



Government Employees Pension Fund
Kasteel Park, 1st Floor
546 Jochemus Street, Eramuskloof
Pretoria
South Africa

Tel: +27 12 424 7330
Enquiries@gepf.gov.za
www.gepf.co.za

MEDIA RELEASE

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GEPF investment portfolio registers a 27.5% growth and a market value of R2.09 trillion

The Government Employees Pension Fund (GEPF) is pleased to announce its financial results for the year ended 31 March 2021.

Key Performance Indicators:

- *Market value of R2.09 trillion increasing by R451 billion from the previous financial year*
- *The Fund reached the significant milestone of R2 trillion in its 25th year anniversary of its founding*
- *Investment market value increased by 27.5%*
- *Return on Investment of 23.1%*
- *Accumulated funds and reserves grew at an average annual rate of 8.90% for the 10 year period 2012-2021*
- *Net investment income of R 483.8 billion following benefit payments of R 110.6 billion*
- *Member contributions of R82 billion*

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Despite the turbulent and unpredictable market conditions during the financial year, the GEPF recorded a market value of R2.09 trillion at the close of its financial year on 31 March 2021. This was an increase of 27.5% resulting in a return on investment of 23.1%. Over the 10-year period, 2012-2021, the GEPF's accumulated funds and reserves grew at an average annual rate of 8.90%.

The growth in the value of assets under management (AuM) confirms that the GEPF's investment strategy aimed at achieving long-term growth is successfully contributing to the financial soundness of the Fund.

This positive performance is as a result of a recovery of R451 billion in the Fund's market value following a decline of 11.4 % (R260 billion) in the previous financial year where the Fund's market value was R1.6 trillion.

The increase in the investment value is mainly attributable to the recovery in financial markets, particularly equities and bonds, from the market contraction in the first quarter of 2020. The Fund's performance however was negatively impacted by its unlisted and property portfolios declining which bore the brunt of market conditions as a result of the impact of the Covid-19 pandemic on the economy.

In this regard, impairment provisions had to be made to reflect the business reality of an asset at a particular point in time. As a result, the GEPF implemented a very conservative valuation of its unlisted and property assets. Such a valuation approach was done fully aware that improved market conditions could see assets subsequently recover or even exceed the value of the original investment.

We have seen a reversal of R2.1 billion in some of our assets impaired in previous years. A further encouraging sign has been the decrease in the value of impairments from R11.9 billion as at 31 March 2020 to R7.4 billion at 31 March 2021.

Despite the tough Covid-19 operating environment, the total benefits paid by the Fund amounted to R 110.6 billion. Our pension administrator, the GPAA received 27 960 pension claims in 2020/21 compared with 34 134 in 2019/20, reflecting a decrease of 18% in claims. The retirement claims amounted to R76 billion compared to R69,1

billion in the previous year. The Fund's active members decreased from 1 269 161 in 2019/20 to 1 265 406 in 2020/21. The number of pensioners in the Fund also declined from 313 173 in 2019/20 to 312 647 in 2020/21.

In an effort to enhance and strengthen our oversight and monitoring of the Government Pensions Administration Agency (GPAA) and the Public Investment Corporation (PIC), the GEPF has taken several steps during the financial year. These include:

- A comprehensive review of the Fund's investment policy, investment mandate and management agreements with the PIC. These include a more stringent consequence management, a review of the fee models and improved investment and reporting guidelines.
- A review of the Fund's operating model and quality of service provided by the GPAA. This review includes the benchmarking of administrative systems to meet the needs of the GEPF and its clients.

The GEPF continues to remain optimistic of the future growth of the Fund and we will continue to play our part in growing the South African economy.

/Ends

The Audited Financial statement can be reviewed on the GEPF website on www.gepf.co.za

Issued by Government Employees Pension Fund

For more information please contact:

Matau Molapo, Communications

T: +27 (0) 12 424 7315

M: +27 (0)79 1910 757

E: Matau.molapo@gepf.co.za