

**MINUTES OF THE 51st ANNUAL GENERAL MEETING OF
THE INVESTMENT ANALYSTS SOCIETY
HELD ON TUESDAY 23 JUNE 2020 AT 13h30
VIA ZOOM**

PRESENT

**PETER DU TOIT
ARTHUR THOMPSON
MIKE BROWN
MARK INGHAM
INGRID GOODSPEED
EBEN MARE
NOMTHA NGUMBELA
ANDRE JOUBERT
KEITH McLACHLAN
FRED PAYNTER
BEN PIETERS
CLEM GOEMANS
MACIK SZYMANSKI**

PROXY - CARL VLOK – ANN MARIE WOOD

Mike Brown chaired the AGM and welcomed those present and mentioned due to COVID 19 no live meeting could be held as in the past and thus this meeting was held by Zoom

1) MINUTES

The minutes of the 50th Annual General Meeting held on were 29 May 2019 were confirmed

**PROPOSED – MARK INGHAM
SECONDER – INGRID GOODSPEED**

2) CHAIRMAN'S REPORT

**Chairman's Report to the Annual General Meeting of the Investment Analysts Society - For
Year Ended 31 December 2019**

23 June 2020

2019 in Review

We welcome members to the 51st Annual General Meeting of the Investment Analysts Society (NPC), reporting on activities for the year ended 31 December 2019.

The past year saw the IAS generate an operating deficit of R76 418 compared with the R254 440 for the 2018 financial year. As a result of reduced company presentations to the Society's members, revenue fell by 14%, but the Society was able to reduce its operating costs to limit the operating loss. We generated profits on the management of the Society's investments and the comprehensive deficit for the year was R57 936 compared with a deficit of R633 697 in 2018.

The IAS balance sheet reflected assets of R4 101 085 at end-2019, up from R4 050 984 in 2018. The Society is in a sound financial position.

About the IAS

The IAS is a non-profit company representing investment professionals in South Africa. Through its auspices, financial results and corporate actions of listed companies and other organisations, or impending listing presentations, such as asset and fund managers, equity and credit analysts, corporate financiers and private equity investors. It also provides members with access to relevant services and products and initiatives that further its education and continuing professional development mandate.

First registered as an "association not for gain" in 1968, it was incorporated in 2014 as a non-profit company under The Companies Act, and celebrated its 51st anniversary during the year under review.

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

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

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, co-operating in matters that mutually benefit members and the local investment professional community.

- The CFA Institute.
- SAMREC (the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves): The Society is represented on the Samrec Committee by Bruce Williamson and provides a joint award, with Samrec, to mineral resource companies making best financial results disclosures.
- Southern African Finance Association (SAFA). As well as sponsoring an additional volume of the Investment Analysts Journal dedicated to papers presented at the Annual SAFA Conference, the IAS also sponsored an Investment Management Practitioners Day at the last SAFA Conference held on 17 January 2020. Attendees from the Society were awarded 5 CPD points for this one day event.

The Executive Officer is Mrs Ann Marie Wood, supported by Mrs Zia De Araujo and Ms Maria Makgato.

Membership

There has been a steady decline in members over the past ten years. In 2010, the IAS had a membership of 1824 investment professionals, which number has declined to 926 members as at May 2020.

The past decade has seen a consistent decline in people employed in the South African investment industry, with the number of stockbroker, asset managers and investment companies declining in accordance with the consolidation taking place in the industry, the poor conditions in the SA economy and the falling numbers of companies listed on the JSE.

IAS MEMBERSHIP										
May 2020	May 2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
926	1 071	1 317	1 423	1 520	1 550	1 614	1 658	1 705	1 849	1 824

We have undertaken a number of initiatives to make the Society more relevant to its current and prospective members. These include:

- Increasing the educational offerings to members, including masterclasses, joint events with the CFA and other Societies.

- The provision of Continuous Professional Development (CPD) points to members for many of the events facilitated by the Society.
- We have recently extended the awarding of CPD points for members attending company presentations, either live, or through digital links in assistance with Black Oryx, and will develop these linkages further.
- Developing the IAS website and access to the site by an App or other mobile applications is underway. We are following this up with various service providers.

Company Results Presentations

During 2019, the Society hosted 138 presentations, including webcasts, made by JSE listed companies, to IAS members. This was a significant decline on the 182 presentations hosted in 2018 and continues the reduction in such presentations that has been evident since 2016.

COMPANY PRESENTATIONS TO THE IAS										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Johannesburg	93	118	134	153	142	155	133	129	126	92
Cape Town	40	59	85	89	82	96	90	88	89	76
Durban	2	5	6	10	5	6	5	7	5	5
Port Elizabeth	0	0	0	1	0	0	1	1	1	1
Webcasts only	3	5	1	1	1	0	0	0	0	0
Total	138	182	226	254	230	257	229	225	221	174

There are various reasons for the decline in corporate presentations to members.

