PUBLIC INVESTMENT CORPORATION®
Est. 1911

Integrated Annual Report
2015

R1.81 TRILLION AuM

12.9% AUM GROWTH

R330 MILLION NET PROFIT

CONTENTS

MINISTER'S NOTE TO PARLIAMENT

Speaker of Parliament

I have the honour, in terms of Section 65 of the Public Finance Management Act (Act 1 of 1999), to present the Integrated Annual Report of the Public Investment Corporation SOC Limited, for the period 1 April 2014 to 31 March 2015.

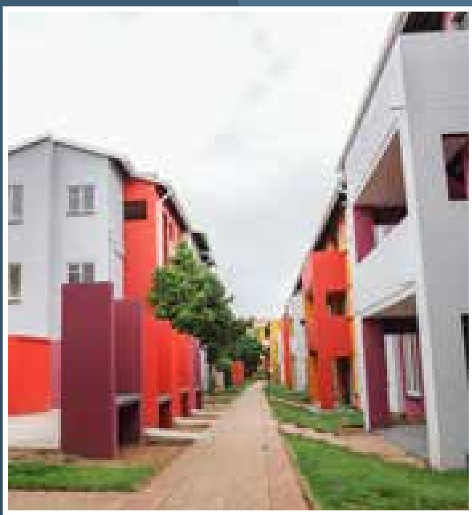
Mr Nhlanhla Musa Nene, MP
Minister of Finance
September 2015







Paediatric Ward





Overview

The Public Investment Corporation SOC Limited (PIC) is a registered financial services provider in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act 37 of 2002). It is wholly owned by the South African Government, with the Minister of Finance as shareholder representative.

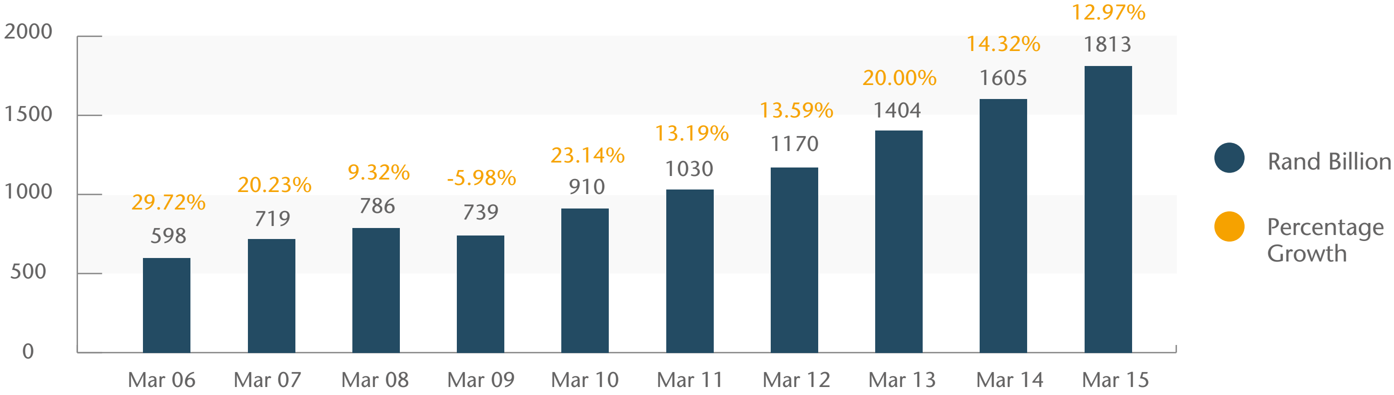
The PIC manages assets for clients, all of which are public sector entities. The Corporation operates principally in South Africa and invests offshore as well as within the rest of the African continent.

The majority of the PIC's clients consist of pension, provident, social security, guardian, trust and short-term insurance funds. The PIC's role is to invest funds on behalf of its clients, based on the investment mandates set by each client and approved by the Financial Services Board.

As at 31 March 2015 the asset management value was R1.8 trillion, which represents a growth of 12.9% in assets under management from 2013/14. This figure represents almost one-third of the South African GDP, thus making the PIC the most influential organisation in the South African economy. Over and above the creation of wealth in the form of asset growth, PIC has made a significant social impact with the assets it invests in.

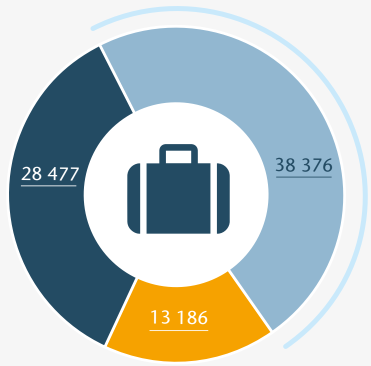
KEY INDICATORS: *Assets under Management (AuM)*

Growth in assets under management (AuM)



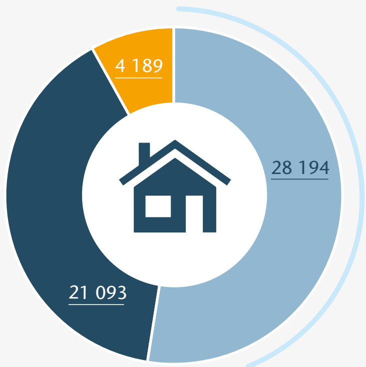
Source: PIC calculations

Jobs Facilitated



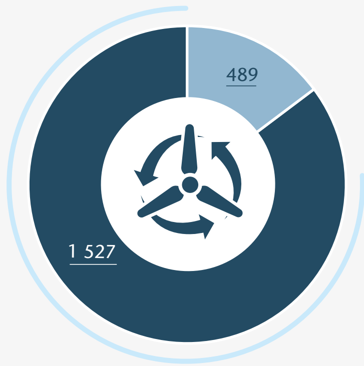
- Total number of permanent employment opportunities sustained
- Total number of temporary employment opportunities created
- Total number of jobs created and sustained during the construction phase

Provision of Housing



- Number of affordable houses built
- Number of affordable houses sold
- Number of affordable houses available for rental

Provision of Renewable Energy



- Total number of megawatts connected to the national electricity grid
- Total number of megawatts to be connected to the national electricity grid

Source: PIC calculations (from deal inception to 31 March 2015)

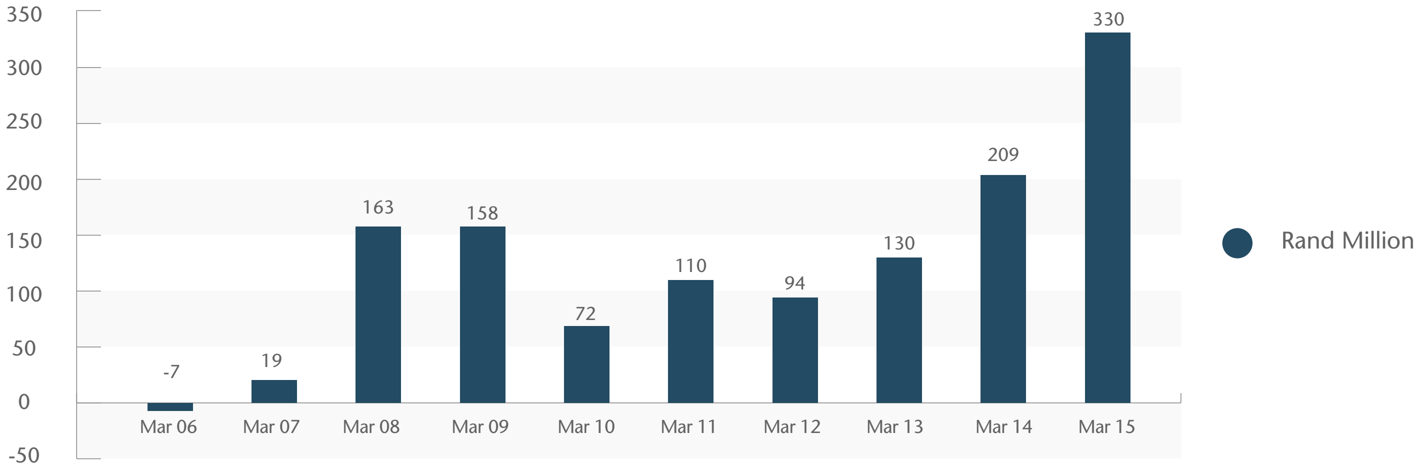
Healthcare

Healthcare	
Total number of hospital projects	3
Number of hospital projects in operation (Gauteng & Mpumalanga)	2
Number of hospital projects under construction (Gauteng)	1
Total number of beds available in hospital projects	445

Community Upliftment

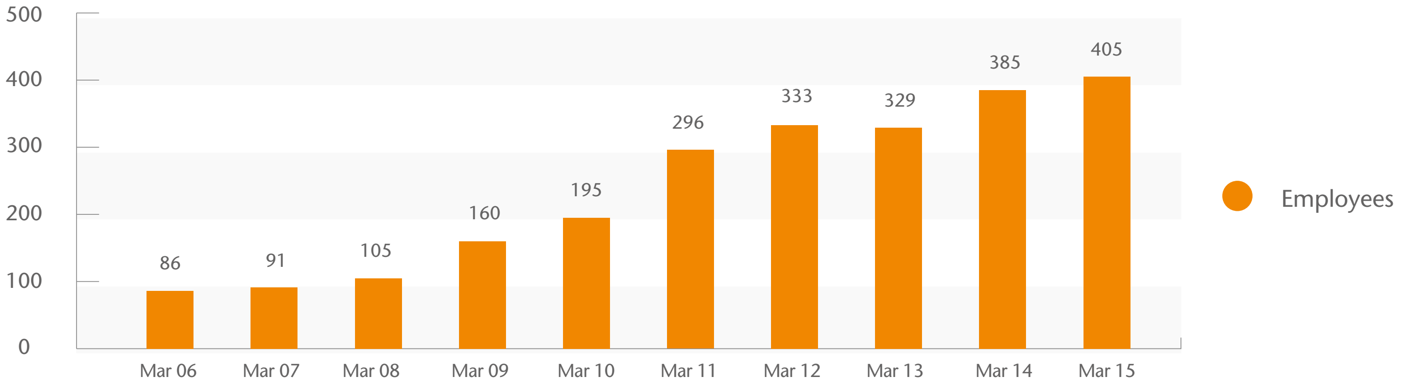
Community upliftment	
Number of community groups supported (small loans)	25 463
Number of SMMEs funded	349
Number of Community Trust and Employee Share Schemes funded	14

PIC Profit/Loss



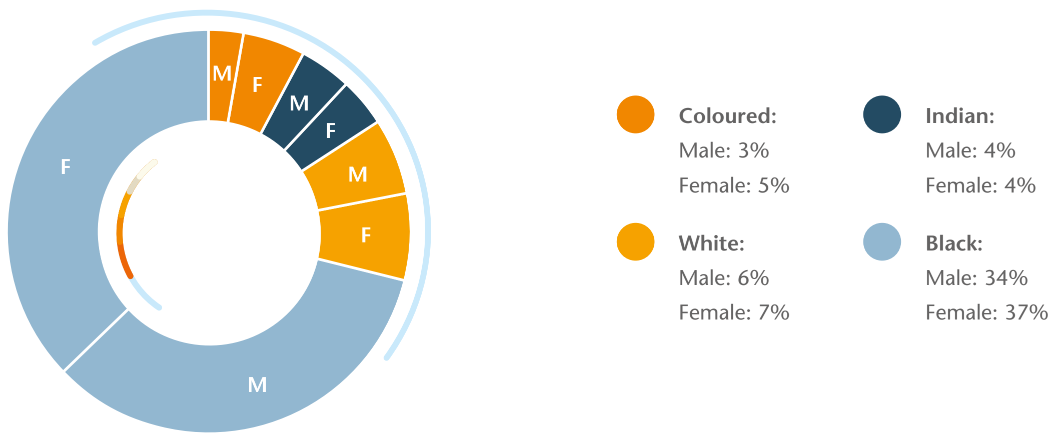
Source: PIC calculations

Number of Employees



Source: PIC calculations

Employment Equity



Source: PIC calculations

REPORT BY THE CHAIRMAN

Mr Mcebisi Jonas

Chairman

The Public Investment Corporation (PIC) remains an important institution within the South African investment management sector, particularly because of the developmental investment role it plays in the economy as an investor, a catalyst for private sector investment and an advocate for social impact investing. Environmental, Social and Governance (ESG) principles are embedded in the PIC's investment processes.

The developmental investment theme remains paramount for the PIC and its broad stakeholders. This theme is congruent with key Government priorities of economic development, as expressed in various policy documents, such as the National Development Plan (NDP), the Industrial Policy Action Plan (IPAP), as well as the New Growth Path (NGP). The collective success of the South African economy can only be achieved if all interested parties rally behind key national priorities in a manner that is sustainable, from both a financial and socio-economic perspective. Investments in initiatives which, amongst others, provide educational funding to previously disadvantaged students, supply renewable energy and affordable housing as well as creating jobs, highlight the PIC's positive investment impact on the livelihoods of South Africans.

This year marks ten years since the corporatisation of the PIC and much has been done over the past decade. The dawn of the new decade will see the PIC venturing into unchartered territories that are filled with opportunities to further deepen our investment philosophy and activities. The PIC Vision 2030 of "becoming a leader in developmental investing", seeks to accelerate impact investing by delivering investments that can create jobs, while we generate sustainable returns for the clients. We strengthened the PIC governance and management structures to facilitate the realisation of Vision 2030. We believe that this revised structure will enhance risk management and contribute to increased investment activities and wealth creation for our stakeholders.

The PIC Board is well balanced and capacitated to provide strategic direction and oversight to enable the PIC to deliver efficiently on its mandate. To ensure that the PIC delivers on its mandate in the domestic economy and the rest of the African continent, the Board has established various committees whose members have the appropriate skills, knowledge and experience to assist the Board with discharging its responsibilities. The PIC's Governance Framework ensures that proper governance is exercised at corporate and investee company level.

The different clients' investment performance, as well as the performance of the PIC corporate, is clear evidence of how effective the Board is in discharging its oversight responsibility. The PIC remains a financially sustainable institution with great future prospects. The management of the PIC has been hard at work to ensure that we provide excellent returns and good service to our clients.

Risk management remains a high focus for the PIC and the Audit and Risk Committee (ARC) continues to engage actively with management on various risk issues. The Board is comfortable with the way risks are managed within the PIC, both at an investment and corporate level.

During the year under review, the Cabinet of the Republic of South Africa confirmed the appointment of Dr Daniel Matjila to the position of Chief Executive Officer, with effect from 1 December 2014. Dr Matjila is a seasoned investment professional with over two decades of experience in the investment industry. He understands the PIC's mandate and was one of the officials who saw the PIC through its corporatisation. The Board would like to express its sincere appreciation to Ms Matshepo More, the Chief Financial Officer, for the excellent way in which she steered the PIC ship as Acting Chief Executive Officer, following the departure of Mr Elias Masilela. During the financial year, Ms Rejane Woodroffe, non-executive director, decided to leave the PIC family and we would like to thank her for her insights and contributions to the Board and its committees. We wish her well in her future endeavours.

I would like to thank my Deputy Chairman, Mr Roshan Morar for his assistance. I would also like to extend my sincere gratitude to every Board member, including Dr Matjila, his management team and all the PIC staff for ensuring that the clients' mandates are delivered upon and that the PIC remains financially sustainable.

Mr Mcebisi Jonas
Chairman

Dr Daniel Matjila

Chief Executive Officer

A ten-year reflection since corporatisation

It gives me great pleasure to present my first and the tenth integrated annual report of the PIC. This report coincides with ten years since the corporatisation of the PIC and, as such, provides us with an opportunity to reflect on the past decade and to outline our plans for the years ahead.

The corporatisation of the PIC has transformed the company into a professional, agile and one of the best asset managers today. Prior to corporatisation, the PIC's asset classes were restricted to public sector bonds and properties. The asset mix has since evolved to include domestic and global listed equities, local and global bonds, properties, developmental investments and private equity, amongst others. The PIC mandate has become more complex and we now invest in various markets, from domestic to offshore and emerging or frontier to developed markets. The evolution was indeed challenging, yet exciting, resulting in growth in Assets Under Management (AuM).

Key drivers of growth in AuM continue to be PIC's human capital and technology. Over the last decade, we made significant investments in information technology systems and in attracting the best human talent, especially investment professionals. The ability to attract and retain key skills in the business is a critical component of our talent management strategy. We are pleased to have attracted over 150 investment professionals with various expertise in listed and unlisted investments. The PIC team is committed to working for the country and doing well for the nation. The PIC culture is that of being results-driven and excellent in everything we do. This culture is central to our clients' expectations to outperform the agreed investment benchmarks – something we have consistently done over the past years. The PIC endeavours to be a champion of developmental investments to enable economic growth in South Africa.

The 2008 global financial meltdown tested our risk management processes. Our portfolios were not as severely affected, compared to those of other asset managers, highlighting the importance of portfolio diversification. From the corporate side, the PIC has consistently received an unqualified opinion – another sign of the robustness of our operational risk management processes. Our investment strategies are underpinned by strong risk management, while simultaneously ensuring that whatever we do, contributes to the development of the country and the upliftment of ordinary citizens, and most importantly, that our client expectations are met.

I am pleased to report that during the year under review, we recorded strong performance in our investment activities and at a corporate level. The PIC portfolios' real rate of return for the year ended 31 March 2015 was 13.72%. The investment performance and how it compares with relevant benchmarks is discussed in detail in the Investment Report on page 43.

The PIC has demonstrated sustained positive returns and growth for clients' portfolios over the long term. AuM for the Government Employees Pension Fund (GEPF) grew to R1.61 trillion, the Unemployment Insurance Fund (UIF) to R113 billion, the Compensation Commissioner Fund (CC) to R33 billion, the Compensation Commissioner Pension Fund (CP) to R17 billion and the Associated Institution Pension Fund (AIPF) to R15 billion. The other clients' assets grew to a combined value of R26 billion.

While the largest percentage of our AuM is allocated to listed investments, we have been strongly focusing on unlisted developmental investments and private equity. During the financial year, in addition to the GEPF, the UIF and CC also allocated up to 10% of their AuM towards developmental investments. This is a positive milestone in ensuring that more funds are attracted towards developmental investments.

Our focus on developmental investments and private equity is based on evidence that these asset classes have direct impact on economic growth through job facilitation, transformation and improvement of ordinary people's lives. The focus of the private equity portfolio is to drive transformation in previously untransformed sectors as well as supporting emerging black industrialists. During the year under review, we approved R11.3 billion for developmental investments (excluding our investment in listed infrastructure bonds) and R1.8 billion for private equity.

I am pleased to report that the African continent remains strategic and important to the PIC. Africa provides us with the opportunity to grow and diversify our portfolio, given the growth potential that the continent has exhibited over the years. Most importantly, we understand that our true success domestically is directly linked to the success of the rest of the African continent. During the year under review, we made investments of R11.9 billion in the rest of Africa portfolio.

We continue to deliver on the rest of Africa and frontier markets' mandates. During the year under review, the PIC entered into strategic partnerships with, amongst others, African Development Bank (AfDB), a Pan-African infrastructure bank, with a significant footprint on the continent, and Gazprombank of Russia, which has strong expertise in the oil and gas infrastructure sector.

The period ahead – Vision 2030

During the year, PIC reviewed its corporate and investment framework and strategy. Vision 2030 is our renewed investment strategy which is aligned to the Government's policies and key priority sectors that foster economic growth and drive socio-economic transformation. This alignment is informed by our observation that there is a direct correlation between the growth of AuM and the growth of the economy. Over the years, we have noted that the AuM has been growing relatively in line with the South African Gross Domestic Product (GDP).

This observation reaffirms our conviction that, by taking investment opportunities aligned with key governmental objectives and priority sectors, we will contribute to economic growth from which our portfolio will benefit. While our investments are aligned to the broader developmental agenda, we remain an active investor and shape our portfolios from time to time to adjust for changes in the macro environment in line with client mandates. We will be accelerating investments in the rest of the African continent and other frontier markets as well as in BRICS. The key investment themes during this period will be "integration, partnerships and scaling".

The PIC Vision 2030 exploits the PIC's unique strengths, which include our ability to take a long-term investment perspective, a global presence, capabilities to invest in multi-asset class opportunities, a skilled and experienced team, and a strong corporate governance structure.

Conclusion and Outlook

We are convinced that consistent good performance will trend through the next decade and beyond. Global financial markets have been gradually recovering since the 2008 global financial crisis. The global economic recovery is being supported by low interest rates and some unconventional monetary policies. The global and domestic environment have various impacts on the performance of the portfolio as well as the different asset classes. We believe that the investment environment for the next ten years will be more challenging for global investors, including the PIC.

The PIC will continue to invest in assets that provide sustainable returns over time. Thus, our main focus will be on developmental investments across all asset classes. Our globally diversified portfolio provides resilience and will enable us to take advantage of opportunities across many global markets.

To realise the full potential of the investment framework, the PIC will finalise an organisation-wide process and operations review to catapult our operating model and to strengthen our investment capability and agility. The PIC has enhanced its in-house research and project development capabilities to provide us with market intelligence and better informed investment decisions.

The PIC has an unsurpassed human talent which has contributed to the good and sustainable performance of the organisation. We salute this hard-working team for their excellent work. Appreciation is also extended to the previous CEO, Mr Masilela, for the work he has done in building a strong foundation to catapult the organisation to this level.

Dr Daniel Matjila
Chief Executive Officer

ABOUT THE PIC

Company Profile

Initially founded in 1911 as the Public Debt Commissioners, the organisation became the Public Investment Commissioners in 1984 and then, in 2005, the Public Investment Corporation (PIC). The transformation into a modern asset manager operation was achieved when the Public Investment Corporation Act, 2004 (Act 23 of 2004), came into effect on 1 April 2005.

The PIC is a public asset management company, wholly owned by the South African Government, with the Minister of Finance as the shareholder representative. PIC's clients are mostly public sector entities including the Government Employees Pension Fund, which contributed 88.81% of the funds that the PIC manages. Other clients include the Unemployment Insurance Fund, Compensation Commissioner Fund, Compensation Commissioner Pension Fund and Associated Institutions Pension Fund.

The PIC is one of the largest asset managers on the African continent, in terms of assets under management. Since corporatisation, AuM grew from R461 billion to R1.81 trillion.

Major Clients

Clients	% of Assets under Management (AuM)
Government Employees Pension Fund (GEPF)	88.81
Unemployment Insurance Fund (UIF)	6.21
Compensation Commissioner Fund (CC)	1.81
Compensation Commissioner Pension Fund (CP)	0.93
Associated Institutions Pension Fund (AIPF)	0.81
Other*	1.43
TOTAL	**100.00**

* *Constitutes various clients with smaller portfolios*

Asset Class Composition

The asset class composition changed substantially over the last ten years, from more conservative asset classes such as capital and money market investments, to include properties, offshore investments, investments in Africa, developmental and private equity investments. The asset class composition, as at 31 March 2015, is depicted in the table below.

Asset Class	%
Local Equity	48.68
Local Bonds	34.31
Cash and Money Market	4.46
Properties	5.19
Offshore Equity	3.91
Offshore Bonds	1.40
Africa Equity (EX SA)	0.65
Isibaya	1.40
TOTAL	100.00

The PIC's vision and mission, will not only enable us to exceed our stakeholders' expectations, but will also contribute towards the realisation of key developmental priorities of Government.

Vision:
To be the leader in developmental investing for sustainable financial prosperity of our stakeholders

Mission: To be a key player, not only in the region, but also on the African continent, who consistently delivers on client mandates through direct investing for economic transformation, robust risk management, strategic partnerships and resource mobilisation.

Key Pillars

"DIRECT" investing in the Economy and Socio-Economic Transformation "DIRECT & SET" NDP alignment

Meeting and exceeding clients requirements

α - Generation and Risk Management "ESG"

Key Player in Regional and Continental Integration

Mobilisation of Resources:

Strategic Partnerships:

- Investors
- Investee Companies
- Government and Related Entities
- DFI Domestic and Non-Domestic

Values

We Care

C	Committed	We are committed to delivering on our clients' mandates. Commitment means doing everything in our power and going the extra mile to create value for our stakeholders.
A	Accountable	We are accountable to our stakeholders in everything we do as well as for every decision we make.
R	Respect	We treat each stakeholder with respect and listen to their different views. We listen to the views of our stakeholders, and never disregard their opinions, no matter how different they are from ours.
E	Empathy	We have empathy towards all stakeholders. We have compassion for our stakeholders, and we understand their unique circumstances.

We Deliver

D	Diligence	Any work we do, will be done with diligence. We put our minds and full attention to everything we do.
E	Excellence	We value excellence above everything. Whatever we do, we go beyond the ordinary, we exceed our stakeholders' expectations.
L	Leadership	We aim to lead in corporate governance. Our investment decisions are rooted in good corporate governance, consideration for the environment as well as social issues. We aim to outperform our benchmarks and play a leading role in terms of developmental investments and operational excellence.
I	Innovate/ Integrity	We encourage and appreciate innovation and creativity. We are consistently looking for new ways of improving what we do. We, therefore, put emphasis on research and development. We believe that everything we do is glued together by integrity; without integrity our relationship with our stakeholders can never stand.
V	Value	We believe in value creation for our stakeholders. We enable our clients to realise their investment objectives and deliver beyond stakeholder expectations.
E	Efficient	We do our work with precision and timeously. We are capable of doing more with little and within reasonable time. We do things right the first time.
R	Responsible/ Reliable	We invest in a socially responsible manner. We anticipate and appreciate the possible consequences of our actions. We are a reliable partner for delivering the right result. Reliability means that our clients can rely on us to deliver on their investment mandates and exceed their financial objectives.

The past decade has been pivotal in influencing the shape of the current PIC. We briefly reflect on the milestones in the PIC's corporatisation journey and the developmental impact thereof.

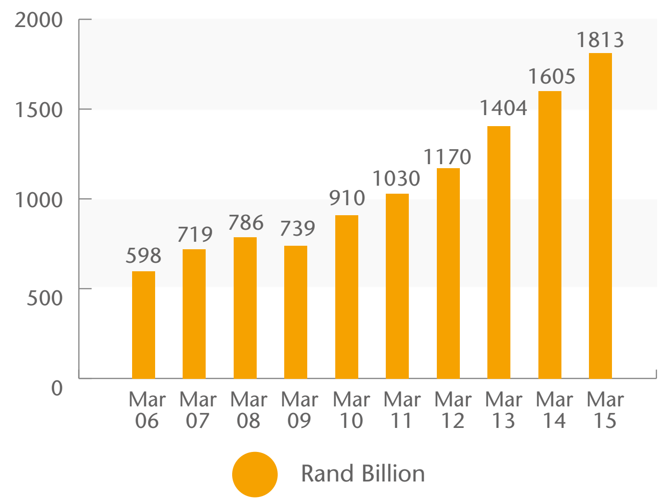
Corporatisation of the PIC

The Public Investment Corporation Act, 2004 (Act 23 of 2004), took effect on 1 April 2005. This enabled a former Government department to transition into a corporatised entity, changing the landscape of the asset management industry in South Africa. The primary objective of the PIC is to be a financial services provider in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act 37 of 2002). The principal purpose of the PIC is to invest funds on behalf of the South African Government, individual bodies, councils, funds and accounts.

Assets under Management (AuM)

Over the past decade, AuM grew on average by 15.06%. The graph below depicts the growth in AuM during this period.

Growth in AuM



Source: PIC calculations

Socio-economic Transformation

Sustainable Investing

The PIC uses its strength as the largest asset manager on the African continent to facilitate transformation in investee companies through robust shareholder activism, thus becoming a beacon of good corporate governance in South Africa. The PIC is actively involved in initiatives such as the United Nations Global Compact (UNGC), United Nations Principles for Responsible Investing and the Code for Responsible Investing in South Africa (CRISA).

We believe that profits cannot be achieved at the expense of future generations, and that largely informs our drive for economic transformation. The PIC's transformation drive focuses, amongst others, on creating employment opportunities, providing affordable housing, supporting renewable energy projects, supporting health care initiatives and contributing to community upliftment. To that end, the PIC is proud of the impact it made towards economic transformation, as depicted in the table below and on the following page.

Social Impact (For the 12 months ending 31 March 2015)	
Jobs Facilitated	
Total number of permanent job opportunities sustained	38 376
Total number of temporary employment opportunities created	13 186
Total number of jobs created and sustained during construction phase	28 477
Total	**80 039**
Community Upliftment	
Number of community groups supported (small loans)	25 463
Number of SMMEs funded through Isibaya investments	349
Number of Community Trusts and Employee Share Schemes funded	14
Education	
Number of student loans disbursed	15 000
Number of student accommodation for rental	11 318

From Deal Inception to 31 March 2015	
Healthcare	
Total number of hospital projects	3
Number of hospital projects in operation (Gauteng and Mpumalanga)	2
Number of hospital projects under construction (Gauteng)	1
Total number of beds available in hospital projects	445

From Deal Inception to 31 March 2015		
Housing		
Number of affordable houses built		28 194
Number of affordable houses sold		21 093
Number of affordable houses available for rental		4 189
Environmental		
Direct:	Total number of megawatts connected to the grid	304
	Total number of megawatts to be connected to the national electricity grid	465
	Total number of megawatts	**769**
Indirect:	Total number of megawatts connected to the national electricity grid	185
	Total number of megawatts to be connected to the national electricity grid	1 062
	Total number of megawatts – Fund of Funds	**1 247**
Total (direct and indirect)		**2 016**

Developmental Investments Mandate

Over and above active shareholder engagements, during the past ten years, the PIC also broadened the developmental investments mandate. These are investments that seek to generate returns for the clients while simultaneously contributing to the development of the communities in which we invest, particularly through job facilitation. The unlisted developmental investments encompass the following broad areas:

- Social Infrastructure;
- Economic Infrastructure;
- Environmental Sustainability;
- Priority Sectors; and
- Small and Medium Enterprises.

There has been an increased appetite amongst PIC clients for the unlisted developmental investments asset class.

Focus on Africa

In light of the fact that South Africa's success was and continues to be interwoven with the rest of the African continent, which presents increasing investment opportunities, it became apparent that investments could not be restricted to South Africa. Consequently, the PIC is mandated to invest approximately 5% of AuM in the rest of the continent.

Multi-Management

In support of the 3rd National Skills Development Strategy, which aims to increase qualifications and skills to support key governmental objectives, the PIC, in this financial year, allocated funds to four BEE managers that focus on skills development through the training of interns in the investment field. This initiative will ensure that:

- The integration of education and training becomes a reality for people from previously disadvantaged race groups;
- The programme offers quality learning and improves work readiness;
- There is a reduction in inequalities linked to class, race, gender (in particular black women), age and disability – at least two of the interns employed must be female;
- The challenges regarding skills shortages and career mismatches that the country faces are being addressed;
- Productivity in the economy is improved; and
- The vision of a skilled and capable workforce is being pursued.

Notwithstanding the social aspects discussed above, it is still required of the managers to outperform their respective benchmarks.

PIC Corporate Highlights since Corporatisation

Over the past decade, the PIC staff complement grew from 86 to 405, including more than 150 investment specialists. The PIC also turned from a loss making entity into a self-sustainable corporate, with a net profit of R330 million during this financial year.

