



PUBLIC INVESTMENT
CORPORATION®

Est. 1911

STANDING COMMITTEE ON FINANCE

October 2016

Committed to serving our clients

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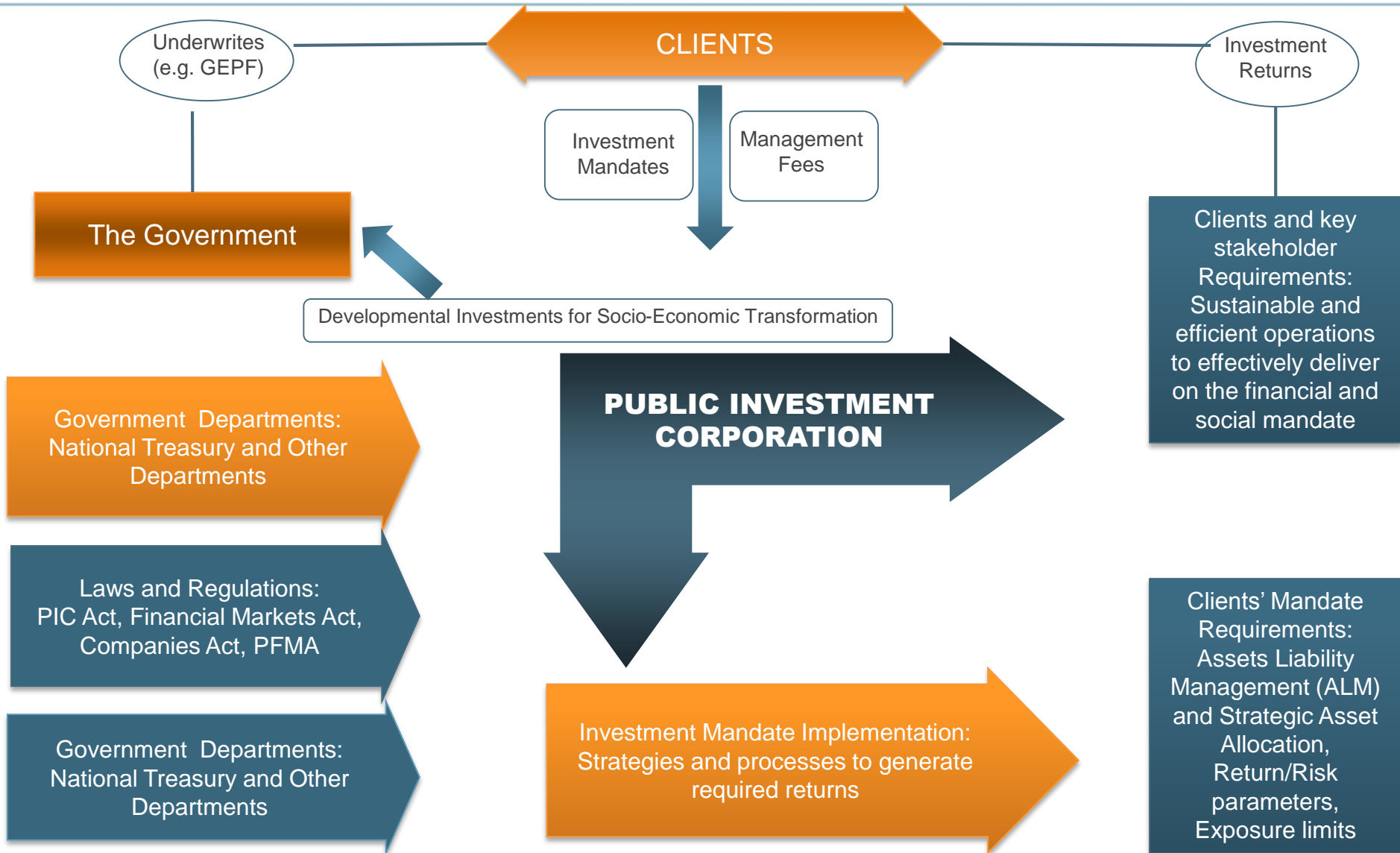
SECTION I

CORPORATE PROFILE

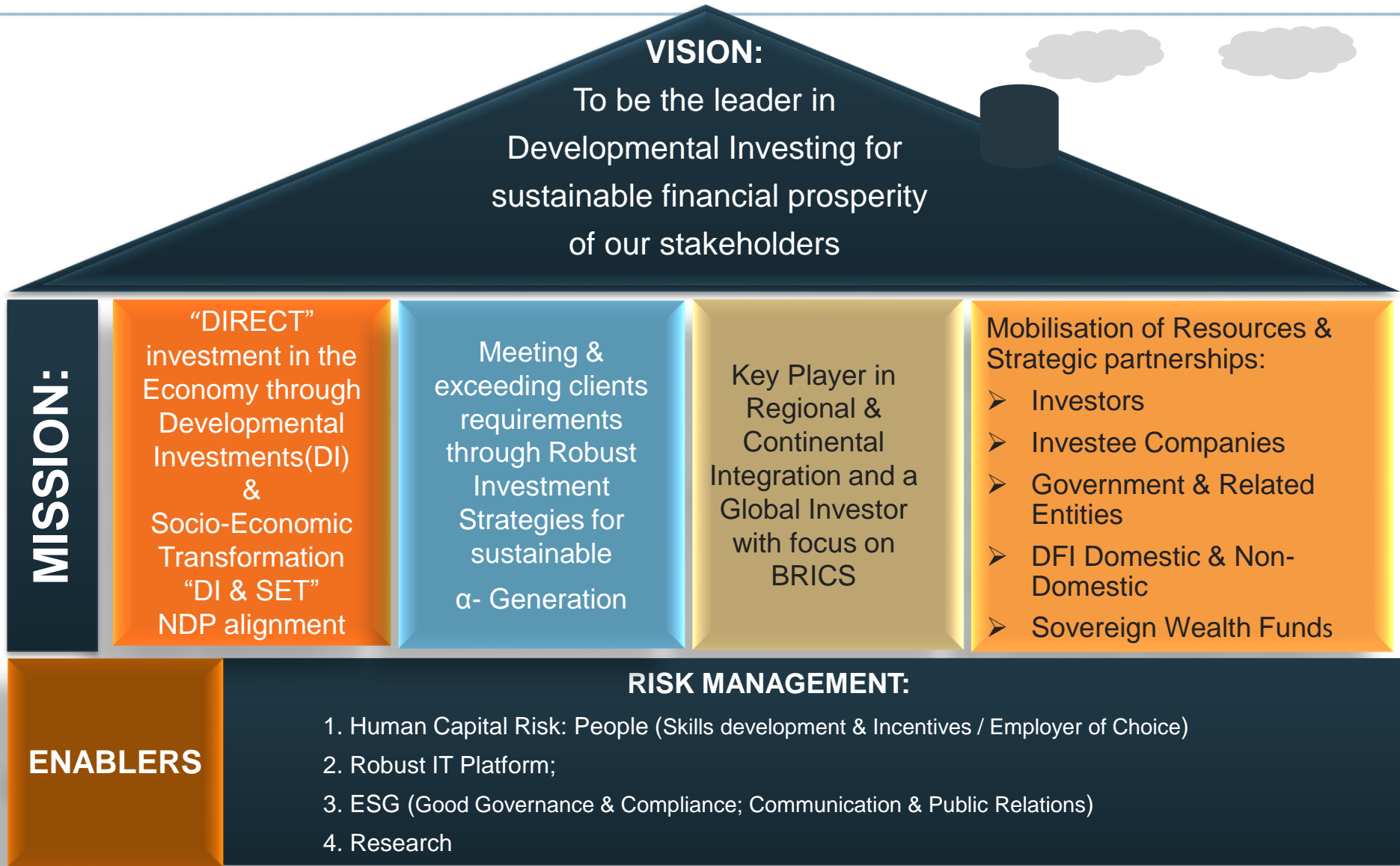


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GOVERNANCE AND REGULATORY ENVIRONMENT OF PIC CORPORATE AND PIC FUND MANAGER



PIC STRATEGY & FOCUS: Vision 2020



BOARD GOVERNANCE

TERMS OF REFERENCE

DELEGATION OF AUTHORITY

Board of Directors
Overall accountability for the running of the company

Audit & Risk Committee
Oversight of Audit, Compliance and Risk Management

Social & Ethics Committee
Monitoring the company's activities in terms of the Co. Act

Statutory
Provide oversight in terms of risk management

Investment Committee
Oversight and decision making on investment activities

Directors' Affairs Committee
Nominations of directors, Committee members to Board and to Investee Companies

Human Resources and Remuneration Committee
Ensure formal and transparent procedures on PIC remuneration policies

Information Communication and Technology Governance Committee
IT Governance

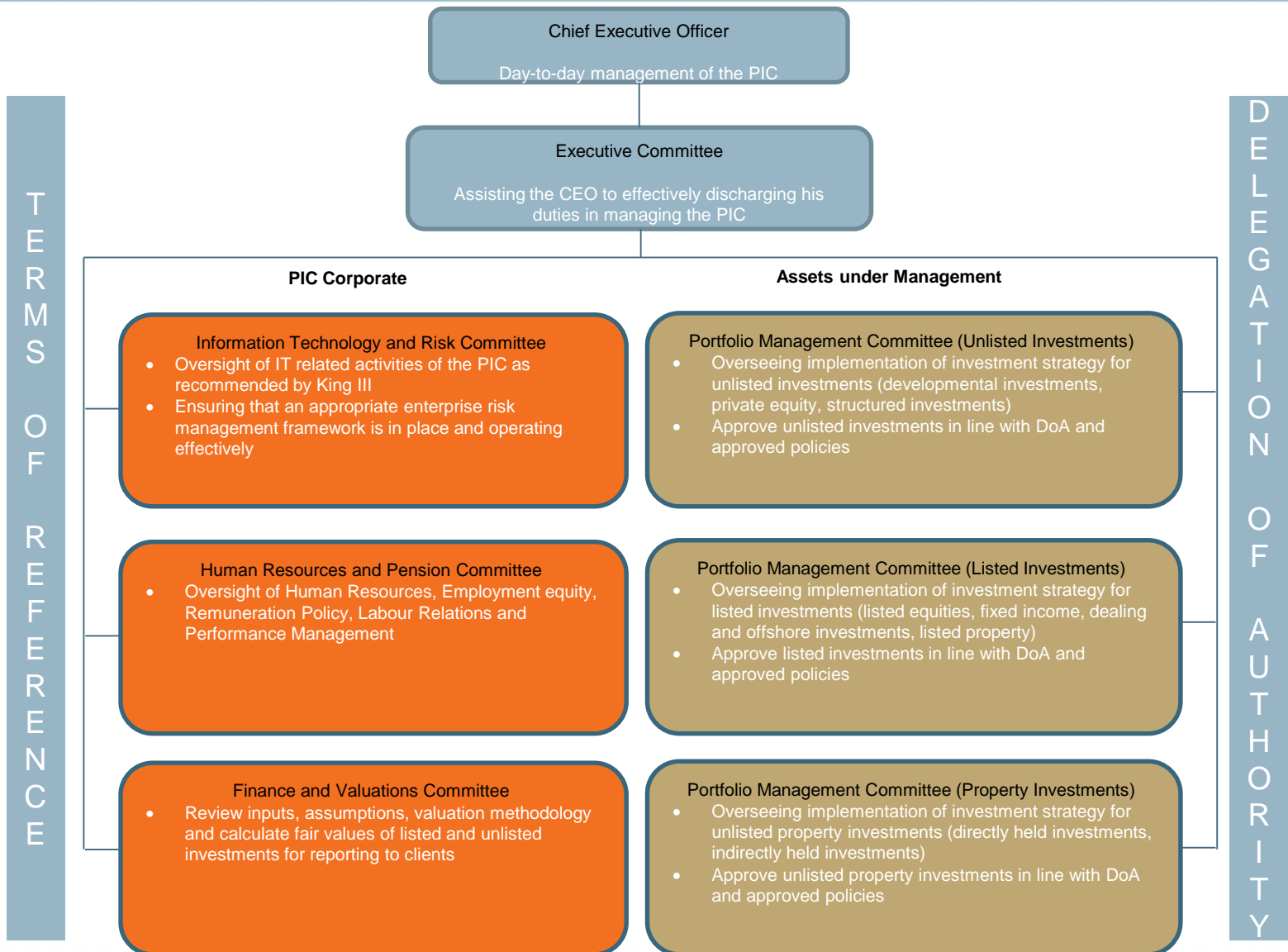
Industry specific
Approval of investments

Property Investments Fund Investment Panel
- Assist the IC on oversight of Property investments

Social & Economic Infrastructure and Environmental Sustainability Fund Investment Panel
- Assist the IC on oversight of Social & Economic Infrastructure investments

Private Equity, Priority Sector and Small Medium Enterprises Fund Investment Panel
- Assist the IC on oversight of the PE & SMMEs investments

