



PUBLIC SERVICE PENSIONS FUND



ANNUAL
REPORT

20
21



MISSION

To provide a portfolio of security services to members in a sustainable, progressive and ethical manner



VISION

To provide excellent retirement services anchored on responsible investment through our empowered people.



VALUES

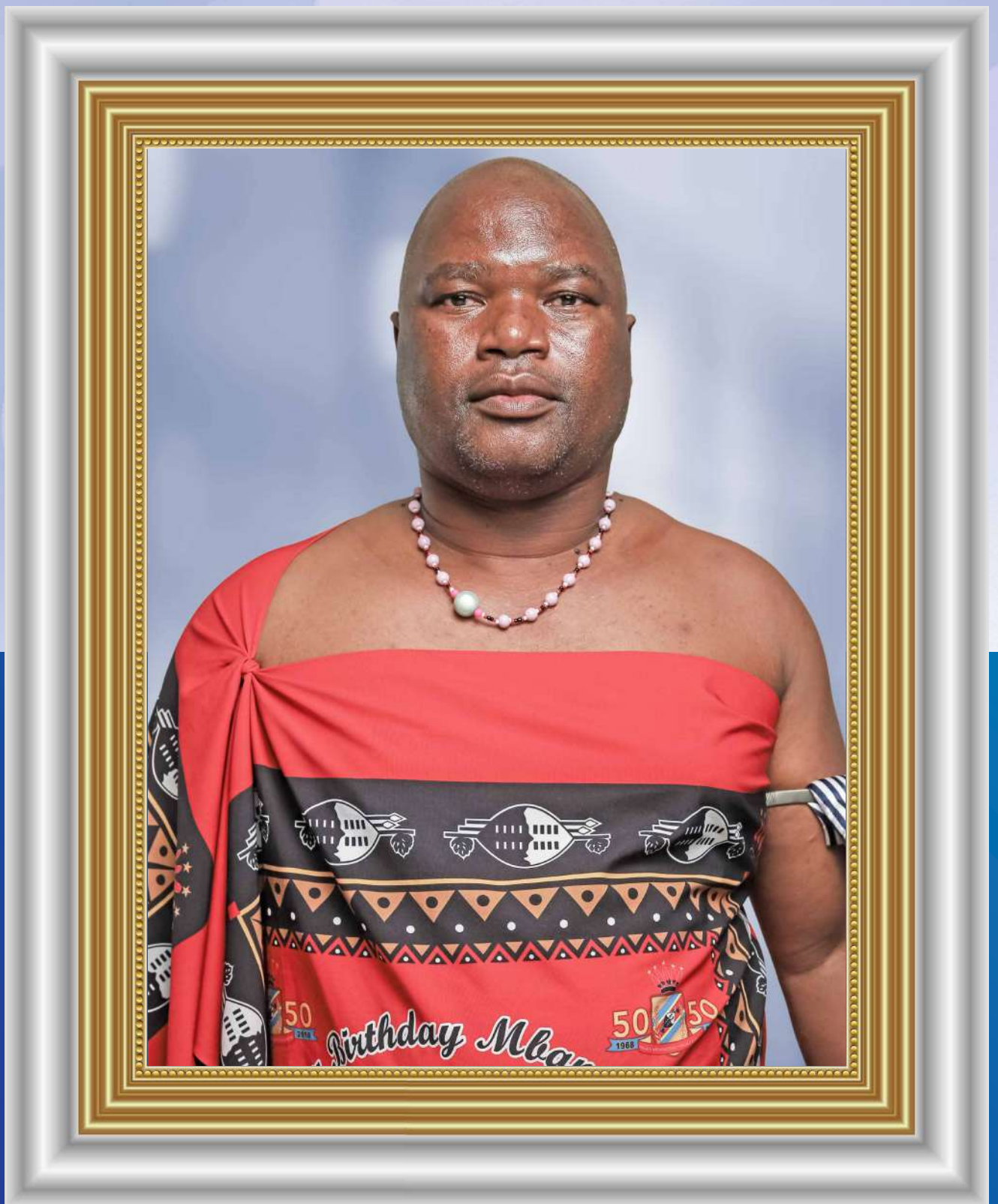
Innovation
Fairness
Transparency
Excellence



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THE MINISTER RESPONSIBLE



Minister for Public Service
Honourable Mabulala Maseko



CHAIRMAN'S STATEMENT



It is pleasing to note that inspite of the many challenges posed by the outbreak of the Covid-19 pandemic, all business functions of the Fund have continued to remain operational to ensure uninterrupted delivery of services to the membership.

Sammy Dlamini
Chairman



Introduction

It is with great pleasure and honour that I present the 2020/21 annual report on behalf of the Board of Trustees, Management and Staff of the Public Service Pensions Fund (the Fund).

March 2021 marked a full one year since COVID-19 was declared a global pandemic. It has been a year of terrible loss of lives and livelihoods. In the year we have endured the pandemic and many of us at the Fund, like many in Eswatini and around the world, have lost loved ones to the widening reach of the virus. To date the Fund lost the Honourable Mr. Christian Ntshangase (MP), two Board Members, Mr. Langalakhe Dlamini - Chief Executive Officer and one Staff member. *"Eternal rest grant unto them, O Lord and let perpetual light shine upon them. May the souls of the faithful departed, through the mercy of God, rest in peace"*.

The rising human toll worldwide and the millions of people that remain unemployed are grim markers of the extreme social and economic strain that the global community still confronts as the virus has not been conquered.

Investments

Coincidentally, 31 March 2021 also marked a full year of implementation of the PSPF Revised Investment Strategy wherein the external assets of the Fund were converted into a specialist equity portfolio. Rebalancing the external portfolios ensured aggregation of the investment strategy to ensure resilience while allowing the Eswatini assets to be invested mainly in fixed income instruments, property and private equity in view of the low level of capitalization of the Eswatini Stock Exchange.

As reported in March 2020, the Covid-19 pandemic negatively affected the Fund assets as the global stock markets recorded a sharp decline during this month when the coronavirus was declared a

worldwide pandemic. This resulted in a 5% decline in the assets in March 2020. However, a swift and quick recovery was recorded as the March 2020 losses had been fully recovered by the end of June 2020.

It is with great pleasure and pride that I can report that the Fund performed exceptionally well in the year ended 31 March 2021 resulting in a 25% return for the year reflecting a more than E5 billion return in absolute terms and a real rate of return of 21%. This exceptional performance resulted in Fund assets growing to reach E28 billion (March 2021) from E22 billion (March 2020).

Financial Highlights

The Fund reached unprecedented levels of income in the year 2020/21 amounting to E6.985 billion compared to only E355 million the previous year. This was mainly driven by the unrealised revaluation gains of equities in our external assets that stood at E3.996 billion. This appreciation drove our net surplus to E5.395 billion compared to the loss of E1.132 billion in the previous year.

Total expenses for the year reflected an increase from E1.487 billion (2020) to E1.590 billion (2021). It may be noted that starting from last financial year, the total benefits paid out to our retired members has been higher than the total contributions received from active members of the Fund. The benefits paid out stood at E1.325 billion compared to the actual total contributions by members that amounted to E1.237 billion.

Funding Level

There has been an improvement in the funding level from 69% (2020) to 73% (2021). This improvement can be attributed to the good performance of the Fund in the year under review despite the Actuary making conservative actuarial estimates in view of the effects of Covid 19 on the portfolio. The Board of Trustees continue to explore strategies for improving the funding level and maintaining the Fund's growth trajectory in the positive direction.



CHAIRMAN'S STATEMENT - continued

The Fund is still in a healthy financial position as confirmed by the Actuarial Report of 2021.

Employment Creation

In view of the size of the Fund compared to the economy of Eswatini, the Board has taken a keen interest in the effort to create employment opportunities, particularly for the youth of the country.

As a result the investments that we make in Eswatini are monitored to ensure that they have the potential to create the much sought after employment opportunities. Our investments in Tambankulu Estates, Montigny and Hilton Hotel, amongst others are all efforts to promote employment creation in the country while also managing them in such a manner that they bring the required rate of return for the Fund.

Operating environment

It is pleasing to also note that inspite of the many challenges posed by the outbreak of the Covid-19 pandemic, all business functions of the Fund have continued to remain operational to ensure uninterrupted delivery of services to the membership. To this end, staff learning and development activities in selected areas have been undertaken as well as programmes that deal with employee wellness and stakeholder engagement through various platforms implemented.

The pandemic has also served to make us push our boundaries in the area of innovation and change such that a number of new developments in the area of IT

and technology have been introduced making us and our customers work and network smarter and more efficiently in the digital environment. It is noteworthy that our members have embraced this transformation and are gradually utilising the introduced modern service delivery channels.

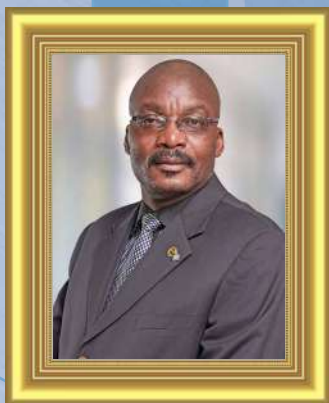
Appreciation

It is with gratitude that I thank the Board of Trustees, the late Chief Executive Officer Mr. Langalakhe Dlamini, Management and all the PSPF staff members for their commitment to meeting the challenges of a tough year.

Finally, I unreservedly thank the Honourable Minister Moses Vilakati (acting Minister for Public Service) for his unwavering support during the period under review. I further congratulate the incoming Honourable Minister for Public Service, Mabulala Maseko (MP) on his appointment and look forward to a great working relationship in the years to come.

Chairman

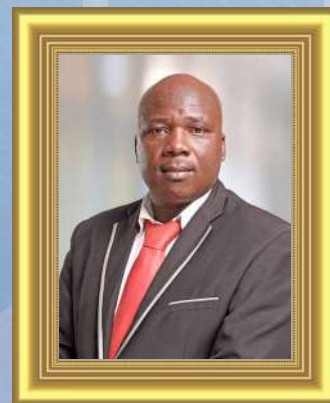
BOARD OF TRUSTEES



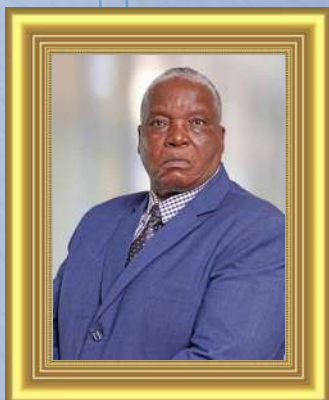
Mr. R.F. Maseko



Mr. S.S. Dlamini
Chairman



Mr. C.D. Dlamini



Mr. C.D. Khumalo



Ms. D.J. Ngwenya



Mr. E.B. Mamba



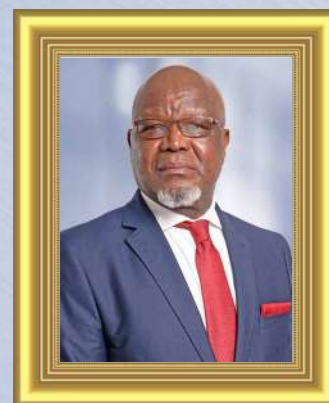
Mr. C.R. Tembe



Mr. E.B. Hlatshwayo



Mr. D.C. Ndlangamandla
(Deceased - 1 January 2021)



Mr. H.M. Mabuza
(Deceased - 23 March 2021)

EXECUTIVE MANAGEMENT



Mr. L.P. Dlamini
Chief Executive Officer
(Deceased 15 August 2021)



Mr. F.J. Mabuza
Director Finance
(Retired 30 June 2021)



Mrs. P.T. Dlamini
Director Internal Audit & Risk



Mr. S.S. Shongwe
*Director Information
Communication Technology*



Mr. J.J. Ndlangamandla
Director Operations



Mr. E.B. Makhanya
Director Corporate Services



Mr. B.M. Vilakati
Director Investments

Corporate Governance and Risk Management Statement

In defining its corporate governance structures, the Fund follows the guidelines of King IV, and conforms to the stipulations of the Public Service Pensions Order No.13/1993, provisions of the Pensions Act, 1968 and other applicable legislation.

The Fund is fully committed to the highest standard of governance and in support has an Ethics Policy in place which is binding upon all the Fund employees, Board of Trustees, business associates including other stake holders. The code commits the Board, Management and Staff to high standards of ethical conduct in fulfilling their responsibilities with the Fund, in their dealings with each other and the Fund's stakeholders. The Board will continue to uphold the values of the Fund through its governance and ethics practices.

The Board, supported by the Chief Executive Officer and the Executive Management team, formulate a three (3) year strategy plan which is reviewed and updated regularly. In addition, there is full separation of the roles of Chairman and Chief Executive Officer. The Chief Executive Officer serves as Secretary to the Board and is accountable to the Board for all authority delegated to Executive Management.

Stakeholder

The Fund, through its Board, is accountable to the Government of the Kingdom of Eswatini represented by the Minister of Public Service. The Minister holds the Board of Trustees accountable for operations and management of the Fund.

Board of Trustees

The Board is established in terms of the Retirement Funds Act, 2005 and is appointed for a three-year period renewable. The current Board was inaugurated on 1 June 2019 by the Minister of Public Service. In line with the Retirement Funds Act, the Board consists of 10 Trustees, led by an elected Chairperson. The Trustees elect the Chairperson from its own ranks at the first meeting of the newly-appointed Board.

The key functions of the Board are to:

- ➔ supervise the operations and management of the Fund;

- ➔ decide on the financing and financial position of the Fund;
- ➔ decide upon the investments of the assets of the Fund by acting on the advice of the Investment Committee; and
- ➔ decide on any matter from time to time referred to it by the Minister.

The Board has an established formal Board Charter to assist it in meeting such requirements, inclusive of determining the roles and responsibilities of the Board as a collective and for the Committees. The Board Charter specifies its general governance of the Fund and ensures compliance with policies and procedures.

The Board contributes collectively in respect of their combined judgement, experience, and independence for the benefit of the Fund. Robust Board discussions ensure an appropriate balance of power and encourages different views and independence of mind at meetings.

Newly appointed Trustees receive induction training within three months of their appointment and focuses on governance issues, benefits and rules, investment policies, budgets, financial statements, actuarial valuations, and other sources of important information.

The Board has constituted four permanent sub-committees to effect its strategic direction. All the committees have formal terms of reference that clearly detail the mandate and duties of each committee.

The committees are as follows:

- ➔ Benefits Committee;
- ➔ Finance and Audit Committee;
- ➔ Human Resources and Administration Committee; and
- ➔ Projects Committee.

Each of the Committees comprises a mix of four trustees who make recommendations to the Board.

Investment Committee

The Investment Committee is a statutory Committee appointed for a period of three (3) years renewable to consider and review all aspects of the Fund's investment activities and to advise and make recommendations to the Board relating to the management of Fund assets and any recommended changes thereto; Investment Policies, strategy procedures, and other similar issues. The Committee comprises five (5) members who make recommendations to the Board. The Committee members are the Chairman of the Board and four other persons appointed by the Minister in consultation with the Board.

INVESTMENT COMMITTEE



Mr. P.E. Ginindza
Chairman



Mr. S.Z. Simelane



Mr. Z.R. Magagula



Mr. M.V. Ntshangase



Mr. S.S. Dlamini

The current membership of the Committee consists of : Mr. PE Ginindza (Chairman), Mr. SZ Simelane, Mr. ZR Magagula, Mr. VN Ntshangase and Mr. SS Dlamini, Chairman of the Board of Trustees.

Risk Management

Risk management is an integral part of the Fund's governance framework, its strategic and operational

risks are updated regularly to ensure potential risks are mitigated timely. The latest risk being business continuity, largely from the impact of the Covid-19 pandemic. The Fund continues to assess the pandemic situation, remaining vigilant and adhering to the World Health Organisation and the Ministry of Health minimum standards.



OPERATIONS REPORT

Financial Highlights

	2017 Em	2018 Em	2019 Em	2020 Em	2021 Em
INCOME					
Contributions	1 089	1 142	1 189	1 187	1 202
Investment income	1 609	2 469	1 444	2 413	1 787
Total	2 698	3 611	2 633	3 600	2 989
Revaluation (losses)/gains	(406)	(1 201)	427	(3 245)	3 996
Gross Income	2 292	2 410	3 060	355	6 985
EXPENSES					
Benefits awarded	948	1 039	1 176	1 237	1 325
Administration expenses	108	113	121	128	116
Investment Fees	89	97	92	102	107
Regulatory Fees	13	26	27	20	42
Total	1 158	1 275	1 416	1 487	1 590
Surplus/(Deficit)	1 134	1 135	1 644	(1 132)	5 395
FINANCIAL POSITION					
Property, plant, and equipment	45	45	43	43	41
Foreign assets ^{N2}	13 547	12 974	13 028	11 140	15 924
Domestic assets ^{N3}	6 994	8 699	10 383	11 145	11 814
Accumulated funds	(20 514)	(21 649)	(23 293)	(22 160)	(27 556)
Liabilities	(72)	(69)	(161)	(168)	(223)
CASHFLOWS					
Cash from operations	1 602	2 328	1 139	2 115	1 559
Net decrease	(653)	(108)	94	(910)	(275)
Cash Position B/F	2 312	1 659	1 635	1 730	820
Cash Position C/F	1 659	1 635	1730	820	545
FINANCIAL RATIOS					
	%	%	%	%	%
Member benefits/contributions	87	91	98	104	111
Admin expenses/ contributions	19	21	20	11	22
Admin expenses/total expense	18	19	16	9	17
Return on investments	5	5	7	(3)	25
Inflation	6	4	5	3	4
Real rate of return	(1)	1	2	(6)	21

N2 – This is the portfolio invested outside the country.

N3 – This is made up of the domestic investment portfolio and current assets.

Key Statistics

		2017	2018	2019	2020	2021
1	Income (excl. revaluation gains/losses)	2 698	3 611	2 633	3 600	2 989
2	Benefits Awarded (Em)	948	1 039	1 176	1 237	1 325
3	Normal Gratuity members paid (numbers)	779	768	829	777	710
4	Death Gratuity events (numbers)	252	228	229	181	281
5	Real rate of return	482	84	178	148	56
6	Contract Gratuity members (numbers)	90	60	76	71	88
7	Member withdrawal	2	4	24	2	5
8	Funeral Benefit members (numbers)	482	500	486	478	791
9	Number of Pensioners paid	24 301	24 961	25 125	25 253	25 004
10	Average age (Years)	41.0	41.1	41.3	41.8	41.3
11	Average service (Years)	14.4	14.3	14.5	14.9	14.4
12	Average annual salary	135 426	133 235	137 143	138 709	144 668
13	Retirees	7 992	8 488	9 075	9 576	9 832
14	Spouses on pensions	6 094	6 262	6 500	6 620	6 871
15	Children on pension	10 215	10 211	9 550	9 057	8 301
16	Suspended pensioners	1 734	1 275	1 172	892	558
17	Pensionable officers	40 096	43 076	42 979	42 130	41 323
18	Funding Level (%)	75.5	66.6	78.4	68.9	73.0
19	Net assets Value (Em)	20 514	21 649	23 393	22 161	27 556

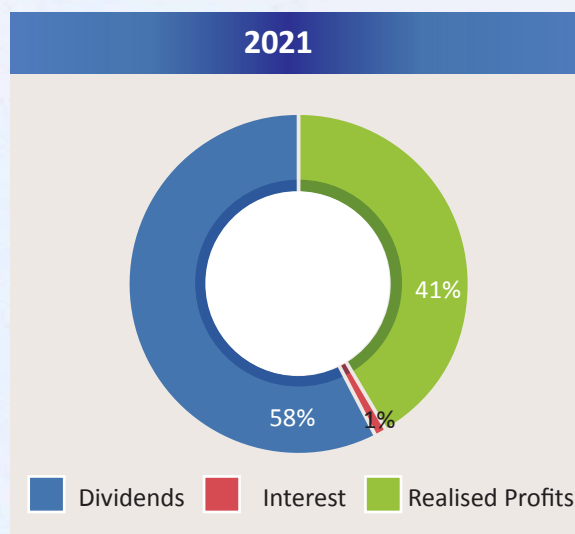
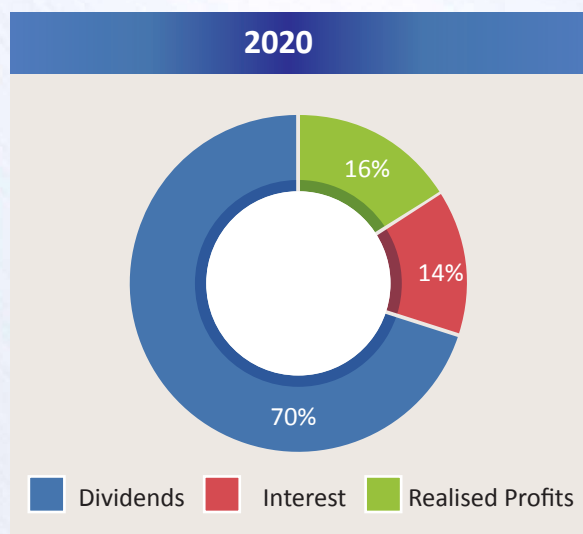
Performance Analysis for the year

Net Surplus and Net Assets

We have achieved exceptional performance with a net surplus of E5.4 billion recorded in the financial year ended 31 March 2021 compared to a net loss of E1.1 billion in the financial year ended 31 March 2020. This resulted in an increase in the Net Asset Value of the Fund from E22.2 billion to 27.6 billion. The main drivers being the out performance of the listed equities in the foreign portfolio and South African equities which recorded revaluation gains of E4.1 billion as recognised through the revenue account. This translates to a growth in the Net Asset Value of 25 percent. The domestic portfolio equities also grew by E90 million while domestic debt instruments declined by E2.5 million as recognised through the revenue account. This was as a result of impairment provisions effected at year-end.



