# [ Annual Report 2009 ]

Eskom
Pension and Provident Fund

"The manner in which Fund staff rose to the demands of the strategic projects in terms of additional work and going the extra mile, strongly shows that during this period, the administration stood as a pillar of strength. Going forward there can be no other outcome as one of going from strength to strength with a certainty that "EPPF UNITED" will meet all challenges with a vision of success."

*Bonga L D Mokoena*

Eskom
Pension and Provident Fund

# [ Contents ]

**The values we live by…**

# Flexibility

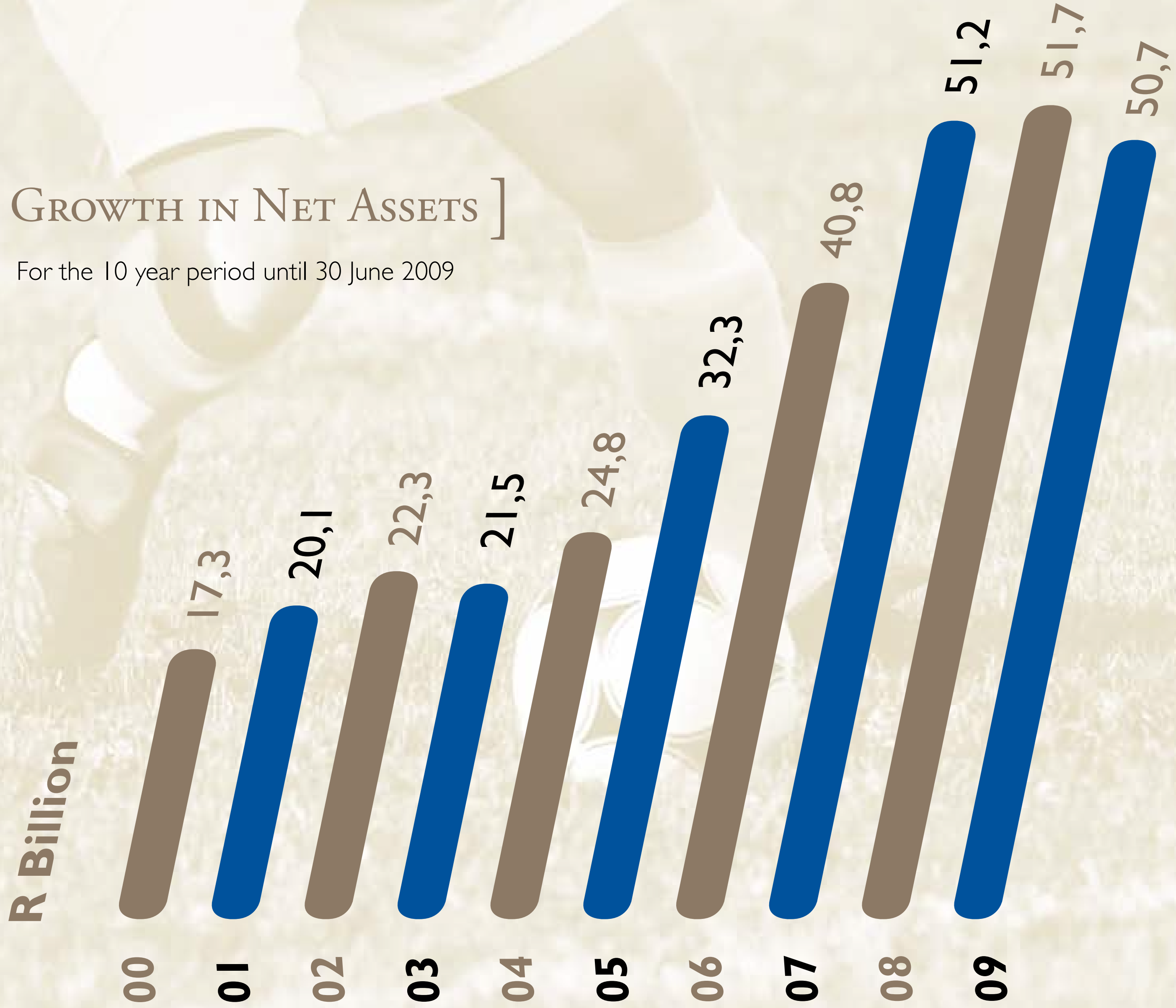
We are **flexible** enough to **meet** and exceed the **expectations** of our **stakeholders**

Eskom
Pension and Provident Fund


YOU WIN… when you think on your feet!

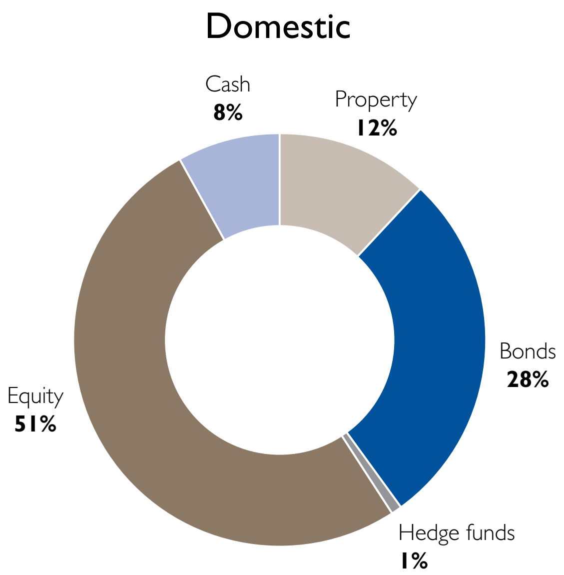
# [ Growth in Net Assets ]

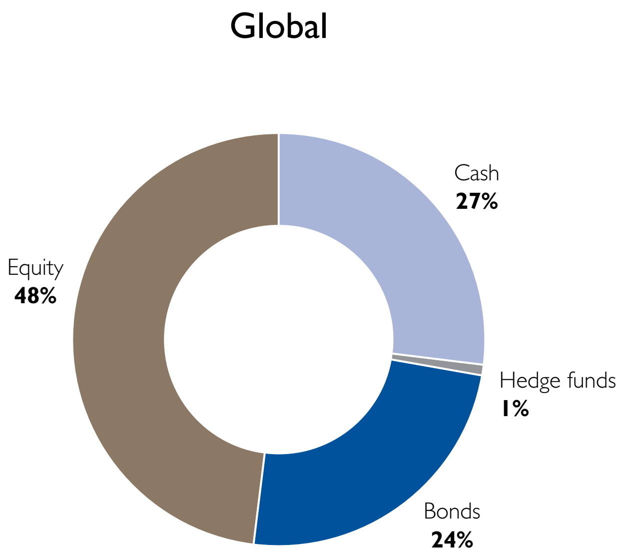
For the 10 year period until 30 June 2009

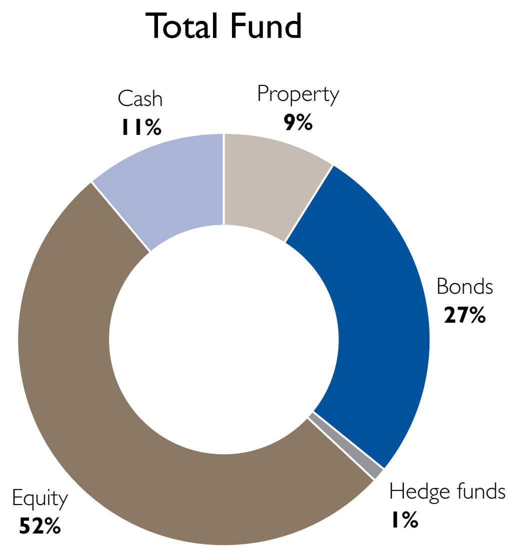


# [ Asset Allocation ]

(percentage as at 30 June 2009)



# [ Chairman's Report ]

Honored Members, Pensioners and all stakeholders; once again it is my privilege to present to you the Fund's financial report for the year ended 30 June 2009.

Reflecting on the past financial year, investment performance continued to remain under intense pressure due to the continuing volatility of the local and global financial markets. The investment return for the year to 30 June 2009 was negative 1,7% and, compared to the CPI forecast of 6,9% for the same period this resulted in a real return of negative 8,6%. The following illustrates the experience of 2008/09:

| | **2009** | **2008** |
|---|---|---|
| Investment return | (1,7)% | 1,6% |
| Assets under management (bn) | R50,7 | R51,7 |
| Three year rolling return | 8,2% | 18,0% |

However, due to strong investment performance over the previous rolling 3 year period the Fund managed to remain positive over the longer term and looking forward we feel confident that the Fund is well positioned to take advantage of the expected recovery in markets, although at a slow pace.

### Restructuring of the Fund

Unfortunately not much progress has been made on this front. The project was delayed due to the complexity of the subject and the number of stakeholders involved. We have finally reached an agreement with the Principal Employer to set up a joint task team at executive level to advise us on the appropriate steps that can be taken to resolve the issue relevant to the true status of the Fund. This issue relates to the core of the problem around the continued financial viability of the Fund as a going concern and a decision was taken by the Board to place all further work relevant to the DC Options Project on hold.

### Valuation of the Fund

The previous interim valuation of the Fund for the year ended 30 June 2008, reported that the funding level of the Fund was 110% and the Actuary reported that the Fund was financially sound in that its assets were more than required to cover its accrued liabilities and contingency reserves. At that stage however there was a concern that the following year would not be very positive and some challenges were expected.

The valuation for the year ended 30 June 2009 was a statutory valuation and the Actuary's report indicated a further deterioration in the surplus available to the Fund, causing a decrease in the funding level from the previous 110% to 100%, mainly due to ongoing turbulence in the markets. However, the Fund was still in a fully funded position, with all its reserves still intact. The positive news was that, subsequent to financial year-end, the markets continued to improve and the Board was optimistic that the funding levels have improved above 100% once again.

### Pension Increases and bonuses

Poor investment returns and further deterioration of financial market conditions for the year ended 30 June 2008 severely constrained the Fund in what it could afford as annual pension increases. Consequently, the pension increase for January 2009 was limited to 2% as provided for in the Rules of the Fund. This was not a decision that the Board took lightly, especially in the light of the rising costs of living. I have noted most of the submissions received from many of our stakeholders and assure our members that the Board will continue to apply its mind on how to ease the burden of inflation on its members. In the meantime we advise our members to remain financially disciplined as we do not know how long the current financial slump will last.

### Governance and Management

The Board has coped with significant matters of governance and continues to strive towards maintaining the highest standard of corporate governance. Based on the principles contained in industry guidelines, for example Pension Fund Circulars, the King Report on Corporate Governance in South Africa and various other guidelines, the Board and its Committees continued to perform well and coped with the increased demands brought about by special projects and responsibilities.

