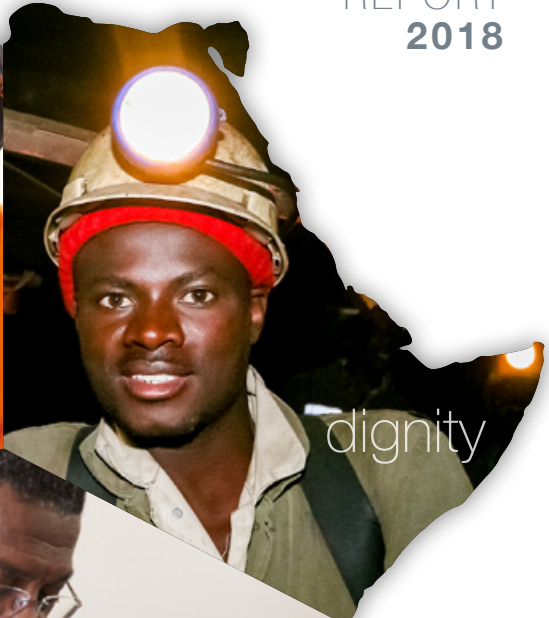




INTEGRATED
REPORT
2018



legacy



dignity



respect





Mineworkers Provident Fund has an accomplished history that stretches back to the late 1980s. While we have transitioned and evolved alongside the society and sector we exist in, our values and overarching vision has remained steadfast and resolute. Mineworkers, who form part of a vulnerable section of the country's labour force, have been the bedrock of our business and have framed our intention to provide them with a better future and create generational value for years to come.

In continuing our mission, we take a significant emphasis in ensuring that our members are included in everything we do. From actively participating in communities through various ESG initiatives, to member education activities, we hope that the 2018 integrated report provides a snapshot of just how we have connected with our members and plan to continue that connection for years to come.

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About this report

This is Mineworkers Provident Fund's (MWPF) integrated annual report for the year ended 31 December 2018 to provide feedback to our stakeholders. The report combines data related to MWPF's financial, social, environmental and governance aspects on the Company's performance. The report is intended to explain our business, how we are governed, our strategy and how we have implemented it, and the results achieved during the reporting period. The most recently published report was for the year ended 31 December 2017.

Our approach to integrated reporting has been to gradually improve the integration of sustainability and financial performance reporting over the last few years. This year's report shows the link among capital employed in our business to create value; what is most important to us; and how we have performed against what we consider material.

We have been primarily guided when preparing this report by the International Integrated Reporting Framework; The King Code of Corporate Governance; The Financial Sector Conduct Authority (FSCA) and the South African Pension Fund Act.

Scope and boundary

This report covers the key events that took place from 1 January 2018 to 31 December 2018.

Where external entities are part of our value chain and have a significant effect on our ability to create value, their effect or potential impact has also been discussed. All significant items disclosed are prepared on the same basis as the comparative periods, there have been no restatements.

The report includes summarised financial statements, the full set of financial statements is available on our website. Supplementary information that provides more detail to the information included in this integrated annual report is also available on our website at www.mwpf.co.za

Determining materiality

The material issues that have been identified and for which feedback on our performance has been discussed were determined as follows:

- Quantitative calculations;
- Review of strategic risk registers;
- Reports submitted to the Board and matters that the Board is most concerned about;
- Incorporated areas of concerns highlighted in the strategic review process; and
- Key performance objectives set for management for the following year.

Combined assurance

The annual financial statements have been audited by SizweNtsalubaGobodo Grant Thornton Inc. ("SNG Grant Thornton"). An assurance approach has been adopted by obtaining assurance for non-financial information from management, internal audit and external independent third parties.

Approval by the Board

The Board is responsible for the integrity of this integrated report. The Board applied its collective mind in preparation and presentation of the integrated report and is satisfied that the report is a fair and reasonable representation of MWPF's performance and prospects in accordance with the Integrated Reporting Framework.

Feedback

For any questions or feedback regarding this integrated annual report or its contents, please contact:

Louwella Moeti on (010) 100 3000
or email lmoeti@mineworkers.co.za

Our year at a glance

Growth in total assets under management

4.47%

2017: 25.77%

Total amount of benefits paid

R3 741 million

2017: R2 078 million

Investment returns over 12-month period

2.21%

2017: 19.98%

Annual contributions

R2 179 million

2017: R2 264 million

Net increase in active membership

-8.52%

2017: 6%

Exposure per previously disadvantaged asset manager handle

37.98%

2017: 29.68%

The overall staff turnover rate

7.45%

2017: 12.7%

Our external auditors have issued an unqualified audit opinion for

8 years

since self-administration

New revenue streams continue to grow year-on-year with the cumulative balance standing at over

R200 million

as at the end of the 2018 financial year

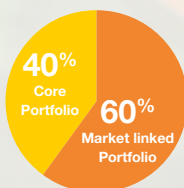


Annual contributions

R2 179m

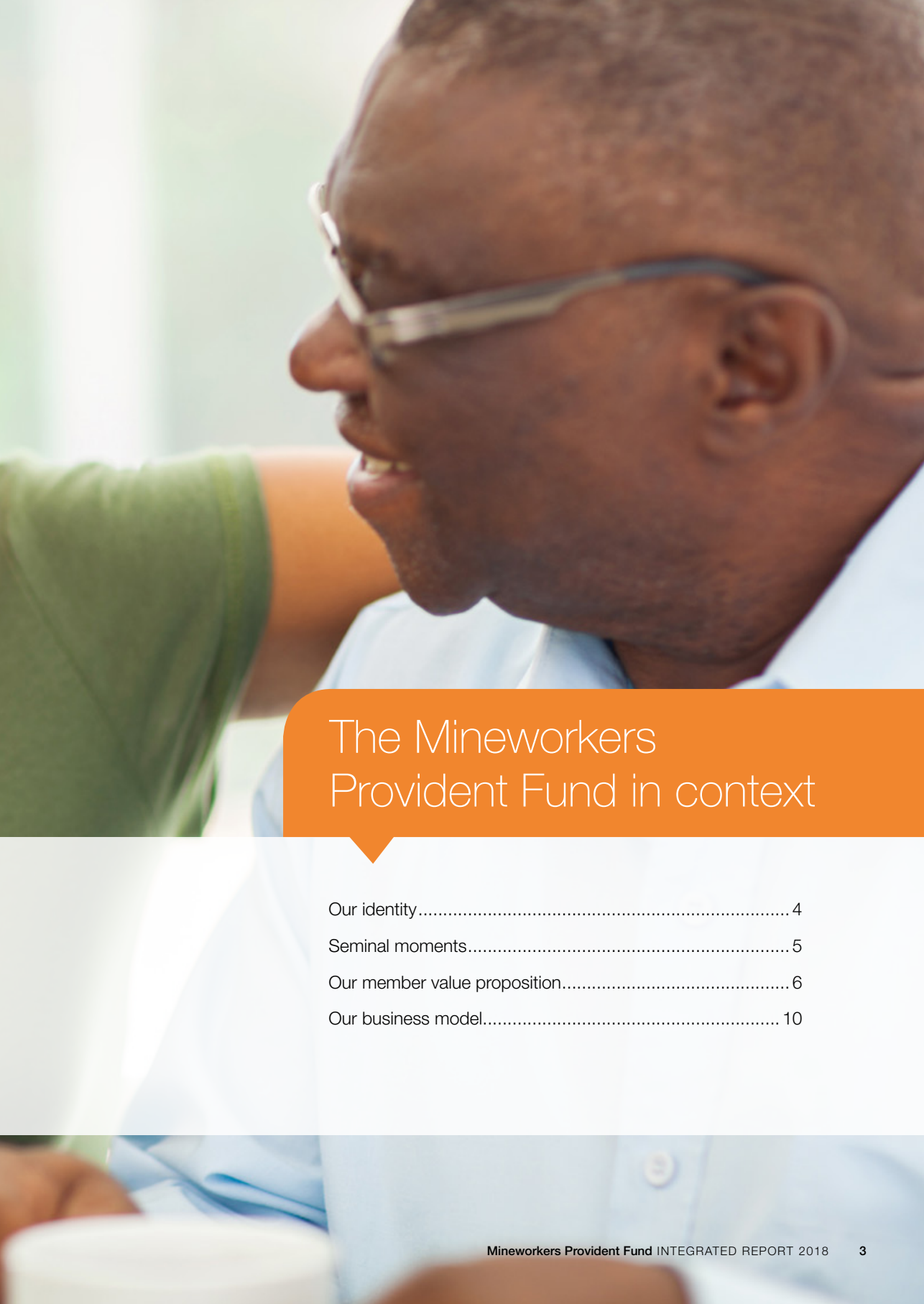
2017: R2 264 million

Strategic weighting
in overall portfolio



Number of participating employers

65



The Mineworkers Provident Fund in context

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Our identity

The Mineworkers Provident Fund is a retirement Fund in the mining industry providing retirement benefits to the most vulnerable workers of our society – the mineworkers.



Formed in 1989 with a clearly defined vision and strategic objectives which includes being the retirement Fund of choice in the sector, we are driven by our desire to leave value for the next generations. This is based on the notion that just like other workers, mineworkers have the right to retire with dignity thus accounting for all the years of hard labour they put in.

How We Create Value and Preserve The Dignity Of Our Members

Tailored Solutions



Member Centred product development



Consistently outperforming both our target benchmark as well as a number of well-established balanced portfolio with a similar risk profile

Throughout the years we have focused our efforts on ensuring that we remain true to our founding principles of treating our members with respect and restoring their dignity. As such, our efforts have been underpinned by, and bolstered with, our **foundational principles** which include:

Our Mission

- To **provide superior service** to our members and their beneficiaries
- To **provide sustainable and competitive retirement and auxiliary benefits** to members, dependants/beneficiaries
- To **deliver superior market-related performance** and efficient administration services
- To provide **dynamic and effective communication** to our members and stakeholders

Our Vision

- To be the **Retirement Fund of Choice** in the Mining Industry

Our Values

→ Respect

Respect is Prudent, Considerate, Tolerant, Fair and Compassionate

→ Dignity

Dignity is Humble, Appreciative, Worthy and Unassuming

→ Legacy

Legacy takes Legendary Actions, endures despite challenges and Adversities, Shows Positive Growth, Accomplishes goals set, Always has a winner's mentality and has a Yes Attitude

Seminal moments

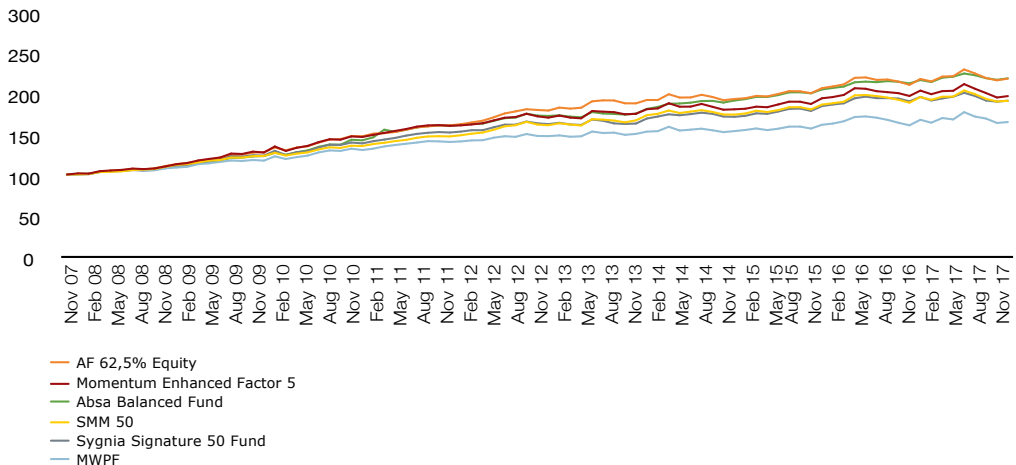
- 1877** —> Diamonds were discovered on the banks of the Orange River, along with a gold rush on the Witwatersrand. The Chamber of Mines formed in Johannesburg.
- 1957** —> The National Pension Funds Act came into legislation.
- 1982** —> The National Union of Mineworkers was formed, led by Cyril Ramaphosa, James Motlatsi and Elijah Barayi.
- 1987** —> Under the former apartheid administration, black miners did not have retirement benefits. black mineworkers embarked on one of the most violent strikes the country had ever seen. More than 50 000 miners lost their jobs during this 21-day protest.
- 1989** —> The formation of the Mineworkers Provident Fund (MWPF) was a response to the injustice done to black miners. The Fund aimed to provide the means for black miners to retire with dignity. The National Union of Mineworkers was one of the key Sponsors of MWPF. In 1989 a deal was reached with the Chamber of Mines which paved the way for the establishment of MWPF.
- 1990** —> The first three Regional Advisory Committees Regional Advisory Committee (RACs) were formed in Klerksdorp, Orange Free State and Witbank coal mines.
- 1996** —> The Mining Health and Safety Act came into legislation.
- 2010** —> MWPF's first independent Trustee and chairperson was appointed as well as the first Chief Operating Officer.
- 2011** —> MWPF moved key services in-house.
- 2012** —> MWPF became a self-administered Fund.
- 2018** —> MWPF automated current claims, funeral and disability. To date MWPF has 100 employees who remain committed to ensuring that mineworkers retire with dignity and beneficiaries of mineworkers are taken care of should they no longer be around to do so.

Our member value proposition

In realising our ambitions of being the provident Fund of choice in the sector, we take pride in having a multi-pronged approach to differentiating ourselves to the rest of the market. Given that performance and member-centricity are key and closely entwined in our future success, we frame our value proposition around how we outperform our sector peers while nurturing and strengthening our relationship with members.

We outperform our competitors

- The Fund has outperformed all industry peers (with the same investment objectives) over three, five and 10 years respectively. The Fund also stacks up favourably over one year as it remains in the top three Funds when compared to peers.
- Most importantly, we have achieved these outstanding results with a transformed value chain of service providers demonstrating that transformation makes good business sense!
 - Asset Consultant – Majority black-owned managed and controlled (Level 1 contributor)
 - Asset Managers – 35% exposure to majority black-owned, managed and controlled (inclusive of black women participation)
- As an asset owner, we understand that the power of reform lies with us. Therefore, we continuously review our supply chain and engage our service providers through the setting of transformation targets and ongoing monitoring.



We foster and nurture our member relationships

Over and above the performance of our Fund relative to industry peers, we also differentiate ourselves through the proximity we keep to our members. We prioritise the cultivation and nurturing of member relationships with proactive engagements and actions. We take pride in the free flow of information to members to ensure that they are capacitated and aware of the mechanics of the Fund and how their benefits work.

Member relationship objectives	Actions implemented
To educate members to better understand their accumulated Fund credit and investments and make sense of the information appearing on the Benefit Statement.	<ul style="list-style-type: none"> • Positive Investment Performance Poster • Benefit Statement • How to read your Benefit Statement Poster: English, Zulu, Xhosa, Sesotho and Tsonga
To engage with and educate members to better understand their Fund benefits, specifically the disability and death benefits and how the Fund works.	<ul style="list-style-type: none"> • Member newsletters (English and four vernacular languages as above) • Employer Newsletters • Disability Benefits Poster • Death Benefit Poster and Flyer • Fund Calendar with a summary of Benefits • SMS communication • Scribble video (English, Sesotho and Zulu)
Create direct contact with members using SMS messaging. Member and beneficiary roadshows and face-to-face contact sessions.	<ul style="list-style-type: none"> • Beneficiary Communication • Roadshows/Unclaimed Benefits Roadshows • Regional Advisory Committee contact session • Member and Employer Newsletters • SMS communication
To continuously evaluate the needs and expectations of members and ensure that these needs are met. To obtain more cellular numbers of members in order to improve member level communication.	<ul style="list-style-type: none"> • Research Surveys • Research Results • Feedback Report/Evaluation

Our annual ESG initiative

We apply a significant focus in embodying the principle of stakeholder-inclusivity in our Environmental, Social and Governance initiatives. We are also cognisant of the fact that there are various internal and external factors that directly and indirectly affect our ability to create value for our members and ensure they retire with dignity. As such, we actively invest in initiatives that assist the communities that our members reside and originate from.

One such activity was the rebuilding of a school in Lusikisiki

Having embarked on an initiative called MWPF Golf Day that was aimed at raising Funds to assist the underprivileged, the Fund identified Thembalethu Senior Primary School as a worthy community initiative.

The journey of rebuilding the school started in 2017 where the school only had two buildings that were in a deteriorating condition. Following MWPF's investment, the revamped school was launched in December 2018 with the construction of four buildings that included a security room, dining hall, electricity supply as well as a computer room.

MWPF plans to continue with Community upliftment projects in areas where members reside, driven by our values of respect, dignity and legacy and the desire to leave value to the next generations.



Images of the school after the rebuild



Image of the completed school

“ Giving back to Thembaletu Senior Primary gives us great joy as a Fund. Making a difference in the lives of South Africans is exactly what we set out to do with MWPF Golf Day. We would like to thank MWPF Golf Day Sponsors for their tremendous support and a special thanks to our main Sponsors Momentum and Sanlam. ”

Mkuseli Mbomvu
MWPF CEO



Images of the school before the rebuild

Our business model

Everything we do is underpinned by **our guiding purpose** which is to leave something behind for future generations by providing retirement benefits to the most vulnerable workers in society – the mineworkers.

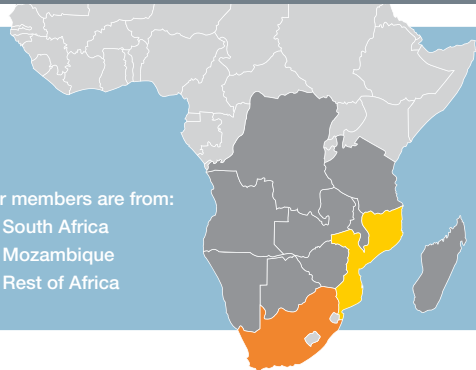
Our guiding purpose is carried out by **our growth agenda**

Our business model aims to preserve and grow our members' retirement benefits-facilitating generational benefits.

- We provide value for money to our members.
- We are a Fund of choice in the industry and a low-cost operator.
- We are passionate about providing dignity to our members.
- We provide superior service.
- Our staff are committed and share a strong sense of self belief.

Our value creation story starts with **active mineworkers** who entrust us to preserve and grow their retirement benefits.