Foreign Income Composition



Pension Contributions

The other significant revenue contribution was from pension contributions which amounted to E1, 202 million against E1, 187 million in 2020. In a nutshell, the financial year remained very volatile in almost all sectors of the economy in Eswatini. However, it is pleasing to note that Government, as the employer, continued to remit pension contributions timely and in accordance with the Pensions Order, 1993.

Cashflows

The Fund remained liquid as it met all its financial obligations as they fell due including timely release of funds for investment projects. The Fund invested in Government bonds, UN Building Bond; and private sector corporate bonds and loans for Government agencies which amounted to E2.7 billion. In private equity, listed and unlisted property, the Fund invested in Ebuhleni Plaza, Tabankulu Estates, Greystone and Libuyile Properties amounting to E871 million. The total of these investments amounted to E3.6 billion.

Debt instruments that matured in the period under review consist of Government and corporate bonds amounting to E681 million. There were no equities or property sold by the Fund in the period under review.

Benefits Awarded

The Fund paid out a total of E1.3 billion in benefits to members in the period under review. These were in the form of gratuities, retirement annuities, death benefits, membership withdrawals, contracted employee benefits and funeral cover expenses.

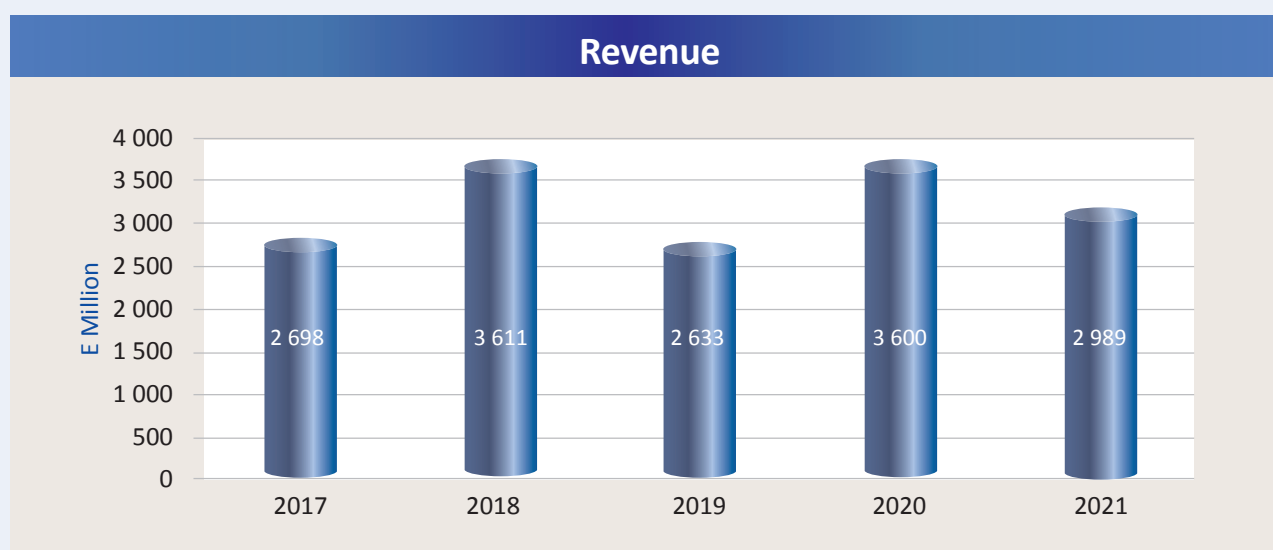
OPERATIONS REPORT - continued

Performance trend analysis

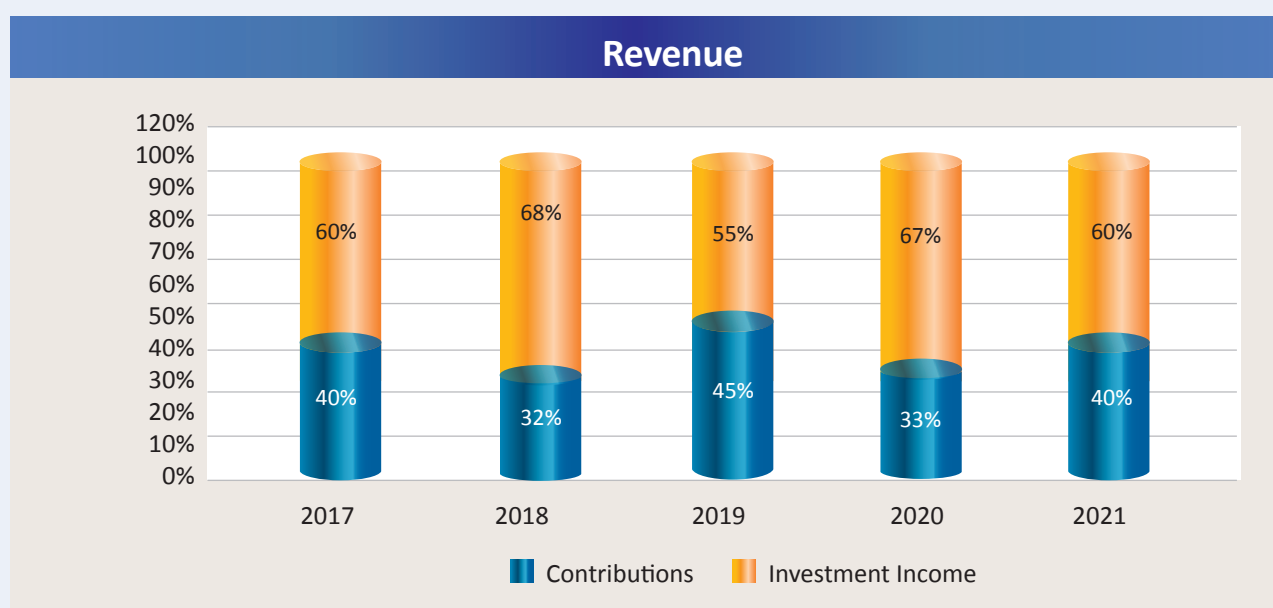
A 5 year performance trend analysis is outlined in the charts and graphs below.

Total Revenue excluding revaluation gains and losses

	2017	2018	2019	2020	2021
	E'million	E'million	E'million	E'million	E'million
Revenue	2 698	3 611	2 633	3 600	2 989



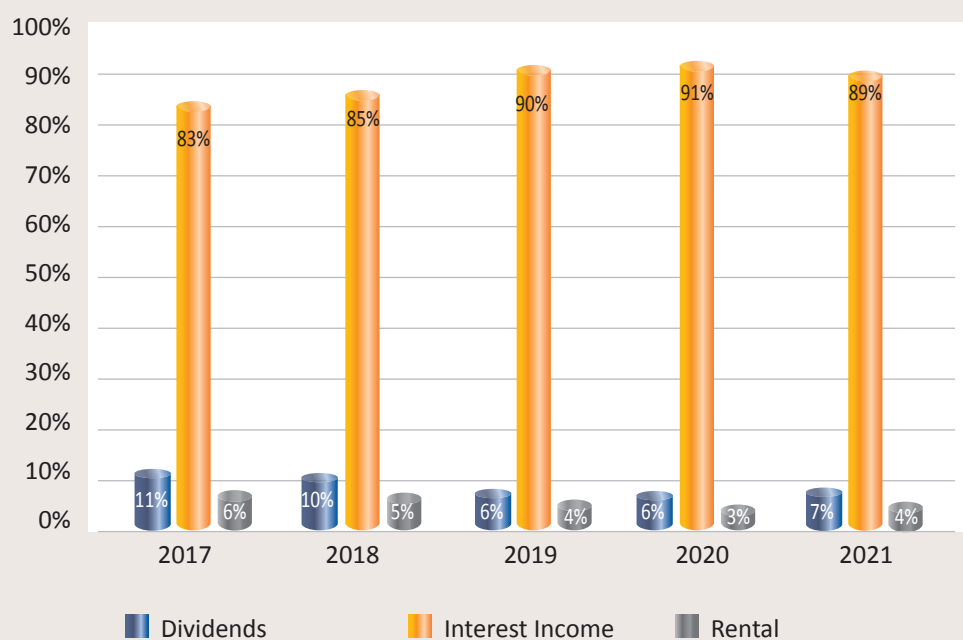
Overall Income by Portfolio





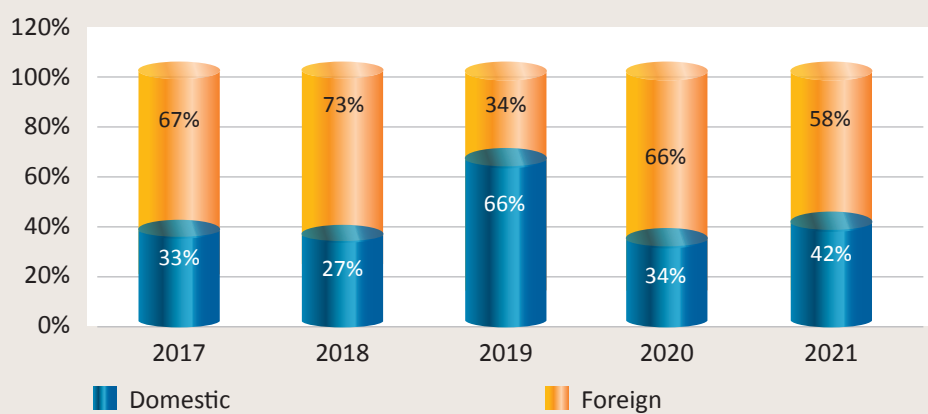
Other Income Composition

	2017	2018	2019	2020	2021
Dividends	11%	10%	6%	6%	7%
Interest Income	83%	85%	90%	91%	89%
Rental	6%	5%	4%	3%	4%



Foreign Income vs Domestic Income

Domestic Vs Foreign Income

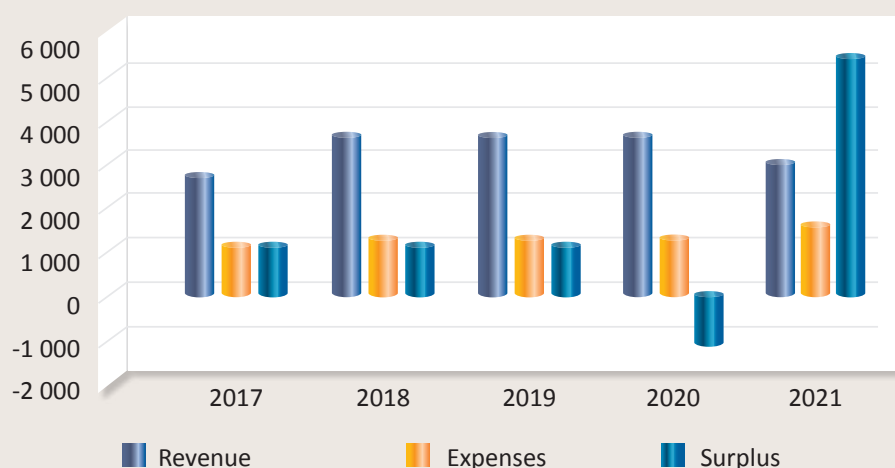


OPERATIONS REPORT - continued

Comparison of growth for Revenue vs Expenses over five years

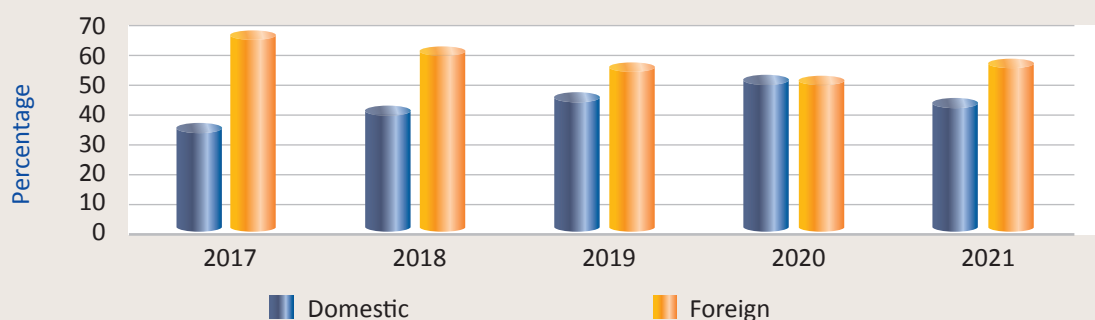
	2017	2018	2019	2020	2021
	Em	Em	Em	Em	Em
Revenue	2 698	3 611	2 633	3 600	2 989
Expenses	1 158	1 275	1 416	1,487	1 590
Surplus / (loss)	1 134	1 135	1 644	(1,132)	5 395

Revenue, Expenses & Surplus



Total Fund Asset Allocation over five years in absolute values

Domestic vs Foreign Portfolio as %

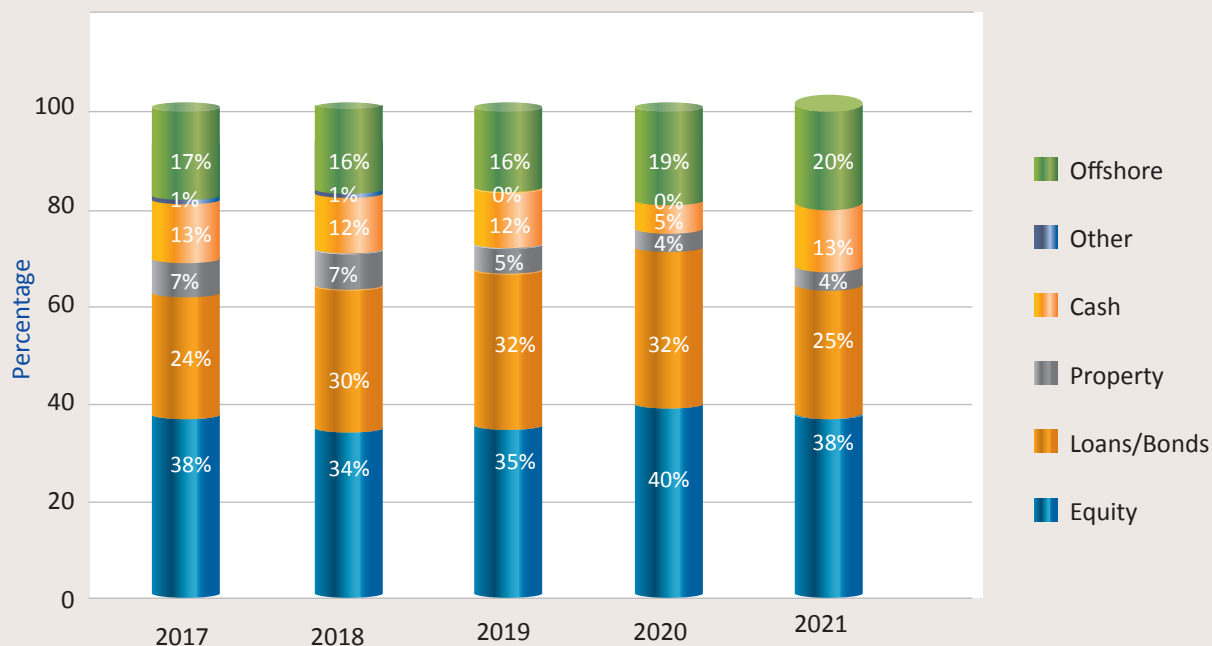


Domestic Portfolio Sectoral Analysis

	2017	2018	2019	2020	2021
Equity	38%	34%	35%	40%	38%
Loans/Bonds	24%	30%	32%	32%	25%
Property	7%	7%	5%	4%	4%
Cash	13%	12%	12%	5%	13%
Other	1%	1%	0%	0%	0%
Off Shore	17%	16%	16%	19%	20%
Total	100%	100%	100%	100%	100%

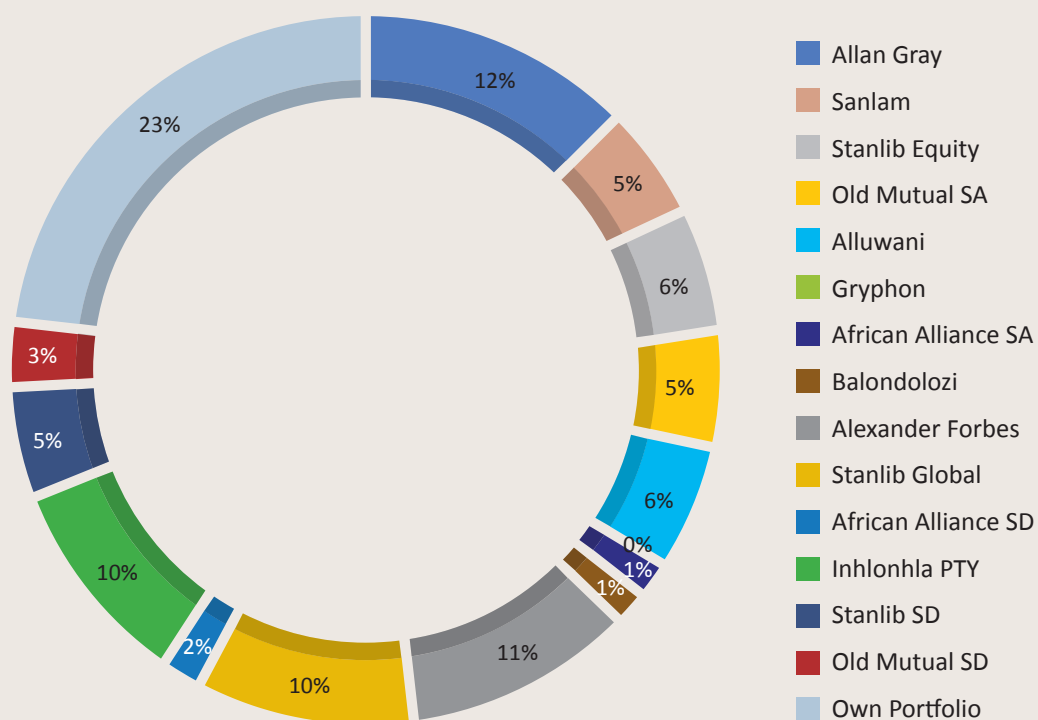


Asset Classes



Total Fund Allocation as at 31 March 2021

Allocation By Manager

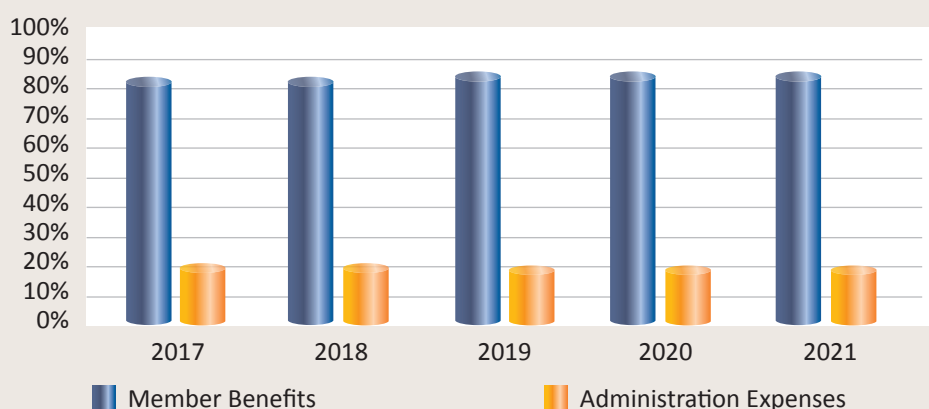


OPERATIONS REPORT - continued

Overall Expenses

	2017	2018	2019	2020	2021
	(%)	(%)	(%)	(%)	(%)
Member Benefits	82	82	83	83	83
Administration Expenses	18	18	17	17	17
Total	100%	100%	100%	100%	100%

