



GEPF Developmental Investment Policy
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GOVERNMENT EMPLOYEES PENSION FUND (GEPF)
We believe good investment should be second nature

Agenda

- Background on the GEPF
- Our approach to Developmental Investing
- Developmental Investment Policy
- Conclusion

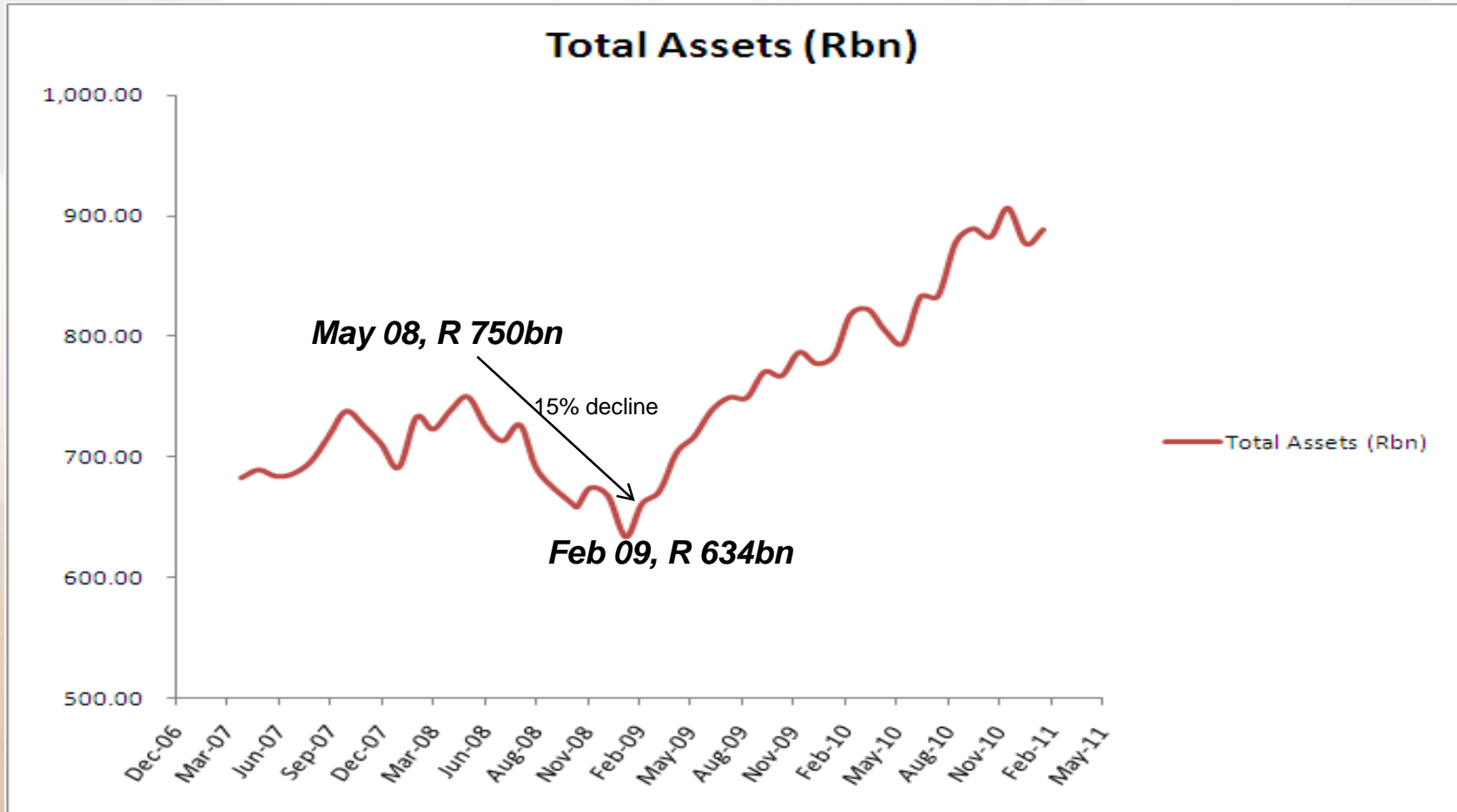


Background on the GEPF

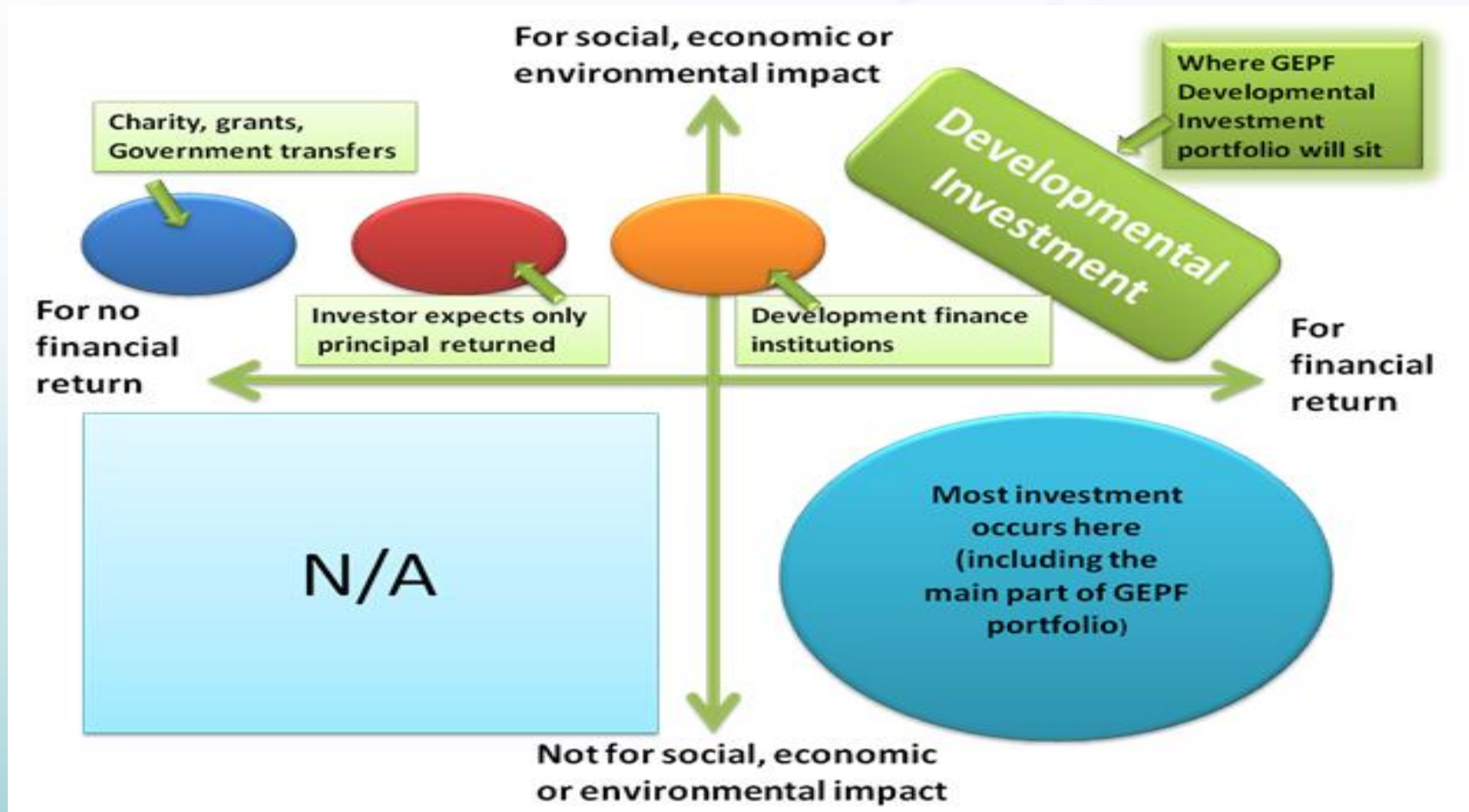
- GEPF is one of the few DB schemes in SA
- Government is the main sponsor
- Governed/Managed by a Board of Trustees
 - 16 Member board
 - 8 employer representatives
 - 7 employee representatives
 - 1 pensioner representative
- GEPF is currently the largest pension fund in Africa
 - 1.2m Active members and .32m pensioners
 - In terms of Assets: R889bn (US\$133bn)



Growth in AUM



Our approach to Developmental Investing



Source: GEPF, Genesis



GEPF Developmental Investment Policy

Pillar I

**Investments in
Economic
Infrastructure**



Why is economic infrastructure important?

