Association for Monitoring and Advocacy of Government Pensions (AMAGP)

NPO Registration No: 198-822

SEMPER VIGILANS

The Association for Monitoring and Advocacy of Government Pensions: A volunteer 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

GEPF Watchdog - Waghond

GEPF Forum

GEPF your investment. your future

NEWSLETTER NO 16 of 2022

AMAGP – Association for Monitoring and Advocacy of Government Pensions
AR – annual report
BOT – Board of Trustees [of the GEPF]
FSCA – Financial Sector Conduct Authority [previously the FSB]
GEPF - Government Employees' Pension Fund
PIC – Public Investment Corporation
PSA – Public Servants' Association
ROI – return on investment
SCOF – Standing Committee on Finance
SCOPA - Standing Committee on Public Accounts
SOE – state owned entity

The Government Employees Pension Fund (GEPF) is Africa's largest pension fund. We have more than 1.2 million active members, in excess of 450 000 pensioners and beneficiaries, and assets worth more than R1.61 trillion. GEPF is a defined benefit pension fund that was established in May 1996 when various public sector funds were consolidated. Our core business, which is governed by the Government Employees Pension Law (or GEP Law), as amended, is to manage and administer pensions and other benefits for government employees in South Africa. https://www.GEPF.gov.za/ dd 27 October 2022.

***WE ARE THE OWNERS OF THE GEPF** and we have the right to expect the GEPF BOT and the PIC to manage and invest OUR money in a responsible and profitable way, to the advantages of members and pensioners. Note the misbalance: the single pensioner on the BOT representing all 450 000 pensioners and the 15 representatives from the multitude of trade unions and government departments representing the 1,2 million active members.*

The AMAGP does not want any GEPF member to leave the Fund, because it still is the best pension fund in the RSA. BUT, we as members and owners of the Fund have to protect it against abuse.

The Editor's Word

Note. The 2022 GEPF AR has just been released. Please note that the values at this time [end of 2022] are at least 10 months old, as the deadline for the estimated values as at March 2022 would have been finalised at the latest January 2022, to allow the AR to be completed by end of March 2022.

The 2021/22 GEPF AR has been released. It is still to be discussed in parliament. Should make interesting but tedious reading. AMAGP is preparing comments for SCOPA which, hopefully, should liven things up a bit. It is available on the GEPF website under publications.

Our media man, Zirk, had his say on Pretoria FM early on 26 October 2022:
https://www.pretoriafm.co.za/klankkoerant-oggend-26-oktober-2022/
Please listen. Think about the time he spent preparing to be so articulate during the interview [unpaid volunteer].

Tongaat Hulett enters business rescue in SA. Tongaat in the neighbouring countries aren't involved. We had about R224,5mn invested in Tongaat but the 2021/22 AR shows we aren't any more. Fortunately.

Now for news from the media

Some guidance from Liberty about nominating beneficiaries for your pension in case of your demise. Makes it easier for those left behind and whoever handles your estate.

An update about the 'government' cookery intentions, the envisaged twopot pension; by Today's Trustee. Today's Trustee always worth reading. It's going to take longer than planned to get this cookery in place for implementation. Probably only in 2024.

The NPA investigated PIC contracts for the period 2008-2018 and found about R18bn in bribes. One would assume that further steps are being taken to bring the guilty to book …

There are several reports about Daybreak Farms, irregularities are always in the news. It seems all hasn't been and isn't well at the farm. It's costing our Fund money.

Statement 7/2022 from AMAGP about the GEPF AR. Little said, wait for the promised analysis.

Lastly, happenings in China have a decided influence on GEPF ROI. In this case Naspers investment in China is running foul of increasing regulation in China. Who knows where it will end.

NUUSNEWSNUUS

Synopsis

The importance of nominating your beneficiaries

By Adv. Beverly Jubane
Liberty Corporate Consultants and Actuaries

Maintaining a valid and up-to-date Nomination of Beneficiary form is critical to facilitating the speedy payment of death benefits.

Retirement fund members who are entitled to death benefits must keep their Nomination of Beneficiary forms up to date to ensure their beneficiaries receive these benefits timeously in the event of a member's death. Without a valid, up-to-date form, investigating who is entitled to the benefits could take much longer and some potential beneficiaries might end up being excluded.

