

# Trustee Matters Newsletter

Volume 1

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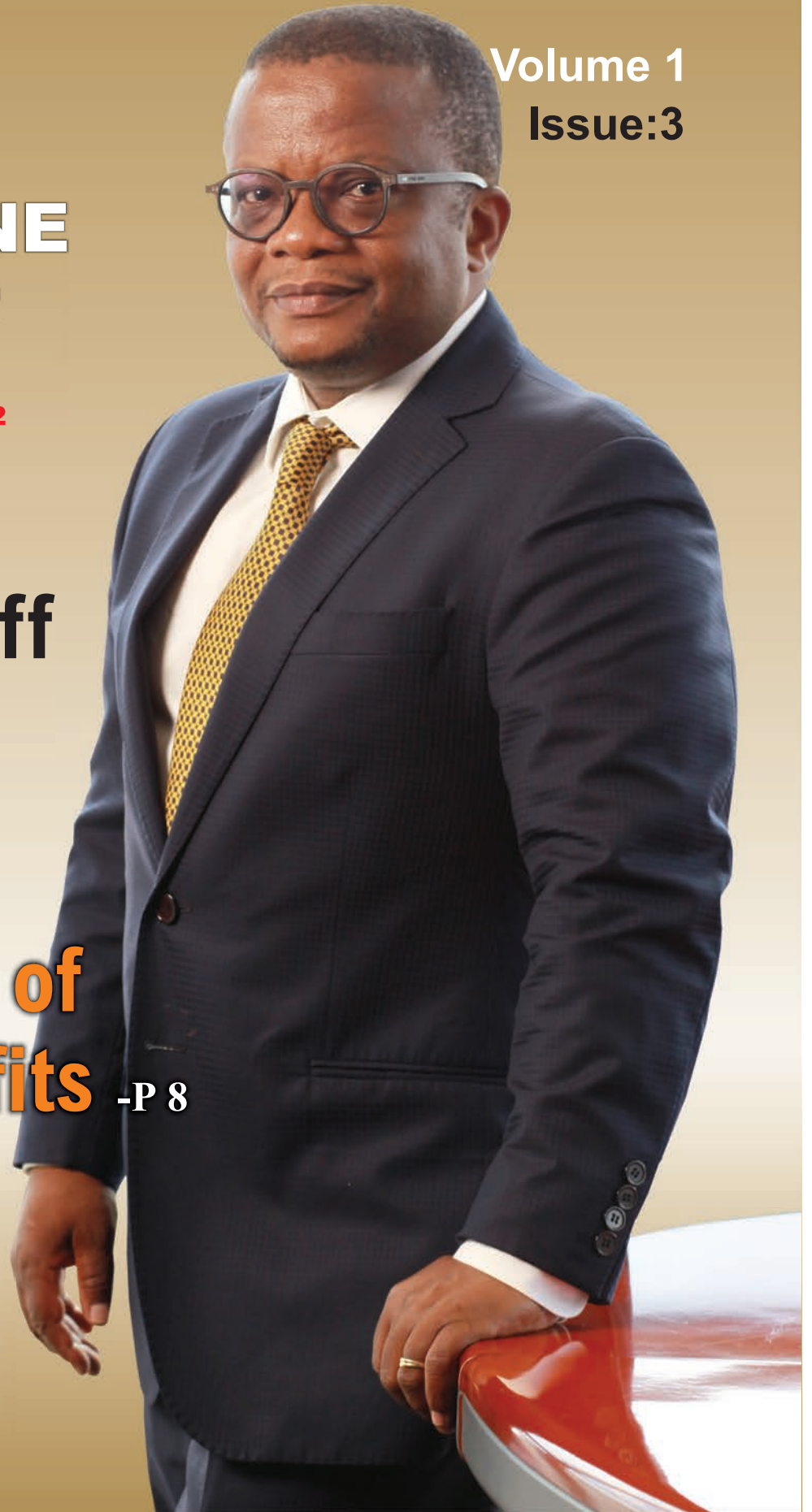
**ONE ON ONE  
WITH PSPF  
NEW CEO** -P2

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**The Steinhoff  
Debacle** -P6

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**Distribution of  
Death Benefits** -P 8





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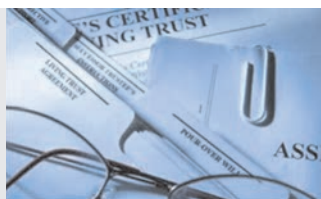
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## Contents

One on One with PSPF New CEO	2
The Steinhoff Debacle - <i>What Lessons Can We Learn?</i>	6
Death Benefits of Retirement Funds Part 1 of 3	8
The Allocation of Pension Fund Assets In the Domestic Market	12
Highlights of the 4th Retirement Funds Breakfast Seminar held in October 2018	14



## EDITOR'S COMMENTS



In this edition of Trustee Matters, we have the pleasure of speaking to Langelakhe Dlamini who recently assumed the position of Chief Executive Officer (CEO) of the Public Service Pensions Fund (PSPF). The in-depth conversation provides interesting insight into Mr Dlamini's background as well as his aspirations as CEO of the largest pension fund in Eswatini.

