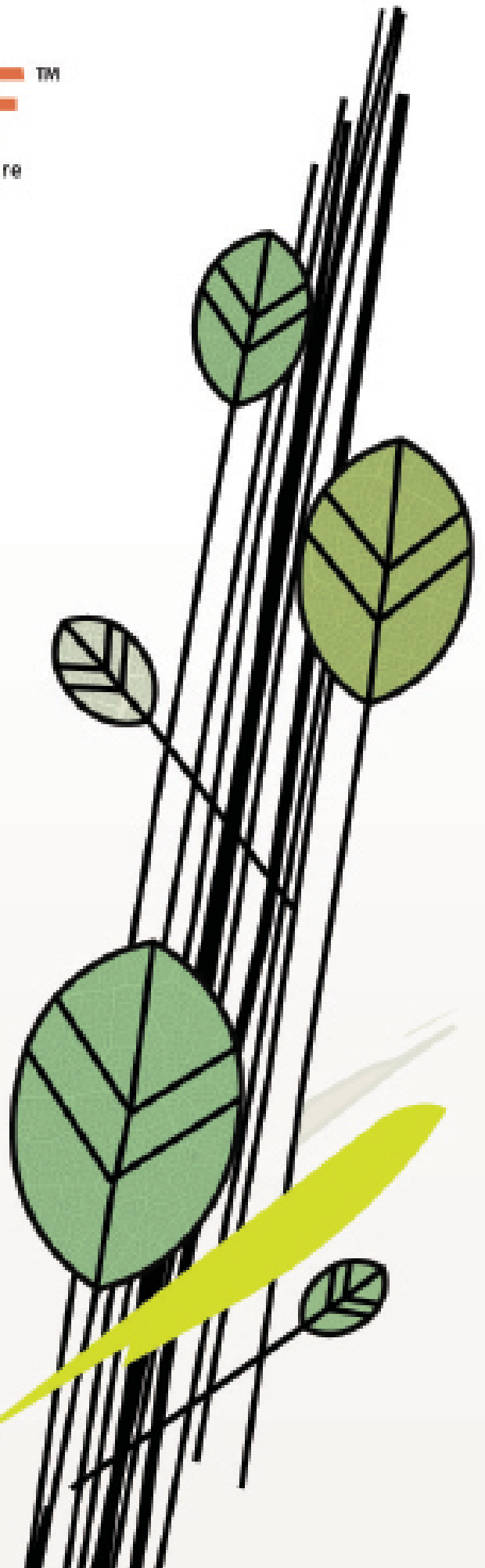




# Annual Report 2021/22





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**MINISTER'S NOTE  
TO PARLIAMENT**



**Mr Enoch Godongwana**  
Minister of Finance

## 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, 1996 (Proclamation 21 of 1996), as amended, to submit the Annual Report of the Government Employees Pension Fund for the period 1 April 2021 to 31 March 2022.

**Mr Enoch Godongwana**  
Minister of Finance  
October 2022





**OUR  
PERFORMANCE**

*wo*



**Mr Dondo Mogajane**

Chairperson: GEPF Board of Trustees

## CHAIRPERSON'S REVIEW

It is a great honour to present the 2021/2022 Annual Report on behalf of the Board of Trustees of the Government Employees Pension Fund (GEPF). I write the report cognisant of the fact that it applies to the tenure of the previous Board, whose term ended on 04 July 2022.

Presentation of the report comes with a deep awareness of the importance of the challenges currently facing South Africa and the world at large. The GEPF continues to move forward with hope and determination towards growing the funds entrusted to us as well as fulfilling our mandate.

### **ECONOMIC ENVIRONMENT**

A classic story of wins and losses on the road to recovery unfolded for the South African economy in the financial year ending 31 March 2022.

There was a noteworthy GDP increase of 4.9% in 2021 owing predominantly to the performance of the finance, personal services and manufacturing sectors. But the country has not yet attained full recovery from the economic damages caused by the perfect storm of the COVID-19 pandemic, civil unrest, and loadshedding.

Significant obstacles to recovery are presented by the government loan debt being expected to increase from R3.95 trillion in 2021/2022 to R5.2 trillion by 2023/2024 financial year, and the fact that 2021 saw a disturbing rise in unemployment, from 34.9% in the previous year to 35.3% as at 31 December 2021.

Another obstacle to economic growth is the continued unreliability of electricity supply. Furthermore, there is growing concern about the economic impact of the present conflict in Eastern Europe between Ukraine, a food exporter able to feed 600 million people annually, and Russia, a major figure in the global energy market. The situation looks likely to reduce global economic growth by one full percentage point in 2022.

As roughly 10% of the wheat consumed in South Africa comes from the warring countries, this means that local consumers and producers may experience further cost increases and shortages in food products going forward.

The South African Reserve Bank (SARB) looks set to further increase lending rates and food price inflation can be expected to reach 8.1% in 2022. This can lead to further food and transport price increases.

This year, the SARB expects the South African economy to grow by 1.9%. Growth in the first quarter of this year was on the upside, at 1.7%. In the second quarter, however, we saw a contraction of 0.7%. Growth in the third and fourth quarters is forecast to be 0.4% and 0.3% respectively.

A welcome boost to the country's economic health comes in the form of the decision by Moody's to revise their South African outlook from negative to stable, thanks to government reprioritisation of spending. The outlook of the GEPF remains positive regarding South Africa's prospects. We believe that teamwork and determination will take us to greater heights than before.

### PERFORMANCE OF THE FUND

Despite operating in tough economic conditions, the GEPF achieved a 9.6% year on year growth, closing with a market value of R2.3 trillion. This was an increase of R201 billion from the previous financial year.

This continued growth of the Fund irrespective of the tough economic climate that it operated in clearly illustrates that the Fund's investment strategies continue to assist in growing the Fund.

The improved return was largely as a result of positive domestic market conditions, especially equities growth, rising commodity prices and the performance of our Bond portfolio which improved by 6% from the previous financial year.

The Fund performance shows a recovery in its unlisted and property portfolios. The Fund continues to strengthen its oversight and strategies with respect to these portfolios to further improve such performance.

However, it must be noted that the long-term impact of the COVID-19 pandemic will continue to hamper these portfolios.

In an effort to further strengthen and enhance our investment processes, including oversight of the Public Investment Corporation (PIC), GEPF implemented the following as a result of the recommendations made by the Judicial Commission of inquiry into allegations of impropriety at the PIC (the Mpati Commission):

- The Fund's investment policy was reviewed and strengthened.
- In ensuring financial growth of the Fund, the GEPF evaluated the Fund's investment strategy. An asset liability modelling exercise was conducted which resulted in a revised strategic asset allocation which is currently being implemented.
- Agreement has also been reached with the PIC on benchmark returns which has resulted in a revised mandate being signed for the listed and unlisted portfolios.
- In enhancing monitoring and evaluation of investments, the Fund has reviewed its internal investment monitoring structure and the Board has approved a reviewed structure and capacity.
- The Fund has also strengthened its management agreements resulting in robust guidelines and portfolio construction in the investment implementation process of its funds.

The above actions have resulted in more stringent consequence management, a review of fee models, enhancement of investment and reporting guidelines as well as an improved framework for responsible investing.

Improved benefits administration continues to be a key strategic objective for the Fund. In this regard, the Fund reviewed and strengthened its service level agreement with the Government Pensions Administration Agency (GPAA) as well as began a


process of reviewing its operating model with GPAA, with the aim of improving service delivery to our members, pensioners and beneficiaries.

### LOOKING FORWARD

The newly appointed GEPF Board is committed to growing the Fund as well as ensuring that the Fund becomes more efficient and effective in benefits administration and its investment strategies. In this regard we will continue to improve our oversight and relationship over our service providers, the GPAA and PIC.

### APPRECIATION

I sincerely thank the previous Board of Trustees, the Principal Executive Officer, Mr Musa Mabesa, his executive team and all the GEPF employees for their dedication and diligence throughout the year.



**Mr Dondo Mogajane**

*Chairperson: GEPF Board of Trustees*

September 2022





**Mr Musa Mabesa**  
Principal Executive Officer

## PRINCIPAL EXECUTIVE OFFICER'S REPORT

I am pleased to report that the GEPF has shown remarkable resilience despite continuing to operate in an environment considerably disrupted by COVID-19, the so-called 'new normal' environment during the 2021/2022 financial year.

### CHALLENGING ENVIRONMENT

For most of the year, the executive management team grappled with ensuring our employees were safe while continuing to deliver against our mandate and strategic objectives. This was no easy task seeing that some of the strategies were developed and enhanced during a time when our operational environment was 'normal'.

Challenges of 2021/2022 included ensuring a safe (physical) office environment; implementing hybrid work models when lockdowns occurred; making the most of employee productivity and resilience; and devising strategies that can withstand the uncertain and changed environment.

### STRENGTHENING PEOPLE, ENSURING PERFORMANCE

During the year under review, our staff complement was 45. Collectively, we worked hard at staying strong, resilient and purpose-driven. We exist because of and for our members, pensioners and beneficiaries. Emphasis was placed on this core purpose which served well as a guiding light for the GEPF team during trying times.

We prioritised the mental, physical and emotional well-being of our employees. This called for adaptive and intuitive working and management styles. Our efforts included implementing a fit-for-purpose structure and capacitating the newly separated Investment, and Actuarial and Benefits divisions.

The following positions were created and/or filled:

- Head of investments
- Head of actuarial and benefits
- Benefits manager
- Head of corporate services
- Head of finance

The upskilling of our employees remained one of the focus areas of management and our people strategy. This encompassed providing study bursaries and opportunities to attend key local and international conferences.

An independent wellness service provider continued to be available to employees on an ongoing basis and wellness workshops were also offered regularly. We went out of our way to enhance communication among the entire GEPF team. We encouraged social interaction as well as quarterly conversations with the principal executive officer and executive team. Team management meetings were introduced as were regular information-update channels such as the intranet and an internal digital newsletter.

Taking our leadership role as the largest pension fund in Africa seriously, we remained focused on performing to the best of our abilities.

### REAPING THE REWARDS

Commitment to our diversified long-term investment strategy has proved to be the correct choice – as evidenced by the increased growth in GEPF assets during the year under review.

Despite unfavourable market conditions, the GEPF recorded a market value of R2.3 trillion at the close of the year on 31 March 2022.

### MEETING THE NEEDS OF OUR MEMBERS, PENSIONERS AND BENEFICIARIES

Being a defined benefit fund, the GEPF promises a specified pension payment, lump-sum or a gratuity, or a combination thereof, on retirement. The value of the pension depends on an employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns.

Key activities in meeting our promise included paying pensions as well as processing claims related to retirement, death, resignation, and funeral benefits. These day-to-day activities were carried out by our administrator, the Government Pensions Administration Agency (GPAA). We realise that COVID-19 and civil unrest had a negative impact on the efficiency of GPAA during 2021/2022, and are working at finding solutions going forward. Notwithstanding shortcomings, we achieved the following:

- Paid 499 726 pensions compared to 479 483 in the 2020/2021 financial year.
- Processed and finalised 33 627 retirement claims compared with 27 960 in 2020/2021, reflecting an increase of 20.3% in claims. Gratuities paid amounted to R21.4 billion compared to R19.7 billion. Annuities paid amounted to R62.3 billion compared to R56.3 billion.
- The number of active members decreased from 1 265 406 in 2020/2021 to 1 261 363 resulting in a 0.3% decrease.
- The number of child pensions increased from 6 171 in 2020/2021 to 9 824 in 2021/2022. This resulted in a payment of R551.4 million compared to R314.0 million in 2020/2021.
- The number of spouse pension beneficiaries increased from 160 665 in 2020/2021 to 167 679 in 2021/2022. This resulted in a payment of R11.5 billion compared to R10.9 billion in the 2020/2021 reporting year.
- 37 798 funeral benefits were paid compared to 31 684 in 2020/2021. This resulted in a payment of R550.1 million compared to R461.9 million in 2020/2021.

### FINANCIAL SOUNDNESS

During the reporting period, a statutory actuarial valuation report on the GEPF was completed. The report was subsequently published on 14 April 2022. The report outlines that the assets of the Fund 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 cover unexpected events and unfavourable economic experiences of R186 827 million.

On a conservative basis and if affordable, the Fund would have ideally set up contingency reserves of R892 840 million.

I am pleased to report that the GEPF is financially sound, reflecting a funding level of 110.1% to meet its current benefit obligations to members. This means that for each R100 owed to members, the GEPF has R110.10 available to meet the payment.

It is an improvement when compared to the funding level of 108.3% reflected in the previous valuation which was done in 2018.

The GEPF funding policy requires that trustees ensure that the minimum funding level is always above 90%. The minimum funding level as of 31 March 2022 is thus above the requirements and the existing assets are enough to cover liabilities before taking account of the contingency reserves. The minimum funding level has improved mainly due to:

- Salary and pension increases being lower than allowed for in the previous statutory valuation
- The wider gap between the discount rate and salary and pension increase assumptions for the current valuation.

### STAKEHOLDER RELATIONS

We continued strengthening our communications and stakeholder engagements throughout 2021/2022. Our efforts focused on empowering stakeholders while enhancing institutional respectability and trust.

Key achievements included formalising a structured engagement programme with the employer and organised labour. Delivering clear, timely and relevant information to our stakeholders remained top-of-mind. Through face-to-face as well as digital channels, we remained in touch with, and available to, our members, beneficiaries and pensioners.

### APPRECIATION

I would like to express my gratitude and appreciation to the chairperson of the GEPF Board, Dr Renosi Mokate, and vice chairperson, Mr Eddie Kekana, the Board of Trustees and its committees whose tenure ended in July 2022. Their guidance and commitment to ensuring a resilient fund is greatly appreciated.

My appreciation goes to the new chairperson, deputy chairperson and Board of Trustees who will ensure that the GEPF continues to meet its obligations for the coming four years.

A big thank you to our executive team and all our employees for their support and efforts. Your commitment and excellence are awe-inspiring.



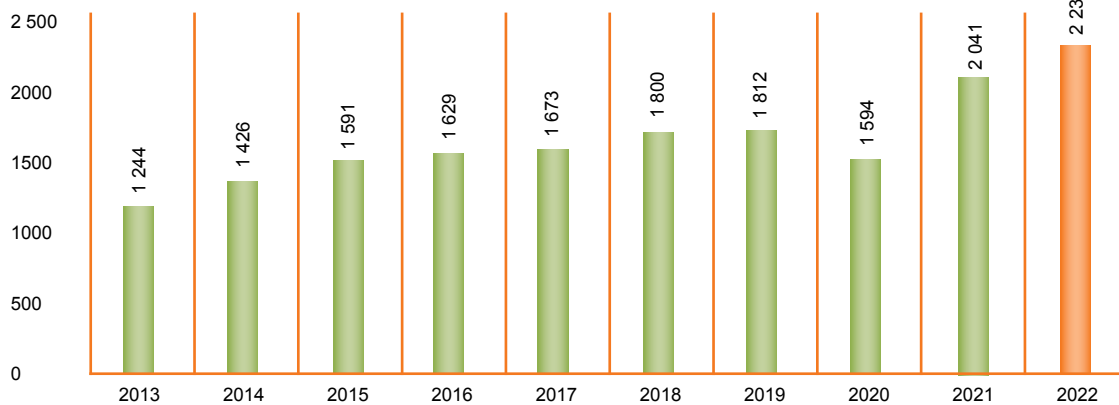
**Mr Musa Mabesa**  
*Principal Executive Officer*  
September 2022

## FINANCIAL AND ADMINISTRATIVE HIGHLIGHTS

### ACCUMULATED FUNDS AND RESERVES AS AT 31 MARCH 2022

The GEPF's accumulated funds and reserves amounted to R2.24 trillion on 31 March 2022. An amount of R5.3 billion is currently held in the reserve account. Accumulated funds and reserves grew at an average rate of 8.60% during the 2013 – 2022 period.

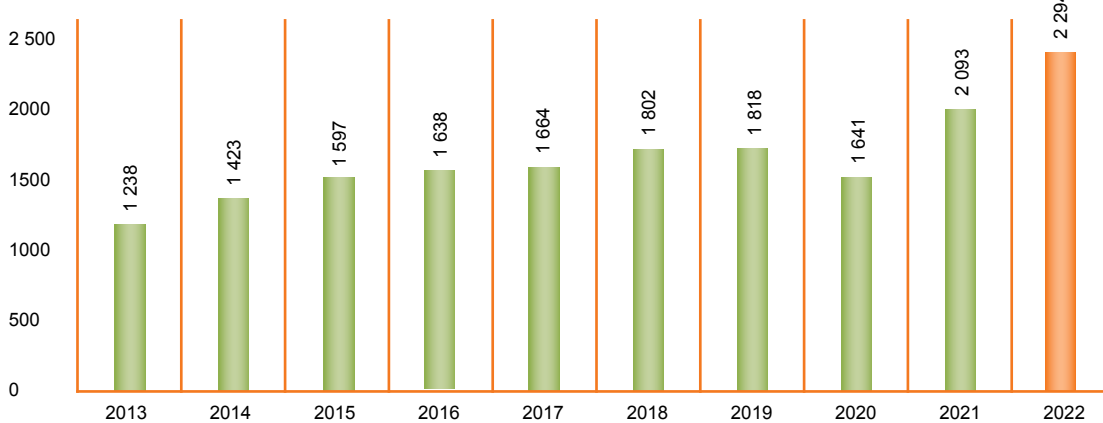
Accumulated funds and reserves (R'billion)



### GROWTH IN INVESTMENT PORTFOLIO

The GEPF investment portfolio increased by 9.6% from R2.09 trillion in 2021 to R2.29 trillion in 2022. The increase in the investment value is mainly attributable to the economy's stability post the COVID-19 impact on the economy.

Growth in investment portfolio (R'billion)



BELOW IS THE MOVEMENT OF MAJOR ASSET CLASSES OVER THE REPORTING PERIOD

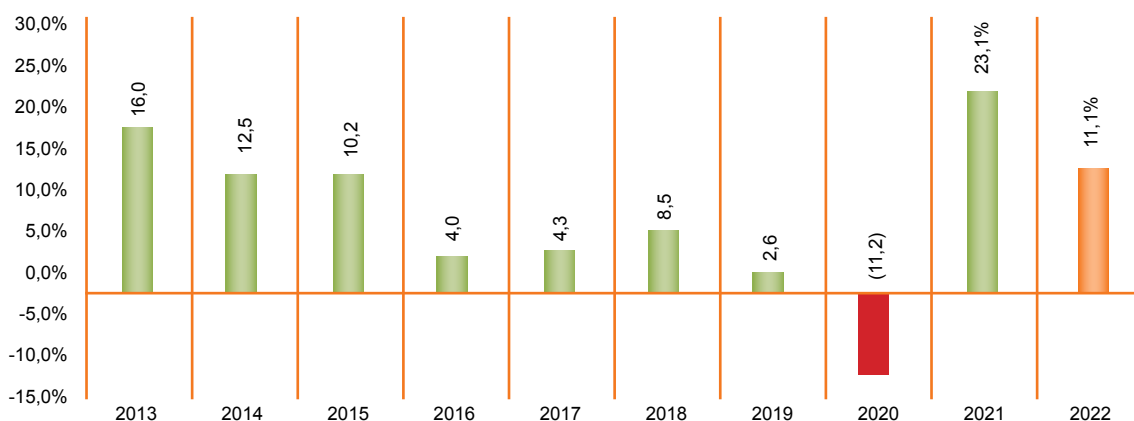
Description	2022 R'000	2021 R'000	Movement R'000	% Change
Domestic and Foreign Listed equities	1 228 990 956	1 099 693 762	129 297 194	12%
Domestic Bills and Bonds	682 750 363	644 387 506	38 362 857	6%
Domestic Unlisted Equities	56 518 190	47 422 984	9 095 206	19%
Foreign Collective Investment Schemes	154 691 469	146 589 905	8 101 564	6%

- Listed equity increased by 12%
- Domestic bonds increased by 6%
- Domestic unlisted equities increased by 19%
- Foreign collective investments schemes increased by 6%.

RETURN ON INVESTMENTS

During the reporting period, the GEPF investments yielded a return of 11.1% compared to 23.1% in 2021, based on net investment income of R255.70 billion (2021: R483.84 billion). Income during the financial year under review included dividend income R48.98 billion, interest income R51.90 billion and property income R1.95 billion.

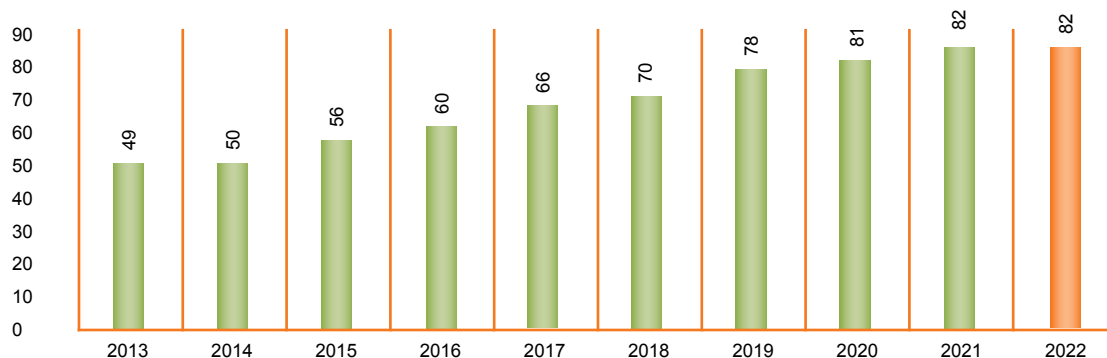
Return on investments percentages



MEMBER CONTRIBUTIONS RECEIVED

The GEPF receives a percentage of members' pensionable salaries as contributions. Contributions income increased by 0.53% during the reporting period, from R81.57 billion in 2021 to R81.99 billion in 2022.

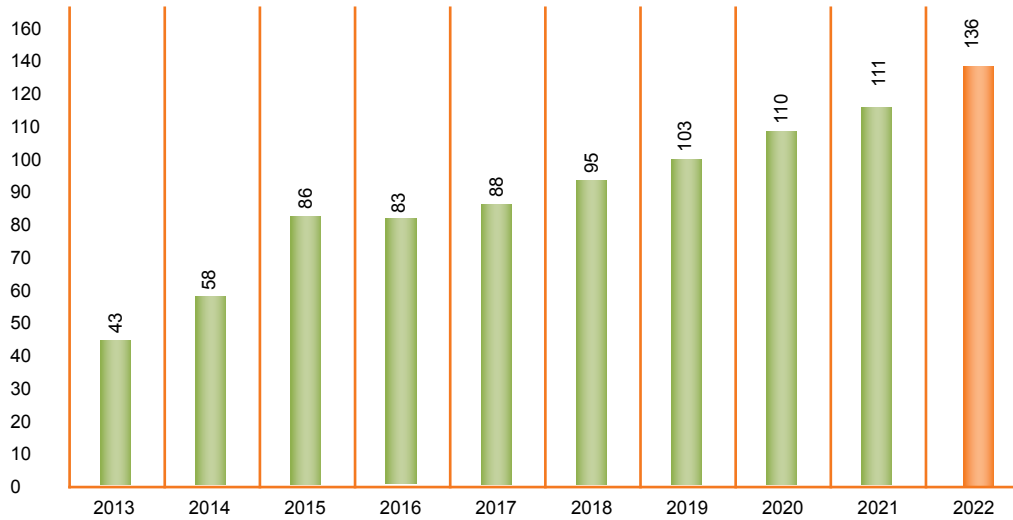
Contributions received (R'billion)



## BENEFITS PAID

The GEPF awards benefits upon a member's resignation, retirement, or death. The Fund also pays funeral benefits when applicable. Benefits paid and accrued increased by 22.5%.

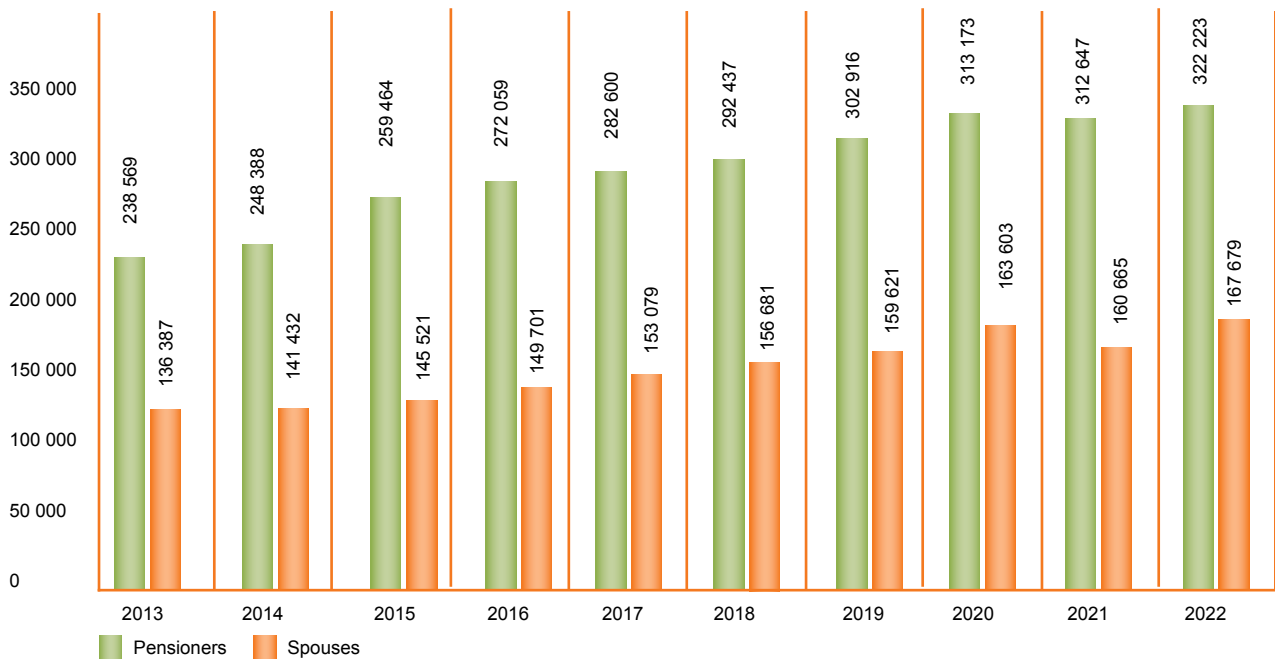
Benefits paid (R'billion)



## PENSIONER MOVEMENT

The GEPF has experienced an increase related to the number of pensioners, as well as spouses who are receiving a monthly pension.

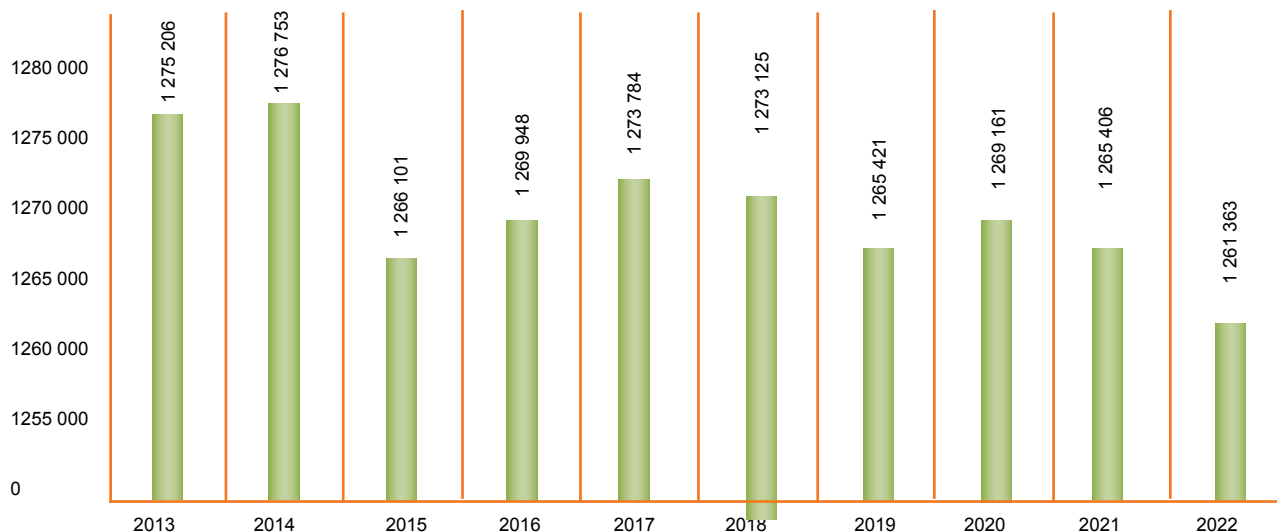
Pensioner movement (thousand)



### ACTIVE MEMBERS

The number of active members remained stable over the past five years, with a slight decrease of 0.3% in relation to the prior financial year.