Death benefits under approved policies

In the event of the death of a member the deceased member's savings accumulated in the fund, plus the death benefit, are paid to the member's beneficiaries as a fund death benefit.

Fund death benefits are subject to Section 37C of the Pension Funds Act, which means that the fund trustees need to conduct an investigation to determine who the beneficiaries are and distribute the benefit to those beneficiaries in an equitable manner, based on, ia, their dependency on the deceased member. A completed nomination of beneficiary form guides the fund trustees in their investigation to determine the member's beneficiaries.

Death benefits under unapproved policies

Section 37C of the Pension Funds Act does not apply to unapproved policy benefits, although the deceased member's savings accumulated in the fund are paid as a death benefit from the fund, and Section 37C applies to this portion. Therefore, in the case of an unapproved policy, the death benefit due from the policy is dealt with slightly differently to the death benefit due from the fund itself.

With unapproved benefits, a member may nominate anyone whom they wish to receive the benefit, including non-dependents, and payment will be made accordingly. There is no Section 37C investigation which takes place and payment is strictly made according to the completed Nomination of Beneficiary form.

What happens to unapproved policy benefits if there is no valid nomination form in place?

In the absence of a signed, valid Nomination of Beneficiary form, the insurer is required to pay the benefit to the deceased's estate, or according to a written instruction by an authorised person confirmed by a letter of authority issued by the Master of the High Court, where applicable.

Nomination of beneficiaries and funeral policies

Nomination of Beneficiary forms are also required for the payment of benefits from employer-owned funeral policies. When the main member of a funeral benefit policy passes away, the benefit will be paid out in terms of the signed Nomination of Beneficiary form. If the Nomination of Beneficiary form has not been completed, the payment will be made to the deceased's estate. Payment of the benefit cannot be made to the employer or any other person with control over the deceased's affairs. This could result in hardship as the funeral policy is meant to assist with the cost of the funeral and the money to cover the costs is normally urgently required.

Comment

Good advice.

Synopsis

Ructions over retirement reforms

Today's Trustee
September/November 2022
By Phakamisa Ndzamela

With trade unions fiercely opposed to the new two-pot system, does the ANC government have the stomach to pass far-reaching rules on the eve of an election in which it may surrender power?

National Treasury has acceded to industry requests to delay implementing its new twopot pension system by at least 12 months, to give the retirement fund administrators more time to build the structures required to adopt those rules. The architects of the plan had earmarked March 2023 as the implementation date for the new system.

This is a key element to the wider set of retirement reforms blowing through the industry, piloted by finance minister Enoch Godongwana. With so much happening so quickly, the pension industry argued that constructing and implementing all the changes needed within a tight seven-month window would require too much heavy lifting. It seems National Treasury listened. Alvinah Thela, National Treasury Director of Retirement Funds, told Parliament's Standing Committee on Finance on 20 September that the original March 2023 date wasn't feasible, so this would be pushed out a year.

But even that may be too ambitious. Thela said that what came out from the consultation process was that the implementation date proposed of March 2023 "would not be feasible given the system changes, rule amendments and … other processes that need to take place before the two-pot system is implemented". She said Treasury accepted the comments and will now postpone it until March 2024. This move seemed inevitable.

Richard Carter, director of assurance at Allan Gray, tells Today's Trustee: "the industry more broadly has indicated that it will need 12 to 18 months from when all the changes to legislation are finalised and promulgated to put everything in place. This would imply that March 2024 would be a stretch, never mind March 2023." Carter says retirement fund administrators need time to design, test and implement changes.

But quite how much time is required will only become clear once there is clarity on the final rules, which are still being thrashed out. With trade unions fiercely opposed to the new two-pot system, does the ANC government have the stomach to pass far-reaching rules on the eve of an election in which it may surrender power? Given the requirements of the two-pot system, Allan Gray says the new systems would have to help administrators cope with potentially more frequent but smaller withdrawals, compared to the current situation where withdrawals are primarily on exit of the fund.

Other experts agree. Jaco van Tonder, director of advisor services at Ninety-One, says that March 2023 wouldn't have been achievable. Like his peers, Van Tonder states that Ninety-One can't begin building their administration system until they know what the final regulations will look like. And given how much money is at stake, nobody can afford to take shortcuts.