> "The Board continues to strive towards maintaining the highest standard of corporate governance."

As you are aware, in June 2008 certain members of our Board of Trustees were voted out of office and new members joined the Board. I am pleased to inform you that those new members of the Board have settled in well and are now part of the team.

At management level the Chief Executive and his team dealt with the challenges and operational matters in a professional manner. Regretfully, however, the Chief Executive has resolved to leave the Fund in order to take up office at a large multinational employee benefits company. We wish him well in his future endeavors.

### Economic Transformation

The Fund continued to pursue its strategic objective to support national economic transformation. As in the past, this objective is

The values we live by…

# Superior Performance

We commit ourselves to **service excellence** – **superior performance** will follow

When you play by the new rules of the game… **YOU WIN!**

The values we live by...

# Professionalism

We approach every **task,** treat every **customer** in a **professional** manner

When you're committed to the goal… **YOU WIN!**

achieved through investment in Socially Desirable and Broad Based Black Economic Empowerment investments without compromising the principle of achieving acceptable investment returns.
During the year under review BEE investment managers managed assets worth R6,474 Million (26,6% of total assets, in 2008: 22%). The long-term objective is to have at least 40% of assets under the management of BEE managers by June 2011.

Investments in Socially Desirable Investments (SDI) totaled R538m (2008: R552m). We are in the process of redefining our role in this area.

The Fund will continue to cautiously explore further opportunities to increase exposure to these asset classes.

## Notices and Acknowledgements

Despite a steep learning curve for those newly appointed members on the Board of Trustees, the Board and its Committees performed at a high level with considerable sacrifice in terms of personal time and other official responsibilities. The Chairpersons of the various Committees displayed commitment and leadership. To every member of the Board I once again extend my sincere appreciation for a job well done!

The Chief Executive and his team provided continued strategic support to the Board to ensure smooth and effective Fund governance at strategic level. They also provided the leadership required to ensure that the day-to-day operations of the Fund were managed and preserved. To every member of the Fund Administration a word of sincere appreciation for a successful year!
During the course of the year we also interacted with various other stakeholders who assisted us, in one way or another, to carry out our responsibilities. One cannot but single out the valued contributions by the senior management team from Eskom under the leadership of Mr Jacob Moroga, as well as the Chairman of the Board of Eskom, Mr Valli Moosa and his successor Mr Bobby Godsell.

I also wish to acknowledge the role played by other stakeholders, including labour organisations, pensioners, service providers and asset managers during the year. Without your contributions and support we would not be where we are today.

The prior year had its own particular challenges and I am sure the new year will bring new excitement and optimism. If we stay together as a team we shall overcome all obstacles. We remain committed to serving our members well and we are always open to suggestions to open the way towards improvement.

Wishing you all the best for the future and the 2009 festive season!

**X K Memani CA (SA)**
**Chairman**

# [ Corporate Governance ]

The Fund supports the Code of Corporate Practices as recommended by the King Report on Corporate Governance for South Africa and submits, that in all material respects, it has complied with the principles of the Code for the year under review. The corporate governance framework ensures that the Board plays a leading role in the strategic guidance of the Fund and the effective monitoring of management in discharging their responsibilities and accountability to members, pensioners and other stakeholders.

## Corporate Practice and Conduct

### The Board and its Committees

The Board, in keeping with the relevant legislation and statutory requirements as well as the Fund's Rules, is comprised of 14 members as constituted below:

- A non-executive Chairman appointed by the Principal Employer, subject to the approval of the Board, for a period of four years, which runs concurrently with the Board's term of office. The roles of the Chairman and Chief Executive are separated with segregated responsibilities and duties.

- Six Board members appointed by the Principal Employer, one of whom shall be deemed by the Principal Employer to be an expert.

- Two pensioners as Board members elected by the pensioners.

- Five Board members elected by the active members, of whom at least two shall be members of the Fund.

### Term of Office

The term of office of the Board is four years, with the current Board's term ending on 31 December 2011.

The Board, both appointed and elected members, consists of individuals with diverse backgrounds and expertise, each of whom adds value and brings independent judgement to bear on the Board's deliberations and decision-making processes, all to the best interest of the Fund's membership and stakeholders.

### Board Duties

The Board has a fiduciary duty to act in good faith, with due diligence and care, and in the best interests of the Fund, members, pensioners as well as all other stakeholders.

The Board is ultimately accountable and responsible for the performance and affairs of the Fund, thereby providing strategic direction and leadership, ensuring good corporate governance and ethics, determining policy, agreeing on performance criteria and delegating the detailed planning and implementation of policy to Management.

### Board Proceedings

The Board is also responsible for managing a successful and productive relationship with the Principal Employer and relevant stakeholders.

The Board meets at least once a quarter and monitors Management's compliance with policy and its achievements against pre-determined objectives. Additional meetings may be convened when major issues arise that need to be resolved between scheduled meetings.

A structured approach is followed for delegation, reporting and accountability, which includes reliance on various Board committees. The Chairman guides and monitors the input and contribution of the Board members. The Board has approved a Board Charter which forms part of the Fund's Delegation of Authority, that provides guidance to the Board members in discharging their duties and responsibilities. They also have unrestricted access to relevant information and all Fund properties.

### Board and Committee Performance and Evaluations

Performance evaluations of the Board and its committees

are currently done on a bi-annual basis. The Chief Executive is appraised by the Chairman of the Board in consultation with the Board, whilst the Board appraises the performance of the Chairman.

### Board and Committee Members' Fees
Board and committee members are compensated for their contribution to the Board and the committees on which they serve, membership of committees is revised with the appointment of a new Board.

## Board Committees

A number of Board committees exist in order to assist the Board in discharging its responsibilities.

Each committee operates within the ambit of its defined terms of reference and delegated duties. A comprehensive framework, which assists in the control of the decision-making process and the delegation of authority within the Fund, has been approved by the Board.

The Board has approved the terms of reference of each of its committees, and will continue to review the performance and effectiveness of these committees on a regular basis.

The Board determines whether there is a need for committees focusing on specific areas of the Fund's activities, with the following Board committees currently in place:

- Audit and Risk Committee
- Benefits Committee
- Human Resources and Remuneration Committee
- Strategic Investment Committee

### Audit and Risk Committee
The Audit and Risk Committee comprises of six Board members. Five Audit and Risk Committee meetings were held during the 2008/2009 financial year. Meetings are normally attended by the External as well as the Internal Auditors, the Chief Executive, Chief Investment Officer, Chief Financial Officer, Executive Manager Strategy and Projects and the Risk and Compliance Manager. Other members of staff attend by invitation.

External and Internal Auditors have unrestricted access to the Chairman of the Committee as well as to the Chairman of the Board.

The Committee monitors the quality, integrity and reliability of the Fund's compliance with relevant legislation and statutory requirements and ensures that an appropriate system of internal control is maintained to protect the Fund. It reviews the activities of Internal Audit, the function of which has been outsourced.

The Committee is also responsible for the evaluation of the independence, objectivity and effectiveness of the External and Internal Auditors, as well as for the review of accounting and auditing concerns identified by External and Internal Audit.

The Committee also promotes the accuracy, reliability and credibility of financial reporting, and ensures that the annual financial statements and the annual report of the Fund are reviewed by Management and the External Auditors before approval by the Board.

### Benefits Committee

The Benefits Committee comprises of six Board members.

Eight Benefits Committee meetings were held during the 2008/2009 financial year. Meetings are normally attended by the Chief Executive, Legal and Technical Services Manager, Benefits Processing Manager, Retirement Fund Operations Manager, Executive Manager Strategy and Projects as well as other members of staff who are invited to attend meetings from time to time.

The Benefits Committee oversees and directs benefits administration and member services matters on behalf of the Board.

### Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee comprises of five Board members and one external expert, with the Chief Executive and Human Resources Manager in attendance.

Seven Human Resources and Remuneration Committee meetings were held during the 2008/2009 financial year.

The Human Resources and Remuneration Committee:

- Influences and approves Human Resource policies and strategies and monitors compliance with the Employment Equity legislation.
- Determines Executive Management remuneration and remuneration policy framework and makes recommendations to the Board.
- Ensures Executive Management remuneration policy and practice is in accordance with best corporate practice.
- Ascertains that Human Resource policies and practices are in line with all relevant legislation, statutory requirements and best corporate practice.
- Conducts interviews and puts forward its recommendation(s) to appoint members to the Fund's committees and to the Board for consideration.

### Strategic Investment Committee

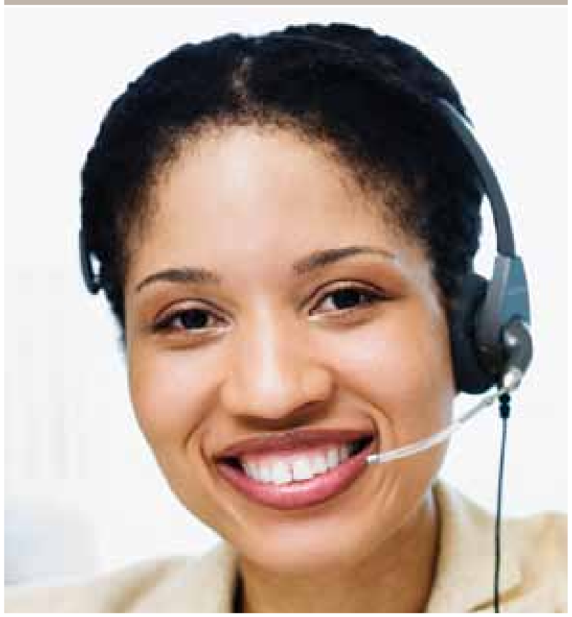
The Strategic Investment Committee comprises of five Board members and five outside experts. Meetings are attended by the Chief Executive, Chief Investment Officer, Investment Multi Manager and Risk and Compliance Manager. The Committee is chaired by the Board's Chairman.

Five Strategic Investment Committee meetings were held during the 2008/2009 financial year. The Strategic Investment Committee's key responsibility is to attend to the investment affairs of the Fund in accordance with the Fund's Rules and relevant statutory requirements e.g. Regulation 28 of the Pension Funds Act No 24 of 1956.

## Fund Administration

### Executive Management Committee (Exco)

The Exco currently comprises of the Chief Executive, Chief Investment Officer, Retirement Fund Operations Manager, Human Resources Manager, Legal and Technical Services Manager, IT Manager, Chief Financial Officer, Executive Manager Strategy and Projects, Risk and Compliance Manager and the Corporate Secretary.



The Committee is chaired by the Chief Executive and meetings are held on a monthly basis with ad hoc meetings called when necessary.

The Committee assists the Chief Executive in exercising executive oversight and is also responsible for ensuring the effective management of the Fund's day-to-day operations.

