

MOTOR INDUSTRY PENSION FUND

FINANCIAL REVIEW AS AT 31 DECEMBER 2024

Prepared By



**AFRICAN
ACTUARIAL
CONSULTANTS**

26 March 2025

STRICTLY CONFIDENTIAL

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1. EXECUTIVE SUMMARY

To the Trustees,

- 1.1. African Actuarial Consultants (“AAC” or “We”) have carried out a financial review of the Motor Industry Pension Fund (MIPF) (“the Fund”) as at 31 December 2024 (“the valuation date”) in line with your request.
- 1.2. We have referred to relevant Insurance and Pensions Commission (IPEC) Guidelines in conducting this valuation.
- 1.3. All monetary amounts in this report are denominated in ZWG unless stated otherwise.

Status of the report

- 1.4. This is the final report.

Recap of the April 2024 review

- 1.5. The previous review as at April 2024 showed that, overall, the Fund was financially sound.
- 1.6. The Fund’s Board of Trustees awarded the following bonuses as at 05 April 2024:
 - A final bonus of **327.38%** for both contributing and non-contributing members, as well as a pension increase of **327.28%** for Sub Account 1; and
 - A final bonus of **410.37%** and **189.08%** for contributing and non-contributing members respectively, for Sub Account 2 at the review date.

Key Inter-Valuation Events

Market Overview

- 1.7. The ZSE All Share index was rebased to 100 as at 5 April 2024, in light of the currency change to ZWG. The index increased to 217.58 as at 31 December 2024 reflecting a 117.58% growth in the index. The VFEX grew by 4.09% over the calendar year of 2024.
- 1.8. CPI was also rebased to 100 basis points as at 5 April 2024, in light of the currency change to ZWG. The index increased to 166.30, as at 31 December 2024 implying inflation of 66.30%. The US\$ inflation rate was 2.45% over the year of 2024.

- 1.9. The foreign Exchange rate stood at US\$1: ZWG 13.5616 as at 8 April 2024 and at US\$1: ZWG 25.7985 as at 28 June 2024. This represents a 90.23% depreciation in the exchange rate.

Over the inter-valuation period the following circulars were issued:

Document	Issue Date	Content
Circular 8 of 2024	10 May 2024	Guideline on 2024 Currency Changes
Circular 11 of 2024	27 June 2024	Amendments to Guideline on 2024 Currency Changes
Circular 12 of 2024	02 July 2024	Guideline on Conduct of Annual General Meetings
Circular 19 of 2024	14 November 2024	Amendment to Risk Management and Corporate Governance Guidelines for Pension Funds
Circular 23 of 2024	12 December 2024	Implementation Plan for the Zimbabwe Mortality Tables: Key Requirements and Timelines
Circular 26 of 2024	12 December 2024	Issuance of a Draft Market Conduct Framework for the Insurance and Pensions Industry

Assets

- 1.10. The value of the Fund's ZWG assets has grown from ZWG 305.75 million as at 05 April 2024 to ZWG 751.54 million as at 31 December 2024. We have estimated the value of assets held in Sub Accounts 1, 2 and 3 to be ZWG 556.70 million, ZWG 194.84 million and US\$ 6.35 million respectively.
- 1.11. The build-up of Fund assets in each of the Sub Accounts is outlined in **Appendix II** of this report.
- 1.12. We have estimated the rates of return for Sub Account 1, 2 and 3 were 151.88%, 142.42% and 2.92% respectively.
- 1.13. The return earned on Fund assets is higher than that used in discounting pension pay-outs from the Fund. This has yielded a valuation surplus in the pensioners' account at the review date.

Financial Position of the Fund

- 1.14. The table below sets out the financial position of the Fund at 31 December 2024:

As at 31 December 2024	Before bonus Sub Account 1 ZWG	Before bonus Sub Account 2 ZWG	Overall ZWG	Before bonus Sub Account 3 US\$
Dormant Members	111,576,755	13,362,226	124,938,981	615,470
Contributing	74,898,627	56,602,109	131,500,736	5,238,268
Pensioners	5,744,925	-	5,744,925	44,059
Pensioner Reserve	3,546,087	-	3,546,087	-
Death Benefit Reserve	1,419,259	11,550,416	12,969,675	174,895
Smoothing Reserve	-	-	-	33,931
Stabilization Reserve	-	23,351,096	23,351,096	-
Compensation Reserve	60,058,603	-	60,058,603	-
Total Liability	257,244,256	104,865,846	362,110,102	6,106,622
Fair Value of Assets	556,700,855	194,839,906	751,540,761	6,347,965
Surplus	299,456,602	89,974,061	389,430,663	241,343
Funding Level	216.41%	185.8%	207.5%	104.0%

Sub Account 1

1.15. The value of Fund assets amounts to ZWG 556.70 million at the review date whereas that of Fund liabilities amount to ZWG 256.24 million. The Fund is therefore in a financially sound position, with a surplus of ZWG 299.46 million. This translates to a funding level of 216.41%.

1.16. Distributing the emerging surplus implies awarding a bonus of:

- **152.69%** awarded to all contributing members,
- **152.69%** awarded to all Dormant Members, and
- a pension increase of **152.69%** awarded to all Sub Account 1 pensions in payments as at the review date.

Sub Account 2

1.17. The value of Fund assets amounts to ZWG 194.84 million whereas the value of liabilities amounts to ZWG 104.84 million at the review date. The Fund is therefore in a financially sound position, with a surplus of ZWG 89.97 million. This translates to a funding level of 185.8%.

1.18. Distributing the emerging surplus implies awarding a bonus of:

- **149.18%** awarded to all contributing members and
- **68.74%** awarded to all Dormant Members,

Sub Account 3

1.19. For Sub-account 3 we have carried out the exercise over the 12 months starting 1 January 2024.

1.20. The value of Fund assets amounts to US\$ 6.35 million at the review date whereas that of Fund liabilities amount to US\$ 6.11 million. The Fund is therefore in a financially sound position, with a surplus of US\$ 241,343. This translates to a funding level of 104.0%.