- The GEPF is one of the largest investors in the South African economy
- The fund is equivalent to a 1/3 of the country's GDP and has investment in all sectors of the economy
- Any constraints on South Africa's ability to grow, will have similar impact on GEPF
- Economic Infrastructure is the hard backbone of any economy



Economic Infrastructure

Energy



“Economy will not grow without reliable supply of energy”

Water



“Reliable and clean water services are important for economic growth, health, and poverty reduction”

Communication



“Fast and easy access to unlimited broadband, whether fixed or wireless, is the foundation stone of a modern economy”

Transport



Expensive logistics act as a tax on both exports and imported intermediate goods used in the tradable sector. This inhibits the growth

Investment in return seeking capital project in economic infrastructure will impact positively on overall fund performance



GEPF Developmental Investment Policy

Pillar I

**Investments in
Economic
Infrastructure**

Pillar II

**Investments in
Social
Infrastructure**



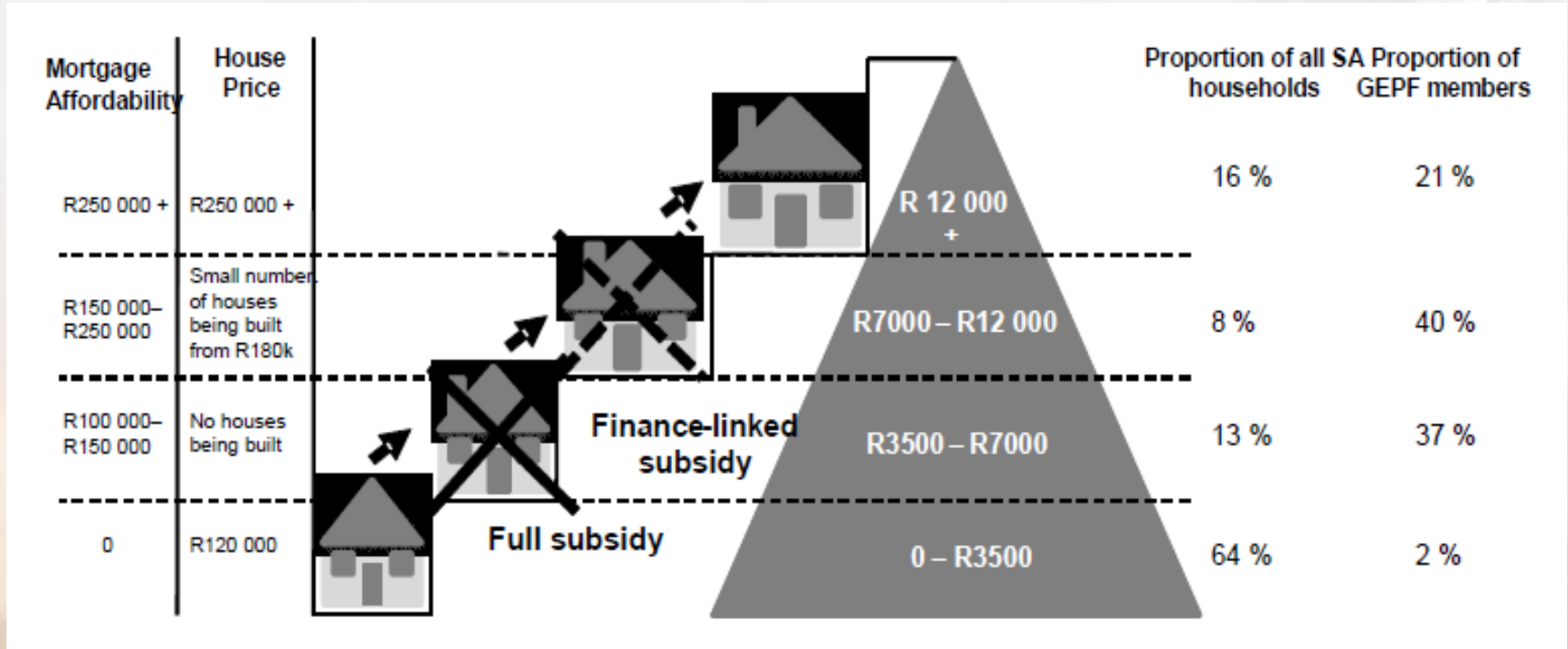
Why is social infrastructure important

- Once South Africa has a competitive Economic Infrastructure it would require a healthy, well secured and well equipped society to operate it optimally to maximize growth
- Such growth will have a direct positive impact on the overall performance of the GEPF portfolio



Social Infrastructure

Housing



- Other opportunities that will be pursued under this pillar are those presented in the education and health sector through public private partnerships



GEPF Developmental Investment Policy

Pillar I

Investments in
Economic
Infrastructure

Pillar II

Investments in
Social
Infrastructure

Pillar III

Investments in
Sustainability
projects



Why is sustainability important?

