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.

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GEPF Watchdog - Waghond

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NEWSLETTER NO 17 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 8 November 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

The 2021/22 GEPF AR has just been released and is still to be discussed in parliament. It is interesting but tedious reading, especially as much of the history and background of the contents are vague. The AR is available on the GEPF website under publications.

Please note that the values at this time [end of 2022] are at least 7 months old - the deadline for the estimated values as at March 2022.

Some comments resulting from cursory reading.

Numerous articles and reports in the media keep us aware of the poor ROI of investments in the past year or two. And the poor state of the SA economy. Your financial advisor will probably also have informed you of the of the poor performance of your investments. At the same time the PIC/GEPF informs us of the excellent growth in our assets in this very same troubled period. Somehow these opposing views seem to clash. Unfortunately, this leaves ample scope for thoughts on how the complex Steinhoff financial statements covered a multitude of sins. And the complexity of our GEPF investments and assets.

The parliamentary system allows inputs to the various committees such SCOF and SCOPA. AMAGP has prepared, is preparing and will still prepare and submit inputs to these committees and various parliamentarians, in order to keep safeguarding our Fund. Hopefully these comments will enliven their eventual meetings with the GEPF.

The member and beneficiary figures in the AR.
The GEPF website notes "in excess of 450 000 pensioners and beneficiaries". The figures used in the AR indicate about 30 000 more, but, depending on where you read in the AR, may vary by about 5 000 up or down from 485 000. Of course, the figure changes every month as people pass away and go on pension but not in a single defining, document, such as the AR. The same for the totals of the contributing members. Results in me doubting the accuracy of figures used in the AR.

The contributions by the employer ['government'] seem to be unchanged since about 2019, despite repeated auditor warnings that it should be increased.

The active members remained constant at about 1 260 000 for the last eight years.

The AR purports to report on the twelve month period up to 31 March 2022 but includes matters at least up to June 2022. Makes one think what period is actually covered in the report, except for statistics and graphs. The size, shape and contents of the AR may be flexible and subject to change without notice and warning.

The AR states the GEPF assets as R2,3trn. Of concern is that the GEPF website has stated R1,6trn since March 2022, the effective date of the AR. Which is correct? This seems to be a good question to ask in parliament.

The allocation of the GEPF assets seems to be 88% domestic, in SA. Of which the 83% consist of bonds and equities, 4% property, 1% cash. Read the AR for the rest.

Two of the principles of the GEPF beliefs [p61] include '… investment to effect change …' and 'Addressing socio economic imbalance development'. The first principle is 'GEPF's investment beliefs are linked to the duty to consider ESG issues'. Fascinating to realise that these beliefs and principles completely ignore the Fund's only clients and reason for existence - the members and beneficiaries. And tells us what the BOT is focusing on.
[ESG – environment, social, government]

The PIC voted on behalf of the GEPF in thousands of resolutions at investor meetings. Hopefully these voted were mandated by the GEPF in each case.

The GPAA is paid more than R900mn per year for the work it does for the GEPF. The AR states the GPAA underperformed according to the SLA for the reporting year.

It seems that poor documentation is the major reason for delays in the payment of benefits. The GEPF is preparing a course for HR staffs to counter this. Said course may be available by now.

The top 16 risks [p82] in my opinion all reflect on internal management and administration of the GEPF, ie matters within the GEPF's capability to correct and stay corrected. Still my opinion, they shouldn't be risks at all as it reflects poorly on GEPF management and administration.

The fund managers appointed by the PIC to manage GEPF funds changed slightly, essentially remaining the same. However …

Investment management fees dropped from about R510mn to about R82mn. Not sure how the number of fund managers are unchanged but their fees dropped by 400%. And the Fund's ROI increased in the reporting period. Might be time to cut the fund managers drastically.

Unclaimed benefits increased markedly. No reason or explanation given.

The property portfolio changed slightly, adding a few properties and disposing of a few. Interesting the number of properties known only by the street address, stand, portion or erf number. A couple of houses at about R 500 000 each. We can only trust the GEPF real estate management has up to date details of the ROI of each of the properties, also their implied value if no ROI.