We take a look at one of the most publicized corporate events of 2017, concerning alleged accounting irregularities at Steinhoff, which accusations led to the subsequent collapse of the company's share price. More than a year on, we ask 'what lessons can be learnt from the debacle?'

In Eswatini, we consider the proposed increase in the domestic investment requirement from 30% to 50%. The regulatory changes are expected to release substantial retirement savings into the domestic economy for investment. We discuss these developments and reflect on the responsibilities of trustees to act prudently when it comes to investing the assets of retirement funds.

Section 33 of the Retirement Funds Act, 2005 gives the management board of trustees full discretion with respect to the distribution of death benefits. Notwithstanding, trustees are expected to exercise this authority fairly and reasonably at all times. In our latest quarterly release, we analyze some of the guidelines which direct the decision of the trustees when it comes to this important responsibility.

We remain encouraged at the widespread support from the industry as well as the office of the Financial Services Regulatory Authority (FSRA) with respect to the increasing turnout at seminars hosted by Fiduciary Trusteeship Services (FTS). These events provide a platform to support the Continuous Professional Development (CPD) of retirement fund officials by presenting participants with vital information to stay abreast to the ever changing retirement funds landscape.

Enjoy your reading and best wishes.

Zethu Nkala - Shongwe



# ONE ON ONE WITH

*Mr Langalakhe Dlamini is the Chief Executive Officer of the Public Service Pensions Fund (PSPF), the largest pension fund in Eswatini. Reflecting on his new role and the challenges that await, he says, "Change is the only constant, we have to keep changing because the people we serve are changing". Mr Dlamini goes on to share his thoughts on his career and experience as a trained accountant, his rise to top executive management, as well as his ambitions for PSPF during his tenure and beyond, asserting, "there is scope to move the Fund from Good to GREAT".*

**QUESTION:** Give us a sense of your personal, educational and career background and how you think these experiences have shaped you into the leader you are today.

**RESPONSE:** I come from an Accounting and Auditing background, having done my articles at KPMG. Thereafter, I joined Swaziland Royal Insurance Corporation (SRIC). Remember, SRIC is a composite company, meaning it has both short-term insurance and Life Assurance business. Within the Life Assurance business, there is retirement Funds Administration.

This prepared me for retirement funds administration and also gave me a base for risk management. At SNPF, I got my hands dirty working on projects and investments. PSPF is about those three - Member Fund Administration, Projects and Investments.

However, from the person I am, the people are the most important components in this puzzle. The Fund wouldn't exist without its members. I know no other way to deliver quality results other than through the talented individuals that are at PSPF. They wake up every day waiting to serve the members with a happy face. I



believe my most important job is to keep them doing that with a smile and passion. Good service can only be delivered by someone passionate about his or her job.

**Q: Why did you choose to study accounting and what are your views on those who are suggesting that there has been an evident decline in integrity within the accounting/auditing profession given recent accounting discredits in South Africa?**

**R:** Business in its nature is about money and less about everything

else. To deliver on any business, you need to understand accounting. In fact, 70% of all listed companies (JSE) are led by people of accounting background.

The recent scandals in the profession are a cause for concern, but what is important now is to see if the profession is strong enough to self-correct. Every profession, or anything else for that matter, needs to do an internal introspection after a period of time, otherwise external forces will challenge it to change. So this is good for the profession as it has forced it to change and re-

align with what is happening world over.

**Q: As the incoming CEO, are there any operational areas that you view as challenging for the PSPF and how do you intend to address those problems?**

**R:** Change is the only constant. We have to keep changing because the people we serve are changing. There are no problem areas at PSPF, but there is scope to move the Fund from good to GREAT. We now need to provide our services via the internet and/or electronically. Our members should access their statements via the internet and make their claims in the comfort of their homes.

**Q: There has been a lot of speculation surrounding the reported impasse between the PSPF and FSRA. Could you provide our readers with some perspective regarding the matter?**

**R:** It was not a real impasse; it was just unfortunate that the disagreement spilled into the public domain; otherwise it is the responsibility of FSRA to regulate and inspect PSPF operations; but unfortunately in this instance both parties could not agree on the approach,



# PSPF NEW CEO

causing the perceived impasse. I believe that is now in the past.

