



**NATIONAL FUND FOR MUNICIPAL WORKERS
FINANCIAL SERVICES BOARD REGISTRATION NUMBER 12/8/3506**

FOR THE PERIOD ENDED 1 JULY 2016 TO 30 JUNE 2017

ANNUAL FINANCIAL STATEMENTS

NAME OF RETIREMENT FUND: NATIONAL FUND FOR MUNICIPAL WORKERS

**FINANCIAL SERVICES BOARD
REGISTRATION NUMBER: 12/8/3506**

FOR THE PERIOD: 1 JULY 2016 to 30 JUNE 2017

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* Not subject to any engagement by an auditor

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE A
REGULATORY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2017**

REGISTERED OFFICE OF THE FUND

Postal address: PO Box 15515
Sinoville
Pretoria
0129

Physical address: Section 2, Business Park @ Zambezi
860 Milkplum Street
Montana
Pretoria
0182

FINANCIAL REPORTING PERIODS

Current year: 1 July 2016 to 30 June 2017
Prior year: 1 July 2015 to 30 June 2016

BOARD OF FUND

Full name	E-mail Address	Capacity	Date appointed
RJ Field	ron@nationalfund.co.za	C	1 March 2012
JCG Burger	kobus@nationalfund.co.za	M	1 March 2012
NF Ratlhaga	francis@nationalfund.co.za	E	1 September 2014
CCK Antonio	charles@nationalfund.co.za	M	1 March 2012
KG Booysen	kevin@nationalfund.co.za	M	1 September 2014
ME Jantjie	evelyn@nationalfund.co.za	M	1 September 2014
MC Makgalemele	christina@nationalfund.co.za	M	1 September 2014
HS Rossouw	dricus@nationalfund.co.za	M	1 September 2014
EA Schutte	eugene@nationalfund.co.za	M	1 September 2014
PS Mofokeng	sticks@nationalfund.co.za	M	1 September 2014
NC Cindi	clive@nationalfund.co.za	M	1 September 2014
L Geldenhuys	louwrens@nationalfund.co.za	M	1 September 2014
CJ Labuschagne	rina@nationalfund.co.za	M	1 September 2014
R Solomons	robert@nationalfund.co.za	M	1 June 2016
A Tiemie	august@nationalfund.co.za	M	1 June 2016

- 'M' denotes member elected
- 'E' denotes employer appointed
- 'C' denotes chairperson

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)
22 September 2016	Section 2, Business Park @ Zambezi, 860 Milkplum Street, Montana, Pretoria	Yes
24 November 2016	Roodevallei, Pretoria	Yes
16 March 2017	Section 2, Business Park @ Zambezi, 860 Milkplum Street, Montana, Pretoria	Yes
22 June 2017	Section 2, Business Park @ Zambezi, 860 Milkplum Street, Montana, Pretoria	Yes

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

FUND OFFICERS

Principal Officer

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed
SL Samons	PO Box 15515 Sinoville 0129	Section 2, Office Park @ Zambezi 860 Milkplum Street Montana Ext 143 0182	(012) 743 3003	sean@nationalfund.co.za	1 November 2007

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 30 JUNE 2017**

Monitoring Person*

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed
SL Samons	PO Box 15515 Sinoville 0129	Section 2, Office Park @ Zambezi 860 Milkplum Street Montana Ext 143 0182	(012) 743 3003	sean@nationalfund.co.za	1 November 2007

**(In terms of Section 13A of the Pension Funds Act)*

PROFESSIONAL SERVICE PROVIDERS

Actuary/Valuator

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed
G Grobler	PO Box 2435 Pretoria 0001	189 Clarke Street Cnr Clarke & Fehrsen Street Brooklyn Pretoria 0181	(012) 425 4237	groblerg@forbes.co.za	1 July 2011

Auditor

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed
KPMG Inc.	85 Empire Road Parktown South Africa 2193	85 Empire Road Parktown South Africa 2193	(011) 647 7111	leon.grobler@kpmg.co.za	11 November 2010

Benefit Administrator

Full name	Postal address	Physical address	Telephone number	Date appointed	Registration number in terms of section 13B
Sanlam Life Insurance Ltd	PO Box 1 Sanlamhof 7532	2 Strand Road Belville 7532	(021) 947 9111	1 June 2016	24/85

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NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 30 JUNE 2017**

PROFESSIONAL SERVICE PROVIDERS (continued)

Investment Administrator

Full name	Postal address	Physical address	Telephone number	FAIS registration number
ACPI Investments Ltd	PO Box 87353 Houghton 2041	Riviera Road Office Park Block B Ground Floor6-10 Riviera Road Kilarney Johannesburg	(011) 274 5200	2733
Allan Gray Life Ltd	PO Box 51318 V&A Waterfront Cape Town 8002	Granger Bay Court Beach Road V&A Waterfront Cape Town 8001	0860 000654	6663
Atlantic Asset Management (Pty) Ltd	Suite 243 Private Bag X22 Tyger Valley 7536	1st Floor, Barinor's Vineyard The Vineyards Office Estate 99 Jip de Jager Road 7530	(021) 9138943	31756
Catalyst Fund Managers (Pty) Ltd	PO Box 44845 Claremont 7735	6th Floor Protea Place Protea Road Claremont 7708	(021) 657 5500	36009
Coronation Asset Managers (Pty) Ltd	PO Box 993 Cape Town 8000	7th Floor Montclare Place Campground and Main Road Claremont 7708	(021) 680 2000	548
Investec Asset Management (Pty) Ltd	PO Box 1655 Cape Town 8000	36 Hans Strijdom Avenue Foreshore Cape Town 8001	(021) 416 2000	587
Futuregrowth Asset Management (Pty) Ltd	Private Bag X6 Newlands 7725	3rd Floor Great Westford Building 240 Main Road Rondebosch 7700	(021) 659 5300	39033
Kagiso Asset Management (Pty) Ltd	PO Box 1016 Cape Town 8000	Fifth Floor Montclare Place Cnr Campground and MainClaremont 7708	(021) 673 6300	784
Mazi Asset Management (Pty) Ltd	PO Box 784583, Sandton, 2146	4thFloor, North Wing, 90 Rivonia Road, Sandton, 2196	(010) 001 8300	46405
Metope Investment Managers (Pty) Ltd	PO Box 51316 V&A Waterfront 8002	Moorings 4 Portswood Ridge Portswood Road V&A Waterfront	(021) 418 3760	21999
Morgan Stanley Investment Management Ltd	25 Cabot Square Canary Wharf London E14 4QA United Kingdom	25 Cabot Square Canary Wharf London E14 4QA United Kingdom	+44 20 7425 4848	9752
Nedgroup Investments (IOM) Ltd	Samuel Harris House St George's Street Douglas IM1 1AIsle of Man	Samuel Harris House St George's Street Douglas IM1 1AIsle of Man	+44 16 2467 0630	1652

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 30 JUNE 2017**

**PROFESSIONAL SERVICE PROVIDERS (continued)
Investment Administrators (continued)**

Full name	Postal address	Physical address	Telephone number	FAIS registration number
Novare Investments (Pty) Ltd		3rd Floor The Cliffs Office Block 1 Niagara Way Tyger Falls Carl Cronje Drive Bellville 7530	(021) 914 7730	757
Old Mutual Investment Group Ltd	Mutualpark Jan Smuts Drive Pinelands 7405	Mutualpark Jan Smuts Drive Pinelands 7405	(021) 509 5025	604
Prescient Investment Management (Pty) Ltd		Prescient House Westlake Business Park Otto Close Westlake 7945	(021) 700 3607	612
Sanlam Investment Management (Pty) Ltd	Private Bag X8 Tyger Valley 7536	55 Willie van Schoor Road Bellville 7536	(021) 950 2006	579

Investment Advisor

Full name	Postal address	Physical address	Telephone number	FAIS registration number
Mosaic Investment Consulting	PO Box 6685 Welgemoed 7538	Willowbridge Place Carl Cronje Drive Tygervalley 7530	(021) 914 0496	45675

Risk Insurer

Full name	Postal address	Physical address	Telephone number	FSP approval no
Camargue Underwriting Managers (Pty) Ltd	Postnet Suit 250 Private Bag x4 Bedfordview 2008	1st Floor Eton House 15 Eton Road Parktown Johannesburg	(011) 356 4845	6344
Sanlam Life Insurance Ltd	PO Box 1 Sanlamhof 7532	2 Strand Road Belville 7532	(021) 947 9111	24/85

Custodian and/or Nominee

Full name	Postal address	Physical address	Telephone number	FSP approval no
Nedbank Limited	PO Box 1144 Johannesburg 2000	CCS JHB 2nd Floor Block F Johannesburg	(011) 294 3255	9363

PARTICIPATING EMPLOYERS

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

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NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE B
STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND
FOR THE YEAR ENDED 30 JUNE 2017**

Responsibilities

The Board of Fund hereby confirm 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 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 National Fund for Municipal Workers 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 10 to 30 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 auditor, KPMG Inc., who was 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 auditor in the management representation letter during their audit were valid and appropriate. The report of the independent auditor is presented on pages 7 - 9.

Instances of non-compliance

We are not aware of instances of non-compliance with laws and regulations, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements.


These annual financial statements:

- were approved by the Board of Fund on 16 November 2017;
- 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 30 June 2017 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Fund by:



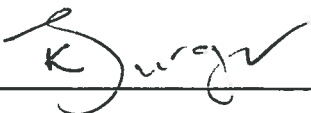
RJ Field
CHAIRPERSON
16/11/2017

Date



Name: CJ Labuschagne
MEMBER TRUSTEE
16/11/2017

Date



Name: SC Burger
MEMBER TRUSTEE
2017/11/16

Date

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NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE C
STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER
FOR THE YEAR ENDED 30 JUNE 2017**

I confirm that for the year under review the National Fund for Municipal Workers 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.



**SL Samons
Principal Officer**

16 November 2017
Date





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KPMG Crescent
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Private Bag 9, Parkview, 2122, South Africa

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Fax +27 (0)11 647 8000
Docex 472 Johannesburg
Internet kpmg.co.za

SCHEDULE D

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF FUND OF NATIONAL FUND FOR MUNICIPAL WORKERS

Report on the Audit of the Financial Statements

Opinion

We have audited the annual financial statements of National Fund for Municipal Workers ("the Fund") set out on pages 15 to 30, which comprise the statement of net assets and funds as at 30 June 2017 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 National Fund for Municipal Workers for the year ended 30 June 2017 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 the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). 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 Annual Financial Statements in terms of section 15 of the Pension Funds Act no 24, 1956, but does not include the financial statements (schedule 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.

KPMG Inc. is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc. is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Chief Executive: N Dlomu
Directors: Full list on website

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.



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. 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 additional instances of non-compliance with the Pension Funds Act that came to our attention during the course of our audit of the financial statements.

KPMG Inc

A handwritten signature in black ink, appearing to read 'LW Grobler', written in a cursive style.

Per LW Grobler
Chartered Accountant (SA)
Registered Auditor
Associate Director
20 November 2017

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE E REPORT OF THE BOARD OF FUND FOR THE YEAR ENDED 30 JUNE 2017

1. DESCRIPTION OF FUND

1.1. Type of fund in terms of the Income Tax Act, 1962

In terms of section 1 of the Income Tax Act, 1962 the Fund is classified as a retirement fund. The Fund is a defined contribution fund.

1.2. Benefits

In terms of the rules of the Fund these are lump sum payments to retirees or their dependents, as well as death benefits, retrenchment benefits and withdrawal benefits.

1.2.1. Unclaimed benefits

Unclaimed benefits are benefits that have not been claimed after two years of a member leaving the fund. Strategy of the Board of Fund towards unclaimed benefits is that unclaimed benefits remain available to the beneficiary and do not expire.

In respect of unclaimed benefits, complete records, as prescribed, are maintained as from 1 July 2001.

1.3. Contributions

1.3.1. Current contributions by members

- (a) As long as a member, other than a Category A member and a Category B member, is an employee, he/she must make a monthly contribution to the fund equal to a percentage of his/her remuneration as agreed on by the particular Local Authority and the member. Prior notice of the particulars of such an agreement must be provided to the insurer and, notwithstanding any provision to the contrary contained in his agreement, the monthly contribution must at least be equal to the monthly contributions made by the member to the old fund immediately prior to the date on which he/she became a member of the fund, subject to an absolute minimum contribution of 5% of his/her remuneration per month.
- (b) A Category A member must make a monthly contribution to the fund equal to at least 2% of his/her remuneration, less the amount of the member's contributions which are payable to the risk scheme to which the fund subscribes.
- (c) A Category B member must make a monthly contribution to the fund equal to the following:
 1. the contributions as described in Rule 4.1(1); and
 2. an additional monthly contribution equal to at least 2% of his/her remuneration less the amount of the member's contribution which is payable to the risk scheme to which the fund subscribes.
- (d) The Local Authority must deduct a member's contribution for a particular month from the member's remuneration before or on the last day of that month.
- (e) If the member's membership commences after the fifteenth day of a month, no contribution is payable for the month in which he/she becomes a member.
- (f) The member's contributions are applied in respect of retirement benefits.

1.3.2. Employer contributions

- (a) The Local Authority must contribute monthly to the fund in respect of a member, other than a Category A and Category B member, who contributes to the fund, a sum equal to the percentage as described in the agreement between the Local Authority and the Insurer and of which rate the employee has been informed in writing. Notwithstanding any provision to the contrary contained in such an agreement, the monthly contributions must at least be equal to the monthly contribution made by the Local Authority to the old fund in respect of such an employee immediately prior to the date on which he/she became a member of the fund, subject to an absolute minimum contribution of 5% of his/her remuneration per month, less the amount of the Local Authority's contributions which are payable to the risk scheme to which the fund subscribes.
- (b) In case of a Category A member who contributes to the fund, the Local Authority must make a monthly contribution to the fund equal to at least 2% of his/her remuneration less the amount of the Local Authority's contributions which are payable to the risk scheme to which the fund subscribes.
- (c) In case of a Category B member the Local Authority must make a monthly contribution equal to the following:
 1. the contributions as described in Rule 4.1(1); and
 2. additional monthly contribution equal to at least 2% of his/her remuneration less the amount of the Local Authority contributions which are payable to the risk scheme to which the fund subscribes.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2017

- (d) If a member's membership commences after the fifteenth day of a month, no contribution is payable in respect of that member for the month in which he/she become a member.

1.4. Rule Amendments

1.4.1. Amendments

	Description	Date of board of resolution	Effective date	Date registered by the Financial Services Board
3	To comply with the Registrar of Pension Fund's that contribution rates have to be reflected in the Fund rules.	3 April 2017	1 July 2012	5 June 2017
3	To make provision for Councillors to become members of the Fund.	3 April 2017	1 March 2017	5 June 2017

All rule amendments are available for inspection at the fund's registered office.

1.5. Reserves

Contingency Reserve

The fund keeps a Contingency Reserve. This is credited with all profits received from the insurer from the risk underwriting profit share agreement the fund has with the insurer. The Contingency Reserve Account is debited with payments by the fund not governed by any other rules as approved by the Board of Fund and where necessary, in consultation with the Actuary and transfers to members' shares in the form of fund interest in consultation with the Actuary.

2. INVESTMENTS

2.1 Investment strategy

The Board of Fund have formulated an investment strategy whereby the investments are managed according to the following principles. This investment strategy complies with the provisions of Regulation 28 of the Pension Funds Act in South Africa.

2.1.1. Investment policy

The investment policy sets out the investment arrangement of the National Fund for Municipal Workers and covers all aspects required for a detailed investment arrangement within the guidelines of Regulation 28 of the Pension Funds Act.

The Fund has a diverse range of members of differing ages and with different needs. Thus they also have different investment objectives. With reference to the Fund vision, mission and risk profile, the following five portfolios have been selected to cater for the needs of the members.

1. Capital Protector
2. Stable Growth
3. Capital Growth
4. Aggressive Growth
5. Shariah Portfolio

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2017

2.1.2. Investment portfolios

Capital Protector

The objective of the Capital Protector Portfolio is to achieve a return of CPI+1% pa (net of fees) over a rolling 1-year period at least 50% (probability) of the time. The portfolio is expected to produce positive returns over a rolling 12 month period 100% (probability) of the time. The portfolio is suitable for the members that require capital security and no negative returns and is suitable for members within 2 years to retirement.

