

GEPPF

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MONITOR

Staatsdienspensioenfonds- Moniteringsgroep



Oktober 2016

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Baie welkom

Hartlik welkom aan al ons pensioentrekkers wat wyd en syd deur die land versprei is by hierdie vierde uitgawe van ons tydskrif deur pensionrekkers vir pensioentrekkers.

Boodskappe van die GEPF-Monitor

- Ons twyfel of sekere beleggings effektief belê is.
- Daar is rede om te glo dat die regering misbruik maak van ons fondse. Fondse behoort aan die staatsdienspensioenfonds! Nie aan die staat nie! Dis nie daar vir politieke gewin van 'n party of vir die gemak van 'n individu bedoel nie.
- Die Monitor Groep wil nie oorlog maak nie maar hou dop wat aangaan.
- Ons wil nie onnodige paniek onder pensioentrekkers saai nie.

Redaksioneel

Die koerante is steeds vol berigte wat ons as pensioentrekkers tot onrus stem. Daar is voldoende rede om te twyfel of ons pensioene behoorlik deur die GEPF en OBK bestuur word. Die omvang in reële terme is groot. Met dit wat reeds met Spoorweë pensioenarisse gebeur het, is dit dus noodsaaklik dat op verskillende wyses opgetree word ook dmv kommunikasie om mede-pensioentrekkers in te lig.

Wat het ons al gedoen? Wel, ons het 'n tweede nasionale konferensie tussen ons Kaapse-vriende en die in Pretoria, gehou. Ons het 'n grondwet opgestel en goedgekeur. Eersdaags gaan ons lede werf omdat 'n Gideonsbende feitliks niks kan doen teen 'n oormag nie. Getalle skree hard en duidelik!

Letter Head/ briefhoof



Byeenkoms 20/21 September 2016: Gedagtes van die uittredende nasionale voorsitter

Beste Vriende



Beskou asseblief hierdie nie as 'n verslag oor ons byeenkoms nie maar beskou dit as hoe ek dit ervaar het.

Die fasiliteite en reëlins in verband daarmee was puik. Die gashere het vir ons 'n hoe en navolgingswaardige standaard gestel. Ons dank aan hulle. Later meer hieroor.

Die groot teleurstelling was natuurlik dat die Raad van Trustees van ons Pensioenfonds nie bereid was om ons byeenkoms by te woon nie. Dat hulle selfs nie een lid vir een uur kon afstaan om saam met ons te vergader nie, is skokkend en word deur my as arrogant ervaar. Ongelukkig strook dit met my ondervinding oor jare, waar 'n gebrek aan kommunikasie al groot skade aangerig het en steeds doen.

Wat moet gegee het, is die waardige wyse waarop ons lede die teleurstelling hanteer het. Dankie aan u almal vir u goeie gesindheid.

Wat het ons bereik? 'n Formele organisasie met 'n grondwet en verkose bestuur is daargestel. Spesifieke Komitees met bepaalde doelwitte is saamgestel.

Oor die twee dae kon daar aandag aan baie sake gegee word en dit is belangrik dat daar oor werksprosedures en onder ander mediaskakeling besin is. Ons weet nou HOE om WAT te hanteer.

Daar was belangrike voordragte waarvan sommige in die GEFP Monitor geplaas sal word. Tyd het ons ingehaal en twee voorbereide voordragte kon nie gelewer word nie en die redakteur word versoek om dit ook te plaas.

Ons het die voordeel gehad om na deskundiges soos 'n aktuaris en beleggingskundiges te luister en hul advies te ontvang. Regsgeleerdes het van ons besprekings bygewoon en sal verder tot ons beskikking wees.

Die pad vorentoe? Ons gaan voort om pensionarisse, die media (veral finansiële media), politici, personeelorganisasies en ander meningvormers in te lig. Tans wag ons nog op antwoorde op ons lys van vrae wat op 2 September 2016 aan die Raad vir Trustees gerig is en wat tans hul aandag geniet. By ontvangs van hul antwoorde, wat ons hoop duidelikheid oor verskeie aangeleenthede sal bring, sal ons besluit oor verder stappe. Intussen sal ons, alhoewel teleurgesteld oor vordering met die GEFP, niks doen om verhoudings te versteur nie.

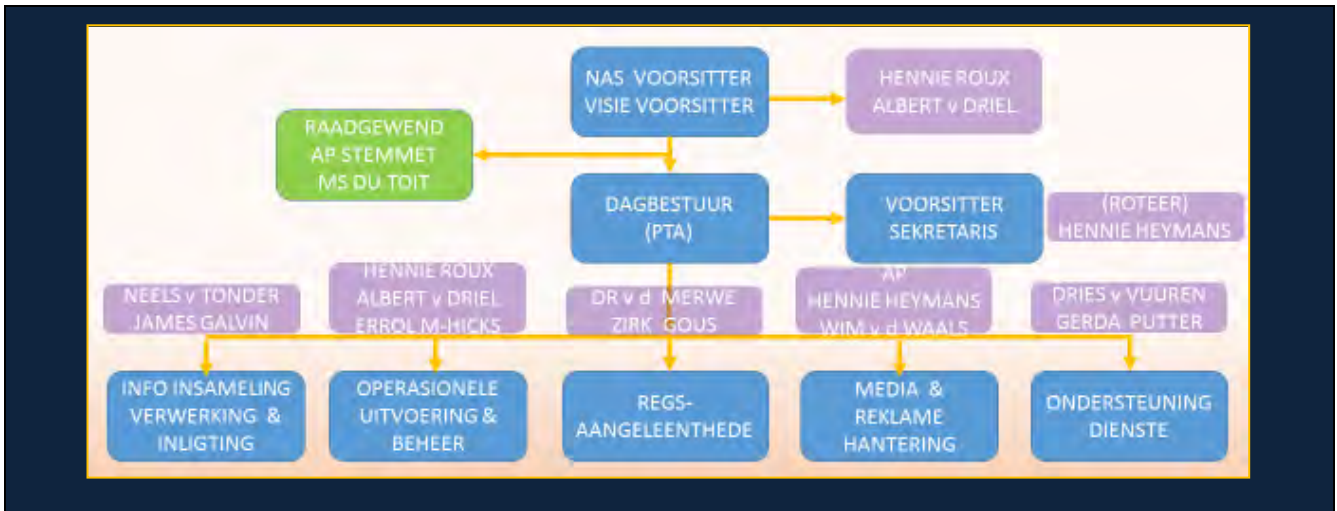
Ons vorder en sal ons waardigheid behou om ons pensioenfonds te help beskerm. Dit sal ons doen deur elke belegging te monitor en op te tree waar nodig.

