



GEPF

your investment, your future

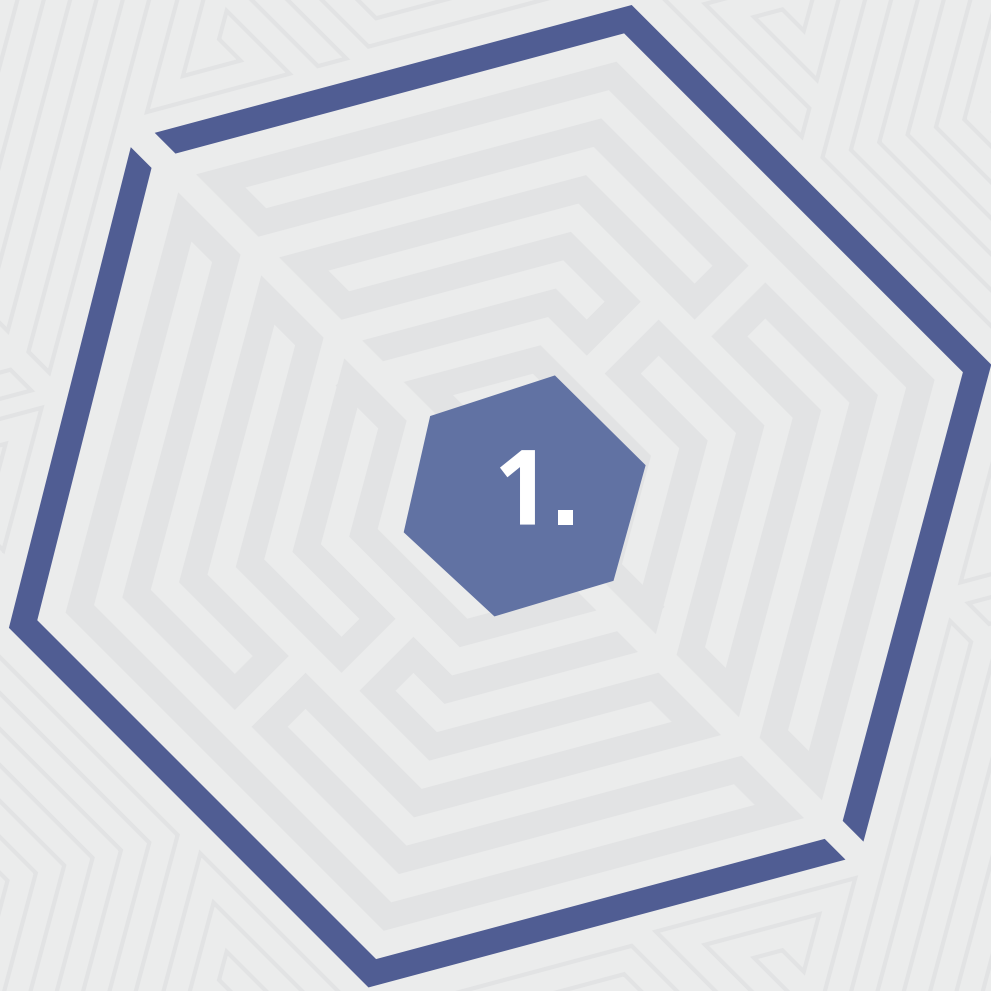
Annual Report
2020/2021

Contents

2020/21

<u>1</u>	MINISTER'S NOTE TO PARLIAMENT	3	<u>2</u>	OUR PERFORMANCE	4	<u>3</u>	GEPF AT A GLANCE	16
<u>4</u>	LEADERSHIP	21	<u>5</u>	INVESTMENT REPORT	51	<u>6</u>	MEMBERSHIP AND BENEFITS	66
<u>7</u>	STAKEHOLDER MANAGEMENT AND COMMUNICATIONS	70	<u>8</u>	GEP LAW AND RULE CHANGES	75	<u>9</u>	ACTUARIAL VALUATION	77
<u>10</u>	ANNUAL FINANCIAL STATEMENTS	81	<u>11</u>	GLOSSARY	157			





Minister's note to Parliament



Minister's note to Parliament

To the Speaker of Parliament

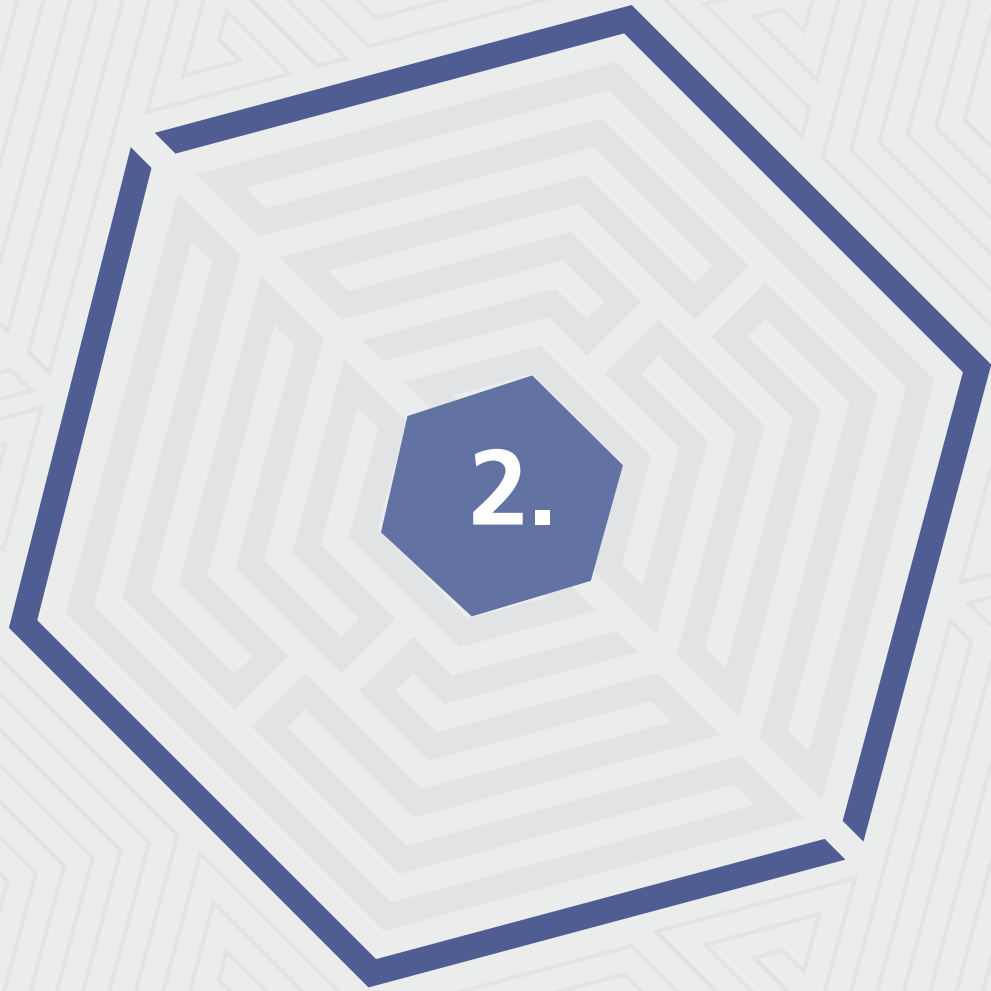
I have the honour, in terms of Section 9(6) of the Government Employees Pension Law (Proclamation 21 of 1996), as amended, to submit the Annual Report of the Government Employees Pension Fund for the period 1 April 2020 to 31 March 2021.

Mr Enoch Godongwana

Minister of Finance

October 2021





Our performance

Chairperson's review	5
Principal Executive Officer's report	8
Financial and administrative highlights with key figures	11



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The Fund ended the financial year with an asset value of R2.09 trillion increasing by R451 billion from the last financial year. This was an increase of 27.5% during the financial year.

”

Dr Renosi Mokate

Chairperson: GEPF Board of Trustees

Chairperson's review

It is with great pleasure that I present the 2020/21 Annual Report on behalf of the Board of Trustees of the Government Employees Pension Fund (GEPF). I write this report at a time when we are all still grappling with the immense impact of Covid-19, both at business and personal levels.

Economic environment

The financial year ending 31 March 2021, was a 'tale of two worlds', with strong recovery from developed financial markets being contrasted by weak economic growth in most emerging markets. This effect was also mirrored by the divergence in vaccination rates between developed and emerging markets.

Locally, the picture has been familiar. There was very strong growth in financial markets, however, this needs to be contrasted by the stark economic climate in South Africa. The impact of Covid-19 has been devastating on a social and economic level, with untold loss of lives and the South African economic output falling by 7% in the 2020 calendar year. This is mainly because of a

decline in sectors such as construction, transport, communication, manufacturing and the service industry.

This was the largest contraction in the economy since 1920 with unemployment reaching a level of 32.5%, with approximately 2.6 million people having lost their jobs since March 2020.

An additional stress to the economy is the downgrade of South Africa's local and foreign currency credit rating to sub-investment grade.

Continued unreliability of electricity supply, insufficient job creation, the high unemployment levels amongst the youth and high poverty levels continue to strangle economic growth in South Africa. The civil unrest and looting that the country experienced in July 2021 has further dented investor confidence in the country and is a setback to the country's socio-economic efforts towards eradicating inequality and poverty. The ray of hope has been in the increased acquisition of vaccines and the gradual lifting of Covid-19 restrictions.



The GEPF continues to remain optimistic about the South African story. Through our investments, we aim to play our part in growing the economy and reducing poverty through job creation and skills development.

Performance of the Fund

The financial year 2020/21 began with the GEPF operating in a changed global and local economy that was in turmoil and in financial crisis. The Fund's assets at the start of the financial year on 1 April 2020 was R1.64 trillion following a loss of R243 billion at the end of March 2020.

Despite the tough economic environment and challenging operating conditions, the Fund ended the financial year with an asset value of R2.09 trillion increasing by R451 billion from the last financial year. This was an increase of 27.5% during the financial year. This was achieved because of a strong recovery in the equities and bond markets.

The performance however was negatively impacted by the Fund's unlisted and property portfolios declining which bore the brunt of market conditions as a result of the impact of the Covid-19 pandemic. As a result, impairment provisions had to be made to reflect the business reality of an asset at a particular point in time. Noting the above, the GEPF's valuations of its unlisted and property assets was very conservative.

We are fully aware that improved market conditions could see assets subsequently recover or even exceed the value of the original investment. In this regard, we have seen a reversal of R2.1 billion in some of the assets impaired in the previous years. A further encouraging sign has been a decrease in the value of impairments from R11.9 billion as at 31 March 2020 to R7.4 billion at the 31 March 2021.

Notwithstanding the impairments, the growth in

the value of assets under management confirms that the GEPF's investment strategy aimed at achieving long-term growth is successfully contributing to the financial soundness of the Fund, thereby ensuring the best possible outcome for our members, pensioners and beneficiaries.

A new operating reality

The extraordinary impact associated with the emergence of the Covid-19 pandemic and the resultant imposition of various levels of lockdowns introduced by government brought to the fore a new normal for all.

In this regard, the GEPF sought to safeguard the health and well-being of our trustees and employees. In addition to the health and safety measures at the office, we also leveraged technology to ensure we were able to implement rotational and remote working.

All these actions were carefully considered and aligned to the various lockdown levels in the country. Despite these measures, the GEPF was not spared the impact of Covid-19 with the loss of one employee, Ms Thandiwe Fongoqa and four trustees, Corporal Thobile Maqhubela, Mr Alan Thompson, Dr Lese Matlhape and Mr Terence Chauke as a result of contracting the virus. One other trustee, Dr Frans le Roux, also passed on as a result of natural causes. We will forever be indebted to these individuals for their effort and commitment to the GEPF and those we serve.

Looking forward

The GEPF will continue to strengthen its operational framework including its oversight and governance functions. It is therefore very pleasing to note that the GEPF was rated 9th in the governance category of the 2020 Global Pension Transparency Benchmark (GPTB). The GPTB is a global benchmark for the transparency of pension funds disclosures. The benchmark review included the public disclosures of the five largest pension



funds of 15 countries, including the United States of America, European Union, United Kingdom, Australia, Japan, Brazil, Chile and Mexico.

In an effort to further enhance our oversight, the GEPF Board during the financial year has taken several steps to strengthen its oversight and governance over the Public Investment Corporation (PIC), the Government Pensions Administration Agency (GPAA) and Management of the Fund.

The GEPF has completed a comprehensive review of its investment policy, investment mandate and management agreements to ensure robust guidelines and portfolio construction in the investment implementation process of its funds. This process was aligned to global best practice. Particular attention was paid to the recommendations by the Mpati Commission when undertaking this exercise.

The revised mandate and agreements will include amongst others:

- More stringent consequence management
- Review of fee models
- Enhancement of investment and reporting guidelines
- Better integration of responsible investment practices
- Enhancement of the framework for the incubation manager programme.

Following consultations with the Minister of Finance on the Fund's revised asset liability modelling, the GEPF has begun the process of aligning the Fund's strategic asset allocation to match the liability profile of the Fund. The strategic asset allocation determines how the GEPF allocates money to asset classes locally and offshore, and has major implications not only for the Fund, but also for its investments in South Africa.

The Board of Trustees and Management have also begun a process of reviewing the Fund's operating model and the quality of service provided by the Fund's administrator, the GPAA. This review also includes the benchmarking of administrative systems to meet the needs of the GEPF and its clients.

Appreciation

It is with heartfelt gratitude that I thank the Board of Trustees, the Principal Executive Officer, Mr Musa Mabesa, his executive team and all the GEPF employees for their commitment in meeting the challenges of an extremely tough year. Their dedication in very trying Covid-19 circumstances has provided assurance that the GEPF is in capable hands and is financially sound.

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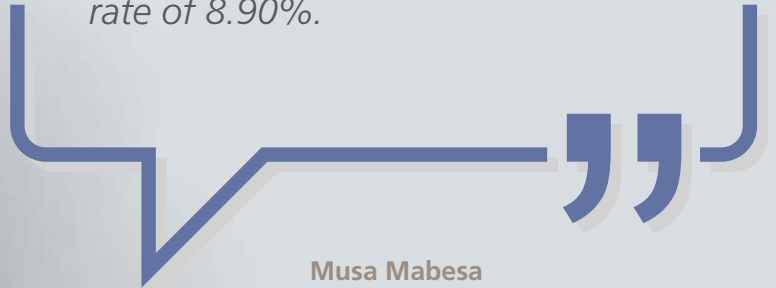
Dr Renosi Mokate

Chairperson: GEPF Board of Trustees
30 September 2021





Over the period 2012-2021, the GEPF's accumulated funds and reserves grew at an average annual rate of 8.90%.



Musa Mabesa

Principal Executive Officer

Principal Executive Officer's report

I am pleased to report that despite the Covid-19 outbreak and its extraordinary impact on the way we operate, as well as its effect on the international and local economies, the GEPF has had a very successful financial year.

Extraordinary environment

The Covid-19 outbreak at the end of the previous financial year required the GEPF and its service providers to transition to rotational and remote working for large parts of the financial year. When we did operate physically from our premises, we had to put in place the necessary health and safety requirements as stipulated by the Government.

Although such working conditions were at times far from ideal for providing optimum service, it was indeed very satisfying to observe the manner in which employees of the GEPF executed their duties. Despite the inevitable challenges and unintended consequences of the processes put in place to reduce the impact of Covid-19, I am appreciative of the efforts of our service providers in ensuring business continuity during these trying times. We will continue to improve service

standards during these extraordinary times as the world comes to terms with the Covid-19 environment.

Strong investment returns

It is very pleasing to report that despite the turbulent and unpredictable market conditions during the financial year, the Fund recorded a market value of R2.09 trillion at the close of the year on 31 March 2021. Our diversified long-term investment strategy was able once again to withstand sudden shocks in the market, as witnessed by the recovery in the value of our assets.

This performance is extremely positive especially since the GEPF had a market value of R1.64 trillion at the start of the financial year 2020/21 following a decline of about 11.4% of its value as a result of the turmoil in markets following the outbreak of the Covid-19 pandemic in March 2020.

We have always emphasised that the GEPF's performance must be measured over time. Over the period 2012-2021, the GEPF's accumulated



funds and reserves grew at an average annual rate of 8.90%. Noting the current global and local economic climate, we do, however, expect sudden swings in our asset value as various responses to Covid-19 are implemented. In particular, how effective the vaccine rollout in South Africa will be and whether the country will achieve herd immunity, will affect market conditions and therefore the majority of our investments, which are local. However, the implementation of a revised strategic asset allocation should reduce the envisaged impact.

Responsible investing

The financial soundness of the GEPF is inextricably linked to the sustainability of the companies we invest in, as well as the ability of our social and environmental ecosystem to address the country's developmental agenda. A critical aspect is ensuring our investments are underpinned by good governance. Recent failures in a few of our investments clearly point to the negative consequences of inadequate governance in these entities. Our Responsible Investment Policy is being reviewed so that it enhances the promotion of environmental, social and governance (ESG) factors by the Fund and its asset managers in our investments and the companies we invest in.

In support of industry best practice, the Fund during the reporting period engaged and collaborated with:

- The Code for Responsible Investing in South Africa (CRISA) working group
- Principles for Responsible Investment (PRI)
- Batseta
- Global Steering Group for Impact Investment (GSG)
- Ceres Valuing Water Finance Task Force
- International Finance Corporation (IFC).

As part of ensuring that the companies we invest in have a clear understanding of our ESG expectations, our asset managers engaged in

over 200 consultations with investee companies. We are committed to enhancing our efforts to promote sound environmental, social and governance practices in the entities we invest in.

Ensuring a performance-driven organisation

We take very seriously our leadership role as the largest pension fund in Africa, and we continuously strive to be a focused and a high-performing team.

Our employees are our most valuable assets and are key to our continuing success. The GEPF persistently focuses on improving the skills of our employees, making bursaries available to them so that they can further their studies. Funding is also provided for employees to attend courses and seminars to improve their skills.

During the reporting period, our organisation's staff complement was 48. Key recruitments included two investment accountants to enhance investment monitoring and reporting. At the core of our recruitment strategy is ensuring that we attract top diverse talent. Emphasis during the year was placed on benchmarking and reviewing the organisation's and employees' performance scorecards, streamlining executive roles, our Total Rewards Strategy, implementing a skills audit and subsequent individual employee training plans, and implementing a health and safety plan for Covid-19.

Attracting and retaining talent is just one aspect of being a successful organisation; another is having the correct policies, procedures and processes to enhance performance. During the reporting period, particular attention was paid to enhancing the organisation's risk architecture, updating the Investment Policy Statement and finalising the review of the Investment Mandate and our Asset Liability Model, which includes a revised strategic asset allocation.



To strengthen our oversight and monitoring capacity, a review of the organisation's structure was undertaken. This resulted in the creation of two new divisions: the Finance as well as the Actuarial and Benefits Administration divisions. Both are core areas of the GEPF's operations, which requires focused attention at a senior level.

Meeting the needs of our members, pensioners and beneficiaries

Paying pensions, processing retirements, deaths and resignation claims, issuing annual benefit statements and paying other benefits were our major administration deliverables. We are acutely aware that as a result of Covid-19 and the subsequent restrictions and lockdowns, the service standards of our administrator, the GPAA, were impacted. We have begun a process of interrogating the challenges experienced by the GPAA in meeting agreed service standards.

The GPAA processed and finalised 27 960 retirement claims in 2020/21 compared with 34 134 in 2019/20, reflecting a decrease of 18% in claims. The retirement claims amounted to R76.0 billion compared to R69.1 billion in the previous year. The total benefits paid for all claims amounted to R110.6 billion compared to R110.5 billion in the previous year. The number of active members decreased from 1 269 161 in 2019/20 to 1 265 406 in 2020/21.

Stakeholder relations

During the reporting period, the new operational reality caused by the pandemic presented novel reputational and communication challenges for the GEPF as it had to adjust to a new way of communicating with stakeholders. The sudden and unprecedented health crisis affected all our stakeholders, both external and internal. However, our commitment to delivering clear, timely and relevant information to our stakeholders remained at the forefront

of our approach. The challenging environment meant that the GEPF had to adjust its approach to communicating by relying much more on digital channels and platforms, which it did very successfully.

Appreciation

I would like to express my gratitude and appreciation to the Chairperson of the GEPF Board, Dr Renosi Mokate, and Deputy Chairperson, Mr Eddie Kekana, the Board of Trustees and its committees, my executive team and staff for their support and efforts during a very trying period.

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Mr Musa Mabesa

Principal Executive Officer

30 September 2021



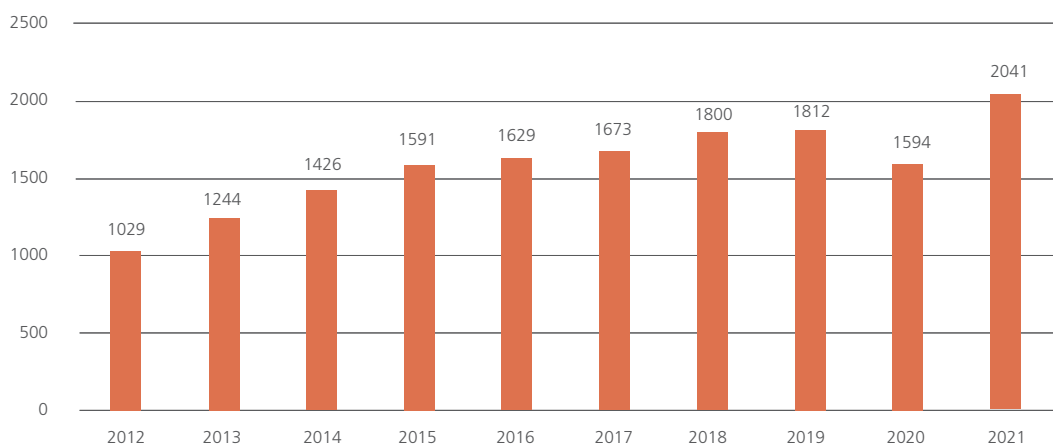
Financial and administrative highlights

Accumulated funds and reserves

The GEPF's accumulated funds and reserves amounted to R2.04 trillion on 31 March 2021. These reserves include the actuarial reserve that was set aside to address past discriminatory practices in terms of a collective agreement negotiated and agreed to with the Public Service Coordinating Bargaining Council (PSCBC). An amount of R5.17 billion is currently held in the reserve account.

Accumulated funds and reserves grew at an average annual rate of 8.9% during the 2012 – 2021 period.

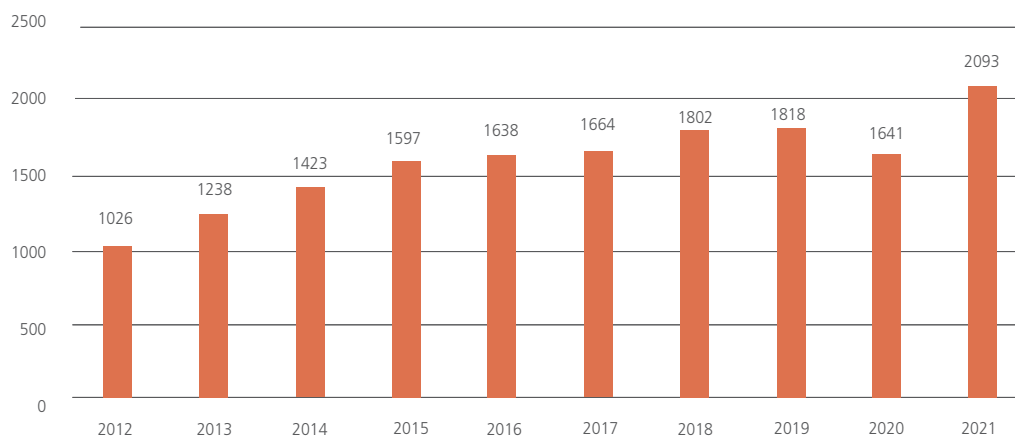
Accumulated funds and reserves (R' billion)



Growth in investment portfolio

The GEPF investment portfolio increased by 27.5 % from R1.64 trillion in 2020 to R2.09 trillion in 2021. The increase in the investment value is mainly attributable to the recovery in financial markets from the 31 March 2020 market contraction. Notwithstanding the positive returns, the rand recovered by 20.9% and this detracted from global asset classes.

Growth in investment portfolio (R' billion)



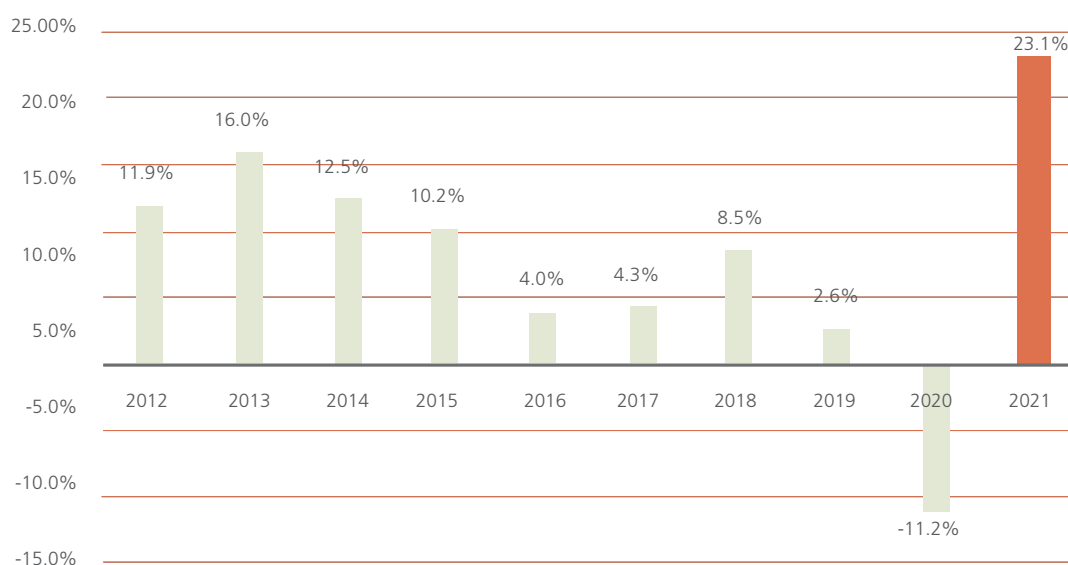
Movement of major asset classes over the reporting period

Description	2021 R'000	2020 R'000	Movement R'000	% Change
Listed equities	1 099 693 762	763 017 302	336 676 460	44%
Domestic bills and bonds	644 625 023	540 044 466	104 580 557	19%
Unlisted equities (domestic)	47 422 984	49 474 883	- 2 051 899	- 4%
Collective Investments Scheme (foreign)	146 589 906	117 829 856	28 760 050	24%

Net return on investments

The strong recovery in the investment markets, particularly equities and bonds, enabled a recovery of the GEPF portfolio. The Fund reached the significant milestone of R2 trillion for the first time on 31 March 2021. The rally in the markets increased the Fund's market value to R2.09 trillion at the end of the financial year. This represents a 27.5% increase compared to the market value reported at the end of the previous financial year. The increase in investment market value resulted in a net return on investment of 23.1% in the financial year ended 31 March 2021.

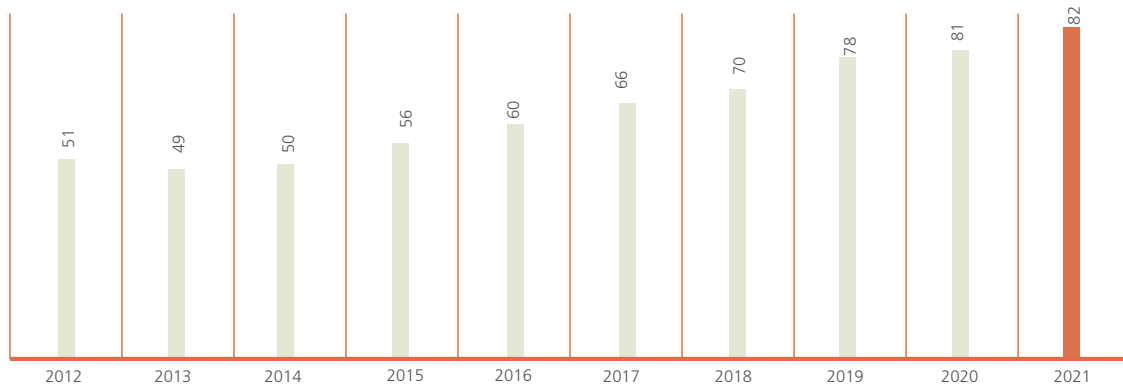
Return on investments percentages



Member contributions

The GEPF receives a percentage of members' pensionable salaries as contributions. The contributions received and accrued by the Fund remained relatively constant over the financial year, R82 billion in 20/21 financial year compared to R81 billion in 19/20 financial year. This is as a result of the government wage freeze.

Contributions received (R' billion)

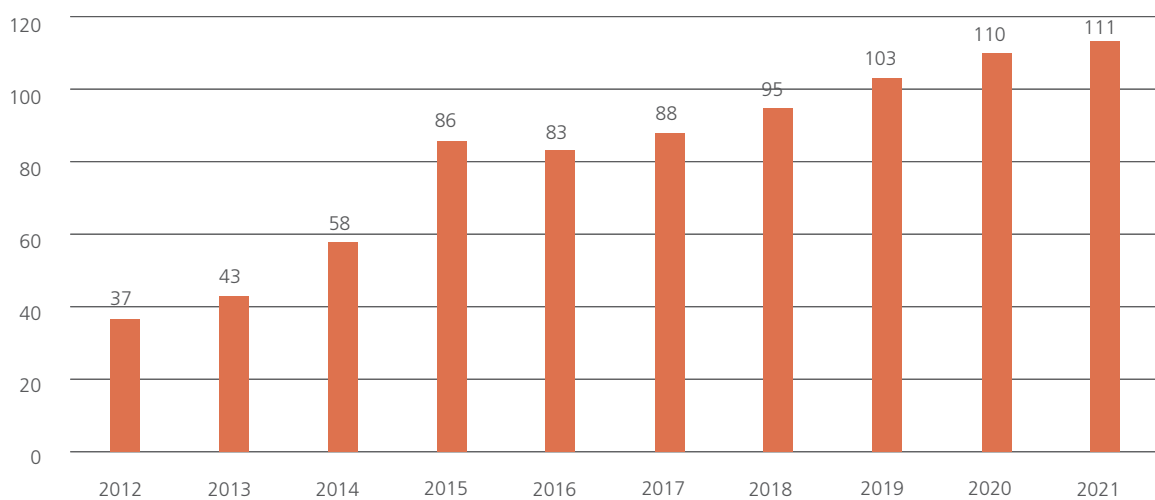


Benefits paid

The GEPF awards benefits upon a member's resignation, retirement, or death. The Fund also pays funeral benefits when applicable.

The amount of total benefits paid during the year under review increased by R1 billion. The net increase is as a result of a reduction in withdrawal benefits and an increase in gratuities and monthly pensions.

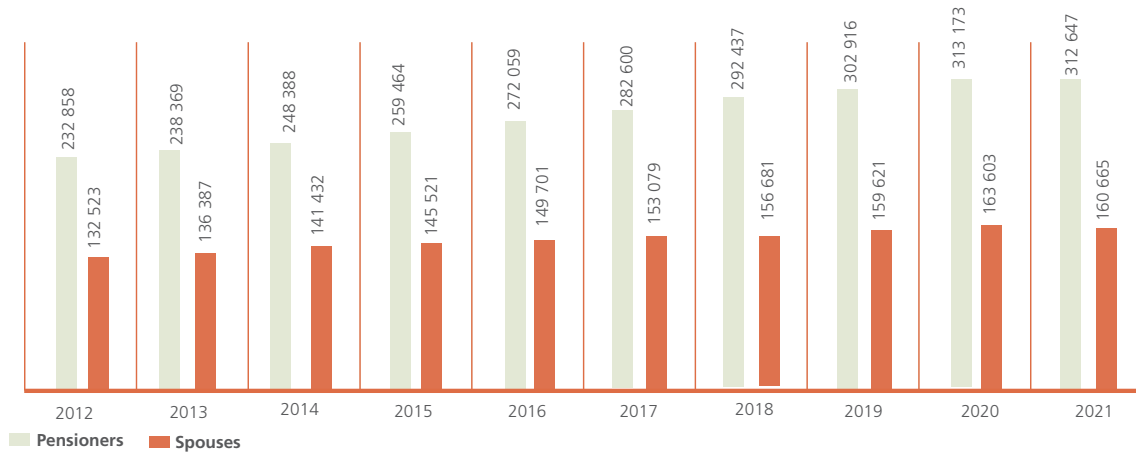
Benefits paid (R' billion)



Pensioner movement

The GEPF has experienced a decrease in the number of pensioners, as well as spouses who are receiving a monthly pension.

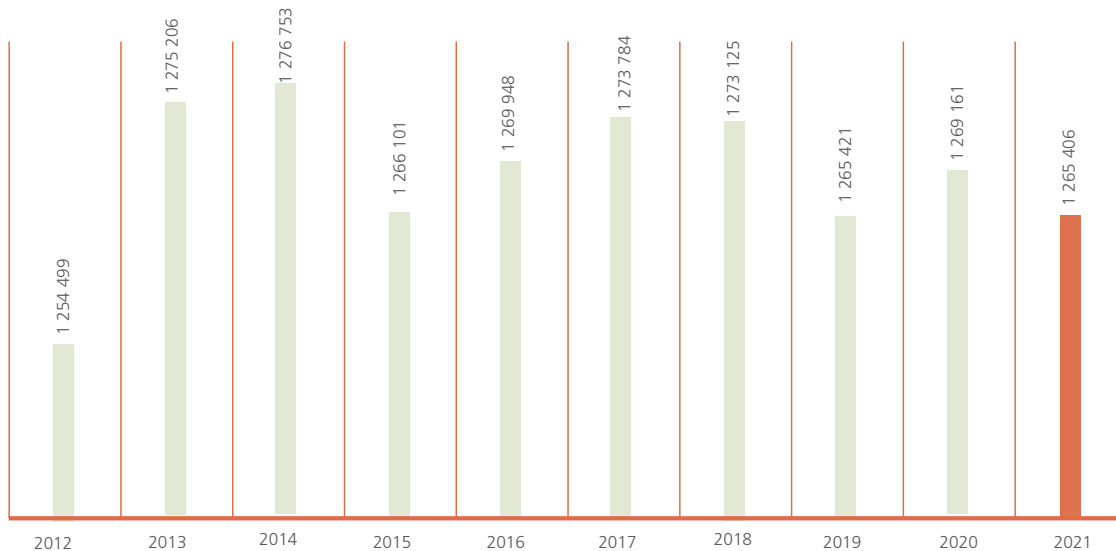
Pensioner movement



Active members

The number of active members remained stable over the past five years, with a slight decrease of 0.3% as compared to the previous financial year.

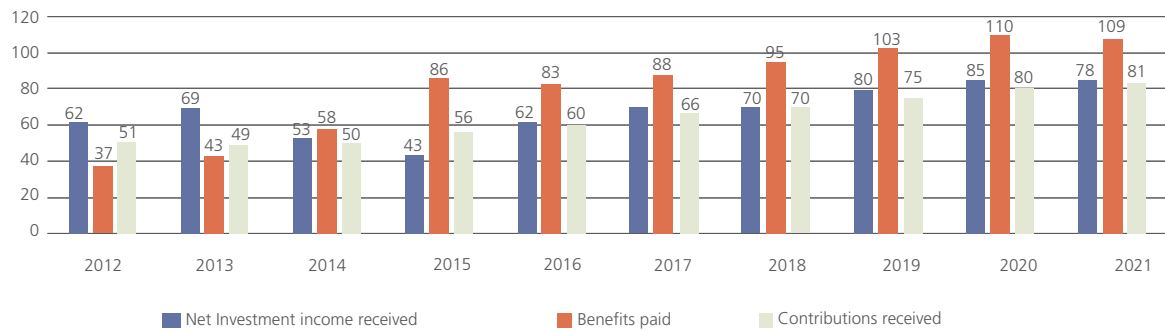
Active members

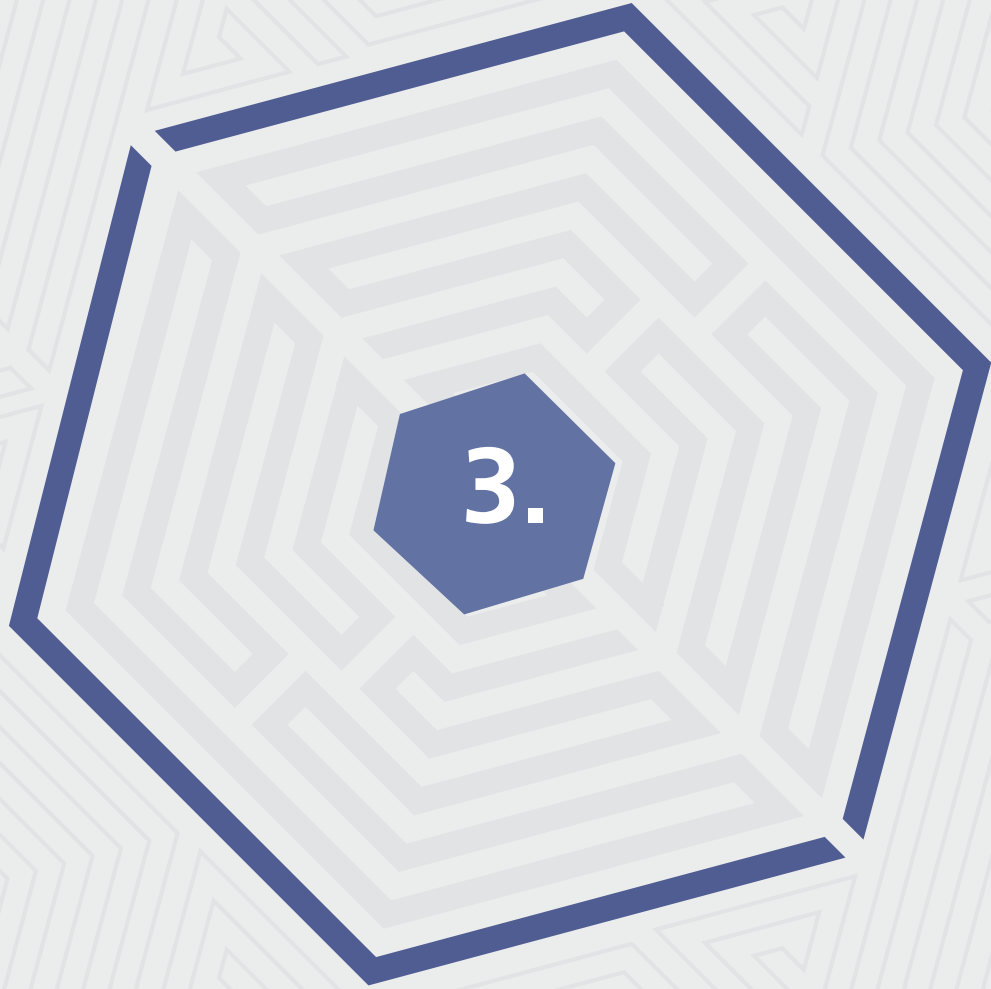


Net cash flow

The Fund's net cash flow position is R34 billion as at 31 March 2021. This is largely attributable to benefits paid of R109 billion, net investment income received of R78 billion and contributions received of R81 billion. The Fund receives sufficient cash flows from its investment returns and contributions to ensure that all benefits are paid off without having to dispose of its investment assets.

