



The Association for Monitoring and Advocacy of Government Pensions: An independent group of pensioners and civil servants concerned about the long term viability of the GEPF and sustainability of its return on investments.

www.amagp.co.za



NEWSLETTER NO 11 of 2018

AMAGP – Association for Monitoring and Advocacy of Government Pensions
BOT – Board of Trustees [of the GEPF]
FSCA – Financial Sector Conduct Authority [previously the FSB]
GEPF - Government Employees' Pension Fund
PEO – Primary Executive Officer
PIC – Public Investment Corporation
PSA – Public Servants' Association
ROI – return on investment
SC – state capture
SCF – Standing Committee on Finance
SCOPA - Standing Committee on Public Accounts
SOC – state owned company
SOE – state owned entities

There are 1 273 784 active members, 437 051 pensioners, and “R 1 67 trillion in assets under management”. GEPF Advertisement for a Government Employees Pension Ombud. Rapport 4 February 2018.

The Editor's Word

Eskom and SA. The Eskom saga is long from being over. If Eskom should fail it will

have huge consequences for South Africa, starting with downgrading creditworthiness in all spheres. Thus turning government's eyes to a ready source, the GEPF. The German loan to Eskom is a drop in the Eskom funding problem.

The draft PIC amendment bills still have to be discussed in parliament before they officially are bills. And thus don't represent anything except the intention for the PIC act to be amended. Don't get tied up in 'facts' about the draft bills as they are only drafts presently.

Bantu Holomisa's letter to the President about the PIC is creating massive indignation from those named in the letter. Any subsequent litigation will serve well to keep PIC dealings under the spotlight for longer and make lawyers richer. Let's agree to sit back and enjoy the squirming, posturing, excusing, and blaming that is going to be part of the litigation show. ☺

There is a gloom and doom article below. I caution you to distil what is important for you, such as proper financial planning, and not to believe in the imminent demise of South Africa as we know it. South Africa is still the best country in the world to live in!!

Editor

NOTICE

The AMAGP needs the contact details of influentials in your area. YES WE ARE TALKING TO YOU! Particularly members of parliament [national and provincial] contact details, so we can increase their awareness of what is happening to their GEPF and sensitise them to action! Send contact details directly to adamusp2602@gmail.com please. No comebacks please, we want the real person's contact details, not the secretary.

NEWS NEWS NEWS

The AMAGP commented on the draft PIC amendment bills; the comment as submitted to parliament is below for your information. The AMAGP comment isn't the only comments on the Bills, IIRC there are more than 40 submissions.

Public Investment Corporation Act Bills:
Comments by Association of Monitoring and Advocacy of Government Pensions (AMAGP)

1 Background

1.1 Two amendment bills were submitted to the Standing Committee on Finance on the Public Investment Corporation Act, 2004 (Act No 23 of 2004), namely one by the Committee itself and one by Mr Raynier. The two bills are basically the same with a few differences.

1.2 The Committee's bill inter alia makes provision for -

(a) inserting certain definitions i.e. GEPF;
(b) determining the composition of the Board of the Public Investment Corporation ("the PIC");

(c) the Minister to be the chairperson of the board and members of the board to be appointed by the Minister in consultation with Cabinet;

(d) specific representations on the board i.e. trade unions;

(e) directives regarding management of the Corporation to be tabled in the National Assembly and to be published;

(f) the PIC to consider certain things when exercising its powers;

(g) the PIC to publish and submit its report on all investments to the Minister for tabling;

(i) the PIC to submit its report together with the report of the Department;

(j) the procedure that the Minister must follow when making regulations and to table the regulations.

1.3 Mr Raynier must be congratulated for a very professionally drafted bill and helpful memorandum. He endeavoured to address the problems experienced with investments. The Committee tried to persuade him that his bill should be incorporated into the Committee's bill but he declined the offer.

His bill inter alia makes provision for -

(a) the appointment of board members with due regard of their experience, qualifications and good character as required by the FAIS Act;

(b) the appointment of 10 non-executive and 2 executive board members in consultation with the Cabinet;

(c) the National Assembly to advise Minister on the appointment of board members;

(d) 10 non-executives must consist of -

(i) the Department;

(ii) each major depositor; and

(iii) registered trade unions.

(e) reporting all investment deposits, listed as well as unlisted.

2. Differences between two bills

2.1 The Committee's bill differs from Mr Raynier's bill on the following matters:

(a) Clause 1 defines the Government Employees Pension Fund.

(b) Clause 2 specifies the factors that the Public Investment Corporation (PIC) must take into consideration when making investments;

it further makes provision for the financing of the purchase of "property by members of the GEPF" but does not define the word "property".

(c) Clause 3 provides that the Minister of Finance or his Deputy must be the chairperson of the board of directors of the PIC and for representation on the board by labour unions.

(d) Clause 4 provides that when investing in deposits on behalf of the depositor, investments in projects that will benefit the members of the respective depositors must be made.

3. Comments on the two bills

(a) It is not clear why the GEPF must be included in the bill. If so, then references should also be made of the other institutions that PIC makes investments for.

(b) By including the GEPF in the bill it gives statutory acknowledgment of the PIC as the GEPF's only broker to the exclusion of other brokers. The GEPF Law allows the GEPF to appoint any broker.

The AMAGP is in favour a tender process where more than one broker is appointed in order for them to compete with each other.

(c) No proper tender process was followed when the PIC was appointed.

(d) It is not clear why labour unions should be included on the board of PIC and should be deleted from the bill. They already represent members of their unions on the board of trustees of the GEPF.

The PSA is the only union that represents both members and pensioners on the GEPF. Should this provision be approved this factor should be kept in mind when appointments to the PIC board is made.

(e) The Committee's reasons for including trade unions on the PIC board is to ensure that investments made on behalf of the GEPF should be made to the benefit of many people and instances. The real reason, namely to benefit the fund, is not mentioned.

(f) It is essential that the PIC must report on unlisted investments. The PIC did not report such investments in its reports for the years 2015/6 and 2016/7. By not reporting on such investments may give rise to irregularities as were alleged by AMAGP and the press.

(g) It also appears that the GEPF and PIC makes their representations on their annual reports to the Committee at the same meeting which is undesirable. Committee member do not receive the information timeously in order to allow them to prepare properly for the debate which follows immediately after the representations have been made.

(h) The main aim of the bill is to vest more power in Parliament which is supported by the AMAGP.

