



# PetroSA Retirement Fund

[www.petrosaretirementfund.co.za](http://www.petrosaretirementfund.co.za)

## NEWSLETTER

**ISSUE NUMBER: 2/2020**

**June 2020**

## ALL ABOUT YOUR FUND AND WHAT IT DOES FOR YOU

Dear members

Welcome to your second newsletter for 2020.

As a nation, we are currently going through some especially tough times right now. Many people are fearful and anxious about their health, and that of their loved ones, as well as possibly their jobs - and on top of this many members of the Fund will be deeply concerned to see the value of their retirement savings falling at the same time. In this newsletter our focus will be on investments but before we discuss the detail thereof, we want to wish all our members well during this difficult time and to stay safe during the lockdown.

### INSIDE THIS ISSUE

We trust you will enjoy the read.

Board of Trustees  
June 2020

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- Planning for Retirement workshops – 2020
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#### Disclaimer:

The information contained in this newsletter does not constitute advice by either the Board of Trustees or its advisors. If you need advice you should seek the assistance of an independent professional financial advisor.

# HOW TO LOOK AFTER YOUR RETIREMENT SAVINGS IN A TIME OF CRISIS

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Investment markets have been brutal during the first quarter of 2020 as investors have seen the impact of the Covid-19 pandemic in various countries around the world, and the dramatic steps being taken by governments to try and reduce the speed of spread of the virus. The impact on investment returns is shown in the “Investment News” section.

A detailed note in this regard was sent out to all members of the PetroSA Retirement Fund (the detailed note can also be found on the PetroSA Retirement Fund web-site). Below is a brief summary of the said communique.

## In-service members

### What should I be doing?

The key messages from the note are:

**1**

Check where your retirement savings are invested. If you are very close to retirement age and your money is invested according to the life stage model, the coronavirus market slump is likely to have had less impact on your money as some/most of your retirement savings will be invested in the Money Market Portfolio. However, most members will have their money invested in the other Fund portfolios, where losses have been incurred. For these members the next two points are important.

**2**

The history of markets shows that the share market has always recovered and made up its losses after previous market crashes, although this outcome is not guaranteed.

**3**

A sharp fall in markets such as we are experiencing, together with the uncertainty as to whether they will recover, leads many investors to consider switching into cash (i.e. the Money Market Portfolio) with the idea that they will then go back into the market when things are clearer. The Trustees believe that this approach is extremely difficult to implement. This is because the time when the market is cheapest is the point when almost all investors are most fearful. To reinvest at this point would therefore require you to re-enter the market when most others think that this is a dumb idea.

The above suggests that most members should not change their investment strategy in reaction to the current market falls. This is already seen in practice as the sharp market fall in March has already to some extent recovered in April. However, investments are not only about academic thinking, how you feel about your investment is also very important.

If, after considering the evidence, you are still fearful and anxious about how your money is invested then it could be better to do something. In this way you reduce your anxiety and if the market falls further at least you have taken some action. Maybe you can do something simple like investing your future retirement savings contributions into the Money Market Portfolio or allocating a small percentage of the money you have invested in the Market Linked Portfolio to the Stable Portfolio or Money Market Portfolio. If you have a financial advisor, it may be worth getting their guidance. If you decide to do this, you must pencil in to review your decision in at most 12 months' time.

## In-house Living Annuitants

## What should I be doing?

The key messages from the note are:

1	2	3
Check where your retirement savings are invested. If you are all or mainly invested in the Money Market Portfolio, the current market slump is likely to have had no or less impact on your money. However, some members will have money invested in the other Fund portfolios, where losses have been incurred. For these members the next two points are important.	The history of markets shows that the share market has always recovered and made up its losses after previous market crashes, although this outcome is not guaranteed.	A sharp fall in markets such as we are experiencing, together with the uncertainty as to whether they will recover, leads many investors to consider switching into cash (i.e. the Money Market Portfolio) with the idea that they will then go back into the market when things are clearer. The Trustees believe that this approach is extremely difficult to implement. This is because the time when the market is cheapest is the point when almost all investors are most fearful. To reinvest at this point would therefore require you to re-enter the market when most others think that this is a dumb idea.

As also suggested in the note to in-service members, the above suggests that most members should not change their investment strategy in reaction to the current market falls. However, investments are not only about academic thinking, how you feel about your investment is also very important.

If, after considering the evidence, you are still fearful and anxious about how your money is invested then it could be better to do something. In this way you reduce your anxiety, and if the market does fall further, at least you have taken some action.

Maybe you can do something simple like switching a small percentage of any money you have invested in the Market-Linked Portfolio to the Money Market Portfolio. If you have a financial advisor, it may be worth getting their guidance. If you decide to do this, you must pencil in to review your decision in at most 12 months' time.

If you do not wish to disinvest from the Market-Linked Portfolio at this time and you have some money invested in the Money Market Portfolio, you can choose to change the portfolios from which your pension payments are drawn, so that less comes from the Market-Linked Portfolio.

