

**UNIVERSITY OF CAPE TOWN RETIREMENT FUND
ANNUAL GENERAL MEETING**

**Minutes of the AGM held on
01 September 2016 at 12h30 in the Leslie Social Science Building, Lecture
Theatre 2D, Upper Campus, UCT**

WELCOME AND OPENING

PRESENT

Trustees present:

Ms Lesley Haddow
Ms Judith Du Toit
Associate Professor Phillip de Jager (Chair)
Mr Chris Tobler

By invitation

None

In attendance:

Ms Penny Fabre – Principal Officer
Mr William Nkutha – Deputy Principal Officer
Ms Yumna Gamildien – UCTRF Office
Ms Chumisa Qumza – UCTRF Office

APOLOGIES

Ms Miriam Hoosain
Mrs Margie Tainton

ANNOUNCEMENTS BY THE CHAIRPERSON

There were none.

1. OPENING

A/Professor De Jager welcomed members of the Fund to the 2016 Annual General Meeting and advised that the objective is to present the Fund's financial information, recent changes in the Fund rules and Fund investment performance. He encouraged members to read the AGM report and that the report would also be uploaded on to the Fund's website.

A/Professor De Jager advised members that student activist, Mr Maxwele, had demanded to address the meeting which took up the next 10 minutes.

Subsequent to Mr Maxwele’s address, he highlighted that there are legislated processes that need to be followed regarding the newly insourced members’ previous retirement funds and that some may have access to their benefits and others will have to transfer their benefits as these were legislated provisions of their previous fund’s rules.

2. MATTERS ARISING FROM THE PREVIOUS AGM

Mr Marupula asked about the delayed payments of retirement benefits at the end of 2015 and if that had affected the Fund’s performance as it was never addressed subsequent to the meeting. The Chairperson advised that Sanlam had compensated any member that was prejudiced by the process.

A/Professor Spiegel requested that his query regarding the breaches, regarding the service level agreement, in setting up his living annuity account be addressed as it had not been included in the minutes and was never circulated to the members. He also commented that there was no action plan communicated to members that retired in 2015 and for members retiring in 2016, and queried if the Fund had revised its processes.

In response, the Principal Officer advised that Sanlam confirmed that they are able to, as part of the retirement process, move a member from “active” to “living annuitant” without the need to disinvest the member’s benefit, provided that the member’s full fund credit is used to purchase the in-fund living annuity and the member’s investment option remains unchanged before and after the retirement process has been finalised.

This will apply in all cases, regardless of the members’ investment options (i.e. no difference between members invested in Portfolio B or any other portfolio).

3. CHAIRPERSON’S REPORT

A/Professor De Jager reported on the Fund’s finances as at 30 June 2016 and advised on the budgeted operational costs for the upcoming financial year:

UCTRF Budget for the year ending 30 June 2017			
	YEAR END 30 JUNE 2016	YE 30 JUNE 2017	% Change From Previous Financial Year
	TOTAL EXPENSES (PAID + ACCRUED) 2016	BUDGET 1 July 2016 to 30 June 2017	Annual Budget % change
FUND ADMINISTRATION FEES – SANLAM <small>(PAID FROM MEMBER ACCOUNTS)</small>	2 668 055	2 750 293	3%
ACTUARIAL AND BENEFIT CONSULTING FEES	635 360	549 638	-16%
INVESTMENT CONSULTING FEES - Willis Towers Watson	785 979	927 654	15%
INVESTMENT CONSULTING FEES - Selekane	19 600	60 000	New appointment
AUDIT FEES - PriceWaterhouseCoopers	410 781	435 428	6%
TOTAL SERVICE PROVIDER FEES (VAT INCLUSIVE)	2 489 847	2 903 023	14%
UCTRF OFFICE ADMINISTRATION FEES (VAT INCLUSIVE) <small>(INCLUDES Office salaries and operations)</small>	1 534 759	2 447 510	37%
TOTAL FUND EXPENSES (RECURRENT)	4 024 606	5 350 534	25%
PROJECTS (NON RECURRENT)	28 089	176 489	Non-recurrent
TOTAL BUDGET REQUIRED	4 052 695	5 677 023	29%

He further highlighted that:

- Fund administration fees from member accounts and the recent rebroke exercise resulting in a fee reduction (after the budget was approved);
- Decrease in fees for actuarial and benefit consulting fees, which is provided by Willis Towers Watson;
- Fund Auditors, PricewaterhouseCoopers fees increase by CPI;
- The UCTRF Office Administration fees had been lower than expected for the financial year ending in 2016 because the Fund had operated with a Principal Officer that was seconded from 1 April 2015 to 30 November 2015 and whose salary had not been paid by the Fund. The Trustees had appointed a new Principal Officer on 1 December 2015 which meant that the UCTRF Office had a complete staff compliment and the full salary bill was paid by the Fund.

