



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 3 of 2018

AMAGP – Association for Monitoring and Advocacy of Government Pensions
BOT – Board of Trustees [of the GEPF]
GEPF - Government Employees' Pension Fund
PEO – Primary Executive Officer
PIC – Public Investment Corporation
PSA – Public Servants' Association
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

The AMAGP's AGM has come and gone. The meeting was well-discussed and resulted in a clear and formalised goal and policy. See the last pages for the approved goal and

policy. More information is available from the Management members.

There are some questions that remain unanswered and will probably remain so for 2018:

- Will the more than 1,2 million working members of the Fund have a realistic pension when they eventually retire?
- What may we expect from our Board of Trustees in return for the amount they are paid?
- What does the state guarantee for our pensions really mean?

A new question I'm sure the Fund is aware of: how many current contributors to the Fund are going on pension in the next decade? These figures will indicate what the immediate funding requirement is and if the Fund's planning and investments are sufficient to meet that requirement. Remember your current contribution is certainly not the same amount as you are expecting to receive when you retire!

State departments contribute to the GEPF according to the members in that department – the state's contribution to the Fund. From casual comment here and there it seems that the departments generally lag in contributing what they should, influencing the GEPF sustainability negatively.

Management member Hennie Roux recently commented the following: **Our Fund has lost its focus.** I think that sums it up nicely.

On 17 October 2017 the SCF under the chairmanship of Mr Carrim, in paragraph 3.b stated as follows: "The trade unions are correct that this (type of investments on behalf of the pension fund) should not include investing in ailing SOE's that are badly governed, mismanage their resources, ... and

will not provide an adequate return on investment for the members of the Gepf." The PIC and Board of Trustees (BoT) attended the meeting of SCOF when this recommended [should not].

A brand new term I wasn't aware of and never thought I would need to know is Responsible Investing (RI). This is evidently a commonly used term in investment management and includes several international organisations and codes. The GEPF and PIC are signatories of an internationally recognised one, the UN PRI [<https://www.unpri.org>], and also the CRISA [Code for Responsible Investing in South Africa]. CRISA has 5 principles, of which Principle no 5 determines: Institutional investors **should be transparent about the content of their policies**, how the policies are implemented and **how CRISA is applied to enable stakeholders to make informed assessments**.

Many are making these 'informed assessments' but

- the GEPF clearly isn't transparent about the contents of their policy on RI (it's confidential);
- it's difficult to make an informed assessment how the policy is implemented if the GEPF is secretive about the contents of the RI policy;
- how does the GEPF/PIC apply CRISA?

The GEPF could use the example of the Dutch pension funds ABP and PFZW about how they went about informing, educating and facilitating understanding and acceptance of their RI efforts.

AMAGP and the PSA meet regularly to discuss co-operation specifically about our government pensions and the GEPF. It seems the PSA is presently the only labour union concerned with pensioners' financial problems. All other unions draw their mandate from working members. Parliament is also inclined to listen to labour unions owing to their representation. All you government pensioners should take the time and trouble to become a member of the PSA, numbers impress politicians because of their voting power. A recent decision by the parliament's SCF: Par 3c "The Pic should consider investing in projects that promote inclusive economic growth, job-creation infrastructure development, the reduction of social inequalities and the interests of mainly the poor and lower income strata,

projects that serve the developmental needs of the country." It should terrify you! Not a word about pensioners and investments to the advantage of the GEPF; this is what the PSA needs numbers to fight!

Some additional comment from the GEPF annual report 2017. There is a

- deterioration of R 135 bn in the affordability of contingency reserves between actuarial valuations 2014 and 2016;
- deterioration in the short term and long term funding levels since 2016;
- decrease in contributions [less than benefits] for the 4th year in a row;
- zero year on year increase in investments capital growth AND only because of new investments made of 26bn;
- lowest new investments amount in 2017 [over 10 years].

With this information in mind, what motivated the GEPF to increase pensions by 5.5%, higher than inflation? Not that we're not happy. Am I too suspicious? The recent investment losses spring to mind ... See the AMAGP press release below for more unappetising food for thought.