EXECUTIVE COMMITTEE



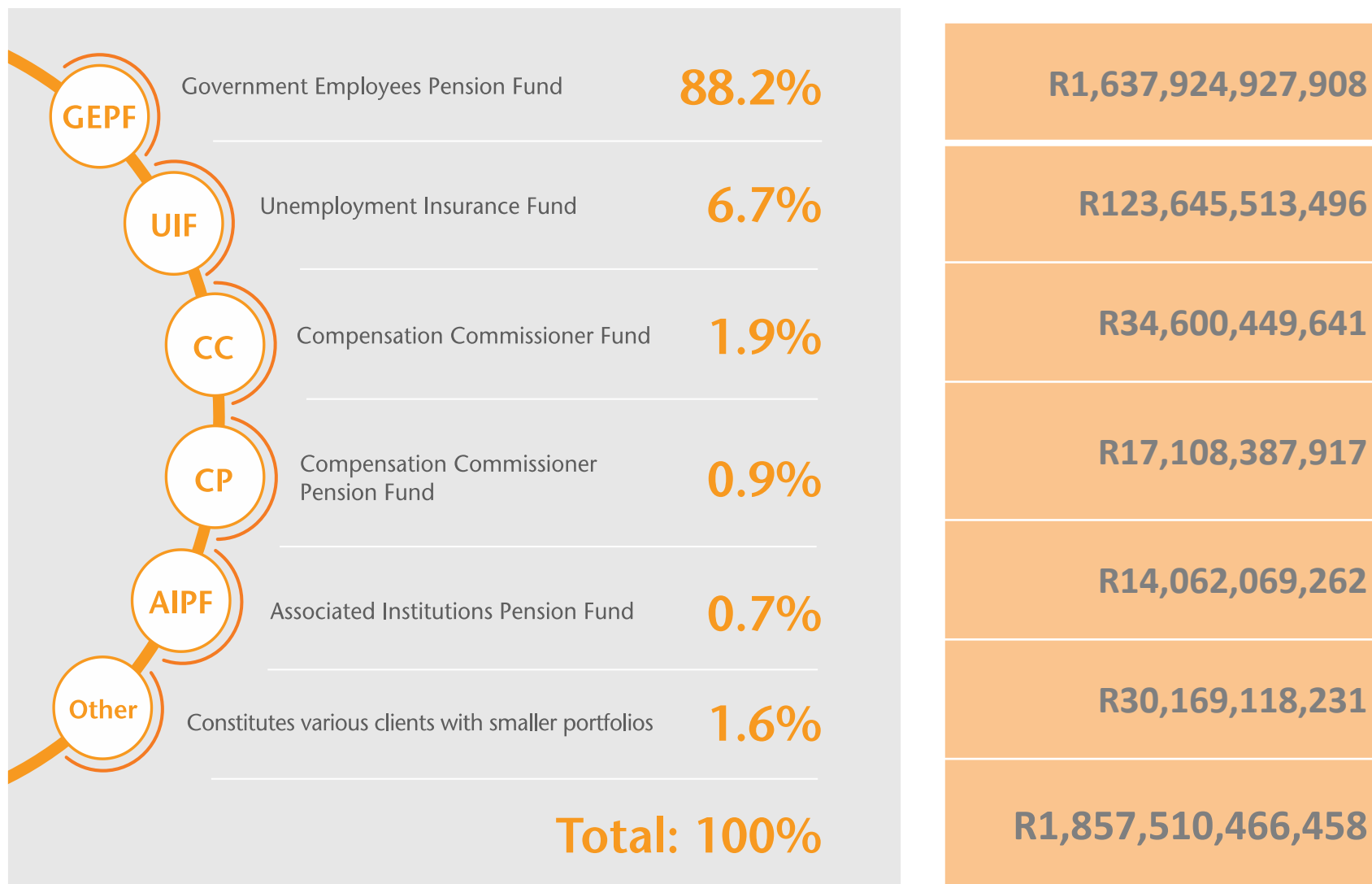
SECTION II

OUR CLIENTS



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PIC CLIENTS AS AT 31 MARCH 2016



LISTED INVESTMENTS ASSET CLASSES

Listed Investment Asset Classes

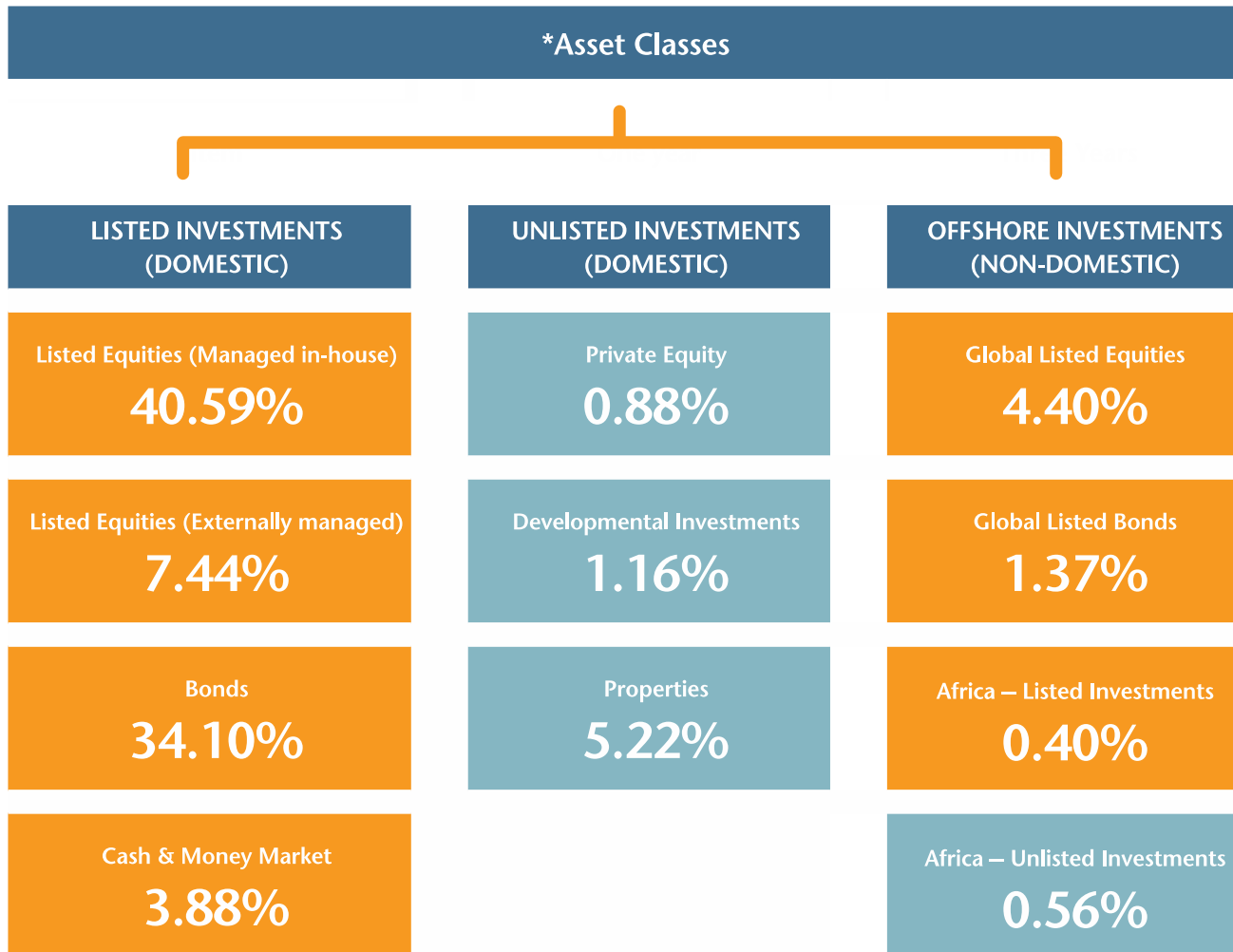
Clients	Listed Equities	Listed Bonds	Money Markets	SIPs	Offshore (Global)	Africa
GEPI	✓	✓	✓	✓	✓	✓
UIF	✓	✓	✓	✗	✓	✓
CC	✓	✓	✓	✗	✗	✗
CP	✓	✓	✓	✗	✗	✗
AIPF	✗	✓	✓	✗	✗	✗

UNLISTED INVESTMENTS ASSET CLASSES

Unlisted Investment Asset Classes

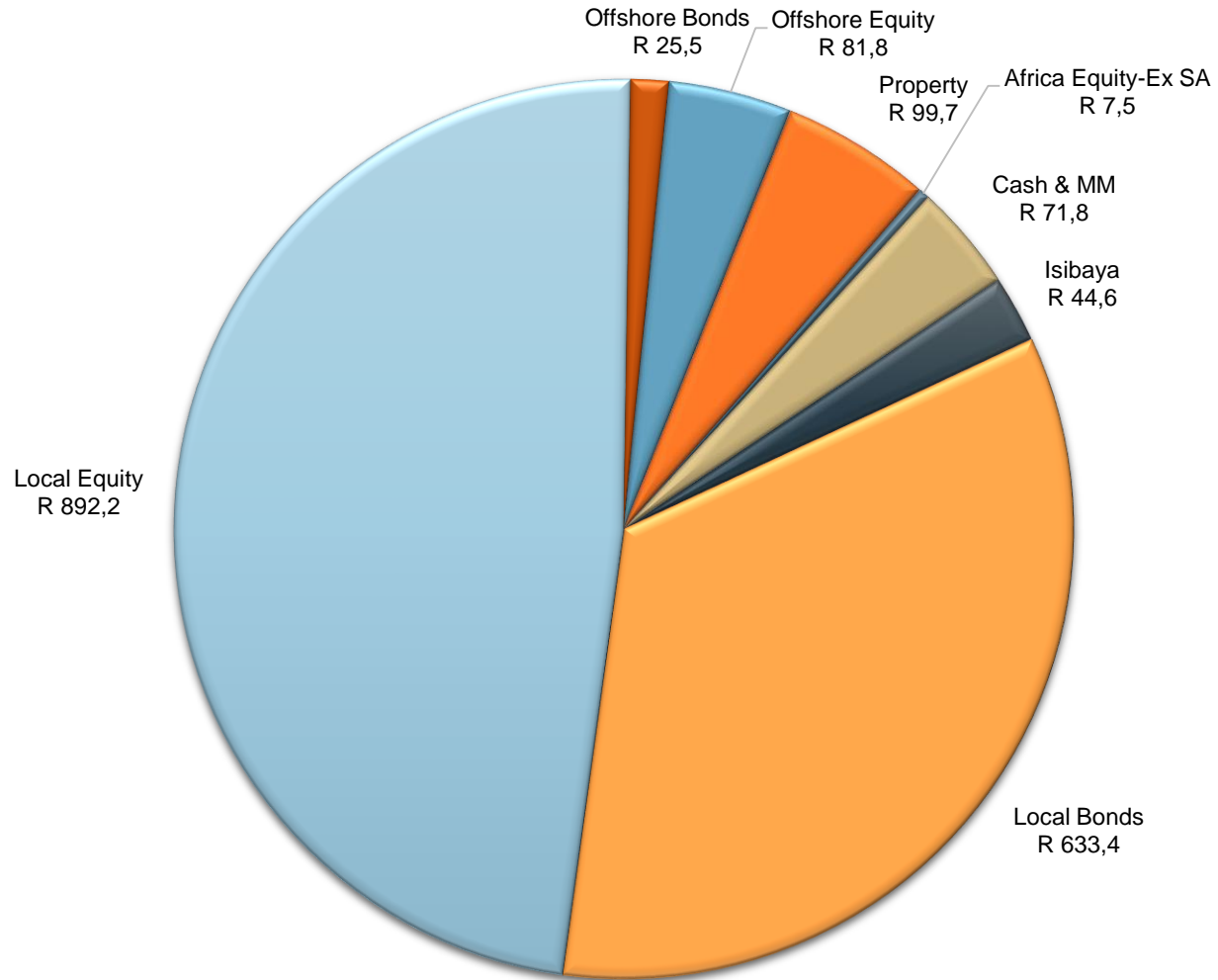
Clients	Private Equity	Real Estate	Developmental Investments	Offshore (Global)	Africa
GEPF	✓	✓	✓	✗	✓
UIF	✗	✓	✓	✗	✗
CC	✗	✗	✓	✗	✗
CP	✗	✗	✓	✗	✗
AIPF	✗	✗	✗	✗	✗

WHERE ARE WE INVESTED



Developmental investments principles are applied across all asset classes.