**Q:** *Many stakeholders openly expressed unease when the PSPF was re-classified as a Category A Public Enterprise. Do you think the negative sentiments were justified?*

**R:** Any change creates anxiety and that is good as it opened a debate on the pros and cons of reclassification of the entity. The Retirement Funds Act 2005 does not allow the member employers to control their employees' Pension Fund. In this instance, it looks like Government wants to control the Fund, yet the Act does not allow. On the other hand, the Government is not looking at itself as an employer, but as an institution charged with regulating all companies established by statute, which we are as PSPF. This is a brilliant debate and I believe we will successfully manage together with Government.



**Q:** *The 2017 financial year was not a good year for the Fund when considering the return on investment (ROI). How confident are you that the performance of the fund's assets will improve going forward, which will ensure the target rate of return is achieved on a consistent basis?*

**R:** The Fund's returns will definitely improve. We are currently reviewing our investment strategy with a view of increasing our international exposure.

Having said the above, one must emphasize that we do not have control of the markets; when markets are falling, we are bound to be affected also. The past two/three years, the JSE has been faltering and that has been showing on our results.

**Q:** *According to the 2017 PSPF Annual Report, the funding level declined to 75.67% from 87.85%. Please explain to the readers the underlying reasons for the decline and what is the Fund doing in order to improve the position?*

**R:** As alluded to above, the past three years investment returns have not been exciting. It is also worth noting that the Fund pays a healthy pension annuity. The high annuity pay-out obviously depletes the funds available. We are blessed in that our member death rate is lower than the national average death rate,



making us to pay pension for longer periods of time, which depletes the Fund even further. We are certainly not complaining about our members' longevity, but we celebrate that we have caused and created a better life for our members.

I believe I have a team of great intellectuals, who will help me come up with a strategy to see us improve the funding level. We do not wish to push it to 100%, but we will have to develop a strategy that will keep the funding level at above 75%.

**Q:** *What legacy would you like to leave behind when your tenure with PSPF ends?*

**R:** I like people and I believe Eswatini will only become better

when we have developed our people appropriately. My legacy will be the people I develop. I will leave PSPF with an Actuarial Department and a big Investments Department with people qualified in investments.

Nationally, we will develop entrepreneurs who will meaningfully contribute to the country's Gross Domestic Product. I think time for foreign direct investments is over. Eswatini must innovate and create big businesses that will export.

We do not have minerals, but we have lots of human intellectual capability. We have to harness and correctly direct that capability to make a better Eswatini. I see PSPF being the centre of directing and causing that shift.





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## The Steinhoff Debacle - What Lessons Can We Learn?

Many retirement funds in Eswatini will have felt the impact of the dramatic fall in the share price of Steinhoff in December 2017, following revelations of alleged accounting irregularities in the wake of the auditor's refusal to sign the financial statements for 2017. At the time of the downfall, Steinhoff represented the top ten holdings of the investment portfolios of many fund managers who manage assets on behalf of institutional investors such as retirement funds. Rob Rose in his sensational book *Steinheist: Markus Jooste, Steinhoff & SA's Biggest Corporate Fraud* reveals that "of the 1,651 pension funds registered in South Africa, 948 had exposure to Steinhoff, more than half of all registered funds in the country". The full impact investors in Eswatini experienced as a result of exposure to Steinhoff is yet to be made public, although it is accepted that local retirement funds suffered unspecified losses. A year after the largest corporate scandal in South African history, what lessons can we learn from the debacle?

### Leadership

While the story around the Steinhoff fiasco has been largely recognised to be alleged accounting irregularities, the conversation is much more expansive. By way of illustration, the 2008 financial crisis widely places blame to the collapse of complex financial instruments, which nearly brought down the global financial system. Yet many see the disastrous events to be the result of leadership shortcomings with regard to ineffective policy decisions, as well as corporate greed. As a consequence of the economic downturn more than a decade ago, we see the emergence of ethical and sustainable leadership, given the relationship between the two issues. The idea is quite intuitive, based on the known fact that when leaders embark on unethical business practices, their actions place financial stress on companies. In turn, these activities have an adverse impact on employees, investors as well as the long term sustainability of businesses, creating a domino effect.

Leadership expert Robert C. Maxwell simply asserts, "Leadership is Influence", submitting that the ability for leaders to influence others



and revered as a charismatic leader whose ability to build up a crowd of admirers within and outside of the company is well-known.

into action is one of the fundamental components of leadership. However, elements of leadership differ widely from servant, transformational and charismatic leadership, to name a few. Without exploring the merits of the different styles of leadership, the qualities differ in many ways. As an illustration, servant leaders are deemed to be selfless and generally place the interest of others before their own, transformational leaders are regarded as heroic and inspirational visionaries who give purpose and direction to others while charismatic leaders exude confidence, are good communicators and because of their charisma are considered trustworthy. Rob Rose, in his brilliant exposé about the events leading up to the collapse of Steinhoff's share price, appears to capture the essence of Markus Jooste, who was CEO of the global conglomerate before resigning following revelations of alleged irregular accounting practices. Preceding his fall from grace, Jooste had seemingly reached cult status

Should the damning allegations levied against the former CEO, who is accused of being implicated in accounting fraud, prove to be true, the character traits described would have been the same behaviors exercised to manipulate his many followers for his own personal gain.