(i) The assistance of public sector employees with financing who do not qualify for loans from the commercial banks is very broad.

This places a risk on the Fund. The question is whether government is going to guarantee such loans? Obviously not! This is also contradictory to sections 2(2) and (3) of the GEPF Law.

(j) The problem with investments lies with the GEPF by not properly managing the PIC's investments and by not monitoring

investments on an on-going basis and to take timeous steps to safeguard such investments which are at risk. The focus of the Committee should be directed at the GEPF and not so much on the PIC because the task of the PIC is to carry out the mandate given to it by the GEPF.

(k) The AMAGP commends the Committee for taking steps to safe guard the funds of the GEPF. Steps should now also be taken against the GEPF to safe guard the funds.

CHAIRPERSON
AMAGP

Synopsis

Management of Karan Beef could seek PIC finance to buy family-owned company

The managers of the continent's largest cattle feedlot is considering buying part or all of it from Ivor Karan

19 June 2018 Loni Prinsloo
Business Day



Ivor Karan, owner of Karan Beef, at his farm in Balfour, Mpumalanga. Picture: PUXLEY MAKGATHO

Karan Beef, the continent's largest cattle feedlot, is considering a management buyout that will value the company, based south of Johannesburg, at about R6bn, according to two people familiar with the matter.

The management of Karan Beef may approach the PIC, which manages pension funds of South African government workers, to help it with funding, said the people, who asked not to be identified because the information was not public. The managers were considering buying a part or all of the

business, depending on the finance available to them, the two sources said.

Founded by the Karan family on their farm in 1974 with fewer than 100 head of cattle, the company now owns a herd of about 150 000 and has also bought three adjoining farms, an abattoir and a nearby distribution centre, according to its website. Karan Beef is a closely held company and does not comment on market speculation, the company said.

It is still fully owned by Ivor Karan, one of the people said.

SA was the largest consumer of beef in sub-Saharan Africa in 2017 and the 14th biggest in the world, according to data compiled by the Organisation for Economic Co-operation and Development. SA's 55-million people consumed 869 400 tons of beef in 2017, which compares with 12-million tons in the US, the data show.

With Staff Writer

Comment

A good investment I think, the kind that should provide good ROI. Makes you think on the kind of business the PIC invests in/loans to, and that we indirectly 'own'.

Capitec, Nedbank and PIC on shortlist to buy Mercantile Bank The PIC is leading a consortium seeking to buy the lender.

Nqobile Dlodla, Reuters 18 June 2018



Eighteen non-binding offers were received for Mercantile Bank. Picture: Supplied

Mercantile Bank said on Monday that South Africa's Capitec Bank, Nedbank Group and a consortium including the state pension fund had been shortlisted among its potential buyers.

Mercantile said in a statement the PIC, Africa's largest asset manager, is leading a consortium seeking to buy the lender, which is owned by CGD, a Portuguese state-owned banking group.

A total of 18 non-binding offers were received for Mercantile, which specialises in serving

entrepreneurs, and the short-listed firms would conduct due diligence on the bank soon, the lender said.

Comment

PIC buy the bank? With its history of African Bank and VBS bank? Am I being pessimistic? However, the PIC probably has a sizable interest in Capitec and Nedbank, confounding my perception of who eventually owns who.

Synopsis

Holomisa pens explosive letter to Ramaphosa on fleecing of the PIC

Africa News Team 26 June 2018



UDM leader Bantu Holomisa. file photo: twitter

Dear Mr President

UNMASKING HARITH AND LEBASHE'S ALLEGED FLEECING OF THE PUBLIC INVESTMENT CORPORATION

1. I refer to the United Democratic Movement's (UDM) previous two letters addressed to you and dated 31 May and 8 June 2018 regarding possible corruption at the PIC that potentially could make the Gupta Family's alleged capture of state look like chump change.

2. As forewarned in those letters the iceberg of corruption is rising day-by-day as more is revealed around the alleged corruption aimed at fleecing the PIC of billions of rands. We have received another tip-off from a reliable source and, with a little scratch-work of our own; we herewith give you the information the UDM has uncovered of individuals and companies who might be kneedeep in the more than a decade's worth of pillaging the PIC.

3. The crux of the matter is that there is an allegation that Dr Dan Matjila, the current PIC CEO is – pardon the colloquialism – in bed with the Mr Tshepo Mahloele, Mr Jabu Moleketi and Mr Warren Wheatly. It is alleged that Dr Matjila uses his approval limit, of up to

R2 billion, to avoid having to get the board to approve deals. It is alleged that the PIC has thusly funded these gentlemen in the Capitec, EOH and Momentum MMI deals in one year!

3.1. The companies/firms/organisations that feature in this troublesome tale are:

- 4 Africa Exchange
- Aluwani Capital and Aluwani Capital Partners,
- Capitec,
- Coral Lagoon,
- EOH,
- Harith General Partners and Harith Fund Management Company,
- Lebashe Investment Group.
- Momentum MMI,
- PetraTouch,
- RainFin,
- Regiment Capital, and
- Tactical Software Systems (TSS).

Mr President, these companies and individuals all have link/s – past and present, directly or indirectly – with the PIC. It makes for uncomfortable reading when one considers the possibility of a very complicated and opaque scheme that will put at risk the GEPF.

4. We here below try to unravel a quite complex web, which is, as far as we are aware correct:

4.1. Mr Tshepo Mahloele had managed the PIC's Corporate Finance and Isibaya Fund Division. He also is one of the originators of Harith General Partners and now serves as its chief executive officer (CEO) and is also a director of Harith Fund Management Company. The PIC apparently owns 30% of Harith General Partners.

Mr Mahloele had managed the Pan-African Infrastructure Development Fund (PAIDF) during his tenure at the PIC, which was set-up by him and Mr Brian Molefe during the latter's time at the PIC. As far as we understand, PAIDF is now managed by Harith General Partners and Harith Fund Management Company.

Mr Mahloele is also a director of the online lending firm RainFin with a reported R100 million enterprise value. He has/had links with BEE consortium, PetraTouch. He is a director of the 4 Africa Exchange wherein Lebashe Investment Group reportedly has an "unspecified stake". Mr Mahloele had also

been a past non-executive Director of Capitec.

4.2. Former deputy finance minister, Mr Jabu Moleketi is Harith General Partners' board chairperson and serves as a director at RainFin. During his tenure as deputy minister of finance, he served as the board chairperson of the PIC. Mr Moleketi is the chairperson of Aluwani Capital Partners and a non-executive director for Aluwani Capital. He also is an independent non-executive director of MMI Holdings, which has links with Aluwani Capital, in which Lebashe is invested.