- Our members are from:
- South Africa
 - Mozambique
 - Rest of Africa



1 We invest Funds ...

We invest our members' contributions with the goal of preserving the purchasing power of their benefits. We aim to achieve a **rate of return of 4.5% above inflation.**

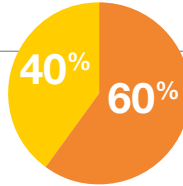


2 Then we manage them ...

To realise our goal, we manage the Funds with a core-satellite approach, dividing our investments into **two portfolios**:

CORE PORTFOLIO

Our anchor portfolio with stable, building block returns. Inflation beating returns



MARKET LINKED PORTFOLIO

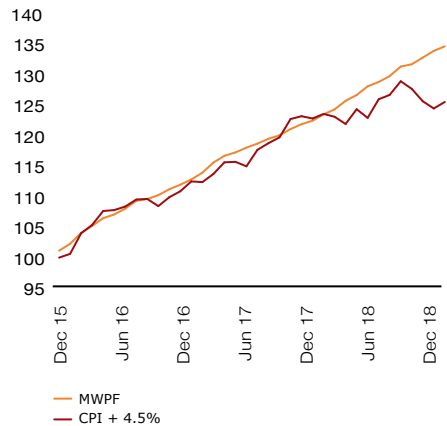
Our portfolio designed for exposure to a diversified source of returns

3 Keeping a close eye on our risks ...

- We actively monitor risks that could affect the Fund's performance
- We set up control measures to combat risks

4 And ultimately create growth ...

To date, we have achieved steadily increasing growth for our members



5 That we actively pay and distribute ...

- With the growth achieved in the Fund, we are able to pay our members and their beneficiaries
- We also trace unclaimed beneficiaries through our annual roadshows and permanent walk-in centres

... To our retired mineworkers

Our value creation story means we have spent the past 30 years providing our retired mineworkers with dignified and secure retirements



Total value of
investments
managed

R27.9m

2017: R29.9 million

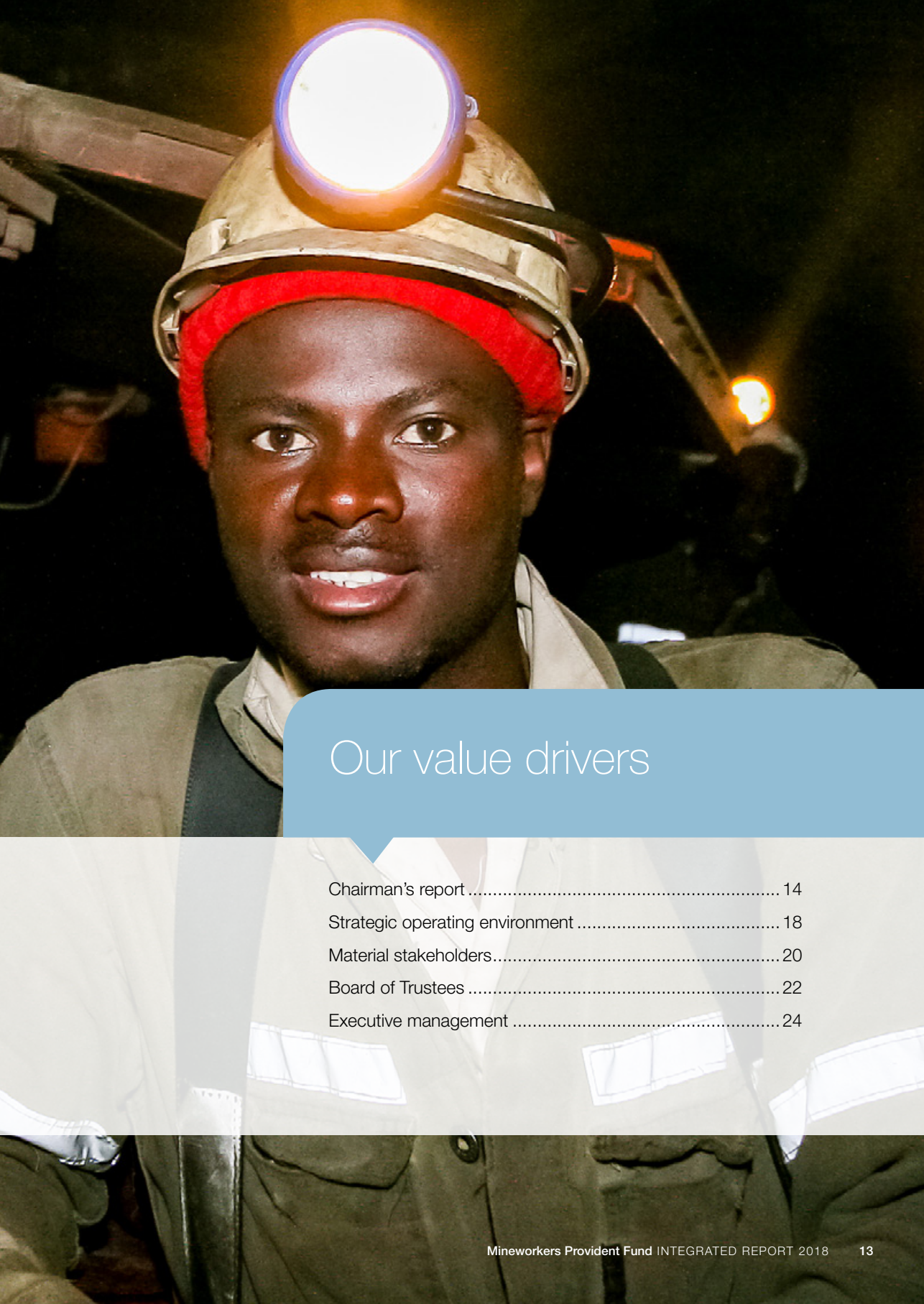
Total amount of
benefit paid

R3 741m

2017: R2 078 million

Our strategic
focus areas

Our People	Our Growth
Our Services	Our Understanding



Our value drivers

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Chairman's report



“ Our ultimate purpose is to support our members, by doing what we can to improve their lives through the delivery of superior returns. ”

Martin Kuscus
MWPF Board Chairman

I am pleased to present MWPF's Integrated Annual Report in my role as Chairman of the Board.

I want to take this opportunity to extend our appreciation to our outgoing chief executive officer (CEO), Mkuseli Mbomvu, who served on the Board for 7 years before his resignation on 31 December 2018. On behalf of the Board, I thank him for his invaluable contribution to the growth and sustainability of MWPF.

I am honoured to be holding the fort, as our strategic journey to becoming a leading financial services institution for the working class by 2023 is steadily gaining momentum.

Our members are at the centre of everything we do. MWPF creates value for members by protecting the purchasing power of their retirement benefits into the future. Through astute investments, we deliver returns above inflation safeguarded by appropriate risk levels. Beyond offering financial security, proactive engagement with our members and providing efficient, effective service are imperative to achieving our purpose of ensuring they retire with dignity.

As we look forward to celebrating the 30th anniversary of the formation of MWPF in 2019, we reflect with pride on the considerable growth and consistent returns achieved. Securing a retirement Fund for mineworkers in 1989 was a hard-won victory. The historic 1987 strike, which saw 340 000 mineworkers down tools, set the foundation for MWPF. We also remember the 19 mineworkers who lost their lives at Mponeng (the then Western Deep Levels No 1 shaft) on 29 July 1999.

With over R29 billion in assets and the exemplary track record of uninterrupted positive returns to members since its inception, MWPF has improved the lives of generations of mineworkers and will continue to do so. Looking to the future, we have the opportunity to capitalise on our position of strength for the greater benefit of our current members and other groups of vulnerable workers in our society.

2018: Year in review

We ended the year with 83 325 (2017: 90 425) active members and R29 billion (2017: 29.98 billion) in assets under management, paying out approximately R4 billion (2017: approximately R2.5 billion) in benefits in the 2018 financial year.

The mining industry remains a significant part of the South African economy, contributing R350.8 billion to the economy in 2018, up from R343.6 billion in 2017. To add context to the marginal growth between 2017 and 2018, the Total Mining Production Index for South Africa (excluding gold) increased by a modest 1.41% year-on-year in 2018. With underlying commodity price moves presenting a mixed bag, notable Rand weakness over the course of the year sustained flat to higher Rand commodity prices providing very little uplift to top line revenue growth in the South African operations of the industry in composite. Pockets of the market delivered impressive volume growth with platinum group metal miners increasing output by a combined 147 000 ounces during 2018. Platinum, palladium as well as rhodium ounces out of South Africa all rose in 2018 compared to the previous year.

Unfortunately, 2018 was a challenging year for workers, and there were net job losses in the mining and quarrying sector. Employment in coal, iron ore, manganese and chrome grew. However, gold, diamond and platinum all witnessed a decline, tracking 2017 trends where total employment in the gold mining sector declined from 120 000 to 115 000 employees. Against this backdrop, investment managers battled to deliver absolute returns during 2018. The South African economy weakened, the intensity of currency fluctuation increased and the domestic equity market sold off 8.53% as both local and global investors became wary of South African companies' ability to navigate the challenging environment. Considering that a mere 31 out of 164 shares listed within the JSE All Share Index ended 2018 without having lost investors any money, puts the extent of the local equity market sell-off into perspective. As in 2016 and 2017, bonds continued to deliver respectable returns for the year despite several mounting macroeconomic challenges.

During the 2018 financial year, we worked tirelessly to ensure that our members' hard-earned pensions were not put at risk. With the support of our nine regional advisory committees, our investment partners and dedicated personnel, we provided our members with the much-needed protection through our astute management of members' savings.

In May 2018, Muziwandile Ndlovu, was appointed as Business Development Executive, a new role at MWPF aimed at enhancing our member-centric approach and growing our member and participating employer base. In November 2018, we welcomed our new Chief Financial Officer, Amma Amparheng, who reports on the Fund's performance in more detail on page 60.

In addition, our Principal Officer, Philda Mphephu, was appointed Acting CEO on 1 January 2019 to steer MWPF following the resignation of our CEO Mkuseli Mbomvu on 31 December 2018. The Board is in the process of appointing a new CEO. On behalf of the Board, our CEO, Mkuseli Mbomvu, reflects on MWPF's performance for the 2018 year and the Fund's strategic achievements on page 29.

Strategic review

Our 2023 strategy aims to shape our business in the context of the changing and socioeconomic, regulatory, technological environment in which we operate. Building on the strong foundation cemented in 2017, with the development of an agile delivery platform and strengthening of our strategic partnerships, our five-year strategy started to take shape in 2018. We continue to strive to embody the attributes of our strategic focus areas, our understanding, our service, our growth and our people, our guiding road map for our 2023 strategic journey. Our key focus during 2018 was understanding our members – their needs, expectations and perceptions. During the year, we undertook an extensive market intelligence exercise to gain insight into enhancing service delivery and our connection with our members. (This is discussed in more detail on pages 30 and 31.)

Regulatory changes

In the 2018 financial year, we embedded Fund default strategies into our business in compliance with new legislation that requires every retirement Fund to have such strategies in place by 1 March 2019.

The regulation aims to improve the outcomes for members by ensuring that they get good value for their savings and retire comfortably.

Governance

Our commitment to ensuring a sound governance framework resonates through every level of our business. The strength of our governance and oversight structures is pivotal to achieving our strategic objectives and to the long-term sustainability of the Fund.

During the year under review we welcomed seven new Board members, including representatives of the Association of Mineworkers and Construction Union ("AMCU") to our Board.

I would like to commend the Executive Management team for their hard work and thorough approach, which resulted in a material reduction in significant audit findings down from nine in 2017 to one in 2018.

Outlook

The recently published mining charter offers the industry more policy certainty. A further R93 billion of fixed investment in 2018 from the mining sector coupled with the rise in precious metal prices thus far in 2019 could lay the foundations of an improving operating environment at the margin during the year ahead. Together with the industry and our stakeholders, we look forward to the supporting growth and sustainability of the industry.

I take this opportunity to recommit the Fund to ensure that our members and their beneficiaries are serviced promptly, to have no unclaimed benefits, and to deliver superior investment returns.

Appreciation

I want to thank all the staff at MWPF for their hard work and dedication in ensuring that member-centricity is at the forefront of all their activities. The triumphs and milestones of the past year are presented in this report. These would not have been possible without the full support of the Board, participating employers and our Sponsors. Thank you for always being in our corner.

Martin Kuscus

Chairman



Strategic operating environment

External considerations

In pursuing our ambitions and mission, we are cognisant of the fact that we operate in an international political economy as well as a national and local sectorial political economy, which poses significant conditions that have a direct effect on our ability to carry out our strategy.

Regulatory	Local	Industry	Social
<ul style="list-style-type: none"> • Mining Charter has been shared, providing more certainty • Rigid labour legislation • More stringent B-BBEE codes • Retirement Fund Reform uncertainty 	<ul style="list-style-type: none"> • There is low economic growth in RSA • Negative Investor perception of RSA • Unfavourable interest rates • Political instability, especially relating to elections 2019 	<ul style="list-style-type: none"> • A decline in shaft sinking indicating negative quality of investment in mining • Negative global commodity outlook • Retrenchment is rising • Contract workers are rising • Productivity is decreasing, but costs are increasing for mining companies 	<ul style="list-style-type: none"> • The unemployment rate is rising • Growing poverty • Low literacy in RSA • Minimal transformation in the Fund Manager space

Five-year vision statement

To be the leading Financial Services Institution for the working class by 2023.

Strategic objectives

Our strategic objectives give us tangible outcomes to pursue that will capacitate us in realising **our five-year vision statement**

- Be the best-in-class retirement Fund by fostering a high performance culture supported by engaged employees
- Diversify to become an end-to-end financial services institution to low- and medium-income workers
- Grow through consolidation of low-income worker Funds
- Diversify our Fund product portfolio for the benefit of our existing client base

Strategic focus areas

Our understanding	Our service	Our growth	Our people
Increase our reservoir of intellectual capital through market research and intelligence	Focus on the efficiency of our systems and administration to meet the needs of our ambitions	Focus on business development, mergers and acquisitions, partnerships and product diversification	Cultivate an organisational culture that aligns with our strategic objectives and maintain efficient talent management

Strategic KPI	Measure
Unclaimed benefits The total number of unclaimed benefits in the Fund	Total number of identified claimants with values due
Member satisfaction How our products and services meet or surpass our member's expectation	Annual survey Regional Advisory Committee (RAC) and Centre metrics
Attraction and retention of members The year-on-year growth (%) in members	Increase or decrease in our total number of members year-on-year
Cost-efficiency The cost of delivering services to our members	Sound financial capital control
Growth in asset base Year-on-year net growth in our AUM	Balance on the investment account
Stakeholder satisfaction How our services and engagements meet the needs, concerns and expectations of our stakeholders (refer to Material Stakeholders page)	Annual stakeholder survey
Employee satisfaction The degree of employee motivation, employee goal achievement, and positive employee morale in the workplace	A culture of motivated, driven and collaborative employees driving our strategy

Material stakeholders

MWPF takes a proactive approach to stakeholder engagement and, in line with our communication strategy, our aim is to achieve meaningful stakeholder engagement by focusing on three key objectives:

- Cement the role we play to each of our stakeholders.
- Create and sustain a positive image/reputation of the Mineworkers Provident Fund.
- Encourage two-way participation with our key stakeholders.

We identify two broad stakeholder segments and depending on the type of stakeholder, we seek to engage or inform.

Primary focus

Stakeholder	Engagement methods	Needs, concerns and expectations expressed
Members	Newsletters, brochures, website, posters, SMS, roadshows, social media, surveys, walk-in-call centre	<ul style="list-style-type: none"> • Growth and value of their money • Safety and security of their benefits • The Fund carrying out its fiduciary responsibilities

Other areas of focus

First tier: Our partners

Stakeholder	Frequency of engagement	Needs, concerns and expectations expressed	Responsible executive
Staff	Ongoing and daily	<ul style="list-style-type: none"> • Fair and proportionate membership on the Fund's Board of Trustees • Collaboration in unclaimed benefit outreach • Fair and accurate distribution of benefits • Fund's year-on-year performance 	Chief Executive Officer
Employers	Ongoing		Chief Executive Officer Principal Officer
Board of Trustees	Quarterly		Chief Executive Officer Principal Officer
Regional Advisory Committee (RAC)	Quarterly		Chief Executive Officer Principal Officer Chief Operating Officer
Sponsors and Trade Unions	Quarterly – and ongoing as required		Chairperson of the Board Chief Executive Officer Principal Officer
Service providers	As deemed necessary		Chief Executive Officer Principal Officer

Other areas of focus

Second tier: Regulatory or industry stakeholders

Stakeholder	Frequency of engagement	Needs, concerns and expectations expressed	Responsible executive
Regulators	Twice annually and as and when required	<ul style="list-style-type: none"> • Maintaining licence to operate • South Africa's socio-political environment • Economic outlook • Regulatory compliance 	Chairperson of the Board and/or two Trustees Chief Executive Officer Principal Officer
Industry bodies	Quarterly meetings		Chief Executive Officer Principal Officer
Government	As and when required		Chief Executive Officer Principal Officer
Department of Labour (Mozambique and Lesotho)	As and when required		Chief Executive Officer Principal Officer Chief Operating Officer
Media	In response to business-related media queries		Chief Executive Officer Principal Officer

Board of Trustees



Martin Kuscus

Independent Chairperson
 Reappointment date:
 15 June 2017
 Appointment date:
 12 November 2010



Thomas Kgokolo

Chairperson Audit and Risk Management Committee (Alternate Independent Trustee)
 Reappointment date:
 31 March 2016
 Appointment date:
 31 March 2014



Caleb Overmeyer

Employer Trustee
 Appointment date:
 1 March 2017



Xolani Bokoloshe

Member Trustee
 Appointment date:
 8 October 2018



Jeff Mphahlele

Member Trustee
 Appointment date:
 8 October 2018



Luyanda Mphinda

Member Trustee
 Appointment date:
 8 October 2018



Bonginkosi Mrasi

Member Trustee
 Appointment date:
 15 August 2018



Molefi Sebitlo

Member Trustee
 Reappointment date:
 14 March 2016
 Appointment date:
 8 May 2009



Patrick Mathibela

Employer Trustee
 Appointment date:
 1 November 2015



Richard Mguzulu

Member Trustee
 Reappointment date:
 27 June 2017
 Appointment date:
 27 March 2014



John Mosemeng

Employer Trustee
 Reappointment date:
 1 May 2017
 Appointment date:
 1 March 2016



Mpho Phakedi

Member Trustee
 Appointment date:
 15 October 2018



Kenny Mothae

Employer Trustee
 Reappointment date:
 11 March 2016
 Appointment date:
 21 August 2008



Lydia Nkopane

Member Trustee
 Appointment date:
 14 March 2016



Paulos Soviya

Employer Trustee
 Appointment date:
 18 October 2018



Serame Maetle

Member Trustee
 Appointment date:
 1 May 2016



Steph Wall

Employer Trustee
 Reappointment date:
 1 September 2017
 Appointment date:
 1 September 2008



Wessel du Toit

Employer Trustee
 Reappointment date:
 1 May 2016
 Appointment date:
 7 April 2010



Willem van Heerden

Employer Trustee
 Reappointment date:
 1 April 2016
 Appointment date:
 1 April 2013

Executive management



Mkuseli Mbomvu

*Chief Executive Officer
Resigned: 31 December 2018*

Bachelor in Business Administration BBA (UNISA)
Senior Leadership Programme SMDP (USB)
Community Adult Education CAEP(UCT)
Channel Leadership CLP (INSEAD) – France
Masters in Business Administration MBA (HENLEY Business School) – London

Mkuseli spent over two decades in various senior leadership positions within the financial services industry. Through academic exposure in various institutions of higher learning, international encounters and practical experience he has continued to expand his knowledge and influence in the industry and the world at large.

A strategic thinker with entrepreneurial skills and mindset, endowed with immense love for people. Mkuseli is a transformational leader and a change agent.

As a leader he firmly believes in unearthing the power of the “collective genius”. Sustainability of the business, upliftment of our society through empowering individuals and teams is core in his leadership approach.

Mkuseli has been at the helm of MWPF for the past six and half years and has transformed the organisation from its humble beginnings to become a formidable force in the industry.



Philda Mphephu

Principal Officer

LLB, Business Acumen Programme
Certified Financial Planner

Philda is an admitted advocate with experience within commercial, legal and financial services. Philda has a history of delivering on challenging and complex goals. Dynamic, resilient and good at problem solving.



Amma Amparbeng

*Chief Financial Officer
Appointed: 1 November 2018*

CA(SA)
BComm (Financial Accounting)
Postgraduate Diploma in Accounting
Advanced Certificate in Auditing (SA)
National Certificate: Financial Markets and Instruments

Amma has a solid record of over 14 years in financial management, reporting and control, auditing, technical accounting (IFRS), strategic risk planning and management and improved business performance. She also has international work experience (US GAAP) in the infrastructure, construction, financial services, property management, asset management and other industries. Prior to joining MWPF, she was Finance Executive of a division of a JSE Listed Company.



Nathan Williams

*Chief Operations Officer and
Chief Technology Officer*

Certified Information Technology Specialist
Diploma of Information Technology Management
Lean Six Sigma Black Belt Professional
PRINCE2 Practitioner Certificate in Project Management
A+, N+, MCSE and MCITP Server Administrator
Advance Management Diploma

Nathan is a high energy, business conscious and goal-driven individual who approaches each new business challenge with his intrinsic flair for innovation, creative problem-solving and measured risk-taking to drive consistent bottom-line improvements and shareholder value.



Lungelo Solombela

Human Resources Executive

Post Graduate Diploma in Labour Law (PGDLL)
Higher Certificate in Organisation Effectiveness
Bachelor's degree in Human Resources

Lungelo has over 20 years' experience in the financial services industry providing strategic HR leadership and overseeing all aspects of Human Resources practices and processes. With a proven track record of influencing and coaching.



Muziwandile Ndlovu

Business Development Executive Appointed: 1 May 2018

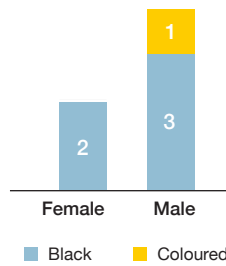
Public Administration and Management
Postgraduate certificate in Wealth Creation and Management
Management Development Programme (MDP)
Master's in business administration (MBA 2019)

Having been in the sales environment for over 20 years, Muziwandile has developed a strong can-do attitude, leaving no stone unturned. Accustomed to driving hard to exceed targets while maintaining profitable relationships with all involved.

