



STANDARD UMBRELLA BENEFICIARY FUND ANNUAL TRUSTEE REPORT

28 February 2021

Standard **IT CAN BE™**

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A Beneficiary Fund is a registered fund, with its own set of rules and board of trustees to oversee its activities. Its sole purpose is to receive death benefits from retirement funds with the aim to administer these on behalf of beneficiaries.

The Standard Umbrella Beneficiary Fund (“the Beneficiary Fund”) came into existence in 2009 in terms of the Pension Funds Act (Act no.24 of 1956) and complies with the provisions of the Income Tax Act.



How Does A Beneficiary Fund Work?

- A death benefit is received from a retirement fund and paid into the individual beneficiary's account established by the Beneficiary Fund.
- The available capital in the beneficiary's account will be invested in an appropriate investment as per the investment strategy of the Fund (please refer to the Investment section for more detail).
- Regular monthly payments and/or ad hoc payments may be processed from the beneficiary's account for the benefit of the beneficiary.
- Standard Trust Limited's Beneficiary Care and the Board of Trustees of the Beneficiary Fund are responsible for the administration of the Beneficiary Fund within the Standard Bank Group.

Why is money paid into a Beneficiary Fund?

When a member of a retirement fund passes away, the trustees of that fund must by law distribute the benefit among the dependants and beneficiaries of the deceased member in the best possible way.

In cases where there are dependants, the law states that their portion can be paid into a Beneficiary Fund. The money in the Beneficiary Fund will help with the day to day needs as well as other requirements such as education and medical costs of such minor dependants.

Who is a Beneficiary?

A Beneficiary is a nominee of a member or a dependant who is entitled to a benefit, as provided for in the rules of the relevant fund.

Who is a Guardian/Caregiver?

CAREGIVER: a person recognised in law or appointed by a Court as the person responsible for managing the affairs or meeting the daily care needs of a minor dependant or nominee, or a major dependant or nominee not able to manage his or her affairs or meet his or her daily care needs.

GUARDIAN: a person who is entrusted by law with the care of the minor or someone legally incapable of managing his or her own affairs.

A Guardian/Caregiver may have either full or specific parental responsibilities or rights in respect of a beneficiary, such as;

- To care for the beneficiary,
- To maintain contact with the beneficiary, and
- To contribute to the maintenance of the beneficiary.

How Do We Process Payments?

Agreed Regular payments

Agreed regular payments are intended to help with the day to day living expenses of the beneficiary such as food and general well-being. These agreed regular payments can be paid either monthly, quarterly, every six months or once a year.

The amounts payable depends on the following:

- The amount of money paid from the retirement fund;
- The age of the beneficiary (the younger the beneficiary, the longer the money will have to last - this means that regular payment may need to be smaller);
- The frequency of the agreed regular payments.

Ad hoc Payments

Ad hoc payments are only made when the beneficiary or guardian sends the Beneficiary Fund a specific request. The request is subject to the approval by the administrator of the Beneficiary Fund.

These are the examples of ad hoc payments:

- School/tertiary fees, books, stationery, uniform, boarding/students' residence/accommodation.
- Transport.
- Medical expenses.
- Clothing.

These payments are made directly into the third-party bank account, for example, to the school or hospital, and not into the guardian/beneficiary's bank account (where applicable).

How to request an ad hoc payment

For ad hoc payments the following is required

- A letter requesting an ad hoc payment. It must show the address, contact details and must be signed by the beneficiary or guardian.
- A quotation or invoice that confirms the purpose of the payment and how much money needs to be paid. The quotation/invoice must include the relevant banking details.

What will cause an ad hoc payment to be rejected?

- Should the beneficiary or guardian not follow the correct process, for example not providing the school/university letter with banking details;
 - A request for payment of a large amount which may cause the beneficiary's account to deplete before time. (In such case, the guardian will be requested to pay 50% of the ad hoc request).
 - Any unreasonable payment requests that do not fall into the type of payments supported by the Beneficiary Fund, for example clients account settlement/loan settlement.
-

What if the beneficiary does not want to receive payments?

In instances where the guardian/major beneficiary does not require regular payments, the money will remain invested until the date of maturity as defined by the Beneficiary Fund. Should the beneficiary's circumstances change, the guardian/major beneficiary can always request a regular payment.

Important note: The administrator of the Beneficiary Fund has the discretion to approve or decline an ad hoc payment in the interest of the beneficiary.



