

Sentinel Mining Industry Retirement Fund Presentation to combined Mine Professional Associations meeting

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MPA Trustee on Board,
Investment and the Rules
Review Committees

Date: 18 November, 2010

Topics for Presentation

- Fund Administration & Management
- 2009-2010 accomplishments
- Some Statistics
- Financial Performance
- Pension Increases & Bonuses
- Rules & Review

Composition of Fund Management

- MPF Staff
- Board members (Independent Chairman, 7 ex Employers, 8 ex Employees and 2 ex M. P. A. ☌)
- Sub-Committees (Investment, Audit, Claims, Rules & Review, Human Resources)
- Appointed Actuary
- Appointed External Auditor
- Appointed Tactical Asset Allocator
- Appointed Investment Advisor (Riscura)
- Appointed Investment Fund Managers by segment

Sentinel Management and Admin

- Investment Committee formally Reviews Investment Managers' Performance every quarter
- Pay Fees on performance against Benchmarks
- Half of the Managers (alternating) have opportunity to present annually to a select Investment Committee
- Claims Committee meets monthly
- Other Committees meet on an ~~as~~ as required basis
- Board reviews all Fund activities quarterly
- Annual Trustee Training

Number of Investment Managers

Investment Segment	Rm's	Number
S. A. Equity (Listed & Private)	21694	17
S. A Property (Listed & Private)	2191	4
S. A Bonds (Nominal & ILB)	11221	6
S. A. Cash	5290	6
Africa Equity (Listed & Private)	2565	4
Foreign Equity (Listed & Private)	9297	8
Foreign Bonds	1176	5
TOTAL	53433	50

Sentinel Administration Expenditure

EXPENSE	2009	2010
	Rm's	Rm's
Asset Management Cost	168	108
Fund Administration	37	44
TOTAL	205	152

Accomplishments

- Board & Committee self assessments
- King III readiness assessment
- Expansion of Advisory service (see statistics)
- Institute of Retirement Funds % Circle of Winners+ communication award . Winner
- Introduced Shari'ah compliant portfolio
- Reviewed Liability Model, reset portfolio ranges
- Appointed proxy Voting Agent & set policy / voting guidelines (see statistics)

Some Sentinel Statistics

- Despite a contraction of employees in the Mining sector membership grew by over 6% to 35778 last year (plus 23050 pensioners)
- The Advisory Service Roadshow started in 2006 with 1501 attendees and 5669 attended last year in all the major mining centres
- The Voting Agent attended 49 meetings in Q3 of 2010 and in 502 resolutions voted %against+the resolution 88 times
- Sentinel Assets under Management increased from R31153m to R33905m during the year to 30 June 2010.

Gross Investment Returns (%)

PORTFOLIO		1 YEAR		3 YEARS		5 YEARS		
Portfolio	S. A. Equity	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark	Objective*
Wealthbuilder	53-63	14.1	17.2	3.0	0.5	14.0	12.4	13.25
Inflation Protector	47-57	14.3	16.5	3.3	1.0	13.4	11.7	12.95
Pension Protector	37-46	13.3	15.0	4.0	2.3	11.7	10.1	12.55
Pensioner	28-36	12.6	13.6	4.4	2.5	11.1	9.3	12.05
Cash	0	7.8	7.6	10.5	9.8	9.3	8.9	

* Annualised CPI = 6.75%

Latest 2010 Returns

Portfolio	July	August	September	October	Progressive
	%	%	%	%	%
Wealthbuilder	4.08	-1.21	4.57	2.25	9.93
Inflation Protector	3.76	-0.82	4.15	2.09	9.42
Pension Protector	3.41	-0.42	3.59	1.98	8.77
Pensioner	3.01	0.12	2.99	1.74	8.07
Shari'ah	1.56	-0.73	3.71	1.57	6.20
Cash	0.6	0.61	0.57	0.57	2.37

Pension Increases & Bonuses awarded wef November each year

	2006	2007	2008	2009	2010
YoY Increase (%)	8.00	8.00	8.00	6.00	5.00
Bonus (% of Annual)	8.33	25.00	10.00	10.00	10.00
CPI for Year	4.80	6.40	11.60	6.90	4.20

Rules & Review

- A resolution allowing emergent Employers to contribute smaller % \pounds (to encourage them to join Sentinel) was considered but sent back for further thought
- The Death/Disability methodology needs to be modernised using %New Age+methods. Ideas are under consideration
- Areas of possible synergy between MEPF and Sentinel are to be explored and maximised with a view to a possible future merging of the Funds. Eg. Why should there be separate pools of investments? There is already a Joint Investment Committee managing the two funds in the same way. Some Rules may need to change, Merging will provide cost savings. Employees already have a choice of Fund.