



# PetroSA Retirement Fund

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

## NEWSLETTER

ISSUE NUMBER: 3/2025

September 2025

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

Dear members

Welcome to the third issue of your newsletter for 2025.

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.

Board of Trustees

September 2025

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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 June 2025. Please note that the returns are shown after deducting investment manager fees and related costs and charges:

Portfolio	1 year	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.	15 years p.a.	20 years p.a.
Market-linked Portfolio	17.7%	15.1%	13.5%	10.4%	9.9%	12.2%	12.8%
Stable Portfolio	15.5%	13.1%	10.8%	9.1%	8.8%	8.4%	9.8%
Money Market Portfolio	9.5%	9.2%	7.6%	7.8%	8.0%	7.5%	8.1%
Shari'ah Portfolio	10.8%	10.2%	10.3%	8.4%	7.3%	n/a	n/a
CPI (Inflation)	3.0%	4.5%	5.1%	4.6%	4.8%	5.0%	5.5%

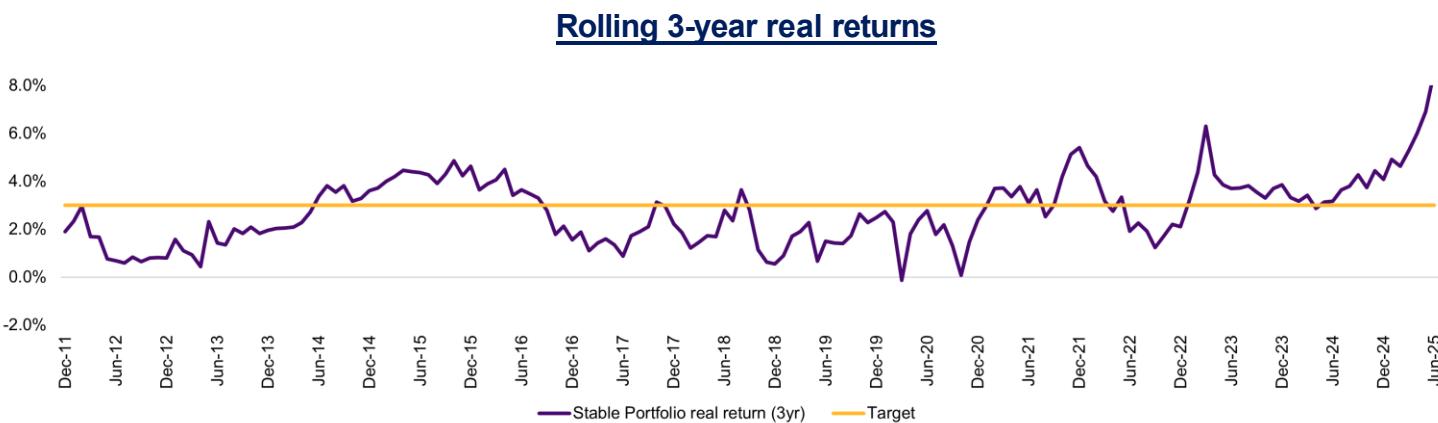
## MONITORING OF LONGER-TERM PERFORMANCE OF THE PORTFOLIOS

To give you an indication of how the Market-linked, Stable and Money Market portfolios compare to each other at 30 June 2025, 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 June 2025.

The **Money Market portfolio** has delivered some 6.5% per annum above inflation for the last year, which is significantly above its investment objective of 1% per annum above inflation over a rolling 1-year period. This is illustrated below:



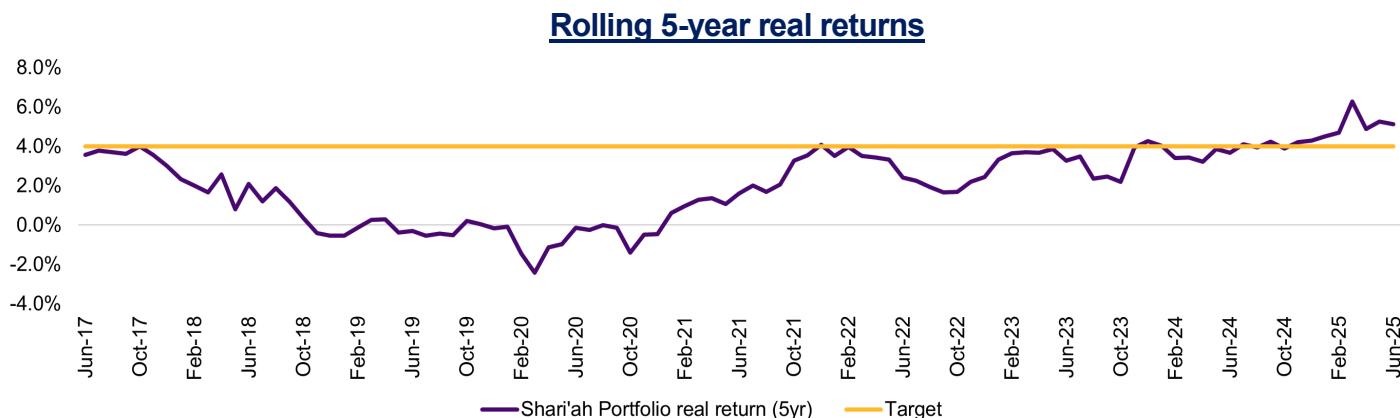
The **Stable portfolio** has delivered some 8.6% per annum above inflation for the last three years, which is well above its investment objective of 3% per annum above inflation over a rolling 3-year period. This is illustrated below:



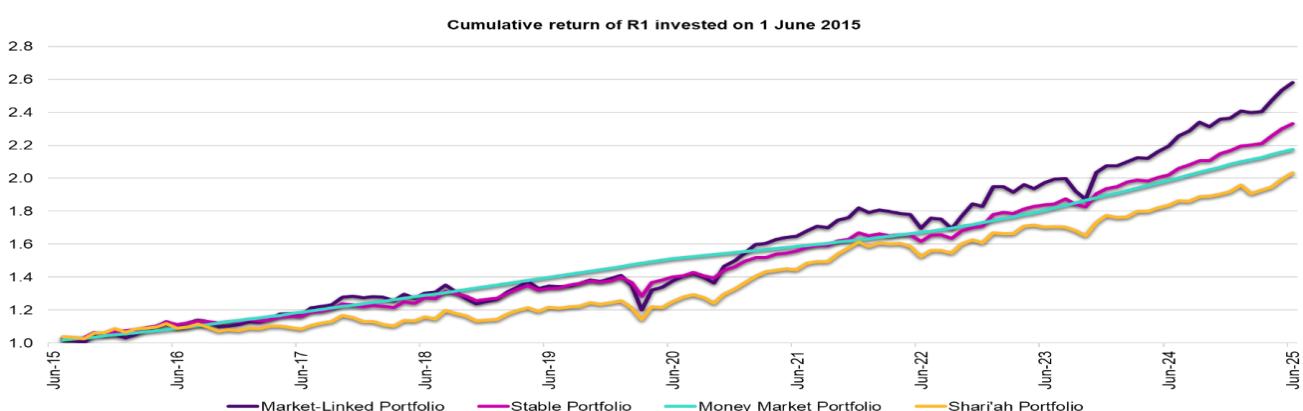
The **Market-linked portfolio** (which is the portfolio for the wealth-building stage of the life stage model) has delivered some 5.7% per annum above inflation over the last seven years, which is marginally above its long-term investment objective of 5% per annum above inflation over a rolling 7-year period. This is illustrated below.



The **Shari'ah portfolio** has delivered some 5.1% per annum above inflation for the last five years, which is well above its investment objective of 4% per annum above inflation over a rolling 5-year period. This is illustrated below:



### CUMULATIVE COMPARISON OVER 10 YEARS TO 30 JUNE 2025



### MARKET COMMENTARY

Markets had a remarkably strong second quarter of 2025 considering the escalation in tension in global conflict zones, disappointing economic growth as well as the domestic challenges between the two largest parties in the Government of National Unity. The local equity market continued its strong performance year to date, while developed world equity markets recovered from a poor first quarter.

