



PetroSA Retirement Fund

www.petrosaretirementfund.co.za

NEWSLETTER

ISSUE NUMBER: 3/2023

August 2023

ALL ABOUT YOUR FUND AND WHAT IT DOES FOR YOU

Dear members

Welcome to the third newsletter for the year. We would like to assure you that we continue to remain committed to our vision of providing the best possible retirement outcome for all our members, retirees, and pensioners. As a member, you are assured that your Fund remains to be in a good financial position.

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
August 2023

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.

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INVESTMENT NEWS

Below are the annualized investment returns for all the portfolios over different measurement periods until 30 June 2023. Please note that the returns are shown after deducting investment manager fees and related costs and charges:

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	8.7%	4.8%	9.8%
Stable Portfolio	CPI + 3% p.a. net over a rolling 3-year period	3 years	9.6%	5.9%	8.9%
Money Market Portfolio	CPI + 1% p.a. net over a rolling 1-year period	1 year	8.0%	5.4%	6.4%
Shari'ah Portfolio	CPI + 4% p.a. net over a rolling 5-year period	5 years	8.1%	4.9%	8.9%

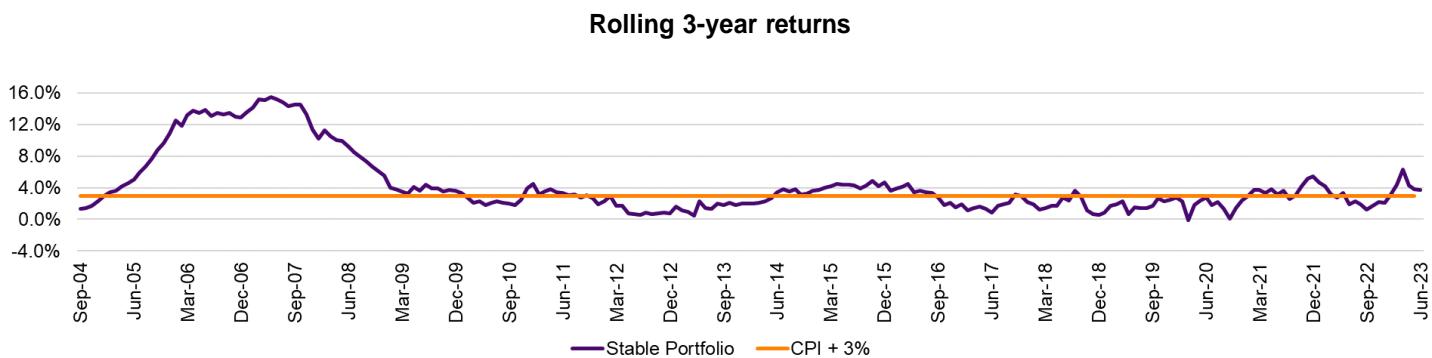
MONITORING OF LONGER-TERM PERFORMANCE OF THE PORTFOLIOS

To give you an indication of how the Market-linked, Stable and Money Market portfolios compare to each other at 30 June 2023, the charts below show the performance of each portfolio relative to its investment objective over their respective rolling periods in years to the end of June 2023.

The **Money Market portfolio** has delivered some 2.7% per annum above inflation for the last year, which is above its investment objective of 1% per annum above inflation. This is illustrated below:



The **Stable portfolio** has delivered some 3.7% 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 some 3.8% 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.