CERTIFICATE OF EXISTENCE

Certificate of Existence is a form that requires that the guardian and major beneficiary should confirm their existence through the following:

- Signing the Certificate of Existence forms;
- Providing the latest contact details of the guardian and that of the beneficiary; and/or
- Providing the ID Copy of the guardian and the birth certificate/ID Copy of the beneficiary.

VALUE-ADDED BENEFITS

How to request an ad hoc payment

In March 2019, the Beneficiary Fund introduced discount benefits that guardians and beneficiaries can receive when making purchases from the following retail stores:

1. Edgars (15% discount)
2. JET Stores (15% discount)
3. CNA Stores (10% discount)

Please note that this benefit has since been suspended until further notice, as the Edcon Group business rescue process is still ongoing.

Until 29 February 2020, failure to provide these details meant that regular monthly payments were stopped.

From 01 May 2020, the Beneficiary Fund will use a software from the Department of Home Affairs to avoid stopping regular monthly payments.

From 01 May 2020, the Certificate of Existence will still be required so that contact details of the guardian and beneficiaries, are updated to avoid major beneficiaries not being paid out at termination stage.

TERMINATION

Termination of the Beneficiary Fund benefit for the beneficiary occurs at the following stages:

Depletion of funds

- At this stage, the Beneficiary Fund will inform the guardian, and pay out the balance that remains in the Beneficiary Fund benefit.
- No documents are required from the guardian, as the Administrator has the payment details of the guardian.

Termination age of the beneficiary as agreed to with the Transferring Fund that paid the death benefit to the Beneficiary Fund

- The Beneficiary Fund will require the following details from the beneficiary:
 - ID Copy of the beneficiary; and
 - Banking Details of the beneficiary.
- Beneficiary may request to keep the benefit in the Beneficiary Fund until such time as they are ready to receive the benefit.

Death of the beneficiary

The Beneficiary Fund will require the following details from the guardian or caregiver:

- Beneficiary's death certificate;
- Letter of Authority/Executorship issued by the Master of the Court;
- The appointed Executor's identity document;
- A signed instruction from the Executor, on how the funds held in the deceased account (Beneficiary Fund) must be disposed.



UNCLAIMED BENEFITS

The benefit of the beneficiary becomes unclaimed if it remains unpaid to the beneficiary two years after it was due for payment to the beneficiary.

How does a benefit become an Unclaimed Benefit?

- When the Beneficiary Fund is unable to contact the major beneficiary after a period of two years;
- When the major beneficiary has not completed termination documents, and has not provided the Beneficiary Fund/Administrator with his/her identity document as well as banking details;
- When the Beneficiary Fund/Administrator has not been informed that the beneficiary has died; and
- When the Beneficiary Fund/Administrator has used or followed a full tracing process and has been unable to find the beneficiary.

What does the Beneficiary Fund do with Unclaimed Benefits?

- The Beneficiary Fund submits quarterly unclaimed benefits reports to the Financial Sector Conduct Authority (FSCA).
- A major beneficiary can find their outstanding balance on the FSCA website <https://www.fsca.co.za/Customers/Pages/Unclaimed-Benefits.aspx> and contact the Beneficiary Fund/Administrator for payment:
- A major beneficiary can then follow the termination process of the Beneficiary Fund in order to receive final payment.

MANAGEMENT OF THE FUND

The Beneficiary Fund is a separate legal entity. The Beneficiary Fund is controlled and managed by a Board of Trustees which must always consist of at least four trustees, one independent and the balance appointed by the sponsor, and a Principal Officer, who is independent of the sponsor, and is fully focused on the Beneficiary Fund.

The Beneficiary Fund also has Auditors, Investment Consultants and Investment Managers who are all independent and are appointed by the trustees. The trustees can amend the rules of the Beneficiary Fund from time to time in order to comply with the Pension Funds Act. These amendments are approved and registered by the FSCA before they come to effect.

The day to day administration of a Beneficiary Fund is done by an administrator which ensures that all payments, queries and beneficiary transactions are managed in line with the fund rules.

