University of South Africa
Retirement Fund

UNIVERSITY OF SOUTH AFRICA **RETIREMENT FUND**

TRUSTEE REPORT

DECEMBER 2024

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1. Chairman's Review

It is my pleasure to present the University of South Africa Retirement Fund's ("the Fund") Board of Management Report for the period covering 1 January 2024 to 31 December 2024. Please take the time to read this report as it contains valuable information about the Fund operations, as well as some regulatory changes that impact the Fund and possibly you as a member or pensioner of the Fund.

1.1 Personal contact details

The Board Members have a fiduciary duty to ensure that the Fund has your most updated personal contact details on record, for active members and pensioners. The Fund prefers electronic communication with its active members and pensioners, as opposed to postal communication. You are encouraged to contact the Fund to ensure that the Fund has your latest contact details.

1.2 Operations of the Fund

The Board Members remain satisfied with the general service that all the relevant service providers delivered to the Fund. In conjunction with the Office of the Principal Officer, the Board Members continue to identify aspects of service delivery which can be improved on to provide all stakeholders of the Fund with an excellent experience.

During the year, the following appointments were made:

- Benefit Consultants: Simeka Consultants and Actuaries (1 February 2024)
- Principal Officer's Assistant: Lutho Dondashe (1 November 2024)

Subsequent to 31 December 2024, the following appointments were made:

- Investment Administrator: AlexForbes Investments Administration (1 July 2025)
- Investment Consultant: Selekane Asset Consultants (1 August 2025)

1.3 Acknowledgements

The role of a Board Member is onerous, especially in a large and complex fund such as University of South Africa Retirement Fund. I would therefore like to take this opportunity to express my gratitude to my fellow Board Members for the acumen and enthusiasm that they have displayed in taking up the immense task laid upon them. I would also like to acknowledge the valuable input of the Audit and Risk, Investment and Section 37C, Administration and Communication Committees, which deal with most aspects of governance, operations, investments and communications of our Fund. Their diligence in performing their duties has ensured a well governed Fund where the savings of members and pensioners are properly taken care of.

Prof Muthundine Sigwadi
Chairman
University of South Africa Retirement Fund

2. Message from the Principal Officer

I am pleased to report that 2024 has been a year of continued progress and stability for the University of South Africa Retirement Fund. The Fund has shown healthy growth across key areas, with increases in total assets, active membership, and the number of pensioners it serves. This positive trajectory reflects our ongoing commitment to delivering value and security to our members.

A significant milestone this year was the successful implementation of the two-pot retirement system, a complex regulatory transition that we navigated with efficiency and diligence. This achievement underscores the Fund's proactive approach to legislative developments and its ability to adapt in the best interest of our members.

We remain fully compliant with all legislative requirements and continue to strengthen our governance practices to ensure the long-term sustainability of the Fund.

I thank the Board, service providers, and stakeholders for their support and dedication throughout the year.

Ms Lavinia Khangala
Principal Officer
University of South Africa Retirement Fund

3. Fund Governance

The Board of Management ("the Board") serve as the focal point and custodian of the corporate governance of the Fund. Members of the Board have adopted a Code of Conduct which ensures that their roles, fiduciary duties and accountability are documented and adhered to, which includes governance responsibilities.

Pension Fund Circular 130 (PF130), as published by the Financial Sector Conduct Authority ("the FSCA"), provides guidelines regarding the fiduciary duties, governance and policies that funds must have in place. In addition, the King IV Report on Corporate Governance for South Africa 2016 ("King IV") contains 17 principles which should be applied in the policy and practice of the governance of the Fund. These principles assist in the establishment of an ethical culture in the Fund and ensure continuous entrenchment of the recommended practices through the Fund's governance processes and procedures. In addition, the Board remains committed to upholding the highest standards of governance by integrating all six Treating Customers Fairly (TCF) principles into its oversight and decision-making processes. This ensures that members are treated fairly, receive clear and appropriate communication, and benefit from outcomes that reflect their best interests throughout the Fund's operations.

The Board aims to ensure that the Fund complies with applicable laws, FSCA directives and circulars.

3.1 Fund profile

The University of South Africa Retirement Fund is managed by a Board consisting of ten Board Members, split between five Employer-appointed Board Members and five Member-elected Board Members, of which one Member-Elected Board Member is elected by Pensioners of the Fund. The Board also consists of Alternate Employer-appointed and Member-elected Board Members, together with the Principal Officer and Deputy Principal Officer of the Fund. The Board has various sub-committees that are discussed in detail later in this report. These sub-committees comprise of the Audit and Risk Committee (ARC), the Investment Committee (IC), and the Section 37C, Administration and Communication Committee (SACC). During the year there were several changes to the Board. The Board of Management as at 30 September 2025 is composed as noted below:

Board of Management

Principal Board Members

Member elected

Ms N Mbethe
HR Practitioner: Human Resources
Elected/Re-elected: 01/07/2023
Committees: SACC

Dr R Netanda
Senior Lecturer: Communication Science
Elected/Re-elected: 01/07/2023
Committees: ARC / IC

Mr LO Moleme
Administrative Officer: Proctoring and Invigilation
Elected/Re-elected: 01/07/2023
Committees: IC

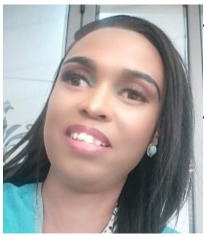
Mr J Muller
Principal Pensioner Board Member
Pensioner
Elected/Re-elected: 01/09/2025
Committees: ARC – Chairperson

Mr S Timakwe
ICT Change and Configuration Manager
Elected/Re-elected: 01/07/2023
Committees: ARC – Vice Chairperson / IC

Employer appointed

Prof M Sigwadi
Associate Professor: Mercantile Law
Chairperson
Appointed/Re-Appointed: 01/01/2025
Committees: SACC – Vice Chairperson

Dr TL Mabusela
Senior Lecturer: Criminal And Procedural Law
Appointed/Re-Appointed: 01/01/2025
Committees: SACC



Adv MA Mthembu
Chairperson: Mercantile Law Department
Appointed/Re-Appointed: 01/01/2025
Committees: ARC

Dr N van Staden
Manager: HR Administration
Deputy Chairperson
Appointed/Re-Appointed: 01/01/2025
Committees: SACC – Chairperson