Stable Growth

The objective of the Stable Growth Portfolio is to achieve a return of CPI+2.25% pa (net of fees) over a rolling 3-year period at least 50% (probability) of the time. The portfolio is expected to produce positive returns over a rolling 12 month period at least 85% (probability) of the time. The portfolio is suitable for the members who require relatively stable returns but are comfortable with a probability of negative short-term returns from time to time and is designed for members within 2 to 5 years to retirement.

Capital Growth

The objective of the Capital Growth Portfolio is to achieve a return of CPI+3.00% pa (net of fees) over a rolling 3-year period at least 50% (probability) of the time. The portfolio is expected to produce positive returns over a rolling 12 month period at least 75% (probability) of the time. The portfolio is suitable for the members who require capital growth and are comfortable with a more volatile short-term returns and negative returns from time to time and is designed for members within 5 to 10 years to retirement.

Aggressive Growth

The objective of the Aggressive Growth Portfolio is to achieve a return of CPI+4.25% pa (net of fees) over a rolling 3-year period at least 50% (probability) of the time. The portfolio is expected to produce positive returns over a rolling 12 month period at least 65% (probability) of the time. The portfolio is suitable for the members with long term investment horizon looking to maximise capital growth whilst acknowledging this will lead to volatile returns and an increased likelihood of negative returns in the short term and is designed for members with more than 10 years to retirement.

Shariah Portfolio

This portfolio is suitable for Muslim investors requiring a Sharia-compliant portfolio appropriate for retirement schemes. The portfolio will be invested in a wide variety of domestic and international asset classes such as equity securities, sukuks and listed property, within the constraints of the statutory investment restrictions for retirement funds. The underlying investments will comply with Sharia requirements as prescribed by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). Members in this portfolio seek to build and grow their long-term retirement savings, while preserving the purchasing power of their capital over the long-term and limiting their exposure to short-term market fluctuations. The portfolio was launched in August 2012.

2.1.3. Unclaimed benefits

The unclaimed benefits will be managed as part of the Capital Growth investment choice of the fund.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2017

2.2. Management of investments

All investment administrators have complete discretion as to the composition of their share of the portfolio within the boundaries allowed by the Pension Funds Act in South Africa. The Board of Fund oversees the investment policy and monitors the asset allocation and performance of the investment administrators against the investment strategy of the Fund. Investment managers are remunerated according to their mandates.

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

	30 June 2017	30 June 2016
	R	R
Allan Gray Life Limited	3,190,223,709	2,824,814,520
Atlantic Asset Management (Pty) Ltd	612,812,408	896,070,762
Catalyst Fund Managers (Pty) Ltd	523,168,404	607,535,520
Coronation Asset Managers (Pty) Ltd	2,495,382,988	2,512,832,462
Futuregrowth Asset Managers (Pty) Ltd	518,225,591	288,216,732
Sanlam Investment Management (Pty) Ltd	1,541,786,803	1,260,226,537
Morgan Stanley Investment Funds plc	247,751,706	345,557,354
ACPI Investment Managers	145,885,745	152,645,902
Nedgroup Investments Fund plc	563,723,921	628,265,010
Kagiso Asset Managers (Pty) Ltd	8,715,729	11,566,638
Old Mutual Life Assurance Company SA Ltd	966,423,966	659,046,982
Investec Asset Management (Pty) Ltd	591,527,233	509,428,934
Business Park@Zambesi	-	4,846,365
Metope Investment Managers (Pty) Ltd	81,397,136	30,424,586
Novare Investments (Pty) Ltd	132,888,395	205,163,621
Prescient Investment Management (Pty) Ltd	986,842,047	724,035,436
Mazi Asset Management (Pty) Ltd	298,678,071	-
Total value of investments managed	12,905,433,852	11,660,677,361

3. MEMBERSHIP

	Active members	Pensioners	Unclaimed benefits
Number at the beginning of year	43,351	2	836
Adjustments*	(469)	-	6
Additions	4,040	11	2
Transfers in	160	-	-
Withdrawals	(879)	-	-
Retirements	(523)	-	-
Disabilities	(58)	-	-
Deaths	(133)	-	-
Unclaimed benefits paid	-	-	(16)
Number at the end of the year	45,489	13	828
Number at end of year (South African citizen)	45,475	13	828
Number at end of year (non-South African citizen)	14	-	-

Adjustments:

* Adjustment to prior year closing balance is for members that belonged to two categories that were included in the membership count.

Adjustment to Unclaimed relates to the prior year closing membership understated.

4. ACTUARIAL VALUATION

The last statutory actuarial valuation for the Fund was done for the period ended 30 June 2015, the results of such valuation are reported in schedule HB of the annual financial statements.

5. SURPLUS APPORTIONMENT

The Fund is a defined contribution fund which operates in such a way that no actuarial surplus may arise and any surpluses which arise, are distributed annually amongst all the members.

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE E
REPORT OF THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 30 JUNE 2017**

6. HOUSING LOAN FACILITIES

Loans to members were granted in terms of rule 9.12 and 9.13 of the rules of the Fund and section 19(5) of the Pension Funds Act in South Africa, and are secured by members' withdrawal benefits and/or mortgage bonds.

7. INVESTMENTS IN PARTICIPATING EMPLOYERS

No investments in participating employers have taken place.

8. SIGNIFICANT MATTERS

As at 30 June 2017 the current liabilities exceeded the current assets by R145 049 856 (2016 : R106 535 329) rendering the Fund illiquid. However the Fund has sufficient investments listed under non-current assets, which are liquid, and should a need arise for these liabilities to be settled immediately, the Fund will be able to meet this obligation.

9. SUBSEQUENT EVENTS

There are no subsequent events.



NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE F
STATEMENT OF NET ASSETS AND FUNDS
AS AT 30 JUNE 2017

	Note	30 June 2017 R	30 June 2016 R
ASSETS			
Non-current assets		13,394,543,384	12,109,552,735
Property and equipment	2	20,472,797	16,222,795
Investments	3	12,905,433,852	11,660,677,361
Housing loans	4	91,979,774	101,893,596
Loan receivable	17	376,656,961	330,758,983
Current assets		199,232,244	269,478,475
Accounts receivable	5	36,388,194	77,272,340
Contributions receivable	10	99,194,127	89,676,394
Cash at bank		63,649,923	102,529,741
Total assets		13,593,775,628	12,379,031,210
FUNDS AND LIABILITIES			
Members' funds and surplus account		13,177,863,945	11,983,516,934
Members' individual accounts		13,136,508,988	11,894,035,055
Amounts to be allocated	18	41,354,957	89,481,879
Reserves			
Reserve accounts	16	55,901,815	-
Total funds and reserves		13,233,765,760	11,983,516,934
Non-current liabilities			
Unclaimed benefits	8	15,727,768	19,500,472
Current liabilities		344,282,100	376,013,804
Benefits payable	7	308,459,445	327,087,238
Accounts payable	9	35,822,655	48,926,566
Total funds and liabilities		13,593,775,628	12,379,031,210

R

NATIONAL FUND FOR MUNICIPAL WORKERS
 SCHEDULE G
 STATEMENT OF CHANGES IN NET ASSETS AND FUNDS
 FOR THE YEAR ENDED 30 JUNE 2017

	Note	Members' individual accounts & Amounts to be allocated		Reserve accounts Refer note 16		Current year 2017		Previous year 2016	
		R	R	R	R	R	R	R	R
Contributions received and accrued	10	1,528,252,466	-	1,528,252,466	-	1,348,782,676	-	1,348,782,676	-
Reinsurance proceeds		177,513,384	-	177,513,384	-	131,103,237	-	131,103,237	-
Net investment income	11	680,059,106	-	680,059,106	-	1,095,554,704	-	1,095,554,704	-
Allocated to unclaimed benefits	8	(630,118)	-	(630,118)	-	(530,780)	-	(530,780)	-
Other income	12	39,212,238	-	39,212,238	-	79,195,096	-	79,195,096	-
Less:		(310,434,612)	-	(310,434,612)	-	(301,352,581)	-	(301,352,581)	-
Re-insurance premiums		(224,186,418)	-	(224,186,418)	-	(208,325,818)	-	(208,325,818)	-
Administration expenses	13	(86,248,194)	-	(86,248,194)	-	(93,026,763)	-	(93,026,763)	-
Net income before transfers and benefits		2,113,972,464	-	2,113,972,464	-	2,352,752,352	-	2,352,752,352	-
Transfers and benefits		(863,723,638)	-	(863,723,638)	-	(422,604,887)	-	(422,604,887)	-
Transfer from other funds	6	127,771,950	-	127,771,950	-	436,091,816	-	436,091,816	-
Benefits	7	(991,495,588)	-	(991,495,588)	-	(858,696,703)	-	(858,696,703)	-
Net income after transfers and benefits		1,250,248,826	-	1,250,248,826	-	1,930,147,465	-	1,930,147,465	-
Funds and reserves		11,983,516,934	-	11,983,516,934	-	10,053,369,469	-	10,053,369,469	-
Balance at the beginning of the year	16	(55,901,815)	55,901,815	-	-	-	-	-	-
Transfers between reserve accounts	16								
Balance at the end of the year		13,177,863,945	55,901,815	13,233,765,760	55,901,815	11,983,516,934	11,983,516,934	11,983,516,934	11,983,516,934

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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. PRINCIPAL ACCOUNTING POLICIES

The following are the principal accounting policies used by the Fund. These policies have been applied consistently to all years presented, unless otherwise specifically stated.

1.1. PURPOSE AND BASIS OF PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the rules of the Fund and the provisions of the Pension Funds Act.

The annual financial statements are prepared on the historical cost and going concern bases, except where specifically indicated otherwise in the accounting policies below:

1.2. PROPERTY AND EQUIPMENT

All property and equipment are initially recorded at cost.

Owner-occupied buildings are subsequently stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the straight-line method to write-off the cost of each asset, to their residual values over their estimated useful lives as follows:

Buildings	50 years
Furniture & fittings	6 years
Computer equipment & software	3 years

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against income.

1.3. FINANCIAL INSTRUMENTS

Measurement

Financial instruments are initially measured at fair value as of trade date, which excludes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

Financial instruments are recognised on acquisition using trade date accounting, which includes transaction costs. Upon initial recognition financial instruments are designated at fair value through the statement of changes in net assets and funds as the assets or liabilities are managed, evaluated and reported internally on a fair value basis and/or the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Subsequent to initial recognition, these instruments are measured as set out below.

1.3.1. Investments

Investments are classified at fair value through the statement of changes in net assets and funds and are measured at fair value.

Housing loans and loans receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market other than those that the fund intends to sell in the short term or that is designated as at fair value through the statement of changes in net assets and funds. Loans and receivables are measured at amortised cost less any impairment losses.

Equities

Equity instruments consist of equities with primary listing on the JSE, equities with secondary listing on the JSE, foreign listed equities and unlisted equities.

Equity instruments designated as fair value through the statement of changes in net assets and funds by the fund are initially recognised at fair value on trade date.

Listed equities

Equity instruments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of changes in net assets and funds. The fair value of equity instruments with standard terms and conditions and traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the reporting date.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2017

1.3.1. *Investments* (continued)

Preference shares

Listed preference shares

The fair value of listed preference shares traded on active liquid markets is based on regulated exchanged quoted ruling closing prices at the close of business on the last trading day on or before the reporting date.

Insurance policies

Linked or market-related policies

If the policy is unitised, the value is equal to the market value of the underlying units. Other linked or market-related policies are valued at the market value of the underlying assets for each policy, in line with the insurer's valuation practices.

Collective investment scheme

Investments in collective investment schemes are valued at fair value which is the quoted unit values, as derived by the collective investment scheme manager with reference to the rules of each particular collective investment scheme, multiplied by the number of units.

1.3.2. Accounts receivable

Accounts receivable are financial assets measured initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment.

1.3.3. Cash and cash equivalents

Cash and equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at fair value.

1.3.4. Accounts payable

Accounts payable are financial liabilities measured initially at fair value, net of transaction costs that are directly attributable to the liability and subsequently measured at amortised cost using the effective interest rate method.

1.4. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are recognised when the fund has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

Contingent liabilities

A contingent liability is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets

A contingent asset is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

1.5. CONTRIBUTIONS

Gross contributions are brought to account on the accrual basis except for voluntary contributions, which are recorded in the year in which they are received.

Interest charged on late payment of contributions

Compound interest on late payments or unpaid amounts and values shall be calculated for the year from the first day of the month following the expiration for the month in respect of which the relevant amounts or values are payable or transferable until the date of receipt by the fund.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2017

1.6. INVESTMENT INCOME

Investment income comprises of dividends, interest and adjustment to fair value.

Dividends

Dividend income is recognised in the statement of changes in net assets and funds when the right to receive payment is established – this is the last date to trade for equity securities. For financial assets designated at fair value through the statement of changes in net assets and funds, the dividend income forms part of the fair value adjustment.

Interest

Interest income in respect of financial assets held at amortised cost is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

Income from policies with insurance companies

Insurance policy income is recognised when the right to receive payment is established.

Gains and losses on subsequent measurement

Gains or losses arising from changes in the fair value of financial assets at fair value through the statement of changes in net assets and funds are presented in the statement of changes in net assets and funds in the year in which they arise.

Expenses incurred in managing investments

Expenses in respect of the management of investments are recognised as the service is rendered.

1.7. BENEFITS

Benefits payable are measured in terms of the rules of the Fund. Benefit payments are recognised as an expense when they are due and payable in terms of the rules of the Fund. Any benefits not paid at the end of the reporting period are recognised as a current liability and are classified as benefits payable.

1.8. TRANSFERS TO AND FROM THE FUND

Section 14 and 15B transfers to or from the Fund are recognised on approval being granted by the Financial Services Board. Individual transfers are recognised when the individual member's transfer is received or paid.

1.9. ADMINISTRATION EXPENSES

Expenses incurred are recognised in the Statement of Changes in Net Assets and Funds in the reporting period to which they relate. An expense is recognised if it is probable that any future economic benefit associated with the item will flow from the Fund and the cost can be reliably measured. In the event that an expense has not yet been paid at the end of the reporting period, the liability will be reflected in the accounts payable note. If an expense has been paid in advance or has been overpaid, the asset will be disclosed in the accounts receivable note.

1.10. ASSET IMPAIRMENT

The carrying amounts of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of a financial asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Changes in Net Assets and Funds.

The Fund first assesses whether objective evidence of impairment exists for financial assets that are individually significant, such as service provider debtors. In the case of assets which are not individually significant, such as contribution debtors, financial assets are grouped on the basis of similar credit characteristics, such as asset type and past-due status. These characteristics are used in the estimation of future cash flows recoverable.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed in the Statement of Changes in Net Assets and Funds.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2017

2. PROPERTY AND EQUIPMENT

2.1. Current year

	Buildings R	Computer equipment and software R	Furniture and fittings R	Total R
Gross carrying amount				
Cost at beginning of year	13,391,250	2,297,881	1,106,641	16,795,772
Additions	4,846,365	747,215	160,350	5,753,930
At end of year	18,237,615	3,045,096	1,266,991	22,549,702
Accumulated depreciation and impairment				
At beginning of year	(230,445)	(146,642)	(195,890)	(572,977)
Depreciation charges	(348,598)	(950,813)	(204,517)	(1,503,928)
Net carrying amount at end of year	17,658,572	1,947,641	866,584	20,472,797

2.2. Prior year

	Buildings R	Computer equipment and software R	Furniture and fittings R	Total R
Gross carrying amount				
At beginning of period	4,343,203	43,188	546,499	4,932,890
Additions	9,048,047	2,254,693	560,142	11,862,882
At end of year	13,391,250	2,297,881	1,106,641	16,795,772
Accumulated depreciation and impairment				
At beginning of period	(83,438)	(14,396)	(90,436)	(188,270)
Depreciation charges	(147,007)	(132,246)	(105,454)	(384,707)
At end of year	(230,445)	(146,642)	(195,890)	(572,977)
Net carrying amount at end of period	13,160,805	2,151,239	910,751	16,222,795

Buildings:

625 square metres in a sectional title scheme known as Business Park@Zambesi, Montana extension 143, City of Tshwane Metropolitan Municipality.