The impairments decreased drastically, why? It might be that billions have been written off as unrecoverable, contained somewhere in the arcane AR wording. Such as Lancaster and Steinhoff.

In very general terms it seems the business of the GEPF is relatively unchanged since the previous AR, leaving me to speculate what caused the massive increase in the assets in a very troubled financial and economic year. Include the decrease in the fund managers' fees, implying less activity. In many of the asset statements in the AR, the totals reflect a decrease in value. The stated increase may be due to the worsening exchange rate and inflation. Of course, analysis by a knowledgeable person could provide answers.

The threat of 'government' unilaterally using our Fund to absorb Eskom debt hasn't died away. Note the carefully worded statement by the Minister of Finance about the 'government' taking over part of Eskom's debt, not stating where the money is going to come from.

Now for news from the media

Moneyweb reports on the GEPF AR in general terms, focusing in glowing terms on what the AR reveals. Now, read the questions asked by Zirk in the follow up article.

Joe Kleinhans trumps this with a letter questioning the difference in approach to municipal debt between the President and the Gauteng Premier.

Brenthurts wealth provides some thoughts on financial planning for the next decade.

The US Rohatyn Group has bought Ethos Private Equity to help the US investment firm expand on the continent. This purchase influences other of our investments. Read the report.

NUUSNEWSNUUS

Synopsis

GEPF implements a number of Mpati Commission recommendations

Moneyweb
By Roy Cokayne
3 November 2022

Dondo Mogajane, chair of the GEPF Board of Trustees.

Image: Moneyweb

The GEPF has implemented a number of the recommendations made by the Mpati Commission of Inquiry into allegations of impropriety at the PIC. GEPF BOT chair Dondo Mogajane confirmed this in the GEPF's latest annual report, adding that it represents an effort to further strengthen and enhance the GEPF's investment processes, including oversight of the PIC.

The PIC manages 82,14% of the GEPF's investment portfolio directly, with the remainder managed through a few local and international external managers.

The recommendations the GEPF implemented included:

1. Reviewing and strengthening the GEPF's investment policy;
2. Evaluating the investment strategy, which resulted in an asset liability modelling exercise that led to a revised strategic asset allocation currently being implemented;
3. Reaching agreement with the PIC on benchmark returns, which has resulted in a revised mandate being signed for the listed and unlisted portfolios;
4. Reviewing its internal investment monitoring structure to enhance the monitoring and evaluation of investments, with the GEPF Board approving a reviewed structure and capacity; and
5. Strengthening its management agreements, resulting in robust guidelines and portfolio construction in the investment implementation process of its funds.

Mogajane said these actions have resulted in more stringent consequence management, a review of fee models, enhancement of investment and reporting guidelines, and an improved framework for responsible investing.

Mogajane said the newly appointed GEPF board is committed to growing the fund and ensuring it becomes more efficient and effective in benefits administration and its investment strategies. "In this regard, we will continue to improve our oversight and relationship over our service providers, the GPAA [Government Pensions Administration Agency] and PIC," he said.

To ensure the investment manager adheres to the updated investment policy and guidelines approved in 2020, the GEPF reviewed, concluded and signed new investment management agreements with the PIC that included both the listed and the unlisted investment management agreements.

New agreements

The GEPF said the new agreements replaced the 2007 agreement together with all its subsequent addenda and includes the nature of the relationship, the scope of the investment manager, investment governance and processes, portfolio guidelines, limitations, risk disclosure and fees.

"The agreements together with accompanying annexures seek to ensure good investment governance, adherence to GEPF investment policies and guidelines, proper checks and balance, adequate monitoring and oversight," it said.

GEPF principal executive officer Musa Mabesa reported that the GEPF is financially sound and solvent and currently has a funding level of 110,1% to meet its current benefit obligations to members. He said this is an improvement from 2018 when the previous statutory actuarial valuation report on the GEPF was completed, which reflected a funding level of 108,3%.

