



**Presentation to  
Standing Committee on Finance  
19 August 2014**



# GEPF TEAM

Dr Renosi Mokate

Chairperson

Mr Prabir Badal

Vice Chairperson

Ms Joelene Moodley

Acting Principal Executive Officer

Mr Hemal Naran

Head: Investment and Actuarial

Ms Adri Van Niekerk

Head: Secretariat



# Governance: the law

- ❑ GEPF is a juristic entity established under the *Government Employees Pension Law, 1996 (GEP Law)* and is independent of government.
- ❑ GEPF aligns itself with the good governance principles embodied in the *Pension Fund Act 24, 1956* and *Public Finance Management Act 1, 1999*.
- ❑ GEPF provides pensions and other related benefits as determined under the *GEP Law* to members and pensioners and their beneficiaries.
- ❑ Executive authority is vested in the Board of Trustees.

# Governance: what GEPF is

- ❑ GEPF manages and administers pensions and other benefits for government employees in South Africa.
- ❑ GEPF receives member contributions from 708 participating employers – including all national and provincial government departments and the South African National Defence Force
- ❑ GEPF has more than 1 279 000 active members and more than 391 000 pensioners and beneficiaries – total more than 1.6-million
- ❑ GEPF is a defined benefit fund and is the largest pension fund in Africa with assets under management worth more than R1.4-trillion (unaudited)
- ❑ Government is GEPF's main guarantor

# Governance: Powers & Functions

The Board of Trustees is guided by the GEP law and rules:

- Investment of all the assets of the Fund according to an investment policy developed in consultation with the Minister of Finance **(Section 6 (7))**
- Effective and efficient administration of the Fund **(Section 7)**
- Financial Reporting and audit arrangements **(Section 9 & 10)**
- Transitional arrangements and transfers between funds **(Section 14)**
- Funding level of the Fund **(Section 17)**

# Governance: Powers & Functions

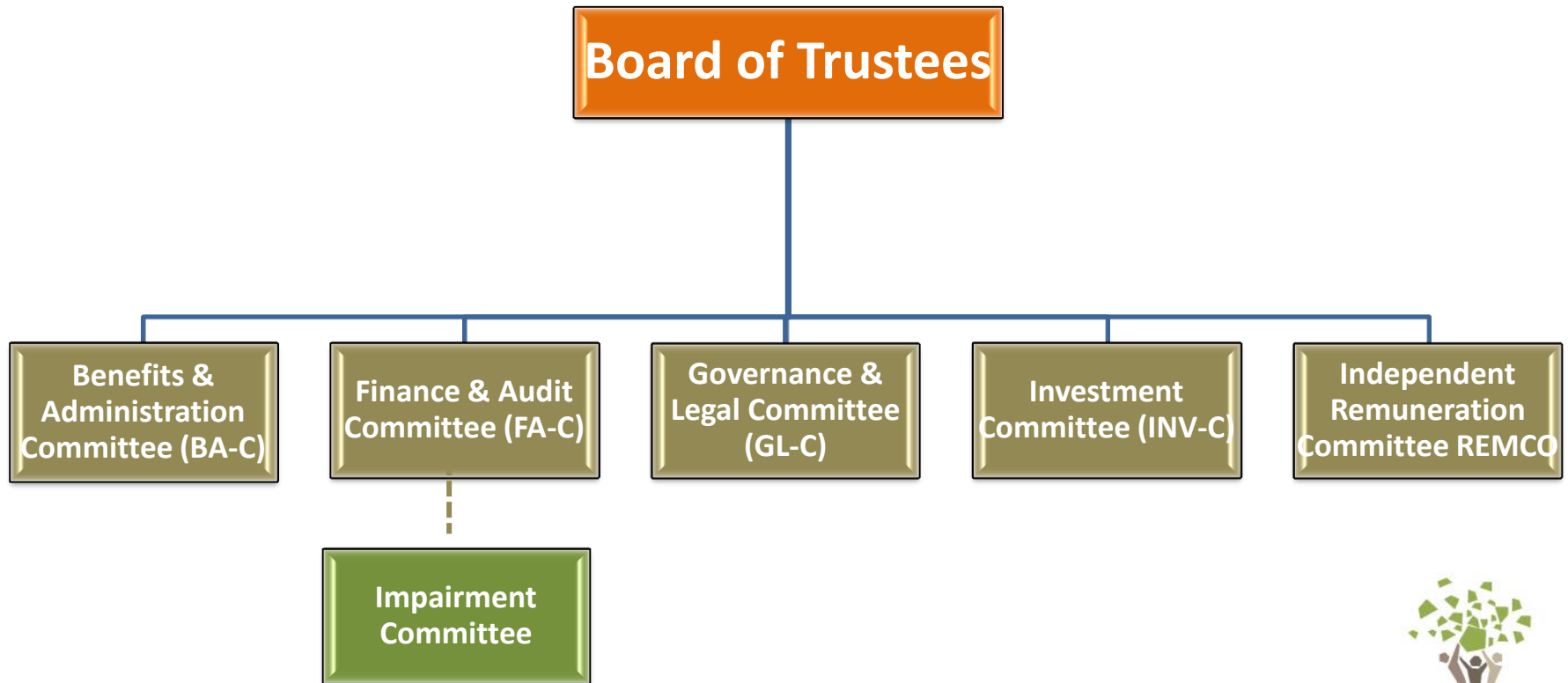
- ❑ Management of the benefit structure and all related rules  
**(Sections 20 – 24)**
- ❑ Dissolution of the Fund **(Section 33)**
- ❑ Management of financial arrangements: Pension increases, review of contribution rates, actuarial valuations, etc.
- ❑ Communication to and education of members and pensioners
- ❑ To act in the best interests of the beneficiaries and members

