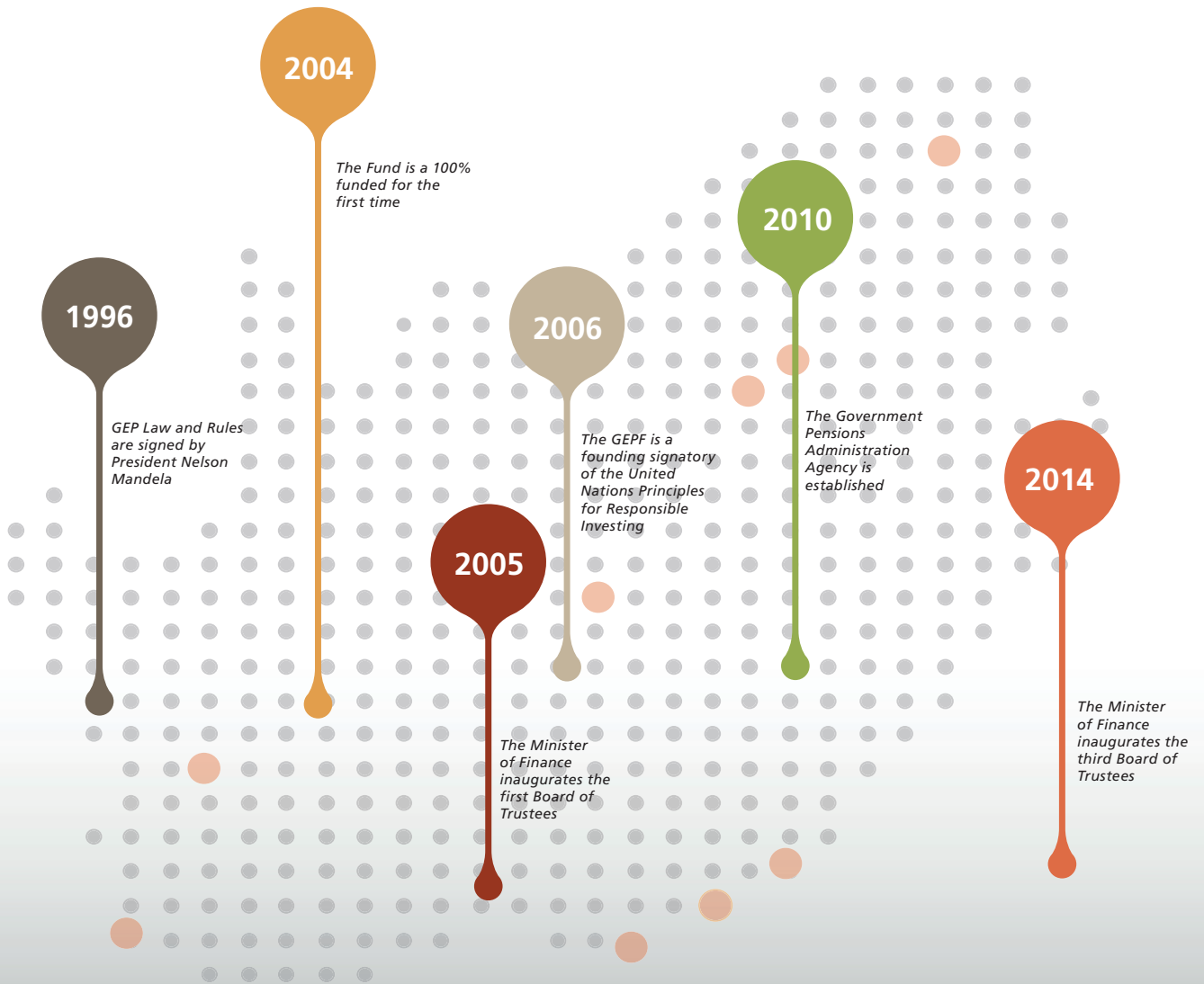




GEPF

your investment, your future



LEARN FROM YESTERDAY, LIVE FOR TODAY, SAVE FOR TOMORROW

2016 ANNUAL REPORT

VISION, MISSION AND VALUES

MISSION

As the Government Employees Pension Fund is the custodian of a significant portion of the wealth of public servants, our mission is to:

- ensure the sustainability of the Fund;
- provide for efficient delivery of benefits; and
- empower our beneficiaries through effective communication.

VISION

To be a global leading and reputable pension fund that delivers quality service to beneficiaries.

VALUES

We value integrity, transparency, client centricity, accountability, and innovation.

Integrity

- Being ethical and truthful
- Maintaining good governance practices
- Not misrepresenting or withholding information to which our stakeholders are entitled

Transparency

- Communicating openly and frequently with our stakeholders
- Setting out information in a format that is clear and understandable
- Being open to scrutiny and oversight

Client centricity

- Working collectively and cooperatively with our stakeholders
- Caring
- Maintaining customer focus

Accountability

- Acting with due diligence, competence, confidentiality, and reliability

Innovation

- Championing research and development in the retirement industry worldwide

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TO THE SPEAKER OF PARLIAMENT

I have the honour in terms of section 9(6) of the Government Employees Pension Law, 1996 (Proclamation 21 of 1996), as amended, to submit the Annual Report of the Government Employees Pension Fund for the period 1 April 2015 to 31 March 2016.

Pravin J Gordhan, MP
Minister of Finance

October 2016

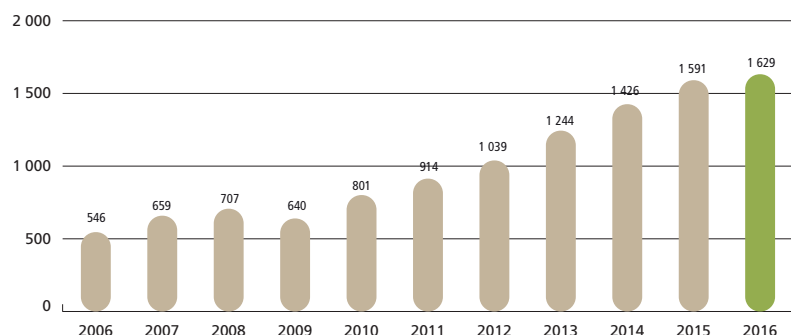


FINANCIAL HIGHLIGHTS

ACCUMULATED FUNDS AND RESERVES AS AT 31 MARCH 2016

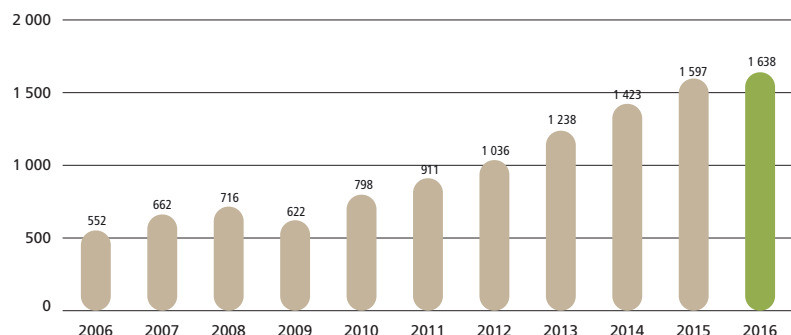
The Fund's accumulated funds and reserves amount to R1 638 billion as at 31 March 2016. The reserves represent the actuarial reserve that was set aside to address past discriminatory practices in terms of a collective agreement negotiated and agreed to in the Public Service Co-ordinating Bargaining Council (PSCBC).

Accumulated funds and reserves have grown at an average rate of 12,09% over the past 10 years.



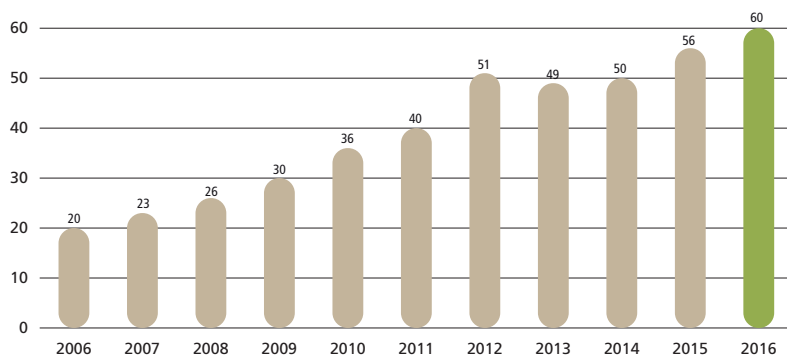
INVESTMENT PORTFOLIO

The Fund's investment portfolio grew by 2,6% from R1 597 billion in 2015 to R1 638 billion in 2016. The increase in the investment values is mainly due to additional investments made in the current year.



CONTRIBUTIONS RECEIVED AND ACCRUED

The Fund receives a percentage of members' pensionable salaries as contributions. Contributions received increased by R4 billion in the current year. This increase is mainly due to annual salary increases, as well as promotional and notch increases given to members.

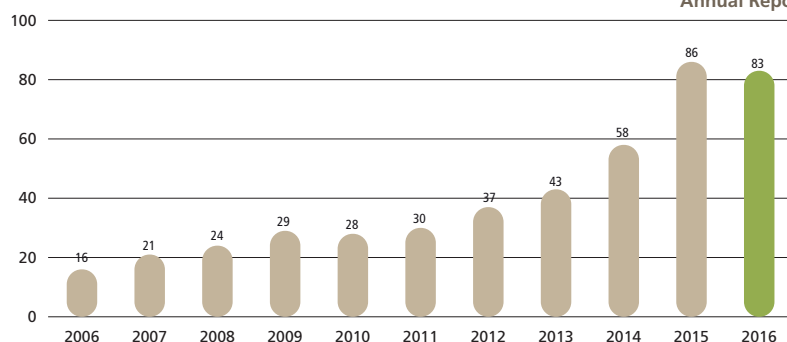


BENEFITS AWARDED

The Fund awards benefits upon a member's resignation, retirement or death. The Fund also pays funeral benefits.

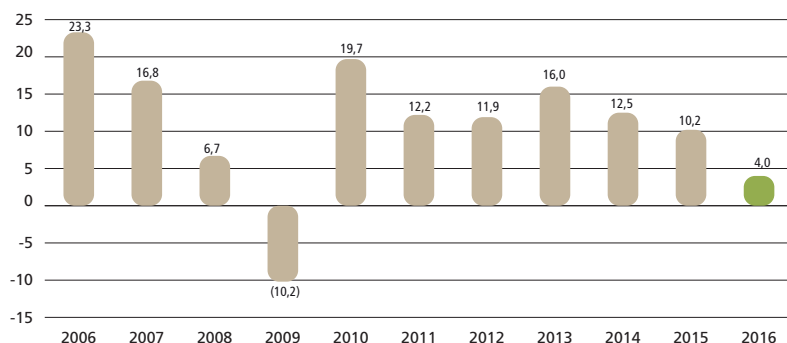
Benefits paid decreased by R3 billion in the current year, mainly due to a decrease in resignations from the Fund.

Annual Report 2016



FUND'S INVESTMENT RETURNS

During the reporting period, the Fund's investments yielded an average return of 4% compared to 10,2% in 2015 based on net investment income of R64 billion (2015: R197 billion).





1996 – 2016



This year marks the **20th anniversary** of the Government Employees Pension Fund (GEPF). The establishment of the present-day GEPF can be traced back to the Record of Understanding signed between the ANC and the then ruling National Party in **1992**. The Record of Understanding committed the parties, among other things, to the formation of the Government of National Unity and to respecting existing employment contracts and retirement compensations in any future restructuring of the civil service. Furthermore, section 212(6) of the (Interim) Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) required that provision be made for a pension for all members of the public service by means of a pension fund or funds established by law. To give effect to section 212(6), the Office of the Public Service Commission launched an investigation into the amalgamation of the various government service pension funds, including those of the then Transkei, Ciskei, Bophuthatswana, and Venda.

The Government Employees Pension Law was published in the Government Gazette No 17135 of 17 April 1996. The then President (Nelson Rolihlahla Mandela), by proclamation, determined 1 May 1996 as the commencement date of the Law.

The provisions of section 2(1) of the Government Employees Pension Law stipulate that all former funds, from 1 May 1996, were to amalgamate with the Government Service Pension Act, 1973 (Act No 57 of 1973). As of this date, the Fund was known as the Government Employees Pension Fund.



The following 10 different government funds were amalgamated during **1996** to form the Government Employees Pension Fund:

- Government Service Pension Fund;
- Temporary Employees Pension Fund;
- Authorities Service Pension Fund;
- Authorities Service Superannuation Fund;
- Ciskeian Civil Servants Pension Fund;
- Transkeian Government Service Pension Fund;
- Government Employees Pension Fund of Transkei;
- Government Pension Fund of Bophuthatswana;
- Government Pension Fund of Venda; and
- Government Superannuation Fund of Venda.

With the amalgamation of the funds, the benefit structure was standardised and all discriminatory practices scrapped. All members now would be expected to contribute at a rate of 7,5% of their salaries and, more importantly, all female members would enjoy the same benefits as their male counterparts.

Past discrimination in terms of pension benefits

The GEPF in collaboration with the Department of Defence, the Public Service Co-ordinating Bargaining Council (PSCBC), the Department of Public Service and Administration and other stakeholders had to establish processes to recognise, as pensionable service, the sacrifices made by individuals who were part of the former non-statutory forces and who had been integrated into the South African National



Defence Force (SANDF). The rules of the GEPF (ie the GEP Law and Rules) were therefore amended to make provision for the recognition of former non-statutory forces (NSF) service as pensionable service in the GEPF. This is commonly known as the NSF Pension Dispensation. In terms of the dispensation, the previous service of the former members who entered into an employment agreement with any State Department that participates in the GEPF may be recognised as pensionable service for purposes of pension benefits.

Other discriminatory practices that had to be dealt with included provisions pertaining to those individuals who went on strike in the Ciskei between 1991 and 1994 and who were dismissed and re-instated. Also, there were many casual labourers who had been employed by government departments for years but could not contribute to a pension fund because of their casual status. As the GEP Law and Rules of the GEPF did not make provision for these cases, complex and protracted negotiations were entered into in order to redress the situation.

Pulling together the divergent administrative systems and varying levels of operational effectiveness was an enormous achievement, further made difficult by the introduction of the Voluntary Service Packages in 1997. By **1999**, however, the GEPF was firmly established and by 2001 had decentralised its operations, and introduced a modernisation process and improvement of its service delivery that is ongoing to this day. The GEPF currently serves more than 1,7 million members and pensioners



spread across all nine provinces and provides services through 13 regional offices countrywide.

The focus since has been the transformation of the GEPF to being an inclusive, transparent, and customer-service orientated operation.

The GEPF still had to deal with a further round of severance packages for those civil servants who could not be deployed as required by the Framework Agreement on the Transformation and Restructuring of the Public Sector, which had been negotiated with the Public Service Co-ordinating Bargaining Council (PSCBC) in 2002.

In the **2003/2004** financial year, a bill to establish the Public Investment Corporation (PIC) – the proposed asset managers for the GEPF – was working its way through Parliament. This clearly separated the legal requirements of the asset managers and the retirement fund and was part of the greater focus on good governance that had seen the GEPF adopt the principles contained in the then King II Report on Corporate Governance.

The Minister of Finance had served as the sole Trustee of the GEPF when it was established in 1996. In June 2005, the first Board of Trustees was appointed and inaugurated. The appointment of a Board brought about a new era of member, pensioner, and stakeholder representation, participation and oversight in the GEPF, and saw the establishment of five permanent committees to give oversight to the strategic agenda of the Fund.

1996 – 2016



In **2006**, the GEPF's drive to become the leader in responsible investing was confirmed when the United Nations revealed its Principles for Responsible Investment (PRI) at the New York Stock Exchange, of which the GEPF is one of the founding signatories. The UN-backed Principles for Responsible Investment (PRI) was launched to encourage collaborative engagement, at an institutional level, on the incorporation of environmental, social, and governance issues in decision-making, ownership, and investment practices.

To strengthen governance and oversight, the first Board of Trustees approved a change in the governance structure of the Fund in 2008/2009 that resulted in the separation of the administration component of the GEPF. This is in line with international retirement fund best practices. The outsourcing of the administration function saw the establishment of the Government Pensions Administration Agency (GPAA) on **1 April 2010**. It allowed the Fund to strengthen its governance and oversight while providing members and beneficiaries with an effective best-possible pension administration service.

Following this, and in acknowledgement of the significant role institutional investors can and should play in shaping the development – and thus the



future – of South Africa, the GEPF's Developmental Investment Policy (DI) was launched in 2010. The GEPF and other concerned stakeholders also launched the Code for Responsible Investing in South Africa (CRISA) in **2011**.

The GEPF's Developmental Investment Policy (DI) adopted a four-pillar approach to developmental investing: economic infrastructure; social infrastructure; environmental investments; and enterprise development (including black economic empowerment and job creation). Many of these developmental projects are located in areas where poverty is high; and the GEPF believes these investments will go a long way towards creating jobs, alleviating poverty, increasing economic participation of impoverished communities, and assisting and supporting with skills development and skills transfer.

In **2012**, the GEPF established an Environmental, Social, and Governance (ESG) Unit and a programme of engagement was started with investee companies to ensure their compliance with ESG imperatives. The GEPF in **2013**, signed Private Placement Memoranda (PPM) with our investment manager PIC for private equity and infrastructure funds that will be invested in commercially viable South African-based projects with a positive long-term impact on development.



Fund assets

In **1996**, the GEPF started out with assets under management of R127 billion, which has since increased to more than R1,6 trillion and is currently the single largest investor in Johannesburg Stock Exchange (JSE) listed companies, with significant holdings in government bonds, listed equity, money markets, as well as investments in unlisted equity and property. It has more than 1,2 million (1996: 958 000) members and 423 395 (1996: 208 000) pensioners.

Financial position of the Fund

This growth has been in tandem with an improvement in the GEPF's funding level, an increase from 72% in 1996 to 100% in 2014 (according to the actuarial valuation of 31 March 2014). This reflects the Fund's robust investment strategy and its ability to adapt to dynamic and turbulent market forces. The GEPF is proud of this achievement as it is currently one of very few defined benefit pension funds internationally which is 100% funded after the 2008/2009 financial crisis.

Pension increases

The GEPF's strategy and operational expertise has resulted in it being able to pay pension increases greater than the agreed basic pension increase of

75% of the average increase in the Consumer Price Index (CPI). In certain years over the past decade, the GEPF paid more than 100% of the increase in the CPI. Between **2003** and **2013**, the average annual pension increase was 5,87%, either matching the average CPI or surpassing it.

The GEPF aims to give members and pensioners peace of mind about their financial security after retirement and during situations of need by ensuring that all funds in its safekeeping are responsibly invested and accounted for, and that benefits are paid out efficiently, accurately, and on time.

Looking back at the achievements of the **last 20 years**, the GEPF will continue to ensure the financial security of its pensioners and members. It will be a catalyst for change in terms of securing investment opportunities locally, regionally, and globally to meet its pension liabilities. In addition, the GEPF will strive to improve service delivery, as well as communication and education to its members and beneficiaries.



OUTLOOK

It is with great pleasure that I present the 2015/2016 Annual Report on behalf of the Board of Trustees of the Government Employees Pension Fund (GEPF).

The year 2015 ended with severe volatility in the local and global markets. In South Africa, the Rand weakened to its lowest level in December and recovered marginally in the first quarter of 2016.

The retirement fund reforms are still on the agenda, as 2016 began with the enactment of the Taxation Laws Amendment Act. Retirement reforms do not affect the GEPF's active members; however, there was a need for the Fund to educate members on the impact of these changes in order to avoid unnecessary resignations from lack of information.

The Fund also celebrated 20 years of existence during the reported period. The GEPF was established in 1996 when various public sector pension funds were consolidated. The 20-year anniversary marks an important milestone for the GEPF as we look back on our legacy and accomplishments.

On inception, the funding level of the GEPF was at 72% and is currently on 100% according to the recent actuarial valuation. A great feat indeed, demonstrating the growth in the financial soundness of the Fund.

The GEPF reached the R1 trillion mark in total value during the 2011/2012 financial year, closely matched by the associated liabilities, once again confirming that the Fund is growing and making a difference in the lives of our pensioners and members.

The primary role of the GEPF is to protect the wealth of our members and pensioners by safeguarding their retirement benefits through proper administration and prudent investment.

This is why the Government Employees Pension Fund was a founding signatory of the United Nations Principles for Responsible Investing (UNPRI) in 2006 and was instrumental in the establishment of the Code for Responsible Investing in SA (CRISA) in 2011, which correlates with the UNPRI.

INVESTMENTS

The GEPF's investment strategy uses a liability-driven approach that takes into consideration expected future benefit payments, the actuarial position, and other long-term objectives, as well as the risk to the overall solvency of the Fund.

During the reported period, the assets of the Fund totalled R1,6 trillion. The GEPF achieved an overall

investment performance return of 4%. This enabled the Board to grant a pension increase of 5,3% which was above 100% of the Consumer Price Index (CPI) of 4,8% as at November 2015. This is higher than the 75% increase recommended by the Rules of the Fund.

As a long-term investor, the GEPP understands that its success cannot be isolated from the development of the country. Any constraints on South Africa's economic growth will have a similar impact on the Fund.

The GEPP's Developmental Investment policy focuses on targeted investments that contribute to positive economic, social and environmental outcomes for South Africa, while earning good returns for members and pensioners.

Through our commitment to Environmental, Social and Governance (ESG) practices, the GEPP plays a critical role in driving the corporate sector towards adopting sustainable business practices that generate long-term financial rewards and have a positive impact on South Africa.

Given our size, the GEPP realises that it can leverage its administration and investments to meet its primary responsibility while contributing meaningfully to the development of our country, our continent and the planet.

The GEPP had already invested in excess of R18 billion in developmental and other unlisted investments. These are investment opportunities that signify steps towards investing in a sustainable future.

The GEPP's promise to public service employees and retirees is to secure and pay benefits when due. However, it also is important for members and pensioners to benefit directly from the Fund where possible before receiving fund benefits. As such, the GEPP will continue to use the Fund's assets to spur economic development, which in turn will benefit not only the investment portfolio but the quality of life of our members and pensioners as is evident in the recent investment commitment of providing housing finance for qualifying government employees.

BENEFITS AND ADMINISTRATION

The goal of the GEPP is to pay benefits accurately and on time with the assistance of its administrator, the Government Pensions Administration Agency (GPAA). As such, the Fund has embarked on initiatives that will improve its administrative processes so that it can provide better and improved services to its members and pensioners.

The modernisation process which we previously introduced will assist us in ensuring that our stakeholders receive their benefits promptly and efficiently. We have also started with processes of enhancing several benefits which will be implemented once all requirements have been met. These are geared towards improving our current benefits structure.

The total membership of the GEPP now stands at 1 693 078 consisting of 1 269 948 members who are still in service and 423 130 pensioners. We are also on a journey to interact more with our members and pensioners. This includes hosting national campaigns such as exhibitions and roadshows. The aim of these campaigns is to inform and educate members, pensioners and beneficiaries about their benefits and to clarify the operations of the Fund.

GOVERNANCE

As a Fund, the GEPP recognises the importance of promoting best-practice governance. Good governance and ethical behaviour provide the foundation for the GEPP to realise its aspiration to be a role model for pension funds worldwide. As the Board of Trustees, we are accountable for the administrative and investment performance of the Fund and are continuously seeking ways to grow our compliance with King III and PF130. We are also committed to ensuring that the GEPP is an ethical leader and good corporate citizen. In order to achieve this, the GEPP's Board of Trustees participated in training sessions and seminars on various aspects of the business, such as ethics training to ensure that we are compliant and that our Trustees have the appropriate knowledge to fulfil their fiduciary duties.

CONCLUSION

I thank the Board of Trustees for their assistance and extend my gratitude to the PEO, Abel Sithole and all the GEPP employees for ensuring that we fulfil our mandate to our stakeholders effectively. To our members and pensioners, your financial future is secure with the GEPP and we are honoured for the trust you have placed in us.



Dr Renosi Mokate

Chairperson: GEPP Board of Trustees

PRINCIPAL EXECUTIVE OFFICER'S REPORT



The GEPF Board develops and sets the strategy for the GEPF. The Office of the PEO must then ensure that this strategy and specific deliverables are implemented in conjunction with the Government Pensions Administration Agency (GPAA) and the Public Investment Corporation (PIC). Below is a brief overview of the operations and focus of this Office during the reporting period.

PERFORMANCE AGAINST STRATEGY

The GEPF focused on implementing the immediate strategy objectives set by the Board during the reporting period in line with the Fund's medium- to long-term strategy. Five strategic initiatives, with specific deliverables, were agreed to by the Board, and the GEPF developed a business plan for 2015/2016 to ensure implementation thereof. The majority of the projects agreed to were implemented with significant cost savings in relation to the approved budget.

The GEPF implemented 87% of the projects with 12% of the projects that remain work in progress. The projects that were implemented are highlighted in this report. The following projects are still work in progress and it is envisaged that it will be finalised within the 2016/2017 financial year:

- Revised Pension Increase Policy
- Revised Funding Level Policy
- Completed and approved operational risk assessments for all divisions
- Full compliance with the identified regulatory environment
- Finalise and implement an Intranet for the use of GEPF employees
- Develop and implement an electronic performance management system
- Develop and implement a system to house actuarial information

Work will continue on the above projects during 2016/2017 to ensure that the projects are implemented as a matter of urgency. The revision of the pension increase and funding level policies are fundamental with long-term initiatives that require rigorous engagement with key stakeholders.

FINANCIAL HIGHLIGHTS

The financial statements have been prepared using closing balances as at 31 March 2016. Significant highlights are as follows:

The Fund value at the end of the financial year 31 March 2016 reached an all-time high of R1,6 trillion. The investment performance for the financial year ending 31 March 2016 was 4%, slightly below

the benchmark return of 4.4%. Over the three years ended 31 March 2016, the Fund produced an annualised return of 11.1% compared to the benchmark return of 11.2%.

RESPONSIBLE INVESTMENT

The GEPF considers responsible investment as the key to the sustainability of its investments and security of members' and pensioners' benefits. The GEPF takes a proactive approach to articulate its practice and application of active ownership and environmental, social and governance (ESG) considerations across the entire GEPF investment portfolio, irrespective of the asset class in which it is invested.

The GEPF met with representatives of a number of JSE-listed companies during the reporting period. The majority of these discussions focused on long-term sustainability and executive remuneration policies. The GEPF Board and Management were represented at the PRI Academic Network and PRI in Person conferences in London, UK in September 2015.

ENSURING MEMBERS' AND PENSIONERS' BEST INTERESTS

The GEPF continuously strives to identify and implement initiatives that will enhance the lives of its members and beneficiaries. In this regard, the GEPF, PIC and DPSA worked together in developing a mechanism to grant access to home loans for GEPF members and pensioners who would not qualify for it through ordinary financial institutions. There is a particular need for housing for middle-income earners who earn "too much" to qualify for a subsidised house and too little to afford new housing on the market. The GEPF has also been working closely with the PIC to ensure that a portion of its portfolio is invested in companies who provide other products for the benefit of our members and pensioners. Areas under consideration are study loans and healthcare. It is expected that these will be realised during the ensuing financial years.

