Retirement

National Fund for Municipal Workers

Statutory actuarial valuation as at 30 June 2024
12/8/35064

Prepared by Alexander Forbes Financial Services (Pty) Ltd

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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 2024 *("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 2023	30 June 2024
Number *	54 894 **	56 390 **
Total annual remuneration	R 16 846 793 236	R 18 121 269 152
Total fund credits[1] (excl. direct housing loans)	R 25 678 316 022	R 29 280 028 948
Deferred members		
Number ***	1 654	1 624
Total fund credits	R 943 400 556	R 921 985 152
Living annuitant		
Number	54	33
Total value of living annuity account balances	R 211 334 045	R 116 783 961

* 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.

** This number includes no (2023: two) nil contributors as per the information received from the administrator

*** This number includes 310 (2023: 360) 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.

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 2024 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 2023	30 June 2024
Value of assets [a]	**27 542 846**	**31 228 359**
Members' liabilities		
Contributing members	25 678 316	29 280 029
Deferred members	943 401	921 985
Living annuitants	211 334	116 784
Direct housing loans	442	79
Contributions allocated after year end	211 184	235 158
Lifestage switch processed after year-end	-	204 940 [b]
Total member liabilities: (a)	**27 044 677**	**30 758 975**
Reserve accounts		
Expense reserve account	65 429	40 575
Risk reserve account	262 049	328 730
Data and processing reserve account	170 691 [c]	100 079 [c]
Total reserve accounts: (b)	**498 169**	**469 384**
Total liabilities: (a) + (b)	**27 542 846**	**31 228 359**
Balance of assets	**-**	**-**
Funding level	**100.00%**	**100.00%**

Notes:

a) The total net assets per the statutory actuarial valuation is R 99 166 000 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 (2023: R 171 467 000 lower). The under-provision mainly relates to under-provisions in respect of death benefits.

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 upward 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 6.45 to 6.47 of the main report), is as follows:

	30 June 2023 R'000	30 June 2024 R'000
Balance in the data and processing reserve account	170 691	100 079
Release from / (increase of) fund credits after the valuation date as a result of the revaluation of assets	(36 683)	67 605
True balance in the reserve	**134 008**	**167 684**
% of assets	**0.49%**	**0.54%**

Certification

6. We certify that as at 30 June 2024 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 2024. This report sets out the results of the statutory valuation of the fund as at 30 June 2024 *("the valuation date")* and includes an analysis of the financial progress of the fund since 30 June 2023 *("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 2023. At this date the fund reflected a funding level of 100.00%. The report was submitted to the FSCA in June 2024 and was not yet accepted by the FSCA at the time this report was signed.

Status update regarding older statutory valuations:

- FSCA acceptance of the 30 June 2022 report is also still outstanding (a query was received from the FSCA on the said report and a response was submitted during September 2024).
- The FSCA accepted the statutory valuation as at 30 June 2021 on 9 October 2023.

Objectives

1.5 This statutory valuation has been carried out as at 30 June 2024 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 over the last 5 years 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 of 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); and
- to comment on the sustainability of income drawn by the in-fund living annuitants.

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. 1 ▪ For the rules of the fund to be in line with the policy of insurance issued by the insurer. ▪ To ensure that the risk benefits payable in terms of the fund rules are the same as the risk benefits payable by the insurer to the fund in terms of the policy of insurance. ▪ To ensure that the conditions as prescribed in the policy of insurance, issued by the insurer, are reflected in the fund rules and applicable to any risk benefit payable by the fund where the risk benefit is insured with an insurer.	12 Sep 2023	12 Oct 2023
Amendment no. 2 ▪ For the rules of the fund to make provision for the Board of Trustee's decision for the fund not to provide members with the option to elect to receive a living annuity from the fund from 1 May 2024 by replacing rule 6.4.1, 6.4.2 and 6.5.	1 May 2024	11 Jun 2024

2.2 The following rule amendment to the consolidated rules became effective subsequent to 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

Financial position as at 30 June 2023

2.3 The statutory actuarial valuation as at 30 June 2023 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.

2.4 The report was submitted to the FSCA in June 2024 and was not yet accepted by the FSCA at the time this report was signed.

Direct housing loans

2.5 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 79 000 (2023: 7 members with loans totalling R 442 000).

Fund investments

2.6 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.

Contributing and deferred members:

2.7 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]

2.8 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 + 2.75% 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 85% of the time.

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 2025.

2.9 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.

2.10 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:

2.11 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.

2.12 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

2.13 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.

