PetroSA

Retirement Fund

www.petrosaretirementfund.co.za

N E W S L E T T E R

ISSUE NUMBER: 4/2020

November 2020

ALL ABOUT YOUR FUND AND WHAT IT DOES FOR YOU

Dear members

Welcome to your final newsletter for 2020.

2020 has certainly been a year that will be etched on our memories forever. Many members of the Fund were deeply concerned to see the value of their retirement savings falling at some time. If you managed to stay the course during the time, you would have seen a significant recovery by now.

As a member you are assured that your Fund remains to be in a good financial position. In this newsletter, we focus mainly on investment topics . We hope that you find the information meaningful and interesting. If there is any item you want to see in future issues, please write to us to let us know.

We wish all our members well during the upcoming festive season. Stay safe!

INSIDE THIS ISSUE

Board of Trustees
November 2020

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.

INVESTMENT NEWS

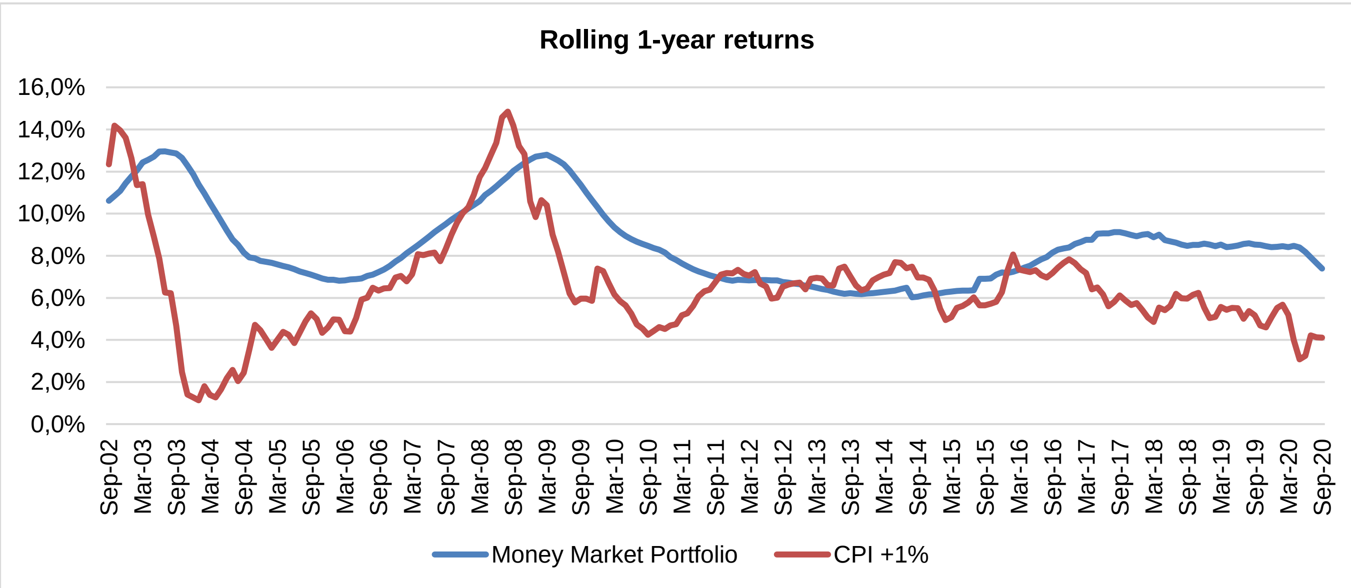
Below are the annualized investment returns for all the portfolios over different measurement periods until 30 September 2020. Please note that the returns are shown after deducting investment manager fees:

Portfolio	Investment Objective	Measurement period	Actual Return p.a.	Target Return p.a.
Market-Linked Portfolio	CPI + 5% p.a. net over a rolling 7-year period	7 years	8.0%	10.0%
Stable Portfolio	CPI + 3% p.a. net over a rolling 3-year period	3 years	5.3%	7.2%
Money Market Portfolio	CPI + 1% p.a. net over a rolling 1-year period	1 year	7.4%	4.1%
Shari'ah Portfolio	CPI + 4% p.a. net over a rolling 5-year period	5 years	4.5%	8.8%

