Retirement

National Fund for Municipal Workers

Statutory actuarial valuation as at 30 June 2025
12/8/35064

Prepared by Alexander Forbes Financial Services (Pty) Ltd

June 2026

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EXECUTIVE SUMMARY

Introduction

1. This statutory actuarial valuation of the National Fund for Municipal Workers *("the fund")* was performed as at 30 June 2025 *("the valuation date")*.

Membership

2. The valuation of the fund was based on the membership data set out below. The corresponding statistics at the previous valuation date have been provided for comparison.

Contributing members	30 June 2024	30 June 2025
Number [a)]	56 390 [b)]	58 822 [b)]
Total annual remuneration	R 18 121 269 152	R 19 993 186 062
Total fund credits[1] (excl. direct housing loans)	R 29 280 028 948	R 34 347 195 002
Deferred members		
Number [c)]	1 624	1 856 [d)]
Total fund credits	R 921 985 152	R 926 543 745
Living annuitant		
Number	33	27
Total value of living annuity account balances	R 116 783 961	R 104 755 764

a) Category B members have both a Category A and a Category C record. In terms of the data received for purposes of the valuation all such members are counted as "2 members" in both the financial statements and the valuation.
b) This number includes two (2024: zero) nil contributors as per the information received from the administrator
c) This number includes 251 (2024: 310) Category E members who transferred in from the National Pension Fund for Municipal Workers. In addition, a number of members transferred into the fund from the Government Employees Pension Fund. The transfer values of all such members are also reflected under the Category E membership.
d) Includes 422 members who exited but left their retirement component in the fund.

Contribution allocation

3. The gross contribution rates as at the current and previous valuation dates are shown below:

Contribution rates (% of fund remuneration)	Category A	Category C	Category B (Category A & C)
Member contribution rate	Min 2%	Min 5%	Min 7%
Employer contribution rate	Min 2%	Min 5%	Min 7%
Total	**Min 4%**	**Min 10%**	**Min 14%**

A portion of the contributions is allocated towards the funding of expenses (0.5%) as well as risk benefits (varies per member depending on their choice of risk benefits).

1 Fund credit refers to what is defined as "member share" in the rules of the fund.

Financial position of the fund

4. The financial position of the fund as at 30 June 2025 is summarised below. The corresponding statistics at the previous valuation date have been provided for comparison.

Financial position of the fund (Amounts in R'000)	30 June 2024	30 June 2025
Value of assets [a]	**31 228 359**	**36 415 699**
Members' liabilities		
Contributing members	29 280 029	34 347 195
Deferred members	921 985	926 544
Living annuitants	116 784	104 756
Direct housing loans	79	60
Contributions allocated after year end	235 158	251 604
Lifestage switch processed after year-end	204 940 [b]	-
Total member liabilities: (a)	**30 758 975**	**35 630 159**
Reserve accounts		
Expense reserve account	40 575	52 574
Risk reserve account	328 730	448 934
Data and processing reserve account	100 079 [c]	284 032 [c]
Total reserve accounts: (b)	**469 384**	**785 540**
Total liabilities: (a) + (b)	**31 228 359**	**36 415 699**
Balance of assets	**-**	**-**
Funding level	**100.00%**	**100.00%**

Notes:

a) The total net assets per the statutory actuarial valuation is R 22 732 000 lower than the total net assets reflected in the annual financial statements as a result of actuarial adjustments made, due to benefit creditors under-provided (2024: R 99 166 000 lower).

b) The administrator confirmed on 13 May 2025 that the lifestage switches at the end of June 2024 were processed on the member records and required a switch out of the Aggressive Portfolio of R 204 940 000. There were however insufficient liquid assets in this portfolio at month-end and the transaction was hence only processed in the market on the 4th of July 2024. We therefore adjusted the liabilities to reflect the delayed implementation.

c) Refer to paragraph 5 overleaf for more information on the "true" value of the data and processing reserve account.

5. It should, however, be noted that our calculation of the true balance in the data and processing reserve, after allowance is made for the downward revaluation of assets on the valuation date on some of the assets that were only supplied and incorporated into the unit prices after the valuation date (refer to sections 6.47 to 6.49 of the main report), is as follows:

	30 June 2024 R'000	30 June 2025 R'000
Balance in the data and processing reserve account	100 079	284 032
Release from / (increase of) fund credits after the valuation date as a result of the revaluation of assets	67 605	(104 515)
True balance in the reserve	**167 684**	**179 517**
% of assets	**0.54%**	**0.49%**

Certification

6. We certify that as at 30 June 2025 the assets of the fund were sufficient to cover 100.0% members' liabilities and reserve account balances. We can thus confirm that, in our opinion, the fund was in a sound financial condition as at the valuation date in terms of section 16 of the Pension Funds Act, as amended.

1. INTRODUCTION

We are pleased to present to the trustees of the National Fund for Municipal Workers this statutory actuarial valuation as at 30 June 2025. This report sets out the results of the statutory valuation of the fund as at 30 June 2025 *("the valuation date")* and includes an analysis of the financial progress of the fund since 30 June 2024 *("the previous valuation date")*. The period between the previous valuation date and the valuation date is referred to hereinafter as the valuation period.

Registration and operation

1.1 The fund, initially known as the "Voorsorgfonds vir Plaaslike Owerhede", was established with effect from 1 July 1987. The name was changed to the IMATU Retirement Fund with effect from 1 June 1997 and then with effect from 1 November 2000, the name was changed to the National Fund for Municipal Workers *("the fund")*.

1.2 The fund operates on defined contribution principles:

- In terms of the rules of the fund category A and category C members contribute at a rate as agreed upon by the local authority and the member, subject to an absolute minimum contribution of 2% and 5% of their remuneration respectively.
- The local authority must contribute in respect of category A and category C members such an amount as agreed between the local authority and the fund, subject to a minimum contribution rate of 2% and 5% of their remuneration respectively.
- The contribution rates stipulated above include the amounts payable towards the funding of expenses as well as risk benefits.

1.3 Category B members are members who belong to both categories A and C. A brief summary of the fund benefits and contributions are set out in appendix 1.

1.4 The previous statutory valuation was carried out by Alexander Forbes Financial Services (Pty) Ltd as at 30 June 2024. At this date the fund reflected a funding level of 100.00%. The report was submitted to the FSCA in June 2025 and was not yet accepted by the FSCA at the time this report was signed.

Status update regarding older statutory valuations:

- The FSCA accepted the statutory valuation as at 30 June 2022 on 4 September 2025.
- The FSCA accepted the statutory valuation as at 30 June 2023 on 11 September 2025.

Objectives

1.5 This statutory valuation has been carried out as at 30 June 2025 with the following objectives:

- to investigate and report on the financial condition of the fund at the valuation date;
- to analyse the financial progress of the fund since the previous valuation date;
- to analyse the development of the fund's risk reserve account, expense reserve account and the data and processing reserve account over the valuation period;

- to determine the required balance in the fund's risk reserve account given the implementation of the self-insurance arrangement with effect from 1 July 2022;
- to analyse the death and disability experience of the fund to set the mortality and morbidity assumptions to use in the determination of the expected costs of providing the lump sum death and disability benefits;
- to determine the adequacy of the contributions allocated towards the funding of expenses and risk benefits, taking into account the accumulated balances in the expense reserve account and risk reserve account;
- to comment on the appropriateness of the investment strategy in place at the valuation date;
- to review the investment returns allocated to the members' fund credits and additional voluntary contributions ("AVCs");
- to recommend whether any enhancement to members' fund credits from the data and processing reserve account is required;
- to recommend an adjustment to the allocation of fund return to members' fund credits to ensure the fund is in a financially sound position (if applicable);
- to comment on the sustainability of income drawn by the in-fund living annuitants; and
- to meet statutory requirements.

Valuation data

1.6 In compiling this report, we have relied upon the accuracy and completeness of information made available to us by the administrator and external parties. Except where expressly stated in the report, we have not independently verified the accuracy of the facts or the basis of the information supplied to us.

1.7 The results of the statutory valuation depend on the accuracy of:

- the membership data;
- the information on the assets, as supplied by the relevant sources; and
- the audited financial statements for the valuation period.

Extensive reasonability checks have been performed on the above and we are satisfied with the general accuracy and completeness of the data and with its suitability for purposes of this statutory valuation. Further information regarding the reasonability checks performed are set out in appendix 2.

Capacity, brief and professional guidance

1.8 This report has been prepared by Alexander Forbes Financial Services (Pty) Ltd *("Alexforbes")* in accordance with the instructions of the fund's trustees. This report has been prepared solely for the benefit of the trustees of the fund, the participating employers and the Financial Sector Conduct Authority in our capacity as the valuator to the fund and as employees of Alexforbes. The information contained in this report and in all documents referred to in this report is confidential.

1.9 Our investigations have been undertaken to comply with the requirements of section 16 of the Act and are in accordance with the regulator's requirements. The report has been prepared in accordance with Standard of Actuarial Practice (*"SAP"*) 201 issued by the Actuarial Society of South Africa (*"ASSA"*), and, where relevant, the guidance provided by the Pension Fund *("PF")* Circulars published by the Financial Sector Conduct Authority *("FSCA"*) has been considered.

1.10 Alexforbes does not accept any liability to any persons, other than the trustees, in connection with this report or its related enquiries. We accept no liability in respect of any matter outside the scope and limitations of this report and purpose for which it is prepared.

1.11 This report may not be disclosed and/or relied upon in whole or in part to/by any person other than the trustees or quoted in any other context without prior written consent. Any person, other than the trustees to whom this report is addressed, who receives a draft or copy of this report (or any part of it) or discusses it (or any part of it) or any related matter with us or any third party, does so on the basis that they acknowledge the source of this report and accept that they may not rely on it for any purpose whatsoever and that we owe a duty of care only to the trustees. Any portion of this report, if reproduced or transmitted, must include a reference to the full report and to this clause.

1.12 This report has been prepared as at the valuation date and covers the valuation period given above. Unless specifically stated to the contrary, it does not take into account any events subsequent to the valuation date.

1.13 This report has been peer reviewed by another qualified actuary in the employment of Alexforbes.

2. DEVELOPMENTS SINCE THE PREVIOUS VALUATION DATE

Rules and amendments

2.1 The following rule amendments to the set of revised rules, effective from 1 July 2022, became effective during the valuation period:

	Effective date	Date registered by the FSCA
Amendment no. 3 ▪ For the rules of the fund to make provision for the two-component system as prescribed in the Revenue Laws Amendment Act, 2023, and the Pension Funds Amendment Act.	1 Sep 2024	15 Aug 2024
Amendment no. 4 ▪ For the rules of the fund to make provision for the board of trustee's decision that the default risk option for new members in Category C of the fund, who have not made an election regarding the risk options, would be Category C3, and no longer Category C5. ▪ The reason for the decision was to manage the risk benefits claims experience as part of the scheme's risk management mechanism. ▪ The rule is amended to provide members who have terminated service with a participating Local Authority, but immediately joins another participating Local Authority, with an opportunity to exercise the options as provided for in Rule 8.1.	25 Nov 2024	25 Nov 2024

Financial position as at 30 June 2024

2.2 The statutory actuarial valuation as at 30 June 2024 showed no excess assets (corresponding to a funding level of 100.00%) after taking into account all member liabilities as well as the balances in the reserve accounts at the valuation date.

2.3 The report was submitted to the FSCA in June 2025 and was not yet accepted by the FSCA at the time this report was signed.

Direct housing loans

2.4 The fund has been registered as a credit provider under the National Credit Act with effect from 1 October 2007. Members with existing housing loans were given a once-off option to transfer their housing loans from RFS Home Loans (Pty) Ltd to the fund at the time. All new applications for housing loans were with effect from 1 June 2007 only granted via RFS Home Loans (Pty) Ltd and Standard Bank. The direct housing loans were therefore in respect of a closed group of members since 2007. At the valuation date there was only 1 member with direct housing loans from the fund totalling R 60 000 (2024: 1 member with a loan totalling R 79 000).

Fund investments

2.5 At the valuation date the assets of the fund were managed by a number of investment managers. Mosaic Investment Consulting (Pty) Ltd *("Mosaic Investment Consulting")* was the appointed investment advisors with effect from 1 April 2015. More details regarding the various managers and assets under management are given in section 5 of the report.

