

Asset manager keeps eye on IDC

● *Pledges made, says Futuregrowth*

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Fund manager Futuregrowth is keeping an eye on developments at the Industrial Development Corporation (IDC), one of the state-owned companies it previously froze funding to, after the development financier failed to disclose details relating to loans to politically exposed persons in its recently released annual report.

The IDC committed to “disclose the quantum and performance of all deals concluded with politically exposed persons in their annual integrated report and on their website”, Futuregrowth said on thawing its line of funding last November.

IDC spokesman Mandla Mpangase confirmed in July that the corporation was on track to disclose these details on the release of its annual report on July 31.

“In fact, our minister has

given an undertaking to this effect,” he said.

But this did not happen. The sole reference to politically exposed persons in the annual report was one line from board chairman Busisiwe Mabuza saying that the corporation was still identifying appropriate forms of disclosing transactions including those involving the politically connected.

Mpangase had not responded to requests for comment at the time of publication.

Gershwin Long, an infrastructure and development sector investment analyst at Futuregrowth, said that while the IDC committed to certain items it would report on in future, these were not legally contracted for.

“They have committed to ongoing reporting and we continue to keep a keen eye on developments in this respect.”

Long did not directly respond to questions about what this



We're watching: Andrew Canter, the chief investment officer at fund manager Futuregrowth, which has indicated it would seek full details of all loans granted by the IDC. /Financial Mail

meant for the fund manager's line of funding to the IDC.

“Futuregrowth continues to keep a close eye on governance-related matters.

“Based on the public disclosure of certain reporting requirements committed to by the IDC, it appears as if the IDC are working towards appropriate forms of disclosure.”

The Land Bank, the first state-owned enterprise to have its Futuregrowth funding ban lifted, also did not report on loans to the politically connected

in its annual report released earlier in August.

This comes after chairman Arthur Moloto said in 2016 that the board had bolstered governance by approving a policy on lending to politically exposed persons – a concern Futuregrowth chief investment officer Andrew Canter had raised.

Land Bank spokeswoman Tabby Tsengiwe said it had responded to some investor concerns including amending the quorum for the board and lending committee to a two-

thirds majority. This was disclosed in the annual report.

“We introduced a code of conduct and ethics policy at the Land Bank and we have a politically exposed person policy in place,” she said.

The policy is on the website. The bank has also appointed a compliance officer to tackle money laundering and to screen politically exposed persons.

Long indicated that the Land Bank was already acting on its policy regarding politically exposed individuals.

“In a road show with the Land Bank team hosted by Futuregrowth last week, the CFO [chief financial officer] confirmed that the policy had been ‘tested’ recently,” said Long.

“He made reference to a loan recommended for approval to the credit committee that was subsequently referred to the board, given the involvement of a [politically exposed person]. The loan has since been referred back to the deal team for reworking,” said Long.

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