Member Benefits and Administration Expenses

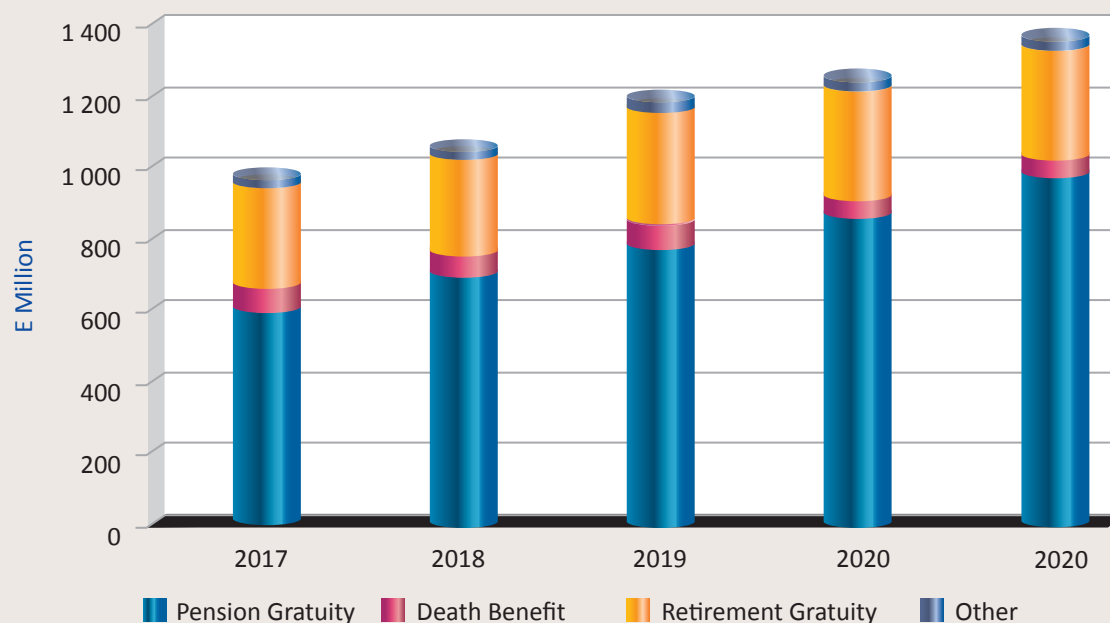


Member Benefits Awarded in absolute values

	2017	2018	2019	2020	2021
	(£m)	(£m)	(£m)	(£m)	(£m)
Pension Annuity	586	695	778	857	923
Death Benefit	64	60	62	48	83
Retirement Gratuity	275	266	305	303	295
Other	23	18	32	29	24
Total	948	1 039	1 177	1 237	1 325
Total % change		10	13	5	7



Member Benefits (Em)



Member Benefits Awarded

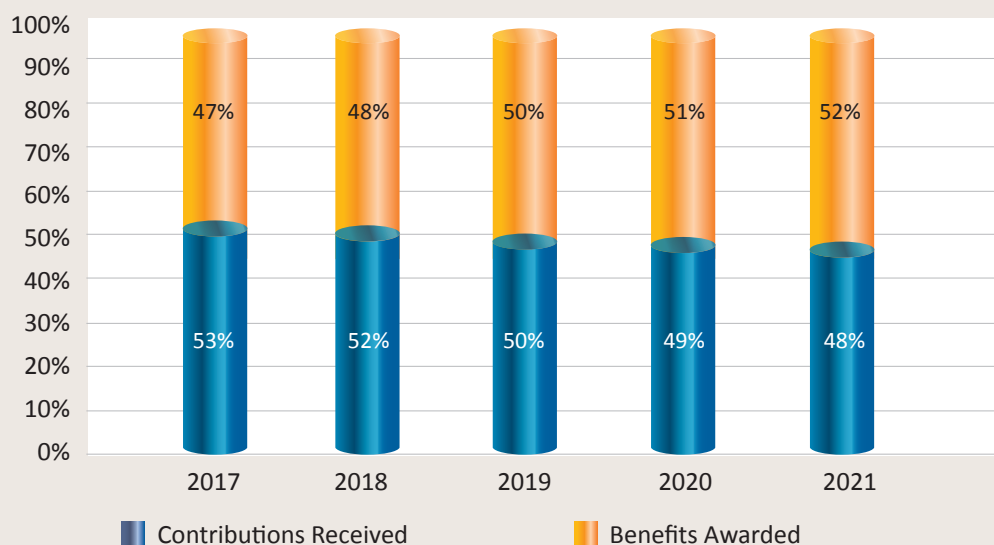
	2017	2018	2019	2020	2021
	(%)	(%)	(%)	(%)	(%)
Pension Annuity	62	67	66	69	70
Death Benefit	7	5	5	4	6
Retirement Gratuity	29	26	26	24	22
Other	2	2	3	3	2
Total	100	100	100	100	100

OPERATIONS REPORT - continued

Contributions Received and Benefits Awarded over five years as a ratio

	2017	2018	2019	2020	2021
	(£ Million)	(£ Million)	(£ Million)	(£ Million)	(£ Million)
Contributions Received	1 089	1 142	1 188	1 187	1 202
Benefits Awarded	948	1 039	1 176	1 237	1 325

Contributions Received and Benefits Awarded



Funding Level

Funding Level					
	2017	2018	2019	2020	2021
Assets	£20.5 billion	£21.6 billion	£23.3 billion	£22.2 billion	£27.5 billion
Liabilities	£27.1 billion	£32.5 billion	£29.7 billion	£32.3 billion	£37.6 billion
Deficit	£6.6 billion	£10.9 billion	£6.4 billion	£10.1 billion	£10.1 billion
Funding Level	75.5%	66.6%	78.4%	68.9%	73.0%

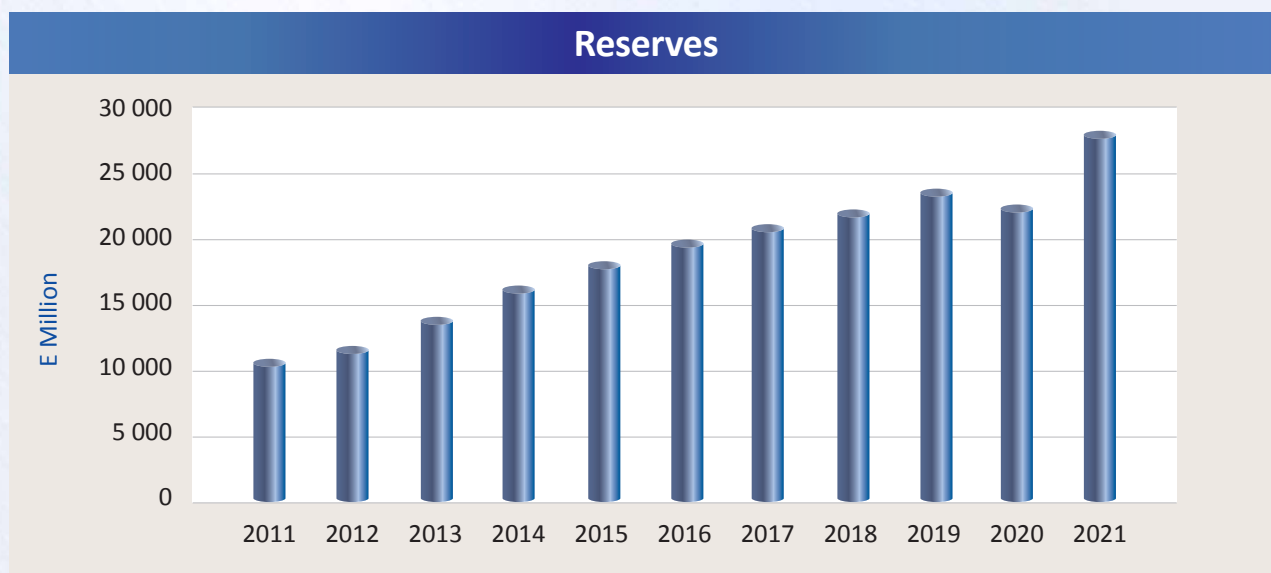
Funding Level



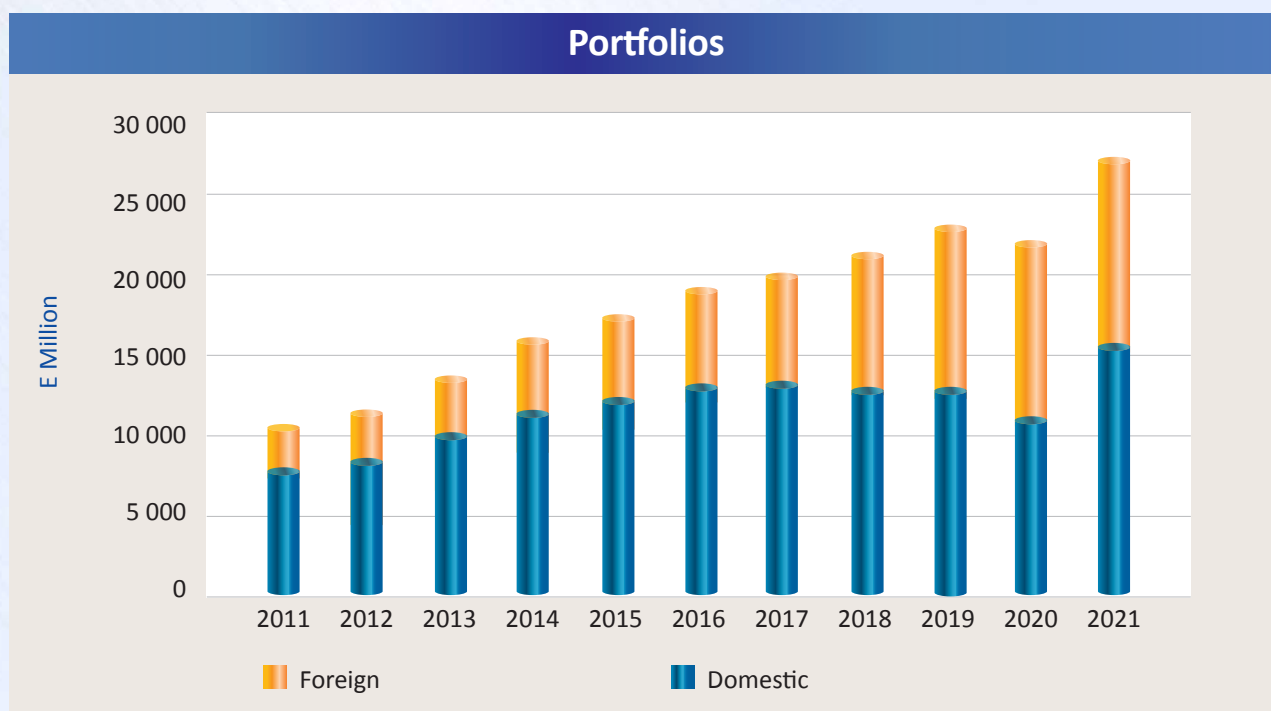


Long Term (10 Year) Trend Analysis

The Fund's accumulated reserves amounted to E27,556 million on 31 March 2021. The reserves represent reserves that are set aside to cover past service liabilities to the membership. Accumulated reserves more than doubled in the past 10 years.



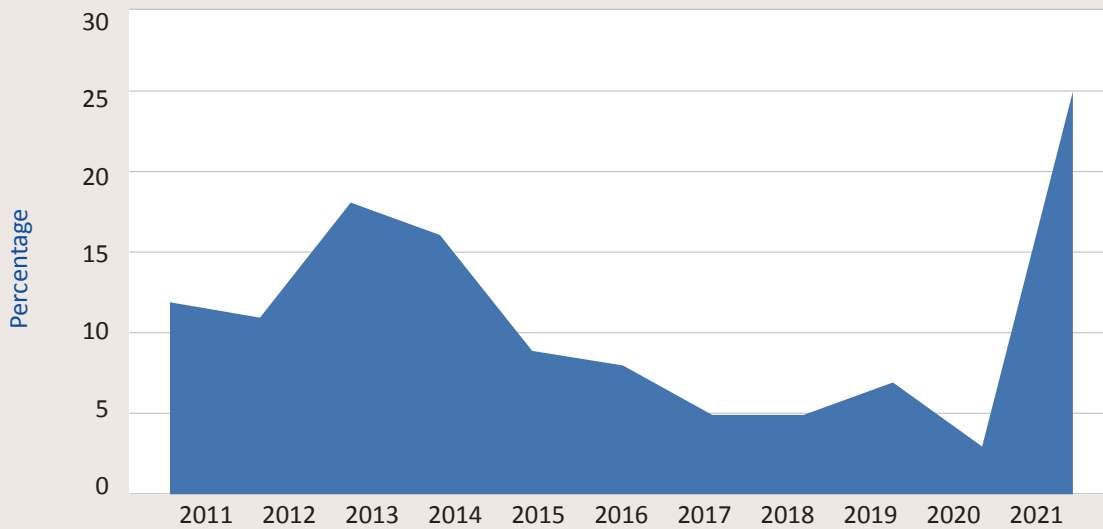
The Fund's investment portfolio increased by 25 percent from E22,285 million in 2020 to E27,738 million in 2021. The increase was mainly attributed to unrealised gains from listed equities.



OPERATIONS REPORT - continued

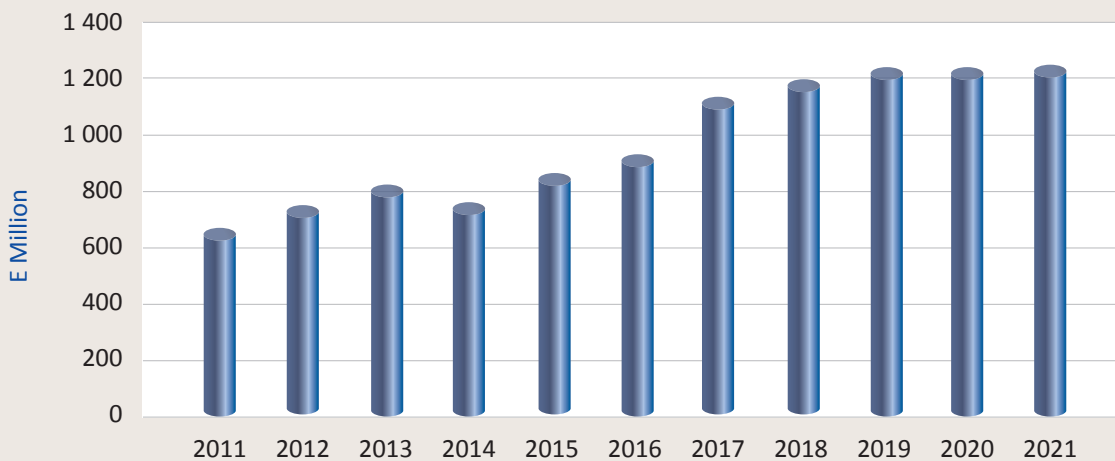
During the reporting period, the Fund's investment yielded a return of 25 percent compared to the negative 3 percent in 2020. This was driven mainly by stock market recoveries which resulted in an adjustment to the market value of listed equities. Income during the financial year under review included dividends (£53,189 million) interest income (£677,081) and property income (£31,298 million). It is noteworthy that in the long run the Fund sustained an improvement in performance.

Returns



The Fund receives a percentage of member pensionable salaries as contributions. Accrued contributions increased by 1.2 percent during the year. This increase was mainly due to member salary increases.

Contributions

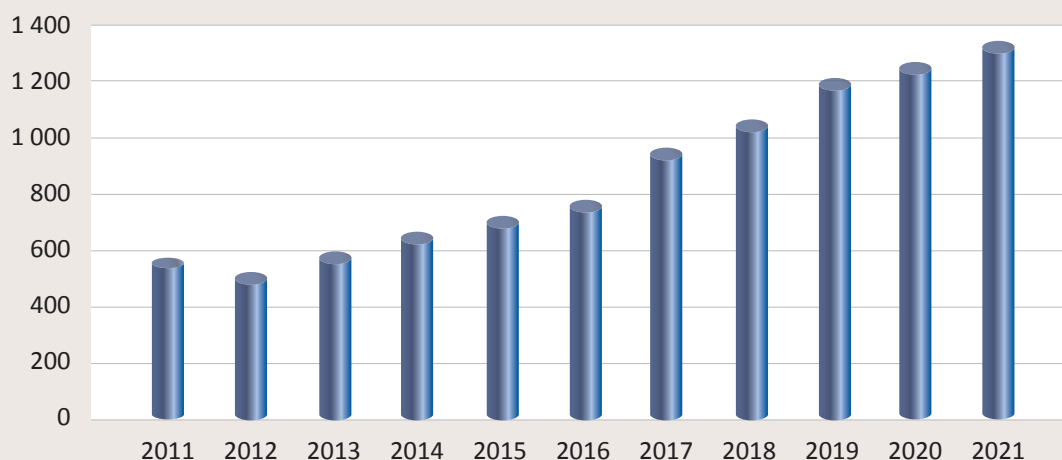


The Fund awards benefits upon a member's resignation, retirement or death. The Fund also pays a funeral benefit when applicable.

The amount of total benefits paid during the year increased from £1,237 million last year to £1,325 million this year. The increase was mainly due to the impact of Covid 19 pandemic which impacted the number of normal retirees.



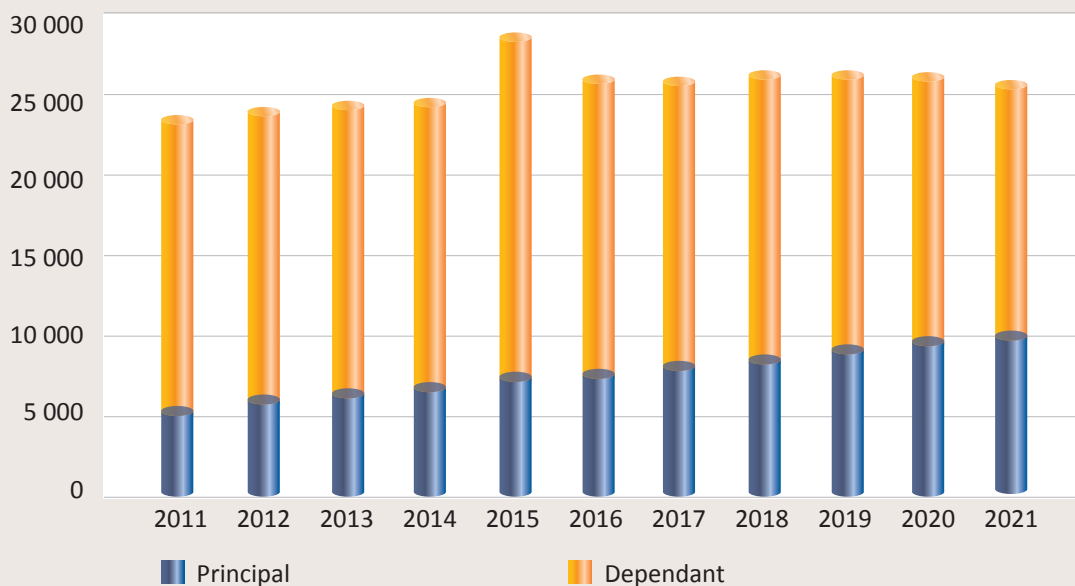
Benefits



Pensioner Movement

The Fund experienced an increase in the number of principal members that have exited from employment who are receiving a monthly pension.

