

TRUSTEES' REPORT 2017



Furniture Bargaining Council Provident Fund



CHAIRMAN'S REPORT

In the current year, there has been a renewed focus on the strategy of the Fund, especially with regard to communicating with members, improving the administration and the structure of the investment portfolios in an effort to enhance the value proposition offered to the employees and employers in the industry. In order to do justice to their fiduciary duties, the Trustees have demonstrated the quality of their character by reviewing the Investment Portfolio Statements regularly, to reduce the effects of market volatility and to ensure that investment targets can be achieved. However, debt remains public enemy number one in South Africa and members need to re-evaluate their lifestyles and spending patterns to enable them to survive the tough economic conditions we face, and to continue investing for their future retirement. Individual savings, and especially retirement savings, are more important than ever before.

The Board of Trustees remain committed to the creation of sustainable value for our members, who are the heart of the Fund. We are actively aware of investor concerns regarding market volatility, political and policy uncertainty, and the sluggish growth in our economy, but we are confident as a Board of Trustees that our members investment portfolios are well-diversified and able to offer a measure of protection against instability, whilst achieving the returns necessary to provide for their retirement.

André Puthiyasilan

Chairman: Furniture Bargaining Council Provident Fund

YOUR TRUSTEES

The Furniture Bargaining Council Provident Fund is managed by a Board of Trustees which consists of nine Trustees appointed by employees in the industry and nine Trustees appointed by employers in the industry. These Trustees have years of industry experience and have the responsibility of making sure that the Fund meets all its financial and legal commitments. Each Trustee devotes preparation time before meetings to contribute in their areas of expertise to add value with every decision they make regarding your retirement fund.

The Trustee's duties include:

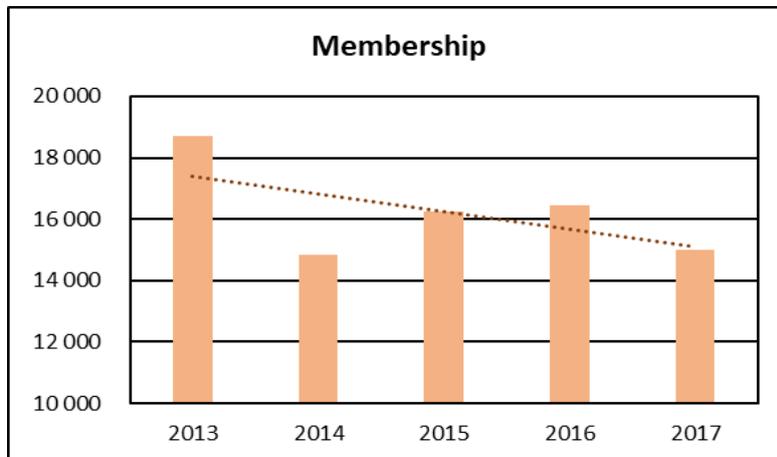
- taking reasonable steps to ensure your interests in the Fund are always protected
- acting with care, diligence and in good faith
- acting with fairness towards all members and beneficiaries
- making sure you get the correct information at the right time.

Chairman	André Puthiyasilan
Principal Officer	Lavinia Khangala
CEPPWAWU Trustees	Educatio Nkosi Kenneth Chauke Teresa Pilusa
NUFAWSA Trustees	Walter Dyers Omar Gasant Victor Abrahams Harry de Klerk Phineas Ntimane George Geswindt
FBUMA Trustees	Nico Badenhorst Len Baxter Lance Dirksen Hartwell Borchers Penwell Lunga Marionell Jonker Cobus van Vuuren Derick Labuschagne Hugo de Bruyn