### Risk Management Committee

The Risk Management Committee comprises of the Chief Executive, Legal and Technical Services Manager, Risk and Compliance Manager, Investment Management Unit Representative, IT Manager, Chief Financial Officer, Executive Manager Strategy and Projects, one Board member and one member of Internal Audit. It is chaired by the Fund's Chief Executive with Committee meetings being held on a quarterly basis.

The Committee is responsible for ensuring that an effective and integrated risk management process is implemented and maintained for the Fund.

### Procurement Committee

The Procurement Committee comprises of the Chief Executive, Chief Financial Officer, Legal and Technical Services Manager, Risk and Compliance Manager and the Corporate Secretary.

It is chaired by the Fund's Chief Executive with Committee meetings being held at least every quarter.

The Committee is responsible for the promotion of good practice, transparency and ethical behaviour in the Fund's procurement activities in terms of the objectives of the Fund's Procurement Policy.

### Sub-Committee of the Benefits Committee

The Sub-Committee of the Benefits Committee comprises of the Chief Executive, Retirement Fund Operations Manager, Statutory Controller and the Officer: Pension Benefits.

The Sub-Committee is chaired by the Chief Executive with meetings being held on a monthly basis.

The Sub-Committee is responsible for approving advances on installment lumpsums registered with the Fund on behalf of the Board (Benefits Committee).

## Medical Panel

The Medical Panel comprises of three independent medical practitioners, one Eskom Medical Advisor, the Fund's Legal and Technical Services Manager and the Fund's Retirement Fund Operations Manager as well as other members of staff who are invited to attend meetings from time to time.

Monthly Medical Panel meetings are chaired by one of the independent medical practitioners.

The role of the Medical Panel is to, in accordance with the provisions stipulated in Rule 25(4) of the Fund and all amendments thereto, assess the health condition of members of the Fund applying for ill-health retirement benefits, and to make recommendations to the Board on the status of these members.

## Board and Committee Members' Training

Board and committee members' training is considered essential for the ongoing improvement in the execution of their fiduciary responsibilities. The Board and committee members attended a number of training sessions and conferences during the year under review.

# Customer Focus

We put the **customer** at the **centre** of everything we do

**YOU WIN!** When you make a transfer to greatness!

# [ Summary of Benefits ]

The benefits are in terms of the Rules as they applied in 2008/2009. The Rules are reviewed by the Board and approved by the Financial Services Board and South African Revenue Services from time to time. In the event of a conflict between this summary and the Rules of the Fund, the Rules will apply.

## 1. Eligibility conditions

All permanent employees of participating employers who are under the age of 65, are eligible for membership of the Fund.

## 2. Retirement benefits

### 2.1 Ill health retirement:

A member may retire at any age as a result of ill health, provided that the Board approves a recommendation of the Medical Panel in this regard. The benefit is calculated by making provision for a pension based on the member's pensionable emoluments and pensionable service accrued up to the actual retirement date plus 75% of the service that would have been completed from that date to the normal retirement date.

### 2.2 Early retirement:

A member may retire early after reaching age 55. The benefit is a pension calculated in terms of the pension formula, reduced by 3,9% per year for each year before age 63.

### 2.3 Normal retirement:

The compulsory retirement age is 65, however members may retire early from age 63, without penalties subject to the employer's conditions of service. The benefit is based on 2,17% of annual average pensionable emoluments over the last year before retirement, for each year of pensionable service.

### 2.4 Commutation

A member may commute up to one-third of his/her pension at the retirement date. The lump sum amount is calculated using fixed commutation factors. The remainder of the pension benefit will be used to pay a monthly pension to the pensioner for the rest of his/her life and after his/her death, for the rest of the life of the remaining spouse.

## 3. Pension increases

Pensions are increased on 1 January each year in accordance with the Fund's Pension Increase Policy.

## 4. Death benefits

### 4.1 Death before retirement:

On the death of a member a lump sum equal to twice the member's annual pensionable salary is payable and distributed in terms of the provisions of Section 37C of the Pension Funds Act.

***Plus***

A widow's/widower's pension of 60% of the member's potential pension is payable and is calculated as if the member had remained in service and attained age 65, based on current pensionable emoluments.

***Plus***

A children's pension of 30% of the pension to which the member would have been entitled if he/she had remained in service to the normal retirement date, in respect of a single eligible child. The children's pension will increase to 40% in respect of 2 or more eligible children.

If there are no spouse's or children's benefits payable, there shall be paid to the member's estate, the greater of:

- a lump sum equal to the member's annual pensionable emoluments.

***Plus***

10% of the final average pensionable emoluments per year of pensionable service.

***Or***

Twice the member's annual pensionable emoluments.

### 4.2 Death after retirement:

On the death of a pensioner, a lump sum equal to R3 000 is paid to the surviving spouse or the estate.

***Plus***

A pension to the surviving spouse/s equal to 60% of the deceased pensioner's pension at retirement before commutation, including any subsequent increases.

***Plus***

A further pension of 30% (one child) or 40% (two or more children) of the pension at retirement before commutation (including any subsequent increases) in respect of any eligible children.

#### 4.2.1 But

If no spouse's pension is payable, the percentage in respect of a single eligible child is increased to 60% of the deceased's pensioner's pension at retirement before commutation including any subsequent increases, while for two or more children the total percentage is increased to 100% of the deceased's pensioner's pension at retirement before commutation including any subsequent increases.

#### 4.2.2 And

If there are no spouse's or children's benefits payable, a benefit equal to the excess of the amount of a lump sum (as specified below) over the total benefits paid to the pensioner until the time of death is paid to the estate.

The lump sum consists of the following:
An amount of R3 000

***Plus***

The greater of the following two calculations:

1. Twice the annual pensionable emoluments at retirement less pension received since retirement.

***Or***

2. Annual pensionable emoluments at retirement plus 10% of the final average pensionable emoluments per year of pensionable service, less pension benefits already received.

### 4.3 Death of a deferred pensioner:

The death benefits of a deferred pensioner differs materially from the above and interested parties can contact the Fund for more details.

## 5. Withdrawal benefits

### 5.1 Withdrawal due to resignation, abscondment or dismissal:

In case of a withdrawal due to resignation or dismissal a cash benefit is payable. This is the prescribed minimum benefit in terms of the Pension Fund's Second Amendment Act. The benefit is the greater of:

**First calculation** - The capital value of the member's accumulated past contributions plus interest after December 2001. The interest rate must compare reasonably with the actual rate of investment return, net of fees and costs, that the Fund has earned on its assets.

***Or***

**Second calculation** - The value of the "accrued deferred pension". The accrued deferred pension is the amount of pension that a member has earned for past service up to the date of leaving the Fund, based on the member's pensionable emoluments at the date of leaving the Fund. The capital value of the amount is calculated using financial assumptions, approved by the Registrar of Pension Funds.

### 5.2 Withdrawal due to retrenchment (before age 50):

In the event of retrenchment, the benefit payable is the greater of:

- Either of the two calculations in 5.1; or

**Third calculation** - In the event of a negotiated cash settlement or retrenchment of a member, a benefit of three times the member's own annual contributions becomes payable. The Fund must then pay to the member the greater of the first, second. or third calculations.

5.3 Retrenchment (aged 50 or older):
If a member has 10 years continuous service, he/she qualifies to receive a pension instead of a lump-sum benefit as approved by the employer.

The employer compensates the Fund accordingly.

**6. Deferred pension option**

A member may, instead of taking a cash benefit, elect to become a deferred pensioner and may be granted a benefit equal to the actuarial value, as determined by the Actuary, in respect of completed service.

This deferred benefit reverts to the deferred benefit scheme and may only be accessed from age 55.

**7. Contribution rates**

Members contribute 7,3% of pensionable emoluments except in the case of certain members who still contribute at lower rates. A member may undertake to pay additional voluntary contributions to the Fund for the purposes of adding such additional benefits as the Fund may determine.

The employer contributes 13,5% of pensionable emoluments in respect of members, which is determined from time to time by the Actuary of the Fund.

**The Board**
Mr X K Memani (Chairman)
Mr M N Bailey
Mr B Blignaut
Mr W E Green
Mr A Jeawon
Mr G J Kruger
Mr D Macatha
Ms J M Maisela
Mr T J Matsau
Ms E M Pule
Mr W J Swart
Mr M A P Tseki
Adv N K Tsholanku
Dr E Z Xaba

**Benefits Committee**
Mr M A P Tseki (Chairman)
Mr B Blignaut
Mr D Macatha
Ms J M Maisela
Ms E M Pule
Mr W J Swart

**Human Resources and Remuneration Committee**
Ms J M Maisela (Chairperson)
Mr M N Bailey
Mr B Blignaut
Ms S Govender
Mr T J Matsau
Ms E M Pule

**Audit and Risk Committee**

Mr A Jeawon (Chairman)
Mr M N Bailey
Mr W E Green
Mr G J Kruger
Adv N K Tsholanku
Dr E Z Xaba

**Strategic Investment Committee**

Mr X K Memani (Chairman)
Ms C M Henry
Ms A Kekana
Mr T P Leeuw
Mr T J Matsau
Ms F Petersen
Mr M A P Tseki
Adv N K Tsholanku
Dr E Z Xaba

***From left:*** *Mr M A P Tseki, Dr E Z Xaba (seated), Ms E M Pule, Mr W E Green, Mr T J Matsau (seated), Mr W J Swart, Ms J M Maisela, Mr A Jeawon (seated), Mr B Blignaut, Mr D Macatha (seated), Mr G J Kruger (seated), Mr X K Memani (Chairman), Adv N K Tsholanku (seated) and Mr M N Bailey (seated).*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# [ Chief Executive's Report ]

It is my privilege to present an overview of the Fund Administration's activities for the financial year 2008/09 and to reflect on the progress made towards achieving the goals determined by the Board of Trustees. All would agree that the year under consideration presented more than its fair share of challenges but in retrospect I must commend the Administration Team on a job well done.

As the financial year 2008/09 commenced there already was a clear indication that the year was going to be unlike any other in the history of the Fund and would present more than its fair share of challenges. The main factors influencing the environment in which the Fund was active were, amongst others, the strategic project to replace the Fund's benefits administration system; the planning and preparatory work to introduce a defined contribution (DC) retirement fund structure option to members; and last but not in the least, the necessity to cope with the deepening global financial crisis and dark clouds on the economic horizon. There was a sense of excited anticipation mixed with some conservative apprehension amongst the Fund's Administration Team and we knew we were entering what was going to be a challenging year.

Significantly, and focusing on investment markets, the previous year was concluded with negative investment returns and this tempered any expectations for an inflation-related pension increase for the coming year. We realized that the Fund would have to face challenges on various fronts and that the year ahead was not going to be any less challenging.

