



PUBLIC INVESTMENT  
CORPORATION®

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Est. 1911

PIC CORPORATE PLAN: 2023/24FY – 2025/26FY



## TABLE OF CONTENTS

INTRODUCTION - PIC STRATEGY AND CORPORATE PLAN .....	3
SECTION I- OVERVIEW OF THE PUBLIC INVESTMENT CORPORATION .....	4
INTRODUCTION AND HISTORY – WHO WE ARE? .....	4
PIC OWNERSHIP STRUCTURE .....	6
PIC'S STRATEGIC INTENT .....	7
PIC'S VALUES .....	8
PIC'S LEGISLATIVE MANDATE .....	10
THE PUBLIC INVESTMENT CORPORATION BUSINESS OPERATING MODEL .....	13
PIC BOARD GOVERNANCE STRUCTURE .....	18
PIC EXECUTIVE COMMITTEE (EXCO) GOVERNANCE STRUCTURE .....	20
SECTION II- PIC OPERATING ENVIRONMENT .....	22
MACROECONOMIC OUTLOOK .....	22
GLOBAL BACKDROP .....	22
DOMESTIC GROWTH PROSPECTS .....	25
SA GROWTH OUTLOOK .....	25
SECTION III- PIC INVESTMENT STRATEGY .....	29
INTRODUCTION .....	29
PIC CLIENTS AND STRATEGIC ASSET ALLOCATION PROCESS .....	30
PIC ASSETS UNDER MANAGEMENT GROWTH .....	35
THE PIC INVESTMENT PHILOSOPHY .....	37
“ESG” - SUSTAINABLE INVESTING APPROACH .....	39
LISTED INVESTMENTS STRATEGY .....	40
UNLISTED INVESTMENTS STRATEGY .....	43
UNLISTED PROPERTY INVESTMENTS STRATEGY .....	47
NON-DOMESTIC INVESTMENTS .....	49
INVESTMENT PROCESS GOVERNANCE .....	50
FINANCIAL SUSTAINABILITY .....	55
HUMAN RESOURCES .....	55
INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) .....	56
RISK MANAGEMENT FRAMEWORK .....	56
SECTION V- STRATEGIC OBJECTIVES FOR 2023/24FY - 2025/26FY .....	58
PIC STRATEGIES AND PRIORITIES .....	58
KEY PERFORMANCE INDICATORS .....	59
PIC KEY STRATEGIC OBJECTIVES AND PERFORMANCE TARGETS – 2023/24-2025/26 FY .....	60
MONITORING THE CORPORATE PLAN .....	65
SECTION VI – ANNEXURES TO THE CORPORATE PLAN .....	66



## INTRODUCTION - PIC STRATEGY AND CORPORATE PLAN

The primary purpose of the Public Investment Corporation (PIC) is to invest funds on behalf of clients “WE PROTECT THE VULNERABLE AT THEIR MOST VULNERABLE”. The PIC’s core business is therefore to perform investment management in line with client mandates. The overall objective of the PIC is to ensure that client mandates are implemented effectively and efficiently and achieve above benchmark sustainable returns over a long period. The PIC aims to achieve this goal within acceptable risk parameters, as a responsible investor, and through efficient operations and transparent management. The PIC strategy outlines key strategic objectives designed to achieve the long-term vision and mission of being the “Global leader in impactful investing”. The PIC’s Corporate Plan is developed on the basis that PIC is a going concern and that is underpinned by the following:

- The PIC is sustainable;
- The PIC has no plan to source financial support from Government;
- The PIC has good governance and ethical values which will ensure the sustainability of the organization.

The Corporate Plan is reviewed every year and sets up shorter-term to medium-term key strategic objectives to operationalize and implement the long-term strategy of the PIC. The strategy for 2023/24-2025/26FY continues in the direction set in the previous financial year’s Corporate Plan.

This Corporate Plan is thus organized as follows

Section 1 - The PIC overview

Section II - The Operating environment and its impact on the strategy

Section III - The Investment Strategy

Section IV – The Corporate Operations Strategy

Section V - Key Strategic Objectives for 2023/24-2025/26FY

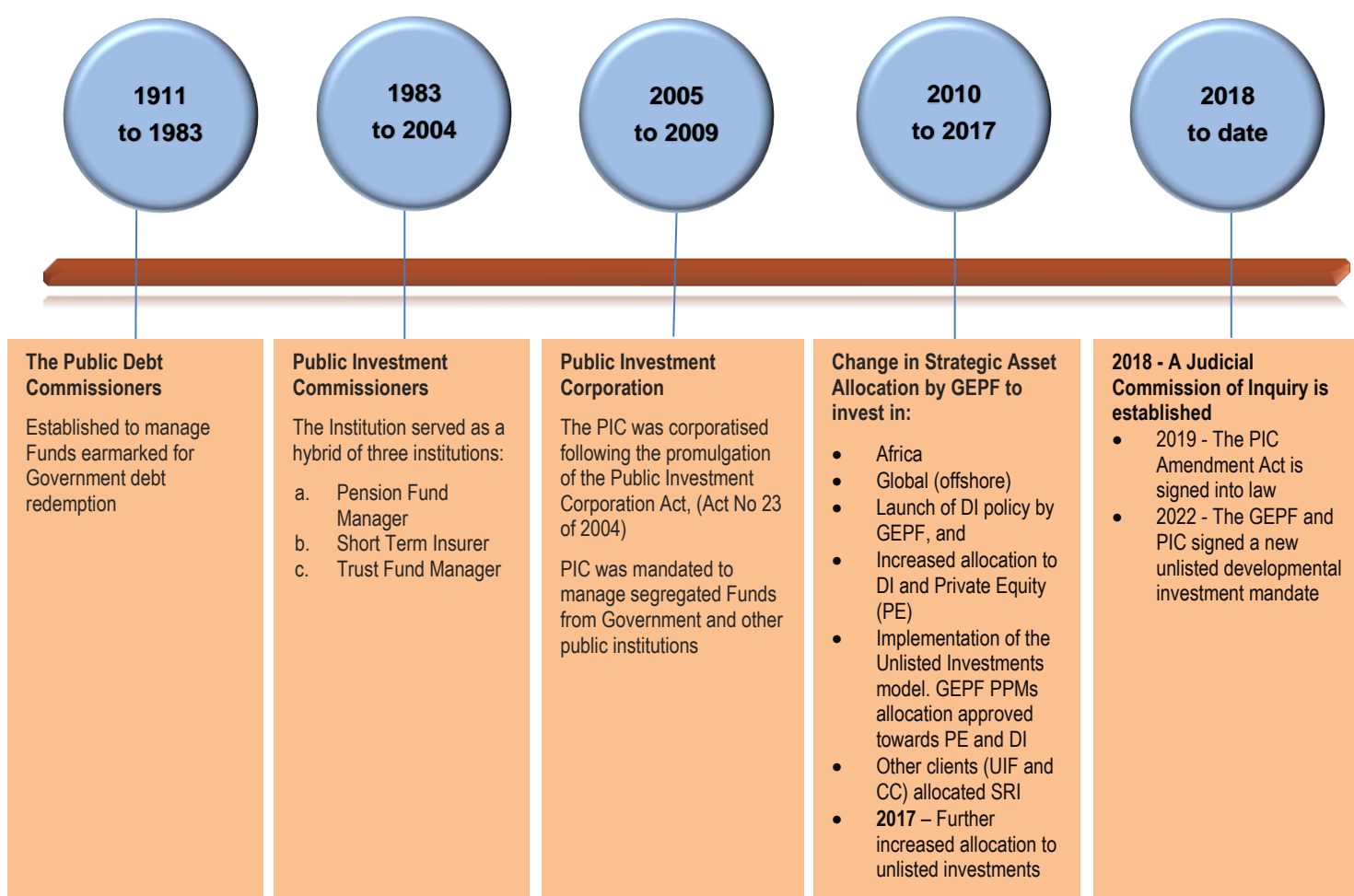


## SECTION I- OVERVIEW OF THE PUBLIC INVESTMENT CORPORATION

### INTRODUCTION AND HISTORY – WHO WE ARE?

- 1.1. The Public Investment Corporation SOC Limited (PIC) has a long history that spans over 110 years. The PIC was established in 1911. The mandate of the PIC has changed over time. The major change to the PIC mandate was on 1 April 2005, when the Public Investment Corporation SOC Limited was established by the Public Investment Corporation Act, 2004 (Act No 23 of 2004) as amended (the PIC Act), as a Financial Services Provider (FSP), wholly owned by the South African Government.

*Figure 1: PIC History*



**Key.** DI – Developmental Investments. II – Impact Investments. PE- Private Equity Investments. GEPP Government Employee Pension Fund PPM – Private Placement Memorandum. SRI – Social Responsible Investments. UIF – Unemployment Insurance Fund. CC – Compensation Commissioner Fund



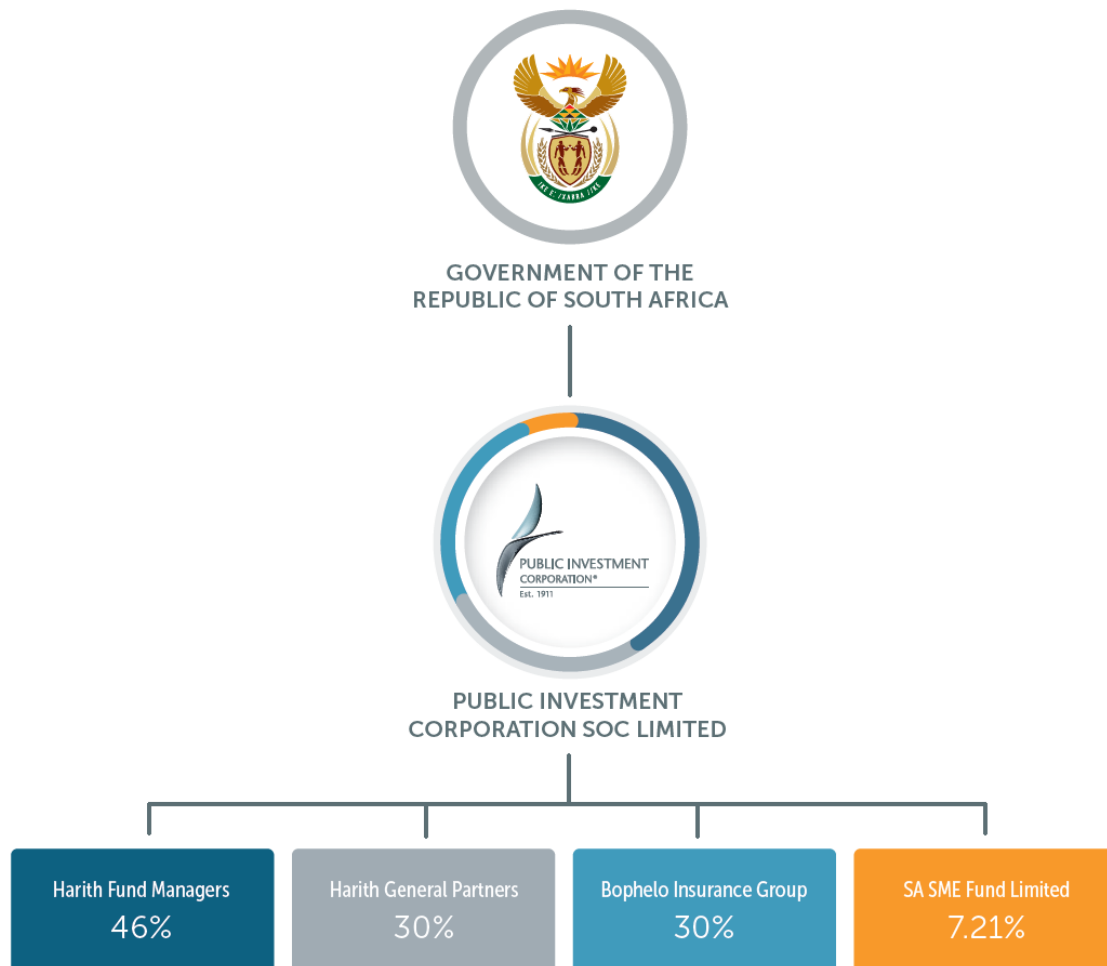
- 1.2. The PIC is a registered Financial Services Provider (FSP), licensed Category II FSP, in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act No 37 of 2002). The primary purpose of the PIC is to invest certain monies received or held on behalf of the Government of the Republic of South Africa and certain bodies, councils, funds, and accounts. As custodian of substantial assets generated by the labour of generations of South Africa's public sector employees, the PIC has a responsibility to conduct its affairs with integrity, transparency, and in an exemplary manner. The PIC manages a diversified portfolio to generate steady real returns for clients over a long-term period. The work done by PIC contributes to the well-being of present and future generations of pensioners and member beneficiaries and South Africans at large.
- 1.3. The clients of the PIC are mainly pension, provident, social security, and guardian funds. PIC's mandate is to invest funds on behalf of these clients, based on investment mandates agreed with each client. PIC's client mandates are approved and regulated by the Financial Sector Conduct Authority (FSCA). The PIC invests funds on both a segregated and a unitized basis.
- 1.4. The PIC employs just under 400 people. Most of the PIC employees are investment professionals who have the responsibility to implement clients' mandates diligently and responsibly.



## PIC OWNERSHIP STRUCTURE

1.5. The ownership structure of the PIC is outlined in the diagram below.

**Figure 2: PIC Ownership Structure**



1.6. The PIC has a 46% shareholding in Harith Fund Managers (Pty) Ltd and has a 30% shareholding in Harith General Partners. Harith Fund Managers (Pty) Ltd manages the funds of the Pan African Infrastructure Development Fund (PAIDF) and is also responsible for the provision of specified administrative services relating to the operations of the PAIDF. Harith General Partners (Pty) Ltd is the Pan-African Fund Manager for infrastructure development across the African continent. The fund's mandate is to invest in both economic and social infrastructure sectors.

1.7. The South African Small Medium Enterprise Fund Limited (SA SME Fund) was established as part of the members of the CEO initiative in conjunction with the



National Treasury and corporate South Africa. The Company's objective is to provide equity investment in high-potential entrepreneurial enterprises in the SME sector and to build a high-quality mentorship cohort to provide business and other forms of support to SMEs and entrepreneurs funded by the Company.

## PIC'S STRATEGIC INTENT

### OUR VISION AND MISSION

- 1.8. To be a key player, not only in the region but also in the rest of the African continent, who consistently delivers on client mandates through direct investing for economic transformation, robust risk management, strategic partnerships, and resource mobilization.
- 1.9. The diagram below shows the PIC Vision and Mission.

**Figure 3: Our Vision and Mission**



- 1.10. The PIC's vision is to be a "Global Leader in Impactful Investing".
- 1.11. The long-term vision of the PIC is underpinned by a clear mission statement of:
  - Exceeding client expectations whilst investing for sustainable growth, inclusivity, diversity and transformation.



- Catalyst for continental integration and a global investor;
- Growing our client base and investment products offering through innovative thinking; and
- Mobilising and leveraging strategic partnerships and resources.

## PIC'S VALUES

1.12. The PIC values are aligned to the PIC vision and mission. These values are a cornerstone of PIC's culture. The PIC values are discussed below in detail.

**Figure 4: Our Values**



1.13. PIC's Values defined

We "Care"		
C	Committed	We are committed to delivering on our clients' mandates. Commitment means doing everything in our power and going the extra mile to create value for our Stakeholders.
A	Accountable	We are accountable to our Stakeholders in everything we do as well as for every decision we make.
R	Respect	We treat each Stakeholder with respect and listen to their different views. We listen to the views of our Stakeholders, and never disregard their opinions, no matter how different they are from ours.
E	Empathy	We have empathy towards all Stakeholders. We have compassion for our Stakeholders, and we understand their unique circumstances.



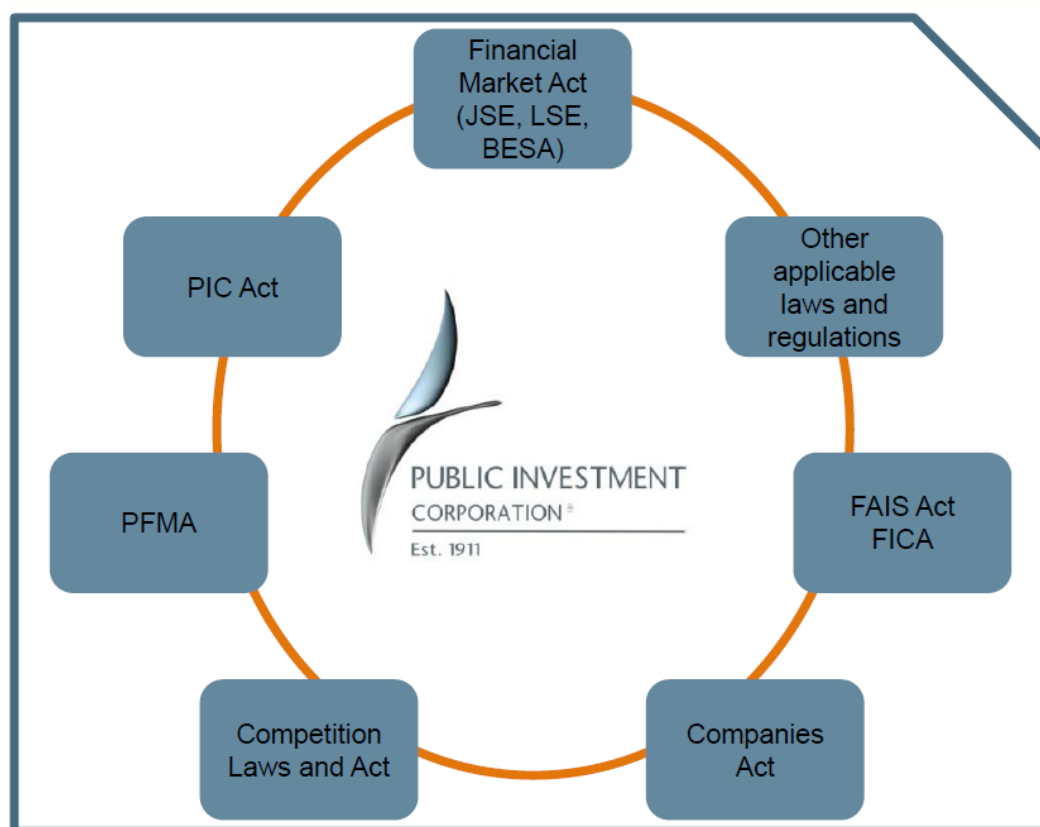
We “Deliver”		
D	Diligence	Any work we do will be done with diligence. We put our minds and full attention to everything we do.
E	Excellence	We value excellence above everything. Whatever we do, we go beyond the ordinary and we exceed our Stakeholders’ expectations.
L	Leadership	We aim to lead in corporate governance. Our investment decisions are rooted in good corporate governance, consideration for the environment as well as social issues. We aim to outperform our benchmarks and play a leading role in terms of impact investing and operational excellence.
I	Innovate / Integrity	We encourage and appreciate innovation and creativity. We are consistently looking for new ways of improving what we do. We, therefore, emphasize research and development. We believe that everything we do is glued together by integrity; without integrity, our relationship with our Stakeholders can never stand.
V	Value	We believe in value creation for our Stakeholders. We enable our clients to realize their investment objectives and deliver beyond stakeholder expectations.
E	Efficient	We do our work with precision and timeously. We can do more with little and within a reasonable time. We do things right the first time.
R	Responsible / Reliable	We invest in a socially responsible manner. We anticipate and appreciate the possible consequences of our actions. We are a reliable partner for delivering the right result. Reliability means that our clients can rely on us to deliver on their investment mandates and exceed their financial objectives.



