



PetroSA
Retirement Fund
www.petrosaretirementfund.co.za

NEWSLETTER

ISSUE NUMBER: 1/2022
February 2022

ALL ABOUT YOUR FUND AND WHAT IT DOES FOR YOU

Dear members

Welcome to your first newsletter for 2022.

As a member, you are assured that your Fund remains to be in a good financial position and, on a positive note, the Fund's investments over the past year have been very strong. This is detailed later inside this newsletter.

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.

INSIDE THIS ISSUE

Board of Trustees
February 2022

- Investment News
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- Planning for retirement workshops
- Annexure 1: GENERAL INFORMATION
 - ✓ About the Fund (including Fund costs)
 - ✓ Contributions & Benefits
 - ✓ General information on investments
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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.

INVESTMENT NEWS

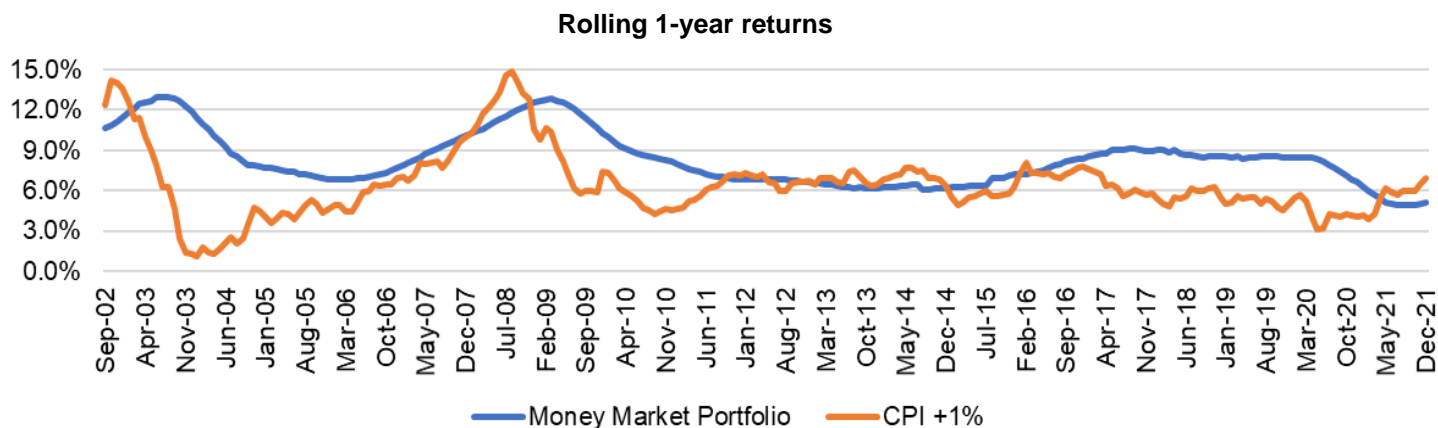
Below are the annualized investment returns for all the portfolios over different measurement periods until 31 December 2021. Please note that the returns are shown after deducting investment manager fees:

Portfolio	Investment Objective	Measurement period	Actual Return p.a.	Inflation (CPI) p.a.	Target Return p.a.
Market-Linked Portfolio	CPI + 5% p.a. net over a rolling 7-year period	7 years	9.6%	4.9%	9.9%
Stable Portfolio	CPI + 3% p.a. net over a rolling 3-year period	3 years	9.7%	4.3%	7.3%
Money Market Portfolio	CPI + 1% p.a. net over a rolling 1-year period	1 year	5.1%	5.9%	6.9%
Shari'ah Portfolio	CPI + 4% p.a. net over a rolling 5-year period	5 years	8.5%	4.4%	8.4%

