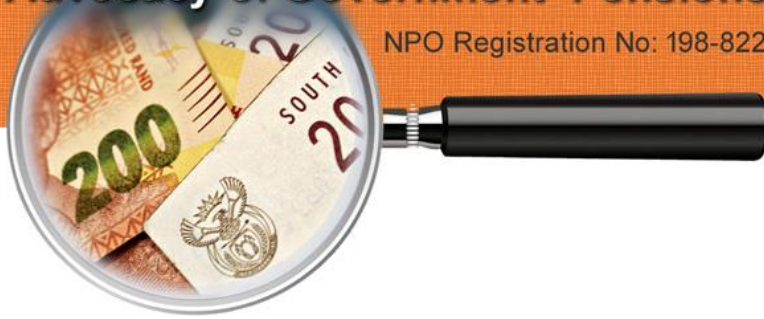


Association for Monitoring and Advocacy of Government Pensions

(AMAGP)

NPO Registration No: 198-822



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 - Wag hond](#)

 [GEPF Forum](#)



NEWSLETTER NO 3 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 1.265 million active members, in excess of 473 312 pensioners and beneficiaries, and assets worth more than R2.09 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 14 February 2022.

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. Take note of the single pensioner on the BOT, with the election coming up.

The AMAGP remains in **dire need of dedicated persons to share in the burden of AMAGP**. People who aren't afraid to work for the common good of members and beneficiaries of the Fund. **YOU**

The Editor's Word

Note. The Fund's investment values used in the newsletter are from the 2021 GEPF Annual Report. Such values are probably from about December 2020, making the data only a guide to what the value of our Fund's visible investments are.

Who is GEPF?

The GEPF is a defined benefit fund that manages pensions and related benefits on behalf of government employees in South Africa. Established in 1996, it is the largest pension fund in South Africa and one of the largest pension funds in Africa and the world. Its current benefit structure offers members:

- Withdrawal benefits;
- Retirement benefits;
- Ill-health or Disability benefits; and
- Death benefits.

The GEPF is governed by the Government Employees Pension (GEP) Law (1996). The executive authority of the GEPF is the Board of Trustees ("Board").

The GEPF has outsourced its administration and investment activities to the Government Pensions Administrative Agency (GPAA) and the Public Investment Corporation (PIC) respectively. The GPAA carries out day-to-day administration while the PIC invests funds on behalf of the GEPF.

<https://www.GEPF.gov.za/> 14 February 2022

GEPF at a glance

- Founded: May 1996, when various public sector pension funds were consolidated into GEPF.
- Nature of business: A defined benefit pension fund, meaning that all benefits are guaranteed.
- Mandate: Managing pensions and related benefits on behalf of all South African government employees.
- Legal status: A juristic entity governed by the Government Employees Pension Law of 1996, as amended.
- Governance: The Fund's fiduciary functions are the responsibility of the Board of Trustees with an equal number of employer and member representatives.
- Clients: Approximately more than 1 265 million active members from more than 325 government departments and about 473 312 pensioners and other beneficiaries.

- Funding level: 108% (based on the approved actuarial valuation conducted as at 31 March 2018).
- Accumulated funds and reserves: R2,09 trillion as per financials as at 31 March 2021.
- Geographical footprint: Client Walk-in Centres are in all nine provinces of South Africa.

<https://www.GEPF.gov.za/> 14 February 2022

Some information from the 2021 GEPF AR:

The investments reported in the 2020 AR aren't identical to the previous reports. Investments don't remain static for ever and are disposed of when they don't provide returns, investment strategy changes, mergers, acquisitions, etc.

This is similar to your own investments if you really manage them, and if you have any, of course. The onus is on you to ensure that what you get is what you really need. So, make sure you check whatever your financial advisor advises you; if the advisor is good he won't take offence.

The VBS saga is still alive. More people are appearing in court as the investigation continues. Unfortunately, we don't read about the findings of the cases and the mills of justice often grind slowly. It is doubtful much of the missing funds will ever be recouped, too much has been squandered and moved out of reach, but at least the perpetrators are getting their days in court and, hopefully, jail.

The upcoming BOT election.

As the rules now stand, pensioners only get to elect one of the 16 trustees that control their pension fund. The armed forces elect one trustee, government deployed cadres fill eight positions, and trade unions get to appoint the remaining six, meaning that our pension funds aren't necessarily invested for the benefit of government pensioners.

Note pensioners and beneficiaries make up 25% of the Fund. We should have four of the trustees, not so? It seems as if quite a few of the trustees [possibly most] aren't members of the Fund. Would it be amiss of me to wonder about their agendas with our Fund's funds?

**GEPF PENSIONERS PLEASE TAKE NOTE.
THE ELECTION OF A PENSIONER**

TRUSTEE WILL TAKE PLACE FROM THE END OF FEBRUARY.

THE VOTING AGENCY WILL SEND AN SMS TO EVERY PENSIONER FOR WHOM THEY HAVE A CELL NUMBER. IF YOU RECEIVED AN SMS REGARDING THE NOMINATION FOR TRUSTEES, YOU WILL RECEIVE THE VOTING SMS. THE SMS WILL HAVE A LINK THAT YOU MUST CLICK ON TO GO TO THE VOTING FORM.

IF YOU DID NOT RECEIVE THE PREVIOUS SMS, YOU HAVE TO SEND AN EMAIL OR ASK SOMEBODY TO SEND AN EMAIL ON YOUR BEHALF TO gepf@emca.co.za. ASK THEM TO SEND YOU THE VOTING FORM, GIVE THEM YOUR PENSION NUMBER, YOUR CELL NUMBER IF YOU HAVE ONE, AND A POSTAL ADDRESS TO WHICH THEY CAN SEND THE VOTING FORM.

GEPF PENSIOENARISSE NEEM ASSEBLIEF KENNIS. DIE VERKIESING VAN 'N PENSIOENARIS TRUSTEE SAL PLAASVIND VANAF DIE EINDE VAN FEBRUARIE.