2.14 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 28 June 2024. The trustees accepted the actuary's recommendation that the prevailing monthly cost allowance of 0.01% per month (effective from 1 July 2023) be maintained.

2.15 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 2022 to 30 June 2023	1 July 2023 to 30 June 2024
Returns allocated to fund credits (net of investment management fees and the monthly cost allowance for the funding of expenses)		
▪ Aggressive Growth	17.33%	11.30%
▪ Capital Growth	15.69%	11.81%

Portfolio	1 July 2022 to 30 June 2023	1 July 2023 to 30 June 2024
▪ Stable Growth	10.33%	13.04%
▪ Capital Protector	7.59%	9.99%
▪ Shari'ah	7.26%	4.04%
Calculated average fund return (net of investment management fees)	16.58%	12.11%
Increase in the consumer price index over the period	5.37%	5.10%

2.16 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 2024 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 2023	30 June 2024	Change
Number of members *	54 894 **	56 390 **	2.7%
Average age	44.5 years	44.8 years	0.3 years
Annual pensionable remuneration			
▪ Total	R 16 846 793 236	R 18 121 269 152	7.6%
▪ Average per member	R 306 897	R 321 356	4.7%
Total fund credits (excl direct housing loans)			
▪ Aggressive	R 18 521 914 193	R 21 123 057 175	14.0%
▪ Capital Growth	R 5 124 434 494	R 5 899 559 838	15.1%
▪ Stable Growth	R 1 246 522 126	R 1 490 694 749	19.6%
▪ Capital Protector	R 757 697 325	R 734 456 008	(3.1%)
▪ Shari'ah	R 27 747 884	R 32 261 178	16.3%
▪ Total	R 25 678 316 022	R 29 280 028 948	14.0%
▪ Average per member	R 469 594	R 523 362	11.5%
Direct housing loans			
▪ Number of members	7	1	(85.7%)
▪ Total housing loans	R 442 378	R 78 584	(82.2%)
▪ Average per member	R 63 197	R 78 584	24.3%

* 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.

** This number include no (2023: two) 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 2023	30 June 2024
Number of deferred members ***	1 654	1 624
Average age	52.3 years	51.7 years
Total fund credits	R 943 400 556	R 921 985 152
Average fund credit per deferred member	R 570 375	R 567 725

*** This number includes 310 (2023: 360) 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.

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 2023	30 June 2024
Number of living annuitants	54	33
Average age	68.1 years	68.8 years
Total value of living annuity accounts	R 211 334 045	R 116 783 961
Average per living annuitant	R 3 913 593	R 3 538 908

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 2023 until 30 June 2024:[4]

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 2023 to 30 June 2024):

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 2023 to 30 June 2024):

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

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 2023 until 30 June 2024:

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 2023 to 30 June 2024):

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%**

4 Guardrisk was appointed as the new underwriter for the fund's funeral benefits effective 1 August 2024. The rate changed from 0.094% to 0.08% for Category A members and from 0.368% to 0.313% for Category C members whilst the funeral benefits remained unchanged.

Premiums payable to Sanlam (effective from 1 July 2023 to 30 June 2024):

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

4.11 Refer to sections 6.26 to 6.36 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 2024 (corresponding values from the previous valuation of the fund are provided for comparison):

Investment portfolio	30 June 2023 Market value R'000	%	30 June 2024 Market value R'000	%
Absa Bank	280 519	1.0%	116 541	0.4%
Allan Gray Life Limited	3 116 575	11.2%	3 522 124	11.1%
Apex Fund and Corporate Services	60 268	0.2%	51 545	0.2%
Argon Asset Managers	1 535 823	5.5%	1 649 337	5.2%
Ashburton Fund Managers	648 828	2.3%	746 529	2.4%
Balondolozi Investment Services	949 334	3.4%	1 091 416	3.4%
Benguela Global Fund Managers	1 493 029	5.4%	-	-
Camissa Asset Management (*previously known as Kagiso*)	28 309	0.1%	33 073	0.1%
Catalyst Fund Managers	523 680	1.9%	598 436	1.9%
Coronation Asset Managers	2 882 435	10.4%	3 247 154	10.3%
Futuregrowth Asset Management	1 647 484	5.9%	1 888 082	6.0%
Infra Impact Investment Managers	-	-	107 886	0.3%
Kholo Capital Group	1 207	0.0%	-	-
Legacy Africa Fund Managers	1 473 403	5.3%	1 616 317	5.1%
Mazi Asset Management	-	-	1 747 686	5.5%
Metope Investment Managers	311 248	1.1%	389 073	1.2%