### Accounting Irregularities

In the wake of revelations of apparent accounting irregularities, Steinhoff appointed PWC to conduct a forensic audit to determine the truthfulness of the allegations, which report is yet to be concluded. Notwithstanding, the question asked by those impacted by the episode, if indeed these allegations are substantiated, why did the auditors not pick up any inconsistencies? Without a doubt, the accounting and auditing profession has gone through its fair share of storms in recent decades. Who will forget Enron's downfall, after the company was found to have inflated revenues while at the same time, exploiting accounting





rules to conceal massive amounts of debt? Arthur Anderson, formerly one of the top five accounting firms, was found to be implicit in the malpractice, with the company descending into obscurity after failing to recover from the consequences.

Markus Jooste, appearing before Members of Parliament in South Africa on 5 September 2018, says "I was not aware of any fraud". However, despite his denials, the former CEO, a Chartered Accountant himself, together with certain Steinhoff senior executives are subject to a criminal probe by South African authorities. Given the nature of the allegations against Steinhoff executives, some commentators are naturally pointing to similarities with the Enron episode. Although not yet corroborated, Steinhoff executive management is accused of amongst other things, using accounting tricks to inflate the balance sheet and overstate revenues, which sounds all too familiar to some deceptions employed in previous corporate scandals.



In defence of the auditing profession, it was in fact Deloitte, Steinhoff's auditors at the time who refused to sign off on the 2017 financial statements due to a number of concerns. In a News 24 article by Tehillah Niselow, the CEO of Deloitte Africa is quoted as saying "Raising these questions prior to finalizing the audit is an example of a good audit process, and we believe that we have done the right thing by raising our questions".

However, what may be more baffling is the role of the Steinhoff board as well as audit committee as the last line of defence. Why didn't the board detect the apparent accounting irregularities? As Rob Rose states "In Steinhoff's case, on paper at least, it had a Rolls Royce Board. Three of the directors had a PhD in accounting and one of them, Len Konar, had even chaired the International Monetary Fund's external audit committee".

#### Corporate Governance

In a case study undertaken by the University of Stellenbosch Business School (USB), probing questions are raised about governance issues at Steinhoff. The report notes that "corporate governance has been defined as a

system whereby business organizations are directed and controlled". Accordingly, the King Reports on Corporate Governance has become the standard governance principles applied by many public and private companies.

The USB report notes that at face value, Steinhoff was seen to be doing the right things when it comes to good corporate governance practices. To the extent that reference is made in the financial statements to Steinhoff's governance structures being in compliance with King III, as well as stating the requirement for directors and employees to adhere to the company's Code of Ethics.

In spite of these declarations, the USB study paints a somewhat different picture and provides important insight into possible governance shortcomings, which may have contributed to Steinhoff's problems.

To conclude, ethical leadership aids good governance practices, where trust and integrity define those in leadership roles. However, recent corporate scandals remind us that unless leaders adhere to these values, corporate governance guidelines, as well as established accounting principles become merely a set of rules on paper. What we know is that ethical leadership is about influencing

positive actions. Having said that, it is also clear that not all leaders are ethical, meaning a selection of those in leadership roles influence negative behaviours. If anything can be learnt from recent corporate scandals, it is that the ethical actions of leaders are important in promoting good governance practices which supports the long term sustainability of organisations, as well as retirement funds and their members.

Muzi Dlamini

*The article was written prior to the Steinhoff board publishing an abridged summary of PWC's findings, in which former Steinhoff executives as well as individuals outside of the company are implicated in unlawful conduct.*

The distribution of death benefits in the retirement funds industry has historically been an area of controversy and contention. In Eswatini the Ombudsman of financial services records about 70% disputes related to the distribution of death benefits. This is a clear indication that distribution of death benefits is not clearly understood by many.

To fully appreciate why Section 33 of the RFA, 2005 is structured as mentioned above, one has to appreciate that retirement funds are a social engineering or protection policy to ease the burden on the state that arises from children/elderly becoming destitute due to the loss of bread winners. It is for these reasons that death benefits under Section 33 of the RFA, do not form part of the estate of a deceased member.

v African Products Retirement Benefit Provident Fund [2002] 8 BPLR 3703 (W), Judge Hussain, when dealing with a death distribution case:

# DEATH BENEFITS

Section 33 of the RFA gives the board of trustees discretion, to be exercised fairly and reasonably, insofar as the distribution of death benefits is concerned. Where this discretion has been partly delegated to the Management Committees (MANCOs), precautions must be taken because it is trustees that can be held liable for the improper or inequitable distribution of death benefits.