DIE VERKIESINGSAGENTSAP SAL DIE STEMVORM PER SMS STUUR AAN ALLE PENSIOENARISSE VIR WIE HULLE 'N SELNOMMER HET. (AS U DIE SMS VIR DIE NOMINASIE VAN TRUSTEES ONTVANG HET, SAL U DIE VERKIESINGS SMS OOK OTVANG). DIE SMS SAL 'N SKAKEL Hê WAAROP U MOET KLIK OM BY DIE STEMVORM UIT TE KOM.

INDIEN U NIE DIE VORIGE SMS ONTVANG HET NIE, MOET U 'N EPOS STUUR, (OF IEMAND VRA WAT EPOS HET) AAN gepf@emca.co.za. VERSOEK HULLE OM VIR U 'N STEMVORM TE STUUR. U MOET U PENSIOENNOMMER, SELNOMMER AS U EEN HET, EN U POSADRES VOORSIEN.

Soos u bewus is, vind die verkiesing van 'n trustee om pensionaris op die Raad van Trustees van die GEPF te verteenwoordig eersdaags plaas.


Ons pensionaris-verteenwoordiger en finansiële kundige, Dr Frans le Roux is oorlede en 'n kundige opvolger moet nou verkies word. Ons het daarin geslaag om 'n afgetrede senior ouditeur van die Ouditeur-Generaal se personeel, Christo van Dyk, as kandidaat te kry. Hy is goed gekwalifiseerd en het 37 jaar ondervinding as ouditeur en finansiële bestuur. Hy is 'n kundige van GEPF-geldsake wat jaarliks hul finansiële state ontleed en is 'n gewilde en

gerespekteerde kommentator in finansiële blaaie. Dit is in ons pensionarisse se belang dat ons so 'n deskundige op die Raad van Trustees kry. Met hom op die Raad kan ons geruster slaap oor die pensioenfonds se geldsake.

Ons sal na 28 Februarie begin stem en moedig mense aan om noual hul eie lyste van pensionarisse gereed te kry om te help verseker dat almal stem. Almal van ons het kollegas, vriende, kennisse, dorpsgenote wat kan help stemme werf. Gedurende die vorige verkiesing was die stempersentasie 'n skamele 6%. Ons pensionarisse kan werklik daarop verbeter en moet verseker dat 'n kundige persoon verkies word om ons te verteenwoordig.

Christo van Dyk is bereid om navrae te antwoord en kan bereik word by selfoon: 0624803662 epos : x2vandyk@gmail.com
AP Stemmet


AMAGP recommends you vote for Christo van Dyk, a retired senior auditor, whose considered and well researched inputs have often appeared in the newsletter. Christo is a person who really will look after our interests.

His details can be found on the  [GEPF Forum](#). He is eminently qualified and suitable to represent GEPF pensioners on the BOT.

There are more than 400 000 GEPF pensioners out there who need to be informed about the coming Trustee election in less than 2 weeks. Please put in an extra effort to get the message to them and convince them that it is of critical importance to vote and elect a person who will fight for their hard-earned pension money.

If you don't vote, by implication you accept whoever is elected as your single representative on the BOT.

**GEPF BOARD OF TRUSTEES
PENSIONERS' CANDIDATE**



**CHRISTO
VAN DYK**

GOALS

- Protect pensioners interest in investments
- Address late payment of benefits
- Advocate for improved benefits and service delivery
- Assist the GEPF to realise its vision

EXPERIENCE

- Auditor-General South Africa (37 years)
- Auditing and Financial Management
- Analysis of Annual Reports and Financial Statements
- Corporate Governance
- Analysis of Financial Performance

BCom (Hons)
UNISA
QE SAIGA 2007
Government Auditor

Moneyweb provides some guidelines when considering annuity incomes. A bit lengthy but still, good advice.

'n Paar ryk gedagtes oor belegging vir jou toekoms van Prof Yolanda Dreyer. Goeie stof tot nadenke.

Business Maverick gives us the outsider's view of SOE failing to deliver via their annual reports. Sad reading but true.

Sappi is providing good ROI, as is Gold Fields, Anglo American, BAT and BHP. Good news after the past years' dismal lack of ROI,

The Implats takeover of Royal Bafokeng is proceeding and heading for finalisation. What does it mean for the Fund? We have more value in Implats I think, depending on the details.



Now for a last and general word:

*"We cannot solve our problems with the same thinking we used when we created them."
Albert Einstein*

Referring to the above quote, I'm not talking politics when I say sweeping political changes are essential to fix our damaged country. That is why we must be so vigilant about our Fund.

Now for news from the media

Knowing your tax liability on retiring has been made easy by SARS. We, of course, don't have to be happy to pay the tax but SARS seems to excel in making it easier and easier to pay.

It seems we generally don't save much for retirement. Of course, saving for retirement means having the money to save. See the stats from BusinessTech on retirement savings.

Titbits has enough short bits to keep you informed about some of our investments.

Synopsis

Retirement: Tax directive simulations now on SARS eFiling profile

Moneyweb
27 January 2022
By Wouter Fourie - Ascor® Independent Wealth Managers



Great news, SARS has made a lump sum calculation tool available on the taxpayer's eFiling profile. This tool may be used to easily determine a member's estimated tax liability on retirement fund lump sums and severance

benefits and can also be used to obtain previously issued tax directives.

The tool estimates the tax liability based on the information that is entered into the lump sum calculator and the information that SARS has on its system at the time of capturing. Taxpayers and tax practitioners are encouraged to use this tool should they wish to get an estimate of their tax liability prior to submitting an instruction to their retirement fund administrator and/or employer, as the instruction cannot be cancelled once it has been submitted.

To access this lump sum calculation tool, select the 'Lump Sum Calculator' option on the landing page of the taxpayer's eFiling profile. For more information, refer to SARS external '[Guide to The Tax Directive Functionality on eFiling](#)'.

