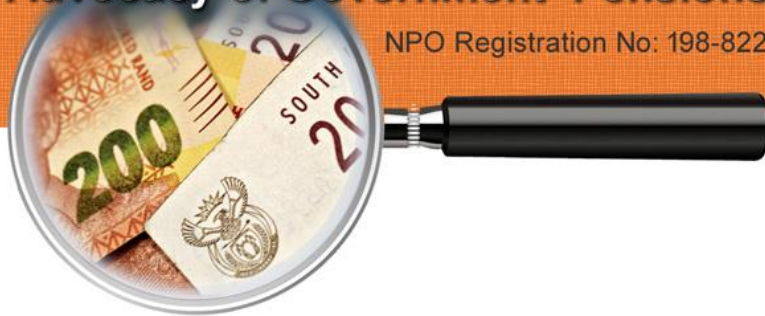


# Association for Monitoring and Advocacy of Government Pensions

# (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](http://www.AMAGP.co.za)

 [GEPF Watchdog - Waghond](#)

 [GEPF Forum](#)



## NEWSLETTER NO 6 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 25 March 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 in fact**

## The Editor's Word

For those of you who skipped the first page. The statement by the GEPF from its landing page on its website regularly changes as to the number of members, pensioners and beneficiaries, and the assets. Since the middle of February, the members dropped by from 1,65 million to 1,5 million, the pensioners and beneficiaries dropped from 473 312 to 450 000 and the assets dropped from R2,09trn to R1,61trn.

Frightening to realise our Fund's funds decreased by R40,8bn in a month! Even more, it is astounding to realise the GEPF can state the total of our Rtrillions of assets on a month to month basis but the Annual Report can only report on figures a year or more old!

**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.

If you want more information about the companies in the articles below, look them up on internet. Our Fund has indeed an impressive, diverse and complex spread of investments.

The conflict in the Ukraine has already impacted on world economy and will progressively impact much more, as the eventual and unintended effect of sanctions become more evident, and the long term influence slowly starts to emerge. There will be shortages and increases in cost of many more items than foreseen. Expect news about the conflict in the Ukraine in the newsletter, only in so far it impacts on our Fund.

The horrific increase in the fuel price is going influence us all.

### The upcoming BOT election

**Note the closing date for voting in the election is 6 May 2022.**



## 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

Remember the most terrifying words you can ever hear: "we are from the government and we are here to help". Ronald Reagan 1986.



### VERKIESING VAN STAATSDIENSWERKNEMERS PENSIENFONDS (GEPF) PENSIENARIS TRUSTEE

## CHRISTO JOHANNES VAN DYK

**STEM TOT 6 MEI 2022**

01 Daar word tans gestem vir die verkiesing van 'n nuwe pensioenaris trustee op die GEPF Raad van Trusteers. Stemme kan uitgebring word op 'n stembrief of aanlyn gedoen word.

**STEMBRIEWE PER POS**

02 Die verkiesingsagent EMCA, aangestel deur die GEPF, sal stembriewe pos aan pensioenarisse. Die posstelsel is nie meer betroubaar nie en heelwat van die stembriewe sal waarskynlik nie by ons pensioenarisse uitkom nie.

**BESOEK DIE FACEBOOKGROEP "GEPF WATCHDOG"**

03 Die Facebookgroep behoort aan 'n nie-winsgewende organisasie AMAGP wat hulself daarmee bemoei om die volhoubaarheid van ons pensioenfonds te verseker.

**STEM DIREK OP INTERNET "WWW.GEPF.EMCA.CO.ZA"**

04 Kies die opskrif gepf/Election Management Consulting Agency. Dan die opsie Voting Portal en volg die instruksies. Hou asseblief u ID nommer, Pensioennummer wat met CP, CPA of CPB begin en eposadres byderhand.

**KONTAK WILMA PIENAAR PER EPOS: "WILMAPIENAAR205@GMAIL.COM"**

05 Meer informasie en skakels kan aan u gestuur word.

AMAGP BEROEP ONS PENSIENARISSE OM ASSEBLIEF AKTIEF DEEL TE NEEM OM ONS SWAARVERDIENDE SPAARGELD TE BESKERM.

See the AMAGP statement below about the BOT and the skewed balance in representation. And the AMAGP recommended candidate, details as above.

Your retirement annuities can now be increasingly invested outside South Africa after the amendment to the Pension Fund Act. Although we don't fall under the Pension Fund Act, the GEPF will, no doubt, voluntarily follow suit. However, don't expect drastic changes as politics have played a large role in GEPF and PIC investments for decades.

A fresh look at how those with massive funds manipulate news that they don't like, by extended and expensive litigation. Called Slapps. Excellent reading, dear reader.

The state bank has been ruled out, not affordable the Minister of Finance says. We all knew that, but remember it has only been ruled out, not deleted, it will appear again later. The threat to the GEPF isn't gone.

The FSCA wants pension funds to provide regular data about their funds' members, in its efforts to solve the unclaimed benefits problem. Take note but the GEPF isn't involved in this but has unclaimed benefits it is addressing.

There are some titbits about our investments just to widen your understanding of what the GEPF is invested in.

Blue Label Telecommunications is refinancing CellC. It seems extremely complicated and probably is, as CellC doesn't seem to be terribly successful in our cell phone market.

Famous Brands has released a below expected earnings statement. We should eat out more to increase the earnings but then inflation and the fuel price stops us from eating out. What a choice!

Lastly some advice about estate planning, where the possible problems with pension, annuities and life insurance are discussed.