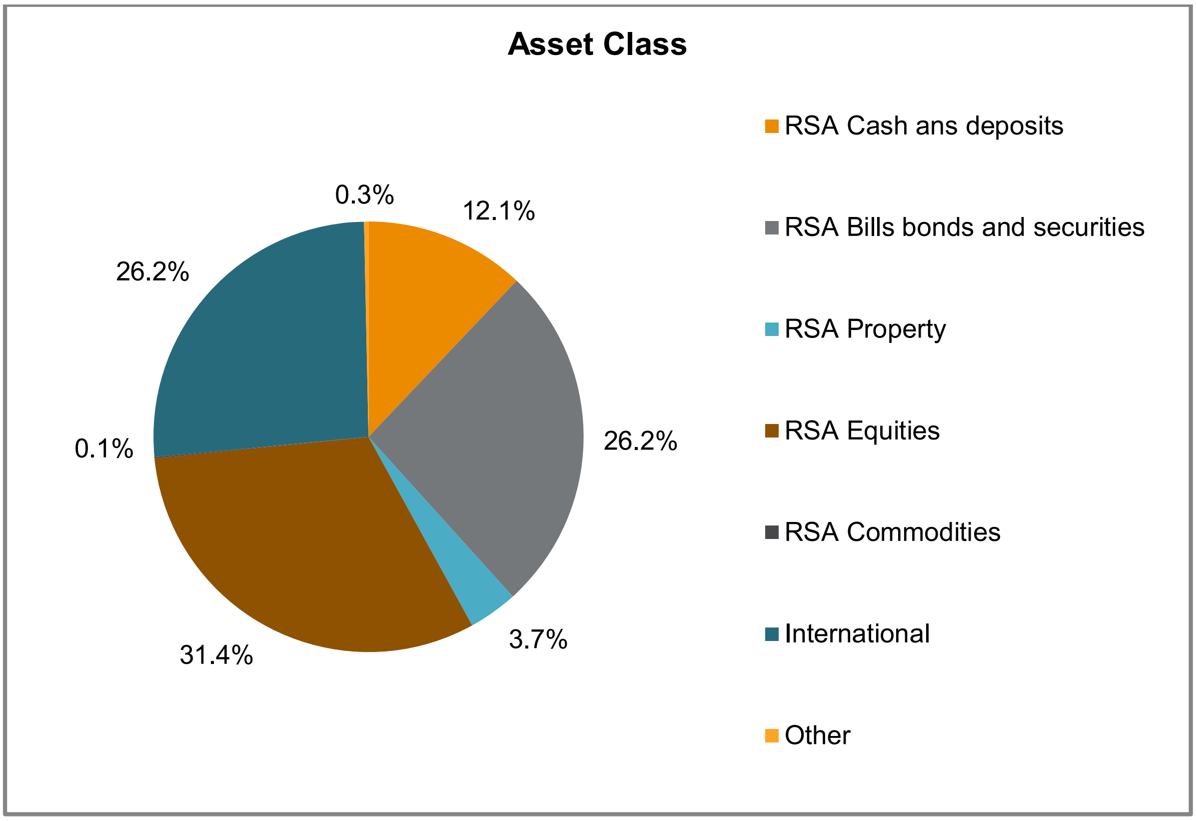
Investment portfolio	30 June 2023 Market value R'000	%	30 June 2024 Market value R'000	%
Morgan Stanley Investment Funds	301 742	1.1%	312 916	1.0%
Nedgroup Investments Fund	1 328 434	4.8%	1 454 446	4.6%
Ninety One SA	1 291 178	4.6%	1 534 466	4.9%
Novare Investments	179 134	0.6%	130 362	0.4%
Old Mutual Investment Group SA	1 637 328	5.9%	1 847 169	5.8%
Prescient Investment Management	3 210 947	11.6%	3 969 282	12.6%
Razonite Private Equity (*RQ Capital Partners*)	265 582	1.0%	279 468	0.9%
RFS Home Loans	548 679	2.0%	543 150	1.7%
Rubrics Global UCITS Funds	80 979	0.3%	82 027	0.3%
Sanlam Investment Management	1 133 875	4.1%	1 430 385	4.5%
Summit PE Investment Managers	142 011	0.5%	106 618	0.3%
Terebinth Capital	1 317 085	4.7%	1 469 988	4.6%
Vulcan Value Equity (*Northern Trust International Fund Administration Service*)	1 377 298	5.0%	1 631 389	5.2%
Direct Property, including computer equipment, software & furniture	18 214	0.1%	18 693	0.1%
Sub-total	**27 784 628**	**100.0%**	**31 615 558**	**100.0%**
Direct housing loans	442		79	
Total investments	**27 785 070**		**31 615 637**	