<u>Contributing and deferred members</u>:

2.6 The five investment portfolios of the fund are:

a) Aggressive Growth
b) Capital Growth
c) Stable Growth
d) Capital Protector [2]
e) Shari'ah portfolio [2]

2.7 The board of trustees implemented a lifestage strategy. The default lifestage strategy ensures that members are automatically moved through the three lifestage portfolios depending on their age. The following table illustrates how a member's investment portfolio will change with age and also states the investment objectives of the individual portfolios:

Date	Default portfolio	Investment Return Objective [3]
Younger than 55	Aggressive Growth	CPI + 4.75% per annum (net of fees) over rolling 3-year periods at least 50% of the time. The portfolio is expected to produce positive returns over rolling 12-month periods at least 65% of the time.
55 to 62	Capital Growth	CPI + 3.75% per annum (net of fees) over rolling 3-year periods at least 50% of the time. The portfolio is expected to produce positive returns over rolling 12-month periods at least 75% of the time.
Older than 62	Stable Growth	CPI + 3.00% per annum (net of fees) over rolling 3-year periods at least 50% of the time. The portfolio is expected to produce positive returns over rolling 12-month periods at least 85% of the time.

2.8 With effect from 1 January 2021, the lifestage switches are made in a more phased manner: Once a member has reached the recommended age limit for a portfolio, 25% of the member's assets (fund credit) and 25% of subsequent contributions will immediately be switched to the lower risk portfolio. A further 25% of assets and subsequent contributions will be switched after every 4 months until 100% of the fund credit and subsequent contributions have been switched to the lower risk portfolio, i.e. after a 12-month period. The first 25% switch to the new recommended portfolio will commence at the end of a member's birthday month. As a result, it will take 12 months for a total portfolio switch to be completed. After the 12-month phase-in period, all future member contributions will accrue to the new default life stage portfolio.

2 The Capital Protector and Shari'ah portfolios do not form part of the default lifestage investment strategy.

3 Per the investment policy statement effective from 1 January 2026.

2.9 Members however still have the option to exercise specific investment choice and invest in any of the three life stage portfolios, or the Capital Protector and Shari'ah portfolios, should they not wish to follow the default life stage strategy.

Living annuitants:

2.10 From 1 November 2022 the investment portfolios available for living annuitants of the fund are the same five portfolios mentioned in section 2.7 above.

2.11 The investment portfolio choice will depend on the living annuitant's personal financial circumstances and requirements as well as the required drawdown rate (i.e. monthly pension amount). Each living annuitant is responsible for selecting investment portfolios that is most appropriate for him/her. Should living annuitants not be familiar with the most appropriate portfolio for their needs, they are advised to obtain professional advice in this regard.

Investment returns allocated

2.12 The administration of the fund was converted to a daily unitised platform (previously a monthly allocation method was used) with effect from 1 July 2020 and was administered using this method during the valuation period. As part of the migration, the fund created a specific "data and processing reserve account" to house the excess assets of the fund at the time of conversion. The impact of subsequent timing differences and mismatches also crystalises in the data and processing reserve account.

2.13 The monthly deduction for the expenses of the fund not recovered from the members' contributions was reviewed as part of each annual actuarial valuation. The results of the last statutory valuation were discussed at the meeting of the board of trustees held on 26 June 2025. The trustees accepted the actuary's recommendation that the prevailing monthly cost allowance be increased from 0.01% to 0.015% per month effective from 1 July 2025.

2.14 The annual net investment returns allocated to fund credits during the valuation period compared to those at the previous valuation are set out in the table below:

Portfolio	1 July 2023 to 30 June 2024	1 July 2024 to 30 June 2025
Returns allocated to fund credits (net of investment management fees and the monthly cost allowance for the funding of expenses)		
▪ Aggressive Growth	11.30%	17.83%
▪ Capital Growth	11.81%	18.04%
▪ Stable Growth	13.04%	17.42%
▪ Capital Protector	9.99%	10.24%
▪ Shari'ah	4.04%	12.43%
Calculated average fund return (net of investment management fees)	12.11%	17.60%

Portfolio	1 July 2023 to 30 June 2024	1 July 2024 to 30 June 2025
Increase in the consumer price index over the period	5.10%	3.02%

2.15 Details of the net monthly investment returns allocated to members’ fund credits and living annuitants’ account balances during the valuation period are set out in appendix 4.

3. MEMBER DATA

The valuation of the fund at 30 June 2025 was based on the membership data below. Further statistics, including a reconciliation of the current membership with that present at the previous valuation date, are provided in appendix 2.

Contributing members

3.1 Details of the membership and remuneration statistics in respect of contributing members at the valuation date are provided in the table below (the corresponding statistics at the previous valuation date have been provided for comparison):

	30 June 2024	30 June 2025	Change
Number of members [a)]	56 390 [b)]	58 822 [b)]	4.3%
Average age	44.8 years	45.1 years	0.3 years
Annual pensionable remuneration			
▪ Total	R 18 121 269 152	R 19 993 186 062	10.3%
▪ Average per member	R 321 356	R 339 893	5.8%
Total fund credits (excl direct housing loans)			
▪ Aggressive	R 21 123 057 175	R 24 794 887 898	17.4%
▪ Capital Growth	R 5 899 559 838	R 7 138 401 303	21.0%
▪ Stable Growth	R 1 490 694 749	R 1 677 049 042	12.5%
▪ Capital Protector	R 734 456 008	R 697 107 512	(5.1%)
▪ Shari'ah	R 32 261 178	R 39 749 246	23.2%
▪ Total	R 29 280 028 948	R 34 347 195 002	17.3%
▪ Average per member	R 523 362	R 586 620	12.1%
Direct housing loans			
▪ Number of members	1	1	-
▪ Total housing loans	R 78 584	R 59 945	(23.7%)
▪ Average per member	R 78 584	R 59 945	(23.7%)

a) Category B members have both a Category A and a Category C record. In terms of the data received for purposes of the valuation all such members are counted as "2 members" in both the financial statements and the valuation.

b) This number include two (2024: zero) nil contributors as per the information received from the administrator.

Deferred members

3.2 Details of the membership statistics in respect of deferred members at the valuation date are provided in the table below (the corresponding statistics at the previous valuation date have been provided for comparison):

	30 June 2024	30 June 2025
Number of deferred members [a)]	1 624	1 856 [b)]
Average age	51.7 years	49.8 years
Total fund credits	R 921 985 152	R 926 543 745
Average fund credit per deferred member	R 567 725	R 499 215

a) This number includes 251 (2024: 310) Category E members who transferred in from the National Pension Fund for Municipal Workers. In addition, a number of members transferred into the fund from the Government Employees Pension Fund. The transfer values of all such members are also reflected under Category E membership.

b) Includes 422 members who exited but left their retirement component in the fund.

Living annuities

3.3 Details of the membership statistics in respect of living annuities at the valuation date are provided in the table below (the corresponding statistics at the previous valuation date have been provided for comparison):

	30 June 2024	30 June 2025
Number of living annuitants	33	27
Average age	68.8 years	70.3 years
Total value of living annuity accounts	R 116 783 961	R 104 755 764
Average per living annuitant	R 3 538 908	R 3 879 843

4. ALLOCATION OF CONTRIBUTIONS DURING VALUATION PERIOD

4.1 In terms of the rules of the fund category A and category C members contribute at a rate as agreed upon by the local authority and the member, subject to an absolute minimum contribution of 2% or 5% of their remuneration respectively.

4.2 The local authority must, in respect of category A and category C members contribute such an amount as agreed between the local authority and the fund, subject to a minimum contribution rate of 2% and 5% of their remuneration respectively.

4.3 Category B members are members who belong to both category A and category C and the local authority must, on behalf of such members, not contribute less than 7% of their remuneration.

4.4 The contribution rates specified above include the amounts payable towards the insured risk benefits policy as well as an allowance for administration fees.

4.5 The exact member contribution rate and employer contribution rate payable by each of the local authorities are specified in the schedule to the consolidated rules.

Contributions towards expenses

4.6 An amount equal to 0.5% of a member's salary was deducted per month in respect of the basic cost of administration over the valuation period.

Suitability of reinsurance arrangements

4.7 The fund amended its rules to give the ability to self-insure all or part of the risk benefits with effect from 1 July 2022. The fund consequently implemented a self-insurance arrangement for the lump sum death and disability benefits offered by the fund. The insurance of the funeral benefits remained with Sanlam at the time.

4.8 The fund previously had a profit-sharing arrangement in place with Sanlam in respect of the insurance of the lump sum death, disability and funeral benefits. Profits were determined at the end of each two-year period from the commencement of the profit-sharing arrangement. The financial statements for the financial year ending 30 June 2023 allowed for an account receivable of R 34 481 000 in respect of underwriting profits for the period ending 29 February 2020. This payment was received during July 2023 and is the last such payment made by Sanlam to the fund, as the profit-sharing arrangement was terminated.

4.9 The benefits and premiums payable by Category A members were as follows during the valuation period:

<u>Lump sum death and disability benefits</u>:

A1: 1 x salary death benefit and 1 x salary lump sum disability benefit
A2: 2 x salary death benefit and 2 x salary lump sum disability benefit
A3: 3 x salary death benefit and 3 x salary lump sum disability benefit

The funeral benefits were as follows from 1 July 2024 until 30 June 2025:

Member	R 14 000
Spouse	R 14 000
Qualifying children 6 years and older	R 14 000
Qualifying children younger than 6 years	R 5 800

Premiums payable to Risk Reserve (effective from 1 July 2024 to 30 June 2025):

Recovered from members	A0	A1	A2	A3
Death benefits	-	0.700%	1.400%	2.100%
Disability benefits	-	0.100%	0.200%	0.300%
Total risk recoveries	**-**	**0.800%**	**1.600%**	**2.400%**

Premiums payable to Sanlam (effective from 1 July 2024 to 31 July 2024):

Recovered from members	A0	A1	A2	A3
Funeral benefits	0.094%	0.094%	0.094%	0.094%

Guardrisk was appointed as the new underwriter for the fund's funeral benefits effective 1 August 2024. The funeral benefits remained unchanged.

Premiums payable to Guardrisk (effective from 1 August 2024 to 30 June 2025):

Recovered from members	A0	A1	A2	A3
Funeral benefits	0.08%	0.08%	0.08%	0.08%

4.10 The benefits and premiums payable by Category C members were as follows during the valuation period:

Lump sum death and disability benefits:

C1: 1 x salary death benefit and 1 x salary lump sum disability benefit
C3: 3 x salary death benefit and 3 x salary lump sum disability benefit
C5: 5 x salary death benefit and 3 x salary lump sum disability benefit

The funeral benefits were as follows from 1 July 2024 until 30 June 2025:

Member	R 58 000
Spouse	R 58 000
Qualifying children 6 years and older	R 28 500
Qualifying children younger than 6 years	R 13 000

Premiums payable to Risk Reserve (effective from 1 July 2024 to 30 June 2025):

Recovered from members	C0	C1	C3	C5
Death benefits	-	0.550%	1.650%	2.750%
Disability benefits	-	0.150%	0.450%	0.450%
Total risk recoveries	**-**	**0.700%**	**2.100%**	**3.200%**

Premiums payable to Sanlam (effective from 1 July 2024 to 31 July 2024):

Recovered from members	C0	C1	C3	C5
Funeral benefits	0.368%	0.368%	0.368%	0.368%

Guardrisk was appointed as the new underwriter for the fund's funeral benefits effective 1 August 2024. The funeral benefits remained unchanged.

Premiums payable to Guardrisk (effective from 1 August 2024 to 30 June 2025):

Recovered from members	C0	C1	C3	C5
Funeral benefits	0.313%	0.313%	0.313%	0.313%

4.11 Refer to sections 6.27 to 6.37 of the report for more detail regarding the recommended balance in the fund's risk reserve account as well as the recommended recovery from members' contributions for the funding of risk benefits.

4.12 In our opinion, in light of the size of the fund, self-insurance of the lump sum death and disability benefits is appropriate.

5. ASSETS

Details of the fund's investments and cash flows over the valuation period were provided by the investment managers and the administrator. We have checked these for reasonability by comparing the in- and outflows against their expected amounts. We have also checked that the closing fund balances are in line with the opening balances together with stated cash flows and declared rates of return.

The valuation is based on audited financial statements.

Investments

5.1 The fund's investments are managed by a number of investment managers. Mosaic Investment Consulting is the investment advisors of the fund.