Pensioners



Investments

Introduction

31 March 2021 marked a full year of implementation of the PSPF Revised Investment Strategy wherein the external assets of the Fund were converted into a Specialist Equity portfolio with a broad geographical asset allocation as outlined in the Table 1 below. Equitising the external portfolios allowed the Eswatini assets to be invested mainly in fixed income instruments, property and private equity in view of the low level of market capitalisation of the Eswatini Stock Exchange.

Allocation of Assets

As at 31 March 2021, 42 percent of the Fund's assets were invested within the Kingdom of Eswatini and 58 percent invested externally, i.e. South Africa and outside the Common Monetary Area, through External Asset Managers. The assets invested locally are managed internally by the Fund and through Domestic Asset Managers.

Table 1: Broad Geographical Asset Allocation

Region	Asset	Allocation
Offshore	Developed and Emerging market listed equities	20%
South Africa	South African Equities and Listed Property	30%
Eswatini	Eswatini Equities, Bonds, Property and Cash	50%

Fund Performance

The Covid-19 pandemic negatively affected the Fund assets as the global stock markets recorded a sharp decline in March 2020 when the coronavirus was declared a worldwide pandemic. This resulted in a 5 percent decline in the assets in March 2020. Recovery was, however, swift and very quick as full recovery of the losses had been recorded by the end of June 2020.

Global markets performed exceptionally well in the year ended 31 March 2021 as summarised below resulting in the Fund's 24.8 percent return for the year, reflecting a more than E5 billion return in absolute terms. This exceptional performance resulted in Fund assets growing to reach E27 billion (March 2021) from E22 billion (March 2020) after taking into account that the Fund started from a low base in April 2020 originating from the global stock market sell-off in March 2020 due to the Covid-19 pandemic.

Market Rally

The market rally for the year ended 31 March 2021 is a result of many initiatives that governments and central banks globally undertook to support their respective economies. These initiatives include monetary policy easing, massive liquidity provision and buying of securities by central banks around the world where PSPF assets are invested. Stimulus packages by governments during the pandemic also aided the quick global equities rebound.

The successful development and approval of vaccines worldwide also provides a positive development towards eliminating the virus. As a result of these vaccines, many countries around the globe, including Eswatini, announced aggressive vaccination programmes to ensure resistance to the virus for their citizens and enable the economies to operate at full strength.



The above efforts resulted in markets' optimism that the Covid-19 pandemic would be conquered and enable economies to operate normally after the worldwide lockdowns experienced when the virus was declared a pandemic in March 2020. The wearing of masks in public areas, social distancing and general hygiene has become the new way of life, leading to opening of economies, hence the forecasted positive economic growth outlook worldwide.

Performance of South African Markets

The FTSE/JSE All Share Index (ALSI) returned 54.0 percent over the 12 months ended 31 March 2021. The Industrials sector, as measured by the FTSE/JSE Industrial 25 Index, returned 37.0 percent, and the Financials sector, as measured by the FTSE/JSE Financial 15 Index returned 37.1 percent over the 12 months. The Resources sector as measured by the FTSE/JSE Resource 20 Index returned 90.4 percent over the same period.

The All Bond Index returned 17.0 percent for the 12 months ended 31 March 2021. The 3-7 year bond index was the best performing bond sector returning 20.4 percent, followed by the 7-12 year 20.0 percent, 12+ year 15.7 percent and 1-3 year 10.0 percent in the 12 months ended 31 March 2021.

Performance of Global Markets

The Rand appreciated by 17.3 percent against the US Dollar, 8.0 percent against the Pound and 11.4 percent against the Euro over the 12 months ended 31 March 2021. Global Equity returns in Rands, as measured by the MSCI World Index, was 28.0 percent, for the 12 months ended March 2021. Global Bond returns in Rands, as measured by the FTSE WGBI were negative at -15.8 percent for the 12 months ended March 2021.

Overall Fund Assets Performance

It is without doubt that implementation of the revised investment strategy was key in the exceptional performance of the Fund investments for the period ended 31 March 2021. The revised investment strategy ensured that a sizable amount of our assets are in equities, the asset class that outperformed in the period under review.

The Fund's total annual return for the year amounted to 24.8 percent. This performance was mainly driven by the outstanding performance of our South Africa and Offshore Equities that recorded a combined annual return of 45 percent.

The Eswatini portfolio that comprises mainly fixed income instruments and property had a steady annual return of 7 percent. The steady return in the domestic portfolio is in part due to the lagging impact of Covid-19 on local investments and that the asset allocation of this portfolio is mainly in fixed income instruments.

South Africa Equity Portfolio

Assets invested in specialist South Africa Equity mandates accounted for 37 percent of the total assets. This is in line with the broad geographical asset allocation outlined in the Fund's Investment Policy.

Performance of the South Africa Portfolio has surpassed expectations and recorded an unprecedented 53 percent annual return compared to 54 percent returned by the Johannesburg Stock Exchange FTSE/JSE Capped Swix All Share Index (benchmark).

This portfolio contributed significantly to the exceptional overall Fund performance of 24.8 percent for the year ended 31 March 2021.

Offshore Equity Portfolio

Stanlib Multi Manager Global Equity and Alexander Forbes Jersey held 21 percent of the total assets as at 31 March 2021 and in line with the Investment Policy. The offshore portfolio yielded a return of 34 percent in the year ended 31 March 2021 against the benchmark performance of 28.4 percent. It is anticipated that the offshore assets will continue to perform well in view of the difficulties that emerging markets are generally experiencing.

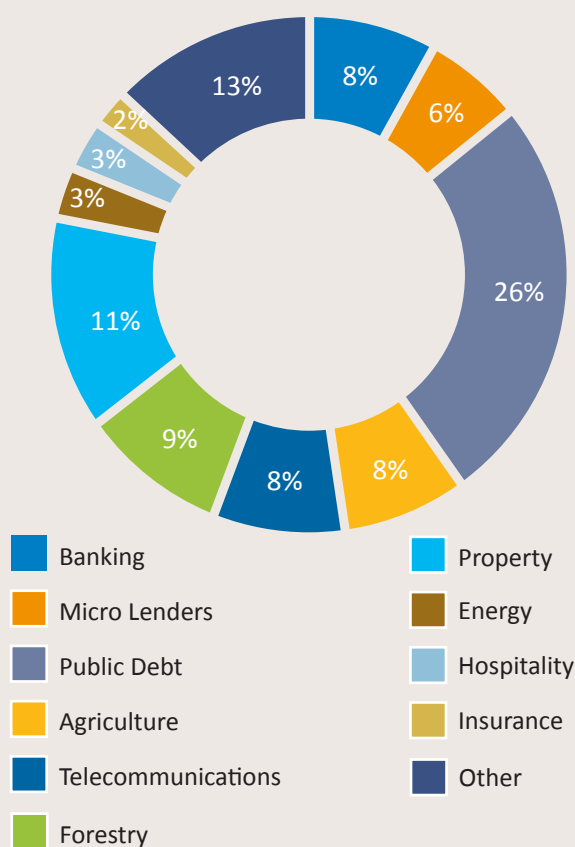
Eswatini (Domestic) Portfolio

42 percent of the Fund assets are invested in a diversified manner within the Kingdom of Eswatini as at 31 March 2021. The Fund has invested in various sectors of the economy and in several industries such as banking, telecommunications, public sector, sugar industry, forestry, hospitality, insurance, etc. This diversified strategy ensures that the Fund's investments are well balanced for risk management purposes. The opposite chart reflects the sectors in which the domestic portfolio is proportionately invested.

The domestic portfolio returned a steady 7 percent against the benchmark performance of 24 percent. The performance benchmark of the local portfolio is derived from the South African market indices. The disparity between the portfolio and benchmark performance reflects the bullish nature of the South African markets in the period under review.

Notable new investments concluded in the domestic portfolio during the financial year ended 31 March 2021 include the acquisition of Tambankulu Estates, completion of the Ebuhleni Properties Mall, and purchasing of Government Bonds and Promissory Notes. The Fund also purchased rights to the lease of the United Nations Building and issued loans to reputable organisations such as the Eswatini Examinations Council, Eswatini Electricity Company, etc.

Sectoral Analysis of the Domestic Portfolio



IMF Global Economic Growth Projections

In April 2021, the IMF published in its world economic outlook update that although recent vaccine approvals have raised hopes of a turnaround in the pandemic later in 2021, renewed waves and new variants of the virus pose concerns for the outlook.

The IMF January 2021 outlook figures were reviewed upwards to reflect additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity due to subdued mobility.



In the March 2021 outlook update, amid uncertainty, the IMF projects global economic growth at 6.0 percent (2021) and 4.4 percent (2022) reflecting an improvement from their January 2021 outlook figures of 5.5 percent (2021) and 4.2 percent (2022).

IMF's Regional Economic Outlook for Sub-Saharan Africa

The IMF forecasts that despite turning out better than expected, growth in 2020 is estimated to be the worst on record, at -1.9 percent, leading to a large increase in poverty. In 2021, the region's economy is expected to resume expansion at 3.4 percent, weaker than the 6 percent for the rest of the world, amid a continued lack of access to vaccines and limited policy space to support the crisis response and recovery.

Macro-economic policies will, in many countries, entail some difficult choices. Saving lives remains the first priority, which will require access to affordable vaccines, ensuring that the logistical and administrative prerequisites of a vaccination rollout are in place, targeted containment efforts, and added spending to strengthen local health systems.

The next priority is to unlock the region's potential by creating more fiscal space and implementing transformative reforms. These include mobilising domestic revenue, strengthening social protection, promoting digitalisation, and improving transparency and governance. Countries will also have to consolidate their fiscal positions to bring debt back on a sustainable footing. Such measures will help lift longer-term growth and provide opportunities for the region's new job seekers. The international community has a key role to play by ensuring more equitable and quicker access to vaccines and other medical products; and by providing low-income countries the external funding needed to pursue the policy priorities sketched above to avoid long-term scarring.

Economic Outlook for South Africa

May 2021 reports from the South African Reserve Bank (SARB) suggest that following an expansion of 6.3 percent in the fourth quarter of 2020, the Bank's forecast for South Africa's first quarter growth stands at 2.7 percent, much stronger than the 0.2 percent contraction expected at the time of the March meeting.

The South African economy is expected to grow by 4.2 percent in 2021. The stronger growth forecast for 2021 reflects better sectoral growth performances and a more robust terms of trade in the first quarter of this year. Despite rising oil prices and a higher total import bill, commodity prices have risen to new highs, strengthening income gains to the economy. Household spending is expected to be healthy this year, in line with the easing of lockdown restrictions and low interest rates. Getting back to pre-pandemic output levels, however, will take time.

Economic Outlook for Eswatini

At its May 2021 meeting, the Central Bank of Eswatini Monetary Policy Consultative Committee (MPCC) noted that domestic economic activity continued to improve in the fourth quarter of 2020, increasing by 2.0 percent on a year-on-year basis (seasonally adjusted), from a revised growth of 1.7 percent in the third quarter of 2020. On a quarter-on-quarter basis, economic activity grew by 0.3 percent (seasonally adjusted) in the fourth quarter of 2020, from 10.4 percent in the third quarter of 2020. The observed growth in economic activity largely benefitted from improvements in the primary and tertiary sectors of the economy which grew by 5.2 percent and 3.9 percent (year-on-year), respectively.

The Eswatini economy is projected to grow by 1.4% in 2021, underpinned by a modest recovery in all sectors. Agriculture, manufacturing, and construction are expected to lend greater impetus to recovery, while an expected strengthening of domestic demand will reignite services growth.

Membership Overview

PSPF clients including active members, pensioners, spouses and dependants accounting for approximately 66 885 individuals as at 31 March 2021.

The breakdown of the membership is as follows:

Membership Type	Member Count
Contributing Members	41 323
Retirees	9 832
Spouses	6 871
Dependants	8 301
Suspended Pensioners	558
Total	66 885

Contributing Member Analysis

	Males	Females	Totals	2020 Totals
Ordinary (Normal Retirement Age 60)	22 932	18 370	41 302	42 130
Judges (Normal Retirement 75)	17	4	21	
Totals	22 949	18 374	41 323	

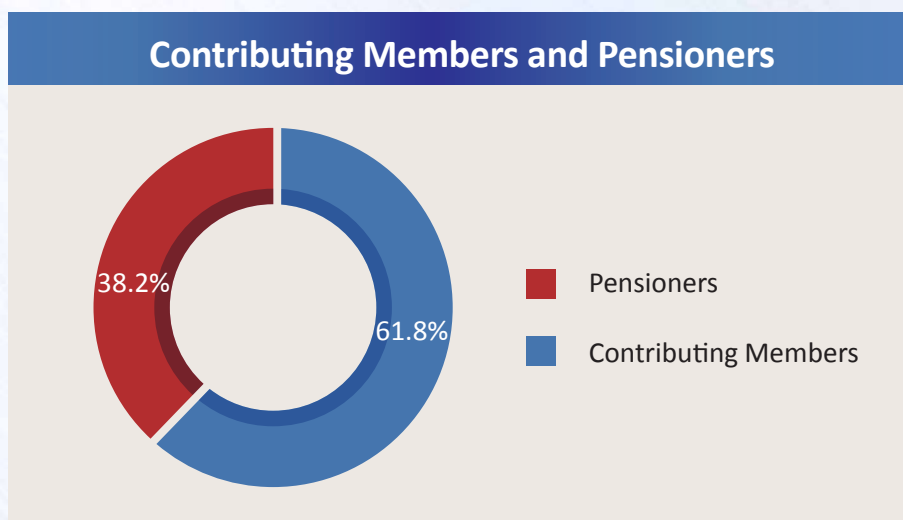
The contributing members reduced by 807 compared to the previous year and 1 753 compared to 2019. This trend has a negative effect on the Fund because the retirees are increasing while there are no contributions to fund the future expenses.

Pensioners Analysis

	Males	Females	2021 Totals	2020 Totals
Retirees	4 938	4 894	9 832	9 576
Spouse	854	6 017	6 871	6 620
Minors	4 065	4 236	8 301	9 057
Suspended	253	305	558	892
Total	10 110	15 452	25 562	26 145

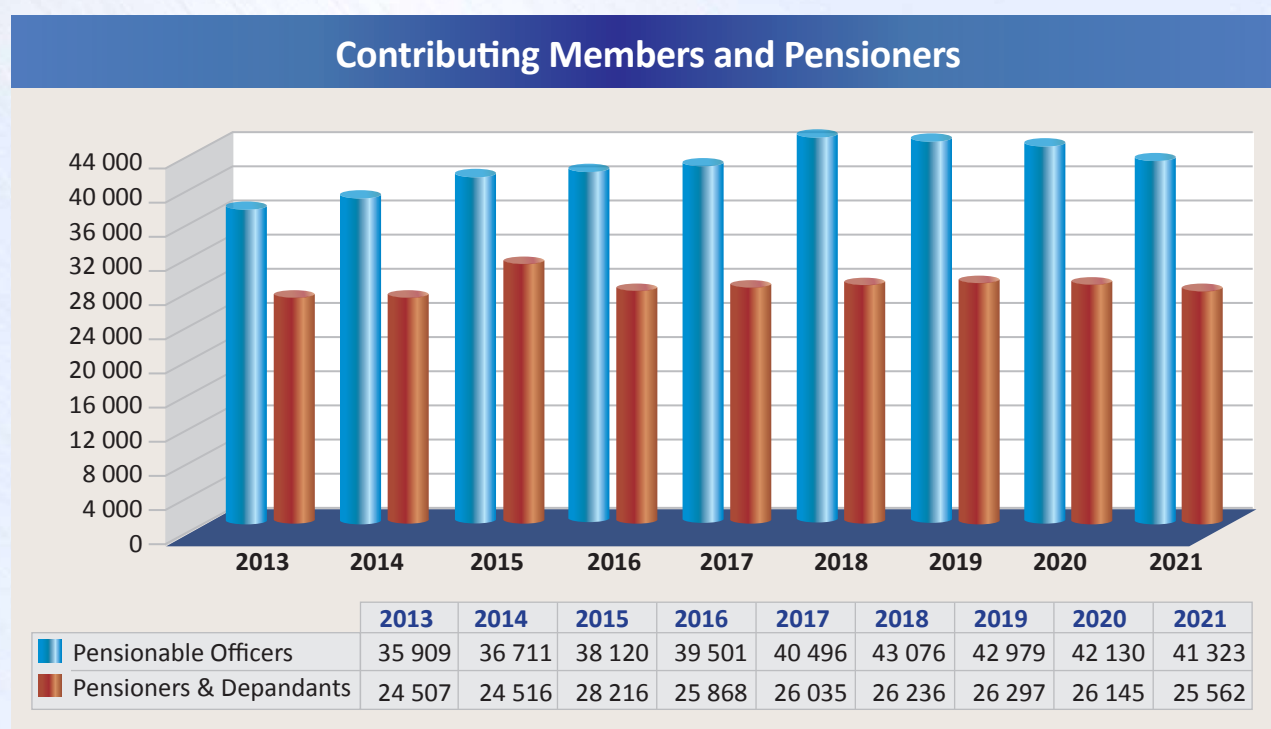


Contributing Members and Pensioners



The pensioners are still lower than the contributing members, at 38.2 percent of the entire membership database. However, this may change in the future if the current position of zero growth persists.

The number of contributing members has decreased by 1 753 over the past three years. While the overall number of pensioners has decreased there has been a slight increase in the number of retirees.



Benefits Paid in Terms of the Pensions Order

E1.325 billion was spent on benefits paid to members in year ended 31 March 2021.

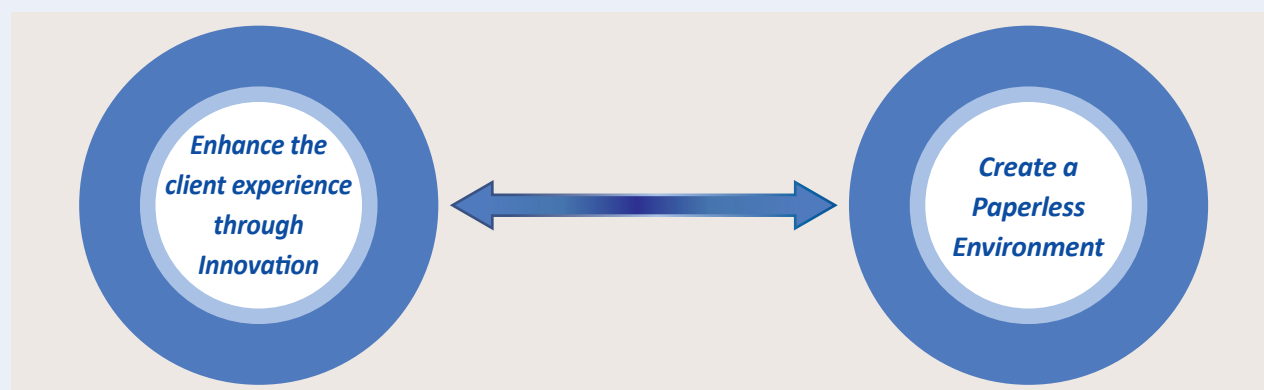
Benefits Awarded				
	2021		2020	
Type of Benefit Paid	Claims Count	Total Benefit	Claims Count	Total Benefit
Claims paid due to death of members in service	281	E83 million	181	E48 million
Claims paid due to retirements (compulsory, ill-health, early)	802	E295 million	77	E303 million
Claims paid due to members' withdrawal	56	E2 million	148	E5 million
Claims paid to contract officers (non-contributing officers)	66	E15 million	71	E20 million
Claims paid to contract officers (non-contributing officers)	5	E22 908	2	E9 121
Claims paid towards Funeral Benefit	791	E7 million	478	E3 million
Pensioners paid monthly annuity	25 004	E923 million	25 253	E857 million

The number of claims paid due to death of members in service has increased by 55 percent compared to 2020. This increase can be attributed to Covid -19 related deaths. For the same reason, funeral claims have increased by over 60.4 percent during the period under review and resulted in an increase to E 7 million of claims paid.

