

**MINUTES OF BOARD MEETING OF INVESTMENT ANALYSTS SOCIETY
HELD ON TUESDAY 26 JANUARY 2021 AT 12H30 VIA ZOOM**

PRESENT

MIKE BROWN (MB)
MARK INGHAM (MH)
ARTHUR THOMPSON (ADT)
PETER DU TOIT (PDT)
INGRID GOODSPEED (IG)
MARK HODGSON (MH)
KEITH McLACHLAN (KM)
NOMTHA NGUMBELA (NN)

APOLOGIES EBEN MARE (EM)

2.0 FINANCIALS

**INVESTMENT ANALYSTS SOCIETY OF SOUTH AFRICA NPC
MONTHLY FINANCIAL REPORT
DECEMBER 2020 – PRIOR TO AUDIT AND FINANCIAL GAINS/LOSSES CALCULATION
November and December 2020 combined report**

STATEMENT OF COMPREHENSIVE INCOME

OVERALL RESULT

The net year to date operating deficit prior to audit at 31 December 2020, amounted to R225,020 versus a budgeted deficit of R219,229. The deficit at the end of December 2019 was R393,474.

INCOME

Total income for the year at 31 December, amounted to R1,426,517 compared with the budgeted income of R1,873,044. Subscription income received to date amounted to R943,432, vs. the budgeted amount of R1,039,932. A shortfall was recorded in renewals and new subscriptions.

Net presentation revenue for the year to date amounted to date amounted to R411,461 vs. the budgeted revenue amount of R586,514 and 2019 revenue of R492,077.

Investment income to date amounted to R71,624 compared to the budgeted amount of R156,598.

EXPENSES

Total administrative expenses for the year to date amounted to R1,543,742 vs. the budgeted expenditure for the period of R1,653,118. Operational expenses were less than the budgeted amount mainly due to the awards and journal costs being less.

STATEMENT OF FINANCIAL POSITION AND CASH FLOW

Cash at bank of R399,459 as at the end of the financial year comprises First National Bank Current account, money market investment and the 7-day notice accounts.

The investments comprise ETFSA investments at year end for an amount of R3,546,531 (including the staff retirement investment of R374,401). The ratio of cash/money market investments to ETFSA equity investments stood at 89,9% to 10.1%. The Auditors have been asked repeatedly to remove the staff retirement scheme from the Society's balance sheet. This would be followed up with them.

MB mentioned there was a deficit in the region of R219 000 for the year. He stated the diversified investment portfolio showed capital appreciation of some R800 000 over the past year.

The Auditor had been asked to consider if some fair value adjustment should be included in the annual accounts. This would also be followed up with them.

KM referred to the value of the Journal being included in the balance sheet as an intangible and asked what would be the practical reason for showing this. MB stated that he did not envisage this being taken through the income statement, but a goodwill or intellectual capital value on the Journal could help boost the balance sheet. PDT felt that some value could be seen with regard to negotiating with future partners in having a more substantial balance sheet.

Mi stated that he would be having a meeting with T&F shortly and would be able to discuss Royalty and subscriptions. Currently there was no income to the Society but over time income would gain traction providing credible integral investment value in the Journal.

MI stated we should bear in mind that CFA have a similar publication namely Financial Analysts Journal established some 75 years ago, and we could glean pointers from their credible valuation. T&F were investigating and this could be a good start with any further discussions with CFA SA . It was envisaged that we could have a Journal value in the balance sheet in the next few months which could be revised regularly.

Following MB and AMW's discussions with the auditors we had received the draft 2021 budget which MB was perusing before forwarding to board ahead of February meeting.

IG suggested that future Audit Committee meetings with auditors should be minuted. This was agreed and it was noted the IAS audit team going forward consist of MB, ADT, MH.

MH referred to the Investment Sub-Committee and asked whether this committee took decisions on Society investments. It was advised that no meeting had been held for some time. The Society had signed a mandate with etfSA.co.za to manage its

investment account. An investment Sub-Committee could add some value and should be structured to meet, if and when required. KM, MH and MB agreed to serve on this committee. A meeting to be arranged in the next few months – once the budget was approved and we had sight of the cashflows from member's subscriptions for 2021.

2.1 MEMBERSHIP

There were 3 applications this month detailed at the end of these minutes.

548 members had paid their 2021 subscription with 483 outstanding. Subscription invoices would be resent by the beginning of next week.

2.2 PRESENTATIONS

A list of presentations detailed below. These were webcast events.

Although AMW contacted each company outlining the process for CPD credits only a few so far had taken this up. The process was relatively simple, but one or two companies felt this was a 'confidentiality issue' and some just had no interest. AMW felt that once the companies eventually realized the benefit for no extra cost and little input – this would improve.

2.3 GENERAL

IAS Masterclass

NN suggested the following topics and asked for further input from the board:

Behavioural Finance

Valuations of high growth companies

MB stated that the cost could be in the region of R15000 per webcast and we should look to presenters/institutions to sponsor. KM agreed to contact Investec and Absa in this regard to talk about listed structured products and other innovative products.

The JSE could also be approached going forward to continue with small cap presentations and other seminars.

Journal Assistant and Editors

Prof Christo Auret had been in touch with AMW and MI advising that Wits were not (at this stage) increasing salaries and asked whether IAS would be increasing their portion of Journal Assistant, Liezel's salary. AMW explained that Wits paid two thirds of her salary by means of annual sponsorship and IAS portion was one third i.e. R7000 – based on staff

increases of 5 percent this was amount to R350.00. The meeting felt that paying this 5 per cent increase would be a sign of appreciation and it was agreed to proceed.