NON-EXECUTIVE DIRECTORS

Mr Mcebisi Jonas, Chairman

Positions

- Deputy Minister of Finance
- Non-executive director
- Chairman of the PIC Board
- Chairman of the PIC Directors' Affairs Committee

Qualifications

- Bachelor of Arts in History and Sociology
- Higher Diploma in Education

Memberships

- Member of the National Assembly (Parliament)
- Member of the African National Congress (ANC)

Mr Roshan Morar, Deputy Chairman

Positions

- Independent non-executive director
- Deputy Chairman of the PIC Board
- Chairman of the PIC Investment Committee
- Chairman of the PIC Priority Sector and Small Medium Enterprises Fund Investment Panel (until February 2015)
- Chairman of the PIC Private Equity, Priority Sector and Small Medium Enterprises Fund Investment Panel (since February 2015)

Qualifications

- Chartered Accountant (South Africa)
- Bachelor of Commerce (Accounting)
- Diploma in Accounting
- Certified Fraud Examiner

Memberships

- Member of the PIC Directors' Affairs Committee
- Member of the PIC Property Committee
- Member of the board of Airports Company of South Africa
- Member of the board of Adcock Ingram Holdings
- Member and Chairman of the board of the South African National Roads Agency

Mr Vuyo Jack

Positions

- Independent non-executive director
- Chairman of the PIC Audit and Risk Committee (until December 2014)
- Chairman of the PIC Private Equity and Africa Fund Investment Panel (until February 2015)

Qualifications

- Chartered Accountant (South Africa)
- Bachelor of Commerce (Honours) (Taxation)
- Bachelor of Commerce (Accounting)

Memberships

- Member of the PIC Directors' Affairs Committee (until December 2014)
- Member of the PIC Audit and Risk Committee (from December 2014)
- Member of the PIC Social and Ethics Committee
- Member of the PIC Human Resources and Remuneration Committee
- Member of the PIC Investment Committee
- Member of the PIC Property Committee
- Acting Director-General: Department of Arts and Culture
- Chairman of Bonngoe Holdings, the holding company of Empowerdex and Bonngoe Capital
- Chairman of the Audit Committee for National Treasury
- Co-founder and Executive Chairman of Empowerdex (Pty) Ltd
- Visiting Professor at the University of the Free State School of Management
- Lecturer at Wits University (Financial Accounting III)
- Advisor to the Minister of Agriculture and Land Affairs on AgriBEE issues

Mr Patrick Mngconkola

Positions

- Independent non-executive director
- Chairman of the PIC Human Resources and Remuneration Committee
- Chairman of the PIC Social and Economic Infrastructure and Environmental Sustainability Fund Investment Panel

Qualifications

- Bachelor of Technology in Business Administration
- Bachelor of Human Resources Management
- National Diploma in Police Administration
- Diploma in Personnel and Training Management
- Course in Project Management
- Executive Mentorship Programme
- Programme in Forensic and Investigative Auditing

Memberships

- Member of the PIC Directors' Affairs Committee
- Member of the PIC Audit and Risk Committee
- Member of the PIC Investment Committee
- Member of the board of V&A Waterfront
- Member of the board of GrowthPoint Properties Limited

Ms Moira Moses

Positions

- Independent non-executive director
- Chairman of the PIC Property Committee

Qualifications

- Bachelor of Arts
- Management Advancement Programme

Memberships

- Member of the PIC Directors' Affairs Committee
- Member of the PIC Audit and Risk Committee
- Member of the PIC Human Resources and Remuneration Committee
- Member of the PIC Investment Committee
- Member of the GEPF Board of Trustees
- Member of the board of Kansai/Plascon

Ms Rejane Woodroffe

Positions

- Independent non-executive director
- Chairman of the PIC Social and Ethics Committee

Qualifications

- Chartered Financial Analyst (CFA) – AIMR
- Bachelor of Business Science (Economics Honours)
- Master of Development Economics

Memberships

- Member of the PIC Directors' Affairs Committee
- Member of the PIC Audit and Risk Committee
- Member of the PIC Investment Committee
- Member of the PIC Property Committee
- Alternate member of the GEPF Board of Trustees
- Co-founder and director of Bulungula Incubator, a not-for-profit association based in Nqileni Village, Eastern Cape

** Resigned 1 March 2015*

NON-EXECUTIVE DIRECTORS

Ms Sibusisiwe Zulu

Positions

- Independent non-executive director
- Chairman of the PIC Audit and Risk Committee (since 1 December 2014)

Qualifications

- Bachelor of Law
- Certificate in Business Rescue (Companies Act, 2008)
- Advanced Diploma in Corporate Law
- Certificate in Practical Legal Training
- Admitted Attorney
- Certificate in Business Rescue

Memberships

- Member of the PIC Audit and Risk Committee (until 1 December 2014)
- Member of the PIC Social and Ethics Committee
- Director of Ngubane Wills Incorporated
- Chairman of the Municipal Bid Appeals Tribunal
- Member of the Umngeni Municipality Audit Committee

Mr Trueman Goba

Position

- Independent non-executive director

Qualifications

- Registered Professional Engineer (SA)
- Master of Engineering (Civil)
- Bachelor of Science in Engineering
- Survey Technician's Diploma
- Diploma in Management (Public Policy and Development Administration)

Memberships

- Member of the PIC Investment Committee
- Director and Chairman of Hatch Goba (Pty) Ltd
- Director of Goba (Pty) Ltd
- Director of Independent Newspapers
- Fellow, SA Institution of Civil Engineering
- Fellow, SA Academy of Engineers
- Member of the Professional Advisory Committee (Civil), ECSA

Ms Dudu Hlatshwayo

Position

- Independent non-executive director

Qualifications

- Master of Business Administration
- Bachelor of Social Science (Honours)
- Senior Executive Leadership Development Programme
- Diploma in Marketing Management
- Certificate in Product Strategy and Brand Management
- Diploma for Successful Participation in the Owner Value Programme

Memberships

- Member of the PIC Human Resources and Remuneration Committee
- Member and Chairman of the KZN Growth Fund
- Member and Chairman of AFMETCO
- Member of the Institute of Business Advisors of Southern Africa
- Member of the Institute of Directors
- Member of the Land Bank board
- Member of the board of Lanseria International Airport

EXECUTIVE DIRECTORS

Dr Daniel Matjila

Positions

- Chief Executive Officer (since 1 December 2014)
- Chief Investment Officer (until 30 November 2014)
- Executive director

Qualifications

- Doctorate of Philosophy in Mathematics
- Master of Science in Applied Mathematics
- Bachelor of Science (Honours) in Applied Mathematics
- Postgraduate Diploma in Mathematical Finance
- Advanced Management Programme
- Senior Management Programme

Memberships

- Member of the PIC Investment Committee
- Member of the PIC Property Committee
- Member of the PIC Fund Investment Panels
- Member of the PIC Social and Ethics Committee
- Member of the PIC Directors' Affairs Committee
- Member of the board of the Erin Energy Corporation
- Member of the board of Community Property Company (Pty) Ltd
- Member of the board of Ecobank Transnational Incorporated

Ms Matshepo More

Positions

- Chief Financial Officer
- Executive director

Qualifications

- Chartered Accountant (South Africa)
- Certificate in the Theory of Accounting
- Bachelor of Business Science (Finance)

Memberships

- Member of the PIC Fund Investment Panels
- Member of the board of CBS Property Management (Pty) Ltd
- Member of the board of Pareto Limited
- Member of the board of ADR International Airports Company South Africa (Pty) Ltd
- Member of the board of Association of Black Accountants of South Africa
- Member of the board of Community Property Company (Pty) Ltd

EXECUTIVE HEADS

Mr Vuyani Hako

Position

- Executive Head: Properties

Qualifications

- Master of Business Management and Administration
- Business Management and Administration (Honours)
- Bachelor of Science in Town and Regional Planning
- Property Development Programme
- Executive Leadership Programme

Memberships

- Member of V&A Waterfront Property Committee
- Member of the board of the V&A Waterfront

Mr Koketso Mabe

Position

- Executive Head: Private Equity and Structured Investment Products

Qualifications

- Bachelor of Actuarial Science

Memberships

- Member of PIC Private Equity and Africa Fund Investment Panel
- Student member of the Institute and Faculty of Actuaries
- Member of the board of Ethos Advisory Board
- Member of the board of Harith General Partners (Pty) Ltd
- Member of the board of Medu Capital Fund
- Member of the board of Agrigroupe Holdings (Pty) Ltd
- Member of the board of Menlyn Maine Investment Holdings (Pty) Ltd
- Alternate member of the board of Independent News and Media South Africa
- Member of the board of Dikgosi Tailings (Pty) Ltd
- Member of the board of Bayport Management Limited

Mr Fidelis Madavo

Position

- Executive Head: Listed Investments

Qualifications

- Master of Social Science in Industrial and Administrative Sciences
- Bachelor of Science (Honours) in Chemical Engineering
- International Executive Development Programme

Memberships

- Member of the board of Dangote Cement PLC, Nigeria
- Shareholder representative: EcoBank
- Shareholder representative: Erin Energy Corporation

EXECUTIVE HEADS

Mr Paul Magula

Position

- Executive Head: Risk Management

Qualifications

- Master of Philosophy in Development Finance
- Bachelor of Commerce (Honours) in Financial Management
- Bachelor of Commerce in Financial Accounting
- Registered Persons Exams Future Market
- Bachelor of Science (Medical) (Honours)
- Bachelor of Science

Memberships

- Member of the board of the Trust for Urban Housing Finance (Pty) Ltd
- Member of the board of Botshilu Hospital (Pty) Ltd
- Member of the board of VBS Mutual Bank Society
- Member of the board of ACWA Power Solafrica Bokpoort CSP Power Plant (Pty) Ltd

Mr Ernest Nesane

Position

- Executive Head: Legal Counsel, Governance and Compliance

Qualifications

- Bachelor of Law
- Admitted Attorney

Memberships

- Member of the Law Society of the Northern Provinces
- Member of the board of Afrisam Group
- Member of the board of VBS Mutual Bank
- Member of the board of Eduloan (Pty) Ltd

Mr Roy Rajdhar

Position

- Executive Head: Developmental Investments

Qualifications

- Chartered Accountant (South Africa)
- Bachelor of Accounting Sciences
- Post Graduate Diploma in Accounting
- Higher Diploma in Tax Law

Memberships

- Member of PIC Priority Sector and SMME Fund Investment Panel
- Member of the board of SA Homeloans
- Member of the board of S&S Refineries De Oleos LDA (Mozambique)

EXECUTIVE HEADS

Ms Petro Dekker

Position

- Executive Head: Corporate Services

Qualifications

- Master of Business Leadership
- Bachelor of Commerce (Honours) Business Management
- Bachelor of Commerce (Accounting)
- Programme in Investment Analysis and Portfolio Management

Memberships

- Member of the PIC Social and Ethics Committee
- Chairman of the board of CBS Property Management (Pty) Ltd
- Member of the board of Simons Town Quayside Hotel
- Member of the Institute of Directors South Africa

Mr Luyanda Ntuane

Position

- Executive Head: Information Technology

Qualifications

- Bachelor of Commerce in Business Information Systems and Economics
- Postgraduate Diploma in Management (Distributed Commercial Information Systems)
- Advanced Diploma in Project Management
- Certificate in IT Project Management
- IT Certification: ITIL, PRINCE 2 and COBIT 5
- Professional Certificate in CIO Practice
- Certified Information Security Manager (CISM)

Mr Chris Pholwane

Position

- Executive Head: Human Resources

Qualifications

- Bachelor of Administration
- Secondary Teachers Diploma
- International Executive Development Programme
- Certified Talent Economist

Memberships

- Member of the PIC Social and Ethics Committee

** Dr Xaba resigned as Chief Risk Officer on 30 September 2014*

Public Investment Corporation Executive Committee

Introduction

The Board provides leadership to the PIC, as well as an independent review on all issues of strategy, performance, resources and standards of conduct, either directly or through its committees. Good corporate governance is an integral part of the business of the PIC. The Board of Directors of the PIC promotes and supports high standards of corporate governance, business integrity and ethical values that contribute towards the ongoing sustainability of the PIC. The Board of Directors also facilitates long-term shareholder value and enhances the benefits that all stakeholders derive from the PIC's continued success.

Board Responsibilities

The Board operates in terms of a detailed mandate that is embedded in its Board Charter. This Board Charter sets out the framework for accountability, responsibility, duties and powers of the Board. It further provides a clear division of responsibilities and governs the accountability of Board members, both collectively and individually. Key features of the Board Charter include providing effective leadership based on an ethical foundation, ensuring the sustainability of the Corporation, approving the PIC's annual strategy and budget, approving policies and delegations of authority, ensuring that there are effective risk and governance frameworks in place and that they are implemented, as well as ensuring that the PIC complies with all applicable legislation and other codes. Furthermore, the Board considers employee-related matters as well as key appointments and ensures that proper succession planning is in place. Considerable attention is given to leadership development throughout the Corporation to nurture and retain a pool of talented individuals. The Board Charter and the Terms of Reference of the different Board committees are reviewed on an annual basis.

The Board is ultimately responsible for ensuring that governance standards are met, and has unanimously embraced the King Code of Corporate Governance (King III) as the key governance framework. Compliance with King III is regularly assessed. The Board is assisted in this regard by the Board committees, the Executive Committee and its subcommittees. The aim is to instil a culture of compliance and good governance and to ensure that Board members and employees conduct the PIC's affairs with accountability, transparency, fairness and prudence. To achieve this, the PIC continues to enhance and align its governance and organisational structures, policies and procedures to support its operating environment and strategy. It is for this reason that the Board amended the structure of the Fund Investment Panels (FIPs) which was established as subcommittees of the Investment Committee.

The PIC Board has as such resolved:

- To combine the Private Equity and Africa FIP and the Priority Sector and Small Medium Enterprises FIP into one FIP, to be known as the Private Equity, Priority Sector and Small Medium Enterprises FIP;
- To retain the Social & Economic Infrastructure and Environmental Sustainability FIP in its current form; and
- To establish a Property Investments FIP.

Similarly, towards the end of the financial year and after the finalisation of the PIC's Vision 2030, the Executive Committee and its subcommittees were restructured to ensure effective implementation of the PIC's mandate.

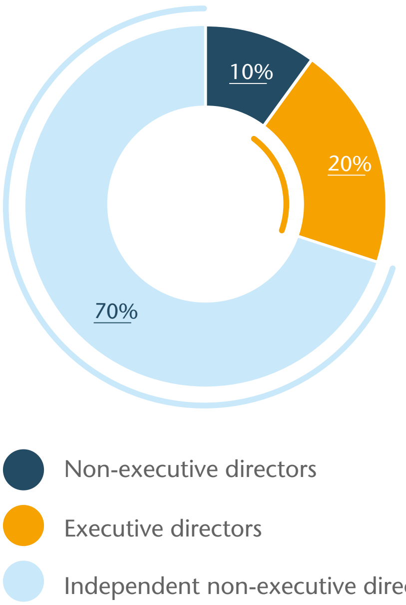
Board and Executive Committee Structure

Board of Directors

Pursuant to the Memorandum of Incorporation, the Board of Directors shall consist of a minimum of 10 directors and a maximum of 15 directors, appointed by the Minister of Finance, in consultation with Cabinet. The non-executive directors are appointed for a three-year term and may be re-appointed for another two terms. Presently, the Board consists of ten directors, of whom two are executive directors, namely the Chief Executive Officer and the Chief Financial Officer. Cabinet also appoints the Chairman and the Deputy Chairman.

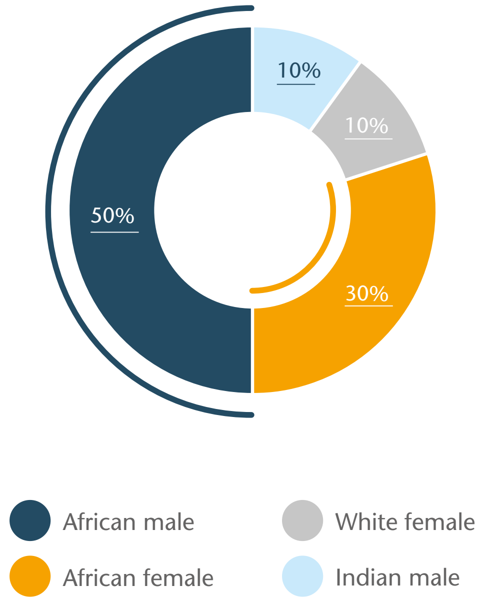
During the financial year, there were two resignations from the Board, being the Chief Executive Officer, Mr Masilela, who resigned on 30 June 2014, and Ms Woodroffe, who resigned on 1 March 2015.

Board Profile



Source: PIC calculations

Transformation



Source: PIC calculations

Years of Service as Directors and Attendance Summary

Consecutive years of service as at 31 March 2015 as directors of PIC and attendance of Board meetings during 2014/15:

Director	Years of Service	Attendance
Nhlanhla Nene	Appointed Minister of Finance during May 2014	1/1
Mcebisi Jonas	Appointed Chairman of the Board on 27 June 2014	7/7
Trueman Goba	1 year 3 months	8/8
Dudu Hlatshwayo	1 year 3 months	8/8
Vuyo Jack	2 years 3 months	5/8
Patrick Mngconkola	4 years 5 months	8/8
Roshan Morar	4 years 5 months – Deputy Chairman	8/8
Moira Moses	7 years 6 months	8/8
Rejane Woodroffe	Resigned 1 March 2015	8/8
Sibusisiwe Zulu	1 year 3 months	8/8
Elias Masilela	Resigned 30 June 2014	1/1
Daniel Matjila	Executive Director	8/8
Matshepo More	Executive Director	8/8

Board Committees

Committee	Key Responsibilities	Members *	Attendance
Audit and Risk Committee	• The integrity of the financial statements; • The appointment, qualifications, independence and performance of the external auditors and the integrity of the audit process as a whole; • The performance and leadership of the internal audit function; • The effectiveness of the system of internal controls and risk management; • Compliance with applicable legal and regulatory requirements; • Reviews of accounting policies and proposed changes thereto; • Reviews of reports on material defalcations; and • Compliance by management with constraints imposed by the Board.	Ms S Zulu (Chairman since 1 December 2014)	5/6
		Mr V Jack (Resigned as chairman on 1 December 2014)	3/6
		Ms R Woodroffe (Resigned 1 March 2015)	6/6
		Mr P Mngconkola	5/6
		Ms M Moses	5/6

* *Note: The members of the Audit and Risk Committee are all independent non-executive directors who get elected by the shareholder in line with Section 94(2) of the Companies Act, 2008.*

Committee	Key Responsibilities	Members	Attendance
Social and Ethics Committee	• Transformation; • Social and economic development; • Corporate Social Responsibility; • Ethical conduct; • Good corporate citizenship; • Implementation of governance and responsible investment codes and best practice; • Reputational risk management; • Sustainability; • Safety and security; and • Stakeholder management	Ms R Woodroffe, Chairman (resigned on 1 March 2015)	11/11
		Mr V Jack	4/11
		Ms S Zulu	10/11
		Dr D Matjila – Chief Investment Officer and Chief Executive Officer since 1 December 2014	3/7
		Ms P Dekker	4/7
		Dr Z Xaba – (resigned 30 September 2014)	2/2
		Mr P Magula – Acting Chief Risk Officer (appointed 1 October 2014)	4/5
		Mr C Pholwane – General Manager: Human Resources (appointed 6 June 2014)	5/5
		Mr D Botha	4/7
		Mr S Sekgoela	7/7
		Ms M Malatsi	7/7
		Ms W Louw	11/11

Board Committees

Committee	Key Responsibilities	Members **	Attendance
Directors' Affairs Committee	• Setting criteria for the nomination of directors and committee members of the Board and subsidiaries and identifying, evaluating and recommending nominees for appointments; • Identifying, evaluating and nominating directors and the PIC employees to be appointed as the PIC's representatives on the Boards of investee companies; • Considering corporate governance best practice; • Overseeing the formal induction programme for new directors; • Conducting an annual assessment of the performance of the Board and reviewing the effectiveness of all Board committees; and • Periodically reviewing the format and composition of the Board and Board committees.	Mr N Nene – Chairman (resigned in May 2014)	1/1
		Mr M Jonas – Chairman (appointed 27 June 2014)	3/3
		Mr R Morar	4/4
		Mr P Mngconkola	4/4
		Mr V Jack (resigned as chairman of ARC on 1 December 2014)	3/4
		Ms M Moses	4/4
		Ms R Woodroffe (resigned on 1 March 2015)	4/4
		Ms S Zulu (appointed as chairman of ARC on 1 December 2014)	1/1
		Mr E Masilela – Chief Executive Officer (resigned 30 June 2014)	1/1
		Ms M More – Acting Chief Executive Officer (from 1 June 2014 to 30 November 2014)	2/2
		Dr D Matjila – Chief Executive Officer (appointed 1 December 2014)	1/1

** *Note: The membership of the Directors' Affairs Committee comprises the Chairman and Deputy Chairman of the Board, the chairmen of the Board committees and the Chief Executive Officer.*

Committee	Key Responsibilities	Members	Attendance
Human Resources and Remuneration Committee	• Ensure a formal and transparent procedure for developing policies on executive remuneration and performance, as well as recommending remuneration packages for executive directors; • Consider policies regarding the conditions of employment, remuneration and benefits of the PIC employees and all related aspects; • Approve the policies and principles of the performance bonus scheme and criteria to be applied within the PIC, which is based on corporate and individual performance; and • Ensure compliance.	Mr P Mngconkola Chairman	9/9
		Ms M Moses	8/9
		Mr V Jack	3/9
		Ms D Hlatswayo	8/9

Committee	Key Responsibilities	Members ***	Attendance
Investment Committee	• Oversight and decision-making about investment activities; and • Monitoring of investment mandates.	Mr R Morar – Chairman	8/9
		Mr P Mngconkola	9/9
		Ms R Woodroffe (resigned on 1 March 2015)	6/8
		Mr T Goba	9/9
		Ms M Moses	8/9
		Mr V Jack	4/9
		Mr E Masilela (resigned 30 June 2014)	0/2
		Dr D Matjila (Chief Investment Officer and Chief Executive Officer since 1 December 2014)	6/9
		Ms M More – Acting Chief Executive Officer (from 1 June 2014 to 30 November 2014)	1/4

*** ***Note:*** *The membership of the Investment Committee comprises non-executive directors, the Chief Executive Officer and the Chief Investment Officer. The chairmen of the Property Committee and Fund Investment Panels are ex-officio members.*

Investment Committee Subcommittees#

Committee	Members	Attendance
Property Committee	Ms M Moses – Chairman	6/7
	Mr R Morar	5/7
	Mr V Jack	4/7
	Ms R Woodroffe (resigned 1 March 2015)	4/7
	Mr E Masilela (resigned 30 June 2014)	0/2
	Dr D Matjila – Chief Investment Officer and Chief Executive Officer since 1 December 2014	3/7
	Ms M More – Chief Financial Officer and Acting Chief Executive Officer from 1 June to 30 November 2014	3/3
Private Equity and Africa Fund Investment Panel	Mr V Jack – Chairman	9/9
	Mr Elias Masilela (resigned 30 June 2014)	1/2
	Ms M More – Chief Financial Officer and Acting Chief Executive Officer from 1 June to 30 November 2014	6/9
	Dr D Matjila – Chief Investment Officer and Chief Executive Officer since 1 December 2014	5/9
	Mr K Mabe – Executive Head Private Equity and SIPS	8/9

Investment Committee Subcommittees#

Committee	Members	Attendance
Priority Sector and Small and Medium Enterprises Fund Investment Panel	Mr R Morar – Chairman	7/7
	Mr E Masilela (resigned 30 June 2014)	0/1
	Ms M More – Chief Financial Officer and Acting Chief Executive Officer from 1 June to 30 November 2014	6/7
	Dr D Matjila – Chief Investment Officer and Chief Executive Officer since 1 December 2014	5/7
	Mr R Rajdhar – Executive Head: Developmental Investments	3/7
Social and Economic Infrastructure and Environmental Sustainability Fund Investment Panel	Mr P Mngconkola – Chairman	8/8
	Mr E Masilela (resigned 30 June 2014)	0/1
	Ms M More – Chief Financial Officer and Acting Chief Executive Officer from 1 June to 30 November 2014	5/8
	Dr D Matjila – Chief Investment Officer and Chief Executive Officer since 1 December 2014	5/8
	Ms N Quagraine / Mr R Rajdhar – Senior Fund Principal: Infrastructure/Executive Head: Developmental Investments	6/8
Private Equity, Priority Sector and Small Medium Enterprises Fund Investment Panel	Mr R Morar – Chairman	1/1
	Dr D Matjila – Chief Investment Officer and Chief Executive Officer since 1 December 2014	1/1
	Ms M More – Chief Financial Officer and Acting Chief Executive Officer from 1 June to 30 November 2014	1/1
	Mr K Mabe – Executive Head: Private Equity and Structured Investment Products	1/1

\# *Note that the subcommittees of the Investment Committee were restructured towards the end of the 2014/15 financial year as detailed earlier in the governance report (page 23).*

Independence

The Deputy Minister of Finance is the Chairman of the Board. The PIC is aware that, in terms of King III, the Board chairmanship should preferably be held by independent directors. However, the appointment of the Deputy Minister as Chairman of the PIC Board is on the basis that the Government Employees Pension Fund (GEPF) is a defined benefit fund that is underwritten by Government and that the PIC is a public entity with the Minister of Finance as shareholder representative. In line with best practice, the role of the Chairman is separate from that of the Chief Executive Officer. In instances where there is real or perceived conflict of interest for the Chairman of the Board, such interests are declared, and the Chairman recuses himself from the meeting. Non-executive directors are not involved in the day-to-day running of the Corporation.

The independence of the non-executive directors enables them to make the following important contributions to the governance process, amongst others:

- The ability to review the performance of both the Board and of the executives; and
- Taking the lead where potential conflicts of interest in the boardroom may arise.

Transparency is the cornerstone of good corporate governance. The Board has unrestricted access to all PIC information, records, documents, facilities and property to enable it to discharge its responsibilities.

Non-executive directors have access to members of management and, where appropriate, are entitled to meet separately with management in the absence of executive directors. Regular dialogue and exchange of information between the internal and external auditors with the Board, also take place quarterly.

To ensure that the Board and its committees make informed decisions that take into consideration all possible aspects of issues at hand, the Board and all its committees are entitled to take independent expert advice at the Corporation's expense.

The Board is fully committed to upholding the highest standards of corporate governance.

Board Meetings

The Board meets at least four times a year. Additional meetings are convened to discuss specific issues that arise between scheduled Board meetings. In instances where directors are unable to attend a meeting in person, video and teleconference facilities are made available to include them in the proceedings and enable their participation in discussions.

Directors provide input to the agenda. The Company Secretariat distributes documentation, which contains detailed proposals and management reports, at least seven working days prior to each of the scheduled meetings to ensure that directors get sufficient time to study the documents. Directors may also request additional information from management, where necessary.

In instances where directors need to take resolutions, but it is not possible for them to meet, they follow a round robin resolution process, which requires 75% of directors' signatures. A resolution passed in this manner is effective as from the date when the last signing director signs, and is formally noted at the next Board or Board committee meeting.

The Board meets with management annually to discuss proposed strategies.

The Company Secretary attends all the Board and Board committee meetings and ensures that accurate and adequate records of the proceedings and resolutions are taken.

The Board met eight times during the financial year. Four of these meetings were scheduled meetings, two strategic Board sessions were held, and two meetings were special meetings which included the Annual General Meeting that was held on 1 December 2014.

Closed Sessions

When required, after a Board meeting, directors may meet without management present in closed sessions led by the chairman. These sessions commence with all executive directors present to answer any questions or raise any matters necessary. The chairman may request executive directors to leave these sessions when situations arise that may lead to conflicts of interest.

The primary objective of these sessions is to provide directors with an opportunity to test thoughts and insights among peers. Where executive directors are recused from such a meeting, the chairman, as the primary link between the Board and executive management, provides feedback from the closed sessions to the Chief Executive Officer.

Conflicts of Interest and other Commitments

The PIC's policy in this regard applies to all directors and employees of the PIC. Directors are required to declare their personal financial interest and those of related persons in contracts with the PIC annually, as well as at each Board and Board committee meeting.

Induction of New Directors and Ongoing Training

All directors receive appropriate induction upon appointment and thereafter continuous training.

Board Evaluation

The annual evaluation of the Board was performed at the end of the financial year. This evaluation covered the size and composition of the Board, directors' induction and development effectiveness, Board meetings, relationship between the Board and management, flow of information, skills needed by the Board and its committees as well as stakeholder relations. The Board reviews the overall outcome of the evaluation of the Board's effectiveness.

Delegation of Authority and Effective Control

A well-developed governance structure that comprises various Board committees, enables the Board to retain effective control over the operations of the PIC. A comprehensive Delegation of Authority (DoA) is in place to ensure timeous and effective implementation of the corporate strategy. The DoA does not absolve the Board of its responsibilities. A comprehensive revision of the DoA is underway to ensure proper alignment with the PIC's changing environment. The Board retains the prerogative to withdraw any given delegation at any time.

Code of Ethics

The Board has adopted a Code of Ethics to promote proper standards of conduct and sound and prudent practices for the PIC employees in dealing with stakeholders, including clients, suppliers, as well as customers. The PIC's Board and employees are committed to managing their affairs in an ethical and disciplined manner.

Fraud Prevention Policy

The PIC has a formalised Fraud Prevention Policy to assist in the prevention and detection of fraudulent activities and to protect assets under the Corporation's management from any form of dishonest or unethical conduct. The Fraud Prevention Policy declares that the PIC management and all employees should adopt the highest standards of honesty, propriety, personal integrity and accountability, and be fully attentive to guard against misappropriations, irregular transactions and other unlawful conduct affecting the PIC. The Policy also sets out the fraud discovery reporting procedures and warns employees of the disciplinary action taken against fraudulent conduct.

To promote the achievement of this, management has contracted with a "whistle-blowing" company. This ensures an anonymous process and one that does not raise fear of victimisation of the whistle-blower.

Anti-money-laundering Policy

Anti-money-laundering is about legal controls that financial institutions and other regulated entities must observe to prevent or report money-laundering activities.

The Board has approved and adopted an Anti-money-laundering Policy to ensure that the Corporation is not compromised by unlawful activities associated with money-laundering and financing of transactions. PIC employees are given regular updates on the latest changes in procedures and developments on money laundering. Specific training is offered to promote the understanding of employees' fundamental responsibility in adhering to the procedures for verifying customers and reporting suspicious transactions.

Compliance

The PIC considers compliance with applicable laws, industry regulations, industry codes and its internal policies and ethical standards to be an integral part of the way in which we are doing business. The PIC's Compliance department oversees the adoption of governance and other best practices by the PIC's business units to ensure that the Corporation complies with all financial services and other relevant legislation. While the PIC Board remains ultimately responsible for compliance with legislation, the Compliance department is responsible for the implementation processes. During the reporting period, the PIC Compliance Manual and compliance risk management plans were updated. A number of internal compliance reviews were also conducted, with a view to assess general compliance, as well as Financial Advisory and Intermediary Services (FAIS) and Public Finance Management Act (PFMA) compliance.

Company Secretarial Function

The Company Secretary is accountable to the Board to ensure that Board procedures are complied with and to advise the Board on governance matters. The Board appoints and removes the Company Secretary in terms of Section 86 of the Companies Act, 2008. The Company Secretary, assisted by the Legal Services department, acts as a central source of information to the Board and is not a director of the PIC. All directors have unlimited access to the Company Secretary for advice and services. The Company Secretary is responsible for the duties set out in Section 88 of the Companies Act, 2008. As required by King III, the Company Secretary also acts as secretary to the various committees of the Board and attends all meetings of the Board and its committees. To enable her to fulfil her duties, the Company Secretary has been fully empowered by the Board and has complete access to people and resources to facilitate this.

Statement of Material Breakdowns

During the period under review, nothing came to the attention of the ARC to suggest that any material breakdown had occurred in the functioning of the PIC systems, procedures and controls that could lead to material losses, contingencies or uncertainties that would require disclosure in the financial statements.

Statement of Going Concern

The Board considers the going concern concept in the context of its deliberations on the annual financial statements. The facts and assumptions underlying the Board's assessment are documented. In accordance with the requirements of the Companies Act, 2008, the Board records its approval of the annual financial statements and its opinion on going concern aspects on pages 95 to 97 of this integrated annual report.

Conclusion

The PIC Board is alert to the changing nature of the governance landscape in the financial services sector and the fact that new governance requirements will come into effect. The Board remains committed to being well informed and attentive in respect of all existing and future governance obligations.

Declaration by the Company Secretary

In terms of Section 88 (1)(e) of the Companies Act, 2008, I hereby declare that, to the best of my knowledge and belief, the Public Investment Corporation SOC Limited has lodged with the Registrar of Companies, for the financial year ended 31 March 2015, all such returns and notices as are required by a State-owned Company in terms of the Companies Act, and that all such returns and notices appear to be true, correct and up to date.

Ms Wilhelmina JF Louw
Acting Company Secretary

OUR PERFORMANCE AND HOW WE CREATE SUSTAINABLE VALUE

Performance against Key Performance Indicators (KPIs) for the financial year ending 31 March 2015

Goals/ Objectives	Performance Indicator	2014/15 Target	2015/16 Target	2016/17 Target	Performance as at 31 March 2015	Explanation of Variance
Investment Activities						
Contribution to developmental investments through social infrastructure, economic infrastructure, high job creation sectors, SMMEs and infrastructure listed bonds.	Funds committed to developmental projects, including listed infrastructure bonds (approvals).	Between R2 billion to R3.2 billion new investments (approved transactions for the financial year).	Between R3 billion to R4 billion new investments (approved transactions for the financial year).	Between R3 billion to R4 billion new investments (approved transactions for the financial year).	Contribution to developmental investments through social infrastructure, economic infrastructure, high job creation sectors and SMMEs were achieved through investment approvals totalling R10.7 billion. R15.1 billion was invested into SOEs, which contributed to Infrastructure development.	Achieved The adoption of the new unlisted investment model has significantly improved the transaction turnaround times hence in excess of 18 transactions have been approved during the year under review. Furthermore, a good deal pipeline contributed to the achievement of this target.

Goals/ Objectives	Performance Indicator	2014/15 Target	2015/16 Target	2016/17 Target	Performance as at 31 March 2015	Explanation of Variance
Investment Activities						
Contribution to transformation in various companies through private equity investments.	Funds committed to private equity investments (approvals).	Between R1.5 billion to R2 billion new investments (approved transactions for the financial year).	Between R2 billion to R2.5 billion new investments (approved transactions for the financial year).	Between R2 billion to R2.5 billion new investments (approved transactions for the financial year).	Unlisted investment approvals for private equity totalled R397 million, contributing to transformation in various companies. One of these transactions is directly linked to the NDP, as the Investee Company dispenses medication to all locations across SA, with an estimated 63% of deliveries servicing patients in rural areas who are not serviced by community pharmacies. The other transaction supported a majority black-owned developmental fund manager and anchored the Fund to enable further fund raising. *Note: Investments are subject to approved client mandates.*	Not Achieved Fund I has been fully committed and the approval process for Fund II was not finalised before the end of the financial year. Final approval from the client is awaited.

Goals/ Objectives	Performance Indicator	2014/15 Target	2015/16 Target	2016/17 Target	Performance as at 31 March 2015	Explanation of Variance
Investment Activities						
Increase investments in Africa (non-domestic).	Funds committed for the rest of Africa Portfolio (approvals).	Africa DI commit between USD100 million to USD150 million for the financial year (approved transactions).	Africa DI commit between USD125 million to USD175 million for the financial year (approved transactions).	Africa DI commit between USD150 million to USD200 million for the financial year (approved transactions).	Unlisted developmental investment approvals for the rest of the African continent (excluding South Africa), totalled USD53 million. This transaction has a developmental impact through expansion of cement production plants in the SADC geographic focus area. It is expected to raise new jobs on an indirect basis. *Note: Investments are subject to approved client mandates.*	Not Achieved Additional funds for developmental investments in Africa have not been allocated by the client by the end of the financial year. Hence no further transactions were approved.
		Africa PE USD50 million – USD75 million for the financial year (approved transactions).	Africa PE USD75 million – USD100 million for the financial year (approved transactions).	Africa PE USD100 million – USD125 million for the financial year (approved transactions).	Unlisted private equity investment approvals for the rest of Africa (excluding South Africa), totalled USD115 million. • Capital investments in growth-sized businesses through Sub-Saharan Africa and equity investments in companies operating in financial services, logistics, infrastructure services and industrial services and transport sectors. • Long-term investments in equity and equity-related securities in telecommunication infrastructure businesses across Africa. This investment is focussed on the Information, Communication and Technology (ICT) sectors.	Achieved Investment in Africa private equity exceeded expectations as a result of a good deal pipeline.

Goals/ Objectives	Performance Indicator	2014/15 Target	2015/16 Target	2016/17 Target	Performance as at 31 March 2015	Explanation of Variance
Investment Activities						
Increase investments in Africa (non-domestic).	Funds committed to the rest of Africa portfolio (approvals).	Listed Equities USD100 million – USD150 million for the year (approved transactions).	Listed Equities USD 125 million - USD 175 million for the financial year (approved transactions).	Listed Equities USD 150 million - USD 175 million for the financial year (approved transactions).	Notore Fertilizer USD98 million approved for IPO Mota Engil Africa USD100 million approved for IPO. *(Note: The above two transactions are subject to the listing of these companies).* MTN Nigeria transaction was concluded at USD231 million.	Achieved The PIC is in the process of building a strategic portfolio across all sectors that are benefiting from strong growth on the African continent. A proprietary benchmark will be introduced at a later stage.
Deliver investment performance which meets or exceeds client benchmarks.	% of client portfolios with returns meeting or exceeding the benchmarks; all measurements on a 3-year rolling basis.	GEPF: Meet and/ or exceed CPI + 300bps on a total fund level.	GEPF: Meet and/ or exceed CPI + 300bps on a total fund level.	GEPF: Meet and/ or exceed CPI + 300bps on a total fund level.	The PIC delivered investment performance for the Government Employees Pension Fund (GEPF), which exceeds the CPI benchmark. GEPF Return: 15.94% vs CPI + 300bps: 8.47% GEPF was over by: 6.89%	Achieved GEPF was heavily weighted on listed equities and bonds and these are the asset classes that outperformed CPI over the period.
		UIF: Meet and/ or exceed CPI + 300bps on a total fund level.	UIF: Meet and/ or exceed CPI + 300bps on a total fund level.	UIF: Meet and/ or exceed CPI + 300bps on a total fund level.	The PIC delivered investment performance for the Unemployment Insurance Fund (UIF), which exceeds the CPI benchmark. UIF Return: 10.98% vs CPI + 300bps: 8.47% UIF was over by: 2.51%	Achieved UIF was heavily weighted on listed equities and bonds and these are the asset classes that outperformed CPI over the period.