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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2017

3. INVESTMENTS

3.1. Investment summary

	Note	Local R	Foreign R	Total current year R	Total previous year R	Fair value current year R	Categorised per Regulatory Framework
Cash and deposits		1,243,367,348	40,107,922	1,283,475,270	939,092,724	1,283,475,270	At fair value through statement of changes in net assets and funds
Commodities		35,983,760	-	35,983,760	-	35,983,760	At fair value through statement of changes in net assets and funds
Debt instruments including Islamic debt instruments		1,512,983,986	-	1,512,983,986	992,054,065	1,512,983,986	At fair value through statement of changes in net assets and funds
Investment properties	3.2.	679,378,520	154,842,391	834,220,911	733,059,781	834,220,911	At fair value through statement of changes in net assets and funds
Equities (including demutualisation shares)		4,716,330,047	1,036,034,932	5,752,364,979	2,440,633,304	5,752,364,979	At fair value through statement of changes in net assets and funds
Insurance policies		1,878,423,970	518,128,415	2,396,552,385	4,555,326,214	2,396,552,385	At fair value through statement of changes in net assets and funds
Collective investment schemes		6,534,755	1,083,317,806	1,089,852,561	2,000,511,273	1,089,852,561	At fair value through statement of changes in net assets and funds
Total		10,073,002,386	2,832,431,466	12,905,433,852	11,660,677,361	12,905,433,852	

All investments are held at fair value through the Statement of Changes in Net Assets and Funds.

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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2017

3.2. Investment properties and owner occupied investments

3.2.1. Current year

Instrument	Address	At beginning of year R	Transfer to owner occupied properties R	At end of year R
Investment Properties Business Park@Zambesi	Section 2, Office Park @ Zambezi 860 Milkplum Street Montana Ext 143 0182	4,846,365	(4,846,365)	-
Total of properties		4,846,365	(4,846,365)	-

3.2.2. Previous year

Instrument	Address	At beginning of year R	At end of year R
Investment Properties Business Park@Zambesi	Section 2, Office Park @ Zambezi 860 Milkplum Street Montana Ext 143 0182	4,846,365	4,846,365
Total of properties		4,846,365	4,846,365

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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2017

4. HOUSING LOAN FACILITIES

4.1. Housing loans

	A	C	D	A-C+D
	At beginning	Repaid	Interest	At end of year
	year		capitalised	
	R	R	R	R
Loans granted in terms of the rules of the fund and section 19(5) of the Pension Funds Act in South Africa	101,893,596	(10,302,882)	389,060	91,979,774
Total	101,893,596	(10,302,882)	389,060	91,979,774

Housing loans are granted to members in terms of paragraph 9.12 of the rules of the Fund and Section 19(5) of the Pension Funds Act. Loans are limited to 60 percent of the cash benefit (less tax) of the member, due by the Fund on voluntary termination of membership. Interest rate charged on outstanding loans: prime minus 0.5% per annum.

4.2. Housing loan guarantees

The fund has granted 4 241 (2016: 4 166) guarantees to RFS Home Loans (Pty) Ltd for loans granted to members, amounting to R466 960 788, (2016 : R331 312 868). The amount of the guarantee may not exceed 60% of the cash benefit that a member would receive in terms of the rules of the fund and Section 19(5) of the Pension Funds Act if he or she had to terminate membership to the fund voluntarily.

The guarantees are granted for the period agreed upon for the outstanding loan. The guarantee period may not exceed 30 years.

The total housing loan facility available from the Fund is R 469 130 700 and is renewable on 1 March 2018.

5. ACCOUNTS RECEIVABLE

	30 June 2017	30 June 2016
	R	R
Reinsured proceeds receivable	30 069 101	72 367 957
RFS Home Loans (Pty) Ltd	3 804 617	3 341 000
Interest on contributions receivable	1 883 439	1 502 228
National Pension Fund for Municipal Workers	-	49 924
Sundry Debtors	631 037	11 231
Total	36 388 194	77 272 340

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2017

6. TRANSFERS FROM OTHER FUNDS

	Effective date	No. of members	Applied for not yet approved (contingent)	A		B		D		A+B-D	
				At beginning of year	At end of year	Transfers approved	Assets transferred	At end of year			
			R	R	R	R	R	R	R	R	
In terms of Section 14											
Government Employees Pension Fund Group Transfer	23/09/2016	147	-	-	89,197,152	(89,197,152)	-	-	-	-	
Individual transfers in		13	-	-	38,574,798	(38,574,798)	-	-	-	-	
Total		160	-	-	127,771,950	(127,771,950)					

Transfers approved (B)
 Return on transfers (C)

Statement of changes in net assets and funds

127,771,950
 -
127,771,950

The details of above transfers from other funds are available for inspection at the registered address of the Fund.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2017

7. BENEFITS

7.1. 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
Monthly Annuities	-	869,880	-	(869,880)	-	-
Lump sums on retirements						
- Full benefit	92,742,559	384,045,102	4,690,007	(432,443,094)	-	49,034,574
Lump sums before retirement						
- Disability benefits	15,010,761	83,137,871	1,484,171	(72,961,849)	-	26,670,954
- Death benefits	157,596,668	253,686,384	7,208,940	(218,927,710)	(135,264)	199,429,018
- Withdrawal benefits	61,737,250	253,401,639	2,971,594	(284,776,989)	(8,595)	33,324,899
Total	327,087,238	975,140,876	16,354,712	(1,009,979,522)	(143,859)	308,459,445

Benefits for current year (B)
Return allocated (C)

975,140,876
16,354,712

Statement of changes in net assets and funds

991,495,588

8. UNCLAIMED BENEFITS

	30 June 2017	30 June 2016
	R	R
Balance at the beginning of the year	19,500,472	11,202,210
Transferred from benefits payable	143,859	14,889,531
Investment income allocated	630,118	530,780
Less:		
• Benefits paid	(4,546,681)	(7,122,049)
Balance at the end of the year	15,727,768	19,500,472

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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2017

9. ACCOUNTS PAYABLE

	30 June 2017	30 June 2016
	R	R
Risk premiums and benefits PAYE	23,577,118	35,016,727
Audit fees accrual	8,445,119	94,401
Risk claims: Members	708,434	672,030
Sundry Creditors	926,083	926,083
RFS Home Loans (Pty) Ltd	1,002,997	1,024,337
National Pension Fund for Municipal Workers	52,650	37,602
Administration fees	-	6,000,229
	1,110,254	5,155,157
Total	<u>35,822,655</u>	<u>48,926,566</u>

10. CONTRIBUTIONS

	At beginning of year	Towards retirement	Towards re-insurance and expenses	Contributions received	At end of year
	R	R	R	R	R
Member contributions received and accrued	32,712,589	467,360,573	-	(471,631,859)	28,441,303
Employer contributions received and accrued	56,963,805	797,124,751	256,548,161	(1,039,883,893)	70,752,824
Additional voluntary contributions members	-	7,218,981	-	(7,218,981)	-
Total	<u>89,676,394</u>	<u>1,271,704,305</u>	<u>256,548,161</u>	<u>(1,518,734,733)</u>	<u>99,194,127</u>

Towards retirement	1,271,704,305
Towards reinsurance and expenses	256,548,161

Statement of changes in net assets and funds	<u>1,528,252,466</u>
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11. NET INVESTMENT INCOME

	30 June 2017	30 June 2016
	R	R
Income from investments	398,316,610	330,133,459
• Dividends	220,957,236	151,619,494
• Interest	176,970,314	178,049,310
• Interest received on home loans	389,060	464,655
Interest on late payment of contributions	653,643	1,253,596
(Loss)/profit on foreign exchange difference	(155,826,561)	249,578,514
Adjustment to fair value	543,034,361	591,910,207
	786,178,053	1,172,875,776
Less: Expenses incurred in managing investments	(106,118,947)	(77,321,072)
Total	<u>680,059,106</u>	<u>1,095,554,704</u>

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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2017

12. OTHER INCOME

	30 June 2017	30 June 2016
	R	R
Sanlam risk income received	-	47,298,458
Rental income	40,666	133,492
Script lending fees received	2,639,096	1,264,892
Home loans interest	34,721,242	29,133,728
Repo fees received	1,811,234	1,364,526
Total	39,212,238	79,195,096

13. ADMINISTRATION EXPENSES

	30 June 2017	30 June 2016
	R	R
Administration fees	37,054,340	75,175,540
Audit fees	1,294,529	683,919
Audit fees - Audit services	708,435	672,030
Audit fees - Other services	267,814	-
Audit fees - Under provision previous year	318,280	11,889
Legal fees and compliance fees	5,303,144	4,379,517
Depreciation	1,503,928	384,707
Fidelity insurance	358,559	282,672
Other expenses	9,072,974	5,215,379
Bank charges	74,684	77,694
Occupational rent	412,120	383,977
Financial Services Board Levy	716,522	-
Marketing expenses	2,702,487	2,573,166
Conference and meetings	936,238	746,767
Consultancy fees	2,392,225	1,268,409
Travel and accommodation (non - Board of Fund)	691,913	165,366
Printing expense	1,121,071	-
Security	25,714	-
Office expenses	4,064,708	1,463,751
Board of Fund expenses	13.1	3,825,533
Staff expenses	13.2	23,415,168
Principal Officer expenses	13.3	355,311
Total	86,248,194	93,026,763

13.1. Board of Fund expenses

	30 June 2017	30 June 2016
	R	R
Meeting allowances	1,706,250	1,275,735
Board of Fund - expenses	2,119,283	1,876,963
Total	3,825,533	3,152,698

13.2. Staff expenses

	30 June 2017	30 June 2016
	R	R
Staff expenses- Remuneration	23,415,168	1,822,415
Total	23,415,168	1,822,415

13.3. Principal Officer expenses

	30 June 2017	30 June 2016
	R	R
Principal officer expenses - Other payments	355,311	466,165
Total	355,311	466,165

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2017

14. RISK MANAGEMENT POLICIES

- **Solvency risk**

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the Funds 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 exists for all other liabilities.

- **Credit risk**

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

The Board 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.

- **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 instruments 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 Fund 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 Fund monitors this aspect of the Fund's investments and limits it to 25% of total assets.

- **Liquidity risk**

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

As at 30 June 2017 the current liabilities exceeded the current assets by R 145 049 856 (2016 : R 106 535 329) rendering the Fund illiquid. However the Fund has sufficient investments listed under non-current assets, which are liquid, and should a need arise for these liabilities to be settled immediately, the fund will be able to meet this obligation.

- **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.

- **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.

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2017**

15. RELATED PARTY TRANSACTIONS

Key management personnel

Trustees
RJ Field
JCG Burger
NF Rathaga
CCK Antonio
KG Booysen
MC Makgalemele
ME Jantjie
HS Rossouw
EA Schutte
PS Mofokeng
L Geldenhuys
CJ Labuschagne
NC Cindi
R Solomons
A Tiemie

Principal Officer

SL Samons

Transactions with related parties

Board of Fund allowances paid

Refer to note 13.1 for full disclosure concerning the Board of Fund allowances paid.

Principal Officer's expenses

Refer to note 13.2 for full disclosure concerning the Principal Officer's expenses paid.

Contributions received

The contributions received by the Fund from the Board of Fund were as follows: R1 362 123 (2016: R1 280 193). The amount includes both member and employer contributions.

This constitutes contributions by related party as a member of the Fund in their individual capacities. All contributions by the related parties were on the same terms as applicable to all members of the Fund.

During the 2007 financial year, the majority of the loan book of the National Fund for Municipal workers was sold to RFS Home Loans (Pty) Ltd. As substantially the risk and rewards had not been transferred to RFS Home Loan (Pty) Ltd, the full home loan balance R91 979 774 (2016: R101 893 596) is still reflected in the financial statements of the fund. The balance on the amount owed by RFS Home Loans (Pty) Ltd is R376 656 961 (2016: R330 758 983). This is consistent with the previous year. In terms of the agreement RFS Home loans (Pty) Ltd is to settle the interest portion as follows: 1% of the capital balance and interest at prime less 3% per annum. RFS Home Loans (Pty) Ltd must settle the loan by 2035. Refer to note 12 on the interest received regarding this loan.

16. SURPLUS AND RESERVE ACCOUNTS

	Contingency reserve R
At beginning of year	-
Transfer between reserve accounts	55,901,815
At end of year	<u>55,901,815</u>

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE HA
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2017

17. LOAN RECEIVABLE

	30 June 2017	30 June 2016
	R	R
Opening Balance	330,758,983	287,471,695
Amount payable by employer	53,732,428	49,888,977
Interest raised	34,721,242	29,095,738
Less:		
- Payments received	38,751,075	32,356,427
- Transfer to trade and other receivables	3,804,617	3,341,000
Total	<u>376,656,961</u>	<u>330,758,983</u>
Disclosed as:		
- Non-Current	376,656,961	330,758,983

The loan receivable relates to the interest portion and re-issued loans of the housing loan facilities sold to RFS Home Loans (Pty) Ltd by the Fund during the 2007 financial year. The interest on the loan is charged at prime less 3% receivable at the end of each month. The capital balance of 1% is repayable at any time during the course of the Fund's financial year at the rate not less than 1% of the total outstanding loan opening balance for that financial year. The loan will be paid in full on or before 30 June 2035 and carry no early settlement penalties.

18. AMOUNTS TO BE ALLOCATED

	30 June 2017	30 June 2016
	R	R
Living Annuity members allocated 01 July 2017*	43,102,109	-
Gross Contributions June 2017 received subsequent to year end**	112,390,518	-
Bonus declaration June 2017***	(143,308,606)	-
Investment return to be allocated****	29,170,936	25,134,478
Risk insurance surplus*****	-	64,347,401
Total amounts to be allocated	<u>41,354,957</u>	<u>89,481,879</u>

*Relates to the Living Annuity members loaded by Sanlam Employee Benefits on the new Administration system as at 01 July 2017.

**Gross Contributions for June 2017 that were received and processed after year end.

***The Member Individual Accounts report did not reflect the bonus declaration for June 2017 at the time of preparing the Annual Financial Statements due to the timing difference between loading this onto the Administration system in July 2017 and extracting the report.

**** The returns to be allocated relates to timing differences in investment and receipt of money and slight mismatching of assets and liabilities.

*****Risk insurance surplus relates to profit received from the insurer from a risk underwriting profit share agreement that the Fund has with the insurer, that has not been distributed to the members at year end. This amount has been transferred to the Contingency Reserve Account as per the Actuarial recommendation.

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NATIONAL FUND FOR MUNICIPAL WORKERS

REPORT OF THE VALUATOR
FOR THE YEAR ENDED 30 JUNE 2017

SCHEDULE HB

NATIONAL FUND FOR MUNICIPAL WORKERS
REPORT OF THE VALUATOR
FOR THE YEAR ENDED 30 JUNE 2017

Particulars of financial condition of the fund as at 30 June 2015
(the last statutory valuation of the fund)

1. Net assets available for benefits.

R 10 050 029 000

2. The actuarial value of the net assets available for benefits, for the purposes of comparison with the actuarial present value of promised retirement benefits.

R 10 050 029 000

3. The actuarial present value of promised retirement benefits, split into vested and non-vested benefits.

Members' fund credits as at 30 June 2015	R 9 993 947 000
Outstanding direct housing loans	R 5 517 000
Deferred members	R 774 000
<hr/> Total liabilities as at 30 June 2015	<hr/> R 10 000 238 000

4. Contingency reserve account balances.

Contingency reserve account as at 30 June 2015 R 8 008 000

5. Details of the valuation method adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.

Assets:

Assets were valued at the full market value. Adjustments were made for accruals at the valuation date (e.g. contributions in respect of the valuation period received after the valuation date, outstanding benefit payments, outstanding expenses, etc.)

Liabilities:

The fund operates on a defined contribution basis. The accrued liabilities are therefore equal to the sum of the individual members' fund credits and the balance in the contingency reserve account.

Funding level:

The funding level is the rate of the value of the assets to the value of the liabilities.

G

NATIONAL FUND FOR MUNICIPAL WORKERS

**REPORT OF THE VALUATOR
FOR THE YEAR ENDED 30 JUNE 2017**

- 6. Details of the actuarial basis adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.**

Refer to par. 5 above.