Contingency reserves

Mabesa added that the fund was able to set up contingency reserves to cover unexpected events and unfavourable economic experiences of R186,8bn. He said that on a conservative basis, and if affordable, the fund would have ideally set up contingency reserves of R892,8bn.

Mogajane said that despite operating in tough economic conditions, the GEPF achieved a 9,6% year-on-year growth, closing with a market (fund) value of R2,3trn.

He said this is an increase of R201bn from the previous financial year.

"This continued growth of the fund, irrespective of the tough economic climate that it operated in, clearly illustrates that the fund's investment strategies continue to assist in growing the fund.

"The improved return was largely as a result of positive domestic market conditions, especially equities growth, rising commodity prices and the performance of our bond portfolio, which improved by 6% from the previous financial year," he added.

Mogajane said the fund performance shows a recovery in its unlisted and property portfolios, adding the fund continues to strengthen its oversight and strategies with respect to these portfolios to further improve their performance.

He said it must however be noted that the long-term impact of the Covid-19 pandemic will continue to hamper these portfolios.

The returns achieved by the GEPF from its investments in major asset classes:

1. Listed equity increased by 12%;
2. Domestic bonds increased by 6%;
3. Domestic unlisted equities increased by 19%; and
4. Foreign collective investments schemes increased by 6%.

Accumulated funds and reserves of the GEPF grew at an average rate of 8,6% during the 2013 to 2022 period.

The fund's investment portfolio increased by 9,6% to R2,29trn at end-March 2022 from R2,09trn in 2021.

It attributed the increase in the investment value largely to the economy's stability post the Covid-19 impact on the economy.

During the reporting period, the GEPF investments yielded a return of 11,1% compared to 23,1% in 2021, based on net investment income of R255,7bn compared with R483,84bn in 2021.

The number of active members of the fund decreased by 0,3% to 1,261 million from 1,265 million in the prior year but has remained stable over the past five years.

Comment

There is ample scope for vagueness in the article. Note the GEPF website states "… assets worth more than R1.61 trillion. …*" for at least the last nine months. The GEPF AR report of last year is splashed in the media creating the impression of awesome growth in the economic destitute year of Covid when the economy nationally and internationally languished. Doesn't make sense, does It?*

But what happened since April 2022 to cut R0,5trn from the assets? And note the increase in returns in the very tough and troubled financial and economic year of reporting.

Synopsis

Zirk did an initial analysis of the AR, highlighting the following concerns.

Provisional analysis of the GEPF AR by AMAGP Spokesman Zirk Gous

Question 1: Is the GEPF Annual Report and Financial Statements 2021-22 credible or is it a clone of the Steinhoff-history?

The GEPF funds under investment (by the PIC) topped R2trn with an unknown number of complicated investment deals, clearly a complex environment. The funds under investment realised a 9,6% year on year growth (p 6) based on a return on investment of 11,1% (p 10). The chairperson, Mr Mogajane, described (p6) investments for the year '*operating in tough economic conditions*' The PEO, Mr Mabesa, echoed (p7) this referring to '*unfavourable market conditions'* The JSE all share index is down almost 10% year on year + global equities lost nearly 23%. South Africa's economic growth in 2021 was a paltry 2%. The annual financial statements reflect '*an increase of R201billion from the previous year'* (p 6)

This largely stands in direct contrast to the market realities for 2021-2022 where private investments overwhelmingly recorded losses or at best broke even. We do not understand this contradiction. Above figures: are they credible?

Question 2: Funding cash-hungry state owned entities

In the same period that this annual report was drafted, the Chairperson is on record that 1. '*the GEPF must be an economic transformation tool*' and 2. '*to be used to fund infrastructure projects and cash hungry state-owned entities'* (Todays Trustees' – Sept-Nov 2022) In the GEPF Annual Report 2021-22 (p5-6) he is completely silent on above vision for the use of GEPF/employee/pensioner funds. Please

- show us the empowering clauses in legislation that allows for the use of GEPF funds in the business of the employer (economic transformation, funding infrastructure projects and funding cash hungry state-owned entities); and

- disclose to us the GEPF investment mandate to the PIC that provides for above.

