University of South Africa
Retirement Fund

UNIVERSITY OF SOUTH AFRICA RETIREMENT FUND

MEMBER INVESTMENT GUIDE

Effective 1 April 2026



This guide explains how your retirement savings are invested in the University of South Africa Retirement Fund. Whether you are currently contributing, have deferred your retirement, or are already a pensioner drawing an income, this guide will help you understand where your money is invested and what choices you have.

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1. About This Guide

The University of South Africa Retirement Fund (the Fund) invests your retirement savings in a range of investment portfolios. The goal is to grow your savings over time so that you have enough money to live comfortably when you retire or to take care of your beneficiaries should you pass away before then. If you are a life annuitant or living annuitant, your pensioner savings are invested in a manner that prioritises the sustainability of your income in retirement.

This guide explains:

- The different types of investments the Fund uses and why
- The investment portfolios available to members
- How your money moves between portfolios as you approach retirement (the Life-Stage Model)
- What choices you have, and what happens if you do not make a choice
- How fees work
- How the Two-Pot Retirement System affects your investments

Important

The investment returns shown in this guide are targets only. They are not guaranteed. Your retirement savings can go up or down depending on how investment markets perform.

2. Who This Guide Is For

This guide is relevant to all members of the Fund, regardless of where you are in your career or retirement journey:

Active members	You are currently employed and your employer contributes to the Fund on your behalf each month.
Deferred members (paid-up members and deferred pensioners)	You have left your employer (incl. through retirement) but have chosen to leave your savings in the Fund. You are no longer making contributions, but your money remains invested and continues to grow (or fluctuate) based on market performance.
Pensioners (living annuitants and life annuitants)	You have retired and are drawing a monthly income from the Fund. As a living annuitant your remaining savings stay invested and you can choose your own investment strategy. As a life annuitant you receive a guaranteed income for life and have no investment choices.

Regardless of your status, you have the right to choose how your savings are invested. If you do not make a choice, the Fund will invest your money using its default strategy — the Life-Stage Model — which is explained in Section 7 of this guide. In the case of living annuitants, if you do not make an investment choice, the Fund will invest your money using its default living annuity strategy.

3. Understanding Investment Basics

Your retirement savings are invested across different types of assets. Each type behaves differently and plays a different role in growing and protecting your money.

Shares (Equities)

When you own shares in a company, you own a small piece of that company. If the company does well, the value of your shares grows, and you may receive dividends (a share of the profits). If the company does poorly, the value can fall.

Risk level: Higher | **Potential return:** Highest over the long term

Bonds

Bonds are loans you give to governments or large companies. In return, they promise to repay the money with interest over time. Bonds are generally safer than shares, but they can still lose value if market interest rates change.

Risk level: Medium | **Potential return:** Medium

Property

The Fund invests in listed property companies — businesses that own and manage shopping malls, office parks and industrial sites. These generate rental income and can grow in value over time.

Risk level: Medium to higher | **Potential return:** Medium to higher

Cash

Cash investments (such as money market funds) are the most conservative option. Your money is unlikely to lose value, but the returns are lower than other asset classes and may not keep up with inflation over the long term.

Risk level: Lowest | **Potential return:** Lowest

Why use a mix of assets?

No single asset class is best all the time. Mixing different assets reduces the risk that a poor performance in one area will significantly harm your overall savings. This is called diversification.

4. Responsible Investing (ESG)

Environmental, Social, and Governance (ESG) principles guide the Fund to invest your money responsibly by considering not only financial returns, but also how companies and projects impact people, communities, and the environment. This means the Fund aims to invest in businesses and projects that are well-managed, ethically run, environmentally conscious, and committed to sustainable long-term growth.

Environmental factors consider issues such as climate change, energy use, pollution, and the responsible use of natural resources. Social factors focus on how companies treat employees, customers, and communities, including matters such as labour practices, diversity, human rights, and health and safety. Governance relates to how a company is directed and controlled, including leadership quality, accountability, transparency, and ethical business practices.