Ek is seker dat ek ons groep in bekwame hande laat.

AP STEMMET

UITTREDENDE VOORSITTER

Organigram



So lyk ons organigram:

Nasionale voorsitter: Hennie Roux

Visevoorsitter: Albert van Driel

Die organisasie het vyf bene: Inligting, operasionele uitvoering, regsaaangeleenthede, media en ondersteuningsdienste en 'n dagbestuur.

PIC must disclose R44.58 billion secret investments – David Maynier

David Maynier | 06 October 2016

DA says corporation manages public funds on behalf of clients and should not be allowed to withhold information from Parliament

Secret investments valued at R44.58 billion must be disclosed by the PIC

6 October 2016

Today, I wrote to the Chief Executive Officer of the Public Investment Corporation, Dr Dan Matjila, requesting him to provide detailed information about secret investments, under the management of the Public Investment Corporation, valued at R44.58 billion, to the Standing Committee on Finance before 18 October 2016.

I first put the Public Investment Corporation under pressure to disclose detailed information about secret investments, currently valued at R44.58 billion, in its “unlisted portfolio” at a heated meeting of the Standing Committee on Finance on 10 May 2016 in Parliament.

I subsequently wrote to Dr. Dan Matjila, requesting detailed information about the secret investments and received a reply on 24 June 2016 giving the assurance that, subject to legal advice, a response was being compiled, and which stated:

“At the outset please allow me the opportunity to assure you that it is neither the PIC’s intention to deliberately delay the process of availing the requested information nor is it our intention to hide information from Parliamentary scrutiny.”

We have now waited long enough: the Public Investment Corporation needs to get on with it and provide detailed information on secret investments in its R44.58 billion “unlisted portfolio” before they appear before the Standing Committee on Finance on 18 October 2016 in Parliament.

The fact is the Public Investment Corporation manages public funds on behalf of clients, including most importantly the Government Employees Pension Fund, and should not be allowed to withhold information about any investments from Parliament.

Issued by David Maynier, DA Shadow Minister of Finance, 6 October 2016

http://www.politicsweb.co.za/politics/pic-must-disclose-r4458-billion-secret-investments?utm_source=Politicsweb+Daily+Headlines&utm_campaign=fba2b09b07-DHN_7_Oct_2016&utm_medium=email&utm_term=0_a86f25db99-fba2b09b07-130042309
afgelaai op 7 Oktober 2016.

Nota: PIC is die Public Investment Corporation of te wel die Openbare Beleggings Korporasie (OBK). Ons dank aan mnr. Maynier wat die saak te berde gebring het. Volgehoue politieke druk is hierdie verband is noodsaaklik. Die GEPF en die PIC moet weet ons wil nie “baklei” nie, maar ons hou hulle dop. Intussen is dit ’n wen-wen situasie so ver dit die GEPF aangaan want almal wen behalwe die pensioentrekker. Dis tyd dat ons ook ’n

Die Vraagstuk rondom die Openbarebeleggingskorporasie (OBK/PIC) en die Staatsdienswerknemerspensioenfonds (GEPF): Ontwikkelingsbeleggingsbeleid en -praktyk: Errol Massey-Hicks en Albert van Driel



Links: Errol Massey-Hicks en bo Albert van Driel

1. **Oorweging.** Die Staatsdienswerknemerspensioenfonds (hierna verwys as “GEPF”) verskaf 88.8 % (in 2015) van die fondse wat deur die Openbare Beleggingskorporasie

(OBK) bestuur word. Die GEPF Moniteringsgroep het dus 'n ondersoek geloods na die beleggingsaktiwiteite van die OBK. Dit is gedoen aan die hand van die 2015 en 2016 OBK se Geïntegreerde Verslae. Kyk asb na **Dokument I** om die toepassing van Code for Responsible Investment in South Africa (CRISA) mbt GEPF-beleggings beter te verstaan.

2. **Oorsig.** Die stellings wat gebruik word tydens die ondersoek is woordeliks bevat in die Openbare Beleggingskorporasie (OBK) se Geïntegreerde Verslae van 2015 en 2016 en spesifiek die Beleggingsverslag daarin. Gevolgtrekkings is bloot gebaseer op genoemde stellings. Die GEPF - en OBK wette is ook geraadpleeg.

SAMEVATTING VAN KWESSIES UIT DIE BELEGGINGSVERSLAG [Tersaaklike Verduidelikings/Voorbeelde ingesluit in Tabele aan die einde van die Dokument]

DEURSIGTIGHEID IN DIE OBK-BELEGGINGSVERSLAG

3. 'n Gebrek aan detail bemoeilik die taak om die wenslikheid al dan nie van beleggings behoorlik te bepaal. Daar word byvoorbeeld verwys na 'n sekere aantal projekte, strategiese vennote en gemeenskappe sonder dat enige name genoem word. (**Dokument A**). Grafiese voorstellings bevat maar min informasie oor geldwaardes van portefeuljes en spesifieke beleggings. (**Tabel B**). Die gevolg is dat slegs algemene gevolgtrekkings van data beskikbaar gemaak kan word.