## STATEMENT 1/2022

### ISSUED ON BEHALF OF THE ASSOCIATION FOR THE MONITORING AND ADVOCACY OF GOVERNMENT PENSIONS. (AMAGP)

Cape Town  
12 March 2022

#### **PLEA BY CIVIL SERVICE PENSIONERS**

The government will appoint a new Board of Trustees (BoT) for the Government Employees Pension Fund (GEPF).

The BoT consists of sixteen members:

- Eight appointed by the government
- Six nominated by unions
- One elected by the uniformed forces plus National Intelligence Agency
- One elected by pensioners of the GEPF.

AMAGP points out that the composition of the BoT is completely skewed. In the interest of the GEPF's members and also to ensure more effective and professional management of the Fund we ask that the concerns of the members should be addressed as a matter of URGENCY.

Pensioners who make up about 25% of the members of the GEPF have only one representative on the Board. This is obviously totally disproportionate.

COSATU, being part of the Tripartite Alliance as employer, nominates eight members, and, through its subsidiaries DENOSA, NEHAWU and SADTU, nominates three more members.

COSATU, therefore, plays a role in eleven of the sixteen appointments. Two or three of them could easily be allocated to pensioners. No amendment to the law is required for this.

COSATU's role in the BoT is then even further strengthened by the four secundus members of subsidiary unions, which is also completely undesirable.

IT IS TIME FOR THE MINISTER TO RECTIFY THIS IMBALANCE!

Our plea to the government is: PLEASE NO CADRES!

Please appoint trustees who will advance the interests of all members of the Pension Fund; who will exercise strict control over the investments on behalf of the Pension Fund; and who will not run the fund as if it were the government's dairy cow.

Our request to the unions is:

Please nominate trustees who will promote and protect the interests of the members of the Pension Fund; who will not try to please their political bosses for the sake of attempting to squander the Fund's assets for all sorts of government adventures.

Our request to pensioners is: PLEASE VOTE!

As a single representative our BoT member will have a huge task in representing the interests of all pensioners. So, please elect a strong representative who has a strong financial background and relevant experience to act in the interest of the Fund and its members. It must be a person that has sound knowledge and experience of the Fund's budget and financial statements through many years of analysing them, as well as excellent knowledge and experience as an auditor of good standing.

This person will help to eliminate and point out existing gaps that currently exist. He/she will ensure that the Standing Committee on Finance of Parliament is respected by all, ensuring that full reporting is done, and that questions asked there are not evaded as in the past.

From the list of nominees it is clear that Christo van Dyk is excellently equipped for the task. His 37 years of experience as a senior auditor on the staff of the Auditor-General makes him eminently fit to ensure that the finances of the Fund are handled correctly; that recognized accounting practices and processes are maintained, and that the requirements of the Public Service Employees Pension Act, 1996 are complied with at all

times. He therefore deserves our vote. The members of the Fund sorely need such a person on the BoT.

If all this comes to pass, we will have a professional Board of Trustees that will ensure that the assets of the fund are traded in consultation; that openness and transparency are maintained at all times; that reporting to members of the Pension Fund and parliamentary committees be done in full; that political interference will be something of the past; that proper control is exercised over the investment agents; that investments are made only in a manner that aims to sustain and grow the Pension Fund; that no malpractices in connection with the Pension Fund will take place; and that commissions of inquiry into matters affecting the Fund will consequently be unnecessary.

**Unfortunately, the first day of the elections proved that the system used by the GEPF for the elections experiences huge problems.**

**Hundreds of pensioners contacted AMAGP and indicated that they could not gain access to the system to vote. They now distrust the system that is riddled with unsolvable error messages and indicated their unwillingness to proceed with the election process. Is this situation acceptable?**

VERKLARING 1/2022

UITGEREIK NAMENS DIE VERENIGING VIR DIE MONITERING EN VOLHOUBAARHEID VAN STAATSDIENSPENSIOENE (AMAGP)

Kaapstad  
12 Maart 2022

### **PLEIDOOI DEUR STAATSDIENSPENSIONARISSE**

Die regering sal eersdaags 'n nuwe Raad van Trustees (RvT) vir die Staatsdienspensioenfondse (GEPF) aanstel.

Die RvT bestaan uit 16 lede:

- Agt aangestel deur die regering
- Ses benoem deur vakbonde

- Een verkies deur die uniform magte plus die Nasionale Intelligensie-agentskap (NIA)
- Een verkies deur pensionarisse van die GEPF.

AMAGP wys daarop dat die samestelling van die RvT heeltemal skeef is. In die belang van die lede van die GEPF en ook om doeltreffende en professionele bestuur van die Fonds te verseker, word versoek dat hierdie aangeleentheid DRINGEND hersien moet word.

Pensionarisse wat ongeveer 25% van die lede van die Staatsdienspensioenfonds uitmaak, het slegs een verteenwoordiger op die RvT. Dit is ooglopend heeltemal buite verhouding.

COSATU, as deel van die Drieparty-alliansie wat as werkgewer agt lede benoem, benoem deur sy filiale DENOSA, NEHAWU en SADTU verdere drie lede. COSATU speel dus 'n rol in elf van die sestien aanstellings. Twee of drie daarvan kan maklik aan pensionarisse toegeken word. Geen wetswysiging is hiervoor nodig nie.

COSATU se rol in die RvT word verder versterk deur die vier secunduslede van filiaalvakbonde, wat ook ongewens is.