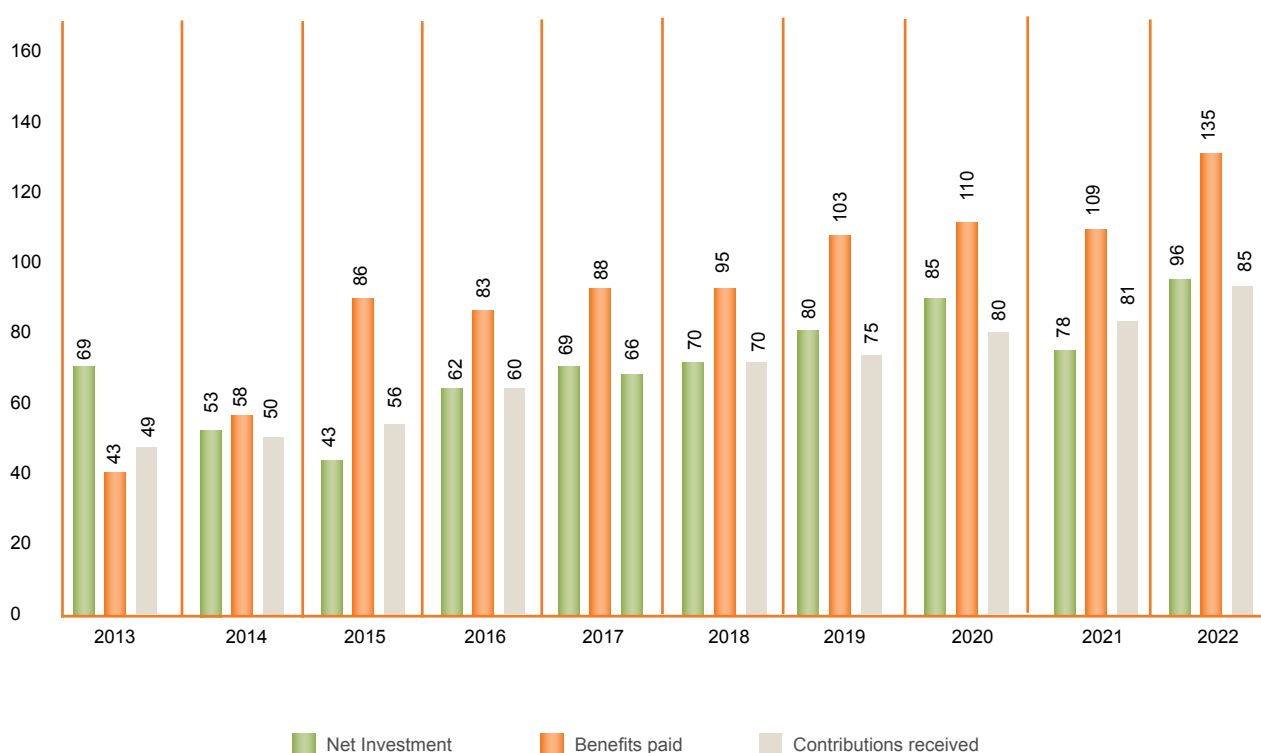
Member movement (million)



### NET CASH FLOW ASSESSMENT

The Fund's net cash flow position was R43 billion as at 31 March 2022. This is largely attributable to benefits paid of R135 billion, net investment income received of R93 billion and contributions received of R85 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.

Net Cash Flow assessment (R'billion)



A stylized, light-colored graphic of a tree trunk and branches with leaves, set against a dark brown background. The graphic is positioned in the upper right and lower right areas of the page.

**GEPF AT  
A GLANCE**

*Three*

*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.

Our values are: Integrity, transparency, client-centricity, accountability and innovation.



### Integrity

- Being ethical and truthful.
- Maintaining good governance practices.
- Not misrepresenting or withholding information to which our stakeholders are entitled.



### Transparency

- 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

- Working collectively and cooperatively with our stakeholders.
- Caring.
- Maintaining customer focus.



### Accountability

- Acting with due diligence, competence, confidentiality and reliability.



### Innovation

- Championing research and development in the retirement industry worldwide.



## OVERVIEW OF THE ORGANISATION

The GEPF 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.

## BOARD COMPOSITION

In line with the GEP Law, the GEPF Board consists of 16 trustees, led by an elected chairperson and vice-chairperson.

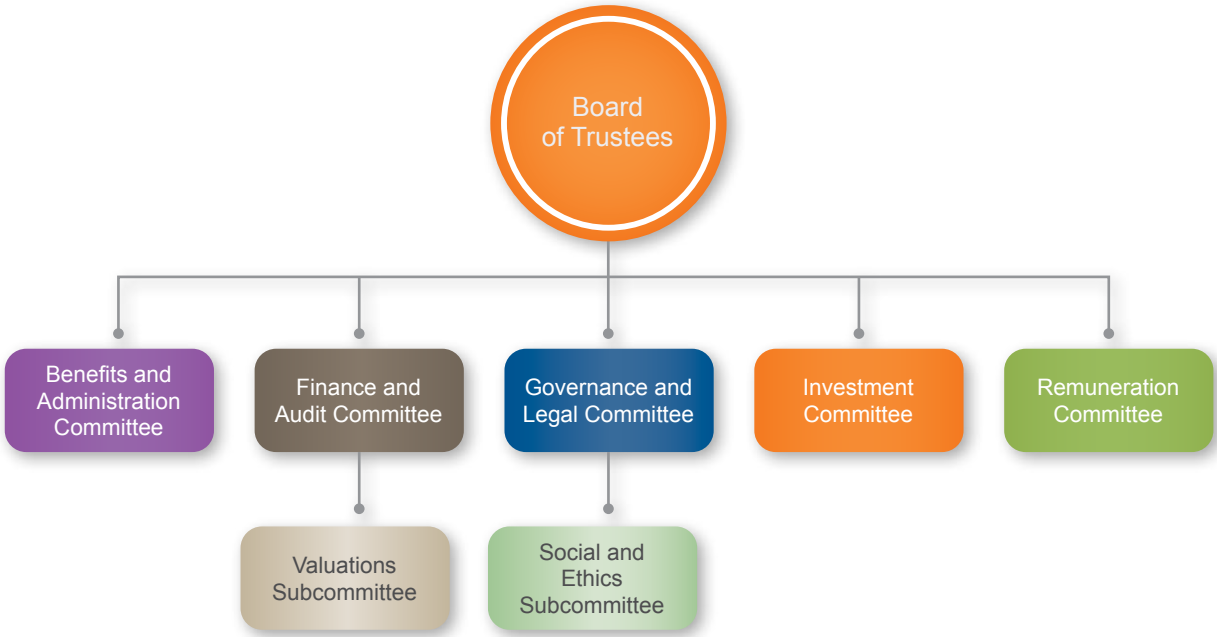
The trustees elect the chairperson and vice-chairperson from their own ranks at the first meeting of the newly appointed Board. Each trustee has an elected or appointed substitute, ensuring full and proper representation at all times.

The GEPF Board consists of:

- Eight employer nominees
- Eight employee nominees, who include a pensioner member and a representative of the SANDF and intelligence community.

The GEPF 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.

GEPF Board COMMITTEES

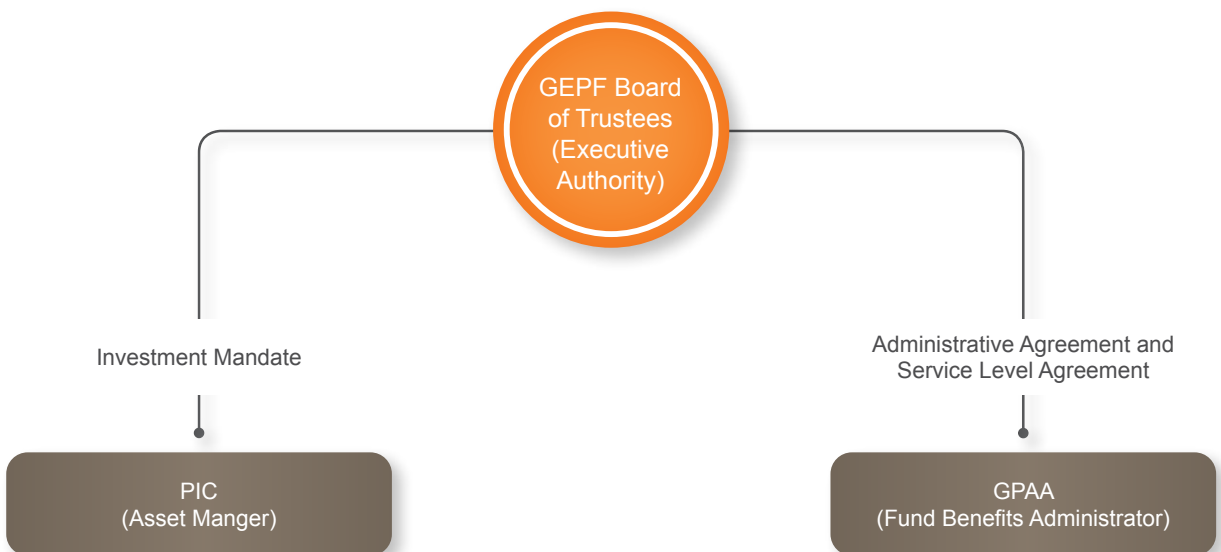


The GEPF consults expert advisors when necessary to assist the Board in fulfilling its fiduciary duties. These advisors, appointed through a competitive bidding process, include external and internal auditors, fund valuers, legal and compliance experts.

The GEPF has outsourced its administration and investment activities to the Government Pensions Administration Agency (GPAA) and the Public Investment Corporation (PIC) respectively.

The GPAA carries out day-to-day administration while the PIC invests funds on behalf of the GEPF.

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



# OUTSOURCED INVESTMENT AND ADMINISTRATION

## Public Investment Corporation

### OVERVIEW

The Public Investment Corporation (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 GEPF revised the Mandate Agreement for listed and unlisted investments during the period under review. The revised agreements were signed after the reporting period.

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 82.14% 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 that committee and the Investment Committee of the GEPF Board and the Investment Committee. The Valuations Subcommittee was established to advise on the complex matter of the valuation of GEPF unlisted investments managed by the PIC.

Monitoring and oversight of GEPF investments take 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 Government Pensions Administration Agency (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).

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 regarding the administration of benefits. The committee meets quarterly and the GPAA submits the following reports to the committee:

- Compliance with the service-level agreement
- Resignations from the pension fund
- 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 expenses of the GPAA is the responsibility of the GEPF Finance and Audit Committee.

## Government Employees Pension Ombud

The Board of the GEPF decided to create an internal ombud to investigate and resolve complaints from the members with respect to decisions taken by the GEPF, the Government Pension Administrative Agency (GPAA) and the different participating employers.

The Government Employees Pension Ombud (GEPO) was officially launched on 1 July 2021. The GEPO is independent from the line management of GEPF and GPAA and reports directly to the GEPF Board.

Since inception, the GEPO has received 4 016 complaints, with the bulk of complaints being related to members from the former Transkei.

A total of 129 determinations have been issued and 614 cases have been resolved. The remainder of the cases are under investigation. The GEPO continues to work closely with the administrator and participating employers to help resolve the cases.



The background is a solid green color. On the left side, there is a large, stylized letter 'F' in a light green shade. In the upper right corner, there is a faint illustration of a plant with several leaves and a stem. At the bottom of the page, the word 'Forum' is written in a large, light green, cursive script. The word 'Leadership' is centered in the middle of the page in a white, bold, sans-serif font.

**Leadership**

## BOARD OF TRUSTEES

The Minister of Finance inaugurated the GEPF Board on 21 May 2018 and the following trustees served on the Board for the period up until 04 July 2022. A new GEPF Board was appointed on 04 July 2022.



**Dr Renosi Mokate (64)**

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	11/11
Investment Committee	13/13
Board training and strategic planning session	7/8



**Mr Eddie Kekana (58)**

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 Committee
- 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 – Regenesys 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	13/13
Social and Ethics Subcommittee	6/6
Board training and strategic planning session	8/8



**Mr Sibonelo Cele (45)**

Provincial Chairperson:  
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
- Executive Education (Pension Management) – University of Toronto

### Meeting attendance

Board Meetings	11/11
Benefits and Administration Committee	5/5
Investment Committee	13/13
Board training and strategic planning session	8/8


**Colonel Johan Coetzer (57)**

Senior Staff Officer: Military Defence Counsel, 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) – University of Johannesburg
- 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	8/8
Board training and strategic planning session	6/8


**Major General Dries De Wit (67)**

Retired Major General: South African National Defence Force (SANDF)

**GEPF positions**

- Pensioner-elected 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	10/10
Benefits and Administration Committee	5/5
Investment Committee	13/13
Board training and strategic planning session	6/8


**Mr Themba Gamedze (64)**

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
- MA – University of Warwick
- Fellow of the Actuarial Society of South Africa (FASSA)

**Meeting attendance**

Board Meetings	8/11
Investment Committee	6/13
Valuations Subcommittee	5/5
Board training and strategic planning session	3/8





**Ms Jennita Kandailal (52)**

Manager: Human Resources – State Security Agency

**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	9/11
Benefits and Administration Committee	4/5
Remuneration Committee	7/8
Board training and strategic planning session	8/8



**Ms Kgomotso Makhupola (52)**

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	8/8



**Mr Sibusiso Malinga (55)**

Acting President: National Teachers' Union (NATU)

**GEPF positions**

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

**Qualifications**

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

**Meeting attendance**

Board Meetings	9/11
Benefits and Administration Committee	4/5
Governance and Legal Committee	5/5
Board training and strategic planning session	4/8




**Mr Stadi Mngomezulu (56)**

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	6/11
Finance and Audit Committee	7/8
Investment Committee	6/13
Valuations Subcommittee (standing invitee)	4/5
Board training and strategic planning session	1/8


**Mr Thabo Mokwena (52)**

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	13/13
Board training and strategic planning session	8/8


**Advocate Makhubalo Ndaba (51)**

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**

- LL.M – 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	10/11
Benefits and Administration Committee	5/5
Governance and Legal Committee	5/5
Board training and strategic planning session	7/8



**Lieutenant General Lineo Ntshiea (50)**

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
- Member of the Social and Ethics Subcommittee

Appointed to serve on the Subcommittee in September 2021

**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	13/13
Social and Ethics Subcommittee	1/1
Board training and strategic planning session	8/8



**Dr Morgan Pillay (60)**

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



**Major General Mulungisa Sitshongaye (55)**

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

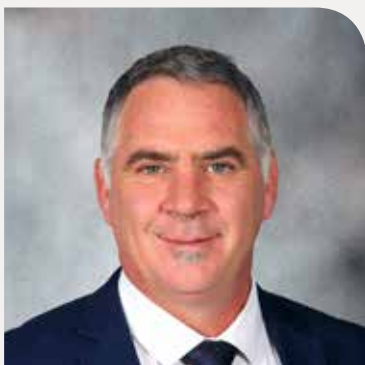
**Qualifications**

- 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	8/8

## SUBSTITUTE TRUSTEES



### Mr Pierre Snyman (49)

Chairperson: Public Servants Association of South Africa (PSA)  
Member of the Public Service Committee – Federation of Unions of South Africa (FEDUSA)

#### GEPF positions

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

#### Qualifications

- Advanced Labour Law Programme – Unisa
- PGD Labour Law (cum laude) - University of Western Cape
- Executive Education (Governance) Institute of Directors of South Africa
- Executive Education (Pension Management) - University of Toronto, Canada

#### Meeting attendance

Board Meetings	11/11
Governance and Legal Committee	5/5
Investment Committee	13/13
Board training and strategic planning session	7/8



### Ms Lindy Bodewig (44)

Chief Director in the Office of the Accountant General (National Treasury)

#### GEPF positions

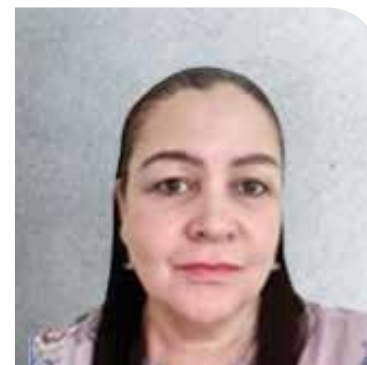
- Employer-nominated substitute trustee
- Member of the Finance and Audit Committee
- Member of the Governance and Legal Committee
- Member of the Valuations Subcommittee

#### 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	6/8
Governance and Legal Committee	1/5
Valuations Subcommittee	5/5
Board training and strategic planning session	4/8



### Ms Anadele Coetzee (54)

Director: Public Servants Association of South Africa (PSA)

#### GEPF positions

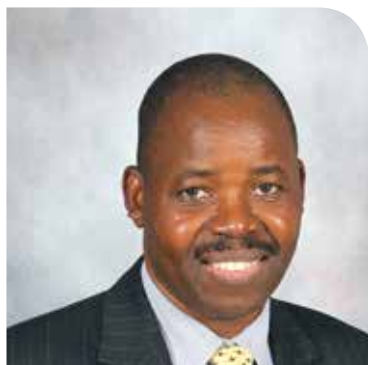
- Employee-nominee substitute trustee
- Member of the Benefits and Administration Committee
- Member of the Governance and Legal Committee

#### Qualifications

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

#### Meeting attendance

Benefits and Administration Committee	5/5
Governance and Legal Committee	1/5
Board training and strategic planning session	7/8



**Mr Terrence Chauke (55)**

Chief Executive Officer:  
Mathaveiya Skills Enhancement



**Mr Kenny Govender (62)**

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



**Brigadier Johan Griesel (53)**

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

**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	2/2
Investment Committee	3/3
Social and Ethics Subcommittee	1/1
Valuations Subcommittee	1/1
Board training and strategic planning session	2/4

**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	3/5
Governance and Legal Committee	5/5
Board training and strategic planning session	4/8

**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	2/8
Investment Committee	7/13
Board training and strategic planning session	4/8



### Mr Sidney Kgara (52)

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	11/13
Board training and strategic planning session	5/8



### Ms Thandi Khoza (60)

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

#### GEPF positions

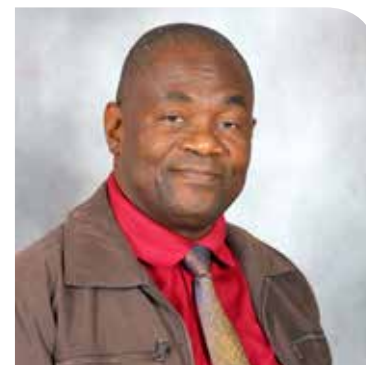
- Employer-nominated substitute trustee
- Member of the Benefits and Administration Committee
- Member of the Governance and Legal Committee

#### 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	8/8



### Mr Mugwena Maluleke (58)

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

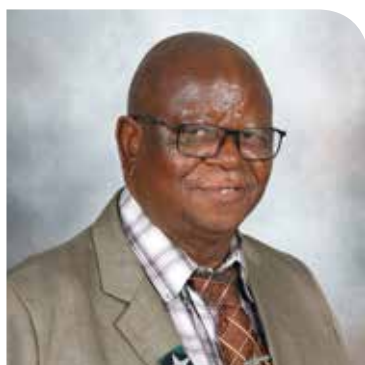
#### Qualifications

- BA – Unisa
- Primary Teacher's Diploma (PTD)
- LLM (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	3/5
Finance and Audit Committee	6/8
Board training and strategic planning session	6/8





**Mr Success Mataitsane (67)**

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



**Rear Admiral Gladys Mbulaheni (49)**

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



**Ms Suveena Pillay (41)**

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

**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	6/6
Board training and strategic planning session	7/8

**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

**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	4/5
Finance and Audit Committee	7/8
Social and Ethics Subcommittee	6/6
Board training and strategic planning session	7/8

**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	5/5
Board training and strategic planning session	8/8


**Mr Rankele Msinto (53)**

Deputy General Secretary:  
Police & Prisons Civil Rights  
Union (POPCRU)

**GEPF positions**

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

**Qualifications**

- Post graduate Diploma in Labour Law – University of Johannesburg
- Program in Project Management – University of Pretoria
- Certificate in Advanced Principles of Labour Law - University of Free State
- Advanced Course in Labour Law - University of Free State

**Meeting attendance**

Benefits and Administration Committee	3/5
Investment Committee	5/7
Board training and strategic planning session	4/4


**Mr Khaya Sodidi (48)**

National Chief Negotiator: 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	8/8


**Advocate Nonku Tshombe (66)**

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	1/1
Benefits and Administration Committee	4/5
Governance and Legal Committee	4/5
Board training and strategic planning session	6/8

**NEW APPOINTMENTS**

The following new appointments were made during the reporting period:

- Mr Rankele Msinto was appointed by the POPCRU to replace Adv Sibusiso Mtsweni. He serves on the Benefits and Administration Committee and the Investment Committee.

**INDEPENDENT SPECIALIST**

The terms of reference of all the Committees excluding REMCO provide for the appointment of independent specialists to augment the skills, expertise and experience of the trustees that serves on that committee. There are currently two independent specialist trustees appointed to serve on the Finance and Audit Committee, they are:

- Mr Richard Morris
- Mr Hale Qangule

While the three independent specialists serving on the Remuneration and HR Committee are:

- Ms Jennifer Jeftha
- Ms Phylicia Kekana
- Ms Mantuka Maisela



**Ms Jennifer Jeftha (62)**  
Independent Remuneration and HR Committee Specialist

**GEPF positions**

- Independent Specialist
- Chairperson of the Remuneration Committee

**Qualifications**

- Chartered Director – Institute of Directors South Africa
- MA: Sociology – Chicago, USA
- Diploma in Social Work – University of the Western Cape

**Meeting attendance**

Board Meetings	
To present matters emanating from Remco	4/4
Remuneration Committee	8/8
Board training and strategic planning session	8/8



**Ms Phylicia Kekana (48)**  
Independent Director and Consultant

**GEPF positions**

- Independent Specialist
- Member of the Remuneration Committee

**Qualifications**

- Masters' in Business Administration – Management College of Southern Africa
- Post Graduate Certificate in Business Management – Buckinghamshire Chilterns University
- National Diploma in Business Management – Kempton Park College
- Higher Certificate in Payroll Administration – Damelin College

**Meeting attendance**

Remuneration Committee	8/8
Board training and strategic planning session	8/8




**Ms Mantuka Maisela (68)**

Retirement Fund Trustee and  
Human Resources Professional

**GEPF positions**

- Independent Specialist
- Member of the Remuneration Committee
- Member of the Social and Ethics SubCommittee

**Qualifications**

- Masters in Management – University of Witwatersrand
- Post Graduate Diploma in Management – University of Witwatersrand
- Production Management Diploma – Kyushu, Japan
- Leadership Development Programme – Wharton Business School, Pennsylvania, USA

**Meeting attendance**

Remuneration Committee	8/8
Social and Ethics Subcommittee	6/6
Board training and strategic planning session	7/8


**Mr Richard Morris (69)**

Retirement Fund Trustee and  
Consultant

**GEPF positions**

- Independent Specialist
- Chairperson of the Valuations Subcommittee
- Member of the Finance and Audit Committee

**Qualifications**

- Chartered Accountant
- BSc in Computer Science – University of Witwatersrand

**Meeting attendance**

Board Meeting	1/1
Finance and Audit Committee	8/8
Valuations Subcommittee	5/5
Board training and strategic planning session	7/8


**Mr Hale Qangule (58)**

Independent Director on various  
companies

**GEPF positions**

- Independent Specialist
- Member of the Valuations Subcommittee
- Member of the Finance and Audit Committee

**Qualifications**

- Chartered Accountant
- Bachelor of Accounting – University of Witwatersrand

**Meeting attendance**

Finance and Audit Committee	8/8
Valuations Subcommittee	5/5
Board training and strategic planning session	7/8

#### 04. LEADERSHIP

The Minister of Finance inaugurated the new GEPF Board of Trustees on 04 July 2022. The Board has been appointed for a four-year period as per the GEP Law and Rules.

##### EMPLOYER NOMINEES

Trustee		Substitute trustee	
Department	Name	Department	Name
National Treasury	Mr Dondo Mogajane	National Treasury	Ms Lindy Bodewig
Department of Public Service and Administration	Ms Thozama Mahlangu	Department of Public Service and Administration	Mr Barnie Ntlou
Department of Defence	Ms Buyiswa Nkunjana	Department of Defence	Dr Zamo Shabane
State Security Agency	Mr Ntsoareng Marotholi	State Security Agency	Mr Modibedi Maledu
South African Police Services	Lieutenant General Lineo Ntshiea	South African Police Services	Major General Nicholas Lushaba
Department of Basic Education	Ms Thandi Khoza	Department of Basic Education	Ms Emily Mmola
Specialist Trustee	Ms Lebo Mokgabudi	Specialist Trustee	Advocate Makhubalo Ndaba
Specialist Trustee	Mr Zethu Msindo	Specialist Trustee	Ms Lerato Makwetla

##### EMPLOYEE NOMINEES

Trustee		Substitute trustee	
Department	Name	Department	Name
National Education, Health and Allied Workers' Union (NEHAWU)	Ms Kgomotso Makhupola	National Education, Health and Allied Workers' Union (NEHAWU)	Mr Sidney Kgara
South African Democratic Teachers' Union (SADTU)	Mr Eddie Kekana	South African Democratic Teachers' Union (SADTU)	Mr Mugwena Maluleke
Health and Other Service Personnel Trade Union of South Africa (HOSPERSA)	Mr Gregg Rafferty	National Teachers Union (NATU)	Mr Sibusiso Malinga
South African National Defence Force and Intelligence Community	Mr Musa Nkosi	South African National Defence Force and Intelligence Community	Lieutenant Colonel Barnard van Niewenhuyzen
Public Servants Association (PSA)	Mr Pierré Snyman	Public Servants Association (PSA)	Ms Anadele Coetsee

Trustee		Substitute trustee	
Department	Name	Department	Name
South African Police Union (SAPU)	Mr Thabo Matsose	National Union of Public Service and Allied Workers (NUPSAW)	Mr Solly Malema
Police and Prisons Civil Rights Union (POPCRU)	Mr Siphon Nkambule	Police and Prisons Civil Rights Union (POPCRU)	Mr Vusu Tshabalala
Pensioner	Mr Christo van Dyk	Pensioner	Mr David Jantjes

## GOVERNANCE

### THE GEPF BOARD

The GEPF Board is established in terms of the GEP Law and Rules and appointed for a four-year period. In line with the GEP Law, the GEPF 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 newly-appointed Board. Each trustee has an elected or appointed substitute, ensuring full and proper representation at all times.

The GEP Rules prescribe that the GEPF Board be responsible for the proper and efficient management of the Fund. The GEPF Board consists of:

- Eight employer nominees; and
- Eight employee nominees, which includes a pensioner member and representative of the South African National Defence Force (SANDF) and Intelligence community, elected through postal ballot.

The GEPF Board, supported by the principal executive officer (PEO) and the executive management team, meets regularly to discuss and agree on the fund's long-term strategies.

The GEPF Board Charter prescribes that the Board should meet quarterly. During the financial period under review, the GEPF Board held 13 meetings to deal with normal and special business interests of the Fund.

The GEPF Board has constituted five permanent committees and two subcommittees to effect its strategic direction.

Both trustees and substitute trustees serve on these committees. All the committees have formal terms of reference that clearly 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 GEPF Board also established formal engagement structures with the PIC Board. The GEPF and PIC Boards meet regularly to discuss matters of strategic interest and the following committees of the two entities also meet as and when required:

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

**BOARD COMPOSITION**

Trustees are appointed in accordance with Section 6 of the GEP Law and Rules. The Board that was in office during the reporting period is depicted below:

**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 Services	Lieutenant General Lineo Ntshiea	South African Police Services	Brigadier Johan Griesel
Department of Basic Education	Dr Morgan Pillay	Department of Basic Education	Ms Thandi Khoza
Specialist Trustee	Mr Themba Gamedze	Specialist Trustee	Advocate Nonku Tshombe
Specialist Trustee	Dr Renosi Mokate	Specialist Trustee	Vacant

**EMPLOYEE NOMINEES**

Trustee		Substitute trustee	
Department	Name	Department	Name
National Education, Health and Allied Workers' Union (NEHAWU)	Ms Kgomotso Makhupola	National Education, Health and Allied Workers' Union (NEHAWU)	Mr Sidney Kgara
South African Democratic Teachers' Union (SADTU)	Mr Eddie Kekana	South African Democratic Teachers' Union (SADTU)	Mr Mugwena Maluleke ovender
National Teachers Union (NATU)	Mr Sibusiso Malinga	National Union of Public Service and Allied Workers (NUPSAW)	Mr Success Mataitsane
South African National Defence Force and Intelligence Community	Colonel Johan Coetzer	South African National Defence Force and Intelligence Community	Vacant
Public Servants Association (PSA)	Mr Pierré Snyman	Public Servants Association (PSA)	Ms Anadele Coetzee

Trustee		Substitute trustee	
Department	Name	Department	Name
Democratic Nursing Organisation of South Africa (DENOSA)	Mr Sibonelo Cele	Democratic Nursing Organisation of South Africa (DENOSA)	Mr Khaya Sodidi
Police and Prisons Civil Rights Union (POPCRU)	Advocate Makhubalo Ndaba	Police and Prisons Civil Rights Union (POPCRU)	Mr Rankele Msinto
Pensioner	Major General Dries de Wit	Pensioner	Vacant

### INDEPENDENCE OF TRUSTEES

The GEPF Trustees are considered non-executives as they do not have executive responsibilities and are accordingly not involved in day-to-day business operations. The GEPF Board contributes collectively in respect of their combined judgement, experience and independence for the benefit of the fund. Robust Board discussions ensure an appropriate balance of power and encourages 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 one specialist substitute trustees.

The other trustees and their substitutes have the necessary skills, knowledge, and experience to effectively manage and govern the fund. The profiles of the 16 trustees are reflected on pages 20 to 25. 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 GEPF Board's role is to ensure that it directs its efforts collectively towards the pension fund's affairs to ensure its prosperity, but also in meeting the expectations of the shareholders and relevant stakeholders. The Board has an established formal Board charter to assist it to meet such requirements, inclusive of determining the roles and responsibilities of the Board as a collective, for the committees, and serving individuals. The GEPF Board Charter specifies its general governance of the fund and ensures compliance to policies and procedures.

### THE GOVERNANCE CHARTER

The GEPF 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 King IV. The governance charter is reviewed regularly to ensure that it is compliant with local and international corporate governance best practices.

The GEPF 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 GEPF Trustee Education and Training Policy prescribes that all newly-appointed trustees (including substitute trustees) must receive induction training within six months of their appointment. This is undertaken over 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 operating environment. Training sessions held in 2021/2022 included:

- Investment Mandate
- Risk appetite
- Risk management
- Fund administrative matters.

Trustees attended other sessions as well as local and international conferences in respect of ongoing training and development. All the training interventions 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 GEPF Trustee Remuneration Policy clearly details the principles upon which trustee remuneration is determined. The details of remuneration paid can be found in the annual financial statements on page 143. The GEPF's trustee remuneration levels are aligned to the remuneration levels of trustees/directors at similar organisations.

### **BOARD PERFORMANCE ASSESSMENT**

A formal performance assessment for the GEPF Board and its committees and the relevant chairpersons was undertaken after the reporting period. The results of the assessments indicated that there were no development areas identified for the Board. However, a need to focus on training and development on certain matters within the sphere of responsibilities of some Board committees was identified. A need to appoint independent specialist trustees to serve on the Investment Committee was identified. This matter will be discussed with the new Board and implemented if the need still exists after a thorough review of the skills, expertise and experience of the newly appointed trustees and substitute trustees has been conducted.

### **ETHICS AND THE MANAGEMENT OF GEPF'S ETHICAL RISKS**

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

**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 and/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 ethics risks through engagement with internal and external stakeholders given that stakeholders are able to identify such risks and opportunities. Subsequently, risk strategies must 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 interest of the pension 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, and which can assist in establishing 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 interest 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 for governing a fund effectively.