**The key priorities/key performance areas for the Fund provide for emphasis in certain areas, and these priorities were also incorporated in the Fund's Balanced Scorecard:**

| Key Priority | | Weighting |
|---|---|---|
| Investment Returns | | 40% |
| Efficient Administration | | 35% |
| Cost Management | 15% | |
| Operational Excellence | 10% | |
| Customer Service | 10% | |
| Black Economic Empowerment | | 10% |
| Fund Restructuring | | 7,5% |
| Multi-Fund Administrative Capability | | 7,5% |

## 1. Investment Performance

The challenging conditions in financial markets that we referred to a year ago persisted during the past financial year. Indeed, investment performance worsened but bottomed out in March 2009 as markets responded positively to a range of measures by governments around the world to stimulate their economies out of a deepening global slump. While we were unable to achieve a positive result for the year, the final outcome of -1,7% for the year to 30 June 2009 was a significant improvement on the low-point of -8,7% four months earlier.

The poor results should also be seen against the background of a global economy that experienced its worst recession and biggest financial crisis since the depression in the 1930's. Encouragingly the recovery has continued into the first quarter of the new financial year. This is covered in greater detail later under investment outlook.

The Fund's primary investment objective is to earn a net real Rand investment return of 4,5% per annum above inflation. Returns of -1,7% this year compared to inflation of 6,9%, and returns of 1,6% in the previous financial year compared to inflation of 12,2%, fall far short of the long-term investment objective. This means that the Fund has failed to achieve a positive real return for two consecutive years for the first time in recent history. Lest we become too negative, let us also note that the rolling 3-year real returns in the two preceding financial years (2006 and 2007) of over 20% were by far the best on record. Consequently the 5- and 10-year performance remains satisfactory despite the setbacks over the past two years.

We constantly remind members that the Fund is a long-term investor that has demonstrated its ability to absorb short-term setbacks and take advantage of cyclical recoveries. The disciplined implementation of investment strategy has seen the Fund reducing equity exposure during market peaks and buying during corrections when valuations were more attractive, as we have done recently.

"The Fund is a long-term investor that has demonstrated its ability to absorb short-term setbacks and take advantage of cyclical recoveries."

**The following table illustrates the growth in net assets:**

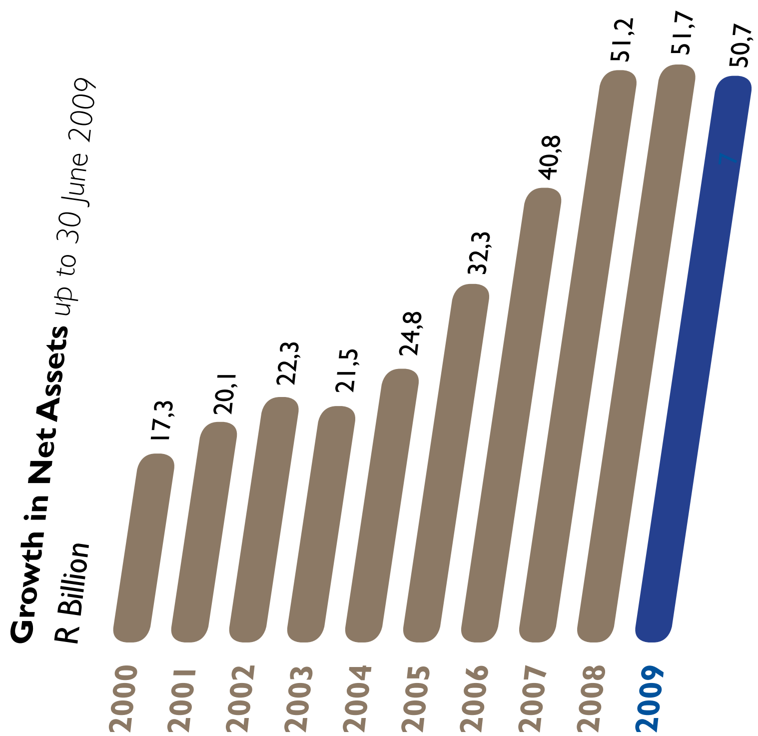
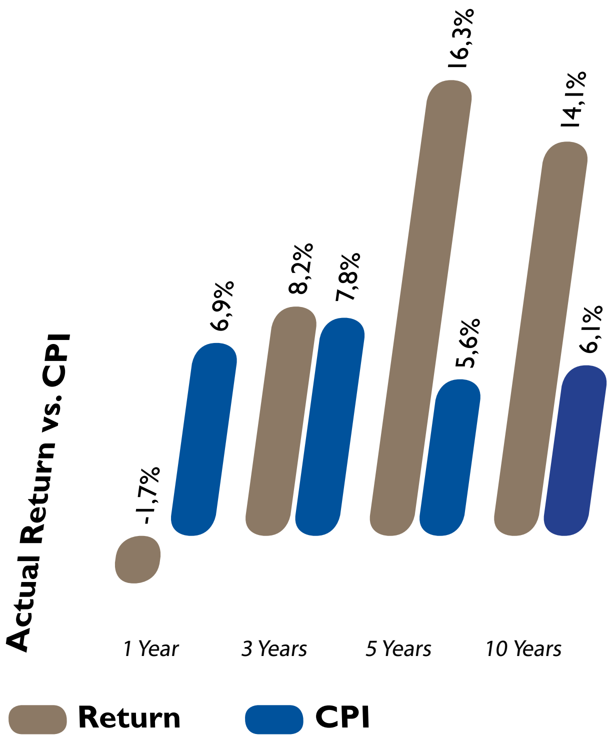


**Table: Actual Return vs. CPI**




**The table above provides a snapshot of returns versus CPI over a prolonged period.**

## 1.1 Local Investments

### 1.1.1 South African equity market

This year the underlying market did a complete turnaround on last year and what's more the overall performance was far worse. For the year the All Share Index plunged 24,9% with the resources sector's loss of 43,9% overwhelming the positive return of 3,4% from financials and the small loss of 4,7% from industrials. By contrast last year's positive overall market performance of 10,1% came about as the gains of 39,9% from resources more than offset the negative returns 27,2% and 4,3% respectively from financials and industrials.

The Fund's benchmark has a 50% downweighting in resources and most of the asset managers further preferred financial shares to resource shares that had become very expensive during the commodities boom. These bets resulted in a very large outperformance of 5,83% (known as alpha) for the year relative to the benchmark from the asset managers and more than compensated for last year's underperformance.

### 1.1.2 South African bonds

The All Bond Index gave a return of 19,3% with returns frontloaded in the first six months. The initial surge in bonds came after the market adjusted to lower inflation rate expectations in February 2009 when Statistics South Africa released reweighted and rebased CPI inflation. By end-December the 10-year SA government bond yield had fallen precipitously by 337 bps to 7,32% supported by the deteriorating domestic economy and the onset of monetary easing. However, the 10-year bond yield corrected back up to 8,96% by end-June as the market sold off in line with global bonds on concerns over increased supply to fund fiscal stimuli and rising risk appetites as investment demand switched to equities.

### 1.1.3 Overseas markets

Global equities bottomed in the past year after experiencing the biggest market collapse since 1931-1932. In the US the S&P 500 lost 57,7% from its high in October 2007 to its low in March 2009. The financial crisis was widespread and similar shocks were experienced around the world. By 30 June 2009 markets were well off their worst levels but performance for the 12 months remained very poor. The MSCI World Index reflecting the performance of developed markets was down 29% and emerging markets fared only marginally better.

On balance the Fund's international equity managers performed substantially better than the benchmark, helped by the exceptional performance of a particular manager with a quality and value orientation.

Global bonds gave a steady performance, with government bonds in particular benefiting from safe-haven buying. The JP Morgan Global Government Bond Index was up 4,8% for the year. One of the Fund's international bond managers is invested entirely in credit or non-government bonds and its performance was very negatively impacted by severely dislocated credit markets where spreads widened substantially and liquidity dried up. Despite experiencing acute underperformance, Investment Management held the steadfast view that a recovery would follow when market conditions normalized, and we have seen very convincing evidence of this in recent months.

### 1.1.4 Socially desirable investments and private equity

The Fund's investments in socially desirable investments fell marginally from R552 million to R538 million as realizations of R72 million exceeded new investments of R50 million. Investments in private equity investments including commitments rose substantially from R912 million to R1 320 million and included new and additional commitments of R150 million to two Black fund managers. Actual returns from both classes of investments continue to substantially exceed internal targets.

The focus of attention in the current financial year will be on socially desirable investments, where there is currently more than R400 million of unutilized capacity, whereas less than R200 million remains within private equity.

### 1.1.5 Property portfolio

The Fund's property portfolio is substantially represented by its 60% strategic interest in Pareto Limited, a variable loan stock company invested in regional retail properties. Pareto recorded a total return of 13%, outperforming the 12,5% return of its unlisted benchmark. Good progress was made in growing the asset base. During the course of the year, the Pareto board approved investments in the portfolio totaling R2,464 billion. The investments comprised an acquisition of 50% interests in the Menlyn Park and Cavendish and Connect shopping centres from Old Mutual. The project of repositioning and extending Sandton City is progressing well.

### 1.1.6 Investment outlook

The global recovery now seems to be more entrenched as forecasters have consistently been revising their projections upward. The International Monetary Fund's (IMF) latest World Economic outlook released in October declared the global recession is ending, pulled up by the strong performance of Asian economies, and stabilization or modest recovery elsewhere. It now expects the world economy to contract by 1,1% in 2009 then growing by 3,1% in 2010. This compares to its last update in July when it projected a fall of 1,4% in 2009 and rise of 2,5% in 2010.

Investment markets have anticipated the economic recovery. In dollar terms international developed market equities have risen 17,6% in the first quarter of the new financial year, after recovering 21% in the previous quarter. Domestically, the All Share Index returned 13,9% in the September quarter, following an increase of 8,6% in the June quarter. Within international bonds, the Fund's investments in credit markets have also displayed a similar sharp turnaround as liquidity was abundant and generally positive economic news and earnings continue to filter through. Performance potential should remain as credit spreads are still wider than the pre-Lehman bankruptcy levels.

We wish to sound a word of caution on a number of fronts. Equity markets have risen substantially over a short period of time supported by strong earnings upgrades from analysts. Based on consensus forecasts, equities are now probably fairly priced and would require a better earnings outcome to sustain the upward momentum.

There has been widespread debate about the shape of the economic recovery, and the weight of opinion has tilted very much towards a V-shaped recovery, but the downside risk remains. Finally, the rand has appreciated by over 20% against the dollar in 2009 year-to-date, and continued strength will dilute returns from international assets and threaten the profitability of domestic exporters.