**DIT IS TYD DAT DIE MINISTER HIERDIE WANBALANS REGSTEL!**

**Ons pleidooi aan die regering is: ASSEMBLIEF GEEN KADERS!**

Maar: Stel asseblief trustees aan wat die belange van lede van die Pensioenfonds sal bevorder; wat streng beheer oor die beleggings namens die Pensioenfonds sal uitoefen; en wat nie die Fonds sal bestuur asof dit die regering se melkkoei is nie.

Ons versoek aan die vakbonde is:

Benoem asseblief trustees wat die belange van die lede van die Pensioenfonds sal bevorder – wat nie hul politieke base probeer ter wille wees deur die Fonds se bates vir allerhande regeringsavonture te probeer versmous nie.

**Ons versoek aan pensionarisse is: STEM ASSEMBLIEF!**

As enkele verteenwoordiger sal ons trustee lid teen 'n groot oormag 'n reuse taak hê om pensionarisse se belange te behartig.

Verkies dus asseblief vir ons pensionarisse 'n verteenwoordiger wat 'n sterk finansiële agtergrond het; wat die GEPF se finansiële state deur ontleding daarvan vir baie jare ken; wat jare ondervinding as ouditeur het; wat sal toesien dat daar sterk beheer oor beleggings van fondse is; wat bestaande leemtes sal help besweer; en wat sal toesien dat die Staande Komitee oor Finansies van die parlement gerespekteer word, deur toe te sien dat volledig verslag gedoen word en dat vrae wat daar gestel word nie, soos in die verlede, ontduik word nie.

Uit die lys van genomineerdes is dit duidelik dat Christo van Dyk uitnemend toegerus is vir die taak. Sy ondervinding van 37 jaar as senior ouditeur op die personeel van die Ouditeur-generaal maak hom uiters geskik om toe te sien dat die finansies van die Fonds korrek hanteer word; dat erkende rekenkundige praktyke gehandhaaf word; en, dat te alle tye aan die vereistes van die Staatsdienswerknemers Pensioenwet, 1996 voldoen word. Hy verdien dus ons stem.

As dit alles gebeur, sal ons 'n professionele Raad van Trustees hê wat: Sal toesien dat daar met oorleg met die bates van die fonds gehandel word; dat deursigtigheid te alle tye gehandhaaf word; dat verslagdoening aan lede van die pensioenfonds en parlementere komitees volledig sal geskied; dat politieke inmenging afwesig sal wees; dat behoorlike beheer oor die beleggingsagente uitgevoer word; dat beleggings slegs plaasvind op 'n wyse wat ten doel het om die pensioenfonds volhoubaar te hou en te laat groei; dat wanpraktyke in verband met die Pensioenfonds nie sal plaasvind nie; en, dat kommissies van ondersoek na aangeleenthede wat die Fonds raak gevolglik onnodig sal wees.

**Ongelukkig was dit reeds op die eerste dag van die verkiesing duidelik dat die stelsel wat die GEPF gebruik groot probleme het. Honderde pensionarisse het**

aan AMAGP aangedui dat hulle nie toegang tot die stelsel kan kry om te stem nie. Hulle wantrou nou die stelsel wat deurspek is met onoplosbare foute en is nou onwillig om met die verkiesingsproses voort te gaan. Is hierdie situasie aanvaarbaar?

*Comment*

*Unfortunately, our pensioner vote is only one vote against fifteen, however, we can depend on Christo doing his best to look after the pensioner and beneficiaries' interests, as well as the members.*

*Synopsis*

**RAs and Regulation 28: What next?**

Regulation 28 has been amended to increase the offshore limit. Here is what it means for the retirement savings of ordinary South Africans.

Moneyweb

11 March 2022

By Rocco Van Zyl – Brenthurst Wealth

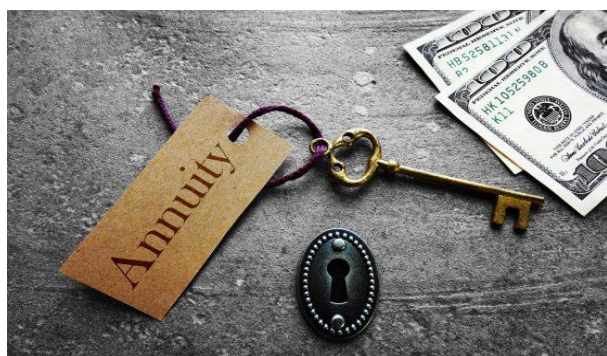


Image: Shutterstock

News headlines were dominated by global events in recent weeks, in particular Russia's invasion of Ukraine and the subsequent pullback for global markets. Although the current tension in Europe cannot be ignored and will continue to drive market volatility there is also local news that investors should take note of.

In South Africa, it often feels like good news is hard to find, but there is one very important bit of news local investors should pay attention to. In fact, we should be shouting the good news to the mountain tops about the announcement that Regulation 28 of the Pension Funds Act has been amended.

Here is what it means for the retirement savings of ordinary South Africans, and what future retirees must do next.

All retirement annuities, provident funds, and pension funds are governed by Regulation 28 of the Pension Funds Act, which, amongst other things, stipulates that one's respective investment can only have a maximum offshore exposure of 30%, with an additional 10% for Africa (which nobody really used in the past, in any case). A few weeks ago, the limit of 30% was increased to 45%, with the Africa component falling away entirely.

Thus, this meant a 50% jump from the old 30% limit to the new 45% limit, in offshore exposure for those who want to increase their exposure to markets out of South Africa (and Africa for that case), to developed markets such as the US, Europe and the UK. Although 45% is a far cry from the 100% limit available through living annuities, the increase is certainly welcome. Below is a table comparing the returns of the past 10 years from the JSE Index, with the returns of that of the MSCI World Index and the S&P 500 Index.

