



# PUBLIC SERVICE PENSIONS FUND



**Growing  
Together**

**ANNUAL  
REPORT**

**2023**



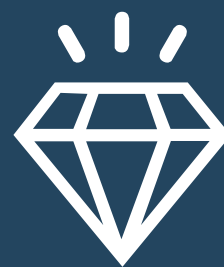
## VISION

Providing an excellent memorable retirement service experience



## MISSION

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



## VALUES

- ▶ Innovation
- ▶ Buntfu
- ▶ Transparency
- ▶ Excellence

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# THE MINISTER RESPONSIBLE



**Minister of Public Service**  
**Honourable Mabulala Maseko**

# CHAIRMAN'S STATEMENT



**Sammy Dlamini - Chairman**

## INTRODUCTION

**It is my distinguished honour to present this 2022–23 Annual Report on behalf of the Board of Trustees, Management, and Staff of the Public Service Pensions Fund (PSPF).**

This period under review had a significant milestone nestled within it, which is the rebranding of the Fund after 29 years of existence. The Fund launched a lively new-look corporate identity and logo in July 2022. This new brand replaced the distinctive symbol developed in 1993 after transitioning from the Pensions Department of the Ministry of Public Service to a public enterprise. Features of the new logo represent the growth and regeneration trajectory which the Fund has forged and aspires to uphold.

Our rebranding comes at a significant time as the world begins recovery from the adverse socio-economic effects of the COVID-19 pandemic. It is, however, reassuring to note that despite the uncertainties caused by that period, the Fund remained firm in its stability. More so, our

stakeholders remained united and supportive, thus exerting the Fund to resilience.

This Annual Report is therefore a canvas, on which the performance of our year, is painted in line with our resolute values of transparency. It is also an important stakeholder engagement instrument enabling them to keep a pulse on the performance of this public entity entrusted with such an important task of the Eswatini public service pensions.

## INVESTMENTS

Investments are the fulcrum of the growth strategy of the Fund. While various global challenges have negatively impacted PSPF's investment performance, the Fund was able to maintain a relatively stable performance in the year under review.

As of 31 March 2023, the Fund had invested 44 percent (E13.7 billion) of its total assets within the Kingdom of Eswatini, 37 percent (E11.6 billion) in South Africa, 19 percent (E5.9 billion) Offshore through external Asset Managers. Assets invested locally are ably managed both internally by the Fund and through local Asset Managers.

The Fund also posted a steady total annual return for the year amounting to 8.6 percent, which is equal to the overall return recorded in the previous year. The Fund has remained committed to investments in the Eswatini economic landscape as that in turn churns jobs and impacts the socio-economic development of the country in a positive manner. The Eswatini portfolio which is comprised mainly of fixed-income instruments and property had an annual return of 7.3 percent. The steady and stable return in the domestic portfolio is in part due to the asset allocation of this portfolio being predominantly fixed-income instruments. Focus continues to be dedicated to exploring strategic ways to make impactful investments that will consolidate and grow the organisation's asset base through the various investment portfolios for the benefit of its membership base.



## FINANCIAL HIGHLIGHTS

The Fund continued to posture itself on stable growth as income grew to E3.15 billion in 2023 compared to E3.04 billion in 2022. This positive performance delivered a net surplus of E1.4 billion as recorded in the financial statements for the year ended 31 March 2023. Of further note is that the overall assets of the Fund increased by 7.64 percent from E30.3 billion in 2022 to E31.7 billion in 2023.

The main driver of the positive financial performance was the listed Global equities and South African listed equities in the Foreign portfolio. These instruments recorded gains from interest earned and dividend income as recognised through profit or loss. The domestic portfolio assets also grew to reach 44 percent. This is testament to the confidence the Fund has in the local economy coupled with a dedication to growing it for mutual benefit.

The Fund remains committed to its role as a reliable pensions fund as it paid out a total of E1.4 billion in benefits to members in the period under review compared to E1.3 billion in 2022. These were in the form of gratuities, retirement annuities, death benefits, membership withdrawals, contracted employee benefits and funeral cover expenses.

The Fund's Funding Levels remain steady at 81.1 percent (2023) from 80.2 percent (2022). The Board of Trustees is steadfast in its commitment to exploring strategies to reach a full funding level and ensuring long-term sustainability of the Fund. The Fund's consistent improvement over the years, despite the effects of COVID-19, has seen our funding level over the past five years recover from 68.9 percent to the current status. We shall continue to endeavour tirelessly to one day realise a fully funded position.

## STAKEHOLDER RELATIONS

The Fund values stakeholder engagement as it helps to proactively consider the needs and views

of the membership who have a stake in the organisation. In the period under review, the Fund dedicated time and interactive participation to successfully host its Annual Stakeholder Forum as well as engagements with the various focus groups within the membership. This interactive engagement has truly been beneficial as it served to provide members with correct and up to date information about the Fund, its operations and plans for the future, while at the same time allowing constructive input and suggestions that members on the ground consider appropriate to incorporate.

## CONCLUSION

In conclusion, my appreciation goes to the Minister of Public Service, the Honourable Mabulala Maseko (MP), for the visible and impactful support he has given the Fund throughout his term of office. As Chairman of the Board, I also am grateful to the Board of Trustees and Investment Committee for their wise and expert inputs. I also appreciate the cordial working relationship we have that is always results-based and founded on a win-win mantra for the Fund's benefit.

My thanks also go to the Management and Staff for the spirit of excellence in their daily operations. This selfless spirit is evident in the results we paint today. Finally, I wish to thank our members and their families for their continued trust and engagement with the Fund. As you read the rest of this Annual Report, may its contents give you hope and confidence on the good work being done. May it also show you areas of improvement we need to work on together and may it be a shining light towards propelling the continued stability of the Fund.

I thank you.



**Sammy Dlamini**  
Chairman

# BOARD OF TRUSTEES



**Mr. S.S. Dlamini**  
*Chairman*



**Mr. C.D. Khumalo**



**Ms. M. Ntsane**



**Mr. E.B. Hlatshwayo**





**Mr. V. Dlamini**



**Ms. P. Masilela**



**Mr. P.E. Ginindza**



**Ms. D. Dlamini**



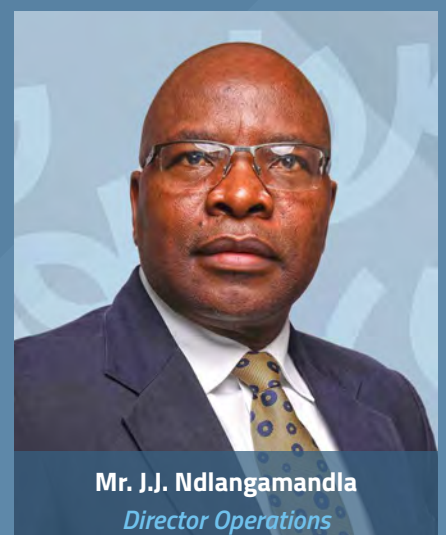
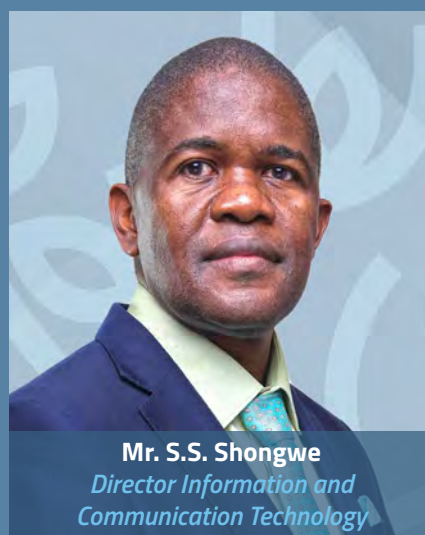
**Mr. C. Dlamini**



**Mr. C.R. Tembe**



# EXECUTIVE MANAGEMENT







# CORPORATE GOVERNANCE AND RISK MANAGEMENT STATEMENT

The Board of Trustees is committed to the objective of achieving high standards of corporate governance, which are designed to provide assurance that the Fund is directed and controlled by its Board and through systems of delegation and escalation so as to be able to achieve its business objectives responsibly and in accordance with high standards of accountability and integrity.

## GOVERNANCE STRUCTURES

### Stakeholder

The Fund through its Board is accountable to the Government 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 comprises ten non-executive members, appointed by the Minister in consultation with relevant constituents in accordance with Retirement Funds Act, 2005. The Board is led by an elected Chairperson from their own ranks at the first meeting of the newly appointed Board.

The current Board was appointed on 1 June 2022. The Board has a charter which sets out their terms of reference. It defines the roles, responsibility and authority of the Board.

In addition, there is full separation of the roles of the 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.

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 consults expert advisors when necessary to assist the Board in fulfilling its fiduciary duties. These advisors, appointed through a competitive bidding process, include External Auditors, Investment Advisor, Actuary and Legal experts.

Ongoing Board training is undertaken to ensure they have a thorough understanding of the Fund's founding legislation and its operating environment. Training sessions held in the financial year included subjects such as: Trustee fiduciary duties, Corporate Governance and Fund administration.

### Investment Committee

The Investment Committee is a statutory body that advises the Board on the investment of the Fund's assets. It consists of the Chairman of the Board and four other persons appointed by the Minister in consultation with the Board for their expertise in investment matters. The term of office for the Committee is three (3) years. The Committee deliberates on investments issues and makes recommendations to the Board for approval.

The Investment Committee was appointed on 1 August 2022. The current membership of the Committee consists of Mr ZW Lukhele (Chairman), Mr DD Ntshalintshali, Ms KF Dlamini, Mr MV Ntshangase and Mr SS Dlamini (Chairman of the Board of Trustees).

# CORPORATE GOVERNANCE AND RISK MANAGEMENT STATEMENT (continued)



## Sub Committees

The Board has constituted four subcommittees to, which it has delegated some of its responsibilities, in accordance with the respective terms of reference. The Committees are the Finance and Audit Committee, Human Resources and Administration Committee, Projects Committee and the Benefits Committee and comprise four (4) members each. The Committees meet quarterly and special meetings are held as

and when the business of the Fund demands. After each Committee meeting, the Chairpersons of the Committees report to the Board on matters discussed and make recommendations for Board approval.

These Committees all strive for excellence and attainment of the Fund's objectives in carrying out their responsibilities.

## Internal Audit, Compliance and Risk Management

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, it reports functionally to the Finance and Audit Committee, and administratively to the Chief Executive Officer. The unit 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 2023/24 financial year. Internal audit reports are 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 hence providing assurance on the effectiveness and adequacy of the control environment.

The Fund has in place an effective compliance framework and a Policy that serves as a cornerstone in the development of a compliance culture within the Fund. This also ensures that the Fund complies with all applicable legislative and regulatory requirements. Risk management is an integral part of the Fund's governance framework, the Fund has in place a Risk Management Policy and Plan which was approved by the Board. The top 10 Strategic and operational risks were identified through a risk assessment process. Mitigating strategies were put in place by Management to address the risks identified and these are monitored regularly.



# OPERATIONS REPORT

## Financial Highlights

	2019 Em	2020 Em	2021 Em	2022 Em	2023 Em
<b>INCOME</b>					
A. Contributions	1 189	1 187	1 202	1 276	1 261
B. Investment income	1 444	2 413	1 787	1 766	1 891
C. <b>Total</b>	<b>2 633</b>	<b>3 600</b>	<b>2 989</b>	<b>3 042</b>	<b>3 152</b>
D. Revaluation Gains/(Losses)	427	(3 245)	3 996	1 366	37
E. <b>Gross Income</b>	<b>3 060</b>	<b>355</b>	<b>6 985</b>	<b>4 408</b>	<b>3 189</b>
<b>EXPENSES</b>					
F. Benefits awarded	1 176	1 237	1 325	1 361	1 461
G. Administration expenses	121	128	116	146	176
H. Investment Fees	92	102	107	126	128
I. Regulatory Fees	27	20	42	36	35
J. <b>Total</b>	<b>1 416</b>	<b>1 487</b>	<b>1 590</b>	<b>1 669</b>	<b>1 800</b>
K. Surplus/(Deficit)	1 644	(1 132)	5 395	2 739	1 389
<b>FINANCIAL POSITION</b>					
Property, plant, and equipment	43	43	41	41	42
Foreign assets <sup>N2</sup>	13 028	11 140	15 924	18 099	17 536
Domestic assets <sup>N3</sup>	10 383	11 145	11 814	12 386	13 694
Accumulated funds	(23 293)	(22 160)	(27 556)	(30 294)	(31 684)
Liabilities	(161)	(168)	(223)	(232)	(269)
<b>CASHFLOWS</b>					
Cash from operations	1 139	2 115	1 559	607	271
Net cash invested	(1 045)	(3 025)	(1 834)	(442)	(326)
Net (decrease)/increase	94	(910)	(275)	165	(55)
<b>Closing cash position</b>	<b>1 730</b>	<b>820</b>	<b>545</b>	<b>710</b>	<b>655</b>
<b>FINANCIAL RATIOS</b>					
	Formula	%	%%	%	%
Member benefits/contributions	F/A	98	104	110	107
Admin expenses/ contributions	G/A	10	11	6.95	11
Admin expenses/total expense	G/J	9	9	7	9
Return on investments		7	(3)	25	10
Inflation		5	3	4	4
Real rate of return		2	(6)	21	6

N2 – This is the portfolio invested outside the country.

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

# OPERATIONS REPORT - continued

## Key Statistics

		2019	2020	2021	2022	2023
1	Revenue (Em)	2 633	3 600	2 989	3 042	3 152
2	Benefits Awarded (Em)	1 176	1 237	1 325	1 361	1 461
3	Normal Gratuity members paid (numbers)	829	777	710	551	669
4	Death Gratuity	229	181	281	233	209
5	Benefit withdrawals	178	148	56	81	124
6	Contract Gratuity members	76	71	66	123	98
7	Temporary member withdrawal	24	2	5	0	0
8	Funeral Benefit members	486	478	791	661	537
9	Number of Pensioners paid	25 125	25 253	25 004	25 989	25 291
10	Average age (Years)	41.3	41.8	41.3	42.9	43.3
11	Average service (Years)	14.5	14.9	14.4	15.9	16.2
12	Average annual salary (E'm)	137 143	138 709	144 668	145 415	152 323
13	Retirees (numbers)	9 075	9 576	9 832	10 168	10 646
14	Spouses on pensions (numbers)	6 500	6 620	6 871	7 204	7 184
15	Children on pension (numbers)	9 550	9 057	8 301	8 617	7 461
16	Suspended pensioners (numbers)	1 172	892	558	374	930
17	Pensionable officers (numbers)	42 979	42 130	41 323	40 594	40 965
18	Funding Level (%)	78.4	68.9	73.0	80.2	81.1
19	Net assets Value (Em)	23 393	22 161	27 556	30 294	31 684

## Performance Analysis for the year

### Net Surplus and Net Assets

The Fund continued to achieve a positive performance with a Net Surplus of E1.4 billion recorded in the financial year ended 31 March 2023. Although this was a decline compared to the Net Surplus of E2.7 billion recorded in the financial year ended 31 March 2022. The Net Asset Value of the Fund increased from E30.3 billion to E31.7 billion. The main drivers of the positive performance were listed Global and South African Equities. South African equities recorded gains from revaluation gains and dividend income as recognised in the profit or loss.

### Asset Allocation

The Fund maintained its investment strategy target of investing 30 percent of the Fund's assets in the Foreign portfolio (South Africa), 20 percent Offshore and the other 50 percent in the Domestic portfolio (Eswatini). As at 31 March 2023, 56 percent of the Investment Portfolio was invested externally (37 percent in South Africa and 19 percent offshore) and 44 percent was invested locally (Eswatini).



#### **a) *South Africa Equities Portfolio***

The Fund invested 37 percent of the total portfolio in South African listed equities. Funds are invested with Allan Gray, SANLAM Investment Management, ALUWANI Capital Partners, STANLIB Asset Management Limited, Old Mutual Investment Group, African Alliance, and Balondolozzi Investment Group. SA Equities delivered an average performance of 1.4 percent in the period under review against a benchmark of 0.2 percent. There was a sharp decline in equity performance compared to the average performance of 20.5 percent received in March 2022, which was a result of continuing geopolitical tensions, ESKOM load shedding issues which have affected production and manufacturing, and the strengthening of the Dollar against the South African Rand.