Trustees must maintain the relevant capacity to deal diligently and thoroughly in effecting their duties and responsibilities to the Fund.

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

**Commitment:** Trustees must be diligent in performing their duties and devote the necessary time to GEPF affairs. Fund performance and compliance requires unwavering dedication and appropriate effort.

**Courage:** Trustees must have the courage to take appropriate risks associated with directing and controlling a successful, sustainable enterprise, as well as acting with integrity in all Board decisions and activities.

The Board established a social and ethics subcommittee despite the GEPF not being required to do so in terms of law. This reflects the Board's commitment to positioning the GEPF as an ethical leader and good corporate citizen.

An ethics officer is responsible for the implementation of an ethics programme within the GEPF. Quarterly reports are submitted to the GEPF Social and Ethics Subcommittee and a formal report, in respect of ethics matters, is tabled to the Governance and Legal Committee and the Board.





## BOARD COMMITTEES

Governance and Legal Committee (GL-C)	Chairperson	Members
5 meetings held during the year 0 special meeting held during the year 0 workshops held during the year	Adv Makhubalo Ndaba	Ms Lindy Bodewig Ms Anadele Coetzee Mr Kenny Govender Mr Eddie Kekana Mr Sidney Kgara Ms Thandi Khoza Mr Success Mataitsane Mr Sibusiso Malinga Dr Morgan Pillay Ms Suveena Pillay Maj Gen Mulungisa Sitshongaye Mr Pierre Snyman Mr Khaya Sodidi Adv Nonku Tshombe
<b>Responsibilities:</b>		
The GL-C reviews all aspects of the Fund's governance, legal and compliance activities and advises and makes recommendations to the Board in this regard.		
<b>Highlights:</b>		
<ul style="list-style-type: none"> <li>• Facilitated the annual Board, Committee and Chairperson's performance assessment.</li> <li>• Reviewed the implications of the proposed COFI Bill on the GEPF and recommended to the Board that the GEPF should not fall under the proposed Bill.</li> <li>• The Committee developed a Data Privacy Policy and submitted it to the Board for approval.</li> <li>• Facilitated the review of the GEPF's PAIA Manual.</li> <li>• Facilitated the appointment of the PEO to act as the Returning Officer during the election process of trustees.</li> <li>• Ensured that the working groups established between the GEPF Board and the PIC Board has formal terms of reference guiding them.</li> <li>• Recommended an Ethics Management Policy to the Board for approval.</li> </ul>		



Finance and Audit Committee (FA-C)	Chairperson	Members
4 meetings held during the year 4 special meeting held during the year 0 workshops held during the year	Mr Stadi Mngomezulu	Ms Lindy Bodewig Col Johan Coetzer Brigadier Johan Griesel Ms Kgomotso Makhupola Mr Mugwena Maluleke Mr Success Mataitsane Rear Adm Gladys Mbulaheni Mr Thabo Mokwena Mr Richard Morris Ms Suveena Pillay Mr Hale Qangule Mr Khaya Sodidi
<b>Responsibilities:</b>		
<p>The committee keeps under review external audit, internal audit, risk management and financial management. It ensures the independence, objectivity and effectiveness of the external auditors as well as the internal audit function. It reviews the governance and strategic direction of the Fund's IT function.</p>		
<b>Highlights:</b>		
<ul style="list-style-type: none"> <li>• Facilitated the approval of the External Audit Planning Memorandum.</li> <li>• Recommended to the Board for approval certain adjustments to the fair value of unlisted investments.</li> <li>• Facilitated the Board's approval of the Annual Report and Annual Financial Statements for the 2020/2021 reporting period.</li> <li>• Recommended to the Board the approval of the GPAA budget.</li> <li>• Recommended to the Board the approval of the GEPF's revised strategic objectives.</li> <li>• Recommended to the Board the approval of the GEPF's budget and business plan for 2022/2023.</li> <li>• Facilitated the appointed of a service provider to render independent election services for the trustee election process.</li> <li>• Developed and submitted to the Board a Risk Appetite Statement.</li> <li>• Reviewed and submitted the following documents for Board approval:               <ul style="list-style-type: none"> <li>- Internal Audit Strategy</li> <li>- Internal Audit Manual</li> </ul> </li> <li>• Enhanced the reporting and oversight over the ICT modernisation project at the GPAA.</li> </ul>		

Investment Committee (INV-C)	Chairperson	Members
5 meetings held during the year 6 special meeting held during the year 2 workshops held during the year	Dr Renosi Mokate	Mr Sibonelo Cele Maj Gen Dries de Wit Mr Themba Gamedze Mr Brigadier Johan Griesel Mr Eddie Kekana Mr Sidney Kgara Mr Stadi Mngomezulu Mr Thabo Mokwena Mr Rankele Msinto Lt Gen Lineo Ntshiea Mr Pierre Snyman
<b>Responsibilities:</b>		
The committee considers and reviews all aspects of the Fund's investment activities and advises and makes recommendations to the Board on the Management of Fund assets, investment policies, strategy, and procedures.		
<b>Highlights:</b>		
<ul style="list-style-type: none"> <li>Facilitated Board approval for GEPF's membership to the Asset Owners Forum South Africa (AOFSA).</li> <li>Reviewed the investment strategy, guidelines and procedures as part of the internally managed portfolio framework and obtained Board approval.</li> <li>Reviewed the structure of the GEPF investment management team to enhance oversight, monitoring, and reporting of the GEPF's investments. The Board approved the revised structure.</li> <li>Facilitated Board approval to extend the term for PAIDF I for an additional year. The Board further approved that the GEPF should not purchase any assets in PAIDF I based on the recommendations made by the committee.</li> <li>The committee reviewed the Investment Management Agreement for the listed investments and obtained Board approval.</li> <li>The Unlisted Investment Management Agreement between the GEPF and the PIC was reviewed and approved by the Board.</li> </ul>		
Social and Ethics Subcommittee (SE-SC)	Chairperson	Members
4 meetings held during the year 0 special meeting held during the year 0 workshops held during the year 2 GEPF/ PIC working group	Mr Eddie Kekana	Rear Admiral Gladys Mabalaheni Mr Success Mataitsane Ms Mantuka Maisela Lt Gen Lineo Ntshiea
<b>Responsibilities:</b>		
It reviews and recommends an appropriate ethics strategy for the Fund.		
<b>Highlights:</b>		
<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Facilitated the approval of an Ethics Management Policy.</li> </ul>		

Remuneration Committee (Remco)	Chairperson	Members
3 meetings held during the year 2 special meeting held during the year 3 workshops held during the year	Ms Jenny Jeftha	Col Johan Coetzer Ms Jennita Kandailal Ms Phylisia Kekana Ms Mantuka Maisela
<b>Responsibilities:</b>		
The Remco reviews and makes recommendations to the Board on the GEPF's HR policies and strategies. It ensures that the Fund's (including the trustees') remuneration practices are aligned to industry best practice.		
<b>Highlights:</b>		
<ul style="list-style-type: none"> <li>Reviewed the following documents and obtained Board approval:               <ul style="list-style-type: none"> <li>Total Rewards Strategy</li> <li>Critical Talent Segmentation</li> <li>Continuation of Study Policy</li> <li>Long-term Incentive Rules</li> </ul> </li> <li>Facilitated the approval of a Bereavement and Benefits Guideline for GEPF employees</li> <li>Reviewed the trustee remuneration rates and obtained Board approval</li> <li>Obtained Board approval for the 2022 GEPF employee remuneration increases as well as the payment of short term incentives to GEPF employees for the 2021/2022 financial year.</li> </ul>		
Valuations Subcommittee (VAL-SC)	Chairperson	Members
5 meetings held during the year 0 special meeting held during the year 0 workshops held during the year	Mr Richard Morris	Ms Lindy Bodewig Ms Suveena Pillay Mr Thabo Mokoena Mr Hale Qangule Mr Themba Gamedze
<b>Responsibilities:</b>		
The subcommittee advises the FA-C on the complex matter of valuation of the unlisted investments of the Fund.		
<b>Highlights:</b>		
<ul style="list-style-type: none"> <li>Facilitated the approval of adjustments to fair value and impairments and reversals of impairments of unlisted investments.</li> <li>Review of mid-year internal valuations prepared by PIC.</li> </ul>		

Benefits and Administration Committee (BA-C)	Chairperson	Members
4 meetings held during the year 1 special meeting held during the year 0 workshops held during the year	Ms Kgomotso Makhupola	Mr Sibonelo Cele Ms Anadele Coetzee Maj Gen Dries de Wit Mr Kenny Govender Ms Jennita Kandailal Ms Thandi Khoza Mr Sibusiso Malinga Mr Mugwena Maluleke Adm Gladys Mbulaheni Mr Rankele Msinto Adv Makhubalo Ndaba Lt Gen Lineo Ntshiea Dr Morgan Pillay Maj Gen Mulungisa Sitshongaye Adv Nonku Tshombe
<b>Responsibilities:</b>		
<p>The BA-C is responsible to keep under review all aspects of the Fund's administration activities, advising and making recommendations to the Board on the Fund's benefits and administering the Fund's affairs, including issues related to the benefit and administration policies, strategy, procedures and management, and also to recommend any changes. It oversees the review, implementation and monitoring of the communication policies and strategy.</p>		
<b>Highlights:</b>		
<ul style="list-style-type: none"> <li>Reviewed a request from the employer for a contribution holiday and recommended to the Board that it cannot approve such a request as it's not in line with the prescriptions of the GEP Law and Rules.</li> <li>Facilitated the approval of the Terms of Reference for the Government Employees Pension Ombud (GEPO) and ensured that the Office of the Pension Ombud is capacitated to render the required services to the members and pensioners. The Board further approved the logo and branding of the GEPO Office.</li> <li>Reviewed the Service Level Agreement with the GPAA and obtained Board approval for it.</li> <li>The Fund's actuary presented the 2021 statutory actuarial valuation and subsequent actuarial factors to the Committee. The Board approved both.</li> <li>The Committee developed a terms of reference for the Task Team that was established to review the current operating model of the Fund and presented it to the Board for approval. A workshop was arranged where the Board discussed the various corporate forms for the GPAA. The matters have not been finalised and will be addressed in the new financial year.</li> <li>The annual pension increases were submitted and approved by the Board.</li> <li>Facilitated the approval of requests made by participating employers to be registered as per the participating employer policy of the Fund.</li> </ul>		

## OFFICE OF THE PRINCIPAL EXECUTIVE OFFICER

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

The management structure consists of the PEO, the head of corporate services, the head of investments, the head of actuarial and benefits, the head of finance, the head of stakeholder management and communications, and the company secretary.

### **THE PRINCIPAL EXECUTIVE OFFICER**

The PEO assists the GEPF 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 liabilities and assets.

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**

The head of investments monitors and manages the assets and liabilities of the GEPF. The head of investments also advises and assists the PEO and the Board on the investment strategy and execution thereof while overseeing the implementation of the Responsible Investment Policy (RI) and Developmental Investment Policy (DI) and while ensuring effective oversight of investment services including those that are outsourced to the PIC and other external service providers.

### **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 the trustees; that the trustees are adequately inducted and trained; and provides an executive secretariat function to the GEPF Board and its committees.

### **HEAD OF CORPORATE SERVICES**

The head of corporate services manages and oversees the internal operations inclusive of the comprehensive people strategy and corporate services within the Office. This includes the management of legal and compliance, human resources, information and communication technology and facilities management.

### **HEAD OF STAKEHOLDER MANAGEMENT AND COMMUNICATION**

The head of stakeholder management and communication is responsible for managing and overseeing a comprehensive stakeholder management strategy, as well as a communication and education strategy.

### **HEAD OF ACTUARIAL AND BENEFITS**

The head of actuarial and benefits advises and assists the PEO and the GEPF Board of Trustees on asset liability management and monitoring of the Fund, and ensures effective oversight of the interrelated functions of benefit administration and actuarial services including activities that are outsourced to the Government Pensions Administration Agency (GPAA) and other external service providers. The head of actuarial and benefits also oversees and monitors the administration agreement and SLA with the administrator while providing insights on initiatives to improve benefits and administration.

### **HEAD OF FINANCE**

The head of finance’s responsibility is to lead and direct the financial and administration services including the provision of effective financial and accounting services to the Fund, to satisfy the finance requirement of the organisation. This includes directing and overseeing all aspects of procurement and supply chain management to ensure appropriate procurement practices. The head of finance responds to observations made by the Fund’s internal and external auditors which relate to the preparation of the financial statements as well as other accounting and financial matters.

## EXECUTIVE MANAGEMENT



### Mr Musa Mabesa

Principal Executive Officer

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



### Mr Babs Naidoo

Head: Stakeholder Management and Communication

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



### Ms Portia Mngomezulu

Head: Corporate Services

- BCom (Accounting): University of South Africa (UNISA)
- Post graduate Diploma in Business Administration: University of Pretoria
- MBA: Gordon Institute of Business Science (GIBS)
- Leadership- Executive Development programs from Harvard Business school and Warrington School of Business at University of Florida
- Member of the IoDSA



### Mr Sifiso Sibiyi

Head: Investments

- Master of Management in Finance and Investments: University of the Witwatersrand
- Honours degree in Mathematical Statistics: University of the Witwatersrand
- Degree in Actuarial Science: University of the Witwatersrand
- Fellow of the Institute and Faculty of Actuaries – The Institute and Faculty of Actuaries, UK (FIA)
- Chartered Enterprise Risk Actuary – The Institute and Faculty of Actuaries, UK (CERA)
- Chartered Alternative Investment Analyst – Chartered Alternative Investment Analyst Association, US (CAIA)
- Member of the IoDSA



### Mr Brian Karidza

Head: Actuarial and Benefits

- BSc Hons: University of the Witwatersrand
- Fellow of the Actuarial Society of South Africa (FASSA)
- Fellow of the Institute and Faculty of Actuaries (FIA)
- Certified Enterprise Risk Actuary (issued by Actuarial Society of South Africa) (CERA)
- Member of the IoDSA



### Ms Bulelwa Kotta

Head: Finance

- BCom (Accounting) – University of KwaZulu-Natal
- ACMA (CGMA)
- Postgraduate Diploma in Financial Planning – University of the Free State
- Postgraduate Diploma in Business Management – Regenesys Business School
- MBA – Henley Business School (University of Reading)
- Certified director member of the IoDSA



### Ms Adri van Niekerk

Company Secretary

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



## KEY CORPORATE MATTERS

### INTERNAL GOVERNANCE STRUCTURES

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

### SUPPLY CHAIN MANAGEMENT

The Board's delegation to the PEO enables the functioning of the office and expenditure is managed in line with the supply chain management delegations. Various bid committees administer the implementation of procurement functions and the Bid Adjudication Committee deliberates on all tenders above R500 000 to ensure compliance with policy prescripts.

The GEPF PEO, Finance and Audit Committee and Board of Trustees grant approval of procurement in line with the thresholds in the procurement policy.

### HUMAN RESOURCES

Our people are at the heart of our organisation. Our organisational culture encourages innovation, accountability, integrity, transparency and client-centricity. We believe in purpose-driven, high performance and leadership excellence.

### RECRUITMENT

We continuously attempt to improve on our employee value proposition to ensure that we attract new talent, motivate and retain those who are already within the organisation. Great strides were made in executive appointments during this period, which resulted in the appointment of four (4) executives for the following roles: head of investments; head of actuarial and benefits administration, head of corporate services; and head of finance. The headcount during the period of reporting increased to 45 employees including five interns.

### PERFORMANCE

During 2021/2022, in line with the objectives of the organisation's revitalised performance management process, the corporate scorecard was reviewed to ensure that it aligns with the strategic goals and to ensure that performance against targets is appropriately measured, achieved and rewarded.

### LONG-TERM INCENTIVE (LTI) SCHEME

The LTI scheme is a cash based scheme dependent upon the attainment of organisational long-term performance measures. The scheme allocates monetary awards over a three-year period and payouts when the performance requirements have been met and exceeded. The scheme was introduced in the 2018/2019 financial year and the financial year under review marked the first year of the vesting of the LTI awards and the employees who participate and qualified in terms of the scheme rules were rewarded accordingly.

### LEARNING AND DEVELOPMENT

GEPF is committed to promoting a learning culture which enables its employees to develop and grow to reach their full potential. Staff members benefitted from a range of external learning and development opportunities during the period under review. Further to strengthening the bench strength, a total of five (5) graduates from various institutions of higher learning were appointed as part of the internship programme. The total spend for the internship programme was R1 233 750.00.

### EMPLOYEE ENGAGEMENT

During the period of reporting, the GEPF implemented the outcomes of an organisation-wide employee engagement survey and initiatives aimed at driving continuous engagements across the GEPF. We believe that highly-engaged employees will provide the best service to our organisation.

### WORK-LIFE BALANCE

The GEPF strives to cement its reputation as a responsible corporate citizen, thus we aim to provide a manageable balance between employees' work commitments and life demands to enable them to achieve success within and outside the workplace.

With the COVID-19's threat to employee safety and well-being, GEPF has had to deal with several psychological issues related to work-life balance. GEPF continuously explores and implements various working methods that ensure employee safety as well as business continuity.

### INFORMATION TECHNOLOGY

During the reporting period, the GEPF concluded the revalidation of the benefits administration business processes to enable the improvement of service delivery and confirm functionality. The revalidation included the review of people, process, and technology. The business capability model revalidation report indicated that the GEPF business processes are comprehensively modelled. However, most models require further enhancements.

The confirmed business processes are centred on improving the overall member and pensioner experience. Additionally, improved processes will ensure the implementation of efficient solutions for the administration of benefits.

The GEPF is currently assessing market offerings and service providers that will be able to assist the GEPF in identifying solutions for its benefit administration, client relationship management (CRM) and financial management systems. The objective of this process is to identify the most appropriate solutions and services for addressing the GEPF's requirements to manage the administration of the Fund.

### 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 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, there is continuous engagements with the management team as well as the independent external auditors and internal auditors.

### FINANCE MONITORING AND OVERSIGHT

With the approval of the separation of the finance function from the corporate services function, a new finance division was established in the 2021/2022 division. This resulted in the creation of a head of finance role to ensure the enhancement of financial and investment monitoring.

The GEPF, with the newly appointed Master Custodian, is in the process of improving its investment accounting, performance and compliance reporting in order to further enhance the investment monitoring processes.

The GEPF Executive Committee has delegated to Finance Liaison Committee its role and responsibilities 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, Master Custodian 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
- Facilitate smooth audit processes and ease the flow of information and communication between the GEPF, GPAA, PIC and third-party service providers.

With the appointment of the Master Custodian, the Finance Liaison Committee now includes the Master Custodian to enhance the reporting and monitoring of investments.

### LEGAL AND COMPLIANCE

During the reporting period, in discharging its responsibilities to establish an effective compliance framework and processes, the Fund's regulatory universe was reviewed and pieces of legislation that are applicable in the information technology (IT) area were identified as focus areas for the year under review.

Risk assessments were conducted in terms of the relevant legislation and King IV provisions relating to IT governance.

In adherence to POPIA and PAIA, the Board revised and approved the GEPF PAIA Manual and Data Privacy Policy. The PAIA manual was reviewed to be aligned with POPIA. The Data Privacy Policy gives effect to the provisions of POPIA and further establish the requirements and conditions for the collection, distribution, protection and retention of personal information. Both the GEPF PAIA Manual and Data Privacy Policy are published on the GEPF website.

Furthermore, in complying with POPIA, the Fund completed the GAP Analysis Report that assisted in identifying all gaps that may exist as far as compliance with the Act is concerned.

The report incorporates a roadmap, identified risks, recommendations and the implementation plan.

The following were completed: the prior authorisation form, consents form, disclaimers forms at entry points of the organisation, confidentiality clauses to be inserted in contracts, marketing notices and communication sent to all stakeholders.

The Fund is pleased to announce that for the year under review, there were no material or repeated instances of non-compliance with regulatory requirements by either the Fund or its trustees.



The background features a stylized, light-colored illustration of a tree branch with several leaves, extending from the top right towards the center. A large, thin, light-colored letter 'F' is positioned on the left side, partially overlapping the branch. The overall color palette is a muted, earthy brown.

**Investment report**

*Five*

## INVESTMENT POLICY IMPLEMENTATION

In 2020 the GEPF approved an updated policy statement, and embarked on the implementation thereof during the course of the 2021/2022 financial year. This involved updating the investment guidelines to ensure that the Fund meets its investment strategy and objectives as set out in the investment policy statement.

These guidelines define the investment portfolio structure and allocations, risk parameters, benchmarks, and fees. The investment management agreements were updated to align with the new investment policy and guidelines.

To ensure that the investment manager adheres to the updated investment policy and guidelines, the GEPF reviewed, concluded and signed the new investment management agreements with the Public Investment Corporation. This included both the listed and the unlisted investment management agreements.

The new agreements replaced the 2007 agreement together with all its subsequent addenda. Included in the new agreements is the nature of the relationship, the scope of the investment manager, investment governance and processes, portfolio guidelines, limitations, risk disclosure and fees.

The agreements together with accompanying annexures seek to ensure good investment governance, adherence to GEPF investment policies and guidelines, proper checks and balance, adequate monitoring and oversight. Attachments to the agreements include:

- Investment Policy Statement
- General investment guidelines

- Responsible Investing Policy
- Developmental Investment Policy
- Derivatives Policy
- Proxy Voting Guidelines and Corporate Governance Principles
- Determination of fair value
- Risk Disclosure Statement.

## INVESTMENT DECISION-MAKING PROCESS

### INVESTMENT PROCESS REMAINS IN PLACE

The GEPF's investment function is implemented by the investments team at the GEPF, supported by management.

The GEPF team supports the Investment Committee, Advisory Board, Valuation Committee and Board of Trustees in performing their fiduciary role which includes 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 manage the investments of the Fund. The 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 graph below:



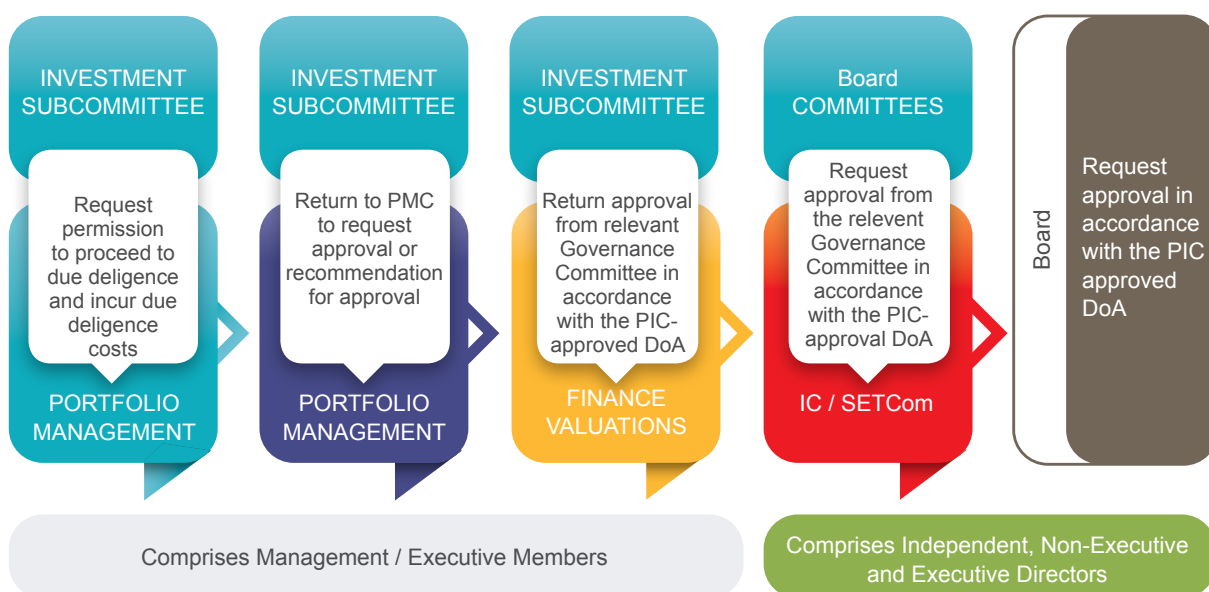
*Investment process may include input from the Advisory Board and Valuation Committee, a subcommittee of the Financial and Audit Committee.*

In addition to the investment process at the GEPF, the PIC, which manages about 82.14% 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 limit of R2 billion.

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 PIC'S INVESTMENT PROCESS

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 completed, 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

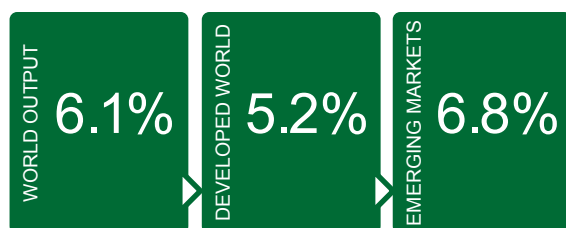
### GLOBAL ECONOMIC RECOVERY WITH DISRUPTIONS

The advent of vaccines and better understanding of COVID-19 led to the easing of tough lockdown restrictions in late 2021 for most parts of the world.

Despite the challenge of new variants that emerged from time to time, the global economy began moving on a much-needed recovery path – although accompanied by inflationary pressure, on the back of rising energy prices.

The International Monetary Fund recorded a 6.1% in global output for the year 2021, led by strong recovery from the emerging markets, particularly emerging Asia where countries such as China and India registered over 8% growth for the year 2021.

Advanced economies recorded 5.2% growth with strong growth reported from countries such as France and United Kingdom.

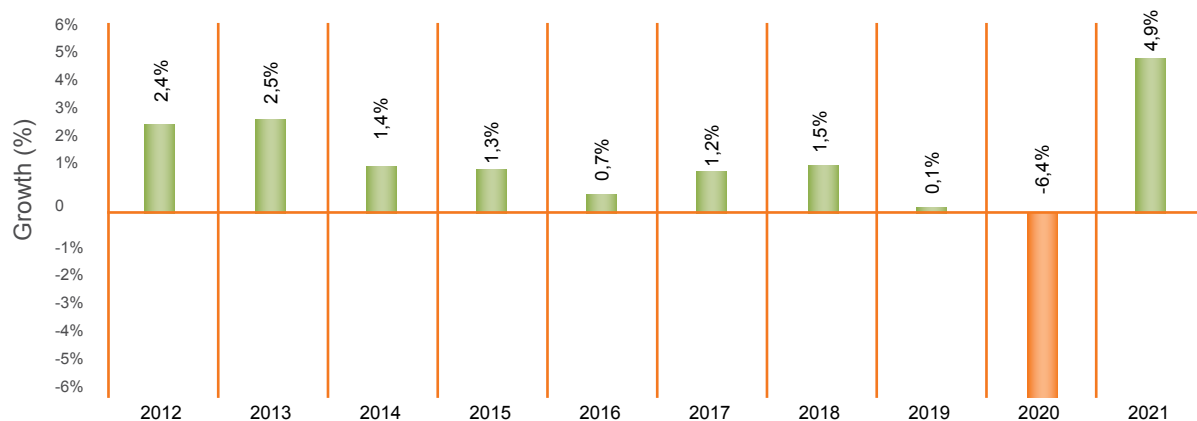


Source: IMF

At the start of 2022, another blow was dealt to the global economic growth prospects with war breaking out between Russia and Ukraine.

The war is expected to have an impact on the overall economic growth as well as exacerbate inflation due to rising energy prices and food prices.

### REAL GDP GROWTH FOR THE PAST DECADE



Source: Stats SA, GEPP

### HIGHEST ANNUAL GROWTH RATE IN MORE THAN A DECADE FOR SOUTH AFRICA

South Africa began its COVID-19 inoculation programme in early 2021 which paved the way for further easing of restrictions and gradual re-opening of the economy. This boosted the economic recovery path which saw real GDP expansion for four consecutive quarters from Q3 2020 to Q2 2021.

Although the discovery of new COVID-19 variants continued to slow down economic activity, it went well until July when the nation was stunned by civil unrest. The quarterly real GDP contracted again by 1.7% as data from Statistics South Africa shows.

Nonetheless, South Africa's economy was able to absorb the shocks and recorded an annual real GDP growth of 4.9% for the year 2021, the highest seen in more than a decade, following a positive Q4 real GDP figure. This was a significant improvement from a 6.4% contraction recorded in 2020 as per Statistics SA data. This growth was in line with GDP recovery in other emerging markets such as Brazil and Russia, although below that of China and India.

Persistent unique challenges have stifled South Africa's GDP growth in recent years. These include drought conditions, power supply problems and retreating fiscal strength, among others.



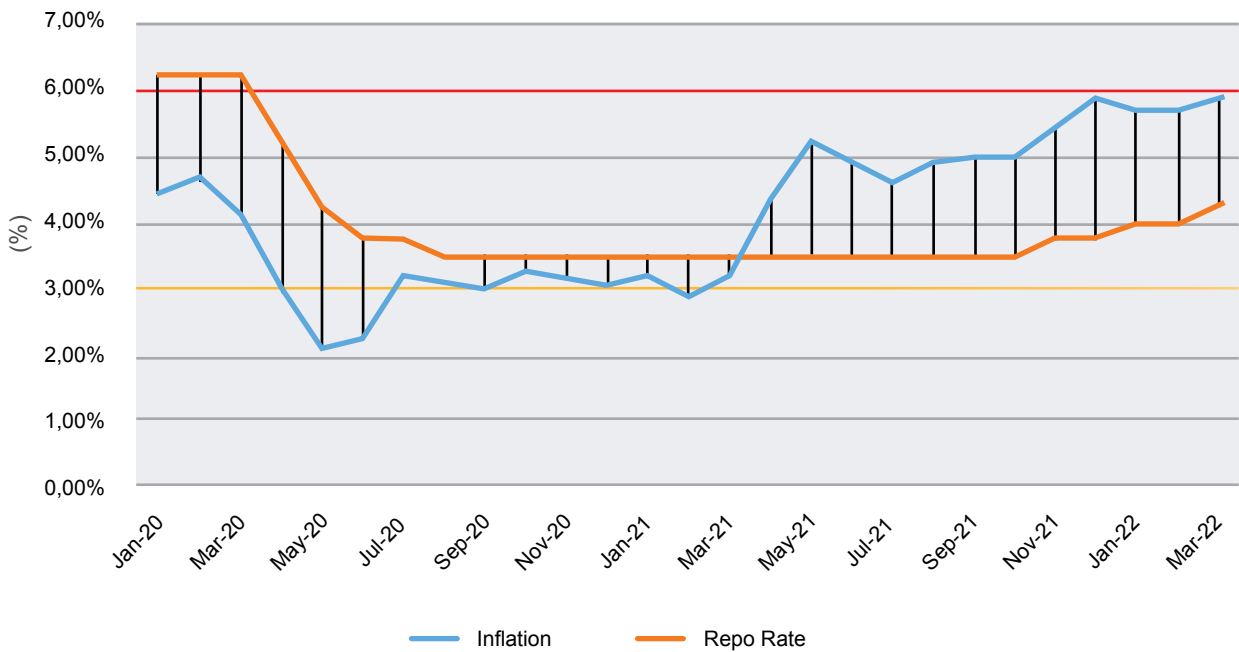
South Africa was not spared from inflationary pressure associated with growth, and this prompted speculation about rising interest rates in the near term. Inflation started picking up as early as March 2021 driven by rising commodity prices, particularly energy prices.