All three of the local equity broad market sectors provided strong returns over the quarter, with Industrials leading the pack at 11.8%, followed by Resources gaining 9.2% and Financials up 8.5%. Platinum counters delivered stellar returns over the quarter on the back of the much higher platinum price (e.g. Northam +46.4% and Impala Platinum +26.2%). Naspers and Prosus were up 22.1% and 17.8% over the quarter on the back of strong earnings growth and improved sentiment toward Chinese internet stocks including Tencent.

The SA Reserve Bank cut local short-term interest rates for the second time this year by 25 bps in May 2025, bringing the repo lending rate to 7.25% p.a. The Federal Reserve however kept the United States (US) interest rate fixed over the quarter, with the view that tariff policy changes brought on by the current Trump administration may be unfavourable for future inflation.

SA listed property experienced a re-rating post the initial US tariff announcement and benefitted from the interest rate cut as well as from the improvement in many companies' operating and financial metrics over the quarter to deliver a return of 9.1% in the second quarter.

It is worth highlighting how strong the one-year SA equity performance of 24.6% is in absolute terms relative to both global and emerging markets in ZAR (13.1% p.a. and 12.2% p.a. respectively).

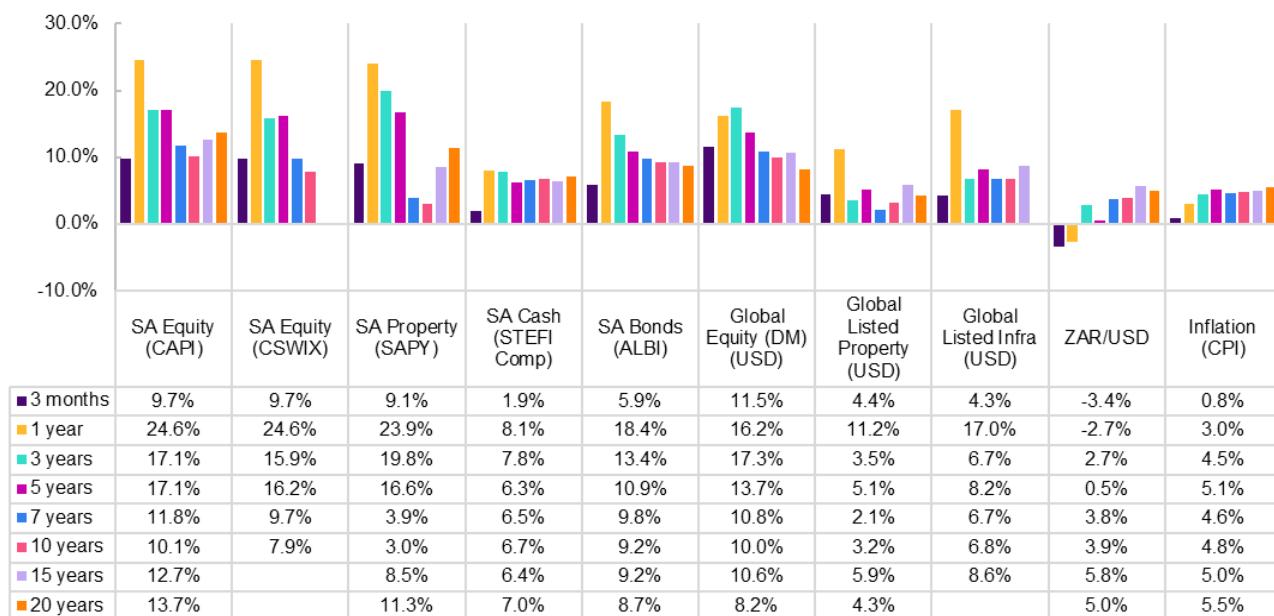
The five-year FTSE/JSE Capped SWIX return is 16.2% p.a., an exceptional real return of 11.1% p.a. above inflation. Of course, markets were still suppressed by the end of June 2020 following the onset of the Covid-19 pandemic and, when assessing asset class returns over the five-year period, one should take this lower base and more highly priced markets currently into consideration.

South African bonds had a solid quarter on the back of the well-contained inflation, expectations of a lower inflation target and the SARB interest rate cut, with the All Bond Index (ALBI) gaining almost 6%. Notably the 10-year government bond yield reduced from about 10.5% at the end of the previous quarter to some 9.9% by late June. In addition, improved fiscal metrics (a small primary surplus forecast) leant support to the bond market.

