

## ABRIDGED FINANCIAL STATEMENTS

### STATEMENT OF COMPREHENSIVE INCOME

For The Year Ending	2014 US\$	2013 US\$
Contributions	6 405 367	5 867 425
Net Investment Income	1 677 269	2 337 229
Other Income	105 521	45 944
Unrealised Gain from Equities		1 268 454
<b>Total Income (a)</b>	<b>8 188 157</b>	<b>9 519 052</b>
<b>Less: Benefits Paid</b>		
Monthly Pensions	99 458	81 439
Withdrawals	973 032	666 917
Retirements	1 017 384	375 947
Retrenchments	743 696	204 789
Death Benefits	478 740	413 473
Ex-gratia Payments	472	665
Administration Expenses	1 529 410	1 350 719
Unrealised Loss from Equities	993 021	
<b>Total Expenses (b)</b>	<b>5 835 213</b>	<b>3 093 949</b>
<b>Surplus for the Year (a-b)</b>	<b>2 352 944</b>	<b>6 425 103</b>

### STATEMENT OF FINANCIAL POSITION

For The Year Ending	2014 US\$	2013 US\$
<b>ACCUMULATED FUND:</b>		
Opening Accumulated Fund	29 902 269	23 477 166
Surplus For The Year	2 352 944	6 425 103
	<b>32 255 213</b>	<b>29 902 269</b>
<b>EMPLOYMENT OF CAPITAL:</b>		
Investments	30 092 389	27 441 351
Fixed Assets	211 133	218 602
Debtors Less Creditors	1 853 573	2 198 032
Cash In Hand	98 199	44 284
<b>BALANCE OF FUND</b>	<b>32 255 294</b>	<b>29 902 269</b>

## 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)  
 Mr. E. Edwards (Employer Trustee)  
 Mr. K. Samunawu (Employee Trustee)  
 Mr. C. Mugumo (Employee Trustee)  
 Mr. S. Murisa (Employee Trustee)

### Chief Executive Officer/Principal Officer

Mr Raymond Manhika  
 (MBA- Financial Services, BSc Honours Applied Mathematics, 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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 Corner 7th Street/Central Ave  
 Harare, Zimbabwe  
 Box A1018, Avondale

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[mnheta@motorpension.co.zw](mailto:mnheta@motorpension.co.zw)

[enquiries@motorpension.co.zw](mailto:enquiries@motorpension.co.zw)

**Website** [www.motorpension.co.zw](http://www.motorpension.co.zw)

## MOTOR INDUSTRY PENSION FUND

### Summary Financial Statements as at 31 December 2014



**Motor Industry Pension Fund Property  
 Chicken Inn-Takawira (Opposite Tredgold building)  
 Bulawayo**

## 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 investment 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

Welcome to the Motor Industry Pension Fund (MIPF) 2014 Annual audited financial report to members.

This annual report provides a brief summary of MIPF activity for 2014 and some of its achievements. The Pension Fund continues to benefit from contributions and good investment returns in a very difficult operating and investment environment. Your Fund continues to post positive above inflation returns of 2.37% in an environment where a number of pension funds have posted negative returns and will be declaring negative bonuses. This was again against a deflation rate benchmark of -0.80% for the year 2014. Cumulatively since dollarization the Fund's return has grown by 133.29% against an inflation rate benchmark of 2.33% for the same period. The 2014 return was mainly anchored by good returns from Fixed income and Property market cushioning the Fund against overall equities market returns of -19.46%.

Total contribution income continued to grow achieving an increase of 9.17% to \$6.4 million in 2014. This was partly due to active membership growth of 3.4% in 2014 from 12,296 to 12,718 members witnessed mainly in the Fuel sub-sector of the Motor Industry. Senior executives are also joining the Fund after seeing significant growth in returns. The total market value of the assets of the Fund grew from \$29,902 million to \$32,255 million representing an annual growth of 7.87%.

Our actuarial valuation results continue to show surplus every year and 2014 was no exception. The Fund was again certified financially sound and a surplus from our investments of \$1.1 million was declared for distribution to members. In view of the surplus generated, the Board therefore approved a 2% bonus for 2014. This brings the cumulative total bonuses declared to members since dollarization to 102.65% against an internationally accepted benchmark of inflation rate of 2.33% for the same period. The internal benchmark set for MIPF staff is inflation plus 5% margin translating to 7.33%, again confirming a return above internal agreed performance benchmarks. This means that your Fund has managed to create a lot of value to its members over the last 6 years, which fits into the long term strategy of attaining a decent retirement if the member contributes consistently for an ideal 45 years working life.

The above-mentioned bonus still leaves your fund sufficiently funded at 102% way above the minimum funding level set by Insurance and Pensions Commission (IPEC) of 75% and industry average which we believe is below the above-mentioned benchmark. This means that your Fund is cushioned enough to the tune of 2% in case of another bad year like 2014 reducing the likely chances of declaring negative returns to members like many Pension Funds have already done in 2014.

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

## Administration

Your Fund remained, 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 2014

The Fund's membership as at 31 December 2014 is as follows:

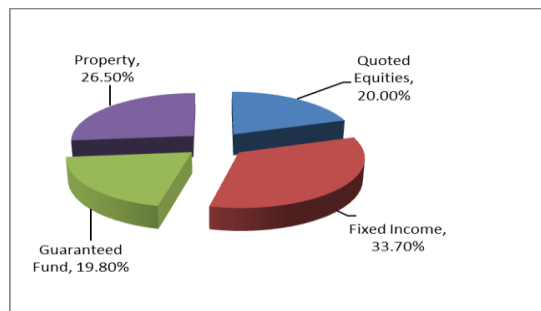
No. of members as at 1 January 2014	46,026
New Entrants	1,321
<b>Total</b>	<b>47,347</b>
Resignations, Retirements, Retrenchments and Deaths In Service claims paid	(1,206)
<b>Total Membership</b>	<b>46,141</b>
<b>Pensioners (Former Members)</b>	<b>112</b>
<b>Beneficiaries-Spouses</b>	<b>25</b>
<b>Beneficiaries-Children</b>	<b>11</b>

A total of 1,206 claims worth \$3.312 million were successfully processed and paid compared to 929 claims amounting to \$1.743 million in 2013 representing a claims value increase of 90%. The major contributor has been a significant rise in all exit types which grew by an average of above 30%. The Fund has witnessed a decline in Pensioners as some active pensioners exercised their right to fully commute their pensions taking advantage of the increase of minimum pension from \$10 to \$30. The Fund closed the year with only 145 Pensioners.

## 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 2014.



The Property portfolio increased in 2014 as a result of another addition to the portfolio of Chicken Inn-Takawira opposite Tredgold building along Leopold Takawira avenue in Bulawayo. These new

properties have diluted other asset classes. Decisions on the management and investment of Pension Fund assets are made with the long term in mind. Investment objectives require a balance to be struck at all times between the need to achieve good investment performance while considering the risk attached to the various types of investment possible.

The strategic asset allocation for the long term will continue to be guided by the membership profile of the Fund up to the limits set by the IPEC from time to time. 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.

## Late contribution remittance penalty

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

Our 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 environment is expected to continue deteriorating making risk management a key aspect of the operations of the Fund.

Finally, I would like to record my thanks and support to all involved with the continued operations and growth of the Fund for their efforts in difficult times.

I Murefu  
Chairman