

**PICK N PAY MEDICAL SCHEME
MINUTES OF THE TWENTY-THIRD ANNUAL GENERAL MEETING
HELD ON THURSDAY, 11 JULY 2019 AT 13:00 IN THE EXECUTIVE BOARDROOM, 2ND FLOOR
CONFERENCE CENTRE, PICK N PAY OFFICE PARK, 101 ROSMEAD AVENUE, KENILWORTH**

MEMBERS IN ATTENDANCE: 35 (including at video conferencing venues in Johannesburg [21] and Durban [5]); two proxies were received

PRESENT

Helen de Light	Member-elected Trustee (Chairperson)
Vaughan Pierce	Employer-appointed Trustee (Vice-Chairperson)
Gary Lea	Employer-appointed Trustee
Vusani Ramakuela	Employer-appointed Trustee
Jeff Dube	Employer-appointed Trustee
Ryan Johnson	Member-elected Trustee
Mpoleleng Mahlaba	Member-elected Trustee
Radhia Sattar	Alternate Member-elected Trustee
Amile Visser	Principal Officer
Pam Botha	Deputy Principal Officer

BY INVITATION

Badrodin Hamdulay	MMI Health
Munaaf Roshan	MMI Health
Dawn Theron	MMI Health
Zaida Mohidin	MMI Health
Frances Herbst	MMI Health

APOLOGIES

David Liebrecht	Member
Michael Marsden	Member

1. OPENING AND WELCOME

The Chairperson opened the meeting, welcomed all present in person and those joining by way of video conference.

The Chairperson confirmed that a quorum was present.

The Chairperson confirmed that there were no further additions to the meeting agenda.

2. MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 21 JUNE 2018

Mr Johnson proposed that the minutes of the 2018 AGM, as distributed to members prior to the AGM, be approved and adopted. This proposal was seconded by Ms Rolstone. The minutes were subsequently adopted and signed by the Chairperson.

3. ANNUAL REPORT OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES

The Chairperson presented the Annual Report, which had been circulated to members prior to the AGM as part of the meeting pack, drawing specific attention to various items, which included:

- the Trustees' ongoing commitment to ensuring the financial viability of the Scheme, while members continued to receive appropriate healthcare funding;
- membership had increased by 417 principal members from January to December 2018;
- the Scheme's reserve ratio of 114.4% as at 31 December 2018 was much higher than the required statutory 25% and serves as a safeguard to guarantee the financial viability of the Scheme for many years to come;
- due to lower investment returns during the 2018 year, as well as higher-than-expected claims expenditure, the Scheme experienced a net deficit of R15.9 million for the year ended 31 December 2018; however, the Scheme remains financially sound and is able to meet its commitments in terms of the payment of the claims and was able to implement contribution increases well below those implemented by other medical schemes for 2019;
- the Primary option continued to grow during 2018; with the pending regulation changes, the Board may need to make a decision with regard to the sustainability of this option within the next year or two.

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(CONTINUED)**

3. ANNUAL REPORT OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES (CONTINUED)

The Chairperson expressed appreciation to the people and organisations who continued to support, manage and administer the Scheme. A particular word of thanks was expressed to the Deputy Principal Officer for her efforts and support to the members throughout the year.

4. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Following a request by the Chairperson, the Principal Officer presented an overview of the Annual Financial Statements for the year ended 31 December 2018.

With reference to page nine of the AGM document, namely the annual summary of results for the year ended 31 December 2018, the Principal Officer highlighted the following salient points:

- Whilst the Investment Committee's philosophy had not changed, the investment strategy had changed due to legislative requirements, particularly regarding the Scheme's investment in SA equities.
- Following the investment strategy review in 2018, the Trustees had decreased the strategic asset allocation for SA equities from 48% to 42% and had increased SA bonds from 10% to 16% in October 2018.
- The investment analysis on page 10 of the AGM document reflected the cash flow of the Scheme during 2018. This was the funds that were disinvested to pay benefits.
- The investment returns, excluding Personal Medical Savings, had been zero as at 31 December 2018. This was attributed to the poor market performance during 2018 in both SA equities and SA listed property. Investment returns had been positive on the SA cash investment and Global bonds.
- Markets had performed poorly during the last quarter of 2018; however, quarter one of 2018 was noted to be a very good period.
- The long-term assets were invested in a mixture of SA equities, SA listed property, SA bonds and cash, as well as international bonds and cash. Taking market volatility into consideration, the aim was to grow these investments by 4% per annum above inflation over the long term.

The Chairperson extended an invitation to members to pose any questions regarding the Annual Financial Statements and/or the investment report. Mr Mike Twala drew a comparison of the Scheme's investment to that of the employer's provident fund and enquired why the Scheme had not increased their investment exposure in SA equities, as the employer's provident fund had invested up to 75% of its assets. In response, the Principal Officer stated that Medical Schemes are restricted to invest no more than 40% of the assets in SA equities, whereas pension and provident funds are allowed to invest more liberally. Medical Schemes are also not permitted to invest in Global equities, with the only possible Global investment being in Global bonds.

Having confirmed that the Annual Financial Statements had been accepted by the Board of Trustees, as per the recommendation from the Audit Committee and external auditors, the Chairperson invited members to pose questions regarding the Financial Statements for consideration and discussion.

No further questions were posed or any concerns raised by members regarding the Annual Financial Statements for the year ended 31 December 2018.

Mr Pierce proposed that the Annual Financial Statements be accepted. The proposal was seconded by Ms Sattar.

5. CONFIRMATION OF THE DISPUTES COMMITTEE

The Chairperson explained the responsibilities of Disputes Committee members. The Disputes Committee members were re-appointed without change, as follows:

- Ms M Mannion;
- Mr M Marsden;
- Mr C Vlok; and
- Ms M Magnussen.

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(CONTINUED)**

6. APPOINTMENT OF THE EXTERNAL AUDITORS

Following a recommendation by the Audit Committee, the Chairperson confirmed that the Board of Trustees would like to renew the appointment of Ernst & Young Inc. as the external auditors to the Scheme for the financial year ending 31 December 2019.

Ms Gerber proposed that the appointment of Ernst & Young Inc. as the external auditors to the Scheme for the financial year ending 31 December 2019 be approved and adopted. The proposal was seconded by Ms Ameerodien.

7. CLOSURE

There being no further questions from members and no further business for discussion, the Chairperson thanked all present for their attendance and participation and declared the meeting closed at 14:03.

HELEN DE LIGHT
CHAIRPERSON

DATE