1.21. Distributing the emerging surplus implies awarding a bonus of:

- 3.5% awarded to active members, and
- 3.5% pension increase to Sub Account 3 pensions in payments as at the review date.

Overall Position of the Fund

1.22. The Fund ZWG is in a sound financial position as at 31 December 2024.

1.23. The effect of distributing the emerging surplus in line with our recommendations above is summarised in the table below:

As at 31 December 2024	After bonus Sub Account 1 ZWG	After bonus Sub Account 2 ZWG	Overall ZWG	After bonus Sub Account 3 US\$
Dormant Members	284,405,558	22,640,332	307,045,890	636,187
Contributing	192,872,321	137,298,063	330,170,385	5,366,439
Pensioners	14,399,028	-	14,399,028	45,601
Pensioner Reserve	3,546,087	-	3,546,087	-
Death Benefit Reserve	1,419,258	11,550,415	12,969,675	174,895
Smoothing Reserve	-	-	-	124,844
Stabilization Reserve	-	23,351,096	23,351,096	-
Compensation Reserve	60,058,603	-	60,058,603	-
Total Liability	556,700,855	194,839,906	751,540,761	6,347,965
Fair Value of Assets	556,700,855	194,839,906	751,540,761	6,347,965
Surplus	-	-	-	-
Funding Level	100.00%	100.00%	100.00%	100.00%

1.24. We have also evaluated the Fund's financial position using Zim-Mortality tables, in line with the requirements of Circular 23 of 2024, which mandates a five-year transition phase to adoption by the 1st of January 2030.

- 1.25. Since the Fund is a Defined Contribution scheme with pensioners, the change in the mortality tables impacts only the Pensioners' liability.
- 1.26. We have performed the Pensioners' liability calculations as of the valuation date using the Zim-mortality tables for Sub-Account 1 and Sub-Account 3. Below is a summary of the results, along with the comparative figures based on the current mortality tables before applying the bonuses and pension increases:

Sub- Account 1

As at 31 December 2024	Current Mortality Sub Account 1 ZWG	Zim mortality Sub Account 1 ZWG	Change
Total Liability	257,244,256	257,919,273	0.26%
Fair Value of Assets	556,700,855	556,700,855	0.00%
Surplus	299,456,602	298,781,585	(0.23%)
Funding Level	216.73%	215.84%	(0.26%)

Sub-Account 3

As at 31 December 2024	Current Mortality Sub Account 3 US\$	Zim mortality Sub Account 3 US\$	Change
Total Liability	6,106,622	6,152,222	0.74%
Fair Value of Assets	6,347,965	6,347,965	0.00%
Surplus	241,343	195,743	0.18%
Funding Level	104.0%	103%	(0.02%)

- 1.27. If the Zim mortality tables were in use, the Fund's Sub-Account 1 liabilities would rise to ZWG 257.92 million, compared to assets of ZWG 556.70 billion, resulting in a surplus of ZWG 298.78 million and a funding level of 215.84%.
- 1.28. If the Zim mortality tables were in use, the Fund's Sub-Account 3 liabilities would rise to US\$ 6.15 million, compared to assets of ZWG 6.35 million, resulting in a surplus of US\$ 195,742 and a funding level of 103%.

Recommendations and Conclusion

- 1.29. The Fund is in a financially sound position as at 31 December 2024.

- 1.30. We recommend that the Fund carries out a mortality investigation to assess the extent to which the current and proposed mortality tables relate to the mortality experience of the Fund.
- 1.31. We recommend that the investigation be carried out as at 31 December 2025, covering a period of 5 years.
- 1.32. We further recommend a continuous check of all member records to ensure that all Fund members benefit from the allocation of revaluation gains.

2. INTRODUCTION

2.1. We refer to your request that African Actuarial Consultant (“AAC” or “We”) carries out a financial review of the Motor Industry Pension Fund (“the Fund”) as at 31 December 2024 in line with IPEC Guidelines, as well as government issued Statutory Instruments.

2.2. This is the final report.

Addressee

2.3. This report has been prepared exclusively for the Fund’s Board of Trustees and Management team. The report may not be distributed to any third party without the permission and consent, of African Actuarial Consultants.

Summary of the Fund

- 2.4. The Fund is a defined contribution arrangement. The benefit on exit is based on the member’s accumulated credit. This is composed of the aggregate contributions made by and in respect of each member increased at the bonus rate declared as earned on Fund assets and any other proportionate allocations from the Fund’s reserves as agreed by the Board of Trustees from time to time.
- 2.5. The bonus rate is the rate generally reflecting the return earned on Fund assets less investment related expenses, as determined by Board of Trustees in consultation with the actuary. The investment return earned by the assets has a direct impact on benefits payable.
- 2.6. A summary of the Fund’s Rules is detailed in **Appendix IV** of this report.

Purpose

- 2.7. The purpose of this valuation is to:
- i. place a value on the liabilities and assets of the Fund;
 - ii. assess the financial position of the Fund by comparing the available assets to liabilities;
 - iii. recommend a final return and pension increase for the period ending 31 December 2024; and
 - iv. to comment on any other issues pertinent to the Fund.

Professional and Regulatory Guidance

- 2.8. This report was prepared with reference to Guidance Notes issued by the Institute and Faculty of Actuaries (UK) and the Technical Actuarial Standards set by the Financial Reporting Council in all respects except for the sections specific to the United Kingdom which have been excluded.

Reliance

- 2.9. For the purposes of carrying out this exercise, we have been provided with membership data by the Fund Administrators, for the period from 05 April 2024 to 31 December 2024.
- 2.10. While data checks are performed as part of the financial review, it should be noted that the final accountability for the accuracy of the Fund's data resides with the Fund's Board.
- 2.11. We have also received financial statements for the Fund as at 31 December 2024.
- 2.12. We have been provided with details relating to the following:
- Members' Accumulated Credits as at 31 December 2024,
 - Members' and Employers' monthly contributions for the period from 05 April 2024 to 31 December 2024, and
 - Members' benefits paid over the period from 05 April 2024 to 31 December 2024, including pensions in payment as at 31 December 2024.
- 2.13. The data was checked for reasonability. **Appendix I** details all data checks performed. We considered the data provided reasonable and sufficient for the purposes of this valuation.