Goals/ Objectives	Performance Indicator	2014/15 Target	2015/16 Target	2016/17 Target	Performance as at 31 March 2015	Explanation of Variance
Investment Activities						
Deliver investment performance which meets or exceeds client benchmarks.	% of client portfolios with returns meeting or exceeding the benchmarks; all measurements on a 3-year rolling basis.	CC: Meet and/ or exceed CPI + 300bps on a total fund level.	CC: Meet and/ or exceed CPI + 300bps on a total fund level.	CC: Meet and/ or exceed CPI + 300bps on a total fund level.	The PIC delivered investment performance for the Compensation Commissioner Fund (CC) and the Compensation Commissioner Pension Fund (CP), which exceeds the CPI benchmark. CC Return: 8.93% and CP Return: 11.01% vs CPI + 300bps: 8.47% CC was over by: 0.46% and CP was over by: 2.54%	Achieved CC and CP was heavily weighted on listed equities and bonds and these are the asset classes that outperformed CPI over the period.
		Others: Meet and/ or exceed CPI + 50bps on a total fund level.	Others: Meet and/ or exceed CPI + 50bps on a total fund level.	Others: Meet and/ or exceed CPI + 50bps on a total fund level.	The PIC delivered investment performance for Associated Institution Pension Fund (AIPF), which exceeds the CPI benchmark. AIPF Return: 8.12% vs CPI + 50bps: 5.86% AIPF was over by: 2.26%	Achieved AIPF was heavily weighted in bonds and that is one of the asset classes that outperformed CPI over the period.
					The PIC delivered investment performance for Temporary Employees Pension Fund (TEPF), which exceeds the CPI benchmark. TEPF Return: 5.93% vs CPI + 50bps: 5.86% TEPF was over by: 0.07%	Achieved TEPF was predominantly invested in 0-6 months money market securities that outperformed CPI.

Goals/ Objectives	Performance Indicator	2014/15 Target	2015/16 Target	2016/17 Target	Performance as at 31 March 2015	Explanation of Variance
Investment Activities						
Deliver investment performance which meets or exceeds client benchmarks.	% of client portfolios with returns meeting or exceeding the benchmarks; all measurements on a 3-year rolling basis.	Others: Meet and/or exceed CPI + 50bps on a total fund level.	Others: Meet and/or exceed CPI + 50bps on a total fund level.	Others: Meet and/or exceed CPI + 50bps on a total fund level.	The PIC delivered investment performance for the Auditor-General (AG), but due to the asset class composition this performance did not exceed the CPI benchmark. AG Return: 4.91% vs CPI + 50bps: 5.86% AG was under by: 0.95%	Not Achieved AG was predominantly invested in cash instruments that underperformed CPI.
					AG Staff Account: 5.31% vs CPI + 50bps: 5.86% AG Staff Account was under by: 0.55%	Not Achieved AG Staff Account was predominantly invested in cash instruments that underperformed CPI.
					The PIC delivered investment performance for the Community Property Fund, which did not exceed the CPI benchmark. Community Property Fund: 5.60% vs CPI + 50bps: 5.86% Community Property Fund was under by: 0.26%	Not Achieved Community Property Fund was predominantly invested in 0-3 months money market securities that underperformed CPI.

Goals/ Objectives	Performance Indicator	2014/15 Target	2015/16 Target	2016/17 Target	Performance as at 31 March 2015	Explanation of Variance
Investment Activities						
Deliver investment performance which meets or exceeds client benchmarks.	% of client portfolios with returns meeting or exceeding the benchmarks; all measurements on a 3-year rolling basis.	Others: Meet and/or exceed CPI + 50bps on a total fund level.	Others: Meet and/or exceed CPI + 50bps on a total fund level.	Others: Meet and/or exceed CPI + 50bps on a total fund level.	The PIC delivered investment performance for the Guardian Fund, which exceeds the CPI benchmark. Guardian Fund: 6.15% vs CPI + 50bps: 5.86% Guardian Fund was over by: 0.29%	Achieved The Guardian Fund was predominantly invested in 0-9 months money market securities that outperformed CPI.
					The PIC delivered investment performance for the National Skills Fund, which exceeds the CPI benchmark. National Skills Fund: 5.86% vs CPI + 50bps: 5.86% National Skills Fund was over by: 0.001%	Achieved The National Skills Fund was predominantly invested in 0-6 months money market securities that outperformed CPI.

Goals/ Objectives	Performance Indicator	2014/15 Target	2015/16 Target	2016/17 Target	Performance as at 31 March 2015	Explanation of Variance
Investment Activities						
Deliver investment performance which meets or exceeds client benchmarks.	% of client portfolios with returns meeting or exceeding the benchmarks; all measurements on a 3-year rolling basis.	Others: Meet and/or exceed CPI + 50bps on a total fund level.	Others: Meet and/or exceed CPI + 50bps on a total fund level.	Others: Meet and/or exceed CPI + 50bps on a total fund level.	The PIC delivered investment performance for the President's Fund, which exceeds the CPI benchmark. Presidents Fund: 6.02% vs CPI + 50bps: 5.86% President's Fund was over by: 0.16%	Achieved The President's Fund was predominantly invested in 0-6 months money market securities that outperformed CPI.
					The PIC delivered investment performance for the Reconstruction and Development Programme Fund (RDP), but due to the asset class composition in the first 18 months, did not exceed the CPI benchmark. RDP Fund: 5.02% vs CPI + 50bps: 5.86% RDP Fund was under by: 0.84% *Note: It should be noted that a benchmark of CPI+50 bps does not apply to many of these clients as they are invested only in Fixed Income Securities.*	Not Achieved The RDP Fund was predominantly invested in cash instruments that underperformed CPI.

Goals/ Objectives	Performance Indicator	2014/15 Target	2015/16 Target	2016/17 Target	Performance as at 31 March 2015	Explanation of Variance
Investment Activities						
BEE: Contribute to enterprise development in the asset management sector both in listed and unlisted investments *(Note 1).*	Number of BEE developmental managers %.	30% of external third-party fund managers both in listed and unlisted investments.	40% of external third-party fund managers both in listed and unlisted investments.	45% of external third-party fund managers both in listed and unlisted investments.	PIC contributed to enterprise development in the asset management sector, by ensuring that 80% of the external managers are BEE managers (14 in listed equities and 2 in unlisted investments).	Achieved PIC has managed to accelerate its developmental manager programme and hence it is ahead of target.
BEE: Contribute to enterprise development in the broker sector.	% of brokerage paid to designated BEE broker firms used as a percentage of total brokerage paid.	Allocate at least 25% to BEE brokers.	Allocate at least 30% to BEE brokers.	Allocate at least 35% to BEE brokers.	PIC contributed to enterprise development in the broker sector, by ensuring that 83.14% of total brokerage for the year to date was paid to brokers certified on BEE Level 1 to 3. R74.8 million was allocated to brokers certified on BEE Level 1 to 3.	Achieved During the 2014/15 financial year there was a conscious drive to use BEE brokers that are level 4 or better and there were also some new BEE broker entrants. Further to this, when the equity portfolio is rebalanced, BEE brokers are used as they are mainly discount brokers who charge less brokerage.

Goals/ Objectives	Performance Indicator	2014/15 Target	2015/16 Target	2016/17 Target	Performance as at 31 March 2015	Explanation of Variance
Operational Activities						
Conduct sustainable and efficient PIC operations *(Note 2)*.	Net profit per annum as a minimum percentage of sustainable revenue.	Net profit= minimum 10% of net profit / management fees.	Net profit= minimum 10% of net profit / management fees.	Net profit= minimum 10% of net profit / management fees.	PIC conducts sustainable and efficient operations. The net profit / management fees for the financial year ended 31 March 2015 amounted to 35%. Net profit grew by 58% compared to the previous year.	Achieved Higher management fees due to the unlisted investment mandate.
BEE: PIC staff demographics reflective of South Africa.	% of staff defined as Black according to legislation. This will be aligned with the economically active population.	Minimum % of Black staff as defined in legislation to be aligned to South African demographics (in terms of economically active population).	Minimum % of Black staff as defined in legislation to be aligned to South African demographics (in terms of economically active population).	Minimum % of Black staff as defined in legislation to be aligned to South African demographics (in terms of economically active population).	PIC's staff demographics are reflective of South Africa's economically active population. 85.37% of staff are defined as Black according to legislation. This is 7.47% ahead of target.	Achieved The HR Recruitment Strategy was aligned to the PIC's EE targets and on a quarterly basis company performance on EE status (actual vs target) was provided to each division's Human Resources Business Partner and discussed with Line Managers. All appointments, whether contractual or permanent had to be aligned with EE targets.

Note 1: In the previous year there was reference to a specific number of enterprise development managers, but as the PIC is going to move towards fewer external managers, it was decided to rather refer to a minimum percentage.

Note 2: The figure of 10% is based on an average of historical information and is a figure that is sustainable in both boom and bust economic cycles.

Key Highlights for the Financial Year

Both challenges and opportunities characterised the financial year. The investment environment within which the PIC operates is influenced by multiple factors, including global, regional and domestic economic cycles as well as political and geopolitical conditions. The changes in these environments present the PIC with challenges as well as investment opportunities.

Some key events that defined the financial year, include a very slow and below expected economic growth in South Africa. It also includes industrial action in the mining and manufacturing industries and the downgrade of the credit ratings of key state-owned entities. The list of economic challenges is incomplete without mentioning South Africa's energy challenges. There is no clear indication of the full impact of this on the economy, but it is important that Eskom be supported to solve this problem for the well-being of the South African economy.

The global environment also changed and continues to pose challenges. The International Monetary Fund (IMF) in its latest 2015 World Economic Outlook, made downward revisions to its 2015/16 GDP projections (3.5% from 3.8%). The revisions reflect a reassessment of prospects in China, Russia, the Euro area and Japan. The US experienced growth in economic activity and the labour market in anticipation that the Fed is likely to begin raising its policy rate later this year. Oil prices have picked up again towards USD60/bbl after reaching lows of USD45/bbl in early 2015.

All these factors, amongst other micro factors, pose some challenges and difficulties in achieving the set targeted objectives and delivery on investment strategies. Our view, however, is that every challenge carries with it opportunities. The challenges faced domestically and globally are ripe with opportunities for the PIC to aggressively accelerate the deployment of developmental investments in the economy. We remain convinced that developmental investments hold the key to the growth of the economy and, by extension, that of AuM.

Below are some of the key achievements attained in the previous financial year:

AuM grew by R208 billion since 1 April 2014.

The growth in AuM represents approximately a 12.97% increase over a 12 month period. The slower growth in AuM is understandable, given the low economic growth environment and weak economic outlook.

The diagram below shows the movement in market values of the portfolio. This reflects not only the market movement, but also alignment with strategic asset allocation in various mandates.

Asset Class	31 Mar 2013 R billion	31 Mar 2014 R billion	31 Mar 2015 R billion	Change* 2014 vs 2015
Capital Market	488.0	520.5	622.1	101.6
Equities	636.0	788.5	882.9	94.4
Cash and Money Market	122.0	114.4	80.9	-33.5
Isibaya	13.0	17.6	25.4	7.8
Property	62.0	70.4	94.1	23.7
Africa (Ex SA)	3.0	8.0	11.7	3.7
Offshore	80.0	86.2	96.2	10.0
TOTAL	1,404	1,605.6	1,813.3	207.7

** The movements in SAA market values are as a result of changes in client mandates, market movements and transitioning of the portfolios.*

Highest Peak of Approved Unlisted Deals

Approximately 26 unlisted transactions, in excess of R13.1 billion, were approved. These investments include three transactions in the rest of the African continent. It represents the highest number of approvals in a single financial year since the deployment of unlisted investments.

- SA developmental investments approvals amounted to R10.7 billion;
- SA private equity investments approvals amounted to R397 million;
- Investments in the rest of Africa, private equity approvals amounted to USD115 million (caR1.4 billion); and
- Africa developmental investments approvals amounted to USD53 million (caR643 million).

These investments have the potential to create and sustain in excess of 18 000 direct jobs (both permanent, contractual and seasonal).

Strong Acceleration towards the Implementation of the Africa Strategy

- Investments in the rest of Africa amounted to approximately R11.7 billion.

Conclusion of Key Strategic Partnerships, which will Enable the PIC Investment Team to Collaborate their Skills, Origination of Transactions Domestically and across the Continent:

- Fact-finding visit to Singapore, (Temasek, and Government of Singapore, Investment Corporation of Singapore) to establish strategic relationships with like-minded institutions;
- Signing of Memorandum of Understanding (MoU) with Gazprombank from Russia;
- Partnership with IDC, DBSA and Land Bank. The PIC is in the process of advancing R5 billion to DBSA, towards municipalities' infrastructure financing; and
- Discussions with ESKOM to find a solution to the current electricity problems in the country.

Contribution to Socio-economic Transformation through the Use of Structured Investment Products (SIPS):

- The sale of R5 billion GrowthPoint shares to a BEE consortium, supporting transformation in the property sector. This transaction was structured and financed by PIC;
- Northam Platinum preferential share BBBEE transaction was concluded which benefited communities and provided expansion capital; and
- Transaction in Texton Property Fund, while supporting BBBEE in the property market;

Investment Approaches and Investment Philosophy

The PIC is a long-term investor. Our investment strategy is designed to take into consideration a long-term view of the macro environment. The PIC's main investment objectives are to achieve strong long-term capital returns above clients' benchmarks. This is supported by robust risk management, while contributing to the broader social and economic development of South Africa and the rest of Africa. Our strategy includes building a portfolio around our clients' requirements, diversified by sector, geography, duration and size. The PIC follows a robust investment strategy that stems from its investment philosophy across all asset classes. The diagram on the next page summarises our investment philosophy that is predicated upon three pillars, which we call "the FREGs" Philosophy. This philosophy is premised on financial returns, risk management and ESG.

Financial Returns	• Robust investment strategy for wealth creation.
Risk Management	• Robust risk management framework underpinned by good governance structure enhances decision making; • Highly skilled and motivated employees (Human Capital Management); • Modern IT platform and systems to enhance decision making and knowledge management; and • Appropriate regulatory and legal environment to enhance performance.
ESG Sustainable Investing	• Incorporating ESG issues produces sustainable portfolio returns in the long-term; • Environmental (protecting the environment to sustain the creation of wealth); • Social (sharing of the wealth is an insurance for sustained wealth creation process); and • Governance (good governance enhances financial performance).

The PIC invests in various asset classes, in the local and global markets. Approximately 94% of the AuM is invested in the domestic markets.

Financial Returns	Investment approaches
Alpha Strategies	• Listed equities (domestic); • Outsourced to external managers; • Developmental manager programme; • Global equities (non-domestic); • Diversified across various regions/geographies, asset classes, managed through third-party managers; • Africa Listed Portfolio (internally managed); • Building of the concentrated diversified portfolio which presents key African economy fundamentals; • Africa Listed Portfolio; and • Externally managed by third-party managers.
Beta Strategies	• Listed equities (domestic); • Core quantitatively managed, with tactical tilts over a period; • Listed equities (offshore); • Core managed, with allocation calls managed in-house; • Fixed income core strategies; and • Properties strategies (listed and unlisted).
Unlisted Investment Strategies	• Unlisted DI (investment approaches through direct, co-investments and indirect (fund of funds); and • Unlisted – private equity (investment approaches through direct, co-investments and indirect (fund of funds).
Properties Investment Strategies	• Property investments (unlisted investments) Co-investments, indirectly held, directly held, joint ventures, asset and portfolio management; and • Properties management (leasing, facilities management, property operations).

PIC Investments Asset Classes

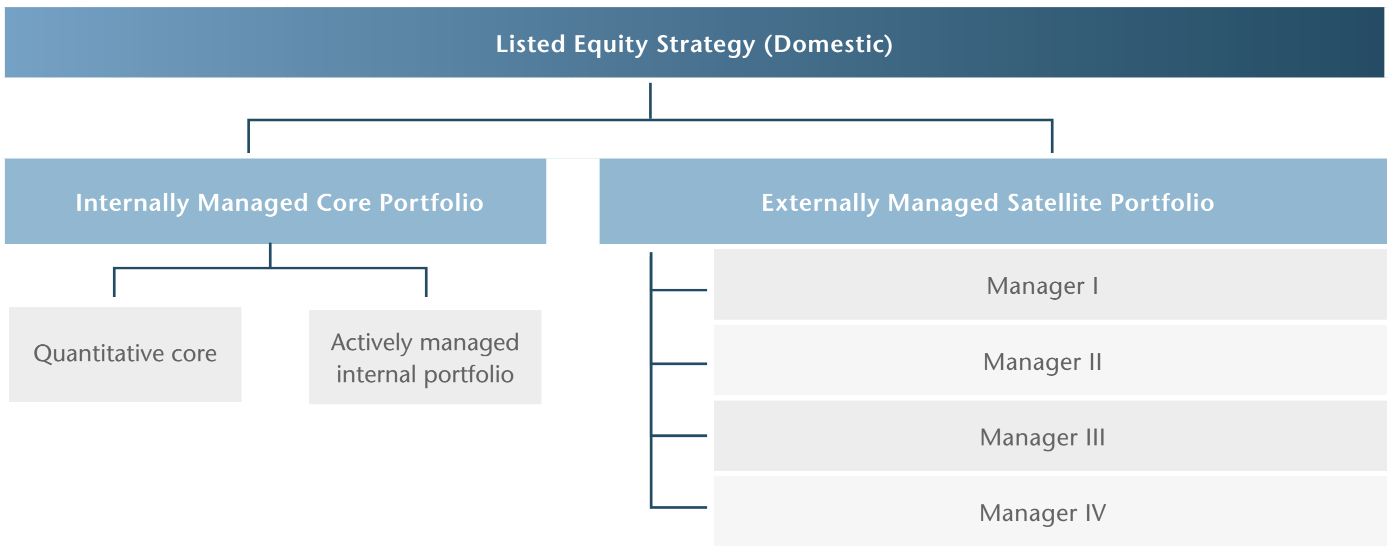
Listed Investments (Domestic)	Unlisted Investments (Domestic)	Offshore Investments (Non-Domestic)
Listed equities (in-house managed)	Private equity	Global equities
Listed equities (externally managed)	Developmental investments	Global bonds
Bonds	Properties	Africa - listed investments
Cash and money market		Africa - unlisted investments
*SAA: Approximately 70%	*SAA: Approximately 20%	*SAA: Approximately 10%

**SAA: Strategic Asset Allocation*

Listed Investments Approaches

Domestic Listed Equity

The PIC's domestic listed equity investment approach follows a core and satellite investment strategy. The core portfolio is managed in-house while the satellite portfolio is managed by external managers. The externally managed portfolio seeks to generate alpha (out-performance) while the core portfolio is indexed to follow benchmarked returns. The diagram below shows the broad domestic equity investment strategy structure.



Domestic Fixed Income

The fixed income portfolio that consists of bonds and money market instruments, is managed in-house. The team's responsibility is to ensure that the portfolio is managed in line with benchmark expectations and a very low tracking error.

Global Offshore Investments

The diagram below shows high-level investment approaches for the offshore portfolio.

Global Listed Equity – SAA* 3% (range 0-5%)	
The actively indexed core portfolio	Externally managed (satellite)
Customised equity benchmark – managed by Blackrock	Active – managed by multiple managers

Global Bonds – SAA 2% (range 0-4%)	
Core portfolio	Externally managed (satellite)
Actively indexed portfolio	Active

**SAA: Strategic Asset Allocation*

The current investment approach for global equities and bonds is to track an index, but we are currently working on a strategy to efficiently optimise the global portfolio by allocating funds to other pockets with the potential of improving alpha generation.

Unlisted Investments

Unlisted investments are split into three broad categories, namely Developmental Investments, Private Equity and Properties. The diagram below illustrates the unlisted investments structure.

Unlisted Investment

Developmental Investments					Private Equity		Properties	
Economic Infrastructure	Social Infrastructure	Priority Sector Investments	SMME	Environmental & Sustainability	South Africa Private Equity	Africa Private Equity	South Africa Properties	Africa Properties
Sector Focus: • Roads • Rail, transport and logistics • Energy • Ports (air, sea, rail)	Sector Focus: • Affordable housing • Health • Education	Sector Focus: • Agriculture, agro-processing • Manufacturing and beneficiation • Tourism	Sector Focus: • SMMEs across all sectors	Sector Focus: • Renewable energy • Clean technology • Green buildings • Sustainable environments	Sector Focus: • Across all sectors with a focus on transformation	Sector Focus: • Consumer-driven sectors, other sectors will be viewed opportunistically	Sector Focus: • Retail • Industrial • Offices	Sector Focus: • Retail • Industrial • Offices

The PIC uses different approaches when executing unlisted investment mandates. The main investment approaches used, are:

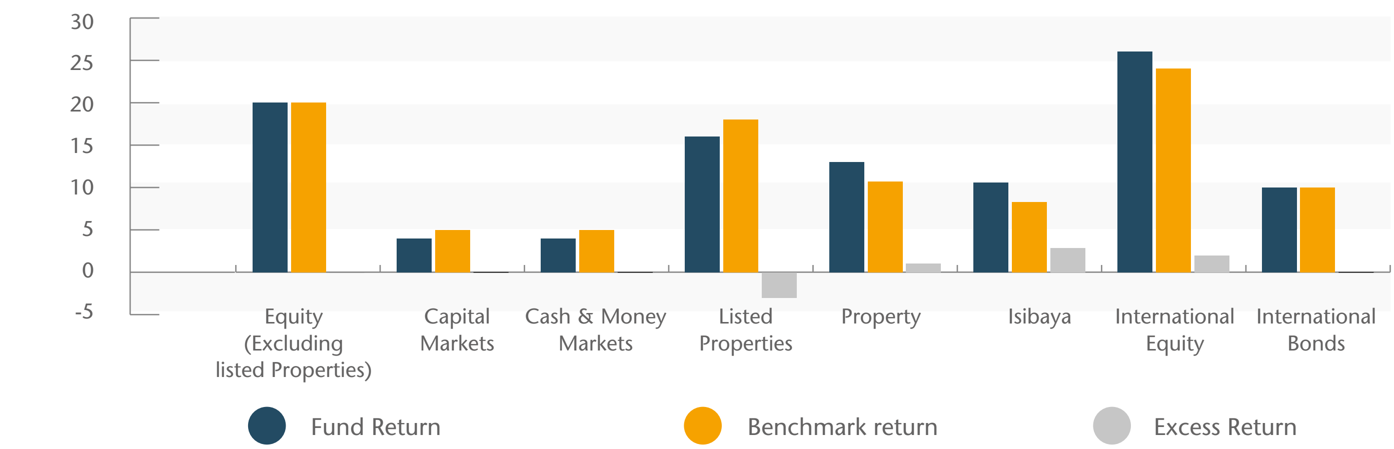
- Direct investments;
- Co-investments and strategic partnerships; and
- Indirect investment through third-party fund managers.

Client Portfolio Performance over a 24 month period

Government Employees Pension Fund (GEPF)

The GEPF is the PIC's largest client and it has invested in different asset classes. These include equity, capital market, money market investments, listed property, unlisted investments and unlisted properties. The listed portfolio returned 14.63% against the benchmark return of 14.46%, representing a positive performance of 0.15%*. The Fund's unlisted portfolio returned 10.71% against the benchmark return of 7.81%, representing a positive performance of 2.69% above the benchmark.

Government Employees Pension Fund

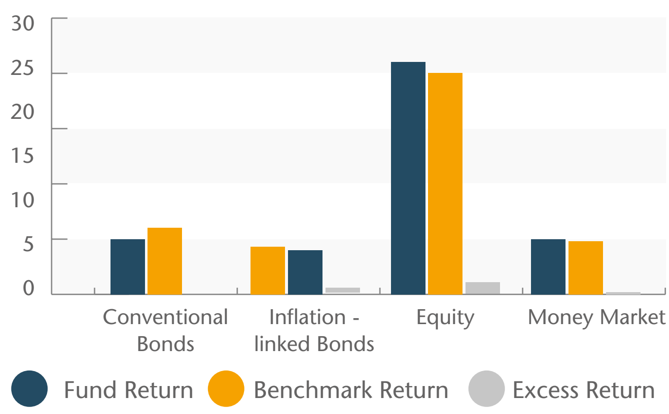


Source: PIC calculations

Unemployment Insurance Fund (UIF)

The UIF is the second largest client after the GEPF and comprises an asset mix that includes equities, conventional bonds, inflation-linked bonds, listed property and money market investments. The Fund returned 9.43% against the benchmark return of 9.38% which represents a positive performance of 0.05%.

Unemployment Insurance Fund

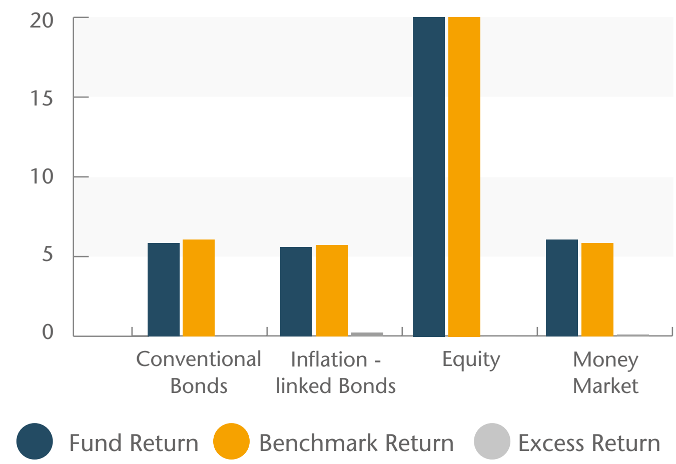


Source: PIC calculations

** The GEPF's relative return calculations are based on a geometric method as specified in the mandate.*

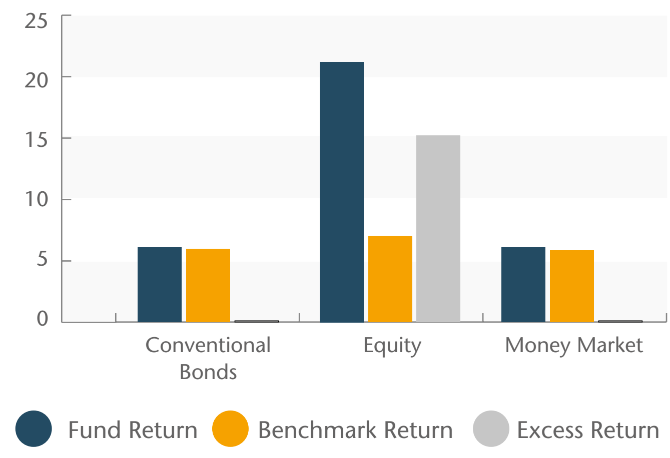
Compensation Commissioner Fund (CC)

The PIC manages the CC and the Compensation Commissioner Pension Fund. The Compensation Commissioner Pension Fund's asset allocation includes conventional bonds, inflation-linked bonds, equity and money market investments. This Fund achieved a return of 8.39% against the benchmark performance of 8.57% which represents a negative performance of 0.19%.



Source: PIC calculations

The Compensation Commissioner Fund's asset classes include listed equity, bonds and money market investments. The Fund achieved a return of 7.47% against the benchmark of 6.18%, representing a positive performance of 1.29%.

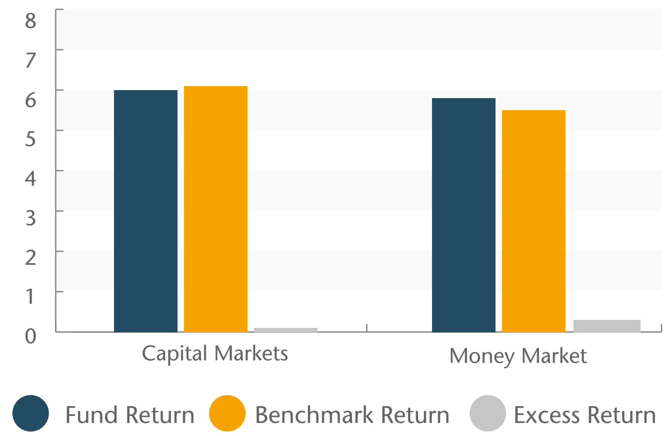


Source: PIC calculations

Associated Institutions Pension Fund (AIPF)

The AIPF invests in capital market and money market instruments only. The Fund has returned 6.20% against the benchmark of 6.22%, representing a negative performance of 0.02% relative to the benchmark.

Associated Institution Pension Fund



Source: PIC calculations

Economic Review 2014/15

Global Economic Conditions

The global economic recovery remained hesitant in 2014, with growth moderating in the final quarter of the year as activity slowed sharply in emerging market economies. International crude oil prices, which declined considerably from the middle of 2014, continued to trend lower in the final quarter of 2014. This was reinforced by the stronger USD, weak demand and the decision by oil producers to refrain from cutting back on production. This marked decline in international crude oil prices occurred alongside a moderation in a wide range of other international commodity prices in the final quarter of 2014. This also raised the spectra of deflation in some economies and detracting from commodity producers' export earnings.

In line with the weaker global economic growth performance, the International Monetary Fund (IMF) lowered its forecast of world economic growth for both 2015 and 2016 to 3.5% and 3.7%, respectively. The IMF, in the January 2015 World Economic Outlook (WEO) update, weighed economic growth down largely due to the weaker medium-term growth outlook especially for China, Russia, the Eurozone, Japan and a number of major oil-exporting countries.

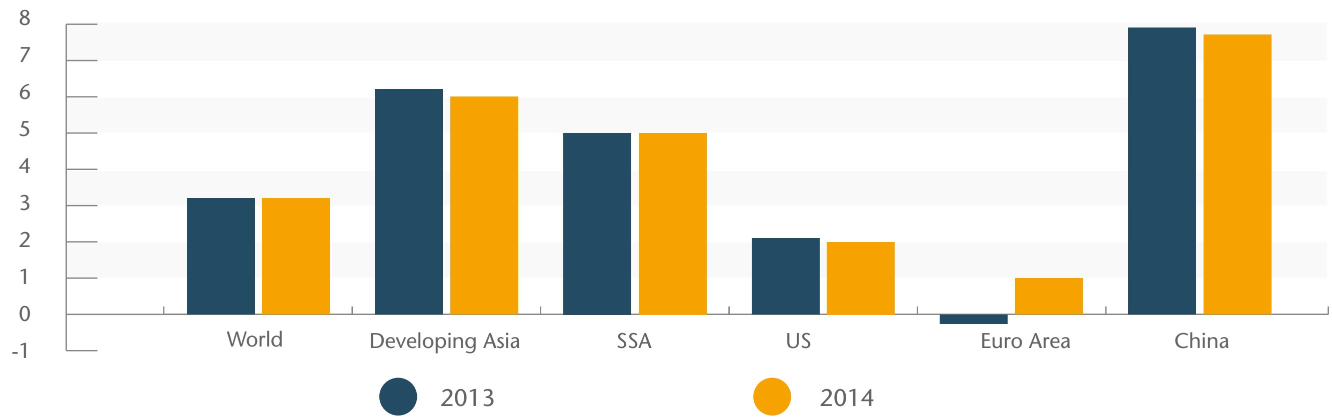
The European Central Bank (ECB) announced a broad-based Quantitative Easing (QE) programme in late January 2015 as it attempted to stave off persistent deflation concerns. The ECB started buying EUR 60 billion worth of private and public assets from March 2015 and will continue to September 2016. More importantly, the ECB left the door open for more purchases beyond September 2016, based on its inflation projections. Some central banks in emerging market economies have also eased monetary policy, given falling inflation.

The market is therefore gearing up for a divergent shift in global central bank policies with the Federal Reserve Bank (Fed) and the Bank of England (BoE) shifting towards a tightening stance. The ECB Bank of Japan (BoJ) continue to drive further aggressive reflationary policies.

The pressure on the Chinese economy throughout the middle parts of 2014 and into Q1 2015, also remained clear, with the economy continuing to struggle with housing market travails, overcapacity, slower credit growth and weak imports. This has helped to suppress global commodity prices.

Though the IMF remains concerned over the fall in global commodity prices and the impact on many countries in Sub-Saharan Africa (SSA), IMF believes that SSA should be able to maintain the growth of approximately 5.0% in 2015.

Real GDP Growth (%)



Source: IMF WEO database January 2015

Real GDP and inflation of selected economies

	Real GDP growth (%)			Inflation (%)		
	2012	2013	2014	2012	2013	2014
Emerging economies	5.1	4.7	4.4	6.1	5.9	5.5
Advanced economies	1.2	1.4	1.8	2.0	1.4	1.6
Brazil	1.0	2.5	0.3	5.4	6.2	6.3
Russia	3.4	1.3	0.2	5.1	6.8	7.4
India	4.7	5.0	5.6	10.2	9.5	7.8
China	7.7	7.7	7.4	2.6	2.6	2.3
South Africa	2.5	1.9	1.5	5.7	5.8	6.3

Source: IMF WEO database

Currencies and Commodity Prices

	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
Rand/$	10.87	10.54	10.76	11.21	11.74
Euro/$	1.37	1.37	1.33	1.25	1.13
Pound/$	1.65	1.68	1.67	1.58	1.52
Yen/$	102.80	102.10	103.90	114.50	119.10
Gold ($/oz)	1292	1290	1282	1200	1219
Platinum ($/oz)	1429	1448	1433	1229	1194
Brent crude oil ($/barrel)	107.90	109.80	102.20	76.10	53.90

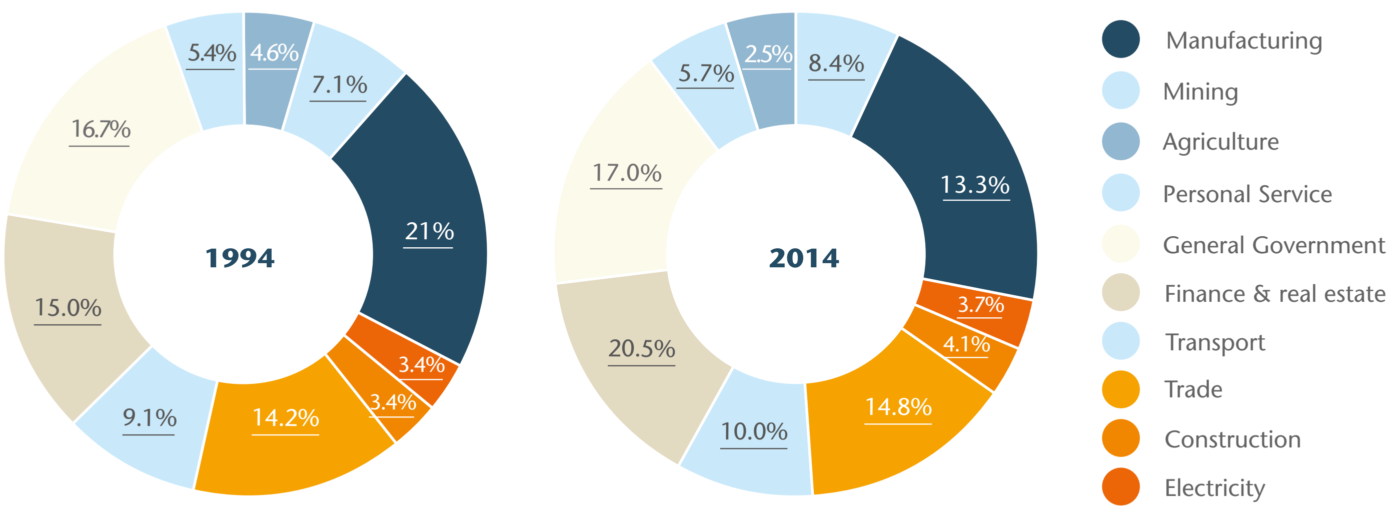
Source: Bloomberg

Developments in the South African Economy

Growth in the SA economy continues to be driven by the services and consumer sectors, relative to the more primary-focused sectors of mining and manufacturing. This was apparent in the country's strong growth years of the mid 2000s and remains true even today where the economy continues to run a negative output gap.