Futuregrowth, a large fixed income asset manager, already decided in August 2014 not to invest in SOE due to 'governance and decision structures'. In February 2018 they raised another red flag about SOE 'lack of information'. A recent Futuregrowth report highlighted 'an "alarming decay" of governance in government departments and state-owned entities. "It is now clear that there has been a systematic programme to capture and pillage the nation for personal financial gain".' These SOE are what the PIC so assiduously invest in/loan money to.

The PIC recently invested R 4.3 bn in AYO Technology Solutions. The AMAGP has doubts about this investment and questions the due diligence. PIC/GEPF due diligence with sustainable profit in mind seems to decrease as the size of the intended investment increases, or am I being unduly critical?

The AMAGP had a very fruitful discussion with the De Klerk Foundation on 15 March. What made it painfully clear was the example of the losses in African Bank, Independent Media and the ongoing Transnet pensions saga. Although the Foundation isn't a large

financial institution, its influence on decision makers is what the sustainability of our Fund needs. The losses in African Bank and the investigation into the auditor's prior clean report on African Bank still haven't been finalised after three years.

Transnet's pension funds are under siege by pensioners for not complying with promises of inflation related pension increases and an irregular 'donation' of R 309 million. This an example of what AMAGP is working to avoid.

Don't forget the newsletter is available for advertisement too. Contact Errol or Gerda for more detail, contact details on the last page.

Steinhoff is surviving although its news value has declined. Time will tell if our GEPF will get a proper return in its investment. It is doubtful if the share price will ever return to pre-crash levels, but dividends could partially make up for it. The looming class action is going to make many lawyers very happy for a long time.

Lonmin/Sibanye/Stillwater continues its troubled existence, with the Stillwater/Sibanye offer not finalised yet. It is believed that the GEPF/PIC owns about 35% of Lonmin's shares, directly and indirectly.

Eskom needs no introduction. Turnaround at Eskom is going to take some time, if top and management is committed to good, ethical, responsible, etc, management. See below for some reports.

One inclusive centralised pension fund for SA? Still quiet. Research hasn't provided anything new, but I'm sure it is receiving attention behind the scenes.

See the last page for a typical GEPF answer. As short as possible to prevent saying anything that could end up acknowledging what they are really busy with. I would call it "I don't know", "It's not me", answers.

Editor

NEWS NEWS NEWS

The AMAGP doesn't rest in working towards its goal. Below is an example of what it does. Note the initial submission date and the reply date:

"From: Errol Massey-Hicks

[mailto:errolhicks@gmail.com]

Sent: Monday, 19 February 2018 2:46 PM

To: Abel Sithole

Subject: GEPF REPORT

Mr Sithole,

Attached please find a letter containing comment and questions on the 2017 GEPF Annual Report for your attention.

The AMAGP requests that answers be received as soon as possible but not later than 19 March 2018.

Thank you.

E. Massey-Hicks
on behalf of AMAGP

Dear Mr. Visser

Your letter dated 19 February 2018 refers.

The Annual Reports of the GEPF and PIC provide sufficient information that illustrates that both organisations are fulfilling their respect mandates.

Your concerns pertain to issues that are closely addressed by Executive Management team monitored and assessed by the GEPF Board. The Board and Management take their fiduciary responsibilities seriously and act in the best interests of its members, pensioners and beneficiaries at all times.

The primary objective of the investment decision made by the PIC on behalf of the GEPF is to achieve the most optimal return for the risk taken. Taking risk means that some investments may not provide the expected returns. Focus must not only on these but also on the investment that provide and/ or exceed the expected returns. There are no guaranteed returns on the total portfolio.

The mandate given by the GEPF to the PIC allocates a very small portion of the total portfolio to unlisted investments. These investments are made in infrastructure (economic, social and environmental) and investments in identified sectors that promote job creation and economic participation.