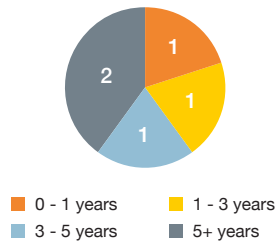
An effective communicator with good interpersonal, negotiation skills, people leadership, technical and human resource management skills.

The Fund's executive management has the requisite diversity of skills and expertise, gender make-up and ethnicity that will allow the Fund to deliver on its strategic objectives.

DEMOGRAPHICS (NO. OF PEOPLE)



YEARS AT FUND (NO. OF PEOPLE)



AREAS OF EXPERTISE (NO. OF PEOPLE)



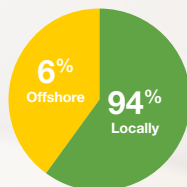


Investment returns
over 12-month
period

2.21%

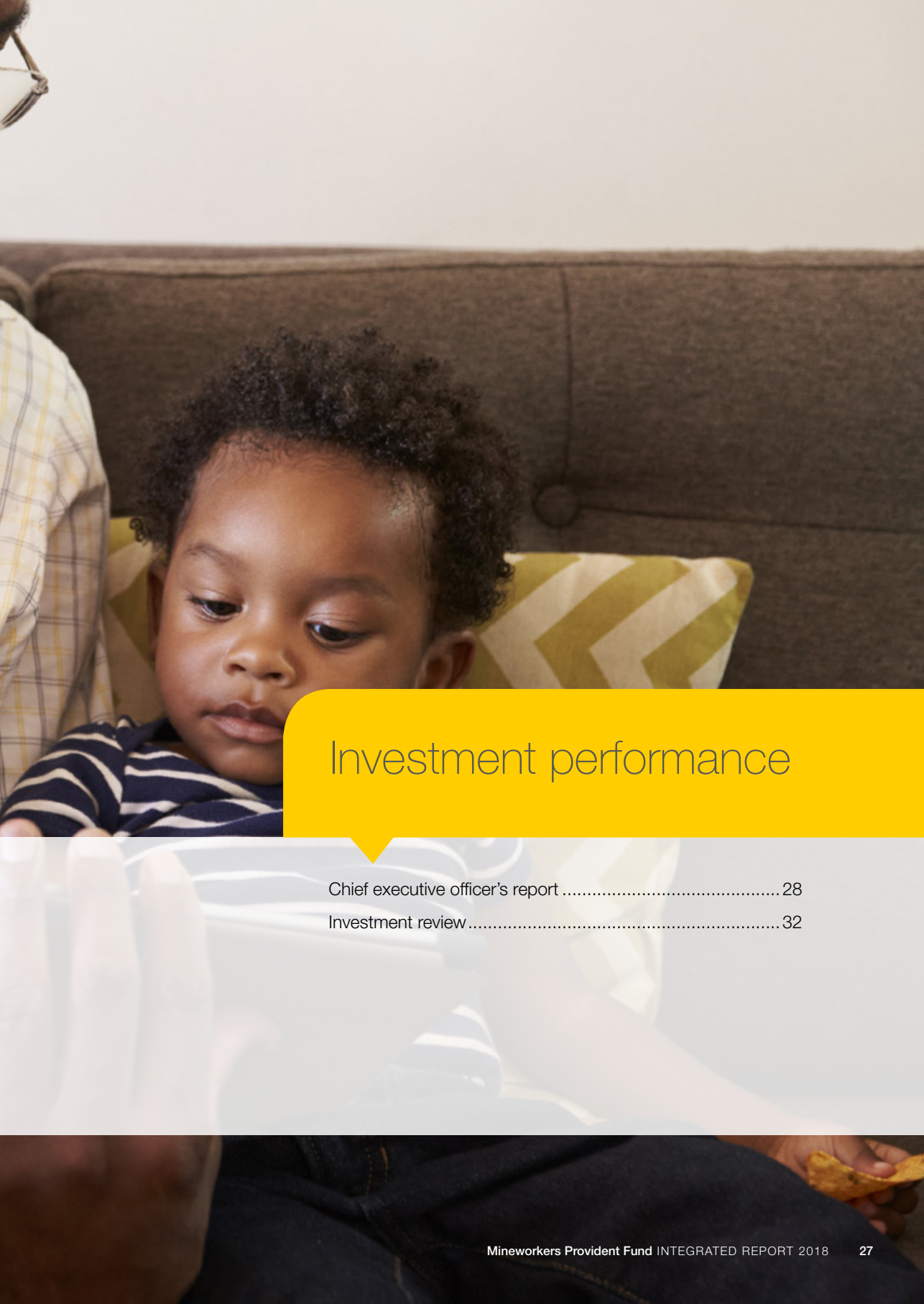
2017: 19.98%

Assets managed
(Locally/Offshore)



Number of
investment
mandates

26



Investment performance

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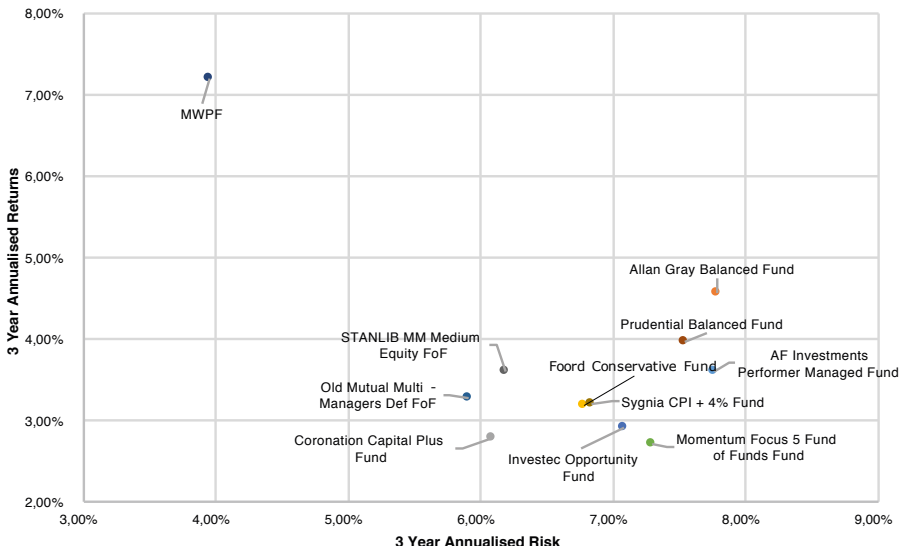
Chief Executive Officer's report



Over the last three decades, MWPF has achieved many significant milestones – one of which was to become a self-administered Fund. As such, we formulated a retirement benefits strategy aligned to the needs and aspirations of all our members. Our members want to retire with dignity and ensure that their beneficiaries are taken care of, after they have gone. They also want to live in safe communities with the infrastructure necessary to live decently.

In the last three years, we have strengthened our focus on achieving good governance, promoting efficiencies, being member-centric and ensuring the long-term sustainability of member savings. Our focus in 2018 was targeted growth reaped through stabilisation and optimisation of our existing infrastructure and capabilities.

3 Year Scatter



During the year under review, the Fund introduced the New Unclaimed Benefit Strategy. The plan was to create an all-inclusive collaborative strategy between strategic stakeholders. The introduction of the inclusive plan resulted in the signing of Non-Disclosure Agreements with Medical Bureau for Occupational Disease (MBOD), Compensation Commissioner for Occupational Diseases (CCOD), BankServAfrica (BankServ), The Department of Justice and Constitutional Development (DOJ) and the Gold Working Group (GWG). This partnership has yielded great results since inception. The Fund also launched the new mobile van in 2018 as a strategic imperative to support the overall strategy.

Performance review

Over time our investment principles have evolved in response to the changing environment and to meet the needs of our members. These investment principles now rest on the following Fundamental pillars:

1. Members of the Fund should earn a net investment return which exceeds inflation as measured by the consumer price index by at least 4.5% per annum over any rolling five-year period and that this return must be earned without putting members' savings at risk. This level of growth will allow our members to purchase a sustainable income at retirement.
2. Fund assets should be invested with the intent to contribute measurable positive social and environmental outcomes alongside the delivery of superior financial returns.
3. The Fund should promote the transformation of the economy by procuring the services of black-owned companies.

We are pleased to report that our investment strategy has continued to deliver according to our targets, despite 2018 being an exceptionally difficult year for South Africa. Despite these enormous domestic and global challenges, the Fund delivered a return of 1.66% for the 2018 financial year and remains ahead of inflation over all longer-term periods.

It is particularly worth noting MWPf's performance over the past five years compared to other Fund Managers.

The investment markets in 2018

In South Africa, the year was mired in political uncertainty with a new Finance Minister appointed in the first few months, then national elections held in May and the ongoing revelations of state capture contributing to the sense of disquiet. The stagnant economy, political upheaval and high levels of unemployment translated to low investor confidence with reduced consumer spending leaving many South African businesses struggling to generate strong profits. In 2018, the Johannesburg Stock Exchange (JSE) lost approximately 8.53% of its value. Other areas of the economy where members' retirement Fund savings are invested, such as government bonds and short-term

money market instruments only performed marginally better, although still delivering single-digit percentage returns. These investment returns were not sufficient to offset the negativity emanating from the JSE. The very low return in the domestic environment was not the only factor contributing to investors woes.

Ongoing trade tensions between the United States and China as well as Britain's unresolved BREXIT process added to the turbulence in financial markets, leading to the International Monetary Fund warning of a global economic slowdown. As much as 15% of losses on the collective emerging markets' exchanges in 2018 can be attributed to the impact of uncertainty in global financial markets. Developed markets' exchanges performed marginally better, albeit with some still losing 10% in US Dollar terms.

The weakening of the Rand boosted contributions from offshore allocations. However, regulatory limitations regarding how retirement Fund assets can be invested meant that returns from global markets when translated into Rand could not entirely offset the considerable domestic negativity.

It is vitally important to remain disciplined during such difficult times and remember that retirement Fund savings is a long-term game. Financial markets go through various cycles, and when one looks at the strong recovery thus far in 2019, losses from 2018 have been largely offset and returns look a lot more promising. The Fund continues to perform well in excess of its target over the long-term and investors will be best served to ride out short-term weak periods such as 2018 and wait for a recovery.

Unclaimed benefit strategy

Our unclaimed benefit strategy, implemented in the previous year, is making pleasing progress. During the year under review, strategic alliances were forged with Government through the National Department of Health's Compensation Commissioner for Occupational Diseases and Medical Bureau for Occupational Diseases. Initiatives to tap into mining companies' database for tracking beneficiaries is yielding results and our Unclaimed Mobile Unit was launched and is fully operational. The disciplined execution and

continuous review of this strategy has realised a 10% increase in the number of beneficiaries paid compared to the previous reporting period. While this is a significant improvement, more work remains to be done. Our decentralisation strategy, coupled with our roadshows played a significant role in breaking the back of this otherwise stubborn challenge.

Changes to retirement Fund regulations

The new retirement Fund default regulations will also take effect on 1 March 2019. Under the amended regulations retirement Funds must establish a default annuity strategy which enables a member, if they wish to do so, to elect an annuity on retirement.

The mining industry has been plagued by poor preservation and cashing out of retirement savings leaving many members and their families destitute in later life with no source of income. The Trustees of the Fund welcomed the new legislation as it provided the Fund with the opportunity to implement a tailored solution based entirely on the membership profile of the Fund. We wanted to offer our members protection when they need it the most and therefore opted for a guaranteed lifetime income solution. As such, we look forward to introducing the default annuity to our members which will also be supported by a member counselling process. We believe we can make a significant impact on the lives of our members by explaining the benefits of a lifetime income and preventing the temptation of short-term gains by cashing out their savings through a sound counselling process.

Strategic review

The sustainability of the Fund rests in our ability to address the short-, medium- and long-term challenges that may impact the Fund's future performance and take advantage of the opportunities that arise. In the previous integrated report, we introduced our 2023 strategy aimed at enhancing our long-term sustainability for the benefit of our members. We have identified four focus areas for our organisation over the next five years. During the 2018 financial year, the Board and Executive Management set targets and measurement indicators for each focus area. In addition, significant milestones were achieved within each focus area.

Our understanding

During the year, we commenced our market intelligence initiative with a market research programme. The high-level recommendations emanating from the process encompassed areas of communication, education and reward for our members, improvements in service delivery; employee satisfaction and the employee value proposition and the potential of exploring new revenue streams.

Our growth

A new Business Development unit was established broadly aimed at growing our member base, enhancing our brand and customer value proposition.

Future initiative to support growth will include product diversification, entering strategic partnerships and a merger and acquisition strategy.

Our service

Efforts to improve the Fund's systems and administration continued in the year under review, such as the unclaimed benefits strategy. The EBS model embedded before the implementation of the strategy has made a significant difference to service levels and we expect to see a continued improvement over time. In 2018, we leveraged technology to improve access and efficiency, offering administrative services through the Mobile Device. Another focus during the year was expanding our product basket by introducing Annuity and Preservation Products, which became effective on 1 March 2019.

The most significant internal risk facing the Fund is data integrity. Without quality data, we are unable to be responsive to our members and to live our values of respect, dignity and legacy. Consequently, we are employing more resources into bolstering our structures to ensure that whatever we do is bottom-up driven. Our regional advisory committees, our walk-in-centres, our call centre, mobile app, the employment of tracers and our communication strategies collectively have helped us to significantly improve the quality of our data. In doing so, we have reduced fraud, delays and processing errors. Our priority for the coming years is to significantly reduce unclaimed benefits.

Our people

As a primary stakeholder group, our employees participated in the market research programme. The feedback highlighted the importance of offering a compelling employee value proposition as well as fostering a high-performance organisational culture that embodies our values. In 2018, we focused on leadership development as our leaders are a cornerstone for organisational transformation and a culture shift culture and transform organisation towards the achievement of 2023 vision.

Looking ahead

Our commitment for the coming year is to continue striving for excellence to realise our strategic objective to be the retirement Fund of choice in the mining industry. Our bottom-up approach will allow us to keep on designing innovative financial products and services that meet the needs of low- and medium-income workers.

Appreciation

I want to take this opportunity to thank the management team of MWPF for their excellent leadership in getting us closer to achieving our strategic objectives. A big thank you to our dedicated staff who every day live our values. I want to thank our participating employers and Sponsors who make it possible for us to implement our bottom-up approach. Lastly, it is our members who have trust in us. I thank you for choosing the Mineworkers Provident Fund.

As we move into our fourth decade, I am optimistic that we will embrace the efficiencies offered by advanced technology to improve our provision of service to our members.

Mkuseli Mbomvu

Mineworkers Provident Fund CEO

Investment review

Salient features and highlights

Investment philosophy

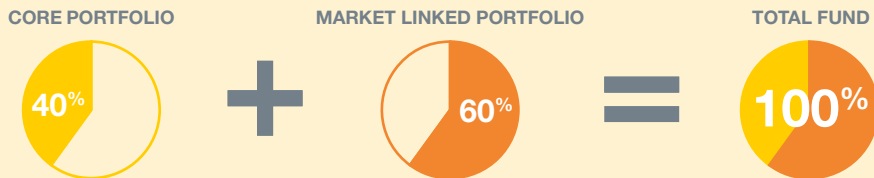
Our primary goal is to preserve the purchasing power of our members' retirement benefits and deliver investment returns in excess of inflation at the lowest possible level of risk. This is achieved through the adoption of a liability-driven investment approach that allows us to understand our membership profile and tailor a solution that allows our members to retire comfortably and meet the Fund's future cash payments with a high degree of certainty.

Investment objective

The Fund offers members a single default portfolio that seeks to deliver a real return of 4.5% above inflation (CPI+4.5%) over any consecutive five-year period at a minimum level of risk. This target level of return is the outcome of a stochastic liability-driven modelling exercise to determine the most appropriate level of return target suitable for the membership profile of the Fund.

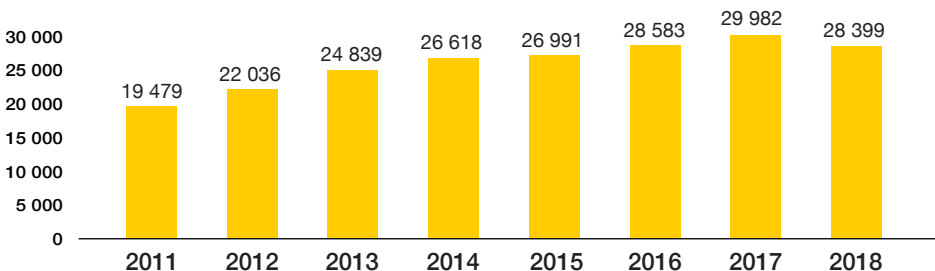
Investment approach

The Fund utilises a Core-Satellite approach to meet the investment objective of CPI+4.5% over any consecutive five-year period. **The total Fund is managed as a combination of a Core Portfolio (Core) and a Market Linked Portfolio (Satellite).** The strategic weighting between the Core and the Satellite is 40% and 60% respectively:



Refer to page 36 for more information on our portfolios.

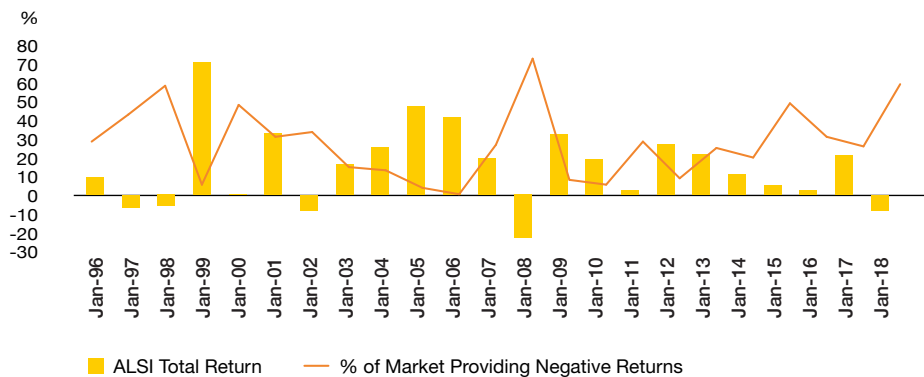
Fund size



A review of 2018 and outlook for 2019

Subsequent to what turned out to be the worst year for equity markets across the world since the global financial crisis, market participants were left bruised and battered. Many retreated from risk assets to lick their wounds sustained in what was a brutal year for emerging market assets in particular. South African risk assets and the Rand were caught up right in the middle of a storm witnessing strong outflows and sharp declines during 2018. Similar to 2016 and 2017, bonds continued to deliver respectable returns for 2018 despite a number of mounting macroeconomic challenges. In a continuation of the pattern witnessed throughout 2016 and 2017, Resources continued to perform well into 2018 and remained the one shining light in an otherwise negative local market as sentiment issues and corporate scandals dragged returns deep into negative territory. When analysing how the number of shares which ended in negative territory for 2018 compares to prior calendar years, the chart below indicates that 2018 was not only the greatest drawdown since the global financial crisis but also witnessed the greatest proportion of shares which delivered negative total returns since then.

JSE calendar year returns



The 2018 decline on the JSE was only exceeded by drawdowns during periods of severe market distress such as the Asian Financial crisis, the Russian credit default which resulted in emerging market contagion, the dot com crash and the global financial crisis.

Their consistent and stable compounding over the years has led to nominal bonds being the best performing domestic asset class over the last five years. This is perhaps the greatest advocate for investors removing emotion from any investment decision-making and focusing purely on the Fundamentals on offer. When considering the greatest driver of returns for the asset class over the last three years it has undoubtedly been the marginal foreign buyer on a search for yield as low interest rates globally pushed foreign ownership of the South African bond market to elevated levels of almost 40% at its peak. As can be expected, the greatest driver of foreign demand for emerging market debt in general is the availability of yield pickup.

