

**MINUTES OF THE 49TH ANNUAL GENERAL MEETING OF
THE INVESTMENT ANALYSTS SOCIETY
HELD ON TUESDAY 22 MAY 2018 AT 13h00
AT THE COUNTRY CLUB JOHANNESBURG**

ATTENDING

NAME	SURNAME	
PETER	DU TOIT	
GARRETH	ELSTON	
CHRIS	GILMOUR	
CLEM	GOEMANS	
MARK	INGHAM	
PHUMZO	KHONZEKA	
LUNGILE	MALINGA	
JOHN	RUDDY	
JACQUES	THERON	
ARTHUR	THOMPSON	
COR	VAN ZYL	
WOUTER	VILJOEN	
BRUCE	WILLIAMSON	
ANN MARIE	WOOD	
<u>PROXIES:</u>	-	-
PROXY NAME:	SURNAME	IAS MEMBER
PIETER	DU TOIT	L WINTERBOER
MARK	INGHAM	JOHAN MARAIS
ARTHUR	THOMPSON	B K S FELDTMAN
ANN MARIE	WOOD	KAREL VLOK
<u>APOLOGIES:</u>	-	-
NAME	SURNAME	
CHRISTO	AURET	
MIKE	BROWN	
BRIAN	FELDTMAN	
JOHAN	MARAIS	
DAVID	PFAFF	

GEOFF	ROTHSCHILD	
ROBERT	VIVIAN	
KAREL	VLOK	
LEON	WINTERBOER	
DANA	YERUSHALMY	

Chris Gilmour, Society Chair, welcomed those present

1. MINUTES

The minutes of the previous AGM held on 16 May 2017 had been placed on IAS website. The meeting confirmed the minutes.

2. CHAIRMAN'S REPORT

Chairman's Report for the year ended 31 December 2017

Mr Christopher G Gilmour

The 2017 year in review

This is the 49th Annual General Meeting of The Investment Analysts Society of South Africa (NPC) reporting on the activities of the Society for the year ended 31 December 2017.

The Investment Analysts Society of South Africa (NPC) is a non-profit company representing investment professionals in South Africa. It was incorporated in 2013 as such under The Companies Act, with the Memorandum of Association of the company approved at the AGM in June 2013. First registered as an "association not for gain" in 1968, it celebrates its 50th anniversary this year.

The Board of Directors manages the affairs of the Society and meets formally once a month. Board members serve on a voluntary basis and give freely of their time and energy in representing the Society.

The Society maintains an administrative office at West Square, 407 West Avenue, Johannesburg, shared with CFA Society South Africa.

During 2017, the Society continued to provide members with access to relevant services and products and initiatives that further its educational and continuing professional development mandate. Through the auspices of the IAS, financial results and corporate actions of listed companies and other organisations, or impending listing presentations, were made to members.

Acknowledgments and Thanks

Executive Officer Mrs Ann Marie Wood manages the day-to-day administrative affairs and I record my appreciation for her outstanding contribution.

The Society employs Mrs Zia de Araujo, Assistant to the Executive Officer, and Ms Maria Makgato, Office Assistant. Again, their contributions are valued and acknowledged.

I am appreciative to my fellow Board members for the support they give me in my role as Chairman and for their positive contributions during our deliberations as a Board.

I make the following specific mentions:

- Chief Financial Officer, Cor van Zyl, handled the financial affairs of the IAS, including the budgeting process and monthly reporting of income and expenditure. We welcome board member Phumzo Khonzeka, as the new CFO.
- Ransome Russouw (Mr Hennie Russouw and colleagues) as independent auditors.
- Board members Mark Ingham and Mike Brown, for their responsibility for the Investment Analysts Journal. This publication has reached new heights under their guidance and is now a highly regarded international investment/finance journal.
- The professional editors of the Journal, Professors Christo Auret and Robert Vivian of Wits; and Wits University for its support.
- Garreth Elston as Deputy Chairman, also responsible for assessing member applications. and for tabulating marks for the annual company awards for reporting excellence.
- Arthur Thompson for his depth of experience and accompanying wisdom.
- Bruce Williamson from SAMREC (the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves) for his strategy input.