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 2023 Market value R'000	%	30 June 2024 Market value R'000	%
RSA equities	9 827 357	35.4%	9 932 264	31.4%
RSA property	1 185 997	4.3%	1 167 498	3.7%
RSA bills bonds and securities	6 875 517	24.7%	8 290 561	26.2%
RSA cash and deposits	3 770 259	13.6%	3 819 333	12.1%
RSA commodities	24 814	0.1%	30 506	0.1%
RSA other	143 104	0.5%	104 929	0.3%
Foreign investments	5 957 580	21.4%	8 270 467	26.2%
Total investments, excluding direct housing loans	**27 784 628**	**100.0%**	**31 615 558**	**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 2024, are as follows (corresponding values from the previous valuation of the fund is provided for comparison):

	30 June 2023 R'000	30 June 2024 R'000
Total investments	27 785 070	31 615 637
Cash at bank	263 447	337 108
Contributions receivable	215 765	235 158
Accounts receivables	108 914	50 735
Benefits payable	(554 251)	(832 464)
Accounts payable	(65 616)	(42 108)
Transfers payable	-	-
Unclaimed benefits	(39 016)	(36 541)
Net assets per financial statements	**27 714 313**	**31 327 525**
Actuarial adjustments:		
Under provision of benefits payable	(171 467)	(99 166)
Net assets per actuarial valuation	**27 542 846**	**31 228 359**

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 31 228 359 000** 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 **12.11%** 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. We are comfortable with the process in place.

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.

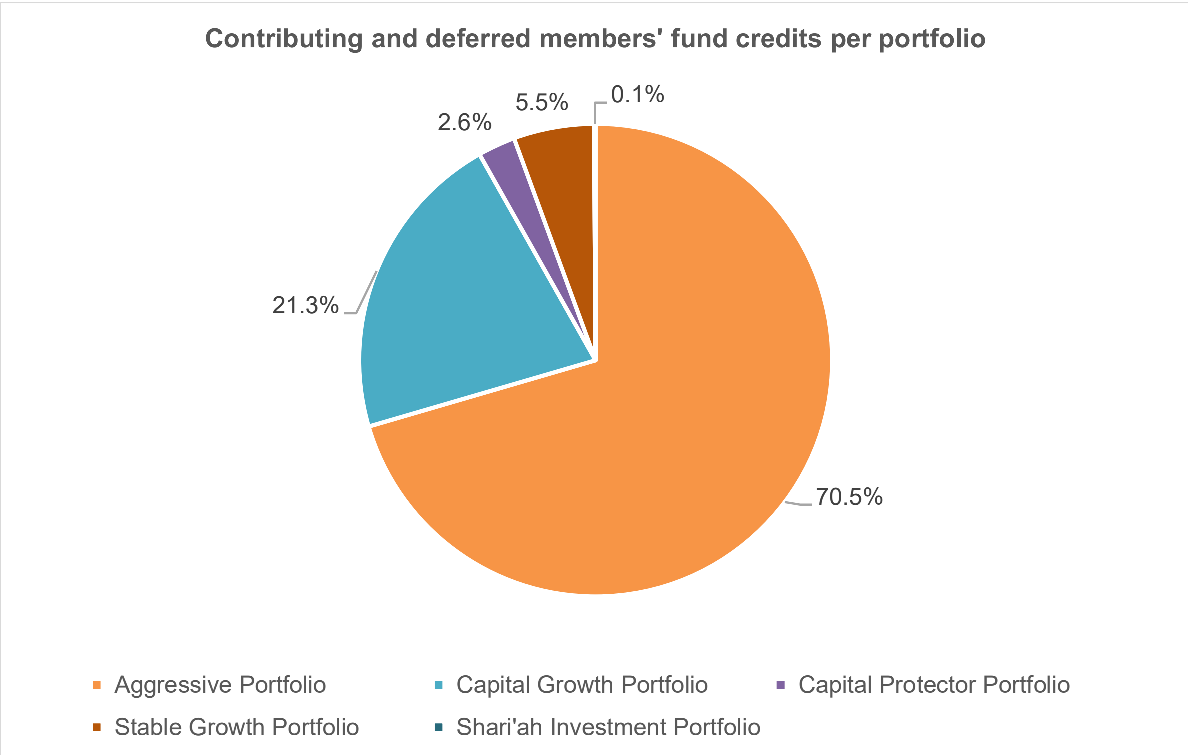
Members' fund credits

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.

