requirements in order to ensure that the Board is properly constituted at all times;
- To allow for 6 trustees;
- To update the Rules with the latest changes with regard to the disqualification of Board Members, as contained in the Companies Act 71 of 2008;
- To update the Rules with regard to the latest requirements with regard to the duties of Trustees;
- To empower the Board to delegate any of its duties and powers in terms of the rules;
- To provide for a quorum of four Board Members;
- To update the Rules with regard to the fact that the principal officer may not be temporarily replaced by an acting principal officer and to provide for the Fund to appoint a deputy principal officer in accordance with the latest changes to legislation.

## Audited Financial Statements at 30/06/2015

The Fund's external audit by Rademeyer Wesson has been completed (once again an unqualified audit i.e. no irregularities were reported) and approved by the Board of Trustees. Herewith a summary of the audit period:

	30-06-2015 (R'000)	30-06-2014 (R'000)
<b>Balance sheet</b>		
<b>Total assets</b>	<b>25 103</b>	<b>18 699</b>
- Investments	24 719	18 182
- Accounts receivable	147	153
- Cash in bank	237	365
<b>Total fund &amp; liabilities</b>	<b>25 103</b>	<b>18 699</b>
- Member credits	23 063	17 741
- Amount to be allocated	1 256	447
- Current liabilities	784	511
<b>Income Statement</b>		
- Gross contributions	0	0
- Investment return	2 857	1 001
- Transfers received	6 571	716
- Benefits paid	(2 011)	(1 917)

## Fund Expenses

The Fund's expenses, e.g. audit fees, actuarial fees, independent trustee's remuneration etc., are paid from the members' share in the Fund. The Trustees actively manage the Fund's expenses to ensure that it remains reasonable.

## Member Communication

The annual fund report is completed after approval of the annual financial statements.

## Membership

Opening balance	<b>4 137</b>
Adjustments	11
Additions	2 011
Withdrawals	-154
Retirements	-27
Deaths	-13
Share eroded	-467
Closing balance	<b>5 498</b>

Tracing is done on a monthly basis in batches of 500 members.

## Fund Investments

The Fund's assets are invested in the Sanlam Monthly Bonus. The Sanlam Monthly Bonus targets inflation plus 3% return and offers a capital guarantee on all benefit payments. The total value of the Fund's assets as at 30 June 2015 amounted to R24 718 920 (excluding bank account balance).

The Trustees regularly review the portfolio returns to ensure it is in line with the Fund's return expectations and formulated objectives.

Please see the last page of the report for performance details of the Sanlam Monthly Bonus portfolio as at 31 December 2015.

## To Conclude

The Fund is managed actively by the Board of Trustees as demonstrated in the revision of the investment strategy and the replacement of the VMM Money market portfolio with a capital guaranteed portfolio offering higher returns as well as a capital guarantee.

Any questions regarding the fund can be forwarded to the consultant on the fund, Mr Leon Visser at [leonv@verso.co.za](mailto:leonv@verso.co.za).



## Fund Fact Sheet

**Monthly Bonus Fund**

Employee Benefits December 2015

**Fund Information**

Fund Manager	: Sanlam Investment Manager (SIM)		
Inception date	: 1 July 1999		
Admin Fees	: Investment less than R100m	0.425%	
	: R100m to R300m	0.375%	
	: R300m plus	0.325%	
Guarantee Premium	: 1.6% p.a.		
Performance Fees	: Yes		
Fund size	: R7 580m		

**Fund Objective**

The Monthly Bonus Fund (MBF) protects investors against short-term volatility by smoothing out investment returns, whilst providing valuable guarantees on benefit payments. The underlying portfolio is mandated with more weight to less risky asset classes than a typical balanced fund. Fully vesting bonuses are declared monthly in advance.

**Benchmark**

RSA Equities (Unhedged)	42% SWIX (Shareholder Weighted All Index)
RSA Fixed Interest	25.5% BEASSA Total Return All Bond Index
RSA Hedge Funds	1% STeFI + 2%
RSA Inflation-linked Bonds	2% Barclays BESA Government Inflation-linked Index
Foreign Equities	7.5% MSCI (Developed Markets)
Foreign Fixed Interest	5% Barclays Global Aggregate Index
Foreign Alternative Investments	2.5% US 3 month London InterBank Offered Rate (LIBOR) +2.5% (net of fees)
Cash	8% STeFI (Short term fixed interest index)
RSA Property	6.5% BEASSA 7 – 12 years Total Return Index plus 1.0% p.a.

**Top 10 shares**

Share name	% of fund
Naspers N	6.13
BTI Group	2.32
SAB	2.03
Steinhoff	1.89
MTN Group	1.80
Sasol	1.79
ATTACQ Ltd	1.69
Old Mutual	1.56
FirstRand / RMBH	1.26
Stanbank	1.12

**12-Month Gross Bonus History**

Jan 15	Feb 15	Mar 15	April 15	May 15	June 15	July 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15
0.767%	0.917%	1.263%	1.277%	1.321%	0.927%	0.817%	0.818%	0.703%	0.749%	0.806%	0.783%

For more information and contact details please see our product brochure at <http://sanl.am/sebi>

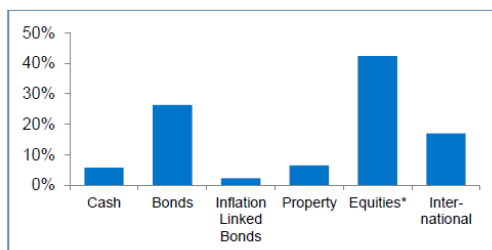
Sanlam Life Insurance Ltd is an authorised financial services provider.

While all reasonable attempts are made to ensure the accuracy of the information, neither Sanlam nor any of its subsidiaries makes any express or implied warranty as to the accuracy of the information. Past performance is not necessarily a guide to future returns. The level of bonuses issued from time to time is not guaranteed nor are investment amounts on termination. This disclaimer must be read in conjunction with the Flash Fact disclaimer.

**Gross bonuses (%)**

Periods to 31/12/2015	MBF (open pool)	CPI Inflation*
1 Month	0.78	0.09
3 Months	2.36	0.34
6 Months	4.77	1.84
YTD	11.73	4.95
1 Year	11.73	4.77
3 Years	15.17	5.31
5 Years	12.91	5.53
10 Years	13.29	6.14

\*30/11/2015 CPI figures used, 31/12/2015 not available yet

**Asset composition**


\* Equities (including Alternative Investments)

**Asset class breakdown**

Cash	5.7%
Bonds	26.3%
Inflation Linked Bonds	2.2%
Property	6.4%
Equities	
- Unhedged Equities	41.1%
- Hedged Equities	0.0%
Alternative Investments	1.3%
International	
- Equity	8.8%
- Other	8.2%

**Funding level**

Portfolio is fully funded as at 1 January 2016