4.3. Mr Warren Wheatly is reportedly the founding principal and executive director of Lebashe and is a director at RainFin. He apparently started TSS Capital and serves/ed as its director, chief investment officer and CEO. Lebashe apparently owns TSS Capital. Mr Wheatly also serves/ed on the boards of PetraTouch and Aluwani Capital Partners.

4.4. The BEE consortium PetraTouch, led by Mr Mahloele, has become Capitec's largest empowerment shareholder, whilst RainFin loaned money to PetraTouch.

4.5. Coral Lagoon which was started with the help of the Industrial Development Corporation was the BEE partner of Capitec. Regiments Capital (which has links to the ANC) owns/owned 18% of Coral Lagoon.

4.6. Lebashe apparently owns 5,3% Capitec shares.

4.7. Listed business technology services group EOH embarked on a R3,2 billion a BEE deal with Lebashe. Of all these companies, Lebashe Investment Group is the opaquest, with absolutely no internet presence, aside from online articles about illustrious investment and BEE deals, with one source claiming that the group manages assets worth R8,5 billion. It is also reported that Lebashe owns 75% of RainFin. RainFin's blog does indeed mention that Lebashe is "led" by Messrs Moleketi, Wheatly and Mahloele.

5. The above reads like a spy novel with incomprehensible twists and turns, with only clues as to the real nature of the relationship between these companies and Messrs Mahloele, Moleketi and Wheatly. From the above information, one can, however, see that there is a complicated system at work to

apparently hide that the PIC is being fleeced at an astonishing pace.

6. There are several pertinent points to be made and questions to be answered Mr President, they are, but not limited to:

6.1. How was Harith formed using PIC monies and for what reason was it allowed (or predestined) that Mr Mahloele should automatically move from the PIC (Corporate Finance and Isibaya Fund) to Harith CEO? It does seem like a cushy arrangement.

6.2. At face value, there seems to be a concerted effort to hide, layer within layer, the relationships between the role-players and their past and present roles to the PIC.

6.3. Harith and Lebashe seem to be the same company dressed up differently, with the selfsame individuals at their helms, which seemingly serves as a twin portal to access PIC funds.

6.4. Of interest is the nature of the relationship between Lebashe and the PIC. Lebashe seems to be an unknown company that has no corporate identity, but it seemingly has access to PIC funds via the current CEO, Dr Matjila.

6.5. There is something seriously wrong where Lebashe is concerned. From our research, little is known about Lebashe and it must be established for whom do they managed R8,5 billion worth of assets.

6.6. Are companies, with seemingly legitimate business, not front companies for a select group of super rich people to syphon money from the PIC?

6.7. Did/does the PIC corporate machinery do due diligence when approving loans; in general, but in particular where the above-mentioned companies are/were concerned and are these loans serviced?

6.8. Is there any truth in that these seemingly "100% black-owned companies" (where at least one or more of the gentlemen are involved) are "window-dressing" for "white companies" to access funds from the PIC by playing the BEE card?

7. Mr President, instead of being a giant machinery that creates wealth opportunities for South Africans, it is clear that individuals

such as Messrs Mahloele, Matjila, Moleketi and Wheatly are at least double or triple dipping in the PIC's funds. In fact, one shudders to consider how many conduits they have at their disposal to sap PIC funds.

8. If there is a case to be made that Messrs Mahloele, Matjila, Moleketi and Wheatly are part of an elite, are there other individuals pulling the self-same tricks to make themselves extraordinarily rich at the expense of government employees.

9. Finally, Sir, what will happen if these disguised BEE deals that have been struck using the PIC's money fold? Just as in the case of VBS Mutual Bank, the money will evaporate into thin air and leave the government employees high and dry.

Stressing this point, I remind you of the section in the addendum of my 31 May 2018 letter that speaks to Steinhoff. Therein we talk about an entity led by Mr Jayendra Naidoo called Lancaster01, where R9,3 billion went down the drain in the name of BEE.

10. After having explained in this letter

- what we believe to be egregious abuses of the PIC,
- the points we made herein, the
- questions we asked, and
- considering the nauseating list of examples given in our 31 May letter, it is clear that, to coin a term, "PIC-gate" dwarfs the alleged state capture of the Gupta-family.

11. The UDM again and with urgency presses upon you the need that the terms of reference of the State Capture Inquiry should be broadened to investigate PIC-gate and that this should happen soon before the paper trail is shredded in dark back rooms.

We also reiterate our call that the Deputy Chief Justice Zondo's team includes forensic specialists to get to the bottom of this grand scheme of state capture.

In addition, we suggest that you issue a proclamation which would have the Financial Intelligence Services assist in the inquiry. This will enable the Inquiry to ascertain which companies, that have been successful in accessing PIC-funding, are legitimate BEE entities and which are fronts. It could also determine where the monies are invested, who owns those companies and/or if any

political party benefits from its association with such companies.

One of our regular contributors and very active participant in AMAGP sent this letter of support to Bantu Holomisa. Thank you Christo.

Good Day Hon. Holomisa

As a GEPF pensioner I cannot thank you enough for ventilating this matter in public.

There is truth in the saying: Sunshine is the best disinfectant.

However, in a South African context, this is unfortunately not enough. The spotlight of public attention has proven to be no deterrent to those implicated in the alleged misdeeds.

As can be seen by the responses to your letter, we have counterclaims, claims of innocence, threats of litigation.

I attach a Facebook link (below) where I found likeminded citizens and GEPF pensioners supporting your efforts, so please note that your efforts are sincerely appreciated.

All these things do not bring us one step closer to addressing the root cause of all this malfeasance and undesirable outcomes. People with influence and political connections are just getting bolder and more creative; they have a way with words, in the end workers will continue to suffer.

We are fiddling whilst Rome is burning.

The allegations of looting/misuse at the PIC have been going on, and ventilated in the media, for longer than three years already, YET it continues.

In my view it will continue, notwithstanding your recent best efforts in sharing the information in public. The people implicated have no shame and on face value no ethical or moral compass.

They will claim innocence even after a judge has ruled against them, described them as unreliable witnesses (polite speak for being called a liar). What is worse is that they will use our pensioners funds procured via dubious means, to appeal

decisions, postpone and delay matters. In the end justice is delayed and the pensioners basically funded this outcome. This is truly adding insult to injury.