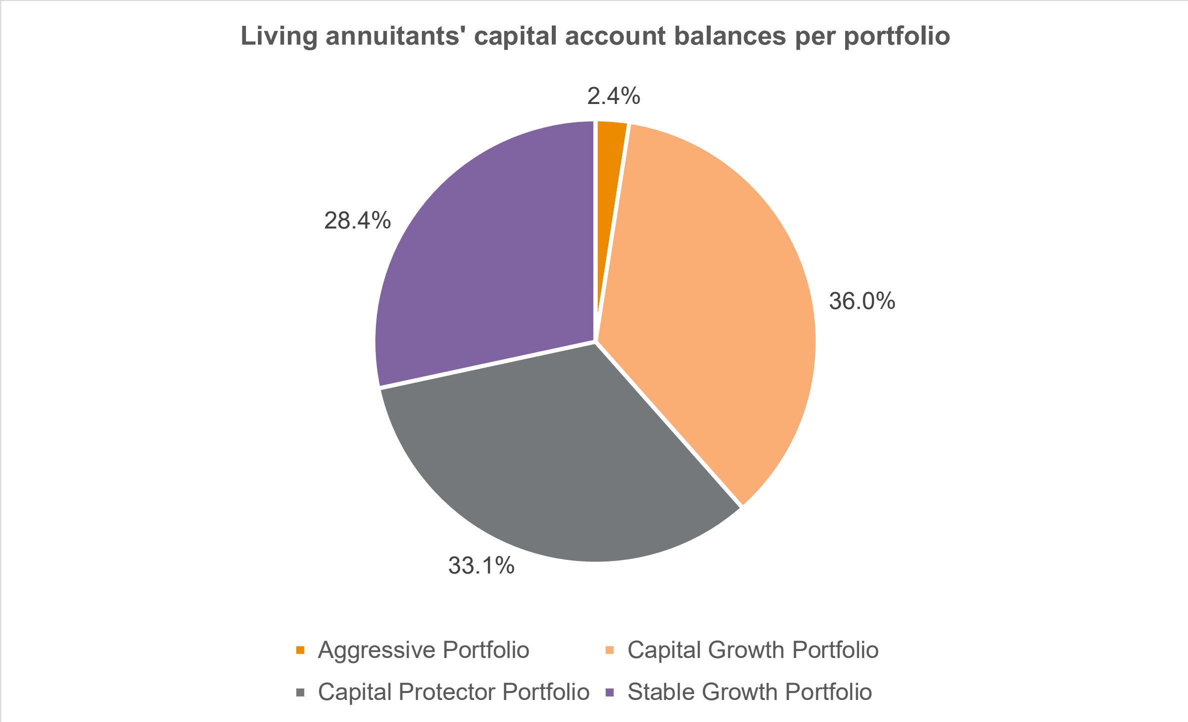
6.3 Based on the information received from the administrators of the fund, there were **56 390** contributing members, **1 624** deferred members and **33** living annuitants, as at 30 June 2024 (compared to 54 894 contributing members, 1 654 deferred members and 54 living annuitants as at 30 June 2023). 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 30 318 798 000** at the valuation date (comprising of the fund credits of contributing members of R 29 280 029 000, deferred members of R 921 985 000 as well as the living annuitants of R 116 784 000).

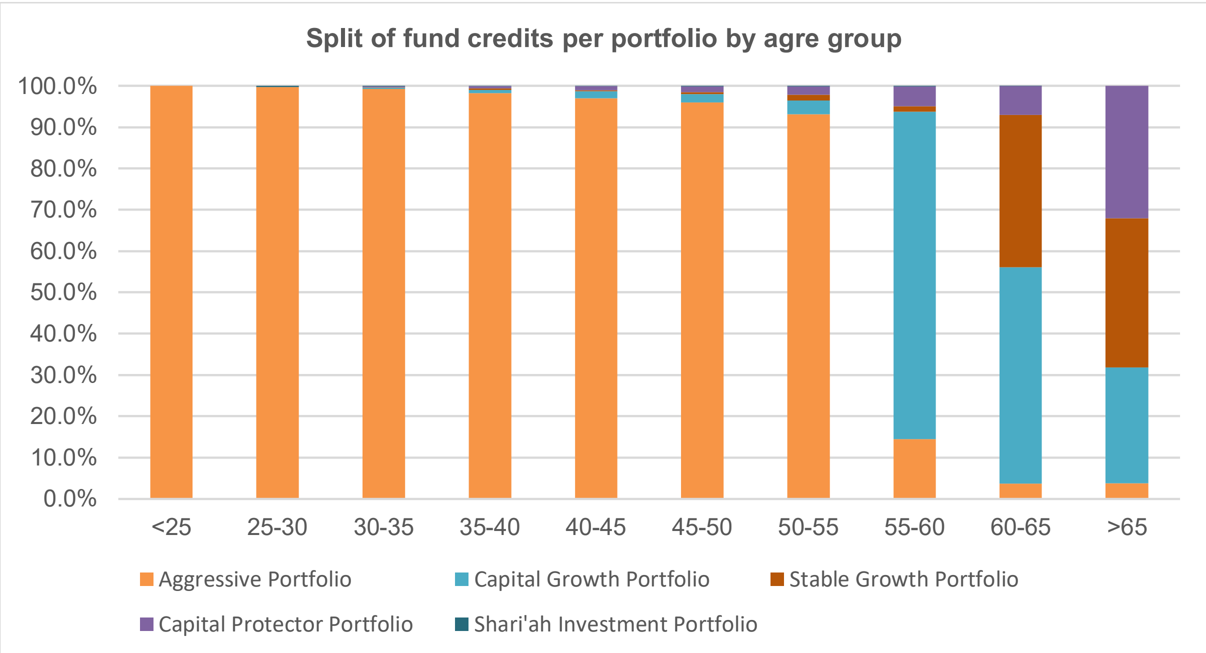
6.5 The contributing members' and deferred members' fund credits were distributed as follows between the investment options available to members:



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



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



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

6.9 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 2 509 (2023: 2 354) members whose fund credits were invested in a combination of two or more portfolios.

6.10 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

6.11 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 33 (2023: 54) living annuitants.

6.12 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 20 living annuitants opted to transfer to a living annuity of their choice, which were effected via section 14 of the Act.

6.13 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 116 784 000** 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

6.14 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.

6.15 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.

6.16 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.

6.17 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.

6.18 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

6.19 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.

6.20 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 2024. 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.

6.21 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 *
○ Scenario A	Typical with-profit annuity targeting annual increases of 75% of inflation	6.4%
○ Scenario B	Guaranteed inflation-linked annuity	4.1%

* The post-retirement discount rates were determined with reference to the market indicators at the end of June 2024. 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 2024, expressed as a percentage of the living annuitant's balance in his/her living annuity account at the valuation date.

6.22 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	7	4.1%	6.0%	0	0
65-70	11	4.6%	9.1%	1	1
>70	15	3.9%	9.9%	1	1
Totals	**33**	**3.9%**	**9.9%**	**2**	**2**

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

6.24 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.

6.25 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

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

Description	Amount R'000
Value as at 30 June 2023 (equivalent to 0.55% of member liabilities)	**262 049**
Contributions allocated towards the funding of lump sum death and disability benefits	343 933
Lump sum death and disability benefits	(284 355)
Actuarial adjustment for death and disability benefits paid after valuation date *	(34 953)
Investment returns, adjusted to take account of the current administrative practice that no interest is added to the multiple of salary risk amounts when payments are processed **	42 056
Value as at 30 June 2024 (equivalent to 0.86% of member liabilities)	**328 730**

* The benefits payable was increased with the provisional lump sum death and disability benefits and as such the risk reserve was reduced to account for these increased provisions.

** 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.

6.27 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.

6.28 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.

6.29 The fund's actual mortality and morbidity experience over the five years from 1 July 2019 to 30 June 2024, weighted by pensionable emoluments, were used to determine the rates used in the calculation of the required premiums to be deducted from member records from 1 July 2024, as well as the recommended balance to be retained in the risk reserve account.

6.30 The following is an extract of the annual unisex mortality and morbidity rates employed (the same assumptions were used as at 30 June 2023):

Age	Mortality %	Morbidity %
20	0.30%	0.01%
25	0.23%	0.01%
30	0.20%	0.01%
35	0.23%	0.02%
40	0.29%	0.03%
45	0.41%	0.06%
50	0.63%	0.11%
55	0.98%	0.22%
60	1.54%	0.43%
65	2.44%	0.83%

6.31 The accumulated balance in the risk reserve account amounted to R 328.7 million as at 30 June 2024, 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 33.2 million (that is, calculated as 40 additional approved claims with an average claim size of R 830 000), the estimated net balance in the risk reserve amounted to R 295.5 million.

6.32 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 mortality and morbidity assumptions) amounts to R 89.0 million compared with the estimated net balance of R 295.5 million. The minimum required balance is thus 3.3 times covered.

6.33 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 178.0 million at the valuation date compared with the estimated net balance in the risk reserve account of R 295.5 million.

