

MINUTES OF THE BOARD MEETING OF INVESTMENT ANALYSTS SOCIETY HELD ON TUESDAY 20TH
JULY 2021 VIA ZOOM AT 12H30 FOLLOWED BY PROFILE MEDIA PRESENTATION AT 13H15

PRESENT	MIKE BROWN (MB)
	ARTHUR THOMPSON (ADT)
	MARK INGHAM (MI)
	MARK HODGSON (MH)
	INGRID GOODSPEED (IG)
	NOMTHA NGUMBELA (NN)
	KEITH MCLACHLAN (KM)
	ERNIE ALEXANDER (AE – PROFILE)
	JOHANN DU PREEZ (JDP – PROFILE)
APOLOGIES	EBEN MARE (EM)

1. WELCOME

MB welcomed those present. MH referred to the June minutes where it was stated by MB the urgency of seeking AMW's replacement. He felt that until we knew what the requirements of the position we should not rush it. MB advised that this matter would be discussed later in the meeting under General

2. FINANCIALS

INVESTMENT ANALYSTS SOCIETY OF SOUTH AFRICA NPC

MONTHLY FINANCIAL REPORT - JUNE 2021

STATEMENT OF COMPREHENSIVE INCOME

OVERALL RESULT

The net year to date operating income before investment income for the six months ended 30 June 2021, amounted to R174,930 **(-61%)** versus a 2020 comparative surplus of R449,109. This includes a c.R50k additional monthly expense related to Maria's retrenchment cost. The net year to date operating income after investment income for the six months ended 30 June 2021, amounted to R244,976 **(-51%)** versus a 2020 comparative surplus of R501,748. The R244,976 includes a fair value positive investment gain of R73,328 with no comparative figure available and this cannot be meaningfully compared to a rough YTD budget estimate surplus of R72,030 which includes R50,000 of investment income, unless the journal net 2021 expense differential to budget of c.R112k is added back.

INCOME

Total operating income for the six months ended 30 June 2021, amounted to R955,806 (-18%) versus the 2020 comparative of R 1,159,824 and **(-6%)** compared to rough YTD budgeted income of R1,011,322. Net subscription income received amounted to R772,438 (-17%) in relation to 2020 subscription comparative of R926 671 and **(-6%)** vs. the budgeted subscription amount of R817,522.

Net presentation revenue for the six months ended 30 June 2021 amounted to R180,551 (**-19%**) vs. the 2020 comparative of R222,695 and (-5%) compared to a rough YTD budgeted pro-rata presentation income of R190,300.

Bank interest R2,817 (-73%) versus the 2020 comparative of R10,458 reflects lower interest rates.

Non-operating related investment income to date amounted to R70,046 including an unrealized investment gain of R73,328 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 six months ended 30 June 2021 amounted to R732,818 (+8%) vs. the 2020 comparative of R678,958, with staff costs +14% elevated by the retrenchment cost. Operational expenses at R48,058 were notably higher than the 2020 comparative of R31,757 due to **higher journal expenses and awards expenses**, despite **lower educational expenses**.

STATEMENT OF FINANCIAL POSITION AND CASH FLOW

Cash at bank of R144,332 as at 30 June 2021 comprises First National Bank Current account, money market investment and the 7-day notice accounts.

The investments comprise ETFSA investments for an amount of R3,230,217 (including the staff retirement investment of R311,983 after a payout of Maria's 20% at R75,650 which did not impact on the income statement). The ratio of cash/money market investments to ETFSA equity investments stood at 4,3% to 95.7%. This is a more comfortable liquidity position compared to the end of June 2021 which was at 1.0% to 99.0%.

16 July 2021

MARK HODGSON TREASURER

MI referred to the membership of 805 and MH started that this was an anomaly as AMW confirmed the membership was just over 770. She stated that a few had paid then cancelled and some had paid last year for 2021 but couldn't see how this would account for the difference. MB stated we should work on AMW numbers.

MB stated that the cash flows out of the Society's investment account were over R110k per month just to cover society expenses and excluding special/extraordinary expenses. MB advised that stated R1,1m had been the total drawdown since 2019. MH pointed out the R500k inflow in December 2019, but this was included with net drawdown. The portfolio was transferred to etfSA.co.za in June 2019. Since July 2020, the withdrawals from the portfolio had totalled R840k, with no inflows into the portfolio. A further outflow of R160k would be made in July 2021.

MB pointed out that the current value of the portfolio (R2 865 540), as at 20th July 2021, was close to the R2 860 950 paid into the portfolio in June 2019 despite the significant outflows. Of course, if outflows continued at the same pace, the reserves of the Society would likely be diminished fairly rapidly.

AMW suggested billing members for 2022 subs during October which would assist in aiding the financial position this year which was agreed.

3. MEMBERSHIP

The membership was currently 776

Three new member application had been received and approved (ADT) below.

4. PRESENTATIONS

A list provided below

It should be noted that the JSE Small Caps webinar may not be able to offer CPD after all as they were encountering technical difficulties in studio to record attendance. They are still trying to resolve this

5. GENERAL

JOURNAL

MI had a meeting with Journal winners and Christo Auret on 7th of July and was writing a formal letter to winners and runners up. He had a further meeting with them and CA tomorrow.

He had discussions with T&F and they were interested in taking over the Journal but due to low revenue it is unlikely there would a financial payment involved but could transfer copyright without a monetary value. They would be interested to receive more detail as to what we expect and a breakdown of financial costs which would help them do their numbers. MB stated there was no mandate to negotiate a sale or takeover but this was merely an exploratory exercise. A full IAS board meeting with T&F would be required.

