

Chairman’s Statement to Members

I am pleased to present our annual report and the Actuarial valuation results of the Fund for the year-ended 31 December 2022.

The Financial Year 2022 ("FY 2021") was characterised by an improvement in the macro-economic factors such as inflation which tapered off from a peak of 285% in August 2021 to close the year at 243.8%. Month on month fell to a three-month average of 1.76% in the last quarter of 2022 from a high of 30.7% in June 2022. The fourth quarter average was within RBZ target of a rate below 3%. Interest rates hike and the introduction of gold coins helped to contain the scourge. Our hope is that the year-end trend continues as this works to retain value of accumulated credits, which members work tirelessly to accumulate for retirement.

The Fund project pipeline to enhance value continues to grow. The Bulawayo student accommodation complex and Victoria Falls Estate which the Fund is co-investing with other partners were rolled over for completion in 2023. However, you board is excited that new Alternative investments options are already under discussion to kick-start in 2023.

Actuarial Valuation results as at 31 December 2022

The Fund’s financial review results showed a health and financially sound position with overall funding level of 320.23% for the ZWL Fund split as Sub Account 1 funding level of 358.9% and the newly set up Sub Account 2 funding level of 209.2%.

ZWL Fund

In compliance with Insurance and Pensions Commission (IPEC) required format of reporting the table below gives a synopsis of the 3-year period bonuses declared to members inclusive of the 2022 bonus rate approved by your board and to be submitted to IPEC for final approval.

Category	2020 (%)	2021 (%)	2022 (%)	Cumulative bonuses declared in the last 3years (%)
Contributing: Sub Account 1	525.44	151.13	240.54	5,405.81
Non-Contributing: Sub Account 1	499.80	117.68	240.54	4,346.24
Pensioners: Sub Account 1	676.70	132.27	253.00	6,268.26
Contributing: Sub account 2	772.62	102.75	155.47	4,419.87
Benchmark Inflation	348.59	60.74	243.80	4,379.00

The performance of your Fund indicates above inflation returns across the board although Sub Account 1 of deferred members was just a few percentage points shy of the benchmark in the last three-years. However, over a 10-year period all sub-Accounts except for Sub Account 2 created in 2019, are way above inflation. With a lot of expected variability in the short term, the Board’s investment strategy

always focuses on a long-term horizon considering the long-term profile of the Fund. Therefore, the asset mix of the Fund is aligned to that strategic focus to deliver a reasonable pension for members at retirement.

USD Fund

Overall, the ZWL Fund has also seen migration of a huge active membership from contributing in local currency to US dollars. In 2022, membership grew from 1,006 to 4,232 resulting in a Fund growth of 368.62% from USD367,82 to USD1,747,106. The main motivation to join the USD Fund is driven by the need to save for retirement in a more stable and predictable currency.

As of 31 December 2022, the Fund was funded at 105.67% and bonus approved by the board was 1.02%. Cumulatively in the last 2 years since its creation the return is 4.87%. The Fund is in its infancy stage and your board and management are working tirelessly to identify growth assets in an environment which was slowly shaping up to creating the USD yielding assets.

Administration

The strategic thrust of our administration is to offer an excellent e-platform to members to enable quick and efficient interaction with the administration office. Despite implementation disruptions due to Covid 19, the Fund is reaching the final stages of implementing Everest system which is an integrated system to manage both our administration and accounting functions. Web-based tools are now being finalised to enhance and improve on our service delivery to the members from wherever they are across the country without them visiting our offices. Our turnaround times for claims processing remains 5 working days.

Membership Statistics as of 31 December 2022

Below is the membership and exit statistics for the reporting period:

	ZWL Fund	USD Fund
No. of members as of 31 December 2021	48,690	1,006
New Entrants into Main Fund	3,397	3,256
New Entrants into Preservation Fund	13	0
Total	52,100	4,262
Resignations, Retirements, Retrenchments and Deaths in Service Claims and Preservation exits	320	30
Total Membership as of 31 December 2021	51,780	4,232
Total Pensioners (Former Members)	153	Nil
Beneficiaries-Spouses	8	Nil
Beneficiaries-Children	1	Nil

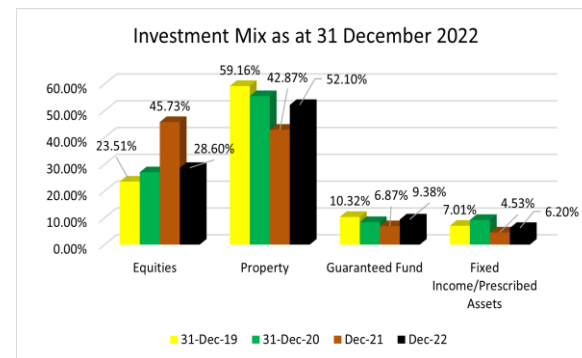
A total of 320 claims worth ZWL114 million were successfully processed and paid compared to 1,607 claims amounting to \$67.2 million in 2021. This reflects stability in terms of membership exits compared to previous years.