After the positive start to the financial year and the continued downward trend in inflation, we look forward to meaningful progress in attaining the Fund's real return investment objectives particularly over the short and medium term. This turnaround assumes greater significance, as the statutory valuation has shown a further deterioration from the actuarial surplus of R4,8 billion last year and R8,8 billion in 2007.

## 2. Efficient Administration

The drive towards Efficient Administration not only focused on costs and operational efficiencies, but also on the very important aspect of promoting Customer Service:

### 2.1 Cost Management.

The Finance Division continued to provide financial expertise and leadership in a calm and dedicated manner, almost like a well-oiled machine not missing a beat. Challenges abounded and financial control required a constant vigil and monitoring. Finance is involved in every aspect of our daily lives and the Team provided the insight needed to meet the challenges. Significantly, the monthly pensioner payroll was always processed on time and the Call Centre reported very few complaints about payments not received.

A summary of the Fund's administration costs for the year ended 30 June 2009 is provided below:

| | **Actual** | **Budget** | **Variance** | **Variance** |
|---|---|---|---|---|
| | R'000 | R'000 | R'000 | % |
| Personnel Costs | 39,275 | 41,413 | 2,138 | 5,2 |
| Other Admin Costs | 32,017 | 32,757 | 0,740 | 2,3 |
| DC Options Project | 5,040 | 14,840 | 9,800 | 66,0 |
| **Total** | **76,332** | **89,010** | **12,678** | **14,2** |

The main drivers for the favorable variance (lower than budgeted expenditure) were the under-spending in staffing, consultation and legal costs. Specifically relevant to staffing cost, savings resulted from lower than expected actual impact of salary increases despite a higher than anticipated increase percentage, and in certain cases vacant positions.

### 2.2 Operational Excellence and Customer Service

Operational Excellence and Customer Service promotion go hand-in-hand and the various actions Fund-wide simultaneously contributed towards enhancing these objectives.

On the Human Resources side the Fund was met with various challenges over the year. Some key role players, including some senior members of management, parted ways with the Fund in the midst of severe work pressures and backlogs. Drastic management action had to be taken to close the gaps that had been left in work planning and performance and various members of the Executive Committee were requested to take on additional responsibilities and workloads to ensure that the momentum was regained, until replacements could be appointed. Employee morale and motivation levels were at low ebb, but through the dedication and leadership of the responsible managers and the Exco team in general, the lost ground was regained and significantly overhauled.

Significantly, as an aside to the systems replacement project a Change Management project was launched and through the spin-offs of this project, it was truly gratifying to see how our staff rose to the challenges of coping with change, in fact becoming the very drivers of change, and we concluded the year as a motivated team!

The FuFuWe system replacement project forms a pillar of the quest for increased efficiencies and the Information Technology Department also weathered a significant part of the storm and had to provide the technical leadership to ensure that the new system would not disappoint. A major step forward was also taken in terms of updating software and replacing outdated equipment. Information technology is an ongoing investment and the current system replacement project has shown the negative result of not keeping track with developments.

Fund Operations had to bear the brunt of the various challenges inherent in providing a customer-centered service, while also being involved in the systems replacement project as the main user. In addition to Change Management initiatives, Management took bold actions to provide the stability, continuity and leadership that was necessary to ensure a focused team. The result was an increased effort and renewed motivation from the Operations Team as not witnessed before. This Division turned into a remarkable change management success story with the performance picking up to high levels and every team member became committed to a quest to be a part of a successful team and not a passenger. The wonderful learning opportunities created by system analysis and development powered the Operations Team to the extent where a recent skills analysis project could not find significant fault in the technical system and operational skills of the team.

In terms of communication activities the newly established mobile Retirement Fund Service Consultants continued to promote the effort towards improved regional communication and member servicing, and the concept of mobile offices proved highly successful. Performance levels in the Call Centre of the Fund remained at high levels, although a temporary decline in service levels was experienced towards the middle of the year. This was mainly due to unexpected high call volumes during December after the pension increases were announced and again at the time when pension suspensions became real, largely due to non-return of Evidence of Survival forms.

In the IT Department the system replacement project formed the mainstay of activities. Some of the parallel projects included data validation and data screening, which exercise served to prove the validity of the Fund's records and presenting more optimism going forward.

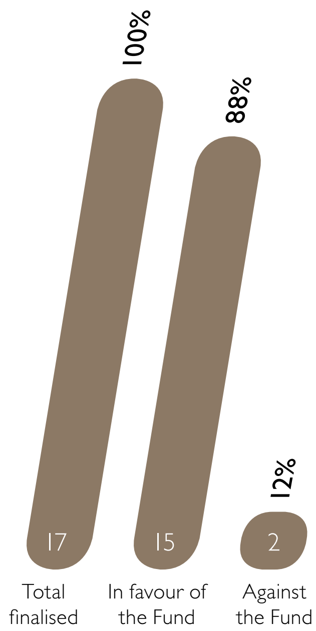
The Legal & Technical Services Department effectively dealt with the single most significant challenge caused by the employer's 2008 salary increases, as well as the effects of the new divorce provisions in the Divorce Proceedings Act. The challenge was to find a satisfactory method to facilitate the payment of divorce allocation while actuarially reducing the benefit of the member to protect the interests of the Fund as well.

The Department also dealt with complaints against the Fund that were lodged with the Office of the Pension Funds Adjudicator ("OPFA").

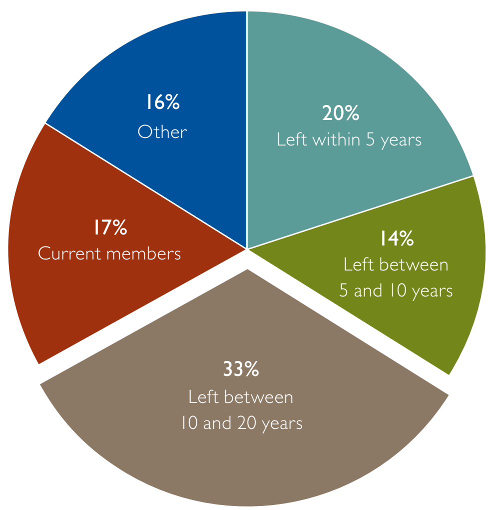
The graphs and numbers reflect the complaints received from the Adjudicator's office for the period between September 2008 and September 2009 showing, among other things, the number of complaints received during the period on which the Pension Funds Adjudicator released a scorecard on performance of pension funds, as well as the types of complaints lodged with the OPFA against the Fund, and the success rate of the Fund in responding and resolving the same with the OPFA.

Based on the analysis of the information and the Adjudicator's scorecard, it is the Fund management's view that there is nothing significant that the Board and other stakeholders should be concerned about. The only issue that is standing out from the Adjudicator' scorecard is the volume of complaints against the Fund versus the levies paid. The Fund's analysis of the complaints indicate that the majority of complaints received are in respect of members who left the Fund 10 to 20 years and longer ago, which is indicative of other personal financial and social factors as opposed to genuine complaints against the Fund's conduct or practices. The size of the Fund also makes it impossible in this day and age to have lower volumes in comparison to Funds with less membership volumes.

### Verdict




### Complainants



At another level the Legal & Technical Department managed to complete the Draft DC rules and benefit structure in time for the tight deadline set by the Joint DC Steering Committee.

We have grown accustomed to the calm and efficient manner in which the Corporate Secretariat & Facilities Department carries out its mandate. This Department went about its usual business by providing services ranging from professional secretarial services on a basis of absolute confidentiality and accuracy, to providing messenger services and facilities. In total 76 meetings of the Board and its Committees were arranged and processed, while at administrative level the meetings of the various Management Committees further placed demands on the Department.

The Risk & Compliance Department continued to exert its influence in all spheres of our strategic and operational activities and especially on the project FuFuWe side, provided valuable input and guidance to ensure continuous risk monitoring and compliance assurance.

The activities of this department had increased to the extent where it became necessary to consider adding another resource to the department and that process is well under way.

### 3. Black Economic Empowerment

The positive promotion of BEE remains an important Fund priority. The total BEE spend for the Fund was R16,8m (2008: R14,4m) which represents 56% (2008: 59,5%) of the total procurement done by the Fund, excluding asset managers. Consistent with the prior year, we continue to ensure that BEE criteria form part of the selection process in all procurement activities and considerable care is taken to ensure that BEE supplier companies are given preference, subject to also reasonably meeting other criteria such as cost, experience and technical ability.

In the Investment Management Unit the Strategic Investment Committee (SIC) approved the broadening of the BEE strategy for asset managers whereby 5% of domestic external mandates would be allocated to emerging Black managers and, at a broader level, 40% of domestic external mandates would be allocated to Black managers over a three-year period. The SIC also determined intermediate targets of 25% for 2009, 33% for 2010 and 40% for 2011.

At 30 June 2009 the allocation to emerging Black managers was R1,384m or 5,7% and the allocation to Black managers was R6,474m or 26,6% of the domestic external mandates totaling R24,318m.

Investments in Socially Desirable Investments (SDI) total R538m (2008: R552m) compared to the maximum investable amount of R1 000m, being 2% of the Fund's approved asset base of R50 billion. New investments of R50m were made in 2009, while R72m was realised.

Investments in Private Equity, including commitments, total R1 320m (2008: R912m) compared to the maximum investable amount of R1 500m, being 3% of the Fund's approved asset base of R50 billion. New commitments of R475m were made including R150m to two Black fund managers.

There is limited remaining capacity for new private equity commitments but in SDI there is almost R500m in unused capacity. Currently 13 potential SDI transactions are at various stages of evaluation, and we strive to make a more meaningful contribution to this worthy asset class in the new financial year.

## 4. Fund Restructuring

The initiative of forming a partnership with the Principal Employer to initiate the DC Options Project proved highly successful and the project swiftly gained momentum. The various project teams proceeded with the preparatory work necessary to place the Fund in a pro-active position to be able to accede to the expected request from the Employer to establish a DC retirement benefit structure.

At strategic level it was envisaged that this DC structure would provide a partial solution to the contribution shortfall problem which has been plaguing the Fund since the early 1990's and would also serve as a solution to the lack of underwriting guarantees from the employer. The Restructuring Initiative was also driven by a need from the Employer's Human Resources Division to provide a benefit structure reportedly in line with the expectations of some current and future employees.

However, and disappointingly so, this project did not reach implementation phase because various factors caused the project to be placed on hold by the Fund. This development caused the dismantling of an efficient and highly motivated project office team and the resultant loss of intellectual capital and motivational momentum. The reputational loss suffered by both the Fund and the Employer was significant and resulted in staff disappointment in the Employer structures.