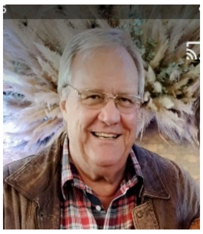
Mr BA Stanfliet
Acting Vice Principal: Finance, Supply Chain Management & Business Enterprise (Chief Financial Officer)
Appointed/Re-Appointed: 01/01/2025
Committees: ARC

Alternate Board Members:

Member elected

Mr Z Kunene
Payroll User Support Specialist
Elected/Re-elected: 01/07/2023
Committees: IC

Mr N Thipe
Administrative Officer: Student Administration & Systems Integration
Elected/Re-elected: 01/07/2023
Committees: IC – Vice Chairperson



Dr R Harding
Alternate Pensioner Board Member
Pensioner
Elected/Re-elected: 01/09/2025
Committees: ARC

Employer appointed

Mr MP Mojapelo
Director: Unisa Foundation and Alumni Relations
Appointed/Re-Appointed: 14/03/2022
Committees: SACC

Prof T Lephakga
COD: Department of Philosophy, Practical & Systematic Theology, College of Human Sciences
Appointed/Re-Appointed: 01/01/2025
Committees: SACC

Fund Officials

Ms L Khangala
Principal Officer
Information Officer
Monitoring Person
Appointed: 01/01/2022

Mr C Pila
Deputy Principal Officer
Deputy Information Officer
Appointed: 01/02/2023

Independent Member

Mr M Lindhiem
Independent Investment Committee member
Appointed: 08/2022
Committees: IC - Chairperson

The Board has an Independent Investment Committee Member, Mr Mark Lindhiem.

The Board of Management is supported by various Committees which have delegated responsibility to assist it to fulfil specific functions. The Committees do not make decisions but rather make recommendations to the Board and report back at every Board meeting.

Committee	Mandate
Audit and Risk Committee (ARC)	Manages all financial and audit-related matters of the Fund. Oversees internal controls and risk management procedures. Assists in promoting the overall effectiveness of good governance.
Investment Committee (IC)	Monitors the Fund's investment strategy and performance. Members are supported by an independent investment specialist who is also Chairperson of the Committee, as well as the Investment Consultant of the Fund who is suitably qualified to evaluate the investment strategy and actions of the Fund and advise the Board accordingly.
Section 37C, Administration and Communication Committee (SACC)	Monitors the operations and administrative requirements of the Fund. Decides on the distribution of lump sum death benefits to eligible beneficiaries in terms of Section 37C of the Pension Funds Act ("the Act"). Reviews any claims that have been withheld by the Fund in line with the requirements of the Pension Funds Act and the Rules of the Fund. Assists the Board in discharging its duties relating to communication to the active Fund members and pensioners in line with the objective and duties of the Board in terms of Sections 7C and 7D of the Act, as well as the principles of Treating Customers Fairly, as set out by the FSCA.

The Code of Conduct and the Terms of Reference of the Committees underpin the Board's responsibility for good and ethical Fund governance.

3.2 The Code of Conduct

The Fund is committed to achieve the highest standards of governance and ensure strong ethical behaviour. Board Members are required to comply with the Fund's Code of Conduct and confirm their adherence in writing upon assuming office. Board Members are also required to sign confidentiality undertakings on an annual basis.

Our Code of Conduct embodies the ethical characteristics listed in King IV and sets out the roles and responsibilities of the Board Members to ensure good Fund governance.

The Code of Conduct:

- *Outlines ethical standards and procedures for the disclosure and management of conflicts of interest;*
- *Dictates confidentiality rules;*
- *Dictates compliance with the Rules of the Fund and applicable legislation; and*
- *Includes provisions to ensure fair treatment of members and beneficiaries, and that Board Members act in the best interests of the Fund.*

Board Members are required to adhere to Directive 8 – Prohibition of Acceptance of Gratification. Any breaches of Directive 8 by any Board Member must be reported to the FSCA. No such breaches occurred in 2024. The Board is committed to complying with the requirements of Directive 8 and ensuring that the directive is appropriately managed through a gift and gratification declaration at every meeting.

Neither the Board of Management nor any individual Board Member breached the Code of Conduct during 2024. No regulatory penalties, sanctions or fines for contraventions of or non-compliance with regulatory obligations were imposed on the Board of Management or its individual members.

3.3 Meetings of the Board of Management and Committees

The attendance at Board of Management and Committee meetings during 2024 was good with all meetings forming a quorum to discuss the business of the Fund. The Board of Management met seven times (four official meetings, two special meetings and a strategy day meeting). The Audit and Risk Committee met four times (three official meetings and a special meeting), the Section 37C, Administration and Communications Committee met four times for their official meetings, and the Investments Committee met four times for their official meetings.

3.4 Conflicts of Interest

To hold the Board Members accountable, the Fund requires that at each Committee and Board meeting, Board Members declare any conflicts of interest. No conflicts of interest were raised during 2024.

3.5 Training

In line with the Financial Sector Conduct Authority's (FSCA) directive on Board Member competency, the Board ensured full compliance with the requirement that all Board Members complete the FSCA's Trustee Toolkit as the minimum prescribed training intervention. The Trustee Toolkit serves as a foundational programme designed to equip trustees with the essential knowledge and skills to discharge their fiduciary duties effectively and in accordance with regulatory expectations. The Fund is pleased to confirm that all trustees successfully completed the Toolkit within the stipulated deadline, thereby meeting the FSCA's competency requirements and reinforcing the Board's commitment to good governance, ethical leadership, and ongoing trustee development. The Fund also maintains a Trustee Training register. This register is noted at each Board meeting and updated accordingly.

The Board Members further attend industry training events on an ad hoc basis which are recorded in the Trustee Training register.

3.6 Board Assessment

In line with King IV, the Board undertakes an annual evaluation to review the performance of the Chairperson, the Board and the Principal Officer. Any areas requiring attention or development are flagged and the necessary actions are taken.

The scope of the evaluation covers various aspects, including duties, role, delegation of functions, conflict of interest, leadership, teamwork and management relations, meetings attendance, orientation, evaluation and training of Board Members, ethics, compliance and legal responsibilities, constituencies and stakeholder expectations. The Board interrogated the results of the evaluation conducted during 2024 and noted no areas of concern. The Board was satisfied with the process and in agreement that the appraisal process assists them in continuously improving their overall performance and effectiveness.