- a) To identify the dependants and nominees of the deceased member;
- b) To effect an equitable distribution of the benefit amongst the beneficiaries; and
- c) To determine an appropriate mode of payment.

In relation to a member means:

- a) A person in respect of whom the member is legally liable for maintenance
- b) A person in respect of whom the member is not legally liable for maintenance if such person;
  - i) was, in the opinion of the management board, dependant on the member for maintenance
  - ii) is the spouse of the member and shall include spouse as a result of any customary or religious union
  - iii) is a child of the member and shall include a posthumous child, an adopted child and an illegitimate child
  - iv) a person in respect of whom the member would have become legally liable for maintenance, had the member not died.

### *Duty to identify and verify dependants*

There is a duty on the Board to conduct a proper investigation to determine all the 'dependants' of the deceased member. What this means is that the trustees cannot merely follow the beneficiary nomination made by the member during his/her lifetime - the Board must establish who the persons are who fall within the category of 'dependant' as defined in the Act.

The RFA, 2005 defines three categories of ‘dependants’, namely legal dependants, de facto dependants and future dependants:

- 8



the member owed a legal duty to support, such as a spouse and children (including illegitimate and adopted children). In order to fall within the ambit of this category, one would have to prove that the deceased was legally obligated (i.e. in terms of legislation, common law or a legal obligation) to maintain you;

**2. Factual (de facto) dependants** - those persons to whom the deceased owed no legal duty of financial support, but who nevertheless depended on him/her financially. This would include a spouse in respect of whom the marriage or union is not recognized by any law or a financially independent major child. In order to fall within the ambit of this category, one would have to prove that the deceased financially maintained the claimant, despite not having any legal obligation to do so;

**3. Future dependants** - those persons whom the deceased did not financially maintain at the point of his/her death, but whom s/he would have maintained in future, had s/he not died. This would typically include elderly parents or unborn children.

Once dependants have been identified and verified, they will be considered for distribution, after taking into account a number of factors listed below:

1. Wishes of the deceased
2. The financial status of the dependants, including their future earnings potential
3. The relationship with the deceased
4. The extent of dependency
5. The amount available for distribution
6. The age of the dependant

### Questions and Answers

**1. Do all identified 'dependants' automatically qualify to receive a portion/all of the death benefit?**  
*No, they don't - the fact that someone falls within the definition of 'dependant' only entitles him/her to be considered by the Board when making the benefit allocation decision. It does not mean s/he automatically qualifies to share in the death benefit payable. However, the board will consider the specific circumstances related to the case before deciding on the distributable amount. The case that follows provides a good illustration;*

*In reflecting on the matter, the trustees referenced CASE NO/RFA/H/19/2012 - determination by the Retirement Funds Adjudicator, where the adjudicator dismissed a claim submitted from a biological sister because she did not provide evidence on how the deceased had supported her prior to the member's death. We include extracts of the determination under Section 4.8 which reads;*

*"The claim submitted by this complainant is very vague. Apart from establishing that she was the biological sister to the deceased, she did not even attempt to show how the deceased supported her. She merely stated "my brother is the one who used to assist me financially and otherwise since I am unemployed." Apart from her failure to make an attempt to show the Tribunal that the fund's decision was wrong that the deceased had no dependants, and that she was such a*

*dependant, there was information furnished to the fund that she was not in touch with the deceased, leading to the family not knowing her whereabouts. This information negates the claim for regular dependence that entitles a person to a death benefit as a factual dependant. There is therefore no basis upon which to make a finding that she was a factual dependant of the deceased".*

**2. What about the nominated beneficiaries?**

*There is a common misconception that the nominated beneficiary has a right to claim the death benefit by virtue of being nominated by the deceased. This is not correct.*

*As stated above, the main objective of Section 33 of the RFA, 2005 is to ensure that those people who were dependent on the deceased are not left destitute after the member passes away. It is for this reason that the legislature intended to favour dependants over nominated beneficiaries.*

**3. Can one nominate an institution to receive part of the benefit?**

*Yes, however, according to Section 33 of the RFA, 2005, the trustees are not bound by nomination forms completed during the member's lifetime. The nomination forms will merely serve as a guide to the trustees. Nomination forms can also assist the Board in identifying persons who could potentially qualify as dependants. The overriding factor will, however, always be the extent of dependency to the deceased when s/he was alive.*