Currency and Limitations

- 2.14. Amounts stated in this report are denominated in Zimbabwe Gold (ZWG) unless stated otherwise.
- 2.15. The results of the valuation are an estimate of the cost of the pension benefits which the Fund pays out based on assumptions regarding the future of the Fund and does not influence the actual cost of the benefits. It is the experience of the Fund that will determine the actual cost.

3. REVIEW OF INTER-VALUATION ACTIVITIES

3.1. The previous review as at 05 April 2024 showed that overall, the Fund was financially sound.

3.2. The Fund's Board of Trustees awarded the following bonuses as at 05 April 2024:

- A final bonus of **327.38%** for contributing and non-contributing members respectively, as well as a pension increase of 320.49% for Sub Account 1; and
- A final bonus of **410.37%** and **189.08%** for contributing and non-contributing members respectively, for Sub Account 2 at the review date.

3.3. The table below summarizes the financial position of the Fund at 05 April 2024:

	Sub Account 1 Before Bonus ZWG	Sub Account 2 After Bonus ZWG	Total After Bonus ZWG
Assets	225,734,501	80,013,372	305,747,873
Liabilities:	225,734,501	80,013,372	305,747,873
Surplus		(0)	(0)
Funding Level	419.4%	100.0%	100.0%

Key Inter-valuation Events

Market Overview

3.4. The ZSE All Share index was rebased to 100 as at 5 April 2024, in light of the currency change to ZWG. The index increased to 217.58 as at 31 December 2024 reflecting a 117.58% growth in the index. The VFEX grew by 4.09% over the calendar year of 2024.

3.5. CPI was also rebased to 100 basis points as at 5 April 2024, in light of the currency change to ZWG. The index increased to 166.30, as at 31 December 2024 implying inflation of 66.30%. The US\$ inflation rate was 2.45% over the year of 2024.

3.6. The foreign Exchange rate stood at US\$1: ZWG 13.5616 as at 8 April 2024 and at US\$1: ZWG 25.7985 as at 28 June 2024. This represents a 90.23% depreciation in the exchange rate.

Over the inter-valuation period the following circulars were issued:

Document	Issue Date	Content
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Circular 26 of 2024	12 December 2024	Issuance of a Draft Market Conduct Framework for the Insurance and Pensions Industry

Rule Amendments

- 3.7. We have not been advised of any amendments to the Rules of the Fund during the period since last valuation. As such, we have used the existing Fund Rules for this valuation. A summary of the Fund's Rules as at 31 December 2024 is set out in **Appendix III**.

4. MEMBERSHIP DATA

4.1 The data for this valuation was supplied by the Administrator of the Fund. The tables below summarise the Fund's membership, with respect to ZWG and US\$ liabilities, at the review date:

Membership	5 April 2024 ZWL\$	31 December 2024 ZWG	31 December 2024 US\$
Contributing and Dormant Members			
Number	52,377	51,681	10,471
Opening Accumulated Credits	139,203,712,260	191,692,465	2,811,547
Contributions	965,137,210	5,151,716	3,165,283
Pensioners			
Number	159	152	3
Pension Weighted Average Age	65.6	67.6	47.8
Average Annual pension	2,506,186	3,738	1,009
Total Annual Pension	390,964,952	568,174	3,027

4.2 The Fund's active membership data is split into the following categories with regards to contribution payments:

- a. **Contributing Members:** These are members who are in active service and are expected to be remitting contributions into the Fund. We have been advised that members who have been remitting contributions over the past three years fall into this category.
- b. **Dormant Members:** These are members with unconfirmed statuses as well as Preserved members at the review date.

4.3 We were also provided with withdrawals data, i.e., schedules of Members who withdrew from the main Fund i.e., deaths, retrenchments and retirements.

4.4 **Appendix I** details the data checks carried out as part of this review exercise.

4.5 The accuracy of any values quoted in this report and the conclusions reached are limited to the accuracy of the underlying data and information on which this report is based. Should this data be any different from that actually representing the membership and asset position of the Fund, this review may need to be re-done.

5 CONTRIBUTIONS

5.1 The Rules of the Fund state that total contributions towards retirement benefits are set at 10% of salary bill split as 5% from the Members and 5% from the Employer. The Rules further state that the Employer contributes an additional 2.5%: 1.5% towards administration expenses and 1% towards Death-in-Service Benefit costs.

5.2 The contribution structure of the Fund is summarised below;

Total Employer Contributions	7.50%
<i>Less</i> Death in Service Benefits and Administration Costs	2.50%
Net Employer Contributions going towards Retirement	5.00%
Employee Contributions	5.00%
Total Contribution towards Retirement	10.00%

Summary of Contributions

5.3 The Fund currently offers Death-in-Service benefits of twenty-four months' salary. The Employer currently finances the cost of this benefit through a contribution of 1% of the salary bill.

Contribution Arrears

5.4 We noted from the financial statements that there are contribution arrears amounting to ZWG 2.53 million and US\$ 850,924. We recommend that Trustees put in place measures to ensure that these arrears are remitted.

5.5 The information in the financial statements suggests that the Employer remitted contributions in line with Fund Rules.

6 RESERVE ACCOUNTS

- 6.1 According to the Fund Rules, the “Stabilisation Account” is meant to cater for Fund administrative expenses including the provision of death in service benefits. This Account is currently being financed by 2.5% of the salary bill contributed by the Employer, split 1.5% towards expenses and 1% towards death benefits.

Death Benefit Reserve Account

- 6.2 The death benefit reserve account is an insurance arrangement against death in service. The benefit pay-out at death is defined as 24 times the final monthly salary of the active member.
- 6.3 For the ZWG, 50% of the risk is insured within the Fund whilst the other 50% and 100% of the risk in the US\$ Fund is outsourced to a Life Insurance Company.
- 6.4 The benefit paid out from this account is defined benefit in nature, hence the account poses a defined benefit obligation to the Fund. The benefit pay-out is dependent on the final salary; hence the Fund is at risk of failing to meet benefit payments, only if contributing members’ salaries increase sharply. The Fund may also be exposed to risk if the number of deaths exceeds that anticipated. We note that the Fund reinsures against catastrophic losses.

