



# PetroSA Retirement Fund

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

## NEWSLETTER

**ISSUE NUMBER: 4/2024**  
**November 2024**

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

Dear members

Welcome to the final newsletter for 2024, the newsletter designed for you – our members. This has been a very busy year for the Fund, as well as the retirement fund industry in general, due to the implementation of the “Two Pots System.” Inside this issue we will give you feedback in this regard.

We continue to assure you that we 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 and let us know.

Wishing all our members and pensioners well during the upcoming festive season.

Board of Trustees

November 2024

### INSIDE THIS ISSUE

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- ✓
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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 30 September 2024. Please note that the returns are shown after deducting investment manager fees and related costs and charges:

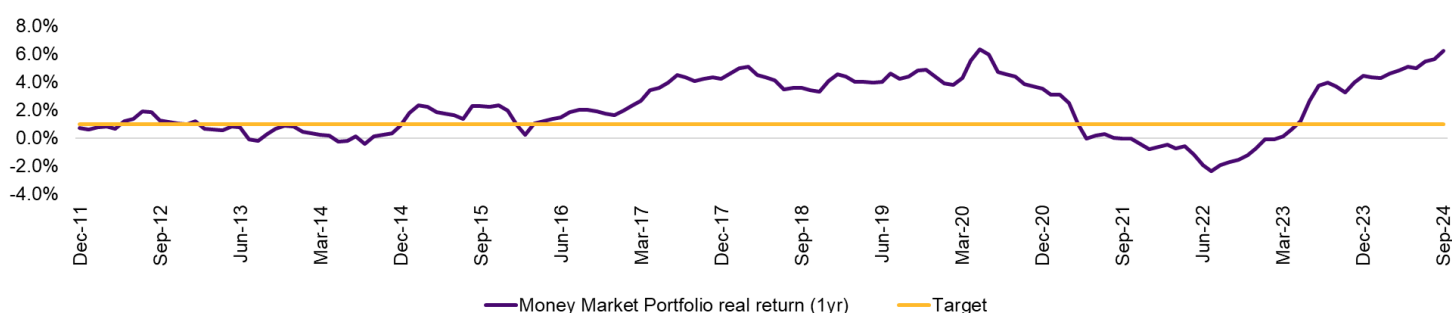
Portfolio	Investment Objective	Measurement period to 30 Sep 2024	Actual Return p.a. over measurement period	Inflation (CPI) p.a. over measurement period	Real Return (Return above inflation) p.a.
<b>Market-Linked Portfolio</b>	5% p.a. (net of fees and costs) above inflation over a rolling 7-year period	7 years	9.7%	4.8%	4.9%
<b>Stable Portfolio</b>	3% p.a. (net of fees and costs) above inflation over a rolling 3-year period	3 years	9.8%	5.6%	4.3%
<b>Money Market Portfolio</b>	1% p.a. (net of fees and costs) above inflation over a rolling 1-year period	1 year	10.1%	3.8%	6.2%
<b>Shari'ah Portfolio</b>	4% p.a. (net of fees and costs) above inflation over a rolling 5-year period	5 years	9.2%	4.9%	4.2%

### 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 2024, the charts below show the returns above inflation of each portfolio relative to its investment objective over their respective rolling periods in years to the end of September 2024.

