

**KZN MUNICIPAL PENSION FUND
FINANCIAL SECTOR CONDUCT AUTHORITY REGISTRATION NUMBER 12/8/36983**

**ANNUAL FINANCIAL STATEMENTS
IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT NO 24. 1956**

FOR THE FINANCIAL REPORTING PERIOD ENDED 30 JUNE 2023

KZN MUNICIPAL PENSION FUND

ANNUAL FINANCIAL STATEMENTS

For the financial reporting period ended 30 June 2023

Financial Sector Conduct Authority registration number 12/8/36983

South African Revenue Service approval number: 18/20/4/041307

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*Not subject to any engagement by an auditor

**SCHEDULE A
KZN MUNICIPAL PENSION FUND**

Registration number: 12/8/36983

Regulatory Information

For the period ended 30 June 2023

Registered office of the Fund

Postal address:	Physical address:
P O Box 787240	115 West Street
Sandton	Sandown
2146	2146
South Africa	South Africa

Financial reporting periods

Current period:	01 July 2022 to 30 June 2023
Previous period:	01 July 2021 to 30 June 2022

Board of Fund	Email address	Capacity	Date appointed or re-appointed	Date resigned
Employer appointed Board Member				
B Fortein	barbara.fortein742@gmail.com	Appointed	17/01/2022	
PC Ndlovu	philli.mbatha@gmail.com	Appointed	21/11/2022	
SP Ngcobo	Sindiswa.Ngcobo@durban.gov.za	Appointed	17/01/2022	21/11/2022
TE Nyawose	Thabani.Nyawose@durban.gov.za	Appointed	17/01/2022	
Member elected Board Member				
P Babu-Dayal	pdayal127@gmail.com	Elected	01/07/2019	
S Dlamini	sthembile.dlamini@durban.gov.za	Chairperson	01/07/2019	
X Gabela	xolani.gabela@durban.gov.za	Elected	01/07/2019	
K Gama	khanyi.gama@durban.gov.za	Vice-Chairperson	01/07/2019	
TN Naidoo	rickynaidoo19@gmail.com	Elected	01/03/2021	
NC Ndlovu	connie.Ndlovu@durban.gov.za	Elected	01/07/2019	

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)
19/07/2022	Front Office Boardroom, Walnut Road Durban	Yes
21/09/2022	Front Office Boardroom, Walnut Road Durban	Yes
13/10/2022	Front Office Boardroom, Walnut Road Durban	Yes
20/10/2022	Front Office Boardroom, Walnut Road Durban	Yes
07/12/2022	Front Office Boardroom, Walnut Road Durban	Yes
15/03/2023	Front Office Boardroom, Walnut Road Durban	Yes
12/04/2023	Wild Coast Sun International	Yes
13/04/2023	Wild Coast Sun International	Yes
14/04/2023	Wild Coast Sun International	Yes
21/06/2023	Front Office Boardroom, Walnut Road	Yes

SCHEDULE A
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Regulatory Information

For the period ended 30 June 2023

Fund Officers

Principal Officer

Name: T Mketelwa

Postal address:
PO Box 1014
Durban
4000
South Africa

Physical address:
KZN Municipal Pension Fund
SmartXchange Building
Durban
4001

Telephone number: +27 (0)31 322 9002
Email address: thomas@kznmpf.org
Date appointed: 01/03/2019

Monitoring person in terms of Section 13A of the Pension Funds Act

Name: T Mketelwa

Postal address:
PO Box 1014
Durban
4000
South Africa

Physical address:
KZN Municipal Pension Fund
SmartXchange Building
Durban
4001

Telephone number: +27 (0)31 322 9002
Email address: thomas@kznmpf.org
Date appointed: 01/03/2019

Professional service providers

Valuator

Name: B J De Kock
Qualifications: BComm (Cum Laude), BCommHons, FASSA, FIA
Organisation: Alexander Forbes Financial Services Proprietary Limited

Postal address:
P O Box 253
Cape Town
8000
South Africa

Physical address:
Block A
The Boulevard
Searle Street
Woodstock
7925
South Africa

Telephone number: +27 (0)21 401 9300
Email address: dekokkb@alexforbes.com

SCHEDULE A
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Regulatory Information

For the period ended 30 June 2023

Professional service providers

Auditors

Full name: SizweNtsalubaGobodo Grant Thornton Inc.
Qualifications: Registered Auditor

Postal address:	Physical address:
P O Box 2939	20 Morris Street East
Saxonwold	Woodmead
2132	2191
South Africa	South Africa

Telephone number: +27 (0)11 231 0600
Email address: Darshen.Govender@sng.gt.com

Benefit administrator

Full name: Alexander Forbes Financial Services Proprietary Limited
Section 13B registration number: 24/472

Postal address:	Physical address:
P O Box 782	10 Torsvale Crescent
Umhlanga Rocks	Torsvale Park
4320	La Lucia Ridge Office Estate
South Africa	La Lucia
	4051
	South Africa

Telephone number: +27 (0)31 573 8000

Fund consultant

Full name: Alexander Forbes Financial Services Proprietary Limited
FAIS registration number: 1177

Postal address:	Physical address:
P O Box 782	10 Torsvale Crescent
Umhlanga Rocks	Torsvale Park
4320	La Lucia Ridge Office Estate
South Africa	La Lucia
	4051
	South Africa

Telephone number: +27 (0)31 573 8000

SCHEDULE A
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Registration number: 12/8/36983

Regulatory Information

For the period ended 30 June 2023

Investment administrator

Full name: Argon Asset Management Proprietary Limited
FAIS registration number: 835

Postal address:	Physical address:
P O Box 23254	1st Floor
Claremont	Colinton House
7735	1 Oakdale Rd
South Africa	Newlands
	7700
	South Africa

Telephone number: +27 (0)21 670 6570

Investment administrator

Full name: ATA Capital Proprietary Limited
FAIS registration number: 46869

Postal address:	Physical address:
9th Floor	9th Floor
90 on Grayston Drive	90 on Grayston Drive
Sandown	Sandown
Sandton	Sandton
2196	2196
South Africa	South Africa

Telephone number: +27 (11) 722 7317

Investment administrator

Full name: Avior Capital Markets Proprietary Limited
FAIS registration number: 45814

Postal address:	Physical address:
P O Box 651856	11th Floor, South Tower
Benmore	140 West Street
Sandton	Sandton
2010	2146
South Africa	South Africa

Telephone number: +27(0)21 440 5961

SCHEDULE A
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Regulatory Information

For the period ended 30 June 2023

Investment administrator

Full name: BlackRock Investment Management (UK) Limited
FAIS registration number: 43288

Postal address:	Physical address:
Dock Road Junction Corner Stanley & Dock Road	Dock Road Junction Corner Stanley & Dock Road
V&A Waterfront	V&A Waterfront
Cape Town	Cape Town
8001	8001
South Africa	South Africa

Telephone number: +27 (0)21 403 6446

Investment administrator

Full name: Camissa Asset Management Proprietary Limited
FAIS registration number: 784

Postal address:	Physical address:
P O Box 1016	5th Floor
Cape Town	Montclare Place
7708	cnr Campground and Main Roads
South Africa	Claremont
	8001
	South Africa

Telephone number: +27 (0)21 673 6303

Investment administrator

Full name: Coronation Asset Management Proprietary Limited
FAIS registration number: 548

Postal address:	Physical address:
P O Box 44684	7th Floor
Claremont	Montclare Place
7735	Cnr Campground and Main Roads
South Africa	Claremont
	Cape Town
	7708
	South Africa

Telephone number: +27 (0)21 680 2099

SCHEDULE A
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Registration number: 12/8/36983

Regulatory Information

For the period ended 30 June 2023

Investment administrator

Full name: Lima Mbeu Investment Managers Proprietary Limited
FAIS registration number: 49018

Postal address:
2nd floor, Fredman Towers
13 Fredman Drive
Sandton
2196
South Africa

Physical address:
2nd floor, Fredman Towers
13 Fredman Drive
Sandton
2196
South Africa

Telephone number: +27 (0)10 023 0113

Investment administrator

Full name: M&G Investment Managers Proprietary Limited
FAIS registration number: 45199

Postal address:
P O Box 23167
Claremont
Cape Town
7735
South Africa

Physical address:
7th Floor, Protea Place
30 Dreyer Street
Claremont
Cape Town
7708
South Africa

Telephone number: +27 (0)21 670 5100

Investment administrator

Full name: Mazi Asset Management Proprietary Limited
FAIS registration number: 46405

Postal address:
P O Box 784583
Sandton
2146
South Africa

Physical address:
4th Floor North Wing
90 Rivonia Road
Sandton
2196
South Africa

Telephone number: +27 (0)10 001 8300

SCHEDULE A
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Registration number: 12/8/36983

Regulatory Information

For the period ended 30 June 2023

Investment administrator

Full name: Mergence Investment Managers Proprietary Limited
FAIS registration number: 16134

Postal address:	Physical address:
P O Box 8275	2nd Floor
Roggebaai	Dockside Cruise Terminal
8012	Duncan Road
South Africa	V&A Waterfront
	8005
	South Africa

Telephone number: +27 (0)21 433 2960

Investment administrator

Full name: Mianzo Asset Management Proprietary Limited
FAIS registration number: 43114

Postal address:	Physical address:
The Forum	The Forum
Unit Ego1, Vesta House	Unit Ego1, Vesta House
Northbank Lane	Northbank Lane
Century City	Century City
7441	7441
South Africa	South Africa

Telephone number: +27 (0)21 552 3555

Investment administrator

Full name: Ninety One South Africa Proprietary Limited
FAIS registration number: 587

Postal address:	Physical address:
P O Box 1655	36 Hans Strijdom Avenue
Cape Town	Foreshore
8000	Cape Town
South Africa	8001
	South Africa

Telephone number: +27 (0)21 901 1932

SCHEDULE A
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Regulatory Information

For the period ended 30 June 2023

Investment administrator

Full name: Northern Trust Global Services Limited
FAIS registration number: 44089

Postal address:	Physical address:
Georges Court	50 Bank Street
54-62 Townsend Street	Canary Wharf
Dublin 2	London
Ireland	E14 5NT 0000

Telephone number: +44 (0)207 982 2241

Investment administrator

Full name: Old Mutual Life Assurance Company South Africa Limited
FAIS registration number: 703

Postal address:	Physical address:
P O Box 1014	Mutualpark
Cape Town	Jan Smuts Drive
8000	Pinelands
South Africa	7405
	South Africa

Telephone number: +27 (0)21 509 2127

Investment administrator

Full name: Peresec Prime Brokers Proprietary Limited
FAIS registration number: 18826

Postal address:	Physical address:
P O Box 650361	10th Floor
Benmore	Katherine Towers
2010	1 Park Lane
South Africa	Wierda Valley
	Sandton
	2196
	South Africa

Telephone number: +27(0)11 722 7500

SCHEDULE A
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Regulatory Information

For the period ended 30 June 2023

Investment administrator

Full name: Prescient Investment Management Proprietary Limited
FAIS registration number: 612

Postal address:
P O Box 31142
Tokai
Cape Town
7966
South Africa

Physical address:
Prescient
Steenberg Office Park
Block B, Silverwood
Silverwood Lane
Tokai
7945
South Africa

Telephone number: +27 (0)21 700 5463

Investment administrator

Full name: Sanlam Investment Management Proprietary Limited
FAIS registration number: 579

Postal address:
Private Bag X8
Tyger Valley
7536
South Africa

Physical address:
55 Willie van Schoor Avenue
Tyger Valley
Bellville
7530
South Africa

Telephone number: +27 (0)21 950 2695

Investment administrator

Full name: Stanlib Asset Management Proprietary Limited
FAIS registration number: 719

Postal address:
P O Box 202
Melrose Arch
2076
South Africa

Physical address:
17 Melrose Boulevard
Melrose Arch
2196
South Africa

Telephone number: +27 (0)11 448 5385

SCHEDULE A
KZN MUNICIPAL PENSION FUND

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Regulatory Information

For the period ended 30 June 2023

Investment administrator

Full name: Sygnia Asset Management Proprietary Limited
FAIS registration number: 873

Postal address:
P O Box 51591
V&A Waterfront
8002
South Africa

Physical address:
7th Floor
The Foundry
Cardiff Street
Green Point
Cape Town
8001
South Africa

Telephone number: +27 (0)21 446 5402

Investment administrator

Full name: Vunani Fund Managers Proprietary Limited
FAIS registration number: 608

Postal address:
P O Box 44586
Claremont
7735
South Africa

Physical address:
6th Floor
Letterstedt House
Newlands on Main
Newlands
7700
South Africa

Telephone number: +27 (0)21 670 4993

Investment advisor

Full name: Optimate Financial Solutions Proprietary Limited
FAIS registration number: 20223

Postal address:
Spaces
2 Ncondo Place
Umhlanga Ridge
4319
South Africa

Physical address:
Spaces
2 Ncondo Place
Umhlanga Ridge
4319
South Africa

Telephone number: +27 (31) 830 5354

SCHEDULE A
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Regulatory Information

For the period ended 30 June 2023

Risk insurer

Full name: BrightRock Life Limited
FSP approval number: 11643

Postal address:
Postnet Suite #280
Private Bag x30500
Houghton
2041
South Africa

Physical address:
Building D
The Sunnyside Office Park
Parktown
Johannesburg
2193
South Africa

Telephone number: +27(0)10 003 2162

Participating employer

The following employer participates in the Fund in terms of the Rules of the Fund:

eThekwini Municipality

SCHEDULE B
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Statement of Responsibility by the Board of Fund
For the period ended 30 June 2023

Responsibilities

The Board of Fund hereby confirms to the best of their knowledge and belief that, during the period under review, in the execution of their duties they have complied with the duties imposed by the Pension Funds Act of South Africa 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 FSCA Conduct Standard 1 of 2022 (RF): Requirements related to the payment of pension fund contributions ("Conduct Standard") of the Pension Funds Act of 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 of South Africa 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.

The Board of Fund assessed the Fund's ability to continue as a going concern in addition to the above responsibilities.

Approval of the annual financial statements

The annual financial statements of KZN Municipal Pension Fund 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 administrator, 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 20 to 57 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 of South Africa.

These annual financial statements have been reported on by the independent auditors, SizweNtsalubaGobodo Grant Thornton Inc., who were 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 auditors in the management representation letter during their audit were valid and appropriate. The report of the independent auditors is presented on pages 17 to 19.

SCHEDULE B
KZN MUNICIPAL PENSION FUND
Registration number: 12/8/36983

Statement of Responsibility by the Board of Fund
For the period ended 30 June 2023

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 annual financial statements.

These annual financial statements:

- were approved by the Board of Fund on 06.12.2023;
- 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 as at 30 June 2023 as well as the results of its activities for the period then ended; and
- are signed on behalf of the Board of Fund by:



S Dlamini
Chairperson

Place: Durban

Date: 06.12.2023



Board Member
Appointed

Place: Durban

Date: 06.12.2023



Board Member
Appointed

Place: Durban

Date: 06.12.2023

SCHEDULE C
KZN MUNICIPAL PENSION FUND
Registration number: 12/8/36983

Statement of Responsibility by the Principal Officer
For the period ended 30 June 2023

I confirm that, for the period under review, KZN Municipal Pension Fund 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.



T Mketelwa
Principal Officer

Place: Durban

Date: 06.12.2023

SCHEDULE D
KZN Municipal Pension Fund
Registration number: 12/8/36983

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF FUND OF THE KZN MUNICIPAL PENSION FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KZN Municipal Pension Fund ("the Fund") set out on pages 30 to 57, which comprise the statement of net assets and funds as at 30 June 2023 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.

In our opinion, the financial statements of the Fund for the year ended 30 June 2023 are prepared, in all material respects, in accordance with the 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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

We draw attention to the Purpose and basis of preparation of financial statements note to the financial statements, which describes the basis of preparation of the financial statements. The financial statements have been prepared for the purpose of the Fund's reporting to the Financial Sector Conduct Authority (the Authority) in terms of section 15(1) of the Pension Funds Act No. 24 of 1956, as amended (the Pension Funds Act of South Africa) and have been prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Fund and the Authority and should not be used by parties other than the Board of Fund or the Authority. Our opinion is not modified in respect of these matters.

Victor Sekese [Chief Executive]

A comprehensive list of all Directors is available at the company offices or registered office

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SizweNtsalubaGobodo Grant Thornton Incorporated Registration Number: 2005/034639/21

Other information

The Board of Fund is responsible for the other information. The other information comprises the information included in the Annual Financial Statements in terms of section 15 of the Pension Funds Act of South Africa of the Fund for the period 1 July 2022 to 30 June 2023 but does not include the financial statements (schedules 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 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. If, based on the work we have performed, 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 related 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 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 based on 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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 no 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 instances of non-compliance with laws and regulations that came to our attention during the course of our audit of the financial statements.



SizweNtsalubaGobodo Grant Thornton Inc.
Darshen Govender
Director
Registered Auditor

14 December 2023
20 Morris Street East
Woodmead

SCHEDULE E
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Report of the Board of Fund

For the period ended 30 June 2023

1. Description of the Fund

Type of Fund

In terms of Section 1 of the Income Tax Act, 1962 the Fund is classified as a pension Fund. The Fund is a defined contribution Fund and includes In-Fund Living Annuitants.

Benefits

Fund benefits

The objective of the Fund is to provide retirement and other benefits for employees and former employees of the Fund and of municipalities in the province of KwaZulu Natal, and benefits in the event of their death.

Unpaid benefits

Unpaid benefits are held in the books of the Fund for a period of up to two years to allow for the beneficiary to claim their benefit. Should the benefit not be claimed within this time period, the benefit shall be made unclaimed.

Deferred Retirement benefits

Deferred retirement is when a member who has retired from service with the employer, elects that his retirement benefit shall be retained in the Fund until his election date. The election date will be the date on which the deferred retiree member elects to receive payment of his benefit.

Paid Up and In-Fund Preservation benefits

If a member who has not reached normal retirement date leaves service in circumstances not provided elsewhere in the Rules, he shall become a preserved member. The Fund allows for default in-fund preservation. The preserved benefit shall become payable on or after the preserved member attains normal retirement age, on death, elects to be paid as a lumpsum or elects transfer to an approved fund.

Unclaimed benefits

Complete records, as prescribed per the Rules of the Fund, are maintained by the Fund for unclaimed benefits.

Strategy of the Board of Fund towards unclaimed benefits

The administrators maintain a separate record in respect of benefits due under the Fund which have not been claimed. Subject to the provisions of the Pension Funds Act, any such benefit shall be dealt with in the manner set out below:

- if a potential beneficiary approaches the Fund at any stage the Board of Fund shall consider the claim and if the circumstances so warrant, shall pay to the beneficiary that part of the benefit, increased by such interest as they may allow, that as at the date of payment to the beneficiary is in excess of tracing costs, and any costs incurred by the Fund in the administration of such benefit; or

SCHEDULE E
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Report of the Board of Fund

For the period ended 30 June 2023

-
- if so decided by the Board of Fund, that part of the benefit, increased by such interest as they may allow, that as at the date of transfer in terms of this Rule is in excess of tracing costs, and any costs incurred by the Fund in the administration of such benefit, may be transferred to a national fund established by legislation for the purpose of housing unclaimed benefits, or to a Fund established by an administrator for the same purpose.

If any costs are incurred as a consequence of the Board of Fund tracing any potential beneficiaries whose benefits due under the Fund are unclaimed or in order to give effect to the provisions of Section 37C of the Act, such reasonable costs may be taken into account in the calculation of the benefits payable to such beneficiaries.

Beneficiary benefits

Strategy of Board of Fund towards beneficiary benefits.

Beneficiary benefits are paid in terms of the Rules of the Fund.

Contributions

Members' contributions

Each member may elect to contribute to the Fund at a rate of 5%, 7.5%, 9%, 12%, 15% or 18% of their Fund salary. A member may make additional contributions to the Fund.

A member may make additional contributions to the Fund, in order to secure greater benefits in accordance with such conditions and procedures as the Board of Fund may prescribe from time to time.

Employers' contributions

The municipality makes contributions towards the retirement benefit of each member in its service at the rate of 9% of member's fund salary. In addition the municipality contributes a further 9% of each member's fund salary, less any cost of the disability and funeral arrangement. This amount is applied to meet the cost of the insured portion and the Funds' expenses. Should the additional 9% less any cost of the disability and funeral arrangements exceed the cost of the insured portion and Fund's expenses; the excess will be allocated towards the members retirement funding.

Rule amendments

Rule amendment no.	Date of Board of Fund's resolution	Effective date	Date registered by the Financial Sector Conduct Authority
Rule amendment no.3	21/09/2022	01/09/2022	12/10/2022

Rule amendment no.3

With effect 1 September 2022, the Rules of the Fund were amended for the reason set out below:

- to clarify that an In-Fund Annuitant may elect that a portion of his benefit be utilised to purchase an annuity or annuities from an Insurer in terms of changes in tax legislation.

SCHEDULE E
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Report of the Board of Fund

For the period ended 30 June 2023

Reserves and specified accounts established in terms of the Rules of the Fund

Risk reserve account

This reserve account shall be maintained by the Fund since the fund itself carries part of the risk related to the payment of the Insured death, insured disability and insured terminal illness benefits.

This reserve account shall be:

credited with:

- an opening balance as decided by the actuary in consultation with the Board of Fund;
- portion of the employer contributions to cover the cost of the insured death benefit, the insured disability benefit, the terminal illness benefit, the disability arrangement and the funeral benefits;
- such portion of the excess employer contribution of 9% of fund salary, after allowing for the risk and administration expenses, as decided by the actuary and agreed to by the Board of Fund;
- any reinsurance payments made to the fund by the registered insurer; and
- such amounts as may be decided by the actuary from time to time.

debited with:

- payments made on the death, disablement or terminal illness of a member;
- premiums payable to a registered insurer to maintain the risk benefits payable on death, disablement or terminal illness;
- any amount required to meet a shortfall in the employer contribution towards risk and expenses;
- expenses incurred in the management of the risk benefits payable on death, disablement and terminal illness; and
- such amounts as may be decided from the actuary from time to time.

The risk reserve account is credited with the investment return earned on the assets within this account.

The assets of the risk reserve account are currently invested in the Money Market portfolio.

For the period from 1 July 2017 to 31 December 2017, the Fund paid 40% of all death benefit claims and the remaining 60% of these claims were paid by the reinsurer. Premiums were split in the same proportion. With effect from 1 January 2018, the Board of Fund decided to extend the partially self insured death benefit. The Fund paid 50% of all death claims and the remaining 50% of these claims were paid by the reinsurer.

Premiums were based on the rates as decided by the Board of Fund, increased or decreased by the investment return earned on the assets within this account.

The terminal illness and temporary disability benefits were fully self-insured for the duration of the valuation period.

The balance of the Risk reserve account as at 2023 was R223 102 007 (R198 739 127 as at 2022).

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Pension account

The Pension account in relation to a particular pensioner shall be:

credited with the amount transferred to secure a pension from the Fund for the pensioner;

debited with:

- pension payments;
- any lump sum payments to the pensioner;
- any amounts transferred to a registered insurer to purchase an annuity for the pensioner; or
- any expenses of any nature including but not limited to the cost of administration and any advice provided to the pensioner in terms of investing his pension, the insurance premiums, taxes or other charges determined by the trustees and charged by the fund in respect of the pension provided from this account;

increased or decreased by the investment return earned on the portfolio or portfolios in which the assets in this account are invested.

It is specifically provided that the fund's liability in respect of a pension payable in relation to a pensioner is limited at any time to the balance in the Pension account. The balance on the Pension account at 2023 was R1 245 060 066 (R948 742 148 at 2022).

2. Investments

Investment strategy

The Board of Fund has formulated an investment strategy that complies with the provisions of Regulation 28 of the Pension Funds Act, after taking due consideration of the advice of the Fund's investment and other professional advisors. In terms of the investment strategy, the investments are managed according to the following principles:

General principles

The general investment principles of the Fund in operation at the reporting date, are to achieve a long term investment return in excess of the consumer price index, and to limit the risk of capital depreciation through a diversified investment portfolio (see Schedule IA) of investments.

Individual member choice

The default investment strategy for active members is the KZN LifeStage Model and for the In-Fund Annuitants is 50% KZN Managed Fund portfolio and 50% KZN Defensive Fund portfolio.

Members are also given individual choice should they wish not to be invested in the default KZN LifeStage Model applicable to their age, hence selecting portfolios that would achieve optimum return, taking into account associated risks. Overall responsibility for investment and performance lies with the Board of Fund.