Process Improvement Initiatives

PSPF intends to become a technologically advanced and automated organisation for the benefit of its clients and customers. There are initiatives through which the Fund aims to automate key processes and improve the service provided to its clients.

Two such processes were launched at the Fund, Innovation and Paperless Environment.



Innovation is one of the values of the Fund. Every employee has been challenged to suggest innovative ways to do business better and faster for the benefit of our clients. Areas of innovation mostly focused on communication with clients and processing of claims.



It is almost three years that the Fund embarked on a journey towards a paperless office. Many milestones have been achieved in this area including installation of a document management system. With the covid-19 pandemic threatening the lives of our members, the paperless environment plan had to be accelerated. In December 2020, it was decided that there will be no walk-ins for funeral claims and claims processing. New ways of receiving documents were introduced and enforced. All claim related documents had to be sent via email or WhatsApp. This process has been working ever since and clients have the luxury of receiving service without having to come to the Fund's offices.

PSPF believes that if it successfully continues to implement processes improvement initiatives, its approach and practices towards services delivery will greatly improve client experience.

Improvement of Benefits for the Members

Funeral

The Board of Trustees saw it necessary to increase the funeral benefit from E 7 000 to E 10 000 to be paid in the event of the death of a contributing member or retired member. Effective 1 October 2020, the funeral benefit was set to E10 000, an increase which was well received by the members.

Home Loan Guarantee for Civil Servants

The FRSA Act and the Retirement Funds Act, provided for retirement funds to guarantee up to 60 percent of contributions to allow members to borrow from banking institutions. The civil servants, due to the nature of the PSPF Scheme, were entitled to access loans at the banks and use 60 percent of their own contributions as guarantee. The Fund applied for this increase to the Regulator. In October 2020, the Regulator approved that the civil servants can access home loans in banks and use 85 percent of their own contributions as a guarantee. Again this benefit was well received by the members, a sign that the Board of Trustees care for their members.

Funding Level

The assets of the Fund have increased by 23.8 percent from E22.2 billion to E27.5 billion. Liabilities have increased by 16.3 percent from E32.3 billion to E37.6 billion. The deficit has slightly improved from E10.63 billion to 10.39 billion, an increase in the funding level from 68.9 percent to 73.0 percent. This is largely accounted for by changes in financial assumptions and higher investment returns which was significantly above inflation during 2020.

	2021	2020	Percentage change
	Total Benefit	Total Benefit	Claims Count
Assets	E27.5 Billion	E22.2 Billion	23.8%
Liabilities	E37.6 Billion	E32.3 Billion	16.3%
Deficit	E 10.1 Billion	E10.1 Billion	-0.2%
Funding level	73.0%	68.9%	6.4%

Valuation Results as at 01 April 2021

	1 April 2021 E 000's	1 April 2020 E 000's
Assets:	27 453 576	22 160 834
Accrued liabilities:		
Pensionable Officers	24 426 424	20 353 678
Contract Workers	27 425	30 374
Pensioners	12 663 025	11 526 075
Deferred Pensioners	93 518	79 925
Benefits payable	382 319	333 764
- Additional liabilities	-	5 183
	37 592 711	32 328 999
Surplus/(Deficit) (assets – liabilities)	(10 139 135)	(10 066 009)
Funding level (%)	73.0%	68.9%
Analysis of Deficit		
Deficit at the beginning of financial year	(10 066 009)	(6 421 838)
Interest on Deficit	(1 372 002)	(809 152)
Investment Returns	2 545 718	(3 914 607)
Contributions	(388 850)	(98 854)
Earnings Experience	1 653 928	1 909 320
Pension increases	947 554	271 972
Membership movements	516 869	60 405
Change in demographic assumptions	-	-
Change in financial assumptions	(3 853 008)	(1 130 062)
Miscellaneous	(26 362)	(30 166)
Deficit at the end of financial year	(10 139 135)	(10 066 009)



Human Resources

Organisational Development

The Fund engaged a consultant to undertake a Remuneration Survey, An organizational Structure Review, Job Evaluation and Grading. The purpose of the exercise :

- Review the Fund's organisational structure to ensure it delivers on strategy
- Evaluate and grade all jobs
- Conduct a detailed remuneration analysis to identify at what levels staff members are paid relative to the market and to the job grades
- Develop and recommend an appropriate remuneration structure, based on market remuneration trends.

The outcome of the study shall inform the review of the Fund's attraction and retention strategy.

Staff Complement

The head count for the year under review was fifty-nine (59) members.

Five new appointments were made while five employees separated from the Fund.

Learning and Development

The Fund provides opportunities for continuous learning for its people. This enables employees to continue improving their skills and be more flexible and adaptable as changes related to technology and work processes arise quickly.

The following are some of the learning courses, conferences and workshops attended in the reporting period:

- Management Development Programme
- Project Management
- Bachelor of Commerce in Accounting
- Bachelor of Public Administration
- Job Evaluation
- Consumer Experience Conference
- International Financial Reporting Standards
- 64th Institute of People Management Annual Convention

Employee Wellness

Covid -19 has impacted the future of work and requires a new approach in the way business is conducted. In an effort to ensure business continuity and in compliance with some of the Covid-19 guidelines, the Fund introduced shift work wherein some staff were required to work from home on a rotational basis. Staff were enabled for remote access to the Fund's systems to ensure limited disruptions to Fund work processes and that departmental plans were achieved. Board, Executive and Departmental meetings were held via internet platforms such as MicroSoft Teams and Zoom.

Employee health, wellness and fitness in the workplace are initiatives that the Fund continues to support. The Fund participated in a breast cancer awareness initiative and commemorated World Aids Day.

Marketing

Stakeholder Engagement

Member Education is a platform used by the Fund to educate and inform its members (and the public) about its core business. This platform also provides the Fund with an opportunity to get to know the needs of its members.

In the start of the COVID-19 pandemic, the Fund suspended member education activities to ensure health and safety of our members and employees. The pandemic did not entirely cripple member education because we managed to strategise and capitalise and use other forums to continue educating the public.

The Fund has capitalised on its Radio Programme, newsletter and its Social Media Pages as other channels for Member Education. These forums have improved the Fund's communication channels to its clients and the public as the Fund makes it a priority to ensure that communication is not only done whilst a person is still active but also continues and extends education to beneficiaries and guardians.

Through the Social media sites the Fund provides any assistance in relation to the Fund's core business except for those that need one-on-one consultation. The Fund also uses publications to update stakeholders on the Fund's fundamental core business.

The Fund explored another platform for interaction with members and the public. A series of articles (advertorials) were published in the local media as part of the visibility drive of the Fund. It is imperative that members and the public are informed on the business of the Fund and connect through a story.

The advertorials managed to give an insight on the transparency of the organisation, the operations and how the Fund is governed. In the article the members and the public got to understand how the Fund has contributed to growing the economy of the country.

The Fund's partnership with the Ministry of Public Service through the Public Sector HIV and AIDS still exists. However, not many activities could be held during the year due to the COVID-19 pandemic. This partnership facilitates the acceleration of access to employee assistance programmes within the public sector.

Walk-In Clients

Modern systems were introduced to ensure safety of members from Covid-19 infections. The main objective was to reduce the number of walk-in clients thereby reducing their exposure to the deadly pandemic.

Corporate Social Responsibility

The Fund continued to lend a helping hand towards mitigating the impact of Covid-19 in the Kingdom. The Fund made donations to the Manzini and Shiselweni Regional Administration offices, in the form of Sanitising Tunnels to ensure walk-in clients to these centres were sanitised and to ensure that operations continued without hindrances and hygiene fears.

The Fund further made Covid-19 related donations to the National Disaster Management Agency.



Internal Audit

In line with the requirements of the King IV Report on Corporate Governance, the Internal Audit department continues to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes to Management and the Board through the Finance and Audit Committee.

To promote independence of the Internal Audit unit, the Director Internal Audit and Risk reports functionally to the Finance and Audit Committee, and administratively to the Chief Executive Officer. The department is governed by a Charter approved by the Board which sets out its roles and responsibilities.

The Finance and Audit Committee approved the risk-based internal audit coverage plan for the 2021/22 financial year. Internal audit follows a risk-based approach in performing their work in order to ensure that high ranking risks as approved by the Board are prioritised and subjected to audit to ensure that adequate and effective internal controls are in place.

Internal audit reports were presented to the Finance and Audit Committee in line with the approved internal audit plan. These reports highlighted areas of process control gaps and/or weaknesses for corrective action and improvement and also providing assurance on the effectiveness and adequacy of the control environment. Audit reports from both internal and external auditors are also utilised to implement improvements in internal controls.

Compliance Function

To establish an effective compliance framework and processes, the Fund has in place a compliance function with a policy that serves as a cornerstone in the development of a compliance culture within the Fund.

The function also ensures that the Fund complies with all applicable legislative and regulatory requirements. Compliance reporting currently occurs on a quarterly basis to the Finance and Audit Committee. The Compliance function continually monitors and reports on the effectiveness of controls for purposes of managing the Fund's risk exposure.

ICT Systems Developments

Overview

The Fund has continued to make a calculated investment in the IT systems and infrastructure as the underlying platform which supports the core business processes undertaken at all levels. In this regard upgrades to both software and hardware assets have been implemented in line with the growth of the business and in keeping with technology advancements. All the innovative developments implemented in the internal environment have translated to an improvement in staff output levels, customer service and overall member satisfaction while ensuring adherence to IT governance protocols.

Paperless environment

In pursuit of the objective of working smarter and cost-effectively, the Fund introduced an initiative directed towards achieving a paperless environment in most of its administrative processes. This exercise saw the implementation of an IT system that manages and provides the papers and documents for Board and Management meetings online thus eliminating the need to physically print and distribute these documents to members before meetings. The Board and Staff were all trained on the use of the system and its features to the point of achieving its adoption and full application in all meetings of the Fund. This innovation has been found effective not only in achieving a reduction in budget spend on stationery and meeting logistics but also on the salient benefits of a capacitated Board and Staff now operating efficiently and smarter irrespective of the conditions prevailing.

Member Self- service

The COVID-19 pandemic and the restrictive protocols enforced at national level have meant PSPF also needed to adapt the service delivery mechanism by expanding the self-service offering. The Fund therefore, introduced new service channels through Email and Social media (Whatsapp, Twitter and Facebook) for use by members. These channels now enable members to submit benefit claims from their locations, thus eliminating the need for physical travel to the offices of the Fund to deliver these claims for processing.

The Fund has also set up unmanned scanning stations at the Fund where officials from central government can personally scan and submit member files electronically. This process protects our staff from physical contact with other people and with incoming documents as everything now gets accessed through the system. Other communication channels such as SMS and the website are also put to use in availing various types of information to the different membership groups such as pension payment notifications, member information forms downloads, etc.

Business Continuity

As a key operational requirement IT facilitates a Business Continuity strategy that ensures that in the event of a disaster or similar disruption the business of the Fund continues to be delivered, albeit through alternative means. In this regard, during the reporting period various elements of the BCP had to be invoked including the following.



Virtual Meetings hosting facility

A virtual meetings facility was installed to enable the Board and Staff the ability to convene and host meetings remotely. The system of choice was a leading industry application that was acquired and installed on all the participants computers. This implementation proved hugely successful as it enabled members the ability to meet virtually as scheduled and to transact the business of the Fund unimpeded.

Virtual private network

A private and secure network (VPN) was installed for use by staff members to access the work systems that are internally hosted at the Fund. This implementation allowed staff to log in and perform their authorised work processes from any remote location and to deliver the collaborative tasks and outputs expected without interruption. With this implementation IT had to also provide the necessary security protocols to protect the internal network from external cyber threats and vulnerabilities.

All these developments have been achieved through cooperative efforts by staff in suggesting innovative ways and means to transform the working tools and to better support the working environment.



PUBLIC SERVICE PENSIONS FUND

ANNUAL FINANCIAL STATEMENTS

- for the year ended 31 March 2021

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57	Statement of Cash Flows
58 - 84	Notes to the Financial Statements

Net Asset
Value

**E27.6
Billion**

Net
Surplus

**E5.4
Billion**



Asset
Growth

25 %

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES - for the year ended 31 March 2021



The Trustees are responsible for the preparation, integrity and presentation of the financial statements of The Public Service Pensions Fund comprising the statement of net assets and funds at 31 March 2021, the revenue account and the statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of principal accounting policies and other explanatory notes. The financial statements presented on pages 41 to 84 have been prepared in accordance with the basis of preparation applicable to retirement funds in Eswatini and in the manner required by the rules of the Fund.

The Trustees are responsible for the preparation and presentation of the financial statements in accordance with the basis of preparation applicable to retirement funds in the Kingdom of Eswatini as set out in note 1 to the financial statements, and in the manner required by the rules of the Fund, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Trustees are ultimately responsible for the Fund's system of internal financial control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Trustees' responsibility also includes determining that the basis of accounting described in note 1 is an acceptable basis for preparing and presenting the financial statements in the circumstances.

The going concern basis has been adopted in preparing the financial statements. The Trustees have no reason to believe that the Fund will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Fund.

The financial statements have been audited by the independent auditors, SNG Grant Thornton, who were given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Trustees and committees of the Board. The Trustees believe that all representations made to the independent auditors during their audit are valid and appropriate. The audit report of SNG Grant Thornton is presented on pages 38 to 40.

The financial statements were approved by the Board of Trustees on 15 June 2021 and are signed on its behalf by:

A large, stylized handwritten signature in black ink.

Chairman

A smaller, more compact handwritten signature in black ink.

Trustee

A handwritten signature in black ink, appearing to be "P. R. M." followed by a flourish.

Chief Executive Officer

REPORT OF THE INDEPENDENT AUDITORS

To the Trustees of The Public Service Pensions Fund

Opinion

We have audited the financial statements of The Public Service Pensions Fund which comprise the statement of funds and net assets at 31 March 2021, and the revenue account and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of principal accounting policies and other explanatory notes, and the Trustees' report as set out on pages 40 to 84.

In our opinion, the financial statements of The Public Service Pensions Fund for the year ended 31 March 2021 have been prepared, in all material respects, in accordance with the basis of preparation applicable to retirement funds in the Kingdom of Eswatini as set out in note 1 to the financial statements and in the manner required by the rules of the Fund.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to the audit of financial statements in Eswatini and have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion we draw attention to:

1. Note 17 which indicates that the actuarial valuation of the Fund at 1 April 2021 reflected a deficit amounting to E10 139 million.
2. Note 1.1 which describes the basis of preparation of the financial statements.

The financial statements are prepared in terms of the Public Service Pensions Order, 1993 in accordance with the basis of preparation indicated above. Consequently, the financial statements and related auditors' report may not be suitable for any other purpose.

Other information

The Trustees are responsible for the other information. The other information is set out on pages 1 to 37 and the statement of responsibility by the Board of Trustees which we obtained prior to the date of the auditors' report. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

REPORT OF THE INDEPENDENT AUDITORS

To the Trustees of The Public Service Pensions Fund (continued)



Responsibilities of the Trustees' for the Financial Statements

The Trustees are responsible for the preparation and presentation of these financial statements in accordance with the basis of preparation applicable to retirement funds in the Kingdom of Eswatini as set out in note 1 to the financial statements and in the manner required by the rules of the Fund, and for such internal control that the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

REPORT OF THE INDEPENDENT AUDITOR

To the Trustees of The Public Service Pensions Fund (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves allowed presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



SNG Grant Thornton Chartered
Per VN Nkabindze
Chartered Accountant (SD)
Partner



REPORT OF THE TRUSTEES

for the year ended 31 March 2022



The Trustees have pleasure in presenting their report for the year ended 31 March 2021.

1. The Fund

1.1 Description of the Fund

The Fund, was established under section 3 of the Public Service Pensions Order, 1993, and is a contributory defined benefit scheme. With effect from 1 May 2007 the Public Service Pensions Order regulations were amended and all members contribute at a rate of 5% of pensionable salary whilst the participating employers contribute at a rate of 15% of pensionable salary.

1.2 Participating employer entities

The Government of Eswatini and any parastatal body or other service which the Minister, in consultation with the Board of Trustees, may determine to be “public service” for the purpose of the Public Service Pensions Order, 1993.

1.3 Membership of the Fund

Membership of the Fund is restricted by the Public Service Pensions Order 1993, to those groups employed in the Government of Eswatini’s public service as defined under Section 2 (a)-(d) of the Public Service Pensions Order, 1993.

1.4 Assigned duty

The Fund shall, as from the commencement date on 1 November 1993, be responsible for the payment of all benefits arising under the Public Service Pensions Order, 1993, and Regulations and pension benefits to individuals who are entitled to receive such benefits under the provisions of the Pensions Act 1968, the Umbutfo Eswatini Defence Force (Gratuities) Regulations, 1979, and the Commercial Union Pension Scheme for Teachers (CUSADA).

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)

2. Board of Trustees and officials

2.1 Trustees

The members who were in office at the time of approval of the financial statements were all appointed on 1 June 2019.

Name	Representing
Sammy Dlamini	Chairman
Bathandwa Hlatshwayo	Employer representative
Dumisani Ndlangamandla	Employer representative – deceased 1 January 2021
Dumisile J Ngwenya	Employer representative
Hezekiel Mabuza	Employer representative – deceased 23 March 2021
Bheki Mamba	Employee representative
Celucolo Dlamini	Employee representative
Celumusa Tembe	Employee representative
Dumisani Khumalo	Employee representative
Ross Maseko	Employee representative

2.2 Investment Committee

Phiwayinkhosi E Ginindza
Simanga Z Simelane
Zombodze R Magagula
Mzwandile Ntshangase
Sammy Dlamini

The Investment Committee was appointed by the Minister on 1 August 2019.

2.3 Principal Officer, registered and postal address of the Fund:-

The principal officer is Mr Langalakhe Dlamini

Registered address of the Fund	Postal Address
7 th Floor	P O Box 4469
Ingcamu Building	Mbabane
Mhlambanyatsi Road	Eswatini
Mbabane	
Eswatini	

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)



3. Consultants

3.1 Actuaries

Bernard Yen FIA
Aon Hewitt (Actuarial)

Business Address

4th Floor
Dias Pier Le Caudan
Waterfront Port Louis
11307
Mauritius

3.2 Investment Consultant

Alexander Forbes.

Business Address

4th Floor
88 Grayston Drive
Sandton
South Africa

Postal Address

P O Box 782824
Sandton
2146
South Africa

3.3 Property Manager

Ncedze Property Managers

Business Address

Mountain Inn Hotel Area
Princess Drive
Mbabane

Postal Address

P O Box 7414
Mbabane
H100

4. Investment Managers

African Alliance Eswatini

Business Address

2nd Floor Nedbank Centre
Corner of Sozisa and Dr Sishayi Road
Swazi Plaza
Mbabane
Eswatini

Postal Address

P O Box 5727
Mbabane
H100
Eswatini

African Alliance South Africa

Business Address

04 Otto Close
Westlake Business Park
7945

Postal Address

P O Box 31142
Tokai
7966

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)

4. Investment Managers (continued)

Allan Gray Limited

Business Address

1 Silo Square
V & A Waterfront
Cape Town
8001
South Africa

Postal Address

P O Box 51318
V & A Waterfront
Cape Town
8002
South Africa

Alexander Forbes Investments

Business Address

2-6 Church Street
St Helier
Jersey

Postal Address

P. O. Box 336
St Helier
Jersey

Aluwani Capital Partners

Business Address

1st Floor, East Wing Embassy House
Msakato Street
Mbabane

Postal Address

P. O. Box 3640
Mbabane

Balondolozzi

Business Address

1st Floor Building 1
Glenhove Square
714th Street
Houghton Estate
2198

Postal Address

P O Box 542
Melrose Arch
2076

Gryphon

Business Address

1st Floor Bonitas Office Park East
Southgate, Tyger Waterfront
Carl Cronje Drive
Tyger Valley
Bellville
7530

Postal Address

Private Bag X20
Tyger Valley 7536
South Africa

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)



4. Investment Managers (continued)

Inhlonhla Eswatini

Business Address

Office 201 Second Floor
Development House
Swazi Plaza
Mbabane
Eswatini

Postal Address

P O Box 239
Mbabane
H100
Eswatini

Old Mutual

Business Address

Mutualpark, Jan Smuts Drive
7405 Cape Town – Pinelands
Western Cape - South Africa

Postal Address

P O Box 66
Cape Town 8000
South Africa

Old Mutual Eswatini

Business Address

4th Floor
Ingcamu Building
Mhlambanyatsi Road
Mbabane
Eswatini

Postal Address

P O Box 95
Mbabane
H100
Eswatini

Sanlam Investment Management (Proprietary) Limited

Business Address

Sanlam Investments
55 Willie van Schoor Avenue
Bellville
South Africa
7530

Postal Address

Private Bag X8
Tyger Valley
7536

Stanlib Asset Management (Pty) Ltd

Business Address

2nd Floor, Mbabane Office Park
Mhlambanyatsi Road
Mbabane
Eswatini

Postal Address

P O Box A294
Swazi Plaza
H101
Eswatini

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)

4. Investment Managers (continued)

Stanlib Asset Management Limited

Business Address

17 Melrose Boulevard
Melrose Arch
Johannesburg
2196
South Africa

Postal Address

P O Box 202
Melrose Arch
2076

Stanlib Global

Business Address

17 Melrose Boulevard
Melrose Arch
2196
South Africa

Postal Address

P O Box 202
Melrose Arch
2076

5. Investment strategy

The Board of Trustees is responsible for the overall investment of the assets of the Fund, including the performance thereof, after acting on the advice of the Investment Committee. The Fund's broad investment objective is to invest in those asset types that enable it to meet its long-term objective, which is to earn returns of at least 5% above the rate of Consumer Price Inflation for the total Fund assets.