MH asked whether there had been further clarity regarding VAT with Wits/Ransome Russouw

MI stated that as Wits felt this was an open and shut case, nothing further had been discussed but it was agreed that MI/MH set up a meeting with auditors to discuss.

MASTERCLASS

NN had made suggestions which she had discussed with MB and would investigate further

Custodianship of land rights

Government Industrial Policy 2025

MB had been contacted by Bruce Williamson regarding a SAMREC masterclass- further details awaited

AMW had been approached by Risk Insights – further details awaited

PRIVACY POLICY

IG had finalised this which was approved and placed on IAS website

Going forward there was a possibility that due to POPI emails may be required to be password protected but this is where the portal could be helpful.

AWARDS

Due to current circumstances it had been agreed to hold these awards via zoom. This had been set up by AMW as well as Zia and MB was handling all zoom introductions and the overall event presentation in conjunction with Corpcam. This had gone down well and companies were appreciative with positive feedback.

AMW REPLACEMENT

MB stated he had held discussion with to Maria Meiring previously of DAV and now running her own employment agency business (Pharos Recruitment). He had provided her with a brief and it had been agreed to proceed on a contingency basis with a fee of 20% of the package of the successful candidate. Pharos would have exclusivity for 3 months to find a suitable candidate and to handle due diligence and all other checks. This would still leave 3 months to pursue other sources of recruitment within AMW's 6 month notice period, if Pharos were not successful MB felt that this was an exploratory process with no downside and good way to find out what was out there. The meeting agreed a Steering Committee be formed to manage the process and to interview candidates and could include AMW. MB felt that there should be haste as he imagined the replacement of this calibre would need to provide some months' notice. MH asked what brief had been given and MB stated that this was comprehensive and included AMW's current tasks, but also required IT knowledge and marketing skills, to manage the investment portal. AMW indicated that Zia would be able to handle future admin tasks.

PROFILE MEDIA PRESENTATION

Profile's presentation was done virtually and also circulated to the board. Profile stated they were happy to have skin in the game with a 50-50 partnership if that is what the Society wanted.

They stated that shared data of every listed company could be on the portal but that companies who bought into the portal services would have their interims, annuals, notices, chats and other communications managed exclusively through the portal. This would be free to IAS members. Members could manage their profile to receive specific company presentations and the required information, plus make changes to their own details, manage CPD etc.

MH asked about admin and marketing as well as invoicing. Profile understood that IAS would be involved with this and as this was a 50/50 venture – all portal costs would be shared and this had been taken into the revenue/cost data prepared by Profile for the presentation. The new person taking over from AMW would be largely responsible for sales of the portal to IAS members and to JSE companies using the portal services.

NN asked if there was a paywall involved and Profile replied that for IAS members there would be no paywall. However selling research and the portal to non-IAS members would involve a paywall.

MH asked whether Profile had access to IAS membership and KM referred to the POPI act regarding who owns and where it resides. MB stated that membership is owned by IAS which would be on the site but fully protected

IG asked whether the summation was that value proposal to issuer was the information we supplied on the portal and value proposal to the member was to disseminate information via the portal – which was confirmed. ADT discussed the mechanics where a company had signed up for the package where members could access invites, information on company, notices etc at no charge but non members would be required to pay. There is nothing to stop the same invite being placed on the company's own website, as is currently the case for all company presentations, whether they used the IAS or not.

MB stated the total development costs would be R440k split 50% – 50%. . AdT raised whether the IAS should pay all costs in order to have full ownership. However, by sharing the portal with Profile, this would have benefits in them giving full attention to management of the portal at a profit to both parties. MH stated a legal structure and full Service and Partnership Agreement would need to be in place. It was agreed to pay the 50% share of the design costs (R40k) to Profile. The final involvement of the Society would be subject to further board consideration.

MH provided some questions for future discussion (attached).

Wednesday	17h00	11 ^h 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:				
21 st March – Human Rights Day		16 th June – Youth Day (Sunday)		
22 nd March – Public Holiday		9 th August – Women’s Day		
28 th March - 5 th April – Pesach		7 th – 8 th Sep – Rosh Hashanah		
2 nd April – Good Friday		24 th September – Heritage Day		
5 th April – Easter Monday (Family day)		16 th September – Yom Kippur		
13 th April - Ramadan				
27 th April - Freedom day				
1 st May - Workers Day				

NEW MEMBERS

Isaac Gazimbe – Risk Insights – data scientist

Dr Abuobayda Shabat – Risk Insights – data scientist

Niki Vontas – Redcore Hospitality Holdings UK - asset manager

05 08 21	AFRIMAT OPEN DAY			09H00 - 12h00	2
11 08 21	NEDBANK			16H00	1
11 08 21	IAS AWARDS			17H00	0
19 08 21	EMIRA			10H00	0
19 08 21	STANDARD			tbc	1
20 08 21	STANDARD	STRATEGIC UPDATE		tbc	
25 08 21	SMALL CAPS SHOWCASE/JSE			09H00 to 12h00	1.5
26 08 21	ONELOGIX			11h00	
31 08 21	SEA HARVEST			10H00	1
02 09 21	DISCOVERY			10H00	
06 09 21	RCL FOODS			10H00	
07 09 21	IMPERIAL			10H00	
08 09 21	LIBSTAR			10H00- 11H30	