The SA Economy has become more consumption and services-driven.

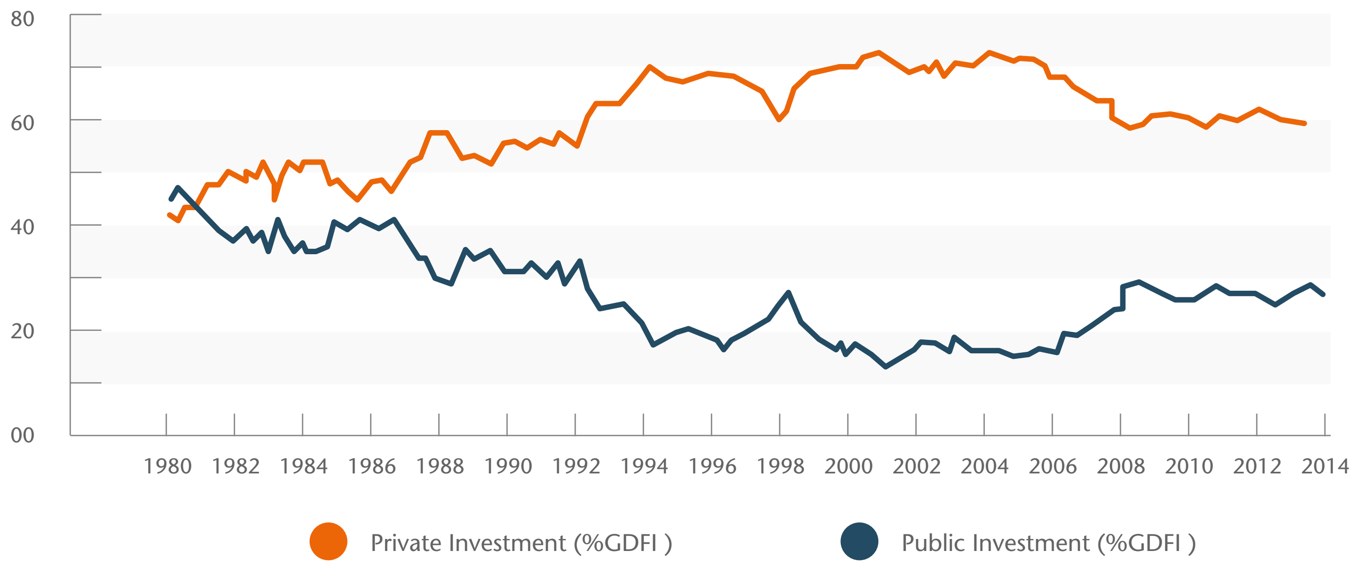
SA GDP composition



Source: SARB, Stats SA

Investment has improved over the past 20 years, though public investment has played an increasingly important role after the 2008/09 recession as the Government embarked on a broad-based, multi-billion Rand infrastructure development drive. The investment currently stands at around 20% of GDP, where the share of public sector investment to total investment has risen from under 27% in 1994 to 36.5% today.

Investment as % of GDP



Source: SARB

Following the large amounts of damaging industrial action in the first half of 2014, economic activity in South Africa expanded at a significantly firmer pace in the 2014 Q4, with real GDP increasing at an annualised rate of 4.1%. The year-on-year growth in most expenditure-side components of GDP, however, remains weak with the economy only managing to register growth of 1.5% in 2014 from 2.2% the previous year.

The production side of the economy remains weak as evidenced in Purchasing Managers Index (PMI). PMI has slipped back below its neutral level of 50 in February and March, reflecting partly weak demand conditions, softer commodity prices as well as electricity supply cuts.

The consumer also came under pressure in 2014 as the longevity of strike action, weakening household credit demand and low consumer confidence all weighed on growth in consumer spending. The collapse of a large unsecured lender, African Bank, last year, also led to a further tightening up of lending standards.

While fixed investment continued to be propped up through public sector infrastructure projects last year, the private sector investment came under further pressure and has been in a technical recession since 2014 Q2. Weak business confidence, a poor growth outlook and structural constraints are all to blame here.

The Rand continued to fall victim to emerging market risk jitters since the middle of last year. In particular, speculation surrounding when the US Fed is likely to raise interest rates and concerns surrounding the likelihood of a Greek exit from the Eurozone might make the Rand vulnerable.

Domestic Macro-economic Indicators

	2013	Q1	Q2	Q3	Q4	2014
Final consumption expenditure						
Households (% y/y)	2.90	1.60	1.30	1.20	1.40	1.40
General Government	3.30	1.80	2.00	2.10	1.80	1.90
Gross fixed capital formation						
General Government (% y/y)	11.70	6.60	12.30	14.20	8.50	10.40
Public corporations	3.20	6.50	-0.20	0.00	0.10	1.60
Private business enterprises	8.10	1.90	-2.60	-6.60	-6.10	-3.30
Change in inventories (R billion)	1.90	-3.90	13.00	7.60	-16.40	0.40
Gross domestic expenditure (% y/y)	1.40	0.60	-0.50	0.30	2.00	0.60
Exports of goods and services (% y/y	4.60	6.30	-0.40	1.60	3.10	2.60
Imports of goods and services	1.80	1.50	-6.30	-2.40	5.50	-0.50
GDP at market prices (% q/q)	2.20	-1.60	0.50	2.10	4.10	1.50
GDP at market prices (% y/y)	2.20	1.90	1.30	1.60	1.30	1.50
C/A balance (% GDP)	-5.80	-4.60	-6.20	-5.80	-5.10	-5.40
Repo rate (%, eop)	5.00	5.50	5.50	5.75	5.75	5.75
10y bond yield (%, eop)	8.24	8.39	8.31	8.32	7.96	7.96

Source: SARB, Bloomberg

Business Cycle

Weaker global commodity prices have allowed domestic inflation to slow dramatically from the latter parts of 2014 with the Consumer Price Index (CPI) likely having reached a trough of 3.9% y/y in February 2015. This has allowed the South African Reserve Bank (SARB) Monetary Policy Committee (MPC) to keep policy rates on hold from August last year after hiking them by a cumulative 75bp in January and July last year. CPI inflation is likely to average just a notch above the mid-point of the SARB's 3% to 6% target band in 2015, at 4.7% and, along with a weak growth outlook, should allow the SARB to keep policy rates steady throughout 2015, only raising rates again from early 2016.

On the fiscal policy front, National Treasury presented another market-friendly national budget in February, remaining resolute in its commitment to expenditure ceilings and announcing broad-based tax increases. The Treasury's persistent ability to rein in revenues in what remains a subdued economic climate remains encouraging.

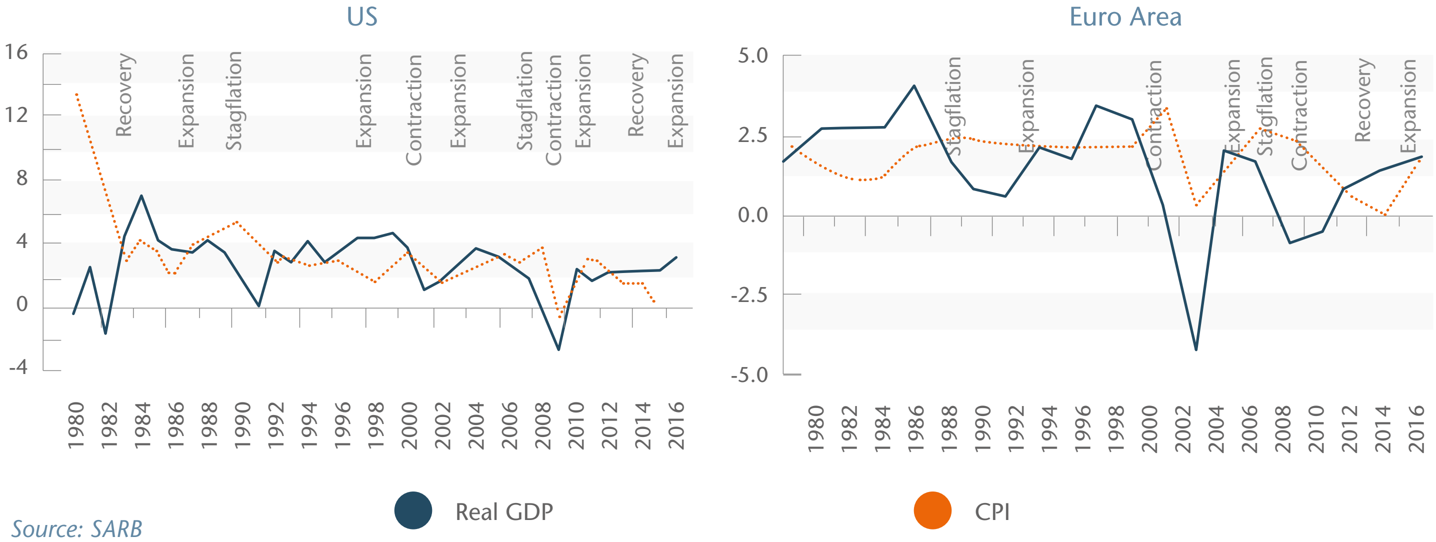
Global Business Cycle Outlook

In its January 2015 update, the IMF downgraded its global growth estimates for 2015 and 2016 to 3.5% (prior: 3.8%) and 3.7% (prior: 4.0%), respectively. In the near term, the world economy is experiencing the adverse effects of lower oil prices through weaker capital spending in the energy sector. However, we expect global demand to benefit as consumer spending strengthens in response to lower energy costs.

For the US, this is expected to enhance the recovery that is already becoming well established as firms increase employment, supporting consumer incomes and expenditure. Ultimately, with growth and activity improving amidst a relatively low (but slowly improving) inflationary outlook, it indicates that this economy should transition from a Recovery to Expansion in its business cycle. For the Eurozone and Japan, lower oil prices provide a boost to economies that are struggling to achieve a sustainable upswing. These economies should also benefit from the depreciation of their currencies against the USD and an easing in fiscal austerity in 2015. The Eurozone is also expected to gain as the contraction in bank balance sheets turns to a modest expansion as lending resumes. With the growth outlook in Europe improving only modestly amid what should be a sustained period of low inflation, we believe that this economy should continue along the path of a slow Recovery phase in its business cycle.

US recovery at risk if growth slows further

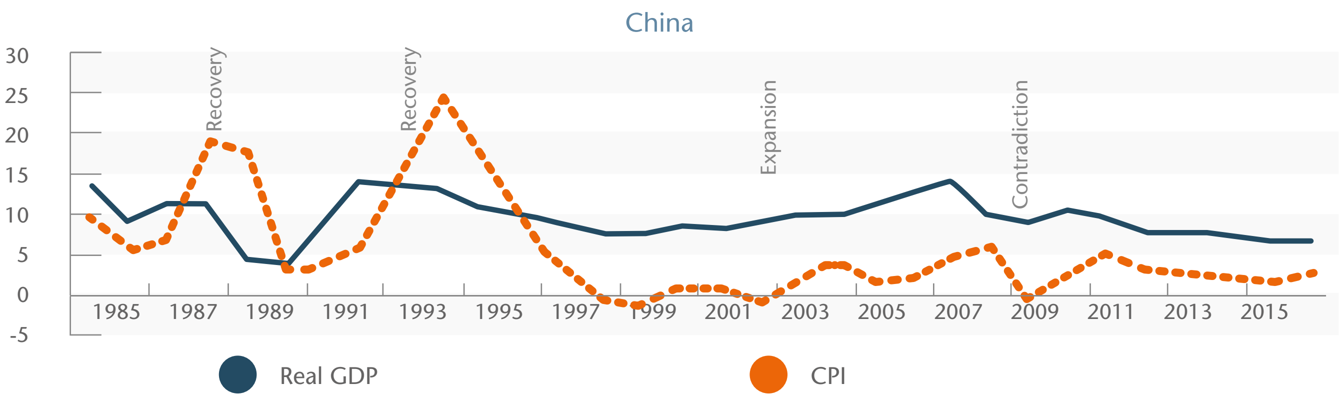
Euro Area recovery supported by QE



Source: SARB

For the emerging economies, the picture is more mixed as growth in China continues to moderate and energy producers cut back on expenditure. In China, the growth outlook is challenged by the economy's need to re-balance as well as historically low levels of inflation which look likely to persist. This indicates the economy is in a mild Contractionary phase of its business cycle. For those who

China continues to slow



Source: SARB

benefit from lower oil prices, 2015 should be a better year, particularly in countries that can ease monetary policy.

Against this backdrop, we expect the US to begin to raise interest rates which is likely to bring some volatility to financial markets. Emerging economies may be vulnerable in this environment, but we expect markets to discriminate between those who have reduced their dependency on foreign capital and those who have failed to reform.

For investors, growth concerns are likely to remain significant until oil prices stabilise, and there is evidence that consumer demand is improving. Timing this turn and the easing of deflation fears, will be critical for performance in 2015. We expect the search for yield to intensify particularly amongst European and Japanese investors who have seen yields collapse in their sovereign bond markets. The shortage of high quality assets at attractive prices will become more acute this year and remains a major test for the asset management industry.

Looking further ahead, the significant imbalances in the global economy remain a concern. As yields in fixed income markets normalise and surplus liquidity is withdrawn from the global economy, asset values are likely to suffer a period of significant volatility. For the PIC, our broad product offering and ability to deliver innovative solutions mean that we are well placed to help our clients to face this challenge. We have a long-term investment focus and in volatile markets it will be particularly important for us to engage with the companies in which we invest and support their growth.

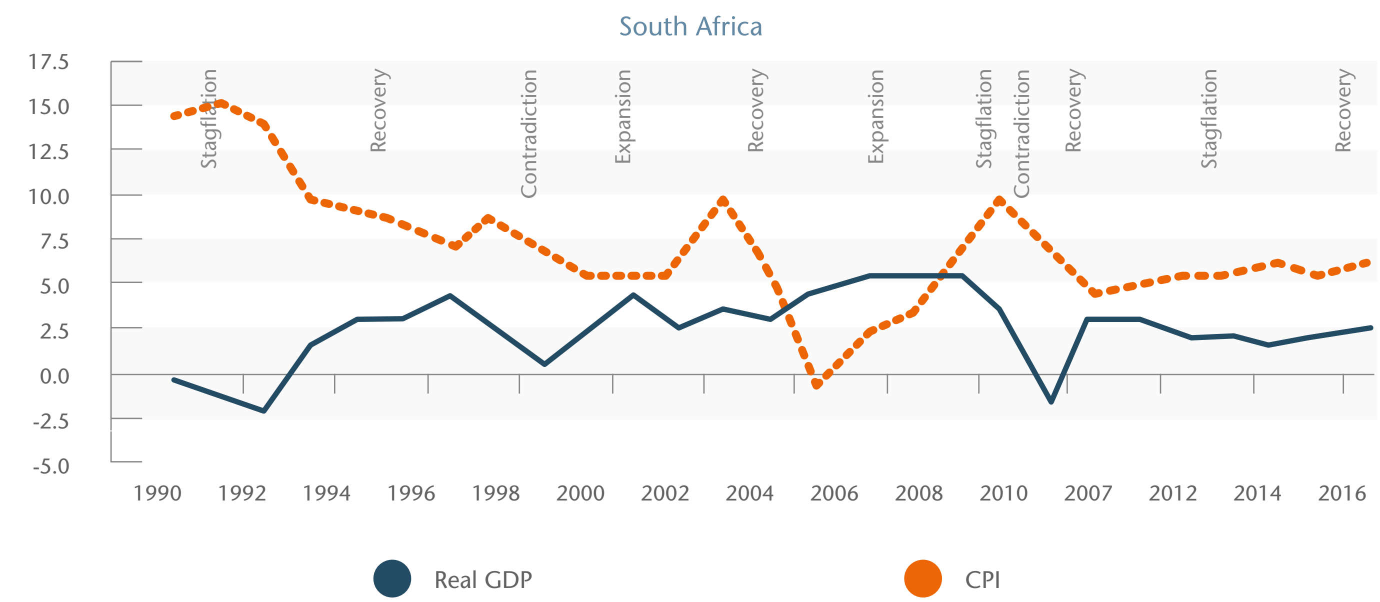
The Domestic Business Cycle Outlook

The South African economic outlook remains challenging. The sustainability of electricity supply remains a priority. The system is projected to remain tight for some time due to a lack of adequate maintenance and delays to the energy new-build programme (due to strikes, poor planning and implementation and maintenance issues, to name but a few of the many reasons).

The projected weak economic growth of South Africa's key trading partners, China and Europe, is also likely to weigh on SA's growth outlook. Recent policy measures put in place by the ECB (QE), as well as the People's Bank of China underscore concerns of policymakers and their willingness to avoid a deflationary-type scenario. This is not going to be enough to boost growth and activity levels significantly in these economies in 2015.

On the consumption front for 2015, we expect more of what we saw last year. Momentum growth in retail sales and household credit uptake, remains weak and is largely a function of the still depressed levels of consumer confidence, a weak private sector labour market and the tightening up

South Africa stagnation



Source: SARB

of lending standards applied by domestic retail banks. On the plus side, the consumer looks set to benefit from a much improved domestic inflation outlook, largely due to the softer global oil prices that the country enjoyed in the early parts of 2015 which, coupled with a weak growth outlook, should allow the SARB to keep policy rates at their current accommodative levels throughout 2015.

Regarding fixed investment, the traction we continue to see in the construction sector is an encouraging sign that the private sector is set to contribute more meaningfully to overall fixed investment in 2015. Once again, the Government's R1 trillion plus in planned infrastructure roll-outs over the next four years will help. With slowly improving levels of GDP growth and higher inflation outlook, this indicates that the economy remains in a Stagflationary phase of the business cycle but should hopefully move into a modest *Recovery phase* over the medium-term.

The growth issues in the economy, primarily as a result of its weak electricity supply, a lacklustre labour productivity and growth pressures on some of our key trading partners, are likely to keep the economy growing below its trend growth rate (which we estimate at just over 2.0% at present). We only see scope for the economy to grow 2.0% in 2015 and 2.3% in 2016.

Though we see some scope for the Rand fundamentals (in particular, the current account deficit) to benefit from softer oil prices in 2015, the offsetting effects of weaker prices for the key commodities of platinum, gold and iron ore, suggest that this improvement is likely to be slow. We, therefore, only see scope for the current account deficit to narrow to 4.6% of GDP in 2015 from 5.4% of GDP in 2014.

Therefore, putting short-term volatile swings in the Rand aside, we see scope for the currency to remain at historically weak levels, averaging around R12.00 per USD in 2015. In part, this reflects our view that the currency's fundamentals are unlikely to see as big a turnaround as some would have expected from a lower commodity price environment, as well as our expectation for the USD to outperform most currencies this year. Rate hikes in the US should also prompt a reassessment of fixed-income flows into some weak emerging markets, like South Africa, where around 37% of Government bonds are currently owned by foreign investors.

Listed Investments

Equity Market Performance

The twelve-month period was another positive one for local equities with MSCI SA comfortably beating other global markets in USD terms. This was supported by low rates and falling bond yields, flight to safety as conflicts arose between Russia and the Ukraine. Gains were, however, tempered by concerns over global growth.

Market Returns as at 31 March 2015

Indices	1 Month	3 Months	6 Months	1 Year
MSCI Developed Market	-0.54	3.47	4.66	7.72
MSCI Emerging Market	-1.97	1.64	-2.84	0.17
MSCI All countries	-0.69	3.28	3.85	6.90
MSCI South Africa	1.41	7.53	13.46	19.27
MSCI Africa ex South Africa	2.50	-4.34	-18.80	-6.12
S&P 500	-0.75	1.46	6.73	11.81
Dow Jones	-1.00	5.30	5.11	7.65
FTSE 100	-0.75	**5.99**	**9.39**	**16.94**
Nikkei	2.70	10.69	19.60	31.43
Hang Seng	0.75	5.99	9.39	16.94
Bovespa	-0.66	**2.47**	**-5.31**	**1.64**

Source: Bloomberg

In local currency terms, the ALSI index touched a record peak at 53,374 on 24 February 2015, before entering a choppier period for the remainder of the year, supported by European Central Bank Quantitative Easing, while expectation for the timing of Fed rate hikes were pushed out.

Media (+58.81%) was the overall winner with the stellar performance from Naspers' underlying subsidiary, Tencent, as well as markets rewarding it for its potential to unlock further value in the age of e-commerce.

General retailers (+40.44%) were beneficiaries of falling oil prices which gave the consumers a temporary windfall. Banks (+40.15%) were undervalued and the outlook for impairments also improved. On the other hand, oil and gas (-31.14%) declined on the back of falling oil prices and JSE Mining (-20.79%) suffered on the slowdown in China and lower commodity prices.

JSE Equity Market Sector Return

Sector	1 Month	3 Months	6 Months	1 Year
JSE All Share	-0.88	6.33	7.80	13.19
JSE Mining	-8.92	2.20	-15.17	-20.79
JSE Beverages	-3.12	5.71	2.69	24.46
JSE Media	7.51	21.47	47.73	58.81
JSE Personal Goods	-4.61	-5.38	7.75	0.06
JSE Banks	6.29	12.86	30.69	40.15
JSE Telecommunications	3.99	-1.63	-7.80	2.97
JSE Oil and Gas	-7.60	-9.16	-34.72	-31.14
JSE Life Assurance	2.64	15.18	23.29	31.50
JSE General Industrial	0.06	5.67	15.79	24.38
JSE Reits	1.74	10.81	22.05	37.77
JSE General Retail	-0.93	16.09	31.14	40.44

Source: Bloomberg

Equity Portfolio Structure and Performance

The fund's preferred investment approach is the core-satellite approach, where ca80% of the equity portfolio (the core) is passively managed internally and the remainder (the satellite) positioned for active management by external managers. The core portfolio delivers beta and operates at a very low tracking error. The satellite portfolio houses alpha and hence its tracking error relative to the equity benchmark is kept high to capture the alpha generation for the fund. The active returns for the overall equity portfolio (including the externally managed equity portfolio) are shown in the table below:

Active Returns as at 31 March 2015

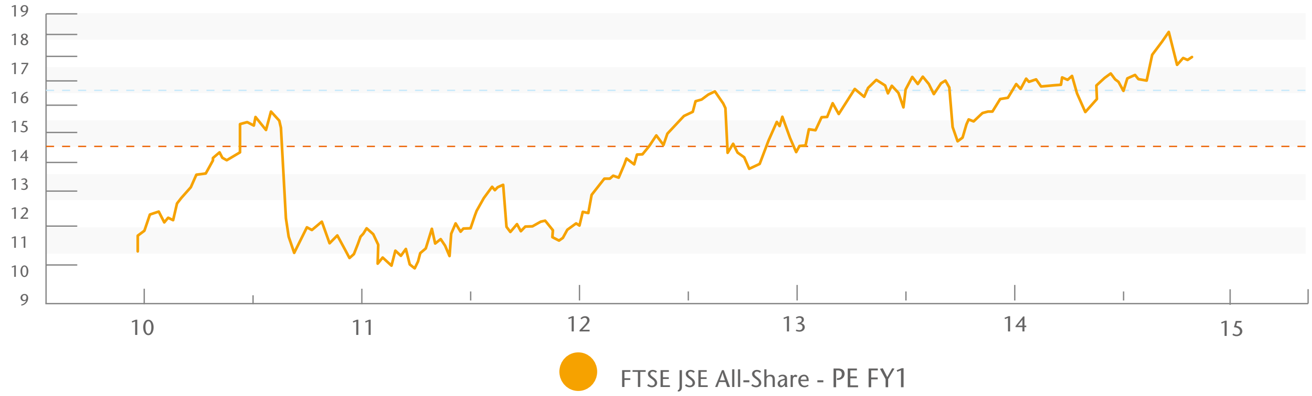
Item	Quarter	One year	Two Years	Three Years	Five years
GEPF: Equities (Internal + External Managers)	-0.13	-0.52	-0.07	-0.05	-0.23
UIF Equities	0.19	-0.92	1.07	2.86	2.54
CC Equities	-0.02	5.75	14.13	13.05	9.01
CP Equities	0.06	-0.29	0.08	0.06	1.12
Market Performance					
FTSE / JSE: SWIX Index (LC)	6.87	17.73	21.06	21.38	18.15
FTSE / JSE: All Shares Index (LC)	5.85	12.53	17.92	19.42	16.08
PIC: PICBM	6.59	16.61	21.07	21.15	18.16

Source: Statpro

Equity Market Outlook

Equity markets globally have traded above fair value for the past few years due to the excess liquidity floating around the world looking for yield. South Africa, in particular, has benefited given our world-class management, good corporate governance and attractive dividend yields. This trade could end once there is a normalisation of interest rates by the Fed over the next 12 to 18 months.

FTSE JSE All-Share 1Y Forward P/E – March 2015



Source: Factset

The ALSI forward P/E is currently trading at a 34% premium to its average value over the last five years. One of the catalysts for this has been South Africa's earnings (9.4% Compound Annual Growth Rate (CAGR)) relative to MSCI EM (1.1% CAGR). This could continue for a little longer, but is reflected in current valuations.

Another catalyst for the recent outperformance was the high level of cash holdings held by South African fund managers (16.2% of total assets in the 3Q 2014). Currently cash holdings amongst domestic fund managers have been reduced to 12.2%, below the average of 13.5%, since 2009. This removes and underpins to equity performance looking forward.

We forecast subdued returns from equities over the next 12 months at 8%.

Fixed Income Market Overview

South African Bonds experienced mixed fortunes during the financial year with yields very volatile due to a number of factors like events in the US market with regard to tapering Government bond purchases. On the other hand significant volatility in the international oil price, with its concomitant effects on inflation, was positive for bond yields. This volatility saw yields lowering as the benchmark R186 (2026) traded at 7.04% in January 2015, only to correct sharply and trade as high as 7.98% in March 2015. This after trading at a high of 8.51% during the financial year.

Credit spreads were mostly range-bound since the beginning of the financial year up until August 2014 when South Africa's biggest unsecured lender, African Bank Investments Limited (ABIL) collapsed. This contributed to the widening of credit spreads. Credit spreads have remained wide since the collapse and may widen further as a result of fears of more downgrades from the credit rating agencies.

Despite credit spreads widening and the domestic credit market sentiment remaining negative, the PIC continued to support SOEs' funding mainly through their regular bond auctions.

The duration of the portfolios increased towards the end of the financial year as the National Treasury began a switch programme, rolling some of their debt longer term by buying back shorter-term bonds in exchange for longer-term bonds. The PIC participated in the switch auctions to the value of R41 billion.

With client mandates being constantly reviewed, we have seen greater emphasis on increasing allocations towards inflation-linked bonds and therefore the PIC continued to purchase these instruments mostly in the weekly Government auctions.

Active Returns as at 31 March 2015					
Item	Quarter	One year	Two Years	Three Years	Five years
GEPF: Conventional Bonds	-0.25	-0.69	-0.29	-0.07	0.17
UIF: Conventional Bonds	-0.34	-1.04	-0.27	0.13	0.37
CC: Conventional Bonds	0.03	0.10	0.34	0.35	0.34
CP: Conventional Bonds	-0.14	-0.20	-0.20	0.15	0.31
GEPF: Inflation-linked Bonds	-0.08	-0.49	-0.22	-0.37	-0.34
UIF: Inflation-linked Bonds	0.05	0.46	0.27	0.31	0.55
CP: Inflation-linked Bonds	-0.08	-0.85	-0.47	-0.38	-0.14
GEPF: Money Market	0.01	0.24	0.24	0.26	0.28
UIF: Money Market	0.09	0.43	0.43	0.40	0.37
CC: Money Market	0.08	0.25	0.27	0.29	0.34
CP: Money Market	0.10	0.34	0.26	0.26	0.25
Market Performance					
BESA All Bond Index	2.99	12.44	6.33	8.96	9.66
BESA Inflation-Linked Index	0.23	9.58	5.00	9.28	10.95
CILI Index	0.27	9.36	4.86	9.04	10.68
STEFI Composite Index	1.53	6.13	5.69	5.59	5.80

Source: Statpro

Unlisted Investments

The objective of this portfolio is to earn good financial returns whilst supporting positive, long-term economic, social and environmental outcomes. The investments within this portfolio are geared towards responding to the key Government objectives such as the National Development Plan (NDP), job facilitation, Broad-Based Black Economic Empowerment (BBBEE), transformation, as well as a drive towards a green economy. Our developmental investments also aim at ensuring that rural communities are part of the mainstream economy.

Isibaya Fund continues to gain momentum in deploying the funds allocated as evidenced by the approval of R13.1 billion (2014: R11.4 billion) worth of transactions for the year ended. This is ca39% above the current 2014/15 annual target and an increase of ca15% when compared to the previous year's approvals.

During the 2014/15 financial year, R6.9 billion (2014: R4.8 billion) was disbursed, representing 53% of the current year's approvals. The total unlisted portfolio increased by R10.25 billion during the financial year, an increase of 55% when compared with the previous financial year. The portfolio represents 11% of the total strategic asset allocation for developmental and private equity investments from all three clients.

During the year under review, the PIC facilitated in excess of 80 000 jobs of which approximately 38 000 were permanent jobs. The PIC has obtained mandates from GEPF, UIF and CC to invest in developmental projects with the objective to earn above inflation returns, whilst impacting positively on the lives of South Africans and those in the rest of the African continent. The allocation in respect of these mandates range between 10% to 15% of the respective clients' AuM.

PIC clients have committed caR39 billion from these allocations for investments.

Developmental Investment Portfolio

The PIC's developmental investment strategy is informed by its clients' developmental investment policy, which is underpinned by the following principles:

- Investments should be made in partnership with other asset managers and financial institutions – this is in efforts to inculcate developmental investment practices and maximise capital investments in various sectors;
- Investments must be made in projects that will yield satisfactory financial returns in the long term; and
- The investments must contribute positively towards the development of the South African economy and improvement of the livelihoods of South African citizens and those in the rest of the African continent. The areas of job creation, poverty alleviation and reduction of inequality, are of particular importance.

The GEPF continues to set an example for other investors in South Africa and globally. As a catalytic investor, the GEPF, using its fund size and reputation, opened up public/private partnerships and crowd-in investors to developmental investments. This has seen public entities like the UIF and CC allocating a percentage of their AuM for Social Responsible Investments (SRI) mandates to be managed by the PIC.

It is worth noting that approvals under the UIF and CC mandates constitute 42% of the approvals, with the GEPF constituting the remainder. This is quite an achievement, considering that the PIC only started implementation of the SRI mandate from the UIF and CC during this financial year.

Key Achievements

Levels of funding activity:

- R11.3 billion (2014: R6.91 billion) worth of investments were approved during the year;
- R4.4 billion (2014: R2.3 billion) disbursed during the year, representing 39% of the current year approvals;
- 65% increase in value of portfolio to R10.91 billion; and
- 81% of procurement spend (caR30.6 million) on investments support providers with a level 4 and below BBBEE status.

Impact on social returns:

- In excess of 55 000 jobs (directly and indirectly) were facilitated during the year;
- 349 (2014:309) SMMEs have been funded and underwent entrepreneurship training; and
- Emerging as a leader in the development of green industries by direct and indirect funding renewable energy projects that will generate in excess of 2,016 MW of electricity of which 489 MW is connected to the grid.

Key Strategic Partnerships

The PIC, through its strategic partnerships with various institutions, both in South Africa and the rest of Africa, continues to strengthen its deal pipeline and accelerate deployment of funds to key developmental areas.

These partnerships cover vast areas of co-operation that include, amongst others, sharing of research, project development and co-investments. During the year, the PIC was able to bring strategic partners to co-fund developmental projects to the value of R3.3 billion and currently, there is approximately R1.4 billion of co-funding with these strategic partners.

Key Developmental Investments

Environmental Infrastructure

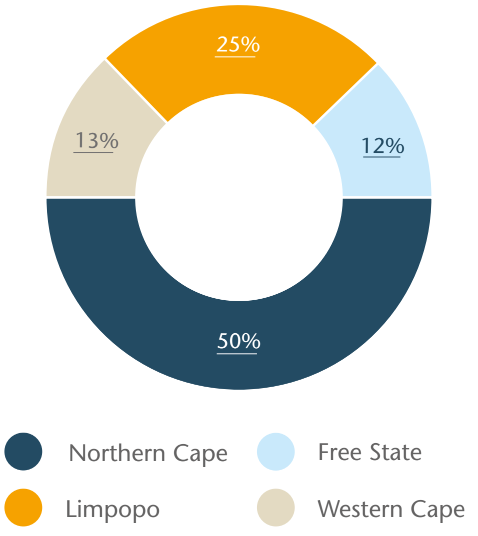
Environmental infrastructure obtained approval for three renewable energy transactions of a total value of R2.3 billion. A total of four transactions reached financial close for a total amount of R2.2 billion in primarily equity participation in the 2015 financial year.

These projects mobilised investments of approximately R21 billion from other equity players as well as senior debt lenders. Of the projects that reached financial close, Ilangalethu and Xina are the largest renewable energy projects in round three of the renewable energy programme. These projects are unique in that they have storage capabilities and are able to provide much needed power during South Africa's peak energy demand periods.