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All portfolios' are administered on an investment platform managed and run by Sygnia Asset Management Proprietary Limited. Members are given the option of selecting:

- KZN Aggressive Fund portfolio
- KZN Defensive Fund portfolio
- KZN Islamic Fund portfolio
- KZN Managed Fund portfolio
- KZN Money Market Fund portfolio
- KZN Global Balanced portfolio

Claims in progress

All unpaid benefits are held in the Fund's bank account until they are either paid to the beneficiaries or made unclaimed.

Deferred Retirements

Members may choose to invest in the default portfolios in the lifestage model or as per the portfolio listed under individual member choice. If a member makes no choice, they default in the same portfolio as active membership.

Preserved members

Members may choose to invest in the default portfolios in the lifestage model or as per the portfolio listed under individual member choice. If a member makes no choice, they default in the same portfolio as active membership.

Pensioners

The In-Fund Annuitants investment strategy adopted by the Board of Fund is:

- KZN Defensive Fund portfolio
- KZN Global Balanced portfolio
- KZN Managed Fund portfolio
- KZN Money Market Fund portfolio
- KZN Islamic Fund portfolio

An exemption had been granted in respect of KZN Municipal Pension Fund to include the KZN Islamic Fund portfolio and this option is therefore offered to members who wish to include this as one of their member individual choice portfolios in respect of the In-Fund Annuitants. The Fund was therefore allowed to offer 5 of the 6 member choice portfolios to the In-Fund Annuitants.

Unclaimed benefits

The Board of Fund elected to invest unclaimed benefit funds in the KZN Money Market Fund.

Risk Reserve Account

The Board of Fund elected to invest the Risk Reserve Account in the KZN Money Market Fund.

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Management of investments

The Fund invests the Fund's assets according to a default lifestage model (known as the KZN Lifestage Model) comprising of the KZN Managed Fund and the KZN Moderate Fund. Members are switched (by way of quarterly switches) from the KZN Managed Fund to the KZN Moderate Fund from 5 years prior to normal retirement age until they are 2 years from retirement. Members are invested in the KZN Moderate Fund in their last 2 years prior to retirement.

The KZN Moderate Fund is made up of 50% of the KZN Managed Fund and 50% of the KZN Defensive Fund.

In addition to lifestage portfolio, the Fund offers members the option to invest in a small range of risk profiled investment options where they do not wish to be invested in the lifestage model. These include: KZN Aggressive Fund, KZN Defensive Fund, KZN Money Market Fund, KZN Global Balanced Fund and KZN Islamic Fund.

The following investment administrators manage the fund's fully discretionary global balanced mandates on a segregated basis:

- Ninety One South Africa Proprietary Limited
- M & G Investment Managers Proprietary Limited

The following investment administrators manage the fund's local equity mandates on a segregated basis.

- Argon Asset Management Proprietary Limited
- Mazi Asset Management Proprietary Limited
- Mergence Investment Managers Proprietary Limited
- Sanlam Investment Management Proprietary Limited
- Lima Mbeu Investment Managers Proprietary Limited
- Mianzo Asset Management Proprietary Limited
- Northern Trust Global Services Limited

The collective investment scheme portfolios are managed by the following investment managers:

- BlackRock Investment Management (UK) Limited
- Coronation Asset Management Proprietary Limited
- Camissa Asset Management Proprietary Limited
- M & G Investment Managers Proprietary Limited
- Stanlib Asset Management Proprietary Limited

The following investment administrators manage the fund's local bonds mandates on a segregated basis.

- Coronation Asset Management Proprietary Limited
- Vunani Fund Managers Proprietary Limited

The following investment administrators hold assets for the Fund as a custodian.

- Avior Capital Markets Proprietary Limited
- Peresec International Limited

The private equity portfolios are managed as follows:

- ATA Capital Proprietary Limited
- Mahlako A. Phahla Financial Services Proprietary Limited
- MSM Property Fund Proprietary Limited

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The linked insurance policy is managed by Old Mutual Life Assurance Company South Africa Limited.

The KZN LifeStage Model, which is the default investment portfolio for active members, was applied as follows over the valuation period;

- From five years prior to normal retirement date members are transitioned from the KZN Managed Fund to the KZN Moderate Fund by way of quarterly switches over a period of three years.
- Members then remain in the KZN Moderate Fund over the remaining two years prior to retirement.

The default portfolio for the pensioners is 50% KZN Managed Fund portfolio and 50% KZN Defensive Fund portfolio which is known as KZN Moderate Fund.

3. Membership

Active members

At beginning of period	23 148
Additions	663
Less:	
Withdrawals	430
Deaths	152
Retirements	365
Transfers to other funds	1
Adjustments	29
At end of period	22 834

Number at end of period (South African citizen) 22 834

Adjustments

Membership adjustment of 29 members is due to the members' records that were discontinued.

Deferred retirements

Included in the active membership total at the end of the period, there are 16 paid-up members, 10 Deferred retirement members and 25 Default Reg paid-up members.

Pensioners

At beginning of period	570
Additions	168
Less:	
Deaths	14
Settled in full	1
Suspended pensioners	1
At end of period	722

Number at end of period (South African citizen) 722

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Report of the Board of Fund

For the period ended 30 June 2023

Unclaimed benefits

At beginning of period	213
Transfers from other funds	3
Less:	
Settled in full	25
At end of period	191

Number at end of period (South African citizen) 191

Citizenship

As per feedback received from the Financial Sector Conduct Authority, the citizenship disclosure is based on the members' identification numbers (ID's).

4. Actuarial valuation

A statutory valuation was performed as at 30 June 2020 and the valuator reported that the Fund was in a sound financial condition. The next statutory valuation will be performed as at 30 June 2023.

5. Housing loan facilities

Housing loan guarantees

The Fund has granted housing loan guarantees in terms of the Rules of the Fund and Section 19(5) of the Pension Funds Act. Each loan is secured by the withdrawal benefit of the respective member.

6. Investments in participating employers

The Fund holds no direct investments in the participating employer.

7. Significant matters

Unapproved risk benefits

The policy for funeral insurance is in the name of the employer. The Fund is used as a conduit to pay these premiums. The total premium for the year of R11 662 678 was netted off against the employer contributions received towards re-insurance and expenses. An amount of R12 639 340 was paid on behalf of the employer to the insurer and therefore a creditor of R976 662 was raised at year end (refer to note 11 in the annual financial statements). The total creditor amount was paid to the re-insurer on 14 July 2023.

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For the period ended 30 June 2023

KZNMPF vs Natal Joint Funds (Pension and Provident) & Others - Case No. 1464/19P

- The Fund launched an application against NJMPF and the MEC on 27 February 2019 in terms of which the Fund sought to set aside certain provisions of the new regulations promulgated by the MEC.
- Judgment was handed down on 16 September 2022, the Judge found in favour of the Fund.
- The Judge confirmed the relief sought in the Fund's original Notice of Motion, specially that the disputed new regulations are set aside.
- The Judge further ordered that NJMPF and the MEC are to pay the costs of the application, including the cost of two Counsel.
- NJMPF has applied for leave to appeal the judgment.
- KZN Municipal Pension Fund is opposing the appeal.
- NJMPF has been granted leave to appeal judgment of the High Court dated 16 September 2022, to the Full Bench of the High Court.
- The appeal has not yet been set down.

South African Local Government Bargaining Council Collective Agreement

- The implementation of the agreement has been suspended pending the various legal challenges (including that of the Municipal Retirement Organisation to which the Fund is a party) as well as the interim relief already obtained by the Municipal Workers Retirement Fund in Court. The Municipal Retirement Organisation has not requested any refund of costs as yet from the Funds they are representing in this case.
- The KZNMPF has decided not to apply for accreditation.
- The Employer has agreed to and is currently contributing to the Fund.
- The Employer is applying for exemption from accreditation.
- The Collective Agreement was set aside by the High Court on 20 February 2023, save for clause 8, on application by the MRO and other parties.
- The High Court judgment has been taken on appeal to the Supreme Court of Appeal by the SALGBC and others.
- The appeal has not yet been set down.
- The KZN Municipal Pension Fund is not a party to these proceedings.

Durban Pension Fund Transfer Dispute

The Fund received a letter of demand on 29 September 2022 allegedly on behalf of 600 members who are dissatisfied with their transfers into the KZN Municipal Pension Fund from the Durban Pension Fund. The relief sought by the members is to be transferred back into the Durban Pension Fund, which is not permissible in terms of the Rules of the Durban Pension Fund or the KZN Municipal Pension Fund. It has emerged that many of the members have in fact already exited the KZN Municipal Pension Fund (on account of resignation, retirement etc) and so cannot be transferred back into the Durban Pension Fund.

A complaint to the Pension Funds Adjudicator has been filed by one of the complainants (R Chetty) in relation to the dispute. The Fund is referenced in the complaint but is not formally cited. The Pension Funds Adjudicator may cite the Fund as a party to the complaint, alternatively the Fund may make application to be joined to the complaint on the basis that it is an interested party. The Fund is awaiting direction from the Pension Funds Adjudicator.

SCHEDULE E
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Report of the Board of Fund

For the period ended 30 June 2023

Impact of changes in Regulation 28 on the annual financial

Regulation 28 under the Pension Funds Act was recently amended (Gazetted on 5 July 2022) to include additional reporting requirements in relation to infrastructure assets and amendments to the asset spreading requirements. The intention is that the draft Regulatory Reporting Standard (the Standard will replace Board Notice 77, but the consultation process for the annual financial statements (AFS) has not been finalised. Further-more in accordance with the FSCA Communication 19 of 2023 released on 19 July 2023, (RF) paragraph 3.1, the FSCA wishes to clarify that since the Regulatory Reporting Standard has not yet been finalised, funds must continue to prepare annual financial statements in accordance with the requirements of Board Notice 77(including the existing Schedule IB).

The revised Regulation 28 now includes Category 9 (Private equity), Category 10 (Other assets not referred to in this schedule and excluding a hedge fund or private equity fund) and Category 11 (Investments in infrastructure) and a new Table 2 with reference to "Investments in Infrastructure", which has not been included in the current Regulation 28 disclosure in these financial statements. Accordingly, the current Regulation 28 disclosure does not comply with the revised Regulation 28 requirements (Gazetted on 5 July 2022).

Currently, in accordance FSCA Communication 19 of 2023 released on 19 July 2023 certain of the percentage limits have been amended and all investments are to be disclosed on a look through basis.

8. Subsequent events

Since the end of the period under review no significant events have occurred that affect the annual financial statements.

SCHEDULE F
KZN MUNICIPAL PENSION FUND
Registration number: 12/8/36983

Statement of Net Assets and Funds
At 30 June 2023

	Notes	Current period R	Previous period R
ASSETS			
Non-current assets			
Plant and equipment	1	425 545	567 393
Investments	2	22 527 576 173	19 282 615 770
		<u>22 528 001 718</u>	<u>19 283 183 163</u>
Current assets			
Accounts receivable	5	717 989	577 952
Cash at bank		442 505 343	524 157 521
		<u>443 223 332</u>	<u>524 735 473</u>
Total assets		<u>22 971 225 050</u>	<u>19 807 918 636</u>
FUNDS AND LIABILITIES			
Members' funds and surplus account			
Members' individual accounts		21 095 152 529	18 256 712 318
Amounts to be allocated	15	23 689 406	12 951 426
		<u>21 118 841 935</u>	<u>18 269 663 744</u>
Pensions Account		1 245 060 066	948 742 148
		<u>22 363 902 001</u>	<u>19 218 405 892</u>
Reserve accounts			
Reserve accounts	7	223 102 007	198 739 127
		<u>223 102 007</u>	<u>198 739 127</u>
Total funds and reserves		<u>22 587 004 008</u>	<u>19 417 145 019</u>
Non-current liabilities			
Unclaimed benefits	8	11 228 454	11 102 702
		<u>11 228 454</u>	<u>11 102 702</u>
Current liabilities			
Transfers payable	9	0	9 933
Benefits payable	10	365 835 395	371 463 156
Contributions payable	6	344 177	1 730 583
Accounts payable	11	6 813 016	6 467 243
		<u>372 992 588</u>	<u>379 670 915</u>
Total funds and liabilities		<u>22 971 225 050</u>	<u>19 807 918 636</u>

SCHEDULE G
KZN MUNICIPAL PENSION FUND
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Statement of Changes in Net Assets and Funds
For the period ended 30 June 2023

	Notes	Members' individual accounts and amounts to be allocated R	Reserve account/(s) R	Current period R	Previous period R
Contributions received and accrued	6	1 432 816 035	168 464 041	1 601 280 076	1 571 942 823
Reinsurance proceeds		0	48 533 103	48 533 103	41 122 169
Net investment income	12	2 972 320 161	14 877 430	2 987 197 591	810 036 171
Other income	13	8 463 119	4 007 938	12 471 057	1 807 154
Net income before expenses		4 413 599 315	235 882 512	4 649 481 827	2 424 908 317
Less					
Reinsurance premiums		0	65 859 047	65 859 047	45 118 715
Administration expenses	14	26 868 519	627 210	27 495 729	24 605 191
Net income before transfers and benefits		4 386 730 796	169 396 255	4 556 127 051	2 355 184 411
Transfers and benefits					
Transfers from other funds	4	8 300 305	0	8 300 305	9 275 234
Transfers to other funds	9	(1 437 961)	0	(1 437 961)	(3 915 865)
Benefits	10	(1 233 847 522)	(145 033 375)	(1 378 880 897)	(1 186 837 242)
Net income before funds and reserves		3 159 745 618	24 362 880	3 184 108 498	1 173 706 538
Funds and reserves					
Balance at beginning of period		19 218 405 892	198 739 127	19 417 145 019	18 263 040 499
		22 378 151 510	223 102 007	22 601 253 517	19 436 747 037
Net investment return allocated					
Benefits payable to current members	10	(13 531 019)	0	(13 531 019)	(19 284 703)
Unclaimed benefits	8	(717 824)	0	(717 824)	(278 612)
Transfers to other funds	9	(666)	0	(666)	(38 703)
Balance at end of period		22 363 902 001	223 102 007	22 587 004 008	19 417 145 019

SCHEDULE HA
KZN MUNICIPAL PENSION FUND
Registration number: 12/8/36983

Notes to the Annual Financial Statements
For the period ended 30 June 2023

Basis of preparation

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 basis, except where specifically indicated in the accounting policies below:

Principal accounting policies

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

Plant and equipment

Plant and equipment are recognised when they are held for operational use for more than one reporting period and are initially recorded at cost.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognised in the Statement of Changes in Net Assets and Funds on a systematic basis which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Fund. The insert item of plant and equipment is depreciated on the straight line method over the estimated useful life as follows:

Vehicles CY 5 years

Depreciation methods, useful lives and residual values are reviewed annually by the Board of Fund and adjusted if appropriate.

Derecognition

The carrying value of an item of plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. All profits or losses on derecognition are recognised in the Statement of Changes in Net Assets and Funds.

Financial instruments

A financial instrument is recognised when the Fund becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value plus directly attributable transaction costs other than those classified at fair value through the Statement of Changes in Net Assets and Funds. Gains or losses arising from changes in the fair value are presented in the Statement of Changes in Net Assets and Funds in the period in which they arise.

Financial instruments include financial assets, cash and cash equivalents, accounts receivable, accounts payable, other financial liabilities and derivative financial instruments.

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Notes to the Annual Financial Statements
For the period ended 30 June 2023

Financial instruments include the following instruments per category:

Financial assets at fair value through Statement of Changes in Net Assets and Funds

- Equities
- Preference shares
- Debt instruments including Islamic debt instruments
- Collective investment schemes
- Insurance policies

Loans and receivables

- Cash
- Accounts receivable

Other financial liabilities

- Accounts payable

Equities

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 date of the Statement of Net Assets and Funds.

Unlisted equities

If a quoted closing price is not available, i.e. for unlisted instruments, the fair value is estimated using pricing models, or by applying appropriate valuation techniques, such as a discounted cash flow analysis or recent arm's length market transactions in respect of the equity instrument.

Preference shares

Listed preference shares

The fair value of listed preference shares 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 date of the Statement of Net Assets and Funds.

Unlisted preference shares

In respect of unlisted preference shares, the fair value is determined by applying appropriate valuation techniques, such as discounted cash flow analysis or recent arm's length market transactions in respect of preference shares.

Notes to the Annual Financial Statements
For the period ended 30 June 2023

Debt instruments including Islamic debt instruments

Debt instruments comprise investments in government or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.

Listed debt instruments

The fair value of listed debt instruments 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 Statement of Net Assets and Funds date.

Collective investment schemes

Investments in collective investment schemes are subsequently measured at fair value, which is the quoted net asset value price, as derived by the collective investment scheme administrator, multiplied by the number of units held.

Insurance policies

Non-linked policies

Non-linked investment policies with insurers are valued based on the policyholder's retrospective contribution to assets (i.e. accumulation at the actual investment return achieved on gross premiums).

Linked 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.

Pensioner annuity policies

Pensioner annuity policies is policies purchased in the name of the Fund with an insurer and are disclosed as an asset of the Fund and included under investments. The corresponding pensioner liability is included under funds and reserves. These policies are valued, equivalent to the financial soundness valuation as certified by the insurer.

Commodities

Commodities are measured at fair value using the closing price quoted from a regulated exchange.

Cash

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in fair value. Cash and cash equivalents are initially measured at fair value and subsequently at amortised cost using the effective interest method.

Accounts receivable

Accounts receivable are subsequently measured at amortised cost using the effective interest method, less impairment losses. Receivables with a short duration are not discounted, as the effects of discounting are immaterial.

SCHEDULE HA
KZN MUNICIPAL PENSION FUND
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Notes to the Annual Financial Statements
For the period ended 30 June 2023

Accounts payable

Accounts payable are subsequently measured at amortised cost, using the effective interest method. Payables with a short duration are not discounted, as the effects of discounting are immaterial.

Transfers from other funds

Section 14(1) transfers from other funds

Section 14 transfers from a fund are recognised on the date of approval of the scheme/arrangement of transfer of business by the Financial Sector Conduct Authority, as contained in the approval certificate obtained from the Authority. Section 14 transfers are measured at the values according to the Section 14 application at effective date of transfer, adjusted for investment return or late payment interest, and any members who exited the Fund after the effective date of the transfer but prior to the approval of the application from the Financial Sector Conduct Authority.

Individual transfers

Individual transfers are recognised on the earlier of receipt of the written notice of transfer (Recognition of Transfer) or receipt of the actual transfer value. Individual transfers are measured at the value of the transfer at effective date of the transfer, adjusted for investment return or late payment interest.

Contributions

Contributions received and accrued

Contributions are measured at the fair value of the consideration received or receivable and are accrued and recognised as income in accordance with the Rules of the Fund. Contributions received are apportioned between retirement funding and funding for risk expenses. The apportionment is governed by the Rules of the Fund. Any contributions outstanding at the end of the reporting period are recognised as a current asset – contributions receivable. Any contributions received in advance at the end of the reporting period are recognised as a current liability – contributions payable. Contributions received and accrued only include cash payments from the member and employer.

Reserves and specified accounts

Reserve accounts are accounted for in terms of the Rules of the Fund.

Transfers to other funds

Section 14(1) transfers to other funds

Section 14 transfers to other funds are recognised on the date of approval of the scheme/arrangement of transfer of business by the Financial Sector Conduct Authority, as contained in the approval certificate obtained from the Financial Sector Conduct Authority. Section 14 transfers are measured at the values according to the Section 14 application at effective date of transfer adjusted for investment return or late payment interest, and any members who exited the Fund after the effective date of the transfer but prior to the approval of the application from the Financial Sector Conduct Authority.

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.

SCHEDULE HA
KZN MUNICIPAL PENSION FUND
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Notes to the Annual Financial Statements
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Reinsurance proceeds

Reinsurance proceeds are measured at the fair value of the consideration received or receivable and are accrued and recognised as income at the same time as the recognition of the related claim.

Divorce orders

Divorce orders are recognised in the Statement of Changes in Net Assets and Funds upon notification of the divorce order by the non-member spouse. The divorce order is measured in accordance with the divorce order decree and requirements of the Income Tax Act.

Unclaimed benefits

Unclaimed benefits are claims payable to current or former members that remain unpaid in excess of 24 months from the date it becomes due and payable in terms of the Rules of the Fund. Unclaimed benefits are initially measured at cost and subsequently measured at amortised cost. Unclaimed benefits are classified and disclosed as a non-current liability.

Monthly pensions

Pensions are measured in terms of the Rules of the Fund. Monthly pension payments are recognised as an expense when they are due and payable in terms of the Rules of the Fund. Any pensions not paid at the end of the reporting period are recognised as a current liability – benefits payable.

Pensioner annuities in the name of the Fund

The payment of pensions constitutes the payment of a benefit under benefits awarded. The note disclosure for benefits awarded requires the payment of pensions to be shown under pensions paid.

Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and the risks specific to the liability.

Investment income

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.

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.

Collective investment schemes' distribution

Distributions from collective investment schemes are recognised in the Statement of Changes in Net Assets and Fund when the right to receive payment is established.

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Insurance policy income

Insurance policy income is recognised in the Statement of Changes in Net Assets and Funds when the right to receive payment is established.

Adjustment to fair value

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 period in which they arise.

Expenses incurred in managing investments

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

Administration expenses and reinsurance premiums

Expenses incurred in the administration of the Fund and reinsurance premiums are recognised in the Statement of Changes in Net Assets and Funds in the reporting period in which it occurred. 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.

Administration fees on unclaimed benefits

General administration expenses that are attributable to unclaimed benefits and collectible from the unclaimed beneficiaries are credited against administration expenses and debited against unclaimed benefits, as provided for in the Rules of the Fund.

Member individual accounts

Member individual accounts comprise of the Funds attributable to individual members, represented by investments and cash balances.

Amounts to be allocated

Amounts to be allocated represents transactions through the Fund which have not been allocated to members or reserves.

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1. Plant and Equipment

Current Period	At beginning of period	Additions	Disposals	Revaluation reserve	Other movements	At end of period	
	R	R	R	R	R	R	
Gross carrying amount							
Vehicles	567 393	0	0	0	(141 848)	425 545	
	567 393	0	0	0	(141 848)	425 545	
	At beginning of period	Depreciation charges	Accumulated depreciation on disposals	Impairment	Other movements	At end of period	Net carrying amount at end of period
	R	R	R	R	R	R	R
Accumulated depreciation and impairment							
Vehicles	0	141 848	0	0	(141 848)	0	425 545
	0	141 848	0	0	(141 848)	0	425 545
Previous period							
	At beginning of period	Additions	Disposals	Revaluation reserve	Other movements	At end of period	
	R	R	R	R	R	R	
Gross carrying amount							
Vehicles	709 242	0	0	0	(141 849)	567 393	
	709 242	0	0	0	(141 849)	567 393	
	At beginning of period	Depreciation charges	Accumulated depreciation on disposals	Impairment	Other movements	At end of period	Net carrying amount at end of period
	R	R	R	R	R	R	R
Accumulated depreciation and impairment							
Vehicles	0	141 849	0	0	(141 849)	0	567 393
	0	141 849	0	0	(141 849)	0	567 393

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2. Investments

2.1. Investment summary

	Local R	Foreign R	Total current period R	Total previous period R	Fair value current period R
Fair value through Statement of Changes in Net Assets and Funds					
Cash	311 422 679	55 382 888	366 805 567	332 517 517	366 805 567
Commodities	20 738 966	0	20 738 966	4 234 172	20 738 966
Debt instruments including Islamic debt instruments	1 598 823 053	188 462 967	1 787 286 020	1 771 976 338	1 787 286 020
Equities (including demutualisation shares)	7 280 998 308	125 117 373	7 406 115 681	8 718 015 148	7 406 115 681
Insurance policies	168 502 952	0	168 502 952	147 459 453	168 502 952
Collective investment schemes	6 338 373 396	6 088 517 851	12 426 891 247	8 308 413 142	12 426 891 247
Private equity funds	349 506 643	0	349 506 643	0	349 506 643
Derivative market instruments	0	1 729 097	1 729 097	0	1 729 097
	16 068 365 997	6 459 210 176	22 527 576 173	19 282 615 770	22 527 576 173

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3. Housing loan facilities

Housing loan guarantees

	Current period	Previous period
	R	R
The Standard Bank of South Africa Limited Pension Backed Lending	954 277 800	861 778 138
Ithala SOC Limited	115 018 734	63 985 182
	<u>1 069 296 534</u>	<u>925 763 320</u>

The Fund has provided guarantees to The Standard Bank of South Africa Limited Pension Backed Lending to secure housing loans for its members. The guarantees are limited to 50% of the relevant members' withdrawal benefits, in terms of the Rules of the Fund and Section 19(5) of the Pension Funds Act in South Africa. Each guarantee is secured by the withdrawal benefit of the respective members on whose behalf the guarantees were granted.