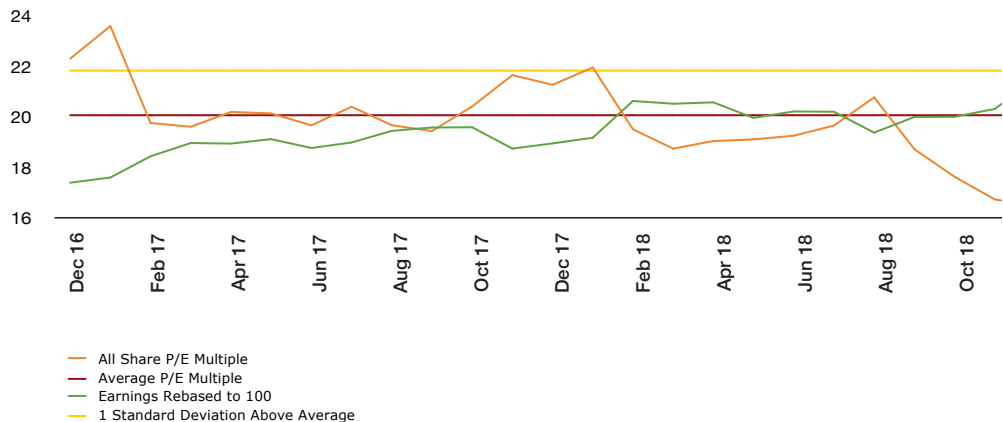
Investment review (continued)

In a similar vein to what was witnessed on local stock markets, global equities sprinted out the blocks at the start of 2018 delivering exceptionally strong returns before rapidly moderating and sharply reversing deep into negative territory. The final quarter of the year proved to be the most devastating for global equities where by the time investors were bracing themselves for Christmas holidays, US equities witnessed their worst December since the great depression in the 1930s which pushed global equities sharply lower. Ultimately, 2018 proved to be one of the most unproductive years in recent memory for returns from both equity and bond markets globally as investors battled to come to grips with the reality of reducing liquidity, the threat of a possible economic slowdown and political instability weighing on sentiment.

While this exceptionally poor backdrop made it near impossible to outperform the Fund's target of CPI+4.5%, the Mineworkers Provident Fund delivered commendable performance delivering a positive 2.21% amongst a sea of negative returning assets and Funds for 2018. While behind headline inflation for the year, this performance stacked up relatively favourably when compared to the average balanced Fund with a similar return target in South Africa.

While there are a number of risks which continue to present themselves (including interest rate volatility globally, signs that the global economy may be slowing and domestic growth challenges as well as the number of corporate scandals weighing on sentiment) it would not appear that we are in a period of such severe market distress as witnessed in prior sell-offs of such a magnitude in recent memory. The extent of the sell-off cannot be warranted by declining earnings growth either as earnings have held up at a relative steady rate into a strong equity market decline. This would imply that the lion's share of the sell-off is due to multiple de-rating as opposed to any kind of earnings impairment or cut in dividends. The extent of the multiple de-rating has now placed South African equities on a multiple which stacks up exceptionally favourably relative to history. The chart below provides greater insight into how earnings have fared over the last two years relative to what has happened to earnings multiples:

Trailing multiples and earnings direction

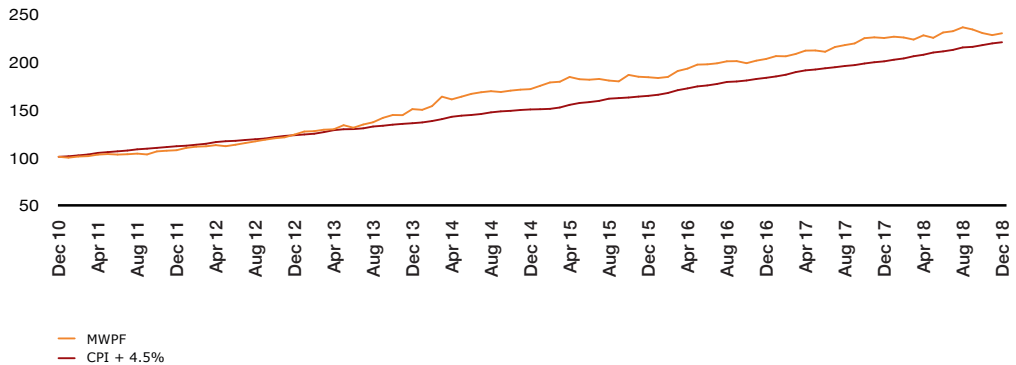


With regard to local equities the view is that there is value offered with regard to the level of earnings for the current price paid. There are, however, some material risks that investors should brace themselves for which could result in bouts of short-term volatility. Perhaps the most obvious of challenges still presented are within domestic retailers. Against a backdrop of stubbornly high unemployment, some poor capital allocation decisions and the need for ongoing discounts, the pressure continues to mount on what was once the darling of the JSE as consumption growth defied all reasonable expectations for more than a decade leading up to the financial crisis. Evidence of the increased strain that domestic retailers are facing continues to be presented in the numbers. Perhaps the greatest concern for the sector remains the inability to feel the impact of any marginal improvement in demand even if the economy does pick up considerably due to a structural and significant oversupply of retail space in South Africa.

What is apparent is that when looking at a combination of both equity and bond returns, 2018 was one of the most unproductive years on record for the last 28 years. Even when looking at each of the asset classes in isolation, only periods of severe market distress saw calendar year returns worse than 2018, much like the pattern witnessed on the local equity market. The sell-off of 2018 has left an indelible mark on global equities such that valuations once again have approached increasingly attractive territory. The greatest risk to this outlook is the fact that sentiment can very easily impact ratings and play a significant role in total returns.

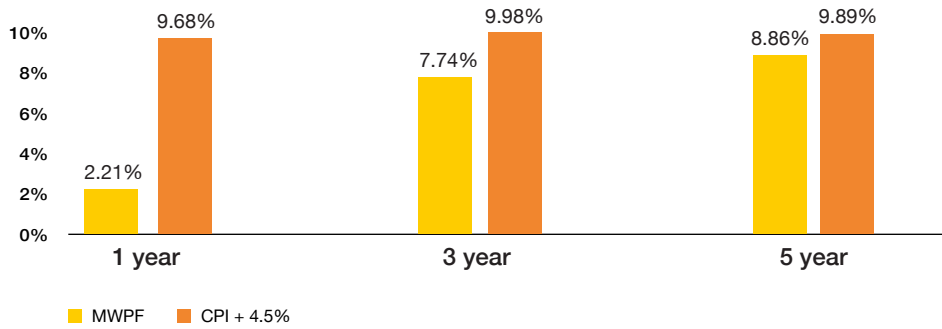
The most pressing issues impacting sentiment range from fears about a global slowdown to how quickly central banks are likely to tighten policy further and when combined with a number of political landmines including Brexit, trade wars and European fragmentation, risk asset investors have plenty to ponder which will result in bouts of volatility and fear. The solution for investors is to be as adequately diversified as possible ensuring exposure to defensive as well as cyclical equities and a varying array of investment styles in order to ensure a smoother ride through the volatility.

Fund performance



Investment review (continued)

Fund performance



Core portfolio

This is the anchor of the Fund and is best described as a low volatility, stable return building block that aims to protect capital through the delivery of inflation-beating returns with a low probability of capital loss. The benchmark for the core portfolio is CPI+4.5%. The portfolio comprises a combination of guaranteed mandates and long-term real assets.

Market linked portfolio

This is a multi-asset class portfolio that is optimally constructed to deliver the target return of CPI+4.5%. In order to achieve this target return the portfolio is constructed through diversified exposure to different sources of return:

- Geography
- Asset class
- Sector
- Investment manager
- Investment strategy and style

Weightings to the different sources of return are determined using asset allocation analysis and risk budgeting. Asset allocation analysis is conducted to determine the optimal mix of asset classes best suited to deliver the expected return. Risk budgeting is used to ensure that we are rewarded for every unit of risk that we pick up. Specialist investment managers are selected within each asset class following a thorough due diligence and selection process and given appropriate asset class benchmarks to beat. The market linked portfolio will display short-term volatility but has a higher probability of delivering outperformance over the long-term than the core portfolio.

Regulation 28

The Fund is managed in accordance with Regulation 28 of the Pension Funds Act.

Tactical asset allocation

Capital markets change over time, causing adjustments in correlations between asset classes and expectations of risk and return. Accordingly, our assumptions and our expectations for the performance of asset classes are adjusted to reflect these shifts. Therefore, the Fund's long-term base-case outlook is actively adjusted to capitalise on prevailing market conditions and to also ensure that portions of the Fund are not vulnerable to short-term market downturns. As such, the strategic exposure to the core portfolio and the market linked portfolio are allowed to deviate within a 5% tactical band:

- Core portfolio (min 35%, max 45%)
- Market linked portfolio (min 55%, max 65%)

Similarly, strategic weightings to the different sources of return within the market linked portfolio are dynamically adjusted (underweight or overweight from the long-term mix) to either protect the portfolio from short-term adverse market movement or to align a source of return to the current cycle of the market.

Portfolio risk management

There are many investment risks that can impact the Fund. Through ongoing monitoring of these risks and having control measures in place, the Fund is well-positioned to manage and mitigate such risks.

Risk	Control measures in place
<p>Financial markets risk: Being invested in financial markets introduces the risk that the capital value of the Fund will go up and down as investment markets fluctuate and asset values increase as well as decrease in price.</p>	<p>The Fund's exposure to guaranteed Funds and real assets ensures that a segment of the Fund is immunised from a drawdown in the market. The Fund is also diversified across asset classes so, should one asset class deliver negative returns, there are other drivers of performance within the Fund to counterbalance this.</p>
<p>Liquidity risk: This risk is introduced when holding assets that cannot be liquidated for a reasonable value on demand. The Fund may hold illiquid assets for their higher return premium to liquid assets.</p>	<p>This risk is reduced through cash flow management and holding assets that can be easily liquidated at the expected market value when required. Exposure to unlisted assets is limited within the Fund.</p>
<p>Risk of not meeting the CPI+4.5% target return: The Fund targets a return of CPI+4.5% but there may be times when inflation is high and asset returns are low and the Fund does not achieve this target return.</p>	<p>The asset allocation mix of the Fund is reviewed on at least an annual basis to assess whether the asset mix still has the highest probability of achieving the target. Furthermore, short-term tactical tilts to the long-term asset allocation are made to either protect the Fund from a downturn or to capitalise on an expectation of a positive market move. The goal should be achievable over rolling three-year periods.</p>
<p>Investment manager risk: When utilising a range of different asset managers, there is the risk that one of the asset management businesses fail or that the asset managers underperform their benchmarks.</p>	<p>The Fund conducts asset manager selection with great care to ensure that the managers that are selected have sound businesses with good governance and operations and the skill to manage the particular mandate assigned. Ongoing monitoring and evaluation of the appointed asset managers ensure that risks are identified and addressed. Diversification across asset managers further serves to mitigate the negative impact any one asset manager can have on the overall Fund.</p>

Risk	Control measures in place
<p>Foreign investment risk: Assets invested outside of the country are subject to currency fluctuations.</p>	<p>Currencies can be volatile and impact the returns of assets invested in foreign markets. The allocation to foreign markets remains within the parameters of the regulation and is appropriate for the risk and return profile of the Fund. The Fund's overall foreign exposure is measured and monitored on a monthly basis.</p>
<p>Regulatory risk: The Fund is required to comply with all regulatory requirements and there is a risk that there may be periods of non-compliance.</p>	<p>The Fund remains abreast of all regulatory requirements and changes, and is monitored for any compliance breaches.</p> <p>The asset managers with whom the Fund invests have compliance procedures and systems in place to detect both pre- and post-trade compliance.</p>
<p>Concentration risk: The Fund could underperform if it is overexposed to any one asset class, asset manager, investment style or region.</p>	<p>Risk is mitigated across the Fund by being optimally diversified across the different sources of risk and return. The Fund is continuously monitored for concentration risk which can occur because of market movement and therefore re-balanced back to its strategic weightings.</p>

In addition to the ongoing risks monitored as mentioned above, the table overleaf provides a summary of the current investment risks which the Fund believes to be pertinent and are actively attempting to hedge against.

Investment review (continued)

Risk	Description	Asset classes/ macro-economic variables negatively impacted	Asset classes/ macro-economic variables positively impacted
Financial outflows from emerging markets	<p>Loose monetary policy from global developed markets has resulted in strong capital inflows into emerging markets in search of higher yields. As these developed markets begin increasing interest rates and with emerging market political risk rising concomitantly the perfect storm brews for strong capital outflows from emerging markets.</p> <p>The South African bond market has been a big beneficiary of such inflows and this has the potential to rapidly reverse.</p>	<p>South African nominal bonds.</p> <p>South African equities with a strong domestic focus such as financial and retail stocks.</p> <p>Global emerging market debt.</p> <p>Global emerging market equities.</p>	<p>South African Rand hedged equities.</p> <p>Global developed market equities.</p> <p>Global developed market bonds.</p>
Bond outflows increasing yields and placing greater stress on the South African budget and the South African consumer	<p>Rapid foreign selling results in a sharp spike in South African Government bond yields thus increasing the interest cost of servicing South African debt. With the South African fiscus already strained, the increasing yields places further pressure on government finances and its spending priorities. In addition to this, the depreciating Rand is inflationary which further strains an already stressed domestic consumer.</p>	<p>South African nominal bonds.</p> <p>South African equities with a strong domestic focus such as financial and retail stocks.</p> <p>South African budget deficit.</p> <p>South African headline inflation.</p>	<p>South African inflation linked bonds.</p>

Overall impact on MWPF

MWPF has materially increased its exposure to global developed market equities over the course of the last two years. Exposure to global emerging market equities across the Fund remains negligible. The South African equity building block within the market linked portfolio remains well balanced between domestic and Rand hedged equities. Material exposure to the South African bond market remains the greatest risk to MWPF, however, this asset class has been recently down-weighted through reducing exposure to the Prudential Bond Fund and the implementation of the shorter duration income mandate through Stanlib significantly reduces the duration risk within the fixed income component of the Fund.

MWPF has materially increased its exposure to global developed market equities over the course of the last two years. This will provide some protection to the Fund in a depreciating Rand environment. Exposure to inflation-linked bonds is gained through the income mandate in place with Stanlib on the Market Linked Portfolio.

B-BBEE investment policy

The Fund supports the advancement of Black Economic Empowerment and is conscious of the fact that employment equity is guided by legislation. The BEE Commission Report of 2001 states that Black Economic Empowerment transactions attempt to “redress the imbalances of the past by seeking to substantially and equitably transfer and confer the ownership of the country’s financial and economic resources to the majority of its citizens”.

The Financial Sector Charter on shareholder activism records that pension Fund Trustees, asset managers and consultants play a critical role in influencing the flow of Funds, and further states that initiatives should be developed to enhance Trustees’ understanding of investments and participation in targeted investments and financing of Black Economic Empowerment transactions so as to make a contribution to shareholder activism. Pension Fund Trustees are encouraged to play an active role in promoting the objectives of the Charter on their respective boards and in the entities in which investments are held.

Due to the economic imbalances of the past, many Black Economic Empowerment transactions require innovative and unconventional Funding mechanisms. The principles of corporate governance still apply, however, with the understanding that the focus, in this instance, is on sustainability and long-term wealth creation rather than short-term considerations.

If the economic cost to shareholders is greater than 3% then the manager must motivate why the transaction should be approved.

In addition:

- if the recipients of the transaction are not “broad-based” (where “broad-based” is as defined in the relevant Sector Charter); or
- if the shareholders, and not the financier, are to assume the risk where there is a delayed payment; then the asset manager is to revert to the Investment Committee for a decision as to whether to vote for or against the transaction.

Other issues for consideration by the asset managers include:

- There should be full and detailed disclosure of all the relevant terms of the deal to make an assessment on the fairness of the transaction. The B-BBEE partner(s) should be clearly identified, profiling not only the investment company, but also the persons involved in that company.
- The transaction should create a meaningful long-term B-BBEE share in the company.
- The empowerment partner should be entitled to board representation and should be able to add value to the transaction in terms of skill and revenue generation.
- The transfer of ownership should preferably not be subject to any conditions that may undo the transaction at a later stage.
- The transaction should be in compliance with the relevant industry charter and B-BBEE Codes of Good Practice published by the Department of Trade and Industry.

Core components of the Fund's B-BBEE policy include:

Procurement of B-BBEE service providers to the Fund

- The Fund has diversified its supply chain model through the hiring of B-BBEE asset managers as well as B-BBEE consultants to the Fund such as investment advisory and actuarial service providers.
- The Fund has also implemented an efficient mechanism for identifying, accessing and supporting B-BBEE investment talent, thereby adding value to the Fund's investment portfolios through the hiring of the most talented B-BBEE asset managers.
- Through the Fund's Black Asset Manager Incubation Programme the Fund is committed to growing and nurturing B-BBEE investment skill and talent and building on the current low levels of B-BBEE participation in investment management in South Africa, thereby stimulating growth and development within the sector.
- Procurement by the Fund is supportive of economic development and job creation, promoting entrepreneurship and removing the barriers to entry that inhibit the growth of B-BBEE financial services providers.

Revised Financial Sector Codes of Good Practice

- The Fund has taken note of the inclusion of a voluntary dispensation for the top 100 Retirement Funds, including Umbrella Funds, under the Revised Financial Sector Codes of Good Practice. Under the voluntary dispensation the Fund will be required to compile and publish an annual scorecard focused on preferential procurement and management control activities based on the measurement metrics contained in the Codes.
- The Fund is supportive of such disclosure as it provides a basis to measure the pace of transformation in the financial services sector and promotes financial inclusivity. The Fund will conduct an exercise to complete and submit the scorecard to the Financial Sector Charter Council.

Socially responsible investments

At the Fund, we believe that in the longer-term, high standards of corporate responsibility generally make good business sense, and as such support company operational performance as well as reputation. In an increasingly integrated business environment, awareness of a broader stakeholder base including customers, employees, regulators and government in addition to capital providers is an essential underpin to strategically positioning companies for long-term sustainable success. A keen appreciation of this emerging trend insulates investments from investment risk and the potential to enhance investment returns. This is particularly relevant given our position as asset owners and the intended length of the investment time horizon.

As such, we attempt to integrate ESG considerations directly into our investment process in a variety of ways. We gear this integration to our investment philosophy to enable us to effectively understand and mitigate the potentially material impact of companies' ESG policies and outcomes on their financial return profile.

The ESG Policy of the Fund provides a broad guideline as to the approach to ESG integration.

Materiality of ESG factors in our investment approach

The Fund is focused on maximising risk-adjusted returns within its underlying portfolios. ESG issues have the potential to influence these returns meaningfully over the short-, medium- and long-term and as such, a formalised approach towards evaluating them and integrating them into both actively and passively managed portfolios is a key part of the Fund's process.

ESG risks are highly diverse and often difficult to identify and quantify. As such, we are aware that strategies to actively mitigate risk are not always possible in the context of appropriate portfolio diversification. Nonetheless, by formalising the assessment of these issues, we intend to build into portfolios an element of insulation from ESG risk. Furthermore, we believe that as shareholders, we can play an important role in influencing company behaviour to manage ESG risk exposures at an individual level. We intend to achieve this through encouraging our underlying managers to pursue engagement and broader active stewardship. We intend to build capacity across relevant asset classes, sectors and markets as and when this becomes necessary and feasible over time.

Implications for our investment approach

The Fund acknowledges that the challenge of attempting to address ESG risks holistically supports using a multi-dimensional approach. We also see a distinction between ESG investing and Socially Responsible Investing (SRI). Our preference is to use the term ESG because this implies a consideration of ESG factors in the overall investment decision as opposed to SRI and other approaches, which are more exclusionary in their approach and essentially attempt to achieve a desired ethical or social goal through investment selection or de-selection.

In essence we attempt to approach this endeavour moralistically, emphasising the potential risks inherent in the way companies operate through the potential for backlash from society at large. Although we believe that this baseline approach is the most appropriate to protect investment return and generally encourage our underlying managers to adopt such an approach, there are a narrow set of particular circumstances where as asset owners, the values of the Fund may be expressed through negative screening.

We are also wary of the risks of becoming one-issue investors and the potential risks that such a strategy creates for portfolio construction. This risk comes about through the skew created by wholesale exclusionary investment. Ultimately, we therefore view divestment as a last resort for asset managers looking to balance the need to build resiliency to ESG issues into their portfolios as a risk management initiative while maintaining the ability to generate competitive returns. Divestment is applicable therefore either at the Fund's behest directly or after all other avenues to influence firm behaviour have been explored and the ESG risk of maintaining investment exceeds that of complete divestment.