5.2 The fund's assets were invested as follows as at 30 June 2025 (corresponding values from the previous valuation of the fund are provided for comparison):

Investment portfolio	30 June 2024 Market value R'000	30 June 2024 %	30 June 2025 Market value R'000	30 June 2025 %
Absa Bank	116 541	0.4%	233 294	0.6%
Allan Gray Life Limited	3 522 124	11.1%	4 286 610	11.6%
Apex Fund and Corporate Services	51 545	0.2%	55 482	0.2%
Argon Asset Managers	1 649 337	5.2%	2 057 341	5.6%
Ashburton Fund Managers	746 529	2.4%	653 441	1.8%
Balondolozi Investment Services	1 091 416	3.4%	1 296 070	3.5%
Camissa Asset Management	33 073	0.1%	40 007	0.1%
Catalyst Fund Managers	598 436	1.9%	715 751	1.9%
Coronation Asset Managers	3 247 154	10.3%	3 984 843	10.8%
Futuregrowth Asset Management	1 888 082	6.0%	2 195 292	6.0%
Infra Impact Investment Managers	107 886	0.3%	124 271	0.3%
Kholo Capital Group	-	-	18 840	0.1%
Legacy Africa Fund Managers	1 616 317	5.1%	2 000 068	5.4%
Mazi Asset Management	1 747 686	5.5%	2 816 023	7.6%
Metope Investment Managers	389 073	1.2%	482 400	1.3%
Mianzo Asset Management (Pty) Ltd	-	-	752 156	2.0%
Morgan Stanley Investment Funds	312 916	1.0%	-	-

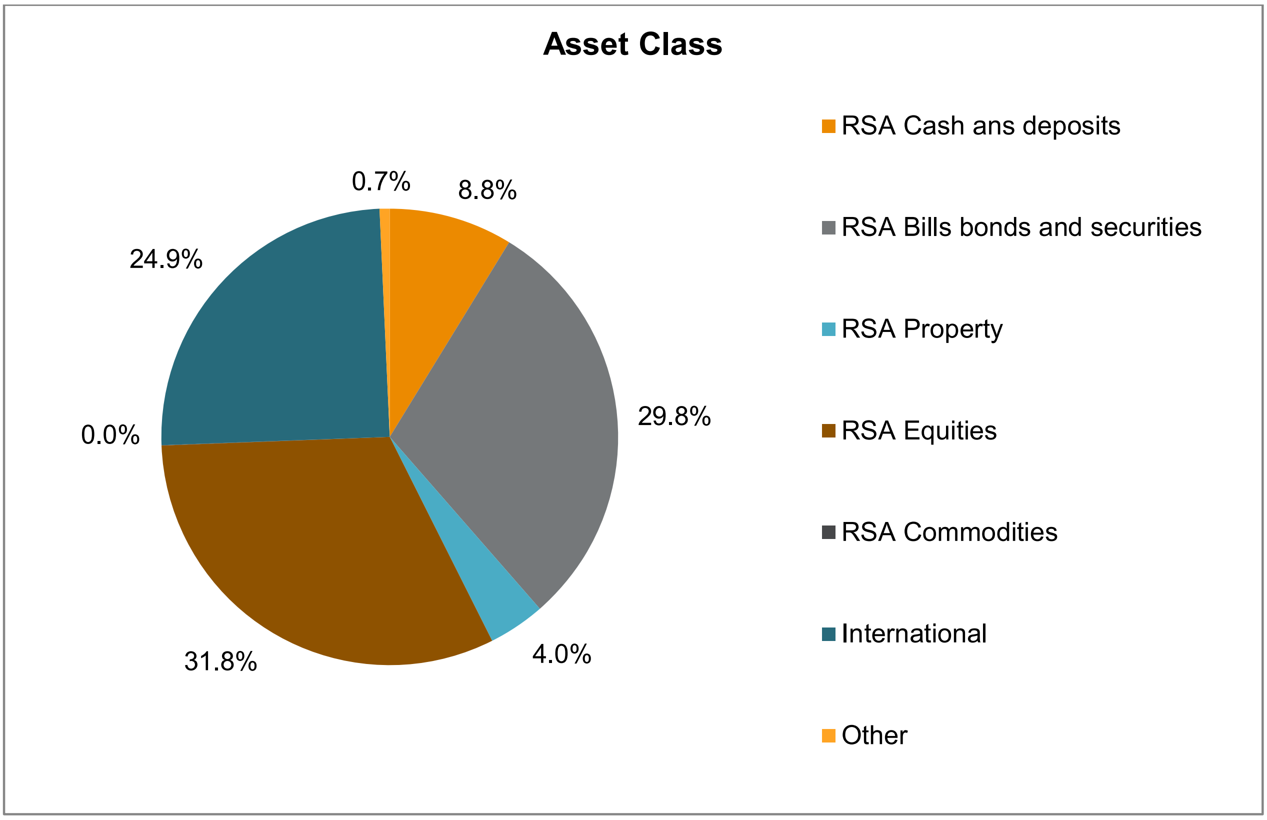
Investment portfolio	30 June 2024 Market value R'000	30 June 2024 %	30 June 2025 Market value R'000	30 June 2025 %
Nedgroup Investments Fund	1 454 446	4.6%	780 158	2.1%
Ninety One SA	1 534 466	4.9%	2 081 124	5.7%
Novare Investments	130 362	0.4%	122 377	0.3%
Old Mutual Investment Group SA	1 847 169	5.8%	2 267 809	6.2%
Prescient Investment Management	3 969 282	12.6%	4 095 961	11.1%
Razonite Private Equity (*RQ Capital Partners*)	279 468	0.9%	301 041	0.8%
RFS Home Loans	543 150	1.7%	537 232	1.5%
Rubrics Global UCITS Funds	82 027	0.3%	84 421	0.2%
Sanlam Investment Management	1 430 385	4.5%	1 673 910	4.5%
Stanlib Asset Management Pty (Ltd)	-	-	52 438	0.1%
Summit PE Investment Managers	106 618	0.3%	176 850	0.5%
Terebinth Capital	1 469 988	4.6%	1 165 656	3.2%
Vulcan Value Equity (*Northern Trust International Fund Administration Service*)	1 631 389	5.2%	1 792 895	4.9%
Direct Property, including computer equipment, software & furniture	18 693	0.1%	19 527	0.1%
Sub-total	**31 615 558**	**100.0%**	**36 863 288**	**100.0%**
Direct housing loans	79		60	
Total investments	**31 615 637**		**36 863 348**	

Asset classes

5.3 The table overleaf shows the split of the fund's invested assets, excluding direct housing loans, between the different asset classes at the valuation date:

Investment portfolio	30 June 2024 Market value R'000	%	30 June 2025 Market value R'000	%
RSA equities	9 932 264	31.4%	11 718 743	31.8%
RSA property	1 167 498	3.7%	1 482 854	4.0%
RSA bills bonds and securities	8 290 561	26.2%	10 981 271	29.8%
RSA cash and deposits	3 819 333	12.1%	3 232 203	8.8%
RSA commodities	30 506	0.1%	21 671	0.0%
RSA other	104 929	0.3%	260 061	0.7%
Foreign investments	8 270 467	26.2%	9 166 485	24.9%
Total investments, excluding direct housing loans	**31 615 558**	**100.0%**	**36 863 288**	**100.0%**

5.4 A graphical representation of the split per asset class, based on the audited financial statements, is given below:



Accounting adjustments

5.5 Certain adjustments were made to the fund's asset values to take account of outstanding debtors and creditors and cash on hand at the valuation date. These adjustments, as extracted from the fund's audited financial statements as at 30 June 2025, are as follows (corresponding values from the previous valuation of the fund is provided for comparison):

	30 June 2024 R'000	30 June 2025 R'000
Total investments	31 615 637	36 863 348
Cash at bank	337 108	263 700
Contributions receivable	235 158	251 605
Accounts receivables	50 735	62 350
Benefits payable	(832 464)	(927 337)
Accounts payable	(42 108)	(48 394)
Transfers payable	-	-
Unclaimed benefits	(36 541)	(26 841)
Net assets per financial statements	**31 327 525**	**36 438 431**
Actuarial adjustments:		
Under provision of benefits payable	(99 166)	(22 732)
Net assets per actuarial valuation	**31 228 359**	**36 415 699**

5.6 A consolidated revenue and expenditure account analysing the financial progress of the fund over the valuation period is shown in appendix 3.

Valuation of assets

5.7 For purposes of this statutory actuarial valuation, the assets have been taken into account at 100% of the market value and no investment margin has been set aside. Therefore, the assets of the fund have been taken into account at **R 36 415 699 000** as at the valuation date.

5.8 This is in line with the bonus distribution philosophy adopted by the trustees of allocating the returns earned on the fund's assets less a deduction for fund expenses not covered by contributions and investment fees not deducted directly from investment returns for the period to which they relate and is consistent with members' expectations.

Fund returns

5.9 The assets of the fund earned approximately **17.60%** over the valuation period, based on the audited financial statements and assuming that cash flows occurred in the middle of each financial year. This investment return is net of investment management fees.

Suitability of assets in relation to fund liabilities

5.10 The investment returns earned depend directly on the performance of the underlying investments and may fluctuate significantly over a short period of time. The volatility in earnings combined with the lack of guarantees render market related portfolios more risky than guaranteed and money market portfolios. However, the higher level of risk generally tends to be compensated for by higher returns over a long term. The assets are liquid in nature and provide for appropriate potential for investment growth.

5.11 Investment returns are passed directly on to members and as a single investment strategy is not appropriate for all members, the trustees have decided to offer members a range of investment portfolios to choose from, so that members can closely match their investment strategy to their own personal circumstances.

5.12 The portfolios offered include those designed to deliver long term returns, aimed at members with a long-term investment horizon and those designed to provide low volatility returns aimed at members close to retirement. However, members have the option to spread their fund credits across any number of available portfolios.

5.13 As the fund operates on the principles of individual member investment choice, we cannot comment on the suitability of the assets of the fund to the liabilities of the fund at an individual member level. It is the responsibility of the trustees to ensure that members make informed decision regarding their investments in the fund, through appropriate communication and training.

5.14 Furthermore, we can confirm that, in our opinion, there are adequate investment choices available to members with which to construct a suitable investment portfolio on an individual basis.

5.15 We can confirm that the analysis of the assets and the fund credits that have a claim on these assets revealed that the assets and members' fund credits were largely matched by the amounts on the administration system at the valuation date. Please refer to appendix 5 for more information in this regard. The fund is administered on a daily-unitised system and the administrator, with the assistance of the fund's asset consultants, monitors the matching of units on the system. <u>We are comfortable with the process in place</u>.

6. FUNDING METHOD AND ASSUMPTIONS

6.1 This statutory actuarial valuation has been conducted on the basis of the benefits, contributions and other provisions of the rules as they stood at the valuation date.

Members' fund credits

6.2 The liabilities of the fund, in respect of members of the fund, are made up of each member's fund credit, consisting of the member and employer contributions to retirement funding plus any amounts transferred into the fund for the benefit of the member plus net investment returns allocated thereto.

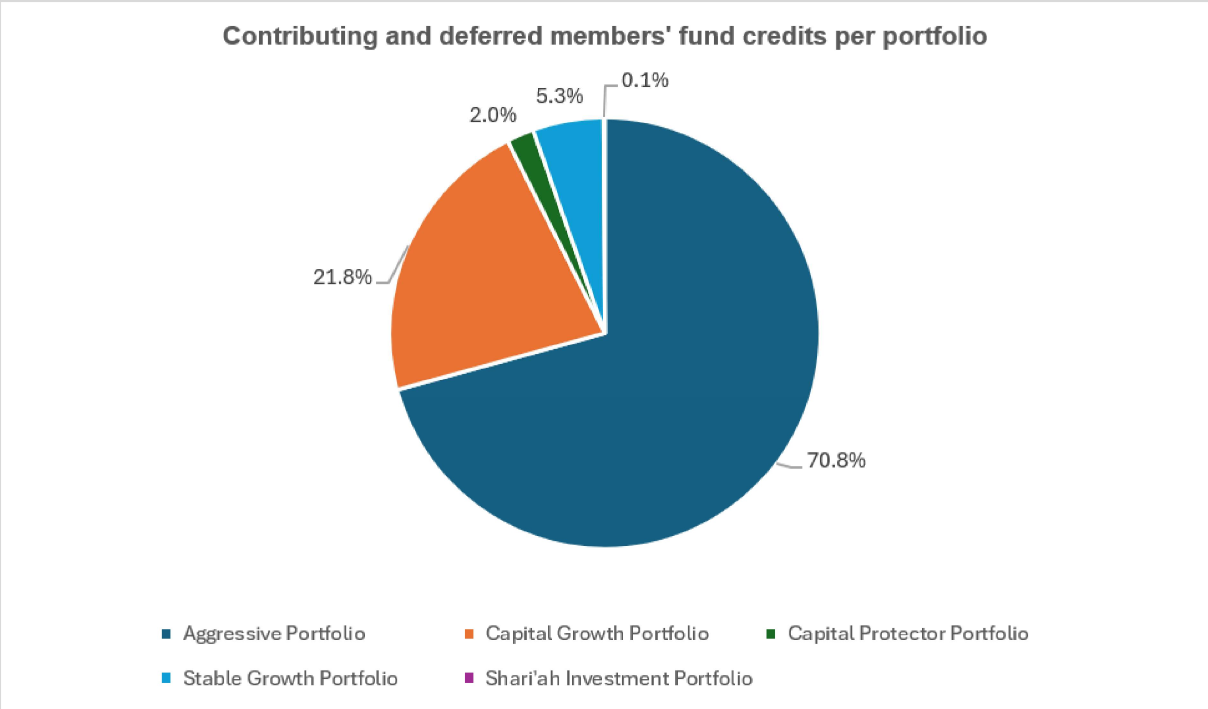
6.3 Based on the information received from the administrators of the fund, there were **58 822** contributing members, **1 856** deferred members and **27** living annuitants, as at 30 June 2025 (compared to 56 390 contributing members, 1 624 deferred members and 33 living annuitants as at 30 June 2024). A detailed reconciliation of the change in membership from the previous valuation date is provided in appendix 2.