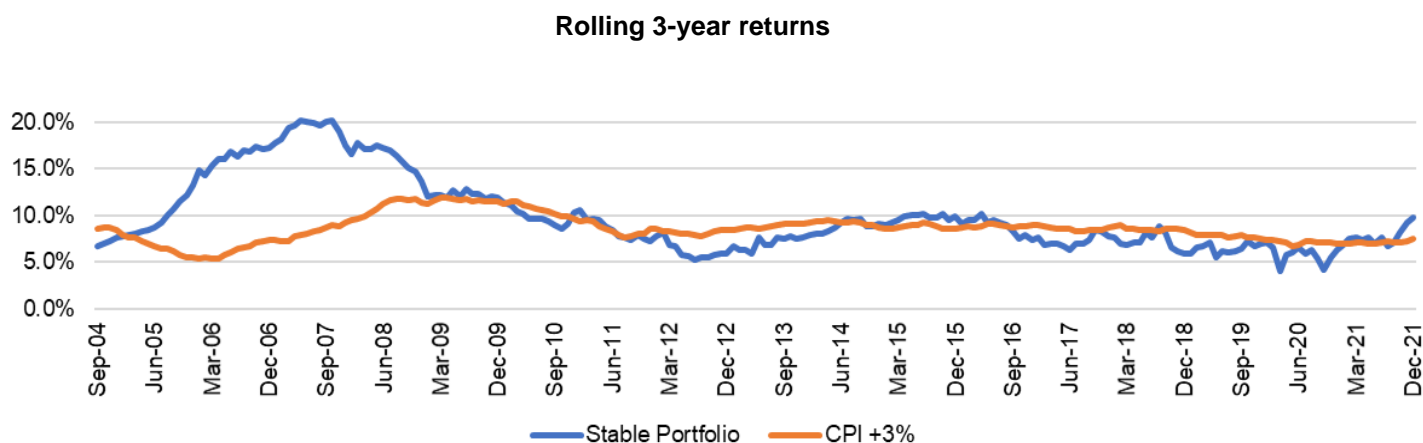
MONITORING OF LONGER-TERM PERFORMANCE OF THE PORTFOLIOS

To give you an indication of how the Market-linked, Stable and Money Market portfolios compare to each other at 31 December 2021, 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 December 2021.

The **Money Market portfolio** has delivered some 0.8% per annum below inflation for the last year, which is below its investment objective of 1% per annum above inflation. This is illustrated below:

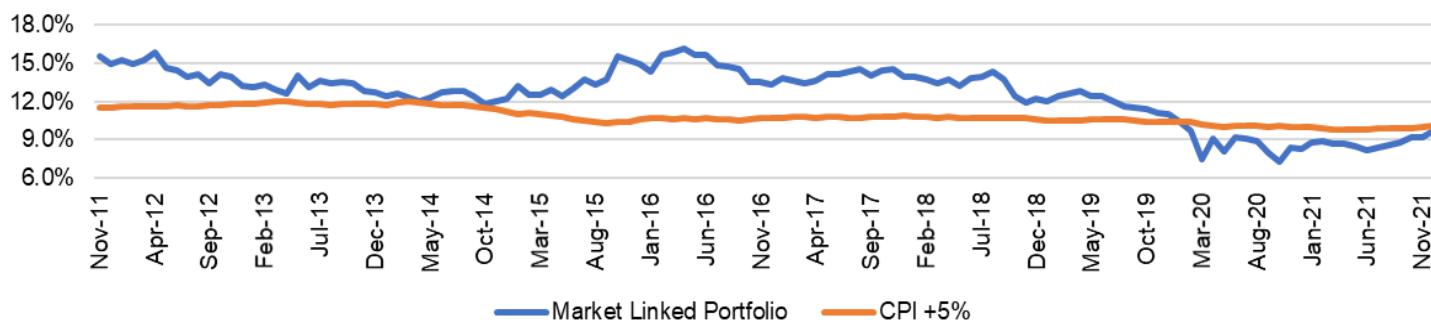


The **Stable portfolio** has delivered some 5.4% per annum above inflation for the last three years, which is above its investment objective of 3% per annum above inflation. This is illustrated below:



The **Market-linked portfolio** (which is the portfolio for the wealth-building stage of the life stage model) has delivered 4.8% per annum above inflation over the last seven years, which is below its long-term investment objective of 5% per annum above inflation. This is illustrated below.