Stabilisation Reserve Account

- 6.5 The Stabilisation Reserve caters for the Fund’s expenses as well as payment of death benefits.
- 6.6 The value of the aggregate expense reserve balance (*consisting of the Stabilisation and Death Reserves*) for Sub Account 2 was ZWG 23.351 million. This was after accounting for investment gains earned and better-than-expected mortality experience reported over the review period.
- 6.7 The Board ought to note that there is scope to consider paying off Dormant Members’ benefits in line with IPEC’s Circular No. 3 of 2014. We recommend that the Board of Trustees continuously make attempts to reach out to such members as this would reduce the total expense outlay for the Fund.

Smoothing Reserve

- 6.8 The balance in this reserve accounts for the surplus in Sub Account 3 which was not distributed, and it has increased to US\$ 124,844.

Compensation Reserve

- 6.9 Furthermore, in anticipation of the compensation of members whose benefits were adversely affected by the currency-related losses in 2009, we set up as at 31 December 2022, equivalent to 10% of the Sub Account 1 share of assets; the reserve was drawn down from the surplus in respect of Sub Account 1 as at the review date.

- 6.10 The tables below show the reserve build ups for the respective Sub Accounts:

Sub Account 1 Reserve Accounts (ZWG)	Compensation	Death Benefit Reserve	Pensioners' Guarantee Reserve
Opening Value	23,819,387	696,549	1,404,391
Investment Income Net of Expenses Incurred	36,199,537	933,911	2,141,696
Benefit Paid	-	(211,201)	-
Compensation Receipts	39,679	-	-
Closing Balance	60,058,603	1,419,259	3,546,087

Sub Account 2 Reserve Accounts (ZWG)	Stabilisation	Death Reserve
Opening Value	6,492,215	4,302,797
GLA recoveries & Contributions	1,224,219	825,842
GLA Premiums paid		(139,761)
Transfer from Data Reserve	17,614,154	-
Benefit Paid	-	(28,916)
Fund Expenses	(7,063,363)	-
Investment Income Net of Expenses	5,083,871	6,590,453
Transfer to allocations	-	-
Closing Balance	23,351,096	11,550,416

Sub Account 3 Reserve Accounts (US\$)	Death	Smoothing Reserve	Stabilisation Reserve
Opening Value	75,210	32,968	30,000
GLA Recoveries & Contributions	432,923	-	559,975
Investment Income Net of Expenses	3,599	963	-
GLA recoveries	(272,261)		
Transfer from Reserve		-	206,000
Expenses	-		(795,975)
Transfer from Surplus		90,913	
Benefit Paid	(64,576)	-	-
Closing Balance	174,895	124,844	-

7 FUND LIABILITIES

7.1 Fund liabilities are represented by members' accumulated accounts, pensioners' capital values and the Fund's reserves as at 31 December 2024.

Quantifying Members' Liabilities

7.2 The Fund is a defined contribution arrangement where the benefit on exit is based on the member's accumulated account. This is composed of member and employer contributions towards retirement benefits and amounts transferred into the Fund in respect of the member, all accumulated at the bonuses (interim and final) credited to the member's account. The bonuses declared therefore have a direct impact on the benefits payable.

7.3 In line with this guideline, we have created 3 sub accounts for the Fund; Sub Account 1 for liabilities and assets held as at 31 December 2018 (Determination Date) and Sub Account 2 for liabilities and assets after the Determination Date. These two Sub Accounts are in respect of ZWG liabilities.

7.4 We have reported on the financial position of each of the sub-accounts separately. The liability build ups are summarised in **Appendix VI** of the report.

Quantifying Pensioners' liabilities

7.5 The liability in respect of current pensioners is the capital value of the pensions calculated as the present value of the expected future pension payments discounted at the valuation rate of interest. We have also included outstanding pension payments in stating the liability value.

7.6 We have used the following assumptions in determining the liability with respect to pensions' payment:

Assumption	Last Valuation	Current Valuation
Net Discount Rate (per annum)	4.85%	4.85%
Mortality Male	PA (90)	PA (90)
Mortality Females	PA (90)-4	PA (90)-4
Guarantee Period	10 years	10 years
Child's Maximum Age	21 years	21 years

Assumptions used to value pensioner liabilities

7.7 As shown in the table above, we have retained our long-term assumption estimation of the Fund's future financial and demographic experience.

7.8 The Fund's liabilities at the review date were distributed as follows:

Calculation using IPEC Guidelines (Before Surplus)

	Before bonus Sub Account 1 ZWG	Before bonus Sub Account 2 ZWG	Overall ZWG	Before bonus Sub Account 3 ZWG
Dormant Members	111,576,755	13,362,226	124,938,981	615,470
Contributing	74,898,627	56,602,109	131,500,736	5,238,268
Pensioners	5,744,925	-	5,744,925	44,059
Pensioner Reserve	3,546,087	-	3,546,087	-
Death Benefit Reserve	1,419,259	11,550,416	12,969,675	174,895
Smoothing Reserve	-	-	-	33,931
Stabilization Reserve	-	23,351,096	23,351,096	-
Compensation Reserve	60,058,603	-	60,058,603	-
Total Liability	257,244,256	104,865,846	362,110,102	6,106,622

8 FUND ASSETS

- 8.1 The objective of the valuation of a pension Fund's assets for comparison with the Fund's accrued liabilities is to place a value on the assets, which represents an assessment of the underlying long-term value of assets that is consistent with the principles used in placing a value on the Fund's liabilities.
- 8.2 We were provided with audited financial statements for the period from 05 April 2024 to 31 December 2024. We have relied on the accuracy of these financial statements in stating the market value of Fund assets held at the conversion date.
- 8.3 In carrying out this exercise, we have assumed that the market value of assets recorded in the financial statements represents the fair value of these assets as at 31 December 2024.
- 8.4 A breakdown of the Fund's ZWG portfolio in market values as at 31 December 2024 (with comparative figures as at 05 April 2024) is shown in the table below:

ZWG	5-Apr-24	Proportion	31-Dec-24	Proportion
Equities	91,067,105	29%	207,449,541	28%
Property Investments	126,477,700	41%	316,015,691	42%
Money Market	8,111,217	3%	11,564,317	2%
Prescribed Assets	60,256,173	19%	156,598,758	21%
Guaranteed Funds	14,000,506	5%	51,285,570	7%
Net Current Assets	5,835,172	2%	8,626,883	1%
Total	305,747,873	100%	751,540,761	100%

- 8.5 A breakdown of the Fund's US\$ portfolio for Sub Account 3 in market values as at 31 December 2024 (with comparative figures as at 31 December 2023) is shown below:

US\$	31-Dec-23	Proportion	31-Dec-24	Proportion
Equities	1,661,520	54%	2,004,951	32%
Property Investments	-	0%	903,707	14%
Money Market	689,912	22%	971,104	15%
Prescribed Assets	461,368	15%	1,724,962	27%
Guaranteed Funds	-	0%	-	0%
Net Current Assets	264,739	9%	743,241	12%
Total	3,077,538	100%	6,347,965	100%

- 8.6 The value of Fund assets has grown from ZWG 305.75 million as at 05 April 2024 to ZWG 751.54 million as at 31 December 2024. We have assessed the value of assets held in Sub Accounts 1, 2 and 3 to be ZWG 556.70 million, ZWG 194.84 million and US\$ 6.35 million respectively.

- 8.7 The split of the Fund's assets between the Sub-Accounts was provided by the Fund as at the review date.
- 8.8 The build-up of Fund assets in each of the sub accounts is outlined in **Appendix II** of this report.
- 8.9 We have estimated the rates of return for Sub Account 1, 2 and 3 were 151.88%, 142.42% and 2.92% respectively.
- 8.10 IPEC Circular 3 of 2019 requires that at least 20% of Fund holdings be invested in prescribed assets. The Fund holds 21% of its assets in prescribed assets hence it is compliant with the circular.

Asset Allocation

- 8.11 In light of the inflationary pressures that persist in the economy, we recommend that the Fund's investment strategy remain skewed towards real assets. We further recommend that the Fund manages its liquidity position to effectively manage the payment of pension and exiting members' benefits as they fall due.

9 FINANCIAL POSITION AS AT REVIEW DATE

9.1 This section summarises the financial position of the Fund as calculated using IPEC guidelines on the treatment of revaluation gains.

9.2 The financial position of the two sub-accounts is summarised below:

As at 31 December 2024	Before bonus Sub Account 1 ZWG	Before bonus Sub Account 2 ZWG	Overall ZWG	Before bonus Sub Account 3 US\$
Dormant Members	111,576,755	13,362,226	124,938,981	615,470
Contributing	74,898,627	56,602,109	131,500,736	5,238,268
Pensioners	5,744,925	-	5,744,925	44,059
Pensioner Reserve	3,546,087	-	3,546,087	-
Death Benefit Reserve	1,419,259	11,550,416	12,969,675	174,895
Smoothing Reserve	-	-	-	33,931
Stabilization Reserve	-	23,351,096	23,351,096	-
Compensation Reserve	60,058,603	-	60,058,603	-
Total Liability	257,244,256	104,865,846	362,110,102	6,106,622
Fair Value of Assets	556,700,855	194,839,906	751,540,761	6,347,965
Surplus	299,456,602	89,974,061	389,430,663	241,343
Funding Level	216.41%	185.8%	207.5%	104.0%

Sub Account 1

9.3 The value of Fund assets amounts to ZWG 556.70 million at the review date whereas that of Fund liabilities amount to ZWG 257.24 million. The Fund is therefore in a financially sound position, with a surplus of ZWG 299.47 million. This translates to a funding level of 216.41%.

9.4 Distributing the emerging surplus implies awarding a bonus of:

- **152.69%** awarded to all contributing members,
- **152.69%** awarded to all Dormant Members, and
- a pension increase of **152.69%** awarded to all Sub Account 1 pensions in payments as at the review date.

9.5 The change in Fund surplus for this sub-account is summarised in the table below:

ANALYSIS OF SURPLUS	ZWG
Surplus as at 05 April 2024	-
Data Adjustments	(1,412,087)
Return on Investments	338,445,091
Post Audit Adjustment	2,450
Expenses Borne by non-contributing members	(1,422,744)
Variance between Data and Financials	(202,549)
Investment return to reserves	-39,275,144
Interim Interest	(87,927)
Pensioner's Actuarial Gains	6,579,069
Pension increase	(4,359,644)
Residual	1,190,088
Surplus as at 31 December 2024	299,456,602

Sub Account 2

9.6 The value of Fund assets amounts to ZWG 194.84 million whereas the value of liabilities amounts to ZWG 104.84 million at the review date. The Fund is therefore in a financially sound position, with a surplus of ZWG 89.97 million. This translates to a funding level of 185.8%.

9.7 Distributing the emerging surplus implies awarding a bonus of:

- **149.18%** awarded to all contributing members and
- **68.74%** awarded to all Dormant Members,

9.8 The change in Fund surplus would be as summarised in the table below:

ANALYSIS OF SURPLUS	ZWG
Surplus as at 5 April 2024	-
Data Adjustments	(14,452,190)
Return on Investments	114,265,026
Post Audit Adjustment	(2,962)
Variance between Data and Financials	3,057,637
Investment return to reserves	(36,739,265)
Interim Interest	(1,424,722)
Transfers from Reserve	25,064,941
Residual	205,596
Surplus as at 31 December 2024	89,974,061

Sub Account 3

9.9 For Sub-account 3 we have carried out the exercise over the 12 months starting 1 January 2024.

9.10 The value of Fund assets amounts to US\$ 6.35 million at the review date whereas that of Fund liabilities amount to US\$ 6.11 million. The Fund is therefore in a financially sound position, with a surplus of US\$ 241,343. This translates to a funding level of 104.0%.

9.11 Distributing the emerging surplus implies awarding a bonus of:

- 3.5% awarded to all active members, and
- 3.5% pension increase to pensions in payments as at the review date.