4. Mnr. Maynier het reeds relevante kwessies van deursigtigheid en toesig aangespreek tydens die OBK se verskyning voor die Finansiële Komitee in April vanjaar. Hy ondersoek steeds die twisappel van geheime beleggings (ongenoteerde portefeulje) soos aangedui in **Dokument C**.

WETTE

5. Terwyl heelwat wysigings aan die GEPF wet gemaak is, het die oorspronklike doel daarvan nie verander nie. Dit wil sê, die GEPF moet tot die voordeel van sy lede en hul afhanklikes bedryf word.

6. Die OBK wet het aanvanklik aan die OBK die mandaat gegee tot “**investment which promotes Social Responsibility and Infrastructure Development**”. Sodanige beleggings was egter beperk tot **3.5%** van beskikbare fondse. In opvolgende wysigings van die wet is artikels oor beleggings so verbreed dat amper enige interpretasies daaraan geheg kan word. Die oënskynlike resultaat hiervan is 'n oorbeklemtoning van die OBK se “Ontwikkelingsmandaat”. (**Dokument D**)

GEPF

7. Die GEPF as die grootste bydraer tot OBK-befondsing is ook die grootste risiko-draer in Rand-waarde wat betref omstrede besluite deur die OBK. Verkeerde persepsies bestaan klaarblyklik oor die fonds as sou dit 'n “sosiale fonds” wees! Ook word dit blykbaar as 'n regeringsfonds gesien. [**Sien die laaste paragraaf in Dokument C**]. Die volgende stellings in die oorsig oor “Ontwikkelingsbeleggings” uit die OBK- verslag is kommer-

wekkend: **“The GEPF continues to set an example for other investors in South Africa and globally.”** Het dit nou die GEPF en die OBK se hoofdoel geword?

8. Onder die opskrif “Isibaya Fund” (die sogenaamde “Development Fund”). “The PIC has obtained mandates from GEPF, UIF and CC to invest in developmental projects with the objective to earn above inflation returns, whilst impacting positively on the lives of South Africans and those in the rest of the African continent. The allocation in respect of these mandates range between 10% and 15% of the respective clients’ Assets under Management (AuM). PIC clients have committed nearly R39 billion from these allocations for investments.” GEPF bydraes volgens wet was oorspronklik 3.5%. Die beperking is nou weggeneem. Daarna het die bydraes geklim van 5% na 10% en nou word 15% al genoem. Al groter happe uit die GEPF. (15% van bates onder GEPF beheer is volgens 2015 syfers ’n bedrag van omtrent R 240 Biljoen!)

OBK

9. Die OBK se algemene benadering tot beleggings, soos dit uit die verslag afgelei kan word, wek rede tot kommer, veral wat die effek daarvan kan wees op die welstand van die GEPF.¹

10. Filosofie en Strategie. Die volgende stellings wek kommer:

- a. **“The PIC is a long-term investor. Our investment strategy is designed to take into consideration a long-term view of the macro environment. The PIC’s main investment objectives are to achieve strong long-term capital returns above clients’ benchmarks. This is supported by robust risk management, while contributing to the broader social and economic development of South Africa and the rest of Africa”** Is daar ’n besluitnemingsproses waarvolgens besluit kan word dat ’n lang termyn belegging nie die nodige opbrengs lewer nie voordat dit te laat is. Wat beteken **“robust risk management”**? Nog ’n verwysing na die bydrae tot maatskaplike en ekonomiese ontwikkeling, nie net ten opsigte van Suid-Afrika nie, maar sommer Afrika! Is dit die taak van die OBK? [Verwys na **dokument H** mbt die konflik tussen verantwoordelike- en ontwikkelingsbeleggings, en die wyse waarop dit in die praktyk geartikuleer kan word tot ’n algehele onaanvaarbare vlak.]
- b. **“In South Africa, the PIC and GEPF have pioneered in many non-traditional investment avenues, which the private sector has historically found too risky to contemplate.”** Getuig dit van ’n sinvolle benadering tot beleggings?

11. Die OBK neem die Regering se rol oor mbt die onderskraging van staatsinstellings soos ESKOM en die SAL, asook munisipaliteite. In die huidige ekonomiese klimaat en gegee die haglike toestand waarin die meeste staatskorporasies (State Owned Enterprises – SOE’s) hulle bevind, word die voordele hiervan betwyfel. (**Dokument F**)

¹ Die onderskeie wette van toepassing bv die 1996 GEPF-wet soos gewysig en die OBK-wet soos gewysig skep ’n toestand van inkongruensie mbt die benadering of filosofie van beleggings.

12. Dit lyk of daar 'n groot klemverskuiwing is van beleggings na die sogenaamde ontwikkelingsportefeulje. Die fokus is op Maatskaplike en Opheffings-verpligtinge. Meeste van die ander portefeuljes bevat ook verwysings na die twee aspekte. Oorbodige klem hierop kan aanleiding gee tot ondeurdagte beleggings en selfs beleggings met 'n politieke kleur. Die OBK het onlangs sommer blatant erken dat die lenings en beleggings in "Independent Media" is vir 'n "Swart Naspers". Ook was die "lening" aan die Tshwane Munisipaliteit "vir die uitsluitlike hulp aan swart ondernemings en -sakemanne".
(Dokument G)

13. Geoordeel uit stellings in die OBK se verslae is daar 'n ongesonde fokus op beleggings in maatskaplike opheffing. In die huidige ekonomiese en politieke klimaat kan omstrede beleggings in opvoeding, gesondheid en ekonomiese behuising nie bevredigende opbrengste tot gevolg hê nie. (Verwys asseblief na **Dokument A** en diagram **Unlisted Investments in Tabel B**)

DOKUMENT A: Voorbeelde van Gebrek aan Detail en Klem op Sosiale Beleggings

Oorsig oor "Ontwikkelingsbeleggings".

