



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.



NEWSLETTER NO 4 VBS 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

Good day dear readers. This newsletter covers the Venda Bank disaster in several reports and comments. Due diligence by the AMAGP resulted in a 'I don't know' answer by

the PEO, to be found at the back of the newsletter.

This disaster follows Steinhoff, Eskom, with others looming gently and darkly on the horizon. Keep your eyes and ears and mind open and keep asking questions about the sustainability of our Pension Fund.

Editor

NEWS NEWS NEWS

Synopsis

VBS Bank goes bust

2018-03-11 06:00

Sipho Masondo

City Press

www.news24.com/SouthAfrica/News/vbs-bank-goes-bust-20180311-2

Just 18 months after shooting to prominence, VBS Mutual Bank faces the possibility of a spectacular crash, following Treasury's instruction to municipalities to stop investing with the institution. The order was given early last year and states that the Municipal Finance Management Act (MFMA) forbids municipalities from investing in mutual banks. As a result, a number of councils withdrew more than R1 billion from the bank, causing a major liquidity crisis.

City Press can reveal that VBS's cash reserves are so low that its executives said that if main shareholders the Public Investment Corporation (PIC) and Vele Investments don't inject cash, the SA Reserve Bank (Sarb) is expected to place the entity under curatorship this week.

VBS came to prominence in 2016 when it granted a R7.8 million loan to former president Jacob Zuma to settle debt relating to the upgrades to his Nkandla home.

Matodzi said the bank's woes began last year, when it became aware that, by law, municipalities are forbidden from investing cash in mutual banks. "To be on the right side of the law, in March 2017, VBS decided to approach Treasury's MFMA team." This, he said, was followed by a letter to Treasury's accountant-general, who did not respond.

"The bank was surprised around August 2017, when one of our municipalities informed us there was a letter from Treasury informing them not to invest their funds with VBS. Again, we tried to contact Treasury, but to no avail. And that was when we contacted the Sarb to assist us to engage Treasury. The Sarb staff came back around September 2017, but their response was inconclusive."

Matodzi argued that all VBS wanted was to request Treasury to withdraw its instruction to municipalities, as this was ruining the bank. "We asked if Treasury could allow us to either wind down the municipal book quietly over a period of time, or be granted a deviation to continue taking these deposits, as the bank was about to apply for conversion to a commercial banking license, a process which takes between 12 and 18 months." "By January 2018, the liquidity situation at the bank was becoming dire due to municipalities withdrawing their cash and I urged the DG [Mogajane] to reach a conclusion on the matter."

Matodzi said that after a recent meeting with the PIC, Mogajane and Naidoo, it became clear that Treasury was not interested in any form of arrangement. "From that day, one immediately realised that the fate of the bank was actually already decided from August and the negotiations were simply meant to drain the bank's liquidity to a point where it had no choice but to face curatorship." It became clear that their "greatest sins" had been to give Zuma a loan and running a successful black bank. Matodzi said that the Sarb did not treat all banks equally.

He argued that the Sarb jumped to Capitec's defence when the bank came under attack from Viceroy Research recently, but did nothing when the "media attacked" VBS about its decision to grant Zuma a loan.

A shareholder who did not want to be named, said he was aware and happy that the bank would be placed under supervision.

"That is what we have been calling for, for a long time. There is gross mismanagement and no corporate governance at VBS," he claimed.

A VBS executive told City Press that the PIC, a shareholder in VBS, could still save the bank. "We need R1.5 billion to operate comfortably into the distant future. The PIC's investment committee met this week to consider a funding request from VBS. We are waiting for them to come back to us. The PIC has previously funded a lot of vanity projects and lost incredible amounts of money. Why would they not fund a black bank?"

Comment

Interesting that a bank does business without knowing or applying what the relevant laws require. And then an unnamed shareholder is aware of 'gross mismanagement and no corporate governance' at the bank. The PIC has 27% of the shares ... What due diligence did the PIC do before taking up 27% of the shares?

SARB places VBS Mutual Bank under curatorship

Mar 11 2018 17:24

Lameez Omarjee



Cape Town – The South African Reserve Bank has placed VBS Mutual Bank under curatorship. The Reserve Bank called a briefing following a report in the City Press that the mutual bank is facing a liquidity crisis after Treasury instructed municipalities to stop investing with the bank. A number of councils withdrew more than R1bn from the bank after Treasury gave the order early last year.