Rolling 7-year returns



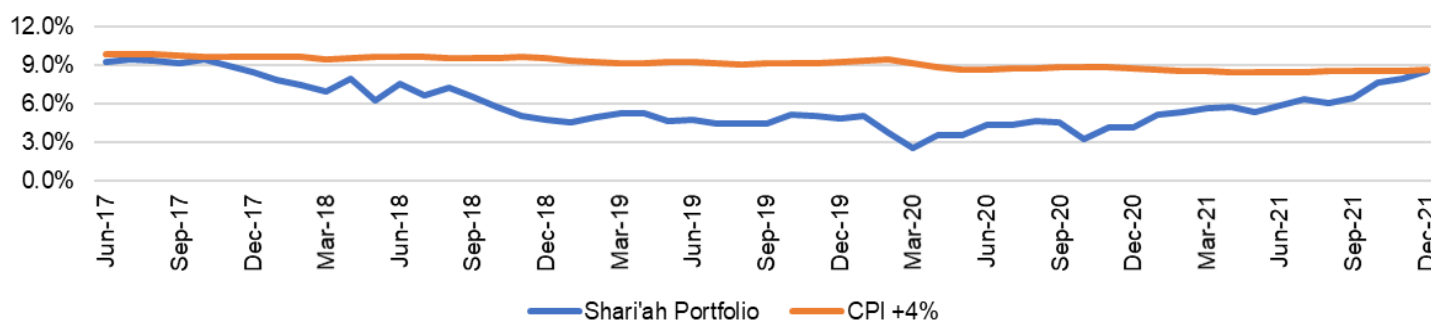
Equity markets offer the highest potential return compared to other asset classes such as bonds and cash; but the higher potential returns are associated with higher levels of risk (capital loss) and greater chances of negative returns over short periods. Based on the investment objective, the Market-linked 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 also delivered returns well in excess of CPI. More recently, investment markets have bounced back strongly from the sharp decline experienced in the first quarter of 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.

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 4.1% per annum above inflation for the last five years, which is slightly above its investment objective of 4% per annum above inflation. This is illustrated below:

Rolling 5-year returns



MARKET COMMENTARY

Global equities recovered from the drawdown experienced late in the third quarter to end the year near record highs. Equities were supported by an improvement in the economic backdrop and a strong earnings reporting season for global corporates, which resulted in further upgrades to earnings estimates. Markets remained volatile, however, with the emergence of the highly contagious COVID-19 variant, Omicron, contributing to a minor correction in late November.

A more hawkish stance from global central banks, particularly in the US and the UK, in response to rising inflation readings, gave rise to some uncertainty. There are indications that global supply constraints may be fading, and inflationary pressures could reach a peak in the near term, however, expectations remain for interest rate hikes and tapering of monetary support. The US labour market has continued to tighten (the unemployment rate has fallen to below

the US Federal Reserve's estimate of "full employment" of 4%) and supports the interest rate tightening cycle in 2022.

Chinese economic growth remained robust in 2021, with GDP growth of 8.1% above the authorities' official target of "6% or more". Nevertheless, momentum in growth slowed over the second half of 2021, leading Chinese authorities to signal cyclical support for growth in the near term in preference to long-term structural reforms.

The MSCI World Index (representing Developed Markets) returned -4.1% and the Emerging Markets index returned -3.9%. Developed markets (DM) equities rallied over the quarter amid the positive economic and earnings backdrop. The MSCI World Index (representing DMs) returned 7.9% in US dollars for the quarter. US valuations remain higher than broader DMs, and this has been concentrated in mega-cap tech stocks.

Emerging Markets (EM) equities fell over the quarter, with a return of -1.2%, largely due to a fall in the Chinese stock market. This was driven by a significant fall in Chinese growth towards year end, following subdued consumer spending, COVID-19 infection rates, strict containment measures by government and constrained production activity.

Having drifted higher through October and most of November, commodities fell sharply in late November on renewed growth and demand concerns related to the emergence of the Omicron variant. Commodities recovered through December however as concerns began to fade and the growth outlook for 2022 remained strong. Oil was similarly volatile and was impacted by the coordinated release of strategic oil reserves by several countries to contain the rise in prices. The spot price of Brent crude oil fell 0.9% in Q4, but rose by over 50% over the course of 2021, ending the year at around US\$79 per barrel and fuelling global inflation. In terms of industrial metals, aluminium was one of the strongest gainers over the year, up around 42%. Precious metals were more muted over the year with gold down 3.4%, platinum down 9.4% and palladium down over 20%. The price of coal was up 160% over the year.

Global bond yields were volatile over the quarter but by quarter-end showed little change. Yields fell on growth concerns related to Omicron, before rising into the year-end as those concerns eased and attention returned to rising inflation and central bank policy tightening. US 10-year yields rose two basis points (bps) from 1.49% to end the quarter at 1.51%. Yields reached a high of 1.7% in October and a low of 1.36% in early December. The Bloomberg Barclays Global Aggregate Bond Index returned -0.7% for the quarter.