"Sharing of research, project development and co-investments. During the year, the PIC was able to bring strategic partners to co-fund developmental projects to the value of R3.3 billion and currently, there is approximately R1.4 billion of co-funding with these strategic partners". Die noodsaaklikheid van die beleggings kan net beoordeel word indien voldoende besonderhede beskikbaar sou wees!

Social Infrastructure.

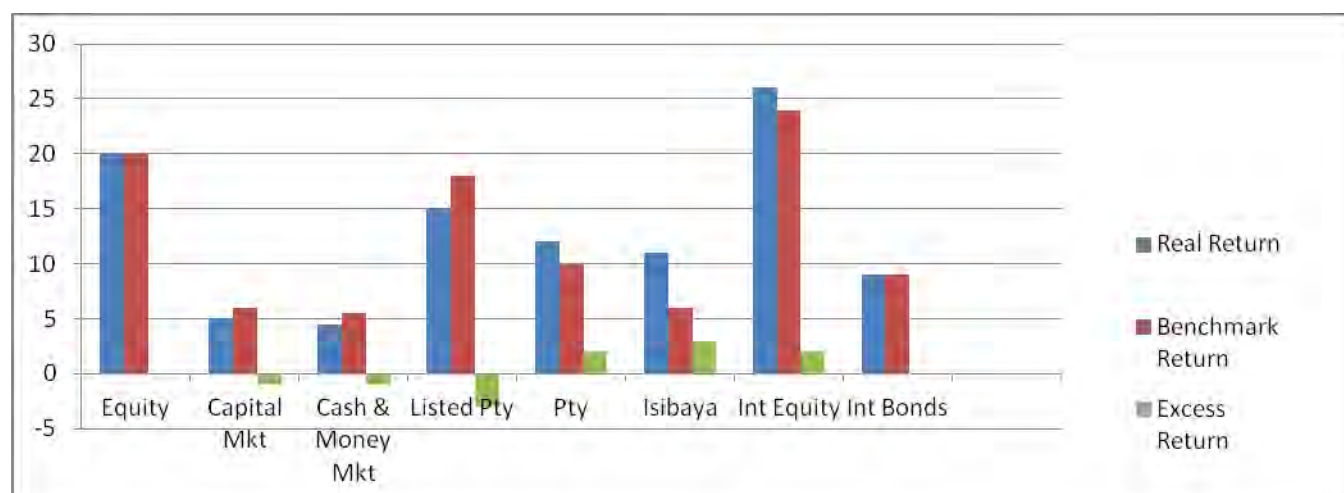
"During the financial year, the PIC made commitments to projects totalling R5.7 billion in affordable housing, education and healthcare. A specific fund, focusing on healthcare, was established with a committed capital of R1.1 billion. An investment of R105 million, in a project with a total cost of caR650 million, was approved during the year. This project entails the construction of a 220 bed hospital in the East Rand. The majority of the funding was leveraged from the private sector." Weereens onvoldoende detail om die noodsaaklikheid daarvan te beoordeel.

"The PIC, in partnership with a mining house, approved an investment of R2.2 billion in a housing project that will result in approximately 3 000 houses being made available to mineworkers. This investment will provide a springboard for the development of a shopping mall, a school and a clinic in this community." Weereens onvoldoende informasie.

The PIC invested R228 million in a leading provider of study loans. More than 90% of the beneficiaries of the loans are civil servants or their dependents. The PIC also approved funding of R800 million for the acquisition of the country's largest provider of student accommodation. This is intended to be used as a platform for further investments, at scale, in student accommodation".

Hierdie is hoë risiko beleggings waar instandhoudingskoste 'n nagmerrie kan word.

TABEL B: Voorbeelde van gebrek aan detail in Diagramme en Grafieke



Slegs persentasies word aangedui. Geen aanduiding van bedrae nie.

TABEL B (Vervolg)

Die portefeulje van “**Unlisted Investments**” veral, bevat nie veelseggende informasie nie.

Unlisted Investments								
Developmental Investments					Private Equity		Properties	
Economic Infrastructure Sector Focus	Social Infrastructure Sector Focus	Priority Sector Investments Sector Focus	SMME Sector Focus	Environment & Sustainability Sector Focus	South Africa Sector Focus	Africa Sector focus	South Africa Sector Focus	Africa Sector Focus
<ul style="list-style-type: none"> • Roads • Rail, transport and logistics • Energy • Ports (air, sea, rail) 	1. Affordable housing Health Education	<ul style="list-style-type: none"> • Agriculture, agroprocessing • Manufacturing and beneficiation • Tourism 	SMMEs across all sectors	<ul style="list-style-type: none"> • Renewable energy • Clean technology • Green buildings • Sustainable environments 	2. Across all sectors with a focus on transformation	<ul style="list-style-type: none"> • Consumer driven sectors, other sectors will be viewed opportunistically 	<ul style="list-style-type: none"> • Retail • Industrial • Offices 	<ul style="list-style-type: none"> • Retail • Industrial • Offices
1. Is dit ‘n gesonde area vir belegging, veral in RSA? 2. Weer hoofsaaklik swart bemagtiging								

DOKUMENT C: OBK voor Finansiële Komitee

[Ek verwys na die volgende aspekte genoem in die artikel “FM - Print Article <http://www.financialmail.co.za/moneyinvesting/20...> 1 of 3 04/28/2016 06:57 AM]