A slight deceleration was recorded around July 2021 in line with decreased economic activity, however, a steady acceleration edging closer to the upper bound of 6% was recorded subsequently.

This prompted the South African Reserve Bank to raise the target rate by 75bps over the period from November 2021 to March 2022 in an effort to curb the surging inflation.

The target rate closed at 4.25% as of 31 March 2022, which is still below the pre-pandemic levels. However, market participants expect more increases in the target rate as inflationary pressure is expected to persist.

### CPI (YOY) VS REPO RATE



Source: Stats SA, GEPI

# THE INVESTMENT MARKETS

## HIGHLY CORRELATED DOMESTIC EQUITY MARKET

The correlation between the GEPF portfolio and the local equity market is very high given that half of the Fund is invested in the local stock market. This is depicted on the five-year rolling one-year chart below, which shows the trajectory of the Fund rolling return against the JSE all-share index.

The one-year rolling return increased significantly in line with bullish equity markets in the first half of 2021, however, the momentum moderated toward the end of the year reflecting a change in investor sentiments.

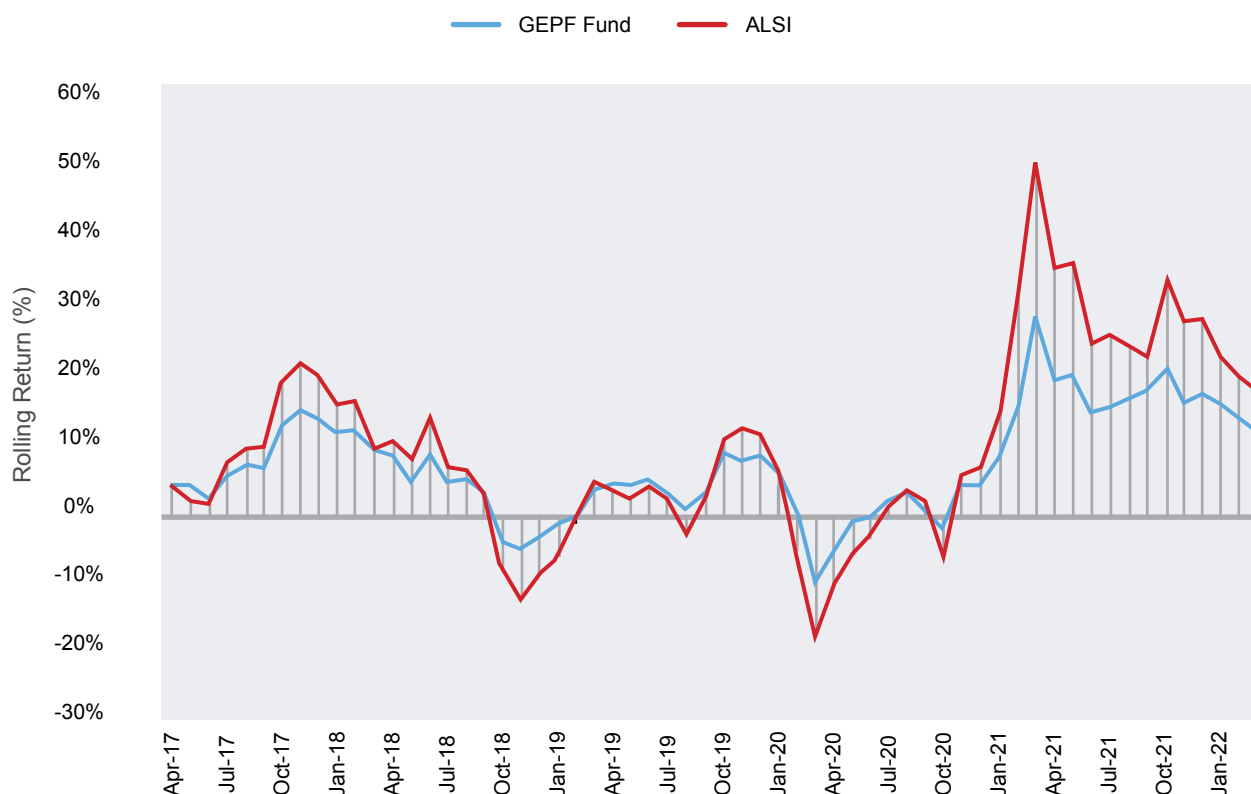
The slowdown in the second half of the year was in line with major equity markets around the world. Many factors including inflation fears, geopolitical issues, new COVID-19 variants and the continued delisting of assets from the stock exchanges contributed to slow market activity.

South Africa’s July civil unrest also had short-term impact on the local equity market.

The regulatory issues surrounding Chinese tech stocks including Tencent vibrated across markets and was felt significantly in the South African stock market as Naspers and Prosus which are some of the largest listings took a significant knock.

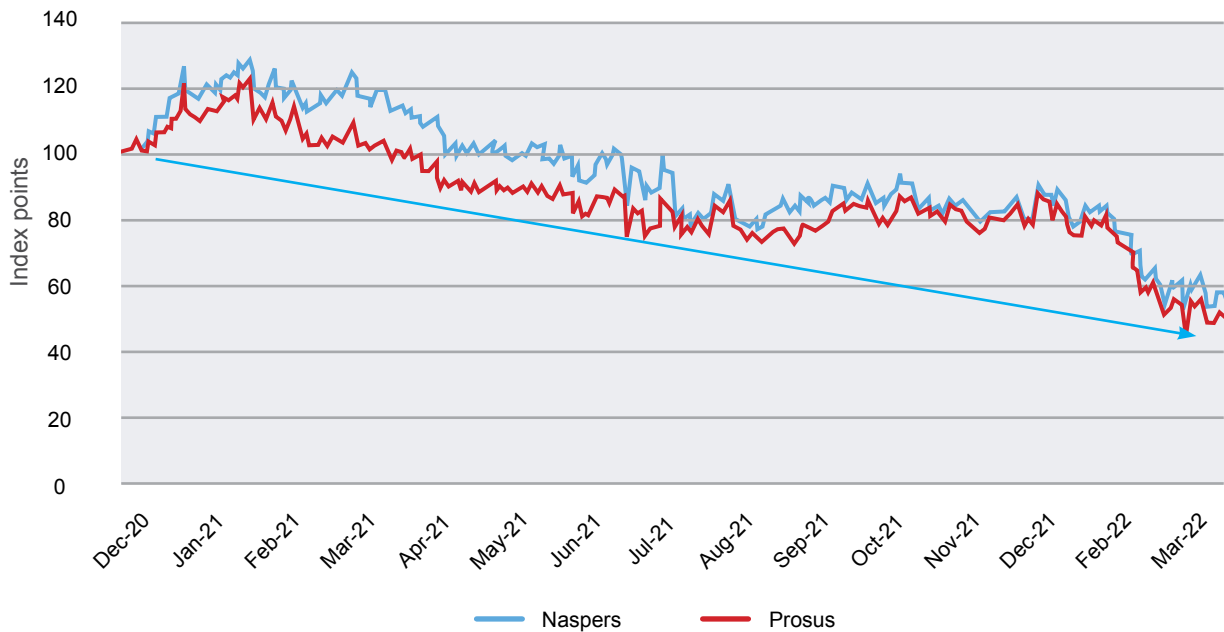
Naspers and Prosus are in the top 10 holdings of the GEPF equity portfolio. Both stocks fell more than 50% in value over the year ending 31 March 2022.

## 5 YEAR ROLLING 12 MONTHS RETURN



Source: GEPF; Bloomberg

NAPERS VS PROSUS (CUMULATIVE PERFORMANCE)



Source: GEPP; Bloomberg

The stock market further slowed down in line with major equity markets around the world in the first quarter of 2022 due to increased investor concerns

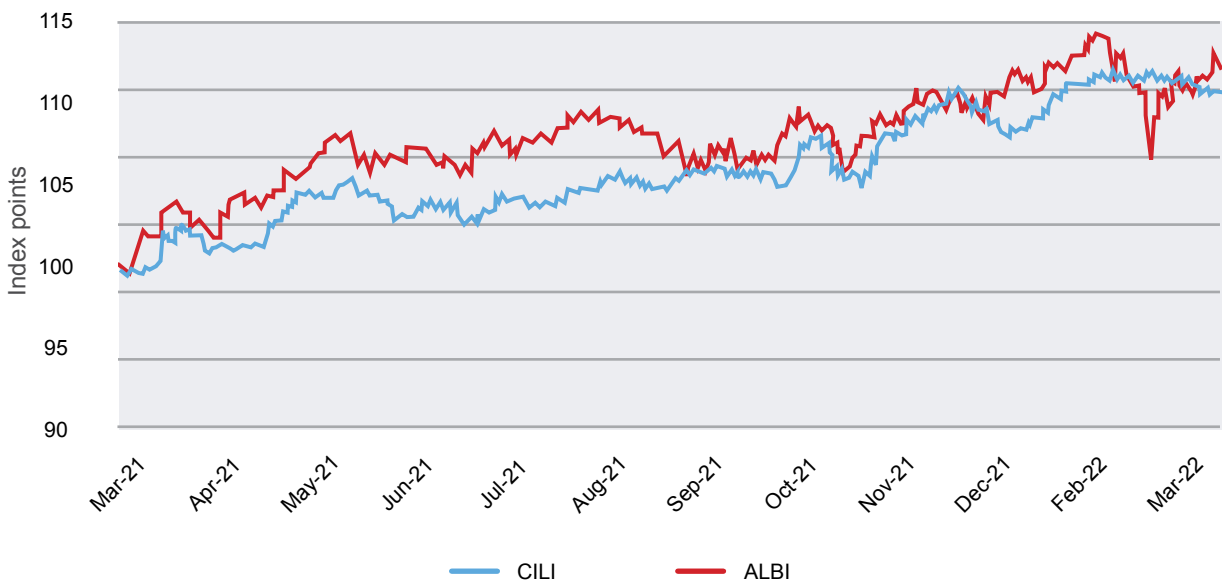
as a result of the war outbreak in Ukraine. The market remained volatile as investors continued to assess the risk as the war escalated.

RESILIENT LOCAL BOND MARKET

The JSE All Bond Index and Inflation-linked Bond Index returned 12.4% and 10.8% respectively for year. Strong activity in the local bond market continued for the most part of 2021, supported by foreigners' appetite towards emerging market bonds in search

of a better yield although disruptions such as inflation expectations continued to pose a threat. The GEPP bond portfolio closed at R682 billion as of 31 March 2022, up by 6% for the year.

ALL BOND INDEX VS INFLATION LINKED BOND INDEX (CUMULATIVE PERFORMANCE)



Source: GEPP; Bloomberg

## GROWTH IN INVESTMENT PORTFOLIO

### CONSISTENT MARKET VALUE GROWTH

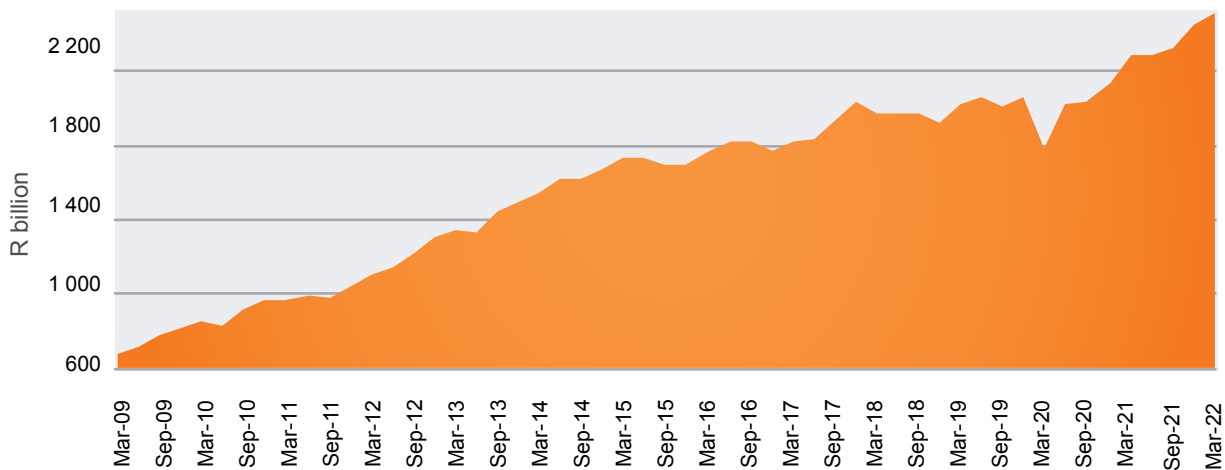
The Fund's market value closed at R2.3 trillion as of 31 March 2022, reflecting growth of 9.6% year on year. Supported by favourable market conditions, particularly in equity and bond markets.



Source: GEPP

Consistent market value growth for more than a decade saw the Fund surpass the R2 trillion mark for the first time in 2021, which was a significant milestone for the Fund as it continues in search for returns to grow the asset size.

### MARKET VALUE GROWTH SINCE 2009 (R'BILLION)



Source: GEPP

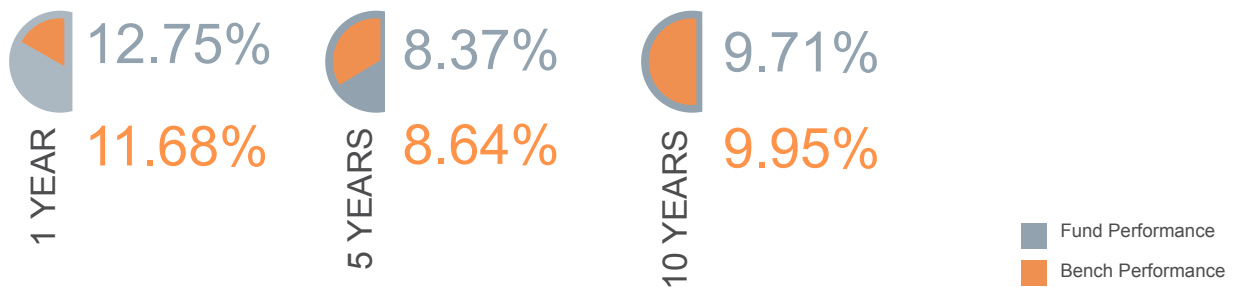
## IMPROVING INVESTMENT RETURNS

A solid annual net return of 12.75% reflected for the most part favourable domestic market conditions, particularly equities, in line with rising international equity markets following some advances against the pandemic and rising commodity prices.

However, a marginally stronger currency meant that the Fund didn't reap any gains from the exchange rate

fluctuations over the period. The Fund continued to deliver consistent net returns over the long term which is crucial in order to enable the Fund to meet its long-term obligations.

The Fund delivered a 10-year return of 9.71% compared to that of the benchmark of 9.95%.



Source: GEPP

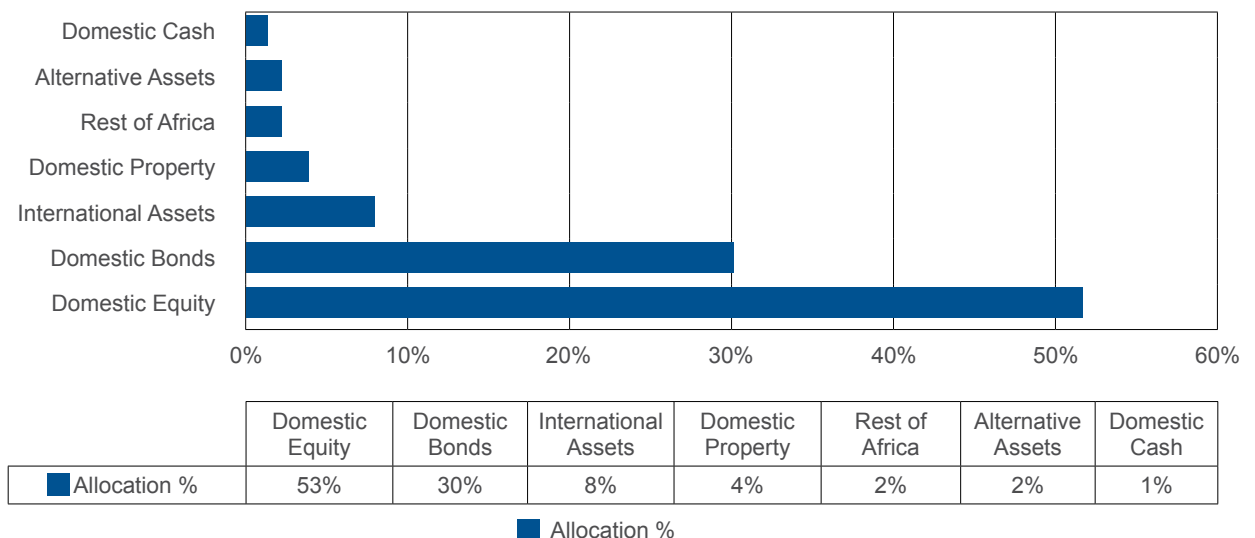
The GEPP portfolio is predominantly invested in the domestic market, with some allocation to the rest of the African continent and global markets.

The large exposure to the domestic market is in line with the Fund's objective to play a meaningful role in the South African economy. The Fund continues to make improvements to its investment policy and

strategy in order to carefully manage its risk and return objectives, allocations and diversifications needs.

The allocation into alternative assets which included private equity, unlisted debt and unlisted property provided an alternative source of returns while diversifying the portfolio.

## GEPP ASSET ALLOCATION



Source: GEPP

The allocation to the rest of Africa and international assets continues to reap rewards, as these have contributed positively over the long term and exposed the Fund to foreign exchange gain as the rand depreciated against the US dollar over the long-term period. The GEPP has exposure to various regions across the world though its investments in international fund managers and the rest of Africa funds.

## GEPF GEOGRAPHIC EXPOSURE (INCLUDES DIRECT AND INDIRECT EXPOSURE)



Source: GEPF

## INVESTMENT MANAGEMENT FEES

### *Fees on Listed Assets*

The total management fees levied from the listed portfolio for the period 2021/2022 is R1.5 billion, which is 22% higher than last year's fee of R1.2 billion. This amount excludes investment performance fees of R500 million. The biggest portion of the fee comes from local equities as it forms approximately 50% of the Fund.

### *Fees on Unlisted Assets*

The management fees on the unlisted portfolio have declined by 83.80% from the previous financial year as a result of the end of the commitment period in some funds and others being fully withdrawn.

Investment Management Fees	2020/2021	2021/2022
PIC Unlisted Portfolio	R364 368 776	R23 907 660
Internally Managed Portfolio	R145 207 659	R58 640 733

## PORTFOLIO PERFORMANCE

### *INVESTMENTS IN UNLISTED ASSETS*

#### *Internally managed – Private Equity Portfolio*

The GEPF manages an internal portfolio that is earmarked for allocation to private equity funds that invest in the African continent. The objective of the portfolio is to enhance returns and to further diversify the Fund's portfolio by targeting investments in sectors and companies not represented in the listed markets. As at 31 March 2022, the Fund had committed \$725 million to seven Africa-focused private equity funds.

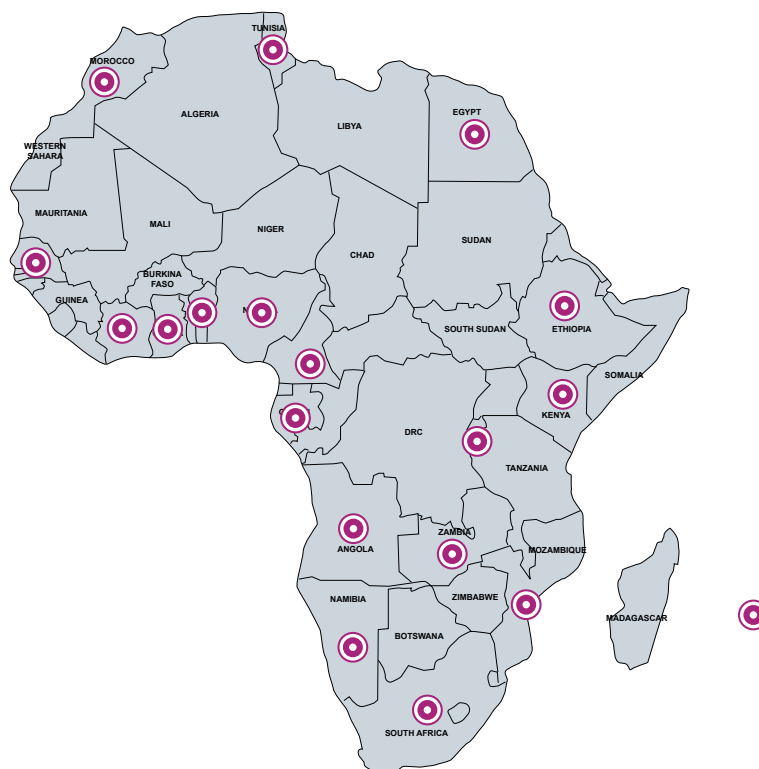
## ASSETS UNDER MANAGEMENT IN INTERNALLY MANAGED PRIVATE EQUITY PORTFOLIO

Fund Name	Commitment in USD	Share of funds in internally managed portfolio
African Development Partners II	\$30 million	4.14%
African Development Partners III	\$40 million	5.52%
Capital Alliance Private Equity IV	\$20 million	2.76%
Pan African Infrastructure Development Fund I	\$250 million	34.48%
Pan African Infrastructure Development Fund II	\$350 million	48.28%
South Suez Africa Fund II	\$25 million	3.45%
Verod Capital Growth Fund II	\$10 million	1.38%
Total	\$725 million	100%

Source: GEPP

The internally managed private equity portfolio is a true pan African portfolio with assets across the African continent. Ensuring that the Fund plays a role not only in the South African economy, but also in the rest of the continent.

## GEPP AFRICA EXPOSURE (INCLUDES DIRECT AND INDIRECT EXPOSURE)

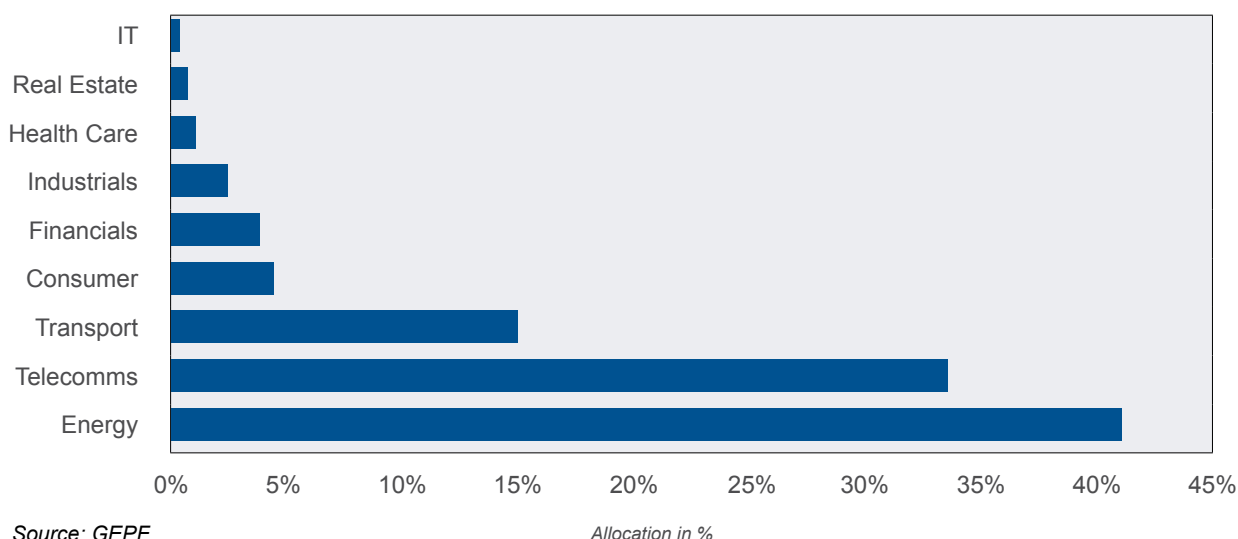


Source: GEPP



The fund managers pursue direct investments in diversified sectors including energy, financial services, technology, telecommunication and transport as shown on the graph below.

SECTOR ALLOCATION



Source: GEPF

Allocation in %

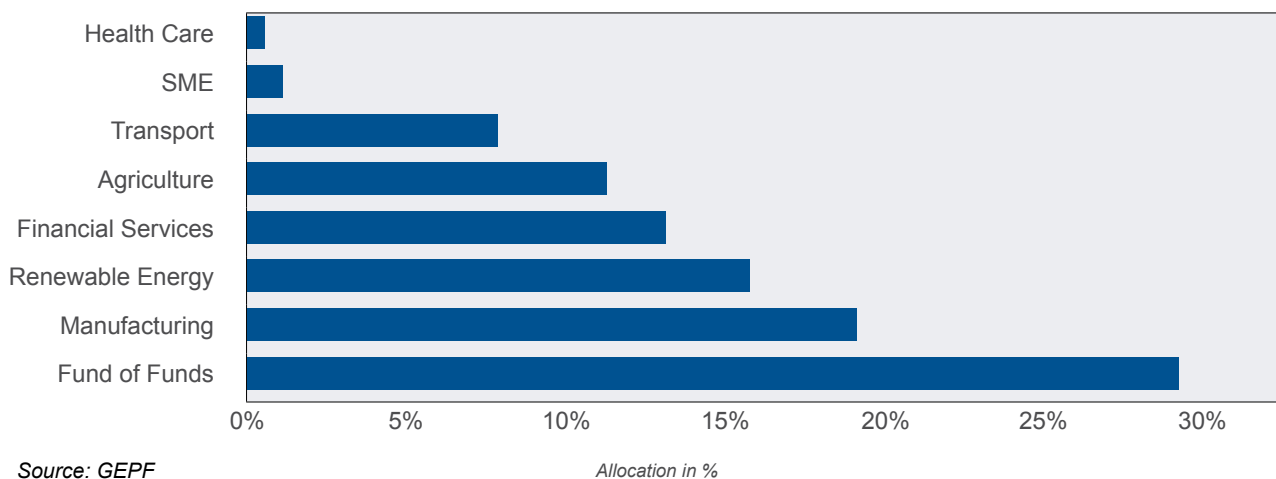
ISIBAYA PORTFOLIO

The Isibaya Fund is the GEPF unlisted developmental investments portfolio that is managed by the Public Investment Corporation. The portfolio includes a mix of developmental and private market investments in South Africa (84%) and Rest of Africa (16%). The objective of the portfolio is to deliver on the Funds’ developmental impact objective and generate positive financial returns. The GEPF has committed more than R100 billion for investment in the three Isibaya funds.

Isibaya Fund	Commitment Amount	Year of commitment
Fund I	R23 billion	2013
Fund II	R70 billion	2016
Fund III	R25 billion	2022
Total	R118 billion	

The invested portfolio is well diversified with investments made in the sectors as indicated below.

SECTOR ALLOCATION



Source: GEPF

Allocation in %

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

## OUR BELIEFS

As a long-term and large investor, the GEPF considers the impact of its investment decisions over the long term as it has the capacity to make a significant difference in the lives of members, pensioners and South Africans.

The Fund therefore has a responsibility to consider the consequences of its investment decisions carefully.

The GEPF believes that integrating ESG issues in investment decisions across all asset classes can assist in creating more ethical companies and ultimately offer improved long-term risk adjusted returns.

The investment case for responsible investment is underpinned by four interlinking principles.

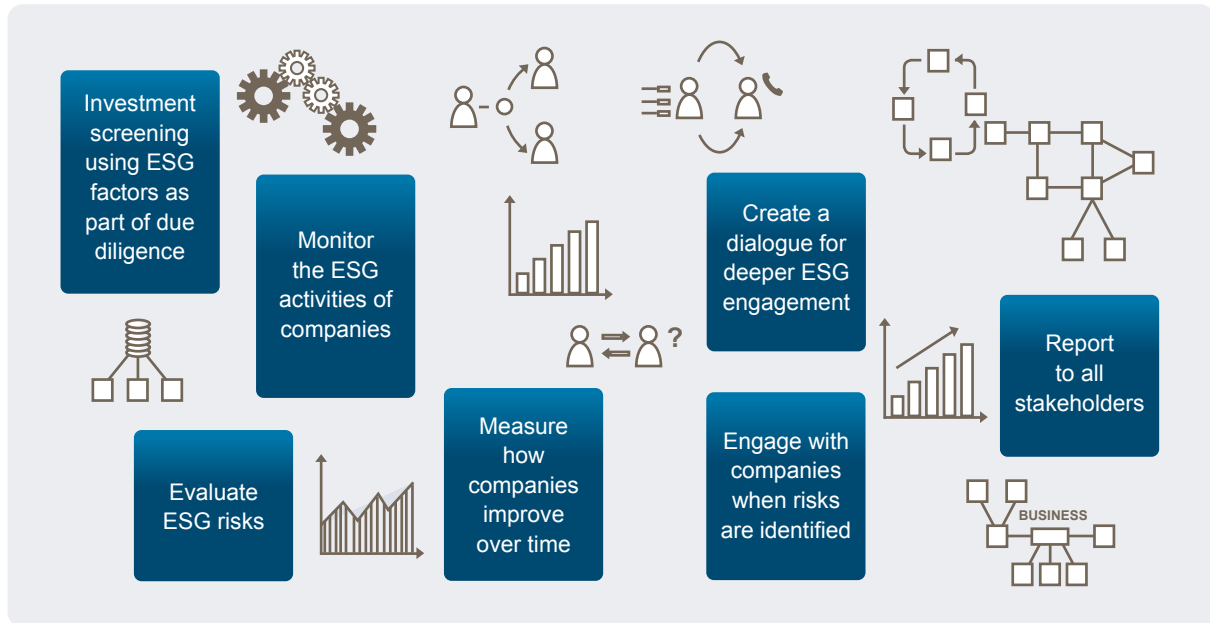


**OUR EXPECTATIONS OF COMPANIES**

The GEPF Responsible Investing Policy dictates that company Boards, directors and managers must be held accountable and take full responsibility for the consequences of their decisions.