GEPF members and pensioners currently do not have access to an independent ombudsman to assist them in resolving complaints they may have against the Fund. Some of the complainants turn to the courts to resolve matters between them and the GEPF, which is a very costly and time-consuming process. The Board approved in principle the establishment of an independent complaints handling mechanism. Local, as well as international benchmarking was done and the implementation of this structure should take place during the 2016/2017 financial year.

The GEPF engaged the PSCBC on a number of benefit enhancements that were approved by the Board in the past. The engagement was successful and the Fund will now focus on implementing all the relevant benefit changes that have been approved by the PSCBC. The following benefit enhancements will be implemented once all requirements for implementation have been met:

- Establishment of an Additional Voluntary Contribution Scheme (AVC)
- Establishment of a Preservation Fund
- Revised Implementation of the Clean Break Principle
- Revised Orphan's Pension
- Removal of the Market Value Adjustment on qualifying bulk transfers

A number of these changes only require a Rule change and can be implemented fairly quickly. However, the revised Clean Break Principle will require a Law change and will take longer to implement. The GEPF and GPAA have formed a task team to deal with these matters to ensure that the members and pensioners can shortly enjoy these benefits.

STAKEHOLDER INTERACTION

The GEPF strives to enhance its communication efforts to external and internal stakeholders. During the 2015/16 financial year, it continued with national outreach programmes such as the roadshows and the Retirement Member Campaign aimed at members who are nearing retirement. The outreach programmes provide us with an opportunity to share the GEPF's processes and benefits. It also gives the Fund a chance to better understand the needs of our pensioners, members and beneficiaries.

The GEPF joined forces with the PSCBC and attended eight regional meetings held by the PSCBC. Attendees at those meetings were provided with relevant information regarding the GEPF to be shared with members of labour organisations represented by the attendees. The Fund also attended a number of workshops held by labour organisations which enabled us to share important information about the Fund.

The GEPF has noted that it is not easily accessible to all its members and pensioners as some of them are situated in remote areas. The mobile offices that were launched in 2014, address this, and again proved to be successful in bringing our services closer to people who find it difficult to travel to one of our regional offices. The mobile offices are fully equipped to assist with enquiries and acceptance of documentation.

GOVERNANCE

There are various policies that govern the operations and functioning of the GEPF Board. All those policies were reviewed to ensure that they are still relevant and aligned to new market best practice. The terms of reference of all Board committees were also reviewed and updated where applicable.

HUMAN RESOURCES

All GEPF employees have access to an employee wellness programme that provides a range of services. The services include counselling on various matters, legal advice and financial planning advice, amongst others. In addition, the Fund now has a formal TB and HIV/AIDS Policy to assist affected employees.

As part of the review of the Fund's strategic direction, the Board commissioned a review of the GEPF's organisational structure to ensure it is aligned to the strategy. An external service provider was appointed to assist with the mapping of all current business processes in the organisation. This gave the GEPF management a clearer view of the current circumstances in each business area within the organisation. It highlighted deficiencies and key areas for improvement, but also gave an indication of business areas that are under-capacitated. The Board approved a revised structure during the year and requested the management team to enhance certain areas in the organisation.

ETHICS

The GEPF Employee Ethics Code that was adopted in the previous year, was rolled out to employees. The Code was developed to assist all employees in understanding and applying sound ethical practices.

The GEPF recognises that ethics awareness deters violations and fosters compliance which increases stakeholder trust and confidence in the Fund. The Fund has started working closely with its two main service providers, the PIC and GPAA, to align the ethical standards of the three organisations.

HIGHLIGHTS

The appointment of a single master custodian was finalised and Standard Bank was chosen to provide a full range of investor services product solutions for the GEPF's assets under management. In terms of the master custody and recordkeeping mandate with the GEPF, Standard Bank provides domestic, regional, and global custody services for over 60 markets. These services are integrated with a master recordkeeping solution which includes investment accounting, compliance monitoring, performance, and risk reporting services for all GEPF-listed and unlisted investment portfolios.

The pension increase for the 2015/2016 financial year was 5,3%, effective 1 April 2016. This increase is equal to 100% of the Consumer Price Index (CPI) and attests to the Fund's endeavours to ensure that, investment performance permitting, pensions retain their purchasing power.

APPRECIATION

I would like to express my gratitude and appreciation to the Chairperson of the GEPF, Dr Renosi Mokate, and the Board of Trustees and its Committees for the support I received during the past year.

I am supported by a dedicated management team and staff. I thank them for their hard work, dedication and continued support during the 2015/2016 financial year.



Abel Sithole
Principal Executive Officer



BOARD OF TRUSTEES

as at 31 March 2015



Dr Renosi Mokate

Positions

- Employer-nominated Trustee
- Chairperson of the GEPF Board of Trustees
- Chairperson of the GEPF Investment Committee

Qualifications

- Ph.D. – University Delaware
- Master of Arts – University Delaware
- Bachelor of Arts – Lincoln University

Experience and memberships

- Executive Director and CEO – UNISA Graduate School of Business Leadership
- Executive Director, World Bank Group (2010 to 2012)
- Deputy Governor, South African Reserve Bank (2005 to 2010)
- Member of the Board of Advisors, School of Public Policy and Administration – University of Delaware
- Member of the Institute of Directors in Southern Africa (IoDSA)



Major General Dries de Wit

Positions

- Forces Elected Trustee
- Vice Chairperson of the GEPF Board of Trustees
- Chairperson of the GEPF Benefits and Administration Committee

Qualifications

- Tertiary qualification (Human Resource Management)

Experience and memberships

- Member of the GEPF Investment Committee
- Member of the GEPF Remuneration Committee
- General Officer Commanding, South African National Defence Force – Training Command
- Member of the Institute of Directors in Southern Africa (IoDSA)



Mr Themba Gamedze

Positions

- Employer-nominated Trustee
- Chairperson of the GEPF Valuations Subcommittee

Qualifications

- BA (Honours) – University of Warwick
- MSc – University of Warwick

Experience and memberships

- Member of the GEPF Benefits and Administration Committee
- Member of the GEPF Investment Committee
- President of the Actuarial Society of South Africa – 2012 to 2013
- Member of the Board of ESCAP
- Lecturer in pure mathematics – University of Swaziland (1980 to 1989)
- Director of a number of subsidiaries of the Sanlam Group, including Santam
- Fellow of the Actuarial Society of South Africa
- Member of the Institute of Directors in Southern Africa (IoDSA)



Mr Edward Kekana*

Position

- Employee-nominated Trustee

Qualifications

- Senior Certificate
- Secondary Teachers Diploma
- Certificate, Programme in Human Resource Management
- Advanced Certificate in Education
- Certificate, Programme in Project Management
- Higher Certificate in Economic Development

Experience and memberships

- Member of the GEPP Governance and Legal Committee
- Member of the GEPP Finance and Audit Committee
- Member of the GEPP Investment Committee
- Provincial Chairperson – SADTU Gauteng Province
- Member of SADTU National Executive Committee
- Member of SADTU International Relations Committee
- Director at SADTU Curtis Nkondo Professional Development
- Member of COSATU Retirement Fund
- Director of The Africa Regional Committee on Juche Studies
- Member of the Institute of Directors in Southern Africa (IoDSA)



Dr Barry Kistnasamy

Position

- Employer-nominated Trustee

Qualifications

- MBChB – University of Natal
- MMed (Community Health) – University of Natal
- Certificate, Health Economics and Planning – York University
- Rackham Fellowship – Occupational and Environmental Health – University of Michigan
- Certificate, Advanced Epidemiology – New England Epidemiology Institute
- Certificate, Health Leadership – Cambridge

Experience and memberships

- Member of the GEPP Investment Committee
- Member of the GEPP Benefits and Administration Committee
- Former Executive Director – National Institute for Occupational Health
- Compensation Commissioner for Occupational Diseases – National Department of Health
- Member of the Institute of Directors in Southern Africa (IoDSA)



Mr Mpho Kwinika

Position

- Employee-nominated Trustee

Qualifications

- National Diploma (Policing)

Experience and memberships

- Member of the GEPP Governance and Legal Committee
- Member of the GEPP Investment Committee
- President: South African Police Union
- Chairperson: Sililanabo South African Police Union Trust Fund
- Member of the Institute of Directors in Southern Africa (IoDSA)

* Attended all Board meetings and events as a Trustee.

BOARD OF TRUSTEES (continued)



Dr Frans le Roux

Position

- Pensioner-elected Trustee

Qualification

- DCom (Economics) – University of Stellenbosch

Experience and memberships

- Member of the GEPF Benefits and Administration Committee
- Member of the GEPF Investment Committee
- Member of the GEPF Valuations Subcommittee
- Former Chairperson: Public Investment Corporation Executive Committee
- Former Deputy Director-General: Financial Management, National Treasury
- Former Chief Executive Officer: Government Employees Pension Fund
- Member of the Institute of Directors in Southern Africa (IoDSA)



Mr Seth Makhani

Position

- Employer-nominated Trustee

Qualifications

- BCom (Honours): Cost and Management Accounting – University of Venda
- BCom (Accounting) – University of Venda
- National Diploma in Medical Laboratory Technology – Tshwane University of Technology
- Diploma in Electronics – Intec College

Experience and memberships

- Chairperson of the GEPF Finance and Audit Committee
- Member of the GEPF Governance and Legal Committee
- Trustee: DOD Group Life Insurance Scheme
- Former Trustee – MEDCOR (Correctional Service Medical Scheme)
- Former Finance and Audit Chairperson – Finance Committee, MEDCOR
- Member of the Institute of Directors in Southern Africa (IoDSA)



Ms Kgomotso Makhupola

Position

- Employer-nominated Trustee

Qualifications

- Diploma in Public Relations – Allenby
- Certificate in Human Resource Management – Damelin
- Certificate in Economic Development – University of the Western Cape

Experience and memberships

- Member of the GEPF Governance and Legal Committee
- Member of the GEPF Finance and Audit Committee
- National Treasurer of NEHAWU
- CEC member of NEHAWU
- NEC member of NEHAWU
- Chairperson NEHAWU National Provident Fund
- FINCOM member of NEHAWU
- CEC member of COSATU
- FINCOM member of COSATU
- Member of the Institute of Directors in Southern Africa (IoDSA)



Mr Stadi Mngomezulu

Position

- Employer-nominated Trustee

Qualifications

- Master of Business Leadership
- BCom (Accounting)
- Executive Development Programme – Gestalt International Study Centre, Massachusetts, USA

Experience and memberships

- Member of the GEPF Finance and Audit Committee
- Member of the GEPF Governance and Legal Committee
- Non-executive Director of the State Information Technology Agency
- Board member of the Finance and Accounting Services Sector Education and Training Authority
- Member of the Institute of Directors in Southern Africa (IoDSA)



Ms Gladys Modise

Position

- Employer-nominated Trustee

Qualifications

- BCom (Honours) Financial Management – University of North West
- BCom – University of North West
- Diploma in Management – University of North West

Experience and memberships

- Member of the GEPF Finance and Audit Committee
- Member of the GEPF Investment Committee
- Member of the Institute of Directors in Southern Africa (IoDSA)



Ms Edith Mogotsi

Positions

- Employee-nominated Trustee
- Chairperson of the GEPF Social and Ethics Subcommittee

Qualifications

- Advanced Diploma, Public Administration – University of the Western Cape
- Board Effectiveness – Toronto University, Canada
- Certificate Course: Economic Development – University of the Western Cape
- Executive Development Programme (EDP): UNISA, and Investment – Johannesburg Finance College
- Finance Management – Johannesburg Finance College
- Gender mainstreaming: PALAMA
- Economic Literacy Wits Plus
- Introduction to Investment and Finance – Wits Plus
- Principles of Finance and Investment Management – Wits Plus

Experience and memberships

- Member of the GEPF Benefits and Administration Committee
- Member of the GEPF Investment Committee
- Member of Policing Chamber (SASSETA)
- Member of the Police Music and Cultural Association
- Former Chairperson and former Deputy Chairperson of Policing Chamber (SASSETA)
- Former member of SASSETA Board
- Former member of PSCBC
- Former member of SSSBC
- Former member of Bid Evaluation Committee: SASSETA
- Former member of Provincial Victim Empowerment Programme, North West Province
- Former member of Steering Committee: No Violence Against Women and Children
- Member of the Institute of Directors in Southern Africa (IoDSA)

BOARD OF TRUSTEES (continued)



Ms Moira Moses

Position

- Employer-nominated Trustee

Qualifications

- B.A. – University of Witwatersrand
- Management Advancement Programme – Wits Business School

Experience and memberships

- Member of the GEPF Governance and Legal Committee
- Member of the GEPF Finance and Audit Committee
- Member of the GEPF Investment Committee
- Member of the GEPF Remuneration Committee
- Public Investment Corporation, Non-executive Director
 - Chairman of the Properties Committee
 - Member of the Human Resources and Remuneration Committee
 - Audit and Risk Committee
 - Investment Committee
 - Directors' Affairs Committee
- Kansai Plascon, Non-executive Director, Member of the Social and Ethics Committee
- Thusánang Trust, Director
- Member of the Institute of Directors in Southern Africa (IoDSA)



Ms Dorothy Ndlovu

Position

- Employee-nominated Trustee

Qualifications

- Diploma in Political Economy – University of Western Cape
- Junior Management Development Programme – Technikon SA

Experience and memberships

- Member of the GEPF Benefits and Administration Committee
- Member of the GEPF Finance and Audit Committee
- National Treasurer of Hospersa
- Senior Finance Clerk at Charlotte Maxeke Hospital
- Chairperson of PSI Women's Committee in SA
- FEDUSA NEC and FINCOM member
- Member of the Institute of Directors in Southern Africa (IoDSA)



Mr Pierre Snyman

Position

- Employee-nominated Trustee

Qualification

- Senior Certificate

Experience and memberships

- Member of the GEPF Benefits and Administration Committee
- Member of the GEPF Governance and Legal Committee
- Chairperson of the Public Servants Association of SA (2012 to current)
- Director of the Public Servants Association of SA (2009 to current)
- National Chairperson of DCS branch of the Public Servants Association of SA (2005 to current)
- Former Secretary of the CSP Board
- Former Board member of MEDCOR
- Member of the Institute of Directors in Southern Africa (IoDSA)



Ms Barbara Watson

Positions

- Employer-nominated Trustee
- Chairperson of the GEPF Governance and Legal Committee

Qualification

- BSocSc – University of the Western Cape

Experience and memberships

- Member of the GEPF Investment Committee
- Commissioner to the Commission on Employment Equity representing government as an employer
- International Labour Organisation (ILO): Representing the DPSA in the Committee responsible for the Corridor Economic Empowerment and HIV Vulnerability Reduction Project which is regional in scope
- Board member of Jabu Ndlovu Trust
- Member of the Institute of Directors in Southern Africa (IoDSA)

INVESTMENT POLICY STATEMENT

The GEPP's Developmental Investment Policy is a formal statement of the main principles underlying the investment strategy of the Government Employees Pension Fund. It provides a framework within which the Fund's management, Investment Committee and Board of Trustees make investment decisions. It is designed to:

- communicate the investment philosophy to stakeholders and investment managers; and
- describe the overall investment objectives, the risk philosophy, the design of the portfolios and different mandates, the benchmarks against which performance will be reviewed, and the risk parameters associated with each of these portfolios.

The principal long-term objectives of the Fund are as follows:

- to provide members and their dependants with the benefits promised in the Rules;
- to aspire to granting inflationary increases to pensions subject to affordability and sustainability of the Fund and to establish contingency reserves at a level designed to facilitate such targeting; and
- to keep the employer contribution rate as steady as possible with any increases to the employer contribution rate being able to be predicted well in advance.

As a very substantial fund within the South African market and in accordance with its responsibility as a signatory to the United Nations-backed Principles for Responsible Investment and the Code for Responsible Investing in South Africa, the GEPP aims to invest responsibly for the long term and, therefore, where compatible with its other objectives, to take account of the wider impact on the broader South African society when making investments.

The strategic asset allocation of the Fund is set out in the table below:

Asset class	Strategic asset allocation %	Asset allocation as at 31 March 2016 %	Asset allocation as at 31 March 2015 %	Asset allocation range %
Cash and money markets	4	1	2	0 – 8
Domestic bonds	31	33	32	26 – 36
Domestic property	5	5	5	3 – 7
Domestic equity	50	53	54	45 – 55
Africa equity (ex SA)	5	1	1	0 – 5
Foreign bonds	2	2	2	0 – 4
Foreign equity	3	5	4	1 – 5

The investment strategy of the Fund has been designed using a liability-driven approach that takes the expected future benefit payments, the actuarial position, and other long-term objectives, as well as the risk to the overall solvency of the Fund into consideration, and is designed to ensure that members and their dependants receive their promised benefits on time, and with the highest degree of certainty. It also considers the size of the Fund's assets in the context of the South African market, as well as other African and international markets.

The allocation of the Fund between the different asset classes, and how much to invest in each asset class is set out in the table below:

Asset class	Strategic asset allocation %	Asset allocation range %
Cash and money markets	4	0 – 8
Domestic bonds	31	26 – 36
Domestic property	5	3 – 7
Domestic equity	50	45 – 55
Africa equity (ex SA)	5	0 – 5
Foreign bonds	2	0 – 4
Foreign equity	3	1 – 5

INVESTMENT PERFORMANCE

As at 31 March 2016, the GEPP's investments amounted to R1 638 billion, an increase of R42 billion from R1 596 billion a year ago.

The total return for the Fund for the year to 31 March 2016 was 4% as compared to a benchmark return of 4,4%. Over the three years ended 31 March 2016, the Fund produced an annualised return of 11,1% compared to the benchmark return of 11,2%.

The Fund invests in a combination of investments that seek growth, such as equities and property, and those that are designed to reduce risk, such as bonds and cash.

The GEPPF also makes unlisted investments across the different asset classes. The reason for making these investments is twofold. Firstly, as a large institutional investor, investment in unlisted entities provides a degree of diversification to the GEPPF's portfolio, and secondly, it increases the opportunity set and allows the GEPPF to make investments that fit within the Fund's Developmental Investment Policy.

The GEPPF's Developmental Investment Policy promotes investment across four pillars:

1. Investment in economic infrastructure;
2. Social infrastructure;
3. Sustainability projects; and
- 4 Enterprise development projects.

All of these are expected to produce long-term returns for the GEPPF's members and pensioners, as well as the broader South African economy.

The GEPPF has made developmental investments valued at R13 billion across the four pillars. The key issues addressed through the developmental investments include transformation, social and environmental impact. Through the social infrastructure pillar, investments have been made in education, healthcare facilities and housing construction. Transformative investments have also been made in enterprise development, with more than 340 Small and Medium Enterprises (SMEs) facilitated and 25 463 community groups supported to start small businesses. To promote sustainability, investments have been made in environmental infrastructure through the funding of renewable energy projects. Funding has also been provided to agricultural and manufacturing enterprises.

Through these investments, more than 17 000 jobs have been created.

Some recent investments within the developmental investment portfolio include:

- Kelvin Power – a 600 MW power plant that supplies power to the City of Johannesburg Metropolitan Municipality;
- Lona Citrus – one of the country's top five largest citrus exporters;
- National Urban Reconstruction and Housing Agency (NURCHA);
- Xina Solar One – an investment consisting of the construction and operation of a 100 MW solar power project; and

- Karoshhoek Solar One – a project development company set up to develop a 100 MW solar power plant.

OVERVIEW OF GEPPF INVESTMENTS IN PRIVATE EQUITY FUNDS

To further its investments in the rest of Africa, the GEPPF made a USD30 million commitment to two West African private equity funds. USD20 million was invested in the Capital Alliance Private Equity Fund IV managed by African Capital Alliance, and USD10 million was invested in the Verod Capital Growth Fund II managed by Verod Capital.

RESPONSIBLE INVESTING

GEPPF and active ownership

The GEPPF believes that integrating Environmental, Social and Governance (ESG) factors into investment decisions promotes the long-term value of the GEPPF's investments and is in the interest of its members. The GEPPF's investments are vulnerable to varying degrees, to ESG risks across specific investments, sectors and asset classes.

The GEPPF's long-term, broadly diversified and predominantly passive investment strategy enhances this vulnerability. Furthermore, ESG issues are often inadequately managed and accounted for by entities and investment service providers. In an effort to protect the GEPPF members' interests, we commit to integrating ESG issues in investment decisions and through the exercise of ownership rights and privileges, to encourage entities the GEPPF invests in to manage and account for ESG issues appropriately.

Ownership rights have an intrinsic economic value and active ownership uses various formal and informal elements of such voting rights to signal, encourage, and request change in the corporate behaviour of entities in which the GEPPF has invested and which support the delivery of long-term investment value. The GEPPF's active ownership approach includes two areas of involvement: strategic voting and engagement.

Strategic voting

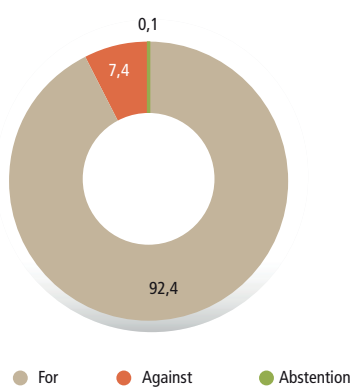
The GEPPF regards voting its shares at company meetings as a key obligation to both its members and to the companies in which we invest. It is an integral part of active ownership. We think of share voting as an important tool for engaging with companies and also an effective way for the GEPPF to publicly express our views on what a company is doing right, and what a company needs to change.

INVESTMENT REPORT (continued)

Votes are cast in accordance with the PIC Corporate Governance and Proxy Voting Policy which is based on the GEPF's Responsible Investing Policy. The GEPF's proxy voting activities through the PIC are published on the PIC's website.

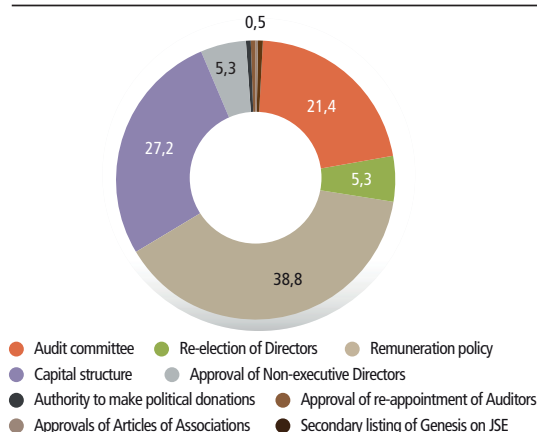
In 2015/2016, the GEPF voted at 225 shareholder meetings on 2 787 resolution items. The GEPF voted in favour of 2 522 resolutions (92,3% of total votes) and against 206 (7,4%) cases. Furthermore, the GEPF abstained on four resolutions during the 2015/2016 financial year.

Proxy voting results (%)



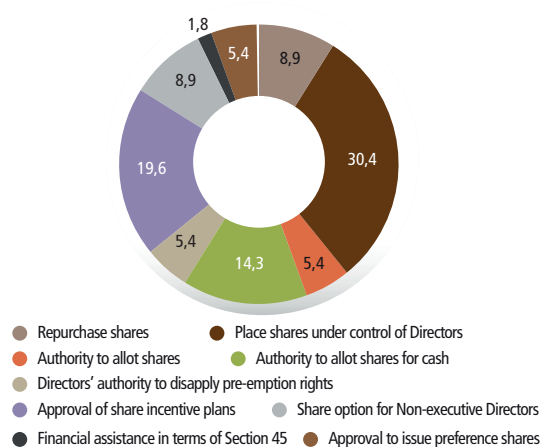
The resolutions the GEPF voted against included the approval of a remuneration policy (38,8%), capital structure (27,2%), the re-election of directors to the Audit Committee (21,4%), the re-election of directors (5,3%) and other matters (7,3%).

Breakdown of against votes (%)



The Fund voted against placing shares under the control of Directors in most instances relating to the company's capital structure (30,4%). Other capital structure-related resolutions dealt with the approval of share incentive plans (19,6%) and the authority to allot shares for cash (14,3%).

Breakdown of capital structure votes (%)







Good governance and ethical behaviour provide the foundation for the GEPF to realise its aspiration to be a role model for pension funds worldwide.

The GEPF complies with the requirements of the GEP Law and Rules, and takes cognisance of the Pension Funds Act, as well as the King Code for best practice, where they are not in conflict. The GEPF is committed to transparency, integrity, and accountability based on accepted corporate governance principles and practices.

The Board governs the Fund – it is accountable for administrative and investment performance. The Board is also responsible for compiling and approving the annual financial statements, which are presented to Parliament by the Minister of Finance.

According to the GEP Law, fiduciary responsibility for the Fund rests with the Board of Trustees. The Law requires that the Board be appointed for a four-year term, after which it must make way for a new Board. The Minister of Finance inaugurated the current Board on 17 April 2014 for a period of four years.

In line with the GEP Law, the Board consists of 16 Trustees, led by an elected Chairperson and Vice Chairperson. The Trustees elect the Chairperson and Vice Chairperson from their own ranks at the first meeting of the newly appointed Board. Each Trustee has an elected or appointed Substitute, ensuring full and proper representation at all times.

BOARD COMPOSITION

Trustees are appointed in accordance with section 6 of the GEP Law and Rules. Eight employer and six employee nominees are represented on the Board. Member representatives include a pensioner and an SANDF and Intelligence Community representative elected through a postal ballot.

Employer nominees

Trustee		Substitute trustee	
Department	Name	Department	Name
National Treasury	Mr Stadi Mngomezulu	National Treasury	Ms Lindy Bodewig
Department of Public Service and Administration	Ms Barbara Watson	Department of Public Service and Administration	Dr Alex Mahapa
Department of Health	Dr Barry Kistnasamy	Department of Health	Dr Anban Pillay
Department of Basic Education	Ms Gladys Modise	Department of Basic Education	Dr Morgan Pillay
Department of Defence	Mr Seth Makhani	South African Police Service (SAPS)	Brigadier Johan Griesel
Public Investment Corporation (PIC)	Ms Moira Moses	Public Investment Corporation (PIC)	Vacant
Specialist Trustee	Dr Renosi Mokate	Specialist Trustee	Vacant
Specialist Trustee	Mr Themba Gamedze	Specialist Trustee	Advocate Lindiwe Nkosi-Thomas

Employee nominees

Trustee		Substitute trustee	
Department	Name	Department	Name
National Education, Health and Allied Workers Union (NEHAWU)	Ms Kgomotso Makhupola*	National Education, Health and Allied Workers Union (NEHAWU)	Mr James Maboa*
South African Democratic Teachers Union (SADTU)	Mr Eddie Kekana	South African Democratic Teachers Union (SADTU)	Mr Mugwena Maluleke*
Health and Other Service Personnel Trade Union (Hospersa)	Ms Dorothy Ndhlovu	National Union of Public Service and Allied Workers (NUPSAW)	Mr Success Mataitsane
South African National Defence Force and Intelligence Community	Major General Dries de Wit	South African National Defence Force and Intelligence Community	Colonel Johan Coetzer
Public Servants Association (PSA)	Mr Pierre Snyman	Public Servants Association (PSA)	Mr Ashley McAnda*
South African Policing Union (SAPU)	Mr Mpho Kwinika	South African Policing Union (SAPU)	Mr Peter Ntsime
Police and Prisons Civil Rights Union (POPCRU)	Ms Edith Mogotsi	Police and Prisons Civil Rights Union (POPCRU)	Advocate Makhubalo Ndaba
Pensioner	Dr Frans le Roux	Pensioner	Mr Cornelius Booyens

* New appointments.