9.12 The change in Fund surplus would be as summarised in the table below:

ANALYSIS OF SURPLUS	US\$
Surplus as at 31 Dec 2023	-
Data Adjustments	108,039
Return on Investments	162,181
Post Audit Adjustment	(26,408)
Variance between Data and Financials	378,519
Investment return to reserves	(210,562)
Interim Interest	(169,425)
Residual	(1,002)
Surplus as at 31 December 2024	241,343

9.13 The financial position, should this recommendation be adopted, would be as follows:

As at 31 December 2024	After bonus Sub Account 1 ZWG	After bonus Sub Account 2 ZWG	Overall ZWG	After bonus Sub Account 3 US\$
Dormant Members	284,405,558	22,640,332	307,045,890	636,187
Contributing	192,872,321	137,298,063	330,170,385	5,366,439
Pensioners	14,399,028	-	14,399,028	45,601
Pensioner Reserve	3,546,087	-	3,546,087	-
Death Benefit Reserve	1,419,258	11,550,415	12,969,675	174,895
Smoothing Reserve	-	-	-	124,844
Stabilization Reserve	-	23,351,096	23,351,096	-
Compensation Reserve	60,058,603	-	60,058,603	-
Total Liability	556,700,855	194,839,906	751,540,761	6,347,965
Fair Value of Assets	556,700,855	194,839,906	751,540,761	6,347,965
Surplus	-	-	-	-
Funding Level	100.00%	100.00%	100.00%	100.00%

9.14 We have also evaluated the Fund's financial position using Zim-Mortality tables, in line with the requirements of Circular 23 of 2024, which mandates a five-year transition phase to adoption by the 1st of January 2030.

9.15 Since the Fund is a Defined Contribution scheme with pensioners, the change in the mortality tables impacts only the Pensioners' liability.

9.16 We have performed the Pensioners' liability calculations as of the valuation date using the Zim-mortality tables for Sub-Account 1 and Sub-Account 3. Below is a summary of the results, along with the comparative figures based on the current mortality tables before applying the bonuses and pension increases:

Sub- Account 1

As at 31 December 2024	Current Mortality Sub Account 1 ZWG	Zim mortality Sub Account 1 ZWG	Change
Total Liability	257,244,256	257,919,273	0.26%
Fair Value of Assets	556,700,855	556,700,855	0.00%
Surplus	299,456,602	298,781,585	(0.23%)
Funding Level	216.73%	215.84%	(0.26%)

Sub-Account 3

As at 31 December 2024	Current Mortality Sub Account 3 US\$	Zim mortality Sub Account 3 US\$	Change
Total Liability	6,106,622	6,152,222	0.74%
Fair Value of Assets	6,347,965	6,347,965	0.00%
Surplus	241,343	195,743	0.18%
Funding Level	104.0%	103%	(0.02%)

9.17 If the Zim mortality tables were in use, the Fund's Sub-Account 1 liabilities would rise to ZWG 257.92 million, compared to assets of ZWG 556.70 billion, resulting in a surplus of ZWG 298.78 million and a funding level of 215.84%.

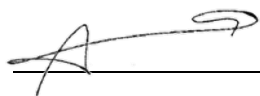
9.18 If the Zim mortality tables were in use, the Fund's Sub-Account 3 liabilities would rise to US\$ 6.15 million, compared to assets of ZWG 6.35 million, resulting in a surplus of US\$ 241,343 and a funding level of 104.0%.

10 RECOMMENDATIONS AND CONCLUSION

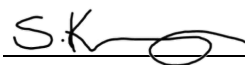
- 10.1 We have carried out a financial review of the Motor Industry Pension Fund as at 31 December 2024. Based on the results of this review, the Fund is in a financially sound position as at 31 December 2024.
- 10.2 We recommend distributing the emerging surplus on Sub-Account 1 by awarding a bonus of:
- **152.69%** awarded to all contributing members
 - **152.69%** awarded to all deferred members, and
 - a pension increase of **152.69%** awarded to all Sub Account 1 pensions in payments as at the review date.
- 10.3 We recommend distributing the emerging surplus on Sub-Account 2 by awarding a bonus of:
- **149.18%** awarded to all contributing members and
 - **68.74%** awarded to all Deferred members,
- 10.4 We recommend distributing the emerging surplus on Sub-Account 3 by awarding a bonus of:
- **3.5%** awarded to active members, and
 - **3.5%** pension increase to all Sub Account 3 pensions in payments as at the review date.
- 10.5 We further recommend a thorough check of all member records to ensure that no members are excluded from receiving Fund returns.
- 10.6 We also recommend that the Fund carries out a mortality investigation to assess the extent to which the current and proposed mortality tables relate to the mortality experience of the Fund.
- 10.7 We recommend that the investigation be carried out as at 31 December 2025, covering a period of 5 years.

- 10.8 We further recommend a continuous check of all member records to ensure that all Fund members benefit from the allocation of revaluation gains.
- 10.9 A summary of all our recommendations is outlined in **Appendix III** of the report.

We would be happy to discuss all issues raised in this report.



Tinashe Mashoko FASSA FIA
Revaluation Actuary
African Actuarial Consultants



Shingai Kuwaza
Senior Actuarial Consultant
African Actuarial Consultants

26 March 2025

APPENDIX I: DATA CHECKS

A1.1 The data checks that were performed at the valuation date are summarised below.

Checks carried out on Main Fund and Staff Fund data

A1.2 We checked for the uniqueness of System Ref Numbers.

A1.3 We checked whether Member closing values as at 05 April 2024 were consistent with stated opening values as at 31 December 2024.

A1.4 Members ID numbers were used as unique identifiers in carrying out data checks for this group.

Other Checks carried out on Membership Data

A1.5 For each Member in the data received we checked for missing dates of birth, consistency of dates of birth, dates of joining, reference numbers and salary against the June 2024 data. We also performed the following reasonability checks:

- Dates are valid;
- Dates are in a logical order, and
- Ages fall within reasonable ranges.

A1.6 It should be noted that the accuracy of our checks is limited to the accuracy of the data we were supplied with and the ultimate responsibility of the accuracy of the financial statements and data lies with the Board of Trustees and the Administrator of the Fund.