Nonetheless, the changes needed for a two-pot system would largely fall on the shoulders of retirement fund administrators, rather than asset managers. Van Tonder says some asset managers offer their own retirement fund products to investors. In those cases, the asset managers would have to expand their administration capabilities to deal with the extra complexity of administering the "savings pot", the "retirement pot" and the pot of pension assets that have already vested.

Blessing Utete, the managing executive at Old Mutual Corporate Consultants, says the retirement fund administrators had asked National Treasury to push back the implementation date by "at least" 12 months. "The law could be promulgated by 1 March 2023, but the access [would need to] start after March 2024," says Utete, as this would give time for administration platforms to be amended.

Yanga Mputa, National Treasury Chief Director of Tax Policy, told Parliament her department and the South African Revenue Carter … retirement fund administrators need time to design, test and implement changes nobody can afford to take shortcuts Services (SARS) received comments from a number of organisations, including 80 individuals who were not necessarily tax practitioners but contributors to retirement funds. The problem, however, is that this further delay in implementing the two-pot system will see retirement savers needlessly paying tens of billions of rand annually in taxes to (SARS) as a result of their pre-retirement withdrawal lump sums.

In fact, Today's Trustee estimates that SARS collected over R100bn in tax from pre-retirement withdrawals between 2011 and today. This is based on data sourced from National Treasury, which showed that R92,6bn in taxes was paid by people who made pre-retirement withdrawals between 2011 and 2020. Since R12bn is paid, on average, per year, for early withdrawals of lump sums of around R110 000, this would tip it past the R100bn mark. These taxes were implemented by the government to discourage people from depleting their savings before retirement.

But this tax doesn't seem to have altered behaviour as many had hoped. Treasury says that each year, about R78bn is withdrawn from pension funds before retirement. The architects of the two-pot system believe that this new intervention will be a far more effective way of getting people to preserve their retirement savings.

But as much as the two-pot system is designed to give more South Africans a buffer in case of emergencies, there are deep political implications to implementing it. The question is whether SA's politicians will have the stomach to implement the two-pot system on the eve of the 2024 national election. This is a risk since trade unions allied to the ANC have expressed their deep unhappiness about the new two-pot system.

While the union federation Cosatu says it supports efforts to improve the financial health of workers, it argues that workers ought to be given access to their full pensions and savings when they lose their jobs or are forced to resign for personal reasons, rather than just a third of it. Retirement savings are the "worker's hard-earned savings", Cosatu argues, and any limitation on their access to it must be rejected. "Workers are currently allowed full access when they lose their jobs. This right cannot be taken away from them in such situations. It will be untenable to tell workers that they cannot access their savings when they have lost their jobs and are desperate to save their families, homes, cars, and possessions and to feed their children," the union argues.

The opposition of the unions introduces an unwieldy variable into the discussion since, in the past, the government has actually delayed implementing much-needed pension reforms around preservation because of fears that workers would punish the ANC.

Already, it seems Treasury is making concessions to appease the unions. In mid-September, when it pushed back the implementation date, it also said it had made a critical change: it would now consider allowing people to make a once-off withdrawal of historical savings already collected in the third pot of "vested savings".

However, this would require boards of trustees to review their investment strategies, which could result in different mandates per pot. For example, trustees would have to make a call on how they would invest in various asset classes such as cash, listed equities, private equity and bonds for the "savings pot", as well as the longer term "retirement pot". Allan Gray's Carter agrees that for those who withdrew their full retirement savings when they left a job, and were left with very low salary replacement values, this new system would ultimately have improved their situation.

One big question that pensioners have on their minds, however, is who will pay for this new twopot system? This is a concern since in many cases, companies have tended to pass on the costs of new regulation to their customers, reducing the ultimate value. Utete says the costs were yet to be quantified, but the administration fees could definitely increase.

There are plenty of system changes involved: this includes changing fund rules, communicating to members, changing benefit statements, and building the right infrastructure to take specific instructions from members around their decisions. Carter says those who don't withdraw funds ought not to be penalised. Trustees ought to ensure that members who don't withdraw shouldn't have to cross subsidise the costs for those who do withdraw.

But if the system keeps changing, then it won't be possible to reduce costs and these expenses will probably eat into the country's retirement savings pool. This is the last thing anyone needs, especially in a system aimed at doing as much as possible to preserve savings, rather than reduce it.