INDEPENDENCE OF TRUSTEES

The GEPF has utilised the guidelines contained in King III to establish if the GEPF's Trustees can be classified as Independent Non-executive Directors. Below are the guidelines used:

The Trustee is not a representative of a shareholder who has the ability to control or significantly influence the management of the Board.

The Trustee does not have a direct or indirect interest in the company, which exceeds 5% of the total shares in issue.

The Trustee does not have a direct or indirect interest in the Fund, which is less than 5% of the total shares in issue but is material to his personal wealth.

The Trustee has not been employed by the Fund in any executive capacity, or appointed as the designated auditor or partner in the company's external audit firm, or senior legal advisor for the preceding three financial years.

The Trustee is not a member of an immediate family of an individual who is or has during the preceding three financial years been employed by the Fund in an executive capacity.

The Trustee is not a professional advisor to the Fund, other than as a Trustee.

The Trustee is free from any business or other relationship, which could be seen by an objective outsider to interfere materially with the individual's capacity to act in an independent manner, such as being a director of a material customer of, or supplier to, the company.

The Trustee does not receive remuneration subjected to the performance of the Fund.

According to this assessment, 14 Trustees can be classified as Independent Non-executive Directors. However, all 16 Trustees have an arm's-length relationship with the Fund and are not involved in the day-to-day running of the Fund.

Trustees are consistently reminded of their fiduciary duty to act independently and in the best interest of its members and pensioners.

SKILLS, KNOWLEDGE, AND EXPERIENCE OF TRUSTEES

According to section 4.1.2 of the GEP Rules, at least one of the eight employer-nominated Trustees must have expertise in financial management and investments, or the management and organisation of pension funds in general. Two specialists currently serve as Trustees,

supported by two specialist Substitute Trustees. The other Trustees and their Substitutes have a range of skills, knowledge, and experience necessary to effectively manage and govern the Fund. The profiles of the 16 Trustees are reflected on pages 16 to 21.

THE BOARD CHARTER

The Board has formally adopted a charter during the year under review. Previously, the Board utilised the GEP Law and Rules to regulate the parameters within which it operates and to set out the role and responsibilities of the Board and individual Trustees. The purpose of the charter is to regulate the parameters within which the Board will operate and to ensure the application of the principles of good corporate governance in all dealings by, in respect and on behalf of, the GEPF and furthermore, to set out the roles and responsibilities of the Board and individual Trustees, including the composition and relevant procedures of the Board.

THE GOVERNANCE CHARTER

The Board is governed by a Governance Charter derived from sources that include the GEP Law and Rules, Good Governance on Retirement Funds (Circular PF130, issued by the Financial Services Board) and King III. The Governance Charter is reviewed annually to ensure that it is up to date with corporate governance best practice locally and internationally.

The Governance Charter includes a Trustee code of conduct and ethics, Trustee fit and proper guidelines, Trustee responsibilities, Trustee development and training, Board and Trustee performance assessments, Board remuneration and expenses, media policy, confidentiality policy, conflict of interest policy, compliance policy, risk policy and framework, committee terms of reference, and rules on the delegation of authority.

BOARD MEETINGS

The Board has a formal meeting schedule and meets at least four times a year, with additional meetings when required. Two-thirds of the Trustees must be present at a meeting to ensure a quorum. Trustees are provided with detailed documentation at least a week before a meeting to ensure that they are well prepared and can make informed decisions. Issues are debated openly at meetings and decisions are taken by consensus. The majority of Trustees present at a meeting may request that voting takes place using secret ballots.

The Board, supported by the Principal Executive Officer and the executive management team, meets annually to discuss and agree on the Fund's long-term strategies.

Attendance at Board meetings

The Board held four meetings during the financial year. Trustees' attendance of these meetings is shown in the table below:

Name	24 Jun 2015	17 Sep 2015	3 Dec 2015	16 Mar 2016
Dr Renosi Mokate (Chairperson)	X	X	X	X
Mr Prabir Badal (Vice Chairperson) [#]	X	X	X	
Ms Lindy Bodewig [*]			X	
Major General Dries de Wit	X	X	X	X
Mr Themba Gamedze		X		X
Mr Eddie Kekana	X	X	X	X
Dr Barry Kistnasamy	X	X		X
Mr Mpho Kwinika	X	X	X	X
Dr Frans le Roux	X	X	X	X
Mr Seth Makhani	X	X	X	X
Ms Kgomotso Makhupola ^{##}				X
Mr Stadi Mngomezulu	X	X		X
Ms Gladys Modise		X	X	X
Ms Edith Mogotsi	X	X	X	X
Ms Moira Moses		X	X	X
Ms Dorothy Ndhlovu	X	X	X	X
Mr Pierre Snyman	X	X	X	X
Ms Barbara Watson	X	X	X	X
Ms Jennifer Jeftha ^{**}	X	X	X	X

^{*} Substitute Trustees who attended a meeting on behalf of the Trustee

[#] Resignations during the reporting period

• Mr P Badal 20 January 2016

^{**} Ms Jeftha only attends the Board meetings to present the recommendations made by the Remuneration Committee (Remco) to the Board

^{##} Appointments during the reporting period

• Ms Kgomotso Makhupola 20 January 2016

TRUSTEE EDUCATION AND TRAINING

The Trustee Education and Training Policy prescribes that all newly appointed Trustees (including Substitute Trustees) must receive induction training within six months after their appointment. This is done over two days and focuses on governance issues, benefits and rules, investment policies, actuarial valuations, and the main service providers of the Fund.

All Trustees must also attend an accredited Directors' or Trustee Development Programme within six months of being appointed. At least four compulsory training events are organised annually and Trustees are also invited to attend various retirement fund, governance or investment-related conferences, and training sessions.

All newly appointed Trustees and Substitute Trustees underwent rigorous induction training within the

prescribed period after they had been appointed. The induction training focused on a number of issues:

- Overview of the Fund;
- The GEPF's Benefit Structure;
- The GEPF's Investment Strategy;
- The GEPF's Governance Charter;
- Pension Administration; and
- Investment Management.

The Board furthermore underwent one-day training sessions on the following:

- Pension Fund Reform, Ethical Leadership, King III, Insider Trading and Board Effectiveness (provided by the World Bank). Trustees attended various courses through the Institute of Directors in Southern Africa (IoDSA).

Board of trustees training and strategic planning session

both Trustees and Substitute Trustees attended Board training sessions, as well as the Board strategic planning session.

Name	22 Apr 2015	22 Jul 2015	15 – 16 Sep 2015 Strategic planning session	21 Oct 2015	4 Dec 2015	4 – 5 Mar 2016
Dr Renosi Mokate (Chairperson)		x	x	x	x	x
Mr Prabir Badal (Vice Chairperson)*		x	x		x	
Ms Lindy Bodewig*				x		
Mr Cornelius Booysens*	x		x	x	x	x
Colonel Johan Coetzer*	x	x	x	x	x	x
Major General Dries de Wit	x	x	x	x	x	x
Mr Themba Gamedze	x	x	x	x		x
Brigadier Johan Griesel*			x			x
Ms Jennifer Jeftha**		x	x			
Mr Eddie Kekana			x	x	x	x
Dr Barry Kistnasamy			x		x	
Mr Mpho Kwinika		x	x			
Dr Frans le Roux	x	x	x	x	x	x
Mr Ronny Maepa*#	x	x	x			x
Dr Alex Mahapa*			x			x
Ms Mantuka Maisela**		x				
Mr Seth Makhani		x	x	x	x	x
Ms Kgomotso Makhupola##						x
Mr Success Mataitsane*	x	x	x	x	x	
Dr Lese Matlhape**		x				
Mr Stadi Mngomezulu			x			x
Ms Gladys Modise	x	x	x	x	x	x
Ms Edith Mogotsi	x	x	x	x	x	x
Ms Pulani Mogotsi*#						
Mr Richard Morris**		x				
Ms Moira Moses	x		x			x
Advocate Makubalo Ndaba*	x		x	x		x
Ms Dorothy Ndhlovu	x	x	x	x	x	x
Advocate Lindiwe Nkosi-Thomas*						
Mr Peter Ntsime*	x	x	x	x	x	x
Dr Morgan Pillay*		x	x		x	x
Dr Anban Pillay*						
Mr John Raphela**		x				
Mr Pierre Snyman	x	x	x	x	x	
Ms Barbara Watson	x		x	x	x	x

* Indicates Substitute Trustees

** Specialist Independent Trustees

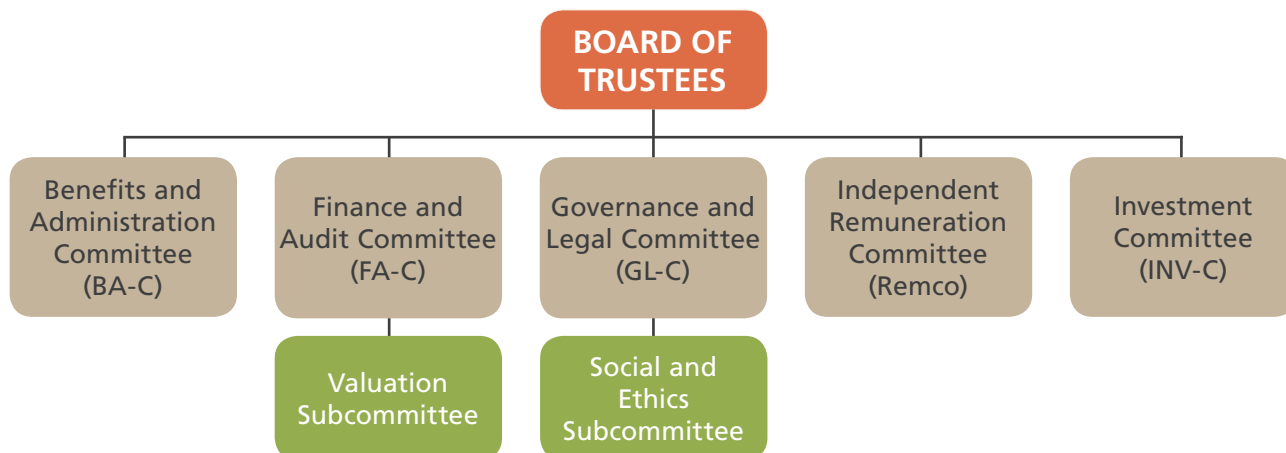
Resignations during the reporting period

- Ms PV Mogotsi – 4 September 2015
- Mr P Badal – 20 January 2016
- Mr MA Maepa – 29 March 2016

Appointments during the reporting period

- Ms Kgomotso Makhupola – 20 January 2016

BOARD COMMITTEES



Board committee membership and attendance

The Board has constituted five permanent committees and two subcommittees to give effect to the Board's strategic direction. Both Trustees and Substitute Trustees serve on these committees. All the committees have formal terms of reference that clearly sets out the mandate and duties of the committee. The table below depicts the membership, as well as attendance of the members of the committees:

Benefits and Administration Committee				
Name	28 May 2015	27 Aug 2015	23 Nov 2015	25 Feb 2016
Major General Dries de Wit (Chairperson)	x	x	x	x
Colonel Johan Coetzer	x	x	x	x
Mr Themba Gamedze	x	x		
Brigadier Johan Griesel		x	x	x
Dr Barry Kistnasamy	x		x	x
Dr Frans le Roux	x	x	x	x
Ms Edith Mogotsi	x	x	x	x
Ms Pulani Mogotsi				
Advocate Makubalo Ndaba	x	x	x	x
Ms Dorothy Ndhlovu	x	x	x	x
Mr Peter Ntsime	x	x	x	x
Dr Morgan Pillay				
Dr Anban Pillay				
Mr Pierre Snyman	x	x	x	x

Finance and Audit Committee

Name	25 May 2015	24 Aug 2015	3 Sep 2015	16 Nov 2015	15 Feb 2016
Mr Prabir Badal (Chairperson)	x	x	x	x	
Ms Lindy Bodewig	x	x			
Mr Cornelius Booyens		x		x	x
Mr Eddie Kekana	x	x	x	x	x
Mr Ronny Maepa	x	x	x	x	x
Dr Alex Mahapa	x		x		
Mr Seth Makhani	x	x	x	x	x
Mr Success Mataitsane	x	x	x	x	x
Mr Stadi Mngomezulu	x		x		x
Ms Gladys Modise		x	x		x
Ms Pulani Mogotsi					
Mr Richard Morris	x	x	x	x	x
Ms Moira Moses	x	x	x	x	x
Ms Dorothy Ndhlovu		x	x		x
Advocate Lindiwe Nkosi-Thomas					
Mr John Raphela	x	x	x	x	x

Governance and Legal Committee

Name	19 May 2015	17 Aug 2015	9 Nov 2015	18 Feb 2016
Ms Barbara Watson (Chairperson)	x	x	x	x
Ms Lindy Bodewig		x	x	
Mr Cornelius Booyens		x	x	x
Colonel Johan Coetzer	x	x	x	x
Mr Eddie Kekana	x	x	x	x
Mr Mpho Kwinika	x	x	x	x
Mr Ronny Maepa	x		x	x
Dr Alex Mahapa		x		
Mr Seth Makhani	x	x	x	x
Ms Success Mataitsane	x	x	x	x
Mr Stadi Mngomezulu	x	x		x
Ms Moira Moses	x		x	x
Advocate Makubalo Ndaba		x	x	x
Mr Peter Ntsime	x	x	x	x
Mr Pierre Snyman	x	x	x	

Investment Committee							
Name	22 May 2015	19 Aug 2015	13 Oct 2015	18 Nov 2015	22 Feb 2016		
Dr Renosi Mokate (Chairperson)	x	x	x	x	x		
Mr Prabir Badal	x	x	x	x			
Major General Dries de Wit	x	x	x	x	x		
Mr Themba Gamedze		x	x	x			
Brigadier Johan Griesel	x	x	x			x	
Dr Barry Kistnasamy		x	x			x	
Mr Mpho Kwinika	x		x				
Dr Frans le Roux	x	x	x	x	x		
Ms Gladys Modise	x			x		x	
Ms Edith Mogotsi	x	x	x	x		x	
Advocate Lindiwe Nkosi-Thomas							
Dr Anban Pillay							
Ms Barbara Watson		x	x	x		x	
Remuneration Committee							
Name	10 Apr 2015	3 Jun 2015	8 Jun 2015	12 Aug 2015	5 Nov 2015	3 Mar 2016	23 Mar 2016
Ms Jennifer Jeftha (Chairperson)	x	x	x	x	x	x	x
Major General Dries de Wit	x	x	x	x	x	x	x
Ms Mantuka Maisela	x	x	x	x	x	x	x
Dr Lese Matlhape	x	x	x	x		x	x
Ms Moira Moses	x	x	x	x	x	x	x
Valuations Subcommittee							
Name	5 Jun 2015		31 Jul 2015				
Mr Themba Gamedze (Chairperson)					x	x	
Ms Lindy Bodewig					x		
Dr Frans le Roux					x	x	
Mr Richard Morris					x	x	
Advocate Lindiwe Nkosi-Thomas							
Social and Ethics Subcommittee							
Name	6 Aug 2015		4 Nov 2015		4 Feb 2016		
Ms Edith Mogotsi (Chairperson)		x		x		x	
Dr Frans le Roux		x		x		x	
Mr Ronny Maepa		x		x		x	
Dr Alex Mahapa		x				x	
Ms Mantuka Maisela		x		x		x	

TRUSTEE REMUNERATION

According to the GEP Law, Trustees are compensated for their services and expenses on the basis determined by the Board. The Board revised its Trustee Remuneration Policy to allow for the payment of a meeting fee, as well as an annual retainer fee during the previous reporting period. The Trustee Remuneration Policy clearly sets out the principles on which remuneration is paid to Trustees. The details of the remuneration paid can be found in the Annual Financial Statements on page 109.

BOARD PERFORMANCE ASSESSMENT

The Board conducted a Performance Assessment for the period under review. The effectiveness of the Board, as well as that of the Chairperson of the Board and all the Chairpersons of the committees was evaluated. Trustees were also requested to do a peer review of their fellow Trustees. An action plan was developed and approved by the Board to address any gaps that were identified during the assessments.

KING III AND PF130 COMPLIANCE

The GEPP conducted an assessment of its current governance practices against the recommended principles and practices contained in King III, as well as PF130. The comparison was divided into full, partial, and non-compliance. The GEPP also identified certain recommended practices that it would not apply and has provided reasons for not doing so.

A detailed action plan was drafted and adopted by the Board to ensure that the GEPP fully complies with King III and PF130. The GEPP has started implementing the action plans and managed to increase its compliance with both King III and PF130 during the year under review. Some of the projects have been completed and others are in progress.

ETHICS AND THE MANAGEMENT OF THE GEPP'S ETHICAL RISKS

King III prescribes that the "Board should provide effective leadership based on an ethical foundation". The GEPP subscribes to King III and is in the process of integrating and embedding King III into its organisational structures.

The Board decided to establish a Social and Ethics Subcommittee reporting through the Governance and Legal Committee even though by law, the GEPP is not required to do so. This decision was based on the fact that as a pension fund, the GEPP invests in a large percentage of listed and unlisted companies and thus has a substantial social and ethical footprint. This decision also reflected the Board's commitment that

the GEPP be an ethical leader and good corporate citizen. The GEPP has appointed an Ethics Officer responsible for the implementation of an ethics programme within the organisation. A number of ethics initiatives were implemented, such as an ethics box for confidential disclosures and quarterly inserts into the GEPP's newsletter. The Ethics Officer through the Social and Ethics Subcommittee reports quarterly to the Governance and Legal Committee in respect of gift disclosures, annual financial disclosures, and any other matters that impact on ethics deliverables. As part of its ethics programme, a project to align the ethical codes of the GPAA, the PIC and the GEPP will be implemented. A reporting framework will be established between the entities to ensure effective oversight over social and ethics matters.

LEGAL AND COMPLIANCE

In discharging its responsibility to establish an effective compliance framework and processes, the Fund has an established Fund Compliance Policy (FCP) to serve as a cornerstone in the development of a compliance culture within the GEPP. It also ensures that the Fund complies with all applicable legislative, regulatory, and supervisory requirements. The FCP makes provision for compliance reporting, which currently occurs on a quarterly basis. Our compliance reports cover, inter alia, statutory reports, conflicts of interest and gift declarations, staff disclosures, monitoring of compliance with the SLA, and mandates from the PIC, and compliance training.

While the Board remains ultimately responsible for compliance with regulatory requirements, it has delegated this responsibility to its Compliance Unit, which has the following six areas of responsibility:

- Facilitate the establishment and enhancement of a compliance culture;
- Co-ordinate all relevant compliance functions within the Fund;
- Give specific focus to compliance risk within a broader risk management framework;
- Keep abreast of international developments/trends;
- Assist in lowering the impact of regulatory risk; and
- Provide for the formal and structured monitoring of compliance.

The Fund is able to report that in the financial year under review there was no material or repeated instances of non-compliance with regulatory requirements by either the Fund or Trustees in their capacity as members of the Board.

FINANCIAL CONTROL

The oversight role of the Finance and Audit Committee (FA-C) holds management accountable for effective internal financial controls. The FA-C and internal audit and corporate services conducted a high-level review of the internal financial controls in an ongoing project to improve this oversight. The Fund's business plan and budget is prepared annually and approved by the Board. Regular reviews and monitoring of capital and operational expenditure, as well as cash flow projections take place throughout the financial year to ensure sound financial control.

Ongoing engagement with the independent external auditors and internal audit on the results of their audits into the financial affairs of the Fund, as well as input from management will provide an opportunity to assess the effectiveness of the internal financial controls going forward.

FINANCIAL REPORTING

The Fund's annual financial statements are prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa (RRR) as prescribed by the Financial Services Board (FSB). Key aspects of the RRR are based on International Financial Reporting Standards (IFRS) and are tailored to cover the accounting aspects that are relevant to the retirement fund industry. However, the RRR are not currently designed to cover all of the extensive requirements of IFRS. Retirement industry and financial reporting stakeholders such as the FSB, SAICA and IRBA are involved in ongoing projects to align the RRR more fully with IFRS.

The Board of Trustees is responsible for the financial statements of the Fund and is satisfied that they fairly present the financial position, performance, and cash flows of the Fund as at 31 March 2016. It is the responsibility of the external auditors to independently audit the financial statements.

INTERNAL AUDIT

In line with the King III Report on Corporate Governance requirements, the Internal Audit provides management and the Board, through the Finance and Audit Committee, with assurances that internal controls are adequate and effective. This is achieved by means of a risk-based audit coverage plan that caters for the evaluation of governance, risk management, and controls through the identification of process control gaps and/or weaknesses for corrective action and improvement.

The Fund's Internal Audit Unit reports to the Finance and Audit Committee, with administrative reporting lines to the Fund's Principal Executive Officer to promote strengthened independence. These reporting lines were maintained throughout the financial year and the Internal Audit was able to discharge its responsibilities in line with the charter approved by the Finance and Audit Committee.

The Finance and Audit Committee approved the Internal Audit Annual Plan for the 2015/2016 financial year. A tracking register tracks the progress of previously agreed management corrective actions, and a register is kept of all reviews until these are resolved.



THE GEPF PROVIDED BENEFITS TO **1 269 958** ACTIVE MEMBERS AND **423 395** PENSIONERS AND BENEFICIARIES AS AT 31 MARCH 2016. THE BENEFITS ARE DESCRIBED BELOW, ALONG WITH EXAMPLES OF HOW THEY WORK IN PRACTICE.

RETIREMENT BENEFITS

The Fund provides benefits for normal, early and late retirement, as well as retirement for medical reasons. Members whose jobs have been affected by restructuring or reorganisation are able to receive severance benefits.

NORMAL RETIREMENT

According to the Fund's rules, the normal retirement age for members is 60. The benefits payable depend on whether a member has fewer than 10 years of pensionable service, or 10 or more years of pensionable service. Members with fewer than 10 years of service receive a gratuity (a once-off cash lump sum) equal to their actuarial interest in the Fund. Members with 10 or more years of service receive a gratuity and a monthly pension (or annuity). Members who retire with more than 10 years of service can increase their

spouse's annuity entitlement from 50% to 75% by reducing either the gratuity or the annuity.

EARLY RETIREMENT

Under certain circumstances, members may retire before reaching the retirement age of 60. The years of pensionable service determine the benefits payable. Members with 10 or more years of service receive annuities and gratuities, calculated in the same way as for normal retirement, but with a reduction of a third of one percent for each month between the dates of early retirement and normal retirement.

ILL-HEALTH RETIREMENT

Enhanced benefits are paid when members retire for medical reasons or are injured on duty. In these circumstances, members are eligible to receive both annuities and gratuities. For members with fewer

than 10 years of pensionable service, the benefits are based on an increased period of service and calculated as a percentage of the member's final salary. If a member has at least 10 years of pensionable service and is discharged on account of sickness that is not of their doing, an annual supplementary amount is paid to him or her.

LATE RETIREMENT

According to the Fund's rules, the normal retirement age for members is 60. However, in certain instances the employment contract of the member may allow for the member to retire after 60. The benefits of such a member will be calculated using the same formula as for normal retirement.

RESIGNATION BENEFITS

These benefits apply to members who resign or are discharged due to misconduct or an illness or injury caused by the member's own doing. These members can elect to be paid a gratuity (a once-off cash lump sum) or have their benefits transferred into an approved retirement fund. If the member elects for their benefits to be transferred, the GEPP pays the member's actuarial interest to the new approved fund.

DEATH BENEFITS

Death benefits are paid when a member dies while in service or within five years of becoming a pensioner. The GEPP also pays annuities to the surviving spouse(s) or orphan(s) of members who die while in service or within five years of retiring.

DEATH WHILE IN SERVICE

The benefit payable is based on the member's period of pensionable service. It is payable to the surviving spouse(s) or to the beneficiaries or, if there are no beneficiaries, to the member's estate.

DEATH AFTER BECOMING A PENSIONER

Retirement or discharge annuities are guaranteed for five years after a member goes on pension. If the member dies within this period, his or her beneficiaries receive the balance of the five-year annuity payments (excluding the annual supplement) as a once-off cash lump sum.

SPOUSE'S ANNUITY

A spouse or eligible life partner is entitled to a percentage of the annuity paid to the member at date of death. The same applies if the member dies while in service and had a full potential service period of at least 10 years (meaning pensionable service years plus unexpired years for normal retirement). If a member retired before 1 December 2002, the spouse's annuity is 50% of the annuity the pensioner was receiving at the date of death, but a member who retired on or after 1 December 2002, had the option of increasing the spouse's annuity benefit from 50% to 75%. This arrangement applied to all members because the Board resolved that all current pensioners of the Fund be allowed to reduce their pension for an increased spouse's pension from 50% to 75%. This option was only available to the pensioners for a limited period. The reduction was calculated based on the member/pensioner's age and gender, spouse's actual age, and the remaining guarantee period.

ORPHAN'S ANNUITY

The GEPP pays annuities to the orphans of members who became pensioners on or after 1 December 2002. An orphan's annuity is also payable when a member dies in service with a potential service period of 10 years or more. These annuities are paid when a member's spouse dies, leaving eligible orphans.

FUNERAL BENEFITS

Previously, the Fund provided funeral benefits on the death of members and pensioners whose pension commenced only on or after 1 December 2002 and on the death of spouses and eligible children of members and pensioners whose pension commenced after 1 December 2002. However, the Board approved that this benefit be extended to all pensioners whose pension commenced before 1 December 2002 and who were alive at the effective date of the rule amendment. The rule amendment was gazetted and effected on 1 April 2012.



DURING THE **2015/2016** FINANCIAL YEAR, THE GEPPF HELD A NUMBER OF SUCCESSFUL STAKEHOLDER ENGAGEMENTS.

These included national outreach campaigns such as roadshows, mobile offices, Human Resource Forums (HRFs), Retirement Member Campaigns (RMCs) workshops and exhibitions.

The aim of these initiatives is to educate members about the Fund's various pension benefits. They also provide a platform for members and pensioners to give feedback on the services rendered by the GEPPF.

ROADSHOWS

The Fund hosted seven roadshows in the Northern Cape, North West, Western Cape, Limpopo, Free State, Eastern Cape and Gauteng. The roadshows provided the Fund with an opportunity to share its processes and benefits with its members and pensioners. They also provide insight and stakeholder feedback on the services rendered by the GEPPF, as well as invaluable information which assists the Fund in reviewing its rules while providing information on policy matters and administration.

The table below illustrates the overall information for the roadshow venues and attendance.

Province	Actual attendance
North West – Mahikeng	1 046
Northern Cape – Concordia	146
Limpopo – Thohoyandou	1 358
Western Cape – George	293
Gauteng – Soshanguve	1 636
Free State – Bethlehem	1 003
Eastern Cape – Mount Frere	553

The selected venues managed to draw more than 5 735 members in total, exceeding the targeted attendance figure.

The campaign made use of the SABC and community radio stations, as well as selected print media to publicise the events. In addition, partners such as GEMS and FSB were part of the roadshows providing information to the attendees.

The attendees were supplied with pamphlets, posters, and other relevant information. Questionnaires were also distributed in order to solicit the views of the members.

RETIREMENT MEMBER CAMPAIGN

The Retirement Member Campaign (RMC) is aimed at interacting with members nearing retirement to encourage them to submit their documents in advance to ensure a seamless retirement process.

The RMC has a number of objectives which include empowering members by providing them with the necessary information and processes to follow in preparing for retirement.

