

# Newsleaf

Get ready now for the life you want in retirement tomorrow

Issue 3 - February 2017



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## Message from Chairperson

Dear Members,

I am pleased to present to you the 3rd edition of the Super Fund's Newsleaf.

Employers are undoubtedly concerned about the well-being of their employees. They naturally want to provide the kind of pension scheme that will help their employees sustain their living and meet other financial obligations at time of retirement.

Employees also look forward to an adequate benefit package from their employers, which includes along with salaries and other benefits, provision for a retirement income. At Super Fund, we provide employees through their respective employers, a pension scheme with investment options to better meet their personal retirement needs.

The pension market continues to evolve rapidly, offering far more options and choices. In order to make the most of these changes it is absolutely essential that members understand their pension fund. One of the most effective tools to put members' abreast on their pension schemes is through communication.

Every year in February/March, members receive their yearly benefit statement from the administrator. In this newsletter, we have included a sample of the annual benefit statement to explain to our members the different information it contains. After reading

this newsletter, we are sure that members will have a clear understanding of their accumulated benefits and better plan their retirement. The personalised statement is not only designed to show members of their accumulated benefits but it also provides with a very simple way to understand the mechanism of the scheme.

I would like to express my deepest gratitude and recognition to committee members and all our partners for their hard work and commitment to Super Fund.

Last but not least, we invite you members to provide us with your feedback on our services and encourage you to share your views by submitting articles for our newsletter.

We wish you a good start to the New Year and look forward to continue serving you in 2017.

**Gérald Furlong**  
Chairperson



# Annual benefit statement

Every year in February/March, after the end of Super Fund's financial year, you receive a benefit statement from Swan Pensions, the administrator of the Fund. This individual statement contains details of your benefits under the Fund and can be a useful tool for retirement planning. This allows you to keep track of your Personal Member Account (PMA), how it is invested and how the accumulated fund is growing. An estimate of your pension at retirement is also provided. These could help you make decisions about contributions or investment.

The effective date of the benefit statement is 31 December of the previous year, so the one you have received earlier this year was as at 31 December 2015.

A sample benefit statement as at 31 December 2015 is shown below and we will take you through each item.

### Personal details

The document contains some important personal information such as your name, national ID number, date of birth, date of entry, etc. You should make sure that these are correct and inform **Swan Pensions** immediately if there are any mistakes.

1

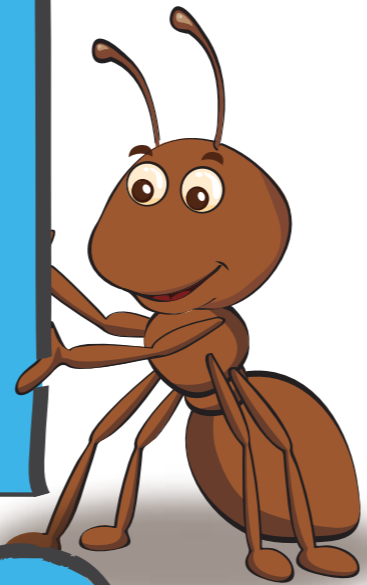


## Personal Member Account (PMA)

This section shows you the value of your PMA on 1 January 2015, the contributions made in 2015, the investment return earned during the year and the PMA as at 31 December 2015. The employer and employee shares are shown separately.

The second table provides a breakdown of the PMA into the different sub-funds: Aggressive, Moderate, Conservative and Defensive. The number of units, the unit price and the value of the units are all given. By comparing the unit prices with those from your previous statement, you will get an idea of how each sub-fund performed over the year. An increase in unit price means a positive investment return, whereas a decrease means a negative return. For example, the unit prices for the Aggressive sub-fund as at 31 December 2014 and 2015 were 1.07 and 1.12 respectively. This means that the return over 2015 was around 4.7%.

You will generally look for positive returns in the long term but negative returns are inevitable from time to time due to market volatility.