These people cannot be reasoned with nor convinced of the error of their ways. They need to be processed in terms of our Constitution and the laws of the country without delay.

Your attempts to include this issue as part of the Zondo commission are admirable. I don't think the President will allow this. (For your sake I hope I am wrong).

If I may propose a ready for use Plan B.

As corruption is alleged, your letter should actually be taken to the SAP and charges pressed in terms of section 34 of the PREVENTION AND COMBATING OF CORRUPT ACTIVITIES ACT 12 OF 2004. Apart from reporting the PIC, you should actually report the GEPF Trustees for their continued failure to report the commonly known allegations of corruption in the first place. The people in authority at the GEPF surely cannot claim not to have read the newspapers nor your letters? The Act is crystal clear as to their responsibilities as the accountable party for the PENSION FUND.

The GEPF's silence and continued use of the PIC as asset manager, notwithstanding no public tender process as required by their own SCM policy, indicates there is collusion (cohesion?) on an enterprise level and as such, both entities may have a case to answer for this matter as well.

Private Pension funds faced with similar challenges would have already changed asset managers or be placed under curatorship. I know the GEPF does not fall under the FSB, but the principles remain the same.

In my view this is in fact the root cause of all the ills that befalls the Pension Fund ie. The Trustees that are supposed to be the Fullbacks and protect our Fund and be the guardian of workers' money is never actually properly called to account. Attention is always deflected to the PIC.

With your help and leadership, this can change.

When Cyril wavers, please take your own long walk down to the local police station to signal the end of corruption.

All the best.

Signed

Synopsis

Holomisa's claims of shady PIC dealings spurned

Three prominent businessmen at the centre of Bantu Holomisa's explosive accusations of peddling influence for PIC funds speak out.

Ray Mahlaka 28 June 2018

"Just because we are a black managed and owned business, there is an insinuation that we have done something wrong and we are corrupt." Tshepo Mahloele, CEO of infrastructure investor Harith General Partners, is fuming at the suggestion by UDM president Bantu Holomisa that he is one of three prominent businessmen who are allegedly benefitting from shady dealings at the PIC.

"We are being bullied to get out of investment opportunities," he tells Moneyweb. "There are commercial and political interests at play. It's malicious and defamatory to accuse businessmen of corruption without evidence."

The battle between business and politics has intensified after Holomisa penned a letter to President Ramaphosa on Tuesday accusing Mahloele and two other businessmen of peddling influence to secure millions in funding from PIC CEO Dr Daniel Matjila.

Holomisa's letter follows his filing of a lawsuit at the North Gauteng High Court last week demanding that finance minister Nhlanhla Nene suspend Matjila from the PIC. The lawsuit relates to the decision in September 2017 by the board to clear Matjila of any wrongdoing after he was accused by a whistleblower of channeling PIC funds to his alleged girlfriend.

In his latest letter, Holomisa accuses Matjila of personally releasing funding worth R2 billion without approval from the PIC's board, over an unspecified period, to Mahloele and two other businessmen with strong ties to the PIC itself and government.

The other two businessmen are Jabu Moleketi, former deputy finance minister in Thabo Mbeki's administration, and Warren Wheatley, an executive director of financial services Lebashe Investment Group. Mahloele himself is a former PIC executive; he was corporate head of finance between 2003 and 2006 when Brian Molefe was at the helm of Africa's largest money manager.

Matjila powers and complex ownership

The big question is whether Matjila can unilaterally approve investments of up to R2 billion, as alleged. This is a material amount, even when one considers it in relation to the PIC's R2 trillion fire-power.

Deon Botha, the PIC's head of corporate affairs, strongly rejects this, saying its mandate and investment processes don't allow for Matjila to be "vested with all the powers to unilaterally make investment decisions." He adds: "We wish to reiterate our stance that the PIC follows a rigorous investment process in all its dealings and investments."

Among the companies that allegedly benefitted from PIC funding are Harith General Partners (linked to Mahloele and Moleketi, who serves as board chairperson), online lender RainFin (linked to Mahloele, Moleketi and Wheatley who are all directors), Lebashe Investment Group (founded by Wheatley) and investment management firm Aluwani Capital Partners (linked to Moleketi who serves as a chairperson and Wheatley who sits on the board).

Mahloele dismisses Holomisa's allegations as "nonsense" as the only funding he received from the PIC was in 2006 when he left the organisation to establish Harith, which would later have investments in Gauteng's Lanseria International Airport and energy projects in Ghana and Nigeria. Back then, he says, the PIC offered Harith seed funding of R21 million in exchange for a 30% stake while the remaining 70% is held by management and staff.

Harith repaid the PIC funding in 2008 with a 25% interest rate, says Mahloele. "We have been in business for a very long time and built infrastructure investments in excess of \$1 billion in SA and in the continent," he adds.

More rejections

Holomisa's accusations have been rejected in a similar vein by Moleketi and Wheatley. In a joint statement, they say Holomisa's allegations are "unfounded and vexatious" in his attempt to link "irregular relationships" between Lebashe Investment Group and Harith General Partners.

Lebashe and Harith are separate entities and only have common directors in Mahloele and Moleketi, says Wheatley. He adds that Lebashe has funding relationships with a number of financial institutions and that "only 20% of its total funding is from the PIC."

"The motive behind the letter is for Mr Holomisa, at the expense of both our entities [and] professional reputations ... to attract public attention for his own political gain," says Wheatley, speaking for himself and on behalf of Moleketi.

All three businessmen are considering taking legal action by laying crimen injuria charges against Holomisa, as his "reckless" letter has caused "reputational and economic harm". They have also offered to unveil their business dealings at the long-awaited state capture inquiry as Holomisa called on Ramaphosa to urgently broaden the inquiry's terms of reference to investigate the PIC before "the paper trail is shredded in dark back rooms".

Author profile Ray Mahlaka



Ray is a financial journalist passionate about public policy and property.

NEWS & ANALYSIS



Lebashe takes UDM to court in clash over PIC corruption claims

News24 3 July 2018

This comes after Bantu Holomisa called on President to address what it called an "iceberg of corruption"

The Lebashe Investment Group has filed an urgent application in the North Gauteng High Court in Pretoria against the United Democratic Movement (UDM) and its leader, General Bantu Holomisa.