EXHIBITION INFORMATION

In total, more than 1 410 members and pensioners attended the Rand Easter Show (Gauteng) exhibition. During the exhibition, the GEPP showcased its products and services, and interacted with its members, pensioners and beneficiaries at the show.

The GEPP's participation in public shows is informed by the need to utilise cost-effective mechanisms and platforms to promote the core services and offerings of the Fund, creating public awareness on how the services can be accessed.

MEMBER'S GUIDE

In our efforts to make the most of our interactions with stakeholders, we disseminated a Member's Guide booklet containing information on the GEPP's benefits. The Guide shares important information about stakeholder membership and benefits. We also finalised a compressed version of the Member's Guide as a z-folder.

NEWSLETTERS

As in previous years, we continued sending regular newsletters, which were aimed at providing pensioners and members with pertinent information. The GEPP has two newsletters, a member and pensioner newsletter, providing appropriate information to the different stakeholders.

HR FORUMS

HR Forums are interactions in which human resources practitioners from various employer departments participate in discussing issues of mutual interest pertaining to the payment of benefits. The GEPP also imparts information on benefits to the human resources practitioners.

MOBILE OFFICES

The GEPP has mobile vehicles that serve as mobile offices. The vehicles enable the GEPP to execute its rural outreach initiatives and are equipped with the latest IT and communication technology, including satellite receivers. These satellite receivers enable the mobile offices to link with the main information systems in Pretoria and provide on-site, real-time assistance to members, pensioners, and beneficiaries in all nine provinces.

The mobile offices are a significant step towards achieving improved service levels for our members, pensioners, and beneficiaries.

Our call centre agents and regional offices are also at hand to assist with both telephonic and face-to-face interaction.



THE GPAA IS RESPONSIBLE FOR ENSURING THE ACCURATE AND TIMELY PAYMENT OF BENEFITS TO THE GEPF MEMBERS AND BENEFICIARIES.

As such, it is responsible for the administration of members, member records, collection and recording of contributions, and the processing of their benefits. The GPAA's main goal for the 2015/2016 financial year was to pay benefits accurately and on time.

ACHIEVEMENTS AND CHALLENGES

Below are listed the major achievements for the financial year under review:

- The agency surpassed its goal of paying benefits accurately by achieving 100% of its target, while R85,59 billion in benefits was paid for 79 783 members;
- The GPAA managed to pay 77% of benefits within 45 days, while 86,8% was within the prescribed period. This was achieved despite the fact that the organisation received an increase in the amount of exit claims from employer departments during the financial year;
- Clients' records were on average 99% of the time updated within the prescribed 21 days of receipt of documentation; and

- Contributions of approximately R60 billion were collected from GEPF members.

SERVICE DELIVERY ENVIRONMENT

In 2011, the GPAA embarked on a Modernisation Programme to equip itself to fulfil its legislative mandate and to meet the changing needs of its clients and customers. Below is a discussion that analyses the situation of where the GPAA currently fits into the pension landscape.

FLEXIBILITY IN SERVICE DELIVERY

Our main concerns regarding service delivery are with regards to improved communication, enhancing member education, ensuring timely and accurate payments, and the strengthening of regional and satellite offices. Newsletters remain the main form of communication with clients, with a large number preferring paperless communication to paper-based communication.

A GPAA study identified an opportunity for the GPAA to educate members on GEPP products, services and benefits. The study also identified raising the financial literacy level among members as important. Other areas of interest identified included death benefits, the implications of divorce for pension benefits and retirement preparedness and procedures.

GOVERNANCE

A review of pension governance emphasised the importance of administrative efficiencies and increased co-operation between the Fund, the administrator and the client. Good governance in pension systems promotes the timely and cost-effective delivery of benefits, as well as the administration of the pension in the best interests of the pensioner, active member and beneficiary. Good governance in the GPAA is being increasingly recognised as an important aspect of an efficient pension administration system, enhancing administrative performance and securing service delivery. The adoption of a good governance model will promote the timely and cost-effective delivery of benefits and administration thereof. The proclamation of the GPAA made provision for the Minister to appoint an Advisory Board for the administration function, and such a structure may strengthen the governance and executive oversight.

BATHO PELE PRINCIPLES

In South Africa, there is a growing acknowledgement that the physical infrastructure and accessibility of one's services contribute to the effective and efficient running of organisations. Therefore, in line with the Batho Pele Principles, improved processes can ensure that the GPAA's clients are informed and empowered. Such improvements promote retirement preparedness, arming clients with the knowledge to make informed and important decisions about their retirement. They are also in line with the GPAA's current strategic objectives in ensuring that benefit and pension pay-outs are made to the right clients and are paid at the right time, which could increase stakeholder satisfaction, trust and confidence.

Modernisation – the GPAA's Service Delivery Improvement Programme (SDIP)

In 2011, the GPAA converted its Service Delivery Improvement Programme (SDIP) into a Modernisation Programme, which is premised on the idea that the key service outputs of the organisation will improve if:

- key business processes are re-engineered;
- the re-engineered processes are then automated through the introduction of new ICT technology;

- staff efficiency and effectiveness are enhanced by human resource management interventions supported by the process innovation and technology refresh/enhancements; and
- the implementation of the new processes and technology platforms are supported by a robust change management and training programme.

The progress made by the main projects undertaken by the Modernisation Programme is as follows:

Pension Case Management (PCM)

The first phase of the PCM development was rolled out during the second quarter of the 2015/2016 financial year to three employer departments, namely the South African Police Service (SAPS), the South African Revenue Service (SARS) and the Gauteng Department of Finance (GDF). The intention behind this was to start testing the functionality of the new solution as part of end-user testing.

The second phase of the PCM development is to deliver an automated/work-flow platform for the automated processing and payment of GEPP benefits (commonly referred to as Benefit Payment Automation or BPA). The initial proposal was to start user acceptance testing, the last phase of software development testing, of the first (of several) key milestone by February 2016. However, once begun it was decided that it would be best if PCM be completed with all outstanding issues, including new critical requirements, before the commencement of BPA, which has delayed BPA progress. The revised plan is therefore to start user acceptance testing during the 2016/2017 financial year.

Queue Management System (QMS) for walk-in centres

The Queue Management System (QMS) will provide the GPAA with the Business Intelligence information required to ensure continuous improvement in managing service requests in the walk-in centres effectively, which will enhance efficiency and the client experience. The project began during January 2016 and the Request for Proposals to potential service providers was issued in February 2016.

Client Relationship Management (CRM) Multichannel Communication Solution Project

The project is in the last stages of the investigation phase and the beginning stages of the design phase. The tender closed on 29 March 2016 and tender responses were received since then.

Enterprise Data Management Solution (EDMS)

During the fourth quarter of the year under review, the Enterprise Data Management Solution (EDMS) project team worked to run and finalise the Proof of Concept (POC) for the new EDMS solution. This POC, covering phase one of the entire solution, is envisaged to begin to return dividends immediately as it provides a relational database, which in turn will provide the GPAA with updated information – a necessity for efficient administration of benefits.

Data from the current pension administration system (CIVPEN) was migrated to the target EDMS solution as part of the POC, which is expected to be concluded during the 2016/2017 financial year.

Data Quality Improvement and Management (DQIM)

The Data Governance Committee (DG-C) is in the process of defining the different data management levels. The initial instruction given to the committee was to create a Data Management Policy and to define the standards for each data management discipline, as well as the processes to perform data management according to the new policy and standards. A draft of the new Data Management Policy has been created and progress will continue into 2016/2017.

Business Process Management (BPM)

All of the GPAA's core business processes (mainly the benefit payment and CRM processes) that have been identified to date have been mapped, with approximately 86% being completely re-engineered or being in the process of being re-engineered. Of non-core/support processes (e.g. Finance, Human Resources and Risk) that have been identified, 65% have been mapped.

In 2016/2017, the focus of the BPM initiative will be on the implementation of a complete business architecture capability for the GPAA.

Solution Implementation Partner (SIP)

The implementation of the supporting Oracle Identity and Access Management (IAM) solution is in progress. Planning and design has been completed.

Enterprise Content Management (ECM)

The procurement process for appointing a vendor to implement Enterprise Content Management (ECM) has been completed and the ECM project is underway. The project will be completed during the 2016/2017 financial year.

Integrated Document Management Solution (IDMS)

The process of appointing the service provider for the IDMS project was in progress at the time of reporting.

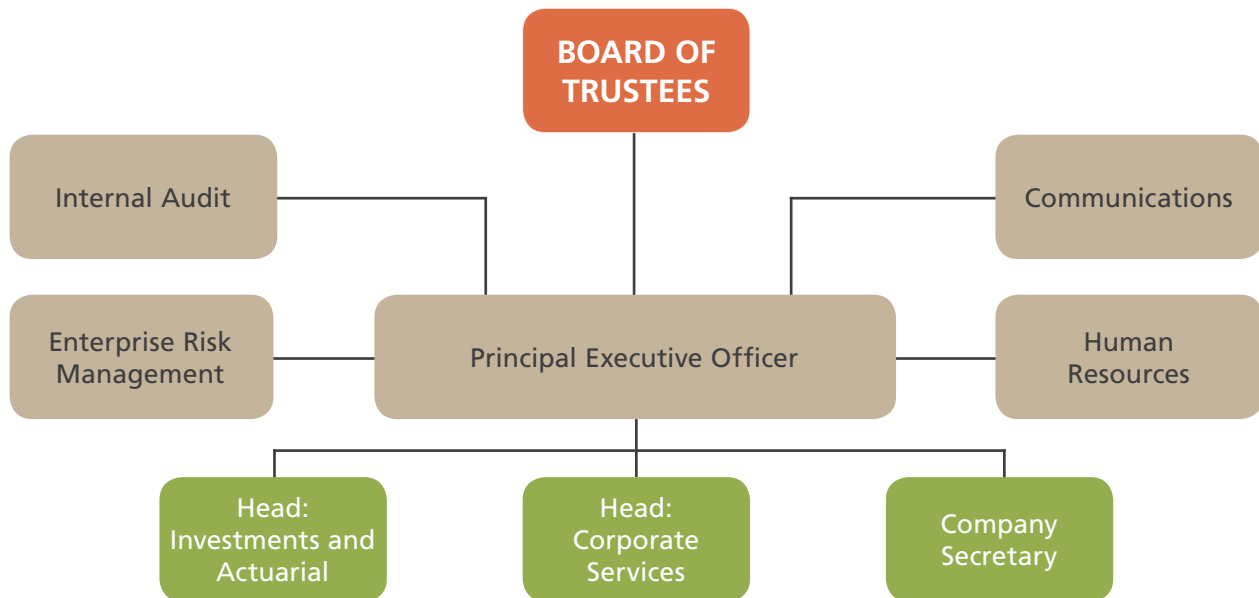


STEFEN NABA

THE OFFICE OF THE PRINCIPAL EXECUTIVE OFFICER

The Office of the Principal Executive Officer comprises the Principal Executive Officer (PEO) and an executive management team. It supports the Board of Trustees, ensuring that the GEPF acts in the best interests of its members, pensioners, and beneficiaries. This office is also responsible for day-to-day operations.

The management structure consists of the Principal Executive Officer, the Head of Corporate Services, the Head of Investments and Actuarial, and the Company Secretary.



The PEO assists the Board in meeting its fiduciary and oversight obligations in line with the GEP Law, and other laws and regulations. The PEO also represents the Board at different forums (strategic and operational), and has the overall responsibility for financial reporting and disclosure, consolidating and amending the Fund's rules, and valuating liabilities and assets. The PEO implements all Board decisions and gives effect to the Board's strategy. The PEO is supported in this role by the Risk, Internal Audit, Resources, and Communications Managers.

The Head of Investments and Actuarial monitors and manages the GEPF's assets and liabilities, and is responsible for conducting actuarial valuations, asset liability modelling, advising the Board on investment strategy and execution, and overseeing the implementation of the Responsible Investment Policy (RI) and Developmental Investment Policy (DI).

The Company Secretary ensures that the Board practices good governance at all times, provides guidance to the Board on the duties of the Trustees, ensures that the Trustees are adequately inducted and trained, and provides an executive secretariat function to the Board and its committees.

The Head of Corporate Services manages and oversees the internal operations and corporate services within the Office of the Principal Executive Officer. This includes the management of legal and compliance, finance, and facilities management.

EXECUTIVE MANAGEMENT



Mr Abel Sithole

Position

- Principal Executive Officer

Qualifications

- MA (International Relations) – University of Stellenbosch
- MPhil (Futures Studies) – University of Stellenbosch
- MBA – University of the Witwatersrand

Experience and memberships

- Fellow: Institute of Life and Pension Advisors
- Chartered Financial Planner



Ms Adri van Niekerk

Position

- Company Secretary

Qualifications

- BAdmin (Honours) Public Management – University of Pretoria
- BAdmin Public Management – University of Pretoria

Experience and memberships

- Member of Integrated Reporting Committee of South Africa
- Fellow of the Institute of Directors in Southern Africa (IoDSA)
- Member of the International Corporate Governance Network (ICGN)



Ms Linda Mateza

Position

- Head: Investments and Actuarial

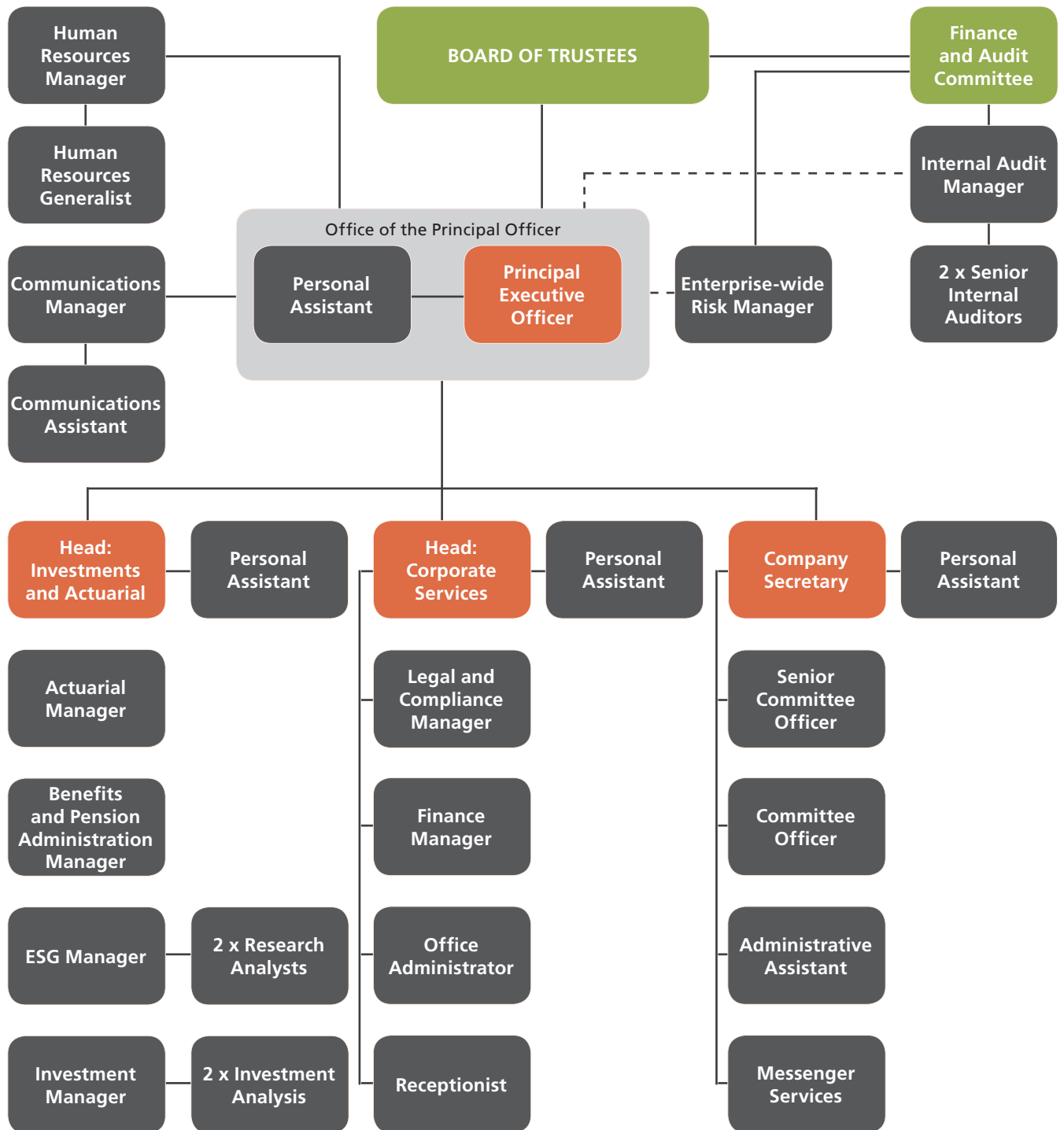
Qualifications

- Master of Management (Finance and Investments) – Wits Business School
- Bachelor of Commerce Honours – UNISA
- Bachelor of Commerce – University of Natal (now UKZN)
- Bachelor of Arts – Rhodes University

Experience and memberships

- Fellow of the Africa Leadership Initiative (South Africa)
- Member of the Aspen Global Leadership Network (AGLN)
- Member of the Institute of Directors in Southern Africa (IoDSA)

THE OFFICE OF THE PRINCIPAL EXECUTIVE OFFICER (continued)

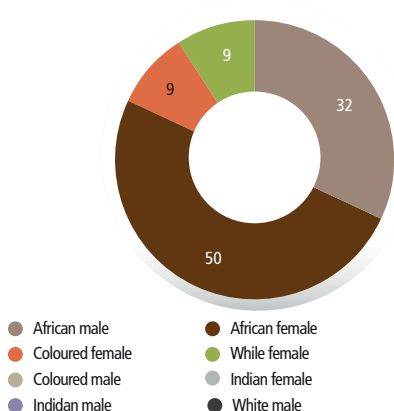


EMPLOYMENT EQUITY

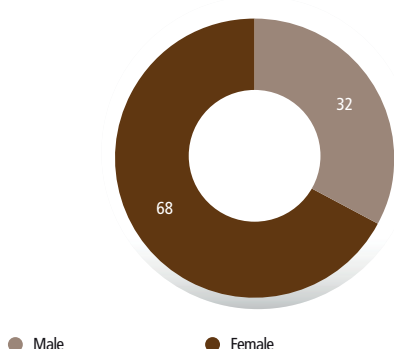
31 March 2016

Level	African		Coloured		Indian		White		Total		Total filled	Vacant
	M	F	M	F	M	F	M	F	M	F		
Top management	1								1		1	
Senior management		1						1		2	2	1
Professional – middle management	4	2		1					4	3	7	3
Skilled	1	3							1	3	4	4
Semi-skilled		5		1				1		7	7	1
Unskilled	1								1		1	
Total	7	11	–	2	–	–	–	2	7	15	22	9
Percentage	32	50	–	9	–	–	–	9	32	68		

Employment equity by race (%)



Employment equity by gender (%)



The GEPP approved employment equity goals and targets that will assist the organisation to align its demographics with the South African national demographics profile. The organisation is fully committed to the spirit and objectives of the Employment Equity Act and is committed to the following in this regard:

- To transform the demographics profile of the GEPP workforce to adequately reflect the local and national demographics profile representative of the people while embracing diversity in the workplace in respect of race, gender and culture;
- To remove all identified barriers to equity for designated groups; and
- To ensure fair, non-discriminatory practices which respect to the rights and dignity of all GEPP employees, irrespective of colour, race, gender or disability.

REMUNERATION REPORT

Remuneration philosophy

The GEPP's remuneration philosophy is to provide a framework of total rewards, which attracts talent, motivates and rewards performance, and retains such talent that enables us to achieve our strategy. In order to support and enable our people to give their best to the organisation, we provide a work environment that is both engaging and fulfilling and encourages opportunities for personal and professional growth.

The GEPP aims to pay employees at the median of the South African national market and thereby ensure that remuneration neither leads nor lags the selected market. Where the Fund has performed well and performance targets are exceeded, we reward employees through a short-term incentive scheme.

Remuneration policy

The GEPP's Remuneration Policy aims to crystallise the spirit of a total rewards plan and seeks to ensure that the remuneration and rewards framework meets the GEPP's strategic needs. A Total Rewards Strategy that is compelling, flexible, and compliant with legislation has been developed in line with our philosophy.

Operating in the pension fund space and financial sector environments, for the Fund to retain the critical and core skills, which attract certain premiums as determined by market forces, it needs to strategically incentivise high-performers, while at the same time being mindful of, and sensitive to, the nature of the organisation and accompanying public perception.

Pay benchmarking

The GEPP is aware of the need to minimise any negative impact that changes to the reward structures may have on the level of service efficiency we provide. During 2015, the GEPP subscribed to and participated in two reputable South African remuneration surveys to obtain information, which would identify the Fund's position in the market, and inform the remuneration philosophy and policies and practices in terms of fixed and variable remuneration. Members of the Remuneration Committee (Remco) have access to information that informs their independent judgement on the possible effects that remuneration may have on compliance with risk, regulatory, and behavioural controls.

The annual benchmark exercise resulted in the establishment of the Fund's internal pay scale or remuneration structure, which was then used as guideline for positioning remuneration packages.

Remuneration package

Finally, Remco is committed to ensuring that the GEPP's remuneration and people practices are reviewed regularly so that the organisation continues to be attractive for desirable talent who are able to work towards the attainment of its vision and the Fund's strategic goals.

EXECUTIVE REMUNERATION AND PERFORMANCE MANAGEMENT

In line with best practice, King III, and other codes of good governance, the GEPP endeavours to ensure a meaningful link between the performance of its employees and their remuneration. Performance bonuses are allocated for above-average performance and beyond, and this is done at the end of the financial year.

Ex-gratia payments were not made during the financial year.

Executive remuneration is reflected in the annual financial statements.





FUNDING OF LIABILITIES

In terms of the GEP Law and the Rules of the Fund, an actuarial valuation must be carried out at least once every three years. Eleven statutory actuarial valuations have been undertaken since the establishment of the Fund in May 1996 with the most recent having been undertaken as at 31 March 2014.

This valuation was performed based on the Funding Policy that was adopted by the Board of Trustees in consultation with the Minister of Finance. The policy provides for the comparison of the assets held by the Fund with the valuation of the liabilities on a long-term best-estimate basis.

The actuarial results of the March 2014 valuation show that the Fund is 121,5% funded, ie there are sufficient assets to cover the actuarial liabilities in full.

Funding level of liabilities

Date	Funding level %	Valuator
1 May 1996	72,3	Ginsberg, Malan, Carson
31 March 1998	96,5	NBC Employee Benefits
31 March 2000	96,1	NBC Employee Benefits
31 March 2001	98,1	NBC Employee Benefits
31 March 2003	89,4	Alexander Forbes Financial Services
31 March 2004	103,9	Alexander Forbes Financial Services
31 March 2006	128,2	Alexander Forbes Financial Services
31 March 2008	115,2	Alexander Forbes Financial Services
31 March 2010	108,7	Alexander Forbes Financial Services
31 March 2012	102,7	Towers Watson
31 March 2014	121,5	Towers Watson

FUNDING OF LIABILITIES AND RESERVES

The Funding Policy also provides for the establishment of reserves to protect against mortality and investment risk in the future and to increase the target for future pension increases from 75% to 100% of headline inflation.

The valuation reports since 31 March 2004 have reported on the comparison of the assets held by the Fund with the valuation of the liabilities on a long-term best-estimate basis together with the additional contingency reserves recommended by the valuator.

The actuarial results of the March 2014 valuation show that 83,1% of the liabilities and the recommended reserves could be afforded at that date.

Funding level of liabilities and recommended reserves		
Date	Funding level %*	Valuator
31 March 2004	96,5	Alexander Forbes Financial Services
31 March 2006	101,7	Alexander Forbes Financial Services
31 March 2008	85,3	Alexander Forbes Financial Services
31 March 2010	74,1	Alexander Forbes Financial Services
31 March 2012	70,4	Towers Watson
31 March 2014	83,1	Towers Watson

* The funding level has been determined with reference to the full reserves as recommended by the valuator at that time.

Membership profile				
Contributing members	Male	Female	Total 2014	Total 2012
"Other" members	382 147	678 685	1 060 832	1 095 712
"Services" members	167 102	59 426	226 528	202 682
Total	549 249	738 111	1 287 360	1 298 394

Pensioners	Male	Female	Total 2014	Total 2012
Retired members	101 738	131 827	233 565	222 907
Spouses	14 296	119 488	133 784	128 490
Total	116 034	251 315	367 349	351 397

VALUATION ASSUMPTIONS AS AT 31 MARCH 2014

The economic assumptions were updated to take into account the market conditions as at 31 March 2014.

The demographic assumptions have been updated following an investigation into the Fund's experience over the period 1 April 2008 to 31 March 2012. The full details of the investigation are set out in a report prepared by the Fund's actuaries finalised in October 2013.

Mortality improvements are being observed internationally and South Africa is expected to follow suit. The actuaries therefore believe that it is appropriate to include an explicit allowance for future mortality improvements in the 2014 valuation, as was the case in the previous valuation.

VALUATION RESULTS AS AT 31 MARCH 2014

The results of the GEPF's actuarial valuation as at 31 March 2014 are shown in the table below.

Financial position	31 March 2014 R million	31 March 2012 R million
Contributing member liability	878 721	773 805
S-case and exits in progress	18 155	–
Pensioner and deferred pensioner liability	263 558	223 050
Data and past discriminatory practice reserves	13 082	14 761
Total best-estimate liabilities	1 173 516	1 011 616
Net assets	1 425 719	1 038 946
Excess of assets over liabilities	252 203	27 330
Funding level of liabilities (%)	121,5	102,7
Recommended reserves*	541 375	464 181
Total best-estimate liabilities and reserves	1 714 891	1 475 797
Net assets	1 425 719	1 038 946
Excess of assets over liabilities and reserves	(289 172)	(436 851)
Funding level of liabilities and reserves (%)	83,1	70,4

* This consists of a solvency reserve (R303 000 million), 100% CPI pension increase reserve (R204 457 million) and a mortality improvement reserve (R33 918 million).

The 2014 actuarial valuation results show that the funding level has improved materially when compared with the 2012 actuarial valuation.

In terms of the policies adopted by the Trustees, the reserves established as at 31 March 2014 are limited to the amount affordable by the Fund, namely R252 203 million. On this basis, 46,6% of the recommended reserves could be held. As at 31 March 2012, a reserve of R27 330 million was affordable (or some 5,9% of the recommended reserves).

EMPLOYER CONTRIBUTION RATE FOR THE YEAR FROM 1 APRIL 2015 TO 31 MARCH 2016

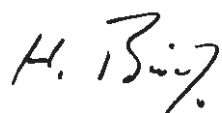
Based on the best-estimate actuarial valuation basis, and ignoring the excess of the assets over the best-estimate liabilities, the required employer contribution rate is 18,4% of pensionable salary in respect of "services" members and 14% of pensionable salary in respect of "other" members, reflecting the differences in the benefit structure of these two categories of members.

The employer currently contributes at a rate of 16% of pensionable salary in respect of "services" members and 13% in respect of "other" members. Members of the Fund contribute at a rate of 7,5% of pensionable salary.