- GEPF is a founder signatory to the UN backed Principles of Responsible Investing
- Through this we have committed to integrate Environmental, Social and Governance in our investment process
- However Climate change requires a special attention..



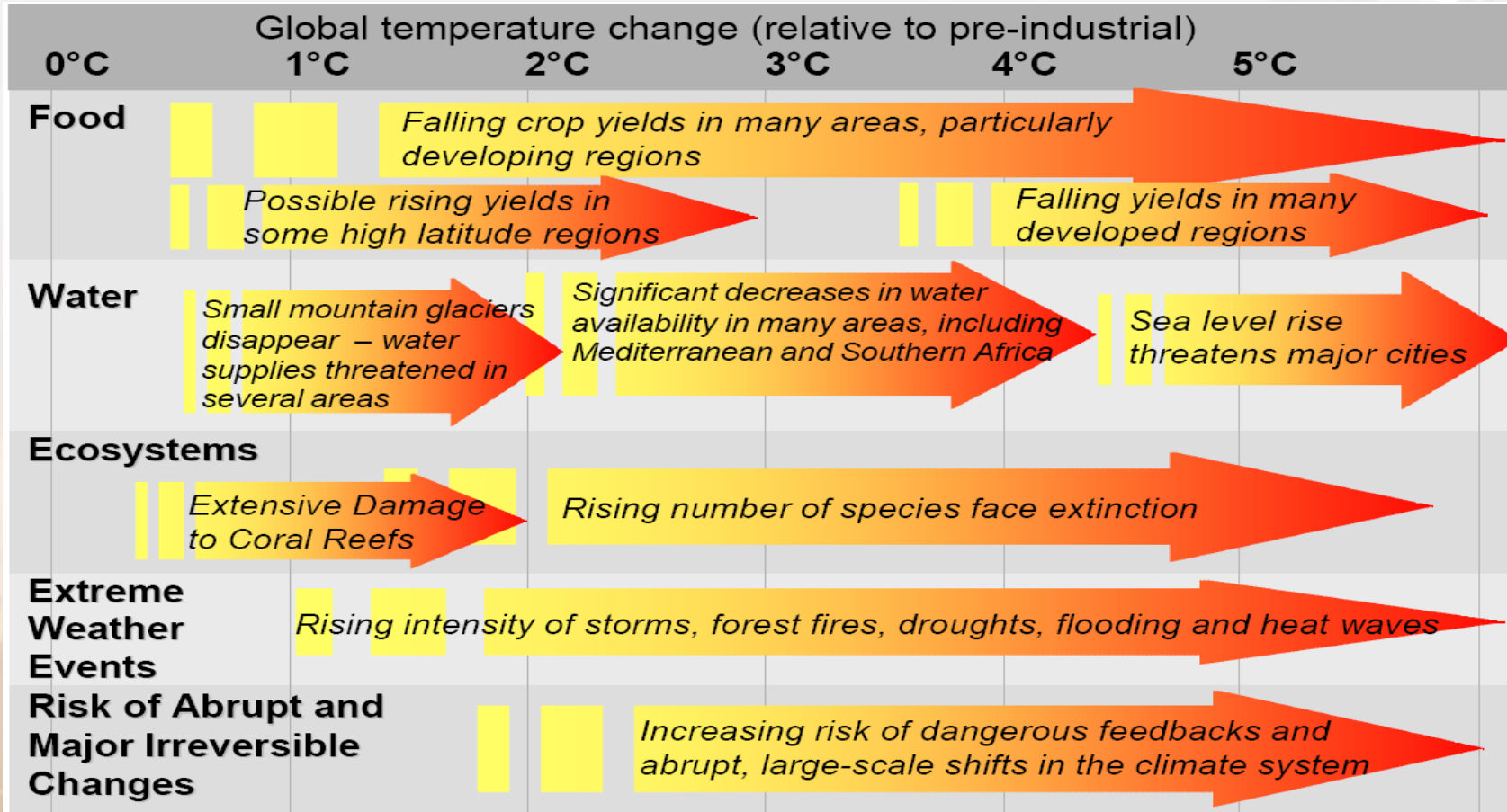
Positive proof of Global Warming



Source: Holm