- Most notable is the big decline in the number of companies listed on the JSE. Also, many major SA companies have relocated their head offices and listings offshore and tend to focus on the financial community in the primary listing market.
- The practice of making company presentations, AGMs and other information available to the investment community via the internet has become commonplace. These virtual presentations can often extend the audience well beyond the members able to attend only live presentations.
- The COVID-19 virus lockdown has given further impetus to companies communicating virtually with investors and the broad financial community.

- More and more of the listings on public exchanges, like the JSE, are not single company listings, but are bonds, derivatives, tradable options and warrants, or portfolios of shares like ETFs, ETNs and asset backed securities. The IAS needs to consider how to develop relationships with the issuers of such products and how it can convey their corporate information to its members.

The Board will continue to focus on how it delivers company presentations information to its members, realising that this will increasingly be done digitally. We do, however, think that live presentations will be requested by certain companies as part of their package of investor communication and the IAS has to deliver on both live, as well as webcast and other virtual communication presentations.

Education Services

Our Education sub-committee focuses on this aspect of the Society, and education events are hosted in conjunction with other bodies such as CFA South Africa and the JSE.

Presentations offered during the year under review included:

- Masterclass Mike Schussler Retirement Fund Industry
- Masterclass Retail Sector
- Masterclass Small/Medium Caps – Johannesburg
- Masterclass Derivatives
- Masterclass Small/Medium Caps – Cape Town

We continue to look for subjects that can educate our members to, not only to fulfil their jobs more efficiently by becoming experts in their field, but to also provide general market information and guidance to the investment community.

For the year ahead, we hope to collaborate more closely with the CFA Society (SA) in providing educational events, particularly focussing on corporate governance, ethics, Environmental, Social, and Governance (ESG), climate change and other current topics of interest.

We will also be hosting, with the JSE, a “company showcase” event in August 2020, focussing on small companies listed on the JSE. It is planned to hold further events of this sort with the JSE, later in the year.

Investment Analysts Journal

The Journal aims to be a dissemination and discussion platform for researchers in financial, investment, corporate finance, accounting and financial economics, both in South Africa and internationally. It specifically encourages submissions from Africa to focus research throughout the region. From 2017, a special annual issue has been introduced to cater for publishing papers presented at the annual Southern African Finance Association conference.

Published by Routledge (Taylor & Francis / T&F), the Journal is included in the Thomson Reuters Social Science Citation Index and accredited by the South African Department of Higher Education and Training.

Since partnering with T&F (2015 to date), IAS has been read in more than 100 countries. Currently about 33% of downloads come from Africa; 22% from Europe, 14% from Asia Pacific, and 10% from the USA.

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

For the year under review, Journal activities cost a net R246 131 (2018 net cost: R226 914). As the Journal becomes more internationally known, income derived from access by non-IAS members should continue to gradually increase.

The Journal remains one of the higher cost items for the IAS. However, it is an internationally accredited publication, with a rating as the top journal of its kind in Africa. Its international citation score is rising continuously and now is one of the highest for investment journals of this type in the Southern Hemisphere.

It attracts papers submitted for consideration by the Editors from countries around the world. In 2019, 196 manuscripts were submitted, with 19 articles selected for publication in the four editions of the Journal published during the year.

The Editorial Board for the Journal now includes international as well as local academic experts and the IAS Board believes the Journal provides considerable credibility for the Society, encourages academic research in the investment field and rewards excellence in such research.

The Society wishes to convey its thanks to the large body of academics who review papers, provide the peer group monitoring required by a Journal of this stature and to Universities and other places of higher learning around the world who support the Journal through their submission of papers and through their subscriptions to the Journal.

Particular thanks are due to our two Editors in Chief, Prof Christo Auret and Prof Robert Vivian of Wits University for their hard work and diligence in raising the international profits of the Journal in recent years. Our thanks also to Mark Ingham, who as an IAS Board member, takes a special responsibility for the Journal and has contributed considerably to its success.

Excellence in Financial Reporting and Communications Awards

The annual Excellence in Financial Reporting and Communications Awards presentation function was held in June 2019, broadcast live on Business Day TV, and followed by a networking cocktail function attended by Society members and executive management of winning companies.

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.

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 presentations to Society members. There are also joint Samrec/IAS awards for reporting in the minerals sector; and for small capitalisation companies.

The IAS also made a special award to the best published article in the Investment Analysts Society Journal for 2018. The award went to Journal winner *Dong Hyun Son, Dan Palmon and Ari Yezegel - "The persistence of firm-specific post-earnings announcement returns" Volume 47, 2017 – Issue*

Financial Results and Position

The Society remains in a sound financial position. The deficit for the financial year ended December 2019 was significantly reduced and measures are in place to reduce the deficit further. The IAS balance sheet shows assets of R4 101 085, with the only liabilities being trade and payables of R509 078.

The COVID-19 virus is likely to impact on presentations income for 2020 and we are consistently reviewing the situation, but the Society, at present, remains within its budgets for 2020 as a whole.