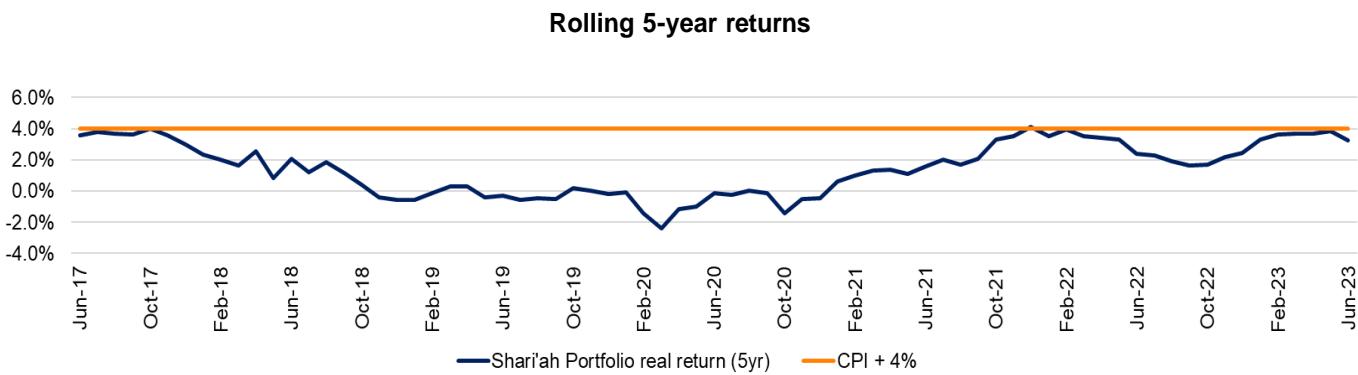


Equity markets offer the highest potential return compared to other asset classes such as bonds and cash; but the higher potential returns are associated with higher levels of risk (capital loss) and greater chances of negative returns over short periods. Based on the investment objective, the Market-linked 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. The year 2022 was a tough year for equities as markets were impacted by high inflation and rising interest rates, China's zero-Covid policy, extreme weather events and the Russian/Ukraine conflict. The first half of 2023 has been challenging, particularly for domestic equity markets. However, the second quarter started on a positive note as risks in the global banking sector lessened. Some of the key themes driving short-term market volatility for domestic equity markets were load shedding, political uncertainty, high inflation, the government's stance on the Russia/Ukraine conflict and higher-than-expected interest rate hikes, leading to revised lower GDP growth expectations. Towards the end of the second quarter, there was some relief as load shedding eased and political matters saw positive developments. In contrast, global equity markets performed well despite economic slowdowns, uncertainty over central bank tightening (interest rate hikes), and ongoing geopolitical tensions.

The Trustees expect, over the longer term, that the Market-linked Portfolio will 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 some 3.3% per annum above inflation for the last five years, which is below its investment objective of 4% per annum above inflation. This is illustrated below:



MARKET COMMENTARY

The SA equity market (as measured by the FTSE / JSE Capped SWIX Index) was up 1.2% over the quarter thus underperforming both global and emerging market equities which delivered 13.1% and 7.4% respectively. In US\$ terms global and emerging market equities returns are 6.2% and 0.9% respectively as the ZAR weakened by 6.5% against the US\$.

Index heavyweights Richemont and Naspers were up 13.1% and 3.2%, whereas Prosus was down 0.8% Anglo American PLC was down 8.3% and British American Tobacco posted a return of 0.1%. The two largest local banks, FirstRand and Standard Bank, were up 13.5% and 6.9% respectively.

Returns for global equity markets over the quarter were underpinned by outsize performance of the “Magnificent Seven” that the market believes will be the major beneficiaries of artificial intelligence (“AI”). Nvidia and Meta (Facebook) were the stand-out performers being up 52.3% and 35.4% respectively in US\$. Tesla was up by 26.2%, with Amazon and Microsoft posting US\$ returns of 26.2% and 18.4% respectively.

The USA was once again the best country equity performer being up 8.3% in US\$ over the quarter. Naturally the seven counters referred to above contributed significantly to this outcome. In addition, investors remains sanguine that the US economy would be able to withstand the interest rates increases without slipping into a recession.