## PIC'S LEGISLATIVE MANDATE

1.14. The PIC is regulated by various laws and regulations. Below is a diagrammatic depiction of the various key laws and regulations applicable to PIC.

*Figure 5: PIC's Legislative Mandate*



### *The FAIS Act*

1.15. The PIC is regulated by the FSCA through the operation of the FAIS Act. The PIC is a Category II licensed FSP in terms of the FAIS Act. The PIC is required to be compliant with all aspects of the FAIS Act and to conduct its business within the limits of the Category II FSP conditions.

1.16. The clients of the PIC are mostly pension, provident, social security, and guardian funds. PIC's mandate is to invest funds on behalf of these clients, based on investment mandates agreed with each client. All client mandates are compliant with the legislation and regulations set by the FSCA. As a Category II FSP, the PIC is a discretionary FSP.



### *The PIC Act*

- 1.17. The Corporation reports to the Minister of Finance who is the sole shareholder representative on behalf of the South African Government. The concept of a separate body responsible for the investment of Government deposits has its origins in the Public Debt Commissioners Act, 1911 (Act No 18 of 1911) which came into operation on 2 May 1911. This Act was later replaced by the Public Debt Commissioners Act, 1969 (Act No 2 of 1969). The successor to the Public Debt Commissioners was the Public Investment Commissioners which was governed by the Public Investment Commissioners Act, 1984 (Act No 45 of 1984). In 2005, the Public Investment Corporation SOC Limited was established, by the PIC Act. In 2019, the PIC Amendment Act, 2019 (Act No 14 of 2019) was signed into law to enhance transparency and accountability.
- 1.18. The mandate of the PIC is to invest certain monies received or held by, for or on behalf of the Government of the Republic and certain bodies, councils, funds and accounts.

### *PFMA*

- 1.19. In addition to the PIC Act, the operations of the PIC are bolstered by the establishment of legislation for some public entities which specifically directs these entities to invest monies that are not required for immediate use, with the PIC. Furthermore, in terms of the Treasury Regulations for departments, trading entities, constitutional institutions and public entities issued in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA) public entities that are listed in Schedule 3A or 3C of the PFMA must invest surplus funds with the Corporation for Public Deposits unless they are exempted by the National Treasury. The above exemption has been granted to all Schedule 3A and 3C entities by the National Treasury and thus they can invest their surplus funds with the PIC.
- 1.20. The PIC is a public entity and is listed in Schedule 3B of the PFMA. The PIC is therefore required to comply with the requirements of the Act.

### *Other relevant laws and regulations*

- 1.21. The investment operations of the PIC are regulated by the FSCA and the corporation is an approved financial services provider in terms of the FAIS Act. The PIC has been



regulated by the FSCA since its inception in 2005. In addition to these laws, the PIC has to operate in line with other legislation such as the Companies Act, 2008 (Act No 71 of 2008) (the Companies Act) and the Financial Intelligence Centre Act, 2001 (Act No 38 of 2001) (FICA).

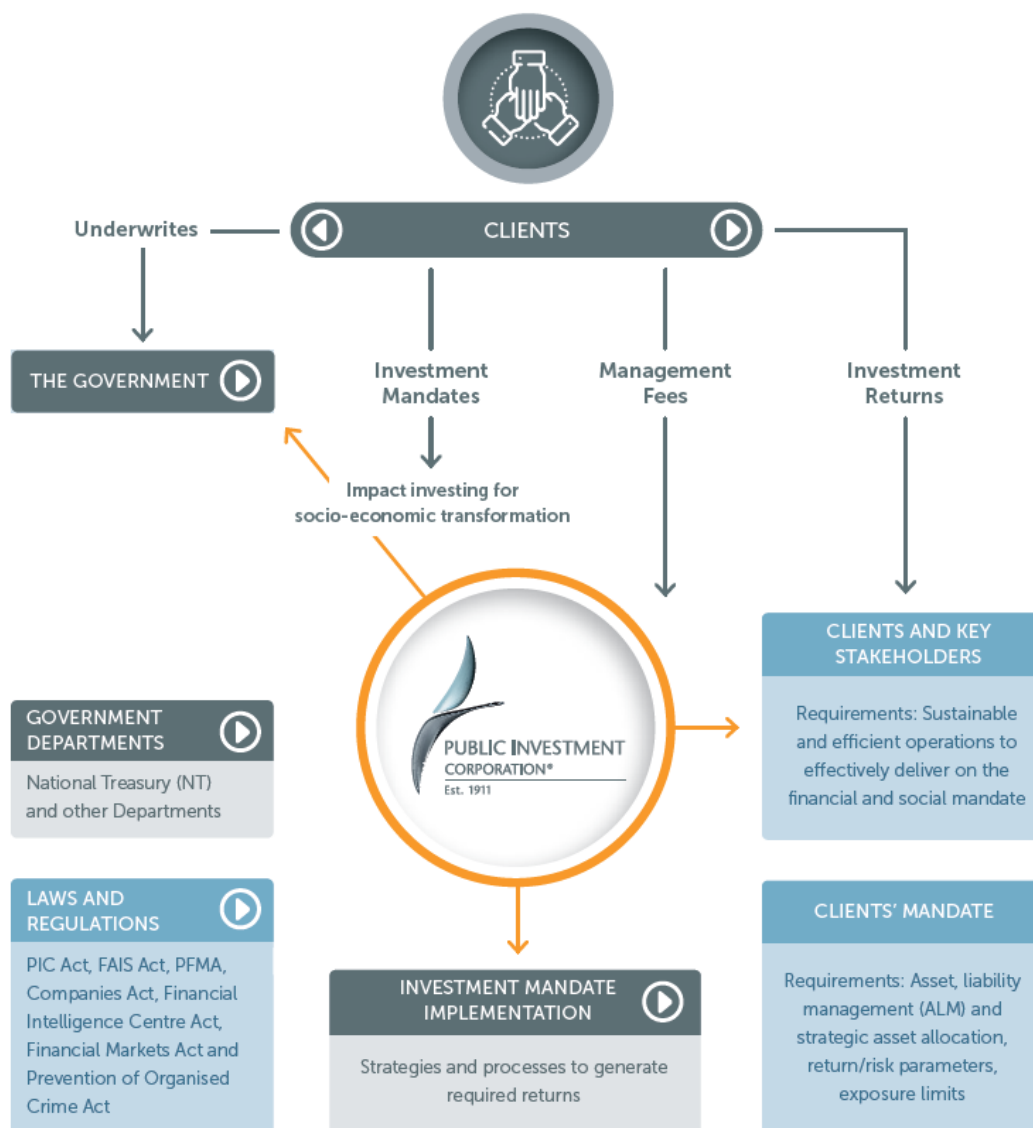
- 1.22. As the financial service provider and institutional investor in various markets, both listed markets, and unlisted markets, the PIC is required to comply with various exchange laws and regulations as well as competition laws among others, in the regions in which it invests. The PIC is regulated by various legislation in the jurisdictions where it conducts its business.



## THE PUBLIC INVESTMENT CORPORATION BUSINESS OPERATING MODEL

1.23. The diagram below shows the PIC Business Operating Model.

**Figure 6: PIC's Business Operating Model**



1.24. The PIC business model can be summarised as follows: The PIC invests funds allocated by clients. The clients pay management fees to the PIC. The management fees constitute a major source of the PIC's income that finances its operations. The PIC investment activities and implementation of the strategy are guided and overseen by the Board.







1.28. The table below shows the PIC's interactions and impact on the various stakeholders.

**Table 1: PIC's interactions and impact on various stakeholders**

Counterparty	What they require from PIC	PIC Strategic Positioning	Strategic Impact
Clients	<ul style="list-style-type: none"> <li>Financial returns</li> <li>Asset growth</li> <li>Sustainability and impact investing</li> <li>Pension security and increases</li> <li>Client direct benefit products</li> <li>Expectation to act ethically</li> <li>Management fees containment</li> </ul>	<ul style="list-style-type: none"> <li>PIC relationship with Clients</li> <li>Competitive management fees</li> <li>Owned by the government</li> <li>Build an organization based on confidence and trust</li> <li>Human Capital Management: Attract and retain the best talent</li> <li>Clean audit to ensure confidence by stakeholders</li> <li>Consistent good client performance over a long period</li> <li>Client benefits design e.g., Housing, Healthcare, Education</li> </ul>	<ul style="list-style-type: none"> <li>Driving Inclusive Growth</li> <li>Developmental Investments</li> <li>Development of Innovative solutions to advance financial inclusion and allow the clients to directly participate in the economy</li> <li>Job creation</li> <li>Transformation of various sectors</li> <li>Expanding client products</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>Corporate Financial Sustainability</li> <li>Good corporate governance and compliance</li> <li>Be the best in class asset manager</li> </ul>	<ul style="list-style-type: none"> <li>Prudent management of client's assets to ensure that Government guarantee is not threatened</li> <li>Strong financial sustainability</li> <li>Strong governance</li> <li>Alignment of PIC investment strategy to the shareholders strategic intent</li> </ul>	<ul style="list-style-type: none"> <li>Strategic intent implementation</li> <li>Alignment to NDP, SDG's 2030, and other key initiatives by the Shareholder</li> </ul>
Government	<ul style="list-style-type: none"> <li>Alignment to Government developmental agendas</li> <li>Be a catalyst to reform SOEs</li> <li>National Treasury bond market support</li> <li>Investments in strategic sectors of the economy</li> <li>Crowding-in of private sector investments funding</li> <li>Job creation and impact investing</li> </ul>	<ul style="list-style-type: none"> <li>Alignment of PIC investment strategy to key Government developmental agendas</li> <li>Driving transformation, and impact investing in various sectors of the economy</li> <li>Contributing to Economic Growth and Job creation through investments</li> <li>Biggest player in the Bond market and the JSE</li> <li>Biggest investor in the economy and unlisted investments</li> <li>Driving SOE reforms</li> <li>Driver to SDG 2030</li> <li>Driver and contributor to NDP objectives attainment</li> </ul>	<ul style="list-style-type: none"> <li>Investment in critical sectors that drives the economy</li> <li>Targeting high job creation sectors</li> <li>Investments in Social and Economic infrastructure</li> <li>Crowding-in of private sector funding</li> <li>Transformation across all sectors</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Good standing with regulators, competition commission, and other assurance providers</li> <li>Compliance and good governance</li> </ul>	<ul style="list-style-type: none"> <li>Use regulation to advance transformation and impact investments, e.g., FSCA</li> </ul>
Service providers	<ul style="list-style-type: none"> <li>Business from PIC (e.g., brokerage, systems, advisory work)</li> <li>Fees</li> </ul>	<ul style="list-style-type: none"> <li>Drive transformation</li> <li>SMME development</li> <li>Transmit PIC ESG principles to service providers</li> <li>Youth employment through internship provided by PIC's service providers – ensure measurement takes place</li> </ul>	<ul style="list-style-type: none"> <li>Drive good governance in all companies that we invest in</li> <li>Drive good behaviour at management</li> <li>Drive transformation job creation</li> <li>Youth training through an internship</li> </ul>



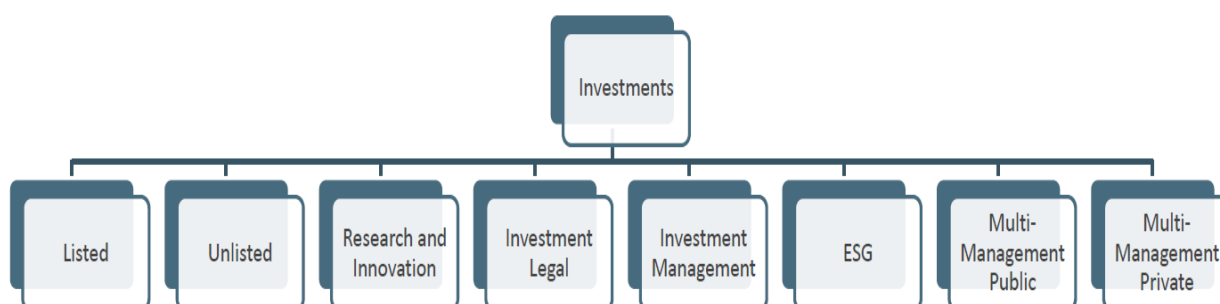
Counterparty	What they require from PIC	PIC Strategic Positioning	Strategic Impact
Asset Managers	<ul style="list-style-type: none"> <li>Allocation of funds from PIC for alpha generation</li> <li>Extension of PIC activities</li> </ul>	<ul style="list-style-type: none"> <li>Large AuM base</li> <li>Multi-asset classes</li> <li>Very low fees</li> <li>Good performance</li> <li>Drive ESG sustainable best practice</li> </ul>	<ul style="list-style-type: none"> <li>Drive transformation in the sector</li> <li>Create new enterprises (new emerging Asset managers)</li> <li>Job creation</li> <li>Youth training and development</li> <li>Women advancement</li> </ul>
Investee companies	<ul style="list-style-type: none"> <li>Funding for new projects or expansion</li> <li>Access to capital</li> <li>Driving transformation and ESG</li> <li>Being a shareholder of their companies</li> </ul>	<ul style="list-style-type: none"> <li>Drive good governance and ESG in all companies that we invest in</li> <li>Key / Strategic Investment partner</li> <li>Investor of choice</li> <li>Ability to monitor closely / Active Portfolio Management</li> </ul>	<ul style="list-style-type: none"> <li>Drive transformation in the sectors</li> <li>Assisting sectors in distress to save jobs</li> <li>Assist investee companies to expand through the provision of funding</li> <li>Driving ESG/ governance in investee and compliance with BEE Act in companies' operations – Driving SDGs and ESG</li> </ul>
Sponsors	<ul style="list-style-type: none"> <li>Funding from PIC</li> <li>BBBEE transactions</li> </ul>	<ul style="list-style-type: none"> <li>Drive transformation</li> </ul>	<ul style="list-style-type: none"> <li>BEE funding framework</li> <li>Insisting on "skin-in-the-game" contribution</li> <li>Active BEE sponsors</li> </ul>
Wider public	<ul style="list-style-type: none"> <li>Impact Investments (Social and Economic)</li> <li>Job creation</li> <li>Sustainability (Clean environment, water, electricity, etc)</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to economic growth</li> <li>Contribute to job creation</li> <li>Crowd in effect to create new industry or sector</li> <li>Drive social and transformation agenda</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to economic growth</li> <li>Contribute to job creation</li> <li>Drive social and transformation agenda</li> <li>Drive achievement of NDP and SDGs</li> </ul>
Strategic Partners	<ul style="list-style-type: none"> <li>Co investments</li> <li>Co-development</li> <li>Partnership to crowd-in funding</li> <li>Credible Investment Partner</li> </ul>	<ul style="list-style-type: none"> <li>PIC AuM attracts good strategic partners</li> <li>PIC leverage its links with Government</li> <li>Strategic partnership with government departments</li> <li>Regional and global partners</li> </ul>	<ul style="list-style-type: none"> <li>Crowding-in funding</li> <li>Competitive advantage when investing in the rest of the continent;</li> <li>Tapping into global expertise from strategic partners</li> <li>Extension of PIC activities</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employee Value Proposition/Alignment of interest</li> <li>Confidence and trust</li> <li>Competitive and engaging work environment</li> </ul>	<ul style="list-style-type: none"> <li>Retain and attract</li> <li>Skills development with a focus on Women and Youth</li> </ul>	<ul style="list-style-type: none"> <li>Job creation</li> <li>Young talent development</li> </ul>

### ***The PIC High-level investment structure***

1.29. PIC's Investment Teams are broadly categorized into two functions: Listed Investments and Unlisted Investments. The diagram below shows the high-level investment structure.



**Figure 8: PIC High-level investment structure**



- 1.30. To effectively achieve the goal of implementing the client mandates, the PIC relies on a highly skilled workforce, who are responsible for directly managing the investments for clients, providing investment support to the business.
- 1.31. The PIC regards its highly skilled and experienced staff, robust Information and Communication Technology (ICT) platforms, risk management practices, as well as good corporate governance and compliance, as its business enablers. The corporation is highly reliant on and leverages ICT to achieve its objectives. As a key operating principle, the PIC maintains an optimum level of employees with the relevant skills to support its investment products as well as modern efficient IT systems and platforms.