By incorporating ESG principles into investment decisions, the Fund seeks to manage long-term risks, support sustainable economic growth, and protect members' retirement savings over time.

What do E, S and G mean?

Letter	Stands for	What it means for your investments
E	Environmental	The Fund considers how companies they invest in manage their impact on the environment — for example, their carbon footprint and use of natural resources.
S	Social	The Fund looks at how companies they invest in treat their employees, communities and customers.
G	Governance	The Fund considers whether companies they invest in are well-run, honest and accountable to shareholders.

The Fund's Board of management has appointed investment managers who are required to apply ESG principles in their investment decisions and to report back on how they are doing so. The Fund also supports good corporate governance in the companies in which it invests.



5. The Four Investment Portfolios

The Fund offers four investment portfolios for active members, deferred members and living annuitants. Each portfolio is designed with a different risk level and time horizon in mind. You can invest in one portfolio or a combination of several. Life annuitant pensioners are invested in the Pensioner Portfolio which is discussed under section 11 of this guide.

Portfolio	Suitable for	Return Target (above inflation)
Inflation Target Portfolio	7+ years to retirement	6% above inflation per year (over 7 years)
Stable Portfolio	2–5 years to retirement	3.5% above inflation per year (over 3 years)
Income Protection Portfolio	0–2 years to retirement	1.5% above inflation per year (over 12 months)
Shari'ah Portfolio	7+ years (not included in the life-stage model)	3.5% above inflation per year (over 7 years)

Inflation Target Portfolio — For long-term growth

This is the most growth-oriented portfolio. It invests a large portion of your savings in shares and property (both in South Africa and internationally), with a smaller portion in bonds and cash. Because share markets can be volatile, the value of your savings may rise and fall significantly in the short term — but history shows that over the long term, growth assets deliver the best returns.

- Investment mix: 70%–80% in growth assets (shares and property); 20%–30% in bonds and cash
- Best suited to: Members who are more than 7 years from retirement
- Return target: 6% per year above inflation, measured over 7 years

Stable Portfolio — Balancing growth and protection

This portfolio takes a more balanced approach. It still invests in shares and property for growth but holds a larger portion in safer instruments like bonds and cash. This reduces the risk of large losses over shorter periods.

- Investment mix: 40%–50% in growth assets; 50%–60% in bonds and enhanced cash
- Best suited to: Members who are 2–5 years from retirement
- Return target: 3.5% per year above inflation, measured over 3 years

Income Protection Portfolio — Capital preservation near retirement

This portfolio is designed to protect your savings when retirement is very close. It invests almost entirely in cash-like instruments and some credit. You are unlikely to lose money, but returns may not keep pace with inflation over the long term.

- Investment mix: Almost entirely in cash and credit
- Best suited to: Members who are 0–2 years from retirement
- Return target: 1.5% per year above inflation, measured over 12 months

Shari'ah Portfolio — Investing in accordance with Islamic law

This portfolio is managed in accordance with Shari'ah (Islamic) law, under guidelines set by leading global Islamic institutions. It excludes investments in industries that are not permissible under Islamic law, including:

- Alcohol and tobacco
- Products containing pork
- Conventional financial services (such as banks that charge interest)
- Defence and weapons
- Gambling and adult entertainment

The Shari'ah Portfolio is not part of the Life-Stage Model. Members who want to invest according to Islamic principles must actively choose this portfolio. *Any interest accidentally earned on contributions will be donated to a charitable trust for use in disaster relief, education, sport, and healthcare — in keeping with Shari'ah principles.*

Where to find portfolio fact sheets

Monthly investment fact sheets for all portfolios are available at:

www.unisarf.co.za/unisarf/fund-investments



6. Investment Fees

All investment portfolios incur fees. These fees are called the Total Investment Charge (TIC) of a portfolio and are deducted directly from the investment returns — you do not pay them separately. For details on the fees of each portfolio, you may navigate to the Investment returns page of the Fund's website and open the monthly investment returns to access the fund factsheets - https://unisarf.co.za/unisarf/investment-returns

What is a performance fee?

