

KENNIS GESKIED HIERMEE DAT DIE HERGESKEDULEERDE ALGEMENE JAARVERGADERING VAN DIE LEDE VAN TRANSMED MEDIESE FONDS OP WOENSDAG, 27 JULIE 2022 OM 13:00 BY THE AFRICAN PRIDE, IRENE COUNTRY LODGE, NELLMAPIUSWEG, IRENE, GAUTENG, SAL PLAASVIND.

DIE SAKE WAT OORWEEG SAL WORD, VERSKYN IN DIE ONDERSTAANDE AGENDA.

AGENDA

1. Openingsformaliteite
2. Bevestiging van die notule van die Algemene Jaarvergadering gehou op Woensdag, 25 Augustus 2021
3. Sake voortspruitend uit die notule
4. Jaarlikse Finansiële Hoogtepunte van 2021
5. Aanstelling van die Ouditeure
6. Jaarlikse verhoging in Trusteefoioie
7. Transmed Mediese Fonds: COVID-19-status en -terugvoering
8. Bespreking van mosies ontvang van lede
9. Aanstelling van Trustees

KENNISGEWING

'n Kworum vir die Algemene Jaarvergadering (AJV) van die lede van Transmed Mediese Fonds, wat oorspronklik vir 28 Junie 2022 geskeduleer was, was nie bereik nie. Ingevolge die Reëls van die Fonds moet die vergadering hergeskeduleer word en die lede wat by hierdie vergadering teenwoordig is, sal 'n kworum vorm.

BELANGRIK

Registrasie van die lede van die Fonds wat die vergadering bywoon, sal 45 minute voor die aanvang van die vergadering geskied. Lede moet hulself identifiseer deur hul lidmaatskapkaarte aan die registrasiepersoneel te toon wanneer hulle aankom.

Vriendelike groete

PETRUS WASSERMANN
HOOFBEAMPT

TRANSMED MEDICAL FUND ANNUAL GENERAL MEETING (AGM) – 28 JUNE 2022

Agenda item 2: Confirmation of the minutes of the Annual General Meeting held on Wednesday, 25 August 2021

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND, HELD ON WEDNESDAY, 25 AUGUST 2021 AT 14:00 AT THE LAGOON BEACH HOTEL, 1 LAGOON GATE DRIVE, LAGOON BEACH, MILNERTON, CAPE TOWN

PRESENT

Mr F Mackenzie (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). At the previous AGM, which had been held two months before on 22 June 2021, 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, the present AGM had been convened, as approved by the Board of Trustees, and the 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, 10 FEBRUARY 2021

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

3. MATTERS ARISING

The Principal Officer stated that, in terms of matters arising, he would comment on the impact of COVID-19 under item 7, 'Transmed Medical Fund COVID-19 feedback', as well as on the Trustee election under item 9, 'Trustee appointments'.

The members were asked whether there were any matters from the minutes they wanted to raise, but no responses were recorded from any of the members attending the AGM.

4. ANNUAL FINANCIAL HIGHLIGHTS 2020

The Principal Officer stated that he would deal with certain salient matters in terms of the financial highlights that were distributed to all members of the Fund.

The Principal Officer highlighted the following items:

The solvency ratio

The Principal Officer highlighted to the members the improvement in the Fund's solvency ratio of 11.3% to 22.37% from 2019 to 2020. He stated that the big driver of the improvement was COVID-19, because, as most members would recall, admissions to hospitals and hospital theatres, as well as all other admissions for a fairly long period, were put on hold because of the risk of infection, as people were reluctant to see their specialists and general practitioners.

The majority of claims the Fund received during this time were related to COVID-19 and chronic medication. The Fund has had a particularly good year, but unfortunately that may not be the case for the 2021 financial year. The Principal Officer stated he would touch on this matter when he provides feedback on COVID-19.

Non-compliance matters

The Principal Officer stated that he had to disclose the non-compliance matters to the members of Fund and the corrective action that had been taken in terms of the non-compliance matters. These were the following:

1. Outstanding contributions

According to the Medical Schemes Act, the Fund needed to collect contributions within three days of the date they became due. According to the Fund's rules, this was at the end of the month and, by implication, all contributions had to be collected by the third day of the following month. Therefore, if the Fund did not collect the contributions by then, it would be in contravention of the Act.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND, HELD ON WEDNESDAY, 25 AUGUST 2021 AT 14:00 AT THE LAGOON BEACH HOTEL, 1 LAGOON GATE DRIVE, LAGOON BEACH, MILNERTON, CAPE TOWN

4. ANNUAL FINANCIAL HIGHLIGHTS 2020 (continued)

Non-compliance matters (continued)

1. Outstanding contributions (continued)

The Principal Officer stated that he could give the members of the Fund the comfort that, in terms of corrective action, the Fund had ongoing communication with all business entities and pay divisions. Also, the Fund has exemption from the Council for Medical Schemes, because the Council understood that the Fund had no say over that matter.