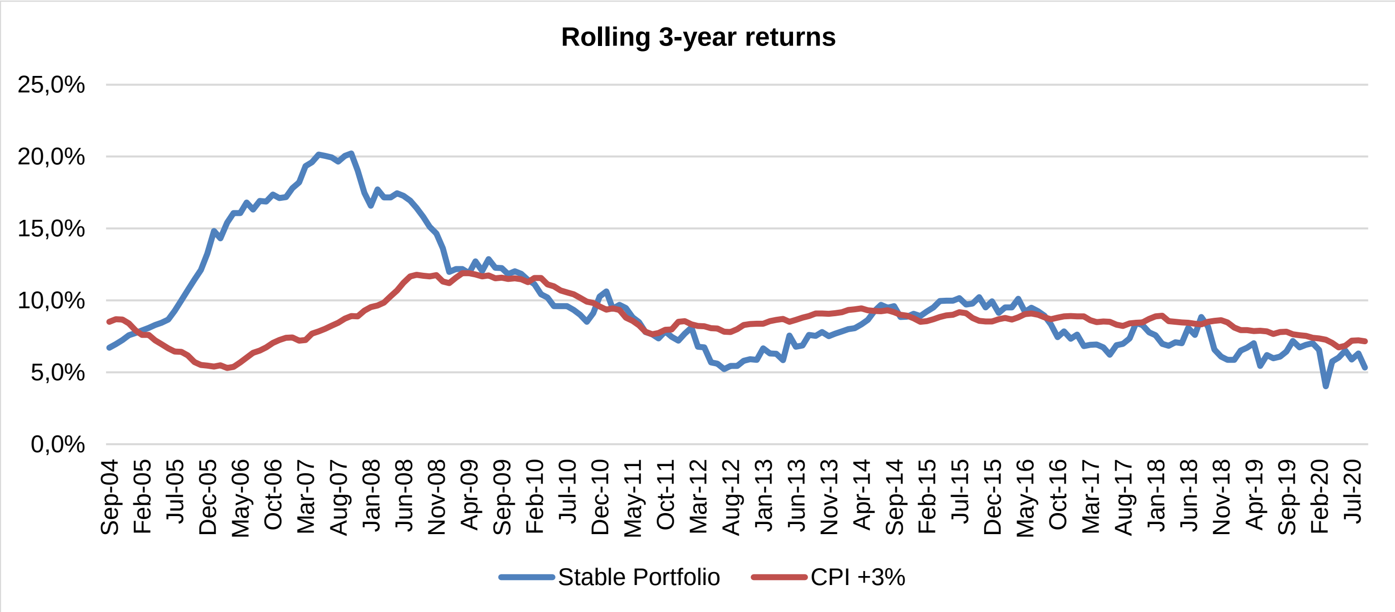
MONITORING OF LONGER-TERM PERFORMANCE OF THE PORTFOLIOS

To give you an indication of how the Market-linked, Stable and Money Market portfolios compare to each other at 30 September 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 September 2020.

