

INDUCTION GUIDE

Welcome to the



PetroSA Retirement Fund

All about your fund and what it does for you

LEGAL DISCLAIMER

- This guide is a summary of the Rules of the Fund. In the event of a conflict between this guide and the Rules, the Rules will apply.
- The contents of this guide does not constitute advice either by the Trustees, or by its consultants.

YOUR FUND – YOUR DECISIONS

Welcome to the PetroSA Retirement Fund!

Right at the outset, you have some decisions to make, which will ultimately determine the level of your benefits from the Fund. You will need to decide on the following:

- Whether any amounts from other Funds should be **transferred** to the Fund
- How much you want the Employer to **contribute** on your behalf to the Fund (if you do not make a decision, this will be set at 15.0% of your pensionable salary)
- How you want the contributions to be invested (if you do not make a decision you will be invested in the lifestage model)

These are detailed further below.

In addition, you must complete **the nomination of beneficiary form** which will be used in the payment of death benefits.

Your benefit in the Fund is called a **MEMBER INDIVIDUAL ACCOUNT**.

YOUR MEMBER INDIVIDUAL ACCOUNT = YOUR TRANSFERS IN + YOUR CONTRIBUTIONS + YOUR INVESTMENT RETURNS less benefits paid out (divorce orders etc) less switching costs

TRANSFERS IN

You can transfer your retirement savings from other approved Funds into the PetroSA Fund. Should you wish to do this you can contact the Human Capital Department: Dorathy Cedras on dorathy.cedras@petrosa.co.za or Tel: 044 601 2540.

CONTRIBUTIONS

You need to decide how much you want to contribute to the Fund (as a percentage of your pensionable salary (which is typically 80% of your total guaranteed package)) from the categories as highlighted in the table below.

Contribution rate	Comment
7.5%; 10%; 12.5%	WARNING: Consistent choice of these three categories will result in inadequate retirement savings. If you are contributing at this level, you will need to catch up and contribute more later to be able to save enough for a comfortable retirement.
15.0%	Default - if you do not make a choice.
17.5%; 20%; 22.5%; 25%; 27.5%	As a general rule of thumb, a 15% contribution over 35 years of service will provide a reasonable retirement benefit. If you have contributed less than this in the past, you will need to contribute at a higher rate in future.

- You can change the contribution every year on the salary review date (August); or any other date as determined by the EMPLOYER.
- The contributions are tax deductible (subject to certain limits).

Go to the retirement fund calculator on the **Alexander Forbes online facility** (www.alexanderforbes.co.za) to check the impact that your contribution rate choice has on your expected retirement benefit.

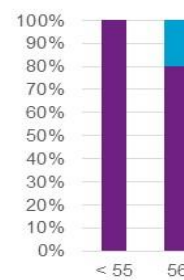
INVESTMENTS

The Fund offers you **MEMBER INVESTMENT CHOICE**. You need to decide which portfolios you want the contributions to be invested in from a range of portfolios (combinations are also permitted) as highlighted in the table below.

Portfolio name	Target return and comment	Asset allocation (as at 30 June 2023)
Market Linked Portfolio	Target return CPI + 5% per annum over a rolling 7 year period Highest potential return; highest volatility; highest chance of negative returns over short periods Most appropriate for long term investing (>10 years)	Strategic asset allocation determined by the Board. 40.6% SA equities (managed equally by Allan Gray, Coronation and Abax) 21.8% SA bonds (managed by Ninety One (37.5%), Coronation (37.5%) and Futuregrowth (25%)) 37.7% offshore (various managers across bonds (15%); equity (67.5%), listed infrastructure (7.5%) and listed property (10%))
Stable Portfolio	Target return of CPI + 3% per annum over a rolling 3 year period Lower volatility than the Market Linked portfolio	Actual asset allocation determined by the managers. 12.0% SA equity + 0.7% SA property + 35.4% SA bonds + 14.1% SA cash + 35.1% offshore + 2.6% other (commodities and hedge funds) (managed by Allan Gray (33.3%), Coronation (33.3%) and Ninety One (33.3%))
Money Market Portfolio	Target Return of CPI + 1% per annum Least appropriate for long term investing Most chance of capital preservation	100% SA cash and money market instruments (managed by Ninety One)
Shari'ah Portfolio	Target returns of CPI + 4% per annum over a rolling 5 year period Adheres to Shari'ah principles of the ban of interest and the ban on investment in certain sectors – e.g., conventional financial, alcohol and tobacco; non-halaal food production; some entertainment (e.g., casinos) and arms manufacturing.	Strategic asset allocation determined by the manager 36.3% SA equities + 4.7% commodities + 26.5% SA cash & Islamic fixed term deposits + 3.1% SA Sukuk + 24.5% offshore equities + 4.8% offshore sukuk (managed by 27four Investment Managers)

You can change the investment choice at any time (costs of switching are shown on page 7).

