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FSB VISIT TO OUR OFFICES IN FEBRUARY '18

~we asked the Chairman to provide feedback.

Is it normal for the FSB to visit a Fund's office?

Yes, it is. As promised in the media, the Financial Services Board which regulates Pension Funds in South Africa, requested a formal onsite visit in February this year. This is in line with the ongoing supervision of how large Funds in the industry conduct their business. The FSB has been uncompromising on its evaluation of good governance, sound investment strategy and the inhouse management and administration of Funds.

Can you share what happened in the meeting and were you and your team adequately prepared?

It is normal for the FSB to pay attention to a large Fund going through a change in administrators. It is often during this time that new checks and balances can be implemented if not already in place.

Naturally we were a bit tense, as you want to pass muster when visited by the Regulator. It was compulsory for all the Trustees to attend the meeting and they needed to answer directly any questions posed to them. The FSB scrutinised all the decisions taken recently by the Trustees. They went as far as to check via GPS that travel claims submitted were indeed correct.

What can you take from this meeting as a Board?

In our strategic sessions in 2015 we realised that the Retirement Fund Industry needed to find creative ways of increasing savings for retirement. So, we implemented substantial changes in the past 18 months in line with this philosophy. The FSB was in complete agreement with us and could see that all the decisions taken were in the greater interest of the CRF members. The Fund has also in the past year, reduced meetings, cut back on travel expenses, renegotiated all service provider contracts and service level agreements.

Was changing Administrators part of this process?

Yes, we needed to create transparency, accountability and manage costs and as a Board we firmly believe that we have made the correct decision. Our members must remember that transferring a huge Umbrella Fund from one administrator to another is a mammoth task and can take up to 18 months to complete. We understand there are still some delays in claim payments and teething system problems along the way, and we expected them, as this is typical of a large transition.

Change can be painful but at times necessary and we are certain members will start seeing the benefit of the changes by next year, once the systems are imbedded and their bottom line shows the savings they made. By then our claims turnaround times and protocols should also be in place and running smoothly.

This is the same as parents who allow their child to undergo a medical procedure whilst they are fully aware that it is a painful process. Good parenting means looking at the long-term benefits of the surgery and not the short-term pains.

We noticed there are still some rumours floating about, with some letters pointing directly at you and the board? Any comment?

We don't pay attention to rumours, only facts. The fact is that we have a strong dedicated team of service providers, a committed Board of Trustees, over R23 Billion in investments, a well-funded Fund and no major issues during the FSB on-site visit. We also have over 120 invested Local Authorities and most importantly the trust of 45 000 members. With those facts to support us I am sincerely and humbly optimistic about the CRF's future.



Dear Member

I could use a polite phrase, such as, it was a difficult or a challenging transition, but that would definitely be

an understatement! That said however, we are thankfully now almost on the other side and matters are looking up. Allow me to thank all of you, for your patience during the past nine months.

In this newsletter we wish to address some of the issues that have been frustrating our members and human resource officers alike. We heard your concerns about the delays experienced in the processing of claims and give you some pointers on how to improve the situation.

We have also adapted our communication cycle and I urge you to update your calendar with the new event dates including direct sessions with the Board over the next three months in all the main centres across the country. During these sessions your CRF team will be accompanied by at least one Trustee who will be visiting your area to update you in person on the post-transition phase as well as with what is happening in your Fund going forward. We will be in contact with your HR departments to arrange for time off.

Keep an eye on the website, as we always publish visits and workshops on our events calendar.

I would like to use this opportunity to congratulate Sukha & Associates, the Fund's Investment Consultant, on winning the award for Responsible Investments at this year's Batseta Conference in February. Also, well done and congratulations to the winners of our Bursary competition - details are on the website! We hope that the funds will benefit those who you chose to really enhance their education.



Be assured, our goal as Trustees is to keep your retirement money safely invested while it continues to grow. My dream for the members of the CRF can be summarised using this adapted Simone de Beauvoir quote:

"I wish that every CRF member's life might be pure transparent financial freedom."

Thank you for taking the time to read this newsletter.
Soysile Mokweni

DAILY CLAIMS

Understanding the domino effect and help us to speed matters up!

Did you know that the Fund on average processed 178 claims per month since October 2017?