Index	10 Year Annualised Returns (ZAR)
<b>FTSE/JSE All Share total return (ZAR)</b>	11,64%
<b>MSCI World total return (ZAR)</b>	19,48%
<b>S&amp;P 500 total return (ZAR)</b>	20,64%

The new limit is a breath of fresh air for those who plan to meticulously contribute to their retirement savings throughout their working lives. The new limit not only enables investors to further diversify their current retirement saving investments but also enables them to hedge their future savings a bit more against the rand and the local economy, should they underperform over the long-term relative to their global peers.

What to do next will largely depend on many factors, and although there is no 'one size fits all' approach when it comes to investments, I would strongly advise that all those in Regulation 28 investments strongly consider

their options and take advantage of the new limits.

The troubles of the local economy will continue for a long while longer, which makes it imperative for local investors to diversify away from these risks. Especially with retirement savings.

As with all investment decisions or financial planning strategies, it is advisable to navigate it with the assistance of a qualified, experienced advisor, who can offer the appropriate financial advice best suited to your personal circumstances.

#### *Comment*

*Although the GEPF doesn't fall under the Pension Fund Act, the GEPF will, no doubt, voluntarily follow suit. However, don't expect drastic changes as politics have played a large role in GEPF and PIC investments for decades and will probably continue to do so for some time still.*

#### *Synopsis*

### **CHRIS ROPER: Why Iqbal Survé is suing me for R1m**

Strategic litigation against public participation is a scorched-earth policy that threatens the democratic order

Daily Maverick  
17 March 2022  
Chris Roper

I've been trying to think of the best way to write about the fact that Iqbal Survé, executive chair of Independent Media and spiritual godfather of the Tembisa 10 imaginary babies, is suing me for R1m. Or, indeed, whether I should write about it at all.

Lawyers would give the very good advice that it's a risky business, airing an ongoing case in public. There's too much opportunity to forewarn your opponent, or to muddy the waters to their benefit. But this is what such lawsuits are intended to do. They're an attempt to intimidate you, to make you self-censor. And we can't have that.

As for the best way to write about the lawsuit: my first impulse, regular readers will not be

surprised to hear, was to make fun of it. To write something along the lines of: "I'd be happy to pay, Doc, I really would. But it'll have to be a bag of cash handed over in the parking lot, because I see they want to close all your bank accounts." Or maybe even send Piet Rampedi, the "journalist" who wrote the Tembisa 10 "investigation", a R100 note and tell Survé it was R1m originally but then it got money-trafficked. Hey, if Rampedi can mislay 10 babies, he can sure as hell forget where he left a bag of money.

And the actual summons is so ... plaintive. My favourite bit is where Survé and his lawyers, rather touchingly, say that my "statements carry the additional sting that Survé is: corrupt; devious; and/or a liar". "Sting" is perfectly conventional legalese, of course, but to the untrained ear (mine, for example) it does invoke a range of meaning. To some, it might read like a gibe at Survé's narcissism (don't make me go and count the many, many times he's featured in his own newspapers). His lawyers had better be careful, he might lash out and sue them! Or at least threaten to sue them, as he appears to do on a daily basis to a variety of South African media.

(Note to Survé: the preceding sentence is an example of hyperbole used for satirical purposes. Please don't sue me because you think I said you literally sue the media every day. The readers of this column aren't idiots, and they know the difference between satire and news reporting.)

But as much fun as I could have ridiculing Survé's R1m lawsuit (which isn't actually that much fun, after the lawyers vet this column and take out all the good bits), there are more serious things at stake here.

Daily Maverick's Styli Charalambous has written about the use of Slapps, or strategic lawsuits against public participation. Generally, these are lawsuits that are used by dodgy people and corporations around the world to "threaten, consume and defund those who work in pursuit of the public interest. In essence, they're used to drain funds and to distract companies."

According to academic website The Conversation, Slapps "typically take the form of defamation lawsuits but, very often, the companies or individuals who start these

claims know they will never win. Rather, the aim of the claim (and this is what makes it a Slapp) is to dissuade journalists from reporting on a controversial story by making it as costly and time-consuming as possible."

In my past life as the editor of news organisations, I've had experience of Slapps. I think I have the dubious honour of being the first SA editor sued for a tweet, a frivolous lawsuit that ran on at some cost for months. That was for R3m, so clearly the nice Dr Survé is cutting me a deal.

The person suing me had a buddy of his do the legal work for free. The news organisation I worked for had to divert scarce resources that could instead have been used for important, necessary journalism — investigations that could have exposed corruption and criminal activity. And that's the way bad guys play it. They try to drive media houses out of business, leaving them free to carry on with their corrupt and criminal activities.

**We have to think of Slapps as part of the same pattern of obfuscation, misinformation and lies that is drowning our public discourse, and that is designed to fatally damage our democratic process**

As Charalambous commented in a recent article about being sued by Survé: "What's struck me about the barrage of legal letters and summons is that the lawyers acting for these people are ... being paid from looted funds." (Disclosure: my own Survé summons relates to a column published in Daily Maverick.)

The Global Investigative Journalism Network (GIJN) describes one of the motivations behind Slapps. "[They] often include an imbalance of power between the person who files the lawsuit and the journalist. The lawsuits often request disproportionately large damages, include endless pretrial motions to increase the legal costs, and engage in forum-shopping, which means the petitioner looks for the jurisdiction that is most advantageous to their case."