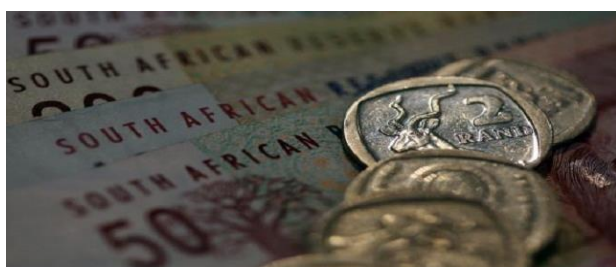
Comment

Not sure how this influences retiree tax matters, but it should help you to check on whatever tax you will be paying when you retire. A good financial advisor may save you money.

Synopsis

Here's how much money South Africans are saving for retirement

BusinessTech
Staff Writer
30 January 2022



More than a third (35%) of middle-class South Africans are not putting any of their salary towards their retirement savings, a BusinessTech poll shows.

The poll of 2 702 readers conducted in mid-January 2022 shows that the majority of respondents (61%) are allocating 10% or less. By comparison, 23% of readers are putting

away more than 20% of their salary every month towards retirement.

This aligns with data published by 10X Investments in October 2021, which shows that 64% simply cannot afford to save because there is nothing left at the end of the month. Almost three-quarters of people (74%) believe they will have to generate some income after they retire.

"It is striking that whereas some 35% of respondents under 35 believe that retiring below age 60 is achievable, only 4% of over 50s consider this realistic," 10X Investments said.

"In the same vein, whereas among the younger cohort (between ages 25 and 49), on average, only 46% expect to work past the age of 64, among those 50 years and older, many more (71%) have wised up to their retirement reality and expect to retire beyond age 64, or not at all. Both sets of expectations seem unrealistic in a country like ours."

Poll

What percentage of your salary goes towards your retirement?

None (35%, 933 Votes)

10% (26%, 705 Votes)

15% (16%, 437 Votes)

20% (9%, 253 Votes)

25% (4%, 104 Votes)

More than 50% (4%, 102 Votes)

30% (3%, 90 Votes)

More than 35% (3%, 78 Votes)

Total Voters: 2,702

South African households do not save sufficiently for retirement nor their short-to-medium-term needs, the National Treasury said in a December analysis. "Household savings average just above 2% of GDP per annum, most of which is contractual savings for retirement funds."

"However, aside from the low level of savings for retirement, members tend not to preserve

their savings and commonly access them when leaving their jobs. As a result, replacement values at retirement are low,” it said.

According to Sanlam’s 2021 Benchmark Survey, the average replacement ratio is around 25% to 30%, resulting in retirees simply concluding that they cannot survive on the starting pension offered by a guaranteed annuity.

Discretionary savings are also low, and around 34% of people say they do not have enough savings to last more than a month (at most) if they lost their income/jobs, according to the annual Old Mutual Savings and Investment 2021 survey.

Saving ratio

Retirement planning entails making provision for the income you will require to sustain your desired standard of living after you retire, said Mariska Comins, head of technical support at PSG Wealth.

“The ideal replacement ratio is generally accepted to be around 75% of your final working salary, and while many struggle to retire comfortably – only around 6% as calculated by National Treasury – there are measures you can put in place to achieve this outcome.”

Making the most of your retirement savings may involve, but is not limited to, starting to save as early as possible, said Comins.

On average, people have a 30 to 40 year window of opportunity, i.e. their working career), during which they can take advantage of the wonders of compound interest. Ideally, the percentage of your salary that you should contribute towards retirement savings is:

- 15% if you start when you are 25
- 24% if you start when you are 35
- 43% if you start when you are 45
- 60% if you start when you are 50.

New regulation the answer?

The National Treasury has acknowledged the country’s low retirement savings rate and in December 2021 proposed reforms to the country’s existing legislation. Analysts at financial services firm Alexander Forbes have

already estimated that this could lead to a doubling of retirement saving in South Africa whilst still providing access to a portion of their savings annually.

Notably, Treasury said the government also plans to introduce legislation to enable automatic/mandatory enrolment. In addition to benefitting traditional employees, this is expected to expand coverage for more vulnerable, contract and temporary workers such as domestic workers and uber drivers.

“Whilst workers formally employed and belonging to a labour union tend to be covered under the current dispensation, this is not the case with workers not belonging to any labour union, nor those in the gig economy,” it said. “Further, consolidation of the retirement fund sector into a smaller number of large retirement funds could bring a few cost advantages to funds and members, including economies of scale, improved governance and disclosure.”

Comment

Do we see the one retirement fund looming in the background again? Might be good or not so good.

Synopsis

TITBITS

Ince/Connect
The Finance Ghost

10 February 2022

Although it has a debt listing rather than an equity listing, **Transnet** is relevant to all of us as the infrastructure touches many industries. The rail infrastructure in particular has been a major issue for our local mining companies. Transnet has successfully raised over R2bn in senior unsecured notes ranging from a tenor of 1 to 12 years. The bond auction was 1.28x oversubscribed. If we are lucky, perhaps some of the money will be used to fix the railways.

We have about R1,.5bn in Transnet. Cynical last sentence, probably one many of us share.

14 February 2022

Anglo American Platinum posted a 5,3% jump after releasing a trading statement

covering the 12 months to December 2021. HEPS increased by between 146% and 166%, as another perfect example of how mining can vary from one year to the next, especially when the base year included Covid. This result was driven by a 22% increase in the rand basket price and an 82% increase in PGM sales volumes. HEPS was between R283,97 and R306,78 per share. The closing share price was R1 948,56.

We have about R23,8bn in Anglo Plats

Bidvest jumped 9,5% after releasing a trading statement for the six months to December 2021. HEPS is expected to be 35% to 40% higher than the prior year's interim period, which means a range of between 802 and 832 cents. From continuing operations (excluding Bidvest Car Rental which has been sold), HEPS is between 32% and 37% higher. There were some once-offs in the number, so Bidvest's view of normalised earnings from continuing operations reflects an increase of 28% to 33%. Whichever way, this has been a strong period of recovery. The share price is now trading at January 2020 levels, before the world went mad.

We have about R44,1bn in Bidvest.

