

ABRIDGED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ending	2011 US\$	2012 US\$
Contributions	3 997 025	5 403 600
Net Investment income	1 145 488	1 530 211
Other Income	(87 882)	365 831
Total Income (a)	5 054 631	7 299 642
Less: Benefits Paid		
Monthly Pensions	40 943	65 652
Withdrawals	449 029	487 312
Retirements	230 622	299 060
Retrenchments	71 267	79 677
Death Benefits	363 764	286 624
Ex-gratia payments		5 616
Administration Expenses	1 117 265	1 171 863
Total Expenses (b)	2 272 872	2 395 804
Surplus For The Year (a-b)	2 781 759	4 903 838

STATEMENT OF FINANCIAL POSITION

For The Year Ending	2011 US\$	2012 US\$
ACCUMULATED FUND:		
Opening Accumulated Fund	15 732 046	18 513 805
Surplus For The Year	2 781 759	4 903 838
	18 513 805	23 417 642
EMPLOYMENT OF CAPITAL:		
Investments	17 192 689	21 629 599
Fixed Assets	108 121	211 722
Debtors Less Creditors	1 129 208	1 495 679
Cash In Hand	83 787	80 642
BALANCE OF FUND	18 513 805	23 417 642

MOTOR INDUSTRY PENSION FUND

Trustees

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

Chief Executive Officer / Principal Officer

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

Finance and Administration Executive

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

Pensions Admin Executive / Compliance Officer

Mr M. Nheta (HND Pensions Management, MBA)

Actuaries

African Actuarial Consultancy (Pvt) Ltd, 100
Borrowdale Road, ReNaissance Park, Borrowdale,
Harare

Auditors

Grant Thornton Camelsa Chartered Accountants
AMG Global Accountants (Internal Auditors)

Investment Managers

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

Bankers

Barclays Bank, FBC Bank, Banc ABC and Kingdom
Bank

Motor Industry Pension Fund

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Harare, Zimbabwe
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MOTOR INDUSTRY PENSION FUND

Abridged Financial Statements As At 31 December 2012



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 appointed Investment Managers invest within a broad investment policy agreed with the Board of Trustees to whom they report to on a quarterly 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. The Board finalised and approved its Investment Policy Statement, which is going to be a guideline used by Investment Managers in future.

Chairman's Statement

It is my pleasure to present the Motor Industry Pension Fund results for the year ended 31 December 2012.

Your Fund performed well to post a net investment return of 9.35% driven by a good asset mix maximising on the current investment environment prevailing in the country. This is against an inflation rate benchmark of 2.91%. Therefore your Fund continues to create wealth for its members by outpacing inflation. Since dollarization your fund's return to members through bonuses declared, have cumulatively come to 77% against inflation rate of 2.90% for the same period. In 2012, total contribution income grew by 32.98% to \$5.3 million. The total market value of the assets of the Fund grew from \$18,513 million to \$23,417 million representing an annual growth of 26.49%. A surplus from our investments of \$4.9 million was declared for the year. The Fund experienced an active membership growth of 18.31% in 2012.

Your Fund is well equipped to meet short-term market fluctuations as it is invested in well-diversified portfolios with a view to long-term security. The investment strategy continues to focus on high yielding and inflation sensitive or real return assets with the latter being a particularly good match for the

CPI's inflation indexed liabilities. 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 2012 continues to be pleasing as the Actuary certified the Fund as financially sound. The Fund is in a good position at 103% funding level. For 2012, the Board took a major decision through the advice of the Fund's Actuary to address the issue of outstanding contributions to the Fund, which in the past was being treated as part of distributable assets for bonus purposes. The Actuary advised a conservative approach of taking out this current asset from the distribution pool to match the liabilities side, which was recognising only contributions received. This has a once-off effect of reducing Assets available for bonus distribution. The Actuary further recommended setting up a bonus smoothing reserve worth 5% of market value of assets (i.e. 105% funding level) which will in future be used to absorb market shocks especially when equities markets perform negatively. This decision has the effect of cushioning members against declaring negative bonuses if serious adverse negative market effects are experienced in the economy. The setting up of the bonus smoothing reserve means that the 3% above normal 100% funding level has been retained specifically for that purpose, instead of passing on as a bonus for 2012.

In taking these recommendations, the Board therefore agreed to pass on bonus declaration for 2012, in order to place the fund in an even much strong position going forward. These decisions will put the Fund ahead of potentially coming legislation on bonus smoothing reserves.

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

ADMINISTRATION

The awarding of a tax assessment licence by ZIMRA which allows us to calculate tax in-house for all members who fall within the 25% tax band shortened our claims processing period to 5 working days. Our only major appeal is to employers to be up to date with remittance of contributions in order to religiously meet this internal benchmark.

Membership Statistics as at 31 December 2012

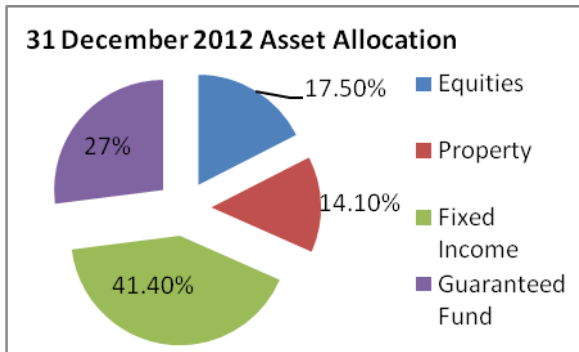
The Fund's membership as at 31 December 2012 is as follows:

No. of active members as at 1 January 2012	43,000
New Entrants	1,916
Total	44,916
Resignations, Retirements, Retrenchments and Deaths In Service paid	(829)
Total Membership	42,087
Pensioners (Former Members)	125
Beneficiaries-Spouses	14
Beneficiaries-Children	8

During 2012, a total of 829 benefit claims were paid compared to 1,743. The claims amounted to US\$1.223 million against US\$1,155 million in 2011. The increase in claims value is despite the fact that we paid almost half the claims statistics of 2011, which is a reflection of improved accumulation values since dollarization.

Asset Allocation Mix

Below is the Pension Fund asset allocation mix as at 31 December 2012.



The asset allocation continued skewed towards fixed income investments over the last two years due to non performance of equities and property investments. However there are concerted efforts to restructure the portfolio to improve the above-mentioned asset classes exposure for long term positioning and future expected performance.

Board of Trustees Elections and 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 announce the coming in of Mr R. Sibanda (Employer Trustee) and Mr W. Ncube (Employee Trustee) who joined the board replacing Mr S. Sibanda (Employer Trustee) and Ms D. Nyamukapa who retired in November 2011 after a long and distinguished service.

2013, will see three more Employee Trustees and two Employer Trustees retiring from the Board and elections to replace them will be announced in due course. This coming Board election will see two more board seats going to Midlands/Masvingo and Harare region thereby completing our exercise of decentralising the Board. We look forward to working with new to be elected Trustees from Midlands/Masvingo region.

Outlook

In these extreme volatile market conditions, it is becoming difficult to predict the future. However your Board has put in place measures that will continue to produce favourable performance results, which grows and preserve the value of the Fund assets as well as deliver on quality service to its members.

Finally, I would like to record my thanks to all involved with the continued operations and development of the Fund: the Board of Trustee, Actuary, Legal Advisers, Investment Managers, Custodian, Auditors and not least the Fund Office and Management for their support in a demanding year. There is much to be concluded and new challenges ahead but I am confident that the Fund will continue to prosper.

I Murefu
Chairman
Motor Industry Pension Fund