In some cases, such as when you're being sued by someone like the Guptas — they sued the Mail & Guardian for R500m when I had just become editor-in-chief, for work done

by investigative outfit amaBhungane under the previous editor — we can probably assume their lawyers were paid out of the proceeds of state capture. And I can't help but wonder if the Government Employees Pension Fund, administered by the Public Investment Corp, could be paying for the lawyers suing me.

As Daily Maverick wrote about Survé: "We don't have a slush fund to dip into, to finance those fun team-building excursions to the high court."

There are some extreme cases of Slapps that highlight the imbalance in resources when businesses try to muzzle investigative journalism. According to the GIJN, journalist Nestor Nga Etoga "has made nearly 100 court appearances since 2016, leaving him little time to pursue investigative journalism projects. The Cameroon-based journalist reported on potential labour and human rights violations by an international timber company. The company responded with defamation and false news lawsuits that have dominated Etoga's life for the past five years."

The GIJN quotes our own local hero, attorney Dario Milo (a member of the EU's Expert Group on Slapps), who says: "There certainly appears to be a worrying trend around the world where powerful companies or public officials attempt to censor public participation on matters of public interest through lawsuits, for instance in the law of defamation."

Rereading the Guptas' Mail & Guardian summons, I see the Guptas were suing because the article alleged they were "dishonest, corrupt and deceitful". Hmm. Now what other lawsuit does that remind me of? I couldn't possibly say.

Charalambous notes in his piece that every time the news site publishes something looking at what he calls the "malfeasance" of Independent Media, Sekunjalo and other Survé interests, it gets issued with a court summons or letter of demand. "In the past two years alone, we have been sent 15 of these and the latest came after we reported on a Stock Exchange News Service announcement they sent themselves," he writes. "Just to be clear, these summons and letters of demand are issued when we report on the [alleged] corrupt actions of Iqbal Survé and the many



entities he directs. Our articles have evidence to back up everything we say (because we at Daily Maverick [unlike Independent Media] actually subscribe to, and practise, the Press Code of Ethics)."

I started this column by wondering what the best way was to write about the fact that Iqbal Survé is suing me for R1m. It's annoying to me personally, of course, but that's not the important thing here. We have to think of Slapps as part of the pattern of obfuscation, misinformation and lies that is drowning our public discourse, and that is designed to fatally damage our democratic process.

The corporations and politicians who are trying to shut down investigations into their criminality don't care how much damage they do. In military jargon, a scorched-earth policy is a strategy that aims to destroy anything that might be useful to the enemy.

Slapps and the firehose of misinformation of which it is a subcategory, is also a scorched-earth policy, designed to destroy anything that might be used by democratic institutions to fight corruption.

#### *Comment*

*We see many examples of Slapps in South Africa, by the often frivolous appeals against court findings where state funds and politicians and political matters are involved. Leaving us with the concern of how and who fund their repeated appeals up to the Constitutional Court. And does SARS know of their unlimited funds?*

*Note: The 15 summonses in two years from one source alone!*

*Further Note: "And I can't help but wonder if the Government Employees Pension Fund, administered by the Public Investment Corp, could be paying for the lawyers suing me." This probably has to do with the very low key court case of the Sekunjalo Independent Media debt owing to the PIC and GEPEF.*

#### *Synopsis*

### **Godongwana rules out creation of a new state bank**

BusinessTech  
Bloomberg  
24 March 2022



South African Finance Minister Enoch Godongwana ruled out the creation of a new state bank, saying the country lacked the money needed to back it. The government-owned Post Bank already accepts deposits and if another lender were to be established, it would have to be self-funded, Godongwana told lawmakers on Wednesday.

His comments came a day after the central bank announced plans to list its stake in African Bank Holdings Ltd, which Godongwana's predecessor, Tito Mboweni, last year suggested could be used as a building block for a new lender.

The South African Reserve Bank on Tuesday said it had opted for an initial public offering for African Bank after it failed to identify suitable investors to buy its 50% shareholding.

The central bank, the GEPEF and six of the nation's largest commercial lenders stepped in to save African Bank with an equity injection when its owner, African Bank Investments Ltd, went into administration in 2014.

#### *Comment*

*We have R334,7mn in African Bank. A state bank would have to prove it can be managed like any other bank. The sorry state of the 'government's' SOE doesn't inspire any confidence in such a possible entity. It makes much more sense to dispose of the equity in African Bank.*

#### *Synopsis*

### **Funds given until 6 May to submit information on paid-up members**



Moonstone  
by Mark Bechard  
14 March 2022

The FSCA is ramping up its efforts to trace unclaimed benefits and wants retirement funds and administrators to provide it with information, every three months, about their paid-up members, in addition to information about unclaimed benefits.

According to the FSCA's 2020/21 annual report, more than R47bn in unclaimed benefits is due to some 4,8 million beneficiaries.

The Authority says it want to enhance its Unclaimed Benefit Search Engine by creating a register of paid-up members (deferred pensioners).

The FSCA expressed its displeasure with funds and administrators that fail to respond to the enquiries about unclaimed benefits the Authority receives from the public. Some funds and administrators only respond after the deadline and after several requests. In some cases, the responses are unsatisfactory, the FSCA said.

It was also unhappy with funds and administrators that said no benefit was due but did not state whether this was because the member has been paid the benefit or because the individual never belonged to the fund. "In certain cases, a member will provide proof that they were a member of the fund, but the fund provides a response stating that the individual was a never a member of the fund," the FSCA said.