This not due to influence from Government on the GEPF but is a recognition by the GEPF that the GEPF's investment returns are highly correlated with growth in South Africa's economy. Simply put, if the country's economy does not grow, the GEPF's investments do not grow. The lower investment returns in the past 3 years can largely be attributed to the low growth rate in

the South African economy. This is why the GEPF takes the broader economy into account in its investments.

It is important to note that many factors influence actuarial results not just investment returns.

The Board determines the extent of disclosure that is relevant and meaningful rather than just providing information because it may be of interest to a particular individual.

There is no specific clarification that can be provided on the investments that you say you need clarity on other than to reiterate that they are well considered and clearly disclosed in the annual report.

Kind regards,
Abel”

Comment

It is highly doubtful that South Africa's economic growth and the lack of growth in the GEPF's investments can in any way be sensibly compared. It is common knowledge that investment companies such as Allan Gray usually have better than inflation returns on their investments. If the PIC is as good as it says it is why isn't it performing the same? The casual mention of risk certainly does not promote peace of mind, neither does the mention of 'unlisted', 'infrastructure', 'job creation' and 'economic participation' investments. "clearly disclosed in the annual report" is clearly not clear at all or intended to be.

AMAGP Press release 1 April 2018

STATEMENT

The attached analyses of annual reports of the GEPF for the eleven years up to 2017, compiled by one of our members, a retired auditor, clearly indicates that the cash flow of our pension fund is not managed by the Board of Trustees (BoT) to the advantage of its members, workers as well as beneficiaries.

Control by the BoT leaves a lot to be desired and it is clear that too much is left to its investment agent the Public Investment Corporation (PIC). Secrecy on the side of the BoT prevents transparency and gives rise to the impression that there is no monitoring of investments made. The poor excuse that the returns on investments are due to poor

economic conditions is no longer acceptable. The analyses indicate that other reasons, which are under the control of the Board, is to blame.

Management, control and supervision of the total cash flow of the pension fund goes much further than merely the cash returned on investments. The latter is an important element and in particular the unexpected low growth in cash inflow from interest demand attention, further investigation and explanation.

Up to the present not much attention has been given to the importance of employer contributions on behalf of the workforce to the fund. It must therefore be determined whether all the employer departments comply fully with the compulsory payments of contributions. In addition, the actuary has indicated that the employer contribution rate is insufficient.

The aforementioned are two areas that demand increased attention by external bodies such as the Standing Committees on Finance and Public Accounts. It has become imperative. The AMAGP requests that urgent attention is given to this matter.

A new BoT is to be appointed within days and it is trusted that the government and unions will ensure that only well qualified people with the required expertise will be appointed.

Comment

Sustained awareness of the challenges facing our Fund's sustainability is the single factor that will ensure future generations won't point fingers at our lack of due diligence in their welfare.

The analyses are 7MB in size and make interesting reading. It will be interesting to discover what changed in 2013 or 2014 that resulted in the decline in cash flow. Approach the AMAGP to download or read it. Should be available on www.amagp.co.za.

Increase in Beneficiaries' [dependants] GEPF Pension Benefits

All pensioners or would-be soon pensioners take note. This is important for you and your spouse.

Previously the would-be pensioner could decide on a lower pension [10% less per month] in exchange for a higher widow/er pension [75% instead of 50%]. This was a good choice if the pensioner passed away before his dependant. If not, it provided peace of mind for that period of time. This benefit was later withdrawn as only 10% of pensioners made use of it. However, the AMAGP has received many enquiries about this and ...

AMAGP recently communicated with GEPF about increasing the benefit of pensioners' beneficiaries to at least 70% instead of the current 50%. The communication with Dr Frans le Roux indicates that the GEPF is not inclined to repeat the previous opportunity for this (only 10% of pensioners used it) because it involves a major actuarial investigation. But if enough members support the need, an effort can again be made, but for a dispensation where dependents will be increased without reducing the benefit of the pensioner.

In view of the reckless handling of our pension fund currently taking place, it is certainly not an unreasonable request. In order to determine whether there is a real need among GEPF pensioners, please indicate:

- a. Does this need exist?
- b. What is a reasonable percentage?