The total housing loan guarantee facility available to the Fund is R1 050 000 000 of which the fund has utilised and provided guarantees of R954 277 800. The cap on the housing loan guarantee is reviewed annually.

The facility is renewable annually.

The Fund has also entered into a Pension Backed home loan agreement with Ithala SOC Limited to secure housing loans for its members. There is no Rand limit and therefore no renewable date. Loans are granted on the amount on the pledge and approval of the Employer only.

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For the period ended 30 June 2023

4. Transfers from other funds

	Effective date	No. of members	At beginning of period R	Transfers approved R	Net investment return R	Assets transferred R	At end of period R
Total transfers in terms of Section 14		4	0	6 728 045	261 279	(6 989 324)	0
Kwazulu-Natal Joint Municipal Provident Fund (12/8/36983)	01/04/2021	1	0	457 098	40 694	(497 792)	0
Durban Pension Fund	01/01/2022	2	0	6 257 886	199 401	(6 457 287)	0
Kwa Zulu-Natal Joint Municipal Provident Fund (12/8/32588)	01/07/2013	1	0	13 061	21 184	(34 245)	0
Individual transfers		5	0	1 304 861	6 120	(1 310 981)	0
			0	8 032 906	267 399	(8 300 305)	0

Movement on Statement of Changes in Net Assets and Funds

Transfers approved	8 032 906
Net investment return	267 399
Transfers from other funds	8 300 305

Transfers applied for not yet approved

	Effective date	No. of members	Total R
Section 14 transfers			
Durban Pension Fund	01/01/2023	2	8 600 960
		2	8 600 960

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Notes to the Annual Financial Statements
 For the period ended 30 June 2023

5. Accounts receivable

	Current period R	Previous period R
Administration fees	0	25 293
eThekwini Municipality - Funeral premiums (In-fund annuitants)	1 386	1 386
Fidelity insurance prepaid	63 119	58 948
General Income received	653 484	481 814
Reinsurance premiums receivable		
Group life assurance	0	10 511
	<u>717 989</u>	<u>577 952</u>

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Notes to the Annual Financial Statements
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6. Contributions

	At beginning of period R	Towards retirement R	Towards reinsurance and expenses R	Contributions received R	At end of period R
Members contributions	0	484 189 143	0	(484 189 143)	0
Received and accrued	0	484 189 143	0	(484 189 143)	0
Employer contributions	(1 730 583)	873 617 867	243 473 066	(1 115 704 527)	(344 177)
Received and accrued	(1 730 583)	873 617 867	243 473 066	(1 115 704 527)	(344 177)
	(1 730 583)	1 357 807 010	243 473 066	(1 599 893 670)	(344 177)
Reported as:					
Contributions payable	(1 730 583)				(344 177)
	(1 730 583)				(344 177)

Movement on Statement of Changes in Net Assets and Funds

Towards retirement	1 357 807 010
Towards reinsurance and expenses	243 473 066
Contributions received and accrued	1 601 280 076

Unapproved Reinsurance Policy

Funeral premiums

The policy for funeral insurance is in the name of the employer. The Fund is used as a conduit to pay these premiums. The total premium for the year of R11 662 678 was netted off against the employer contributions received towards re-insurance and expenses. An amount of R12 639 340 was paid on behalf of the employer to the insurer and therefore a creditor of R976 662 was raised at year end (refer to note 11 in the annual financial statements). The total creditor amount was paid to the re-insurer on 14 July 2023.

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Notes to the Annual Financial Statements

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7. Reserve accounts

	Current period R	Previous period R
Risk reserve	223 102 007	198 739 127
	223 102 007	198 739 127

Risk Reserve

	Current period R	Previous period R
Contributions received and accrued	168 464 041	162 191 884
Reinsurance proceeds	48 533 103	41 122 169
Net investment income	14 877 430	8 575 952
Other income	4 007 938	0
Net income before expenses	235 882 512	211 890 005
Less:		
Reinsurance premiums	65 859 047	45 118 715
Administration expenses	627 210	534 958
Net income before transfers and benefits	169 396 255	166 236 332
Transfers and benefits		
Benefits	(145 033 375)	(143 973 755)
Net income before funds and reserves	24 362 880	22 262 577
Funds and reserves		
Balance at beginning of period	198 739 127	176 476 550
Balance at end of period	223 102 007	198 739 127

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8. Unclaimed benefits

	Current period	Previous period
	R	R
At the beginning of the period	11 102 702	14 464 747
Transferred from benefits payable	205 602	0
Net investment return	717 824	278 612
Less:		
Allocation of administration expenses	21 693	17 769
Benefits paid	775 981	3 622 888
At end of period	11 228 454	11 102 702

**SCHEDULE HA
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Notes to the Annual Financial Statements

For the period ended 30 June 2023

9. Transfers to other funds

	Effective date	No. of members	At beginning of period R	Transfers approved R	Net investment return R	Assets transferred and paid R	At end of period R
Total transfers in terms of Section 14		0	9 933	1 437 961	666	(1 448 560)	0
Old Mutual Stable Growth Fund - Case no: 530842	01/03/2021		9 933	0	(9 933)	0	0
Old Mutual Life Assurance Company - Case no: 551361	01/03/2022		0	1 437 961	10 599	(1 448 560)	0
			9 933	1 437 961	666	(1 448 560)	0

Movement on Statement of Changes in Net Assets and Funds

Transfers approved	1 437 961
Net investment return	666
Transfers to other funds	1 438 627

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10. Benefits

	At beginning of period R	Benefits for current period R	Net investment return R	Payments R	Transferred to unclaimed benefits R	At end of period R
Post retirement	514 134	99 783 044	0	(99 426 871)	0	870 307
Monthly annuities	514 134	99 783 044	0	(99 426 871)	0	870 307
On retirement	37 969 317	575 036 785	2 424 509	(598 934 151)	0	16 496 460
Lump sums on retirement						
Full benefit	37 969 317	575 036 785	2 424 509	(598 934 151)	0	16 496 460
Pre-retirement	328 409 422	606 199 433	11 043 304	(605 759 616)	(205 602)	339 686 941
Lump sums before retirement						
Disability benefits	0	28 009 968	0	(28 009 968)	0	0
Death benefits	314 431 147	246 929 229	9 078 471	(246 885 446)	0	323 553 401
Withdrawal benefits	13 978 275	331 260 236	1 964 833	(330 864 202)	(205 602)	16 133 540
Other	4 570 283	97 861 635	63 206	(93 713 437)	0	8 781 687
Divorce orders	4 570 283	96 039 929	63 206	(91 891 731)	0	8 781 687
Housing loan call ups	0	1 821 706	0	(1 821 706)	0	0
	371 463 156	1 378 880 897	13 531 019	(1 397 834 075)	(205 602)	365 835 395

Movement on Statement of Changes in Net Assets and Funds

Benefits awarded	1 378 880 897
Net investment return	13 531 019
Benefits	1 392 411 916

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11. Accounts payable

	Current period R	Previous period R
Administration fees	37 799	0
Auditor's remuneration	282 787	210 631
Communication Fees	0	7 475
Consulting fees	0	444 995
Disability management fees	113 379	48 691
Incorrect deposits	59 088	375 061
Legal fees	0	71 915
Optimate Financial Solutions	0	40 883
Regulation 28 Fees	0	2 300
Reinsurance premiums		
Group life assurance	5 340 656	4 285 762
Retirement benefit counselling fees	0	81 075
South African Reserve Bank reporting fees	2 645	2 703
Unapproved policy premiums in respect of participating employer/s		
Funeral premiums	976 662	895 752
	6 813 016	6 467 243

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For the period ended 30 June 2023

12. Net investment income

	Current period	Previous period
	R	R
Fair value adjustments	2 953 977 898	800 711 047
Insurance policies income	398 188	0
Interest received	27 556 793	17 124 593
Less:		
Expenses incurred in managing investments		
Investment administrators' fees	(5 264 712)	7 799 469
	<u>2 987 197 591</u>	<u>810 036 171</u>

Investment administrators fees

The negative amount of R5 264 712 is made up of investment fees of R1 143 616 and recoupment of investment related fees from Sygnia R6 408 328.

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13. Other income

	Current period	Previous period
	R	R
General Income received	10 875 369	0
Other income	1 595 688	1 807 154
	<u>12 471 057</u>	<u>1 807 154</u>

General Income

An amount R10 875 369 was received as settlements, from Nestlife R4 007 938, Outsurance R30 399, AIG R384 219 and Steinhoff R6 452 813.

Other Income

The Fund has entered into a scrip lending agreement with Standard Bank. The proceeds are paid to the Fund's bank account and the Fund will use this money to offset the investment admin fees from time to time.

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14. Administration expenses

	Notes	Current period R	Previous period R
Administration fees		6 783 350	6 513 513
Administration fees on disability members		6 877	6 401
Administration fees on pensioners and suspended pensioners		664 901	515 627
Administration fees on unclaimed benefits		21 693	17 769
Ata Capital - Investment expenses		0	1 231 788
Audit fees		280 621	210 831
Bank charges		3 567	3 263
Board of Fund accident cover		7 475	7 475
Board of Fund expenses	14.1	2 715 952	530 429
Communication Fees		1 647 740	688 616
Consulting fees		2 109 334	2 093 683
Default Reg administration fees		16 875	8 623
Depreciation		141 848	141 849
Disability management fees		627 210	534 958
Fidelity cover		185 187	174 197
Financial Sector Conduct Authority levies		588 330	570 362
Legal fees		409 951	475 552
Membership fees		319 509	42 550
Office expenses		760 209	738 013
Optimate Financial Solutions		572 700	490 589
Principal Officer expenses	14.2	3 006 284	2 525 108
Printing and stationery		0	158 765
Regulation 28 Fees		(2 300)	0
Rental Paid		732 741	1 118 806
Retirement benefit counselling fees		1 405 300	1 410 475
South African Reserve Bank reporting fees		10 408	10 810
Staff expenses	14.3	4 406 440	4 350 583
Switch Fees		94 185	52 325
Tracing expenses		1 035	0
Less:			
Amount allocated to unclaimed benefits		21 693	17 769
		27 495 729	24 605 191

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14.1 Board of Fund expenses

	Current period R	Previous period R
Expenses	2 603 452	325 429
Meeting allowances	112 500	205 000
	2 715 952	530 429

Expenses

The amount of R2 603 452 is in respect of training, travelling and meeting expenses.

14.2 Principal Officer expenses

	Current period R	Previous period R
Other payments	378 389	87 722
Remuneration	2 627 895	2 437 386
	3 006 284	2 525 108

Other payments

The amount of R378 389 is in respect of training fees, travelling expenses as well payments made for special meetings attended by the Principal Officer.

14.3 Staff expenses

	Current period R	Previous period R
Other payments	194 416	161 059
Remuneration	4 212 024	4 189 524
	4 406 440	4 350 583

Other payments

The amount of R194 416 is in respect of study expenses and travelling expenses for the Front Office staff.

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Notes to the Annual Financial Statements

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15. Amounts to be allocated

	Current period	Previous period
	R	R
Investment return to be allocated	23 689 406	12 951 426
	23 689 406	12 951 426

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16. Risk management

The Board of the Fund has overall responsibility for the establishment and oversight of the Fund's risk management policies.

The Board of Fund has established a Risk, Compliance and Audit Sub-Committee, whose function also incorporates the reviewing, development and monitoring of the Fund's risk management policies and to review the Annual Financial Statements of the Fund and provide recommendations to the Board.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities

The Fund has exposure to the following risks from its use of financial instruments:

- Market risk, including currency risk, interest rate risk and price risk
- Credit risk
- Liquidity risk
- Operational risk

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: Currency risk, interest rate risk and price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in foreign exchange rates. The Fund monitors currency risk in line with Regulation 28, the limits set out in terms of the South African Reserve Bank as well as in terms of the investment policy of the Fund.

The foreign currency exposure of the Fund is monitored each quarter with the submission of the quarterly asset allocation reports to the South African Reserve Bank. Investment administrators invest the Fund's assets according to the investment mandate, which stipulates the foreign exposure strategy of the Fund.

The Fund invests directly / indirectly in securities and other investments that are denominated in foreign currencies. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Fund will be subject to foreign exchange risk.

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Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in the interest rate. Interest rate risk is limited to interest bearing financial instruments that are accounted for at amortised cost.

Interest rate risk associated with the interest linked instruments included in the linked insurance policies / non-linked insurance policies are managed by the investment administrator according to the investment mandate and the risk management policy of the Fund. The investment administrator reports on the steps taken to identify and manage the risk on an annual basis.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Board of Fund identifies the risk during the process of setting the investment strategy. The issues considered by the Board of Fund in setting the investment strategy are documented in the investment policy document and actioned accordingly by the appointed investment administrators. The investment administrator reports on an annual basis on how the risk was identified and managed. The investment strategy of the Fund for the investment in equities and other market price related instruments complies with the Regulation 28 limit for the investment in equities and other market price related instruments. The investment strategy stipulates that the Fund only invest in socially responsible companies.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation, and cause the other party to incur a financial loss. Credit risk can arise when the investments of the Fund are exposed to contractual agreements, whether reflected on or off the Statement of Net Assets and Funds. Credit risk can also arise when the Fund has the right to off-set or to settle net in respect of certain assets and liabilities but does not intend to do so.

Housing loan guarantees granted are secured by the after tax withdrawal benefit of the respective members on whose behalf the guarantees were granted. The amount of the guarantee may not exceed 50% of the fund credit of the respective members. Housing loan guarantees granted are renewed annually to ensure that the general terms and conditions are still applicable.

The Fund's assets are only invested through compliant regulated investment administrators. The Fund's investment mandate stipulates that the investment administrator should monitor the risks associated with the Fund's investments on a regular basis.

Credit risk is managed by the Fund's outsourced investment administrator by investing in well-researched institutions and within the parameters of the investment mandate. The investment administrator must report annually on the steps taken to identify and manage the credit risk, in terms of the Fund's risk management policy.

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Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations associated with financial liabilities. According to the investment mandate, the Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests as specified in the rules of the Fund.

Cash flows are prepared on a monthly basis and the Board of Fund closely monitors the cash flow requirements. Bank reconciliations are performed on a monthly basis by the Fund's administrator. Money is invested and disinvested as and when the need arises.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Fund's activities and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Fund ensures that for all significant contractual obligations, as provided for in terms of the Rules, provisions have been raised in the annual financial statements and complies with all legislation, regulations and contracts. The responsibility lies with the Board of Fund predominantly as well as with the Fund's service providers where agreed to.

Details of the Fund's Risk Management Policy are available for inspection at the registered office of the Fund.

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17. Related party transactions

Related party	Relationship/Description	Current Period Transactions R	Current Period Balance R	Previous Period Transactions R	Previous Period Balance R
Board of Fund	Board members remuneration	112 500	0	205 000	0
Front Office staff	Staff remuneration	4 212 024	0	4 189 524	0
Participating employer and Fund transactions	Contributions towards retirement and reinsurance expenses	1 117 090 933	344 177	1 096 627 006	1 730 583
Participating employer and Fund transactions	Funeral benefit premiums	12 639 340	976 662	9 984 598	895 752
Principal Officer	Principal officer remuneration	3 006 284	0	2 525 108	0

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Report of the Valuator
For the period ended 30 June 2023

Effective date of the last statutory actuarial valuation: 30 June 2020

Particulars of the financial condition of the fund

1. Net assets available for benefits.

R15 123 079 522

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.

R15 123 079 522

3. Actuarial present value of promised retirement benefits at the valuation date.

Member liabilities	R14 368 619 040
Pension accounts	<u>R 543 081 346</u>
Total	R14 911 700 386

4. Contingency reserve account balances.

Risk reserve account R210 182 748

The Fund revealed a surplus of R1 196 388 as at 30 June 2020, after deducting the actuarial present value of promised retirement benefits and the contingency reserve account from the actuarial value of the net assets available for benefits.

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

Each member's fund credit consists of member and employer contributions allocated towards retirement funding plus fund investment returns. Discretionary enhancements to members' fund credits (supported by excess assets over that which is considered necessary to protect the fund against miscellaneous mismatches relating to investment returns and expenses) may also be awarded at each financial year-end.

The pension account consists of the member's fund credit at retirement less the amount commuted, pensions paid, any amount transferred to a registered insurer and deductions in respect of expenses plus net investment returns allocated thereto.

The risk reserve account consists of the employer contribution towards the cost of the death, disability, terminal illness and funeral benefits and the disability arrangement, together with such portion of the excess employer contribution of 9 percent of fund salary and any reinsurance payments made to the fund by the registered insurer. The risk reserve account is debited with payments made on death, disablement or terminal illness of a member, any premiums payable to the registered insurer to maintain the risk benefits payable on death, disablement or terminal illness and any expenses incurred in the management of the risk benefits. The risk reserve is credited with the investment return earned on the assets in this account.

SCHEDULE HB
KZN MUNICIPAL PENSION FUND
Registration number: 12/8/36983

Report of the Valuator
For the period ended 30 June 2023

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


Not applicable.

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

No.

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

I certify that as at 30 June 2020 the actuarial value of the net assets available for benefits of the KZN Municipal Pension Fund were sufficient to cover, in full, the actuarial present value of promised retirement benefits and the contingency reserve account.



Barend de Kock

Fellow of the Actuarial Society of South Africa and Institute and Faculty of Actuaries
in my capacity as the valuator of the fund and as an employee of Alexander Forbes Financial Services

Cape Town
4 September 2023

SCHEDULE I**KZN MUNICIPAL PENSION FUND**

Registration number: 12/8/36983

Report of the Independent Auditors to the Board of Fund and the Financial Sector Conduct Authority and Schedules to the Annual Financial Statements

For the period ended 30 June 2023

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SCHEDULE I

INDEPENDENT AUDITOR'S AGREED-UPON PROCEDURES REPORT TO THE BOARD OF FUND AND THE FINANCIAL SECTOR CONDUCT AUTHORITY IN RESPECT OF THE AUDITED ANNUAL FINANCIAL STATEMENTS AND OTHER SPECIFIED INFORMATION IN THE GENERAL LEDGER AND MANAGEMENT INFORMATION COMPRISING THE ACCOUNTING RECORDS (THE "SUBJECT MATTER") OF KZN MUNICIPAL PENSION FUND ("THE FUND") FOR THE YEAR ENDED 30 JUNE 2023

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report on the Subject Matter is provided in accordance with Section 15(1) of the Pension Funds Act, No. 24 of 1956 of South Africa (the "Act"), solely for the purpose of assisting the Financial Sector Conduct Authority (the "Authority") and Board of Fund in evaluating whether there are any instances of non-compliance with the requirements of the specified sections of the Act, Regulations of the Act, 1962 and the registered Rules of the Fund during the year ended 30 June 2023, and may not be suitable for another purpose. This report is intended solely for the Board of Fund and the Authority and should not be used by, or distributed to, any other parties.

Responsibilities of the Board of Fund and the Authority

The Board of Fund and the Authority have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Board of Fund is responsible for the subject matter on which the agreed-upon procedures are performed.

Auditor's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the Board of Fund and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Management

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The firm applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements; which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described in the table below, which were agreed upon with the Board of Fund in respect of the audited annual financial statements and other specified information in the general ledger and management information comprising the accounting records of the Fund for the year ended 30 June 2023.

Unless otherwise indicated, all balances, lists, schedules and other relevant documents referred to in the table below relate to the accounts/balances reflected in the audited annual financial statements of the Fund for the year ended 30 June 2023.

	Procedures	Findings																				
	Statement of Net Assets and Funds																					
1.	Investments																					
1.1	Obtain a list of all investments as at 30 June 2023 from the Fund administrator and agree the total investment balance per the list to the amount reflected in the Statement of Net Assets and Funds per the audited annual financial statements as at 30 June 2023 and note any differences.	We obtained a list of investments as at 30 June 2023 from the Fund administrator and agreed the total investment balance per the list to the amount reflected in the Statement of Net Assets and Funds per the annual financial statements as at 30 June 2023.																				
1.1.1	<p>a) Obtain external confirmations of all investment balances, per the list of investments obtained in procedure 1.1, from the [investment managers / insurers / collective investments managers] as at 30 June 2023. Where the auditor is unable to obtain these external confirmations, note this fact.</p> <p>b) For external confirmations that are in a foreign currency, obtain the exchange rate(s) applied by the Fund administrator to translate the investment value to South African rands (ZAR) from the Fund administrator and recalculate the ZAR value using the exchange rate. Agree the recalculated values to the investment balances as per the list of investments obtained in procedure 1.1 and note any differences.</p> <p>c) For external confirmations, that are in ZAR agree the values of the investments per the external confirmations obtained to the investment balances as per the list of investments obtained in procedure 1.1 and note any differences.</p>	<p>a) We obtained external confirmations of all investment balances, per the list of investments obtained in procedure 1.1, from the investment managers as at 30 June 2023.</p> <p>b) For external confirmations that are in a foreign currency, we obtained the exchange rate applied by the Fund administrator to translate the investment value to South African rands (ZAR) from the Fund administrator and recalculated the ZAR values of the investments per the external confirmations obtained and did not agree the recalculated values to the investment balances as per the list of investments obtained in procedure 1.1.</p> <table border="1"> <thead> <tr> <th></th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Total as per the list of investment balances</td> <td>R2,498,983,870.56</td> </tr> <tr> <td>Unsettled trades</td> <td>0</td> </tr> <tr> <td>Accrued income and expenses</td> <td>0</td> </tr> <tr> <td>Subtotal</td> <td>R2,498,983,870.56</td> </tr> <tr> <td>Total as per the external confirmations obtained from the investment managers</td> <td>R2,479,546,536.17</td> </tr> <tr> <td>Difference</td> <td>R 19,437,334.39</td> </tr> </tbody> </table> <p>c) For external confirmation that are in ZAR we did not agree the value of the investments per the external confirmations obtained to the investment balances as per the list of investments obtained in procedure 1.1.</p> <table border="1"> <thead> <tr> <th></th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Total as per the list of investment balances</td> <td>R20,032,803,642.52</td> </tr> <tr> <td>Unsettled trades</td> <td>-105,368,075.74</td> </tr> </tbody> </table>		Amount	Total as per the list of investment balances	R2,498,983,870.56	Unsettled trades	0	Accrued income and expenses	0	Subtotal	R2,498,983,870.56	Total as per the external confirmations obtained from the investment managers	R2,479,546,536.17	Difference	R 19,437,334.39		Amount	Total as per the list of investment balances	R20,032,803,642.52	Unsettled trades	-105,368,075.74
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Unsettled trades	-105,368,075.74																					

Procedures		Findings	
Statement of Net Assets and Funds			
1.	Investments		
		Accrued income and expenses	0
		Subtotal	R19,927,435,566.78
		Total as per the external confirmations obtained from the investment managers	R19,887,651,725.63
		Difference	R39,783,841.15
1.1.2	From the list of investments obtained in procedure 1.1, by inspection of the list or inquiry with the Fund administrator, note new investments made during the year ended 30 June 2023. Select a sample of 10 of the largest value new investments (if there are less than 10 new investments, select all) from the list of investments obtained in procedure 1.1, and perform the following procedures:	We inspected the list obtained in procedure 1.1, or inquired with the Fund administrator, and noted new investments made during the period ended 30 June 2023. We selected all new investments from the list of investments obtained in procedure 1.1, and performed the following procedures: .	
1.1.2.1	Inquire from the Principal Officer the date on which the investment policy statement of the Fund was last reviewed by the Board of Fund. Note the date.	We inquired from the Principal Officer and noted that the investment policy statement of the Fund was last reviewed by the Board of Fund on 13 April 2023.	
1.1.2.2	Obtain the latest approved policy statement from the Principal Officer. Inspect the investment policy statement and document the different categories of investments that are within the scope of the investment policy statement.	.We obtained the latest approved policy statement from the Principal Officer. We inspected the investment policy statement from the Principal Officer and the different categories of investments within the scope of the investment policy statement are as follows: Cash, Commodities; Debt Instruments, Equities, Immovable Properties, Insurance Policies, Collective Investment Schemes and Private Equity Fund.	
1.1.2.3	Inspect the investment note 2.1 of the audited annual financial statements for the year ended 30 June 2023 and document the categories of investments that the Fund has invested in.	We inspected the investment note 2 of the audited annual financial statements for the year ended 30 June 2023 and the categories of investments that the Fund has invested in are as follows: Cash, Commodities; Debt Instruments, Equities, Insurance Policies, Collective Investment Schemes and Private Equity Fund.	
1.1.2.4	Compare the categories documented in procedure 1.1.2.2 with the categories documented in procedure 1.1.2.3 and note the instances where the investment categories per the audited annual financial statements do not agree to the investment policy statement.	We compared the categories documented in procedure 1.1.2.2 with the categories documented in procedure 1.1.2.3 and noted no instances where the investment categories per the audited annual financial statements do not agree to the investment policy statement.	