# Governance: Board of Trustees

GEPF is governed and managed by a Board of Trustees comprising 16 members

- Eight employer nominees
- Six employee nominees
- One Statutory Forces elect
- One pensioner elect

# Board Governance Framework





# Governance: vision, mission, and values

## Vision

- ❑ To be a role model for pension funds worldwide

## Mission

- ❑ Ensure the timely and efficient delivery of the benefits provided in the rules, and protect pensions against inflation to the maximum extent affordable, while maintaining the financial soundness of the Fund
- ❑ Invest responsibly by engaging with organizations in which we invest to encourage good governance, social equity and sound environmental practices
- ❑ Empower our members, pensioners and other stakeholders through adequate communication
- ❑ Champion retirement industry initiatives.

## Values

We value honesty, transparency, empathy, professionalism, and innovation.

# Strategy



**GEPF**

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# Strategic Objectives

- ❑ To remain a leader in Responsible Investing
- ❑ Develop capability to be a one-stop financial services platform offering members and pensioners improved and flexible benefits
- ❑ Optimize the fund structure in terms of governance and benefits offered to members
- ❑ Be the employer of choice
- ❑ Establish and maintain credibility with stakeholders

# Strategy: objective one

## Remain a leader in responsible investing

### Responsible investment implementation framework

- Continue to align GEPF assets to outperform liabilities
- Engage companies on ESG issues

### Developmental investment framework

- Implementation across public and unlisted investments

# Strategy: objective two

**One-stop service provider that offers members and pensioners improved benefits**

## **Research**

- **Align benefits offered (PFA)**
- **Benefit enhancement to pensioners and members**
- **Consult stakeholder to enable implementation of Additional Voluntary Contribution and Preservation Fund**

# Strategy: objective three

## Optimize the Fund's Governance Structure

- **Governance charter**
- **Enhance oversight**
- **Risk Management**
- **Ensure local and international best practice – all governance processes in the fund**
- **Development and implementation of ethics programme**
- **Training and development**

# Strategy: objective four

## Employer of Choice

### Working environment

- **Attract, Retain and Reward**
- **Performance driven and values based culture**
- **Roll out change management processes**
- **Implementation of the skills audit**

# Strategy: objective five

**Establish and maintain credibility with stakeholders**

## **Brand Management**

- **Corporate Identity**
- **Reputation Management**

## **Membership Communication**

- **Roadshows**
- **Retirement Member Campaigns**
- **Mobile offices**
- **Newsletters**

## **Issues Management**

- **Dedicated Call centre**
- **Fraud Hotline**
- **Governance structures**

## **Stakeholder Relations**

- **Stakeholder engagement**



# Strategic Partnerships: GPAA and PIC



the gpaa

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Department:  
Government Pensions Administration Agency  
**REPUBLIC OF SOUTH AFRICA**



**PUBLIC INVESTMENT  
CORPORATION**

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# Partnerships: GPAA

- ❑ The Government Pensions Administration Agency (GPAA) provides GEPF with:
  - admitting new members;
  - collecting member contributions;
  - maintaining members' beneficiaries;
  - processing member benefits and
  - fund accounting.