Comment

Submit your reply directly to the relevant AMAGP please. Remember numbers make the difference, and don't submit "I want" and, if is approved, then not apply. Should be good for some TLC from you wife if you apply.

Synopsis

Will the lights stay on at Eskom?

Financials indicate a frightening erosion of economic wealth and substance.

Barbara Curson / 12 February 2018 00:01

[https://www.moneyweb.co.za/news/south-africa/will-the-lights-stay-on-at-eskom/?utm_source=Moneyweb&utm_campaign=9f00e8926b-](https://www.moneyweb.co.za/news/south-africa/will-the-lights-stay-on-at-eskom/?utm_source=Moneyweb&utm_campaign=9f00e8926b-203387677&mc_cid=9f00e8926b&mc_eid=e5a98c1e2f)

[EMAIL CAMPAIGN 2018 02 12&utm_medium=email&utm_term=0_b106a40770-9f00e8926b-203387677&mc_cid=9f00e8926b&mc_eid=e5a98c1e2f](https://www.moneyweb.co.za/news/south-africa/will-the-lights-stay-on-at-eskom/?utm_source=Moneyweb&utm_campaign=9f00e8926b-203387677&mc_cid=9f00e8926b&mc_eid=e5a98c1e2f)

Jabu Mabuza announced Eskom's September 2017 interim results with self-assurance and style. As he spoke of rooting out financial mismanagement, malfeasance and corruption, it was easy to be pulled into a feeling of optimism that everything will be okay. However, he is not the first highly-experienced businessman to take on Eskom.

The liabilities of Eskom have been escalating at a rapid pace, and I am not sure if the assets are keeping up. Whereas Eskom has been progressing with its capital build programme, including running up unnecessary expenditure and cost overruns, it has ended up with property, plant, equipment and intangible assets of R614.2 billion. However, an amount of approximately R99 billion (16.1%) represents capitalised borrowing costs less accumulated depreciation. This is because international accounting standards require borrowing costs that are attributable to certain assets, including the acquisition or construction of manufacturing plants or power generation facilities, to be capitalised. In other words, added to the cost of those assets. This means that the capitalised borrowing costs will not be included in the finance costs that are deducted from income in the income statement, but are depreciated over the lifetime of the plant and machinery. Which, in the case of generating plant, would be 80 years.

In my view, in ascertaining whether an organisation is a going concern, which requires the assets to exceed the liabilities, capitalised borrowing costs should be deducted from the assets.

Another potential problem with the balance sheet is that the group holds complex derivative instruments for risk management (economic hedging). These instruments include foreign exchange contracts, cross-currency swaps, commodity forwards, and credit default swaps. Whereas managing the risks in regard to a foreign exchange contract may be manageable, matters can go horribly wrong with credit default swaps. Valuing these instruments is also exceedingly complex.

For example, Eskom hedges electricity sales "in terms of agreements where the sales price

is influenced by the market price of aluminium". Now, Eskom hasn't been running its day-to-day operations very well. Should they really be playing with such complex instruments? In 2009 the total amount of derivatives held for risk management on the asset side of the balance sheet was R1.8 billion. In the September 2017 interim financial report this amount was R20.1 billion. Should this valuation be checked? What have the profits/losses been on these complex instruments over the years? What would be the cost of unwinding these transactions? Could this be another epic fail waiting to happen?

Hence, three critical risk areas contained in the Eskom financials and what should be done are:

- Property, plant and equipment: a third party valuation of property, plant and equipment should be undertaken. Further, the note to the financial statements in regard to the property, plant and equipment should disclose the total amount of capitalised borrowing costs.
- A due diligence should be carried out on the derivatives held for risk management.
- Ascertaining the total cost of recapitalising Eskom.

Will Jabuza and his new board have the strength and perseverance to get Eskom back on its feet? Time will tell.