The shortfall in the required contribution rate is estimated to amount to some R3 200 million over the year ended 31 March 2015 and a commensurate amount adjusted for salary increases and any changes in the membership data over the year ended 31 March 2016. These amounts can be afforded from the excess of the assets over the best-estimate liabilities.

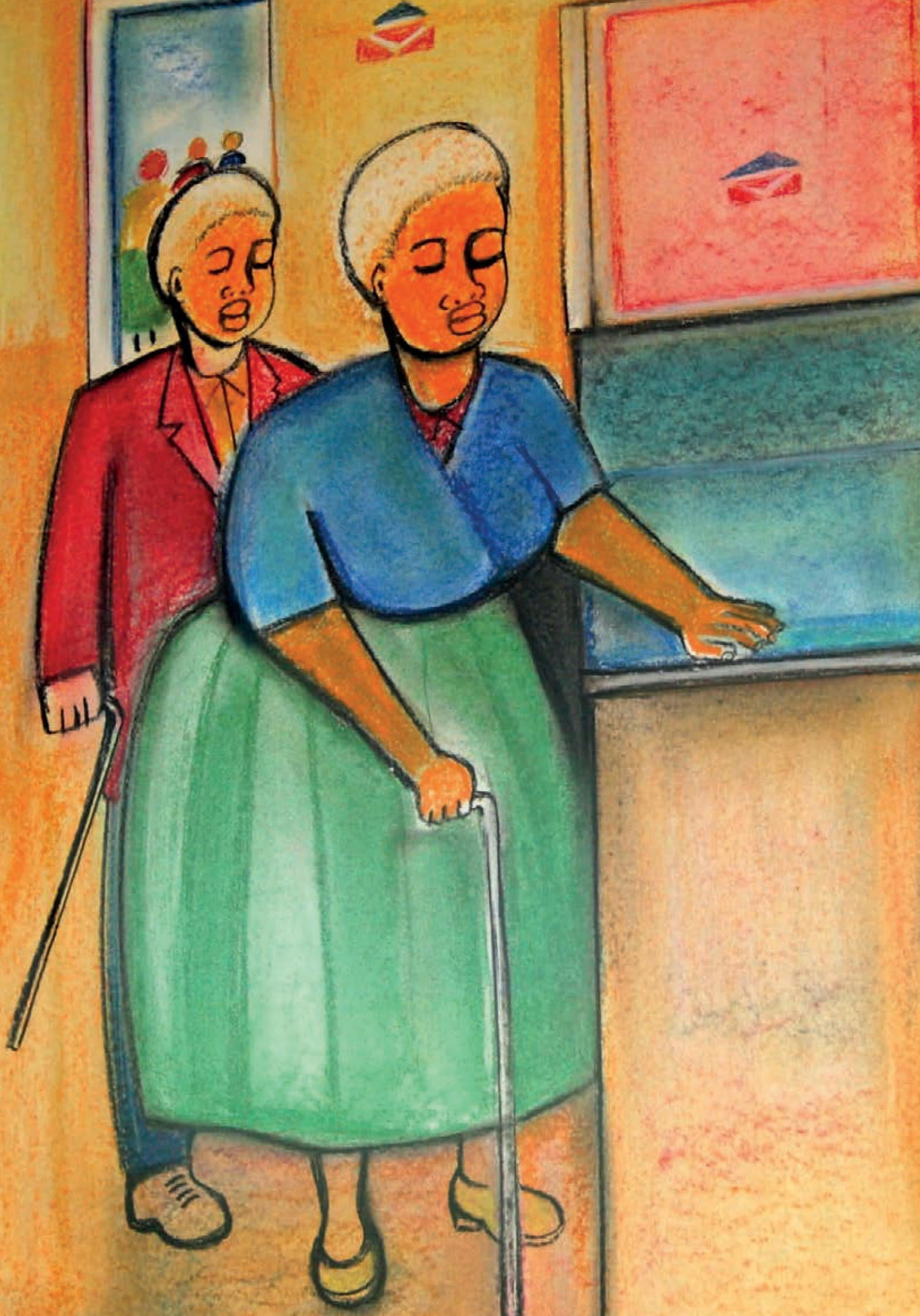
VALUATION AS AT 31 MARCH 2016

We are currently undertaking a valuation of the Fund effective 31 March 2016, the results of which are expected to be available in December 2016. It is expected that the Fund will again reflect a funding level of more than 100% on the best-estimate valuation basis.



Howard Buck
Valuator to the Fund

11 October 2016





In the coming year, 2016/2017, the GEPF will continue to pursue objectives against its key strategic outcomes focusing on:

IMPROVE BENEFITS ADMINISTRATION

The GEPF and GPAA continue to work closely with other stakeholders to ensure that the information the Fund has regarding its members is correct, complete and up to date. The GEPF values and acknowledges the crucial role that the employers play in this regard and will be doubling its efforts in building solid relations with them complete and correct information will greatly enhance the service delivery our members experience especially when they exit the Fund.

The implementation of the Rule changes referred to in the PEO's report will also receive attention from the GEPF as those changes will be beneficial to members.

IMPROVE MEMBER AND BENEFICIARY COMMUNICATION AND EDUCATION

We have engaged the Financial Service Board to assist us in developing a program to enhance the financial literacy of our members and pensioners. This program will be rolled out soon to ensure that our stakeholders are equipped to make decisions regarding their financial well-being.

There has been a decline in the number of members who exits the Fund due to resignation. We believe that a number of these members exit the Fund to gain access to their retirement benefits for various reasons. The GEPF continues with its media campaign as well as road shows to ensure that members make

informed decisions regarding their retirement benefits to curb the number of unnecessary exits.

IMPROVE INVESTMENT MONITORING

The Board has recently approved a revised organisation structure that will assist the Fund to improve its supervisory, monitoring and evaluation function over the PIC and other investment managers. The GEPF will focus on capacitating its research capability to ensure that it remains a leader in the ESG field both locally and internationally.

RISK MANAGEMENT ARCHITECTURE

The GEPF strives to be well governed and adheres to all the relevant governance codes where possible. As such, the Fund will review the principles contained in the revised King Code (King IV) once it's launched. We will develop action plans to adhere to those principles where the GEPF falls short.

IMPROVE STAKEHOLDER RELATIONS

The revised organisation structure will further enhance the GEPF's capability to improve its relationships with all stakeholders, especially employers and employee representative organisations, the GPAA and PIC. It will further assist us to implement the communication and education strategy that was approved by the Board in this reporting period.

We will therefore focus on filling the vacant positions as a matter of urgency to ensure that we have the right people onboard to build and enhance relationships.

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

for the year ended 31 March 2016

RESPONSIBILITIES

The Board of Trustees (the Board) believes that, during the year under review, in the execution of its duties it:

- Ensured that proper registers, books and records of the Fund were kept, inclusive of proper minutes of all resolutions passed by the Board;
- Ensured that proper internal control systems were implemented by or on behalf of the Fund;
- Ensured that adequate and appropriate information was communicated to the members of the Fund, informing them of their rights, benefits and duties in terms of the rules of the Fund;
- Took all reasonable steps to ensure that contributions, where applicable, were paid in a timely manner to the Fund;
- Obtained expert advice on matters where it required additional expertise;
- Ensured that the rules, operation and administration of the Fund complied with the applicable laws;
- Was not aware of non-compliance with any applicable legislation; and
- Ensured that investments of the Fund were made and maintained in accordance with the Fund's investment strategy.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Government Employees Pension Fund (GEPF) are the responsibility of the Board. The Board fulfils this responsibility by ensuring the implementation and maintenance of accounting systems and practices adequately supported by internal financial controls. These controls, which were implemented and executed by the Fund, provide reasonable assurance that:

- The Fund's assets are safeguarded;
- Transactions are properly authorised and executed; and
- The financial records are reliable.

The annual financial statements set out on pages 63 to 108 were prepared in accordance with:

- The basis of accounting applicable to retirement funds in South Africa as indicated in the principal accounting policies contained in the notes to the financial statements;
- The provisions of the Government Employees Pension Law (GEP Law); and
- The rules of the GEPF.

The independent auditors, Deloitte & Touche and Nexia SAB&T, have reported on these financial statements. During their audit, the auditors were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board believes that all representations made to the independent auditors during their audit were valid and appropriate. The annual financial statements have been audited by the independent auditors and the report of the independent auditors is presented on pages 59 to 60.

These audited annual financial statements were approved by the Board of Trustees on 21 September 2016 and were signed on its behalf by:



Dr Renosi Mokate
Chairperson

11 October 2016



Major General Dries de Wit
Vice Chairperson

11 October 2016

The Finance and Audit Committee (FA-C) acts in accordance with applicable legislation and regulations. It adopted appropriate formal terms of reference as its charter, and has regulated its affairs in compliance with this charter. The FA-C has discharged its responsibilities as contained in the charter, which is updated regularly to ensure its relevance.

The FA-C's responsibilities are summarised below:

- Examine and review the quality (adequacy, reliability and accuracy) of the GEPF's annual financial statements and interim financial statements;
- Make recommendations to the Board regarding the approval of the annual financial statements, as well as the adoption of the interim financial statements;
- Review of the effectiveness of the internal control systems;
- Ensure that executive management implemented effective and cost-effective corrective measures to address accounting and auditing concerns identified in internal and external audits;
- Oversee the functioning of the internal audit unit of the Fund through the revised internal audit charter, methodology and the internal audit three-year rolling plan;
- Oversee the co-ordination of activities between the GPAA and GEPF internal audit to ensure there is no duplication of activities. Also oversee co-ordination with the external auditors, and receiving the reports of significant findings of the GPAA internal audit and ensuring that management of the GPAA implement agreed management actions;
- Ensure that an external audit firm is appointed to conduct the annual external audit for the 2015/2016 financial year and ensure their independence and objectivity; and
- Oversee the risk management function of the Fund and ensuring the separation of this function from internal audit to ensure the independence of internal audit.

Based on the information and explanations given by management and the internal audit department, and discussions with the independent external auditors on the result of their audits, the FA-C is confident that the internal financial controls are adequate to ensure that the financial records may be relied upon for preparing the financial statements, and accountability for assets and liabilities is maintained. Nothing significant has come to the attention of the FA-C to indicate any material breakdown in the functioning of these controls, procedures and systems during the period under review.

The FA-C has evaluated the financial statements of the GEPF for the year ended 31 March 2016. Based on the information provided, they comply, in all material respects, with the Fund's stated accounting policies, the provisions of the GEP Law (21 of 1996), the GEPF Rules and the regulatory framework, which the Board adopted based on the FA-C's recommendation.

The FA-C agrees that the adoption of the going concern premise in the preparation of these financial statements is appropriate. The FA-C recommended the adoption of the financial statements by the Board of Trustees and the Board has approved the financial statements.



Mr Seth Makhani
Chairperson: FA-C

11 October 2016

RISK MANAGEMENT STATEMENT

for the year ended 31 March 2016

INTRODUCTION

The risk management process assists the Board to execute its fiduciary duty to actively manage risk that would otherwise affect or prevent the GEPF from achieving its strategic objectives and to ensure the long-term sustainability of Fund. The Board, through the FA-C ensures that effective risk management processes and procedures are in place to actively manage risk that affect the Fund's performance.

MANDATE

The Board has committed the GEPF to a process of risk management that is aligned to:

- The requirements of sections 6 and 7 of the GEP Law and Rules;
- The Pension Fund's guideline for good governance, known as the PF130, issued by the Financial Services Board (FSB);
- Codes of good corporate governance, including the King III Code and the code issued by the Committee of Sponsoring Organisations (COSO) – an internationally accepted framework for good governance;
- ISO 31000:2009, Risk management – Principles and guidelines; and
- Other relevant legislation.

The Enterprise Risk Management Policy and Framework is in line with ISO 31000: 2009, Risk management – Principles and guidelines.

RESPONSIBILITY

The role and responsibility for risk management within the GEPF is clearly defined in the risk management policy and framework. The Board is ultimately responsible to ensure that the Fund effectively manages risk. To this end, the Board has formally delegated as defined in the Board Charter and the Risk Management Policy and Framework, its oversight role to the FA-C. The Risk Management Policy and Framework allows for specific risks to be allocated to the Board subcommittees in line with their mandate and the specific areas of specialisation of each committee and to report on such risks to the FA-C.

The FA-C has established the Risk Management Liaison Committee to co-ordinate risk management between the GEPF, the Public Investment Corporation (PIC) and the GPAA, who both manage risk on behalf of the Fund.

The Principal Executive Officer is the Fund's nominated Chief Risk Officer, and is accountable to the FA-C to co-ordinate, embed and report on risk management performance in terms of the Risk Management Policy and Framework.

Management is responsible for the day-to-day management of risks and assisting the Chief Risk Officer, as well as the Board committees with their risk management responsibilities and ensuring that employees are aware of risk management procedures in their operational areas.

MONITORING

Progress on risk management actions and controls was reported to the Executive Management Committee and to the FA-C. Independent monitoring of the risk management function and progress is performed by internal audit through a risk-based audit approach and assurance was provided that the controls are adequate and effective in mitigating risk.

CONCLUSION

The integrity of the GEPF's financial reporting relies upon a sound system of internal control and effective risk management processes. The Board implemented adequate and effective policies and procedures covering the risk exposures prioritised by the Board. The various policies implemented by the Board include mechanisms to ensure compliance and continuous improvement. The Board is of the opinion that it has maintained sound risk management processes, policies and procedures, and that these have kept the Fund's risk exposure at acceptable levels and within the GEPF's appetite for risk.

We have audited the annual financial statements of the GEPF, which comprise the statement of net assets and funds as at 31 March 2016, the statement of changes in net assets and funds for the year then ended, the cash flow statement and the notes to the financial statements, which include the principal accounting policies and other explanatory notes, as set out on pages 66 to 108.

TRUSTEES' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Board of Trustees are responsible for the preparation and presentation of these financial statements, in accordance with the basis of preparation applicable to the GEP Law, 21 of 1996, and the rules of the GEPF, as set out in the notes to the financial statements, and for such internal controls as the trustees determine is necessary to enable the preparation of financial statements that are free from material statements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDIT OPINION

In our opinion the annual financial statements of the GEPF for the year ended 31 March 2016 are prepared, in all material respects, in accordance with the GEPF's stated accounting policies, the provisions of the GEP Law, 21 of 1996, and the rules of the GEPF.

RESTRICTION ON USE

The financial statements are prepared for regulatory purposes in accordance with the basis of preparation indicated above. Consequently the financial statements and related auditor's report may not be suitable for another purpose.

REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD OF TRUSTEES (continued)

for the year ended 31 March 2016

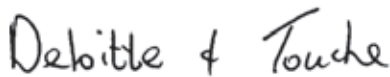
OTHER MATTERS

The transactions of the GEPF which we audited in terms of International Standards of Auditing during the course of our audit were in accordance with applicable laws and rules in terms of the GEP Law 21 of 1996, as amended and in all material respects, in accordance with the mandatory functions of the entity, as determined by law or otherwise.

We have read the Annual Report as required by section 13(2) of the GEP Law 21 of 1996, as amended, and the information furnished in terms of section 9 and 10 of the GEP Law, is presented in accordance with the requirements of the GEP Law 21 of 1996.

With reference to section 13(14) of the GEP Law, 21 of 1996, as amended, we concur with the matters highlighted by the Board of Trustees in the Annual Report.

We do not express an opinion on the financial condition of the GEPF from an actuarial point of view.

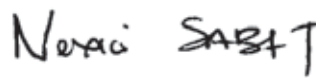


Deloitte & Touche
Registered Auditors

Per D Munu
Partner

Johannesburg

11 October 2016



Nexia SAB&T
Registered Auditors

Per A Darmalingam
Partner

Pretoria

11 October 2016

PARTICULARS OF FINANCIAL CONDITION OF THE FUND BASED ON THE ACTUARIAL VALUATION EFFECTIVE 31 MARCH 2014

1. Net assets available for benefits amounted to R1 425 719 million as at 31 March 2014.
2. The actuarial value of the net assets available for benefits, for the purposes of comparison with the actuarial present value of promised retirement and other benefits, amounted to R1 425 719 million as at 31 March 2014.
3. The actuarial present value of promised retirement and other benefits in respect of contributing members amounted to R878 721 million as at 31 March 2014.
4. The actuarial present value of promised retirement and other benefits in respect of S-case members and exits in progress amounted to R18 155 million as at 31 March 2014.
5. The actuarial present value of retirement benefits in respect of pensioners and deferred pensioners amounted to R263 558 million as at 31 March 2014.
6. The data and past discriminatory practices reserves were considered as "liabilities" for the purposes of the valuation and were fully funded.

The full value of the recommended contingency reserve accounts, including the solvency reserve, amounted to R541 375 million as at 31 March 2014. The affordable level of these contingency reserves amounted to R252 203 million as at 31 March 2014.

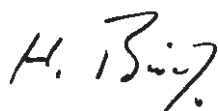
In summary, the assets of the Fund therefore exceed the best-estimate liabilities in respect of benefits for members and pensioners, ie the Fund is solvent. In addition, the Fund is able to set up contingency reserves to meet both known and unknown contingencies of R252 203 million. On a conservative basis and if affordable, the Fund would have ideally set up contingency reserves of R541 375 million.

7. Details of the valuation method adopted (including that in respect of contingency reserves) and details of any changes since the previous summary of report.
 - As for the previous valuation, the Projected Unit Method was used to determine past service liabilities and the future service contribution rate.
 - Under the Projected Unit Method, the present value of benefits that have accrued to members in respect of service prior to the valuation date is compared with the value of the Fund's assets. Allowance is made in the valuation of the accrued benefits for estimated future salary increases, ill-health retirements and deaths.
 - A liability of R18 155 million was set aside in respect of S-case members and exits in progress. This liability is in respect of members who have left the Fund and the benefit due to them is yet to be paid and is not yet provided for in the financial statements of the Fund.
 - A reserve of R6 492 million was set aside in respect of previous discriminatory practices. This reserve was obtained from the financial statements, being the accumulated value of one per cent (1%) of the funding level in 1998, less amounts already utilised to fund discriminatory practices.
 - A reserve of R6 590 million was set aside in respect of errors or omissions in the valuation data. This reserve was set at a level of 0,75% of the contributing member liability.
 - A reserve was held to provide for mortality improvements for all members:
 - For pensioners, current mortality rates have been set equal to the mortality rates calculated in the experience investigation dated 31 March 2012 with an allowance for mortality improvements determined using the mortality assumption rated down one and a half years.
 - For active members, current mortality rates have been set equal to the mortality rates calculated in the same experience investigation with an allowance for mortality improvements determined using the mortality assumption rated down two and a half years.
 - The solvency reserve has been set based on modelling by asset consultants. This model is broadly based on a 90% probability of the Fund remaining solvent over the three-year period following the valuation date.

REPORT OF THE VALUATOR (continued)

for the year ended 31 March 2016

- A reserve was also determined at the valuation date to fund the increase in the active member and pensioner liabilities and increase in the required contribution rate as a result of the Trustees seeking to exercise greater discretion in granting pension increases equal to 100% of CPI.
 - When the above contingency reserves (excluding the data and past discriminatory practice reserves) were set up, it was not the intention of the Trustees to hold such reserves if they will place the fund into a deficit funding level position. As at 31 March 2014, the Fund could only afford to hold a total of R252 203 million as contingency reserves. On this basis 46,6% of the desired level of contingency reserves could be held.
8. Details of the actuarial basis adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.
- **Net pre-retirement discount rate:** 3,24% per annum (previously 3,25% per annum).
 - **Post-retirement net discount rate:** 5,59% per annum for actives and current pensioners (previously 5,50% per annum).
 - **Post-retirement mortality:** Rates based on experience of GEPF mortality over 1 April 2008 to 31 March 2012. These rates are different to those used for the 2012 statutory valuation which were based on an experience analysis carried out for the Fund over the period to 31 March 2008.
 - **Salary increases:** 7,90% per annum (previously 7,70% per annum). It is assumed that salaries will increase at an average rate of 1% in excess of the long-term inflation assumption of 6,90% per annum (previously 6,70% per annum). In addition, an allowance is made for merit salary increments.
 - **Proportion married:** Assumptions have been made regarding proportions of members who are married at each age. The age difference between males and females is assumed to be four years, with males older than their female counterparts.
 - **Expenses:** An allowance for future administration expenses of 0,3% of annual pensionable salary was made.
9. Any other particulars deemed necessary by the valuator for the purposes of this summary: None.
10. The Fund does not fall under the ambit of the Pension Funds Act, 1956 since it is governed by its own statute. However in terms of the Fund's own Funding Level Policy, the Fund was considered to be financially sound in that assets were equal to accrued liabilities and contingency reserves (at 46,6% of the desired level) on a best-estimate basis.



Howard Buck

Fellow of the Actuarial Society of South Africa

For the purposes of professional regulation my primary regulator is the Actuarial Society of South Africa

In my capacity as valuator to the Fund

11 October 2016

1. DESCRIPTION OF THE FUND

1.1 Type of fund

The GEPF is a defined benefit fund established in terms of the GEP Law, No 21 of 1996, as amended. In terms of section 1 of the Income Tax Act, No 56 of 1962, the GEPF is classified as a pension fund established by law.

1.2 Benefits

Benefits are determined in terms of the rules of the GEP Law and are classified as follows:

- Normal retirement benefits;
- Early retirement benefits;
- Ill-health and other retirement (discharge) benefits;
- Late retirement benefits;
- Resignation benefits;
- Death while in service benefits;
- Death after becoming a pensioner benefits;
- Spouses' annuity benefits;
- Orphans' annuity benefits; and
- Funeral benefits.

All reasonable steps are taken to trace members, whose benefits were not claimed, to effect payment to the correct member or beneficiary.

1.3 Contributions

Members (employees of participating employers) contribute 7,5% of their pensionable emoluments to the GEPF. Employers contribute 13% for civil servants and 16% for uniformed employees, respectively, of a member's pensionable emolument to the GEPF.

1.4 Reserves

In terms of a collective agreement negotiated and agreed to in the Public Service Co-ordinating Bargaining Council (PSCBC) an actuarial reserve equal to 1% of the funding level of the GEPF, based on the result of the actuarial valuation as at 31 March 2001, was set aside to address past discriminatory practices. The GEP Law and Rules thereto were amended to increase the pensionable service for members of former Non-Statutory Forces (NSF), employees that participated in strikes in the former Ciskei, and other employees that were previously discriminated against. The actuarial reserve set aside to address past discriminatory practices, is allocated to account for the recognition of periods of pensionable service based on agreements concluded in the PSCBC.

The accounting provision for the reserves set aside to address past discriminatory practices, is summarised as follows (refer to note 8 to the annual financial statements).

	2016 R'000	2015 R'000
Reserve account balance		
Ciskei strikers	157 214	154 961
General assistants	106 885	100 282
Other past discriminatory practices	7 587 652	7 286 926
Total balance at end of year	7 851 751	7 542 169

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 March 2016

1. DESCRIPTION OF THE FUND (continued)

1.5 Rule amendments

No rule amendments were effected during the year under review.

1.6 Board of Trustees

The Minister of Finance inaugurated the current Board on 17 April 2014 for a period of four years. The Board consists of 16 members, with equal employer and member representation, and each with a substitute. Member representatives include a pensioner and a service representative, as well as their substitutes, who were elected through a postal ballot. Only Trustees participate in Board meetings, while Trustees and substitutes participate in Board Committee meetings.

2. INVESTMENTS

2.1 Management of investments

The assets of the GEPP are managed primarily by the PIC. In terms of their mandate, the PIC appointed the following external asset managers to manage part of the portfolio:

- Aeon Investment Management (Pty) Ltd
- Argon Asset Management (Pty) Ltd
- Black Rock Advisors UK Ltd
- Coronation Asset Management (Pty) Ltd
- First Avenue Investment Management (Pty) Ltd
- International Bank for Reconstruction and Development
- Investec Asset Management (Pty) Ltd
- JM Busha Asset Managers (Pty) Ltd
- Kagiso Asset Management (Pty) Ltd
- Legacy Africa Fund Managers (Pty) Ltd
- Mazi Capital (Pty) Ltd
- Meago (Pty) Ltd
- Mergence Investment Managers (Pty) Ltd
- Mianzo Asset Management (Pty) Ltd
- Mvunonala Asset Managers (Pty) Ltd
- Perpetua Investment Managers (Pty) Ltd
- Prudential Investment Managers South Africa (Pty) Ltd
- Sanlam Investment Management (Pty) Ltd
- Sentio Capital Management (Pty) Ltd
- Vunani Fund Managers (Pty) Ltd

The balance of the assets of the GEPP is invested in African Development Partners II LP (ADP II) which is managed by Development Partners International, Pan African Infrastructure Development Fund (PAIDF) which is managed by Harith Fund Managers, South Suez African Fund II LP (South Suez) which is managed by South Suez Capital Limited, Verod Capital Growth Fund II LP (Verod) which is managed by Verod Capital Management and Capital Alliance Private Equity IV (Cape IV) which is managed by Capital Alliance Private Equity IV Limited on behalf of the Fund.

During the current year, Standard Bank of South Africa Limited performed the custody and investment accounting function on behalf of the Fund for the first time.

2.2 Assets are invested in a range of asset classes consisting of:

- Equities (shares in listed and unlisted companies);
- Fixed interest instruments;
- Money market instruments;
- Property; and
- Other investment instruments.

Guidelines have been set for the various asset classes and funds are invested accordingly to allow for a balanced portfolio. The approved guidelines and actual asset allocation for the financial year under review are as follows:

Asset classes	Guideline %	Actual %
At 31 March 2016		
Cash and money markets	0 – 8	1
Domestic bonds	26 – 36	33
Domestic property	3 – 7	5
Domestic equity	40 – 55	53
Africa (ex SA) equity	0 – 5	1
Foreign bonds	0 – 4	2
Foreign equity	1 – 5	5
Total	100	100

2.3 Other investments not in the name of the GEPF

In the current year, all investments were registered in the name of the GEPF, except for a directly held property, Palm Grove, which was registered in the name of CBS Property Portfolio (Pty) Ltd.

3. MEMBERSHIP

The GEPF membership as at 31 March 2016 consisted of 1 269 948 (2015: 1 266 101) government and parastatal employees, as well as 423 130 (2015: 406 395) pensioners receiving monthly annuity benefits.

4. ACTUARIAL VALUATION

An actuarial valuation of the GEPF is conducted at least once every three years as prescribed in section 17(3) of the GEP Law. The latest actuarial valuation was performed as at 31 March 2014 based on the funding level policy adopted by the Board in consultation with the Minister of Finance. This funding level policy provides for evaluation of the liabilities on a long-term best estimate basis and the establishment of a solvency reserve to allow for funding, investment risks and uncertainty relating to future public service remuneration and employment. The required level of solvency was calculated independently by RisCura (Pty) Ltd based on a detailed asset-liability study. In terms of the Fund's own funding level policy, the Fund was considered to be financially sound as at 31 March 2014 in that assets were equal to accrued liabilities and 46,6% of the desired level of solvency and contingency reserves.

5. SUBSEQUENT EVENTS

In May 2016, the GEPF was involved in a litigation in respect of changes done by the Fund on actuarial factors for the payment of benefits. At this point in time, we could not calculate the financial impact this litigation could have. The changes on actuarial factor are related to the normal running of the business and it has happened before and will also happen in future.

The GEPF is also defending two cases brought against it regarding the validity of the implementation of the Clean Break Principle. Both cases are currently before the court and are pending.