In its annual report, the FSCA said the number of unclaimed benefits enquiries it

received increased from 61 800 in 2020 to 106 700 in 2021.

### What the FSCA wants to know

The FSCA has given funds and administrators until 6 May to:

- Review and, where necessary, update previously uploaded unclaimed benefit and/or paid-up member benefit information on the Authority's database; and
- Submit information relating to paid-up members and/or unclaimed benefits not previously reported to the Authority.

After 6 May, funds and administrators must provide the FSCA will the following information at least once every three months:

- The original value of the unclaimed benefit or paid-up member's benefit – that is, the amount in the member's minimum individual reserve on the date on which the member left the service of his or her employer;
- The current value or paid-up value of the unclaimed benefit or the paid-up benefit – that is, the amount in the member's minimum individual reserve on the last day of each quarter; and
- The date on which the unclaimed or paid-up benefit was paid to the member or his or her beneficiaries, or the date on which the benefit was made unclaimed or paid-up.



### FSCA withdraws request for retirement funds to provide information on paid-up members

Moonstone  
by Mark Bechard

The FSCA has withdrawn its request for retirement funds to provide it with information every three months about their paid-up members and unclaimed benefits.

Last week, the Authority withdrew the information request because “old versions” of the annexures had been used.

*Comment*

*Even the GEPF has unclaimed benefits that it works to solve. The unclaimed benefits never seem to resolved totally.*

*Synopsis*

**TITBITS**

Ince/Connect  
The Finance Ghost

**16 March**

**Old Mutual** has released results for the year ended December 2021. It's been a big year, with the unbundling of 12,2% in Nedbank in November 2021. Although gross flows in investment and wealth were positive, net client cash flows were just R0,1bn due to Covid-related mortality claims. Value of new business grew sharply vs. 2020 and margins improved as well, now just below the medium-term target range. Return on net asset value increased from 3,8% to 9%, HEPS increased by 41% to 163,8 cents and the final dividend is 46% higher at 51 cents per share. This takes the full year dividend to 76 cents per share, a yield of around 5,8% on yesterday's closing price.

*We have about R10,3bn in OM.*

**ADvTECH** has released a trading statement covering the year ended December 2021. HEPS will be between 30% and 35% higher than the prior year, coming in at between 119,1 and 123,7 cents per share. This puts the stock on a trailing Price/Earnings multiple of around 13.5x. Operating profit increased across the divisions and net financing costs as borrowings were reduced.

*We have about R831mn in ADvTech.*

**AfroCentric Investment Corporation** has posted a 10% gain in revenue for the six months to December 2021. This has only

translated into a 1,3% increase in profit after tax and a 3,2% increase in HEPS to 26,86 cents. The interim dividend of 17 cents per share is identical to the comparable period. The share price closed 3,8% higher at R4,88. *We have about R6,6mn in AfroCentric.*

Laurie Dippenaar is stepping down from the **Rand Merchant Investment Holdings** board. He is the last of the founders of the iconic RMI group to leave the board and has timed his departure based on the announcements to unbundle the holdings in Discovery and Momentum Metropolitan.

*We have about R281mn in RMI.*

**Zeder** received unanimous support at its shareholder meeting for the disposal of The Logistics Group. Shareholders are clearly itching to get the value unlocking process finalised.

*We have about R332mn in Zeder.*

*Comment*

*Some titbits to keep you up to date on where we are invested and what is happening to our investments.*

*Synopsis*

**Blue Label Telecoms throws more money at Cell C**

16 March 2022  
INCE|Community  
The Finance Ghost



Blue Label has concluded a non-binding term sheet that they colourfully refer to as an Umbrella Restructure Term Sheet. The purpose of this fancy document is to facilitate the restructuring and refinancing of Cell C, the telecommunications network that has just

never found a way to successfully compete in the market.

Nevertheless, another attempt is about to be made, despite Cell C posting a net loss of R849mn in the six months to November 2021 and boasting a balance sheet with net negative assets of R13,7bn.

At least Cell C generated a profit before finance costs and forex losses of R862 million, so perhaps there is some hope with a sustainable balance sheet. Blue Label believes that Cell C has implemented a turnaround strategy, which means it has reduced costs and achieved efficiencies.

Arguably the biggest change is the move to a variable operational expenditure model vs. trying to own a fixed cost infrastructure and scale the business to the point where that model is viable.

The proposed restructure of Cell C's balance sheet is extremely complicated. Prepare yourself.

Cell C owes certain secured lenders around R7,3bn. They are in for a rude awakening, as this deal would see Blue Label lend R1,46bn to Cell C, an amount that will be offered to those lenders as a compromise (20 cents in the rand). The actual funding obligation for Blue Label will be just over R1bn.

Blue Label is acquiring the reinvestment rights from certain lenders. This will enable them to invest R110mn into Cell C in this ratcheted face value structure. On top of this, Blue Label is buying debt notes in a shareholder in Cell C for \$5mn and R16mn (there seem to be two different types of notes denominated in different currencies, but the SENS isn't clear on this) and a credit claim of \$6mn against Cell C for \$4mn. Blue Label will also buy trade claims against Cell C for R16mn and \$4,5mn.

Cell C will undertake a rights issue at nominal value as well as various other issuances, with the net result that Blue Label will hold 49,3% of Cell C.

To help inject some life into Cell C, Blue Label will purchase R1,2bn in pre-paid airtime from Cell C. Blue Label's business is built around distributing pre-paid airtime, so this makes

sense. There will be additional quarterly airtime purchases by Blue Label of R300mn.