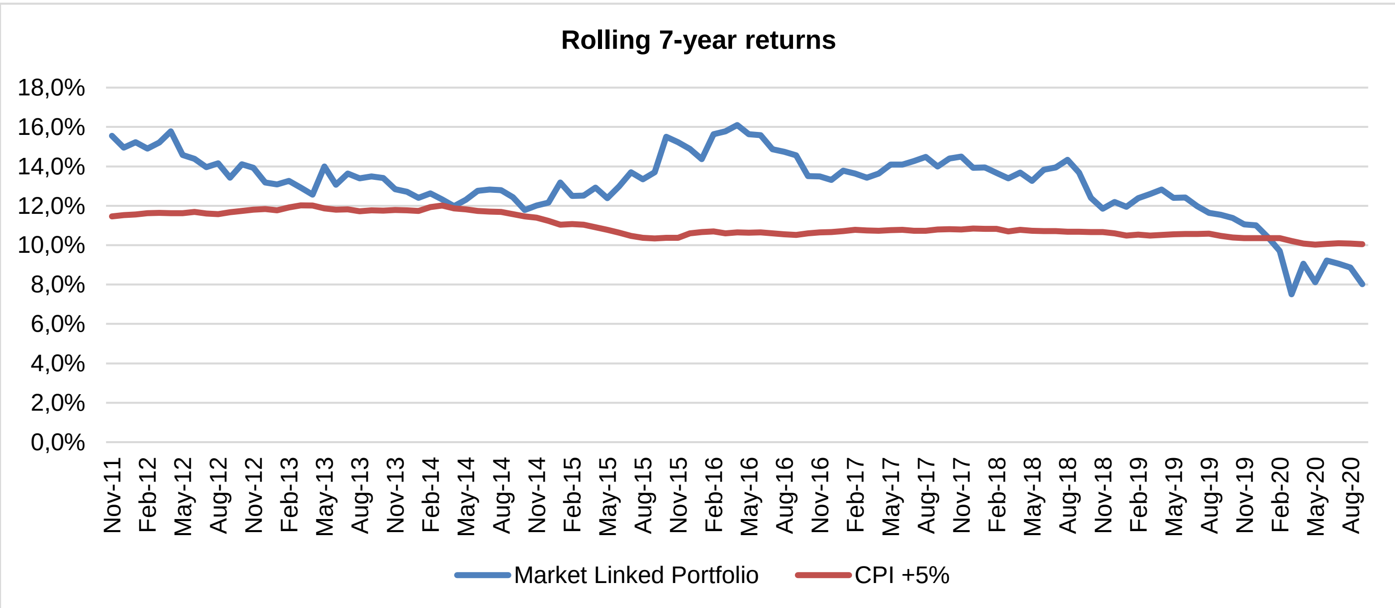
The **Money Market portfolio** has delivered some 4.3% per annum above inflation for the last year, which is well in excess of the investment objective of 1% per annum above inflation. This is illustrated below:



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 illustrated below:



The **Market-linked portfolio** (which is the portfolio for the wealth-building stage of the life stage model) has delivered 3.2% per annum above inflation over the last seven years, compared with the long-term investment objective of 5% per annum above inflation. This is illustrated below.