	Procedures	Findings
	Statement of Net Assets and Funds	
1.	Investments	
1.2.1	Calculate the total value of direct investments held by the Fund in the participating employer as reflected in the investment note 1.3 of the audited annual financial statements, as a percentage of the total assets reflected in the Statement of Net Assets and Funds per the audited annual financial statements and note the calculated percentage.	Not applicable. We noted no direct investments held in participating employers disclosed in the investment note 2 of the audited annual financial statements.
1.2.2	Where the calculated percentage in procedure 1.2.1 exceeds 5%, obtain from the [Fund administrator/Principal Officer/[insert the name and designation of the representative of the Fund]] the exemption letter received by the Fund from the Authority for these investments. Note the date of the exemption letter; alternatively, note if no exemption letter could be obtained.	Not applicable. We noted no direct investments held in participating employers disclosed in the investment note 2 of the audited annual financial statements.
1.3	Section 19(5B) Investments Inquire from the Principal Officer about the matters specified below, as they relate to the year ended 30 June 2023 and note the following: i. Any loans or guarantees have been granted to a member of the Fund other than for the purposes of Section 19(5); and ii. Any loans have been granted to and investments were made in the shares of the following: a. A company controlled by an officer or a member of the fund or a director of a company which is an employer participating in the scheme or arrangement whereby the fund has been established; or b. A subsidiary (as defined in the Companies Act) of such a first-mentioned company. Where loans of this nature have been granted, note the following details of the loans granted: date, amounts and name of the borrower.	We inquired from the Principal Officer about the matters specified below, as they relate to the year ended 30 June 2023. Based on our inquiries performed, we noted the following: i. There were no loans or guarantees granted to a member of the Fund other than for the purposes of Section 19(5); and ii. There were no loans granted to and investments made in the shares of the following: a. A company controlled by an officer or a member of the fund or a director of a company which is an employer participating in the scheme or arrangement whereby the fund has been established; or b. A subsidiary (as defined in the Companies Act) of such a first-mentioned company.

	Procedures	Findings
	Statement of Net Assets and Funds	
1.	Investments	
1.4	<p>Section 19(5D) Investments</p> <p>Inquire from the Principal Officer about the matters specified below as they relate to the year ended 30 June 2023 and document the responses obtained:</p> <p>a. The Fund, directly or indirectly, acquired or held shares or any other financial interest in another entity at year-end, which resulted in the Fund exercising control over that entity, without obtaining the prior approval from the Authority; and</p> <p>b. The approval referred to in paragraph (a) was given, subject to any conditions, and note these conditions.</p>	<p>We inquired from the Principal Officer about the matters specified below as they relate to the year ended 30 June 2023. Based on our inquiries performed, the following responses were obtained:</p> <p>a. The Fund has not acquired or held any shares or financial interest in another entity which results in the exercising of control.</p> <p>b. The Fund has not acquired or held any shares or financial interest in another entity which results in the exercising of control.</p>
2.	Member individual accounts (defined contribution funds as well as the defined contribution section of hybrid funds)	
2.1	Obtain a list of the member individual accounts for defined contribution members (including contributing, paid-up and deferred members) as at 30 June 2023 and as at 1 July 2022 from the Fund administrator, and perform procedure 2.3:	We obtained a list of the member individual accounts for defined contribution members as at 30 June 2023 and as 1 July 2022 from the Fund administrator and performed procedure 2.3:
2.2	Obtain a reconciliation of the total value of the list of member individual accounts as 30 June 2023 obtained in procedure 2.1 to the Members' individual accounts balance as per the Statement of Net Assets and Funds as at 30 June 2023 from the Fund administrator. Note the reconciling items.	We obtained a reconciliation of the total value of the list of member individual accounts as at 30 June 2023 obtained in procedure 2.1 to the Members' individual accounts balance as per the Statement of Net Assets and Funds as at 30 June 2023 from the Fund administrator. No differences were noted.
2.3	<p>Select a sample of the lesser of 25 or 10% of the number of members from the list of members at the end of the year obtained in procedure 2.1 (selected based on the selection criteria provided above) and perform the following procedures for each member selected and for each of the following three months selected, based on the sample selection criteria described below:</p> <ul style="list-style-type: none"> • July 2022, • December 2022; and • June 2023 <p>Specify the basis of the sample selection for the 2 months, other than the last month of the year, as agreed with the Fund.</p>	<p>We selected a sample of 25 members from the list of members at the end of the year obtained in procedure 2.1 for the following three months:</p> <ul style="list-style-type: none"> • July 2022 • December 2022 and • Last month of the period (June 2023) <p>The sample for the other 2 months was selected randomly.</p> <p>We performed the following procedures for each member and month selected:</p>

	Procedures	Findings
	Statement of Net Assets and Funds	
2.	Member individual accounts (defined contribution funds as well as the defined contribution section of hybrid funds)	
2.3.1	Obtain a list of the member and employer contributions received and allocated for the respective months from the Fund administration system, by accessing the administration system and extracting this list, or by obtaining this list from the Fund administrator and perform procedure 2.3.3.	We obtained from the Fund administrator a list of the member and employer contributions received and allocated for the respective months from the Fund administration system and performed procedure 2.3.3 below.
2.3.2	Obtain the employer schedule supplied by the participating employers to the Fund administrator for the respective months and perform procedure 2.3.3.	We obtained the employer schedule supplied by the participating employers to the Fund administrator for the respective months and performed procedure 2.3.3 below.
2.3.3	Agree the member and employer contributions per the list obtained in procedure 2.3.1 with the member and employer contributions per the documents obtained in procedure 2.3.2 and note any differences.	The member and employer contributions obtained in procedure 2.3.1 agreed with the member and employer contributions obtained in procedure 2.3.2.
2.4	Obtain the registered rules of the Fund from the Fund administrator and perform the procedure below.	We obtained the registered rules of the Fund from the Fund administrator and performed the procedure below.
2.4.1	Calculate the member and employer contribution rates for each member selected in procedure 2.3 by dividing the contribution obtained in 2.3.1 by the salary per the [remittance advice / insert other proof of the payment document inspected that indicates the allocation of the contribution per member] obtained in procedure 2.3.2. Agree the calculated member and employer contribution rates to the rate per the rules of the Fund obtained in procedure 2.4. Note any differences.	We calculated the member and employer contribution rates for each member selected in procedure 2.3 by dividing the contribution obtained in 2.3.1 by the salary per employer schedule obtained in procedure 2.3.2. The calculated member and employer contribution rates agreed to the contribution rates per the rules of the Fund obtained in procedure 2.4. We did not note any differences.

	Procedures	Findings						
	Statements of Net Assets and Funds							
2.	Member individual accounts (defined contribution funds as well as the defined contribution section of hybrid funds)							
2.5	Inquire from the Fund administrator whether the Fund is a unitised or non-unitised fund, and note the type of fund.	We inquired from the Fund administrator whether the Fund is a unitised or non-unitised fund, and noted that the fund is a unitised fund.						
2.5.1	If the fund is a unitised fund, as noted in procedure 2.5: For the sample of members selected in procedure 2.3, perform the following procedures:	For the members selected with unitised investment products, we performed the following procedures:						
2.5.1.1	Recalculate the units allocated to the member for the specific month, as per the fund administration system, by dividing the contributions by the unit price using both inputs as per the administration system on the dates that the contributions were unitised. Agree the recalculated units to the units allocated to the member for the specific month, as per the fund administration system. Note any differences.	We recalculated the units allocated to the member for the specific month, as per the fund administration system, by dividing the contributions by the unit price using both inputs as per the administration system on the dates that the contributions were unitised. The recalculated units agreed to the units allocated to the member for the specific month, as per the fund administration system.						
2.5.1.2	Obtain an external confirmation of the unit prices from the investment manager throughout the year ended 30 June 2023. Note any exceptions of confirmations not obtained.	We obtained, an external confirmation of the unit prices from the investment managers throughout the year ended 30 June 2023.						
2.5.1.3	Agree the unit price per the administration system in 2.5.1.1 to the unit price per the external confirmation in 2.5.1.2 and note any differences.	We did not agree the unit price per the administration system in 2.5.1.1 to the unit price per the external confirmation in 2.5.1.2. The differences is due to a 2 day lag between the administrator and the external confirmation.						
2.5.1.4	Recalculate the member's fund credit as at 30 June 2023 by multiplying the number of units with the unit price, using both inputs as per the administration system. Agree the recalculated amount to the member's fund credit per the listing obtained in procedure 2.1, and note any differences.	We recalculated the member's fund credit as at 30 June 2023 by multiplying the number of units with the unit price, using both inputs as per the administration system. The recalculated amount agreed to the member's fund credit per the listing obtained in procedure 2.1.						
2.5.1.5	Agree the 30 June 2023 unit price as per the administration system used in procedure 2.5.1.1 to the unit price obtained from the investment manager in procedure 2.5.1.2, and note any differences.	The 30 June 2023 unit price as per the administration system used in procedure 2.5.1.1 did not agree to the unit price obtained from the investment manager in procedure 2.5.1.2. The difference is due to a 2 day lag. <table border="1" data-bbox="906 1601 1528 1780"> <tbody> <tr> <td>Unit price per system</td> <td>R176.34</td> </tr> <tr> <td>Unit price per investment manager</td> <td>R178.17</td> </tr> <tr> <td>Difference</td> <td>R1.82</td> </tr> </tbody> </table>	Unit price per system	R176.34	Unit price per investment manager	R178.17	Difference	R1.82
Unit price per system	R176.34							
Unit price per investment manager	R178.17							
Difference	R1.82							

	Procedures	Findings
	Statements of Net Assets and Funds	
2.	Member individual accounts (defined contribution funds as well as the defined contribution section of hybrid funds)	
2.5.2	If the fund is a non-unitised fund, as noted in procedure 2.5, for the sample of members selected in procedure 2.3, perform the following procedures:	Not applicable. The Fund does not offer non-unitised investment products.
2.5.2.1	Obtain the resolution of the Board of Fund or the rules of the Fund or the approved recommendation by the fund valuator that indicates the rate of investment returns to be allocated to members from the Fund administrator.	Not applicable. The Fund does not offer non-unitised investment products.
2.5.2.2	Inquire from the Fund administrator about how the investment returns as per [the resolution of the Board of Fund or the rules of the Fund or the approved recommendation by the fund valuator obtained in procedure 2.5.2.1 are allocated to the members of the Fund.	Not applicable. The Fund does not offer non-unitised investment products.
2.5.2.3	Recalculate the member's closing fund credit as at 30 June 2023 by: <ul style="list-style-type: none"> • Taking the member's opening fund credit from the opening listing obtained in procedure 2.1. • Adding the contributions allocated as per the administration system; and • Adding/subtracting the returns allocated to the member as calculated using the basis provided by Fund administrator obtained in procedure 2.5.2.2. Agree the recalculated amount to the member's fund credit per the closing listing obtained in procedure 2.1 and note any differences.	Not applicable. The Fund does not offer non-unitised investment products.
2.6	Switches Obtain a list from the Fund administrator of the members who switched investment portfolios during the year-end (including Lifestage switches). Select a sample of the lesser of 25 or 10% of the members who switched between investment portfolios during the year (selected based on the selection criteria provided above), and perform the following procedures:	We obtained a list from the Fund administrator of the members who switched investment portfolios during the year (including Lifestage switches), selected a sample of 25 members and performed the following procedures:
2.6.1	Obtain the client mandate between the administrator and the Fund from the Fund administrator and note the following terms: <ul style="list-style-type: none"> • Days indicated to process a member-elected switch. • Timing to effect a Lifestage switch. Fees deductible from the member individual accounts to process a switch.	We obtained the client mandate between the administrator and the Fund. We noted the following terms: <ul style="list-style-type: none"> • 5 business days to process a member-elected switch • The system automatically switches the member to the next portfolio on a specific date when they reach a staged age. There are no cost implications involved when switches take place.

	Procedures	Findings
	Statements of Net Assets and Funds	
2.	Member individual accounts (defined contribution funds as well as the defined contribution section of hybrid funds)	
2.6.2	Member-elected switches For member-elected switches included in the sample selected in procedure 2.6, obtain the member's instruction to switch investment portfolios from the Fund administrator, and perform the following procedures:	Member-elected switches For member-elected switches included in the sample selected in procedure 2.6, we obtained the member's instruction to switch investment portfolios from the Fund administrator, and performed the following procedures:
2.6.2.1	Inspect the member's instruction for details of the required switch and note the following details per the instruction: <ul style="list-style-type: none"> • Date of receipt of the member's instruction by the Fund administrator • Effective date of the switch; and Investment portfolio to be switched into. 	We inspected the member's instruction for details of the required switch and noted the following details per the instruction: <ul style="list-style-type: none"> • Date of receipt of the member's instruction by the Fund administrator; • Effective date of the switch; and • Investment portfolio to be switched into.
2.6.2.2	Inspect the member's fund credit transactions from the administration system obtained from the Fund administrator and note the following details about the switch: <ul style="list-style-type: none"> • Date when the switch was processed by the Fund administrator; • Effective date of the switch; and • Investment portfolios switched into. 	We inspected the member's fund credit transactions on the administration system obtained from the Fund administrator, and noted the following details about the switch: <ul style="list-style-type: none"> • Date when the switch was processed by the Fund administrator; • Effective date of the switch; and • Investment portfolios switched into.
2.6.2.3	Agree the effective date of the switch and the investment portfolios switched into, as noted in procedure 2.6.2.1, to the effective date of the switch and the investment portfolios switched into and noted in procedure 2.6.2.2, and note any exceptions with regard to the date of switch and/or the portfolios switched.	The effective date of the switch noted in procedure 2.6.2.1 agreed to the effective date of the switch noted in procedure 2.6.2.2. No exception noted. The investment portfolios switched into and noted in procedure 2.6.2.1 agreed to the investment portfolios switched into and noted in procedure 2.6.2.2.
2.6.2.4	Calculate the number of days taken to process the switch, using the following: <ul style="list-style-type: none"> • Date of receipt of the member's instruction by the Fund administrator noted in procedure 2.6.2.1. • Date when the switch was processed by the Fund administrator noted in procedure 2.6.2.2. 	We calculated the number of days taken to process the switch, using the following: <ul style="list-style-type: none"> • Date of receipt of the member's instruction by the Fund administrator noted in procedure 2.6.2.1. • Date when the switch was processed by the Fund administrator noted in procedure 2.6.2.2.
2.6.2.5	Agree the number of days taken to process the switch, per 2.6.2.4, with the number of days per the terms per the client mandate between the administrator and the Fund in 2.6.1. Note any difference in timing where the number of days taken to process the switch is greater than the terms per the client mandate between the administrator and the Fund.	No instances were noted where the number of days taken to process the switch was greater than the terms per the client mandate between the administrator and the Fund.

	Procedures	Findings								
	Statements of Net Assets and Funds									
2.	Member individual accounts (defined contribution funds as well as the defined contribution section of hybrid funds) continue									
2.6.3	Lifestage switches Obtain the Fund's Lifestage investment strategy from the Fund administrator.	Lifestage switches We obtained the Fund's Lifestage investment strategy from the Fund administrator.								
2.6.3.1	For Lifestage switches included in the sample selected in procedure 2.6, perform the following procedures:	For Lifestage switches included in the sample, we performed the following procedures:								
2.6.3.2	Inspect the member's fund credit transactions on the administration system obtained from the Fund administrator and note the following details about the Lifestage switch: <ul style="list-style-type: none"> • Date when the Lifestage switch was processed by the Fund administrator and Investment portfolios switched into. 	We inspected the member's fund credit transactions on the administration system obtained from the Fund administrator and noted the following details about the Lifestage switch: <ul style="list-style-type: none"> •Date when the Lifestage switch was processed by the Fund administrator; and investment portfolios switched into. 								
2.6.3.3	Agree the investment portfolios switched into and noted in procedure 2.6.3.2 to the Fund's Lifestage investment strategy obtained in procedure 2.6.3.	The investment portfolios switched into and noted in procedure 2.6.3.2 agreed to the Fund's Lifestage investment strategy obtained in procedure 2.6.3.								
2.6.3.4	Agree the timing of the Lifestage switch per 2.6.3.2 with the terms per the client mandate between the administrator and the Fund in 2.6.1.Note any difference in timing.	The timing of the Lifestage switch per 2.6.3.2 agreed with the terms per the service level agreement between the administrator and the Fund. No difference noted.								
2.6.4	For all switches selected in procedure 2.6, inspect the member's record on the administration system for fees deducted for switches, and agree the fees deducted to the fee due in terms of the client mandate (obtained in procedure 2.6.1). Note any differences.	For all the switches selected in procedure 2.6, we inspected the member's record on the administration system, and did not note any fees relating to switches that were deducted.								
2.7	Obtain the Asset Liability Match ("ALM") reconciliation per investment portfolio / product / category as at 30 June 2023, from the Fund administrator and perform the following procedures:	We obtained the ALM reconciliation per investment portfolio as at 30 June 2023 from the Fund administrator and performed the following procedures:								
2.7.1	Obtain a reconciliation of the total investment balance per investment portfolio / product / category, as reflected on the ALM reconciliation, to the total balance per the list of investments obtained in procedure 1.1 from the Fund administrator. Note any reconciling items.	We obtained a reconciliation of the total investment balance per investment portfolio, as reflected on the ALM reconciliation, to the total balance per the list of investments obtained in procedure 1.1 from the Fund administrator. following differences were noted: <table border="1" data-bbox="922 1458 1524 1718"> <thead> <tr> <th></th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Total investments as per the ALM reconciliation</td> <td>R22,527,575,600.22</td> </tr> <tr> <td>Total investments as per the list of investments</td> <td>R22,527,576,172.42</td> </tr> <tr> <td>Differences</td> <td>R572.20</td> </tr> </tbody> </table>		Amount	Total investments as per the ALM reconciliation	R22,527,575,600.22	Total investments as per the list of investments	R22,527,576,172.42	Differences	R572.20
	Amount									
Total investments as per the ALM reconciliation	R22,527,575,600.22									
Total investments as per the list of investments	R22,527,576,172.42									
Differences	R572.20									

	Procedures	Findings
	Statements of Net Assets and Funds	
2.	Member individual accounts (defined contribution funds as well as the defined contribution section of hybrid funds) continue	
2.7.2	Obtain a reconciliation of the total member individual accounts value per investment portfolio / product / category, as reflected on the ALM reconciliation, to the total member individual accounts value as per the listing obtained in procedure 2.1. from the Fund administrator. Note any reconciling items.	We obtained a reconciliation of the total member individual accounts value per investment portfolio, as reflected on the ALM reconciliation, to the total member individual accounts value as per the listing obtained in procedure 2.1 from the Fund administrator. No reconciling items were noted.
2.7.3	Inspect the total difference between assets and liabilities reflected on the ALM and note whether the variance is larger than 2% of total assets of the Fund per the Statement of Net Assets and Funds.	We inspected the total difference between assets and liabilities reflected on the ALM and noted that the variance is not larger than 2% of total assets of the Fund per the Statement of Net Assets and Funds.
3	Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)	
3.1	Obtain a list of defined benefit members as at [insert the period/year-end] from the Fund administrator; and perform the following procedures:	Not applicable as this is not a defined benefit fund.
3.2	Select a sample of the lesser of 25 or 10% of the number of defined benefit members at [insert the period/year-end] from the list of members provided by the Fund administrator (selected based on the selection criteria provided above). Perform the following procedures for each member, for each of the following three months: [Specify the basis of the sample selection for the 2 months, other than the last month of the period/year, as agreed with the Fund].	Not applicable as this is not a defined benefit fund.
3.2.1	Obtain a list of the member contributions received and allocated for the respective months on the administration system from the Fund administrator.	Not applicable as this is not a defined benefit fund.
3.2.2	Obtain the [remittance advice / insert other proof of the payment document inspected that indicates the allocation of the contribution per member] supplied by the participating employers to the Fund administrator for the respective months.	Not applicable as this is not a defined benefit fund.
3.2.3	Agree the member contributions received and allocated as obtained in 3.2.1 with 3.2.2, and note any differences.	Not applicable as this is not a defined benefit fund.
3.2.4	Calculate the member contribution rates for each member selected by dividing the contribution by the salary per the [remittance advice / insert other proof of the payment document inspected that indicates the allocation of the contribution per member / other relevant documents inspected] obtained in procedure 3.2.2. Agree the calculated member contribution rate(s) to the rate(s) noted in rule [insert the rule number of the registered rules of the Fund] obtained in procedure 2.4, and note any differences.	Not applicable as this is not a defined benefit fund.
3.3	Inquire from the Fund administrator when the actuarial valuation of the Fund was last performed and approved by the Board of Fund. Note the date of the last valuation and when it was approved by the Board of Fund.	Not applicable as this is not a defined benefit fund.

	Procedures	Findings
	Statements of Net Assets and Funds	
3	Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)	
3.4	Obtain the actuarial valuation report of the Fund from the [Fund administrator/Principal Officer/[insert the name and designation of the representative of the Fund]] and inspect the actuarial valuation report for the employer contribution rate recommended by the valuator. Note the employer contribution rate recommended by the actuary in the report.	Not applicable as this is not a defined benefit fund.
3.5	Calculate the employer contribution rates for each member selected by dividing the contribution obtained in 3.2.2 by the salary per the [remittance advice / insert other proof of the payment document inspected that indicates the allocation of the contribution per member / other relevant document inspected] obtained in procedure 3.2.2. Agree the calculated employer contribution rates to the rate per actuarial valuation report obtained in procedure 3.4. Note any differences.	Not applicable as this is not a defined benefit fund.
4	Surplus apportionment in terms of Sections 15B and 15C (this will include reserve account distributions)	
4.1	Inspect the latest actuarial valuation report obtained in procedure 3.4 for (a) Section(s) 15B [and 15C] surplus apportionment. If applicable, note the surplus apportionment amount/value.	Not applicable. We noted no Section(s) 15B and 15C surplus apportionment in the actuarial valuation report obtained in procedure 12.3.1.
4.1.1	If a surplus apportionment was recommended per the actuarial valuation report in procedure 4.1, obtain the minutes of meetings of the Board of Fund from Fund administrator and inspect for the approval of the Section 15B [and 15C] surplus.	Not applicable. We noted no Section(s) 15B and 15C surplus apportionment in the actuarial valuation report obtained in procedure 12.3.1.
4.1.2	If a Section 15B surplus apportionment was recommended per the actuarial valuation report in procedure 4.1, obtain the approval of the Authority for the Section 15B surplus from the [Fund administrator/[insert the name and designation of the representative of the Fund]].	Not applicable. No Section 15B surplus apportionment was recommended by the actuary per the actuarial valuation report in procedure 4.1.
4.2	Surplus apportionment allocation Obtain a list of the approved surplus allocations to active and/or former members and/or pensioners in the current [period/year] noted in procedure 4.1, from the [Fund administrator/Fund's actuary/Principal Officer/[insert the name and designation of the representative of the Fund]], and perform the following procedures:	Not applicable. No surplus allocations to active and/or former members and/or pensioners in the current year were noted in procedure 4.1.
4.2.1	Active members: Select a sample of the lesser of 25 or 10% of the number of active members to whom surplus has been allocated in the current [period/year] per the approved surplus apportionment listing obtained in procedure 4.2 (selected based on the selection criteria provided above) and perform the following procedures:	Not applicable. No surplus allocations to active members in the current year were noted in procedure 4.2.
4.2.1.1	Inspect the listing for the date of allocations to active members in the current [period/year] and note whether any investment return was allocated from the surplus apportionment approval date to the date of allocation.	Not applicable. No surplus allocations to active members in the current year were noted in procedure 4.2.