What's inside the PIC's R540bn black box? Apr 28, 2016 | Ann Crotty

The focus shifted to whether the PIC was playing open cards with **what exactly lies inside a R540bn black box of "unlisted and offshore investments"**. It's an important issue,

considering that **30% of the PIC's entire R1.85 trillion investment portfolio lies in these unlisted firms**, of which there is scant public detail. There are a number of "questionable" investments in that group, two of which came under scrutiny: **the PIC's investment in Iqbal Survé's Independent Media, and its investment in a company called Opiconsivia.**

Though Matjila promised to provide a written account to the committee on those investments, Maynier didn't appear much comforted. **He said the elephant in the room was "the possibility [that] investment decisions are politically motivated."** Presumably to test this, **Maynier has called for the PIC to deliver key documents to the committee, including its strategic intent statement and the policy, philosophy and strategy of its investment policy.**

Perhaps more trouble will be Maynier's demand that the PIC provide the names, as well as valuations, of all the investments in its unlisted portfolio.

Unravelling this helix of where the PIC's money is actually invested is almost impossible, considering that the report says only that "the objective of this portfolio is to earn good financial returns whilst supporting positive, long-term economic, social and environmental goals. Those investments, it says, are geared towards job "facilitation", black empowerment and transformation.

After the meeting, Maynier told the Financial Mail he was still deeply concerned about the lack of oversight of what he described as national treasury's most important institution. "The PIC has not been subjected to any significant oversight. It seems to have lots of discretion to interpret its mandate," said Maynier. It's an important issue, he argues, because investment decisions are meant to be taken to benefit the fund's 1.3m pension fund members — not the ruling ANC.

EFF demanded details about the PIC's developmental mandates. How much money was in the Isibaya Fund, for example, and how closely were the companies in which it invests monitored? "A few million here, a few million there" but no details, he said.

But the ANC also had a few bones to pick with Matjila.

This time, the PIC's portfolio of listed investments came under the spotlight.

Why, asked the ANC's Makhosi Khoza, had the PIC increased its exposure to African Bank from R9bn to R29bn? As is now common knowledge, the PIC now owns 25% of the "new" African Bank. Matjila defended this decision, saying African Bank was an important "systemic bank" that had required concerted action by a group of investors to try to save it. "It was a lesson learnt," he said.

Matjila's organisation came under similar heat for putting more money into **Lonmin** in the platinum miner's recent rights issue. Shivambu said that in the absence of any improvement in the platinum price, this smacked of a political rather than an economic decision. Matjila acknowledged the Lonmin investment was "a bit controversial", but he argued that the PIC had saved jobs and earned money on the issue. For those corporate boards that have found themselves on the wrong end of the PIC's governance scrutiny, there would have been a degree of Schadenfreude at the grilling Matjila received. But as much as the bid to scrutinise the contents of the PIC's "black box" is necessary, it might be that Matjila and his team will never be able to satisfy the often competing demands from parliament.

Everyone, it seems, wants a slice of the PIC.

Some MPs, for example, want the state-owned pension manager to adopt more of a "transformational" strategy, with less of a focus on supporting "white monopoly capital".

Others argue against it, saying investing for "transformation" is akin to making political decisions, which will only further cronyism. For them, investing in companies offering the highest returns is the only acceptable criterion.

But there is one thing on which everyone agrees: better disclosure and accountability”]

DOKUMENT D: OBK Wet

[DIE OBK WET

1984 SOOS GEWYSIG 1998:

“(a) Subject to the provisions of subsections (2), (3), (4), (5) and (6), the commissioners shall invest every deposit or portions of a deposit, regard being had to the period, if any, after the expiration of which such a deposit or portions of such a deposit may again become necessary for use, on behalf of the depositor concerned in any or all of the following stock, bonds, debentures, securities, [or] financial instruments or other investments, namely—; any investment which promotes social responsibility and infrastructure development: Provided that the amounts of money so invested shall not exceed 3,5 per cent of the value of the assets as reflected from time to time in the audited financial statements of the commissioners.

WET 23 VAN 2004 –

“Investment of deposits

10. (1) The corporation may invest every deposit or portions of a deposit, with regard to the period, if any, after the expiration of which such a deposit or portions of such a deposit may again become necessary for use, on behalf of the depositor concerned in accordance with the investment policy of the corporation.

(2) The board must adopt an investment strategy with guidelines to regulate the investment of deposits and other money referred to in section 11

11. Amounts of money other than deposits

11. (1) The Minister may, if it is in the public interest, authorise generally or in respect of a particular case any person or body receiving or holding within or outside the Republic amounts of money other than deposits to pay those amounts of money or portions thereof to the corporation for investment as if those amounts of money were deposits.

(2) The corporation may receive for investment amounts of money other than deposits and those amounts contemplated in subsection (1).

17. The Public Investment Commissioners Act, 1984 (Act No. 45 of 1984), is hereby repealed.”]

TABEL E

Strategic Asset Allocation percentages for IPS

Asset	Minimum	Strategic Allocation %	Maximum
Domestic equities	45%	50%	55%
Domestic property	2%	5%	8%
Domestic bonds	22%	31%	40%
Cash/money market Instruments	0%	4%	8%
Foreign equities	1%	3%	5%
Foreign bonds	0%	2%	4%
Africa (excluding South Africa)	0%	5%	5%
Total		100%	

DOKUMENT F: OBK Betrokkenheid by Staatsinstellings (Detail bly skraps!)

Strategic Partnerships

(Interalia)

Partnership with IDC, DBSA and Land Bank. The PIC is in the process of advancing R5 billion to DBSA, **towards municipalities' infrastructure financing**; and; **discussions with ESKOM to find a solution to the current electricity problems in the country.**

Fixed Income Overview.

