

ABRIDGED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ending	US\$
31 December 2010	
Contributions	2 266 588
Net Investment income	2 224 008
Other Income	997
Total Income (a)	4 491 593
Less: Benefits Paid	
Monthly Pensions	22 611
Withdrawals	277 926
Retirements	149 214
Retrenchments	12 303
Death Benefits	133 468
Administration Expenses	776 764
Total Expenses (b)	1 372 286
Surplus For The Year (a-b)	3 119 307

STATEMENT OF FINANCIAL POSITION

As At	US\$
31 December 2009	
ACCUMULATED FUND:	
Opening Accumulated Fund	12 612 738
Surplus For The Year	3 119 307
	15 732 045
EMPLOYMENT OF CAPITAL:	
Investments	14 755 853
Fixed Assets	75 889
Debtors Less Creditors	856 968
Cash In Hand	43 335
BALANCE OF FUND	15 732 045

MOTOR INDUSTRY PENSION FUND

Trustees

Mr I.Murefu (Chairman)
 Mr M.Nyamupingidza (Employer Trustee)
 Mr S.Sibanda (Employer Trustee)
 Mr P.Chipamuriwo (Employer Trustee)
 Mr C.Samukange (Employer Trustee-retired)
 Mr S.Mari (Employee Trustee)
 Mr C.M.Dirwayi (Employee Trustee)
 Mr T.Utedzi (Employee Trustee)
 Mrs D.Nyamukapa (Independent Trustee)
 Mr Matupire (Employer Trustee)

Fund Manager / Principal Officer

Mr R.Manhika
 (BSc Honours Applied Mathematics degree,
 MBA- Financial Services)

Finance Manager

Mr F.T.Zindere
 (FCIS, R.P. Acc)

Pensions Admin Officer / Compliance Officer

Mr M.Nheta (HND Pensions Management)

Actuaries

Quantum Consultants and Actuaries, 6th floor
 Chiyedza House, Harare

Auditors

Baker Tilly Gwatidzo Chartered Accountants

Investment Managers

Old Mutual Investment Group, ABC Asset
 Management and CBZ Asset Management t/a
 Datvest

Bankers

Barclays Bank, FBC Bank and Kingdom Bank

Motor Industry Pension Fund

Motor Industry House
 77 Central Avenue, Cnr 7th Street/Central Ave
 Harare, Zimbabwe
 Box A1018, Avondale

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MOTOR INDUSTRY PENSION FUND

Abridged Financial Statements As At 31 December 2010



Motor Industry House Harare

INTRODUCTION

Motor Industry Pension Fund (MIPF) is registered as a self administered Pension Fund in terms of the Pensions and Provident Fund Act (Chap. 24:09). It is a Defined Contribution Scheme financed through contributions from employees and employers and earnings from the Fund's investments. The surplus from contributions and investments income over benefits payments is invested in compliance with regulations.

Contributions

Contribution to the Fund is compulsory to all employees under the age of 65 years whose employers are registered with the National Employment Council for the Motor Industry in terms of Statutory Instrument (SI) 66 of 1995. Employers are obliged to deduct 5% from an employee's monthly basic salary and in turn contribute 5% on behalf of their employee plus 2.5% stabilisation. These contributions should be paid into the Fund's account or offices on or before the 14th of the following month in terms of SI 243 of 2006.

Further details of contributions rates payable to and benefits receivable from the Fund are contained in the Members' Booklet issued to all employees who are eligible to join the Fund.

Board of Trustees

MIPF is run by a Board of Trustees in accordance with the Statutory Regulations. It has a fiduciary duty to the contributors, and beneficiaries of the Pension Fund to ensure that contributions have been collected, benefits have been calculated correctly and paid promptly and any surplus funds are properly invested.

Investments Management Agreements

The following investments managers managed the Fund's assets in 2010 and have continued with their mandates into 2011.

- ABC Asset Management
- CBZ Asset Management t/a Datvest
- Old Mutual Investment Group

The Managers invest within a broad investment policy agreed with the Board of Trustees to whom they report to on a regular basis during the year. The long term nature of the Fund's liabilities means the capital growth potential and likely income, within acceptable levels of risk are the main investment considerations.

Chairman's Statement

2010 has been a year of settling in the significant changes that occurred during 2009 when the economy switched to the multiple currency system. The audit results were once again highly satisfactory, indicating ongoing compliance and effective controls within the administration.

