

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF THE MEMBERS OF TRANSMED MEDICAL FUND WILL BE HELD ON WEDNESDAY, 23 JUNE 2021 AT 14:00 AT THE LAGOON BEACH HOTEL & SPA, 1 LAGOON GATE DRIVE, LAGOON BEACH, MILNERTON, CAPE TOWN.

THE MATTERS WHICH WILL BE CONSIDERED ARE SET OUT IN THE AGENDA BELOW.

AGENDA

1. Opening formalities
2. Confirmation of the minutes of the Annual General Meeting held on Wednesday, 10 February 2021
3. Matters arising from the minutes
4. Annual Financial Highlights 2020
5. Appointment of the Auditors
6. Annual Trustee fee increase
7. Transmed Medical Fund COVID-19 update and feedback
8. Discussion of motions received from members
9. Trustee appointments

NOTICE

Notices of any motions to be placed before the Annual General Meeting must reach the Secretary no later than seven days prior to the meeting and should be addressed as follows:

The Secretary
Transmed Board of Trustees
PO Box 32043
Braamfontein
2017

Or

Traduna House
118 Jorissen Street
Braamfontein
2001

Fax number: 011 403 1740
Email: fundmanagement@transmed.co.za

IMPORTANT

Registration of members of the Fund attending the meeting will commence 45 minutes prior to the meeting. Members will be required to identify themselves by presenting their membership cards to the registration personnel.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND, HELD ON WEDNESDAY, 10 FEBRUARY 2021 AT 14:00 AT THE IRENE DAIRY FARM, NELLMAPIUS DRIVE, IRENE, GAUTENG

PRESENT

Mr F Mackenzie (Vice-Chairperson)
Mr PL Wassermann (Principal Officer)
Mr E Weyers (Secretary)

1. OPENING FORMALITIES

The Chairperson welcomed all present to the meeting.

The Chairperson introduced the Principal Officer to the attendees and handed the proceedings over to him. The Principal Officer informed the attendees that according to protocol there was no quorum required for this Annual General Meeting (AGM), as at the previous AGM, which had been held two months before during November 2020, the Fund had not had a quorum registered for the meeting and the AGM could not continue. In terms of the rules of the Fund, another AGM was convened, as approved by the Board of Trustees, and those members present at this AGM formed the quorum.

The Fund therefore fulfilled the formalities of ensuring that the AGM was properly constituted.

2. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON MONDAY, 12 AUGUST 2019

The minutes of the previous meeting were approved with no amendments. A motion for the approval was supported by Mr T Campher and seconded by Mr B Jonker.

3. MATTERS ARISING

No new matters were raised by any of the members present.

4. ANNUAL FINANCIAL HIGHLIGHTS 2019

The Annual Financial Statements were reviewed and considered to be correct and were duly adopted by the members present at the meeting.

5. APPOINTMENT OF AUDITORS

The Auditors (Messrs Deloitte & Touche) were appointed as Auditors for the 2021 financial year.

6. ANNUAL TRUSTEE FEE INCREASE

The Principal Officer informed the attendees that the annual Trustee fee increase should have happened in June of the previous year and the Trustee fee increases should have been approved by voting by the members of the Fund attending the AGM.

There had not been no fee increase submitted because there had been no AGM, but because of the COVID-19 pandemic. At the time the Trustees had decided to forfeit their increase for 2020/2021. The next increase due would be at the next AGM in June 2021, where a proposal will be made. The Principal Officer thanked the Trustees for this gesture.

The Chairperson of the Board also informed the members attending the AGM that, in the same vein, the Principal Officer also forfeited his salary increase for this period. The Chairperson of the Board thanked the Principal Officer for this gesture.

7. TRANSMED MEDICAL FUND COVID-19 UPDATE AND FEEDBACK

The Principal Officer shared information about COVID-19 with the members in attendance at the AGM. He stated that he would not deal directly with the particulars of COVID-19 at the time, but gave comfort to all members that if any vaccines were rolled out to the population of South Africa, as Transmed members, the Fund would pay for their vaccinations. This would be paid because the Fund had a duty to pay it and the Fund was also obliged to pay it because it was now included under prescribed minimum benefits.