The Fund had received exemption on a two-year basis and reapplied for exemption every two years.

2. Self-supporting plans

The Principal Officer indicated that the Prime plan was operating at a deficit and was not self-supporting. The Board considered closure of the plan; however, the impact of closure would have had a hugely negative impact on contribution increases on the other plans and therefore the Board would submit a proposal to the Council for Medical Schemes for a substantive 2022 annual increase to see whether the Fund could turn the Prime plan around. If not, the Board would have to consider the closure of the plan.

3. The reserve ratio

The Principal Officer stated that legislation prescribed the reserve level. In 2020, the Fund's reserve level was 22.37%, which was below the required 25% level required by the Council for Medical Schemes (CMS). The Fund submitted a business plan to the CMS to bring the Fund back to the reserve level of 25% over a five-year period, which was accepted by the CMS.

4. Payment of claims within 30 days

The Principal Officer informed the members that legislation prescribed payment of claims within 30 days of receipt. If a claim could not be paid, the reason for the rejection had to be given to the provider, who was extended a further thirty-day opportunity until that claim can be dealt with.

Such claims were minimal and there were usually valid reasons for the rejection of such claims. The Fund put in controls to prevent this from happening again; however, due to the volume of overall claims submissions, this was an annual problem.

Balance sheet

The Principal Officer stated that the growth in the reserves in terms of accumulated funds has had a direct impact on the Fund's assets, which have increased from R124 million to R210 million.

Income statement

The Principal Officer informed the members that the Fund had experienced a good year, as could be seen in the income statement, where it reflected that the Fund experienced a profit of R82 million in contrast to a deficit of R56 million the previous year.

The main driver of the improvement was COVID-19, as discussed previously.

5. APPOINTMENT OF AUDITORS

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

6. ANNUAL TRUSTEE FEE INCREASE

The proposed annual Trustee fee increase was tabled for consideration.

Thereafter all members of the Fund that were present were given the opportunity to vote on the proposed increase of 5%. After all the votes were cast and counted, the members attending the AGM approved the Trustee fee increase of 5%.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND, HELD ON WEDNESDAY, 25 AUGUST 2021 AT 14:00 AT THE LAGOON BEACH HOTEL, 1 LAGOON GATE DRIVE, LAGOON BEACH, MILNERTON, CAPE TOWN (CONTINUED)

7. TRANSMED MEDICAL FUND COVID-19 UPDATE AND FEEDBACK

The Principal Officer informed the members that, as they were aware, the country had reached the peak of the fourth wave and had just emerged from it. There seemed to be a stabilisation and decline going forward.

The Principal Officer continued by stating that the part he wanted to share with the members was how COVID-19 had affected the Fund. He then shared the up-to-date numbers and data.

The Principal Officer highlighted the number of COVID tests done, the number of positive tests, the number of vaccinations and the cost implications, the number of hospital admissions and the cost implications and the number of deaths the Fund had recorded.

The Principal Officer also stated that the Fund was better off in terms of COVID-19 than other schemes because its members were well-protected, especially in old age homes where the majority of the Fund's members were because the Fund's membership were the elderly. The old-age homes had processes in place that protected the membership of the Fund very well and, in terms of this, the Fund had recorded fewer deaths than other medical schemes.

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

The Principal Officer informed the members that no motions had been received from members for discussion at the AGM.

9. TRUSTEE APPOINTMENTS

The Principal Officer referred the members to paragraph 2.1 in the Annual Financial Statements, which reflected the resignations and appointments of Trustees during 2020, and he said that the Fund has had only one resignation. Other than that, there were no changes during 2020.

During 2021 the Fund finalised the Trustee elections. This should have taken place at the beginning of 2020 already, but by then the COVID-19 pandemic had occurred and the elections were postponed when the country was placed under severe lockdown in March 2020. It was decided that there could not be a fair election under those circumstances. The Fund approached the Council for Medical Schemes (CMS) at that time and requested an extension of the current Trustees' tenure. The CMS granted exemption to postpone the elections and for the Trustees to remain in office until 31 March 2021.