6.4 The fund's liability in respect of members' fund credits, based on the net investment returns allocated during the valuation period, amounted to **R 35 378 495 000** at the valuation date (comprising of the fund credits of contributing members of R 34 347 195 000, deferred members of R 926 544 000 as well as the living annuitants of R 104 756 000).

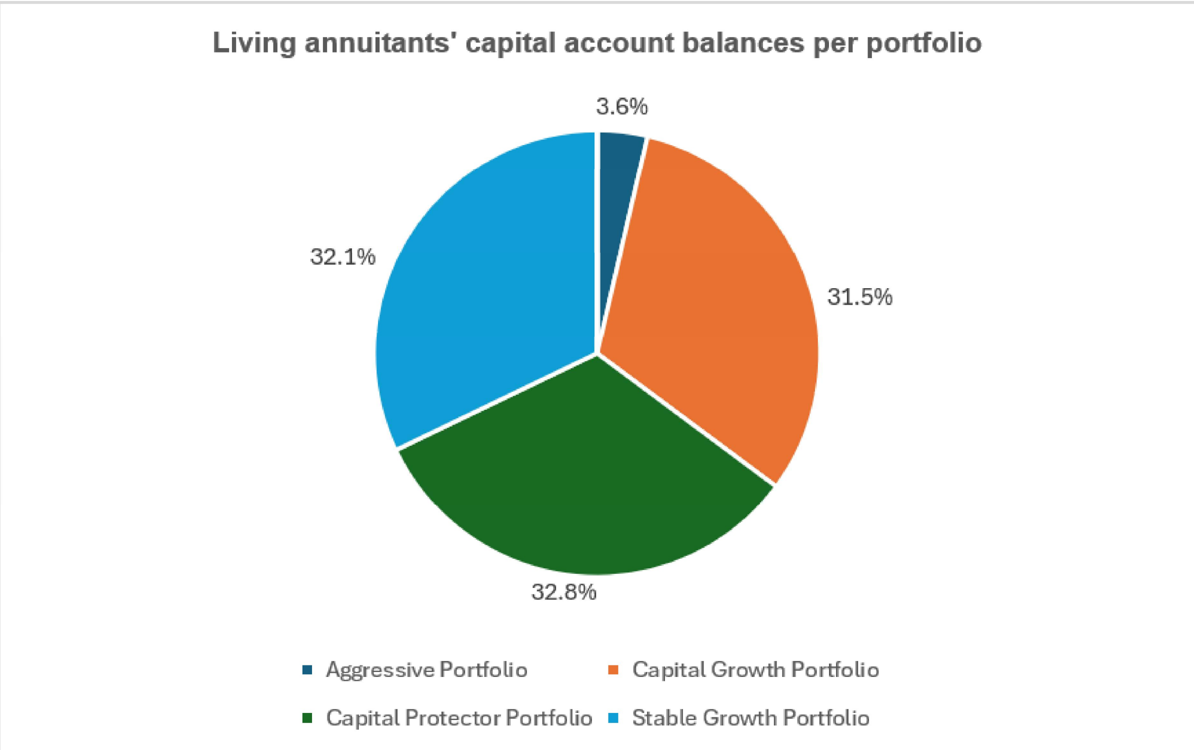
6.5 The rules were amended with effect from 1 September 2024 to cater for the two-pot system that came into effect from this date. A member's fund credit consists of a vested component, retirement component and savings component after this date. The split of the total member fund credits above between the different components is as follows:

Component	Contributing members R'000	Deferred members R'000	Living annuitants R'000	Total Member Fund Credits R'000	% of Total
Vested	32 211 502	908 563	104 756	33 224 821	93.9%
Retirement	1 317 552	6 999	-	1 324 551	3.8%
Savings	818 141	10 982	-	829 123	2.3%
Total	**34 347 195**	**926 544**	**104 756**	**35 378 495**	**100.0%**

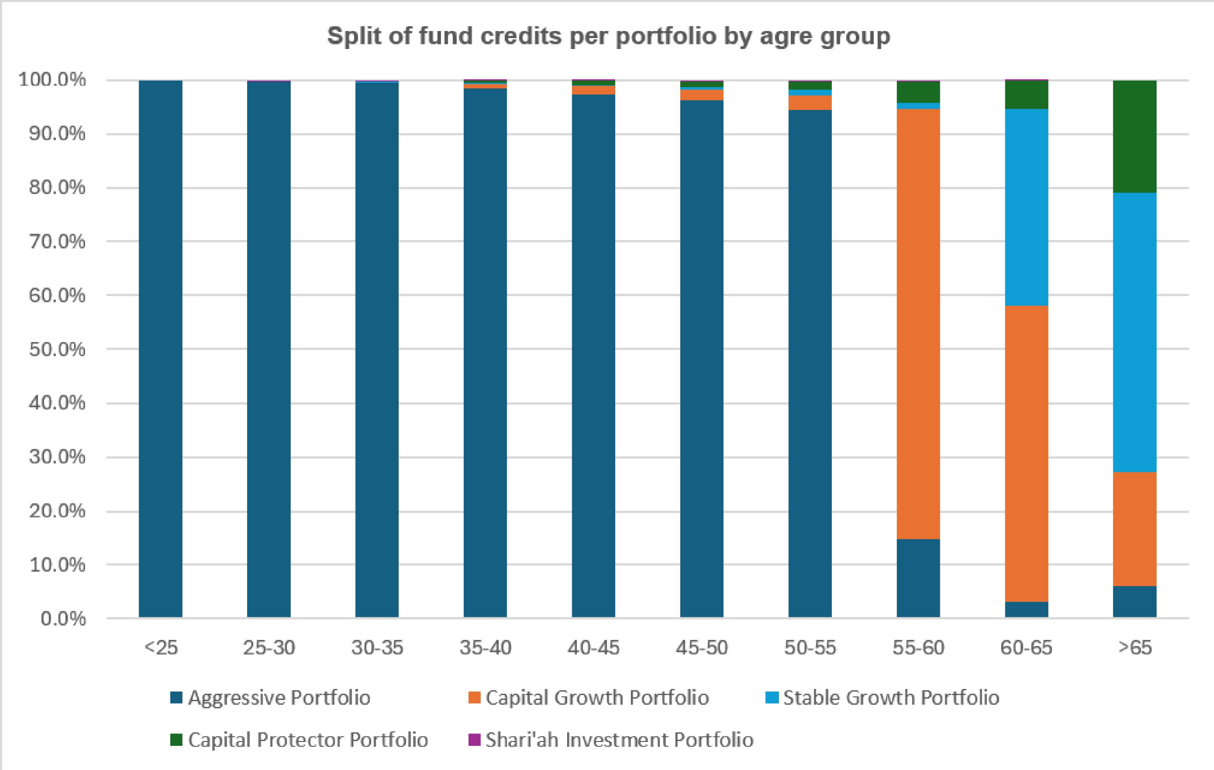
6.6 The contributing members' and deferred members' fund credits were distributed as follows between the investment options available to members:



6.7 The living annuity account balances were distributed as follows between the investment options available to living annuitants at the valuation date:



6.8 The split of fund credits between the available investment options, in five-year age bands is given by the graph below:



6.9 It is clear that the majority of the members are invested according to the default lifestage model effective at the valuation date.

6.10 Members have the option to invest their fund credits in a combination of the available portfolios in a proportion according to their choice. At the valuation date there were 2 807 (2024: 2 509) members whose fund credits were invested in a combination of two or more portfolios.

6.11 A summary of the net monthly investment returns allocated to members' fund credits during the valuation period is provided in appendix 4.

Living Annuity account

6.12 The rules of the fund were amended effective 1 July 2015 to allow members to receive a pension directly from the fund in the form of a living annuity. At the valuation date there were 27 (2024: 33) living annuitants.

6.13 As part of the outsourcing of the fund's counselling and advice services, the fund's own in-fund living annuity was discontinued and is no longer available as an option to members from 1 April 2022. This action mitigates various regulatory risks for the fund and its members. Existing living annuitants are provided with options to transfer to living annuitants of their choice, after obtaining advice taking into account their own personal circumstances. During the valuation period 5 living annuitants opted to transfer to a living annuity of their choice, which were affected via section 14 of the Act.

6.14 The living annuity capital account consists of the fund credits of all members who elected to retire in the fund less any portion commuted as a lump sum at date of retirement. The balance in the living annuity account amounted to **R 104 756 000** at the valuation date. The liabilities of the fund in respect of fund pensioners equal the value of the total individual living annuity accounts at any date.

Regulation 39: Annuity strategy

6.15 The so-called "default regulations" have introduced a requirement for funds to implement an annuity strategy (Regulation 39). Funds can include a living annuity in their annuity strategy, provided the living annuity meets the conditions in the regulations.

6.16 One of the more onerous requirements of regulation 39 is that funds are required to monitor the sustainability of income drawn by retirees in the fund and make them aware if their incomes are deemed not be sustainable. Regulation 39 does not contain a recommend a range of draw down rates at various ages but require the trustees to ensure that drawdown rates are sustainable and in line with industry standards.

6.17 The FSCA issued a second version of the draft conduct standard on 8 June 2020. Interested parties could submit comments on or before 31 July 2020. The final version of the conduct standard has not yet been issued by the FSCA at the time of signing this report. The trustees will need to review its annuity strategy once the conduct standard has been finalised.

6.18 The FSCA issued PFA Notice 2 of 2019 ("the notice") on 20 February 2019. The notice grants a general exemption to funds from having to comply with a prescribed standard on the drawdown levels, because the standard has not been finalised yet. The requirements regarding investment portfolios and monitoring the sustainability of income are still applicable from 1 March 2019.

6.19 The FSCA has said that trustees should exercise their fiduciary duties in determining the drawdown levels. Also, they should take into account the nature of the fund and the circumstances of the membership. Drawdown levels cannot exceed the rate prescribed in the Income Tax Act, which is a maximum drawdown of 17.5%. Whilst exceptional personal circumstances, such as critical ill health, may justify a high drawdown rate, general consensus would be that a drawdown of anywhere close to 17.5% would result in the pensioners running out of money before they die.

Sustainability of drawdown rates

6.20 The biggest risk for an individual drawing an income from a living annuity is that he/she may draw an income which may cause the living annuitant to run out of capital.

6.21 We have done an analysis on the living annuitants to see whether or not they will be able to maintain the same level of income if they were to choose to convert the balance of their living annuity accounts to a typical life pension as at 30 June 2025. The analysis is purely based on the annuitants' living annuity accounts in the fund and does not allow for any other sources of income or savings.

6.22 We made the following assumptions:

- Actual marital status of the living annuitants was not provided by the administrator. We hence assumed that the living annuitants are all married and that a husband is 4 years older than his wife.
- The spouse will receive 50% of the principal pensioner's pension upon death.
- We used the PMA/PFA mortality tables for males and females, with a 1-year age adjustment and an allowance for future mortality improvements of 0.75% per annum with a base date of 1 January 2020.