STATEMENT OF NET ASSETS AND FUNDS

for the year ended 31 March 2016

	Notes	2016 R'000	2015 R'000
Assets			
Non-current assets		1 637 594 613	1 596 503 855
Equipment	2	3 392	5 002
Investments	3	1 637 591 221	1 596 498 853
Current assets		26 233 503	26 961 312
Funding loan	4	6 716	6 716
Accounts receivable	5	11 625 084	6 192 273
Transfers receivable	11.2	1 980	1 521
Contributions receivable	6.1	4 336 101	4 451 627
Cash and cash equivalents	7	10 263 622	16 309 175
Total assets		1 663 828 116	1 623 465 167
Funds and liabilities			
Total funds and reserves		1 629 923 371	1 591 341 929
Accumulated funds		1 622 071 620	1 583 799 760
Reserve accounts	8	7 851 751	7 542 169
Non-current liabilities		653 063	546 236
Unclaimed benefits	9	653 063	546 236
Current liabilities		33 251 682	31 577 002
Benefits payable	10	27 120 780	30 251 288
Transfers payable	11.1	1 006	2 000
Accounts payable	12	1 926 841	1 320 611
Financial liabilities	13.1	4 198 468	–
Provisions	13.2	4 587	3 103
Total funds and liabilities		1 663 828 116	1 623 465 167

STATEMENT OF CHANGES IN NET ASSETS AND FUNDS

for the year ended 31 March 2016

	Notes	Accumulated funds R'000	Reserve accounts R'000	Total 2016 R'000	Total 2015 R'000
Net income before transfers and benefits		124 441 455	–	124 441 455	253 634 161
Contributions received and accrued	6.2	60 383 335	–	60 383 335	56 486 991
Purchase of periods of service	14	45 172	–	45 172	36 300
Net investment income	15	64 236 010	–	64 236 010	197 428 738
Other income	16	770 388	–	770 388	652 145
Less: Administrative expenses	17	(993 450)	–	(993 450)	(970 013)
Transfers and benefits		(85 852 062)	(7 951)	(85 860 013)	(88 010 918)
Benefits	10 & 8	(83 088 223)	(7 951)	(83 096 174)	(85 794 219)
Transfers to other funds	11.1	(267 269)	–	(267 269)	(274 479)
Transfers from other funds	11.2	4 981	–	4 981	12 448
Interest paid	18	(2 501 551)	–	(2 501 551)	(1 954 668)
Net income after transfers and benefits		38 589 393	(7 951)	38 581 442	165 623 243
Funds and reserves					
Balance at beginning of the year		1 583 799 760	7 542 169	1 591 341 929	1 425 718 686
Transfer of net investment return to reserves	8	(317 533)	317 533	–	–
Balance at end of the year		1 622 071 620	7 851 751	1 629 923 371	1 591 341 929

CASH FLOW STATEMENT

for the year ended 31 March 2016

	Notes	2016 R'000	2015 R'000
Cash flow from operating activities			
Cash generated from operations	20	(29 994 151)	(37 982 672)
Contributions and other income received		61 269 249	58 143 847
Benefits paid during the year		(86 769 533)	(78 374 587)
Other expenses paid		(4 493 867)	(17 751 932)
Interest received		40 602 310	35 507 949
Interest paid		(1 851 873)	(1 421 999)
Dividends received		27 516 948	27 033 433
Transfers and bought services received/(paid)		(224 208)	(236 115)
Net cash inflow from operating activities		36 049 026	22 900 596
Net cash inflow from financing activities		3 639 991	–
Net proceeds from Bank of America Merrill Lynch		3 639 991	–
Net cash outflow from investing activities		(45 734 570)	(21 798 944)
Additions to equipment		(9)	(739)
Additions to investments		(45 734 561)	(21 798 205)
Net (decrease)/increase in cash and cash equivalents		(6 045 553)	1 101 652
Cash and cash equivalents at beginning of the year		16 309 175	15 207 523
Cash and cash equivalents at end of the year	7	10 263 622	16 309 175

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and are consistent with those of the previous year, unless otherwise stated.

1.1 Basis of presentation of financial statements

The annual financial statements are prepared in accordance with the GEP Law's requirements. The retirement fund industry best practice principles are applied as the basis, as well as the rules of the Fund. This comprises adherence to Regulatory Reporting Requirements (RRR) for Retirement Funds in South Africa as issued by the FSB.

The financial statements are prepared on the historical-cost and going-concern basis, modified by the valuation of financial instruments and investment properties to fair value, and incorporate the following principal accounting policies, which, unless otherwise indicated, have been consistently applied.

1.2 Equipment

Historical cost includes costs that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset.

Equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated on the historical cost using the straight-line method over the estimated useful life. Residual values and useful lives are assessed annually. Depreciation rates are as follows:

Asset classes	Annual depreciation rate %
Computer equipment	25
Computer software	33
Furniture and fittings	15
Office equipment	15
Motor vehicles	20
Leasehold improvements	20

The recorded values of these depreciated assets are periodically compared to the anticipated recoverable amounts if the assets were to be sold. Where an asset's recorded value has declined below the recoverable amount and the decline is expected to be of a permanent nature, the impairment loss is recognised as an expense.

1.3 Financial instruments

Financial instruments include all financial assets and liabilities, including derivative instruments, and investment properties.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.3 Financial instruments (continued)

1.3.1 Classification

1.3.1.1 The GEPF classifies its financial assets into the following categories:

- At fair value through the statement of changes in net assets and funds.
- Loans and receivables.

1.3.1.1.1 Financial assets classified at fair value through the statement of changes in net assets and funds

The classification depends on the purpose for which the financial assets were acquired, and is determined by management at the initial recognition of the financial assets.

Financial assets classified at fair value through the statement of changes in net assets and funds comprise equities, bills and bonds, debentures, investment properties, unlisted preference shares, collective investment schemes and special investment products.

1.3.1.1.2 Loans and receivables

Financial assets classified as loans comprise direct loans to individuals and companies.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those intended to be sold in the short term.

1.3.1.2 Financial liabilities

Financial liabilities are classified at amortised cost. Financial liabilities that are not classified at fair value through the statement of changes in net assets and funds comprise accounts payable.

1.3.2 Recognition

The GEPF recognises financial assets and financial liabilities on the date when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value as at trade date, including, for instruments not at fair value, through the statement of changes in assets and funds, any directly attributable transaction costs.

Financial instruments carried at fair value through the statement of changes in net assets and funds are initially recognised at fair value, and transaction costs are expensed in the statement of changes in net assets and funds.

Financial instruments classified as loans and receivables are recognised as assets when the entity becomes a party to the contract and as a consequence has a legal right to receive cash.

1.3.3 Measurement

Subsequent to initial recognition, all financial assets classified at fair value through the statement of changes in net assets and funds are measured at fair value with changes in their fair value recognised in the statement of changes in net assets and funds.

Financial liabilities are measured at amortised cost using the effective interest rate method.

1.3.3.1 Equities

Equity instruments consist of equities with a primary listing on the Johannesburg Stock Exchange Limited (JSE), equities with a secondary listing on the JSE, foreign-listed equities and unlisted equities.

Equity instruments designated at fair value through the statement of changes in net assets and funds are initially recognised at fair value on trade date.

Listed equities

Listed equity instruments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of net changes in assets and funds.

The fair value of listed equity instruments with standard terms and conditions, traded on active liquid markets, is based on regulated exchange quoted closing prices at the close of business on the last trading day on or before the statement of net assets and funds date.

Unlisted equities

Unlisted equity instruments are subsequently measured at fair value, using the pricing models determined by the GEPPF, or by applying valuation techniques such as the discounted cash flow model, at arm's-length market transactions in respect of the unlisted equities, net asset values and price earnings multiple.

For recently made investments, the price of recent acquisition is generally used for a limited period to equate fair value. At reporting date during the limited period, an assessment is made as to whether any subsequent events have occurred that impacts the fair value.

When discounted cash flow techniques are used, discounted cash flows are based on management's best estimates and the discount rates used are market rates at the statement of net assets and funds date applicable for an instrument with similar terms and conditions.

Where other methods are used, inputs are based on the market data at the date of the statement of net assets and funds.

1.3.3.2 Preference shares

The fair value of preference shares classified as fair value through the statement of changes in net assets and funds is measured as indicated below:

Listed preference shares

The fair value of preference shares traded on active liquid markets is based on regulated exchange quoted closing prices at the close of business on the last trading day on or before the statement of net assets and funds date.

Unlisted preference shares

The fair value of unlisted preference shares is determined by applying appropriate valuation techniques such as the discounted cash flow model, recent arm's-length market transactions in respect of preference shares, net asset values and price earnings multiple.

The market yield is determined by using the appropriate yields of existing listed preference shares that best fit the profile of the instruments being measured, and a discounted cash flow model is then applied using the determined yield, in order to calculate the fair value.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.3 Financial instruments (continued)

1.3.3 Measurement (continued)

1.3.3.3 Debentures

Debentures comprise unlisted debentures.

Debentures are financial assets with fixed or determinable payment and fixed maturity date. The fair value is estimated using the pricing models or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's-length market transactions in respect of unlisted debentures.

1.3.3.4 Bills and bonds

Bills and bonds comprise investments in government, national or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.

Listed bonds

The fair value of listed bonds traded on active liquid markets is based on regulated exchange quoted closing prices at close of business on the last trading day on or before the statement of net assets and funds date.

Unlisted bills

The market yield is determined by using the appropriate yields of existing listed bills that best fit the profile of the instruments being measured, and based on the terms to maturity of the instrument, adjusted for credit risk, where appropriate, a discounted cash flow model is then applied using the determined yield, in order to calculate the fair value.

1.3.3.5 Investment properties

Properties held for a long-term rental yield or for capital appreciation and not occupied by the Fund are classified as investment property. Investment properties comprise investment in commercial properties, residential properties, industrial properties and hospitals. Investment properties are carried at fair value.

Investment properties reflected at fair value are based on open market fair values at the statement of net assets and funds date. If the open market fair values cannot be reliably determined, alternative valuation methods, such as discounted cash flow projections or recent prices on active markets for transactions of a similar nature are used.

The fair values are the estimated amounts for which a property could be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

The open market fair value is determined once every three years by independent professional valuers. Interim desktop valuations are performed annually by the same independent professional valuers. Changes in fair value are recorded in the statement of net assets and funds.

1.3.3.6 Collective investment schemes

Investments in collective investment schemes are initially recognised at fair value, net of transaction costs that are directly attributable to the investment.

These investments are subsequently measured at fair value, which are the quoted unit values for listed schemes. Unlisted schemes' fair values are derived from the investment scheme administrator with reference to the rules of each particular collective investment scheme, multiplied by the number of units held.

1.3.3.7 Special investment products

Special investment products are valued at gross total fair value of all underlying instruments, included in the structured products and/or arrangements.

Where there are instruments within the structured products, which require a different treatment, these are measured separately in accordance with the measurement criteria set out in a class they belong to.

1.3.3.8 Direct loans

Direct loans are measured at amortised cost using the effective interest rate method, less impairment losses, if any.

1.3.3.9 Money market instruments

Money market instruments are measured at amortised cost using the effective interest rate method.

1.3.4 Derecognition

The GEPF derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset.

The GEPF uses the weighted average method to determine realised gains and losses on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

1.3.5 Impairments

1.3.5.1 Financial assets carried at amortised cost

The Fund assesses at each statement of net assets and funds date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that a loss event has an impact on the estimated future cash flow of the financial asset or a group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or a group of assets is impaired includes observable data that come to the attention of the Fund about the following:

- Significant financial difficulty experienced by the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- A likelihood that the issuer or the debtors will enter into a bankruptcy or other financial reorganisation;
- The disappearance of an active market for a particular financial asset as a result of financial difficulties; or
- Observable data indicating a measurable decrease on the estimated future cash flows from a group of financial assets since the initial recognition, though the decrease cannot be identified with the individual financial assets in a group, including:
 - adverse changes on the payment status of the issuers or debtors in the group; or
 - national or local economic conditions that correlate with defaults in the assets in a group.

The Fund assesses whether the objective evidence of impairment exists individually for financial assets that are significant first, and, if no evidence of impairment exists for individually assessed assets, a group of financial assets with similar credit risk characteristics are collectively assessed for impairment (refer to note 15 for additional information).

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.3 Financial instruments (continued)

1.3.5 Impairments (continued)

1.3.5.1 Financial assets carried at amortised cost (continued)

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of changes in net assets and funds. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The Fund may measure the impairment loss on the basis of the instrument's fair value using an observable market price.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics relevant to the estimation of future cash flows for groups of such assets, by being indicative of the issuer's ability to pay all amounts due under the contract terms of the debt instrument being evaluated.

If, in subsequent periods, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in the statement of changes in net assets and funds.

1.3.5.2 Impairment of other non-financial assets

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances that the carrying amount may not be recoverable occur.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For purposes of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

1.3.5.3 Impairment of loans and receivables

A provision for impairment of loans and receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due, according to the original terms.

1.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash deposited with financial institutions and other short-term liquid investments with original maturities of three months or less. Cash and cash deposits are measured at fair value.

1.5 Accounts receivable

Accounts receivable are measured at fair value at initial recognition if normal credit terms are exceeded, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of changes in net assets and funds when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Purchased service

Purchased service receivables are recognised upon acceptance by the member of the quote issued by the GEPF for the recognition of the purchase of a period as pensionable service. No provision is made for potential doubtful purchase of service debtors, as only the period paid for vests in favour of the member.

1.6 Unclaimed benefits

Unclaimed benefits are not written back to income as per the Prescription Act but will remain in the Fund as unclaimed until the member has been traced. Legitimate claims received subsequent to write-offs are paid as the records are maintained.

1.7 Accounts payable

Accounts payable are measured at fair value at initial recognition if normal credit terms are exceeded, and are subsequently measured at amortised cost using the effective interest rate method.

1.8 Provisions

Provisions are recognised when the GEPF has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

1.9 Contributions

Contributions are accounted for on the accrual basis except for additional voluntary contributions, which are recorded in the year in which they are received.

1.10 Purchase of service

Income from purchase of service is accounted for when it has been approved and processed.

1.11 Dividends, interest, rentals and gains and losses on subsequent measurement

1.11.1 Dividend income

Dividend income is recognised in the statement of changes in net assets and funds, when the right to receive payment is established, which is the last date to trade for equity securities. For financial assets designated at fair value through the statement of changes in net assets and funds, dividend income forms part of fair value adjustments.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.11 Dividends, interest, rentals and gains and losses on subsequent measurement (continued)

1.11.2 Interest income

Interest income is recognised in the statement of changes in net assets and funds as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium or any other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

1.11.3 Rental income

Rental income from investment properties is recognised in the statement of changes in net assets and funds as it accrues on a straight-line basis over the period of lease agreements, unless another systematic basis is more representative of the time pattern in which a use benefit derived from the leased assets is diminished.

Property expenses are recognised in the statement of changes in net assets and funds as the services are rendered.

1.11.4 Collective investment schemes distribution

Distribution from collective investment schemes are recognised when the right to receive payment is established.

1.11.5 Gains and losses on subsequent measurement to fair value

Gains and losses on subsequent measurement to fair value of investments and of all other financial instruments are recognised as net investment (loss)/income during the period in which the change arises.

1.12 Transfers to and from the GEPF

Transfers to/(from) the GEPF are recognised on the earlier of receipt/(payment) of the actual transfer value or the written notice of transfer (recognition of transfer).

1.13 Interest payable to members exited from the GEPF

Interest payable to members in respect of the late payment of benefits is accounted for on the accrual basis on any part of a member's benefit not paid within 60 days from the last day of service.

1.14 Interest payable to dormant members

In terms of the GEPF rules, interest is accrued to a dormant member's benefit until the effective date on which such benefit becomes payable.

1.15 Foreign exchange gains or losses

Foreign monetary assets and liabilities are translated into South African Rand at rates ruling at year-end. Unrealised differences on foreign monetary assets and liabilities are recognised in the statement of changes in net assets and funds in the period in which they occur.

1.16 Operating leases

Operating leases include rental on properties and office equipment. Rental expenses are recognised on a straight-line basis over the lease term.

1.17 Interest on late payments of contributions and/or loans and receivables

Interest on late payments of contributions, surplus improperly utilised and/or loans and receivables is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

1.18 Expenses incurred in managing investments

Expenses in respect of management of investments are recognised as the services are rendered.

1.19 Judgements and estimates

Critical judgements in applying the entity's accounting policies

In the process of applying the GEPP's accounting policies, the Board has made the following judgements to amounts recognised in the financial statements (apart from those involving estimations, which are dealt with separately below).

- **Residual values and useful lives**

Residual values and useful lives of equipment are assessed annually. Equipment is assessed for impairment annually, or more frequently when there is an indication that an asset may be impaired and the related impairment losses recognised in the statement of changes in net assets and funds in the period in which the impairment occurred.

- **Provision for impairment of receivables**

The provision for impairment of receivables is raised on all receivable amounts aged 730 days and older, amounts due from individuals who have attained the age of 70 years and older, as well as all fraud case receivables.

- **Accumulated leave pay provision**

The leave pay provision accounts for vested leave pay to which employees may become entitled upon exit from the service of the GEPP.

- **Performance bonus provision**

This provision accounts for performance bonuses payable, based on the outcome of the performance evaluation of employees and the relevant approval.

- **Fair value estimation**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of net assets and funds date. The quoted market price used for financial assets held by the Fund is the closing price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of net assets and funds date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discount cash flows, are used to determine fair value for the remaining instruments.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.19 Judgements and estimates (continued)

Key assumptions of estimations with uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of net assets and funds date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are the following:

- **Accrual for benefits payable**

The accrual for benefits payable is based on a calculation performed by the GEPP's actuaries and contains actuarial assumptions and key estimates. These estimates pertain to member profiles, among others. The actuarial assumptions applied are in line with those applied for statutory valuation purposes.

- **Accruals and contingent liabilities for legal costs**

Liabilities may exist for lawsuits by and against the GEPP. The amounts accrued for/included in contingent liabilities, include the GEPP's independent attorneys' best estimates of the probable/possible legal liabilities which the GEPP may incur.

- **Investments**

The net present value of certain unlisted investments has been calculated using estimated future cash flows at discounted rates.

Further information about the key assumptions concerning the future and other key sources of estimation uncertainties are set out in the relevant notes to the financial statements.

1.20 Accounting policies, changes in accounting estimates and errors

Retirement funds apply adjustments arising from changes in accounting policies and errors prospectively; the adjustment relating to changes in accounting policies and errors is therefore recognised in the current and future periods affected by the change.

1.21 Reserves

Reserves accounts comprise particular amounts of designated income and expenses and are recognised in the period in which such income and expenses accrue to the Fund.

1.22 Benefits

Benefits expenses are recognised as the benefits occur, through the statement of changes in net assets and funds on an accrual basis.

Liability is raised for all benefits accruing at the end of the financial year, which have not been paid through the statement of net assets and funds.

1.23 Administration expenses and other expenses

Administration expenses incurred are recognised through the statement of changes in net assets and funds on an accrual basis.

1.24 Contingent assets and liabilities

Contingent assets are disclosed when there is a possible asset, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the GEPP.

Contingent liabilities are disclosed when there is a possible obligation that arises from the past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the GEPPF, or it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

1.25 Related parties

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

If there have been transactions between related parties, the Fund will disclose the nature of the related-party relationship, as well as the following information for each related-party relationship:

- The name of the government department and the nature of its relationship with the Fund;
- The nature and amount of each individually significant transaction; and
- For other transactions that are collectively, but not individually significant, a qualitative or quantitative indication of their extent.

2. EQUIPMENT

	Computer equipment R'000	Computer software R'000	Furniture and fittings R'000	Office equipment R'000	Motor vehicles R'000	Leasehold improvements R'000	Total R'000
2.1 Current year, 2016							
Gross carrying amount	1 455	805	2 909	2 939	656	3 333	12 097
At beginning of the year	1 455	805	2 909	2 930	656	3 333	12 088
Additions	–	–	–	9	–	–	9
Accumulated depreciation	(1 254)	(475)	(2 445)	(2 236)	(517)	(1 778)	(8 705)
At beginning of the year	(1 019)	(302)	(2 247)	(1 991)	(417)	(1 110)	(7 086)
Depreciation	(235)	(173)	(198)	(245)	(100)	(668)	(1 619)
Net carrying amount at end of the year	201	330	464	703	139	1 555	3 392
2.2 Prior year, 2015							
Gross carrying amount	1 455	805	2 909	2 930	656	3 333	12 088
At beginning of the year	1 309	311	2 885	2 855	656	3 333	11 349
Additions	146	494	24	75	–	–	739
Accumulated depreciation	(1 019)	(302)	(2 247)	(1 991)	(417)	(1 110)	(7 086)
At beginning of the year	(790)	(259)	(1 812)	(1 555)	(317)	(444)	(5 177)
Depreciation	(229)	(43)	(435)	(436)	(100)	(666)	(1 909)
Net carrying amount at end of the year	436	503	662	939	239	2 223	5 002

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

3. INVESTMENTS

3.1 Investment summary

	Notes	Fair value 2016 R'000	Amortised cost 2016 R'000	Total 2016 R'000	Total 2015 R'000
Money market instruments*	3.1.1	–	9 793 504	9 793 504	15 080 443
Direct loans*	3.1.2	–	22 162 371	22 162 371	11 882 063
Bills and bonds**	3.1.3	551 891 552	–	551 891 552	533 437 023
Local		526 393 124	–	526 393 124	508 097 767
Foreign		25 498 428	–	25 498 428	25 339 256
Investment properties**	3.1.4	10 524 312	–	10 524 312	9 747 544
Equities**	3.1.5	956 637 410	–	956 637 410	953 510 587
Listed equities		915 519 277	–	915 519 277	907 798 462
Primary listings		659 843 355	–	659 843 355	720 624 855
Secondary listings		255 675 922	–	255 675 922	187 173 607
Unlisted equities		41 118 133	–	41 118 133	45 712 125
Local equities		31 985 379	–	31 985 379	39 573 378
Foreign equities		9 132 754	–	9 132 754	6 138 747
Preference shares**	3.1.6	3 024 727	–	3 024 727	–
Collective investment schemes**	3.1.7	83 557 345	–	83 557 345	72 841 193
Local instruments		213 262	–	213 262	113 528
Foreign instruments		83 344 083	–	83 344 083	72 727 665
		1 605 635 346	31 955 875	1 637 591 221	1 596 498 853

* Classified as loans and receivables.

** Classified as fair value through statement of changes in net assets and funds.

Explanatory notes:

- Based on the revised strategic asset allocation which was approved by the Minister in the 2011 financial year, the Fund invested in foreign collective instruments and foreign bonds to the value of R108,8 billion (2015: R98,1 billion). These investments are managed by Black Rock Advisors UK Ltd and the International Bank for Reconstruction and Development.
- Included in the unlisted foreign equities above are internally managed investments by the GEPI to the value of R3,6 billion (2015: R2,5 billion). These investments include ADPI II, PAIDF, South Suez, Verod and Cape IV.
- Money market instruments with original maturities of three months or less are classified as cash and cash equivalents.
- The details of the top 10 investments per investment category have been provided in the detailed schedules below and the balance is included in 'other', where practicable. Investments which meet the top 10 criteria in one year and do not meet the criteria in another year, will be disclosed as zero and included in 'other' in the year in which they do not meet the criteria. Details of the top 10 investments are disclosed per entity level not per instrument level.

3.1.1 Money market instruments

	Amortised cost 2016 R'000	Amortised cost 2015 R'000
Certificate of deposits	101 592	410 596
Development Bank of SA Ltd	101 592	410 596
Fixed deposits	4 278 895	9 338 036
FirstRand Ltd	1 041 200	1 033 473
Nedbank Ltd	938 414	2 325 982
ABSA Group Ltd	935 342	1 930 978
Investec Bank Ltd	732 099	1 818 151
Standard Bank Group Ltd	627 857	2 225 394
Venda Building Society Ltd	3 983	4 058
Promissory notes	5 413 017	5 331 811
Land and Agricultural Development Bank of SA	5 413 017	5 233 741
Sanlam Ltd	–	98 070
Total money market instruments	9 793 504	15 080 443

3.1.2 Direct loans

	Secured by	Amortised cost 2016 R'000	Amortised cost 2015 R'000
Industrial Development Corporation SOC Limited	Not secured*	3 089 028	2 070 887
Kilimanjaro Sakhumnotho Consortium (Pty) Ltd	First ranking pledge and cession in security of pledged shares, pledged share distributions and disposal proceeds; and pledge (and not an out and out cession and transfer) of the ceded rights and accordingly, cedentes shall be and remain the owner of such rights until the cessionary exercises its rights	1 871 813	–
Opiconsivia Investments 239 (Pty) Ltd	Second ranking security over all Afrisam assets	1 746 557	1 496 945
Tanga Cement Company Ltd	Cession and pledge of debenture and mortgage registered under Tanga Cement Company Ltd	1 362 383	705 497
Independent News & Media (South Africa) (Pty) Ltd	Borrower cession and pledge in security, guarantee from Sekunjalo, pledge and cession of shares	1 004 550	896 448
Allied Mobile Communications (Pty) Ltd	Guarantee and indemnity, cession and pledge of shares, cession and pledge of related security (debtors, receivables, inventory, physical assets, management fees, bank account proceeds, insurance proceeds, excess cash reserve account)	808 922	–

* This loan consists of uncertified notes which are held by the Central Securities Depository.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

3. INVESTMENTS (continued)

3.1 Investment summary

3.1.2 Direct loans (continued)

	Secured by	Amortised cost 2016 R'000	Amortised cost 2015 R'000
Petratouch (Pty) Ltd	Pledges, cedes and transfers and makes over in securitatem debit its rights, title and interest in and to the ceded rights (pledged shares and claims) to the cessionary, which pledge and cession the cessionary hereby accepts. With the exception of 460 000 of the pledged shares which will be utilised as security in respect of a R155 million debt facility with Sanlam Limited	773 355	–
Bafepi Agri (Pty) Ltd	Borrower cedes and pledges its right, title and interest in and to the AgriGroupe shares, borrower shareholder loans and any claim against AgriGroupe to the lender	662 741	664 340
Solar Capital De Aar (RF) (Pty) Ltd	Reversionary pledge and cession of shares in the project company, as well as the bank account	631 028	–
Africell Holdings Ltd	Political risk insurance, pledge of share, pledge of bank accounts, security over the beneficial interest in relevant companies, first ranking security over the material assets (including mortgage over real property, share pledges, bank accounts and receivables), assignment of insurance policy, security over IP rights and the rights under material agreements (the Material Agreement) of the borrower/obligators (including all telecom licences in the country of operation)	623 169	–
SAHL Investments Holding (Pty) Ltd	Shareholder guarantees	–	522 189

		Amortised cost 2016 R'000	Amortised cost 2015 R'000
	Secured by		
Acapulco Trade and Investments 164 (RF) (Pty) Ltd	Cession of equity and shareholders' loan claim which Acapulco Trade and Investments 164 (RF) (Pty) Ltd has in Lanseria Holdings (Pty) Ltd	–	548 475
Business Venture Investments 1828 (Pty) Ltd	Cession and pledge over all the consortium shares in Texton Property Fund, securitatem debiti of all positive bank balances in the consortium; a put option written by Texton to acquire 100% of the shares ceded and pledged by the consortium; personal pledges by members of the consortium	–	448 060
Bakwena Platinum Corridor Concessionaire (Pty) Ltd	Suretyship, cession of bond and shares, shareholder loans, equity options and contracts, general notarial bond	–	409 218
Business Partners Ltd	Cession of loan book and bank account	–	402 199
Other		9 588 825	3 717 805
Total loans		22 162 371	11 882 063

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

3. INVESTMENTS (continued)

3.1 Investment summary (continued)

3.1.3 Bills and bonds

	Issuer rating long-term	Fair value 2016 R'000	Fair value 2015 R'000
Bills		2 718 968	1 579 308
Eskom Holdings Ltd	AA+	2 718 968	1 579 308
Commercial paper		303 550	559 231
The Thekwini Warehousing Conduit (RF) Ltd	AAA	303 550	–
Barloworld Ltd	A+	–	199 276
Bidvest Group Ltd	AA	–	198 764
Macquarie Group SA Ltd	AA	–	99 332
Imperial (Pty) Ltd	AA	–	61 859
Government bonds		335 543 141	331 533 327
Republic of Angola	A	1 808 535	–
Republic of SA	AAA	333 170 207	331 311 993
Republic of Namibia	AA-	564 399	221 334
Corporate bonds		36 795 548	30 763 300
Standard Bank Group Ltd	AA	9 914 619	8 979 293
FirstRand Ltd	AA	5 345 137	4 360 522
Nedbank Ltd	AA	2 319 724	1 853 160
ABSA Group Ltd	AA	2 115 528	1 894 149
Pareto Ltd	A	7 928 878	2 116 000
Barclays Africa Group Ltd	AA	1 261 327	–
Mercedes-Benz SA (Pty) Ltd	AAA	1 035 981	1 503 022
Investec Group Ltd	AA	966 391	946 107
The Thekwini Fund Ltd	AAA	925 396	907 026
African Bank Ltd	D	854 293	–
Old Mutual Life Assurance Ltd	AAA	–	1 867 582
MTN Group Ltd	AA	–	1 041 073
Other	–	4 128 274	5 295 366
Parastatal bonds		151 031 917	143 604 791
Eskom Holdings Ltd	AAA	73 787 518	66 636 860
South African National Road Agency Ltd	AA	24 829 193	24 530 935
Transnet Ltd	AA	23 832 648	21 986 400
Development Bank of SA Ltd	AA	12 790 951	13 750 380
Trans-Caledon Tunnel Authority	AA+	12 250 760	12 297 494
City of Johannesburg	AA	728 093	926 059
City of Cape Town	AAA	702 536	781 505
Airports Company SA	AA-	634 343	616 461
Ekurhuleni Metropolitan Municipality	AAA	411 586	437 342
Land and Agricultural Development Bank of SA	AAA	332 577	–
Telkom SA Ltd	AA	–	484 630
Other	–	731 712	1 156 725
Other bonds		–	57 810
Lesotho Highlands	AA+	–	57 810
Foreign bonds		25 498 428	25 339 256
Black Rock Advisors (UK)	*	20 101 997	20 995 050
International Bank for Reconstruction and Development	*	5 396 431	4 344 206
Total bills and bonds		551 891 552	533 437 023

The National Credit ratings are used as investment grade ratings, unless otherwise mentioned. The rating categories are as follows:

National Long-term Rating Definition	National Scale Rating Symbol
Highest grade quality	AAA
Very high credit quality	AA+, AA, AA-
High credit quality	A+, A, A-
Defaulted	D

* Foreign bonds are held in bond portfolios. These bond portfolios invest in a range of bonds with different credit ratings. The Credit Risk Department of the PIC applied an A1 rating to Black Rock Advisors (UK) bond portfolio and a rating of AAA to the International Bank for Reconstruction and Development bond portfolio.