Given the severity of the liquidity crisis VBS is facing, the minister of finance, upon the recommendation of the Registrar of Banks has placed the bank under curatorship with effect of Sunday March 11, 17:00. "The SA Reserve Bank is of the view that the appointment of a curator is in the best interest

of the public and VBS depositors,” he said. Auditing firm SizweNtsalubaGobodo has been appointed curator, the current board and management at VBS are relieved of their powers.

Deputy Governor Kuben Naidoo confirmed that the bank had grown from a balance sheet of R150m three years ago to over R2bn, mainly due to an increase in municipality deposits. The bank has over R1.5bn in municipal deposits, said Naidoo.

In terms of the Municipal Finance Management Act (MFMA), it is not legal for municipalities to make deposits in mutual banks as they are not registered in terms of The Banks Act. “So municipalities with deposits with VBS had broken the law, and so did VBS in accepting the deposits.”

The Reserve Bank picked up an increase in deposits from municipalities at VBS Bank 18 months ago, said Naidoo. “We put bank under intensive supervision and engaged on the risks involved,” explained Naidoo.

One of the issues is that VBS took short-term municipal deposits and lent them long term. When the municipalities asked for their money back, the bank was unable to pay it, he said. “It is risky business to take large municipal deposits, from municipalities that need cash, and put them in long term loans,” he said. This would ultimately lead to liquidity problems.

Despite having communicated to the bank the risk and asking it to review its business model and reduce its dependence on large deposits from municipalities, VBS increased the deposits it took and the amount it lent, said Naidoo. Naidoo said the Reserve Bank engaged with the two largest shareholders of the bank; the Public Investment Corporation and Vele Investments; and its board and management requesting the bank to develop a rescue plan.

Naidoo said it was unlikely that the shareholders would be able to provide the necessary cash injection within time to manage the liquidity crisis. “After an exhaustive process of engaging with the board, management and shareholders, there was no other solution besides curatorship,” he said.

PIC undertakes to co-operate with VBS Mutual Bank curator

Mar 12 2018 20:30

Lameez Omarjee



Cape Town – The Public Investment Corporation (PIC), one of the main shareholders of VBS Mutual Bank, said it will co-operate with the bank’s curator to find a way forward for the institution. In a statement issued on Monday the PIC, which has a 27% shareholding in VBS, said it has noted the South African Reserve Bank’s (SARB’s) decision to place the bank under curatorship given its liquidity crisis.

In August 2017, following its investigation of the legal implications of municipalities investing in mutual banks, Treasury issued a circular informing municipalities not to place deposits with VBS. This is because it is forbidden by the Municipal Financial Management Act. As a result, a number of municipalities made withdrawals amounting to R1bn, City Press reported.

Naidoo said the SARB engaged with the bank’s shareholders - including the PIC and the VBS management and board - to reach a solution for its liquidity crisis when it came to light in February 2018 that VBS was unable to honour an obligation in the National Payments System.

The PIC said it will work closely with the curator SizweNtsalubaGobodo and other stakeholders to assist the bank, which will hopefully emerge much stronger. In the meantime, people with loans from VBS should continue paying them off. The bank will continue to operate its transactional accounts and will be recovering loan repayments, he explained.

Those with small deposits of less than R50 000 will be able to access their money overnight, he said. “We are appealing to people with deposits at the bank to

understand that it is protected and government is protecting those deposits.”

Following the briefing on Sunday, Treasury issued a statement. “The aim of curatorship is ultimately to turn the mutual bank around. This is in contrast with liquidation, where the mutual bank is closed down,” said Treasury. “The curator is given the legal means to create the necessary mechanisms to implement a resolution plan which will ensure the long-run sustainability of VBS. “The recent example of African Bank, which emerged as a stronger bank after curatorship, should be noted.”