Cash flow assessment (R' billion)





GEPF at a glance

Vision, mission and values

17

Overview of the organisation

70

The Government Employees Pension Fund (GEPF or “the Fund”) was established in 1996 as a defined benefit fund. It manages pension and related benefits for government employees in South Africa and is currently the largest pension fund in South Africa and one of the largest pension funds in Africa and in the world.

Vision, mission and values

The GEPF is committed to be a global leader and reputable pension fund that delivers quality service to its beneficiaries.

As the GEPF is the custodian of a significant portion of the wealth of public servants, our mission is to:

- Ensure the sustainability of the Fund
- Provide efficient delivery of benefits
- Empower our beneficiaries through effective communication.

It is the responsibility of the GEPF to safeguard and build financial wealth for current and future generations.

As a team we ensure the sustainability of the Fund so that all beneficiaries can derive maximum benefit from placing their faith in us. We value integrity, transparency, client-centricity, accountability and innovation.

Integrity
<ul style="list-style-type: none"> • Being ethical and truthful. • Maintaining good governance practices. • Not misrepresenting or withholding information to which our stakeholders are entitled.
Transparency
<ul style="list-style-type: none"> • Communicating openly and frequently with our stakeholders. • Setting out information in a format that is clear and understandable. • Being open to scrutiny and oversight.
Client-centricity
<ul style="list-style-type: none"> • Working collectively and cooperatively with our stakeholders. • Caring. • Maintaining customer focus.
Accountability
<ul style="list-style-type: none"> • Acting with due diligence, competence, confidentiality and reliability.
Innovation
<ul style="list-style-type: none"> • Championing research and development in the retirement industry worldwide.

Overview of the organisation

The GEPF’s core business is to manage and administer pensions and related benefits for government employees in South Africa. The GEPF is governed by the Government Employees Pension (GEP) Law (21 of 1996).

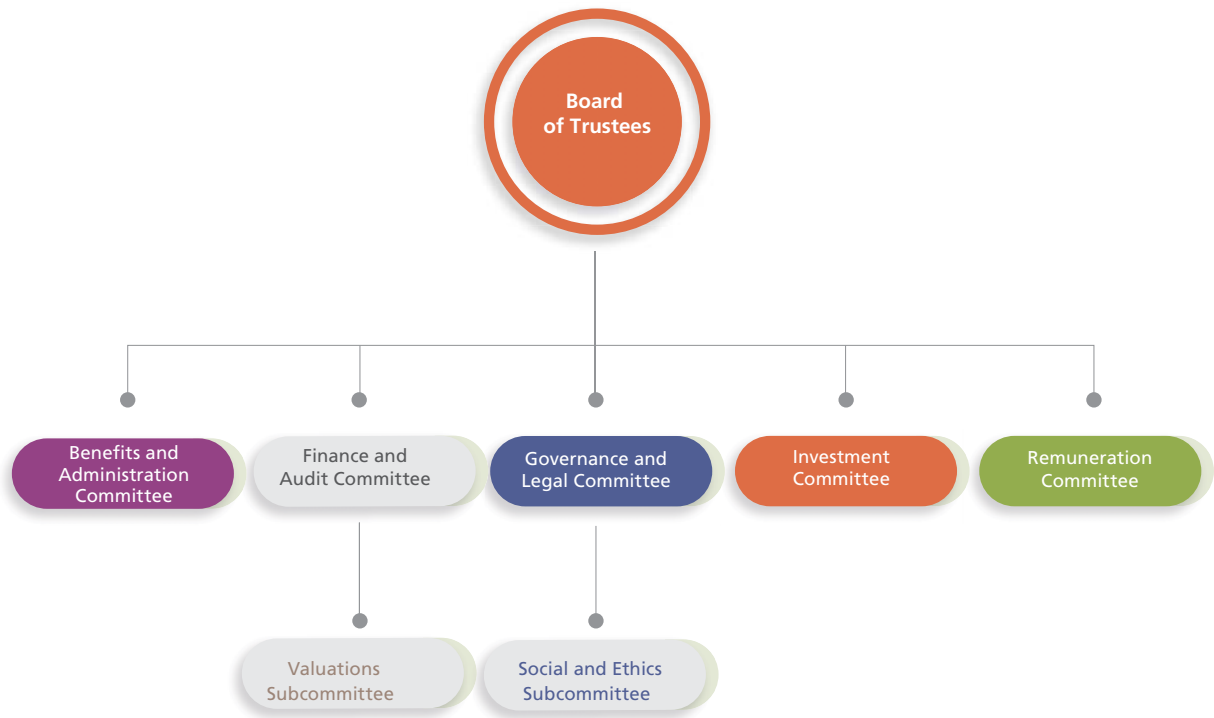
The executive authority of the GEPF is the Board of Trustees. The duties and powers of the GEPF Board are prescribed by the GEP Law and the Rules of the Fund, which require that:

- Proper registers, books and records of the Fund are kept, including proper minutes of all resolutions passed by the Board.
- Proper internal control systems are implemented by or on behalf of the Fund.
- Adequate and appropriate information is communicated to the members of the Fund, informing them of their rights, benefits and duties under the Rules of the Fund.
- All reasonable steps are taken to ensure that contributions to the Fund are paid in a timely manner.
- The Board of Trustees obtains expert advice on matters where it requires additional expertise.
- The rules, operation and administration of the Fund comply with the applicable laws.
- Investments are made and maintained in accordance with the Fund’s investment strategy.

The GEPF Board of Trustees governs the pension fund and is accountable for its administrative and investment performance. According to the GEP Law, fiduciary responsibility for the Fund rests with the Board of Trustees.



The Board has constituted five permanent committees and two subcommittees to give effect to its strategic direction and to ensure proper oversight and monitoring of outsourced services.



The Fund makes use of expert advisors when necessary to assist the Board in fulfilling its fiduciary duties. These advisors, appointed through a competitive bidding process, include external and internal auditors, fund valuers, legal and compliance experts and actuaries.

The GEPF outsources its administration and investment activities to the GPAA and the PIC respectively. The GPAA carries out day-to-day administration while the PIC invests funds on behalf of the GEPF.

The relationship with both entities is governed by various agreements and the entities report to the GEPF Board, through its committees.



Public Investment Corporation

Overview

The PIC is a financial services provider owned by the government of the Republic of South Africa, represented by the Minister of Finance. It is registered as a financial services provider with the Financial Sector Conduct Authority (FSCA).

Established in 1911, the PIC is one of the largest asset managers in Africa.

The role of the PIC is to invest funds on behalf of public-sector entities, including the GEPF. The investment arrangements between the GEPF and the PIC are set out in an investment mandate (the Mandate Agreement) agreed to by both parties.

The mandate includes the investment policy of the GEPF, the investment portfolio structure, risk parameters, benchmarks and fees, the proxy voting policy and the derivatives policy of the GEPF.

The PIC manages 82% of the GEPF's investment portfolio directly and the remainder is managed through a few local and international external managers.

PIC governance

In terms of financial management and accountability, the PIC is regulated by the PIC Act (23 of 2004) as amended by the PIC Amendment Act (14 of 2019), the Public Finance Management Act, 1 of 1999 (PFMA), the Companies Act (71 of 2008) and the Prevention of Organised Crime Act (121 of 1998) and adheres to the provisions of the Financial Intelligence Centre Act (38 of 2001).

The PIC Board of Directors is responsible for setting the strategic direction of the company and has six permanent committees to assist in this regard:

- Audit and Risk Committee
- Social, Ethics and Transformation Committee
- Investment Committee
- Directors' Affairs Committee
- Human Resources and Remuneration Committee
- Information, Communication and Technology Governance Committee

Oversight and monitoring of investments by the GEPF

The GEPF Investment Committee monitors the Fund's investments and oversees the implementation of the GEPF investment policy and strategy.

The Investment Committee considers factors such as changes in the GEPF liabilities, changes in the expected return on assets, the likely volatility of the value of the Fund's assets and the implications that such changes may have on the funding level, contribution requirements or benefits of the GEPF.

The Investment Committee's duties include:

- Setting the Fund's investment policy, with approval from the Board of Trustees.
- Determining the Fund's strategic asset allocation to align with the Fund's future liabilities.
- Monitoring and reviewing the implementation of the Fund's investment strategy through its investment managers – primarily the PIC – to assure compliance with policy and procedure.
- Monitoring investment performance – the investment committee ensures that an independent review and evaluation of the investment returns and risk of the investment portfolio is conducted at least quarterly.
- Reviewing quarterly investment reports and reporting to the Board on issues that are considered important for Board deliberation.

The Valuations Subcommittee is a subcommittee of the Finance and Audit Committee and reports to it. The Valuations Subcommittee was established to advise the Fund on the



complex nature of the valuation of GEPF unlisted investments managed by the PIC.

Monitoring and oversight of GEPF investments takes place primarily at management level. The GEPF Investment Management division bridges the gap between the PIC and GEPF investment committees by overseeing the implementation of the investment strategy as set out in the investment mandate.

The Investment Management division also facilitates investment processes and eases the flow of information and communication between the GEPF and PIC. Meetings take place monthly and are augmented whenever necessary.

There are also quarterly meetings between the executive committees of the PIC and GEPF to oversee the execution of the GEPF's Investment Management Agreement with the PIC.

Government Pensions Administration Agency

Overview

The GPAA is a government agency, established in terms of Section 7A (4) of the Public Service Act (1994) with effect from 1 April 2010.

The role of the GPAA is to administer benefits on behalf of the GEPF and the National Treasury. The relationship between the GPAA and the GEPF is managed through an administration agreement as well as a service-level agreement (SLA).

About 93% of the work done by the GPAA is for the GEPF and 7% is for the National Treasury.

GPAA governance

The GPAA is headed by a chief executive officer who is assisted by an executive management committee (Exco). Various internal committees, including Risk Management and Internal Audit, report to the Exco.

The GPAA reports to an independent audit committee and is guided by an Advisory Board appointed by the Minister of Finance to strengthen the governance and executive oversight of the GPAA. The GPAA reports to the Minister of Finance, who serves as its executive authority.

Oversight and monitoring of benefits administration by the GEPF

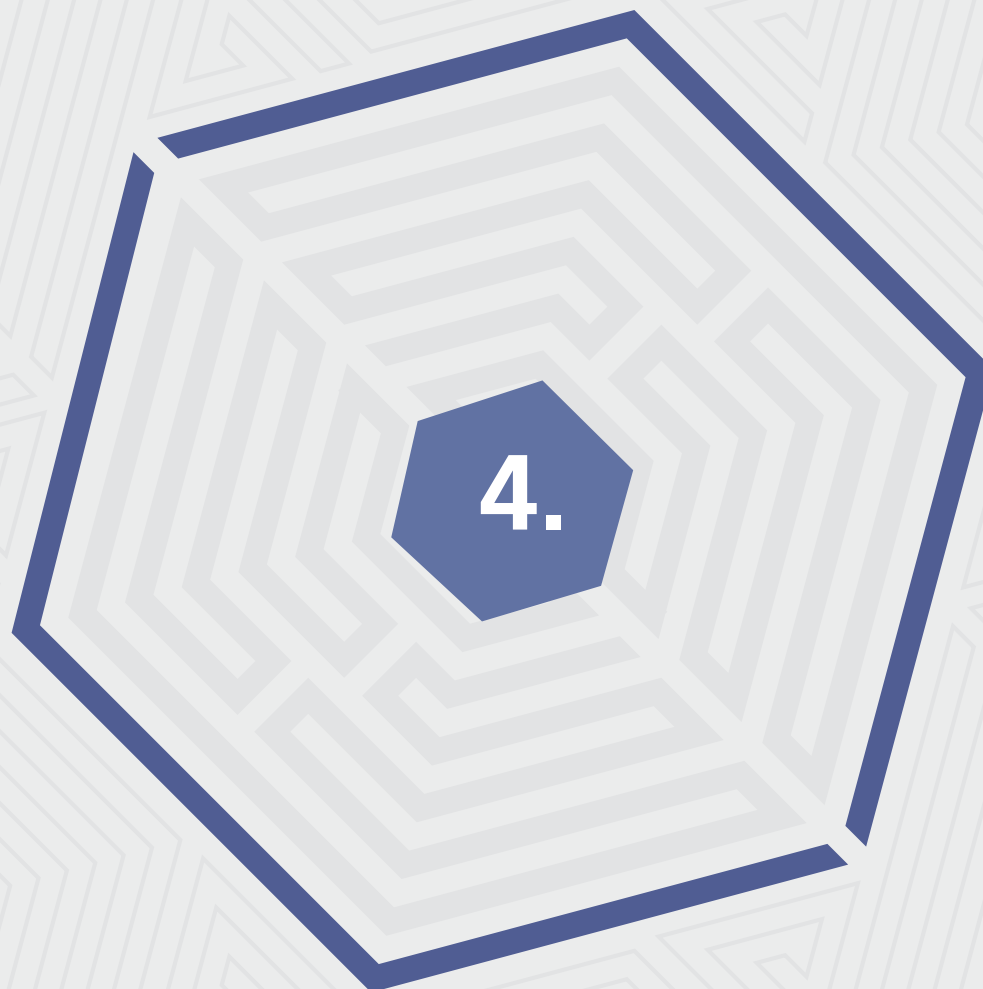
The GEPF Benefits and Administration Committee oversees and monitors the performance of the GPAA with regard to the administration of benefits. The committee meets quarterly and the GPAA submits the following reports to the committee:

- Compliance with the service-level agreement
- Administration report
- Unclaimed benefits
- Modernisation update.

The executive committees of the GEPF and the GPAA meet quarterly to assess GPAA performance according to the service-level agreement and to discuss other strategic matters.

To ensure effective and efficient operations, the executive committees also hold ad hoc meetings whenever necessary.

The GPAA submits its annual operating budget to the GEPF Finance and Audit Committee, and then the budget is submitted to the GEPF Board of Trustees for approval. Oversight and monitoring of the budget provided to the GPAA by the GEPF is the responsibility of the GEPF Finance and Audit Committee.



Leadership

The Board of Trustees	22
Governance	36
Board Committees	38
The Office of the Principal Executive Officer	43
Key corporate matters	46

The Board of Trustees

The Minister of Finance inaugurated the current Board on 21 May 2018 and the following trustees served on the Board for the period up until 31 March 2021:



Dr Renosi Mokate (63)

Executive Director: Concentric Alliance

GEPF positions

- Employer-nominated trustee
- Chairperson of the Board of Trustees
- Chairperson of the Investment Committee

Qualifications

- PhD – University of Delaware
- MA – University of Delaware
- BA – Lincoln University

Meeting attendance

Board Meetings	10/11
Investment Committee	4/5
Board training and strategic planning session	4/5



Mr Eddie Kekana (57)

Provincial Chairperson: South African Democratic Teachers' Union (SADTU), Gauteng

GEPF positions

- Employee-nominated trustee
- Vice-chairperson of the Board of Trustees
- Chairperson of the Social and Ethics Subcommittee
- Member of the Governance and Legal Committee
- Member of the Investment Committee

Qualifications

- Secondary Teacher's Diploma
- Advanced Certificate in Education
- Higher Certificate in Economic Development
- Certificate Programme in Human Resource Management – Unisa
- Certificate Programme in Project Management – Regensys Business School
- BED Hons in Educational Management – UNISA
- Board Effectiveness – Toronto University, Canada
- Trustee Effectiveness – GIBS

Meeting attendance

Board Meetings	11/11
Governance and Legal Committee	5/5
Investment Committee	5/5
Social and Ethics Subcommittee	5/5
Board training and strategic planning session	5/5



Mr Sibonelo Cele (44)

Provincial Chairperson of the Democratic Nursing Organisation of South Africa (DENOSA)

GEPF positions

- Employee-nominated trustee
- Member of the Benefits and Administration Committee
- Member of the Investment Committee

Qualifications

- National Diploma in Nursing – KwaZulu-Natal College of Nursing
- National Diploma in Political Studies – Workers College, UKZN
- Business Management (attended) – North-West University

Meeting attendance

Board Meetings	11/11
Benefits and Administration Committee	5/5
Investment Committee	5/5
Board training and strategic planning session	5/5



Colonel Johan Coetzer (56)

Senior Staff Officer: SAAF Legal Support, South African National Defence Force (SANDF)

GEPF positions

- Employee-nominated trustee
- Member of the Finance and Audit Committee
- Member of the Remuneration Committee

Qualifications

- BCom (Law) – University of Pretoria
- LLB – University of Pretoria
- LLM (Labour Law) – Rand Afrikaans University
- LLM (Labour Law) – University of Pretoria
- Postgraduate Diploma in Labour Law – University of Johannesburg
- Admitted Attorney of the High Court of South Africa (North Gauteng Division, Pretoria)
- Certificate in Labour Dispute Resolution Practice – Stellenbosch University
- Member of the International Pension and Employee Benefits Lawyers Association
- Member of the Pension Lawyers Association of South Africa

Meeting attendance

Board Meetings	11/11
Finance and Audit Committee	8/8
Remuneration Committee	12/12
Board training and strategic planning session	5/5



Mr Themba Gamedze (63)

Non-executive director on various boards

GEPF positions

- Employer-nominated trustee
- Member of Investment Committee
- Member of Valuations Subcommittee

Qualifications

- BA (Hons) – University of Warwick
- Master's degree – University of Warwick
- Fellow of the Actuarial Society of South Africa (FASSA)

Meeting attendance

Board Meetings	8/11
Investment Committee (Appointed on 2 December 2020)	1/1
Valuations Subcommittee (Appointed on 2 December 2020)	1/1
Board training and strategic planning session	2/5



Ms Jennita Kandailal (51)

Manager: Human Resources – State Security Agency (SSA)

GEPF positions

- Employer-nominated trustee
- Member of the Benefits and Administration Committee
- Member of the Remuneration Committee

Qualifications

- MA (Psychology) – University of Natal, Durban
- Higher Diploma in Education – University of Natal, Durban
- Executive Education (Pensions Management) – ICPM, University of Toronto, Canada

Meeting attendance

Board Meetings	11/11
Benefits and Administration Committee	5/5
Remuneration Committee	12/12
Board training and strategic planning session	5/5



The Board of Trustees *(continued)*



Dr Frans le Roux (75)

*Pensioner trustee representative
(Passed away in March 2021)*

GEPF positions

- Pensioner-elected trustee
- Member of the Benefits and Administration Committee
- Member of the Investment Committee

Qualifications

- BCom – University of Pretoria
- MCom – University of Stellenbosch
- DCom – University of Stellenbosch
- Programme in Investment Analysis and Portfolio Management – Unisa

Meeting attendance

Board Meetings	10/10
Benefits and Administration Committee	4/4
Investment Committee	4/4
Board training and strategic planning session	4/4



Ms Kgomotso Makhupola (51)

*National Treasurer: National Health,
Education and Allied Workers' Union
(NEHAWU)*

GEPF positions

- Employee-nominated trustee
- Chairperson of the Benefits and Administration Committee
- Member of the Finance and Audit Committee

Qualifications

- Diploma in Public Relations – Allenby College
- Certificate in Human Resource Development and Management – Damelin College
- Certificate in Economic Development – University of the Western Cape

Meeting attendance

Board Meetings	11/11
Benefits and Administration Committee	4/5
Finance and Audit Committee	8/8
Board training and strategic planning session	5/5



Mr Stadi Mngomezulu (55)

Deputy Director-General: National Treasury

GEPF positions

- Employer-nominated trustee
- Chairperson of the Finance and Audit Committee
- Member of the Investment Committee
- Standing invitee to the Valuations Subcommittee

Qualifications

- Master of Business Leadership – Unisa
- BCom (Accounting) – Vista University
- Executive Development Programme – Gestalt International Study Centre, Massachusetts, USA

Meeting attendance

Board Meetings	9/11
Finance and Audit Committee	8/8
Investment Committee	1/5
Valuations Subcommittee (<i>standing invitee</i>)	3/4
Board training and strategic planning session	1/5





Mr Thabo Mokwena (51)

Chairman: Leago Group

GEPF positions

- Employer-nominated trustee
- Member of the Finance and Audit Committee
- Member of the Investment Committee

Qualifications

- Master’s in Finance: Financial Strategies – Oxford University
- Master’s in Economic Development – Wits University
- Honours degree in Local Government – University of Durban-Westville
- BSocSci – University of Cape Town
- Certificate in Private Equity – Oxford University
- Certificate in Infrastructure Development and Finance – Saïd Business School, Oxford University
- Certificate in Economic Challenges for African Development – London School of Economics

Meeting attendance

Board Meetings	11/11
Finance and Audit Committee	7/8
Investment Committee	4/5
Board training and strategic planning session	3/5



Advocate Makhubalo Ndaba (50)

Group General Counsel: Workerslife Group

GEPF positions

- Employee-nominated trustee
- Chairperson of the Governance and Legal Committee
- Member of the Benefits and Administration Committee

Qualifications

- LLM – University of Central Lancashire, United Kingdom
- LLB – University of Transkei
- BJuris – University of Transkei
- Diploma in Legislation Drafting – University of Johannesburg
- Advanced Research Diploma – Institute of Social Studies, Netherlands
- Executive Education (Governance) – Gordon Institute of Business Science (GIBS)
- Executive Education (Governance) – Institute of Directors in South Africa (IoDSA)
- Executive Education (Pension Management) – International Centre for Pension Management, University of Toronto, Canada

Meeting attendance

Board Meetings	11/11
Benefits and Administration Committee	4/5
Governance and Legal Committee	5/5
Board training and strategic planning session	5/5



The Board of Trustees *(continued)*



Lieutenant General Lineo Ntshiea (48)

Deputy Director-General: Personnel Management – South African Police Service (SAPS)

GEPF positions

- Employer-nominated trustee
- Member of the Benefits and Administration Committee
- Member of the Investment Committee

Qualifications

- Secondary Education Diploma – Vista University
- BA – Vista University
- Postgraduate Diploma: Public Administration – University of the Free State
- Executive Development and Leadership – Potchefstroom University
- Strategic Management – Unisa
- Leadership Development – Wits Graduate School of Business Administration
- Law Enforcement Executive Development – FBI Academy, Quantico, Virginia, USA

Meeting attendance

Board Meetings	11/11
Benefits and Administration Committee	5/5
Investment Committee	5/5
Board training and strategic planning session	5/5



Dr Morgan Pillay (59)

Chief Director: Human Resource Management and Development, Labour Relations and IT – Department of Basic Education (DBE)

GEPF positions

- Employer-nominated trustee
- Member of the Governance and Legal Committee
- Member of the Benefits and Administration Committee

Qualifications

- BPaed – University of Durban-Westville
- BA (Hons) – University of Durban-Westville
- BEd – Unisa
- MEd – Rand Afrikaans University
- PhD – University of Johannesburg

Meeting attendance

Board Meetings	11/11
Benefits and Administration Committee	4/5
Governance and Legal Committee	5/5
Board training and strategic planning session	5/5



Major General Mulungisa Sitshongaye (54)

Chief Director: Human Resource Strategic Direction and Policy – Department of Defence (DOD)

GEPF positions

- Employer-nominated trustee
- Member of the Governance and Legal Committee
- Member of the Benefits and Administration Committee

Qualifications

- BSocSci – University of Cape Town
- Master's in International Studies – King's College London

Meeting attendance

Board Meetings	11/11
Benefits and Administration Committee	5/5
Governance and Legal Committee	5/5
Board training and strategic planning session	4/5





Mr Alan Thompson (46)

*President of the National Teachers' Union (NATU)
(Trustee passed away in January 2021)*

GEPF positions

- Employee-nominated trustee
- Member of the Benefits and Administration Committee
- Member of the Finance and Audit Committee

Qualifications

- BSc – University of the North
- BSc (Hons) – University of the North
- Postgraduate Certificate in Education – University of the North

Meeting attendance

Board Meetings	8/9
Benefits and Administration Committee	3/4
Finance and Audit Committee	4/6
Board training and strategic planning session	2/2



Mr Pierre Snyman (48)

Chairperson: Public Servants Association of South Africa (PSA)

GEPF positions

- Employee-nominated trustee
- Member of the Governance and Legal Committee
- Member of the Investment Committee

Qualifications

- Advanced Labour Law Programme – Unisa
- Executive Education (Governance) – Institute of Directors in South Africa
- Executive Education (Pension Management) – University of Toronto

Meeting attendance

Board Meetings	11/11
Governance and Legal Committee	5/5
Investment Committee	5/5
Board training and strategic planning session	5/5



Mr Sibusiso Malinga (54)

Acting President of the National Teachers' Union (NATU)

GEPF positions

- Employee-nominated trustee
- Member of the Benefits and Administration Committee
- Member of the Finance and Audit Committee

Qualifications

- Senior Secondary Teachers Diploma Certificate – University of Zululand
- Outcomes Based Education Certificate – University of South Africa
- Adult Basic Education and Training- University of South Africa

Meeting attendance

Board Meetings	1/1
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Substitute trustees



Ms Lindy Bodewig (43)

Chief Director in the Office of the Accountant General, South African National Treasury

GEPF positions

- Employer-nominated substitute trustee
- Member of the Finance and Audit Committee
- Member of the Governance and Legal Committee
- Member of the Valuations Subcommittee

Qualifications

- CA (SA) – University of Pretoria
- BCom Accounting Sciences (Hons) and CTA – University of Pretoria

Meeting attendance

Board Meetings	3/3
Finance and Audit Committee	7/8
Governance and Legal Committee	5/5
Valuations Subcommittee	4/4
Board training and strategic planning session	3/5



Mr Terrence Chauke (54)

Chief Executive Officer: Mathaveiya Skills Enhancement

GEPF positions

- Employer-nominated substitute trustee
- Member of Finance and Audit Committee
- Member of Investment Committee
- Member of Valuations Subcommittee
- Member of Social and Ethics Subcommittee

Qualifications

- Chartered Director – Institute of Directors in South Africa
- MBA – Graduate School of Business, UCT
- Postgraduate Diploma in Management – Wits Business School
- Bachelor of Administration – University of the North (now University of Limpopo)

Meeting attendance

Finance and Audit Committee	8/8
Investment Committee	5/5
Social and Ethics Subcommittee	5/5
Valuations Subcommittee	4/4
Board training and strategic planning session	4/5



Brigadier Johan Griesel (52)

Section Head: Compensation Management, South African Police Service (SAPS)

GEPF positions

- Employer-nominated substitute trustee
- Member of the Finance and Audit Committee
- Member of the Investment Committee

Qualifications

- National Diploma – Technicon RSA
- Certified Fraud Examiner (CFE)

Meeting attendance

Finance and Audit Committee	8/8
Investment Committee	5/5
Board training and strategic planning session	5/5





Major General Dries De Wit (65)

*Retired Major General: South African National Defence Force (SANDF)
(Serving as a full trustee after the passing of Dr Frans le Roux in March 2021)*

GEPF positions

- Pensioner-elected substitute trustee
- Member of the Benefits and Administration Committee
- Member of the Investment Committee

Qualifications

- National Diploma in Human Resource Management
- Advanced Diploma in Negotiation Skills
- Board Effectiveness Programme – The World Bank

Meeting attendance

Board Meetings	1/1
Benefits and Administration Committee	5/5
Investment Committee	5/5
Board training and strategic planning session	5/5



Dr Vuyo Dyantyi (55)

*Vice-President: PSA
(Replaced by the PSA in February 2021)*

GEPF positions

- Employee-nominee substitute trustee
- Member of the Benefits and Administration Committee
- Member of the Governance and Legal Committee
- Member of Social and Ethics Subcommittee

Qualifications

- Primary Teacher's Diploma – Vista University
- BA, BEd, MEd, Doctor Technologiae – Vista University

Meeting attendance

Benefits and Administration Committee	4/4
Governance and Legal Committee	4/4
Social and Ethics Subcommittee	4/4
Board training and strategic planning session	4/4



Mr Kenny Govender (61)

Deputy Director-General: Special Projects – Department of Water and Sanitation (DWS)

GEPF positions

- Employer-nominated substitute trustee
- Member of the Benefits and Administration Committee
- Member of the Governance and Legal Committee

Qualifications

- Senior Primary Education Diploma – Springfield College of Education
- Higher Diploma in Education (Mathematics) – Springfield College of Education
- Further Diploma in Education (Computers) – Rand Afrikaans University

Meeting attendance

Benefits and Administration Committee	5/5
Governance and Legal Committee	4/5
Board training and strategic planning session	4/5



Substitute trustees *(continued)*



Mr Sidney Kgara (51)

Head of Policy Development Unit: National Education, Health and Allied Workers' Union (NEHAWU)

GEPF positions

- Employee-nominated substitute trustee
- Member of the Governance and Legal Committee
- Member of the Investment Committee

Qualifications

- BSocSci – University of Natal, Durban
- Master's in Town and Regional Planning – University of Natal, Durban

Meeting attendance

Governance and Legal Committee	4/5
Investment Committee	5/5
Board training and strategic planning session	4/5



Ms Thandi Khoza (59)

Director: Human Resource Development and Social Responsibility – Department of Basic Education (DBE)

GEPF positions

- Employer-nominated substitute trustee
- Member of the Benefits and Administration Committee
- Member of the Governance and Legal Committee

Qualifications

- Degree in Social Work – University of the North
- Honours in Social Science – Unisa
- Advanced Diploma in Social Work – North-West University
- Master's in Public Administration – University of Pretoria

Meeting attendance

Benefits and Administration Committee	5/5
Governance and Legal Committee	5/5
Board training and strategic planning session	5/5



Mr Mugwena Maluleke (57)

General Secretary: South African Democratic Teachers' Union (SADTU)

GEPF positions

- Employee-nominated substitute trustee
- Member of the Benefits and Administration Committee
- Member of the Finance and Audit Committee

Qualifications

- BA – Unisa
- Primary Teachers Diploma (PTD)
- LL.M (Labour Law) – Nelson Mandela Metropolitan University
- MBA
- Diploma in Negotiations
- Certificate in Project Management Programme – Regenesys
- Certificate in Personal Finance Management – Unisa

Meeting attendance

Benefits and Administration Committee	4/5
Finance and Audit Committee	8/8
Board training and strategic planning session	4/5





Corporal Thobile Maqhubela (54)

Corporal in the South African National Defence Force (SANDF) (Telecommunications Operator – Western Cape Signal Unit) (Substitute trustee passed away in February 2021)

GEPF positions

- Employee-nominated substitute trustee
- Member of the Benefits and Administration Committee
- Member of the Finance and Audit Committee

Qualifications

- Diploma in Personnel and Training Management
- Certificate in Customer Service Management
- Certificate in OHS Management

Meeting attendance

Benefits and Administration Committee	4/4
Finance and Audit Committee	6/6
Board training and strategic planning session	4/5



Mr Success Mataitsane (66)

General Secretary: National Union of Public Service and Allied Workers (NUPSAW)

GEPF positions

- Employee-nominated substitute trustee
- Member of the Finance and Audit Committee
- Member of the Governance and Legal Committee
- Member of the Social and Ethics Subcommittee

Qualifications

- Grade 12

Meeting attendance

Finance and Audit Committee	8/8
Governance and Legal Committee	5/5
Social and Ethics Subcommittee	5/5
Board training and strategic planning session	5/5



Rear Admiral Gladys Mbulaheni (48)

*Chief of Naval Staff:
South African National Defence Force (SANDF)*

GEPF positions

- Employer-nominated substitute trustee
- Member of the Benefits and Administration Committee
- Member of the Finance and Audit Committee
- Member of the Social and Ethics Subcommittee (Appointed March 2021)

Qualifications

- BA in Government Administration and Development – Unisa
- Senior Management Programme Certificate – Tshwane University of Technology
- Postgraduate Diploma in Management in the field of security – Wits University

Meeting attendance

Benefits and Administration Committee	5/5
Finance and Audit Committee	7/8
Board training and strategic planning session	5/5



Substitute trustees *(continued)*



Advocate Sibusiso Mtsweni (46)

*Head of Legal Department: Police and Prisons Civil Rights Union (POPCRU)
(Resigned from the Board on 30 July 2021)*

GEPF positions

- Employee-nominated substitute trustee
- Member of the Benefits and Administration Committee
- Member of Governance and Legal Committee

Qualifications

- LLB – University of Zululand

Meeting attendance

Benefits and Administration Committee	1/1
Governance and Legal Committee	1/1
Board training and strategic planning session	0/0



Ms Suveena Pillay (40)

Acting Manager: Financial Accounting – State Security Agency (SSA)

GEPF positions

- Employer-nominated substitute trustee
- Member of the Finance and Audit Committee
- Member of the Governance and Legal Committee
- Member of the Valuations Subcommittee

Qualifications

- BCom – University of KwaZulu-Natal
- BCom (Hons) (Accounting) with CTA – University of KwaZulu-Natal
- CA (SA)

Meeting attendance

Finance and Audit Committee	8/8
Governance and Legal Committee	5/5
Valuations Subcommittee	4/4
Board training and strategic planning session	5/5



Mr Khaya Sodidi (47)

National Chief Negotiator in Public Sector (DENOSA)

GEPF positions

- Employee-nominated substitute trustee
- Member of the Finance and Audit Committee
- Member of the Governance and Legal Committee

Qualifications

- Diploma in Nursing Science – Eastern Cape College of Nursing
- Diploma in Education – University of Cape Town
- Advanced Labour Law – Unisa
- BA in Policy Studies – Unisa

Meeting attendance

Finance and Audit Committee	8/8
Governance and Legal Committee	5/5
Board training and strategic planning session	5/5





Advocate Nonku Tshombe (65)

Office of the Ombud for Financial Services Providers (FAIS Ombud)

GEPF positions

- Employer-nominated substitute trustee
- Member of the Benefits and Administration Committee
- Member of the Governance and Legal Committee

Qualifications

- BA (Law) LLB – Wits University
- Higher Diploma in Tax Law – Unisa
- Certificate in Pension Law

Meeting attendance

Board Meetings	3/3
Benefits and Administration Committee	4/5
Governance and Legal Committee	5/5
Board training and strategic planning session	4/5



Ms Anadele Coetzee (53)

Director – Public Servants Association of South Africa (PSA)

GEPF positions

- Employee-nominated substitute trustee
- Member of the Governance and Legal Committee
- Member of the Benefits and Administration Committee

Qualifications

- HIV/AIDS Awareness Peer Educator
- Skills Development Facilitator
- Certificates in Labour Relations and Advanced Labour Relations, Conflict Management and Negotiation Skills, Records Management, Investment Fundamentals in Active Ownership, Leadership Development and Emotional Intelligence, Customer Service Excellence and Business Management



The GEPF Board

The Board is established in terms of the GEP Law and Rules and appointed for a four-year period. The Minister of Finance inaugurated the current Board on 21 May 2018. In line with the GEP Law, the Board consists of 16 trustees, led by an elected Chairperson and Vice-Chairperson. The trustees elect the Chairperson and Vice-Chairperson from their own ranks at the first meeting of the appointed Board. Each trustee has an elected or appointed substitute, ensuring full and proper representation at all times.

The Rules prescribe that the Board is responsible for the proper and efficient management of the Fund and consists of:

- Eight employer nominees
- Eight employee nominees, who include a pensioner member and a representative of the SANDF and Intelligence Community, elected by postal ballot.

The Board, supported by the Principal Executive Officer (PEO) and the executive management team, meets annually to discuss and agree on the Fund's long-term strategies.

The Board Charter prescribes that the Board should meet quarterly. During the financial period under review the Board held eleven meetings to deal with normal and special business interests of the Fund.

The Board has constituted five permanent committees and two subcommittees to set its strategic direction. Both trustees and substitute trustees serve on these committees. All the committees have formal terms of reference that detail the mandate and duties of each committee.

The committees are as follows:

- Benefits and Administration Committee
- Finance and Audit Committee
 - Valuations Subcommittee
- Governance and Legal Committee
 - Social and Ethics Subcommittee
- Investment Committee
- Remuneration Committee

The Board also established formal engagement structures with the PIC Board. The GEPF and PIC Board meet regularly to discuss matters of strategic interest and the following committees of the two entities also meet when required:

- Investment Committee
- Finance and Audit Committee
- Social and Ethics Committee



Board composition

Trustees are appointed in accordance with Section 6 of the GEP Law and Rules.