As things stand now (but this may change), the law does not allow you to change your income drawdown percentage more than once a year, so if you have recently revised your drawdown you will not be able to change this until your next renewal date. Meanwhile, if you are able to reduce your expenditure, you can of course save any income (that is beyond your current needs) outside the Fund.

At your next renewal date, you should review your position, as regards both your Fund savings (and any other investments you may have) and your income needs – again it may help to talk this through with a financial advisor.

**Note: In the last Newsletter “February 2020” a detailed communique called “ Investment strategy options leading up to retirement “ was included. It is perhaps worthwhile going through this again at this stage. The Fund’s web-site: [www.petrosaretirementfund.co.za](http://www.petrosaretirementfund.co.za) keeps copies of all the newsletters.**

## PLANNING FOR RETIREMENT WORKSHOPS

In July 2020 the plan is to have retirement planning sessions at different venues in South Africa. Should the lockdown still be in full force, the face to face workshops will not take place. However, a video will be made in this regard and will be broken into different modules for members to watch in their own time. The video will be in a power point presentation format with the usual presenter visible and providing the tutorials.

We will inform all members of the process to follow to watch these, once the videos are finalised.

**Choosing the right pension is not an easy decision to make. We encourage you to attend these retirement planning sessions in future (when they are running again) – even if you have previously attended; where you will receive in-depth education on all the options available to you. This in turn will pave the way for an easier decision-making process.**

## RESIGNATION AND RETRENCHMENT BENEFITS

In each newsletter, we highlight certain benefits of the Fund and below is a brief summary of the resignation and retrenchment benefits. In the next newsletter, we will explain each of these options in more detail.

During these very uncertain times as we are all going through right now, many people are concerned about their jobs, not just in South Africa but world-wide. However, people can change jobs throughout their working life at any time, so it is important that members understand what benefit they will receive from the Fund if they should leave before they retire.

On resignation and retrenchment, a member will receive their **Member Individual Account**.

When a member leaves the Fund, they automatically become a “DEFERRED MEMBER” of the Fund – their full Member Individual Account will remain in the Fund, earning the same net investment returns as they previously received.

However, the following choices are available, either immediately or at a later stage:

- Defer their full benefits in the Fund – i.e. stay in the Fund until they decide to transfer their benefits out of or retire from the Fund
- Transfer their full benefits to another Fund
- Take the full benefit in cash (this will be subject to tax)
- Take a combination of transfer and cash

Please note that if a member does NOT make a decision, they will AUTOMATICALLY become a deferred member in the Fund (as required by legislation) and **lose the ability to take any of the benefit in cash until their retirement.**

As mentioned above, we will explain the details of each of these options in the next newsletter. However, if anyone wants to read through this before that, please go to the web-site under “resignation options” and a detailed guide is available for your perusal.

# INVESTMENT NEWS

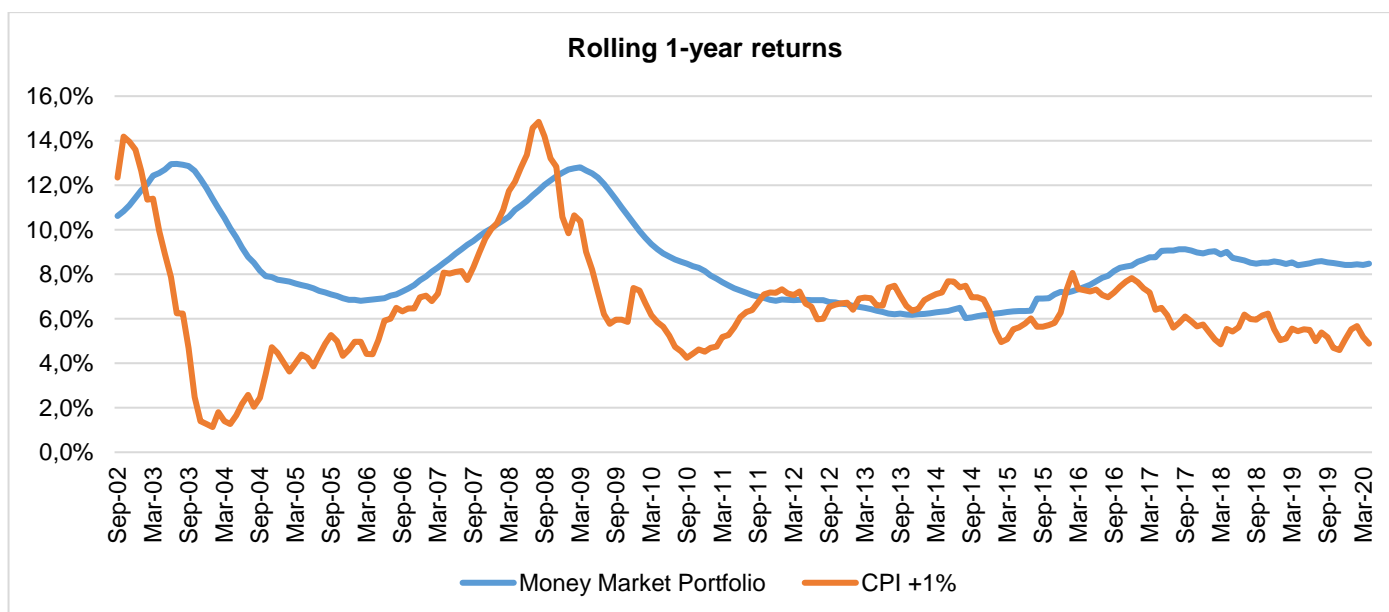
Below are the annualized investment returns for all the portfolios over different measurement periods until 30 April 2020. Please note that the returns are shown after deducting investment manager fees:

Portfolio	Investment Objective	Measurement period	Actual Return p.a.	Target Return p.a.
<b>Market-Linked portfolio</b>	CPI + 5% p.a. net over a rolling 7-year period	7 years	9.1%	10.2%
<b>Stable Portfolio</b>	CPI + 3% p.a. net over a rolling 3-year period	3 years	5.7%	7.4%
<b>Money Market Portfolio</b>	CPI + 1% p.a. net over a rolling 1-year period	1 year	8.5%	4.9%
<b>Shari'ah Portfolio</b>	CPI + 4% p.a. net over a rolling 5-year period	5 years	3.5%	9.0%

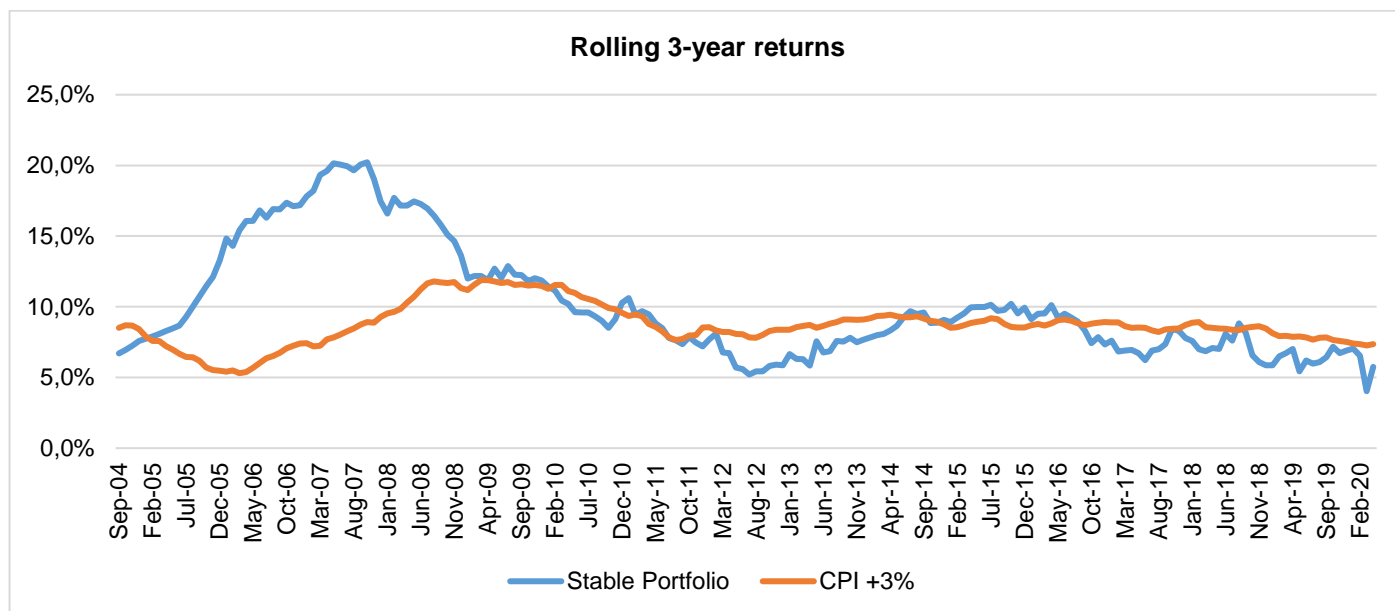
## MONITORING OF LONGER-TERM PERFORMANCE OF THE PORTFOLIOS

To give you an indication of how the Market-linked, Stable and Money Market portfolios compare to each other at 30 April 2020, the chart below shows the performance of each portfolio relative to their investment objective over their respective rolling periods in years to the end of April 2020.