Textainer Group has reported its fourth quarter and full year 2021 results. The company is one of the world's largest lessors of shipping containers. Full year lease rental income increased 25% and showed strong momentum into the end of the year. Diluted HEPS of \$5,31 is 3,5x higher than the prior year! The share price has doubled in the past 12 months.

We have about R1,3bn in Textainer.

16 January

Things at **Oceana** are starting to smell. After the results of the legal investigation into the company's accounting were downplayed by the company, we've seen the CFO leave the building and now the CEO and another executive director as well. Very few details are being provided by the company in the SENS announcements. The share price finally took a knock in response to all this, down 4,6% yesterday. A replacement CEO has been announced in the form of Neville Brink, who has been with the group since 1995. At this stage, the market is just looking for answers on what is actually going on.

We have about R826,9mn in Oceana. Expect our investment's value to drop.

The **Steinhoff** settlement process kicked off yesterday, which means that eye-watering amounts of money changed hands. This puts Steinhoff's previous issues to bed once and for all. The group will now need to focus on improving its balance sheet and driving its operations. There is very little room for error, as the group is still carrying a lot of debt.

We have about R811mn in Steinhoff. Good news that all the litigation is being settled. We will never regain the lost value but a good continuing ROI should compensate to some extent.

Distell has successfully cleared the first hurdle in the deal process. The various resolutions under the scheme of arrangement for the Heineken deal were approved at a scheme meeting held yesterday. There's still a long way to go in the process and interested parties should refer to the deal circular for the full transaction timetable. The great unknown is the Competition Commission, with that process to be followed in coming months.

We have about R8,1bn in Distell. The sale of Distell will wind its way through all the various processes with a result possibly this year.

Discovery has announced a new initiative called Amplify Health, a Pan-Asian health InsurTech business in partnership with AIA Group, a market-leading insurance group in Asia. If it has Tech in the name, it must be exciting right? In this case, Pan-Asian means Asia excluding China, Hong Kong and Macau, as Discovery already has an exclusive relationship in those countries with Ping An Health Insurance.

Long story short: Discovery's Vitality and other innovations will be used in this joint venture through a working relationship that Discovery calls the "Shared-Value Insurance" model. It's a clever model as it lets Discovery monetise the intellectual property it has already developed, while tapping into markets that would otherwise be difficult to access.

Discovery will hold a 25% stake in the joint venture and will earn additional income for the assignment of IP ownership and transfer of expertise. Jonathan Broomberg, former CEO of Discovery Health and current CEO of Vitality Health International, will be the

founding CEO of Amplify Health. Despite all this happy news, the share price only closed 1,6% higher on the day.

We have about R8,1bn in Discovery.

Reunert will be moving ahead with the restructure of its B-BBEE ownership and the establishment of an employee share ownership programme. The various resolutions required for the deals were passed at a general meeting held yesterday.

We have about R1,1bn in Reunert.

Zeder shareholders need to check their emails, as the circular for the disposal of The Logistics Group has been sent out. The meeting to vote on the transaction will be held on 15 March.

We have about R332mn in Zeder.

Comment

Some tidbits to keep you informed about happenings to our investments.

Synopsis

What to consider when choosing an annuity income

Moneyweb

31 January 2022

By Devon Card - Crue Invest (Pty) Ltd



Image: Shutterstock

Retiring from a retirement fund marks the transition from savings towards your retirement to drawing from your retirement capital and selecting the most appropriate annuity for your personal circumstances. The complexities and variables involved in the decision-making process are enormous, and there are a number of factors to take into consideration when weighing up your options.

Cash withdrawal

One of the first decisions a retiree will need to make is whether to commute up to one third

of their savings when retiring. At retirement, you can choose to withdraw one third of your capital, which will be taxed accordingly. Or you can choose to use the full amount to purchase an annuity income.

There are several factors that you will need to consider when deciding on a cash withdrawal such as

- any previous withdrawals,
- any immediate capital outflows you need to provide for,
- the extent of your debt, and
- any discretionary funds to provide additional liquidity in retirement.

Leaving a financial legacy

If leaving a financial legacy for your loved ones is important to you, you may favour the idea of a living annuity as opposed to a life annuity. A life or guaranteed annuity is an insurance policy that you purchase from a life assurance company that pays you a monthly pension until your death, at which point the policy terminates and no more income can be drawn.

While you can add a guarantee period onto the life annuity that allows a beneficiary to receive the funds for a certain period after your death, this ultimately affects the level of monthly income the insurer would be willing to pay.

On the termination of a life annuity, there is no benefit to bequeath. On the other hand, a living annuity is essentially an investment in your name from which you draw a monthly pension. In the event of your death, you can bequeath whatever capital is left.

Marital status

Your marital status will also play a role. Most life annuities can be purchased on a single-life or joint-life, which means that the annuity continues to pay until the death of the surviving spouse. The annuitant can also select to have the annuity decrease on the death of the first spouse to account for the reduction in living expenses.

If your retirement capital is invested in a living annuity, you can simply bequeath the investment to your spouse, and they will be

able to continue drawing from the investment in accordance with their needs.

Propensity for risk

It is important for retirees to bear in mind that a living annuity is an investment and, as the investor, the retiree takes all the investment risk. This means that poor investment returns can negatively impact the amount you are able to draw from your living annuity.

On the other hand, when it comes to a life annuity, the insurer takes on all the investment risk and you are guaranteed a monthly income for as long as you live. Your propensity to take on investment risk, particularly later on in life, should be carefully considered when choosing an appropriate annuity vehicle.

Capital amount

The amount of capital that you have at retirement is also a factor in determining which annuity vehicle is most appropriate for your needs. According to the Actuarial Society of SA Convention 2019, many South Africans choose to invest in living annuities even though they don't have sufficient retirement capital to warrant their use.

To ensure that annuitants retain their capital indefinitely in real terms, the recommended drawdown rate from living annuities is approximately 4% per year. If you do not have sufficient investment capital to draw down at this level while covering your income needs, a living annuity could ultimately be depleted, especially if you are relatively young and healthy when you retire.

On the other hand, if an annuitant is ill or has a shortened life expectancy, or sufficient capital to draw down at a sustainable level until death, then a living annuity should definitely be considered.

