EPPF Annual Report 2011

Eskom
Pension and Provident Fund

Eskom Pension and Provident Fund

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EPPF ANNUAL REPORT 2011
GROWTH IN NET ASSETS

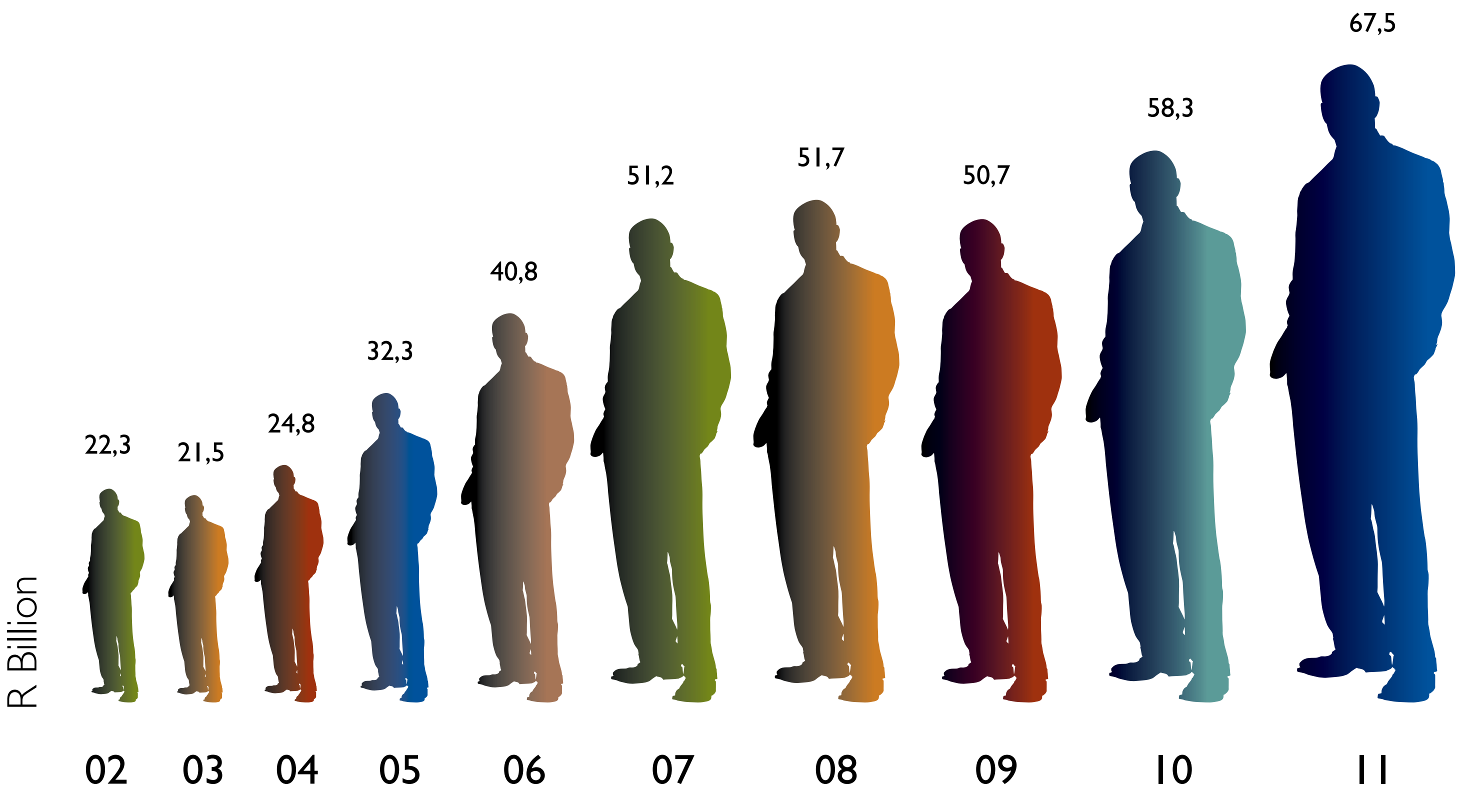
CUSTOMER FOCUS

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

PROFESSIONALISM

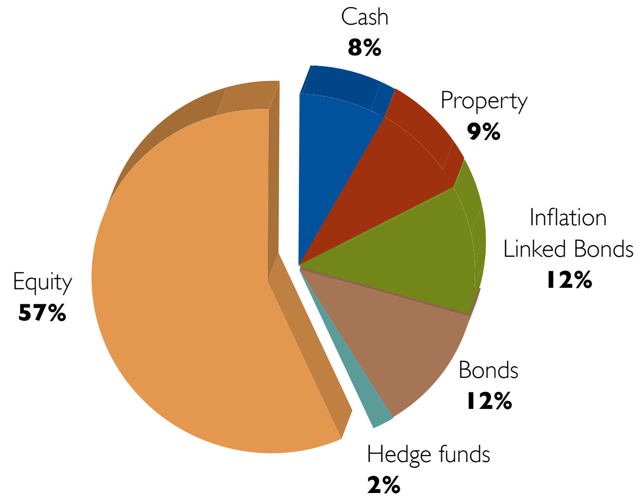
We approach every task, treat every customer in a professional manner.

Growth in Net Assets for the 10 year period ended 30 June 2011

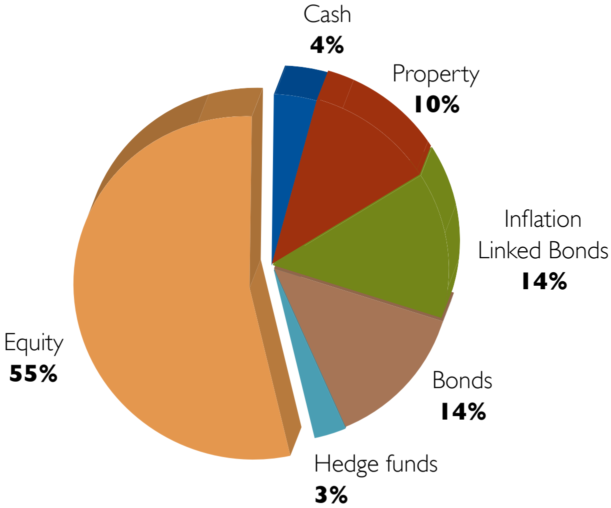


Asset Allocation percentage as at 30 June 2011

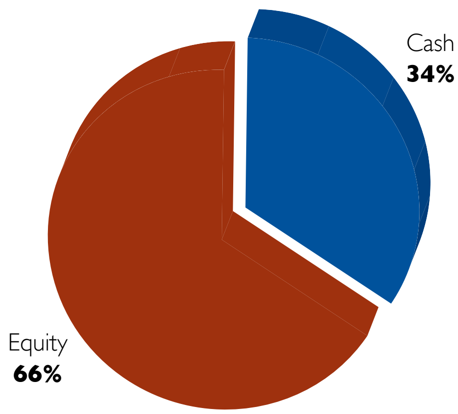
Total Fund



Domestic



Global



Chairman's Report

Honoured Members, Pensioners and Stakeholders; it is my privilege to present to you the Fund's Annual Report for the year ended 30 June 2011.

The Eskom Pension & Provident Fund proudly serves all of its stakeholders and over the years has grown to one of the largest retirement funds in the country. We are also in a unique situation where the Fund is one of a small number of remaining defined benefit funds in the country with the added characteristic of a defined contribution financial underpin. This "hybrid" situation presents a significant challenge towards ensuring the financial viability of the Fund into the future. In this report I will indicate how the Board intends to address this situation and secure the future financial viability of the Fund.

The previous financial year presented significant challenges in respect of the investment performance of the Fund within the local and global financial markets. We reported a steady recovery of investment markets during the previous year, a situation that increased in momentum during the year under consideration. We are happy to report a significant outperformance of the Fund's investment targets over this financial year.

In terms of governance, the Fund experienced a successful financial year. After a courtesy visit by the industry regulator, the Financial Services Board (FSB), there were various issues we have had to deal with, the most significant being a challenge in terms of the investment allocations allowed by Regulation 28 of the Pension Funds Act. In terms of Regulation 28, the Fund continued to look for solutions to the issue of its exposure to and shareholding in one company that represented its fixed property portfolio. We have been making steady progress towards solving this matter.

Restructuring of the Fund

The most significant strategic challenge for the Fund remains the restructuring of the Fund to resolve the burning issues around the "hybrid" structure of the Fund. As you may be aware, the Fund temporarily suspended the Defined Contribution (DC) Options project towards the latter half of the financial year 2010, but the initiative was revived during March of 2011. A special joint EPPF/Eskom task team was established to advise the principals on ways and means to take the restructuring initiative forward. This task team has subsequently completed and presented its report.

We still believe it is highly appropriate to continue discussions with all stakeholders on the matter and to evaluate the various options. We are optimistic that a breakthrough will be reached in the very near future and that all parties will be in agreement as to the most appropriate way forward.

