

ANNUAL REPORT OF THE BOARD OF TRUSTEES

for the year ended
31 December 2019 issued in **June 2020**

My RETIREMENT FUND



TFG 
retirement fund
you can never start too early

1. Message from your chairman

Dear Members

Whilst the focus of this report aims to inform you with an overview of the Fund's performance and activity over the financial year ending 31st December 2019, which was a positive one, it would be amiss of me not to acknowledge the extraordinary events of the first half of this year.

The COVID-19 pandemic has hit economies around the world with the impact being compared to the World Wars, and its full recovery is yet unknown. While the scientists continue to search for a vaccine and/or cure, and while the frontline workers have maintained essential services and now continue with efforts to restart our economy, we continue to ensure our members are informed to make the best financial decisions regarding their Fund values, before and at retirement.

We continue to emphasize that investing for your retirement is a long term undertaking, and so whilst the crisis we find ourselves in the midst of, is unprecedented, we continue to retain our focus on this long term goal, ensuring we have an appropriate life stage model in place to protect the value of those members close to retirement. Further to this, this year we introduced a financial advice model to assist our members close to retirement with the opportunity to get financial advice with respect to this very important decision. I am very pleased with the value we have been able to provide our retirees in this regard.

It is therefore with pleasure that I present the annual report of the Board of Trustees for the year ended 31 December 2019. I would like to take this opportunity to thank my fellow trustees, the principal officer, and the fund's service providers for their great effort over the past year. Most importantly, thank you to you, the Fund members, for the confidence you place in us.

Warmest regards

Ronnie Stein
Chairman

2. Board of Trustees

The TFG Retirement Fund is managed by a dedicated Board of Trustees. The Board of Trustees act in the best interest of members and pensioners at all times and ensure that benefits available to members, pensioners and their dependants are aligned with market trends. The Board appoints a Principal Officer, which is responsible for the day-to-day running of the fund. The Board and Principal Officer are assisted by specialist committees and service providers to manage the Fund.

The Board is made up of five company appointed and five member elected trustees. During June 2019, members were given the opportunity to elect five member trustees to represent them on the Board of Trustees and the company appointed five employer trustees. We thank everyone who participated in the member election and welcome the new trustees to the Fund.

[CLICK HERE](#)

for more information on the new Board of trustees, specialist committees and service providers.



3. Effective governance

Retirement funds are governed primarily by the Pension Funds Act as well as various other pieces of legislation to provide a legislative framework to ensure the rights of members are protected. To ensure that the board establishes and maintains an ethical culture within the Fund, and to ensure that these ethical principles are defined and managed effectively, the Board of Trustees has adopted the governance principles contained in King IV and continues to embed the recommended practices through the Fund's governance processes and procedures. The Board, together with the Principal Officer, acts in terms of the registered rules of the Fund and the Pension Funds Act.

4. Investments

The investment returns received from financial markets during 2019 were an improvement from the low base of 2018, particularly in the South African (local) economy. Offshore markets (equities in particular) achieved even better real returns in comparison to local equities over this period, as a result of Rand depreciation.

We are pleased with the performance of the Fund's portfolios. On average, all the portfolios of the Fund yielded an annual return of 8.4% as at 31 December 2019.


[CLICK HERE](#)

for a more detailed look at the investment information, returns and the latest Fact Sheet.

Investment market impact of COVID-19

We have recently seen the world going through a crisis as a result of the COVID-19 pandemic. Nobody knows how long this pandemic will last. As a result of the uncertainty and expected recession, equity markets around the world, including South Africa, have crashed by more than 30%, one of the worst stock market crashes in history. Government bonds and other credit investments have also fallen in value dramatically. Investment markets are likely to remain highly volatile before they start to recover. We have experienced times like these on many occasions in the past. At some stage, investment returns will recover. **Read more** on how markets recovered in the past.

I wish to remind Fund members to keep a long-term investment view and to encourage members who are close to retirement, to consult with financial advisors before making any decisions.

Investment strategy

The Board has recently revised the Investment Policy Statement, which sets out the investment strategy of the Fund.


[CLICK HERE](#)

to view the Investment Policy Statement of the Fund.

5. Fund developments – Default regulations

As previously communicated, all retirement funds had to comply with Default Regulations from 1 March 2019. The purpose of these regulations was to ensure that retirement savings of members are invested with clear objectives and in a wise and cost effective manner.

The Fund complies fully with the default regulations. It offers members a default investment portfolio, which enables members to accumulate retirement savings subject to acceptable risk and does not burden members with complicated investment issues and switching decisions.

The Fund's default preservation strategy allows members to preserve their fund credit in the Fund and members will receive a paid-up certificate within 2 months of leaving the Fund.

As part of the default annuity strategy, the Fund offers a very cost efficient in-fund life annuity for members at retirement. However, it is important to note that although a member can purchase an annuity from an external approved insurer, you cannot use a part of your fund credit to purchase a pension from an approved insurer and use the other part to purchase a pension in the Fund. This is not allowed by the Income Tax Act.


[CLICK HERE](#)

to read more about your options at retirement.

6. Fund appointed Financial Advisors

Retirement benefit counselling is also available to members at withdrawal and retirement. The Trustees also appointed financial advisors to assist members close to retirement with financial advice and retirement planning at no cost to members.


[CLICK HERE](#)

to view the Fund's preferred financial advisor service providers.

7. Fund Website

The TFG Retirement Fund website is continuously updated with the latest Fund information and any legislative changes relevant to members. As a member of the Fund, you are encouraged to visit the website in order to learn more about your Fund benefits.



CLICK HERE

to view the website.

8. Rule amendments

During the course of the financial year, there were two rule amendments submitted to the Financial Sector Conduct Authority:

- Rule amendment No. 8 - effective 12 February 2019 - approved 23 August 2019
- Rule amendment No. 9 - effective 12 November 2019 - approved 10 December 2019



CLICK HERE

to read more about the rule amendments.

9. Financial overview

The Fund has received an unqualified audit result from the Fund's auditor, Deloitte & Touche for the year ended 31 December 2019. In addition, the latest actuarial valuation as at 31 December 2018, confirmed that the Fund was 100% funded and in a sound financial position. This can be linked to the high level of governance, which entails various monitoring tools and checks and balances.



CLICK HERE

to view the latest breakdown of assets and liabilities of the Fund.



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10. Fund membership and benefits awarded

Fund membership at the end of 2019:

- 13 506 active members
- 258 deferred pensioners
- 988 pensioners
- 596 beneficiaries
- 1 310 unclaimed benefits

Benefit totalling R280 million were awarded during the financial year upon resignation, retirement or death.



[CLICK HERE](#)

to view the latest Fund membership breakdown.

[CLICK HERE](#)

to view your contributions.

[CLICK HERE](#)

to view your benefits.

11. Importance of Beneficiary Nomination Forms

It is very important that members keep their beneficiary nomination form updated to assist the Board of Trustees to allocate their death benefit to their dependants in the unfortunate event of death before retirement. The Trustees are legally obliged to use their discretion to ensure that all your financial dependants are taken care of, it is therefore, important that you provide them with as much information as possible.



[CLICK HERE](#)

to read more about how to capture your beneficiaries on HR Connect.

12. Contact information

For Fund related queries, send an email to fuse@tfg.co.za

TFG Retirement Fund - Registered under the Pension Funds Act 1956 (Reg.No 12/8/10150/2)

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