INTERESTING FUND FACTS

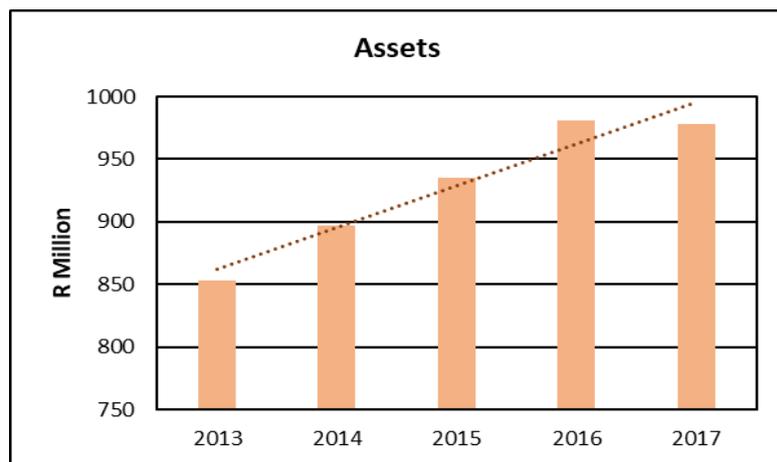
Membership

As at 30 September 2017, there were 591 participating employers and 14 000 active members in the Fund, down from 678 employers and 16 500 members as at September 2016.



Assets

The Fund's total assets under management as at 30 September 2017 amounted to just under R980 million. The graph below shows the growth of the assets in the fund since 2013 adjusted by exits due to company closures in 2017.



Benefits Paid

Based on preliminary numbers for the financial year to September 2017, the administrators of the fund paid a total of just over R136 million in benefits to 3 900 members in the financial year. This is about 20 benefit payments per working day, consisting of withdrawal, death and retirement claims.

FUND UPDATE

Investment Update

The Trustees regularly review the Fund's investment strategy with the Fund's Investment Consultant (Mentenova) to ensure that the selection of portfolios is suitable for the member's risk profile.

As part of their review, the Trustees made the following changes during the year:

- Moved the equities portfolio with PSG on to the Momentum platform to ensure that more choices are available for selection when considering the performance of investment managers in the equities market.
- Actively considered the allocation to the different asset classes available for investment to manage the risks in the volatile and uncertain investment markets.

Economic Overview

The money kept in your provident fund is invested to try to make sure that it grows faster than inflation over the long term. The following update will give you an idea of the performance of the local and global economy for the year under review.

After many difficult years that followed the global financial crises, many economies in the world are back in a growth phase, with stock markets performing well in the last couple of months. The U.S. economy grew a bit faster in the second quarter of 2017, the highest growth rate in more than two years, although the momentum is unlikely to continue. The landscape in Europe has also improved, as political tensions have decreased. This led to a recovery in these economies ahead of expectations. Latest economic indicators from China reveal an economy that appears to be stabilising at a moderate rate of economic growth. South Africa, having recovered from recession, is still lagging its emerging market peers in terms of growth. Increasing political and policy uncertainty has kept growth subdued. The Rand has recently depreciated against the Dollar to the same levels that were experienced at the beginning of the year. This is largely due to Dollar strength after President Trump tabled his proposed tax reforms and the lingering political uncertainty around the ANC electoral conference in December.

The table below indicates the returns on the different asset class indices that the fund invests in for the year to 30 September 2017:

Asset Class	Fund Allocation	Index Return
Local Equities	47.5%	10.2%
Listed Property	8.5%	9.5%
Local Bonds	14.5%	8.2%
Local Cash	4.4%	7.6%
International Equities	16.9%	17.4%
International Bonds	8.2%	-4.3%

INDUSTRY AND LEGAL UPDATES

• Final Default Regulations

Treasury has issued the final retirement funds default regulations which took effect on 1 September 2017. These regulations aim to provide retirement funds with greater discretion and flexibility in relation to their default investment portfolios and annuity strategies. The main purpose of the default regulations is to generally lower charges and improve outcomes for members of retirement funds.

• King IV Report

The King IV Report on Corporate Governance was issued in November 2016 and became effective for financial years commencing on or after 1 April 2017. The King IV Code sets out the philosophy, principles, practices which serve to benchmark corporate governance to inform outcomes such as ethical culture, adequate and effective control, performance and value creation, and trust, good reputation and legitimacy.

GENERAL

Fund Name:	Furniture Bargaining Council Provident Fund
FSB registration number:	PF 12/8/3784
Registered Address:	North Block 39 Empire Road Parktown Ext. Johannesburg
Telephone number:	011 242 9200

Indemnity statement

Whilst every effort has been made to ensure that the information in this report is correct, the Furniture Bargaining Council Provident Fund takes no responsibility for any loss or damage suffered by any person as a result of their reliance on the information contained herein.