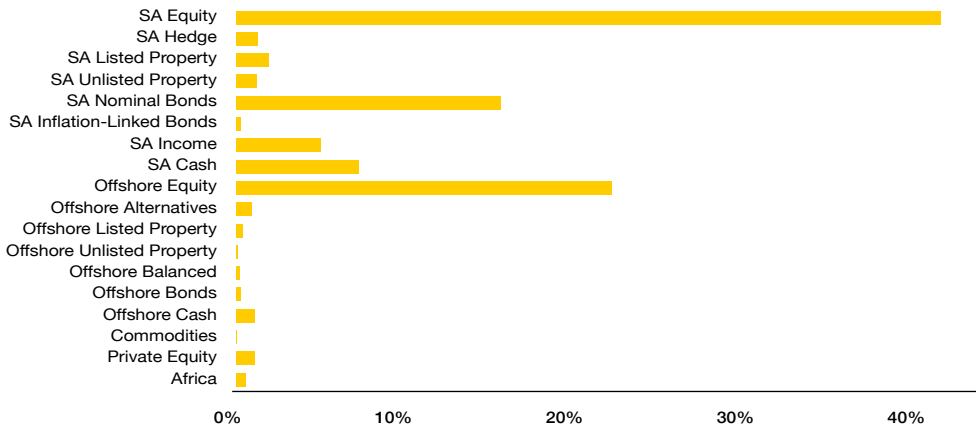
There are a number of drivers for increasing awareness and focus on ESG issues by South African (SA) investors, notably:

- There are 57 signatories to the UN PRI including 40 investment managers (52 and 35 in 2017), who have committed to incorporating ESG factors into their investment process.
- South Africa investment Trustees are compelled to specifically address ESG factors by Regulation 28 of the Pension Funds Act.
- Notwithstanding the regulatory requirements of Regulation 28, in the event of a corporate event e.g. severe environmental damage by a company of failure in corporate governance, there could well be reputational and financial risk for investment managers who fail to demonstrate that they have adequately addressed ESG issues.
- We see a growing focus on ESG by international investors with ESG Funds under management growing significantly faster than the aggregate industry.

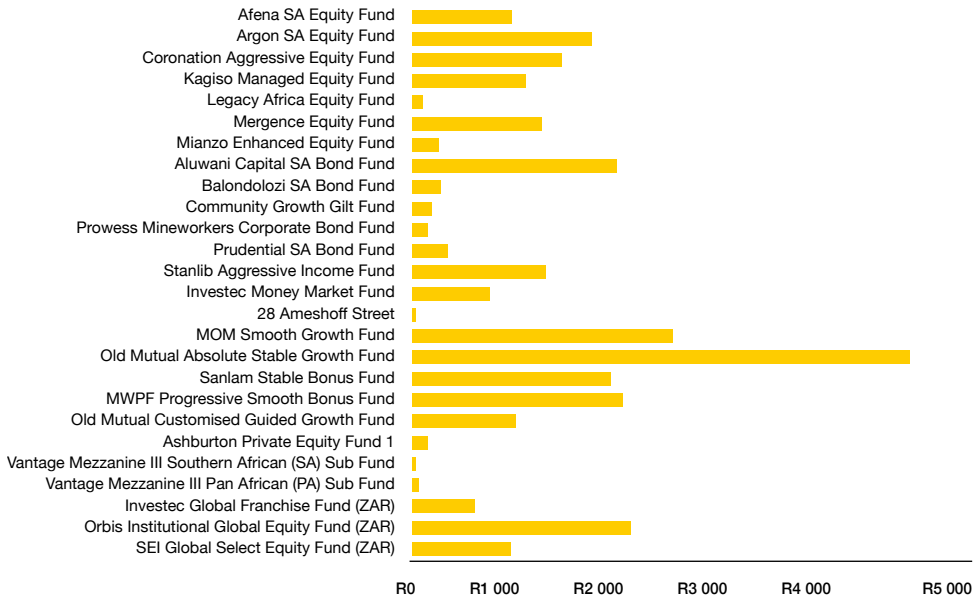
The Fund will continue to monitor these trends, including their effects on practices within the investment value chain globally and in South Africa and attempt to implement an ESG solution into its investment process as appropriate to the particular circumstances.

Investment managers as at 31 December 2018

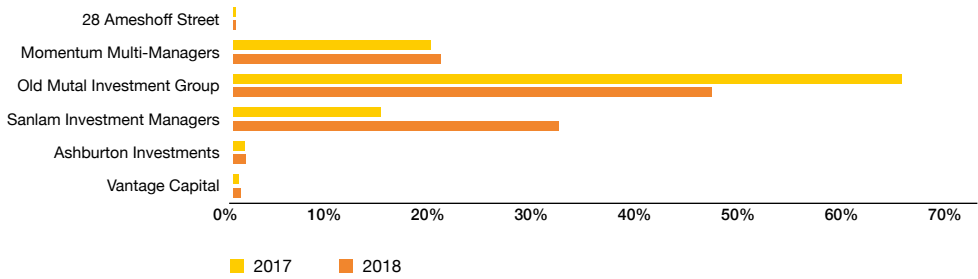
Overall Fund – asset allocation



Overall Fund – investment manager allocations (Rmillions)

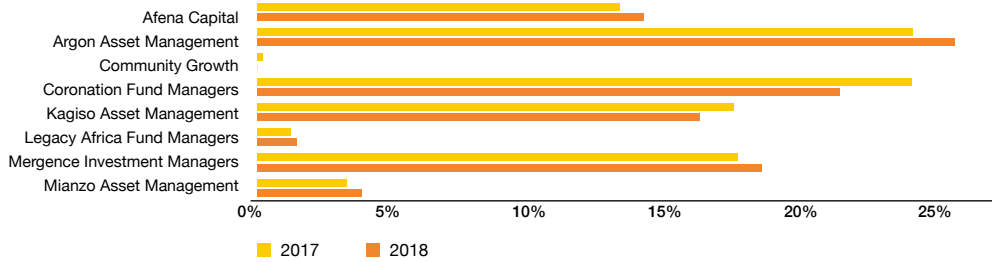


Core portfolio – manager split

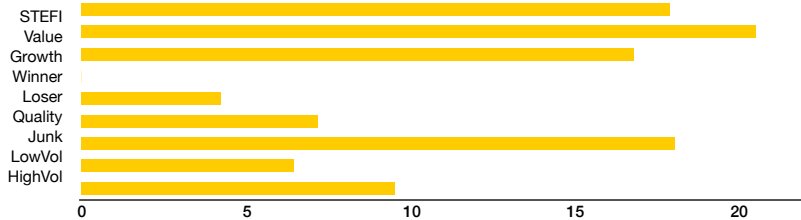


Market linked portfolio

South Africa – equity manager split



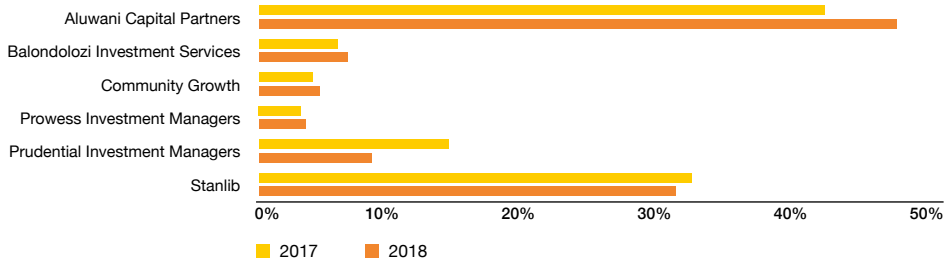
South Africa – equity manager split by style factor



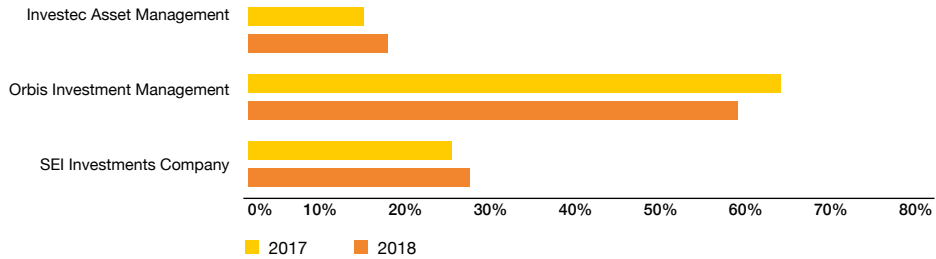
All South African money market mandates are held with Investec Asset Management

Investment review (continued)

South Africa – fixed income manager split

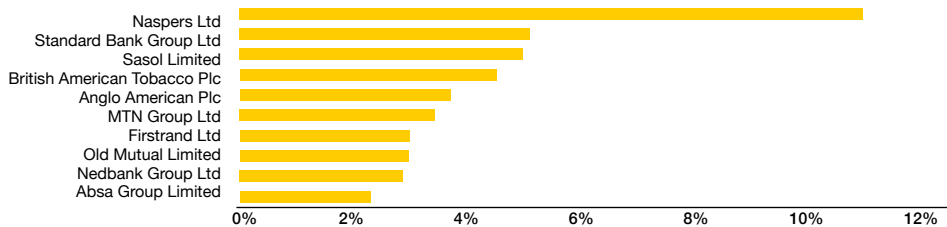


Offshore – equity manager split



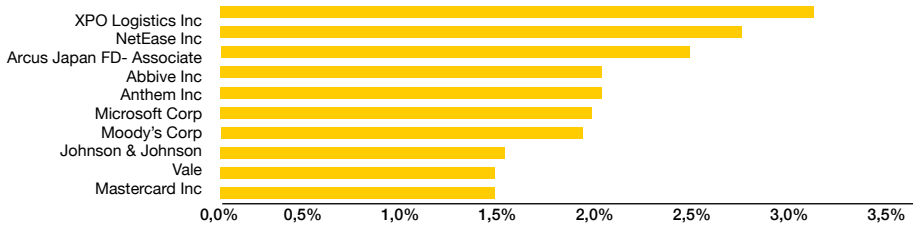
Top 10 South African shares held across the Fund

(% SA equity component)



Top 10 Offshore shares held across the Fund

(% offshore equity component)





Total transfers
in (approved)
R26.4m
2017: R1.4 million

Section 13A
Compliance
96.9%
2017: 100%

Number of
Board members
**9 member
Trustees
9 employer
Trustees**
2017: 7 member Trustees,
9 employer Trustees



Our governing principles

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Principal Officer's report



“ The central role of the Board is not only to operate within a particular legal framework and policies but to also adopt an approach which in the long run ensures that the interests of members are protected. ”

Philda Mphephu
Principal Officer

MWPF Board of Trustees strives to achieve the highest standards of corporate governance.

The Board recognises that good governance emanates from effective, responsible leadership, which is characterised by ethical values of responsibility, accountability, fairness and transparency. Without a robust governance and statutory mechanisms, the very aim of a pension Fund would be undermined. At MWPF, good governance is always on top of the agenda and the Board continuously works to improve on its governance.

The central role of the Board is not only to operate within a particular legal framework and policies but to also adopt an approach which in the long run ensures that the interests of members are protected. This is achieved by incorporating good governance into decision-making.

The Board is responsible for setting the Fund's strategic aims, reviewing major risks and potential challenges which we may face on our journey towards meeting our objectives and providing the leadership to put our strategy into effect. The Board sets the values of the business. There is clear evidence of a link between good governance and better outcomes in an organisation.

The Board comprises nine employer Trustees, nine member Trustees and two independent Trustees – the Chairperson of the Board and the Chairperson of the Audit and Risk Management Committee.

The Trustees are individuals with diverse backgrounds, skills and experience to encourage robust discussions at the Board and thorough engagement leading to the decision-making process.

Term of office

The term of office of the Board is three years.

The Trustees are appointed by the founding Sponsors, the National Union of Mineworkers (NUM), Association of Mineworkers and Construction Union (AMCU) and the Mineral Council of South Africa (MCSA) whenever a Trustee's term ends. In the year under review, seven new Trustees were appointed by the Sponsors to serve on the Board. The terms of one Trustee were also renewed in the period under review. Five Trustees resigned during the period under review.

Board of Trustees duties and responsibilities

In terms of Circular PF130 on good governance of retirement Funds, the Board is responsible for directing, controlling and overseeing the operations of the Fund in accordance with applicable laws and in accordance with the rules of the Fund. Section 7 of the Pension Funds Act provides that the Trustees, collectively and individually owe a duty of good faith and to act with due care, diligence and good faith. The Board is also responsible for providing strategic guidance and ensuring good corporate governance and ethics.

Induction and ongoing training

The Board has a policy in place that deals with training and induction of new and existing Trustees. The Board considers this to be vital to enable Trustees to execute their fiduciary duties and responsibilities.

In the year under review, the Board attended three training sessions, two workshops as well as various conferences and seminars.

Board of Trustees proceedings

The Board meets at least four times a year to monitor management's achievements against set objectives and to also to monitor compliance with policies and set frameworks. Additional special meetings may be held in the event of pressing matters that require the Board.

During the period under review, nine Board meetings were held, five of which were special meetings.

The Chairman of the Board presides over the meetings of the Board and guides inputs and contribution of the Trustees. Decisions of the Board are reached by way of a consensus. The Board operates within a frameworks and approved Terms of Reference which are reviewed every three years or as and when required to ensure their relevance.

Board Committees

Each sub-committee's mandate is outlined in the Terms of Reference that are reviewed often to ensure relevance. Each sub-committee operates within the approved Terms of Reference and delegated authority as approved by the Board. Each committee nominates a Chairperson whose term is for one year. The chairmanship alternates between employer and member Trustees each year.

The following committees have therefore been established to focus on specific areas of the Fund:

- Audit and Risk Management Committee
- Investment Committee
- Communication and Benefits Committee
- Administration Committee
- Human Resources and Remuneration Committee

Audit and Risk Management Committee

The Audit and Risk Management Committee consists of 13 Trustees including an independent Chairperson who is appointed by the Board. The Audit and Risk meetings are usually attended by internal and external auditors, the Chief Executive Officer, the Principal Officer and the Chief Financial Officer. Other members of staff attend by invitation. In the period under review, five meetings were held.

The Audit and Risk Management Committee is constituted as a committee of the Board and assists the Board in promoting the effective governance of the Fund, establishing and maintaining effective control environment over all operations, value the reliability and integrity of information, evaluate compliance with policies, plans, laws, rules of the Fund and regulations, effective management of risk and to ensure compliance with Corporate Governance.

The Audit and Risk Management Committee is also responsible for the evaluation of the independence, objectivity and effectiveness of the internal and external auditors, as well as the review of accounting and audit concerns identified by the internal and external audit.

The committee is responsible for ensuring that proper governance and compliance policies were in place and existing ones were strengthened. The following policies were reviewed adopted:

- Risk Management Framework
- Procurement Policy
- Compliance Policy
- Travel policies for Board members and staff

Investment Committee

The Investment Committee consists of 14 Trustees including the Chairperson, with the Chief Executive Officer and Principal Officer in attendance.

Four meetings were held during the period under review. The Investment Committee is tasked with developing and regularly reviewing the Fund's Investment Policy Statement, recommending the appointment or termination of asset managers to the

Principal Officer's report (continued)

Board, ensure that proper contractual agreements are in place for asset managers and monitoring the managers on the achievement of their mandates, monitoring the appointed asset managers on their adherence to their mandate and their principles of their mandate and any policies on proxy voting, shareholder activism and ESG guidelines. The committee also bears the responsibility of monitoring the Fund's performance and performing regular asset liability modelling exercises.

The key achievements for the sub-committee were:

- appointment of Old Mutual Guided Growth Manager;
- appointed and Africa Investment Manager Duet;
- reviewed the Investment Strategy, Investment Policy Statement; and
- strategic rebalancing of the Fund's investment portfolios.

Communication and Benefits Committee

The Communication and Benefits Committee consists of 13 Trustees including the Chairperson. During the period under review, five meetings were held, one of which was a special meeting. The Principal Officer and the Chief Executive Officer are permanent members of the Committee.

The Communications and Benefits Committee is responsible for monitoring and overseeing the implementation of the Board's Communication strategy and to deal with any communication matters referred to the sub-committee by the Board or any communications matters that the sub-committee may deem necessary. The committee is also responsible for the consideration and recommendation of rule changes where appropriate and applicable and benefits proposals. The committee is further tasked with investigation and consideration of all other issues related to the benefits provided by the Fund except issues pertaining to the distribution of death benefits in terms of section 37C of the Pensions Fund Act.

One of the committee's key achievements during the year of review was market research amongst the Fund's members. The results of the market research have been included in the Fund's Strategic objectives. The Fund

also completed a CSI project, building classrooms for a school in the rural Eastern Cape area.

Administration Committee

The committee consists of 13 Trustees including the Chairperson. In the period under review, four meetings were held.

The committee also assists the Board with the development of the guidelines and administrative procedures for the payment of benefits. The committee is delegated with the authority to deal with the administration aspects of payment of benefits including unclaimed benefits and death benefit claims requiring discretion for purposes of making a recommendation to the Board. In the year under review, the committee oversaw several roadshows within the borders of South Africa and outside. The committee was also responsible that these unclaimed benefits are processed as quickly as possible upon return.

Human Resources and Remuneration Committee

The committee consists of 13 Trustees including the Chairperson. In the period under review, six meetings were held, two of which were special meetings.

The Human Resource Committee is responsible for approving Human Resources Policies and strategies, monitors compliance with all relevant legislation, statutory requirements and best practices. The committee also determines executive remuneration in terms of best corporate practices and makes recommendations responsibility of monitoring the Fund's performance and perform to the Board in this regard.

The key achievements for the period under review were:

- reviewed six human resources and remuneration policies;
- reviewed the Trustee Training Policy and adopted a Trustee Training Plan for 2018 and 2019; and
- revised the Trustee Code of Conduct.



Business development executive's report



“ A key focus of the 2018 financial year was crafting and capacitating a business development strategy and capability. This is underpinned by market intelligence, gathered during the year. ”

Muziwandile Ndlovu
Business Development Executive

MWPF operates in a challenging, and increasingly competitive, environment with micro and macroeconomic factors impacting membership figures. The sluggish economy and mining sector is effectively reducing our historic membership pool. In addition to retrenchments associated with the depressed environment some employers are changing their operating models – utilising contractors rather than directly employing people – which further erodes our market. To ensure the sustainability of the Fund it is essential that we position MWPF as the Provident Fund of choice within our traditional sphere and in new diverse markets. To drive this initiative and enhance efficiency, our business was reorganised to bring sales, marketing and client relationships under the umbrella of Business Development.

A key focus of the 2018 financial year was crafting and capacitating a business development strategy and capability. This is underpinned by market intelligence, gathered during the year.

During the 2018 financial year, the new business unit focused primarily on consolidating our market position by ensuring retention of existing members as well as creating a strong pipeline for 2019. This was realised through more effective servicing of clients, which we achieved through enhancing relationships with employers and organised labour.

We continue to see the benefits of the Employer Based Services servicing model, introduced a couple of years ago. Having our employees based at mines has considerably enhanced our working relationships with the employers and brought us closer to our members.

During 2018, MWPF conducted a wide reaching and comprehensive market research exercise. Over the three-month period, the appointed independent consultants targeted members across employers, Regional Advisory Committees (RAC)s, associated mining companies, union leadership, staff and our Board of Trustees utilising focus groups, one-on-one interviews and design-thinking session to elicit information that will enable MWPF to assess the product and service offering.

Key findings

- Communicate and educate: Members do not understand what the benefits are, and how they work. They do not know they can get a home loan.
- Service delivery: Pay members and beneficiaries on time, and deliver benefit statements regularly.
- Explain to members how their money is growing.

New products

- Rise in pro-poor financial services facilitated through FinTech.
- Drive to build a culture of long-term saving.

Information technology and operations report



The close of the 2018 calendar year opens the door for changes throughout South Africa. Operations and Technology will voice new priorities that will continue to propel the business toward realising one digital Fund securely delivered by a dynamic workforce. In fact, as I write this message I am looking to the future – both near and far – and envision the continued adoption of technologies and policies that will benefit the Fund by enabling Fund services that are more innovative, efficient and effective.

While this report highlights many of the Fund's technology outcomes, we would be remiss not to mention our successful integration of IT and Operations functions to build agility across the business. This enabled the Fund to improve service delivery, increase capacity and reach policy goals.

This improvement validates the hard work and collaborative spirit of the Information Technology and Operations Team and our technology partners. It also proves that we are making a difference in the delivery of secure, quality services across the Fund.

The foundational work and forward-looking initiatives we put forth this year will help make the transition to a digital Fund as seamless as possible. This is evidenced by Vision 2020, our technology strategic plan that lays out goals and priorities for the upcoming years that will improve our lives in the future. Vision 2020 is the voice of a united, interconnected team striving to innovate and simplify in an effort to put the members first.

Create one digital Fund

Increase customer satisfaction through improved responsiveness, efficiency, and effectiveness of administration services.

Ensure secure delivery

Advance the maturity of information security across the Fund.

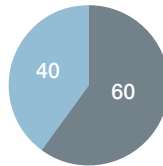
Build a dynamic workforce

Build a dynamic technology workforce that takes pride in delivering quality services and innovative solutions to the members.