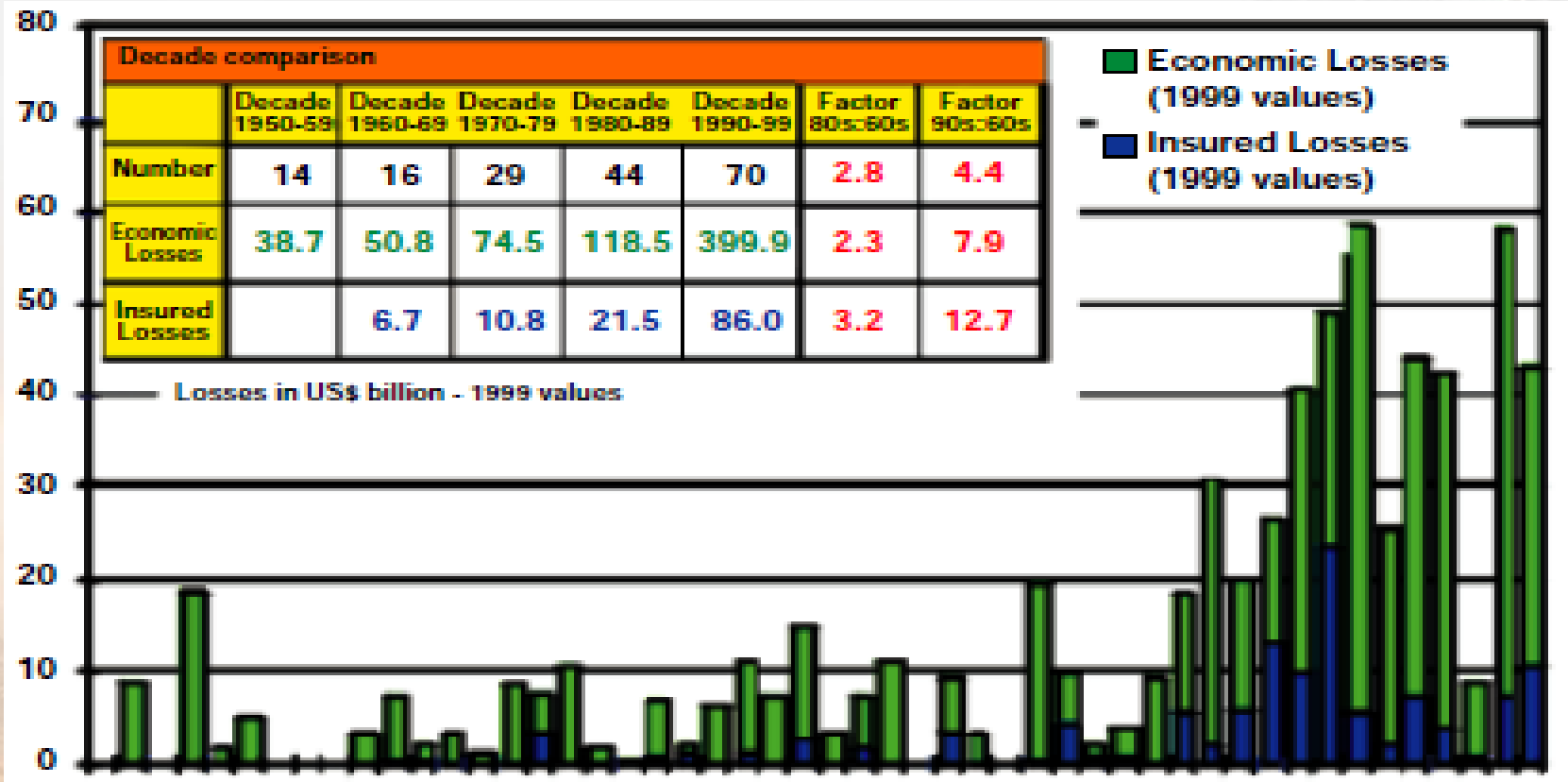
Consequences



Stern Review



Great weather related disasters 1950 - 1999



Source: Universiteit Amsterdam, <http://assets.panda.org/downloads/xweather.pdf>



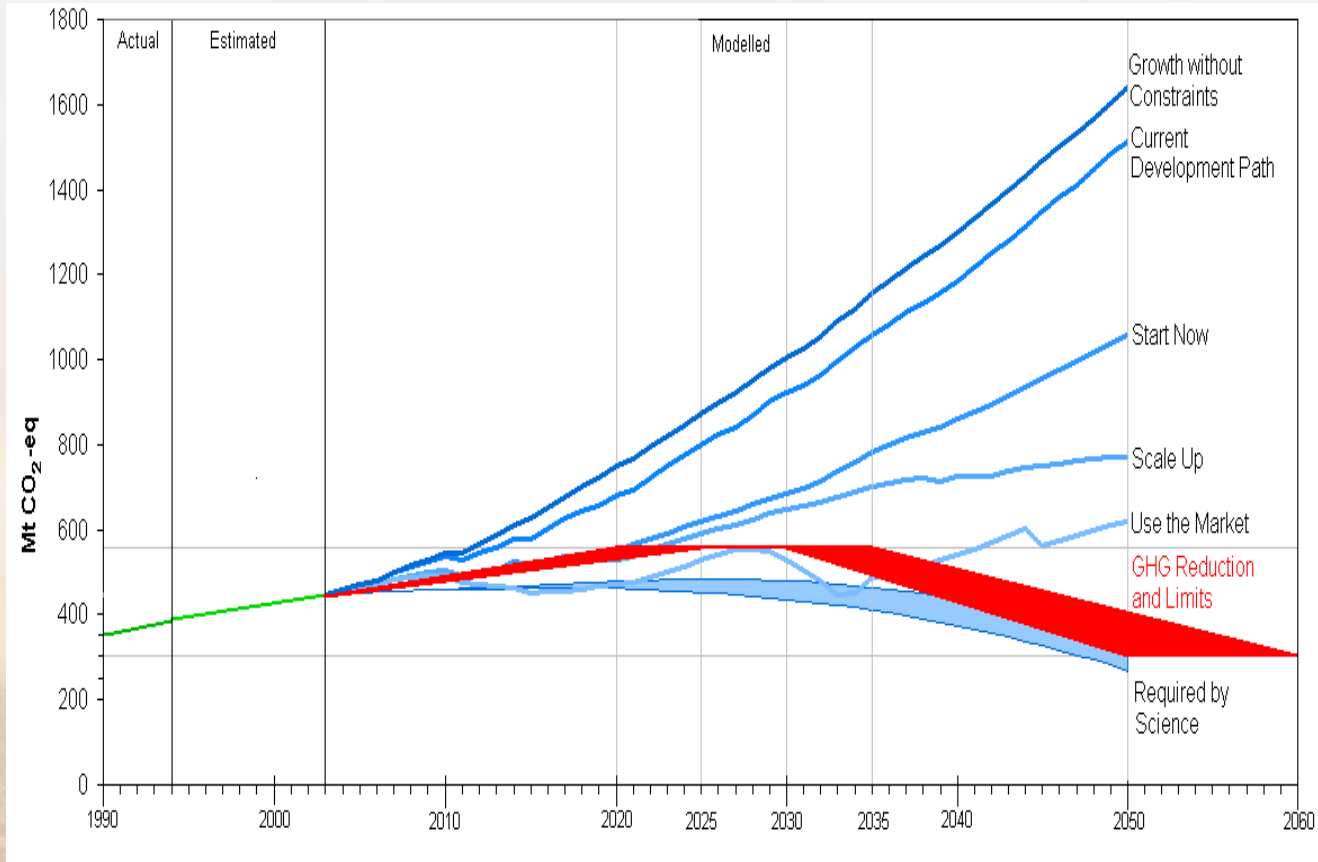
Australia Floods



South Africa Floods



South Africa's growth path



Source: Department of environmental affairs



Mitigation and Adaptation

- 85% of the capital required to fund the transition will have to come from the private sector
- World infrastructure investment needs for clean energy estimated to be about US\$500bn a year
- The GEPF RI policy is about changing behavior whereas the DI policy is about pursuing investment opportunities presented by the need to transition