- 7. Any other particulars deemed necessary by the valuator for the purposes of this summary.**

The statutory valuation of the fund as at 30 June 2015 disclosed an excess of R 41 783 000 (corresponding to a funding level of 100.42%). The previous statutory valuation at 30 June 2014 revealed an excess of R 9 251 000 (corresponding to a funding level of 100.10%).

The main reason for the improvement in the financial position was the cost deduction from July 2014 to April 2015. Over this period the fund return was reduced by 0.06% per month and only reduced to 0.05% per month from May 2015 onwards. This resulted in a total deduction of approximately R 69.1 million to cover investment fees not deducted directly off investment returns and expenses not directly deducted from the members' contributions, which totaled R 50.6 million over the valuation period resulting in a profit of R 18.5 million (or 0.18% of assets) over the valuation period.

The board of trustees agreed with the valuator's recommendation that the excess be retained in the fund and that the situation be reconsidered after the migration to the new administration platform has been successfully completed.

- 8. A statement as to whether the fund was in a sound financial condition for the purposes of the Pension funds Act, 1956.**

The assets of the fund are sufficient to cover 100.42% of the members' liabilities as at 30 June 2015 and the fund was hence financially sound. It can be expected that the funding level of a fund of this nature will fluctuate around 100%, for example due to timing differences in the investment and receipt of monies, slight mismatching of assets and liabilities and processing errors.

Prepared by me:


GERDA GROBLER
VALUATOR

Fellow of the Actuarial Society of South Africa
Fellow of the Faculty of Actuaries

In my capacity as the valuator of the Fund and as an employee of Alexander Forbes Financial Services

19 September 2017

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds

We have performed the procedures agreed with the Registrar of Pension Funds (the Registrar) and set out below with respect to the audited financial statements (annual financial statements) and other information in the general ledger and management information comprising the accounting records of the National Fund for Municipal Workers (the Fund) for the year ended 30 June 2017. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 *Engagements to perform agreed-upon procedures regarding financial information*. Our procedures were performed solely to assist the Registrar in evaluating whether any instances of non-compliance with the requirements of the relevant sections of the Pension Funds Act of South Africa (the Act), regulations and rules of the Fund were identified. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed, is that of the Registrar.

Procedures and findings

Our procedures performed are set out in the numbered paragraphs in the attached table, which forms part of our report, together with our findings thereon. Unless otherwise indicated, all balances, lists, schedules etc. referred to in the table relate to the accounts/balances reflected in the annual financial statements of the Fund for the year ended 30 June 2017.

Because the procedures do not constitute an audit, a review or other assurance engagement performed in accordance with the IAASB's International Standards we do not express any assurance. Had we performed additional procedures, or had we performed an audit, a review, or other assurance engagement, other matters might have come to our attention that would have been reported.

Restriction on use and distribution

Our report is solely for the purpose set out in the first paragraph of this report and for the information of the Registrar and accordingly may not be suitable for any other purpose and distributed to other parties. This report relates only to the information specified and does not extend to the annual financial statements of the Fund taken as a whole.

KPMG Inc.

Per LW Grobler
Chartered Accountant (SA)
Registered Auditor
Associate Director
20 November 2017

KPMG Inc. is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc. is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Chief Executive: N Dlomu
Directors: Full list on website

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.



Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
	Statement of Net Assets and Funds	
1	Investments	
1.1	Inspect the list of investment balances reflected in the general ledger of the Fund as at 30 June 2017 for any investments in accordance with the terms of section 19(4) of the Act.	The Fund does not hold investments prohibited in terms of section 19(4) of the Act.
1.1.1	Agree details of the written confirmations obtained from the investment managers/insurers to the investment balances reflected in the general ledger.	Details of the written confirmations obtained from the investment managers were agreed to the investment balances reflected in the general ledger.
1.1.2	Where investments held in the participating employer exceed 5% of the total assets as reflected in the financial statements, inspect the appropriate approval of the Registrar.	Not applicable to the Fund.
1.2	Obtain the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate between the Fund and the investment administrator(s), and perform the following procedures on a sample of 10 mandates (comprising the 3 largest by value of investments at year end and 7 other randomly selected mandates):	

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
1.2.1	Inspect whether the underlying investments are in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate.	The underlying investments were in compliance with the signed investment policy statement and the portfolio management agreements/investment mandates.
1.2.2	Inspect whether the investment mandate and the investment policy statement provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed.	The investment mandate and the investment policy statement did provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed.
1.2.3	Inspect whether the collateral and counterparty requirements as prescribed are complied with.	The collateral and counterparty requirements as prescribed were complied with.
1.2.4	<p>For segregated portfolios, confirm directly with the investment administrator(s):</p> <p>(a) whether scrip lending took place during the year and, if so,</p> <p>(b) whether there was collateral provided by the counterparty/(ies) for any scrip lending activities and, if so,</p> <p>(c) the percentage exposure covered by the collateral.</p> <p>Report on the amount for a).</p>	<p>The direct confirmation received from the investment administrator indicated that:</p> <p>(a) scrip lending took place during the year. Scrip lending amounted to R1 271 893 359 at 30 June 2017</p> <p>(b) collateral was provided by the counterparties for the scrip lending activities.</p> <p>(c) collateral provided covered 105% of the exposure.</p>
2	Member individual accounts (defined contributions funds as well as defined contribution section of hybrid funds)	



Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
2.1	Obtain a list of member individual accounts per participating employer that agrees in total to the Statement of Net Assets and Funds as at 30 June 2017.	
2.2	Select a random sample of the lesser of 50 or 10% of the number of members (from participating employers selected in 8.1 below) from the list of members and perform the following procedures:	
2.2.1	Compare the member and employer contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the year under review).	<p>The member and employer contributions received and allocated for the members selected as reflected on the administrator's system agreed to information supplied by the participating employers for the three months selected: August 2016, January 2017 and June 2017.</p> <p>The contributions for June 2017 were allocated after year-end.</p>
2.2.2	Compare the member and employer contribution rates for the members selected as reflected on the administrator's system, to the rules of the Fund, for a randomly selected period of three months (including the last month of the year under review).	The member and employer contribution rates for the members selected as reflected on the administrator's system agreed to the rules of the Fund for the three months selected: August 2016, January 2017 and June 2017.

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
2.2.3	In respect of unitised investment products, for the three months selected in 2.2.1 and 2.2.2, calculate the conversion of the contributions at the unit price per the administration system on the dates that the contributions were invested and compare the units recalculated to the administration system units for the selected members. Inspect that the units were added to the existing units for that member.	Not applicable to the Fund.
2.2.4	In respect of unitised investment products, calculate the conversion of units at the end of the year, at the year-end unit price per the administration system and agree the calculated amount to the member's fund credit amount recorded in each member's record.	Not applicable to the Fund.
2.2.5	In respect of unitised investment products, compare the unit price(s) as per investment manager/actuary/other authorised party at the year-end to the unit prices on the administration system used to calculate each member's credits at year-end.	Not applicable to the Fund.

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings																																																												
2.2.6	<p>In respect of non-unitised investment products, compare the interim and/or final return allocated to each individual member's account in the administrator's records for the year under review to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator.</p>	<p>Except for the instances noted below, the interim and final return allocated to each individual member's account in the administrator's records agreed to the return approved in accordance with a resolution of the Board of Fund:</p> <table border="1" data-bbox="671 465 1374 1167"> <thead> <tr> <th>Member</th> <th>Fund credit per administrator's record (R)</th> <th>Recalculated Fund credit (R)</th> <th>Difference (R)</th> </tr> </thead> <tbody> <tr><td>1</td><td>399 001</td><td>397 941</td><td>1 060</td></tr> <tr><td>2</td><td>5 915</td><td>6 120</td><td>205</td></tr> <tr><td>3</td><td>223 127</td><td>222 556</td><td>571</td></tr> <tr><td>4</td><td>3 329</td><td>3 083</td><td>246</td></tr> <tr><td>5</td><td>246 025</td><td>245 089</td><td>936</td></tr> <tr><td>6</td><td>307</td><td>-</td><td>307</td></tr> <tr><td>7</td><td>30 288</td><td>30 213</td><td>75</td></tr> <tr><td>8</td><td>320 281</td><td>319 468</td><td>813</td></tr> <tr><td>9</td><td>7 663</td><td>7 644</td><td>19</td></tr> <tr><td>10</td><td>20 359</td><td>20 345</td><td>14</td></tr> <tr><td>11</td><td>301 927</td><td>301 141</td><td>786</td></tr> <tr><td>12</td><td>717 760</td><td>715 519</td><td>2 241</td></tr> <tr><td>13</td><td>5 325</td><td>5 630</td><td>305</td></tr> <tr><td>14</td><td>1 581 924</td><td>1 577 767</td><td>4 157</td></tr> </tbody> </table> <p>The administrator indicated that the differences have been corrected subsequent to year-end.</p>	Member	Fund credit per administrator's record (R)	Recalculated Fund credit (R)	Difference (R)	1	399 001	397 941	1 060	2	5 915	6 120	205	3	223 127	222 556	571	4	3 329	3 083	246	5	246 025	245 089	936	6	307	-	307	7	30 288	30 213	75	8	320 281	319 468	813	9	7 663	7 644	19	10	20 359	20 345	14	11	301 927	301 141	786	12	717 760	715 519	2 241	13	5 325	5 630	305	14	1 581 924	1 577 767	4 157
Member	Fund credit per administrator's record (R)	Recalculated Fund credit (R)	Difference (R)																																																											
1	399 001	397 941	1 060																																																											
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14	1 581 924	1 577 767	4 157																																																											
2.3	<p>Obtain a list of members who switched investment portfolios during the year from the Fund/administrator, select a random sample of the lesser of 50 or 10% of members who switched between investment portfolios during the year, and perform the following procedures:</p>																																																													

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
2.3.1	Inspect evidence that the portfolios were switched in accordance with notification of the member's instruction/investment strategy (including life stage models) of the Fund and within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund.	The portfolios were switched in accordance with the notification of the member's instruction/investment strategy (including life stage models) of the Fund and within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund.
2.3.2	Inquire as to whether any fees relating to switches were deducted, and if so, inspect evidence of the approval by the Board of Fund and/or in terms of a service level agreement or client mandate.	Not applicable to the Fund.
2.4	For investment products obtain the Asset Liability Match (ALM) reconciliation per investment portfolio, excluding the reserve accounts, for member individual accounts from the administrator, and perform the following procedures:	
2.4.1	Compare the investments per product on the ALM reconciliation to the investment certificates in total.	The investments per product agreed to the investment certificates in total.
2.4.2	Compare the member individual accounts on the ALM reconciliation per investment portfolio to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds.	The member individual accounts on the ALM reconciliation per investment portfolio agreed to the administration system and to the total member individual accounts as disclosed in the Statement of net Assets and Funds.

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
2.4.3	Inspect whether the total mismatch (in Rand) for all portfolios was within the range as prescribed by the Registrar.	The total mismatch for all portfolios was within the range as prescribed by the Registrar.
3	Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)	
3.1	Select a sample of the lesser of 50 or 10% of the number of members from the list of members provided by the administrator and perform the following procedures for each member selected:	
3.1.1	Compare the member contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the year under review).	Not applicable to the Fund.
4	Surplus apportionment scheme	
4.1	If a surplus apportionment scheme was approved by the Registrar in the current year or if allocation and/or payments to members were made during the year, perform the following procedures:	

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
4.1.1	<u>Active members:</u> Select a random sample of the lesser of 50 or 10% of number of active members to whom surplus has been apportioned in the approved surplus apportionment scheme and perform the following procedures:	
4.1.1.1	Agree the original surplus amount allocated to the selected member to the individual allocation on the member records per the administration system.	Not applicable to the Fund.
4.1.1.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	Not applicable to the Fund.
4.1.2	<u>Former members and pensioners:</u> Select a random sample of the lesser of 50 or 10% of number of former members and pensioners as defined by the surplus apportionment scheme from the surplus schedules attached to the approved surplus apportionment scheme and perform the following procedures:	
4.1.2.1	Agree the original surplus amount allocated to the selected member and/or pensioner to the individual allocation on the member records per the administration system.	Not applicable to the Fund.

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
4.1.2.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Pension Funds Act and allocated to the member records in the administration system.	Not applicable to the Fund.
4.1.2.3	Agree the total of the amount calculated in 4.1.2.1 and 4.1.2.2 to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation.	Not applicable to the Fund.
5	Member and employer surplus accounts	
5.1	Obtain the analysis of the transactions in the member and/or employer surplus account per the annual financial statements, and perform the following procedure:	
5.1.1	Inspect that the transactions are permitted in terms of the registered rules of the Fund and/or the Act.	Not applicable to the Fund.
6	Reserves	
6.1	Obtain the list of reserves and other related accounts (e.g. pensioner accounts) and the movements per the financial statements and/or in the actuarial valuation, and perform the following procedures:	

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings						
6.1.1	Inspect whether the reserve and other related accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation are in accordance with the registered rules of the Fund.	The reserve account held by the Fund and reflected in the actuarial valuation was in accordance with the registered rules of the Fund.						
6.1.2	Inspect that the movements in reserves as disclosed in the annual financial statements are permitted in terms of the registered rules of the Fund and/or the Act.	The movements in reserves as disclosed in the annual financial statements were permitted in terms of the registered rules of the Fund.						
7	Other assets, liabilities and guarantees							
7.1	Obtain the list of housing loans granted to members by the Fund in terms of section 19(5) of the Act as at 30 June 2017, and perform the following procedure:							
7.1.1	Agree the total loans on the above list to the corresponding account in the annual financial statements.	<p>The total housing loans on the list did not agree to the corresponding account in the financial statements.</p> <table border="1" data-bbox="673 1294 1378 1424"> <tr> <td>Total Loans per List</td> <td>R93 250 335</td> </tr> <tr> <td>Total Loans per annual financial statements</td> <td>R91 979 774</td> </tr> <tr> <td>Difference</td> <td>R1 270 561</td> </tr> </table> <p>The difference is a reclassification between Loan receivable and Housing loans as disclosed in the annual financial statements.</p>	Total Loans per List	R93 250 335	Total Loans per annual financial statements	R91 979 774	Difference	R1 270 561
Total Loans per List	R93 250 335							
Total Loans per annual financial statements	R91 979 774							
Difference	R1 270 561							
7.2	From the list in 7.1, randomly select a sample of the lesser of 50 or 10% of the number of members' housing loans granted and perform the following procedures:							

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
7.2.1	Inspect evidence that the value of the loan provided does not exceed the amount permitted by the rules and the home loan agreement.	The value of the housing loan provided did not exceed the amount permitted by the rules and the home loan agreement.
7.2.2	Inspect evidence that the loan has been granted in terms of Section 19(5) (a).	The loan had been granted in terms of section 19(5)(a).
7.2.3	Inspect evidence that repayments are being made in accordance with the loan agreement.	Repayments were made against the loan and were made in accordance with the loan agreement.
7.2.4	Inspect the interest charged on the outstanding loan and compare the rate used to the prescribed rate.	The interest rate agreed to the prescribed rate.
7.2.5	If the Fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, inquire whether the Fund was registered as a credit provider under the National Credit Act, 2005 (the NCA).	The Fund was registered as a credit provider under the NCA.
7.3	Obtain the list of housing loan guarantees and select a sample of the lesser of 50 or 10% of the number of housing loan guarantees and perform the following procedures:	
7.3.1	For the sample selected, determine that each selected guarantee did not exceed the gross value of the benefit that the member would become entitled to had they withdrawn, as at the year end, in terms of the Act, the loan agreement and/or the rules of the Fund.	Each selected guarantee did not exceed the gross value of the benefit that the member would have become entitled to had they withdrawn, as at the end of the period, in terms of the Act, the loan agreement and the rules of the Fund.