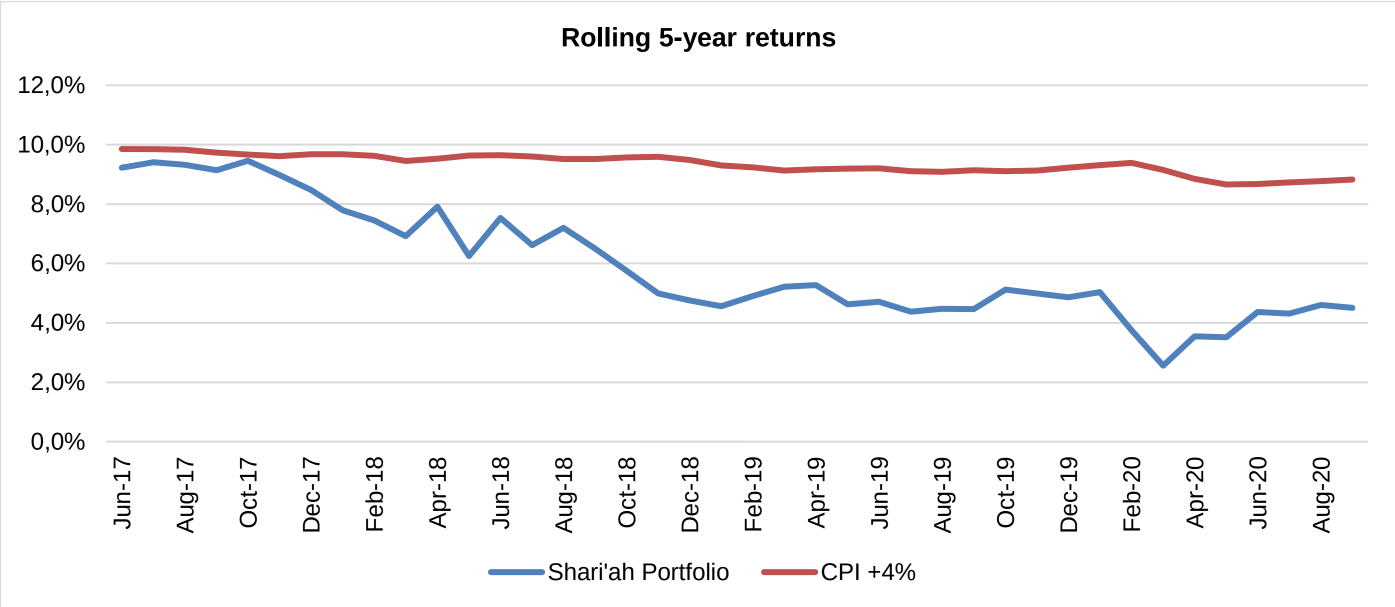


Equity markets offer the highest potential return compared to other asset classes such as bonds and cash; but the higher potential returns are associated with higher levels of risk (capital loss) and greater chances of negative returns over short periods. Based on the investment objective, the Market-linked Portfolio is primarily invested in equities (shares), both locally and offshore.

Historically, over long term periods (10 years and longer), the local equity market has delivered returns well in excess of CPI. However, over the recent short term and medium term periods (up to 5 years), the local equity market has delivered returns below CPI. More recently, investment markets fell sharply in February and March 2020, following market uncertainty on the impact of the COVID-19 pandemic on the domestic economy and on local companies. Investment markets remain volatile, particularly in the share markets, with periods of positive returns followed by periods of negative returns. At the date of writing this newsletter (25 November 2020), local and global share markets have rallied strongly for the month of November to date (up to 24 November).

The Trustees expect, over the longer term, the Market-linked Portfolio is expected to achieve its investment objective of 5% per annum above inflation, however this level of return is not guaranteed and will depend critically on investment market conditions.

The **Shari'ah portfolio** has delivered 0.2% 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 local share market delivered lower returns above inflation over the last 5 years compared to what it has delivered over the long term (10 years and longer). This is illustrated below:



The Board of Trustees met with 27four Investment Managers (the investment manager of the Shari'ah Portfolio) at their Board meeting held on 24 November 2020. 27four Investment Managers commented that the largest portion of the Shari'ah Portfolio is invested in local shares which has delivered low returns over the last 5 years due to the weak local economy (i.e. similar reasons as that explained above with the Market-linked Portfolio). The investment team has made some changes to the management of part of the local equities in the portfolio during May 2020, and the presenters commented that, to date, the change "has exceeded expectations by consistently outperforming the category average". 27four Investment Managers reported on the Fund's investment performance up to 19 November 2020, with good returns over the last 6 months compared to their strategic benchmark.

MARKET COMMENTARY

The tone was predominantly positive, or "risk on", in markets over the quarter, underpinned by strong policy measures and the gradual reopening of economies. The changes to the Fed's inflation targeting definition and objective also provided support to markets.