Until the various challenges are resolved, however, the Fund continues to be expected to meet the retirement benefit needs of its members irrespective of the various factors that we have no control over, for example, the significant salary increases we have experienced in recent times. For as long as this issue remains unresolved, the optimum asset allocation for the Fund will always be a challenge.

Financial performance of the Fund

The Fund saw markets recovering steadily from the turmoil of the previous year. Consequently, the Fund has benefited significantly from such a recovery. Our year on year growth of investment return was 16,7% in the current year. The table below illustrates the investment return, growth in assets under management and a rolling three year investment return for the current year.

	2011	2010
Investment return	16,7%	14%
Assets under management (bn)	R67, 5bn	R58,3bn
Three-year rolling return	9,4%	4,4%

The Fund's investment return for the year ended 30 June 2011 was 16,7% (2010: 14%). Assets under management grew from R58,3bn to R67,5bn. As a result of the good investment return in the current financial year, the three year rolling investment return has improved from 4,4% in 2010 to 9,4% in 2011.

We find our strength in our diversity.

Over the longer term (more than 5-year rolling average return), the Fund returns are still looking good. Over the rolling 5-year period, the Fund has returned 10,99% compared to CPI of 6,51%. Over the rolling 10-year period, the Fund has returned 13,96% compared to CPI of 5,84%. This shows that the Fund still continues to be in a healthy financial position on a long term basis.

In order to continue enhancing the returns and play a meaningful role in our economy and the region, we will continue to look for new exciting investment opportunities both locally and internationally. We will seek suitable partners in order to minimize the risk associated with such investments.

Valuation of the Fund

We conduct a statutory valuation of the Fund every three years. The previous statutory valuation for the year ended 30 June 2009 indicated a deterioration in the surplus available in the Fund, causing a decrease in the funding level from the previous 110% in the 2006 valuation period, to 100%.

The reasons for such a significant deterioration in the Fund's financial health, can be found in the ongoing turbulence in the investment markets and the impact of higher than expected salary increases granted to current employees of the Employer. The issue of salary increases was also covered in a previous paragraph dealing with restructuring of the Fund.

The interim valuation carried out as at 30 June 2011 showed an improvement due mostly to good investment performance. At that date the funding level had improved to 111% with a modest surplus of R6,9 billion. We expect the financial health of the Fund to improve in line with the recovery of the markets in 2011/2012.
However, the financial status of the Fund depends on various factors such as the rate of salary increases granted by the Employer and the performance of the investment markets. This situation will continue until the issues around the structure of the Fund are resolved, and this will continue to pose a challenge.

Pension Increases and Bonuses

When considering pension increases for 1 January 2011, the Board considered the improved investment returns for the preceding year and also took note of further subsequent improvement in market conditions at the time, a factor that allowed the Board to consider a more favourable increase. Consequently, the pension increase with effect from 1 January 2011 was set at 7,7%, in addition an annual bonus was also declared.

The Board is acutely aware of the effect of real levels of inflation and the financial strains experienced by pensioners. However, the Board has to find the middle ground to best meet the needs of our pensioners to maintain their living standards, but also to preserve the overall long-term financial soundness of the Fund. My sincerest gratitude goes to the members of the Board for the manner in which they engage and apply their minds to this issue.

Looking forward it is evident that investment market volatility is now a constant factor to consider in our investment approach and our stakeholders must be aware that future increases are highly dependent on affordability.

Governance and Management

The Board has made significant progress towards the improvement 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 new King III 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.

Matters raised by the Financial Services Board (FSB)

The Board was fully informed of all matters arising from a visit by the Compliance Section of the FSB and most of the matters have been resolved.

The one major remaining issue is around compliance with Regulation 28 of the Pension Funds Act, more specifically relevant to property holdings, has been addressed. The Board is waiting for the final outcome from various authorities. Once this matter is laid to rest, the compliance section of the FSB will be advised accordingly and the matter will be resolved.

In terms of governance and compliance, the Fund continues to strive for perfection. The visit by the FSB enhanced our belief that we can do even better.

May I also take this opportunity to thank the Fund's management and staff for working tirelessly in supporting the Board in meeting its mandate, while enhancing our compliance with all regulations and relevant legal requirements.

Economic Transformation

Black owned asset management companies

The Fund continues to pursue its strategic objective to support national economic transformation through selective investments in Socially Desirable and Broad Based Black Economic Empowerment instruments without compromising the principle of achieving acceptable investment returns.

Socially desirable investments

We are finalising the process of re-evaluating and redefining the Fund's role in this sector. Consequently, there have been no major changes in this area.

Notices and Acknowledgements

During the latter half of 2010 the long-serving Chairman of the Fund, Mr Kennedy Memani, decided to finally call it a day. Mr Memani has served the Fund in an exemplary manner and his contribution to the growth and stability of the Fund, has been tremendous. We wish Mr Memani all the best.

During the year Mr Nic Bailey, who was an employee-elected Trustee, retired and consequently vacated his position as trustee. Mr Bailey has contributed to the Fund over many years and he will be missed. We wish him well in his new environment and thank him for his contribution to the Fund.

During the year the Board and its Committees performed at high level with considerable sacrifice in terms of personal time and other responsibilities. The Chairpersons of the various Committees displayed commitment and leadership and to every member of the Board I extend once again my sincere appreciation for a job well done!

During the course of the year we also worked closely with various other stakeholders who assisted us in one way or another, to carry out our responsibilities. In this regard we acknowledge the valued contributions by the senior management team of ESKOM under the leadership of the Chief Executive Officer of Eskom, Mr Brian Dames.

The past year presented significant difficulties and I am sure the New Year will bring its own variety of challenges. However, I remain confident that we shall overcome these challenges and that our commitment to serving our members will be our most important asset. We are always open to suggestions on how to improve our performance, please feel free to forward your comments and contributions to the various structures of the Fund.

I would like to take this opportunity to thank the staff at EPPF for their continued commitment to the Fund and for the successful implementation and management of the Fund's strategy under the leadership of the Chief Executive.

Wishing you all the best for the future and the 2011 festive season!

HLENGANI MATHEBULA
CHAIRMAN
18 NOVEMBER 2011

EPPF Pensioners, Elma and Brian Mulligan celebrate 55 years of marriage.

Many pensioners attend our EPPF Pensioner Functions where they take time to socialize and enjoy the food and refreshments provided in the company of past acquaintences

Chief Executive's Report

I am pleased to present an overview of the Fund's Investment and Administration activities for the year ended 30 June 2011 and to highlight the successes and challenges for the year under review.

They say "no journey is too great when one finds what he seeks…". During this financial year the Fund embarked on a journey to strive for excellence in all the things we do, especially in serving our members. This journey involves improving our Information Technology landscape, investing in the development of our people, being a responsible corporate citizen by adhering to the highest governance standards and continuing to improve returns on assets under management.

1. ENVIRONMENTAL OVERVIEW

1.1 Economic Outlook

At the beginning of the Fund's financial year in July 2010, the major equity markets were negative as sovereign debt concerns in Europe unsettled investor confidence. Sentiment improved in early November 2010 when a second round of quantitative easing was announced in the United States.

This quantitative easing, referred to as QEII, introduced unprecedented amounts of liquidity into the markets, and drove the prices of emerging market equities higher; bond yields lower and emerging market currencies stronger as global investors searched for alternative assets.

Towards the end of November 2010, investor sentiment turned negative again, triggered by concerns over tighter monetary policy in China, as the authorities attempted to forestall a real estate bubble in China, and Ireland experienced fiscal and banking problems. Speculation mounted over which European country would require fiscal help after Ireland. The ongoing sovereign debt crisis in parts of Europe stirred an extreme level of fear among investors about the overall region. Nevertheless, global equity markets bounced back in December 2010, ending the calendar year on a strong note.

The year 2011, up to 30 June, has been very eventful. Two major events had a lasting negative impact on the performance of the global financial markets: the political turmoil in North Africa and the Middle East, and the earthquake, tsunami and subsequent nuclear crisis in Japan.

Key South African Indicators Returns to June 2011	**1 Month**	**3 Months**	**6 Months**	**1 Year**
MSCI World	-1,5%	+0,7%	+5,6%	+31,2%
MSCI Emerging Markets	-1,5%	-0,1%	+1,0%	+28,2%

Note: The above changes reflect total USD returns.

Key South African Indicators Returns to June 2011	**1 Month**	**3 Months**	**6 Months**	**1 Year**
All Share	-2,0%	-0,6%	+0,5%	+24,6%
All Bond	+0,2%	+3,9%	+2,3%	+11,3%
Cash	+0,5%	+1,4%	+2,8%	+6,1%

Note: The above changes reflect total returns.

1.2 Internal Environment

The Fund began the year with a focus on implementing closure on project Fufuwe (project to implement a new administrative system) and finalising the new IT Roadmap. A lot of focus was directed at looking at the future financial sustainability of the Fund which necessitated the revisiting of the DC Options project.