Human resources report

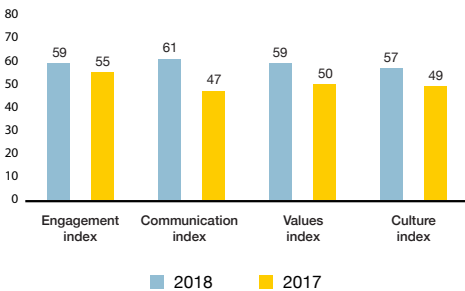


Demographics

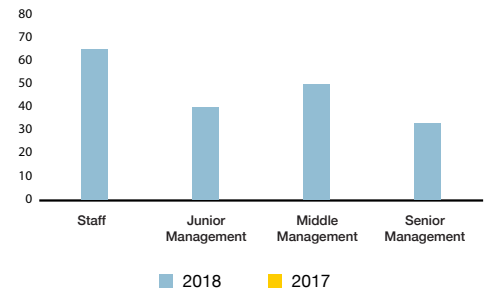


■ Women ■ Men

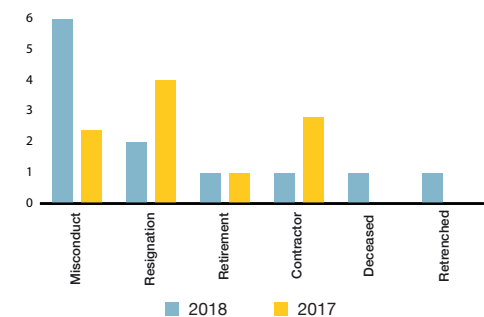
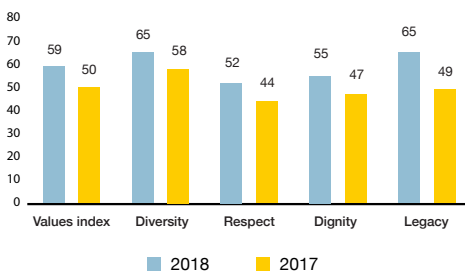
Overall Engagement Index 2018 & 2017 Comparison



% Black women



Values Index 2018 & 2017 Comparison



At MWPF we strive for a high performing and solution-driven environment supported by excellent talent. In line with this cause, the People agenda for 2018 gave emphasis to the following aspects:

Improve employee engagement experience at MWPF

There was an improvement in the employee engagement score to 59%. This is a gradual increase from the previous score of 55%.

There are specific areas where significant improvement was marked which included the following communication, values and culture which have shown an average of 10% improvement.

MWPF held several interventions including an inclusive recognition programme which was well received. These programmes were held at least once a quarter. In addition, communication sessions were hosted for all staff once a quarter to provide direction to the business and maintain high engagement levels.

Provide a comprehensive employee wellness experience

In this regard in 2018 we launched the Sanlam extended family funeral benefit in order to ensure that staff members mitigate any risk related to the unfortunate event of death of a family member. This speaks to the financial wellness aspect of the employee wellness experience.

We contracted the services of an independent Registered Clinical Psychologist and Coach in order to provide a service to staff members who need support for counselling related to matters like workplace stress, family related matters and coaching services to leaders and staff.

Our wellness day held on 14 September 2018, attended by 90% of our staff started off with a presentation from the South African Depression and Anxiety group, with specific focus on Depression and

the triggers. The presentation also covered signs that could indicate depression. This day also featured Optometry services, bone density practitioners, massage therapy and financial consultants.

Improve the human resource control environment

There were several policies that were reviewed and strengthened in response to an ever-changing environment and to enhance the employee value proposition. The policies were reviewed to ensure that changes in the legislative environment were also factored into our policies.

In addition, a significant number of the items identified in the audit results of human resources were addressed and there is an ongoing effort to improve the human resources control environment to contribute towards the overall risk management agenda.

Strategic resourcing of the business

The Fund has identified the need to grow our membership base on a yearly basis, in this regard, a new business development capability had to be put in place.

In April 2018, the business appointed specific business development roles and additional supporting business development roles to meet the strategic objective of increasing member base.

MWPF also devised ways to improve the quality of talent that the organisation attracts for succession and retention purposes. We focused on the management of talent in the business through short-term and long-term reward systems and learning and development interventions. These learning and development interventions included formal studies and short courses as well.

The development of the Leadership bench at Senior management level included coaching all Executives for personal growth and overall business development. This intervention was for a period of 12 months.



Cost per member
per month remained
unchanged
due to cost reduction
measures from
2017 to 2018

1% reduction on
administration
expenses
R117.3m
2017: R118.4 million

Unqualified audit
opinion for
8 years
since
self-administration



Our financial performance

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Chief financial officer's report



“ The Fund once again maintained a positive cash flow throughout the year under review. ”

Amma Amparheng
Chief Financial Officer

MWPF derives its income from contributions received from members and the net investment income accrued from members' investment portfolio. In the 2018 financial year there was a high level of involuntary retrenchments in the Gold mining sector, resulting in an increase in payments to members and beneficiaries.

The Fund once again maintained a positive cash flow throughout the year under review. However, the harsh operating environment took its toll on investment returns with interest earned from investments dropping by 91% compared to the previous year when investments and cash holdings increased by 300%. The decline in returns is attributable to the very weak performance of our risk assets, such as equities, which had a substantial impact on the Market Linked Fund and contributed to the 2018-year negative return: SA equity – 10.94%.

The Fund's risk profit share contributed R130 million for the 2018 financial year.

Despite the subdued performance of our investments, the Fund continues to outperform its peers as set out on page 28 of the CEO's report.

Our external auditors have issued an unqualified audit opinion for eight years since self-administration. There was a significant reduction in findings by the auditors, with one significant finding tabled for the 2018 audit compared to nine significant findings in the 2017 audit. The automation of the majority of administration processes, including benefit payments, and a greater reliance on predictive analytics testing and sampling contributed to this result.

Our investments

The value of our investment assets declined marginally in the year under review as a result of withdrawals associated with retrenchments at Vaal River Operations, South Deep Gold Mine, Evander Gold Mine, South Africa Coal Estates (SACE) (Landau), Koorfontien, Optimum Collieries, Eskom Tied Mines.

2018	2017	Variance	Variance %
27 863 413 000	29 975 327 069	(2 111 914 069)	(7)

Investment income

Return on our investments dropped considerably in 2018, reflecting the very challenging economic context (as described in the CEO Report) on page 28. The Fund's foreign exchange exposure contributed favourably to returns.

Despite the subdued performance of our investments, the Fund continues to outperform its peers (refer to the graph in the CEO Report) on page 28.

2018	2017	Variance	Variance %
R274 973 919	R2 967 903 075	(R2 692 929 156)	(91)

Contributions

2018	2017	Variance	Variance %
R2 179 898 679	R2 264 928 682	(R85 030 003)	(4)

As noted above, the withdrawals associated with retrenchments impacted the decline in contribution income in 2018. The main contributors are listed below:

Participating employer	Company	Members lost	Contribution income lost
Vaal River Operations	Anglogold Ashanti	7 840	(15 333 813)
South Deep Gold Mine	Gold Fields Mines	371	(2 993 862)
Evander Gold Mine	Evander Gold Mine	1 315	(2 821 672)
South African Coal Estates – SACE (Landau)	Anglo Coal	148	(456 805)
Koornfontein	Glencore Xstrata	154	(444 245)
Optimum Collieries	Ingwe Collieries	30	(120 388)
Eskom Tied Mines	Anglo Coal	1	(4 988)

Benefits

Member exits payment expenses increased 34% for the 2018 financial year with 51.9% of payments made attributable to involuntary retrenchments paid in January and February 2018. Sibanye Gold and AngloGold Ashanti accounted for most of the payments made, making up 29.7% and 23.6% respectively of total retrenchments paid in 2018.

2018	2017	Variance	Variance %
R4 091 245 871	R3 049 023 839	R1 042 222 032	34

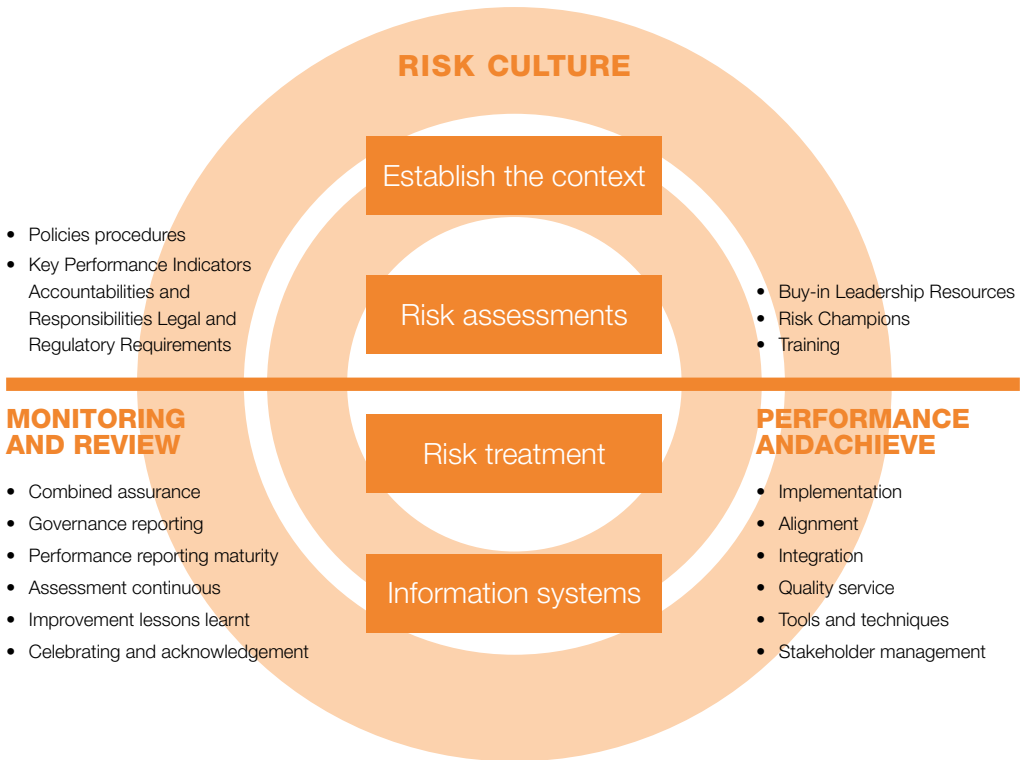
Administration expenses

Despite the developments in the mining industry in 2018, which resulted in a large number of retrenchments and reduced membership, the Fund achieved a marginal decrease in administrative expenses due to cost reduction measures.

2018	2017	Variance	Variance %
R117 295 849	R118 374 839	(R1 078 990)	(1)

Risk management and internal controls

The Board is responsible for reviewing, ratifying and overseeing systems of risk management and internal control, and legal compliance. Our approach to risk management has been defined in the Risk Management Framework approved by the Board. The management of financial risk and financial reporting risk is a key focus of the Board, Audit and Risk Management Committee and the Executive Management team. Executive Management Committee is responsible for implementing and maintaining internal controls to manage financial and financial reporting risks. The Audit and Risk Management Committee establishes and oversees the Risk Management Framework on behalf of the Board.



Our Risk Management is informed by a proactive and integrated approach. There are sound internal controls in place that are operating effectively. We identify material risks and outline how these will be managed. We ensure that significant financial, operational and managerial information is accurate, reliable and timely. Pertinent legislative and regulatory issues impacting the Fund are recognised and appropriately addressed. Fraud and business conduct are monitored and if issues arise management is informed promptly to ensure swift action. All requirements set out in policies, standards and authorities are met.

MWPF's top 10 risks

Summary of specific risks dealt with in 2018 which also remain relevant. This can be taken from our Audit and Risk Management Committee.

1. Review of mining charter which could result in a lack of stability in the mining industry.
2. Retrenchments in mining which could result in reduced membership.
3. Threat of mines having their own provident Funds which could result in loss of membership.
4. Rating agencies downgrade which could result in job losses in the mining industry.
5. Unstable political landscape which could result in job losses.
6. Major decrease in mining investment.
7. Revised rules of the Fund pending approval. This process has been in progress for a long time and now poses a risk to the Fund.
8. Loss of membership through either key mine liquidations or transfer of members to alternate Funds or unions resulting in a threat to MWPF's going concern.
9. Fraudulent claims and errors processed resulting in financial and reputational loss.
10. Incorrect categorisation of membership data, missing member information and duplicated records resulting in lack of data integrity.

The Fund continues to put in place mitigating action and controls to reduce the risk to an acceptable level.

Condensed annual financial statements

for the year ended 31 December 2018

Regulatory information

REGISTERED OFFICE OF THE FUND

Postal address: PO Box 1583
Johannesburg
2001

Physical address: Mineworkers Provident Fund Building
4th Floor
No. 26 Ameshoff Street
Braamfontein
2001

FINANCIAL REPORTING PERIODS

Current year: 1 January 2018 to 31 December 2018
Prior year: 1 January 2017 to 31 December 2017

BOARD OF FUND

Full name	Email address	Capacity	Date appointed	Date resigned
B Mrasi (*15/08/2018)	mjafta@num.org.za	M	27 June 2017	
K Mothae (*11/3/2016)	kenny.mothae@norplats.co.za	E	21 August 2008	
S Wall (*1/09/2017)	Stephwall087@gmail.com	E	1 September 2008	
D Ngwane (*10/3/2016)	dngwane@num.org.za	M	1 January 2013	31 August 2018
M Brownie (*1/10/2015)	mjbrownie@telkomsa.net	E	9 April 2009	7 June 2018
M Nhlanhla (*1/6/2015)	mnhlanhla@mineworkers.co.za	M	8 May 2009	31 May 2018
M Sebitlo (*12/2/2019)	Msebitlo@mineworkers.co.za	M	8 May 2009	
M J Kuscus (*15/6/2017)	mkuscus@vodamail.co.za	I	12 November 2010	
M Lesabe (*27/6/2017)	mlesabe@num.org.za	A	24 February 2015	
L Nkopane (*12/2/2019)	lmakhubelo@num.org.za	M	14 March 2017	
C Overmeyer	caleb.overmeyer@goldfields.co.za	E	1 March 2016	
X Bokoloshe	bokoloshex@amcu.co.za	M	8 October 2018	
O Kgware	okgware@num.org.za	M	15 August 2018	
J Mphahlele	mphahlelejk@amcu.co.za	M	8 October 2018	
L Mphinda	maphindal@amcu.co.za	M	8 October 2018	
M Phakedi	mphakedi@num.org.za	M	15 October 2018	
V Sampula	vusi.sampula@sibanyestillwater.com	A	13 November 2018	
V Mphore	vmphore@num.org.za	A	15 August 2018	
P Soviya	Paulos.soviya@angloamerican.com	E	18 October 2018	
V Bangani	Vbangani@num.org.za	A	27 June 2017	
W Van Heerden (*1/4/2016)	willem.vanheerden@angloamerican.com	E	1 April 2013	
J Mabuza (*1/4/2017)	joseph.mabuza@harmony.co.za	E	1 August 2013	
W Du Toit (*1/5/2019)	wmg07dutoit@gmail.com	E	7 April 2010	
G Fischer	gaby.fischer@harmony.co.za	A	1 April 2017	
M Mwele	mlulameli.mwele@harmony.co.za	A	27 June 2017	
R Mgzuzulu (*27/6/2017)	richard.mgzuzulu@optimumcoal.com	M	27 March 2014	
S Maetle	serame.maetle@harmony.co.za	E	1 May 2016	
P Mathibela (*1/11/2018)	pmathibela@chamberofmines.org.za	E	1 November 2015	
T Kgokolo (*31/3/2016)	mtimango@gmail.com	I	31 March 2014	
J Montisetse	jmontisetse@num.org.za	M	14 March 2016	15 August 2018
E Kekana (*27/6/2017)	ekekana@num.org.za	M	27 March 2014	31 August 2018
J Mosemeng (*1/05/2017)	john.mosemeng@sibanyestillwater.com	E	1 March 2016	
Z Dlamini (*27/6/2017)	dlamini.zomba@gmail.com	A	27 March 2014	

"M" union appointed
"E" employer appointed
"A" alternate
"I" independent
* reappointed

PARTICIPATING EMPLOYERS

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

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)
28 March 2018	26 Ameshoff Street Braamfontein	No
10 April 2018	26 Ameshoff Street Braamfontein	Yes
14 June 2018	26 Ameshoff Street Braamfontein	Yes
5 July 2018	26 Ameshoff Street Braamfontein	Yes
16 August 2018	26 Ameshoff Street Braamfontein	Yes
31 August 2018	26 Ameshoff Street Braamfontein	Yes
4 October 2018	26 Ameshoff Street Braamfontein	Yes
18 October 2018	26 Ameshoff Street Braamfontein	Yes
15 November 2018	26 Ameshoff Street Braamfontein	Yes
23 November 2018	26 Ameshoff Street Braamfontein	Yes

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

FUND OFFICERS

Full name	Postal address	Physical address	Telephone	Email	Appointed
Principal officer					
Ms Philda Mphephu	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	pmphephu@ mineworkers. co.za	1 June 2016
Monitoring person*					
Ms Philda Mphephu	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	pmphephu@ mineworkers. co.za	1 June 2016

* In terms of section 13A of the Pension Funds Act

PROFESSIONAL SERVICE PROVIDERS

Full name	Postal address	Physical address	Telephone	Email	Appointed
Actuary/valuator					
R Mthapo, Fassa	Ground Floor No. 2 Exchange Square 85 Maude Street Sandown Johannesburg 2196	Ground Floor No. 2 Exchange Square 85 Maude Street Sandown Johannesburg 2196	(011) 784 2309	ranti@moruba.co.za	1 April 2016
Auditor					
SNG Grant Thornton	PO Box 2939 Saxonwold 2132	20 Morris Street East Woodmead 2191	(011) 231 0600	Sifiso.Cele@sng. gt.com	1 January 2018

Condensed annual financial statements (continued)

for the year ended 31 December 2018

PROFESSIONAL SERVICE PROVIDERS (continued)

Full name	Postal address	Physical address	Telephone	Appointed	Registration number in terms of section 13B
Benefit Administrator					
Mineworkers Provident Fund	PO Box 1583 Johannesburg 2001	Mineworkers Provident Fund Building 4th Floor No. 26 Ameshoff Street Braamfontein 2001	(010) 100 3000	1 January 2011	Not applicable – Self administered

Full name	Postal address	Physical address	Telephone	Appointed	FAIS registration number
Investment Administrator					
Old Mutual Life Assurance Company (South Africa) Limited	PO Box 1014 Cape Town 8000	Mutualpark Jan Smuts Drive Pinelands 7405	(021) 509 4410	1 January 2008	FSP 604
Aluwani Capital Partners	Private Bag X2 Bryanston 2021	EPPF Office Park 24 Georgian Crescent East Bryanston East 2152	(021) 204 3800	3 November 2005	FSP 46196
Stanlib Asset Management Limited	PO Box 202 Melrose Arch Johannesburg 2000	17 Melrose Boulevard Arch Melrose Arch Johannesburg 2000	(011) 448 6400	29 May 2013	FSP 719
Coronation Asset Management (Pty) Ltd	PO Box 993 Cape Town 8000	PO Box 993 1 Mariendahl Lane Newlands 7700	(021) 680 2219	1 August 2005	FSP 548
Prudential Portfolio Managers (South Africa) (Pty) Ltd	PO Box 44813 Claremont 7735	7th Floor Protea Place 40 Dreyer Street Claremont 7708	(021) 670 5100	1 August 2005	FSP 615
Allan Gray Limited (Orbis Investment Management)	PO Box 51318 Cape Town 8001	Granger Bay Court Beach Road V&A Waterfront Cape Town 8001	(021) 415 2300	24 January 2008	FSP 6663
Investec Asset Management (Pty) Ltd	PO Box 13 Cape Town 8000	8th Floor 125 Buitengracht Street Cape Town 8001	(021) 426 1313	6 October 2010	FSP 587
Old Mutual Life Assurance Company (SA) Limited (Community Growth Management Company Limited)	PO Box 248 Mutual Park 7451	Jan Smuts Drive Pinelands 7405	086 010 3180	21 April 2006	FSP 604

PROFESSIONAL SERVICE PROVIDERS (continued)