The Black Business Council (BBC) however raised concerns that neither the SARB nor Treasury consulted it in the decision to place VBS under curatorship, chief executive officer Kganki Matabane said in a statement. “We remain deeply concerned due to the fact that the SARB and National Treasury did not take the BBC into confidence on the matter affecting a black bank,” he said. The BBC said it is engaging with Treasury, VBS and the SARB to find “amicable solutions” for VBS.

Comment

Why would the BBC want to be part of this mess? This could become interesting. I doubt if playing the race card is going to change the facts.

The story behind VBS Mutual Bank’s curatorship. It was a long time coming.

Patrick Cairns / 22 March 2018 00:01

https://www.moneyweb.co.za/news/the-story-behind-vbs-mutual-banks-curatorship/?utm_source=Moneyweb&utm_campaign=08e8ac8a4b-EMAIL_CAMPAIGN_2018_03_22&utm_medium=email&utm_term=0_b106a40770-08e8ac8a4b-203387677&mc_cid=08e8ac8a4b&mc_eid=e5a98c1e2f

South African Reserve Bank (Sarb) deputy governor, Kuben Naidoo, told parliament’s SCF on Tuesday that the Sarb had been engaging with VBS Mutual Bank for 18 months before it was placed under curatorship on March 11.

“Over this time the bank had four liquidity events,” Naidoo explained. “The most recent was on February 16, when they effectively didn’t have money in the overnight settlement system to make a payment.” It was this issue that ultimately culminated in the Minister of Finance putting VBS under curatorship earlier this month.

In briefing the committee, both the Sarb and National Treasury explained that the primary issue at VBS was that it had, since 2015, been taking a number of very large deposits from a small number of municipalities. This was creating a miss-match between these deposits, which are typically short term, and the loans it was granting to clients, which are mostly longer term.

Compounding this is that municipalities are expected to spend their annual budgets and therefore would be expected to have withdrawn all of their money by the end of the financial year. In other words, the deposits were extremely transient. “The Constitution doesn’t allow municipalities to run an operational deficit,” explained the head of tax and financial sector policy at National Treasury, Ismail Momoniat.

Rapid growth

Figures provided by the National Credit Regulator suggest how quickly this issue had escalated. At the start of 2016 VBS had a mortgage loan book of R240.3 million, and R48.8 million in secured credit, mostly vehicle finance. Less than two years later, at the end of September 2017, its books showed mortgages to the value of R425.3 million and secured credit worth R211.7 million. This was total growth of over 120% in just 21 months.

At the same time, it was increasingly taking deposits from just a few municipalities, even as the regulator was warning of the risks. “We’ve been engaging with the bank repeatedly to reduce the risk in this concentrated nature of its deposits,” Naidoo explained. “We now know that what they’ve done is exactly the opposite.”

Over the last few months, even with the Sarb having registered its concerns, municipal deposits at VBS grew from R1.063 billion at September 5 2017 to R1.580 billion at March 2 2018. The number of municipalities holding such deposits increased from 12 to 16. This miss-match between a small number of very

large, short-term deposits, and a large number of much smaller, longer-term loans, is what led to a liquidity crisis at the bank.

Action plan

After the latest liquidity event on February 28 the regulator requested an action plan from VBS to resolve the matter. The bank indicated that it had requested a liquidity injection from its two major shareholders – Vele Investments and the Public Investment Corporation.

The regulator allowed some time for this funding to be realised, but by March 8 it had still not been forthcoming. The registrar therefore advised VBS that if it did not have written confirmation of a commitment of funds by the close of business on Monday, March 12 it would recommend to the Minister of Finance that the bank should be placed under curatorship.

However, on Friday March 10 the chairman of VBS, Tshifhiwa Matodzi, wrote an open letter in which he made this public. This forced the registrar to act immediately to prevent a run on the bank. "We put it under curatorship not because we wanted to," said Naidoo. "This bank has failed because board and management repeatedly refused to heed our advice and recommendations."

Currently VBS remains open for business, although withdrawals are limited to R1 000 per client per day. The Sarb has also guaranteed retail deposits up to R50 000 per depositor.

Questions about municipalities

This doesn't protect the millions deposited by municipalities, but the committee heard that this money should never have been placed with VBS in the first place. Under the Municipal Finance Management Act, municipalities are required to bank with a registered bank. While the act does not specifically forbid using mutual banks, National Treasury has indicated that mutual banks do not in fact meet the requirements. This was communicated directly to a number of municipalities in August last year, yet it apparently had no impact.

