

## MEDIA RELEASE

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### **GEPF's investment strategies continue to protect the Funds' assets as it reaches R2.32 trillion market value amidst a poor performing South African and global economy.**

The Government Employees Pension Fund (GEPF) is pleased to announce its financial results for the year ended 31 March 2023.

#### *Key Performance Indicators:*

- *Investment portfolio increased by **R27.1 billion** to **R2.32 trillion** from the previous financial year*
- *Investment market value increased by **1.2%***
- *Return on Investment of **3.5%***
- *Accumulated funds and reserves grew at an average annual rate of **6.65%** for the 10-year period **2014-2023***
- *Net investment income of **R82.2 billion** (interest income of **R 56.7 billion**, dividend income of **R56.4 billion** and property income of **R 2.03 billion**)*
- *Member contributions of **R83.1 billion***
- *Benefits paid of **R 137.4 billion***

In a period of uncertainty including poor economic performances, globally and in South Africa, the financial year 2022/23 was a challenging year for investors around the world. Despite these challenges, the GEPF investment portfolio recorded growth of 1.2% to a market value of R2.32 trillion, the largest in its history. This represents a growth of R27.1 billion, a 3,5% return on investment. Net investment income for the year amounted to R 82.2 billion, derived largely from dividend income of R56 billion, interest income of R 56.7 billion and net profit on sale of investments of R22.2 billion.

The positive performance can be primarily attributed to the positive performance of bonds and the depreciation of the local currency. The GEPF's 10-year annualised return was 6.65%, illustrating financial stability with a funding level of 110.1%.

#### **BOARD OF TRUSTEES**

Mr. D Mogajane (Chairperson) | Mr. E Kekana (Vice Chairperson) | Ms. T Khoza | Ms. K Makhupola | Mr. N Marotholi | Mr. T Matsose | Ms. L Mokgabudi  
Mr. Z Msindo | Mr. S Nkambule | Mr. M Nkosi | Ms. B Nkunjana | Mr. B Ntlou | Lieutenant-General L. Ntshiea | Mr. G Rafferty | Mr. P Snyman | Mr. C Van Dyk

The modest growth amidst the tough economic conditions illustrates that the Fund has been very resilient, and that the Fund's investment strategies continue to protect the Funds' assets. The investment for the financial year is satisfactory, noting the tough and volatile economic conditions that global and local investors faced. Staying the course and not panicking when faced with sudden market volatility remains a crucial aspect of GEPF's strategy.

Active membership remained stable over the year, while pensioner membership steadily increased. Active membership increased from 1 261 363 in 2021/22 to 1 267 307 in 2022/23 and contribution income increased by 1.39% during the reporting period. The increase is mainly because of an increase in retirements, resignations, and child pensions, while funeral and death benefits decreased.

The number of pensioners increased from 322 223 in 2021/22 to 336 629 in 2022/23. The total value of gratuities paid was R22.3 billion and annuities paid was R70.4 billion. The Fund finalised 37 440 retirement claims compared with 33 627 in 2021/22, reflecting an increase of 11% in claims. Resignation benefits paid amounted R32,9 billion (2022: R33,8 billion), R9,8 billion (2022: R14,8 billion) was paid in death benefits and funeral benefits worth R416 million were paid (2022: R550,1 million). Spouses pension benefits to the value of R12.1 billion (2022: R11.5 billion) were paid to 171 592 beneficiaries (167 679 in 2021/22), and R948.8 million (2022: R551.4 million) was paid in child pension benefits to 15 809 qualifying children (2021/22: 9 824).

These figures illustrate the GEPF's commitment to meet its financial obligations and pay benefits to its members, pensioners, and beneficiaries. The Fund remains cash flow positive with R53 billion as of 31 March 2023. This is largely attributable to benefits paid of R137 billion, net investment income received of R107 billion, and contributions received of R83 billion.

The GEPF revised the mandate agreement with the Public Investment Corporation (PIC) for listed and unlisted investments during the 2021/22 reporting period and the revised agreements were signed effective from 01 April 2022. The revised mandate seeks to strengthen governance over the execution of the investment strategy by the PIC (on behalf of the GEPF), create a more harmonious legal framework, improve the focus and implementation of investment guidelines, and introduce accountability mechanisms in case of poor investment decisions. There is a need for greater transparency and accountability in the relationship between the GEPF and the PIC.

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Furthermore, the GEPF and its administrator, the Government Pensions Administration Agency (GPAA) are exploring different models and methods to improve the payment of benefits. Over the past financial year, several initiatives were launched to realise this goal, including enhanced collaboration with employer departments, labour unions and continuing member and beneficiary outreach initiatives.

The new GEPF Board was appointed in July 2022 and 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.

/Ends

The Audited Financial statement can be reviewed on the GEPF website on [www.gepf.co.za](http://www.gepf.co.za)

Issued by Government Employees Pension Fund

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