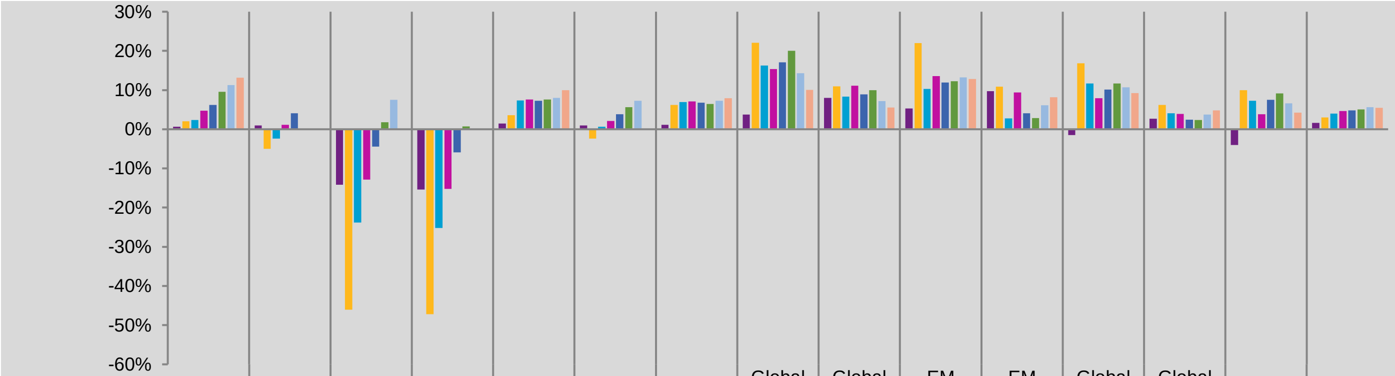
Emerging market equities registered a strong return in Q3, boosted by government stimulus measures and strong Chinese economic growth numbers. The MSCI Emerging Markets Index delivered 9.7% (in US dollars), ahead of the MSCI World Index, which finished 8.0% (in US dollars) higher for the period.

The Asian region enjoyed strong equity gains in Q3 due to a sharp recovery in the Chinese economy.

The SA equity market posted marginal gains for Q3. The FTSE/JSE All Share Index rose 0.7%, while the Capped SWIX added 1.0%. SA listed property had a poor quarter, declining 14% and taking losses over the past 12 months to 46%.

The All Bond Index added 1.5% for the quarter, driven by returns from shorter-dated instruments.

The graph below shows the performance of the various sectors of the market during various measurement periods ended 30 September 2020 (source: IRESS for local indices and Morningstar for offshore indices and exchange rates).



	SA Equities (ALSI)	SA Equities (Capped SWIX)	SA Listed Property (SAPY)	All Property (ALPI)	SA Nominal Bonds (ALBI)	SA Infl'n Linked Bonds (IGOV)	SA Cash (STeFI Comp)	Global Equities (MSCI World) (ZAR)	Global Equities (MSCI World) (USD)	EM Equities (MSCI EM) (ZAR)	EM Equities (MSCI EM) (USD)	Global Bonds (BarCap Agg) (ZAR)	Global Bonds (BarCap Agg) (USD)	ZAR/ USD	Inflation (CPI)
3 months	0,7%	1,0%	-14,1%	-15,4%	1,5%	1,0%	1,2%	3,7%	8,0%	5,3%	9,7%	-1,4%	2,7%	-4,0%	1,7%
1 year	2,0%	-5,0%	-46,1%	-47,2%	3,6%	-2,4%	6,2%	22,1%	11,0%	22,0%	10,9%	16,9%	6,2%	10,0%	3,0%
3 years p.a.	2,4%	-2,4%	-23,8%	-25,2%	7,3%	0,6%	6,9%	16,2%	8,3%	10,3%	2,8%	11,7%	4,1%	7,3%	4,0%
5 years p.a.	4,8%	1,1%	-12,9%	-15,2%	7,6%	2,1%	7,1%	15,3%	11,1%	13,5%	9,4%	7,9%	3,9%	3,8%	4,6%
7 years p.a.	6,2%	4,1%	-4,4%	-5,9%	7,2%	3,8%	6,8%	17,1%	8,9%	11,9%	4,1%	10,1%	2,5%	7,5%	4,8%
10 years p.a.	9,6%		1,8%	0,8%	7,6%	5,7%	6,4%	20,0%	10,0%	12,2%	2,9%	11,7%	2,4%	9,1%	5,1%
15 years p.a.	11,3%		7,5%		8,0%	7,3%	7,3%	14,3%	7,2%	13,2%	6,2%	10,7%	3,8%	6,6%	5,6%
20 years p.a.	13,2%				10,0%		7,9%	10,1%	5,5%	12,8%	8,2%	9,3%	4,8%	4,3%	5,4%

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.

