

ABRIDGED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ending	2013 US\$	2012 US\$
Contributions	5 867 425	5 403 600
Net Investment Income	2 337 229	1 530 211
Other Income	1 314 398	365 831
Total Income (a)	9 519 052	7 299 642
Less: Benefits Paid		
Monthly Pensions	81 439	65 652
Withdrawals	666 917	487 312
Retirements	375 947	299 060
Retrenchments	204 789	79 677
Death Benefits	413 473	286 624
Ex-gratia Payments	665	5 616
Administration Expenses	1 350 719	1 171 863
Total Expenses (b)	3 093 949	2 395 804
Surplus for the Year (a-b)	6 425 103	4 903 838

STATEMENT OF FINANCIAL POSITION

For The Year Ending	2013 US\$	2012 US\$
ACCUMULATED FUND:		
Opening Accumulated Fund	23 477 166	18 513 805
Prior Period Adjustment		59 524
Surplus For The Year	6 425 103	4 903 838
	29 902 269	23 477 166
EMPLOYMENT OF CAPITAL:		
Investments	27 441 351	21 629 599
Fixed Assets	218 602	211 722
Debtors Less Creditors	2 198 032	1 555 203
Cash In Hand	44 284	80 642
BALANCE OF FUND	29 902 269	23 477 166

BOARD OF TRUSTEES

Current Trustees

Mr I. Murefu (Chairman)
 Dr P.M Matupire (Employer Trustee)
 Mr R. Sibanda (Employer Trustee)
 Mr W. Ncube (Employee Trustee)
 Mr P. Chitando (Employer Trustee- **elected**)
 Mr. E. Edwards (Employer Trustee-**elected**)
 Mr. K. Samunawu (Employee Trustee-**elected**)
 Mr. C. Mugumo (Employee Trustee-**elected**)
 Mr. S. Murisa (Employee Trustee- **elected**)

Trustees who retired in 2013

Mr M. Nyamupingidza (Employer Trustee)
 Mr P. Chipamuriwo (Employer Trustee)
 Mr S. Mari (Employee Trustee)
 Mr C. M. Dirwayi (Employee Trustee)
 Mr T. Utedzi (Employee Trustee)

Chief Executive Officer/Principal Officer

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

Finance and Administration Executive

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

Pensions Admin Executive/Compliance Officer

Mr Munyaradzi Nheta
 (MBA, HND Pensions Management)

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,
 Standard Chartered Bank

Motor Industry Pension Fund

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 Harare, Zimbabwe
 Box A1018, Avondale

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mnheta@motorpension.co.zw
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Website www.motorpension.co.zw

MOTOR INDUSTRY PENSION FUND

Summary Financial Statements as at 31 December 2013



**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.

Chairman's Statement

It is my pleasure to present the Motor Industry Pension Fund results for the year ended 31 December 2013.

Your Fund continues to benefit from good investment returns as it posted a 17.8% in 2013. Cumulatively since dollarization the Fund's return has grown by 127.89% against an inflation rate of 3.24% for the same period. The 2013 return was mainly driven by good returns from Equities market which posted 32.62% and the Fixed income posting a decent return above 12%. This is against a year-end inflation rate benchmark of 0.33%.

Total contribution income grew by 7.90% to \$5.8 million. This was partly due to active membership growth of 11.59% in 2013 from 11,019 to 12, 296 members. The total market value of the assets of the Fund grew from \$23,927 million to \$30.627 million representing an annual growth of 28%.

Further to the above I am also excited to announce that results from the actuarial valuation prepared by the Fund Actuary as at 31 December 2013 continues to reflect a financially sound position. A surplus from our investments of \$3.8 million was declared for distribution to members. In view of the surplus generated, the Board has therefore approved a 12.3% bonus for 2013 to be declared to all members and pensioners. Since dollarization your fund's return to members through bonuses declared, has cumulatively come to 97.95% against inflation rate of 3.24% for the same period. Therefore your Fund continues to create wealth for its members by outpacing inflation.

The funding level has continued to improve at 104% from 103% in 2012 despite distributing the 12.3% bonus and taking out outstanding contributions. The issue of not including outstanding contributions was a risk measure adopted in 2012, which is going to be consistently followed in future to avoid distortions of distributing paper money which has not been received. The 104% funding level reflects a Bonus smoothing reserve of 4% of year-end assets set aside to cushion members in bad years, where for instance the stock markets perform negative and members values have to be preserved at least to the same levels as the previous year to avoid declaring a negative bonus.