The Board took a decision to lift the suspension previously placed on the project and set up a joint task team with Eskom to recommend a way forward on the matter. In order to create stability within the Fund it was also important to swiftly fill vacancies in key and strategic positions. To this effect both the positions of Chief Investment Officer and that of Chief Financial Officer were filled during October and December 2010, respectively.

The Fund also bid farewell to Mr Kennedy Memani who had been the chairman of the Fund for a period of 10 years and welcomed Mr Hlengani Mathebula as the new chairman.

2. KEY PRIORITIES FOR THE YEAR ENDED 30 JUNE 2011

The Fund had the following priorities as agreed to by the Board for the year ended 30 June 2011:

Key Priorities		***Weighting***
Investment returns		40%
Operational Efficiency		20%
- Cost management	5%	
- Efficient Administration	5%	
- Customer Service	5%	
- Multi-Fund Admin Capacity	5%	
Black Economic Empowerment		10%
Corporate Governance and Compliance		15%
Fund Restructuring	5%	
Compliance and Governance	10%	
Development of Leadership Capacity		15%

2.1 Investment Performance (Investment Management Unit)

There were a number of personnel changes in the Investment Management Unit (IMU) during the year under review. In October 2010, Ms Linda Mateza was appointed as the Fund's Chief Investment Officer having joined the Fund in 2008 in the role of Investment Multi-Manager.

Other vacancies of Chief Dealer, Investment Multi-Manager and that of Portfolio Manager Listed Equities, were also filled during the year. In spite of all these changes, the team remained focused and dedicated to delivering on its stewardship of the Fund's financial assets.

The investment returns achieved over this period are testimony to the team' s hard work and tenacity. The IMU team continues to manage a portion of the assets in-house amounting to R20 billion in equity, bond, money market and absolute return portfolios.

The vacancies in the IMU did, however, result in delays in the implementation of certain key objectives, such as increasing the Fund's investments in the rest of Africa.

In order to enhance efficiencies within the IMU, a revised enhanced structure was approved by the Human Resources and Remuneration Committee, and is in the process of being implemented.

2.1.1 Investment Returns

The primary investment objective of the Fund remains to earn a net real Rand investment return of 4,5% per annum over the long-term. For scorecard purposes the performance evaluation is based on a period of three years. However, markets are cyclical and a more meaningful assessment of the long-term performance can be derived from the 5 and 10 year periods.

The investment return for the year ended 30 June 2011 was 16,7% compared to CPI of 5,0% for the same period, resulting in a positive real return of 11,7%. The Fund's investment returns over various periods are reflected in the following table:

	1 Year	3 Years	5 Years	10 Years
Actual return	16,7%	9,4%	11,0%	14,0%
CPI	5,0%	5,4%	6,5%	5,8%
Real return	11,7%	4,0%	4,5%	8,1%

The Fund outperformed the targeted 4,5% real return for the financial year ended 30 June 2011, but fell short of outperforming the target over a rolling 3-year period (4,0% which is lower than the target real return of 4,5%). This is still an improvement from the rolling 3-year underperformance which was -2,7% at 30 June 2010.

The underperformance is the result of the negative returns sustained in 2008 and 2009 due to the global financial crisis. The 5- and 10-year performance remains satisfactory despite the setbacks over the past three years.

The actual return achieved relative to the Strategic Asset Allocation benchmark return (both excluding property) was as follows:

Actual return	18,00%
Strategic Asset Allocation benchmark return	15,35%
Excess return	2,65%

2.1.2 Investment Strategy

During the year the focus for the Investment Management Unit was on implementing the required changes to the Fund's strategic asset allocation in order to better align the actual asset allocation with the revised strategic asset allocation.

2.1.3 Internally Managed Portfolios

In line with the Fund's long-term strategy of gaining investment exposure to the rest of Africa, the Fund made the following private equity commitments during the year ended 30 June 2011:

- A $6,5 million (equivalent to around R50 million) commitment to the Helios Investment Partners' Fund II, which primarily pursues investment opportunities in other Sub-Saharan African markets.
- A $6,5 million (equivalent to around R50 million) commitment to the Capital Alliance Private Equity Fund III (CAPE III) managed by African Capital Alliance, a private equity firm investing in Nigeria and other West African countries.
- In the domestic private equity portfolio, a R100 million investment was made into the Bakwena Platinum Corridor Concession (BPCC) project.

Subsequent to these investments, the Fund's private equity portfolio, which constitutes 3% of the total Fund, is fully invested.

No new investments were made in the Socially Desirable Investments (SDI) portfolio, although several proposals were evaluated. Fund management initiated a process of reviewing the policy governing the portfolio, and this project is currently under way.

2.1.4 Property Investments

Pareto Financial Performance for the year ended 30 June 2011.

The Fund is a 60% shareholder in Pareto Limited (Pareto), a property investment company. The net income available to the unit holders of Pareto for the year ended 30 June 2011 amounted to R757,9 million, which is 10,1% higher than the actual net income for the prior year of R688,1 million.

- Business Venture Investments No. 1360 (BVI) Financial Performance for the year ended 30 June 2011.

The Fund acquired a 60% ownership interest in BVI. BVI acquired a 50% interest in each of Menlyn Park, Cavendish Square and Cavendish Connect shopping centers during July 2010. Pareto is the asset manager and agent of BVI. The net income available to unit holders of BVI for the year ended 30 June 2011 amounted to R58,6 million.

- Sale of Pareto and BVI.

The Public Investment Corporation (PIC) made an offer to the Fund to acquire the Fund's entire interest in Pareto and BVI. The sale transaction was approved by the Board. The Sale and Purchase agreement was concluded subsequent to 30 June 2011. The transaction is subject to the approval by the Competition Commission. Such approval is expected either towards the end of this calendar year or earlier in the new calendar year.

- Directly Owned Properties.

As part of the Fund's strategy to dispose of directly owned properties it does not occupy, the Fund, during the year, disposed of 21 Wellington Road, Parktown.

2.1.5 Responsible Investing

The Fund maintained its status as a signatory to the United Nations Principles for Responsible Investing (UNPRI), which is a set of global best-practices for responsible investment. The principles upheld include, among others:

- Incorporating Environmental, Social and Governance (ESG) issues into investment analysis and decision-making processes,
- Being active owners and incorporating ESG issues into our ownership policies and practices, and
- Seeking appropriate disclosure on ESG issues by the entities in which we invest.

The Fund also became a signatory to the Code for Responsible Investing in SA (CRISA), which upholds similar principles to that of the UNPRI.

The Fund appointed an external service provider to provide the monitoring, proxy voting, and reporting services to ensure that the Fund executes its responsibilities as an active asset owner and incorporates ESG issues into its policies and practices.

The Fund also finalised and approved a Statement of Responsible Investing Principles, which sets out the Fund's position on responsible investing practices. The Fund's objectives are to:

- Uphold its fiduciary duty of being a responsible investor
- Actively implement its principles through activism and investment allocation
- Actively monitor and report on its responsible investing activities.

2.2 Efficient Administration

Given the challenging prevailing economic conditions, the Fund continued to focus on always providing its stakeholders with quality service in a cost effective manner. This was underpinned by a strong focus on cost management and streamlined operational excellence while not compromising on customer service.

2.2.1 Cost Management

The Finance Department started the year with the departure of the Chief Financial Officer. During December 2010, Ms Nopasika Lila was appointed as the new CFO of the Fund. She is a Chartered Accountant who brings vast experience to the Fund. The Department continued, throughout the year, to drive cost management throughout the organisation.

A summary of the Fund Administration costs for the year ended 30 June 2011 is provided below.

	Actual 2011 R 000	Actual 2010 R'000
Personnel costs	43 440	39 000
Other Admin costs	50 829	34 431
Fund Administration costs	94 269	73 431

The main cost driver was IT related costs. From July 2010, Eskom had moved away from the mainframe IT platform which they were sharing with the Fund. Given this development the Fund now had to assume the full costs of the entire mainframe and support which resulted in increase in IT costs in 2011.

2.2.2 Operational Excellence and Customer Service

- Fund Operations

During the year management conducted a review of the process flows in the Operations Department in order to align the work stream and improve efficiencies. This process resulted in ensuring that backlogs were resolved, turnaround times were improved, audit issues were addressed and the Evidence of Survival process ran smoothly.

External tracing agents were engaged during the year to locate beneficiaries whose benefits remain unclaimed in the unclaimed benefit account.

The Communication strategy was revised and approved by the Board during the year.

Fund Operations also managed to:

1. Successfully settle all benefit claims where administration requirements were fully in place within 7 days.
2. Ensure pensioner payroll was processed on time.
3. Improve the death in-service processes through the work done by the Fund's Social workers.
4. Communicate with our stakeholders through the Pensioner talk and site visits.
5. Handle a vast number of enquiries and provided support through the call centre.