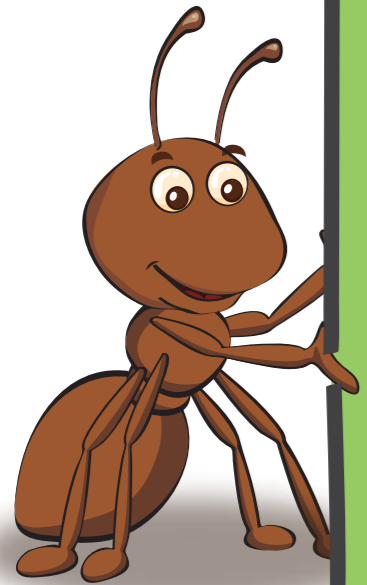
## Projected pension at retirement

At retirement, the PMA will be converted into a pension. To help you determine whether your current pension provision is adequate, an estimate of the pension is provided. This is expressed as a percentage of your last salary and will give you an idea of your income in retirement relative to your income before retirement (this is called the replacement ratio). Depending on your specific needs, you can decide what replacement ratio will be adequate and plan accordingly.

For example, if you feel that the pension will be too low, you can make/increase additional voluntary contributions into the Fund, or make alternative pension provision or savings elsewhere.

Since the pension at retirement will depend on many uncertain factors such as future salary and future investment return, your projected pension is provided on three different scenarios. Looking at the John Smith example shown earlier, the percentages of last salary given for the 3 scenarios are 40%, 50% and 65%. Therefore, if John Smith's current salary is Rs30,000, it means that his projected pension on those scenarios can be the equivalent of Rs12,000, Rs15,000 or Rs19,500 today.

It is important to note that the figures are provided for information purposes only and do not confer any rights or represent any guarantee. The actual pension at retirement may be lower or higher depending on your salary progression, return on investment earned, the options chosen at retirement, life expectancy and interest rates at retirement.



## sample benefit statement

**Benefits Statement @ 31/12/2015**  
XYZ (MAURITIUS) LTD.

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Employee Particulars	Employee Name	Smith, John		
NID	S1602892955123			
Date of Birth	16/02/1989	Date of Birth of Spouse		
Date of Entry	10/02/2011	Date of Birth of youngest Child		
Date of Retirement	01/03/2049			

**Personal Member Account (PMA)** Every month contributions are paid to your PMA. The contributions are invested in one or more investment portfolios. The position of your PMA is currently as follows:

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	Employee (including any AVC's *) (Rs)	Employer (Rs)	Total (Rs)
Opening Balance at 01/01/2015	26,996	44,991	71,977
Contributions for the year	7,168	11,959	19,127
Investment Return for the year	1,321	2,201	3,522
Closing Balance at 31/12/2015	35,475	59,151	94,626

\* Additional Voluntary Contributions

Fund	No. of Units	Unit Price	Value
Aggressive Fund	84,302.4600	Rs. 1.1224656	Rs. 94,626.61

**What happens if I leave my employment before Retirement Date?** You can choose to transfer your PMA to the pension scheme of your new employer or use it to purchase a Personal Pension Plan with an Insurance Company. You can also choose to leave your money in the Fund where you will only be paid benefits on attainment of Appropriate Retirement Age as defined by law.

**What happens if I die before my Retirement Date?** *[Different benefits for different employers - Please check with your HR Dept for details]*

**What happens if I become permanently disabled before my Retirement Date?** *[Different benefits for different employers - Please check with your HR Dept for details]*

**What can I expect as benefits at Retirement?** The amount standing in your PMA will be converted into a pension at that time. Your pension will depend on the investment returns earned on your contributions, your salary increases, the average life expectancy and the prevailing interest rates. The table below provides an indication of your expected monthly pension at Normal Retirement Date under different scenarios.