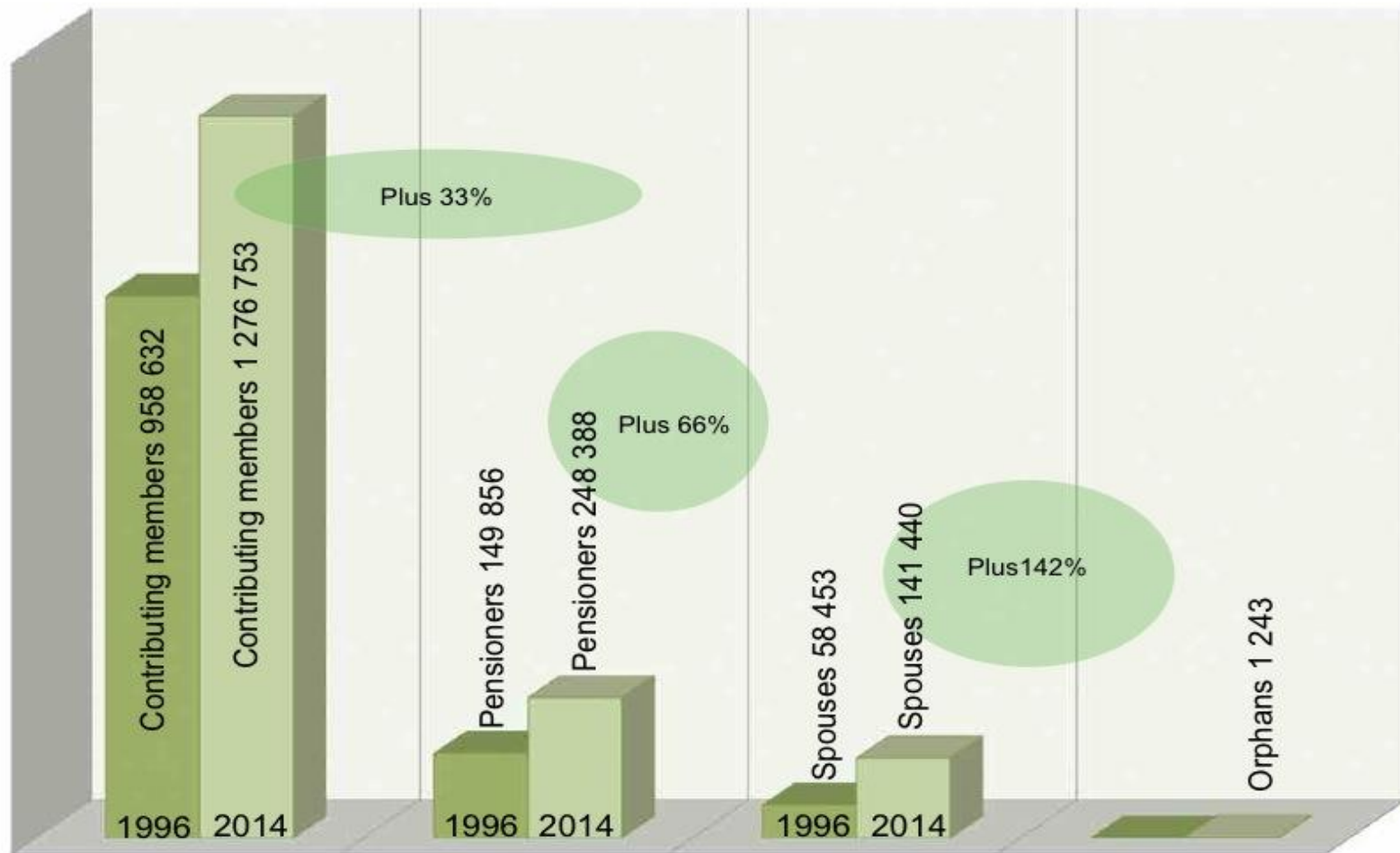
GEPF's relationship with GPAA is governed by formal administration and service level agreements.