"Even when VBS knew it was wrong for municipalities to invest, they were still touting for deposits from municipalities," Momoniat said. "That seemed to be their business

model." He admitted, however, that this caused a real dilemma. "If we told municipalities to take their money out, the bank would have gone bust," Momoniat noted.

He added that these and other issues must be looked at to ensure that there was no fraud and to understand where there may have been failures of governance. "The curatorship is here to save the bank," Momoniat said. "We are hoping that the bank will be saved, that we will find assets, and that there is no funny business. Once we have the report from the curator we will know how big or small the problem is."

Comment

Very little has been changed in this report, it reads easily and explains clearly what caused the curatorship. Lack of oversight and poor governance clearly caused this problem; being a Black bank is irrelevant. Vele Investments is a Venda financial institution and we all know about the PIC.

An informational letter from Adamus Stemmet that sums up the discrepancies nicely.

"Friends,

Further investigations revealed the following:

According to the GEPF's annual report for 2015/2016 the GEPF held an investment of R308 million made by their agent, the PIC, in the VBS bank. R3,9 million of this amount was a fixed deposit in the money market.

On 30 March 2017 this investment was valued at R277,38 million. The PIC then held a share of 25% in the bank. We hope that the curator will soon be able to indicate what the value of this investment is now, or rather what is left of it. This is important because the PIC and BOT should this time be held responsible delictually for losses incurred; Trustees off course in their personal capacity. The situation still prevailing at the old African Bank where they apparently are getting away with murder should not be repeated.

The events at the VBS bank raise certain questions: Why invest in money market where money is usually "parked" before being invested elsewhere? Are such short term investments not strange for investments made on behalf of a pension fund? Are investors

not then supposed to concentrate on long term investments?

A 25% share in an unknown mutual bank which not so long ago only had two branches? A bank which became known only recently with its loan of R7,8 million to Zuma and which grew rapidly to a bank with twelve branches?

Unfortunately this is a bank which relied on investments by municipalities and which was apparently under management with a style reminding you of a Ponzi scheme. A management team the skills of which did not develop along with its growth.

We note that Treasury, eighteen months before the collapse of the bank, warned that the investments by the municipalities were unlawful. The PIC and BOT, therefore, were aware of the coming problems and the threat to their investments. Negligent, therefore, if not reckless!

Questions must again be asked about investigations by the PIC and BOT before investments are made. By this time it is clear to us that the word "monitor" does not form part of their vocabulary and, if it does, is kept secret."

Synopsis

Warning: Ponzi scams still going strong

Mar 25 2018 22:00
Carin Smith



Cape Town - The Financial Services Board (FSB) still sees many Ponzi schemes, according to Caroline da Silva, deputy executive officer of the FSB. Da Silva explained to Fin24 that this does not necessarily mean there is an increase in Ponzi schemes in the country, but could be an indication that the public is more alert about possible Ponzi schemes.

A Ponzi scheme is defined as a fraudulent scam, which generates returns for "investors" who invested at an early stage by paying them from new investors' money and not by actually investing in anything that can generate real returns. It usually promises high returns with little risk to investors.

Da Silva said the operators of a Ponzi scheme sometimes apply for a simple financial services provider licence and then use that to create the impression of running a legitimate investment business. Her advice to consumers is to check whether the person they deal with has a financial services provider (FSP) licence, and also exactly what the licence is for.

Because investors fall for scammers' promises that they will make money, they often choose to believe the scammers' assertions that the media or the FSB is to blame for the implosion of the scheme, and not that it collapsed because it was a Ponzi scheme.

Key Individual

Another trend Da Silva has noticed is that it is becoming more common for those who use real FSP licences to try and make a Ponzi scheme look legitimate by "renting" a key individual (KI) who does not do or have proper oversight of the business.

The FSB defines a KI as a person responsible for managing and overseeing advice or intermediary service, either alone or with others. Where an FSP licence is used to front an illegitimate business such as a Ponzi scheme, the KI does not have real operational oversight and is fed fraudulent information which they rely on due to their lack of real involvement with what is happening in the business.