- Human Resources

On the Human Resources front a culture survey conducted had indicated that there was a perception that there is inadequate internal communication. In order to enhance communication, Chief Executive quarterly update sessions were held as well as departmental feedback sessions with the Chief Executive.

These sessions have yielded positive results as all staff feel informed and part of the organisational strategic goals and are aware of how they can contribute to achieving these goals.

During the year an Employee Wellness Day was launched. Various health tests were conducted with an 80% staff turnout. A number of staff with various personal challenges were referred to an Employee Assistance Programme.

As part of building leadership capacity, management underwent a Personality Compass Assessment. This tool highlights personality traits and how these impact on the management style and ability. The outcome has assisted in identifying areas for coaching and development in order to enhance leadership capacity.

A number of human resources Policies and Procedures have been reviewed and finalised during the year.

- Legal and Technical Services

Legal and Technical services continued to provide support to the Board and its Committees as well as to the entire organisation. Legal also acted as the custodian of maintaining and updating the Fund rules. The Legal and Technical department facilitated Rule amendments number 5 and 6 to effect transfers to the preservation funds on the sale of an employer in terms of Section 194 of the Labour Relations Act. Legal Service also facilitated the updating of the rules as per the recommendations of the FSB after their visit to the Fund.

During the year through our legal services we maintained our relationship with the FSB and effectively dealt with all complaints from the Pension Fund Adjudicator and members.

Legal also played a vital role in vetting our legal agreements. Another area that was managed through our legal services was the restructuring of Pareto to comply with Regulation 28. This Pareto restructuring matter is still ongoing with the pending sale of Pareto. The Fund currently has an exemption from the FSB which expires in 2012.

- Risk and Compliance

Risk and Compliance continued to monitor Asset Manager Compliance against the signed mandates with no significant instances of non-compliance noted for the year. The Risk and Compliance department actively participated in monthly Investment Management Unit meetings as well as in the quarterly Asset Manager Report back sessions. Risk and Compliance also continued to support the Audit and Risk Committee of the Board and maintained the organisational risk register.

- Information Technology

Following the termination of project Fufuwe, the IT department was tasked with the development of a new IT Roadmap. The Roadmap was finalised and approved by the board during the year and mainly covered the following issues:

- Reduction of IT costs;
- Improvement of operational efficiency;
- Improvement of customer service;
- IT governance and IT risk management;
- Capacity to host a DC option; and
- Multi Fund Administration.

- Corporate Secretariat and Facilities Department

The Corporate Secretariat continued to provide support to the Board, its Committees and Management. In total 99 Board,

Board Committee and Executive Committee meetings were held during the year. Corporate Secretariat facilitated a self assessment exercise for the board and all its committees during the year.

Corporate Secretariat during the year facilitated the review of the terms of reference of management and Board Committees as well as the review of certain policies such as the Trustee Remuneration Policy.

- Strategy and Projects

The Strategy and Projects Department continued to act as a multi-disciplined internal strategic and project management advisory to the broad spectrum of activities of the Fund. During the year this department was involved in all major projects from a perspective of strategic direction and ensuring that projects were managed according to proper project management principles. The focus was prominently on facilitating strategic direction and ensuring that projects were executed and managed with clear consideration of achievement, reporting and control.

The department assisted with various mainstream projects, such as the Policy Review project (ongoing); the Evidence of Survival Project; review of the Communication Strategy; and the Fund Restructuring Project.

2.3 Broad Based Black Economic Empowerment

The Fund continues to take pride in championing and driving Broad Based Black Economic Empowerment in the Asset Management Industry.

Further steps were taken towards the allocation of 40% of domestic external mandates to Black Asset Managers over a three-year period with intermediate targets of 25% for 2009, 33% for 2010 and 40% for 2011.

As at 30 June 2011, 33% of the Fund's domestic external mandates were allocated to black asset managers. Although in percentage terms this figure remains the same as in June 2010, it is higher in Rand terms at R9,7 billion out of R30 billion as compared to R8 billion out of R 25 billion in June 2010.

The Department of Trade and Industry Codes are used to evaluate and monitor Asset Managers' BBBEE compliance, and Asset Managers are required to obtain a minimum Level Three

rating according to the DTI Codes. At 30 June 2011, four Asset Managers had a Level Four rating. Fund management is in the process of engaging with the Level Four Fund Managers to ensure that they are implementing measures to ensure a higher level of BBBEE compliance and transformation in general. The Fund's BEE policy relating to asset managers is currently under review.

2.4 Fund Restructuring

The Fund has been engaged in discussions with Eskom on the issue of introducing a DC Option.

During the current financial year the Board resolved to lift the suspension on the DC Options project and appointed a joint task team comprising of the Fund and Eskom representatives to come up with recommendations on how to revive the DC Options project. The joint task team has met over a period of time and its recommendations have been presented to the Fund and Eskom. Further consultation in this regard is ongoing.

2.5 Financial Services Board

The Financial Services Board (FSB) conducted their compliance

PROFESSIONALISM

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

review on the Fund during July 2010. Their review was categorised into a session with the Fund management, a session with the Board of Trustees and a review of the administration systems.

The Board held a workshop afterwards to discuss a process to be adopted to resolve the issues raised by the FSB. Subsequent to the FSB visit the Board has recommended certain changes to the Fund rules in order to address the issues raised by the FSB.

3. STAKEHOLDER ENGAGEMENT

The Fund has continued to engage with Eskom to deal with issues of implementing the DC Option and maintained its relationships with regulators, members and associate organisations like the Institute of Retirement Funds (IRF) and Principal Officers Association (POA).

4. KEY PRIORITIES FOR 2012

The Board approved the following key priorities for the 2012 financial year. Management has already had a session to agree on the key actions required to achieve these priorities and these have been communicated to the all staff.

Key Priorities	***Weighting***
Investment Returns	40%
People Development	10%
BBBEE	10%
Fund Restructuring (DB/DC)	20%
IT Road Map Implementation	10%
Operational Efficiency	10%

CONCLUSION

The 2010/2011 financial year presented the Fund with various challenges other than those which could be categorised as "routine". In particular the situation regarding the Fund's IT environment and the Fund Restructuring initiative demanded intensive and prolonged interaction with various stakeholders, but these challenges were met and the Fund emerged at the end of the financial year celebrating significant achievements in those areas.

Investments and financial modelling remain a crucial point on the Fund agenda and while the past financial year has seen severe volatility in this regard, the Fund has emerged stronger than ever before under the leadership of management with the support of the Board of Trustees. The future will again present challenges, but I am confident that the administration is well positioned to meet and deal with those as they may arise.

In conclusion, I would like on behalf of the Fund's Executive Management to express our thanks and appreciation to our Board of Trustees under the leadership of Mr Mathebula for its guidance and support throughout the year. I also would like to thank my fellow Executive members who assist me on a day to day basis in implementing the Fund's strategic objectives. I also want to express my special thanks and gratitude to all of EPPF's staff members who have over the past year gone the extra mile to provide excellent service to our members.

I look forward to a challenging but fruitful 2012 financial year.

SIBUSISO LUTHULI, CA (SA)
CHIEF EXECUTIVE AND PRINCIPAL OFFICER
18 NOVEMBER 2011

Corporate Governance

The Fund supports the Code of Governance Principles as recommended by the King III Report on Corporate Governance for South Africa, and confirms that where applicable, it has complied with the principles of the Code for the 2010/2011 financial year.

CORPORATE PRACTICE AND CONDUCT

Board of Trustees: Role and Function

The Board has a fiduciary duty to act in good faith, with due care and diligence. It is ultimately accountable and responsible for the performance and affairs of the Fund, providing the 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 Fund Management.

The Board has approved a Board Charter which forms part of the Fund's Delegation of Authority that provides guidance to the Trustees in discharging their duties and responsibilities.

Membership

The Eskom Pension and Provident Fund Board of Trustees, in terms of legislation, statutory requirements and the Rules of the Fund consist of fourteen members. They are:

- A Non-Executive Chairman appointed by the Principal Employer (Eskom), subject to Board of Trustees approval.
- Six Trustees appointed by the Principal Employer (Eskom).
- Two Pensioner Trustees elected by the pensioners.
- Five Member Trustees elected by the members, of whom at least two shall be members of the Fund.

The Board of Trustees is composed of a group of individuals with diverse backgrounds which provides for a wide range of experience, expertise and skill, each of whom adds value to the Board's deliberations and decision making processes.

Term of Office

The term of office of the Board of Trustees is four years, with the current Board's termination date being 31 May 2012. Board members cannot serve for more than two consecutive terms of four years each.

Meetings

The Board meets at least once a quarter and monitors Fund Management's compliance with policies and its achievements against pre-determined objectives. 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 Trustees. Eight meetings were held during the year under review.

Performance Assessments

Performance assessments of the Board as well as of its Committee's are conducted on a bi-annual basis. The Chief Executive is appraised by the Chairman of the Board in consultation with the Board, whilst the Board will appraise the performance of the Chairman.