One of the major challenges encountered during the year, and leading to the suspension of the DC Options Project, was the effect of the 2008 salary increases by the Employer, where the increases granted far exceeded the actuarial expectation and the Fund had to absorb the significant additional impact on its surplus without the benefit of the Employer's underwriting of the liability so created. This issue was raised at various forums and initiatives are underway to find a solution to this problem. However, this issue served to revive the old issue around Fund underwriting and the true status of the Fund, causing a return to the debate of Fund status.

## 5. Multi-Fund Administration Capability

The implementation phase of Project FuFuWe, a landmark strategic project which would introduce a level of change unknown to every member of the administration team, commenced at the start of the year and the project was poised to change the way we work and the way we serve our stakeholders.

Even in those early days of the project, it was becoming clear that for the next 12 months at least the administration would live, eat, and breathe Project FuFuWe and it would soon encompass every day in the working life, and beyond, of every team member. The Project, which was aimed at replacing the Fund's antiquated "legacy" mainframe administration system with a modern state-of-the-art Windows based system, had been long outstanding and desperately needed.

Significant to note that during the early 1990's the Fund had already realized that it would have to replace its administration system and over the years since then this vision could not be fulfilled. However, when the project finally entered the implementation phase, the project team's most vivid dreams could not have foreseen the intricacies and challenges involved in changing from a very old "legacy" system to a modern system. While project plans provided a road map and estimation times for completion, the practical realities dictated differently and estimated deadlines had to be extended several times. Project plans were changed on the project management side and system functionality enhancement, data cleansing and a changing environment necessitated changes and additions so that the expectation could be that of a successful project as opposed to successful achievement of estimated timelines.

### In Summary

The singular investment performance numbers for the Fund in 2008/09 may tend to draw the focus away from the exemplary performance for the Fund as a whole and in various specific project areas. It must be realized that the Fund Administration strives to achieve the five main objectives of the Fund and, taking into consideration the service delivery focus of the Fund, it must be clear that Fund performance cannot be linked to investment numbers alone. Fund management works towards a holistic approach in service delivery and the activities during the year under consideration provide sufficient evidence of other areas where the Fund performed above expectations.

The manner in which Fund staff rose to the demands of the strategic projects in terms of additional work and going the extra mile, strongly shows that during this period, the administration stood as a pillar of strength. Going forward there can be no other outcome as one of going from strength to strength with a certainty that "EPPF UNITED" will meet all challenges with a vision of success.

The various Board Committees add significant value in ensuring best practice in the areas of good governance, risk management and focus on delivery to members and pensioners. Without that support, our lives would have been much more complicated and I would be lacking if I did not mention this.

On behalf of the Fund's Executive Management and staff I would like to express our thanks and appreciation to our Board and other relevant stakeholders for the opportunity afforded to us to serve our Fund's members and those that are dependent on them.

It has been almost two years since I have been privileged and honoured to be part of the EPPF family. Looking to the future, I regretfully have to announce that I have decided to leave the service of the Fund to take up another challenging position in the industry. The relatively short time that I have been with the Fund has been as challenging as it has been enjoyable and rewarding in terms of learning, growth and experience opportunities.

I will surely miss the friends and colleagues I have worked so closely with the past two years. However, I always maintained that the organization is larger than the individual and I am confident that the management team will carry on with its responsibility in the exemplary manner they have done so to date. To all of my colleagues I extend a hand in greeting to concretize the analogy of the bridges we have built over this time. Nginifisela okuhle kodwa zihlobo zami… the journey and the mission to make a difference in the lives of those we are mandated to serve in our retirement industry but most importantly in our country…. continue. Never forget that our industry is about serving people….it is about a positive touching of lives and souls and making a difference in their experiences. This is a "paradigm reform" we have to undergo before we can undergo "Retirement Fund Reform". Aluta Continua…!!!

Thank you once again for the opportunity to serve all our people. We have done so with pride and commitment.

**Bonga L D Mokoena CA (SA)**
**Chief Executive and Principal Officer**
**October 2009**

## **STATISTICAL REVIEW** as at 30 June 2009

### Investment performance

| | 1 Year | 2 Years | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|
| | % | % | % | % | % |
| Interest-bearing | 14,6 | 9,5 | 8,9 | 9,6 | 11,8 |
| Equity | -15,7 | -9,4 | 3,6 | 17,2 | 13,7 |
| Property | 11,1 | 14,5 | 21,4 | 26,1 | 19,4 |
| Total assets | -1,7 | -0,1 | 8,2 | 16,3 | 14,1 |

### Net assets (Rm)

| | 2009 | | 2008 | | 2007 | | 2006 | | 2005 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | % | | % | | % | | % | | % |
| Interest-bearing | 21 994 | 44 | 21 389 | 41 | 16 907 | 33 | 12 325 | 30 | 10 731 | 33 |
| Equity | 24 503 | 48 | 27 110 | 52 | 30 319 | 59 | 24 934 | 61 | 18 690 | 58 |
| Property | 5 136 | 10 | 4 607 | 9 | 4 231 | 8 | 3 398 | 8 | 2 896 | 9 |
| Other | (967) | (2) | (1 407) | -2 | (294) | 0 | 142 | 1 | 18 | 0 |
| Net assets | 50 665 | 100 | 51 699 | 100 | 51 163 | 100 | 40 799 | 100 | 32 335 | 100 |

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| Contributions received (Rm) | 1 618 | 1 487 | 1 045 | 1 089 | 1 075 |
| Benefits awarded (Rm) | 1 833 | 2 209 | 1 867 | 1 510 | 1 227 |
| Members (number) | 38 223 | 36 130 | 33 385 | 32 057 | 31 728 |
| Pensioners (number) | 33 867 | 33 850 | 36 017 | 34 752 | 34 665 |
| Ratio of members to Pensioners | 1,13 | 1,06 | 0,93 | 0,92 | 0,91 |

- Note: The number of pensioners includes children receiving pensions

## STATEMENT OF NET ASSETS AND FUNDS At 30 June 2009

| | Notes | 2009 R'000 | 2008 R'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | 51,634,322 | 53,107,208 |
| Office furniture and equipment | | 1,646 | 1,166 |
| Investments | 1 | 51,632,676 | 53,106,042 |
| **Current assets** | | 1,925,877 | 1,459,124 |
| Accounts receivable | | 1,865,503 | 1,326,988 |
| Contributions receivable | 2 | 55,537 | 126,120 |
| Cash at bank | | 4,837 | 6,016 |
| **Total assets** | | 53,560,199 | 54,566,332 |
| **Funds and liabilities** | | | |
| **Funds and surplus account** | | | |
| **Accumulated funds** | | 49,555,523 | 50,634,530 |
| - Normal retirement | | 47,610,169 | 49,054,144 |
| - Additional voluntary contribution scheme | | 202,877 | 169,451 |
| - Performance bonus scheme | | 1,742,477 | 1,410,935 |
| **Reserves** | | | |
| Reserve accounts | | 1,109,764 | 1,064,168 |
| **Total funds and reserves** | | 50,665,287 | 51,698,698 |
| **Non current liabilities** | | 16,945 | 14,093 |
| Unclaimed benefits | | 16,945 | 14,093 |
| **Current liabilities** | | 2,877,967 | 2,853,541 |
| Benefits payable | 3 | 619,419 | 762,092 |
| Accounts payable | | 2,253,494 | 2,084,115 |
| Accruals | | 5,054 | 7,334 |
| **Total funds and liabilities** | | 53,560,199 | 54,566,332 |

## STATEMENT OF CHANGES IN NET ASSETS AND FUNDS for the year ended 30 June 2009

| | Notes | Normal Retirement R'000 | Additional Voluntary Contribution Scheme R'000 | Performance Bonus Scheme R'000 | Accumulated Funds R'000 | Reserve Accounts R'000 | Total 2009 R'000 | Total 2008 R'000 |
|---|---|---|---|---|---|---|---|---|
| Contributions received and accrued | 2 | 1,530,068 | 10,619 | 77,211 | 1,617,898 | - | 1,617,898 | 1,486,629 |
| Net investment income | 3 | (742,022) | - | - | (742,022) | - | (742,022) | 1,323,053 |
| Return allocation to schemes | | (368,068) | 16,889 | 351,179 | - | - | - | - |
| **Less:** | | | | | | | | |
| Administration expenses | | (76,332) | - | - | (76,332) | - | (76,332) | (64,679) |
| **Net income before transfers and benefits** | | 343,646 | 27,508 | 428,390 | 799,544 | - | 799,544 | 2,745,003 |
| | | | | | | | | |
| **Transfers and benefits** | | (1,742,025) | 5,918 | (96,848) | (1,832,955) | - | (1,832,955) | (2,208,845) |
| Transfers from other funds | | - | 11,539 | - | 11,539 | - | 11,539 | 3,781 |
| Transfers to other funds | | (98,744) | (1,928) | (18,459) | (119,131) | - | (119,131) | (138,312) |
| Benefits | | (1,643,281) | (3,693) | (78,389) | (1,725,363) | - | (1,725,363) | (2,074,314) |
| Net income after transfers and benefits | | (1,398,379) | 33,426 | 331,542 | (1,033,411) | - | (1,033,411) | 536,158 |
| | | | | | | | | |
| **Funds and reserves** | | | | | | | | |
| | | | | | | | | |
| **Balance at beginning of year** | | 49,054,144 | 169,451 | 1,410,935 | 50,634,530 | 1,064,168 | 51,698,698 | 51,162,540 |
| | | | | | | | | |
| Transfer between reserve accounts | | (45,596) | - | - | (45,596) | 45,596 | - | - |
| **Balance at end of year** | | 47,610,169 | 202,877 | 1,742,477 | 49,555,523 | 1,109,764 | 50,665,287 | 51,698,698 |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

**Principal Accounting Policies**

The following are the principal accounting policies used by the Fund, which are consistent with those of the previous year.

**Purpose and basis of preparation of financial statements**

The financial statements are prepared for regulatory purposes in accordance with the Regulations to the Pension Funds Act. The Regulations require that the basis of accounting applied by pension funds comprise of general adherence to South African Statements of Generally Accepted Accounting Practice, as applied to retirement funds in South Africa, except for the requirements applicable to the:

- disclosure of cash flow information;
- disclosure of prior year adjustments; and
- presentation of consolidated financial statements in which investments in subsidiaries are consolidated in accordance with the standard on consolidated and separate financial statements.

The financial statements are prepared on the historical cost and going concern bases, modified by the valuation of financial instruments and investment properties to fair value.

**Financial instruments**

A financial instrument is classified as a trading instrument if acquired principally for the purpose of selling in the short term or if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking. Derivatives are also categorised at fair value through statement of changes in net asset and funds.