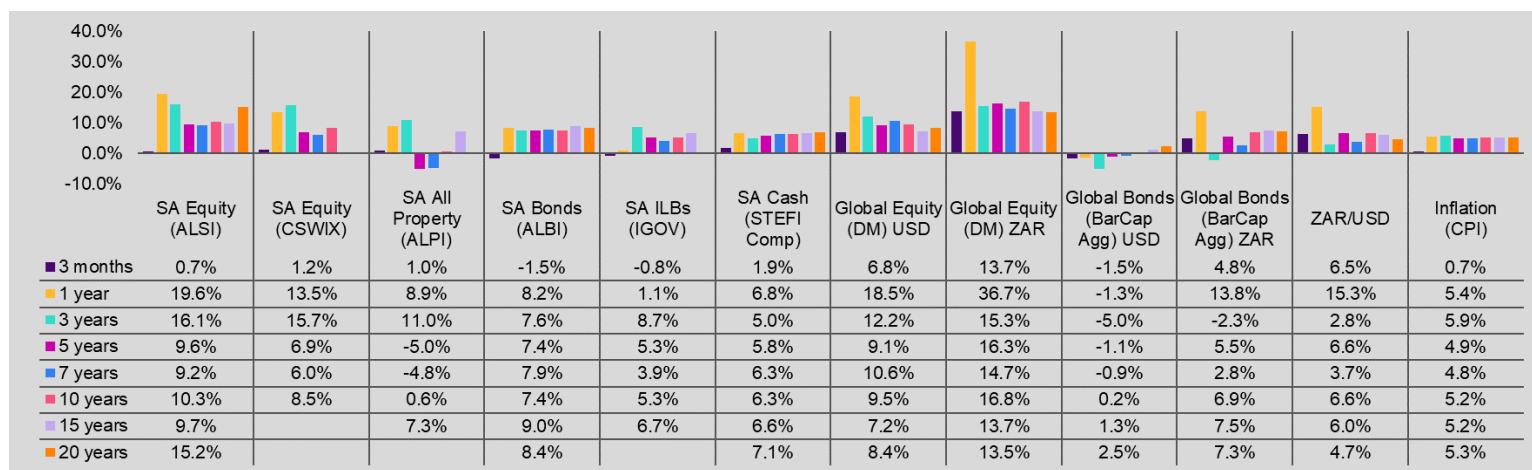
The SA listed property sector (SAPY) was down 0.7% over the quarter as investors remained concerned about the long term outlook for the country. Over the five year period, SA listed property has been the worst performing local asset class by a long way. This asset class is directly exposed to weak local GDP growth and the long term impact of Covid-19 is reshaping the sector.

One may have expected the offshore earnings of UK and Eastern European counters listed locally to provide some offset, but this has not been the case as global investors too have turned negative on this asset class.

SA nominal bonds delivered a return of -1.5% over the quarter as foreign investor concerns about ability of the SA government to fund its debt burden increased. Local bond yields remain high in real terms as investors seek compensation for the high country risk associated with being invested in this asset class. Local nominal bonds delivered a real return of 2.5% p.a. over the past five years, comfortably out-performing inflation linked bonds that only delivered a negative real return of 0.4% p.a. over the same period. Clearly, investors remain sanguine about the independence of the SARB to keep inflation in the 3.0% to 6% p.a. range.

Global equity markets (MSCI ACWI) delivered a positive return of 6.2% in US\$ again driven by large cap technology stocks and investor belief that the USA will avoid a recession and curb inflation. Global equities (in ZAR) have out-performed local equities (as measured by the Capped Index) by 16.3% over the past year, with this result being driven by the US\$ strength against the ZAR (15.3%).

SA equities out-performed global equities by a healthy 2.1% p.a. over the 20-year period. The early 2000's was a particularly good period for South African investors as the stock market benefitted from a peace dividend, falling interest rates, a healthy national balance sheet and high commodity prices. All these factors combined to deliver economic growth that exceeded 5% p.a. between 2003 and 2007.