For administrators, it might be a headache, but for pension savers, all this fine-tuning will hopefully result in much better outcomes. But it all depends on whether the government has the stomach to resist calls by the unions to loosen up the rules for short-term gains, rather than the long-term benefit.

Comment

I know this is a bit long, we all need a refresher about where pensions in SA are going to go. There is no doubt in my mind that the GEPF will follow the trends of this envisaged cookery.

Synopsis

Contracts relating to the PIC investigated by the Directorate of Priority Crime Investigation

The NPA Annual Report 2021/22 p 44/45
Investigating Directorate
Overview of Investigations and Prosecutions

… "The extent of corruption becomes even more clear when examining the amounts involved in the contracts, which form the basis of the corrupt activities, and the total estimated value of alleged bribes paid. Investigations cover contracts to the value of R2.1 trillion (tr). Of this amount, contracts relating to the Public Investment Corporation (PIC) constitute the largest figure, in excess of R2tr, which is mainly investigated by the DPCI. The value of alleged bribes paid are in excess of R18 billion, with most bribes paid being in the SOE sector." …

"**High-level public and private sector**
The authorised investigations under the HLPP sector focused on the serious, high profile or

complex fraud and money laundering regarding:

….

3. The functioning of the PIC for the period 2009 to 2018.

4. Determination of proceeds of crime based on losses incurred through the functioning of the PIC for the period 2009 to 2018." …

Comment

The extracts are from the 2021/2022 NPA report of the Directorate of Priority Crime Investigation. R18bn of alleged bribes in PIC contracts worth R2trn!. This shows part of the why of the Mpati Commission. Unfortunately, the implementation of the Mpati Commission's findings is still overcast to cloudy, being stated in percentages and not which ones have been implemented.

Synopsis

PIC official under cloud over R150m payout to pals

Money was siphoned out of Daybreak Farms by people and companies linked to the PIC's company secretary Bongani Mathebula.

2 October 2022
Sabelo Skiti

More than R150m has been siphoned out of a company wholly owned by the PIC by a group of individuals and companies linked to the PIC's company secretary...

Dear reader, the shortened letter below was submitted to the Sunday Times by Adamus Stemmet, in response to the above report in the Sunday Times.

Editor,
The shocking front page report in the Sunday Times of 1 October 2022 made one sit up: Another R150mn of pensioners' money embezzled by an official of the Public Investment Corporation (PIC). IMPOSSIBLE! was the first thought. Not after the Mpati Commission!

The report states that a senior official embezzled the money from Daybreak Farms. Daybreak Farms is one of the investments in unlisted entities, the so-called Isibaya investments, in which the PIC has a 100% investment. This in a firm believed to have financial problems. The total amount in Isibaya investments on behalf of the GEPF amounts to R1,2bn.

It now appears that the events related to the R150mn, that the newspaper says were spent on luxuries, have been investigated and that a forensic report was already in January 2022 in the PIC's possession. Apparently, nothing has been done about it.

When the PIC reported to the National Council of Provinces in June, they found it good to conceal this corruption. They did not take the parliamentary committee into their confidence and fully inform them. Apparently, action against the relevant official either did not take place at all or was also concealed. The parliamentary oversight role could, therefore, not take place in full.

These events must be seen against the background of the irregularities and illegalities that have been exposed at the Mpati Commission. The cloud it has left hanging over the PIC's reliability is far from cleared. The PIC is still very secretive about which of the commission's recommendations have been implemented. Even in their reporting to parliament it is only vaguely stated that x% of it has been carried out. No information about the repair of defects, the recovery of money and asset seizures. No prosecutions, NIKS! NOTHING!

These events now raise the question of whether the OPC can be trusted at all to maintain the monopoly of borrowing approximately R2,5trn from the Public Service Pension Fund. Their record doesn't look good. If the parliament cannot trust them, how can the GEPF and its owners: the members of the fund? It is a shame that the authorities did not listen years and R billions ago when AMAGP called for independent and not a monopolistic government-controlled asset managers.

…..

Adamus P Stemmet
Durbanville
0823209245

A further, connected, report about Daybreak Farms.

State-owned Daybreak Farms: Two whistleblowers summonsed on criminal charges

News24
By Carin Smith
21 February 2022

Getty Images

Two women with links to the state-owned chicken producer Daybreak Farms have been summonsed to appear in the Specialised Commercial Crimes Court (SCCC) this week.