Total funding that has reached legal close (i.e. committed for environmental infrastructure investments) amounts to R3.7 billion for 11 transactions. The total funds mobilised from other investors and lenders for these projects, were approximately R36 billion. Disbursements for the current year totalled R1.8 billion. Approximately 49% of total commitments have been drawn to date with the remainder to be drawn as construction on the various projects progresses.

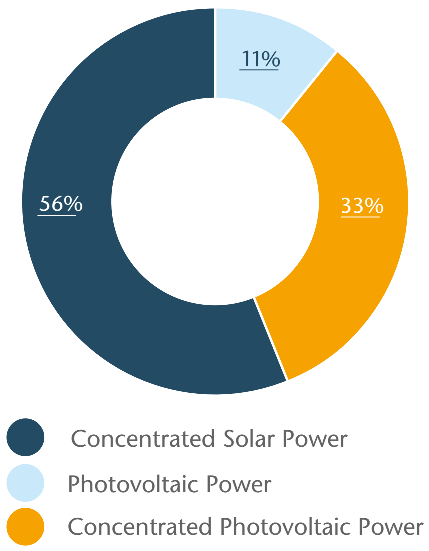
The portfolio of renewable and clean energy projects that have reached financial close, totalled nine, with a total capacity of 602MW. Four of these projects are located in the Northern Cape, two in Limpopo and one project in the Western Cape, Free State and Mozambique, respectively. Technology exposure is in concentrated solar power (33%), photovoltaic power (56%) and concentrated photovoltaic power (11%).

Geographic Composition of Renewable Energy Projects In South Africa



Source: PIC calculations

Types of Renewable Technologies



Source: PIC calculations

From these nine projects, the PIC has supported six communities and broad-based black entities to obtain ownership. The total value of this funding amounts to R484 million.

Six projects that were directly funded, commenced operations in the 2014/15 financial year and are currently providing 304MW of clean power to the South African grid. These projects have facilitated in excess of 25 000 jobs during construction and are expected to generate 400 jobs during operation.

The PIC has supported three projects which have been awarded the preferred bidder status on an additional 340MW of concentrated solar power and wind energy. These projects are expected to reach financial close by the last quarter of 2015. An additional 75MW photovoltaic power project is in the final stages of financial close. The total renewable and clean power portfolio therefore has reached a total capacity of approximately 1GW.

Economic Infrastructure

During the year under review, commitments were made in the energy sector totalling caR660 million. Given the current energy crisis in the country, the focus, during the year was to develop a pipeline of energy projects for approval and implementation in the forthcoming financial year. The PIC seeks a specific commitment under its client mandates to take the lead in developing energy projects in the Department of Energy's (DoE) base-load programme. This, together with its investment in renewable energy, will enhance the country's energy capacity that forms the backbone for economic development.

Social Infrastructure

During the financial year, the PIC made commitments to projects totalling R5.7 billion in affordable housing, education and healthcare.

A specific fund, focusing on healthcare, was established with a committed capital of R1.1 billion. An investment of R105 million, in a project with a total cost of caR650 million, was approved during the year. This project entails the construction of a 220 bed hospital in the East Rand. The majority of the funding was leveraged from the private sector.

The PIC, in partnership with a mining house, approved an investment of R2.2 billion in a housing project that will result in approximately 3 000 houses being made available to mineworkers. This investment will provide a springboard for the development of a shopping mall, school and clinic in this community.

The PIC invested R228 million in a leading provider of study loans. More than 90% of the beneficiaries of the loans are civil servants or their dependents. The PIC also approved funding of R800 million for the acquisition of the country's largest provider of student accommodation. This is intended to be used as a platform for further investments, at scale, in student accommodation.

Priority Sectors

The key focus area was on the agriculture and agro-processing sectors. These sectors have high social impact on job facilitation, skills development and food security. The year under review saw the implementation of all projects that were approved and the commitment of funding which totalled R885 million.

Small Medium and Micro Enterprises (SMMEs)

The PIC approved direct investments to a total of R541 million in SMMEs. This was augmented by approvals made by intermediaries to whom PIC has made investment commitments amounting to R818 million. The wholesale finance facilities have been restructured in a way that allows cash from loan repayments to be re-advanced to SMMEs.

Outlook for the Year Ahead – Developmental Investments

In the current year, there was a renewed focus on the effective and efficient use of human resource capacity in the execution of client mandates. This strategy has contributed significantly to growth in funding committed to specific projects.

In the forthcoming financial year, the PIC shall seek additional funding commitments from its clients for investments in infrastructure and high job facilitation projects. The PIC will seek specific commitments for investment in energy projects.

The existing human resource capacity will be augmented by strategic partnerships with entities that can advance the PIC investments in the key developmental investment areas. This accelerates the PIC's investment in developmental projects. For those strategic investments which were made in the year under review, the emphasis will be on aligning the respective investee company strategies so that their activities can be significantly scaled up and integrated with each other, where feasible.

On the energy side, PIC will focus its efforts on increasing its support for renewable energy projects and to venture into DoE's base-load, co-generation and natural gas programmes.

With regard to investments in priority sectors, the focus will be on further investments in agriculture and agro-processing, while diversifying the portfolio with investments in other areas such as manufacturing and beneficiation.

Investments in SMMEs remain an important area, given that it is a significant contributor to GDP, job facilitation, innovation and entrepreneurship. The PIC's strategy of making direct investments in SMMEs and providing wholesale facilities to intermediaries for on-lending to SMMEs, will continue. Key initiatives will be enterprise and supplier development initiatives with the private sector; and a specific investment fund for the youth, particularly in the areas of supplier development, franchising and entrepreneurship through buy-in and buy-outs.

Job Facilitation

Isibaya Fund focused on sectors and clusters that provide employment opportunities that will result in a skilled and capable workforce, that supports an inclusive growth path. To date, Isibaya Fund facilitated in excess of 55 000 jobs across the developmental investment portfolio of which 28 000 are facilitated during the construction phase of projects.

Private Equity Portfolio

The private equity portfolio seeks to invest in equity and equity-related investments. These investments focus on all asset classes, namely venture, small, medium and large capital companies with the objective of generating income, enabling capital appreciation as well as driving transformation.

Historically, private equity transactions were mainly focused on Black Economic Empowerment (BEE) where black partners enter into equity deals without participating meaningfully in the operations of the company. The introduction of Broad-Based Black Economic Empowerment (BBBEE) changed this. Now the preference is to invest in companies that link with black partners in productive operational tie-ups, where the transactions consider Board and executive representation, employment equity, skills development, preferential procurement, enterprise development and socially responsible investments.

The GEPF has committed R10.2 billion as at 31 March 2015, for private equity investments as illustrated in the table below:

Fund	Purpose	Sector Focus	Commitment
South Africa private equity	To generate income and capital appreciation by making investments across all sizes of entities: early stage venture capital, small, medium and large-sized unlisted companies located in South Africa and the rest of the African continent.	Across all sectors, except gambling and armament.	R5 billion
The rest of Africa			R5.2 billion

The South African Private Equity Fund allocation of R5 billion was fully committed during the year under review.

Key Achievements

Levels of funding activity:

- R1.8 billion (2014: R4.4 billion) worth of investments were approved during the year under review; R2.5 billion (2014:R2.5 billion) disbursed during the year;
- 50% increase in value of portfolio to R17.85 billion; and
- 78% of procurement spent (caR23.2 million) on investment support services was spent from level 4 BBBEE contributors and below.

Increasing impact on social returns:

- All transactions incorporated BBBEE, which includes operational involvement by sponsors;
- BEE transactions continue to perform well;
- In excess of 25 000 jobs (directly and indirectly) were facilitated during the year under review; and
- Committed in excess of R1.3 billion to support emerging black fund managers in South Africa and the rest of Africa.

The Portfolio

The portfolio, as at 31 March 2015, is valued at R17.85 billion representing 16% of the allocation to the private equity asset class. During the year, R2.5 billion was disbursed with direct investments representing 47% of the total disbursements and the remainder disbursed through third-party-managed funds owned and controlled by BBBEE fund managers. In addition, the PIC approved investments to the value of R1.8 billion, a decrease of 59% when compared to prior years' approvals. Below are some of the projects, within various sectors, approved during the year under review, worth noting:

- Rest of Africa Private Equity

A total of USD115 million was committed to funds with a mandate to invest in the rest of the African continent. One of the funds in which the PIC is invested in, has a current holding of over 140 portfolio companies that collectively employ over 200 000 people in sectors including consumer staples, consumer discretionary, healthcare, financials, utilities, energy, telecommunications, materials, industrials, and information technology. There are over 300 employees operating out of over 25 countries organised around six regional hubs in Dubai, Istanbul, Mexico City, Mumbai, Nairobi and Singapore.

- South African Private Equity

One of the key points in the NDP is the promotion of health care services, especially among poor black South Africans in rural areas. The PIC has invested R197 million in a pharmaceutical courier group, dispensing both chronic and non-chronic medication to patients across South Africa. The transaction was directly linked to the NDP, as the group dispenses medication to all locations across South Africa, with an estimated 63% of deliveries servicing patients in rural areas that are not serviced by community pharmacies.

Property Investments

Properties Review

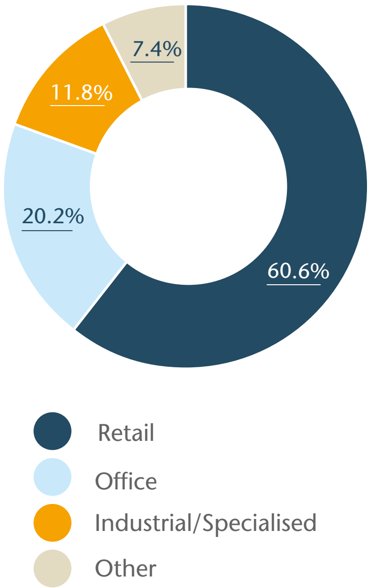
The Properties portfolio comprises an unlisted portfolio of R39 billion and a listed portfolio currently valued at R49.6 billion. The combined portfolio is R88.6 billion, equating to approximately 5% of the PIC total AuM.

The commercial property market for the year under review saw the listed property sector returning 35.9%. The unlisted property sector remained solid with a 12.1%[1] return despite headwinds from macro-economic fundamentals and bond yields.

Property Asset Allocation

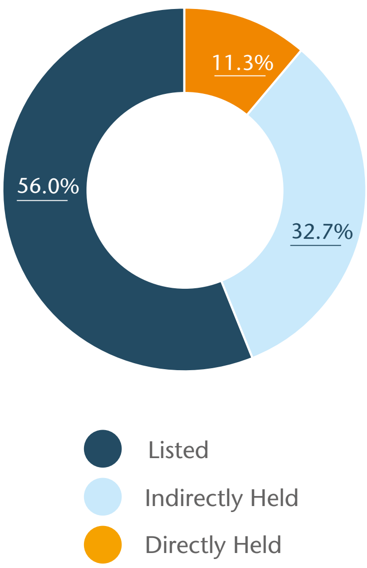
The property portfolio represents approximately 5% of the AuM. The following are the attributes of the property portfolio:

Unlisted Asset Allocation: Property Sector



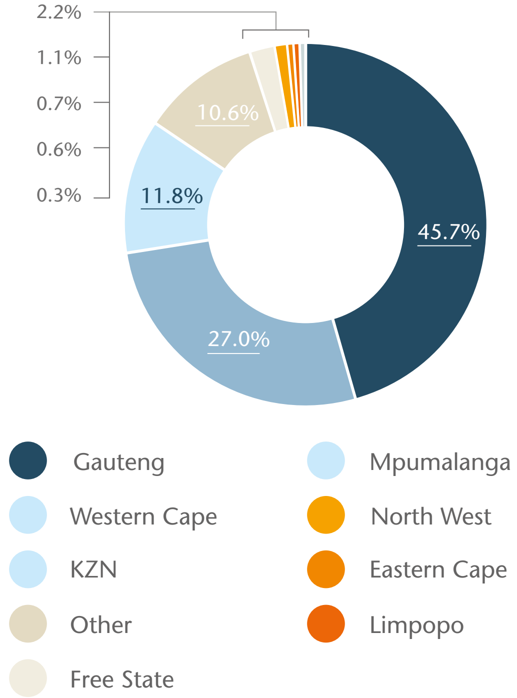
Source: PIC calculations

Asset Allocation: Property Portfolio Overview



Source: PIC calculations

Unlisted Property Asset Allocation: Geographical Split



Source: PIC calculations

[1] *Investment Property Databank (IPD) all property returns.*

Property Portfolio Updates

Listed Property Portfolio

The listed portfolio returned 35.9% for the period, versus a benchmark return of 41.4%. The underperformance was due to the ongoing rebalancing of the portfolio. The property index (SAPY) achieved a total return of 41.4%, outperforming the All Share Index (ALSI) which returned 12.5% for the year ending 31 March 2015. Major drivers of the outperformance were strong distribution growth driven mainly by falling vacancies, debt restructuring, operational cost efficiencies and an increase in demand from non-property funds.

The increased number of property listings continued during the year under review. The regulation governing Real Estate Investment Trusts (REITs) became effective in April 2013 with most companies converting to REITs or obtaining approval for conversion. The REIT structure standardises the South African Property Index to the international benchmarks and thereby attracting foreign shareholders, thus improving liquidity.

GEPF Listed Property Total Returns

GEPF Listed Property Annual Total Returns 2014 - 2015			
Listed Property	Listed Property Return 2014 - 2015	Benchmark Return 2014 - 2015	Relative Return
	35.9%	41.4%	3.9%

Unlisted Property Portfolio

In the retail sector of the property market, the high cost of occupancy for retail tenants remains a concern, with the highest cost of occupancy being present in super regional centres. These centres, however, remain stable in respect of their dominance in the market.

According to the Investment Property Databank (IPD) Index, the market was characterised by mixed returns with the retail sector delivering the highest capital growth at 5.1%. While the industrial sector continued to lead the market on an upward trend with superior returns in both income return at 9.9% and total return at 14.1%.

IPD total Annualised Property Returns to December 2014

Sector	2014
Retail	13.3%
Office	12.1%
Industrial	14.1%
All Property	12.9%

Source: IPD Index 2014 (standing investments only)

The PIC Properties division manages super regional shopping centres for the GEPF in three indirectly held property investment companies namely; Pareto (100%), Business Venture Investments (BVI)(100%) and the V&A Waterfront (50%).

Regional, community and neighbourhood shopping centres are managed within the Community Property Fund and the Directly Held Portfolio. The Community Property Fund focuses on rural and township retail, whilst the Directly Held Portfolio has less than 20% retail property (focused on metropolitan retail). The Directly Held Portfolio comprises primarily offices in core office nodes.

The returns for Pareto, BVI and the V&A Waterfront therefore correlate closely to the IPD returns for super regional centres. The Community Property Fund correlates to community and neighbourhood centres and the Directly Held Portfolio is heavily weighted for offices.

Indirectly Held Portfolio

- **Pareto**
  Pareto comprises R14.2 billion of super regional and regional shopping centres located in primary metropolitan areas. Some of the properties in the portfolio include Sandton City, the Pavilion, Cresta Shopping Centre, Westgate Shopping Centre, the Sandton Sun and Towers and Sandton Holiday Inn hotels. The GEPF owns 100% of Pareto.

- **Business Ventures Investments No. 1360 (Pty) Ltd (BVI)**
  BVI is a special purpose vehicle that is wholly owned by GEPF. BVI own 50% of Menlyn Park and Cavendish Square shopping centres. The current value of the 50% share is R2.8 billion. BVI is managed by Pareto.

  A transaction occurred where BVI disposed of its 50% undivided share in Cavendish Square shopping centre and purchased the remaining undivided share in Menlyn Park. This transaction took place in December 2014.

- **V&A Waterfront**
  The V&A Waterfront is a mixed-use property investment around the historic Victoria and Alfred Basins which formed Cape Town's original harbour. It is South Africa's most visited destination, attracting over 24 million people annually. The current value of 50% of the investment is R6.3 billion.

- **Community Property Company (CPC)**
  The CPC fund was created in 1996 as a unitised, pooled fund that allows investors to invest in retail shopping centres in historically deprived areas. The total value of the properties is R3.3 billion.

  The GEPF is one of the clients in this pooled structure, owning 67.99% of the units in the fund. CPC has 27 shopping centres in outlying towns, townships and rural areas.

- **ADR International Airports South Africa (ADRIASA)**
  The PIC, on behalf of GEPF, owns ADRIASA, which in turn has a 20% shareholding of the Airports Company South Africa (ACSA), amounting to R2.3 billion. ACSA currently owns and operates six international airports and three regional airports within South Africa, and has interests in international airports in Brazil and India.

Directly Held Portfolio

The current value of the Directly Held Portfolio is R10 billion. The Directly Held Portfolio's investment focus is predominantly on the office market which is weighted at 61.3% followed by retail and industrial at 18% and 14.3%, respectively. The retail component of the portfolio consists of various neighbourhood/ community/regional shopping centres.

The lower performance of the Directly Held Portfolio, relative to the portfolios holding retail assets, can be attributed to the office sector's continued softness due to slowing economic growth and decreased business confidence over the period. This caused smaller and medium-sized businesses to experience stress, and even large corporations were seen reducing their accommodation requirements as they downsized. Other factors driving the office sector, were the themes of 'green' building technology in new developments and larger corporate tenants consolidating their space to become efficient.

The B and C grade offices have been the worst affected, while P and A grade offices fared better. Demand for new space has most often been at the expense of older space as occupiers seek to upgrade their accommodation.

Some tenants in the office portfolio have vacated single tenanted buildings or converted from fully repairing leases (NNN leases) to gross leases as leases expire.

Key Initiatives and Milestones

The following are highlights for the year:

- Directly Held Portfolio showed an annual growth of 1.7% or R165.6 million;
- R75.6 million of net investment in the Directly Held Property Portfolio;
- Approximately R5.86 billion of developments and/or follow-on investments capital approved in the unlisted property portfolio for the year under review were as follows:

Type	Acquisitions / Developments
Directly Held	R0.93 billion
Indirectly Held	R4.93 billion
Total	**R5.86 billion**

- Successful extension of the UIF investment mandate with PIC to include direct property investments;
- A successful acquisition of two strategic land parcels on auction from City of Tshwane in March 2015;
- Identification of strategic partners in the public sector and the signing of MoU's to provide them with office accommodation;
- The PIC's investment in Menlyn Maine Investment Holdings (Pty) Ltd. owner of prime development land in Menlyn. Menlyn Maine is set to become Africa's first green city. This mega development will comprise 315,000m² of Gross Lettable Area (GLA), including the following:

    - 140,000m² of commercial office space;
    - 35,000m² of retail, dining and shopping space;
    - 4,000m² Virgin Active Classic Gym;
    - 85,000m² of up-market residential apartments;
    - 18,000m² of luxury hotel space;
    - 60,000m² Time Square Urban Entertainment Complex; and
    - 5,700m² of scenic parklands.

- The GEPF (represented by the PIC), together with Menlyn Maine Investment Holdings (Pty) Ltd, co-own Central Square, which is worth R1.8 billion. Central Square will have the first multi-use green star rating in South Africa.

- Pareto:

    - The transaction for the disposal of Cavendish and Cavendish Connect by BVI to Old Mutual, and the acquisition of the remaining shares in Menlyn Park Shopping Centre by BVI from Old Mutual, was finalised in December 2014. The necessary approval of the transaction from the Competition Tribunal was obtained in June 2015;
    - The acquisition of the minority partner shares of Westgate, Southgate and Southgate Value Market, took place during the year under review. Pareto also acquired Brandwag Mall during the year with the Competitions Tribunal having approved the acquisition in March 2015;
    - Pareto has also successfully incorporated the Property Management function into the existing business. This has proven to be very successful, and management is optimistic about this going forward;
    - The Pavilion Food Court: This included the construction of a new food court, parking facilities and the upgrade of a portion of the cinema level mall, known as Via Pareto, at the Pavilion Shopping Centre. The project was completed on time and below budget. Undertaking the project, has resulted in a considerable increase in turnover rental in the centre and demand from retailers. This includes international retailers that consider the Pavilion to be their destination of choice for their flagship store offerings in KZN;
    - Sandton City Diamond Walk: This included the reconfiguration of the Level 6 Hotel Link Mall to accommodate luxury branded international tenants such as Gucci, Prada, Burberry, Giorgio Armani, Zegna and Chanel. This compliments the proposition that Sandton City has the most expensive real estate in Africa. The Centre's customer base now includes a larger component of cross-border shoppers from African countries;
    - Cresta Bridgelink: The aim of the bridge link extension was to increase the GLA of the centre as well as creating a link between the older section of the mall and the newer section on the lower retail level. By adding a floor below the existing bridge link, this was achieved. The design and construction of the link was based on pioneering engineering designs which has since created an engineering precedent for bridge design for the Johannesburg Roads Agency. The project scope also included the upgrading of the road network surrounding the Cresta Shopping Centre to ensure that there is minimal traffic flow disturbance during construction; and
    - Cresta Shopping Centre refurbishment: The objective was to modernise the look of the centre to protect the income stream and to attract appropriate tenants. The refurbishment included an upgrade of the main entrances; replacement of internal shop fronts; and replacement of the mall floor; wall tiles and ablution facilities.

- V&A Waterfront:

    - For the second year running, the Waterfront has been recognised for its commitment to environmental sustainability, winning a Lilizela Award in the best single resource management for energy in the large establishment category;

- At the World Travel Market in London, the V&A Waterfront was announced the winner of the highly contested international award for Best Destination for Responsible Tourism. The award was granted in recognition of the V&A Waterfront's commitment and leadership, in not only preserving the heritage of the property, but also its forward thinking and planning in terms of sustainable development;
- A highlight of 2014 was the amalgamation of the Red Shed Workshop and Blue Shed (the old Craft Market and Wellness Centre) into the new Watershed which opened in October 2014. The light and airy new space proves to be popular with visitors;
- Construction on the final phase of the R1.5 billion Silo District development is underway. Once converted, the old Grain Silo will house the Zeitz Museum of Contemporary Art Africa. The new No. 3, No. 4, No. 5 and No. 6 Silo buildings will introduce over 35,000m^2 for new corporate offices, a health club, a residential development and a mid-range internationally branded hotel;
- The V&A Waterfront announced the redevelopment of the Kings Warehouse in the Victoria Wharf Shopping Centre, which will house a new multi-level 4,500m^2 H&M store. The world's number one clothing retailer announced at the end of August 2014 that it would be opening its first South African store in October 2015; and
- In addition to H&M, the British toy store Hamleys, has also announced its intention to open the first South African store in the V&A Waterfront, taking up approximately 1,000m^2 of the available space in Kings Warehouse.

Outlook

The focus for the Properties division in the next financial year will include:

- Optimising the management of the existing portfolio to ensure continuous performance achievements;
- Improving the geographic distribution of the portfolio domestically to penetrate underserviced markets;
- Investment focus to reduce office exposure in the B and C grade sectors due to low demand and oversupply in the office market;
- The plans of Pareto are focused on capital investment into the existing portfolio with the group being cognisant of opportunities both within and outside the current portfolio;
- V&A Waterfront will soon be home to international hotel group Carlson Rezidor's first new concept in Europe, Africa and the Middle East. The Radisson Red in the Silo District is on track to welcome its first guests towards the end of 2016. The new upscale lifestyle select concept hotel is being developed and funded by the V&A Waterfront at a total capital cost of R380 million;
- Developing and implementing a Responsible Property Investment (RPI) strategy that focuses on improving building efficiencies throughout the portfolio, which is part of our Environmental Sustainability objective;
- The listed portfolio shall focus primarily on optimising the portfolio to sector portfolio benchmark levels. Optimising the portfolio shall also include pursuing counters with sound underlying assets and good management, that are trading at attractive yields relative to NAV. There shall be continued support for new and existing funds that feature significant levels of transformation;
- Fully implementing the approved Properties division's BBBEE policy to meaningfully contribute to transformation in the property sector;
- Integrate the NDP into the investment and operational strategies of the division. Primarily focus on contributing to the transformation of human settlements and spatial development. This will create more humane and environmentally sustainable living as well as working environments;
- Positioning the GEPF as the preferred provider of office space accommodation for Government and related entities. Initial focus has been on finding proper accommodation for entities related to the National Treasury; and
- Focusing on improving operational efficiencies by developing more effective business operations systems that will serve as a cornerstone for operational excellence.

Introduction

The PIC is a proud signatory of the United Nations Global Compact (UNGC) and the United Nations Principles for Responsible Investments (UNPRI). The PIC is represented in the Code for Responsible Investment in South Africa (CRISA). The PIC has embraced sustainability in all its facets by placing social, governance, environmental and ethical matters at the heart of its business. The PIC's values and business processes underpin its strategic approach to sustainability and reflect the desire to preserve the future for all its stakeholders. The PIC remains committed to responsible and developmental investing and will continue on its sustainability journey with conviction and commitment, believing that its continued success depends on its ability to share its successes with other stakeholders, enhancing their lives and their ability to be successful.

There can be no doubt that Environmental, Social and Governance (ESG) elements can no longer be ignored to ensure a sustainable future. It is included as fundamental considerations, not only in the investment decision-making process, but also in the way in which the PIC conducts its operations. While the PIC is committed to addressing ESG concerns through the UNPRI and UNGC, it is equally important, if not more important, that it has elected to adopt these principles regardless of the obligation this imposes on the Corporation. In South Africa, the PIC and GEPF have pioneered in many non-traditional investment avenues, which the private sector has historically found too risky to contemplate. This is because the PIC is a long-term investor who understands that long-term value creation is not achievable through short-term solutions. The PIC's values and business processes underpin its strategic direction for sustainability and reflect its desire to preserve the future for all its stakeholders. The PIC will continue on its pathway towards a sustainable world.

The United Nations Global Compact

The PIC has embraced sustainability in all its facets by placing ESG matters at the heart of its business. The PIC's values and business processes underpin its strategic approach to sustainability and reflect the desire to preserve the future for all its generations. The PIC aims to be a responsible citizen at all levels. The PIC continues to support the Global Compact and its principles on human rights, labour issues, the environment and anti-corruption.

The year 2014/15 focussed a lot on strengthening the UNGC South African Local Network. The local network developed set principles of sustainability, specifically aimed at South Africa, based on key Government initiatives such as the NDP. The network also established a green economy Finance Steering Group.

These key initiatives indicate that South African business leaders regard ESG matters as central and not peripheral in investment considerations. This places a huge obligation on asset managers and asset owners to manage assets for the benefit of all stakeholders. The general public, pensioners and workers, more and more want to see that asset owners and managers focus on the long term. The mandate is focussed on generating value on a sustainable basis. It is no longer about short-term portfolio performance to the detriment of stakeholders or the environment. It also places a huge responsibility on business leaders to ensure that their companies focus on the company's ability to create value over the longer term through a focus on its relationships and impact on all stakeholder groups, including the environment and the broader society in which the company operates.

PIC Corporate

During the financial year the PIC addressed the ten principles of the Global Compact in the following ways:

Human Rights

Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2:	Make sure that they are not complicit in human rights abuses.

As a Public Entity, the PIC must comply with all South African legislation. Human rights are enshrined in the Constitution of the Republic of South Africa. South Africa is a member of the International Labour Organisation (ILO) and has ratified the ILO instruments. These requirements have been included in South African labour legislation that is applicable to the PIC.

Human rights are central to the PIC's legitimacy and are principally addressed in the PIC's Code of Conduct and Ethics which includes:

- Acting according to the law;
- Acting fairly;

- Properly exercising powers;
- Explaining the reasons for decisions;
- Being honest, truthful and conscientious; and
- Internal policies, procedures and practices prohibit any violation of human rights.

Any breach of these, is treated seriously and will result in disciplinary action.

Employee health is an important component of creating value for employees and for this purpose the PIC has contracted an external service provider to provide the PIC staff and their immediate family members, with an Employee Wellness Programme, free of charge. All PIC employees are subscribed to the programme. Each year the PIC has a PIC health day where all employees can have their cholesterol, blood sugar levels, blood pressure, etc., tested on site. Dieticians are also available to give advice to staff members.

The PIC has an HIV/Aids policy and through its Employee Wellness Programme, also provides assistance to employees living with this disease. Programmes, which cover education and prevention, are also frequently run. Employees are continually encouraged to know their status and to look after themselves and others accordingly. Each year the PIC celebrates International Aids Day.

All PIC employees enjoy the benefits of a medical aid scheme and pension fund.

Broad-Based Black Economic Empowerment (BBBEE) is very important in the South African context and is embedded in the PIC's recruitment and procurement policies. The PIC's policy is to promote employment equity at all levels of the organisation, including its Board.

The PIC realises that it does not exist in isolation and that it should also reach out to the communities in which it operates. For this reason, the PIC has a CSI programme where 1% of the net profit after tax is used for the upliftment of the poorer communities.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

Employees may use established grievance procedures that prohibit victimisation. The PIC is committed to eliminating any form of discrimination in respect of employment and occupation. The PIC practices freedom of association and, although very few employees are members of trade unions, employees are not prohibited to join these trade unions. The PIC maintains transparency and worker consultation in decision-making through staff meetings and other forums.

Employment Equity policies have been implemented that are inclusive of race, gender and people living with disabilities, to ensure that the PIC is an organisation that is representative of all the people of South Africa. The PIC complies fully with the Employment Equity Act, 1998.

The one concern with regard to employment equity that the PIC is addressing as a matter of urgency, is the employment of disabled employees.

Alignment of the PIC business plan with its skills requirements, is critical. Demand and supply of required skills and competencies within all business units are assessed, skills levels defined and timeframes set for the filling of vacancies. A combination of internal development (talent management), internal promotions and external recruitment, forms part of the recruitment strategy of the PIC. The PIC also has a graduate programme in place, recruiting graduates from various South African universities and assisting them with practical training within different divisions in the PIC.

There is no child, forced or compulsory labour at the PIC. Such employment is illegal and against the PIC's internal values, standards, policies and procedures. Established recruitment practices are followed in all appointments made at the PIC for the period under review and no instances of child labour have been found. Current screening practices will highlight any under-age applicants.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally-friendly technologies.

Given the increasing impact of climate change, the PIC has a renewed focus on environmental standards. The PIC is in the process of re-looking at its environmental footprint and has already started a database to measure its water and energy consumption. Traveling is also reviewed. Further initiatives will be looked at during the new financial year.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The PIC is governed by the Constitution of the Republic of South Africa, the Public Investment Corporation Act, the Public Finance Management Act, the Companies Act, as well as the King Code on Corporate Governance and its own Corporate Governance Policy. In addition to the prevailing legislative environment, internal policies and procedures at the PIC prohibit any corrupt behaviour. Criminal behaviour is not tolerated and formal charges will be brought against any perpetrator. Integrity is a core PIC value and the organisation is committed to the highest standards of ethical behaviour in all its actions and decisions. This ethical awareness also influences the PIC's engagement with suppliers and other stakeholders, as well as its investment decisions.

The PIC has a whistle-blowing hotline that is in operation 24 hours a day, every day of the week. This hotline ensures the anonymity of any person reporting a complaint. All fraud and corruption allegations are investigated and reported to the Audit and Risk Committee of the Board. Where possible and practical, the PIC will pursue full recovery of all losses resulting from acts of fraud and corruption.

The PIC has various policies in place aimed at the prevention of fraud and corruption and dealing with the declaration of interests, ethics and acceptance of gifts, amongst others. Facilitated by the human resources, compliance and legal divisions of the PIC, structured sessions take place with all employees and Board members, emphasising proper conduct to ensure compliance with legislation and internal values, standards, policies and procedures.

The PIC has an internal audit function that reports functionally to the Audit and Risk Committee. The terms of appointment of the Senior Manager Internal Audit, as well as her performance assessment, are conducted by the Audit and Risk Committee.

Listed Investments

United Nations Principles for Responsible Investments

The PIC has adopted a belief system that incorporates ESG considerations into investment decisions. This approach to investment management is consistent with increasing global concern and awareness around sustainability issues. The United Nations-backed Principles for Responsible Investment initiative (UNPRI) is a network of international investors working together to put the six Principles for Responsible Investments into practice.

These principles reflect the view that ESG issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfil their fiduciary (or equivalent) duty. These Principles provide a voluntary framework by which all investors can incorporate ESG issues into their decision-making and ownership practices and so better align their objectives with those of society at large. The PIC lived up to these principles in the following ways:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

The PIC's commitment to ESG matters in the investment process is informed by the believe that:

- Sound environmental management forms an essential part of sustainable economic growth and social development which leads to sustainable businesses;
- Social matters need to be addressed, especially in a society such as South Africa with its discriminatory past. For any business to be sustainable, it has to take broader society (all stakeholders and not only shareholders) into account in its decision-making processes; and
- Good governance practices mitigate the risk of corporate failure and that, ultimately, will lead to enhanced long-term returns.

There is currently ESG and BEE policies in place in all the investment divisions and enhancements to these policies will soon be published.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Given the PIC's active role in addressing matters of governance and ethics within corporate South Africa and as the largest institutional investor on the African Continent, it was fundamental for the PIC to ensure that its investment decisions moved beyond the mere financial performance of companies. The challenge was to delve into the core of the company's controls, its sustainability strategy, its social responsibility intent and, ultimately, its commitment to all stakeholders. The PIC uses a corporate governance rating matrix to measure the ESG compliance of investee companies and engage companies on the results. In the 2014/15 financial year, a new improved matrix was approved by the PIC Social and Ethics Committee, as well as Investment Committees. This was done for both listed and unlisted investments.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

The PIC was one of the key role players involved in initiating the drafting of the Code for Responsible Investing in South Africa (CRISA). Principle 1 of the Code states that "An institutional investor should incorporate ESG considerations into its investment analysis and activities as part of the delivery of superior risk-adjusted returns to the ultimate beneficiaries". The Code requires both asset owners and institutional investors to incorporate ESG issues into investment processes. It also requires these institutions to have policies dealing with ESG matters, publicly available and to disclose voting records. The adoption of this Code made South Africa the second country after the United Kingdom who has an institutional investors' code.

The PIC is one of the asset managers that has its Corporate Governance Code as well as proxy voting records available on its website. The proxy voting records are updated on a quarterly basis for the previous quarter.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

The PIC works closely with other asset managers, as well as asset owners, to promote the implementation of the UNPRI.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

The PIC is an active member of the UNPRI South African Network.

The PIC is also a member of ASISA.

The PIC now has representatives on key ASISA Standing Committees, such as:

- Employment Equity and Education;
- Empowerment Financing Working Group; and
- Responsible Investing Standing Committee.

The PIC will, via this platform, further ensure that the UNGC principles are implemented throughout the South African investment and asset management industries.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

The PIC publicly discloses its voting records. The Corporate Governance Policy of the PIC is also a public document.

