



COASTAL FARMERS MEMBER PROVIDENT FUND

Registration No. 12/8/34746

APRIL 2017

Participating Employer & Member Newsletter

INSIDE THIS ISSUE

- Message from the Chairperson
- Investments
- Fund Rule Amendments
- Member Benefit Statements
- Beneficiary Nomination Forms
- Board of Trustees
- Industry News

The Trustees thank the Participating Employers and the Members for their support and look forward to another successful year for your Fund.

MESSAGE FROM THE CHAIRPERSON

The purpose of this annual newsletter is to provide Participating Employers and Members of the Fund with a summary of matters concerning the Funds during the year and setting out Funds matters and statistics for the member's information to ensure that the members are better informed.

The benefits provided through the Fund assist the members with important financial protection in the event of their Death or Disability, as well as providing the opportunity to build up Retirement Capital for the time when they are no longer able to work.

The Fund Trustees are conscious of the need to ensure that such provisions meet acceptable levels.

In this issue your Board of Trustees set out the Investment Policy and draw the Participating Employers and members attention to the Capital Protection nature of the investments.

The Trustees thank the Participating Employers and the Members for their support and look forward to another successful year for your Fund.

INVESTMENTS

The Fund Investment Policy provides that capital protection is paramount in respect of sixty-five percent of the assets, with thirty-five percent of the assets invested in conservative market risk return investments.

An investment return benchmark was set at CPI plus 3% per annum over a 5-Year Rolling Average.

- **Capital Protected** Investment Portfolios/Funds, which via a declared bonus arrangement (monthly or annual) or a structure with implicit capital protection, ensure that no capital loss is realised in respect of benefit payments. However, certain termination conditions may apply in the event of disinvestments whereby capital loss is a possibility. From a risk perspective these Funds generally are of a conservative nature.
- **Capital Risk** Investments Portfolios/Funds, reflect the day-to-day value of the markets that they are invested in, and accordingly benefit payments are subject to capital gain or loss as the case may be at the effective date. From a risk perspective these Funds generally are of a moderate to an aggressive nature.

A maximum deviation tolerance of 5% between the "guaranteed" investment, and the "balanced" market risk investment elements will be acceptable. At any point where such deviation is exceeded the Trustees will meet to discuss the rebalancing of the elements.

The current Asset Managers and Products to be utilised to meet the mandate are through a sixty-five and thirty-five split as follows:

- Sanlam Monthly Bonus Fund at 65%, and
- Coronation Balanced Defensive Fund at 35%.

The Board meet at regular intervals to discuss investment policy and monitor the performance of the investments.

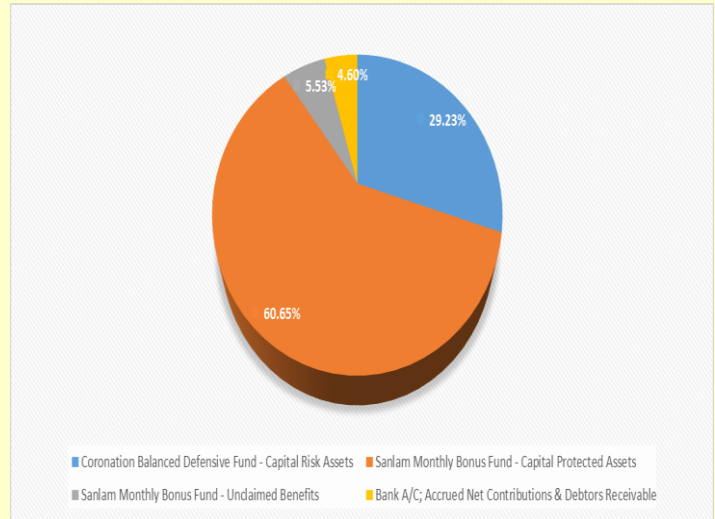
INVESTMENTS (Continued)

The Fund's assets as at 31 December 2016 were **R 17.37 Million** and these assets are split between the Sanlam Monthly Bonus Fund at 65% and Coronation Balanced Defensive Fund at 35%.

Additional assets are in Money Market and Cash Accounts dependent on Cash Flow requirements.