IAS members are referred to the detailed audited financial statements for the year ended December 2019, which are tabled at the AGM and available on request to members.

Board and Management

The Executive Committee members and the portfolio positions they hold as at the time of the AGM, are as follows:

		Portfolio/s
Board Member	P R du Toit	Finance; Investment; Audit
Board Member	A D Thompson	Finance; Investment; Audit
Board Member	M N Ingham	IAS Journal
Board Member	N Ngumbela	Education
Board Member	I Goodspeed	Professional Societies Relationships
Board Member	M F Brown	Finance; Investment; Audit, Education
Board Member	E Mare	IAS Journal

The Chair position has been vacant since the resignation of Lungile Malinga in September 2019. The IAS Memorandum of Incorporation allows for the Chair of the Society to be elected at each meeting.

The Board, which consists of volunteers from the members of the Society, are thanked for their contributions to the management of the IAS.

Particular thanks are due to Ann Marie Wood, the Chief Executive of the Society, Zia De Araujo and Maria Makgato, who manage the offices of the Society, for their outstanding contribution to the support of all members and for their efficiency in organising company presentations, educational meetings and other events. They have continued to function most effectively during the past weeks of the COVID-19 lockdown and the Board is very grateful for their support.

The Report of the Chair is submitted for adoption.

M F Brown

23 June 2020

PROPOSED KEITH MCLACHLAN
SECONDED ARTHUR THOMPSON

Comment;

Ben Pieters stated that the Journal was a valuable asset and should be highlighted to IAS members as he felt there was little communication to members as to content or how to access it. MB stated that in fact this had been discussed at today's board meeting earlier and that a communique would be sent out shortly providing abstracts of the recent Journal articles and also advising details of the winning article for 2019. IAS members had free access to the Journal.

Ben Pieters also referred to the erosion of members and MB stated there were less and less analysts employed. Maciek Szymanski referred to employer disclosure and where employers could be encouraged to enrol members.

Keith McLachlan -stated that in an endeavour to improve the number of companies using IAS that we look at different type of listing – this included: ‘exotics’ he felt they would welcome the opportunity to use the IAS platform. MB stated that this would be a good opportunity to engage for Masterclass events and we were looking at a broader base including issuers.

Keith McLachlan referred to ESG analysts which could attract new blood. MB stated that we were in discussion with CFA regarding ESG, Ethics and Governance

MB thanked members for their welcome input

3) ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The AFS were distributed to all attendees and ADT prepared the below report

IAS Finance Committee report Financial Year to December 2019

At the end of the 2019 year the Society is in a sound financial position, which can be evidenced by:

- A strong balance sheet which is reflected by total assets of R4,101,085 represented by cash and cash investments of R421,641 and listed investments of R3,679,444 (a diversified portfolio of Exchange Traded Funds managed by ETFSA).
- A substantially improved statement of comprehensive income where the **operating deficit** was reduced to R76,418 (2018 year was R254,440). Strict cost control by the IAS Executive Office played an important role in curtailing expenses. The net comprehensive deficit, after the unrealised revaluation of investments, reflects a further favourable change annual change.

The IAS auditors prepare monthly management accounts which are reviewed by the finance committee consisting of 3 board members. It is important to note that the Society's income is not consistent throughout the year due to the membership fees being invoiced annually and received in the last quarter of the financial year and the first quarter of the new financial year. Further variability is introduced by the reporting cycles of company presentations.

The current Financial Year to May 2020 continues to reflect a sound financial position.

The COVID-19 period began in the at the start of the 2020 Financial year and the post-COVID period presents the Society with challenges that the board is working to resolve. It is fortunate that the IAS, a registered NPC, is in a sound financial position, providing the flexibility to deal with these issues.

The financials were approved

PROPOSED CLEM GOEMANS
SECONDED FRED PAYNTER

4) AUDITORS

The meeting was asked to confirm the appointment of RANSOME RUSSOUW as auditors. The board was given the authority to approve the audit fee for 2019

PROPOSED BEN PIETERS
SECONDED PETER DU TOIT

5) ELECTION OF OFFICE BEARERS

To elect two members of the board in place of

**M F BROWN
P R DU TOIT**

The above retire by rotation but are eligible, and offer themselves for re-election,

5.2 to accept the resignation of the following board members who resigned during the 2019 financial year

L MALINGA

P KHONZEKA

5.3 To accept the resignation of the following board member who resigned after the 2019 financial year end **C G GILMOUR**

5.4 To ratify the following board members who joined the board in the past financial year:

E MARE

I GOODSPEED

N NGUMBELA

5.5 The remaining members of the Board are -

A D THOMPSON

M N INGHAM

6) GENERAL

MB stated that any attendee who was interested in volunteering to serve on the Board of the Society to send their CV to Ann Marie Wood

Ben Pieters congratulated the board and the Society for their work in this difficult time

Mike Brown thanked all for attending and closed the meeting at 14h20.