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings																				
7.3.2	Inspect evidence that the guarantee has been granted in terms of Section 19(5) (a).	The guarantee had been granted in terms of section 19(5)(a).																				
7.4	Obtain a list of other loans per the general ledger of the Fund as at 30 June 2017 and perform the following procedure:																					
7.4.1	Confirm that no loans were granted and/or investments made as prohibited in terms of section 19(5)B.	No loans were granted or investments made as prohibited in terms of section 19(5)B.																				
	Statement of Changes in Net Assets and Funds																					
8	Contributions																					
8.1	Select a sample of the lesser of 50 or 10% of the number of participating employers or pay points (whichever is the lower) from a list of participating employer/pay-points supplied by the Fund/administrator, select three months and perform the following procedures:																					
8.1.1	Compare, in total, the contributions received by or on behalf of the Fund to the remittance advices from the participating employer/pay-point.	<p>Except for as noted below, the contributions received by the Fund agreed to the remittance advices from the pay-points for the following three months selected: August 2016, January 2017 and June 2017:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Pay point</th> <th>Amount per remittance advice (R)</th> <th>Amount received (R)</th> <th>Difference (R)</th> </tr> </thead> <tbody> <tr> <td>August 2016</td> <td>Maluti A Phofong</td> <td>2 729</td> <td>2 919</td> <td>190</td> </tr> <tr> <td>June 2017</td> <td>Great Kei</td> <td>21 289</td> <td>63 868</td> <td>42 579</td> </tr> <tr> <td>June 2017</td> <td>Mbombela</td> <td>727 424</td> <td>726 295</td> <td>1 129</td> </tr> </tbody> </table>	Month	Pay point	Amount per remittance advice (R)	Amount received (R)	Difference (R)	August 2016	Maluti A Phofong	2 729	2 919	190	June 2017	Great Kei	21 289	63 868	42 579	June 2017	Mbombela	727 424	726 295	1 129
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G

Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings																														
8.1.2	Inspect the bank statements for the date on which the cash was received to determine whether the contributions were deposited with a registered bank in accordance with section 13A of the Act and whether late payment interest has been raised in terms of regulation 33, where applicable.	<p>Except for as noted below, contributions were deposited with a registered bank in accordance with section 13A of the Act.</p> <table border="1" data-bbox="671 398 1380 1016"> <thead> <tr> <th>Month</th> <th>Pay point</th> <th>Date banked</th> </tr> </thead> <tbody> <tr> <td>August 2016</td> <td>Maluti A Phofong</td> <td>8 September 2016</td> </tr> <tr> <td>August 2016</td> <td>Mamusa Local Municipality</td> <td>8 September 2016</td> </tr> <tr> <td>January 2017</td> <td>Mamusa Local Municipality</td> <td>14 February 2017 & 8 March 2017</td> </tr> <tr> <td>January 2017</td> <td>Maluti A Phofong</td> <td>23 March 2017 & 29 March 2017</td> </tr> <tr> <td>January 2017</td> <td>Mbombela</td> <td>8 February 2017</td> </tr> <tr> <td>January 2017</td> <td>Dipasleseng</td> <td>9 February 2017</td> </tr> <tr> <td>June 2017</td> <td>Mamusa Local Municipality</td> <td>12 & 14 July 2017</td> </tr> <tr> <td>June 2017</td> <td>Maluti A Phofong</td> <td>12 & 13 July 2017</td> </tr> <tr> <td>June 2017</td> <td>Dipasleseng</td> <td>12 July 2017</td> </tr> </tbody> </table> <p>Late payment interest had been raised in terms of regulation 33, in the above instances.</p>	Month	Pay point	Date banked	August 2016	Maluti A Phofong	8 September 2016	August 2016	Mamusa Local Municipality	8 September 2016	January 2017	Mamusa Local Municipality	14 February 2017 & 8 March 2017	January 2017	Maluti A Phofong	23 March 2017 & 29 March 2017	January 2017	Mbombela	8 February 2017	January 2017	Dipasleseng	9 February 2017	June 2017	Mamusa Local Municipality	12 & 14 July 2017	June 2017	Maluti A Phofong	12 & 13 July 2017	June 2017	Dipasleseng	12 July 2017
Month	Pay point	Date banked																														
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June 2017	Maluti A Phofong	12 & 13 July 2017																														
June 2017	Dipasleseng	12 July 2017																														
8.2	Select a sample of the lesser of 50 or 10% of the number of participating employers or pay points which reflect arrear contributions (whichever is the lower) at year-end from a list supplied by the Fund/administrator and perform the following procedure:																															

G



Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
8.2.1	Inspect the accounting records of the Fund to determine whether amounts disclosed as arrear contributions at year-end have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. Where the amounts were received after the prescribed period, report the date of receipt and where they were not received, indicate as such.	Except as noted above in 8.1.2 amounts disclosed as arrear contributions at year end have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act.
9	Benefits	
9.1	Obtain a list from the administration system of lump sum benefits reflected as expenses in the Fund's Statement of Changes in Net Assets and Funds for the year under review and perform the following procedure:	
9.1.1	Compare the list to the respective general ledger benefit expense accounts reconciliation.	The list agreed to the respective general ledger benefit expense accounts reconciliation.
9.2	Select a sample of the lesser of 50 benefits or 10% of the total number of benefits from the list and perform the following procedures:	
9.2.1	Compare the benefit per selected member to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.	The benefit paid agreed to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings																								
9.2.2	For death benefits, where a portion of the benefit had been reinsured by the Fund, inspect a bank deposit or an accrual raised for the recovery from the insurer.	The recovery from the insurer was received/accrued by the Fund.																								
9.2.3	Agree the opening fund credit for the member to the opening fund credit report and determine whether contributions were added every month until the date of exit (either by Rand amount or in the case of unitised funds, by units). Agree the balance paid out to the member (inclusive of late payment interest where applicable) to the fund credit report or administration system as at the date of exit.	<p>Except for as noted below, the opening fund credit for the member agreed to the opening fund credit report, contributions were added every month until the date of exit and the balance paid out to the member (inclusive of late payment interest where applicable) agreed to the administration system as at the date of exit:</p> <table border="1"> <thead> <tr> <th>Member</th> <th>Benefit recalculated (R)</th> <th>Benefit per Fund credit (R)</th> <th>Difference (R)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>3 819</td> <td>223 863</td> <td>220 044</td> </tr> <tr> <td>2</td> <td>7 116 487</td> <td>7 126 024</td> <td>9 537</td> </tr> <tr> <td>3</td> <td>1 997 337</td> <td>2 002 595</td> <td>5 258</td> </tr> <tr> <td>4</td> <td>2 592 940</td> <td>2 597 938</td> <td>4 998</td> </tr> <tr> <td>5</td> <td>3 896 521</td> <td>3 903 774</td> <td>7 253</td> </tr> </tbody> </table>	Member	Benefit recalculated (R)	Benefit per Fund credit (R)	Difference (R)	1	3 819	223 863	220 044	2	7 116 487	7 126 024	9 537	3	1 997 337	2 002 595	5 258	4	2 592 940	2 597 938	4 998	5	3 896 521	3 903 774	7 253
Member	Benefit recalculated (R)	Benefit per Fund credit (R)	Difference (R)																							
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3	1 997 337	2 002 595	5 258																							
4	2 592 940	2 597 938	4 998																							
5	3 896 521	3 903 774	7 253																							
9.3	Obtain a list of all benefits not yet paid at year-end, select a sample of the lesser of 50 benefits or 10% of the total number of benefits from the list and perform the following procedure:																									
9.3.1	Agree whether the benefits that are older than the period as set out in the Act or a shorter period defined by the Rules are classified as unclaimed benefits.	<p>The benefits that were older than the period as set out in the Act were classified as unclaimed benefits except for</p> <table border="1"> <thead> <tr> <th>Member</th> <th>Exit Date</th> <th>Number of months since exit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>31 March 2015</td> <td>27</td> </tr> <tr> <td>2</td> <td>31 December 2011</td> <td>65</td> </tr> <tr> <td>3</td> <td>31 May 2009</td> <td>95</td> </tr> </tbody> </table>	Member	Exit Date	Number of months since exit	1	31 March 2015	27	2	31 December 2011	65	3	31 May 2009	95												
Member	Exit Date	Number of months since exit																								
1	31 March 2015	27																								
2	31 December 2011	65																								
3	31 May 2009	95																								
10	Transfers																									
10.1	Compare the list of total section 14 transfers to and from the Fund to the corresponding accounts in the general ledger.	<p>The list of total section 14 transfers to the Fund agreed to the corresponding account in the general ledger.</p> <p>There were no section 14 transfers from the Fund.</p>																								

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
10.2	From the list of section 14 transfers paid/received and accrued to and from the Fund throughout the year select a sample of the lesser of 50 or 10% of the number of transfers in and the lesser of 50 or 10% of the number of transfers out, and perform the following procedures:	
10.2.1	Agree the sample of section 14 transfers to and from the Fund to: a) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or b) the section 14(8) documentation as prescribed.	The documentation for the section 14(8) transfer was the listing of transfer values of the members transferred and the bank statement showing the transfer amount received. There were no section 14(1) transfers.
10.2.2	Inspect whether the transfers to and from the Fund were received/paid within 60 days of Registrar approval for section 14(1) transfers and 180 days from application date for section 14(8) transfers and whether the growth and investment return had been allocated from the effective date of the transfer to the date of final settlement.	The application date for the section 14(8) transfer was not available.

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
10.2.3	<p>In respect of unitised funds, select a sample of the lesser of 50 or 10% of the number of members transferred from other funds and recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt, investment return was added from the date of receipt to the date of purchase).</p>	<p>Not applicable to the Fund.</p>
10.3	<p>Individual transfers Obtain the list of individual transfers throughout the year ended 30 June 2017, select a sample of the lesser of 50 or 10% of the number of individual transfers, and perform the following procedures:</p>	
10.3.1	<p>Agree the transfers to the approved recognition of transfer documentation.</p>	<p>The transfers agreed to the approved recognition of transfer documentation.</p>
10.3.2	<p>For individual transfers in selected In respect of unitised funds, recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt investment return was added from the date of receipt to the date of purchase).</p>	<p>Not applicable to the Fund.</p>

Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
11	Pensioners paid	
11.1	Obtain a copy of the list of pensioners and amounts paid for the year from the administration system and/or, for outsourced pensioners, confirmation from the insurer and perform the following procedure:	
11.1.1	Agree the total pensions paid for the year ended 30 June 2017 to the corresponding account reconciliation to the general ledger balance.	The total pensions paid agreed to the corresponding account reconciliation to the general ledger balance for the year ended 30 June 2017.
11.2	Select a sample of the lesser of 50 or 10% of the number of pensioners paid directly from the fund from the above list and perform the following procedures:	
11.2.1	Inspect the pensioner increases for authorisation by the Board of Fund.	Not applicable to the Fund.
11.2.2	Inspect evidence obtained by the administrator/Fund supporting the fact that the pensioners selected exist.	The evidence indicated that the pensioners selected existed.
11.3	Where the Fund has purchased an annuity in the name of the Fund, obtain a written confirmation from the annuity provider summarising movements from opening market value to closing market value and perform the following procedures:	
11.3.1	Agree the closing market value of the annuity to the annual financial statements.	Not applicable to the Fund.

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Report of the Independent Auditor of National Fund for Municipal Workers of factual findings to the Board of Fund and the Registrar of Pension Funds (continued)

	Procedures	Findings
11.3.2	Agree the pensioner payment per the confirmation from the insurer to the pensions paid disclosed in the notes to the annual financial statements.	Not applicable to the Fund.
	General	
12.1	Inspect evidence that the Fund's fidelity insurance cover was in place throughout the year ended 30 June 2017, that the Fund's fidelity insurance cover extends after year-end and report the date to which the subsequent fidelity insurance cover extends.	The Fund's fidelity insurance cover was in place throughout the year ended 30 June 2017 and the subsequent fidelity insurance cover extended to 31 July 2018.
12.2	Confirm with the Fund's GLA insurer as to whether the GLA policy has lapsed at year ended 30 June 2017.	Per inspection of the confirmation, the GLA policy has not lapsed at the year-end.
12.3	Obtain the most recent statutory valuation signed and submitted by the valuator and perform the following procedures:	
12.3.1	Report the funding status of the Fund per the report (whether the Fund was under-funded or fully funded).	The last valuation report was as at 30 June 2015 and the valuator found that the Fund's assets were sufficient to cover the Fund's liabilities.
12.3.2	Where the Fund is under-funded, obtain evidence as to whether a scheme, as required in terms of section 18 of the Act in South Africa, has been approved by the Registrar.	Not applicable to the Fund.

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2017

INVESTMENTS

Notes	Direct Investments	Non-compliant Collective investment schemes Note M1	Non-compliant insurance policies Note M2	Total		Local		Foreign		Foreign Africa		Total Foreign		Total percentage of foreign exposure	TOTAL as per Regulation 28 (Schedule IB)
				R	R	R	R	R	R	R	R	%	R		
A	1,347,125,193	68,782,198	446,925,752	1,862,833,143	1,632,433,994	230,399,149	-	-	230,399,149	12.37	-	-	-	12.37	1,862,833,143
B	35,983,760	188,093	-	36,171,853	36,171,853	-	-	-	-	-	-	-	-	-	36,171,853
C	91,979,774	-	-	91,979,774	91,979,774	-	-	-	-	-	-	-	-	-	91,979,774
D	1,512,983,986	142,982,619	1,029,597,913	2,685,564,518	2,518,719,862	142,982,619	23,862,037	166,844,656	23,862,037	6.21	166,844,656	274,149,557	6.21	2,685,564,518	
E	852,458,526	119,686,608	2,724,482	974,869,616	700,720,059	141,261,162	132,888,395	274,149,557	132,888,395	28.12	274,149,557	974,869,616	28.12	974,869,616	
I	5,752,364,979	758,213,043	913,290,163	7,423,868,185	5,262,830,081	2,161,038,104	-	2,161,038,104	2,161,038,104	29.11	2,161,038,104	7,423,868,185	29.11	7,423,868,185	
	380,461,578	-	-	380,461,578	380,461,578	-	-	-	-	-	-	-	-	-	380,461,578
	-	-	4,014,075	4,014,075	4,014,075	-	-	-	-	-	-	-	-	-	4,014,075
Total investments	9,973,357,796	1,089,852,561	2,396,552,385	13,459,762,742	10,627,331,276	2,832,431,466	156,750,432	2,675,681,034	2,832,431,466	21.04	2,832,431,466	13,459,762,742	21.04	13,459,762,742	

A CASH

Instrument

Instrument	Fair Value R
Local	
Local notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments	1,307,017,271
Notes and coins, any balance or deposit in an account held with a South African bank - exceeding 5% of total assets	639,023,941
A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument - exceeding 5% of total assets	917,075,852
Any positive net balance in a margin account with an exchange - exceeding 5% of total assets	917,075,852
Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets - exceeding 5% of total assets	(262,053,626)
	(262,053,626)
	12,971,104
	12,971,104

Foreign

Foreign balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments

Any balance or deposit held with a foreign bank - exceeding 5% of total assets

Total

40,107,922
40,107,922

1,347,125,193

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

B COMMODITIES

Instrument	Holding number	Holding %	Fair value R
Other			
Palladium	-	0.17	23,349,188
Platinum	-	0.09	12,634,572
			<u>35,983,760</u>
			<u>35,983,760</u>
Total			<u>35,983,760</u>

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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

C DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS

Instrument	Local or foreign	Secured/ Unsecured	Issued/ Guaranteed	Redemption value	Fair value
				R	R
Government debt:					
Debt instruments issued by an loans to the government of the Republic and any debt or loan guaranteed by the Republic					
RSA Bonds	Local	Unsecured	Issued		256,214,665
Absa RSA CLN ASN68 150618 JB3+130	Local	Unsecured	Issued		22,934,094
Eskom	Local	Unsecured	Issued		18,583,036
RSA Bonds Unsecured	Local	Unsecured	Issued		10,758,541
Denel	Local	Unsecured	Issued		8,620,931
The South African Road Agency	Local	Unsecured	Issued		7,912,412
Total					325,023,679
Debt instruments issued or guaranteed by the government of a foreign country:					
Orbis Inst. Global Equity Fund	Foreign	Unsecured	Issued		7,856,087
Total					7,856,087
Bank debt:					
Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-					
Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed					
Standard Bank Group Ltd	Local	Unsecured	Issued		120,021,794
Nedbank Group Ltd	Local	Unsecured	Issued		90,746,252
Investec Ltd	Local	Unsecured	Issued		26,013,236
Firststrand Ltd	Local	Unsecured	Issued		93,594,836
Barclays Africa Group Ltd	Local	Unsecured	Issued		6,995,193
ABSA Bank Ltd	Local	Unsecured	Issued		61,441,348
Capitec Bank Ltd	Local	Unsecured	Issued		8,033,136
Total					406,845,795
Not listed on an exchange					
African Bank Holdings Ltd	Local	Unsecured	Issued		16,100,102
Standard Bank Group Ltd	Local	Unsecured	Issued		12,142,999
Total					28,243,101
Public debt:					
Debt instruments issued or guaranteed by a public entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999) as prescribed:-					
Airports Company of South Africa Limited (ACSA)	Local	Unsecured	Issued		889,938
Development Bank of South Africa	Local	Unsecured	Issued		23,134,831
Industrial Development Corporation of South Africa	Local	Unsecured	Issued		39,191,743
Transnet Limited	Local	Unsecured	Issued		10,230,844
The South African National Roads Agency Limited	Local	Unsecured	Issued		16,055,680
Total					89,503,036