#### **b) *Off-shore Equities Portfolio***

The Fund invested 19 percent of its total portfolio in the Offshore market, with STANLIB Global Multi Manager and Alexander Forbes Jersey. Performance of the two Managers improved in the period under review, however, the overall performance of the offshore investments was slightly below the benchmark. The appreciation of the Dollar to the Rand has also improved returns. The average return received was 11.4 percent gross of fees against a benchmark of 12.9 percent in the period under review. This resulted in an underperformance of 1.5 percent.

#### **c) *Performance Appraisal***

The Fund's strategy is to hedge against concentration risk by ensuring that all investment managers are within the set threshold of 15 percent of the total foreign portfolio. Each investment manager is not allowed to invest more than 10 percent per asset counter. For performance appraisal purposes each manager should invest with a target of outperforming the FTSE or JSE Capped SWIX benchmark by 2 percent over any rolling 5-year period net of fees. We are confident of the future performance outlook with the combination of these investment managers.

#### **d) *Domestic portfolio***

The market value of this portfolio was E13.7 billion as of 31 March 2023. This portfolio is invested under two mandates. There is the portfolio under segregated mandates and the other directly managed by the Fund. This approach has enabled the Fund to properly diversify the portfolio into all sectors of the economy. This portfolio increased by E1.3 billion in the period under review.

##### **i) *Domestic Segregated Mandates***

Under the Segregated Mandates, we have continued with the existing investment managers namely, Inhlonhla Proprietary Limited, STANLIB Asset Management Swaziland, Old Mutual Swaziland, SANLAM Eswatini and African Alliance. These were appointed on a discretionary mandate except that they are not allowed to invest in government bonds on behalf of the Fund. This is meant to protect the Fund from competing against its own appointed agencies on Government bonds. The total segregated mandate portfolio was E6.8 billion as at 31 March 2023 against E5.6 billion in March 2022. There was a growth of E1.2 billion in the period under review.

##### **ii) *Own Portfolio (Direct Investments by the Fund)***

Under the Own Portfolio, we have continued to invest mainly in government bonds, equities, and corporate bonds. This portfolio had a market value of E6.9 billion against E6.5 billion as at 31 March 2022. The Domestic

# OPERATIONS REPORT - continued

Portfolio invested 10.9 percent in local equity, 66.5 percent in loans/bonds, 15.1 percent in property and 7.5 percent in cash.

The Fund delivered a performance of 8.4 percent in the period under review against 7.5 percent in the year ended 31 March 2022 under this portfolio. This translates to an increase of 0.9 percent. The main drivers being interest on loans and dividends received and an improvement in interest rates due to increases through the Central Bank in the period under review.

### Pension Contributions

Contributions received amounted to E1.261 billion in March 2023 against E1.276 billion in March 2022.

### Cashflows

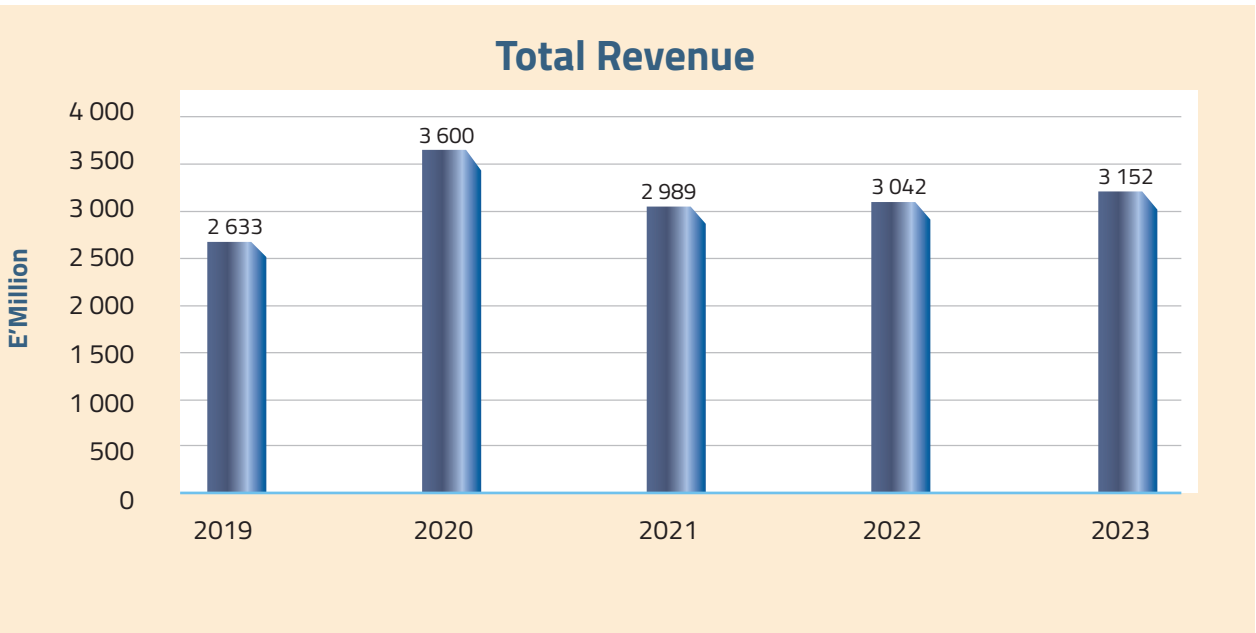
The Fund remained liquid as it met all its financial obligations as they fell due including timely release of funds for investment projects. The Fund invested in Government bonds, private sector Corporate bonds and loans for Government agencies which amounted to E4.5 billion.

### Benefits Awarded

The Fund paid out a total of E1.4 billion 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.

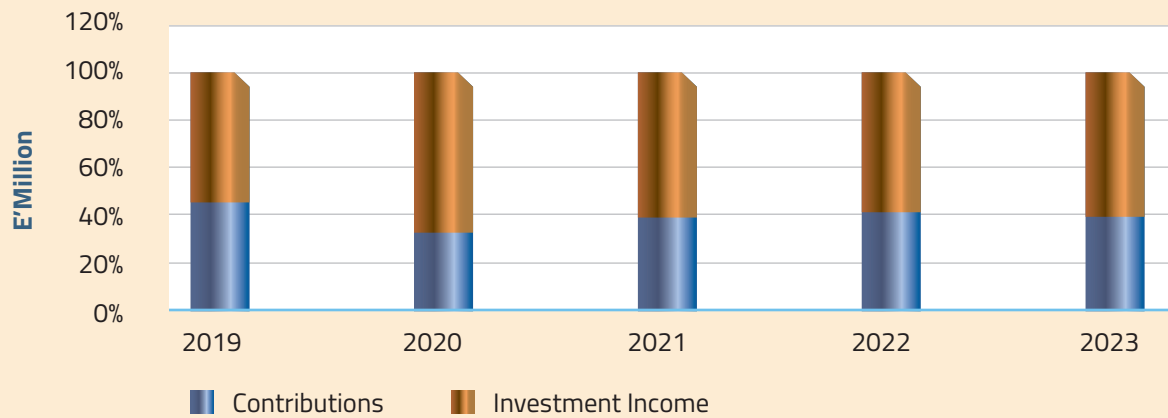
### Performance trend analysis

The Fund takes a long-term (5 years) view on the performance of the Fund, however, for some charts we have prepared a comparison for two years especially where we would like to show growth ratios.





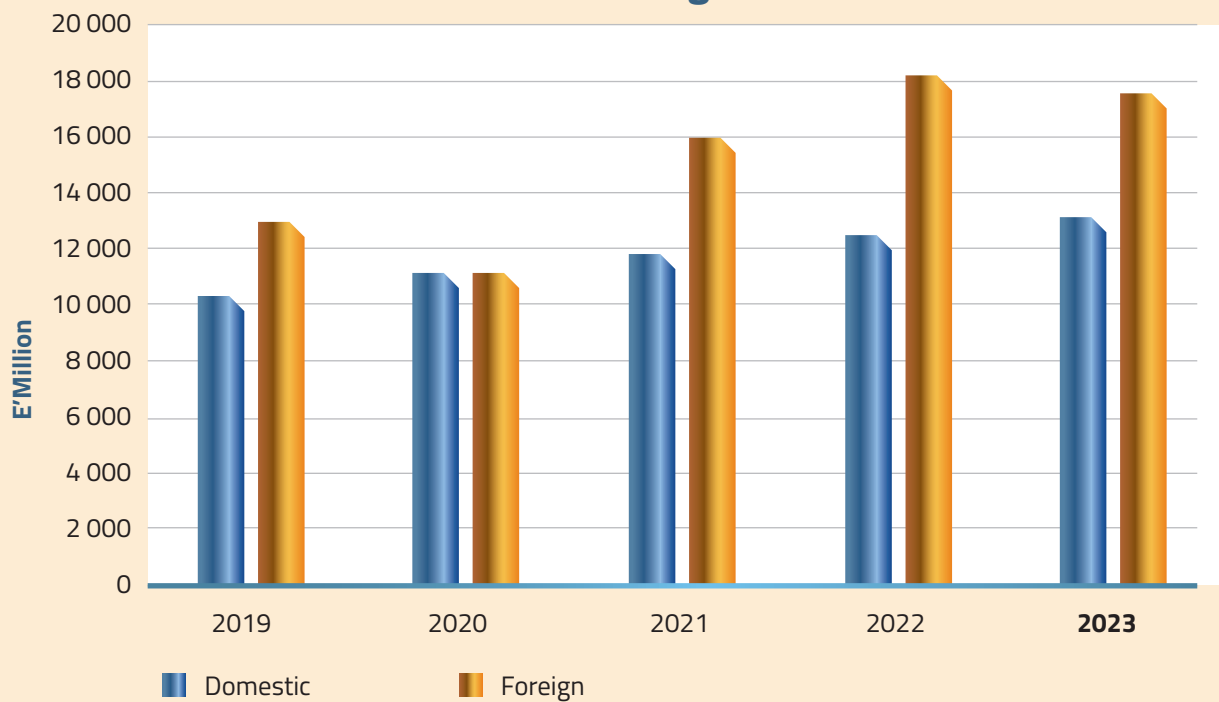
## Revenue: Contribution vs Investment Income



## Overall Investment Income Composition

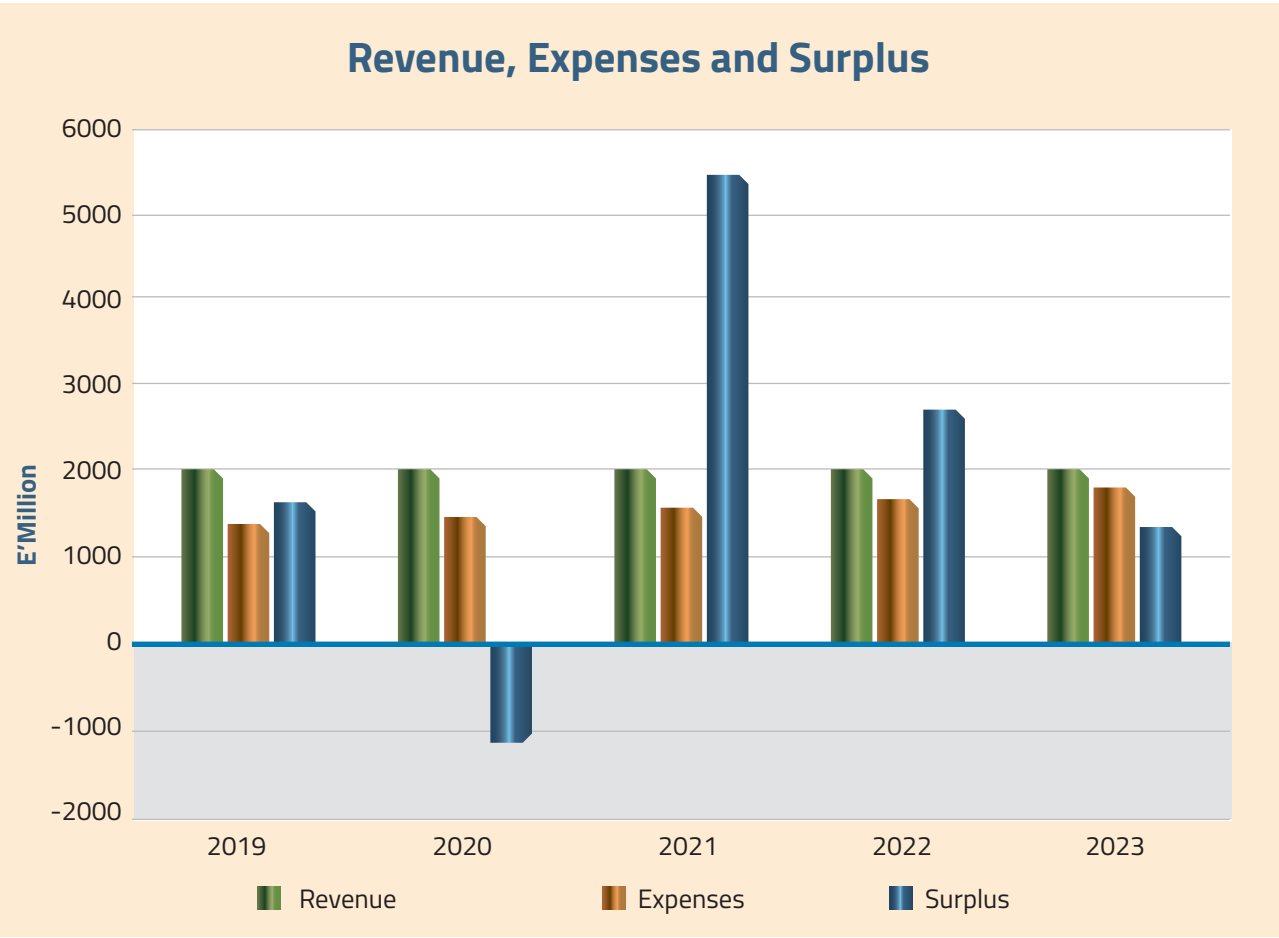
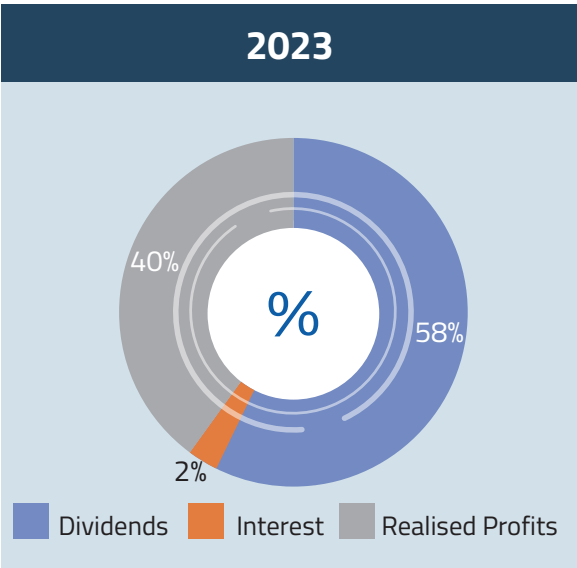
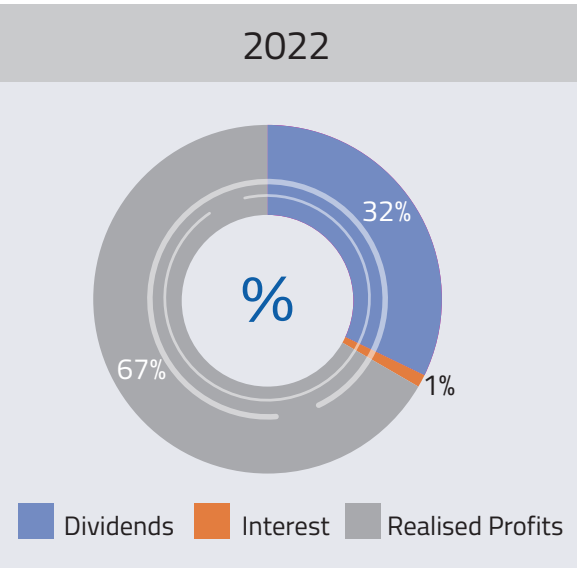
	2019	2020	2021	2022	2023
Dividends	6%	6%	7%	11%	8%
Interest Income	90%	91%	89%	85%	86%
Rental	4%	3%	4%	4%	6%