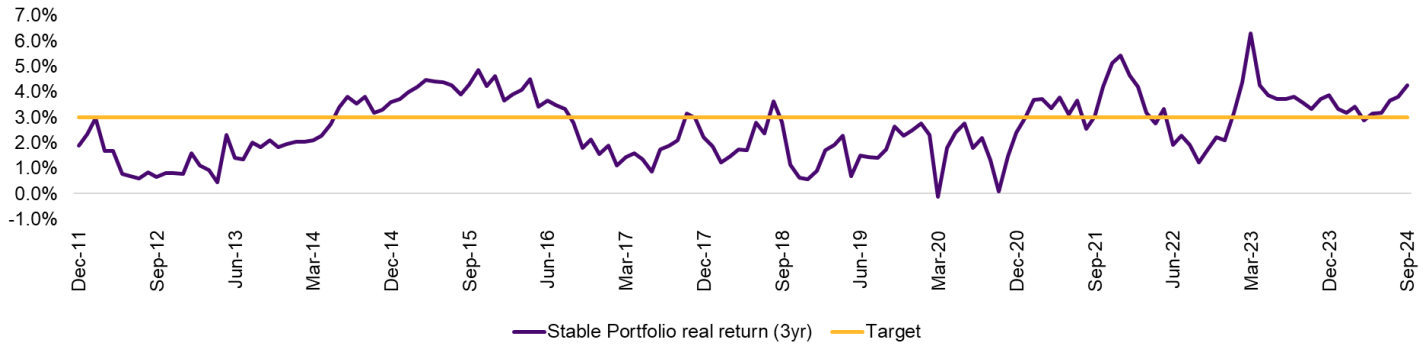
The **Money Market portfolio** has delivered some 6.2% per annum above inflation for the last year, which is significantly above its investment objective of 1% per annum above inflation. This is illustrated below:

Rolling 1-year real returns



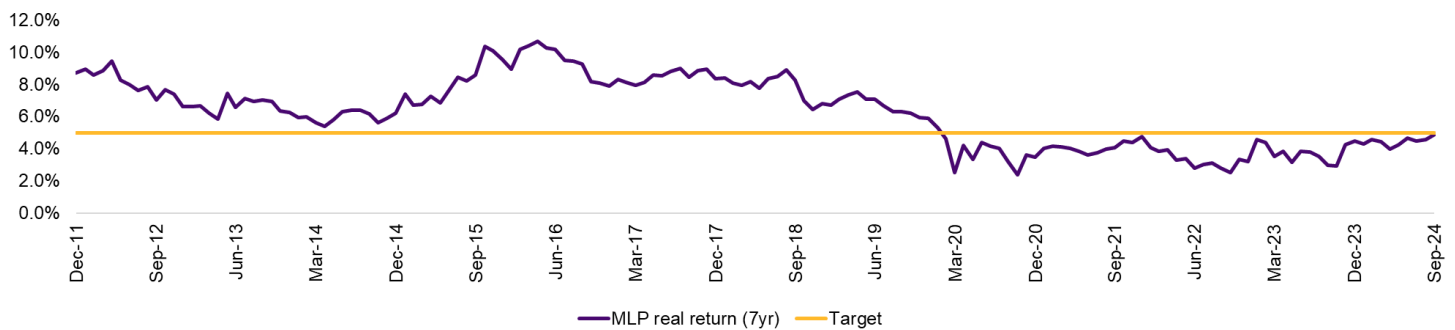
The **Stable portfolio** has delivered some 4.3% per annum above inflation for the last three years, which is above its investment objective of 3% per annum above inflation. This is illustrated below:

### Rolling 3-year real returns



The **Market-linked portfolio** (which is the portfolio for the wealth-building stage of the life stage model) has delivered some 4.9% per annum above inflation over the last seven years, which is marginally below its long-term investment objective of 5% per annum above inflation. This is illustrated below.

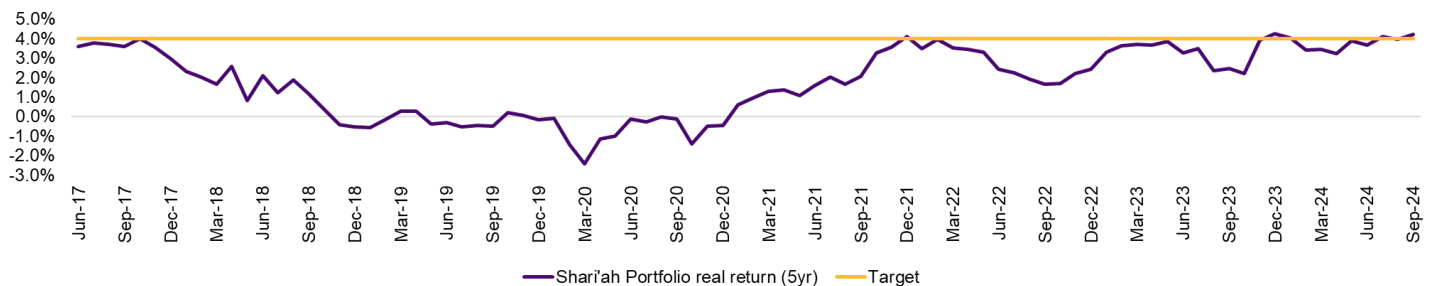
### Rolling 7-year real returns



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 4.2% per annum above inflation for the last five years, which is above its investment objective of 4% per annum above inflation. This is illustrated below:

### Rolling 5-year real returns



## MARKET COMMENTARY

The local equity market, along with other emerging markets, were boosted by the Chinese rally over the quarter as the People's Bank of China announced a major stimulus package. The FTSE/JSE Capped SWIX Index was up 9.6%, by far outperforming both global (MSCI ACWI) and emerging market equities which delivered ZAR returns of 0.6% and 2.6%, respectively. In US\$ terms, global and emerging market equity returns were 6.6% and 8.7% respectively over the quarter.

The US Federal Reserve kicked off its long-awaited interest rate cutting cycle in September with a 50bps cut (their first rate cut since the Covid-19 pandemic), while locally the Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) cut the repo lending rate by 25bps to 8.0% at its September meeting.

For the quarter, global equity returns continued their positive momentum buoyed by the expectation of disinflation and future interest rate cuts globally and the diminishing likelihood of economic recession in developed markets. The utilities sector was the best performer over the quarter as its stable and long duration cash flows revalued at lower interest rates.

The five-year FTSE/JSE Capped SWIX Index return is 11.9% p.a. out-performing inflation by 6.9% p.a. This index underperformed the FTSE/JSE Capped All Share Index (which historically has a higher weighting to Anglo American, Richemont and BHP) by a material 2.2% p.a. over the five-year period. This outcome is explained by the strong performance of Richemont (21.3% p.a.) over this five-year period.

The SA listed property sector (SAPY) was up a strong 18.7% over the quarter and is the best performing local asset class over the year as share prices benefitted from a decline in long term interest rates and selected property companies reported better results than expected.

Over the five-year period, SA listed property has been the worst performing local asset class. This asset class is directly exposed to weak local GDP growth and the long-term impact of Covid-19 on the sector. One may have expected the offshore earnings of UK and Eastern European counters listed locally to provide some offset, but economic growth in these countries has also been weak.

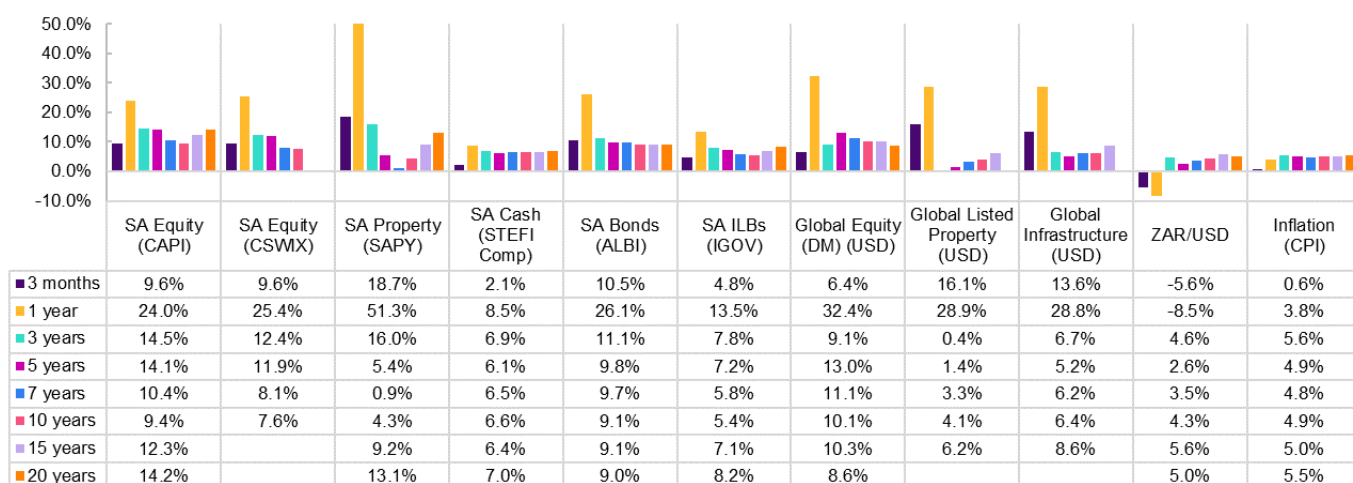
SA nominal bonds delivered a return of 10.5% over the quarter. Local bond yields fell over the quarter as investor sentiment continued to improve following the formation of the Government of National Unity (GNU). Local nominal bonds delivered a real return of 4.8% p.a. over the past five years, out-performing inflation linkers that only delivered a real return of 2.2% p.a. over the same period. Investors seemingly remain sanguine about the independence of the SARB and their ability to keep inflation in the 3.0% to 6% p.a. range.