PRESCRIBED ASSETS

Prescribed assets continue to be topical and widely debated. It refers to what was described in the ANC's 2019 manifesto as the intention to "Investigate the introduction of prescribed assets on financial institutions' funds to mobilise funds within a regulatory framework for socially productive investments (including housing, infrastructure for social and economic development and township and village economy) and job creation while considering the risk profiles of the affected entities."

This has understandably caused concerns from members of retirement funds because of the possible implications it could have on investment portfolios should this indeed come into effect.

So, what exactly does the possible introduction of prescribed assets mean? The perception members have on this topic is not always accurate. Many members believe that Prescribed assets is a process by which Government takes a portion of your retirement funds and the fund value drops. This is not the case. Rather, it would be a requirement by Government for an institution (like retirement funds, but the scope could be wider) to invest a certain percentage of their funds into specific assets. In many cases, these prescribed assets are likely to be loans to Government and state-owned enterprises (SOEs). Retirement funds would still receive a return on its investment in the said prescribed asset, and the "investor" members of retirement funds, could receive a higher return than the return on any other asset. Still, this does not necessarily mean a favourable position for retirement funds.

What has been fiercely debated, is whether prescription is in fact the answer. Largely, the argument is for investment to be voluntary (based on a strong investment case for profitable investments) rather than for there to be any kind of prescription. This is naturally the Fund's position as well.

During a webinar in August 2020, the ANC's economic policy chief, Enoch Godongwana, stated in relation to prescribed assets that : "When we talk about tweaking Regulation 28, we are moving in a slightly different direction than what conference said. We are moving from an environment where there is no enforced prescription to creating an environment where trustees can invest in infrastructure projects as long as those projects are profitable."

We therefore do not believe that there is any cause for panic at this stage. Most of the current industry and media comment on this subject argues strongly against the possible introduction of prescribed assets.