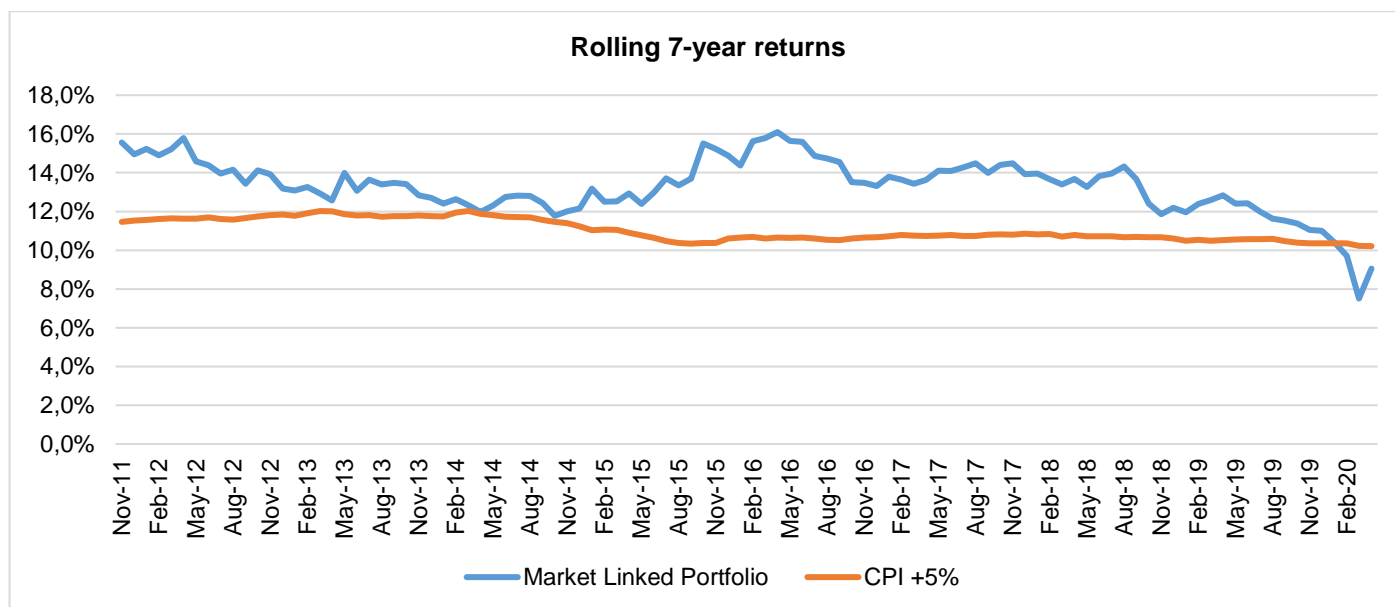
The **Money Market portfolio** has delivered some 4.6% per annum above inflation for the last year, which is well in excess of the investment objective of 1% per annum above inflation. This is illustrated below:



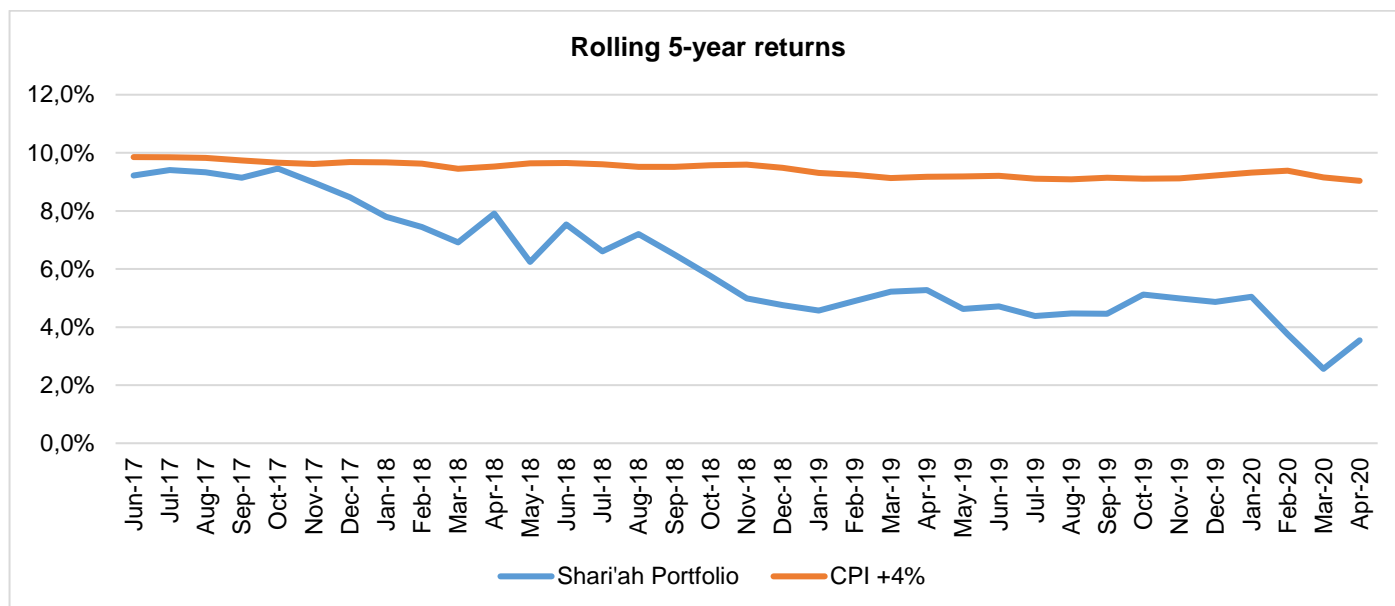
The **Stable portfolio** has delivered some 1.3% per annum above inflation for the last three years, which is below the investment objective of 3% per annum above inflation. This is mainly due to the recent share market falls which have had a very negative impact on the short-term investment returns for the investment managers in the Stable Portfolio. This is illustrated below:



The **Market-linked portfolio** (which is the portfolio for the wealth-building stage of the life stage model) has delivered 4.1% per annum above inflation over the last seven years, compared with the long-term investment objective of 5% above inflation. This is mainly due to the recent share market falls which have had a very negative impact on the short-term investment returns for the investment managers in the Market-linked Portfolio. This is illustrated below.



The **Shari'ah portfolio** has delivered 1.3% per annum below inflation for the last five years, which is well below the investment objective of 4% per annum above inflation. Comment around the performance of the Shari'ah portfolio was provided in the June 2019 newsletter on page 3. In addition, the recent share market falls have also had a very negative impact on the short-term investment returns for the investment managers in the Shari'ah Portfolio. This is illustrated below:



## MARKET COMMENTARY

The MSCI All Country World Index (representing developed and emerging markets) returned -21.3% (in US dollar terms) for the quarter. The MSCI World Index (representing developed markets (DMs)) and the MSCI Emerging Market (EM) Index fell 20.9% and 23.6% (both in US dollar terms) respectively. The S&P 500 Index fell 19.6% (in US dollar terms) over the quarter, marginally outperforming DMs.

The Barclays Capital Global Aggregate Bond Index (which includes government and corporate global bonds) returned -0.3% (in US dollar terms) for the quarter.

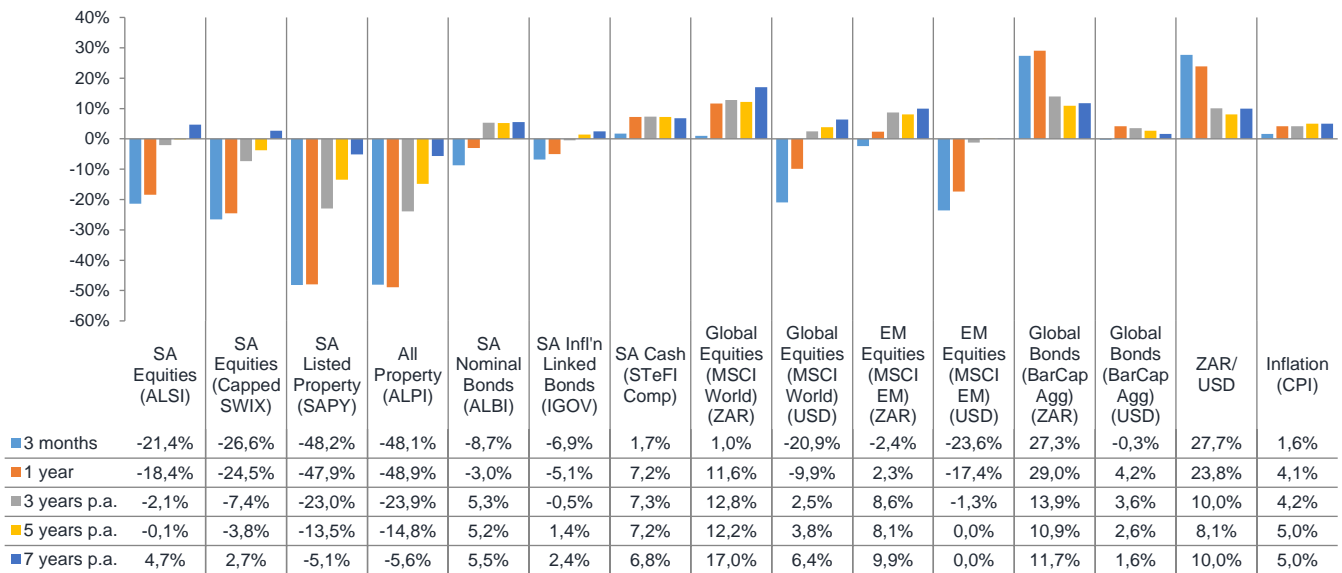
The FTSE/JSE All Share Index returned -21.4% for Q1 2020. Financials fared worst with -39.5%, driven lower by banking shares and REITs. The domestic property sector (ALPI index) was the worst performer generating -48.1% for the quarter. Resources ended the quarter 25.3% lower and Industrials finished at -8.4%.