The Asset Splits are indicated in the graph alongside.

The Fund's Asset Managers achieved the following returns as indicated in their Fund Fact Sheets as at 31 December 2016:



Asset Manager & Fund	1-year Return	3-year Return PA	5-year Return PA
Coronation Balanced Defensive Fund	8.20%	12.38%	12.72%
Sanlam Monthly Bonus Fund	3.90%	6.90%	10.50%

FUND RULE AMENDMENTS

Rule amendment number 8 which deals with how the trustees are reimbursed for their travel expenses was approved by the Financial Services Board in June 2016.

MEMBER BENEFIT STATEMENTS

A Member Benefit Statement is specific to your Membership of the Fund and is issued each year. It is important that you read the Statement carefully and if any of the personal information reflected on the statement is incorrect, you should advise the Administrators in order for them to correct the data on their system.

These statements are distributed in March each year.

BENEFICIARY NOMINATION FORMS

The Trustees of your Fund wish to bring to your attention the importance of completing Beneficiary Nomination Forms. In this regard the following points are emphasized:

- *The Trustees have a duty to ensure that the benefits are distributed fairly to dependents and nominees, and to ensure that those financially dependent on the deceased are adequately catered for, before making any distribution to nominees.*
- *Information that you provide the Trustees can greatly assist them in their task AND ensure that a deceased member's expressed wishes as contained in the Beneficiary Nomination Form are considered at the time of the benefit being distributed. The information provided will be kept strictly confidential.*
- *The more accurate information that the Trustees have at their disposal, the more likely that a deceased member's wishes regarding his or her beneficiaries will be met.*
- *A member's minor children must get consideration to monies arising from the death of the member.*

... will be assisting the Trustees to make as fair a distribution of your Death Benefits as possible, ...

BENEFICIARY NOMINATION FORMS *(Continued)*

The Trustees therefore appeal to each member to take the time to complete a Beneficiary Nomination Form providing as much detail as possible, and ensuring that the Form is always as up to date as possible. The Beneficiary Nomination Form now also includes a space for details of your next-of-kin, who is the person whom you wish the Fund's Trustees to contact in the event of your death. It is vital that you ensure that the Next-of-Kin's contact number is current.

A revised Beneficiary Nomination Forms has now been produced which includes a section that members may wish to complete (The Family Tree Form) and which provides for details of all potential interested persons in the event of the member's death.

In filling in a Beneficiary Nomination Form a member will be assisting the Trustees to make as fair a distribution of their Death Benefits as possible, taking into account information that they have provided. In terms of Section 37C of the Pension Funds Act No. 24 of 1956, Trustees have a duty to ensure that the benefits are distributed fairly to dependants and nominees, and to ensure that those financially dependent on the member are adequately catered for, before making any distribution to nominees.

Ifomu lokukhetha ondlalifa bakho:

Ukugcwalisa kwakho lelifomu kusiza abalawuli besikhwama ukuthi bakwazi ukwaba imali yakho ngendlela efanele neyanelisayo kulabo abangondlalifa bakho uma ungasikho emhlabeni, Ngokomthetho 37C wezimpesheni unombolo 24 ka 1956, Abalawuli besikhwama banomsebezi wokuqinisekisa ukuthi imali yabiwa ngendlela efanele kulabo obubondla nobakethelele ukuba wondlalifa bakho, baqinisekise ukuthi labo okade ubondla bazokwazi ukuphila ngaphambi kokwabela labo obakhethe njengondlalifa bakho.

Uma bethatha izinqumo babeka emiqondweni yabo incazelo ekusomqulu wezimpesheni ngabantu obndlayo noma abangaphansi kwakho kanje:

1. Umuntu okumele umondle ngokusemthethweni.
2. Umuntu okungaphoqekile ngokomthetho ukuba umondle
 - 2.1 ngokombono wabongameli besikhwama abantu okumele babhekewe abekade bondliwa ilunga ekingasekho
 - 2.2 unkosikazi welunga (kuhlanganisa noshade ngesintu)
 - 2.3 izingane zelunga, kuhlanganisa nayishiwe isakhulelwe, ethathwe ezintandaneni yenziwa ilunga lomndeneni nengane etholwe ngaphandle komshado.