On Friday, Wheatley indicated that Lebashe and those named in the UDM's letter were taking legal advice on the matter. "Legal counsel is advising the parties in regard to various legal proceedings, including laying criminal charges of crimen injuria against the UDM and Mr Holomisa personally and issuing them with a summons for defamation and damages as a result of the reputational and economic harm that the letter has caused."

News24 has learned that Lebashe has pushed ahead in pursuit of its legal remedies, and has now approached the North Gauteng High Court for relief. The unsigned papers were delivered to the UDM and Holomisa early on Monday afternoon, with legal service to commence either later on Monday or early on Tuesday morning.

Lebashe denied claims

When news of the allegations broke last week, both Lebashe and the PIC vehemently denied the allegations. "The motive behind the letter is for Mr (Bantu) Holomisa, at the expense of both our entities and professional reputations, to attract public attention for his own political gain. We refute the allegations in the letter which are unsubstantiated and unfounded," Wheatley told News24 at the time.

The PIC's Deon Botha also denied the claims. "We wish to reiterate our stance that the PIC follows a rigorous investment process in all its dealings and investments. The PIC's investment processes are such that no one person – in particular, the PIC CEO - is vested with all the powers to unilaterally make investment decisions."

More spurious claims

On Monday, Minister of Co-operative Governance and Traditional Affairs Zweli Mkhize issued a statement refuting another claim by Holomisa. This time, Mkhize was allegedly influencing municipalities to invest in the now controversial VBS Mutual Bank.

"I have noted social media comments by General Bantu Holomisa that he has 'evidence' that I influenced municipalities to invest in VBS Mutual Bank, and wish to state categorically that there can be no such evidence as the allegations [are] totally untrue."

Appeal to Finance Minister

The UDM confirmed that it received legal papers from Lebashe. Holomisa told News24 that this did not come as a surprise, as Lebashe had indicated that it intended to pursue its legal options in its correspondence to the UDM late last week. Holomisa also confirmed on Monday evening that they had instructed their attorneys to defend Lebashe's application. "Yes, we received the papers. We have told them that we will defend."

News24

Comment

The various views make interesting reading although the inflammatory statements don't seem to have much content or facts. However, it isn't the veracity of the contents that are important; it is the publicity about the PIC activities that is important. The claims and counter claims are going to see a lot of washing being washed, let's see whose washing it is and how clean it will be. The heat is getting closer to the BOT.



PIC's \$230m investment in MTN Nigeria worth \$132.6m by end of 2015/16 - Pravin Gordhan

Pravin Gordhan | 19 June 2018

Finance minister says collapse in price of shares bought from Shanduka in March 2015 due to regulatory fine

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 901 [NW982E]

DATE OF PUBLICATION: 23 MARCH 2018

901. Mr N F Shivambu (EFF) to ask the Minister of Finance:

- (1) Did the Public Investment Corporation (PIC) buy the stake of a certain company (name furnished) in MTN Nigeria; if so, when were the negotiations with regard to the transaction started, finalised and signed;
- (2) (a) whether the PIC or the specified company initiated the transaction between PIC and the company and (b) who from the relevant entity and/or company initiated the transaction;
- (3) (a) what amount did the PIC pay the company, (b) on what date was it paid and (c)(i) what was the reported value of MTN Nigeria shares that PIC was negotiating to buy from the company at the date on which the transaction was finalised and (ii) what was the value of MTN Nigeria shares at the end of the 2015-16 financial year;
- (4) did the PIC recognise the potential conflict of interest in a transaction that involved MTN Nigeria, the company and a certain person (name furnished)? NW982E

REPLY

(1) The Public Investment Corporation (PIC) purchased a block of 7 105 633 MTN Nigeria shares in an Over-the-Counter (OTC) market transaction through Standard Bank in March 2015.

(2) A registered stock-broker in Nigeria presented the block of shares to the PIC.

(3) An amount of USD 230,9 million was paid for the block of shares in March 2015. The value as at the end of the 2015/16 financial year was USD132,6 million, after a decline in value due to a regulatory fine that was imposed on MTN Nigeria.

(4) The PIC is satisfied that any conflicts of interest were handled correctly in the investment decision process. The PIC has a policy dealing with Politically Exposed Persons (PEPs) and transactions involving PEPs is subject to an enhanced due diligence process which may also involve the PIC Board's Social and Ethics Committee and Investment Committee.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 1320 [NW1420E]

DATE OF PUBLICATION: 4 MAY 2018

1320. Mr D J Maynier (DA) to ask the Minister of Finance:

(1) Whether (a) Dr Dan Matjila and/or (b) any other person employed by the Public Investment Corporation (PIC) met with a certain person (name furnished) in each of the

past five financial years to date; if not, in each case, why not; if so, what was the (i) purpose, (ii) outcome, (iii) location and (iv) date on which each meeting took place;

(2) whether the specified person and/or any company associated with the specified person received payments in respect of transactions involving the PIC; if so, (a) what was the nature of the transaction(s), (b) why was the payment(s) made in respect of the transaction(s) and (c) what was the value of the payment(s)? NW1420E

REPLY

Background and context

By a way of introduction, Nana Sao is a founder of Sao Capital, one of the many black service providers that the PIC has worked with. Sao's career spans 16 years in investment banking in London and Johannesburg at Merrill Lynch, Citigroup and Goldman Sachs ("GS") and DMC partners (a London-based emerging market investment fund). As a Managing Director responsible for Natural Resources and Africa M&A transactions at Goldman Sachs, Sao led the GS team advising the Public Investment Corporation ("PIC") in several strategic discussions/transactions over more than a decade.

He previously co-founded Africa Capitalworks ("ACW"), a private equity investment holding company focussed on Sub-Saharan Africa. A stellar performer, ACW is one of the only South African homegrown investment firms founded and owned by a black executive, with returns averaging 30% IRR over the past 10 years. PIC is one of a number of leading Africa investors that is an investor in ACW alongside several international institutions including the UK-government owned CDC Group, the African Development Bank and several international reputable institutional investors.

Thorough investment process preceded PIC's participation in ACW. The PIC's detailed and rigorous investment process lasted over 30 months and included numerous interactions with the various PIC investment, legal, ESG (environmental, social and governance), risk and internal audit teams. In addition, extensive due diligence, including independent due diligence and background checks by PWC, were conducted by the PIC as part of its approval process.

Representative investments of the Capitalworks Group include MTN Nigeria, Cipla QCIL, Smile Telecommunications, AoN Africa, IQ Business Group, Rhodes Food Group, Pronto Holdings and Much Asphalt.