The SA bond market and currency came under severe pressure in Q1 due to the prevailing risk-off environment and Moody's negative sovereign credit rating announcement. The All Bond Index had its worst month on record in March (-9.7%) and worst quarter during Q1 (-8.7%).

The rand weakened sharply against the major currencies amid the COVID-19 sell-off, falling 27.7% versus the US dollar, 19.5% against the pound and 24.8% against the euro.

The graph below shows the performance of the various sectors of the market during various measurement periods ended 31 March 2020 (source: INet).

Figure 1. Asset class total returns to 31 March 2020



An explanation of the different sectors appears below:

ALSI:	South African equities as measured by the All Share Index
Capped SWIX	South African equities Shareholder Weighted Index (Each share capped at 10%)
ALPI:	South African listed properties as measured by the All Property Index
IGOV:	South African Inflation-linked Bond Index
STeFI:	South African short-term fixed interest investments (cash)
ALBI:	South African All Bond Index
MSCI:	Morgan Stanley Capital Index – equities in developed overseas markets
BarCap:	Barclays Capital Global Aggregate Bond Index
ZAR/USD:	Rand investment in US Dollars (positive numbers show a “Weakening” rand).
CPI:	South African inflation rate

**Note: Members who are a long way from retirement are encouraged to adopt a long-term investment strategy. Don’t be deflected from your overall objective, which is to build retirement capital, by short-term market changes. To get out of the market when things get tough is not the way to build wealth.**



# ANNEXURE 1: GENERAL INFORMATION

The information contained below are standard items that will appear in every newsletter going forward.

- About the Petro SA Retirement Fund
- Contributions and Fund benefits
- Investments
- Other general information

## 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 at least 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

Your Board of Trustees are:

Member Elected Trustees	Member Elected Alternates	Employer Appointed Trustees	Employer Appointed Alternates
S August	JP Rhode	O R Mohapanele	KE Meleloe
A Futter (Chairperson)	H Rauch	N Tyandela	N Jwaai
W Kruger	L Tofu	N Gumede	J Lichaba
L Moser	Vacant	A de Lange	T Manne

### COMMUNICATION

More information is provided via the following:

- **Fund Website** for all Fund information: [www.petrosaretirementfund.co.za](http://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](http://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: Reinhard Buhr  
Address: 151 Frans Conradie Drive, Parow, 7500, Cape Town  
Telephone: (021) 929 3133  
E-Mail: reinhard.buhr@petrosa.co.za

## CHANGE IN ADDRESS OR PERSONAL DETAILS

Please notify the Human Capital department in writing.

Cape Town (and Tzaneen, Bloemfontein and SFF):

Reinhard Buhr

(021) 929 3133

[reinhard.buhr@petrosa.co.za](mailto:reinhard.buhr@petrosa.co.za)

Mossel Bay (and offshore and Voorbaai):

Dorothy Cedras

(044) 601 2540

[dorothy.cedras@petrosa.co.za](mailto:dorothy.cedras@petrosa.co.za)

## COSTS

### Administration and Fund costs (applicable from 1 June 2019)

- Active members – Fund costs are funded from a deduction from the contribution rate – 0.35% of pensionable salary (This includes an allowance for administration cost of R54.39 pmpm (per member per month) plus VAT)
- Deferred members – Administration costs of R41.00 pmpm plus VAT deducted from deferred pension account
- Deferred pensioners – Administration costs of R41.00 pmpm plus VAT deducted from member individual account
- Living annuitants – Initial fee = R994.65 plus VAT. Administration costs of R 99.46 pmpm plus VAT deducted from living annuity balance.

**Switching costs** (cost of changing investment decision) – first switch in the year is free. Thereafter R 435.15 plus VAT is deducted from your account per switch.

**Investment management fees** are deducted from the return earned on the investments as follows:

Portfolio	Manager	Fee charged
Market linked	Allan Gray Equity	0.5% p.a. plus 20% of the out-performance of the benchmark (FTSE/JSE All Share Index) capped at 2%
Market linked	Coronation Equity	0.2% p.a. plus 20% of out-performance of benchmark (FTSE/JSE Capped Shareholder Weighted Index) over preceding 12 months capped at 1% (base fee reduced to 0.1% p.a. from 1 Oct 2018 until a performance fee becomes payable)
Market linked	Abax Equity	0.45% p.a. plus VAT
Market linked	Ninety One Bonds	0.35% p.a. changes to 0.4% on out-performance of All Bond Index (ALBI)+2%
Market linked	Coronation Bonds	0.2% p.a. plus 10% of out-performance over ALBI over preceding 12 months capped at 1%
Market linked	Futuregrowth IDB	0.5% p.a. plus VAT
Market linked	Sygnia (WTW Diversified Global Balanced)	0.690% p.a. (0.073% p.a. for Sygnia Life administration plus 0.08% p.a. AMX platform fee plus approx. 0.537% p.a. for the underlying manager fees).
Stable	Allan Gray Global Stable	0.4% p.a. plus 20% of the out-performance of the benchmark (AF 3 Month Deposit Index) subject to a 1.8% overall fee
Stable	Coronation Inflation Plus	0.70% p.a.
Stable	Ninety One Cautious Managed	0.65% p.a.
Money Market	Ninety One Money Fund	0.09% p.a.
Shari'ah	27Four	0.75% p.a. plus VAT approximately but depends on underlying manager allocation.