Employer nominees

Trustee		Substitute trustee	
Department	Name	Department	Name
National Treasury	Mr Stadi Mngomezulu	National Treasury	Ms Lindy Bodewig
Department of Public Service and Administration	Mr Thabo Mokoena	Department of Public Service and Administration	Mr Kenny Govender
Department of Defence	Major General Mulungisa Sitshongaye	Department of Defence	Rear Admiral Gladys Mbulaheni
State Security Agency	Ms Jennita Kandailal	State Security Agency	Ms Suveena Pillay
South African Police Service	Lieutenant General Lineo Ntshiea	South African Police Service	Brigadier Johan Griesel
Department of Basic Education	Dr Morgan Pillay	Department of Basic Education	Ms Thandi Khoza
Specialist trustee	Mr Themba Gamedze	Specialist trustee	Adv Nonku Tshombe
Specialist trustee	Dr Renosi Mokate	Specialist trustee	Mr Terrence Chauke

Employee nominees

Trustee		Substitute trustee	
Department	Name	Department	Name
National Education, Health and Allied Workers' Union	Ms Kgomotso Makhupola	National Education, Health and Allied Workers' Union	Mr Sidney Kgara
South African Democratic Teachers' Union	Mr Eddie Kekana	South African Democratic Teachers' Union	Mr Mugwena Maluleke
National Teachers Union	Mr Sibusiso Malinga	National Union of Public Service and Allied Workers	Mr Success Mataitsane
South African National Defence Force and Intelligence Community	Colonel Johan Coetzer	South African National Defence Force and Intelligence Community	Corporal Thobile Maqhubela
Public Servants Association	Mr Pierre Snyman	Public Servants Association	Ms Anadele Coetzee
Democratic Nursing Organisation of South Africa	Mr Sibonelo Cele	Democratic Nursing Organisation of South Africa	Mr Khaya Sodidi
Police and Prisons Civil Rights Union	Advocate Makhubalo Ndaba	Police and Prisons Civil Rights Union	Vacant
Pensioner	Dr Frans le Roux	Pensioner	Major General Dries de Wit



Independence of trustees

The GEPF trustees are considered non-executives as they are without executive responsibilities and not involved in day-to-day business operations. They contribute their combined judgement, experience and independence for the benefit of the Fund. Robust Board discussions ensure an appropriate balance of power and encourage different views and independence of mind at meetings.

Skills, knowledge and experience of trustees

According to section 4.1.2 of the GEP Rules, at least one of the eight employer-nominated trustees must have expertise in financial management and investments, or the management and organisation of pension funds in general. Two specialists currently serve as trustees, supported by two specialist substitute trustees. The other trustees and their substitutes have the skills, knowledge and experience to manage and govern the Fund effectively. The profiles of the 16 trustees are reflected on pages 22 to 27. The terms of reference of all Board committees allow for the appointment of specialists to serve on a committee to augment the skills and expertise of the trustees serving on the committee.

The Board Charter

The Board's role is to direct its efforts to ensure the Fund's prosperity and to meet the expectations of the shareholders and stakeholders. The Board has a formal Board Charter to help it to meet such requirements, including determining the roles and responsibilities of the Board, the committees and serving individuals. The Board Charter specifies its general governance of the Fund and ensures compliance with policies and procedures.

The Governance Charter

The Board is governed by a Governance Charter derived from sources that include the GEP Law and Rules, Good Governance on Retirement Funds (Circular PF130, issued by the Financial Sector Conduct Authority), and the King IV Report on Corporate Governance. The Governance Charter is reviewed regularly to ensure that it complies with local and international best practices in corporate governance.

The Governance Charter includes a Trustee Code of Conduct and Ethics; Trustee Fit and Proper Guidelines; Trustee Responsibilities; Trustee Development and Training; Board and Trustee Performance Assessments; Board Remuneration and Expenses; Media Policy; Confidentiality Policy; Conflict of Interest Policy; Compliance Policy; Risk Policy and Framework; Committee Terms of Reference; and Rules on the Delegation of Authority.

Trustee Education and Training Policy

The Trustee Education and Training Policy prescribes that all newly appointed trustees (including substitute trustees) must receive induction training within six months of their appointment. The training takes two days and focuses on governance issues, benefits and rules, investment policies, actuarial valuations and the main service providers of the Fund.

Compulsory training sessions are organised to ensure that trustees and substitute trustees have a thorough understanding of the GEPF's operating environment.

Training sessions held included subjects such as:

- Trustee fiduciary duties
- Investment mandate
- Risk appetite
- Fund administrative matters



Trustees attended other training and development sessions, including local and international conferences. All the training took place via electronic platforms. All the trustees and substitute trustees are members of the IoDSA.

Trustee Remuneration Policy

According to the GEP Law, trustees are compensated for their services and expenses as determined by the Board. Trustees receive payment for meetings attended as well as an annual retainer fee. The Trustee Remuneration Policy clearly details the principles determining their remuneration. The details of remuneration paid can be found in the annual financial statements on page 148. Remuneration levels are aligned to the remuneration of trustees and directors at similar organisations.

Board performance assessment

Formal performance assessments of the Board and its committees and the relevant chairpersons were undertaken during the reporting period. The assessments identified no development areas for the Board. However, a need to focus on training and development of some Board committees was identified. A detailed training and development program was developed to address this and implemented during the reporting period.

Ethics and the management of ethical risks

The Board views its ethical duty towards the Fund, broader stakeholders, the society and the environment in a very serious light. The Board endeavours to ensure that the Fund is seen as, and is, a responsible corporate citizen. The Board has a formal Code of Conduct and Ethics that espouses the following ethical principles:

Responsibility

Trustees must assume responsibility for the

assets and actions of the Fund and be willing to implement corrective actions to keep the Fund on an ethical and sustainable strategic path.

Accountability

Trustees must assume accountability collectively and individually and be able to justify their decisions and actions to pensioners, GEPF members, regulatory authorities and the guarantor of the Fund. Trustees may be held personally or collectively liable for any breach of governance that results in any loss to the Fund and its members, pensioners and beneficiaries.

In striving towards fairness, trustees must identify the Fund's ethical risks by engaging with internal and external stakeholders, given that stakeholders are able to identify such risks and opportunities. Subsequently, risk strategies will be implemented to ensure that ethical risks are within acceptable limits.

Fairness

When making decisions, trustees must ensure they give fair consideration to legitimate interests and expectations in the best interests of the Fund.

Transparency

Trustees must ensure that they disclose information in a manner that enables stakeholders to make an informed analysis of the Fund's performance and sustainability.

Trustees must communicate any aspects of the Fund that are relevant to the Fund's members. This helps to establish the credibility and trustworthiness of the Fund in terms of its governance and administration, its investment performance and the delivery of its benefits.

Conscience

Trustees must act with intellectual honesty and integrity and show independence of mind in the best interests of the Fund and its



stakeholders. Trustees are independent of their principal organisations and must always conduct themselves in the best interests of the Fund, its pensioners and members.

Inclusivity of stakeholders

Trustees must strive towards stakeholder inclusion, which is essential for sustainability. The legitimate interests and expectations of stakeholders must also be considered in decision making and when determining strategy.

Competence

Trustees must have the relevant knowledge, competencies and skills required to govern a fund effectively.

Trustees must be diligent and thorough in carrying out their duties and responsibilities to the Fund.

Trustees must use the annual appraisal assessment to identify lack of skills or competency and ensure that they receive rigorous and robust training to equip themselves to carry out their duties and responsibilities.

Commitment

Trustees must be diligent in performing their duties and devote the necessary time to Fund affairs. Fund performance and compliance require unwavering dedication and appropriate effort.

Courage

Trustees must have the courage to take appropriate risks associated with directing and controlling a successful, sustainable enterprise, and act with integrity in all Board decisions and activities.

The Board has established a Social and Ethics Subcommittee even though the GEPP is not required to do so by law. This reflects the Board's commitment to positioning the GEPP as an ethical

leader and good corporate citizen.

An Ethics Officer is responsible for the implementation of an ethics programme within the GEPP. Quarterly reports are submitted to the Social and Ethics Subcommittee and a formal report on ethical matters is tabled to the Governance and Legal Committee and the Board.

Board Committees

Investment Committee

The Board established the Investment Committee to consider and review all aspects of the Fund's investment activities and to advise and make recommendations to the Board on the management of Fund assets, investment policies, strategy, procedures and similar issues.

Composition of committee

The committee comprises a mix of full trustees and substitute trustees. Committee members' qualifications and experience can be found on pages 22 to 33.

The committee members are:

- Dr Renosi Mokate (Chairperson)
- Mr Sibonelo Cele
- Mr Terrence Chauke
- Maj Gen Dries de Wit
- Mr Themba Gamedze
- Brig Johan Griesel
- Mr Eddie Kekana
- Mr Sidney Kgara
- Dr Frans le Roux
- Mr Stadi Mngomezulu
- Mr Thabo Mokwena
- Lt Gen Lineo Ntshiea
- Mr Pierre Snyman

The PIC has a standing invitation to present its quarterly investment report to the Investment Committee.



Committee highlights

The Investment Committee facilitated the following Board resolutions during the period under review:

- Reviewed the GEPF's Investment Policy Statement and obtained Board approval.
- Facilitated the development of a transition plan to allow for the PIC to implement the GEPF's revised strategic asset allocation.
- Recommended that the GEPF invests in the African Development Partners, Fund III.
- Facilitated the approval of a revised investment management agreement with the PIC.

The committee is satisfied that during the period under review it has fulfilled its responsibilities under its terms of reference.

Finance and Audit Committee

The Board established the Finance and Audit Committee to keep under review all aspects of the Fund's audit, financial and risk activities. The committee advised and made recommendations to the Board on these issues.

Composition of committee

The committee comprises a mix of full trustees and substitute trustees who make recommendations to the Board. Members' qualifications and experience can be found on pages 22 to 33.

- Mr Stadi Mngomezulu (Chairperson)
- Ms Lindiy Bodewig
- Mr Terrence Chauke
- Col Johan Coetzer
- Brig Johan Griesel
- Ms Kgomotso Makhupola
- Mr Mugwena Maluleke
- Corporal Thobile Maqhubela
- Mr Success Mataitsane
- Rear Adm Gladys Mbulaheni
- Mr Thabo Mokwena
- Mr Richard Morris

- Ms Suveena Pillay
- Mr John Raphela
- Mr Khaya Sodidi
- Mr Alan Thompson

The CEO and related personnel of the GPAA attend the Finance and Audit Committee as invitees. The GPAA reports to the committee on matters in respect of a service-level agreement, such as expenditure against budget, fraud prevention and other issues relating to the Fund.

Committee highlights

- Facilitated the approval of the External Audit Planning Memorandum.
- Recommended to the Board for approval certain adjustments to the fair value of unlisted investments.
- Facilitated the Board's approval of the Annual Report and Annual Financial Statements for the 2019/20 reporting period.
- Recommended to the Board the approval of the GPAA budget.
- Recommended to the Board the approval of the GEPF's revised strategic objectives.
- Recommended to the Board the approval of the GEPF's budget and business plan for 2021/22.
- Facilitated the appointment of various service providers in line with the GEPF's Supply Chain Management Policy. The following service providers were appointed:
 - Master Custodian
 - ICT Service Providers
 - Internal Auditors
- Successfully reviewed and submitted the following policies to the Board for approval:
 - Subsistence and Travel
 - Supply Chain Management
 - E-mail and Internet
 - Valuation of Unlisted Investments
 - Business Continuity Management
 - Cash Management



- Non-Audit Services
- Remote Access
- Reviewed the current modernisation project at the GPAA and recommended the rebase-lining of the project.
- Facilitated the approval of the Combined Assurance Framework, Combined Assurance Forum Charter and Terms of Reference.
- Developed and recommended a fraud risk register.
- Reviewed the Internal Audit Charter and Manual.

The Finance and Audit Committee is satisfied that during the period under review it fulfilled its responsibilities under its terms of reference.

Benefits and Administration Committee

The Board established the Benefits and Administration Committee and mandated it to keep under review all aspects of the Fund's administration activities, to advise and make recommendations to the Board on the Fund's benefits and to administer the Fund's affairs, including issues related to the benefit and administration policies, strategy, procedures and management, and also to recommend any changes.

Composition of committee

The committee comprises a mix of full trustees and substitute trustees who make recommendations to the Board. Members' qualifications and experience can be found on pages 22 to 33.

- Ms Kgomotso Makhupola (Chairperson)
- Mr Sibonelo Cele
- Maj Gen Dries de Wit
- Dr Vuyo Dyantyi
- Mr Kenny Govender
- Ms Jennita Kandailal
- Ms Thandi Khoza

- Dr Frans le Roux
- Mr Mugwena Maluleke
- Rear Adm Gladys Mbulaheni
- Corporal Thobile Maqhubela
- Adv Makhubalo Ndaba
- Lt Gen Lineo Ntshiea
- Dr Morgan Pillay
- Maj Gen Mulungisa Sitshongaye
- Adv Nonku Tshombe
- Mr Alan Thompson

The CEO and related personnel of the GPAA attend the committee meetings as invitees. The GPAA reports to the committee on matters in respect of a service-level agreement, benefits administration and communication matters.

Committee highlights

- Facilitated the approval of requests made by various participating employers to be registered as per the participating employer policy of the Fund.
- Facilitated the approval of a pension increase.
- Recommended the creation of a complaints-handling office, Government Employees Pension Ombud (GEPO) to the Board for approval.
- Developed and recommended a Risk Budget to the Board for approval.
- Facilitated the completion of an Interim Actuarial Valuation.
- Reviewed the Administration Agreement with the GPAA and submitted it to the Board for approval.
- Facilitated the proposed amendment to the GEP Rules to allow for the payment of pension benefits to contract members.

The Benefits and Administration Committee is satisfied that during the period under review it fulfilled its responsibilities under its terms of reference.



Governance and Legal Committee

The Board established a Governance and Legal Committee mandated to review all aspects of the Fund's governance, legal and compliance activities, and to advise and make recommendations to the Board.

Composition of the committee

The committee comprises a mix of full trustees and substitute trustees who make recommendations to the Board. Members' qualifications and experience can be found on pages 22 to 33.

- Adv Makhubalo Ndaba (Chairperson)
- Ms Lindy Bodewig
- Dr Vuyo Dyantyi
- Mr Kenny Govender
- Mr Eddie Kekana
- Mr Sidney Kgara
- Ms Thandi Khoza
- Mr Success Mataitsane
- Dr Morgan Pillay
- Ms Suveena Pillay
- Mr Khaya Sodidi
- Maj Gen Mulungisa Sitshongaye
- Mr Pierre Snyman
- Adv Nonku Tshombe

Committee highlights

- Developed and recommended an Intellectual Property Policy to the Board.
- Reviewed the GEPF's Compliance Universe.
- Oversaw the performance assessment of the Board and its committees and recommended action plans to address identified gaps to the Board.
- Monitored the legal and compliance reports submitted by PIC and GPAA.

The Governance and Legal Committee is satisfied that during the period under review it fulfilled its responsibilities under its terms of reference.

Remuneration Committee

The Board established a Remuneration Committee to keep under review all remuneration and human resources policies and practices of the Fund.

Composition of committee

The committee comprises a mix of full trustees and substitute trustees who make recommendations to the Board. Members' qualifications and experience can be found on pages 22 to 33.

- Ms Jenny Jeftha (Chairperson)
- Col Johan Coetzer
- Ms Jennita Kandailal
- Ms Mantuka Maisela
- Dr Lese Matlhape (The member passed away in January 2021)

Committee highlights

- Facilitated the approval of short-term incentive performance bonuses for Fund employees and annual performance-related salary increases.
- Reviewed organisational structures and submitted a revised structure to the Board for approval.
- Developed a structure for the independent complaints handling office, GEPO and submitted it to the Board for approval.
- Reviewed the Trustee Remuneration Policy and submitted it to the Board.
- Facilitated the approval of an Actuarial Study Policy.

The Remuneration Committee is satisfied that during the period under review it fulfilled its responsibilities under its terms of reference.

Valuations Subcommittee

The Board established the Valuations Subcommittee to advise the Finance and Audit Committee on the relatively complex matter of the valuation of the unlisted investments of the Fund.



Composition of subcommittee

The subcommittee comprises a mix of full trustees and substitute trustees who make recommendations to the Board. Members' qualifications and experience can be found on pages 22 to 33.

- Mr Richard Morris (Chairperson)
- Ms Lindy Bodewig
- Mr Terrence Chauke
- Mr Themba Gamedze
- Ms Suveena Pillay

Subcommittee highlights

- Facilitated the approval of adjustments to fair value and impairments and reversals of impairments of unlisted investments.
- Review of mid-year internal valuations prepared by PIC.

The Valuations Subcommittee is satisfied that during the period under review it fulfilled its responsibilities under its terms of reference.

Social and Ethics Subcommittee

The Board established the Social and Ethics Subcommittee to keep under review all aspects of the Fund's governance, social and ethics activities, and to advise the Governance and Legal Committee and make recommendations to it.

Composition of the subcommittee

The subcommittee comprises a mix of full trustees and substitute trustees who make recommendations to the Board. Members' qualifications and experience can be found on pages 22 to 33.

- Mr Eddie Kekana (Chairperson)
- Ms Mantuka Maisela
- Mr Terrence Chauke
- Mr Success Mataitsane
- Rear Adm Gladys Mbulaheni

Committee highlights

- Various quarterly reports on material, social and ethical matters were considered and reported on. Matters that affected the GEPF, PIC and GPAA where a mutual interest existed were considered and discussed.
- Organisational ethics were also considered. No concerns about ethics were reported by GEPF staff in either an "ethics box" or through any other reporting mechanisms.



The Office of the Principal Executive Officer

The Office of the Principal Executive Officer comprises of the Principal Executive Officer (PEO) and an executive management team. It supports the Board, ensuring that the GEPF acts in the best interests of its members, pensioners and beneficiaries. The Office is also responsible for the day-to-day operations of the Fund.

Management structure

The Executive Committee is responsible for ensuring that matters are tabled, through committees, to the Board for approval and report-back. The Executive Committee drives the Board's strategy and ensures that all divisions are adept at meeting the strategic targets set by the Board.

For the reporting period the GEPF's Executive Committee consisted of:

- Principal Executive Officer
- Head: Investments and Actuarial
- Head: Stakeholder Management and Communications
- Head: Corporate Services
- Company Secretary

The Board's delegation to the PEO enables the functioning of the Fund office and expenditure is managed in line with delegation authority framework. Various bid committees administer procurement functions and the Bid Adjudication Committee deliberates on all tenders above R500 000 to ensure compliance with policy. The PEO, the Finance and Audit Committee and the Board of Trustees grant approval for procurement in line with the thresholds in the procurement policy.

Executive management during the reporting period



Mr Musa Mabesa

Principal Executive Officer

- MSc – University of London
- ACCA
- BCompt – Unisa
- Leadership – University of Stellenbosch Business School
- Member of the IoDSA



Ms Adri van Niekerk

Company Secretary

- BAdmin (Hons) Public Management – University of Pretoria
- BAdmin Public Management – University of Pretoria
- Fellow of the IoDSA
- Member of the International Corporate Governance Network (ICGN)





Mr Babs Naidoo

Head: Stakeholder Management and Communications

- BA – University of Durban-Westville
- BA (Hons) – University of Durban-Westville
- Member of the IoDSA
- Member of the International Association of Business Communicators (IABC)
- Chartered Public Relations Practitioner with the Public Relations Institute of South Africa (PRISA)



Ms Anele Mntonga CA(SA)

Acting Head: Corporate Services

- Chartered Accountant (South Africa)
- Postgraduate Diploma in Theory of Accounting Sciences – University of South Africa
- BCom Accounting – University of Johannesburg
- Member of the IoDSA



Ms Fikile Mbhokota

Acting Head: Investment and Actuarial

- MCom Finance – University of Pretoria
- BCom Financial Accounting (Hons) – University of Pretoria
- Institute for Limited Partners Association Private Equity Executive Programme
- Member of the IoDSA



The Principal Executive Officer

The Principal Executive Officer (PEO) assists the Board in meeting its fiduciary and oversight obligations in line with the GEP Law, and other laws and regulations. The PEO also represents the Board at different strategic and operational forums, and has overall responsibility for financial reporting and disclosure, consolidating and amending Fund Rules, and valuating assets and liabilities.

The PEO implements all Board decisions, gives effect to the Board's strategy, and is supported in this role by executive managers.

Head of Investments and Actuarial

The Head of Investments and Actuarial monitors and manages the assets and liabilities of the GEPF and is responsible for ensuring that regular actuarial valuations are duly conducted by the Fund's actuary; ensuring that asset liability modelling is undertaken to ensure that the investment strategy can be aligned to meet the profile of the Fund's liabilities; advising the Board on the investment strategy and its execution; and overseeing the implementation of the Responsible Investment Policy and Developmental Investment Policy.

The Company Secretary

The Company Secretary ensures that the Board practises good governance at all times; provides guidance to the Board on the duties of trustees; ensures that trustees are adequately inducted and trained; and provides an executive secretariat function to the Board and its committees.

Head of Corporate Services

The Head of Corporate Services manages and oversees internal operations and corporate services within the organisation. This includes

the management of legal and compliance, finance, human resources, information and communication technology and facilities management.

Head of Stakeholder Management and Communications

The Head of Stakeholder Management and Communications is responsible for managing and overseeing a comprehensive stakeholder management strategy, as well as a communication and education strategy.

Revised executive structure

During the reporting period the GEPF reviewed its management structure to align it with local and international best practice as well as the strategic direction of the Fund.

The GEPF's Executive Committee currently consists of:

- Principal Executive Officer
- Head: Benefits and Actuarial
- Head: Investments
- Head: Stakeholder and Communications
- Head: Finance
- Head: Corporate Services
- Company Secretary

The position of Head: Investments and Actuarial was split into two separate positions, namely Head: Investments and Head: Benefits and Actuarial. The Head: Corporate Services position was split into the Head: Finance and Head: Corporate Services positions. The positions for Head: Investments and Head: Benefits and Actuarial were filled after the reporting period.



Key corporate matters

Employment equity

Promoting fairness and equal opportunity

The GEPF is committed to comply with the requirements of the Employment Equity Act (55 of 1998) by taking appropriate steps to promote equal opportunity and fair treatment in all employment practices. This is achieved by eliminating unfair discrimination and implementing affirmative measures to redress the disadvantages in employment experienced by designated groups.

The GEPF is fully committed to:

- Transforming the demographic profile of the GEPF workforce to reflect the local and national demographic profile while embracing diversity in the workplace in respect of race, gender and culture.
- Developing action plans to accelerate the advancement of employees from designated groups.
- Removing all identified barriers to equity for designated groups.
- Ensuring fair, non-discriminatory practices that respect the rights and dignity of all GEPF employees regardless of race, gender and disability.

The GEPF entrusts its Employment Equity Forum with developing and facilitating its employment equity plan, within a strategically integrated framework, enabling members to engage meaningfully in all key aspects of the development, monitoring, evaluation and reporting process.

Remuneration

Building a high-performance and values-driven organisation

The remuneration framework of the GEPF is governed by a Total Rewards Strategy, an overarching document that includes a remuneration policy and a performance-management policy. The Total Rewards Strategy and related policies meaningfully integrate with the human resources strategy of the organisation to contribute to improved organisational performance and employee engagement. The Total Rewards Strategy is reviewed to ensure that it is aligned at all times to the strategic direction and value drivers of the GEPF. At the same time, it acknowledges our focus on building a high-performance and values-driven organisation. During the financial year 2020/21, the GEPF initiated a robust process of revitalising its performance management process, enabling the organisation to streamline its strategic goals and ensure that performance against targets is appropriately measured and achieved.

The GEPF is committed to paying, as far as possible, market-related pay and benefits. For the GEPF to apply the correct market pricing levels for each position, it subscribes to and participates in two reputable South African remuneration surveys. The results of these surveys are used to find an equitable benchmark for GEPF remuneration.

During the financial year 2020/21, the GEPF benchmarked all the roles in the structure in line with policy requirements and to ensure that its remuneration levels remain competitive. The GEPF subscribes to the total-cost-to-company remuneration structure, which consists of total guaranteed pay inclusive of employee benefits and variable pay.



We continuously attempt to improve on our employee value proposition to ensure that we attract new talent and motivate and retain existing employees. This is no simple task, since we compete with other industry players for skills. During the period under review, the fixed-term contract of the Principal Executive Officer ended in the second quarter of the financial year. Within a reasonable period, the GEPF filled the role with an internal candidate who previously held the position of Head: Corporate Services. The headcount during the period of reporting has increased to 48 employees, including five interns.

Short-term incentive scheme

The short-term incentive scheme annually rewards all qualifying employees whose performance is above average.

Long-term incentive scheme

The long-term incentive scheme depends on the attainment of organisational long-term performance measures. The scheme allocates monetary awards over a three-year period and pays out when performance requirements have been met and exceeded. The scheme was introduced in the 2018/19 financial year.

Training and development

In the period under review, the GEPF has been focusing on implementing a training plan developed after an organisation-wide skills audit that analysed the skills inventory of the organisation, identified skills gaps and assisted in the development of competency profiles.

Covid-19

Leveraging technology during the pandemic

In first quarter of 2020, Covid-19 developed rapidly and the World Health Organisation declared a global pandemic, forcing the SA Government to impose lockdowns. The

unprecedented times brought about by Covid-19 have disrupted lives and livelihoods, changing the way people live across the country.

For the GEPF, the focus immediately had to be placed on ensuring the health and well-being of all employees and on minimising disruption of services to our stakeholders. Our teams reacted with speed and efficiency and quickly leveraged technology to shift the workforce to an entirely new remote working model. Proactive preparations were made in our work locations during this transition to ensure our offices were safe. Employees were rapidly enabled to work remotely, ensuring that strategic imperatives and goals were not materially compromised.

The organisation has engaged employees and launched several initiatives on Covid-19 awareness and the new remote way of working, with a focus on the health and wellness of employees. We have extended support to the employees affected by this pandemic, including those who tested positive for Covid-19. The organisation implemented a phased and safe return-to-work plan as and when lockdown restrictions were relaxed.

Information technology

In 2020, the GEPF has placed a focus on information technology (IT) and data by leveraging technology and digital transformation to improve efficiency and provide high-quality services to our clients by developing unified systems.

The GEPF continues to monitor service providers' IT initiatives closely to ensure that projects and initiatives are implemented in time to ensure efficient member and Fund administration and investment.

The GEPF has implemented IT governance that ensures that goals are met and risks are mitigated so that IT delivers value to sustain and grow the



organisation.

Business continuity and disaster-recovery plans in place were invoked to ensure continued operations during the Covid-19 pandemic and various lockdown levels. Since the pandemic started, the GEPF has been operating with 30% to 80% of staff at work and the rest working remotely from home. The GEPF maintains business continuity during various lockdown levels.

Service delivery improvements

During remote working, the GEPF enabled users to access all systems to maintain productivity and ensure that benefits are processed and paid during all levels of lockdown.

The GEPF launched a Self Service system, accessible by smartphone and through the website, in February 2021. This integrated solution allows GEPF members, pensioners and beneficiaries to access their pension information. They are also able to update personal beneficiary information. The GEPF will roll out additional functionalities in subsequent phases.

Automated life verification with Home Affairs and National Treasury SafetyWeb interfaces was integrated with the Pension Case Management solution. The interfaces allow for the verification of bank details to ensure that benefits are paid to verified accounts. Upfront validation of personal details and bank information ensures better-quality data and reduces rejections due to incorrect information.

The digital communication project was enhanced during the financial year. Most member and pensioner documents produced by the GEPF are now distributed digitally by email and are available on the Self Service portal.

Modernisation

The GEPF continued with in-flight system and

process modernisation projects in the financial year. The digital communications project ensured secure access to systems and the further digitisation of documents and their digital distribution.

The GEPF started revalidating administration business processes to improve service delivery and confirm functionality. The confirmed processes will ensure the implementation of optimal solutions for the administration of benefits.

Financial controls

The Finance and Audit Committee holds management and key service providers accountable for effective internal financial controls. Internal Audit conducts reviews of the controls as part of a continuing project to improve oversight.

The GEPF's business plan and budget is prepared annually and approved by the Board. Regular reviews and monitoring of capital and operational expenditure, as well as cash-flow projections, take place throughout the financial year to ensure sound financial control.

To assess the effectiveness of the internal financial controls in future, there is continuous engagements with the management team as well as the independent external auditors and Internal Audit.

Finance monitoring and oversight

Two investment accountants were appointed in the current financial year to ensure the enhancement of investment monitoring.



The GEPF Executive Committee has delegated to the Finance Liaison Committee its responsibilities and roles in respect of the Investment Mandate adopted by the GEPF and accounting thereof.

The objective of the Finance Liaison Committees is to:

- Facilitate an effective working relationship between the GEPF, GPAA and PIC.
- Assist the GEPF, GPAA and PIC with the implementation of the GEPF reporting requirements as required by the GEPF Board, the mandate between GEPF and PIC, and the service-level agreements between the GEPF and third-party service providers.
- To facilitate smooth audit processes and ease the flow of information and communication between the GEPF, GPAA, PIC and third-party service providers.

Supply chain management

To ensure that the Fund's supply chain management is of the best standard, an updated SCM Policy was implemented in the current financial year. The policy was approved by the Board and is aimed at ensuring that GEPF employees and suppliers are guided by it in the procurement of all goods and services.

Internal Audit

In line with the requirements of the King IV Report on Corporate Governance, the GEPF's Internal Audit unit, through the Finance and Audit Committee, continues to provide objective and relevant assurance to management and the Board, contributing to the effectiveness of governance, risk management and control processes.

To promote the independence of the Internal Audit unit, the Internal Audit Manager (responsible for the internal audit function of the Fund) reports functionally to the Finance and Audit Committee and administratively to

the Principal Executive Officer. During the year under review, Internal Audit discharged its responsibilities in line with the Internal Audit Charter approved by the Finance and Audit Committee.

The Finance and Audit Committee approved the risk-based internal audit coverage plan for the 2020/21 financial year. Internal audit reports were presented to the Finance and Audit Committee in line with the plan. These reports highlighted process control weaknesses for corrective action and improvement, providing assurance on the effectiveness and adequacy of the control environment.

Internal Audit follows a risk-based approach to ensure that high-ranking risks approved by the Board are prioritised and subjected to auditing to ensure that effective internal controls are in place.

The following audits were conducted in line with the approved 2020/21 Internal Audit Coverage Plan:

- Cyber-security review
- Follow-up in External Audit Management Letter
- Business Continuity and Disaster Recovery Planning Review
- Investment, Actuarial and Environmental, Social and Governance (ESG) Review.

During the year, Internal Audit performed a number of observations of the tender process (i.e. observation of specification and evaluation processes):

- Specification and Evaluation Committee for the Enterprise Resource Planning (ERP) system tender.
- Specification and Evaluation Committee for the Master Custody Services tender.
- Specification and Evaluation Committee for the catering services tender.
- Specification and Evaluation Committee for the Independent Valuator tender.
- Specification and Evaluation Committee for



the ICT Panel tender.

- Specification and Evaluation Committee for the multifunctional printers tender.
- Evaluation Committee for the Media Monitoring and Analysis tender.

Other consulting reviews included:

- Board meeting attendance and remuneration review
- Verification of performance bonuses

The GPAA Internal Audit division shares their internal audit coverage plan with the GEPF Internal Audit division so as to ensure that the GEPF risks being managed by GPAA have been adequately covered. The GPAA internal audit reports are tabled at the GEPF/GPAA quarterly Exco to Exco and Finance and Audit Committee meetings. GEPF Internal Audit is also invited at the GPAA Internal Audit annual strategic internal audit sessions.

The Fund implemented an independent quality assessment of the Internal Audit function.

The Fund received a “generally conformed rating” assessment, which indicated that the Fund complies with the General Internal Audit processes.

Based on the work performed, Internal Audit did not identify any significant control deficiencies that would raise concern about the effectiveness of the GEPF’s governance, risk management and control processes. Management continues to implement corrective actions to improve the control environment.

Legal compliance

The Legal and Compliance Unit, together with the Communications Unit, finalised the GEPF’s intellectual property rights as per the following intellectual property laws:

- Copyright Act, 1978
- Counterfeit Goods Act, 1997
- Patents Act, 1978

- Trade Marks Act, 1993
- Merchandise Marks Act, 1941

After the legal framework had been ascertained, compliance risk management plans were developed and all compliance obligations were identified. The GEPF established that the Trade Marks Act represented an immediate compliance risk because the GEPF’s name, logo and slogan were not registered with the Trade Marks Register. The GEPF immediately began the process of registering the GEPF brand logo and obtained a Certificate of Registration in terms of section 29(2) of the Trade Marks Act.

As a result of Supreme Court of Appeal judgement in *Public Servants Association of South Africa and Others v Government Employees Pension Fund and Others* (Case no. 886/2019) [2020] ZASCA 126 on 9 October 2020, the GEPF is currently in consultation with all employee organisations as defined in the Rules of the GEPF regarding the 2015 actuarial interest factors.

The GEPF further reviewed its Administration Agreement that it had entered into with its administrator, the GPAA, on 1 April 2010. The Administration Agreement serves as a founding document that establishes the relationship between the GEPF and GPAA. The Administration Agreement recognised that certain transitional provisions were necessary to ensure the effective delivery of administration services.

The Board approved the proposed amendment to the GEP Law and the Rules of the GEPF to address a need expressed by both employees and the employer to introduce a pension-backed home loan. The GEPF is in consultation with all the relevant stakeholders on the implementation of the change to the law.

There were no material instances of non-compliance by employees and the trustees during this reporting period.

A large, stylized number '5.' is centered within a hexagonal maze graphic. The maze consists of multiple concentric, slightly offset hexagonal paths that create a complex, winding pattern. The number '5.' is white and stands out against the dark blue background of the central hexagon.

5.

Investment report

Investment Policy Statement	76
Investment policies	77
Investment decision-making process	78
Economic and market overview	81
The investment markets	84
Investment management fees	86
Portfolio performance	89
Environmental, social and governance reporting	89

The Fund ended the financial year on a positive note due to strong performance which enabled it to reach a significant milestone of R2 trillion for the first time in Q1 2021.

Investment Policy Statement

A more robust Investment Policy Statement

During the course of the year, the GEPF approved its updated Investment Policy Statement during the financial year. The updated statement aligns with the key policies, investment beliefs and principles of the Fund. The alignment provides a clear understanding between the Board of Trustees, Investment Committee, Investment Managers and other stakeholders concerning the key investment objectives of the Fund. The alignment also provides a clear framework within which the Fund's management, Investment Committee and Board of Trustees can arrive at investment decisions.

The GEPF believes that the updated Investment Policy Statement is robust, well-researched, aligned with international best practice and applicable legislation and regulations including the GEP Law.

The following key sections were added to the Investment Policy Statement:

- **Governance of the investments in the Fund including the duties and responsibilities of various role-players within the Fund:** includes a description of all relevant stakeholders and their responsibilities as they pertain to investments.
- **Investment beliefs:** the Fund has integrated its investment beliefs into the Investment Policy Statement to better reflect the Fund's investment philosophy and approach.
- **Determining the investment strategy:** describes the investment strategy process of following a liability-driven investment (LDI) approach and using Asset Liability Modelling (ALM) as the tool for executing the LDI approach.

- **Implementation of the investment strategy, including risk budgeting:** articulates implementation of the Fund's investment strategy, using the Fund's Strategic Asset Allocation, and introduces the concept of risk budgeting and process.
- **Investment Risk Management:** introduces a more robust framework for the identification, monitoring and mitigation of investment risk and explains how this falls within the broader Enterprise Risk Management function at the Fund.
- **Responsible Investment Practices:** better integrates the Responsible Investment policies and practices.

Investment policies

A strong focus on governance

A focus on governance within the Fund is a crucial basis for strong investment performance.

All investment decisions made by the GEPF are subject to various policies and frameworks, which are based on international best practice and are aligned to applicable legislation and regulations, including the GEP Law. The GEPF has the following mandates and policies to govern its investment management function:

- Investment Policy Statement
- Investment Management Agreement and applicable annexures
- Investment Performance Reporting Policy Statement
- Valuation Policy for Unlisted Investments
- Framework for Developmental Investments
- Responsible Investing Policy Statement
- ESG Integration Policy Statement
- Developmental Investment Policy Statement
- Risk Budgeting Framework



- Proxy Voting Guidelines and Corporate Governance Principles
- Derivatives Policy.