Okunye okubalulekile:

Kubalulekile ukuthi umqashi abenayo yonke imininigwane yakho ebalulekile efayelini lakho ukuqinisekisa ukuthi zonke izimali zakho zikhokhwa ngaphandle kokuchitha isikhathi. Ezinye zezinto ezidingekayo ukuze kukhokhwe izimali zakho

- Amagama akho aphelele njengoba evela kumazisi wakho
- ikhophi ecacile yomazisi wakho
- Inombolo yakho yetax (*Ilokhu kungumthetho omsha wakwa SARS ukuthi wonke umsebenzi abe nombolo ye tax*)
- ikheli lalaphu uhlala khona
- ikheli lapho kuphuma iposi lakho
- Igama nenombolo yocingo yomuntu ongathintwa uma uvelelwa yingozi noma uhlaselwa wukugula .

OTHER VITAL INFORMATION

It is important to ensure that your Employer has all vital information pertaining to you on your Personnel File in order to ensure that any benefit due to you can be paid without delay. Some of the items of information that are needed to facilitate the payment of a benefit include:

- Your full names as reflected on your Identity document;
- A legible copy of your Identity Document;
- A valid Tax Reference Number (*This is now a mandatory SARS requirement for all employees*);
- Your current residential address;
- Your preferred postal address;and
- A contact person and telephone number in case you are involved in an accident or fall ill.

The Board of Trustees:

Good governance of the Fund is paramount for the Fund sponsor and therefore a Board representative of the members' Employers and the Co-operative has been established.

The current Board of Trustees comprises:



JONATHAN CHENNELLS – TRUSTEE AND CHAIRMAN

- Schooled at Cordwalles and Michaelhouse.
- Completed B.Comm (Hons) in Economics at Stellenbosch University and later qualified as a Chartered Accountant.
- Farms in Eshowe with Sugarcane and bananas Served as a Director and Chairman of Coastsals for many years.
- Married to Jane with four children.
- Became a Trustee of the Fund on 15 August 2002.

*... a "duty to care" and
a "duty to avoid
conflicts of interest".*



CHRIS HAMMAR – PARTICIPATING EMPLOYER TRUSTEE

- Schooled at Merchiston and Maritzburg College.
- Obtained an Agric Diploma at Cedara.
- Obtained a Sugar Course Diploma at Mount Edgecombe.
- Spent 5 years at Tongaat Sugar at Maidstone and ran a dairy farm in Eastwolds, Donnybrook.
- Farms sugarcane, timber, parrots and operates a small quarry.
- Married to Jane and have a daughter Michelle and a son, Keegan.
- Became a Trustee of the Fund on 5 August 2002.



DAVID SCHAEFER - PARTICIPATING EMPLOYER TRUSTEE

- Schooled at Clifton and then Michaelhouse.
- Completed a BSc (Agric) at University of Natal, Pietermaritzburg.
- Obtained an MSc (Agribusiness Management) at the Royal Agricultural College, Cirencester, UK.
- Owns and manages Airely Farms, a wholesale nursery specialising in ornamental pot plants, situated in Pennington.
- Has a very small cane farm outside Umzinto and manages the family cattle farm in Balgowan.
- Is married to Gail and has a daughter and a son.
- Became a Trustee of the Fund on 2 November 2005.



LOGAN PILLAI - INDEPENDENT TRUSTEE

- Obtained B.Comm (Honours) at Unisa.
- Served as General Manager, Financial Manager and Accountant at Frame Group for 40 years.
- Served as a trustee to the Frame Group Pension and Provident Funds for 15 years.
- Presently a director of Pillai and Associates, an accounting and administration company.
- Married to Devi and have two sons.
- Became an Independent Trustee of the Fund on 15 December 2015.



KEVIN COLE - PARTICIPATING EMPLOYER TRUSTEE

- Schooled at Highbury and Hilton College.
- Completed a BSc. Eng (Agric) at the University of Natal.
- Owns and manages Kevard Sugar - a sugar and timber farm on the South Coast at Glen Rosa.
- He also owns a small transport fleet hauling sugar cane to Sezela Sugar Mill and timber to Sappi at Umkomaas.
- Is married to Jacqueline and has 3 children. Alec, Ashley and Adam.
- Became a Trustee of the Fund on 18 April 2013.