# Partnerships: GPAA

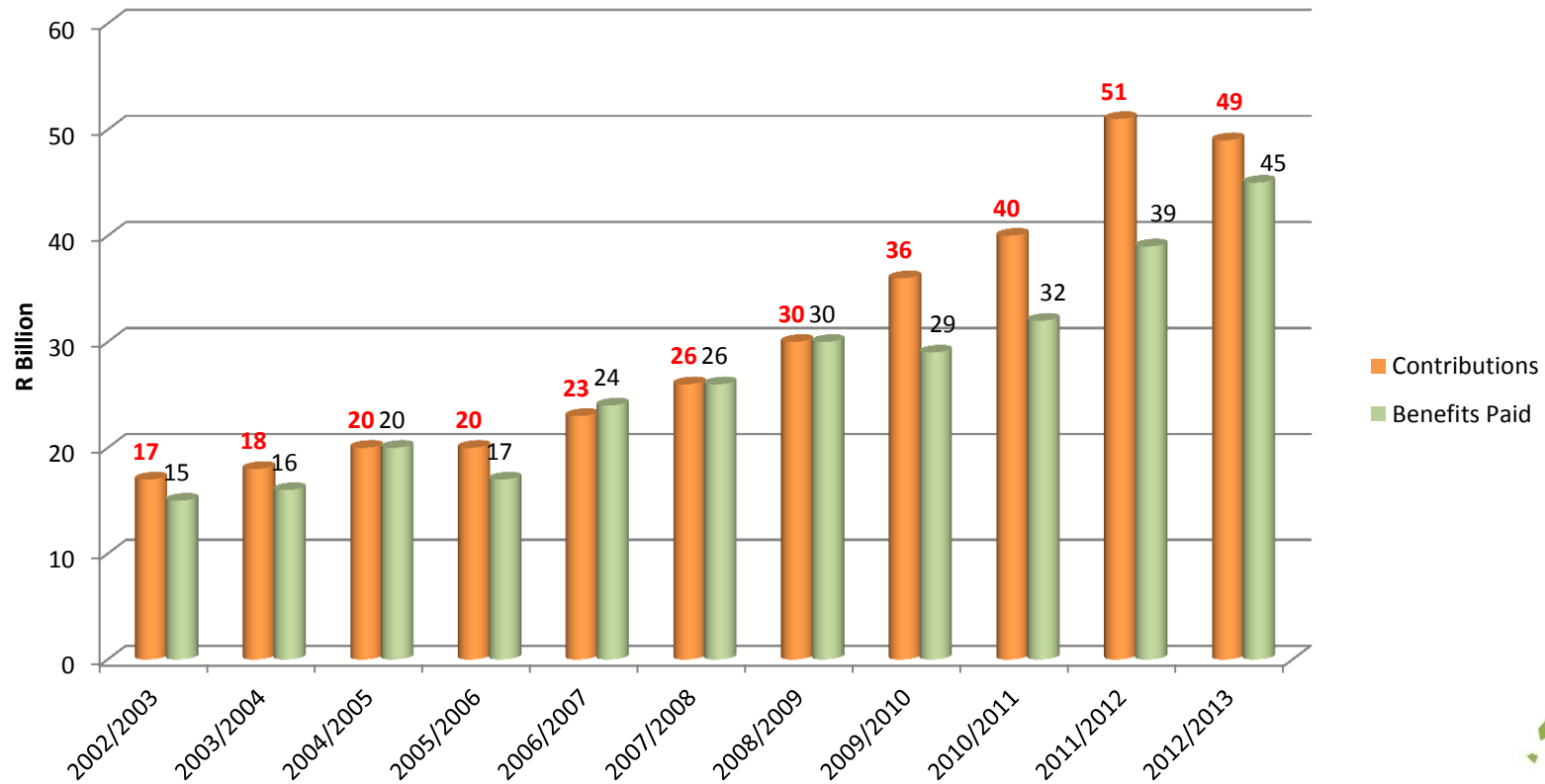
- ❑ Members and pensioners experience GEPF through GPAA
- ❑ GPAA, therefore, has a critical role to play in assisting GEPF to become trusted brand among all its stakeholders
- ❑ Through the Service Level Agreement (SLA) and the on-going modernisation project, GPAA is better positioned to deliver on its mandate, and performance in relation to the SLA is indicating a positive trend.