## YOUR CONTRIBUTIONS AND FUND BENEFITS

### 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 following categories:

7.5%; 10%	<b>WARNING:</b> Consistent choice of these two 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.
12.5%	Automatic - if you do not make a choice
15%; 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.

- You can change the contribution every year on the salary review date (August)
- 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](http://www.alexanderforbes.co.za)) to check the impact that your contribution rate choice has on your expected retirement benefit.

### RESIGNATION, RETRENCHMENT and DISMISSAL BENEFITS

<b>When?</b>	When you leave employment, are retrenched or dismissed
<b>What?</b>	Your member individual account
<b>How?</b>	You can leave the <b>full benefit in the Fund</b> (become a deferred member) and transfer it or retire from the fund later (This option is not available on certain dismissals)
	OR
	You can <b>transfer the full benefit</b> to another Fund
	OR
	You can take the <b>full benefit in cash</b> 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
	You can choose a <b>combination of cash and transfer</b>

**\* Please note that though the benefit paid from the fund on resignation and retrenchment is the same, this benefit is taxed differently**

### TAX TREATMENT OF LUMP SUMS ON WITHDRAWAL

The following table summarises the tax treatment of lump sums payable in terms of the rules of a retirement fund on withdrawal (other than retirement, retrenchment or death). It is based on our understanding of the tax scales in the Income Tax Act. The application of the tax laws is complex, and **if you want to properly understand your potential tax liability you should not rely on this table, but you should consult an expert financial planner.**

Lump sum resignation benefit	Tax liability
R0 to R 25 000	0%
From R25 001 to R660 000	18% of amount above R25 000
From R660 001 to R990 000	R 114 300 plus 27% of amount above R660 000
R990 001 and above	R203 400 plus 36% of amount above R990 000
The tax-threshold of R25 000 is cumulative and applies to the aggregate amount of a member's resignation over the member's lifetime.	
The R 25 000 tax-free amount plus the resignation lump sum(s) taken will reduce the R500 000 tax-free amount at retirement.	

Further and more detailed information will be provided to you on exit.

## DEATH BENEFITS

<b>When?</b>	When you die while being a member of the Fund (active member or deferred member or pensioner)
<b>What?</b>	Your member individual account
<b>How?</b>	The Trustees will allocate your death benefits in line with Section 37 C 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** i.e. stay invested in the Fund **until you choose** to retire from the Fund. (Should you die prior to retiring from the Fund, your benefit will be allocated in terms of Section 37 C 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:**

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

The Fund will provide you with quotations for a **life annuity**, which is purchased from an insurer and guaranteed 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).

Further and more detailed information will be provided to you on retirement.

## TAX TREATMENT OF LUMP SUMS ON RETIREMENT, RETRENCHMENT AND DEATH

The following table summarises the tax treatment of lump sums payable in terms of the rules of a retirement fund on retirement, retrenchment or death. It is based on our current understanding of the tax scales in the Income Tax Act. The application of the tax laws is complex, and **if you want to properly understand your potential tax liability you should not rely on this table, but you should consult an expert financial planner.**

Lump sum death or retirement benefit	Tax liability
R0 to R 500 000	0%
From R500 001 to R700 000	18% of taxable income exceeding R500 000
From R700 001 to R1 050 000	R 36 000 plus 27% of taxable income exceeding R700 000
Exceeding R1 050 001	R130 500 plus 36% of taxable income exceeding R1 050 000

This tax free amount is a once in a life-time amount so, if you have previously taken a tax free amount, this will be deducted from your R500 000 tax free amount at the time when you retire.

**NOTE: The following benefits are not paid by the Fund but are provided for by a separate insurance policies. For the sake of completeness we have listed them in this guide. For more details on these benefits please go to the website at [www.petrosaretirementfund.co.za](http://www.petrosaretirementfund.co.za)**

- Funeral benefits
- Benefits should you be regarded as disabled
- Spouses cover
- Personal accident benefits

## GENERAL INFORMATION ON INVESTMENTS

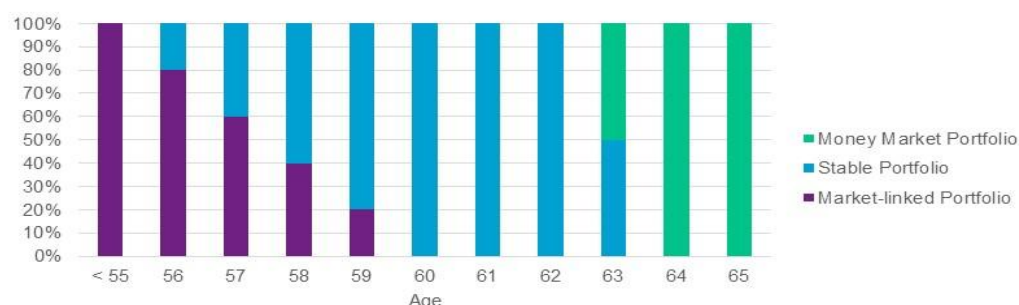
### INVESTMENTS

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.

