

bulletin

YEAR END MESSAGE

Wishing all our members a joyous and peaceful festive season, a successful 2009 coupled with abundant health and prosperity.

The Chairman and Boards of Trustees

PENSION INCREASE & BONUS - 2008

The Boards of Trustees are pleased to announce that the following pension increases have been awarded effective 1 November 2008 to pensioners of the Funds:

	Pension Increase
MEPF	8.0%
SENTINEL	8.0%

In addition to these pension increases, the Boards of Trustees have also awarded a special bonus of 10% to SENTINEL and MEPF pensioners based on a pensioner's annual pension prior to the November 2008 pension increase, payable during November 2008. This is the fourth consecutive year that a special bonus is paid to pensioners of the Funds (a 25% bonus was paid in 2007 and a 8,33% bonus was paid in 2006 and 2005 respectively).

2008 TAX RETURN FILING SEASON

SARS have announced new procedures for the submission of tax returns. You can submit your return manually or electronically but must apply for your personalised return from SARS. IRP5 and IT3 tax certificate information submitted to SARS by **employers** will be used to pre-populate your tax return. All you will have to do is check the information, correct it or add additional information, sign it and submit it to SARS. Due date for submission is 21 November 2008 for manual submissions or 23 January 2009 for electronic submissions.

This new SARS system did not come without problems. In some cases, SARS have pre-populated 2008 tax returns with data from both the 2007 and 2008 tax certificates. SARS are investigating to see how this can be resolved.

Please scrutinise your tax returns properly and compare these with your tax certificates for 2008. Should your 2008 tax return contain income/deductions relating to the 2007 tax year, ensure that SARS are made aware of this.



Sentinel Mining Industry Retirement Fund (Sentinel)
Reg No 092
www.sentinelretirement.co.za

MPF House
32 Sunnyside Drive
Sunnyside Park
PARKTOWN 2193

P O Box 61172
MARSHALLTOWN 2107
Johannesburg . South Africa

e-mail info@mpf.co.za
Tel (27)(11) 481-8000
Fax (27)(11) 481-8111

Mine Employees Pension Fund (MEPF)
Reg No 089
www.minepensions.co.za



MINE EMPLOYEES PENSION FUND

Investment Market Turmoil

With the investment market scare that occurred in January 2008 when the JSE All Share Index fell by 14.2% from 29 290 to a low of 25 135, many investors thought that an investment doomsday had arrived. But share markets recovered strongly in a relatively short period of time and the JSE All Share Index rose to an all time high close of 33 233 on 22 May 2008. This large fall and rise in share markets, over a relatively short period of time, is what is commonly known as “share market volatility”.

Since the end of May 2008, however, both local and international share markets have been highly volatile with general weakness being experienced once again, especially during the past few weeks. This share market weakness is widely attributed, amongst other reasons, to a huge financial crisis within world financial markets and a general slowdown in global economies.

Although the next few years are likely to be more challenging than the past few excellent investment years, with market returns expected to be more conservative, history has proven that events like the January 2008 market tumble and the recent market collapse happen every couple of years. Every time investors get shaken but each time markets recover.

A retirement fund's core commitment is to meet its obligations to members and pensioners over the long-term. Being able to manage volatility is an important part of long-term investing and your Funds remain committed to their investment objectives and strategies. A major consideration in reducing investment risk is the diversification of assets. This basically means that the Funds do not invest all their eggs in one basket but that they rather invest in a range of asset classes and also use more than just one or two asset managers. In addition to this, the Funds also utilise specific investment

vehicles and strategies in an attempt to counter anticipated investment market weakness.

Members are reminded that saving for retirement is a long-term process and that they should not act hastily during volatile market conditions. The Life Stage Models of the Funds are specifically designed to take into account investment risks and to achieve required returns over the longer term. You are further reminded that any investment choice exercised should only be done with a clear understanding of the associated risks.

For assistance with Member Investment Choice, please contact the Funds and/or consult the Member Investment Choice booklets available on the Fund websites.

MEMBER ADMINISTRATION FEE 2008/2009

Effective 1 August 2008, the monthly administration fee is R59,00 per member (R58,00 in 2007/2008).

Due to the Funds achieving a cost saving in the 2008 financial year, no administration fee was levied in July 2008 as this saving was passed on to members and pensioners.

Summary of the Chief Executive Officers Review (From the 2008 Annual Reports)

Investment Performance and Management

The multi-portfolio investment approach and active asset allocation strategy of the Sentinel Mining Industry Retirement Fund and Mine Employees Pension Fund, continued to deliver positive investment returns for the year ended 30 June 2008, despite highly volatile and generally weaker domestic and international investment markets.