Included in the bond value on the previous page are the following scrip lending transactions:

Transaction date	Bonds on lent	Security in place 2016 R'000	Nominal value 2016 R'000	Fair value 2016 R'000	Name of counterparty	Scrip custodian
31 March 2016	R186	*	4 973 605	5 587 881	Standard Bank Ltd	Standard Bank Ltd
31 March 2016	R2023	*	823 799	779 488	Standard Bank Ltd	Standard Bank Ltd
31 March 2016	R2048	*	227 000	204 064	Standard Bank Ltd	Standard Bank Ltd
31 March 2016	R209	*	999 264	698 863	Standard Bank Ltd	Standard Bank Ltd
31 March 2016	R213	*	990 400	798 524	Standard Bank Ltd	Standard Bank Ltd
31 March 2016	R214	*	1 000 000	699 679	Standard Bank Ltd	Standard Bank Ltd
Total		10 080 214	9 014 068	8 768 499		

* Collateral is not done on an individual bond level basis. The security in place for the above bonds on lent is the equity, certificate of deposits and bond collateral which equals to 112% of the daily market value of the listed bonds. This collateral amount is verified daily against the previous day's closing value of the listed bond shares. The collateral amount changes in accordance to the changes in the listed bond and equity share prices to ensure that the collateral is at any stage equal to 112% of the daily closing value of the listed bonds.

3.1.4 Investment properties

	Fair value 2016 R'000	Fair value 2015 R'000
Residential properties	55 121	48 511
Industrial properties	1 565 301	1 435 650
Office properties	6 893 965	6 394 466
Retail properties	1 863 707	1 785 090
Specialised properties	78 050	81 250
Vacant land	300 200	265 864
Lease income accrual	(232 032)	(263 287)
Total properties	10 524 312	9 747 544

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

3. INVESTMENTS (continued)

3.1 Investment summary (continued)

3.1.4 Investment properties (continued)

Name of property	Address	Valuation method	Date of last valuation	Pledged as guarantee	Fair value 2016 R'000	Fair value 2015 R'000
Trevenna	70 Meintjies Street, Trevenna, Pretoria	DCF	31/03/2016	No	634 500	623 500
Riverwalk Office Park	41 Matroosberg Street, Ashlea Gardens, Pretoria	DCF	31/03/2016	No	585 300	556 000
Vangate Shopping	Vanguard Drive, Athlone, Cape Town	DCF	31/03/2016	No	540 000	470 550
Kingsley	481 Church Street, Arcadia, Pretoria	DCF	31/03/2016	No	415 000	–
Discovery Health Joggie Vermooten	3 Alice Lane, Sandown, Sandton	DCF	31/03/2016	No	314 000	266 000
	57 Joyner Road, Prospection, Isipingo Ext. 12, Durban	DCF	31/03/2016	No	285 000	232 800
GijimaAst Holdings	47 Landmarks Avenue, Kosmosdal	DCF	31/03/2016	No	260 500	247 500
Iparioli Office Park	1166 Park Street, Hatfield	DCF	31/03/2016	No	236 000	222 429
Webber Wentzel	10 Fricker Road, Illovo, Johannesburg	DCF	31/03/2016	No	219 000	251 000
Town Square	61 Adderley Street, Cape Town	DCF	31/03/2016	No	188 000	–
Centre Square Development	Cnr of Dallas Road and Aramist Road, Menlyn Maine, Pretoria	COST	N/A	No	–	253 433
Jakaranda Shopping Centre	Cnr Michael Brink and Frates Streets Rietfontein	DCF	31/03/2016	No	–	200 720
Other Lease income accrual					7 079 044	6 686 899
					(232 032)	(263 287)
Total properties					10 524 312	9 747 544

3.1.4.1 Investment properties

	2016 R'000	2015 R'000
Balance at beginning of the year	10 010 831	9 845 361
Additions		
– Direct acquisition	58 710	201 566
– Capital expenditure	498 141	212 068
Disposals	(36 000)	(126 100)
Fair value adjustment	224 662	(122 064)
Closing fair value	10 756 344	10 010 831
Operating lease income accrual	(232 032)	(263 287)
Balance at end of year	10 524 312	9 747 544

An independent valuation of the investment properties was performed as at 31 March 2016. The properties were valued at fair value on the basis of the discounted cash flow method, using a risk-free rate adjusted for property risk. Additional adjustments were included for tenant risk, building factors, vacancies, rental reversions to market, property costs, tenant installations and capital expenditure. The key assumptions used by the valuers include the capitalisation rate and the discount rate. The discount rates reflect the risks inherent in the net cash flows and are constantly monitored by reference to comparable market transactions.

The independent valuation was performed by professional valuers from DDP Valuers who are registered valuers in terms of section 19 of the Valuers Professional Act, No 47 of 2000, and have recent experience in valuing similar properties at similar locations.

3.1.5 Equities

	Fair value 2016 R'000	Fair value 2015 R'000
Primary listing on the JSE	659 843 355	720 624 855
Secondary listing on the JSE	255 675 922	187 173 607
Unlisted equities	41 118 133	45 712 125
Total equities	956 637 410	953 510 587

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

3. INVESTMENTS (continued)

3.1 Investment summary (continued)

3.1.5 Equities (continued)

	Total issued shares (number)	GEPP's shareholding (number)	GEPP's shareholding %	Fair value 2016 R'000	Fair value 2015 R'000
1. Primary listing on the JSE				659 843 355	720 624 855
Naspers Ltd	438 036 121	68 372 922	16	140 916 592	119 417 536
MTN Group Ltd	1 844 049 073	287 399 760	16	38 856 448	62 449 707
Sasol Ltd	651 389 516	86 757 644	13	38 306 970	39 287 010
Vodacom Group Ltd	1 487 954 000	226 126 823	15	36 300 139	—
Standard Bank Group Ltd	1 618 175 588	198 743 809	12	26 329 580	35 741 484
FirstRand Ltd	5 609 488 001	510 060 581	9	24 671 630	28 283 178
Remgro Ltd	481 106 370	77 909 007	16	19 491 275	21 534 343
Sanlam Ltd	2 166 471 806	266 858 694	12	18 277 152	22 361 630
Bidvest Group Ltd	335 404 212	48 141 263	14	17 956 691	17 489 542
Aspen Pharmacare Holdings Ltd	456 403 819	50 995 459	11	16 327 726	19 514 890
Steinhoff International Holdings Ltd	—	—	—	—	31 677 112
Other				282 409 152	322 868 423
2. Secondary listing on the JSE				255 675 922	187 173 607
British American Tobacco Plc	2 026 973 157	51 357 201	3	44 196 980	35 179 350
SAB Miller Plc	1 680 094 500	46 891 323	3	42 042 291	30 590 113
Steinhoff International Holdings	3 921 551 251	428 617 088	11	41 511 565	—
Old Mutual Plc	4 928 572 643	506 056 599	10	20 738 199	20 429 169
Richmont Securities AG	5 220 000 000	183 797 271	4	17 918 396	19 892 207
Anglo American Plc	1 405 467 840	153 810 320	11	17 768 168	21 022 517
Mediclinic International Plc	737 243 810	53 568 515	7	10 165 161	—
BHP Billiton Plc	2 112 071 796	54 533 323	3	9 052 532	18 231 246
Brait SA Ltd	520 624 835	49 924 516	10	8 337 394	—
Reinet Investments S.C.A.	1 959 412 860	233 918 367	12	7 424 569	6 126 890
Investec Plc	—	—	—	—	5 922 664
Intu Properties Plc	—	—	—	—	5 745 996
Mondi Ltd	—	—	—	—	6 771 586
Other				36 520 667	17 261 869

	Total issued shares (number)	GEPF's shareholding (number)	GEPF's shareholding %	Fair value 2016 R'000	Fair value 2015 R'000
3. Unlisted equities				41 118 133	45 712 125
Pareto Ltd	3 459 251 062	3 459 251 062	100	7 639 000	14 796 000
Lexshell 44 General Trading (Pty) Ltd	1 000 000	500 000	50	7 105 006	6 293 000
Pan African Infrastructure Development Fund*	—	—	40/98	3 360 356	2 447 582
African Bank Ltd	487 500 000	121 875 000	25	2 500 000	—
Bayport Management Ltd	30 720 108	6 377 550	21	2 183 372	—
ADR International Airports SA (Pty) Ltd	166 000	166 000	100	2 090 000	2 270 000
MTN Nigeria Communications Ltd**	402 590 263	7 105 633	2	1 978 325	2 802 327
Opiconsivia Investments 230 (Pty) Ltd	100	66	66	1 898 000	4 794 000
Community Property Fund*	—	—	13/100	1 428 600	3 259 500
Libstar Holdings (Pty) Ltd	3 707 200	736 044	20	866 165	623 921
Smile Telecoms Holdings Ltd	490 591 977	39 123 064	8	—	606 740
Housing Impact Fund of SA*	—	—	—	—	641 992
Other				10 069 309	7 177 063

* Information relating to the total shares issued and the GEPF's holding number and percentage is not disclosed, as the nature of these instruments is not pure equity.

** The GEPF has a shareholding of 7 105 633 preference shares and 7 105 633 ordinary shares in MTN Nigeria Communications Ltd.

The preference shares and ordinary shares are linked. The ordinary and preference shares have not been valued separately. The total market value of both the preference and ordinary shares has been valued at R1,9 billion and is disclosed in the market value of unlisted equity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

3. INVESTMENTS (continued)

3.1 Investment summary (continued)

3.1.5 Equities (continued)

Included in the equity value on the previous page are the following scrip lending transactions:

Name of lender	Description	% of total assets	Fair value 2016 R'000
PIC on behalf of the GEPF	Anglo American Platinum Ltd	–	55 651
PIC on behalf of the GEPF	Astral Foods Ltd	–	45 193
PIC on behalf of the GEPF	Assore Ltd	–	87 683
PIC on behalf of the GEPF	Brait S E	–	163 487
PIC on behalf of the GEPF	Barloworld Ltd	–	35 364
PIC on behalf of the GEPF	Billiton Plc	–	577 829
PIC on behalf of the GEPF	Capital & Counties Properties Plc	–	178 991
PIC on behalf of the GEPF	Compagnie Fin Richmond	–	38 899
PIC on behalf of the GEPF	Clicks Group Ltd	–	188 882
PIC on behalf of the GEPF	Coronation Fund Managers Ltd	–	68 122
PIC on behalf of the GEPF	Capitec Holdings Ltd	–	59 721
PIC on behalf of the GEPF	Discovery Holdings Ltd	–	74 647
PIC on behalf of the GEPF	Datatec Ltd	–	6 246
PIC on behalf of the GEPF	Exxaro Resources Ltd	–	204 249
PIC on behalf of the GEPF	Gold Fields Ltd	–	11 690
PIC on behalf of the GEPF	Harmony Gold Mining Ltd	–	57 413
PIC on behalf of the GEPF	Impala Platinum Holdings Ltd	–	105 678
PIC on behalf of the GEPF	Kumba Iron Ore Ltd	–	271 233
PIC on behalf of the GEPF	Liberty Holdings Ltd	–	18 269
PIC on behalf of the GEPF	Lewis Group Ltd	–	38 475
PIC on behalf of the GEPF	Life Healthcare Group Ltd	–	20 841
PIC on behalf of the GEPF	MMI Holdings Ltd	–	74 700
PIC on behalf of the GEPF	Mondi Plc Pre	–	173 099
PIC on behalf of the GEPF	Mr Price Group Ltd	–	125 992
PIC on behalf of the GEPF	MTN Group Ltd	–	133 570
PIC on behalf of the GEPF	Murray & Roberts Holdings Ltd	–	6 300
PIC on behalf of the GEPF	Northam Platinum Ltd	–	62 963
PIC on behalf of the GEPF	Redefine Income Fund Ltd	–	123 666
PIC on behalf of the GEPF	Reunert Ltd	–	59 173
PIC on behalf of the GEPF	Royal Bafokeng Platinum Ltd	–	2 233
PIC on behalf of the GEPF	Sibanye Gold Ltd	–	176 937
PIC on behalf of the GEPF	Steinhoff Holdings Ltd	–	296 311
PIC on behalf of the GEPF	Tiger Brands Ltd	–	45 616
PIC on behalf of the GEPF	The Foschini Group Ltd	–	28 982
PIC on behalf of the GEPF	Zambezi Plat Rf Ltd Pref	–	6 853
Total			3 624 958

Scrip lending

Transaction date	Scrip on lent	Security in place 2016 R'000	Fair value 2016 R'000	Number of shares on lent	Name of counterparty	Scrip custodian
31 March 2016	Anglo American Platinum Ltd	*	55 651	153 783	Deutsche Bank	Standard Bank Ltd
31 March 2016	Astral Foods Ltd	*	45 193	407 148	Deutsche Bank	Standard Bank Ltd
31 March 2016	Assore Ltd	*	87 683	544 613	Deutsche Bank	Standard Bank Ltd
31 March 2016	Brait S E	*	163 487	978 965	Deutsche Bank	Standard Bank Ltd
31 March 2016	Barloworld Ltd	*	35 364	467 784	Deutsche Bank	Standard Bank Ltd
31 March 2016	Billiton Plc	*	577 829	3 480 896	Deutsche Bank	Standard Bank Ltd
31 March 2016	Capital & Counties Properties Plc	*	178 991	2 557 021	Deutsche Bank	Standard Bank Ltd
31 March 2016	Compagnie Fin Richmont	*	38 899	399 002	Deutsche Bank	Standard Bank Ltd
31 March 2016	Clicks Group Ltd	*	188 882	1 943 632	Deutsche Bank	Standard Bank Ltd
31 March 2016	Coronation Fund Managers Ltd	*	68 122	928 091	Deutsche Bank	Standard Bank Ltd
31 March 2016	Capitec Holdings Ltd	*	59 721	104 220	Deutsche Bank	Standard Bank Ltd
31 March 2016	Discovery Holdings Ltd	*	74 647	614 378	Deutsche Bank	Standard Bank Ltd
31 March 2016	Datatec Ltd	*	6 246	135 879	Deutsche Bank	Standard Bank Ltd
31 March 2016	Exxaro Resources Ltd	*	204 249	2 836 785	Deutsche Bank	Standard Bank Ltd
31 March 2016	Gold Fields Ltd	*	11 690	200 000	Deutsche Bank	Standard Bank Ltd
31 March 2016	Harmony Gold Mining Ltd	*	57 413	1 082 649	Deutsche Bank	Standard Bank Ltd
31 March 2016	Impala Platinum Holdings Ltd	*	105 678	2 248 474	Deutsche Bank	Standard Bank Ltd
31 March 2016	Kumba Iron Ore Ltd	*	271 233	3 410 026	Deutsche Bank	Standard Bank Ltd
31 March 2016	Liberty Holdings Ltd	*	18 269	126 366	Deutsche Bank	Standard Bank Ltd
31 March 2016	Lewis Group Ltd	*	38 475	818 622	Deutsche Bank	Standard Bank Ltd
31 March 2016	Life Healthcare Group Ltd	*	20 841	584 114	Deutsche Bank	Standard Bank Ltd
31 March 2016	MMI Holdings Ltd	*	74 700	3 000 000	Deutsche Bank	Standard Bank Ltd
31 March 2016	Mondi Plc Pre	*	173 099	612 110	Deutsche Bank	Standard Bank Ltd
31 March 2016	Mr Price Group Ltd	*	125 992	710 095	Deutsche Bank	Standard Bank Ltd
31 March 2016	MTN Group Ltd	*	133 570	987 942	Deutsche Bank	Standard Bank Ltd
31 March 2016	Murray & Roberts Holdings Ltd	*	6 300	500 000	Deutsche Bank	Standard Bank Ltd
31 March 2016	Northam Platinum Ltd	*	62 963	1 496 616	Deutsche Bank	Standard Bank Ltd
31 March 2016	Redefine Income Fund Ltd	*	123 666	10 322 745	Deutsche Bank	Standard Bank Ltd
31 March 2016	Reunert Ltd	*	59 173	854 111	Deutsche Bank	Standard Bank Ltd
31 March 2016	Royal Bafokeng Platinum Ltd	*	2 233	58 342	Deutsche Bank	Standard Bank Ltd
31 March 2016	Sibanye Gold Ltd	*	176 937	3 123 886	Deutsche Bank	Standard Bank Ltd
31 March 2016	Steinhoff Holdings Ltd	*	296 311	3 059 481	Deutsche Bank	Standard Bank Ltd
31 March 2016	Tiger Brands Ltd	*	45 616	140 259	Deutsche Bank	Standard Bank Ltd
31 March 2016	The Foschini Group Ltd	*	28 982	204 909	Deutsche Bank	Standard Bank Ltd
31 March 2016	Zambezi Plat Rf Ltd Pref	*	6 853	165 128	Deutsche Bank	Standard Bank Ltd
Total			4 080 522	3 624 958		

* Collateral is not done on an individual stock basis level. The security in place for the above shares lent is the equity and bond collateral which equals to 113% of the daily market value of the listed equity shares. This collateral amount is verified daily against the previous day's closing value of the listed equity shares. The collateral amount changes in accordance to the changes in the listed bond and equity share prices to ensure that the collateral is at any stage equal to 113% of the daily closing value of the listed equity shares.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

3. INVESTMENTS (continued)

3.1 Investment summary (continued)

3.1.6 Preference shares

	Total issued shares (number)	GEPP's shareholding (number)	GEPP's shareholding %	Fair value 2016 R'000	Fair value 2015 R'000
BK One Ltd	24 492 823	1 200 000	5	120	–
MTN Nigeria Communications Ltd	402 590 263	7 105 633	2	**	–
Zambezi Platinum (RF) Ltd	159 905 453	72 882 077	46	3 024 607	–
Total preference shares				3 024 727	–

** The GEPP has a shareholding of 7 105 633 preference shares and 7 105 633 ordinary shares in MTN Nigeria Communications Ltd.

The preference shares and ordinary shares are linked. The ordinary and preference shares have not been valued separately. The total market value of both the preference and ordinary shares has been valued at R1,9 billion and is disclosed in the market value of unlisted equity.

3.1.7 Collective investment schemes

Description	GEPP's shareholding (number)	Fair value 2016 R'000	Fair value 2015 R'000
Black Rock Advisors (UK)	*	81 787 947	70 990 568
Investec Africa Unit Trust	305 038 829	760 736	902 688
Mazi Capital (Pty) Ltd	79 115 494	79 116	–
Coronation African Frontiers Unit Trust	4 006 531	795 399	834 409
Sanlam Ltd	*	134 147	113 528
Total		83 557 345	72 841 193

* The GEPP has a shareholding in the underlying investments. The shareholding in the underlying investments varies per investment.

3.1.8 Risk management

Credit/counterparty risk

Counterparty	Direct investment in counterparty R'000	Deposit/liquid asset with counterparty R'000	Guarantees	Any other instrument R'000	Total per counterparty R'000	Exposure to counterparty (% of the fair value of assets)
Banks						
ABSA Group Ltd	–	323 749	No	935 342	1 259 091	–
African Bank Ltd	2 500 000	–	No	854 294	3 354 294	–
Bank of America Merrill Lynch	–	–	No	(4 767 721)	(4 767 721)	–
Barclays Africa Group Ltd	7 252 911	–	No	3 376 855	10 629 766	1
Capitec Holdings Ltd	4 696 373	–	No	140 658	4 837 031	–
China Construction Bank	–	11 461	No	197 440	208 901	–
Development Bank SA Ltd	–	–	No	12 892 543	12 892 543	1
Ecobank Transnational Inc	3 403 537	1 437 432	No	–	4 840 969	–
FirstRand Ltd	24 671 630	–	No	6 386 336	31 057 966	2
Investec Ltd	10 343 199	28 425	No	1 698 490	12 070 114	1
Land and Agricultural Development Bank	–	–	No	5 745 594	5 745 594	–
Nedbank Ltd	6 316 849	392 113	No	3 258 137	9 967 099	1
Rand Merchant Bank	10 936 435	250 559	No	–	11 186 994	1
South African Reserve Bank	19	93 957	No	351 480	445 456	–
Standard Bank Group Ltd	26 329 580	6 251 933	No	10 542 476	43 123 989	3
Venda Building Society Ltd	4 123	–	No	304 401	308 524	–
Asset managers						
Black Rock Advisors (UK)	–	–	No	101 889 944	101 889 944	6
Coronation Asset Management (Pty) Ltd	2 821 939	–	No	795 399	3 617 338	–
International Bank for Reconstruction and Development	–	–	No	5 396 431	5 396 431	–
Insurance companies						
Alexander Forbes Ltd	742 018	–	No	–	742 018	–
Discovery Holdings Ltd	6 528 651	–	No	–	6 528 651	–
Liberty Group Ltd	1 798 255	–	No	–	1 798 255	–
MMI Holdings Ltd	3 314 119	–	No	207 411	3 521 530	–
Old Mutual Ltd	20 738 199	–	No	531 011	21 269 210	1
Sanlam Ltd	18 277 152	–	No	438 556	18 715 708	1
Santam Ltd	1 364 056	–	No	213 518	1 577 574	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

3. INVESTMENTS (continued)

3.1 Investment summary (continued)

3.1.9 Market risk

Equity holdings

	Total fair value holdings and open instruments R'000	Market movement by 5% R'000
Ten largest Rand-value equity holdings		
Naspers Ltd	140 916 592	7 045 830
British American Tobacco Plc Shares	44 196 980	2 209 849
SA Breweries Ltd	42 042 291	2 102 115
Steinhoff International Holdings Ltd	41 511 565	2 075 578
MTN Group Ltd	38 856 448	1 942 822
Sasol Ltd	38 306 970	1 915 349
Vodacom Group Ltd	36 300 139	1 815 007
Standard Bank Group Ltd	26 329 580	1 316 479
FirstRand Ltd	24 671 630	1 233 582
Old Mutual Plc	20 738 199	1 036 910
Total value of 10 largest equity holdings	453 870 394	22 693 521
As a percentage of total investment plus bank balances	28	1

3.1.10 Other financial instruments

	Total fair value holdings and open instruments R'000	Market movement by 5% R'000
Ten largest Rand-value other financial instruments		
Black Rock Global Equity Fund	64 744 686	3 237 234
RSA 186	50 703 728	2 535 186
RSA 197	49 057 297	2 452 865
RSA 210	26 712 050	1 335 603
RSA 202	25 190 214	1 259 511
RSA 2030	21 138 132	1 056 907
Blackrock Global Short Bonds	20 101 997	1 005 100
RSA 212	18 184 807	909 240
RSA 2037	17 836 466	891 823
Black Rock Emerging Market Fund	17 043 261	852 163
Total value of 10 largest other instruments	310 712 638	15 535 632
As a percentage of total investments plus bank balances	19	1

3.1.11 Foreign currency exposure

Description	Fair value 31 March 2016 USD'000	Fair value 31 March 2016 R'000	Market movement by 5% R'000
Black Rock Advisors UK Ltd	6 953 284	101 889 944	5 094 497
International Bank for Reconstruction and Development	368 269	5 396 431	269 822
Ecobank Transnational Inc	330 363	4 840 969	242 049
Pan African Infrastructure Development Fund	229 321	3 360 356	168 018
Dangote Cement Plc	215 511	3 157 987	157 899
Bayport Management Ltd	149 000	2 183 372	109 169
MTN Nigeria Communications Ltd	135 007	1 978 325	98 916
Republic of Angola	123 420	1 808 535	90 427
Tanga Cement Company Ltd	92 973	1 362 383	68 119
Smile Telecoms Holdings Ltd	64 635	947 126	47 356
Coronation Africa Trust	54 280	795 399	39 770
S&S Refinery Holdings Ltd	51 947	761 212	38 061
Investec Africa Unit Trust	51 915	760 736	38 037
Africell Holdings Ltd	42 527	623 169	31 158
Kuvenco 1 Ltd	13 341	195 488	9 774
West Africa Emerging Fund	12 621	184 939	9 247
Convergence Partners Communications Infrastructure Fund	9 140	133 933	6 697
Abraaj Africa Fund III	7 063	103 501	5 175
African Development Partners II LP	6 441	94 386	4 719
South Suez African Fund II LP	5 681	83 252	4 163
Verod Capital Growth Fund II LP	3 888	56 977	2 849
Total value of foreign instruments	8 920 627	130 718 420	6 535 922
As a percentage of total investments plus bank balances		8	–

4. FUNDING LOAN

	2016 R'000	2015 R'000
Sefalana Employee Benefits Organisation (SEBO)	6 716	6 716

This is an unsecured, interest-free loan utilised to fund SEBO's property, plant and equipment. Recovery is dependent on the fair value of SEBO's assets upon liquidation.