GEPF Developmental Investment Policy

Pillar I

Investments in
Economic
Infrastructure

Pillar II

Investments in
Social
Infrastructure

Pillar III

Investment in
Sustainability
projects

Pillar IV

Investments in
Enterprise
development and
BBBEE



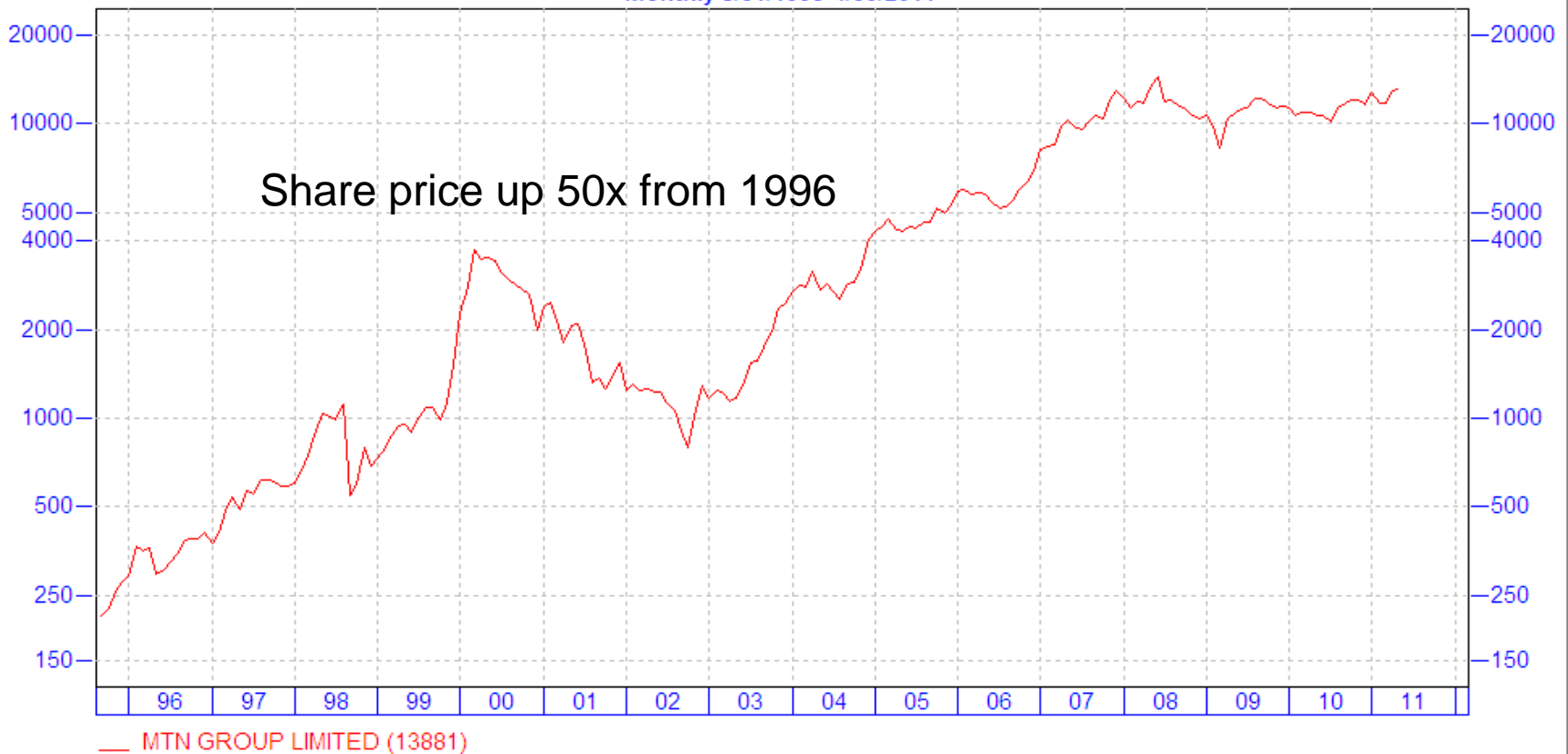
Why is enterprise development and transformation important?