Despite credit spreads widening and the domestic credit market sentiment remaining negative, the PIC continued to support SOEs' funding mainly through their regular bond auctions.

Unlisted Investments

The objective of this portfolio is to earn good financial returns whilst supporting positive, long-term economic, social and environmental outcomes. **The investments within this portfolio are geared towards responding to the key Government objectives such as the National Development Plan (NDP), job facilitation, Broad-Based Black Economic Empowerment (BBBEE), transformation, as well as a drive towards a green economy.**

Economic Infrastructure

During the year under review, **commitments were made in the energy sector totaling caR660 million**. Given the current energy crisis in the country, the focus, during the year was to develop a pipeline of energy projects for approval and implementation in the forthcoming financial year. **The PIC seeks a specific commitment under its client mandates to take the lead in developing energy projects in the Department of Energy's (DoE) base-load programme**. This, together with its investment in renewable energy, will enhance the country's energy capacity that forms the backbone for economic development.

DOKUMENT G

Developmental Investment Profile

The PIC's developmental investment strategy is informed by its clients' developmental investment policy, which is underpinned by the following principles:

- Investments should be made in partnership with other asset managers and financial institutions – **this is in efforts to inculcate developmental investment practices and maximise capital investments in various sectors;**
- Investments must be made in projects that will yield satisfactory financial returns in the long term; and
- The investments must contribute positively towards the **development of the South African economy and improvement of the livelihoods of South African citizens and those in the rest of the African continent. The areas of job creation, poverty alleviation and reduction of inequality, are of particular importance.**

DOKUMENT H

PRINCIPLES FOR RESPONSIBLE INVESTMENT(RI)

1. CRISA (SA approach) both in IPS and Sithole letter the GEPI and PIC is bent on interpreting the ESG Equation, as if Developmental Invest (DI) Policy is synonym to RI. The GEPI and PIC are erroneously approaching the ESG formula and RI from a "bottoms-up" approach, in the sense that "Previously Disadvantaged Beneficiaries "must above-all" be on the receiving end. RI should "first and foremost" benefit the investors and its stakeholders ("top-down approach") [Die OBK poog om die ESG-formule te verabsolueer tot hoofsaaklik Ontwikkelingsbeleggings.]

2. The aforementioned approach and philosophy is contrary to :

2.1 Mandate from GEPI to PIC

2.2 GEPI 1996 Law and Rules

2.3 The Investment Policy Statement

2.4 The Spirit and Principles in PF130

2.5 Fiduciary due diligent Risk Management at PIC

2.6 Guiding Policy Statements by both Mr Pravin Gordhan MP(Min of Finance), and Mr Jonas, MP (Dep Min of Finance) in Parliament during the course of 2016.

3. Given the abovementioned discrepancies, one cannot ignore the flickering of red lights, with the ignorance at PIC, related to Rules and Regulations; having resulted in only 2.4% growth in Assets during 2015/2016 Financial year.

(Analysis and Conclusions formulated by Albert van Driel)

DOKUMENT I

INVESTMENT POLICY STATEMENT (IPS)

(GEPF & PIC Document)

Code for Responsible Investments in South Africa (CRISA)

One of the IPS objectives is extra-financial information, company-specific characteristics (ESG):

- Environmental policy;
- Social policy in a wider sense; and
- Governance and ethics.

With establishment of portfolios, core-satellite approach followed.

Inter alia developmental investment policy: 4-5 pillars, viz

- Economic infrastructure;
- Social infrastructure;
- Sustainable future (Green Economy);
- Job creation (BEE); and
- Property (directly or indirectly) and listed or unlisted.

GEPF Trustees follow a multi-manager approach

Asset-liability Modelling (information relates to remarks in Document H)

(Reserve funds to protect it against a deficit)

Fund should maintain valuation assumptions:

- Real return of 4.5% on assets backing pension liabilities, and
- 5.5% on assets backing active member liabilities.

Relationship with PIC

Trustees have strong powers, iro breaches of mandate by PIC

Trustees authorise PIC vide mandates and risk parameters to:

- Manage passive core –portfolios;
- Exercise multi-manager function;
- Manage Isibaya Fund; and
- Other unlisted mandates

(Note: By implication the IPS articulates various contradictions related to Responsible Investments *vis-à-vis* a Developmental Investment Policy, thus having an over-application of investments in sectors that bear greater risks e.g. unlisted investments.)

OBK Belegging in die Kruger Wildtuin

Uit die Laeveld het ons die volgende e-pos ontvang:

Dagsê manne,

Ek vertrou dit gaan goed. Ek het na 'n lang gespook al die dokumente betreffende die Malelane Tent Camp in die Krugerwildtuin ontvang.

In die *Final Basic Assessment* gedateer *Mei 2015* word die volgende gemeld, ek haal aan: "Koste van die projek +/- R297.000.000.

Verwagte jaarlikse inkomste: *R78.000.000 in the first year of operation increasing thereafter.*"

Hou asb in gedagte dat hierdie projek 240 beddens aanbied, maw R325.000 per bed per jaar.

Befondsing struktuur

- *13.5% held by Community Trust, financed by the Industrial Development Corporation (IDC) and the Public Investment Corporation Ltd. (PIC)*
- *20.0% by the BEE shareholder – Siyazi Management Consultants, owned by Senzo Tsabadze, funded mostly by internal resources, with assistance from the IDC.*
- *20% held by the operator Carlson Rezidor Hotels, which will be funded 50% by the shareholder, the Danish Fund for Developing Countries ("IFU") and 50% by AfriNord Bank Ltd, which has been formed to finance the expansion of Carlson Rezidor Hotels in Africa. The shares will be held by the Carlson Rezidor South African subsidiary, RHW Joint Venture Ltd.*
- *26.5% held by the promoters of MSRI, which comprises secprop 118 Investments (Pty) Ltd and Cradle of Mna Ltd.*
- *20.0% held by the Public Investment Corporation Ltd – with the objective of transferring these shares to the Community Trust in future.*

Ek hoop hierdie inligting is vir julle van nut.