The Fund is responsible for signalling concerns and encouraging change through active ownership practices in order to enhance and protect investment value. Responsible investment remains an imperative to also encourage responsible business practices.

**GEPF RESPONSIBLE INVESTMENT**



**OUR APPROACH TO CREATE LONG-TERM VALUE**

The GEPF takes a portfolio-wide view on integrating ESG issues in investment decisions and its implementation takes place through a number of steps that evolve with best practices.

The figure below illustrates the ways in which integration, engagement and industry collaboration are addressed to achieve long-term value creation across all asset classes.



**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:

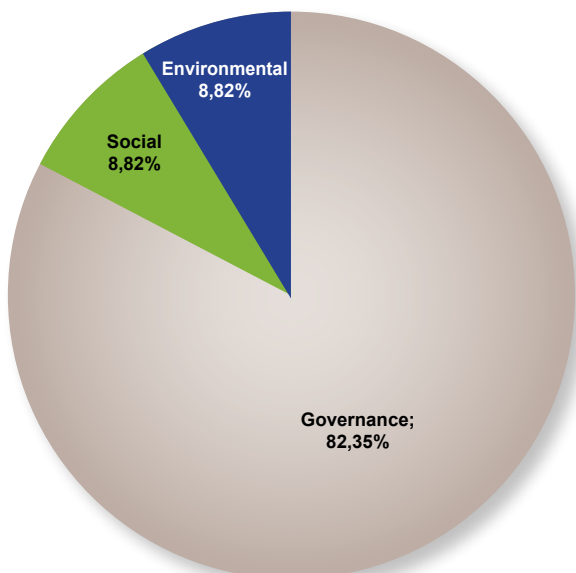
- Quarterly reporting on ESG matters related to listed and unlisted investments to the GEPF Board of Trustees.
- Setting standards and requirements on ESG criteria and reporting for its asset managers.
- Reviewing quarterly proxy voting and engagement records from its asset managers.
- Specialist research and monitoring of responsible-investment controversies and ESG ratings.
- Investment Liaison Committee and Working Group meetings aimed at improving the oversight of ESG-related matters.
- Internal audit and risk management systems.

**STEWARDSHIP: ACTIVE OWNERSHIP ACTIVITIES**

**LISTED PROXY VOTING**

As part of the GEPF’s commitment to responsible investing, the Fund exercised active ownership rights through its responsible investing and proxy voting policy through its asset manager, the PIC.

During the financial year, the PIC on behalf of the GEPF voted at 3 140 resolutions relating to 190 shareholder meetings. While 89% of these resolutions were voted in favour, 10% of votes went against the investee company. ‘Against’ votes largely related to governance issues such as executive and non-executive remuneration, director tenure and exemption of director liability.



*Proxy voting is a minimum requirement, although the Fund prefers to combine proxy voting activities with corporate engagement activities*

GEPF Responsible Investment Policy

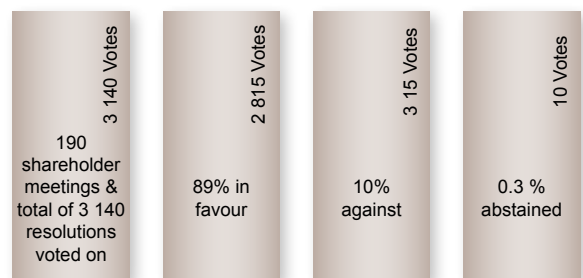
**UNLISTED PROXY VOTING**

During the financial year, the PIC voted on behalf of the GEPF on a total of 342 resolutions relating to unlisted companies, where 92.6% of resolutions were voted in favour, 5.6% were voted against the resolution, and the balance were abstained.

**LISTED ENGAGEMENT**

The GEPF, through the PIC, engages with companies regarding various matters. During the financial year, a total of 34 engagements were held with 82% being related to governance issues, followed by social 8.8% and environmental factors at 8.8%. The most common engagement themes related to remuneration, Board diversity, succession planning and climate change.

**BREAKDOWN OF LISTED ENGAGEMENT BY PILLARS**



**UNLISTED ENGAGEMENT**

On behalf of the GEPF, the PIC engaged with 88 unlisted companies during the year under review. Topics of discussion included environmental authorisations and policies; environmental risk management; stakeholder engagement and governance policies; reporting and quality reporting; resource efficiency; and pollution prevention.

**COLLABORATION**

UNPRI Principle 4 requires signatories to promote acceptance and implementation of the principles within their investment industries. During 2021/2022, the GEPF, in support of industry best practice, engaged and collaborated with several organisations in relation to sustainability:

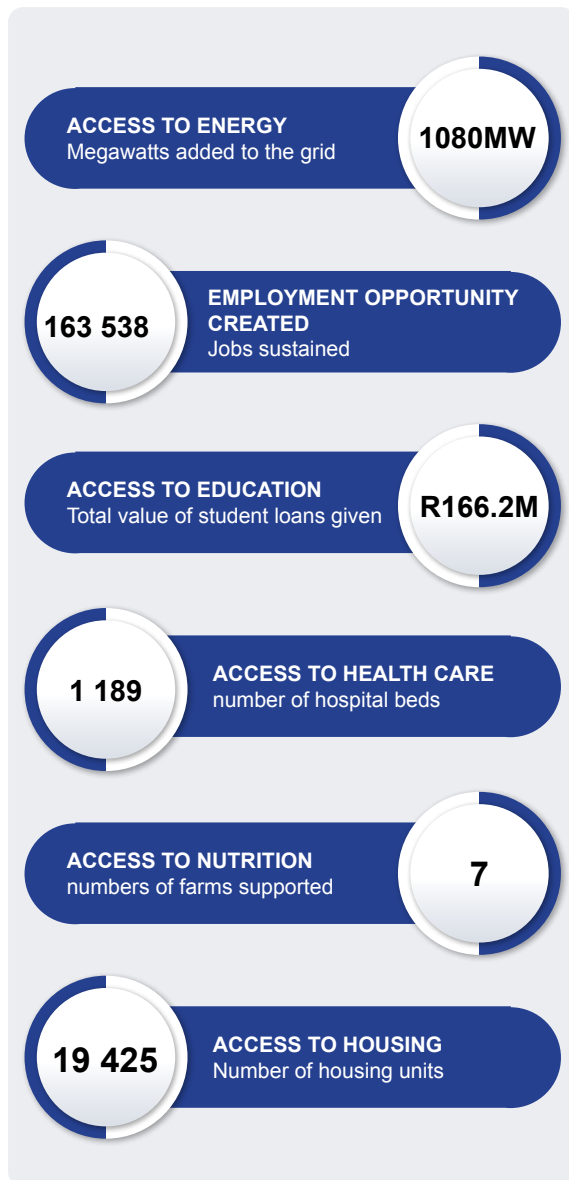
- The Code for Responsible Investing in South Africa (CRISA) working group
- Principles for Responsible Investment (PRI)
- Batseta
- National Treasury
- Ceres Valuing Water Finance Task Force
- World Bank

**IMPACT INVESTING**

The GEPF, a founding signatory to the UN Principles of Responsible Investing and the largest asset owner in the South African economy, continues to catalyse the domestic savings of members to leverage investments to the benefit of the development of South Africa. The GEPF is cognisant of the urgent developmental needs facing the country such as large infrastructure and social backlogs and the dire current energy crisis. The funding gaps relating to climate finance and just transition related climate finance flows are impediments to transitioning into a greener and more sustainable economy.

It is against this backdrop that the GEPF Developmental Investment Policy was launched in 2010. The policy cemented our promise to deliver the desired investment return for our members and to develop the local economy. The overarching goal is to support positive long-term economic, social and environmental outcomes for South Africa and its citizens while adhering to the Fund’s responsible investment agenda.

MEASURING SOCIAL IMPACT FROM INCEPTION



*The Fund’s investments should play a developmental role in the South African and broader African economy, and investment decisions may reflect wider stakeholder views.*

GEPF Investment Beliefs



**Membership and  
benefits**

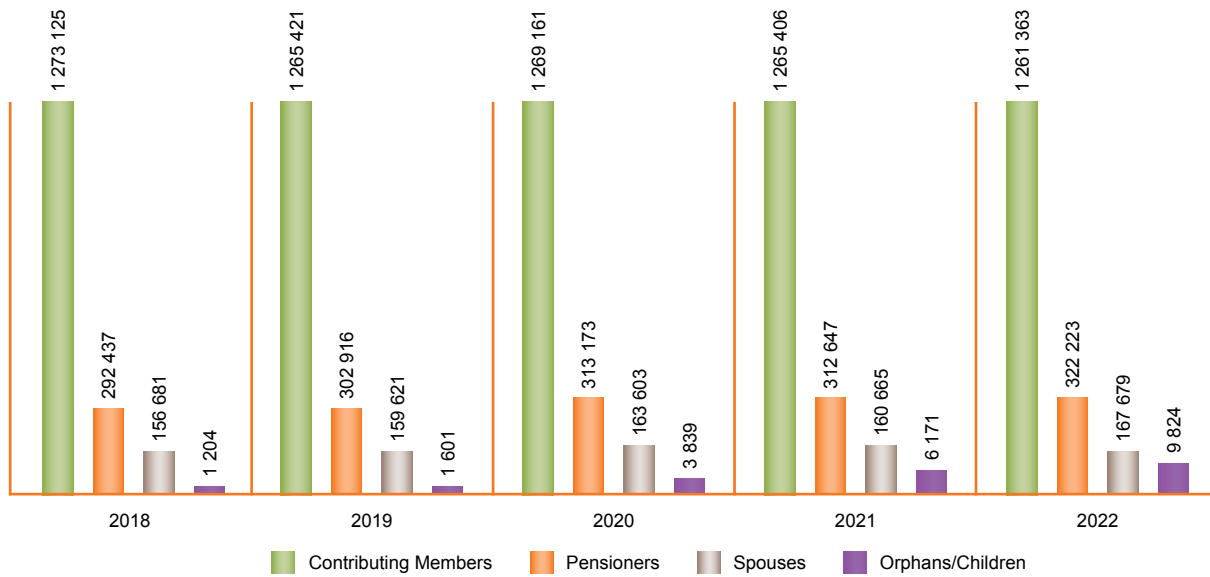
# MEMBERSHIP

## MEMBERSHIP NUMBERS

The GEPP provided benefits to 1 261 363 active members and 499 726 pensioners and beneficiaries, as at 31 March 2022.

The figure below depicts the changes in membership and beneficiaries of the pension fund over the past five years. The number of members and pensioners decreased this financial year. The decrease is due to an increase in the number of retirements, death and funeral claims received and paid.

Membership in numbers

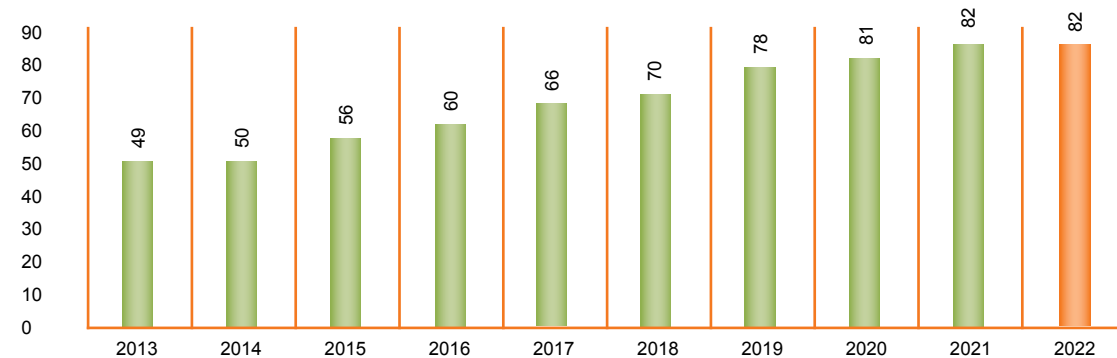


# BENEFITS PAID AND CONTRIBUTIONS RECEIVED

## CONTRIBUTIONS RECEIVED

Contribution income increased by 0.53% during the reporting period. The increase in contribution is low due to the wage for public servants and the declining active membership in the Fund.

Contributions received (R'billion)





## BENEFITS PAID

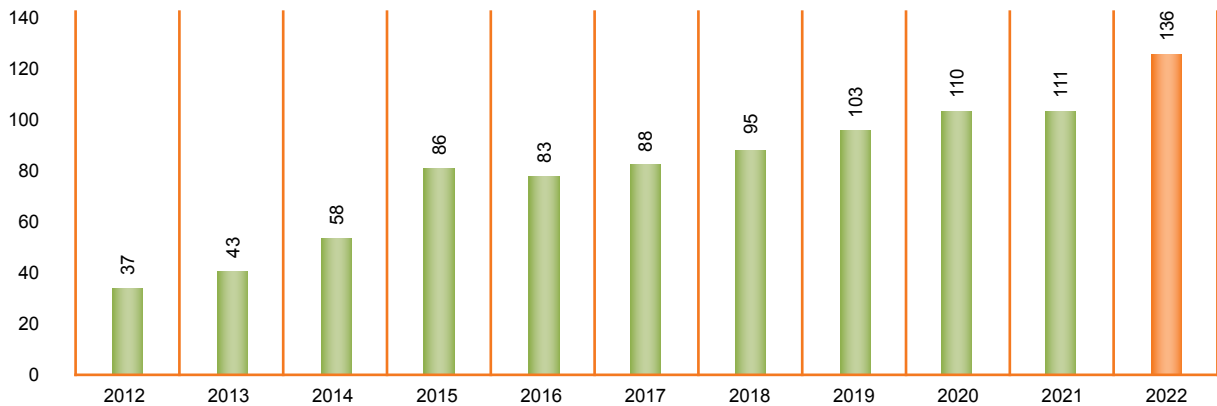
The amount of total benefits paid during the year under review increased by R23 billion. The net increase is a result of an increase across all benefit types.

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

The GEPF provides:

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

Benefits Paid (R'billions)



Detailed information on GEPF benefits can be found on its website at [www.gepf.co.za](http://www.gepf.co.za).

### RETIREMENT BENEFITS

The GPAA processed and finalised 33 627 (2021: 27 960) cases of members retiring during the period under review. The total value of gratuities paid was R21.4 billion (2021: R19.7 billion), and annuities R62.3 billion (2021: R56.3 billion).

The number of orphans/children receiving a benefit from the GEPF is 9 824 (2021: 6 171). A total of 5 095 (2021: 3 308) new applications were processed, with 684 (2021: 446) of the current orphans/children receiving a benefit from the GEPF having reached the termination age.

### RESIGNATION BENEFITS

An amount of R33.8 billion (2021: R25.6 billion) was paid in resignation benefits to 20 659 (2020: 16 055) beneficiaries during the year under review.

### FUNERAL BENEFITS

The GEPF processed and paid a total of 37 798 (2021: 31 684) funeral benefit claims.

### DEATH BENEFITS

The GEPF paid an amount of R14.8 billion (2021: R6.5 billion) in death benefits to 11 776 (2021: 5 888) beneficiaries during the reporting period.

Of the 16 069 (2021: 13 933) claims paid in respect of contributing members, 9 570 (2021: 8 503) were claims for members.

### CHILD PENSION

The GEPF pays annuities to the orphans of members who became pensioners on or after 1 December 2002. A child's annuity is also payable when a member, who has a service period of 10 years or more, dies in service or at retirement.

Claims for members' spouses amounted to 5 500 (2021: 4 635). Of the 21 729 (2021: 17 751) claims paid in respect of pensioners, 17 183 (2021: 14 201) were claims for pensioners and 4 471 (2021: 3 506) were claims for pensioners' spouses.

A total of R550.1 million (2021: R461.9 million) funeral benefit was paid to beneficiaries during the reporting period.

## ADMINISTRATION AGAINST PERFORMANCE

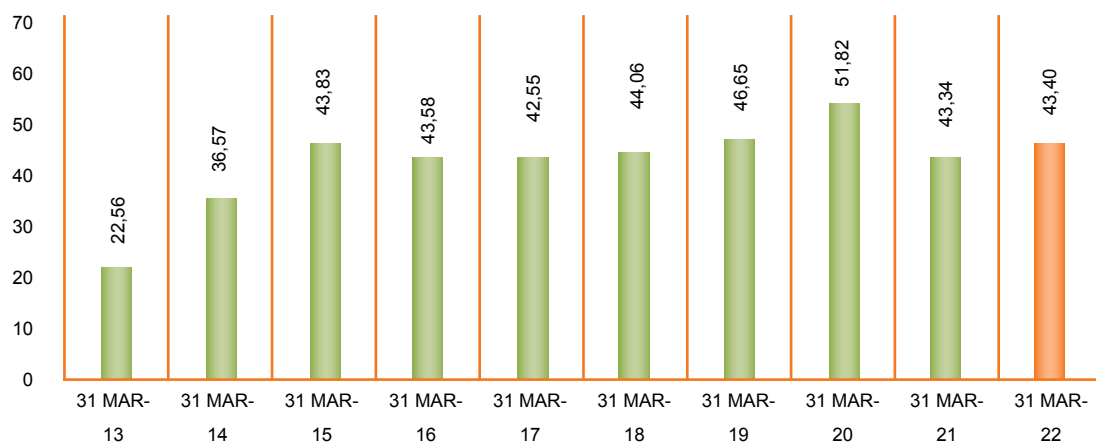
The GPAA manages member services and the payment of benefits. The relationship between the GEPF and the GPAA is governed through a service-level agreement (SLA). The overall GPAA administration against performance for the financial year 2021/2022 was below the benchmark stipulated by the SLA. The GEPF has been engaging the GPAA on strategies to improve its service levels.

### THE BREAKDOWN OF ADMINISTRATIVE COSTS

	FY 2022	FY 2021
Administration fee	917 144 000	907 520 000
Number of members	1 761 089	1 744 889
Contributing members	1 261 363	1 265 406
Pensioners	322 223	312 647
Spouse	167 679	160 665
Child and orphans	9 824	6 171
Cost per member p.a. (all members and beneficiaries)	R521	R520
Cost per member p.m.	R43	R43

### COST PER MEMBER PER MONTH

Cost per member per month (Rands)



### LATE PAYMENT OF BENEFITS

Benefits are required to be paid within 60 days from date of exit as per section 26 of the GEP Law. Benefits paid outside the 60-day period are regarded as late benefit payments. Payment of all benefits within the required period has continued to be a challenge for the Fund as the administration value chain relies on input from other parties.

Of the 69 126 exit benefits paid in FY2022, 40% (27 940) were paid within 60 days from the date of exit, with 60% (27 940) being late benefits. Of the 69 126 exit benefits paid in FY2022, 79% (54 681) were paid within 60 days from the date that correct and complete documentation was provided to the administrator with 21% (14 445) paid outside the 60-day period from the date of receipt of correct and complete documentation.

Of these 69 126 exit claims, only 64% (43 925) of the claims were submitted to the administrator within the 60-day period. In addition, for 80% (54 981) of the claims, the complete and correct documentation was received at outset and was not returned to the employer for correction. This points out the current inefficiencies in the administration value chain as not all the claim documentation is arriving to the administrator in the required timelines.

A total of R1.3 billion has been paid towards late payment interest in FY2022. In the previous year, R1.1 billion was paid towards late payment interest.

The Fund is concerned with administrative challenges and has implemented the following initiatives to help address the challenges:

- The Fund has hosted retirement member workshops on a regular basis. During these workshops the discussions and interactions focus on the requirements and responsibilities of members and departments when retirement is applied for.
- The Fund has set up mobile offices to execute its outreach initiatives and ease the burden of engagement for members who are located in remote or rural areas.
- The Fund has developed educational videos which explain how members should complete the required exit forms and detail all the documentation required when a member exits.
- The Fund is engaging and collaborating with DPSA and the National School of Governance to develop a curriculum and course on GEPF exit management process. The course is targeted for HR staff for the respective employer departments.





**Stakeholder  
management and  
communication**

*seven*

For the second year in a row, the GEPF had to contend with a challenging operational reality created by the global COVID-19 pandemic. The pandemic as well as the intermittent national lockdowns implemented by government as a result of the National State of Disaster presented unique reputational and communication challenges for the GEPF as it had to adjust and find innovative ways of communicating with stakeholders.

The most significant global health crisis in more than a century affected all our stakeholders, both external and internal. However, our commitment to deliver clear, timely and relevant information to our stakeholders continued to remain at the forefront of our approach. Ensuring effective and efficient communications meant the GEPF had to further intensify and leverage its online and digital channels and platforms more than before.

The pension fund's key objective remained that of ensuring clear, relevant and accessible communications to key stakeholders despite the restrictions to curb the impact of COVID-19.

## INTEGRATED MARKETING AND COMMUNICATION

Using our integrated marketing and communication strategy as our "true north", the GEPF continued to focus on the following:

- Communicating information about GEPF rules, regulations and policies in an effective and efficient manner to the varying groups of clients and stakeholders to enable them to make informed decisions.
- Keeping clients and stakeholders informed about individual issues as well as administration of the fund, including communication channels as the GEPF and its service providers implemented restrictions to public gatherings as per government regulations.
- Consulting with key stakeholders on changes to policies and procedures that impact clients and stakeholders.
- Marketing the GEPF as a preferred and beneficial fund.
- Supporting employer departments to fulfil 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 COMMUNICATION

During the year under review, we continued to focus on safeguarding our trustees, management and employees from the continued threat of the COVID-19 virus. A significant aspect of our internal communications was ensuring that everyone was able to work and engage remotely as well as receive consistent, accurate and actionable information so as to ensure minimum disruption to operations.

The management team provided guidance and regular communication. Managing a workforce working remotely from various locations required regular, and in some instances daily, communication with and 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 GEPF remote working procedures, mandated quarantine requirements, and other helpful information.
- Communicating important and relevant GEPF related information to trustees, management and employees.
- The continued use of digital communication platform for engagement and continuation of work.
- Regular messages from the Principal Executive Officer to employees on key issues
- Continuation of established internal communication programmes such as information dissemination via email, intranet, staff meetings and screen savers.
- Keeping up employee morale by celebrating key days such as Freedom Day, Human Rights Day, Youth Day, Woman's Day, Heritage Day, 16 Days of Activism and even a virtual year-end function.

Lastly, the GEPF successfully developed and launched a new internal newsletter called Insight to keep staff informed about topical issues.

## EXTERNAL STAKEHOLDER ENGAGEMENT AND COMMUNICATION

Maintaining good, mutually beneficial relationships with our stakeholders is an integral part of the GEPF's communication strategy.

Such relationships play a key role in the ability of the fund to deliver on its mandate to ensure that key stakeholders, members, pensioners and beneficiaries remain well informed about the fund and the activities that affect them. Key stakeholders include:

- Members, pensioners, beneficiaries
- The employer, DPSA
- The guarantor, Minister of Finance and National Treasury
- Employer departments
- The Public Sector Co-ordinating Bargaining Council (PSCBC)
- Implementing agencies, the Government Administrative Agency (GPAA) and the Public Investment Corporation (PIC)
- Parliament
- Local and international media
- Local and international financial, pension and investment multi-lateral organisations and associations
- General public.

Due to the impact of the COVID-19 pandemic on business and operational strategies, the GEPF's approach was to ensure proactive communication and engagement with external stakeholders to help maintain an acceptable level of business continuity, noting the health and safety restrictions implemented by government.

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

As restrictions were eased and the country moved to State of Disaster Alert Level One, the GEPF Stakeholder Relations and Communication unit returned to face-to-face engagements by hosting member and pensioner road shows, pre-retirement workshops, human resource forums, organised labour meetings (including shop-steward workshops and council meetings), and presentations to employee departments.

These events were further supplemented by digital communications such as webinars, email and SMS communiqués.

### OPERATIONAL READINESS COMMUNICATIONS

To ensure that stakeholders were aware of the impact of COVID-19 restrictions on the operations of the GEPF, and in particular at the Government Pensions Administration Agency (GPAA), the following communication 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 SA Government COVID-19 portal for additional information
  - The introduction on specific email channels for specific queries such as claiming and payment of funeral benefits and exit benefits.
- The placement of notices at all physical offices indicating operational hours and health and safety protocols and procedures.
- Ensuring that critical information was communicated via facebook, twitter, email and SMS.

### DIGITAL EDUCATION PROGRAMME

While the country was under hard lockdown, 17 virtual education outreaches were conducted (5 were GPAA initiated, 1 by GCIS and 11 as part of a series on Facebook livestream).

A programme for a series of seven advertorials, accompanied by video content, was developed and placed on City Press and all social media platforms. Eight videos explaining the various GEPF benefits was developed and placed on the GEPF internet and social media platforms.

### GEPF SELF-SERVICE AND MOBILE APP

A marketing campaign promoting the use of GEPF self-service web or mobile app was developed and implemented through a series of advertorials and videos addressing issues like how to register on self-service, benefits of using self-service and what do if a member or pensioner encounters challenges on the platform.

For the reporting period, there were more than 500 000 members and pensioners registered on the platform. Due to COVID-19 protocols, many members and pensioners utilised this platform to access their pension information, but some members' encountered challenges when registering on the platform.

The GEPF is continuously updating and maintaining the platform to ensure that it works optimally and effectively, and is also addressing the minor challenges members encounter on the platform. Members and pensioners are encouraged to use the platform as it is convenient and effective.

### EDUCATION COLLABORATION WITH THE MEDIA

To further enhance the GEPF's education campaign, the organisation implemented the following:

- A partnership with SABC Radio involving:
  - A 13-week programme on 12 SABC radio stations. These took the form of a 30-minute talk show per station.
  - A 13-week programme of integrating GEPF information into radio dramas on nine radio stations.
- A partnership with City Press and financial columnist Maya Fisher-French involving:
  - Five videos and articles on key GEPF issues that was published on the City Press and Maya Fisher-French social media platforms and website.
- Six one-hour talk show programmes on 18 national community radio stations.
- The placement of adverts in national, regional and community print and community radio stations as well as billboards which created awareness of the GEPF, its various benefits and its 2020/2021 annual performance results.

### MEDIA ENGAGEMENT

During the reporting period, the GEPF hosted a media briefing to present its 2020/2021 annual report and responded to various media enquiries related to GEPF investments, business operations and pension administration processes. Media statements and alerts were also issued addressing topics of importance at that particular time. As part of enhancing the GEPF's reputation and building relationships, the GEPF participated in numerous print, radio and television interviews across commercial and community media platforms.

The GEPF executive team also went for media training to better understand the media landscape and how the media operates in South Africa. The principal executive officer and head of stakeholder relations and communication also visited media houses to understand how media houses currently operate in South Africa.

### STRATEGIC ENGAGEMENTS AND PARTNERSHIPS

To further strengthen relationships with the Public Service Coordinating Bargaining Council (PSCBC) and employee unions, the GEPF:

- engaged with the PSCBC to discuss benefit related matters;
- made use of 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;
- collaborated with the National Treasury and the Department of Public Service and Administration on employer related issues.

During the reporting period, the GEPF hosted its annual thought leadership conference in partnership with the World Bank. On an annual basis, the GEPF invites its partners, stakeholders, other pension funds, asset owners and managers, decision-makers in pension fund and investment industry to the conference to share knowledge, expertise, experience and insight into pension fund industry to prepare the industry for a better tomorrow.

The 2021 conference was a virtual one due to COVID-19 restrictions, and it attracted 236 delegates across 13 countries around the world. A total of 10 companies did virtual exhibitions and there were 27 local and international speakers that addressed the delegates.

## BRAND STRATEGY

The GEPF continued to implement its brand strategy seeking to enhance its reputation and brand as well as to build trust among the various stakeholders.

The brand strategy seeks to present the GEPF as a caring pension fund focused on securing the future of members, pensioners and their beneficiaries. The emphasis falls on the need for members to make the right decisions today in order 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 currently being used as the theme across all brand communications.

The GEPF further enhanced its media strategy so that its message can reach the right target audience at the right time to ensure that the GEPF education and communication strategy is a success.

Through our strategies, benefits, services and communication we seek to ensure that the investments of our members and pensioners are safe and secure, and that our members and pensioners feel empowered and enjoy peace of mind. We do this by providing our members with relevant information, tools and access to resources that empower them. We understand that a better future begins with a better today.



The background features a light beige color with faint, stylized line art. On the left side, there is a pencil pointing upwards and to the right. A globe is positioned near the pencil's tip. The word "Sight" is written in a large, elegant, cursive script across the bottom half of the page, overlapping the pencil and globe graphics.

**Actuarial valuation**



# FUNDING OF LIABILITIES

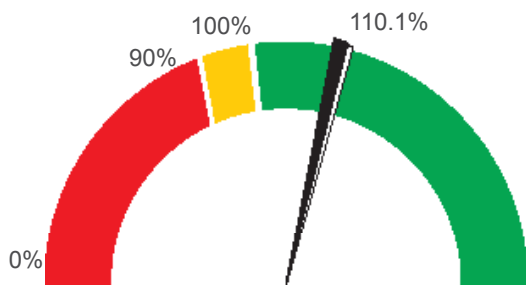
In terms of the GEP Law and the Rules of the Fund, an actuarial valuation must be carried out at least once every three years.

The valuation as at 31 March 2021 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 liabilities, or the expected cost of earned benefits, on a long-term best estimate basis.

The funding level of liabilities is the Fund’s key financial gauge. The higher the funding level, the better the financial position. The results of the 2021 actuarial valuation show the Fund is 110.1% funded, i.e. there are enough 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 always meet its obligations, subject to a funding level of liabilities of at least 90%. At 110.1%, the funding level of liabilities exceeds this requirement

Funding of liabilities at 31 March 2021



## FUNDING OF LIABILITIES AND RESERVES

The funding policy also provides for the establishment of contingency reserves which is a buffer to protect the fund against mortality and investment risk in the future, i.e. pensioners living longer than expected, and investment returns being lower than expected, and to increase the target for future pension 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 the long-term best estimate basis together with the contingency reserves recommended by the valuator. The funding level of liabilities and contingency 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 31 March 2021 actuarial valuation show that 74.3% of the total liabilities and the full recommended contingency reserves could be afforded at the date. In terms of the policies adopted by the trustees, the contingency reserves established as at 31 March 2021 are limited to the amount affordable by the Fund, namely R186 827 million. On this basis 20.1% of the recommended contingencies reserves could be held. As at 31 March 2018, a reserve of R137 428 million (or some 19.1% of the recommended reserves) was affordable. This still means the Fund is in a sound financial position.