## Domestic vs Foreign Portfolio



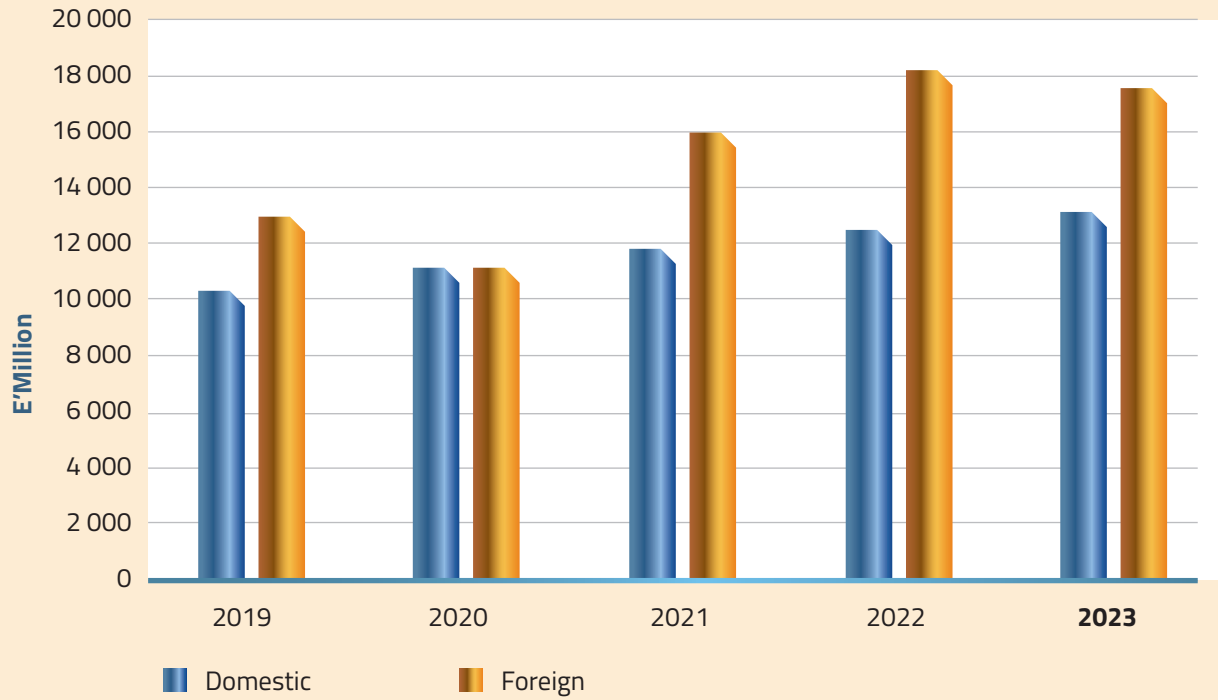
# OPERATIONS REPORT - continued

## Foreign Income Composition

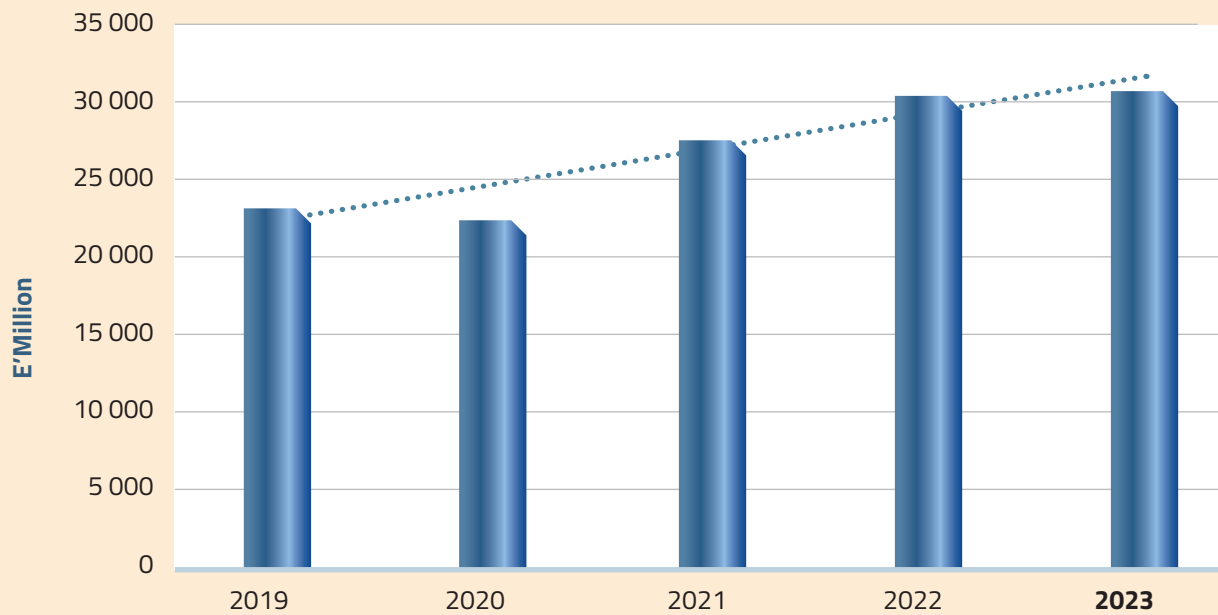




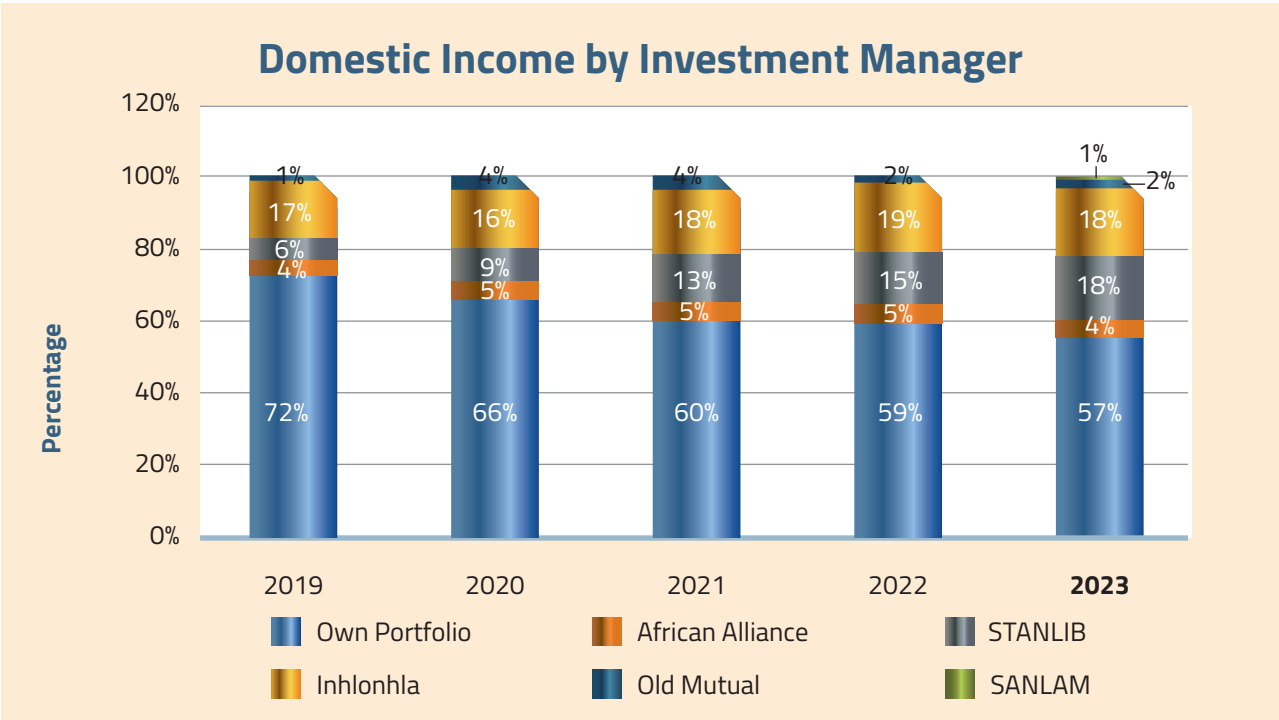
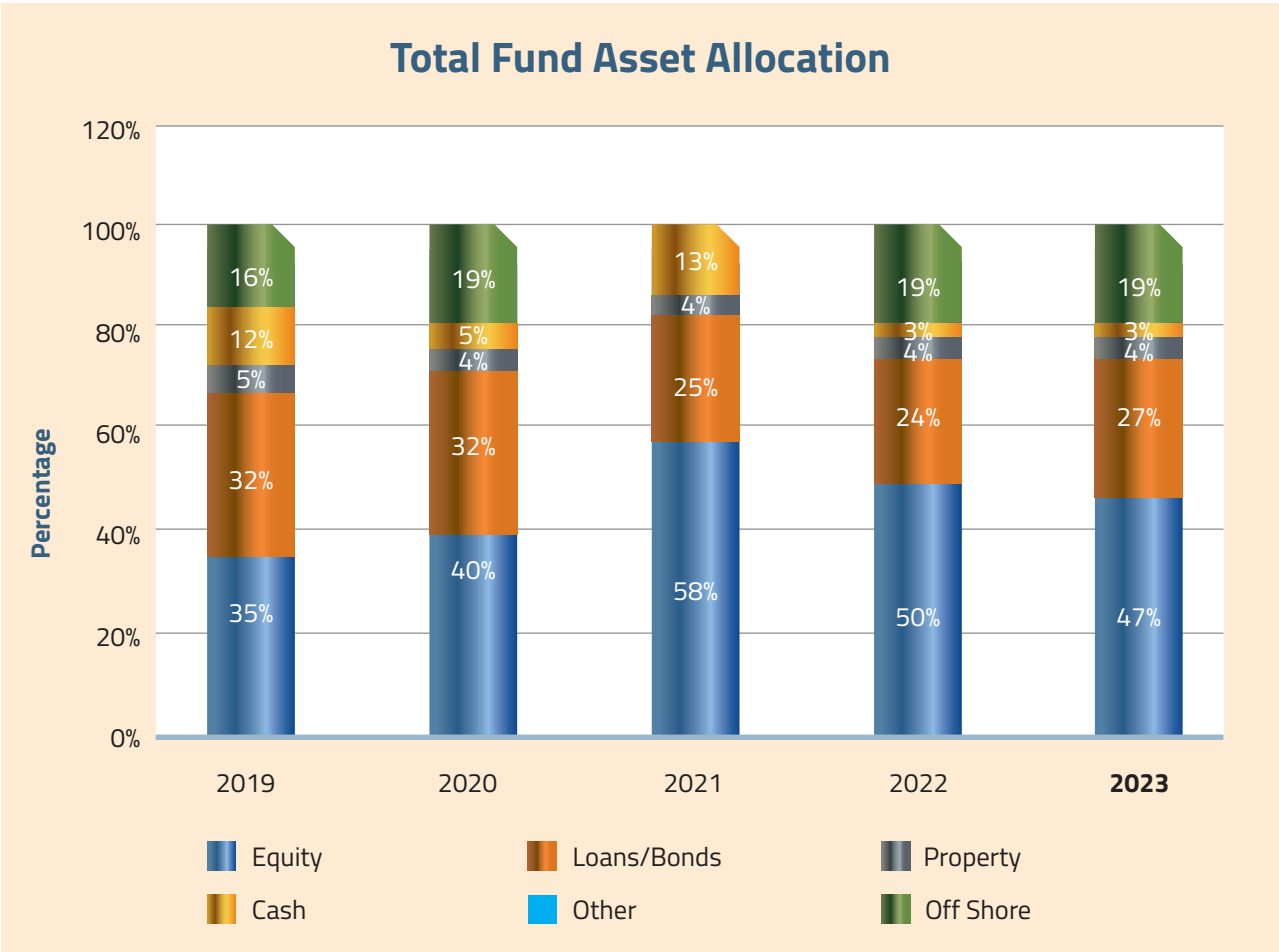
### Domestic vs Foreign Portfolio