# Partnerships: GPAA

**Growth of members, pensioners, and beneficiaries  
between 1 May 1996 and 31 March 2014**



# Partnerships: contributions vs benefits paid



# Investments & Liabilities



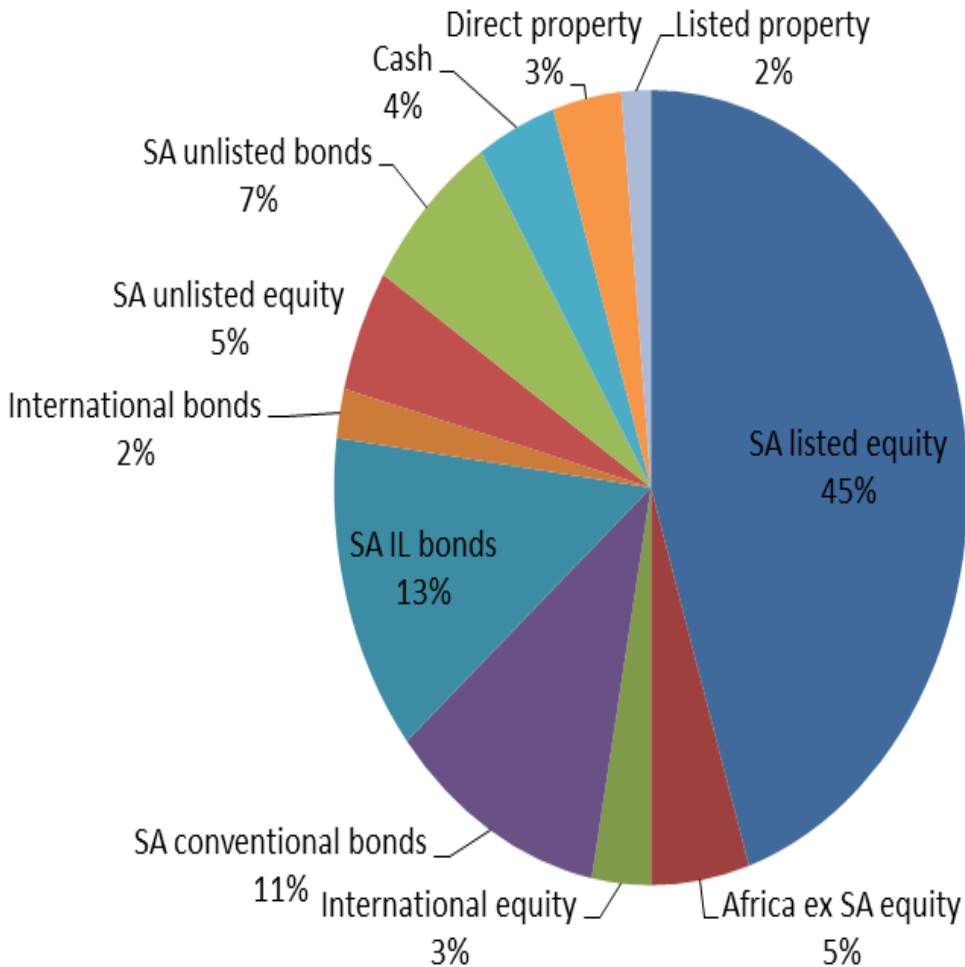
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# Actuarial Valuation Results

- ❑ Latest actuarial valuation carried out as at March 2012
  - Assets (circa R1.04-trillion) exceeded liabilities (circa R1.01-trillion)
  - Resulting in a Minimum Funding Level of 102.7%
  
- ❑ March 2014 actuarial valuation underway
  
- ❑ Various liability related projects in progress:
  - Policy enhancements in consultation with the National Treasury (pensions increase policy, transfer policy)