Synopsis

Eskom to pay back R5bn PIC loan, as union vows 'never again'

Mar 01 2018 05:30
Tehillah Niselow

<https://www.fin24.com/Economy/Eskom/eskom-to-pay-back-r5bn-pic-loan-as-union-vows-never-again-20180301-2>

Johannesburg - Eskom has confirmed that the R5bn short-term loan it received from the Public Investment Corporation (PIC) will be paid back on Thursday. This came a day after Standard & Poor's Global Ratings downgraded Eskom's credit rating to 'CCC+' from 'B-', citing concerns that the Eskom could default on its debt in the next six months.

When the loan was extended by the PIC in February, the Public Servants Association (PSA) said that it felt "betrayed" by the

agreement as this could risk government employee pensions being caught up in failing state-owned enterprises.

PIC CEO Dan Matjila explained to Parliament that the R5bn was only bridging finance until the end of the month and would earn above market interest rates for the Government Employee Pension Fund (GEPF), whose assets are managed by the PIC.

The rate which was agreed on was an addition of 75 basis points (quarter of a percent) to the one-month Johannesburg Interbank Agreed Rate (JIBAR) which is currently 6.9%.

Union vows never again

The PSA welcomed the repayment of the loan to the PIC, but said **it's "not the end of it"**. "It was still paid irregularly... [we] have to make sure that a transaction like this doesn't happen again", PSA deputy general manager Tahir Moepa told Fin24 by phone.

The PSA, which represents more than 200 000 government employees, is also opposed to newly appointed Deputy Minister of Finance Mondli Gungubele being appointed as chairperson of the PIC board, as has been the tradition. Instead, they want someone who is independent, with a business background, rather than a politician to fill the position.

Congress of South African Trade Unions president S'dumo Dlamini also welcomed the repayment of the Eskom loan, saying that the R1.9trn in assets managed by the PIC is "for the workers"

Comment

Getting Eskom to where it should be is not happening this year. However, dedicated attention to making it happen should hopefully be visible this year, and the end of the year annual report should show the progress towards good governance.

Synopsis



Budget 2018: Govt could've borrowed from the GEPF - AIDC

Dick Forslund - Brian Ashley |
21 February 2018

Organisation says govt shouldn't have increased VAT, increasing taxes on rich could've raised R100bn

Ramaphosa and Gigaba have allowed a good crisis to go to waste.

Budgets do not represent the sum total of a government's economic policy. They indicate the direction of things to come. As many suspected, the 2018 budget will hit poor and working class people harder. They will bear the brunt of expenditure and tax proposals meant to resolve the debt crisis the economy was heading towards.

Given the fact that the Government Employees Pension Fund (GEPF) is overfunded by up to R50 billion per year, borrowing at a regulated interest rate from GEPF can significantly bring down the state cost of borrowing, without affecting any benefits of current or future pensioners. This would cut government's annual interest bill of R180bn by at least 25% and stop this bill from increasing. It also has the merit of freeing us from some of the pressure of the financial markets and credit rating agencies.

Comment

Interesting article, much shortened, but the misunderstanding of 'overfunded by up to R50 billion per year' is worrying. Wonder what he based that on?

Synopsis

All that budget bollocks!

Many words were used to describe the budget. Judging from these "initial" impressions and reactions, one might conclude that this was an amazing feat by Gigaba. The same Gigaba, after all, who lied under oath and who contributed so enthusiastically to the destruction of the state-owned enterprises (SOEs).

What on earth is going on? How is it possible that a horrible budget can be whitewashed the way it has? Fact is, we are still drowning in debt. Only a little slower.

Perhaps we need to be a little more honest and critical. For if we all had been during the

Zuma-disaster, it may have come to an end sooner. Let's not be blind of the coming fiscal disaster!

Let's start with state spending. It was widely reported that spending was "slashed". This is factually incorrect. The only reduction is on planned future spending. Mostly on capital projects at municipal level, which (ironically enough) is exactly the kind of spending that we need more of.