An explanation of the different sectors appears below:

ALSI:	South African (SA) equities as measured by the All-Share Index
Capped SWIX	SA equities as measured by the Shareholder Weighted Index (each share capped at 10%)
ALPI:	SA listed properties as measured by the All-Property Index
IGOV:	SA Inflation-linked Bond Index
SteFI:	SA short-term fixed interest investments (cash)
ALBI:	SA All Bond Index (nominal bonds)
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.

INVESTMENT WORKSHOP AND GENERAL MEMBER FEEDBACK

- **Update on POPIA**
- **Recap of how the Fund works**
- **Retirement savings assumptions**
- **Flexible benefit design**
- **Summary of benefits (including ancillary benefits)**
- **Investments**
 - Asset classes
 - Types of portfolios
 - Overview of Life Stage Model and own Choice Portfolios
 - Switching rules
- **Investment performance** - Various measurement periods
- **Comments on investment performance**
- **Latest developments in the Industry**
- **Member communication- Web-site**

Three sessions were held virtually at the end of July 2023. These sessions were very well attended with 198 people attending in total.

At these sessions the information as shown on the left was covered in detail.

As can be seen, we revisited many important Fund issues e.g., the flexible contributions and how your contribution rate can affect your final retirement benefit. Also included in the presentation was a detailed section on Investments as well as an update on Government's proposed "Two Pots" pensions reforms.

If anyone is interested in watching these sessions, video recordings were made and are available from Dorothy Cedras – see her contact details on the last page.

PLANNING FOR RETIREMENT WORKSHOPS

The Fund held three virtual pre-retirement workshops at the end of July 2023. At the workshops, the different pension options available at retirement and the pros and cons of each option were discussed in detail. We are happy to report that a total of 200 members attended the sessions.

If anyone is interested in watching these sessions, video recordings were made and are available from Dorothy Cedras – see her contact details on the last page.

If you are over the age of 50, we urge you to attend these workshops when they are presented once again.

Choosing the right pension is not an easy decision to make. So, it is for the reasons mentioned above that we encourage you to attend these retirement planning sessions in future – even if you have previously attended - 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.

Included below is a short article on retirement planning taken from the recent workshops held.

RETIREMENT PLANNING – WHAT ARE MY CHOICES?

At retirement you will face a number of very important choices that you will need to make. Because you are likely to save towards your retirement over multiple decades, by the time you retire this may well be the single biggest asset you own.

What you end up doing with this pot of money is one of the most critical financial decisions of your life, as the choice you make will determine your lifestyle for the next 25 to 30 years.

So, what choices do I need to make at retirement?

The first choice you need to make is how much you need or want to take as a cash lump sum from your retirement savings? Of course, the amount you can take may have certain restrictions in terms of the Pensions Funds Act and Income Tax Act.

Before deciding on the amount of cash you wish to take as a lump sum, you need to determine why you require this money (an example may be to settle any outstanding debt you may have).

Keep in mind that any cash amount withdrawn leaves you with less capital to purchase the annuity from which you will be drawing your retirement income.

Tax is another important factor to consider. The good news is that the first R550 000 taken as a cash lump sum is tax free. However, 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 R550 000 tax free amount at the time when you retire. If you wish to withdraw an amount greater than that, then the tax table will apply. The tax tables can be found on the Fund website: www.petrosareirementfund.co.za

Once you have decided how much cash to take (if any), the next choice is what to do with the remaining money in your retirement savings.

Whether or not you choose to take a portion of your retirement savings in cash, the balance of your investment must be used to purchase an annuity that will pay you an income throughout your retirement.

You currently have two main options from which to draw your income in retirement: a **living annuity or a life annuity**. Each product has its own set of advantages and limitations (see table below).