Fees

Board and committee members are compensated for their contribution to the Board and the committees on which they serve. The fee structure of which is revised on an annual basis.

Training

Board and committee members' training is considered essential for the ongoing improvement in the execution of members' fiduciary responsibilities.

The Board and committee members attended a number of training sessions and conferences during the year under review.

Board Committees

The following Board committees have been established to assist the Board of Trustees in executing its responsibilities and duties towards its members, pensioners and other stakeholders. Each committee operates within the structure of its terms of reference and delegated authority as approved by the Board of Trustees, they being:

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

The Audit and Risk Committee (ARC)

The Audit and Risk Committee consists of six trustees, including the Committee's Chairman. Four meetings were held during the year under review, and attended by the Chief Executive, Chief Financial Officer, Chief Investment Officer, Risk and Compliance Manager and the Executive Manager Strategy and Projects, with other members of staff attending by invitation. Representatives of the Internal as well as External Auditors also attend these meetings, having unrestricted access to both the Chairman of the Board and the Committee's Chairman.

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 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 of Trustees.

Benefits Committee (BC)

The Benefits Committee consists of six trustees, which includes the Committee's Chairman. Five meetings were held during the year under review, and attended by the Chief Executive, Legal and Technical Services Manager, Retirement Fund Operations Manager, Executive Manager Strategy and Projects as well as the Customer Services Manager. Other members of staff attend meetings on invitation.

The Benefits Committee oversees and directs the retirement fund operations on behalf of the Board of Trustees.

Human Resources and Remuneration Committee (HRRC)

The Human Resources and Remuneration Committee consists of five trustees and one external expert, including the Committee's Chairman.

Five meetings were held during the year under review, and attended by the Chief Executive and Human Resources Manager.

The Human Resources and Remuneration Committee is a Board committee established to:

- Determine the executive management remuneration and remuneration policy framework and making recommendations to the Board of Trustees in this regard.

- Ensure that the executive remuneration policy and practice is in accordance with best corporate practice.

- Ascertain that Human Resource policies and practices are in line with all relevant legislation and best corporate practice.

Strategic Investment Committee (SIC)

The Strategic Investment Committee consists of five trustees which includes the Committee's Chairman as well as four external experts.

Five meetings were held during the year under review, and attended by the Chief Executive, Chief Financial Officer, Chief Investment Officer, Risk and Compliance Manager, Absolute Return Portfolio Manager, and the Investment Multi Manager.

The Strategic Investment Committee is delegated the authority and responsibility to monitor the Fund's financial and property investment affairs in accordance with the Rules of the Fund and relevant legislation and statutory requirements on behalf of the Board of Trustees.

Management Committees

The following Management Committees are operational in the Fund:

- Executive Committee
- Health and Safety Committee
- Information Technology Steering Committee
- Medical Panel
- Procurement Committee
- Risk and Compliance Committee
- Sub-Committee of the Benefits Committee

Executive Committee (EXCO)

The Executive Committee consists of the Chief Executive, Chief Financial Officer, Chief Investment Officer, Risk and Compliance Manager, Legal and Technical Services Manager, Human Resources Manager, Corporate Secretary, IT Manager,

Retirement Fund Operations Manager and the Executive Manager Strategy and Projects.

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

The Committee assists the Chief Executive in exercising executive oversight and is responsible for ensuring the effective management of the daily operations of the Fund.

Health and Safety Committee (HAS)

The Health and Safety Committee consists of the Corporate Secretary, Facilities Manager, Principal Clerk: Corporate Services, Management Accountant and representatives from Human Resources and Risk and Compliance.

The Committee is chaired by the Corporate Secretary and convenes on a quarterly basis.

The purpose of the Committee is to initiate, promote, maintain and review measures of ensuring the health and safety of staff.

INTEGRITY

All our actions reflect integrity and respect.

Information Technology Steering Committee (ITSC)

The IT Steering Committee consists of the Chief Financial Officer, Risk and Compliance Manager, Information Technology (IT) Manager, Retirement Fund Operations Manager, Executive Manager Strategy and Projects, with other members of staff attending by invitation.

The Committee is chaired by the Chief Financial Officer and convenes on a quarterly basis with ad hoc meetings called as and when required.

The primary functions of the Committee are the promoting of improved communication and recognizing the partnership(s) required for a successful IT deployment.

Medical Panel (MP)

The Medical Panel consists of three independent medical practitioners, one Eskom Medical Advisor, the Fund's Legal and Technical Services Manager as well as the Fund's Retirement Fund Operations Manager, other members of staff attend by invitation.

Monthly meetings are conducted, chaired by one of the independent medical practitioners.

The role of the Medical Panel is to, in accordance with provisions stipulated in the specific rules of the Fund, assess the health condition of members of the Fund applying for ill-health retirement benefits, and to make recommendations to the Board in this regard.

Procurement Committee (PC)

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

It is chaired by the Chief Financial Officer with Committee meetings being held at least every quarter, with ad hoc meetings called as and when required.

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.

Risk Management Committee (RMC)

The Risk Management Committee consists of the Chief Executive, Chief Financial Officer, Chief Investment Officer, Risk and Compliance Manager, Legal and Technical Services Manager, IT Manager, Retirement Fund Operations Manager, Executive Manager Strategy and Projects, one Board member and one member of Internal Audit.

It is chaired by the Chief Executive, with meetings taking place every quarter.

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

Sub-Committee of the Benefits Committee (SCBC)

The Sub-Committee of the Benefits Committee consists of the Chief Executive, Statutory Controller, Retirement Fund Operations Manager, Executive Manager Strategy and Projects and the Benefits Processing Supervisor.

The Committee is chaired by the Chief Executive and convenes on a monthly basis.

The Committee is responsible for approving advances on instalment lumpsums registered with the Fund on behalf of the Board of Trustees.

The Board of Trustees

H C Mathebula
Employer Appointed
(Chairperson:
Board of Trustees)
November 2010

A Jeawon
Employer Appointed
(Chairperson: Audit and
Risk Committee)
April 2005

J M Maisela
Employer Appointed
(Chairperson:
Human Resources and
Renumeration Committee)
August 2004

S M Mamorare
Employer Appointed
May 2010

T J Matsau
Employer Appointed
April 2005

B Smith
Employer Appointed
May 2010

N K Tsholanku
Employer Appointed
June 2008

M A P Tseki
Member Elected
(Chairperson: Benefits Committee)
May 1999

M N Bailey
Member Elected
November 2003
(Member Resigned June 2011)

B Blignaut
Member Elected
March 2002

W E Green
Pensioner Elected
June 2008

G J Kruger
Member Elected
June 2008

D Macatha
Member Elected
June 2008

W J Swart
Pensioner Elected
June 2008

Member-elected Trustees includes Pensioner-elected, Bargaining Council and Non-Bargaining Council elected Trustees

Summary of Benefits

The benefits are in terms of the Rules as they applied in 2010/2011. The Rules are reviewed by the Board and registered by the Financial Services Board and approved by the South African Revenue Services for income tax purposes. In the event of a conflict between this summary and the Rules of the Fund, the relevant provisions of 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 by 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 pensionable age.

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 the penalty factor of 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 annual 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, a reduced pension for the rest of the life of the remaining spouse.

3. Pension increases

Pensions are increased on 1 January in 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 emoluments 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 the first 60% of the member's potential pension is payable. This pension is calculated as if the member had remained in service and attained age 65, based on current pensionable emoluments.

Plus

A child'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 two or more eligible children.