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

Corporate debt (excluding debentures):

Debt instruments issued or guaranteed by an entity that has equity listed on an exchange

Listed on an exchange

Accelerate Property Fund Ltd	Local	Unsecured	Issued	36,848,351
Aspen	Local	Unsecured	Issued	5,512,812
Barclays Africa Group	Local	Unsecured	Issued	3,311,950
Bidvestco Ltd	Local	Unsecured	Issued	19,003,575
British Airways	Local	Unsecured	Issued	19,245,631
Calgro M3 Developments Ltd	Local	Unsecured	Issued	6,011,485
City of Cape Town	Local	Unsecured	Issued	1,504,881
City of Tshwane	Local	Unsecured	Issued	94,480
Consolidated Infrastructure Group	Local	Unsecured	Issued	2,018,946
Emira Property Fund	Local	Unsecured	Issued	14,818,691
Firstrand Bank Ltd	Local	Unsecured	Issued	11,893,750
Fortress Income Fund Ltd	Local	Unsecured	Issued	8,110,851
Growthpoint Properties	Local	Unsecured	Issued	2,325,342
Hyprop	Local	Unsecured	Issued	5,102,031
Imperial Group Ltd	Local	Unsecured	Issued	3,433,795
Investec Ltd	Local	Unsecured	Issued	19,895,179
Investec Property Fund Ltd	Local	Unsecured	Issued	3,510,228
Kap Industrial Holdings Ltd	Local	Unsecured	Issued	4,001,874
Landbank Ltd	Local	Unsecured	Issued	11,965,879
Mercedes-Benz South Africa Ltd	Local	Unsecured	Issued	5,501,810
MMI Holdings Ltd	Local	Unsecured	Issued	1,058,959
MTN Holdings Ltd	Local	Unsecured	Issued	3,142,678
Nedbank Ltd	Local	Unsecured	Issued	4,519,253
Netcare	Local	Unsecured	Issued	6,669,467
Old Mutual	Local	Unsecured	Issued	497,183
Rebois Property Fund Ltd	Local	Unsecured	Issued	21,743,474
Redefine	Local	Unsecured	Issued	4,045,734
Resilient Reit Ltd	Local	Unsecured	Issued	9,660,535
Santam Ltd	Local	Unsecured	Issued	2,045,547
Standard Bank Group Ltd	Local	Unsecured	Issued	80,128,257
Steinhoff Services	Local	Unsecured	Issued	2,562,735
Telkom	Local	Unsecured	Issued	809,352
Toyota Find Services (SA) Ltd	Local	Unsecured	Issued	12,082,222
Transsec 2 Ltd	Local	Unsecured	Issued	22,367,317
Total				355,444,254
Not listed on an exchange				
Landbank	Local	Unsecured	Issued	30,915,509
RMB Holdings Ltd	Local	Unsecured	Issued	16,737,859
Development Bank of South Africa	Local	Unsecured	Issued	11,839,542
MTN	Local	Unsecured	Issued	6,108,793
Redefine Properties	Local	Unsecured	Issued	6,043,901
Southchester Call Debenture	Local	Unsecured	Issued	5,018,145

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

C DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS

Corporate debt (excluding debentures) (continued)

Aspen	Local	Unsecured	Issued	3,781,461
Vukile Property Limited	Local	Unsecured	Issued	3,002,050
TCTA CP 8.85% 150817	Local	Unsecured	Issued	1,748,951
The Foschini Group	Local	Unsecured	Issued	1,254,072
Aspen	Local	Unsecured	Issued	914,890
Total				87,365,173
Other				
Listed on an exchange:				
SA Securitisation Program	Local	Unsecured	Issued	46,212,769
Superdrive Investments (Pty) Ltd	Local	Unsecured	Issued	42,623,492
Inguzo Investments Ltd	Local	Unsecured	Issued	27,132,238
The Nitro Securitisation 5 Issuer Trust	Local	Unsecured	Issued	15,907,658
The Thekwini Fund 13 Ltd	Local	Unsecured	Issued	21,686,894
Sanlam Life Insurance Ltd	Local	Unsecured	Issued	6,175,967
Precint Funding 2 RF Ltd	Local	Unsecured	Issued	5,115,340
Fortress Income Fund Ltd	Local	Unsecured	Issued	5,038,981
Old Mutual Life Ass Co.SA Ltd	Local	Unsecured	Issued	2,656,622
Commissioner Street 11 RFS Ltd	Local	Unsecured	Issued	2,436,717
Liberty Group Ltd	Local	Unsecured	Issued	2,033,702
Total				177,020,380
Not listed on an exchange				
Inguzo Investments Ltd	Local	Unsecured	Issued	30,495,886
Southchester	Local	Unsecured	Issued	5,186,595
Total				35,682,481
Total debt instruments including Islamic debt instruments				1,512,983,986

D INVESTMENT AND OWNER OCCUPIED PROPERTIES

Instrument

Fair value
R

Owner occupied properties				
Business Park @ Zambezi				18,237,615
Total of issuer/entity more than 5% of total assets				18,237,615
Total owner occupied properties				18,237,615

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

	Local/ Foreign	Issued shares	Holding number	Ordinary/ Preference shares	Holding %	Fair value R
Shares and linked units in property companies, or units in a collective investment scheme in property, listed on an exchange:						
Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed						
Growthpoint Properties Ltd	Local	-	3,777,562	Ordinary	-	92,474,739
Intu Properties Plc	Local	-	1,471,561	Ordinary	-	67,353,390
Redefine Properties Limited	Local	-	5,628,595	Ordinary	-	59,212,827
New Europe Property Investment Capital & Counties Properties	Local	-	312,073	Ordinary	-	51,635,733
Hyprop Investments Ltd	Local	-	1,011,317	Ordinary	-	50,464,729
Resilient Prop Inc Fund Ltd	Local	-	411,724	Ordinary	-	48,068,831
Hammerston	Local	-	332,286	Ordinary	-	40,452,585
Redefine Intl	Local	-	290,426	Ordinary	-	28,325,257
Rockcastle Global Real Estate	Local	-	3,942,680	Ordinary	-	26,534,242
Fortress Income Fund Limited - A	Local	-	660,818	Ordinary	-	23,578,010
Attacq Ltd	Local	-	1,347,821	Ordinary	-	23,128,621
Fortress Income Fund Ltd	Local	-	1,330,029	Ordinary	-	22,570,607
Vukile Property Fund Ltd	Local	-	532,396	Ordinary	-	18,474,171
Greenbay Properties	Local	-	965,414	Ordinary	-	17,667,094
Echo Polska Property	Local	-	6,856,770	Ordinary	-	13,233,567
MAS Real Estate	Local	-	368,850	Ordinary	-	7,081,926
SA Corporate Real Estate Fund	Local	-	162,007	Ordinary	-	3,807,171
Investec Property Fund Linked Units	Local	-	162,007	Ordinary	-	3,596,235
Orbis Inst. Global Equity Fund	Local	-	9,103	Ordinary	-	153,389
Total of issuers exceeding 5%	Foreign	-	-	Ordinary	-	21,953,997
						619,767,121
Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed						
Emira Property Fund	Local	-	1,180,766	Ordinary	-	16,365,421
Arrowhead Properties Ltd	Local	-	1,453,524	Ordinary	-	12,718,335
SA Corporate Real Estate Fund	Local	-	201,348	Ordinary	-	11,074,162
Octodec Investments Ltd	Local	-	416,089	Ordinary	-	9,578,372
Dipula Income Fund Ltd	Local	-	389,744	Ordinary	-	3,897,440
Equities Property Fund Ltd	Local	-	143,545	Ordinary	-	2,457,490
Delta Property Fund Ltd	Local	-	247,054	Ordinary	-	1,808,442
Synergy Income Fund Ltd A	Local	-	2,935,788	Ordinary	-	1,343,123
Rebosis Property Fund Ltd	Local	-	16,203	Ordinary	-	185,530
Accelerat	Local	-	17,295	Ordinary	-	96,856
Leberly2D	Local	-	4,662	Ordinary	-	38,932
Stenprop	Local	-	2,001	Ordinary	-	36,017
Inves Aust Property Fund	Local	-	2,796	Ordinary	-	35,823
Balwin	Local	-	3,049	Ordinary	-	20,334

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017**

Total of issuers exceeding 5%						59,656,277
Issuer market capitalisation of less than R3 billion, or an amount or conditions as prescribed						
Tower Property Fund	Local	-	1,446,537	Ordinary	-	10,704,379
Stor-Age Property Reit Ltd	Local	-	359,783	Ordinary	-	4,245,440
Sirius Real Estate Ltd	Local	-	317,732	Ordinary	-	3,047,050
Rebosis Property Fund Ltd	Local	-	246,044	Ordinary	-	2,817,209
Rebosis A Property Fund Ltd	Local	-	7,247,105	Ordinary	-	481,207
Spear Reit	Local	-	-	Ordinary	-	439,626
Induplace Properties Ltd	Local	-	8,259	Ordinary	-	84,241
Gemgrow Properties Ltd a	Local	-	4,000	Ordinary	-	39,600
Atleaf	Local	-	1,798	Ordinary	-	29,763
Dipula Income Fund Ltd	Local	-	-	Ordinary	-	20,603
Novare Africa Property Fund 2	Local	-	-	Ordinary	-	132,888,395
Total of issuers exceeding 5%	Foreign	-	-	Ordinary	-	154,797,513
Total						852,458,526

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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

E EQUITIES

Instrument	Local/ Foreign	Issued shares	Ordinary/ Preference shares	Holding number in issuer/ entity %	Fair value R
Listed equities					
Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed					
Orbis Inst. Global Equity Fund, Core RRF Share Class N-6 (Listed Equities 95.8%) [IGCN6]	Foreign	-	Ordinary	355,778	1,030,976,904
Naspers Ltd - N Shares	Local	-	Ordinary	225,031	572,703,895
Dec17 ALSI Future	Local	-	Ordinary	10,000	463,990,000
British American Tobacco Plc	Local	-	Ordinary	363,150	324,456,368
Sasol Ltd	Local	-	Ordinary	874,778	320,606,137
Standard Bank Group Ltd	Local	-	Ordinary	1,961,345	282,512,134
Old Mutual Plc	Local	-	Ordinary	6,172,089	201,950,752
Dec17 ALSI - 49000 Call	Local	-	Ordinary	17,768	194,246,112
Steinhoff International Holdings Ltd	Local	-	Ordinary	2,821,814	190,472,489
MTN Group Ltd	Local	-	Ordinary	1,301,732	148,527,621
Sep17 ALSI Future	Local	-	Ordinary	3,080	140,700,560
Reinet Investments SCA	Local	-	Ordinary	3,814,198	112,442,557
Remgro Ltd	Local	-	Ordinary	516,581	110,269,380
Anglo American Plc	Local	-	Ordinary	609,009	106,893,260
Investec Plc	Local	-	Ordinary	862,729	83,943,532
Barclays Group Africa	Local	-	Ordinary	546,950	78,624,063
Pick n Pay Stores	Local	-	Ordinary	1,322,026	78,012,754
Nedbank Group Ltd	Local	-	Ordinary	340,488	71,090,490
BHP Billiton Plc	Local	-	Ordinary	349,229	69,727,062
Netcare Ltd	Local	-	Ordinary	2,664,600	68,560,158
Compagnie Financiere Richemont SA Depository Rec	Local	-	Ordinary	610,238	66,009,445
Life Healthcare Group	Local	-	Ordinary	2,346,168	60,179,209
Spar Group Ltd	Local	-	Ordinary	374,671	57,740,548
Glencore Xstrata PLC	Local	-	Ordinary	1,145,016	56,117,234
Impata Platinum Holdings Ltd	Local	-	Ordinary	1,498,762	55,229,380
Investec Ltd	Local	-	Ordinary	570,938	55,095,517
Al Noor Hospitals Group	Local	-	Ordinary	419,886	53,132,374
Mondi Plc	Local	-	Ordinary	144,056	49,072,937
Discovery Holdings Ltd	Local	-	Ordinary	374,055	47,849,116
MMI Holdings Ltd	Local	-	Ordinary	2,314,240	46,840,218
Firstrand Ltd	Local	-	Ordinary	990,716	46,712,259
Shoprite Holdings Ltd	Local	-	Ordinary	230,567	45,970,449
Tiger Brands Ltd	Local	-	Ordinary	121,480	44,692,518
RMI Holdings Ltd	Local	-	Ordinary	1,131,198	44,105,410

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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

Woolworths Holdings Ltd	Local	-	Ordinary	700,880	-	43,209,252
Anheuser-Busch Inbev SA	Local	-	Ordinary	29,108	-	42,061,060
Aspen Pharmacare Holdings Ltd	Local	-	Ordinary	141,689	-	40,678,912
The Foschini Group Ltd	Local	-	Ordinary	256,833	-	35,258,034
KAP Industrial Holdings Ltd	Local	-	Ordinary	4,137,869	-	33,640,875
Pioneer Food Group Ltd	Local	-	Ordinary	246,678	-	33,412,578
Exaro Resources Ltd	Local	-	Ordinary	345,618	-	32,142,474
Gold Fields Ltd	Local	-	Ordinary	611,533	-	27,476,178
Capitec Bank Ltd	Local	-	Ordinary	31,860	-	26,443,800
Northam	Local	-	Ordinary	594,233	-	24,036,725
Mr Price Group Ltd	Local	-	Ordinary	149,438	-	23,312,328
RMB Holdings Ltd	Local	-	Ordinary	340,839	-	20,024,291
Coronation Fund Managers Ltd	Local	-	Ordinary	301,372	-	19,646,441
Sappi Ltd	Local	-	Ordinary	216,770	-	18,878,499
Safex	Local	-	Ordinary	-	-	16,902,340
South32 Ltd	Local	-	Ordinary	536,168	-	14,503,345
Liberty Holdings Ltd	Local	-	Ordinary	112,206	-	12,623,175
Brait SA	Local	-	Ordinary	206,672	-	12,507,789
Tsogo Sun Holdings Ltd	Local	-	Ordinary	545,986	-	12,235,547
Mondi Ltd	Local	-	Ordinary	35,266	-	11,959,054
Standard Bank Group Ltd Preference Shares	Local	-	Preference	128,878	-	10,484,266
Bid Corp Ltd	Local	-	Ordinary	32,586	-	9,750,383
Nedbank Ltd Preference Shares	Local	-	Preference	976,816	-	8,879,259
ABSA Bank Ltd Preference Shares	Local	-	Preference	11,210	-	8,333,343
Distell Group	Local	-	Ordinary	60,493	-	8,288,146
Sanlam Ltd	Local	-	Ordinary	95,983	-	6,219,699
Naspers Certificate DB NPAD 20/07/17	Local	-	Ordinary	158	-	5,417,747
Firststrand Ltd B Preference Shares	Local	-	Preference	55,259	-	4,520,820
AVI Ltd	Local	-	Ordinary	45,719	-	4,343,305
Growthpoint Properties Ltd	Local	-	Ordinary	147,257	-	3,604,852
Resilient Property Income	Local	-	Ordinary	26,392	-	3,212,962
Hyprop Investments LTd	Local	-	Ordinary	25,090	-	2,929,258
Dis-Chem Pharmacies (Pty) Ltd	Local	-	Ordinary	68,085	-	1,886,636
Clicks Group Ltd	Local	-	Ordinary	13,178	-	1,844,965
PSG Group Ltd	Local	-	Ordinary	7,621	-	1,829,040
Truworths International Ltd	Local	-	Ordinary	23,898	-	1,708,707
Anglo Platinum Ltd	Local	-	Ordinary	4,600	-	1,378,850
RMI Certificate DB RRMIA 14/08/17	Local	-	Ordinary	61,700	-	1,223,104
Santam	Local	-	Ordinary	2,215	-	530,072
Anglogold Ashanti Ltd	Local	-	Ordinary	2,517	-	322,176
Dec17 ALSI - 48000 Put	Local	-	-	-	-	(474,892,662)
Dec17 ALSI - 49000 Put	Local	-	-	-	-	(533,557,488)
Total	Local	-	-	-	-	4,958,662,979