(1) Officials from the PIC (these include investment team members and the Corporation's CEO) have had numerous meetings with Mr Sao. These meetings were in relation to PIC's investments in ACW and with Sao as an adviser to the PIC whilst attached to Goldman Sachs and collectively go back over a decade. All meetings in relation to mandates listed and discussed below and work undertaken have been held either at the PIC (primarily), Capital works or Sao Capital offices. These meetings are factual matter of record and available for review if required.

Transactions involving Sao Capital

(2) Over the last 5 years, Sao Capital has been mandated and paid market related advisory fees by the PIC to provide advice on three successfully-executed transactions, including:

PIC \$230m investment in MTN Nigeria

This transaction involved the acquisition of Shanduka stake in MTN Nigeria in February 2015:

Sao Capital acted as strategic M&A advisor; Other advisers to the PIC included DM5, Templars, White & Case (Legal). Shanduka adviser included Standard Bank (financial); and

Transaction took two years - from inception in 2013 to closing in 2015 - to execute. A full time team, comprising numerous Sao Capital personnel were involved in the transaction. The PIC is still invested in MTN Nigeria.

PIC \$125m investment in Angola government bond - July 2015:

Sao Capital acted as introductory, placement and structuring agent to the PIC's participation in the Angola government's \$550m Bond; The PIC subscribed to \$125m of the issued Bond;

Gemcorp, a \$1.5bn emerging market investment firm based in London, was the lead bookrunner and advisor to the Angola government for a total; and

Post the investment, the PIC divested their \$125m stake in the bond in May 2018 and realised a return in excess of 28%.

PIC ~\$35m investment in Kenyan Energy Company ("Kengen" listed on the Nairobi stock exchange) March 2017

Sao Capital acted a strategic financial adviser to the PIC and performed the valuation, the sourcing of shares, coordinated the due diligence and the transaction execution;

In addition, Sao Capital is providing regular update to the PIC on its investment in Kengen;

Other advisers in the transaction were Renaissance Capital (adviser to Kengen and broker to the PIC for on-market share purchases), White & Case and Coulson Harney (Legal), Lummus Consultants (technical);

The transaction took 18 months from origination to close, mobilising seven Sao Capital resources; and

Since the start of the investment in March 2017, the PIC has made a return in excess of 30%.

In conclusion, it is worth noting that PIC is just one of the many clients that Sao Capital services. These clients include sovereign wealth funds and development finance institutions and multinational companies investing in various sectors in the African continent.

Issued by Parliament, 19 June 2018

Comment

These replies contain some general information about the workings of the PIC. All is not doom in the PIC. They have systems that seem to work too.

Synopsis

EDITORIAL: How Eskom could cause a banking crisis

29 June 2018



Picture: REUTERS

Could Eskom cause a banking crisis? That is the unspoken question that lies behind the new "co-operation" between the government and the financial sector on a rescue plan for state-owned companies. The problem is twofold. Companies such as Denel, South African Airways, South African Express and

the Trans Caledon Tunnel Authority face immediate liquidity problems and cannot pay salaries and suppliers. They need cash, and banks have not yet agreed to give it to them.

The second problem is bigger, in fact it is huge. It is Eskom and its R367bn (and still growing) mountain of debt. This debt, mostly in bonds, is not held in any significant way by banks. Asset managers are more exposed, with the PIC holding R80bn in Eskom debt alone.

But these amounts are not so big that they could cause a banking crisis in themselves. The problem would arise if Eskom defaulted on its obligations. This might not necessarily mean the failure to repay a lender, but could also include a default on some other technical element in a loan agreement such as the failure to get a clean audit or to submit financial statements on time.

Eskom will not easily get itself out of trouble even if it is now run by smart and honest people.

Because of the cross-default provisions in loan agreements and bond indentures, a default by Eskom would trigger a default on all government bonds. Government would need to impair all debt on its balance sheet. It would also immediately have to take over Eskom's bonds and pay the interest.

Government's fiscal framework would be put under huge pressure and the expenditure ceiling — which is SA's commitment to getting its finances back on track — would be breached. It would almost certainly lead to a further downgrade of SA's debt and a sudden spike in bond yields, which if sharp enough could put the banks under enormous pressure, even into crisis.

This scenario does not have a high likelihood of materialising as there is a strong consensus that Eskom is too big to fail. But if it did, it would have a serious impact on the economy. It is imperative for the government, financial institutions and SA at large that Eskom does not fail. How can SA minimise this risk?

Eskom must slash costs and grow revenue. This is what Siphos Maseko did at Telkom. It will be more difficult at Eskom. The two largest costs — employees and coal — cannot be easily slashed.

Trade unions have made clear their opposition to any attempt to curtail their rights and benefits. Their response has been violent and reckless. To significantly cut employee costs at Eskom, the government needs the appetite to take on the unions no matter the consequences. This it does not have.

Coal costs can't be easily cut. Eskom has locked itself into expensive contracts. Its contracts with cost-plus mines are maturing and there has been no recent investment to open new mining areas. These contracts are getting very expensive.

Could Eskom grow revenue? Electricity sales have been flat for several years. Eskom will soon have both Medupi and Kusile fully on line, each producing 4,800MW. The problem is: who will buy it?

As technology for renewable energy advances and prices decline, companies and wealthy individuals are finding it cost effective to generate their own energy. This is a large global trend and it is foolish to expect it to be reversed.

That is why credit ratings agencies have now begun to suggest that for SA to improve its rating Eskom would have to receive "more government support". That means the government itself taking on more debt, exactly the opposite of what has been envisaged in the medium-term expenditure framework. It is an awful predicament.

Synopsis

Germany's KfW grants Eskom a loan worth almost R1,4bn

29 June 2018 Robert Laing



Eskom power station. Picture: Reuters

German state-owned bank KfW has agreed to loan Eskom \$100m, equivalent to about R1,38bn at Friday's exchange rate.

The German embassy issued a media statement saying the loan added to R29bn that Germany had committed since 1995 "to address SA's triple challenge of overcoming poverty, unemployment and inequality by empowering people, improving institutional capabilities, building skills and stimulating inclusive economic growth".

The loan from KfW — originally Kreditanstalt für Wiederaufbau, which translates to "reconstruction credit institute" — is to co-finance three transmission projects that involve the upgrading of existing infrastructure and the building of new lines.

"Eskom intends to implement the selected projects to significantly improve security of supply, and to reduce transmission losses," the German embassy said in the statement.