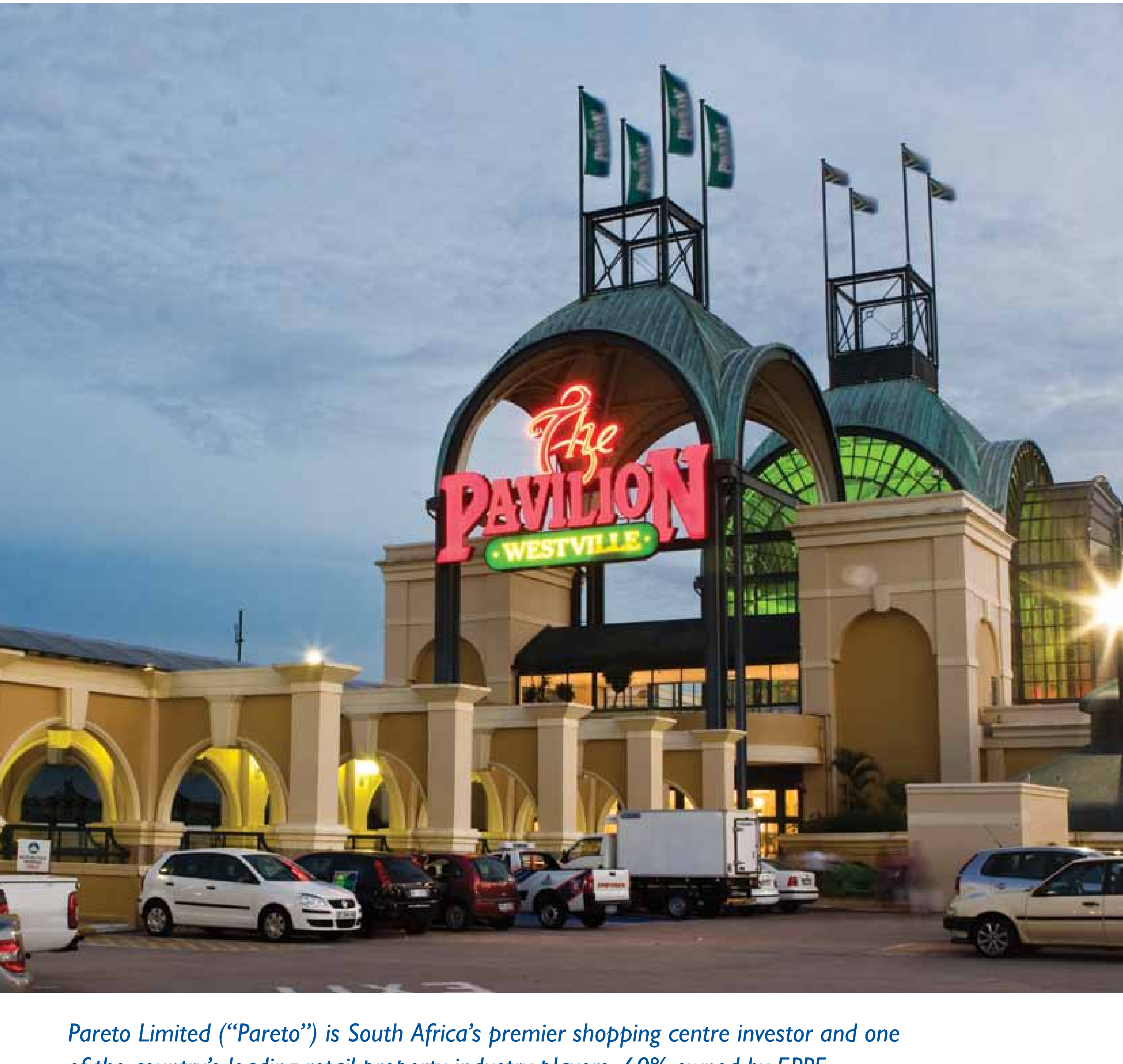
If there are no spouse's or children's benefits payable, there shall be paid to the member's estate, the greater of:
- a lump sum equal to the member's annual pensionable emoluments.

Plus

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

Or

Twice the member's annual pensionable emoluments.



Pareto Limited ("Pareto") is South Africa's premier shopping centre investor and one of the country's leading retail property industry players, 60% owned by EPPF.

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 deceased pensioner's 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 pensioner's pension at retirement before commutation including any subsequent increases. For two or more children, the total percentage is increased to 100% of the deceased 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 benefits 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.

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

4.3 Death of a deferred pensioner:

The death benefit 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 Voluntary Resignation, Abscondment or Dismissal:

In case of a withdrawal benefit due to resignation, abscondment 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 Fair Value.

The Fair Value 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 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

Currently, all members contribute at a rate of 7,3% of pensionable emoluments except in the case of certain categories of 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 at a rate of 13,5% of pensionable emoluments in respect of members.

Eskom
Pension and Provident Fund

Annual Financial Statements

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements of the Eskom Pension and Provident Fund are the responsibility of the Board of Trustees. The Board of Trustees fulfils this responsibility by ensuring the implementation and maintenance of accounting systems and practices adequately supported by internal financial controls. These controls, which are implemented and executed by the Fund's employees, provide reasonable assurance that:

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

The summarised financial statements set out on pages 32 to 44 have been prepared for communication purposes with limited disclosure compared to the regulatory financial statements which are compiled in terms of the Regulatory Reporting Requirements for Retirement Funds in South Africa. The regulatory financial statements has been prepared and reported to the Financial Services Board (FSB). The summarised financial statements set out on pages 32 to 44 have been prepared in accordance with the criteria as set out on page 34 of the notes of the summarised financial statements.

The regulatory financial statements have been reported on by the independent auditors, PricewaterhouseCoopers Inc, in the course of executing their statutory duties. They have been given unrestricted access to all financial records and related data, including minutes of all relevant meetings. In addition the independent auditors reported on whether the summarised financial statements derived from the regulatory financial statements and that the Board of Trustees believes that all representations made to the independent auditors during their audit were valid and appropriate. The report of the independent auditors is presented on page 45.

The summarised financial statements of the Fund, set out on pages 32 to 44 were approved by the Board of Trustees. The financial statements have been signed by the Chief Executive Officer, Chairman, and a Trustee on behalf of the Board of Trustees.

STATISTICAL REVIEW as at 30 June 2011

Investment performance

	1 Year	2 Years	3 Years	5 Years	10 Years
	%	%	%	%	%
Interest-bearing	9,0	9,1	10,9	9,0	9,5
Equity	24,0	22,0	7,8	10,5	15,2
Property	5,0	5,7	7,5	14,8	19,0
Total assets	**16,7**	**15,3**	**9,4**	**11,0**	**14,0**

Net assets (Rm)

	2011		2010		2009		2008		2007
		%		%		%		%	
Interest-bearing	24 557	36	22 563	39	21 994	44	21 389	41	16 907
Equity	37 537	56	31 424	54	24 503	48	27 110	52	30 319
Property	5 993	9	5 205	9	5 136	10	4 607	9	4 231
Other	(599)	(1)	(1 349)	(2)	(967)	(2)	(1 407)	-2	(294)
Net assets	**67 488**	**100**	**57 843**	**100**	**50 665**	**100**	**51 699**	**100**	**51 163**

Contributions received (Rm)	2 276	2 132	1 618	1 487	1 045
Benefits awarded (Rm)	2 266	2 350	1 833	2 209	1 867
Members (number)	41 808	39 671	38 223	36 130	33 385
Pensioners (number)	34 294	34 243	33 867	33 850	36 017
Ratio of members to Pensioners	1,22	1,16	1,13	1,06	0,93

• Note: The number of pensioners includes children receiving pensions

STATEMENT OF NET ASSETS AND FUNDS

at 30 June 2011

	Notes	2011 R'000	2010 R'000
ASSETS			
Non-current assets		68, 087,952	59, 193,842
Office furniture and equipment		1,211	1,485
Investments	1	68,086,741	59,192,357
Current assets		1,287,173	2,267,294
Accounts receivable		976,048	2,017,977
Contributions receivable		302,926	244,530
Cash at bank		8,199	4,787
Total assets		**69,375,125**	**61,461,136**
FUNDS AND LIABILITIES			
Funds and surplus account			
Accumulated funds		66,107,825	56,583,973
- Normal retirement		63,494,271	54,430,615
- Additional voluntary contribution scheme		226,959	204,416
- Performance bonus scheme		2,386,595	1,948,942
Reserves			
Reserve accounts		1,379,965	1,259,240
Total funds and reserves		67,487,790	57,843,213
Noncurrent liabilities		35,944	25,510
Unclaimed benefits		35,944	25,510
Current Liabilities		1,851,391	3,592,413
Benefits payable		594,632	804,656
Transfers payable		87,869	117,491
Accounts payable		1,160,515	2,668,416
Accruals		8,375	1,850
Total funds and liabilities		**69,375,125**	**61,461,136**

STATEMENT OF CHANGES IN NET ASSETS AND FUNDS
for the year ended 30 June 2011

	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 2011 R'000	Total 2010 R'000
Contributions received and accrued	2	1,984,847	14,930	275,756	2,275,533		2,275,533	2,132,413
Net investment income	3	9,584,791			9,584,791		9,584,791	7,469,381
Return allocated to schemes		(111,104)	6,895	104,209				-
Less:								
Administration expenses		(94,269)			(94,269)		(94,269)	(73,431)
Net income before transfers and benefits		11,364,265	21,825	379,965	11,766,055		11,766,055	9,528,363
Transfers and benefits		(2,179,884)	718	(86,641)	(2,265,807)	-	(2,265,807)	(2,350,937)
Transfers from other funds		-	6,272	-	6,272		6,272	4,092
Transfers to other funds		(87,869)	-	-	(87,869)		(87,869)	(190,757)
Benefits	4	(2,092,015)	(5,554)	(86,641)	(2,184,210)		(2,184,210)	(2,163,772)
Net income after transfe rs and benefits		9,184,381	22,543	293,324	9,500,248		9,500,248	7,177,926
Funds and reserves								
		54,430,615	204,416	2,093,271	56,728,302	1,259,240	57,987,542	50,665,287
Balance at beginning of year		54,430,615	204,416	2,093,271	56,728,302	1,259,240	57,987,542	50,665,287
Transfer between reserve accounts	15	(120,725)			(120,725)	120,725		
Balance at end of year		63,494,271	226,959	2,386,595	66,107,825	1,379,965	67,487,790	57,843,213

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

PRINCIPAL ACCOUNTING POLICIES

The following are the principal accounting policies used by the fund.