	Procedures	Findings
	Statements of Net Assets and Funds	
4	Surplus apportionment in terms of Sections 15B and 15C (this will include reserve account distributions)	
4.2.1.2	Agree the surplus amount allocated as per the listing (including investment return) in the current [period/year] per member to the allocation on the member records per the administration system, and note any differences.	Not applicable. No surplus allocations to active members in the current year were noted in procedure 4.2.
4.2.2	Former members and pensioners allocations: Select a sample of the lesser of 25 or 10% of the number of former members and/or pensioners to whom surplus has been allocated in the current [period/year] per the approved surplus apportionment listing obtained in procedure 4.2 (selected based on the selection criteria provided above) and perform the following procedures:	Not applicable. No surplus allocations to former members and/or pensioners in the current year were noted in procedure 4.2.
4.2.2.1	Inspect the listing for the date of allocations to former members and pensioners in the current [period/year] and note whether any investment return was allocated from the surplus apportionment approval date to the date of allocation.	Not applicable. No surplus allocations made to former members/pensioners in the current year were noted in procedure 4.2.
4.2.2.2	Agree the surplus amount allocated (including the investment return) in the current [period/year] per former member and/or pensioner to the allocation on the member records per the administration system and note any differences.	Not applicable. No surplus allocations made to former members and/or pensioners in the current year were noted in procedure 4.2.
4.2.3	In respect of Section 15B surplus apportionments noted in procedure 4.1, inquire from the [Fund administrator/[insert the name and designation of the representative of the Fund]] and/or inspect [include details of the document inspected] whether the Fund has maintained the Section 15B surplus apportionment for former members who could not be traced in a contingency reserve account and note the response.	Not applicable. We noted no Section 15B surplus apportionments in procedure 4.1.
4.3	Surplus apportionment payments: Obtain a list of all surplus apportionment payments made to members during the [period/year] from the [Fund administrator/[insert the name and designation of the representative of the Fund]] and select a sample of the lesser of 25 or 10% of the number of payments (selected based on the selection criteria provided above) and perform the following procedures:	Not applicable. No surplus apportionment payments were made to members during the year.
4.3.1	Agree the amount paid to the member as per the list of surplus apportionment payments obtained in procedure 4.3 to the member's record on the administration system and note any differences.	Not applicable. No surplus apportionment payments were made to members during the year.
4.3.2	Obtain the [insert the name of the document(s) that indicates authorisation of the payment] from the [Fund administrator/[insert the name and designation of the representative of the Fund]] and agree the amount authorised to the amount paid as per the list of surplus apportionment payments obtained in procedure 4.3. Note any differences.	Not applicable. No surplus apportionment payments were made to members during the year.

	Procedures	Findings
	Statements of Net Assets and Funds	
5	Member and employer surplus accounts	
5.1	Obtain the analysis of the transactions in the member and/or employer surplus account (including debit and credit transactions) for the period as disclosed in the member and employer surplus note [insert the note number] to the [audited/unaudited*] annual financial statements from the [Fund administrator/[insert the name and designation of the representative of the Fund]], and perform the following procedures:	Not applicable. No member and/or employer surplus accounts were noted.
5.1.1	Inspect the registered rules of the Fund as obtained in procedure 2.4 and note the debit and credit transactions allowed in the member and employer surplus accounts listed in rule [insert the rule number of the registered rules].	Not applicable. No member and/or employer surplus accounts were noted.
5.1.2	Compare the description of all of the debit and credit transactions allocated to the member and/or employer surplus accounts per the analysis obtained in procedure 5.1 to the categories of transactions that are permitted to be allocated to surplus accounts as noted in procedure 5.1.1. Note any exceptions.	Not applicable. No member and/or employer surplus accounts were noted.
6	Reserves	
6.1	Obtain a list of reserves and other related accounts (e.g. pensioner accounts) and the movements (including debit and credit transactions) per the reserves note 15 to the audited annual financial statements from the Fund administrator, and perform the following procedures:	We obtained a list of reserves and other related accounts and the movements (including debit and credit transactions) per the reserves note 17 to the audited annual financial statements from the Fund administrator and performed the following procedures:
6.1.1	Inspect the registered rules of the Fund obtained in procedure 2.4 and note the reserve and other related accounts (e.g. pensioner accounts) and the debit and credit transactions allowed in the reserves and other related accounts (e.g. pensioner accounts) listed in rule [insert the rule number of the registered rules].	We inspected the registered rules of the Fund obtained in procedure 2.4 and noted reserve and other related accounts and the debit and credit transactions allowed in the reserve and other related accounts listed in rule 7.2.4
6.1.2	Compare the description of the reserve and other related accounts (e.g. pensioner accounts) held by the Fund, as reflected in the listing obtained in 6.1 above, to the categories of reserves and other related accounts that are permitted as noted in procedure 6.1.1. Note any exceptions.	We compared the description of the reserve and other related accounts held by the Fund, as reflected in the listing obtained in 6.1 above, to the categories of reserve and other related accounts permitted as noted in procedure 6.1.1 and found no exceptions.
6.1.3	Compare the description of all the debit and credit transactions allocated to the reserve and other related accounts, as reflected in the listing obtained in procedure 6.1 above, to the categories of transactions that are permitted to be allocated to the reserves and other related accounts as noted in procedure 6.1.1. Note any exceptions.	We compared the description of all the debit and credit transactions allocated to the reserve and other related accounts, as reflected in the listing obtained in 6.1 above, to the categories of transactions that are permitted to be allocated to reserves and other related accounts as noted in procedure 6.1.1 and found no exceptions.

	Procedures	Findings
	Statements of Net Assets and Funds	
7	Other assets, liabilities and guarantees	
7.1	<p>Housing loans</p> <p>Obtain a list of housing loans (comprising both new and previously issued loans) granted to members by the Fund in terms of Section 19(5) of the Act as at [insert the period/year-end] from the [Fund administrator/[insert the name and designation of the representative of the Fund]], and perform the following procedure:</p>	Not applicable. The Fund does not grant housing loans to its members in terms of Section 19(5) of the Act.
7.1.1	Agree the total value of housing loans on the above list to the corresponding amount disclosed in the housing loans note [insert the note number] to the [audited/unaudited*] annual financial statements. Note any differences.	Not applicable. The Fund does not grant housing loans to its members in terms of Section 19(5) of the Act.
7.2	From the list in 7.1, select a sample of the lesser of 25 or 10% of the number of members' housing loans (sample to include a combination of new and previously issued loans and selected based on the selection criteria provided above), and perform the following procedures:	Not applicable. The Fund does not grant housing loans to its members in terms of Section 19(5) of the Act.
7.2.1	For new housing loans issued, perform the following procedures:	Not applicable. The Fund does not grant housing loans to its members in terms of Section 19(5) of the Act.
7.2.1.1	Obtain the home loan agreement from the [Fund administrator/[insert the name and designation of the representative of the Fund]] and inspect the agreement for the loan amount and date of granting of the loan.	Not applicable. The Fund does not grant housing loans to its members in terms of Section 19(5) of the Act.
7.2.1.2	Agree the home loan amount from the list in 7.1 to the actual loan amount from 7.2.1.1. Note any differences.	Not applicable. The Fund does not grant housing loans to its members in terms of Section 19(5) of the Act.
7.2.1.3	Inspect the home loan agreement and/or the registered rules as obtained in procedure 2.4 for the maximum allowable percentage of member individual accounts as allowed in terms of rule [insert the rule number of the registered rules] and/or the home loan agreement and note the percentage.	Not applicable. The Fund does not grant housing loans to its members in terms of Section 19(5) of the Act.
7.2.1.4	<p>Obtain the member individual account balance at the date of granting the loan from the [Fund administrator/[insert the name and designation of the representative of the Fund]].</p> <p>Divide the loan amount granted as noted in 7.2.1.1 with the member individual account balance at the date of granting the loan as noted in 7.2.1.1 and note where the percentage calculated exceeds the maximum allowable percentage noted in 7.2.1.3. Note any differences.</p>	Not applicable. The Fund does not grant housing loans to its members in terms of Section 19(5) of the Act.
7.2.2	For all loans selected in 7.2, inspect the member's home loan movement report from the administration system obtained from the [Fund administrator/[insert the name and designation of the representative of the Fund]] for the interest rate(s) used and agree the rate(s) used to the prescribed rate(s) issued by the Authority on the Authority's website, and note any differences.	Not applicable. The Fund does not grant housing loans to its members in terms of Section 19(5) of the Act.

	Procedures	Findings
	Statements of Net Assets and Funds	
7.	Other assets, liabilities and guarantees	
7.2.3	Obtain the National Credit Act (NCA) registration certificate from the [Fund administrator/[insert the name and designation of the representative of the Fund]] and/or inspect the NCA website for the Fund's name and registration number as evidence that the Fund is registered as a credit provider under the National Credit Act, 2005 ("the NCA").	Not applicable. The Fund does not grant housing loans to its members in terms of Section 19(5) of the Act.
7.3	Housing loan guarantees Obtain the loan agreement between the Fund and the financial institution from the Fund administrator. Inspect the loan agreement and/or the registered rules as obtained in procedure 2.4 for the maximum allowable percentage of member individual accounts as allowed in terms of rule [insert the rule number of the registered rules and/or the loan agreement] and note the percentage.	We obtained the loan agreement between the Fund and the financial institution from the Fund administrator. We inspected the loan agreement for the maximum allowable percentage of member individual accounts as allowed in terms of rule and noted 50%.
7.3.1	Defined contribution funds Obtain a list of all housing loan guarantee balances granted to members from the loan provider as at 30 June 2023 from the Fund administrator, and select a sample of the lesser of 25 or 10% of the number of housing loan guarantees (selected based on the selection criteria provided above), and perform the following procedures:	We obtained the list of housing loan guarantee balances granted to members from the loan provider as at 30 June 2023 from the Fund administrator, selected a sample of 25 members of the housing loan guarantees, and performed the following procedures:
7.3.2	Inspect the member's record on the administration system for a flagging of the housing loan guarantee being recorded against the member's name.	We inspected the member's record on the administration system and noted that member's record was flagged as having a housing loan guarantee.
7.3.3	Divide the loan amount granted, as noted on the listing in 7.3.1 above, with the member's individual account balance as per the listing in 2.1 and note where the percentage calculated exceeds the maximum allowable percentage noted in 7.3. Note any differences.	We divided the loan amount granted, as noted on the listing in 7.3.1 above, with the member's individual account balance as per the listing in 2.1. No instances were noted where the percentage calculated exceeded the maximum allowable percentage noted in 7.3
7.4	Defined benefit funds Obtain a list of housing loan guarantees granted to defined benefit fund members from the loan provider as at [insert the period/year-end] from the [Fund administrator/[insert the name and designation of the representative of the Fund]], and select a sample of the lesser of 25 or 10% of the number of new housing loan guarantees issued in the current [period/year] (selected based on the selection criteria provided above), and perform the following procedures:	Not applicable as the Fund is not a defined benefit fund.
7.4.1	Inspect the member's record on the administration system for a flagging of the housing loan guarantee being recorded against the member's name.	Not applicable as the Fund is not a defined benefit fund.
7.4.2	Obtain the withdrawal benefit calculated by the [Fund administrator/[insert the name and designation of the representative of the Fund]] as at the date of issuing of the guarantee, and perform the following procedure:	Not applicable as the Fund is not a defined benefit fund.

	Procedures	Findings
	Statements of Net Assets and Funds	
7.	Other assets, liabilities and guarantees	
7.4.3	Recalculate the percentage by dividing the loan amount granted, as noted on the listing in procedure 7.4, with the amount noted on the withdrawal benefit noted in procedure 7.4.2 and note where the percentage calculated exceeds the maximum allowable percentage noted in procedure 7.3. Note any exceptions.	Not applicable as the Fund is not a defined benefit fund.
8	Contributions	
8.1	Obtain a list of the number of pay points, from the Fund administrator, that reconciles to the contributions note 6 of the audited annual financial statements and select a sample of the lesser of 25 or 10% of the number of pay points (selected based on the selection criteria provided above), and for each pay point perform the following procedures for each of the three months selected under procedure 2.3 and/or 3.2:	We obtained a list of the number of pay points from the Fund administrator that reconciled to the contributions note 6 of the audited annual financial statements and selected a sample of 1 of the number of pay points and performed the following procedures for the three months selected under procedure 2.3 and/or 3.2.
8.2	Agree the total amount of the list above to the general ledger account number 30001, 30014, 30015, 30101, 30110, 30112, 30113 and 30409 and note any differences.	The total amount of the list above agreed to the general ledger 4000-0005, 4000-0010, 4000-0015. No differences were noted.
8.3	For the pay points selected in procedure 8.1 above, obtain the bank statements from the Fund administrator and inspect the bank statements for a description/identification of the bank where the contributions were deposited, and perform the following procedures:	For the pay point selected in procedure 8.1 above, we obtained the bank statements from the Fund administrator and inspected the bank statements for a description/identification of the bank where the contributions were deposited and performed the following procedures.
8.3.1	Agree the total contribution amount per the documentation received in procedure 2.3.2 and/or 3.2.2 to the total amount reflected on the bank statement obtained in procedure 8.3 and note any differences.	No instances were noted where the total contribution amount received did not agree to the amount per the bank statement.
8.3.2	Inspect the date of receipt of the contributions as per the bank statements obtained in procedure 8.3 and note the dates and number of contributions received after seven days of the following month. Note any exceptions.	No instances were noted where contributions were received after 7 days.
8.3.3	For the exceptions noted in 8.3.2 above (receipts after seven days), inquire from the Fund administrator whether Late Payment interest has been raised in terms of Regulation 33 of the Act.	Not applicable, no instances were noted.
9.	Benefits	
9.1	Obtain a list from the administration system of lump sum benefits per exit type reflected as expenses in the Fund's Statement of Changes in Net Assets and Funds for 30 June 2023 from the Fund administrator, and perform the following procedure:	We obtained a list from the administration system of lump sum benefits per exit type reflected as expenses in the Fund's Statement of Changes in Net Assets and Funds for 30 June 2023 from the Fund administrator, and performed the following procedure:
9.1.1	Agree the list of lump sum benefits per exit type to the respective general ledger benefit expense accounts reconciliation prepared by the Fund administrator. Note any differences.	The list of lump sum benefits per exit type agreed to the respective general ledger benefit expense accounts reconciliation prepared by the Fund administrator.

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
9.	Benefits	
9.2	Select a sample of the lesser of 25 or 10% of the total number of lump sum benefits (as per the selection criteria noted above) pro-rated on the number of exits per exit type from the list. Obtain the member statements from the administration system and perform the following procedures on the sample selected:	The following number of samples was selected per exit type, pro-rated on the number of exits: 5 Divorce orders, 6 Withdrawals, 4 Death and 10 Retirement We obtained the member statements from the administration system and performed the following procedures on the sample selected:
9.2.1	<p>For each selected benefit, compare the following fields:</p> <ul style="list-style-type: none"> ● gross benefit amount; ● tax amount; ● net benefit amount; ● exit date; and ● type of benefit <p>to the administration system and the [insert the authorised supporting documentation, such as the signed member exit form and SARS Tax Directives] determined by the procedures of the Fund. Note any differences.</p> <p>Exit date:</p> <p>i. Agree the exit date per the member's withdrawal form obtained from the Fund administrator to the exit date reflected on the administration system. Note any differences.</p> <p>Tax amount:</p> <p>i. Agree the tax amount related to the benefit per the Tax directive obtained from the Fund administrator to the tax amount deducted as reflected on the administration system. Note any differences.</p>	<p>We compared each benefit selected to the administration system and the authorised supporting documentation such as the signed member exit form, SARS Tax Directive in accordance with the procedures of the Fund for the following fields:</p> <ul style="list-style-type: none"> ● the gross benefit amount ● tax amount ● net benefit amount ● exit date and ● type of benefit <p>We noted no differences.</p> <p>Exit date:</p> <p>i. The exit date as reflected on the member's withdrawal benefit form obtained from the Fund administrator agreed to the exit date on the administration system.</p> <p>Tax amount:</p> <p>The tax amount related to the benefit per the tax directive obtained from the Fund administrator agreed to the tax amount deducted as reflected on the administration system.</p>
9.2.2	<ul style="list-style-type: none"> ● For death benefits, and where applicable, disability benefits, where a portion of the benefit had been reinsured by the Fund (reinsurance proceeds): <ul style="list-style-type: none"> ○ Note the portion of the benefit that had been reinsured as reflected on the administration system. ○ Obtain a copy of the confirmation letter from the insurer which reflects the amount of the benefit from the Fund administrator. ○ Recalculate the reinsurance proceed amount by multiplying the member's latest salary with the factor both that can be obtained from the member's record on the administration system and compare the recalculated amount with the amount on the confirmation letter, and note any differences. 	<ul style="list-style-type: none"> • We obtained a copy of the confirmation letter from the insurer which reflects the amount of the benefit from the Fund administrator. • We recalculated the reinsurance proceed amount by multiplying the member's latest salary with the factor obtained from the member's record on the administration system and compared the recalculated amount with the amount on the confirmation letter. No differences were noted:

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
9.	Benefits	
9.2.2	<ul style="list-style-type: none"> ○ Obtain a listing of reinsurance proceeds, reflecting all proceeds received per death benefit for the year, from the Fund administrator and agree the amount per the confirmation letter obtained above to the listing, and note any exceptions 	<ul style="list-style-type: none"> • We obtained a listing of reinsurance proceeds, reflecting all proceeds received per death benefit for the year, from the Fund administrator and agreed the amount per the confirmation letter obtained above to the listing.
9.2.3	<p>For a defined benefit fund and hybrid funds with a defined benefit underpin:</p> <p>Obtain the gross benefit as calculated by the Fund Actuary [insert the name of the actuary] from the [Fund administrator/[insert the name and designation of the representative of the Fund]].</p> <p>Agree the gross benefit amount from 9.2.1 to the gross benefit from the calculation obtained. Note any differences.</p> <p>For a defined contribution fund:</p> <p>For members who were active during the period/year ended, perform the following procedures:</p> <ul style="list-style-type: none"> i. Obtain the opening fund credit amount as at the beginning of the year from the member record on the administration system. ii. Inspect the member record on the administration system to confirm that monthly contributions were added, for the period up to the date of exit as per 9.2.1. Note any exceptions. iii. Obtain the bank statements reflecting the benefit payment(s) from the Fund administrator and agree the net benefit amount(s) as per procedure 9.2.1 to the bank statements, and note any differences. iv. Inquire with the Fund administrator about the nature of any differences noted in iii and detail the responses provided (e.g. interest, where applicable). 	<p>For a defined benefit fund and hybrid funds with a defined benefit underpin:</p> <p>Not applicable as this is not a defined benefit Fund.</p> <p>For a defined contribution fund:</p> <p>For members who were active, we performed the following procedures:</p> <ul style="list-style-type: none"> i. We obtained the opening fund credit amount as at the beginning of the year from the member record on the administration system. ii. We inspected the member records on the administration system and noted that monthly contributions up to the date of exit as per 9.2.1 were added to the member record. iii. We obtained the bank statements reflecting the benefit payments from the Fund administrator. The net benefit amounts as per procedure 9.2.1 agreed to the bank statements. iv. No differences noted.

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
9.	Benefits	
	<p>For members who were paid up and/or deferred:</p> <ul style="list-style-type: none"> i. Obtain the opening fund credit amount as at the beginning of the period/year from the member record on the administration system. ii. Inspect the member record on the administration system to confirm that interest was added, for the period up to the date of exit as per 9.2.1. Note any exceptions. iii. Obtain the bank statements reflecting the benefit payment(s) from the Fund administrator and agree the net benefit amount as per procedure 9.2.1 to the bank statements, and note any differences. iv. Inquire with the Fund administrator about the nature of any differences noted in iii and detail the responses provided (e.g. interest, where applicable). 	<ul style="list-style-type: none"> i. We obtained the opening fund credit amount as at the beginning of the year from the member record on the administration system. ii. We noted that interest for the period up to the date of exit as per 9.2.1 were added to the member record as per the administration. iii. We obtained the bank statements reflecting the benefit payment(s) from the Fund administrator. The net benefit amount(s) as per procedure 9.2.1 agreed to the bank statements. iv. Not applicable as there were no differences noted in iii.
9.2.4	In cases where a fund has a member surplus account (defined benefit and defined contribution) or investment reserve account (defined contribution) and the member was due a surplus amount as per the surplus account listing noted in 4.2, inspect the member's fund credit transactions on the administration system obtained from the Fund administrator to note that the member record was updated with the surplus amount.	Not applicable. The Fund does not have a member surplus account (defined benefit and defined contribution) or investment reserve account (defined contribution).
9.3	Obtain a list of current and unclaimed benefits payable as disclosed in the Statement of Net Assets and Funds as at [insert the period/year-end] from the Fund administrator, and select a sample of the lesser of 25 or 10% of the total number of benefits from the list (selected based on the selection criteria provided above), and perform the following procedure:	We obtained a list of the current and unclaimed benefits payable as disclosed in the Statement of Net Assets and Funds as at 30 June 2023 from the Fund administrator, selected a sample of 25 of the total number of benefits from the list, and performed the following procedure:
9.3.1	<p>For the sample selected above, (excluding death benefits), calculate the number of months that benefit has been unpaid, using the date of exit as the starting month.</p> <p>If the benefit is older than 24 months, inspect the listing to confirm that the benefit is classified as an unclaimed benefit.</p> <p>If the benefit is less than 24 months unpaid, inspect the listing to confirm that the benefit is classified as benefits payable.</p> <p>Note any exceptions, if incorrectly classified.</p>	<p>For the sample selected, we calculated the number of months that the benefit has been unpaid, using the date of exit as the starting month and noted the following:</p> <p>No exceptions were noted where the benefits were not classified in the correct category.</p>

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
9.	Benefits	
9.3.2	<p>For the sample selected above relating to death benefits, calculate the number of months that benefit has been unpaid using the date of the approved death benefit distribution per the Board of Fund approval, obtained from the Fund administrator.</p> <p>If the benefit is older than 24 months, inspect the listing to confirm that the benefit is classified as an unclaimed benefit.</p> <p>If the benefit is less than 24 months unpaid, inspect the listing to confirm that the benefit is classified as benefits payable.</p> <p>Note any exceptions if incorrectly classified.</p>	<p>For the sample selected relating to death benefits, we calculated the number of months that benefit has been unpaid using the date of the approved death benefit distribution per the Board of Fund approval, obtained from the Fund administrator and noted the following:</p> <p>No exceptions were noted where the benefits were not classified in the correct category.</p>
10	Transfers	
10.1	<p>Obtain separate lists of Section 14 transfers to and from the Fund throughout the year from the Fund administrator and agree the totals of the lists to the amounts reflected in the "Transfers into the Fund" and "Transfers from the Fund" notes [insert the note numbers] to the [audited/unaudited*] annual financial statements. Note any differences.</p>	<p>We obtained separate lists of Section 14 transfers to and from the Fund from the Fund administrator and noted that the totals of the lists agreed to the amounts reflected in the "Transfers into the Fund" and "Transfers from the Fund" notes 4 and 9 to the audited annual financial statements. No differences were noted.</p>
10.2	<p>From the list of Section 14 transfers to and from the Fund throughout the year, select a sample of the lesser of 25 or 10% of the number of transfers in and the lesser of 25 or 10% of the number of transfers out (selected based on the selection criteria provided above), and perform the following procedures:</p>	<p>From the list of Section 14 transfers to and from the Fund throughout the period, we selected a sample of 1 of the number of transfers in and 1 of the number of transfers out, and performed the following procedures.</p>
10.2.1	<p>Obtain the following Section 14 documentation from the Fund administrator:</p> <p>a. Section 14 (1) transfers: the Section 14(1) application, approval letter from the Authority and Form G in respect of each transfer; and/or</p> <p>b. Section 14 (8) transfers: the Section 14(8) Form H and J, as prescribed.</p> <p>Agree the following information per the listings to the documentation received:</p> <ul style="list-style-type: none"> ● Name of transferor/transferee fund; ● Effective date; ● Approval date; ● Number of members; ● Transfer amount; and ● Growth and investment return. <p>Note any exceptions.</p>	<p>We obtained the Section 14 documentation from the Fund administrator</p> <p>The details per the documentation agreed to the following information per the listings:</p> <ul style="list-style-type: none"> ● Name of transferor/transferee fund; ● Effective date; ● Approval date; ● Number of members; ● Transfer amount; and ● Growth and investment return. <p>No exceptions noted</p>