ASSETS UNDER MANAGEMENT IN R 'BILLION



PIC'S INVESTMENT PHILOSOPHY - FRESG

Financial Returns

ALPHA GENERATION
Provide sustainable longer term financial returns to Clients in line with the set benchmarks

DIRECT Investment Approach (Developmental Investing for Radical Socio-Economic Transformation), across all PIC investment activities in Listed and Unlisted Investments

SET (Social Economic Transformation) – Transforming and contributing the economy to improve sustainability of all citizens. – Impact investing to ensure sustainable returns

Sustainable Investing ESG

Incorporating **ESG** issues produces sustainable portfolio returns in the long-term

ENVIRONMENTAL: Protecting the environment to sustain the creation of wealth

SOCIAL: Sharing of the wealth is an insurance for sustained wealth creation process

GOVERNANCE: Good governance enhances financial performance

Supported by Robust Risk Management (People, Systems and Processes)

Risk Management: Efficient use of risk budget by avoiding risks that do not provide commensurate returns yield low volatility portfolio

Diversification Well diversified portfolios produce stable distribution of returns

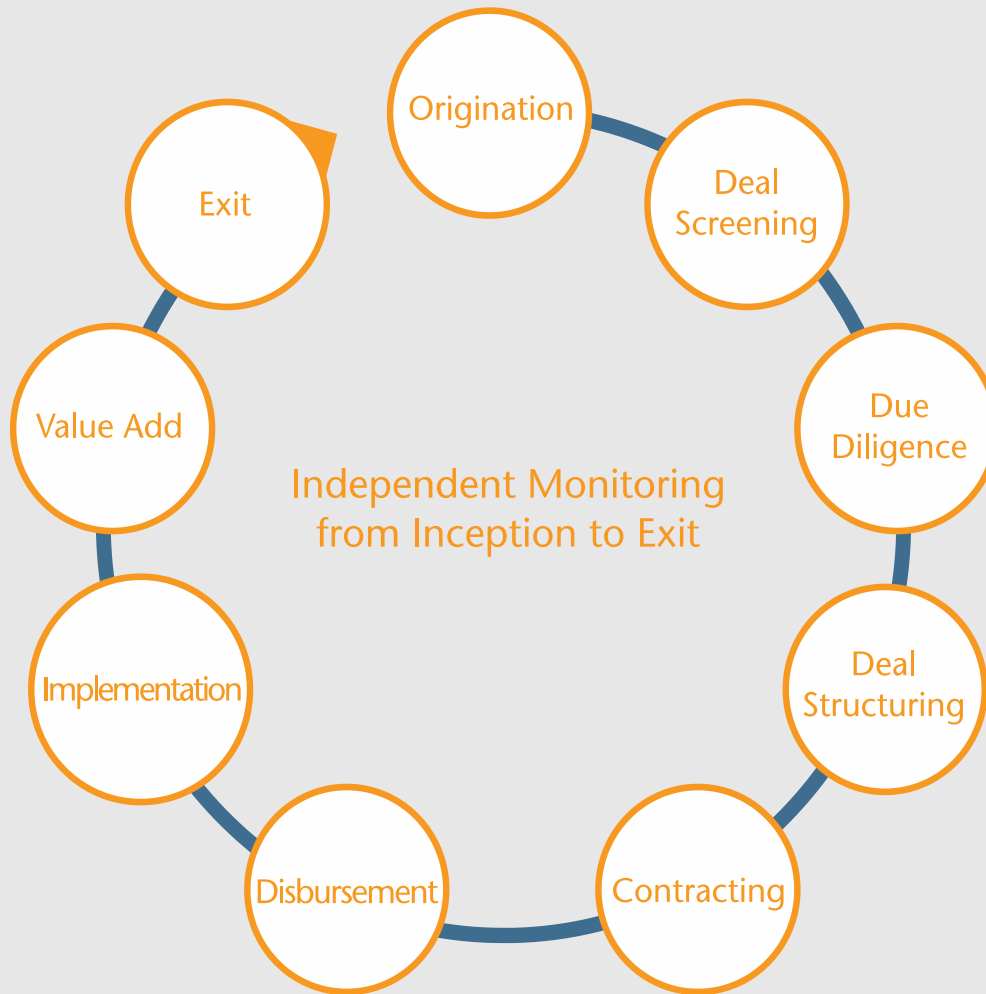
Time Horizon: PIC is a long term investor and believes that in the long-term markets revert to their mean. Investment strategies will generally be long-term in nature and will avoid ad hoc decision-making based upon short-term factors

Market Efficiency: Markets differ in degree of efficiency at macro, sector and asset level. Providing opportunities to generate excess returns over related benchmarks through asset allocation. Investment strategies will reflect a mix of active and passive investments, with passive investments being emphasized in the more efficient markets

Valuation & Analysis: Valuation and analysis based upon fundamentals generally produce superior return/risk results. Investment strategies will focus on fundamentally-based processes

Cost: PIC believes that managing the costs of investing adds significant value to the production of excess returns. Investment strategies will utilize cost effective

INVESTMENT PROCESS



Governance

- Rigorous interventions at various stages of the investment process.
- This includes independent investment reviews and reports, which are considered alongside the investment appraisal report from: Risk, Legal and ESG.
- Approval committees comprise:
 - PMC – Management Committee;
 - Specialised Fund Investment Panel – Board Committee;
 - Investment Committee – Board Committee; and
 - Board.

SECTION III

AUM PERFORMANCE



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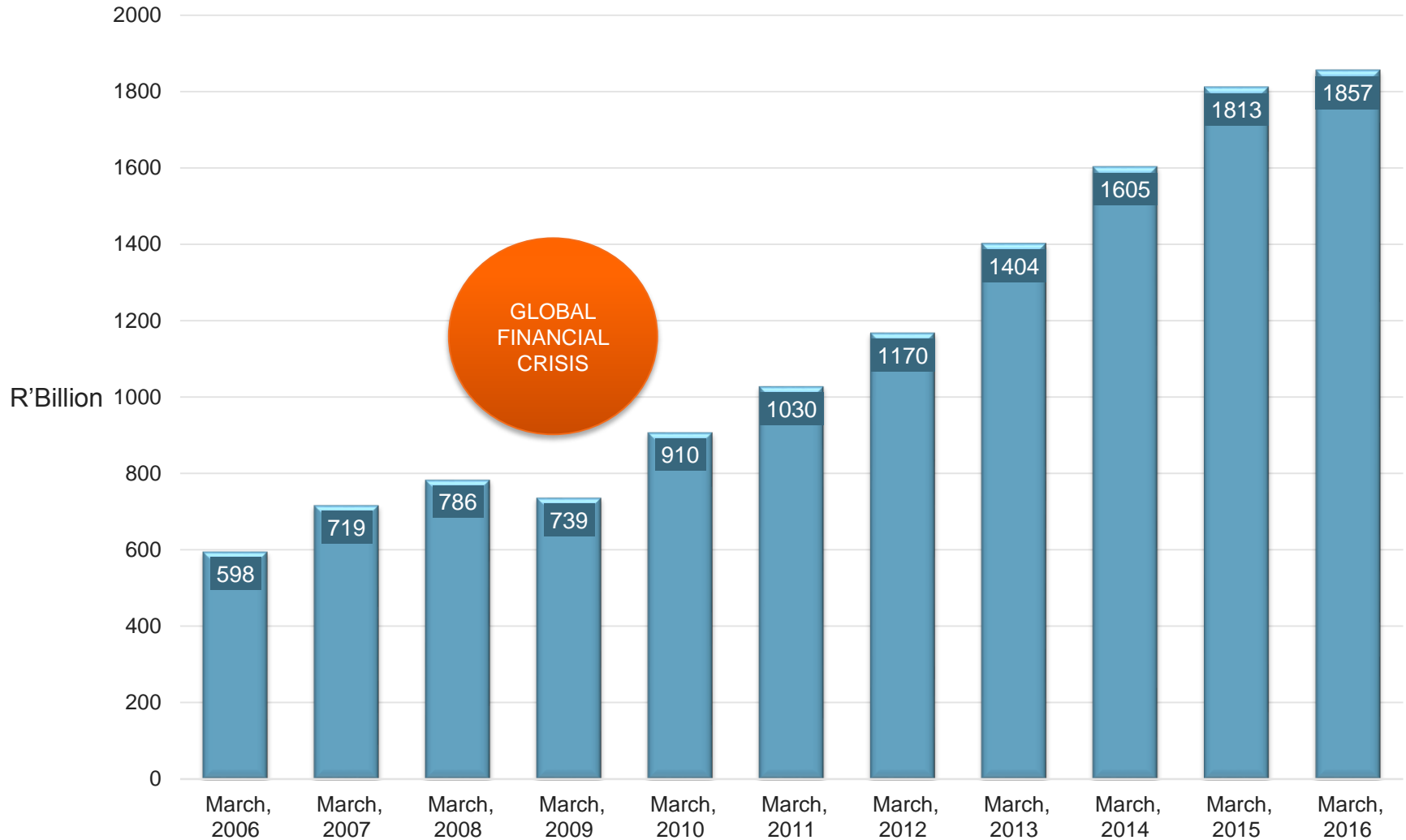
AUM GROWTH VERSUS SA GDP SINCE 1995



Correlation coefficient $r = 0.645$

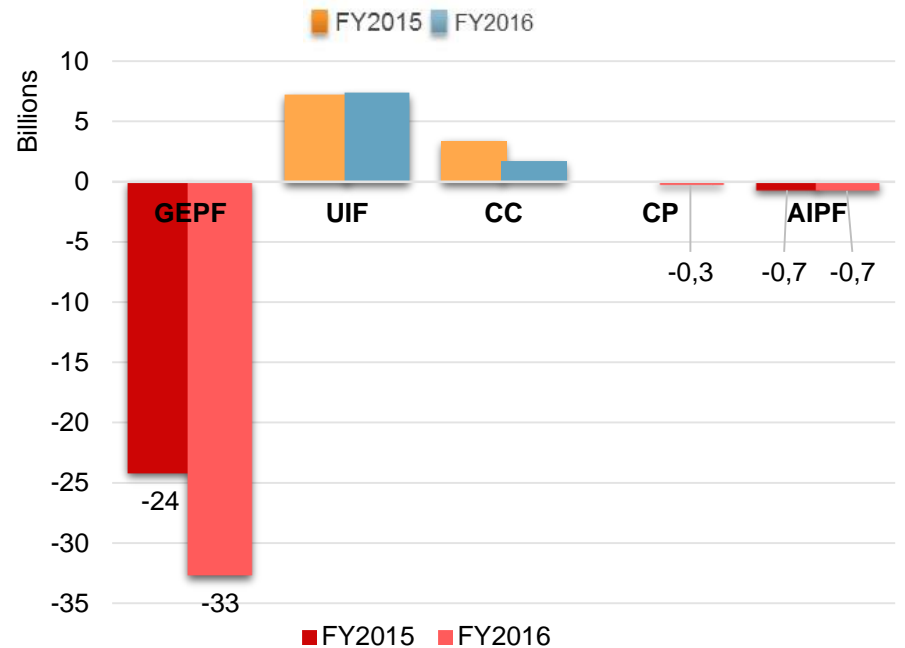
PIC AUM PERFORMANCE

AUM GROWTH SINCE 2006



NET CONTRIBUTIONS BY TOP 5 CLIENTS

CLIENT	NET CONTRIBUTIONS	
	2014/15	2015/16
1 GEPF	-24 154 500 000	-32 644 600 000
2 UIF	7 200 000 000	7 300 000 000
3 CCF	3 370 000 000	1 700 000 000
4 CPF	0	-290 000 000
5 AIPF	-729 581 000	-747 223 000



GOVERNMENT EMPLOYEES PENSION FUND AND UNEMPLOYMENT INSURANCE FUND

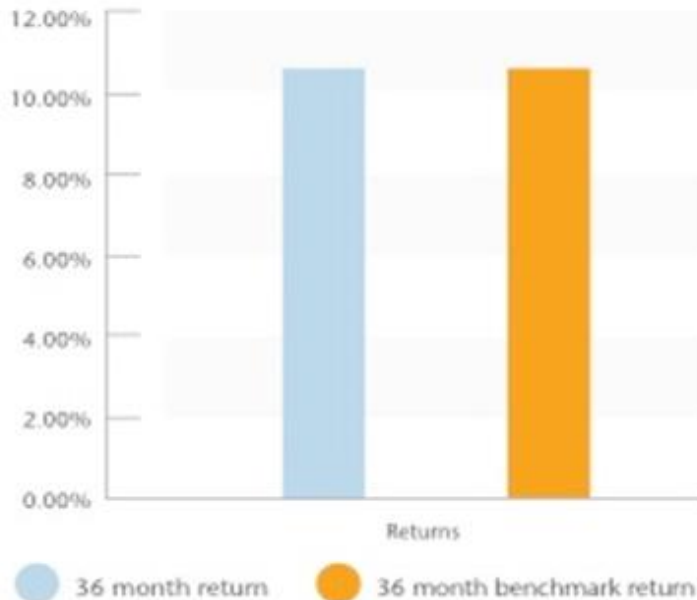
Fund	36 month return	36 month benchmark return	36 month relative
GEPF	10.98%	11.04%	-0.06%