PURPOSE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The summarised annual financial statements were derived from the regulatory annual financial statements which were compiled in terms of the Regulatory Reporting Requirements for Retirement Funds in South Africa.

The purpose of the summarised annual financial statements is to give the reader a broad overview of the financial position of the fund as well as other relevant cashflows and income and expense account movements, without providing the level of detail as per the regulatory financial statements for the following reasons:

- Summarised data is provided to take account of the fact that investments are managed within a multi manager structure. The regulatory financial statements is geared towards extensive detail on individual investments that is not relevant in a multi manager structure, as the multi manager structure is more tailored towards the type of mandates and managers itself
- The revenue account (investment income and expenditure) and the changes in accumulated funds (member/pensioner transactions) are disclosed separately for enhanced understanding of these items.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of any other entity. A financial asset or a financial liability is recognised when its contractual arrangements become binding and is derecognised when the contractual rights to the cash flows of the instrument expire or when such rights are transferred in a transaction in which substantially all risks and rewards of ownership of the instrument are transferred.

Financial instruments carried on the statement of net assets and funds, include cash and bank balances, investments, housing loans, receivables and accounts payable.

Financial instruments are recognised on acquisition using trade date accounting, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

INVESTMENTS

Investments are classified at fair value through the statement of changes in net assets and funds and are measured at fair value.

Loans (other than housing loans) – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market other than those that the fund intends to sell in the short term or that is designated as at fair value through the statement of changes in net assets and funds. Loans and receivables are measured at fair value.

Debentures

Debentures comprise investments in listed and unlisted debentures.

Listed debentures

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

Unlisted debentures

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

Bills and bonds

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

Listed bills and bonds

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

Unlisted bills and bonds

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

Investment property

A property held for long-term yields or capital appreciation that is not occupied by the fund is classified as investment property. Investment properties comprise freehold land and buildings and are carried at fair value.

Investment properties are reflected at valuation on the basis of open-market fair value adjusted, if necessary, for any difference in the nature location or condition of the specific asset at the statement of net assets and funds date.

If the open-market valuation information cannot be reliably determined; the fund uses alternative valuation method such as discounted cash flow projections or recent prices on active markets for transactions of similar nature.

These valuations are performed by independent valuation experts every year. 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.

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

Changes in fair value are recorded by the fund in the statement of net changes in assets and funds. Properties under development are carried at cost, less adjustments to reduce the cost to recoverable amount if appropriate.

Equities

Equity instruments consist of equities with primary listing on the JSE, equities with secondary listing on the JSE, foreign listed equities and unlisted equities.

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

Listed equities

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

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

Unlisted equities

If a quoted closing price is not available i.e. for unlisted instruments, the fair value is estimated using pricing models, or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of equity instruments.

Preference shares

Listed preference shares

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

Unlisted preference shares

In respect of unlisted preference shares, the fair value is determined by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of preference shares.

Insurance policies

Non - linked insurance policies

Non – linked insurance policies with insurers are valued on the basis of the policyholder's retrospective contribution to assets (i.e. accumulation at the actual investment return achieved on gross premiums.)

Collective investment scheme

Investments in collective investment schemes are valued at fair value which is the quoted unit values, as derived by the collective investment scheme administrator with reference to the rules of each particular collective investment scheme, multiplied by the number of units.

Derivatives

Derivative market instruments consist of options, equity linked instruments, futures/forwards – SAFEX/foreign, currency swaps and interest rate swaps.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value.

Fair values are obtained from regulated exchange quoted market prices in active markets, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The fund does not classify any derivatives as hedges in a hedging relationship.

The best evidence of the fair value of a derivative 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 evidence by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) based on a valuation technique whose variables include only data from observable markets.

Options

Options are valued using option pricing modules.

Futures/forwards

The fair value of publicly traded derivatives is based on quoted closing prices for assets held or liabilities issued, and current offer prices for assets to be acquired and liabilities held.

Swaps

Swaps are valued by means of discounted cash flow models, using the swap curve from a regulated exchange (BESA) to discount fixed and variable rate cash flows, as well as to calculate implied forward rates used to determine the floating interest rate amounts. The net present values of the fixed leg and variable leg of the swap are offset to calculate the fair value of the swap.

INVESTMENT IN PARTICIPATING EMPLOYER

Investments in participating employer(s) comprise loans and investments in unlisted equities.

CASH AND CASH EQUIVALENTS

Cash and deposits comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at fair value.

RESERVES

Reserve accounts comprise particular amounts of designated income and expenses as set out in the rules of the fund and are recognised in the period in which such income and expenses accrue to the fund.

TRANSFER TO AND FROM THE FUND

Section 14 and 15B transfers to or from the fund are recognised on the date of approval of the scheme or arrangement of transfer of business by the Financial Services Board, as contained in the approval certificate from the Registrar.

Individual transfers (Section 13A(5) transfers) are recognised on the earlier of receipt of the written notice of transfer (Recognition of Transfer) or receipt of the actual transfer value.

All the above transfers are measured at the values as per the section 14 application or the value of the transfer at effective date of transfer adjusted for investment return or late payment interest as guided by the application.

ACCOUNTS RECEIVABLE

Accounts receivable are financial assets measured initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment.

ACCOUNTS PAYABLE

Accounts payable are financial liabilities measured initially at fair value, net of transaction costs that are directly attributable to the liability and subsequently measured at amortised cost using the effective interest rate method.

IMPAIRMENT

Impairment of loans and receivables

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

CONTRIBUTIONS

Contributions are measured at the fair value of the consideration received or receivable.

Contributions are accrued and recognised as income in accordance with the actuarial recommendations, and the rules of the retirement fund. Contributions received are apportioned between retirement funding and funding for risk and other expenses. The apportionment is governed by the rules of the fund and actuarial recommendations.

Voluntary contributions are recognised when they are received from annual payments or accrued where monthly recurring payments are made.

Any contributions outstanding at the end of the reporting period are recognised as a current asset – contribution receivable. Any contributions received in advance at the end of the reporting period are recognised as a current liability – accounts payable.

Interest charged on late payment of contributions

Compound interest on late payments or unpaid amounts and values shall be calculated for the period from the first day of the month following the expiration for the period in respect of which the relevant amounts or values are payable or transferable until the date of receipt by the fund.

BENEFITS

Benefits payable and pensions are measured in terms of the rules of the fund.

Benefit payments and monthly pension payments are recognised as an expense when they are due and payable in terms of the rules of the fund. Any benefits not paid at the end of the reporting period are recognised as a current liability – benefits payable / due.

INVESTMENT INCOME

Dividends

Dividend income is recognised in the statement of changes in net assets and funds when the right to receive payment is established – this is the last date to trade for equity securities.

For financial assets designated at fair value through the statement of changes in net assets and funds, the dividend income forms part of the fair value adjustment.

Interest

Interest income in respect of financial assets held at amortised cost is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

Rentals

Rental income is accounted for in the statement of changes in net assets and funds on a straight-line basis over the period of the rental agreement, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Property expenses shall be recognised in the statement of changes in net assets and funds under net investment income.

Collective investment schemes' distribution

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

Income from policies with insurance companies

Income from investment policies from insurance companies is included in the adjustment to the movement of the financial asset.

Interest on late payment of contributions and / or loans and receivables

Interest on late payment of contributions and / loans and receivables is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

Adjustment to fair value

Gains or losses arising from changes in the fair value of financial assets at fair value through the statement of changes in net assets and funds are presented in the statement of changes in net assets and funds in the period in which they arise.

Expenses incurred in managing investments

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

ADMINISTRATION EXPENSES

An expense is recognised if it is probable that any future economic benefit associated with the item will flow to or from the fund and the item has a cost or value that can be measured with reliability.

Expenses incurred in the administration of retirement funds are recognised in the statement of changes in net assets and funds in the reporting period to which they relate.

In the event that an expense has not been paid at the end of a reporting period the liability will be reflected in the accounts payable note. If the expense was paid in advance or overpayment occurred, the applicable amount will be disclosed under the accounts receivable note.

ACCOUNTING POLICIES, CHANGING IN ACCOUNTING ESTIMATES AND ERRORS

The fund applies adjustments arising from changes in accounting policies and errors prospectively. The adjustment relating to a change in the accounting policy or error is therefore recognised in the current and future periods affected by the change.

RELATED PARTIES

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

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

- The amount of the transactions;
- The amount of outstanding balances;
- Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;
- Details of guarantees given or received;
- Provisions for doubtful debts related to the amount of outstanding balances; and
- The expense recognised during the period in respect of bad or doubtful debts due from related parties.

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
Motor Vehicle	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 statement of changes in net assets and funds on disposal.