Groete

Naam weerhou.²

A list of State Owned Enterprises (SOE's): Funding provided by GEPF

Another worrying aspect is the funding provided by the GEPF to so-called SOE's. Here you can see how investments were made in so-called SOE's.

1	SANRAL	R15.13Bn
2.	Eskom	R89.00Bn
3.	Trans-Caledon Tunnel Authority	R 19.00Bn
4.	Land Bank	R10.00Bn
5.	Transnet	R26.00Bn
6.	ACSA	R 3 Bn
7.	Development Bank of Southern Africa	R16Bn
8.	National Development Corporation (NDC)	R8. 00Bn
	Total	R186.113 Bn Note: Equal to 9.6% of total Investment Funding

Are these investments made with the best interest of pensioners in mind? We do not think so.

Argief: Mnr. Maynier van die DA

Alhoewel die "nuus" hieronder 'n bietjie oud is, dui dit tog op kontrole en oorsig wat die DA in die parlement uitvoer. Vir ons as lede staatsdienswerknemerspensioenfonds is dit 'n riem oonder die hart wanneer ons belange deur die politici onder die loep geneem word.³

PIC faces new transparency challenge by DA

By Carol Paton, 17 May 2016, 14:03

² Ontvang via AP Stemmet.

³ Die redaksie voel dis nodig om ter saaklike dokumente te bekom, kennis daarvan te neem en vir latere gebruik te liasseer in ons tydskrifte wat somer as argief ook kan dien.



David Maynier. Picture: Trevor Samson



Mcebisi Jonas. Picture: The Herald

The Public Investment Corporation (PIC), which invests R1.8-trillion on behalf of government pension and social security funds, is facing a mounting challenge for greater transparency over its dealings, with a new bid by DA MP David Maynier to gain sight of the Strategic Statement of Intent issued to it by the finance ministry, which he says has never before been made public.

The PIC is by far the most influential player in the economy owning the equivalent of about 12% of the JSE in its listed equities portfolio.

However, large areas of the PIC's activities are opaque: 30% of its portfolio is in unlisted investments, details of which the PIC until last week said it could not disclose for reasons of confidentiality.

Apart from earning a return for pensioners, the PIC is also mandated by its board to play a developmental role, which promotes employment and development. It is increasingly frequently a port of call for black entrepreneurs seeking to fund empowerment transactions.

In September 2014, under the PIC Act, former finance minister Nhlanhla Nene issued the first ever Strategic Statement of Intent, with a view to focus and align its investment activities with developmental objectives.

Maynier says he has requested sight of the document, but it has not been presented. He has now made an application under the Promotion of Access to Information Act for the document to be made public.

Last week, Maynier scored a significant blow for transparency when the chairman of the PIC, Deputy Finance Minister Mcebisi Jonas told Parliament's standing committee on finance that the PIC would make a record of its unlisted investments available.

Maynier has since written to Jonas to confirm the undertaking, requesting that the entity name, number and directors be disclosed as well as the investment rationale, the current valuation and the date of the investment.

<http://www.bdlive.co.za/companies/2016/05/17/pic-faces-new-transparency-challenge-by-da> - ingestuur deur Errol Massey-Hicks en afgelaai op 11 Oktober 2016

Anglo Boer War: Stock Exchange: St Helena



An interesting and historic photo of the Stock Exchange building, Pannekoek Street, Deadwood, St Helena taken during the Anglo Boer War. It seems that they were making money! What did the Boers and Brits know about the stock exchange then, that we do not know now?

Africa's Biggest Money Manager Grows at Slowest Pace in 7 Years

Renee Bonorchis Reneebon

October 4, 2016 — 11:01 AM SAST

The Public Investment Corp.'s growth in assets under management fell to the lowest pace in seven years after equity markets dropped and South Africa's economy slowed to levels not seen since the 2009 recession.

Assets increased by 2.4 percent to 1.85 trillion rand (\$136 billion) in the 12 months ended March 31 from 1.81 trillion rand a year earlier, the Pretoria-based PIC, which manages the bulk of South Africa's government employees' pension money, said in its annual report on

its website. Annual absolute growth of assets under management was about 43 billion rand, while net income rose 28 percent to 424.2 million rand, the PIC said.



The PIC's portfolio includes more than 12.5 percent of the equity on the Johannesburg Stock Exchange, more than 42 percent of all government bonds and 50 percent of the debt sold by state-owned enterprises. An index of South African rand-denominated bonds lost 0.8 percent over the period, while the FTSE/JSE Africa All Share Index rose 0.1 percent, with only 68 of the benchmark's 162 securities showing gains in the 12 months. South Africa's economic growth slowed to 1.3 percent in 2015 and is expected to expand 0.4 percent this year, according to the central bank.

"Key risks to the domestic growth outlook are structural constraints, electricity supply, the persistence of domestic drought conditions on the agriculture sector and the broader labor market, a more significant slowdown in China and a credit-ratings downgrade to junk," PIC Chief Executive Officer Dan Matjila said in the annual report. "There is no doubt that we are experiencing difficult times and the road ahead will not be easy."

Matjila was paid 10.67 million rand for fiscal 2016, according to the annual report. That was a 1.8 percent increase on his pay a year earlier, when it totaled 10.48 million rand.

"To grow and meaningfully transform the economy, the investment community, both asset managers and asset owners, must ensure that they invest in line with a long-term sustainable investment strategy," Finance Minister Pravin Gordhan said in the same annual report. "The focus can no longer be on short-term portfolio benchmarks; it must shift to sustainable returns over the longer term."