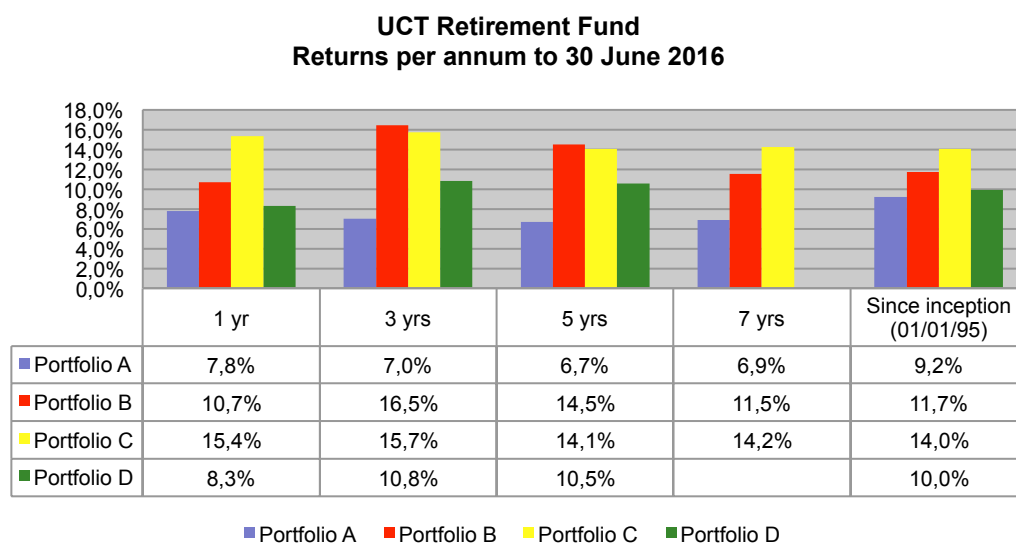
4. INVESTMENT REVIEW AND THE LATEST INVESTMENT RETURNS

With regards to Investment Manager costs, the Chairperson presented the following on each portfolio:

	Objective	Cost
Portfolio A	CPI + 1	0.17%
Portfolio B	CPI + 3	1.59%
Portfolio C	CPI + 5	0.45%
Portfolio D	CPI + 4	0.73%

Investment review

The Chairperson presented the summary of investment returns as at 30 June 2016 which showed the annual performance of the investment channels available to members since inception (1 January 1995) and over the 1-year, 3-year, 5-year and 7-year periods ended 30 June 2016.



In addition, the Chairperson also presented monthly returns for the four portfolios from 1 July 2015 to 30 June 2016. These figures are shown net of investment manager fees.

Month	Portfolio A	Portfolio B	Portfolio C	Portfolio D
Jul-15	0.61%	1.26%	0.72%	2.48%
Aug-15	0.66%	1.26%	-0.33%	-0.26%
Sep-15	0.59%	0.81%	-0.67%	-0.89%
Oct-15	0.62%	0.86%	6.60%	3.49%
Nov-15	0.56%	0.96%	-1.34%	0.20%
Dec-15	0.59%	0.86%	0.59%	2.32%
Jan-16	0.65%	0.81%	0.42%	-1.97%
Feb-16	0.57%	0.56%	1.98%	2.10%
Mar-16	0.68%	0.51%	4.53%	0.62%
Apr-16	0.66%	0.76%	1.97%	0.53%
May-16	0.55%	0.76%	1.50%	2.09%
Jun-16	0.80%	0.81%	-1.28%	-2.52%
Total for past 12 months:	7.80%	10.69%	15.38%	8.30%
Total since inception (p.a.):	9.21%	11.71%	14.05%	9.95%

5. PRINCIPAL OFFICER'S REPORT

Ms Fabre highlighted the following significant changes in the recently approved Rule Amendment 5 which was registered on 24 June 2016:

- If you resign from UCT and do not make an election regarding your benefit, you will be defaulted to deferred pensioner status and will remain invested in the portfolio you were invested in prior to leaving UCT (unless you have an outstanding housing loan or 37D deduction);
- A deferred pensioner may withdraw from the Fund at any time;
- If you retire from UCT, you do not have to retire from the Fund and may leave your Fund credit invested in the Fund until you elect to retire from the Fund. (Such member is referred to as a "phased retiree");
- If you do not make an election on retirement, you will be defaulted to a phased retiree status until you make an election (unless you have an outstanding housing loan or 37D deduction);
- If you are a phased retiree your contributions and risk benefits will cease;
- You may transfer your fund credit to a preservation fund after you have left the service of UCT;
- If, on joining the Fund, you do not make an election with regard to the investment of your benefits and contributions, these will be invested in the Near-cash Portfolio until 12 months after the 31 March following your first election opportunity at which time future contributions will be invested in the default investment portfolio selected by the Fund.

6. TRUSTEE ELECTIONS 2016

Ms Fabre advised that nominations opened on 1 September 2016 and highlighted the following changes regarding the composition of the Board of Trustees with effect from 1 January 2017:

- Increased to 14 trustees;
- 7 elected by the members;
- 1 appointed by each union with more than 15% of the membership of the Fund;
- Balance appointed by the employer.

Mr Amoore questioned the reasons behind changing the composition of the Board of Trustees and in response Ms Fabre stated that the FSB conducted a desktop review and in its findings advised that the current UCTRF Board was not legally constituted because the union appointed trustees had not been elected by all members of the UCTRF.

7. QUESTIONS TO TRUSTEES

Questions were addressed under each item of the meeting.

8. CLOSING OF THE MEETING

The meeting closed at 14h35.

Signed as an accurate record of the meeting

Chairperson: 

Date: 28/10/2016