

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 2075 [NW2497E]**

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**2075. Mr D C Ross (DA) to ask the Minister of Finance:**

- (1) What (a) is the breakdown of the different investments in the Isibaya portfolio of the Government Employees Pension Fund (GEPF) and (b) were their respective performances (i) in the (aa) 2010-11, (bb) 2011-12 and (cc) 2012-13 financial years and (ii) since 1 April 2013;
- (2) (a) what was the projected return on investment for the Isibaya portfolio when the portfolio was created and (b) what was the most recent projected return on investment?

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**REPLY:**

**1 (a)** The Isibaya Portfolio is divided (broken down) into two broad categories:

1. Development Investments
2. Private Equity Investments

The objective of the Developmental Investment portfolio is to earn good financial returns whilst also supporting positive, long-term, economic, social and environmental outcomes. The developmental investments focus on the in the following broad developmental sectors as defined in the GEPF Developmental policy:

- Economic Infrastructure investments
- Environmental Sustainability investments
- Social Infrastructure investments
- Priority sectors

The Private Equity portfolio seeks to invest in equity or equity related investments focusing on all classes of private equity, namely: venture, small, medium and large capital companies requiring capital for buy in/out, replacement capital or expansionary capital.

1 (b) (i) (aa) Performance Information 2011

The Isibaya Fund returned 13.23% for the 12 months period ending 31 March 2011.

(bb) Performance Information 2012

The Isibaya Fund returned 6.74% for the 12 months period ending 31 March 2012.

(cc) Performance Information 2013

The Isibaya Fund returned 11.15% for the 12 months period ending 31 March 2013.

1 (b) (ii) The Isibaya Fund returned 1.06%% for the 4 months period from 01 April 2013, ending 31 July 2013.

2 (a) When the Isibaya portfolio was initially created, the expected overall return for the portfolio was the South Africa 10 year Government Bond rate.

2 (b) Since the start of the private placement memoranda (PPM's) within each investment pillar in 2013, five (5) PPM's have been approved with their own return expectations as follows:

- i. Environmental Sustainability Fund I - South Africa 10 year Government Bond rate plus 700 basis points;
- ii. Priority Sectors Investment Fund I - South Africa 10 year Government Bond rate plus 300 basis points;
- iii. South African Private Equity Fund I - South Africa 10 year Government Bond rate plus 600 basis points;
- iv. Economic Infrastructure Fund I - South Africa 10 year Government Bond rate plus 300 basis points
- v. Rest of Africa Private Equity Fund I – US SA 10 year Government Bond rate plus 600 basis points.