If you do not make this choice or want the Trustees to choose the investment portfolio for you, your contributions will be invested according to the **LIFE STAGE MODEL** (which is the default). The Life Stage Model transitions you from the most aggressive portfolio (the Market Linked) to the least aggressive portfolio (the Money Market) in the 10 years prior to retirement as follows. If you like this model, you can also choose to be invested in it by selecting this option.



YOUR FUND BENEFITS

The Fund will pay benefits on the following events:

RESIGNATION, RETRENCHMENT and DISMISSAL BENEFITS

When?	When you leave employment, are retrenched or dismissed
What?	Your member individual account
How?	<p>You can leave the full benefit in the Fund (become a deferred member) and transfer it, take cash or retire from the Fund later (Once you reach normal retirement age as a deferred member, there are restrictions on transfers and the ability to take cash falls away, in line with tax legislation) OR</p> <p>You can transfer the full benefit to another Fund OR</p> <p>You can take the full benefit in cash as a lump sum (though this will be subject to tax, will materially affect the ability for you to reach a financially comfortable retirement and is in general not advised) OR</p> <p>You can choose a combination of cash and transfer</p> <p>Further and more detailed information will be provided to you on exit.</p> <p>* Please note that though the benefit paid from the fund on resignation and retrenchment is the same, this benefit is taxed differently.</p>

DEATH BENEFITS

When?	When you die while being a member of the Fund (active member or deferred member or pensioner)
What?	Your member individual account
How?	The Trustees will allocate your death benefits in line with Section 37C of the Pension Funds Act (but may be guided by your beneficiary nomination form)

RETIREMENT BENEFITS

When you retire from service, you can choose to remain a deferred pensioner in the Fund

In this case you stay invested in the Fund **until you choose** to retire from the Fund. Alternatively, you can transfer the benefit to a retirement annuity fund or a preservation fund prior to retirement from the Fund. (Should you die prior to exiting the Fund, your benefit will be allocated in terms of Section 37C of the Pension Funds Act) **OR you can choose to immediately retire from the Fund.**

The retirement benefit payable when you choose to retire from the Fund is as follows:

When?	<p>When you choose to retire from the Fund (which can be after retirement from employment)</p> <p>Normal retirement age is 65 years (unless you have different conditions of service)</p> <p>Early retirement is permitted from the age of 55.</p>
What?	Your member individual account
How?	<p>You can use the full benefit to buy a pension from an insurer and / or from the Fund (the pension payments will be subject to tax) OR</p> <p>You can take a maximum of your full vested benefit plus one third of the non-vested benefit in cash as a lump sum (though this will be subject to tax) and use the rest to buy a pension from an insurer and / or the Fund (the pension payments will be subject to tax)</p>

Vested benefit: Any amount in any provident fund of which you were a member as at 1 March 2021 (including the PetroSA Fund) which is ultimately transferred into the PetroSA Fund (even if it is first transferred somewhere else), plus returns thereon. Plus, if you were over 55 and a member of the PetroSA Fund on 1

March 2021, the contributions to the PetroSA Fund after 1 March 2021, plus fund returns thereon. This amount may be taken in cash on retirement.

Non-vested benefit: Any amount contributed to any fund after 1 March 2021 plus returns thereon, which is ultimately transferred to the PetroSA Fund, and all contributions to the PetroSA Fund after 1 March 2021 (except for those who were over age 55 and members of the PetroSA Fund as at 1 March 2021, in which case these are vested benefits). If this amount is lower than R247,500 at retirement, it may be taken in cash. If not, a maximum of one-third may be taken in cash and the remainder must be used to purchase a pension.