"Furthermore, the new infrastructure will allow for the integration of power from solar and wind plants into the national grid. The network integration of renewable energy sources and the improved grid efficiency will directly contribute towards reducing carbon dioxide emissions. This will support SA in reaching its ambitious climate goals."

Comment

The seriousness of the Eskom funding shortage should not be underestimated. The mystery is who is going to pay the huge debt, how and when. Any guesses?

Synopsis

PIC hit with more claims

1/07/2018 Dewald Van Rensburg

A former executive at the PIC has accused the continent's largest asset manager of fiddling with the bonuses paid to employees, in order to retain R44 million. In an affidavit, ex human resources finance officer Sandile Sibiya makes specific allegations against the PIC's chief financial officer Matshepo More.

Sibiya claims the short-term incentive pool, an annual amount set aside to pay performance-based bonuses, was irregularly scaled down in 2016 and 2017. In the former instance, the pool was allegedly cut back without approval from the PIC's human resources remuneration committee and its board.

In the case of last year, he alleges that a letter from then finance minister Pravin

Gordhan was adulterated with Tipp-Ex and then scanned to give credence to More's decision to cut down bonuses. When he was instructed to calculate bonuses from a lower base, he was told this was in accordance with Gordhan's directive.

Sibiya, however, claims he was not allowed to see the directive and that it was initially not available to external auditors – except in adulterated form.

Sibiya resigned from the PIC under what he calls a constructive dismissal. He is one of a number of former employees who have taken aim at the PIC's executives.

The allegations are contained in an affidavit under case number 19/10/2017 at the Brooklyn Police Station. Subpoenas had been issued under this case number related to an entirely different set of allegations another former employee made against PIC CEO Daniel Matjila. It is unclear if the additional subpoenas were issued in relation to this second set of allegations about PIC bonuses.

Sibiya resigned from the PIC on August 31 last year and claims he was a victim of constructive dismissal, a labour law term for when an employer effectively forces an employee to quit by making their job unbearable. He told City Press he unsuccessfully approached the CCMA before taking his allegations to the police.

If Sibiya's allegations are true, then about 350 employees, who hit performance targets over the two years, would have lost out on a collective R44 million.

In his affidavit, Sibiya claims the 2014/15 short-term incentive pool was limited to the prior year's level without the chief financial officer following the prescribed process of obtaining a recommendation from the human resources remuneration committee and the board.

For the 2015/16 incentive pool he claims there was another deviation from policy, purportedly on the basis of an instruction from Gordhan. Sibiya claims these deviations led to bonus pools for 2016 and 2017 being R12 million and R31 million, smaller than they should have been, based on the PIC's performance.

The PIC told City Press the allegations were false and misplaced. "The PIC rejects Sibiya's allegations," said corporate affairs head Deon Botha. "The PIC complied with the directives of the shareholder, who is the minister of finance, and all payments of incentives are in accordance with Treasury regulations."

He said the PIC "had no knowledge" of the alleged adulteration of a ministerial letter and that Sibiya should provide evidence if he had any. Sibiya had no right to see ministerial directives. "As an employee of the PIC, it was not within his delegation of authority to be given access to, or to be in possession of, a written directive from the minister of finance to the PIC board and the chairperson."

He said internal and external auditors could get them from the minister to verify incentive payments.

Comment

It seems the predators are circling their prey, in this case the disgruntled employees taking on their complacent employer. It is going to be interesting to see the results of the civil and CCMA cases. I suspect we are seeing only the smoke of the litigation fire starting. If true, what did the PIC do with the R 44 million? Who got it is actually the underlying thought.

Synopsis

**I see a bad moon rising.
Several red flags must surely be
flapping furiously in the wind by
now.**

Magnus Heystek 26 June 2018



It hasn't taken long for Ramaphoria to start fading into Ramareality, says the author. Picture: Supplied

There's no doubt any more that the ruling ANC has embarked on a policy path of radical populism in order to stay in power in the next and possibly several more national elections. It has stolen most of the radical ideas from the

EFF leaving its leader Julius Malema with only pure and unadulterated racism towards all non-blacks as his only source of political oxygen.

The long-dormant policy of Radical Economic Transformation (RET) has, with the disappearance of Jacob Zuma from the levers of power in February, suddenly been resuscitated and injected with a new sense of urgency. So far we have had:

- * Free tertiary education for the children of people earning a certain minimum salary, in effect almost 90% of the population.

- * The planned expropriation without compensation (EWC) of property.

- * The introduction of minimum wages.

- * The wages and salaries of government employees – after a short but cowardly showdown with the unions – have been increased more than planned for, leaving an unbudgeted hole of R30 billion in the budget.

- * Government also caved in to the radical demands of militant labour unions at Eskom, with negotiations now on the table again for increases around 9%. This in a time when inflation is below 5% and with wages at Eskom much higher than in the private sector.

- * The introduction of the long-threatened national health insurance scheme (NHI) which, together with proposed changes to medical aids, will radically overhaul and possibly destroy one of the few remaining pockets of excellence we still have left in the country.

If there is one thing that fills me with absolute dread, it's that the ANC government, with its proud record of spectacular failures in almost all spheres within its control, takes full control of the provision of medical services to the people of this country. Think Home Affairs on steroids. Think the Life Esidimeni disaster which led to the deaths of 168 patients – yet to this day no one has gone to jail or even paid a fine for this. Think our crumbling municipalities all around the country.

What's even more terrifying is the quote by health minister Dr Aaron Motsoaledi on Bloomberg: "This is the first time in the world that this will be done. We don't know how we are going to do it, but we are going to do it."

A short look at government's attempts at running essential services should serve as a warning that the NHI has a low level of success.

Motsoaledi's comments about the high levels of reserves held by the country's medical aids – R60 billion, which represents a solvency ratio of 33% against a statutory 25% as described by law – reflect a poor understanding of the financial discipline required to operate a medical aid. Medical aid costs are greatly exposed to the vagaries of the rand. Any sharp decline in the currency could easily wipe out these reserves. He also revealed a deep-seated ignorance of the business world when he indicated that medical aid brokers will be banned, on the basis that they earn R2 billion a year. If only he really knew how little medical aid brokers earn.

Expropriation without compensation

It hasn't taken long for much of the Ramaphoria to fade into Ramareality. This can already be seen in the sharp decline of -2.2% in GDP in the first quarter (not foreseen by our institutional economists), a decline in the current account deficit to 4.8% in the first quarter (ditto) and the drop in the rand by almost 20% so far this year (ditto again), while the JSE remains one of the worst performing stock markets in the world so far this year.