"Where a KI oversees five or more different financial service provider licences that are not part of the same group, you have to question his or her oversight capacity," said Da Silva.

"If high returns at no risk are promised, be suspicious. Get information on what they are investing your money in and how you can verify that, because they might be using false documents to convince you that they are really investing in something when they are not."

Comment

Now you know. Ponzi is the name of the person who started this fraud scheme. He was eventually caught and paid the price.

Synopsis

Comment from AMAGP Vice Chairman Albert van Driel about this matter:

VBS is a complete disaster, that's why it was put on curatorship. We've already sent a letter to GEFP, not that we expect any answer.

We are being told a lot of rubbish about a so-called "credit line" relating to guarantees for providers of diesel to ESKOM. Vele Investments, the major shareholder in VBS has a secret website impossible to access!!

The diesel story to Eskom is another secret investment/project by GEFP/PIC. In 2014 alone the amount of payment for diesel was R 10.5 Bn (how could a credit line of R 350 M have covered that)?

The SARB chose its words carefully to explain the reasons for curatorship; because there are clear signs that if VBS was not a Ponzi, then it certainly had been a pyramid scheme where new investments had to pay for old prior commitments, where an abnormal high interest rate for depositors was probably the main reason for its downfall.

What is most disappointing however is that our own investment arm of GEFP, the PIC allowed themselves to be drawn into such a business model?!

Comment

Well said.

The AMAGP sent the following letter to the GEFP on 22 March:

Good day
Dr Frans le Roux,

The GEFP 2015/16 Yearly report indicated that an amount of R 308 M was invested in VBS, which included a market fixed deposit of R 3.9 M. This amount was worth R277.38 Million at 30 March 2017 as indicated in your 2016/17 Annual Report (AR).

Last week the SA Reserve Bank placed VBS in Curatorship, due to unlawful acceptance of deposits from Municipalities (having been withdrawn after Treasury indicated the illegality thereof). The latter activities resulted in severe cash flow difficulties by VBS. Its mutual bank status prohibited the acceptance of such deposits.

It is general knowledge that Mr Zuma received a loan from VBS of R 7.8 M, relating to his Nkandla legal commitments. It has been reported that after having lost the deposits as indicate above, VBS bank hardly had a dime and nickel left to service any other commitments.

Finally Dr le roux, we are compelled to pose the following questions/statements to your BoT:

1. Was the PIC investment in VBS lawful, considering that other SOE whom wished to have made deposits at VBS, were legally obliged to seek Treasury approval for such deposits?
2. A mutual bank creates many more risks for investors, than commercial banks, due to different statutory requirements, particularly when such funding comes from hard-earned savings of Govt servants, pensioners, and related beneficiaries. Were "Due Diligent" studies embarked upon, before having approved the VBS venture?
3. Will the PIC/GEFP refrain once more from using the " Piggy Bank" to save VBS, as it had done with the old African Bank (he latter with R 4.00 Bn, and now has only a 15% equity in its successor African Phoenix Investments)?
4. Who would be held accountable for another politically motivated investment?

The answer received via the PEO:

Address block truncated.

----- Forwarded message -----
From: **Abel Sithole** Abel.Sithole@gepf.co.za
Date: Wed, Mar 28, 2018 at 10:33 AM
Subject: RE: VBS bank investment
To: Albert van Driel <drielaav@gmail.com>

Dear Mr van Driel

- The investment in VBS is legal

· All investments are made in terms of established investment processes and procedures by appropriate governance structures

· PIC/GEPF invest the assets and do not use them as a "Piggy Bank"

· PIC/GEPF do not make politically motivated investments

Kind regards,
Abel

Comment

A noncommittal answer, it contains nothing. Notice how short and 'blank' the sentences are. I think future answers to AMAGP letters are all going to be the same, actually just confirmation of receipt. I think the PIC/GEPF is starting to dread these letters.

Politically motivated? See Newsletter no 3 for more information.

No mention of later media reports of massive diesel purchase via VBS for Eskom, for two years at more than R10bn per year (2014/15)!

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 aanloklikheid 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

FACEBOOK GROUP

[GEPF Monitoringsgroep]

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: editorgepfmg@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.