	Life Annuity - Insurer	Living annuity – PetroSA RF OR Insurer
Vehicle	You purchase an Insurance Policy	Functions like a “Bank account”
Until when is it payable?	Current pension is guaranteed as long as you live	Until living annuity balance is depleted
Pension amount	Set by insurer depending on type of pension, increases and terms - Should increase each year	You decide Yearly (subject to minimum 2.5% - maximum 17.5% of your capital)
Investment expertise needed	None	You decide how the living annuity balance should be invested
Decision making required	At point of purchase, you need to decide: Type of pension Level of pension increases Guarantee period (if any) How much pension should your spouse receive	Every year you need to decide the amount of pension and where the living annuity balance should be invested
Inheritability	None (except where you choose for a portion of your pension to be paid to your spouse on your death)	Your living annuity balance is available for your dependants on your death
Ability to change later	Not permitted	Permitted – can purchase another living or life annuity Can change investment choice + pension amount annually
Risks	Depending on the decisions you make about spouse's pension and guarantee period, you may not get anything back if you die shortly after purchasing pension - (but you still get paid even if you live until 125!)	Risk of outliving your capital – if you take too high a pension or investment returns are poor or you live longer than expected, you can run out of pension
Costs	Typically lower	Typically higher In-fund living annuity has lower costs than external living annuity

Please note that once you retire, the risk benefits you currently have as an in-service member, fall away.

FLEXIBLE MEMBER CONTRIBUTIONS

This particular important area was discussed in detail at this year's member feedback session. The table below which demonstrates the number of members of this Fund that are contributing to each category was shown. As can be seen, the majority of members are contributing at the lower contribution rates.

CATEGORY OF EMPLOYMENT	%	NUMBER OF MEMBERS IN EACH CATEGORY	% OF TOTAL MEMBERSHIP
A*	7.5	299	32%
B*	10.0	173	19%
C*	12.5	192	21%
D	15.0 (Default)	86	9%
E	17.5	88	10%
F	20.0	27	3%
G	22.5	17	2%
H	25.0	11	1%
I	27.5	29	3%

***WARNING: Choosing (and staying in) these three categories will result in inadequate retirement savings. If you are contributing at this level, you will need to catch up and contribute more later to be able to save enough for a comfortable retirement.**

In order to provide a reasonable retirement benefit you should ideally structure your package so that PetroSA contributes at least 15.0% of your pensionable salary for your retirement savings. Possibly the main reason why you **might** have structured your package on a lower retirement savings contribution rate is to pay off debt (for example your housing bond) quickly.

If you have elected a lower contribution rate for the period that you might be paying off a debt, then it is very important that you increase your retirement contribution as soon as the debt is paid.

Note: There is a huge risk of inadequate retirement benefits if you make too low an allocation for retirement savings.

TWO-POT SYSTEM – SUMMARY

In previous newsletters, we have mentioned National Treasury's discussion papers on Retirement Reform – “**the Two-Pot system**” - which were issued in December 2021. The draft legislation was then issued in late July 2022 and again in early July 2023. This was also discussed at this year's member feedback sessions at the end of July.

On the next page you will find a summary, originally designed by AlexForbes, which explains and summarises the main points on how this will work once implemented.

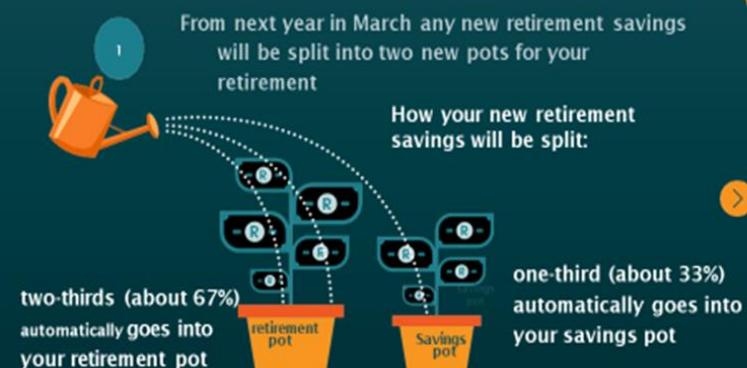
The Fund is already in the process of setting up administrative structures to accommodate such change should this be implemented on 1 March 2024. As always, we will continue to keep you updated on the matter going forward.