### **Source of Income**

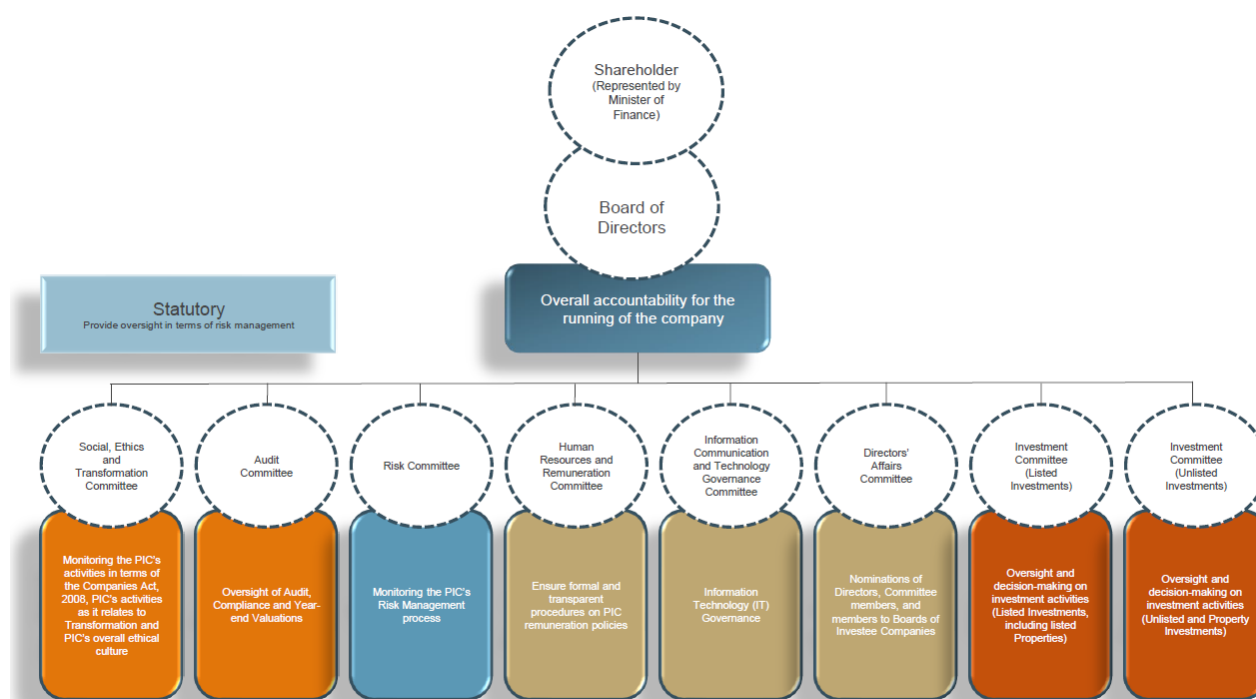
- 1.32. The PIC's main source of income is management fees, charged on the market value of Assets under Management (AuM). PIC charges fees below market rates of approximately 7 to 15 basis points, at an average of approximately 3 to 5 basis points.
- 1.33. Despite lower management fees, the PIC continues to deliver investment performance which compares well with that of active asset managers in the private sector.
- 1.34. Other sources of income include Board fees, where employees are nominated as Directors on investee companies, and investment income, which PIC receives from surplus corporate operations funds that have been invested.



## PIC BOARD GOVERNANCE STRUCTURE

- 1.35. The PIC has a Board that governs and has overall accountability for the well-functioning of the company. Below is the PIC Board structure and its Board Committees.

**Figure 9: PIC Board Governance Structure**



- 1.36. The PIC Board reports to the Minister of Finance who is the sole shareholder representative on behalf of the South African Government. In terms of section 6(1) of the PIC Act, the Minister, in consultation with Cabinet, appoints the Board members of the PIC, and in terms of section 7 of the PIC Act, the Board may establish such Committees as it considers necessary.
- 1.37. The PIC Board provides leadership to the PIC, as well as an independent review on all issues of strategy, performance, resources, and standards of conduct, either directly or through its Committees. Good corporate governance is an integral part of the business of the PIC.
- 1.38. The PIC Board further facilitates long-term shareholder value and enhances the benefits that all stakeholders derive from PIC's continued success.



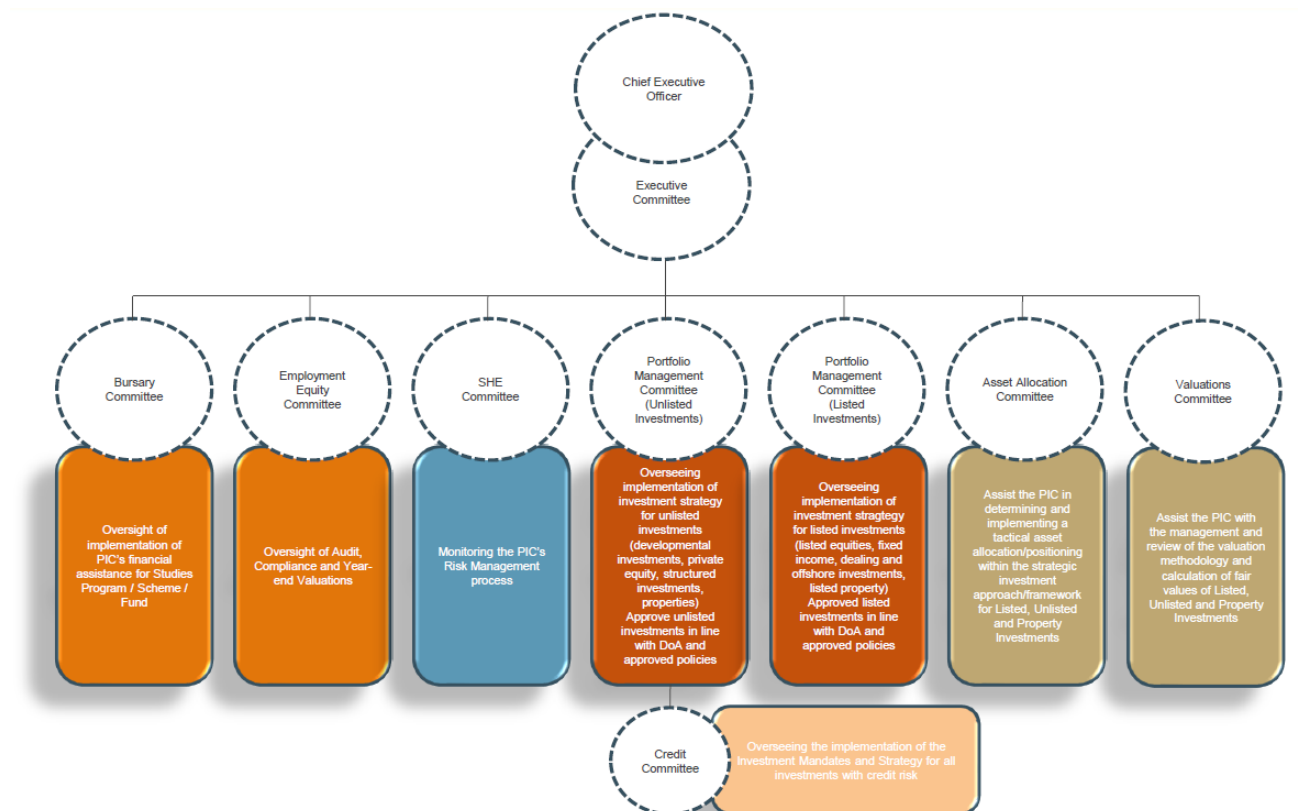
- 1.39. The Board has adopted a Code of Ethics to promote proper standards of conduct, sound and prudent practices for PIC employees and Directors, and to guide them when dealing with stakeholders, including clients, suppliers, and customers. The PIC's employees and Directors are committed to managing its affairs in an ethical and disciplined manner.
- 1.40. Ultimate responsibility for ensuring that governance standards and ethics are met rests with the PIC Board. In this regard, the PIC Board has embraced the King Report on Corporate Governance for South Africa, 2016 (the King IV™ Report) as the key governance framework. The aim is to instil a culture of compliance and good governance and to ensure that Board members and PIC employees conduct the PIC's affairs with accountability, transparency, fairness, and prudence.
- 1.41. The PIC Board has eight Board Committees, of which the Audit Committee and the Social, Ethics, and Transformation Committee are Statutory Committees as required by the Companies Act.
- 1.42. The other Board Committees are the Directors' Affairs Committee, Risk Committee, the Human Resources and Remuneration Committee, the Information Communication and Technology Governance Committees, and the Investment Committee (Listed Investments and Unlisted Investments)
- 1.43. The Investment Committee (IC) is responsible for overseeing the implementation of investment decisions, monitoring the performance of investments, and reporting on the investment activities.



## PIC EXECUTIVE COMMITTEE GOVERNANCE STRUCTURE

- 1.44. The diagram below shows the Executive Committee (Exco) governance structure and Exco Sub-Committees.

**Figure 10: Executive Committee Governance Structure**

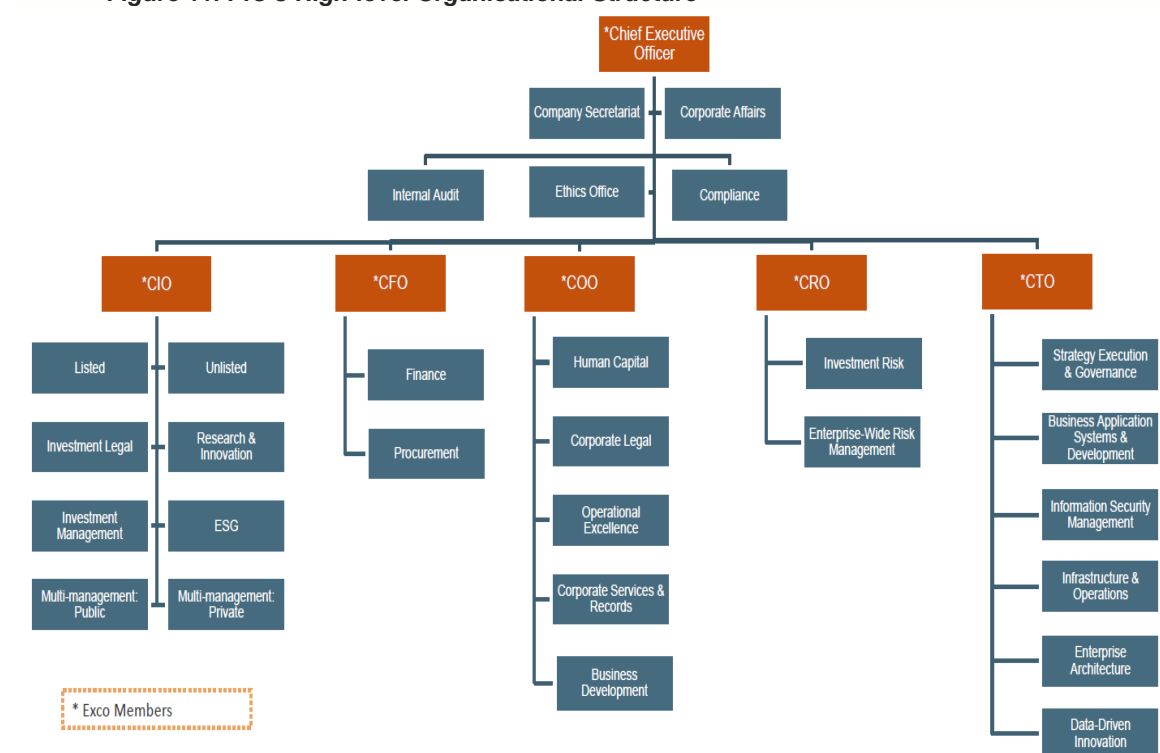


- 1.45. The Chief Executive Officer (CEO), who is also an Executive Director, is responsible for the day-to-day management of the PIC in line with the Board-approved Delegation of Authority Framework (DOA) and the strategic direction set by the Board. The CEO is assisted by an Exco. The objective of Exco is to assist the CEO to effectively discharge his duties and manage the PIC. Exco is governed by all applicable laws, as well as an approved Terms of Reference (ToR). Exco has established Sub-Committees in line with PIC's investment strategy to instil a culture of compliance and good governance and to ensure that the PIC's governance processes and affairs are conducted with accountability, transparency, fairness, and prudence. This ensures effective implementation of PIC's mandate, collective, robust decision-making, and proper management of the affairs of the PIC.



- 1.46. The Sub-Committees which support the investment strategy of the PIC are the Portfolio Management Committee (Unlisted Investments) (for all unlisted investments, including properties), Portfolio Management Committee (Listed Investments) (for all listed investments), and the Asset Allocation Committee. A Credit Committee has been established as a Sub-Committee of the Portfolio Management Committee (Unlisted Investments) to look at credit instrument analysis and pricing. The Portfolio Management Committees report to the Investment Committee on a quarterly basis.
- 1.47. The Valuation Committee is responsible for the management and review of the valuation methodology and calculation of fair values of listed and unlisted investments made by the PIC on behalf of its clients, and reports to the Audit Committee on a quarterly basis.
- 1.48. Each Exco Sub-Committee operates in line with an Exco-approved ToR, Board-approved DOA Framework, and approved policies. The ToR and DOA are reviewed on an annual basis.
- 1.49. The diagram below is a high-level structure of the PIC.

**Figure 11: PIC's High-level Organisational Structure**





## SECTION II - PIC OPERATING ENVIRONMENT

### MACROECONOMIC OUTLOOK

#### GLOBAL BACKDROP

- 2.1. The first half of 2022 has witnessed a marked slowdown of economic recovery prospects because of the war in Ukraine. This has resulted in not only tighter financial conditions, amid a rapid increase in volatility, but also soaring food, energy, and commodity prices which have led to much higher global inflation.
- 2.2. The impact of the war has had spill overs beyond the Ukrainian and Russian borders and has triggered further worsening of global economic conditions and financial market turbulence.
- 2.3. Additional risks to the global economic recovery include outbreaks of new and existing Covid-19 variants and economic slowdowns and recession. While in Europe, high input costs, such as oil and natural gas, are being passed through to consumers amid lingering threats to supply chains, notably from China's Covid-zero policy.
- 2.4. The war and economic sanctions on Russia have had a large impact on the global macroeconomic environment as the global economic recovery is being hit by a large global supply shock that will cut growth prospects and increase inflation. Consequently, global growth forecasts for 2022 have been revised lower.
- 2.5. While heightened inflation pressures will likely result in more hawkish monetary policy. However, with slowing growth and the increased potential for recession may limit many central bank's ability to curb inflation through setting higher interest rates in the near term.



**Table 2: Global Economic Growth Forecasts**

Region/country	2021	2022	2023
<b>World Output</b>	<b>6.1</b>	<b>3.6</b>	<b>3.6</b>
<b>Advanced Economies</b>	<b>5.2</b>	<b>3.3</b>	<b>2.4</b>
United States	5.7	3.7	2.3
Euro Area	5.3	2.8	2.3
Germany	2.8	2.1	2.7
France	7.0	2.9	1.4
Italy	6.6	2.3	1.7
Spain	5.1	4.8	3.3
Japan	1.6	2.4	2.3
United Kingdom	7.4	3.7	1.2
Canada	4.6	3.9	2.8
<b>Emerging Market and Developing Economies</b>	<b>6.8</b>	<b>3.8</b>	<b>4.4</b>
Emerging and Developing Asia	7.3	5.4	5.6
China	8.1	4.4	5.1
India	8.9	8.2	6.9
ASEAN-5	3.4	5.3	5.9
Emerging and Developing Europe	6.7	-2.9	1.3
Russia	4.7	-8.5	-2.3
Latin America and the Caribbean	6.8	2.5	2.5
Brazil	4.6	0.8	1.4
Mexico	4.8	2.0	2.5
Middle East and Central Asia	5.7	4.6	3.7
Saudi Arabia	3.2	7.6	3.6
Sub-Saharan Africa	4.5	3.8	4.0
Nigeria	3.6	3.4	3.1
South Africa	4.9	1.9	1.4

Source: PIC Research, IMF, World Bank

- 2.6. The war has impacted the global economy predominantly through supply chain disruptions and inflation because of a threat to supply, commodity prices have recently surged. This has further hampered industries such as carmakers, which have already had to deal with disruptions to supply chains due to computer chip shortages.
- 2.7. Russia also produces a large portion of the world's gold and oil. Together Russia and Ukraine supply more than a quarter of the world's wheat which has resulted in much higher food prices and could fuel social unrest in emerging market and developing countries.
- 2.8. The above has created a lot of uncertainty, as it is unclear whether the war will escalate further. The outcome is that both Russia and Ukraine are going to be in depressionary states for a long time as shown in the above table. There is also the potential for energy shortages and rationing in Europe.



2.9. Russia has also indicated that it is strengthening ties with China and possibly India. There is likely going to be less western influence on the global stage. The macroeconomic implications are lower global growth in the short- to medium-term, deglobalisation, changing trade and investment patterns. There will also be higher inflation through numerous channels, particularly food and energy, which tends to disproportionately impact the poor.

2.10. Concerns of a global slowdown and possible recession have increased, as more hawkish central bank policy responses have resulted in tighter financial conditions. This could lead to credit markets tightening lending conditions which has a direct impact on economic activity through credit channels.

**Investment implications:** If the global economy transitions into a stagflationary backdrop, we expect that commodities will perform well as it is an inflation hedge. From an equity perspective, consumer staples, utilities and energy tend to outperform in this environment.

2.11. The war and China's Covid-zero regulations have, unsurprisingly, resulted in rising food and fuel prices, and further price pressure on goods inflation from supply chain bottlenecks.

2.12. In this setting, we believe that despite the European Central Bank's hawkish tone in their previous meeting they will not be able to meaningfully raise interest rates as much as they had previously planned at the beginning of 2022.

2.13. The US Federal Reserve has begun its hiking cycle likely into a slower growth dynamic and will continue to wind down asset purchases. This will accelerate tightening of financial conditions, the impact of which have filtered through to a sell-off in most asset classes.

2.14. The Japan National Core CPI increased by 1.2% in March 2022 from a year earlier due to higher energy and food prices. Even with these considerations, the Bank of Japan is unlikely to change their policy rate.



- 2.15. The People's Bank of China had a surprise cut in a key interest rate in May 2022 while keeping another unchanged to support the country's moribund housing market. This will likely only bring limited relief to the struggling economy amid slowing growth and the government's Covid-zero plan.

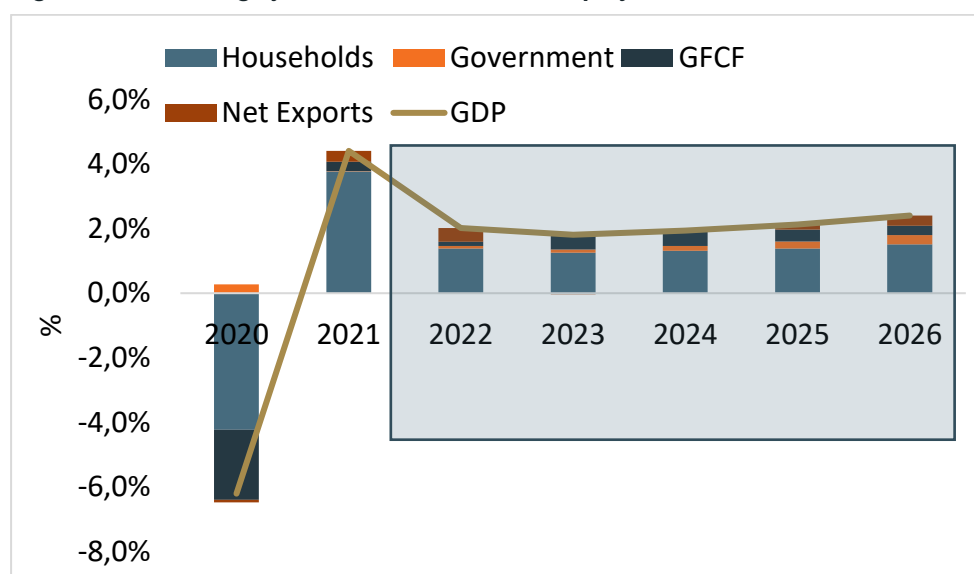
**Investment implications:** With growth slowing and inflation accelerating, central banks are likely to increase rates to curb inflation expectations. With increased uncertainty and the risk to a global slowdown, almost all asset classes correlations have moved to one. Assets that correlate to a strengthening US dollar will outperform.