The Principal Officer also stated that it was not just payment of the vaccination that would be covered by the Fund, but the overall management of COVID-19-related costs. As members of the Fund, they could be assured that the management of any illness in respect of COVID-19 would be paid by Transmed.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND, HELD ON WEDNESDAY, 10 FEBRUARY 2021 AT 14:00 AT THE IRENE DAIRY FARM, NELLMAPIUS DRIVE, IRENE, GAUTENG (CONTINUED)

8. TRUSTEE ELECTION 2020 FEEDBACK

The Principal Officer informed the members present that the Trustees' terms of office would be expiring at the end of March 2021 and from 1 April 2021 a new Board of Trustees would be in office. The Principal Officer continued by stating that the elections went very well.

He also told the attendees that the Fund had not run the election themselves, but that it had been done through the Electoral Institute for Sustainable Democracy in Africa (EISA) to ensure independence and governance compliance. From that perspective, EISA completed the election and, in terms of this process, six Trustees had been elected and that this process had been finalised.

These Trustees had been informed of their election to the Board and the Fund would be informing the membership as soon as it has the employed and labour union names as part of the Board finalised. The deadline for those nominations was 15 February 2021. As soon as the Fund had the names, they would be distributed to all the members of the Fund, informing them of the new Board of Trustees. At that point in time, fifty percent of the Board had been finalised and the other fifty percent still had to be nominated.

The process forward was that the Fund would communicate not only to members, but also with those candidate Trustees and the Fund would then gather all the information required to register them with the Council for Medical Schemes as Trustees of Transmed Medical Fund. The Fund would also conduct an induction programme over two days, where the Trustees would be introduced to Transmed Medical Fund. On the first and second days they will meet the suppliers that the Fund has under contract to engage with them to better understand the function they deliver. On the third day a Board meeting will be arranged where the Trustees will constitute the new Board of Trustees of Transmed Medical Fund.

This meant the new Trustees would elect a Chairperson, Vice-Chairperson, as well as Trustees to the committees, such as the Audit Committee, and ensure that the six nominated Trustees from the employed and labour unions are appointed to the Board.

After this process, the first Board meeting would be scheduled for 21 April 2021, where the new Board will fulfill its functions as a Board of Trustees for the first time. All Trustees will be duly inducted in this process with the necessary information to serve as a Trustee.

9. DISCUSSION OF MOTIONS RECEIVED THAT WERE TABLED AT THE AGM

The Principal Officer told the members that no motions were received from members for discussion at the AGM.

10. TRUSTEE APPOINTMENTS

The Principal Officer told the members in attendance that there had been no new Trustee appointments that were made during the year under review.

11. GENERAL

The Chairperson opened the floor for informal discussions of a general nature. The Principal Officer was able to deal with all other matters raised to the satisfaction of the members.

10. CLOSURE

There being no further business for discussion, the Chairperson thanked the members for their attendance and closed the meeting.

CHAIRPERSON

DATE

TRANSMED MEDICAL FUND
(Registration number: 1582)

**ANNUAL FINANCIAL HIGHLIGHTS 2020
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2020**

The financial highlights document is a summary of the audited Financial Statements and, as such, is presented in less detail than the audited Financial Statements. For a better understanding of Transmed Medical Fund's financial position and the results of its operations, the financial highlights information should be read in conjunction with the Fund's audited Financial Statements of the corresponding year, which include all disclosures required by the relevant financial reporting framework. A complete set of the Financial Statements is available on written request from the Fund at its registered postal address.

The Board of Trustees hereby presents its annual report for the year ended 31 December 2020.

1. DESCRIPTION OF THE MEDICAL FUND

1.1 TERMS OF REGISTRATION

The Fund is a not-for-profit, restricted medical fund registered in terms of the Medical Schemes Act, 131 of 1998 (the Act), as amended.

1.2 BENEFIT PLANS WITHIN TRANSMED MEDICAL FUND

The Fund offers the following benefit plans to employees and pensioners of Transnet SOC Ltd and its subsidiaries:

- Guardian;
- Link;
- Select; and
- Prime.