The Board of Trustees and the Principal Officer comprises of the following:

Surname	Initial	Capacity	Date Appointed/ Elected	Term of Office Ends
Viljoen	S	Chairperson/ Sponsor Trustee	17 September 2019	16 September 2022
Bibby	P	Sponsor Trustee	17 September 2019	16 September 2022
Van Schalkwyk	K	Sponsor Trustee	17 September 2019	16 September 2022
Jacobs*	L	Sponsor Trustee	17 September 2019	11 August 2020
Heynes	W	Sponsor Trustee	17 September 2019	16 September 2022
*Khangala	L	Independent Trustee	17 September 2019	16 September 2022
*Litseho	M	Principal Officer	08 November 2019	07 November 2022

*L Jacobs resigned as a Trustee on 11 August 2020. M Farook-Jeewa has replaced him.

* L Khangala has replaced M Litseho as the Independent Principal Officer effective 01 March 2021. A replacement for her will be made soon.

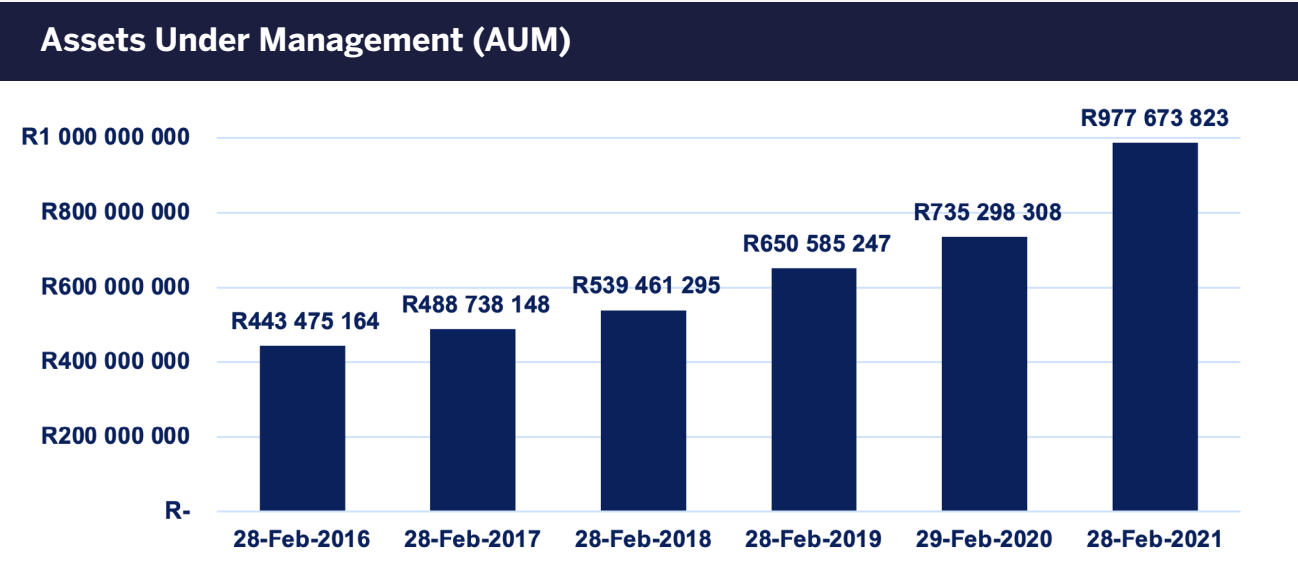
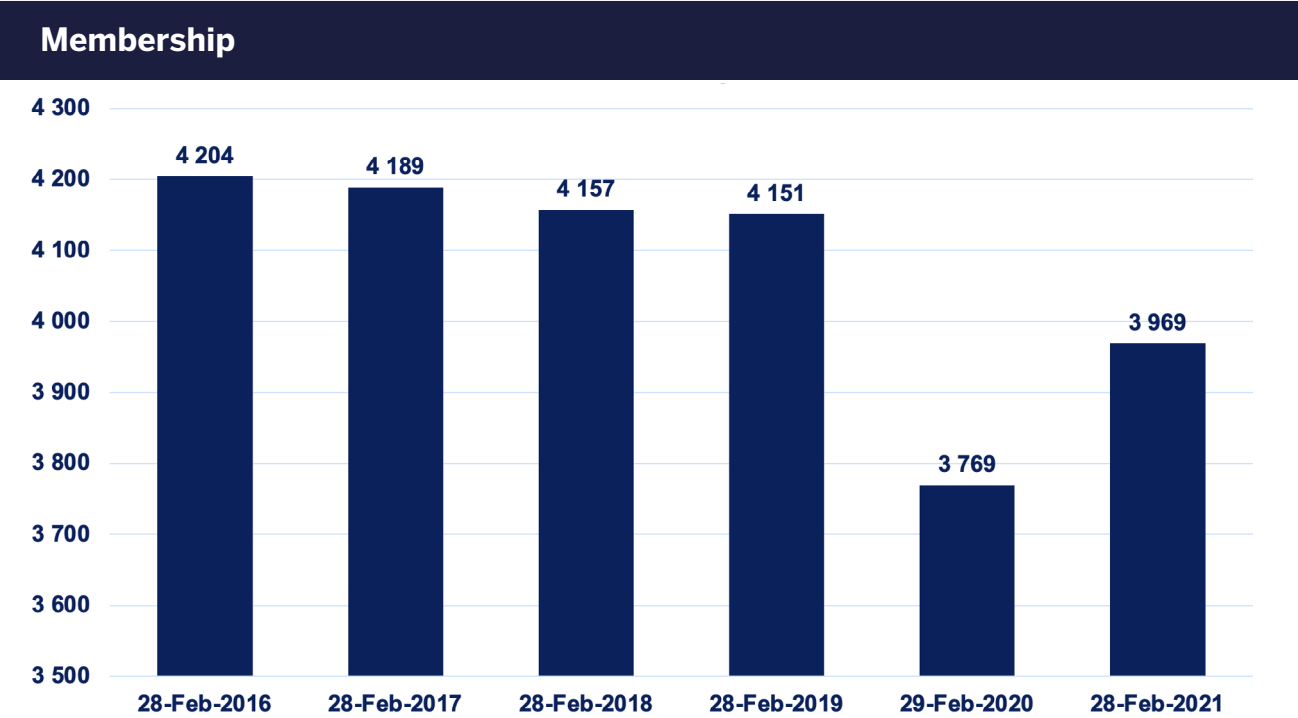
YOUR BENEFICIARY FUND'S SERVICE PROVIDERS