Financial needs of loved ones

The financial needs of your loved ones in the event of your passing is another factor to consider. If you purchase a life annuity and pass away soon thereafter, there may be no benefit for your heirs, depending on the type of life annuity you purchased, and this is a risk

you take in return for passing the investment risk onto the insurer.

If you are well-funded for retirement and your capital will allow you to draw down in a sustainable manner from a living annuity using conservative death assumptions, your beneficiaries will inherit whatever capital is left in the annuity. Further, living annuities do not form part of a deceased estate and this means that your beneficiaries will have almost immediate access to these funds.

Inflation

When purchasing a life annuity, you can choose upfront the manner in which your annuity income will increase. Generally speaking, you have the option to choose a level annuity that offers no annual increase. You can also choose to link your annuity to inflation or set a pre-agreed annual increase. On the other hand, investing in a living annuity means that the risk of inflation lies with you and you will have the opportunity to adjust your drawdown levels on annually depending on your income needs.

Tax-efficiency

An important factor is that living annuities make excellent estate planning tools and are tax-efficient. This is because any growth in the annuity is not subject to the taxation of interest, capital gains or dividends. Further, living annuities fall outside of the deceased's estate and are not estate dutiable, neither do they attract executor's fees. Therefore, from an estate planning perspective, living annuities can be effectively used to reduce costs if required.

Ongoing advice

Another consideration is that living annuity investors will generally require ongoing advice about navigating investment risks, returns, cashflow and investment strategies and advice fees must be factored in. That said, living annuities, which are generally housed on unit trust platforms, have much more transparency.

Comment

Good advice. The difference between a living annuity and a life annuity bears thought to decide on the right one for you.

Keep in mind that retirement is intended for you; you shouldn't plan your retirement around your heirs living comfortably after you pass away.

Samevatting

Jý kies hoe jy belê vir jou toekoms

Die Hervormer
Januarie/Februarie 2022
Deur Prof Yolanda Dreyer [Afgetree]

Die laaste keer salaris gekry. Wat gaan jy dóén? wil almal weet. Voorlopig niks veel anders nie – net 'n bietjie minder hiervan en 'n bietjie meer daarvan.

Die uitdaging van hierdie tyd lê vir my eerder in die geldsake. Die verandering van 'n lewenstyl van “uitkom met 'n salaris” na “omgaan met aftreegeld”. Welvaartsbestuur. Beleggingsportefeulje. Die tale van mense en engele (of dalk juis nie van engele nie). Aftree is by uitstek wanneer jy agterkom wat “belegging” beteken. Van elke besluit wat langs die pad geneem is, elke keuse wat oor dekades gemaak is, pluk jy nou die vrugte óf dra jy nou die gevolge. Mooi onderskei die taal met hierdie uitdrukkings tussen 'n goeie of 'n minder goeie uitkoms.

Aftree is die tyd wanneer die dividende op die jare se belegging bereken word. Het jy goed belê, of onoordeelkundig, of glad nie? Hoe ook al, as jy by aftree gekom het, is dit te laat. Daar is niks verder aan te doen nie. Keuses en kanse is onherroeplik verby. Tot sover die verlede.

Nou vir die toekoms. Die welvaartsbestuurders werk fyn uit hoe belê moet word vir 'n voldoende opbrengs totdat jy 92 jaar oud is. Grafieke en kurwes, berekenings en projeksies. Dit alles net vir die primitiewe saak van oorlewing. Om 'n dak oor die kop te hê, genoeg om te eet en mediese sorg vir die liggaam.

As die belegging in die oorlewing van die liggaam soveel tyd, moeite en aandag verdien, hoeveel te meer nie die belegging in lewensgehalte nie? Ook wat hierdie veel groter saak betref, sal 'n mens van elke besluit wat langs die pad geneem word, elke

keuse wat oor dekades gemaak word, elke inset of gebrek daaraan, die vrugte pluk óf die gevolge dra. 'n Goeie of 'n minder goeie uitkoms.

'n Goeie belegging in lewensgehalte begin by die belegging in die self. Daarsonder niks. Die self is al wat 'n mens het om te belê. Dit is al wat regtig joune is om mee te woeker. Wie hierdie enigste ware bate afskeep, laat vervloei of vervorm, sal eindig in 'n staat van ellendige armoede. Erger nog, sulke mense berokken skade aan ander.

'n Goeie belegging in die self oor tyd heen lewer dividende op soos: heelheid in die eie menswees, innerlike vrede en 'n ruim gees. Dit bied 'n rustige sekerheid oor die eiewaarde. 'n Mens hoef dit nie onrustig te bly najaag of jouself daarvan te probeer oortuig nie. Jy hoef dit nie onophoudelik aan ander te probeer bewys nie.

Rustige sekerheid oor eiewaarde is nie dieselfde as eiewaan of eiegeregtigheid nie. Inteendeel, hulle is juis simptome van 'n gebrek aan eiewaarde, 'n gebrek aan vrede met die self. Met 'n gesonde eiewaarde kan 'n mens 'n realistiese prentjie van jou gawes en talente hê én jy kan jou foute, swakhede en gebreke onbedreig in die oë kyk.

Die dividende van 'n goeie belegging in die self kan vrugbaar aangewend word tot voordeel van ander. Net iemand wat iets positiefs het om te gee, kan 'n konstruktiewe bydrae lewer tot die welsyn en lewensgehalte van ander.

Wie nie oordeelkundig belê het in die self oor tyd heen nie, is dikwels verknoop met hulself, val oor hul eie voete, kom in hul eie pad. In die poging om hulself staande te hou, klap hulle ander raak. Hulle belê in krenkende woorde, in afwysende gedrag, in fisiese of emosionele geweld, in 'n houding van hovaardigheid of meerderwaardigheid, in magspeletjies.