3.7 Operations of the Fund

Whilst the Board retain overall responsibility for the Fund, it delegates actuarial, administrative, consulting and investment functions to the Actuary, Administrator, Benefit Consultant and Investment Consultant respectively to manage the day-to-day business and affairs of the Fund.

The Board requires service providers to prescribe to ethical behaviour. This includes how service providers address ethics, confidential information, risk and compliance management.

The Board is satisfied that all the Fund's service providers manage these issues in a satisfactory manner. The Board remains comfortable with the quality of the Fund's service providers' performance.

The following persons and bodies appointed by the Board of Management assist them in operation of the Fund:

Service	Roles and Responsibilities	Appointed service provider
Benefit Administrators	Responsible for maintaining member records, payment of claims, managing the Fund's bank account, paying expenses, recording and maintaining information required for statutory reporting and reporting to the Board.	Alexander Forbes Financial Services (Pty) Ltd
Benefit Consultants	Provide general consulting and advice services to the Fund.	Simeka Consultants and Actuaries (Pty) Ltd
Investment Consultants*	Advises the Board on manager selection, researching investment managers and coordinating the selection process, as part of the investment and asset allocation strategy and portfolio construction process.	Willis Towers Watson (Pty) Ltd *Selekane Asset Consultants with effect from 1 August 2025.
Risk Insurers	Fund's risk insurer.	Momentum Corporate and Sanlam Life Insurance (Ltd)
Fidelity Cover Insurer	Fund's Trustee Indemnity cover underwriting manager.	Camargue Underwritin g Managers (Pty) Ltd
Valuator	Conducts statutory valuations that confirm that the Fund's assets match its liabilities, and other additional services.	Greg Hatzkilson

Auditor	Certifies that the Fund is being managed in a professional manner, including auditing the annual financial statements of the Fund.	PricewaterhouseCoopers Inc
Tracing Agent	Tracing agent who is appointed to trace unclaimed benefit members.	Nolands Forensics (Pty) Ltd
Webhosting	Hosting the Fund's website.	InSite Connect
Death Claims Investigators	Tracing agents who investigate and identify beneficiaries of the members who have passed on whilst in service.	Investment Consulting and Trustee Services (ICTS) (Pty) Ltd, Bukho Consulting (Pty) Ltd and Otshepi Investment (Pty) Ltd
Retirement Benefit Counsellors	Provide members with clear, understandable information about their retirement fund options and their implications – without giving financial advice or make product recommendations.	INfund Solutions (Pty) Ltd
Legal Advisor	Provides legal advice and assistance.	Jonathan Mort Inc
Custodian	Appointed to safeguard the assets managed by the Fund, such as settling trades securities lending, corporate actions.	Nedbank Ltd
Bank	Provides the Fund with banking services.	Standard Bank Group Limited
Beneficiary Fund	Administers and manages the Fund's Beneficiary Fund.	Sanlam Trust Beneficiary Fund

3.8 Rule amendments

The Board of Management regularly review/s the Rules to ensure compliance with the Fund's practice, relevant legislation and industry trends. During the reporting period, the Rules were amended. Set out below is a summary of the amendment registered during 2024.

<u>Rule amendment 2</u>

- To implement the two-pot retirement system, as introduced with the Revenue Laws Amendment Act, 12 of 2024 and the Pension Funds Amendment Bill, 2024.
- To make provision to allow deferred retirement members access to their retirement interest (as a withdrawal benefit) after retirement from employment but before they have elected to retire for purposes of the Fund, if they have ceased to be a tax-resident for a period of 3 years.
- To make provision to allow paid-up members access to their paid-up benefit (and specifically the retirement component) after leaving employment, if they have ceased to be a tax-resident for a period of 3 years.

3.9 Risk Management

As part of the responsibility to manage the risks in the Fund, the Board maintains a risk management tool and follows a four-step approach to managing risk, namely:

- to identify risk,
- assess the risk,
- putting mitigating controls in place; and
- monitoring the effectiveness of these controls.

The Audit and Risk Committee and the Board of Management annually reviews the Risk Management Policy and risk management tool.

All identified risks, the impact and/or probability of risk rating and the controls to reduce the impact of the identified risks were documented in the risk management framework and reviewed at a Strategy Day in August 2024.

3.10 Information and Technology

The service providers' management of key risks are measured and reported to the Board and any concerns are raised with the relevant service provider to be effectively addressed.

In terms of the Code of Conduct, Board Members must respect the confidentiality of information pertaining to the Fund and may not release it to any person unless such person has a lawful right to such information.

Service providers are required to take such steps to ensure that their directors, employees, contractors and agents comply with the confidentiality provisions and any law which may become applicable to the holding and use of personal information.

Due to the Fund's data primarily being stored on the servers of the administrator, there is a cybercrime clause included in the fidelity cover of the administrator to reimburse the Fund in the event of any losses due to data leakages caused by cybercrime.

3.11 Remuneration

Pensioner Board Members and the Independent Committee Member are remunerated for services rendered to the Fund. Board members are reimbursed for travel, accommodation and related expenses incurred in exercising their duties on behalf of the Fund. These fees are included in the Board Member expenses of the Fund.

3.12 Promotion of Access to Information Act (PAIA)

The Promotion of Access to Information Act (PAIA) gives effect to the constitutional right of access to information held by any private or public body that is required by any individual for the exercise or protection of rights.

Therefore, PAIA gives a member of a retirement fund the right to access information that he or she might require for the exercise or protection of any of his or her rights. A fee may be levied for the cost of providing the information.

<u>PAIA requests</u>

PAIA requires retirement funds to compile a manual which will assist persons who want to exercise their right to access to information. A manual on the information available to you is available on the website of the fund and at the registered address of the fund by completing a PAIA request form.

Members of the Fund are entitled to request information pertaining to their benefits in the fund, as well as the documents that are available in terms of the Pension Funds Act (the fund rules, valuation report, annual financial statements and risk benefit policies). This information may be requested without a formal PAIA request form.

However, should a person need any information outside of this scope, or should a third-party request information regarding a member of the fund, the PAIA request form must be completed for consideration by the Information Officer of the fund.

<u>Fees</u>

Fees for providing persons with information may be charged and are set out in the PAIA manual.

Should persons want to exercise their rights of access to information, they can download or review the manual on the Fund's website, as well as the prescribed request form and fees they need to pay, if any.