The roles and responsibilities of the different parties to the Beneficiary Fund are summarised in the table below:

Party	Entity	Roles & responsibilities
Board of Trustees	1 Independent Trustee 5 Sponsor Trustees	<ul style="list-style-type: none"> • Monitor the operations of the Beneficiary Fund and ensure that the Fund complies with all aspects as set out by the regulatory framework. • Ensure that the administrator processes monthly and adhoc payments timeously as per the service level agreement with the Beneficiary Fund. • Develop and approve the investment strategy of the Beneficiary Fund. • Review and approve governance policies of the Beneficiary Fund including, the Investment Policy Statement annual review and amend as appropriate. • Monitor the effectiveness of the Beneficiary Fund's investment strategy, including but not limited to portfolio performance, on a regular basis. • Undertake on-going education regarding retirement fund investments.
Principal Officer		<ul style="list-style-type: none"> • Ensure that the Beneficiary Fund complies with all regulatory requirements as outlined by the Pension Funds Act and the rules of the Beneficiary Fund. • Ensure that the Beneficiary Fund complies with the governance framework as set out in PF Circular 130. • Ensure that the Beneficiary Fund's insurance arrangements and exemptions applications are processed timeously. • Ensure that all service level agreements on the Beneficiary Fund are reviewed annually and updated accordingly. • Ensure that the Beneficiary Fund's Annual Financial Statements are submitted to the Regulators timeously. • Ensure that the Beneficiary Fund's Annual Trustee Report is publicly available post the Beneficiary Fund's Financial year-end (February). • Facilitate in arranging for service provider due diligence sessions. • Facilitate in arranging for Trustee Training when required.