Role of the IAS

Last year was a challenging one for South Africa, as markets went sideways for most of the year, amid much political uncertainty, with currency movements reflecting developments in the country. At the close of the year, Cyril Ramaphosa was elected ANC President, followed by country President in early 2018. Against this background, organisations such as the IAS remain relevant and essential.

We are concerned by the decline in both membership and companies using the IAS as a platform for their presentations and see these two issues as intertwined. Listed entities are able to construct their own professional databases of investment audiences and are therefore independently organising their own events. This trend needs to be urgently addressed and we are considering ways in which we can add further value to their presentations.

Additionally, there is an increasing tendency for companies to completely dispense with physical presentations and rely solely on webcasts and other telephonic/electronic means of disseminating investment information. While time and traffic constraints make attendance at physical presentations difficult, the IAS firmly believes that non-physical presentations are “second prize” and nothing substitutes for the ability to gauge a speaker’s confidence and performance in front of a live audience. Networking after the presentation with peers in the investment industry is also extremely valuable and unavailable on tele/webcasts.

We must move beyond being simply an invitational email database facility. This means considering initiatives which will address the decline in membership numbers and corporate presentations. The IAS undoubtedly has the broadest reach of any local investment body and is the best platform for a company wishing to quickly and efficiently disseminate its message to an extensive audience. It is thus incumbent upon the Board to convey these advantages to corporate presenters. We are considering various initiatives, for example, by partnering with technology providers so that companies can interrogate which sections of their financial information and presentations are most examined by analysts.

Membership

During the year to December 2017, 87 paid up new members were accepted (largely comprising 44 investment analysts, 13 fund/asset managers, 20 corporate financiers).

The annual membership fee was increased to R920 (including VAT) (2018: R988.60) and continues to represent excellent value for money for members investing in their continuing knowledge. The Board is keen to continuously attract new membership, especially young and aspiring analysts, so it is cognizant of the need to contain annual increases while ensuring the fee is aligned to the Society’s financial position and ability to execute on its Constitutional mandate.

As at 31 December 2017 membership was 1 423 (1 502: 2016) (1 077: paid up as at April 2018, 242 unpaid).

By far, most members adhere to IAS behavioural ethos and professional standards. Nevertheless, ‘no shows’ at presentations with no prior or belated apologies, and attendance at presentations without prior acceptance of an invitation, persist and we continue to address this poor behaviour. The Society also declines membership applications when the applicant is considered to not meet admission requirements.

Continuing Education

Our Education Sub-committee comprises C G Gilmour, A D Thompson, G E Elston, M F Brown and A M Wood.

Educational events are hosted in conjunction with other bodies such as CFA South Africa and the JSE. Presentations offered included Glenn Silverman (on the BRICS), Craig Bodenstab (Perils of Forecasting) and Alistair Campbell (on renewable energy), as well as the Rand Business Club dinners. Invitations were sent to members for the ASSA investment Seminar and CFA Annual conference. The Board aims to greatly increase the number of these types of presentations as a special value add for members.

We continued to donate R25 000 to five worthy educational charities – being READ Education Trust; EDUCATION Africa (NPC); Alexander Education Committee; Student Sponsorship Programme to fund five children’s text books for one year; and Peninsula School Feeding Association.

Investment Analysts Journal

We again prioritise the Investment Analysts Journal, the premier financial publication in South Africa for academic and practitioner papers. The Journal is included in the Thomson Reuters Social Science Citation Index and accredited by the South African Department of Higher Education and Training. It publishes original research in the areas of finance and investment with a balance between theory and what is required for professional practical use, and IAS members have online access.