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

Issuer market capitalisation of between R2 billion and R20 billion, or

an amount or conditions as prescribed

Northern Platinum Ltd	Local	Ordinary	1,801,665	72,877,349
Allied Electronics Corporation Ltd	Local	Ordinary	3,870,973	44,322,641
Hudaco	Local	Ordinary	246,502	31,675,507
A E C I Ltd	Local	Ordinary	282,810	30,057,047
Nampak Ltd	Local	Ordinary	1,438,231	27,383,919
Super Group Ltd	Local	Ordinary	724,345	26,728,331
Trencor Ltd	Local	Ordinary	670,901	24,816,665
Tongaat-Hullet Ltd	Local	Ordinary	195,930	22,825,845
Group Five Ltd	Local	Ordinary	1,146,774	21,329,998
Hosken Consolidated Investments Ltd	Local	Ordinary	158,377	21,130,660
Clover Industries Ltd	Local	Ordinary	1,234,751	20,435,133
Wilson Bayly Holmes-Ovcon Ltd	Local	Ordinary	132,554	18,556,234
Blue Label Telecoms Ltd	Local	Ordinary	1,177,611	17,664,165
Advtech Ltd	Local	Ordinary	803,903	15,922,885
Sun International	Local	Ordinary	286,860	15,828,934
Pan African Resources	Local	Ordinary	6,581,796	15,533,039
Italtile Ltd	Local	Ordinary	1,185,341	14,816,762
Curro Holdings Ltd	Local	Ordinary	309,284	13,685,843
EOH Holdings Ltd	Local	Ordinary	105,246	13,239,946
Rhodes Food Group	Local	Ordinary	491,725	11,186,743
Aveng Ltd	Local	Ordinary	2,207,956	11,126,278
Zeder Investments Ltd	Local	Ordinary	1,645,334	10,793,397
Omnia Holdings Ltd	Local	Ordinary	81,330	10,654,341
Transaction Capital Ltd	Local	Ordinary	1,347,774	10,283,523
Reunert Ltd	Local	Ordinary	138,948	10,187,667
Zambezi Pref Shs	Local	Ordinary	181,472	9,953,739
PSG Group	Local	Ordinary	41,278	9,906,788
CapeVinh	Local	Ordinary	1,069,881	9,682,423
Famous Brands Ltd	Local	Ordinary	64,562	8,134,927
Cornair Ltd	Local	Ordinary	1,483,900	7,642,085
Murray & Roberts HLD Ltd	Local	Ordinary	584,466	7,638,970
Royal Bafokeng Platinum Ltd	Local	Ordinary	211,585	7,231,975
Mondi Packaging Ltd	Local	Ordinary	255,453	7,165,456
Net1 Ueps Tech Inc	Local	Ordinary	53,300	6,960,980
Cashbuild Ltd	Local	Ordinary	19,790	6,926,500
PPC Ltd	Local	Ordinary	1,232,079	6,517,697
African Rainbow Minerals Ltd	Local	Ordinary	66,135	5,575,841
Astral Foods	Local	Ordinary	33,764	4,997,072
Caxton CTP Publishers & Printers Ltd	Local	Ordinary	416,381	4,996,572
Holdsport Ltd	Local	Ordinary	86,360	4,976,926
DATATEC	Local	Ordinary	81,593	4,915,978
Long4live Ltd	Local	Ordinary	789,373	4,815,176
Spur Corporation Ltd	Local	Ordinary	160,894	4,521,122

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

Merafe Resources Ltd	Local	-	Ordinary	3,314,856	4,243,015
Alexander Forbes Group Holdings Ltd	Local	-	Ordinary	579,118	4,024,870
Attaq Ltd	Local	-	Ordinary	222,350	3,773,279
African Ozygen	Local	-	Ordinary	146,434	2,855,463
City Lodge Hotels	Local	-	Ordinary	18,285	2,562,290
Peregrine Holdings Ltd	Local	-	Ordinary	87,152	2,517,821
Lewis Group Ltd	Local	-	Ordinary	76,619	2,501,610
Afrimat Ltd	Local	-	Ordinary	84,800	2,374,400
Choppies	Local	-	Ordinary	660,045	1,920,731
Harmony Gold Mining Company Ltd	Local	-	Ordinary	83,917	1,819,321
Schroder European Real Estate	Local	-	Ordinary	87,194	1,744,768
Raubex Group Ltd	Local	-	Ordinary	66,664	1,601,936
Atlantic Leaf Properties Ltd	Local	-	Ordinary	91,775	1,518,876
Montauk Holdings Ltd	Local	-	Ordinary	64,969	1,364,999
JSE Ltd	Local	-	Ordinary	10,900	1,335,359
Ascendis Health Ltd	Local	-	Ordinary	61,338	1,327,354
Grindrod Ltd	Local	-	Ordinary	119,706	1,323,949
enX Group Ltd	Local	-	Ordinary	51,504	859,602
Howden Africa Holdings Ltd	Local	-	Ordinary	24,491	832,694
Novus Holdings Ltd	Local	-	Ordinary	106,500	825,375
Cartrack Holdings Ltd	Local	-	Ordinary	50,900	686,649
RCL Foods Ltd	Local	-	Ordinary	29,880	455,380
Afrocentric Invest Corp	Local	-	Ordinary	27,573	170,954
Tiso Balcstar Group SE	Local	-	Ordinary	3,300	30,723
Total					698,294,497

Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed

DBNPAD	Local	-	Ordinary	40,537	13,842,301
Adcorp	Local	-	Ordinary	943,765	12,740,832
Stefanutti Stock Holdings Ltd	Local	-	Ordinary	3,121,538	8,896,386
UBNPNK	Local	-	Ordinary	23,850	7,438,577
Grand Parade Inv	Local	-	Ordinary	2,274,128	6,617,712
DBNPAC	Local	-	Ordinary	40,436	5,754,901
Hulisani Ltd	Local	-	Ordinary	407,713	3,914,045
New Frontier Properties	Local	-	Ordinary	100,900	1,917,100
Dawn Ltd	Local	-	Ordinary	1,883,704	1,883,705
Senitula Mining Ltd	Local	-	Ordinary	6,876,058	1,787,775
RECM & Calibre Ltd	Local	-	Ordinary	72,400	1,726,740
Quantum Foods Holdings	Local	-	Ordinary	481,382	1,434,519
Argent Industrial Ltd	Local	-	Ordinary	244,003	1,220,015
African Phoenix Investment Ltd	Local	-	Ordinary	1,686,001	1,112,761
Spear Reit Ltd	Local	-	Ordinary	97,426	1,008,359
Renegen Ltd	Local	-	Ordinary	95,670	899,298
Trellidor Holdings Ltd	Local	-	Ordinary	96,088	576,528

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

Sephaku Holdings Ltd	Local	-	Ordinary	161,500	-	508,725
Ellies Holdings Ltd	Local	-	Ordinary	1,747,673	-	297,104
Basil Read Holdings Ltd	Local	-	Ordinary	345,347	-	286,638
Master Plastics (Pty) Ltd	Local	-	Ordinary	262,851	-	231,309
APK Denver Property Cash	Local	-	Ordinary	271,407	-	162,844
Randgold & Exploration Company Ltd	Local	-	Ordinary	88,000	-	162,800
Datacraft Asia	Local	-	Ordinary	-	-	99,430
ELB Group Ltd	Local	-	Ordinary	4,715	-	91,943
Build Max Ltd	Local	-	Ordinary	337,663	-	81,039
OneLogix Group Ltd	Local	-	Ordinary	12,672	-	34,341
eXtract Group Ltd	Local	-	Ordinary	396,190	-	23,771
Bell Equipment Ltd	Local	-	Ordinary	1,100	-	9,988
Total						74,761,486

Unlisted equities

Zambezi Platinum RF Ltd	Local	-	Ordinary	284,168	-	15,586,615
Bryant Technology	Local	-	Ordinary	-	-	1,373
Orbis Inst. Global Equity Fund,Core RRF Share Class N-6 (Unlisted Equities 0.47%) [IGCN6]	Foreign	-	Ordinary	355,778	-	5,058,029
Total						20,646,017
Total equities						5,752,364,979

F SECURITIES LENDING

Securities on lend	Maximum of Fair value of security	Transaction date	Collateral	Fair value R	No. of shares lent	Name of counterparty	Script custodian	Manufactured dividend R
Equities – Top 100 of companies (by market cap) listed on an exchange	75%							
Investec Other			Cash @ 105%	11,655,761	-	Investec	Nedbank	-
Societe Generale Other			Cash @ 105%	1,323,832,266	-	Societe Generale	Nedbank	-
Total				1,335,488,027				

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

I OTHER ASSETS

Instrument	Local or Foreign		Holding number	Holding %	Fair value R
	Local	Foreign			
Local					
RFS Home Loans (Pty) Ltd				- %	380,461,578
Total local portfolio assets					380,461,578
Total portfolio assets					380,461,578

M REGULATION 28 NON-COMPLIANT INVESTMENTS

M1 NON-COMPLIANT COLLECTIVE INVESTMENT SCHEMES

Instrument	Holding %	Fair value R
Local		
Kagiso Asset Managers (Pty) Ltd	0.06	8,715,729
		8,715,729

Foreign

ACPI Investment managers	1.08	145,885,745
Catalyst Global Real Estate Ucits Fund	0.92	123,775,460
Morgan Stanley Investments Funds	1.84	247,751,706
Nedgroup Investment Funds Plc	4.19	563,723,921
		1,081,136,832

Total Non-compliant collective investment schemes

1,089,852,561

M2 NON-COMPLIANT INSURANCE POLICIES

Instrument	Holding %	Fair value R
Linked policies		
Local		
Coronation Asset Management (Pty) Ltd	6.02	810,778,294
Futuregrowth Asset Managers (Pty) Ltd	3.85	518,225,591
Old Mutual Life Assurance Company SA	7.18	966,423,966
		2,295,427,851

Foreign

Investec Global	0.75	101,124,534
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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

M1 NON-COMPLIANT COLLECTIVE INVESTMENT SCHEMES (continued)

101,124,534
2,396,552,385
3,486,404,946

Total linked policies

Total certified Regulation 28 non-compliant investments

O ENTITY / COUNTERPARTY EXPOSURE

Credit / Counterparty risk Counterparty	Direct investment in counterparty		Guarantees		Any other instrument		Total per counterparty		Exposure to counterparty as a % of the fair value of the assets of the fund
	R	R	R	R	R	R	R		
Banks	63,649,923	-	-	-	-	-	63,649,923	0.47%	
ABSA Bank Ltd	62,519,014	-	-	-	-	-	62,519,014	0.46%	
Nedbank Ltd	1,130,909	-	-	-	-	-	1,130,909	0.01%	
Asset managers - local	-	-	-	-	9,748,120,230	-	9,748,120,230	72.43%	
Allan Gray Life Ltd	-	-	-	-	3,190,223,709	-	3,190,223,709	23.70%	
Atlantic Asset Management (Pty) Ltd	-	-	-	-	612,812,408	-	612,812,408	4.55%	
Catalyst Fund Managers (Pty) Ltd	-	-	-	-	399,392,944	-	399,392,944	2.97%	
Coronation Asset Management (Pty) Ltd	-	-	-	-	2,495,382,988	-	2,495,382,988	18.54%	
Kagiso Asset Managers (Pty) Ltd	-	-	-	-	8,715,729	-	8,715,729	0.07%	
Mazi Asset Management (Pty) Ltd	-	-	-	-	298,678,071	-	298,678,071	2.22%	
Metope Investment Managers (Pty) Ltd	-	-	-	-	81,397,136	-	81,397,136	0.61%	
Novare Investments (Pty) Ltd	-	-	-	-	132,888,395	-	132,888,395	0.99%	
Prescient Investment Management (Pty) Ltd	-	-	-	-	986,842,047	-	986,842,047	7.33%	
Saniam Investment Management (Pty) Ltd	-	-	-	-	1,541,786,803	-	1,541,786,803	11.45%	
Asset managers - foreign	-	-	-	-	1,081,136,832	-	1,081,136,832	8.03%	
ACPI Investment managers	-	-	-	-	145,885,745	-	145,885,745	1.08%	
Catalyst Global Real Estate Ucits Fund	-	-	-	-	123,775,460	-	123,775,460	0.92%	
Morgan Stanley	-	-	-	-	247,751,706	-	247,751,706	1.84%	
Nedgroup Investment Funds Plc	-	-	-	-	563,723,921	-	563,723,921	4.18%	
Insurance companies	-	-	-	-	2,076,176,790	-	2,076,176,790	15.42%	
Futuregrowth Asset Managers (Pty) Ltd	-	-	-	-	518,225,591	-	518,225,591	3.85%	
Investec Asset Managers (Pty) Ltd	-	-	-	-	591,527,233	-	591,527,233	4.39%	
Old Mutual Life Assurance Company SA	-	-	-	-	966,423,966	-	966,423,966	7.18%	

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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2017

Other funds				
RFS Home Loans (Pty) Ltd	-	380,461,578	88,669,123	469,130,701
	<u>63,649,923</u>	<u>380,461,578</u>	<u>12,994,102,975</u>	<u>13,438,214,476</u>
				<u>99.84 %</u>

P RECONCILIATION BETWEEN THE INVESTMENTS IN SCHEDULE HA AND SCHEDULE IA

	Fair value current period (as per Schedule HA 3.1)	Cash at bank	Non-compliant CIS	Non-compliant Insurance Policies	Other	Total
	R	R	R	R	R	R
Cash and deposits	1,283,475,270	63,649,923	68,782,198	446,925,752	-	1,862,833,143
Commodities	35,983,760	-	188,093	-	-	36,171,853
Housing loans	-	-	-	-	91,979,774	91,979,774
Debt instruments including Islamic debt instruments	1,512,983,986	-	142,982,619	1,029,597,913	-	2,685,564,518
Investment properties	834,220,911	-	119,686,608	2,724,482	-	974,869,616
Equities	5,752,364,979	-	758,213,043	913,290,163	18,237,615	7,423,868,185
Hedge funds	-	-	-	4,014,075	-	4,014,075
Collective investment schemes	1,089,852,561	-	(1,089,852,561)	-	-	-
Insurance policies	2,396,552,385	-	-	(2,396,552,385)	-	-
Other assets	-	-	-	-	380,461,578	380,461,578
Total investments	<u>12,905,433,852</u>	<u>63,649,923</u>	<u>-</u>	<u>-</u>	<u>490,678,967</u>	<u>13,459,762,742</u>

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NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28 AS AT 30 JUNE 2017

		Fair value R
A	Total assets (Schedule IA -Total investments)	<u>13,459,762,742</u>
B1	Less: Reg 28 compliant investments	-
	(certificate received from issuing entity):-	
B.1.1	Collective Investment Schemes (Reg 28(8)(b)(i))	-
B.1.2	Linked Policies (Reg 28(8)(b)(ii))	-
B.1.3	Non-Linked policies (Reg 28(8)(b)(iii))	-
B.1.4	Entity regulated by FSB (Reg 28(8)(b)(iv))	-
B2	Less: Reg 28 excluded investments	-
B2.1	Insurance Policies (Reg 28(3)(c))	-
C	Less: Investments not disclosed /data not available for disclosure	-
	[Refer to schedule IAN]	
D	TOTAL ASSETS FOR REGULATION 28 DISCLOSURE	<u><u>13,459,762,742</u></u>