The Journal editors received an annual lump sum – the figure for 2020 was R26 000 each for Robert and Christo. After discussion it was agreed to increase this by 5 per cent – bringing this to R27 300 each. MI would advise them and AMW would make payment.

Journal Trademark

MI referred to the email which he sent to the board with regard to the invoice received from trademark lawyers – Roy Wheeldon, in the amount of R18 405.95. He felt that this was only the start and was unnecessary and unwarranted. The amount was higher than the R10 000 initially envisaged.

MB stated this trademark would apply to the 4 classes (originally, the trademark was for 2 categories only) to provide full protection for our investment in the Journal in South Africa. This trademark would not be registered globally but only in SA where ownership lies.

MI felt that this was a ‘ nice to have’ but could become expensive. He felt we should take a step back. The IAS Journal had been going for over 50 years and it’s identity as an IAS publication was clear and we were protected by the Agreement with T&F.

MI had registered his opposition to this trademark process but felt that we should now close this chapter and proceed with the trademark registration. MB stated that this was application was already in process and it was agreed to pay the Attorney’s invoice for the registration of the 4 classes but to proceed no further with global registration.

Small Caps and JSE discussion

As this goes hand in hand with **Profile Media** – this would be discussed as one subject.

KM referred to earlier discussion with JSE, MB and himself regarding our launching an investment portal in conjunction with Profile Data, possibly with some buy in from JSE. As discussed at November 2020 meeting this would include data, research, presentations webinars, alerts etc. JSE had shown interest and it was felt that there could be some sort of financial arrangement/sponsorship with the JSE in due course.

Regarding Profile Media – after discussion with KM/MB we were at a point where development was moving forward regarding a new digital platform where all company presentations could be viewed by members and CPD credits earned. IAS would still charge companies as in the past with no income share for this with Profile. Company announcements could be carried to include alerts. This would become a go to depository for all company information. IAS members could load their companies of interest and would receive all financial information released by that company, including alerts when new information became available. . The portal would carry research by its members on individual companies, particularly acting as a vehicle for independent research on small companies. This could eventually be open to the public and could prove a valuable asset to the Society where members obtained access at no charge but non-members would be required to pay for this service. This would be offered to IAS presenting companies but in time could be rolled out to other companies as well as webinar initiatives, by both the IAS and Profile Data.

Profile envisage three stages – the total cost would be in region of R450 000.

This would commence with Stage 1 which would make up R250 000 of this amount with Stage 2 and 3 to follow. Profile have indicated they could take up at least 50% of this cost themselves as this offers value to themselves. This would be a Joint venture and draft contracts would have to be reviewed by the Board as well as a meeting with Profile and the Board to sign off on the product. MB stated that he was hopeful of a 3-month timeline with a final cut off point of 6 months. MH stated a business plan would be helpful.

NN asked whether this was not the same as the INCE offering and MB stated that Profile had the experience and know how as this was their business. ADT stated that IAS was losing presentations and this would bring Society into the digital world. PDT felt this was a move in the right direction but emphasized that we must retain what was ours and MB stated that there would be no interference by Profile on membership/presentations and it was agreed to protect our current revenue, but to share on future revenue produced by the investment portal.

The Board agreed to continue with the development process for the portal by Profile Data. A comprehensive business plan and demonstration of the website structure and offering by Profile to the Board would be required before final sign-off on the IAS's share of the development costs could be incurred.

CRISA CODE OF CONDUCT

As discussed at previous meeting, it was agreed the Board would submit a reply to CRISA – stating that we approve the updating of the Codes but the meeting noted that we should be careful that we are not a signatory to this Code and the submission of comments was made by the Board and not by the members. MB would draft a reply before the deadline of 31 January 2021, which would be circulated to the Board.

BOARD MEETING

The next Board meeting would be held on **23 February 2021 at 12h30** by Zoom (full list at the bottom of this page)

SURNAME	INITIAL	COMPANY DETAILS	CODE
De Vos	Mr N	Centaur Asset Management	ANA
Msimango	Mr N	Peregrine Capital	ANA
Slabbert	Mr G R	ClucasGray	ANA

29 01 21	HUDACO		WEBCAST	11H00	1CPD
15 02 21	ARB	OWN not IAS		08H00	
18 02 21	EMIRA		WEBCAST	10H00	0

18 02 21	ONELOGIX		WEBCAST	11H00	1CPD
23 02 21	SUPERGROUP	OWN not via IAS		11h00	
23 02 21	IMPERIAL		WEBCAST	10h00	0
25 02 21	DISCOVERY		WEBCAST	10h00	?
01 03 21	RCL		WEBCAST	11H00	0
02 03 21	ADAPT IT		WEBCAST	10h00	?
02 03 21	SEA HARVEST		WEBCAST	12H00	?
04 03 21	GRINDROD		WEBCAST	TBC	?
05 03 21	MPACT	OWN not IAS		12H00	
11 03 21	GROWTHPOINT		WEBCAST	11h00	1CPD

2021 - IAS Board Meetings

DAY	TIME	DATE	ROOM BOOKED	
Tuesday	12h30	26 th January 2021	Zoom Mtg	
Tuesday	12h30	23 rd February 2021	Zoom Mtg	
Tuesday	12h30	23 rd March 2021		
Tuesday	12h30	20 th April 2021		
Tuesday	12h30	25 th May 2021		
Tuesday	12h00 13h30	22 nd June 2020 AGM	Zoom mtg	
Tuesday	12h30	20 th July 2020	Zoom mtg	
		IAS Awards	JSE	
Tuesday	12h30	24 th August 2020	Zoom mtg	
Tuesday	12h30	21 st September 2020	Zoom mtg	
Tuesday	12h30	19 th October 2020	Zoom mtg	
Tuesday	12h30	23 rd November 2020	Zoom mtg	

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