6.34 The fund has affected catastrophe excess of loss reinsurance, which is valid until 31 July 2025.

6.35 The self-insurance arrangement is still in its infancy and a prudent approach has to be followed until a longer history has been established with higher confidence in premium rates and claims experience. We therefore recommend that the accumulated balance in the risk reserve account be maintained for now. The position will be reassessed in the next actuarial valuation scheduled to be performed as at 30 June 2025.

6.36 It is furthermore recommended that the opening balance used for the financial statements for the period ending 30 June 2025 be aligned with the value of the risk reserve account reflected in this statutory valuation report.

Allocation of contributions towards the risk reserve account

6.37 The following deductions are being made since 1 July 2023 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%**

6.38 We recently concluded the review of the recommended deductions for the period from 1 July 2025 to 30 June 2026. The analysis has shown that overall, the experience has been positive. The valuation as at 30 June 2024 also indicated a healthy balance 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. It was recommended that, 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. Members will hence pay the same per chosen level of cover, irrespective of the average age or gender mix of their particular risk cover group, with cross-subsidisation on total membership level. In particular, we recommended that for death, the current lower C category premium structure be applied to all members and for disability, the current lower A category premium structure be applied to all members. This will also ease communication of rates to members.

6.39 The recommended 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 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

6.41 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 2023 (equivalent to 0.24% of member liabilities)	**65 429**
Contributions allocated towards fund expenses	87 446
Deduction from the calculated unit prices for the funding of expenses *	34 318
Investment consulting fees	(20 172)
Administration expenses	(136 119)
Other income (script lending fees)	4 636
Investment returns	5 037
Value as at 30 June 2024 (equivalent to 0.13% of member liabilities)	**40 575**

* The deduction was 0.01% per month over the full valuation period. It was reduced from 0.02% to 0.01% per month effective from 1 July 2023 as per the recommendation in the 30 June 2022 actuarial valuation report.

6.42 It is recommended that the opening balance used for the financial statements for the period ending 30 June 2025 be aligned with the value of the expense reserve account reflected in this statutory valuation report. The shortfall in the allocation towards the funding of expenses is discussed under our recommendations in section 9 of the report.

Data and processing reserve account

6.43 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.

6.44 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 100 079 000 or 0.32% of assets.

<u>Valuation of assets of the fund for unit price purposes</u>

6.45 The value of the fund's assets as reflected in the annual financial statements was some R 67 605 000 less than the value of assets used for the daily unit price calculations on the valuation date.

6.46 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.

6.47 The fund credits were thus overstated on the valuation date resulting in a deficit 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 under-stated by R 67 605 000.

True level of the data and processing reserve account

6.48 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 167 684 000 or 0.54% of assets as explained in the table below:

	30 June 2023 R'000	30 June 2024 R'000
Balance in the data and processing reserve account	170 691	100 079
Release from / (increase of) fund credits after the valuation date as a result of the revaluation of assets *	(36 683)	67 605
True balance in the reserve	**134 008**	**167 684**
% of assets	**0.49%**	**0.54%**

* 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.

6.49 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	134 008
b)	Investment returns earned on the positive balance	16 225
c)	Mismatching & timing differences	17 450
	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.	(0.06% of assets)
True balance in the data and processing reserve account as at 30 June 2024 (equivalent to 0.54% of total assets)		**167 684**

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 2024 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 2023	30 June 2024
Value of assets [a)]	**27 542 846**	**31 228 359**
Members' liabilities		
Contributing members	25 678 316	29 280 029
Deferred members	943 401	921 985
Living annuitants	211 334	116 784
Direct housing loans	442	79
Contributions allocated after year end	211 184	235 158
Lifestage switch processed after year-end	-	204 940 [b)]
Total member liabilities: (a)	**27 044 677**	**30 758 975**
Reserve accounts		
Expense reserve account	65 429	40 575
Risk reserve account	262 049	328 730
Data and processing reserve account	170 691 [c)]	100 079 [c)]
Total reserve accounts: (b)	**498 169**	**469 384**
Total liabilities: (a) + (b)	**27 542 846**	**31 228 359**
Balance of assets	**-**	**-**
Funding level	**100.00%**	**100.00%**

Notes:

a) The total net assets per the statutory actuarial valuation is R 99 166 000 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 (2023: R 171 467 000 lower). The under-provision mainly relates to under-provisions in respect of death benefits.

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 R167 684 000 on the valuation date (2023: R 134 008 000). Refer to sections 6.45 to 6.47 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 56 390 contributing members with pensionable remuneration totalling R 18 121 269 000. There are also 1 624 deferred members and 33 members who are classified as living annuitants.