Question 3: <u>Is the PIC's investment monopoly a transgression of competition legislation in SA</u>?

The PIC handles over 82,14% (page 17) of all the GEPF investments of R2trn plus; effectively a monopoly and completely against the legislation that governs competition in South Africa. The remaining 17,86% of investments are '*managed through a few local and international external managers'* (p17)

This monopoly is also found in 'Assets under management in internally managed private equity portfolio' (page 58-59) where 82,76% of the private equity portfolio is managed by Pan African Infrastructure Development Fund I and II.

We thus ask:

-Have you ever considered the possibility that the effective (PIC) monopoly in investment stands in contradiction of competition legislation? And

-Have the GEPF/PIC ever disclosed a complete list of the names of above non-PIC managers?

Question 4: <u>Why did the GEPF funding level drop from 122% in 2014 to 110% in 2022</u>?

On page 8 of the Annual Report Mr Mabesa refers to the 14 April 2022 GEPF actuarial report and compares it with the 2018 actuarial report. He then states that the funding level of the Fund stands at 110,1% for 2022, a growth from the 2018 funding level of 108,3%. Also, page 75 refers to this and deals with the relationship between funding levels and contingency reserves.

The reasons for above growth are certainly not attributable to good GEPF management but relate to external factors not related to good governance (salary and pension increases lower than previously and the wider gap between the discount rate versus salary and pension increases - once again see page 8).

Page 75 reveals that the funding level of the GEPF was as high as 128% in March 2006 and 122% in March 2014. Taking the latter date, the Fund's funding level dropped by 12% as from 2014. Still on page 8 as well as page 75 reference is made to the Fund's contingency reserves in 2021 which amounts to R186 827 – only 21% of the ideal amount which should be R892 840. This contingency in March 2014 stood at 83% Both the funding levels and contingency levels of the Fund deteriorated drastically as from 2014. This drastically affects the long-term sustainability of the Fund.

Please explain, and please do not refer to the statutory determined funding level of 90%, we are aware of that

-the reasons for this 14% decline pf the funding level of the GEPF; and

-the active steps that the GEPF will take to restore the funding level to the 2014-level to protect the long-term sustainability of the Fund.

Question 5: <u>Fully disclose the GEPF investment policy to the PIC</u>

The Report p 17 speaks about the GEPF investment mandate to the PIC and identify it as

-the GEF investment policy,
-the investment portfolio structure,
-risk parameters,
-benchmark + fees,

-the proxy voting policy and,
-the derivatives policy of the GEPF.

When and where were these 6 documents made public? Where can we access it?

Question 6: Why did the GEPF only report on 5 from 15 Mpati Commission recommendations?

The report on page 6 refers to the recommendations of the Judicial Commission of inquiry into allegations of impropriety at the PIC (Mpati Commission) and lists 5 recommendations that were acted upon. This commission made 377 recommendations of which 331 requires action by the PIC itself, 31 that requires action by the Dept of Finance and 15 that requires action by the GEPF (total 377). In reporting on only 5 recommendations, the GEPF omitted to report on or even mention the other 10 Mpati recommendations.

The Fund owes South Africa on why they omitted to report on the 10 outstanding 'GEPF' recommendations.

Question 7: Why is the GEPF investing pension funds as an extension of government?

On pages 61 to 64 the Report deals with Environmental, Social and Governance Reporting. In an exercise of intellectual gymnastics, it motivates the GEPF's involvement in employment and jobs, access to education and student loans, access to health care, access to housing, transformation and more. It is noted that investments must be made in the best interest of the Fund and its beneficiaries/members i.e. state employees and pensioners, a statutory imperative.