Global listed property (up 16.1% in US\$) and global core listed infrastructure (up 13.6% in US\$) both outperformed global equities (MSCI ACWI up 6.6% in US\$) over the quarter as interest rates reduced and investor concerns about a global recession waned.

Global listed property delivered a return of 28.9% in US\$ over the one-year lagging global equities, however, this margin has reduced more recently, highlighting the point that the market is pricing in further interest rate cuts and a low probability of economic recession in developed markets.

Global listed infrastructure delivered a return of 28.8% in US\$ over the one-year period also underperforming global equities. Unlike the equity asset class which has a high exposure to firms whose returns are largely unrelated to GDP growth (i.e., IT, health care), this sector is heavily exposed to economic growth prospects.

A description of the different indices appears below:



CAPI:	SA equities as measured by the All Share Index (each share capped at 10%)
Capped SWIX:	SA equities as measured by the Shareholder Weighted Index (each share capped at 10%)
SAPY:	SA listed properties as measured by the SA Property Index
SteFI:	SA short-term fixed interest investments (Cash)
ALBI:	SA All Bond Index (Nominal Bonds)
Global Equity (DM):	MSCI ACWI ND USD (Developed Markets)
Global Listed Property:	FTSE NAREIT Dev Net USD
Global Listed Infrastructure:	FTSE GLI (50/50) Net USD
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. Do not 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.**

## TWO POT SYSTEM IMPLEMENTATION

By now you are all well aware of the phrase “The Two Pot Retirement System” which is in effect since 1 September 2024 and aims to support South Africans financially before they retire, as well as improve their retirement savings.

Prior to the implementation, a number of presentations were held. We would like to take this opportunity to thank the very many individuals that attended these very important sessions. Our Administrators have been extremely busy assisting our members with “Two Pot” enquiries and claims.

Please contact Dorothy Cedras (details on Page 9) should you require a copy of the slides, as well as a copy of the recorded presentation.

We want to emphasize that the savings component is designed to provide financial relief in emergencies. However, regularly accessing your savings will likely have a negative impact on your long-term retirement outcomes. Applications for savings withdrawal benefits should be made online, on AFConnect. Additionally, there is a verification process in place when claiming from your Savings Pot to help prevent fraud. Members must provide: ID/passport document, Tax Certificate, Proof of bank (3 months bank statement).

**The slides and the recent Two Pots communication are also available on the PetroSA Retirement Fund website (<https://www.petrosaretirementfund.co.za/>; link on top left of homepage.)**

Here are the latest statistics regarding claims paid, as well as payments made specifically for PetroSA Retirement Fund:

A total of 314 members of the Fund claimed from their Savings Pot since the implementation of the Two Pot System

Gross value paid = R7,892,715.68

Tax including IT88 SARS payments = R2,695,275.79

Nett payments = R5,245,224.25

Average payment = R16,704.54

AlexForbes have received over 316 000 claims totaling more than R5.9 billion for all their clients they administer, since 1 September 2024.

## FLEXIBLE CONTRIBUTIONS

The table below which demonstrates the number of members of this Fund that are contributing to each category. We have shown both 1 August 2023, as well as 1 August 2024 numbers. As can be seen in both cases, 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:** 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.

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 allocation for retirement savings.

