

ENQUIRY QUESTIONS

RFP Section	Question	Response
Cash Management	How many cash management structures would you require?	2x Local (1x Listed & unlisted plus 1x Direct properties) 1x Offshore Total of 3 structures
	How many accounts will be included in the Cash Management structure(s)?	Local = 35 accounts (including externally managed) Properties = 5 Offshore = 25
	What type of automated daily cash sweeps are required?	> +/- 10 accounts (accounts in rest of Africa countries) to be swept into one main account.
	<ul style="list-style-type: none"> Will the cash accounts be opened under GEPF's name and the latter gives power of attorney to the investment/asset managers to operate and maintain the accounts? OR Will the cash accounts be opened in the name of the investment/asset manager 	> All accounts to be opened in the name of the GEPF. All power of attorneys to the investment/asset managers to operate and maintain the accounts are in place.
Introduction: Regarding Asset Pricing and Valuation:	Who are the service providers entailed in the pricing hierarchy?	> IRESS & JSE BESA - Listed investments > External valuers appointed to value all unlisted investments, structures & options annually. Monthly & Quarterly valuations are performed by primary Investment manager, to be confirmed by Master Custodian as part of the investment accounting function.
Pg 3 - Unlisted securities	Are unlisted securities invested in SA, Africa and International markets?	> Yes

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Accounting & Reporting (Pg 5-6)	<p>By which business day will Fund Manager reports be provided for monthly reporting?</p> <p>What is meant by audited and unaudited - does this mean checked/reviewed by team manager, Nedbank internal checks and balances process?</p> <p>Definition of "promptly"</p>	<p>> The underlying assets managers will provide the Master Custodian with reports from business day 3 but no later than business day 6.</p> <p>> Checked internally by the Master Custodian.</p>
Accounting and Performance/Risk Measurement for Unlisted Investments (Pg 6)	<p>We assume that the 'Breakdown' referred to here is a capital account recon for Unlisted Investments, kindly clarify if this is correct. Would this breakdown also be required for other Investments (funds/portfolios) or just to unlisted investments</p>	<p>> The breakdown referred to here is for capital accounts for Fund managers who manage Unlisted Investments</p>
Section D:		
Q17. Pg. 12 Confirm that the Service Provider has the ability to accept client designated pricing hierarchy by asset classes as well as allowing client to override price for a single security. If so describe your capabilities; otherwise, explain how you would meet these requirements.	<p>Does this only apply to unlisted assets classes as pricing for listed should not be changed?</p>	<p>> Yes. Applicable to unlisted investments only.</p>
Q21 Pg.12 Describe your methodology to price securities that are not available from pricing services.	<p>Please provide clarity / more detail on the specific types of securities referred to? The methodology will depend entirely on the nature of the investment.</p>	<p>> Unlisted securities – Methodology will depend on type of investment & market convention/accounting standards on valuation/pricing thereof. > Debt, Loans, Private Equity, Derivative structures, Directly held property, Options, etc.</p>
D24 Pg 12 & F116 Pg. 14 - Historical data	<p>What is the timeline in providing historical data for new custodian (in terms of fund accounting, performance management, etc?) Will the existing custodian provide information to the new custodian for the Performance Measurement Services?</p>	<p>> To be discussed and agreed upon at project management stage. Current Master Custodian should provide historical information to new Master Custodian as the GEFP owns the information.</p>
E. Accounting Services		

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Q12 Pg 13. Describe your period-end general ledger close process and whether it can be completed within five business days of the period end.	By which business day will Fund Manager reports be provided for Year-End?	> Business day 6
Q15. Pg 13 Are you able to validate fees (management and performance) of asset managers to ensure these have been calculated in accordance with the Investment Management Agreement	Please clarify the expectation on "validation of fees"	> Recalculate the fees as per the agreements
Q16. Pg 13: "Describe your procedures for setting up and settling margin accounts in different currencies as well as single currency margin accounts for multi-currency futures transactions and segregating and tracking collateral"	Please provide clarification as custodians do not set-up margin accounts at the exchange for derivative trading. Furthermore, what markets are covered as you mention multi-currency futures transactions?	> The GEPF has investments in most of the markets across the globe. These accounts would primarily be set-up by the underlying Asset manager but monitored by the aster Custodian, be it through their Global representative/office.
SBD 3.1 Pg 30- Pricing Schedule " Separate pricing schedule must be submitted for each delivery point"	What is meant by 'different delivery point'?	> 'Different delivery point' refers to the different services that need to be priced
Reporting		
Q7 Pg 18	What level of detail is required for the consolidated cash flow statement? Is it possible to provide a sample of the statement?	> Please refer to the GEPF Annual Report on the GEPF website
Q11 Pg 18 Loans & Advances: Amortization schedules from inception to current (in excel & pdf format)	Are schedules required from original inception date or from the take on date that the new custodian starts recording these movements?	> Schedules are requested from Inception date for new unlisted loans and take on balances (received from the outgoing master custodian) with new interest accruals and payments calculated by the new master custodian for existing loans and advances
Q14 Pg 18 Calculation of the management and performance fees per asset manager in line with assets under management.	Please clarify the expectation on "calculation of fees"	> Recalculating the fees as per the agreements
Q14 Pg 19 "On the trading of derivatives, the following information is required"	Does this point refer to exchange traded or over-the-counter derivatives?	> Both. Though the GEPF primarily in OTC market