To promote rigorous and appropriate academic research in the investment field the Society continues to sponsor an annual award, currently R25 000, as incentive for research papers published in the IAS journal.

Excellence in Financial Reporting and Communications Awards

The annual Excellence in Financial Reporting and Communications Awards presentation function was held at the JSE in June 2017, broadcast live on Business Day TV, and followed by a networking cocktail function attended by Society members and executive management of winning companies.

Fourteen awards were made to listed companies in the main sectors of the JSE for outstanding financial reporting and communications excellence, and for the best presentation made to Society members. Growthpoint Properties was overall winner, and winner in its category. Results are posted on the Society website www.iassa.co.za.

These awards are made in accordance with marking forms completed by members. To ensure a wide and representative sample of views on how companies report, all members are encouraged to participate, and the results tabulation process is mathematically precise. Categories are regularly refined to ensure the business activity of a company correctly reflects in its categorisation and peer ranking.

Award for best article published in the Investment Analysts Journal during 2016 went to Professor Gary van Vuuren and Mr Brendan Prettejohn for *“The effect of yield curve shape and level on bond immunization”*.

The Samrec award for reporting in the minerals sector was won by Impala Platinum and a new Samrec Award for small caps went to Keaton Energy.

Company Presentations

During 2017, the Society hosted 226 presentations by JSE listed companies and other organisations. Increasingly and in line with global trends, presentations are accompanied by the latest webcast technology which enables remote access.

	2017	2016	2015	2014	2013	2012	2011	2010
Johannesburg	134	153	142	155	133	129	126	92
Cape Town	85	89	82	96	90	88	89	76
Durban	6	10	5	6	5	7	5	5
Port Elizabeth	0	1	0	0	1	1	1	1
Webcasts only	1	1	1	0	0	0	0	0
Total	226	254	230	257	229	225	221	174

Associations

The IAS maintains and initiates associations with organisations which have common interests and from which our members derive value. The more important are:

CFA Society South Africa: The Society and CFA Society South Africa cooperate in matters that mutually benefit their members and the local investment professional community.

International Investment Societies: Notwithstanding our association with CFA South Africa, the Society maintains a direct relationship with the CFA Institute.

The Society is also a member of the *International Council of Investment Associations (ICIA)*.

SAMREC: The Society is represented on the Samrec Committee and provides a joint award, with Samrec, to the company making best disclosure of Mineral Resources in its financial results.

Financial Results and Position

For the year ended 31 December 2017, the society made an operational loss of R130 451 (2016 profit R142 254); and net income after finance income was R38 956 (2016: R327 370). After an unrealised profit of R472 500 (2016: loss of R124 385) on revaluation of available-for-sale investments (arising from a significant rise in the value of our Satrix 40 investments, which also yielded us a good income return), R511 456 (2016: R202 985) was transferred to reserves, which now total R3 680 110 (2016: R3 168 654). Total assets as at 31 December 2017 amounted to R4 702 636 (2016: R4 372 088).

IAS members are referred to the audited annual financial statements (available at the AGM and on request) for further details, and to extracts on the website AGM results.

Board and Management

The executive portfolios held as at 31 December 2017 and date of this AGM are as follows:

Chairman	Mr C G Gilmour
Deputy Chairman	Mr G E Elston
Chief Financial Officer	Mr C J P G Van Zyl
Chief Financial Officer (2018)	Mr P A Khonzeka
Board Member	Mr M N Ingham
Board Member	Mr P R Du Toit
Board Member	Mr A D Thompson
Board Member	Mr J W Theron
Board Member	Mr M F Brown
Board Member	Ms D M Yerushalmy
Board Member	Ms L N Malinga
Executive Officer	Mrs A M Wood

In the 2017 financial year The Investment Analysts Society of South Africa (NPC) made ongoing efforts to remain relevant to its purpose, responsive to the requirements of the investment analysts profession, and a longstanding advocate and supporter of high quality research that furthers learning. The organisation looks forward to further progress and development.