To make this all happen, Blue Label will raise R1,6bn of the required funds from financial institutions through an airtime purchase transaction and will be obligated to repurchase the airtime over a 24-month period in equal monthly instalments. I'm no expert on a structure like this, but it seems as though banks are essentially financing the purchase of airtime and taking ownership of it over the loan period, to manage their risk.

As any long-suffering shareholder of Blue Label will tell you, the company's dealmaking track record isn't great at all. The share price is down nearly 69% in the past 5 years.

In summary, Blue Label has effectively refinanced Cell C through pre-selling airtime. That's an interesting strategy, provided there is enough demand for the airtime of course. Only time will tell.

#### *Comment*

*We have about R91mn in Blue Label Tels. Seems like a complicated restructuring, ensuring few people understand what is going on.*

#### *Synopsis*

## **Famous Brands: uncertainty around earnings**

16 March 2022

INCE|Community

The Finance Ghost



Famous Brands, purveyor of fine calories in the form of burgers, pizzas and many other types of yumminess, has given a voluntary update for the year ended February 2022. The share price dropped nearly 8% in response

but managed to claw it back in late trade to close 3,2% down on the day.

The take-away brands you know and love are grouped under the leading segment and increased system-wide sales by 35,8%. Famous Brands is a franchisor and wholesaler, so system-wide sales (the actual restaurant sales through the till) are an important measure but not necessarily a perfect indication of revenue growth for the listed company.

The fancier restaurants (like Turn 'n Tender, Salsa and others) increased system-wide sales by around 55%. One would expect to see a sharper recovery in those restaurants than the take-away formats as they took a much harder hit from alcohol restrictions over the pandemic.

The Africa and Middle-East region had less stringent trading restrictions during the pandemic. System-wide sales increased by 19,8%, a reflection of a less volatile trading period under those lockdown rules.

Wimpy UK revenue has increased by around 19,5% in this period.

Moving on to the core revenue of Famous Brands, manufacturing revenue (the products supplied to the restaurant) increased by 30,8% and logistics revenue (effectively a food service business) increased by 35,3%. The retail division supplies products for third-party retailers (like a Steers sauce in the supermarket) and grew revenue by 46,9%, a really strong result.

A risk I'm keeping in mind is related to fuel price and soft commodity price shocks, which would cause substantial input cost pressures for Famous Brands. Can those pressures be passed on to consumers?

As investors, these are the questions we need to ask. Trading at around R60, Famous Brands has dropped back to where it was in April 2021 and would need to climb 30% to get back to pre-pandemic levels.

#### *Comment*

*We have about R465,5 in Famous Brands.*

#### *Synopsis*

## **Estate planning mistakes to avoid**

Moneyweb

24 March 2022

By Eric Jordaan - Crue Invest (Pty) Ltd



Image: Shutterstock

Estate planning can be complex and any mistakes can have far-reaching consequences for those you leave behind. If you're in the process of developing or updating your estate plan, here are some common errors to be aware of and to avoid:

### **Not understanding your matrimonial property regime**

When setting out to develop your estate plan, one of the first factors to take into consideration is the nature of your matrimonial property regime. This is because your marriage contract provides the financial basis of your union and, as such, provides the framework for your estate plan. If you and your spouse are married in community of property, you each own 50% of the joint estate. Only half of the joint estate is yours to structure your estate plan around.

Should you die, your will can only deal with your half share of the communal estate. Therefore, when drafting your will, you need to be sure that only your share of the joint estate is dealt with.

On the other hand, if you and your spouse are married with the accrual system, you are deemed to be married out of community of property and you are free, within certain limitations, to bequeath your assets as you deem fit. Remember, if the value of your estate exceeds that of your surviving spouse, they will have a claim against your deceased estate for their share of the accrual.

## **Providing incorrectly for your minor children**

If you intend to leave a financial legacy for your minor children, keep in mind that children under the age of 18 have no contractual capacity and are incapable of inheriting. If you bequeath cash directly to your minor children, these funds will likely be administered by the state-owned Guardian's Fund until your children reach the age of majority.

Similarly, if you bestow fixed property upon your minor children, such property will be administered by your child's legal guardian until they are old enough to inherit. The most practical way to deal with inheritance intended for minor children is to make provision for a testamentary trust in terms of your will with your children as the nominated beneficiaries.

## **Dealing with insurance policies and retirement funds in your will**

The proceeds of your life insurance policies where you have nominated beneficiaries, as well as your retirement benefits, are assets that fall outside of your deceased estate. To avoid confusion it is advisable not to mention them in your will. In the event of your passing, the proceeds of your life policies will be paid directly to your nominated heirs.

Similarly, your retirement fund benefits will be distributed to your financial dependants in terms of the GEPF. As such, any mention of these assets in your will and/or who should benefit from them will only serve to create confusion and frustration for your loved ones.

## **Beneficiary not to witness your will**

A common mistake made by those drafting their will is to get their beneficiaries – often a spouse or adult child – to witness their will, which amounts to a fundamental estate planning error. Remember, anyone who stands to benefit from your will and who also signs as a witness can be disqualified from inheriting in terms of your will. This includes beneficiaries, legatees, your executor, administrator, guardian, and trustees.

## **Not updating your will after your divorce**

Divorce can be an enormously traumatic process and it's only understandable for a

person to forget to update their will after the divorce order has been granted. While Section 2B of the Wills Act effectively provides a three-month window period for divorcees to update their wills, our advice is to update your will as soon as your divorce order is granted as failure to do so can result in your ex-spouse inadvertently inheriting from your estate. This is because if you do not update your will within three months of divorce, the will that you drafted before your divorce will be deemed to be your last wish.