2. MANAGEMENT

2.1 BOARD OF TRUSTEES IN OFFICE DURING THE YEAR UNDER REVIEW AND AT THE DATE OF THIS REPORT:

Employer-appointed Trustees

Mr N Budhai	
Ms N Galeni	Resigned 31 December 2020
Mr MJ Mamabolo	
Ms S Moropa	
Ms K Naicker	
Mr V Ramlugaan	

Member-elected Trustees

Mr T Campher	
Mr HJ Fourie	
Mr WH Goosen	
Mr B Jonker	Vice-Chairperson
Mr F Mackenzie	Chairperson
Mr M Nondywana	

2.2 PRINCIPAL OFFICER

Mr PL Wassermann

1 st Floor Eagle Canyon Office Park	PO Box 32043
C/o Dolfyn and Christiaan de Wet Streets	Braamfontein
Randparkridge	2017
Randburg	
2169	

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2020
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2020 (continued)

2. MANAGEMENT (CONTINUED)

2.3 REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS

1 st Floor Eagle Canyon Office Park C/o Dolfyn and Christiaan de Wet Streets Randparkridge Randburg 2169	PO Box 32043 Braamfontein 2017
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2.4 FUND ADMINISTRATOR

Momentum Health Solutions (Pty) Ltd

Parc du Cap Mispel Road Bellville 7530	Parc du Cap Mispel Road Bellville 7530
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Council for Medical Schemes accreditation number: 13

2.5 MANAGED CARE PROVIDERS

Momentum Health Solutions (Pty) Ltd

Parc du Cap Mispel Road Bellville 7530	Parc du Cap Mispel Road Bellville 7530
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Council for Medical Schemes accreditation number: 59

Universal Healthcare (Pty) Ltd

Universal House 15 Tambach Road Sunninghill Park Sandton 2128	PO Box 1411 Rivonia 2128
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Council for Medical Schemes accreditation number: MCO 17

2.6 INVESTMENT MANAGER

Ninety One SA (Pty) Ltd

36 Hans Strijdom Avenue
Foreshore
Cape Town
8001

Financial services provider number: 587

2.7 ACTUARIES

NMG Consultants and Actuaries (Pty) Ltd

Belvedere Office Park Block B Pasita Street Tyger Valley 7536	PO Box 3950 Tyger Valley 7536
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TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2020
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2020 (continued)

2. MANAGEMENT (CONTINUED)

2.8 AUDITOR

Deloitte & Touche

5 Magwa Crescent
Waterfall City
Midrand
2066

Private Bag X6
Gallo Manor
2052

3. INVESTMENT STRATEGY OF THE FUND

The Fund's investment objectives are to maximise the return on its investments on a long-term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees.

The Board of Trustees ensures that:

- the Fund remains solvent;
- investments are placed at minimum risk and at the best possible rate of return;
- investments made are in compliance with the Regulations of the Act; and
- a risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified.

During 2020, the Fund invested in money-market instruments, which included bonds and cash instruments. This was done mainly to ensure that the Fund had sufficient liquidity available.

The Fund's policy is reviewed annually, taking into consideration compliance with the Act and the risk and returns of the various investment instruments and the surplus of funds available.

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES

4.1 RESULTS OF OPERATIONS

Working member and pensioner (WMP) risk pool

The Trustees have implemented the actions stipulated in the business plan in order to increase the reserve ratio of the WMP risk pool to reach the required 25%.

The WMP risk pool consists of three plans. The Select and Prime plans performed better than budgeted for in 2020, but the Link plan failed to achieve budgetary expectations. While there was an overall deterioration of the risk pool, this was offset by the change in claims patterns due to the impact of COVID-19 and the national lockdown.

The risk profile of the risk pool deteriorated further during the year, partially as a result of the implementation of a revised subsidy structure by the employer, which has an ongoing impact on the risk pool. The revised subsidy structure allows members to belong to other open medical schemes, as approved by the employer. The strategic plan of the Fund is to attract new members to the risk pool in order to improve the risk profile.

The reserve ratio for WMP increased from 0.37% at 31 December 2019 to 7.00% at 31 December 2020.

The Trustees believe that the risk pool will remain solvent and will build reserves during the 2021 benefit year.