Key actuarial and benefits administration policies of the Fund:

- Funding Level Policy
- Pension Increase Policy

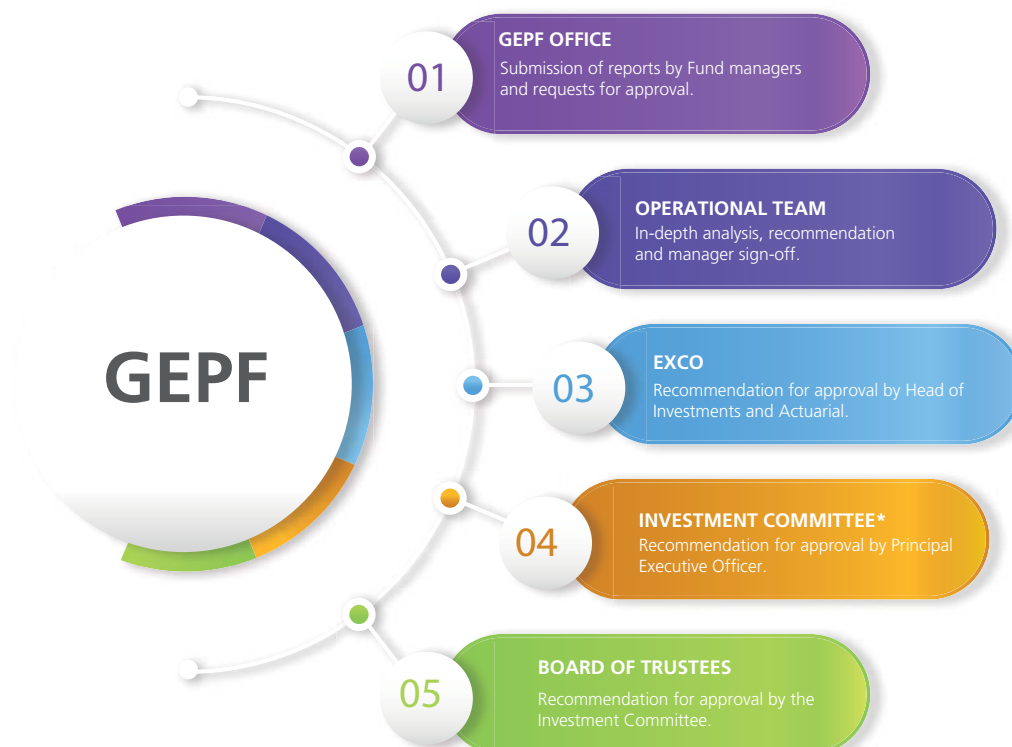
- Additional Financial Obligation Policy
- Benefit Distribution Policy
- Death Benefits Distribution Policy Guidelines
- Gratuity Distribution Policy
- Interest Rate Policy
- Tracing Policy
- Transfer Policy
- Unclaimed Benefits Policy.

Investment decision-making process

A well-governed investment process

The GEPF's investment function is implemented by the operational team at the GEPF, supported by management. The GEPF team supports the Investment Committee, Advisory Committee, Valuation Committee and Board of Trustees in performing a fiduciary role which includes a robust monitoring and oversight of the

investment function and implementation of the Fund's investment policy and strategy. The GEPF has a thorough investment decision-making process to govern the investments of the Fund. Our process is subject to robust policies and frameworks based on international best practice and aligned to applicable legislation and regulations including the GEP Law. A summary of our process is outlined in the diagram below:



*Investment process may include input from the Advisory Committee and Valuation Committee, a subcommittee of the Financial and Audit Committee.



In addition to the investment process at the GEPF, the PIC, which manages about 82% of the GEPF’s assets and is considered the principal asset manager of the Fund, applies its own investment process to transactions before they are submitted to the GEPF for approval. Transactions which are considered by the GEPF include unlisted investment transactions above the combined limit of R2 billion.

The PIC’s investment process

The PIC’s investment process is applied to all the transactions below the R2 billion limit or within mandate guidelines. The Delegation of Authority (DoA) Framework at the PIC delegates responsibilities for the consideration and approval of all the different transaction sizes to various role players across the PIC. The DoA also outlines the powers of the Board, its committees and those of the Executive.

The diagram below illustrates the committees involved in the investment process.

Under the DoA, the Portfolio Management Committee Unlisted Investments (PMC UI), a subcommittee of the Investment Committee, can approve unlisted investments within certain limits. The Social, Ethics and Transformation Committee is involved in the approval process.

For each transaction, the following investment decision-making process is applied:

- PMC Unlisted Investments assesses the merits of a potential investment and grants permission for the deal team to proceed to due-diligence stage where appropriate.
- After due diligence is complete, the deal team returns to a second PMC UI meeting to seek approval or a recommendation for approval in line with the DoA.
- If the transaction size exceeds R2 billion, it is also subject to GEPF approval.
- After approval by the PMC UI, the transaction is submitted to the Investment Committee for further approval in accordance with the DoA.



Economic and market overview

Fluctuating markets in the global economy

The International Monetary Fund reported an estimated 3.3% decline in global output for 2020. This was due to the impact of the Covid-19 pandemic on the world economy, which resulted in lockdowns and other restrictions imposed by governments across the world. Increased unemployment, falling commodity prices (particularly oil) and declining world trade volumes were all indicators of a declining economy.

The developed markets led the slump, with European countries severely affected by the pandemic, such as Spain, France, the United Kingdom and Italy, being the hardest hit. Notably, China's economy grew by 2.3% amid the pandemic, outperforming emerging markets, which declined 2.2%.

South Africa's output fell by 7% in 2020, the largest decline in decades. The domestic economy underperformed most emerging markets except for a few countries such as India (-8.0%) and Mexico (-8.2%). The pandemic was a catalyst for further decline in the local economy, which already has structural challenges impeding growth. Statistics SA reported a decline of 51.7% quarter-on-quarter in Q2 2020, on the back of lockdown restrictions imposed by the government. However, GDP numbers improved in the third and fourth quarters with the easing of restrictions.

The world output was projected to grow at 6% in 2021, while the domestic economy is expected to grow at 3.1%. The expected recovery in the economy had a positive effect in the markets as reflected by positive returns in the equity markets in the first quarter of 2021.

	2020	2021 (projected)
World output	-3.3%	6.0%
Developed markets	-4.7%	5.1%
Emerging markets	-2.2%	6.7%
South Africa	-7.0%	3.1%

Sources: IMF, SARB

Low inflation and interest rates environment

In line with the slump in the economy, inflation remained low throughout 2020 and averaged 3.3%. The Consumer Price Index (CPI) fell sharply in the first quarter, reaching a low of 2.1% year-on-year in May 2020, below the lower target limit of 3%. Inflation picked up slightly in the second half of the year but remained low on average.

The CPI closed at 3.2% as at 31 March 2021, still significantly below the upper limit of 6%.

The South African Reserve Bank cut interest rates by a total of 300 basis points in 2020 in response to the pandemic, with the last cut of 25 basis points in July. The Bank has kept the repo rate unchanged since then, at 3.5% as at 31 March 2021.



CPI (year-on-year) vs repo rate



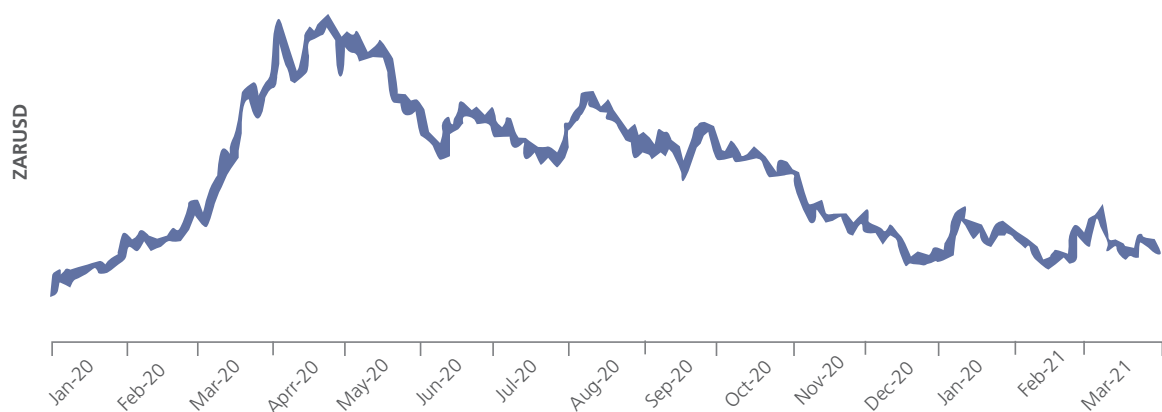
Sources: GEPF, StatsSA, SARB (31 March 2021)

Exchange rates

The domestic currency depreciated significantly against the dollar during the first quarter of 2020, reaching a low of R17.91 per dollar, on the back of poor economic fundamentals, the pandemic and the ratings downgrade. However, the rand rebounded in the second half of the year, boosted

by improving economic conditions, the easing of lockdown restrictions and investment inflows back into emerging markets. The rand closed at R14.77 against the dollar as at 31 March 2021, an appreciation of 20.9% over the year.

ZAR VS USD



Sources: GEPF, Iress (31 March 2021)



Recovery in the global equity investment market

Following a sharp decline in equity markets during Q1 2020, due to a massive market sell-off sparked by the pandemic, the equity market started recovering as early as Q2 2020. The rally in the equity market continued to the end of the

year as investor sentiment improved on the back of vaccine developments and easing of lockdown restrictions, stimulus packages, the US election, and many other factors. Emerging markets have outperformed the developed markets in US dollar terms for the one-year period ending 31 March 2021.

	Quarterly %	Yearly %
MSCI World Investable Market Index (IMI)	5.6%	57.8%
MSCI Emerging Markets IMI	2.9%	61.4%

Domestic equity markets

Domestic equity markets emulated the trend in emerging and global markets, as the All Share

Index reached record highs in Q1 2021. The All Share Index and the Shareholder Weighted Index (SWIX) returned 53.9% and 51.5% respectively for the year ending 31 March 2021.

Equity market



Sources: GEPP, Iress (31 March 2021)

The table below shows the quarterly and annual returns of major asset classes as at 31 March 2021. Despite high volatility, most domestic asset classes reflected a general rally in the markets in line with improved sentiment and a better economic outlook.

The listed property market, which was severely affected by the lockdown and registered an annual return of -47.9% on 31 March 2020, improved significantly to record an annual return of 34.4% as at 31 March 2021.

	Quarterly	Yearly
All Share Index	13.1%	53.9%
All Bond Index	-1.7%	16.9%
Listed Property Index	6.4%	34.4%
Cash	0.9%	4.6%



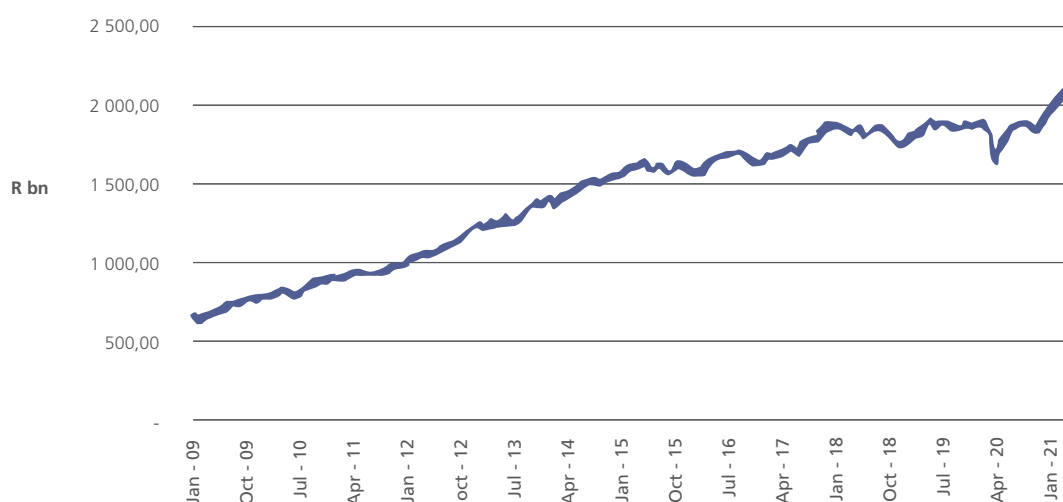
The investment markets

The year ends on a positive note

The strong recovery in the investment markets, particularly equities and bonds, enabled a recovery of the GEPF portfolio. The Fund reached the significant milestone of R2 trillion for the

first time in Q1 2021. The rally in the markets increased the Fund's market value significantly to R2.09 trillion as at March 2021, a 27.5% increase compared to the market value reported at the end of the previous financial year.

Market value since 2009



In line with the recovery in the markets, the GEPF equity and bond portfolios returned 48.49% and 15.83% respectively. The yearly returns for international portfolios were very high in US dollar terms, however the strong currency

moderated these returns to 28.5% for equities and -5.11% for bonds in rand terms. Listed property and local cash portfolios returned 6.1% and 4.8% respectively.

	GEPF composite	Composite benchmark
3 months	7.34%	7.30%
12 months	29.29%	34.77%
3 years	6.57%	6.79%
5 years	6.54%	7.04%
10 years	9.62%	10.04%

Overall, the Fund composite returned 29.29% for the year ending 31 March 2021, a significant improvement from a decline of 9.8% reported at the end of the previous financial year. The long-

term returns also improved, reflecting a recovery in the short-term returns due to the recovery in the markets. The 5-year and 10-year composite returns were 6.54% and 9.62% respectively.



Investment management fees

Fees on listed assets

Total management fees levied from the listed portfolio for the period 2020/21 amounted to R682.08 million, which is 0.73% higher than last year's fee of R677.15 million due to an increase in the Fund's market value by 27.5% from R1.64 trillion last year. The biggest portion of the fee comes from local equities, which forms about 50% of the Fund.

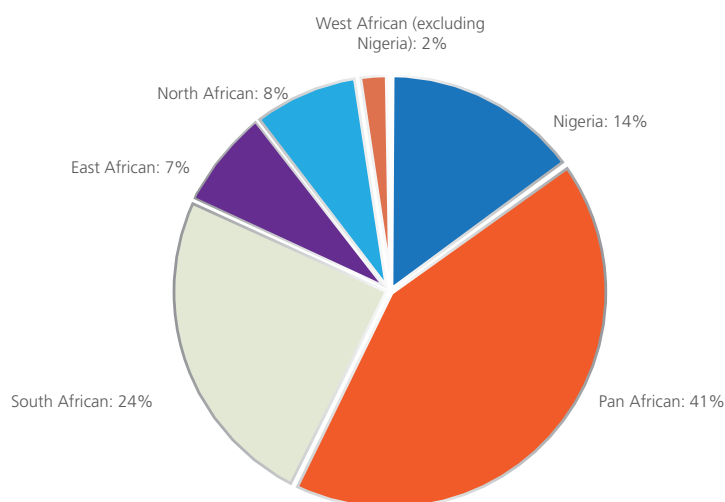
Direct investments in private equity funds

The GEPF manages an internal portfolio that is earmarked for allocation to private equity funds

that invest in the African continent. The chart below depicts the geographical exposure of the portfolio through the investments made by the private equity managers in the African continent.

The private equity managers pursue direct investments in diversified sectors including energy, financial services, technology, telecommunication, and transport. During 2020, the Board approved an allocation of \$40 million to African Development Partners III (ADP III), the third fund managed by Development Partners International (DPI), after a comprehensive due diligence process.

Diversification by geography



Private Equity Firm	Fund Name	Year	Allocation	% Drawn	Strategy
African Capital Alliance	CAPE IV	2015	\$20 million	64%	Capital Alliance Private Equity IV (CAPE IV) is a diversified West African private equity fund. The fund makes equity and equity-related investments in high-growth sectors such as business services, energy, fast-moving consumer goods, financial services and telecommunications in West Africa and the Gulf of Guinea.



Private Equity Firm	Fund Name	Year	Allocation	% Drawn	Strategy
Development Partners International (DPI)	ADP II	2015	\$30 million	87.3%	African Development Partners II (ADP II) is a diversified private equity fund. Its objective is to build a diversified pan-African portfolio of private equity investments in established and growing companies with emphasis on those benefiting from Africa's growing middle class.
	ADP III	2020	\$40 million	18.4%	African Development Partners III (ADP III) is a sector-agnostic fund managed by DPI. The DPI investment strategy has been consistent across all the three funds raised. The fund aims to invest in large, profitable and cash-flow-positive African companies that benefit from the growth in Africa's middle class.
Harith General Partners	PAIDF I	2007	\$250 million	100%	The objective of the Pan African Infrastructure Development Fund I (PAIDF I) is to invest in private equity interests in infrastructure development projects in sectors such as power and energy, telecommunication, transport, water and sanitation in Africa.
	PAIDFII	2016	\$350 million	93.6%	Pan African Infrastructure Development Fund II (PAIDF II) was set up as a follow-up to PAIDF I. The objective of the fund is to invest in private equity interests in infrastructure development projects in Africa.
South Suez Capital	SSAF II	2014	\$25 million	82%	South Suez Africa Fund II (SSAF II) is a generalist pan-African fund of funds. SSAF II invests through fund managers and supplements this exposure with a pool of co-investments and secondary opportunities.
Verod Capital Partners	VCGF II	2015	\$10 million	100%	Verod Capital Growth Fund II (VCGF II) invests in equities and equity-linked securities in Nigerian and Ghanaian growth-stage companies that require growth capital.
Total			\$725 million		



Portfolio performance

Covid-19 impact on GEPF portfolio

The outbreak of Covid-19 and its impact on the global economy have placed unprecedented pressures on the portfolio companies as they contend with challenges such as constrained operations, lower demand, reduced liquidity and supply-chain issues. The negative impact of the pandemic on the GEPF portfolio has been largely curtailed due to the portfolio being mainly composed of investments in defensive sectors such as energy and ICT. Given the evolving nature of the pandemic and its impact on economic activity, the portfolio continues to be closely monitored, with regular updates from the fund managers.

Environmental, social and governance reporting

The Fund reports to its stakeholders in an open and transparent manner, and its Responsible Investment Policy is made public. The Fund monitors the progress of its ESG-related activities in the following ways:

- Quarterly reporting on ESG matters related to listed and unlisted investments.
- Setting standards and requirements on ESG criteria and reporting for its asset managers.
- Reviewing quarterly proxy voting records from its asset managers.
- Specialist research and monitoring of responsible-investment controversies and ESG ratings.
- Liaison committee meetings aimed at improving the oversight of ESG-related matters.

Our approach to responsible investing

The Fund has reviewed its investment mandate and policy and created deeper integration of

material ESG factors into its responsible investing strategy. The intention is to make investments that provide returns that are both financial and non-financial and contribute to better social and environmental outcomes. The aims of ESG integration are to reduce risk of investments and consider new opportunities.

The Fund's approach to developmental or impact investing is to invest for a return that also provides positive outcomes by creating jobs, addressing high levels of inequality and transformation imperatives, providing energy security, mitigating and adapting to the impacts of climate change and providing access to quality education and healthcare. This approach is part of the GEPF's long-term thinking on responsible investment and forms part of our strategy and investment beliefs.

The Fund addresses these challenges by:

- Investing to optimise the risk-adjusted financial returns.
- Integrating ESG issues across all asset classes through developmental investing to yield a social return.
- Engaging investees through proxy voting, thematic engagement, and industry collaboration.
- Contributing to the integrity of financial markets in South Africa and strengthening the African diaspora.

The Fund has started a review of policies, procedures and practices for the responsible investment strategy and aims to incorporate the most recent best-practice approaches into its strategy.

GEPF achieves its first A rating

The PRI requires its signatories to complete a mandatory annual assessment to ensure



implementation of ESG principles in investment. The assessment report provides independent oversight of the GEPF's implementation of ESG integration.

The following areas were assessed:

- Responsible investing in the context of the Fund's strategy and governance frameworks and policies.
- Applying ESG factors in investment risks and opportunities.
- Responsible investing goals and objectives.

- Active ownership activities.
- Manager selection and appointment, and monitoring and reporting on listed equity, fixed income, private equity and property.

The GEPF has earned A and A+ ratings across reporting modules. This is particularly significant because the reporting requirements have become more stringent year-on-year. This is also the first year that the Fund has received this rating, which is a significant improvement on past years.

Year	2016	2017	2018	2019	2020
GEPF rating	B	E	D	C	A

Leading ESG stewardship impacts local and international markets

The Fund engages and collaborates on various platforms to demonstrate its commitment to responsible investment and ensure that it abides by its investment beliefs. As a pioneer of responsible investing historically, the Fund subscribes to the principles of the Code for Responsible Investing in South Africa (CRISA) and the Principles for Responsible Investment (PRI), to which it is a founding signatory.

During the 2020 and 2021 calendar years, the Fund has engaged on the following responsible investment matters:

- The Fund has participated in the CRISA working group to collaborate with stakeholders on an update of the CRISA code. The GEPF supports the shift to an outcomes-based approach in which impact, innovation, inclusion and resilience can be realised through mindful application of the principles.
- The Fund has published a thought leadership document in contribution to the Batseta Responsible Investment and Ownership Guide project, which aims to provide guidance to pension funds on responsible investment practices.
- The Fund participated in the Global Steering

Group for Impact Investment summit. Topics covered included the impact for good of education, technology and the Fourth Industrial Revolution and the introduction of initiatives guiding global best practice in impact investment. The Fund participated in a panel on Pensions for Purpose and provided insight on the GEPF's developmental investment agenda.

- The Fund is participating in the Ceres Valuing Water Finance taskforce. The aim of the initiative is to better monitor and report on water and climate change matters through investment.
- PRI African Asset Owner quarterly updates.
- The Fund has given presentations on the following webinar panel discussion topics:
 - "Can an ESG Strategy Influence Short-Term Cost of Capital?", hosted by the environmental sustainability company GCX.
 - "The State of Sustainable Finance in South Africa's Retirement Sector: Retirement Fund Sector Innovation in Sustainable Finance", hosted by the International Finance Corporation.



Driving ESG across its investment value chain

The Fund reports to its stakeholders in an open and transparent manner, and its Responsible Investment Policy is made public. The Fund monitors the progress of its ESG-related activities in the following ways:

- Quarterly reporting on ESG matters related to listed and unlisted investments.
- Setting standards and requirements on ESG criteria and reporting for its asset managers.
- Reviewing quarterly proxy voting records from its asset managers.
- Specialist research and monitoring of responsible-investment controversies and ESG ratings.
- Liaison committee meetings aimed at improving the oversight of ESG-related matters.

Shareholder activism through proxy voting

During the 2021 financial year, the Fund exercised its responsible investing and proxy voting policy through its asset manager by voting at 207 (FY2020: 223) shareholder meetings (AGM & GM) and on a total of 3 306 (FY2020: 3 602) resolutions.

The GEPF's criteria for good ESG practices resulted in voting against resolutions which did not align to these principles. These included voting against resolutions where the independence of auditors and directors were in question and against remuneration policies not aligned to ESG best practice.

Engagement on ESG issues that matter

Taking a firm stance on ESG criteria, there were two pipeline investments not approved due to their relative developmental impacts and the alignment to strict governance criteria.

Engagement was undertaken at Kathu Solar for assurance on water quality measures implemented to maintain high levels of environmental stewardship.

The Fund responded to the allegations of human rights violations and social matters raised in the DRC with the Kuramo Fund at a portfolio company called Feronia. Key aspects of the Fund's engagement included ESG assessment of the social performance processes and procedures, the size of the worker and non-worker population living and working in and around the plantation, the size of the concession area and the dispersed nature of landholdings, and the level of dependence on the plantation for employment. While several inaccuracies were reported in the media, the engagement outcomes of the Fund's intervention included the suspension of an individual engaged in these alleged actions and the appointment of a local incumbent to manage future ESG requirements of the Fund.

Developmental investing and the UN Sustainable Development Goals

The Fund's Developmental Investment Policy communicates the GEPF's position as a responsible investor by communicating its strategy to:

- Invest in infrastructure, for its long-investment horizon and for its developmental impact.
- Invest in unlisted and illiquid investments for developmental purposes.

Measure and monitor the socioeconomic impact of its investments to play a role in addressing past inequalities through initiatives such as developing previously disadvantaged fund managers through an incubation programme, as well as investing



in agriculture, renewable energy, education, healthcare, and water.

The Fund has committed 5% of its total portfolio for developmental investment purposes, including infrastructure, transformation, sustainability, priority sectors and small and medium enterprises (SMEs).

The Fund has aligned its understanding of impact with the 17 United Nations Sustainable Development Goals, with 169 associated targets that build on the Millennium Development Goals.

Impact investment during Covid-19

The Fund aims to grow the economy and reduce poverty through job creation, skills development and promoting entrepreneurs; promoting transformation by applying B-BBEE principles

across all investments; encouraging a service-oriented approach to optimise use of public and private resources; and encouraging local private provision of services and development of local industries for infrastructure development and maintenance of facilities.

There is also recognition of supporting the development of marginalised groups and improving representation of women and people with disabilities through the Fund’s investments.

During the year, the impact of Covid-19 was felt across the local and global economy, impacting jobs and livelihoods across the investment spectrum. It is encouraging to note that the Fund increased the number of jobs facilitated through its investments by 32% from the previous year to 184 143 jobs facilitated (2020: 138 523).

Social impact	
SMEs supported	
Total number of SMEs funded	307
Number of female-owned SMEs	118
Number of black youth-owned SME funded	15
Number of black-owned SME funded	73
Number of community trusts and employee share schemes established and supported	15
Education	
Student loans	47 194
• Total number of students funded	44 459
• Total amount disbursed	R326 200 000
Number of schools supported through Education Focus Fund	18
Number of students (Basic education)	18 600
Health care	
Total number of hospitals	2
Total number of beds available in hospitals	225
Environmental	
Total number of projects funded	13
Total number of MegaWatts	2 345 MW
Enterprise Supplier Development spent	+R14 542 428.20
CSI spent	+R47 363 095.69

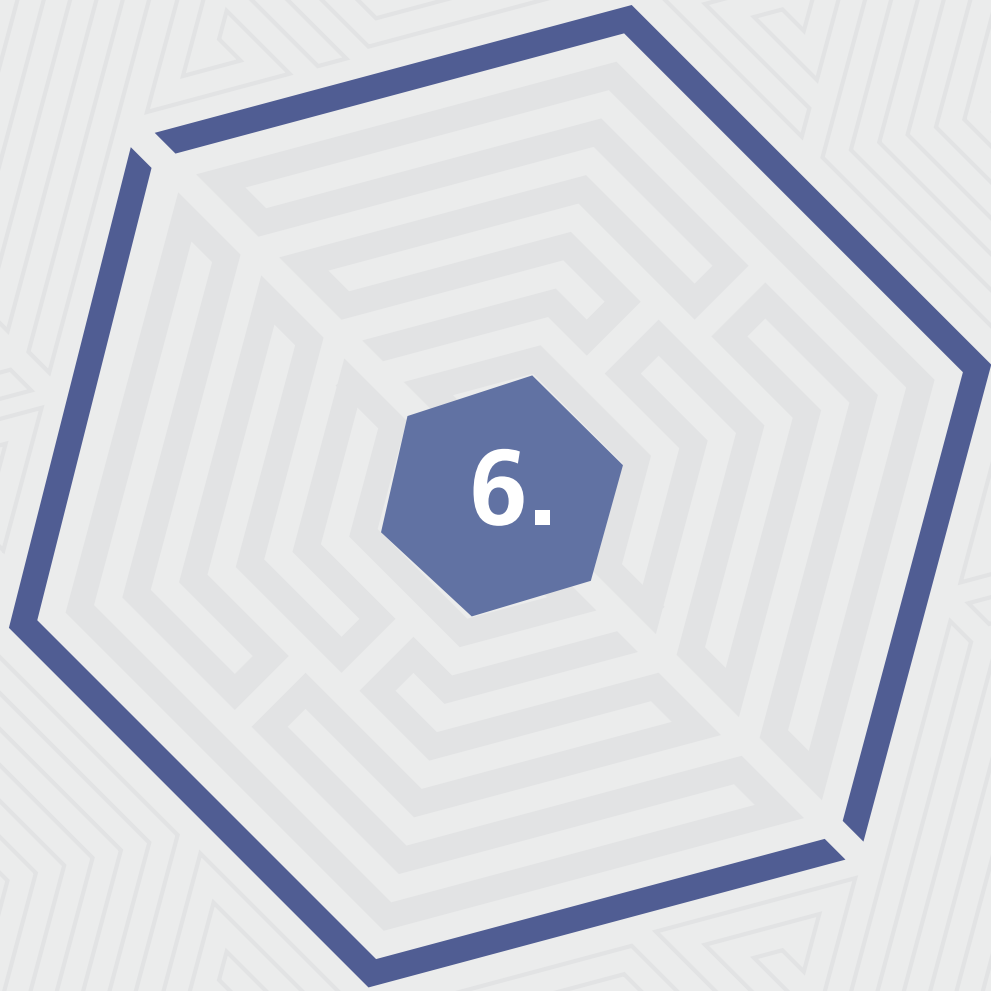


	Social impact
Housing	
Number of housing projects	658
Number of houses constructed	63 782
Properties	
Number of indirect jobs reported	24 749
Number of SMEs	2 591
Number of properties leased to black owners	2 357
Number of people trained – skills development	2 642
Agriculture	
Number of farms	31
• Processing plants	3
• Abattoirs	2
• Stock farming	3
• Crop farming	28
Numbers of emerging farmers supported	17
Number of farm workers with access to health care facilities	750
Number of farm workers with access to education (farm workers and their children)	1 542

The Fund continues to support its investments in renewable energy, education, healthcare, and SME development.

In the agricultural sector, investments were made to 31 farms including processing plants, abattoirs, stock farming and crop farming. The Fund provided support to 17 emerging farmers and through its value chain, enabled access to health care for 750 farm workers and access to education to 1 542 farm workers and children.





Membership and benefits

Service highlights

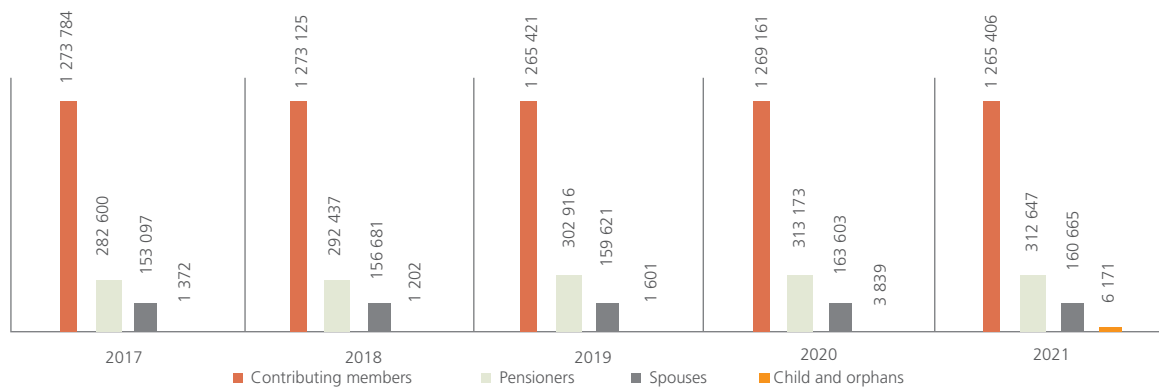
Membership

The GEPP provided benefits to 1 265 406 active members and 479 483 pensioners and beneficiaries as at 31 March 2021.

The figure below depicts the changes in membership and beneficiaries of the Fund over

the past five years. The number of members and pensioners declined in this financial year is due to the increase in the number of death and funeral claims received and paid. This might be due to the impact of Covid-19. The increase in the number of children receiving a benefit from the Fund as of the 2019/20 financial year is due to the GEP Rule change to the definition of benefits for orphans.

Membership breakdown

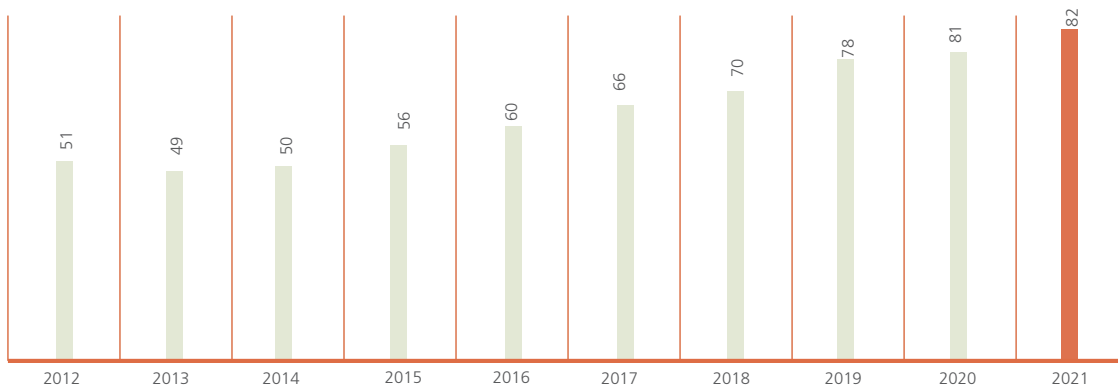


Contributions received and benefits paid

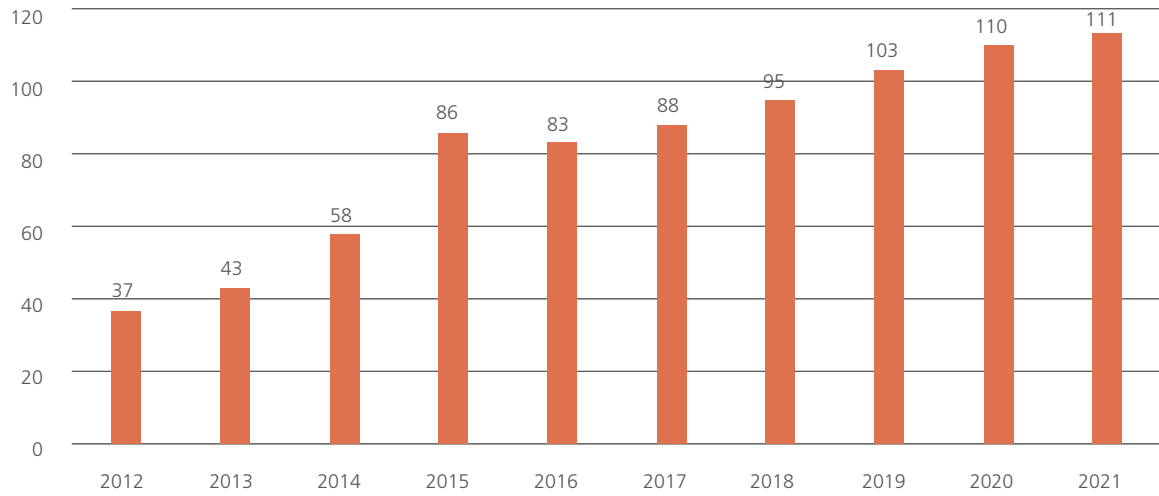
The contributions received by the Fund remained relatively constant over the financial year (R82 billion in 20/21 compared to R81 billion in

19/20 financial years. This is as a result of the government wage freeze.

Contributions received



Benefits paid



The amount of total benefits paid during the year under review increased by R1 billion. The net increase is as a result of a reduction in withdrawal benefits and an increase in gratuities and monthly pensions.

The GEPF is a defined-benefit fund. This means that the benefits defined in the Rules of the Fund are guaranteed; they do not depend on the amounts contributed by the member and employer.

The Fund provides:

- Benefits for normal, early and late retirement and ill health retirement.
- Resignation benefits.
- Benefits for members affected by retrenchment/restructuring.
- Funeral benefits.

Detailed information on the GEPF's benefits can be found on its website at www.gepf.co.za

Retirement benefits

The GPAA processed and finalised 27 960 (2020: 34 134) cases of members retiring during the period under review. The total value of gratuities paid was R19.7 billion (2020: R17.9 billion), and annuities R56.3 billion (2020: R51.2 billion).

Resignation benefits

An amount of R25.6 billion (2020: R30.2 billion) was paid in resignation benefits to 16 055 (2020: 22 678) beneficiaries during the year under review.

Death benefits

The GEPF paid an amount of R6.2 billion (2020: R6.0 billion) in death benefits to 5 888 (2020: 6 672) beneficiaries during the reporting period under review.

Child pension

The GEPF pays annuities to the orphans of members who became pensioners on or after 01 December 2002. A child's annuity is also only payable when a member, who has a service period of 10 years or more, dies in service or at retirement.

The number of orphans/children receiving a benefit from the GEPF is 6 171 (2020: 3 839). A total of 3 308 (2020: 2 866) new applications were processed, with 446 (2020: 194) of the current orphans/children receiving a benefit from the GEPF having reached the termination age.

Funeral benefits

The GEPF processed and paid 31 684 (2020: 25 727) funeral benefit claims. Of the 13 933 (2020: 10 820), claims paid 8 503 (2019: 5 900) were claims for members, whilst claims for members' spouses were 4 635 (2020: 3 483).

Of the 17 751 (2020: 14 907) claims paid in respect of pensioners, 14 201 (2020: 11 801) were claims for pensioners and 3 506 (2020: 3 030) were claims for pensioners' spouses.

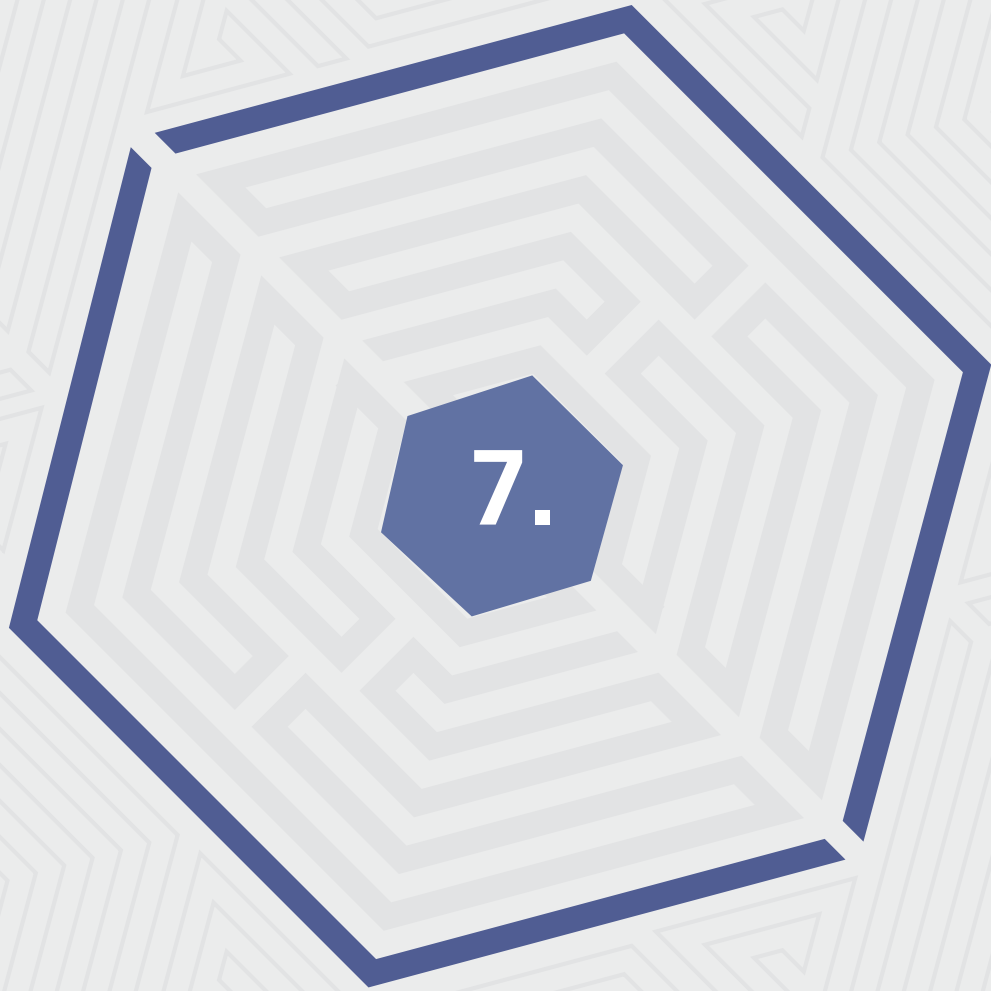
R461.9 million (2020: R302.6 million) funeral benefit was paid to the beneficiaries during the reporting period.

