

# MOTOR INDUSTRY FUND ADMINISTRATORS

## COMPANY PROFILE

### Background

MIFA was established in 1952 by the then National Industrial Council for the Motor Industry (NICMI) for the express purpose of managing and administering retirement funds for the Retail Motor Industry.

MIFA is a separate legal entity from the Bargaining Council and currently administers the following retirement funds of the Motor Industry (details as at 31 March 2011) :-

- Motor Industry Pension Fund (2005)

- A closed pension fund comprising some 7 200 pensioners, with assets of R4,9 Billion

- Auto Workers' Provident Fund

- Employees Grade 1-6
- 175 000 members
- R8,3 Billion assets

- Motor Industry Provident Fund

- Employees other than Grades 1-6
- 47 000 members
- R5,8 Billion assets

Total number of members	=	222 000
Total number of Employers	=	circa 15 000
Total annual contribution income	=	R1,65 Billion
Total number of claims paid	=	40 000 p.a.
Total value of claims paid	=	R1,6 Billion
Total value of pensions paid	=	R228 million

MIFA is essentially an in-house administrator for each of the Funds, with costs of administration charged as a pure cost recovery.

MIFA is registered as an administrator in terms of Section 13B of the Pension Funds Act.

Each of the Funds is registered in terms of Section 2 of the Pension Funds Act.

### **Fund Investments**

Investments of the Funds are via external asset Managers with specialist mandates.

Current Asset Managers are as follows:-

<b>Equity</b>	<b>Bonds</b>	<b>Cash</b>	<b>Foreign</b>	<b>Africa</b>
Coronation	Sanlam	Investec	Marathon	Investec Africa
Investec	Prudential		Investec Global	Edge Africa
Prudential	Futuregrowth			
Allan Gray	Investec Credit Opps ILB			
Elements				
Polaris				
Abax				
Investec Credit Opps				
BJM Property				

Fund investments are monitored by an Investment Committee which meets monthly.

Investment strategy and Asset Manager appointments are formally evaluated annually.

### **Asset allocations**

The two provident funds have the same strategic asset allocation, as follows:-

Local equity	:	59%
Foreign equity	:	10%
Local bonds	:	6%

Foreign bonds	:	5%
Cash	:	3%
Inflation linked bonds:		12%
Property	:	5%

This allocation represents a moderate risk portfolio aimed at achieving consistent real returns of inflation plus 5,5%.

The Motor Industry Pension Fund (2005) is a closed fund and accordingly receives no contributions. It is more conservatively structured than the provident funds in consideration of both its profile and liquidity considerations for pension payments.

Asset allocation is as follows:-

Local equity	:	30%
Foreign equity	:	10%
Local bonds	:	3%
Foreign bonds	:	5%
Cash	:	4%
Inflation linked bonds:		38%
Property	:	10%

### **Actuarial**

The Funds' Actuaries are Alexander Forbes Consultants & Actuaries.

Statutory valuations are performed every three years in accordance with the requirements of the Pension Funds Act, and interim valuations are done annually between statutory valuations.

The last statutory valuation performed was as at 31 March 2010. All Funds were certified to be "*in a sound financial condition*".

### **Bonus Declarations (Provident Funds)**

Annual bonus declarations are awarded effective 1 April each year, based on recommendations by the Actuary following the prior year valuation. These bonus declarations are made one year in arrears based on valuation results. All members' Fund Credits are increased by these bonuses.

Interim exit bonuses are awarded to ensure that existing members receive their attributable share of investment returns.

### **Audited Financial Statements**

Financial year-end of the Funds is 31 March.

The Funds' Auditors are Deloitte & Touche.

### **Benefit Statements**

Benefit Statements are sent annually to members, and are available for download via the internet.

Employees are encouraged to register on [www.mifa.org.za](http://www.mifa.org.za) in order that they may download members' Benefit Statements at will.

### **Members' Newsletters**

Newsletters are sent to all members bi-annually.