### Net Assets

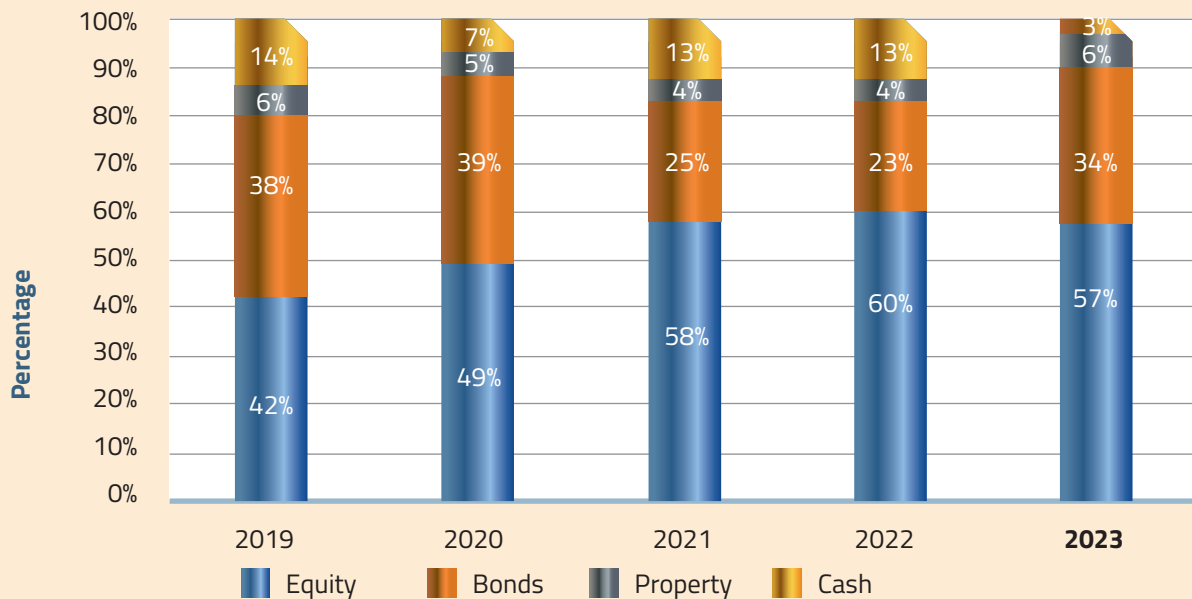


# OPERATIONS REPORT - continued





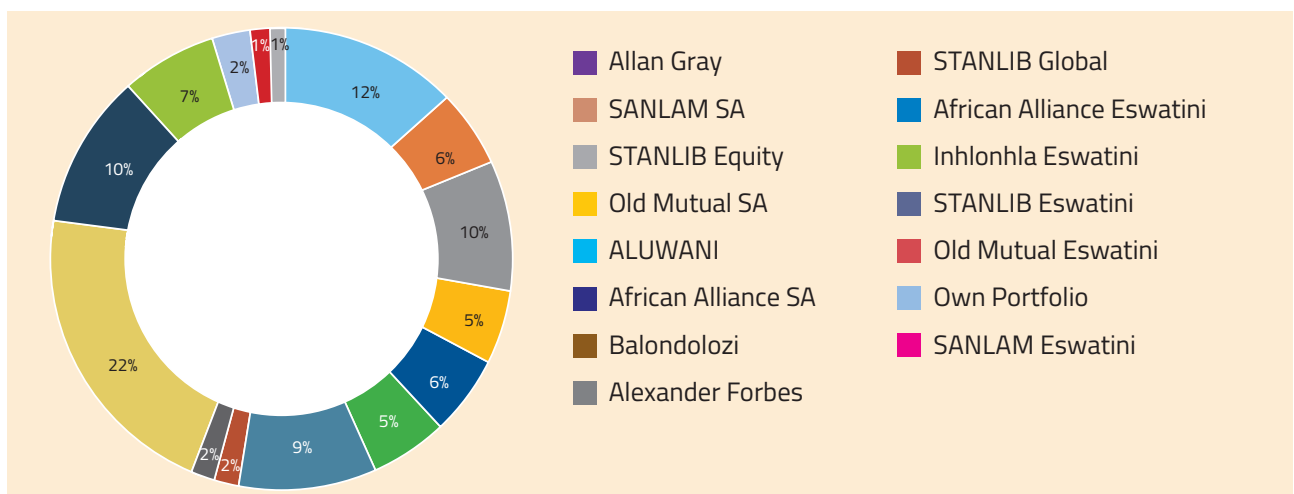
## Domestic Asset Allocation



## Asset Allocation

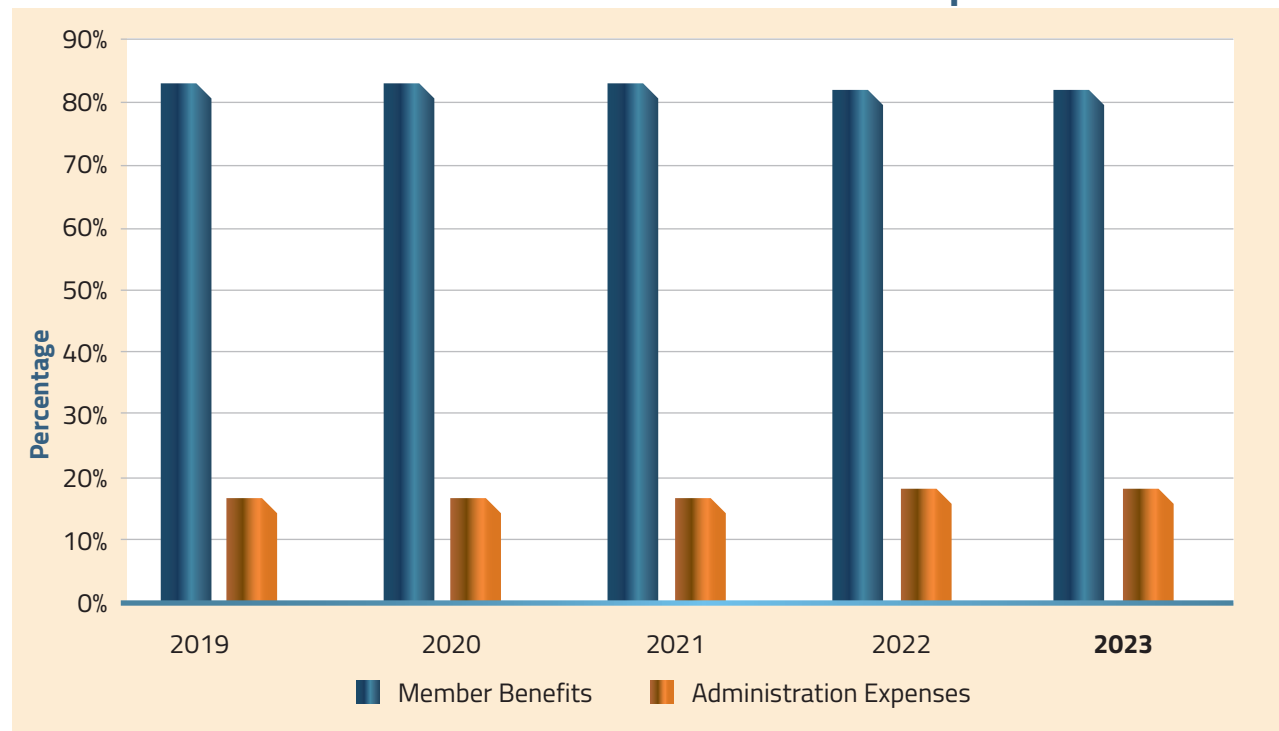
	2019	2020	2021	2022	2023
Equity	8 243	8 780	13 121	15 123	14 564
Bonds	7 379	7 019	6 758	6 977	8 301
Property	1 185	959	1 091	1 173	1 378
Cash	2 683	1 171	820	1 045	1 016
Other	-	18	6	-	34
Off-shore	3 716	4 213	5 678	5 844	5 937
<b>Total</b>	<b>23 196</b>	<b>22 160</b>	<b>27 474</b>	<b>30 162</b>	<b>31 230</b>

## Asset Allocation by Manager



# OPERATIONS REPORT - continued

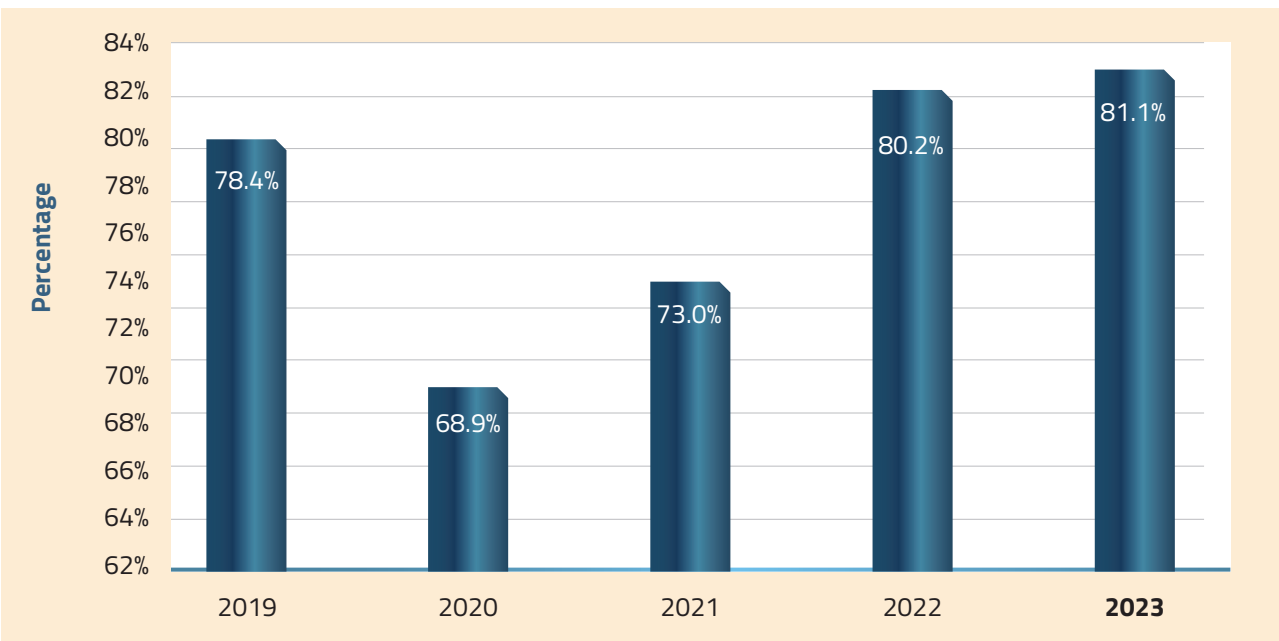
## Member Benefits and Administration Expenses



## Funding Level over five years as a ratio

	2019	2020	2021	2022	2023
Assets	E23.3 billion	E22.2 billion	E27.4 billion	E30.3 billion	E31.7 billion
Liabilities	E29.7 billion	E32.3 billion	E37.6 billion	E37.8 billion	E39.1 billion
Deficit	E6.4 billion	E10.1 billion	E10.1 billion	E7.5 billion	E7.4 billion
Funding Level	78.4%	68.9%	73.0%	80.20%	81.1%

## Funding Level



## Valuation Results as at 01 April 2023

	2023 (£ 000's)	2022 (£ 000's)
Assets:	<b>31 683 871</b>	30 294 422
Pensionable Officers	<b>24 393 960</b>	23 856 494
Contract Workers	<b>36 224</b>	35 009
Pensioners	<b>14 013 588</b>	13 352 440
Deferred Pensioners	<b>231 379</b>	174 898
Benefits payable	<b>407 595</b>	373 632
	<b>39 082 746</b>	37 792 473
<b>Deficit (assets – liabilities)</b>	<b>(7 398 875)</b>	(7 498 051)
<b>Funding Level (%)</b>	<b>81.1%</b>	80.2%
<b>Analysis of Deficit</b>		
Deficit at the beginning of financial year	<b>(7 498 051)</b>	(10 139 135)
Interest on Deficit	<b>(929 758)</b>	(1 409 340)
Investment Returns	<b>(2 024 013)</b>	(764 546)
Contributions	<b>(536 929)</b>	(634 022)
Earnings Experience	<b>1 261 918</b>	3 122 112
Pension increases	<b>542 477</b>	644 314
Membership movements	<b>223 203</b>	162 066
Change in financial assumptions	<b>1 522 590</b>	1 518 060
Miscellaneous	<b>39 688</b>	2 440
Deficit at the end of financial year	<b>(7 398 875)</b>	(7 498 051)



# OPERATIONS REPORT – continued

## Investments

### Investment Strategy of the Fund

A revised strategy was implemented in the financial year 2020 and remained in force in the financial year 2022/23. The strategy is to maintain the external investment assets of the Fund in a Specialist Equity Portfolio with a broad geographical asset allocation as outlined in the table below. Equitising the external portfolios allowed the domestic 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.

### Broad Geographical Strategic Asset Allocation of Investments of the Fund

Region	Allocation	Allocation %
Offshore	Developed and Emerging Market listed equities	20%
South Africa	South African Listed Equities and Property	30%
Eswatini	Eswatini Equities (Listed & Unlisted), Bonds, Property (Listed and Unlisted) and Cash	50%

### Actual Asset Allocation of the Fund as at 31 March 2023

As at 31 March 2023, the Fund had invested 44 percent (E13.7 billion) of its total assets within the Kingdom of Eswatini, 37 percent (E11.6 billion) in South Africa, 19 percent (E5.9 billion) Offshore through external Asset Managers. Assets invested locally are managed directly by the Fund and through local Asset Managers.

Region	Amount Allocated	Allocation %
Offshore	E5.9 billion	19%
South Africa	E11.6 billion	37%
Eswatini	E13.7 billion	44%

### Global Markets Performance Impact on the Fund's Assets

The Rand depreciated by 21.4 percent against the US Dollar, 14.0 percent against the Pound, and 18.6 percent against the Euro over the 12 months ended 31 March 2023. Global equity returns in Rands, as measured by the MSCI World Index, was 13.5 percent, for the 12 months ended March 2023. Global Bond returns in Rands, as measured by the FTSE WGBI were at 9.8 percent for the 12 months ended March 2023.

### South African Markets Performance Impact on the Fund's Assets

The FTSE/JSE All Share Index (ALSI) returned 4.9 percent over the 12 months ended 31 March 2023. The Industrials sector, as measured by the FTSE/JSE Industrial 25 Index, returned 28.5 percent, and the Financials sector, as measured by the FTSE/JSE Financial 15 index returned negative 7.9 percent over the 12 months. The Resources sector as measured by the FTSE/JSE Resource 20 Index returned a negative 14.1 percent over the same period.

The All-Bond Index returned 5.8 percent for the 12 months ended 31 March 2023. The 7 to 12-year bond index was the best-performing bond sector returning 8.1 percent, followed by the 3 to 7-year bond returning 7.8 percent over the 12 months ended 31 March 2023.

## Overall Fund Performance

The current global challenges emanating from the COVID-19 pandemic and its variants, rising geopolitical risks, disruption in supply chains, and rising energy and commodity prices due to the ongoing Russian-Ukrainian war have negatively impacted the Fund's investment performance. Despite this, the Fund was able to maintain a relatively stable performance in the year under review. The Fund's total annual return for the year amounted to 8.6 percent, which is equal to the overall return recorded in the previous year. The Eswatini Portfolio which is comprised mainly of fixed-income instruments and property had an annual return of 7.3 percent. The steady return in the Domestic Portfolio is in part due to the fact that the asset allocation of this portfolio is mainly in fixed-income instruments.

## Offshore Investment Portfolio

STANLIB Multi-Manager Global Equity and Alexander Forbes Jersey held 19 percent of the total assets as at 31 March 2023. This is in line with the Investment Policy of the Fund and the Eswatini Foreign Exchange Control Requirements. The Offshore Portfolio yielded a return of 11.4 percent in the year ended 31 March 2023 against the benchmark performance of 12.9 percent. This portfolio contributed significantly to the overall Fund performance of 8.6 percent for the year ended 31 March 2023.

## South African Investment Portfolio

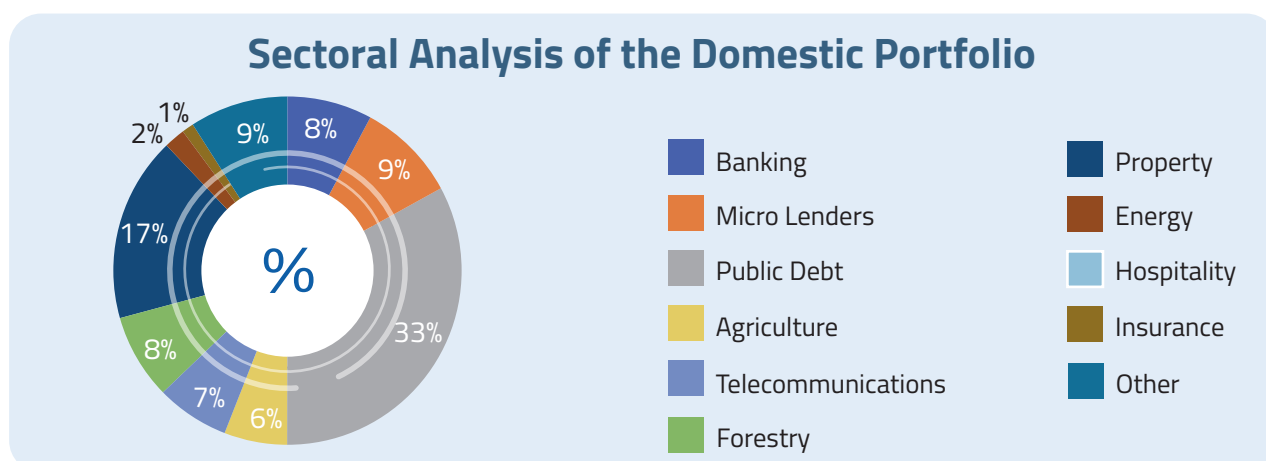
Assets invested in specialist South Africa Equity mandates accounted for 37 percent of total assets. This is in line with the broad geographical asset allocation outlined in the Fund's Investment Policy. The South Africa Portfolio delivered a return of 1.4 percent compared to 0.2 percent returned by the Johannesburg Stock Exchange FTSE/JSE Capped Swix All Share index (benchmark).

## Eswatini Investment Portfolio

As at 31 March 2023, the Fund had invested 44 percent of the Fund's assets in a diversified manner within the Kingdom of Eswatini. The Fund has invested in various sectors of the economy such as the public sector, property, banking, telecommunications, forestry, agriculture, insurance, etc. This diversified strategy ensures that the Fund's investments are well balanced for risk management purposes. The chart below reflects the sectors in which the domestic portfolio is proportionately invested.

The domestic portfolio returned 7.3 percent against the benchmark performance of 4.1 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 bear nature of the South African Markets in the period under review.

New investments concluded in the domestic portfolio during the financial year ended 31 March 2023 include the acquisition of Government Bonds and the issuance of loans to reputable organisations.



# OPERATIONS REPORT - continued

## IMF Global Economic Growth Projections

According to the IMF's World Economic Outlook (WEO) Report published in April 2023, global growth is projected to slow down from an estimated 6.0 percent in 2021 to 3.4 percent in 2022 and 2.8 percent in 2023, respectively. This is 0.1 percentage points lower for 2023 than the projected growth in the January 2023 WEO Update. The downward revision is attributed to the Russia-Ukraine war's direct impact on the global economy and related spillovers. In 2024, the global economy is forecast to grow by 3.0 percent.