## DOMESTIC GROWTH PROSPECTS

### SA GROWTH OUTLOOK

- 2.16. Economic growth in 1Q22 is expected to have grown faster than we had anticipated at the beginning of the year because of the unforeseen rally in commodities due to the war. Our current estimate is that the economy grew by 2.3% QoQ in 1Q22 on the back of surging commodity prices, and high frequency data point to this. However, we have downwardly revised our overall 2022 growth forecast marginally as we expect slower growth in subsequent months when the increase in the cost-of-living drags purchasing power lower, combined with lower growth in South Africa's main trading partners, notably the Euro area. The floods in KwaZulu Natal (KZN) also dampened economic activity.

**Figure 12: Not enough jobs created to lower unemployment**



Source: PIC Research



- 2.17. Despite the ongoing economic recovery, the economy is still unable to create enough jobs with the unemployment rate continuing to increase. The number of jobs is likely to continue to gradually improve as most industries, especially tourism and hospitality, recover post pandemic. However, the unemployment rate is likely to remain elevated as discouraged job seekers return to the labour market to search for work opportunities as economic activity normalizes.
- 2.18. Household consumption will likely recover modestly as earnings growth and the recovery in jobs have been slow. In addition, consumer confidence is declining as the cost-of-living increases, with inflation close to the upper limit of the South African Reserve Bank's (SARB) 3% – 6% target range. The increase in the cost-of-living is a significant downside risk to growth and will likely drag household consumption lower.
- 2.19. We expect government to contribute only marginally to growth this year as fiscal consolidation continues. However, the public sector wage deal provides upside risk. Investment remains subdued as progress with structural reforms has been underwhelming. However, projects that had been delayed by the pandemic will add to investment spending. Some investment spending will come from the rebuilding of infrastructure following the devastating floods in KZN. Net exports will add to growth as commodity prices are elevated, supporting the terms of trade. However, higher oil prices will detract.

**Asset Allocation implications:** Overweight on mining companies as base case is for higher commodity prices in the year ahead given the high inflationary cost pressures at mining companies and the re-opening of China, which consumes large amounts of commodity exports. Decarbonisation has an inflationary impact as some of the metals are forecasted to be in short supply over the long term. It is our view that these costs may be passed on to consumers through higher prices by mining companies.

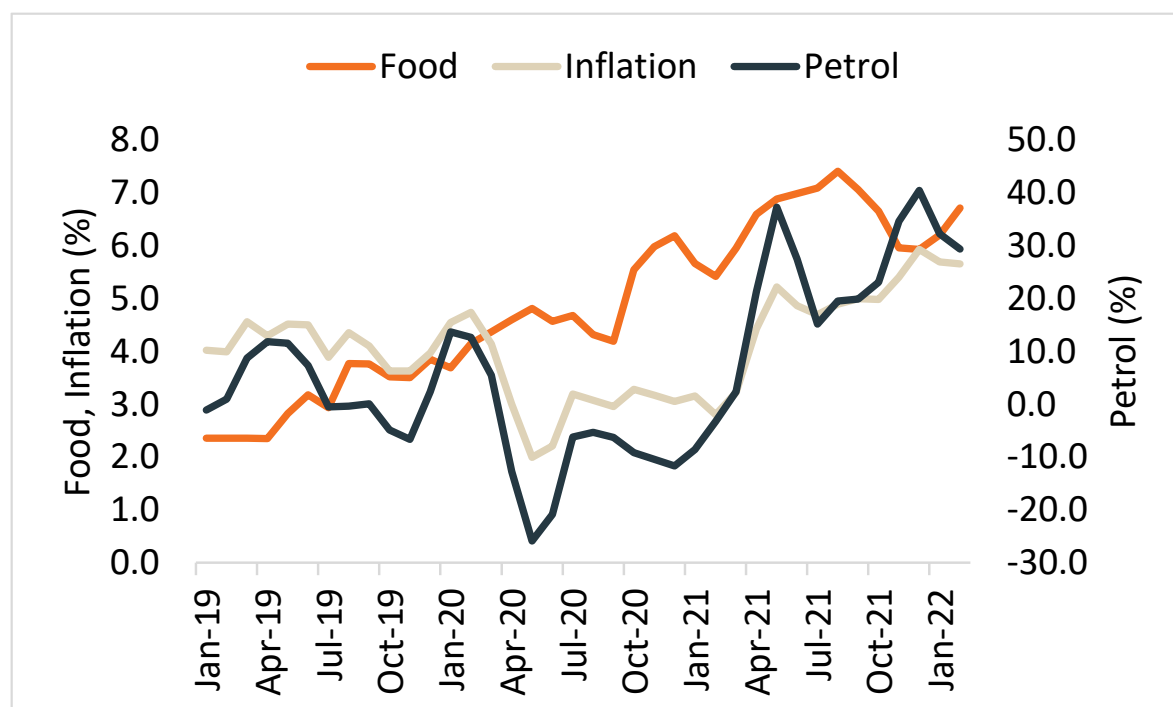
- 2.20. Higher inflation could benefit businesses with pricing power, but higher cost-of-living to weigh on the consumers. Headline consumer inflation has been above the mid-point of the SARB's 3% – 6% target from the beginning of the second half of 2021. Rising oil prices and supply chain disruptions led to rising global inflation and filtered through to high inflation in the local economy. In addition to the global price pressures, local electricity and other administered prices also contributed to rising inflation. The Russia-



Ukraine war put further pressure on oil and wheat prices due to concerns about its adverse impact on supply.

- 2.21. South Africa is an importer of both oil and wheat, which means elevated prices due to the conflict will keep inflation high this year. In addition, the war has led to rising fertilizer and diesel prices as the price of natural gas increased, adding pressure on food prices. As a result, we have revised our inflation forecast significantly for 2022 from 4.5% in the January Quarterly report before the Russia-Ukraine war to 6.0%.

**Figure 13: War putting strain on food and fuel prices**



Source: PIC Research

- 2.22. Upside risks to inflation have increased markedly due to the Russia-Ukraine war. In addition, inflation expectations have risen, and major central banks are hiking rates to curb high inflation, putting pressure on the local currency. Consequently, our view on interest rates has changed to reflect the impact of the war and tighter financial conditions. We now expect the SARB to further front-load some of its announced hikes for 2022 to 2023 to curb rising inflation expectations and reduce the risk of having to hike more in the future.



**Investment implications:** The improved fiscal position and relatively attractive real yields are supportive of SA debt. However, hiking cycle will weigh on risk assets, such as equities and fixed-income assets.

**Table 3: Summary of PIC macroeconomic forecasts – as at 14 April 2022**

Indicators	2021	2022f			2023f			2024f			2025f		2026f	
	PIC	PIC	Prev	Cons	PIC	Prev	Cons	PIC	Prev	Cons	PIC	Prev	PIC	Prev
<b>Real GDP</b>	<b>5.5</b>	<b>1.9</b>	<b>2.0</b>	<b>1.8</b>	<b>1.8</b>	<b>1.9</b>	<b>1.8</b>	<b>1.9</b>	<b>2.0</b>	<b>1.8</b>	<b>2.1</b>	<b>2.0</b>	<b>2.3</b>	<b>2.0</b>
Household spending		2.1	0.6		1.9	1.7		2.0	1.7		2.1	1.8	2.3	1.8
Government spending		0.4	0.9		0.5	1.3		0.8	1.5		1.1	1.7	1.5	1.8
Gross Fixed Capital Formation		0.9	5.4		3.5	3.4		3.1	2.9		2.6	2.8	2.0	2.8
Exports		1.8	-0.7		2.8	2.3		2.7	2.4		2.5	2.3	2.3	2.2
Imports		1.0	2.2		3.0	2.1		2.6	1.8		2.1	1.8	1.5	1.8
<b>Current account as % of GDP</b>	<b>3.8</b>	<b>0.5</b>	<b>-0.4</b>	<b>0.5</b>	<b>-0.4</b>	<b>-1.7</b>	<b>-1.0</b>	<b>-1.4</b>	<b>-2.0</b>	<b>-1.7</b>	<b>-1.9</b>	<b>-2.3</b>	<b>-1.5</b>	<b>-2.3</b>
<b>Consumer price inflation (average) %</b>	<b>4.6</b>	<b>6.0</b>	<b>4.5</b>	<b>5.6</b>	<b>4.7</b>	<b>4.3</b>	<b>4.5</b>	<b>4.4</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>4.5</b>	<b>4.6</b>	<b>4.8</b>
<b>Repo rate (end of period) %</b>	<b>3.75</b>	<b>4.75</b>	<b>4.75</b>	<b>5.00</b>	<b>5.25</b>	<b>4.75</b>	<b>5.50</b>	<b>5.25</b>	<b>5.25</b>		<b>5.25</b>	<b>5.75</b>	<b>5.25</b>	<b>5.75</b>
<b>USD/ZAR (average)</b>	<b>15.94</b>	<b>15.07</b>	<b>16.12</b>	<b>15.50</b>	<b>15.26</b>	<b>16.3</b>	<b>15.00</b>	<b>15.32</b>	<b>16.54</b>	<b>14.75</b>	<b>15.36</b>	<b>16.79</b>	<b>15.74</b>	<b>17.44</b>

Source: PIC Research, Stats SA, SARB, Bloomberg



## SECTION III - PIC INVESTMENT STRATEGY

### INTRODUCTION

- 3.1. The PIC's investment strategy is based on the mandate provided to us by our valued clients. The PIC is an active manager and a responsible steward of our investors' capital. We further believe that it is imperative to be a catalyst for economic growth, transformation and job creation, especially in South Africa. The key objective is to build investment portfolios that can deliver superior risk-adjusted returns while taking into account social, environmental and governance related matters. Our goal, as a responsible investment firm is to ultimately deliver inflation beating returns to our clients in a consistent and sustainable manner. As we endeavour to deliver and exceed our client expectations, we do so within strict mandate guidelines and parameters. To this end, the PIC has developed a robust investment framework for an increasingly challenging and complex investment environment.
- 3.2. The PIC, as an investment firm owned by the Government of the Republic of South Africa is in the business of trust and confidence. It has an enormous responsibility bestowed upon it by its clients and stakeholders. In order to achieve its strategic objectives, a robust and compelling investment strategy, philosophy, and culture within the PIC, supported by the right people, organisational structure, investment processes, systems and risk management is vital.
- 3.3. The PIC is a long-term investor, and its investment strategy is designed to take into consideration a long-term view based on both top down (macro environment, business cycles, interest rate cycles, etc) and bottom-up fundamental research.
- 3.4. The PIC's primary investment objectives are to deliver benchmark beating returns over the medium to long term periods. This is supported by diligent risk management while contributing to the broader social and economic development of South Africa and the rest of Africa. PIC's strategy includes building a portfolio around clients' requirements, diversified by asset classes, industries, sector, geography, instrument type, duration, and size.



## PIC CLIENTS AND STRATEGIC ASSET ALLOCATION PROCESS

- 3.5. The PIC's clients are the cornerstone of its business. The clients own the funds that PIC manages and decide on the overall risk preference and targeted benchmark returns. The PIC continues to strengthen existing client relations through structured interactions. The major clients include the Government Employees Pension Fund, the Unemployment Insurance Fund, the Compensation Commissioner Fund, the Compensation Commissioner Pension Fund, the Associated Institutions Pension Fund and various other clients.
- 3.6. Each client has specific investments objectives, expressed in the investment mandate given to PIC to execute. These client investment mandates are based on actuarial asset and liability studies and approved by the Financial Sector Conduct Authority (FSCA).
- 3.7. The diagram below shows the PIC clients and their AuM as of 31 March 2022.

**Figure 14: PIC's Clients**



\* Various clients with smaller portfolios

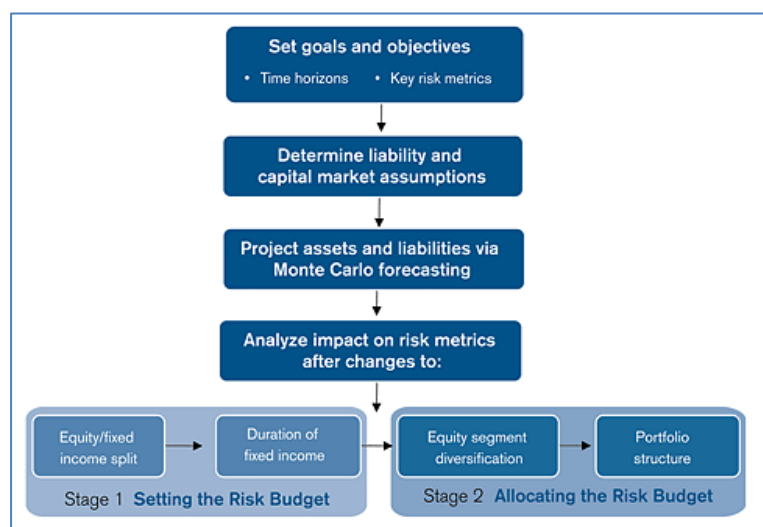


**Table 4: PIC Clients' Assets under Management as of 31 March 2022**

CLIENT	ASSETS UNDER MANAGEMENT RAND VALUE (R Billion)	CLIENT HOLDINGS %
Government Employee Pension Fund (GEPF)	2.278.7	89.43%
Unemployment Insurance Fund (UIF)	118.2	4.64%
Compensation Commissioner Fund (CC)	52.2	2.05%
Compensation Commissioner Pension Fund (CP)	41.8	1.64%
Associated Institutions Pension Fund (AIPF)	17.6	0.69%
Other*	39.5	1.55%
<b>TOTAL</b>	<b>R2.548 trillion</b>	<b>100%</b>
* Office of the Auditor-General: Staff Liabilities Guardian Fund Cape Town Guardian Fund Eastern Cape Guardian Fund Main Account Guardian Fund Natal – Pietermaritzburg Guardian Fund Northern Cape Guardian Fund Orange Free State Guardian Fund Reserve Guardian Fund Transvaal King George V Silver Jubilee Tuberculosis Fund President Fund University Loans Fund		

- 3.8. The clients set the Strategic Asset Allocation for the PIC. The clients with assistance from actuarial consultants perform an independent comprehensive Asset and Liability Modelling (ALM) process to determine the Strategic Asset Allocation (SAA). The process that is undergone by the clients is summarised below:

**Figure 15: PIC's Clients' Strategic Asset Allocation Process through ALM process**

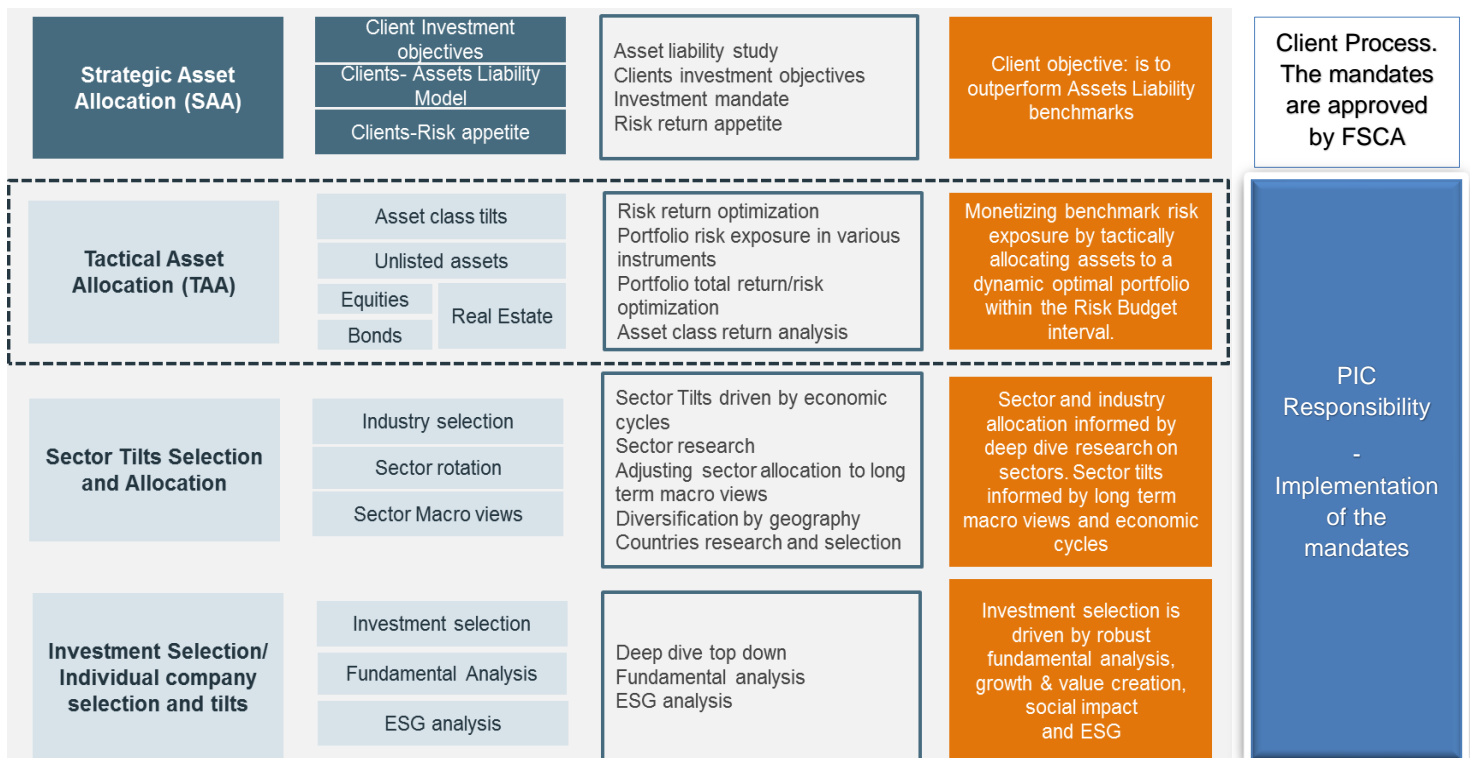




3.9. After the ALM study is completed, the clients develop comprehensive mandates that prescribe the desired Strategic Asset Allocation (SAA), investment styles, benchmarks, targeted external manager styles, risk parameters, credit rating limits, exposure limits, time horizon, and geographical exposures. The client mandates are then approved by the FSCA before implementation by the PIC. The PIC has a fully discretionary mandate to manage the investments of its clients within the prescribed mandate parameters. The clients' SAA methods are different, and the PIC manages all these mandates independently of each other. It is the responsibility of the PIC to develop an appropriate investment strategy for each client mandate and a Tactical Asset Allocation (TAA).

