

Speaking Notes for Dr Daniel Matjila on the occasion to receive the CEO of the Decade Award, Sandton Convention Centre, 08 November 2016.

Let me start by acknowledging the presence of Honourable Ministers and Deputy Ministers;

The organisers of the ABSIP Financial Services Sector Conference and Gala Dinner Awards,

President of Absip, Ms Tryphosa Ramano and the entire Absip leadership

Distinguished guests;

Ladies and Gentlemen;

All protocol observed

I am extremely honoured to receive this prestigious award of CEO of the Decade by ABSIP, an organisation that is celebrating 20 years of change and transformation this year. I am also humbled at the decision by ABSIP to award me for my leadership style, and my attitude towards transformation of the financial services sector and broader South African industry, and my ability to build better organisations that are making an impact towards a better South Africa.

I quote: "Never give up on the belief in goodness". These are the words of Tata Nelson Mandela on 10 May 2004, 10 years to the day he was sworn in as South Africa's first democratically elected president. Madiba urged South Africans never to forget our past, but to use it as a guide to overcome the challenges still facing our amazing country. I echo Madiba's quest "that memory should be used not as a means to keep us shackled to the past in a negative manner, but rather as a joyous reminder of how far we have come and how much we have achieved".

I have been following the work of ABSIP for years now. I realise that to some extent there is alignment between what ABSIP is doing and the programmes of the Public Investment Corporation (PIC). I will address some of these synergies later.

Ladies and gentlemen

As the custodian of the pensions of millions of government employees, I take my job seriously. We, at the Public Investment Corporation, invest responsibly the hard earned pensions of our most important stakeholders, the workers, the drivers of this economy. We invest in public companies and those that are listed on the JSE, in long-term bonds allowing the government of South Africa and parastatals such as Transnet, Eskom and the Land Bank to deliver on the goals as set out in the National Development Plan. Fortunately, we are also allowed to invest in unlisted or private companies, the entrepreneurs and visionaries, the “ideas factories”, those enterprises that manufacture most needed implements, cables and pipes, spare parts, innovative and multi-media communication and even property solutions.

Two years ago, we adopted VISION 2030, a strategy which seeks to position the PIC as a leader in developmental investments. Developmental Investments aim to achieve two important goals: To generate financial and social returns!

Our approach to investing hangs on three pillars:

1. Focus on Developmental Investments (Investible Universe)

Through DI, we invest in a mix of assets that stimulate and sustain economic growth. These are assets that generate financial returns for our clients, whilst at the same time having positive social impact – by creating jobs and empowering those who were previously marginalised.

Equally, DI enables the PIC to invest directly into the economy thus contributing significantly. Investing in the economy has the benefit of stimulating economic growth. Investing directly in the

economy entails investing in: Infrastructure (Economic and Social), CLEAN POWER: Renewable Energy, Agriculture and processing (Food Security), Rail and Road Infrastructure, Mining, Financial Services, Real Estate, SMEs financing across these economic sectors

Our experience teaches us that if the economy grows, assets under our management grow also. So, it makes perfect sense to invest directly in the economy. We encourage all asset managers to consider DI as an important investment approach with long term benefits.

2. Optimization of Risk-Adjusted Returns.

Asset management operates in a risky environment. Our investment decisions are predicated upon robust risk management. We take risks that have a commensurate payoff. As a long term investor, we diversify our portfolio across time and asset mix. This is to ensure that we create enough wealth to ensure that our clients meet their obligations to their clients when they are due.

3. Sustainability through incorporation of ESG issues in all our investments.

We believe that responsible investing can contribute to sustainability in the long term. All our investments incorporate ESG issues (environmental, social and governance). At the centre of it all is Governance. We strongly believe that good Governance will drive **S** and **E**. Where there is no governance, the people perish!

By actively pursuing ESG issues, we have no doubt we will continue on the trajectory of consistently outperforming client benchmarks and generating sustainable clean alpha. We call this "Green Alpha"/GA.

Ladies and gentlemen

Because of our history, South Africa still remains an unequal country. This is not a natural order, but a social order and can be changed. I am happy that ABSIP has taken upon itself the responsibility of correcting the imbalances of the past. I realise that you have done much more than we could ever have imagined. Your vision is clear and in so many ways converges with what we are doing at the PIC.

I am, particularly, impressed by the extensive skills programmes that you have introduced:

- Women in Focus, which seeks to empower black women
- Student Chapters, which focus on transformation of you
- Bursaries for the previously disadvantaged students
- Graduate Programme in International Political Economy and Development

These programmes are necessary to level the playing field for those who were previously marginalised. True transformation will only be possible when the previously disadvantaged are captains of their own ships. That can only happen when they are skilled.

In many ways, these programmes are aligned to what the PIC is doing.

A year ago, our mission was reoriented to sharpen and strengthen our focus on accelerating economic transformation – that is, support for developmental objectives and black economic empowerment and small and medium-sized enterprises. Our latest annual report, which we have just tabled in Parliament, shows evidence not only of success but that we are doing so from a stronger position. This debunks the commonly held myth that pursuit of transformation comes at the expense of standards and excellence. Not only have our revenues grown, but we've also done so with a clean audit outcome and no cent of our clients' funds going into wasteful and fruitless expenditure.



Ladies and gentlemen,

We have no doubt that this strategy will succeed. We have the asset base, which is more than 40% of the SA's nominal GDP.

We have the capacity to influence the activities of the JSE-listed companies to transform, given that we control about 12% of the JSE. We are deliberately elevating our relationship with investee companies from passive shareholding to strategic relationship. You can call it irritating shareholder! This is because these companies are critical in driving socio-economic transformation.

We are also using our strategic partnership in the industry, through asset management companies and other service providers to extend PIC's transformation agenda.

We are recruiting good talent and at the same time we are training our own professionals to assist in delivering on our mandate and we continue to improve our systems to enhance our risk management capability.

Ladies and gentlemen

We still have challenges ahead of us.

I would like to encourage ABSIP to continue with its progressive mission of transforming the financial services and asset management industry. We at the PIC will continue to drive transformation through the resources entrusted to our care. We shall never rest until we have done what is in our power.

To ABSIP leadership, we have more in common and I think we can work together going forward. The reality of our situation is summarised in Dr. Martin Luther King, Jr's observation as contained in his letter from Birmingham Prison:

"We are tied together in the single garment of destiny, caught in an inescapable network of mutuality. And whatever affects one directly affects all indirectly. For some strange reason I can never be what I ought to be until you are what you ought to be. This is the way God's universe is made; this is the way it is structured."

Let me conclude by thanking the Shareholder of the PIC Minister Gordhan, the Board of the PIC under the Chairmanship of Deputy Minister Mcebisi Jonas, PIC EXCO and Staff and most importantly my Family, My Wife and my Children for the overwhelming support. I am what I am because of them.

In closing, let me assure you, in the words of Reverend James Cleveland song, I quote:

I do not feel no ways tired

I have come too far from where I started from

Nobody told me the road will be too easy

But I do not believe he brought me this far to leave me"

May God continue to show us his favour!

Pula! Pula! Pula!