Fourteen 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 2021. The following graph illustrates the funding level trends:

History of Funding Levels



## HIGHLIGHTS FROM THE 2021 STATUTORY ACTUARIAL VALUATION REPORT

	Total 2021	Total 2018
Contributing members		
"Other" members	1 044 847	1 048 072
"Service" members	225 597	233 751
Total	1 270 444	1 281 823
Pensioners		
Retired members	315 397	286 831
Spouses	170 236	154 802
Total	485 633	441 633

## STATUTORY VALUATION RESULTS AS AT 31 MARCH 2021

The economic assumptions were updated to consider the market conditions as at 31 March 2021.

Mortality improvements are being observed internationally and South Africa has been expected to follow this trend.

The demographic assumptions (i.e. when members are expected to resign, die or retire) were based on an investigation into the Fund's experience over the period from 1 April 2012 to 31 March 2019. The full details of the investigation are set in a report prepared by Alexander Forbes Financial Services and African Origins Actuarial Solutions, which was finalised in August 2019.

The actuaries therefore believe that it is appropriate to include an explicit allowance of future mortality improvements (i.e. pensioners living longer) in the 2021 valuation, as was the case in the previous valuation.

## STATUTORY VALUATION RESULTS AS AT 31 MARCH 2021

The results of the GEPF actuarial valuation as at 31 March 2021 are included in the table below:

	31 March 2021	31 March 2018
FINANCIAL POSITION	(Rmillion)	(Rmillion)
Contributing member liability	1 218 049	1 171 397
S-case and exits in progress	27 095	11 673
Pensioner and deferred pensioner liability	595 257	462 022
Data and past discriminatory practices	14 118	17 548
Total best estimate liabilities	1 854 519	1 662 640
Net assets	2 041 346	1 800 068
Excess of assets over liabilities	186 827	137 428
Minimum funding level of liabilities	110.1%	108,3%
Recommended contingency reserves *	892 840	720 893
Total best estimate liabilities and contingency reserves	2 747 359	2 383 533
Excess of assets over liabilities and reserves	(706 013)	(583 465)
Funding level of liabilities and contingency reserves	74,3%	75,5%

\* consists of a solvency reserve of R459 152 million, 100% CPI pension increase reserve of R383 733 million and a mortality improvement reserve of R49 955 million.

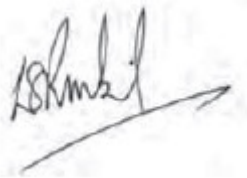
The 2021 actuarial valuation shows that the minimum funding level has improved when compared to the 2018 actuarial valuation.

#### EMPLOYER CONTRIBUTION RATE FOR THE YEAR FROM 1 APRIL 2021 TO 31 MARCH 2022

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 assets over the best estimate liabilities, the required employer contribution rate is 17.3% of pensionable salary in respect of “services” members and 13.5% of pensionable salary in respect of “other” members, reflecting the differences in the benefit structure of these two categories.

The shortfall in the required contribution rate is estimated to amount to some R2.5 billion over the next year , and expected to decrease the funding level by only 0.14% from 110.1% to 109.9% in a year’s time; i.e. there will be enough assets to cover the actuarial liabilities in full, and therefore it is felt that there is no need to increase the Employer contributions at this point in time.



**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

**22 August 2022**





**Annual financial  
statements**

*Mine*

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## STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2022

### 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;
- The financial records are reliable.

The annual financial statements set out on pages 100 to 153 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 and the report of the independent auditors is presented on pages 85 to 92. 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.

These audited annual financial statements were approved by the Board of Trustees on 30 September 2022 and were signed on its behalf by:



**Dondo Mogajane**  
Chairperson  
30 September 2022



**Eddie Kekana**  
Vice Chairperson  
30 September 2022

## THE FINANCE AND AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2022

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 there is no unnecessary duplication of activities between the GPAA and GEPF internal 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 the external audit firms are appointed to conduct the annual external audit for the 2021/22 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 2022. 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.



**Ntsoareng Marotholi**

Chairperson: Finance and Audit Committee

30 September 2022

# RISK MANAGEMENT STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2022

### INTRODUCTION

The GEPF continued to demonstrate resilience and agility during volatile periods. In accordance with its risk management framework, the Fund continued to identify, assess, monitor, and report on the key risks that are inherent in its strategic imperatives and operating environment.

The Board of Trustees and relevant stakeholders are periodically apprised of the Fund's risk profile. An approved strategic risk profile is monitored and reported 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.

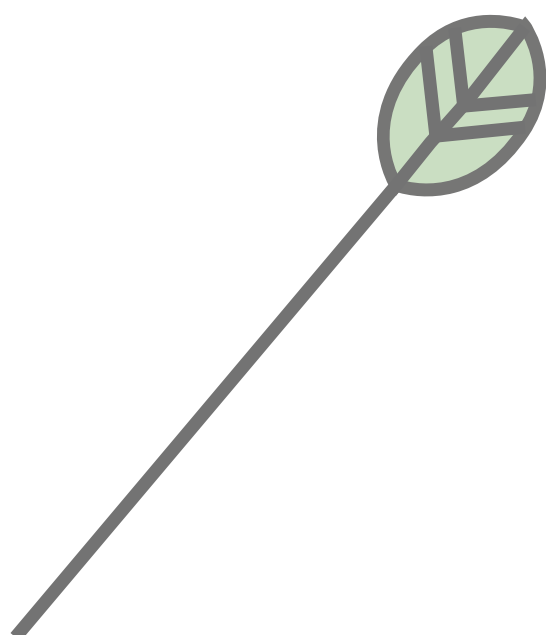
### TOP 16 RISKS

The diagram below indicates the top risk exposures that have been identified as strategic risks for the GEPF.

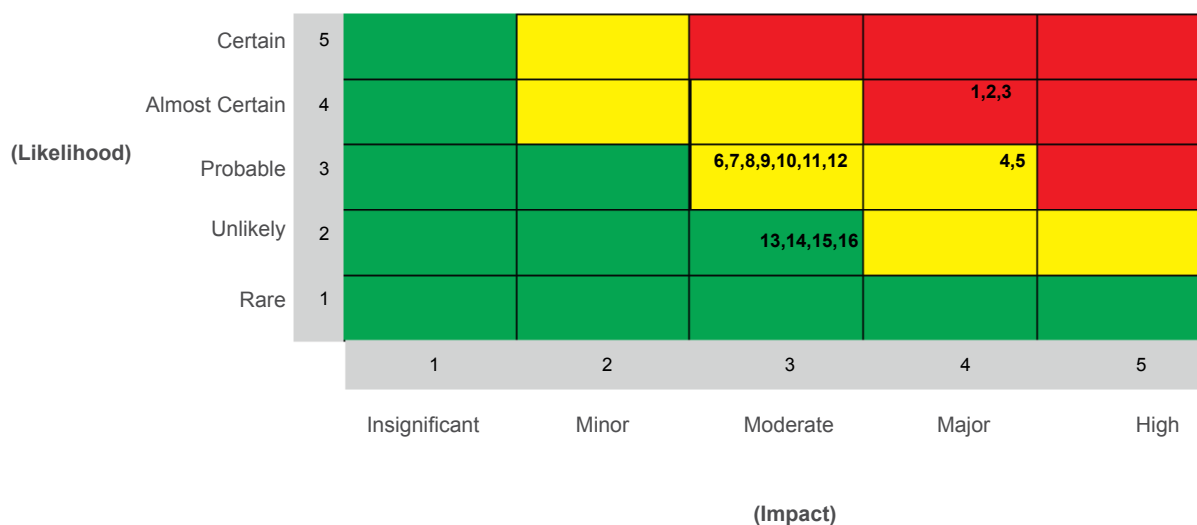
No:	Risk Name	Key Controls
1	Inefficient and ineffective administration	<ul style="list-style-type: none"> <li>• Ongoing review of processes and Standard Operating Processes to align to Capability Model</li> <li>• Service Level Agreement (SLA) with administration and asset management service providers</li> </ul>
2.	Lack of ICT governance	<ul style="list-style-type: none"> <li>• Monthly steering committee meetings with Government Pensions Administration Agency (GPAA) on Information Communications and Technology (ICT) in line with the OLA.</li> <li>• GEPF ICT governance framework.</li> </ul>
3.	Late payments of benefits	<ul style="list-style-type: none"> <li>• SLA with administration service provider</li> <li>• Policies and procedures in place at the service provider and are aimed at validating claims.</li> </ul>
4.	Accuracy of member data	<ul style="list-style-type: none"> <li>• SLA with the administration service provider</li> <li>• Provisions in the GEP Law and scheme rules</li> <li>• Exco-to-Exco Meetings with service providers</li> </ul>
5.	Ineffective operating model	<ul style="list-style-type: none"> <li>• SLA with the administrator and Mandates to the asset manager</li> <li>• Strategic Engagements</li> </ul>
6.	Business disruption and business continuity	<ul style="list-style-type: none"> <li>• SLA with GPAA</li> <li>• Business Continuity Plan to be developed for GEPF</li> <li>• Business Continuity Plans in place at significant service providers</li> </ul>
7.	Concentration risk	<ul style="list-style-type: none"> <li>• Strategic Asset Allocation</li> <li>• Asset Allocation Ranges</li> </ul>



No:	Risk Name	Key Controls
8.	Cybersecurity	<ul style="list-style-type: none"> <li>• Firewalls</li> <li>• Antivirus software</li> <li>• Penetration Tests</li> <li>• Email and Internet filtering</li> </ul>
9.	Investment execution breaches risk appetite	<ul style="list-style-type: none"> <li>• Set risk parameters in the investment mandate to PIC</li> <li>• Monthly monitoring of mandate compliance</li> </ul>
10.	Investment execution inefficient	<ul style="list-style-type: none"> <li>• Use of the current fee model</li> <li>• Every investment decision above a specific limit requires approval from the governance structures</li> </ul>
11.	Long-term underfunding of the Fund	<ul style="list-style-type: none"> <li>• Sponsor guarantee</li> <li>• Robust management of investments mitigates against contribution mismatch</li> </ul>
12.	Regulatory risk	<ul style="list-style-type: none"> <li>• Compliance policy</li> <li>• Compliance Risk Management Plans</li> <li>• Reporting mechanisms to various governance structures</li> </ul>
13.	Financial losses due to fraud and corruption	<ul style="list-style-type: none"> <li>• SLA and investment mandate with the service provider</li> <li>• Monitoring and reporting of fraud at GPAA and Public Investment Co-operation (PIC)</li> <li>• Fraud risk management is a standing agenda item at Exco-to-Exco meetings</li> </ul>
14.	Inadequate communication to members	<ul style="list-style-type: none"> <li>• Fund's communication and education strategy</li> <li>• Standard operating procedures with the administrator</li> <li>• SLA with the administration service provider</li> </ul>
15.	Inadequate integration of ESG/RI into investments	<ul style="list-style-type: none"> <li>• Use of Responsible Investment Policy</li> <li>• Monitoring through quarterly ESG reporting</li> <li>• Implementation of guidelines set by GEPF for PIC (e.g. proxy voting, key development indicators, etc)</li> </ul>
16.	Ineffective stakeholder management	<ul style="list-style-type: none"> <li>• Ongoing engagements</li> <li>• Participation in finance entity meetings</li> </ul>



## RESIDUAL RISK MATRIX



Rating	Explanation
Low	Normally no additional risk treatment action is required and ongoing control as part of the management system is sufficient.
Moderate	Depending on the actual Risk Appetite and Tolerance level this may be an unacceptable level of residual risk and requires Heads and Managers' intervention, subject to the organisational risk appetite.
High	Unacceptable level of residual risk and requires Principal Executive Officer and Board intervention

### PERFORMANCE AGAINST KEY TARGETS

The risk management system continued to function effectively in 2021/22. During the period under review the risk management unit sought to promote efficiency and innovation, through the piloting of the risk management system. This automation allows for enhanced efficiency in the risk management process. The Board approved the risk appetite statement in the period under review and implementation will ensue. Various stakeholders, including key service providers were engaged through the Combined Assurance Forum and Risk Management Liaison Committee. These committees seek to promote and oversee a coherent, well-coordinated effort to exposure management while engendering convergence in approach to prioritised risks.

### CONCLUSION

The Fund has remained cognisant of the risks it faces. The Fund has embedded continuous assessment of the risk profile into its operations, while controls are instituted to mitigate exposures.

The risk management unit will continue to optimise its process. It will continue to ensure that risk management processes remains robust and effective. Through ongoing communication, institutionalisation, training and awareness, the unit will continuously promote the culture of risk resilience for the organisation.

# REPORT OF INDEPENDENT AUDITORS TO THE BOARD OF TRUSTEES

## FOR THE YEAR ENDED 31 MARCH 2022

### OPINION

We have audited the financial statements of the Government Employees Pension Fund (the Fund) set out on pages 97 to 150, which comprise the statement of net assets and funds as at 31 March 2022, the statement of changes in net assets and funds and the cash flow statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Fund for the year ended 31 March 2022 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 OF OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial 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><b>Valuation of unlisted investments</b></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 1.3.3 of the financial statements, the discounted cash flow valuation methodology and price earnings multiples are some of the valuation techniques used in the current year. There is still a high degree of uncertainty and judgement in determining future cash flows.</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"> <li>Assessing the design and implementation of relevant controls around the appointment of the Fund's external valuation experts and the valuation of unlisted investments;</li> <li>Assessing the competence, capabilities and objectivity of the Fund's valuation experts;</li> <li>Attending the year-end Valuation Sub-committee's meeting wherein the valuations performed by Fund's valuation specialists were analysed and challenged;</li> <li>Engaging our internal specialists (Corporate Finance and Financial Services Advisory) and external specialists (Property Valuation Specialists) to assist with: <ul style="list-style-type: none"> <li>-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 and the reasonability of valuation inputs, and re-performing the valuation;</li> <li>-Evaluating the disclosures of unlisted investments in the financial statements.</li> </ul> </li> </ul> <p>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>

## 2. Valuation of accrual for benefits

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. The benefits payable to members are calculated in terms of section 14 of the rules of the Fund and consequently the Fund is required to recognise the liability related to such benefits.

The Board of Trustees has involved actuarial specialists to assist in calculating the accrual for benefit payable as at year-end. The accrual for benefits payable is based on actuarial assumptions and modelling involving complex and significant judgements about future events for which small changes can result in a material impact to the resultant valuation. The large volume of member data held on benefit administration systems ('member data') is a key input to the benefits payable valuation process. 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 the accrual for benefits payable are included in note 1.19.

Therefore, the valuation of the accrual for benefits payable is considered a key audit matter.

Our testing of the accrual for benefits payable focused on the data used by management, the modelling involved, and key actuarial assumptions made by the Board of Trustees. Our audit procedures included:

- Assessing the design and implementation of relevant controls around the valuation of the accrual for benefits payable;
- Assessing the competence, capabilities and objectivity of the Board of Trustees appointed actuarial specialists;
- Testing the integrity of the information used in the calculation of the accrual for benefits payable by performing detailed substantive procedures on such information;
- Evaluating the appropriateness of the disclosure in the financial statements of the accrual for benefits payable; and
- Engaging our internal actuarial specialists to assist us with:
  - Assessing the reasonability of methodologies and assumptions used by the Fund's actuarial specialists.

We have found the accrual for benefits payable 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 retirement fund industry best practice principles as well as the provisions 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 "GEPF Annual Financial Statements for the year ended 31 March 2022", which includes the Statement of Responsibility of the Board of Trustees, the Finance and Audit Committee Report, the Risk Management Statement, the Report of the Valuator and the Report of the Board of Trustees which we obtained prior to the date of this report, and the "GEPF 2021/2022 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 auditors' 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- 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.

We also provide the Fund's Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 and Nexia SAB&T have been the joint auditors of Government Employees Pension Fund for nine years.

*Deloitte & Touche*

**Deloitte & Touche**  
Registered Auditor  
Per: Dinesh Munu  
Partner  
Johannesburg  
30 September 2022

5 Magwa Crescent  
Waterfall City  
Gauteng  
2090

*Nexia SAB&T*

**Nexia SAB&T**  
Registered Auditor  
Per: Philemon Mawire  
Director  
Centurion  
30 September 2022

119 Witch-Hazel Avenue  
Highveld Technopark  
Centurion  
0169

## REPORT OF THE VALUATOR

### FOR THE YEAR ENDED 31 MARCH 2022

#### Particulars of financial condition of the Fund based on the actuarial valuation effective 31 March 2021

1. Net assets available for benefits amounted to R2 041 346 million as at 31 March 2021.
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 R2 041 346 million as at 31 March 2021.
3. The actuarial present value of promised retirement and other benefits in respect of contributing members amounted to R1 218 049 million as at 31 March 2021.
4. The actuarial present value of promised retirement and other benefits in respect of S-case members and exits in progress amounted to R27 095 million as at 31 March 2021.
5. The actuarial present value of retirement benefits in respect of pensioners and deferred pensioners amounted to R595 257 million as at 31 March 2021.
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 R892 840 million as at 31 March 2021. The affordable level of these contingency reserves amounted to R186 827 million as at 31 March 2021.

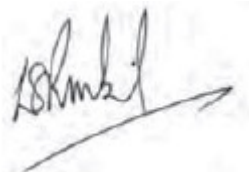
*In summary, the assets of the Fund therefore exceed the best-estimate liabilities in respect of benefits for members and pensioners, i.e. the Fund is solvent. In addition, the Fund is able to set up contingency reserves to meet both known and unknown contingencies of R186 827 million. On a conservative basis and if affordable, the Fund would have ideally set up contingency reserves of R892 840 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 R27 095 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 R4 983 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 R9 135 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 2019 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 as a result 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 2021, the Fund could only afford to hold a total of R186 827 million as contingency reserves. On this basis, 20.9% 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 the report.
  - Net pre-retirement discount rate: 3.72% per annum (previously 3.44% per annum).
  - Post-retirement net discount rate: 6.42% per annum for actives and current pensioners (previously 5.70% per annum).
  - Post-retirement mortality: Rates based on the experience of GEPF mortality from 1 April 2012 to 31 March 2019. These rates are different from the ones adopted for the 2018 statutory valuation.
  - Salary increases: 10.20% per annum (previously 7.50% per annum). It is assumed that salaries will increase at an average rate of 1% in excess of the long-term inflation assumption of 9.20% per annum (previously 6.50% per annum). In addition, an allowance is made for merit salary increments.
  - Proportion married: Assumptions have been made regarding the 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 20.9% of the desired level) on a best-estimate basis.



**Sandile Mbili**

Fellow of the Actuarial Society of South Africa

In my capacity as Valuator to the Fund

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

31 May 2022

# REPORT OF THE BOARD OF TRUSTEES

## FOR THE YEAR ENDED 31 MARCH 2022

### 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;
- Childrens' 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 R563 million was incurred during the current year.

## 1 DESCRIPTION OF FUND (CONTINUED)

### 1.4 Reserves (continued)

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	2022	2021
	R'000	R'000
Ciskei strikers	194 765	187 488
General Assistants	153 621	147 882
Other past discriminatory practices	4 946 923	4 835 304
Total balance at end of year	5 295 309	5 170 674

### 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 04 July 2022 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.

## 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:

- Aeon Investment Management (Pty) Ltd.
- Afena Capital (Pty) Ltd.
- All Weather Capital (Pty) Ltd.
- Aluwani Capital Partners (Pty) Ltd.
- Argon Asset Management (Pty) Ltd.
- Benguela Global Fund Managers (Pty) Ltd.
- Black Rock Advisors (UK) Ltd.
- Cheyne Capital LLP.
- Coronation Asset Management (Pty) Ltd.
- Enko Capital Management LLP.
- Gemcorp Capital LLP.
- Goldman Sachs Asset Management International.
- International Bank for Reconstruction and Development.
- Ninety One Asset Management (Pty) Ltd.
- JP Morgan Asset Management (UK) Ltd.
- M&G Investment Managers (Pty) Ltd.
- Mazi Capital (Pty) Ltd.
- Meago (Pty) Ltd.
- Mergence Investment Managers (Pty) Ltd.
- Mianzo Asset Management (Pty) Ltd.

## 2 INVESTMENTS (CONTINUED)

### 2.1 Management of investments (continued)

- Oasis Asset Management (Pty) Ltd.
- Perpetua Investment Managers (Pty) Ltd.
- Prowess Investment Managers (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 are invested in African Development Partners II and III LP (ADP II and ADP III) which are managed by Development Partners International, Pan African Infrastructure Development Fund 1 and 2 (PAIDF 1 and PAIDF 2) which are managed by Harith Fund Managers, South Suez Africa 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 Partners and Capital Alliance Private Equity IV (Cape IV) which is managed by African Capital Alliance.

Standard Bank of South Africa Limited performs 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;
- Property; 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 (%)
Cash and money markets	0 – 8	2
Domestic bonds	26 – 36	32
Domestic property	3 – 7	4
Domestic equity	40-55	53
Africa (ex SA) equity	0 – 5	2
Foreign bonds	0 – 4	1
Foreign equity	1 - 5	6*
<b>Total</b>	<b>100</b>	<b>100</b>

\*Note: Breach on foreign equity is due to short-term currency movements.

### 2.3 Other investments not in the name of the GEPF

All investments are registered in the name of the GEPF, except for a directly held property, Palm Grove, which is registered in the name of CBS Property Portfolio (Pty) Ltd.

### 3 MEMBERSHIP

The GEPF membership as at 31 March 2022 consisted of 1 261 363 (2021: 1 265 406) active members from participating employers, as well as 499 726 (2021: 479 485) pensioners and child pensioners 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 and African Origins Actuarial Solutions as at 31 March 2021 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 2021 in that assets were equal to accrued liabilities and 20.9% of the desired level of solvency and contingency reserves.

### 5 SUBSEQUENT EVENTS

#### 5.1 Lancaster 101(RF) (Pty) Limited (Lancaster)

The PIC on behalf of GEPF provided debt funding to the value of R9.35 billion and acquired a 50% equity stake at the value of R50 million in Lancaster. The debt funding was used to fund a 2,7% equity stake acquisition in Steinhoff International Holdings (Steinhoff) by Lancaster.

The repayment of the Lancaster loan was significantly dependant on the performance of Steinhoff. In 2019, there was a significant decrease in Steinhoff's share price due to the reported fraudulent accounting activities.

The effect of the aforementioned is that the GEPF was left with a Lancaster loan balance that was significantly impaired on an annual basis. In May 2022, a negotiated settlement was reached between the GEPF's Asset Manager and the Investee (Lancaster) on a final payment and resultant cancellation of the loan and equity settlement between both parties.

Considerations taken into account for this negotiated settlement include:

- Prior defaults to the contractual loan obligations.
- The underlying challenges faced by Steinhoff and their inability to pay dividends to stakeholders such as Lancaster. Thus, continuing Lancaster's poor performance.
- The likelihood of the outstanding value of the Lancaster loan being repaid on expiry, was assessed as very low.

As part of the negotiated settlement, R6.05 billion was received in May 2022.

#### 5.2 Consol Holdings (Pty) Limited (Consol)

The GEPF is a 7,99% shareholder in Consol. On 31 March 2022, there was a purchase consideration between Ardagh Group S.A, Ardagh Glass Packaging Holdings Africa (Ardagh Group) to purchase 100% of the shares in Consol. Shareholders who together hold more than 60% of the issued Ordinary shares of Consol accepted the offer and the other shareholders were subject to come along the rights, including the PIC on behalf of the GEPF.

On 29 April 2022, Ardagh announced that it had completed its acquisition of Consol for an equity value of R10.1 billion (USD 635 million), the GEPF's share of the acquisition price amounts to R806 million and the cashflows for this sale were received on 10 May 2022. Post the acquisition and settlement of the purchase consideration by the Ardagh Group, the GEPF no longer has a shareholding in Consol.

### 5 SUBSEQUENT EVENTS (CONTINUED)

#### 5.3 Sefalana Employee Benefit Organisation (SEBO)

SEBO was established on 1 July 1988 in terms of the SEBO Act 37 of 1989. SEBO's mandate was to operate and control the following Funds:

- Bophuthatswana Government Service Pension Fund;
- Bophuthatswana National Provident Fund;
- Bophuthatswana Unemployment Insurance Fund; and
- Bophuthatswana Workmen Compensation Fund.

The GEPF provided SEBO with an interest free loan which was used to fund SEBO's property, plant and equipment. 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 GEPF, the liquidators would then finalise the liquidation of SEBO.

The GEPF estimated that R6. 7 million would be received upon liquidation. The liquidation was finalised in June 2022 and the Fund received R8. 9 million.

#### 5.4 The financial guarantee agreement with Ecobank (ETI) and Deutsche Bank AG

Deutsche Bank provided a 5 year USD 250 million Convertible Loan Facility on 5 September 2017, maturing on 5 September 2022 to ETI and for a participation fee, the GEPF has Guaranteed Deutsche Bank the full extent of the loan in the event of default by ETI. The GEPF Guarantee is backed by offshore bonds valued at USD 281,8 million as at 31 March 2022, that have been ring-fenced in a collateral account.

The GEPFs exposure to this structured investment as at 31 March 2022 is USD 250,6 million.

- Maximum Trigger event (Amount) USD 250,6 million (USD 250 million plus any outstanding interest)
- Trigger event Default on loan. The Put Option can only be exercised at expiry of the loan facility.

On the 6th September 2022, the USD 250 million Convertible Loan Facility was fully repaid to Deutsche Bank by Ecobank and subsequently, the PIC was released from its obligations under the guarantee arrangement and all collateral was released. PIC on behalf of the GEPF did not exercise its Equity Conversion Option under the contract due to the spot price remaining below the conversion price over the period of the facility. However, the PIC on behalf of the GEPF has received a 10% non-conversion premium (\$ 25 million) as well as all interest due to it over the period of the facility in line with the contract.

## STATEMENT OF NET ASSETS AND FUNDS

### AS AT 31 MARCH 2022

	Notes	2022 R'000	2021 R'000
<b>Assets</b>			
<b>Non-current assets</b>			
		<b>2 248 775 294</b>	2 059 282 008
Property, plant and equipment	2	6 303	8 018
Investments	3	2 248 768 991	2 059 273 990
<b>Current Assets</b>			
		<b>55 935 501</b>	44 447 645
Funding loan	4	6 716	6 716
Accounts receivable	5	9 476 751	6 744 904
Transfers receivable	11.2	–	1 431
Contributions receivable	6.1	749 123	3 721 070
Cash and cash equivalents	7	45 702 911	33 973 524
<b>Total assets</b>		<b>2 304 710 795</b>	2 103 729 653
<b>Funds and liabilities</b>			
<b>Total funds and reserves</b>			
		<b>2 236 120 467</b>	2 041 346 246
Accumulated funds		2 230 825 158	2 036 175 572
Reserve accounts	8	5 295 309	5 170 674
<b>Non-current liabilities</b>			
		<b>2 063 097</b>	1 802 137
Unclaimed benefits	9	2 063 097	1 802 137
<b>Current liabilities</b>			
		<b>66 527 231</b>	60 581 270
Benefits payable	10	61 191 151	55 888 301
Transfers payable	11.1	1 172	1 029
Accounts payable	12	5 322 500	4 679 895
Provisions	13	12 408	12 045
<b>Total funds and liabilities</b>		<b>2 304 710 795</b>	2 103 729 653

# STATEMENT OF CHANGES IN NET ASSETS AND FUNDS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Accumulated funds R'000	Reserve accounts R'000	Total 2022 R'000	Total 2021 R'000
Net income before transfers and benefits		337 468 299	–	337 468 299	565 399 656
Contributions received and accrued	6.2	81 996 093	–	81 996 093	81 567 487
Purchase of periods of service	14	665 676	–	665 676	816 410
Net investment income	15	255 700 651	–	255 700 651	483 848 496
Other income	16	243 088	–	243 088	255 519
Less:					
Administrative expenses	17	(1 137 209)	–	(1 137 209)	(1 088 256)
Transfers and benefits		(142 130 857)	–	(142 130 857)	(118 007 596)
Benefits	10	(139 234 668)	–	(139 234 668)	(119 109 020)
Transfers to other funds	11.1	(18 201)	–	(18 201)	(3 556)
Transfers from other funds	11.2	2 042	–	2 042	4 412
Interest (expense)/ adjustment	18	(2 880 030)	–	(2 880 030)	1 100 568
Net income after transfers and benefits		195 337 442	–	195 337 442	447 392 060
Funds and reserves					
Balance at beginning of the year		2 036 175 572	5 170 674	2 041 346 246	1 594 525 798
Benefits recognised		–	(563 221)	(563 221)	(571 612)
Transfer of net investment return to reserves	8	(687 856)	687 856	–	–
Balance at the end of the year		2 230 825 158	5 295 309	2 236 120 467	2 041 346 246



## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 R'000	2021 R'000
Cash flow from operating activities			
Cash utilised from operations	20	(52 732 290)	(30 802 701)
Contributions and other income received		84 968 040	80 629 344
Benefits paid during the year		(134 676 511)	(109 184 492)
Other expenses paid		(3 023 819)	(2 247 553)
Interest received		52 087 824	49 105 295
Interest paid		(1 981 698)	(1 725 730)
Dividends received		45 647 204	30 667 755
Transfers and bought services (paid)/received		18 719	31 037
Divorce benefits paid		47 186	(72 531)
Net cash inflow from operating activities		43 086 945	47 203 125
Net cash outflow from investing activities		(31 357 558)	(45 068 210)
Net additions to property, plant and equipment		(1 359)	(1 025)
Net additions to investments		(31 356 199)	(45 067 185)
Net increase in cash and cash equivalents		11 729 387	2 134 915
Cash and cash equivalents at beginning of the year		33 973 524	31 838 609
Cash and cash equivalents at end of the year	7	45 702 911	33 973 524



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 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), now the Financial Services Conduct Authority (FSCA).

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 and impairment losses.