Dit lyk of die belegging beloof: As ek 'n ander klein en minder maak, sal ek groter en méér voel in myself. Maar dit is valse beleggingsadvies. In hierdie geval kry die belegger self niks daaruit nie – voel nie groter, méér, sterker of magtiger nie. Inteendeel. Die mense aan die ontvangkant onttrek hul belegging van liefde en verbondenheid uit die

verhouding. Soms onttrek hulle heeltemal en die gevolge van dié belegging is eensaamheid en isolasie. Tot sover die verlede.

Nou vir die toekoms. Verlede en toekoms staan en val by die beleggings wat ons dag vir dag, jaar na jaar, kies om te maak. Die begin van 'n nuwe jaar is 'n goeie tyd om soos Janus na wie Januarie genoem is, agtertoe en vorentoe te kyk. Om die belegging van die verlede in oënskou te neem. Was dit 'n goeie belegging, 'n ondeurdagte belegging, of is eintlik geen belegging gemaak nie? Hoe lyk die dividende? 'n Stewige, rustige, volwasse, vredevolle self? 'n Lewensgehalte wat konstruktief bydra tot die lewens van ander en tot die wêreld om jou heen?

As gelowiges doen ons ons evaluasies saam met God, want dit is God wat die self, daardie enigste ware eie bate waaroor ons beskik, gemaak en aan ons toevertrou het. As ons en God evalueer hoe ons die bate belê het, sou ons graag wou hoor: Mooi so, goeie en getroue dienaar. Oor weinig was jy getrou en oor veel sal ek jou aanstel. Gaan in die vreugde van jou heer (Matt 25: 23).

Die beste opbrengs vir die beste lewensgehalte is: God liefhê met jou alles en jou naaste liefhê soos jouself. 'n Stukkende, afgeskepte of verwronge self gaan niks hiervan kan doen nie. Tot dusver die verlede. Nou vir die keuse van belegging vir die nuwe jaar 2022. Nou vir die keuses vir die toekoms. (Prof Yolanda Dreyer het aan die einde van 2021 geëmeriteer)

Kommentaar

Van iemand wat so pas afgetree het. Wyse woorde oor lewensgehalte, wat ons ook moet oor die jare opbou en vertroetel om onbesorg te kan aftree.

Synopsis

ANNUAL RESULTS

Six key SOE and many others have missed a key deadline for publishing annual reports ... and their financial results



From left: Eskom's Lethabo coal-fired power station in Vereeniging. (Photo: Waldo Swiegers/ Bloomberg via Getty Images)| Finance Minister Enoch Godongwana. (Photo: Dwayne Senior / Bloomberg via Getty Images)| An SAA Airbus A320-200 passenger jet. (Photo: Waldo Swiegers/ Bloomberg via Getty Images) | South African banknotes. (Photo: Waldo Swiegers/ Bloomberg via Getty Images)

Business Maverick

By Ray Mahlaka

9 February 2022

The offending entities include the South African Post Office, Land Bank, Denel, state-owned airlines SAA and SA Express, and Armscor. They have all missed a 20 September 2021 deadline to unveil their financial affairs in parliament.

South Africa's state-owned industry has descended further into chaos just a few days into 2022, with executive resignations, governance problems, and delays in the completion and publication of financial statements besetting companies that are owned by the government and funded by long-suffering taxpayers.

In recent days, Eskom resumed load-shedding for the first time in 2022, with the power utility blaming further breakdowns in electricity generating units of its old power stations, more of the same reasons given for throwing the country into darkness.

The financial and operational crisis at Denel became so daunting that its bonds/debt were suspended from trading on the JSE because the company failed to release an annual report that is three months overdue. The suspension means that Denel cannot invite would-be investors to purchase its debt, which is listed on the JSE, to raise money to fund its operations.

On Monday 7 February, the high executive turnover at the Land Bank continued as its CEO of nearly two years resigned, while the company is currently in crucial but stalled talks with lenders to restructure its crippling debt load of more than R40bn.

Ayanda Kanana has become the latest Land Bank CEO to resign, joining him in the departure lounge is Dr. Litha Magingxa, the company's executive manager for agricultural economics. No reasons were provided by the Land Bank for the resignations.

The Land Bank had a sizable number of interim CEO and CFO over the three years or so, weakening its governance and leadership structures and negatively impacting its ability to provide new funding to emerging and established farmers.

Further SOE are in the two reports of the Zondo Commission, which found that entities such as SAA, Denel, and Transnet were the sites of State Capture. Members of the Gupta family and their business associates influenced board appointments at SOE by placing pliable individuals and enriched themselves by capturing their lucrative procurement budgets.

Chilling effects of State Capture

Although the capture of SOE gained momentum after Jacob Zuma was first elected as the president in 2009, the effects of this are still being felt today.

SOE cannot stand on their own as they require taxpayer-funded bailouts for survival and they have been hollowed out from a skills perspective. The dearth of skills at SOE has manifested itself through their inability to finalise and publish financial statements on time, a basic requirement for most companies.

The publication of financial statements is important because they give insights about a company's financial health and help investors make investment decisions. But SOE cannot even fulfil this function and now find themselves at odds with parliament.

Because they are state-owned and funded by the public, SOE are required to present their annual reports and accompanying financial

statements to parliament, which plays an oversight role in their affairs.

But many SOE have not yet presented their 2020/21 annual reports in parliament. They had a deadline of 20 September 2021 to do so. The offending SOE include the South African Post Office, Land Bank, Denel, SAA and SA Express, and Armscor,

The Post Office told Business Maverick that the audit of its financial statements is still ongoing, which made it impossible to meet parliament's deadline. The SOE says the auditing process was extended at the behest of communications and digital technologies minister Khumbudzo Ntshavheni. The Post Office says its deadline for the tabling of its annual report for 2020/21 in parliament has been extended to the end of March 2022.

The Land Bank is currently in talks with lenders on how to restructure its debt load. Until these talks are concluded and a solution is found on restructuring the debt, the Land Bank's 2020/21 annual report cannot be presented in parliament.

Business Maverick understands that Land Bank lenders were locked in meetings from after the resignation of Kanana and Magingxa. Lenders want to understand how the departure of the duo will impact the Land Bank's operational affairs and they want to conclude debt restructuring talks, which have been ongoing for more than two years.