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2020
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2020 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.1 RESULTS OF OPERATIONS (CONTINUED)

South African Transport Services (SATS) pensioner risk pool

Transnet SOC Ltd will continue to fund this risk pool. Quarterly payments of R31.3m will be made during 2021 (2020: quarterly payments of R56.6m).

The SATS risk pool's reserve ratio increased from 36.91% at 31 December 2019 to 49.64% at 31 December 2020. The risk pool performed better than anticipated for the year, mainly due to the impact of COVID-19 and the national lockdown on claims patterns.

Transnet SOC Ltd remains committed to funding the SATS risk pool to the reserve level required by the Act.

The Fund

The results of the Fund are set out in the Financial Statements. The reserve ratio increased from 11.38% at the end of December 2019 to 22.37% at the end of December 2020. Due to the fact that the Fund's reserve ratio is below the required level of 25%, the Fund is currently under financial monitoring by the Council for Medical Schemes (CMS). The Fund has regular interactions with the CMS and constantly keeps the CMS informed of developments at the Fund.

4.2 SOLVENCY RATIO

	2020 R	2019 R
Total members' funds	158 707 601	76 220 911
Less:		
Unrealised gains on financial assets at fair value through profit or loss	(72 521)	(81 848)
Accumulated funds per regulation 29	<u>158 635 079</u>	<u>76 139 063</u>
Annual gross contributions	709 128 716	669 326 457
Accumulated funds ratio	22.37%	11.38%

4.3 GOING CONCERN

The Board of Trustees considers the Fund to be a going concern. The Board took the following into consideration in the evaluation of the Fund's going-concern status:

- Available cash and investments at the end of the year amounted to R193 777 316.
- Transnet SOC Ltd indicated that it will provide funding for the SATS pensioners to the value of R125.2m during 2021.
- A business plan has been developed by the Trustees, with the assistance of the Fund's actuary, in order to get the Fund to a reserve level of 25%.
- It is expected that the Fund's reserve ratio will decrease from 22.37% at 31 December 2020 to 12.86% at 31 December 2021.
- An actuarial model was developed to assist the Trustees to consider the going-concern status of the Fund. Even with the most negative assumptions on membership movements and membership risk profiles, the model indicated that the Fund will be a going concern.

ANNUAL FINANCIAL HIGHLIGHTS 2020
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2020 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.4 OPERATIONAL STATISTICS

	2020				
	Link	Select	Prime	Guardian	Total
Number of members at the end of the accounting period	1 773	11 476	541	5 966	19 756
Average number of members for the accounting period	1 848	12 032	628	6 334	20 842
Average age of beneficiaries for the accounting period	48	49	69	81	57
Pensioner ratio (beneficiaries > 65 years)	30.0%	35.0%	70.6%	96.6%	49.4%
Average net contributions per member per month	R1 765.23	R2 490.94	R7 266.16	R3 362.45	R2 835.34
Average net contributions per beneficiary per month	R935.25	R1 471.47	R5 783.46	R2 875.75	R1 843.81
Average relevant healthcare expenditure per member per month	R1 409.51	R2 141.62	R7 190.11	R2 386.55	R2 303.26
Average relevant healthcare expenditure per beneficiary per month	R746.78	R1 265.12	R5 722.93	R2 041.10	R1 497.80
Average administration costs per member per month	R166.70	R148.09	R527.16	R384.39	R232.97
Average administration cost per beneficiary per month	R88.32	R87.48	R419.59	R328.75	R151.50
Average managed care services per member per month	R93.80	R65.34	R209.10	R104.21	R84.01
Average accumulated funds per member at 31 December*	WMP = R2 305.43			R21 273.17	R8 033.39
Beneficiaries per member at 31 December	1.9	1.7	1.2	1.2	1.5
Managed care services as a percentage of net contributions	5%	3%	3%	3%	3%
Risk claims as a percentage of net contributions	75%	84%	96%	68%	78%
Administration expenses as a percentage of net contributions	9%	6%	7%	11%	8%
Non-healthcare expenses as a percentage of net contributions	9%	6%	7%	11%	8%
Return on investments					5.88%

* Accumulated funds are measured for the two risk pools, WMP and SATS, and for the Fund as a whole, but not per benefit plan.