The ZAR sold off sharply at the start of the reporting quarter in April to a high of R19.78 to the US Dollar on the back of the Trump "Liberation Day" tariff announcements as well as strained US / SA relations. The local currency has however retraced against the US Dollar to end the second quarter at R17.77, a currency appreciation of 3.4% over the full quarter. However, the Rand weakened by 5.0% to the Euro over the quarter and by 2.6% to the British Pound Sterling.

The ZAR has in fact appreciated by 0.5% p.a. against the US\$ over the 5 years period. This outcome is a function of the specific measurement period as the ZAR was weak 5 years ago because of Covid-19 concerns and is stronger currently because of US\$ weakness. The ZAR has not strengthened over this period because South Africa has become less fragile.

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.**

# MEMBER EDUCATION WORKSHOPS - LEARN, GROW AND FLOURISH!

## PRE-RETIREMENT WORKSHOPS

### ARE YOU READY TO RETIRE SUCCESSFULLY?

The Fund held three virtual pre-retirement workshops at the end of July 2025. 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 over 200 members attended the sessions.

At the workshops, the different pension options available at retirement and the pros and cons of each option are discussed in detail.

If you are over the age of 50, we urge you to attend these upcoming workshops - even if you have previously attended - you will receive an in-depth education on all the options available to you.

It would be wonderful if you can please come and join us at these sessions – which we hold twice a year (with a few sessions held each time). 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 assisting you in crafting a well-informed retirement strategy.

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.

**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 lifetime 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](http://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 <u>OR</u> Insurer
<b>Vehicle</b>	You purchase an Insurance Policy	Functions like a “Bank account”
<b>Until when is it payable?</b>	Current pension is guaranteed as long as you live	Until living annuity balance is depleted
<b>Pension amount</b>	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)
<b>Investment expertise needed</b>	None	You decide how the living annuity balance should be invested
<b>Decision making required</b>	At the point of purchase, you need to decide: Type of pension (Joint Life, Single life) Level of pension increases (level, fixed, CPI-linked, With-Profits PRI) Guarantee period (if any) How much pension should your spouse receive after your death	Every year you need to decide the amount of pension and where the living annuity balance should be invested
<b>Inheritability</b>	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 dependents on your death
<b>Ability to change later</b>	Not permitted	Permitted – can purchase another living or life annuity Can change investment choice + pension amount annually
<b>Risks</b>	Depending on the decisions you make about the spouse's pension and guarantee period, you may not get anything back if you die shortly after purchasing a pension - (but you still get paid even if you live until 125!). Also, there are risk associated with your decision on level of pension increases e.g. With-Profit increases lower than expected.	Risk of outliving your capital – if you take too high a pension <u>or</u> investment returns are poor <u>or</u> you live longer than expected, you can run out of pension
<b>Costs</b>	Typically, lower	Typically, higher In-fund living annuity has lower costs than external living annuity

## MEMBER FEEDBACK SESSIONS

Three sessions were held virtually at the end of July 2025. These sessions were very well attended with close to 200 people attending in total.



## AGENDA

- **Recap of how the Fund works**
- **Two pots system - recap**
- **Retirement savings assumptions**
- **Flexible benefit design**
- **Summary of 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**
- **Member communication- Web-site**

PetroSA Retirement Fund

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. A detailed recap of how the Two pots system works was also covered. Also included in the presentation was a detailed section on Investments. In the next

newsletter we will provide a short recap on the different portfolios offered by the Fund.

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.

The Petroleum Oil and Gas Corporation of South Africa (SOC) Ltd

# 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 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 Belinda Burger.