*Consider the facts of - CASE NO: RFA/H/44/2012. The Deceased member completed a beneficiary nomination form, but did not include in the nomination form a 15-year-old daughter with whom she was living at the time of her death. In the eventual distribution of the death benefit, the trustees included the 15-year-old daughter who was not included in the beneficiary nomination form and gave her the largest proportion of the death benefit of all the beneficiaries. The spouse of the deceased lodged a complaint against the decision of the trustees, alleging that they had exercised their discretion incorrectly.*

*The adjudicator dismissed the complaint, because Trustees exercised their discretion properly when deciding to allocate a greater benefit to the dependant who was not initially included in the nomination form.*

*What is clear is that the management board of trustees are required to apply their mind to each case in so far as the distribution of death benefits is concerned. In doing so, the trustees are guided by Section 33 of the RFA, 2005 as well as determinations made by Retirement Fund Adjudicators in both Eswatini and South Africa which confirm the intentions of the legislature when crafting the relevant section of the RFA, 2005.*

Zethu Nkala-Shongwe



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## THERE IS A COMPELLING ARGUMENT FOR THE MIGRATION OF RETIREMENT FUNDS FROM STAND-ALONE FUNDS TO UMBRELLA FUNDS IN THE 21<sup>ST</sup> CENTURY

The 21<sup>st</sup> century presents a fast-paced business environment whereby corporates are chasing profits, outstanding customer experience, maintaining good governance, adding their bit to the community as well as improving their value proposition for their employees. Employees are still the key resource for the success of any company and a retirement fund is one of the components every employer incorporates into their employee value proposition, however, the retirement fund is not the main business of any company, nor the key deliverable of any employee rightfully so, which is why umbrella retirement funds were introduced.

By definition, an umbrella fund is a retirement fund normally established by a service provider in which multiple, unassociated employers participate, often offering a range of benefits on a packaged basis. In short, a service provider like Old Mutual will take on the work of setting up and administering a fund, allowing companies to participate in this fund without having to undertake the onerous work associated with managing a stand-alone fund.

### ADVANTAGES

Umbrella funds also offer a host of additional advantages, solidifying the argument for migration:

#### Ease of use

Whether large or small, businesses get to offer their employees access to traditional 'big company' benefits without the complexities of setting up their own standalone retirement fund or employee benefit structures. Employees are not burdened with endless meetings, investment choices and distributing benefits. Rather, they focus on their key deliverables within the company, spending their time on what they were hired for.

#### Economies of scale

Due to the size and operational efficiencies of an umbrella fund, employers benefit from much lower direct and indirect costs. The fees for ancillary costs like audit fees, actuarial fees, valuation fees and others are always shared among all participating employers in an umbrella fund yet a standalone fund will always bear these costs as they are, grossly affecting member savings.

#### Choice

Because they are built for purpose, umbrella funds offer employers and their employees the appropriate choices for what they require. An umbrella like the Old Mutual Umbrella comes with investment portfolios to choose from, an array of risk benefits with the benefit of having one service provider for all your solutions.

There's a very compelling argument for providing employee retirement and group risk benefits. It begins with helping you to attract and keep the best people and includes the advantages of being protected from potential cash shocks down the road. An argument so strong that for most businesses the question is not around the wisdom of providing an employee benefits plan, but more around which solution to choose. Participating in an umbrella fund like the Old Mutual umbrella provides that comfort of being with a reputable brand that has been around for more than 170 years, eliminating the cumbersome task of setting up a standalone fund.

*\*information sourced from the Old Mutual Corporate Superfund brochure*



# The allocation of pension fund assets in the domestic market

**I**t is proposed that the percentage value of assets held by a retirement fund in the Kingdom of Eswatini be increased from the current 30% to as much as 50%. The justification for the increase of the domestic pension fund asset requirement seems to be evidently clear in that internal pension fund asset growth has been established as a sustainable means to finance a country's own national development goals as well as spur capital market expansion.

Correspondingly, one of the critical responsibilities of retirement fund officials is to ensure that the assets of the retirement fund are invested prudently to generate a reasonable return, with the aim of achieving the retirement objectives of its members. Finding a balance between the mobilisation of domestic assets and the optimal allocation of capital by investors such as retirement funds should be the ultimate goal of the intervention.

## Capital Allocation

When investors evaluate a company's performance with the intention of allocating capital, the first glance in building a narrative generally starts with the income and cash flow statement. Undoubtedly, the assessment of earnings as well as operating cash flow are important

measures of performance, above all, in terms of a company's ability to generate a satisfactory return for investors. For the most part, the balance sheet is secondary and tends to be evaluated to assess the inherent risks to the business, particularly in terms of the relationship between the company's assets and liabilities or debt to equity ratio. A high debt to equity ratio is often associated with high risk, but then again, the measure will vary depending on the industry the company operates.