Job seekers, students, the sick and frail, the homeless, the political opportunists and looters and others are not members or beneficiaries of the GEPF and made no contribution to the Fund. They are the business of the employer. The state/government which must care for them. The Fund has no responsibility to accept or take over government's responsibility to care for them. The Fund is not an extension of Government and should never invest in the business of the employer like cash hungry state-owned entities. It has no responsibility to pursue government's political priorities like economic transformation and funding infrastructure projects or cash hungry state-owned entities.

The GEPF must at all times act in the best interest of only the fund and its members/beneficiaries. When and how is the GEPF going to give clear instructions to the PIC to, at all times

-stop investing in the business of the employer i.e. the state; and

-prioritise the best interest of the fund?

Question 8: *Why is the GEPF pursuing the loss-making Isibaya investment portfolio* when two other state institutions withdrew their mandate for this from the PIC?

Various references are made in the report about 'Domestic unlisted equities', (page 10) 'unlisted investments' (pages 170) and more, this being the PIC's infamous Isibaya portfolio. The Annual Report then very briefly refers directly to the Isibaya portfolio on page 60, revealing that R118bn committed to this portfolio. Critically it fails to touch on the risk factor of this portfolio and the reported 47% of investments lost and/or which are at risk in Isibaya, R55bn lost or at serious risk.

The GEPF independent auditors notes (p86) that the unlisted investments/portfolio 'are inherently subject to a significant degree of judgement in respect of certain assumptions' and further on: '... the unlisted investments was at a significant risk level due to the high degree of judgement ...'.

Unlisted investments thus is 'a key audit matter' – audit-speak for high risk! It is in the public domain that that Mpati Commission (referred to on page 6 of this Annual Report) made 377 findings and recommendations of which the majority related to Isibaya because of its loss-making nature and propensity for corruption. It further is in the public domain that two other PIC clients i.e. UIF (Unemployment Insurance Fund) and CC (Compensation Commissioner) withdrew their mandate to the PIC to invest their money in Isibaya because of the non-profitability of said portfolio.

Scrapping Isibaya and the risk to R55bn will allow the GEPF to restore the funding levels and contingency levels of the Fund which deteriorated so dramatically as from 2014.

Please explain to us why the GEPF is

-willing to persist with a mandate to the PIC to invest in the high risk Isibaya projects/unlisted entities,

-refraining from investing in the best interests of the Fund as provided for in legislation by investing in the high risk Isibaya but,

-putting the pension funds of your beneficiaries (state employees and pensioners) as well as the long term sustainability of the Fund at serious risk by running the high risk Isibaya portfolio.

Question 9: <u>How does the GEPF ensure consequence management for today's improprieties at the PIC?</u>

Please explain to us how you keep the PIC accountable for further 'post Mpati' improprieties (example: the Daybreak Farm where according to recent news reports RI50million were stolen) in terms of

-criminal action against those involved in impropriety,

-civil action to recover lost funds, and

-internal disciplinary action against employees implicated?

Question 10: <u>Why should state officials serving on the GEPF board of trustees be remunerated while receiving a state salary</u>?

Six of eight employer nominated trustees are state officials. Seven of eight employee nominated trustees are state officials.

Case studies of two trustees who both already served as GEPF trustees and were re-appointed on 4 July 2022 for another four year stint as GEPF trustees:

Lt Genl Ntshiea (SAPS) (employer nominated) attended 38 GEPF meetings (p24) while receiving a state salary

-assuming that she prepared for each meeting, she spent 76 working days or 3,4 months on GEPF Business or conversely, not being able to attend to her line function duties in SAPS,

-for this she was paid trustee remuneration to the value of R858 000 on top of her SAPS salary.

Mr Eddie Kekane (SA Democratic Teacher's Union) (employee nominated) attended 43 GEPF meetings (p20) while receiving an union salary and presumably an employer salary as well

-it is very profitable to be a state unionist: two salaries from both the union and the state as employer,

-the opportunity to be nominated as a trustee for some state-owned-structure like the GEPF, PIC, state medical fund and more, and

-he was paid trustee remuneration to the value of R I 179 000 for the financial year 2021-22.

