



NAPSA HELPING TO GROW THE ECONOMY



NATIONAL PENSION SCHEME AUTHORITY



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CORPORATE BACKGROUND

The National Pension Scheme Authority (NAPSA) was established by an Act of Parliament, the National Pension Scheme (NPS) Act Number 40 of 1996.

NAPSA became operational on 1st February 2000 following the closure of the then Zambia National Provident Fund (ZNPf) which had been in existence since 1966. All assets and liabilities of the ZNPf were vested in NAPSA.

The formation of NAPSA was also in response to the changing labour market and was aimed at creating an efficient social security institution that would deliver quality services and contribute to national development.

MANDATE

NAPSA was formed to provide income security through payment of benefits to all workers when they reach retirement age or become invalid, or to a member's family in the event of death of the member.

VISION STATEMENT

A trusted partner that protects people's future and brings pride to the Nation.

MISSION STATEMENT

Securing the social and economic wellbeing of the people of Zambia.

CORE VALUES

Integrity - "Do the Right Thing"

Collaboration - "Work Together"

Accountability - "Be Responsible for Your Actions"

Respect - "Listen to Every Voice"

Excellence - "Perform at Your Best"

CORPORATE GOVERNANCE

The National Pension Scheme Act No. 40 of 1996 of the Laws of Zambia provides for investment of funds of the scheme that are not immediately required to meet any obligations. The primary aim of the investments is to provide for the benefits of members of the Scheme. The following are the allowable investments as per Statutory Instrument Number 19 of 2017 (Investments Guidelines):

- Government Securities
- Listed Equities
- Bank Deposits
- Listed Corporate Bonds
- Private Equity
- Infrastructure
- Collective Investment Schemes
- Socially and Economically Targeted Investments
- Real Estate (both directly and indirectly)
- Special Purpose Vehicles, that is strategic companies created by the Authority itself
- Underwriting of Transactions
- Green Field Investments

Each asset class must meet the minimum benchmark and criteria as set in the Statement of Investments Policy, Operational guidelines and must be in line with the Investments Guidelines, other regulations and international best practices that guide the investment of pension funds.

PRUDENTIAL PRINCIPLES

Assets of the Authority are invested in full compliance with the requirements of relevant statutory and regulatory bodies such as the National Pension Scheme Act No. 40 of 1996 of the Laws of Zambia, the Securities and Exchange Commission, Zambia Revenue Authority, Bank of Zambia and the Pensions and Insurance Authority.

Investments made are reflective of the Senior Management and the Board's best investment decisions and comply with the primary objectives of the Scheme. In particular, the following prudential investment guidelines are observed:

1. Adherence to corporate governance principles especially those relating to conflict of interest and accounting standards as may be adopted by institutions such as the Institute of Directors of Zambia and the Zambia Institute of Chartered Accountants.
2. Ensure suitably qualified professionals are appointed to manage the Authority's investments.
3. Ensure sufficient liquidity and maximise investment returns consistent with acceptable levels of risk.
4. Act prudently and in the interest of the beneficiaries and other key stakeholders.

INVESTMENT OBJECTIVES

The primary aim of the investments is to provide for the benefits of members of the Scheme. The investment approach of the Authority therefore recognizes both the short-term and the long-term objectives of the Scheme.

Below are of the Authority's investment objectives

1. Capital preservation,
2. Security of the assets,
3. Maximization of investment returns consistent with the acceptable levels of risk,
4. Adequate Liquidity,

- 5. Risk diversification and
- 6. Asset-liability matching.

NAPSA'S CURRENT INVESTMENTS

The Authority has invested in the following sectors:

1. AGRICULTURE SECTOR

The Authority recognises the importance of the agriculture sector and contributes to the diversification of the economy through its investments into agribusinesses. Notable investments in the sector include Zambia Sugar PLC and ZAFFICO.



2. ENERGY SECTOR

The Authority is cognisant that Energy is critical for production of goods and services and ultimately national development through its investments in PUMA, CEC and KGL.



3. BANKING SECTOR

The Authority supports the financial sector through its investments in key banks on the market mainly through term deposits and equity holding.

4. MINING SECTOR

The mining sector remains a chief driver of the Zambian economy and the Authority continues to play a huge role having invested in ZCCM-IH.



5. INSURANCE SECTOR

The Authority recognises that insurance is key for business continuity in an event of unforeseen catastrophe to businesses. The flagship investment under this sector is the Authority's equity interest in Zambia Reinsurance PLC.

6. REAL ESTATE

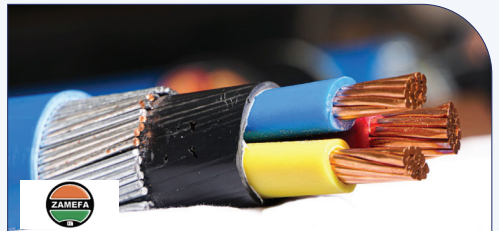
Apart from the Authority's Investments directly into commercial and residential properties across the country the Authority has shares in the only listed property related company, Real Estates Investments Zambia limited (former farmers House).