The fair values of financial assets quoted in active markets are based on fair value for listed securities and repurchase prices for collective investment schemes. The fair value of financial liabilities quoted in active markets are based on closing prices. Alternatively, it derives fair value from cash flow models or other appropriate valuation models where an active market does not exist. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making maximum use of market inputs and relying as little as possible on entity specific inputs.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

Where fair value is determined using valuation techniques whose variables include non-observable market data, the difference between the fair value and the transaction price (the day one profit or loss) is deferred and released over the life of the instrument. However, where observable market factors exist such that market participants would consider in setting a price subsequently become available, the balance of the deferred day one profit or loss is released to income.

**Listed Investments**

The fair value of marketable securities is calculated by reference to the applicable stock exchange quoted selling prices at the close of business on the statement of net assets and funds date.

**Unlisted Investments**

Unlisted investments are measured at fair value based on the applicable fair value related to the investment. The fair value is obtained from the asset managers who are managing such securities on the Fund's behalf.

The fair value is derived from cash flow models or other appropriate valuation models where an active market does not exist. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making maximum use of market inputs and relying as little as possible on entity specific inputs.

**Private Equities**

Private equities are measured at fair values obtained from the private equity entity to which such investment relates. These values are based on the discounted cash flow projections using applicable yields as determined by the private equity company relative to the nature of the operations of the private equity investment.

### Collective investment schemes

Collective investment schemes are valued at the repurchase price.

### Other loans

Other loans are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and are recognised when the asset is acquired using amortised cost.

### Investment property

Investment properties are properties that are not occupied by the Fund but held to earn rental income and/or for capital appreciation.

Investment properties comprise freehold land and buildings and are carried at fair value. Fair value is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Fund uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. These valuations are reviewed annually by either independent or internal valuation experts. Investment property that is being redeveloped for continuing use as investment property, or for which that market has become less active, continues to be measured at fair value.

Property located on land that is held under operating lease is classified as investment property as long as it is held for long term rental yields and is not occupied by the Fund. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. Subsequent to initial recognition the property is measured at fair value.

Fair value adjustments on investment properties are included in statement of changes in net assets and funds as net fair value gains on assets. Properties under development are carried at cost, less adjustments to reduce the cost to recoverable amount, if appropriate.

### Derivatives

Derivative contracts are entered into mainly to hedge exposure to equities. The parameters are defined in terms of the investment policy statement approved by the Board. The Fund initially recognises derivative financial instruments, including interest rate swaps and other derivative financial instruments, in the statement of net assets and funds at fair value. Derivatives are subsequently re-measured at their fair value with all the movements in fair value recognised in the statement of changes in net assets and funds, unless it is a designated and effective hedging instrument.

The fair value of publicly traded derivatives are based on quoted fair value for assets held and current offer prices for assets to be acquired, as traded on the South African Futures Exchange.

The fair value of non-traded derivatives is based on discounted cash flow models and option pricing models as appropriate. The Fund recognises derivatives as assets when the fair value is positive and as liabilities when the fair value is negative.

### Accounts receivable

Accounts receivable are stated at amortised cost less impairment allowance for doubtful debts.

### Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

### Other Schemes

The Fund also administers a deferred pension scheme, an additional voluntary contributions scheme and a performance bonus scheme. These schemes represent fully paid up benefits of its members. The schemes operate on an annuity basis with returns being allocated on a smoothed bonus basis. Administration costs are not allocated to the schemes. Contributions are brought to account on a cash basis for the additional voluntary scheme and on an accrual basis for the performance bonus scheme. Benefits are paid based on the return earned and contributions made to the schemes.

### Accounts payable

Accounts payable are recognised at amortised cost, namely original debt less principal payments and amortisations.

### Provisions

Provisions are recognised when the Fund 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.

## Revenue Recognition

### Contributions

Contributions are brought to account on the accrual basis.

### Investment income

Investment income comprises interest, dividends and rental income. The Fund recognises dividends when the right to receive payment is established. This is on the "last day to trade" for listed shares and on the "date of declaration" for unlisted shares. Dividend income includes scrip dividends, irrespective of whether there is an option to receive cash instead of shares.

The Fund recognises interest income when the right to receive payment is established. Interest income and expense for instruments measured at amortised cost are recognised in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the average expected life of the financial instruments or portfolios of financial instruments.

Rental income is recognised in accordance with the Fund's accounting policy in respect of operating leases where the Fund is the lessor.

### Foreign exchange gains and losses

Initially, transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Thereafter, assets and liabilities are translated at the closing exchange rate at each reporting date, with the resulting foreign exchange gain or loss included in the fair value gains and losses in the statement of net assets and funds.

## Asset impairment

Asset impairment tests are applied annually to assets whose measurement basis is historic cost or historic cost as adjusted for revaluations. An impairment loss is recognised when an asset's carrying value exceeds its recoverable amount. Impairment losses are initially adjusted against any applicable revaluation reserve then expensed in the statement of changes in net assets and funds.

The recoverable value is the higher of the asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Value in use is the present value of estimated future cash flows expected to flow from the continuing use of the asset and from its disposal at the end of its useful life.

## Depreciation

### Office furniture and equipment

The Fund carries office furniture and equipment at historical cost less depreciation and impairment, except for land which is carried at cost less impairment. Historical cost includes expenses that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Office furniture and equipment are depreciated on a straight line basis at rates calculated to reduce the book value of these assets to estimated residual values over their expected useful lives.

The periods of depreciation used are as follows:

| | |
|---|---|
| Computer equipment | 3 years |
| Furniture and fittings | 5 years |
| Office equipment | 5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of net assets and funds date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains or losses on disposals are determined by reference to the carrying amount of the asset and the net proceeds received, and are recorded in the statement of changes in net assets and funds.

## [ 1 ] Investments

### 1.1 Investment summary

| | Notes | Local<br>R'000 | Foreign<br>R'000 | Total 2009<br>R'000 | Total 2008<br>R'000 | Fair value 2009<br>R'000 | Categorised Per IAS 39 |
|---|---|---|---|---|---|---|---|
| Cash and deposits | | 5,795,102 | 2,124,882 | 7,919,984 | 9,909,669 | 7,919,984 | Note 1 |
| Debentures | | 286,888 | - | 286,888 | 299,856 | 286,888 | Note 1 |
| Bills, bonds and securities | | 11,673,564 | 1,687,204 | 13,360,768 | 11,088,267 | 13,360,768 | Note 1 |
| Investment properties | 2.3 | 187,445 | - | 187,445 | 191,200 | 187,445 | Note 1 |
| Equities: | | | | | | | |
| - Equities with primary listing on JSE | | 14,832,829 | - | 14,832,829 | 15,189,073 | 14,832,829 | Note 1 |
| - Equities with secondary listing on JSE | | 4,506,277 | - | 4,506,277 | 6,623,461 | 4,506,277 | Note 1 |
| - Foreign listed equities | | - | 3,694,339 | 3,694,339 | 4,044,019 | 3,694,339 | Note 1 |
| - Unlisted equities | | 97,928 | - | 97,928 | 119,662 | 97,928 | Note 1 |
| Linked insurance policies | | 504,054 | - | 504,054 | - | 504,054 | Note 1 |
| Private equity | | 444,351 | 32,662 | 477,013 | 454,146 | 477,013 | Note 1 |
| Preference shares | | 286,419 | - | 286,419 | 409,983 | 286,419 | Note 1 |
| Collective investment schemes | | 310,173 | - | 310,173 | 269,204 | 310,173 | Note 1 |
| Derivative market instruments | | (22,236) | - | (22,236) | (78,596) | (22,236) | Note 1 |
| Investment in participating employer(s) | 2.2 | 5,190,795 | - | 5,190,795 | 4,586,098 | 5,190,795 | Note 1 |
| **Total** | | 44,093,589 | 7,539,087 | 51,632,676 | 53,106,042 | 51,632,676 | |

**Note 1:** At fair value through statement of changes in net assets and funds

## [ 1 ] Investments continued…

### 1.2 Investments in participating employer(s)

| | At beginning of year R'000 | Fair value adjustments R'000 | At end of year R'000 |
|---|---|---|---|
| - Unlisted Debentures | 1,689,859 | 383,616 | 2,073,475 |
| - Equity Share | 2,726,164 | 149,409 | 2,875,573 |
| Investment in Pareto Limited | 4,416,023 | 533,025 | 4,949,048 |
| Eskom bonds | 170,075 | 71,672 | 241,747 |
| **Total** | 4,586,098 | 604,697 | 5,190,795 |

Investments in Pareto Limited were 9,58% as at 30 June 2009. The Fund is currently exploring different options to remedy it's excess investment in Pareto Limited so as to comply with requirements of section 19(4)of the Pension Fund's Act.

### 1.3 Investment properties

| | At beginning of year R'000 | Disposals R'000 | Fair value adjustments R'000 | At end of year R'000 |
|---|---|---|---|---|
| Office complexes | 191,200 | _ | (3,755) | 187,445 |
| **Total** | 191,200 | _ | (3,755) | 187,445 |

Investment properties were revalued on 30 June 2009 by Fund management who are familiar with revaluation of investment properties at open market values. The valuation was based on the following key assumptions, namely: the properties are regarded as non CBD (Central Business District) prime office parks situated in high rental demand areas and, the discount rate used to discount the gross rentals earned from these properties was the average rate using the SAPOA (South African Property Owners Association) guidelines.