## Regional Economic Growth Projections (Sub-Saharan Africa)

The IMF forecasts that economic activity is expected to decrease from an estimated 3.9 percent in 2022 to 3.6 percent in 2023 before increasing again to 4.2 percent in 2024. The economic recovery has been interrupted, as this is the second year in a row that we have seen a deceleration in economic activity.

The convergence of higher global interest rates, elevated sovereign debt spreads, and exchange rate depreciations, among other factors, has created a funding squeeze for many countries in Sub-Saharan Africa. This challenge comes on top of policy struggles from the consequences of the COVID-19 pandemic and the cost-of-living crisis. Based on these factors, economic activity in the region will remain subdued in 2023, with growth at 3.6 percent before rebounding to 4.2 percent in 2024 predicated on a global recovery, subsiding inflation, and the winding down of monetary policy tightening.

## Economic Outlook for South Africa

The South African Reserve Bank (SARB) projects that the South African economy will decline steeply to 0.2 percent in 2023 before rising gradually to 1.1 percent in 2025, reflecting the country's severely binding electricity supply constraints. The aftershocks of the COVID-19 pandemic and the policy responses it engendered, together with disruptions to global oil and food supply chains due to Russia's war in Ukraine, gave rise to the worst inflation surge witnessed in more than a generation. Ensuring an adequate supply of energy, reducing debt, and aligning administered prices with the inflation target will enhance the transmission of monetary policy and lower inflation pressures. Potential growth is estimated to be very low in 2023 and to rise modestly to 1.0 percent in 2025, reflecting a projected gradual relaxation in the energy constraint over the forecast horizon.

## Economic Outlook for Eswatini

At its March 2023 meeting, the Central Bank of Eswatini Monetary Policy Consultative Committee (MPCC) noted that Eswatini's economic activity recorded an increase of 3.8 percent on a year-to-year basis (seasonally adjusted) in the fourth quarter of 2022, compared to a revised growth of 6.9 percent in the third quarter of 2022. On a quarter-to-quarter basis, GDP contracted by 1.8 percent (seasonally adjusted) in the fourth quarter of 2022, following a revised increase of 6.7 percent in the previous quarter.

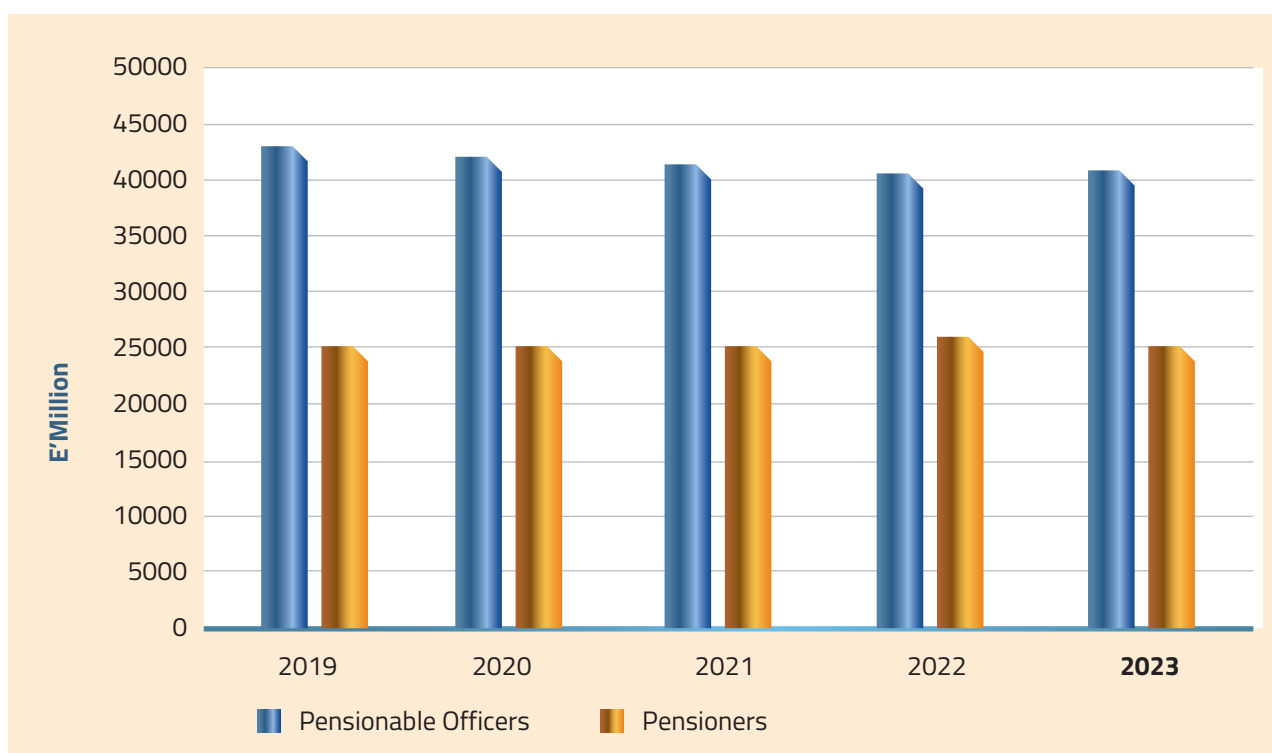
The Eswatini economy is projected to grow by 3.2 percent in 2023, underpinned by the recovery in most sectors of the economy. Agriculture, Manufacturing, and construction are expected to lend a great impetus to recovery, while an expected strengthening of domestic demand will reignite services growth.

## Membership Overview

The Fund had a total of 40,965 active members and 26,221 retired pensioners and dependants as at 31 March 2023.

Over the years, the number of pensioners has been increasing at a higher rate than active members. This has seen the important pension metric moving in the wrong way i.e., member to retiree ratio declining. This has however stabilised in the last three years since 2020 due to the employer freezing employment and the Fund's exercise on suspended pensioners.

### Pensionable Officers and Pensioners



### Active Pensionable Members

The number of active members remained stable, with a slight increase of 0.91 percent. The increase may be attributed to the police recruit officers and soldiers.

Active Pensionable Members			
	2023	2022	Percentage change
Total Number of Employees	40 965	40 594	0.91%
Average Age (years)	43.3	42.9	0.93%
Average Service (years)	16.2	15.9	1.89 %
Annual Average Salary (E)	152 323	145 415	4.75%



# OPERATIONS REPORT - continued

## Pensioners

The Fund's pensioners, spouses and dependants increased over the period. However, the number of suspended pensioners increased by over 100 percent. This is due to the life verification exercise that took place in the 4<sup>th</sup> quarter of the year.

The categories of pensioners are classified below.

Pensioners			
	2023	2022	Percentage change
<b>Retirees</b>	<b>10 646</b>	10 168	4.7%
<b>Spouse</b>	<b>7 184</b>	7 204	(0.28%)
<b>Dependants</b>	<b>7 461</b>	8 617	(13.42%)
<b>Total (Active)</b>	<b>25 291</b>	25 989	(2.69%)
<b>Suspended</b>	<b>930</b>	374	148.66%
<b>GRAND TOTAL</b>	<b>26 221</b>	<b>26 363</b>	<b>(0.54%)</b>

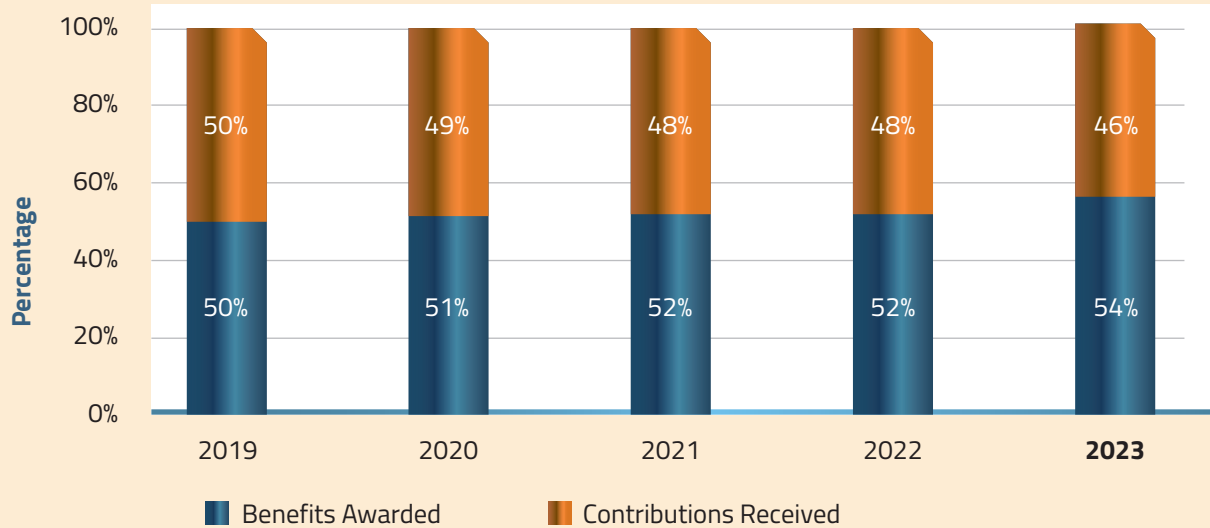
## Categories of Pensioners

- Retiree** – Former employees who retired in terms of the provisions of the law
- Spouses** – Wives or husbands of either deceased active member or deceased retiree
- Dependants** – Minors of either deceased active member or deceased retiree
- Suspended** – Pensioners whose pension has been withheld because proof of life has not been verified

## Contributions Received and Benefits Awarded

The Fund receives 20 percent of members' pensionable salaries as contributions. The contributions received remained relatively constant over the financial year, E1.26 billion in 2023 compared to E1.27 billion in 2022. However, the contributions were not sufficient to cover the promised benefits.

## Contributions Received and Benefits Awarded



## Benefits Awarded

	2023			2022	
Benefit Category	Number of members	Value of Benefit (E 000)	Average/ person (E)	Number of members	Value of Benefit (E 000)
Deaths	207	62 486	301 864	233	68 802
Compulsory	668	282 344	422 670	551	230 727
Early	97	21 827	225 020	112	27 882
Forced	44	10 583	240 522	37	11 365
Abolition of Office	17	1 112	65 411	102	27 480
Withdrawals	147	6 265	42 619	81	3 639
Contract	80	18 750	234 375	44	10 984
Funeral	537	5 370	10 000	661	6 607
Pensioners	25 291	1 052 707	41 623 per annum	25 989	973 263

## Human Resources

### Talent Management

In ensuring continuous improvement, the Fund reviewed its Performance Management System which enables the measurement and monitoring of performance against agreed performance objectives, set in accordance with contribution to strategic and organisation objectives. The system further provides for the recognition and rewarding of outstanding performance and for improvement where the minimum acceptable standards have not been achieved.

### Learning and Development

The Fund continues to enhance the performance of the organisation and its people by providing opportunities for continuous learning. This enables employees to develop competencies and continue improving their skills to ensure adaptability to changes brought about by changes in the world of work.

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

SHORT-TERM TRAINING	CONFERENCES	PROFESSIONAL STUDIES
Risk, Compliance and Governance	Institute of Retirement Fund Africa Conference	New Manager's Development Programme
SAVCA Foundation Programme in Private Equity	The Future of Digital Marketing	Bachelor of Commerce in Financial Management
Advanced Skills for Executive Assistants, Personal Assistants	Customer Experience Management Africa Summit	Bachelor of Science in Information Technology
Assets Management Training	World Social Security Forum	Master of Business Administration
Conflict Management & Negotiation Skills	Annual Labour Law Seminar	Master of Management in Strategic Marketing
Corporate Governance Training		Master of Business Leadership
Leading from the Future		
Strategic Planning and Creative Leadership		

### Graduate In Training Programme

The Fund engaged a group of eight (8) Graduates under the Graduate Traineeship Programme. This 12 months programme provides opportunities to the graduates to put into practice their knowledge acquired during their studies and in particular in their specific areas of competence. It also introduces them to the professional world.

The Fund shall derive benefit from their input as they will be bringing innovative ideas, a fresh point of view and up to date academic knowledge that can enrich the day to day operations of the Fund.

## Staff Complement

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

## Recruitment and Selection

There were seven (7) appointments made during the period under review;

- Director Finance
- Benefits Administrators x2
- Benefits Officer – Gratuities
- IT Support Officer
- Company Secretary
- Director Investments
- Investments Monitoring Manager

## Employee Wellness Programme

The Fund facilitated the following initiatives during the period:

- Mobile Wellness Clinic – which provided voluntary counselling and testing of Cholesterol, Glucose, Tuberculosis (TB), Blood Pressure (BP), Body Mass Index (BMI) and HIV Group and individual counselling sessions
- Men's Health Month Commemoration
- Cancer Awareness Month Commemoration
- Gender-Based Violence Awareness
- Personal Finance Training
- World AIDS Day Commemoration
- Blood Donor Day Commemoration
- Women's Month Commemoration

The Fund strives to provide an environment that encourages teamwork which is a catalyst for effectively driving operational efficiencies. To ensure this, the Fund facilitated a Team Building exercise which was attended by the entire PSPF Team. The team was taken through the Fund's 2022 – 2025 Strategic Plan which ensures alignment of the team towards achieving the Fund's strategic objectives.



## Marketing

### Stakeholder Engagement

To enhance its relationship with stakeholders PSPF continues to engage with all its key stakeholders.

The Fund held its Annual Stakeholder Forum on 26<sup>th</sup>, 27<sup>th</sup> and 28<sup>th</sup> July 2022. The Forum was attended by National Public Services Allied Workers Union (NAPSAWU), the Swaziland National Association of Teachers (SNAT), the Swaziland Nurses Association (SNA), the Swaziland National Government Accounting Personnel (SNAGAP), the Swaziland Principals Association, the Swaziland Public Service Pensioners Association and the Security Forces namely; Royal Eswatini Police Service, His Majesty's Correctional Services and Eswatini Umbutfo Defence Force.

The main focus of this forum was the proposed changes in the Public Service Pension Fund's Regulations, 1993 as follows:

- Increase of Retirement Lump Sum Payment (Gratuity) from 25 percent to 33 percent
- Source of funds for contract gratuity payment
- Member Portability of Pension
- Remarriage of Spouses (pension payment)

### New PSPF logo

After twenty nine years of existence the Fund has rebranded itself and launched a new logo in July 2022. This logo replaces the unmistakable symbol developed and adopted in 1993 after transitioning from the Pensions Department of the Ministry of Public Service to a public enterprise. The initial logo's main feature was a man and a woman counting money, symbolising a pension benefit against a backdrop of a map of Eswatini with the national flag colours.

The new logo is a stylised tree contained in a circle. This budding tree has multiple positive meanings related to pension and future savings. A tree primarily is a symbol of growth and regeneration, just as is a Pension Fund.

## NEW PUBLIC SERVICE PENSIONS FUND CORPORATE IDENTITY DESCRIPTION



### SYMBOLISM

A tree represents life and growth. Not only do we get the very air we breathe from a tree, but a tree is also our food source, provides shelter, building materials, fire for warmth and cooking, and so much more.

### ICON

The icon is made from a stylised tree contained in a circle. The budding tree is a symbol of growth and regeneration, whilst the circle symbolises the endless cycle of principal members who join the Fund when they are employed, develop to retire and have their beneficiaries join the scheme at their demise.

### COLOUR

The primary colour used in the logo is a Bdzazled Blue. Blue symbolises strength, reliability and steadfast trust. Contrast is achieved with the use of white in the areas of negative space. White represents cleanliness and simplicity.

### Member Education

Our primary messaging was maintained during this time as stated in the Fund's organisational strategic objective, ***"to continuously craft a customer experience that supports excellent memorable customer experience"***.

Member education sessions were held in various Ministries in the year under review. These included Justice and Constitutional Affairs, Health, Tinkhundla and Regional Administration, Education and Training, Tourism, Agriculture, ICT, Foreign Affairs, Public Works and Transport, Public Service and the Disciplined Forces. About two thousand eight hundred and nineteen (2819) members participated these sessions.

### Media Platforms

The fund continues to utilise its social media platforms as highly impactful channels of communication. These platforms include Facebook, Twitter, radio programmes and newsletters. The Fund is looking at increasing its footprint through other communication platforms.