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<p>Q14 Pg 20: In the quarterly reporting requirements. "Any information required to update the notes to the annual financial statements, including levelling and derivative notional."</p>	<p>Please provide more clarity as to what is meant by the term 'levelling'.</p>	<p>> Pricing at different levels within a fund-of-funds structure</p>
<p>Pg 20</p>	<p>Refers to <i>IFRS 7 Disclosure to Regulator</i>, is it IFRIS 7 or IFRS 9?</p>	<p>> We are referring to IFRS 7 disclosure. IFRS 9 is a recognition and measurement standard.</p>
	<p>What markets are currently being invested in? what is the value of the investment per market?</p>	<p>> The GEPF has exposures in most of the markets across the globe, primarily in SA. A detailed spread of the portfolio may be obtained via the GEPF's annual report.</p>
	<p>What are the various asset classes and the volume of each asset class per annum?</p>	<p>> Information provided in the RFP document as well as in the GEPF annual report.</p>
	<p>Will the Securities Lending service and unlisted securities be required for both the domestic and international markets?</p>	<p>> Both. Primarily domestic</p>
	<p>What is the number of external asset managers for securities lending?</p>	<p>> Domestic - 1 (PIC only)</p>
<p>Section G</p>	<p>Can we respond separately for local versus international scrip lending due to the significant differences on how they operate?</p>	<p>> Offshore - About 3. Mainly run by Asset manager, with minimal involvement from Custodian.</p>
<p>As there are no transactional accounts (i.e. no non-custody accounts), how frequently would you expect to have cash balances in accounts?</p>	<p>What would be the general duration of cash balances being held in the accounts?</p>	<p>> Yes</p>
	<p>What would the expected cash balances be? (A range for balances would be sufficient)?</p>	<p>> Varies depending on trading activity & overall cash requirements</p>
<p>Banking facilities</p>	<p>What is an indicative amount/limit for the overnight or overdraft facility?</p>	<p>> Cash balances are disclosed in the annual financial statements. > GEPF does not utilise overdraft facilities</p>

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Custody	<ul style="list-style-type: none"> - Pg.6 (under Technology/ Systems) notes that the custodian shall provide electronic access/integrated data feeds to trade data. We would like to understand the data transfer protocol, and whether the third parties use the same data transfer protocol? - Annexure A, A.2 requires that the master custodian provide five names of its largest clients as well as five names of Pension Funds. We raised a concern on Friday in the debrief in respect of adherence to the requirements with regards to the “Protection of Personal Information Act” (POPI). The initial response from GEPF was that we will require permission from these clients to share such information. GEPF also undertook to take this point away for internal discussion and provide an update on its website. 	<ul style="list-style-type: none"> > The intention of this requirement is to enable us to evaluate bidders past experience in providing master custody services to clients similar to GEPF in both size and operations. > Reference letters detailing client name, country/region of client and type of client will suffice.

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	<p>We have in the interim reached out to our top local and foreign clients, including pension funds to request their authorisation to include information requested. The feedback to date has not been positive. One of the global custodians based in the US sent us their data privacy requirements – part of the proviso is that, to the extent that they the Client, as principal, is bound by restrictions on the use of their clients’ data, then they the Client will not be able to accommodate any requests to permit the sub-custodian’s (in this instance the “Master Custodian”) use of that data in any different or greater manner. Another global custodian also advised that they are not permitted to consent to the disclosure of their details such as AUC, volumes or breakdown of financial instruments. We have seen similar responses from some of our domestic based clients. Would it be acceptable to the GEPF for the master custodian to provide pseudo names in place of the actual client names but with real data on AUC and financial transaction breakdown?</p>	
<p>General Questions</p>	<ul style="list-style-type: none"> - The RFP has a section ‘F. Portfolio Analytics - III. Risk Management’ on Page 15, however the evaluation criteria only has a weight for: F. Portfolio Analytics - I. Performance Measurement Service F. Portfolio Analytics - II. Compliance Is there a weight assigned to the requirements listed under ‘F. Portfolio Analytics - III. Risk Management’ or will this only be assessed as part of the Due Diligence? 	<p>> All items under section F. Portfolio Analytics (comprising the three elements) have a weight of 10%.</p>

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Pricing SBD 3.1	<p>Please advise if the pricing in the tender response should be presented on per unit basis or total cost basis or both? If the answer includes total cost then please advise the below volume cost drivers by country and market that should be used to model the total cost.</p> <ul style="list-style-type: none"> • Asset size by country and market broken down per the below investment types ○ Listed equities ○ Listed bonds ○ Money market instruments ○ Listed derivatives ○ Unlisted Derivatives ○ Private Equity funds ○ Direct Private Equity ○ Private Debt ○ Unlisted property ○ Loans and Advances • Annual trade settlement volumes by country and market broken down per the below investment types ○ Listed equities ○ Listed bonds ○ Money market instruments ○ Listed derivatives ○ Unlisted Derivatives ○ Private Equity funds ○ Direct Private Equity ○ Private Debt ○ Unlisted property 	<p>> Per unit basis</p>