APPENDIX II: CONSOLIDATED REVENUE ACCOUNT AND BUILD-UPS

A2.1 The Consolidated Revenue Account (ZWG) of the Fund assets is shown below:

31 December 2024	Sub Account 1 ZWG \$	Sub Account 2 ZWG \$	Total ZWG \$
OPENING BALANCE	225 734 501	80 013 372	305 747 873
Post Audit Adjustment	2 449	(2 962)	(514)
OPENING BALANCE	225 736 949	80 010 409	305 747 359
NEW MONEY INCOME	39 679	10 421 552	10 461 231
Members		4 080 729	4 080 729
Member voluntary		4 437	4 437
Amounts received on life insurance claims		9 696	9 696
Employers		4 080 729	4 080 729
Employer contribution towards expenses		1 224 219	1 224 219
Other (Contributions for GLA)		816 146	816 146
Interest on contributions		205 596	205 596
Compensation Receipts	39 679		39 679
NET INVESTMENT INCOME	338 445 091	114 265 026	452 710 116
Interest income	720 387	88 734	809 121
Dividends	6 407 238	700 063	7 107 301
Unrealised fair value gains/ (losses) on financial assets	46 431 947	6 724 517	53 156 464
Realised fair value gains/ (losses) on financial assets	-96 250		-96 250
Other (Guaranteed Fund Bonus)	37 466 085		37 466 085
other rev gains income	1 685 399	4 985 192	6 670 591
other translation gains	88 173 332	10 653 674	98 827 006
Rental Income	8 217 553	2 604 145	10 821 698
Revaluation gains/ (losses) on property	157 239 145	89 184 631	246 423 776
Profit/ (loss) on disposal of non-financial assets	-155 300		-155 300
Other (Disposal of Operating Assets)	-2 070		-2 070
Other (Sundry Income)	60 732	24 647	85 379
Investment written down	-5 472 247		-5 472 247
Custodial fees	-108 440	-78 040	-186 480
Asset management fee	-1 509 839		-1 509 839
Property Maintenance costs	-150 274	-475 343	-625 617
Rates	-462 307	-147 194	-609 501
NEW MONEY EXPENDITURE	(6 610 371)	(2 281 465)	(8 891 836)
Pensions	-590 559		-590 559
Lumpsum awards on retirement	-3 102 466	-1 548 923	-4 651 389
Lumpsum awards on withdrawal	-1 855 071	-1 076 118	-2 931 189
Lumpsum awards on death	-211 201	-28 916	-240 117
Transfers to other funds	-338 820		-338 820
GLA Premiums paid		-139 761	-139 761
OPERATING EXPENSES	(8 486 107)	(1 422 744)	(7 063 363)
FUND AT END OF PERIOD	556 700 855	194 839 906	751 540 761

A2.2 The ZWG assets of the Fund split by sub account are shown below:

ZWG	Sub Account 1	Sub Account 2	Total
Equities	167,700,354	39,749,187	207,449,541
Property Investments	221,015,962	94,999,729	316,015,691
Money Market	11,564,317	-	11,564,317
Prescribed Assets	104,078,475	52,520,283	156,598,758
Guaranteed Funds	51,285,570	-	51,285,570
Net Current Assets	1,056,177	7,570,707	8,626,884
Total	556,700,855	194,839,906	751,540,761

A2.3 The Consolidated Revenue Account of the Sub Account 3 assets is shown below:

31 December 2024	Sub Account 3 US\$
OPENING BALANCE	3 103 945
Post Audit Adjustment	(26 408)
OPENING BALANCE	3 077 537
NEW MONEY INCOME	4 730 074
Member Contributions	1 868 588
Employer Contributions	1 868 588
Voluntary	
Amount received on Life insurance	59 606
Contributions towards expenses	559 975
GLA	373 317
NET INVESTMENT INCOME	162 181
Interest income	124 409
Investment written down	-94 992
Dividends	46 112
Unrealised fair value gains/ (losses) on financial assets	26 928
Revaluation gains/ (losses) on property	87 555
Other (Disposal of Operating Assets)	-425
Custodial fees	- 7 894
Asset management fee	- 19 341
Rates	-171
NEW MONEY EXPENDITURE	-825 852
Pensions	- 3 124
Lumpsum awards on retirement	- 168 487
Lumpsum awards on withdrawal	- 317 404
Lumpsum awards on death	- 64 576
Transfers to other funds	
GLA Premiums paid	- 272 261
OPERATING EXPENSES	-795 975
FUND AT END OF PERIOD	6,347,965

APPENDIX III: SUMMARY OF RECOMMENDATIONS

A3.1 The table below summarises the recommendations which were highlighted in the valuation report:

Recommendations	Why	By whom	Timeline
Sub-Account 1 Final annualised bonus of: <ul style="list-style-type: none"> • 152.69% awarded to all contributing members • 152.69% awarded to all Dormant Members, and • a pension increase of 152.69% awarded to all Sub Account 1 pensions' payments as at the review date. Sub-Account 2 Final annualised bonus of: <ul style="list-style-type: none"> • 149.18% awarded to all contributing members and • 68.74% awarded to all Dormant Members, Sub Account 3 <ul style="list-style-type: none"> • 3.5% awarded to active members • 3.5% pension increase to pensions in payment as at the review date 	Distribute available surplus Compliance with IPEC guidelines	Board	Effective date: 31 December 2024
Quarterly bonuses to be awarded	To avoid prejudicing members who leave the Fund within the year	Board	Implementation date: 1 January 2025 to 31 Dec 2025
Retain balance in the Reserve Accounts.	Cushion against adverse experience	Board	Effective date: 31 December 2024