## PLANNING FOR RETIREMENT WORKSHOPS

During the course of this past month, we held a number of retirement planning presentations which were all very well attended. The Fund will be holding another round of pre-retirement workshop towards the end of March 2025. At the workshops, the different pension options available at retirement and the pros and cons of each option are discussed in detail.

It would be wonderful if you can please come and join us at these sessions – held bi-annually. This is an opportunity for you to be guided by us through the process of creating a comprehensive retirement arrangement that considers all aspects of your life. This workshop is designed for individuals aged 50 and above, but it is also suitable for anyone who wants to learn more about retirement planning.

At our workshops we cover a comprehensive range of topics, including the Fund's options, pre-retirement planning, managing the transition, expected income under different scenarios, associated costs, potential pitfalls of resigning early, taxation considerations, and much more.

Our aim is to empower you with all the necessary information and knowledge so that you are able to make an informed decision when you reach retirement! We encourage members to attend multiple sessions, as part of our dedication to assist you in crafting a well-informed retirement strategy.

# 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 **Trustees** are:

Member Elected Trustees	Member Elected Alternates	Employer Appointed Trustees	Employer Appointed Alternates
Mr LE Moser (Chairperson)	Mr R Constance	Ms S Ngoetjana	Mr O Mohapanele
Mr JP Rhode	Ms NM Jwaai	Mr J Lichaba	Mr PW Marriday
Dr W Kruger	Mr L Tofu	Ms A de Lange	-
Mr H Rauch	Mr I Loff	Ms GN Gumede	-

**Principal Officer:** Ms Rochelle Swart.

### COMMUNICATION

More information is provided via the following:

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



## QUESTIONS OR QUERIES- PLEASE CONTACT:

AlexForbes: [zzPetroSA.Admin@alexforbes.com](mailto:zzPetroSA.Admin@alexforbes.com)  
The Principal Officer: Rochelle Swart\*  
Telephone: 0849412329.  
E-Mail: [rochelleswart20@gmail.com](mailto:rochelleswart20@gmail.com)

\*Ms Swart is an independent Principal Officer

## PENSION FUNDS ADJUDICATOR:

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

## CHANGE IN ADDRESS OR PERSONAL DETAILS

Please notify the Human Capital department in writing:  
Dorathy Cedras  
(044) 601 2540  
[dorathy.cedras@petrosa.co.za](mailto:dorathy.cedras@petrosa.co.za)

## COSTS

### Administration and Fund costs (applicable from 1 June 2024?)

- 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 72.43 pmpm (per member per month) plus VAT)
- Deferred members – Administration costs of R 54.61 pmpm plus VAT deducted from deferred pension account
- Deferred pensioners – Administration costs of R 54.61 pmpm plus VAT deducted from member individual account
- Living annuitants – Initial fee = R1 255.89 plus VAT. Administration costs of R127.60 pmpm plus VAT deducted from living annuity balance.

**Switching costs** (cost of changing investment decision) – first switch in the year is free. Thereafter R 497.51 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 2024. The 2023 figures are shown in brackets and italics for comparison. Note that the portfolio investment returns quoted in member communication are net of the fees and charges estimated below.

Portfolio	Investment manager fees (Base Fee)	Investment manager fees (Performance Fee)	Other investment- related fees and charges <sup>1</sup>	Transaction costs	Total Fees and Charges
Market-linked	<b>0.41%</b> (0.43%)	<b>0.05%</b> (0.06%)	<b>0.19%</b> (0.12%)	<b>0.11%</b> (0.10%)	<b>0.77%<sup>2</sup></b> (0.70%)
Stable	<b>0.54%</b> (0.53%)	<b>0.08%</b> (0.14%)	<b>0.13%</b> (0.12%)	<b>0.04%</b> (0.04%)	<b>0.79%<sup>3</sup></b> (0.83%)
Money Market	<b>0.09%</b> (0.09%)	<b>0.00%</b> (0.00%)	<b>0.02%</b> (0.02%)	<b>0.00%</b> (0.02%)	<b>0.11%</b> (0.13%)
Shari'ah	<b>0.73%</b> (0.71%)	<b>0.00%</b> (0.00%)	<b>0.07%</b> (0.05%)	<b>0.12%</b> (0.09%)	<b>0.92%<sup>4</sup></b> (0.85%)

<sup>1</sup> Includes Sygnia investment administration fee of 0.06% for multi-manager portfolios (Market-linked and Stable portfolios) and 0.02% for single-manager portfolios (Money Market and Shari'ah portfolios).