It seems as if these trustees are double dipping in effectively receiving two state salaries.

Comment

Dear reader, this provisional analysis of the GEPF AR should encourage you to be seriously concerned about the long term viability of the Fund.
Note the creeping change in the core of the Fund’s business, moving from the focus on the member/beneficiary to taking over and funding the ‘government’s’ social responsibilities and economic tragedies.

Synopsis

MIXED MESSAGES ARE HARMFUL

By Joe Kleinhans
5 November 2022

Gauteng Premier Panyana Lesufi is in a merry Christmas mood. He is immediately doing away with the controversial e-toll system of Sanral and he wants to write off Soweto's power debt, after R8bn of it has already been written off in 2020.

In contrast, President Ramaphosa reprimands municipalities and the state departments to settle their power bills to Eskom because their outstanding debt amounts to more than R50bn. But at the same time, the president understands Lesufi's position and asks that "balanced discussions" take place about it. Who are "balanced" if the president and the premier can't even give balanced guidance?

The non-payment of service fees is a disaster, the brainchild of the ANC. It was introduced as resistance against the then apartheid government. It was so successful that a special task force was deployed in the Union Building in the early nineties to try to find a counter to it. But once you've taught someone not to pay, you don't reverse the habit easily. It has spilled over into the new South Africa and is growing from crisis to crisis.

The AA has already said keep your money in your pocket, don't pay e-tolls. Who in Soweto is going to pay these service fees? And if Soweto's debt is written off, it goes without saying that other municipalities will start insisting on the same preferential treatment.

The non-payment of service fees was a political move. Writing off any service delivery debt is too. The ANC is urgently looking for votes. Therefore, irresponsible statements and promises are made.

Comment

It goes with saying that writing off Soweto's debt absolutely certain for sure won't motivate Soweto to start paying for services, including power.

Synopsis

It might be time to recalibrate your retirement expectations

14 November 2022
By Editor BizNews
This content is brought to you by Brenthurst Wealth by Sonia du Plessis

Predicting the future might be a fool's errand, but that doesn't mean you shouldn't be planning your financial future. Especially in the context of the highly anticipated global recession and how this may affect investment returns in the coming years.

It's useful to look at historical market returns to get an idea of what we can expect. However, that seems less reliable given some of the fundamentals shifts we've seen in the past three years. Globalisation, for instance, has gone from a driving force of the world's economy to a major hiccup as countries look inward to shore up their supply chains.

How this plays out and how the global economy recovers will be crucial for investors who are saving for their retirement. The big question is whether the models and projections we've relied on in the past are still relevant. Because if they're not, then it's time to relook at your portfolio to check that it can still deliver what your retirement plan demands.

Looking to past to plan for the future

Historical market returns are a simple tool we use to guide our expectations of what we can expect in the future.

Take a look at the S&P 500 and JSE All Share Index over the last 20 years:

The roughly 10% compound annual growth over 20 years has long been a fair assumption to use for your long-term projections when putting your retirement plan together.

And while it's tempting to look at the higher returns achieved over the most recent five and 10 year periods, don't be fooled into relying on those numbers for your long-term strategy.

What the experts predict for the next 10 years

If you want to get a more realistic picture of what we can expect in the coming years, look no further than the projections of some of the US's largest fund managers. The likes of BlackRock, Grantham Mayo Van Otterloo and Morningstar Investment Management were recently asked to predict market returns for the next 10 years.

As you'd expect, the projections vary quite a bit between the various fund managers. The over-riding conclusion. however, is that returns are projected to be much lower over this period than the previous 10-year period.

What this means for your retirement planning

While it's important to digest and understand these projections, this is not a signal to up-end your portfolio. Or, rather, the projections alone aren't reason enough to have to re-evaluate your portfolio composition.