**DEVAN NAIDOO – PRINCIPAL OFFICER**

- Currently the Financial Manager at Coastal Farmers' Co-operative Ltd.
- Responsible for the co-op's financial function and strategic planning.
- Principal Officer since 2011.
- Prior to taking up the post, Devan worked at SARS, the Frame Group and spent five years in public practice.
- Chartered Accountant, a Certified Financial Planner and holds a Master's degree in Taxation.

The Trustees are responsible for the day-to-day management of the Fund, and are obliged to always act in the best interests of the Fund members and not the Fund sponsors.

Devan Naidoo is also the Funds' Principal Officer. The Principal Officer is employed by the Fund.

NOTE:

This newsletter is published to help you gain more knowledge about your Fund, as well as other Retirement Fund matters.

Should you want something written about in the next issue, please send a written request to the Fund's Principal Officer and we will endeavour to cover such a subject for you in a future issue.

INDUSTRY NEWS

National Treasury has released a number of these papers, and the 2012 Budget Review identified four principal concerns with retirement and other investments products:

- Inadequate lifetime savings
- Low levels of preservation and portability
- High fees and charges
- Low levels of annuitisation

Proposals addressing these problems centred on:

- Reducing the costs of retirement products
- Reforming the annuities market
- Requiring preservation and portability
- A uniformed approach to the treatment of retirement fund contributions
- Improving Fund governance and the role of trustees
- Tax incentives to promote retirement and other investment products

Recently National Treasury announced (16 October 2014) that reforms due for implementation on 01 March 2015 would be delayed until 2016 or 2017 dependent on the outcome of future talks at NEDLAC.

SERVICE PROVIDERS

The Fund engages a number of different professional Service Providers, including:

Gallet Retirement Fund Administrators (Pty) Ltd
(Fund Administrators)

The Fund's appointed Administrators are responsible for the managed and maintenance of the Fund data; the receipt and disbursement of all contributions; payment of benefits; risk premiums and other Fund costs, as well as the investments and disinvestments.

The Gallet Administration Model provides: Unitized Member Record balancing (Monthly and Event driven); Electronic Member Benefit Statements and Beneficiary Nomination Forms; Web-enabled access to Member Data for both Employers and Employees; Service Level Agreement monitoring; and Process / Workflow capabilities.

Sygnia Life Limited (mandated by Gallet EB Support Services (Pty) Ltd)

(Fund Consultants)

The Fund's appointed Consultants who are responsible for assisting the Trustees regarding the design of the Fund's Benefit Structure and Contribution scales, and other services include:

Fund Alignment and Restructuring, including Section 14's; Cost Analysis of Benefit Design; Risk Management and Insurance; Trustees Services; Retirement and Risk Claims Management; Member Communication and Presentation; Investment Strategy and Mandate; Investment Performance Measurement Services; Legal (Rules/Resolutions of the Fund); and Trustees Training.

Roseanne de Silva - Actuarial Services: Johannesburg *(Fund Actuary)*

The Fund's appointed Actuary who is responsible for the valuation of the Fund.

V V R Auditors Incorporated

(Fund Auditors)

The Fund's appointed Auditors who were responsible for the audit of the Fund and the production of the Annual Financial Statements as required by the Financial Services Board (FSB).

Capital Alliance

(Fund Administrators)

The Fund's current Risk Insurer who provided the insurance cover for the members' death benefit.

This Newsletter been prepared in conjunction with the Trustees by:

Gallet Retirement Fund Administrators (Pty) Limited

Reg. No. 1967/008174/07 – FSP No. 5538 13B Licence No. 24/80

101/103b Clifton Place · 1st Floor · 19 Hurst Grove · Musgrave · Durban · 4001
Postnet Suite 163 · Private Bag X10 · Musgrave Road 4062
Tel: +27 (0) 31 277 0100 · Fax: +27 (0) 31 201 0812 Email: emailkzn@gallet.co.za
Website: www.gallet.co.za