### Corporate Social Responsibility

The Fund annually sets aside funds to provide relief to the needy and most vulnerable in our society. The Fund made donations to various entities, some of which are listed below:

Baphalali Eswatini Red Cross

Junior Achievement Eswatini

ENACTUS

Umhluma Women and Youth Foundation

End Malaria Fund

Yibutse Green Action



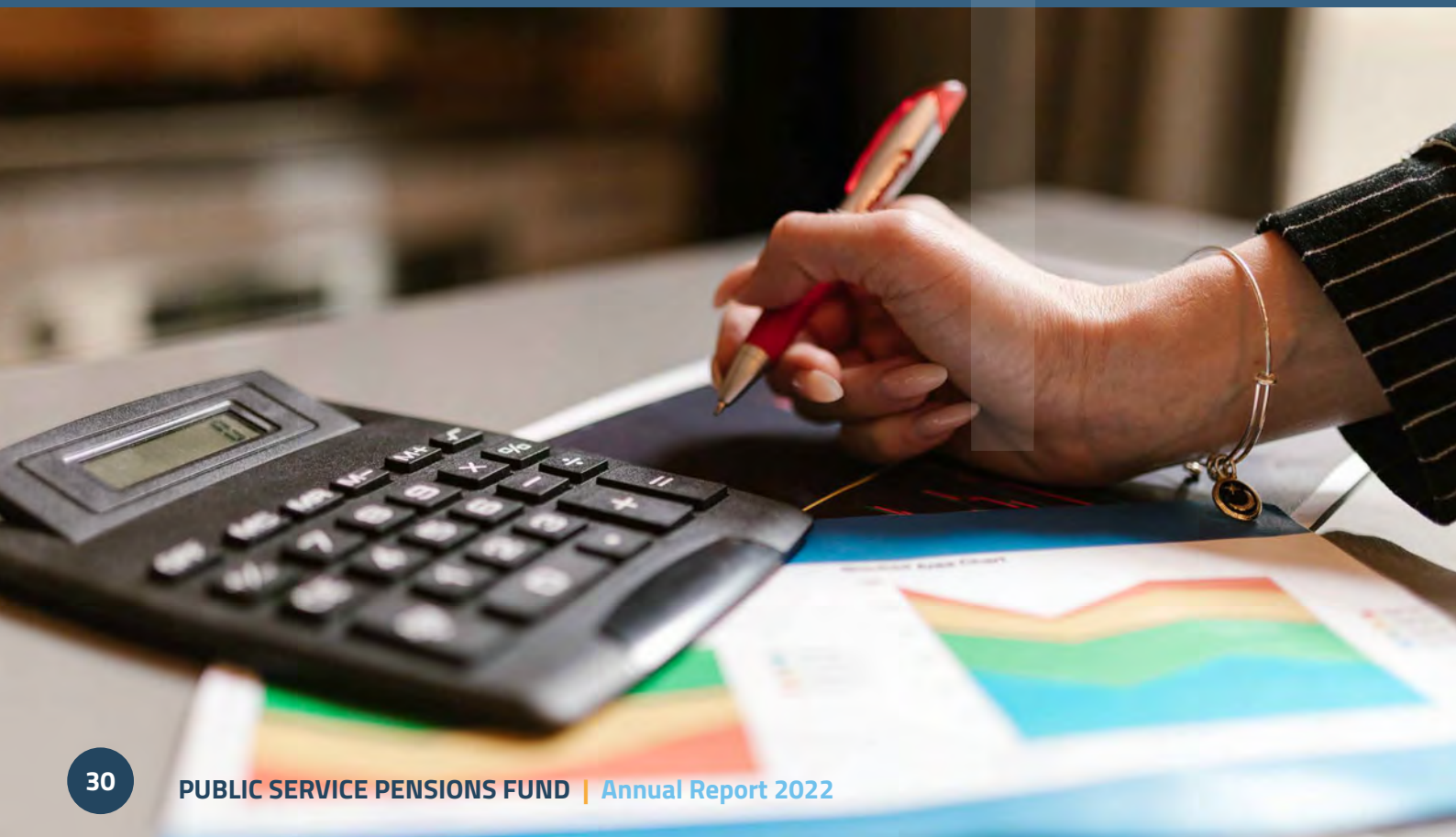
SNG  
Grant Thornton

# ANNUAL FINANCIAL STATEMENTS

*- for the year ended 31 March 2023*

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# STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

*- for the year ended 31 March 2023*

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 2023, 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 35 to 70 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 32 to 34.

The financial statements were approved by the Board of Trustees on 7 June 2023 and are signed on its behalf by:



**Chairman**                      **Trustee**                      **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 2023, 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 35 to 70.

In our opinion, the financial statements of The Public Service Pensions Fund for the year ended 31 March 2023 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 2023 reflected a deficit amounting to E7 399 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 comprises 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.

### *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 OF THE INDEPENDENT AUDITORS

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

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.

- 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.

A handwritten signature in black ink that reads "SNG Grant Thornton". The signature is written in a cursive, flowing style.

**Auditors**

# REPORT OF THE TRUSTEES

*for the year ended 31 March 2023*

The Trustees have pleasure in presenting their report for the year ended 31 March 2023.

## **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 2023 (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 2022.

Name	Representing
Sammy Dlamini	Chairman
Bathandwa Hlatshwayo	Employer representative
Phetsile Masilela	Employer representative
Phiwayinkhosi Ginidza	Employer representative
Vusi Dlamini	Employer representative
Mamoshoshoe Ntsane	Employee representative
Celucolo Dlamini	Employee representative
Celumusa Tembe	Employee representative
Dumisani Khumalo	Employee representative
Dumile Dlamini	Employee representative

#### 2.2 Investment Committee

Zakhele Lukhele  
Khetsiwe Dlamini  
Dan Ntshalintshali  
Mzwandile Ntshangase  
Sammy Dlamini

The Investment Committee was appointed by the Minister on 1 August 2022.

#### 2.3 Principal Officer, registered and postal address of the Fund

The principal officer is Mr. Masotja Vilakati.

<i>Registered address of the Fund</i>	<i>Postal Address</i>
7 <sup>th</sup> Floor	P O Box 4469
Ingcamu Building	Mbabane
Mhlambanyatsi Road	H100
Mbabane	Eswatini
Eswatini	

### 3. Consultants

#### 3.1 Actuaries

##### **Bernard Yen FIA**

Aon Hewitt (Actuarial)

##### **Business Address**

1<sup>st</sup> Floor  
The Pod  
Vivea Business Park  
Moka 81406  
Mauritius

#### 3.2 Investment Consultant

##### **Alexander Forbes**

##### **Business Address**

115 West Street  
Sandown  
2196  
South Africa

##### **Postal Address**

P O Box 786055  
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**

1<sup>st</sup> Floor  
Matsapha Link  
Portion 3 of Plot 582  
College Road and Lihawu Street  
Matsapha  
Eswatini

##### **Postal Address**

P O Box 5727  
Mbabane  
H100  
Eswatini

#### **African Alliance South Africa**

##### **Business Address**

Illovo Edge Office Park  
Building 4  
9 Harries Road, Illovo  
2191

##### **Postal Address**

Postnet Suite 78  
Private Bag X11  
Birnam Park  
2015

## REPORT OF THE TRUSTEES

*for the year ended 31 March 2023 (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 51605  
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*

1<sup>st</sup> Floor, East Wing Embassy House  
Msakato Street  
Mbabane  
Eswatini

##### *Postal Address*

P O Box 3640  
Mbabane  
H100  
Eswatini

#### Balondolozzi

##### *Business Address*

1<sup>st</sup> Floor Building 1  
Glenhove Square  
4th Street  
Houghton Estate  
2198  
South Africa

##### *Postal Address*

P O Box 542  
Melrose Arch  
2076  
South Africa

#### Inhlonhla Eswatini

##### *Business Address*

Office 201 Second Floor  
Development House  
Swazi Plaza  
Mbabane  
Eswatini

##### *Postal Address*

P O Box 239  
Mbabane  
H100  
Eswatini



#### 4. Investment Managers (continued)

##### Old Mutual South Africa

###### *Business Address*

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

###### *Postal Address*

P O Box 66  
Cape Town  
8000  
South Africa

##### Old Mutual Eswatini

###### *Business Address*

4<sup>th</sup> 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  
7530  
South Africa

###### *Postal Address*

Private Bag X8  
Tyger Valley  
7536

##### STANLIB Asset Management (Pty) Ltd

###### *Business Address*

2<sup>nd</sup> Floor, Mbabane Office Park  
Mhlambanyatsi Road  
Mbabane  
Eswatini

###### *Postal Address*

P O Box A294  
Swazi Plaza  
Mbabane  
H101  
Eswatini

##### STANLIB Asset Management Limited

###### *Business Address*

17 Melrose Boulevard  
Melrose Arch  
Johannesburg  
2196  
South Africa

###### *Postal Address*

P O Box 203  
Melrose Arch  
2076

## REPORT OF THE TRUSTEES

*for the year ended 31 March 2023 (continued)*

### 4. Investment Managers (continued)

#### STANLIB Global

##### *Business Address*

17 Melrose Boulevard  
Melrose Arch  
Johannesburg  
2196  
South Africa

##### *Postal Address*

P O Box 203  
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:



## 5. Investment strategy (continued)

	2023 E	2022 E
<b>INVESTMENT MANAGERS – FOREIGN MANAGED PORTFOLIOS</b>		
Allan Gray Limited	3 878 522 760	4 074 882 009
SANLAM Investment Management (Proprietary) Limited	1 724 445 947	1 737 445 704
STANLIB Asset Management Limited	1 726 466 987	1 856 082 849
STANLIB Global	2 980 648 908	2 884 339 750
Old Mutual	1 681 753 521	1 862 638 878
ALUWANI Capital Partners	1 656 563 441	1 806 490 442
Alexander Forbes Investments	2 956 551 514	2 959 750 540
African Alliance South Africa	460 302 775	451 314 149
Balondolozzi	470 890 012	465 750 265
	<u>17 536 145 865</u>	<u>18 098 694 586</u>
<b>INVESTMENT MANAGERS – DOMESTIC MANAGED PORTFOLIOS</b>		
STANLIB Eswatini (Pty) Ltd	2 142 886 410	1 433 569 455
Inhlonhla Eswatini	3 463 104 137	3 127 058 559
SANLAM Eswatini	200 088 928	180 876 545
African Alliance Eswatini	440 757 356	402 183 572
Old Mutual Eswatini	777 960 686	671 266 361
	<u>7 024 797 517</u>	<u>5 814 954 492</u>
<b>Balance carried forward</b>	<b>24 560 943 382</b>	<b>23 913 649 078</b>

## REPORT OF THE TRUSTEES

*for the year ended 31 March 2023 (continued)*

### 5. Investment strategy (continued)

#### 5.1 Investment portfolio

	2023 E	2022 E
Balance brought forward	24 560 943 382	23 913 649 078
<b>OWN PORTFOLIO – DOMESTIC MANAGED PORTFOLIO</b>		
<b>MONEY MARKET AND SHORT-TERM SECURITIES</b>		
STANLIB Eswatini – Income Fund	80 726	2 664 324
African Alliance – Lilangeni Fund	78 389 825	73 436 063
Eswatini Bank	238 185 728	106 741 097
SANLAM Unit Trust – money market 1	25 576 343	337 151 477
Old Mutual Absolute Growth Portfolio	57 667 039	22 512 442
STANLIB Unit Trust – money market	47 378 456	44 490 121
SANLAM Unit Trust – money market 2	70 269 730	59 763 445
Swaziland Building Society	50 012 329	-
Umelusi UFM – money market	6 022 334	-
	<b>573 582 510</b>	<b>646 758 969</b>
<b>EQUITIES</b>		
Swaziland Property Investments Limited – shares at market value	45 863 450	45 863 450
Swazi Empowerment Limited – shares at market value	535 748 900	521 269 200
The Royal Eswatini Sugar Corporation Limited – shares at market value	760 000	760 000
Eswatini Royal Insurance Corporation	84 242 032	84 242 031
The New Mall (Pty) Ltd	35 629 460	35 030 894
Ingcamu Hotel	1 000	1
SBC Limited – shares at market value	101 939 724	101 939 725
Bekelela Enterprises	10 000	10 000
Woodlands Shopping Centre	-	70
Ezulwini Reinsurance Company Ltd	31 912 186	31 301 504
Greystone Partners Limited – shares at market value	16 000 000	15 052 550
Umlamuli (Pty) Ltd	131 488 843	-
	<b>983 595 595</b>	<b>835 469 425</b>
Balance carried forward	26 118 121 487	25 395 877 472

## 5. Investment strategy (continued)

### 5.1 Investment portfolio (continued)

	2023 E	2022 E
Balance brought forward	26 118 121 487	25 395 877 472
<b>LOANS</b>		
Eswatini Building Society - Permanent shares	178 647 537	170 658 227
Eswatini Sugar Association	152 464 660	151 825 144
Eswatini Development and Savings Bank	207 223 702	255 345 346
Eswatini National Housing Board	448 189 963	489 172 204
The New Mall (Pty) Ltd	6 942 275	6 942 275
Eswatini Revenue Authority	438 801 678	496 953 742
Eswatini MTN Limited	26 348 468	30 327 226
Select Limited Loan 3	103 719 182	103 662 155
Select Limited Loan 4	31 514 386	31 514 386
GetBucks	55 260 924	-
Royal Eswatini Sugar Corporation Limited	4 685 870	16 346 089
Standard Bank Eswatini	105 671 919	105 104 110
	<b>1 759 470 564</b>	<b>1 857 850 904</b>
<b>BONDS</b>		
Eswatini Government bonds - SG018 – 31/01/2024	98 909 108	98 909 108
Eswatini Government bonds - SG026 – 31/01/2024	100 013 698	100 509 587
Eswatini Government bonds - SG027 – 31/01/2024	104 447 256	104 447 253
Eswatini Government bonds - SG030 – 30/01/ 2024	102 095 897	101 750 700
Eswatini Government bonds - SG031 – 31/01/2025	101 136 761	100 875 110
Eswatini Government bonds - SG027A – 31/10/2026	105 011 292	105 168 708
Eswatini Government bonds - SGIB002 – 31/10/2025	103 068 182	102 654 451
Eswatini Government bonds – SGIB004 – 29/03/2028	99 501 192	97 778 418
Eswatini Government bonds – SGIB005 – 29/03/2028	101 397 526	100 818 157
Eswatini Government bonds – SG033 – 29/03/2028	51 030 081	50 866 306
Eswatini Government bonds – SG034 – 29/03/2028	71 034 895	70 730 271
Eswatini Government bonds – SG035 – 29/03/2028	147 157 213	146 854 549
Eswatini Government bonds – SG040 – 31/01/2024	91 017 528	91 062 909
Eswatini Government bonds – SG041 – 31/01/2026	122 591 925	122 759 364
Eswatini Government bonds – SG042 – 31/01/2026	80 903 793	80 831 505
Eswatini Government bonds – SGIB006 – 28/09/2024	100 078 085	100 078 084
Eswatini Government bonds – SGIB007 – 31/07/2026	99 658 482	99 472 965
	<b>1 679 052 914</b>	<b>1 675 567 445</b>
Balance carried forward	<b>29 556 644 965</b>	<b>28 929 295 821</b>

# REPORT OF THE TRUSTEES

for the year ended 31 March 2023 (continued)