Full name	Postal address	Physical address	Telephone	Appointed	FAIS registration number
Argon Asset Management (Pty) Limited	PO Box 482 Cape Town 8000	18th Floor Metropolitan Centre No. 7 Coen Steytler Avenue Foreshore Cape Town 8000	(021) 441 2460	9 October 2009	FSP 835
Afena Capital (Pty) Ltd	PO Box 23883 Claremont 7735	Fifth Floor Montclare Place Cnr Campground & Main Roads Claremont Cape Town 7735	(021) 657 6240	9 October 2009	FSP 25033
Mianzo Asset Management (Pty) Ltd	PO Box 1210 Milnerton 7435	Unit GG01 The Forum North Bank Lane Century City 7441	(021) 552 3555	1 February 2014	FSP 43114
Kagiso Asset Management (Pty) Ltd	PO Box 1016 Cape Town 8000	Fifth Floor Montclare Place Cnr Campground & Main Roads Claremont Cape Town 7708	(021) 673 6300	1 August 2009	FSP 784
Momentum Group Limited (Previously Metropolitan Life Limited)	PO Box 2212 Cape Town Bellville 7530	Mispel Street Building 4 Parc Du Cap Bellville 7530	(021) 917 3593	3 November 2005	FSP 623
Sanlam Life Insurance Limited	PO Box 1 Sanlamhof Cape Town 7532	2 Strand Road Bellville Cape Town 7530	(021) 947 2225	1 January 2011	FSP 2759
Mergence Investment Managers (Pty) Ltd	PO Box 8275 Roggebaai 8012	6th Floor The Equinox Corner of Main & Milton Road Sea Point Cape Town 8005	(021) 433 2960	1 October 2010	FSP 16134
Balondolozzi Investment Services	PO Box 542 Melrose Arch Melrose 2076	3rd Floor Old Trafford 1 Isle of Houghton 2198	0860 126 2270	31 January 2014	FSP 42188
Prowess Investment Managers (Pty) Ltd	Private Bag 15086 Vlaeberg 8078	Unit 2A 6th Floor 186 Loop Street Cape Town 8001	(021) 565 0065	31 January 2014	FSP 43191

Condensed annual financial statements (continued)

for the year ended 31 December 2018

PROFESSIONAL SERVICE PROVIDERS (continued)

Full name	Postal address	Physical address	Telephone	Appointed	FAIS registration number
Ashburton Investments	PO Box 782027 Sandton 2146	3rd Floor 4 Merchant 1 Fredman Drive Sandton 2196	(011) 282 1147	21 September 2015	FSB 40169
Vantage Capital	PO Box 280 Parklands 2121	Unit 9B 1st Floor Melrose Boulevard Melrose Arch 2076	(011) 530 9100	14 July 2015	FSP 45610
SEI Investments South Africa (Pty) Ltd	Postnet Suite 426 Private Bag X1 Melrose Arch 2076	1st Floor, Unit 8A 3 Melrose Boulevard Melrose Arch 2196	(011) 994 4202	1 August 2016	FSP 13186
Investec Global Strategy Fund	PO Box 1655 Cape Town 8000	36 Hans Strijdom Avenue Foreshore Cape Town South Africa 8001	(021) 416 1674	1 August 2016	FSP 587
Legacy Africa Fund Managers	PO Box 2015 Morningside 2057	The Firs 4th Floor Cnr Cradock Ave & Biermann Lane Rosebank 2196	(011) 759 4012	1 July 2016	FSP 44651
Investment Advisor					
27four Investment Managers	PO Box 522417 Saxonwold Johannesburg 2132	54 on Bath Ground Floor 54 Bath Avenue Rosebank 2196	(011) 442 2465	1 January 2016	31045

Full name	Postal address	Physical address	Telephone	FSP approval number
Risk insurer				
Allan Gray Limited	PO Box 51318 V&A Waterfront Cape Town 8002	1 Silo Square V&A Waterfront Cape Town 8001	(021) 415 2300	FSB 19896
Momentum Group Limited	PO Box 48 Newlands 7725	Great Westerford Main Road Rondebosch Cape Town 7700	(021) 658 6000	FSB 6406
Other				
FirstRand Bank Limited (First National Bank)	PO Box 7713 Johannesburg 2000	Bank City 3 First Place Mezzanine Floor Cnr Simmonds & Jeppe Streets Johannesburg 2000	(011) 371 3944	FSB 3071

Statement of Responsibility by the Board of Fund

for the year ended 31 December 2018

RESPONSIBILITIES

The Board of Fund hereby confirms that 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 of 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 Mineworkers Provident Fund 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 64 to 65 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.

These annual financial statements have been reported on by the independent auditors, SNG Grant Thornton, who were 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 auditors in the management representation letter during their audit were valid and appropriate. The report of the independent auditors is presented on pages 71 to 72.

INSTANCES OF NON-COMPLIANCE

Nature and cause of non-compliance	Impact of non-compliance matter on the Fund	Corrective course of action taken to resolve non-compliance matter
Participating employers that did not submit employer schedules within 15 days for October 2018 (Dumamanje Mining three days overdue, Margaret Water Company one day overdue).	Non-compliance with section 13A (2) of the Pension Funds Act. Furthermore, there is a risk of incorrect allocations of member contributions to the member records.	Management to enforce compliance by all participating employers of section 13A (2) by ensuring all schedules are received timeously.

These annual financial statements:

- were approved by the Board of Fund on 13 June 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 31 December 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:



MJ Kuscus (Re-appointed 15/6/2017)
Chairperson



W Du Toit (Re-appointed 1/5/2019)
Employer Trustee



M Sebitlo (Re-appointed 12/2/2019)
Member Trustee

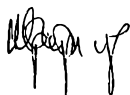
13 June 2019

Mineworkers Head Office, 26 Ameshoff Street Braamfontein

Statement of responsibility by the Principal Officer for the year ended 31 December 2018

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

Specific instances of non-compliances	Remedial action taken
Participating employers that did not submit employer schedules within 15 days for October 2018 (Dumamanje Mining three days overdue, Margaret Water Company one day overdue).	Management to enforce compliance by all participating employers of section 13A (2) by ensuring all schedules are received timeously.



Ms Philda Mphephu

Principal Officer

13 June 2019

Independent auditor's report to the Board of Fund of Mineworkers Provident Fund

Report on the Audit of the Financial Statements Opinion

We have audited the annual financial statements of Mineworkers Provident Fund ("the Fund") set out on pages 6 to 11, which comprise the statement of net assets and funds as at 31 December 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 reporting to the Registrar of Pension Funds.

In our opinion, the financial statements of Mineworkers Provident Fund for the year ended 31 December 2018 are prepared, in all material respects, in accordance with 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 Registrar. 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 information included in the Annual Financial Statements in terms of section 15 of the Pension Funds Act of South Africa but does not include the financial statements (schedules 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.

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.

Independent auditor's report on assets held in compliance with regulation 28 to the Board of Fund (continued)

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 instances of material non-compliance with the Pension Funds Act and related laws and regulations that came to our attention during the course of our audit of the financial statements:



SizweNtsalubaGobodo Grant Thornton Inc.

Director: Darshen Govender
Chartered Accountant (SA)
Registered Auditor

Johannesburg
21 June 2019

Condensed annual financial statements

for the year ended 31 December 2018

1. OVERALL FUND EXPOSURE

The table below sets out the investment manager allocation at total Fund level as at 31 December 2018:
Core portfolio:

Asset class	Asset manager portfolio	Weighting in overall Fund
Guaranteed portfolios	Old Mutual Absolute Stable Growth Fund	17.17%
	Old Mutual Customised Guided Growth Fund	3.55%
	Sanlam Stable Bonus Fund	6.86%
	Sanlam Progressive Smooth Bonus	7.24%
	Momentum Smooth Growth	8.97%
Unlisted assets	Ashburton Private Equity Fund 1	0.53%
	Vantage Mezzanine III	0.34%
	26 Ameshoff Street	0.12%
Total core portfolio		44.78%
Market linked portfolio:		
South Africa: Equities	Afena SA Equity Fund	3.44%
	Argon SA Equity Fund	6.19%
	Coronation Aggressive Equity Fund	5.17%
	Kagiso Managed Equity Fund	3.92%
	Legacy Africa Equity Fund	0.35%
	Mergence Equity Fund	4.47%
	Mianzo Enhanced Equity Fund	0.93%
South Africa: Fixed income	Aluwani Capital SA Bond Fund	7.03%
	Balondolozzi SA Bond Fund	0.97%
	Prowess Mineworkers Corporate Bond	0.52%
	Prudential SA Bond Fund	1.24%
	Stanlib Aggressive Income Fund	4.59%
	Community Growth Gilt Fund	0.66%
South Africa: Cash	Investec Money Market Fund	2.68%
Global: Equities	Investec Global Franchise Fund	2.14%
	Allan Gray Orbis Institutional Global	7.52%
	SEI Global Select Equity Fund	3.40%
Total market linked portfolio		55.22%
Total asset allocation		100.00%

Unclaimed benefits

The investment strategy for unclaimed benefits is the same as per the general investment strategy of the Fund.

Reserve accounts

The investment strategy for the reserve accounts is the same as the general investment strategy of the Fund.

Condensed annual financial statements

for the year ended 31 December 2018

2. MANAGEMENT OF INVESTMENTS

The Board of Trustees meets on a formal basis at least four times a year in relation to the investments of the Fund and monitors the performance of the Fund's investments on a quarterly basis. The Fund has a separate Investment sub-committee that meets once every three months to monitor the investments of the Fund.

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

	31 December 2018 R	31 December 2017 R
*Old Mutual Life Assurance Company (South Africa) Ltd	4 788 891 543	8 077 336 724
Aluwani Capital Partners	1 962 705 416	1 811 043 802
*Old Mutual Asset Managers Company (SA) (Pty) Ltd (Community Growth Management Company Ltd)	185 067 748	190 177 059
Coronation Asset Management (Pty) Ltd	1 440 447 634	2 093 267 845
Prudential Portfolio Managers (South Africa) (Pty) Ltd	345 608 875	606 324 159
Allan Gray Limited (Orbis Investment Management)	2 097 778 019	2 489 455 625
*Investec Asset Management (Pty) Ltd	746 676 398	359 190 806
Argon Asset Management (Pty) Ltd	1 725 732 650	2 096 185 807
Afena Capital (Pty) Ltd	957 153 443	1 158 265 962
Kagiso Asset Management (Pty) Ltd	1 094 975 950	1 524 332 529
*Momentum Group Ltd	2 502 543 428	2 392 707 816
*Sanlam Life Insurance Ltd	1 913 177 055	1 781 811 189
Mergence Investment Managers (Pty) Ltd	1 248 520 701	1 536 824 012
STANLIB Asset Management Ltd	1 281 348 112	1 386 031 328
Mianzo Asset Management (Pty) Ltd	259 141 822	284 769 632
Prowess Investment Managers (Pty) Ltd	144 530 374	134 610 310
Balondolozzi Investment Services	271 438 128	250 851 759
Ashburton Investments	144 578 133	135 439 000
Vantage Capital	97 542 109	71 214 241
SEI Investments South Africa (Pty)Ltd	949 380 481	949 235 998
*Investec Global Strategy Fund	596 773 160	538 000 146
Legacy Africa Fund Managers	97 164 190	108 251 320
*Old Mutual Life Assurance Company (South Africa) Ltd Customised Guided Growth Fund	991 138 680	–
*Sanlam Progressive Smooth Bonus Fund	2 021 098 951	–
Total value of investments managed	27 863 413 000	29 975 327 069

* These Investment Managers have been listed twice to show their values separately due to their specific mandates

3. MEMBERSHIP

	Active members	Deferred pensioners	Advised benefits <2 yrs	Beneficiaries	Unclaimed benefits
Number at the beginning of year	90 425		6 218	11 923	67 054
Adjustments	(8 163)	8 403	3 528	(11 923)	5 089
Disability benefits	(1 927)	11 923	(856)	(11 923)	–
Adjustments	–	(3 520)	4 384	–	5 089
Transfers to advised <years	(6 236)	–	–	–	–
Additions	4 868	–	–	–	–
Transfers in	57	–	–	–	–
Transfers out	(782)	–	–	–	–
Withdrawals	(1 625)	–	(858)	–	–
Retirements	(640)	–	(351)	–	–
Retrenchments	(4 880)	–	(4 653)	–	–
Deaths	(601)	–	(391)	–	–
Transfers (from)/to unclaimed	4 666	–	–	–	(4 666)
Unclaimed benefits paid	–	–	–	–	(3 030)
Number at the end of the year	83 325	8 403	3 493	–	64 447
Number at end of year (South African citizen)	83 325	8 403	3 493	–	64 447

The above adjustments of (8 163) under active members consist of (1 927) disability benefits and (6 236) to advised benefits. The adjustments of 3 528 under advised benefits <2 years consist of (856) disability members and an adjustment of 4 384 members, and transfer from current year exits. The movement of (4 666) members from the unclaimed benefit member listing, to the active list is the result of data merging of records and re allocation. The adjustment of (3 520) members under deferred list is the re-allocation and the adjustment of 5 089 is the re allocation due to unclaimed date classification.

The advised benefits are members where an exit confirmation has been received, but the claim has not yet been finalised and paid. Following the Fund's data clean-up exercise, this resulted in changes in the re-classifications of member records.

4. SUBSEQUENT EVENTS

The Fund had the following staff changes in 2018:

Ms Amma Amparberg was appointed as the new Chief Finance Officer effective 1 November 2018.

Mr Mkuseli Mbomvu, Chief Executive Officer resigned effective 31 December 2018.

Ms Pilda Mphephu was appointed acting Chief Executive Officer effective 1 January 2019.

Statement of net assets and funds

as at 31 December 2018

	Notes	31 December 2018 R	31 December 2017 R
ASSETS			
Non-current assets			
		27 893 494 757	30 006 454 523
Property, plant and equipment	1	30 081 757	31 127 454
Investments	2	27 863 413 000	29 975 327 069
Current assets			
		697 422 537	580 770 133
Transfers receivable	4	5 149 893	–
Accounts receivable	3	50 642 549	351 230 966
Contributions receivable	9	141 954 481	125 925 744
Cash and cash equivalents		499 675 614	103 613 423
Total assets		28 590 917 294	30 587 224 656
Funds AND LIABILITIES			
Members' Funds and reserve accounts			
		20 062 709 533	20 561 315 295
Members' individual accounts	16	20 062 709 533	20 635 611 300
Amounts to be allocated	17	–	(74 296 005)
Reserves			
Reserve accounts	16	4 018 486 163	3 994 518 047
Total Funds and reserves		24 081 195 696	24 555 833 342
Non-current liabilities			
		3 197 328 471	4 084 512 174
Provisions	13	3 047 770	3 813 579
Unclaimed benefits	7	3 194 280 701	4 080 698 595
Current liabilities			
		1 312 393 127	1 946 879 140
Transfers payable	5	10 373 498	11 684 418
Benefits payable	6	1 240 234 213	1 878 283 593
Accounts payable	8	61 785 416	56 911 129
Total Funds and liabilities		28 590 917 294	30 587 224 656

Statement of changes in net assets and funds

for the year ended 31 December 2018

	Notes	Members' individual accounts and amounts to be allocated R	Reserve accounts Refer note 19 R	Current year 2018 R	Previous year 2017 R
Contributions received and accrued	9	1 534 172 199	645 726 480	2 179 898 679	2 264 928 682
Reinsurance proceeds		–	264 946 477	264 946 477	166 157 488
Net investment income	10	–	274 973 919	274 973 919	2 967 903 075
Benefit adjustment from/(allocated to) unclaimed benefits	7	627 323 650	(25 924 551)	601 399 099	(419 156 255)
Other income	11	–	98 628 728	98 628 728	(821 489)
Less:		–	(562 896 660)	(562 896 660)	(586 698 197)
Re insurance premiums		–	(445 600 811)	(445 600 811)	(468 323 358)
Administration expenses	12	–	(117 295 849)	(117 295 849)	(118 374 839)
Net income before transfers and benefits		2 161 495 849	695 454 393	2 856 950 242	4 392 313 304
Transfers and benefits		(3 131 456 222)	(200 131 666)	(3 331 587 888)	(3 695 836 714)
Transfer from other Funds	4	28 063 748	–	28 063 748	1 839 885
Transfer to other Funds	5	(160 398 574)	–	(160 398 574)	(43 133 709)
Benefits	6	(2 999 121 396)	(200 131 666)	(3 199 253 062)	(3 654 542 890)
Net (loss)/income after transfers and benefits		(969 960 373)	495 322 727	(474 637 646)	696 476 590
Funds and reserves					
Balance at the beginning of the year	16	20 561 315 295	3 994 518 047	24 555 833 342	23 859 356 752
Transfers between reserve accounts	16	558 366 667	(558 366 667)	–	–
Member surplus account					
Member administration fees		(87 012 056)	87 012 056	–	–
Balance at the end of the year		20 062 709 533	4 018 486 163	24 081 195 696	24 555 833 342

Notes to the annual financial statements

for the year ended 31 December 2018

1. PROPERTY, PLANT AND EQUIPMENT

1.1 Current year

	Motor vehicle R	Computer equipment and software R	Office equipment R	Furniture and fittings R	Land and buildings R	Total R
Gross carrying amount						
At beginning of the year	696 510	7 877 479	1 273 350	4 614 275	48 500 000	62 961 614
Additions	75 347	494 499	12 750	89 575	–	672 171
At end of year	771 857	8 371 978	1 286 100	4 703 850	48 500 000	63 633 785
Accumulated depreciation and impairment						
At beginning of year	(11 609)	(4 962 288)	(1 139 673)	(4 520 590)	(21 200 000)	(31 834 160)
Depreciation charges	(143 069)	(1 543 999)	(82 239)	(101 468)	–	(1 870 775)
Revaluation(loss)/gain	–	(47 093)	–	–	200 000	152 907
At end of year	(154 678)	(6 553 380)	(1 221 912)	(4 622 058)	(21 000 000)	(33 552 028)
Net carrying amount at end of year	617 179	1 818 598	64 188	81 792	27 500 000	30 081 757

1.2 Prior year

	Motor vehicle R	Computer equipment and software R	Office equipment R	Furniture and fittings R	Land and buildings R	Total R
Gross carrying amount						
At beginning of the year	–	5 293 900	1 177 456	4 547 769	48 500 000	59 519 125
Additions	696 510	2 583 579	95 894	66 506	–	3 442 489
At end of year	696 510	7 877 479	1 273 350	4 614 275	48 500 000	62 961 614
Accumulated depreciation and impairment						
At beginning of year	–	(3 754 432)	(1 000 650)	(4 430 983)	–	(9 186 065)
Depreciation charges	(11 609)	(1 207 856)	(139 023)	(89 607)	(21 200 000)	(22 648 095)
At end of year	(11 609)	(4 962 288)	(1 139 673)	(4 520 590)	(21 200 000)	(31 834 160)
Net carrying amount at end of period	684 901	2 915 191	133 677	93 685	27 300 000	31 127 454

2. INVESTMENTS

2.1 Investment summary

	Local	Foreign	Total current year	Total previous year	Fair value current year	Categorised per IAS 39
Cash	792 342 000	273 000	792 615 000	1 016 032 569	792 615 000	At fair value through statement of changes in net assets and Funds
Debt instruments including Islamic debt instruments	3 519 173 290	10 330 000	3 529 503 290	3 270 989 021	3 529 503 290	At fair value through statement of changes in net assets and Funds
Equities (including demutualisation shares)	6 408 264 075	-	6 408 264 075	7 979 119 708	6 408 264 075	At fair value through statement of changes in net assets and Funds
Insurance policies***	9 081 328 655	3 135 521 000	12 216 849 655	12 251 855 731	12 216 849 655	At fair value through statement of changes in net assets and Funds
Collective investment schemes	3 938 274 118	-	3 938 274 118	4 427 321 215	3 938 274 118	At fair value through statement of changes in net assets and Funds
Hedge Funds	-	-	-	(7 093 320)	-	At fair value through statement of changes in net assets and Funds
Private equity Funds	174 350 365	67 769 877	242 120 242	206 653 240	242 120 242	At fair value through statement of changes in net assets and Funds
Investment in participating employers (note 3.2)	715 087 853	-	715 087 853	798 067 324	715 087 853	At fair value through statement of changes in net assets and Funds
Other	20 698 767	-	20 698 767	32 381 581	20 698 767	At fair value through statement of changes in net assets and Funds
Total	24 649 519 123	3 213 893 877	27 863 413 000	29 975 327 069	27 863 413 000	

*** Included in non-linked insurance policies are non-vested bonuses amounting to R457 799 214 (2017: R974 013 186)

The guaranteed value of these policies as at 31 December 2018 is R12 216 849 655 (2017: R12 251 855 731)

Notes to the annual financial statements (continued)

for the year ended 31 December 2018

2. INVESTMENTS (continued)

2.2 Investment in participating employer/s

	At beginning of year R	Additions R	Repaid/ disposal R	Interest capitalised R	At end of year R
Debt instruments including Islamic debt	15 216 282	22 280 380	–	–	37 496 662
Participating employer/s					
Anglo American plc	269 050 528	56 832 018	(79 677 778)	45 198 210	291 402 978
Anglo American Platinum	67 068 681	9 984 662	(50 679 555)	8 205 966	34 579 754
Anglogold Ashanti Limited	63 068 817	1 331 756	(24 889 703)	14 158 269	53 669 139
Gold Fields Mining Limited	7 001 785	–	(4 654 253)	(759 377)	1 588 155
Exxaro Resources Limited	107 493 263	47 543 983	(68 839 247)	(7 167 192)	79 030 807
African Rainbow Minerals	80 792 075	20 781 405	(41 844 349)	7 631 458	67 360 589
Sibanye Gold Limited	15 540 998	–	(10 094 559)	(5 124 767)	321 672
Glencore Xstarta plc	25 435 201	31 351 379	(25 534 234)	(4 594 736)	26 657 610
Northam Platinum Limited	139 847 601	39 551 176	(38 299 686)	(19 789 787)	121 309 304
SOUTH32 Limited	4 619 954	4 327 536	(8 494 431)	(122 037)	331 022
Harmony Gold Mine	2 932 139	–	(1 605 021)	13 043	1 340 161
Total	798 067 324	233 984 295	(354 612 816)	37 649 050	715 087 853

3. ACCOUNTS RECEIVABLE

	31 December 2018 R	31 December 2017 R
Reinsurance proceeds	49 473 477	24 801 779
Staff expenses – study loans	5 482	105 638
Fidelity Guarantee Insurance	–	1 885 437
Contributions late payment interest	145 027	141 172
Balondolozzi Asset Manager disinvestment	–	232 000 000
FNB Forex – Community Growth Disinvestment	–	59 028 130
Traveling reFunds – Reef Hotel	–	17 501
Financial Services Board Levies	1 018 563	997 756
Staff expenses – savings account	–	253 553
Momentum risk profit share	–	32 000 000
Total	50 642 549	351 230 966

The Fund has earned income of R32 million in 2017 from the profit share arrangement with Momentum, this has now vested and was paid in 2018. An amount of R130 million was received on 22 August 2018.