Over the 3 year period GEPF returned 10.98%, outperforming CPI of 5.45% by 5.35%

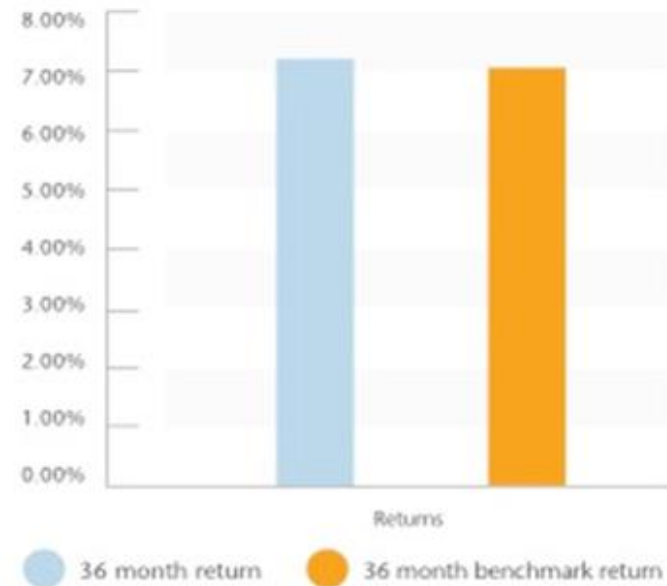
Fund	36 month return	36 month benchmark return	36 month relative
UIF	7.30%	7.09%	0.22%

Over the 3 year period UIF returned 7.30%, outperforming CPI of 5.45% by 1.86%

36 month Performance Government Employees Pension Fund



36 month Performance Unemployment Insurance Fund



COMPENSATION COMMISSIONER FUND AND COMPENSATION COMMISSIONER PENSION FUND

Fund	36 month return	36 month benchmark return	36 month relative
CC	5.02%	4.30%	0.73%

Over the 3 year period CC returned 5.02%, underperforming CPI of 5.45% by 0.42%

Fund	36 month return	36 month benchmark return	36 month relative
CP	6.52%	8.04%	-1.53%

Over the 3 year period CP returned 6.52%, outperforming CPI of 5.45% by 1.07%

36 month Performance
Compensation Commissioner Fund



36 month Performance Compensation
Commissioner Pension Fund



ASSOCIATED INSTITUTIONS PENSION FUND AND OTHER

Fund	36 month return	36 month benchmark return	36 month relative
AIPF	4.49%	4.55%	-0.05%

Over the 3 year period AIPF returned 4.49%, underperforming CPI of 5.45% by 0.95%

Funds	36 month return	36 month benchmark return	36 month relative
Auditor General Recap Office	5.25%	5.33%	-0.08%
Auditor General Staff Liabilities	5.60%	5.33%	0.27%
Guardian National Fund	6.56%	6.36%	0.21%
National Skills Fund	6.30%	5.99%	0.31%
President Fund	6.33%	5.99%	0.34%
Smaller Clients	5.25%	5.33%	-0.08%
Temporary Employee Pension Fund	6.36%	5.99%	0.37%
University Loan	6.36%	5.99%	0.37%
RDP Fund	5.92%	5.88%	0.04%
PIC Met Money Market Fund	6.20%	5.99%	0.22%

Over the three year period, most of the other funds outperformed CPI of 5.45%, except the Auditor General Recap Office and the Smaller Clients which are only invested in overnight cash instruments.

36 month Performance Associated Institutions Fund



36 month Performance Other Clients





SECTION IV

STRATEGIC INTENT: FY2015/16



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STRATEGIC INTENT: FY2015/16

STRATEGIC INTENT- Objective	COMMENTARY
<p>Contribute to development and transformation of the South African economy and financial services and asset management sectors in particular, within the prescripts of client mandates.</p>	<p>Achieved </p> <p>PIC procurement directed to companies with BBBEE levels 1 to 4 > 85%</p> <p>Allocation to black fund managers > R50 billion</p> <p>Brokerage allocated to BBBEE stock brokers levels 1 to 4 > 60%</p>
<p>Develop internal capacity to expand economic infrastructure investments in key sectors of the SA economy within the prescripts of clients' mandates.</p>	<p>Achieved </p> <p>Developed new model for Unlisted Investments, approved and being implemented. This model has assisted in attracting and retaining appropriately skilled professionals.</p>

STRATEGIC INTENT: FY2015/16

STRATEGIC INTENT- Objective	COMMENTARY
<p>Sustain internal capacity to make developmental investments, within the prescripts of clients' Developmental Investment Policies.</p>	<p>Achieved </p> <p>The new model for Unlisted Investments has assisted in attracting the best talent for developmental investments.</p>
<p>Continue to incorporate principles of BBBEE in its investment activities and promote the development of SMEs.</p>	<p>Achieved </p> <p>PIC procurement directed to companies with BBBEE levels 1 to 4 >85%</p> <p>Brokerage allocated to BBBEE levels 1 to 4 brokers >60%</p> <p>Procurement spent on investment support services on service providers BBBEE levels 1 to 4 = 88%</p> <p>SMEs funded (directly and/or indirectly) contributing to downstream job creation = 299</p> <p>Community groups supported (through micro loans) = 60,169</p> <p>Community trusts and employee share schemes, established and supported = 14</p>

STRATEGIC INTENT:FY2015/16

STRATEGIC INTENT- Objective

COMMENTARY

Develop and document a clear Africa and global investment strategy and submit the document(s) to the Shareholder.

Achieved 

Developed Global and Africa Investment Strategies and presented to National Treasury and the Minister of Finance
African Continent investments = R4.61 billion (USD354 million)

Ensure that the PIC remains financially sustainable over the long-term.



Achieved 

Profit = R424 million (FY 2015/16) vs R330 million (FY 2014/15)

Revenue for FY 2015/16 up by 6% compared FY 2014/15

Expenses decreased by 3% for the period ended 31 March 2016 compared to the prior financial year.

STRATEGIC INTENT: FY2015/16

STRATEGIC INTENT- Objective	COMMENTARY
<p>Undertake any activities outside of the management of funds on behalf of Government on a ring-fenced and commercial basis.</p>	<p>Should the PIC undertake any activities outside of the management of funds on behalf of Government they will be on a ring-fenced and commercial basis.</p>
<p>Ensure that PIC executes its activities in an effective and efficient manner.</p>	<p>Achieved </p> <p>Unqualified audit opinion</p> <p>No fruitless and wasteful expenditure</p>
<p>Develop human resource skills and capacity to maintain, strengthen, transform and ensure the long-term sustainability of the PIC.</p>	<p>On track </p> <p>The PIC organisational structure restructuring was successfully implemented and vacancies are being filled.</p>

STRATEGIC INTENT: FY2015/16

STRATEGIC INTENT- Objective	COMMENTARY
<p>Adapt to market changes and client needs by developing new investment capacity, products and services.</p>	<p>Achieved </p> <p>R11 billion invested in SA Home Loans to benefit GEPF members in accessing affordable end-user home finance</p> <p>Socially Responsible Investment (SRI) products for UIF, Compensation Commissioner Fund (CC) and Compensation Commissioner Pension Fund (CP).</p> <p>Unit Trust products for small clients.</p>
<p>Ensure compliance with the relevant laws and regulations, including the PFMA, and adhere to the principles of good corporate governance.</p>	<p>Ongoing </p> <p>On a continuous basis monitors compliance with laws, regulations and best corporate governance practice</p>

SECTION V

PIC CORPORATE
FINANCIAL HIGHLIGHTS



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6% higher : FY15

9% < Budget = Due to protracted approval of Isibaya PPMs during FY16



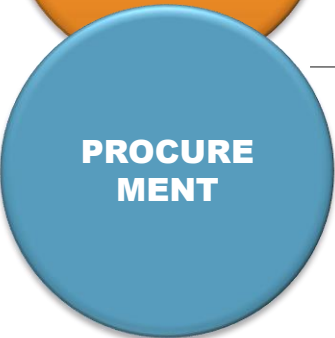
3% lower : FY15

31% < Budget = Additional cost containment measures



Total assets ↑ R1.6 bn to R2.1 bn = increase in assets due to funds being invested in financial assets

Total liabilities ↑ R358 m to R368 m = Due to increase in provisions



R0 Fruitless and wasteful expenditure

R0 Irregular expenditure recorded

77% total spend allocated to **companies with levels BEE 1 to 4**

AUDIT OPINION HIGHLIGHTS

PART 1 : DISCLOSURE FINDING

Adjustments that were made to the AFS related to additional information that has been disclosed in the notes and not limited to the Directors Report i.e. no adjustments to the trial balance. The adjustments were recommended by the auditors so to enhance disclosure to the users of the financial statements e.g. note 37.

PART 2: PRE-DETERMINED OBJECTIVES REPORT

No material audit findings were reported all objectives were useful and the measurement reliable.

PART 3

	2014/15	2015/16	
	R'000	R'000	
Irregular expenditure	1,856	0	
Fruitless and wasteful expenditure	16	0	

PART 4 AGREED UPON PROCEDURES

Tosaco and FAIS Agreed Upon Procedure performed and no material findings

PIC CORPORATE PERFORMANCE

CORPORATE FINANCIAL PERFORMANCE

Financial Sustainability Measure	Actual 2015/16	Actual 2014/15
Growth in revenue	6%	18%
Net income / Fees	42%	35%
Financial assets	R1.8 bn	R1.4 bn

SYSTEMS AND PROCESSES

Robust IT systems	Risk management processes
Modern technology to ensure operational efficiency	Robust investment processes

PEOPLE HUMAN CAPITAL

Human Capital Investment	Actual 2015/16	Target
Staff turnover	● 11%	<10%
Skill development as % staff costs	● 3%	3%
PIC Graduate training programme	R 6.6 m	N/A
% of Females in senior management levels	● 42%	30%
% of Black Females in senior management levels	● 39%	30%
% of Black people in senior management levels	● 89%	60%

The PIC's business model is designed and developed to focus on sustainability and the financial strategy is directly aligned to the three year Corporate Plan. Revenue for the period ended 31 March 2016 was 6% higher when compared to the previous financial year. Expenses were 3% lower when compared to the previous financial year. The net income ratio is 42% which exceeds the target of 10%.

The PIC has a strong risk management and systems. The PIC also maintains modern IT infrastructure technology. The Investment processes is also robust. Enhancement of governance process: introduction of Board sub-comm i.e. ICTGC, increase in board members.

The PIC's investment in human capital is reflected in the skills development efforts and transformation profile, of the total workforce 89% of blacks are in management roles. The training expenditure was 3% of staff costs. 80% of graduates appointed into permanent roles after completion of the programme, Our CA programme maintained 100% pass rate in the SAICA assessments.

SUPPORT REQUIRED TO ACHIEVE THE INVESTMENT STRATEGY

FINANCIAL SUSTAINABILITY

	2016	2017	2018
Cost to Income Ratio	≤ 75%	≤ 70%	≤ 70%
Net Income Ratio	≥ 10%	≥ 10%	≥ 10%
Cash reserves	> R2 bn	>R2.1 bn	>R2.2 bn

- Enhancement in cost containment initiatives
- Revenue growth in line with investment strategy

RISK MANAGEMENT

Robust IT systems	Risk management processes
Modern technology to ensure operational efficiency	Robust investment processes

- PIC becoming more technological centric given the current environment
- Increase the focus on risk management and governance
- Continue embedding conduct risk frameworks into the business i.e. act with integrity

HUMAN CAPITAL

Staff turnover	Less than 10%
Skill development	4% of total staff costs
PIC Graduate training programme	R8 mil
Any new recruitments of senior management	30% must be black female
Development of new leadership programs with strategic academic institution	Minimum of 2 leadership

- Expand leadership and trainee development programmes
- Contribute to the development of Black Asset Managers
- Drive our diversity and inclusion plan
- Recruit in areas of critical skills
- Management development of women and people living with disabilities

SECTION IV

SOCIAL IMPACT



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SOCIAL IMPACT OF UNLISTED INVESTMENTS SINCE INCEPTION



Employment

Total number of permanent employment opportunities sustained **88,606**

8,751 Total number of temporary employment opportunities created

Total number of jobs facilitated during construction **39,268**

23,879 Number of jobs created and facilitated through direct and indirect property investments

Total: 160,504

Total number of new jobs created/sustained 2015/16 (included under total) **10,998**



Education

Number of student loans disbursed **34,047**

31 Total number of student rental properties

Total number of student beds **11,824**

22 Number of schools supported

Number of benefiting students (basic education) **15,600**



Healthcare: Direct

Total number of hospital projects **3**

Number of hospital projects in Gauteng **2**

Number of hospital projects in Mpumalanga **1**

436 Total number of hospital beds
(225 still under construction)



Healthcare: Indirect

Total number of investments **6**

Total number of hospital projects **10**

Number of hospitals – operating **5**

Number of hospitals – under construction **5**

820 Total number of beds available in hospital projects



Community upliftment and economic benefits

Number of community groups supported (micro loans) **60,169**

1,097 Number of small and medium enterprises (SMEs) supported through the Isibaya Division

Number of Community Trust and Employee Share Schemes established and supported **14**



Housing

Total number of properties **578**

Total number of units **59,155**



Environmental

Total MW committed **2,620.54 MW**
(both direct and indirect)