# GEPF's Strategic Asset Allocation



Asset class	% split
Equity	58
Bonds	33
Property	5
Cash	4
Total	100

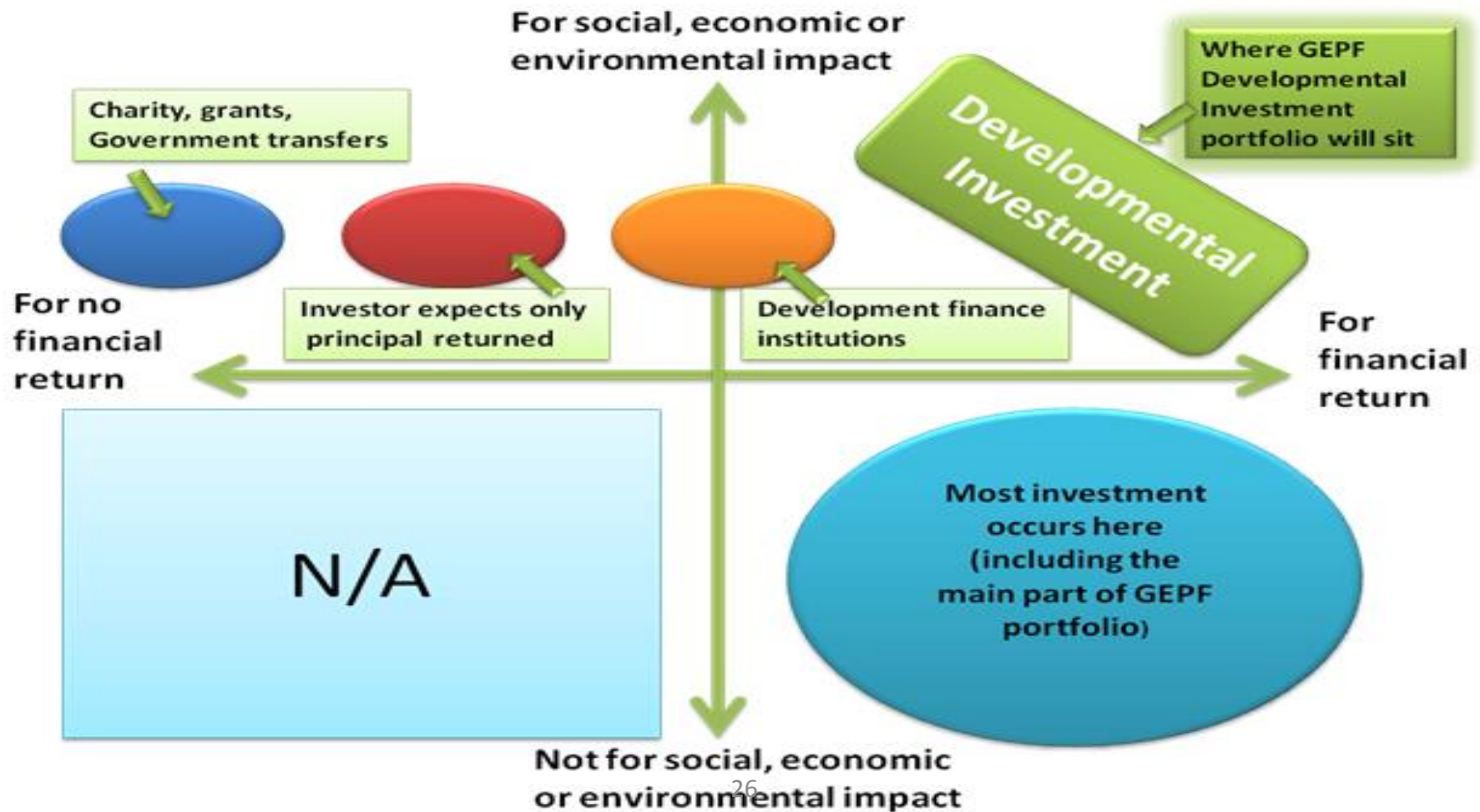
Geography	% split
South Africa	90
Africa ex SA	5
International	5
Total	100



# Investments: mandate

- ❑ GEPF investments are mainly managed by the Public Investment Corporation (PIC)
- ❑ PIC manages our equity, bonds, property, unlisted and cash portfolios
- ❑ External investment managers invest a portion of the assets, most of which are monitored by the PIC
- ❑ Investment Mandate governs our relationship with the PIC and other investment managers and sets out:
  - Strategic Asset Allocation (asset mix) agreed to with the Minister of Finance in fulfilment of section 6(7) of the GEP Law
  - Investment portfolio structure, risk parameters, benchmarks and fee considerations