You can change the investment choice at any time (costs of changing are shown on page 6).

Portfolio name	Target return and comment	Asset allocation (as at 31 March 2020)
<b>Market Linked Portfolio</b>	Target return <b>CPI + 5%</b> 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. <b>46% SA equities</b> (managed equally by Allan Gray, Coronation and Abax) <b>24% SA bonds</b> (managed by Investec (37.5%), Coronation (37.5%) and Futuregrowth (25%)) <b>30% offshore</b> (various managers across bonds (15%); equity (70%) and listed property (15%))
<b>Stable Portfolio</b>	Target return of <b>CPI + 3%</b> per annum over a rolling 3 year period Lower volatility than the Market Linked portfolio	Actual asset allocation determined by the managers. <b>17.6% SA equity + 2.0% SA property</b> <b>38.6% SA bonds + 10.0% SA cash</b> <b>29.9% offshore + 1.9% other</b> (managed by Allan Gray (50%), Coronation (25%) and Investec (25%))
<b>Money Market Portfolio</b>	Target Return of <b>CPI + 1%</b> per annum Least appropriate for long term investing Most chance of capital preservation	<b>100% SA cash and money market instruments</b> (managed by Investec)
<b>Shari'ah Portfolio</b>	Target returns of <b>CPI + 4%</b> 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 – eg conventional financial, alcohol and tobacco; non-halaal food production; some entertainment (eg casinos) and arms manufacturing.	Strategic asset allocation determined by the manager <b>33% SA equities + 6% commodities</b> <b>32% SA murabahah contracts</b> <b>18% offshore equities + 4% offshore sukuk</b> <b>2% offshore listed property + 5% non-interest bearing cash</b> (managed by 27Four Investment Managers)

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 for in-service members). 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 on the option form.

If you make no investment choice when you become a deferred member, you will remain invested in the portfolio in which you were invested in prior to becoming deferred – if this is the Lifestage model you will continue to be transitioned as usual.

If you make no investment choice on becoming a living annuitant, you will be invested in the Stable portfolio.

## OTHER GENERAL INFORMATION

### COMPLETION OF CLAIM FORMS ON LEAVING THE FUND

Claim forms that are not completed correctly will result in unnecessary delays. It is therefore important that you read the claim form thoroughly, fill in all relevant information and then submit the claim to your Human Capital department who in turn will submit this to Alexander Forbes by no later than the 3<sup>rd</sup> working day of the month following your termination of employment. If this is not adhered to, the benefit will remain in the Fund and will be invested in the underlying portfolio for another month. We ask you to please insert your contact details on these forms e.g. cell numbers, so that Alexander Forbes is able to contact you if necessary.

### EXITS FROM THE FUND

#### A. DEATH

##### The importance of completing beneficiary nomination forms

**If you have already submitted a beneficiary nomination form in the past and your personal situation has altered, it is necessary for you to submit a new form to replace the old one.**

In the event of your death, the benefit paid by the PetroSA Retirement Fund is allocated as follows:

The Trustees will have complete discretion as to how the benefit payable by the PetroSA Retirement Fund (i.e. your Member Individual Account) will be allocated to your dependents. This Trustee power is derived from Section 37C of the Pension Funds Act, which requires the Trustees to allocate any Retirement Fund benefit to those persons that were most financially dependent on you (usually your spouse and children).

However, in the event of there being no spouse or financially dependent children, your benefits will be paid to your financially independent children, or your nominated beneficiaries. A nomination in your will is not sufficient to indicate how you wish your retirement savings to be allocated in the event of your death.

**By completing the forms (and keeping them updated), you will be advising the Fund to act according to your wishes in the event of your death (subject to Section 37C above). This information will also help to speed up the pay-out process in the event of your death. Forms are available from the PetroSA Human Capital Department and the Retirement Fund Web-site.**

#### B. RESIGNATION

##### How to speed up the benefit payment when leaving the Fund

When you leave the Fund, an income tax number is required in order to pay out or transfer your benefit. All members of the Fund who are not registered as tax-payers and thus do not have a personal income tax number must register and obtain a personal income tax number. It is important to do so in order to avoid unnecessary delays when a benefit needs to be paid out.