The Fund resumed the election process as soon as the Electoral Institute for Sustainable Democracy in Africa (EISA) was comfortable that it could continue the election process without COVID-19 having an impact on the results. The Fund finalised the election and from 1 April 2021, the Fund had appointed new Trustees.

EISA declared the election process free and fair and that COVID-19 had not affected the election process.

10. 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.

11. 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 ANNUAL GENERAL MEETING (AGM) – 28 JUNE 2022

Item 4: Annual Financial Highlights 2021

TRANSMED MEDICAL FUND

(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2021

REPORT OF THE BOARD OF TRUSTEES

For the year ended 31 December 2021

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 2021.

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	Term ended 31 March 2021
Mr HJ Fourie	Re-appointed 1 April 2021
Mr F Mackenzie	Re-appointed 1 April 2021, re-appointed as Chairperson 14 April 2021
Mr MJ Mamabolo	Re-appointed 1 April 2021
Ms S Moropa	Term ended 31 March 2021
Ms K Naicker	Term ended 31 March 2021
Mr V Ramlugan	Term ended 31 March 2021, re-appointed 1 December 2021
Mr L Siwani	Appointed 15 September 2021
Ms V Xam	Appointed 1 April 2021, resigned 31 August 2021

Member-elected Trustees

Mr C Beard	Elected 1 April 2021
Ms S Booysen	Elected 1 April 2021
Mr T Campher	Re-elected 1 April 2021
Mr WH Goosen	Re-elected 1 April 2021
Mr B Jonker	Re-elected 1 April 2021, re-appointed as Vice-Chairperson 14 April 2021
Mr F Mabaso	Elected 1 April 2021
Mr M Nondywana	Term ended 31 March 2021

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2021
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2021(continued)

2. MANAGEMENT (CONTINUED)

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	

2.3 REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS

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

2.4 FUND ADMINISTRATOR

Momentum Health Solutions (Pty) Ltd

Parc du Cap	Parc du Cap
Mispel Road	Mispel Road
Bellville	Bellville
7530	7530

Council for Medical Schemes accreditation number: 13

2.5 MANAGED CARE PROVIDERS

Momentum Health Solutions (Pty) Ltd

Parc du Cap	Parc du Cap
Mispel Road	Mispel Road
Bellville	Bellville
7530	7530

Council for Medical Schemes accreditation number: 59

Universal Healthcare (Pty) Ltd

Universal House	PO Box 1411
15 Tambach Road	Rivonia
Sunninghill Park	2128
Sandton	
2128	

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

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2021
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2021(continued)

2. MANAGEMENT (CONTINUED)

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

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 2021, 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 Prime plan performed better than budgeted for in 2021, but the Link and Select plans failed to achieve budgetary expectations. While there was an overall deterioration of the risk pool, a return to normalised claims patterns, together with the impact of COVID-19, adversely affected the performance of the risk pool.

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 7.00% at 31 December 2020 to 7.74% at 31 December 2021.

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2021
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2021(continued)

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

4.1 RESULTS OF OPERATIONS (CONTINUED)

The Trustees believe that the risk pool will remain solvent and will build reserves during the 2022 benefit year.

South African Transport Services (SATS) pensioner risk pool

Transnet SOC Ltd will continue to fund this risk pool.

The SATS risk pool's reserve ratio increased from 49.64% at 31 December 2020 to 52.60% at 31 December 2021. 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 Annual Financial Statements. The reserve ratio decreased from 22.37% at the end of December 2020 to 19.72% at the end of December 2021. 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

	2021	2020
	R	R
Total members' funds	112 369 529	158 707 601
Less:		
Unrealised gains on financial assets at fair value through profit or loss	(39 635)	(72 521)
Accumulated funds per regulation 29	<u>112 329 893</u>	<u>158 635 079</u>
Annual gross contributions	569 553 449	709 128 716
Accumulated funds ratio	<u>19.72%</u>	<u>22.37%</u>

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 R146 912 481.
- Transnet SOC Ltd will provide funding to ensure that the SATS risk pool maintains a reserve level of 25%.
- 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 19.72% at 31 December 2021 to 13.34% at 31 December 2022.