The Fund will provide you with quotations for a **life annuity** (pension purchased from an insurer which is guaranteed to be paid until your death). The Fund also offers a **living annuity**, which functions like a bank account, where you decide where the money is invested (within certain limits); and how much pension you take (within certain limits). You also have the option to choose any other permissible annuity of your choosing. Further and more detailed information will be provided to you on retirement.

ABOUT THE PETROSA RETIREMENT FUND

- **Established** on 1 February 1996.
- Membership of the Fund is **compulsory** for all employees

MISSION AND VALUES

- **Honesty** – the Fund will always act towards its members in a transparent and honest manner
- **Empowerment** – the Fund has a focus on providing members with education which aims to empower members to understand their benefits and make the right decisions
- **Innovation** – the Fund aims to be at the forefront of developments in the retirement fund industry

GOVERNANCE

The Fund is separate from the Employer and is managed by the Board of Trustees.

The Board of Trustees =

- 4 individuals elected by members of the Fund + 4 individuals appointed by the Employer
- Term of 3 years
- Meets 4 times a year
- Responsibilities are to run the Fund in the **best interest of the members** and manage the Fund in terms of the **Rules and applicable laws**

The Rules of the Fund can be obtained from the Principal Officer on request – details below

COMMUNICATION

More information is provided via the following:

- **Fund Website** for all Fund information: www.petrosaretirementfund.co.za
- **Newsletters** will be issued quarterly
- **Presentations and workshops** are held regularly. Please attend these to learn more!
- **Benefit statements** showing your benefits will be issued annually towards the end of March
- **Projection statements** showing the expected pension that your retirement savings are likely to provide will be issued annually with your benefit statements towards the end of March
- **Alexander Forbes Online facility** where you can check your own information on a real time basis and access various tools and calculators: www.alexanderforbes.co.za
- **Fund Rules** can be obtained from the principal officer (details below) or from the Fund website.

QUESTIONS OR QUERIES- PLEASE CONTACT:

The Principal Officer: Rochelle Swart*

Telephone: 0849412329

E-Mail: rochelleswart20@gmail.com

*Ms Swart is an independent Principal Officer

CHANGE IN ADDRESS OR PERSONAL DETAILS

Please notify the Human Capital department in writing:
Dorathy Cedras

COSTS

Administration and Fund costs (applicable from 1 June 2023)

- Active members – Costs are funded from a deduction from the contribution rate – 0.70% of pensionable salary. (This includes an allowance for administration cost of R 66.27 pmpm (per member per month) plus VAT)
- Deferred members – Administration costs of R49.86 pmpm plus VAT deducted from deferred pension account
- Deferred pensioners – Administration costs of R49.96 pmpm plus VAT deducted from member individual account
- Living annuitants – Initial fee = R1 192.68 plus VAT. Administration costs of R121.18 pmpm plus VAT deducted from living annuity balance.

Switching costs (cost of changing investment decision) – first switch in the year is free. Thereafter R455.18 plus VAT is deducted from your account per switch.

Investment management fees

The table below shows the estimated portfolio fees and charges (inclusive of VAT) for the 12-months ended 31 March 2022. Note that the portfolio investment returns quoted in member communication are net of the fees and charges estimated below

Portfolio	Manager fees		Other investment-related fees and charges		Transaction costs		Total fees & charges	
	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022
Market-linked	0.40%	0.53% ¹	0.06%	0.06%	0.13%	0.11%	0.59%	0.71%
Stable	0.56%	0.55%	0.06%	0.07%	0.05%	0.05%	0.68%	0.67%
Money Market	0.09%	0.09%	0.00%	0.00%	0.00%	0.00%	0.09%	0.09%
Shari'ah	0.81%	0.75% ²	0.06%	0.04%	0.19%	0.11%	1.06%	0.90%

The Fund has performance fee arrangements in place with Allan Gray Domestic Equity, Coronation Houseview Equity, Coronation Active Bonds, Ninety One Flexible Bond and with Hosking Partners on the Sygnia Life platform (Market-linked Portfolio) and Allan Gray Global Stable (Stable Portfolio), and collectively these managers make up 51% of the Market-linked Portfolio and 33% of the Stable Portfolio based on asset values as at 31 March 2022. The total fees and charges for the Market-linked Portfolio and Stable Portfolio will vary from time to time, depending on how these managers perform compared to their performance fee benchmarks.

Updated: October 2023