SECTION VII

STRATEGIC INTENT: FY2016/17



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PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT - OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
FINANCIAL			
Grow revenue and control costs to run a financially sustainable investment management operation	Cost to Income ratio	<ul style="list-style-type: none"> • CIR \leq 75% 	<ul style="list-style-type: none"> • Cost to Income Ratio as at 30 June 2016 amounted to 50%
	Net Income percentage	<ul style="list-style-type: none"> • NI \geq 10% 	<ul style="list-style-type: none"> • The Net Income percentage as at 30 June 2016 amounted to 57%
INTERNAL BUSINESS PROCESSES / OPERATIONAL EFFICIENCY			
Robust Enterprise Risk Management practices	Measurement in terms of the number of breaches in internal policies, mandates and regulatory requirements as well as the impact of financial losses	<ul style="list-style-type: none"> • \leq 5 breaches overall in internal policies and mandate and regulatory requirements without financial loss 	<ul style="list-style-type: none"> • There were no breaches in internal policies, mandates and regulatory requirements as at 30 June 2016
PIC is a responsible citizen, driving ESG initiatives on a Corporate level	PIC as a Corporate Entity assessed against the PIC Corporate ESG Matrix	PIC rating of 80% on PIC Corporate ESG Matrix	<ul style="list-style-type: none"> • The PIC Corporate achieved an overall score of Good (75%)

PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
<p>Generate excess returns over benchmark and compliance with Client Risk Parameters (24 months rolling)</p> <p>[Returns (α, IRR and Property Return) will be measured on a 24 months rolling basis]</p>	<p>Listed Investments</p> <p>α = Total Individual Fund Return – Individual Fund Benchmark Return</p>	<ul style="list-style-type: none"> Individual Top 5 Funds $\alpha \geq 15$ bps Other Individual Funds $\alpha \geq 5$ bps TE within mandated range 	<p>GOVERNMENT EMPLOYEES PENSION FUND (EX UNLISTED)</p> <ul style="list-style-type: none"> Return: 8.04% vs Benchmark Return: 7.56% Relative Return: 0.45% TE: 1.60

PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
<p>Generate excess returns over benchmark and compliance with Client Risk Parameters (24 months rolling)</p> <p>[Returns (α, IRR and Property Return) will be measured on a 24 months rolling basis]</p>	<p>Listed Investments</p> <p>α = Total Individual Fund Return – Individual Fund Benchmark Return</p>	<ul style="list-style-type: none"> Individual Top 5 Funds $\alpha \geq 15$ bps Other Individual Funds $\alpha \geq 5$ bps TE within mandated range 	<p>UNEMPLOYMENT INSURANCE FUND (EX UNLISTED)</p> <ul style="list-style-type: none"> Return: 7.09% vs Benchmark Return: 7.21% Relative Return: -0.12% TE: 0.86 Compensation Commissioner Fund (Ex Unlisted) Return: 6.33% vs Benchmark Return: 6.20% Relative Return: 0.13% TE: 0.54
			<p>COMPENSATION COMMISSIONER PENSION FUND</p> <ul style="list-style-type: none"> Return: 6.40% vs Benchmark Return: 7.13% Relative Return: -0.73% TE: 0.62
			<p>ASSOCIATED INSTITUTIONS PENSION FUND</p> <ul style="list-style-type: none"> Return: 6.63% vs Benchmark Return: 6.76% Relative Return: -0.13% TE: 0.37

PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
<p>Generate excess returns over benchmark and compliance with Client Risk Parameters (24 months rolling)</p> <p>[Returns (α, IRR and Property Return) will be measured on a 24 months rolling basis]</p>	<p>Developmental Investments and Private Equity</p> <p>New Investments (3 Years and less) – IRR = Hurdle Rate</p> <p>(The hurdle rate will be minimum 10% for Private Equity Investments and 8% for Developmental Investments)</p> <p>Investments older than 3 years – IRR = Minimum 8% for DI and PE debt instruments IRR = Minimum 15% for DI and PE equity instruments</p>	<ul style="list-style-type: none"> • IRR = 8% for DI • IRR = 10% for PE <ul style="list-style-type: none"> • IRR \geq 8% for DI and PE debt instruments • IRR \geq 15% for DI and PE equity instruments 	<ul style="list-style-type: none"> • GEPF New investments for DI Return: 6.08% • GEPF New investments for PE Return: 10.15% <ul style="list-style-type: none"> • GEPF Isibaya (Funds older than 3 years/Legacy Funds) Return: 2.50% • GEPF Isibaya Return: 5.77%

PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
<p>Generate excess returns over benchmark and compliance with Client Risk Parameters (24 months rolling)</p> <p>[Returns (α, IRR and Property Return) will be measured on a 24 months rolling basis]</p>	<p>PROPERTY INVESTMENTS</p> <p>Total Return (Capital and Income) = Meet IPD as customised for the PIC Portfolio</p>	<ul style="list-style-type: none"> Total return = IPD as customised for the PIC 	<ul style="list-style-type: none"> GEPF Unlisted Property Return: 10.56% vs IPD return of 13.35% Relative Return: -2.46%
<p>Grow the economy through Developmental Investments</p>	<p>Contribution to Education, Health, Housing, Infrastructure and Environmental Sustainability, Small Medium Enterprises, Priority Sector Investments and Transformation.</p>	<p>DEVELOPMENTAL INVESTMENTS</p> <p>Annual approved transactions equal to 30% of the total approved mandates as at 31 March 2016 for Developmental investments</p>	<ul style="list-style-type: none"> As at 30 June 2016 total approval represents 19% of the approved mandates

PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
Grow the economy through Private Equity Investments	Contribution to Education, Health, Housing, Infrastructure and Environmental Sustainability, Small Medium Enterprises, Priority Sector Investments and Transformation.	<p>PRIVATE EQUITY</p> <p>Annual approved transactions equal to 30% of the total approved mandates as at 31 March 2016 for Private Equity investments</p> <p>(Subject to the approval of Client mandates)</p>	<ul style="list-style-type: none"> As at 30 June 2016 total approvals represents 14% of the approved mandates
Grow the economy through Investments in Africa (Non-domestic) (Unlisted Investments)	Increase investments in Africa (Non-domestic)	<p>DEVELOPMENTAL INVESTMENTS</p> <p>Annual approved transactions equal to 30% of the total approved mandates as at 31 March 2016 for Africa Developmental investments</p>	<ul style="list-style-type: none"> As at 30 June 2016 total approvals represents 96% of the approved mandates

PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
Grow the economy through Investments in Africa (Non-domestic) (Unlisted Investments)	Increase investments in Africa (Non-domestic)	<p>PRIVATE EQUITY</p> <p>Annual approved transactions equal to 30% of the total approved mandates as at 31 March 2016 for Africa Private Equity investments</p>	<ul style="list-style-type: none"> As at 30 June 2016 no transactions have been approved
Grow the economy through Investments in Africa (Non-domestic) (Unlisted Investments)	Increase investments in Africa (Non-domestic)	<p>PROPERTY</p> <p>Annual approved transactions equal to 30% of the total approved mandates as at 31 March 2016 for Africa Property investments</p>	<ul style="list-style-type: none"> As at 30 June 2016 no transactions have been approved

PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
<p>Grow the economy through Investments in Africa (Non-domestic) (Listed Investments)</p>	<p>Increase investments in Africa (Non-domestic)</p>	<p>Listed Investments Annual approved transactions equal to 30% of the total approved mandates as at 31 March 2016 for Africa Listed investments</p>	<p>As at 30 June 2016 no transactions have been concluded</p>
<p>Facilitate Broad-Based Economic Empowerment and Skills Development through Investment activities.</p>	<p>Allocation to Broad-Based Black Economic Empowerment Service providers</p> <p>LISTED EQUITIES (Multi Management) – Allocation of Funds to enterprise development managers, including those who graduate</p>	<p>At least 50% of all new funds awarded to Listed Equity External Managers, must be awarded to Developmental Managers and 20% of the 50% must be allocated to Developmental Managers owned by female asset managers or people living with physical disabilities or Developmental Managers with a 50% female representation at the Management level</p>	<p>From 1 April 2016 up until 30 June 2016, a total of R500 million was allocated to External Managers. 100% of these External Managers are defined as BEE Fund Managers. A report on the percentage allocated to Developmental Managers owned by female asset managers or people living with physical disabilities or Development Managers with a 50% female representation at the Management level will be provided with the performance report for the period for Q2.</p>

PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
<p>Facilitate Broad-Based Economic Empowerment and Skills Development through Investment activities.</p>	<p>DEALING (Listed Equity) – Percentage of brokerage paid to designated BEE broker firms used as a percentage of total brokerage paid</p> <ul style="list-style-type: none"> • In terms of the PIC definition for BEE Level 1 – 4, the following criteria must be met as a minimum: <ul style="list-style-type: none"> ➢ BEE Level 1 – 4 Certification by an independent rating agency; ➢ At least 51% Black Ownership; and ➢ At least 30% Management Control by previously disadvantaged individuals. • Focus to also be placed on: <ul style="list-style-type: none"> ➢ Skills Development ➢ Enterprise and supplier development ➢ Socio-economic development 	<ul style="list-style-type: none"> ➢ Minimum 55% of total brokerage paid to brokers certified on at least on Level 1 - 4 BEE rating, based on the new BBBEE Codes, 51% Ownership by HDIs and 30% Management Control by HDIs 	<ul style="list-style-type: none"> ➢ As at 30 June 2016, 99% of brokerage was paid to BEE Brokers certified on BEE Level 1 to 4 of this 57% was paid to brokers with a minimum of 51% black ownership and minimum 30% management control.

PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
<p>Facilitate Broad-Based Economic Empowerment and Skills Development through Investment activities.</p>	<ul style="list-style-type: none"> Developmental Investments and Private Equity (Fund of Funds) – Funds approved through BEE firms (Qualifying Small Enterprises) as a percentage of total Developmental Investment and Private Equity Investment approvals 	<p>Achieve a cumulative allocation of 70% to BEE asset managers</p> <p>(To qualify as a BEE Asset Manager, the service provider must at least have 51% Black ownership and 30% Management control by HDIs)</p>	<ul style="list-style-type: none"> Cumulatively allocated 64% to BEE Asset managers

PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
<p>Facilitate Broad-Based Economic Empowerment and Skills Development through Investment activities.</p>	<ul style="list-style-type: none"> Unlisted Properties – New acquisitions, development and re-development of property investments (New developments, and rural developmental investments) 	<p>Approved new acquisitions, development and re-developments at a minimum of R2.0 billion. HDIs must have at least 40% shareholding in each development</p>	<ul style="list-style-type: none"> As at 30 June 2016 no transactions have been approved
	<ul style="list-style-type: none"> Properties – Allocation of funds to BEE funds and property managers 	<p>Commit a minimum of R2.5 billion</p>	<ul style="list-style-type: none"> No commitments have been made up until 30 June 2016

PERFORMANCE AGAINST STRATEGIC INTENT

STRATEGIC INTENT OBJECTIVE	MEASURE	TARGET 2016/17	PERFORMANCE AS AT 30 JUNE 2016
<p>The PIC staff demographics are reflective of the Skilled segment of South Africa’s economic active population</p>	<p>Percentage of staff defined as black, according to the Employment Equity Act, aligned with the Skilled segment of the economic active population.</p>	<p>Staff demographics to be reflective of the Skilled segment of the economic active population</p> <p>At least 25% of vacancies on job levels D and E, based on the Paterson grading scales, will be filled with female employees and or people living with physical disabilities</p>	<ul style="list-style-type: none"> • The National EAP profile as reported in the CEE for Q3 2015 indicates the Black EAP profile is 90.1%. • As at 30 June 2016 the PIC EAP profile indicates 91% of staff as black. PIC is 1% above national EAP for Blacks YTD. • As at 30 June 2016, 22% of vacancies at D and E level were filled with females against an annual target of 25%. • People with disabilities – no appointment for the period up to 30 June 2016. • The current quarterly performance indicates on EAP achievement of 1% for the quarter and 3% under achievement variance on female appointments at D and E level for the quarter.