- Provision for future pension increases:

Scenario	Description of life annuity	Post-retirement discount rate *
o Scenario A	Typical with-profit annuity targeting annual increases of 75% of inflation	5.9%
o Scenario B	Guaranteed inflation-linked annuity	4.4%

* The post-retirement discount rates were determined with reference to the market indicators at the end of June 2025. Allowance was made for a typical insurer guarantee premium of 1% in setting the discount rates.

- The data provided by the administrator did not contain details of the living annuitants' chosen drawdown rates. The effective drawdown rate for each living annuitant was calculated based on the annual equivalent of the gross pension received for June 2025, expressed as a percentage of the living annuitant's balance in his/her living annuity account at the valuation date.

6.23 The results can be summarised as follows:

		Drawdown rates		Number of living annuitants with actual drawdown rates deemed not sustainable in each of the two scenarios	
Age band	Number	Minimum	Maximum	Scenario A	Scenario B
60-65	4	4.9%	7.9%	-	1
65-70	4	3.8%	5.9%	-	-
>70	19	4.7%	10.1%	3	4
Totals	**27**	**3.8%**	**10.1%**	**3**	**5**

6.24 The analysis showed that some living annuitants may be drawing at an unsustainable rate, considering the in-fund living account in isolation. There are three living annuitants for whom both scenarios indicate unsustainable drawdown rates.

6.25 Regulation 39(3)(b) requires the fund to make the living annuitants aware if their drawdown rates are deemed not sustainable. The trustees, with the assistance of their consultants, must discuss the most efficient way to meet this requirement. The draft conduct standard issued during June 2020 contains communication requirements which the fund must adhere to, once finalised.

6.26 All living annuitants should also be encouraged to make use of a financial advisor in deciding on their investment choices and drawdown rates.

Risk reserve account

6.27 The build-up of the risk reserve account over the valuation period can be summarised as shown in the table overleaf:

Description	Amount R'000
Value as at 30 June 2024 (equivalent to 0.86% of member liabilities)	**328 730**
Contributions allocated towards the funding of lump sum death and disability benefits	351 740
Lump sum death and disability benefits	(286 407)
Actuarial adjustment for death and disability benefits already allowed for at the previous valuation date *	33 378
Investment returns, adjusted to take account of the current administrative practice that no interest is added to the multiple of salary risk amounts when payment are processed **	45 122
Transfer to Expense Reserve account ***	(23 629)
Value as at 30 June 2025 (equivalent to 0.74% of member liabilities)	**448 934**

* The lump sum death and disability benefits funded from the reserve for the valuation period was decreased with the lump sum death and disability benefits already allowed for as an actuarial adjustment as at the previous valuation date. The adjustment also includes provision for one member who did not receive their reinsurance proceeds as well as a transaction that should have been reflected under the Data & Processing Reserve Account in the financial statements.

** In terms of the current administrative process, no returns are added on the multiple of salary risk amount payable upon the death or permanent disability of members (from the date of death or disability until processing the approved benefit). We have estimated the return profit for the current valuation period assuming an average delay of 6 months in the processing of death benefits (from date of death). We recommend that this administrative practice be reviewed.

*** The trustees resolved at their meeting held on 26 June 2025, that the fees payable to Kula Partners for the management of the fund's self-insurance arrangement (totalling R 21.7 million in the previous valuation period) be transferred from the risk reserve account to the expense reserve account, effective from 1 July 2024, as allowed for in the rules. The final amount transferred included investment returns for the period to the end of June 2025.

6.28 The fund amended its rules to give the ability to self-insure the death and disability risk benefits with effect from 1 July 2022. The fund consequently implemented a self-insurance arrangement for the lump sum death and disability benefits offered by the fund from 1 July 2022. The insurance of the funeral benefits remained with Sanlam at the time.

6.29 Assumptions regarding members' mortality and morbidity were necessary for the calculation of the expected costs of providing the lump sum death and disability benefits of the fund.

6.30 The fund's actual mortality and morbidity experience over the four years from 1 July 2021 to 30 June 2025, weighted by pensionable emoluments, were used to determine the rates used in the calculation of the required premiums to be deducted from member records, as well as the recommended balance to be retained in the risk reserve account.

6.31 The following is an extract of the annual unisex mortality and morbidity rates employed (the previous assumptions are also shown):

	30 June 2024		30 June 2025	
Age	**Mortality[4]**	**Morbidity**	**Mortality[5]**	**Morbidity**
25	0.23%	0.01%	0.25%	0.01%
30	0.20%	0.01%	0.21%	0.01%
35	0.23%	0.02%	0.21%	0.02%
40	0.29%	0.03%	0.26%	0.03%
45	0.41%	0.06%	0.35%	0.05%
50	0.63%	0.11%	0.53%	0.09%
55	0.98%	0.22%	0.82%	0.18%
60	1.54%	0.43%	1.28%	0.36%
65	2.44%	0.83%	2.03%	0.69%

6.32 The accumulated balance in the risk reserve account amounted to R 448.9 million as at 30 June 2025, before any allowance is made for the impact of claims incurred but not yet reported (so-called "*IBNR provision*"). If we allow for an estimated IBNR provision of R 28.0 million (that is, calculated as 35 additional approved claims with an average claim size of R 800 000), the estimated net balance in the risk reserve amounted to R 420.9 million.

6.33 In comparison, the appropriate balance in a risk reserve, as contained in PF Circular 117, is equal to the amount of reserve that would have been required of an insurance company if it were to underwrite the benefits as provided by the fund. The minimum required balance (allowing for the above-mentioned revised mortality and morbidity assumptions) amounts to R 83.0 million compared with the estimated net balance of R 420.9 million. The minimum required balance is thus 5.1 times covered.

6.34 The board has a adopted a strategy whereby twice the PF117 recommended reserve be aimed at in order to protect the fund from adverse experience in any one year. The desired minimum balance in terms of such strategy therefore amounts to R 166.0 million at the valuation date compared with the estimated net balance in the risk reserve account of R 420.9 million.

6.35 The fund has affected catastrophe excess of loss reinsurance, which is valid until 31 July 2026.

6.36 This strong position in the fund's risk reserve account provides a sufficient buffer to absorb the impact of adverse claims experience over the short term. It also creates scope to reduce current premium rates to levels well below the theoretical rates, thereby allowing the excess assets in the risk reserve account to fund a portion of the costs over the next three to four years. The position will continue to be reassessed in every annual valuation of the fund.

4 The mortality rates were based on the SA85/90 mortality table at the previous valuation date.

5 The revised mortality rates are based on the SA85/90 mortality table rated down two years in light of improved mortality experience.

6.37 It is furthermore recommended that the opening balance used for the financial statements for the period ending 30 June 2026 be aligned with the value of the risk reserve account reflected in this statutory valuation report.

Allocation of contributions towards the risk reserve account

6.38 The following deductions were made for the period 1 July 2024 to 30 June 2025 and channelled to the risk reserve on a monthly basis from where the benefits are funded:

	A1	A2	A3	C1	C3	C5
Death benefits	0.70%	1.40%	2.10%	0.55%	1.65%	2.75%
Disability benefits	0.10%	0.20%	0.30%	0.15%	0.45%	0.45%
Total	**0.80%**	**1.60%**	**2.40%**	**0.70%**	**2.10%**	**3.20%**

6.39 During the previous valuation, it was recommended that recoveries with effect from 1 July 2025 be reduced and that the premium structure be simplified across all membership categories, such that each member pays the same per 1 times salary cover regardless of whether they are an A member or a C member. The trustees approved the recommendation and the recoveries from 1 July 2025 can be summarised as follows:

	A1	A2	A3	C1	C3	C5
Death benefits	0.55%	1.10%	1.65%	0.55%	1.65%	2.75%
Disability benefits	0.10%	0.20%	0.30%	0.10%	0.30%	0.30%
Total	**0.65%**	**1.30%**	**1.95%**	**0.65%**	**1.95%**	**3.05%**
Reduction in total premium rates	**(19%)**	**(19%)**	**(19%)**	**(7%)**	**(7%)**	**(5%)**

6.40 We recently concluded the review of the recommended deductions for the period from 1 July 2026 to 30 June 2027. The analysis has shown that overall, the experience has been positive. This valuation as at 30 June 2025 also indicated a strong position in the fund's risk reserve account, which provides a sufficient buffer to absorb the impact of adverse claims experience and also create ample scope to reduce current premium rates.

6.41 The recommended recoveries from 1 July 2026 can be summarised as follows:

	A1	A2	A3	C1	C3	C5
Death benefits	0.40%	0.80%	1.20%	0.40%	1.20%	2.00%
Disability benefits	0.10%	0.20%	0.30%	0.10%	0.30%	0.30%
Total	**0.50%**	**1.00%**	**1.50%**	**0.50%**	**1.50%**	**2.30%**
Reduction in total premium rates	**(23%)**	**(23%)**	**(23%)**	**(23%)**	**(23%)**	**(25%)**

6.42 We strongly recommend that the trustees continue to critically consider the actual claims versus premiums allocated on at least a quarterly basis in order to take action should the claims experience significantly deteriorate.

Expense reserve account

6.43 The build-up of the expense reserve account over the valuation period can be summarised as follows:

Description	Amount R'000
Value as at 30 June 2024 (equivalent to 0.13% of member liabilities)	**40 575**
Net impact of current funding arrangements	(19 996)
○ Contributions allocated towards fund expenses	99 720
○ Deduction from the daily unit prices for the funding of expenses *	39 288
○ Investment consulting fees	(21 532)
○ Administration expenses	(137 472)
Other income (mainly script lending fees)	5 151
Transfer from Risk Reserve account **	23 629
Investment returns	3 215
Value as at 30 June 2025 (equivalent to 0.15% of member liabilities)	**52 574**

* The deduction was 0.01% per month over the full valuation period. It was increased to 0.015% per month effective from 1 July 2025 as per the recommendation in the 30 June 2024 actuarial valuation report.

** The trustees resolved at their meeting held on 26 June 2025, that the fees payable to Kula Partners for the management of the fund's self-insurance arrangement (totalling R 21.7 million in the previous valuation period) be transferred from the risk reserve account to the expense reserve account, effective from 1 July 2024, as allowed for in the rules. The final amount transferred included investment returns for the period to the end of June 2025.

6.44 It is recommended that the opening balance used for the financial statements for the period ending 30 June 2026 be aligned with the value of the expense reserve account reflected in this statutory valuation report. The allocation towards the funding of expenses is discussed under our recommendations in section 9 of the report.

Data and processing reserve account

6.45 The data and processing reserve account was established with effect from 1 July 2020 and provides for the impact of mismatching and for timing differences in the actual investment or disinvestment of moneys from the times when they are deemed to have occurred in the calculation of benefits or the accrual of investment returns.

6.46 A data and processing reserve account of between 0.25% and 0.50% of assets is normally regarded as appropriate for a fund with daily unitisation. As at the valuation date, the balance in this reserve amounted to R 284 032 000 or 0.78% of assets.

Valuation of assets of the fund for unit price purposes

6.47 The value of the fund's assets as reflected in the annual financial statements was some R 104 515 000 more than the value of assets used for the daily unit price calculations on the valuation date.

6.48 It should be noted that not all asset managers are able to provide daily market values to the unitisation manager. Unit prices are adjusted as and when the updated asset value information becomes available. The market values of assets in the financial statements are based on audit certificates issued by the various assets managers some months after the valuation date and hence already allowed for the appreciation up to the valuation date, which was only taken into the unit prices after the year end.

6.49 The fund credits were thus understated on the valuation date resulting in a surplus in the data and processing reserve account at the valuation date. As the revaluation of these assets were incorporated into the unitisation process after the valuation date, the true level of the data and processing reserve account was hence over-stated by R 104 515 000.

True level of the data and processing reserve account

6.50 Taking into account allocations after the valuation date in respect of the revaluation of assets already included in the assets on the valuation date and as well as the amounts to be allocated reflected in the financial statements, the true level of the data and processing reserve account for valuation purposes amounted to R 179 517 000 or 0.49% of assets as explained in the table below:

	30 June 2024 R'000	30 June 2025 R'000
Balance in the data and processing reserve account	100 079	284 032
Release from / (increase of) fund credits after the valuation date as a result of the revaluation of assets *	67 605	(104 515)
True balance in the reserve	**167 684**	**179 517**
% of assets	**0.54%**	**0.49%**

* Based on data received from the administrators reconciling the difference between the value of assets as per the annual financial statements and the value of assets reflected in the unit prices, as explained above.