Categories of kinds of assets	%	Fair value R	Fair value %
1 CASH		1,862,833,143	13.84%
1.1 Notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments	100%	1,632,433,994	12.13%
1.1(a) Notes and coins; any balance or deposit in an account held with a South African bank;		739,062,298	5.49%
Nedbank Ltd	25%	498,321,085	3.70%
Other	25%	240,741,213	1.79%
1.1(b) A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument		1,127,307,469	8.38%
Nedbank Ltd	25%	280,225,827	2.08%
Other	25%	847,081,642	6.29%
1.1(c) Any positive net balance in a margin account with an exchange		(260,077,657)	(1.93)%
Yield - X Zar Initial Margin Account	25%	1,975,969	0.01%
Other	25%	(262,053,626)	(1.95)%
1.1(d) Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets		26,141,884	0.19%
Nedbank Ltd	25%	45,026,521	0.33%
Other	25%	(18,884,637)	(0.14)%
1.2 Balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments	SARB max. limits	230,399,149	1.71%
1.2(a) Any balance or deposit held with a foreign bank		225,930,855	1.68%
State Street Bank and Trust	5%	118,079,398	0.88%
Other	5%	107,851,457	0.80%
1.2(b) Any balance or deposit held with an African bank		-	0.00%
1.2(c) A money market instrument issued by a foreign bank including an Islamic liquidity management financial instrument		4,468,294	0.03%
Catalyst Global Real Estate Cash	5%	4,468,294	0.03%
2 DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS		2,685,564,518	19.95%
2.1 Inside the Republic	100%	2,518,719,863	18.71%
2.1(a) Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic		501,667,097	3.73%
RSA Bonds	100%	360,166,504	2.68%
Other	100%	141,500,593	1.05%
Carried forward		2,364,500,240	17.55%

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28 AS AT 30 JUNE 2017

Categories of kinds of assets	%	Fair value R	Fair value %
Brought forward		2,364,500,240	17.55%
2.1(b) Debt instruments issued or guaranteed by the government of a foreign country	75%	7,856,087	0.06%
Orbis Inst. Global Equity Fund, Core RRF Share Class N-6 (Government Debt 0.73%) [IGCN6]	10%	7,856,087	0.06%
2.1(c) Debt instruments issued or by a South African bank against its balance sheet	75%	637,168,855	4.73%
2.1(c)(i) Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	605,573,978	4.50%
Standard Bank of SA Ltd	25%	179,221,588	1.33%
Other	25%	426,352,390	3.17%
2.1(c)(ii) Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%	-	0.00%
2.1(c)(iii) Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	75%	2,810,265	0.02%
African Bank Holdings Ltd	10%	2,810,265	0.02%
2.1(c)(iv) Not listed on an exchange	25%	28,784,612	0.21%
African Bank Holdings Ltd	5%	16,108,624	0.12%
Other	5%	12,675,988	0.09%
2.1(d) Debt instruments issued or guaranteed by an entity that has equity listed on an exchange, or debt instruments issued or guaranteed by a public entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999) as prescribed	50%	718,127,548	5.34%
2.1(d)(i) Listed on an exchange	50%	600,457,652	4.46%
Standard Bank SA Ltd	10%	79,929,414	0.59%
Other	10%	520,528,238	3.87%
2.1(d)(ii) Not listed on an exchange	25%	117,669,896	0.87%
Landbank	5%	41,487,373	0.31%
Other	5%	76,182,523	0.57%
2.1(e) Other debt instruments:-	25%	653,900,276	4.86%
2.1(e)(i) Listed on an exchange	25%	275,615,693	2.05%
SA Securitisation Program	5%	43,177,194	0.32%
Other	5%	232,438,499	1.73%
2.1(e)(ii) Not listed on an exchange	15%	378,284,583	2.81%
Inguza Investments	5%	26,485,819	0.20%
Other	5%	351,798,764	2.61%
	SARB max. limits		
2.2 Foreign		166,844,655	1.24%
2.2(a) Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	SARB max. limits	-	0.00%
2.2(b) Debt instruments issued or guaranteed by the government of a foreign country	SARB max. limits	-	0.00%
2.2(c) Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-	SARB max. limits	18,558,342	0.14%
2.2(c)(i) Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB max. limits	18,558,342	0.14%
FirstRand Bank Ltd	25%	12,680,482	0.09%
Other	25%	5,877,860	0.04%
2.2(c)(ii) Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	SARB max. limits	-	0.00%
2.2(c)(iii) Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB max. limits	-	0.00%
2.2(c)(iv) Not listed on an exchange	SARB max. limits	-	0.00%
Carried forward		4,400,111,348	32.67%

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2017

Categories of kinds of assets	%	Fair value R	Fair value %
Brought forward		4,400,111,348	32.67%
2.2(d) Debt instruments issued or guaranteed by an entity that has equity listed on an exchange	SARB max. limits	148,286,313	1.10%
2.2(d)(i) Listed on an exchange	SARB max. limits	148,286,313	1.10%
Enel SpA	10%	9,103,270	0.07%
Other	10%	139,183,043	1.03%
2.2(d)(ii) Not listed on an exchange	25%	-	0.00%
2.2(e) Other debt instruments	25%	-	0.00%
2.2(e)(i) Listed on an exchange	25%	-	0.00%
2.2(e)(ii) Not listed on an exchange	15%	-	0.00%
3 EQUITIES		7,423,868,185	55.16%
3.1 Inside the Republic	75%	5,262,830,081	39.10%
3.1(a) Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	75%	4,755,539,777	35.33%
3.1(a)(i) Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	3,973,589,244	29.52%
Naspers Ltd	15%	605,363,642	4.50%
Other	15%	3,368,225,602	25.02%
3.1(a)(ii) Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%	706,940,401	5.25%
Northam Platinum Ltd	10%	72,877,349	0.54%
Other	10%	634,063,052	4.71%
3.1(a)(iii) Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	15%	75,010,132	0.56%
DB STUBNPAD	5%	13,842,301	0.10%
Other	5%	61,167,831	0.45%
3.1(b) Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	15%	507,290,304	3.77%
Intikon A Ordinary shares	2.5%	66,763,381	0.50%
Other	2.5%	440,526,923	3.27%
3.2 Foreign		2,161,038,104	16.06%
3.2(a) Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	SARB max. limits	2,155,220,568	16.01%
3.2(a)(i) Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB max. limits	1,634,474,490	12.14%
Orbis Inst. Global Equity Fund	15%	1,030,976,904	7.66%
Other	15%	603,497,586	4.48%
3.2(a)(ii) Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	SARB max. limits	15,145,301	0.11%
Estacio Participacoes SA	10%	7,074,289	0.05%
Other	10%	8,071,012	0.06%
3.2(a)(iii) Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB max. limits	505,600,777	3.76%
Chartes Communications Inc	5%	36,466,867	0.27%
Other	5%	469,133,910	3.49%
3.2(b) Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	10%	5,817,536	0.04%
Orbis Inst. Global Equity Fund	2.5%	5,058,029	0.04%
Other	2.5%	759,507	0.01%
4 IMMOVABLE PROPERTY		974,869,616	7.24%
4.1 Inside the Republic	25%	700,720,058	5.21%
Carried forward		11,972,265,846	88.92%

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28 AS AT 30 JUNE 2017

Categories of kinds of assets	%	Fair value R	Fair value %
Brought forward		11,972,265,846	88.92%
4.1(a) Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange	25%	679,757,961	5.05%
4.1(a)(i) Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	597,948,769	4.44%
Gowthpoint Properties Ltd	15%	92,474,739	0.69%
Other	15%	505,474,030	3.76%
4.1(a)(ii) Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	59,900,071	0.45%
Emra Property Fund	10%	16,365,421	0.12%
Other	10%	43,534,650	0.32%
4.1(a)(iii) Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	21,909,121	0.16%
Tower Property Fund	5%	10,704,378	0.08%
Other	5%	11,204,743	0.08%
4.1(b) Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange	15%	20,962,097	0.16%
Office Park @ Zambezi	5%	18,237,615	0.14%
Other	5%	2,724,482	0.02%
4.2 Foreign	25%	274,149,558	2.04%
4.2(a) Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange	25%	274,149,558	2.04%
4.2(a)(i) Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	21,953,997	0.16%
Orbis Inst. Global Equity Fund	15%	21,953,997	0.16%
4.2(a)(ii) Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	-	0.00%
4.2(a)(iii) Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	252,195,561	1.87%
Novare Africa Property Fund	5%	132,888,395	0.99%
Other	5%	119,307,166	0.89%
4.2(b) Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange	15%	-	0.00%
5 COMMODITIES		36,171,853	0.27%
5.1 Inside the Republic	10%	36,171,853	0.27%
5.1(a) Kruger Rands and other commodities on an exchange, including exchange traded commodities	10%	36,171,853	0.27%
5.1(a)(i) Gold (including Kruger Rands)	10%	-	0.00%
5.1(a)(ii) Other commodities	5%	36,171,853	0.27%
New Palladium ETF	5%	11,944,323	0.09%
Other	5%	24,227,530	0.18%
5.2 Foreign	10%	-	0.00%
5.2(a) Gold and other commodities on an exchange, including exchange traded commodities	10%	-	0.00%
5.2(a)(i) Gold	10%	-	0.00%
5.2(a)(ii) Other commodities	5%	-	0.00%
7 HOUSING LOANS GRANTED TO MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 19(5)	95%	91,979,774	0.68%
8 HEDGE FUNDS, PRIVATE EQUITY FUNDS AND ANY OTHER ASSET NOT REFERRED TO IN THIS SCHEDULE		384,475,653	2.86%
Carried forward		13,075,287,089	97.12%

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2017

Categories of kinds of assets	%	Fair value R	Fair value %
Brought forward		13,075,287,089	97.12%
8.1 Inside the Republic	15%	384,475,653	2.86%
8.1(a) Hedge fund	10%	-	0.00%
8.1(a)(i) Funds of hedge funds	10%	-	0.00%
8.1(a)(ii) Hedge funds	10%	-	0.00%
8.1(b) Private equity funds	10%	3,954,659	0.03%
8.1(b)(i) Funds of private equity funds	10%	3,954,659	0.03%
Kagiso Infrastructure Empowerment Fund	5%	3,954,659	0.03%
8.1(b)(ii) Private equity funds	10%	-	0.00%
8.1(c) Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2.5%	380,520,994	2.83%
RFS Home Loans (Pty) Ltd	2.5%	380,461,578	2.83%
Other	2.5%	59,416	0.00%
8.2 Foreign	15%	-	0.00%
8.2(a) Hedge fund	10%	-	0.00%
8.2(a)(i) Funds of hedge funds	10%	-	0.00%
8.2(a)(ii) Hedge funds	10%	-	0.00%
8.2(b) Private equity funds	10%	-	0.00%
8.2(b)(i) Funds of private equity funds	10%	-	0.00%
8.2(b)(ii) Private equity funds	10.0%	-	0.00%
8.2(c) Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2.5%	-	0.00%
TOTAL ASSETS – REGULATION 28		13,459,762,742	100.00%

P

NATIONAL FUND FOR MUNICIPAL WORKERS

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2017

INVESTMENT SUMMARY (Regulation 28)

	Local		Fair value		Foreign (Excluding Africa)		Fair value		Africa		Fair value		Total	
	R	%	R	%	R	%	R	%	R	%	R	%	R	%
1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments	1,632,433,994	12.13	230,399,149	1.71	-	-	-	-	-	-	-	-	-	1,862,833,143
2 Debt instruments including Islamic debt instruments	2,518,719,863	18.71	166,844,655	1.24	-	-	-	-	-	-	-	-	-	2,685,564,518
3 Equities	5,262,830,081	39.10	2,161,038,104	16.06	-	-	-	-	-	-	-	-	-	7,423,868,185
4 Immovable property	700,720,058	5.21	274,149,558	2.04	-	-	-	-	-	-	-	-	-	974,869,616
5 Commodities	36,171,853	0.27	-	-	-	-	-	-	-	-	-	-	-	36,171,853
7 Housing loans granted to members - section 19(5)	91,979,774	0.68	-	-	-	-	-	-	-	-	-	-	-	91,979,774
8 Hedge Funds, private equity funds and any other assets not referred to in this schedule	384,475,653	2.86	-	-	-	-	-	-	-	-	-	-	-	384,475,653
TOTAL	10,627,331,276	78.96	2,832,431,466	21.04	-	-	-	-	-	-	-	-	-	13,459,762,742

BREACHES IN TERMS OF SUB REGULATION 3 OF REGULATION 28

Table 1 items	Total (Inside & Foreign)		Percentage of Fair value		Regulation 28 limits	
	R	%	R	%		
2.1(e)(ii) Other debt instruments not listed	378,284,583	2.81	-	-	-	-
3(b) Equities not listed	513,107,840	3.81	-	-	-	-
4.1(b) Immovable properties not listed	20,962,097	0.16	-	-	-	-
8 Hedge funds, Private Equity funds and other assets	384,475,653	2.86	-	-	-	-
TOTAL	1,296,830,173	9.63	-	-	35	-

Table 1 items	Fair value		Fair value		Regulation 28 limits	
	R	%	R	%		
3.1(b) Equities not listed	513,107,840	3.81	-	-	-	-
8.1(b) Private Equity funds	3,954,659	0.03	-	-	-	-
TOTAL	517,062,499	3.84	-	-	15	-

Table 1 items	Fair value		Fair value		Regulation 28 limits	
	R	%	R	%		
1.1 Cash and deposits with a South African Bank	824,790,533	6.13	-	-	-	-
2.1(c) Debt instruments guaranteed by a South African Bank - Item	124,203,418	0.92	-	-	-	-
TOTAL	948,993,951	7.05	-	-	25	-

NATIONAL FUND FOR MUNICIPAL WORKERS

**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2017**

NOTES:

1. In the absence of guidance in the Explanatory Memorandum that accompanied the issue of the revised Regulations 28 and further guidance in this regard by the Financial Services Board up to now, the trustees have interpreted paragraph 4 to mean that where an asset is made up of underlying assets, the Fund may disclose the largest value per issuer/entity, as applicable, for each category in Table 1 which the assets relate.

①



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SCHEDULE IB

INDEPENDENT AUDITOR'S REPORT ON ASSETS HELD IN COMPLIANCE WITH REGULATION 28 TO THE BOARD OF FUND

Modified Opinion

We have audited Schedule IB "Assets held in compliance with Regulation 28" of National Fund for Municipal Workers ("the Fund") at 30 June 2017 (the "Schedule") for compliance with the requirements of Regulation 28 of the Pension Funds Act of South Africa (the Regulation), as set out on pages 68 to 74. Our engagement arises from our appointment as auditor of the Fund and is for the purpose of assisting the Board of Fund to report to the Registrar of Pension Funds (the "Registrar").

In our opinion, Schedule IB "Assets held in compliance with Regulation 28" at 30 June 2017 by the National Fund for Municipal Workers is prepared, in all material respects, in accordance and in compliance with the requirements of the Regulation, but does not comply with the Regulation in respect of the matter described in the basis for modified opinion paragraph.

Basis for Modified Opinion

The Schedule does not comply with the Regulation in respect of the following:

The Fund has invested 2.83% of total assets in category 8.1(c) "Other assets not referred to in this schedule and excluding a hedge fund or private equity fund". This exceeds the limit of 2.5% that may be invested in this category as set out by the Regulation.

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 Schedule* section of our report. We are independent of the Fund in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Preparation and Restriction on Use

We draw attention to the compliance requirements of the Regulation and the purpose of our report as indicated in the opinion paragraph. Consequently, the Schedule and our auditor's report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter

The information contained in Schedule IB has been extracted from the Fund's underlying accounting records that were the subject of our audit engagement on the annual financial statements and forms the subject matter of this engagement. Our audit of the annual financial statements of the National Fund for Municipal Workers for the year ended 30 June 2017 was conducted in accordance with International Standards on Auditing and in our report of 20 November 2017 we expressed an unmodified opinion, and therefore the annual financial statements are prepared, in all material respects, with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

KPMG Inc. is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc. is a Registered Auditor in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Chief Executive: N Dlomu
Directors: Full list on website

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.



Other Information

The Board of Fund is responsible for the other information. The other information comprises the Annual Financial Statements in terms of section 15 of the Pension Funds Act no 24, 1956, but does not include Schedule IB and our auditor's report thereon.

Our opinion on Schedule IB 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 Schedule IB, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with Schedule IB 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 Schedule

The Board of Fund is responsible for the preparation of the Schedule in compliance with the requirements of the Regulation, and for such internal control as the Board of Fund determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is 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 the Schedule.

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 Schedule, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Fund.

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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.

KPMG Inc

A handwritten signature in black ink, appearing to read 'LW Grobler', written over the printed name.

Per LW Grobler

Chartered Accountant (SA)

Registered Auditor

Associate Director

20 November 2017