ANNUAL FINANCIAL HIGHLIGHTS 2020
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2020 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.4 OPERATIONAL STATISTICS (CONTINUED)

	2019				
	Link	Select	Prime	Guardian	Total
Number of members at the end of the accounting period	1 844	12 895	883	6 735	22 357
Average number of members for the accounting period	1 924	13 511	996	7 130	23 561
Average age of beneficiaries for the accounting period	45	47	66	80	55
Pensioner ratio (beneficiaries > 65 years)	22.8%	31.4%	62.2%	93.0%	45.6%
Average net contributions per member per month	R1 620.91	R2 216.08	R5 937.36	R2 356.73	R2 367.35
Average net contributions per beneficiary per month	R846.07	R1 285.26	R4 591.31	R2 003.75	R1 521.64
Average relevant healthcare expenditure per member per month	R1 238.52	R2 142.40	R7 060.48	R2 458.38	R2 372.11
Average relevant healthcare expenditure per beneficiary per month	R646.48	R1 242.53	R5 459.81	R2 090.18	R1 524.70
Average administration costs per member per month	R177.80	R155.59	R437.63	R369.89	R234.18
Average administration cost per beneficiary per month	R92.81	R90.24	R338.42	R314.49	R150.52
Average managed care services per member per month	R91.88	R65.00	R185.04	R89.94	R79.82
Average accumulated funds per member at 31 December*	WMP = R111.75			R11 057.93	R3 409.26
Beneficiaries per member at 31 December	1.9	1.7	1.3	1.2	1.6
Managed care services as a percentage of net contributions	6%	3%	3%	4%	3%
Risk claims as a percentage of net contributions	71%	94%	116%	101%	97%
Administration expenses as a percentage of net contributions	11%	7%	7%	16%	10%
Non-healthcare expenses as a percentage of net contributions	11%	7%	7%	16%	10%
Return on investments					8.43%

* Accumulated funds are measured for the two risk pools, WMP and SATS, and for the Fund as a whole, but not per benefit plan.

ANNUAL FINANCIAL HIGHLIGHTS 2020
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2020 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.5 RESERVE ACCOUNTS

Movements in the reserves are set out in the Statement of Changes in Funds and Reserves.

4.6 OUTSTANDING RISK CLAIMS

The basis of calculation of the outstanding risk claims provision is discussed in note 6 of the Financial Statements and is consistent with the prior year. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Fund.

4.7 COVID-19

During January 2020 there was a worldwide outbreak of the COVID-19 virus. The virus was spreading at an alarming rate and the World Health Organization (WHO) declared the COVID-19 virus outbreak a global pandemic. The President of South Africa declared a national state of disaster in terms of the Disaster Management Act on 15 March 2020 and lockdown levels were instituted from March 2020 up to the date of this report. A new variant of the SARS-COV-2 virus, currently termed 501.V2 variant, was identified during December 2020.

COVID-19 had the following impact on the Fund during the year under review:

Total lives infected	612
Total lives recovered	521
Total deaths	43
Total related claims expenditure in rand	18 018 260

5. ACTUARIAL SERVICES

The Fund's actuaries have been consulted in the determination of the contribution and benefit levels and provide regular reports to the Fund. Reporting also includes the incurred-but-not-reported (IBNR) provision calculation.

6. GUARANTEES RECEIVED BY THE FUND FROM A THIRD PARTY

No guarantees have been received by the Fund for the year ended 31 December 2020.

7. EVENTS AFTER REPORTING DATE

South Africa experienced a second wave of COVID-19 infections between December 2020 and March 2021, which reached a peak in January 2021 and resulted in a significant number of infections and deaths.

In making their estimates and judgements as at 31 December 2020 (as disclosed in note 20), the Trustees took into consideration the economic conditions and forecasts as at that date. The Board of Trustees will continue to consider the potential impact of the outbreak on significant estimates and judgements going forward.

Below are the assessments of each of the Fund's significant balance sheet items:

All of the Fund's investable assets were invested in cash and local capital market instruments and will therefore be largely unaffected by these events.