3.13 Complaints

The Complaints Management Framework as adopted by the Board refers to adequate dispute resolution mechanisms and processes to resolve a dispute. All formal complaints received are reported to the Board and effective resolution is monitored.

A complaints telephone line is available to members at the administrator which deals with members' day-to-day queries. Complaints are submitted to the Office of the Principal Officer and forwarded to the relevant service provider to provide input to resolve the matter. Most queries are resolved immediately, resulting in the number of formal complaints being very low.

All formal complaints are recorded on the Complaints Register from where progress on their resolution is tracked and reported on to the Board on a quarterly basis.

4. Regulatory Developments

Board Members are provided with the latest industry and legislative developments and summaries of noteworthy Pension Funds Adjudicator Rulings on a quarterly basis. All noteworthy industry/legislative developments are discussed at the quarterly Board meetings.

The two-pot retirement system

The two-pot retirement system was implemented on 1 September 2024. One-third of your contributions as a retirement fund member will go into your savings pot, which will be the pot from which you will be allowed to take cash withdrawals before retirement. Two-thirds of your contributions will go into the retirement pot, from which no cash withdrawals will be allowed. Even when you resign from employment, you will not have access to the retirement pot but will have to preserve the benefit and use it to provide you with a monthly pension on retirement.

A third pot (vested pot) would be established for members who were members of the fund on 1 September 2024, which will contain your existing benefit as at 31 August 2024 and which will be excluded from the two-pot system. You will not make any further contributions to this vested pot. The current regime in effect before implementation date of the two-pot system will apply in respect of the vested pot, which means that, for example, you will be allowed on termination of employment before retirement, to receive up to 100% of the benefit in cash.

Provident Fund members older than 55 years on 1 March 2021

Members of the Fund who were 55 years and older as at 1 March 2021 are, by default, be excluded from the two-pot retirement system with the opportunity to opt in should they choose to. The election to participate in the two-pot retirement system must take place within 12 months, therefore before 1 September 2025.

Arrear tax

It has been confirmed by SARS that IT88s (also known as AA88 third party appointment notification) will be issued and arrear tax will be deducted from savings withdrawal benefits from the savings pot. SARS has committed to inform the public about this in their communication campaign.

What is an IT88?

Section 179 of the Taxation Administration Act empowers SARS to issue a collection notice called a AA88 third party appointment notification. This notice essentially instructs a third party to withhold and pay over any amounts due to SARS. The third party can be an employer, a retirement fund or any other person who has 'the management, custody or control of any income, monies or property of the taxpayer' (for instance a bank). This means that if a person does not respond to any of the notices or demands informing them of outstanding tax debts, SARS may appoint a third party who holds money on their behalf or owes them money, including salary, wages, and other types of remuneration, to pay the outstanding amounts to SARS. Failure by a third-party appointment to act, may lead to that third party being held personally liable for the tax debt and they can also be found guilty of an offence. If convicted, the person is subject to a fine or to imprisonment for not longer than two years.

Cancellation of tax directives

If you elect to take a savings withdrawal benefit, the administrator of the fund will apply for a tax directive. Such a directive cannot be cancelled. You will therefore need to understand the tax consequences of taking a withdrawal and be aware that your choice to make a savings withdrawal cannot be reversed.

Savings withdrawal benefit when you leave service

The legislation provides that a member who leaves service with a savings pot balance of less than R2 000, will be able to withdraw it, whether the member had taken a savings withdrawal benefit in the same tax year or not.

Divorce Amendment Act

The Divorce Act of 1979 was amended through the Divorce Amendment Act, 1 of 2024 on 14 May 2024. The amendments provide for a definition of a Muslim marriage; the protection and safeguarding of the interests of dependent and minor children of a Muslim marriage; the redistribution of assets on the dissolution of a Muslim marriage and forfeiture of patrimonial benefits of a Muslim marriage. This means that Muslim marriages can be dissolved by a court order, just like any other marriage and that courts may make orders regarding maintenance, custody and access to children from Muslim marriages.

It is important to keep in mind that section 7(8) of the Divorce Act stipulates that the court granting a decree of divorce in respect of a member of a pension fund, may make an order that any part of the pension interest of the member which is due or assigned to the other party to the divorce action concerned, must be paid by that fund to that other party.

The non-member has no automatic right to any part of the member's pension interest against a fund and no payment can be made unless a court has ordered the fund to pay a part of the pension interest to the non-member spouse.

Cybersecurity and Cyber Resilience

Joint Standard 2 of 2024 on Cybersecurity and Cyber Resilience as published by the FSCA and Prudential Authority sets out the minimum requirements for sound practices and processes of cybersecurity and cyber resilience that financial institutions such as retirement funds must comply with. The effective date of the Joint Standard was 1 June 2025.

It is the responsibility of the Board of the Fund to ensure that the Fund meets the requirements set out in the Joint Standard on a continual basis.

Conduct Standard on section 13A of the Pension Funds Act (payment of pension fund contributions)

Your employer deducts your contributions to the Fund from your salary every month. Your employer must then pay these contributions over to the Fund, together with a contribution statement to show the Fund whose contributions are being paid so that the Fund can add it to your savings in the Fund. The payment of the contributions is legally due by the 7th of the following month and the contribution statement indicating who the contributions belong to, by the 15th of the following month.

If your employer does not pay your contributions to the Fund, or supply the contribution statement, it acts in contravention of section 13A of the Pension Funds Act. The Fund has a monitoring person who is responsible for checking that contributions are paid timeously. They will report to the board of management of the Fund that contributions were paid late or were not paid and if your employer still does not pay your contributions to the Fund, they will report to the Financial Sector Conduct Authority and thereafter to the South African Police Service.

The non-payment of contributions by your employer is a criminal offense and could result in personal liability for certain individuals within the employer.

If your contributions are not received by the Fund, it means that you will have less retirement savings, and you will also lose out on the investment return on your savings.

5. Actuarial Valuation of the Fund as at 31 December 2023

The most recent valuation report as at 31 December 2023 in respect of the Fund showed that the Fund was 100% funded. This means that the Fund is in a sound financial position as at the valuation date.

The following tables provide a summary of the Fund membership and the Valuation Balance Sheet:

Fund Membership summary (31 December 2023)	
In-service members	5 368
Life Annuity Pensioners paid from the Fund	922
Living Annuity Pensions paid from the Fund	35

Valuation Balance Sheet (31 December 2023)	
Defined Contribution Liabilities	R 8 296.0
Best Estimate Defined Benefit Liabilities	R 2 072.7
Reserve Accounts	R 470.8
Overall membership liabilities & reserves	**R 10 839.5**
Assets: Net Fund assets at Market Value	**R 10 839.5**
Funding level	100%

The market value of the Fund's assets managed by the asset managers as at 31 December 2023 was approximately R10 839.5 billion.