# Investments: Developmental Investing



# Developmental Investment

**Sustainable long term returns for GEPF**

***Pillar I***

**Investments in  
Economic  
Infrastructure**

***Pillar II***

**Investments in  
Social  
Infrastructure**

***Pillar III***

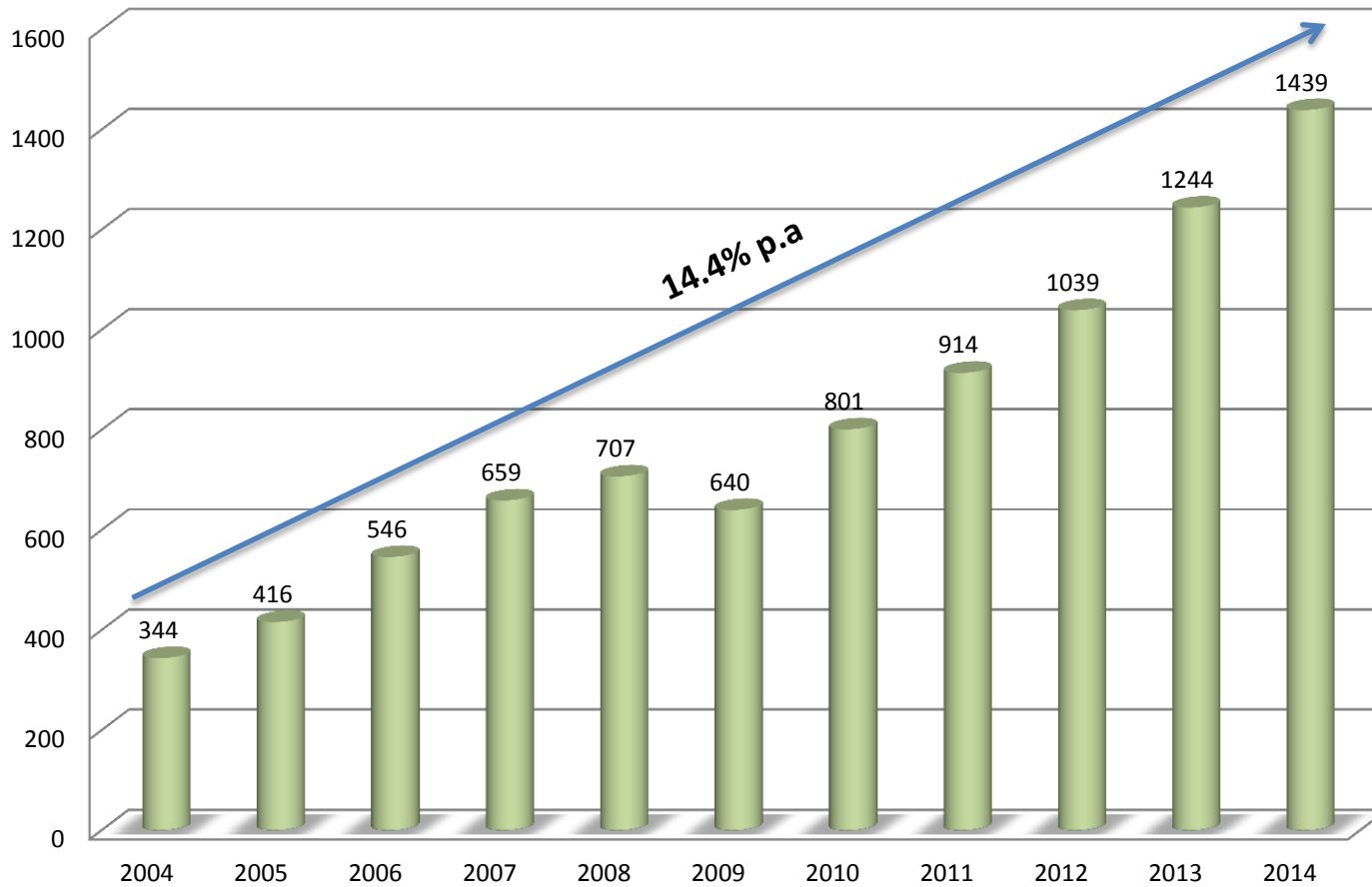
**Investments in  
Sustainability  
projects**