Administration against performance

The GPAA manages member services and the payments of benefits. The relationship between the GEPF and the GPAA is governed through a service-level agreement (SLA).

The overall GPAA administration against performance for the financial year 2020/2021 was below the benchmark stipulated by the SLA. This could be explained by the extraordinary environment created by the Covid-19 pandemic and other business processes. The GEPF has been engaging the GPAA on strategies to improve its service levels.





Stakeholder management and communications

During the reporting period, the new operational reality caused by the Covid-19 pandemic presented unique reputational and communication challenges for the GEPF as it had to adjust to a new way of communicating with stakeholders.

The sudden and unprecedented health crisis affected all our stakeholders, both external and internal. However, our commitment to delivering clear, timely and relevant information to our stakeholders remained at the forefront of our approach. The GEPF had to adjust its approach to communicating by relying much more on digital channels and platforms.

The Fund's key goal remained that of ensuring that it delivered clear, relevant and accessible communications to its key stakeholders despite operational restrictions as a result of Government interventions on Covid-19. Our core messaging during this period remained as articulated in the Fund's integrated marketing and communication strategy which articulates the following:

- Communicating information about the GEPF's rules, regulations and policies in an effective and efficient manner to the varying groups of clients and stakeholders to enable them to make fully informed decisions.
- Keeping clients and stakeholders informed about individual issues as well as the administration of the Fund.
- Consulting key stakeholders on changes to policies and procedures that affect clients and stakeholders.
- Marketing the GEPF as a preferred and beneficial fund for its members.
- Supporting employer departments in fulfilling their responsibilities, thereby ensuring ease of doing business with the GEPF.
- Enhancing the Fund's reputation as a leading pension fund by engaging in partnerships and promoting thought leadership.

Internal communications

As we sought to safeguard our trustees, management and employees during this period, the organisation had to ensure that everyone was able to work and engage remotely as well as receive consistent, accurate and actionable information to ensure minimum disruption to the organisation's work.

In this regard, management provided guidance and regular communications. In particular, managing a work-from-home culture required regular, and in some instances daily, communication between trustees, management and employees.

Internal communication and engagement involved the following:

- Providing regular guidance and communications to employees on managing their and their families' wellness, including how to cope with social isolation and implementation of government regulations.
- Providing information technology guidance and support to employees.
- Providing regular information on government regulations including mandated quarantine requirements, as well as GEPF remote working procedures and other helpful information.
- Communicating important and relevant GEPF-related information to trustees, management and employees.
- Introducing digital communications platforms such as Microsoft Teams and Zoom for engagement and continuation of work.
- Sending regular messages from the Principal Executive Officer to employees on key issues and milestones.



- Continuing established internal communication programmes such as information dissemination via email, intranet, staff meetings and screensavers.

External stakeholder engagements and communications

As a result of the impact of Covid-19 on business and operational strategies, the GEPF's approach was to ensure proactive communication and engagement with stakeholders to help maintain an acceptable level of business continuity, noting the safety restrictions implemented by the Government.

The restriction of face-to-face engagement as well as travel restrictions provided an opportunity for the GEPF to enhance digital communications and platforms to ensure that our stakeholders were kept informed.

Operational readiness communications

To ensure that stakeholders were aware of the impact of Covid-19 restrictions on the operations of the GEPF, in particular at the GPAA, the following communications activities were implemented:

- Regular Covid-19 updates on the GEPF website and social media platforms including:
 - Operating hours of branch offices and the Contact Centre.
 - Health and safety protocols and procedures in place at GEPF offices.
 - A link to the Government's Covid-19 portal for additional information.
 - The introduction of specific email channels for queries such as claiming and payment of funeral benefits and exit benefits.
- The placement of notices at all physical offices indicating operating hours and health and safety protocols.
- Ensuring that critical information was communicated via Facebook, Twitter, email and SMS.

Digital education programme

Because of the Covid-19 restrictions on public gatherings, the GEPF enhanced its digital education programme by implementing the following activities:

- Introducing a new electronic newsletter called GEPF News, disseminated monthly by email, SMS, Facebook, Twitter and the GEPF website.
- Launching the GEPF Self Service web and mobile App in February 2021 to ensure ease of business and communication for our members, pensioners, beneficiaries and stakeholders. These electronic platforms are expected to become a key communication conduit for the GEPF as they allow our clients to access:
 - Estimation of benefit statements
 - Proof of payments
 - Tax certificates
 - Tracing of claims
 - Updating contact information
 - Nominating beneficiaries.
- The creation of videos and articles that were placed on the GEPF website and social media platforms as well as broadcast at all GEPF regional offices. These videos and articles address issues such as:
 - Benefits of belonging to the GEPF
 - The need to update your information
 - How to fast-track your claims on exit
 - The true cost of opting in and out of the GEPF
 - Quick and easy understanding of the GEPF
 - Understanding GEPF benefits
 - Retiring with the GEPF
 - No early access to funds for GEPF members.



Education collaboration with the media

In an effort to enhance the GEPF's education campaign, the organisation implemented:

- A partnership with SABC Radio involving:
 - A 13-week programme on 12 radio stations. This took the form of a 30-minute talk show on each station.
 - A 13-week programme of integrating GEPF information into radio dramas on nine stations.
- A partnership with City Press and financial columnist Maya Fisher-French involving five videos and articles on key GEPF issues published in City Press and on her social media platforms and website.
- Six one-hour talk shows on 18 national community radio stations.
- Placement of adverts in national, regional and community print media and on community radio stations as well as billboards, creating awareness of the GEPF, its benefits and its 2019/20 annual results.

Strategic engagement and partnerships

To further strengthen relationships with the Public Service Coordinating Bargaining Council (PSCBC), unions, associations and the employer, the GEPF implemented the following:

- Engaged with the PSCBC to discuss benefit-related matters.
- Used union and stakeholder association forums, meetings, publications and electronic platforms to communicate information relevant to members and pensioners.
- Engaged with the Ministers of Finance and Public Service and Administration on employer issues.
- Worked with the Departments of National Treasury and Public Service and Administration on employer-related issues.

Engagement with members, pensioners and beneficiaries

- As a result of Covid-19 restrictions, the GEPF had to suspend its member roadshows, human resource forums, retirement member campaign roadshows and some of its mobile service programmes.
- During the reporting period, the GEPF was able to implement 115 mobile site visits, while putting in place the necessary health and safety precautions. These engagement platforms are part of the GEPF's direct outreach programme at which fiscal education and fund information is shared with those who attend. The GEPF used its digital and media programmes to fill this gap in communication.
- Despite the Covid-19 restrictions, the GEPF was able to implement its client liaison programme, which is implemented by GPAA client liaison officers. As part of our ease-of-business strategy, client liaison officers visited different employer departments to help process claims and provide education on challenging and critical matters. During the reporting period the following engagements were undertaken:
 - 2 679 employer site visits
 - 158 on-site retirement member sessions
 - 870 employer education sessions
 - 429 member-awareness workshops
 - 2 271 individual member engagements
- The GEPF branch offices served 381 803 clients who visited our branches. The GEPF Contact Centre received 1 139 663 calls, answering 674 610 calls, with 465 053 calls abandoned. The impact of closing offices in response to the Covid-19 regulations did result in the Contact Centre being overwhelmed during certain periods. This resulted in a low service level of 59.19% at the Contact Centre. The Fund has engaged with the GPAA, which operates the Contact Centre, to discuss strategies to address such shortcomings.



Brand strategy approach

During the reporting period, the GEPF enhanced its integrated marketing and communications strategy by developing a clear brand strategy that seeks to enhance the reputation and brand image of the organisation and to build trust among its stakeholders.

The brand strategy focuses on the GEPF's key mandate of securing the future of members, pensioners and their beneficiaries and emphasises the need for members to make the right decisions today for their futures to be financially secure.

This is encapsulated in the campaign line "Tomorrow shouldn't be a worry when today is done right", which is being used as the theme across all brand communications.

Furthermore, a scientifically developed media strategy has been implemented so that the message reaches the right target audience at the right time to ensure that the GEPF education and communication strategy is a success.





8.

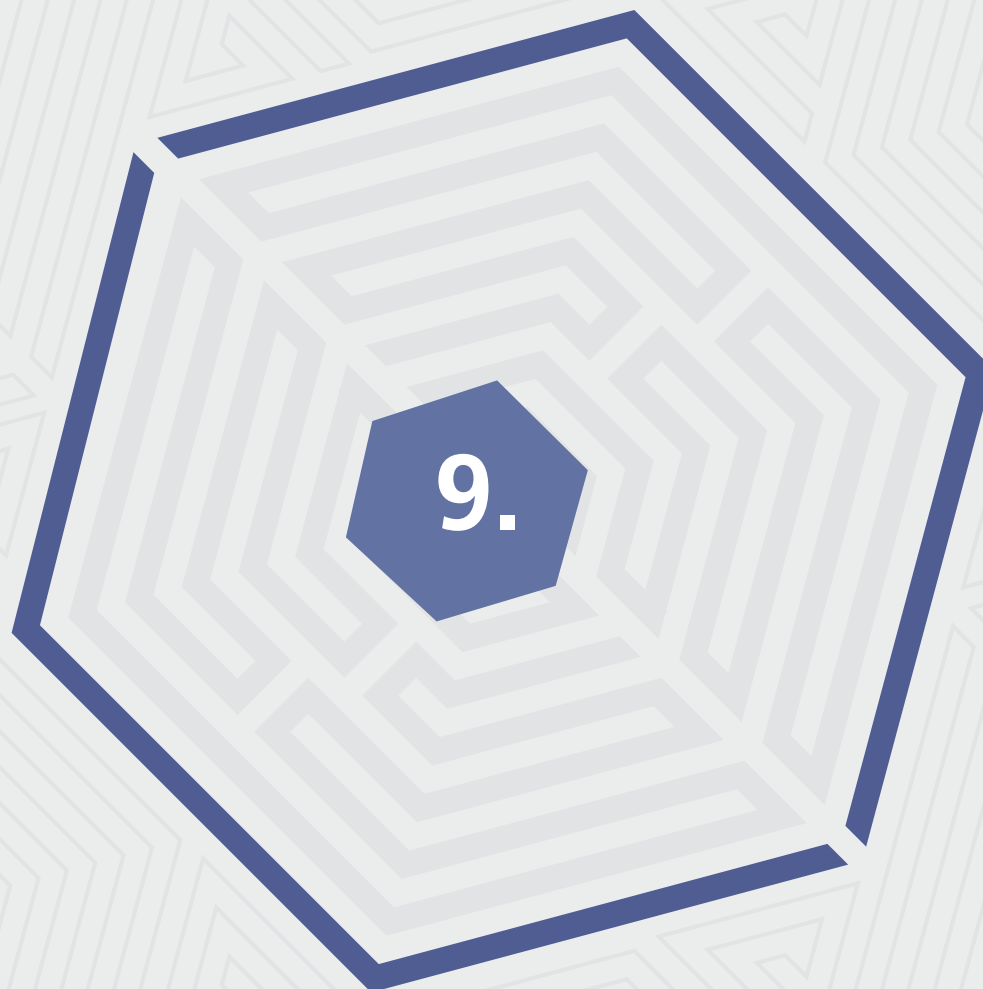
GEP Law and Rule changes

Rule amendment: Contract workers

During the reporting period, the Board of Trustees approved the commencement of the process to amend the rules of the GEPF to allow the pension benefits payable on the expiry of a member's fixed-term contract (who has not yet reached retirement age) to be equal to the Resignation Benefit as provided for in Rule 14.4.1 may commence.

This rule amendment process includes the required negotiation of the benefit change in the PSCBC.





Actuarial valuation

Funding of liabilities

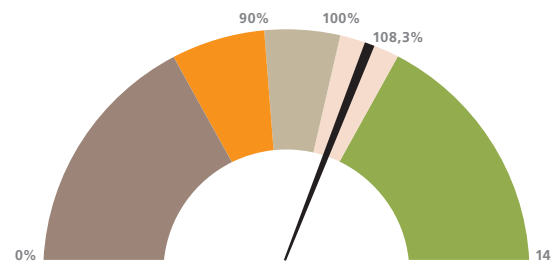
In terms of the GEP Law and the Rules of the Fund, an actuarial valuation must be carried out at least once every three years. The valuation as at 31 March 2018 was performed based on the Funding Policy that was adopted by the Board of Trustees in consultation with the Minister of Finance. The policy provides for the comparison of the assets held by the Fund with the valuation of the liabilities on a long-term best-estimate basis.

The funding level of liabilities is the Fund's financial gauge. The higher this funding level, the better the financial situation. The results of the March 2018 actuarial valuation show that the Fund is 108.3% funded, i.e. there are sufficient assets to cover the actuarial liabilities in full.

The Funding Policy requires that the Board of Trustees ensure that the funding level of liabilities is above 90%. This is in line with Rule 7.2 of the Rules of the Fund, which states that the employer

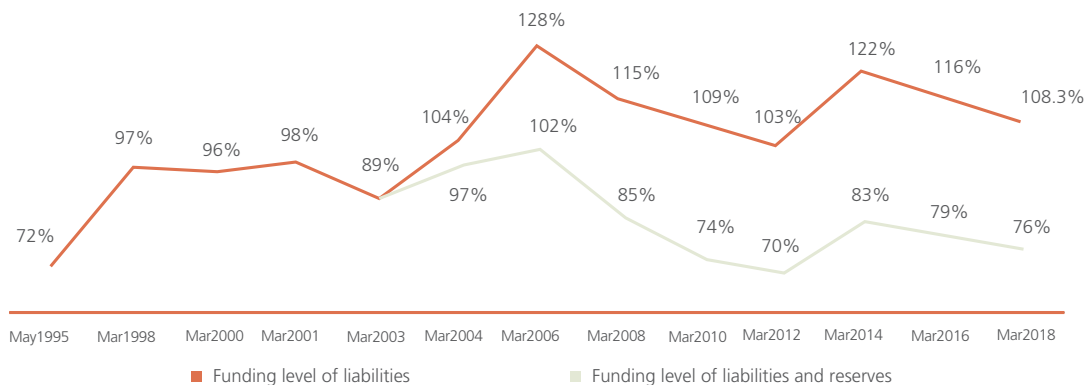
contributions should be sufficient to ensure that the Fund is able to meet its obligations at all times, subject to a funding level of liabilities of at least 90%.

Funding of liabilities as at 31 March 2018



Thirteen statutory actuarial valuations have been undertaken since the establishment of the Fund in May 1996 with the most recent having been undertaken as at 31 March 2018. The following graph illustrates the funding level trends:

History of funding levels



Funding of liabilities and reserves

The Funding Policy also provides for the establishment of reserves to protect against mortality and investment risk in the future and to increase the target for future pension increases from 75% to 100% of headline inflation.

The valuation reports since 31 March 2004 have reported on the comparison of the assets held by

the Fund with the valuation of the liabilities on a long-term best-estimate basis together with the additional contingency reserves recommended by the valuator. The funding level of liabilities and reserves is a policy measure that plays an important role in the decisions concerning benefit improvements, pension increases and employer contributions.



The results of the March 2018 actuarial valuation show that 75.5% of the liabilities and the fully recommended reserves could be afforded at that date. In terms of the policies adopted by the trustees, the reserves established as at 31 March 2018 are limited to the amount affordable by the Fund, namely R137 428 million. On this basis 19.1% of the recommended reserves could be held. As of 31 March 2016, a reserve of R222 747 million (or some 34.4% of the recommended reserves) was affordable.

Highlights from the 2018 statutory actuarial valuation report

	Total 2018	Total 2016
Contributing members		
“Other” members	1 048 072	1 062 318
“Services” members	233 751	223 108
Total	1 281 823	1 285 426
Pensioners		
Retired members	286 831	266 480
Spouses	153 590	146 624
Orphans	1 204	–
Total	441 625	413 104

Statutory valuation assumptions as at 31 March 2018

The economic assumptions were updated to consider the market conditions as at 31 March 2018. The demographic assumptions were based on an investigation into the Fund’s experience over the period 1 April 2008 to 31 March 2012. The full details of the investigation are set out in a report prepared by Willis Towers Watson, which was finalised in October 2013.

Mortality improvements are being observed internationally and South Africa is expected to follow suit. The actuaries therefore believe that it is appropriate to include an explicit allowance for future mortality improvements in the 2018 valuation, as was the case in the previous valuation.

Statutory valuation results as at 31 March 2018

The results of the GEPF actuarial valuation as at 31 March 2018 are indicated in the table below:

31 March 2018	31 March 2016	
FINANCIAL POSITION	(R million)	(R million)
Contributing member liability	1 171 396	1 029 889
S-case and exits in progress	11 673	12 063
Pensioner and deferred pensioner liability	462 022	349 805
Data and past discriminatory practice reserves	17 548	15 419
Total best-estimate liabilities	1 662 640	1 407 176
Net assets	1 800 068	1 629 923
Excess of assets over liabilities	137 428	222 747
Funding level of liabilities	108.3%	115.8%
Recommended reserves*	720 893	647 049
Total best-estimate liabilities and reserves	2 383 533	2 054 225



31 March 2018	31 March 2016	
FINANCIAL POSITION	(R million)	(R million)
Net assets	1 800 068	1 629 923
Excess of assets over liabilities and reserves	(583 464)	(424 302)
Funding level of liabilities and reserves	75.5%	79.3%

* This consists of a solvency reserve of R402 000 million, 100% CPI pension increase reserve of R270 634 million, and a mortality improvement reserve of R48 259 million.

The 2018 actuarial valuation results show that the funding level has deteriorated when compared with the 2016 actuarial valuation.

Employer contribution rate for the year from 1 April 2020 to 31 March 2021

The employer currently contributes at a rate of 16% of pensionable salary in respect of “services” members and 13% in respect of “other” members. All members of the Fund contribute at a rate of 7.5% of pensionable salary.

Based on the best-estimate actuarial valuation basis and ignoring the excess of the assets over the best-estimate liabilities, the required employer contribution rate is 18.9% of pensionable salary in respect of “services” members and 14.4% of pensionable salary in respect of “other” members, reflecting the differences in the benefit structure of these two categories of members.

The shortfall in the required contribution rate is estimated to amount to some R6 300 million over the next year and can be afforded from the excess of the assets over the best-estimate liabilities.

Statutory valuation as at 31 March 2021

The valuation of the Fund effective 31 March 2021 is currently in progress, the results of which are expected to be available to the public in January 2022.



Sandile Mbili

Valuator to the Fund

30 September 2021



10.

Annual financial statements

Statement of Responsibility by the Board of Trustees	82
The Finance and Audit Committee Report	83
Risk Management Statement	85
Report of the Independent Auditors to the Board of Trustees	87
Report of the Valuator	95
Report of the Board of Trustees	96
Statement of Net Assets and Funds	102
Statement of Changes in Net Assets and Funds	103
Cash Flow Statement	104
Notes to the Annual Financial Statements	105

Statement of Responsibility by the Board of Trustees for the year ended 31 March 2021

Responsibilities

The Board of Trustees (the Board) believes that, during the year under review, in the execution of its duties it:

- Ensured that proper registers, books and records of the Fund were kept, inclusive of proper minutes of all resolutions passed by the Board;
- Ensured that proper internal control systems were implemented by or on behalf of the Fund;
- Ensured that adequate and appropriate information was communicated to the members of the Fund, informing them of their rights, benefits and duties in terms of the rules of the Fund;
- Took all reasonable steps to ensure that contributions, where applicable, were paid in a timely manner to the Fund;
- Obtained expert advice on matters where it required additional expertise;
- Ensured that the rules, operation and administration of the Fund complied with the applicable laws;
- Was not aware of non-compliance with any applicable legislation; and
- Ensured that investments of the Fund were made and maintained in accordance with the Fund's investment strategy.

Approval of the annual financial statements

The annual financial statements of the Government Employees Pension Fund (GEPF) are the responsibility of the Board. The Board fulfils this responsibility by ensuring the implementation and maintenance of accounting systems and

practices adequately supported by internal financial controls. These controls, which were implemented and executed by the Fund, provide reasonable assurance that:

- The Fund's assets are safeguarded;
- Transactions are properly authorised and executed; and
- The financial records are reliable.

The annual financial statements set out on pages 102 to 156 were prepared in accordance with:

- The basis of accounting applicable to retirement funds in South Africa as indicated in the principal accounting policies contained in the notes to the financial statements;
- The provisions of the Government Employees Pension Law (GEPF Law); and
- The Rules of the GEPF.

The independent auditors, Deloitte & Touche and Nexia SAB&T, have reported on these financial statements. During their audit, the auditors were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board believes that all representations made to the independent auditors during their audit were valid and appropriate. The annual financial statements have been audited by the independent auditors and the report of the independent auditors is presented on pages 87 to 93.

These audited annual financial statements were approved by the Board of Trustees on 23 September 2021 and were signed on its behalf by:

Dr Renosi Mokate

Chairperson

30 September 2021

Mr Edward Kekana

Vice Chairperson

30 September 2021

The Finance and Audit Committee Report for the year ended 31 March 2021

The fundamental role of the Finance and Audit Committee (FA-C) is to assist the Board of Trustees "Board" in fulfilling its oversight responsibilities in areas such as financial reporting, financial planning, internal control systems, statutory and regulatory compliance, risk management and the internal and external audit functions.

The FA-C acts in accordance with applicable legislation and regulations. It adopted appropriate formal terms of reference as its charter, and has regulated its affairs in compliance with this charter. The FA-C has discharged its responsibilities as contained in the charter, which is updated regularly to ensure its relevance. The FA-C's responsibilities are summarised below.

- Examine and review the quality (adequacy, reliability and accuracy) of the GEPF's annual financial statements and unaudited interim financial statements.
- Review and make recommendations to the Board in respect of any significant assumptions used by management in preparation of financial plans and budgets.
- Make recommendations to the Board regarding the approval of the annual financial statements, as well as the adoption of the unaudited interim financial statements.
- Review of the effectiveness of the internal control systems.
- Ensure that executive management implemented effective and cost-effective corrective measures to address accounting and auditing concerns identified in internal and external audits.
- Oversee the functioning of the internal audit unit of the fund through the internal audit charter, methodology and the internal audit three-year rolling plan.

- Oversee the co-ordination of the combined assurance model that seeks to ensure that there is no unnecessary duplication of activities between the GPAA and GEPF internal audit and the GEPF external audit.
- Receive the reports of significant findings of the GPAA internal audit and ensure that management of the GPAA implement agreed management actions.
- Ensure that an external audit firm is appointed to conduct the annual external audit for the 2020/21 financial year and ensure their independence and objectivity.
- Oversee the risk management function of the fund and ensure the separation of this function from internal audit to ensure the independence of internal audit.

Based on the information and explanations given by management and the internal audit department, and discussions with the independent external auditors on the result of their audits, the FA-C is confident that the internal financial controls are adequate to ensure that the financial records may be relied upon for preparing the financial statements, and accountability for assets and liabilities is maintained. Nothing significant has come to the attention of the FA-C to indicate any material breakdown in the functioning of these controls, procedures and systems during the period under review.

The FA-C has evaluated the financial statements of the GEPF for the year ended 31 March 2021. Based on the information provided, they comply in all material respects with the Fund's stated accounting policies, the provisions of the GEP law (21 of 1996), the GEPF Rules and the regulatory framework, which the Board adopted based on the FA-C's recommendation.



The FA-C agrees that the adoption of the going concern premise in the preparation of these financial statements is appropriate. The FA-C recommended the adoption of the financial statements by the Board and the Board has approved the financial statements.

.....
Mr Stadi Mngomezulu

Chairperson: Finance and Audit Committee

30 September 2021



Risk Management Statement for the year ended 31 March 2021

Introduction

The GEPF is cognisant of the uncertainty inherent in its operating environment. To this end, a sound, agile and responsive risk management process that seeks to promote resilience during volatile, complex and tumultuous COVID times has been developed and implemented. The risk management unit is responsible for the following functions; risk assessment and management, combined assurance process, fraud risk management and ethics management.

In ensuring a fit-for-purpose risk architecture mechanism, the risk management function has implemented a coherent and consistent Enterprise Risk Management Framework that codifies the responsibilities relating to risk management arrangements in place to identify and mitigate risks in a systematic manner and inculcate a risk aware culture. The Board and relevant stakeholders are periodically appraised of the Fund's risk profile. An approved strategic risk profile is monitored and reported on periodically.

Emerging risks are also monitored and reported to the relevant governance structures.

Mandate

The Board has committed the GEPF to a process of risk management that is aligned to:

- The requirements of section 6 and 7 of the GEP Law and Rules;
- The Pension Funds Guidelines for Good Governance, known as the PF 130, issued by the Financial Sector Conduct Authority (FSCA); Codes of good corporate governance, including the King IV Code and the code issued by the Committee of Sponsoring Organisations (COSO).
- ISO 31000:2018, Risk management – Principles and Guidelines; and
- Other relevant legislation.

Top 10 risks for the reporting period

These risks are prioritised and monitored periodically to ensure sufficient mitigation and reporting to the relevant governance structures.

Risk	Key controls
1. Long-term underfunding of the Fund	<ul style="list-style-type: none"> • Sponsor guarantee. • Robust management of investments mitigates against contribution mismatch.
2. Late payment of benefits	<ul style="list-style-type: none"> • SLA with administration service provider. • Policies and procedures at the service provider aimed at validating claims
3. Inefficient and ineffective administration	<ul style="list-style-type: none"> • Continuing review of processes and standard operating procedures to align to Capability Model. • SLA with administration and asset management service providers.
4. Accuracy of member data	<ul style="list-style-type: none"> • SLA with the administration service provider. • Provisions in the GEP Law and Rules. • Exco to Exco meetings.
5. Ineffective operating model	<ul style="list-style-type: none"> • SLA with the administrator and mandates to the asset manager. • Strategic engagements.



Risk	Key controls
6. Ineffective stakeholder relations	<ul style="list-style-type: none"> Continuing engagements.
7. Inadequate communication to members	<ul style="list-style-type: none"> Fund's communication and education strategy. Standard operating procedures with the administrator. SLA with the administration service provider.
8. Financial losses due to fraud and corruption	<ul style="list-style-type: none"> SLA and investment mandate with the service provider. Monitoring and reporting of fraud at the GPAA and PIC. Fraud risk management is a standing agenda item at Exco to Exco meetings.
9. Regulatory risk	<ul style="list-style-type: none"> Compliance policy. Compliance Risk Management Plans. Mechanisms for reporting to various governance structures.
10. Investment execution breaches risk appetite	<ul style="list-style-type: none"> Set risk parameters in the investment mandate to the PIC. Monthly monitoring of mandate compliance.

Performance against key targets

The risk management system continued to function effectively in 2020/21. This is demonstrated by the attainment of the performance targets for the Fund. Furthermore, the organisational focus to leverage the risk management process into decision-making, through the representation of the function at other decision-making fora signifies an important step in ensuring a culture of sound risk management and an effective risk management system.

During the period under review the risk management function championed the development and implementation of the Combined Assurance Framework; the establishment of the Combined Assurance Framework, development of the initial combined assurance report, development of the GEPF's risk appetite statement and ongoing monitoring of the risk profile. Furthermore, the function

proceeded to ensure robust monitoring of fraud risk and enhancing the ethics management process. In an effort to optimise resources and enhance the risk management architecture, a process to modernise the risk management environment through electronic systems was initiated.

Conclusion

The Board approved and implemented adequate and effective policies and procedures covering the prioritised risk exposures. Where significant events presented an adverse impact to the GEPF risk profile, additional mitigations were instituted and the Board applied due care in ensuring the implementation of appropriate risk responses to such events.



Report of the Independent Auditors to the Board of Trustees For the year ended 31 March 2021

Opinion

We have audited the annual financial statements of the Government Employees Pension Fund (the Fund) set out on pages 102 to 156, which comprise the statement of net assets and funds as at 31 March 2021, the statement of changes in net assets and funds and the cash flow statement for the year then ended, as well as notes to the annual financial statements, including a summary of significant accounting policies. The financial statements are prepared for the purpose of reporting in terms of the provisions of the Government Employees Pensions Law 21 of 1996, as amended (“GEP Law”) and the Rules of the Fund.

In our opinion, the financial statements of the Fund for the year ended 31 March 2021 are prepared, in all material respects, in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the provisions of the Government Employees Pensions Law 21 of 1996, as amended (“GEP Law”) and the Rules of the Fund.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities

for the Audit of the Statements section of our report. We are independent of the Fund in accordance with the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	How the matter was addressed in the audit
<p>Valuation of unlisted investments</p> <p>In accordance with the investment strategy, the Fund holds investments in unlisted instruments. These investments include unlisted equities, loans, properties and derivatives.</p> <p>The Board of Trustees is responsible for the preparation of the financial statements and ultimately responsible for the review of the valuations and assessing the appropriateness of the fair values reported in the financial statements. The Board of Trustees have appointed the Public Investment Corporation (PIC) to manage and administer these investments.</p> <p>The PIC in-turn appoints independent valuation experts to perform valuations on the unlisted investments on an annual basis. As disclosed in note 1.19 of the financial statements, the valuations of the Fund's unlisted portfolio are inherently subject to a significant degree of judgement in respect of certain assumptions used in the valuations, including judgement in respect of the determination of future cash flows/earnings and appropriate capitalisation discount rates and earnings multiples. The activities of the PIC are therefore significant to the financial information presented in the financial statements.</p> <p>As disclosed in note 1.19 of the financial statements, the discounted cash flow valuation methodology and earnings multiple was favoured by the external valuers in the current year, which allows for the impact of the Covid-19 pandemic on various assumptions included in the valuations to be taken into account. There is still a high degree of uncertainty and judgement in determining future cash flows based on the continuing effect of COVID-19.</p> <p>Accordingly, the valuation of unlisted investments and the information produced by the PIC on behalf of the Fund for financial reporting purposes, is considered a key audit matter.</p>	<p>The extent of our audit procedures performed on the testing of the unlisted investments was at a significant risk level due to the high degree of judgement involved in the valuation process.</p> <p>Our focus was based on the methodologies and key assumptions made by the Fund's (PIC appointed) external valuers. Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We assessed the design and implementation of controls around the valuation of unlisted investments. • We assessed the competence, capabilities and objectivity of the Fund's valuation experts; • We attended the Valuation Subcommittee's meeting wherein the valuations performed by Fund's valuation specialists were analysed and challenged; • We engaged our internal specialists (Corporate Finance and Financial Services Advisory) and external specialists (Property Valuation Specialists) to assist with: <ul style="list-style-type: none"> - Performing detail testing on a sample of independent valuations performed by the Fund's external valuers. Our audit procedures included assessing the appropriateness of the valuation methodology applied, assessing the reasonability of valuation inputs and re-performing the valuation; and - Inspecting the disclosure of unlisted investments in the financial statements. <p>While we note that there is increased estimation uncertainty in relation to the investment valuations as a result of COVID-19, we have found the models used for the investment valuations and assumptions applied by management in the valuation models to be within a reasonable range.</p>



The valuation of benefit payable provision

We considered the valuation of the benefit provision to be a significant risk for the Fund. Specifically, we considered the actuarial assumptions and models applied, as these involve complex and significant judgements about future events for which small changes can result in a material impact to the resultant valuation. Additionally, the valuation process is conditional upon the accuracy and completeness of the data.

The disclosures around the key assumptions and methodologies applied in valuing benefit provision are included in note 10.

Therefore, **the valuation of the benefit payable provision** is considered a **key audit matter**.

We have split the risks relating to the valuation of benefit provision into the following components:

- actuarial assumptions;
- actuarial modelling; and
- data.

Our testing of the benefit payable provision focused on the methodologies and key actuarial assumptions made by the Board of Trustees. Our audit procedures included:

Assessing the competence and independence of the Board of Trustees appointed actuarial specialists;

- Testing the integrity of the information used in the calculation of the benefit payable provision by performing detailed substantive procedures on such information;
- Assessing the design and implementation of controls around the valuation of the benefit payable provision;
- Inspecting the appropriateness of the disclosure in the financial statements of the benefit payable provision, and
- We engaged our internal actuarial specialists to assist us with:
- Benchmarking the methodologies used in calculating the benefit payable provision against similar schemes in the industry; and
- Verifying that the methodologies and assumptions used by actuarial specialists appointed by the Board of Trustees are reasonable.

2.1 Actuarial assumptions

In accordance with the rules of the Fund, a benefit becomes due when a member ceases to be a member of the Fund. This results in the Fund having a constructive obligation to pay the benefit. Consequently, the Fund is required to recognise the liability related to such benefits.

The benefits payable to members are calculated in terms of section 14 of the rules of the Fund. There are a number of key actuarial assumptions made and complex methodologies applied in the calculation of the benefits payable to members as disclosed in note 10 of the financial statements, which include:

- type of exit;
- member's age;
- years of service; and
- earnings.

These actuarial assumptions require significant focus annually with the use of internal actuarial specialists to assess the reasonability of assumptions set by the Board of Trustees using expert judgement.

The Board of Trustees has involved actuarial specialists to assist in calculating the benefit payable provision as at year end.

Our testing of the benefit payable provision focused on the methodologies and key actuarial assumptions made by the Board of Trustees.

Our audit procedures included:

Assessing the competence and independence of the actuarial specialists.

- Testing the integrity of the information used in the calculation of the benefit payable provision by performing detailed substantive procedures on such information.
- Assessing the design and implementation of controls around the valuation of the benefit payable provision.
- Inspecting the appropriateness of the disclosure in the financial statements of the benefit payable provision, and
- Engagement with our internal actuarial specialists to assist us with:
 - Assessing the appropriateness of the methodologies and assumptions applied to value the benefit payable used by actuarial specialists appointed by the Board of Trustees are reasonable.



2.2 Actuarial modelling

We consider the integrity and appropriateness of the models used by management to be critical to the overall valuation of benefit payable provision.

Our audit focused on the benefit payable provision which are modelled using the core actuarial models, as this represents the majority of the liability.

Every year, the Fund assesses the models to ensure that it remains appropriate given the product features, applicable legislation and relevant actuarial guidance.

The Board of Trustees has involved actuarial specialists to assist in calculating the benefit payable provision as at year-end.

Therefore, we involve our actuarial specialists who for the current period assist with assessing the:

- integrity and appropriateness of actuarial models used by management relative to product features, applicable legislation and relevant actuarial guidance; and
- model developments applied to the core actuarial models.

Our audit included the following procedures, which we performed with the assistance of our internal actuarial specialists:

We obtained an understanding of management's process for model developments to the core actuarial models and tested the design and implementation of key controls over that process;

We obtained an understanding of the governance process around model changes;

We evaluated the integrity of the core actuarial models on a sample basis via tests of a subset of members across the category of members;

We evaluated the changes made to the core actuarial models during the year by analysing management's rationale behind these changes, the tests conducted by management to validate the changes and where appropriate, evaluate the impacts of these changes to our own calculations of what we expect the impact to be; and

We assessed the results of management's analysis of movements in the benefit provision to corroborate that the actual impact of changes to models was consistent with that expected when the model change was implemented.

Data

The large volume of member data held on benefit administration systems ('member data') is a key input to the benefit payable valuation process. The valuation of benefit payable provision is therefore conditional upon the accuracy and completeness of the data extracted from the benefit administration systems and converted for use in the valuation process.

Our audit included the following procedures to assess the completeness and accuracy of member data:

- We evaluated that the data maintained on these source systems was correctly used as an input to the valuation process by performing audit procedures to evaluate that the extraction scripts had operated as intended or via two-way sample tests of policies, as applicable;
- We obtained an understanding of management's process for the collection, extraction and validation of data and tested the design and effectiveness of key controls;
- We confirmed the results of the data enrichment and conversion process by assessing the integrity of the rules applied by management and re-performing it for a sample of policies; and
- We performed analytical review procedures on contributions raised and inspected control accounts for potential indicators that the data transfer was not complete or accurate.

We have found the model, assumptions and data used by management for the valuation of the benefit payable provision to be within a reasonable range.



Emphasis of matter – Financial reporting framework

We draw attention to Note 1.1 which describes the principal accounting policies in which the applicable financial reporting framework is identified based on the retirement fund industry best practice principles as well as the provision of the GEP Law and the Rules of the Fund. Consequently, the financial statements and related auditors' report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the information included in the document titled "Government Employees Pension Fund Annual Report for the year ended 31 March 2021", which includes the Statement of Responsibility of the Board of Trustees, The Finance and Audit Committee Report, Risk Management Statement, Report of the Valuator, Report of the Board of Trustees and the Annual Report which we obtained prior to the date of this report, and the "Government Employees Pension Fund 2020/2021 Annual Report". The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Trustees for the Financial Statements

The Board of Trustees is responsible for the preparation of the financial statements in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the provisions of the GEP Law and the rules of the Fund, and for such internal control as the Board of Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Trustees either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Conclude on the appropriateness of the Board of Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Board of Trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

Section 13(2) and 13(4) of the GEP Law

We have read the Annual Report as required by section 13(2) (a) (ii) of the GEP Law and the information furnished in terms of section 9 and 10 of the GEP Law, is presented in accordance with the requirements of the GEP Law.