SA's economic data points continued to be weak; GDP growth for Q3 2021 contracted by 1.5% quarter-on-quarter and on an annual basis GDP growth slowed to 2.9% in the third quarter. The composite Purchasing Managers Index (PMI), at an unchanged 48.4 for December, is also indicative of the economic contraction. This was largely due to lockdown measures and the civil unrest in July.

The SARB increased the repo rate by 0.25% to 3.75% at their November meeting. Inflation accelerated to 5.9% year-on-year in December, hitting its highest level since March 2017 and well above the 4.5% p.a. target set by the SARB. The increase in inflation has been mainly due to utilities, food and fuel price increases.

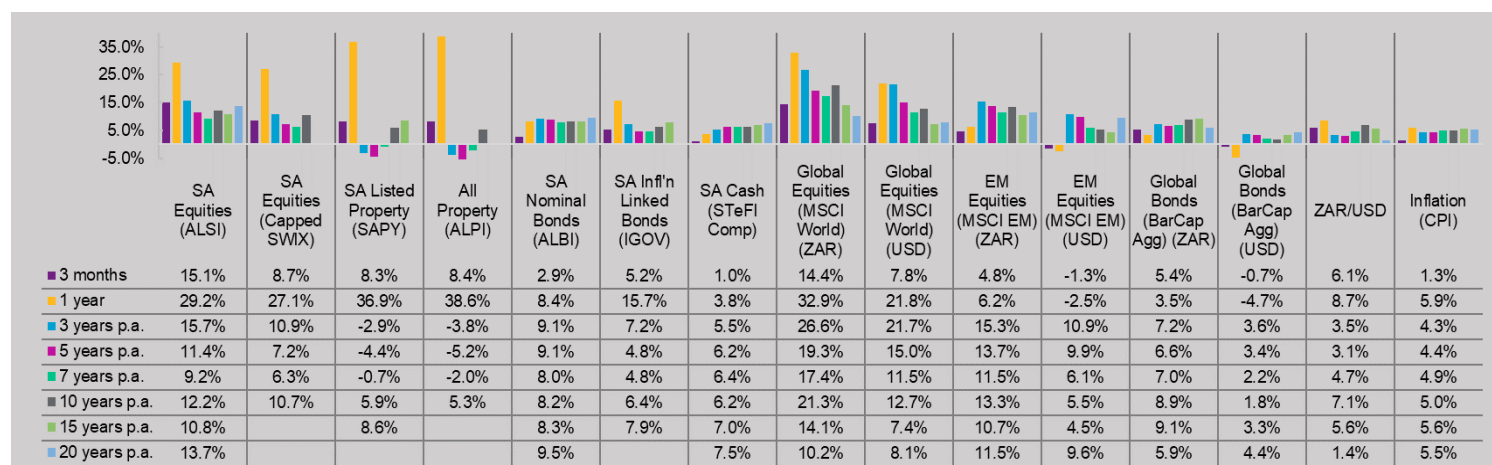
The FTSE/JSE Capped SWIX returned 8.7% for the quarter, driven by the Resources index which was up 21.6%, followed by solid gains in Industrials, up 16.1%, and by the listed property index, up 8.4%. Over the year Industrials produced a more subdued return relative to Resources and Financials, largely attributable to the rapid drop in the share prices of Naspers and Prosus. The related companies' share prices were impacted by increased regulation of the technology sector by the Chinese government and lost more than 18% over the year.

Inflation-linked bonds were up 5.2% and fixed-rate bonds were up 2.9% over the quarter, comfortably beating cash which returned 1.0%.

The rand weakened against major currencies over the quarter, depreciating by 6.1% against the US dollar, 6.6% against the British pound and 4.1% against the euro. Over the full year the rand lost ground, ending 8.7% lower to the greenback.

Among the local asset classes, equities provided the strongest returns over the past quarter, followed by property. The local bourse was buoyant over the quarter, with growth and earnings releases driving sentiment. Property has outperformed all other asset classes over a one-year horizon, albeit coming off a low base.

There were net inflows into the SA bond market over the quarter, and inflation-linked bonds (represented by the IGOV Index, up 5.2%) outperformed nominal bonds (represented by the ALBI which was up 2.9%). The return on inflation-linked bonds is reflective of higher inflation expectations over the short term.



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.

DISTRIBUTION OF DEATH BENEFITS – OPTIONS AVAILABLE TO BENEFICIARIES

On page 13 of this newsletter, we discuss **the importance of completing beneficiary nomination forms** in the event of your death. However, what is not discussed are the options beneficiaries have once they are allocated a benefit in the event of your death.