Allowance for expected credit losses as at 31 December 2020 have been based on incurred events at the statement of financial position date. The amount recognised as at 31 December 2020 remains unchanged.

Provision for outstanding claims, as disclosed in note 6, is an estimate of the ultimate costs of settling all claims incurred that have been occurred before the end of the reporting period, but have not been reported to the Fund. Given the fact that the risk claims provision as at 31 December 2020 relates to 2020 and prior, the claims provision remains unchanged.

ANNUAL FINANCIAL HIGHLIGHTS 2020
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2020 (continued)

7. EVENTS AFTER REPORTING DATE (CONTINUED)

The Board of Trustees are of the opinion that these events should not have a material impact on the Fund's solvency. This opinion is based on an actuarially sound projection and a conservative set of assumptions, which produced a case scenario impact on the Fund's expected claims expense. These assumptions include allowances for COVID-19-related costs, namely pent-up demand and vaccine costs. The worst case scenario indicated an insignificant impact on the Fund's expected claims experience and solvency level. The Trustees will continue to consider the potential impact of the outbreak on significant estimates and judgements going forward.

In addition, the financial reporting impact of COVID-19 will be considered in the 2021 Financial Statements.

There have been no other events that have occurred between the end of the accounting period and the date of the approval of these financial statements, other than items listed above, that the Trustees consider should be brought to the attention of the members of the Fund.

8. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL FUND AND TO OTHER RELATED PARTIES

- The Fund holds no investments in participating employers of the Fund's members.
- Refer to the related party disclosure in note 16 to the Financial Statements.
- Trustee remuneration is disclosed in note 11.1 to the Financial Statements.

9. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried by the Fund assumes the risk of loss from members and their dependants that are directly subject to the risk. The risk relates to the health of the Fund members. As such, the Fund is exposed to the uncertainty surrounding the timing and severity of claims under contract.

The Fund manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management and service provider profiling.

The Fund uses several methods to assess and monitor insurance risk exposures, both for individual types of risks insured and overall risks. The theory of probability is applied to pricing and provision for a portfolio of insurance contracts. The principal risk is that the frequency and severity of risk claims are greater than expected.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the Financial Statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the Fund's cash flows.

10. AUDIT COMMITTEE

The Audit Committee was established in accordance with the provisions of the Act. The Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee consists of five members of whom two are members of the Board of Trustees.

The majority of the members, including the Chairperson, are not officers of the Fund or its third-party Administrator. The Committee met on two occasions during the course of the year.

The Principal Officer of the Fund, Momentum Health Solutions (Pty) Ltd, management and the internal and external Auditors attend all Audit Committee meetings and have unrestricted access to the Chairperson of the Committee.

In accordance with the provisions of the Act, the primary responsibility of the Committee is to assist the Board of Trustees in carrying out its duties relating to the Fund's accounting policies, risk management, internal control systems and financial reporting practices. The internal and external Auditors formally report to the Committee on critical findings arising from audit activities.

ANNUAL FINANCIAL HIGHLIGHTS 2020
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2020 (continued)

10. AUDIT COMMITTEE (CONTINUED)

The Committee presently comprises:

- Mr N Budhai
 - Mr K Buthelezi (Chairperson)
 - Ms N Galeni
 - Mr G Hauptfleisch
 - Ms S Thomas.
- Resigned 31 December 2020

11. BOARD OF TRUSTEE COMMITTEE MEETINGS

11.1 MANAGEMENT COMMITTEE

The Management Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties.

The Management Committee incorporates the functions and responsibilities in the following areas:

- financial and investment management;
- supplier management;
- marketing management; and
- managed care management.

11.2 BENEFITS COMMITTEE

The mandate of the Benefits Committee is to:

- make recommendations to the Board on the benefits that are offered to members; and
- ensure the long-term viability of the benefit plans.

11.3 REMUNERATION COMMITTEE

The mandate of the Remuneration Committee is to:

- appraise the annual performance of the employee of the Fund; and
- decide on annual increase in the remuneration of the employee of the Fund.