## **Not dating your will**

Although dating your will is not a requirement for validity, the consequences of not dating your will can be detrimental to your overall estate plan. Dating your will means that your executor and heirs will have no doubt as to which version of your will is your latest, especially if you have not destroyed all copies of previous wills or where a previous, undated will is found.

## **Getting your beneficiary nomination wrong**

Correctly nominating your beneficiaries in your life policies is important, especially where you intend to use life policies to create liquidity in your estate. In such circumstances, it is usually appropriate to nominate your estate as the beneficiary to the policy so that the proceeds are paid directly into your deceased estate. This will ensure that the executor will have access to sufficient cash to meet your estate's liabilities and costs.

Remember, where you nominate someone other than your estate as a beneficiary to the policy, the proceeds will be paid directly to that person in the event of your death, and this can leave a liquidity shortfall in your estate.

## **Nominating a minor child as a beneficiary to a life policy after divorce**

Following a divorce, you may decide to remove your ex spouse as the beneficiary to your life policies and to name your minor child instead. However, give careful consideration to the consequences of doing this. Remember, as per point 2 above, your minor children are not capable of inheriting and, in the event of your passing, your ex-spouse, being your child's surviving legal guardian,

may be tasked with managing the funds until your child reaches the age of majority.

### **Not providing for the bequests made in your will**

Before making financial bequests in your will, it is important to understand how the laws of succession operate. Once your executor has paid all the costs and debts in your estate, their next job is to pay out any bequests made in terms of your will, which means that your heirs only inherit what is left after those to whom a bequest has been made have been paid. When drafting your will, it is therefore essential that your calculations are accurate in that any bequests to your legatees can be honoured while at the same time not reducing any financial legacy intended for your heirs.

### **Leaving fixed property to multiple heirs**

Bequeathing immovable property to multiple heirs may seem like a good idea, but the practical implications are often far from ideal. For instance, you may bequeath the family holiday home to your three children in equal, undivided shares with the intention that they continue to make use of the property in the future. The reality, however, is that everyone's circumstances are different, people emigrate, face financial difficulty, or have different goals when it comes to vacation. While one child wants to hold onto the property, another may want to realise the proceeds, while the other may have plans to emigrate and therefore have no use for a local holiday home. If you intend to bequeath fixed property for future use by multiple generations, it may be more appropriate to move the asset into a living trust with your intended heirs named as beneficiaries to the trust.

### **Having conflicting wording in your codicil**

If, for whatever reason, you intend to add a codicil to your existing will, be very careful that the wording of your intentions in the codicil is fully aligned with the intentions set out in your will. Any conflicted wording can create confusion, delays, and stress for your loved ones. Remember, your codicil is subject to the same requirements as your will in terms of witnesses, although it is not a requirement that the same people who witnessed your will also witness your codicil.

### **Not providing for the residue of your estate**

Failure to include what is known as a 'left-overs clause' can negatively affect your estate planning. The residue of your estate is everything leftover once all legacies have been honoured, and you must deal with these specifically in your will. If you fail to deal with the residue of your estate, you will effectively die partly intestate and the residue of your estate will be distributed amongst your intestate heirs.

### **Not keeping your tax affairs up-to-date**

One of your executor's first jobs is to report your deceased estate to Sars, keeping in mind that the taxman has the first claim to your estate. If your tax affairs are not in order with SARS, your executor will first need to bring all outstanding tax years up-to-date before they can begin preparing the pre-date of death assessment, and this can cause unnecessary delays in the winding up of your deceased estate.

### **Not having a will for your foreign assets**

Whether or not you require an offshore will is dependent on several factors, including the type of asset, in which jurisdiction it is held and its value. Generally speaking, if you own immoveable property in a foreign jurisdiction, you should have a foreign will prepared to deal with the property in the event of your death.

However, there are distinct advantages and disadvantages of having a foreign will, so it is always advisable to consult with a fiduciary expert. There's no doubt that having an offshore will can ensure that your foreign assets are administered efficiently and concurrently with your South African assets and can speed up the process of obtaining a grant of probate.

Having your foreign will drafted by an expert in the jurisdiction where your asset is held also means that it will be drafted in the language and within the legal framework of that region. For instance, some foreign jurisdictions do not recognise trusts as an entity and this can cause complications where a testator bequeaths foreign fixed property to a local testamentary trust.

### Comment

Good advice. Note specifically the aspects to do with pension, annuities, life insurance.

## 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](http://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

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

The AMAGP is nie verantwoordelik en uitdruklik vrywaar alle aanspreeklikheid vir enige skade van enige aard wat sal ontstaan uit die gebruik of aanhaling of afhanklikheid van enige informasie vervat in die Nuusbrief nie. Alhoewel die informasie in die Nuusbrief gereeld opgedateer word, kan geen waarborg gegee word dat die informasie reg, volledig en op datum is nie.

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.

### DISCLAIMER



The AMAGP provides the Newsletter as a service to both the public and AMAGP members.

The AMAGP is not responsible, and expressly disclaims all liability, for damages of any kind arising out of use, reference to, or reliance on any information contained within the Newsletter. While the information contained within the Newsletter is periodically updated, no guarantee is given that the information provided in the Newsletter is correct, complete, and up to date.

Although the AMAGP Newsletter may include links providing direct access to other internet resources, including other websites, the AMAGP is not responsible for the accuracy or content of information contained in these resources or websites.