State spending is budgeted to increase from R1 412 billion in the current financial year, to R1 512 billion in the next year — that is an increase of R100 billion. In real terms, spending is budgeted to increase by 1.6% (5.5% to 7.1%). The minister tried to create the impression that spending will not increase by excluding interest. Ballooning levels of interest on state debt is the fastest growing expenditure item on the budget and ignoring it doesn't make it disappear.

We have seen a relentless rise in state spending for decades. Most of this money is going to people, in one way or another. Sure, corruption and wastage forms part of the spending profligacy, but the only meaningful way to reduce state spending is to cut spending on people. And despite the massive amounts spent on things like education, the outcome of state spending is horrendous!

That brings me to revenue, or taxes. State revenue relative to GDP increased from 24% in 1994, to a budgeted 30% next year. It is important to know that borrowing is simply the postponement of taxes; somebody will eventually have to pay for all that spending. This means the persistent increase in spending represents an equal increase in taxes — only, we will pay them later.

Then they say the increases in VAT, Private Income Tax and all those other taxes were "inevitable". Nonsense. These taxes were increased because spending went up. In the meantime, the tax burden on the productive side of the economy has reached such levels that the minister was forced to increase VAT. VAT is certainly a lesser tax evil than say, Corporate Income Tax but it is still a tax and all taxes are always bad. This persistent expropriation of money from a tiny tax base is already negatively affecting many other aggregates in the economy. Tax morality has deteriorated.

Then we get to the deficit, the difference between state spending and revenue. It remains at a totally unsustainable level of 3% to 4% for the next few years. This means that the state is borrowing money it cannot repay and spending it in the economy. One may accept a fiscal deficit if the money is spent on capital items, like borrowing money to buy a house. But the deficit next year is budgeted at R191 billion, while capital expenditure is budgeted at R151 billion. R40 billion less than the deficit.

That brings us to debt. State debt is budgeted to increase by R265 billion this year, or to 55.1% of GDP. This excludes possible defaults and guarantees given to the SOEs. If the debt of Eskom et al is included, state debt may top 70% of GDP within three years. That is another omission in the budget: the SOE. How are they going to get funded? Some guarantees were extended and upped (R15 billion for Eskom, for example) but that is without a doubt not enough. But the minister assures us that whatever assistance goes to the SOE will be done in a "budget neutral way". What does that mean?

Well, it simply means that we will ignore it. For example, if some state assets are sold (which I will support in principle) to fund say Eskom, it will not be reflected in the deficit or debt figures. It's like selling your car to pay your credit card, which simply improves your current account to the detriment of your balance sheet.

Like most previous ones, this is a terrible budget. At the current trajectory of state spending, debt will just keep on rising. This budget did nothing to put the fiscus on a sustainable path. In fact, it exacerbated an already disastrous situation.

Dawie Roodt
Chief Economist of the Efficient Group

Comment
A fresh view of the recent budget by subject matter expert.

Synopsis
Current SAPS structure has no clear delegation of authority – POPCRU

Richard Mamabolo |

Conference also noted with frustration PIC's misuse of workers' pension funds

POPCRU Post-Collective Bargaining and Policy Conference Statement

19 March 2018

The Police and Prisons Civil Rights Union (POPCRU) convened its Collective Bargaining and Policy Conference from 14 to 18 March 2018 at Kopanong Hotel and Conference centre, attended by National Negotiators, Provincial Negotiators, and Provincial Office-bearers, Gender Co-ordinators, local and international guests.

1. On the PIC

The conference noted with frustration the continued, unconsented use of workers' pension funds by the Public Investment Corporation (PIC). The PIC's investment priorities have not yielded any real benefit for workers.

With the PIC managing about R1, 9 trillion on behalf of the Government Employees Pension Fund (GEPF) and other social welfare funds such as the Unemployment Insurance Fund, the conference expressed its unhappiness with the forms of investments that have been implemented by this corporation.

The meeting strongly expressed the urgent need to have labour representatives as part of the decision-making processes therein, in ensuring the PIC invests in developmental programs that are to improve worker conditions and create local job opportunities for our populace.

....