However, factors such as the domestic economy and inflation, and rising life expectancies could give you some cause to reassess and rebalance your retirement plan.
How you choose to do that, and the reasons for doing that, will differ from one person to the next. It's unreasonable to expect that your circumstances, goals and ambitions are the same as your neighbour's or a work colleague's.
These very personal circumstances are at the heart of what your retirement plan is about and how it's going to allow you to retire comfortably.
Reassessing your plan and your portfolio is something you definitely need to do from time to time. Preferably together with a financial advisor who understands your goals and is able to give you qualified advice on how best to respond to markets and global economic conditions.

Doing these occasional reassessments help give you the confidence that your plan is still on track, while giving you the room to tweak components that need to be recalibrated.

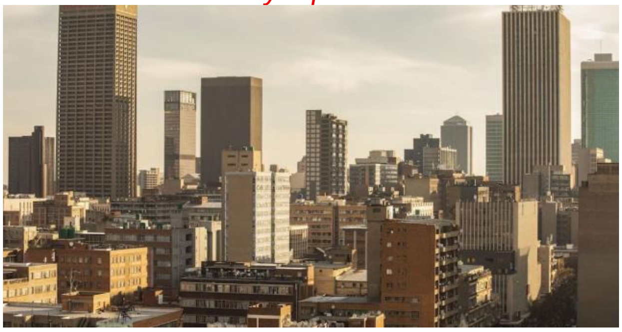
These are conversations that we expect to have with clients in the coming months as the world drags itself through the inevitable recession. In fact, those in the know say we're already in the recession, which means that we're also already making our way out of it. That's unlikely to happen this year, and probably won't happen next year but there are glimmers of hope that 2024 will see us emerge from this tough period.

By riding out the down cycle, we're all likely to emerge better off once the up cycle kicks in again. Until then, it's important not to panic and to keep your eyes on your long-term goals. And only if needed, make adjustments that can help you emerge stronger.

Comment

Good advice.

Synopsis



Rohatyn buys Ethos to expand in Africa

Biznews
21 November 2022
by Editor BizNews
By Loni Prinsloo

(Bloomberg) – The Rohatyn Group said it will acquire South Africa's Ethos Private Equity to help the US investment firm expand on the continent.

The purchase will help the New York-based company create a firm with close to $8bn in assets under management, Stuart MacKenzie, chief executive officer at Ethos, said in an interview. Brait Plc, backed by South African tycoon Christo Wiese, in 2019 hired Ethos to manage its portfolio, including UK apparel chain New Look and Virgin Active gyms. MacKenzie didn't disclose financial details of the acquisition.

The deal will "essentially result in Ethos acting as the African arm for the Rohatyn group," MacKenzie said. "Plans include raising private equity and credit funds, and potentially forestry, agricultural and infrastructure funds that will include investments in renewable energy assets on the continent."

Africa's need for funds to finance infrastructure projects is massive. While there are about $2,5trn of public works in the pipeline on the continent, many won't be completed because of lack of funding, among other constraints, according to McKinsey & Co. That's where companies such as Rohatyn can help.

The purchase will give New York-based Rohatyn access to one of the fastest growing regions in the world, said Nicolas Rohatyn, who started the business in 2002.

Ethos, with offices in South Africa, Kenya and London, will continue to manage Brait's portfolio. The advisory agreement between Brait and Ethos will be ceded to the Rohatyn group.

Brait shares were little changed in Johannesburg on Monday, with the company valued at R6bn. The Rohatyn and Ethos deal is still subject to regulatory approvals.

Buyout firm Ethos also took over the management of Ninety One Plc's Africa private equity funds in 2020, with assets in North, East and Southern Africa.

Comment

We have/had about R390,8mn in Ethos, R1,3bn in NinetyOne PLC, R486mn in Brait SE. Wonder how the ROI will be structured, with our shareholding in all three companies.

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

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Alhoewel die AMAGP Nuusbrief skakels mag bevat wat direkte toegang tot ander internet bronne verleen, insluitende ander webtuistes, is die AMAGP nie verantwoordelik vir die akkuraatheid of inhoudelikheid van informasie binne daardie bronne of webtuistes nie.

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