The valuation report was submitted to the FSCA on 18 December 2024; the report was accepted by the FSCA.

6. Financial Position as at 31 December 2024

The market value of the Fund's assets managed by the asset managers as at 31 December 2024 was approximately R13 201 557 391.

The Fund's assets and liabilities for the year to 31 December 2024 were as follows (extracted from the audited financial statements):

Statement of Net Assets

	Current Period (R)	**Year ended 31/12/2023 (R)**
Non-Current Assets		
Investment	12 983 090 778	11 338 622 790
	12 983 090 778	**11 338 622 790**
Current Assets		
Transfers Receivable	1 977 275	3 509 785
Accounts Receivable	2 553 343	16 333 313
Contributions Receivable	359 960	0
Cash at bank	213 576 035	124 119 984
	218 466 613	**143 963 082**
Total Assets	**13 201 557 391**	**11 482 585 872**
Funds and Liabilities		
Member's Individual Accounts	9 291 490 049	8 065 063 318
Amounts to be Allocated	0	0
	9 291 490 049	**8 065 063 318**
Reserve Accounts	**2 819 384 762**	**2 476 629 213**
Reserve Accounts	2 819384 762	2 476 629 213
Total Funds and Reserves	**12 110 874 811**	**10 541 692 531**
Non-current liabilities		
Employer Surplus Account	355 715 499	296 218 732

Financial liabilities	30 367 745	0
Unclaimed Benefits	17 194 743	15 668 093
	403 277 987	**311 886 825**
Current Liabilities		
Benefits Payable	204 713 953	265 284 397
Contributions Payable	0	258 499
Accounts Payable	482 690 640	363 463 620
	687 404 593	**629 006 516**
Total Fund and Liabilities	**13 201 557 391**	**11 482 585 872**

Membership

The changes to the Fund's active members over the period 1 January 2024 to 31 December 2024 were:

Active members as at 1 January 2023	**5 311**
+Plus new members	196
-Less withdrawals*	68
-Less deaths	15
-Less retirements	89
-Less transfers to deferred pensioner status	34
Active members as at 31 December 2024	**5 301**
Unclaimed benefits as at 31 December 2024	**40**
Deferred members as at 31 December 2024	**81**
Pensioners as at 31 December 2024	**942**

*These withdrawals relate only to members who left employment and withdrew or transferred their benefit and does not include Two-Pot Retirement claim withdrawals.

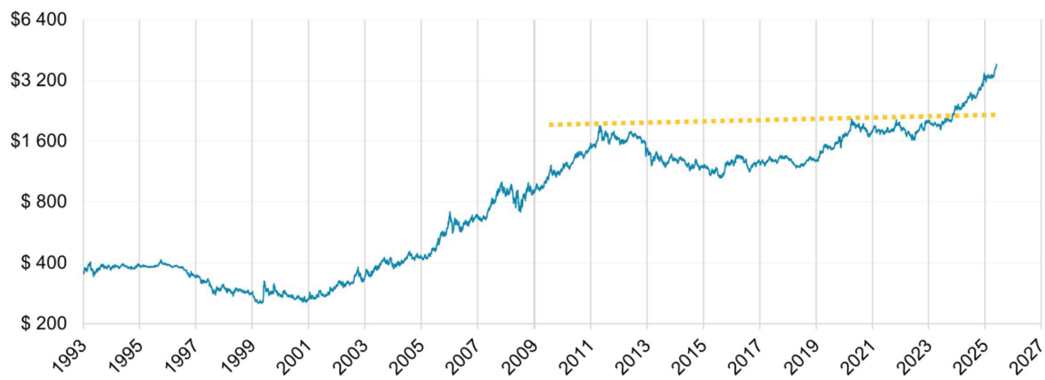
7. Fund Investments

7.1 Economic overview

The Economy

Developments in the economy and financial markets were mostly positive in Q3 2025. The prices of precious metals increased (gold, as illustrated in graph 1, silver and platinum) while shares and domestic bonds posted strong returns, and the rand strengthened to R17.27 against the US dollar.

Graph 1 - Gold price (US$ per troy ounce)



Source: Iress

After contracting by 0.6% in Q1 2025, the US posted better than expected growth of 3.8% in Q2 2025. Inflation increased moderately in Q3 2025, and the US Federal Reserve cut the federal funds rate by 0.25% in September 2025. Events in the political and social environment in the US are more animated than usual, but financial markets are largely unaffected.

China's growth for Q2 2025 was better than expected at 1.1% and India's economy expanded by 1.7% for the quarter. Growth in the Euro area was more modest at 0.1% over this period, despite a 0.5% contraction in Germany.

Domestic economic growth for Q2 2025 (released on 9 September 2025) was better than anticipated at 0.8% (quarter on quarter). Real GDP measured by production showed that the mining industry grew 3.7%, manufacturing increased by 1.8% and trading activities improved by 1.7%. The transport industry (including telecommunications) decreased by 0.8%. Measured by expenditure, household consumption improved by 0.8%, contributing 0.6% of the 0.8% overall growth for the quarter. Gross fixed capital formation remained negative at -1.4 for the quarter.

The Reserve Bank's Monetary Policy Committee cut the repurchase rate by 0.25% in July 2025 but kept it stable at its meeting in September 2025. Inflation increased to 3.5% in July before softening to 3.3% in August 2025.

Unemployment remains the most serious challenge facing our economy. For Q2 2025, the unemployment rate was 33.2% rising to 41.3% when including discouraged job seekers. The number of unemployed persons and discouraged job seekers came to 11.812 million people for Q2 2025, compared to 11.578 million people at the same point in 2024 and 11.103 million people for Q2 2023.

The US 30% reciprocal tariff on imports from South Africa became effective on 7 August 2025. The reciprocal tariff overrides the universal tariff of 10% that was implemented on 5 April 2025. Section 232 tariffs are levied on motor vehicles and automotive products (25%) and steel, aluminium and derivates (50%). The African Growth and Opportunity Act of 2002 (AGOA) was up for renewal by the US Congress on 30 September 2025 - no progress yet.