***Pillar IV***

**Investments in  
Enterprise  
Development  
and BBBEE**

# Investments: growth in assets

## Accumulated assets as at 31 March 2014

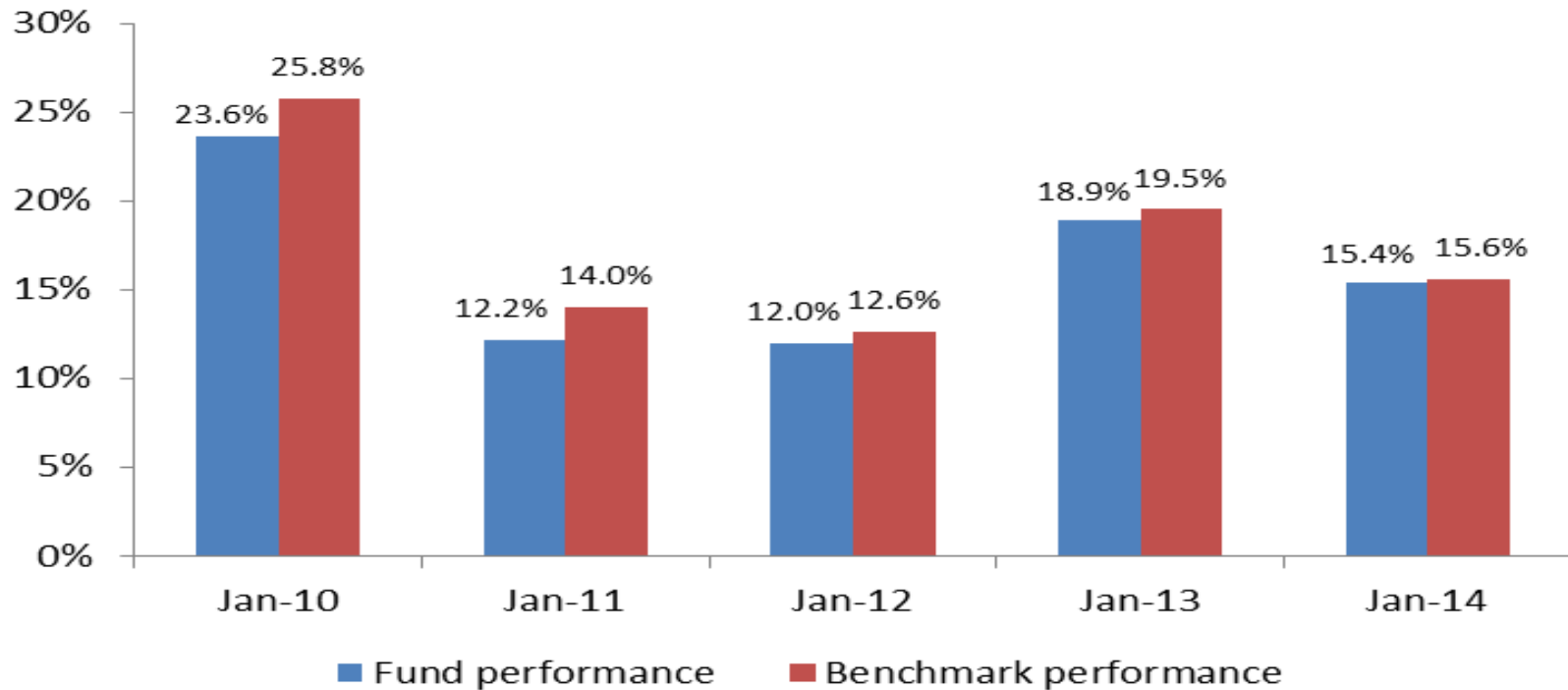


2014 - unaudited

# Investment Performance

Fund value as at 31 March 2014

R1.44-trillion (unaudited)



Source: Riscura



*“We do not take our  
responsibility lightly”*

Thank you.

[www.gepf.co.za](http://www.gepf.co.za)

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