<http://www.bloomberg.com/news/articles/2016-10-04/africa-s-biggest-money-manager-grows-at-slowest-pace-in-7-years> afgelaai op 11 Oktober 2016.

Tribunal gives PIC merger a green light

BUSINESS NEWS / 3 October 2016, 07:25am / **Siseko Njobeni**

Johannesburg - The Competition Tribunal on Friday approved a large merger in which the Public Investment Corporation (PIC) and Business Venture Investments acquired Sub-Saharan Industrial Holdings (SSIH), a company that provides transport and logistics services in the road and rail sectors.

The deal will see Business Venture and PIC, Africa's largest fund manager; acquire a 75 percent shareholding in SSIH. Post-merger, PIC will have a 10 percent interest in the company, while Business Venture will acquire 65 percent.

The companies did not disclose the value of the transaction, saying it was confidential.

In a statement read by its representative during the brief public hearing on Friday, the commission said the tribunal should approve the transaction without conditions. It said the deal was unlikely to prevent or lessen competition. There was no overlap in the activities of the merging companies, the commission added.

The PIC represents the Government Employees Pension Fund (GEPF), which, according to its website, invests in four main asset classes - equities, fixed income, properties and the Isibaya Fund. The Isibaya Fund invests in black economic empowerment and infrastructure development projects.

The commission said the GEPF had an investment in a transport and logistics company called RTT Holdings.

In a statement shortly after the hearing on the transaction yesterday, the tribunal said: "While PIC has a holding in RTT, which provides courier services, the Competition Commission found that RTT's services were not substitutable for services provided by SSIH. SSIH is involved in the rebuilding, repairing and maintenance of rail equipment and the transportation of hot and cold asphalt for roads."

The companies have not made public the rationale of the transaction. Responding to tribunal chairman Norman Manoim, PIC's legal representatives confirmed that the rationale for the transaction was not confidential. Attempts to get comment from the PIC on Friday were unsuccessful.

Business Venture, which is a new company, is controlled by Banzai Trade and Invest 17 and the PIC. According to the tribunal's statement, Protus Sokhela Trust controls Banzai.

The companies did not disclose the value of the transaction, saying it was confidential.

<http://www.iol.co.za/business/news/tribunal-gives-pic-merger-a-green-light-2075210>

(Ingestuur deur Philip Malherbe en afgelaai op 11 Oktober 2016.)

Aktiwiteite: Die Vise-voorsitter

Ons bestuurslede is almal vreeslike besige mense. Ons het besluit om die visie-voorsitter te nader en hom te vra wat hom so besig hou? Hier volg sy antwoord:

Hallo Hennie,

Poog om sommer gou 'n antwoord te verskaf.

Ons moes veral twee komplekse dokumente vir die Moniteringsgroep se vergadering (20/21 September 2016) gereed kry. Maar veral vir die GEPF moes ons heelwat vroeër die nuwe en opgedateerde Vraelys tov van kommerwekkende transaksies, by die GEPF Trustees indien. Lg. was per epos aan die Voorsitter en Trustees op Saterdag 3 September 2016 ingedien; omdat ons nie vinnig genoeg 'n erkenning van ontvangs vanaf GEPF gekry het nie, moes ek toe twee ongewone stappe neem, bv:

1. Die aflewering van 'n harde kopie aan die kantoor van dr. Mokatie (Voors), asook
2. Telefoniese kommunikasie met dr. Frans le Roux, by welke geleentheid hy my meegedeel het dat ons navrae op 'n baie bedrywige beplanningsfase by hulle aangekom het. Hul het egter onderneem om so spoedig moontlik te reageer, asook om aandag aan 'n ontmoeting tussen die Trustees en die Moniteringsgroep te reël.

Die ander komplekse dokument wat terselfdertyd saamgestel moes word was die Aanhangsel B wat verband gehou het met die oorspronklike lagte wat reeds in Februarie 2016 by die openbarebeskermer (OB) ingedien was. Lg. dokument het per abuis verlore geraak, en die vorige Nasionale Voorsitter onder wie se aandag dit gebring was, het toe die geleentheid gebruik om terselfdertyd ook die Aanhangsel B, by die OB in te dien; dit was ongeveer vroeg in September 2016.

Benewens die finale voorbereidings vir die Nasionale Konferensie, het ek toe 'n taamlik intensiewe en diplomatieuse oefening van stapel gestuur om op die internet te onderhandel vir 'n geskikte datum en tyd vir 'n vergadering met die GEPF se Trustees, wat voorlopig vir 27 Oktober 2016 bepaal is.

Groete

Albert van Driel

Slot

Uit die voorafgaande kan lesers aflei dat die Moniteringsgroep op baie terreine beweeg ter beskerming van u pensioenfonds.

In die volgende uitgawe bespreek ons ook die gebrek aan reaksie op ons vrae.

Ons sal probeer om u in te lig oor die bepalings van die Republiek se Grondwet ten opsigte van goeie administrasie en die voldoening daaraan deur die OBK en GEPF al dan nie. Ook oor ons skakeling met die politici en ander personeelorganisasies.

Ons sal bly wees as u op Monitor wil reageer. Voldoen dit aan ons doelstelling om u in te lig? Ons wil graag weet?

Terloops ons erepresident is vanaf 21 November tot 28 November in die Suid-Kaap. Hy spreek op 26 November 2016 'n klub van pensioentrekkers toe in Hartenbos. Sy sellulêre nommer is [082 3209245](tel:0823209245).

Hennie Heymans
Redakteur

Nota. Ons groep se splinternuwe grondwet is beskikbaar by Andries van Vuuren (vandries@telkomsa.net) en dit is op aanvraag per epos beskikbaar.