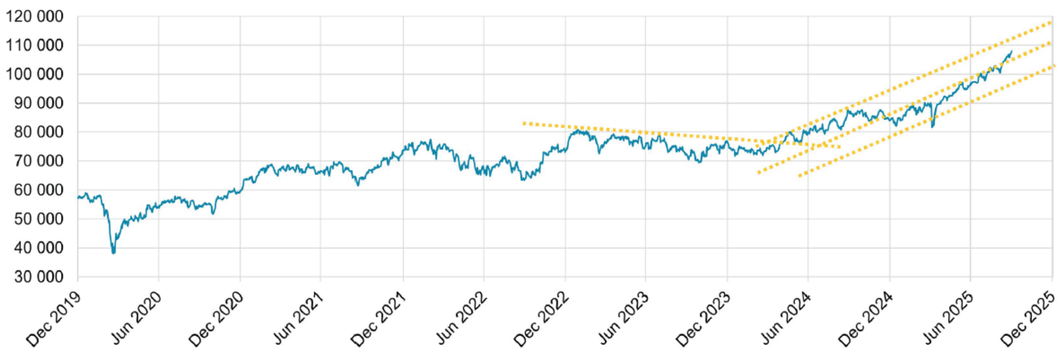
Financial Markets

Investors have benefited from strong investment returns thus far in 2025.

Offshore shares produced attractive returns when measured in US dollar terms. Share prices increased by 18.9% for the nine months to September 2025, as measured by the MSCI All Country World Index. In rands, the return is 9.0% year to date (YTD). For the calendar year to September 2025, the S&P 500 Composite is up 13.7% in US dollars and 4.2% in rands. "Magnificent 7" stock prices mostly continued to perform well for the nine months to September 2025: NVIDIA is up 39.0% YTD, Alphabet (Google) 28.3% YTD, Meta Platforms (Facebook, Instagram, WhatsApp) 25.7% YTD, and Microsoft 23.6% YTD. Tesla is up 10.1% YTD, but Apple is up only 2% YTD while Amazon is at 0% YTD.

The FTSE/JSE All Share Index TR increased by 23.6% for the calendar year to September 2025 (graph 2), the FTSE/JSE All Bond Index posted a return of 14.0% and listed property improved by 12.3% over this period. The rand strengthened by 9.1% and the contribution made in rand terms by offshore shares, for the calendar year to date, is 9.0% while offshore bonds contributed -1.2%. The value added to a representative Regulation 28 compliant composite index for the calendar year to September 2025 is 17.6%.

Graph 2 - FTSE/JSE All Share Index



Source: Iress

A review of investable domestic shares shows that it is mostly gold, platinum, telecom and selected large industrial shares that have performed well in 2025. Banks, insurance companies and retailers posted indifferent or disappointing results. Sector as well as security selection has played a key role in investment results for 2025 up to now. The results produced by fund managers who did not include enough exposure to gold and platinum shares in their portfolios were average, while those with enough exposure to gold and platinum shares produced more exciting results.

The top performing domestic investable shares (shares with a market capitalisation of more than R30 billion) are Sibanye Stillwater (+229% YTD), Gold Fields (+195.1% YTD), DRD Gold (191.2% YTD), Northam Platinum (+188.5% YTD) and AngloGold Ashanti (+188.2% YTD). Naspers and Prosus share prices are up 49.9% YTD and 57.6% YTD respectively (Tencent is up 59.0% YTD in Hong Kong). The worst performing shares are The Foschini Group (-35.1% YTD), Mr Price (-31.9% YTD) and Nedbank Group (-24.2% YTD).

The domestic bond market posted pleasing returns. The 10-year South African bond yield to maturity closed the quarter at 9.20% (graph 3). Bonds in the 7- to 12-year maturity bucket achieved the best returns (+16.2% YTD). Non-resident investors, while still reducing exposure to South African shares, are increasing exposure to South African bonds. This forms part of a larger global risk-on investment strategy to enhance the yields earned by these investors.

Graph 3 - South African 10-yr government bond yield to maturity

Source: Iress

The table below shows the investment returns for the large asset classes available to South African investors and the values for the rand, inflation and the rand gold price.

% Change September 2024	Most recent quarter	Calendar YTD	1 year (p.a.)	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)
All Share Index (ALSI)	8.4%	23.6%	25.8%	19.1%	17.2%	11.1%
Listed Property	6.7%	13.4%	18.1%	21.7%	21.3%	3.2%

STeFI Composite	1.8%	5.0%	7.9%	7.9%	6.4%	6.8%
All Bond Index (ALBI)	5.8%	10.3%	15.1%	13.6%	11.3%	9.4%
MSCI All Country World ZAR	5.1%	9.0%	17.8%	21.8%	14.8%	15.0%
Bloomberg Global Aggr. Bond ZAR	-2.0%	-1.2%	2.3%	3.8%	-1.0%	3.4%
Rand (+ stronger, - weaker)	2.5%	9.1%	0.0%	1.6%	-0.6%	-2.0%
Inflation (estimate)	1.1%	3.5%	3.5%	4.4%	5.6%	6.0%
Gold ZAR	13.9%	34.7%	45.0%	40.3%	22.0%	33.1%

The results produced by financial markets are mostly pleasing and this trend could continue in the near future.

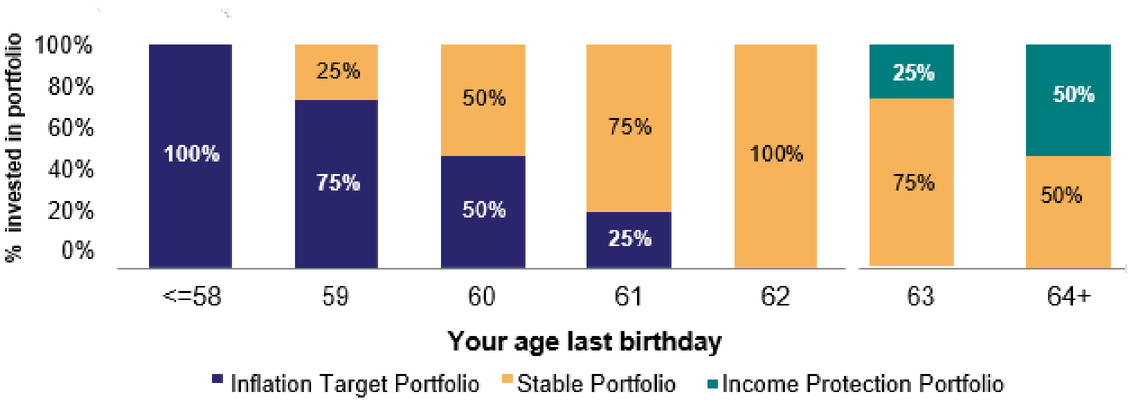
Simeka Consultants and Actuaries

7.2 Investment Strategy

The Board of Management with the assistance of the Investment Consultant regularly reviews the investment strategy of the Fund to ensure that members pursue the best possible investment outcomes with the appropriate amount of investment risk across the various investment portfolios.

