

PROVIDENT FUND: FUND REPORT

Introduction

This report forms part of the Trustees' communication policy. It endeavours to provide both participating employers and fund members with useful information about their fund and specific information regarding the Fund's financial position which is based on the latest financial statements approved by the Trustees.

The Fund is a defined contribution fund and therefore the optimization of fund returns and the minimization of fund expenses is of critical importance. Both these issues are addressed within this report.

Members are encouraged to contact the Fund's Trustees or their human resources department with any questions and concerns.

Fund Officials

For your convenience, the current Board of Trustees and Principal Officer are confirmed below:

- Ms Wahida Parker: Chairperson of the Board and Independent Trustee;
- Mr Willie Rossouw: Independent Trustee;
- Ms Yvonne Wilken: Sponsor Trustee;
- Adv. Christi Franken: Sponsor Trustee;
- Mr Edward Thomson: Sponsor Trustee;
- Adv. Thayn Niemand: Sponsor Trustee;

Ms Brenda Krummeck is the Fund's Principal Officer.

Fund Governance

The Fund is a separate legal entity, to the Fund's sponsor, Verso Financial Services (Pty) Ltd, and is managed by the Board of Trustees. As part of the Trustees' commitment to good governance as prescribed in the Financial Services Board Circular PF130, the Trustees have formulated the following Fund policies:

- Board charter for the Board of Trustees;
- Communication policy and strategy;
- Investment policy statement;
- Risk management policy;
- Self-assessment framework for Board members.

These policies were formulated to ensure that the Fund is optimally managed to the benefit of the members of the Fund. The Trustees review these policies annually to ensure their relevance.

Rule amendments to the Fund:

Following the FSB approval of rule amendment no 2, 3 and 4 there have been no further rule amendments to the fund.

Audited Financial Statements at 30/06/2017

The Fund's external audit by Grant Thornton has been completed and approved by the Board of Trustees. Herewith a summary of the comparative results for the last two audit periods:

| | 30-06-2017 (R'000) | 30-06-2016 (R'000) |
|--------------------------|-----------------------|-----------------------|
| Balance Sheet | | |
| Total assets | | |
| - Investments | 633 785 | 456 188 |
| - Current assets | 12 932 | 13 192 |
| Total liabilities | | |
| - Member credits | 623 630 | 458 904 |
| - Reserves | 721 | 796 |
| - Current liabilities | 22 367 | 9 679 |
| Income Statement | | |
| - Gross contributions | 106 593 | 67 168 |
| - Investment return | 21 923 | 28 869 |
| - Transfers received | 119 650 | 57 879 |
| - Transfers out | (2 241) | (11 962) |
| - Benefits paid | (67 123) | (36 688) |

Fund Expenses

The Fund's expenses, e.g. audit fees, actuarial fees, independent trustees' remuneration etc., are paid from the Fund's cost reserve account which is funded by a monthly contribution from the employer's contributions. The Trustees actively manage the Fund's expenses to ensure that it remains reasonable.

Member Communication – Web Access

Verso Financial Services launched the InTouch App.

The Fund's website (www.vurf.co.za) is regularly updated to provide employers and members with a platform to obtain all relevant fund information.

Members can register online for both web access and SMS services to have direct access to their fund information.

Fund statistics

Participating employers 48

Contributing members – 8277

Total investments – R633 785 421

General

The Fund rules, the most recent actuarial valuation, audit report and financial returns may be inspected by any member at the offices of the Fund, or at the offices of the employer. You may purchase hard copies of these documents by sending a written request to the Principal Officer.

The legal provisions, under which the Fund and the benefits are governed, are explained in the Fund rules. These Rules are subject to amendments based on the discretion of the Board of Trustees. In the event of a dispute concerning an issue under the Fund rules, the procedure contained in the rules will be followed. Should you have a complaint, this should be put in writing and forwarded to either the Fund's Principal Officer, or to your employer. You have the right to receive a reply within 30 days after the addressee has received your complaint. Should you not receive a reply within the prescribed time period, or should the reply be unsatisfactory, you have the right to lodge your complaint with the Pension Funds Adjudicator. The Pension Funds Adjudicator can be contacted at Postal Address: P.O. Box 580, Menlyn, 0063; Tel No: 012 346 1738; Fax No: 086 693 7472; E-Mail address: enquiries@pfa.org.za.

DISCLAIMER

This information is confidential and intended solely for the recipient's attention. Verso Financial Services (Pty) Ltd will not be held responsible for the consequences that may result from the dissemination, wrongful or otherwise, of such information to any third party.