1. Investments

2.1 Investment summary

	Notes	Local R'000	Foreign R'000	Total 2011 R'000	Total 2010 R'000	Fair value 2011 R'000
Cash and deposits		5,965,535	3,459,515	9,425,050	7,592,631	9,425,050
Debentures		413,904	-	413,904	317,011	413,904
Bills, bonds and securities		13,861,311		13,861,311	13,899,224	13,861,311
Investment properties	2.3	196,500	-	196,500	201,500	196,500
Equities:						
- Equities with primary listing on JSE		23,307,266	-	23,307,266	19,236,553	23,307,266
- Equities with secondary listing on JSE		6,293,451	-	6,293,451	4,720,541	6,293,451
- Foreign listed equities			6,269,378	6,269,378	5,394,946	6,269,378
- Unlisted equities		5,611,631	-	5,611,631	816,010	5,611,631
Linked insurance policies		698,263	-	698,263	592,200	698,263
Private equity		768,063	112,610	880,673	595,420	880,673
Preference shares		159,978	-	159,978	143,676	159,978
Collective investment schemes		439,821	-	439,821	392,486	439,821
Derivative market instruments		(14,942)	-	(14,942)	(11,441)	(14,942)
Investment in participating employer(s)	2.2	544,457	-	544,457	5,301,600	544,457
Total		**58,245,238**	**9,841,503**	**68,086,741**	**59,192,357**	**68,086,741**

1. Investments (continued)

Investments in participating employer(s)

	At beginning of year R'000	Additions R'000	Fair value adjustments R'000	At end of year R'000
Eskom bonds	475,270	57,521	11,666	544,457
Total	**475,270**	**57,521**	**11,666**	**544,457**

Investment properties

	At beginning of year R'000	Disposals R'000	Additions R'000	Fair value adjustments R'000	At end of year R'000
Office complexes	201,500	-	-	(5,000)	196,500
Total	**201,500**	**-**	**-**	**(5,000)**	**196,500**

Hampton Park South property was revalued on 30 June 2011 by an independent valuator. The Parktown Property Erven 85 and 879 was sold for R118 million and the Fund is awaiting the registration of the property from the Deeds Office.

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	97,812	678,877	670,374	106,315
Employer contributions - received and accrued	146,718	1,305,970	1,256,077	196,611
Money Purchase Schemes				
- Additional voluntary contribution	-	14,930	14,930	-
- Performance Bonus	-	275,756	275,756	-
Total	**244,530**	**2,275,533**	**2,217,137**	**302,926**

Towards retirement	2,275,533
Toward re-insurance	-
Statement of changes in net assets and funds	2,275,533

3. Net investment income

	2011 R'000	2010 R'000
Income from property investments	**517,041**	**433,256**
Interest	489,272	406,265
Rental	27,769	26,991
Dividends	**-**	**632,487**
Interest	**1,248,182**	**1,460,912**
Profit on sale/ redemption of investments	**6,683,808**	**8,907,856**
- Equities	2,302,027	3,641,362
- Futures	2,469,485	3,247,828
- Gilts and Semi gilts	199,556	530,953
- Foreign exchange	1,695,962	1,468,027
- Other (money market, properties and carries)	16,778	19,686
Loss on sale/ redemption of investments	**(3,809,939)**	**(5,395,191)**
- Equities	(256,229)	(749,056)
- Futures	(2,356,175)	(3,068,678)
- Gilts and Semi gilts	(99,601)	(342,373)
- Foreign exchange	(1,080,308)	(1,235,084)
- Other (money market, properties and carries)	(17,626)	-
Security lending fee	**17,172**	**17,828**
Private equity fees	**-**	**339**
Other income	**855**	**1,223**
Less: Expenses incurred to manage investments	**(159,567)**	**(169,890)**
Rental expense	(14,878)	(17,877)
Futures booking fees	(294)	(310)
Lending expenses	(305)	(1,071)
Portfolio management fees	(126,761)	(129,090)
Private equity management fees	(17,329)	(21,542)
Fair value adjustment on investments	**5,087,239**	**1,580,561**
Total	**9,584,791**	**7,469,381**

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	11,996	1,422,650	-	(1,422,050)	12,596
Lump sums on retirement					
Pensions commuted	88,742	237,683	-	(211,113)	115,312
Lump sums before retirement					
Death and disability benefits	8,520	122,197	-	(126,732)	3,985
Withdrawal benefits	435,787	217,550	-	(477,234)	176,103
Divorce benefits	-	34,019	-	(34,019)	-
Retrenchment benefits	519	2,336	-	(552)	2303
Schemes					
Additional voluntary benefits	-	5,554	-	(5,554)	-
Performance Bonus benefits	-	86,641	-	(86,641)	-
Trust monies	259,092	38,212	17,368	(30,339)	284,333
Total	**804,656**	**2,166,842**	**17,368**	**(2,394,234)**	**594,632**

Benefits for current year	2,166,842
Return allocated	17,368
Statement of changes in net assets and funds	**2,184,210**

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 Funds 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 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 of Trustees 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 of Trustees 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.

Auditor's Report

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARISED FINANCIAL STATEMENTS TO THE TRUSTEES OF THE ESKOM PENSION AND PROVIDENT FUND

The summarised financial statements, which comprise the summary statement of funds and net assets as at 30 June 2011, and the summary statements of the revenue account, statement of changes in accumulated funds, and related notes, as set out on pages 32 to 44 are derived from the audited regulatory financial statements of the Eskom Pension and Provident Fund for the year ended 30 June 2011. We expressed an unmodified audit opinion on those regulatory financial statements in our report dated 18 November 2011.

The summarised financial statements do not contain all the disclosures required by the Regulatory Reporting Requirements for Retirement Funds in South Africa. Reading the summarised financial statements, therefore, is not a substitute for reading the regulatory financial statements of the Eskom Pension and Provident Fund.

Trustees' Responsibility for the Summarised Financial Statements

The fund's trustees are responsible for the preparation of the summarised financial statements in accordance with the basis described on page 34.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarised financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summarised financial statements derived from the regulatory financial statements of the Eskom Pension and Provident Fund for the year ended 30 June 2011 are consistent, in all material respects, with those regulatory financial statements, on the basis described on page 34.

Restriction on use

The regulatory financial statements are prepared for regulatory purposes in accordance with the basis of preparation indicated in the notes of the audited financial statements of the funds. Consequently, the regulatory financial statements and related auditor's report as well as the summarised financial statements and related auditor's report, may not be suitable for another purpose.

PricewaterhouseCoopers Inc.
Director: GJ Kapp
Registered Auditor
Johannesburg
9 January 2012

Actuarial Report

PARTICULARS OF FINANCIAL CONDITION OF THE FUND AS AT 30 JUNE 2011

An interim actuarial valuation was carried out as at 30 June 2011. In respect of this valuation, I can comment as follows:

1. The fair value of the net assets of the Fund after deduction of current liabilities and any liabilities arising from the pledging, hypothecation or other encumbering of the assets of the Fund – R67 460 million.
2. The actuarial value of the net assets, for the purposes of comparison with the accrued liabilities of the Fund –R67 303 million.
3. The actuarial present value of promised retirement benefits – R47 494 million vested, and R0 non-vested.
4. Contingency reserve account balances – R12 886 million.
5. The projected unit method was adopted for the valuation, which is unchanged from the method used at the last 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 (unchanged from 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 rate of 5,50% per annum (5,00% at the previous valuation). The yield used to calculate the solvency reserve was equal to the assumed yield on index-linked 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 actuarially required rate. At the valuation date this shortfall amounted to 0,53% of pensionable salaries (0,56% at the previous valuation), or some R53 million in the year following the valuation date.
8. In my opinion the Fund was in a sound financial condition as at 30 June 2011 for the purposes of the Pension Funds Act, 1956.

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
18 November 2011

Executive Management

SPC Luthuli
Chief Executive and
Principal Officer

N Lila
Chief Financial Officer

JM Buthane
Legal and Technical
(Acting Operations)

LS Mateza
Chief Investment Officer

SV Dube
Human Resources

SA Mosiane
Information Technology

A Gaqa
Risk and Compliance

B I Steyn
Strategy and Projects

J M Hattingh
Corporate Support

Administration Details

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

Registered office
Moorgate House, Hampton Park South, 24 Georgian Crescent East, Bryanston East, 2152

Postal address
Private Bag X50, Bryanston, 2021, South Africa

Telephone: +27 11 709 7400
Fax: +27 11 709 7554

Website address
www.eppf.co.za

Benefit administrator
Self-administered

External Auditors
PricewaterhouseCoopers Inc., Private Bag x36, Sunninghill, 2157

Internal Auditors
KPMG, Private Bag x9, Parkview, 2122. Sizwe Ntsaluba Gobodo, P.O. Box 2930, Saxonwold, 2132

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

Investment administrators
During the year under review approximately 68% of the total assets (excluding property) was 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; Independent Franchise Partners LLP; Morgan Stanley Investment Management Limited; RCM Global Investors (UK) Limited; and SEI Investment Management Corporation.

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Eskom
Pension and Provident Fund