With reference to Section 13(2) (a) the auditor is required to state whether:

- (iii) the transactions of the Fund that had come to the auditors' notice in the course of his or her examination were executed in accordance with the applicable laws and instructions; and
- (iv) the transactions which had come to his or her attention during auditing were in all material respects in accordance with the mandatory functions of the Fund determined by law or otherwise.

There are no material instances of non-compliance with laws and regulations that came

to our attention during the course of our audit of the financial statements.

With reference to section 13(4) of the GEP Law, we are required to draw attention to any matters that are in the public interest. Such matters have been summarised and reported in the Key Audit Matters section above.

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche and Nexia SAB&T have been the joint auditors of Government Employees Pension Fund for eight years.

Deloitte & Touche

Registered Auditor
Per: Dinesh Munu
Partner
Johannesburg
30 September 2021

5 Magwa Crescent
Waterfall City
Gauteng
2090

Nexia SAB&T

Registered Auditor
Per: Philemon Mawire
Director
Centurion
30 September 2021

119 Witch-Hazel Avenue
Highveld Technopark
Centurion
0169



Report of the Valuator

for the year ended 31 March 2021

Particulars of financial condition of the Fund based on the actuarial valuation effective 31 March 2018

1. Net assets available for benefits amounted to R1 800 068 million as at 31 March 2018.
 2. The actuarial value of the net assets available for benefits, for the purposes of comparison with the actuarial present value of promised retirement and other benefits, amounted to R1 800 068 million as at 31 March 2018.
 3. The actuarial present value of promised retirement and other benefits in respect of contributing members amounted to R1 171 396 million as at 31 March 2018.
 4. The actuarial present value of promised retirement and other benefits in respect of S-case members and exits in progress amounted to R11 673 million as at 31 March 2018.
 5. The actuarial present value of retirement benefits in respect of pensioners and deferred pensioners amounted to R462 022 million as at 31 March 2018.
 6. The data and past discriminatory practices reserves were considered as "liabilities" for the purposes of the valuation and were fully funded.
 7. The full value of the recommended contingency reserve accounts, including the solvency reserve, amounted to R720 893 million as at 31 March 2018. The affordable level of these contingency reserves amounted to R137 428 million as at 31 March 2018.
- In summary, the assets of the Fund therefore exceed the best-estimate liabilities in respect of benefits for members and pensioners, i.e. the Fund is solvent. In addition, the Fund is able to set up contingency reserves to meet both known and unknown contingencies of R137 428 million. On a conservative basis and if affordable, the Fund would have ideally set up contingency reserves of R720 893 million.*
8. Details of the valuation method adopted (including that in respect of contingency reserves) and details of any changes since the previous summary of report:
 - As for the previous valuation, the Projected Unit Method was used to determine past service liabilities and the future service contribution rate.
 - Under the Projected Unit Method, the present value of benefits that have accrued to members in respect of service prior to the valuation date is compared with the value of the Fund's assets. Allowance is made in the valuation of the accrued benefits for estimated future salary increases, ill-health retirements and deaths.
 - A liability of R11 673 million was set aside in respect of S-case members and exits in progress. This liability is in respect of members who have left the Fund and the benefit due to them is yet to be paid and is not yet provided for in the financial statements of the Fund.
 - A reserve of R8 763 million was set aside in respect of previous discriminatory practices. This reserve was obtained from the financial statements, being the accumulated value of one per cent (1%) of the funding level in 1998, less amounts already utilised to fund discriminatory practices.
 - A reserve of R8 785 million was set aside in respect of errors or omissions in the valuation data. This reserve was set at a level of 0.75% of the contributing member liability.
 - A reserve was held to provide for mortality improvements for all members:

- For pensioners, current mortality rates have been set equal to the mortality rates calculated in the experience investigation dated 31 March 2012 with an allowance for mortality improvements determined using the mortality assumption rated down one and a half years.
 - For active members, current mortality rates have been set equal to the mortality rates calculated in the same experience investigation with an allowance for mortality improvements determined using the mortality assumption rated down two and a half years.
 - The solvency reserve has been set based on modelling by asset consultants. This model is broadly based on a 90% probability of the fund remaining solvent over the three-year period following the valuation date.
 - A reserve was also determined at the valuation date to fund the increase in the active member and pensioner liabilities and increase in the required contribution rate because of the Trustees seeking to exercise greater discretion in granting pension increases equal to 100% of CPI.
9. When the above contingency reserves (excluding the data and past discriminatory practice reserves) were set up, it was not the intention of the Trustees to hold such reserves if they will place the Fund into a deficit funding level position. As at 31 March 2018, the Fund could only afford to hold a total of R137 428 million as contingency reserves. On this basis, 19.1% of the desired level of contingency reserves could be held.
10. Details of the actuarial basis adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.
- Net pre-retirement discount rate: 3.44% per annum (previously 2.93% per annum).
 - Post-retirement net discount rate: 5.70% per annum for actives and current pensioners (previously 5.53% per annum).
 - Post retirement mortality: Rates based on experience of GEPF mortality over 1 April 2008 to 31 March 2012. These rates are the same as those used for the 2016 statutory valuation.
 - Salary increases: 7.50% per annum (previously 9.30% per annum). It is assumed that salaries will increase at an average rate of 1% in excess of the long-term inflation assumption of 6.50% per annum (previously 8.30% per annum). In addition, an allowance is made for merit salary increments.
 - Proportion married: Assumptions have been made regarding proportions of members who are married at each age. The age difference between males and females is assumed to be four years, with males older than their female counterparts.
 - Expenses: An allowance for future administration expenses of 0.3% of annual pensionable salary was made.
11. Any other particulars deemed necessary by the valuator for the purposes of this summary: None.
12. The Fund does not fall under the ambit of the Pension Funds Act, 1956 since it is governed by its own statute. However in terms of the Fund's own Funding Level Policy, the Fund was considered to be financially sound in that assets were equal to accrued liabilities and contingency reserves (at 19.1% of the desired level) on a best-estimate basis.



Sandile Mbili

Fellow of the Actuarial Society of South Africa
For the purposes of professional regulation, my primary regulator is the Actuarial Society of South Africa

In my capacity as Valuator to the Fund
30 September 2021



Report of the Board of Trustees

for the year ended 31 March 2021

1. DESCRIPTION OF THE FUND

1.1. Type of fund

The GEPF is a defined benefit fund established in terms of the GEP Law, No 21 of 1996, as amended. In terms of Section 1 of the Income Tax Act, No 58 of 1962, the GEPF is classified as a pension fund established by law.

1.2. Benefits

Benefits are determined in terms of the rules of the GEP Law and are classified as follows:

- Normal retirement benefits;
- Early retirement benefits;
- Ill health and other retirement (discharge) benefits;
- Late retirement benefits;
- Resignation benefits;
- Death while in service benefits;
- Death after becoming a pensioner benefits;
- Spouses' annuity benefits;
- Orphans' annuity benefits; and
- Funeral benefits.

All reasonable steps are taken to trace members, whose benefits were not claimed, to effect payment to the correct member or beneficiary.

1.3. Contributions

Members (employees of participating employers) contribute 7, 5% of their pensionable emoluments to the GEPF. Employers contribute 13% for civil servants and 16% for service

employees, respectively, of a member's pensionable emolument to the GEPF.

1.4. Reserves

In terms of a collective agreement negotiated and agreed to in the Public Service Co-ordinating Bargaining Council (PSCBC) an actuarial reserve equal to 1% of the funding level of the GEPF, based on the result of the actuarial valuation as at 31 March 2001, was set aside to address past discriminatory practices. The GEP Law and Rules thereto were amended to increase the pensionable service for members of former Non-Statutory Forces (NSF), employees that participated in strikes in the former Ciskei, and other employees that were previously discriminated against. The actuarial reserve set aside to address past discriminatory practices, is allocated to account for the recognition of periods of pensionable service based on agreements concluded in the PSCBC.

In October 2018, a resolution was signed by the PSCBC to implement the 1998 agreement in paying members affected by discriminatory practices and as such an amount of R572 million was incurred during the current year.

The accounting provision for the reserves set aside to address past discriminatory practices, is summarised as follows (refer to note 8 to the annual financial statements).

Reserve account balance	2021 R'000	2020 R'000
Ciskei strikers	187 488	180 060
General Assistants	147 882	142 023
Other past discriminatory practices	4 835 304	4 196 886
Total balance at end of year	5 170 674	4 518 969



1.5. Rule amendments

There were no rule amendments for the period under review.

1.6. Board of Trustees

The Minister of Finance inaugurated the current Board on 21 May 2018 for a period of four years. The Board consists of 16 members, with equal employer and member representation, and each with a substitute. Member representatives include a pensioner and a service representative, as well as their substitutes, who were elected through a postal ballot. Only Trustees participate in Board meetings, while Trustees and substitutes participate in Board Committee meetings. The current Board's tenure will end on 20 May 2022.

2. INVESTMENTS

2.1. Management of investments

Primarily the Public Investment Corporation (PIC) manages the assets of the GEPF. In terms of their mandate, the PIC appointed the following external asset managers to manage part of the Fund's portfolio:

- Meago (Pty) Ltd.
- Mergence Investment Managers (Pty) Ltd.
- Mianzo Asset Management (Pty) Ltd.
- Oasis Asset Management (Pty) Ltd.
- Perpetua Investment Managers (Pty) Ltd.
- Prowess Investment Managers (Pty) Ltd.
- Prudential Investment Managers South Africa (Pty) Ltd.
- Robeco Institutional Asset Management B.V.
- Sanlam Investment Management (Pty) Ltd.
- Sentio Capital Management (Pty) Ltd.
- Umthombo Wealth (Pty) Ltd.
- Vunani Fund Managers (Pty) Ltd.

The balance of the assets of the GEPF is invested in African Development Partners II and III LP (ADP II and ADP III) which is managed by Development Partners International, Pan African Infrastructure Development Fund (PAIDF) which is managed by Harith Fund Managers, South Suez African Fund II LP (South Suez) which is managed by South Suez Capital Limited, Verod Capital Growth Fund II LP (Verod) which is managed by Verod Capital Management and Capital Alliance Private Equity IV (Cape IV) which is managed by Capital Alliance Private Equity IV Limited on behalf of the Fund.

During the current year, Standard Bank of South Africa Limited performed the custody and investment accounting function on behalf of the Fund.

2.2. Assets are invested in a range of asset classes consisting of:

- Equities (shares in listed and unlisted companies);
- Fixed interest instruments;
- Money market instruments;
- Investment Properties
- Direct loans
- Bill and Bonds; and
- Other investment instruments.

Guidelines have been set for the various asset classes and funds are invested accordingly to allow for a balanced portfolio. The approved guidelines and actual asset allocation for the



financial year under review are as follows:

Asset classes	Guideline %	Actual % At 31 March 2021
Cash and money markets	0-8	2
Domestic bonds	26 - 36	33
Domestic property	3 - 7	3
Domestic equity	40-55	54
Africa (ex SA) equity	0-5	1
Foreign bonds	0-4	1
Foreign equity	1-5	6
Total	100	100

2.3. Other investments not in the name of the GEPF

In the current year, all investments were registered in the name of the GEPF, except for a directly held property, Palm Grove, which was registered in the name of CBS Property Portfolio (Pty) Ltd.

3. MEMBERSHIP

The GEPF membership as at 31 March 2021 consisted of 1 265 406 (2020: 1 269 161) government and parastatal employees from participating employers, as well as 479 485 (2020: 480 615) pensioners and orphans receiving monthly annuity benefits.

4. ACTUARIAL VALUATION

An actuarial valuation of the GEPF is conducted at least once every three years as prescribed in Section 17(3) of the GEP Law. The latest actuarial valuation was performed by Alexander Forbes Financial Services (Pty) Ltd as at 31 March 2018 based on the funding level policy adopted by the Board in consultation with the Minister of Finance. This funding level policy provides for evaluation of the liabilities on a long-term best estimate basis and the establishment of a solvency reserve to allow for funding, investment risks and uncertainty relating to future public service remuneration and employment. The required level of solvency was calculated independently

by RisCura (Pty) Ltd based on a detailed asset-liability study. In terms of the Fund's own funding level policy, the Fund was considered to be financially sound as at 31 March 2018 in that assets were equal to accrued liabilities and 19.1% of the desired level of solvency and contingency reserves.

5. SIGNIFICANT MATTERS

5.1 Impact of COVID-19

The outbreak Covid-19 has created a global health crisis that has had a dire impact on the global economy. Its impact on the South African economy has led to a depreciating Rand, an increase in the unemployment rate and uncertainty about the future.

The continued restrictions are part of the strategies deployed by the government to manage the spread of the disease. Quarter 4 of 2020, saw an improvement in the number of South Africans participating in the labour market compared to when the lockdown restrictions were initially introduced.

South Africa was further challenged by the introduction of new Covid-19 variants that posed further threats of another hard lockdown. While this was happening, South Africa rolled out its Covid-19 vaccination programme that started in February 2021 with phase 1. Although there is

still a long way to go, the rollout introduced a positive outlook on the economy.

The South African sovereign rating remains below the investment grade. The low grading is exacerbated by high and rising government debt, low trend growth and exceptionally high inequality. Rating agencies, Fitch and S&P Global, have noted that South African public finances have substantially improved. However, the South African economy remains under pressure and it is bound by many uncertainties.

During the current financial year, the Fund saw a substantial improvement in its value from R1.6 trillion as at 31 March 2020 to R2.1 trillion as at 31 March 2021. The improvement was mainly driven by fair value gains as a result of improved performance in financial markets that more than reversed the prior year fair value losses triggered by the onset of the Covid-19 pandemic.

Management has assessed the impact of Covid-19 on the GEPF's going concern, management is confident that the GEPF will continue to operate for the foreseeable future, this based on a number of factors, including the following:

- The easing of the lockdown restrictions and the improved economic activity improved the Fund's investment assets compared to the beginning of the financial year; and

Contributions from employees are expected to continue to be paid to the GEPF and no issues arose during the pandemic in relation to payments of contributions by members.

5.2. Valuation of unlisted investments

The GEPF via the PIC appoints external valuers who work independently of each other and their valuations are combined to arrive at the total fair value for unlisted equities, properties and other investments. The valuations were performed on an open-market basis with consideration to the

future earnings potential and are supported by market evidence.

The external valuator favoured discounted cash flow valuation methodology and Earnings Multiple in the current year, which allows for the impact of the Covid-19 pandemic on various assumptions included in the valuations to be taken into account.

The valuations of the Fund's unlisted portfolio are inherently subject to a significant degree of judgement in respect of certain assumptions used in the valuations, including judgement in respect of the determination of future cash flows/ earnings and appropriate capitalisation discount rates and earnings multiple. As a result, the valuations are subject to a degree of uncertainty, and assumptions may prove not to be accurate.

The easing of lockdown restrictions towards the 3rd and 4th quarter of the current financial year lead to the resumption of economic activities across most of the industries in South Africa, this resulted in an economic recovery that contrasted the downturn that was experienced in the prior financial year in March 2020 due to the worldwide economic inactivity as a result of imposed lockdowns.

An appropriate rollout of the Covid-19 vaccination programme is expected to assist the economy to once again operate at full capacity.

6. SUBSEQUENT EVENTS

6.1. S&S Refinarias De Oleos LDA (S&S Refinery / S&S)

S&S Refinarias De Oleos LDA (S&S Refinery / S&S) is a palm oil refinery and saponification plant in Nacala, Nampula Province in Mozambique. The plant produces refined palm oil, soap and stearin to the consumer market in the Northern regions of Mozambique.

In 2016, the PIC, on behalf of the GEPF, secured



a pledge of cash deposit held in Ecobank Nigeria amounting to USD10 million as security for a Letter of Credit (LOC) from Ecobank Mozambique for S&S to be able to import crude palm oil.

Litigation was initiated by a creditor of S&S leading to the Court of Nampula ordering the seizure and closing of the plant. A Lodgement of lenders claims by CGA Attorneys followed in March 2020.

In April 2021, USD4,3 million of the USD10 million guarantee was deposited back into the GEPF CFC USD account, the balance of the guarantee was used to cover S&S debts and

applicable fees over the period or term of the pledge because S&S was not honouring its obligations to their creditors.

6.2. Impact of riots

In July 2021, violent riots broke out around South Africa leading to looting of shopping malls and destruction of property structures in many parts of the country. This has been treated as a non-adjusting subsequent event as the conditions which led to destruction of properties were not known as at 31 March 2021.

The following GEPF investment properties were affected by the riots:

Property	Nature and extent of damage	Financial impact	Additional Security Costs*
Tembisa Plaza (Tembisa, Johannesburg)	Property damaged by fire	Amount not determined yet.	R1,1 million
Ga-Rankuwa Shopping Centre (Ga-Rankuwa, Pretoria)	Property partially damaged	Amount not determined yet	R401 306
Central City Shopping Centre (Mabopane, Pretoria)	Property partially damaged	Amount not determined yet	R164 000
44 Corobrik Road (Riverhorse Valley, KwaZulu Natal)	Property partially damaged	Amount not determined yet	R105 800
Parmalat (Riverhorse Valley, KwaZulu -Natal)	Property partially damaged	Amount not determined yet	R105 800

* Additional security costs relates costs incurred to protect these properties.

Other high-risk properties with no incidents reported

The following properties have been identified as high risk. Although no incidents have been reported, management is remaining on high alert. Additional security has been deployed at the following properties:

- Malvern Park Shopping Centre, KwaZulu-Natal
- Village Market, KwaZulu-Natal
- Kingsley Offices, Pretoria
- Jakaranda Shopping Centre, Pretoria
- Eastwood Village Shopping Centre, Pretoria
- Tshwane Regional Mall, Pretoria

The support and protection we have seen from the community has been vital in discouraging what could have otherwise been greater losses and damage to properties. The financial impact of the damage on the affected properties will be disclosed when the assessments have been completed. With the assistance of our insurers Aon Insurance Brokers ("Aon"), the GEPF through the PIC has secured the services of a loss adjustor who will assist with the necessary report that will be submitted to SASRIA in support of our claim.



7.3. The Protection of Personal Information Act (POPIA)

The Protection of Personal Information Act (POPIA) is a data protection legislation which came into effect on 1 July 2021. The POPIA was enacted to promote the protection of personal information by private and public entities. The POPIA regulates the flow of personal information and ensures that all organisations collect, process, store and share personal information in a safe and responsible manner.

The effective date for section 58(2) OF POPIA has been postponed from 1 July 2021 to 1 February 2022. The remaining provisions of POPIA are not included in this postponement. Section 58(2) of POPIA provides that a responsible party may not carry out information processing that is subject to prior authorisation until the Information Regulator has been notified and has completed its investigation or until the responsible party has

received notice from the Information Regulator that a more detailed investigation will not be conducted.

The GEPF is committed to compliance with the POPIA in the handling of personal information, and to minimising the unlawful and unauthorised use of personal information of the Fund's members and stakeholders.



Statement of Net Assets and Funds as at 31 March 2021

	Notes	2021 R'000	2020 R'000
Assets			
Non-current assets		2 059 282 008	1 610 120 249
Property, Plant and Equipment	2	8 018	9 909
Investments	3	2 059 273 990	1 610 110 340
Current assets		44 447 645	39 245 014
Funding loan	4	6 716	6 716
Accounts receivable	5	6 744 904	4 615 331
Transfers receivable	11.2	1 431	1 431
Contributions receivable	6.1	3 721 070	2 782 927
Cash and cash equivalents	7	33 973 524	31 838 609
Total assets		2 103 729 653	1 649 365 263
Funds and liabilities			
Total funds and reserves		2 041 346 246	1 594 525 798
Accumulated funds		2 036 175 572	1 590 006 829
Reserve accounts	8	5 170 674	4 518 969
Non-current liabilities		1 802 137	1 001 795
Unclaimed benefits	9	1 802 137	1 001 795
Current liabilities		60 581 270	53 837 670
Benefits payable	10	55 888 301	49 585 057
Transfers payable	11.1	1 029	799
Accounts payable	12	4 679 895	4 240 564
Provisions	13	12 045	11 250
Total funds and liabilities		2 103 729 653	1 649 365 263



Statement of Changes in Net Assets and Funds for the year ended 31 March 2021

		Accumulated funds	Reserve accounts	Total 2021	Total 2020
Notes		R'000	R'000	R'000	R'000
Net income/(loss) before transfers and benefits					
		565 399 656	-	565 399 656	(95 652 501)
Contributions received and accrued	6.2	81 567 487	-	81 567 487	80 231 144
Purchase of periods of service	14	816 410	-	816 410	4 673 938
Net investment income	15	483 848 496	-	483 848 496	(179 660 555)
Other income	16	255 519	-	255 519	378 354
Less:					
Administrative expenses	17	(1 088 256)	-	(1 088 256)	(1 275 382)
Transfers and benefits					
		(118 007 596)	-	(118 007 596)	(118 699 516)
Benefits	10	(119 109 020)	-	(119 109 020)	(110 917 750)
Transfers to other funds	11.1	(3 556)	-	(3 556)	(111 930)
Transfers from other funds	11.2	4 412	-	4 412	7 026
Interest adjustment/(expense)	18	1 100 568	-	1 100 568	(7 676 862)
Net income/(loss) after transfers and benefits					
		447 392 060	-	447 392 060	(214 352 017)
Funds and reserves					
Balance at beginning of the year		1 590 006 829	4 518 969	1 594 525 798	1 812 702 086
Benefits recognised		-	(571 612)	(571 612)	(3 824 271)
Transfer of net investment return to reserves	8	(1 223 317)	1 223 317	-	-
Balance at end of the year		2 036 175 572	5 170 674	2 041 346 246	1 594 525 798



Cash Flow Statement for the year ended 31 March 2021

		2021	2020
	Notes	R'000	R'000
Cash flow from operating activities			
Cash generated from operations	20	(30 802 701)	(28 131 614)
Contributions and other income received		80 629 344	80 679 112
Benefits paid during the year		(109 184 492)	(106 412 049)
Other expenses paid		(2 247 553)	(2 398 677)
Interest received		49 105 295	52 671 740
Interest paid		(1 725 730)	(1 752 019)
Dividends received		30 667 755	36 463 883
Transfers and bought services (paid)/received		31 037	(71 301)
Divorce benefits paid		(72 531)	(2 076 163)
Net cash inflow from operating activities		47 203 125	57 104 526
Net cash outflow from investing activities			
Proceeds on sale of property, plant and equipment		-	7
Additions to property, plant and equipment		(1 025)	(635)
Additions to investments		(45 067 185)	(54 112 623)
Net increase in cash and cash equivalents		2 134 915	2 991 275
Cash and cash equivalents at beginning of the year		31 838 609	28 847 334
Cash and cash equivalents at end of the year	7	33 973 524	31 838 609



Notes to the Annual Financial Statements for the year ended 31 March 2021

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and are consistent with those of the previous year, unless otherwise stated.

1.1. Basis of presentation of financial statements

The annual financial statements are prepared in accordance with the GEP Law's requirements. The retirement fund industry best practice principles are applied as the basis, as well as the rules of the Fund. This comprises adherence to Regulatory Reporting Requirements (RRR) for Retirement Funds in South Africa as issued by the former Financial Services Board (FSB).

The financial statements are prepared on the historical-cost and going-concern basis, modified by the valuation of financial instruments and investment properties to fair value, and incorporate the following principal accounting policies, which, unless otherwise indicated, have been consistently applied.

1.2 Property, Plant and Equipment

Historical cost includes costs that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset.

Property, Plant and Equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated on the historical cost using the straight-line method over the estimated useful life. Residual values and useful lives are assessed annually. Depreciation rates are as follows:

Asset classes	Annual depreciation rate %
Computer equipment	25%
Computer software	33%
Furniture and fittings	15%
Office equipment	15%
Motor vehicles	20%
Leasehold improvements	20%

The recorded values of these depreciated assets are periodically compared to the anticipated recoverable amounts if the assets were to be sold. Where an asset's recorded value has declined below the recoverable amount and the decline is expected to be of a permanent nature, the impairment loss is recognised as an expense.

1.3 Investments

Investments include all financial assets, including derivative instruments, and investment properties.

1.3.1 Classification

1.3.1.1 The GEFP classifies its financial assets into the following categories:

- At fair value through the statement of changes in net assets and funds.



Notes to the Annual Financial Statements for the year ended 31 March 2021

- Loans and receivables.

1.3.1.1.1 Financial assets classified at fair value through the statement of changes in net assets and funds

The classification depends on the purpose for which the financial assets were acquired, and is determined by management at the initial recognition of the financial assets.

Financial assets classified at fair value through the statement of changes in net assets and funds comprise equities, bills and bonds, debentures, investment properties, preference shares, collective investment schemes and special investment products.

1.3.1.1.2 Loans and receivables

Financial assets classified as loans comprise direct loans to companies and money market instruments.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those intended to be sold in the short term, or those that are designated at fair value through the statement of changes in assets and funds.

1.3.1.2 Financial liabilities

Financial liabilities are classified at amortised cost. Financial liabilities that are not classified at fair value through the statement of changes in net assets and funds comprise accounts payable.

1.3.2 Recognition

The GEPF recognises financial assets and financial liabilities on the date when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value as at trade date, including, for instruments not at fair value, through the statement of changes in assets and funds, any directly attributable transaction costs.

Financial instruments carried at fair value through the statement of changes in net assets and funds are initially recognised at fair value, and transaction costs are expensed in the statement of changes in net assets and funds.

Financial instruments classified as loans and receivables are recognised as assets when the entity becomes a party to the contract and as a consequence has a legal right to receive cash.

1.3.3 Measurement

Subsequent to initial recognition, all financial assets classified at fair value through the statement of changes in net assets and funds are measured at fair value with changes in their fair value recognised in the statement of changes in net assets and funds.



Notes to the Annual Financial Statements for the year ended 31 March 2021

1.3.3 Measurement (continued)

1.3.3.1 Equities

Equity instruments consist of equities with a primary listing on the Johannesburg Stock Exchange Limited (JSE), equities with a secondary listing on the JSE, foreign-listed equities and unlisted equities.

Equity instruments designated at fair value through the statement of changes in net assets and funds are initially recognised at fair value on trade date.

Listed Equities

Listed equity instruments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of net changes in assets and funds.

The fair value of listed equity instruments with standard terms and conditions, traded on active liquid markets, is based on regulated exchange quoted closing prices at the close of business on the last trading day on or before the statement of net assets and funds date.

Unlisted Equities

Unlisted equity instruments are subsequently measured at fair value, using the pricing models determined by the GEPP, or by applying valuation techniques such as the discounted cash flow model, at arm's-length market transactions in respect of the unlisted equities, net asset values and price earnings multiples.

For recently made investments, the price of recent acquisition is generally used for a limited period to equate fair value. At reporting date during the limited period, an assessment is made as to whether any subsequent events have occurred that affects the fair value.

When discounted cash flow techniques are used, discounted cash flows are based on management's best estimates, the discount rates used are market rates at the statement of net assets, and funds date applicable for an instrument with similar terms and conditions.

Where other methods are used, inputs are based on the market data at the date of the statement of net assets and funds.

1.3.3.2 Preference shares

The fair value of preference shares classified as fair value through the statement of changes in net assets and funds is measured as indicated below:

Listed preference shares

The fair value of preference shares traded on active liquid markets is based on regulated exchange quoted closing prices at the close of business on the last trading day on or before the statement of net assets and funds date.



Notes to the Annual Financial Statements for the year ended 31 March 2021

1.3.3 Measurement (continued)

1.3.3.2 Preference shares (continued)

Unlisted preference shares

The fair value of unlisted preference shares is determined by applying appropriate valuation techniques such as the discounted cash flow model, recent arm's-length market transactions in respect of preference shares, net asset values and price earnings multiple.

The market yield is determined by using the appropriate yields of existing listed preference shares that best fit the profile of the instruments being measured, and a discounted cash flow model is then applied using the determined yield, in order to calculate the fair value.

1.3.3.3 Debentures

Debentures comprise unlisted debentures.

Debentures are financial assets with fixed or determinable payment and fixed maturity date. The fair value is estimated using the pricing models or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's-length market transactions in respect of unlisted debentures.

1.3.3.4 Bills and bonds

Bills and bonds comprise investments in government, national or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.

Listed bonds

The fair value of listed bonds traded on active liquid markets is based on regulated exchange quoted closing prices at close of business on the last trading day on or before the statement of net assets and funds date.

Unlisted bills

The market yield is determined by using the appropriate yields of existing listed bills that best fit the profile of the instruments being measured, and based on the terms to maturity of the instrument, adjusted for credit risk, where appropriate, a discounted cash flow model is then applied using the

1.3.3.5 Investment properties

Properties held for a long-term rental yield or for capital appreciation and not occupied by the Fund are classified as investment property. Investment properties comprise investment in commercial properties, residential properties, industrial properties and hospitals. Investment properties are carried at fair value.

Investment properties reflected at fair value are based on open market fair values at the statement of net assets and funds date. If the open market fair values cannot be reliably determined, alternative valuation methods, such as discounted cash flow projections or recent prices on active markets for transactions of a similar nature are used.



Notes to the Annual Financial Statements for the year ended 31 March 2021

1.3.3 Measurement (continued)

1.3.3.5 Investment properties (continued)

The fair values are the estimated amounts for which a property could be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

The open market fair value is determined annually by independent professional valuers. The same independent professional valuers perform interim desktop valuations annually. Changes in fair value are recorded in the statement of net assets and funds.

1.3.3.6 Collective investment schemes

Investments in collective investment schemes are initially recognised at fair value, net of transaction costs that are directly attributable to the investment.

These investments are subsequently measured at fair value, which are the quoted unit values for listed schemes. Unlisted schemes' fair values are derived from the investment scheme administrator with reference to the rules of each particular collective investment scheme, multiplied by the number of units held.

1.3.3.7 Special investment products

Special investment products are valued at gross total fair value of all underlying instruments, included in the structured products and/or arrangements.

Where there are instruments within the structured products, which require a different treatment, these are measured separately in accordance with the measurement criteria set out in a class they belong to.

1.3.3.8 Direct loans

Direct loans are measured at amortised cost using the effective interest rate method, less impairment losses, if any.

1.3.3.9 Money market instruments

Money market instruments are measured at amortised cost using the effective interest rate method.

1.3.4 Derecognition

The GEPF derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset.

The GEPF uses the weighted average method to determine realised gains and losses on derecognition.



Notes to the Annual Financial Statements for the year ended 31 March 2021

1.3.5 Impairments

1.3.5.1 Financial assets carried at amortised cost

The Fund assesses at each statement of net assets and funds date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that a loss event has an impact on the estimated future cash flow of the financial asset or a group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or a group of assets is impaired includes observable data that come to the attention of the Fund about the following:

- Significant financial difficulty experienced by the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- A likelihood that the issuer or the debtors will enter into a bankruptcy or other financial reorganisation;
- The disappearance of an active market for a particular financial asset as a result of financial difficulties; or
- Observable data indicating a measurable decrease on the estimated future cash flows from a group of financial assets since the initial recognition, though the decrease cannot be identified with the individual financial assets in a group, including:
 - adverse changes on the payment status of the issuers or debtors in the group; or
 - national or local economic conditions that correlate with defaults in the assets in a group.

The Fund assesses whether the objective evidence of impairment exists individually for financial assets that are significant first, and, if no evidence of impairment exists for individually assessed assets, a group of financial assets with similar credit risk characteristics are collectively assessed for impairment (refer to note 15 for additional information).

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of changes in net assets and funds. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.



Notes to the Annual Financial Statements for the year ended 31 March 2021

1.3.5 Impairments (continued)

The Fund may measure the impairment loss on the basis of the instrument's fair value using an observable market price.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics relevant to the estimation of future cash flows for groups of such assets, by being indicative of the issuer's ability to pay all amounts due under the contract terms of the debt instrument being evaluated.

If, in subsequent periods, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in the statement of changes in net assets and funds.

1.3.5.2 Impairment of other non-financial assets

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances that the carrying amount may not be recoverable occur.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For purposes of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

1.3.5.3 Impairment of loans and receivables

A provision for impairment of loans and receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due, according to the original terms.

1.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash deposited with financial institutions and other short-term liquid investments with original maturities of three months or less. Cash and cash deposits are measured at fair value.

1.5 Accounts receivable

Accounts receivable are measured at fair value at initial recognition if normal credit terms are exceeded, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of changes in net assets and funds when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.



Notes to the Annual Financial Statements for the year ended 31 March 2021

1.5 Accounts receivable (continued)

Purchased service

Purchased service receivables are recognised upon acceptance by the member of the quote issued by the GEPF for the recognition of the purchase of a period as pensionable service. No provision is made for potential doubtful purchase of service debtors, as only the period paid for vests in favour of the member.

1.6 Unclaimed benefits

Unclaimed benefits are not currently written back to income as per the Prescription Act but will remain in the Fund as unclaimed until the member has been traced. Legitimate claims received subsequent to write-offs are paid as the records are maintained.

1.7 Accounts payable

Accounts payable are measured at fair value at initial recognition if normal credit terms are exceeded, and are subsequently measured at amortised cost using the effective interest rate method.

1.8 Provisions

Provisions are recognised when the GEPF has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

1.9 Contributions

Contributions are accounted for on the accrual basis except for additional voluntary contributions, which are recorded in the year in which they are received.

1.10 Purchase of service

Income from purchase of service is accounted for when it has been approved and processed.

1.11 Dividend, interest, rentals and gains and losses on subsequent measurement

1.11.1 Dividend income

Dividend income is recognised in the statement of changes in net assets and funds, when the right to receive payment is established, which is the last date to trade for equity securities.

1.11.2 Interest income

Interest income is recognised in the statement of changes in net assets and funds as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium or any other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.



Notes to the Annual Financial Statements for the year ended 31 March 2021

1.11.3 Rental income

Rental income from investment properties is recognised in the statement of changes in net assets and funds as it accrues on a straight-line basis over the period of lease agreements, unless another systematic basis is more representative of the time pattern in which a use benefit derived from the leased assets is diminished.

Property expenses are recognised in the statement of changes in net assets and funds as the services are rendered.

1.11.4 Collective investment schemes distributions

Distributions from collective investment schemes are recognised when the right to receive payment is established.

1.11.5 Gains and losses on subsequent measurement to fair value

Gains and losses on subsequent measurement to fair value of investments and of all other financial instruments are recognised as net investment (loss)/income during the period in which the change arises.

1.12 Transfers to and from the GEPF

Transfers to / (from) the GEPF are recognised on the earlier of receipt / (payment) of the actual transfer value or the written notice of transfer (recognition of transfer).

1.13 Interest payable to members exited from the GEPF

Interest payable to members in respect of the late payment of benefits is accounted for on the accrual basis on any part of a member's benefit not paid within 60 days from the last day of service.

1.14 Interest payable to dormant members

In terms of the GEPF rules, interest is accrued to a dormant member's benefit until the effective date on which such benefit becomes payable.

1.15 Foreign exchange gains or losses

Foreign monetary assets and liabilities are translated into South African Rand at rates ruling at year-end. Unrealised differences on foreign monetary assets and liabilities are recognised in the statement of changes in net assets and funds in the period in which they occur.

1.16 Operating leases

Operating leases include rental on properties and office equipment. Rental expenses are recognised on a straight-line basis over the lease term.

1.17 Interest on late payments of contributions and/or loans and receivables

Interest on late payments of contributions, surplus improperly utilised and/or loans and receivables is accounted for in the statement of changes in net assets and funds using the effective interest rate method.



Notes to the Annual Financial Statements for the year ended 31 March 2021

1.18 Expenses incurred in managing investments

Expenses in respect of management of investments are recognised as the services are rendered.

1.19 Judgements and estimates

Critical judgements in applying the entity's accounting policies

In the process of applying the GEPF's accounting policies, the Board has made the following judgements relating to amounts recognised in the financial statements (apart from those involving estimations, which are dealt with separately below).

- **Residual Values and useful lives**
Residual values and useful lives of property, plant and equipment are assessed annually. Property, Plant and Equipment is assessed for impairment annually, or more frequently when there is an indication that an asset may be impaired and the related impairment losses recognised in the statement of changes in net assets and funds in the period in which the impairment occurred.
- **Provision for impairment of receivables**
The provision for impairment of receivables is raised on all receivable amounts aged 730 days and older, amounts due from individuals who have attained the age of 70 years and older, as well as all fraud case receivables.
- **Accumulated leave pay provision**
The leave pay provision accounts for vested leave pay to which employees may become entitled upon exit from the service of the GEPF.
- **Performance bonus provision**
This provision accounts for performance bonuses payable, based on the outcome of the performance evaluation of employees and the relevant approval.
- **Fair value estimation**
The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of net assets and funds date. The quoted market price used for financial assets held by the Fund is the closing price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of net assets and funds date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining instruments.