## 5. Investment strategy (continued)

### 5.1 Investment portfolio (continued)

	2023 E	2022 E
Balance brought forward	29 556 644 965	28 929 295 821
<b>BONDS (continued)</b>		
Eswatini Government bonds – SG047 – 29/05/2030	77 603 711	77 599 739
Eswatini Government bonds – SG049 – 29/01/2026	55 826 110	55 825 724
Eswatini Government bonds – SG051 – 29/01/2028	90 655 874	90 493 822
Eswatini Government bonds – SG052 – 29/01/2031	105 485 623	105 322 061
Eswatini Government bonds – SG055 – 29/10/2028	118 545 434	87 459 603
Eswatini Government bonds – SG056 – 29/10/2029	128 748 000	97 687 974
Eswatini Government bonds – SG057 – 29/10/2032	164 783 249	123 418 710
Eswatini Government bonds – SG063 – 30/10/2031	58 974 194	-
Eswatini Government bonds – SG064 – 30/09/2029	116 493 027	-
Eswatini Government bonds – SG065 – 30/09/2032	116 607 672	-
	<b>1 033 722 894</b>	637 807 633
	<b>2 712 775 808</b>	2 313 375 078
<b>PROPERTY AT VALUATION</b>		
Sibekelo Building	279 783 896	279 783 896
Mid Scale Hotel – Hilton Garden Inn Hotel	396 907 775	381 350 090
Residential Estate	67 968 090	26 178 000
Tonkwane Properties	161 616 000	161 616 000
	<b>906 275 761</b>	848 927 986
Total investments	<b>31 496 643 620</b>	30 416 031 440
Provision for impairment	<b>(208 017 190)</b>	(201 093 042)
Net investments	<b>31 288 626 430</b>	30 214 938 398
The investment portfolio can be reconciled to the statement of funds and net assets as follows:		
Investments (note 8)	29 808 768 159	28 719 251 443
Investment property (note 9)	906 275 761	848 927 986
Money market and short term securities (note 13)	573 582 510	646 758 969
	<b>31 288 626 430</b>	30 214 938 398

## 6. Bankers

### Standard Bank Eswatini Limited

P O Box A294  
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 Eswatini Limited

P O Box 68  
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 by the portfolios. The current funding level as set out in the Actuarial Valuation Report is summarised in paragraph 9 below and 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 and off – shore investment markets 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 being 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	
	2023	2022	2023	2022
Number of members at beginning of the year	40 594	41 323	26 363	25 562
Number of new members	1 512	402	1 951	2 809
Number of withdrawals	(1 141)	(1 131)	(2 093)	(2 008)
Number of members at year end	40 965	40 594	26 221	26 363



## REPORT OF THE TRUSTEES

*for the year ended 31 March 2023 (continued)*

### 8. Review of activities (continued)

#### 8.2 Accumulated funds

The revenue account discloses revenue for 2023 as E3 152 million (2022: E3 042 million). The change in the value of the Fund due to the changes in fair values of investments during 2023 was an E44 million increase (2022: E1 375 million increase), making the total increase in the Fund's assets for the year E1 389 million (2022: E2 739 million increase), after meeting the cost amounting to E1 461 million (2022: E1 361 million) of benefits paid out.

Total contributions paid into the Fund during 2023 amounted to E1 261 million (2022: E1 276 million). Members of the Fund contributed E315 million (2022: E302 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 1<sup>st</sup> of April each year. A 4% increase in pensions was granted from 1 April 2022 (1 April 2021: 4.5%).

#### 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 2023. The valuation covered the following membership.

	Number	Annual salary/pension E000's
Pensionable officers	40 965	6 239 913
Contract workers	98	49 728
Deferred pensioners	256	29 501
Pensioners (including suspended)	26 221	1 061 365

The net actuarial value of the Fund was a deficit of E7 399 million (2022: E7 498 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 values, as presented in the Statement of Funds and Net Assets on page 50.

## 9. Actuarial valuation (continued)

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

	2023 E '000	2022 E '000
Accrued liability for Pensionable Officers	(24 393 960)	(23 856 494)
Accrued liability for Contract Workers	(36 224)	(35 009)
Deferred Pensioners	(231 379)	(174 898)
Pensioners	(14 013 588)	(13 352 440)
Benefits payable	(407 595)	(373 632)
Total liabilities	(39 082 746)	(37 792 473)
<b>Actuarial value of assets</b>	<b>31 683 871</b>	<b>30 294 422</b>
Deficit	(7 398 875)	(7 498 051)
Funding level (%)	81.1%	80.2%
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 was 25.7% (2022: 26.9%) 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 9.6% 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 35.3% of pensionable emoluments.

## REPORT OF THE TRUSTEES

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*for the year ended 31 March 2023 (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 E6 623 339 281 (2022: E5 697 076 739) in entities controlled by the participating employer.

### 13. 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 E1 389 448 391 (2022: E2 738 690 400) for the year ended 31 March 2023 and, as at that date, total assets exceed total liabilities by E31 683 870 838 (2022: E30 294 422 447). Management has a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future.

### 14. Subsequent events

There have been no events that have occurred subsequent to year end which require adjustment or disclosure in the financial statements. (Refer note 23).



## REVENUE ACCOUNT

*for the year ended 31 March 2023*

	Note	2023 E	2022 E
<b>Contributions received</b>			
Members		314 812 148	301 590 652
Employers		946 500 765	974 139 273
		<b>1 261 312 913</b>	1 275 729 925
Income from investments	2	1 838 613 982	1 734 059 388
Sundry income		1 024 110	135 784
Rental income		51 040 777	32 560 780
		<b>3 151 991 782</b>	3 042 485 877
Less: Administration expenses	3	(92 308 710)	(79 017 224)
Investment managers fees		(127 966 355)	(126 172 381)
Property expenses		(16 888 578)	(18 066 520)
Regulatory levies		(34 775 423)	(36 302 435)
Withholding tax		(66 205 697)	(48 512 297)
<b>Net revenue</b>		<b>2 813 847 019</b>	2 734 415 020
Less: Benefits awarded and accrued	4	(1 461 447 129)	(1 360 694 045)
<b>Surplus before fair value adjustments</b>		<b>1 352 399 890</b>	1 373 720 975
Adjustment to market value of investments net of provision for impairment	8	43 972 649	1 375 156 954
Revaluation gain/(loss) on investment property	9	-	32 533 246
Impairment of loans	8	(6 924 148)	(42 720 775)
	6	<b>1 389 448 391</b>	2 738 690 400

## STATEMENT OF FUNDS AND NET ASSETS

at 31 March 2023

	Note	2023 E	2022 E
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	7	42 309 454	40 530 078
Investments	8	29 808 768 159	28 719 251 443
Investment property	9	906 275 761	848 927 986
<b>Current assets</b>			
Accounts receivable	10	14 546 228	13 930 243
Arrear contributions	11	526 665 073	193 891 381
Bank and cash	12	81 335 646	63 237 166
Money market and short-term securities	13	573 582 510	646 758 969
<b>Total assets</b>		<b>31 953 482 831</b>	<b>30 526 527 266</b>
<b>Funds</b>			
Accumulated funds	6	31 683 870 838	30 294 422 447
<b>Current liabilities</b>			
Benefits payable	14	152 001 372	134 897 981
Accounts payable	15	117 610 621	97 206 838
<b>Total funds and liabilities</b>		<b>31 953 482 831</b>	<b>30 526 527 266</b>



## STATEMENT OF CASH FLOWS

*for the year ended 31 March 2023*

	Note	2023 E	2022 E
<b>Cash flows from operating activities</b>			
Cash generated from operations	16.1	<b>271 284 389</b>	607 577 781
<b>Cash flows from investing activities</b>			
Additions to investment property	9	<b>(57 347 775)</b>	(12 815 326)
Acquisition of property and equipment	7	<b>(5 151 162)</b>	(1 454 969)
Acquisition of investments	8	<b>(155 868 835)</b>	(63 931 595)
Loans advanced	8	<b>(3 219 784 685)</b>	(2 055 326 568)
Loans repaid	8	<b>1 879 036 655</b>	1 691 371 771
Disposal of investments	8	<b>1 232 753 434</b>	-
<b>Net cash outflows from investing activities</b>		<b>(326 362 368)</b>	(442 156 687)
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(55 077 979)</b>	165 421 094)
<b>Cash and cash equivalents at beginning of year</b>	16.2	<b>709 996 135</b>	544 575 041
<b>Cash and cash equivalents at end of year</b>	16.2	<b>654 918 156</b>	709 996 135

# NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 March 2023*

## 1. Significant 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 07 June 2023.

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 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 fair value through the revenue account ("FVTPL").

#### *Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI")*

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 March 2023 (continued)*

## 1.3 Investment securities (continued)

### *Impairment of investments*

The carrying amount of an investment is written off when the Fund has no reasonable expectation of recovering an investment or a portion thereof.

The Fund considers evidence of impairment of investments at an individual asset level. In assessing impairment the Fund considers historical information on the timing of recoveries as well as other objective evidence that investments may be impaired including default on loans and significant decline in the net asset value or fair value of equity investments.

The impairment loss is the difference between the carrying amount of the investment and the estimated value of future cash flows expected from the investment.

Impairment provisions are decreased when there is objective evidence that the value of the investment has increased.

All impairments are recognised in the revenue account, either as adjustments to market value of investments or impairment of loans for debt investments at amortised cost.

## 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.

The Fund's policy is to revalue all investment property every five years.

## 1.5 Accounts receivable and arrear contributions

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. Receivables are assessed on an individual receivable basis and impaired to an amount equal to future expected cash flows.

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 Benefits and accounts payable

Benefits payable include accruals in respect of amounts payable to members and pensioners and amounts payable to pensioners that have been suspended in accordance with the rules of the Fund. Accounts payable include accruals in respect of amounts due to third parties. Payables are carried at the amount expected to be paid and are not discounted.

## 1.9 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. 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.

## 1.10 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.

## 1.11 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 2023 (continued)

### 2. Income from investments

	2023 E	2022 E
<i>Income from domestic fund managers and own portfolio</i>		
Dividends	73 275 224	85 295 594
Interest	790 159 410	658 835 034
<i>Income from foreign fund managers</i>		
Allan Gray Limited - managed portfolio	341 509 356	351 810 978
SANLAM Investment Management – managed portfolio	112 015 835	137 545 671
STANLIB Asset Management Limited – managed portfolio	119 609 329	4 479 605
STANLIB Global – managed portfolio	76 969 401	167 008 472
Old Mutual – managed portfolio	169 278 666	145 433 720
ALUWANI Capital Partners– managed portfolio	119 951 440	154 371 350
African Alliance – managed portfolio	15 787 094	1 900 659
Balondolozzi – managed portfolio	20 058 228	27 377 709
Gryphon – managed portfolio	-	596
	<b>1 838 613 982</b>	<b>1 734 059 388</b>

### 3. Administration expenses

Actuaries' fees	1 043 182	1 370 292
Advertising and communications to members	5 455 814	3 707 297
Audit fees	726 996	409 538
Fund charges	706 054	674 812
Board expenses	2 865 980	2 934 562
Computer expenses	165 590	403 695
Consultants fees	5 059 071	3 786 857
Depreciation	2 940 987	2 225 780
General expenses	4 060 553	3 376 437
Licences and insurances	4 829 286	3 732 403
Motor vehicle expenses	256 534	160 558
Postage and telephone	319 759	395 786
Printing and stationery	340 082	357 951
Rent and office expenses	796 451	759 278
Repairs and maintenance	1 437 667	1 172 743
Salaries and related costs	58 503 920	50 027 826
Social investments	1 399 309	2 022 766
Staff wellness	787 595	885 595
Travel and entertainment	613 880	613 048
	<b>92 308 710</b>	<b>79 017 224</b>





	2023 E	2022 E
<b>4. Benefits awarded and accrued</b>		
Pensions	1 052 707 281	973 262 983
Lump sums on deaths	62 486 664	68 802 485
Lump sums on retirements	315 867 459	297 396 914
Lump sums on withdrawals	6 265 497	3 639 868
Other	24 120 228	17 591 795
	<u>1 461 447 129</u>	<u>1 360 694 045</u>
<b>5. Taxation</b>		
<b>5.1 Eswatini Normal Taxation</b>		
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.		
<b>6. Accumulated funds</b>		
Balance at beginning of year	30 294 422 447	27 555 732 047
Accumulated surplus for the year	<u>1 389 448 391</u>	<u>2 738 690 400</u>
Balance at end of year	<u>31 683 870 838</u>	<u>30 294 422 447</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 2023 (continued)

	Cost E	Accumulated depreciation E	2023 Net book value E	2022 Net book value E
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### 7. Property and equipment

Land	1 666 139	-	1 666 139	1 666 139
Buildings	47 183 682	(13 178 461)	34 005 221	34 948 895
Motor vehicles	3 610 913	(1 404 612)	2 206 301	642 822
Office furniture and equipment	7 848 071	(5 363 565)	2 484 506	1 910 962
Computer equipment	10 135 324	(8 188 037)	1 947 287	1 361 260
Computer software	11 568 182	(11 568 182)	-	-
	<b>82 012 311</b>	<b>(39 702 857)</b>	<b>42 309 454</b>	<b>40 530 078</b>

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 approximately 50% is let out. This building is disclosed at cost less accumulated depreciation. 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
<b>Movement – 2023</b>					
Land	1 666 139	-	-	-	1 666 139
Buildings	34 948 895	-	-	(943 674)	34 005 221
Motor vehicles	642 822	2 573 371	(279 393)	(730 499)	2 206 301
Office furniture and equipment	1 910 962	951 560	-	(378 016)	2 484 506
Computer equipment	1 361 260	1 626 231	(151 406)	(888 798)	1 947 287
Computer software	-	-	-	-	-
	<b>40 530 078</b>	<b>5 151 162</b>	<b>(430 799)</b>	<b>(2 940 987)</b>	<b>42 309 454</b>

#### Movement - 2022

Land	1 666 139	-	-	-	1 666 139
Buildings	35 892 569	-	-	(943 674)	34 948 895
Motor vehicles	1 068 044	-	-	(425 222)	642 822
Office furniture and equipment	1 907 866	346 507	(9 954)	(333 457)	1 910 962
Computer equipment	783 227	1 108 462	(7 002)	(523 427)	1 361 260
Computer software	-	-	-	-	-
	<b>41 317 845</b>	<b>1 454 969</b>	<b>(16 956)</b>	<b>(2 225 780)</b>	<b>40 530 078</b>

**8. Investments**

	Debt instruments at amortised cost E	Designated at fair value through profit or loss E	Fair value through profit or loss E	Total E
At the beginning of the year	7 588 782 766	3 232 867 130	18 098 694 586	28 920 344 482
Additions	3 219 784 685	155 868 835	(1 205 140 490)	2 170 513 030
Withdrawals	-	(27 612 944)	-	(27 612 944)
Repayments	(1 879 036 655)	-	-	(1 879 036 655)
Matured investments	(726 217 475)	-	-	(726 217 475)
Investment income capitalised	731 956 226	-	581 731 888	1 313 688 114
Realised profits capitalised	-	-	393 447 460	393 447 460
Unrealised fair value (losses)/ gains	(18 895 998)	259 989 884	(197 121 241)	43 972 645
Management fees paid	(56 846 970)	-	(69 260 641)	(126 107 611)
Withholding tax	-	-	(66 205 697)	(66 205 697)
	8 859 526 579	3 621 112 905	17 536 145 865	30 016 785 349
Provision for impairment	(208 017 190)	-	-	(208 017 190)
	<b>8 651 509 389</b>	<b>3 621 112 905</b>	<b>17 536 145 865</b>	<b>29 808 768 159</b>

	2023 E	2022 E
Reconciliation of provision for impairment		
Beginning of year	<b>201 093 042</b>	158 372 267
Current year impairment	<b>6 924 148</b>	42 720 775
End of year	<b>208 017 190</b>	201 093 042

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

Investment securities designated at fair value through profit and loss consists mainly of unlisted equity instruments and local equities listed on the Eswatini Stock Exchange. (Refer note 8.2).