APPENDIX IV: SUMMARY OF FUND RULES

- A4.1 Each Member shall contribute monthly to the Fund, from the date of commencement of his participation at a rate of 5 per centum of the one –twelve of his Annual Salary
- A4.2 The Employer shall contribute for each Member 5% of the salary which shall be credited to the member's pension account.
- A4.3 The Employer shall also contribute 2.5% of the salary bill for the whole cost of providing Death in Service benefit and administration costs.
- A4.4 A Member may, at any time, undertake to make voluntary contributions, provided the contributions shall not exceed 10% of his salary. This amount of the Member's voluntary contributions shall be determined by the Member in agreement with the Employer. Once such undertaking has been made and effected, the voluntary contributions may be reduced or terminated only under extenuating circumstances and with the agreement of the Employer and the Board of Trustees. It is specifically provided that the Employer shall not pay additional contributions for the Member.
- A4.5 A Member who is in Service or on Dormant Members Retirement at his Normal Retirement Date shall have the right to retire at that date and shall become entitled to a Pension calculated in terms of Rule A6.5.
- A4.6 Subject to the Employer's consent or at the instance of the Employer, a member may retire before his Normal Retirement Date, but not before age 55 years. On retirement the Member shall become entitled to a Pension calculated in terms of Rule 7.1.
- A4.7 The amount payable to a retiring Member shall be equal to that Pension that can be purchased by the Member's Accumulated Credit. The pension shall be guaranteed for 10 years. There is also an option for purchasing a joint-life pension. The pensions shall be increased from time to time at the discretion of the Board in consultation with the Actuary of the Fund.
- A4.8 On Death in Service, the surviving spouse, dependent children or nominated beneficiary shall be paid a lump sum benefit equivalent to 24 months' salary at date of

death. The Accumulated Credit at date of death shall be used to purchase pension for the surviving spouse and/or dependent children. Dependent children shall be paid pensions up to age 18, or up to age 21, should there be proof that he or she is still a student.

A4.9 On withdrawal, a Member shall be paid a lump sum benefit equivalent to the Member Accumulated Credits with interest. The Employer Accumulated Credits shall be preserved in the Fund.

APPENDIX V: FUND RISKS

A5.1 This section summarizes key Fund risks and summarizes mechanisms which may be adopted in mitigating the effects of these risks.

A5.2 The Insurance and Pensions Commission issued Circular 11 of 2020 on the 9th of June 2020. The Guideline was issued in terms of section 3 (1) (c) of Statutory Instrument 69 of 2020. The Fund is exposed to the following risks:

Types Of Risk	Description	Mitigation
Regulatory Risk	✓ The prospect of undesirable consequences and penalties stemming from the Scheme's inability to fulfil all relevant regulatory requirements. This includes the likelihood of sustaining losses arising out of litigation.	✓ The Scheme's Investment policy will need to be continuously reviewed, to ensure it is compliant with IPEC regulations.
Investment Risk	✓ Risk of the fall in the price of equities, bonds, and property due to movements in economic market factors.	✓ This risk can be mitigated by diversifying the investment portfolio across product types and economic sectors.
Valuation Risk	✓ Risk that an asset is overvalued and is worth less than its carrying value when it is sold or matures	✓ Risk is reduced by providing transparency and ensuring the integrity and consistency of the data, models and processes used to process the calculations.
Credit Risk	✓ Risk of loss emanating from the failure of third parties such as, sponsoring employers and other debtors to pay their dues to the scheme.	✓ The risk is minimized by taking appropriate action to collect all monies due to the Scheme, i.e., Legal action, the use of Debt collectors etc.

A5.3 we recommend a continuous review of the risk management framework of the Fund to ensure that it is aligned with best practice principles as outlined in the governance and risk management standards.

APPENDIX VI: IPEC CERTIFICATIONS

DATA CERTIFICATION BY THE REVALUATION ACTUARY


I, the undersigned, hereby certify that the data used to determine and distribute Revaluation Gains which arose due to the 2019 currency reforms for the Motor Industry Pension Fund (“the Fund”) is sufficient, based upon information and belief formed after reasonable inquiry. I also confirm that I have done the following before distribution of the Revaluation Gains:

- a. Checked and certified the adequacy/sufficiency of data as at 31 December 2024
- b. Reconciled the membership as at 31 December 2024 with that as at 05 April 2024

Name of the Revaluation Actuary:

Tinashe Mashoko

Name of Actuary’s Professional Principal Regulator: Actuarial Society of South Africa

Signature: 

Date: 26 March 2025

CERTIFICATION OF ASSET AND LIABILITY CALCULATION METHODS AND ASSUMPTIONS BY THE REVALUATION ACTUARY


I, the undersigned, hereby certify that all the calculations for the purposes of determining and distributing Revaluation Gains for the Motor Industry Pension Fund (“the Fund”) as at 31 December 2024 were done in accordance with the “Guideline for the Insurance and Pensions Industry on Adjusting Insurance and Pension Values in Response to Currency Reforms”. I also confirm that I have done the following before distribution of the Revaluation Gains;

- a. Checked the values of assets and accuracy of liabilities as at 05 April 2024 and as at 31 December 2024.
- b. Reconciled the assets and liabilities by categories of membership between 05 April 2024 and 31 December 2024.
- c. Ensured equity in the distribution of revaluation gains between pension liabilities and between old and newer members.

Name of the Revaluation Actuary:

Tinashe Mashoko

Name of Actuary’s Professional Principal Regulator: Actuarial Society of South Africa

Signature: 

Date: 26 March 2025

CERTIFICATION OF THE SOLVENCY POSITION BY THE REVALUATION ACTUARY: PENSION AND PROVIDENT FUNDS

I, the undersigned, hereby certify that the Motor Industry Pension Fund (“the Fund”) is solvent on an ongoing basis as at 31 December 2024 as shown in the table below. This is after adjusting fund member values based on calculations in terms of the “Guideline for the Insurance and Pensions Industry on Adjusting Insurance and Pension Values in Response to Currency Reforms”.

Measurement Date:	31 December 2024
Total Assets	ZWG 751,540,761
Actuarial Liabilities	ZWG 751,540,761
Other Liabilities	-
Surplus/ (Deficit)	-

Measurement Date:	31 December 2024
Total Assets	US\$ 6,347,965
Actuarial Liabilities	US\$ 6,347,965
Other Liabilities	-
Surplus/ (Deficit)	-

Name of the Revaluation Actuary:

Tinashe Mashoko

Name of Actuary’s Professional Principal Regulator: Actuarial Society of South Africa

Signature: 

Date: 26 March 2025