On behalf of the Board of Trustees, I am pleased to announce that your Fund performed very well to declare 21.47% investment return to its members for the year 2010. The year 2009's return was 36.9%. This brings the Fund's compounded return to 66.2% over the past two years of dollarization. During the year the total market value of the assets of the Fund grew from \$12.612 million to \$15.732 million representing 24.73% growth. This represents a surplus from investments of \$3.12 million. This return is way above the inflation rate of 3.2% for the same period. Year 2010 saw a fundamental change in the investment strategy where there was a significant dilution of equities investments by largely fixed income securities and property investments which were yielding better, guaranteed and above inflation returns. The Fund's year-end cash flow position continue to provide an income substantially matching the expected liabilities of the Fund as they fall due.

Results from the actuarial valuation prepared by the Fund Actuary as at 31 December 2010 certified the Fund as financially sound. A copy of the valuation report is available to members on request.

In a brief review of the Fund's operations, I would like to mention the following:-

ADMINISTRATION

Levels of administrative service by MIPF to members continued at a higher level with rapid turnaround times in the processing of claims and resolution of related queries. However, of note is the fact that the Fund's administration is highly reliant on the timely remittance of member contributions and collation of claims documentation.

The Fund's membership as at 31 December 2010 was 42 644 and 40 pensioners (former members) and a total of 7 beneficiaries. Below is a table showing membership movements in 2010.

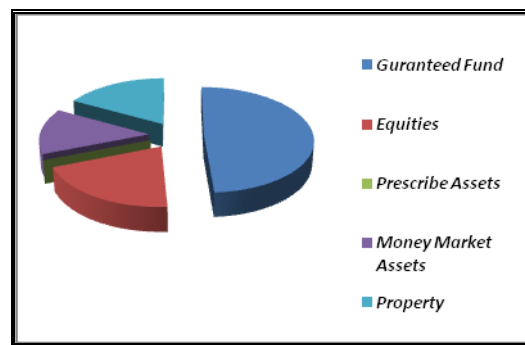
Membership Statistics as at 31 December 2010

No. of active members as at 1 January 2010	41,400
New Entrants	2,584
Total	43,984
Resignations, Retirements, Retrenchments and Deaths In Service	(1,340)
Total Membership	42,644
Pensioners (Former Members)	40
Beneficiaries-Spouses	4
Beneficiaries-Children	3

Total contributions of US\$2.267 million were received in 2010. During the year, a total of 1,340 benefit claims were paid amounting to US\$595,522 compared to \$376,922 in 2009. This was a 57.99% growth as mostly pre-dollarization claims were being submitted for processing.

Asset Allocation Mix

Below is the Pension Fund asset allocation mix as at 31 December 2010.



The asset allocation has significantly changed with Money markets investments now constituting 13.1% of the assets of the Fund. This was influenced by the above inflation guaranteed returns obtained in this market and also a decision to set aside liquid assets to meet claims

payments due. Otherwise, the long term yielding assets such as the Guaranteed Fund, Equities and Property still constituted the bulk of the Fund's assets at 51.8%, 21.5% and 16.8% respectively.

Board meetings

The various Committees and the Board of Trustees continued to function satisfactorily in accordance with the established Terms of Reference and the objectives of good governance.

On Behalf of the Board of Trustees, I would like to thank Mr Samukange (Employer Trustee) who served on the Board since 2007 but retired in October 2010. His contribution in setting up and running this Fund as a self administered Fund is greatly appreciated. Mr Samukange was replaced by Mr Matupire who was elected by the Motor Industry Employers Association of Zimbabwe Board. The Board warmly welcome him to the Board of Trustees and look forward to working with him in our endeavour to provide a decent retirement financial security to our members.

Outlook

I believe the Board can justifiably consider the past year to have been successful in every area of the Fund's operations, be it the quality of the administration, the relative preservation of the assets notwithstanding extreme volatility in market conditions, or the ongoing good relationships with the Regulatory Authority, our Professional Consultants, Asset Managers, Bankers and Stakeholders.

Going forward, the Fund is looking forward to continuously improve on communication with all stakeholders and is planning to conduct road shows throughout the regions.

It is appropriate for me once again to express my sincere appreciation to our management team and support staff for their dedication and hard work, which were essential elements to the success of the past year. I would also like to record my appreciation to our Auditors, Actuaries, Investment Consultants and Asset Managers for their invaluable services during the past year.

Let me also take this opportunity to mention the continued support and cooperation by the Fund's sister organisations, the National Employment Council for the Motor Industry, MIAZ, MTA and AAWUZ.

I Murefu
Chairman
Motor Industry Pension Fund