7. TELECOMMUNICATION

The Authority recognises the expansion of Information and communication technology. It has thus contributed to the telecommunications sector through its investments in MTN in which it holds 8%.

8. MANUFACTURING

The Authority supports value creation by investing in companies in the manufacturing such as ZAMBEEF, ZAMEFA, Chilanga Cement, Zambia Sugar, Marcopolo Tiles and Wonderful Industry.



9. TOURISM

With the Government's vision to diversify the economy through tourism, the Authority is taking a lead in supporting these efforts by investing in tourism related businesses. The Authority has invested in four hotels namely, Stay Easy Lusaka, Garden Court Kitwe, Hilton Garden Inn Lusaka and the Radisson Blu-Mosi-oa-Tunya Livingstone Resort.



LISTED EQUITY

The Authority participates in the equity markets to stimulate the activities on the local bourse. It is one of the key players in the local equity market having shares in fifteen (15) listed companies on the Lusaka Securities Exchange.

FIXED TERM DEPOSITS

The Authority also recognizes its role in the country's financial market and plays an instrumental role in providing the much-required liquidity to various financial institutions and building societies via fixed term deposits and other instruments. The Authority currently has investments in the following institutions:

1. Absa Bank Limited
2. Access Bank Zambia Limited
3. Atlas Mara Bank Zambia Limited
4. Citibank
5. ECO Bank Zambia Limited
6. First Alliance Bank
7. First Capital Bank
8. First National Bank
9. Indo-Zambia Bank
10. Stanbic Bank Zambia Limited
11. Standard Chartered Bank
12. United Bank for Africa
13. Zambia Industrial Commercial Bank
14. Zambia National Building Society
15. Zambia National Commercial Bank
16. National Savings and Credit Bank Zambia



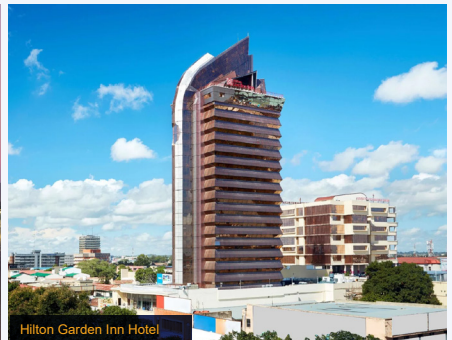
GOVERNMENT SECURITIES

The Authority participates actively on the primary and secondary bond markets by investing in Government Securities, that is Treasury Bills and Government Bonds. The investments in Government Securities are considered risk free and thus, the Authority's Investments are skewed towards Government Securities.

SUBSIDIARIES

The Authority owns 100% shares in the following subsidiaries:

NAPSA Investments Holdings Company Limited (NIHCL) and **NAPSA Hospitality Investments Limited (NHIL)**. NIHCL oversees the Authority's interests in Zambia Industrial Commercial Bank (ZICB) while NHIL currently has four hotels under its umbrella, being Stay Easy Hotel (Lusaka), Hilton Garden Inn Hotel (Lusaka), Garden Court Hotel (Kitwe) and Radisson Blu Mosi-Oa-Tunya Livingstone Resort (Livingstone). These conveniently located hotels comprise comfortable rooms, modern swimming pools, business services and offer great room rates.



INFRASTRUCTURE

The Authority is pursuing various investment opportunities in Infrastructure. The Authority's investments in the infrastructure asset class were used to finance the construction and rehabilitation of the following tolling roads in Zambia:

1. Ndola to Kitwe dual carriageway,
2. Kitwe to Chingola dual carriageway and
3. Chingola to Solwezi single carriageway.

Additionally, the Authority has signed a financing agreement for upgrading to dual carriageway of the Lusaka-Ndola road and rehabilitation of the Luanshya-Fisenge-Masangano Road through a US\$300 million debt facility.



RENEWABLE ENERGY

The Authority has invested in the Kafue Gorge Lower Hydro Power project (KGLHP) which is a 750MW power plant to increase energy supply in the nation.



Kafue Gorge Lower Hydro Power Station

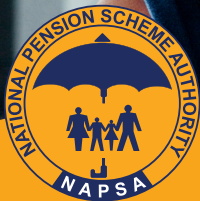
SOCIALLY AND ECONOMICALLY TARGETED INVESTMENTS

The Authority contributes to social and economic development by investing in socially and economically targeted investments such as part-financing of the development of the Eastern Tropical Fruits in Katete and Kalene Hills Fruit Company in Mwinilunga.

CORPORATE BONDS

The Authority contributes to the development of the financial markets by investing in Corporate Bonds whenever viable listed corporate bonds are available on the market.



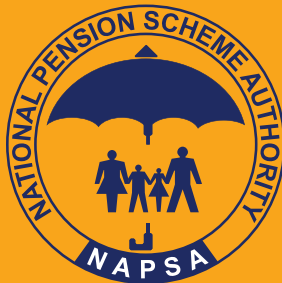


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