In the transition period while the data was being transferred from one administrator to another, no claims could be processed. After the data was transferred, the new administrator had to first check nearly 43 000 individual files to ensure the data was transferred correctly.

This was a lengthy process, but is now completed. Only then could the new administrators start working with the back log of claims that the Fund received since June 2017. They also had to attend to and continue with claims that were not finalised by the previous administrator.

We are pleased to say that since October 2017 to the end of February 2018, we have paid 893 claims and the backlog is disappearing fast! We hope to be back to our fantastic level of service within the next six months.

When it comes to your money – only trust the FACTS!

The CRF is well funded and in a financially healthy position. Remember, the change of administrator has no effect on the investment strategy of the Fund.

If your claim form and supporting documentation have been submitted with all information needed, how long will it take for the claim to be paid?

Type of claim	WITHDRAWAL CLAIMS (Resignation and Retirement)
Expected time frame	From the day we receive the last contributions from the Employer, provided all documentation that has been submitted is correct, it currently takes 6-8 weeks to complete the claim. Have you provided your tax number and banking details?

Type of claim	DEATH CLAIMS
Expected time frame	A Death claim can take up to 12 months to process because Section 37C of the Pension Funds Act stipulates that the Board of Trustees must investigate each claim to ensure that all dependents are taken into consideration. Please make sure your beneficiary nomination form is updated.

Type of claim	FUNERAL CLAIMS
Expected time frame	Two working days provided that the claim form and all supporting documents are received and are correct. Please update your and your beneficiaries' contact details with the Fund.

FINANCIAL UPDATE

CRF Investment Performance

Markets continue to remain volatile over the short term and expectations are that local economic conditions will continue to improve over the medium term. We would re-iterate that members should avoid reacting to short-term market noise and maintain a long-term view when investing for retirement. The Fund's performance can be seen below. You can access your daily Fund values on your PORTFOLIO via the Fund's website.

Investment Period	Growth Portfolio	CPI + 4% p.a.	Protection Portfolio	STeFI	Pensioner Portfolio	CPI	Moderate Portfolio	CPI + 3% p.a.	Shari'ah Portfolio	CPI + 4% p.a.
2018 Financial Year (8 Months from July 17 - February 18)	6.9%	4.9%	5.7%	4.9%	5.3%	2.2%	4.1%	4.3%	2.0%	4.9%
2017 Financial Year (12 Months from July 16 - June 17)	4.4%	9.7%	8.9%	7.7%	5.0%	5.5%	5.4%	8.7%	-1.3%	7.5%

Purple columns indicate the target of the portfolios.

How did Steinhoff affect your retirement fund (if at all and how were we protected?)

Steinhoff dominated the news headlines in December and fortunately CRF had a relatively low exposure to both Steinhoff debt and equity. The share price fell from R55.81 to R6.00 from 1 December 2017 to 8 December 2017. As a result, the total unrealised loss on Steinhoff equity was 0.54% as a percentage of the Growth Portfolio, which was relatively low. No losses were realised on the Steinhoff debt exposure over the same period.

Fortunately, one of CRF's asset managers in the Growth Portfolio held a "short" position on Steinhoff, which meant that they had made a gain from the drop in the Steinhoff share price. This manager was recently included within the Growth Portfolio to improve overall diversification in the investment strategy.

Eskom bailout GEPP - CRF is safe and why?

The CRF Board of Trustees is both progressive and independent and functions separately from government. The Trustees may not allow political pressure or other influences to affect the investment decisions they take, as they will be held accountable in their personal capacity. In addition, CRF's appointed asset managers have strong environmental, social and governance criteria embedded in their investment process.

Key outcomes of the budget speech

Some of the major outcomes of the Budget Speech that affected retirement funds include:

- A hike in VAT from 14% to 15% from 1 April 2018. In our next communication we will expand on how this increase affects Fund costs.
- Retirement funds being allowed to invest 30% offshore excluding Africa (previously 25%) and an additional 10% to Africa (previously 5%)

The Budget was generally well-received by most stakeholders as it provided a plan to address our current debt and Budget deficit challenges. The Budget, together with President Ramaphosa's subsequent appointment of Mr Nene as Finance Minister and Mr Gordhan as Public Enterprises Minister, has significantly reduced the risk of a credit rating downgrade by Moody's.