3.10. The process from SAA by clients to implementation of the mandates by the PIC is shown in the diagram below.

**Figure 16: Process from Strategic Asset Allocation to implementation of mandate**

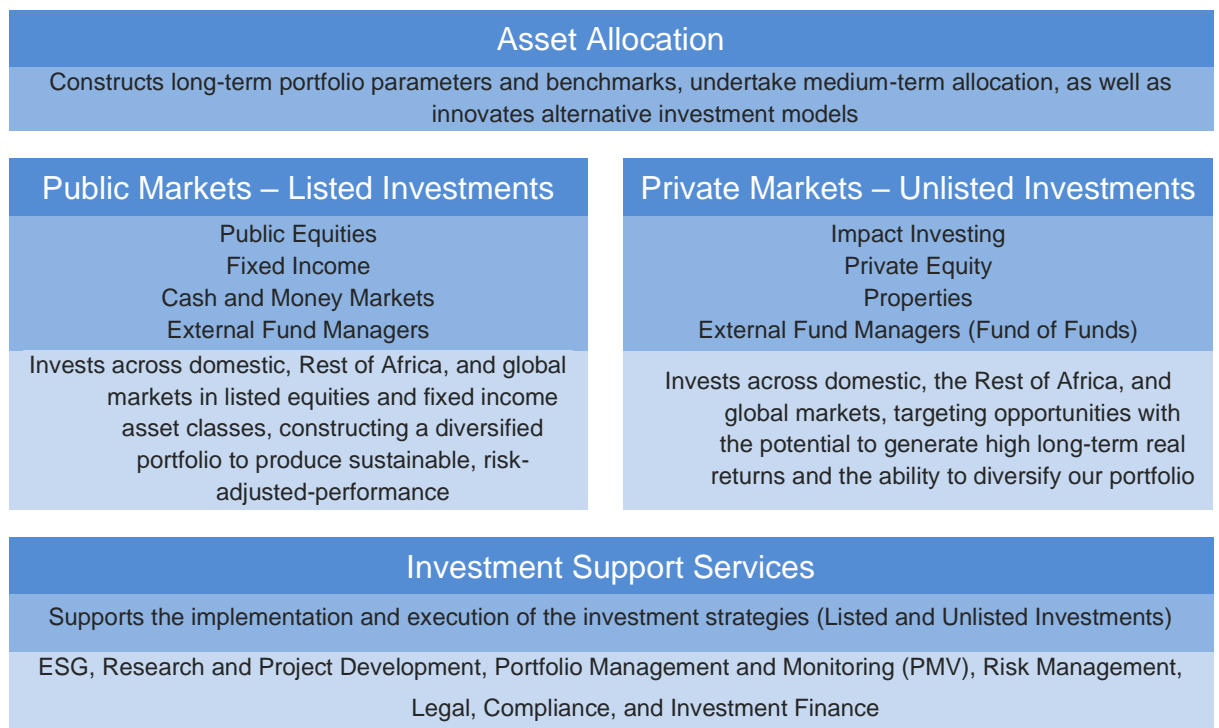


3.11. The PIC investment teams work to find attractive bottom-up investment opportunities that meet the risk-adjusted returns within the prescribed risk parameters. PIC's core investment categories are Listed Equities (including Listed Property investments),



Fixed Income, Impact Investing, Private Equity, Properties, and Infrastructure. External Fund Managers supplement the expertise of our core investment teams, while the Investment Support Services team supports the implementation of the investment decisions made. PIC's dedicated Investment Support Services team supports listed and unlisted investment activities. This includes support for transaction closing, investment and data operations, investment reporting, management reporting, portfolio accounting, valuation, and financing. The diagram shows the functioning structure from asset allocation to execution.

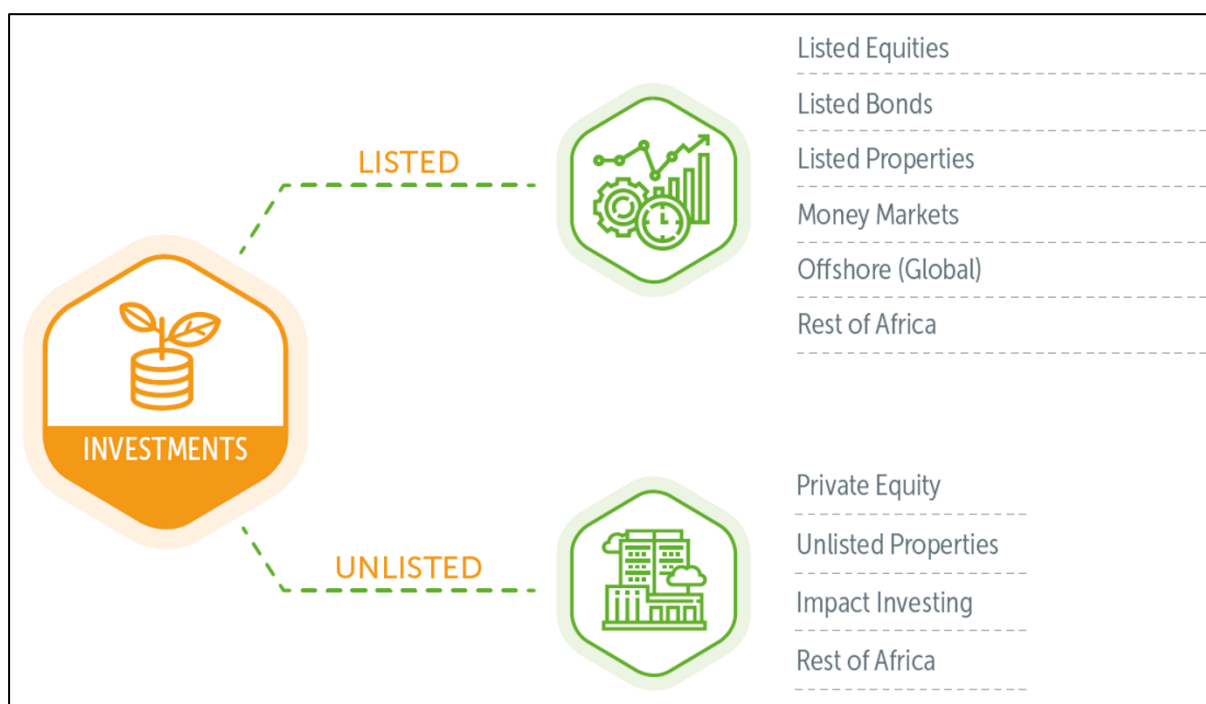
**Figure 17: Functioning structure from asset allocation to execution**



- 3.12. The PIC manages all clients' mandates independently of each other. The PIC broadly invests in all asset classes, both listed and unlisted investments. The broad categories of the investment classes are shown in the diagram below.



**Figure 18: Categories of investment classes**



3.13. The tables below show the top 5 PIC clients' exposures to various asset classes.

**Table 5: PIC's top 5 clients' exposure**

**Listed Investment Asset Classes**

Client	Listed Equities	Listed Bonds	Money Markets	SIPS	Listed Properties	Offshore (global)	Rest of Africa
GEPF	✓	✓	✓	✓	✓	✓	✓
UIF	✓	✓	✓		✓	✓	
CC	✓	✓	✓				
CP	✓	✓	✓				
AIPF		✓	✓				

**Unlisted Investment Asset Classes**

Client	Private Equity	Unlisted Property	Impact Investing	Offshore (global)	Rest of Africa
GEPF	✓	✓	✓		✓
UIF		✓	✓		
CC			✓		
CP			✓		
AIPF					

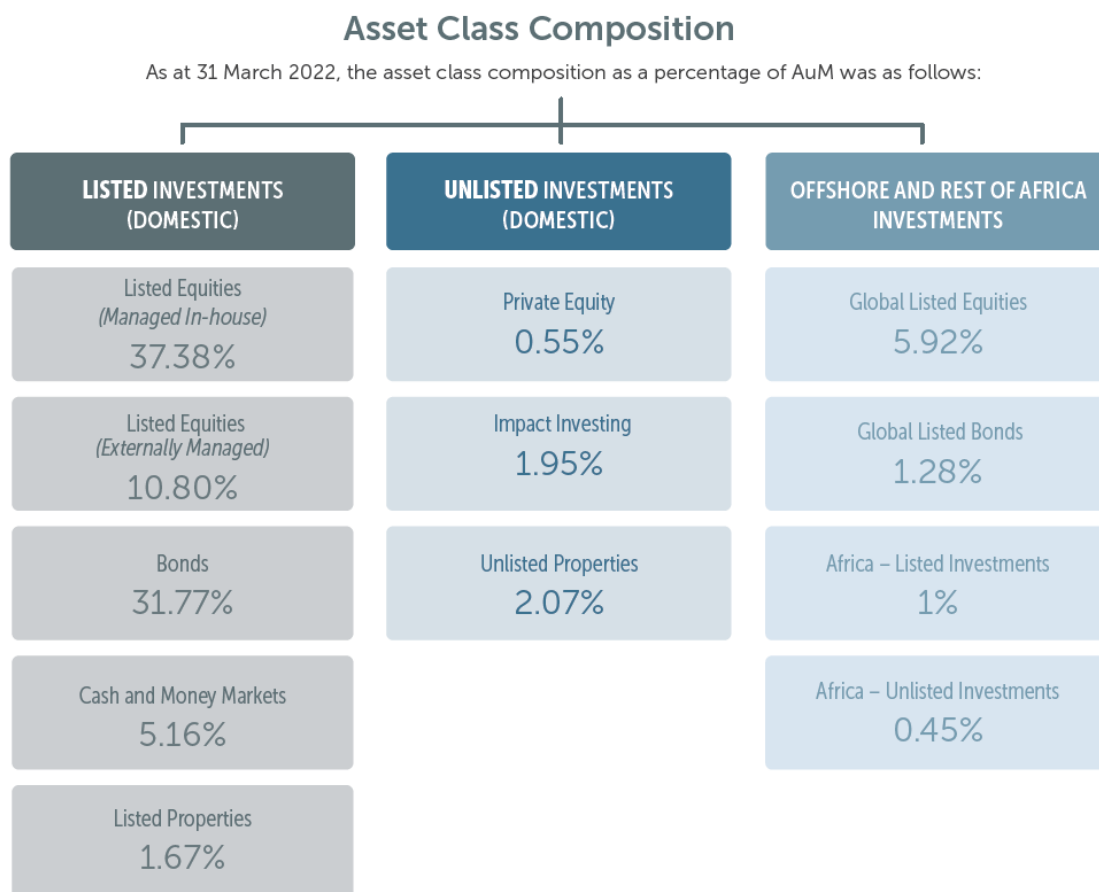


## PIC ASSETS UNDER MANAGEMENT GROWTH

3.14. Notwithstanding the impact of COVID-19 and sluggish growth in the domestic economy, AuM of the PIC's clients increased by approximately R209 billion from 31 March 2021 to 31 March 2022. This is a phenomenal achievement in the context of global uncertainty and domestic economic contagion.

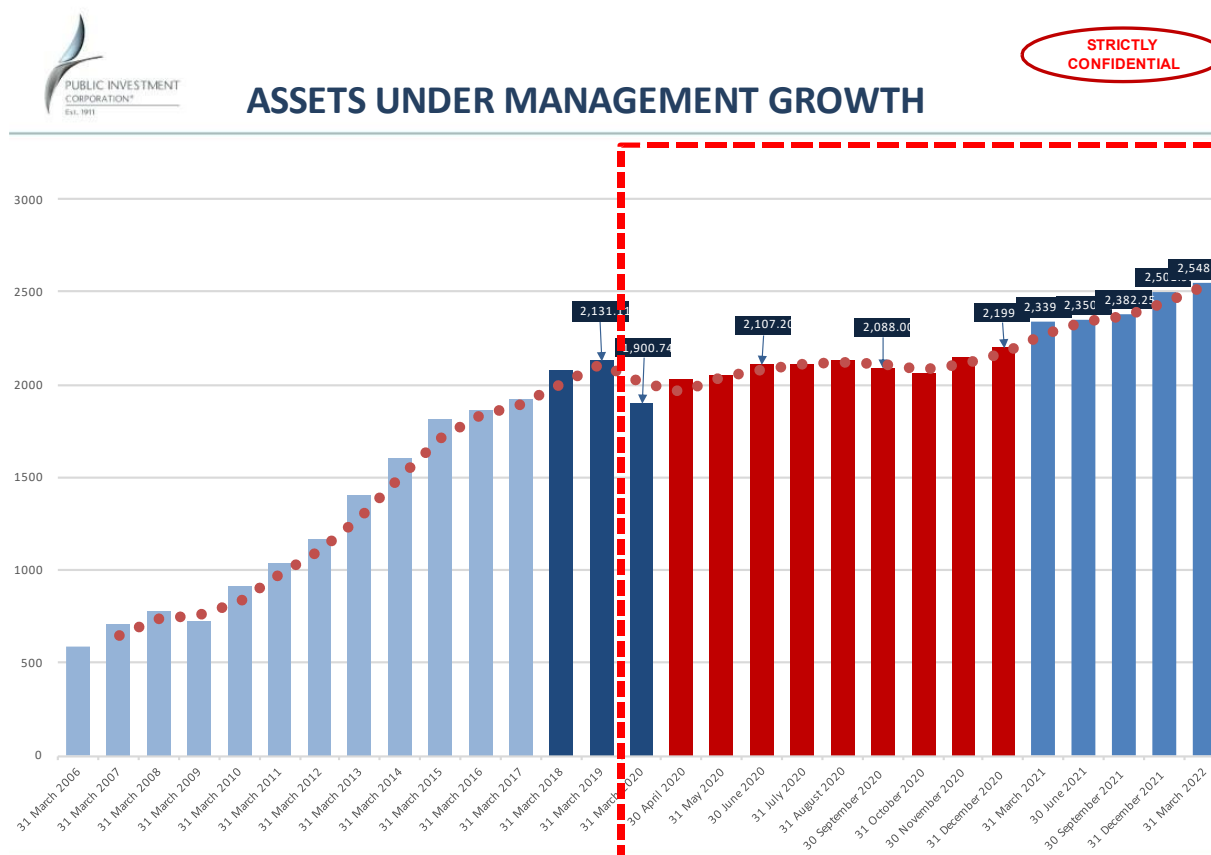
3.15. Below is a diagram showing the asset class composition of the portfolio and AuM growth as of 31 March 2022.

**Figure 19: Asset Class Composition**





**Figure 20: Assets under Management Growth**



3.16. The South African economy endured its largest contraction in annual GDP in a century. The global COVID-19 pandemic and the government's response to introduce a series of lockdowns had far-reaching implications for the economy, the fiscus, the labour market, and the portfolio of assets that the PIC manages on behalf of its clients. By 31 March 2022, the PIC's AuM had grown by almost R209 billion, from R2.339 trillion in March 2021 to R2.548 trillion in March 2022 in line with the recovery in the global economy and financial markets. All the PIC clients saw great growth in their AuM.

3.17. Table 6 on the next page indicates the growth within PIC's client portfolios between 31 March 2021 to 31 March 2022, and the reasons for the growth:



**Table 6: Growth within PIC's Client Portfolios**

Client	31 March 2021	31 March 2022	% Growth	Comment
GEPP	2,088,245,958,035.28	2,278,570,650,908.14	9.11%	The net withdrawal from the fund was R47 billion, which reduced the growth by 2.2%.
UIF	116,005,254,074.22	118,087,413,808.54	1.79%	UIF was affected by the South African government making provisions for the Temporary Employer/Employee Relief Scheme (TERS), The net withdrawal from the fund was R7 billion over the period which reduced the growth by 6%.
CC	47,637,041,483.10	52,184,857,408.11	9.55%	There were no cash flows for the fund over the period, the growth was as a result of Market movements and performance.
CP	34,544,429,256.33	41,665,131,984.20	20.61%	The fund contributed R3.2 billion with no withdrawals and this contributed 9.41% to the total growth.
AIPF	16,763,819,511.05	17,632,329,445.37	5.18%	The net withdrawal from the fund was R756 million, which reduced the growth by 4.5%.

## THE PIC INVESTMENT PHILOSOPHY

3.18. The Investment Philosophy is premised on a belief that certain investment markets are near efficient and thus a core-satellite approach may be appropriate while others require active management. The PIC believes in generating superior risk-adjusted sustainable long-term returns for its clients. The PIC's Investment Philosophy is based on a belief that sustainable businesses care about not only profit but the people (i.e. stakeholders and governance) and the planet will outperform those who only consider profits. We categorise this into two principles:

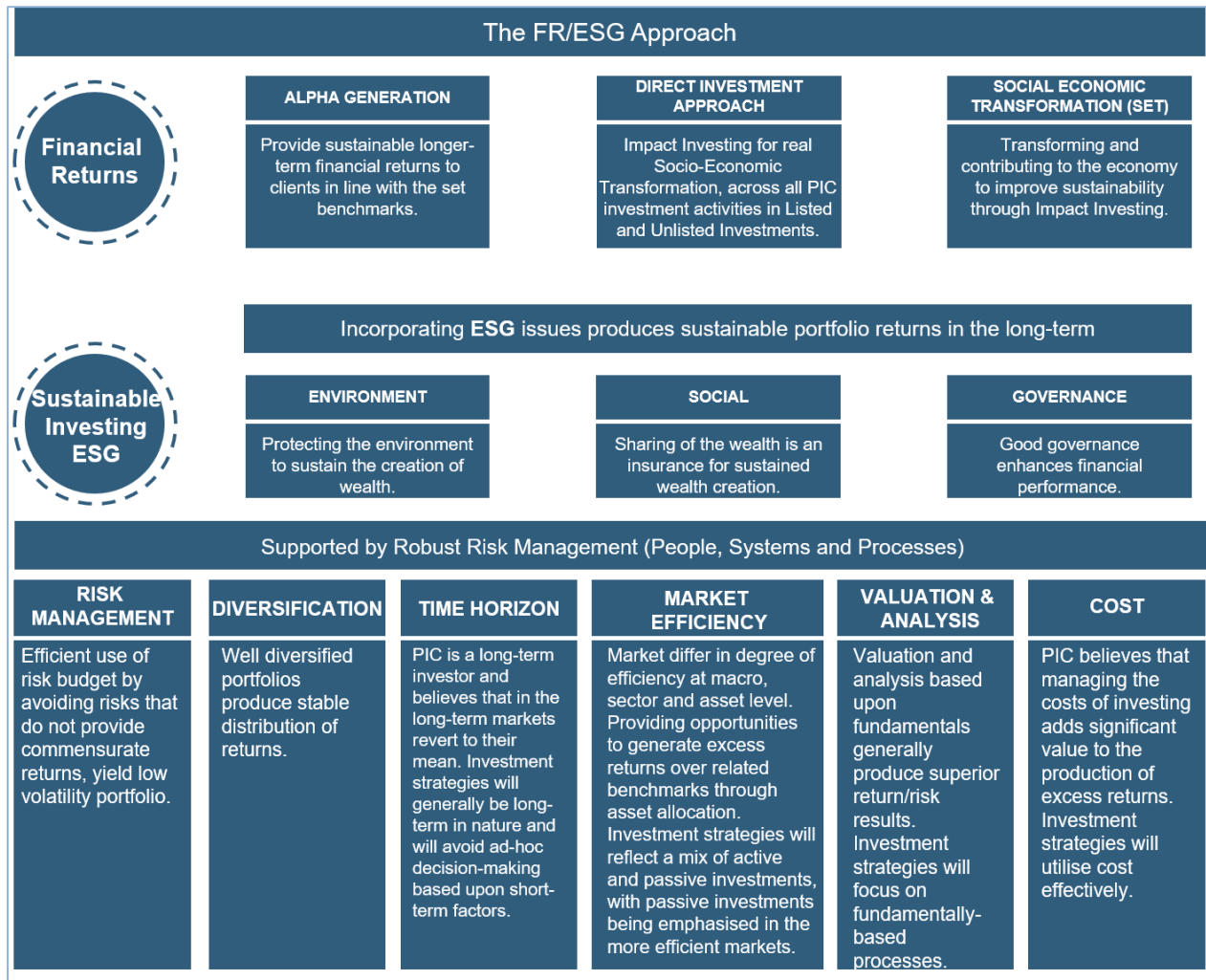
- (1) *"Financial Returns"*, and
- (2) *"Sustainable Investing"*, which is mainly called "ESG" (Environmental, Social and Governance).