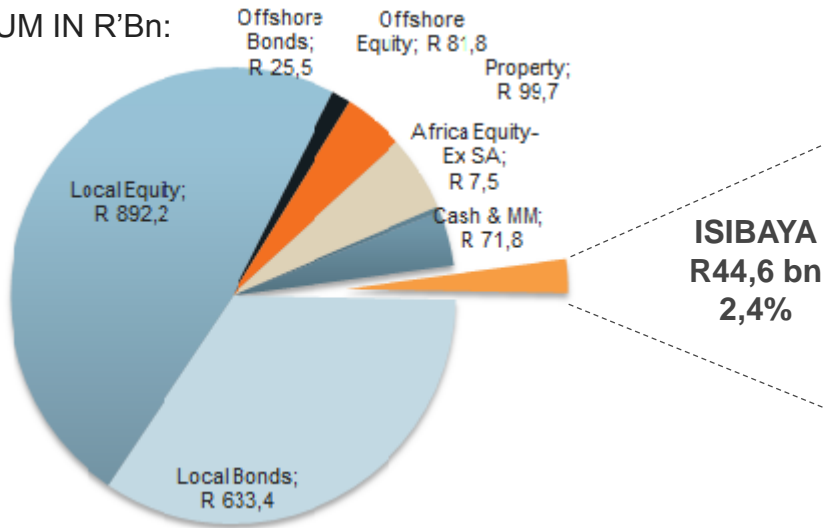
SECTION VII UNLISTED INVESTMENTS - ISIBAYA



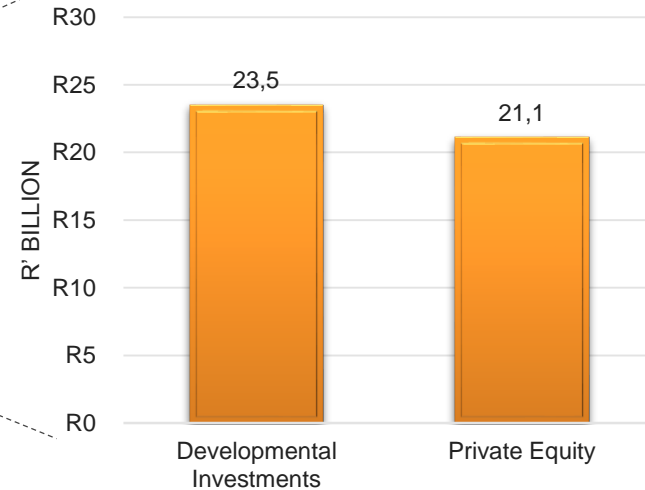
Committed to serving our clients

UNLISTED INVESTMENTS - ISIBAYA

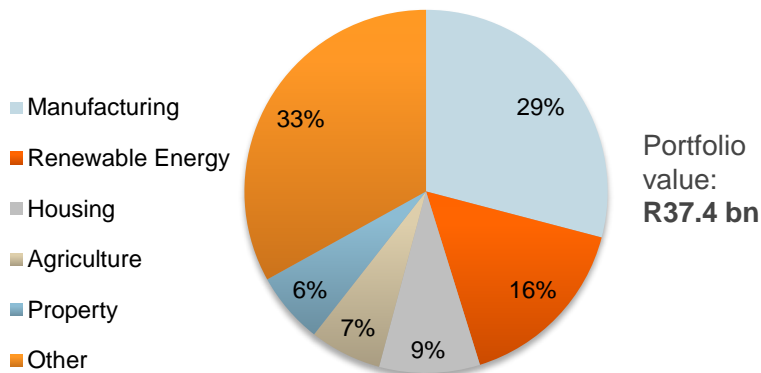
AUM IN R'Bn:



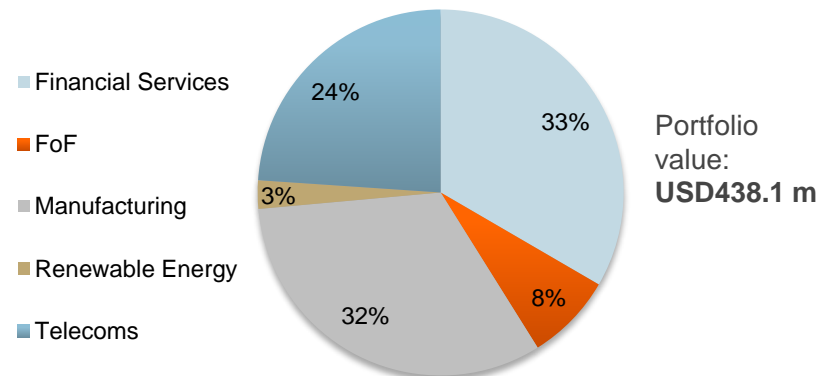
ISIBAYA COMPOSITION



ISIBAYA SECTOR ALLOCATION – SOUTH AFRICA

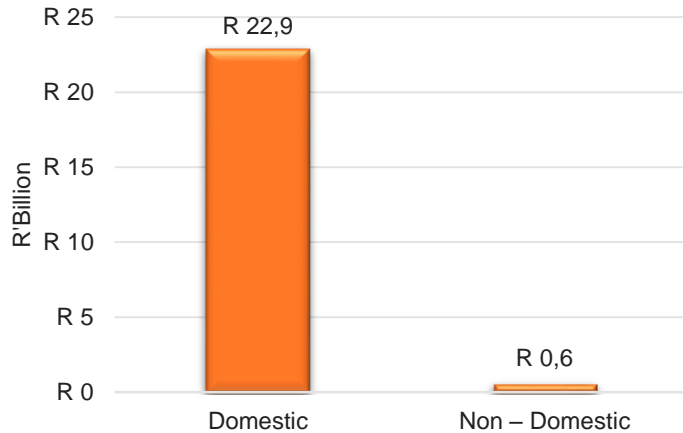


ISIBAYA SECTOR ALLOCATION – REST OF AFRICA

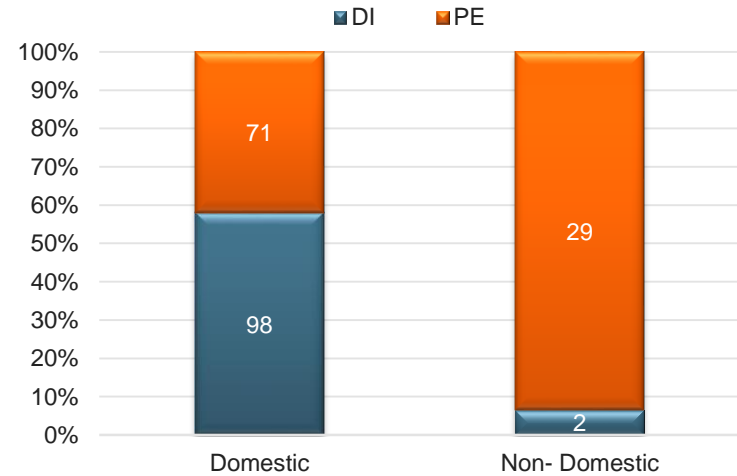


UNLISTED INVESTMENTS - ISIBAYA

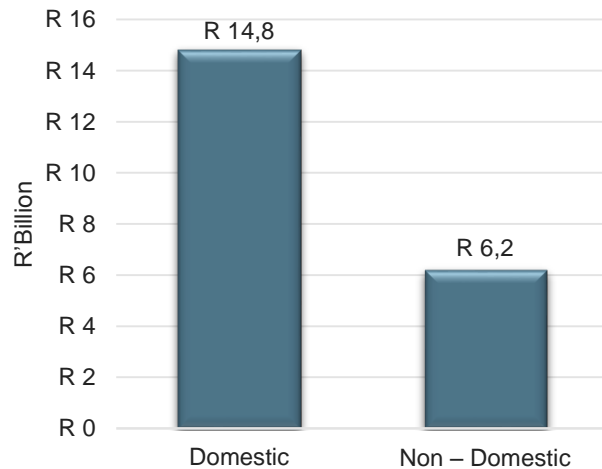
DEVELOPMENTAL INVESTMENTS COMPOSITION



% GEOGRAPHIC COMPOSITION



PRIVATE EQUITY INVESTMENTS COMPOSITION



PIC CLIENTS	AMOUNT (R'BN)	%
GEPF	40.9	92
UIF	2.5	6
CC	1.2	3
Total	44.6	100

ISIBAYA 24 MONTH RETURNS

Asset class Performance	Portfolio Return	Benchmark Return	Variance
Cash & Money Market	6.60%	6.36%	0.23%
Conventional Bonds	5.88%	5.71%	0.16%
Inflation Linked Bonds	7.42%	7.41%	0.01%
Local Listed Equity	9.24%	9.43%	-0.17%
Local Listed Property	20.21%	21.58%	-1.12%
Unlisted Property	7.92%	10.80%	-2.60%
Isibaya	9.68%	8.21%	1.35%
Africa Equity	-0.30%	3.85%	-4.00%
International Bonds - Blackrock	14.63%	18.50%	-3.27%
International Equity – Blackrock	18.42%	16.35%	1.78%
International Bonds – Worldbank	20.25%	18.50%	1.48%
Total	8.89%	9.22%	-0.30%
<i>Calculation: Geometric</i>			

SOCIAL IMPACT OF UNLISTED INVESTMENTS SINCE INCEPTION



Employment

Total number of permanent employment opportunities sustained **88,606**

8,751 Total number of temporary employment opportunities created

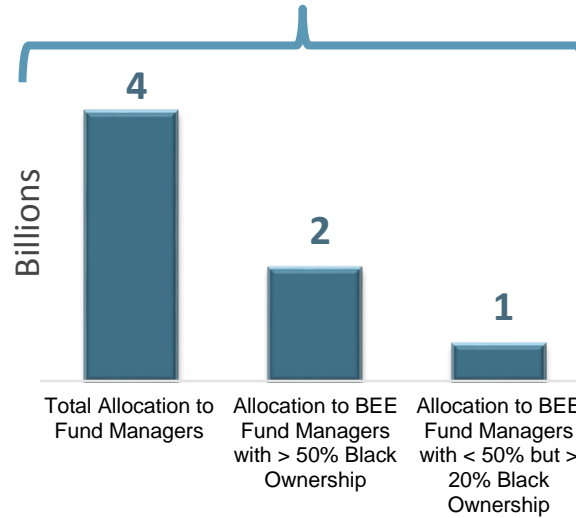
Total number of jobs facilitated during construction **39,268**

23,879 Number of jobs created and facilitated through direct and indirect property investments

Total: 160,504

Total number of new jobs created/sustained 2015/16 (included under total) **10,998**

Private Equity Industry Transformation



Education

Number of student loans disbursed **34,047**

31 Total number of student rental properties

Total number of student beds **11,824**

22 Number of schools supported

Number of benefiting students (basic education) **15,600**



Housing

Total number of properties **578**

Total number of units **59,155**



Environmental

Total MW committed **2,620.54 MW**
(both direct and indirect)



Healthcare: Direct

Total number of hospital projects **3**

- Number of hospital projects in Gauteng **2**
- Number of hospital projects in Mpumalanga **1**

436 Total number of hospital beds
(225 still under construction)



Healthcare: Indirect

Total number of investments **6**

- Total number of hospital projects **10**
- Number of hospitals – operating **5**
- Number of hospitals – under construction **5**

820 Total number of beds available in hospital projects



Community upliftment and economic benefits

Number of community groups supported (micro loans) **60,169**

1,097 Number of small and medium enterprises (SMEs) supported through the Isibaya Division

Number of Community Trust and Employee Share Schemes established and supported **14**

RESPONSE TO QUESTIONS:
FROM



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

RESEARCH UNIT

DATED 16 OCTOBER 2016



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PIC COMPARED TO OTHER PRIVATE EQUITY MANAGERS

With reference to the decision taken to split the position of Chief Investment Officer into four positions, what is the impact on employee costs?

PRIVATE EQUITY MANAGERS COMPARISON

TOP 5 PE MANAGERS	ASSETS UNDER MANAGEMENT (R' BILLION)	AVERAGE MANAGEMENT FEES
Brait	72.8	2% with 80/20 carry structure
Ethos	8.4	2% with 80/20 carry structure
Metier	6.1	2% with 80/20 carry structure
Abraaj Group (Africa)- Estimate	14	2% with 80/20 carry structure
Novare Equity Partners	5.5	2% with 80/20 carry structure
Total (All Private Equity Managers)	106.8	
PIC Isibaya Private Equity and DI	44.50	0.25%

Yet PIC fees are **8 times lower** than average PE managers

PROPERTY FUND COMPARISON

TOP 2 PROPERTY FUNDS	ASSETS UNDER MANAGEMENT (R' BILLION)
Hyprop	34
Growthpoint	110
PIC Property Fund	96.94

PIC compared to other Larger Asset Managers

ASSET MANAGERS COMPARISON

ASSET MANAGER	Total AUM (SA) R'Billions (Estimates)	Revenues R'Millions	Average Fees %ge of AUM	36 months Returns (p.a) of Flagship Portfolios (Dec 2015) Alexander Forbes Large Manager Watch (Equities)		
				Portfolio Returns (p.a)	Benchmark Returns (p.a)	Alpha (p.a)
SIM	628	2,174	0.35%	15.22%	18.71%	-3.49%
Coronation	610	4,774	0.78%	20.82%	21.61%	-0.79%
OMAM - SA	596			22.65%	21.61%	1.04%
StanLib	560	1,612	0.29%	16.86%	19.48%	-2.62%
Investec - SA	538	3,381	0.63%	21.73%	21.61%	0.12%
Allan Gray (AUM-June 2014)	462			12.07%	12.05%	0.02%
PIC	1 857	1 011	0.04%	21.38%	21.48%	-0.11%

Source: Alexander Forbes Manager watch

DFI's COMPARISON

Development Finance Institutions	Assets under Management (R' Billion)	Revenue (R' Million) Estimates
DBSA	63	4,805.00
IDC	137	20,021.00
NEF	5.9	430.8
Total (All DFIs)	205.9	
PIC	1 857	1 011

PIC current Asset under Management (c.R1,857 Billion) is bigger than the three combined Assets Under Management of very large Asset Management firms.

The PIC Assets Under Management are **9 times** bigger than the 3 combined large SOEs (DFIs)

PIC revenues are low relative to peers in the Asset Management Industry despite that it is by far the largest in the industry. PIC performance compares favorably against the top Asset Managers performance.

