

## ABRIDGED FINANCIAL STATEMENTS

### STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending	2019 ZWL	2018 ZWL
Contributions	7,751,215	5,872,074
Net Investment Income	27,298,326	4,060,288
Other Income	17,466,281	1,331,835
Unrealised Gain from Equities	174,680,497	14,261,675
<b>Total Income (a)</b>	<b>227,196,319</b>	<b>25,525,872</b>
<i>Less: Benefits Paid</i>		
Monthly Pensions	150,963	102,119
Withdrawals	1,551,115	1,218,436
Retirements	378,037	582,543
Retrenchments	847,807	955,283
Death in service benefits	345,827	287,049
Ex-gratia Payments	914	1,035
Administration Expenses	3,934,423	3,220,151
<b>Total Expenses (b)</b>	<b>7,209,086</b>	<b>6,366,616</b>
<b>Surplus for the Year (a-b)</b>	<b>219,987,233</b>	<b>19 159 256</b>

### STATEMENT OF FINANCIAL POSITION

For the Year Ending	2019 ZWL	2018 ZWL
<b>ACCUMULATED FUND:</b>		
Opening Accumulated Fund	76,203,016	57,043,760
Surplus for The Year	219,987,233	19,159,256
	<b>296,190,249</b>	<b>76,203,016</b>
<b>EMPLOYMENT OF CAPITAL:</b>		
Investments	293,123,919	72,928,118
Fixed Assets	262,436	268,875
Debtors Less Creditors	2,095,300	2,927,577
Cash in Hand	708,595	78,446
<b>BALANCE OF FUND</b>	<b>296,190,249</b>	<b>76,203,016</b>

## BOARD OF TRUSTEES

### Current Trustees

Mr. B Mswaka (Chairman)  
 Dr P.M Matupire (Employer Trustee)  
 Mr P. Chitando (Employer Trustee)  
 Mr. E. Edwards (Employer Trustee)  
 Mr. P. Mushore (Employer Trustee)  
 Mr. C. Mugumo (Employee Trustee)  
 Mr. S. Murisa (Employee Trustee)  
 Mr. K. Moyo (Employee Trustee)  
 Mr C. Dururu (Employee Trustee)

## Executive Team

### Chief Executive Officer/Principal Officer

Mr Raymond Manhika (MBA, BSc Honours Applied Mathematics)

### Acting Finance and Administration Executive

Mr K. Jokonya (HND in Accounting)

### Pensions Admin Executive/Compliance Officer

Mr Munyaradzi Nheta (MBA, HND in Pensions Management)

## Actuaries

Ground Floor, East Wing, Block 6  
 Celestial Office Park Borrowdale, Harare

## Auditors

Grant Thornton Chartered Accountants (*External Auditors*)  
 AMG Global Accountants (*Internal Auditors*)

## Investment Managers

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

## Bankers

First Capital Bank,  
 FBC Bank,  
 Standard Chartered Bank

## Head Office address

### Motor Industry Pension Fund

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

## Contact Details

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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 2019



**Motor Industry Pension Fund Office Block due to be completed in September 2020 along 14 Sydney Malunga Rd ( Formerly Argyle road), Avondale, 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 investment income over benefits payments is invested in compliance with pensions regulations.

### Pension Contributions

Pension contributions 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 contribution 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

I am delighted to present our 2019 Annual Report, which shows how we've performed and tried to preserve value for our members in a very difficult operating environment. During the year the Fund's Actuary conducted a Periodic Actuarial Review as at 31 December 2019 and the results continue to show a strong financially sound position which is in excess of 100% making it an over-funded. The surplus position for 2019 amounted to ZWL\$219.987 million compared to ZWL\$19.159 million. This position driven by decent investments returns has always necessitated competitive bonus distributions to members and 2019 is no exception.

The Fund therefore has declared a 2019 bonus to all members both active and non-active members of 311.8% and awarded a pension increase effective 1 January 2020 of 248.86%. In line with currency reforms and pension regulations implemented by Government and Insurance and Pensions Commission (IPEC) respectively, the Board approved the Actuary's recommendation to distribute all the investment returns including the Bonus Smoothing Reserve in order to allow full distribution of the Fund's returns at this transition period. This avoids transfer of wealth from one generation to the other if it was kept in the reserves as highlighted in the Commission of Inquiry report on Insurance and Pensions.

Total contribution income went up by 32% to ZWL\$7.751million in 2019 from ZWL\$5.872 million in 2018. Membership has remained fairly stable averaging 7,000 over the year. The total Asset value at year-end increased to ZWL\$ 296.190million from ZWL\$76.203 million representing 288.68%. The major drivers of asset growth were growth in investment in property, foreign equities and local equities. The Fund had virtually no exposure in monetary assets in order to preserve value. All the Fund's properties are fully let and rental collection is close to 99%.