- The high level of unemployment is the most pressing socio-economic and social challenge
- Social damage caused by unemployment represent a waste of economic resources and a loss of national income
- SMMEs are a key driver of job opportunities and provide excellent investment opportunities for long-term investors



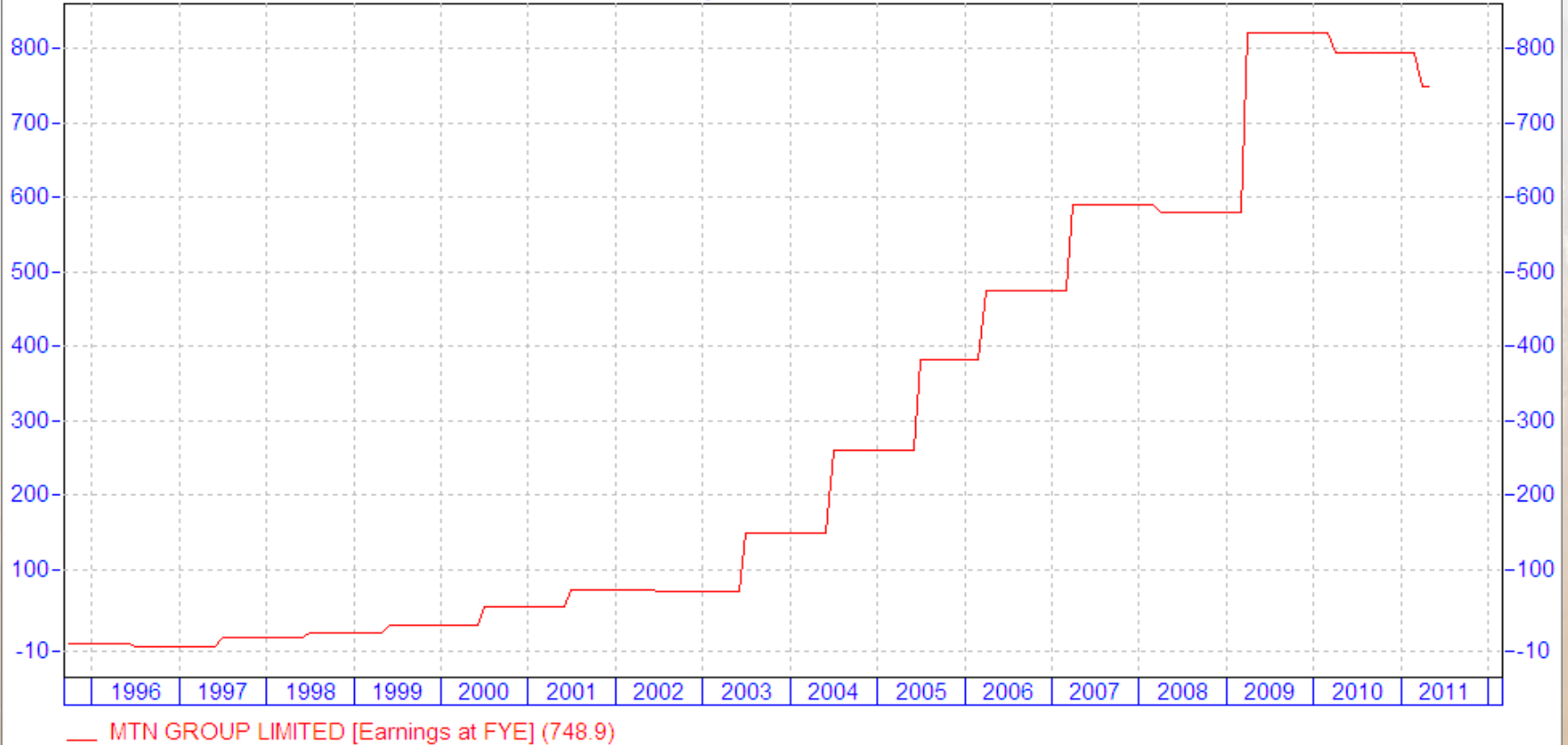
From small to Great

MTN GROUP LIMITED
Monthly 8/31/1995-4/30/2011



Rise in profits

MTN GROUP LIMITED [Earnings at FYE]
Monthly 9/30/1995-4/30/2011



GEPF Development Investment Policy

Sustainable long-term returns for the GEPF

Pillar I

Investments in
Economic
Infrastructure

Pillar II

Investments in
Social
Infrastructure

Pillar III

Investments in
Sustainability
projects

Pillar IV

Investments in
Enterprise
development and
BBBEE





THANK YOU

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