The Board has selected a combination of Investment Managers in order to ensure an asset mix that will achieve its objectives and does not place any restriction on the Fund Managers, who may invest at their own discretion, within the guidelines set out in the Fund's Investment Policy Statement. The portfolio includes assets which are managed internally.

The Fund may invest up to 20% of the Fund's assets offshore. Investments in unlisted shares and unlisted debt instruments may only be made in Eswatini. The Board also believes that it has a duty to invest in social responsibility projects without compromising its primary objectives, which is to achieve optimum investment returns with the least risk to members.

An investment committee of the Fund, as established according to section 4.1(c) of the Public Service Pensions Order 1993, acted as investment administrators during the year.

The value of the Fund's assets held in the investment portfolio at year end was as follows:

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)

5. Investment strategy (continued)

5.1 Investment portfolio

	2021 E	2020 E
INVESTMENT MANAGERS – FOREIGN MANAGED PORTFOLIOS		
Allan Gray Limited	3 385 678 156	4 327 082 826
Coronation Asset Management (Proprietary) Limited	-	4 307 495
Foord Asset Management (Proprietary) Limited	-	510 395 543
Sanlam Investment Management (Proprietary) Limited	1 439 397 098	1 463 593 179
Stanlib Global	2 790 780 129	1 059 182 674
Stanlib Asset Management Limited	1 561 722 507	360 998 410
Old Mutual	1 475 934 749	988 141 878
Aluwani Capital Partners	1 580 401 304	1 068 885 081
Alexander Forbes Investments	2 886 878 368	1 339 544 599
African Alliance South Africa	399 250 877	-
Balondolozzi	403 435 935	-
Gryphon	794 429	18 028 317
	<u>15 924 273 552</u>	<u>11 140 160 002</u>
INVESTMENT MANAGERS – DOMESTIC MANAGED PORTFOLIOS		
Stanlib Asset Management Limited Eswatini	1 384 550 236	1 150 581 590
Inhlonhla Eswatini	2 798 558 603	2 043 853 090
African Alliance Eswatini	441 885 765	467 646 340
Old Mutual Eswatini	744 752 166	446 725 289
	<u>5 369 746 770</u>	<u>4 108 806 309</u>
Balance carried forward	21 294 020 322	15 248 966 311

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)

5. Investment strategy (continued)

5.1 Investment portfolio (continued)

	2021 E	2020 E
Balance brought forward	21 294 020 322	15 248 966 311
OWN PORTFOLIO – DOMESTIC MANAGED PORTFOLIO		
MONEY MARKET AND SHORT-TERM SECURITIES		
Stanlib Eswatini – Income Fund	7 285 651	102 429 923
African Alliance - Lilangeni Fund	69 355 505	151 974 755
Eswatini Bank	107 880 137	107 883 834
Sanlam Unit Trust – money market 1	123 258 101	114 436 868
Nedbank – fixed term deposit	-	108 325 971
Old Mutual Absolute Growth Portfolio	21 613 189	20 622 862
Stanlib Unit Trusts – money market	42 432 222	40 308 280
Sanlam Unit Trusts – money market 2	42 980 866	39 903 700
	<u>414 805 671</u>	<u>685 886 193</u>
EQUITIES		
Swaziland Property Investments Limited - shares at market value	45 863 450	45 863 450
Swazi Empowerment Limited - shares at market value	521 269 200	506 789 500
The Royal Eswatini Sugar Corporation Limited - shares at market value	760 000	700 000
Eswatini Royal Insurance Corporation	87 499 844	85 764 124
Ingcamu Hotel	1	9 268 769
SBC Limited – shares at market value	101 939 725	101 742 466
Bekelela Enterprises	10 000	-
Woodlands Shopping Centre	70	-
Ezulwini Reinsurance Company Ltd	30 255 973	31 390 113
Greystone Equity	15 052 550	-
	<u>802 650 813</u>	<u>781 518 422</u>
Balance carried forward	22 511 476 806	16 716 370 926

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)



5. Investment strategy (continued)

5.1 Investment portfolio (continued)

	2021 E	2020 E
Balance brought forward	22 511 476 806	16 716 370 926
LOANS		
Swaziland Building Society - Permanent shares	164 757 433	157 851 692
Swaziland Sugar Association	151 763 013	355 678 217
Eswatini Development and Savings Bank	163 270 757	255 708 588
Eswatini Electricity Company	-	15 299 176
Eswatini National Housing Board	568 069 722	627 641 189
New Mall Loan	6 942 275	6 942 275
Eswatini Revenue Authority	536 397 954	625 354 372
Eswatini MTN	34 333 333	38 323 799
Select Limited Loan 3	103 662 155	103 653 764
Select Limited Loan 4	31 514 385	-
United Nations Building Loan	176 130 216	-
Royal Eswatini Sugar Corporation	34 933 828	39 722 533
Standard Bank Eswatini	105 082 876	107 200 001
	2 076 857 947	2 333 375 606
BONDS		
Eswatini Government bonds - SG023 – 30/11/2020	-	68 610 096
Eswatini Government bonds - SG017 – 31/10/2020	-	93 290 324
Eswatini Government bonds - SG018 – 31/01/2024	98 909 113	98 933 808
Eswatini Government bonds - SG024 – 31/01/2024	-	-
Eswatini Government bonds - SG025 – 31/01/2024	205 561 651	205 616 442
Eswatini Government bonds - SG026 – 31/01/2024	100 488 356	100 721 918
Eswatini Government bonds - SG027 – 31/01/2024	104 447 255	104 476 709
Eswatini Government bonds - SG029 – 31/01/2024	100 891 776	100 891 777
Eswatini Government bonds - SG030 – 30/01/ 2024	101 405 504	101 088 389
Eswatini Government bonds - SG031 – 31/01/2025	100 613 460	100 379 207
Eswatini Government bonds - SG027A – 31/10/2026	105 326 118	105 512 980
Eswatini Government bonds - SGIB002 – 31/10/2025	102 240 720	101 854 386
Eswatini Government bonds – SGIB004 – 29/03/2028	97 399 479	97 020 538
Eswatini Government bonds – SGIB005 – 29/03/2028	100 238 787	99 686 130
Eswatini Government bonds – SG033 – 29/03/2028	50 702 530	50 551 401
Eswatini Government bonds – SG034 – 29/03/2028	70 425 647	70 139 722
Eswatini Government bonds – SG035 – 29/03/2028	146 551 884	69 356 780
Eswatini Government bonds – SG040 – 31/01/2024	91 108 290	91 176 751
Eswatini Government bonds – SG041 – 31/01/2026	122 926 804	123 126 956
Eswatini Government bonds – SG042 – 31/01/2026	80 759 215	80 709 392
Eswatini Government bonds – SGIB006 – 28/09/2024	104 789 042	100 078 082
Eswatini Government bonds – SGIB007 – 31/07/2026	99 287 447	99 143 760
	1 984 073 077	2 062 365 548
Balance carried forward	26 572 407 827	21 112 112 080

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)

5. Investment strategy (continued)

5.1 Investment portfolio (continued)

	2021 E	2020 E
Balance brought forward	26 572 407 827	21 112 112 083
BONDS (continued)		
Eswatini Government bonds – SG047	77 595 766	-
Eswatini Government bonds – SG049	30 448 350	-
Eswatini Government bonds – SG051	55 207 637	-
Eswatini Government bonds – SG052	65 104 613	-
	<u>228 356 365</u>	<u>-</u>
	<u>2 212 429 444</u>	<u>2 062 365 548</u>
PROPERTY AT VALUATION		
Sibekelo Building	271 587 897	240 778 897
Mid Scale Hotel – Hilton Garden Inn Hotel	395 369 975	504 830 034
Residential Estate	12 090 415	11 397 293
Tonkwane Properties	124 531 127	124 531 127
The New Mall (Proprietary) Limited	34 287 232	30 861 130
	<u>837 866 646</u>	<u>912 398 481</u>
	<u>27 638 630 839</u>	<u>22 024 510 568</u>
Provision for impairment	(158 372 267)	-
	<u>27 480 258 575</u>	<u>22 024 510 561</u>

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)



6. Bankers

Standard Bank Eswatini Limited

P O Box A308
Swazi Plaza
Mbabane
Eswatini

Standard Bank of South Africa Limited

Treasury Division
P O Box 4425
Johannesburg
South Africa

First National Bank of Eswatini Limited

P O Box 261
Eveni
Eswatini

Nedbank (Swaziland) Limited

P O Box 70
Mbabane
Eswatini

7. Funding and Investment Performance

On the basis of an actuarial investigation by Malan and Partners which was conducted in September 1991, the Fund at inception, was grossly underfunded. The funding level has been addressed over time as a result of outperformance of the portfolios. The current funding level is as set out in the Actuarial Valuation Report in note number 17 to the annual financial statements.

Of the total funds available for investment, a portion will be invested in the South African investment market and off-shore through professional investment portfolio managers with above-average investment track records in order to achieve outperformance in the form of high yields and capital gains. It is the Fund's aim that its combined assets in this investment space should yield a return that is equal or better than the desired hurdle rate of CPI +5% net of fees over a three (3) year rolling period.

In compliance with the Retirement Funds Act, 2005, the Fund shall use its best endeavours to ensure that, at least 30% of its investment portfolio, at market value, is invested within the domestic (Eswatini) market. The domestic portfolio shall be ring - fenced to generate profitability and liquidity in order for the Fund to meet its financial obligations as they fall due. It is the aim of the Fund that its combined assets in this investment space should yield a return that equals or better the desired hurdle rate of CPI +5%, net of fees over a three (3) year rolling period.

Investments are made and monitored by the Board on the advice of the Investment Committee as established under Section 4.1(c) of the Public Service Pensions Order, 1993. Investments in Eswatini are divided into two portfolios; those with investment managers with a discretionary mandate and those managed by the Fund as their own portfolio. Investments outside the country are managed through investment managers who have a discretionary mandate. The minimum desired real rate of return is to achieve at least 5%.

8. Review of activities

8.1 Membership statistics

	Pensionable officers		Pensioners and Dependants	
	2021	2020	2021	2020
Number	41 323	42 130	25 562	26 145

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)

8. Review of activities (continued)

8.2 Accumulated funds

The revenue account discloses net revenue for 2021 as E2 989 million (2020: E3 600 million). The change in the value of the Fund due to the changes in fair values of investments during 2021 was an E4 141 million increase (2020: E3 245 million decrease), making the total increase in the Fund's assets for the year E5 395 million (2020: E1 132 million decrease), after meeting the cost amounting to E1 325 million (2020: E1 237 million) of benefits paid out.

Total contributions paid into the Fund during 2021 amounted to E1 202 million (2020: E1 187 million). Members of the Fund contributed E301 million (2020: E297 million) being contributions at the normal rate of five percent of pensionable salary and additional voluntary contributions. The balance was contributed by the participating employers.

8.3 Benefit changes

It is the current policy of the Fund to carry out a review of pensions in payment on the 1st of April each year. No increase in pensions was granted from 1 April 2020 (1 April 2019: 5%).

8.4 Gazetted regulations

The Retirement Funds Act, 2005, was approved and promulgated on 11 April 2007. The Act, which is effective from 1 November 2006, requires certain changes to the operations of the Fund, especially as regards the minimum levels of investment to be held in the country. Regulations have been drafted by the Registrar. The investment profile of the Fund is in the process of being realigned.

9. Actuarial valuation

In accordance with the rules of the Fund, the financial position of the Fund is to be examined and reported on by the valuator at intervals not exceeding three years. The Board has resolved to value the financial position of the fund annually. The latest statutory valuation was as at 1 April 2021. The valuation covered the following membership.

	Number	Annual salary/pension E000's
Pensionable officers	41 323	5 978 115
Contract workers	88	39 866
Deferred pensioners	164	9 103
Pensioners (including suspended)	25 562	899 570

The net actuarial value of the Fund was a deficit of E10 139 million (2020: E10 066 million) as at the valuation date. For valuation purposes of the Fund, the actuarial value of the assets has been taken from the most recent valuations performed using various valuation techniques such as fair value and net asset valuation.

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)

9. Actuarial valuation (continued)

The actuarial valuation result in respect of past service was as follows:-

	2021 E'000	2020 E'000
Accrued liability for Pensionable Officers	(24 426 424)	(20 353 678)
Accrued liability for Contract Workers	(27 425)	(30 374)
Deferred Pensioners	(93 518)	(79 925)
Pensioners	(12 663 025)	(11 526 075)
Benefits payable	(382 319)	(333 764)
Additional liabilities	-	(5 183)
Total liabilities	(37 592 711)	(32 328 999)
Actuarial value of assets	27 453 576	22 262 990
Deficit	(10 139 135)	(10 066 009)
Funding level (%)	73.0%	68.9%
Contributions paid to the Fund, expressed as a percentage of the pensionable salaries and before considering the deficit were:		
	%	%
By members (average)	5	5
By Government	15	15
	20	20

The contribution rate, after adding an allowance for expenses, required to support the level of benefits expected to accrue over the future service of current members is 28.2% (2020: 24.2%) of pensionable emoluments. This excludes any additional contribution required to reduce the deficit in the Fund.

The contribution rate required to eliminate the past service deficit over the next 15 years is 13.3% of pensionable emoluments. It should be noted though that, in normal circumstances, pension fund deficits are required to be eliminated over a much shorter period than the future working lives of current employees.

In view of the level of underfunding a high degree of caution has to be exercised in granting salary/pension increases or any benefit improvements which could affect the liabilities of the Fund. The contribution rate required in order for the Fund to attain financial soundness over the next 15 years is 41.5% of pensionable emoluments.

REPORT OF THE TRUSTEES

for the year ended 31 March 2021 (continued)

10. Fidelity cover

Adequate Fidelity cover was maintained during the year.

11. Loans to members

There were no loans to members of the Fund.

12. Investments in the participating employer

The Fund holds investments amounting to E5 292 880 776 (2020: E4 105 892 711) in entities controlled by the participating employer.

13. COVID-19

In March 2020, the Government of Eswatini invoked Section 29 of the Disaster Management Act of 2006 and declared a national emergency imposing a partial lockdown in the country. The effect of this decision was disruption in business operations and a significant increase in economic uncertainty. The partial lockdown regulations implemented by the Government of Eswatini categorised the Fund as an essential industry and it has therefore been able to continue with its normal operations, albeit implementing a best practice COVID-19 risk avoidance strategy.

The COVID-19 pandemic has impacted the asset growth of the Fund in the period under review. To mitigate the effects of the pandemic, we extended relief to our clients who were impacted by the pandemic. These facilities are ring-fenced and their performance is closely monitored. A business continuity plan has been put in place to ensure that business operations can continue uninterrupted. The Fund has implemented preventative measures across the business to ensure the safety of our staff and clients. Management continues to monitor and evaluate the COVID-19 response strategies in place and adjusts them in line with the ever-changing environment. Based on this, the Board of Trustees are of the view that the business will continue to operate as a going concern.

14. Going concern

The annual financial statements have been prepared on a going concern basis, which assumes that the Fund will be able to meet the mandatory repayment terms of the liabilities disclosed in the Statement of Financial Position.

The Fund has recognised a surplus of E5 394 897 508 for the year ended 31 March 2021 and, as at that date, total assets exceed total liabilities by E27 555 732 047 (2020: E22 160 834 539). Management has a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future.

15. Subsequent events

There have been no events that have occurred subsequent to year end which require adjustment or disclosure in the financial statements.

REVENUE ACCOUNT

for the year ended 31 March 2021

	Note	2021 E	2020 E
Contributions received			
Members		301 374 234	297 308 674
Employers		900 229 934	889 721 189
		1 201 604 168	1 187 029 863
Income from investments	2	1 751 256 946	2 389 530 361
Sundry income		5 025 301	484 195
Rental income		31 298 257	22 917 979
		2 989 184 672	3 599 962 398
Less: Administration expenses	3	(66 821 119)	(80 439 660)
Investment managers fees		(107 362 049)	(102 163 819)
Property expenses		(16 119 179)	(14 782 704)
Regulatory levies		(42 218 467)	(20 441 438)
Withholding tax		(32 236 644)	(31 917 252)
		2 724 427 214	3 350 217 525
Less: Benefits awarded and accrued	4	(1 325 381 371)	(1 237 286 791)
		1 399 045 843	2 112 930 734
Surplus before fair value adjustments			
Adjustment to market value of investments and provision for impairment	8	4 141 076 838	(3 245 009 571)
Revaluation (loss)/gain of investment property	9	(89 008 756)	-
Impairment of loans	8	(56 216 417)	-
	6	5 394 897 508	(1 132 078 837)

STATEMENT OF FUNDS AND NET ASSETS

as at 31 March 2021

	Note	2021 E	2020 E
Assets			
Non-current assets			
Property and equipment	7	41 317 846	42 787 980
Investments	8	26 261 873 487	20 457 087 024
Investment property	9	803 579 414	881 537 351
Current assets			
Accounts receivable	10	29 800 156	28 879 033
Arrear contributions	11	98 007 764	98 029 380
Bank and cash	12	129 769 370	134 303 584
Money market and short-term securities	13	414 805 671	685 886 193
Total assets		27 779 153 708	22 328 510 545
Funds			
Accumulated funds	6	27 555 732 047	22 160 834 539
Current liabilities			
Benefits payable	14	135 793 142	113 862 725
Accounts payable	15	87 628 519	53 813 281
Total funds and liabilities		27 779 153 708	22 328 510 545

STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

	Note	2021 E	2020 E
Cash flows from operating activities			
Cash generated from operations	16.1	<u>1 558 527 841</u>	<u>2 115 624 687</u>
Cash flows from investing activities			
Additions to investment property	9	(11 050 819)	(42 898 839)
Acquisition of property and equipment	7	(1 009 866)	(1 609 583)
Acquisition of investments	8	(7 545 920 611)	(8 984 874 879)
Investment income and profits capitalised	8	(1 652 589 779)	(2 234 659 004)
Management fees and withholding tax paid	8	135 098 929	133 421 435
Disposal of investments	8	<u>7 241 329 569</u>	<u>8 105 444 349</u>
Net cash outflows from investing activities		<u>(1 834 142 577)</u>	<u>(3 025 176 521)</u>
Decrease in cash and cash equivalents		(275 614 736)	(909 551 834)
Cash and cash equivalents at beginning of year	16.2	<u>820 189 777</u>	<u>1 729 741 611</u>
Cash and cash equivalents at end of year	16.2	<u><u>544 575 041</u></u>	<u><u>820 189 777</u></u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

1. Principal accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Public Service Pensions Order, 1993 which are silent on the basis of preparation of the Fund's financial statements. Accordingly the financial statements are prepared in accordance with the basis described below which is considered by the Trustees to be the basis applicable to pension funds in the Kingdom of Eswatini and acceptable to the users of the financial statements.