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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 1.3 Investments

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

#### 1.3.1 Classification

1.3.1.1 *The GEPF classifies its financial assets into the following categories:*

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

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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 1.3 Investments (continued)

#### 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.

##### 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, net asset value, residual method 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 1.3 Investments (continued)

#### 1.3.3 Measurement (continued)

##### 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.

##### 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 multiples.

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 determined yield, in order to calculate the fair value.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 1.3 Investments (continued)

#### 1.3.3 Measurement (continued)

##### 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.

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 once every three years 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 1.3 Investments (continued)

#### 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.

#### 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 financial 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.

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 1.3 Investments (continued)

#### 1.3.5 Impairments (continued)

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.

#### 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.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 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 GEPPF 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 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.

#### 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 1.11 Dividend, interest, rentals and gains and losses on subsequent measurement (continued)

#### 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 gains and losses 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.

### 1.18 Expenses incurred in managing investments

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 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.

- Performance bonus provision

The 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 discount cash flows, are used to determine fair value for the remaining instruments.

- 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 the key estimates. These estimates pertain to member profiles, amongst others. The actuarial assumptions applied are in line with those applied for statutory valuation purposes.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 1.19 Judgements and estimates (continued)

- Accruals and contingent liabilities for legal costs

Liabilities may exist for lawsuits by and against the GEPPF. The amount accrued for/included in contingent liabilities, include the GEPPF's independent attorneys' best estimates of the probable/possible legal liabilities which the GEPPF 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 percent (1%) of the funding levels in 1998, less amounts already utilised to fund discriminatory practices.

- Investments

The net present value of certain unlisted investments has been calculated using estimated 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.

### 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 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 2022

### 2 PROPERTY, PLANT AND EQUIPMENT

#### 2.1 Current year, 2022

	Computer equipment R'000	Computer software R'000	Furniture and fittings R'000	Office equipment R'000	Motor vehicles R'000	Leasehold improvements R'000	Total R'000
Gross carrying amount	3 875	3	3 981	2 894	656	10 250	21 659
At beginning of the year	3 770	817	4 128	4 135	656	13 452	26 958
Additions	655	–	347	226	–	131	1 359
Disposals	(550)	(814)	(494)	(1 467)	–	(3 333)	(6 658)
Accumulated depreciation and impairments	(2 685)	(3)	(3 061)	(2 097)	(656)	(6 854)	(15 356)
Beginning of the year	(2 651)	(817)	(3 324)	(3 348)	(656)	(8 144)	(18 940)
Depreciation	(535)	–	(231)	(196)	–	(2 043)	(3 005)
Accumulated depreciation on disposals	501	814	494	1 447	–	3 333	6 589
Net carrying amount at the end of the year	1 190	–	920	797	–	3 396	6 303

#### 2.2 Prior year, 2021

	Computer equipment R'000	Computer software R'000	Furniture and fittings R'000	Office equipment R'000	Motor vehicles R'000	Leasehold improvements R'000	Total R'000
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	25 993
Additions	862	–	44	119	–	–	1 025
Disposal	–	–	–	–	–	–	–
Accumulated depreciation	(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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS

#### 3.1 Investment summary

	Notes	Fair value 2022 R'000	Amortised cost 2022 R'000	Total 2022 R'000	Total 2021 R'000
Money market instruments*	3.1.1	–	14 447 315	14 447 315	8 520 756
Direct loans*	3.1.2	–	47 085 845	47 085 845	49 772 180
Bills and bonds**	3.1.3	707 166 961	–	707 166 961	670 274 987
Local		682 750 363	–	682 750 363	644 387 506
Foreign		24 416 598	–	24 416 598	25 887 481
Investment properties**	3.1.4	16 867 195	–	16 867 195	14 977 238
Equities**	3.1.5	1 307 475 453	–	1 307 475 453	1 166 758 952
Listed equities		1 228 990 956	–	1 228 990 956	1 099 693 762
Primary listings		934 497 154	–	934 497 154	888 987 946
Secondary listings		294 493 802	–	294 493 802	210 705 816
Unlisted equities		78 484 497	–	78 484 497	67 065 190
Local equities		56 518 190	–	56 518 190	47 422 984
Foreign equities		21 966 307	–	21 966 307	19 642 206
Preference shares**	3.1.6	120	–	120	1 537 913
Collective Investment schemes**	3.1.7	155 726 102	–	155 726 102	147 431 964
Local instruments		1 034 633	–	1 034 633	842 059
Foreign instruments		154 691 469	–	154 691 469	146 589 905
		<b>2 187 235 831</b>	<b>61 533 160</b>	<b>2 248 768 991</b>	<b>2 059 273 990</b>

\* 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 R11.7 billion (2021: R10.8 billion). These investments include ADP II, ADP III, PAIDF, 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 details 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 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.1 Money market instruments

	Amortised cost 2022 R'000	Amortised cost 2021 R'000
<b>Certificate of deposits</b>	<b>207 702</b>	<b>307 627</b>
Development Bank of SA Ltd	207 702	307 627
<b>Fixed deposits</b>	<b>11 630 440</b>	<b>7 752 337</b>
Standard Bank Group Ltd	2 443 358	1 681 142
ABSA Group Ltd	2 370 194	1 333 015
FirstRand Ltd	2 334 499	1 578 469
Nedbank Ltd	2 239 887	1 653 415
Investec Bank Ltd	2 227 420	1 506 296
Scania Finance SA (Pty) Ltd	15 082	–
<b>Promissory notes</b>	<b>2 609 173</b>	<b>460 792</b>
Land and Agricultural Development Bank of SA*	2 609 173	460 792
<b>Total money market instruments</b>	<b>14 447 315</b>	<b>8 520 756</b>

\* The promissory notes issued by the Land and Agricultural Bank of SA were in default as at 31 March 2021 and were impaired to R461 million. As at 31 March 2021, the amortised cost before impairment of R3,6 billion was recognised, as these instruments were illiquid and there were uncertainties as to their recoverability. During the March 2022 financial year-end, an amount of R766 million has been repaid. Recoverable amounts in the current year were higher than the prior year given that Landbank had made two additional capital reduction payments (R683.97m in total) to GEPP since the prior year calculation above (10% in October 2021 and 19.83% in May 2022). In addition, in the current year, based on the latest assessment performed by Landbank, management had confirmed that over the period of LS4 (i.e. 5 – 7 years), Landbank expects to reduce the capital portion of the debt outstanding by R11.5bn across the various debt categories. Any balance remaining thereafter will then be converted into a single amortising note. The valuation scenarios were therefore premised on various assumptions around the recovery of the R11.5bn and recovery of the amortising note in the current year. The resulting recoverable amounts in the current year on the various scenarios exceeds the R5bn recoverable amount that the impairment calculations were premised on in the prior year, leading to impairment reversals in the current year.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.2 Direct loans

		Amortised cost 2022 R'000	Amortised cost 2021 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.	7 437 861	7 084 341
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	6 647 328	5 307 408
Econet New ARX Ltd	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 GEPP	5 278 919	4 875 827
Industrial Development Corporation SOC Limited	Not secured*	5 044 842	5 054 273
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	2 848 203	2 512 140
V & A Waterfront Holdings (Pty) Ltd	Not secured	2 715 127	2 428 331
Firefly Investments 326 (RF) (Pty) Ltd	Shortfall 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,	2 318 667	2 102 789
Kuseni Group 2 (RF) (Pty) Ltd	Cession and pledge of shares, shareholders' guarantee and cession of bank accounts	1 647 289	–

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.2 Direct loans

		Amortised cost 2022 R'000	Amortised cost 2021 R'000
	Secured by		
Honsha Properties (Pty) Ltd	Pledge and cession of shares by HEA Trading 1 Pledge and cession of shares from Honsha Properties Proprietary Limited Security on personal assets (properties) Personal surety (limited guarantee)	1 636 906	1 716 820
Tanga Cement Company Ltd	Cession and pledge of debenture and mortgage registered under Tanga Cement Company Ltd and stand-by payment guarantee.	1 017 856	–
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
Lebashe Investment Group (Pty) Ltd formerly known as Petratoch (Pty) Ltd***	Pledge and cession in securitatum debiti of its rights, title and interest including acquired Ashbrook and Capitec shares	–	1 988 672
Other		10 492 847	13 940 139
<b>Total loans</b>		<b>47 085 845</b>	<b>49 772 180</b>

\* This loan consists of uncertified notes which are held by the Central Securities Depository.

\*\* This loan has been reclassified to equity during the year under review.

\*\*\* This loan has been settled during the year under review.

The independent valuation of Direct loans was performed by professional valuers from Ernst & Young, FTI Consulting, PricewaterhouseCoopers, RisCura, and Theza Capital. All these professional valuers have experience in valuing financial instruments of a similar nature.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.3 Bills and bonds

	Issuer rating long-term	Fair value 2022 R'000	Fair value 2021 R'000
<b>Bills</b>		<b>2 046 563</b>	<b>770 792</b>
Republic of SA	zaAAA	2 046 563	770 792
<b>Commercial paper</b>		<b>237 581</b>	<b>75 705</b>
The Thekwini Fund Ltd	zaAAA	237 581	–
Discovery Holdings Ltd <sup>1</sup>		–	75 705
<b>Government bonds</b>		<b>536 280 097</b>	<b>489 119 748</b>
Republic of SA	zaAAA	535 472 112	488 249 882
Republic of Namibia	zaAAA	415 917	424 526
Republic of Angola	zaBB-	392 068	445 340
<b>Corporate bonds</b>		<b>17 373 322</b>	<b>19 443 132</b>
FirstRand Ltd	zaAA	5 352 541	5 426 956
Standard Bank Group Ltd	zaAA+	4 878 298	5 989 972
Nedbank Ltd	zaAA	2 571 216	2 913 554
ABSA Group Ltd	zaAA	2 335 601	2 729 247
Investec Group Ltd	zaAA	303 503	522 482
African Bank Ltd	zaA-	233 364	334 723
Santam Ltd	zaAAA	200 152	206 549
Old Mutual Plc	zaA+	163 586	324 710
Amber House Fund (RF) Ltd	zaAAA	150 109	105 842
The Thekwini Fund Ltd	zaAAA	146 243	–
Anglo American SA Finance Ltd <sup>1</sup>		–	125 332
Other		1 038 709	763 765
<b>Parastatal bonds</b>		<b>126 812 800</b>	<b>134 978 129</b>
Eskom Holdings Ltd	zaB	81 024 158	81 728 499
South African National Road Agency Ltd	zaA+	19 845 556	19 651 177
Transnet SOC Ltd	zaAA	17 087 126	17 258 404
Development Bank of SA Ltd	zaAA-	6 260 623	6 721 171
City of Cape Town	zaAA-	743 938	774 216
Industrial Development Corporation SOC Ltd	zaAA-	499 631	520 749
City of Johannesburg	zaA+	392 841	414 941
ACSA	zaAA	297 295	309 833
Rand Water Board	zaAAA	272 239	545 958
Ekurhuleni Metropolitan Municipality	zaB	190 038	–
Trans-Caledon Tunnel Authority <sup>1</sup>		–	6 801 877
Other		199 355	251 304

<sup>1</sup> These instruments matured during the year under review.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.3 Bills and bonds (continued)

	Issuer rating long-term	Fair value 2022 R'000	Fair value 2021 R'000
<b>Foreign bonds</b>		<b>24 416 598</b>	<b>25 887 481</b>
Black Rock Advisors (UK)	*	11 246 160	11 841 317
International Bank for Reconstruction and Development	*	5 478 645	5 876 817
JP Morgan Asset Management (UK) Ltd	*	5 171 594	5 435 183
Goldman Sachs Asset Management International	*	2 520 199	2 734 164
<b>Total bills and bonds</b>		<b>707 166 961</b>	<b>670 274 987</b>

The National Rating Scale is applicable, unless otherwise mentioned. The rating categories are as follows:

#### National Long-term Rating Definition

Highest grade quality  
 Very high credit quality  
 High credit quality  
 Adequate protection factors  
 Capacity for timely repayment  
 Possessing risk that obligations will not be met when due  
 Vulnerable to non-payment of obligations  
 Highly vulnerable to non-payment of obligations  
 Highly vulnerable to non-payment of obligations  
 Defaulted  
 No rating  
 Rating withdrawn by Moody's rating agency

#### National Scale Rating Symbol

AAA  
 AA+, AA, AA-  
 A+, A, A-  
 BBB+, BBB, BBB-  
 BB+, BB, BB-  
 B+, B, B-  
 CCC+, CCC, CCC-  
 CC+, CC, CC-  
 C+, C, C-  
 D  
 NR  
 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.3 Bills and bonds (continued)

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 2022 '000	Fair value 2022 R'000	Name of counterparty	Scrip custodian
31 March 2022	R2030	*	1 867 000	1 736 553	Standard Bank	Standard Bank
31 March 2022	R2048	*	1 993 065	1 709 789	Standard Bank	Standard Bank
31 March 2022	R209	*	1 953 776	1 388 870	Standard Bank	Standard Bank
31 March 2022	R213	*	1 972 223	1 663 007	Standard Bank	Standard Bank
31 March 2022	R214	*	972 990	664 124	Standard Bank	Standard Bank
<b>Total</b>			<b>8 759 054</b>	<b>7 162 343</b>		

\* Collateral is not done on an individual bond level basis. The total out on loan position is collateralised across all securities. The security in place for the bond collateral is 110% of the daily market value of the Bonds Gross Market value.

#### 3.1.4 Investment properties

	Fair value 2022 R'000	Fair value 2021 R'000
Residential properties	206 916	202 440
Industrial properties	1 526 472	1 716 300
Office properties	7 418 653	6 299 777
Retail properties	6 403 420	5 214 437
Specialised properties	1 036 018	1 236 014
Vacant land	692 550	622 768
Lease income accrual	(416 834)	(314 498)
<b>Total properties*</b>	<b>16 867 195</b>	<b>14 977 238</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.4 Investment properties (continued)

Name of property	Address	Valuation method	Date of last valuation	Pledged as guarantee	Fair value 2022 R'000	Fair value 2021 R'000
Deloitte Building South Africa**	Erf 4542 Jukskei view Extension 89 Township	DCF	2022/03/31	No	1 701 000	–
Centre Square Development	Corner of Dallas Road and Aramist Road, Menlyn Maine, Tshwane	DCF	2022/03/31	No	1 447 000	759 000
Vangate Shopping Centre	Vanguard Drive, Athlone, Cape Town	DCF	2022/03/31	No	755 551	750 300
Tshwane Regional Mall	Denneboom Station, Mamelodi, Tshwane	DCF	2022/03/31	No	742 700	699 600
Central City Shopping Centre	Stand 426, Unit E, Central Road, Mabopane, Tshwane	DCF	2022/03/31	No	585 700	585 100
Business Connexion	1037 Lenchen Avenue, Zwartkop, Centurion, Tshwane	DCF	2022/03/31	No	484 400	484 000
Tlhabane Shopping Centre	Proposed Tlhabane Mixed Use Development, Tlhabane Unit 1, Rustenburg, North West	DCF	2022/03/31	No	429 400	408 500
Riverwalk Office Park	41 Matroosberg Street, Ashlea Gardens, Tshwane	DCF	2022/03/31	No	414 600	441 600
Trevenna	70 Meintjies Street, Trevenna, Tshwane	DCF	2022/03/31	No	411 900	406 100
Ocean's Umhlanga Retail	Portion 15 of Erf 379, Umhlanga Rocks, Kwazulu-Natal	Residual method	2022/03/31	No	390 000	*
Kingsley Centre	481 Steve Biko Road, Arcadia City of Tshwane	DCF	2022/03/31	No	*	333 000
Joggie Vermooten	57 Joyner Road, Prospection, Isipingo Ext. 12, eThekweni	DCF	2022/03/31	No	*	325 700

\* Fair values are not disclosed because properties are no longer part of the top ten investments for the applicable year

\*\* New investment property acquired during year under review

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.4.1 Investment properties (continued)

Name of property	Address	Valuation method	Date of last valuation	Pledged as guarantee	Fair value	Fair value
					2022 R'000	2021 R'000
Other					9 921 778	10 098 836
Lease income accrual					(416 834)	(314 498)
<b>Total properties</b>					<b>16 867 195</b>	<b>14 977 238</b>

	2022 R'000	2021 R'000
Balance at beginning of the year	15 291 736	15 228 310
Additions		
Direct acquisition	2 443 609	240 138
Capital expenditure	1 791 846	1 078 285
Disposals	(107 325)	–
Fair value adjustment*	(2 135 837)	(1 254 997)
Closing fair value	17 284 029	15 291 736
Operating lease income accrual	(416 834)	(314 498)
Balance at end of year	16 867 195	14 977 238

An independent valuation of the investment properties was performed as at 31 March 2022. The properties were valued at fair value on the basis of the comparable sales, residual value 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 Manna Holdings, De Leeuw Valuers and Spectrum Valuations 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. However, direct properties with available offer prices as at 31 March 2022 have been valued at the offer prices. The fair value of the direct properties with offer prices is R943 767 588 as at 31 March 2022.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.5 Equities

	Fair value 2022 R'000	Fair value 2021 R'000
Primary listing	934 497 154	888 987 946
Secondary listing	294 493 802	210 705 816
Unlisted equities	78 484 497	67 065 190
<b>Total equities</b>	<b>1 307 475 453</b>	<b>1 166 758 952</b>

	Total issued shares (number)	GEPF's shareholding (number)	GEPF's shareholding %	Fair value 2022 R'000	Fair value 2021 R'000
<b>1. Primary listing (listed on the JSE)</b>				<b>934 497 154</b>	<b>888 987 946</b>
MTN Group Ltd	1 884 269 758	414 158 957	22	78 690 202	42 673 180
Naspers Ltd	435 511 058	41 033 653	9	68 284 923	268 669 180
FirstRand Ltd	5 609 488 001	879 536 057	16	68 137 658	40 477 234
Standard Bank Group Ltd	1 678 121 389	246 004 348	15	44 807 232	28 803 227
Vodacom Group Ltd	1 835 864 961	258 112 161	14	41 297 946	31 386 118
Sasol Ltd	629 238 065	111 181 433	18	39 469 409	22 531 808
Capitec Bank Ltd	116 099 843	15 854 880	14	37 124 994	21 322 245
Impala Platinum Holdings Ltd	850 219 130	162 270 514	19	36 515 734	38 218 627
Sibanye Stillwater Ltd	2 829 789 481	499 493 459	18	29 869 709	29 009 028
Sanlam Ltd	2 226 974 408	331 112 162	15	23 906 298	–
Anglo American Platinum Ltd	–	–	–	–	23 842 004
Other				466 393 049	342 055 295
<b>2. Secondary listing</b>				<b>294 493 802</b>	<b>210 705 816</b>
Anglo American Plc	1 341 651 975	85 211 410	6	65 651 131	47 901 498
Prosus N.V.	2 073 643 605	50 860 822	2	40 473 008	22 931 883
British American Tobacco Plc	2 283 353 495	54 300 588	2	33 487 716	29 963 506
BHP Group Plc	5 062 323 190	55 018 113	1	31 338 317	23 145 835
Richemont Securities AG	5 220 000 000	124 496 969	2	23 544 867	14 477 977
Glencore Plc	13 150 778 407	195 914 571	1	18 837 186	7 532 123
Reinet Investments S.C.A.	195 941 286	29 949 063	15	9 816 105	8 034 716
Anheuser-Busch InBev SA N.V.	1 737 184 838	9 538 677	1	8 470 631	–
Mondi Ltd	485 553 780	28 345 090	6	8 262 594	8 969 699
Investec Plc	696 082 618	81 541 101	12	7 912 748	–
Dangote Cement Plc	–	–	–	–	6 249 590
Quilter Plc	–	–	–	–	5 714 854
Other				46 699 499	35 784 135



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.5 Equities (continued)

	Total issued shares (number)	GEPF's shareholding (number)	GEPF's shareholding %	Fair value 2022 R'000	Fair value 2021 R'000
<b>3. Unlisted equities***</b>				<b>78 484 497</b>	<b>67 065 190</b>
Pareto Ltd	4 551 646 134	4 551 646 134	100	15 301 000	12 029 000
ABSA Group Ltd	**	**	**	13 349 299	9 309 671
Pan African Infrastructure Development Fund*	*	*	*	10 135 554	9 314 892
V & A Waterfront Holdings (Pty) Ltd	1 000 000	500 000	50	6 191 751	6 419 817
ETG Inputs Holdco Ltd	500	245	49	3 807 380	3 443 946
Siyanda Resources (Pty) Ltd	1 508 297	508 296	34	2 586 040	2 263 389
ADR International Airports SA (Pty) Ltd	166 000	166 000	100	2 290 000	1 970 000
African Bank Ltd	500 000 000	125 000 000	25	1 982 397	1 364 958
AP Venture Fund I*	*	*	50	1 878 634	1 476 945
Arch Property Fund (Pty) Ltd	25 000 000	5 000 000	20	1 627 000	1 716 820
Other				19 335 442	17 755 752

\* 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.

\*\*\* The independent valuation of unlisted equity instruments was performed by professional valuers from Ernst & Young, FTI Consulting, PricewaterhouseCoopers, RisCura, and Theza Capital. All these professional valuers have experience in valuing financial instruments of a similar nature.

Included in the equity value on the previous page are the following scrip lending transactions:

Transaction date	Shares on lent	Security in place	Number on #loan 2022 '000	Fair value 2022 R'000	Name of counterparty	Scrip custodian
31 March 2022	Steinhoff International Holdings N.V.	*	5 000	16 750	Standard Bank	Standard Bank
<b>Total</b>			<b>5 000</b>	<b>16 750</b>		

\* Collateral is not done on an individual stock level basis. The total out on loan position is collateralised across all securities. The security in place for the equity collateral is 115% of the daily market value of the listed equity shares.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.6 Preference shares

	Total issued shares (number)	GEPF's shareholding (number)	GEPF's shareholding %	Fair value 2022 R'000	Fair value 2021 R'000
BK One Ltd	24 492 823	1 200 000	5	120	120
Zambezi Platinum (RF) Ltd *				–	1 537 793
<b>Total preference shares</b>				<b>120</b>	<b>1 537 913</b>

\* These shares have been sold during the year under review.

#### 3.1.7 Collective investment schemes

	Fair value 2022 R'000	Fair value 2021 R'000
Black Rock Advisors (UK)	103 264 617	98 420 946
Robeco Institutional Asset Management B.V.	34 054 486	30 881 542
Gemcorp Capital LLP	5 604 397	5 600 763
Cheyne Capital Management (UK) LLP	5 018 097	5 100 915
Enko Capital Management LLP	4 274 117	4 194 850
Mazi Africa Capital (Pty) Ltd	1 290 818	1 232 212
Coronation African Frontiers Unit Trust	1 155 252	1 096 695
H4 Collective Investments (RF) (Pty) Ltd	836 523	670 549
Sanlam PIC Focus Fund	198 110	171 510
Ninety One Unit Trust	29 685	61 982
<b>Total</b>	<b>155 726 102</b>	<b>147 431 964</b>

The GEPF owns units in all above listed collective investment schemes.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.8 Risk management

##### Credit/counterparty risk

Counterparty	Direct investment in counter-party R'000	Deposit/ liquid asset with counter-party R'000	Guarantees	Any other instrument R'000	Total per counter-party R'000	Exposure to counter-party (% of the fair value of assets)
<b>Banks</b>						
ABSA Group Ltd	12 002 326	347 068	No	4 705 796	17 055 190	1
African Export Import Bank	851 113	–	No	–	851 113	–
African Bank Ltd	1 982 397	–	No	233 364	2 215 761	–
Bank of New York	–	1 430 383	No	–	1 430 383	–
BNP Paribas SA	–	–	No	86 088	86 088	–
Capitec Holdings Ltd	37 124 994	–	No	–	37 124 994	2
Citygroup Global Markets	40	–	No	7 609 100	7 609 140	–
Development Bank SA Ltd	–	–	No	6 468 325	6 468 325	–
Ecobank Transnational Inc.	1 429 972	14 542	No	–	1 444 514	–
FirstRand Ltd	68 137 658	–	No	7 687 040	75 824 698	3
Grindrod Bank Ltd	–	–	No	13 151	13 151	–
HSBC Holdings Plc	–	15 027	No	–	15 027	–
International Bank for Reconstruction and Development	–	–	No	5 478 645	5 478 645	–
Investec Ltd	13 901 331	386 518	No	8 271 122	22 558 971	1
Land and Agricultural Development Bank	–	–	No	2 782 065	2 782 065	–
Nedbank Ltd	17 729 171	100 608	No	4 811 102	22 640 881	1
Rand Merchant Bank	6 676 650	–	No	–	6 676 650	–
South African Reserve Bank	92	135 101	No	–	135 193	–
Standard Bank Group Ltd	44 807 232	45 571 269	No	7 321 656	97 700 157	4

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.8 Risk management (continued)

##### Credit/counterparty risk (continued)

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)
<b>Asset managers</b>						
Black Rock Advisors (UK)	–	–	No	114 510 777	114 510 777	5
Cheyne Capital Management (UK) LLP	–	–		5 018 097	5 018 097	–
Coronation Asset Management (Pty) Ltd	2 204 359	–	No	1 155 252	3 359 611	–
Enko Capital Management LLP	–	–	No	4 274 117	4 274 117	–
Gemcorp Capital LLP	–	–	No	5 604 397	5 604 397	–
Goldman Sachs Asset Management International	–	–	No	2 520 199	2 520 199	–
H4 Collective Investments (RF) (Pty) Ltd	–	–	No	836 523	836 523	–
Ninety One Unit Trust	–	–	No	29 685	29 685	–
JP Morgan Asset Management (UK) Ltd	–	–	No	5 171 594	5 171 594	–
Ninety One Plc	2 471 112	–	No	–	2 471 112	–
Novare Africa Property Fund	1 040 360	–	No	–	1 040 360	–
Robeco Institutional Asset Management B.V.	–	–	No	34 054 486	34 054 486	1

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.8 Risk management (continued)

##### Credit/counterparty risk (continued)

Counterparty	Direct investment in counter-party R'000	Deposit/liquid asset with counter-party R'000	Guarantees	Any other instruments R'000	Total per counter-party R'000	Exposure to counter-party (% of the fair value of assets)
<b>Insurance companies</b>						
Alexander Forbes Ltd	373 006	–	No	–	373 006	–
Discovery Holdings Ltd	12 378 975	–	No	–	12 378 975	–
Liberty Group Ltd	90 503	–	No	55 560	146 063	–
MMI Holdings Ltd	3 180 074	–	No	86 855	3 266 929	–
Old Mutual Ltd	12 221 884	–	No	163 586	12 385 470	–
Sanlam Ltd	23 906 298	–	No	198 110	24 104 408	1
Santam Ltd	1 852 712	–	No	200 152	2 052 864	–

#### 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
MTN Group Ltd	78 690 202	3 934 510
Naspers Ltd	68 284 923	3 414 246
FirstRand Ltd	68 137 658	3 406 883
Anglo American Plc	65 651 131	3 282 557
Standard Bank Group Ltd	44 807 232	2 240 362
Vodacom Group Ltd	41 297 946	2 064 897
Prosus N.V.	40 473 008	2 023 650
Sasol Ltd	39 469 409	1 973 470
Capitec Bank Ltd	37 124 994	1 856 250
Impala Platinum Holdings Ltd	36 515 734	1 825 787
<b>Total value of ten largest equity holdings</b>	<b>520 452 237</b>	<b>26 022 612</b>
<b>As a percentage of total investments plus bank balances</b>	<b>23%</b>	<b>1%</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 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	86 810 880	4 340 544
RSA 197	57 168 108	2 858 405
RSA 2048	40 562 638	2 028 132
RSA 202	39 647 237	1 982 361
RSA 2038	36 113 688	1 805 684
RSA 2037	35 646 085	1 782 304
RSA 210	35 092 019	1 754 600
Robeco Equity Fund	34 054 486	1 702 724
RSA 2050	33 703 192	1 685 160
RSA 2030	33 346 602	1 667 330
<b>Total value of ten largest other instruments</b>	<b>432 144 935</b>	<b>21 607 244</b>
<b>As a percentage of total investments plus bank balances</b>	<b>19%</b>	<b>1%</b>

#### 3.1.11 Foreign currency exposure

	Fair value USD '000	Fair value R'000	Exchange rate movement by 5% R'000
Black Rock Advisors UK Ltd	7 840 358	114 510 777	5 725 539
Robeco Institutional Asset Management B.V.	2 331 653	34 054 486	1 702 724
Pan African Infrastructure Development Fund	693 964	10 135 554	506 778
Dangote Cement Plc	529 632	7 735 432	386 772
Gemcorp Capital LLP	383 724	5 604 397	280 220
International Bank for Reconstruction and Development	375 113	5 478 645	273 932
Econet New ARX Ltd	361 439	5 278 919	263 946
JP Morgan Asset Management (UK) Ltd	354 090	5 171 594	258 580
Cheyne Capital Management (UK) LLP	343 581	5 018 097	250 905
Enko Capital Management LLP	292 642	4 274 117	213 706
ETG Inputs Holdco Ltd	268 523	3 921 860	196 093
MTN Nigeria Communications Ltd	182 928	2 671 718	133 586
Goldman Sachs Asset Management International	172 554	2 520 199	126 010
AP Ventures Fund	157 181	2 295 670	114 784

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 3 INVESTMENTS (CONTINUED)

#### 3.1.11 Foreign currency exposure(continued)

	Fair value USD '000	Fair value R'000	Exchange rate movement by 5% R'000
Ecobank Transnational Inc.	98 903	1 444 514	72 226
Mazi Africa Fund	88 380	1 290 818	64 541
Gateway Delta (Pty) Ltd	82 726	1 208 238	60 412
Coronation Africa Frontiers Unit Trust	79 098	1 155 252	57 763
Novare Africa Property Fund	71 232	1 040 360	52 018
Tanga Cement Company Ltd	69 691	1 017 856	50 893
Bayport Management Ltd	67 112	980 190	49 009
Aradei Capital	60 041	876 916	43 846
African Export-Import Bank	58 274	851 113	42 556
Vodacom Tanzania Ltd	54 598	797 422	39 871
Abraaj Africa Fund III	43 500	635 331	31 767
African Development Partners II LP	39 952	583 514	29 176

	Fair value USD '000	Fair value R'000	Exchange rate movement by 5% R'000
Grit Real Estate Group NPV	38 429	561 265	28 063
Convergence Partners Communications Infrastructure Fund	37 715	550 834	27 542
Kuvenco 1 Ltd	33 071	483 010	24 150
Republic of Angola	26 844	392 068	19 603
South Suez African Fund II LP	24 069	351 540	17 577
Africa Capital Works	23 606	344 773	17 239
Drive-In-Trading (Pty) Ltd	22 775	332 635	16 632
Kuramo Africa Opportunity II (Mauritius) LLC	18 030	263 328	13 166
Capital Alliance Private Equity IV Ltd	16 736	244 439	12 222
Kenya Electricity Generating Company Ltd	15 507	226 478	11 324
West Africa Emerging Fund	14 290	208 710	10 435
African Development Partners III LP	13 896	202 959	10 148
Verod Capital Growth Fund II LP	12 956	189 231	9 462
Africa Food Security Fund	11 777	172 009	8 600
Cipla Quality Chemical Industries Ltd	7 746	113 127	5 656
Ninety One Africa Unit Trust	2 032	29 685	1 484
<b>Total value of foreign instruments</b>	<b>15 420 368</b>	<b>225 219 080</b>	<b>11 260 956</b>
<b>As a percentage of total investments plus bank balances</b>		<b>10%</b>	<b>1%</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 4 FUNDING LOAN

	2022	2021
	R'000	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 GEPF, the liquidators would then finalise the liquidation of SEBO. The liquidators have used three different scenarios to estimate the amount which will be due to the GEPF on the final liquidation of SEBO. The GEPF has followed a conservative approach by adopting the lowest estimate provided by the liquidators.