Comment

The rest of the statement is Police and Correctional Services specific. I believe it is a matter of time before the GEPF Act changes to include greater labour union representation, participation and say.

Synopsis

The PIC took a R1.8 billion hit after it bought Cyril Ramaphosa's company out of MTN Nigeria

Phillip de Wet, Business Insider SA

<https://www.businessinsider.co.za/the-pic-took-a-r18-billion-loss-for-cyril-ramaphosa-2018-3>

A confidential audit report for the Nigerian government alleges that MTN's bankers broke that country's finance laws – and raises questions on whether MTN knew and benefitted, Business Day reported on Friday morning. President Cyril Ramaphosa could now be drawn into the investigation, Business Day said, because he was the chairperson of MTN at the time the banks allegedly violated exchange controls – and an important MTN Nigeria shareholder for part of the period.

But it seems there may also be questions about how the government-owned Public Investment Corporation (PIC) lost R1.8 billion in government employee pension money when it bought Ramaphosa's stake. During the course of their enquiries it emerged that the PIC had bought Ramaphosa's one-time corporate vehicle Shanduka out of MTN Nigeria, investigative organisations Finance Uncovered and amaBhungane said. The PIC later confirmed it had paid \$230.993 million for the shares in a deal concluded in late March and early April 2015.

Ramaphosa finalised his divestment from Shanduka in May 2015, after he became deputy President and said he would isolate himself from his former businesses to avoid any conflicts of interest.

In October 2015 the Nigeria government imposed a massive fine on MTN for failing to disconnect unregistered subscribers. In the PIC's 2017 annual report it valued the MTN Nigeria shares at R996 million, a loss of 65% or some R1.8 billion.

Comment

The PIC makes the financial news interesting by popping up in underperforming investments, especially where politicians are involved. This reflects on their investment attitude, approach, etc and even more, on the due diligence and oversight by the BOT. However, this investment might produce ongoing good dividends, which still isn't going to make up for the loss in value.

The GEPF AMAGP: Invitation

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

Soos meeste van ons staatsdiens pensioenarisse, ontvang u, u pensioen gereeld maandeliks en is en is waarskynlik baie afhanklik daarvan. Agv die swak toestand van regering in die RSA, die aantreklikheid en omvang van ons Fonds en algemene staatskaping, ontstaan die vraag egter hoe volhoubaar dit is. Gebaseer op informasie tot ons beskikking, is ons by die AMAGP van mening dat daar wel gevare is en dat ons, die aandeelhouers van die pensioenfonds, dringend hieraan aandag moet gee. Ignorering hiervan kan lei tot 'n soortgelyke situasie as dit waarin Spoorweg pensioenarisse hulle tans bevind. Om die rede versoek ons dat u ons ondersteun. Sluit aan by die AMAGP, 'n vrywillige organisasie, bestaande uit staatsdiens werknemers en pensioenarisse, met die doel om ons Fonds te beskerm.

Contact any one of the following:

Hennie Roux
hennie@nostalgie.co.za

Gerda Putter
gerda.putter@gmail.com

Alan Luck
armyrenewal@vodamail.co.za

Errol Massey-Hicks
errolhicks@gmail.com

www.amagp.co.za

FACEBOOK GROUP

[GEPF Moniteringsgroep]

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

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 the GEPF funding progressed 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.

4. The financial woes of ESKOM, SAA and other SOE [PETROSA, PRASA, Transnet, etc] feature largely, making looting the GEPF very attractive. Think of the billions required for the nuclear power dreams the [doomed to overruns and massive losses].

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: editorgepfm@gmail.co.za

DOEL EN BELEID VAN DIE AMAGP

AANBIEDING BY AMAGP SE AJV 2018

DOEL VAN AMAGP

Om die Fonds ten behoeve van staatsdiens werkers en staatspensionarisse en hulle afhanklikes te beskerm teen swak bestuur en korrupsie.