Fin24 has seen court documents which summons Mathaphelo More, 49, and Votelwa Majola, 46, to appear in the SCCC in Pretoria on 25 February.

Daybreak's chair Lerato Nage referred Fin24 to the Company Secretary Kgabo Mapotsa, who confirmed on Monday that the company had laid the charges against the two women. Mapotsa said it relates to alleged fraud, corruption, money laundering and theft at Daybreak.

"This is an unfolding story and other former employees could still be charged," said Mapotsa.

Majola said she is currently still the head of human capital at Daybreak Farms. She told Fin24 on Friday that she does not want to comment on the matter, since the situation with Daybreak has become "very complicated" and the court process has to run its course.

More is Daybreak's former head of internal audit and was also the company's technical executive until she was suspended by the board in mid-February 2021. At the time, the board claimed the relationship with her had "irretrievably broken down with no prospects of restoration". A subsequent letter from the board addressed to her, alleged a "breach of fiduciary duty of care".

Staff purge

More was one of a string of executives fired by the board. Last year, almost all the group's senior executives, including its CEO Boas Seruwe, had been replaced amid claims the new board wanted to take over the running of the company. Daybreak's board denied such claims, saying it was simply acting in the business's best interest.

An arbitration court found Seruwe's dismissal was "procedurally and substantively unfair". It ordered him reappointed as CEO and awarded over R2mn in back pay.

Candy confirmed that his firm represents both Majola and More in the SCCC matter. He said they formed part of a group of individuals at Daybreak Farms who last year blew the whistle on alleged poor corporate governance and corruption at Daybreak against most of the current board.

"However, the summons was irregularly served as it is less than 14 days before the appearance. We have advised [the State] that we will place ourselves on record at court on 25 February, requesting that the matter be adjourned," said Candy. Furthermore, the matter may need be heard in a different court than the one in Pretoria, in his view.

"It’s not our client’s job to make sure the State does its job. The State should get all its ducks in a row before embarking on criminal proceedings, as our clients have inalienable rights under the Constitution, and the law. The fact that we accepted a defective summons shows that our clients are law-abiding citizens," commented Candy. He added that the PIC must still investigate the disclosures made in the whistleblowers' report, which was shared with it more than a year ago.

"It's also strange why there is a [such a] delay, as the ink has barely dried on the Mpati Report, which amongst others, recommended the PIC take proactive steps to protect whistleblowers," said Candy.

Daybreak supplies a wide range of poultry products from its operations in four provinces. It employs about 3 000 workers and slaughters over a million birds a week. It is wholly owned by the PIC, which spent R1,175bn to buy out the poultry producer, then known as AFGRI Poultry, in May 2015.

And more relevant information.

PIC seeks cost orders against Daybreak Farms directors

By Daily News
8 September 2022

The PIC is seeking personal cost orders against the directors of Daybreak Farms if its 'antagonistic' board opposes its bid to compel it to hold a shareholders' meeting.

A Fin24 report notes that the PIC has approached the Gauteng High Court (Pretoria) to order the chicken producer's board to hold a shareholders' meeting where it will consider voting out directors Lerato Nage, Nthabiseng Segoale and Maria Boikanyo.

The PIC wants Daybreak's board to answer questions about the findings of a governance review into allegations of weak governance, abrupt dismissals of senior staff, and wasteful legal fees. It claims that Daybreak's board has steadfastly refused to call a shareholder meeting.

In court filings, it says Daybreak's board has refused to accept that the PIC is, in fact, mandated to act on behalf of three funds which together hold 100% of Daybreak's shares. The PIC has asked the court to grant personal cost orders against Daybreak's directors if they oppose the application, meaning the directors will be held personally liable to pay the PIC's legal costs.

No date has yet been set for the case to be heard.

Comment

Following the flow of information above, there seems to be a golden thread linking the firing of staff, PIC's company secretary siphoning funds, whistleblowing, and PIC court action [or lack of]. This matter seems to be much more than a year old, possibly already started in 2015 when the already financially challenged poultry producer became wholly owned by the PIC.