Notes to the Annual Financial Statements for the year ended 31 March 2021

1.19 Judgements and estimates (continued)

Key assumptions of estimations with uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of net assets and funds date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are the following:

- **Accrual for benefits payable**
The accrual for benefits payable is based on a calculation performed by the GEPF's actuaries and contains actuarial assumptions and key estimates. These estimates pertain to member profiles, among others. The actuarial assumptions applied are in line with those applied for statutory valuation purposes.
- **Accruals and contingent liabilities for legal costs**
Liabilities may exist for lawsuits by and against the GEPF. The amounts accrued for/included in contingent liabilities, include the GEPF's independent attorneys' best estimates of the probable/possible legal liabilities which the GEPF may incur.
- **Reserve accounts**
A reserve was set aside in respect of errors or omissions in the valuation data. This reserve was set at a level of 0.75% of the contributing member liability.
- **Past Discriminatory Practices**
A reserve was set aside in respect of previously discriminatory practices. This reserve was obtained from the financial statements, being the accumulated value of one per cent (1%) of the funding levels in 1998, less amounts already utilized to fund discriminatory practices.
- **Investments**
The net present value of certain unlisted investments has been calculated using estimated future cash flows at discounted rates.

Further information about the key assumptions concerning the future and other key sources of estimation uncertainties are set out in the relevant notes to the financial statements.

1.20 Accounting policies, changes in accounting estimates and errors

Retirement funds apply adjustments arising from changes in accounting policies and errors prospectively; the adjustment relating to changes in accounting policies and errors is therefore recognised in the current and future periods affected by the change.

1.21 Reserves

Reserves accounts comprise particular amounts of designated income and expenses and are recognised in the period in which such income and expenses accrue to the Fund.



Notes to the Annual Financial Statements for the year ended 31 March 2021

1.22 Benefits

Benefits expenses are recognised through the statement of changes in net assets and funds on an accrual basis.

Liability is raised for all benefits accruing at the end of the financial year, which have not been paid through the statement of net assets and funds.

1.23 Administration expenses and other expenses

Administration expenses incurred are recognised through the statement of changes in net assets and funds on an accrual basis.

1.24 Contingent assets and liabilities

Contingent assets are disclosed when there is a possible asset, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the GEPF.

Contingent liabilities are disclosed when there is a possible obligation that arises from the past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the GEPF, or it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

1.25 Related parties

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

If there have been transactions between related parties, the Fund will disclose the nature of the related-party relationship, as well as the following information for each related-party relationship:

- The name of the government department and the nature of its relationship with the Fund;
- The nature and amount of each individually significant transaction; and
- For other transactions that are collectively, but not individually significant, a qualitative or quantitative indication of their extent.

1.26 Financial liabilities

1.26.1 Classification

Financial liabilities are classified at amortised cost. Financial liabilities that are not classified at fair value through the statement of changes in net assets and funds comprise accounts payable.

1.26.2 Recognition

The GEPF recognises financial liabilities on the date when the entity becomes a party to the contractual provisions of the instrument.

1.26.3 Measurement

Financial liabilities are measured at amortised cost using the effective interest rate method.

1.26.4 Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.



Notes to the Annual Financial Statements for the year ended 31 March 2021

2. PROPERTY, PLANT AND EQUIPMENT

Computer equipment	Computer software	Furniture and fittings	Office equipment	Motor vehicles	Leasehold improvements	Total
R'000	R'000	R'000	R'000	R'000	R'000	R'000

2.1 Current year, 2021

Gross carrying amount	3 770	817	4 128	4 135	656	13 452	26 958
At beginning of the year	2 908	817	4 084	4 016	656	13 452	25 933
Additions	862	-	44	119	-	-	1 025
Disposals	-	-	-	-	-	-	-
Accumulated depreciation and impairments	(2 651)	(817)	(3 324)	(3 348)	(656)	(8 144)	(18 940)
At beginning of the year	(2 122)	(814)	(3 143)	(3 168)	(656)	(6 121)	(16 024)
Depreciation	(529)	(3)	(181)	(180)	-	(2 023)	(2 916)
Accumulated depreciation on disposals	-	-	-	-	-	-	-
Net carrying amount at end of the year	1 119	-	804	787	-	5 308	8 018

2.2 Prior year, 2020

Gross carrying amount	2 908	817	4 084	4 016	656	13 452	25 933
At beginning of the year	2 400	817	4 040	3 934	656	13 452	25 299
Additions	516	-	44	82	-	-	642
Disposal	(8)	-	-	-	-	-	(8)
Accumulated depreciation	(2 122)	(814)	(3 143)	(3 168)	(656)	(6 121)	(16 024)
At beginning of the year	(1 725)	(809)	(2 858)	(2 850)	(656)	(4 092)	(12 990)
Depreciation	(398)	(5)	(285)	(318)	-	(2 029)	(3 035)
Accumulated depreciation on disposals	1	-	-	-	-	-	1
Net carrying amount at end of the year	786	3	941	848	-	7 331	9 909



Notes to the Annual Financial Statements for the year ended 31 March 2021

3. INVESTMENTS

3.1 Investment summary

		Fair value 2021	Amortised cost 2021	Total 2021	Total 2020
	Notes	R'000	R'000	R'000	R'000
Money market instruments*	3.1.1	-	8 520 756	8 520 756	29 170 756
Direct loans*	3.1.2	-	49 772 180	49 772 180	42 343 071
Bills and bonds**	3.1.3	670 274 987	-	670 274 987	568 765 757
Local		644 387 506	-	644 387 506	540 044 466
Foreign		25 887 481	-	25 887 481	28 721 291
Investment properties**	3.1.4	14 977 238	-	14 977 238	14 989 029
Equities**	3.1.5	1 166 758 952	-	1 166 758 952	833 428 996
Listed equities		1 099 693 762	-	1 099 693 762	763 017 302
Primary listings		888 987 946	-	888 987 946	557 489 466
Secondary listings		210 705 816	-	210 705 816	205 527 836
Unlisted equities		67 065 190	-	67 065 190	70 411 694
Local equities		47 422 984	-	47 422 984	49 474 883
Foreign equities		19 642 206	-	19 642 206	20 936 811
Preference shares**	3.1.6	1 537 913	-	1 537 913	2 951 900
Collective investment schemes**	3.1.7	147 431 964	-	147 431 964	118 460 831
Local instruments		842 059	-	842 059	630 975
Foreign instruments		146 589 905	-	146 589 905	117 829 856
		2 000 981 054	58 292 936	2 059 273 990	1 610 110 340

*Classified as loans and receivables.

**Classified as fair value through statement of changes in net assets and funds.

Explanatory notes:

- Included in the unlisted foreign equities above are internally managed investments by the GEPF to the value of R10.8 billion (2020: R11.3 billion). These investments include ADP II, ADP III, PAIDF I, PAIDF II, South Suez, Verod and Cape IV.
- Money market instruments with original maturities of three months or less are classified as cash and cash equivalents.
- The details of the top ten investments per investment category have been provided in the detailed schedules below and the balance is included in 'other', where practicable. Investments which meet the top ten criteria in one year and do not meet the criteria in another year, will be disclosed as zero and included in 'other' in the year in which they do not meet the criteria. Details of the top ten investments are disclosed per entity level not per instrument level.

Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.1. Money market instruments

	Amortised cost 2021 R'000	Amortised cost 2020 R'000
Certificate of deposits	307 627	1 834 840
Development Bank of SA Ltd	307 627	1 834 840
Fixed deposits	7 752 337	22 869 572
Standard Bank Group Ltd	1 681 142	5 198 615
Nedbank Ltd	1 653 415	4 644 399
FirstRand Ltd	1 578 469	4 659 494
Investec Bank Ltd	1 506 296	4 080 284
ABSA Group Ltd	1 333 015	4 286 780
Promissory notes	460 792	4 466 344
Land and Agricultural Development Bank of SA*	460 792	4 466 344
Total money market instruments	8 520 756	29 170 756

* The promissory notes issued by the Land and Agricultural Development Bank of SA are in default as at 31 March 2021 and have been impaired to R461 million. As at 31 March 2021, the amortized cost before impairment amounts to R4 billion. An impairment of R3.6 billion has been recognized, as these instruments are illiquid and there are uncertainties as to the recoverability.



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.2 Direct loans

		Amortised cost 2021 R'000	Amortised cost 2020 R'000
	Secured by		
SAHL Investments Holding (Pty) Ltd	Shareholder guarantees, cession and pledges of rights in each loan, loan agreement, guarantee trust guarantee, insurance contract, insurance proceeds, and other Related Security in respect of the portfolio of loans owned by SAHL from time to time.	7 084 341	7 327 974
Lancaster 101 (RF) (Pty) Ltd	Secured by collar options, primary cession over Steinhoff Africa shares, primary cession over dividends received from Steinhoff Africa shares, reversionary cession over proceeds from put option, reversionary cession over Steinhoff International shares, as well as cash and operating accounts	5 307 408	3 641 000
Industrial Development Corporation SOC Limited Econet**	Not secured*	5 054 273	5 066 368
	The PIC and external counsel in Mauritius are currently in the process of enforcing the share pledge and registering the same in the name of GEPE.	4 875 827	-
Belelani Capital (Pty) Ltd	Share of linked units in Pareto Ltd and personal security pledged by Mr Kekana in the form of a share portfolio and property	2 761 440	3 490 068
Kilimanjaro Sakhumnotho Consortium (Pty) Ltd	First ranking pledge and cession in security of pledged shares, pledged share distributions and disposal proceeds; and pledge (and not an out and out cession and transfer) of the ceded rights and accordingly, cedentes shall be and remain the owner of such rights until the cessionary exercises its rights, guarantee from each of the obligors	2 512 140	1 654 828
V & A Waterfront Holdings (Pty) Ltd	Not secured	2 428 331	2 290 485
Firefly Investments 326 (RF) (Pty) Ltd	Corporate guarantees from Bayport Financial Services (BFS) and Bayport Management Ltd(BML), Cession in securitatum debiti of all positive bank accounts, pledge and cession of shares in BML, BFS and Firefly Investments 326, as well as shareholder guarantee	2 102 789	2 323 802
Lebashe Investment Group (Pty) Ltd formerly known as Petratouch (Pty) Ltd	Pledge and cession in securitatum debiti of its rights, title and interest including acquired Ashbrook and Capitec shares	1 988 672	1 793 148
Honsha Property (Pty) Ltd	Pledge and cession of shares by HEA Trading 1 Pledge and cession of share from Honsha Properties Proprietary Limited Security on personal assets (properties) Personal surety (limited guarantee)	1 716 820	1 984 988
Tanga Cement Company Ltd	Cession and pledge of debenture and mortgage registered under Tanga Cement Company Ltd and stand-by payment guarantee	-	1 430 730
Other		13 940 139	11 339 680
Total loans		49 772 180	42 343 071

* This loan consists of uncertified notes which are held by the Central Securities Depository.

**New investment during the financial year ended 31 March 2021

Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.3 Bills and bonds

	Issuer rating long-term	Fair value 2021 R'000	Fair value 2020 R'000
Bills		770 792	6 926 412
Republic of SA	zaAAA	770 792	1 962 516
Eskom Holdings Ltd		-	4 963 896
Commercial paper		75 705	1 543 941
Discovery Holdings Ltd	zaA+	75 705	70 496
The Thekwini Fund Ltd		-	1 372 029
Transnet SOC Ltd		-	101 416
Government bonds		489 119 748	380 232 685
Republic of SA	zaAAA	488 249 882	379 058 750
Republic of Angola	**	445 340	554 152
Republic of Namibia	zaAAA	424 526	619 783
Corporate bonds		19 443 132	19 962 267
Standard Bank Group Ltd	zaAA+	5 989 972	5 564 136
FirstRand Ltd	zaAA	5 426 956	4 785 262
Nedbank Ltd	zaAA	2 913 554	3 155 811
ABSA Group Ltd	zaAA	2 729 247	3 396 230
Investec Group Ltd	zaAA	522 482	352 271
African Bank Ltd	zaA-	334 723	465 408
Old Mutual Plc	zaA+	324 710	343 156
Santam Ltd	zaAAA	206 549	206 066
Anglo American SA Finance Ltd	zaAAA	125 332	-
Amber House Fund (RF) Ltd	zaAAA	105 842	-
The Thekwini Fund Ltd		-	512 233
MMI Holdings Ltd		-	297 552
Other		763 765	884 142
Parastatal bonds		134 978 129	131 379 161
Eskom Holdings Ltd	zaB	81 728 499	73 166 386
South African National Road Agency Ltd	zaA+	19 651 177	20 881 315
Transnet SOC Ltd	zaAA	17 258 404	20 304 782
Trans-Caledon Tunnel Authority	zaAA-	6 801 877	6 918 870
Development Bank of SA Ltd	zaAA-	6 721 171	6 661 159
City of Cape Town	zaAAA	774 216	721 832
Rand Water Board	zaAAA	545 958	543 487
Industrial Development Corporation SOC Ltd	zaAA-	520 749	502 506
City of Johannesburg	zaAA+	414 941	608 486
ACSA	zaAA+	309 833	-
Ekurhuleni Metropolitan Municipality		-	413 780
Other	***	251 304	656 558
Foreign bonds		25 887 481	28 721 291
Black Rock Advisors (UK)	*	11 841 317	13 667 761
International Bank for Reconstruction and Development	*	5 876 817	7 040 281
JP Morgan Asset Management (UK) Ltd	*	5 435 183	5 281 273
Goldman Sachs Asset Management International	*	2 734 164	2 731 976
Total bills and bonds		670 274 987	568 765 757



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.3 Bills and bonds (continued)

The National Rating Scale is applicable, unless otherwise mentioned. The rating categories are as follows:

<u>National Long-term Rating Definition</u>	<u>National Scale Rating Symbol</u>
Highest grade quality	AAA
Very high credit quality	AA+, AA, AA-
High credit quality	A+, A, A-
Adequate protection factors	BBB+, BBB, BBB-
Capacity for timely repayment	BB+, BB, BB-
Possessing risk that obligations will not be met when due	B+, B, B-
Vulnerable to non-payment of obligations	CCC+, CCC, CCC-
Highly vulnerable to non-payment of obligations	CC+, CC, CC-
Highly vulnerable to non-payment of obligations	C+, C, C-
Defaulted	D
No rating	NR
Rating withdrawn by Moody's rating agency	WD

All South African ratings are the South African National Rating Scale Long-Term (LT), measured on the Standard & Poor's (S&P) rating scale. Where no S&P rating exists, other rating agency ratings obtained have been mapped onto the S&P scale equivalent.

* Foreign bonds are held in bond portfolios. These bond portfolios invest in a range of bonds with different credit ratings.

** The global long term credit rating is CCC+ (rated by S&P Global)

*** Included in the amount of other, are amounts relating to bonds issued by the Land and Agricultural Development Bank of SA. The market value of these bonds have been adjusted from R268 million to R31 million as these bonds are deemed to be illiquid and there are uncertainties as to the recoverability.

Included in the bond value on the previous page are the following scrip lending transactions:

Transaction date	Bonds on lent	Security in place	Number on loan 2021 '000	Fair value 2021 R'000	Name of counterparty	Scrip custodian
31 March 2021	R2030	*	1 300 497	1 202 680	Standard Bank	Standard Bank
31 March 2021	R2048	*	885 447	696 780	Standard Bank	Standard Bank
31 March 2021	R209	*	880 000	576 786	Standard Bank	Standard Bank
31 March 2021	R213	*	997 973	820 230	Standard Bank	Standard Bank
31 March 2021	R214	*	419 400	262 448	Standard Bank	Standard Bank
Total			4 483 317	3 558 924		

* Collateral is not done on an individual bond level basis. The total out on loan position is collateralized across all securities. The security in place for the bond collateral is 110% of the daily market value of the Bonds Gross Market value.



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.4 Investment properties

	Fair value 2021 R'000	Fair value 2020 R'000
Residential properties	202 440	208 060
Industrial properties	1 716 300	2 076 020
Office properties	6 299 777	6 613 772
Retail properties	5 214 437	5 252 568
Specialised properties	1 236 014	712 660
Vacant land	622 768	365 230
Lease income accrual	(314 498)	(239 281)
Total properties	14 977 238	14 989 029



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.4 Investment properties (continued)

Name of property	Address	Valuation method	Date of last valuation	Pledged as guarantee	Fair value 2021 R'000	Fair value 2020 R'000
Centre Square Development	Corner of Dallas Road and Aramist Road, Menlyn Maine, Tshwane	DCF	2021/03/31	No	759 000	765 000
Vangate Shopping Centre	Vanguard Drive, Athlone, Cape Town	DCF	2021/03/31	No	750 300	715 200
Tshwane Regional Mall	Denneboom Station Mamelodi, Tshwane	DCF	2021/03/31	No	699 600	786 000
Central City Shopping Centre	Stand 426, Unit E, Central Road, Mabopane, Tshwane	DCF	2021/03/31	No	585 100	613 300
Business Connexion	1037 Lenchen Avenue, Zwartkop, Centurion, Tshwane	DCF	2021/03/31	No	484 000	575 300
Riverwalk Office Park	41 Matroosberg Street, Ashlea Gardens, Tshwane	DCF	2021/03/31	No	441 600	693 100
Tlhabane Shopping Centre	Proposed Tlhabane Mixed Use Development, Tlhabane Unit 1, Rustenburg, North West	DCF	2021/03/31	No	408 500	-
Trevenna	70 Meintjies Street, Trevenna, Tshwane	DCF	2021/03/31	No	406 100	617 100
Kingsley Centre	481 Steve Biko Road, Arcadia City of Tshwane	DCF	2021/03/31	No	333 000	-
Joggie Vermooten	57 Joyner Road, Propection, Isipingo Ext. 12, eThekwini	DCF	2021/03/31	No	325 700	327 100
Portion 97 Farm Palmietfontein 403 & Farm Isago N12 (Refer to note 25 on the change in accounting estimate)	Portion 97, Farm Palmietfontein, 403 & Farm , North West	Comparable sales (residual land valuation in prior year)	2021/03/31	No	-	517 320
Portions 43 – 50 of Erf Cornubia	Portions 43 – 50 of Erf Cornubia, eThekwini	Comparable sales	2021/03/31	No	-	300 000

Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.4 Investment properties (continued)

Name of property	Address	Valuation method	Date of last valuation	Pledged as guarantee	Fair value 2021 R'000	Fair value 2020 R'000
Other					10 098 836	9 318 890
Lease income accrual					(314 498)	(239 281)
Total properties					14 977 238	14 989 029

3.1.4.1 Investment properties

	2021 R'00	2020 R'00
Balance at beginning of the year	15 228 310	14 948 177
Additions		
- Direct acquisition	240 138	517 382
- Capital expenditure	1 078 285	1 007 976
Fair value adjustment*	(1 254 997)	(1 245 225)
Closing fair value	15 291 736	15 228 310
Operating lease income accrual	(314 498)	(239 281)
Balance at end of year	14 977 238	14 989 029

An independent valuation of the investment properties was performed as at 31 March 2021. The properties were valued at fair value on the basis of the comparable sales and discounted cash flow method, using a risk-free rate adjusted for property risk. Additional adjustments were included for tenant risk, building factors, vacancies, rental reversions to market, property costs, tenant installations and capital expenditure. The key assumptions used by the valuers include the capitalisation rate and the discount rate. The discount rates reflect the risks inherent in the net cash flows and are constantly monitored by reference to comparable market transactions.

The independent valuation was performed by professional valuers from Knight Frank, Broll Property Group, De Leeuw Valuers and Spectrum Valuations and Asset Solutions who are registered valuers in terms of Section 19 of the Valuers Professional Act, No 47 of 2000, and have recent experience in valuing similar properties at similar locations.

3.1.5 Equities

	Fair value 2021 R'000	Fair value 2020 R'000
Primary listing	888 987 946	557 489 466
Secondary listing	210 705 816	205 527 836
Unlisted equities	67 065 190	70 411 694
Total equities	1 166 758 952	833 428 996



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.5 Equities (continued)

	Total issued shares(number)	GEPP's shareholding (number)	GEPP's shareholding %	Fair value 2021 R'000	Fair value 2020 R'000
1. Primary listing (listed on the JSE)				888 987 946	557 489 466
Naspers Ltd	435 511 058	76 073 398	17	268 669 180	184 483 608
MTN Group Ltd	1 884 269 758	491 343 465	26	42 673 180	23 584 914
FirstRand Ltd	5 609 488 001	784 138 584	14	40 477 234	21 202 335
Impala Platinum Holdings Ltd	799 034 147	139 621 622	17	38 218 627	-
Vodacom Group Ltd	1 835 864 961	248 583 223	14	31 386 118	29 047 129
Sibanye Stillwater Ltd	2 954 975 358	446 292 746	15	29 009 028	-
Standard Bank Group Ltd	1 619 929 317	229 635 867	14	28 803 227	22 715 743
Anglo American Platinum Ltd	265 292 206	11 078 226	4	23 842 004	-
Sasol Ltd	626 041 861	106 432 726	17	22 531 808	-
Capitec Bank Ltd	115 626 991	15 017 358	13	21 322 245	-
Sanlam Ltd	-	-	-	-	14 338 776
AngloGold Ashanti Ltd	-	-	-	-	13 981 973
Bid Corporation Ltd	-	-	-	-	11 598 865
Shoprite Holdings Ltd	-	-	-	-	10 299 305
Remgro Ltd	-	-	-	-	9 901 482
Other				342 055 295	216 335 336
2. Secondary listing				210 705 816	205 527 836
Anglo American Plc	1 363 118 080	82 482 132	6	47 901 498	39 596 367
British American Tobacco Plc	2 456 520 738	53 354 772	2	29 963 506	31 475 726
BHP Group Plc	2 112 071 796	54 138 504	3	23 145 835	16 038 489
Prosus N.V.	1 624 652 070	13 957 324	1	22 931 883	52 890 284
Richmont Securities AG	5 220 000 000	101 649 774	2	14 477 977	11 842 836
Mondi Ltd	485 553 780	23 647 411	5	8 969 699	9 097 904
Reinet Investments S.C.A.	195 941 286	27 534 068	14	8 034 716	6 687 196
Glencore Plc	14 586 200 066	129 685 315	1	7 532 123	-
Dangote Cement Plc	17 040 507 405	805 582 668	5	6 249 590	4 889 444
Quilter Plc	1 807 773 015	176 221 233	10	5 714 854	4 429 506
Mediclinic International Plc	-	-	-	-	3 893 090
Other				35 784 135	24 686 994



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.5 Equities (continued)

	Total issued shares (number)	GEPF's shareholding (number)	GEPF's shareholding %	Fair value 2021 R'000	Fair value 2020 R'000
3. Unlisted equities				67 065 190	70 411 694
Pareto Ltd	4 551 646 134	3 459 251 062	76	12 029 000	13 468 000
Pan African Infrastructure Development Fund*	*	*	40/98	9 314 892	9 847 363
ABSA Group Ltd	**	**	**	9 309 671	5 858 213
V & A Waterfront Holdings (Pty) Ltd	1 000 000	500 000	50	6 419 817	8 988 905
ETG Inputs Holdco Ltd	500	245	49	3 443 946	3 720 503
Siyanda Resources (Pty) Ltd	1 428 573	428 572	30	2 263 389	-
ADR International Airports SA (Pty) Ltd	166 000	166 000	100	1 970 000	1 768 000
AP Venture Fund I*	*	*	50	1 476 945	-
Arch Property Fund (Pty) Ltd	25 000 000	5 000 000	20	1 716 820	1 985 000
African Bank Ltd	500 000 000	125 000 000	25	1 364 958	1 507 000
Bayport Management Ltd	31 384 369	6 377 550	20	-	1 785 270
MTN Group Ltd	**	**	**	-	3 539 000
Other				17 755 752	17 944 440

*Information relating to the total shares issued and the GEPF's holding number and percentage is not disclosed, as the nature of these instruments is not pure equity.

** This instrument is an option and therefore GEPF shareholding percentage is not applicable.

3.1.6 Preference shares

	Total issued shares (Number)	GEPF's shareholding (number)	GEPF's shareholding %	Fair value 2021 R'000	Fair value 2020 R'000
BK One Ltd	24 492 823	1 200 000	5	120	120
Zambezi Platinum (RF) Ltd	159 905 453	15 707 792	10	1 537 793	2 951 780
Total preference shares				1 537 913	2 951 900



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.7 Collective investment schemes

Description	Fair value 2021 R'000	Fair value 2020 R'000
Black Rock Advisors (UK)	98 420 946	76 368 970
Robeco Institutional Asset Management B.V.	30 881 542	24 234 367
Gemcorp Capital LLP	5 600 763	5 833 503
Cheyne Capital Management (UK) LLP	5 100 915	5 448 424
Enko Capital Management LLP	4 194 850	3 735 965
Mazi Africa Capital (Pty) Ltd	1 232 212	1 178 253
Coronation African Frontiers Unit Trust	1 096 695	896 102
H4 Collective Investments (RF) (Pty) Ltd	670 549	463 842
Sanlam Ltd	171 510	167 133
Investec Africa Unit Trust	61 982	134 272
Total	147 431 964	118 460 831

The GEPPF owns units in all above listed collective investment schemes.



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.8 Risk management

Credit/counterparty risk

Counterparty	Direct investment in counterparty R'000	Deposit/ liquid asset with counterparty R'000	Guarantees	Any other instrument R'000	Total per counterparty R'000	Exposure to counterparty (% of the fair value of assets)
Banks						
ABSA Group Ltd	8 343 221	408 130	No	4 062 262	12 813 613	1
African Export Import Bank	834 522	-	No	-	834 522	-
African Bank Ltd	1 364 958	-	No	334 723	1 699 681	-
Bank of New York	-	1 121 384	No	-	1 121 384	-
BNP Paribas SA	-	-	No	18 475	18 475	-
Capitec Holdings Ltd	21 322 245	-	No	-	21 322 245	1
Citygroup Global Markets	-	-	No	5 429 342	5 429 342	-
Development Bank SA Ltd	-	-	No	7 028 797	7 028 797	-
Ecobank Transnational Inc.	618 476	78 897	No	-	697 373	-
FirstRand Ltd	40 477 234	-	No	7 005 425	47 482 659	2
Grindrod Bank Ltd	-	-	No	13 073	13 073	-
HSBC Holdings Plc	-	79 103	No	-	79 103	-
International Bank for Reconstruction and Development	-	-	No	5 876 817	5 876 817	-
Investec Ltd	7 060 036	390 351	No	6 031 936	13 482 323	1
Land and Agricultural Development Bank	-	-	No	491 515	491 515	-
Nedbank Ltd	7 930 628	117 161	No	4 566 969	12 614 758	1
Rand Merchant Bank	3 449 438	-	No	-	3 449 438	-
South African Reserve Bank	105	130 103	No	-	130 208	-
Standard Bank Group Ltd	28 803 227	30 798 063	No	7 671 114	67 272 404	3
Venda Building Society Ltd	-	-	No	-	-	-



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.8 Risk management

Credit/counterparty risk

Counterparty	Direct investment in counterparty R'000	Deposit/ liquid asset with counterparty R'000	Guarantees	Any other instrument R'000	Total per counterparty R'000	Exposure to counterparty (% of the fair value of assets)
Asset managers						
Black Rock						
Advisors (UK)	-	-	No	110 262 262	110 262 262	5
Coronation Asset Management (Pty) Ltd	2 154 936	-	No	1 096 695	3 251 631	-
Goldman Sachs Asset Management International	-	-	No	2 734 164	2 734 164	
H4 Collective Investments (RF) (Pty) Ltd	-	-	No	670 549	670 549	-
Investec Africa Unit Trust	-	-	No	61 983	61 983	-
JP Morgan Asset Management (UK) Ltd	-	-	No	5 435 183	5 435 183	-
Ninety One Plc	2 016 509	-	No	-	2 016 509	-
Novare Africa Property Fund	1 130 862	-	No	-	1 130 862	-
Robeco Institutional Asset Management B.V,	-	-	No	30 881 542	30 881 542	1
Insurance companies						
Alexander Forbes Ltd	290 492	-	No	-	290 492	-
Discovery Holdings Ltd	8 123 852	-	No	75 705	8 199 557	-
Liberty Group Ltd	1 384 736	-	No	55 803	1 440 539	-
MMI Holdings Ltd	1 949 291	-	No	85 478	2 034 769	-
Old Mutual Ltd	9 984 056	-	No	324 710	10 308 766	-
Sanlam Ltd	17 312 405	-	No	171 510	17 483 915	1
Santam Ltd	1 480 397	-	No	206 550	1 686 947	-



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.9 Market risk

Equity holdings

Ten largest Rand-value equity holdings

	Total fair value holdings and open instruments R'000	Market movement by 5% R'000
Naspers Ltd	268 669 180	13 433 459
Anglo American Plc	47 901 498	2 395 075
MTN Group Ltd	42 673 180	2 133 659
FirstRand Ltd	40 477 234	2 023 862
Impala Platinum Holdings Ltd	38 218 627	1 910 931
Vodacom Group Ltd	31 386 118	1 569 306
British American Tobacco Plc	29 963 506	1 498 175
Sibanye Stillwater Ltd	29 009 028	1 450 451
Standard Bank Group Ltd	28 803 227	1 440 161
Anglo American Platinum Ltd	23 842 004	1 192 100
Total value of ten largest equity holdings	580 943 602	29 047 179
As a percentage of total investments plus bank balances	28%	1%

3.1.10 Other financial instruments

Ten largest Rand-value other financial instruments

	Total fair value holdings and open instruments R'000	Market movement by 5% R'000
Black Rock Global Equity Fund	79 611 536	3 980 577
RSA 197	56 379 262	2 818 963
RSA 2048	36 595 925	1 829 796
RSA 202	35 734 612	1 786 731
RSA 210	32 380 640	1 619 032
RSA 2037	31 309 993	1 565 500
Robeco Equity Fund	30 881 542	1 544 077
RSA 2030	30 863 571	1 543 179
RSA 2050	28 566 907	1 428 345
RSA 2038	27 978 487	1 398 924
Total value of ten largest other instruments	390 302 475	19 515 124
As a percentage of total investments plus bank balances	19%	1%



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.11 Foreign currency exposure

Description	Fair value 31 March 2021 USD '000	Fair value 31 March 2021 R'000	Exchange rate movement by 5% R'000
Black Rock Advisors UK Ltd	7 462 254	110 262 262	5 513 113
Robeco Institutional Asset Management B.V.	2 089 980	30 881 542	1 544 077
Pan African Infrastructure Development Fund	630 407	9 314 892	465 745
Dangote Cement Plc	422 955	6 249 590	312 480
International Bank for Reconstruction and Development	397 727	5 876 817	293 841
Gemcorp Capital LLP	379 045	5 600 763	280 038
JP Morgan Asset Management (UK) Ltd	367 839	5 435 183	271 759
Cheyne Capital Management (UK) LLP	345 216	5 100 915	255 046
Econet (Pty) Ltd	329 982	4 875 827	243 791
Enko Capital Management LLP	283 896	4 194 850	209 743
ETG Inputs Holdco Ltd	244 835	3 617 679	180 884
Goldman Sachs Asset Management International	185 041	2 734 164	136 708
MTN Nigeria Communications Ltd	138 977	2 053 528	102 676
AP Ventures Fund	107 514	1 588 622	79 431
Mazi Africa Fund	83 393	1 232 212	61 611
Bayport Management Ltd	78 758	1 163 731	58 187
Novare Africa Property Fund	76 534	1 130 862	56 543
Coronation Africa Frontiers Unit Trust	74 221	1 096 695	54 835
Tanga Cement Company Ltd	72 102	1 065 379	53 269
Grit Real Estate Group NPV	59 528	879 589	43 979
Gateway Delta (Pty) Ltd	57 451	848 896	42 445
Vodacom Tanzania Ltd	54 622	807 090	40 355
African Export-Import Bank	56 478	834 522	41 726
Ecobank Transnational Inc.	47 196	697 373	34 869
African Development Partners II LP	39 945	590 226	29 511
Neoma Africa Fund III	38 000	561 488	28 074
Aradei Capital	33 165	490 041	24 502
Republic of Angola	30 139	445 340	22 267
Convergence Partners Communications Infrastructure Fund	33 244	491 217	24 561
Kuvenco 1 Ltd	32 022	473 159	23 658
South Suez African Fund II LP	24 664	364 438	18 222
Kenya Electricity Generating Company Ltd	20 611	304 551	15 228
Kuramo Africa Opportunity II (Mauritius) LLC	15 783	233 213	11 661
Capital Alliance Private Equity IV Ltd	14 679	216 897	10 845
Verod Capital Growth Fund II LP	12 907	190 718	9 536
Smile Telecoms Holdings Ltd	12 674	187 275	9 364
West Africa Emerging Fund	11 780	174 060	8 703



Notes to the Annual Financial Statements for the year ended 31 March 2021

3.1.11 Foreign currency exposure (continued)

Description	Fair value 31 March 2021 USD '000	Fair value 31 March 2021 R'000	Exchange rate movement by 5% R'000
Africa Capital Works	8 611	127 240	6 362
Cipla Quality Chemical Industries Ltd	8 087	119 498	5 975
African Development Partners III LP	6 659	98 391	4 920
Africa Food Security Fund	6 181	91 329	4 566
Ninety One Africa Unit Trust	4 195	61 983	3 099
Alpha Namibia Industries Renewable Power Ltd	3 228	47 700	2 385
Total value of foreign instruments	14 402 525	212 811 747	10 640 590
As a percentage of total investments plus bank balances		10%	1%

3.1.12 Subsequent events

Refer to note 6 on subsequent events per the Report of the Board of Trustees.



Notes to the Annual Financial Statements for the year ended 31 March 2021

4. FUNDING LOAN

	2021 R'000	2020 R'000
Sefalana Employee Benefits Organisation (SEBO)	6 716	6 716

This is an unsecured, interest-free loan utilised to fund SEBO's property, plant and equipment. Recovery is dependent on the fair value of SEBO's assets upon liquidation.

Liquidators were appointed to liquidate SEBO during the 2005 financial year. The liquidation was dependent upon the registration of all the title deeds in respect of investment properties. Subsequent to the registration of all the title deeds in respect of investment properties in the name of the GEPPF, the liquidators would then finalise the liquidation of SEBO. The liquidators have used three different scenarios to estimate the amount that will be due to the GEPPF on the final liquidation of SEBO. The GEPPF has followed a conservative approach by adopting the lowest estimate provided by the liquidators.

5. ACCOUNTS RECEIVABLE

Interest receivable	42 979	64 630
Dividends receivable	2 530 508	1 712 212
Estates debt	50 906	41 573
Total estates debt	132 610	111 088
Less: provision for doubtful debts	(81 704)	(69 515)
Fraud cases debt	-	-
Total fraud cases debt	65 061	64 192
Less: provision for doubtful debts	(65 061)	(64 192)
Investment debtors	3 570 256	2 322 474
Lease debtor	314 498	239 281
Purchased service	66 000	74 959
Purchased service not recovered at retirement or death	397	466
South African Post Office	98 560	57 837
Sundry debtors	927	3 844
National Treasury	1 619	3 836
Government Pensions Administration Agency	19 833	34 711
Temporary Employees Pension Fund	150	151
Overpayments	48 271	59 357
Total overpayments	79 790	84 820
Less: provision for doubtful debts	(31 519)	(25 463)
	6 744 904	4 615 331

Notes to the Annual Financial Statements for the year ended 31 March 2021

2021 R'000	2020 R'000
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6. CONTRIBUTIONS

6.1 Contributions receivable

Participating employers	144 080	129 372
Additional employer contributions*	3 202 697	2 219 586
Additional NSF employer contributions**	373 579	430 126
Interest on outstanding contributions	714	3 843
Statement of net assets and funds	3 721 070	2 782 927

*This is an amount owing to the GEFP in respect of additional liabilities placed on the GEFP resultant from decisions by the employers to afford exiting members' enhanced benefits as per Section 17.4 of the GEP Law (e.g. voluntary severance packages/early retirement without downscaling).

**This is an amount owing to the GEFP in respect of additional liabilities arising out of the revised NSF pension dispensation. The additional cost will have to be met by each individual employer.

6.2 Reconciliation of contributions receivable

2020 R'000	2021 R'000	2021 R'000	2021 R'000
Contributions receivable	Contributions accrued	Contributions received	Contributions receivable
-	28 748 230	(28 748 230)	-
2 779 084	52 822 115	(51 880 843)	3 720 356
3 843	(2 858)	(271)	714
2 782 927	81 567 487	(80 629 344)	3 721 070

**Statement of changes in net
assets and funds**

81 567 487

7. CASH AND CASH EQUIVALENTS

Cash resources	2 360 672	5 601 116
Short-term investments	31 612 852	26 237 493
	33 973 524	31 838 609

Money market instruments with original maturities of three months or less are classified as cash and cash equivalents.



Notes to the Annual Financial Statements for the year ended 31 March 2021

8. RESERVES

In terms of a collective agreement negotiated and agreed to in the PSCBC, an actuarial reserve was set aside to address past discriminatory practices.

This note illustrates the detailed split of that reserve balance between Ciskei strikers, general assistants and other past discriminatory practices.

	2021 R'000 Ciskei strikers' reserve	2021 R'000 General assistants' reserve	2021 R'000 Other past discriminatory practices' reserve	2021 R'000 Total reserve accounts
Balance at beginning of the year	180 060	142 023	4 196 886	4 518 969
Benefits recognised*	-	-	(571 612)	(571 612)
Transfer from net investment return to reserves	7 428	5 859	1 210 030	1 223 317
Balance at end of year	187 488	147 882	4 835 304	5 170 674

*In October 2018, a resolution was signed by the PSCBC to implement the 1998 agreement in paying members affected by discriminatory practices and as such an amount of R572 million was incurred during the current year.



