

**MINUTES OF BOARD MEETING OF INVESTMENT ANALYSTS SOCIETY
HELD ON TUESDAY 22 JUNE 2021 AT 12H30 VIA TEAMS**

PRESENT

MIKE BROWN (MB)
MARK INGHAM (MH)
ARTHUR THOMPSON (ADT)
MARK HODGSON (MH)
KEITH McLACHLAN (KM)
EBEN MARE (EM)
INGRID GOODSPEED (IG)
NOMTHA NGUMBELA (NN)

1. Welcome

MB welcomed those present. The minutes of the previous meeting were approved and signed

2. Retirement AMW

MB referred to the email received from AMW advising of her decision to retire and provide 6 months notice. The board accepted this resignation with regret and paid tribute to AMW's service and dedication to the Society. It was felt that the clock was ticking to seek a replacement and this should be actioned immediately.

Retrenchment Maria Makgato

The process was in place to terminate Maria's services after 17 years. AMW had informed her and had spoken with legal consultants as well as auditors and Maria understood the situation and was grateful to the board for all they had done for her. She was happy with the monetary payments due i.e. one month's notice, 1 week's pay for 17 years and leave pay, in addition to 20 percent share of the staff ETFSA fund. The board expressed their thanks to Maria for the many year of loyal service and reiterated that this retrenchment was a cost saving exercise.

3. FINANCIALS

MH prepared the following report which showed very little subscriptions coming in and few presentations. He pointed to a decrease in value on the ETFSA investment.

The Investment Sub-committee had met on 11 June – KM, EM, MB, ADT, MH and the minutes had been circulated to the board

MB stated that the investment meeting had agreed 30 per cent investment in Government Bonds and 70 per cent in a balanced equity portfolio and there was no appetite for commodities. It was agreed that the discretion of the fund management would remain with ETFSA with a CPI+4 risk profile

It was agreed to avoid any perceived conflict of interest that EBEN MARE be asked to take on the Chair of the Investment Sub committee going forward – to which he agreed.

MI suggested that the budgetted membership of 800 be revised down to 770

IG asked whether the Society was sustainable and MH advised that with the funds held he projected a 3 – 4 years lifeline

**INVESTMENT ANALYSTS SOCIETY OF SOUTH AFRICA NPC
MONTHLY FINANCIAL REPORT - MAY 2021**

STATEMENT OF COMPREHENSIVE INCOME

OVERALL RESULT

The net year to date operating income before investment income for the five months ended 31 May 2021, amounted to R361,541 **(-32%)** versus a 2020 comparative surplus of R535,397. The net year to date operating income after investment income for the five months ended 31 May 2021, amounted to R399,072 **(-32%)** versus a 2020 comparative surplus of R582,877. The R399,072 includes a fair value positive investment gain of R40,790 (the April 2021 YTD fair value positive gain was R109,433) with no comparative figure available and this cannot be that meaningfully compared to a rough YTD budget estimate surplus of R246,006 which includes R41,667 of investment income.

INCOME

Total operating income for the five months ended 31 May 2021, amounted to R938,897 **(-15%)** versus the 2020 comparative of R 1,107,514 and **(-5%)** compared to rough YTD budgeted income of R987,837. Net subscription income received amounted to R770,201 **(-14%)** in relation to 2020 subscription comparative of R892 356 and **(-7%)** vs. the budgeted subscription amount of R825,087. This is approximately **804** member subscriptions paid vs. a 2021 budget of **850** member subscriptions.

Net presentation revenue for the five months ended 31 May 2021 amounted to R166,006 **(-19%)** vs. the 2020 comparative of R205,426 and **(+5%)** compared to a rough YTD budgeted pro-rata presentation income of R158,583.

Bank interest R2,690 **(-72%)** versus the 2020 comparative of R9,732 reflects lower interest rates.

Non-operating related investment income to date amounted to R37,531 including an unrealized investment gain of R40,790 year to date. This can be compared to the 2021 budget for investment income (dividends and ETFSA interest) of R100,000.

EXPENSES

Total administrative expenses for the five months ended 31 May 2021 amounted to R566,809 vs. the 2020 comparative of R568,664. Operational expenses at R10,547 were marginally higher than the 2020 comparative of R3,453 mainly due to **higher journal expenses** and higher award expenses, despite **lower educational expenses**.

STATEMENT OF FINANCIAL POSITION AND CASH FLOW

Cash at bank of R37,190 as at 31 May 2021 comprises First National Bank Current account, money market investment and the 7-day notice accounts. This is prior to a R120,000 disinvestment from the ETFSA investment to provide cash flow relief in early June 2021.

The investments comprise ETFSA investments for an amount of R3,604,685 (including the staff retirement investment of R380,327). The ratio of cash/money market

investments to ETFSA equity investments stood at 1,0% to 99.0%. This highlights cash holdings alarmingly low ahead of the realization from ETFSA investments which had been expected prior to month end. An additional cash buffer is recommended to be incorporated into the next ETFA disinvestment required shortly and additional funds will be required for Maria's retrenchment payout if agreement is reached.