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	<ul style="list-style-type: none"> <input type="radio"/> Loans and Advances <input type="radio"/> Securities lending • Annual transactions by country and market related to the following activities <input type="radio"/> Tax Reclaims <input type="radio"/> Corporate actions <input type="radio"/> Income collection 																			
	<p>For securities lending pricing please confirm that bidders are only required to submit a revenue share percentage.</p>	<p>> Correct</p>																		
	<p>Please confirm that bidders are not required to include third party fees such as those levied by Strate in the pricing.</p>	<p>> Correct. Only direct costs incurred to provide the services required</p>																		
	<p>Please provide a list of the benchmarks to be included in the pricing for performance and risk reporting services</p>	<table border="1"> <thead> <tr> <th data-bbox="783 427 1011 734">Equity</th> <th data-bbox="783 91 1011 427">SWIX (adjusted)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1011 427 1070 734"></td> <td data-bbox="1011 91 1070 427">RESI</td> </tr> <tr> <td data-bbox="1070 427 1129 734"></td> <td data-bbox="1070 91 1129 427">INDI</td> </tr> <tr> <td data-bbox="1129 427 1189 734"></td> <td data-bbox="1129 91 1189 427">FINDI</td> </tr> <tr> <td data-bbox="1189 427 1248 734">Bonds</td> <td data-bbox="1189 91 1248 427">ALBI</td> </tr> <tr> <td data-bbox="1248 427 1307 734">ILB</td> <td data-bbox="1248 91 1307 427">CILI</td> </tr> <tr> <td data-bbox="1307 427 1366 734">Property</td> <td data-bbox="1307 91 1366 427">SAPY</td> </tr> <tr> <td data-bbox="1366 427 1449 734">Unlisted property</td> <td data-bbox="1366 91 1449 427">Investment Property Databank</td> </tr> <tr> <td data-bbox="1449 427 1508 734">Cash</td> <td data-bbox="1449 91 1508 427">STEFI</td> </tr> </tbody> </table>	Equity	SWIX (adjusted)		RESI		INDI		FINDI	Bonds	ALBI	ILB	CILI	Property	SAPY	Unlisted property	Investment Property Databank	Cash	STEFI
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	Please provide a list of the compliance testing rules to be used for the pricing of compliance services.	> Information will be provided to the appointed master custodian.						
	Please advise if implementation, system and data interface costs are to be included in the pricing and if so please advise where they should be listed.	> These costs must be reflected separately over and above the pricing schedule list						
	Please provide clarity on the what is required in terms of pricing for "FX spread on standing instructions" and the specific currency pairs to be used for this response	> These activities are usually performed by the underlying asset managers (Offshore managers only) and normally negotiated at that point. Generally speaking, the GEPF's portfolio has exposure to USD only. However, this talks to the spread/movement in difference between two currencies being traded, on an open/unsettled orders.						

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	<p>Page 30 of the tender states that pricing subject to rates of foreign exchange will not be accepted. Does this mean that all non ZAR pricing for a the ten year 10 year period must be converted at the exchange rates provided on page 31 of the tender? If so, is this for illustrative purposes of is there a requirement to agree a firm ZAR price for USD priced services over a 10 year period?</p>	<p>> This is for illustration purposes. Actual exchange rates will be used during the duration of the contract</p>
	<p>Please confirm that the SBD 3.1 version published as a separate document on GEPF's website should be completed for a 10 year period as opposed to the 5 year version that is found in pages 30 and 31 of the actual tender document</p>	<p>> Correct. Please use the 10 year pricing schedule</p>
<p>Administrative Compliance</p>	<p>Please confirm if the response to the State Bid Document must be separated from the Technical submission as it contains pricing information. If so, does GEPF require three separate sealed submissions for this tender?</p>	<p>> Standard bidding documents should be submitted with the Technical Proposal and only the pricing schedule (SBD 3.1) should be submitted separately</p>
	<p>Page 43 of the tender is a duplicate of page 42. Please advise of there is a requirement to complete both pages.</p>	<p>> Only page 42 should be completed, page 43 can be ignored.</p>
	<p>Please clarify the validity period of the bid response. Page 30 (SBD 3.1) of the RFP document indicates that the validity period is 120 days from submission date, while page 49 (general notes) indicate 240 days as the validity period</p>	<p>> The correct validity period is 240 days</p>
	<p>Please advise if there a requirement to provide tax clearance certificates for sub-contractors</p>	<p>> Not required if sub-contracting</p>
	<p>Please advise if there a requirement to provide BBB-EE certification for sub-contractors.</p>	<p>> Not required if sub-contracting</p>