### 5 ACCOUNTS RECEIVABLE

	2022	2021
	R'000	R'000
Interest receivable	97 881	42 979
Dividends receivable	5 866 075	2 530 508
Estates debt	68 826	50 906
Total estates debt	139 299	132 610
Less: provision for doubtful debts	(70 473)	(81 704)
Fraud cases debt	–	–
Total fraud cases debt	66 101	65 061
Less: provision for doubtful debts	(66 101)	(65 061)
Investment debtors	2 755 747	3 570 256
Lease debtor	416 834	314 498
Purchased service	58 560	66 000
Purchased service not recovered at retirement or death	321	397
South African Post Office	132 923	98 560
Sundry debtors	5 922	927
National Treasury	4 151	1 619
Government Pensions Administration Agency	27 099	19 833
Temporary Employees Pension Fund	389	150
Overpayments	42 023	48 271
Total overpayments	79 431	79 790
Less: provision for doubtful debts	(37 408)	(31 519)
	9 476 751	6 744 904



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 6 CONTRIBUTIONS

#### 6.1 Contributions receivable

	2022	2021
	R'000	R'000
Participating employers	133 278	144 080
Additional employer contributions*	201 781	3 202 697
Additional NSF employer contributions**	413 414	373 579
Interest on outstanding contributions	650	714
Statement of net assets and funds	749 123	3 721 070

\* This is an amount owing to the GEPF in respect of additional liabilities placed on the GEPF 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 GEPF 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

	Contributions receivables	Contributions accrued	Contributions received	Contributions receivable
	2021	2022	2022	2022
	R'000	R'000	R'000	R'000
Member contributions	–	28 774 772	(28 774 772)	–
Employer contributions	3 720 356	53 221 195	(56 193 078)	748 473
Interest on outstanding contributions	714	126	(190)	650
	3 721 070	81 996 093	(84 968 040)	749 123
Statement of changes in net assets and funds				81 996 093

### 7 CASH AND CASH EQUIVALENTS

	2022	2021
	R'000	R'000
Cash resources	1 505 159	2 360 672
Short-term investments	44 197 752	31 612 852
	45 702 911	33 973 524

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 2022

### 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 the reserve balance between Ciskei strikers, general assistants and other past discriminatory practises.

	Ciskei strikers' reserve	General assistants' reserve	Other past discriminatory practices' reserve	Total reserve accounts
	2022	2022	2022	2022
	R'000	R'000	R'000	R'000
Balance at beginning of the year	187 488	147 882	4 835 304	5 170 674
Benefits recognised*	–	–	(563 221)	(563 221)
Transfer from net investment return to reserves	7 277	5 739	674 840	687 856
Balance at end of year	<b>194 765</b>	<b>153 621</b>	<b>4 946 923</b>	<b>5 295 309</b>

\* In October 2018, a resolution was signed by the PSCBC to implement the 1998 agreements in paying members affected by past discriminatory practises and as such an amount of R563 million was incurred during the current year.

### 9 UNCLAIMED BENEFITS

	2022	2021
	R'000	R'000
Balance at the beginning of the year	1 802 137	1 001 795
Transferred from benefits	1 296 799	1 076 343
Benefits paid	(1 172 680)	(876 126)
Interest provision – current year	736 966	600 125
Interest provision – prior year	(600 125)	–
Balance at the end of the year	<b>2 063 097</b>	1 802 137

#### Reconciliation of number of cases

	Cases	Amount	Cases	Amount
	2022	2022	2021	2021
		R'000		R'000
Payments rejected by banks	9 608	536 757	8 111	391 191
Cases available for internal tracing	5 146	414 801	5 038	435 791
Unclaimed funeral benefits	170	1 545	173	1 756
Tax directives declined	618	23 069	626	23 765
Family disputes cases	256	94 450	261	104 324
Cases available to external tracing	6 205	111 719	6 678	124 112
Past discriminatory practises (PDP)	7 767	880 756	3 999	721 198
Balance at the end of the year	<b>29 770</b>	<b>2 063 097</b>	24 886	1 802 137

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 10 BENEFITS

	Benefits payable 2021 R'000	Benefits accrued current year 2022 R'000	Benefits paid during year 2022 R'000	Benefits transferred to unclaimed benefits 2022 R'000	Benefits payable 2022 R'000
Net benefit payments	43 349 332	139 234 668	(133 533 312)	(1 287 365)	47 763 323
Gratuities	5 812 724	26 015 749	(21 436 171)	(695 701)	9 696 601
Withdrawal benefits	16 572 215	36 229 775	(33 806 144)	(160 955)	18 834 891
Monthly pensions	4 479 482	62 952 879	(62 316 776)	(29 191)	5 086 394
Retrenchment benefits	14 879	44 165	(55 575)	–	3 469
Death benefits	16 315 757	12 812 007	(14 787 135)	(394 444)	13 946 185
Funeral benefits	103 423	572 228	(550 126)	(1 561)	123 964
Child and orphans benefits*	50 852	577 841	(551 361)	(5 513)	71 819
Divorce benefits	–	29 481	(29 481)	–	–
Unclaimed benefits**	–	543	(543)	–	–
Interest to members	12 538 969	2 879 991	(1 981 698)	(9 434)	13 427 828
Benefits payable****	55 888 301	142 114 659	(135 515 010)	(1 296 799)	61 191 151
Statement of changes in net assets and funds					139 234 668

\* Childrens' 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 as a result 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. These are claims which were written off prior 2009/10 financial year as per the policy during that time and have been claimed and paid in the current year due.

\*\*\*\* Benefits payable as at 31 March 2022 and benefits accrued during the year includes an amount of R13.9 billion (2021: R15.6 billion) representing exit cases that were not fully processed at year-end.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 10 BENEFITS (CONTINUED)

Benefit payable age analysis is summarised as follows:

	Amount		Amount	
	Cases 2022	2022 R'000	Cases 2021	2021 R'000
Current				
<2 years	45 984	35 088 378	43 448	32 004 371
Unpaid benefits				
>2 years	100 957	23 096 353	97 246	21 151 326
Contingency provision	–	2 855 672	–	2 622 290
Childrens' benefits	2 767	69 315	1 849	49 707
Interest on NSF benefits	555	81 433	352	60 607
<b>Total</b>	<b>150 263</b>	<b>61 191 151</b>	<b>142 895</b>	<b>55 888 301</b>

### 11 TRANSFERS

#### 11.1 Transfers to other funds

	Effective date	Number of members	Transfers	Transfers	Return on	Transfers	Transfers
			payable 2021 R'000	approved 2022 R'000	transfer 2022 R'000	paid 2022 R'000	payable 2022 R'000
Bulk transfers in terms of Rule 12 of the GEP Law							
Municipal transfers	2021/2022	16	1 029	15 184	3 017	(18 058)	1 172
		16	1 029	15 184	3 017	(18 058)	1 172
Transfers approved							15 184
Return on transfers							3 017
Statement of changes in net assets and funds							18 201

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 11 TRANSFERS (CONTINUED)

#### 11.2 Transfers from other funds

	Effective date	Number of members	Transfers receivable 2021 R'000	Transfers approved 2022 R'000	Return on transfer 2022 R'000	Transfers received 2022 R'000	Transfers receivable 2022 R'000
Bulk transfers in terms of Rule 12 of the GEP Law							
Individual transfers	2021/2022	7	1 431	2 170	(128)	(3 473)	–
		7	1 431	2 170	(128)	(3 473)	–
Transfers approved							2 170
Return on transfers							(128)
Statement of changes in net assets and funds							2 042

### 12 ACCOUNTS PAYABLE

	2022 R'000	2021 R'000
Administrative creditors	23 920	29 171
Operating lease accrual	107	(429)
Child maintenance (court orders)	1 858	2 213
Contributions (employers)	11 603	11 868
Dormant members	430	467
Associated Institutions Pension Fund	1 730	2 405
Government Pensions Administration Agency	101 662	102 844
Investment creditors	4 100 800	3 745 383
National Treasury	184	221
Outstanding SA Post Office vouchers	129 699	95 808
Portfolio management fees payable	484 694	299 791
Sundry creditors	465 813	390 153
	<b>5 322 500</b>	<b>4 679 895</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 13 PROVISIONS

	2022	2021
	R'000	R'000
Provision for accumulated leave pay	1 287	1 166
Balance at the beginning of the year	1 166	1 154
Provided	1 287	1 166
Utilised	(1 166)	(1 154)
Provision for bonuses	11 121	10 879
Balance at the beginning of the year	10 879	10 096
Provided	11 121	12 142
Utilised	(10 879)	(11 359)
Balance at the end of the year	12 408	12 045

### 14 PURCHASE OF PERIODS OF SERVICE

	2022	2021
	R'000	R'000
GEPF members	25 788	20 923
Divorce benefits	76 667	223 875
Past discriminatory members	563 221	571 612
	665 676	816 410

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 15 NET INVESTMENT INCOME

	2022 R'000	2021 R'000
Income from investments	108 569 151	84 249 770
Dividends	48 982 771	31 486 051
Interest	51 899 638	48 628 470
Other income	263 866	292 159
Reversal of impairment <sup>3</sup>	5 472 142	2 139 922
Property income	1 950 734	1 703 168
Net profit on sale of investments <sup>1</sup>	42 697 158	54 969 107
Adjustment of fair value	111 471 287	360 698 423
Impairment of investments <sup>2</sup>	(2 480 414)	(7 448 023)
Total investment income	260 257 182	492 469 277
Less: expenses incurred in managing investments		
Management fees – externally managed	(2 040 018)	(1 716 619)
Management fees and other expenses – internally managed	(86 793)	(173 915)
Property expenses	(1 142 133)	(977 228)
Foreign exchange loss	(243 117)	(4 982 190)
Transaction costs and other expenses	(1 044 470)	(770 829)
Total investment expenses	(4 556 531)	(8 620 781)
Net investment income	255 700 651	483 848 496
Profit on sale of investments	48 020 340	60 485 696
Loss on sale of investments	(5 323 182)	(5 516 589)
<sup>1</sup> Net profit on sale of investments	42 697 158	54 969 107

<sup>2</sup> Some of the loans entered into by the PIC on behalf of the GEPF in their capacity as the Fund's asset manager have been impaired based on the independent valuation as stated on the following page.

<sup>3</sup> In the current year, reversals of impairment were recognised by companies listed in the schedule of reversals of impairment on the page following the next.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 15 NET INVESTMENT INCOME (CONTINUED)

#### Schedule of impairments

	2022 R'000	2021 R'000
Firefly Investments 319 (Pty) Ltd	278 560	–
Interden Management (RF) (Pty) Ltd	258 043	–
Honsha Property (Pty) Ltd	238 651	443 368
Independent News and Media SA (Pty) Ltd	204 657	187 825
Roggeveld Wind Poser (Pty) Ltd	157 623	14 811
Allied Mobile communications (Pty) Ltd	136 236	121 522
Solar Capital De Aar (RF) (Pty) Ltd	120 125	–
Musa Group (Pty) Ltd	92 278	82 763
Bafepi Agri (Pty) Ltd	89 358	102 089
WH Pharma Couriers (RF) (Pty) Ltd	86 357	42 620
Drive-in-Trading (Pty) Ltd	77 902	145 053
Ekuzeni Supplies (Pty) Ltd	71 918	27 530
Kiaat Nozala Health Partners (Pty) Ltd	71 240	6 273
Tanga Cement Company Ltd	63 615	50 058
Zamalwandle Transport Logistics (Pty) Ltd	55 722	–
ACWA Power Solafrica Bokpoort CSP Power Plant (Pty) Ltd	55 627	99 926
Firefly Investments 326 (Pty) Ltd	55 134	482 879
Botshilu Private Hospital (Pty) Ltd	51 264	–
Lona Group (Pty) Ltd	48 584	–
Sub Saharan Investment Holdings (Pty) Ltd	39 739	52 114
Acapulco Trade and Invest 164 (RF) (Pty) Ltd	28 323	127 163
South African Infrastructure Fund	27 025	–
Firefly Investments 230 (RF) (Pty) Ltd	23 651	48 358
AFGRI Poultry (Pty) Ltd	21 297	–
Mazwe Funding SPV (RF) (Pty) Ltd	20 678	–
Just Veggies (Pty) Ltd	20 665	17 322
Sakhumnotho Property Holdings (Pty) Ltd	19 070	10 666
Venda Building Society	17 713	39 729
LA Crushers (Pty) Ltd	15 611	11 864
S&S Refinery (Pty) Ltd	9 203	133 725
Yalu Financial Services (Pty) Ltd	8 699	88 362
Smile Telecoms Holdings (Ltd)	7 723	121 517
Friedshelf 1518 (Pty) Ltd	7 115	72 920
CPV Power Plant No.1 (Pty) Ltd	1 008	1 725
Land and Agricultural Development Bank SA	–	3 569 147
Belelani Capital (Pty) Ltd	–	1 171 223
Business Ventures Investments No 1697 (Pty) Ltd	–	72 965
V & A Waterfront Holdings (Pty) Ltd	–	44 531
Madibeng Municipality	–	32 815
Kurisani Youth Development Trust	–	13 779
Kuseni Group (Pty) Ltd	–	7 638
Sunrise Energy (Pty) Ltd	–	3 635
Hot Dog Café (Pty) Ltd	–	108
<b>Total</b>	<b>2 480 414</b>	<b>7 448 023</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 15 NET INVESTMENT INCOME (CONTINUED)

In arriving at the impairment figures, the GEPI took the following impairment triggers into account which were considered on all of its impaired investments:

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 by companies listed in the schedule of reversals of impairment below:

#### Schedule of reversals of impairment

	2022 R'000	2021 R'000
Land and Agricultural Development Bank SA	2 914 507	–
Belelani Capital (Pty) Ltd	1 630 280	–
Lancaster Group	382 567	950 129
Kilimanjaro Sakhumnotho Consortium (Pty) Ltd	308 844	728 679
Kuseni Group (Pty) Ltd	138 917	–
V & A Waterfront Holdings (Pty) Ltd	44 532	–
Business Ventures Investments No 1697 (Pty) Ltd	19 183	–
ACWA Power Solafrica Bokpoort CSP Power Plant (Pty) Ltd	17 346	–
Friedshelf 1518 (Pty) Ltd	11 781	–
Sunrise Energy (Pty) Ltd	3 237	–
Hot Dog Café (Pty) Ltd	944	–
EM Africa Properties (Pty) Ltd	4	24 680
Erin Energy Corporation Ltd	–	175 945
Dokgosi Tailings Processing (Pty) Ltd	–	101 695
Botshilu Private Hospital (Pty) Ltd	–	64 863
Projectprop (Pty) Ltd	–	53 383
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
Kiaat Bridge Facility	–	244
<b>Total</b>	<b>5 472 142</b>	<b>2 139 922</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2022

#### 16 OTHER INCOME

	2022	2021
	R'000	R'000
Arrear contributions	3 741	3 115
Purchase of service	3 807	5 297
Additional employer contributions – early retirement	146 499	139 633
Additional employer contributions – NSF	39 835	45 864
Interest on bank account	48 560	61 017
Other	646	593
	<b>243 088</b>	<b>255 519</b>

#### 17 ADMINISTRATIVE EXPENDITURE

##### 17.1 Total administrative expenditure

	2022	2021
	R'000	R'000
Administration expenses	917 144	907 520
Actuarial fees	3 726	3 875
Investment accounting fees	373	2 627
Investment performance analysis	426	4 023
Audit fees	11 576	7 490
Depreciation	3 005	2 916
Foreign currency loss	87	52
Legal costs	23 220	21 924
Bad debts	21 680	(1)
Profit on sale of property, plant and equipment	69	–
Operating expenses	67 196	41 620
Operating lease payments	6 148	5 140
Operating lease smoothing adjustments	107	(429)
Personnel expenses	86 754	72 386
Personnel expenditure (refer to note 17.2)	41 987	40 624
Executive officer expenditure (refer to note 17.3)	14 137	5 255
Principal officer expenditure (refer to note 17.4)	9 131	7 195
Trustees' expenditure (refer to note 17.6)	21 499	19 312
(Decrease)/Increase in provision for doubtful debt	(4 302)	19 113
	<b>1 137 209</b>	<b>1 088 256</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 17 ADMINISTRATIVE EXPENDITURE (CONTINUED)

#### 17.2 Personnel remuneration and expenses

	2022	2021
	R'000	R'000
Remuneration to permanent and contract employees	38 680	37 382
Retirement fund contributions	2 944	2 901
Other benefits (housing, medical, etc.)	363	341
	<b>41 987</b>	<b>40 624</b>

#### 17.3 Executive officers' remuneration and expenses

	2022	2021
	R'000	R'000
Remuneration and allowances	10 006	4 100
Bonuses – Long term incentive	1 147	–
Bonuses – Short term	2 984	1 155
	<b>14 137</b>	<b>5 255</b>

#### 17.4 Principal officer's remuneration and expenses

	2022	2021
	R'000	R'000
Remuneration and allowances	5 334	5 214
Acting allowance	–	102
Bonuses – Long term incentive	1 617	–
Bonuses – Short term	2 180	1 879
	<b>9 131</b>	<b>7 195</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 17 ADMINISTRATIVE EXPENDITURE (CONTINUED)

#### 17.5 Detailed executive and principal executive officer remuneration

Name	Position	Cost to company	Short term incentives	Long term incentives	Total	Cost to company	Short term incentives	Total
		2022 R'000	2022 R'000	2022 R'000	2022 R'000	2021 R'000	2021 R'000	2021 R'000
Musa Mabesa	Principal Executive Officer	5 334	2 180	1 617	9 131	3 720	1 879	5 599
Abel Sithole	Principal Executive Officer	–	–	–	–	1 596	–	1 596
Dharmasela Naidoo	Head: Stakeholder Management and Communications	2 065	666	569	3 300	2 092	587	2 679
Adri van Niekerk	Company Secretary	2 087	657	578	3 322	2 008	568	2 576
Sifiso Sibiyi*	Head: Investment	2 183	675	–	2 858	–	–	–
Brian Karidza*	Head: Actuarial and Benefits Administration	2 100	628	–	2 728	–	–	–
Portia Mngomezulu*	Head: Corporate Services	1 166	358	–	1 524	–	–	–
Bulelwa Kotta**	Head: Finance	405	–	–	405	–	–	–
		<b>15 340</b>	<b>5 164</b>	<b>2 764</b>	<b>22 967</b>	<b>9 416</b>	<b>3 034</b>	<b>12 450</b>

\* These employees were employed for part of the financial year and did not qualify to receive long term incentive bonuses. The start dates of these employees are as follows:

Head: Investments 01 June 2021  
 Head: Actuarial and Benefits Administration 02 June 2021  
 Head: Corporate Services 01 October 2021

\*\* Employee was employed for part the financial year and therefore didn't qualify to receive the short term as well as long term incentive bonus. The start date the employee is:

Head: Finance 01 February 2022

#### 17.6 Board of Trustees' remuneration and expenses

	2022 R'000	2021 R'000
Meeting allowances	18 054	15 781
Expenses	3 445	3 531
	<b>21 499</b>	<b>19 312</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 17 ADMINISTRATIVE EXPENDITURE (CONTINUED)

#### 17.7 Trustee remuneration

Name	Meeting attendance fee R'000	Retainer fee R'000	Subsistence and travel R'000	Total paid R'000
Ms Lindy Bodewig	–	–	–	–
Mr Sibonele Cele	719	116	–	835
Mr Terrence Chauke	175	35	–	210
Ms Anadele Coetzee	358	60	–	418
Col Johan Coetzer	620	116	21	757
Major Genl Dries de Wit	841	87	–	928
Mr Themba Gamedze	421	116	–	537
Mr Kenny Govender	–	–	–	–
Brig Johan Griesel	264	60	–	324
Ms Jennifer Jeftha	1 254	75	–	1 329
Ms Jennita Kendailal	542	116	21	679
Mr Eddie Kekana	939	240	–	1 179
Ms Phylicia Kekana	418	58	21	497
Mr Sidney Kgara	347	60	–	407
Ms Thandi Khoza	347	60	–	407
Ms Mantuka Maisela	605	129	–	734
Ms Kgomotso Makhupola	895	161	–	1 056
Mr Sibusiso Malinga	453	116	–	569
Mr Mugwena Maluleke	237	60	–	297
Mr Success Mataitsane	455	90	–	545
RAdm Gladys Mbulaheni	469	90	–	559
Mr Stadi Mngomezulu	–	–	–	–
Ms Renosi Mokate	1 060	309	–	1 369
Mr Thabo Mokwena	743	131	–	874
Mr Richard Morris	527	134	–	661
Mr Rankele Msinto	255	30	–	285
Adv. Makhubalo Ndaba	909	161	–	1 070
L Genl Lineo Ntshiea	735	123	–	858
Dr Morgan Pillay	591	117	–	708
Mr Hale Qangule	437	87	–	524
Ms Suveena Pillay	438	90	–	528
Mr John Raphela	17	–	–	17
Major Mulungisa Sitshongaye	559	116	–	675
Mr Pierre Snyman	702	116	3	821
Mr Khaya Sodidi	355	60	–	415
Adv. Nonku Tshombe	367	60	–	427
<b>Total</b>	<b>18 054</b>	<b>3 379</b>	<b>66</b>	<b>21 499</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2022

#### 18 INTEREST EXPENSE/ ADJUSTMENT

	2022 R'000	2021 R'000
Interest payable to members	2 879 991	(1 100 610)
Interest payable/ (provision adjustment) to members exited from GEPF	2 724 200	(1 281 099)
Interest payable to external funds in respect of members exited from GEPF	102 892	142 085
Interest payable to NSF members	52 899	38 404
Interest payable to dormant members	39	42
	<b>2 880 030</b>	<b>(1 100 568)</b>

#### 19 OPERATING LEASE

	2022 R'000	2021 R'000
Income		
Future minimum lease payments receivable under non-cancellable operating leases:		
Receivable within one year	1 232 454	946 403
Receivable between two and five years	3 214 948	2 193 234
Receivable after five years	2 582 410	1 216 714
	<b>7 029 812</b>	<b>4 356 351</b>
Expenses		
Future minimum lease payments under non-cancellable operating leases:		
Payable within one year	6 907	6 424
Payable between two and five years	3 799	12 231
	<b>10 706</b>	<b>18 655</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2022

#### 20 CASH GENERATED FROM OPERATIONS

	2022	2021
	R'000	R'000
Net income after transfers and benefits	195 337 442	447 392 060
Adjusted for:	(251 086 599)	(477 388 798)
Interest income	(52 142 726)	(48 883 989)
Interest expense/(adjustment)	2 880 030	(1 100 568)
Divorce benefits	29 481	323 885
Dividends received	(48 982 771)	(31 486 051)
Adjustment to fair values of investments	(111 471 287)	(360 698 423)
Profit on sale of investments	(42 697 158)	(54 969 107)
Impairment of investments	2 480 414	7 448 023
Reversal of impairment	(5 472 142)	(2 139 922)
Foreign currency loss/(income)	243 204	4 982 242
Depreciation	3 005	2 916
Loss on sale of property	69	–
Lease smoothing	107	(429)
Bad debt written off	21 680	(1)
(Decrease)/increase in doubtful debt provision	(4 302)	19 113
Movement in provisions	4 675 314	9 930 779
Net transfers (in)/out	(649 517)	(817 266)
Adjusted net income after transfers and benefits	(55 749 157)	(29 996 738)
Change in working capital	3 016 867	(805 963)
Decrease/(increase) in accounts receivable	2 915 118	(979 343)
Increase/(decrease) in accounts payable	101 749	173 380
Cash flow generated from operations	(52 732 290)	(30 802 701)

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 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 in.

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 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 agencies for listed 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 2022

### 21 FINANCIAL MANAGEMENT AND ASSOCIATED RISKS (CONTINUED)

#### 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 settling limits to strategic asset allocation percentages for foreign asset classes and other 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 2022

### 23 CONTINGENT LIABILITIES

#### 23.1 Benefits

A contingent liability exists for members that exited from the GEPF prior to 31 March 2022, 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 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.

#### 23.3 Long Term Incentive scheme (LTI)

The GEPF Long Term Incentive (LTI) Scheme was approved by the Board of Trustees in December 2017 and was reviewed in December 2021. The LTI scheme is aligned to the Total Rewards Strategy which forms part of the overall Employee Value Proposition. The scheme is cash-based and is dependent upon the attainment of organizational long-term performance measures. The focus of the scheme is to reward and retain certain cluster of employees occupying critical roles and those who contribute significantly to the strategic direction of the GEPF.

Vesting: vesting takes place three years from the commencement of the measurement period which is aligned to the organization's financial year.

Value of award:

Position	Maximum Annual LTI as a % of CTC	Incentive at threshold as a % of CTC (30%)
Principal Executive Officer	65%	32.5%
Executives – E band	50%	25%
Senior Management – D upper	35%	17.5%

Performance Measures:

Description	Measure	Weight	Point from which earn threshold	Point from which earn maximum
			30%	100%
GEPF BSC	%	50%	80%	100%
Return on investment	SAA Returns	25%	SAA Returns+0.25%	SAA Returns+0.75%
GPAA SLA	%	25%	70%	80%

As at 31 March 2022, the LTI has vested for 1 year, however the value of the LTI provision will only be determined over next 3 financial years.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 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 (R900 million) and Loan B (R1,6 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 capitalised 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 capitalised 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 2022.

#### The financial guarantee agreement with Ecobank (ETI) and Deutsche Bank AG<sup>1</sup>

Deutsche Bank provided a 5 year USD 250 million Convertible Loan Facility on 5 September 2017, maturing on 5 September 2022 to ETI and for a participation fee, the GEPF has Guaranteed Deutsche Bank the full extent of the loan in the event of default by ETI. The GEPF Guarantee is backed by offshore bonds valued at USD 281,8 million as at 31 March 2022, that have been ring-fenced in a collateral account.

The GEPFs exposure to this structured investment as at 31 March 2022 was USD 250,6 million.  
Maximum Trigger event (Amount) USD 250,6 million (USD 250 million plus any outstanding interest)  
Trigger event Default on loan. The Put Option can only be exercised at expiry of the loan facility.

As at 31 March 2022, the likelihood of the trigger event (default on loan) occurring was assessed as moderate.

1. Refer to the subsequent events disclosure on the Report of Board of Trustees for the subsequent event that has occurred on this transaction.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 25 CAPITAL COMMITMENTS

#### 25.1 Capital commitments – current year

Name of fund	Total commitment 2022 USD'000	Drawn commitment 2022 USD'000	Undrawn commitment 2022 USD'000	Total commitment 2022 R'000	Drawn commitment 2022 R'000	Undrawn commitment 2022 R'000	Estimated repayable period
ADPI II	30 000	27 869	2 131	438 159	407 035	31 124	1 year
ADPI III	40 000	11 256	28 744	584 212	164 397	419 815	9 years
Cape IV	20 000	18 666	1 334	292 106	272 622	19 484	3 years
PAIDF II*	–	–	–	–	–	–	–
South Suez	25 000	20 308	4 692	365 132	296 604	68 528	5 years
Verod*	–	–	–	–	–	–	–
Total	115 000	78 099	36 901	1 679 609	1 140 658	538 951	

\* Funds are fully drawn at 31 March 2022

#### 25.2 Capital commitments – previous year

Name of fund	Total commitment 2021 USD'000	Drawn commitment 2021 USD'000	Undrawn commitment 2021 USD'000	Total commitment 2021 R'000	Drawn commitment 2021 R'000	Undrawn commitment 2021 R'000	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	



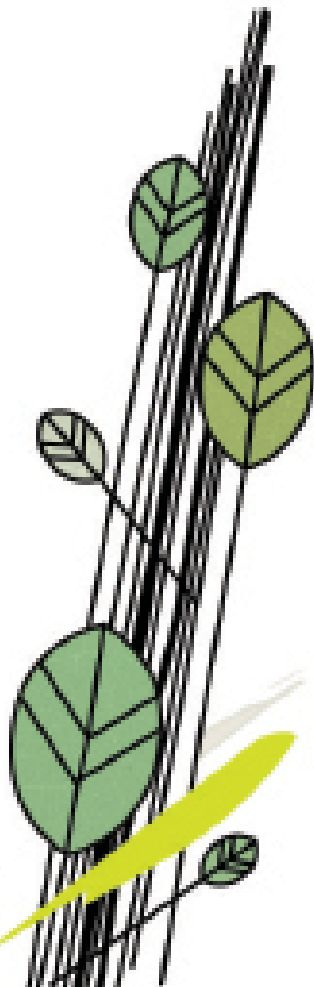
# Glossary

## 10. GLOSSARY

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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
GSG	Global Steering Group for Impact Investment
ICT	Information and Communication Technology
IFC	International Finance Corporation
IMF	International Monetary Fund
IMI	Investable Market Index
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
SMS	Short Message Service
SE-SC	Social and Ethics Subcommittee
VAL-SC	Valuations Subcommittee
UNISA	University of South Africa
UNPRI	United Nations Principles for Responsible Investment



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