GROUP	2019	2018
Non-current assets	50,161	45,421
Property, plant and equipment	116	2,250
Intangible assets	22,251	7,344
Subsidiaries	1,933	5,352
Other assets	737	12
Current assets	979	994
Other assets	75,777	61,379
Current liabilities	27,790	61,805
Other liabilities	122,857	112,488
Other liabilities	1,027	85
Other liabilities	30,360	20,90
Other liabilities		196,0

While recognising that the approach adopted by investment analysts when undertaking the due diligence process will vary depending on the fundamentals of the company, a case is made that in actual fact, it is the balance sheet that is the most revealing. This is because the balance sheet tells you where the company is, where it has been and where it is likely to go. Taking all other relevant factors into consideration, it appears that the ability to utilize resources in the

most effective way is what truly establishes a company's long term growth path and profitability.

## Real Wealth of Nations

An article which appeared in the Economist Magazine published in June 2012, entitled 'The Real Wealth of Nations', introduces the reader to Professor Partha Dasgupta of Cambridge University, who supervised a UN report on Inclusive Wealth. The article contends that evaluating an economy by its Gross

Domestic Product (GDP) is like judging a company by its income statement, without making reference to its balance sheet. GDP is a widely used measurement of a nation's overall economic activity.

The author goes on to highlight some of the findings in the report based on the published balance sheets of 20 nations, which include three kinds of assets;

- 1) Manufactured or Physical, Capital (machinery, buildings, infrastructure etc.)
- 2) Human capital (education and skills of the country's population) and
- 3) Natural Capital (includes land,

forests, fossil fuels and minerals) While the calculations are based on estimates and are, therefore, illustrative, the study concludes that the true wealth of nations is substantially higher than a country's recorded GDP. Furthermore, the examination suggests that policy makers should place less emphasis on GDP as a measure of wealth, asserting that in actual fact, it is the ability to effectively manage a country's resources that a nation is able to achieve true wealth.

As earlier mentioned, when investors assess a company, the balance sheet is the most revealing as it provides a picture of the flow of income that has been generated by the company's assets over time. It is accepted that the ultimate goal of any investor is to achieve an adequate return on investment. It should, therefore, not be surprising when decisions on where or to whom capital is allocated are made on the basis of an investor's assessment of how well a company or country manages its 'balance sheet' resources.

Muzi Dlamini





# Sizumbulu

## Saving Scheme

## Sizumbulu Savings Account Eswatini National Provident Fund

Sizumbulu (Lump sum payment) is another voluntary product that an individual or an employer may choose, in addition to the statutory and the Ingungu contributions. The amount contributed is a once off lump sum that is paid to the Fund.

Its purpose is to enhance the member's benefit when it becomes due. An additional contribution can also be made, in the future, if you wish. The lump sum could come from funds transferred from a retirement scheme that is closing down or from terminal benefits or on account of simple withdrawal from a retirement scheme.

Terms and conditions for the administration of these contributions can be arranged with the Chief Executive Officer of the Fund. The recommended minimum lump sum payment is E1000.00