PIC PERFORMANCE COMPARED TO GLOBAL PEERS – CEM

Your 5-year net total return of 14.3% was above both the Global median of 9.9% and the peer median of 10.1%.

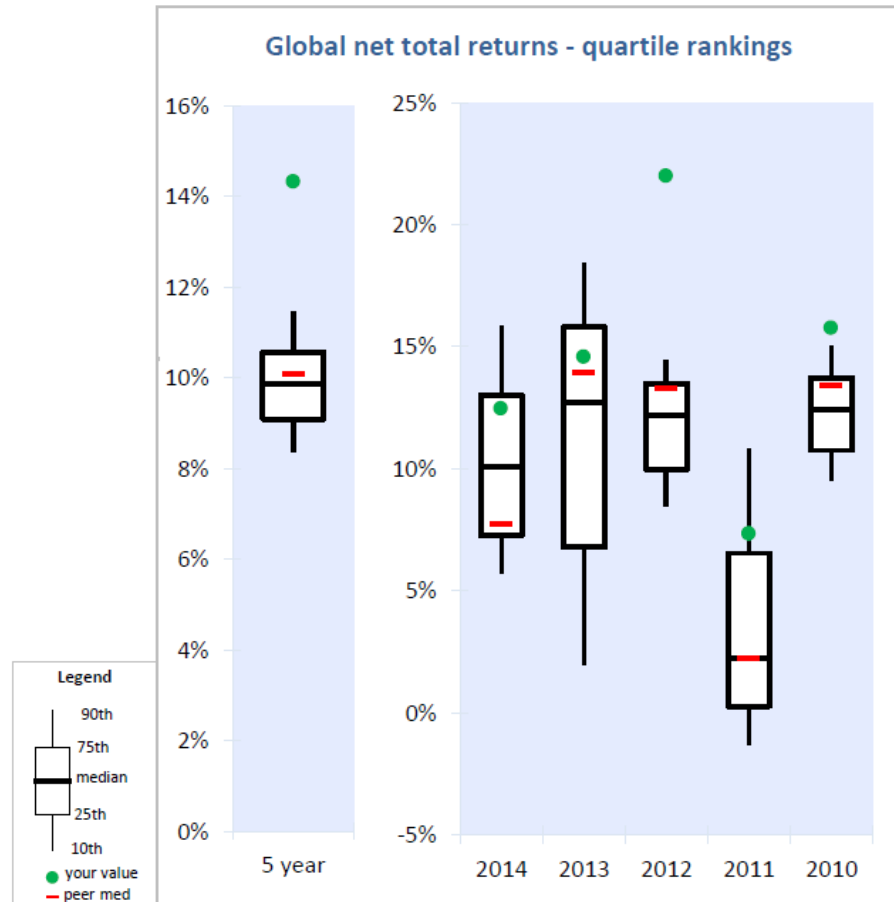
Total returns, by themselves, provide little insight into the reasons behind relative performance. Therefore, we separate total return into its more meaningful components: policy return and value added.

	5-year
Net total fund return	14.3%
- Policy return	14.6%
= Net value added	-0.3%

This approach enables you to understand the contribution from both policy mix decisions (which tend to be the board's responsibility) and implementation decisions (which tend to be management's responsibility).

Returns are reported in local (home) currency.

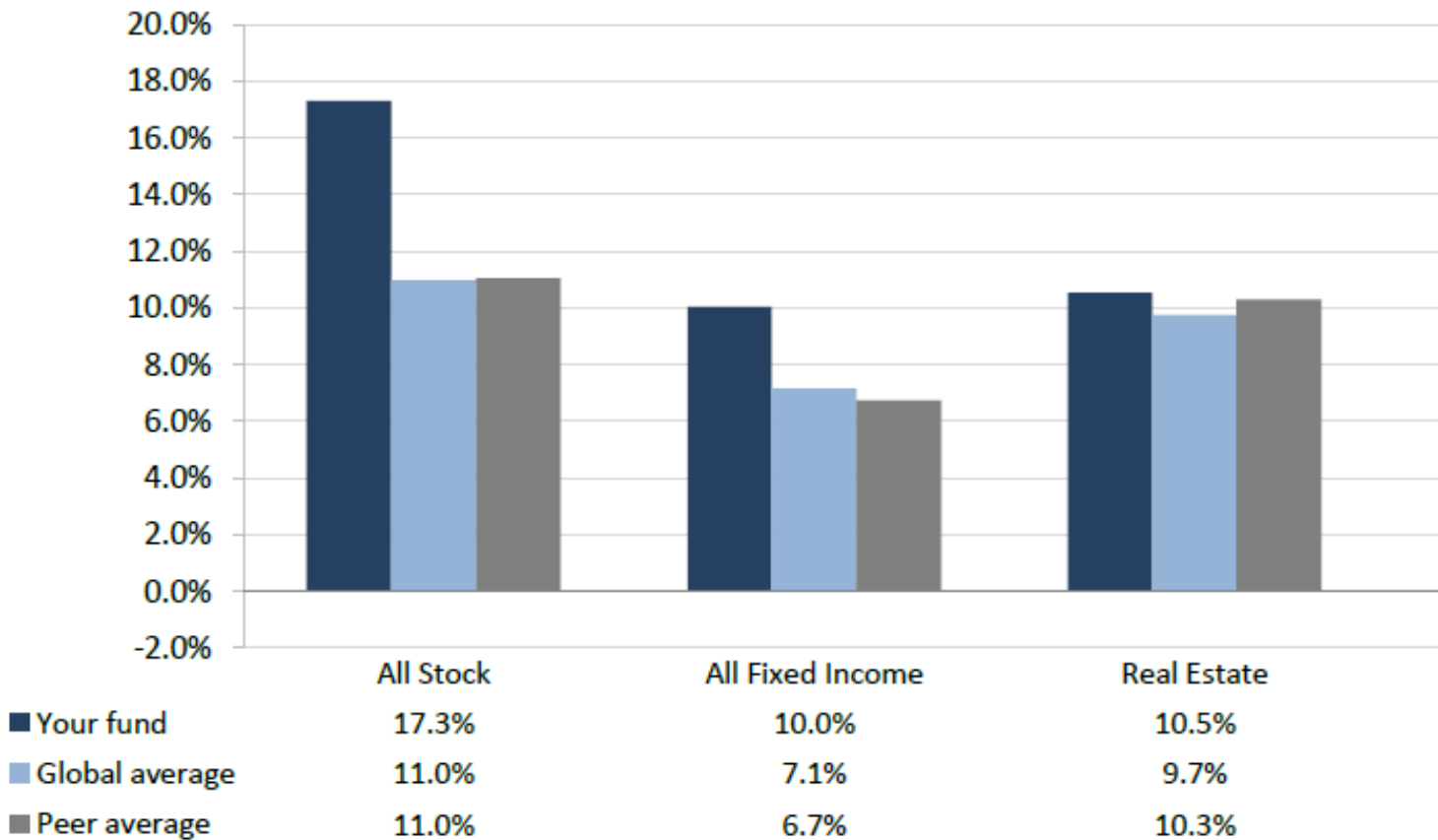
** Differences in total returns reflect in large part home-market biases. So they are not the primary focus of this report.*



PIC performance compared to Global Peers – CEM

PIC Achieved Positive Returns For GEPF Over Five Years And Above Global Peer Groups