11.4 EX GRATIA COMMITTEE

The Ex Gratia Committee approved applications to the value of R261 799 (2019: R358 385) for ex gratia assistance to members. Applications for assistance from members are evaluated against criteria approved by the Board from time to time.

12. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT, 131 OF 1998

12.1 OUTSTANDING CONTRIBUTIONS

Nature and impact

In terms of Section 26(7) of the Act, contributions should be received in accordance with the rules of the Fund. As per the Fund rules, contributions are required to be received at least three days after their due date. Instances were noted where contributions were received late.

Causes for the failure

The reason for this is due to the inherent nature of the business.

Corrective action

Ongoing communication to the employer groups has occurred. The Fund also applied annually to the Council for Medical Schemes (CMS) and obtained an exemption for the three-day contribution rule.

ANNUAL FINANCIAL HIGHLIGHTS 2020
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2020 (continued)

12. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998 (CONTINUED)

12.2 SELF-SUPPORTING PLANS

Nature and impact

In terms of Section 33(2) of the Act, benefit plans shall be self-supporting in terms of membership and financial performance. The Prime plan recorded a deficit for the year ended 31 December 2020.

Causes for the failure

Due to the deteriorating risk profile of the Prime plan, it was anticipated that the plan would produce a loss at operating level. The change in claims patterns brought about by the impact of COVID-19 and the national lockdown resulted in the plan performing better than the budgeted forecast.

Corrective action

The Prime plan is not sustainable in the long run and has been earmarked for closure as soon as the membership of the plan reaches the 500-beneficiary threshold, or the financial impact analysis indicates that the remaining plans would remain sustainable if the plan were to be closed. A business plan was developed by the Trustees to get the Fund's reserve levels back to 25%.

12.3 RESERVE RATIO

Nature and impact

In terms of Regulation 29, a medical scheme should have reserves of at least 25% of its gross annual contributions. At 31 December 2020, the Fund had a reserve ratio of 22.37%, which is lower than the required level.

Causes for the failure

The working member and pensioner risk profile deteriorated during the year.

Corrective action

A business plan was developed by the Trustees, with the assistance of the Fund's actuary, in order to restore the Fund's reserve levels to 25%. The Council for Medical Schemes approved the business plan.

12.4 PAYMENT OF CLAIMS WITHIN 30 DAYS

Nature and impact

In terms of Section 59(2), a member or provider claim should be settled within 30 days of submission. Instances were noted during sample testing where settlements took more than 30 days.

Causes for the failure

Delays can occur when accounts are referred for clinical, audit or other investigations. These are, however, the exceptions and claims are generally paid within the prescribed time.

Corrective action

The Administrator is aware of the requirements and complies as far as possible. It is, however, an inherent part of the industry where a limited number of problematic claims may exceed the payment requirement of 30 days.

ANNUAL FINANCIAL HIGHLIGHTS 2020
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 R	2019 R
ASSETS			
Non-current assets		48 262 324	51 303 329
Equipment		100 280	115 221
Financial assets at fair value through profit or loss	2	48 162 044	51 188 108
Current assets		161 931 103	72 960 586
Financial assets at fair value through profit or loss	2	140 439 292	61 651 849
Trade and other receivables		16 315 831	6 421 288
Cash and cash equivalents	3	5 175 980	4 887 449
Total assets		<u>210 193 427</u>	<u>124 263 915</u>
FUNDS AND LIABILITIES			
Members' funds		158 707 601	76 220 911
Accumulated funds		158 707 601	76 220 911
Current liabilities		51 485 826	48 043 004
Outstanding risk claims provision		23 492 980	25 704 424
Trade and other payables		27 992 846	22 338 580
Total funds and liabilities		<u>210 193 427</u>	<u>124 263 915</u>