<sup>2</sup> The introduction of Satrix in the Market-linked Portfolio resulted in additional costs incurred in 2023 as a result of the transition and alignment of assets. A performance fee was paid for the Coronation Houseview Equity portfolio during October 2023.

<sup>3</sup> Reduction due to lower performance fees payable under the Allan Gray Global Stable portfolio based on the performance of the Orbis Fund.

<sup>4</sup> The increase in manager fees is as a result of changes to the underlying manager weights within the portfolio. Transaction costs increased due to trading activity in the portfolio as a result of volatility in the markets during the last year.

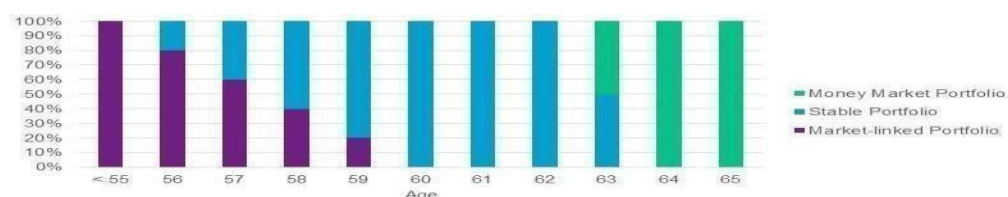
## GENERAL INFORMATION ON INVESTMENTS

### 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	Actual Asset allocation (as at 30 September 2024)
<b>Market Linked Portfolio</b>	Target return <b>CPI + 5%</b> per annum over a rolling 7-year period Highest potential return; highest volatility; highest chance of negative returns over short periods Most appropriate for long term investing (>10 years) Strategic asset allocation determined by the Board.	<b>37.9% SA equities</b> (managed by Allan Gray (27.5%), Coronation (27.5%), Abax (20%) and Satrix (25%)) <b>20.6% SA bonds</b> (managed by Ninety One (37.5%), Coronation (37.5%) and Futuregrowth (25%)) <b>41.6% offshore</b> (various managers across bonds (15.0%); equity (67.5%), listed infrastructure (7.5%) and listed property (10.0%))
<b>Stable Portfolio</b>	Target return of <b>CPI + 3%</b> per annum over a rolling 3-year period Lower volatility than the Market Linked portfolio Strategic asset allocation determined by the managers.	<b>13.6% SA equity + 0.6% SA property + 35.2% SA bonds + 13.0% SA cash + 35.1% offshore + 2.6% other (commodities and hedge funds)</b> (managed by Allan Gray (33.3%), Coronation (33.3%) and Ninety One (33.3%))
<b>Money Market Portfolio</b>	Target Return of <b>CPI + 1%</b> per annum Least appropriate for long-term investing Most chance of capital preservation	<b>100% SA cash and money market instruments</b> (managed by Ninety One)
<b>Shari'ah Portfolio</b>	Target returns of <b>CPI + 4%</b> per annum over a rolling 5-year period Adheres to Shari'ah principles of the ban of interest and the ban on investment in certain sectors – 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.	<b>37.0% SA equities + 4.7% commodities + 25.6% SA cash &amp; Islamic fixed term deposits + 5.0% SA Sukuk + 23.2% offshore equities + 4.4% offshore sukuk</b> (managed by 27four Investment Managers)

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



If you like this model, you can also choose to be invested in it by selecting this option on the option form.

If you make no investment choice when you become a deferred member, you will remain invested in the portfolio in which you were invested in prior to becoming deferred – if this is the 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 3<sup>rd</sup> working day of the month following your termination of employment. If this is not adhered to, the benefit will remain in the Fund and will be invested in the underlying portfolio for another month. We ask you to please insert your contact details on these forms e.g., cell 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

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 Principal Officer. Members may also complete the beneficiary nomination forms on AFConnect.

#### 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.