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
10	Transfers	
10.2.2	<p>Obtain the bank statements for the date of receipt/payment of the Section 14 transfers from the Fund administrator.</p> <p>Recalculate the number of days between the date of approval, as per the Authority approval obtained in 10.2.1, and the day of receipt/payment as per the bank statement.</p> <p>Note any exceptions, where the Section 14 transfers to and from the Fund were:</p> <ul style="list-style-type: none"> • Not received/paid within 60 days of Authority approval for Section 14(1) transfers; • Not received/paid within 180 days from the effective date for Section 14(8) transfers; and • Not received/paid within the period as noted in the blanket transfer documentation, but not after 60 days from the blanket transfer end date. 	<p>We obtained the bank statements for the date of receipt/payment of the Section 14 transfers from the Fund administrator.</p> <p>We recalculated the number of days between the date of approval, as per the Authority approval obtained in 10.2.1, and the day of the payment as per the bank statement, and the payments were made within the required periods</p>
10.2.3	Inquire from the Fund administrator if the growth and investment return had been allocated from the effective date of the transfer to the date of the final settlement. Note any exceptions.	We inquired from the Fund administrator if the growth and investment return had been allocated from the effective date of the transfer to the date of the final settlement. We noted that the growth and investment return was allocated.
10.3	From the list of Section 14 transfers from other funds, as per procedure 10.2, select a sample of the lesser of 25 or 10% of the number of members (selected based on the selection criteria provided above), and perform the following procedures:	From the list of Section 14 transfers from other Funds as per procedure 10.2, we selected a sample of 1 members and performed the following procedures:.
10.3.1	<p>In respect of unitised funds</p> <p>Recalculate the purchase of units for the amount received by dividing the amount transferred per the listing by the unit price per the administration system on the date of receipt. Agree the recalculated units to the number of units allocated to the member's individual account on the administration system. Note any differences.</p> <p>In respect of non-unitised funds</p> <p>Agree the transfer amount received per the listing to the amount allocated to the member's individual account on the administration system. Note any differences.</p>	<p>In respect of unitised funds</p> <p>We recalculated the purchase of units for the amount received by dividing the amount transferred per the listing by the unit price per the administration system on the date of receipt. The recalculated units agreed to the units per the administration system</p> <p>In respect of non-unitised funds</p> <p>Not applicable. The Fund is unitised.</p>
10.4	<p>Individual transfers in</p> <p>Obtain the list of individual transfers in throughout the year ended 30 June 2023 from the Fund administrator, select a sample of the lesser of 25 or 10% of the number of individual transfers (selected based on the selection criteria provided above), and perform the following procedures:</p>	<p>Individual transfers in</p> <p>We obtained the list of individual transfers in throughout the year ended 30 June 2023 from the Fund administrator, selected a sample of 1 of the number of individual transfers, and performed the following procedures.</p>

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
10	Transfers	
10.4.1	Obtain the recognition of transfer documentation submitted by the transferor fund to the Fund from the Fund administrator. Agree the effective date and amount transferred to the recognition of transfer documentation. Note any exceptions.	We obtained the recognition of transfer documentation submitted by the transferor fund to the Fund from the Fund administrator. The effective date and amount transferred agreed to the recognition of transfer documentation.
10.4.2	<p>In respect of unitised funds</p> <p>Recalculate the purchase of units for the amount received by dividing the amount transferred per the listing by using the unit price per the administration system on the date of receipt. Agree the recalculated units to the number of units allocated to the member's individual account on the administration system. Note any exceptions.</p> <p>In respect of non-unitised funds</p> <p>Agree the transfer amount received per the listing to the amount allocated to the member's individual account on the administration system. Note any differences.</p>	<p>In respect of unitised funds</p> <p>We recalculated the purchase of units for the amount received by dividing the amount transferred per the listing by the unit price per the administration system on the date of receipt. The recalculated units agreed to the units per the administration system.</p> <p>In respect of non-unitised funds</p> <p>Not applicable as the Fund is unitised.</p>
10.5	<p>Unclaimed benefit payments</p> <p>Obtain a list of unclaimed benefits paid during the year from the Fund administrator, and perform the following procedures:</p>	Unclaimed benefit payments We obtained a list of unclaimed benefits paid during the year from the Fund administrator, and performed the following procedures:
10.5.1	Agree the total of the list of payments to the respective general ledger unclaimed benefit accounts reconciliation prepared by the Fund administrator.	The total of the list of payments agreed to the respective general ledger unclaimed benefits accounts reconciliation prepared by the Fund administrator.
10.5.2	Select a sample of the lesser of 25 payments or 10% of the total number of unclaimed benefits paid from the list (selected based on the selection criteria provided above), and perform the following procedures:	We selected a sample of 3 of the total number of unclaimed benefits paid from the list, and performed the following procedures:
10.5.2.1	<p>For each selected unclaimed benefit paid, compare the following fields as reflected on the administrator's listing:</p> <ul style="list-style-type: none"> ● Gross benefit amount; ● Tax amount; and ● Late payment interest (if applicable) <p>to the administration system and the authorised supporting documentation, such as the signed member exit form and SARS Tax Directives and payment letter.</p>	<p>We compared each unclaimed benefit paid, selected from the administration system to the authorised supporting documentation for the following fields:</p> <ul style="list-style-type: none"> ● The gross benefit amount; ● Tax amount; and ● Late payment interest. <p>No exception noted.</p>

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
10	Transfers	
10.6	<p>Unclaimed benefit transfers</p> <p>Obtain a list of unclaimed benefits Section 14 transfers during the [period/year] from the [Fund administrator/[insert the name and designation of the representative of the Fund]] and from the list of unclaimed benefits Section 14 transfers paid/accrued from the Fund throughout the [period/year], select a sample of the lesser of 25 or 10% of the number of transfers out (selected based on the selection criteria provided above), and perform the following procedures:</p>	<p>Unclaimed benefit transfers</p> <p>Not applicable as there were no section 14 transfer relating to unclaimed benefits.</p>
10.6.1	<p>Obtain the following Section 14 documentation from the [Fund administrator/[insert the name and designation of the representative of the Fund]]:</p> <p>a. Section 14 (1) transfers: the Section 14(1) application, approval letter from the Authority and Form G, in respect of each transfer; and/or</p> <p>b. Section 14 (8) transfers: the Section 14(8) Form H and J, as prescribed.</p> <p>Agree the following information per the listings to the documentation received:</p> <ul style="list-style-type: none"> ● Name of transferor/transferee fund; ● Effective date; ● Approval date; ● Number of members; ● Transfer amount; and ● Growth and investment return. <p>Note any exceptions.</p>	<p>Not applicable as there were no section 14 transfer relating to unclaimed benefits.</p>
10.6.2	<p>Obtain the bank statements for the date of receipt/payment of the Section 14 transfers from the [Fund administrator/[insert the name and designation of the representative of the Fund]].</p> <p>Recalculate the number of days between the date of approval, as per the Authority approval obtained in 10.2.1, and the day of receipt/payment as per the bank statement.</p> <p>Note any exceptions where the unclaimed benefits Section 14 transfers from the Fund were:</p> <ul style="list-style-type: none"> ● Not paid within 60 days of Authority approval for Section 14(1) transfers; and ● Not paid within 180 days from the effective date for Section 14(8) transfers. 	<p>Not applicable as there were no section 14 transfer relating to unclaimed benefits.</p>

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
10	Transfers	
10.6.3	Inquire from the [Fund administrator/[insert the name and designation of the representative of the Fund]] if the growth and investment return had been allocated from the effective date of the transfer to the date of the final settlement. Note any exceptions.	Not applicable as there were no section 14 transfer relating to unclaimed benefits.
11	Pensioners paid	
11.1	Obtain the pensioner payment reconciliation (inclusive of in-fund annuities purchased in the name of the fund and living annuities) for pensions reflected as expenses in the Benefits note [insert the note number] as reflected in the [audited/unaudited*] annual financial statements from the [Fund administrator/[insert the name and designation of the representative of the Fund]] for the period/year ended [insert the period/year-end], and perform the following procedures:	We obtained the pensioner payment reconciliation (inclusive of in-fund annuities purchased in the name of the fund and living annuities) for pensions reflected as expenses in the Benefits note 10 as reflected in the audited annual financial statements from the Fund administrator for the period ended 30 June 2023, and performed the following procedures:
11.1.1	Agree the total pension expense per the reconciliation to the total pension expense per the pension expenses general ledger account [insert the general ledger account number]. Note any differences and/or unexplained reconciliation items.	The total pension expense per the reconciliation agreed to the pension expenses general ledger account 5000/3460.
11.2	In-fund pensioners Obtain a detailed pensioner payroll listing reflecting the pensioner's name, identification number and monthly pension amount for the [period/year] ended [insert the period/year-end] from the [Fund administrator/[insert the name and designation of the representative of the Fund]] and agree the total pensions amount paid to the total pension amount paid on the reconciliation obtained in procedure 11.1. From the above list, select a sample of the lesser of 25 or 10% of the number of pensioners (selected based on the selection criteria provided above) and perform the following procedures:	In-fund pensioners Not applicable. The Fund did not make pensioner payments.
11.2.1	Obtain the Board of Fund minutes or resolution from the [Fund administrator/[insert the name and designation of the representative of the Fund]], and note the pension increase percentage and the effective date of the pension increase.	Not applicable. The Fund did not make pensioner payments.
11.2.2	Inspect the administration system or observe the [Fund administrator/[insert the name and designation of the representative of the Fund]] indicating on the administration system the pension increase granted to the pensioners. Note the percentage increase granted to the pensioners and the effective date of the pension increase.	Not applicable. The Fund did not make pensioner payments.
11.2.3	Agree the percentage increase and effective date noted in procedure 11.2.1 to the percentage increase and effective date noted in procedure 11.2.2.	Not applicable. The Fund did not make pensioner payments.

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
10	Transfers	
11.2.4	Inquire from the [Fund administrator/[insert the name and designation of the representative of the Fund]] when the most recent (closest to [period/year-end] of the Fund) Certificate of Existence or the Department of Home Affairs [insert the name of the documentation] that indicates the alive status of the pensioners was obtained for the Fund and note the date.	Not applicable. The Fund did not make pensioner payments.
11.2.5	Obtain the Certificate of Existence or the Department of Home Affairs documentation noted in procedure 11.2.4 from the [Fund administrator/[insert the name and designation of the representative of the Fund]] and inspect for the pensioners' names and/or identification numbers of the sample of pensioners.	Not applicable. The Fund did not make pensioner payments.
11.3	Annuities purchased in the name of the Fund Obtain an external confirmation from the annuity providers summarising the movements from the opening market value to the closing market value for the [period/year], and perform the following procedures:	Annuities purchased in the name of the Fund Not applicable as there are no annuities.
11.3.1	Agree the closing market value of the annuity per the external confirmation from the annuity providers to the annuities purchased general ledger account [insert the general ledger account number]. Note any differences.	Not applicable as there are no annuities.
11.3.2	Agree the pension expense per the external confirmation from the annuity providers to the pension expense on the pensioner reconciliation obtained in procedure 11.1. Note any differences.	Not applicable as there are no annuities.
11.4	Living annuities in the Fund Obtain a detailed pensioner payroll listing reflecting the pensioner's name, identification number, monthly pension and pension payment start date of pensioners in receipt of a living annuity from the [Fund administrator/[insert the name and designation of the representative of the Fund]] and agree the total pension amount on the detailed pensioner payroll listing of pensioners in receipt of a living annuity to the pension amount paid on the pensioner reconciliation obtained in procedure 11.1. Note any differences.	Living annuities in the Fund We obtained a detailed pensioner payroll listing reflecting the pensioner's name, identification number, monthly pension and pension payment start date of pensioners in receipt of a living annuity from the Fund administrator. The total pension amount on the detailed pensioner payroll listing of pensioners in receipt of a living annuity agreed to the pensioner amount paid on the pensioner reconciliation obtained in procedure 11.1.
11.4.1	New Living annuities in the Fund From the listing obtained in procedure 11.4, select a sample (selected based on the selection criteria provided above) of the lesser of 25 or 10% of the number of new pensioners in receipt of a living annuity; obtain the detailed pensioner record/statement for the [period/year] reflecting the drawdown rate, monthly pensions paid, the balance of the pension from the [Fund administrator/[insert the name and designation of the representative of the Fund]]; and perform the following procedures:	We selected a sample from the listing obtained in procedure 11.4 of 17 of the number of new pensioners in receipt of a living annuity; obtained the detailed pensioner record/statement for the period reflecting the drawdown rate, monthly pensions paid, the balance of the pension from the Fund administrator; and performed the following procedures:
11.4.1.1	Obtain the [insert the name of the document reflecting the pensioners' chosen drawdown rate at retirement] of the new pensioners in receipt of a living annuity.	We obtained the member payment letter and email of the new pensioners in receipt of a living annuity

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
11	Pensioners paid	
11.4.1.2	Agree the drawdown rate reflected on the pensioner record/statement obtained in procedure 11.4.1 to the drawdown rate obtained in procedure 11.4.1.1, Note any differences.	The drawdown rate reflected on the pensioner record/statement obtained in procedure 11.4.1 agreed to the drawdown rate obtained in procedure 11.4.1.1.
11.4.2	All living annuities in the Fund From the listing obtained in procedure 11.4, select a sample (selected based on the selection criteria provided above) of the lesser of 25 or 10% of the number of pensioners in receipt of a living annuity; obtain the detailed pensioner record/statement for the period reflecting the drawdown rate, monthly pensions paid, the balance of the pension from the Fund administrator; and perform the following procedures:	All living annuities in the Fund We selected a sample listing obtained in procedure 11.4 of 25 of the number of pensioners in receipt of a living annuity; obtained the detailed pensioner record/statement for the period reflecting the drawdown rate, monthly pensions paid, the balance of the pension from the Fund administrator; and performed the following procedures:
11.4.2.1	Compare the drawdown rate as reflected in the detailed pensioner record/statement obtained in procedure 11.4.2 to the living annuities drawdown rates as defined in Section 1 of the Income Tax Act and/or the Authority's Conduct Standard on Living Annuities. Note any exceptions where the drawdown rate, as per the administration system, is higher or lower than the one defined in Section 1 of the Income Tax Act and/or the Authority's Conduct Standard on Living Annuities.	We compared the drawdown rate as reflected in the detailed pensioner record/statement obtained in procedure 11.4.2 to the living annuities drawdown rates as defined in Section 1 of the Income Tax Act and/or the Authority's Conduct Standard on Living Annuities. No instances were noted where the drawdown rate as per the administration system was higher or lower than the one defined in Section 1 of the Income Tax Act and/or Authority's Conduct Standard on Living Annuities.
11.4.2.2	Recalculate the drawdown rate by dividing the monthly pension paid by the balance of pensions, as reflected in the pensioner record/statement obtained in procedure 11.4.2. Agree the recalculated drawdown rate to the drawdown rate reflected on the record/statement obtained in procedure 11.4.2. Note any exceptions.	We recalculate the drawdown rate by dividing the monthly pension paid by the balance of pensions, as reflected in the pensioner record/statement obtained in procedure 11.4.2. The recalculated drawdown rate agreed to the drawdown rate reflected on the record/statement obtained in procedure 11.4.2.
11.4.2.3	Obtain the Certificate of Existence or the Department of Home Affairs [insert the name of the documentation] noted in procedure 11.2.4 from the [Fund administrator/[insert the name and designation of the representative of the Fund]] and inspect for the pensioner's name and/or identification number. Note any exceptions.	We obtained the Certificate of Existence from the Fund administrator. We inspected the Certificate of Existence for the pensioner's name and/or identification number. No instances were noted where the pensioner's name and/or identification number did not appear on the Certificate of Existence.
12	General	
12.1	Obtain a copies of the fund's fidelity insurance policies from the Fund administrator for the year ended 30 June 2023 and inspect the period of the cover (start date and end date). Note instances where the cover period does not extend to the year-end. Note the date on which the cover is in place.	We obtained copies of the fund's fidelity insurance policies from the Fund administrator and inspected the period of the policy (1 November 2022 - 30 October 2023). The period of the cover per the policy extended to the year end. The Fund's fidelity insurance cover was in place until 30 October 2023.

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
12.	General	
12.2	Inquire from the Fund administrator the date(s) of the latest approved Group Life Assurance (GLA) and/or disability benefit policies of the Fund for the sample of pay points selected in procedure 8.1 and note the period of cover(s) and whether the cover(s) extended subsequently to the year-end. Note the end date of the cover(s).	We inquired from the Fund administrator about the date(s) of the latest GLA and/or disability benefit policies of the Fund and noted that cover(s) is/are in place until 30 June 2023. We noted that the cover(s) extended subsequently to the year end till 30 September 2023.
12.3	Inquire from the Fund administrator the date of the latest statutory actuarial valuation and when it was submitted to the Authority. Note the date of the valuation and the date of submission to the Authority. Where the Fund is valuation exempt, inquire from the Fund administrator when the valuation exemption was approved by the Authority and note the date.	We inquired from the Fund administrator the date of the latest statutory actuarial valuation and when it was submitted to the Authority, and noted that the date of the valuation was 30 June 2020 and it was submitted to the Authority on 24 June 2021.
12.3.1	Obtain a copy of the latest statutory valuation from the Fund administrator, as noted in procedure 12.3, and inspect the valuation note for the funding status of the Fund (whether the Fund was under-funded or fully funded).	We obtained the latest statutory valuation from the Fund administrator as noted in procedure 12.3, and inspected the valuation note for the funding status of the Fund. We noted that the funding status was fully funded.
12.3.2	Where the Fund is under-funded per the valuation report, inquire from the [Fund administrator/Principal Officer/[insert the name and designation of the representative of the Fund / Fund actuary]], as to whether a scheme, as required in terms of Section 18 of the Act, has been approved by the Authority. Note any exceptions.	Not applicable. Per procedure 12.3.1, the Fund was not under-funded.
12.3.3	Where a scheme as required by Section 18 of the Act has been approved by the Authority, inquire from the [Fund administrator/Principal Officer/[insert the name and designation of the representative of the Fund / Fund actuary]] as to whether the recommendations/corrective action of the scheme, as required in terms of Section 18 of the Act, have/has been implemented. Note any exceptions.	Not applicable. Per procedure 12.3.1, the Fund was not under-funded.



SizweNtsalubaGobodo Grant Thornton Inc.

Darshen Govender

Director

Registered Auditor

14 December 2023

20 Morris Street East

Woodmead

**SCHEDULE IA
KZN MUNICIPAL PENSION FUND**

Registration number: 12/8/36983

Schedules to the Annual Financial Statements

For the period ended 30 June 2023

Investment summary schedule

		Direct investments	Non-compliant collective investment schemes	Non-compliant insurance policies	Compliant investments	Total
	Note	R	R	R	R	R
			8	8		
Cash (including cash at bank)	1	809 310 910	1 509 928 258	0		2 319 239 168
Commodities	2	20 738 966	54 214 322	0		74 953 288
Debt instruments including Islamic debt instruments	3	1 787 286 020	2 777 490 204	0		4 564 776 224
Investment properties and owner occupied properties	4	359 373 580	340 692 654	0		700 066 234
Equities	5	7 046 742 101	7 335 985 079	0		14 382 727 180
Hedge funds		0	86 136 918	0		86 136 918
Private equity funds	6	349 506 643	322 443 812	168 502 952		840 453 407
Derivative market instruments	7	1 729 097	0	0		1 729 097
TOTAL INVESTMENTS		10 374 687 317	12 426 891 247	168 502 952	0	22 970 081 516

Non-compliant portfolios

The Fund has obtained the look through to the underlying assets however some of the limits specified in Regulation 28 were in breach at the Fund's year end. Overall, the total assets of the Fund are compliant with the limits specified in Regulation 28.

The Fund notes that the 'non-compliant' label does not suggest that the Fund is contravening any requirements of Regulation 28 or the Pension Funds Act. Compliance with Regulation 28 is disclosed in Schedule IB.

SCHEDULE IA
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Schedules to the Annual Financial Statements

For the period ended 30 June 2023

Reconciling items between Schedule IA and IB

Column "Reconciling items between Schedule IA and IB" reconciles the compliant portfolios which have been disclosed on a look through basis on Schedule IB.

Investment summary schedule (continued)

	Local R	Total foreign R	Foreign Africa R	Total percentage foreign exposure %	Derivative positions with residual risk R	Reconciling items between Schedule IA and IB R	Total as per Regulation 28 (Schedule IB) R
Cash (including cash at bank)	2 562 294 021	(243 054 853)	11	(10.48)%	0	0	2 319 239 168
Commodities	74 953 288	0	0	0.00%	0	0	74 953 288
Debt instruments including Islamic debt instruments	3 496 618 694	1 068 157 530	0	23.40%	0	0	4 564 776 224
Investment properties and owner occupied properties	610 651 472	89 414 762	0	12.77%	0	0	700 066 234
Equities	8 839 763 540	5 542 963 640	4 042 989	38.54%	1 729 097	0	14 384 456 277
Hedge funds	86 136 918	0	0	0.00%	0	0	86 136 918
Private equity funds	840 453 407	0	0	0.00%	0	0	840 453 407
Derivative market instruments	0	1 729 097	0	100.00%	0	(1 729 097)	0
TOTAL INVESTMENTS	16 510 871 340	6 459 210 176	4 043 000	28.12%	1 729 097	(1 729 097)	22 970 081 516

SCHEDULE IA
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Schedules to the Annual Financial Statements

For the period ended 30 June 2023

1. Cash

	Fair value R
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	
Notes and coins, any balance or deposit in an account held with a South African bank	681 951 215
Absa Bank Limited	236 567
Avior Trading and Currency Hedge Account	188 227 399
Firstrand Bank Limited	426
Investec Bank Limited	1 361 996
Nedbank Limited	24 587 534
Northern Trust Transition account	21 379 457
The Standard Bank of South Africa Limited	446 157 836
A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument	48 273 728
Absa Bank Limited	12 351 375
Nedbank Limited	34 203 022
The Standard Bank of South Africa Limited	1 719 331
Any positive net balance in a margin account with an exchange	23 703 079
Safex Margin Account	12 983 785
Variation Margin Account	9 443 126
Yieldx	1 276 168
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	55 382 888
Bank of New York Mellon	12 625 777
Canadian Dollar	187
Euro Currency	6 962
Euro Margin Account	5 209 227
GBP Margin and Settlement Account	218 399
US Dollars Cash Account	40 892 581
USD Margin Account	(3 570 245)
Total cash	809 310 910

SCHEDULE IA
KZN MUNICIPAL PENSION FUND

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Schedules to the Annual Financial Statements

For the period ended 30 June 2023

2. Commodities

Holdings	Local or foreign	Fair value R
Gold (including Kruger Rands)		2 731 022
New Gold Issuer Limited	Local	2 731 022
Other		18 007 944
New Gold Platinum ETF	Local	18 007 944
Total Commodities		20 738 966

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3. Debt instruments including Islamic debt instruments

	Local or foreign	Secured or unsecured	Issued or guaranteed	Redemption value R	Fair value R
Government Debt:					
Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic					1 426 609 213
Eskom Holdings Limited	Local	Unsecured	Issued	53 400 000	29 295 923
Republic of South Africa	Local	Unsecured	Issued	1 251 087 576	945 309 723
South Africa International Bonds	Foreign	Unsecured	Issued	2 100 000	33 534 697
Vunani Capital Partners	Local	Unsecured	Issued	502 093 267	418 468 870
					1 426 609 213
Bank Debt:					
Debt instruments issued or guaranteed by a South African Bank against its balance sheet:					
Listed on an exchange with an issue market capitalisation of R20 billion or more, or an amount or conditions as prescribed					136 585 576
Absa Bank Limited	Local	Unsecured	Issued	15 631 000	17 067 464
Barclays Plc	Foreign	Unsecured	Issued	480 000	10 520 462
Firststrand Bank Limited	Local	Unsecured	Issued	24 273 000	32 086 440
HSBC Holdings Plc	Foreign	Unsecured	Issued	600 000	10 436 504
Nedbank Limited	Local	Unsecured	Issued	9 445 000	10 034 850
The Standard Bank of South Africa Limited	Local	Unsecured	Issued	46 800 000	46 438 545
Wells Fargo Bank	Foreign	Unsecured	Issued	600 000	10 001 311
					7 545 944
Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed					7 545 944
NatWest Group Plc	Foreign	Unsecured	Issued	420 000	7 545 944
					7 078 323
Not listed on an exchange					7 078 323
Nedbank Limited	Local	Unsecured	Issued	6 085 000	7 078 323
					151 209 843

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Debt instruments including Islamic debt instruments (continued)

	Local or foreign	Secured or unsecured	Issued or guaranteed	Redemption value R	Fair value R
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	Local	Unsecured	Issued	2 180 000	4 298 329
					4 298 329
Corporate debt (excluding debentures):					
Debt instruments issued or guaranteed by an entity that has equity listed on an exchange					
Listed on an exchange:					
					107 882 615
British American Tobacco Plc	Foreign	Unsecured	Issued	1 190 000	19 627 775
Citigroup Incorporated Limited	Foreign	Unsecured	Issued	1 230 000	19 451 716
Delivery Hero SE	Foreign	Unsecured	Issued	700 000	10 307 227
Globalworth Real Estate Investments Limited	Foreign	Unsecured	Issued	1 460 000	23 503 057
Investec Plc	Foreign	Unsecured	Issued	200 000	4 817 307
Northam Platinum Limited	Local	Unsecured	Issued	25 701 000	27 088 988
Sanlam Limited	Local	Unsecured	Issued	3 200 000	3 086 545
Not listed on an exchange					
Sasol Limited	Local	Unsecured	Issued	3 200 000	57 113 538
					57 113 538
					164 996 153