Synopsis

STATEMENT 7/2022
ISSUED ON BEHALF OF THE ASSOCIATION FOR THE MONITORING AND ADVOCACY OF GOVERNMENT PENSIONS (AMAGP)
Pretoria

26 October 2022

GEPF Annual Report 2021-22 cannot be accepted on face value. It should be thoroughly interrogated

The Government Employees Pension Fund Annual Report 2021-22 (GEPF AR) was recently released.

In the aftermath of the publication of the report of the Judicial Commission of Inquiry into allegations of impropriety at the Public Investment Corporation (the Mpati Commission) on 12 March 2020, which also made recommendations regarding the GEPF, we really expected more progress.

This 153 page AR should be thoroughly interrogated.

The GEPF is the 'owner' and custodian of the biggest single amount of money available for investment in South Africa (R2,3trn) with said investment being managed by the Public Investment Corporation (PIC) It is trite that the PIC's investment practices and capacity as well as the sustainability of the GEPF as fund has a profound impact on the economy and future of South Africa. The Fund should, however, not be seen as a handy piggy bank for the government.

The Mpati commission made critical findings and recommendations on both the GEPF and the PIC [also the Treasury], which are in need of implementation.

The GEPF, through its investment mandate to the PIC, has a critical role to play in ensuring such implementation.

The AR is eventually presented to parliament for the latter to exercise its oversight function as to the GEPF as state entity. With a view to assist the SCOF, AMAGP is in the process of preparing its inputs which will be submitted to parliament in due course.

AMAGP is also in the process of analysing the AR and will soon be in a position to comment in more detail on it. Even at this early stage a cursory glance at the report reveals many red lights, which should receive urgent attention. To mention just a few at this stage:

- to entrust the managing of the huge assets of R2,3trn effectively to one state controlled asset manager is financially risky. Also: this single state controlled asset manager allows for the asset manager, with the apparent approval of the GEPF, to invest pension money in the business of the employer like cash hungry state owned entities;

- the funding level of liabilities that now stands at 110,1% being a decline of 12% from the 2014 level of 122%;

- it reports back on 5 Mpati recommendations but maintain a complete silence on 10 of the other 15 recommendations directed at the GEPF;

- mandating investments in social responsibility projects (like loans to students, the creation of employment opportunities and health care/increasing hospital beds) while none of these students or the unemployed or the sick which benefited from these investments contributed to the Fund. The state carries the responsibility for education, health care and facilitating employment growth, not the Pension Fund. The Fund is clearly managed as an extension of and a purse for the state. The Fund should invest in the best interest of its members and should not be seen to support or fund the business of the employer; and

- is still mandating the PIC to invest fabulous amounts in the infamous and loss-making Isibaya portfolio, to the detriment of its own members/the Fund.

We will in due course release our full analysis of the GEPF Annual Report 2021-22

Zirk Gous
Liaison Officer: AMAGP

Comment

Take note. It isn't what the report says that is important, it is what it doesn't say that is important, eg Sibaya investments.

Synopsis

Jitters over China wipe R432bn off value of Naspers and Prosus

Naspers and its international subsidiary have been battered over the past year due to a crackdown on tech firms by China

BL Premium
24 October 2022
Mudiwa Gavaza

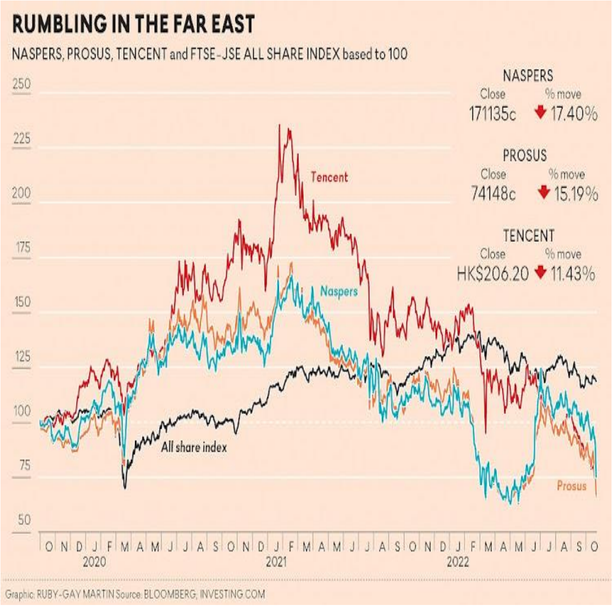
The Prosus logo pictured on a smartphone. Picture: REUTERS/DADO RUVIC

The Naspers-Prosus cross-holding entity, a stock market heavyweight widely held by pension funds and portfolio managers, fell off a cliff on Monday, slashing more than R432bn off its market value after an election result in China triggered worries that the world's No2 economy may tilt away from free markets.