DETERMINING THE APPROPRIATE MODE OF PAYMENT

Once the allocation has been made, the final duty of the Trustees is to determine the most appropriate way the benefits should be paid to the dependants and/or nominees. Beneficiaries have several options available to them on receipt of monies payable in terms of Section 37 C of the Act. This of course depends on their age; relationship to member etc.

The way that the death benefit is paid is also regulated by Section 37C and currently allows for these options:

- Where the beneficiaries are minors, the trustees may pay the benefit to a **beneficiary fund***, to the parent/guardian of the minor or to a trust.

*A Beneficiary Fund is a retirement fund organisation that is set up to receive, administer, invest and pay employment related death benefits for the benefit of a deceased employee's beneficiaries, usually minor children.

The benefit is invested, and the beneficiary fund makes monthly payments to legal guardians and caregivers to help with the child's general living costs. Additional amounts for expenses such as school fees and medical costs may also be paid. When the beneficiary turns 18, they will become entitled to the balance of the capital that is in the beneficiary fund. The beneficiary can also request that the benefit remains in the beneficiary fund.

- Once this is established, beneficiaries who are of legal age and who receive a share of the death benefit can choose to receive their benefit either as a **cash lump sum** or as an **annuity** (or as a combination of the two).

Before making such decision of either a cash pay-out or an annuity, it is also important to note the **TAX IMPLICATIONS OF EACH**. This is general information and beneficiaries should receive specific advice with regards to the actual amount.

CASH LUMP SUM

Cash lump sums are taxed according to the retirement lump sum tax table, as though they had been received by the deceased on the day before their passing. The tax table is shown on page 11.

ANNUITY INCOME

The annuity income will be taxed in the hands of the recipient per the prevailing income tax tables.

WHAT KIND OF ANNUITY CAN BE PURCHASED?

Members who choose the annuity option have several other choices to make. These include a Life Annuity (from an Insurer) or a Living Annuity (from the Fund or from an external provider). Though they sound the same, they are very different. The differences are briefly shown in the table below:

	Life Annuity – Insurer	Living annuity –Outside service provider
Vehicle	Insurance Policy	"Bank account"
Payable	As long as you live	Until living annuity balance is depleted
Pension amount	Set by insurer depending on type of pension, increases and terms	You decide this on an annual basis (within certain limits)
Investment choice	None	You decide how the living annuity balance should be invested with the portfolios offered by the service provider
Decision making	At point of purchase for terms	Annual – amount of pension and investment
Inheritability	None (except where agreed)	Remaining living account balance
Ability to change later	Not permitted	Permitted – can purchase another living annuity or life annuity
Risks	Loss of capital on early death	Risk of outliving your capital

Though the Fund does not offer a Life Annuity, the Fund will obtain for you a commission free quotation from two providers for a with profits pension.

Of course, there are other Life Annuities and Living Annuities available to you. For further information please contact the Fund and request the "Options available to you when you retire" guide.

RETIREMENT REFORM - DISCUSSION PAPERS RELEASED BY NATIONAL TREASURY

You may be aware that on 14 December 2021, National Treasury released a discussion paper entitled “Encouraging South Africans households to save more for retirement”. These papers are the latest developments in the implementation of retirement reforms which started in 2012.

One of the discussion points in this paper was the consideration of the possibility of allowing individuals to access some of their retirement fund savings prior to retirement and without the need to change jobs. Treasury raised some important points which need to be thought through before allowing this and industry was asked to provide input and feedback.

The discussions around this are in very early stages and even the format of what this would look like is not yet certain.

The Board will keep abreast of any developments and keep you informed when and if anything should change or develop in this area.

PLANNING FOR RETIREMENT WORKSHOPS

The next retirement workshops will take place in March 2022. We will inform you closer to the time of the specific dates. These will be performed virtually.

Choosing the right pension is not an easy decision to make. We encourage you to attend these retirement planning sessions– 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
Mr LE Moser	Mr PO Taylor	Ms GN Tyandela	vacant
Mr JP Rhode	Mr W Kruger	Mr J Lichaba	Ms N Cairncross-Chinnapye
Ms AJ Futter (current Chairperson)	Ms NM Jwaai	Ms A de Lange	Ms SL Wessels
Mr H Rauch	Mr KE Meleloe	Ms GN Gumede	Mr PW Marriday

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

PENSION FUND ADJUDICATOR:

Call Centre: 086 066 2837
Telephone: (012) 748 4000; (012) 346 1738
E-Mail: enquiries@pfa.org.za

CHANGE IN ADDRESS OR PERSONAL DETAILS

Please notify the Human Capital department in writing.