## [ 2 ] Contributions received and accrued

| | At beginning of year R'000 | Towards retirement R'000 | Contributions received R'000 | At end of year R'000 |
|---|---|---|---|---|
| Member contributions - received and accrued | 45,229 | 524,387 | 548,431 | 21,185 |
| Employer contributions - received and accrued | 80,620 | 1,005,681 | 1,052,277 | 34,024 |
| Money purchase schemes | | | | |
| - Additional voluntary contribution | 271 | 10,619 | 10,562 | 328 |
| - Performance bonus | - | 77,211 | 77,211 | - |
| **Total** | 126,120 | 1,617,898 | 1,688,481 | 55,537 |

| | |
|---|---|
| Towards retirement | 1,617,898 |
| Toward re-insurance | - |
| Statement of changes in net assets and funds | 1,617,898 |

## [ 3 ] Net investment income

| | 2009 R'000 | 2008 R'000 |
|---|---|---|
| Income from property investments | 400,345 | 426,780 |
| Interest | 373,247 | 405,566 |
| Rental | 27,098 | 21,214 |
| Dividends | 1,310,307 | 836,437 |
| Interest | 1,832,891 | 1,588,142 |
| Profit on sale/redemption of investments | 13,962,030 | 11,548,394 |
| - Equities | 1,432,767 | 4,612,935 |
| - Futures | 10,520,234 | 5,615,243 |
| - Gilts and semi gilts | 1,133,830 | 263,219 |
| - Foreign exchange | 862,602 | 1,050,212 |
| - Other (money market, properties and carries) | 12,597 | 6,785 |
| Loss on sale/redemption of investments | (14,834,098) | (7,588,997) |
| - Equities | (1,570,091) | (416,470) |
| - Futures | (10,111,318) | (5,553,789) |
| - Gilts and semi gilts | (628,578) | (768,511) |
| - Foreign exchange | (2,509,668) | (808,485) |
| - Other (money market, properties and carries) | (14,443) | (41,742) |
| Securities lending fee | 17,520 | 22,888 |
| Private equity fees | 255 | 91 |
| Other income | 819 | 521 |
| Less: Expenses incurred to manage investments | (129,263) | (133,774) |
| Rental expense | (13,822) | (8,049) |
| Futures booking fees | (472) | (279) |
| Lending expenses | (454) | (1,325) |
| Portfolio management fees | (100,745) | (109,181) |
| Private equity management fees | (13,770) | (10,457) |
| Other | - | (4,483) |
| Fair value adjustment of investments | (3,302,828) | (5,377,429) |
| **Total** | **(742,022)** | **1,323,053** |

## [ 4 ] Benefits

| | At beginning of year R'000 | Benefits for current period R'000 | Return allocated R'000 | Payments/ (Transfers) R'000 | At end of year R'000 |
|---|---|---|---|---|---|
| Monthly pensions | 7,249 | 1,315,467 | - | (1,307,980) | 14,736 |
| Lump sums on retirement | | | | | |
| Pensions commuted | 119,827 | 153,532 | - | (122,469) | 150,890 |
| Lump sums before retirement | | | | | |
| Death and disability benefits | 45,972 | 126 | - | (25,134) | 20,964 |
| Withdrawal benefits | 373,042 | 55,868 | - | (238,045) | 190,865 |
| Divorce benefits | - | 44,562 | - | (44,562) | - |
| Retrenchment benefits | 9,719 | (7,881) | - | (1,838) | - |
| Schemes | | | | | |
| Additional voluntary benefits | - | 3,693 | - | (3,693) | - |
| Performance Bonus benefits | - | 78,389 | - | (78,389) | - |
| Trust monies | 206,283 | 50,405 | 31,202 | (45,926) | 241,964 |
| **Total** | **762,092** | **1,694,161** | **31,202** | **(1,868,036)** | **619,419** |

| | |
|---|---|
| Benefits for current year | 1,694,161 |
| Return allocated | 31,202 |
| **Statement of changes in net assets and funds** | **1,725,363** |

## [ 5 ] Risk management policies

### Solvency risk

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the Fund's contractual obligations to members.

Continuous monitoring by the Board and the Fund's actuary takes place to ensure that appropriate assets are held where the Fund's obligation to members are dependent upon the performance of specific portfolio assets and that a suitable match of assets exists for all other liabilities.

### Credit risk

Credit risk is the risk that a counter-party to a financial instrument will fail to discharge an obligation, and cause the Fund to incur a financial loss.

The Board monitors receivable balances on an ongoing basis with the result that the Fund's exposure to bad debts is not significant.

### Legal risk

Legal risk is the risk that the Fund will be exposed to contractual obligations which have not been provided for. Legal representatives of the Fund monitor the drafting of contracts to ensure that the rights and obligations of all parties are clearly set out.

### Cash flow risk

Cash flow risk is the risk that future cash flows associated with monetary financial instruments will fluctuate in amount. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value. The Board monitors cash flows by using monthly cash flow projections.

### Currency risk

Currency risk is the risk that the value of an instrument will fluctuate in Rands due to changes in foreign exchange rates. The Fund's exposure to currency risk is mainly in respect of foreign investments made on behalf of members of the Fund for the purpose of seeking desirable international diversification of investments. The Board monitors this aspect of the Fund's investments and limits it to 15% of total assets.

### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Fund's liabilities are backed by appropriate assets and it has significant liquid resources.

### Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices or market interest rates.

#### Investments

Investments in equities are valued at fair value and therefore susceptible to market fluctuations. Investments are managed with the aim of maximising


the Fund's returns while limiting risk to acceptable levels within the framework of statutory requirements.

Continuous monitoring takes place to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non–market related liabilities.

## [ 6 ] Promised retirement benefits

The actuarial present value of promised retirement benefits, distinguishing between vested benefits and non-vested benefits is set out in the report of the valuator.

# [ Independent Auditor's Report ]

## To the Board of the Eskom Pension and Provident Fund

### Report on the Summarised Financial Statements

The summarised financial statements set out on pages 33 to 44 have been derived from the financial statements of Eskom Pension and Provident Fund for the year ended 30 June 2009. These summarised financial statements are the responsibility of the Fund's trustees. Our responsibility is to express an opinion on whether these summarised financial statements are consistent, in all material respects, with the regulatory financial statements from which they were derived.

We have audited the regulatory annual financial statements of Eskom Pension and Provident Fund for the year ended 30 June 2009, from which the summarised financial statements were derived, in accordance with International Standards on Auditing.

In our report dated 17 November 2009, we expressed an unqualified opinion on the regulatory financial statements from which the summarised financial statements were derived.

In our opinion, the summarised financial statements are consistent, in all material respects, with the financial statements from which they are derived.

For a better understanding of the Fund's financial position and its financial performance for the year ended 30 June 2009 and of the scope of our audit, the summarised financial statements should be read in conjunction with the regulatory financial statements from which the summarised financial statements were derived and our audit report thereon.

### Restriction on use

The regulatory financial statements are prepared for regulatory purposes in accordance with the basis of preparation applicable to retirement funds in South Africa, as set out in the notes to the regulatory financial statements. Consequently, the financial statements and related auditor's report may not be suitable for another purpose.

**PricewaterhouseCoopers Inc**
Director: GJ Kapp
Registered Auditor
Johannesburg
17 November 2009

# [ Actuarial Report ]

## Particulars of financial condition of the Fund as at 30 June 2009

A statutory Actuarial valuation was carried out as at 30 June 2009. In respect of this valuation, I can comment as follows:

1. Net assets available for benefits - R50 665 million.

2. The actuarial value of the net assets available for benefits, for the purposes of comparison with the actuarial present value of promised retirement benefits - R50 529 million.

3. The actuarial present value of promised retirement benefits, split into vested and non-vested benefits - R38 994 million vested, and R0 non-vested.

4. Contingency reserve account balances - R11 535 million.

5. The projected unit method was adopted for the valuation, which is unchanged from the method used at the last statutory valuation. The contingency reserves comprise a solvency reserve calculated as the estimated additional amount required, to the extent that sufficient assets are available, to ensure that the liabilities and assets are matched on a substantially risk-free basis, a contribution reserve equal to the expected present value of the future contribution shortfall for the current membership, and a pension increase affordability reserve equal to the excess of the notional pensioner account over the pensioner liability and solvency reserve. This approach is unchanged from the last statutory valuation.

6. The key financial assumptions are that investment returns will exceed salary inflation by 4,50% per annum (4,26% at the previous valuation) before allowing for an age-related promotional scale. Future pension increases were assumed to be equal to the assumed consumer price inflation ratio of 6,00% per annum (4,50% at the previous valuation). The yield used to calculate the solvency reserve was equal to the assumed yield on index-inked bonds at the valuation date, adjusted for real salary increases and asset management fees . The approach is unchanged from the previous valuation.

7. There is a shortfall between the fixed contribution rate payable in terms of the rules and the actual required rate. At the valuation date this shortfall amounted to 0,71 % of pensionable salaries, or some R57,1 million in the year following the valuation data.

8. In my opinion the Fund was in a sound financial condition as at 30 June 2009 for the purposes of the Pension Funds Act, 1956.

Prepared by me:

**David K Little**
**VALUATOR**
*Fellow of the Faculty of Actuaries*

In my capacity as the valuator of the Fund and as an employee of
Fifth Quadrant Actuaries and Consultants
13 November 2009

***Standing from left:** Mr B I Steyn, Mr A Gaqa, Mr R K Pather, Ms S A Mosiane, Mr J Buthane, Mr P Ho, Mr J M Hattingh. **Seated from left:** Ms S Dube, Mr B Mokoena, Ms P Shuenyane*

## Executive Management

| | | | |
|---|---|---|---|
| **Mr B Mokoena** | Chief Executive | **Mr P Ho** | Investment Management |
| **Mr J Buthane** | Legal and Technical | **Ms S A Mosiane** | Information Technology |
| **Ms S Dube** | Human Resources | **Mr R K Pather** | Finance |
| **Mr A Gaqa** | Risk and Compliance | **Ms P Shuenyane** | Retirement Fund Operations |
| **Mr J M Hattingh** | Corporate Support | **Mr B I Steyn** | Strategy and Projects |

# [ Administration Details ]

**Eskom Pension and Provident Fund**
Fund registration number 12/8/564/2

| **Registered office** | **Postal address** |
| --- | --- |
| Moorgate House | Private Bag X50 |
| Hampton Park South | Bryanston |
| 24 Georgian Crescent | 2021 |
| Bryanston | South Africa |
| 2021 | |
| Telephone: +27 11 709 7400 | Fax: +27 11 709 7554 |

**Website address** www.eppf.co.za

**Benefit administrator** Self-administered

**Auditors**
PricewaterhouseCoopers Inc.
Private Bag x36
Sunninghill
2157

**Actuaries**
Fifth Quadrant Actuaries and Consultants
Private Bag X30
Rondebosch
7701

**Investment administrators**
During the year under review, approximately 69% of the total assets (excluding property) were managed by external asset managers, while the balance was managed in-house.

**Domestic asset managers:**
Afena Capital (Proprietary) Limited;
Argon Asset Management (Proprietary) Limited;
Blue Ink Investments (Proprietary) Limited;
Coronation Asset Management (Proprietary) Limited;
Element Investment Managers (Proprietary) Limited;
27Four Investment Managers (Proprietary) Limited;
Investec Asset Management (Proprietary) Limited;
Kagiso Asset Management (Proprietary) Limited;
Oasis Asset Management Limited;
Old Mutual Investment Group (South Africa) (Proprietary) Limited;
Pan African Asset Managers (Proprietary) Limited;
Rand Merchant Bank Asset Management (Proprietary) Limited;
Sanlam Investment Management (Proprietary) Limited; and
Sygnia Asset Management (Proprietary) Limited.

**International asset managers:**
BlackRock Investment Management (UK) Limited;
European Credit Management Limited;
Morgan Stanley Investment Management Limited;
RCM Global Investors (UK) Limited;
Russell Investments Limited; and
SEI Investment Management Corporation.

Eskom
Pension and Provident Fund

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