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Difference*	% of Last Salary
0.0%	40%
1.5%	50%
3.0%	65%

\* Difference between the investment return of the Fund and your salary increases. Please note that the above figures are for illustration purposes only and do not confer any rights nor provide any guarantee with respect to the actual pension you will receive at retirement. You may take up to 25% of the amount standing in your PMA as a lump sum and your pension will then be reduced proportionately.

**Any Questions? (E & OE)** Should you have any queries in respect of the above, please contact Swan Pensions Ltd, the Administrators of the fund, at 207-3500. This statement is for information purposes only. Should there be a conflict between this statement and the Scheme Rules, the latter will prevail.

# Management Committee Members

Chairperson:  
**Gérald Furlong**  
Managing Director  
(Maureva Ltd)

Secretary:  
**Nilesh Gammoo**  
Sales and Marketing Officer  
(Business Mauritius)

Treasurer:  
**Daniel Chan Chong**  
Director  
(FGY Services Ltd)

Vice Treasurer:  
**Arnaud Rousset**  
General Manager  
Green Zone Ltd

Member:  
**Dominique A. Béchard**  
Chief Executive Officer  
(Consultec Ltd.)

Member:  
**Jean Pierre Labat**  
Managing Director  
(Plumbelec Co. Ltd.)

Member:  
**Sujit Woorageer**  
Director  
(Medscheme International)

Member:  
**Shashi Ramdany**  
CEO  
(Reinsurance Solutions Ltd)

# Service Providers

Fund Manager:  
**AfrAsia Capital Management Ltd**

Actuary and Investment Consultant:  
**Aon Hewitt Ltd**

Administrator:  
**Swan Pensions Ltd**



# Fund Manager's Review



The year 2016 has been quite on a roller coaster, buffeted by central bank actions and geopolitical events. Indeed, the year started with news of poor economic data in China, intervention by its Central Bank and suspension of its market trading leading to a wave of panic among investors and a contagion effect in developed and emerging markets. Other Central Bank actions relate to Bank of Japan's unexpected policy of negative interest rate and initial announcement of the US Fed of four interest rate hikes for the year – which was subsequently revised and only one rate increase happened for the year.

Geopolitical events include the impeachment of Brazil's Dilma Rouseff, and another unexpected event in the form of the "Leave" vote of the UK referendum in June, throwing markets off-kilter. The Brexit vote has raised questions about the short term and long term outcomes for the UK, the future of the Eurozone in the time of major structural problems of European banks, and the prospect of globalization and economic integration given the already high geo-political tensions. However, markets recouped afterwards and drifted towards risk assets, with emerging markets advancing the most. In November, the political storm hit the US in the form of the surprising victory of Donald Trump in the presidential election.

Markets, in a reversal of situation, welcomed this victory on the back of expectations that Trumponomics will favour tax cuts and infrastructure spending. However, the loose fiscal policy could generate inflationary pressures and the Federal Reserve raised rates in December, boosting their short-term interest rate target from 0.50% to 0.75%. Politics were at the forefront in Italy too when Italians rejected the constitutional referendum in December by a large margin and Renzi resigned threatening renewed political and financial turmoil for Europe. The local economy in Mauritius was also subject to geopolitical issues, with uncertainties relating to the Mauritius-India DTAA amendments and delay in the government budget for the financial year.

In line with the accrued volatility prevailing in markets since the start of the year, a conservative approach has been adopted with regards to investments in Superfund. As at 31st December 2016, the total portfolio value of Superfund stood at Rs 680 million. Since the Fund started its activities in July 2000, it has posted a cumulative return of 506.49% translating into an annualized return of 11.54%. Over the year ending 31st December 2016, Superfund posted positive returns of 2.34%, reflecting the global market environment.

Please find below a summary of the 4 sub-funds in the Superfund portfolio and their performances as at 31st December 16:

Sub-Fund	Rs. million	Year-to-Date Performance
Aggressive	231.9	3.22%
Moderate	219.5	2.03%
Conservative	174.0	1.48%
Defensive	54.8	3.26%
<b>Total</b>	<b>680.2</b>	

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