Party	Entity	Roles & responsibilities
Asset consultants	MenteNova Asset Consultants	<ul style="list-style-type: none"> • Provide investment advice to the Board on the investment governance structures, proposed portfolios and other investment related matters as and when requested. • Assist in the development of the Beneficiary Fund's investment strategy and the Investment Policy Statement. • Provide quarterly investment performance reports and general investment intelligence regarding asset managers and markets. • Assist the Board with the implementation of investment decisions.
Investment managers	Stanlib	<ul style="list-style-type: none"> • Manage the assets of the Beneficiary Fund within the constraints of the agreed mandate and legislative requirements and in the best interests of the Beneficiary Fund and the beneficiaries. • Provide reporting to the Board as agreed, and as and when required. • Report to the Board as and when required.
Administrator	Standard Trust Limited (Outsourced to Fedtrust)	<ul style="list-style-type: none"> • Adhere and implement investment approvals/proposals sanctioned by the Board. • Ensure that payments to beneficiaries and guardians are made as agreed. • Ensure that all complaints and queries are responded to. • Ensure that regulatory reports are submitted to all the relevant regulatory bodies including but not limited to FSCA and SARB.
Auditor	KPMG	<ul style="list-style-type: none"> • The auditor examines the Beneficiary Fund's financial statements once a year to make sure the Beneficiary Fund's financial situation is sound and that the information reported in the financial statements is correct and accurate.
Fidelity Cover provider	Marsh	<ul style="list-style-type: none"> • The Fidelity Cover provides cover to the Board of Trustees against error and omissions in respect of the Beneficiary Fund's management.

BENEFICIARY FUND STATISTICS



Note:

- Membership decreased from 4204 in February 2016 to 3969 in February 2021.
- Assets under management (AUM) increased from R443 million in February 2016 to R977 million in February 2021.
- Although membership has decreased, assets under management have increased due to the value of the matters that have been onboarded.

AUDITED FINANCIAL STATEMENTS

The latest audited Annual Financial Statements for the period ending 29 February 2020 were presented and approved by the board of trustees.



YOUR BENEFICIARY FUND INVESTMENT UPDATE

The Beneficiary Fund's primary mandate is to focus on:

- Having money available for payments (liquidity);
- Preserving the invested money; and
- Growing the money where possible.

The Beneficiary Fund's investment strategy is reviewed regularly with the guidance of the Beneficiary Fund's investment consultant (MenteNova) to ensure that there is an appropriate investment strategy for the beneficiaries on the Beneficiary Fund. The trustees have an Investment Policy Statement (IPS) which guides them in implementing an investment strategy. The IPS states how the beneficiaries' monies should be invested as advised by the investment consultants who are appointed by the trustees. It is important that the money for the beneficiaries is invested so that it can meet the needs of the beneficiaries. Due to agreed regular income payments to beneficiaries, the investments are generally conservative.

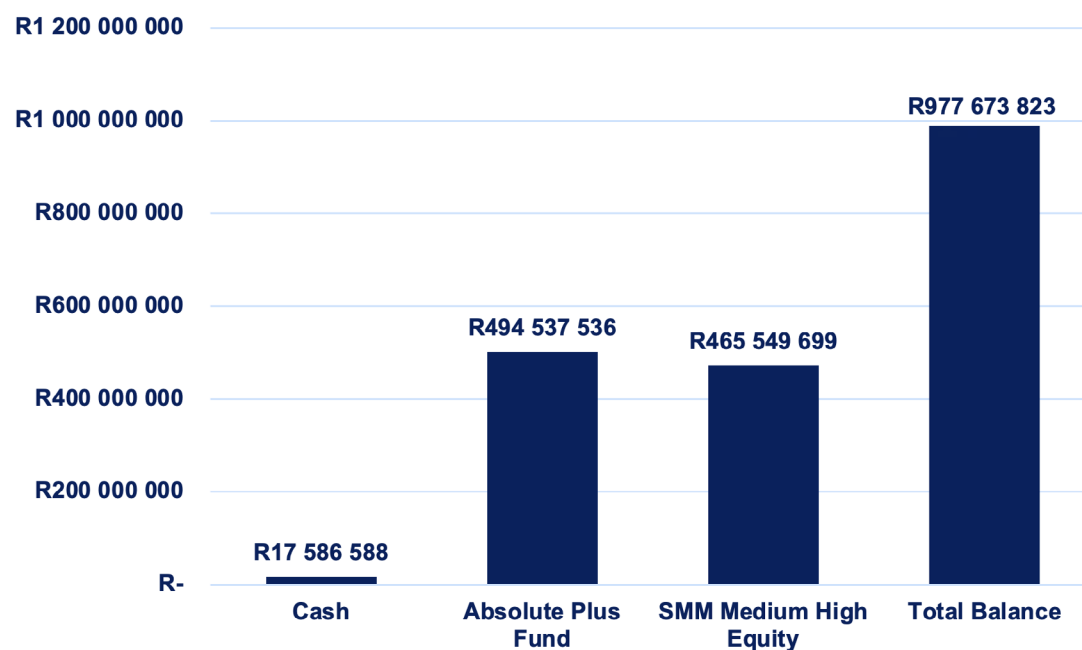
The Trustees review the Fund's investment strategy annually.