Some portfolios include investment managers that charge performance fees. This means you pay the investment manager an extra fee if they deliver returns above a set benchmark, and a lower fee if they deliver returns below that set benchmark. This means the manager only earns more when your investment performs better — aligning their interests with yours. The Income Protection and Shari'ah portfolios do not have investment managers that charge performance fees.

Members are invested by default in the Life-Stage Model and there is a switching fee if you change from the Life-Stage Model to your own portfolio choice, or if you change between own-choice portfolios. This fee is deducted from your Member Credit Account and is reviewed annually. Living annuitants also incur a switching fee for changing between various portfolios. Please check the current fee before making any switches.

7. The Life-Stage Model (Default Investment Strategy)

What is the Life-Stage Model?

The Life-Stage Model is the Fund's default investment strategy for members who do not make an own choice, and members who are not living annuitants. It automatically adjusts how your money is invested based on how many years remain until your retirement date.

The idea is simple: when you are young and have many years ahead of you, your money can afford to take more risk in pursuit of higher long-term growth. As you get closer to retirement, your money gradually moves into safer, more stable investments to protect what you have built.

This happens automatically — you do not need to do anything. Your savings are moved between portfolios at the end of the month in which your birthday falls.

How the Life-Stage Model works (retirement age 65)

Your age	How your money is invested across the various portfolios		
	Inflation Target Portfolio	Stable Portfolio	Income Protection Portfolio
58 and younger	100%	0%	0%
59	75%	25%	0%
60	50%	50%	0%
61	25%	75%	0%
62	0%	100%	0%
63	0%	75%	25%
64 and older	0%	50%	50%

Choosing your retirement age

You can set the Life-Stage Model around a planned retirement age of 55, 60, or 65. The default is 65 for most members (there are a few members who have a default retirement age of 60). If you choose a retirement age of 55 for example, the transition to more conservative investments starts 10 years earlier. Changing your retirement age in the Fund does not affect your employment contract — it only changes when the investment transitions int eh Life-Stage Model happen.

Another example

If you choose a retirement age of 60, the Life-Stage Model shifts 5 years earlier. You will start moving into the Stable Portfolio at age 54, rather than 59.

Deferred members (paid-up members and deferred pensioners)

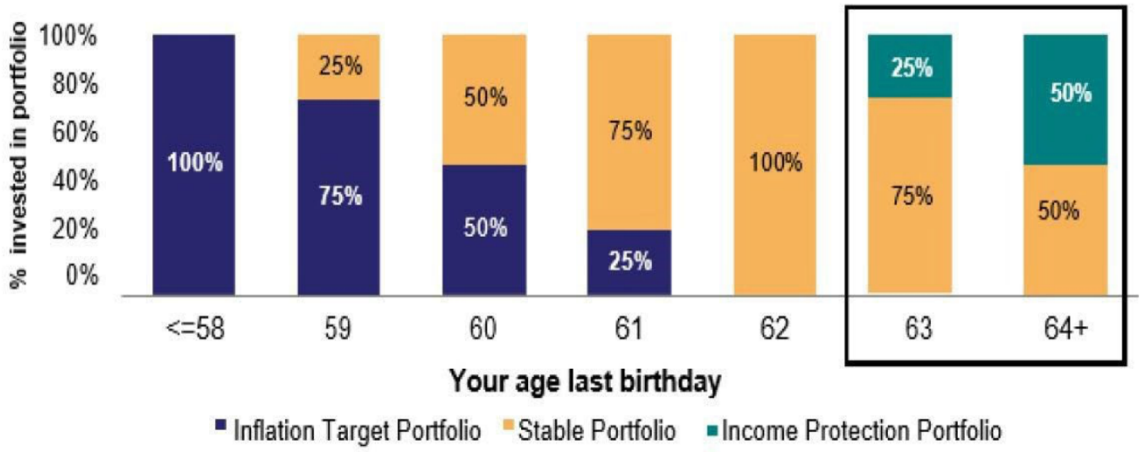
If you have left your employer (incl. through retirement) but kept your money in the Fund, you will remain on the Life-Stage Model with a default retirement age of 65 — unless you choose otherwise. Your money continues to be automatically moved between portfolios as you age, even though you are no longer contributing.