Liquidators were appointed to liquidate SEBO during the 2005 financial year. The liquidation was dependent upon the registration of all the title deeds in respect of investment properties. Subsequent to the registration of all the title deeds in respect of investment properties in the name of the GEPPF, the liquidators would then finalise the liquidation of SEBO. The liquidators have used three different scenarios to estimate the amount which will be due to the GEPPF on the final liquidation of SEBO. The GEPPF has followed a conservative approach by adopting the lowest estimate provided by the liquidators.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

5. ACCOUNTS RECEIVABLE

	2016 R'000	2015 R'000
Accrued interest	28 895	36 215
Accrued dividend	5 454 257	2 153 424
Estates debt	31 728	30 837
Total estates debt	81 132	77 951
Less: provision for doubtful debts	(49 404)	(47 114)
Fraud cases debt	–	–
Total fraud cases debt	55 165	46 869
Less: provision for doubtful debts	(55 165)	(46 869)
Investment debtors	1 360 726	764 974
Lease debtor	232 032	263 287
Government Pensions Administration Agency	–	–
Purchased service	59 591	53 871
Purchased service not recovered at retirement or death	871	951
Divorce debt	4 415 342	2 847 924
South African Post Office	2 924	1 837
Sundry debtors	3 034	2 962
Associated Institutions Pension Fund	–	769
Prepayments	878	–
Overpayments	34 806	35 222
Total overpayments	48 321	45 999
Less: provision for doubtful debts	(13 515)	(10 777)
	11 625 084	6 192 273

6. CONTRIBUTIONS

6.1 Contributions receivable

Participating employers	114 632	105 693
Additional employer contributions*	1 447 756	1 319 753
Additional NSF employer contributions**	2 773 665	3 026 146
Interest on outstanding contributions	48	35
Statement of net assets and funds	4 336 101	4 451 627

* This is an amount owing to the GEPF in respect of additional liabilities placed on the GEPF resultant from decisions by the employers to afford exiting members' enhanced benefits as per section 17.4 of the GEP Law (eg voluntary severance packages/early retirement without downscaling).

** This is an amount owing to the GEPF in respect of additional liabilities arising out of the revised NSF pension dispensation. The additional cost will have to be met by each individual employer.

	Contributions accrued 2016 R'000	Contributions received 2016 R'000	Contributions receivable 2016 R'000	Contributions receivable 2015 R'000
6.2 Reconciliation of contributions receivable				
Member contributions	21 657 988	(21 657 988)	–	–
Employer contributions	38 725 086	(38 840 625)	4 336 053	4 451 592
Interest on outstanding contributions	261	(248)	48	35
	60 383 335	(60 498 861)	4 336 101	4 451 627
Statement of changes in net assets and funds				60 383 335

7. CASH AND CASH EQUIVALENTS

	2016 R'000	2015 R'000
Cash resources	2 823 251	1 055 353
Short-term investments	7 440 371	15 253 822
	10 263 622	16 309 175

The money market instruments with original maturities of three months or less are classified as cash and cash equivalents.

8. RESERVES

In terms of a collective agreement negotiated and agreed to in the PSCBC, an actuarial reserve was set aside to address past discriminatory practices.

This note illustrates the detailed split of that reserve balance between Ciskei strikers, general assistants and other past discriminatory practices.

	Ciskei strikers' reserve 2016 R'000	General assistants' reserve 2016 R'000	Other past discriminatory practices' reserve 2016 R'000	Total reserve accounts 2016 R'000
Balance at beginning of the year	154 961	100 282	7 286 926	7 542 169
Transfers and benefits	(7 951)	–	–	(7 951)
Benefits paid	(7 951)	–	–	(7 951)
Net loss after transfers and benefits	(7 951)	–	–	(7 951)
Transfer from net investment return to reserves	10 204	6 603	300 726	317 533
Balance at end of year	157 214	106 885	7 587 652	7 851 751

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

9. UNCLAIMED BENEFITS

	2016 R'000	2015 R'000
Balance at the beginning of the year	546 236	574 270
Transferred from benefits	1 677 988	1 138 304
Benefits paid	(1 726 763)	(1 270 735)
Interest provision	155 602	104 397
Balance at the end of the period	653 063	546 236

Reconciliation of number of cases

	Cases	Amount 2016 R'000	Cases	Amount 2015 R'000
Bank rejections	6 243	180 822	6 191	163 568
Benefits directly transferred to unclaimed upon exit	4 952	245 640	4 245	168 560
Unclaimed funeral benefits	383	2 446	352	2 313
Benefits transferred to unclaimed without complete documents	366	14 178	631	35 553
Benefits payments with a tax directive declined	121	6 525	231	9 942
Dispute cases	216	34 344	167	26 366
Untraced transfer to external service provider	4 667	151 401	4 334	139 934
Unpaid untraceable cases	234	17 707	–	–
Balance at the end of the period	17 182	653 063	16 151	546 236

10. BENEFITS

	Benefits payable 2015 R'000	Benefits accrued current year 2016 R'000	Benefits paid during year 2016 R'000	Benefits transferred to unclaimed benefits 2016 R'000	Benefits payable 2016 R'000
Net benefit payments	27 531 953	83 088 223	(85 196 350)	(1 672 059)	23 751 767
Gratuities	2 869 160	11 536 470	(11 695 291)	(102 854)	2 607 485
Withdrawal benefits	17 304 197	34 621 822	(36 732 587)	(1 035 208)	14 158 224
Monthly pensions	1 272 117	32 006 970	(31 806 153)	(42 710)	1 430 224
Retrenchment benefits	7 268	131 110	(109 739)	–	28 639
Death benefits	6 034 356	4 563 622	(4 628 864)	(487 197)	5 481 917
Funeral benefits	26 188	184 341	(179 281)	(3 248)	28 000
Orphan benefits**	18 667	37 459	(38 006)	(842)	17 278
Unclaimed benefits***	–	6 429	(6 429)	–	–
Interest to members	2 719 335	2 501 427	(1 845 820)	(5 929)	3 369 013
Benefits payable****	30 251 288	85 589 650	(87 042 170)	(1 677 988)	27 120 780
Statement of changes in net assets and funds					83 088 223

** Orphans' benefits are payable in terms of the provisions of Rule 14.6.3 of the GEP Law, which was introduced during the 2003 financial year. The benefit offered was reviewed as a result of difficulties experienced with the implementation thereof and referred back to the PSCBC to be renegotiated.

*** Unclaimed benefits are not written back to income as per the Prescription Act but will remain in the Fund as unclaimed until the member has been traced. Legitimate claims received subsequent to write-offs are paid as the records are maintained.

**** Benefits payable as at 31 March 2016 and benefits accrued during the year includes an amount of R8,4 billion (2015: R10,9 billion) representing exit cases that were not fully processed at year-end.

Benefits payable age analysis is summarised as follows:

	Cases	2016 R'000	Cases	2015 R'000
Current				
<2 years	32 702	17 265 169	40 163	21 946 351
Unpaid benefits				
2–5 years	28 268	2 587 586	26 087	3 382 578
>5 years	74 216	5 951 831	77 421	3 466 534
Contingency provision	–	1 283 645	–	1 432 198
Orphans' benefits	239	17 278	293	18 667
Interest on NSF benefits	142	15 271	63	4 960
Total	135 567	27 120 780	144 027	30 251 288

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

11. TRANSFERS

	Effective date	Number of members	Transfers payable 2015 R'000	Transfers approved 2016 R'000	Return on transfer 2016 R'000	Transfers paid 2016 R'000	Transfers payable 2016 R'000
11.1 Transfers to other funds							
Bulk transfers in terms of Rule 12 of the GEP Law Municipal transfers	2015/2016	416	2 000	256 389	10 880	(268 263)	1 006
		416	2 000	256 389	10 880	(268 263)	1 006
Transfers approved							256 389
Return on transfers							10 880
Statement of changes in net assets and funds							267 269

11.2 Transfers from other funds

	Effective date	Number of members	Transfers receivable 2015 R'000	Transfers approved 2016 R'000	Return on transfers 2016 R'000	Transfer received 2016 R'000	Transfers receivable 2016 R'000
Transfers in terms of Rule 12 of the GEP Law Individual transfers	2015/2016	24	1 521	4 850	131	(4 522)	1 980
		24	1 521	4 850	131	(4 522)	1 980
Transfer approved							4 850
Return on transfers							131
Statement of changes in net assets and funds							4 981

12. ACCOUNTS PAYABLE

	2016 R'000	2015 R'000
Administrative creditors	6 126	7 997
Operating lease accrual	1 131	1 012
Child maintenance (court orders)	1 398	4 018
Contributions (employers)	3 072	2 337
Dormant members	1 360	1 304
Associated Institutions Pension Fund	3 032	–
Temporary Employees Pension Fund	196	5
Government Pensions Administration Agency	106 310	23 004
Investment creditors	1 355 624	835 453
Income received in advance	10 000	210 144
National Treasury	292	1 044
Outstanding SA Post Office vouchers	2 550	1 691
Portfolio management fees payable	218 236	190 677
Sundry creditors	217 514	41 925
	1 926 841	1 320 611

13. FINANCIAL LIABILITIES AND PROVISIONS

13.1 Financial liabilities

Bank of America Merrill Lynch (BAML)*	4 198 468	–
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* The GEPPF entered into funded equity collar finance with Bank of America Merrill Lynch on 13 July 2015 (the Collar) with a notional size of R5,0 billion. The initial financing amount, after prepaid interest and a premium of R347,5 million, amounted to R4,2 billion. The underlying share is Vodacom Group Limited (VOD) and the number of VOD shares pledged to BAML is 37 391 561. The put strike/floor price per share is R120,95 and the call strike/cap per share is R153,78. All funded collar transactions unwinds in tranches with weekly expiries commencing on 15 January 2016 and ending on 22 December 2017. Each expiry consists of 366 583 shares with a repayment amount of R44,3 million.

13.2 Provisions

Provision for accumulated leave pay	665	203
Balance at beginning of year	203	446
Provided	1 684	1 032
Utilised	(1 222)	(1 275)
Provision for bonuses	3 922	2 900
Balance at beginning of year	2 900	2 036
Provided	3 995	1 477
Utilised	(3 973)	(613)
Balance at end of year	4 587	3 103
Financial liabilities and provisions	4 203 055	3 103

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

14. PURCHASE OF PERIODS OF SERVICE

	2016 R'000	2015 R'000
GEPP members	37 221	31 510
Past discriminatory members	7 951	4 790
	45 172	36 300

15. NET INVESTMENT INCOME

Income from investments	73 471 046	64 108 832
Dividend received ²	30 817 781	26 896 388
Interest received	39 824 602	34 851 629
Other income	1 393 417	941 098
Reversal of impairment ³	–	9 600
Property income	1 435 296	1 410 117
Net profit on sale of investments ¹	34 272 641	61 166 387
Adjustment to fair value ²	(39 556 586)	75 179 230
Impairment of investments ⁴	(699 171)	(366 171)
Total investment income	67 487 980	200 088 278
Less: expenses incurred in managing investments		
– Management fees – externally managed	(1 560 569)	(1 404 444)
– Management fees and other expenses – internally managed	(197 862)	(127 278)
– Property expenses	(693 544)	(582 673)
– Transaction costs and other expenses	(799 995)	(545 145)
Total investment expenses	(3 251 970)	(2 659 540)
Net investment income	64 236 010	197 428 738
1 Profit on sale of investments	36 570 740	62 822 209
Loss on sale of investments	(2 298 099)	(1 655 822)
Net profit on sale of investments	34 272 641	61 166 387

2 In the prior year financial statements, dividend income amounting to R26,9 billion was included in the adjustment to fair value, in line with the requirements of the RRR for Retirement Funds in South Africa as issued by the FSB. In the current year, dividend income is not included in the adjustment to fair value, but has been separately disclosed. For comparative purposes, the prior year figures have been adjusted to disclose dividend income and the adjustment to fair value separately. The separate disclosure of dividend and the adjustment of fair value is in accordance with a decision made by the Finance and Audit Committee on 9 September 2016.

3 In the current year, there was no reversal of impairment (2015: R9,6 million). The reversal in the prior year related to Legend Lodges (Pty) Ltd and was due to an increase in the expected market value of the company as a result of a sales offer.

4 Some of the loans entered into by the PIC on behalf of the GEPP in their capacity as the Fund's asset manager have been impaired based on the independent valuation as stated on the following page:

Reconciliation of impairment

	2016 R'000	2015 R'000
Afgri Poultry (Pty) Ltd	537 706	–
Friedshelf 1511 (Pty) Ltd	71 061	–
Friedshelf 1518 (Pty) Ltd	33 849	–
Zamalwandle Transport Logistics (Pty) Ltd	56 555	–
CBS Property Portfolio Ltd	–	366 171
Total	699 171	366 171

In arriving at the impairment figures, the GEPF took the following impairment triggers into account which were considered on all of its impaired investments:

- Uncertainties on the going concern on audited financial statements of its investees.
- Actual breaches of any original funding agreements, that resulted in renegotiation of those agreements.
- Where cash flow projections have been revised downwards, it resulted in a decrease in enterprise values of investees.
- Anticipated pressure on investees in servicing their debt obligations.

16. OTHER INCOME

	2016 R'000	2015 R'000
Interest received		
Arrear contributions	5 453	3 555
Purchase of service	3 491	2 894
Additional employer contributions – early retirement	119 971	102 483
Additional employer contributions – NSF	322 519	364 443
Divorce debt	290 929	159 201
Operating bank account	27 647	19 357
Other	378	212
	770 388	652 145

17. ADMINISTRATIVE EXPENDITURE

17.1 Total administrative expenditure

Administration expenses	885 442	879 762
Actuarial fees	2 614	3 782
Investment accounting fees	11 686	10 212
Investment performance analysis	4 984	3 898
Audit fees	2 996	2 774
Depreciation	1 619	1 909
Foreign currency loss	43	43
Legal costs	3 416	5 600
Bad debts	5 085	6 369
Operating expenses	26 995	21 661
Operating lease payments	5 839	5 697
Operating lease smoothing adjustment	119	471
Personnel expenses	29 289	26 791
Personnel expenditure (refer to note 17.2)	15 785	13 371
Executive officer expenditure (refer to note 17.3)	3 686	5 020
Principal officer expenditure (refer to note 17.4)	3 773	2 686
Trustee expenditure (refer to note 17.5)	6 045	5 714
Increase in provision for doubtful debt	13 323	1 044
	993 450	970 013

17.2 Personnel remuneration and expenses

Remuneration to permanent and contract employees	12 526	10 796
Retirement fund contributions	1 745	1 804
Training expenses	516	435
Other benefits (housing, medical, etc)	998	336
	15 785	13 371

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

17. ADMINISTRATIVE EXPENDITURE (continued)

	2016 R'000	2015 R'000
17.3 Executive officers' remuneration and expenses		
Remuneration and allowances	3 092	4 053
Bonuses	594	967
	3 686	5 020
17.4 Principal officer's remuneration and expenses		
Remuneration and allowances	3 224	1 930
Acting allowance	63	756
Bonuses	486	–
	3 773	2 686
17.5 Board of Trustees' remuneration and expenses		
Meeting allowances	5 631	5 520
Expenses	414	194
	6 045	5 714

18. INTEREST PAID

Interest paid to members	2 501 427	1 954 550
Interest paid to members exited from the GEPP	2 253 719	1 744 190
Interest paid to external funds in respect of members exited from the GEPP	195 726	144 562
Interest paid to NSF members	51 982	65 798
Interest paid to dormant members	124	118
	2 501 551	1 954 668

19. OPERATING LEASE

Income

Future minimum lease payments receivable under non-cancellable operating leases:

Receivable within one year	928 379	857 229
Receivable between two and five years	1 765 647	1 805 564
Receivable after five years	346 816	286 320
	3 040 842	2 949 113

Expenses

Future minimum lease payments under non-cancellable operating leases:

Payable within one year	5 143	4 762
Payable between two and five years	6 969	12 112
	12 112	16 874

	2016 R'000	2015 R'000
20. CASH GENERATED FROM OPERATIONS		
Net income after transfers and benefits	38 581 442	165 623 243
Adjusted for:	(67 367 171)	(204 400 093)
Interest received	(40 594 990)	(35 503 774)
Interest paid	2 501 551	1 954 668
Dividends received	(30 817 781)	(26 896 388)
Adjustment to fair values of investments	39 556 586	(75 179 229)
Profit on sale of investments and property	(34 272 641)	(61 166 387)
Impairment of investments	699 171	366 171
Reversal of impairment	–	(9 600)
Foreign currency loss/(income)	(1 004 454)	(780 824)
Depreciation	1 619	1 909
Lease smoothing	119	471
Bad debt written off	5 085	6 369
Increase in doubtful debt provision	13 323	1 044
Movement in provisions	(3 671 875)	(7 420 254)
Net transfers (in)/out	217 116	225 731
Adjusted net income after transfers and benefits	(28 785 729)	(38 776 850)
Changes in working capital	(1 208 422)	794 178
Decrease/(increase) in accounts receivable	(1 466 946)	925 966
Increase/(decrease) in accounts payable	258 524	(131 788)
Cash flow generated from operations	(29 994 151)	(37 982 672)

21. FINANCIAL MANAGEMENT AND ASSOCIATED RISKS

Investment activities expose the GEPP to various types of risks that are associated with the financial instruments and markets in which they are invested. The nature and extent of financial instruments as at financial year-end and the risk management policies employed by the GEPP and its investment administrator are discussed below.

21.1 Market risk and interest rate risk

Market risk is the risk that the value of a financial instrument or investment will fluctuate due to changes in market prices, irrespective of whether those changes are caused by circumstances particular to the investment or to the investment market in general. Interest rate risk is the risk that the value of a financial instrument or the income received from such instruments will fluctuate due to movements in market interest rates. Exposure to market and interest risk is for the account of the GEPP due to it being a defined benefit arrangement, and is managed primarily by setting strategic asset allocation percentages for the various asset classes, which are designed to match the inflation risk that impacts both the liabilities and assets, as well as market and interest risk.

The investment managers are required to diversify the investments of the GEPP and disperse investments within classes of assets such that exposure to any single investment is limited and the performance of the asset classes are similar to the performance of the corresponding sections of the market as a whole.

21. FINANCIAL MANAGEMENT AND ASSOCIATED RISKS (continued)

21.1 Market risk and interest rate risk (continued)

Equities are the most volatile asset class and therefore the biggest source of short-term risk for the portfolio. The Investment Committee, on behalf of the Board, monitors this risk against predetermined benchmarks. The investment manager outsources the management of approximately 25% of the equity portfolio to other external fund managers who possess both the resources and expertise to adequately address any potential equity market risk. The fair value of the equity portfolio at 31 March 2016 was R956,6 billion (2015: R953,5 billion).

21.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument or investment will default on its obligation, in part or in total, thereby causing financial loss to the GEPF.

This risk is managed by the investment manager through models developed in-house and by external credit rating agencies.

Money is placed with A-rated obligors (excluding loans and advances) within limits set by the investment manager on behalf of the Board.

The credit risk pertaining to loans and advances is managed partially through a combination of derivative structures and guarantees for the credit exposure as appropriate. Loans and advances are approved by the relevant governance structures within the investment manager.

21.3 Liquidity risk

Liquidity risk is the risk that the investments will not readily convert into cash should the need for funds arise.

Liquidity risk is managed by investing the majority of assets in government stocks and equities within an active market, enabling the investments to be efficiently liquidated if necessary to satisfy cash flow requirements. In addition, substantial cash holdings mitigate this risk.

21.4 Currency risk

Currency risk is the risk that the value of a financial instrument denominated in a currency other than the reporting currency may fluctuate due to changes in foreign currency exchange rates, between the reporting currency and the currency in which the instrument is denominated. The Fund's exposure to currency risk is mainly in respect of the foreign investments made in the Pan African Infrastructure Development Fund, International Bank for Reconstruction and Development and Black Rock Advisors UK Limited, which are denominated in US Dollars (refer to note 3.1.11).

Currency risk is managed primarily by setting limits to strategic asset allocation percentages for foreign asset classes and hedging in other instances.

21.5 Solvency risk

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the GEPF's contractual obligations to members. An undertaking by the government, as employer, to ensure that the funding level remains above 90% and the setting of strategic asset allocation percentages following an asset-liability modelling exercise, mitigates this risk. Such an exercise will be repeated regularly to ensure that the employer contribution rate, solvency reserve and strategic asset allocation percentages are managed to constrain the solvency risk within levels acceptable to the stakeholders.

22. RELATED PARTIES

With regards to the Fund, the majority of the participating employers relate to the entire government and the predominant numbers of GEPP transactions are with related government entities. This would result in an exorbitant amount of related party disclosure, which in the opinion of the Trustees would not necessarily add value to the users of the financial statements.

- Contributions received of R38,8 billion (2015: R37,2 billion) and contributions receivable of R208 million (2015: R189 million) are from the employer which is the government of the Republic of South Africa.
- Trustees of the Fund who are also members of the Fund contribute to the Fund and may receive benefits upon exit from the Fund in terms of the Fund rules.
- Remuneration and expenses of key management personnel is disclosed in note 17 to the annual financial statements.
- The PIC is wholly-owned by the government of the Republic of South Africa. Management fees amounting to R906,8 million (2015: R855,8 million) was paid from the Fund to the PIC for investment management services in terms of the approved investment mandate.

23. CONTINGENT LIABILITIES

23.1 Benefits

A contingent liability exists for members that exited from the GEPP prior to 31 March 2016, for whom no duly completed exit documentation have been received. The GEPP cannot estimate the benefits payable to such members exactly, because the quantum of the liability is dependent on:

- the reason for exit from service;
- the final salary of the respective members upon exit; and
- the period of pensionable service, which period may be altered by means of added service, dependent on the exit reason, eg ill-health.

A provision has been made in the financial statements for the actuarial estimate of the above liability, but the benefits owing cannot be calculated exactly.

23.2 Pending liability

No contingent liability exists in respect of a legal claim against the GEPP on the date on which the financial statements were approved.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

24. CAPITAL COMMITMENTS

24.1 Capital commitments current year

Name of fund	Total commitment USD'000 2016	Drawn commitment USD'000 2016	Undrawn commitment USD'000 2016	Total commitment R'000 2016	Drawn commitment R'000 2016	Undrawn commitment R'000 2016	Estimated repayable period
ADPI II	30 000	8 381	21 619	439 605	122 810	316 795	3 years
Cape IV	20 000	–	20 000	293 070	–	293 070	7 years
PAIDF I	250 000	223 759	26 241	3 663 375	3 278 853	384 522	1 year
PAIDF II	350 000	50 400	299 600	5 128 725	738 533	4 390 192	4 years
South Suez	25 000	6 897	18 103	366 338	101 067	265 271	9 years
Verod	10 000	3 619	6 381	146 535	53 035	93 500	4 years
Total	685 000	293 056	391 944	10 037 648	4 294 298	5 743 350	

24.2 Capital commitments previous year

Name of fund	Total commitment USD'000 2015	Drawn commitment USD'000 2015	Undrawn commitment USD'000 2015	Total commitment R'000 2015	Drawn commitment R'000 2015	Undrawn commitment R'000 2015	Estimated repayable period
ADPI II	30 000	–	30 000	364 044	–	364 044	4 years
PAIDF I	250 000	212 163	37 837	3 033 700	2 574 555	459 145	2 years
PAIDF II	350 000	6 516	343 484	4 247 180	79 070	4 168 110	5 years
South Suez	25 000	–	25 000	303 370	–	303 370	10 years
Total	655 000	218 679	436 321	7 948 294	2 653 625	5 294 669	

1. TRUSTEES AND SUBSTITUTE TRUSTEES

Name	Meeting attendance and retainer fee	Subsistence and travel	Total
Mr Prabir Badal	R282 586	R10 153	R292 739
Ms Lindy Bodewig	–	–	–
Mr Cornelius Booyens	R119 958	R14 187	R134 145
Col Johan Coetzer	R144 475	R15 666	R160 141
Major General Dries de Wit	R355 753	R14 841	R370 594
Mr Themba Gamedze	R219 467	R18 235	R237 702
Brig Johan Griesel	–	R12 733	R12 733
Ms Jennifer Jefftha*	R351 566	R26 235	R377 801
Mr Eddie Kekana	R211 908	R15 710	R227 618
Dr Barry Kistnasamy	–	–	–
Mr Mpho Kwinika	R162 885	R10 195	R173 080
Dr Frans Le Roux	R301 133	R14 312	R315 445
Mr Ronny Meapa	R159 869	R58 882	R218 751
Dr Alex Mahapa	R104 350	R200	R104 550
Ms Mantuka Maisela*	R223 294	R4 714	R228 008
Mr Seth Makhani	R231 368	R2 750	R234 118
Ms Kgomotso Makhupola	R20 904	R300	R21 204
Mr Success Mataitsane	R142 759	R200	R142 959
Dr Lese Matlhape*	R140 996	–	R140 996
Mr Stadi Mngomezulu	–	R12 680	R12 680
Ms Gladys Modise	R167 382	R18 203	R185 585
Ms Edith Mogotsi	R296 184	R800	R296 984
Dr Renosi Mokate	R295 555	R39 342	R334 897
Mr Richard Morris**	R153 584	R739	R154 323
Ms Moira Moses	R266 920	R25 453	R292 373
Advocate Makhubalo Ndaba	R278 789	R29 118	R307 907
Ms Dorothy Ndhlovu	R202 280	R29 435	R231 715
Mr Peter Ntsime	R144 075	R11 309	R155 384
Dr Morgan Pillay	R88 602	R6 953	R95 555
Dr Anban Pillay	–	–	–
Mr John Raphela**	R96 258	R3 801	R100 059
Mr Pierre Snyman	R194 241	R16 096	R210 337
Advocate Lindiwe Nkosi-Thomas	–	–	–
Ms Barbara Watson	R274 387	R600	R274 987
Total	R5 631 528	R413 842	R6 045 370

* Independent specialists appointed to the Remco.

** Independent specialists appointed to the FA-C.

DISCLOSURE OF REMUNERATION (continued)

2. EXECUTIVE MANAGEMENT

Name	Total cost-to-company	Performance bonuses
Abel Sithole	R3 224 140	R486 198
Linda Mateza*	R1 041 414	R153 513
Adri van Niekerk	R1 168 933	R440 092
Hemal Naran**	R698 483	–
Joelene Moodley***	R246 163	–
Total	R6 379 133	R1 079 803

* Appointed on 1 October 2015.

** Resigned on 31 July 2015.

*** Resigned on 30 April 2015.

NOTES

www.gepf.gov.za

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