During the year under review, the trustees reviewed the Beneficiary Fund's investment strategy and took a decision in to change the growth portfolio from STANLIB Balanced Fund to the STANLIB Multi-Manager Medium-High Equity Fund of Funds. This was due concerns on the portfolio performance of the STANLIB Balanced Fund over the short, medium and long-term period. This change was implemented from December 2018 and finalised in September 2020.

The asset class returns for the period ending 28 February 2021 is detailed below:

Asset Class	1 Year Index Return %	3 Year Index Return %	5 Year Index Return %	Index
Local Equities	26.1%	3.5%	7.0%	SWIX
Listed Property	-15.7%	-13.5%	-7.6%	SAPY
Local Bonds	8.3%	7.1%	9.8%	ALBI
Local Cash	4.8%	6.4%	6.9%	STEFI
Local Equities	33.2%	7.6%	9.2%	ALSI
International Bonds	-0.2%	12.3%	2.1%	World Government Bond Index
International Equities	25.5%	21.0%	13.6%	MSCI World

AUM by Invested Portfolio as at 28-Feb-2021



Market Values in each Portfolio as at 28 February 2021

Portfolio Name	Asset Allocation		
	Market Value as at 31 Dec 2020	Market Value as at 28 Feb 2021	% Allocation 28 Feb 2021
STANLIB Absolute Plus Fund	467 727 565	494 537 536	50.6%
STANLIB Multi-Manager Medium-High Equity Fund of Funds	427 196 658	465 549 699	47.6%
Cash on hand	17 391 700	17 586 588	1.8%
Total*	912 315 923	977 673 823	100.0%

Summary of the asset allocation of the various Risk Profiles as at 28 February 2021

Portfolio Name	Asset Allocation							
	Local Equity	Local Bonds	Local Cash	Local Property	Intern. Equity	Intern. Bonds	Intern. Cash	Other
Stanlib Absolute Plus	31.0%	38.7%	3.1%	0.0%	21.1%	3.6%	2.5%	0.0%
Benchmark	CPI							
Target	CPI + 3%							
Peer Group	Median of the South African Multi Asset Medium Equity Category							
STANLIB Multi-Manager Medium-High Equity FOF*	40.8%	21.4%	3.9%	8.0%	23.0%	1.8%	0.4%	0.8%
Benchmark	45.0%	12.5%	10.0%	7.5%	22.5%	2.5%		
Target	CPI + 5%							
Peer Group	South African Multi-Asset High Equity							



INDUSTRY AND LEGAL UPDATE

Fund Rules:

- Beneficiary Fund rules must be registered under the Pension Funds Act and approved under the Income Tax Act. Changes made to the rules are called rule amendments and must be registered and approved by the FSCA.
- You can request to view the Beneficiary Fund rules as well as the latest Annual Financial Statement by appointment at the fund's registered address at: **Standard Trust Limited, 184 Hyde Park Lane, Hyde Park, Sandton, 2196.**
- Further should you require clarity on the rules of the Beneficiary Fund, you can e-mail your query to **bencare@standardtrustlimited.co.za**

Fund Rules Update

During the period, the Board of Trustees submitted Rule Amendment 2, which has been approved by the FSCA.

- Rule Amendment Number 2 permits the Beneficiary Fund to receive unapproved death benefits. Unapproved benefits are stand-alone death benefits provided through separate insurance policies that an employer may take out for their employees. The employee's beneficiary nomination determines who benefits from the policy and not the trustees of a pension fund.



Regulation 28 – Changes to offshore allocation

Following the 2018 Budget announcement by the Minister of Finance, the South African Reserve Bank ('SARB') has issued the Exchange Control Circular No. 7/2018, indicating that the foreign investment limits have been revised upward. Regulation 28 states that the aggregate exposure to foreign assets must not exceed the maximum allowable amount that a Beneficiary Fund may invest in foreign assets as determined by the SARB or such other amount as may be prescribed. The new Regulation 28 limits on foreign assets have been increased to 30% in respect of foreign portfolio investments and an additional

Fund Rules Update

The Financial Services Board was transformed into the Financial Sector Conduct Authority – a dedicated market conduct regulator for the South African financial services sector. This marks the formal implementation of the Twin Peaks model of financial sector regulation. This change was effective from 1 April 2018.