6.51 We have investigated the main reasons for the increase in the balance of the data and processing reserve account over the valuation period:

Description		Amount R'000
a)	True balance at the previous valuation date	167 684
b)	Investment returns earned on the positive balance	29 513

Description		Amount R'000
c)	Mismatching & timing differences	(17 680)
	The impact of mismatches between the returns allocated to members and returns actually achieved by the fund's assets and timing differences crystallise in the data and processing reserve account.	(0.05% of assets)
True balance in the data and processing reserve account as at 30 June 2025 (equivalent to 0.49% of total assets)		**179 517**

7. FINANCIAL POSITION

7.1 In order to determine the level of solvency of the fund, it is necessary to compare the total assets of the fund with the total liabilities. The fund is solvent when the value of the assets exceeds the value of the liabilities, i.e. a funding level of 100% or greater. The funding level is the ratio of the value of the assets to the value of the liabilities of the fund at the valuation date.

7.2 The results of the statutory valuation of the fund as at 30 June 2025 are detailed in the table below. Corresponding values from the previous valuation of the fund are provided for comparison.

Financial position of the fund (Amounts in R'000)	30 June 2024	30 June 2025
Value of assets [a)]	**31 228 359**	**36 415 699**
Members' liabilities		
Contributing members	29 280 029	34 347 195
Deferred members	921 985	926 544
Living annuitants	116 784	104 756
Direct housing loans	79	60
Contributions allocated after year end	235 158	251 604
Lifestage switch processed after year-end	204 940 [b)]	-
Total member liabilities: (a)	**30 758 975**	**35 630 159**
Reserve accounts		
Expense reserve account	40 575	52 574
Risk reserve account	328 730	448 934
Data and processing reserve account	100 079 [c)]	284 032 [c)]
Total reserve accounts: (b)	**469 384**	**785 540**
Total liabilities: (a) + (b)	**31 228 359**	**36 415 699**
Balance of assets	**-**	**-**
Funding level	**100.00%**	**100.00%**

Notes:

a) The total net assets per the statutory actuarial valuation is R 22 732 000 lower than the total net assets reflected in the annual financial statements as a result of actuarial adjustments made, due to benefit creditors under-provided (2024: R 99 166 000 lower).

b) The administrator confirmed on 13 May 2025 that the lifestage switches at the end of June 2024 were processed on the member records and required a switch out of the Aggressive Portfolio of R 204 940 000. There were however insufficient liquid assets in this portfolio at month-end and the transaction was hence only processed in the market on the 4th of July 2024. We therefore adjusted the liabilities to reflect the delayed implementation.

c) The true balance in the data and processing reserve amounts to R 179 517 000 on the valuation date (2024: R 167 684 000). Refer to sections 6.47 to 6.49 of the main report for more detail in this regard.

8. SUMMARY AND RECOMMENDATIONS

Summary

8.1 In determining the value of the fund's assets, liabilities, contingency reserves and amounts to be allocated, we have complied with the relevant PF circulars and professional guidance.

8.2 The statutory actuarial valuation of the fund as at the valuation date was based on 58 822 contributing members with pensionable remuneration totalling R 19 993 186 000. There are also 1 856 deferred members and 27 members who are classified as living annuitants.

8.3 The adjusted value of the fund's available assets at 30 June 2025 was R 36 415 699 000.

8.4 The total value of the liabilities of the fund at the valuation date was R 36 415 699 000, comprising of:

- contributing members' fund credits of R 34 347 195 000;
- deferred members' fund credits of R 926 544 000;
- living annuity accounts of R 104 756 000;
- direct housing loans of R 60 000;
- contributions only allocated after 30 June 2025 to the value of R 251 604 000;
- a risk reserve account of R 448 934 000;
- an expense reserve account of R 52 574 000; and
- a data and processing reserve account of R 284 032 000.

8.5 After taking all member liabilities and accumulated reserve balances into account at the valuation date, there was no excess in the fund.

Recommendations

<u>Expense reserve account</u>

8.6 The accumulated balance in the expense reserve account amounted to R 52.6 million, which is sufficient to cover approximately 33% of the total expenses paid from this account during the valuation period. We normally recommend that a balance of 3 to 6 months' expenses be maintained in an expense reserve as buffer for the ongoing funding of expenses and therefore recommend that the balance be maintained to assist with the funding of expenses.

8.7 It is recommended that the opening balance used for the financial statements for the period ending 30 June 2026 be aligned with the value of the expense reserve account reflected in this statutory valuation report. The balance in the expense reserve account must continue to be monitored on at least an annual basis.

<u>Funding of expenses: Monthly cost allowance</u>

8.8 The monthly deductions for costs from contributions and the daily unit prices (totalling R 139.0 million) were not sufficient to cover the expenses incurred over the valuation period (totalling R 159.0 million).

8.9 This is largely attributable to fees payable to Kula Partners for the management of the fund's self-insurance arrangement (totalling R 23.3 million during the valuation period). In our view, this fee should be seen as part of the self-insured risk benefit costs, but the rules do not explicitly allow for the associated management fees to be debited directly to the risk reserve account. However, transfers between the reserve accounts, as decided by the trustees, on advice of the actuary, are currently allowed. Given the healthy balance in the risk reserve account, we recommend a transfer of R 23.3 million from the risk reserve account (per rule 9.17(b)(v)) to the expense reserve account (per rule 9.18(a)(iiiA)), effective 1 July 2025. We also recommend that the trustees consider amending the rules to explicitly allow for these costs to be debited to the risk reserve.

8.10 It was recommended as at the previous valuation date that the current monthly cost allowance (allowed for as part of the calculation of the daily unit prices) of 0.01% be increased to 0.015% with effect from 1 July 2025, in order fund the remaining expenses. This recommendation was approved and implemented effective from 4 July 2025.

Note: Should the Trustees accept the recommendation in paragraph 8.9 above resulting in the fees payable to Kula Partners being funded from the Risk Reserve, the cost allowance deduction can revert to 0.01% per month.

8.11 The trustees, with the support of the valuator, must continue to monitor this position on an annual basis.

Risk reserve account

8.12 The fund amended its rules to give the ability to self-insure all or part of the risk benefits with effect from 1 July 2022. The fund consequently implemented a self-insurance arrangement for the lump sum death and disability benefits offered by the fund from 1 July 2022. The insurance of the funeral benefits remained with Sanlam up to 1 August 2024 when it moved to Guardrisk.

8.13 The accumulated balance in the risk reserve account amounted to R 448.9 million at the valuation date before any allowance is made for the impact of claims incurred but not yet reported (so-called "*IBNR provision*"). It is recommended that the opening balance used for the financial statements for the period ending 30 June 2026 be aligned with this value of the risk reserve account.

8.14 There is a prevalence of late reporting of death and disability claims. If we allow for an estimated IBNR provision of R 28.0 million, the net balance in the risk reserve reduced to R 420.9 million at the valuation date. In comparison, the appropriate balance in a risk reserve, as contained in PF Circular 117, is equal to the amount of reserve that would have been required of an insurance company if it were to underwrite the benefits as provided by the fund. The minimum required balance amounts to R 83.0 million compared with the estimated net balance of R 420.9 million. The minimum required balance is thus 5.1 times covered.

8.15 The board has a adopted a strategy whereby twice the PF117 recommended reserve be aimed at in order to protect the fund from adverse experience in any one year. The desired minimum balance in terms of such strategy therefore amounts to R 166.0 million at the valuation date compared with the estimated net balance in the risk reserve account of R 420.9 million.

8.16 The fees payable for Kula Partners for the management of the fund's self-insurance arrangement are currently funded from the expense reserve account. Refer to section 8.9 for more detail as well as our recommendation to transfer R 23.3 million, effective 1 July 2025, from the risk reserve to the expense reserve account. Such transfer will reduce the estimated net balance in the risk reserve account to R 397.6 million (covering the minimum required balance 4.8 times).

8.17 This strong position in the fund's risk reserve account provides a sufficient buffer to absorb the impact of adverse claims experience over the short term. It also creates ample scope to reduce current premium rates to levels well below the theoretical rates, thereby allowing the excess assets in the risk reserve account to fund a portion of the risk benefit costs over the next three to four years. The position will continue to be reassessed in every annual valuation of the fund.

Catastrophe cover

8.18 The fund has affected catastrophe excess of loss reinsurance, which is valid until 31 July 2026. The trustees must consider the renewal of the catastrophe reinsurance.

Contributions towards funding of death and disability benefits

8.19 The following deductions were made for the period from 1 July 2025 to 30 June 2026 and channelled to the risk reserve on a monthly basis:

	A1	A2	A3	C1	C3	C5
Death benefits	0.55%	1.10%	1.65%	0.55%	1.65%	2.75%
Disability benefits	0.10%	0.20%	0.30%	0.10%	0.30%	0.30%
Total	**0.65%**	**1.30%**	**1.95%**	**0.65%**	**1.95%**	**3.05%**

8.20 We recently concluded the review of the recommended deductions for the period from 1 July 2026 to 30 June 2027. The analysis has shown that overall, the experience has been positive. The valuation as at 30 June 2025 also indicated a strong position in the fund's risk reserve account, which creates a sufficient buffer to absorb the impact of any adverse claims experience over the short term and creates scope to reduce current premium rates. During our previous review we proposed, partly based on the actual experience, the premium structure be further simplified to the level of each member paying the same per 1 times salary cover, irrespective of whether or not they are an A member or a C member. We are still comfortable with this approach.

8.21 The recommended recoveries from 1 July 2026 can be summarised as follows:

	A1	A2	A3	C1	C3	C5
Death benefits	0.40%	0.80%	1.20%	0.40%	1.20%	2.00%
Disability benefits	0.10%	0.20%	0.30%	0.10%	0.30%	0.30%
Total	**0.50%**	**1.00%**	**1.50%**	**0.50%**	**1.50%**	**2.30%**
Reduction in total premium rates	**(23%)**	**(23%)**	**(23%)**	**(23%)**	**(23%)**	**(25%)**

8.22 We strongly recommend that the trustees continue to critically consider the actual claims versus premiums allocated on at least a quarterly basis in order to take action should the claims experience significantly deteriorate.

Data and processing reserve account

8.23 The valuation disclosed a balance in the data and processing reserve account of R 284.0 million, or 0.78% of assets, but taking into account the impact of the delayed allocation of the revaluation of some of the asset portfolios, the true underlying balance is equal to R 179.5 million or 0.49% of assets, which is slightly above the target level of between 0.25% and 0.5% of assets for a daily priced fund.

8.24 The administrative practice with respect to the addition of late payment interest should be reviewed, as indicated. This may also have an impact on the provision for outstanding benefit payments contained in the audited financial statements.

8.25 We recommend that the current balance in the data and processing reserve account be maintained for now to protect the fund against the impact of any data errors and omissions as well as impact of timing differences, mismatching and other processing errors.

Living annuitants

8.26 The analysis showed that some living annuitants may be drawing at an unsustainable rate, considering the in-fund living account in isolation. Regulation 39(3)(b) requires the fund to make the living annuitants aware if their drawdown rates are deemed not sustainable.

Next valuation

8.27 We recommend that valuations be conducted annually so that the funding position can be monitored more closely and that action can be taken timeously, if necessary.

8.28 The next valuation is hence scheduled to be performed as at 30 June 2026 and will cover the one-year period from 1 July 2025 to 30 June 2026.

Certification

8.29 I, Gerda Grobler, certify that as at 30 June 2025 the assets of the fund are sufficient to cover 100.0% of the members' liabilities and various recommended reserve balances.

8.30 I can thus confirm that, in my opinion, the fund was in a sound financial condition as at the valuation date in terms of section 16 of the Pension Funds Act, as amended.

Gerda Grobler
Fellow of the Actuarial Society of South Africa
Fellow of the Faculty of Actuaries
in my capacity as the fund's valuator and employee of Alexander Forbes Financial Services (Pty) Ltd

Johan Geldenhuis
Fellow of the Actuarial Society of South Africa
Fellow of the Faculty of Actuaries
in my capacity as peer review actuary and employee of Alexander Forbes Financial Services (Pty) Ltd

For the purposes of professional regulation, the primary professional regulator of the signatories to this report is the Actuarial Society of South Africa.

June 2026

APPENDIX 1: SUMMARY OF BENEFITS

A summary of the main benefits applicable at the valuation date is given below. Full details are contained in the registered rules of the fund. Where there are special cases or benefits for particular members, these have been taken into account in the valuation.

Benefits

1. The rules were amended with effect from 1 September 2024 to cater for the two-pot system that came into effect from this date. The Financial Sector Conduct Authority approved the required rule amendment on 15 August 2024. With effect from 1 September 2024, a member's fund credit consists of a vested component, retirement component and savings component, as defined in the rules.