Changes to our annual activities

~ What is new?



CRF Annual Benefit Statements as at 30 June

THEN Your annual update confirming your benefits and fund value in the fund was distributed electronically in December and posted in January.

NOW With the change in administrator, we are providing you with two statements which are loaded on your record. The first is your transfer statement which confirms your fund value that was transferred from Verso to Momentum. This statement also includes contributions and returns that have been allocated to your account as at 31 August 2017. The statement was emailed to you and is available on the Member Portal.

The second statement is your closing statement from Verso confirming the value that was transferred to Momentum as at 30 June 2017. This statement is available on your Member Portal.

Good Tip - You have access to an up to date statement from the member portal to get a daily fund value. This will include all your contributions that have been allocated to your account and includes your latest returns.

CRF Annual Financial Report

THEN: the Annual Financial Report was distributed with the Benefit statements prior to the AGM

NOW: This year, once the Financial Statements are completed and approved, you can look forward to receiving your Fund Report in a new format. The report will be emailed directly to you and abbreviated details will be distributed on posters and will be published on the website.

CRF Annual General Meeting

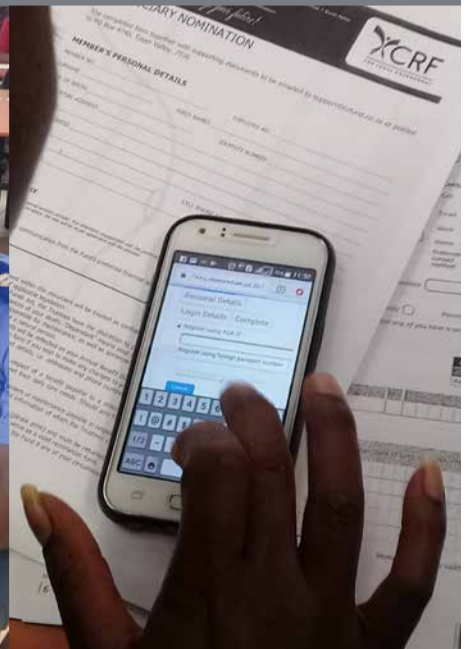
THEN: The Fund's AGM usually took place in the month of February and all Local Authorities were invited to send member and employer delegates to attend. Trustees were elected at the AGM.

NOW: This year's AGM has been postponed until further notice. The Board of Trustees is currently in consultation with the FSB in reviewing the way in which Trustees are elected. We will keep you informed.

Financial wellness education roadshow

THEN: We have a financial wellness education program each year in May to explain to all members the financial portfolios available to them after the age of 50.

NOW: As a result of the recently published default regulations we are moving the education program to after July 2018, in order to include information on preservation, possible changes to the investment portfolios and the introduction of the Fund's annuity strategy which is being developed now.



YOUR PORTFOLIO

why not take control of your Fund matters?

By registering onto the member portal via the Fund's website, you get direct access to MY PORTFOLIO.

TRACK YOUR FUND VALUE AND KNOW WHAT YOUR INVESTMENTS ARE WORTH.

How to - Simply click on the Benefit Statement button, to view your latest Fund value. Please go to www.crfund.co.za and download the video under Fund Basics for easy step by step guidance to find out how your member share is calculated.

WHY ASK SOMEONE ELSE TO DO IT WHEN YOU CAN UPDATE YOUR PERSONAL DETAILS YOURSELF?

How to - Click on the Personal Details button and you can update your contact numbers, email address, postal and residential addresses. If you have updated any information, click on "update Personal Details" and your records will be updated within 24 hours.

NOT SURE HOW MUCH RISK COVER YOU HAVE IN THE FUND?

How to - Your risk category option will be reflected on your benefit statement. To find out more about your risk category, refer to the previous CRF newsletter or visit the website.

Note: Deadline to change your risk category is 30 April 2018

WHO INHERITS IF YOU DIE? DO YOU KNOW THE LAW? CHECK THAT THE DETAILS OF YOUR BENEFICIARIES ARE CORRECT, IF NOT - WHY NOT FIX IT YOURSELF?

How to - Review your beneficiary nominations on-line to make sure they are current. If not, update on-line or complete the "Beneficiary Nomination" form available on the CRF website, and email it to the CRF to support@crfund.co.za.