Fair value through profit or loss consists mainly of funds managed on behalf of the Fund being 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 2023 (continued)

	Opening carrying value E	Additions E	Capital repayments E	Unrealised fair value losses E	Matured investments E	Investment income capitalised E	Fees paid E	Closing carrying value E
<b>8. Investments (continued)</b>								
<b>8.1 Investment securities –</b>								
<b>At amortised cost</b>								
Own portfolio	4 273 165 705	450 956 751	(159 863 054)	-	(395 759 303)	405 686 000	-	4 574 186 099
Inhlonhla	1 475 291 933	332 766 811	(238 452 851)	-	(107 372 933)	144 729 868	(36 762 789)	1 570 200 039
STANLIB Eswatini	1 099 108 172	2 065 265 956	(1 312 625 969)	-	(169 516 103)	134 476 804	(9 376 146)	1 807 332 714
Old Mutual Eswatini	227 236 756	182 804 853	(32 055 700)	(18 895 998)	(30 717 158)	15 872 734	(8 204 107)	336 041 380
African Alliance Eswatini	333 103 655	149 319 042	(115 943 423)	-	(22 851 978)	30 554 050	(2 503 928)	371 677 418
SANLAM Eswatini	180 876 545	38 671 272	(20 095 658)	-	-	636 770	-	200 088 929
	7 588 782 766	3 219 784 685	(1 879 036 655)	(18 895 998)	(726 217 475)	731 956 226	(56 846 970)	8 859 526 579



	Shareholding	Opening carrying value E	Additions during the year E	Investments re-classified E	Unrealised fair value gains/ (losses) E	Closing carrying value E
<b>8. Investments (continued)</b>						
<b>8.2 Investment securities – Designated at fair value through profit or loss</b>						
<i>Held directly and indirectly through investment managers – domestic managed portfolios</i>						
Swazi Empowerment Limited (Equity)	78.3%	521 269 200	-	-	14 479 700	535 748 900
Swaziland Property Investments Limited (Equity)	35%	64 973 653	-	-	-	64 973 653
The New Mall (Proprietary) Limited (Equity)	50%	35 030 894	-	-	598 566	35 629 460
The Royal Eswatini Sugar Corporation Limited (Equity)	0.05%	760 000	-	-	-	760 000
EMPROP Limited (Equity)	50%	64 945 071	-	-	(1 152 255)	63 792 816
Eswatini Royal Insurance Corporation Limited (Equity)	6.5%	69 079 917	-	-	-	69 079 917
RMS Manzini Investments (Proprietary) Limited (Equity)	100%	29 604 096	-	-	5 197 616	34 801 712
Maguduza Hydro Power Station (Equity)	28%	7 280 000	-	-	-	7 280 000
Montigny Investments Limited (Equity)	38.46%	1 035 168 454	(16 822 656)	-	227 700 784	1 246 046 582
The Gables Shopping Centre Partnership	50%	188 284 048	-	-	23 207 552	211 491 600
Libuyile Properties (Proprietary) Limited (Equity)	100%	190 862 845	19 000 000	(100)	(8 188 276)	201 674 469
Ezulwini Reinsurance Company Limited (Equity)	51%	31 301 504	-	-	610 682	31 912 186

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023 (continued)

	Shareholding	Opening carrying value	Additions during the year	Investments re-classified	Unrealised fair value gains/ (losses)	Closing carrying value
		E	E	E	E	E
<b>8. Investments (continued)</b>						
<b>8.2 Investment securities – Designated at fair value through profit or loss (continued)</b>						
<i>Held directly and indirectly through investment managers – domestic managed portfolios</i>						
Ingcamu Hotel (Equity)	100%	1	-	-	999	1 000
Eswatini Royal Insurance Corporation (Equity)	7.58%	11 515 115	-	-	-	11 515 115
Eswatini Royal Insurance Corporation (Equity)	6.83%	72 726 917	-	-	-	72 726 917
Ebuhleni Properties	90%	97 463 008	1 602 648	(27 560 294)	(1 355 184)	70 150 178
Woodlands Shopping Centre (Equity)	70%	36 388 855	-	-	(2 110 300)	34 278 555
Tabankulu Estate (Equity)	100%	400 360 750	-	-	-	400 360 750
Eswatini Mobile	40%	360 790 252	-	-	-	360 790 252
Bekelela Enterprises (Equity)	100%	10 000	-	-	-	10 000
Greystone Partners Limited (Equity)	3.53%	15 052 550	-	(52 550)	1 000 000	16 000 000
Eswati Radiology Services	45%	-	20 600 000	-	-	20 600 000
Umlamuli (Pty) Ltd	100%	-	131 488 843	-	-	131 488 843
		<b>3 232 867 130</b>	<b>155 868 835</b>	<b>(27 612 944)</b>	<b>259 989 884</b>	<b>3 621 112 905</b>

Investments designated at fair value through profit and loss include certain equity investments where the Fund exercises significant control through its shareholding. The above equity holdings are summarised in notes 8.2.1 and 8.2.2.



**8. Investments (continued)****8.2 Investment securities – Designated at fair value through profit and loss (continued)**

	Core business	Last year end audited E	Non-current assets E	Current assets E	Non-current liabilities E	Current liabilities E	Net Assets E	Profit/(loss) before tax E
<b>8.2.1 Listed</b>								
	Swazi Empowerment Limited	31 March 2022	613 888 494	52 400 787	-	(1 835 539)	664 453 742	69 411 289
	Swaziland Property Investments Limited	30 June 2022	252 169 628	19 452 529	2 863 489	7 135 532	261 623 136	82 794 167
<b>8.2.2 Unlisted</b>								
	The New Mall (Pty) Ltd	30 June 2022	71 766 789	13 673 087	(12 445 697)	(1 735 260)	71 258 919	1 582 352
	EMPROP	30 June 2022	246 646 749	11 621 993	(164 960 000)	(5 683 111)	87 625 631	(415 588)
	Libuyile Properties (Pty) Ltd	31 March 2022	256 318 629	16 829 073	(69 735 722)	(1 737 411)	201 674 569	7 233 728
	Montigny Investments Ltd	30 September 2022	3 382 896 937	1 309 942 949	(910 859 212)	(545 496 044)	3 236 484 630	818 006 819
	Old Mutual Eswatini Agri-Fund Partnership	31 December 2020	195 076 678	1 020 025	-	(3 771 397)	192 325 306	428 261
	RMS Investments (Pty) Ltd	31 March 2022	50 465 711	38 130 757	(28 888 000)	(24 907 756)	34 800 712	6 300 745
	Bekelela Enterprises (Pty) Ltd	31 December 2022	13 000 000	10 412 236	(28 879 450)	(2 965 438)	(8 432 652)	(363 626)
	Ingramu Hotel (Pty) Ltd	31 December 2022	26 356 258	12 468 439	(64 300 751)	(8 507 218)	(33 983 272)	369 006
	Woodlands Shopping Centre	31 March 2022	88 602 724	3 820 164	(42 985 354)	(468 170)	48 969 364	(368 421)
	Eswatini Mobile	30 June 2022	471 668 629	68 131 305	(290 991 452)	(293 404 176)	(44 595 694)	3 108 252
	The Gables	31 March 2022	4 111 584 210	11 704 687	-	(4 136 818)	419 152 079	26 735 995
	Buhleni Plaza	31 March 2022	117 943 802	7 942 691	(24 050 925)	(8 301 999)	93 533 569	1 361 999
	Tambankulu Estates	31 March 2022	155 078 766	178 905 050	(78 011 618)	(31 390 840)	224 581 358	489 871
	Eswatini Royal Insurance Corporation	31 December 2022	2 725 833 060	417 704 370	(2 240 284 394)	(150 526 550)	752 726 486	300 827 293
	Ezulwini Reinsurance Company Limited	31 December 2022	53 088 085	37 675 747	(13 902 158)	(14 297 535)	62 564 139	1 757 459

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 March 2023 (continued)*

	2023 E	2022 E
<b>8. Investments (continued)</b>		
<b>8.3 Investment securities – fair value through profit or loss</b>		
The asset managers used during the year and the value of assets managed at year end were as follows:		
Allan Gray Limited	3 878 522 760	4 074 882 009
SANLAM Investment Management (Proprietary) Limited	1 724 445 947	1 737 445 704
STANLIB Global	2 980 648 908	2 884 339 750
ALUWANI Capital Partners	1 656 563 441	1 806 490 442
STANLIB Asset Management Limited	1 726 466 987	1 856 082 849
Old Mutual	1 681 753 521	1 862 638 878
Alexander Forbes Investments	2 956 551 514	2 959 750 540
African Alliance South Africa	460 302 775	451 314 149
Balondolozzi	470 890 012	465 750 265
	<b>17 536 145 865</b>	<b>18 098 694 586</b>

**8. Investments (continued)****8.3.1 Investments securities – fair value through profit or loss**

	Opening balance	Additions	Withdrawals	Investment income capitalised	Withholding tax	Realised profit/(loss)	Unrealised fair value gains/(losses)	Manage- ment fees paid	Closing balance
	E	E	E	E	E	E	E	E	E
Allan Gray	4 074 882 009	-	(400 000 000)	220 896 526	(21 817 124)	120 612 830	(88 367 427)	(27 684 054)	3 878 522 760
SANLAM	1 737 445 704	-	-	90 303 172	(9 986 318)	21 712 663	(105 795 538)	(9 233 736)	1 724 445 947
ALLUWANI	1 806 490 442	-	(100 000 000)	80 285 396	(9 707 216)	39 666 044	(150 940 388)	(9 230 837)	1 656 563 441
STANLIB Asset Management Limited	1 856 082 849	-	(100 000 000)	77 949 477	(10 140 623)	41 659 852	(130 105 650)	(8 978 918)	1 726 466 987
Old Mutual	1 862 638 878	-	(100 000 000)	67 904 084	(7 939 107)	101 374 582	(233 456 685)	(8 768 231)	1 681 753 521
Alexander Forbes	2 959 750 540	-	(255 140 490)	-	-	-	251 941 464	-	2 956 551 514
STANLIB Global	2 884 339 750	-	(250 000 000)	4 167 716	-	72 801 684	269 339 758	-	2 980 648 908
African Alliance	451 314 149	-	-	15 669 634	(3 112 739)	117 460	(1 096 129)	(2 589 600)	460 302 775
Balondolzi	465 750 265	-	-	24 555 883	(3 502 570)	(4 497 655)	(8 640 646)	(2 775 265)	470 890 012
	<b>18 098 694 586</b>	<b>-</b>	<b>(1 205 140 490)</b>	<b>581 731 888</b>	<b>(66 205 697)</b>	<b>393 447 460</b>	<b>(197 121 241)</b>	<b>(69 260 641)</b>	<b>17 536 145 865</b>

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 March 2023 (continued)*

	2023 E	2022 E
<b>9. Investment property</b>		
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 and 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	848 927 986	803 579 414
Revaluation gain on investment property	-	32 533 246
Additions	57 347 775	12 815 326
At end of the year	906 275 761	848 927 986
<b>10. Accounts receivable</b>		
Prepayments	4 928 414	7 436 798
Staff receivables	6 484 284	3 830 197
Rent receivable	2 664 877	2 194 595
Withholding tax receivable	468 653	468 653
	14 546 228	13 930 243
<b>11. Arrear contributions</b>		
Receivable from the Eswatini Government	526 665 073	193 891 381
Less provision for impairment	-	-
	526 665 073	193 891 381

E310 733 885 was received from the Eswatini Government subsequent to the year end.



	2023 E	2022 E
<b>12. Bank and cash</b>		
First National Bank of Eswatini Current Account	5 631 643	3 071 144
First National Bank of Eswatini Call Account	19 099 187	22 993 591
First National Bank of Eswatini Trust Current Account	10 195 733	7 969 460
Nedbank Eswatini Call Account	26 478 794	20 108 061
Nedbank Eswatini Current Account	33 029	40 369
Standard Bank Eswatini Current Account	(24)	(18)
Eswatini Bank Current Account	31 636	34 040
Standard Bank Eswatini Call Account	19 351 790	8 312 326
MTN Mobile Money	192 394	405 219
Standard Bank South Africa Call Account	318 356	301 840
Petty cash	3 108	1 134
	<b>81 335 646</b>	<b>63 237 166</b>
<b>13. Money market and short term securities</b>		
STANLIB Eswatini – Income Fund	80 726	2 664 324
African Alliance Eswatini –Lilangeni Fund	78 389 825	73 436 063
Eswatini Bank	238 185 728	106 741 097
Old Mutual Absolute Growth Portfolio	57 667 039	22 512 442
Swaziland Building Society	50 012 329	-
STANLIB Unit Trust – money market	47 378 456	44 490 121
SANLAM Unit Trust – money market 2	70 269 730	59 763 445
SANLAM Unit Trust – money market 1	25 576 343	337 151 477
Umelusi UFM – money market	6 022 334	-
	<b>573 582 510</b>	<b>646 758 969</b>
<b>14. Benefits payable</b>		
Trust Account benefits	133 866 253	112 223 025
Accrued lump sum benefits	14 220 112	20 631 905
Pensioners suspended	3 915 007	2 043 051
	<b>152 001 372</b>	<b>134 897 981</b>
<b>15. Accounts payable</b>		
Net VAT payable	290 892	671 725
Accrued expenses	14 870 684	8 417 875
Investment fees	17 730 407	15 325 808
PEU Levy	69 903 411	56 496 557
Other payables	13 895 251	13 447 082
Retention	919 976	2 847 791
	<b>117 610 621</b>	<b>97 206 838</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023 (continued)

	2023 E	2022 E
<b>16. Notes to the cash flow statement</b>		
<b>16.1 Cash generated by operations</b>		
Surplus before fair value adjustments	1 352 399 890	1 373 720 975
Adjusted for:		
Depreciation of property and equipment	2 940 987	2 225 780
Investment income and profits capitalised	(980 918 092)	(865 182 871)
Management fees and withholding tax capitalised	192 313 308	168 127 487
Loss on disposal of property and equipment	430 799	16 956
Net surplus for the year before working capital changes	567 166 892	678 908 327
Movement in accounts and arrear contributions receivable	(333 389 677)	(80 013 704)
Movement in accounts and benefits payable	37 507 174	8 683 158
	<u>271 284 389</u>	<u>607 577 781</u>
<b>16.2 Cash and cash equivalents</b>		
Bank balances and cash (Refer note 12)	81 335 646	63 237 166
Money market and short term securities (Refer note 13)	573 582 510	646 758 969
Closing balance	<u>654 918 156</u>	<u>709 996 135</u>

## 17. Financial position of the Fund

The Fund was actuarially valued by Bernard Yen of Aon Hewitt Actuarial. In terms of their report dated 16 May 2023 the valuation of the Fund as at 1 April 2023 reflected the following:

### Past service

The funding level was 81.1% resulting in a deficit of E7 399 million.

The contribution rate, after adding an allowance for expenses, required to support the level of benefit expected to accrue over the next year was 25.7%.

### 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 was 9.6% of pensionable emoluments.

The total required contribution rate including that required to Fund the deficit was therefore 35.3%.



## 18. Capital commitments

	2023 E	2022 E
Authorised	<u>1 777 751 311</u>	<u>772 292 265</u>

### 18.1 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 own resources and was still in progress during the 2023 financial year. The development is expected to be completed in 2023.

## 19. Employees

The average number of employees during the financial year was 59 (2022: 58).  
Employment costs amounted to E58 503 920 (2022: E50 027 826).

## 20. 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 E9 063 750 (2022: E8 212 759).

## 21. Related parties

In considering each possible related-party relationship, the Fund analyses the substance of the relationship and not merely the legal form.

For the purposes of the above analysis the Fund has determined that relationships with entities controlled by either the Employer or the nominated foreign and local fund managers are not deemed to be related parties, as the Fund does not exercise control over those entities.

Additional disclosures on investments are included in the Trustees reports and income and expenditures disclosed in notes 2 and 3 include amounts received and/or paid to entities controlled by the employer and nominated foreign and local fund managers.

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.

# NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 March 2023 (continued)*

## 21. Related parties (continued)

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).

The following income was received from related entities during the course of the year:

	2023 E	2022 E
Dividends received	73 275 224	85 295 594
Interest received	64 241 681	53 083 602
Share of rental income received	14 298 985	11 287 703

Executive management consists of the Chief Executive Officer, 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 E2 865 980 (2022: E2 934 562).

## 22. 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 E1 389 448 391 (2022: E2 738 690 400 for the year ended 31 March 2023 and, as at that date, total assets exceed total liabilities by E31 683 870 838 (2022: E30 294 422 447). Management has a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future.

## 23. Subsequent events

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

Management are monitoring the impacts of the conflict in Ukraine and pro-actively balance portfolios where necessary. The Fund has no significant exposure to investments in Ukraine or Russia.

## NOTES

## NOTES

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