The financial statements were approved by the board of Trustees on 15 June 2021.

The financial statements have been prepared under the historical cost convention as modified by the valuation of property and investments including the marking to market of investment securities designated or at fair value through profit and loss.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The financial statements are presented in Emalangeni rounded to the nearest one.

1.2 Property and equipment

Property comprises land and buildings. Land is recorded in the financial statements at cost without being depreciated. All other items of property and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

Buildings	50 years
Motor vehicles	5 years
Office furniture and equipment	10 years
Computer equipment	3 years

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the revenue account during the financial period in which they are incurred.

Repairs and maintenance costs are charged to the revenue account during the financial period in which they are incurred.

1.2.1 Intangible assets

Intangible assets comprise computer software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Fund which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)



1.2 Property and equipment (continued)

1.2.1 Intangible assets (continued)

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and is added to the original cost of the software. Computer software development costs recognised as part of property and equipment and are amortised using the straight-line method over their useful lives, not exceeding a period of 3 years.

1.2.2 Impairment of long lived assets

Property and equipment and intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

1.3 Investment securities

Business model assessment

The Fund makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated-e.g. whether compensation is based on the fair value of the assets managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

1.3 Investment securities (continued)

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features).

Subsequent measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the revenue account.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the revenue account. Any gain or loss on derecognition is recognised in the revenue account.

1.4 Investment property at fair value

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of classification becomes its cost for subsequent accounting.

1.5 Accounts receivable

Accounts receivable include arrear contributions from Government, prepayments, staff and other debtors. Receivables other than arrear contributions from Government are carried at the fair value of the financial asset exchanged less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables contract. The amount, being the present value of expected cash flows, discounted at the market rate of interest for similar receivables.

Arrear contributions are carried at the fair value of the cash consideration to be received from the employers.

1.6 Money market securities

Money market securities consist of short-term highly liquid investments with original maturities of three months or less. Such securities are stated at their fair values at the end of the year. These are disclosed separately from bank and cash because management does not utilise them to meet daily funding needs.

1.7 Bank and cash

Bank and cash comprises cash on hand and deposits held readily available for meeting the Fund's daily funding needs. Bank overdrafts are separately disclosed in current liabilities on the statement of funds and net assets.

1.8 Employee benefits

The employees of the Fund are members of a separate defined contribution plan (The Public Service Pensions Fund Staff Pension Scheme). The scheme is independently administered on a contractual basis.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)



1.8 Employee benefits (continued)

The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs. The Fund had guaranteed a minimum investment return of 8% per annum on the assets of the employees' pension scheme.

1.9 Provisions

A provision is recognised in the statement of funds and net assets when the Fund has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits, which can be reliably measured, will be required to settle the obligation.

1.10 Foreign currency assets and liabilities

Outstanding balances in foreign currencies are converted at the Emalangeni rate of exchange ruling at the financial year end. Profits or losses arising from such transactions are included in the revenue account at rates prevailing at the dates of such transactions.

1.11 Contributions

Contributions are accounted for on the accrual basis, except for additional voluntary contributions, which are recorded in the period in which they are received.

A provision for impairment of arrear contributions is established when there is objective evidence that the Fund will not be able to collect arrear contributions.

1.12 Dividend, interest and rental income

Dividend income

Dividend income is recognised in the revenue account, when the right to receive payment is established, which is the last date of registration for equity securities.

Interest income

Interest income is recognised in the revenue account as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium or any other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective rate basis.

Rental income

Rental income from investment property is recognised in the revenue account as it accrues in terms of the respective lease agreements.

1.13 Accounting policies, changes in accounting estimates and errors

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

1.14 Comparatives

When necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	2021 E	2020 E
2. Income from investments		
<i>Income from domestic fund managers and own portfolio</i>		
Dividends	53 188 779	48 998 469
Interest	677 080 585	758 373 792
<i>Income from foreign fund managers</i>		
Allan Gray Limited - managed portfolio	395 585 503	498 875 296
Coronation Asset Management (Proprietary) Limited - managed portfolio	26 407	1 203 849 284
Foord Asset Management (Property) Limited - managed portfolio	335 321 297	129 302 648
Sanlam Investment Management – managed portfolio	58 700 293	165 034 757
Stanlib – Managed portfolio	3 511 357	62 383 744
Stanlib Global – managed portfolio	26 570 785	(16 206 482)
Old Mutual – managed portfolio	69 771 491	(87 057 477)
Aluwani Capital Partners– managed portfolio	107 613 414	(74 064 560)
Alexander Forbes – managed portfolio	62 324	-
Balondolozzi – managed portfolio	3 030 823	-
Gryphon	20 793 888	(299 959 110)
	1 751 256 946	2 389 530 361
3. Administration expenses		
Actuaries' fees	714 702	1 110 044
Advertising and communications to members	4 376 151	3 522 035
Audit fees	690 418	569 457
Fund charges	660 253	654 568
Board expenses	1 801 703	1 941 294
Computer expenses	245 019	212 549
Consultants fees	6 251 798	5 548 412
Depreciation	2 480 000	2 308 847
General expenses	2 570 933	2 222 047
Licences and insurances	3 232 838	3 147 728
Motor vehicle expenses	154 730	181 749
Postage and telephone	333 658	346 966
Printing and stationery	336 539	288 896
Public functions – opening of Hilton Garden Inn	-	4 574 219
Rent and office expenses	914 656	676 584
Repairs and maintenance	699 383	534 978
Salaries and related costs	39 315 862	49 883 048
Social investments	881 404	1 674 145
Staff wellness	642 491	429 992
Travel and entertainment	518 581	612 102
	66 821 119	80 439 660

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)



	2021 E	2020 E
4. Benefits awarded and accrued		
Pensions	922 682 752	857 472 392
Lump sums on deaths	83 135 059	47 604 792
Lump sums on retirements	295 105 828	303 138 778
Lump sums on withdrawals	2 339 878	5 382 926
Other	22 117 854	23 687 903
	<u>1 325 381 371</u>	<u>1 237 286 791</u>
5. Taxation		
5.1 Eswatini Normal Taxation		
The Fund is exempt from Eswatini normal taxation in Terms of Section 12(1)(a)(iv) of the Income Tax (Consolidation) Order 1975 as amended.		
6. Accumulated funds		
Balance at beginning of year	22 160 834 539	23 292 913 376
Accumulated surplus/(deficit) for the year	<u>5 394 897 508</u>	<u>(1 132 078 837)</u>
Balance at end of year	<u>27 555 732 047</u>	<u>22 160 834 539</u>
Included in accumulated funds above are the following amounts which at inception of the Fund were transferred from predecessor funds and the Eswatini Government		
Funds transferred from the Eswatini Government	110 000 000	110 000 000
Value of investment transferred from Commercial Union Pension Scheme for Teachers (CUSADA)	<u>176 535 000</u>	<u>176 535 000</u>
	<u>286 535 000</u>	<u>286 535 000</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	Cost E	Accumulated depreciation E	2021 Net book value E	2020 Net book value E
7. Property and equipment				
Land	1 666 139	-	1 666 139	1 666 139
Buildings	47 183 682	11 291 113	35 892 569	36 836 243
Motor vehicles	2 569 546	1 501 501	1 068 045	1 534 257
Office furniture and equipment	6 769 260	4 861 394	1 907 866	1 945 175
Computer equipment	7 850 489	7 067 262	783 227	428 826
Computer software	11 568 182	11 568 182	-	377 340
	<u>77 607 298</u>	<u>36 289 452</u>	<u>41 317 846</u>	<u>42 787 980</u>

Land comprises portion 936 and 937 of farm no.2, Mbabane urban area, measuring 2368 and 2502 square metres respectively. Buildings relate to the Ingcamu Building of which 50% is let out and disclosed at cost. The market value of the land and buildings is E88 million.

	Opening net book value E	Additions E	Disposals E	Depreciation E	Closing net book value E
Movement – 2021					
Land	1 666 139	-	-	-	1 666 139
Buildings	36 836 243	-	-	(943 674)	35 892 569
Motor vehicles	1 534 257	-	-	(466 212)	1 068 045
Office furniture and equipment	1 945 175	285 411	-	(322 720)	1 907 866
Computer equipment	428 826	724 455	-	(370 054)	783 227
Computer software	377 340	-	-	(377 340)	-
	<u>42 787 980</u>	<u>1 009 866</u>	<u>-</u>	<u>(2 480 000)</u>	<u>41 317 846</u>
Movement - 2020					
Land	1 666 139	-	-	-	1 666 139
Buildings	37 779 917	-	-	(943 674)	36 836 243
Motor vehicles	1 559 922	433 325	-	(458 990)	1 534 257
Office furniture and equipment	1 358 768	865 350	-	(278 943)	1 945 175
Computer equipment	745 158	310 908	-	(627 240)	428 826
Computer software	377 340	-	-	-	377 340
	<u>43 487 244</u>	<u>1 609 583</u>	<u>-</u>	<u>(2 308 847)</u>	<u>42 787 980</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	Debt instruments at amortised cost E	Designated at fair value through profit or loss E	Fair value through profit or loss E	Total E
8. Investments				
At the beginning of the year	7 134 196 367	2 182 730 655	11 140 160 002	20 457 087 024
Additions	2 719 815 818	871 900 423	3 954 204 370	7 545 920 611
Withdrawals	-	(58 244 638)	(4 154 206 305)	(4 212 450 943)
Repayments	(2 348 024 274)	-	-	(2 348 024 274)
Matured investments	(680 854 352)	-	-	(680 854 352)
Investment income capitalised	631 600 260	-	426 010 364	1 057 610 624
Realised profits capitalised	-	-	594 979 155	594 979 155
Unrealised fair value gains	(2 481 373)	90 400 717	4 053 157 494	4 141 076 838
Management fees paid	(45 067 401)	-	(57 794 785)	(102 862 186)
Withholding tax	-	-	(32 236 743)	(32 236 743)
	7 409 185 045	3 086 787 157	15 924 273 552	26 420 245 754
Provision for impairment	(158 372 267)	-	-	(158 372 267)
	7 250 812 778	3 086 787 157	15 924 273 552	26 261 873 487

Debt instruments held at amortised cost consist mainly of loans and bonds (Refer note 8.1).

Investment securities designated at fair value through profit or loss consists mainly of unlisted equity instruments. (Refer note 8.2).

Fair value securities represent a combination of various equity, debt and linked instruments that are traded on the Johannesburg Securities Exchange (South Africa), other reputable securities exchanges and local equities listed on the Eswatini Stock Exchange. The Fund utilises the services of specialist asset managers to invest and manage the held for trading securities on management's behalf. (Refer note 8.3).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	Opening carrying value E	Additions E	Capital repayments E	Unrealised fair value gains E	Matured investments E	Investment income capitalised E	Fees paid E	Closing carrying value E
8. Investments (continued)								
8.1 Investment securities –								
At amortised cost (continued)								
Own Portfolio	4 497 483 621	510 512 383	(600 670 920)	-	(385 038 030)	368 940 060	-	4 391 227 114
Inhlonhla	996 209 957	927 082 189	(675 439 926)	-	(92 370 513)	123 897 447	(32 741 613)	1 246 637 541
Stanlib Eswatini	860 668 565	403 269 758	(222 789 236)	(784 188)	(74 765 801)	80 749 330	(7 271 587)	1 039 076 841
Old Mutual Eswatini	382 600 651	660 824 646	(605 600 000)	(1 697 185)	(98 080 008)	26 584 608	(2 521 300)	362 111 412
African Alliance Eswatini	397 233 573	218 126 842	(243 524 192)	-	(30 600 000)	31 428 815	(2 532 901)	370 132 137
	7 134 196 367	2 719 815 818	(2 348 024 274)	(2 481 373)	(680 854 352)	631 600 260	(45 067 401)	7 409 185 045

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	Shareholding	Opening carrying value E	Additions during the year E	Investments re-classified E	Unrealised fair value gains/ (losses) E	Closing carrying value E
8. Investments (continued)						
8.2 Investment securities – Designated at fair value through profit or loss						
<i>Held directly and indirectly through investment managers – domestic managed portfolios</i>						
Swazi Empowerment Limited (Equity)	78.3%	506 789 500	-	-	14 479 700	521 269 200
Swaziland Property Investments Limited (Equity)	35%	64 973 653	-	-	-	64 973 653
The New Mall (Proprietary) Limited (Equity)	50%	30 861 130	-	-	3 426 102	34 287 232
The Royal Eswatini Sugar Corporation Limited (Equity)	0.05%	700 000	-	-	60 000	760 000
Emprop Limited (Equity)	50%	63 712 388	-	-	85 571	63 797 959
Eswatini Royal Insurance Corporation Limited (Equity)	6.5%	70 412 767	-	-	1 340 860	71 753 627
RMS Manzini Investments (Proprietary) Limited (Equity)	100%	26 009 428	-	-	(1 229 438)	24 779 990
Maguduza Hydro Power Station (Equity)	28%	5 880 000	1 400 000	-	-	7 280 000
Montigny Investments Limited (Equity)	38.46%	890 835 904	-	-	77 434 279	968 270 183
The Gables Shopping Centre Partnership	50%	188 384 048	-	-	(100 000)	188 284 048
Libuyile Properties (Proprietary) Limited (Equity)	100%	93 094 845	80 627 439	-	3 570 831	177 293 115
Ezulwini Reinsurance Company Limited (Equity)	51%	31 390 113	-	-	(1 134 140)	30 255 973

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	Shareholding	Opening carrying value E	Additions during the year E	Investments re-classified E	Unrealised fair value gains/ (losses) E	Closing carrying value E
8. Investments (continued)						
8.2 Investment securities – Designated at fair value through profit or loss						
<i>Held directly and indirectly through investment managers – domestic managed portfolios</i>						
Ingcamu Hotel	100%	9 268 769	-	-	(9 268 768)	1
Eswatini Royal Insurance Corporation Shares	1.08%	11 735 876	-	-	223 486	11 959 362
Eswatini Royal Insurance Corporation Shares	6.84%	74 028 248	-	-	1 512 234	75 540 482
Ebuhleni Properties	90%	56 409 348	56 889 808	-	-	113 299 156
Woodlands Shopping Centre Equity	70%	58 244 638	70	(58 244 638)	-	70
Tabankulu Estate	100%	-	375 360 750	-	-	375 360 750
Eswatini Mobile	40%	-	342 559 806	-	-	342 559 806
Bekelele Enterprises	100%	-	10 000	-	-	10 000
Greystone	3.53%	-	15 052 550	-	-	15 052 550
		2 182 730 655	871 900 423	(58 244 638)	90 400 717	3 086 787 157

Investments designated at fair value through profit and loss include certain equity investments where the Fund exercises significant control through its shareholding. These equity holdings are detailed as follows:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

8. Investments (continued)

8.2 Investments securities – Designated at fair value through profit or loss (continued)

8.2.1 Swazi Empowerment Limited

The Fund has a 78.3% equity holding in Swazi Empowerment Limited, an investment holding company registered in Eswatini with a 19% stake in Eswatini MTN. At year end Eswatini MTN was one of two licensed mobile telephone operators in Eswatini.

	2021 E	2020 E
A summary of its unaudited financial position and results at its year end, 31 March 2020 was as follows:		
Investments	614 017 792	574 218 345
Loans receivable	104 897	-
Cash and cash equivalents	51 982 209	43 477 094
Accounts receivable	13 326	29 821 477
Accounts payable	(286 255)	(271 303)
Taxation assets/(liabilities)	332 344	(9 583)
Net assets	666 164 313	647 236 030
<i>Net profit for the year before taxation</i>	<i>59 559 884</i>	<i>47 310 052</i>
<i>Other comprehensive income</i>	<i>6 197 447</i>	<i>13 309 203</i>
Swazi Empowerment Limited is listed on the Eswatini Stock Exchange.		
8.2.2 Swaziland Property Investments Limited		
The Fund has a 35% equity holding in Swaziland Property Investments Limited, a property holding company registered in Eswatini and listed on the Eswatini Stock Exchange. A summary of its unaudited financial position and results at its year end, 30 June 2020 was as follows:		
Investment property	174 458 982	170 913 633
Equipment	187 261	3 176 030
Accounts receivable	3 758 497	700 720
Taxation prepaid	270 777	660 648
Money market investments	7 101 084	10 170 861
Cash	2 384 129	3 819 061
Lease assets	2 026 186	1 880 650
Current tax liability	(35 460)	(35 460)
Loans and borrowings	(6 252 389)	(7 233 240)
Deferred tax liability	(525 454)	(468 090)
Accounts payable	(5 545 515)	(4 826 155)
Tenant installation asset	2 775 328	3 390 328
Net assets	180 603 426	182 148 986
<i>Net profit for the year before taxation</i>	<i>50 348 266</i>	<i>43 888 643</i>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	2021 E	2020 E
8. Investments (continued)		
8.2 Investment securities – Designated at fair value through profit or loss (continued)		
8.2.3 The New Mall (Proprietary) Limited		
The Fund has a 50% shareholding in The New Mall (Proprietary) Limited, an unlisted property company registered in Eswatini. A summary of its audited financial position and results at its year end, 30 June 2020, was as follows:		
Investment property	68 310 000	62 910 000
Property, plant and equipment	898 427	1 053 282
Trade and accounts receivable	1 096 026	1 243 904
Cash and cash equivalents	13 577 665	13 013 175
Shareholders' loans	(12 445 697)	(12 445 697)
Accounts payable	(397 915)	(441 931)
Borrowings	(2 092 062)	(3 010 829)
Taxation	(371 980)	(599 645)
Net assets	68 574 464	61 722 259
<i>Net profit for the year before taxation</i>	2 074 185	2 559 409
8.2.4 Emprop Limited		
With effect from 1 July 2013 the Fund has a 50% shareholding in Emprop Limited, an unlisted property company registered in Eswatini. A summary of its audited financial position and results as at its year end, 30 June 2020 was as follows:		
Property, plant and equipment	65 008	69 727
Investment property	245 700 090	245 700 090
Township property	221 535	221 535
Cash and cash equivalents	4 168 864	3 082 607
Trade and other receivables	4 692 651	5 466 902
Shareholders loans	(164 960 000)	(164 960 000)
Trade and other payables	(2 318 700)	(2 182 660)
Net assets	87 569 448	87 398 201
<i>Net profit for the year before taxation</i>	178 903	10 707 310

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	2021 E	2020 E
8. Investments (continued)		
8.2 Investment securities – Designated at fair value through profit or loss (continued)		
8.2.5 Libuyile Properties (Proprietary) Limited		
With effect from 2015 the Fund has a 100% shareholding in Libuyile Properties (Proprietary) Limited, an unlisted property company registered in Eswatini. A summary of its unaudited financial position and results at 31 March 2020 was as follows:		
Investment property	164 736 100	133 036 100
Accounts receivable	312 762	621 276
Cash and cash equivalents	7 128 010	7 131 382
Loans payable	(69 735 722)	(69 735 722)
Accounts payable	(760 595)	(648 688)
Net assets	101 680 555	70 404 348
<i>Net profit for the year before taxation</i>	1 519 588	1 543 634
8.2.6 Montigny Investments Limited		
The Fund has a 38.46% shareholding in Montigny Investments Limited, and Montigny Property Holdings Limited unlisted companies registered in Eswatini. A summary of the combined audited financial position and results at its year end 30 September 2020 was as follows:		
Deferred taxation liability	(82 229 790)	(5 279 834)
Non Current- Biological assets	2 351 785 367	2 063 362 203
Current – Biological assets	482 994 226	487 784 510
Property, plant and equipment	402 478 834	375 612 496
Inventory	136 965 211	141 916 855
Trade and other receivables	192 507 344	231 613 815
Loans and borrowings	(481 597 899)	(455 968 141)
Trade and other payables	(189 497 531)	(218 209 468)
Taxation	4 399 331	1 139 098
Cash and cash equivalents	(11 732 810)	(51 900 698)
Related party accounts	(291 084 794)	(288 322 861)
Investments	-	1 838 458
Net assets	2 514 987 489	2 283 586 433
<i>Net profit for the year before taxation</i>	308 806 936	391 837 830