4. TRANSFERS FROM OTHER FUNDS

	Effective date R	A Number of members R	B At beginning of year R	C Transfers approved R	D Return on transfers R	A+B+C D Assets transferred R	At end of year R
In terms of section 14							
Sanlam Provident Fund	01/02/2018	43	–	21 040 955	1 338 942	(22 379 897)	–
Sanlam Provident Fund	01/03/2018	5	–	4 323 395	254 913	–	4 578 308
Sanlam Provident Fund	01/04/2018	2	–	538 212	33 373	–	571 585
Individual transfers in	Various dates	7	–	533 958	–	(533 958)	–
Total		57	–	26 436 520	1 627 228	(22 913 855)	5 149 893
Transfers approved (B)							26 436 520
Return on transfers (C)							1 627 228
Statement of changes in net assets and Funds							28 063 748

Notes to the annual financial statements (continued)

for the year ended 31 December 2018

5. TRANSFERS TO OTHER FUNDS

	Effective date	Number of members R
In terms of Section 14		
Mine Employees Pension Fund	10/11/2012	66
Sentinel Mining Industry Retirement Fund	01/01/2006	159
Sentinel Mining Industry Retirement Fund	06/01/2012	223
Mine Employees Pension Fund(Various dates as per application)	Various	37
NBC Umbrella Retirement Fund	30/11/2011	1
Sentinel Mining Industry Retirement Fund	Various	14
Sentinel Mining Industry Retirement Fund	Various	126
Sentinel Mining Industry Retirement Fund	01/01/2008	232
Sentinel Mining Industry Retirement Fund	Various	82
Sentinel Mining Industry Retirement Fund	Various	51
Exxaro Provident Fund	30/04/2016	12
Sentinel Mining Industry Retirement Fund	Various	35
Sentinel Mining Industry Retirement Fund	Various	65
Sentinel Mining Industry Retirement Fund	05/10/2016	1
Sentinel Mining Industry Retirement Fund	20/07/2016	4
Sentinel Mining Industry Retirement Fund	30/09/2016	1
NBC Umbrella Retirement Fund	01/01/2013	2
Sentinel Mining Industry Retirement Fund	Various	3
Sentinel Mining Industry Retirement Fund	Various	10
Sentinel Mining Industry Retirement Fund	01/06/2017	5
Sentinel Mining Industry Retirement Fund	Various	5
Sentinel Mining Industry Retirement Fund	Various	6
Sentinel Mining Industry Retirement Fund	Various	18
Sentinel Mining Industry Retirement Fund	Various	6
Sentinel Mining Industry Retirement Fund	Various	61
Sentinel Mining Industry Retirement Fund	Various	869
Bulk Section transfers (See listing)	Various	60
Prospective approvals in terms of Section 14		
Sentinel Mining Industry Retirement Fund	01/03/2009	1
Sentinel Mining Industry Retirement Fund	Various	26
Sentinel Mining Industry Retirement Fund	Various	23
Sentinel Mining Industry Retirement Fund	Various	25
Sentinel Mining Industry Retirement Fund	Various	70
Old Mutual SuperFund Stibium Mining SA	01/09/2017	1
Sentinel Mining Industry Retirement Fund	01/07/2018	1
Total		2 301
Transfers approved (B)		
Return on transfers (C)		
Statement of changes in net assets and Funds		

Ten of the largest approved section 14 transfers in values are listed above.
The listing of other bulk section 14 transfers are available at the Fund's office.

Applied for not yet approved (contingent)	A	B	C	D	A+B+C D
	At beginning of year	Transfers approved	Return on transfers and adjustments	Assets transferred	At end of year
R	R	R	R	R	R
-	78 191	35 262	(34 969)	(35 262)	43 222
-	309	-	(74)	-	235
-	238 141	-	(44 097)	-	194 044
-	1 138 961	-	8 005	-	1 146 966
-	146 199	-	1 175	-	147 374
-	643 899	-	(532)	-	643 367
-	678 852	434 728	(432 935)	(434 728)	245 917
-	616 641	119 890	(114 664)	(119 890)	501 977
-	897 367	-	7 263	-	904 630
-	365 836	-	3 431	-	369 267
-	1 012 876	-	166	(1 013 042)	-
-	4 951 249	230 043	(602 683)	(4 578 609)	-
-	288 303	(987)	987	987	289 290
-	171 289	-	-	-	171 289
-	265 598	-	-	(265 598)	-
-	190 707	-	-	(190 707)	-
-	-	1 625 954	116 755	(1 742 709)	-
-	-	1 926 286	99 850	(2 026 136)	-
-	-	2 054 175	73 883	(2 128 058)	-
-	-	2 136 076	159 534	(2 295 610)	-
-	-	2 164 701	21 213	(2 185 914)	-
-	-	3 210 447	104 452	(3 314 899)	-
-	-	3 229 251	(98 564)	(2 987 918)	142 769
-	-	5 380 311	64 986	(5 445 297)	-
-	-	9 808 679	(9 537 078)	(271 601)	-
-	-	152 270 508	(26 049 716)	(120 647 641)	5 573 151
-	-	11 763 933	262 929	(12 026 862)	-
-	-	-	-	-	-
45 922	-	-	-	-	-
18 900 748	-	-	-	-	-
4 884 577	-	-	-	-	-
7 052 964	-	-	-	-	-
10 070 148	-	-	-	-	-
303 148	-	-	-	-	-
483 963	-	-	-	-	-
41 741 470	11 684 418	196 389 257	(35 990 683)	(161 709 494)	10 373 498
					196 389 257
					(35 990 683)
					160 398 574

Notes to the annual financial statements (continued)

for the year ended 31 December 2018

6. BENEFITS

6.1 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
Lump sums on retirements –						
Full benefit	162 246 443	365 810 489	5 266 480	(272 992 461)	(90 351 023)	169 979 928
Lump sums before retirement						
– Disability benefits	242 194 492	768 352 789	7 095 483	(804 809 898)	(1 928 943)	210 903 923
– Death benefits	403 027 777	418 806 081	3 739 456	(345 892 839)	(2 751)	479 677 724
– Withdrawal benefits	64 458 584	277 663 050	3 168 462	(255 789 566)	(417 293)	89 083 237
– Retrenchment benefits	1 006 356 297	1 330 555 990	18 794 782	(2 061 855 967)	(3 261 701)	290 589 401
Total	1 878 283 593	3 161 188 399	38 064 663	(3 741 340 731)	(95 961 711)	1 240 234 213
Benefits for current year (B)		3 161 188 399				3 161 188 399
Return allocated (C)			38 064 663			38 064 663
Statement of changes in net assets and Funds						3 199 253 062

7. UNCLAIMED BENEFITS

	31 December 2018	31 December 2017
	R	R
Balance at the beginning of the year	4 080 698 595	3 980 035 134
Transferred from benefits payable	95 961 711	162 297 135
Benefit adjustment from/(allocated to) unclaimed benefits	(601 399 099)	419 156 255
Less:		
– Benefits paid	(381 841 944)	(484 274 957)
– Benefits for the year – transfer from Section 14	861 438	3 485 028
Balance at the end of the year	3 194 280 701	4 080 698 595

8. ACCOUNTS PAYABLE

	31 December 2018 R	31 December 2017 R
Re-insurance premiums	39 304 795	40 308 150
South African Revenue Services PAYE	15 412 016	9 108 187
Audit fees	1 354 764	1 279 033
IT-related expenses and licence fees	1 288 558	1 343 600
Staff remuneration	210 241	1 200
Audit – Internal costs	384 388	–
Investment consultancy fees	138 000	159 600
Consultancy fees	812 466	34 423
Printing and stationery	2 199	192 442
Actuarial fees	687 871	621 952
Telephone and postage	122 092	64 739
Legal expenses	200 000	91 200
Total staff events and other staff costs	19 136	–
Other payables	–	1 390 227
Sundry expenses	1 575	–
Staff travel and related expenses	–	29 891
Payroll expenses	17 919	17 072
Cleaning services	26 051	15 320
Rent and related expenses	393 755	438
Staff telephone expenses	–	1 500
Momentum Group Life reFunds	229 104	–
Employer roadshow expenses	6 946	11 367
Property security expenses	24 519	–
Building maintenance costs	29 990	6 990
Office expenses (refreshments)	6 786	18 921
Mineworkers birthday account	–	70 000
Fidelity Cover	–	1 885 438
Vehicle – Fuel and maintenance	–	2 599
Training and Development (Trustees)	2 633	28 500
Independent Chairperson Fees – Board	–	35 960
Contributions overpaid – various mine employers	1 099 527	175 592
Fixed asset expenses	–	16 788
Staff training costs	10 085	–
Total	61 785 416	56 911 129

Notes to the annual financial statements (continued)

for the year ended 31 December 2018

9. CONTRIBUTIONS

	At beginning of year R	Towards retirement R	Towards re-insurance and expenses R	Contributions received R	At end of year R
Member contributions received and accrued	39 089 924	660 248 166	–	(657 461 518)	41 876 572
Employer contributions received and accrued	85 978 959	860 464 981	645 726 480	(1 492 802 283)	99 368 137
Additional voluntary contributions – members	856 861	13 459 052	–	(13 606 141)	709 772
Total	125 925 744	1 534 172 199	645 726 480	(2 163 869 942)	141 954 481
Towards retirement					1 534 172 199
Towards reinsurance and expenses					645 726 480
Statement of changes in net assets and Funds					2 179 898 679

10. NET INVESTMENT INCOME

	31 December 2018 R	31 December 2017 R
Income from investments	1 506 818 416	1 611 724 306
– Dividends	353 465 132	279 437 725
– Interest	811 218 266	957 378 435
– Other income	47 600 583	32 428 900
– Collective investment schemes distribution	13 789 085	43 371 197
– Income from insurance policies	280 745 350	299 108 049
Interest on late payment of contributions	73 171	22 611
Adjustment to fair value	(1 114 927 636)	1 470 717 011
Less: Expenses incurred in managing investments	391 963 951 (116 990 032)	3 082 463 928 (114 560 853)
Total	274 973 919	2 967 903 075

11. OTHER INCOME

	31 December 2018 R	31 December 2017 R
Momentum profit share	98 000 000	–
Office rental	581 759	349 410
Proceeds from sale of assets and insurance claims	46 969	–
Other income	–	(1 170 899)
Total	98 628 728	(821 489)

In 2016 an amount of R1170 899 was raised in error and reversed in 2017

12. ADMINISTRATION EXPENSES

	Notes	31 December 2018 R	31 December 2017 R
Actuarial fees		1 163 104	959 996
Audit fees		2 583 952	1 278 074
Audit fees		1 441 004	1 278 074
Audit fees – Internal		1 142 948	926 763
Consultancy fees		1 832 983	6 816 829
Property security expenses		356 893	361 768
Depreciation		1 870 778	1 448 097
Fidelity insurance		4 000 951	1 559 763
Financial Service Conduct Authority levy		2 035 220	2 034 107
Other expenses		40 993 953	46 209 777
Bank charges		393 841	475 032
Legal fees		1 375 560	859 762
Postage and telephone		787 803	986 949
Printing and stationery		1 842 009	1 174 554
Revaluation on building asset		(152 907)	21 200 000
IT-related expenses and licences		19 304 786	18 165 445
Recruitment expenses		691 453	937 198
Sundry expenses		31 438	73 913
Vehicle running expenses		507 631	283 726
Independent chairperson fees – audit and risk		517 215	546 442
Independent chairperson fees – board		426 648	191 760
Benefit write-off account		2 877 009	(6 708 994)
Investment consultants fees		1 698 400	1 573 200
Travel – employer visit expenses		2 002 820	1 201 012
Cleaning services		400 492	558 665
Consulting fees – Communication costs		1 731 355	–
Building maintenance costs		1 678 402	2 947 725
Payroll management fees		234 316	211 016
Marketing expenses		1 467 935	–
Office rental expenses		1 078 797	1 272 777
Member lifestyle Survey and Industry Body		303 845	–
Insurance premiums		315 240	259 595
Executive strategy expenses		288 149	–
Operations office expenses		188 509	–
Change management and client servicing expenses		1 003 207	–
Office expenses (refreshments)		237 531	110 808
Operating lease payments		3 820 401	3 486 759
Board of Fund expenses (Trustee)	12.1	1 447 152	1 039 593
Staff expenses	12.2	54 567 264	50 090 422
Principal officer expenses	12.3	2 385 667	2 052 083
Total		117 295 849	118 374 839

Notes to the annual financial statements (continued)

for the year ended 31 December 2018

12. ADMINISTRATION EXPENSES (continued)

12.1 Board of Fund expenses (Trustee)

	31 December 2018 R	31 December 2017 R
Regional Advisory Committee	233 571	–
Meeting allowances	200 337	213 559
Travel expenses	618 767	607 695
Training and related expenses	394 477	218 339
Total	1 447 152	1 039 593

12.2 Staff expenses

	31 December 2018 R	31 December 2017 R
Staff expenses: Remuneration	47 349 195	43 188 916
Staff expenses: Contributions to retirement Fund	5 644 521	5 083 570
Staff expenses: Training expenses	717 365	394 028
Staff expenses: Other payments	856 183	1 423 908
Total	54 567 264	50 090 422

12.3 Principal officer expenses

	31 December 2018 R	31 December 2017 R
Principal officer expenses: Remuneration	2 345 441	1 978 800
Principal officer expenses: Allowances	40 226	73 283
Total	2 385 667	2 052 083

13. FINANCIAL LIABILITIES AND PROVISIONS

13.1 Provisions

	31 December 2018 R	31 December 2017 R
Staff leave pay provision	3 047 770	3 813 579
Total	3 047 770	3 813 579

14. RISK MANAGEMENT POLICIES

Risk management framework

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

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

Solvency risk

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the Fund's 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 exist for all other liabilities.

Credit risk

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

The Board of Trustees 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.

Housing loan guarantees granted are secured by the after tax withdrawal benefit of the respective members on whose behalf the guarantees were granted. The amount of the guarantee may not exceed 60% of the Fund credit of the respective members. Housing loan guarantees granted are renewed annually to ensure that the general terms and conditions are still applicable.

The Fund's assets are only invested through investment managers who are Financial Advisory and Intermediary Services compliant. The Fund's investment mandate stipulates that the investment manager should monitor the risks associated with the Fund's investments on a regular basis.

Credit risk is managed by the Fund's outsourced investment managers by investing in well researched institutions and within the parameters of the investment mandate. The investment manager must report annually on the steps taken to identify and manage the credit risk, in terms of the Fund's risk management policy.

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 instrument 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 Trustees 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 Trustees monitors this aspect of the Fund's investments and limits it to 25% of total assets.

Notes to the annual financial statements (continued)

for the year ended 31 December 2018

14. RISK MANAGEMENT POLICIES (continued)

Liquidity risk

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

The Fund's liabilities are backed by appropriate assets and it has significant liquid resources.

As at 31 December 2018, the current liabilities of the Fund exceeded the current assets by R615 million (2017: R1 370 billion). However, the Board of Trustees has no reason to believe that the Fund will not be able to meet its obligations as they arise based on the assets invested as at 31 December 2018 of R27 863 413 000 (2017: R29 975 327 069) which will be available on a trade-plus-three basis.

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. The Board of Trustees monitors and reviews the market risk profile of the Fund's financial instruments.

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.

Price risk

Price risk is the risk that the value and/or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised in the statement of changes of net assets and Funds, but do not necessarily indicate the Fund's exposure to price risks.

Interest rate risk

Interest rate risk is the risk that the value and/or future cash flows of financial instruments will fluctuate as a result of changes in interest rates.

The Board of Trustees manages interest rate risk through both fixed and variable, long- and short-term instruments.

15. OPERATING LEASE COMMITMENTS

	31 December 2018 R	31 December 2017 R
Within one year	3 782 518	3 398 387
Between two and five years	7 153 860	2 312 031
Total	10 936 378	5 710 418

Notes to the annual financial statements

for the year ended 31 December 2018

16. RESERVES

	Members' Funds	Amounts to be allocated	Reserve accounts total	Investment reserve	Risk reserve
	R	R	R	R	R
At beginning of year	20 635 611 300	(74 296 005)	3 994 518 047	1 309 959 638	2 684 558 409
Contributions received and accrued	1 534 172 199	-	645 726 480	-	645 726 480
Reinsurance proceeds	-	-	264 946 477	-	264 946 477
Net investment income	-	-	274 973 919	274 973 919	-
Member allocation	627 323 650	-	(25 924 551)	(25 924 551)	-
Other income:	-	-	98 628 728	628 728	98 000 000
- Momentum profit share	-	-	98 000 000	-	98 000 000
- Office rental	-	-	628 728	628 728	-
Less:	-	-	(562 896 660)	(117 295 849)	(445 600 811)
- Re-insurance premiums	-	-	(445 600 811)	-	(445 600 811)
- Administration costs	-	-	(117 295 849)	(117 295 849)	-
Net income before transfers and benefits	22 797 107 149	(74 296 005)	4 689 972 440	1 442 341 885	3 247 630 555
Transfers and benefits	(3 131 456 222)	-	(200 131 666)	-	(200 131 666)
Transfers from other Funds	28 063 748	-	-	-	-
Transfers to other Funds	(160 398 574)	-	-	-	-
Benefits	(2 999 121 396)	-	(200 131 666)	-	(200 131 666)
Net income after transfers and benefits	19 665 650 927	(74 296 005)	4 489 840 774	1 442 341 885	3 047 498 889
Net investment return	484 070 662	74 296 005	(558 366 667)	(623 945 218)	65 578 551
Member administration costs	(87 012 056)	-	87 012 056	87 012 056	-
At end of year	20 062 709 533	-	4 018 486 163	905 408 723	3 113 077 440

17. AMOUNTS TO BE ALLOCATED

	31 December 2018	31 December 2017
	R	R
Opening balance	-	(34 981 265)
Investment return allocated during the year	-	34 981 265
Investment return for December to be allocated	(74 296 005)	-
Other amounts to be allocated	74 296 005	(74 296 005)
Total amounts to be allocated	-	(74 296 005)

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