The two-pot system

Some important new changes for retirement funds are coming and could apply from 1 March 2024. People usually call these changes 'the two-pot system'.

What do the changes mean for my retirement savings?

From 1 March 2024 any amounts that you save in a **retirement fund** will be split into a **savings pot** and a **retirement pot**. The draft laws talk about a 'component' rather than a 'pot', but we will still use a 'pot' here to make it simple.



What is the two-pot system?

2

How your two new pots work

You must use your retirement pot to set up a retirement income. No withdrawals allowed.



You can withdraw from your savings pot once a year if you need to.

Exception to the two-pot system

The new two-pot system changes will not automatically apply to provident fund members who were 55 years or older on 1 March 2021. These members who do not choose to participate in the two-pot system will not have the savings pot and retirement pot. This means that the old rules will still apply to all their savings.



What happens to my existing retirement savings?

Your retirement savings up to 1 March 2024, and any investment growth on these savings, **will not be affected by the new rules**.

There is one exception though:

A small amount of your savings will be moved to your new savings pot. This amount is expected to be 10% of your savings up to R25 000. You'll be able to withdraw the money in your savings pot if it's more than R2 000. You'll pay tax on any cash you withdraw.

ANNEXURE 1: GENERAL INFORMATION

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

- About the PetroSA 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 (Chairperson)	Mr P Manikivana	Ms GN Tyandela	Vacant
Mr JP Rhode	Mr R Constance	Mr J Lichaba	Ms N Cairncross-Chinnapayel
Dr W Kruger	Ms NM Jwaai	Ms A de Lange	Ms SL Wessels
Mr H Rauch	Mr I Loff	Ms GN Gumede	Mr PW Marriday

Principal Officer: Ms Rochelle Swart.

COMMUNICATION

More information is provided via the following:

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

QUESTIONS OR QUERIES- PLEASE CONTACT:

The Principal Officer: Rochelle Swart*
Telephone: 0849412329.
E-Mail: rochelleswart20@gmail.com

*Ms Swart is an independent Principal Officer

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:

Dorothy Cedras
(044) 601 2540
dorothy.cedras@petrosa.co.za

COSTS

Administration and Fund costs (applicable from 1 June 2023)

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

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

Portfolio fees and charges

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

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

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. The increase in the manager fees in the Market-linked Portfolio is mainly due to a performance fee paid to Coronation in October 2021 in respect of the SA Equity mandate for the period ending 30 June 2021 (the performance fee was 0.12% of the Market-linked Portfolio).

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 three categories will result in inadequate retirement savings. If you are contributing at this level, you will need to catch up and contribute more later to be able to save enough for a comfortable retirement.
15%	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?	You can leave the full benefit in the Fund (become a deferred member) and transfer it, or 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) 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
<i>* Please note that though the benefit paid from the fund on resignation and retrenchment is the same, this benefit is taxed differently</i>	

TAX TREATMENT OF LUMP SUMS ON WITHDRAWAL

The Fund web-site (petrosareirementfund.co.za) 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.**

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.

OR

You can choose to immediately retire from the 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).

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

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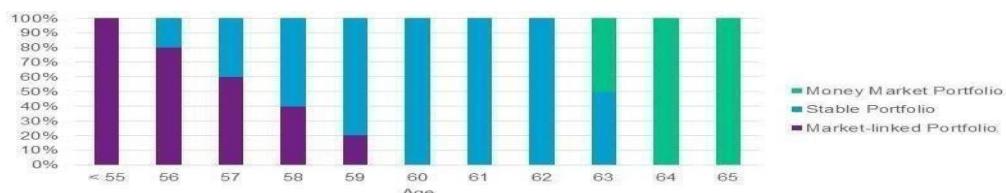
GENERAL INFORMATION ON INVESTMENTS

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 10).

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

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 number and e-mail address, 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 Website.

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.