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Debt instruments including Islamic debt Instruments (continued)

	Local or foreign	Secured or unsecured	Issued or guaranteed	Redemption value R	Fair value R
Other debt instruments:-					
Listed on an exchange					38 900 320
City of Tshwane Metropolitan Municipality	Local	Unsecured	Issued	200 000	183 353
Delivery Hero AG	Foreign	Unsecured	Issued	2 000 000	28 074 257
Sasol Financing USA LLC	Foreign	Unsecured	Issued	700 000	10 642 710
Not listed on an exchange					1 272 162
Mahube Infrastructure Limited	Local	Unsecured	Issued	186 321	981 440
Residual Debt Services Limited	Local	Unsecured	Issued	1 404 456	290 722
					40 172 482
Total Debt instruments including Islamic debt instruments					1 787 286 020

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4. Investment properties and owner occupied properties

	Local or foreign	Ordinary or preference or other	Issued shares	Holding number	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						211 446 777
Balwin Properties Proprietary Limited	Local	Ordinary	519 411 852	232 937	0.04%	613 494
Equites Property Fund Limited	Local	Ordinary	1 191 595 172	154 733	0.01%	1 785 619
Fortress Real Estate Investment Limited A	Local	Ordinary	1 191 595 172	1 184 607	0.10%	15 248 896
Growthpoint Properties Limited	Local	Ordinary	3 430 787 066	3 833 913	0.11%	44 848 703
Hyprop Investment Limited	Local	Ordinary	359 566 570	1 475 183	0.41%	37 748 609
Nepi Rockcastle NV	Local	Ordinary	635 830 268	248 963	0.04%	27 602 310
Redefine Properties Limited	Local	Ordinary	7 052 419 865	14 083 424	0.20%	46 407 933
Resilient Property Limited	Local	Ordinary	367 297 517	86 250	0.02%	3 649 238
Shaftesbury Capital Plc	Local	Ordinary	1 953 170 495	243 404	0.01%	6 693 610
Vukile Property Fund Limited	Local	Ordinary	1 036 226 628	2 049 235	0.20%	26 848 365
Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed						94 219 809
Attacq Limited	Local	Ordinary	751 551 292	6 688 605	0.89%	56 585 598
Fairvest Limited B	Local	Ordinary	474 610 430	462 859	0.10%	1 351 548
Fortress Real Estate Investment Limited B	Local	Ordinary	1 093 213 028	88 282	0.01%	446 707
Hammerson Plc	Local	Ordinary	5 002 265 607	1 498 856	0.03%	8 978 147
Investec Property Fund	Local	Ordinary	804 918 444	78 295	0.01%	581 732
Lighthouse Properties Limited	Local	Ordinary	1 778 496 596	123 174	0.01%	805 558
Mas Plc	Local	Ordinary	716 145 729	406 392	0.06%	8 669 030
SA Corporate Real Estate Limited	Local	Ordinary	2 514 732 095	2 647 848	0.11%	5 004 433
Sirius Real Estate Limited	Local	Ordinary	1 175 863 985	309 817	0.03%	6 351 249
Stor-Age Property Limited	Local	Ordinary	474 610 430	439 178	0.09%	5 445 807

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Investment properties and owner occupied properties (continued)

	Local or foreign	Ordinary or preference or other	Issued shares	Holding number	Holding %	Fair value R
Issuer market capitalisation of less than R3 billion, or an amount or conditions as prescribed						53 706 994
Dipula Income Fund B	Local	Ordinary	893 747 774	964 803	0.11%	3 341 981
Emira Property Fund	Local	Ordinary	1 495 747 091	24 131	0.00%	211 870
Liberty Two Degrees	Local	Ordinary	908 443 334	12 997 469	1.43%	48 740 509
Octodec Investments Limited	Local	Ordinary	266 197 535	110 135	0.04%	977 999
Spear Limited	Local	Ordinary	244 846 390	60 366	0.02%	434 635
						359 373 580

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5. Equity

	Local or foreign	Ordinary or preference	Issued shares	Holding number	Holding in issuer or entity %	Fair value R
Listed equities						
Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed						6 394 033 986
Absa Group Limited	Local	Ordinary	847 750 679	1 211 012	0.14%	203 756 429
African Rainbow Minerals Limited	Local	Ordinary	224 667 778	161 180	0.07%	32 143 426
Anglo American Platinum Limited	Local	Ordinary	265 292 206	30 020	0.01%	25 718 173
Anglo American Plc	Local	Ordinary	1 337 577 913	548 272	0.04%	295 181 723
Anglogold Ashanti Limited	Local	Ordinary	419 379 599	302 172	0.07%	120 602 355
Anheuser-Busch Inbev SA NV	Local	Ordinary	1 737 196 570	118 532	0.01%	126 268 233
Aspen Pharmacare Holdings Limited	Local	Ordinary	446 252 332	352 314	0.08%	65 147 051
AVI Limited	Local	Ordinary	336 531 094	36 526	0.01%	2 487 055
BHP Group Limited	Local	Ordinary	5 065 820 556	122 940	0.00%	69 488 545
Bid Corporation Limited	Local	Ordinary	335 404 212	85 307	0.03%	35 500 382
Bidvest Group Limited	Local	Ordinary	340 274 346	262 377	0.08%	68 831 305
British American Tobacco Plc	Local	Ordinary	2 456 867 420	534 104	0.02%	335 164 227
Capitec Limited	Local	Ordinary	116 099 843	58 087	0.05%	91 512 973
Capri Holdings Limited USD	Foreign	Ordinary	116 138 350	38 237	0.03%	26 083 868
Clicks Group Limited	Local	Ordinary	243 969 611	44 496	0.02%	11 687 408
Compagnie Financiere Richemont SA	Local	Ordinary	522 000 000	379 307	0.07%	267 981 078
Copper 360 Limited	Foreign	Ordinary	629 692 119	334 388	0.05%	1 334 208
Discovery Limited	Local	Ordinary	673 146 417	162 583	0.02%	23 851 380
EOG Resources Incorporated Limited	Foreign	Ordinary	584 000 000	6 761	0.00%	14 720 161
Exxaro Resources Limited	Local	Ordinary	349 305 092	751 364	0.22%	123 464 578
Firststrand Limited	Local	Ordinary	5 609 488 001	4 407 523	0.08%	303 179 590
Glencore Limited	Local	Ordinary	14 586 200 066	1 730 908	0.01%	184 930 089
Gold Fields Limited	Local	Ordinary	893 527 657	659 281	0.07%	173 128 478
Harmony Gold Mining Company Limited	Local	Ordinary	618 071 972	92 071	0.01%	7 296 627
Heineken Holding NV	Foreign	Ordinary	566 680 187	5 750	0.00%	11 161 228
Heineken Holding NV EUR	Foreign	Ordinary	288 030 168	10 721	0.00%	17 599 751
Impala Platinum Limited	Local	Ordinary	856 539 591	949 259	0.11%	119 189 933
Investec Limited	Local	Ordinary	696 082 618	1 419 990	0.20%	126 246 337

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5. Equity (continued)

	Local or foreign	Ordinary or preference	Issued shares	Holding number	Holding in issuer or entity %	Fair value R
JD.Com Incorporated ADR USD	Foreign	Ordinary	235 887 666	32 378	0.01%	20 894 336
Kumba Iron Ore Limited	Local	Ordinary	322 085 974	23 021	0.01%	10 187 713
Life Healthcare Holdings Limited	Local	Ordinary	1 467 349 162	1 785 751	0.12%	36 782 934
Momentum Metropolitan Holdings Limited	Local	Ordinary	1 435 736 221	2 260 539	0.16%	40 903 628
Mondi Plc	Local	Ordinary	485 553 780	326 846	0.07%	94 608 851
Mr Price Group Limited	Local	Ordinary	256 791 496	148 197	0.06%	21 478 271
MTN Group Limited	Local	Ordinary	1 884 269 758	2 974 018	0.16%	411 653 462
Multichoice Group Limited	Local	Ordinary	442 512 678	626 211	0.14%	59 945 906
Naspers Limited	Local	Ordinary	435 511 058	174 316	0.04%	594 293 449
Nedbank Group Limited	Local	Ordinary	511 500 790	926 883	0.18%	212 149 176
Netcare Limited	Local	Ordinary	1 439 090 009	2 838 191	0.20%	41 252 689
Northam Platinum Holdings Limited	Local	Ordinary	396 615 878	588 885	0.15%	74 107 118
Old Mutual Limited	Local	Ordinary	4 913 880 491	4 353 402	0.09%	52 910 753
Outsurance Group Limited	Local	Ordinary	1 531 807 770	444 253	0.03%	15 127 578
Pepkor Holdings Limited	Local	Ordinary	3 672 187 103	1 778 285	0.05%	29 374 227
Premier Group Limited	Local	Ordinary	128 905 800	50 423	0.04%	3 038 072
Prosus NV	Local	Ordinary	2 003 817 745	372 147	0.02%	513 569 581
Range Resources Corporation Limited	Foreign	Ordinary	235 887 666	22 387	0.01%	12 514 156
Reinet Investments SCA	Local	Ordinary	195 941 286	211 150	0.11%	88 130 473
Remgro Limited	Local	Ordinary	529 217 007	206 069	0.04%	30 302 446
Reenergen Limited	Local	Ordinary	145 040 878	433 299	0.30%	9 568 884
Sanlam Limited	Local	Ordinary	2 226 974 408	1 850 960	0.08%	108 454 706
Sappi Limited	Local	Ordinary	566 113 439	1 022 154	0.18%	39 874 228
Sasol Limited	Local	Ordinary	634 336 265	944 900	0.15%	220 938 730
Shell Plc	Foreign	Ordinary	3 334 050 000	30 968	0.00%	17 422 825
Shoprite Holdings Limited	Local	Ordinary	591 338 502	308 474	0.05%	69 816 141
Sibanye Stillwater Limited	Local	Ordinary	2 830 567 264	2 123 681	0.08%	61 723 584
Southern Sun Limited	Local	Ordinary	1 477 905 694	5 635 310	0.38%	22 992 065
Spar Group Limited	Local	Ordinary	192 602 355	374 307	0.19%	39 401 635
St. James's Place Plc GBP	Foreign	Ordinary	544 917 708	12 967	0.00%	3 386 840
Standard Bank Group Limited	Local	Ordinary	1 678 564 470	2 384 351	0.14%	424 005 958

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5. Equity (continued)

	Local or foreign	Ordinary or preference	Issued shares	Holding number	Holding in issuer or entity %	Fair value R
The Foschini Group Limited	Local	Ordinary	331 027 300	777 261	0.23%	61 864 690
Tiger Brands Limited	Local	Ordinary	180 327 980	28 955	0.02%	4 867 352
Transaction Capital Limited	Local	Ordinary	759 032 637	350 485	0.05%	2 043 328
Truworths International Limited	Local	Ordinary	408 498 899	295 384	0.07%	9 670 896
Vodacom Group Limited	Local	Ordinary	2 077 841 204	87 031	0.00%	10 200 033
Woolworths Holdings Limited	Local	Ordinary	1 003 471 719	477 056	0.05%	34 201 675
Zeda Limited	Local	Ordinary	189 641 787	629 710	0.33%	6 719 006

Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed

640 191 231

Adcock Ingram Holdings Limited	Local	Ordinary	169 718 861	8 856	0.01%	498 593
Advtech Limited	Local	Ordinary	554 459 991	343 222	0.06%	6 384 294
AECI Limited	Local	Ordinary	55 201 000	429 443	0.78%	38 907 536
African Rainbow Capital Investments Limited	Local	Ordinary	597 961 595	60 122	0.01%	390 793
Afrimat Limited	Local	Ordinary	159 836 863	237 037	0.15%	14 606 266
Altron Limited A	Local	Ordinary	410 805 451	1 256 470	0.31%	9 800 466
Astral Foods Limited	Local	Ordinary	42 922 235	4 367	0.01%	669 199
Barloworld Limited	Local	Ordinary	189 641 787	278 261	0.15%	23 788 533
Blue Label Telecoms Limited	Local	Ordinary	913 655 873	52 659	0.01%	183 780
Brait Plc	Local	Ordinary	1 320 312 254	3 106 610	0.24%	10 129 193
Bytes Technology Group Limited	Local	Ordinary	239 482 333	5 415	0.00%	684 889
Cashbuild Limited	Local	Ordinary	23 900 647	2 699	0.01%	453 432
Coronation Fund Managers Limited	Local	Ordinary	349 799 102	112 539	0.03%	3 678 900
Curro Holdings Limited	Local	Ordinary	1 321 654 148	57 091	0.00%	493 837
Datatec Limited	Local	Ordinary	224 916 537	391 494	0.17%	15 335 048
Dis-Chem Pharmacies Limited	Local	Ordinary	860 084 483	1 599 187	0.19%	37 717 448
Drdgold Limited	Local	Ordinary	864 588 711	78 662	0.01%	1 574 957
Famous Brands Limited	Local	Ordinary	100 202 284	322 765	0.32%	20 334 195
Grindrod Limited	Local	Ordinary	698 031 586	476 766	0.07%	4 562 651
Hosken Consolidated Investments Limited	Local	Ordinary	85 620 648	134 651	0.16%	30 196 833
Hudaco Industries Limited	Local	Ordinary	85 620 648	3 161	0.00%	493 116

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5. Equity (continued)

	Local or foreign	Ordinary or preference	Issued shares	Holding number	Holding in issuer or entity %	Fair value R
Italtile Limited	Local	Ordinary	1 495 747 091	50 376	0.00%	654 888
JSE Limited	Local	Ordinary	1 344 834 979	9 303	0.00%	846 573
KAP International Holdings Limited	Local	Ordinary	2 477 094 448	3 479 766	0.14%	9 395 368
Lewis Group Limited	Local	Ordinary	57 259 052	325 599	0.57%	12 929 536
Metair Investment Limited	Local	Ordinary	198 985 886	18 134	0.01%	332 396
Montauk Renewables Incorporated Limited	Local	Ordinary	141 015 213	4 771	0.00%	660 497
Motus Holdings Limited	Local	Ordinary	177 469 040	239 128	0.13%	23 955 843
Mpact Limited	Local	Ordinary	148 175 363	183 212	0.12%	4 675 570
Ninety One Limited	Local	Ordinary	922 714 076	1 017 526	0.11%	41 292 376
Oceana Group Limited	Local	Ordinary	130 431 804	97 995	0.08%	6 908 648
Omnia Holdings Limited	Local	Ordinary	169 052 173	190 251	0.11%	11 441 695
Pan African Resources Limited	Local	Ordinary	2 222 862 046	477 016	0.02%	1 450 570
Pick 'n Pay Stores Limited	Local	Ordinary	493 450 321	660 529	0.13%	25 928 764
PPC Limited	Local	Ordinary	1 553 764 624	2 561 351	0.16%	6 941 261
PSG Konsult Limited	Local	Ordinary	1 294 818 074	1 623 672	0.13%	21 487 948
Quilter Plc	Local	Ordinary	1 404 105 498	3 851 104	0.27%	74 428 392
Raubex Limited	Local	Ordinary	181 750 036	144 290	0.08%	3 752 983
RCL Foods Limited	Local	Ordinary	890 096 721	658 946	0.07%	6 589 460
Reunert Limited	Local	Ordinary	184 969 196	17 498	0.01%	1 029 582
RMB Holdings Limited	Local	Ordinary	1 411 703 218	23 946 072	1.70%	11 733 575
Royal Bafokeng Platinum Proprietary Limited	Local	Ordinary	290 334 425	8 464	0.00%	1 056 900
Santam Limited	Local	Ordinary	115 131 417	38 550	0.03%	11 152 507
South32 Limited	Local	Ordinary	4 561 350 774	23 887	0.00%	1 152 548
Sun International Limited	Local	Ordinary	262 052 195	305 099	0.12%	10 461 845
Super Group Limited	Local	Ordinary	346 309 812	576 062	0.17%	18 518 976
Telkom SOC Limited	Local	Ordinary	511 140 239	952 018	0.19%	30 188 443
Textainer Group Holdings Limited	Local	Ordinary	58 032 164	69 307	0.12%	52 776 587
Thungela Resources Limited	Local	Ordinary	140 492 585	31 934	0.02%	4 724 316
Tsogo Sun Gaming Limited	Local	Ordinary	1 050 188 300	1 228 335	0.12%	15 698 121
Wilson Bayly Holmes-Ovcon Limited	Local	Ordinary	59 890 514	68 349	0.11%	7 141 104

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5. Equity (continued)

	Local or foreign	Ordinary or preference	Issued shares	Holding number	Holding in issuer or entity %	Fair value R
Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed						12 516 884
Alexander Forbes Group Holdings Limited	Local	Ordinary	1 327 582 154	29 200	0.00%	165 272
Argent Industrial Limited	Local	Ordinary	56 056 203	127 397	0.23%	2 103 513
Capital Appreciation Limited	Local	Ordinary	1 310 000 000	185 872	0.01%	280 667
Ellies Holdings Limited	Local	Ordinary	805 400 305	1 107 356	0.14%	110 736
EPE Capital Partners Limited	Local	Ordinary	287 500 000	1 317 583	0.46%	6 393 106
Libstar Holdings Limited	Local	Ordinary	681 921 408	787 883	0.12%	3 072 744
Trellidor Holdings Limited	Local	Ordinary	95 209 820	145 838	0.15%	390 846
Total equities						7 046 742 101

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6. Private equity funds

Holdings	Local or Foreign	Structure	Category 2 approval	FAIS approval number	Total value of commitment R	Current value of commitment R
Funds of private equity funds					0	349 506 643
Mahlako Energy Fund I Partnership	Local				0	36 094 936
MSM Property Fund Proprietary Limited	Local				0	250 000 003
Vuna Partners Fund I	Local				0	63 411 704
Total private equity funds commitment					0	349 506 643

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7. Direct derivative market instruments

7.1. Derivative positions with residual risk

Instrument	Local or foreign	Listed or unlisted	Strike price R	Cost/premium R	Fair value R	Gross effective economic exposure R	Net effective economic exposure R	Potential gain or (potential loss) R
Equity linked instruments								
SPY US 15/03/24 P440	Foreign	Unlisted	0	301	722 250	(7 980 809)	0	(145 224)
SPY US 15/09/23 P420	Foreign	Unlisted	0	64	154 153	(3 809 934)	0	(165 652)
SPY US 15/12/23 P420	Foreign	Unlisted	0	145	349 110	(5 053 176)	0	(197 408)
SPY US 15/12/23 P438	Foreign	Unlisted	0	219	503 584	(7 302 374)	0	(129 448)
			0	729	1 729 097	(24 146 293)	0	(637 732)

Instrument	Exchange rate R	Fixed rate or variable rate	Counter party	Counter party %	Expiry date	Holding number	Holding %	Residual Risk R
Equity linked instruments								
SPY US 15/03/24 P440	0		Safex	0.00%	15/03/2024	24	0.00%	0
SPY US 15/09/23 P420	0		Safex	0.00%	15/09/2023	24	0.00%	0
SPY US 15/12/23 P420	0		Safex	0.00%	15/12/2023	24	0.00%	0
SPY US 15/12/23 P438	0		Safex	0.00%	15/12/2023	23	0.00%	0
								0

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8. Regulation 28 non-compliant investments (R)

Instrument	Local R	Foreign R	Fair value R
Collective investment schemes	6 338 373 396	6 088 517 851	12 426 891 247
ATA Capital Proprietary Limited	89 675 696	0	89 675 696
Blackrock Developed World Index Sub Fund	116 269	1 658 616 094	1 658 732 363
Blackrock MSCI Emerging Market Equity	339 350	271 317 773	271 657 123
Coronation Asset Management Proprietary Limited - Absolute Bond portfolio	705 676 532	0	705 676 532
Coronation Asset Management Proprietary Limited - Managed portfolio	2 724 073 504	1 078 932 790	3 803 006 294
Coronation Asset Management Proprietary Limited - Strategic Cash portfolio	1 312 953 468	0	1 312 953 468
Kagiso Asset Management Proprietary Limited - Islamic Balanced Fund portfolio	12 657 923	4 855 651	17 513 574
M&G Investment Managers (South Africa) Proprietary Limited - Global Balanced Feeder Fund	2 501 791	420 065 310	422 567 101
M&G Investments Global Balanced Fund	176 538 883	1 125 012 086	1 301 550 969
Mianzo Capped Swix Active Equity Fund	433 327 743	0	433 327 743
Old Mutual Life Assurance Company (South Africa) Limited - Albaraka Balanced Fund portfolio	12 742 215	4 663 710	17 405 925
Old Mutual Life Assurance Company (South Africa) Limited - MM Long Short Equity FOHF portfolio	43 623 990	0	43 623 990
Old Mutual Life Assurance Company (South Africa) Limited - MM Private Equity 2 portfolio	15 604 270	0	15 604 270
Old Mutual Life Assurance Company (South Africa) Limited - MM Private Equity 3 portfolio	49 211 653	0	49 211 653
Peresec International Limited - P1 Finance PLC (listed bond)	0	259 659 724	259 659 724
Peresec International Limited - SPDR S&P Kensho New Economies Composite ETF	0	97 841 090	97 841 090
Prescient Clean Energy & Infrastructure Debt Fund Trust	113 423 280	0	113 423 280
Prescient Clean Energy & Infrastructure Debt Fund Trust - B	54 528 913	0	54 528 913
Sanlam Collective Investments Proprietary Limited - SMM Institutional Positive Return Fund	121 458 349	10 262 208	131 720 557
Stanlib Asset Management Limited - Bond Fund portfolio	276 652 556	0	276 652 556
Stanlib Asset Management Limited - Property Income Fund portfolio	127 952 443	0	127 952 443
Sygnia Life Limited - Cormkzn - Coronation Managed Portfolio	65 314 568	1 157 291 415	1 222 605 983
Linked policies	168 502 952	0	168 502 952
Alexander Forbes Investments Limited - Private Markets SA	168 502 952	0	168 502 952
Total non-compliant investments	6 506 876 348	6 088 517 851	12 595 394 199

SCHEDULE IA**KZN MUNICIPAL PENSION FUND**

Registration number: 12/8/36983

Schedules to the Annual Financial Statements

For the period ended 30 June 2023

Risk management Credit/counter party risk

Counter party	Direct investment in counter party R	Deposit or liquid asset with counter party R	Guarantees R	Any other instrument R	Total for counter party R	Exposure to counter party as a % of the fair value of the Fund %
Banks						
The Standard Bank of South Africa Limited	46 438 545	447 877 167	954 277 800	0	1 448 593 512	6.31%
Asset managers – local						
Argon Asset Management Proprietary Limited	0	0	0	1 108 578 333	1 108 578 333	4.83%
ATA Capital Proprietary Limited	0	0	0	544 273 588	544 273 588	2.37%
Avior Capital Markets Proprietary Limited	0	0	0	188 227 398	188 227 398	0.82%
BlackRock Investment Management (UK) Limited	0	0	0	1 930 389 486	1 930 389 486	8.40%
Camissa Asset Management Proprietary Limited	0	0	0	17 513 574	17 513 574	0.08%
Coronation Asset Management Proprietary Limited	0	0	0	5 789 881 434	5 789 881 434	25.21%
Lima Mbeu Investment Managers Proprietary Limited	0	0	0	440 279 569	440 279 569	1.92%
M&G Investment Managers Proprietary Limited	0	0	0	4 199 859 302	4 199 859 302	18.28%
Mazi Asset Management Proprietary Limited	0	0	0	872 539 599	872 539 599	3.80%
Mergence Investment Managers Proprietary Limited	0	0	0	889 065 166	889 065 166	3.87%
Mianzo Asset Management Proprietary Limited	0	0	0	433 327 743	433 327 743	1.89%
Ninety One South Africa Proprietary Limited	0	0	0	3 766 271 525	3 766 271 525	16.40%
Old Mutual Life Assurance Company South Africa Limited	0	0	0	125 845 839	125 845 839	0.55%
Prescient Investment Management Proprietary Limited	0	0	0	167 952 193	167 952 193	0.73%
Sanlam Investment Management Proprietary Limited	0	0	0	131 720 556	131 720 556	0.57%
Stanlib Asset Management Proprietary Limited	0	0	0	404 604 999	404 604 999	1.76%
Sygnia Asset Management Proprietary Limited	0	0	0	1 013 985 067	1 013 985 067	4.41%
Vunani Fund Managers Proprietary Limited	0	0	0	481 880 574	481 880 574	2.10%
Asset managers – foreign						
Northern Trust Global Services Limited	0	0	0	21 379 457	21 379 457	0.09%