Notes to the Annual Financial Statements for the year ended 31 March 2021

2021 R'000	2020 R'000
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9. UNCLAIMED BENEFITS

Balance at the beginning of the year	1 001 795	863 122
Transferred from benefits	1 076 343	642 968
Benefits paid	(876 126)	(802 616)
Interest provision	600 125	298 321
Balance at the end of the year	1 802 137	1 001 795

RECONCILIATION OF NUMBER OF CASES

	2021 R'00		2020 R'00	
	Cases	Amount	Cases	Amount
Payments rejected by the banks	8 111	391 191	5 274	319 137
Cases available for internal tracing	5 038	435 791	4 377	377 158
Unclaimed funeral benefits	173	1 756	140	1 262
Tax directives declined	626	23 765	627	24 144
Family disputes cases	261	104 324	204	115 209
Cases available for external tracing	6 678	124 112	8 172	164 885
Past discriminatory pension (PDP)	3 999	721 198	-	-
Balance at the end of the year	24 886	1 802 137	18 794	1 001 795



Notes to the Annual Financial Statements for the year ended 31 March 2021

10. BENEFITS

	2020 R'000	2021 R'000	2021 R'000	2021 R'000	2021 R'000
	Benefits payable	Benefits accrued current year	Benefits paid during year	Benefits transferred to unclaimed benefits	Benefits Payable
Net benefit payments	34 219 690	119 109 020	(108 903 093)	(1 076 285)	43 349 332
Gratuities	4 267 989	21 274 280	(19 705 069)	(24 476)	5 812 724
Withdrawal benefits	13 277 984	29 448 741	(25 563 664)	(617 041)	16 546 020
Monthly pensions	4 799 750	56 035 091	(56 319 200)	(36 159)	4 479 482
Retrenchment benefits	2 100	18 252	(5 473)	-	14 879
Death benefits	11 725 701	11 201 800	(6 236 342)	(375 402)	16 315 757
Funeral benefits	80 085	486 624	(461 907)	(1 379)	103 423
Child and orphans benefits**	51 557	319 332	(314 017)	(6 020)	50 852
Divorce benefits	14 524	323 885	(296 406)	(15 808)	26 195
Unclaimed benefits***	-	1 015	(1 015)	-	-
Interest to members	15 365 367	(1 100 610)	(1 725 730)	(58)	12 538 969
Benefits payable****	49 585 057	118 008 410	(110 628 823)	(1 076 343)	55 888 301

Statement of Changes in net assets and funds

119 109 020

**Orphans' benefits are payable in terms of the provisions of Rule 14.6.3 of the GEP Law, which was introduced during the 2003 financial year. The benefit offered was reviewed because of difficulties experienced with the implementation thereof and referred back to the PSCBC to be renegotiated.

The new child's benefits replaced the orphans' benefits with effect from 1 June 2018. The concern about the orphans' pension was that both parents had to be deceased for a child to qualify for a pension. With the new child's pension, the death of one parent who is a member or pensioner of the Fund occurring from 1 June 2018 will result in an eligible child being entitled to a child's pension.

***Unclaimed benefits are not currently written back to income as per the Prescription Act but will remain in the Fund as unclaimed until the member has been traced.

****Benefits payable as at 31 March 2021 and benefits accrued during the year includes an amount of R15.6 billion (2020: R6.5 billion) representing exit cases that were not fully processed at year-end.



Notes to the Annual Financial Statements for the year ended 31 March 2021

10. BENEFITS (continues)

Benefits payable age analysis is summarised as follows:

	Cases	2021 R'000	Cases	2020 R'000
Current				
<2 years	43 448	32 004 371	33 788	21 842 874
Unpaid benefits				
2–5 years	-	-	24 142	3 521 362
>5 years	97 246	21 151 326	72 326	21 784 524
Contingency provision	-	2 622 290	-	2 329 283
Child and orphans benefits	1 849	49 707	1 489	48 137
Interest on NSF benefits	352	60 607	446	58 877
Total	142 895	55 888 301	132 191	49 585 057

11. TRANSFERS

11.1 Transfers to other funds

		2020 R'000	2021 R'000	2021 R'000	2021 R'000	2021 R'000	
	Effective date	Number of members	Transfers payable	Transfers approved	Return on transfer	Transfers paid	Transfers payable
Bulk transfers in terms of Rule 12 of the GEP Law							
Municipal transfers	2020/2021	6	799	3 312	244	(3 326)	1 029
		6	799	3 312	244	(3 326)	1 029
Transfers approved							3 312
Return on transfers							244
Statement of changes in net assets and funds							3 556



Notes to the Annual Financial Statements for the year ended 31 March 2021

11.2 Transfers from other funds

	Effective date	Number of members	2020 R'000 Transfers receivable	2021 R'000 Transfers approved	2021 R'000 Return on transfers	2021 R'000 Transfer received	2021 R'000 Transfers receivable
Transfers in terms of Rule 12 of the GEP Law							
Individual transfers	2020/2021	8	1 431	4 412	-	(4 412)	1 431
		8	1 431	4 412	-	(4 412)	1 431
Transfer approved							4 412
Return on transfers							-
Statement of changes in net assets and funds							4 412

2021 R'000	2020 R'000
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12. ACCOUNTS PAYABLE

Administrative creditors	29 171	26 774
Operating lease accrual	(429)	644
Child maintenance (court orders)	2 213	2 015
Contributions (employers)	11 868	6 308
Dormant members	467	425
Associated Institutions Pension Fund	2 405	1 979
Government Pensions Administration Agency	102 844	93 274
Investment creditors	3 745 383	3 522 691
National Treasury	221	245
Outstanding SA Post Office vouchers	95 808	55 560
Portfolio management fees payable	299 791	255 459
Sundry creditors	390 153	275 190
	4 679 895	4 240 564



Notes to the Annual Financial Statements for the year ended 31 March 2021

	2021 R'000	2020 R'000
13. PROVISIONS		
Provision for accumulated leave pay	1 166	1 154
Balance at beginning of the year	1 154	773
Provided	1 166	1 154
Utilised	(1 154)	(773)
Provision for bonuses	10 879	10 096
Balance at beginning of the year	10 096	8 302
Provided	12 142	10 672
Utilised	(11 359)	(8 878)
Balance at end of the year	12 045	11 250
14. PURCHASE OF PERIODS OF SERVICE		
GEPF members	20 923	39 756
Divorce benefits	223 875	808 571
Past discriminatory members	571 612	3 825 611
	816 410	4 673 938



Notes to the Annual Financial Statements for the year ended 31 March 2021

	2021 R'000	2020 R'000
15. NET INVESTMENT INCOME		
Income from investments	84 249 770	94 944 693
Dividends	31 486 051	34 050 990
Interest	48 628 470	52 275 404
Other income	292 159	595 668
Foreign exchange gain	-	5 941 911
Reversal of impairment ³	2 139 922	258 626
Property income	1 703 168	1 822 094
Net profit on sale of investments ¹	54 969 107	38 031 537
Adjustment to fair value	360 698 423	(297 168 244)
Impairment of investments ²	(7 448 023)	(11 950 511)
Total investment (loss)/income	492 469 277	(176 142 525)
<i>Less: expenses incurred in managing investments</i>		
- Management fees – externally managed	(1 716 619)	(1 695 397)
- Management fees and other expenses – internally managed	(173 915)	(113 179)
- Property expenses	(977 228)	(1 004 711)
- Foreign exchange loss	(4 982 190)	-
- Transaction costs and other expenses	(770 829)	(704 743)
Total investment expenses	(8 620 781)	(3 518 030)
Net investment (loss)/income	483 848 496	(179 660 555)
¹ Profit on sale of investments	60 485 696	42 014 751
Loss on sale of investments	(5 516 589)	(3 983 214)
Net profit on sale of investments	54 969 107	38 031 537

²Some of the loans entered into by the PIC on behalf of the GEPPF in their capacity as the Fund's asset manager have been impaired based on the independent valuations as stated on the following page:



Notes to the Annual Financial Statements for the year ended 31 March 2021

15. NET INVESTMENT INCOME (continued)

Schedule of impairments

	2021 R'000	2020 R'000
Land and Agricultural Development Bank of SA	3 569 147	-
Belelani Capital (Pty) Ltd	1 171 223	2 334 171
Firefly Investments 326 (Pty) Ltd	482 879	401 289
Honsha Property (Pty) Ltd	443 368	309 650
Independent News and Media SA (Pty) Ltd	187 825	112 531
Drive-in-Trading (Pty) Ltd	145 053	-
S&S Refinery (Pty) Ltd	133 725	429 528
Acapulco Trade and Invest 164 (RF) (Pty) Ltd	127 163	143 443
Allied Mobile Communications (Pty) Ltd	121 522	415 573
Smile Telecoms Holdings (Ltd)	121 517	322 857
Bafepi Agri (Pty) Ltd	102 089	231 336
ACWA Power Solafrica Bokpoort CSP Power Plant (Pty) Ltd	99 926	-
Yalu Financial Services (Pty) Ltd	88 362	24 781
Musa Group (Pty) Ltd	82 763	335 457
Business Ventures Investments No 1697 (Pty) Ltd	72 965	87 830
Friedshelf 1518 (Pty) Ltd	72 920	-
Sub Saharan Investment Holdings (Pty) Ltd	52 114	187 454
Tanga Cement Company Ltd	50 058	-
Firefly Investments 230 (RF) (Pty) Ltd	48 358	-
V & A Waterfront Holdings (Pty) Ltd	44 531	-
WH Pharma Couriers (RF) (Pty) Ltd	42 620	5 516
Venda Building Society	39 729	48 560
Madibeng Municipality	32 815	21 279
Ekuzeni Supplies (Pty) Ltd	27 530	2 469
Just Veggies (Pty) Ltd	17 322	70 488
Roggeveld Wind Power (Pty) Ltd	14 811	-
Kurisani Youth Development Trust	13 779	2 994
LA Crushers (Pty) Ltd	11 864	22 622
Sakhumnotho Property Holdings (Pty) (Ltd)	10 666	279 884
Kuseni Group (Pty) Ltd	7 638	809 412
Kiaat Nozala Health Partners (Pty) Ltd	6 273	5 281
Sunrise Energy (Pty) Ltd	3 635	29 828
CPV Power Plant No.1 (Pty) Ltd	1 725	7 748
Hot Dog Café (Pty) Ltd	108	116
Lancaster Group	-	3 361 426
Kilimanjaro Sakhumnotho Consortium (Pty) Ltd	-	1 038 464
Afrisam Group (Pty) Ltd	-	527 593
Firefly Investments 319 (Pty) Ltd	-	110 361
Zamalwandle Transport Logistics (Pty) Ltd	-	79 445
Botshilu Private Hospital (Pty) Ltd	-	64 404
Projectprop (Pty) Ltd	-	53 745
Lona Group (Pty) Ltd	-	39 935
EM Africa Properties (Pty) Ltd	-	24 680
Business Venture Investments 1828 (Pty) Ltd	-	6 517
Aspari (RF) (Pty) Ltd	-	1 574
Multisource (Pty) Ltd	-	270
Total	7 448 023	11 950 511



Notes to the Annual Financial Statements for the year ended 31 March 2021

2021 R'000	2020 R'000
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15. NET INVESTMENT INCOME (continued)

In arriving at the impairment figures, the GEPF considered the following impairment triggers:

- Uncertainties on the going concern on audited financial statements of its investees.
- Actual breaches of any original funding agreements, that resulted in renegotiation of those agreements.
- Where cash flow projections have been revised downwards, it resulted in a decrease in enterprise values of investees.
- Anticipated pressure on investees in servicing their debt obligations.

³In the current year, reversals of impairment were recognised for companies listed in the schedule of reversals of impairment below:

Schedule of reversals of impairment

Lancaster Group	950 129	-
Kilimanjaro Sakhumnotho Consortium (Pty) Ltd	728 679	-
Erin Energy Corporation Ltd	175 945	-
Dikgosi Tailings Processing (Pty) Ltd	101 695	61 146
Botshilu Private Hospital (Pty) Ltd	64 863	-
Projectprop (Pty) Ltd	53 383	-
EM Africa Properties (Pty) Ltd	24 680	-
Firefly 319 (Pty) Ltd	20 491	-
Business Venture Investments 1828 (Pty) Ltd	6 517	-
Sakhumnotho Property Holdings (Pty) (Ltd) – Senior loan	5 826	-
Lona Group (Pty) Ltd	4 337	-
Aspari (RF) (Pty) Ltd	1 574	-
Zamalwandle Transport Logistics (Pty) Ltd – Mezzanine Loan	1 164	-
Mucet Investments (Pty) Ltd	395	8 178
Kiaat Bridge Facility	244	13 558
ACWA Power Solafrica Bokpoort CSP Power Plant (Pty) Ltd	-	67 954
Magae Makhaya Housing	-	41 859
Friedshelf 1518 (Pty) Ltd	-	24 782
Firefly Investments 230 (RF) (Pty) Ltd	-	17 340
Kiaat Private Hospital (Pty) Ltd	-	10 652
Kiaat Ndabezitha Trust	-	3 965
King Sabata Dalindyebo Municipality	-	8 130
Kiaat Lehakwe Trust	-	1 062
Total	2 139 922	258 626



Notes to the Annual Financial Statements for the year ended 31 March 2021

	2021 R'000	2020 R'000
16. OTHER INCOME		
Interest income		
Arrear contributions	3 115	5 298
Purchase of service	5 297	5 526
Additional employer contributions – early retirement	139 633	182 815
Additional employer contributions – NSF	45 864	116 272
Operating bank account	61 017	68 293
Other	593	150
	255 519	378 354
17. ADMINISTRATIVE EXPENDITURE		
17.1 Total administrative expenditure		
Administration expenses	907 520	1 088 042
Actuarial fees	3 875	3 910
Investment accounting fees	2 627	2 539
Investment performance analysis	4 023	2 488
Audit fees	7 490	10 704
Depreciation	2 916	3 035
Foreign currency loss	52	164
Legal costs	21 924	21 820
Bad debts	(1)	94
Operating expenses	41 620	53 575
Operating lease payments	5 140	5 162
Operating lease smoothing adjustment	(429)	644
Personnel expenses	72 386	61 794
Personnel expenditure (refer to note 17.2) **	40 624	34 329
Executive officer expenditure (refer to note 17.3) **	5 255	8 884
Principal officer expenditure (refer to note 17.4) **	7 195	6 113
Trustees expenditure (refer to note 17.6)	19 312	12 468
Increase in provision for doubtful debt	19 113	21 411
	1 088 256	1 275 382
17.2 Personnel remuneration and expenses		
Remuneration to permanent and contract employees**	37 382	30 649
Retirement fund contributions	2 901	3 113
Other benefits (housing, medical, etc.)	341	567
	40 624	34 329



Notes to the Annual Financial Statements for the year ended 31 March 2021

2021 R'000	2020 R'000
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17.3 Executive officers' remuneration and expenses

Remuneration and allowances**	4 100	7 064
Bonuses	1 155	1 820
	5 255	8 884

17.4 Principal officer's remuneration and expenses

Remuneration and allowances**	5 214	4 278
Acting allowance*	102	-
Bonuses	1 879	1 835
	7 195	6 113

17.5 Detailed Executive and Principal Executive Officer Remuneration

Name	Position	2021 R'000			2020 R'000		
		Cost to Company	Short term Incentives	Total	Cost to Company	Short term Incentives	Total
Musa Mabesa*	Principal Executive Officer	3 720	1 879	5 599	2 300	712	3 012
Abel Sithole*	Principal Executive Officer	1 596	-	1 596	4 278	1 835	6 113
Dharmasela Naidoo	Head: Stakeholder Management and Communications	2 092	587	2 679	1 977	552	2 529
Adri van Niekerk	Company Secretary	2 008	568	2 576	1 895	557	2 452
Linda Mateza***	Head: Investment and Actuarial	-	-	-	891	-	891

* There were two Principal Executive Officers in the financial period ended 31 March 2021. Abel Sithole left employment at the GEPP on the 31st of July 2020, therefore remuneration for 4 months has been disclosed for Abel Sithole. Musa Mabesa was the Head: Corporate services prior to 1 November 2020 and he acted as the Principal Executive Officer from 1 August 2020 until 31st of October 2020, he was then permanently employed as the Principal Executive Officer on the 1st of November 2020.

**Prior period disclosure error corrected in the current period.

*** The Head of Investments and Actuarial left employment at the Government Employees Pension Fund in July 2019.

Notes to the Annual Financial Statements for the year ended 31 March 2021

	2021 R'000	2020 R'000
17. ADMINISTRATIVE EXPENDITURE (continued)		
17.6 Board of Trustees' remuneration and expenses		
Meeting allowances	15 781	9 472
Expenses	3 531	2 996
	19 312	12 468



Notes to the Annual Financial Statements for the year ended 31 March 2021

Surname	Meeting attendance fee R'000	Retainer fee R'000	Subsistence and travel R'000	Total paid R'000
Ms Lindy Bodewig	-	-	-	-
Mr Sibonelo Cele	481	112	1	594
Mr Terrence Chauke	471	145	8	624
Ms Anadele Coetzee	14	-	-	14
Col Johan Coetzer	603	112	1	716
Major Genl Dries de Wit	366	73	-	439
Dr Vuyo Dyantyi	241	95	-	336
Mr Themba Gamedze	398	74	-	472
Mr Kenny Govender	-	-	-	-
Col Johan Griesel	256	63	-	319
Ms Jennifer Jeftha	1 349	94	2	1 445
Ms Jennita Kandailal	559	112	-	671
Mr Eddie Kekana	798	288	-	1 086
Mr Sidney Kgara	199	63	-	262
Ms Thandi Khoza	227	63	-	290
Dr Frans Le Roux	416	89	-	505
Ms Mantuka Maisela	606	58	2	666
Ms Kgomotso Makhupola	857	175	-	1 032
Mr Mugwena Maluleke	311	63	-	374
Corp Thobile Maqhubela	213	50	-	263
Mr Success Mataitsane	325	95	-	420
Dr Lese Matlhape	413	25	1	439
RA Gladys Mbulaheni	254	63	-	317
Mr Stadi Mngomezulu	-	-	-	-
Dr Renosi Mokate	1 109	290	-	1 399
Mr Thabo Mokwena	436	89	-	525
Mr Richard Morris	420	126	-	546
Adv Sibusiso Mtsweni	55	25	-	80
Adv Makhubalo Ndaba	827	175	15	1 017
L Genl Lineo Ntshiea	564	112	-	676
Dr Morgan Pillay	467	112	41	620
Ms Suveena Pillay	311	95	-	406
Mr John Raphela	253	32	-	285
Mr Mulungisa Sitshongaye	467	112	16	595
Mr Pierre Snyman	477	112	-	589
Mr Khaya Sodidi	256	50	2	308
Mr Alan Thompson	393	89	61	543
Adv Nonku Tshombe	389	50	-	439
Mr Sibusiso Malinga	-	-	-	-
Total	15 781	3 381	150	19 312



Notes to the Annual Financial Statements for the year ended 31 March 2021

2021 R'000	2020 R'000
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18. INTEREST ADJUSTMENT/ EXPENSE

Interest payable to members	(1 100 610)	7 676 823
Interest (provision adjustment) / payable to members exited from the GEPF	(1 281 099)	7 481 428
Interest payable to external funds in respect of members exited from the GEPF	142 085	117 767
Interest payable to NSF members	38 404	77 628
Interest payable to dormant members	42	39
	(1 100 568)	7 676 862

19. OPERATING LEASE

INCOME

Future minimum lease payments receivable under non-cancellable operating leases:

Receivable within one year	946 403	974 745
Receivable between two and five years	2 193 234	2 227 643
Receivable after five years	1 216 714	1 367 065
	4 356 351	4 569 453

EXPENSES

Future minimum lease payments under non-cancellable operating leases:

Payable within one year	6 424	5 949
Payable between two and five years	12 231	18 656
	18 655	24 605



Notes to the Annual Financial Statements for the year ended 31 March 2021

	2021 R'000	2020 R'000
20. CASH GENERATED FROM OPERATIONS		
Net income/(loss) after transfers and benefits	447 392 060	(214 352 017)
Adjusted for:	(477 388 798)	185 881 005
Interest income	(48 883 989)	(52 653 758)
Interest (adjustment)/expense	(1 100 568)	7 676 862
Divorce benefits	323 885	2 892 309
Dividends received	(31 486 051)	(34 050 990)
Adjustment to fair values of investments	(360 698 423)	297 168 244
Profit on sale of investments	(54 969 107)	(38 031 537)
Impairment of investments	7 448 023	11 950 511
Reversal of impairment	(2 139 922)	(258 626)
Foreign currency loss/(income)	4 982 242	(5 941 747)
Depreciation	2 916	3 035
Lease smoothing	(429)	644
Bad debt written off	(1)	94
Increase in doubtful debt provision	19 113	21 411
Movement in provisions	9 930 779	1 673 587
Net transfers (in)/out	(817 266)	(4 569 034)
Adjusted net income after transfers and benefits	(29 996 738)	(28 471 012)
Changes in working capital	(805 963)	339 398
Decrease/(increase) in accounts receivable	(979 343)	351 493
Increase/(decrease) in accounts payable	173 380	(12 095)
Cash flow generated from operations	(30 802 701)	(28 131 614)



Notes to the Annual Financial Statements for the year ended 31 March 2021

21. FINANCIAL MANAGEMENT AND ASSOCIATED RISKS

Investment activities expose the GEPF to various types of risks that are associated with the financial instruments and the asset classes in which the portfolio is invested.

GEPF's strategic asset allocation percentages for the various asset classes, is set to counter, amongst other risks, inflation risk that affect the GEPF's liabilities and assets. The nature and extent of financial instruments as at financial year-end and the risk management policies employed by the GEPF and its investment manager are discussed below.

21.1 Market risk and interest rate risk

Market risk is the risk that the value of a financial instrument or investment will fluctuate due to adverse movements in market factors.

Investment managers are required to diversify investments of the GEPF and make investments within the specified asset allocation such that the performance of the asset classes are at least similar to the performance of corresponding sectors of the market as a whole and that exposure to a single investment is within an acceptable tolerance level.

Equities are the most volatile asset class and therefore the biggest source of short-term risk for the portfolio. The Investment Committee, on behalf of the Board, monitors this risk against predetermined benchmarks. Furthermore, market risk exposure is managed through adherence to investment mandate requirements.

Interest rate risk is the risk that the value of a financial instrument or the income received from such instruments will adversely change due to a change in interest rate levels, credit spreads and changes in the shape of the pricing yield curve. Risk caused due to a change in interest rate levels is managed and evaluated through duration management techniques. In addition, interest rate risk caused by movements in credit spreads and changes in the yield curve shape is managed primarily through credit and macroeconomic research, scenario analysis and stress testing.

21.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument or investment will default on its obligation, in part or in total, thereby causing financial loss to the GEPF.

Credit risk is managed by utilising internal models; credit related policies, as well as ratings from external credit rating agencies for listed credit exposures. Credit related limits are managed through adherence to investment mandate requirements, as well as internal policies and guidelines set out by the Investment Manager that are approved by the relevant committees, in accordance with the Board approved delegation of authority. Risk reports are submitted to the respective committee structures for governance oversight.

The credit risk pertaining to loans and advances is managed partially through a combination of derivative structures, collateral and other forms of available risk transfer mechanisms for the credit exposure. Loans and advances are approved by the relevant governance structures within the Investment Manager and in accordance with investment mandate requirements.



Notes to the Annual Financial Statements for the year ended 31 March 2021

21.3 Liquidity risk

Liquidity risk is the risk that the investments will not readily convert into cash should the need for funds arise.

Liquidity risk is managed by investing in liquid assets such as money market instruments, bonds, fixed deposits and promissory notes as well as liquid debt issues from government, municipalities and other approved issuers in accordance with the investment mandate. In addition to this, an adequate reserve amount is kept in cash, following an asset-liability modelling exercise to further mitigate this risk.

21.4 Currency risk

Currency risk is the risk that the value of a financial instrument denominated in a currency other than the reporting currency may fluctuate due to changes in foreign currency exchange rates, between the reporting currency and the currency in which the instrument is denominated.

The Fund's exposure to currency risk is mainly in respect of the foreign investment mandates, which are denominated in US dollars. Currency risk is managed primarily by setting limits to strategic asset allocation percentages for foreign asset classes and other risk transfer mechanisms permitted through the derivatives policy.

21.5 Solvency risk

Solvency risk is the risk that the invested assets will not be sufficient to meet the GEPF's contractual obligations to members. An undertaking by the Government, as employer, to ensure that the funding level remains above 90% and the setting of strategic asset allocation percentages following an asset-liability modelling exercise, mitigates this risk. Such an exercise will be repeated regularly to ensure that the employer contribution rate, solvency reserve and strategic asset allocation percentages are managed to maintain the solvency risk within levels acceptable to the stakeholders.

21.6 Concentration risk

Concentration risk is the risk of losses arising due to poor diversification within funds. This relates to both credit and market risk as excessive concentrations in a particular or correlated sector, issuer, asset class, term structure or financial instrument type can result in undesirable risk exposures. This risk is managed in accordance with investment mandates, strategic asset allocation percentages, predetermined benchmarks and approved policies, which dictate the level of acceptable concentration.

22. RELATED PARTIES

Majority of the Funds participating employers relate to the entire government and the predominant numbers of GEPF transactions are with related government entities. This would result in an exorbitant amount of related party disclosure, which in the opinion of the Trustees would not necessarily add value to the users of the financial statements.

- Trustees of the Fund who are also members of the Fund contribute to the Fund and may receive benefits upon exit from the Fund in terms of the Fund rules.
- Remuneration and expenses of key management personnel is disclosed in note 17 to the annual financial statements.



Notes to the Annual Financial Statements for the year ended 31 March 2021

23. CONTINGENT LIABILITIES

23.1 Benefits

A contingent liability exists for members that exited from the GEPF prior to 31 March 2021, for whom no duly completed exit documentation have been received. The GEPF cannot estimate the benefits payable to such members exactly, because the quantum of the liability is dependent on:

- the reason for exit from service;
- the final salary of the respective members upon exit; and
- the period of pensionable service, which period may be altered by means of added service, dependent on the exit reason, e.g. ill health.

A provision has been made in the financial statements for the actuarial estimate of the above liability, but the benefits owing cannot be calculated exactly.

23.2 GEPF Value Added Tax

The South African Revenue Service (SARS) performed a review of the VAT transactions of GEPF for a period of 5 years, 31 March 2016 to 31 March 2020. The total amount assessed by SARS as owing by the GEPF was R81 052 663.

The GEPF has drafted an objection notice to the amount assessed by SARS. The total amount, which is disputed by the GEPF under the objection, is R39 982 796 of the R81 052 663 assessed by SARS. The objection is informed by the application of sections of the Tax Administration Act, No 28 of 2011 ("the TAA") relating to period of prescription, penalties and interest.

As at 31 March 2021, the GEPF can only reliably estimate and recognise a present obligation of R41 069 869 for VAT output on deal income that was not declared and paid to SARS for the previous 5 years of assessment, the remaining R39 982 794 of the R81 052 663 is still under dispute and has been assessed as a contingent liability.

23.3 Pending litigation

No contingent liability exists in respect of a legal claim against the GEPF on the date on which the financial statements were approved.



Notes to the Annual Financial Statements for the year ended 31 March 2021

23.4 Long Term Incentive scheme (LTI)

The GEPF Long Term Incentive Scheme was approved by the Board of Trustees in December 2017 and reviewed in June 2019. The main focus is primarily rewarding and enhancing the retention of a certain cluster of employees occupying critical roles within the GEPF.

Vesting: Vesting takes place three years from the commencement of the measurement period which is aligned to the organisation's financial year.

Value of award:

Position	Maximum Annual LTI as a % of CTC	Incentive at threshold as a % of CTC (30%)
PEO	65%	19.5%
Executives – E band	50%	15%
Other participants – D upper	35%	10.5%
Other participants – D lower	25%	7.5%

Performance measures

Description	Measure	Weight	Point from which earn threshold	Point from which earn maximum
			30%	100%
GEPF BSC	%	50%	80%	95%
Return on investment	CPI + 3%	25%	CPI + 3%	CPI + 5%
GPAA SLA	%	25%	70%	80%

As at 31 March 2021, the value of the LTI payment cannot be estimated reliably due to audited financial information not being available.

24. CONTINGENT ASSETS

The guarantee agreement with Bayport Management Limited, Bayport Financial Services and Firefly Investments

In June 2015, the GEPF purchased an equity stake to the value of \$149 million in Bayport Management Limited (BML) to assist BML in the execution of its product development and geographic expansion.

The investment was approved on condition that a B-BBEE transaction is implemented at Bayport Financial Services South Africa (BFSA) as subsidiary of BML within 12 months of the investment date. The GEPF, together with BML management, proposed an empowerment transaction (Project Blaze) whereby 51% shareholding in BFSA and a further 10% shareholding in BML would be sold to a BEE Consortium, Firefly Investments 326 (Pty) Ltd ("Firefly").



In November 2017, the transaction was executed in two tranches, wherein the GEPF provided loan facilities to the Loan A (R 900 million) and Loan B (R 1,6 billion). The recovery/redemption of both Loan A and Loan B is guaranteed by a Shortfall Guarantee Agreement between BFS, BML and GEPF, wherein BFS and BML provide a guarantee to the GEPF for outstanding balance due in terms of Tranche A Loan and Tranche B Loan.

The Shortfall Guarantees are structured to pay out should a Trigger Event occurs. A Trigger Event may occur independently via-a-vis BML or BFSA, at the earliest of their respective initial public offering (i.e. BML IPO and BFSA's initial public offering, namely ("BFSA IPO") and 24 November 2022.

If, on the date of the Trigger Event, the value of the Pledged Collateral is not sufficient to reimburse the capitalized principals of the Loans (minus repayments already made), BML and/or BFSA will have to make up for the difference. On the contrary, if the value of the Pledged Collateral is sufficient to reimburse the capitalized principals of the Loans (minus repayments already made), BML and/or BFSA will not have to pay anything.

A trigger event has not yet occurred as at 31 March 2021.

25. CHANGE IN ACCOUNTING ESTIMATE

Portion 97 Farm 403 Palmietfontein is vacant land that falls under the GEPFs directly held property portfolio, it is 60% owned by the Fund and 40% owned by ISAGO property Holdings. Transfer of ownership took for the Fund's portion of the land took place in June 2019. The purpose of the land is to develop it into commercial and residential property in order to earn rental income in the future.

The Fund paid R510 million for the 60% ownership of the land, the purchase agreement stipulated that R 306 million of this purchase consideration to be reserved for the future development of the land into commercial and residential property, the R306 million is reserved in an Escrow Stakeholder's Trust account for the mentioned purpose. The Fund has no contractual rights to these funds as they are part of the purchase consideration and have been reserved for the developer to fulfil the developmental plans as per initial agreement between the Fund and ISAGO property Holdings.

On an annual basis, all of the GEPFs unlisted investments are subject to a valuation done by independent expert valuers on behalf of the GEPF with the purpose of determining the fair value of the Fund's investments as at the end of each financial year.

In the current year, there was a change in the valuation technique applied on the property valuation for Portion 97 Farm 403 Palmietfontein. The valuation technique changed from a residual land valuation methodology to a comparable sales valuation methodology.

The result of this change in valuation methodology is a decrease of 65% in the value of the Funds investment, from R517 million to R178.8 million.



26 CAPITAL COMMITMENTS

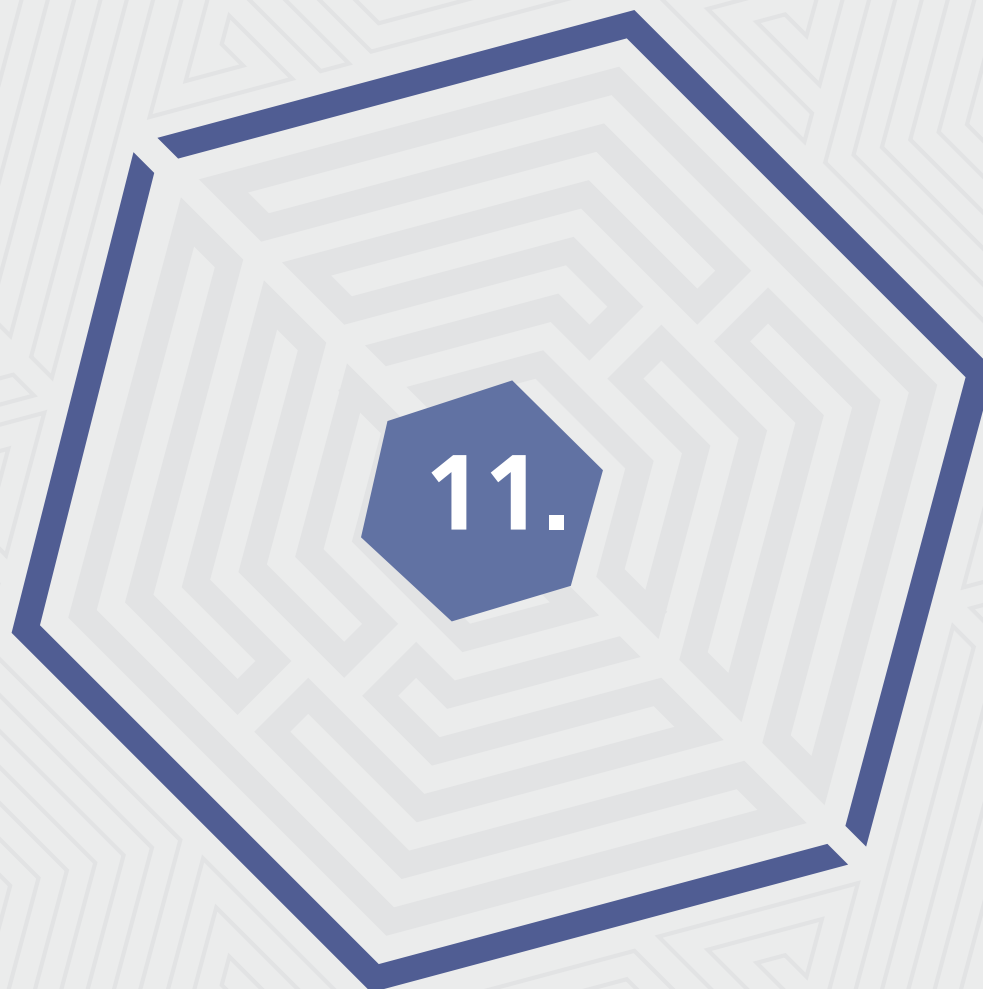
26.1 Capital commitments - current year

Name of fund	Total commitment USD'000 2021	Drawn commitment USD'000 2021	Undrawn commitment USD'000 2021	Total commitment R'000 2021	Drawn commitment R'000 2021	Undrawn commitment R'000 2021	Estimated repayable period
ADPI II	30 000	26 604	3 396	443 280	393 101	50 179	1 year
ADPI III	40 000	8 953	31 047	591 040	132 289	458 751	10 years
Cape IV	20 000	13 873	6 127	295 520	204 987	90 533	4 years
PAIDF II	350 000	327 460	22 540	5 171 600	4 838 549	333 051	1 year
South Suez	25 000	20 169	4 831	369 400	298 017	71 383	6 years
Verod	10 000	10 000	-	147 760	147 760	-	-
Total	475 000	407 059	67 941	7 018 600	6 014 703	1 003 897	

26.2 Capital commitments - previous year

Name of fund	Total commitment USD'000 2020	Drawn commitment USD'000 2020	Undrawn commitment USD'000 2020	Total commitment R'000 2020	Drawn commitment R'000 2020	Undrawn commitment R'000 2020	Estimated repayable period
ADPI II	30 000	29 036	964	535 581	518 379	17 202	1 year
Cape IV	20 000	13 201	6 799	357 054	235 672	121 382	4 years
PAIDF I	250 000	250 000	-	4 463 175	4 463 175	-	-
PAIDF II	350 000	277 550	72 450	6 248 445	4 955 017	1 293 428	1 year
South Suez	25 000	21 021	3 979	446 318	375 282	71 036	6 years
Verod	10 000	9 971	29	178 527	178 009	518	1 year
Total	685 000	600 779	84 221	12 229 100	10 725 534	1 503 566	





Glossary

ALM	Asset Liability Modelling
BA-C	Benefit and Administration Committee
Batseta	Council of Retirement Funds for South Africa
B-BBEE	Broad-based Black Economic Empowerment
CPI	Consumer Price Index
CRISA	Code for Responsible Investing in South Africa
DENOSA	Democratic Nursing Organisation of South Africa
DI	Developmental Investment
DoA	Delegation of Authority
DPI	Development Partners International
EE	Employment equity
ERP	Enterprise Resource Planning
ESG	Environmental, social and governance
Exco	Executive Committee
FA-C	Finance and Audit Committee
FSCA	Financial Sector Conduct Authority
GDP	Gross Domestic Product
GEMS	Government Employees Medical Scheme
GEP Law	Government Employees Pension Law
GEPF	Government Employees Pension Fund
GEPO	Government Employees Pension Ombud
GL-C	Governance and Legal Committee
GPAA	Government Pension Administration Agency
GPTB	Global Pension Transparency Benchmark
GSG	Global Steering Group for Impact Investment
ICT	Information and Communication Technology
IFC	International Finance Corporation
IMF	International Monetary Fund
IMI	Investable Market Index (IMI)
INV-C	Investment Committee
IoDSA	Institute of Directors in South Africa
IT	Information Technology
JSE	Johannesburg Stock Exchange
LDI	Liability-driven Investment
LTIS	Long-term incentive scheme
MSCI	Morgan Stanley Capital International
NEHAWU	National Education, Health and Allied Workers' Union
PEO	Principal Executive Officer



PFMA	Public Finance Management Act, 1 of 1999
PIC	Public Investment Corporation
PMC UI	Portfolio Management Committee Unlisted Investments
POPCRU	Police and Prisons Civil Rights Union
PRI	Principles for Responsible Investment
PSA	Public Servants Association
PSCBC	Public Service Coordinating Bargaining Council
Remco	Remuneration Committee
RI	Responsible investment
RMC	Retirement Member Campaign
SAA	Strategic Asset Allocation
SARS	South African Revenue Service
SCM	Supply Chain Management
SLA	Service-level agreement
SME	Small and Medium Enterprises
SE-SC	Social and Ethics Subcommittee
STI	Short-term Incentives
VAL-SC	Valuations Subcommittee
Unisa	University of South Africa
UNPRI	United Nations Principles for Responsible Investment



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