Cape Town (and Tzaneen, Bloemfontein and SFF):	Mossel Bay (and offshore and Voorbaai):
Reinhard Buhr	Dorothy Cedras
(021) 929 3133	(044) 601 2540
	dorothy.cedras@petrosa.co.za

COSTS

Administration and Fund costs (applicable from 1 June 2021)

- Active members – Fund costs are funded from a deduction from the contribution rate – 0.45% of pensionable salary (This includes an allowance for administration cost of R 58.43 pmpm (per member per month) plus VAT)
- Deferred members – Administration costs of R44.05 pmpm plus VAT deducted from deferred pension account
- Deferred pensioners – Administration costs of R44.05 pmpm plus VAT deducted from member individual account
- Living annuitants – Initial fee = R 1 068.56 plus VAT. Administration costs of R 106.85 pmpm plus VAT deducted from living annuity balance.

Switching costs (cost of changing investment decision) – first switch in the year is free. Thereafter R 467.49 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 2021. Note that the portfolio investment returns quoted 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 2020	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020	31 Mar 2021
Market-linked	0.43%	0.40%	0.06%	0.06%	0.12%	0.13%	0.61%	0.59%
Stable	0.57%	0.56%	0.06%	0.06%	0.05%	0.05%	0.68%	0.68%
Money Market	0.09%	0.09%	0.01%	0.00%	0.00%	0.00%	0.10%	0.09%
Shari'ah	0.86%	0.81%	0.14%	0.06%	0.10%	0.19%	1.10%	1.06%

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 34% of the Stable Portfolio based on asset values as at 31 March 2021. 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.

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%; 12.5%	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.
15%	Automatic - 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.

- 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?	<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)</p> <p>OR</p> <p>You can transfer the full benefit to another Fund</p> <p>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)</p> <p>OR</p> <p>You can choose a combination of cash and transfer</p>

*** 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 or transfer the benefit to a retirement annuity or preservation fund. (Should you die prior to leaving 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 a maximum of the 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 remainder to purchase a pension from an insurer or the Fund (the pension payments 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)

Vested benefit: Any amount in your provident fund of which you were a member on 1 March 2021 (even if this is subsequently transferred) plus returns thereon. This amount may be taken in cash on retirement.

Non-vested benefit: Any amount contributed post 1 March 2021 plus returns thereon (unless you were 55 on 1 March 2021 and the contributions are going to the same provident Fund of which you were a member on 1 March 2021, in which case this is also vested). 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**, 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 policy. 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

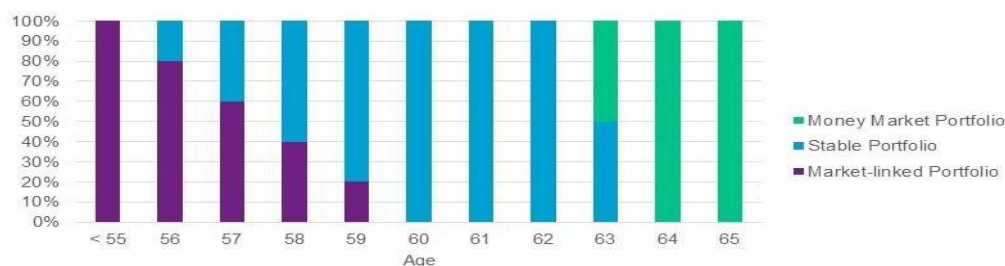
- Funeral benefits
- Benefits should you be regarded as disabled
- Spouse's cover
- Personal accident benefits

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 9).

Portfolio name	Target return and comment	Asset allocation (as at 31 December 2021)
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. 46.6% SA equities (managed equally by Allan Gray, Coronation and Abax) 23.7% SA bonds (managed by Ninety One (37.5%), Coronation (37.5%) and Futuregrowth (25%)) 29.7% 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. 20.4% SA equity + 1.6% SA property 39.4% SA bonds + 8.1% SA cash 28.2% offshore + 2.2% 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 37.9% SA equities + 4.2% commodities + 31.0% SA cash + 23.4% offshore equities + 3.5% offshore sukuk + 0.1% offshore 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 Life Stage 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 can 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.