SCHEDULE IA**KZN MUNICIPAL PENSION FUND**

Registration number: 12/8/36983

Schedules to the Annual Financial Statements

For the period ended 30 June 2023

Market risk**List of the 10 largest rand value equity holdings**

Investments	Fair value at end of period	Total fair value equity holdings and open instruments	Market movement by 5%
	R	R	R
Naspers Limited	594 293 449	594 293 449	29 714 672
Prosus NV	513 569 581	513 569 581	25 678 479
Standard Bank Group Limited	424 005 958	424 005 958	21 200 298
MTN Group Limited	411 653 462	411 653 462	20 582 673
British American Tobacco Plc	335 164 227	335 164 227	16 758 211
Firststrand Limited	303 179 590	303 179 590	15 158 980
Anglo American Plc	295 181 723	295 181 723	14 759 086
Compagnie Financiere Richemont SA	267 981 078	267 981 078	13 399 054
Sasol Limited	220 938 730	220 938 730	11 046 937
Nedbank Group Limited	212 149 176	212 149 176	10 607 459
Total value of 10 largest equity holdings	3 578 116 974	3 578 116 974	178 905 849
Total movement as % of non-current assets plus bank			0.78%

SCHEDULE IA**KZN MUNICIPAL PENSION FUND**

Registration number: 12/8/36983

Schedules to the Annual Financial Statements

For the period ended 30 June 2023

Other financial instruments**List of the 10 largest rand value other financial instruments**

	Fair value R	Market movement by 5% R
Coronation Asset Management Proprietary Limited - Managed portfolio	3 803 006 294	190 150 315
Blackrock Developed World Index Sub Fund	1 658 732 363	82 936 618
Coronation Asset Management Proprietary Limited - Strategic Cash portfolio	1 312 953 468	65 647 673
M&G Investments Global Balanced Fund	1 301 550 969	65 077 548
Sygnia Life Limited - Cormkzn - Coronation Managed Portfolio	1 222 605 983	61 130 299
Republic of South Africa	945 309 723	47 265 486
Coronation Asset Management Proprietary Limited - Absolute Bond portfolio	705 676 532	35 283 827
The Standard Bank of South Africa Limited	494 315 712	24 715 786
Mianzo Capped Swix Active Equity Fund	433 327 743	21 666 387
M&G Investment Managers (South Africa) Proprietary Limited - Global Balanced Feeder Fund	422 567 101	21 128 355
Total value of 10 largest other financial instruments	12 300 045 888	615 002 294

Total movement as % of non-current assets plus bank**2.68%****Foreign currency exposure**

Foreign investments	Description	Fair value at end of period R	Market movement by 5% R
Bank of New York Mellon	Foreign cash	12 625 777	631 289
Barclays Plc	Foreign listed bonds	10 520 462	526 023
British American Tobacco Plc	Foreign listed bonds	19 627 775	981 389
Canadian Dollar	Foreign cash	187	9
Capri Holdings Limited USD	Foreign listed equities	26 083 868	1 304 193
Citigroup Incorporated Limited	Foreign listed bonds	19 451 716	972 586
Copper 360 Limited	Foreign listed equities	1 334 208	66 710
Delivery Hero AG	Foreign listed bonds	28 074 257	1 403 713
Delivery Hero SE	Foreign listed bonds	10 307 227	515 361
EOG Resources Incorporated Limited	Foreign listed equities	14 720 161	736 008
Euro Currency	Foreign cash	6 962	348
Euro Margin Account	Foreign cash	5 209 227	260 461

SCHEDULE IA**KZN MUNICIPAL PENSION FUND**

Registration number: 12/8/36983

Schedules to the Annual Financial Statements

For the period ended 30 June 2023

Foreign currency exposure

Foreign investments	Description	Fair value at end	Market movement
		of period	by 5%
		R	R
GBP Margin and Settlement Account	Foreign cash	218 399	10 920
Globalworth Real Estate Investments Limited	Foreign listed bonds	23 503 057	1 175 153
Heineken Holding NV	Foreign listed equities	11 161 228	558 061
Heineken Holding NV EUR	Foreign listed equities	17 599 751	879 988
HSBC Holdings Plc	Foreign listed bonds	10 436 504	521 825
Investec Plc	Foreign listed bonds	4 817 307	240 865
JD.Com Incorporated ADR USD	Foreign listed equities	20 894 336	1 044 717
NatWest Group Plc	Foreign listed bonds	7 545 944	377 297
Range Resources Corporation Limited	Foreign listed equities	12 514 156	625 708
Sasol Financing USA LLC	Foreign listed bonds	10 642 710	532 136
Shell Plc	Foreign listed equities	17 422 825	871 141
South Africa International Bonds	Foreign listed bonds	33 534 697	1 676 735
SPY US 15/03/24 P440	Foreign equity derivatives	722 250	36 113
SPY US 15/09/23 P420	Foreign equity derivatives	154 153	7 708
SPY US 15/12/23 P420	Foreign equity derivatives	349 110	17 456
SPY US 15/12/23 P438	Foreign equity derivatives	503 584	25 179
St. James's Place Plc GBP	Foreign listed equities	3 386 840	169 342
US Dollars Cash Account	Foreign cash	40 892 581	2 044 629
USD Margin Account	Foreign cash	(3 570 245)	(178 512)
Wells Fargo Bank	Foreign listed bonds	10 001 311	500 066
Total value of foreign instruments		370 692 325	18 534 617
Total movement as % of non-current assets plus bank			0.08%

SCHEDULE IA
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Schedules to the Annual Financial Statements

For the period ended 30 June 2023

Reconciliation between the investment note HA and schedule IA summary

	Fair value as per Investment note R	Cash at bank R	Property split (Schedule IA note) R	Non-compliant Collective investment schemes R	Non-compliant Insurance policies R	Total R
Cash (including cash at bank)	366 805 567	442 505 343	0	1 509 928 258	0	2 319 239 168
Commodities	20 738 966		0	54 214 322	0	74 953 288
Debt instruments including Islamic debt instruments	1 787 286 020		0	2 777 490 204	0	4 564 776 224
Investment properties and owner occupied properties	0		359 373 580	340 692 654	0	700 066 234
Equities	7 406 115 681		(359 373 580)	7 335 985 079	0	14 382 727 180
Hedge funds	0		0	86 136 918	0	86 136 918
Private equity funds	349 506 643		0	322 443 812	168 502 952	840 453 407
Derivative market instruments	1 729 097		0	0	0	1 729 097
Collective investment schemes	12 426 891 247		0	(12 426 891 247)	0	0
Insurance policies	168 502 952		0	0	(168 502 952)	0
TOTAL INVESTMENTS	22 527 576 173	442 505 343	0	0	0	22 970 081 516

SCHEDULE IB
KZN MUNICIPAL PENSION FUND
Registration number: 12/8/36983

Independent Auditor's Reasonable Assurance Report on Assets Held in Compliance with Regulation 28 of the Pension Funds Act No. 24 of 1956, as amended

To the Board of Fund of KZN Municipal Pension Fund

Report on Compliance of Schedule IB with Regulation 28 of the Act

We have undertaken our engagement in accordance with Section 15 of the Pension Funds Act No. 24 of 1956, as amended (the Act) in order to provide the Board of Fund of KZN Municipal Pension Fund (the Fund) with a reasonable assurance opinion that Schedule IB "Assets held in compliance with Regulation 28" (the Schedule) on pages 115 to 122 at 30 June 2023 is prepared in all material respects in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(i), (3)(iB), (3)(j), (4), (8)(a) and (9) of the Act, and the Fund has complied, in all material respects, with Regulation 28 (3)(a), (3)(c), (3)(e)-(i), (3)(iB), (3)(j), (4), (8)(a) and (9) as at 30 June 2023.

The Board of Fund's responsibility for the Schedule

The Board of Fund is responsible for ensuring that the Schedule is prepared in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(i), (3)(iB), (3)(j), (4), (8)(a) and (9) and for compliance of the Fund with Regulation 28 (3)(a), (3)(c), (3)(e)-(i), (3)(iB), (3)(j), (4), (8)(a) and (9). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

SCHEDULE IB
KZN MUNICIPAL PENSION FUND
Registration number: 12/8/36983

Independent Auditor's Reasonable Assurance Report on Assets Held in Compliance with Regulation 28 of the Pension Funds Act No. 24 of 1956, as amended to the Board of Fund of KZN Municipal Pension Fund (Continued)

Auditor's Responsibility

Our responsibility is to express an opinion on whether the Schedule is prepared in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(i),(3)(iB), (3)(j), (4), (8)(a) and (9) and whether the Fund complies with Regulation 28 (3)(a), (3)(c), (3)(e)-(i), (3)(iB), (3)(j) (4), (8)(a) and (9) based on performing a reasonable assurance engagement.

We performed our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the Schedule is prepared in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(i), (3)(iB), (3)(j), (4), (8)(a) and (9) and whether the Fund complies with Regulation 28 (3)(a), (3)(c), (3)(e)-(i), (3)(iB), (3)(j), (4), (8)(a) and (9).

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain sufficient appropriate evidence that the Schedule is prepared in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) and that the Fund complies with Regulation 28 (3)(a), (3)(c), (3)(e)-(i), (3)(iB), (3)(j), (4), (8)(a) and (9). The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with Regulation 28 (3)(a), (3)(c), (3)(e)-(i), (3)(iB), (3)(j), (4), (8)(a) and (9), whether due to fraud and error. In making those risk assessments we consider internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

Summary of work performed

We completed our audit of the annual financial statements of the KZN Municipal Pension Fund for the year ended 30 June 2023, prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, on which we issued an unmodified opinion on 14 December 2023. That audit was performed in accordance with International Standards on Auditing. Where appropriate, we have drawn on evidence obtained regarding information contained in the Schedule that 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.

We have performed such additional procedures as we considered necessary which included:

- Evaluating whether confirmations from financial institutions are in support of the records made available to us;
- Evaluating whether the investments are classified correctly per the categories of Schedule IB based on information obtained about the nature of investments from the financial institutions;
- Recalculating the percentages of assets held in relation to total assets; and
- Comparing the percentages calculated to the prescribed limits.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

SCHEDULE IB
KZN MUNICIPAL PENSION FUND
Registration number: 12/8/36983

Independent Auditor's Reasonable Assurance Report on Assets Held in Compliance with Regulation 28 of the Pension Funds Act No. 24 of 1956, as amended to the Board of Fund of KZN Municipal Pension Fund (Continued)

Opinion

In our opinion, the Schedule IB "Assets held in compliance with Regulation 28" at 30 June 2023 is prepared in all material respects in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(i), (3)(iB), (3)(j), (4), (8)(a) and (9) of the Act, and the Fund has complied, in all material respects, with Regulation 28 (3)(a), (3)(c), (3)(e)-(i), (3)(iB), (3)(j), (4), (8)(a) and (9) as at 30 June 2023.

Other matter

Schedule IB was prepared in accordance with communication 19 of 2023 (the communication), as issued by the FSCA. The communication highlights that the format of Schedule IB is not aligned with the amended Regulation 28 that came into effect on 1 January 2023. Our opinion is not modified in terms of this matter.

Restriction on use

Without modifying our opinion, we emphasise that Schedule IB is designed to meet the information needs of the Board of Fund for the purpose of reporting to the Financial Sector Conduct Authority (FSCA). As a result, our report is not suitable for another purpose. Our report is presented solely for the information of the Board of Fund for the purpose of reporting to the FSCA.



SizweNtsalubaGobodo Grant Thornton Inc.

Darshen Govender

Director

Registered Auditor

14 December 2023

20 Morris Street East

Woodmead

SCHEDULE IB
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Assets held in compliance with Regulation 28

For the period ended 30 June 2023

		R
A	Total assets (Schedule IA - Total investments)	22 970 081 516
B1	Less: Regulation 28 compliant investments (certificate received from issuing entity):-	0
	B1.1 Collective Investment Schemes (Regulation 28(8)(b)(i))	0
	B1.2 Linked policies (Regulation 28(8)(b)(ii))	0
	B1.3 Guaranteed policies (Regulation 28(8)(b)(iii))	0
	B1.4 Entity regulated by Financial Sector Conduct Authority (Regulation 28(8)(b)(iv))	0
B2	Less: Regulation 28 excluded investments	0
	B2.1 Insurance policies (Regulation 28(3)(c))	0
C	Less: Investments not disclosed or data not available for disclosure (IA.13)	0
D	TOTAL ASSETS FOR REGULATION 28 DISCLOSURE	22 970 081 516

Categories of kinds of assets	%	Fair value R	Fair value %
1 Cash	100%	2 319 239 168	10.10%
1.1 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	100%	2 562 294 021	11.15%
(a) Notes and coins, any balance or deposit in an account held with a South African bank	100%	1 128 113 922	4.91%
The Standard Bank of South Africa Limited	25%	499 035 581	2.17%
(b) A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument	100%	1 406 766 869	6.12%
The Standard Bank of South Africa Limited	25%	419 807 146	1.83%
(c) Any positive net balance in a margin account with an exchange	100%	27 413 230	0.12%
Safex Margin Account	25%	12 983 785	0.06%
(d) Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets	100%	0	0.00%
1.2 Foreign balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management	SARB maximum limits	(243 054 853)	(1.06)%

SCHEDULE IB
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Assets held in compliance with Regulation 28
For the period ended 30 June 2023

Categories of kinds of assets (continued)	%	Fair value R	Fair value %
financial instruments			
(a) Any balance or deposit held with a foreign bank		179 328 302	0.78%
US Dollar Cash	5%	83 562 393	0.36%
(b) Any balance or deposit held with an African bank		0	0.00%
(c) A money market instrument issued by a foreign bank including an Islamic liquidity management financial instrument		(422 383 155)	(1.84)%
State Street Corporation Bank Limited	5%	19 459 253	0.08%
 2 Debt Instruments including Islamic debt instruments	 100% issued / guaranteed by Republic otherwise		
	75%	4 564 776 224	19.87%
2.1 Inside the Republic	75/100%	3 496 618 694	15.22%
(a) Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	100%	2 488 541 818	10.83%
(b) Debt instruments issued or guaranteed by the government of a foreign country	75%	862 593	0.00%
The Republic of Namibia	10%	862 593	0.00%
(c) Debt instruments issued or guaranteed by a South African bank against its balance sheet	75%	668 420 107	2.91%
(i) Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	578 625 036	2.52%
Firstrand Bank Limited	25%	174 744 672	0.76%
(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	0.00%
(iii) Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	75%	0	0.00%

SCHEDULE IB
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Assets held in compliance with Regulation 28
For the period ended 30 June 2023

Categories of kinds of assets (continued)	%	Fair value R	Fair value %
(iv) Not listed on an exchange	25%	89 795 071	0.39%
Firststrand Bank Limited	5%	49 893 207	0.22%
(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%	312 913 697	1.36%
(i) Listed on an exchange	50%	230 204 568	1.00%
Northam Platinum Limited	10%	45 353 187	0.20%
(ii) Not listed on an exchange	25%	82 709 129	0.36%
Sasol Limited	5%	57 113 538	0.25%
(e) Other debt instruments:	25%	25 880 479	0.11%
(i) Listed on an exchange	25%	23 020 711	0.10%
City Of Cape Town Municipality	5%	3 641 212	0.02%
(ii) Not listed on an exchange	15%	2 859 768	0.01%
Mahube Infrastructure Limited	5%	981 440	0.00%
2.2 Outside the Republic	SARB maximum limits	1 068 157 530	4.65%
(a) Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	SARB maximum limits	33 534 697	0.15%
(b) Debt instruments issued or guaranteed by the government of a foreign country	SARB maximum limits	404 366 226	1.76%
United States Government	10%	164 369 753	0.72%
(c) Debt instruments issued or guaranteed by a South African bank against its balance sheet	SARB maximum limits	30 958 277	0.13%
(i) Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB maximum limits	30 958 277	0.13%
Barclays Plc	25%	10 520 462	0.05%
(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 maximum limits	0	0.00%

SCHEDULE IB
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Assets held in compliance with Regulation 28
For the period ended 30 June 2023

Categories of kinds of assets (continued)	%	Fair value R	Fair value %
(iii) Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB maximum limits	0	0.00%
(iv) Not listed on an exchange	25%	0	0.00%
(d) Debt instruments issued or guaranteed by an entity that has equity listed on an exchange	SARB maximum limits	556 803 939	2.42%
(i) Listed on an exchange	SARB maximum limits	546 803 625	2.38%
P1 Finance Plc	10%	259 659 724	1.13%
(ii) Not listed on an exchange	25%	10 000 314	0.04%
Bosideng International Holdings Limited	5%	10 000 314	0.04%
(e) Other debt instruments	25%	42 494 391	0.18%
(i) Listed on an exchange	25%	38 716 967	0.17%
Delivery Hero AG	5%	28 074 257	0.12%
(ii) Not listed on an exchange	15%	3 777 424	0.02%
Total Collateral Liability Account	5%	3 743 728	0.02%
3 Equities	75%	14 384 456 277	62.62%
3.1 Inside the Republic	75%	8 839 763 540	38.49%
(a) Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange	75%	8 839 763 540	38.49%
(i) Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	8 112 628 090	35.32%
Naspers Limited N	15%	765 612 082	3.33%
(ii) Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%	708 657 425	3.09%
Quilter Plc	10%	74 428 392	0.32%
(iii) Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	75%	18 478 025	0.08%
EPE Capital Partners Limited	5%	6 393 106	0.03%

SCHEDULE IB
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Assets held in compliance with Regulation 28

For the period ended 30 June 2023

Categories of kinds of assets (continued)	%	Fair value R	Fair value %
(b) Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	10%	0	0.00%
3.2 Outside the Republic	SARB maximum limits	5 544 692 737	24.14%
(a) Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange	SARB maximum limits	5 507 173 590	23.98%
(i) Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB maximum limits	5 347 604 725	23.28%
Coronation Active Global Equity Fund Class Z	15%	557 580 537	2.43%
(ii) Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	SARB maximum limits	87 313 243	0.38%
Delta Corporation Limited	10%	17 569 425	0.08%
(iii) Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB maximum limits	72 255 622	0.31%
Ninety Global Balanced Fund	5%	63 227 193	0.28%
(b) Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	10%	37 519 147	0.16%
Coronation World Opportunities Fund Class Z	2.5%	35 729 701	0.16%
4 Immovable property	25%	700 066 234	3.05%
4.1 Inside the Republic	25%	610 651 472	2.66%
(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%	609 781 470	2.65%
(i) Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	377 782 259	1.64%

SCHEDULE IB
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Assets held in compliance with Regulation 28
For the period ended 30 June 2023

Categories of kinds of assets (continued)	%	Fair value R	Fair value %
Redefine Properties Limited	15%	80 493 090	0.35%
(ii) Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	171 101 934	0.74%
Attacq Limited	10%	63 658 136	0.28%
(iii) Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	60 897 277	0.27%
Liberty Two Degrees	5%	48 756 006	0.21%
(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%	870 002	0.00%
Hammerson Plc	5%	870 002	0.00%
4.2 Outside the Republic	25%	89 414 762	0.39%
(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%	89 414 762	0.39%
(i) Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	87 319 846	0.38%
M&G Global Property Fund	15%	20 316 370	0.09%
(ii) Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	0	0.00%
(iii) Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	2 094 916	0.01%
Japan Real Estate Investment Company Limited	5%	2 094 916	0.01%
(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	0.00%

SCHEDULE IB
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Assets held in compliance with Regulation 28

For the period ended 30 June 2023

Categories of kinds of assets (continued)	%	Fair value R	Fair value %
5 Commodities	10%	74 953 288	0.33%
5.1 Inside the Republic	10%	74 953 288	0.33%
(a) Kruger Rands and other commodities on an exchange, including exchange traded commodities	10%	74 953 288	0.33%
(i) Gold (including Kruger Rands)	10%	2 731 022	0.01%
(ii) Other commodities	5%	72 222 266	0.31%
Africa Platinum Debentures	5%	47 149 181	0.21%
5.2 Outside the Republic	10%	0	0.00%
(a) Gold and other commodities on an exchange, including exchange traded commodities	10%	0	0.00%
(i) Gold	10%	0	0.00%
(ii) Other commodities	5%	0	0.00%
6 Investments in the business of a participating employer inside the Republic in terms of:		0	0.00%
(a) Section 19(4) of the Pension Funds Act	5%	0	0.00%
(b) To the extent it has been allowed by an exemption in terms of section 19(4A) of the Pension Funds Act	10%	0	0.00%
7 Housing loans granted to members in accordance with the provisions of section 19(5)	65%	0	0.00%
8 Hedge funds, private equity funds and any other asset not referred to in this schedule		926 590 325	4.03%
8.1 Inside the Republic		926 590 325	4.03%
(a) Hedge fund	10%	86 136 918	0.37%
(i) Funds of hedge funds	10%	43 623 991	0.19%
Old Mutual Multi-Managers Long Short Equity Fund of Hedge Funds	5%	43 623 991	0.19%
(ii) Hedge funds	10%	42 512 927	0.19%
Coronation Multi-Strategy Fund	2.5%	23 256 705	0.10%
(b) Private equity funds	15%	840 453 407	3.66%
(i) Funds of private equity funds		840 453 407	3.66%

SCHEDULE IB
KZN MUNICIPAL PENSION FUND
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Assets held in compliance with Regulation 28
For the period ended 30 June 2023

Categories of kinds of assets (continued)	%	Fair value R	Fair value %
MSM Property Fund Proprietary Limited	10%	250 000 003	1.09%
(ii) Private equity funds		0	0.00%
(c) Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2.5%	0	0.00%
8.2 Outside the Republic		0	0.00%
(a) Hedge fund	10%	0	0.00%
(i) Funds of hedge funds	10%	0	0.00%
(ii) Hedge funds	10%	0	0.00%
(b) Private equity funds	15%	0	0.00%
(i) Funds of private equity funds		0	0.00%
(ii) Private equity funds		0	0.00%
(c) Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2.5%	0	0.00%
TOTAL (Regulation 28) (D above)		22 970 081 516	100%

SCHEDULE IB
KZN MUNICIPAL PENSION FUND
Registration number: 12/8/36983

Assets held in compliance with Regulation 28
For the period ended 30 June 2023

Investment summary (Regulation 28)

	Local R	Percentage of fair value %	Foreign R	Percentage of fair value %	Total R
1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments	2 562 294 021	11.15%	(243 054 853)	(1.06)%	2 319 239 168
2 Debt instruments including Islamic debt instruments	3 496 618 694	15.22%	1 068 157 530	4.65%	4 564 776 224
3 Equities	8 839 763 540	38.48%	5 544 692 737	24.14%	14 384 456 277
4 Immovable property	610 651 472	2.66%	89 414 762	0.39%	700 066 234
5 Commodities	74 953 288	0.33%	0	0.00%	74 953 288
6 Investment in the business of a participating employer	0	0.00%			0
7 Housing loans granted to members - section 19(5)	0	0.00%			0
8 Hedge funds, private equity funds and any other assets not referred to in this schedule	926 590 325	4.03%	0	0.00%	926 590 325
9 Fair value of assets to be excluded in terms of sub-regulations 3(c) and (8)(b) of Regulation 28	0	0.00%	0	0.00%	0
10 Investments not disclosed or data not available for disclosure	0	0.00%	0	0.00%	0
TOTAL (equal to the fair value of assets)	16 510 871 340	71.88%	6 459 210 176	28.12%	22 970 081 516

SCHEDULE IB
KZN MUNICIPAL PENSION FUND

Registration number: 12/8/36983

Assets held in compliance with Regulation 28

For the period ended 30 June 2023

Note: Maximum foreign limits and disclosure in terms of South African Reserve Bank requirements

Breaches in terms of sub-regulation 3 of Regulation 28

Description	Total (Inside and Foreign) R	Percentage of fair value %	Regulation 28 limits %
Asset limits in terms of sub-regulation 3(f)			
Other debt instruments not listed	6 637 192	0.03%	
Equities not listed	37 519 147	0.16%	
Immovable properties not listed	870 002	0.00%	
Hedge funds, private equity funds and other assets	926 590 325	4.03%	
TOTAL	971 616 666	4.23%	45%
Asset limits in terms of sub-regulation 3(g)			
Equities not listed	37 519 147	0.16%	
Private equity funds	840 453 407	3.66%	
TOTAL	877 972 554	3.82%	20%
Asset Limits in terms of Sub-regulation 3(h)			
Overall limit for all instruments per entity/issuer (local and or foreign) (excluding debt instruments issued by, and loans to, the government of Republic and any debt or loan guaranteed by the Republic)	1 059 839 832	4.61%	25%
Entities exceeding 25% Counter-party exposure			
None	0	0.00%	
TOTAL	0	0.00%	25%