Code for Responsible Investing in South Africa (CRISA)

Proxy Voting

The PIC Investment thesis is underpinned by a commitment to ESG, demonstrated by PIC signing up to the Code for Responsible Investing in South Africa (CRISA), United Nations Principles of Responsible Investing (UNPRI) and the United Nations Global Compact (UNGC).

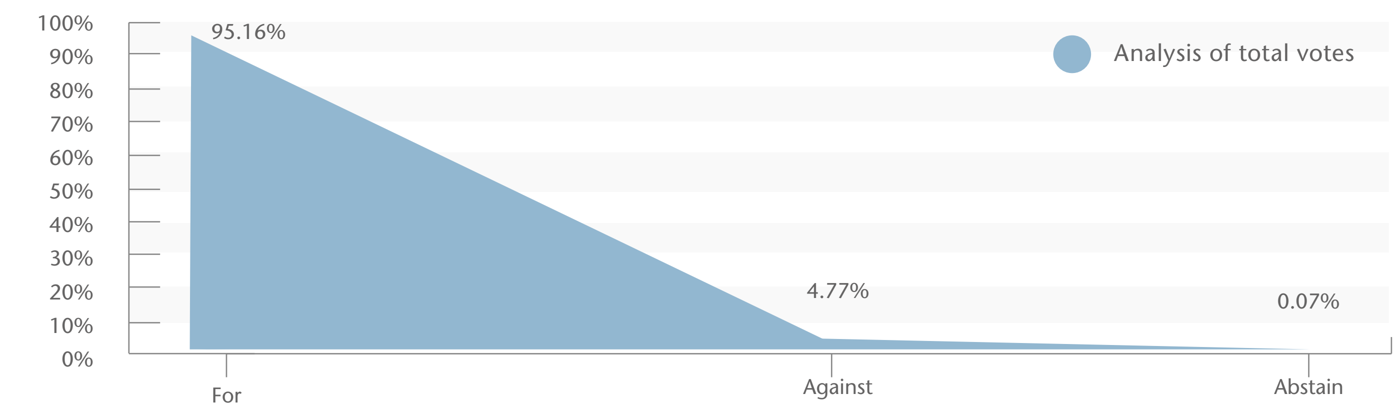
The PIC further supports the country's developmental agenda by embracing transformation as an investment driver. As a result the PIC requires that investments fulfil this mandate to drive the transformational strategy through the Broad-Based Black Economic Amendment Act No. 46 of 2013.

The PIC seeks to support and enhance its investment rationale for companies through appropriate levels of engagement, activism and through the subsequent exercise of voting rights. Investee Company Engagement issues included, amongst other matters:

- Non-executive directors' independence,
- Board and executive management diversity,
- Company's transformation plans with a focus on BBBEE and employment equity, and
- Environmental sustainability.

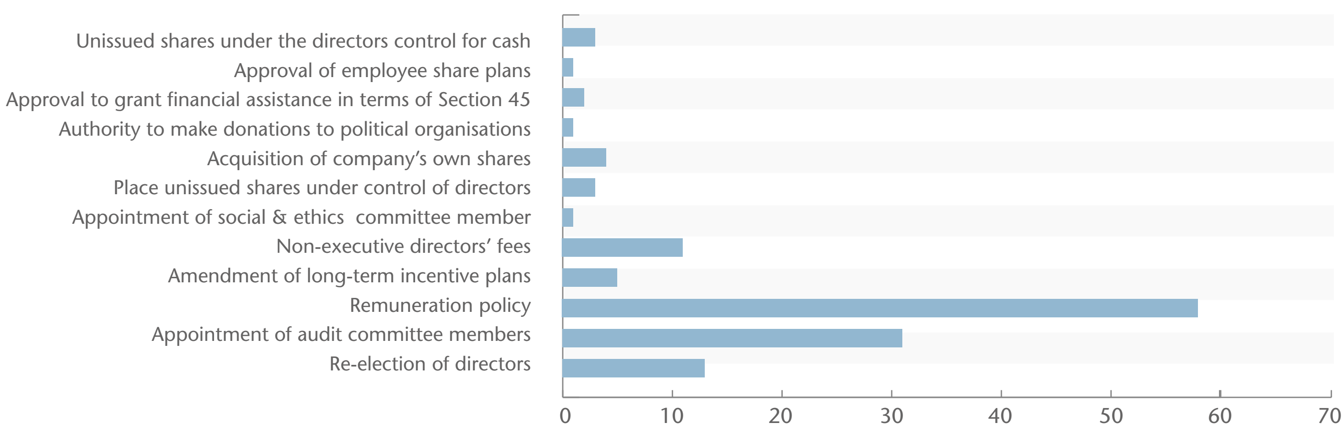
The following graphical illustrations provide a summary of the voting results for the reporting period.

Analysis of total votes



Source: PIC Voting Records

Analysis of total votes



Source: PIC calculations

Total votes	
For	2 656
Against	133
Abstain	2
Total	**2 791**

Source: PIC Voting Records

Financial Sustainability

The financial strategy of the Corporation supports the business strategy. The long-term goal at the PIC is to continue to provide high-grade financial sustainability and excellent service delivery to clients. With regards to this endeavour, we use the term “financial sustainability”, which allows us to focus on both areas with neither gaining precedence over the other.

Sustainability is key, and maintaining this fine balance between service delivery and profitability, is critical. PIC is at the fulcrum and balance is maintained by:

- Allocating budgetary resources to grow the organisation over a period;
- Directly linking and aligning the budget allocation of each business unit to business initiatives; and
- Net profit as percentage of management fees increased to 36% during the financial year.

Conclusion

There can be no doubt that ESG elements can no longer be ignored to ensure a sustainable future. These elements should be included as fundamental considerations, not only in the investment decision-making process, but also in the way in which the PIC conducts its operations. While the PIC is committed to addressing ESG concerns through the UNPRI and UNGC, it is equally, if not more important, that it has elected to adopt these principles regardless of the obligation this imposes on the Corporation. The PIC recognises that it is amongst the market leaders when it comes to integrating ESG elements into investment decisions, but it also acknowledges that there is still some way to go before the PIC, as an operational entity, will be amongst the leaders. In this regard, we will embark on an active process of re-looking at the way in which we are conducting our business. This process will include working together with other role players in the financial sector to ensure a sustainable future. In South Africa, the PIC and GEPF have pioneered in many non-traditional investment avenues, which the private sector has historically found too risky to contemplate and we will continue this journey.

The PIC's Corporate Social Investment (CSI) programme focuses on four areas, as outlined in the table below.

No	Focus area	Initiatives considered
1	**Education and training**	• Support of community education facilities, bursaries for the underprivileged without any employment obligations and contributions towards community education infrastructure; • Community training and community skills development; and • ABET training for the underprivileged.
2	**Socio-economic development**	• Support of community crèches, orphanages and old age homes; • Support of community clinics, health programmes, etc., in disadvantaged communities and HIV/Aids awareness programmes in communities; • Job facilitation for communities outside PIC investment activities, aimed at creating self-sustainability; and • Assistance to GEPF members or other community members who are dependent on social grants.
3	**Arts, culture, sport and recreation**	• Support of development programmes and assistance to underprivileged individuals unable to afford to participate in events or who are talented, but in need of the necessary kit.
4	**Agriculture, conservation and the environment**	• Support that focuses on conservation awareness and education, as well as waste management; • Self-sustainability agricultural programmes; and • Disaster relief programmes.
5	**Broad-Based Black Economic Empowerment**	• Development of black entrepreneurs.

During the year under review, the PIC embarked on the following CSI projects, which sought to make a difference in the lives of fellow South Africans.

Two Libraries

The PIC donated two container libraries to Sedibeng School in Kuruman, Northern Cape, and Beisang Mabewana Primary School in the Free State. A total of 402 pupils from Sedibeng and 759 from Beisang Mabewana Primary school will benefit from this donation. The donations are part of the Nelson Mandela Day celebrations. Over and above these donations, the PIC has donated two libraries to schools in Limpopo and the North-West Provinces.

Mathematics Programme

The PIC continued its commitment to impart mathematical skills to pupils. In this regard, the PIC continued to offer lessons to students from Phateng Comprehensive School in Mamelodi, Pretoria. This programme has been successfully running for the past three years. The programme will continue to run in the 2015/16 financial year.

Entrepreneurship

As part of entrepreneurial development, the PIC funded the training of 30 emerging farmers in Mpumalanga. The training was done in partnership with Mobile Agri Skills Development and Training (MASDT), a not-for-profit organisation involved in training of emerging farmers. The training covered such aspects as financial management and customer care; agricultural laboratory technology; as well as water and soil analysis for emerging farmers. In addition to this, another 23 individuals aligned with Refilwe Orphanage were trained on vegetable gardening. The Refilwe Orphanage was previously supplied with a 20m x 20m steel structure garden, covered with nets, to enable proper gardening.

Little Stars on Earth

The Little Stars on Earth is a programme aimed at benefiting less privileged children. During the year under review, the PIC supported 72 children as part of Nelson Mandela Day celebrations in July, through the donation of scarves, beanies and gloves to the children at Danville After-School Care.

The programme also ran during Christmas where the PIC donated Christmas gifts, which included stationery and toys, to 70 children from Thando Westford Community Créche.

Inspire a Child to Greatness

Previously, the PIC participated in two programmes that sought to expose children to the work environment, namely: Take A Girl Child To Work and Man In The Making Initiative. This financial year, these two programmes were combined to form "Inspire A Child to Greatness" programme. Students from Phateng Comprehensive School in Mamelodi, had an opportunity to interact with PIC staff and to learn about different career opportunities.

Solar Bags

The PIC ran a programme in which staff members were requested to donate plastic bags to be used to weave strong school bags. A total of fifty school bags were produced for pupils from Motsatsi Primary School in Madikwe.

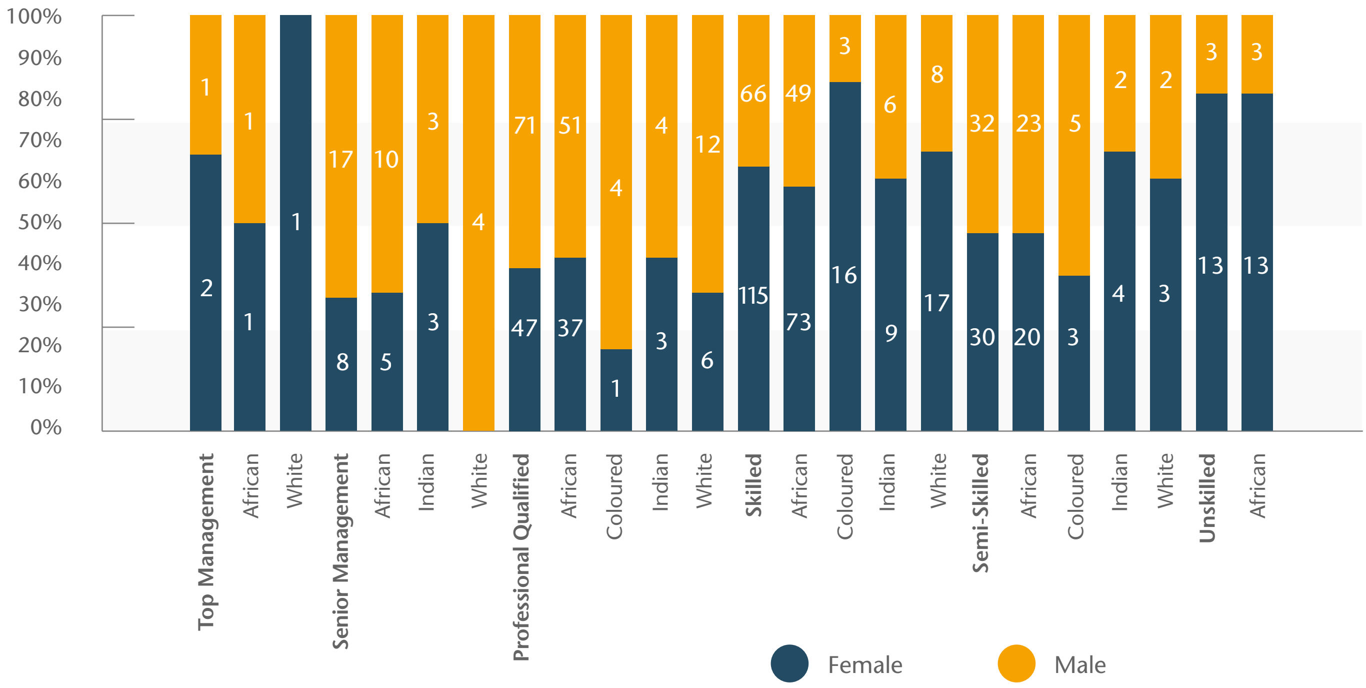
These bags are equipped with solar lights. The bags were handed to children from low-income households who travel long distances every day from school to home. This initiative, not only enabled learners to protect their books, but also provided them with light to study at night.

Community Vegetable Garden

The PIC funded the construction of a vegetable production tunnel for Mmabatho Pre-School in Bushbuckridge. The tunnel was fitted with a drip-irrigation system for proper irrigation to assist with the production of quality vegetables. Mmabatho caters for needy children, including orphans in the community. The construction of the tunnel was done in partnership with MASDT.

Our employees remain critical to continued business success and to the realisation of our Vision 2030. The expertise and dedication of our employees are exemplified in our values – **we care and deliver.**

Our workforce



Source: PIC calculations

At the end of the financial year, we had 405 employees. During the year, we recruited 79 employees, 57 employees resigned and 2 employees were dismissed due to disciplinary outcomes. Regrettably 9 employees were retrenched in the property business due to restructuring. We have 370 permanent employees and 35 contracted staff members.

Within our workforce, we engage, develop and retain a high-performance culture. Our performance management culture is robust, agile and rewards excellence. Through performance consulting and regular reviews, we track and monitor individual contribution and provide development coaching and opportunities for our staff. This is to ensure that our staff remains abreast of the latest and most effective best practice and innovative ideas in their field of expertise. Our culture of open and honest dialogue promotes immediate and direct performance feedback between the manager, employee and team to help individuals identify performance gaps and address development needs more accurately and effectively.

Learning and Development

We invest significantly in a number of opportunities for development and training of our employees. PICeeds, our flagship graduate programme, has had 100% pass rate for all its South African Institute for Chartered Accountants (SAICA) graduates. The graduate programme runs for two years and has a retention rate of 98%. We currently have 12 graduates, with the intention of increasing the graduate intake for the year ahead. The PIC strives to be an active participant in youth employment and skills development. For that reason, we aim to have a minimum of 30 PICeeds graduates.

HUMAN RESOURCES REPORT

In the year under review, our learning and development team facilitated a total of 831 training interventions for our employees.

Our total investment on skills development for the last financial year, across the different business units, was in excess of R7 million, with a significant increase in both formal and informal learning interventions. We granted 31 bursaries to employees and supported the education of three of our employees' dependants. The total value of these initiatives was in excess of R1.3 million. The recovery from the skills development levy amounted to R824,827, which was reinvested in other learning and development initiatives.

We Care

Wellness of our employees, is of high importance. We have an annual health and wellness event where screening of employees' health status is conducted. Employees receive advice on maintaining a healthy lifestyle. In the last financial year, 85% of staff participated in this event.

The PIC, as an employer of choice, has a competitive remuneration philosophy that rewards people appropriately for performance and contribution. Our remuneration strategy is based on valuing high performance through our market-based remuneration as well as short-term and long-term incentives schemes, which is well aligned with progressive institutions in the asset management industry.

INFORMATION TECHNOLOGY REPORT

Information Technology (IT) remains a critical enabler of the PIC's strategy and overall organisational performance. In this regard, the PIC has placed emphasis and focus on the governance of IT in line with good corporate governance and King III principles. The PIC's Board is ultimately responsible for ensuring that there is effective IT governance in place, including the alignment of the IT strategy to the PIC's strategic objectives. Responsibilities of the Board are executed through the ARC which has been delegated the authority to oversee the successful implementation of the PIC's IT governance framework. IT forms an integral part of the PIC's risk management and ARC considers the impact of IT on financial controls as part of the organisation's audit plan.

The PIC's Executive Committee (EXCO) provides regular updates to ARC on the status of significant IT initiatives, in addition to other governance-related issues. Amongst the IT governance imperatives, the PIC has ensured that periodic Disaster Recovery (DR) tests and security vulnerability tests are conducted.

During the past year, the PIC has made significant investments in refreshing and upgrading its IT infrastructure, together with critical business systems.

Due focus has been placed on establishing a secure and robust Wide Area Network (WAN) that connects all the PIC offices across the country, whilst rolling out business-enabling services such as wi-fi and video conferencing. The new fibre-based WAN has also enabled the migration and centralisation of IT services to be rendered seamlessly from the organisation's headquarters.

The PIC has upgraded its DR infrastructure and will continue to review and improve the overall DR solution in the future. The overall IT security posture of the PIC has also received due focus, with continuous improvement initiatives being rolled out during the year, together with the provision of IT security awareness training to the PIC business.

With the development and rollout of a new enterprise architecture, IT is well placed to enable the PIC to both exceed stakeholders' expectations and to ultimately contribute towards the realisation of key developmental priorities of the country.

Further details on employee benefit is included in the notes to the Financial Statements on page 130.

NEXT STEPS IN THE PIC DEVELOPMENTAL JOURNEY

The PIC's developmental journey, through implementation of its clients' mandates, aligns with the key governmental objectives. The table below summarises the initial steps towards the decade ahead.

Strategic Intent Objective		
Financial	1	The PIC will grow its revenue and control costs to run a financially sustainable investment management operation.
Internal Business Processes	2	Robust Enterprise Risk Management practices will continually be maintained and enhanced.
	3	The PIC will continue demonstrating that it is a responsible citizen, driving ESG initiatives, also on a corporate level.
Customers / Stakeholders	4	Excess returns over client benchmarks will be maintained within client risk parameters.
	5	The PIC will continue to contribute to the growth in the economy through developmental investments.
	6	More investments in the African continent in order to stimulate economic growth.
	7	Focus will still be placed on allocation to Broad-Based Black Economic Empowerment service providers, through the following initiatives: • Allocation of funds to enterprise development managers; • Allocation of brokerage to designated BEE broker firms; • Procurement practices will be aligned with focus areas of new BBBEE codes: - BEE level certification - Ownership - Management control - Skills development - Enterprise and supplier development - Socio-economic development; • Funds committed through BEE private equity firms (qualifying small enterprises); and • Allocation of funds to BEE funds and property managers.
Human Capital / Knowledge Management	8	The PIC staff demographics will always be reflective of the skilled segment of South Africa's economic active population.

Report of the Audit & Risk Committee

ARC has adopted appropriate formal terms of reference as its Audit and Risk Committee Matrix has regulated its affairs in compliance with this Matrix and has discharged all its responsibilities as contained therein.

Audit and Risk Committee Responsibility

Section 94(2) of the Companies Act, 2008, requires that at each Annual General Meeting (AGM), a State-Owned Company elects an Audit Committee, which comprises of at least three members. The rest of Section 94 elaborates on the appointment of the members of an Audit Committee and its duties and responsibilities. All members of the PIC ARC are independent and have the requisite financial competence. None of the members have any personal financial interest or non-manageable conflicts of interests arising from cross-directorships or day-to-day involvement in the running of the PIC. The executive directors, internal and external auditors, as well as relevant members of management, are required to attend the ARC meetings.

The ARC's responsibility also includes:

- Considering the appointment, rotation and/or termination of the external auditors and nominate to the Board for approval;
- Approving the terms of engagement of the external auditors, including their audit fee, and determining the nature and extent of any non-audit services;
- Monitoring and reporting to the Board on the independence, objectivity and required skills and competence of the external auditors to execute the audit in terms of International Standards on Auditing;
- Monitoring the effectiveness of the processes to create awareness and develop an understanding of relevant legislation and regulation to ensure compliance by management;
- IT Governance on behalf of the Board ensures proper system security, data integrity and business continuity, disaster recovery and review of the reports of the Chief Information Officer;
- Oversight over the enterprise-wide risk management (ERM) approach to managing risk exposures; and
- Consideration of the expertise, resources and experience of the Company's finance function.

Membership

The ARC comprises five independent non-executive directors. The names and qualifications of the Directors serving on the Audit and Risk Committee (ARC) are detailed in the Board of Directors section of the annual report on pages 15 to 17. The attendance of meetings by the committee members is detailed on pages 26 to 29 in the corporate governance report. The PIC's risk management processes are detailed in the risk management framework on pages 85 to 90. The risk management framework endorsed by the Board is fundamental to the management of the risks within the corporation and across its operations and investments.

Combined Assurance

The ARC's corporate governance processes comply with the requirements of the King Report on Corporate Governance (King III) with respect to ensuring that a combined assurance model is applied to provide a co-ordinated approach to assurance. The model aims to optimise the assurance coverage obtained from risk, internal providers and external assurance providers on risks attached to the Company.

Assurance by Management

- Received and reviewed the accounting policies, practices, judgments and estimates adopted in the preparation of the annual financial statements and found those to be appropriate;
- Reviewed reports from management regarding the going concern and financial sustainability of the organisation, for the year ended 31 March 2015; and
- The continued preparation of the financial statements on a going concern basis was adopted.

Assurance by Internal Audit

- Considered and recommended for approval to the Board the one-year operational and three-year strategic Internal Audit Plans and monitored Internal Audit's adherence to these plans;
- Received and reviewed reports from Internal Audit concerning the effectiveness of internal controls, systems and processes as well as the adequacy and appropriateness of management's corrective action plans; and

- Considered all material forensic reports and established whether management took appropriate action.

Assurance by the Independent External Auditors

- Reviewed and approved the External Audit Plan, including the proposed scope and audit fee and determining the nature and scope of non-audit services;
- Received and reviewed external audit reports for the year which included the annual report for the year ended 31 March 2015 and the reports on the effectiveness of internal controls, systems and processes; and
- Made appropriate recommendations to the Board regarding the rotation of the external audit function.

Fraud and Corruption

The ARC provides oversight over the fraud and corruption prevention controls and mechanisms within the Company's operating environment. To this effect:

- Risk incidents are logged in an operational risk register, monitored and followed up by Operational Risk; and
- The Company has a whistle-blowing toll-free hotline where employees are encouraged to report any suspected corrupt, fraudulent, criminal or unethical practices.

IT Governance

The ARC provides oversight over the IT systems and automated controls and mechanisms within the Company's operating environment. To this effect:

- A proper business recovery plan and off-site disaster recovery centre are in place, and daily backups, as well as periodic disaster recovery testing, occur;
- Specialist security organisations conduct periodic IT security penetration tests to test the resilience of the PIC's ICT landscape;
- An ICT Steering Committee considers significant IT investment and expenditure, technology performance and compliance with Service Level Agreements with business; and
- The ARC considered the maturity level of the ICT operations and is satisfied that sufficient provision is made for business recovery in the event of a disaster. The ARC also concludes from the results of the work performed by both internal and external audit that sufficient coverage of system and manual internal controls was obtained.

Internal Audit

Internal Audit is a key internal assurance provider. It provides the Board with a report of its activities which, along with other assurance provider sources, is used by the Board in reporting on and assessing the internal control and risk management.

Based on the information and explanations given by management and Internal Audit, including discussions with the independent external auditors on the results of their audits, as well as the status in addressing the matters raised, the ARC is of the opinion that the internal accounting controls, manual and automated, are operating satisfactorily, to ensure that the financial records may be relied upon for preparing the annual financial statements and accountability for assets and liabilities is maintained.

Evaluation of Financial Statements

The ARC has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the independent external auditors and the Accounting Authority;
- Reviewed the independent external auditors' management letter and management's response thereto;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

The ARC believes that these annual financial statements fairly represent the financial position of the PIC as at 31 March 2015 as well as the results of its operations and cash flow information. It also concurs and accepts the independent external auditor's conclusions on the annual financial statements. The Committee is of the opinion that the audited annual financial statements should be accepted and read together with the report of the independent external auditors.

Ms Sibusisiwe Zulu
Chairman: Audit and Risk Committee

Risk Management

We consider that the purpose of risk management is to enhance the likelihood of successfully attaining the objectives of the Corporation and find it to be an inherent part of any business. It is a multi-faceted process that involves independent monitoring, frequent communication with internal and external stakeholders, application of judgement and detailed knowledge of products and markets in which the entity operates. Risk management as a process, involves identification, assessment, prioritisation and responses to risks that may impact the achievement of strategic and business objectives. The management, monitoring and reporting of these risks, ensure that resources are utilised to minimise the probability of negative events or to maximise the realisation of opportunities.

PIC recognises that in a complex financial services environment, risk management processes and strategies are evolutionary and subject to ongoing review and modifications, taking into account risk appetite and risk tolerance of the business, as defined by the Enterprise Risk Management Framework (ERMF).

The PIC Board of directors is ultimately responsible for ensuring that all risks are effectively managed. Through the ERMF, the Board sets the risk appetite, which is the level of risk that it is willing to take in order to deliver its strategic objectives. The risk appetite is aligned with the risk and business strategy and is intended to be the link between business strategy and the risk management framework by bringing strategic context to identified risks.

Identified risks are evaluated, using the approved risk measurement methodology as defined in the ERMF. The risk tolerance level has been determined by the business above which risks are immediately addressed by implementing responses to these. This process of risk evaluation determines the strategy of managing the identified risk, ranking and determining whether the risk should be terminated, tolerated, outsourced or managed.

The responsibility for the implementation of the ERMF has been delegated to the executive management by the Board. Executive management has an active role in the risk management process and is responsible for the maintenance of, and ultimately compliance with, the ERMF. This function, which is subject to oversight by the Audit and Risk Committee (ARC), is responsible for identifying the risks faced by the Corporation, ensuring that the controls established to manage those risks are effective. The risk management function is also responsible for ensuring that consistent policies and procedures are established for measuring, managing and reporting risk. The Board is kept informed through interaction between the executive members of the Board and senior managers responsible for risk management. The Chairman of ARC provides structured feedback at Board meetings. In addition, the responsibilities of ARC include independent monitoring of risk management and compliance.

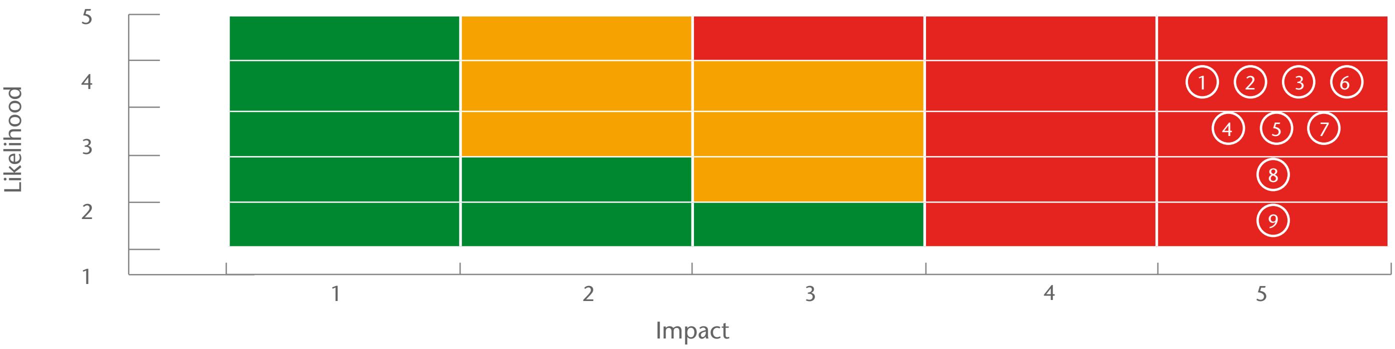
Nothing has come to the attention of the Board to indicate that there has been any material breakdown in the enterprise risk management process during the year under review.

The PIC risk management objectives are to:

- Create awareness and understanding of risks at all levels of the Corporation by training employees and by executive management providing guidance;
- Integrate concerns for risk into the Corporation’s daily decision-making and implementation processes;
- Identify and manage risks within the risk appetite and risk tolerance parameters, which coincide with the Board’s strategy and objectives;
- Improve the Corporation’s ability to prevent, detect, correct, escalate and respond to critical risk issues by executing risk management plans, recommendations and monitoring effectively;
- Comply with appropriate risk management practices in terms of corporate governance guidelines and King III.

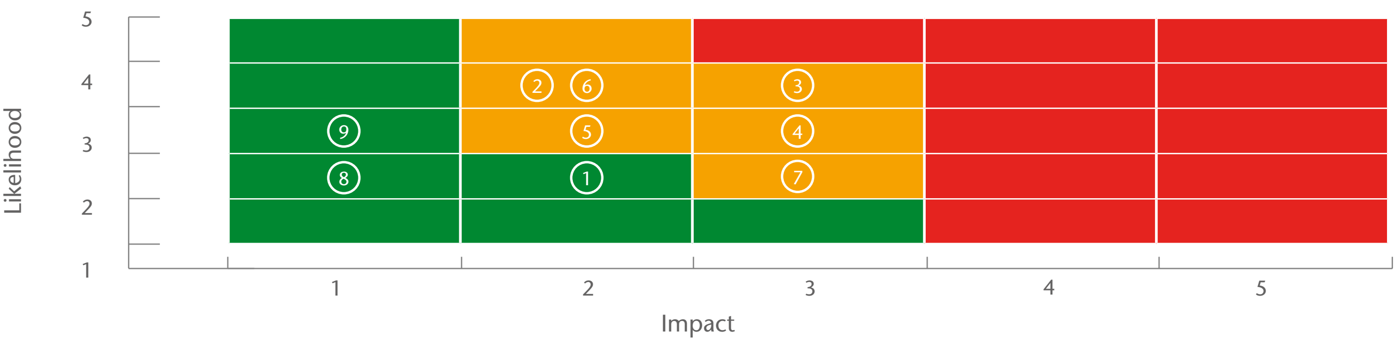
Various risks have been identified by the business as being of particular significance. PIC has developed, implemented and continuously improves the ERMF to ensure that the management of risk is embedded in the Corporation’s overall corporate governance structures, strategy, planning, reporting processes, policies, values and culture. In fulfilling its enterprise risk management mandate, PIC engages both a top-down and bottom-up approach to risk identification, assessment and mitigation. The top-down approach entails engagements in the form of risk workshops with PIC Management Committee, Executive Committee, ARC and the Board. The focus of these workshops is to identify the key risks that may preclude the organisation from achieving its strategic objectives. These risks, once identified, are assessed from an inherent perspective by analysing the impact and likelihood to the PIC of the risk materialising. Thereafter the effect of controls are applied in arriving at the residual risk rating. The heat maps below reflect the key corporate risks identified through this process, both inherently and residually.

Inherent Risk Management



Source: PIC calculations

Residual Risk Management



Source: PIC calculations

Legend

No.	Risk	No.	Risk
1	Human Capital Management	6	Legal & Regulatory Compliance
2	Ethical and Professional Culture	7	Investment Strategy
3	Operational Efficiency	8	Corporate Financial Sustainability
4	IT Infrastructure	9	Stakeholder Management
5	Continuity of Operations		

Major Risk Matrix

The table below provides major risk types facing the Corporation, along with the relevant mitigating controls that have been implemented:

Risk	Definition	Management And Mitigants
Strategic/ business risk	It is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of the PIC's strategic goals, its business strategies developed to achieve those goals, the resources deployed against these goals and the quality of implementation.	• Development of corporate strategy by Executive Management. • Approval and monitoring of implementation thereof by the Board and Shareholder.
Regulatory and compliance risk	Regulatory: The risk associated with the potential for laws related to a given industry, country, or type of security to change and impact adversely on the operations of an entity. Compliance: The risk of non-compliance with all relevant statutes, rules, regulations, mandates, policies and procedures and codes of conduct for each business activity.	• PIC has in-house legal advisors and a compliance department that monitor and assess the impact of legislation, regulatory rules, supervisory requirements and industry codes. This ensures compliance with current and pending legislation. The Corporation may, where required, make use of external experts. • The compliance officers and legal advisors are members of appropriate bodies and keep abreast of all industry, legislative and regulatory changes. • The compliance officers have direct access to the chairman of ARC. • External service providers assist in international regulations. • There is regular engagement with shareholders, clients, regulators, and other industry players on regulatory and other important issues of common concern.
Reputational risk	The risk caused by damage to the organisation's reputation, name or brand. Such damage may be due to a breakdown of trust or confidence in the Corporation.	• PIC recognises the importance of its reputation and devotes considerable effort to managing all aspects of its reputation. • Having established the values to which it subscribes, the organisation has embedded this through the implementation of policies that guide alignment with these. • The Social and Ethics Committee (SEC) provides oversight in this regard. • The business operates with a philosophy that seeks to protect and enhance the brand, its reputation and its ability to conduct business with the highest ethical standards. • The Corporation has stringent personal account investment rules and complies with the General Code of Conduct for Financial Services Providers and Representatives.

Risk	Definition	Management And Mitigants
Credit risk	The risk of loss due to the fact that the counterparty may be unable to fulfil its contractual obligations.	• The Corporation has an Investment Committee, a sub-committee of the Board, which is chaired by an independent chairman, that is responsible for credit policy, reviewing credit risk limits and authorisations, reviewing concentrations of credit risk and making decisions in cases requiring the highest level of authority. • Dedicated analysts utilise conservative analysis methodologies together with proprietary models. Exposure to high-risk counterparties and excessive exposure to any single counterparty, rating class or product are mitigated or avoided. • Thorough due diligence is performed prior to any sanctioning or authorisation of any transaction to any counterparty. • Monitoring of the counterparty that entails monitoring of adherence to agreements, financial condition and general control environment of the counterparty, takes place periodically. • Credit risk limits, stipulated in the counterparty and credit risk policy and mandate requirements, are monitored for compliance on a daily basis.
Market risk	The risk of loss due to movements in the level of volatility of market prices. The value of a financial instrument will decrease due to changes in market risk factors, such as equity prices, interest rate, foreign exchange rates and commodity prices.	• The business manages market risk through its structured investment process. A strict investment philosophy and process are followed by the investment team in the analysis of potential investments. Team discussions and debates are conducted prior to the authorisation and execution of investment decisions.
Operational risk	The risk of loss resulting from failed or inadequate internal processes, systems and people, or from external events.	• Operational risks are identified through various processes such as risk and control assessments that are conducted annually and monitored continually throughout the year, the incident reporting process, the key risk indicator monitoring process, internal audit and external assurance provider findings, regulatory compliance findings as well as ongoing interaction with the business on a regular basis. The risks identified are evaluated based on impact and likelihood as prescribed in the ERMF, before taking the effectiveness of the existing controls into account. The business will agree on the most appropriate risk mitigating actions to address the risk. • An executive risk committee provides oversight of the process to support ARC's mandate in this regard. • An incident reporting policy and process exist to ensure that all reported operational risk incidents are analysed, and the risk mitigated to prevent a recurrence. • A whistle-blowing programme is in place to anonymously report dishonest and unethical practices within or impacting the business.