Net Assets at 30 June (R'm)

Fund	2008	2007
MEPF	R18 362	R19 292
SENTINEL	R34 968	R35 184

Both Funds have diversified their investment exposure further into private equity investment opportunities, while investments made into Africa continue to enhance the overall international equity performance. Although markets were relatively volatile throughout the year, member and pensioner portfolios continued to perform in line with long-term performance objectives.

Gross Investment Returns 30 June 2008

PORTFOLIO	SENTINEL	MEPF
Wealth Builder	4,9%	5,1%
Inflation Protector	4,8%	4,7%
Pension Protector	5,4%	5,2%
Cash Portfolio	11,8%	11,7%
Pensioner Portfolio	5,6%	5,1%

The Boards of Trustees will continue to apply a disciplined approach to investing, to ensure that investment returns of the Funds are enhanced over time.

Benefits

Both Funds have approved the introduction of a pension backed home loan offering to members. Roll-out of this product to members and employers is anticipated to be completed during the 2008/2009 financial period.

Pension Increases and Bonuses

Whilst recognising the importance of the increases that the Funds grant to their pensioners with the objective to counter the erosive effect of inflation on the purchasing power of pensions, it is to be noted that annual pension increases are not guaranteed. These increases are dependent on the investment performance achieved by the underlying assets and

the funding levels of the Pensioner Portfolio of each Fund. The core priority is to keep the Funds financially sound over the long term.

	Pension Increase 1 Nov 2008	CPIX 30 June 2008
MEPF	8,0%	11,6%
SENTINEL	8,0%	11,6%

	Pension Increase 1 Nov 2007	CPIX 30 June 2007
MEPF	9,0%	6,4%
SENTINEL	8,0%	6,4%

Further to the above increases, the Boards of Trustees have also awarded a special bonus of 10% to both MEPF and Sentinel pensioners based on annual pension prior to the 2008 annual increase (25,0% Nov 2007 both Funds).

Social Security & Retirement Reform

Recent reform initiatives in the Retirement Fund Industry have been welcomed by both Boards of Trustees who will engage in dialogue with the Financial Services Board and relevant Government Departments on behalf of the Funds. Objectives of this engagement include recognition of the Funds as being amongst the funds of choice within the mining industry.

Appreciation

I would like to thank the Boards of Trustees, Board sub-committees and the Chairman, Mr André la Grange, for their commitment in promoting the interests of the Funds. My sincere appreciation is expressed to the management and staff for their efforts in ensuring that the highest standards of administration are maintained.

My personal gratitude is extended to all participating employers, members and pensioners for their continued loyal support.

I remain confident that with the support of our stakeholders the next financial year will again prove to be successful.

FJ Visser
Chief Executive Officer
9 October 2008

bits & tips

TAX ON WITHDRAWALS & DIVORCE ALLOCATIONS

Proposed amendments to the Income Tax Act have been published for comment. As announced by the Minister of Finance in his recent Budget Speech, the proposal attempts to simplify tax on withdrawal benefits by increasing the tax free portion and subjecting the balance to tax in terms of normal tax tables rather than the "average tax rate" which is currently applied.

The amendment also deals with divorce order allocations and proposes that the same tax principles apply to divorce order payments as to withdrawal benefits. It is further proposed that the spouse claiming the divorce order allocation, i.e. the ex-spouse, will be liable to pay the tax. This will also afford ex-spouses an opportunity to transfer allocated benefits tax free to their own retirement funds.

Members are reminded that these are proposals and that the final amendment, is expected to take effect during 2009. This will be communicated and explained once approved.



We need YOUR cell phone number!

Your Fund is able to communicate with you using SMS technology. If you have a cell phone and you wish to receive short Fund related messages from us, please activate the service by sending a SMS to 34010.

Instructions

- | | |
|------------------------------|-------------------|
| • SMS the word: | OTHER |
| • followed by: | a blank space |
| • followed by YOUR 13-digit: | ID number |
| • followed by: | a comma |
| • followed by the word: | CELL |
| • followed by: | a comma |
| • followed by YOUR: | cell phone number |

Send this sms to: 34010

EXAMPLE
OTHER 4010010009008,
CELL,0821234567

A sms message will be sent back to your cell phone once you have activated the service confirming that your details have been successfully updated.

FUNDS WIN PRESTIGIOUS COMMUNICATION AWARDS

In recognition of communication excellence, the Funds have won a number of sought after industry awards during the past year.

At the Institute of Retirement Funds (IRF) annual conference held in Durban during August 2008, the Funds were awarded the "Overall Winner" position in the IRF 2008 Communications Challenge. In addition, the Funds were also awarded 1st place in the "Best Communications Strategy" category at this prestigious event.

Earlier this year, the Funds' also reached the final round of the International Association of Business Communicators (IABC) Gold Quill Awards in New York, USA.

The communication efforts of your Funds have therefore been recognised both nationally and internationally as being of the highest standard.