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2021
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2021(continued)

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

4.3 GOING CONCERN (CONTINUED)

- 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 2021
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2021 (continued)

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

4.4 OPERATIONAL STATISTICS

	2021				
	Link	Select	Prime	Guardian	Total
Number of members at the end of the accounting period	1 573	10 119	396	5 126	17 214
Average number of members for the accounting period	1 694	10 775	449	5 525	18 443
Number of beneficiaries at the end of the accounting period	2 873	16 644	480	5 908	25 905
Average number of beneficiaries for the accounting period	3 147	17 895	546	6 402	27 989
Average age of beneficiaries for the accounting period	48	50	71	81	57
Pensioner ratio (beneficiaries > 65 years)	33.2%	37.0%	74.4%	96.9%	50.9%
Average net contributions per member per month	R1 831.80	R2 614.62	R7 817.79	R2 294.12	R2 573.45
Average net contributions per beneficiary per month	R986.09	R1 574.33	R6 432.50	R1 979.82	R1 695.77
Average relevant healthcare expenditure per member per month	R1 478.16	R2 495.08	R7 623.49	R2 618.81	R2 563.66
Average relevant healthcare expenditure per beneficiary per month	R795.72	R1 502.35	R6 272.62	R2 260.03	R1 689.31
Average administration costs per member per month	R166.71	R146.73	R425.69	R468.59	R251.78
Average administration cost per beneficiary per month	R89.74	R88.35	R350.26	R404.39	R165.91
Average managed care services per member per month	R98.63	R66.81	R202.06	R110.78	R86.20
Non-healthcare expenses per average beneficiary per month	R90.11	R88.69	R351.78	R405.96	R166.55
Average accumulated funds per member at 31 December*	WMP = R2 675.30			R15 612.67	R6 527.80
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%	5%	3%
Risk claims as a percentage of net contributions	76%	93%	95%	110%	97%
Administration expenses as a percentage of net contributions	9%	6%	5%	20%	10%
Non-healthcare expenses as a percentage of net contributions	9%	6%	5%	21%	10%
Return on investments					4.55%

* 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 2021
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2021 (continued)

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

4.4 OPERATIONAL STATISTICS (CONTINUED)

	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
Number of beneficiaries at the end of the accounting period	3 318	19 268	674	6 951	30 211
Average number of beneficiaries for the accounting period	3 488	20 368	789	7 406	32 050
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
Non-healthcare expenses per average beneficiary per month	R88.41	R87.56	R420.20	R329.08	R151.64
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 2021
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2021 (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 to the Annual 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 Omicron variant, was identified during December 2021.

COVID-19 had the following impact on the Fund since the start of the pandemic:

	2021	2020
Total lives infected	2 281	612
Total lives recovered	2 071	521
Total deaths	179	43
Total related claims expenditure in rand	53 448 522	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 2021.

7. EVENTS AFTER REPORTING DATE

South Africa experienced a fourth wave of infections between December 2021 and February 2022, which reached a peak in January 2022 and resulted in a significant number of infections and deaths.

In making their estimates and judgements as at 31 December 2021 (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 2021 have been based on incurred events at the statement of financial position date. The amount recognised as at 31 December 2021 remains unchanged.

Provision for outstanding claims, as disclosed in note 6 to the Annual Financial Statements, 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 2021 relates to 2021 and prior, the claims provision remains unchanged.

ANNUAL FINANCIAL HIGHLIGHTS 2021
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2021 (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 2022 Annual 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 Annual 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 15 to the Annual Financial Statements.
- Trustee remuneration is disclosed in note 11.1 to the Annual 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 Annual 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 2021
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2021 (continued)

10. AUDIT COMMITTEE (CONTINUED)

The Committee presently comprises:

- | | |
|--------------------------------|-----------------------------|
| • Mr C Beard | Appointed 14 April 2021 |
| • Mr K Buthelezi (Chairperson) | |
| • Mr G Hauptfleisch | |
| • Mr F Mackenzie | Appointed 15 September 2021 |
| • Ms S Thomas | |

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 R197 422 (2020: R261 799) 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 2021
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2021 (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 Guardian, Select and Prime plans recorded deficits for the year ended 31 December 2021.

Causes for the failure

Driven by a combination of high COVID-19-related claims and higher-than-expected non-COVID-19 related claims, overall claims for 2021 were higher than expected or budgeted for. The Guardian plan was budgeted to make a loss in order to reduce its reserve levels. The actual loss for the year was substantially below the budgeted loss.