A total of 30 claims worth US\$51,704 were successfully processed and paid compared to 6 claims amounting to US\$1,011 in 2021. The Fund was created in 2021 and therefore the accumulated credits in USD were still low.

Investment Portfolio Mix

The Fund’s investment strategy and asset allocation is well poised to absorb shocks such as rising inflation and to some extent depreciating exchange rate to attain a reasonable return to members. The 2022 results are supported by our strategy to invest a significantly high proportion of the Fund assets in growth assets and high yielding alternative assets to preserve member’s value and at the same time set a good base for long term growth of the Fund. The Equities exposure is a mix of both local listed Equities and Foreign listed Equities which act as a hedge against country risk and increase diversification.

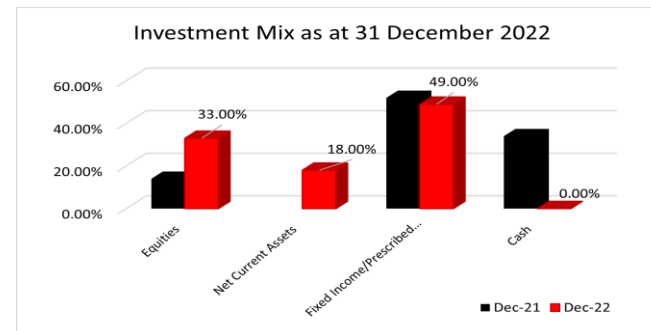
ZWL Fund 2022 Investment mix.



Note: Guaranteed Fund and Prescribed assets are not asset classes but have been reflected as such due to materiality and need to track their effect and regulatory ratios in the portfolio mix respectively.

USD Fund Investment mix

The diversity of assets in the USD investment markets are slowing picking up with the migration of several liquid shares on the Victoria Fall stock exchange (VFSE). This will enable the Fund to diversify the current portfolio away from a concentrated position of a few exposures in the mainly two asset classes the Fund was invested. Your board is also considering some Offshore investments options to cushion the Fund against currency policy changes as well as increase diversification.



Prescribed Asset

In 2022, a total of ZWL321,780,067.68 was invested in Prescribed assets slightly improving the ratio from 4% to 5.9%. There are a lot of growth assets such as Equities and Properties in the portfolio which dilutes the ratio from time to time when they re-value in response to economic factors such as inflation and exchange rate depreciation.

The USD Fund raised its prescribed assets ratio from 0% to approximately 15% when it invested US\$175,150.00 in 2022. Due to the low volatility and stable nature of the currency of this Fund and the current plan in place to achieve compliance we believe the 20% prescribed asset ratio will be reached in the coming year.

Outlook

In the short term, the outlook is still threatened by unstable macro-economic factors such as inflation risk, and currency risk. However, the Fund's strategic focus is still biased towards value preservation. The asset diversification strategy will continue to focus blending both foreign assets and local assets considering that legislation is now permitting foreign exposure up to 15% of Fund value. Several alternative investments will be pursued to enhance performance.

Our administration focus is still premised on finalising the web-based member self-service platforms which includes member portals. The portals should be up and running in the coming year and will significantly improve access to personal information and improve all other communication between Fund and the members. An interactive and new look Fund website's will also be fully functional by end of the first Quarter.

On behalf of the Board of Trustees, I would like to express my heartfelt gratitude to our members, business partners, suppliers, and our regulator IPEC for their guidance and assistance during these evolving times. I would also wish to express my appreciation to my esteemed colleagues on the Board for their perceptive insights and wise counsel which truly helped the Fund steer through the challenges while paving the way for further growth and success. Finally, a big thank you to our dedicated and hardworking Management team and employees for their resilience in the face of adversity and their tireless

commitment to excellence.



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Chairman, Independent Non-Executive

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CBZ Asset Management t/a Datvest

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Coronation Risk Advisors