2. All members have a normal retirement age of 65, but may, with the employer's consent, retire early from age 50.

3. On retirement, a member shall be entitled to receive a benefit equal to his fund credit in the fund.

4. The maximum amounts that can be commuted for cash upon retirement from the fund are as follows:

Vested Component	The member is allowed to commute the following for cash from the vested component: ✓ Up to 100% of the vested portion of the vested component; and/or ✓ Up to one-third of the remainder of the vested component (*that is, after allowing for any vested portion*).
Savings Component	The member is allowed to commute up to 100% of their savings component in cash upon retirement from the fund.
Retirement Component	The member must utilise their full retirement component to secure a pension upon retirement.

In addition, a member may commute the full equitable share if it is below the limit set by legislation from time to time.

5. On death in service before the normal retirement date, or permanent disability before the normal retirement date, the benefit payable from the fund shall be the member's fund credit on death. In addition, the member may have opted for an additional lump sum benefit (as a multiple of remuneration).

6. In the event of a member withdrawing from the fund, the member will receive a benefit equal to his fund credit at the date of leaving service:

   - In the event that a cash benefit is elected on withdrawal, the vested and savings components shall become payable, while the retirement component shall be preserved until the member reaches retirement age, in accordance with the applicable legislation.
   - The member has an option to preserve this benefit in the fund or to transfer it to another fund.
   - If no option is made, the member's benefit is by default preserved in the fund.

7. If a member's service is terminated due to retrenchment or redundancy and he or she is not entitled to a normal retirement benefit, the member's fund credit is payable, plus an additional amount equal to the smaller of the following:

   - 8% of the member's fund credit multiplied by the difference in full years between the normal retirement age and age next birthday; and
   - The member's fund credit.

   The additional amount must be paid to the fund by the relevant local authority before processing the member's enhanced benefit upon retrenchment.

8. As from 1 September 2024 members are allowed to make a withdrawal from the Savings Component of their member share should they so elect.

Contributions

9. Members of the fund contribute at a rate as agreed upon by the particular local authority and the member, subject to an absolute minimum rate. The minimum contribution rates are 2%, 7% and 5% for category A, category B and category C members respectively.

10. Contributions by the local authority, less the amount of the local authority contribution which is payable in respect of the insured risk benefits policy, are subject to absolute minimum rates. The minimum contribution rates are 2%, 7% and 5% for category A, category B and category C members respectively.

11. Effective 1 September 2024, the net contributions for retirement benefits are allocated as follows:

   - One-third to the savings component of a member's fund credit; and
   - Two-thirds to the retirement component of a member's fund credit.

APPENDIX 2: MEMBER STATISTICS

Membership at the valuation date

1. A reconciliation of the change in the number of contributing and deferred members over the period is provided below:

1.1 Contributing members

	Total
Contributing members as at 30 June 2024	**56 390**
• New entrants	4 726
• Withdrawals	(782)
• Retirements	(888)
• Deaths	(310)
• Disability	(39)
• Transferred to deferred members	(189)
• Other adjustments (e.g. consolidation of duplicated records)	(86)
Contributing members as at 30 June 2025	**58 822**

1.2 Deferred members

	Total
Deferred members at 30 June 2024	**1 624**
• Transferred from active members	189
• Deaths	(7)
• Withdrawals	(55)
• Retirements	(131)
• Disabilities	(3)
• Two-component claim preservation	422
• Benefits depleted	(183)
Deferred members at 30 June 2025	**1 856**

1.3 **Living annuitants**

	Total
Living annuitants at 30 June 2024	**33**
Deaths	(1)
Transfer out (in terms of section 14 of the Act)	(5)
Living annuitants at 30 June 2025	**27**

2. The number of contributing members contained in this report differs from the number reflected in the fund's annual financial statements at the valuation date by 3 members, which is made up of exited members incorrectly shown as active in the annual financial statements.

3. The number of deferred members contained in this report differs from the number reflected in the fund's annual financial statements at the valuation date by 43 members, which is made up of 31 exited members incorrectly shown as active in the annual financial statements and 12 members incorrectly included under deferred members (as they were shown as an active deferred members with a zero benefit value).

4. The number of living annuitants contained in this report corresponds with the number reflected in the fund's annual financial statements at the valuation date.

Liability profile

5. An analysis of the liability profile in five-year age bands is given below for contributing members (i.e. category A and category C combined), deferred members and living annuitants respectively. In addition, the distribution of the fund credits per investment option is also given for contributing members (category A and category C combined), deferred members and living annuitants.

5.1 **Contributing members**

Age	Number	Pensionable remuneration	Average pensionable remuneration	Fund credits	Average fund credits
<25	246	32 982 703	134 076	3 231 398	13 353
25-30	1 718	429 294 740	249 881	143 805 232	85 547
30-35	5 997	1 790 488 384	298 564	1 340 751 891	225 830
35-40	10 746	3 570 166 520	332 232	4 204 395 433	393 781
40-45	11 630	3 951 601 447	339 777	6 041 744 526	521 379
45-50	10 096	3 486 771 840	345 362	6 395 693 593	635 565
50-55	8 719	3 129 862 177	358 970	6 507 334 096	747 454
55-60	6 211	2 290 360 471	368 759	5 720 051 042	922 291

Age	Number	Pensionable remuneration	Average pensionable remuneration	Fund credits	Average fund credits
60-65	3 382	1 289 832 611	381 382	3 964 534 080	1 173 634
>65	77	21 825 169	283 444	25 653 711	333 165
Total	**58 822**	**19 993 186 062**	**339 893**	**34 347 195 002**	**586 620**

The contributing members' fund credits were distributed as follows between the investment portfolios:

Investment options	Fund credits	%
Aggressive Growth	24 794 887 898	72.2%
Capital Growth	7 138 401 303	20.8%
Stable Growth	1 677 049 042	4.9%
Capital Protector	697 107 513	2.0%
Shari'ah	39 749 246	0.1%
Total	**34 347 195 002**	**100.0%**

5.2 **Deferred members (including Category E members)**

Category E members are defined as follows in the rules of the fund:

"*CATEGORY E-MEMBER: A MEMBER who transferred to the FUND from another retirement fund that, in its rules, does not permit the commutation of more than one third of a member's retirement capital for a cash lump sum at retirement.*"

This membership category includes members who transferred into the fund from the National Pension Fund for Municipal Workers as well as the Government Employees Pension Fund.

Age	Number	Fund credits	Average fund credits
<25	22	7 499	341
25-30	68	1 094 145	16 090
30-35	179	5 206 787	29 088
35-40	203	10 216 487	50 328
40-45	207	26 959 520	130 239
45-50	162	35 811 363	221 058
50-55	189	52 449 572	277 511
55-60	370	338 671 640	915 329

Age	Number	Fund credits	Average fund credits
60-65	362	434 838 423	1 201 211
>65	94	21 288 309	226 471
Total	**1 856**	**926 543 745**	**499 215**

The deferred members' fund credits were distributed as follows between the investment portfolios:

Investment options	Fund credits	%
Aggressive Growth	167 696 560	18.1%
Capital Growth	543 071 139	58.6%
Stable Growth	192 005 777	20.7%
Capital Protector	23 500 552	2.6%
Shari'ah	269 717	0.0%
Total	**926 543 745**	**100.0%**

5.3 **Living annuitants**

Age	Number	Living annuity accounts	Average living annuity account
60-65	4	14 936 442	3 734 111
65-70	4	12 021 890	3 005 472
>70	19	77 797 432	4 094 602
Total	**27**	**104 755 764**	**3 879 843**

The living annuitants' fund credits were distributed as follows between the investment portfolios:

Investment options	Fund credits	%
Aggressive Growth	3 813 276	3.6%
Capital Growth	32 997 401	31.5%
Stable Growth	33 630 420	32.1%
Capital Protector	34 314 667	32.8%
Total	**104 755 764**	**100.0%**

Reasonability checks performed

6. A large number of tests on the reasonableness and consistency of the data were carried out including the following:

   - a reconciliation of the number of members at the valuation date and the previous valuation date with the movements in membership reported
   - a fund credit reasonability check
   - comparison of the closing fund credits per the previous valuation data to the opening fund credits per the current valuation data
   - review of the fund's annual financial statements
   - calculation of the fund investment returns
   - review of the levels of actual fund expenses
   - reconciling exiting members over the valuation period with the claims paid as per the annual financial statements

7. We are satisfied with the general accuracy and completeness of the data provided and with its suitability for purposes of this statutory valuation.

APPENDIX 3: CONSOLIDATED REVENUE ACCOUNT

Amounts in Rands		Total
Opening balance at 30 June 2024 per actuarial valuation		**31 228 359 273**
Reversal of previous actuarial adjustment		99 165 354
Opening balance at 30 June 2024 per financial statements		**31 327 524 627**
Income		**3 222 667 132**
Member contributions	995 186 156	
Additional voluntary contributions	14 293 173	
Employer contributions (retirement funding)	1 689 127 631	
Employer contributions (risk & expenses)	492 415 143	
Transfers from other funds	11 360 085	
Reinsurance proceeds	20 284 944	
Expenses		**(178 427 551)**
Administration fees	(30 735 812)	
Less: Amounts allocated to unclaimed benefits	21 079	
Audit fees	(1 301 915)	
Actuarial fees	(1 052 480)	
Consultants' fees		
o Management of self-insurance arrangement	(23 325 082)	
o Retirement benefit counselling	(3 842 819)	
o Other	(2 023 181)	
Fidelity insurance premiums	(1 174 529)	
Financial Sector Conduct Authority levies	(1 749 686)	
Communication expenses	(2 623 498)	
Communication consultants stakeholder engagements	(223 835)	
Legal & compliance fees	(5 895 079)	
Conferences and meetings	(1 252 186)	
Bank charges	(173 155)	
Office expenses	(6 571 880)	
Trustee expenses	(5 076 891)	
Staff expenses	(48 510 509)	

Amounts in Rands		Total
Principal officer expenses	(162 220)	
Depreciation	(893 612)	
Occupational rent	(297 883)	
Travel and accommodation (non-board members)	(606 402)	
Reinsurance premiums (funeral benefits)	(40 955 976)	
Benefits		**(3 405 299 275)**
Retirement benefits	(1 493 242 842)	
Disability benefits	(85 346 544)	
Withdrawal benefits	(388 664 234)	
Transfers out	(18 963 475)	
Divorce claims	(155 340 871)	
Death benefits	(535 995 826)	
Pensions paid to living annuitants	(6 428 153)	
Savings withdrawal benefits	(703 224 935)	
Other claims (housing loan settlements and maintenance orders)	(13 230 667)	
Investment return allocated to exits & unclaimed benefits	(4 861 728)	
Investment income		**5 471 966 091**
Income from investment	805 336 956	
Adjustment to fair value	4 824 788 519	
Expenses incurred from managing investments	(146 230 913)	
Investment consulting fees	(21 532 046)	
Direct property revaluation	682 574	
Script lending fees	5 124 580	
Sundry investment income	2 043 018	
Other income	1 753 403	
Closing balance as at 30 June 2025 per financial statements		**36 438 431 024**
Actuarial adjustments		**(22 732 123)**
Under provision of benefits payable	(22 732 123)	
Closing balance as at 30 June 2025 per actuarial valuation		**36 415 698 901**