I submit my Chairman's report for adoption.

CG GILMOUR

PROPOSED GARRETH ELSTON

SECONDED JACQUES THERON

3. FINANCIALS

An audited and signed Copy of the Society Financials to December 2017 were made available to the meeting. This showed the Society's finances were sound and in good shape.

SUMMARY OF THE CFO'S REPORT ON THE FINANCIAL STATEMENTS (AFS) AT THE AGM OF THE IASSA NPC HELD ON THE 22 MAY 2018:

The Audited Financial Statements (AFS) for the year ending 31st December 2017 were distributed to all members present at the AGM and the CFO highlighted certain aspects in the AFS.

After the completion of the audit by our external Auditors the Audit Committee had a meeting with the Auditors to discuss the audit. There were no issues being reported by the Auditors to the Audit Committee.

These AFS was approved by the Board of Directors at their monthly meeting held in March 2018.

The composition of the Committees as set out in paragraph 5 of the Directors report was highlighted to the members present.

Annually we prepare a budget and on a monthly basis we report on the actuals results versus the budget.

Total assets at year end stands at R4 702 636 compared to R4 373 284 the year before and cash and cash equivalents at year end stands at R1 551 172 compared to R2 271 399 the year before. Note 6 to the AFS gives a breakdown of how the cash and cash equivalents are made up.

Available-for-sale investments at year end stands at R3 130 413 compared to R2 078 658 the year before. Note 4 to the AFS gives a breakdown of how these investments are made up.

Total Income has grown by 0,4% compared to the year before while the expenses have grown by 16,9% compared to the year before. A total of 1 353 members renewed their subscriptions in 2017. The margin on our Presentations Income sits at 62% compared to 68% the year before.

Profit for the year stands at R38 956 compared to R327 370 the year before and the total comprehensive income for the year stands at R511 456 compared to R202 985 the year before.

Overall the financial position of the IASSA NPC at the end of December 2017 is sound, but there is a decline in members renewing their subscriptions for 2018.

Clem Goemans stated that he was surprised that a higher rate of interest had not been earned and wondered why the board did not address this. CVZ stated that monies were moved around as and when needed – bearing in mind some months were quiet months especially near year end.

PROPOSED PETER DU TOIT

SECONDED LUNGILE MALINGA

4. CONFIRMING ELECTION OF AUDITORS

The meeting was asked to confirm the appointment of Ransome Russouw as auditors
The executive committee was given authority to approve the audit fee and expenses for 2017.

PROPOSED ARTHUR THOMPSON

CONFIRMED JACQUES THERON

5. THE ELECTION OF OFFICE BEARERS

5.1 To elect five members of the Executive Committee in place of

**P R DU TOIT
M F BROWN
J W THERON
D M YERUSHALMY
L N MALINGA**

The above retire by rotation but are eligible, and offer themselves for re-election with the exception of C J P G Van Zyl

To accept the resignation of C J P G Van Zyl

To ratify the following board member who joined during the past financial year

PHUMZO KOHNZEKA

The remaining members of the Executive Committee are –

**A D THOMPSON
M N INGHAM
C G GILMOUR
G E ELSTON**

PROPOSED PETER DU TOIT

SECONDER CLEM GOEMANS

6. GENERAL

Presentations – Clem Goemans stated that the society was to be congratulated with amount of presentations still being held in difficult times.

CG offered his thanks on behalf of the board to Cor van Zyl for the hard work over the years and the board agreed he had been a great asset to the society.

CG further advised that Garreth Elston who had been Deputy Chair was relocating to Cape Town and Lungile Malinga would take up the position and that Chris Gilmour would remain as Chair for the next 12 months. Garreth would remain on the board.

CG noted that 2018 was the Society's 50th year and celebrations were planned.

There was nothing further – the meeting ended with thanks from the Chair