Corrective action

Contributions on the Select and Prime plans for 2022 have been increased at a higher percentage than the expected increase in costs. The agreement with Transnet to ensure that the SATS pool reserve levels do not fall below 25% has been renewed. A business plan to get the Fund's reserve levels to 25% has been updated.

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 2021, the Fund had a reserve ratio of 19.72%, 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.

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2021
STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	2021 R	2020 R
ASSETS			
Non-current assets		63 279 277	48 262 324
Equipment		72 120	100 280
Financial assets at fair value through profit or loss	2	63 207 157	48 162 044
Current assets		90 885 375	161 931 103
Financial assets at fair value through profit or loss	2	80 033 819	140 439 292
Trade and other receivables		7 180 051	16 315 831
Cash and cash equivalents	3	3 671 505	5 175 980
Total assets		<u>154 164 652</u>	<u>210 193 427</u>
FUNDS AND LIABILITIES			
Members' funds		112 369 529	158 707 601
Accumulated funds		112 369 529	158 707 601
Current liabilities		41 795 123	51 485 826
Outstanding risk claims provision		22 437 439	23 492 980
Trade and other payables		19 357 684	27 992 846
Total funds and liabilities		<u>154 164 652</u>	<u>210 193 427</u>

ANNUAL FINANCIAL HIGHLIGHTS 2021
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	2021	2020
	R	R
Contribution income	569 553 449	709 128 716
Relevant healthcare expenditure	(567 385 911)	(576 055 251)
Risk claims incurred	(550 341 932)	(555 985 018)
Managed care services	(19 076 990)	(21 010 800)
Third-party claims recoveries	2 033 011	940 567
Gross healthcare result	2 167 538	133 073 465
Administration expenditure	(55 723 151)	(58 267 642)
Net impairment loss on healthcare receivables	(216 156)	(54 261)
Net healthcare result	(53 771 768)	74 751 562
Other income	7 637 341	7 899 341
Investment income	7 406 215	7 829 435
Sundry income	231 126	69 906
Other expenditure	(203 645)	(164 213)
Asset management fees	(170 759)	(154 886)
Unrealised loss on investments at fair value through profit or loss	(32 886)	(9 327)
(Deficit)/Surplus for the year	(46 338 072)	82 486 690

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2021
STATEMENT OF CHANGES IN FUNDS AND RESERVES
For the year ended 31 December 2021

	Accumulated funds R	Total members' funds R
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>158 707 601</u>
Balance as at 1 January 2021	158 707 601	158 707 601
Deficit for the year	(46 338 072)	(46 338 072)
Balance as at 31 December 2021	<u><u>112 369 529</u></u>	<u><u>112 369 529</u></u>

SELECTED NOTES TO THE ANNUAL FINANCIAL HIGHLIGHTS DOCUMENT
For the year ended 31 December 2021

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied by the Fund has been listed in the Annual 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

	2021	2020
	R	R
Fair value of investments at the beginning of the year	188 601 336	112 839 957
Additions	355 405 000	496 447 716
Disposals	(407 935 000)	(428 180 000)
Capitalised interest	7 263 042	7 272 810
Realised and unrealised gain on financial assets at fair value through profit or loss	(49 284)	256 730
Management fees and transaction costs	(44 118)	(35 877)
	<u>143 240 976</u>	<u>188 601 336</u>
Fair value of investments at the end of the year	<u>143 240 976</u>	<u>188 601 336</u>
Total financial assets at fair value through profit or loss		
Non-current	63 207 157	48 162 044
Current	80 033 819	140 439 292
	<u>143 240 976</u>	<u>188 601 336</u>
Investments are summarised as follows:		
Money-market instruments	124 635 571	174 626 797
Bonds	18 605 405	13 974 539
	<u>143 240 976</u>	<u>188 601 336</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 4.55% (2020: 5.88%).

SELECTED NOTES TO THE ANNUAL FINANCIAL HIGHLIGHTS DOCUMENT
For the year ended 31 December 2021 (continued)

3. CASH AND CASH EQUIVALENTS	2021 R	2020 R
Current accounts	3 671 505	5 175 980
	<u>3 671 505</u>	<u>5 175 980</u>

The weighted average effective interest rate on the Fund's current accounts was 0.72% (2020: 1.50%). 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) – 28 JUNE 2022
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 from the Remuneration Committee is enclosed.