## Administration

Significant progress in the implementation of new system was made in 2019, with data migration and catching-up exercise taking much of staff's time. The Board and management believe this investment will enhance the administration process and creates a more technology driven organisation when fully implemented. This will enhance more, the service delivery of the Fund into the future. Unfortunately, the timing of full implementation has been pushed forward to end of 2020 due to many technical modifications which needed to be done to suit unique Zimbabwean environment.

## Membership Statistics as at 31 December 2019

Below is the Fund membership and exit statistics as at 31 Dec 2019:

No. of members as at 31 December 2018	46,639
New Entrants into Main Fund	2,229
New Entrants into Preservation Fund	20
<b>Total</b>	<b>48,908</b>
Resignations, Retirements, Retrenchments and Deaths in Service Claims	(626)
<b>Total Membership as at 31 December 2019</b>	<b>48,262</b>
<b>Total Pensioners (Former Members)</b>	<b>148</b>
<b>Beneficiaries-Spouses</b>	<b>12</b>
<b>Beneficiaries-Children</b>	<b>5</b>

A total of 626 claims worth \$3.12 million were successfully processed and paid compared to 1,249 claims amounting to \$3.04 million in 2018.

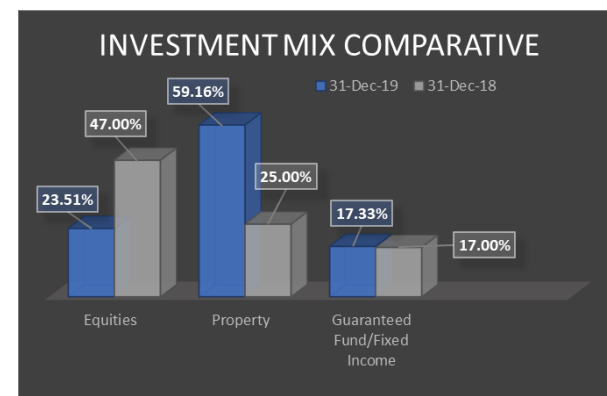
## Investment Portfolio Mix

The high inflationary trend continued into 2019 although the market relied on implied unofficial rates based on published month on month as the official year on year statistics had been suspended. This meant the investment strategy had to be more aggressive on value preservation resulting in all property development projects getting priority to be finished. Avondale development, Bulawayo Student accommodation (ZIMCAMPUS) which is a slightly over 1,000 beds facility in partnerships with IDBZ, Old Mutual and Zimnat were identified for final push to completion. The Fund also subscribed fully to its allotted rights in other property development projects of the nature of Cluster houses and medium density stands undertaken by some of its Asset Managers in Borrowdale and Tynwald respectively.

These projects changed the investment mix significantly in favour of real assets which are inflation sensitive and can preserve value in this high inflation environment. The investments choices also perform well in the long term. The Fund's exposure in foreign equities such as Afreximbank depository receipts (DR), Quilter, Seed Co International PPC, Old Mutual Plc and Nedbank have proved to be good hedges against country risk, mainly currency risk.

The Fund also increased its shareholding in a private investment vehicle called LANGE investments comprising of residential, retail and Industrial properties following a rights issue to raise funds to build cluster houses in Helensvale, Borrowdale, Harare which was a piece of land that had been idle for years but owned by the investment vehicle. This should also enhance performance of this vehicle and preserve value. Below is the Pension Fund investment portfolio mix for the year 2018.

Due to the significant uplift of property market values as a result of inflation trends, the Fund closed the year non-compliant with the Prescribed Asset ratio. This was also caused by the change of compliance ratio by Government from 10% to 20%. Although it remains a changing position as long as the market values significantly go up to catch up with inflation, however the Board is siezed with this matter and is doing all it can to address the anomaly.



Please note that Guaranteed Fund is not an asset class but an investment product of a Life company which delivers a declared rate of return by the Life company shareholders dependant on performance of the composition of its investments.

## Outlook

Your Fund continues to be in good stead to grow significantly going forward with some of the property initiatives started in 2018 to be completed by end of 2020 adding to the current performing stock of real assets.

As a post year-end comment, we would like to advise that your Fund's decision to invest in a new Pensions and Administration system proved to be a good solution to the now evolving technology trends and new way of doing business as the Fund did not experience business continuity problems following the outbreak of COVID-19 pandemic. All our staff smoothly relocated home within 24 hours and continued as usual except 3 staff members who were manning the office as per requirement to open the office by IPEC.

Finally, I would like to record my thanks and appreciation for the support given to me as your Chairman and the entire Board of Trustees by management, staff, investment managers, advisors, IPEC and all those involved with the continued operations and growth of the Fund.

Mr B. Mswaka  
Chairman