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	2021 E	2020 E
8. Investments (continued)		
8.2 Investment securities – Designated at fair value through profit or loss (continued)		
8.2.7 Old Mutual Swaziland Agri-Fund Partnership		
The Fund has a 61.7% holding in Old Mutual Agri-Fund, a partnership registered in Eswatini. A summary of its unaudited financial position and results at its year end 31 December 2020, was as follows:		
Loans and receivables	195 019 308	181 967 183
Investments at fair value through profit or loss	31 563	10 151 223
Cash and cash equivalents	968 832	2 291 083
Accounts payable	(3 771 397)	(1 658 960)
Net assets	192 248 306	192 750 529
<i>Loss for the year</i>	<i>(428 261)</i>	<i>(26 625 924)</i>
8.2.8 RMS Manzini Investments (Proprietary) Limited		
The Fund has a 100% holding in RMS Manzini. A summary of its unaudited financial position and results at its year end 31 March 2020 was as follows:		
Investment property	45 184 211	45 184 211
Financial assets	170 135	-
Trade and other receivables	-	2 645 991
Cash and cash equivalents	29 392 186	24 606 593
Trade and accounts payable	(445 400)	(445 964)
Shareholder's loan	(28 888 000)	(28 888 000)
Shareholder's interest	(20 634 142)	(17 906 206)
Net assets	24 778 990	25 196 625
<i>Net profit before taxation</i>	<i>414 636</i>	<i>3 090 574</i>
8.2.9 Lower Maguduza Hydro Power Project		
The Fund has 28% shareholding in the Lower Maguduza Hydro Power		
Shareholders capital injection	7 280 000	7 280 000
8.2.10 Bekelela Enterprises (Pty) Ltd		
The Fund has 100 % holding in Bekelela Enterprises, a company whose business and principal activity is forestry and collection of rental income from Tonkwane farms. A summary of its unaudited financial position and results at its year ended 31 December 2020, was as follows:		
Non-current assets (right of use of assets)	18 200 000	20 800 000
Trade and other receivables	537 240	503 238
Cash and cash equivalents	2 892 760	1 327 757
Loans from shareholders	(3 447 323)	(1 420 366)
Lease liability	(24 224 200)	(25 168 000)
Trade and other payables	(587 943)	(447 407)
Net liabilities	(6 629 466)	(4 404 778)
Net loss before tax	(2 224 668)	(2 780 063)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	2021 E	2020 E
8. Investments (continued)		
8.2 Investment securities – Designated at fair value through profit or loss (continued)		
8.2.11 Ingcamu Hotel (Pty) Limited		
The Fund has a 100% holding in Ingcamu Hotel which is a trading company for the Hilton Hotel activities in Eswatini. A summary of its unaudited financial position and results at its year ended 31 December 2020 was as follows:		
Property, plant and equipment	31 278 935	
Trade and other receivables	1 938 878	
Cash and cash equivalents	10 882 924	
Prepayments	186 839	
Tax receivable	150 922	
Inventory	250 808	
Shareholder's loans	(49 701 838)	
Trade and other payables	(8 775 888)	
Audit fee accrual	(200 000)	
Net liabilities	(13 988 420)	
Net loss before tax	(13 860 780)	
8.2.12 Woodlands Shopping Centre		
The Fund has a 70% holding in Woodlands Shopping Centre, a company whose business and principal activity is owning retail property and rental of commercial space. A summary of its unaudited financial position and results at its year end 30 June 2020 was as follows:		
Investment property	85 640 000	81 224 967
Trade receivables	166 474	79 498
Amounts due from related parties	-	407 579
Cash and cash equivalents	2 266 090	-
Shareholder's loan	(88 310 050)	(81 911 954)
Trade payables	(355 920)	(245 453)
Amount due to related parties	(98 577)	-
Net liabilities	(691 983)	(445 363)
Net loss before taxation	(246 621)	(445 462)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	2021 E	2020 E
8. Investments (continued)		
8.2 Investment securities – Designated at fair value through profit or loss (continued)		
8.2.13 Eswatini Mobile		
With effect from June 2020 the Fund converted a portion of the loan with Eswatini Mobile into equity acquiring 26% of the mobile telephone company. The Fund later increased its stake by acquiring a further 14% of the company. As at 31 March 2021, the Fund held 40% of Eswatini Mobile. Eswatini Mobile is a communications company, providing voice, messaging, data and converged services to over 200 000 customers.		
Property, plant and equipment	212 935 232	244 813 169
Intangible assets	78 712 943	98 560 980
Deferred taxation	143 707 071	104 848 076
Inventories	820 518	1 210 928
Trade and other receivables	29 814 871	27 729 586
Loans	(281 704 396)	(435 699 322)
Trade and other payables	(290 436 659)	(227 740 637)
Provisions	(18 514 926)	(5 836 191)
Bank overdraft	(37 638 545)	(47 490 962)
Net liabilities	(162 303 891)	(239 604 373)
Net loss before taxation	(141 255 437)	(214 255 507)
	2021 E	2020 E
8.2.14 Gables		
The Fund has a 50% joint venture with The Gables (Pty) Limited, a joint venture whose main business is the ownership and rental of commercial space. A summary of its unaudited financial position as at 31 March 2020 was as follows:		
Investment property	375 881 123	372 050 000
Property, plant and equipment	435 734	470 467
Trade and other receivables	590 767	2 412 318
Cash and cash equivalents	4 914 743	5 258 110
Tenant deposits	(1 003 587)	(1 018 390)
Trade and other payables	(4 250 684)	(2 068 423)
Net assets	376 568 096	377 104 082
Net profit before taxation	22 995 618	24 880 094

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	2021 E	
8. Investments (continued)		
8.2 Investment securities – Designated at fair value through profit or loss (continued)		
8.2.15 Tambankulu Estate		
With effect from December 2020 the Fund acquired 100% of Tambankulu Estates. The Estate is an agri-business, based on two sugar estates astride the Black Umbuluzi river in north-eastern Eswatini. A summary of its unaudited financial position and results at its year ended 31 March 2021 are as follows:		
Property, plant and equipment	103 187 946	
Other tangible assets	5 262 931	
Inventories	3 933 053	
Trade and other receivables	7 688 540	
Biological assets	151 988 938	
Cash and cash equivalents	30 778 921	
Deferred tax liabilities	(36 720 340)	
Trade and other payables	(28 443 897)	
Other current liabilities	(16 894 233)	
Net assets	220 781 859	
Net profit for the year before taxation	55 894 075	
	2020 E	2019 E
8.2.16 Eswatini Royal Insurance Corporation (ESRIC)		
The Fund holds a 7.58% share in ESRIC and further houses 6.84% for the Government under a three-year cession agreement. The unaudited financial position of the company as at 31 December 2020 was as follows:		
Intangible assets	33 958 590	20 953 359
Property, plant and equipment	39 331 401	40 134 625
Investment property	46 400 001	46 502 195
Deferred tax	5 240 218	1 481 422
Right of use of assets	(761 751)	(328 188)
Financial assets at fair value	2 086 766	1 922 991 510
Financial assets at amortised cost	20 584 658	20 000 000
Deferred acquisition costs	8 903 965	9 365 257
Reinsurance assets	109 181 861	111 433 790
Loans and receivables including insurance	192 859 680	192 810 759
Cash and cash equivalents	314 455 917	289 699 319
Policy holders' liabilities	(2 027 177 140)	(1 974 479 188)
Reinsurance liabilities	(17 340 457)	(21 311 505)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	2021 E	2020 E
8. Investments (continued)		
8.2 Investment securities – Designated at fair value through profit or loss (continued)		
8.2.16 Eswatini Royal Insurance Corporation (ESRIC) (continued)		
Insurance and other payables	(55 143 800)	(43 327 615)
Employee benefit provisions	(16 003 668)	(15 275 270)
Current income tax liability	(16 953 301)	(3 003 477)
Net assets	(1 360 377 060)	597 646 993
Net profit before taxation	275 217 885	216 634 459

	2021 E	2020 E
8.3 Investment securities – held for trading		
The asset managers used during the year and the value of assets managed at year end were as follows:		
Allan Gray Limited	3 385 678 156	4 327 082 826
Coronation Asset Management (Proprietary) Limited	-	4 307 495
Foord Asset Management (Proprietary) Limited	-	510 395 543
Sanlam Investment Management (Proprietary) Limited	1 439 397 098	1 463 593 179
Stanlib Global	1 561 722 507	1 059 182 674
Aluwani Capital Partners	1 580 401 304	1 068 885 081
Stanlib Asset Management Limited	2 790 780 129	360 998 410
Old Mutual	1 475 934 749	988 141 878
Alexander Forbes	2 886 878 368	1 339 544 599
Gryphon	794 429	18 028 317
African Alliance	399 250 877	-
Balondolozzi	403 435 935	-
	15 924 273 552	11 140 160 002

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

8. Investments (continued)

8.3.1 Investments securities – held for trading reconciliation

	Opening balance E	Additions E	Withdrawals E	Investment income capitalised E	Withholding tax E	Realised profit/(loss) E	Unrealised fair value gains/(losses) E	Manage- ment fees paid E	Closing balance E
Allan Gray	4 327 082 826	-	(2 413 943 034)	210 160 962	(10 849 145)	185 424 542	1 111 068 786	(23 266 781)	3 385 678 156
Coronation	4 307 495	-	(4 322 036)	26 419	-	(12)	-	(11 866)	-
Foord	510 395 543	-	(539 218 281)	-	-	335 321 297	(306 497 247)	(1 312)	-
Stanlib (Equity)	360 998 410	-	(360 825 477)	1 920	-	-	-	(174 853)	-
Sanlam (Equity)	1 463 593 179	(608 108 154)	-	70 159 513	(5 265 352)	(11 459 219)	537 533 346	(7 056 215)	1 439 397 098
Aluwani	1 068 885 081	-	-	47 242 407	(5 602 570)	60 371 007	416 732 450	(7 227 071)	1 580 401 304
Stanlib Equity (SA)	1 059 182 674	11 081 797	-	45 078 236	(5 234 994)	(18 507 451)	477 868 019	(7 745 774)	1 561 722 507
Old Mutual	988 141 878	6 300 000	-	44 240 456	(5 221 314)	25 531 035	423 648 984	(6 706 290)	1 475 934 749
Alexander Forbes	1 339 544 599	824 874 188	-	62 324	-	-	722 397 257	-	2 886 878 368
Gryphon	18 028 317	804 341 837	(835 897 477)	1 936 964	(63 368)	18 856 924	(982 477)	(5 426 291)	794 429
Stanlib Global	-	2 097 086 562	-	3 511 372	-	-	690 183 189	(994)	2 790 780 129
African Alliance	-	405 064 262	-	-	-	-	(5 813 385)	-	399 250 877
Balondolzi	-	413 563 878	-	3 589 791	-	(558 968)	(12 981 428)	(177 338)	403 435 935
	11 140 160 002	3 954 204 370	(4 154 206 305)	426 010 364	(32 236 743)	594 979 155	4 053 157 494	(57 794 785)	15 924 273 552

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	2021 E	2020 E
9. Investment property		
Investment property comprises portions 931, 932, 933, 935, 947 and portion 948 of Farm no. 2 situated in the Mbabane Urban area in the Hhohho region with improvements thereon; remaining extent of portion 2 and 4 of farm no. 73 situated in the Hhohho District, Eswatini with improvements thereon.		
At beginning of the year	881 537 351	838 638 512
Impairment of investment property	(89 008 756)	-
Additions	11 050 819	42 898 839
At end of the year	<u>803 579 414</u>	<u>881 537 351</u>
10. Accounts receivable		
Net VAT receivable	22 746 535	21 421 618
Prepayments	1 805 729	900 541
Staff receivables	2 148 655	3 514 068
Rent receivable	2 630 584	2 574 153
Withholding tax receivable	468 653	468 653
	<u>29 800 156</u>	<u>28 879 033</u>
11. Arrear contributions		
Receivable from the Eswatini Government	98 007 764	98 029 380
Less provision for impairment	-	-
	<u>98 007 764</u>	<u>98 029 380</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)



	2021 E	2020 E
12. Bank and cash		
First National Bank of Eswatini Current Account	12 448 064	7 504 404
First National Bank of Eswatini Call Account	33 806 829	67 370 316
First National Bank of Eswatini Trust Current Account	33 089 649	7 840 546
Nedbank (Swaziland) Call Account	49 773 534	41 378 454
Nedbank (Swaziland) Current Account	78 043	75 011
Standard Bank Eswatini Current Account	(394)	(338)
Eswatini Bank Current Account	47 415	72 006
Standard Fund Eswatini Call Account	57 667	9 663 813
MTN Mobile Money	175 766	112 000
Standard Bank South Africa Call Account	292 676	283 581
Petty cash	121	3 791
	<u>129 769 370</u>	<u>134 303 584</u>
13. Money market and short term securities		
Stanlib Eswatini – Income Fund	7 285 651	102 429 923
African Alliance Eswatini –Lilangeni Fund	69 355 505	151 974 755
Eswatini Bank – Fixed Deposit	107 880 137	107 883 834
Nedbank – Fixed term deposit	-	108 325 971
Old Mutual Absolute Growth Portfolio	21 613 189	20 622 862
Stanlib Unit Trust – Money market	42 432 222	40 308 280
Sanlam Unit Trust – Money market 2	42 980 866	39 903 700
Sanlam Unit Trust – Money market 1	123 258 101	114 436 868
	<u>414 805 671</u>	<u>685 886 193</u>
14. Benefits payable		
Trust Account benefits	118 502 737	88 052 526
Accrued lump sum benefits	14 521 687	22 077 103
Pensioners suspended	2 768 718	3 733 096
	<u>135 793 142</u>	<u>113 862 725</u>
15. Accounts payable		
Accrued expenses	9 772 530	11 974 559
Investment fees	14 861 215	10 668 348
PEU Levy	39 639 530	13 051 021
Other payables	20 392 006	15 287 379
Retention	2 963 238	2 831 974
	<u>87 628 519</u>	<u>53 813 281</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	2021 E	2020 E
16. Notes to the cash flow statement		
16.1 Cash generated by operations		
Surplus before fair value adjustments	1 399 045 843	2 112 930 734
Adjusted for:		
Depreciation of property and equipment	2 480 000	2 308 847
Provision for impairment	102 155 850	-
Net surplus for the year before working capital changes	1 503 681 693	2 115 239 581
Movement in accounts and arrear contributions receivable	(899 507)	(5 869 223)
Movement in accounts and benefits payable	55 745 655	6 254 329
	<u>1 558 527 841</u>	<u>2 115 624 687</u>
16.2 Cash and cash equivalents		
Bank balances and cash (Refer note 12)	129 769 370	134 303 584
Money market and short term securities (Refer note 13)	414 805 671	685 886 193
Closing balance	<u>544 575 041</u>	<u>820 189 777</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)



17. Financial position of the Fund

The Fund was actuarially valued by Bernard Yen of Aon Hewitt Actuarial. In terms of their report dated 28 May 2021 the valuation of the Fund as at 1 April 2021 reflected the following:

Past service

The funding level was 73.0% resulting in a deficit of E10 139 million.

The contribution rate, after adding an allowance for expenses, required to support the level of benefits expected to accrue over the next year is 28.2%.

Future service

The additional contribution rate required to eliminate the past service shortfall over the future service of current members over the next 15 years is 13.3% of pensionable emoluments.

The total required contribution rate including that required to Fund the deficit is therefore 41.5%.

18. Financial instruments

Financial assets of the Fund include cash, marketable securities and accounts receivable. Financial liabilities of the Fund include accounts payable and benefits payable.

Interest rate risk

Included in investments (note 8) are financial assets with fixed and floating interest rates which are subject to interest rate risk.

Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted. The Fund has significant exposure to various investment managers. To reduce exposure to credit risk the Fund performs ongoing evaluations of the financial performance of the Fund managers. The Fund invests available cash and cash equivalents with its Fund Managers and Banks. The Fund is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments but, given their credit ratings, management does not expect any counterparty to fail to meet its obligations.

Fair value

The fair values of investments are shown in note 8 to the financial statements. The fair values of cash, accounts receivable and accounts payable are not materially different from their carrying amounts.

Derivative market instruments

Derivative market instruments have been entered into by the Fund Managers for the purpose of reducing the price risk of the share portfolio.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

	2021 E	2020 E
19. Capital commitments		
Authorised	<u>1 265 197 410</u>	<u>101 000 000</u>

19.1 Residential Flats

The Fund in 2019 approved an investment plan for the development of residential flats. The project will be financed from the Fund's resources and was still in progress during the 2021 financial year. The development will be completed in 2021.

20. Employees

The average number of employees during the financial year was 56 (2020: 55).
Employment costs amounted to E39 315 862 (2020: E49 883 048).

21. Pension and other retirement benefits

The Fund and its employees contribute to a separately administered defined contribution plan (The Public Service Pensions Fund Staff Pension Scheme). Contributions are based on a percentage of pensionable earnings. The assets of the plan are held in a separate independently administered fund. Contributions to this fund are charged to the revenue account.

An accrual has also been made for benefits, payable on retirement or retrenchment amounting to E7 108 857 (2020: E7 951 697).

22. Related parties

The Fund holds significant equity investments as detailed in note 8.2. Even though the Fund has effective control or exercises significant influence over these entities, they have not been consolidated or equity accounted because the Fund's accounting policy election is that it is not the business of the Fund to acquire equity investments for control purposes.

In certain instances the Fund has advanced amounts to controlled entities on terms and conditions similar to advances to non-related entities. (Refer note 8).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)



	2021 E	2020 E
22. Related parties (continued)		
The following transactions were entered into during the course of the year:		
Dividends received from Swazi Empowerment Limited	36 652 465	35 149 177
Dividends received from Swaziland Property Investments Limited	2 999 383	3 249 332
Dividends received from Royal Eswatini Sugar Corporation	107 305	81 040
Dividends received from Eswatini Royal Insurance Corporation	11 188 800	9 165 000
Dividends received from Greystone Partners (Pty) Ltd	150 000	-
Interest received from RMS Manzini Investments (Pty) Ltd	2 727 937	1 353 919
Interest received from Libuyile (Pty) Ltd – Debentures	6 168 915	7 090 197
Interest received from The New Mall (Proprietary) Limited	1 275 602	1 391 566
Interest received from EMPROP Limited	8 882 871	10 200 354
Share of rental income received from The Gables Shopping Centre Partnership	8 861 655	11 684 707

Executive management consists of the Chief Executive Office, Director Finance, Director Corporate Services, Director Operations, Director Information Technology, Director Internal Audit and Risk and the Director Investments.

Fees, allowances and expenses of the Board of Trustees and committees was E1 801 703 (2020: E1 941 294).

23. COVID-19

In March 2020, the Government of Eswatini invoked Section 29 of the Disaster Management Act of 2006 and declared a national emergency imposing a partial lockdown in the country. The effect of this decision was disruption in business operations and a significant increase in economic uncertainty. The partial lockdown regulations implemented by the Government of Eswatini categorised the Fund as an essential industry and it has therefore been able to continue with its normal operations, albeit implementing a best practice COVID-19 risk avoidance strategy. Management actively monitors and responds to the constant changes in the external environment so as to ensure that the Fund emerges as a going concern post the COVID-19 era.

The COVID-19 pandemic has impacted the asset growth of the Fund in the period under review. To mitigate the effects of the pandemic, we extended relief to our clients who were impacted by the pandemic. These facilities are ring-fenced and their performance is closely monitored. A business continuity plan has been put in place to ensure that business operations can continue uninterrupted. The Fund has implemented preventative measures across the business to ensure the safety of our staff and clients. Management continues to monitor and evaluate the COVID-19 response strategies in place and adjusts them in line with the ever-changing environment. Based on this, the directors' are of the view that the business will continue to operate as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021 (continued)

24. Going concern

The annual financial statements have been prepared on a going concern basis, which assumes that the Fund will be able to meet the mandatory repayment terms of the liabilities disclosed in the Statement of Financial Position.

The Fund has recognised a surplus of E5 394 897 508 for the year ended 31 March 2021 and, as at that date, total assets exceed total liabilities by E27 555 732 047 (2020: E22 160 834 539). Management has a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future.

25. Subsequent events

There have been no events that have occurred subsequent to year end which require adjustment or disclosure in the financial statements.



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