Minimum retirement benefit

Important — Minimum Retirement Benefit

If you joined the Fund before 1 September 1996, you may be entitled to a guaranteed minimum retirement benefit. To keep this guarantee, your savings must remain in the Life-Stage Model. If you switch to your own portfolio choice, you will lose this guarantee permanently.

Employees of Universities South Africa (USAf) and members who became disability income claimants before 30 June 2015 have a Life-Stage Model designed around a retirement age of 60.



8. Choosing Your Own Portfolio

If you prefer a different investment approach, you can move away from the Life-Stage Model and construct your own portfolio. You may invest any percentage of your savings in any combination of the four portfolios:

- Inflation Target Portfolio
- Stable Portfolio
- Income Protection Portfolio
- Shari'ah Portfolio

You may make a change once a month. Simply complete the Investment Choice Switch Notification Form and submit it within the deadline set by the Fund's administrator.

Please note

Choosing your own portfolio means you will pay a switching fee, and — if you are entitled to the minimum retirement benefit — you will lose that guarantee. We strongly recommend speaking to a financial planner before making changes to your investment strategy.

Download the switch form here: www.unisarf.co.za/unisarf/forms

Investing your savings and contributions differently

If you are on an own-choice portfolio, you may not invest your existing savings (your Member Credit Account) and your additional voluntary contributions (AVCs), differently from your ongoing monthly contributions. For example, you cannot keep your existing savings in the Stable Portfolio while directing new contributions into the Inflation Target Portfolio. All your monies regardless of source, must be invested the same way.

9. The Two-Pot Retirement System and Your Investments

From 1 September 2024, the Two-Pot Retirement System took effect for all members of the Fund that were younger than 55 on 1 March 2021, those who join the Fund from 1 September 2024, and those outside these categories who opted into the Two-Pot Retirement System. This system divides your retirement savings into three components (referred to as "pots"):

Vested pot	Your retirement savings accumulated before 1 September 2024, plus any growth on those savings.
Savings pot	One-third of your new contributions after 1 September 2024. You can make one withdrawal per tax-year from this pot before retirement (subject to tax, fees and a minimum withdrawal amount).
Retirement pot	Two-thirds of your new contributions after 1 September 2024. This money is preserved for retirement and cannot be accessed early.

What does this mean for your investment strategy?

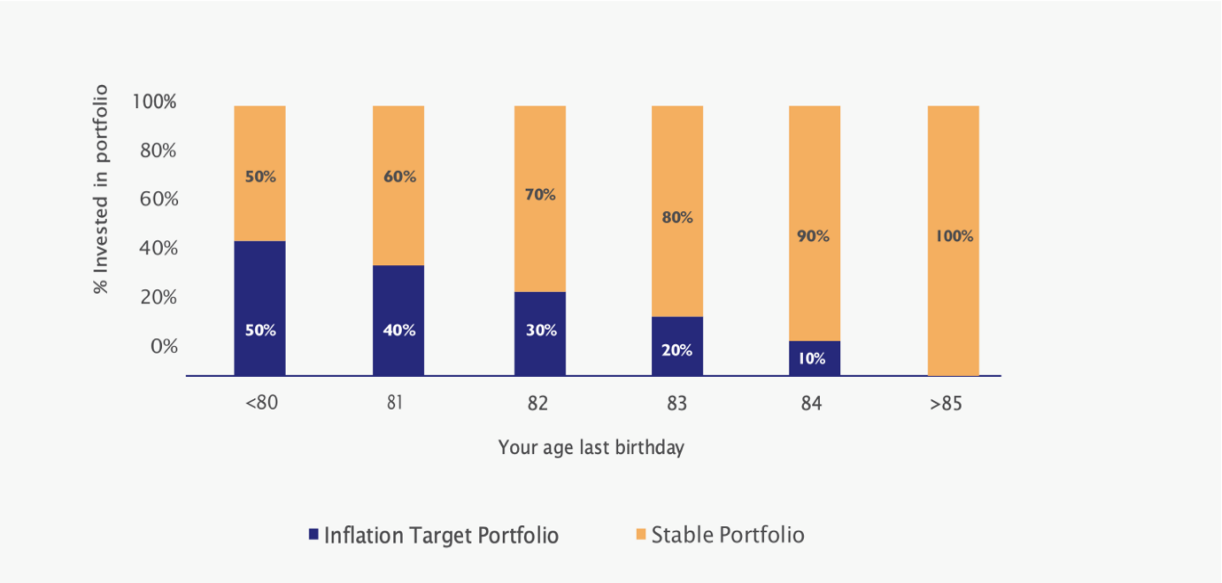
Your investment strategy applies equally to all three pots — you cannot choose a different portfolio for each pot. The balance in all pots is not guaranteed and will fluctuate with investment market performance.