Meanwhile, don't hold your breath for SAA or SA Express tabling their annual reports anytime soon. SAA hasn't presented its financial books in parliament for many years and recently emerged out of business rescue, paving the way for its flight operations to resume. SA Express has been grounded for more than two years under a provisional liquidation process, and there is no finance team at the domestic airline to compile financial statements. Armscor's operations are opaque and *Business Maverick* couldn't get comments about its financial affairs at the time of publishing this article. **DM/BM**

Comment

Yes, it is indeed a sad state of affairs, compounded by cadre deployment. Read Einstein's quotation above again to see why the SOE don't work.

Synopsis

Sappi makes shareholders happy

10 February 2022

INCE|Community

By The Finance Ghost



Sappi was the talk of the market yesterday after releasing a strong quarterly update for the period ended December 2021. The share price rallied 20% in response before settling down to be 14% up in afternoon trade.

The company provides materials made from woodfibre-based renewable resources. There are raw material offerings (like pulp and timber) and end-use products (like specialist papers and forestry products).

In this quarter, sales increased 46% and EBITDA increased by a whopping 145% as the benefit of operating leverage came through in a period of great top-line growth. The group has swung from a loss of \$17mn in the corresponding quarter in 2020 to a profit of \$123mn in this quarter.

Sappi does highlight that an extra trading week in the quarter had a positive impact on EBITDA of \$25mn. If we adjust for that, then EBITDA grew by 119%. That's not exactly a shabby outcome either.

The result was driven by a combination of high product demand and increases in sales prices, so the group has exhibited pricing power that is important in an inflationary environment.

Sappi is still struggling with the supply chain issues that are still causing havoc in many industries. The company was unable to reduce the sales backlog due to ongoing logistical challenges and the adverse weather in December at the Durban Port.

Volume growth has been superb, with pulp volumes up 48% and packaging and speciality papers up 26%. Graphic papers increased volumes by 20%, which helped restore EBITDA margins for the segment.

Net debt has decreased by 7%, which helps drive an expansion in equity value. This is despite seasonal working capital outflows and capital expenditure during the quarter of \$72mn for the Saiccor Mill expansion. Capital expenditure for FY22 is estimated to be \$395mn.

The company's outlook is that the next year will be characterised by high input costs and ongoing vessel shortages. This makes volume growth and pricing power critical, or margins will come under pressure. The company is bullish on demand for its products and expects a further improvement in EBITDA for the second quarter of FY22.

Comment

We have about R4,5bn invested in Sappi, the ROI prospects look good.

Synopsis

Gold Fields posts a solid update

10 February 2022

INCE|Community

By The Finance Ghost

Gold Fields has released a voluntary trading statement for the year ended December 2021.

Over the past year, Gold Fields is up 23%. To put this into perspective, Harmony Gold is down 7,9% and AngloGold Ashanti is even worse, down 9,3%. I hold all three, as I didn't back myself in December 2020 to pick the winner in this industry and I wanted gold exposure in anticipation of inflation.

Headline Earnings per Share is expected to be 6% to 13% higher than the comparable period, a decent result that reflects Gold Fields' solid operations.

In the final quarter of 2021, attributable gold production increased 4,1% vs. the prior quarter. All-in costs came in 8,4% higher and all-in sustaining costs were 3,8% higher.

For the full year, gold production was 5% higher than 2020, coming in at the upper end of the production guidance range.

At constant exchange rates, all-in costs increased 14,6% due to increased project capex at Salares Norte. This was still at the lower end of the cost guidance given. All-in sustaining costs came in slightly above guidance.

The share price increased 1,7% based on the announcement, so the market gave Gold Fields another thumbs up for the efforts over the past year.

Comment

We have about R11,1bn in Gold Fields. Another good ROI.

Synopsis

Anglo American's Australian mine Aquila is ready

10 February 2022
INCE|Community
By The Finance Ghost



Anglo American's new Aquila mine in Australia is in the final stages of construction and commissioning. Anglo has a 70% stake in Aquila, the other 30% held by Mitsui & Co Ltd. The good news for investors is that this was achieved on schedule and on budget, which is a language the accountants understand.

This extends the life of the Capcoal underground operations by seven years.

The project had a budgeted attributable cost of \$226mn and has delivered a mine that has a total average annual saleable production of around five million tonnes of premium quality hard coking coal. As a further benefit, the existing infrastructure and systems from the adjacent operations will be used to achieve low capital intensity at this mine.

Interestingly, Anglo says that the mine is one of Australia's most technologically advanced underground mines. The group highlights the underground automation technology, remote operations and data analytics as being the key advancements.

Comment

We have about R47,9bn in Anglo. Of which this mine forms part.

Synopsis

British American Tobacco delivers on its plans

14 February 2022
INCE|Community
By The Finance Ghost

I don't think you will find a company on the market that tries harder to convince you that ESG is at the heart of what they do than British American Tobacco (BAT). Cigarettes have been killing people for years, so some investors won't touch BAT on principle.

Those who invest in BAT are looking for defensive exposure that pays dividends under almost any global circumstances. You may not smoke and your friends may not smoke, but plenty of people across the world still do.

BAT is on a mission to grow its New Categories business, as global volumes in the tobacco industry are shrinking (expected decline of 2,5% in 2022). Despite this, BAT expects to grow revenue by 3% to 5%, which should generate high single-digit earnings per share (EPS) growth on a constant currency basis.

The business looks set to continue making a fortune over the next few years. Operating cash flow conversion is expected to be over 90% in 2022 and free cash flows are expected

to be around £40bn over the next five years. A share repurchase plan of £2bn has been approved for 2022.

In 2021, New Categories growth contributed nearly half of group growth. Non-combustible products accounted for 12% of group revenue in 2021, up from 4% in 2017. BAT owns the leading vapour brand by value share globally (Vuse) which grew revenues 59%. Other New Categories businesses include the THP product, glo (up 46%), and the oral product, Velo (up 41%).