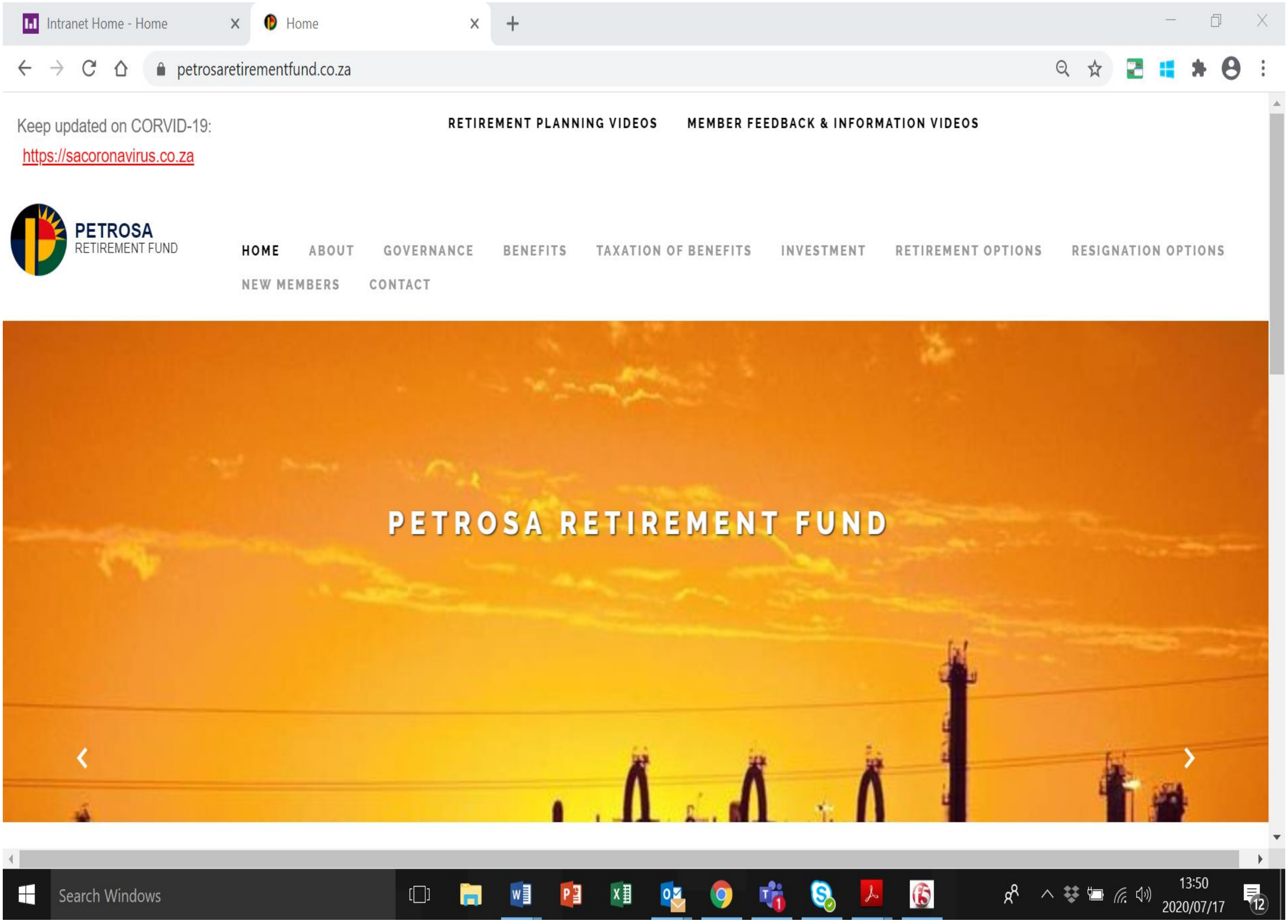
Furthermore, there is currently no project from Government to force prescribed assets. However, to date a clear policy stance on the matter has still not been provided. At this stage, we encourage our members not be fearful. Rather, stay engaged and abreast all developments as communicated by the Fund in this regard. Should anything change, or if there is any notable update on this matter, we will immediately communicate with you.

PLANNING FOR RETIREMENT WORKSHOPS AND MEMBER FEEDBACK AND INFORMATION SESSIONS

In July 2020 the plan was to have retirement planning sessions AS WELL as the member feedback and information sessions at different venues in South Africa. This did not take place due to COVID -19. Member retirement planning sessions are due to take place once again at the end of January 2021. Again, pending how things stand re COVID-19 this may or may not take place.

Willis Towers Watson's, communication consultant of the PetroSA Retirement Fund, has however submitted all of the presentations in electronic format via video tutorials. This will allow members to download and access all the modules in their own time.

The electronic presentations (two member feedback & information modules and five retirement planning modules) can be accessed either via the PetroSA Retirement Fund website at www.petrosaretirementfund.co.za (access modules by using password "retirement") – see diagram below which shows where on the website they can be found.



These videos can also be found on the PetroSA MS Teams Group.

Please note that the duration time of these presentations are about ±3.5 hours (1.5 hours for the member feedback modules and about 2 hours for the retirement planning modules). However, one can also watch these videos in your own time.

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.

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
- 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: 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

Mossel Bay (and offshore and Voorbaai):
Dorothy Cedras
(044) 601 2540
dorothy.cedras@petrosa.co.za

COSTS

Administration and Fund costs (applicable from 1 June 2020)

- 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 R 56.62 pmpm (per member per month) plus VAT)
- Deferred members – Administration costs of R42.68 pmpm plus VAT deducted from deferred pension account
- Deferred pensioners – Administration costs of R42.68 pmpm plus VAT deducted from member individual account
- Living annuitants – Initial fee = R 1 035.43 plus VAT. Administration costs of R 103.54 pmpm plus VAT deducted from living annuity balance.