The philosophy is internally coded as the **"FREGS"** principle.

3.19. This Investment Philosophy is further built on the belief that the PIC can still achieve above benchmark financial returns while contributing to socio-economic development, inclusive growth, and transformation through investment activities. The diagram below summarises the Investment Philosophy of the PIC.



**Figure 21: PIC's Investment Philosophy**



3.20. PIC's Portfolio is a well-diversified portfolio of asset classes. Each asset class carries a different risk-return profile. The Portfolio aims to have the right mix of growth assets such as Equities that generate higher returns but are riskier, and defensive assets such as Bonds that offer lower returns but help protect the portfolio in market downturns. As the markets are uncertain, the Portfolio is constructed to be resilient across a broad range of market cycles and economic conditions, while generating positive long-term real returns.



## **“ESG” - SUSTAINABLE INVESTING APPROACH**

- 3.21. The PIC is a long-term investor who understands that long-term value creation is not achievable through short-term solutions or at the expense of future generations or through moral decay. Therefore, the PIC remains committed to the implementation of sustainable practices from both an operational and an investment perspective.
- 3.22. The long-term nature of our clients' obligations is a primary driver of our approach to sustainable and responsible investing: we believe well-run companies in which we invest with sound ESG practices will perform better, particularly over the long term. We also believe that ESG factors may be relevant to the financial performance of the companies and assets in which we invest. Integrating ESG factors into investment decision-making, along with evaluation of other risk factors, is both prudent and consistent with PIC's fiduciary duties to its clients. The PIC believes that a strong commitment to the highest standards of business ethics and sound corporate governance is essential to creating long-term value for clients.
- 3.23. The PIC has therefore developed a unique matrix to rate the triple bottom line performance of investee companies. This matrix is used to support the investment decisions and shareholder activism by the PIC. The PIC must lead by example and live by the very principles it wants to instil in investee companies. In this context, the PIC has continued to evaluate itself against the matrix. Furthermore, the PIC has played a significant role in the development of the Code for Responsible Investment in South Africa (CRISA).
- 3.24. The PIC investment strategy is therefore driven by rigorous macro-economic, bottom-up fundamental research, risk management and ESG analysis. This involves analysis of companies' performance in terms of the ESG scoring matrix. The ESG score for each investment is plotted against potential financial returns. Companies (investment opportunities) with low financial returns and very low ESG scores may pose a significant risk to the portfolio, while those with very good financial returns but with a poor ESG score will potentially be a ticking danger to the portfolio. Research has shown that companies with low ESG scores are not sustainable in the long run. As part of the PIC Investment Strategy, ESG scoring and screening play a huge factor in arriving at investment decisions.



### ***ESG engagements approach***

3.25. The PIC uses a combination of measures and engagement approaches to drive responsible (ESG) investing:

- ESG Integration;
- Engagements with Partner Companies;
- Proxy Voting;
- AGM engagements; and
- Shareholder activism.

3.26. Furthermore, the PIC is a proud signatory to both the United Nations Global Compact (UN Global Compact) and the United Principles for Responsible Investing (PRI). It conducts its business in such a way that it lives up to the principles of the UN Global Compact and PRI and will continue its sustainability journey with conviction and commitment, believing that its continued success depends on its ability to share its successes with other stakeholders, enhancing their lives and their ability to be successful.

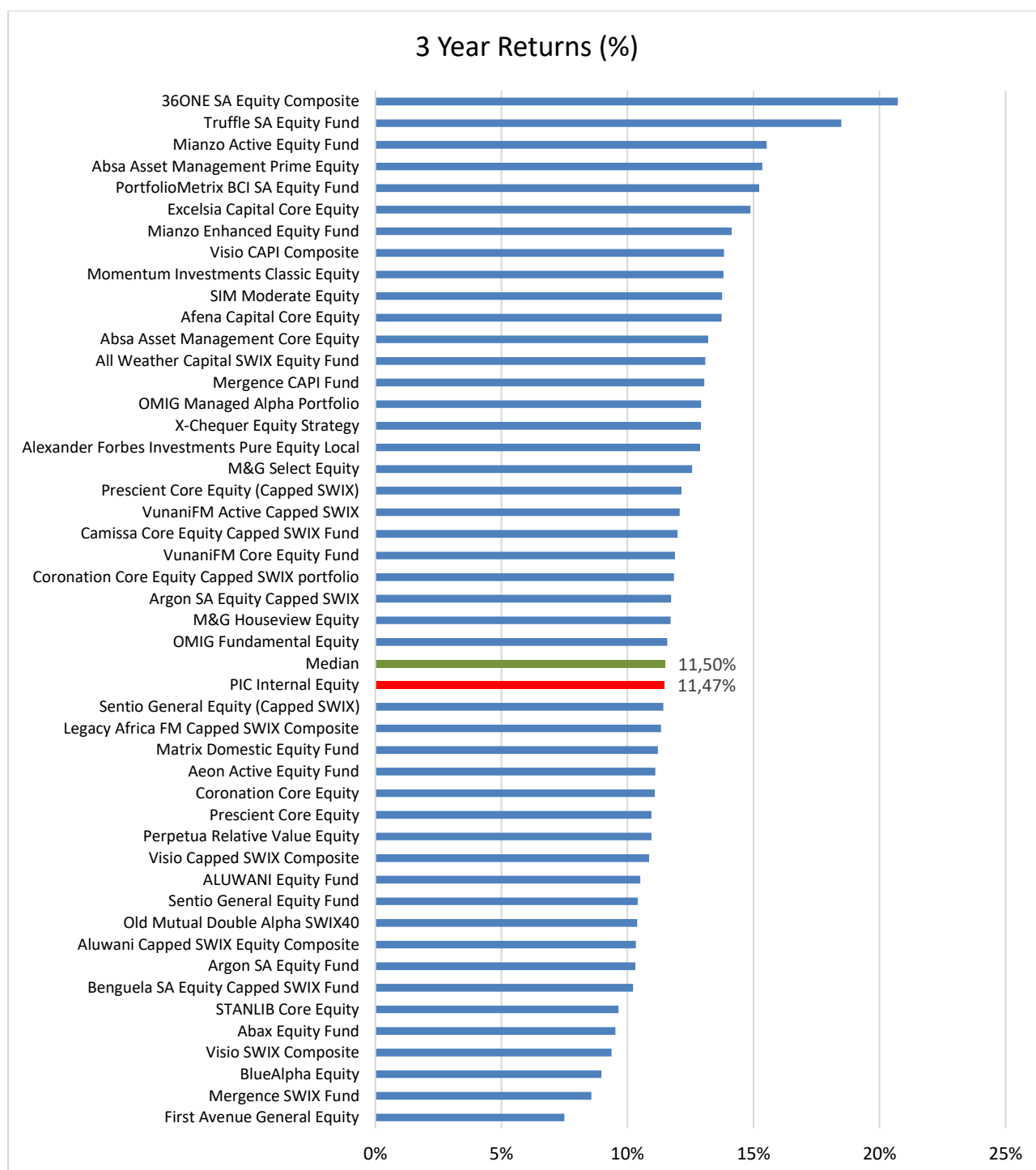
### **LISTED INVESTMENTS STRATEGY**

3.27. Whilst the PIC's investments are spread across various asset classes, approximately 87% of the portfolio is invested in listed asset classes (Bonds and Equities). The Listed Investment Portfolio is composed of the Listed Equities and Fixed Income portfolios.

3.28. PIC Internal Equity peer group analysis is shown in the diagram on the next page:



**Figure 22: PIC Internal Equity peer group analysis**



*The PIC 3 year return of 11.47% is slightly below the median return*

3.29. The high-level investment strategies applied by Listed Investments can be categorized into two:



- **Enhanced Beta (Passive) Strategy**

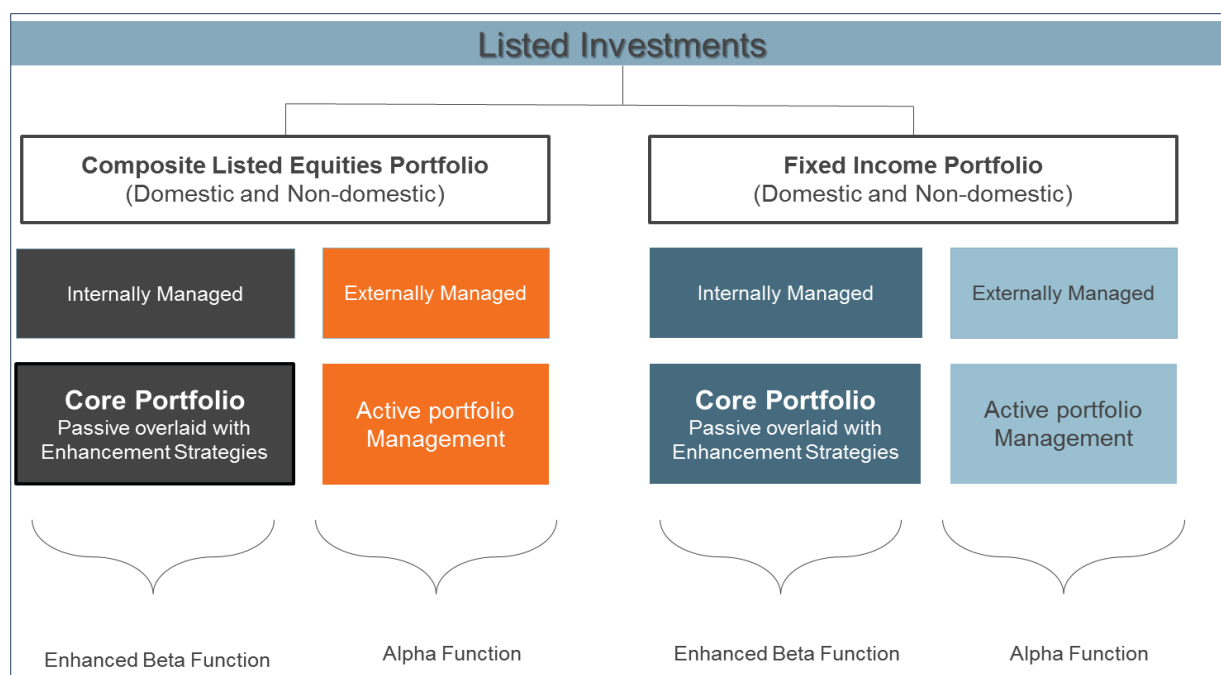
This strategy is mainly a passive strategy, executed at very low tracking error. The strategy is overlaid with an enhancement strategy to achieve a smart beta portfolio outcome. This strategy is applied both to Listed Equities and Fixed Income. The enhanced passive strategies are managed in-house.

- **Alpha (Active) Strategies**

This investment approach entails beating the benchmark with a slightly higher tracking error. In this case, the manager attempts to beat the passive benchmark, by using skill to identify investment opportunities with better prospects that may result in higher returns than those of passive managers. The alpha strategies for Listed Investments are outsourced to external managers.

3.30. The diagram below shows the high-level Listed Investments Strategies.

**Figure 23: PIC's High-level Listed Investments Strategies**



3.31. Below are investment channels that are used to deliver the Listed Investment Strategies.



**Table 7: Investment channels**

Active Strategies	Passive Strategies	Thematic Investments Strategic Investments			
<ul style="list-style-type: none"><li>Controlling stake in selected strategic companies</li><li>Active TAA backed by research</li><li>Portfolio Diversification Buying, weighting and selling individual investments, and can generate value in both rising and falling markets</li><li>Alpha generation by actively diversifying by allocation to Active Managers</li></ul>	<ul style="list-style-type: none"><li>Buy and hold strategies</li><li>Benchmark driven investing</li><li>SAA rebalancing</li><li>Portfolio Management activities</li></ul>	<ul style="list-style-type: none"><li>Sector themes driven strategies</li><li>Long term investment horizon</li><li>Risk mitigation by hedging</li><li>Clear exit strategy</li><li>Macro view driven strategies</li><li>Economic cycles timing</li><li>Total return driven approaches</li></ul>			
Underpinned by					
Sector Driven Research	ESG Analysis	Active Engagements	Sector Driven Research	ESG Analysis	PMV Active engagements and Board Seats

### ***Driving Inclusive Growth and transformation through Listed Investments***

3.32. The Listed Investment Strategy also includes driving transformation and impact investing, by investing in sectors that drive inclusive growth and socio-economic development. This will be achieved by:

- Alignment with the NDP, focusing specifically on SOE infrastructure projects;
- ESG integration across investment processes (direct engagement and active proxy voting);
- External Manager Programme for growing sustainable black-owned asset management businesses; and
- Adoption of B-BBEE in all aspects of PIC's investment activities.

### **UNLISTED INVESTMENTS STRATEGY**

3.33. The PIC invests in Unlisted Investments on behalf of four clients, namely the GEPPF, UIF, CC, and CP. These investments are not listed on a registered exchange and thus provide portfolio diversification benefits given the low correlation to Listed Investments. Unlisted Investments seek to invest directly into the economy to generate financial and social returns for our clients, the country, and the continent.

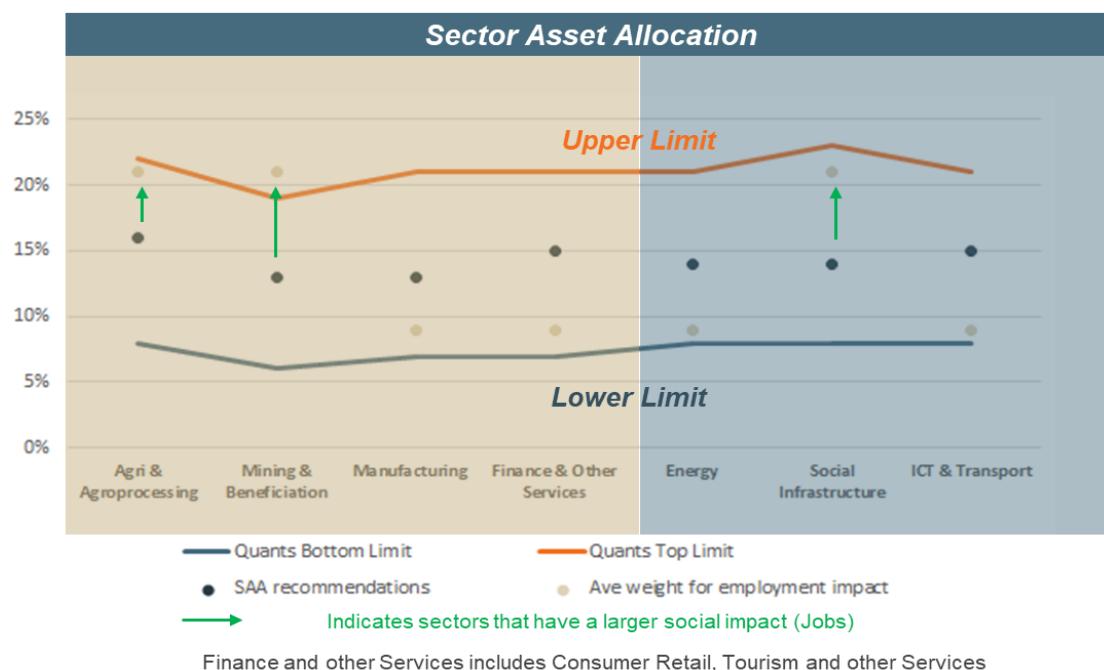


3.33.1. Unlisted Investments provide the ability to make significant, material investments while placing a limited percentage of AuM at risk. This empowers us to catalyse investments in certain sectors and industries through crowding in other public and private funders. We achieve social returns through leading, promoting, and advocating for the adoption of sustainability principles thereby promoting job creation/retention, new enterprises, BBBEE/transformation, economic inclusion, and ESG. This applies to **South Africa** and the **Rest of Africa**.

### ***Sector approach to driving sustainable economic development***

3.34. We embark on Unlisted Investments using a sector approach that is informed by global thematic megatrends. We overlay the Sustainable Development Goals to determine the sectors that we will focus on. This results in the key sectors of the South African economy that also supports government's initiatives and policies. These sectors have the largest impact on jobs and the economy.

**Figure 24: Sector Asset Allocation**





### ***Direct and Indirect approach to capture the broad spectrum of investment opportunity***

- 3.35. We approach Unlisted Investments directly, where we take primary positions in unlisted entities, or indirectly through third parties. Direct Investments are the primary method of implementing client mandates in all sectors. It is supplemented by the indirect approach where suitable. The strategy focuses on South Africa, where we have direct visibility to investee companies, while the Rest of Africa is primarily through Indirect Investments, given the lack of physical presence.
- 3.36. With **Direct Investments**, we take significant minority positions that enable active participation, supporting the lead sponsors, and sharing of risk with other investors. We achieve active monitoring through internal structures and primarily externally appointed Board members. We drive value creation and transformation in all our investments, and such is contracted in the legal agreements. We enable the creation of new capacity and maintenance of existing capacity. Returns are of a financial and social nature; both are measurable and contracted with investee companies for alignment and accountability.
- 3.37. **Indirect Investment** is an effective mechanism to diversify a portfolio across geographies, indirect entity types, asset classes, and maturities. We seek to invest in indirect entities that adopt our investment strategy and galvanize third-party capital; thereby extending the reach and depth of the PIC strategy. This approach complements the direct strategy and caters to transactions that are smaller than our Direct Investment threshold. We will support indirect entities in South Africa that are transformed and in line with PIC's Transformation Policy with special attention to Black-owned and managed indirect entities with gender diversification. In the Rest of Africa, we will focus on indirect entities that are owned and managed by African individuals. The model enables the transformation of not only the financial services industry but the various industries in which the indirect entities invest.