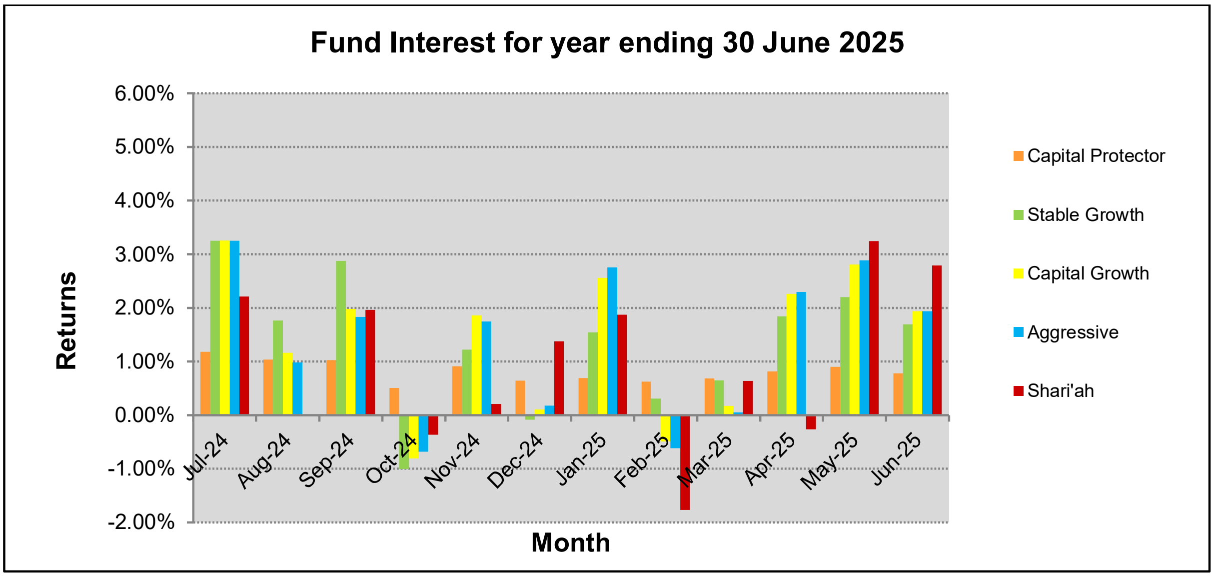
APPENDIX 4: INVESTMENT RETURNS

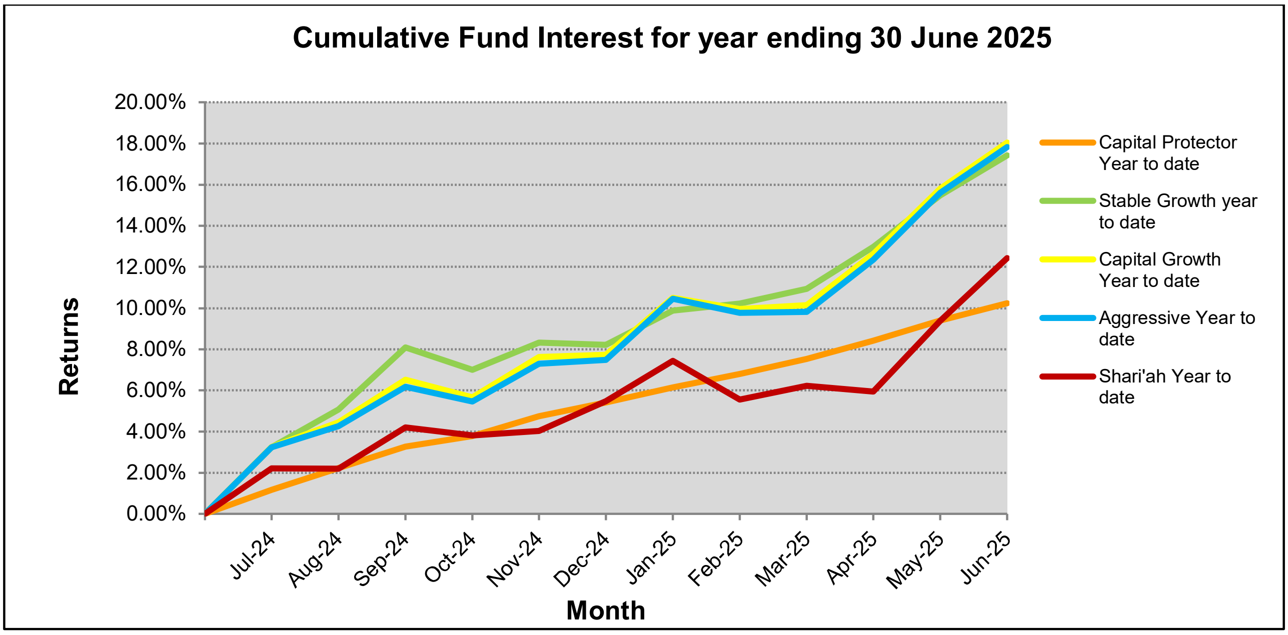
Contributing and deferred member portfolios

1. The net returns allocated to members' fund credits in each of the fund's portfolios from 1 July 2024 to 30 June 2025 are detailed in the table below (these returns were derived from the daily unit prices):

Date	Capital Protector	Stable Growth	Capital Growth	Aggressive	Shari'ah
July 2024	1.18%	3.25%	3.26%	3.25%	2.21%
August 2024	1.03%	1.77%	1.16%	0.99%	(0.01%)
September 2024	1.02%	2.87%	1.98%	1.83%	1.96%
October 2024	0.51%	(1.01%)	(0.81%)	(0.68%)	(0.36%)
November 2024	0.91%	1.22%	1.86%	1.75%	0.21%
December 2024	0.64%	(0.09%)	0.10%	0.18%	1.37%
January 2025	0.69%	1.54%	2.56%	2.75%	1.87%
February 2025	0.62%	0.31%	(0.49%)	(0.61%)	(1.77%)
March 2025	0.69%	0.65%	0.17%	0.05%	0.64%
April 2025	0.82%	1.84%	2.26%	2.29%	(0.26%)
May 2025	0.90%	2.20%	2.81%	2.88%	3.25%
June 2025	0.78%	1.69%	1.94%	1.94%	2.79%
Fund year ending 30 June 2025	**10.24%**	**17.42%**	**18.04%**	**17.83%**	**12.43%**

2. Graphical representations of the monthly returns and cumulative returns per portfolio are given below (these returns were derived from the daily unit prices):





Historical returns since the fund's surplus apportionment date

5. The following returns were allocated to members' fund credits since 1 July 2004 (the fund's surplus apportionment date):

Period	Capital Protector	Stable Growth *	Capital Growth	Aggressive	Shari'ah **	Inflation
2004 / 2005	7.65%	N / A	15.73%	22.51%	N / A	2.82%
2005 / 2006	10.06%	N / A	15.70%	27.57%	N / A	4.87%
2006 / 2007	6.88%	N / A	23.73%	22.40%	N / A	7.04%
2007 / 2008	7.41%	N / A	(2.70%)	(2.07%)	N / A	12.17%
2008 / 2009	11.56%	7.93%	(8.86%)	(21.02%)	N / A	6.89%
2009 / 2010	7.25%	3.50%	12.27%	19.47%	N / A	4.21%
2010 / 2011	5.36%	11.82%	11.30%	14.35%	N / A	5.02%
2011 / 2012	5.67%	8.81%	8.84%	7.73%	N / A	5.47%
2012 / 2013	4.97%	10.40%	18.56%	19.02%	3.46%	5.54%
2013 / 2014	4.23%	9.65%	18.12%	24.44%	20.29%	6.61%
2014 / 2015	5.99%	7.25%	7.49%	6.44%	(2.10%)	4.74%
2015 / 2016	7.44%	8.47%	11.45%	10.58%	4.21%	6.27%
2016 / 2017	8.54%	6.60%	5.35%	4.83%	5.68%	5.11%
2017 / 2018	8.06%	8.02%	9.06%	8.88%	8.73%	4.57%
2018 / 2019	8.36%	6.54%	4.61%	3.76%	4.66%	4.46%
2019 / 2020	6.42%	(3.32%)	(0.87%)	0.77%	(0.34%)	2.22%

Period	Capital Protector	Stable Growth *	Capital Growth	Aggressive	Shari'ah **	Inflation
2020 / 2021	5.06%	17.67%	18.03%	17.69%	26.72%	4.87%
2021 / 2022	4.42%	4.59%	1.53%	1.04%	6.54%	7.42%
2022 / 2023	7.59%	10.33%	15.69%	17.33%	7.26%	5.37%
2023 / 2024	9.99%	13.04%	11.81%	11.30%	4.04%	5.10%
2024 / 2025	10.24%	17.42%	18.04%	17.83%	12.43%	3.02%
Average annual returns to 30 June 2025:						
3 year	9.26%	13.56%	15.15%	15.45%	7.86%	4.49%
5 year	7.43%	12.50%	12.84%	12.84%	11.11%	5.15%
10 year	7.60%	8.77%	9.28%	9.22%	7.78%	4.83%
15 year	6.81%	9.04%	10.43%	10.85%	N / A	5.05%

* The Stable Growth Portfolio was introduced from 1 July 2008.

** The Shari'ah Portfolio was introduced from 1 September 2012.

APPENDIX 5: ASSET LIABILITY MATCHING

The assets and liabilities within each investment portfolio at the valuation date are set out in the table below: *Note: This table continues on the next page.*

	Cash at bank R	Capital Protector R	Stable Growth R	Capital Growth R	Aggressive R
Market value of assets	263 699 998	769 959 567	2 117 570 511	7 886 168 866	25 022 766 162
Contributions receivable	251 604 616	-	-	-	-
Accounts receivable	49 905 108	-	-	-	-
Benefits payable	(108 684 976)	(13 708 901)	(137 857 471)	(94 621 425)	(74 996 668)
Accounts and transfers payable	(48 393 562)	-	-	-	-
Unclaimed benefits	-	-	-	(26 841 316)	-
Net assets, per financial statements	408 131 184	756 250 666	1 979 713 040	7 764 706 125	24 947 769 494
Actuarial adjustment	(22 732 123)	-	-	-	-
Net assets, per actuarial valuation	385 399 061	756 250 666	1 979 713 040	7 764 706 125	24 947 769 494
Members' fund credits	-	754 922 731	1 902 685 239	7 714 469 843	24 966 397 734
Contributions allocated after year-end	251 604 616	-	-	-	-
Lifestage switch processed after year-end	-	-	-	-	-
Sub-total (1)	251 604 616	754 922 731	1 902 685 239	7 714 469 843	24 966 397 734
Risk Reserve Account	27 398 068	-	-	-	-
Expense Reserve Account	52 573 716	-	-	-	-
Sub-total (2)	79 971 784	-	-	-	-
Total liabilities	331 576 400	754 922 731	1 902 685 239	7 714 469 843	24 966 397 734
Excess assets / (deficit) = Data and Processing Reserve Account ("DPR")	**53 822 661**	**1 327 935**	**77 027 801**	**50 236 282**	**(18 628 240)**
Funding level before the DPR	**116.23%**	**100.18%**	**104.05%**	**100.65%**	**99.93%**
Funding level after the DPR	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

We are comfortable with the process followed by the fund's administrator and investment consultants to monitor the matching of the assets with the liabilities on a monthly basis to ensure differences at month-end are cleared early in the next month. The differences observed are within acceptable levels for a fund of this size and nature.

<u>Note</u>: *This table continues from the previous page.*

	Shari'ah R	Direct Housing loans R	Revaluation of assets * R	Cash Portfolio R	Total R
Market value of assets	40 018 974	59 945	92 069 911	934 733 741	**37 127 047 675**
Contributions receivable	-	-			**251 604 616**
Accounts receivable	-	-	12 445 005	-	**62 350 113**
Benefits payable	-	-	-	(497 467 059)	**(927 336 500)**
Accounts and transfers payable	-	-	-		**(48 393 562)**
Unclaimed benefits	-	-			**(26 841 316)**
Net assets, per financial statements	40 018 974	59 945	104 514 916	437 266 682	**36 438 431 026**
Actuarial adjustment	-	-	-	-	**(22 732 123)**
Net assets, per actuarial valuation	40 018 974	59 945	104 514 916	437 266 682	**36 415 698 903**
Members' fund credits	40 018 964	59 945	-	-	**35 378 554 456**
Contributions allocated after year-end	-	-	-	-	**251 604 616**
Lifestage switch processed after year-end	-	-	-	-	**-**
Sub-total (1)	40 018 964	59 945	-	-	**35 630 159 072**
Risk Reserve Account	-	-	-	421 536 174	**448 934 242**
Expense Reserve Account	-	-	-	-	**52 573 716**
Sub-total (2)	-	-	-	421 536 174	**501 507 958**
Total liabilities	40 018 964	59 945	-	421 536 174	**36 131 667 030**
Excess assets / (deficit) = Data and Processing Reserve Account ("DPR")	**10**	**-**	**104 514 916**	**15 730 508**	**284 031 873**
Funding level before the DPR	**100.00%**	**100.00%**	**n/a**	**103.73%**	**100.79%**
Funding level after the DPR	**100.00%**	**100.00%**	**n/a**	**100.00%**	**100.00%**

* *Refer to sections 6.46 to 6.48 of main report for more detail regarding these pricing differences as a result of reporting delays.*

We are comfortable with the process followed by the fund's administrator and investment consultants to monitor the matching of the assets with the liabilities on a monthly basis to ensure differences at month-end are cleared early in the next month. The differences observed are within acceptable levels for a fund of this size and nature.

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