Combined Assurance

As part of its bottom-up approach to risk management, and in order to extract the maximum value of the resources deployed from a risk and assurance perspective, ARC supports a combined assurance approach to managing risks within PIC. All internal risk and assurance providers engage in the review of the ERMF annually and in the development and assessment of a single risk universe. This risk universe forms the basis for risk and control assessment engagements as well as the basis for the development of internal audit and regulatory review plans.

The combined assurance initiative allows visibility over the assurance provided for each risk, and by whom. The collaborative efforts of senior management, risk and internal and external assurance providers, assist in bringing about a holistic view of the organisation's risk profile and assurance activities, and optimise overall assurance to the ARC.

PIC has in-house internal audit and regulatory compliance functions that provide the appropriate independence and objectivity to assist the Board in discharging its responsibilities.

The internal audit function performs an independent appraisal with the full co-operation of the Board and management. Its objective is to assist members of executive management in the effective execution of their responsibilities through an examination and evaluation of the business activities, business risks and systems of internal control. It further provides assurance on the control effectiveness assessments undertaken by management with the assistance of the operational risk function. Any material control weaknesses are brought to the attention of management and the ARC. The internal audit follows an approved risk-based audit approach to planning its audits.

Consultation takes place between the risk, internal and external auditors, as well as the service provider engaged, to provide a reasonable assurance opinion on the ISAE 3402 report during the year. This ensures that adequate assurance is obtained over financial, operational and compliance controls to mitigate material risks.

Compliance

The PIC has a compliance function that is primarily responsible for monitoring PIC's compliance with all relevant regulatory obligations. In line with our expanding global strategy, we also frequently employ the services of international compliance consultants and law firms to ensure we remain abreast of all material regulatory developments. The compliance framework outlines the roles, responsibilities, policies and procedures to ensure compliance. We are primarily answerable to the following regulators:

- Financial Services Board (South Africa)
- South African Reserve Bank (SARB)
- Financial Intelligence Centre (South Africa)
- Johannesburg Stock Exchange (South Africa)
- Financial Conduct Authority (UK)
- Securities and Exchange Commission (USA)

The PIC, as an investment manager, is required to comply with the following key legislation, amongst others:

- Public Investment Corporation Act, No. 23 of 2004
- Financial Advisory and Intermediary Services Act, No. 37 of 2002
- Financial Markets Act, No. 19 of 2012
- Financial Intelligence Centre Act, No. 38 of 2001
- Public Finance Management Act, No. 1 of 1999
- Companies Act, No. 71 of 2008

Regulatory compliance is achieved by, firstly, identifying and understanding the full regulatory universe of relevant legislation and, secondly, by training employees and embedding compliance requirements in business processes. The compliance department manages an ongoing training and awareness programme. In order to test adherence to regulatory requirements, our compliance staff execute appropriate risk-based compliance monitoring plans and at times employ the services of specialist external assurance providers.

Given the nature and scale of our business, and the fact that all key business and operational functions are centralised at our headquarters in Pretoria, the interaction between compliance staff and business/operational staff, occur frequently. In addition, the Executive Head: Risk Management is in regular direct contact with the

Chief Executive Officer, Chief Financial Officer and senior management and attends key management and governance meetings. Supplementary to attending the ARC meetings and reporting to the committee, the Executive Head: Risk Management holds one-on-one meetings periodically with the independent non-executive chair of the ARC.

PIC has not had any regulatory penalties, sanctions or fines for contraventions or non-compliance with regulatory obligations imposed on it or any of its directors or officers.

Code of Ethics

We strive to be leaders in promoting the highest standards of ethics and professional excellence. High ethical standards are critical to maintaining stakeholder trust in PIC, the financial markets and the investment profession. The PIC's stakeholders include our sole shareholder – the Government of the Republic of South Africa, the public, the regulators, the clients, prospective clients, employees, colleagues in the investment profession and other participants in the global capital markets.

All staff are required to conduct themselves in accordance with our set of values. In addition, all staff are required to complete a bi-annual declaration that includes, inter alia, the provision of information and/or declarations in relation to outside interests, conflicts of interest, compliance with the requirements of PIC's compliance manual and confidential information.

Conflict of Interest

PIC is obliged to render unbiased and fair financial services to clients. Accordingly, we must take all reasonable steps to avoid any business activities and/or practices that may create conflict of interest between PIC and employee interests, and the interests of clients. In the event that it is not possible to avoid a conflict of interest, PIC will take all reasonable steps to mitigate the impact as well as appropriately disclose any such conflict to clients.

We have identified specific categories of potential conflict of interest, addressed through the implementation of appropriate policies and procedures, including:

- Conflict of interest management policy;
- Personal account trading policy; and
- Insider trading policy.

The compliance department monitors compliance with these and other related policies.

No instances of non-compliance have been noted and we are committed to conducting business with honesty and integrity that will facilitate the best results for our clients and maintain our reputation, the long-term sustainability of our business and a stable working environment.

Furthermore, our whistle-blowing hotline enables staff to anonymously report dishonest or unethical behaviour. It is managed by an independent third party and monthly reports are provided jointly to the Chief Executive Officer, the independent chairman of the ARC and the Executive Head: Risk Management.

Personal Account Investments

All staff members are required to conduct their personal account investments in accordance with the requirements of the personal account trading policy. Client interests will always take precedence over staff interests. The policy includes requirements such as the following:

- All personal account investments must be processed through an established internal process.
- Pre-trade approval must be obtained from relevant signatories.
- Prioritisation of client orders takes precedence and no personal account trades are permitted if there are open client orders on the same security.

Client Complaints

We maintain a client complaints resolution policy, which is available to clients. We have established systems and procedures to identify, investigate and resolve client complaints. The compliance department reviews all complaints received on a monthly basis. Material complaints are escalated to the executive committee and the ARC.

ANNUAL FINANCIAL STATEMENTS

Index

The reports and statements set out below, comprise PIC's Annual Financial Statements presented to the Shareholder:

The Company's Annual Financial Statements have been prepared under the supervision of the Company CFO, Ms Matshepo More.

Report of the Auditor-General to Parliament on Public Investment Corporation (SOC) Limited

Report on the financial statements

Introduction

1. I have audited the financial statements of the Public Investment Corporation (SOC) (PIC) set out on pages 98 to 130, which comprise the statement of financial position as at 31 March 2015, the statement of comprehensive income, statement of changes in equity, cash flow statement as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

The accounting authority's responsibility for the financial statements

2. The Board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Companies Act of South Africa, 2008 (Act No. 71 of 2008), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Investment Corporation SOC (Limited) as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with IFRS and the requirements of the PFMA and Companies Act.

Additional matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Other reports required by the Companies Act

8. As part of my audit of the financial statements for the year ended 31 March 2015, I have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the PIC for the year ended 31 March 2015:
    - Objective 1: Contribution to developmental investments through social infrastructure, economic infrastructure, high job creation sectors, SMMEs and infrastructure listed bonds on page 33.
    - Objective 2: Contribution to transformation in various companies through private equity investments on page 34.

Report of the Auditor-General to Parliament on Public Investment Corporation (SOC) Limited

- Objective 3: Increase investments in Africa (non-domestic) on pages 35 to 36 of the annual performance information report.
- Objective 4: Deliver investment performance which meets or exceeds client benchmarks on pages 37 to 40.
- Objective 5: BEE: Contribute to enterprise development in the asset management sector in both listed and unlisted investments on page 41.
- Objective 6: Conduct sustainable and efficient PIC operations on page 42.

11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPI).

13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:
    - Objective 1: Contribution to developmental investments through social infrastructure, economic infrastructure, high job creation sectors, SMMEs and infrastructure listed bonds on page 33.
    - Objective 2: Contribution to transformation in various companies through private equity investments on page 34.
    - Objective 3: Increase investments in Africa (non-domestic) on pages 35 to 36.
    - Objective 4: Deliver investment performance which meets or exceeds client benchmarks on pages 37 to 40.
    - Objective 5: BEE: Contribute to enterprise development in the asset management sector in both listed and unlisted investments on page 41.
    - Objective 6: Conduct sustainable and efficient PIC operations on page 42.

Additional matters

15. I draw attention to the following matters:

Achievement of planned targets

16. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

Achievement of planned targets

17. Refer to the annual performance report on pages 33 to 42 for information on the achievement of the planned targets for the year.

Compliance with legislation

18. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Procurement and contract management

19. A member of the accounting authority whose close family member had a business interest in a contract awarded by the entity, failed to disclose such interest, as required by PFMA section 50(3)(a).

20. A person in service of the entity whose close family member had a business interest in the contract awarded by the entity participated in the process relating to that contract in contravention of PFMA section 50(3)(b).

Internal control

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

Leadership

22. Oversight by a board member to disclose conflict of interest as per the requirements of the PFMA and Companies Act which resulted in noncompliance with laws and regulations.

Auditor General

Pretoria
31 July 2015

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Directors' Responsibilities and Approval

The Directors are required in terms of the Companies Act, No. 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the PIC ("the Company") as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS) and in terms of Treasury Regulation 28.1.1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended). The external auditors are engaged to express an independent opinion on the annual financial statements. The prescribed disclosure of emoluments in terms of Treasury Regulation 28.1.1 is reflected under the "disclosure of remuneration section".

The annual financial statements are prepared in accordance with International Financial Reporting Standards and in terms of Treasury Regulation 28.1.1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operational risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by Management, that the system of internal controls provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The annual financial statements have been audited by the Auditor-General, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committee of the Board. The Directors believe that all representations made to the independent auditors during their audit, are valid and appropriate.

The external auditors are responsible for independently reviewing and reporting on the Company's annual financial statements. The annual financial statements have been examined by the Company's external auditors and their report is presented on pages 93 and 94.

The Company's annual financial statements set out on pages 98 to 130, which have been prepared on the going concern basis, were approved by the Board of Directors on 31 July 2015 and were signed on its behalf by:

Mr Jonas, Mcebisi (Chairman)

Dr Matjila, Daniel (CEO)

Directors' Report

The Directors have the pleasure of presenting their report for the year ended 31 March 2015.

1. Nature of Business

Main Business and Operations

The Public Investment Corporation SOC Limited is incorporated and domiciled in the Republic of South Africa. It is a schedule 3B State-owned entity as defined in the Public Finance Management Act,1999 (PFMA). The Company provides asset management services primarily to public sector entities. It operates principally in South Africa, invests offshore and within the rest of the African continent.

The Company's financial statements for the year ended 31 March 2015, were authorised for issue in accordance with a resolution of the Board of Directors on 31 July 2015.

2. Going Concern

The Board of Directors have reviewed the financial budgets with their underlying business plans for the period to 31 March 2016. On the basis of the review performed and in light of the current financial position, the Board of Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. They consider it appropriate that the annual financial statements be prepared on a going concern basis.

3. Financial Results

The Company's business model was designed and developed to focus on sustainability. The financial strategy is directly aligned to the three-year corporate plan, hence there is monthly monitoring of financial targets, as well as cost containment implemented throughout the year.

Profit attributable to shareholders for the year is R330 million (2014: R209 million). This is 58% higher than the prior year. Revenue year on year has increased by 18% (2014: 68%). Revenue is primarily made up of management fees, which are calculated based on the market value of assets under management, with the exception of management fees from the new Isibaya portfolio which are based on committed funds during the commitment period thereafter on market value. Full details of the financial results of the Company are set out on pages 98 to 130 of these annual financial statements and accompanying notes for the year ended 31 March 2015.

4. Subsequent Events

There were no subsequent events for the year under review.

5. Share Capital

There were no changes in the authorised or issued share capital of the Company during the year under review. There are no shares held in reserve. The Company does not operate a share incentive scheme except for Harith, which is an associate. The PIC operates a long-term incentive scheme which is a cash-based scheme that has no correlation or relationship with the PIC shares.

6. Associates

The PIC has a 46% (2014: 46%) shareholding in Harith Fund Managers and has a 30% (2014: 30%) shareholding in Harith General Partners.

Both associates have a financial year-end consistent with that of the Company. The details of associates in which the Company has a direct interest, are disclosed in note 5 of the annual financial statements.

7. Related Party Transactions

Details of related party transactions are disclosed in note 30 of the annual financial statements.

8. Code of Corporate Practices and Conduct

The Company complies with the recommendations of the Code of Corporate Practices and Conduct included in the King III Report on Corporate Governance, including the Companies Act requirements.

9. Dividends

No dividends were declared or paid to the Shareholder during the year.

10. Accounting Practices

The Company's annual financial statements were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB), and comply with the SAICA Financial Reporting Guides, as issued by the Accounting Practices

Committee, financial pronouncements as issued by the IFRS Interpretations Committee (IFRIC), the Public Finance Management Act and the requirements of the South African Companies Act.

11. Directorate

The composition and profiles of the Board of Directors for the Company are set out on page 15 of the integrated report and the information on the Board and Board committees, its activities, meetings, attendance and any other information, are set out in the Corporate Governance statement on page 23.

Details of Directors' remuneration are set out in note 31 of the annual financial statements.

The Directors are all of South African nationality. In terms of Section 6(1) of the Public Investment Corporation Act, the following Directors have been appointed to or retired from the PIC Board: Mr Masilela, Elias (CEO) resigned 30 June 2014; Dr Matjila, Daniel (CEO) appointed 1 December 2014; and Ms Woodroffe, Rejane (non-executive) resigned 1 March 2015.

There were no appointments, resignations or retirements other than those mentioned above.

12. Secretary

The acting secretary of the company is Wilhelmina JF Louw.

13. Ultimate Holding Company

The Company's ultimate holding company is the National Government of the Republic of South Africa. The Shareholder representative is the Minister of Finance. PIC's oversight department is the National Treasury.

14. Special Resolutions

There was one special resolution: Remuneration of the non-executive directors on 1 December 2014. There were no other material resolutions passed by the Company during the year under review other than the one mentioned above.

15. Auditors

The Auditor-General of South Africa is the registered auditor of the PIC. The auditors of Harith Fund Managers and Harith General Partners are KPMG Inc.

16. Internal Financial Controls

During the year under review, the Board, through the Audit and Risk Committee, assessed the results of the formal documented review of the Company's system of internal controls and risk management, including the design, implementation and effectiveness of the internal financial controls conducted by Internal Audit, and considered information and explanations given by management and discussions with the external auditors on the results of the audit.

Based on the results obtained, nothing has come to the attention of the Board that caused it to believe that the Company's system of internal controls does not form a sound basis for the preparation of reliable financial statements.

17. Disclosure of Information

According to the Treasury Regulations, paragraph 28, and the PFMA, section 55, the annual financial statements must include a report by the Accounting Authority, which must include the disclosure of remuneration in respect of all members of the Accounting Authority, which is the PIC non-executive and executive directors and the senior management.

Per Companies Act 71 of 2008, paragraph 30 (5), the annual financial statements must show the amount of any remuneration or benefits paid or receivable by all members of the Accounting Authority, which are the PIC non-executive directors, executive directors and senior management. The detail of the disclosure is included in the disclosure of remuneration on pages 131 to 132.

18. Litigation

The Company is currently involved in litigation. The information usually required by ***IAS 37 Provisions, Contingent Liabilities and Contingent Assets*** is not disclosed on the grounds that it can be expected to prejudice the outcome of the litigation. The directors are of the opinion that the claim can be successfully resisted by the Company.

Statement of Financial Position
as at 31 March 2015

Figures in Rand thousand	Note(s)	2015	2014
Assets			
Non-Current Assets			
Property, plant and equipment	3	22,271	16,336
Intangible assets	4	2,047	2,875
Investments in associates	5	6,585	7,936
Deferred tax	8	83,491	64,155
		114,394	**91,302**
Current Assets			
Financial assets at fair value through profit or loss	6	184,637	118,068
Current tax receivable	16	-	3,608
Trade and other receivables	11	154,125	81,431
Other financial assets	10	358,341	460,817
Cash and cash equivalents	12	829,443	451,750
		1,526,546	**1,115,674**
Total Assets		**1,640,940**	**1,206,976**
Equity and Liabilities			
Equity			
Share capital	13	1	1
Non-distributable and other reserves	15	284,678	279,821
Retained income		998,078	668,319
		1,282,757	**948,141**
Liabilities			
Non-Current Liabilities			
Operating lease liability	9	3,818	1,726
Provisions	14	125,464	90,714
		129,282	**92,440**
Current Liabilities			
Current tax payable	16	13,457	-
Operating lease liability	9	294	356
Trade and other payables	17	46,131	27,034
Provisions	14	169,019	139,005
		228,901	**166,395**
Total Liabilities		**358,183**	**258,835**
Total Equity and Liabilities		**1,640,940**	**1,206,976**

Statement of Comprehensive Income
for the year ended 31 March 2015

Figures in Rand thousand	Note(s)	2015	2014
Revenue	18	955,232	808,880
Other income	19	14,335	7,003
Operating expenses		(583,492)	(574,231)
Operating profit	20	**386,075**	**241,652**
Investment income	21	74,178	44,769
Fair value adjustments	22	320	(426)
Income from equity accounted investments		(1,607)	2,867
Finance costs	23	(15)	(15)
Profit before taxation		**458,951**	**288,847**
Taxation	24	(129,192)	(79,970)
Profit for the year		**329,759**	**208,877**
Other comprehensive income:			
Share of comprehensive income of associates		4,857	1,821
Total comprehensive income for the year		**334,616**	**210,698**

Statement of Changes in Equity
for the year ended 31 March 2015

Figures in Rand thousand	Share capital	Foreign currency translation reserve	Non-distributable reserves	Capital reserve	Total reserves	Retained income	Total equity
Balance at 1 April 2013	**1**	**-**	**-**	**278,000**	**278,000**	**459,442**	**737,443**
Profit for the year	-	-	-	-	-	208,877	208,877
Other comprehensive income	-	1,821	-	-	1,821	-	1,821
Total comprehensive income for the year	**-**	**1,821**	**-**	**-**	**1,821**	**208,877**	**210,698**
Balance at 1 April 2014	**1**	**1,821**	**-**	**278,000**	**279,821**	**668,319**	**948,141**
Profit for the year	-	-	-	-	-	329,759	329,759
Other comprehensive income	-	4,857	-	-	4,857	-	4,857
Total comprehensive income for the year	**-**	**4,857**	**-**	**-**	**4,857**	**329,759**	**334,616**
Transfer between reserves	-	-	278,000	(278,000)	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**278,000**	**(278,000)**	**-**	**-**	**-**
Balance at 31 March 2015	**1**	**6,678**	**278,000**	**-**	**284,678**	**998,078**	**1,282,757**
Note(s)	13						

Statement of Cash Flows
for year ended 31 March 2015

Figures in Rand thousand	Note(s)	2015	2014
Cash flows from operating activities			
Cash generated from operations	26	412,026	415,021
Interest income		71,513	41,982
Finance costs		(15)	(15)
Tax paid	27	(133,767)	(130,710)
Net cash from operating activities		**349,757**	**326,278**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(13,945)	(10,832)
Purchase of other intangible assets	4	(1,094)	(887)
Other financial asset additions		(1,325,000)	(974,966)
Other financial asset disposals		1,427,868	770,001
Financial asset at fair value through profit and loss additions		(291,392)	(158,878)
Financial asset at fair value through profit and loss disposals		226,898	130,045
Dividends received		4,600	886
Net cash from investing activities		**27,936**	**(244,629)**
Cash flows from financing activities			
Total cash movement for the year		**377,693**	**81,649**
Cash at the beginning of the year		451,750	370,101
Total cash at end of the year	12	**829,443**	**451,750**

1. Basis of Preparation

The PIC's annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial pronouncements as issued by the IFRS Interpretations Committee (IFRIC), the Public Finance Management Act, 1999 (Act No. 1 of 1999), and the requirements of the South African Companies Act, 2008 (Act No. 71 of 2008).

The PIC's annual financial statements have been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value. The preparation of financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Information about significant areas of estimates, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the annual financial statements, have been disclosed.

Going Concern

The Company's forecasts and projections, taking account of reasonably possible changes in performance, show that the Company is able to operate within the current operational mandate or funding level.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the annual financial statements.

1.1 Critical Accounting Judgements, Estimates and Assumptions

The Company makes judgements, estimates and assumptions concerning the future when preparing the annual financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Trade and Other Receivables

The Company determines impairment of trade and other receivables when objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the receivables. Management exercises judgement in assessing the impact of adverse indicators and events on the recoverability of receivables using the indicators disclosed in the accounting policy.

The impairment loss is determined as the difference between the carrying amount of the receivables and the present value of their estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the receivables' original effective interest rate.

Fair Value of Financial Instruments

The fair value of financial instruments traded in active markets, is based on quoted market prices at the financial year-end. The quoted market price used for financial assets held by the Company, is the current bid price.

The fair value of financial instruments that are not traded in an active market (unlisted securities), is determined by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash-flow analysis, and option pricing models, making maximum use of market input and relying as little as possible on entity-specific input. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each financial year-end.

Provisions

The Company exercises judgement in determining the expected cash outflows related to its provisions. Judgement is necessary in determining the timing of cash outflows as well as quantifying the possible range of the financial settlements that may occur.

The present value of the Company's provisions is based on management's best estimate of the future cash outflows expected to be required to settle the obligations, discounted using appropriate pre-tax discount rates that reflect current market assessment of the time value of money and the risks specific to each provision.

Deferred Tax Asset

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilised. When recognising deferred tax assets, the Company exercises judgement in determining whether sufficient taxable profits will be available. This is done by assessing the future financial performance of the underlying to which the deferred tax assets relate. The Company's deferred tax assets for the current year amounted to R83 million (2014: R64,2 million), refer to Note 8.

Taxation

The Company is subject to income tax in South Africa. As a result, significant judgement is required in determining the Company's provision for income taxes. There are numerous calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business. The Company recognises tax liabilities for anticipated tax issues, based on estimates of whether additional taxes will be payable. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax in the period in which such determination is made.

Estimates of Useful Lives of Property, Plant and Equipment

Property, plant and equipment represent the Company's asset base, therefore, the judgements made in determining their estimated useful lives and residual values, are critical to the Company's financial position and performance. Useful lives and residual values are reviewed on an annual basis with the effects of any changes in estimates accounted for on a prospective basis. In determining residual values, the Company uses historical sales and management's best estimate based on market prices of similar items. Useful lives of property, plant and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial.

Contingent Liabilities

Management applies its judgement to the facts and the advice it receives from its attorneys, advocates and other advisors in assessing whether an obligation is probable or remote. This judgement application is used to determine whether the obligation is recognised as a liability or disclosed as a contingent liability. Contingent liabilities considered to be remote, are not disclosed.

Intangible Assets, Software and Other Intangibles Assets

The relative size of the Company's intangible assets with finite useful lives, makes the judgements surrounding the estimated useful lives and residual values critical to the Company's financial position and performance. Useful lives are reviewed on an annual basis with the effects of any changes in estimate accounted for on a prospective basis. The residual values of intangible assets are assumed to be one rand. The useful life is determined with reference to the licence term of the computer software. For unique software products controlled by the Company, the useful life is based on historical experience with similar assets, as well as anticipation of future events such as technological changes, which may impact the useful life.

Useful lives of other intangible assets are based on management's estimates and take into account historical experience as well as future events which may impact the useful lives.

1.2 Property, Plant and Equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an item of property, plant and equipment is only recognised when:

- It is probable that future economic benefits associated with the item will flow to the company; and
- The cost of the item can be measured reliably.

Property, plant and equipment is 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. 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 line item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Useful lives have been determined to be as follows:

	Average
Furniture and fixtures	5 to 10 years
Motor vehicles	5 years
Office equipment	5 to 8 years
IT equipment	3 to 5 years
Leasehold improvements	5 years

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

The carrying values of property and equipment are written down to their estimated recoverable amounts, where the estimated recoverable amount is lower than the carrying value. The recoverable amount of property and equipment is determined as the higher of the assets' fair value less costs to sell and the value in use.

All gains or losses arising from the disposal or scrapping of property and equipment are recognised in profit or loss in the period of disposal or scrapping. Repairs and maintenance are charged to profit and loss when the expenditure is incurred.

1.3 Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance. No intangible asset is recognised arising from research. Expenditure on research (or on the research phase of an internal project), is recognised as an expense when it is incurred.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset, will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project), is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are technical, financial and other resources available to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Subsequent expenditure relating to intangible assets is capitalised when it is probable that future economic benefits from the use of the assets will be increased and will be realised. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Surpluses and deficits on the disposal of intangible assets are recognised in profit or loss. The surplus or deficit is the difference between the net disposal proceeds and the carrying value of the asset at the date of sale.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of every period. Amortisation is charged to profit or loss on a straight-line basis and is calculated to reduce the original costs to the expected residual values over the estimated useful lives. Useful lives and residual values are assessed on an annual basis. Useful lives have been determined to be as follows:

	Average
Computer software	3 to 5 years
Other intangible assets	5 to 8 years

1.4 Investments in Associates

Associates are entities in which the Company has significant influence, but no control over the financial and operating policies. Significant influence is presumed to exist when the

Company holds between 20% and 50% of the voting power of another entity. Investments in associates acquired and held exclusively with the view to dispose of in the near future (within 12 months), are not accounted for using the equity accounting method, but are measured at fair value less cost to sell in terms of the requirements of IFRS 5.

On initial recognition, the investment in the associates is recognised at cost and the carrying amount is equity accounted. The Company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss, and the carrying amount of loans to associates that are substantially part of the investment, as settlement is neither planned, nor likely to occur in the foreseeable future.

The Company assesses at each reporting period whether there is objective evidence, in terms of IAS 39, that an investment in an associate or joint venture is impaired. If such evidence of impairment exists, the entire carrying amount, including the goodwill, is tested for impairment in terms of IAS 36.

Equity accounting is discontinued from the date that the Company ceases to have significant influence over the associate or joint control over the joint venture. The Company measures at fair value any investment it has retained in the entity when significant influence is lost and recognises the resulting gain or loss in profit or loss. The gain or loss is measured as the difference between the fair value of this retained investment and the carrying amount of the original investment at the date significant influence or joint control is lost.

After discontinuing equity accounting, the Company accounts for any retained investment in the entity in accordance with the relevant IFRS, as appropriate.

1.5 Financial Instruments

Initial Recognition and Measurement

Financial Assets

IFRS 9 introduces new classification and measurement requirements for financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement. Specifically, IFRS 9 requires all financial assets to be classified and subsequently measured at either amortised cost or fair value, on the basis of the entity's business model for managing the financial assets and the contractual cash-flow characteristics of the financial assets.

As required by IFRS 9, debt instruments are measured at amortised cost only if (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. If either of the two criteria is not met, the debt instruments are classified at fair value through profit or loss (FVTPL).

However, the Company may choose at initial recognition to designate a debt instrument that meets the amortised cost criteria at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch. In the current financial year, the Company has not elected to designate any debt instruments that meet the amortised cost criteria at FVTPL.

Debt instruments that are subsequently measured at amortised cost, are subject to impairment.

Investments in equity instruments are classified and measured at FVTPL, except when the equity investment is not held for trading and is designated by the Company at fair value through other comprehensive income (FVTOCI). If the equity investment is designated at FVTOCI, all gains and losses, except for dividend income that is generally recognised in profit or loss in accordance with IAS 18 Revenue, are recognised in other comprehensive income and are not subsequently reclassified to profit or loss.

As at 31 March 2015, the Directors have reviewed and assessed the Company's existing financial assets. Based on the assessment, it was determined that the impact of initial application of IFRS 9 will be immaterial because the Company's financial assets are carried at fair value through profit or loss under IAS 39, which will be the same classification when applying IFRS 9.

IAS 39 Financial Instrument: Recognition and Measurement

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial instruments, as reflected on the statement of financial position, include all financial assets, financial liabilities, derivative instruments and equity instruments held for investment, trading, hedging or liquidity purposes, but exclude investments in subsidiaries, associates, employee benefit plans, property and equipment, deferred taxation, taxation payable, intangible assets and goodwill.

Financial instruments are accounted for under the following standards:
- Presented under IAS 32;
- Recognised and measured under IAS 39 and IFRS 9; and
- Disclosed under IFRS 7.

Financial assets are classified into the following specified categories:
- Financial assets at fair value through profit or loss;
- Held to maturity investments;
- Loans and receivables; and
- Available-for-sale financial assets.

Financial liabilities are classified as either:
- Financial liabilities at fair value through profit or loss; or
- Other financial liabilities.

The Company classifies financial instruments, or their component parts, on initial recognition.

The classification of financial assets and financial liabilities depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

All financial assets are initially recognised at fair value plus transaction costs, except those carried at fair value through profit or loss where transaction costs are recognised immediately through the statement of comprehensive income.

All financial liabilities are initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

Subsequent to initial measurement, financial instruments are either measured at fair value or amortised cost, depending on their classification.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Fair Value Determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash-flow analysis, and option pricing models making maximum use of market input and relying as little as possible on entity-specific input.

Financial Instruments Designated as at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or Company investment strategy.

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Net gains and losses arising from financial instruments categorised at fair value through profit or loss, are determined inclusive of interest or dividend income. Transaction costs are recognised in profit or loss as an expense. Dividend income is recognised in profit or loss as part of investment income when the Company's right to receive payment is established.

An investment is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

An investment other than a financial asset held for trading, may be designated as at fair value through profit or loss upon initial recognition if:

- The investment forms part of a company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments.

Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial Instruments Designated as Available-for-sale

These financial assets are non-derivatives that are either designated in this category, or not classified elsewhere. Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract where terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income, is included in the net profit or loss for the period.

The Company assesses at each financial year-end date whether there is objective evidence that a financial asset or a company of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost, is considered as an indicator that the securities may be impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income – is removed from other comprehensive income and recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale, are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale, are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income.

Interest on available-for-sale securities is calculated using the effective interest method recognised in the statement of comprehensive income as part of 'other income'. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of 'other income' when the Company's right to receive payments is established.

Equity investments for which a fair value is not determinable, are held at cost. Impairments on such investments are not reversed.

Held to Maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has both the positive intent and ability to hold to maturity, other than those that meet the definition of loans and receivables or those that were designated as at fair value through profit or loss or designated as available-for-sale.

Held to maturity financial assets are measured at amortised cost, using the effective interest method, less any provisions for impairment, with the interest income recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees receivable that form an integral part of the effective interest rate) through the expected life of the financial asset/liability or, where appropriate, a shorter period.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed, shall not exceed what the carrying value would have been had the impairment not been recognised.

Financial assets that the Company has the positive intention and ability to hold to maturity, are classified as held to maturity.

The Company derecognises a financial asset (or company of financial assets) or a part of a financial asset (or part of a company of financial assets) when, and only when:

- The contractual rights to the cash flows arising from the financial asset have expired; or
- It transfers the contractual rights to receive the cash flows from the financial asset; or
- It retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

A financial liability (or group of financial liabilities) or a part of a financial liability (or part of a group of financial liabilities) is derecognised when, and only when the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or has expired.

Trade and Other Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those designated by the Company as at fair value through profit or loss or designated as available-for-sale.

Trade receivables and other receivables that are not held for trading purposes and have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised, is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit and loss within operating expenses. When a trade receivable is unelectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off, are credited against operating expenses in profit and loss.

Trade and other receivables are classified as loans and receivables.

Trade and Other Payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, bank balances and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Short-term highly liquid investments are initially and subsequently recorded at amortised cost. All other cash and cash equivalents are initially and subsequently recorded at fair value through profit and loss.

1.6 Tax

Current Tax Assets and Liabilities

Direct taxation in the statement of comprehensive income of South African and foreign jurisdiction corporate income tax, inclusive of capital gains tax (CGT) (currently payable, prior year adjustments and deferred) and foreign jurisdiction withholding taxes (currently payable and deferred).

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax is the expected taxation payable based on the taxable income, inclusive of capital gains, for the year, using taxation rates, enacted or substantially enacted, at the Statement of financial position date, and any adjustment to the taxation payable in respect of previous years. Taxable income is determined by adjusting the profit before taxation for items which are non-taxable or disallowed in terms of tax legislation.

Current tax is charged or credited to the statement of comprehensive income, except to the extent that it relates to items charged or credited directly to the statement of changes in equity, in which case the tax is also dealt with in equity.

Deferred Tax Assets and Liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction, which at the time of the transaction, affects neither accounting profit, nor taxable profit (tax loss). Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation base.

Deferred tax is charged or credited in the statement of comprehensive income, except to the extent that it relates to items charged or credited directly to the statement of changes in equity, in which case the deferred tax is also dealt with in equity.

The effect of deferred taxation of any changes in taxation rates is recognised in the statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly in equity.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, and affects neither accounting profit, nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating Leases – Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted. Any contingent rents are expensed in the period they are incurred.

1.8 Impairment of Assets

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs, is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation, is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill, may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss, does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill, is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset, is treated as a revaluation increase.

1.9 Share Capital and Equity

Ordinary shares are classified as equity. Share capital issued by the company is recorded as the value of the proceeds received less the external costs directly attributable to the issue of the shares.

Dividends to equity holders are recognised as a liability in the period in which they are declared and are accounted for in the statement of changes in equity. Dividends declared after the financial year-end date, are disclosed in the dividends note.

1.10 Employee Benefits

Short-term and other long-term employee benefits

The cost of short-term and other long-term benefits, such as paid annual leave and sick leave, bonuses, long-term paid absences and non-monetary benefits such as medical aid, are recognised in the period in which the service is rendered.

The expected cost of compensated absence is recognised as an expense as the employee renders services that increase their entitlement or, in the case of non-accumulating absence, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and when the amount can reliably be estimated at year-end.

Payments (employer contributions) to both the defined contribution and defined benefit retirement plans, are charged as an expense as they fall due.

Defined contribution plans

Under defined contribution plans:

(a) the Company's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by both the employer and employee to a post-employment benefit plan, together with investment returns arising from the contributions; and

(b) in consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall on the employee.

Defined benefit plans

Under defined benefit plans:

(a) the Company's legal or constructive obligation is not limited to the amount that it agrees to contribute to the fund; and

(b) in consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall on the PIC.

1.11 Provisions and Contingencies

Provisions represent liabilities of uncertain timing or amount and are measured at the expenditure or cash outflow required to settle the present obligations.

Provisions are recognised when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

The present obligations arising under any onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations according to the contract, exceed the economic benefits that are expected to be received by the Company according to such contract.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent Liabilities

The Company discloses a contingent liability when:

- It has a possible obligation arising from past events, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;
- It has a present obligation that arises from past events, but is not recognised;
- It is not probable that an outflow of resources will be required to settle an obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets

The Company discloses a contingent asset when:

It has a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the entity.

1.12 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Revenue comprises management fees and letting commission charged to parties on whose behalf the assets are managed and rental income is collected.