In a previous column I pointed out that more than 20 000 farms and plots are currently on the market, almost all of them marked down, while the latest figures from FNB reflecting transactions at the deeds office indicate a decline of almost 8% in the number of bonded properties being registered at the deeds office in the first quarter of 2018. I wonder why? The banks have warned government that EWC could put the R1.6 trillion outstanding loan book to the property market in danger.

Red flags galore

It's been a while since I've listened to scenario-planner Clem Sunter who, with his concept of warning flags, tries to identify danger areas – flags – that people and investors in particular need to look out for.

Surely by now several red flags must be flapping furiously in the wind. I have in several columns in the past written about one of my own personal red flags, the brain drain and the capital drain. According to a recent report from the PEW Institute, an American think tank, more than 900 000 people have

emigrated from South Africa since 1990. Countries of choice were the United Kingdom, Australia, Canada and New Zealand.

At the same time, a total of 4 040 000 people have immigrated to SA, mostly from Mozambique, Zimbabwe, Malawi, Kenya and the DRC. The majority of people from these countries have left their homes and families in search of a better life. Although there are some wealthy people settling in South Africa from other African countries, notably Angola I am told, would it be fair to say that most people in this grouping bring only their limited skills and determination to improve their lives.

Government seems to think the tax base is like a never-ending font of money. The tax base is already incredibly small, with only 102 000 taxpayers paying almost 60% of all personal income taxes. How much more can this grouping be taxed before they react negatively?

Rush for the exit

The old saying that money is a coward partially explains the sharp rise in the number of high net worth individuals (HNWIs) who are leaving the country. Recently, a research company called New World Wealth (NWW) published a lot of data about the HNWIs in SA, which according to NWW totalled 43 800 at the end of 2017, and compared this to 43 600 some 10 years ago.

What it didn't publish was that at the end of 2014 the total number of HNWIs in SA at 46 800, which means there was an exit of 5 000 in total. This was counterbalanced by an inflow of 1 800 HNWIs from Africa, mostly Angola and Mozambique, according to Andrew Amoils from NWW.

You will find very few analysts or commentators speaking about these rising threats in our media. There are the exceptions such as Mike Schüssler (economists.co.za), Dawie Roodt (Efficient Group) and Frans Cronje from the Institute of Race Relations.

Cronje has just returned from delivering a lecture at the Cato Institute in Washington where he addressed a grouping of business people and academics, warning about SA's slide into a socialist utopia, along the lines of Venezuela.

The 2018 series of SA Quo Vadis seminars have just been held countrywide. The focal issue was land reform and its potential impact on property values, the rand, the JSE and the state of the country generally. I have never experienced such sell-out crowds, where white and black were fearful of the future of this country.

Denial is not an investment option anymore. I repeat for the benefit of Moneyweb readers what I said at all of these seminars: if government is prepared to take the populist route in expropriating your property without compensation and dismantling your current entitlement to world-class medical care, how long will it be before it realises that too much money is leaving the country (which it is) and cancels your foreign investment allowance?

Magnus Heystek is the investment strategist at Brenthurst Wealth.

Comment

Many wise but scary words. There is still much to be said and to happen before the land issue is laid to rest. Note the firm stance of the Zulus on their property.

We must be very careful not to fall into the gloom and doom trap, which above column clearly represents. South Africa is still the best country in the world to live in!

The GEPF AMAGP: Invitation

GEPF members, either still working or pensioned, are cordially invited to join the GEPF Monitoring Group/AMAGP. We always need members and co-workers, all contributing to the cause and in their own interest.

Soos meeste staatsdienspensioenarisse is u waarskynlik afhanklik van u maandelikse pensioen vir die gehalte van u lewe. Agv die swak toestand van regering in die RSA, die aanloklikheid en omvang van ons Fonds asook staatskaping, ontstaan die vraag hoe volhoubaar die pensioen is en gaan bly, dws hoe lank gaan ons nog die volle pensioen bly kry. Ons by die AMAGP se oorwoë mening is dat daar wel gevare is en dat ons, die aandeelhouers van die pensioenfonds, dringend hieraan aandag moet gee. Verontagsaming hiervan kan lei tot 'n soortgelyke situasie as dit waarin Spoorweg pensioenarisse hulle steeds bevind. Om die rede versoek ons dat u ons ondersteun. Sluit aan by die AMAGP, 'n vrywillige organisasie, bestaande uit staatsdienswerknemers en -pensioenarisse, met die doel om ons Fonds te beskerm.

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FACEBOOK GROUP

[Association for Monitoring and Advocacy
of Government Pensions]

If you are interested in becoming a member of the organisation, please complete a membership application to be found on the FB page or on the website.

Semper Vigilans!

CONCLUSION

To ponder on...

Dear Reader,

1. The AMAGP endeavours to ensure the sustainability of the GEPF to the benefit of current and future members of the GEPF. We want many more members for logical reasons – to ensure the GEPF Trustees carry out their assigned roles.

2. The MG was established in 2016 as a voluntary organisation and, as the AMAGP, will remain so for the foreseeable future. The AMAGP maintains good relations with the GEPF Trustees as well as the PIC. The AMAGP is also in continuous communication with other stakeholders and interested parties to ensure the widest possible concern for our current and future pensioners.

3. Although until recently [about 2013] the GEPF performed satisfactory in its endeavour to provide sustainable pension benefits to pensioners and future beneficiaries, SC and its resultant tentacles started reaching out to the GEPF and PIC and created alarm. The blatant SC leading inevitably to degrading our democracy and the resultant downgrade in international financial grading still threatens our GEPF's sustained viability, including those very same politicians who eventually want to retire on their state pension. As SC recedes the dangers threaten our Fund, such as the non-performing SOE and bankrupt municipalities.

4. The financial woes of ESKOM, SAA and other SOE [PETROSA, PRASA, Transnet, etc] feature largely, making looting the GEPF very attractive.

5. In conclusion dear reader, decide if you want to risk the retirement you are excited about, to be similar to other departed and failed pension funds, or are you prepared to become a paid up member of the AMAGP? Litigation and court interdicts are expensive.

Comments, articles and recommendations about and for the newsletter are welcome. No anonymous submissions will be accepted; however, names may be withheld on request.

Please submit to: editorgepfg@gmail.co.za