The group aims to deliver £5bn of revenue from New Categories by 2025, by which time this division should be profitable. It hopes that customer numbers for non-combustible products will increase from 18,3 million to 50 million consumers by 2030.

In 2021, revenue increased 6,9% on an adjusted basis (i.e. without taking into account currency movements) and decreased 0,4% without adjustments. On an adjusted basis, operating profits increased 5,2% and operating margin decreased by 70 basis points to 43,4%.

The group generated £10bn in net cash from operating activities, an operating cash flow conversion rate of over 95%. This helped the group achieve its goal of reducing debt to 3x net debt / adjusted EBITDA.

Much of the investment case for BAT is based on its strong dividend yield and the dividend policy that sees dividends declared and then paid over four quarterly instalments. The board has declared a dividend of 217,8 pence per share, which will be paid in equal quarterly instalments in May, August, November and finally February next year. This represents a payout ratio of 66,2% on adjusted diluted earnings per share.

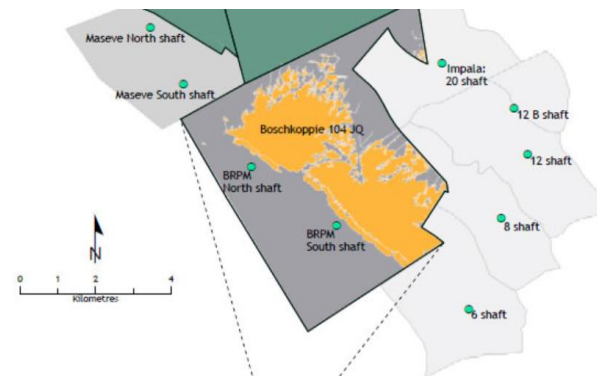
Comment

We have about R29,9bn invested in BAT. Another good ROI.

Synopsis

Implats offer for RB Plats is fair and reasonable

14 February 2022
INCE|Community
By The Finance Ghost



You may recall that Royal Bafokeng Platinum was a headline-grabber at the end of 2021, as a bidding war kicked off between Impala Platinum and Northam Platinum. At this stage, only Impala Platinum (Implats) has made a general offer in the form of a mandatory offer, as the 35% ownership threshold was breached.

This means that the Royal Bafokeng board is required to issue a "response circular", essentially a guide to shareholders to assist with an assessment of the offer. The default option is to reject the mandatory offer. In other words, if you are a shareholder and you want to accept the offer, you need to specifically do so. No action is regarded as a rejection.

The Takeover Regulation Panel (TRP) is still investigating whether Northam Platinum should also be making a mandatory offer. In a tricky scenario for all involved, that investigation hasn't been concluded.

The offer price is R90 in cash plus 0,3 Implats shares for each Royal Bafokeng share. Perhaps the most important piece of information in the circular is the report of the independent expert (in this case PSG Capital), which puts a fair exchange ratio at between 0,22 and 0,34 Implats shares. The midpoint value is 0,28 shares, so this offer is above the midpoint of a fair range.

The expert has concluded that the Impala Platinum is both fair and reasonable. As there is no competing offer from Northam Platinum or anyone else at this time, the independent board of Royal Bafokeng has recommended

that shareholders accept the offer from Impala Platinum.

To demonstrate how well this worked out for Royal Bafokeng shareholders who bought when the share price was depressed, it was trading at under R72 in September 2021 and the closing price on Friday was over R159.

Implats closed at R233,65 per share on Friday.

Comment

We have about R38,2bn in Implats and about R3,9bn in Royal Bafokeng. Looks like a good investment decision. We'll have to wait to see what it means for the ROI.

Synopsis

BHP declares a record interim dividend

16 February 2022
INCE|Community
The Finance Ghost



The mining giant has released results for the six months ended December 2021. The company is registered in Australia and listed on the JSE, but it reports in US Dollars just to keep things fun and interesting. Also, because accounting rules say so.

There's nothing quite as volatile as a mining company. The results depend to a very large extent on the prevailing commodity prices. On top of that, you've got extensive operating risks and other challenges like currency movements.

To give an idea of the way earnings move around, earnings attributable to ordinary shareholders look like this: \$9,44bn in the latest period, \$3,88bn in the six months to December 2020 and \$11,30bn in the six months to June 2021. By the time this gets to

headline earnings per share, earnings are up 88% year-on-year but down 35% sequentially i.e. the second half of the calendar year vs. the first half.

A record interim dividend of \$1,50 per share has been declared. This is a 78% payout ratio.

Operationally, the group has had to deal with challenges like significant wet weather and labour constraints. This has necessitated some revision to guidance for the full year, due to lower than originally expected volumes and thus increased unit costs in the Queensland Coal operation.

Capital and expenditure came in at \$2,9bn for the period. Guidance for the full year is \$6,5bn, revised slightly downwards based on foreign exchange movements.

The group has a strong balance sheet that facilitates important investments like Australian copper projects and a nickel project in Tanzania. Return on capital employed was 39,5% in this period, which bodes well for investment returns, but mining is notoriously cyclical and forecasting capital returns is extremely difficult for even the most experienced teams.

The major portfolio tilt for BHP is a reduction in exposure to fossil fuels. The Carrejon investment was sold to Glencore and a sale of BHP Mitsui Coal is expected to be completed in the middle of this year. There is a review process underway for New South Wales Energy Coal. Finally, the petroleum business is being merged with Woodside, with that deal expected to close this year.

Comment

We have a bout R23bn in BHP. Looks like another good investment.

**THE GEPF
WATCHDOG/WAGHOND
FACEBOOK PAGE**

Welcome to our page.

Please help us to get thousands more GEPF members to join this page and the AMAGP, so we have the required bargaining power. **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!

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.

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. There is, however, another side to the coin! 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. However, the 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. Although it is not part of the core business of this page, you may also raise matters regarding the day to day management of your pension administration, which we will gladly refer to the Government Pensions Administration Agency (GPAA). 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. You can complete the online registration form under “Announcements” (English and Afrikaans) at the top of the Facebook page, or you can visit our website at www.AMAGP.co.za, and complete the online application form that you will find under “Membership”.

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.

VRYWARING

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