Shares in Prosus, which is part of a complex cross-holding structure with Naspers and owns about 29% of Chinese internet powerhouse Tencent, crashed more than 15%, its biggest one-day fall yet. Naspers, which shares the same board with Prosus, slumped 17%.

Tencent closed 11,43% lower.

The bearish sentiment on the two companies, the total combined losses of which came in at more than R432bn, was sparked by news that Xi Jinping secured a historic third term at the weekend as China's president, tightening his hold on the economy, which has shown brutal signs of hostility to investors over the past year-and-a-half.



Both Prosus and Naspers are still reeling from China's regulatory assaults on the country's vast technology industry. This followed the Communist Party politburo's vow in late 2020 to keep "disorderly expansion of capital" under control.

Xi's re-election on Saturday has spooked money managers in SA and abroad, who are agonising over whether economic growth might be sacrificed for ideologically driven policies.

Prosus lost almost a fifth in 2021 as the widening series of regulatory campaigns kept investors on edge that nothing is off limits. That includes an opaque structure called a variable interest entity, which helps skirt Chinese rules restricting foreign investment in several sensitive industries, including technology.

Prosus, which has its primary listing in Amsterdam, owns its R1,3trn stake in Tencent via a variable interest entity set up for Hong Kong. The onslaught saw Prosus lose its spot as the biggest company by market value on the JSE earlier in 2022. Once worth R4trn, the combined value of Naspers and Prosus is now about R22,8trn

But the negative sentiment towards Chinese stocks could complicate Prosus's open-ended, long-term share buyback programme, which is funded by the sale of shares in Tencent.

The programme, the size of which has not been disclosed, is the latest attempt by Prosus and its parent to crush a stubbornly wide gap between their market capitalisation and the value of their underlying assets. The programme is seen by some analysts as part of a broader trend of early international backers of Chinese firms now cashing out their investments.

With Bloomberg

Comment

We had about R286bn invested in Naspers. I wonder what it is worth now? The newest GEPF AR might be able to tell us. Ah, newest value is R68,28bn but then our shareholding dropped from 17% to 9%. Still, the value declined by about half. It seems the PIC acted timeously to minimise possible share value loss. The ROI should remain.

THE GEPF WATCHDOG / WAGHOND FACEBOOK PAGE

Welcome to our page.

The GEPF Watchdog/Waghond Facebook page is the social media platform of the non-profit organisation "The Association for the Monitoring and Advocacy of Government Pensions" (AMAGP). The AMAGP has only one agenda point – safeguarding the GEPF against looting and mismanagement.

We are the owners of the GEPF, and we have the right to expect the GEPF Board of Trustees, and the PIC, to manage and invest OUR money in a responsible and profitable way. To the advantages of members and pensioners!

Most of our GEPF members are content with the fact that pensioners still get their monthly pension (and some increases annually), and they are convinced by GEPF newsletters and ambitious GEPF Annual Reports that our Pension Fund is in a superb condition. The AMAGP newsletters and press releases tell a different story.

Our Facebook and AMAGP are together more than 58 000 members and continually growing, but this isn't enough. Tthe continued growth confirms the ever increasing concern pension fund members and pensioners have about the future of their pensions.

As a member of the GEPF (working or retired), this Facebook page will keep you updated about any developments affecting the health of YOUR Pension Fund. It also provides you with the opportunity to participate in the debate and raise issues of concern.

Please read the articles that are posted on the wall, BUT also "re" and "Files". You can get further information on our website – there is no reason to be in the dark regarding our/your Pension Fund, and what you must do as a member.

This page will only have any value for you if you join the AMAGP. Note there are no membership fees. You don't have to do any work for the AMAGP if you do not wish to do so – BUT your membership will add one more voice to AMAGP convince the government our pensions remain ours, not theirs to misuse.

VRYWARING

Die AMAGP maak die Nuusbrief beskikbaar as 'n diens aan beide die publiek en AMAGP lede.

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