5-year average net returns by major asset class



PIC PERFORMANCE AGAINST OTHER ASSET MANAGERS

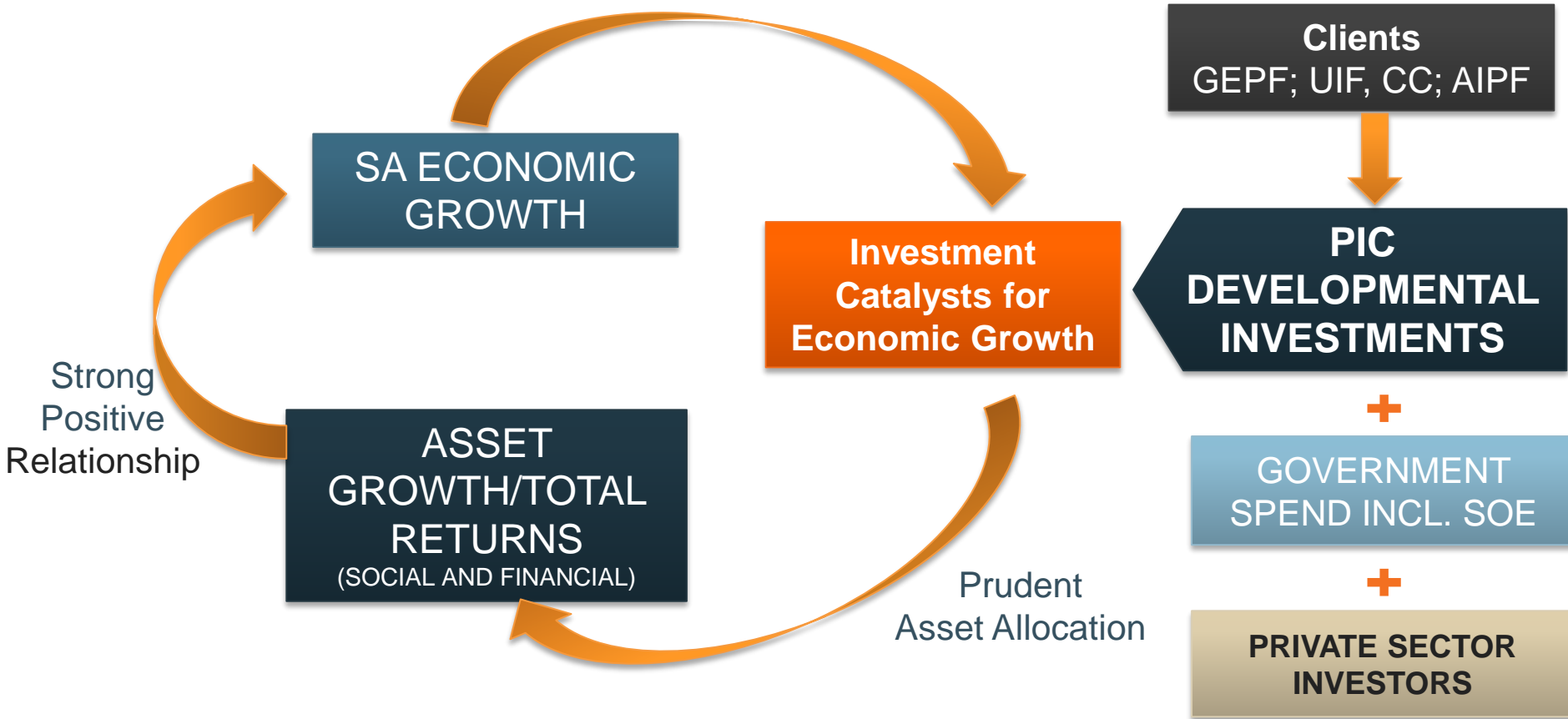
DELIVERING GOOD SERVICES TO OUR CLIENTS AT LOW FEES

Asset Manager	Benchmark	12 Months			36 Months			54 Months			84 Months			120 Months		
		Portfolio	Benchmark	Active Return	Portfolio	Benchmark	Active Return	Portfolio	Benchmark	Active Return	Portfolio	Benchmark	Active Return	Portfolio	Benchmark	Return
SIM Moderate Equity Fund	FTSE/JSE SWIX ALS	5.21%	6.07%	-0.86%	17.86%	15.95%	1.91%	16.64%	15.49%	1.15%	17.14%	15.40%	1.74%	N/A	N/A	N/A
Coronation cOre Equity	FTSE/JSE SWIX ALS	2.46%	6.07%	-3.6%	16.94%	16.70%	0.2%	16.55%	15.70%	0.9%	17.54%	15.58%	2.0%	N/A	N/A	N/A
Old Mutual Equities	FTSE/JSE SWIX ALS	7.78%	6.08%	1.7%	18.64%	16.17%	2.5%	16.43%	15.70%	0.7%	15.28%	15.58%	-0.3%	N/A	N/A	N/A
StanLib Core Equity	FTSE/JSE SWIX ALS	0.30%	6.07%	-5.8%	12.72%	16.17%	-3.5%	15.11%	15.70%	-0.6%	14.19%	15.58%	-1.4%	14.45%	15.37%	-0.92%
Investec - SA	FTSE/JSE SWIX ALS	18.24%	6.07%	12.2%	19.89%	16.17%	3.7%	17.94%	15.70%	2.2%	15.70%	15.58%	0.1%	15.32%	15.47%	-0.15%
Allan Gray	FTSE/JSE SWIX ALS	1.20%	4.79%	-3.6%	15.33%	15.38%	-0.1%	14.48%	15.69%	-1.2%	15.92%	15.58%	0.3%	N/A		
Kagiso Core Swix	FTSE/JSE SWIX ALS	-4.08%	6.07%	-10.2%	12.74%	16.17%	-3.4%	13.27%	15.70%	-2.4%	14.16%	15.58%	-1.4%	14.79%	15.47%	-0.68%
ABSA Asset Management	FTSE/JSE SWIX ALS	0.50%	4.79%	-4.3%	12.68%	15.38%	-2.7%	13.66%	14.65%	-1.0%	16.72%	14.53%	2.2%	17.72%	14.76%	2.96%
Preduntia Core Equity (Swix)	FTSE/JSE SWIX ALS	6.34%	6.07%	0.3%	18.65%	16.17%	2.5%	17.99%	15.70%	2.3%	17.63%	15.58%	2.1%	16.94%	15.47%	1.47%
Mergence Swix Fund	FTSE/JSE SWIX ALS	8.03%	6.07%	2.0%	18.64%	16.17%	2.5%	16.83%	15.70%	1.1%	15.66%	15.58%	0.1%	N/A	N/A	N/A
Prescient Equity Active Fund	FTSE/JSE SWIX ALS	6.77%	6.07%	0.7%	14.92%	16.17%	-1.3%	14.32%	15.70%	-1.4%	14.78%	15.58%	-0.8%	N/A	N/A	N/A
Afena Equity Swix	FTSE/JSE SWIX ALS	-2.14%	6.07%	-8.2%	11.62%	16.17%	-4.6%	10.87%	15.70%	-4.8%	12.77%	15.58%	-2.8%	N/A	N/A	N/A
Argon Equity Fund	FTSE/JSE SWIX ALS	11.67%	6.07%	5.6%	19.38%	16.70%	2.7%	16.80%	15.69%	1.1%	15.92%	15.58%	0.3%	N/A	N/A	N/A
Canon all Equities	FTSE/JSE SWIX ALS	-7.26%	4.79%	-12.1%	4.33%	15.38%	-11.1%	5.26%	11.22%	-6.0%	7.51%	14.53%	-7.0%	N/A	N/A	N/A
Oasis Specialist Domestic	FTSE/JSE SWIX ALS	-4.30%	1.31%	-5.6%	10.76%	12.23%	-1.5%	12.34%	11.70%	0.6%	12.51%	12.28%	0.2%	14.40%	13.18%	1.22%
Momentum Core Equity	FTSE/JSE SWIX ALS	5.50%	5.67%	-0.2%	15.23%	16.02%	-0.8%	15.63%	15.55%	0.1%	15.35%	15.44%	-0.1%	14.87%	15.47%	-0.60%
Electus Multi Caro Portfolio	FTSE/JSE SWIX ALS	0.79%	6.07%	-5.3%	13.31%	16.17%	-2.9%	12.01%	15.70%	-3.7%	12.91%	15.58%	-2.7%	N/A	N/A	N/A
Foord	FTSE/JSE SWIX ALS	6.51%	4.79%	1.7%	18.73%	15.38%	3.4%	18.76%	14.65%	4.1%	18.80%	14.53%	4.3%	18.26%	14.47%	3.79%
Citadel Asset Managers - Domestic	FTSE/JSE SWIX ALS	-0.47%	5.80%	-6.3%	10.85%	15.75%	-4.9%	12.92%	14.87%	-2.0%	12.94%	14.68%	-1.7%			
PIC Core Equity	JSE SWIX ALS Ex	5.30%	5.14%	0.16%	16.25%	16.07%	0.18%	15.57%	15.71%	-0.14%	14.35%	15.50%	-1.15%	N/A		
Mean Active return		3.42%	5.50%	-2.08%	14.97%	15.82%	-0.85%	14.67%	15.11%	-0.44%	14.89%	15.19%	-0.30%	15.84%	14.96%	0.89%
St Deviation		0.059617314	0.01117588	0.056006615	0.039035	0.00930135	0.036287275	0.030931	0.012996514	0.02467	0.0246701	0.007967954	0.023609259	0.0155472	0.0081565	0.0178016

PIC

RESPONSE TO SECTORS

PUBLIC PRIVATE PARTNERSHIP APPROACH TO ECONOMIC GROWTH



KEY SECTORS THAT IMPACT GDP

Contributions, 4th quarter 2015, quarter-on-quarter

Positive contributors

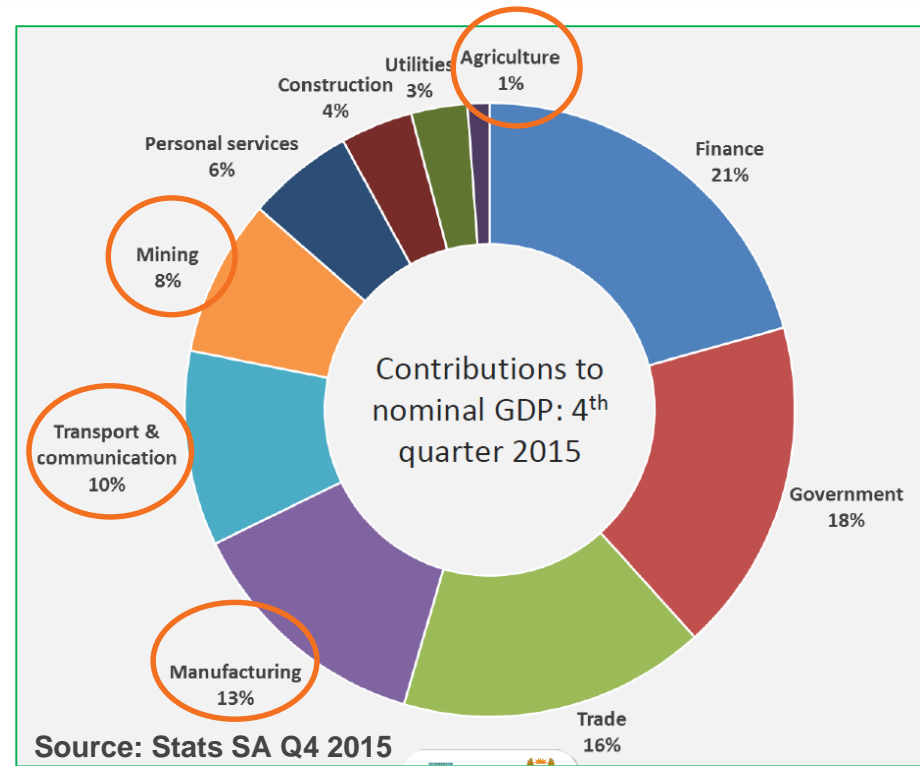


Negative contributors

Zero contributors



Source: Stats SA Q4 2015



Key strategic sectors that declined in the 4th quarter of 2015 which have a very influential impact on employment

Focused sectors that will impact GDP and employment growth

OVERVIEW OF THE 2015/16 FINANCIAL YEAR

Who are agreed strategic partners involved with PIC ensuring regional integration and penetration into the rest of the African continent?

As part of the PIC investment strategy to drive investments in the African region, the PIC has partnered with various institutions both private and public and to crowd-in funding for the region. These partners are both domestic and regional and include among others:

DOMESTIC PARTNERS :

- PIC entered into MoU with DBSA and IDC to co invest and fund various infrastructure and related sectors
- Partnership with SA Inc. private companies expanding into the rest of the continent, includes listed companies the PIC is invested in, to drive Africa expansion , one sch example is Pick n Pay.
- Partnership with Sacoil, on oil and gas projects across the continent.

REGIONAL PARTNERS :

- PIC entered into MoU with ECOWAS Bank for Investment and Development (EBID) to partner in various investments which spans infrastructure, agriculture, manufacturing , mining across the ECOWAS region
- MoU with AFDB (African Development Bank), to co invest, share risk and fund various developmental projects across the region
- MoU with Eastern and Southern African Trade and Development Bank (PTA bank) partnership to invest and co fund developmental projects in various sectors across East and Southern Africa
- The PIC has further invested in Ecobank Transnational incorporated (ETI). The bank has operations in over 36 African counties. This gives PIC a platform to enter those countries as they already have a partnership with Ecobank;
- Partnership with Abraaj, Phoenix Capital Management /West African Emerging Growth Fund (rest of Africa focused Funds) with particular interest in West and Central Africa. PIC will leverage these partnerships to drive investments and will rely on their expert knowledge of the geography they are operating in.

What benefits will this partnership bring to PIC?

BENEFITS OF STRATEGIC PARTNERSHIP IN THE REGION INCLUDES:

- Co-investments in various projects, thus reducing PIC exposures in various developmental projects, e.g. PIC can co-invest with the other African countries` local banks to fund infrastructure projects
- Risk management and sharing with locally domiciled partners
- Partnerships will assist the PIC to navigate and be able invest in areas where we do not have physical presence, thus partner with locally domiciled people will reduce investment risk.
- Partnership with local DFI's in various countries will assist to crowd-in funding from the international markets into the region (the crowd-in effect)
- To some extent, political risk is reduced or better managed by partnering with regional DFIs such PTA Bank, EBID and AFDB.
- Through partnership, we are able share research, human talent and exchange information on various areas of cooperation.

HIGH LEVEL PERFORMANCE DASHBOARD: CORPORATE

SCORECARD: 1. FINANCIAL

Targets may be too low, PIC might have to consider adjusting their targets in the coming years.

Cost to income ratio is a function of total costs over management fees. The higher the income earned or the lower the costs incurred will result in the ratio being lower. In the current financial year, revenue increased by 6% whilst operating expenses decreased by 3%. The main drivers for the decrease is costs is due to:

A freeze on recruitment due to the Private Placement Memorandum (allocation of funds) not approved by the client. This also impacted the IT costs, and along with staff costs these are the biggest cost drivers.

Cost containment measures implemented for travel and consultancy as this decreased when compared to the previous financial year.

HIGH LEVEL PERFORMANCE DASHBOARD: CORPORATE SCORECARD: 5. CUSTOMERS/ STAKEHOLDERS

What is the latest in obtaining approvals? Have the investments been made?

The Isibaya private placement mandate approval process is in the process of finalisation, with an envisaged date of 31 October 2016 for all approvals to be in place.

In the absence of the requisite mandate approval being finalised no investments were made in anticipation thereof. All investments made during the period under review emanate from the existing mandates.

HIGH LEVEL PERFORMANCE DASHBOARD: CORPORATE SCORECARD: 6. CUSTOMERS/ STAKEHOLDERS

What is the actual number of BEE asset managers who will be the recipients of the R11.5 billion funds?

LISTED INVESTMENTS

The R11.5 billion allocation is allocated as follows amongst the top performing BEE asset managers:

- UIF R 6 billion split equally between 4 managers.
- GEPF R 2 billion also split equally between 4 managers.

The portfolio was also rebalanced which resulted in the following allocations to GEPF portfolios:

- Three managers where rebalanced

UNLISTED INVESTMENTS

Funds available for investment with BEE managers will be invested over a period of 5 years in accordance with the mandate (Private Placement Memoranda) parameters.

There are no pre-approvals for any asset managers, upon receipt of any requests for funding, such shall have to comply with the prevailing PIC investment process.

3.3 AUDITOR GENERAL'S REPORT: (i) and (ii) Internal Control

What measures are being put in place to address the issues raised by AG?

Auditors comment	PIC response	Way forward
<ul style="list-style-type: none"> Outsourcing of property management Internal control 	<p>As at May 2016 the outsourcing of property management was disclosed in the Directors report just to highlight it to the users, but the auditors held the view that they also want it to be part of the notes of the AFS therefore the AFS submitted to Treasury at the end of May where modified to include this note.</p>	<ul style="list-style-type: none"> A workshop will be held between the AG and PIC so to agree on processes with regards to the audit. Prior to finalisation of the AFS all the highly technical and subjective matters will be agreed upon prior to submission of AFS to Treasury at the end of May

3.3 AUDITOR GENERAL'S REPORT:

(iii) Audit related services and special audits

What are the key issues coming of the report?

Summary of FAIS Report:

The report is a limited assurance engagement performed by the AGSA

- The agreed upon procedures performed were as follows:
 - Recording the amount of money and assets held by the PIC on behalf of the clients at year end;
 - That such money and assets were throughout the financial year kept separate from the those of the business of the PIC, and in case of non-compliance, the extent thereof; and
 - Any other information required by the register.

Conclusion on procedures performed:

In the opinion of the AGSA nothing has come to their attention that causes them to believe that:

- Money and assets held on behalf of the clients of the PIC at year end are not recorded.
- Such money and assets were not kept separate from those of the business of the PIC throughout the financial year ended 31 March 2016; and
- Any instances of material non-compliance with the requirements of the Act have arisen.

THANK YOU



Committed to serving our clients

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Directors: Mr Mcebisi Jonas (Chairperson), Mr Roshan Morar (Deputy Chairperson) | Dr Daniel Matjila (Chief Executive Officer), Ms Matshepo More (Chief Financial Officer) | Ms Sandra Beswick, Ms Tantaswa Fubu, Mr Trueman Goba, Ms Dudu Hlatshwayo, Dr Claudia Manning, Mr Sebenzile Mngconkola, Mr Pitsi Moloto, Ms Lindiwe Toyi, Ms Sibusisiwe Zulu | Company Secretary: Ms Bongani Mathebula

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