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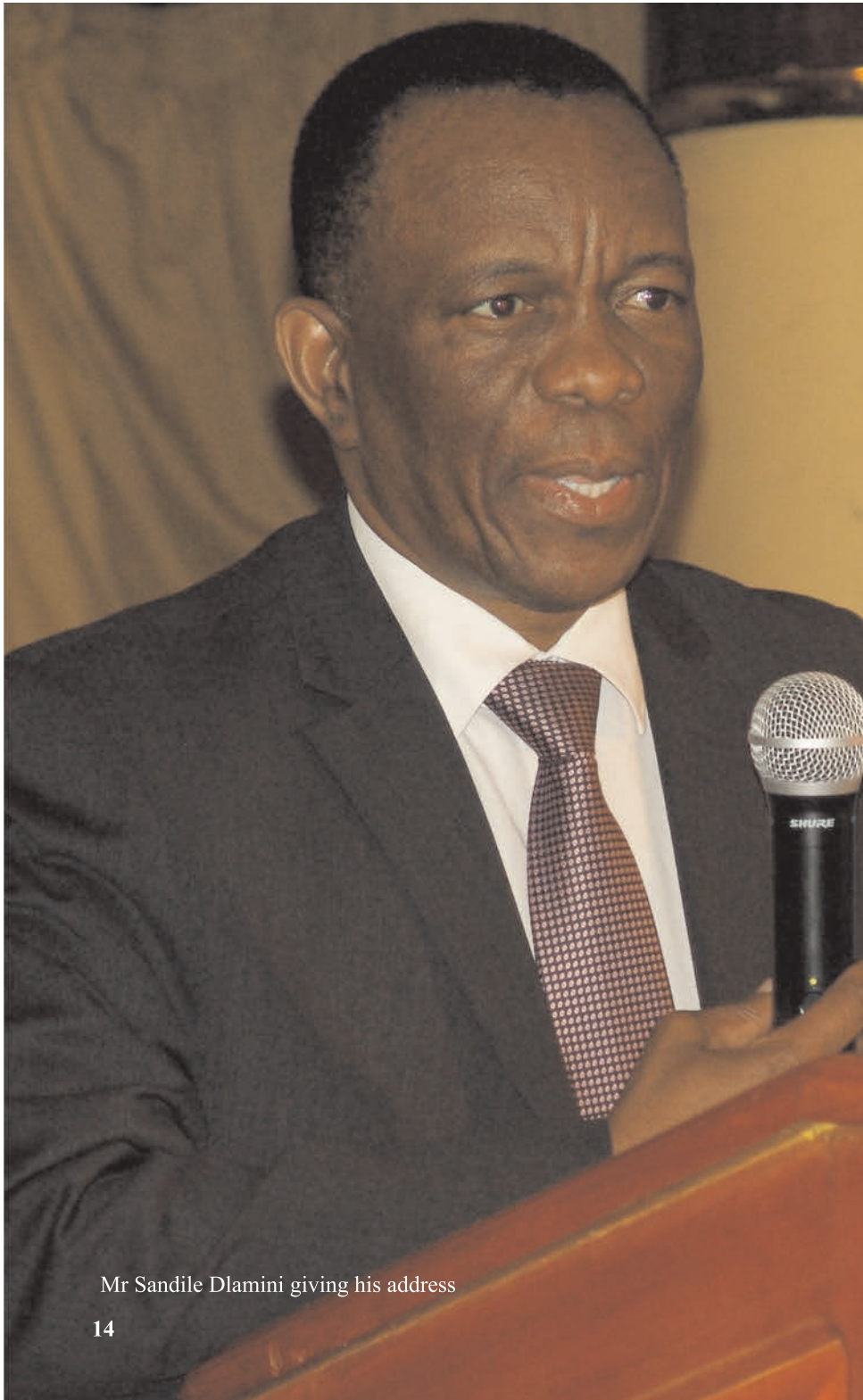
**"Bekela Likusasa Lakho"**





## Highlights of the 4th Retirement Funds Breakfast

***Theme: Governance of Retirement Funds; is good governance the cornerstone to optimal retirement fund management?***



Mr Sandile Dlamini giving his address

The breakfast seminar was attended by approximately 100 delegates, including Mr. Sandile Dlamini, the Chief Executive Officer (CEO) of the Financial Services Regulatory Authority (FSRA), and Ms Wilma Mokupo, Head of the Retirement Funds (Prudential Supervision) department of the Financial Services Board (FSB), now known as the Financial Sector Conduct Authority (FSCA), in South Africa.

Ms Mokupo, who was the keynote speaker at the event, is responsible for the supervision of financial soundness and prudential supervision of retirement funds registered under the Pension Funds Act. Her role also extends to the preparation of the pensions annual reports to the Minister of Finance.

The following are some main highlights from the discussions held at the seminar:-

- ***Appropriate Skills and Leadership.*** As outlined in the RF Governance Guidelines, management boards are to be evaluated at regular intervals. In addition, according to the Fit and Proper Guidelines 2014, trustees are to obtain minimum competency levels.
- ***Internal Controls.*** Emphasis was placed on the need for trustees to understand the importance for risk identification, which provides reliability of financial results, effectiveness of operations, regulatory compliance and prevention of fraud.
- ***Roles and Responsibilities.*** Governance Guidelines stress the importance of due process with regard to the appointment of trustees. The guidelines also emphasize the importance of establishing terms of office with a maximum term of three years.
- ***Risk management.*** Management Board of Trustees to ensure that the fund is governed accordingly. It was noted that effective risk management includes the identification, evaluation, control, monitoring and documentation of risk.





## PICTURE GALLERY

# Seminar held in October 2018



Distinguished panellists



Distinguished speakers, Ms Wilma Mokupo and Mr Sandile Dlamini



Event delegates



Mr Sandile Dlamini and Mr Victor Langa having a conversation



Event delegates



Ms Wilma Mokupo giving her keynote address

**4 MODULES, 22 UNITS, TWO DAYS,  
ONE COURSE!!**



## **FUNDAMENTALS IN RETIREMENT FUND TRUSTEESHIP**

### **WHAT WE DO**

Our FSRA accredited trustee training is facilitated by local industry experts. Participants provided with access to our E-Learning platform. In-house training also offered as well as after service care. Continuous professional development through workshops and seminars.



### **UPCOMING DATES**



February 13-14

March 20-21

April 09-10

May 22-23

June 18-19

July 17-18

August 7-8

September 25-26

October 23-24

November 20-21

December 4-5



### **Our Contacts**

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