### COMMUNICATION

More information is provided via the following:

- **Fund Website** for all Fund information: [www.petrosareirementfund.co.za](http://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 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: Belinda Burger\*

Telephone: 0832673963

E-Mail: [belindaburger1406@outlook.com](mailto:belindaburger1406@outlook.com)

\*Ms Burger 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:

Dorothy Cedras (044) 601 2540 [dorothy.cedras@petrosa.co.za](mailto:dorothy.cedras@petrosa.co.za)

## COSTS

### Administration and Fund costs (applicable from 1 June 2025)

- Active members – Costs are funded from a deduction from the contribution rate – 0.60% of pensionable salary. (This includes an allowance for administration cost of R 74.46 pppm (per member per month) plus VAT)
- Deferred members – Administration costs of R 56.14 pppm plus VAT deducted from deferred pension account
- Deferred pensioners – Administration costs of R 56.14 pppm plus VAT deducted from member individual account
- Living annuitants – Initial fee = R1291.05 plus VAT. Administration costs of R131.17 pppm 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 2025. The 2024 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>0.36%</b> (0.41%)	<b>0.04%</b> (0.05%)	<b>0.07%</b> (0.19%)	<b>0.11%</b> (0.11%)	<b>0.57%<sup>2</sup></b> (0.77%)
Stable	<b>0.54%</b> (0.54%)	<b>0.19%</b> (0.08%)	<b>0.13%</b> (0.13%)	<b>0.05%</b> (0.04%)	<b>0.90%<sup>3</sup></b> (0.79%)
Money Market	<b>0.09%</b> (0.09%)	<b>0.00%</b> (0.00%)	<b>0.02%</b> (0.02%)	<b>0.00%</b> (0.00%)	<b>0.11%</b> (0.11%)
Shari'ah	<b>0.71%</b> (0.73%)	<b>0.00%</b> (0.00%)	<b>0.11%</b> (0.07%)	<b>0.09%</b> (0.12%)	<b>0.91%</b> (0.92%)

<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 Fund incurred transition-related costs in 2024 when Satrix was appointed to transition and manage an equity mandate, resulting in a higher 'other investment-related charges' for that year. A performance fee was also paid for the Coronation Houseview Equity and Coronation Active Bond portfolios during September 2024.

The Fund transitioned from Allan Gray's Domestic Equity Portfolio standard performance fee to a trust performance fee structure in October 2023, offering refunds to clients during underperformance. Due to underperformance for the 12-month period to 31 March 2025, there was an automatic

refund issued to the Fund resulting in a *negative* performance fee which contributed to a decrease in the total fee charge.

<sup>3</sup> Performance fees were paid for the Allan Gray Global Stable portfolio for the Orbis Fund.

The Fund has performance fee arrangements in place with Allan Gray Domestic Equity, Coronation Houseview Equity, Coronation Active Bonds and Ninety One Flexible Bond on the Sygnia Life platform (Market-linked Portfolio) and Allan Gray Global Stable (Stable Portfolio), and collectively these managers make up 36% of the Market-linked Portfolio and 33% of the Stable Portfolio based on asset values as at 31 March 2025. 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.

# 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).

**Actual Asset allocation (as at 30 June 2025):**

Portfolio	SA Equities AA	SA Bonds AA	Money Market AA	SA Property AA	Offshore AA	Other AA
Market-linked Portfolio	37.3%	19.9%			42.8%	
Stable Portfolio	13.0%	34.4%	14.5%	0.7%	34.6%	2.8%
Money Market Portfolio			100.0%			
Shari'ah Portfolio	37.3%		25.4%		26.7%	10.5%

**Target return and comment:**

**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.

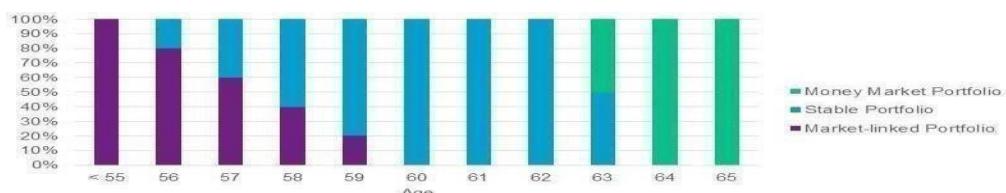
**Stable Portfolio:** Target return of **CPI + 3%** per annum over a rolling 3-year period. Lower volatility than the Market Linked portfolio. Strategic asset allocation determined by the managers.

**Money Market Portfolio:** Target Return of **CPI + 1%** per annum over a rolling 1-year period. Least appropriate for long-term investing. Most chance of capital preservation.

**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.

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.