

MEDIA RELEASE

PIC clarifies reported R100 billion “loss”

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PRETORIA – The Public Investment Corporation (PIC) has noted media reports that it “lost” R100 billion between 09 and 12 December 2015 following the sacking of former Finance Minister, Nhlanhla Nene. These reports emanate from the PIC’s response to the Standing Committee on Finance (SCOF) yesterday, when asked about the effects which the reshuffling of Finance Ministers had on the PIC’s Portfolio. To state that the PIC has lost R100 billion is factually incorrect. The facts are that there was a drop of approximately R100 billion in the value of the PIC’s assets under management between the 9th and 12th of December 2015 due to market reaction following the events of 9 December 2015. However, markets started rerating after the appointment of Mr Pravin Gordhan as Minister of Finance and the portfolio has since fully recovered.

Moreover, it is worth noting that during the 2015/16 financial year, the Government Employees Pension Fund’s (GEPF) net withdrawals were higher than net contributions and, despite the GEPF representing almost 88% of the PIC’s assets under management, early indications are that assets under management for the financial year ending 31 March 2016 will be higher than the previous years, further indicating that the December 2015 unrealised portfolio losses were fully recovered.

Questions were also raised as to how this drop in the portfolio would affect members of the GEPF. There will be no negative consequences for GEPF members as the portfolio has already recovered and because the GEPF is a defined benefit fund, with government as a guarantor. It should also be noted that the portfolios of all other clients, such as the Unemployment Insurance Fund (UIF) and the Compensation Commissioners’ two Funds, have also recovered and are performing well.

The PIC will continue to deliver solid returns as it has previously done, in line with its clients’ mandates.

End.

Issued by:

Sekgoela Sekgoela

012 742 3413

Sekgoela.sekgoela@pic.gov.za

About PIC

The Public Investment Corporation (PIC) is a public asset management firm wholly owned by the South African government, with the Minister of Finance as the sole shareholder representative of the government. PIC's clients are mostly public sector entities including the Government Employees Pension Fund, which contribute 90% of the funds that PIC manages. Other clients include Unemployment Insurance Fund, Associated Institutions Pension Fund, Compensation Commissioner Pension Fund and Compensation Commissioner Fund. The PIC is a hybrid of a single asset manager and a multi-manager with emphasis on providing its clients with value at a low cost and invests in established names with strong management requiring little oversight. PIC is a world class asset management company, and it boasts more than 100-year reputation of delivering excellent results. It is the largest and most successful asset manager on the African continent with assets under management in excess of R1.8 trillion as at 31 March 2015.

The PIC invests in a variety of asset classes such as the following:

- Shares on the Johannesburg Stock Exchange
- Bonds
- Private Equity
- Developmental Investments

The PIC has a clear developmental investment programme. The developmental investments focus on the following areas: Economic Infrastructure (Roads, Rail, Transport & Logistics, Energy, Ports (air, sea, and rail); Social Infrastructure (Affordable Housing, Health, Education); Priority Sector Investments (Agriculture, Agro- processing, Manufacturing and beneficiation Tourism); Environmental & Sustainability (Renewable energy, Clean technology Green buildings, Sustainable environments);and SMEs across all sectors.

For more information, please follow this link: www.pic.gov.za