Twin Peaks model of financial sector regulation

The Twin Peaks model reforms the regulatory and supervisory landscape for the financial sector by dividing the regulatory framework into a Prudential Authority, located in the South African Reserve Bank, that will regulate financial soundness of financial institutions, and a separate Financial Sector Conduct Authority.

In June 2011, National Government Cabinet approved the move towards the Twin Peaks model, which resulted in the drafting of the Financial Sector Regulation (FSR) Act. The FSR Act creates the two new authorities and was signed into law on 21 August 2017. The Minister of Finance has now signed the Commencement Notice for the FSR Act, formally establishing both the FSCA and the Prudential Authority.



COVID-19

COVID-19 has brought many challenges in our lives and we must share a thought and prayer for those who lost their lives due to the pandemic.

Standard Trust Limited (STL) implemented the Business Continuity Management (BCM) plan to ensure the staff are able to work from the office and from home in line with the Standard Bank Group's COVID-19 Protocols.

Our beneficiaries and guardians continue to receive payments on time and have not been negatively impacted by lockdown regulations. We also onboarded new matters during this period and paid monthly income to new beneficiaries and guardians. A hearty welcome to our new members! 10% in respect of foreign portfolio investments in Africa.

COMPLAINTS PROCEDURE

If you have a complaint about the Beneficiary Fund, please let us know about it. We will do our best to resolve your complaint. You may address your complaint to: bencare@standardtrustlimited.co.za

If the matter is still not resolved to your satisfaction within 30 days after the trustees have received it, you may address the complaint to:

<p>Pension Funds Adjudicator</p> <p>Address: 4th Floor, Riverwalk Office Park, Block A, 41 Matroosberg Road, Ashlea Gardens, Pretoria, 0081</p> <p>Telephone: 086 066 2837 or 012 748 4000 Fax: 086 693 7472 Email: enquiries@pfa.org.za Website: www.pfa.org.za</p>	<p>Lodge a complaint with the Pension Funds Adjudicator if your complaint about the Fund was not resolved to your satisfaction by the Fund. The Pension Funds Adjudicator deals with complaints about Fund administration, asset investment or Fund rule interpretation and application.</p>
<p>Financial Services Tribunal</p> <p>Address: Kasteel Office Park Orange Building (2nd Floor), 546 Jochemus Street, Erasmuskloof, Pretoria</p> <p>Telephone: 012 741 4300 Fax: 012 740 0001 Email: Applications@fstribunal.co.za Website: https://www.fsca.co.za/Enforcement-Matters/Pages/Financial-Service-Tribunal.aspx</p>	<p>In the event, that you are not happy with the decision of the Pension Funds Adjudicator and you want to appeal, contact the Financial Services Tribunal</p>
<p>FAIS Ombud</p> <p>Address: Kasteelpark, Orange Building, 2nd Floor, 546 Jochemus Street, Erasmuskloof, Pretoria</p> <p>Telephone: 012 470 9080 Fax: 012 348 3447 Email: info@faisombud.co.za Website: www.faisombud.co.za</p>	<p>Lodge a complaint with the FAIS Ombud if you're not satisfied with the quality and appropriateness of the financial advice you received from your financial planner. In terms of the beneficiary fund, this can only be used if you have used a financial planner for financial advice.</p>

FUND CONTACT DETAILS

If you have any questions or comments relating to the fund, your benefits, investments or any other fund-related issues, please contact the administrator or the Beneficiary Fund's Principal Officer on one of the following contact details:

If the matter is still not resolved to your satisfaction within 30 days after the trustees have received it, you may address the complaint to:

Independent Principal Officer	Ms Lavinia Khangala
Chairperson	Mr Stefan Viljoen
Registered fund name	Standard Umbrella Beneficiary Fund
Administrator	Standard Trust Limited Tel: (011) 283 1100 /Fax: (011) 283 1133
Registration number	12/8/37942
Registered address	Standard Trust Limited, 184 Hyde Park Lane, Hyde Park, Sandton, 2196.
Administration department	Bencare (Standard Trust Limited) Tel: 011 305 2438/Fax: 011 305 2537 bencare@standardtrustlimited.co.za

Disclosure Statement:

It is important to note that if there are any conflicts between the information given to you in this annual trustees' report and the official rules of the funds, the rules will always apply.