Investment Strategy – Active members
The Fund follows a Lifestage investment strategy which automatically adjusts the investment of members' retirement savings as they age. Younger members are initially placed in a more aggressive investment portfolio aimed at long-term growth. As they approach retirement, their savings are gradually shifted into more conservative portfolios to help preserve capital. These automatic transitions occur on the last day of the month in which members attain specified ages.

The Lifestage investment strategy of members' retirement savings
With effect from 1 August 2022, members' retirement savings are invested according to the new Lifestage strategy shown below, unless the member has opted out of this default investment strategy. A member can choose their own investment portfolio(s), which can be any combination of the Shari'ah, Inflation Target, Stable and Income Protection portfolios.



All active members who are entitled to the minimum retirement benefit (or minimum guaranteed benefit/ MGB) lose the right to this benefit if they opt out of the Lifestage model. By default, the Lifestage investment strategy assumes a normal retirement age of 65, however a member has the option to elect that the Lifestage model be applied to a retirement age of 55, 60 or 65. Members entitled to the minimum retirement benefit do not lose this benefit if they exercise a different retirement age.

Investment Strategy - Pensioners
The Fund's Pensioner investment strategy has approximately 80% of the pensioner assets invested in fixed interest instruments, which aim to provide for future pension increases of 60% of inflation. The remaining 20% of the pensioner assets are invested offshore in listed shares (including global listed infrastructure) and listed property.

The main reason for this allocation is to allow the Fund to provide more certainty that a pensioner's annual pension increase will be in the range of 50% to 60% of inflation (or 90% to 100% if the member elected a higher increase option at retirement). If the 20% of pensioner assets invested offshore perform poorly, the Board may need to grant a lower increase (and possibly even a nil increase) to maintain the financial soundness of the pensioner account. On the other hand, if the 20% invested offshore performs well, the Fund may be able to afford higher pension increases.

Asset Managers

The Fund's selected asset managers are listed below:

Fund Asset Managers – Local	Fund Asset Managers – Foreign
27four Investment Managers (Pty) Ltd	Black Rock Inc.
Abax Investments (Pty) Ltd	Hosking Partners LLP
ABSA Capital Collateral Management	HYC Investments Ltd
Allan Gray Trust	Lindsell Train Limited
Coronation Asset Management (Pty) Ltd	Orbis Investment Management
M&G Investments Managers (Pty) Ltd	Resolution Capital Ltd
Mazi Asset Management (Pty) Ltd	State Street Global Advisors Ltd
Meago Trading (Pty) Ltd	Steyn Capital Management (Pty) Ltd
Nedbank Limited	Veritas Asset Management
Ninety One South Africa (Pty) Ltd	Futuregrowth Asset Management (Pty) Ltd
Old Mutual Investment Services (Pty) Ltd	
Sanlam Investment Management (Pty) Ltd	
Sygnia Life Ltd	
Truffle Asset Management (Pty) Ltd	
Value Capital Partners Ltd	
Vantage GreenX Fund Advisors (Pty) Ltd	
Visio Capital Management (Pty) Ltd (terminated during the period)	

7.3 Investment Performance

A summary of the gross returns as at 30 June 2025 are reflected in the table below:

	1 Year	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)	10 Years (p.a.)	Since Inception
Inflation Target Portfolio	**14.7%**	**10.8%**	**15.2%**	**9.9%**	**8.8%**	**13.0%**
Portfolio benchmark: CPI + 6.0%	*8.8%*	*11.0%*	*10.9%*	*10.7%*	*10.9%*	*11.2%*
Stable Portfolio	**12.3%**	**10.9%**	**12.1%**	**9.5%**	**8.8%**	**9.9%**
Portfolio benchmark: CPI + 3.5%	*6.3%*	*8.5%*	*8.4%*	*8.2%*	*8.4%*	*9.0%*
Income Protection Portfolio	**10.2%**	**9.2%**	**7.8%**	**8.0%**	**7.2%**	**8.2%**
Portfolio benchmark: CPI + 1.5%	*4.3%*	*6.5%*	*6.4%*	*6.2%*	*6.4%*	*7.0%*
Shariah Portfolio	**7.2%**	**6.4%**	**11.1%**	**8.4%**	**6.9%**	**8.4%**
Portfolio benchmark: CPI + 3.5%	*6.3%*	*8.5%*	*8.4%*	*8.2%*	*8.4%*	*8.6%*
Inflation	2.8%	5.0%	4.9%	4.7%	4.9%	

8. Pension Increases

The Pension Funds Second Amendment Act of 2001 requires that pension increases for current pensioners be given first priority when using any surplus in the retirement fund., The Board thus established and implemented a policy for increases for pensioners.

Increases granted to pensioners over the past three years, compared with CPI, are depicted in the table below. It is important for pensioners to note that increases are not guaranteed but are subject to the Fund's affordability to do so.

	Life Annuity 50% of CPI	Increase in CPI	Life Annuity 100% of CPI	Increase in CPI
04/2023	3.6%	50%	7.2%	100%
04/2024	3.6%	70.2%	5.6%	109.1%
04/2025	2.4%	80%	3.6%	120%

9. Contact details

Fund contact details

Administration Manager	Melaney Botes Tel no: 011 269 2144 Team email: zzUnisaRetirementFundAdmin@alexforbes.com
Benefit Consultants	Hlobisile Thango / Zama Nkwanyana / Michael Eybers Tel no: 012 369 8811 / 011 286 1268 / 011 268 1192 Email: Hlobisile@simekaconsult.co.za / Zama@simekaconsult.co.za / Michael@simekaconsult.co.za
Principal Officer	Lavinia Khangala Tel no: 012 429 6101 Email: tkhangl@unisa.ac.za
Deputy Principal Officer	Cedrick Pila Tel no: 012 433 9423 Email: tpilamc@unisa.ac.za
Principal Officer's Assistant	Lutho Dondashe Tel no: 012 433 9474 Email: tdondals@unisa.ac.za
Retirement Benefit Counsellor	Keabestwe Riet Tel no: 012 880 5982 Email: Kea@infund.co.za

General Queries

The University of South Africa Retirement Fund's website is the central information hub of the Fund. If you have any questions, require various forms, or need to find information relating to your benefits and options, please visit the website today: www.unisarf.co.za.