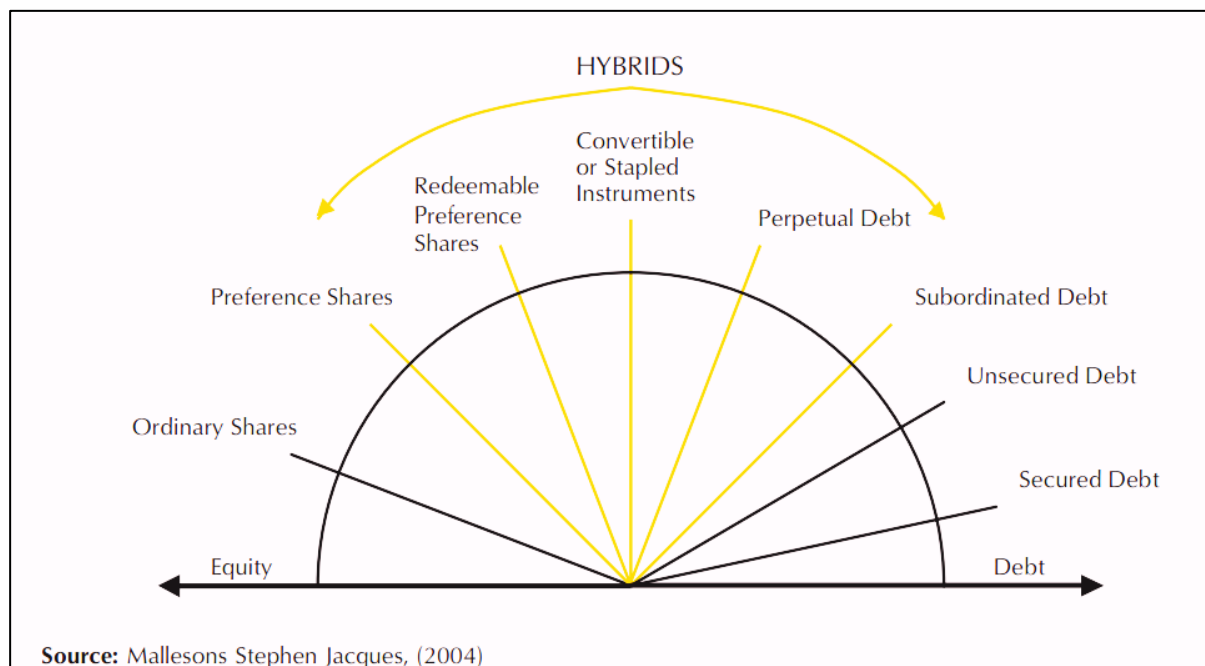
### ***Flexibility in portfolio construction and risk management***

- 3.38. We utilize a variety of asset classes and instruments to achieve our investment objectives. We have the flexibility to participate in investments utilizing debt and equity, including the various hybrid instruments in between. The use of different instruments



allows us to participate in a variety of transactions, both for PIC participation and for enabling BBBEE participants.

**Figure 25: Asset classes and instruments**



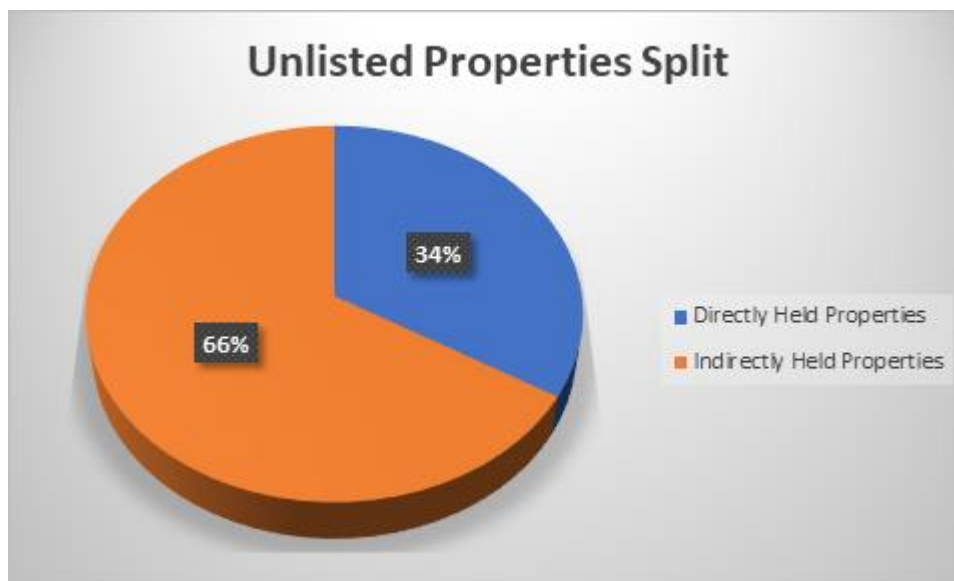
- 3.39. In addition to various instruments, we also utilize different investment approaches to achieve superior risk-adjusted returns. We utilize Project Finance for green and brownfield large, long-term infrastructure assets and Corporate Finance for more stable cash generative entities. We utilize traditional Private Equity principles where we buy assets to add value before selling them at a profit. We also utilize Impact Investing principles where we intend to generate positive, measurable social and environmental impact alongside a financial return.
- 3.40. We are intentional about the socio-economic impact of our investments. To achieve this, we ensure that we establish and state social and environmental objectives to relevant stakeholders. We set performance metrics/targets related to these objectives using standardized metrics wherever possible. We monitor and manage the performance of investee companies against these targets. Then we report on social and environmental performance to relevant stakeholders.



## UNLISTED PROPERTY INVESTMENTS STRATEGY

3.41. The PIC, on behalf of its clients, the GEPPF, UIF, and CC, is mandated to invest in Unlisted Property. As at 31 March 2022, the portfolio comprises directly and indirectly held property investments, with a book value of R52.54 billion in assets. The approval process for the March 2022 Unlisted Property portfolio valuations has been finalised.

**Figure 26: Unlisted Properties Split**



3.42. As at 31 March 2022, the portfolio allocation for the 3 clients (GEPPF, UIF, and CC) was reflected as per the below table relative to Total AuM:

**Table 8: Portfolio allocation relative to Total AuM**

Client	Percent of AuM	Total % Allowed Per Mandate
GEPPF	2.27%	5%
UIF	1.47%	8%
CC	0.22%	5%

3.43. With regards to the directly held property portfolio, the target asset allocation for the GEPPF is 5% of AuM and 8% of AuM for the UIF. As of the end of the 2021/22 financial year, the actual asset allocation under the GEPPF mandate was 2.27% and 1.47% for the UIF mandate.



3.44. The UIF, as well as the CC, increased the allocations towards Socially Responsible Investments as well as Property Investments and Property Management in their investment mandates with the PIC.

3.45. The strategy involves investing in the following targeted sectors:

- Retail developments
- Offices
- Industrial
- Specialised property developments such as student accommodation, land banking, etc.

3.46. The diagram below details high-level investment selection criteria for Unlisted Properties.

**Figure 27: High-level investment selection criteria for Unlisted Properties**





## NON-DOMESTIC INVESTMENTS

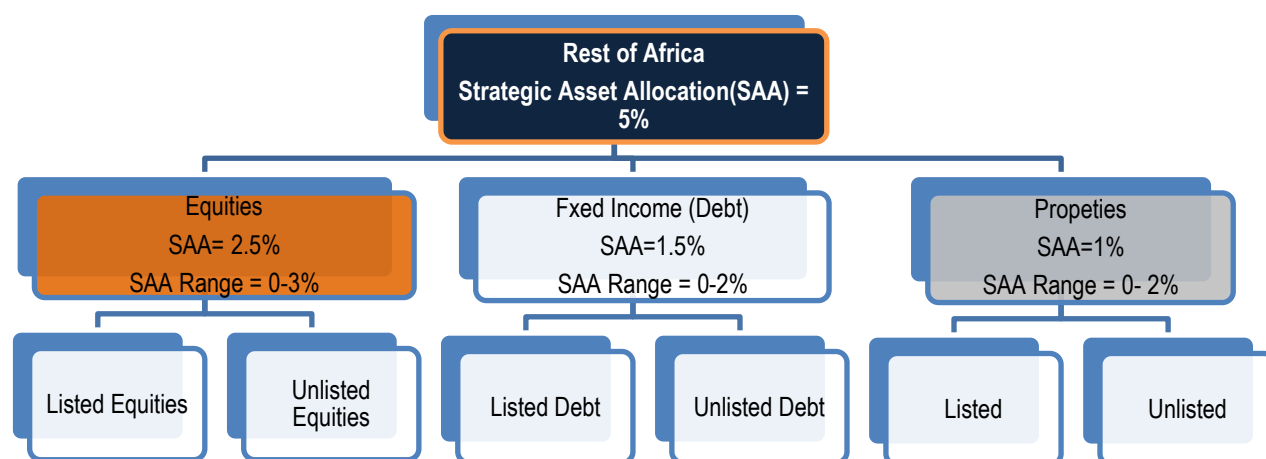
3.47. The PIC is investing outside South Africa, in line with the GEPP's and UIF's strategy to diversify its investments offshore. In terms of geographical diversification, the approval is for 10% of the GEPP AuM to be invested in non-domestic markets as follows:

- 3% in Foreign Equity
- 2% in Foreign Bonds
- 5% in Rest of Africa (Excluding South Africa)

### ***Rest of Africa Investment Approach***

3.48. The diagram below shows the high-level breakdown of the Rest of Africa's Strategic Asset Allocation as at 31 March 2022.

**Figure 28: Rest of Africa's Strategic Asset Allocation as at 31 March 2022**



3.49. The PIC uses various approaches when investing in the Rest of Africa. These approaches include direct investing, co-investments, strategic partnerships, and indirect investment approaches using various specialized external fund managers

3.50. The diagram on the next page shows the PIC investment approach in the Rest of Africa.



**Figure 29: PIC's Investment Approach in the Rest of Africa**



## INVESTMENT PROCESS GOVERNANCE

### ***Policies and Frameworks***

3.51. All transactions are subject to various (Board-approved) PIC investment, compliance, risk, and legal policies as well as ESG frameworks, all of which are based on international best practices and are aligned with applicable legislation and regulations. The PIC also has a Board-approved Delegation of Authority Framework (DOA) in place, delegating responsibilities for different transactions to a variety of role-players in the investment divisions (i.e., Listed, Unlisted and Property Investments) as well as to employees in Risk Management, Legal, Compliance, Corporate Services, and Investment Management. The DOA sets out the powers of the Board as well as the Committees of the Board and those of the Chief Executive Officer.



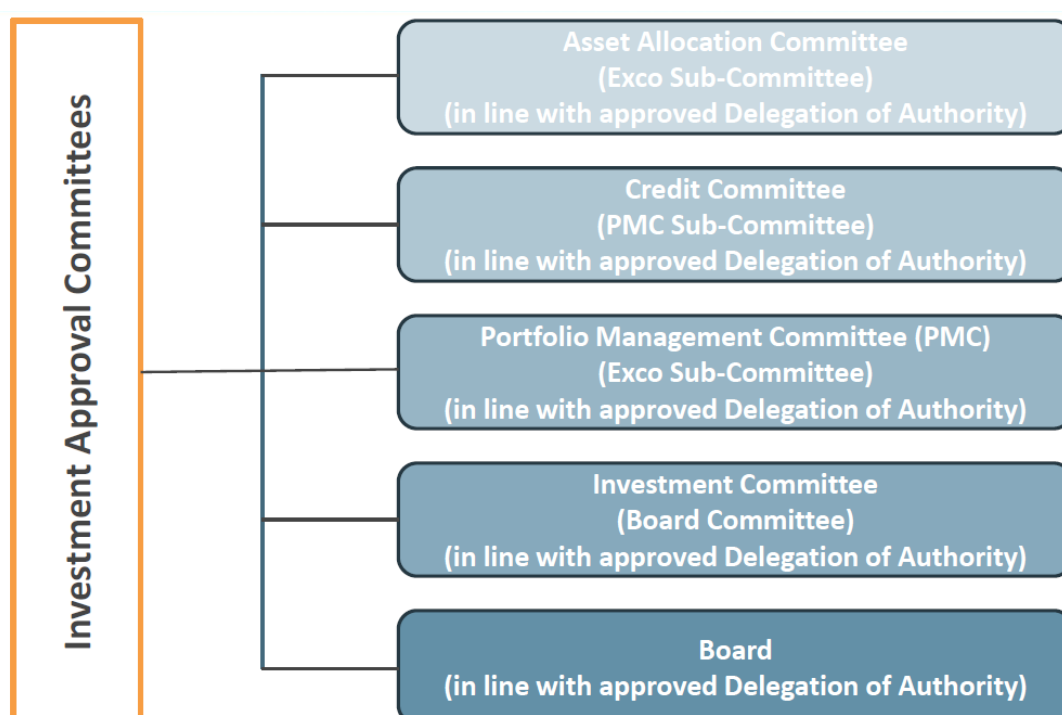
## Operating Governance

3.52. The PIC has implemented a rigorous due diligence process, which any transaction worth pursuing is subjected to. This process includes, but is not limited to, independent risk assessment, financial due diligence, technical assessment, legal due diligence, environmental social and governance due diligence as well as commercial due diligence. Where there is a lack of internal capacity, these are outsourced to external experts. The various PIC support functions assist with post investments monitoring, value-add, and reporting throughout the investment tenure until exit.

3.53. The PIC approval committees that preside over investment considerations comprises:

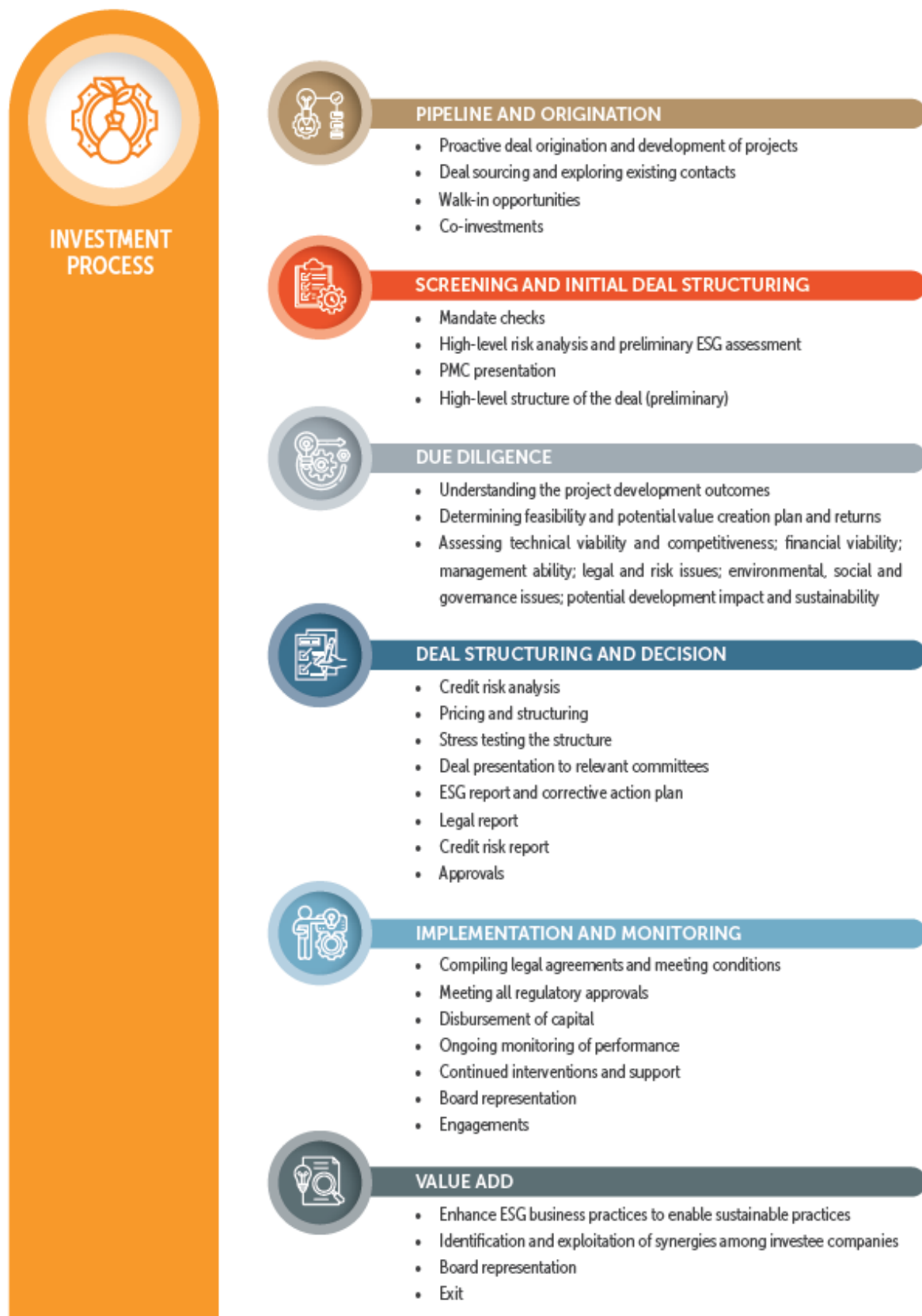
- Asset Allocation Committee
- Credit Committee
- Portfolio Management Committee
- Investment Committee

**Figure 30: PIC's Investment Approval Committees**





**Figure 31: Transaction Approval Process**





- 3.54. The Asset Allocation Committee (AAC) approves the tactical asset allocation position to be taken across the overall client portfolios to optimise returns within the broader strategic asset allocation.
- 3.55. Once a transaction is presented to the PIC (origination stage), it goes through an initial screening process to establish whether it fits a mandate and is commercially viable. This process is performed by the relevant Investment team.
- 3.56. Should the proposal be accepted, it is submitted to internal divisional discussions for approval to be further processed. The process then involves presentations by an investment professional to the Credit Committee if there is credit risk exposure in the investment. The investment will then be submitted to the relevant Portfolio Management Committees (PMCs), which are chaired by the Chief Investment Officer, to seek approval to proceed to the due diligence phase.
- 3.57. The Credit Committee has been structured as a Sub-Committee of the PMC Unlisted Investments to assess credit risk, pricing and structuring of debt in the Unlisted Investment. The Credit Committee will make recommendations based on the analysis to the PMC Unlisted Investments.
- 3.58. The PMCs have been structured in line with the PIC Strategy as Sub-Committees of the Exco to optimize governance processes. The PMCs comprise PMC Unlisted Investments (for all transactions not listed on the stock exchange, including Property Investments); and PMC Listed Investments (for all transactions listed on the stock exchange). Once the initial due diligence process has been concluded, the outcomes thereof are presented and discussed at a subsequent meeting of the relevant PMC.
- 3.59. Should a PMC resolve that a transaction is worth pursuing further, based on the initial due diligence process, then the Committee approves another round of due diligence. This process then involves, amongst others, the following: financial risk, legal risk, valuations, technical due diligence as well as the investee company's position on ESG matters. In some instances, external service providers are also used. A reputational risk due diligence is also conducted.