For more information about how to access your savings pot or for retirement options, please refer to the Fund's Retirement Guide here: https://unisarf.co.za/unisarf/retirement-benefit

10. Living Annuitant Investment Choices

If you have retired and are receiving a monthly pension from the Fund in the form of a living annuity, you have the same investment choice options as active members. You may elect your own investment strategy and invest in any of the four portfolios. If you do not make a choice, you will be invested according to the default living annuity investment strategy shown in the below table and graph.

Your age	How your money is invested across the various portfolios	
	Inflation Target Portfolio	Stable Portfolio
80 and younger	50%	50%
81	40%	60%
82	30%	70%
83	20%	80%
84	10%	90%
85 and older	0%	100%



The default living annuity investment strategy.

11. The Pensioner Portfolio

If you have retired and are receiving a monthly pension from the Fund in the form of a life annuity, your retirement savings are managed under the Pensioner Portfolio, which uses a different investment approach tailored to your needs.

Pension increases

The Fund aims to increase your monthly pension each year to help it keep pace with inflation. At retirement, you will have chosen one of two options:

- 50% of inflation — your pension targets increases of half the inflation rate each year
- 100% of inflation — your pension targets increases of the full inflation rate each year

However, these increases are not guaranteed. They depend on the investment returns earned by the Fund. During difficult market conditions, increases may not be possible — a reality experienced by many retirement funds around the world.

How the Pensioner Portfolio is managed

Rather than simply chasing high returns, the Pensioner Portfolio uses a liability-driven investment approach. This means the strategy focuses on the Fund's ability to pay future pension increases, not just on absolute investment performance. The goal is to make pension increases more sustainable over time.

12. Supplementary Accounts

Some members have a Supplementary Account in addition to their Main Account. You will have a Supplementary Account if:

- UNISA made post-retirement medical aid contributions on your behalf, or
- You or your employer made additional voluntary contributions to the Fund

How is the Supplementary Account invested?

By default, money in your Supplementary Account is invested using the same strategy as your Main Account — either the Life-Stage Model or your own chosen portfolio.

13. Contact Us

We are here to help. If you have questions about your investments or need guidance, please contact one of the following:

Role	Contact	Details
Retirement Benefits Counsellor	Keabetswe Malele	kea@infund.co.za | 081 756 5705
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Legal Disclaimer

This guide is intended to be a plain-language summary of the Fund's investment options. While every effort has been made to simplify the information, this may mean some areas are covered in less detail. Members should note:

- Investment return objectives are not guaranteed and depend on market performance and investment manager skill.
- The asset allocation models assume long-term inflation of 6% per year. If actual inflation differs, the statistics in this guide would need revision. All figures are indicative.
- This guide does not constitute advice from the Board, Principal Officer or their advisers. Please seek expert financial advice before making investment decisions.
- The security of your personal information is important to the Fund. For details, visit www.unisarf.co.za/unisarf/policies-and-rules