Fee Income

The fee income is recognised as the services provided by the Company:

- Providing asset management service (listed instrument) is charged at an agreed percentage of the market value;
- Providing alternative asset management services, a portion is charged at an agreed percentage of the value of clients funds committed to the alternative investments which, after the term of the funds commitment period, the fee is based on invested capital;
- Providing property asset management services is charged at an agreed percentage of the market value of the portfolio; and
- Providing property management services is charged at an agreed percentage of the gross rental income collected.

1.13 Investment Income

Interest is recognised as part of investment income, using the effective interest rate method.

Dividends are recognised as part of investment income, when the company's right to receive payment has been established.

1.14 Borrowing Costs

The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset up to the date on which construction or installation of the assets is substantially completed. Other borrowing costs are expensed in the period incurred.

1.15 Subsequent Events

Events After the Reporting Period

An event, which could be favourable or unfavourable, could occur between the end of the reporting period and the date that the financial statements are authorised for issue. The Company adjusts its financial statements for events after the balance sheet date, that provide further evidence of conditions that existed at the end of the reporting period, including events that indicate that the going concern assumption, in relation to the whole or part of the enterprise, is not appropriate.

The Company does not adjust its financial statements for events or conditions that arose after the end of the reporting period. These events will be disclosed, if material. If the Company declares dividends after the reporting period, the entity shall not recognise those dividends as a liability at the end of the reporting period. If the Company receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information.

1.16 Comparatives

The Company discloses comparative information in respect of the previous period for all amounts reported in the financial statements, both on the face of the financial statements and in the notes, unless another standard requires otherwise.

1.17 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expense items are offset only to the extent that their related instruments have been offset in the Statement of Financial Position.

The Company does not offset any assets and liabilities, and income and expenses, unless it is required or permitted by an IFRS.

1.18 Foreign Currency Translation

The Company recognises foreign currency transactions initially at the rate of exchange at the date of the transaction. At each subsequent balance sheet date:

- Foreign currency monetary balances are reported using the closing rate;
- Non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction; and
- Non-monetary items carried at fair value are reported at the rate that existed when the fair values were determined.

Foreign exchange differences arising on translation, are recognised in profit and loss.

2. New Standards and Interpretations

2.1 Standards and Interpretations not yet Effective or Relevant

The following standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2015 or later periods, but are not relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
IFRS 9 Financial Instruments	1 January 2018	The impact of the standard is not expected to be material.
IFRS 10 Consolidated Financial Statements	1 January 2016	The impact of the standard is not expected to be material.
IAS 27 Consolidated and Separate Financial Statements	1 January 2016	The impact of the standard is not expected to be material.
IFRS 12 Disclosure of Interests in Other Entities	1 January 2016	The impact of the standard is not expected to be material.
IAS 1 Presentation of Financial Statements	1 January 2016	The impact of the standard is not expected to be material.
IFRS 15 Revenue from Contracts with Customers	1 January 2017	The impact of the standard is not expected to be material.
IAS 27 Consolidated and Separate Financial Statements	1 January 2016	The impact of the standard is not expected to be material.
IAS 28 Investments in Associate	1 January 2016	The impact of the standard is not expected to be material.
IAS 38 Intangibles	1 January 2016	The impact of the standard is not expected to be material.

3. Property, Plant and Equipment

Figures in Rand thousand	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	4,928	(2,285)	2,643	4,294	(1,387)	2,907
Motor vehicles	885	(569)	316	885	(393)	492
Office equipment	8,107	(5,833)	2,274	7,762	(4,669)	3,093
IT equipment	24,079	(12,624)	11,455	15,386	(9,271)	6,115
Leasehold improvements	7,941	(2,358)	5,583	4,766	(1,037)	3,729
Total	**45,940**	**(23,669)**	**22,271**	**33,093**	**(16,757)**	**16,336**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Write Off	Depreciation	Total
Furniture and fixtures	2,907	634	-	(898)	2,643
Motor vehicles	492	-	-	(176)	316
Office equipment	3,093	345	-	(1,164)	2,274
IT equipment	6,115	9,791	(81)	(4,370)	11,455
Leasehold improvements	3,729	3,175	-	(1,321)	5,583
	16,336	**13,945**	**(81)**	**(7,929)**	**22,271**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	1,445	2,322	(857)	(3)	2,907
Motor vehicles	669	-	(177)	-	492
Office equipment	2,974	1,579	(1,460)	-	3,093
IT equipment	4,367	5,128	(3,380)	-	6,115
Leasehold improvements	1,593	3,302	(1,166)	-	3,729
	11,048	**12,331**	**(7,040)**	**(3)**	**16,336**

4. Intangible Assets

Figures in Rand thousand	2015			2014		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	28,832	(26,797)	2,035	27,909	(25,317)	2,592
Other intangible assets	2,869	(2,857)	12	2,869	(2,586)	283
Total	**31,701**	**(29,654)**	**2,047**	**30,778**	**(27,903)**	**2,875**

Reconciliation of Intangible Assets - 2015

	Opening balance	Additions	Write off	Amortisation	Total
Computer software	2,592	1,094	(171)	(1,480)	2,035
Other intangible assets	283	-	-	(271)	12
	2,875	**1,094**	**(171)**	**(1,751)**	**2,047**

Reconciliation of Intangible Assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	3,993	1,098	(2,499)	2,592
Other intangible assets	862	-	(579)	283
	4,855	**1,098**	**(3,078)**	**2,875**

5. Investments Accounted for Using the Equity Method

Investments in associates are investments in which PIC has significant influence, but no control over the financial and operating policies. Investment in associates are accounted for using the equity method in terms of IAS 28. PIC has two associates, namely: Harith Fund Manager (Pty) Ltd and Harith General Partners (Pty)Ltd.

Figures in Rand thousand		2015	2014
Investment in Associates	**Holding %**		
Harith Fund Managers (Pty) Ltd	46%	24	3,956
Harith General Partners (Pty) Ltd	30%	6,561	3,980
Total fair value		**6,585**	**7,936**

Harith Fund Managers (Pty) Ltd is a private company. The nature of the business is the management of the Pan African Infrastructure Development Fund (PAIDF) funds. Harith Fund Managers is also responsible, on behalf of the PAIDF, for the provision of specified administrative services relating to the operations of the PAIDF. Harith General Partners (Pty) Ltd is a company established in South Africa which invests and manages investments in infrastructure and project development throughout Africa, as a fund manager on behalf of PAIDF and other future funders.

5. Investments Accounted for Using the Equity Method (continued)

Figures in Rand thousand	2015	2014
Harith Fund Manager (Pty) Ltd		
Balance at the beginning of the year	3,956	4,134
Earnings from Associate	668	708
Dividend income	(4,600)	(886)
	24	**3,956**

Harith General Partner (Pty) Ltd		
Balance at the beginning of the year	3,980	-
Earning from Associate	(2,276)	2,159
Earnings from Associate: Exchange difference on translation of foreign operation	4,857	1,821
	6,561	**3,980**

Harith Fund Manager (Pty) Ltd

Summarised Financial Information of Financial Position and Financial Performance:

Assets	11,760	20,306
Revenue	130,692	114,660
Profit/(loss)	1,454	1,539
Profit/(loss) attributable to the Company	668	708
Dividend received	4,600	886

Harith General Partners (Pty) Ltd

Summarised Financial Information of Financial Position and Financial Performance:

Assets	213,271	181,479
Liabilities	199,125	175,937
Revenue	318,597	181,803
Profit/(loss)	(7,585)	(6,748)
Profit attributable to the Company	(2,276)	2,158
Other comprehensive income	16,189	6,071
Other comprehensive income attributable to exchange differences on translation of foreign operation	4,857	1,821

6. Financial Assets at Fair Value Through Profit or Loss

Figures in Rand thousand

At fair value through profit or loss - designated	2015	2014
Bonds	16,670	15,277
Promissory notes	123,627	68,910
Bills	44,340	33,881
	184,637	**118,068**
Current assets		
Designated at fair value through profit or loss	**184,637**	**118,068**

The fair values of the financial assets were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price; and
- The fair values of investments not listed or quoted, are estimated using the yield curve valuation technique, using the nominal rate of interest compounded continuously. The method is consistent with the prior year.

For debt securities classified as at fair value through profit or loss, the maximum exposure to credit risk at the reporting date is the carrying amount.

The company has not reclassified any financial assets from cost, or amortised cost to fair value, or from fair value to cost, or amortised cost during the current or prior year.

The maximum exposure to credit risk at the reporting date, is the fair value of each class of financial instrument mentioned above and the fair value of the trade and other receivable disclosed in Note 11. The Company has not pledged any collateral as security.

Financial instruments measured at fair value shall be classified into a hierarchy that reflects the significance of the input used in making the measurements. The hierarchy of all the financial instruments is level 1. Level 1 input are quoted prices in active markets for identical assets, which are observable for the assets, either directly or indirectly.

Credit Quality of Other Financial Assets

The credit quality of financial assets that are neither past due nor impaired, can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Designated at Fair Value through Profit/Loss

Credit rating		
AA+	52,234	41,986
AA	129,109	76,082
A-	3,294	-
	184,637	**118,068**

7. Financial Instruments by Category

The carrying value of the financial instruments approximates the fair value. All financial liabilities are carried at amortised cost. The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand thousand

2015

	Carried at amortised cost	Fair value through profit or loss - designated	Total
Bills, promissory notes, bonds	-	184,637	184,637
Other financial assets	358,341	-	358,341
Trade and other receivables	154,125	-	154,125
Cash and cash equivalents	829,443	-	829,443
	1,341,909	**184,637**	**1,526,546**

2014

	Carried at amortised cost	Fair value through profit or loss - designated	Total
Bills, promissory notes	-	118,068	118,068
Other financial assets	460,817	-	460,817
Trade and other receivables	81,370	-	81,370
Cash and cash equivalents	451,750	-	451,750
	993,937	**118,068**	**1,112,005**

8. Deferred Tax

Figures in Rand thousand	2015	2014
Deferred Tax Asset		
Leave pay	3,115	2,393
Prepayments	(515)	(569)
Fixed assets	-	(457)
Unrealised (profit)/loss	388	263
Leases	808	583
Short-term incentive provisions	34,140	29,210
Other provision	45,555	32,732
	83,491	**64,155**
Reconciliation of Deferred Tax Asset (Liability)		
At beginning of the year	64,155	15,649
Leave pay	722	436
Prepayments	54	(257)
Fixed assets	457	98
Unrealised (profit)/loss	125	120
Leases	225	294
Short-term incentive provisions	4,930	29,210
Other provision	12,823	18,605
	83,491	**64,155**

9. Operating Lease Asset (Accrual)

Figures in Rand thousand	2015	2014
Non-current liabilities	(3,818)	(1,726)
Current liabilities	(294)	(356)
	(4,112)	**(2,082)**
Amount expensed	(22,106)	(12,702)
Amount paid	20,076	13,143
	(2,030)	**441**

10. Other Financial Assets

Other financial assets consist of interest-bearing fixed deposits.

Current asset	358,341	460,817

11. Trade and Other Receivables

Trade receivables	148,572	75,499
Prepayments	4,368	3,204
Other receivables	1,185	2,728
	154,125	**81,431**

Trade and Other Receivables Past Due, but not Impaired

60 to 90 days	14,653	5,003
90 days plus	786	2,245

Reconciliation of the Allowance for Doubtful Debts (Trade and Other Receivables)

Opening balance	76	76
Amounts written off as uncollectable	-	(76)
Allowance for doubtful debts	-	76
	76	**76**

12. Cash and Cash Equivalents

Cash and cash equivalents consist of:

Cash on hand	-	18
Bank balances	170,913	157,647
Short-term deposits	658,530	294,085
	829,443	**451,750**

12. Cash and Cash Equivalents (continued)

Credit Quality of Cash at Bank and Short-Term Deposits

The credit quality of cash at bank and short-term deposits that are neither past due, nor impaired, can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Figures in Rand thousand	2015	2014
Credit rating		
AAA	134,843	57,075
AA	621,607	348,186
AA+	2,085	-
A1/A+	66,254	41,391
A	-	5,080
Other	4,654	18
	829,443	**451,750**

13. Share Capital

Authorised		
100 Ordinary shares of R10 each	1	1
Issued		
100 Ordinary shares of R10 each	1	1

14. Provisions

Figures in Rand thousand	Reconciliation of Provisions			
2015	**Opening balance**	**Raised**	**Utilised during the year**	**Total**
Other employee-related provision	3,188	-	(3,188)	-
Leave pay	8,546	19,757	(17,177)	11,126
Long-term incentive	113,664	68,586	(20,823)	161,427
Short-term incentive	104,321	121,930	(104,321)	121,930
	229,719	**210,273**	**(145,509)**	**294,483**

Provision for leave:

The provision represents annual leave entitlements accrued to the employees for the financial period.

Provision for incentives:

The provision for long-term incentive relates to the scheme by the Company to attract, retain and reward high performing management of the PIC. The scheme vest over a period of three years and payment has a lag time of three years.

The provision for short-term incentive consists of a performance-based bonus, which is determined by reference to the overall company performance with regards to a set predetermined key performances measures.

Bonuses are payable annually after the Company's annual results have been approved and the Board approves the incentives.

Figures in Rand thousand

Reconciliation of Provisions

2014	Opening balance	Raised	Utilised during the year	Reversed during the year	Total
Legal proceedings	3,000	-	-	(3,000)	-
Other employee-related provision	-	3,188	-	-	3,188
Leave pay	6,988	15,654	(14,096)	-	8,546
Long-term incentive	47,094	93,259	(26,689)	-	113,664
Short-term incentive	-	104,321	-	-	104,321
Defined Benefit Provision	308	302	(610)	-	-
	57,390	**216,724**	**(41,395)**	**(3,000)**	**229,719**

	2015	2014
Non-current liabilities	125,464	90,714
Current liabilities	169,019	139,005
	294,483	**229,719**

15. Non-Distributable and Other Reserves

The Company no longer holds a capital reserve due to a change in intention of purchasing land and development of an office building. The capital reserve raised in the prior years has been transferred to non-distributable reserve, which will fund the Company's capital expenditure. Foreign currency translation reserve was raised due to the exchange differences on translation of foreign operation.

Non-distributable reserve/capital reserve	278,000	278,000
Foreign currency translation reserve	6,678	1,821
	284,678	**279,821**

16. Current Tax Payable (Receivable)

Opening balance	(3,608)	(4,782)
Raised during the year	148,528	128,476
Tax refundable/(tax payable)	2,304	3,408
Tax paid during the year	(133,767)	(130,710)
	13,457	**(3,608)**

17. Trade and Other Payables

Trade payables	11,965	1,323
VAT	12,145	5,098
CBS loan account	33	513
Accrued expenses	8,403	20,079
Other payables	13,585	21
	46,131	**27,034**

18. Revenue

Figures in Rand thousand	2015	2014
Management fees	955,232	808,880

19. Other Income

Other income consists of:		
Board fees	2,992	3,217
Discount received	-	2
Fees for back office services	-	1,113
Sundry income	10,769	-
Recovery of legal cost	-	1,918
Other	574	753
	14,335	**7,003**

20. Operating Profit

Operating profit for the year is stated after accounting for the following:

Operating lease charges		
Premises		
• Contractual amounts	19,437	14,582
Equipment		
• Contractual amounts	2,669	2,818
	22,106	**17,400**
Write-off of PPE and intangible assets	(252)	-
Impairment of financial assets	517	-
Loss/(profit) on exchange differences	44	482
Amortisation of intangible assets	1,751	3,078
Depreciation on property, plant and equipment	7,929	7,040
Employee costs	422,447	441,196

21. Investment Income

Interest Income		
Financial assets	71,881	42,731
Bank	2,297	2,038
	74,178	**44,769**

22. Fair Value Adjustments

Financial assets at fair value through profit/(loss)	320	(426)
Fair value through profit or loss		
Unrealised profit or loss on financial assets	320	(426)

23. Finance Costs

Figures in Rand thousand	2015	2014
Other interest	15	15

24. Taxation

Major components of the tax expense		
Current		
Local income tax – current period	148,528	128,477
Deferred		
Temporary differences	-	(48,507)
Deferred tax movement for the year	(19,336)	-
	(19,336)	(48,507)
	129,192	**79,970**
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	458,951	288,847
Tax at the applicable tax rate of 28% (2014: 28%)	128,506	80,877
Tax effect of adjustments on taxable income		
Permanent differences	686	(907)
	129,192	**79,970**

25. Auditors' Remuneration

Fees	3,112	2,034

26. Cash Generated from Operations

Figures in Rand thousand	**2015**	**2014**
Profit before taxation	458,951	288,847
Adjustments for:		
Depreciation and amortisation	9,680	10,118
Income from equity accounted investments	1,607	(2,867)
Interest received	(74,178)	(44,769)
Finance costs	15	15
Fair value adjustments	(320)	426
Impairment loss of financial assets	517	-
Movements in operating lease assets and accruals	2,030	1,053
Movements in provisions	64,764	172,329
Property, plant and equipment and intangible assets write off	253	3
Changes in working capital:		
Trade and other receivables	(72,694)	(18,316)
Trade and other payables	19,097	4,774
Tax refund	2,304	3,408
	412,026	**415,021**

27. Tax Paid

Balance at beginning of the year	3,608	4,782
Current tax for the year recognised in profit or loss	(148,528)	(128,476)
Tax refundable/(refund)	(2,304)	(3,408)
Balance at end of the year	13,457	(3,608)
	(133,767)	**(130,710)**

28. Contingent Liabilities

The Company is currently involved in a litigation. The information usually required by ***IAS 37 provisions, contingent liabilities and contingent assets*** is not disclosed on the grounds that it can be expected to prejudice the outcome of the litigation. The directors are of the opinion that the claim can be successfully resisted by the Company.

29. Commitments

Operating Leases – as Lessee (Expense)		
Minimum Lease Payments Due		
- within one year	17,709	15,986
- in second to fifth year inclusive	60,376	70,725
	78,085	**86,711**

Operating lease payments represent rentals payable by the Company for office premises and printing equipment. Leases are negotiated for terms ranging from two to five years for the Company.

30. Related Parties

Relationships	
Associates	Refer to note 5
Members of key management	Refer to the disclosure of remuneration on page 131

The company's ultimate holding company is the National Government of the Republic of South Africa. The shareholder representative is the Minister of Finance. PIC's oversight department is National Treasury.

Figures in Rand thousand

Related Party Balances	2015	2014
Amounts included in trade receivable (trade payable) regarding Related Parties		
CBS Property Management (Proprietary) Limited Loan	(33)	(513)
Services Delivered		
State-controlled entities and national departments	86,154	44,728
Related Party Transactions		
Services Delivered		
State entities and national departments	955,232	808,880
Purchased Services		
Financial Service Board Levy	(1,602)	(1,387)
Telkom	(1,046)	(783)
Government Employees Pension Fund	(22,057)	(15,869)
South African Broadcasting Corporation	(6)	(1)
Compensation Commissioner	(132)	(83)
SITA Government Technology	(43)	-
Auditor-General South Africa	(3,112)	(2,034)
South African Revenue Service	(133,768)	(130,710)
Compensation to Executive Directors and Senior Management		
Short-term employee benefits^	45,484	60,516
Benefits - Pension	3,046	1,410
Long-term incentive scheme*	6,722	23,823
	55,252	85,749

^Excludes incentives paid which was disclosed in the 2014 annual financial statements.

*Long-term incentive paid.

31. Directors' Fees

Executive

Figures in Rand thousand

2015	**Emoluments**	**Pension paid or receivable**	**Total**
For services as employees	19,628	747	20,375

2014	**Emoluments**	**Pension paid or receivable**	**Total**
For services as employees	30,899	533	31,432

Non-executive

2015	**Directors' fees**	**Total**
For service as Directors	4,130	4,130

2014	**Directors' fees**	**Total**
For service as Directors	3,670	3,670

32. Risk Management

Market Risk

Definition: The risk of a change in the actual or effective market value or earnings of a portfolio of financial instruments caused by a move in market variables such as equity, bond and commodity prices, currency exchange rates, interest rates, credit spreads, recovery rates, correlations and volatilities involving these variables.

Public Investment Corporation Operating Fund (PICOF) has exposure to interest rate sensitive instruments. Market risk is managed through adherence to mandate requirements such as a tracking error limit relative to a chosen benchmark and liquidity needs (see liquidity definition below).

Interest Rate Risk

The table below shows the sensitivity analysis of the PICOF portfolio. The unrealised profit/loss is obtained by changing the market interest rates of the fixed income instruments in the portfolio by the specified amounts, revalue the portfolio of fixed income instruments, and then take the difference between the new portfolio value and the old portfolio value which was determined using the unperturbed market interest rates.

Basis points	**2015 '000**	**2014 '000**
-200	6,530	1,735
-150	4,870	1,298
-100	3,229	864
-50	1,606	431
50	(1,589)	(423)
100	(3,161)	(856)
150	(4,718)	(1,281)
200	(6,260)	(1,705)

Liquidity Risk

Asset Liquidity Risk

Definition: The risk of being unable to conduct transactions at quoted prices due to the size of the required trade relative to normal trading lots.

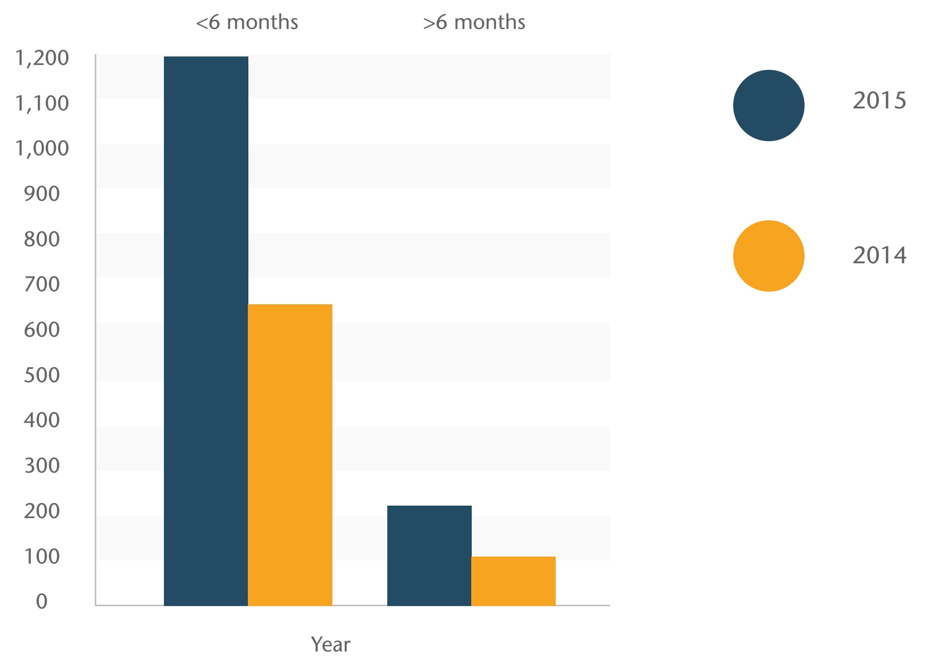
The asset liquidity is managed by setting limits on the financial instrument types.

The PIC Operations Fund's strategic asset allocation stipulates a range of 60% - 100% of the total holdings that must comprise liquid assets.

Funding Liquidity Risk

Definition: The risk of being unable to meet payment obligations when they fall due.

Interest-bearing Assets Maturity Analysis



Source: PIC calculations

The funding liquidity is managed by proper planning of cash-flow needs. The maturity bucket analysis for interest-bearing assets at year-end was as follows:

Capital Adequacy Requirements

Over the period under review PIC has satisfied the capital adequacy requirements, namely, that PIC has at all times maintained:

- Liquid assets equal to or greater than 8/52 weeks of annual expenditure;
- Assets that exceed liabilities; and
- Current assets which were at least sufficient to meet current liabilities.

Credit Risk

Definition: The risk that a borrower or counterparty to a financial transaction will fail to perform according to the terms and conditions of the contract, thus causing the holder of the claim to suffer a loss in cash-flow or market value.

Factors that influence PIC's credit decisions include credit rating, assessments of the general operating environment, the competitive market position of a counterparty or issuer, reputation, deal tenure, the level and volatility of earnings, corporate governance, risk management policies, liquidity and capital management.

Credit risk is managed according to the mandate parameters and PIC's internal credit risk policy. Credit mitigation techniques are transaction dependent, but may include, where appropriate, the right to be furnished with collateral or an equity injection by counterparties, particularly in unlisted investments. No collateral was held on PICOF for the period under review.

PIC also utilises various models to guide limit setting as well as credit ratings from external rating agencies. Limits are approved by the relevant committees, in accordance with the Board-approved delegation of authority. Risk reports on these exposures are regularly submitted to the Portfolio Committee, Investment Committee, Audit and Risk Committee and Board. Impairment tests are undertaken according to PIC-approved guidelines, and are approved in accordance with the delegation of authority.

Financial assets exposed to credit risk at year-end were as follows:

Figures in Rand thousand

Financial Instrument	2015	2014
Bonds	16,670	15,277
Cash and cash equivalents	829,443	451,750
Trade and other receivables	154,125	81,274
Bills	44,340	33,881
Other financial assets	358,341	460,817
Promissory notes	123,627	68,910

Other risk

Concentration Risk

Concentration risk is the risk of losses arising due to poor diversification within funds. This relates to both credit and market risk as excessive concentrations in a particular or correlated asset class, sector, issuer, term structure or financial instrument type, can result in undesirable risk exposures. PIC manages this risk in accordance with the investment mandates and approved policies, which dictate the level of concentration.

The fixed income portfolio was mainly invested in cash and money market instruments, which are spread across local banks with required minimum credit quality to reduce and diversify the risk.

Operational Risk

Operational risk is defined as the direct or indirect loss resulting from inadequate or failed internal processes, people and systems from external events.

Risk of this nature is managed through systems of internal control, annual external audits and continual internal audits to review the effectiveness of the control environment, risk management programmes and adequacy of insurance policies.

33. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

34. Capital Management

The PIC is licensed as a financial services provider in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002). The Financial Services Board's (FSB) requirements are monitored and adhered to. There are no regulatory capital management ratios imposed on the PIC.

35. Capital Commitments

Capital commitments include all items of capital expenditure for which specific Board approval has been obtained up to the reporting date.

Figures in Rand thousand	2015	2014
Authorised capital expenditure	109,956	333,187
Increase/(decrease)	(45,985)	(223,231)
	63,971	**109,956**

Within 1 year	32,374	62,338
2 to 5 year	31,597	47,618
	63,971	**109,956**

36. Fruitless and Wasteful Expenditure

Opening Balance	-	-
Fruitless and wasteful expenditure - relating to prior year	-	-
Fruitless and wasteful expenditure - relating to current year	16	76
Less: Amount transferred to receivables for recovery	-	-
	16	**76**

The fruitless and wasteful expenditure relates to interest charges incurred due to late payment of suppliers.

37. Irregular Expenditure

Reconciliation of irregular expenditure		
Opening balance	-	-
Add: Irregular expenditure current year	1,856	1,333
Less: Amount condoned	**(1,856)**	**(1,333)**
Current expenditure	(1,856)	(1,333)
Irregular expenditure awaiting condonement	-	-

37. Irregular Expenditure (continued)

The irregular expenditure identified in the current year relates to expenditure that did not go through all procurement stages, as defined in the approved PIC procurement policy. The reason for the deviation was not approved by the accounting officer (CEO) prior to appointment of the service provider. The expenditure was approved as per the delegation of authority when it was incurred and three incidents were recorded.

38. Employee Benefits

Provident Fund

The provident fund has 382 active members as at 31 March 2015. During the current year 73 employees joined and 37 employees withdrew from the provident fund and zero retired from the Group.

The contributions for the year amount to R15.1 million.

The provident fund is a defined contribution plan. The result is that the risk of any decline in fair value lies with the employee and not the employer.

Defined benefit plan

There are 11 employees on the Government Employees Pension Fund (GEPF).

Short-term employee benefits

Short-term incentives (STI) scheme of R121.9 million (2014: R104 million) has been recognised as provision.

The STI bonus is recognised and accrued in the year the service was rendered, but paid only after financial statements are approved by the Board. The trigger for payment of the STI, is if the corporation has made at least 10% of the net income over management fees.

Long-term employee benefits

Long-term incentive (LTI) scheme is R161.4 million (2014: R114 million).

The purpose of the scheme is to attract, retain and reward high performing management of the PIC. The PIC management is only eligible to participate in the LTI if the Company achieves an overall performance rating of 3 and if a manager achieves a minimum individual performance rating of 3,5.

The LTI scheme vests over a period of three years and payments has a lag time of three years. Out of the total long-term incentive of R161.4 million, R35.9 million will be paid in the 2016 financial year, R56.9 million will be paid in the 2017 financial year and the balance of R68.6 will be paid in 2018.

Disclosure of Remuneration
for the year ended 31 March 2015

1. Non-Executive Directors

Names	Meeting attendance	Retainer (1)	Total
Goba, T	298,413	126,840	425,253
Hlatshwayo, D	227,184	126,840	354,024
Jack, V	341,308	-	341,308
Mngconkola, SP	439,137	126,840	565,977
Morar, R	556,654	126,840	683,494
Moses, MA	491,000	126,840	617,840
Woodroffe, R @*	494,846	126,840	621,686
Zulu,S	393,119	126,840	519,959
	3,241,661	**887,880**	**4,129,541**

(1) Retainers are paid for the attendance of four Board meetings and approved at the Annual General Meeting.

* Resigned on 1 March 2015.

@ Fees earned by Ms Woodroffe are paid to the Bulungula Incubator.

2. Executive Directors

Names	Cost to Company	Short-term Incentive Allocation	Long-term Incentive Paid#	Total
Matjila, D (CEO)*	3,731,414	4,202,717	2,550,619	10,484,750
More, M (CFO)	2,573,200	2,797,053	826,943	6,197,196
Masilela, E^	732,379	-	-	732,379
	7,036,993	6,999,770	3,377,562	17,414,325

* Appointed on 1 December 2014 as CEO.

^ Resigned on 30 June 2014 as CEO.

3. Senior Management

Names	Cost to Company	Short-term Incentive Allocations	Long-term Incentive Paid#	Total
Dekker, P^	2,337,090	2,077,891	881,330	5,296,311
Mabe, K^	2,048,364	2,728,086	387,264	5,163,714
Magula, P^	1,331,201	1,051,699	-	2,382,900
Ntuane, L^	2,281,286	1,514,979	-	3,796,265
Rajdhar, R^	2,380,774	2,567,721	1,275,181	6,223,676
Pholwane, C^	1,326,846	668,685	-	1,995,531
Madavo, F^	2,198,457	2,522,451	472,470	5,193,378
Hako, V^	960,000	943,661	-	1,903,661
Nesane, E^	989,304	959,202	328,925	2,277,431
	15,853,322	**15,034,375**	**3,345,170**	**34,232,867**

^ The Executive Heads were acting from 1 March 2015 and appointed on 1 April 2015.

Long-term incentive paid in the current year relates to service that was rendered in 2011/12, but was allocated upon achievement of an average of 3,5 over a period of three years. If an employee does not achieve the average rating of 3,5 over three years, this amount will not be paid, but will revert back to the PIC.

The supplementary information presented does not form part of the financial statements and is unaudited.

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Asset Management
Directors	Mr Jonas, Mcebisi (Deputy Minister of Finance) (Chairman) (Non-executive) Mr Morar, Roshan (Deputy Chairman) (Non-executive) Dr Matjila, Daniel (Executive) (CEO) Ms More, Matshepo (Executive) (CFO) Mr Goba, Trueman (Non-executive) Ms Hlatshwayo, Dudu (Non-executive) Mr Jack, Vuyo (Non-executive) Mr Mngconkola, Patrick (Non-executive) Ms Moses, Moira (Non-executive) Ms Zulu, Sibusisiwe (Non-executive)
Registered office and business address	Block C Riverwalk Office Park 41 Matroosberg Road Ashlea Gardens Extension 6 Menlo Park 0081
Postal address	Private Bag X187 Pretoria South Africa 0001
Auditors	Office of the Auditor-General of South Africa Registered Auditors
Acting Secretary	Wilhelmina JF Louw
Company registration number	2005/009094/06

Public Investment Corporation SOC Limited Disclaimer

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For more details, as well as for information on how to contact us and how to access information, please visit www.pic.gov.za.

ABBREVIATIONS

ABIL	African Bank Investments Limited
ACSA	Airports Company South Africa
AIPF	Associated Institution Pension Fund
ARC	Audit and Risk Committee
ASISA	Association for Savings and Investment South Africa
AuM	Assets under Management
BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
BoE	Bank of England
BoJ	Bank of Japan
BRICS	Emerging national economies of Brazil, Russia, India, China and South Africa
CAGR	Compound Annual Growth Rate
CC	Compensation Commissioner Fund
CGT	Capital Gains Tax
CP	Compensation Commissioner Pension Fund
CPC	Community Property Company
CPI	Consumer Price Index
CRISA	Code for Responsible Investing in South Africa
CSI	Corporate Social Investment
DBSA	Development Bank of Southern Africa
DoA	Delegation of Authority
DoE	Department of Energy
DR	Disaster Recovery
ECB	European Central Bank
EM	Emerging Markets
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social and Governance
ESOP	Employee Stock Ownership Plans
EXCO	Executive Committee
FAIS	Financial Advisory and Intermediary Services
FED	Federal Reserve Bank
FIP	Fund Investment Panels
FSB	Financial Services Board
GDFI	Gross Domestic Fixed Investment
GDP	Gross Domestic Product
GEPF	Government Employees Pension Fund
GIC	Government of Singapore Investment Corporation
IASB	International Accounting Standards Board
ICT	Information, Communication and Technology
IDC	Industrial Development Corporation
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
ILO	International Labour Organisation
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
IPD	Investment Property Databank
MASDT	Mobile Agri Skills Development and Training
MoU	Memorandum of Understanding
MPC	Monetary Policy Committee
NDP	National Development Plan
NGP	New Growth Path
PAIDF	Pan African Infrastructure Development Fund
PFMA	Public Finance Management Act
PIC	Public Investment Corporation
PICOF	Public Investment Corporation Operating Fund
PMI	Purchaser's Managers Index
QE	Quantitative Easing
SAA	Strategic Asset Allocation
SAICA	South African Institute for Chartered Accountants
SARB	South African Reserve Bank
SEC	Social and Ethics Committee
SIPS	Structured Investment Products
SMME	Small, Medium and Micro-sized Enterprises
SOE	State-owned Enterprise
SPV	Special Purpose Vehicle
SRI	Social Responsible Investments
SSA	Sub-Saharan Africa
UIF	Unemployment Insurance Fund
UNGC	United Nations Global Compact
UNPRI	United Nations Principles for Responsible Investment
WAN	Wide Area Network
WEO	World Economic Outlook

NOTES

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