BELEID VAN AMAGP

- **LEDE SE VOORDEEL IS HOOGSTE PRIORITEIT**

Die Fonds moet ten alle tye tot die maksimum voordeel van pensionarisse belê word. Enige beleggings in BBBEE- en Sosio-ekonomiese projekte moet alleenlik plaasvind as daar aanvaarbare winste gemaak word.

- **VOLHOUBAAR**

Die Fonds moet volhoubaar wees.

- **RISIKOS**

Beleggingsrisikos moet beperk word. Dis veral van toepassing op BBBEE, SOE en buitengewoon groot beleggings in maatskappye. 'n Gesonde balans tussen binnelandse en buitelandse beleggings moet gehandhaaf word.

- **BELEGGING IN STAATS BEHEERDE INSTELLINGS (SBI)**

Die belegging in SBIs moet beperk word. Die redding van bankrot SBIs, is nie die taak van die Fonds nie. Die tipe belegging moet vermy word.

- **POLITIEK VERMY**

Politieke inmenging en politieke gediensigheid deur amptenare van die Fonds moet uitgeskakel/vermy word.

- **RAAD VAN TRUSTEES VERANTWOORDELIK**

Soos die betrokke wet dit vereis is die Raad van Trustees verantwoordelik vir die Fonds en moet dus aangespreek word indien sake nie reg verloop nie. Die OBK is onder hulle beheer en dus nie direk tov die Fonds aanspreeklik nie. Tydens die keuring en aanstelling van Trustees, moet die persone se kwalifikasies, ervaring en veral integriteit in ag geneem word. 'n Trustee is in die eerste plek verantwoordelik aan die groep lede wat hy verteenwoordig. Daarom moet hy gereeld met die groep of hulle verteenwoordigers skakel/kommunikeer.

- **GEHEIMHOUDING & KOMMUNIKASIE**

Geheimhouding moet vermy word en daar moet behoorlike kommunikasie met lede van die Fonds wees. Geheimhouding lei tot agterdog by die lede en die moontlikheid van misbruik van fondse.

AMAGP GOAL AND OBJECTIVES

AMAGP GOAL

To protect the Fund against poor management and corruption, to the benefit of civil servant, government pensioners and their dependants.

AMAGP POLICY

- Member Benefit must be Accorded the Highest Priority

The Fund must at all times be invested to the maximum benefit of pensioners. Any investments in BB-BEE and socio-economic projects may only take place if acceptable profit may be made.

- Sustainability

The Fund must be sustainable.

- Risks

Investment risks must be contained. This is specifically applicable to BB-BEE, SOE and extraordinary large investments in companies. A healthy balance must be maintained between local and overseas investments.

- Investments in State Owned Entities (SOE)

Investment in SOE must be restricted. Saving bankrupt SOE isn't the task of the Fund. This type of investment must be avoided.

- Avoid Politics

Political interference and servility by officials of the Fund must be eliminated/avoided.

- Responsibility of the Board of Trustees

As required by the relevant law, the Board of Trustees is responsible for the Fund and must thus be addressed if matters don't progress correctly. The PIC is under their control and thus not directly accountable wrt the Fund. With the selection and appointment of Trustees their qualifications, experience and especially integrity must be considered. A Trustee is primarily responsible to the group of members he represents. Therefore, h must communicate/contact regularly with the group or their representatives.

- Secrecy and Communication

Secrecy must be avoided and there must be proper communication with the members of the Fund. Secrecy leads to suspicion by members and the possible misused of funds.



8 March 2018

Per e-mail: antonievisser7@gmail.com

Dear Mr Visser

GEPF: FIDUCIARY DUTIES OF TRUSTEES OF THE GEPF: THE FIRST LINE OF DEFENCE AGAINST STATE CAPTURE OF GEPF FUNDS MANAGED BY THE PIC

The Board of Trustees of the GEPF acknowledges receipt of your letter dated 16 November 2017 and notes your concerns.

There are initiatives such as the proposed PIC Amendment Bill that indicate that your concerns are shared and are being considered.

The Board of Trustees is aware of its fiduciary duties and takes them seriously.

Yours Sincerely

Abel Sithole
Principal Executive Officer
GEPF