AF Connect

AF Connect is the Fund administrator's digital online platform where members can access information such as:

- *Investment balances*
- *Benefit statements*
- *Fund fact sheets*
- *Personal details*
- *Investment portfolios*
- *Tools to help members achieve their financial goals*

**Information relating to beneficiary nominations is not stored on this online platform and is kept exclusively by your HR Department.*

AF Connect Registration Process:

Step 1: Visit https://online.alexforbes.com/. You only need to register once.
Step 2: Select 'Register' and complete the required fields.
Step 3: You will be sent a confirmation email or SMS based on the registration contact channel selected. For any queries on AF Connect, please contact the dedicated support team

10. Complaints Procedure

Complaints against the Fund must be submitted to the Fund in writing to the Principial Officer or Administrator, whose contact details appear above. The Principal Officer or Administrator will acknowledge receipt of the complaint in writing, and the Fund will attempt to resolve the complaint within 30 days of receipt of the complaint.

In the event that the complaint cannot be resolved to your satisfaction, the Fund will advise of the reasons why the complaint could not be resolved and what recourse the complainant may have. If the complainant is not satisfied with the outcome of their complaint, the matter may be referred to the Pension Funds Adjudicator whose contact details appear below:

Pension Funds Adjudicator

You can contact the Pension Funds Adjudicator if your complaint against the Fund was not resolved to your satisfaction. The Adjudicator's rulings have the same legal effect as a civil judgment.

A spouse of a member/former member is also allowed to lodge a complaint with the office of the Adjudicator.

Tel number	012 346 1738 / 012 748 4000
Fax number	086 693 7472
Email	enquiries@pfa.org.za

Information Regulator

You can contact the Information Regulator of South Africa in situations related to the Protection of Personal Information Act (POPIA) or the Promotion of Access to Information Act (PAIA), where any query raised with the Fund or a service provider remains unresolved.

Tel number	0800 017 160 / 010 023 5200
Email	enquiries@inforegulator.org.za
Website	https://inforegulator.org.za/

The National Financial Ombud Scheme South Africa (NFO)

You can contact the NFO with regards to any complaints regarding your risk benefits if such a complaint was not resolved to your satisfaction by the insurer.

Tel number	0860 800 900
Email	info@nfosa.co.za

11. Retirement Benefit Counselling

Members require financial advice before retirement. Benefits counselling does not entail the provision of financial advice; it provides information about the default options that are available; Speak to a financial adviser who will have a holistic view of your financial position.

Retirement Benefit Counsellor	Keabetswe Riet: Tel no: 012 880 5982 Email: Kea@infund.co.za

ANNEXURE A: Summary of Fund Costs

With effect from 1 January 2025, the following per member/annuitant monthly administration fees (including VAT) apply to the Fund:

Monthly administration fees:	
Active Members*	R100.10
Preserved (Paid-up) members	R78.78
Deferred Pensioners	R78.78
Deferred Retirements	R78.78
Life Annuitant Pensioners	R78.78
Living Annuitant Pensioners	
• Payment of monthly pension, actuarial and related consulting services, auditing fees, FSCA levies and Board of Fund costs	R156.62
• Once-off servicing fee to review monthly draw-down amount and make changes to the investment strategy (payable only if a review is performed)	R145.87
Pre-Retirement Medical Aid Members	R43.05
Ad-hoc Fees:	
Investment switching Fee – Rand fee per switch (excluding automatic lifestage switches)	R623.01
Divorce order instructions – Rand fee per divorce order	R1 947.25

*Active members do not pay this fee from their contributions, the employer pays these fees on the active member's behalf.

ANNEXURE B: Summary of Insured Risk Benefits

The table below summarises the insurance benefits, insured by Momentum Corporate and Sanlam Life Insurance (Ltd), the appointed insurers. These risk benefits only apply to active members of the Fund.

Insured Benefit	January 2024 Premium	January 2025 Premium
Death in service benefit The total death benefit is: The balance in the **Member Credit Account**, **PLUS** Twice the member's annual pensionable salary, **PLUS** A pension of 35% of members pensionable salary paid to the member's life partner or spouse. If the member does not have a life partner or spouse, but has qualifying children, a pension calculated as 35% of pensionable salary will be shared between the qualifying children and will be paid until each qualifying child reaches age 18 or age 24 in the case of full-time students. If the member has a lifetime dependent child(ren), the pension will be payable for the lifetime of this child(ren). It is necessary that you, as a member of the Fund, inform the Fund via the HR department of any such requirements.	2.006% Momentum	2.006% Momentum
Disability benefit (this is an external policy and is not provided via the Fund) If the insurer regards the member as being unable to continue to work, the member will receive a monthly income of 62% of their pensionable salary, after a 6-month waiting period. This payment will continue until the earliest of the member returning to work, the member's death, or reaching normal retirement age. The monthly income benefit is paid without the deduction of income tax. Members in receipt of a Disability Income benefit remain members of the Fund whilst they are on disability, and retirement contributions continue until normal retirement age. These members are still entitled to the Fund's death benefits. Once a member is considered disabled, the Insurer may require the member to go for a medical assessment on a regular basis to evaluate whether they still qualify to receive the disability benefit.	0.520% Sanlam	0.520% Sanlam
Funeral benefit (this is an external policy and is not provided via the Fund) The funeral benefit is a lump sum payable upon the death of a member or the death of an immediate family member, to assist with the costs associated with a funeral. The value of the benefit payable is: Member, spouse or life partner = R25 000 Child age 12 to 21; or up to age 24 in the case of full-time student = R12 500 Child under age 12, including stillborn* = R 6 250 *A stillbirth child means a child who has had at least 26 weeks of intra-uterine existence but showed no sign of life after complete birth.	R17.33 Momentum R25 000 sliding scale benefit	R17.33 Momentum R25 000 sliding scale benefit