Switching costs (cost of changing investment decision) – first switch in the year is free. Thereafter R 452.99 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	0.1% 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)	The Sygnia Life administration fee (based on total WTW client funds) is 0.09% p.a. for the first 4 billion, 0.04% p.a. for the next 2 billion and 0.02% p.a. thereafter. The AMX platform fee is 0.08% p.a fee plus approx. 0.575% p.a. for the underlying manager fees).
Stable	Allan Gray Global Stable	0.40% p.a. on portion managed by Allan Gray Life plus 20% of the out-performance of the benchmark (AF 3 Month Deposit Index), subject to a 1.8% overall fee. A fee between 0.5% and 2.5% per annum is paid to Orbis Mutual Funds for their portion.
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	the 27four underlying weighted manager fees are 0.41% p.a. excl. VAT (based on underlying manager weights) from 1 May 2020. The 27four multi-manager, administration and life policy fees remain 0.30% p.a. excl. VAT.

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%	**WARNING**: 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) to check the impact that your contribution rate choice has on your expected retirement benefit.

RESIGNATION, RETRENCHMENT and DISMISSAL BENEFITS

When? When you leave employment, are retrenched or dismissed

What? Your member individual account

How? You can leave the **full benefit in the Fund** (become a deferred member) and transfer it or retire from the fund later (This option is not available on certain dismissals)

OR

You can **transfer the full benefit** to another Fund

OR

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

You can choose a **combination of cash and transfer**

* ***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

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 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:

When? 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.

What? Your member individual account

How? You can take the **full benefit in cash** as a lump sum (though this will be subject to tax)
OR
You can use the **full benefit to buy a pension** from an insurer or from the Fund (the pension payments will be subject to tax)
OR
You can take **some of the benefit in cash** 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

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

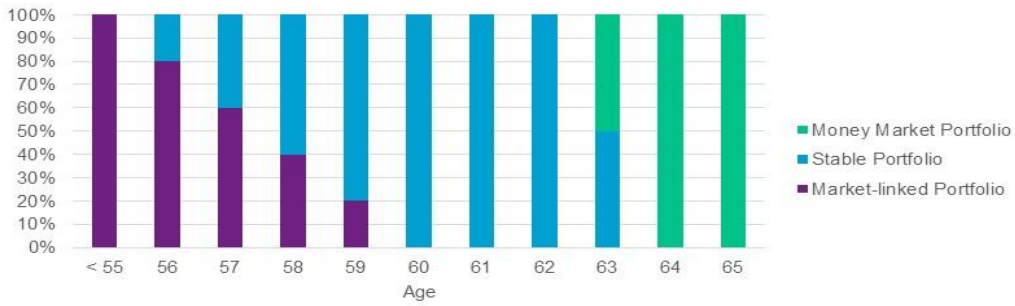
GENERAL INFORMATION ON INVESTMENTS

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 30 September 2020)
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. 46% SA equities (managed equally by Allan Gray, Coronation and Abax) 24% SA bonds (managed by Investec (37.5%), Coronation (37.5%) and Futuregrowth (25%)) 30% offshore (various managers across bonds (15%); equity (70%) and listed property (15%))
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. 16.1% SA equity + 1.8% SA property 38.1% SA bonds + 10.7% SA cash 30.5% offshore + 2.8% other (commodities and hedge funds) (managed by Allan Gray (50%), Coronation (25%) and Ninety One (25%)
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 Investec)
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 – eg conventional financial, alcohol and tobacco; non-halaal food production; some entertainment (eg casinos) and arms manufacturing.	Strategic asset allocation determined by the manager 38% SA equities + 5% commodities 29% SA murabahah contracts 20% offshore equities + 4% offshore sukuk 2% offshore listed property + 2% non-interest bearing cash (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 3rd 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 taxpayers 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.