- 3.60. Following the second round of due diligence, should the PMC resolve for the PIC to participate in the transaction, the transaction will, based on the Delegation of Authority, either be approved by the PMC or referred to the relevant Investment Committee (IC).
- 3.61. Certain transactions with risks of reputational nature may be referred to the Social, Ethics and Transformation Committee (SETCO), a Statutory Committee of the Board, focusing on the reputational risks through an ethical assessment.
- 3.62. The PMCs are comprised of PIC employees and are chaired by the Chief Investment Officer, whilst the Board Committees are comprised of a majority of Independent Non-Executive Directors and are chaired by Independent Non-Executive Directors.
- 3.63. A Turnaround, Workout and Value Add (TOVA) department has been established as a strategic advisor for post investments to provide value added interventions and initiatives to turnaround distressed investments.



## SECTION IV - PIC CORPORATE OPERATIONS STRATEGIES

### FINANCIAL SUSTAINABILITY

- 4.1. The PIC's business strategy is supported by its Financial Strategy/Plan. The long-term goal of the PIC is to continue to strike a suitable balance between high-grade profitability and excellent service delivery to its clients.
- 4.2. Budgetary resources are allocated to grow the organization over a period and budget allocations, to each business unit, are directly linked to strategic business objectives.
- 4.3. The PIC is self-sustainable and has achieved its targeted financial ratios. The selection of these ratios are based on the objective of ensuring that the Corporation remains a sustainable entity that performs on par with, if not better than the best in the asset management industry.
- 4.4. The Financial Strategy/Plan is attached as **Annexure D** to this Corporate Plan.

### HUMAN RESOURCES

- 4.5. The key success factor for any organisation is putting its people first. The PIC Human Resources Strategy is guided by five overarching goals that would create and deliver value for the organisation, our people and the achievement of the clients' mandates.
- 4.6. The Human Resources Strategy is a plan of action that will enable the organisation to strategically manage talent and support employees to reach their full potential. The strategy unites a set of key processes to drive high performance culture, effective and optimum organisational structure, attractive employee value proposition offerings, and cultivate a PIC ethical leadership DNA through management and leadership development.
- 4.7. The Human Resources Strategic Plan 2022-2025 is attached as **Annexure C** to this Corporate Plan.



## INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

- 4.8. Information and Communication Technology (ICT) remains a key business enabler and integral component of running the day-to-day operations of the organisation. ICT plays a key role in facilitating the sustainable growth that is targeted by the business strategy. The ICT Strategic Plan aligns with the business strategy and incorporates the utilization of the best technologies to deliver business results.
- 4.9. The Board is responsible for IT governance and ensuring that it is aligned to the performance objectives of the PIC. The Board established the Information Communication and Technology Governance Committee (ICTGC) in October 2015, after identifying the need to deal with IT governance issues in more detail as recommended by the King IV™ Report.
- 4.10. The ICT Strategy is attached as **Annexure E** to this Corporate Plan.

## RISK MANAGEMENT FRAMEWORK

- 4.11. An Enterprise Risk Management (ERM) methodology is applied by the PIC in identifying and responding to the spectrum of risks that the organisation is confronted with, in its drive to meet its strategic objectives. The PIC recognises that, in a complex financial services environment, risk management processes and strategies are evolutionary and subject to ongoing review and modifications, considering the risk appetite and risk tolerance of the business, as defined by an Enterprise Risk Management Framework (ERMF). The ERM methodology is encapsulated in the ERMF and Risk Management Policy that is based on aspects of the Committee of Sponsoring Organisations of the Treadway Commission ERM standard, as well as ISO 31000 Risk Management - Principles and Guidelines.
- 4.12. To ensure a more integrated approach to managing risks, the PIC follows a combined assurance methodology in line with the requirements of the King IV™ Report, a collaboration of management, risk, compliance, and internal audit functions to ensure optimal use of resources. The ERMF is instrumental in supporting the PIC's combined assurance model and therefore embraces the principles of the King IV™ Report as well.



- 4.13. The PIC further subscribes to the “Three Lines of Defence” approach to Risk Management. Principle 15 of the King IV™ Report recommends that the Board should ensure that assurance services and functions enable an effective control environment. The PIC’s Three Lines of Defence model provides for a simple and effective way to help ensure that the required level of assurance services and functions are embedded within the organisation and that these support the integrity of information for internal decision making and of the organisation’s external reports.
- 4.14. The ERMF and Risk Management Policy further define the risk appetite of the PIC. The Risk Committee (RC) and the Board review and approve these policies on an annual basis.
- 4.15. The Risk Management Plan and summaries of the aspects of the Risk Management Plan, as outlined in the Section 52 Practice Note, are attached as **Annexure F** to this Corporate Plan.



## SECTION V - STRATEGIC OBJECTIVES FOR 2023/24FY - 2025/26FY

### PIC STRATEGIES AND PRIORITIES

5.1. The PIC has identified the following strategic drivers underlying the Corporate Plan and Shareholders' Compact:

- Financial Sustainability
- Improvement in compliance, governance, ethics and culture
- Enterprise Wide Risk Management
- Improvement in systems and technology
- Investment Performance
  - Execution of client mandates
- Improvement in Stakeholder Management
  - Stakeholder Engagement
  - Improved Internal and External Communication
  - Client Centricity
  - Shareholder Activism
  - Rebuilding of PIC brand
  - Corporate Social Investments
- Catalyst for Transformation and Diversity
- Human Capital
  - Capacity building and lifting of low morale

	Overall KPI dimension	Weight
1	Financial Efficiency	25%
2	Internal Business Processes	20%
3	Clients / Stakeholders	45%
4	Organizational Capacity (human capital management)	10%

5.2. All these drivers are mutually reinforcing and support investment performance. This in turn is driven particularly by clarity of the investment strategy, a business model that adequately supports that strategy, clarity and efficacy of the investment process, a



human resources capacity that embodies the right skills to understand and execute the investment process and unlock value in investments in the portfolio, and an effective risk management process. The above strategic drivers of success form the basis of the strategic goals and objectives of the PIC for the medium term. The PIC has also reviewed government documents such as the New Growth Path (NGP) and the NDP, and incorporated elements applicable to the PIC into the Corporate Plan.

- 5.3. The PIC has a dedicated Research and Project Development Division that conducts fundamental research, both internally and in partnership with various institutions, to identify investment opportunities for PIC across various sectors, either singularly or in co-investment partnerships, to ensure the long-term sustainability of its clients' returns.

## KEY PERFORMANCE INDICATORS

- 5.4. The PIC's Key Performance Indicators (KPIs) are depicted in the table below:



**Table 9: Key Performance Indicators**

**PIC KEY STRATEGIC OBJECTIVES AND PERFORMANCE TARGETS – 2023/24-2025/26 FY**

	Strategic Objective	Measure	Target 2023/24	Target 2024/25	Target 2025/26
Financial Efficiency (25%)					
1a	Improve PIC’s Financial sustainability and going concern through efficient operations and cost containment	Total employee costs ratio (CTC excluding PICeeds / Management fees) <i>(where X is the ratio)</i>	x = 40%	x < 40% - 35%	x < 35%
1b		Total costs / management fees <i>(where X is the ratio)</i>	x = 80%	x < 80% - 75%	x < 75%
Internal Business Processes / Operational Efficiency (20%)					
2a	Improve compliance and governance	Submit all PFMA submissions within the stipulated deadline	Submit all PFMA submissions within the stipulated deadline	Submit all PFMA submissions within the stipulated deadline	Submit all PFMA submissions within the stipulated deadline
		Achieve unqualified audit opinion with no material findings on performance information and annual financial statements	Achieve unqualified audit Opinion with no material findings on performance information and annual financial statements	Achieve an unqualified audit opinion with no material findings on performance information and annual financial statements	Achieve unqualified audit Opinion With no material findings on performance information and annual financial statements
		Ethical Behaviour - % of action taken when unethical conduct is confirmed.	80% of consequence management actions initiated within 1 month of the investigation report being issued	80% of consequence management actions initiated within 1 month of the investigation report being issued	85% of consequence management actions initiated within 1 month of the investigation report being issued



	Strategic Objective	Measure	Target 2023/24	Target 2024/25	Target 2025/26
		% of employees who have completed Ethics Awareness Training	80% of all PIC employees to complete Ethics Training per annum	85% of all PIC employees to complete Ethics Training per annum	90% of all PIC employees to complete Ethics Training per annum.
2b	Improve Enterprise Risk Management practices	Reduce PIC risk exposure and improve the internal control environment <i>(Measured by a reduction in risk index and the control environment rating)</i>	10% reduction in Risk index and a satisfactory control environment rating	> 10% < 15% reduction in Risk index and a satisfactory control environment rating	> 15% reduction in Risk index and a satisfactory control environment rating
2c	Improve a rating of Good on the Corporate Governance matrix as of 31 March 2023	Assessment against PIC's Corporate Governance Matrix ratings as per the PIC internally generated ESG assessment	ESG rating Score = 75%	ESG rating Score = 75%	ESG rating Score = 75%
<b>Customers / Stakeholders (45%)</b>					
3a	Meet Client Benchmark Portfolio Returns and compliance with Client Risk Parameters <i>(over period of 36 months)</i>	<b>Listed Investments</b> α is defined as Total Individual Fund Return for the Top 5 Funds Individual Fund Benchmark Return	Individual Top 5 Funds α = 0 (meet Benchmark)	Individual Top 5 Funds α = 0 (meet Benchmark)	Individual Top 5 Funds α = 0 (meet Benchmark)
3b	Meet Client Benchmark Portfolio Returns <i>(Unlisted Investments ex Properties)</i> <i>(over period of 36 months)</i>	<b>Unlisted Investments</b> (excluding Properties) <i>(Measured by GEPP Hurdle Return (x))</i>	IRR = Hurdle rate	IRR = Hurdle rate	IRR = Hurdle rate



	Strategic Objective	Measure	Target 2023/24	Target 2024/25	Target 2025/26
3c	Meet Client Benchmark Portfolio Returns <i>(Measured as per IPD returns calculation = customized for the PIC unlisted properties portfolio structure) (over period of 36 months)</i>	<b>Property Investments</b>  Measured as Total Return (Capital and Income) (x) = IPD adjusted by weighting the portfolio returns as customized (1) for the PIC's clients' portfolio structure	X = IPD	X = IPD	X = IPD
3d	Drive and facilitate transformation through investments activities both in Listed and Unlisted Investments	<b>Listed Investments</b> (Externally Managed Portfolio)  A minimum of X% (percentage) of the total AuM of the Listed Investment Externally managed portfolio should be managed by transformed managers with BEE Level 1 – 4 and with at least 51% Black Ownership; and at least 30% Black Management Control (X%)	X = 50% AuM managed by external BEE managers with at least 51% Black ownership; and 30% management control	X ≥ 50% - 60% AuM managed by external BEE managers with at least 51% Black ownership; and 30% management control	X > 60% AuM managed by external BEE managers with at least 51% Black ownership; and 30% management control
3e		<b>Listed Investments</b> (Brokerage)  Percentage of brokerage allocated to designated BEE broker firms	Minimum 90% of brokerage spend shall be to brokers on level 1 – 4 BEE rating	> 90% - 95% of brokerage spend shall be to brokers on level 1 – 4 BEE rating	> 95% of brokerage spend shall be to brokers on level 1-4 BEE rating



	Strategic Objective	Measure	Target 2023/24	Target 2024/25	Target 2025/26
		used as a percentage of total brokerage paid  <i>(BEE Brokers must be BEE Level 1 – 4 Certification by an independent rating agency; at least 51% Black Ownership; and at least 30% Black Management control)</i>	50% of all approved listed transactions must be allocated to women participants	> 50% - 60% of all approved listed transactions must be allocated to women participants	> 60% of all approved listed transactions must be allocated to women participants
3f	Drive and facilitate transformation through investments activities both in Listed and Unlisted Investments	<b>Fund of Funds (Unlisted Investments)</b>  <i>(Measured by X% (percentage) of the approved funds during the Financial Year allocated towards BEE – transformed External Managers)</i>  <i>(To qualify as a BEE Asset Manager, the service provider must at least have 51% Black ownership and 30% Management control by HDIs)</i>	60% of all the approved funds is allocated to BEE Managers	60% - 70% all the approved funds are allocated to BEE Managers	>70% of all the approved funds are allocated to BEE Managers
		<b>Isibaya (Unlisted Investments)</b>  <i>(Measured by approved Isibaya transactions)</i>	50% of all approved Fund of Funds transactions must be allocated to women participants	> 50% - 60% of all approved Fund of Funds transactions must be allocated to women participants	> 60% of all approved Fund of Funds transactions must be allocated to women participants
3g		<b>Isibaya (Unlisted Investments)</b>  <i>(Measured by approved Isibaya transactions)</i>	50% of all approved Isibaya transactions must be allocated to women participants	> 50% - 60% of all approved Isibaya transactions must be allocated to women participants	> 60% of all approved Isibaya transactions must be allocated to women participants



	Strategic Objective	Measure	Target 2023/24	Target 2024/25	Target 2025/26
3h		<b>Unlisted Property Investments</b>	30% of the approved unlisted property transactions for new developments / acquisitions must be BEE	> 30% - 40% of the approved unlisted property transactions for new developments / acquisitions must be BEE	> 40%of the approved unlisted property transactions for new developments / acquisitions must be BEE
		<i>(Measured by approved transactions for new developments/acquisitions of property investments)</i>	50% of all approved Unlisted Property transactions must be allocated to women participants	> 50% - 60% of all approved Unlisted Property transactions must be allocated to women participants	> 60% of all approved Unlisted Property transactions must be allocated to women participants
		<i>The BEE shall have at least 40% Black Ownership</i>	<i>The BEE shall have at least 40% Black Ownership</i>	<i>The BEE shall have at least 40% Black Ownership</i>	
<b>Organisational Capacity – Human Capital Management (10%)</b>					
4a	Ensure PIC functions are adequately capacitated in line with its EE plan	1. Implement Organisational Design as per approved priorities for 2022/23	80% of critical vacancies filled in line with EE Plan	> 80% - 85%of critical vacancies filled in line with EE Plan	> 85% of critical vacancies filled in line with EE Plan
4b		2. Filling of critical roles per EE Plan 3. Women representation at Senior Management level (measured as X%)	Maintain a minimum of 30% of women at senior management level based on the Paterson grading scales	> 30% - 35% of women at senior management level based on the Paterson grading scales	> 35% of females at senior management level based on the Paterson grading scales
4c	Increase number of employees living with disabilities	% of employees with disabilities	2% of employees with disabilities as a percentage (%) of overall total staff	> 2% - 2.5% of employees with disabilities as a percentage (%) of overall total staff	> 2.5% of employees with disabilities as a percentage (%) of overall total staff



## MONITORING THE CORPORATE PLAN

- 5.5. To ensure that this Corporate Plan is achieved, the achievement of Key Performance Indicators and Strategic Goals are being monitored by the PIC Board and management regularly.
- 5.6. This Corporate Plan is the core of the PIC Corporate Balanced Scorecard and the performance management system of the PIC, which is cascaded to every member of staff. The performance management system and incentive schemes of the PIC have been designed to ensure that employees of the PIC will be motivated towards the realization of the approved targets and outcomes.



## SECTION VI - ANNEXURES TO THE CORPORATE PLAN

ANNEXURE A	:	Information on the Board of Directors
ANNEXURE B	:	High-Level Organisational Structure
ANNEXURE C	:	Human Resources Strategy
ANNEXURE D	:	Financial Plan
ANNEXURE E	:	Information Technology Strategy
ANNEXURE F	:	Enterprise Risk Management Plan
ANNEXURE G	:	Fraud Prevention Plan
ANNEXURE H	:	Materiality and Significance Framework
ANNEXURE I	:	Corporate Risk Register and Top risks

### HUMAN RESOURCES STRATEGY

- 6.1. The PIC attracts scarce skills in terms of investment professionals and investment support staff from private sector asset managers, and operational staff from corporate financing institutions and banks and needs to be able to compete with these institutions with a competitive Employee Value Proposition.
- 6.2. The Human Resources Strategy enables the PIC to attract and retain the required resources, offer an attractive Employee Value Proposition, focus on skills development and training, drive a performance-based culture, and enable an efficient performance management process. The Human Resources Strategy is outlined in **Annexure C** to this Corporate Plan.

### FINANCIAL MANAGEMENT PLAN

- 6.3. As a Schedule 3B entity, the PIC must be self-sustaining. In that regard, the PIC sources most of its income from management fees and to a limited extent from consulting fees, Board fees, as well as investment income.
- 6.4. The Financial Plan of the PIC for the medium term is attached as **Annexure D** to this Corporate Plan.



## INFORMATION AND COMMUNICATIONS TECHNOLOGY MANAGEMENT PLAN

- 6.5. The summary of the Information and Communications Technology (ICT) Management Plan is outlined in **Annexure E** to this Corporate Plan.

## RISK MANAGEMENT PLAN

- 6.6. The Risk Management Plan of the PIC, consisting of the Enterprise Risk Management Framework and Risk Management Policy, as well as the list of priority risks and their mitigations, are attached as **Annexure F** to this Corporate Plan.

## FRAUD PREVENTION PLAN

- 6.7. The Fraud Prevention Plan and Policy of the PIC is attached as **Annexure G** to this Corporate Plan.

## MATERIALITY AND SIGNIFICANT FRAMEWORK

- 6.8. The PIC Materiality and Significant Framework is attached as **Annexure H** to this Corporate Plan.

## CORPORATE RISK REGISTER AND TOP RISKS

- 6.9. The PIC Corporate Risk Register and Top risks are attached as **Annexure I** to this Corporate Plan.