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

Administration

Another positive in 2013 was that your Fund was sufficiently liquid to meet all claims which were submitted by members who exited the Fund. Our only major appeal is for employers to be up to date with remittance of contributions and salary schedule returns in order not to inconvenience members who exit the Fund and are supposed to be paid within 5 days of their exit date in accordance with our internal benchmark.

Membership Statistics as at 31 December 2013

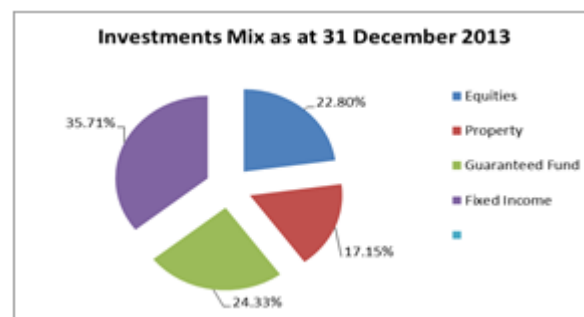
The Fund's membership as at 31 December 2013 is as follows:

No. of members as at 1 January 2013	44,895
New Entrants	1,830
Total	46,725
Resignations, Retirements, Retrenchments and Deaths In Service paid	(929)
Total Membership	45,796
Pensioners (Former Members)	189
Beneficiaries-Spouses	28
Beneficiaries-Children	13

A total of 929 claims worth \$1,66 million were successfully processed and paid compared to 829 claims amounting to \$1,15 million in 2012. The major contributor has been a significant rise in all exit types which grew by an average of above 30%.

Investment Portfolio Mix

The Fund continues to pursue a prudent investment strategy in well-diversified assets with a view to long-term security, value preservation, risk managed high yielding and inflation sensitive or real return assets with the latter being a particularly good match for the CPI's inflation indexed liabilities. Below is the Pension Fund investment portfolio mix as at 31 December 2013.



The fixed income investments have reduced to 35.71% from 41.4% in 2012 due to investments made in property. The Fund has acquired two solid and high yielding properties in Chiredzi (leased to TM) and Harare (No. 1 Union Avenue). Efforts are still being pursued to increase the property portfolio to the long term target of 30%. Equities have also increased to 22.8% from 17.1% in 2012, whilst property portfolio is up to 17.15% from 14%.

The Board has adopted and incorporated the IPEC investment guidelines in the Fund's Investment Policy statement and will make sure the 2016 targets are met as contained in Circular No.1 of 2013 to the Pensions and Insurance Industry.

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.

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. Following the redrafted rules, which now recognise 4 regions from where the Trustees are drawn from, MIPF completed the exercise of restructuring its Board in 2013.

On Behalf of the Board of Trustees, I would like to announce the coming in of Mr E. Edwards (Employer Trustee) and Mr Mugumo (Employee Trustee) (both of Motor Sales and Agencies) elected from Midlands/Masvingo region. The Midlands/Masvingo region will alternate with Mutare region upon expiry of their terms. Mr Chitando (Parkade Service station), Mr Murisa (B.R. Toyota) and Mr Samunawu (Mlambo Motors) were elected from Harare region.

Mr Utedzi, Mr Mari, Mr Dirwayi, Mr Chipamuriwo and Mr Nyamupingidza retired upon expiry of their terms. The Board would like to express its gratitude to the outgoing Trustees who distinguished themselves in serving the interest of the Fund as well as dedicating their time and efforts to grow the Fund to where it is today.

Major Post Reporting issues

Employers should please note that the Minister of Finance published in the Government gazette of 4 April 2014 amendment No.21 of the Pensions and Provident Act (**S.I. 61 of 2014**) which deals with late contribution payments, minimum pensions and minimum employer preservation amount

Late remittances will now attract an interest rate of the Fund's unsecured overdraft bank rate. This was done in order not to prejudice members who were losing interest on late remittance by employers.

The instrument further announces an increase in the minimum pension allowable from \$10 to \$30 per month. The employer preservation amount has also been raised from \$250 to \$300. For details feel free to refer to SI 61 of 2014.

Outlook

The environment has deteriorated since the end of the year and the Board continue to strengthen its risk management strategies to try and contain the adverse investments markets we are operating in. The diversification strategy and increased exposure in real assets should continue to cushion the Fund in these difficult times.

Finally, I would like to record my thanks and support to all involved with the continued operations and development of the Fund: the Members, Trustees, Actuary, Legal Advisers, Investment Managers, Custodian, Auditors and lastly the Fund Office and Management for their efforts in a demanding year.

I Murefu
Chairman