17 June 2021

2. MEMBERSHIP

There were 2 new applications

REIMER UYS – STANDARD BANK – private equity
ISRAEL NOKO – NPI CAPITAL PARTNERS – private equity

Membership currently 773

3. PRESENTATIONS

A list of presentations detailed below – these were webcast events

4. GENERAL

IAS MASTERCLASS

Further ideas still required – the Commodity Super-cycle event held had proved successful.

AWARDS

Companies contacted and AMW is in the process of arranging recordings in CT presenters arranged: CT - MH Jhb -KM, NN – AMW would liaise further confirming dates and times. Corpcam at a cost of just under R18000 would record winners in both cities and have the online presentation ready for testing prior to 4 August event date. MB would act as MC. Samrec and Journal award winners' names were due mid to late July. AMW was keeping in touch with them.

PROFILE MEDIA – INVESTOR PORTAL

A document had been circulated to the board – the spreadsheet prepared by Profile on the portal, with high, low medium income scenarios, had not been attached with the email. This would be sent this to members for perusal and comment prior to next meeting. This spreadsheet is important as it outlines the potential income on various options. KM stated that he would be keen to see board feedback on these projections.

MI stated clarity on the 50/50 proposal would be needed and a management agreement plus SLA would be required and such should be ring fenced

IG asked whether the portal would be able to offer CPD. AMW had chatted to Profile on this and they confirmed where a presentation was hosted on the platform this would be easy to do and MB stated they would be able to keep a record of member's credits. If it was a recorded event there was a possibility they could do same.

MH asked whether they envisaged a legal entity, whether they would use their own software and whether they had their own legal team in place. MB advised they had their own in house legal team and Profile's IT would host the development with IAS being administrators. He confirmed a presentation by Profile was scheduled at our 20 July board meeting and would be able to respond to various questions.

IAS JOURNAL

MI had a meeting with Eleanor Reinders of T&F and she felt that section 31 of the agreement was indeed amendable and that we could renegotiate the renewal agreement which is due in 2022 with one year's notice. T&F could potentially take over the Journal but MI felt that no money would change hands as this was of zero value but they could take up all the costs. KM stated that we could assign a value on a replacement cost perspective, Say, over 5 years how much had we invested and how much would it cost to replace. MI advised that the auditors had ruled this out but the board felt it could be investigated further.

T& F advised that they would work with Wits on 3 Journal editions for 2021 and it could be that Wits would have interest in IAS journal. Eleanor was currently working on budgets and would need to discuss with her colleagues and would come back to MI within 2 weeks when a further meeting could be set up to include IAS Board members.

MI had discussed the VAT situation on the payment for their share of Journal secretary and they firstly stated that they are not a VAT vendor and that this had never been raised in the past 7 years and secretarial duties sponsorship would rate zero tax as is not a vatable item. The auditors previously had disagreed that VAT was not payable and as the meeting was running out of time MB asked that this be investigated further with auditors.

PRIVACY POLICY

AMW had put together a draft – basically taken and amended from CFA Privacy policy. ADT stated that this should be used as a guideline only and that we needed to prepare our own policy document in line with POPI which is due to be implemented next month. IG agreed to take this on and prepare a draft

BOARD MEETING

The next Board meeting would be held on 20 July 2021 at 12h30 including a presentation by Profile Media

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|-----------|--------------|---|---------|--|
| Tuesday | 12h30 | 20 th July 2021 | Zoom | |
| Wednesday | 18h00 | 4 th August 2021 IAS Awards | Webinar | |
| Tuesday | 12h30 | 24 th August 2021 | Zoom | |
| Tuesday | 12h30 | 21 st September 2021 | Zoom | |
| Tuesday | 12h30 | 19 th October 2021 | Zoom | |
| Tuesday | 12h30 | 23 rd November 2021 | Zoom | |

Public Holidays:

21st March – Human Rights Day
 22nd March – Public Holiday
 28th March - 5th April – Pesach
 2nd April – Good Friday
 5th April – Easter Monday (Family day)
 13th April - Ramadan
 27th April - Freedom day
 1st May - Workers Day

16th June – Youth Day (Sunday)
 9th August – Women’s Day
 7th – 8th Sep – Rosh Hashanah
 24th September – Heritage Day
 16th September – Yom Kippur

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|----------|---------------------------|--|---------|---------------|
| 08 06 21 | SYGNIA | | WEBINAR | 10H00 |
| 10 06 21 | TFG | | WEBINAR | 09H00 |
| 22 06 21 | CAPITAL APPRECIATION | | WEBINAR | 13h00 |
| 25 06 21 | HUDACO | | WEBINAR | 10H00 1CPD |
| tbc | TONGAAT subject to change | | WEBINAR | 09H00 |
| 04 08 21 | IAS AWARDS | | WEBINAR | 17h30 |

| SURNAME | INITIAL | COMPANY DETAILS | CODE |
|---------|---------|-----------------------------------|------|
| Uys | Mr R T | Melville Douglas / SBG Securities | Pe |
| Noko | Mr I L | NPI Capital Partners | pe |