

MEDIA RELEASE

20 October 2022, Pretoria

The GEPF continues positive growth with a 9.6% year-on-year growth with record market value of R 2.3 trillion

The Government Employees Pension Fund (GEPF) is pleased to announce its financial results for the year ended 31 March 2022.

Key Performance Indicators:

- *Market value* of R2.3 trillion increasing by R 201 billion from the previous financial year
- Investment market value increased by 9.6%
- Return on Investment of 11.1% for the financial year
- Accumulated funds and reserves grew at an average annual rate of 8.6% for the 10-year period 2013-2022
- Net investment income of R255.7 billion
- Member contributions of R82 billion
- Benefits paid of R136 billion

Despite the Fund operating in tough economic conditions, the GEPF achieved a 9.6% year on year growth, closing with the highest market value in its history of R2.3 trillion in the 2021/22 financial year, an increase of R 201 billion from the previous financial year. This increase resulted in a return on investment of 11.1% realising a net investment income of R255.7 billion. During the 10-year period, 2013-2022, the GEPF's accumulated funds and reserves grew at an average annual rate of 8.60%.

This continued growth of the Fund irrespective of the prevailing difficult economic conditions clearly indicates that the Fund's long-term investment strategies continue to assist in growing the Fund. The

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improved return was largely because of positive domestic market conditions, particularly equities growth, rising commodity prices and the performance of our Bond portfolio which improved by 6% from the previous financial year.

There was a recovery in the Fund's unlisted and property portfolios. The GEPF continues to strengthen its oversight and strategies with respect to these portfolios to further improve their performance. It is however important to note that the long-term impact of the COVID-19 pandemic will continue to impede these portfolios.

According to the GEPF's 2021 statutory actuarial valuation, the Fund is financially sound, reflecting a funding level of 110.1% to meet its current benefit obligations to members. It is an improvement when compared to the funding level of 108.3% reflected in the previous valuation which was done in 2018.

Notwithstanding the tough operating environment, total benefits paid by the Fund in the financial year under review amounted to R136 billion. Our pension administrator, the GPAA, paid 499 726 pensions compared to 479 483 in the 2020/2021 financial year, reflecting an increase of 4%. It processed and finalised 33 627 retirement claims compared with 27 960 in 2020/2021, reflecting an increase of 20.3%. Gratuities paid amounted to R21.4 billion compared to R19.7 billion in financial year 2020/21. Monthly annuities paid amounted to R62.3 billion compared to R56.3 billion in the previous period. Active members decreased from 1 265 406 in 2020/2021 to 1 261 363, a minimal decrease of 0.3%.

In an effort to further strengthen and enhance our investment processes, including oversight of the Public Investment Corporation (PIC), GEPF implemented the following including recommendations made by the Judicial Commission of inquiry into allegations of impropriety at the PIC (the Mpati Commission);

- The Fund's investment policy was reviewed and strengthened;
- Implementation of a revised strategic asset allocation following the evaluation of the Fund's investment strategy and an asset liability modelling exercise;
- Agreement has been reached with the PIC on benchmark returns which has resulted in a revised mandate being signed for the listed and unlisted portfolios;
- In enhancing monitoring and evaluation of investments, the Board approved a revised internal investment monitoring structure to strengthen oversight and monitoring capacity;

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The goal to improve benefits administration continues to be a key strategic objective for the GEPF. A key concern in this regard is the late payment of benefits by the Government Pensions Administration Agency (GPAA). Consequentially, the Fund reviewed and strengthened its service level agreement (SLA) with the GPAA as well as started a process of reviewing its operating model with GPAA, aimed at improving service delivery to our members, pensioners and beneficiaries.

The newly appointed GEPF Board is committed to growing the Fund as well as ensuring that the Fund becomes more efficient and effective in benefits administration and its investment strategies. The outlook for the GEPF remains positive regarding South Africa's prospects and we believe that teamwork and determination will take us to greater heights than before.

/Ends

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

Issued by Government Employees Pension Fund

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