ANNUAL FINANCIAL HIGHLIGHTS 2020
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	2020	2019
	R	R
Contribution income	709 128 716	669 326 457
Relevant healthcare expenditure	(576 055 251)	(670 672 587)
Risk claims incurred	(555 985 018)	(648 959 462)
Managed care services	(21 010 800)	(22 567 642)
Third-party claims recoveries	940 567	854 517
Gross healthcare result	133 073 465	(1 346 130)
Administration expenditure	(58 267 642)	(66 209 478)
Net impairment loss on healthcare receivables	(54 261)	(106 950)
Net healthcare result	74 751 562	(67 662 558)
Other income	7 890 014	11 763 832
Investment income	7 829 435	11 708 860
Unrealised (loss)/gains on investments at fair value through profit or loss	(9 327)	25 290
Sundry income	69 906	29 682
Other expenditure	(154 886)	(251 327)
Asset management fees	(154 886)	(156 607)
Loss with disposal of equipment	-	(94 720)
Surplus/(Deficit) for the year	82 486 690	(56 150 053)

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2020
STATEMENT OF CHANGES IN FUNDS AND RESERVES
For the year ended 31 December 2020

	Accumulated funds	Revaluation reserve	Total members' funds
	R	R	R
Balance as at 1 January 2019	132 370 964	-	132 370 964
Deficit for the year	(56 150 053)	-	(56 150 053)
Balance as at 31 December 2019	<u>76 220 911</u>	<u>-</u>	<u>76 220 911</u>
Balance as at 1 January 2020	76 220 911	-	76 220 911
Surplus for the year	82 486 690	-	82 486 690
Balance as at 31 December 2020	<u>158 707 601</u>	<u>-</u>	<u>158 707 601</u>

SELECTED NOTES TO THE ANNUAL FINANCIAL HIGHLIGHTS DOCUMENT
For the year ended 31 December 2020

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied by the Fund has been listed in the Financial Statements, from pages 23 to 28. The Fund has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the accounting period. The adoption of these new and revised Standards and Interpretations resulted in no material changes to the Fund's accounting policies and has not materially affected the amounts reported for the current or prior years.

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	R	R
Fair value of investments at the beginning of the year	112 839 957	168 699 272
Additions	496 447 716	498 824 000
Disposals	(428 180 000)	(565 770 000)
Capitalised interest	7 272 810	10 609 875
Realised and unrealised gain on financial assets at fair value through profit or loss	256 730	509 562
Management fees and transaction costs	(35 877)	(32 752)
	<u>188 601 336</u>	<u>112 839 957</u>
	<u>188 601 336</u>	<u>112 839 957</u>
Fair value of investments at the end of the year	<u>188 601 336</u>	<u>112 839 957</u>
Total financial assets at fair value through profit or loss		
Non-current	48 162 044	51 188 108
Current	<u>140 439 292</u>	<u>61 651 849</u>
	<u>188 601 336</u>	<u>112 839 957</u>
Investments are summarised as follows:		
Money-market instruments	174 626 797	85 886 648
Bonds	<u>13 974 539</u>	<u>26 953 309</u>
	<u>188 601 336</u>	<u>112 839 957</u>

Financial assets at fair value through profit or loss consist of money-market instruments and bonds. A detailed register of investments is available for inspection at the registered office of the Fund. The maturity of the underlying instruments is disclosed on page 50 of the Financial Statements.

The weighted average interest rate received on the money-market portfolio was 5.88% (2019: 8.43%).

SELECTED NOTES TO THE ANNUAL FINANCIAL HIGHLIGHTS DOCUMENT
For the year ended 31 December 2020 (continued)

3. CASH AND CASH EQUIVALENTS	2020 R	2019 R
Current accounts	5 175 980	4 887 449
	<u>5 175 980</u>	<u>4 887 449</u>

The weighted average effective interest rate on the Fund's current accounts was 1.50% (2019: 3.74%). The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.



F Mackenzie
CHAIRPERSON



B Jonker
VICE-CHAIRPERSON



PL Wassermann
PRINCIPAL OFFICER

TRANSMED MEDICAL FUND ANNUAL GENERAL MEETING (AGM) – 23 JUNE 2021
Agenda item 6: Annual Trustee fee increase

Transmed's payment philosophy for the Board of Trustees and Committees is to remunerate Trustees and Committee members in line with the mean-market benchmark. Appropriate considerations are also applied to the current and future market conditions, as well as to the economics and challenges within the Fund in terms of affordability. An additional consideration is the onerous requirements from a governance, oversight, monitoring and regulatory perspective that needs to be factored into the deliberations.

In the light of the foregoing, a fee proposal is enclosed.