8.3 The adjusted value of the fund's available assets at 30 June 2024 was R 31 228 359 000.

8.4 The total value of the liabilities of the fund at the valuation date was R 31 228 359 000, comprising of:

- contributing members' fund credits of R 29 280 029 000;
- deferred members' fund credits of R 921 985 000;
- living annuity accounts of R 116 784 000;
- direct housing loans of R 79 000;
- contributions only allocated after 30 June 2024 to the value of R 235 158 000;
- lifestage switch processed after year-end to the value of R 204 940 000;
- a risk reserve account of R 328 730 000;
- an expense reserve account of R 40 575 000; and
- a data and processing reserve account of R 100 079 000.

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

Expense reserve account

8.6 The accumulated balance in the expense reserve account amounted to R 40.6 million, which is sufficient to cover approximately 26% 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 2025 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.

Funding of expenses: Monthly cost allowance

8.8 The monthly deductions for costs were not sufficient to cover the expenses incurred over the valuation period, which resulted in a decreased positive balance in the expense reserve account. This trend is expected to continue.

8.9 This is largely attributable to “new” fees payable to Kula Partners for the management of the fund’s self-insurance arrangement (totalling R 21.7 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 21.7 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 2024. 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 is furthermore recommended 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.

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 328.7 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 2025 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 33.2 million, the net balance in the risk reserve reduced to R 295.5 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 89.0 million compared with the estimated net balance of R 295.5 million. The minimum required balance is thus 3.3 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 178.0 million at the valuation date compared with the estimated net balance in the risk reserve account of R 295.5 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 21.7 million, effective 1 July 2024, from the risk reserve to the expense reserve account. Such transfer will reduce the estimated net balance in the risk reserve account to R 273.8 million (covering the minimum required balance 3.1 times).

8.17 The self-insurance arrangement is still in its infancy and a prudent approach has to be followed until a longer history has been established with higher confidence in premium rates and claims experience. We therefore recommend that the estimated net balance in the risk reserve account be maintained for now. The position will be reassessed in the next actuarial valuation scheduled to be performed as at 30 June 2025.

Administrative practice with respect to the addition of late payment interest

8.18 In terms of the current administrative process, no returns are added on the multiple of salary amount payable upon the death or permanent disability of members (from the date of death or disability until processing the approved benefit). We recommend that this administrative practice be reviewed.

Catastrophe cover

8.19 The fund has affected catastrophe excess of loss reinsurance, which is valid until 31 July 2025. The trustees must consider the renewal of the catastrophe reinsurance.

Contributions towards funding of death and disability benefits

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

	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%**

8.21 We recently concluded the review of the recommended deductions for the period from 1 July 2025 to 30 June 2026 and 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. The recommended 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%)**

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 100.0 million, or 0.32% 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 167.7 million or 0.54% of assets, which is just 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 as well as the impact should the interest allocation to risk benefit practice be revised.

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 2025 and will cover the one-year period from 1 July 2024 to 30 June 2025.

Certification

8.29 I, Gerda Grobler, certify that as at 30 June 2024 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.

May 2025

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

2. On retirement, a member shall be entitled to receive a benefit equal to his fund credit in the fund. A member shall be entitled to commute the whole or any portion of this benefit for cash and the balance will be applied to purchase an annuity or annuities from an insurer of his choice.

   Notes:

   - A new category of membership was inserted with effect from 1 September 2012 to allow for members who transferred to the fund from another retirement fund that, in terms of its rules, does not permit the commutation of more than one third of the member's fund credit as a lump sum at retirement. Such members (referred to as "category E members" in the rules) may only commute a maximum of one third of their fund credit in the fund.

   - The rules were amended with effect from 1 March 2021 to cater for "vested benefits" and "non-vested benefits". Retiring members will be able to commute the full value of their vested benefits for cash at retirement and a maximum of one-third of the "non-vested benefits" may be commuted for cash, in line with the provisions of the Income Tax Act.

3. 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).

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

5. 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 payment can be made to the member.

Contributions

6. 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.

7. 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.

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 2023	**54 894**
• New entrants	4 185
• Withdrawals	(1 247)
• Retirements	(849)
• Deaths	(353)
• Disability	(44)
• Transferred to deferred members	(183)
• Other adjustments (e.g. consolidation of duplicated records)	(13)
Contributing members as at 30 June 2024	**56 390**

1.2 Deferred members

	Total
Deferred members at 30 June 2023	**1 654**
• Transferred from active members	183
• Deaths	(15)
• Withdrawals	(78)
• Retirements	(118)
• Disabilities	(3)
• Benefits depleted and the late implementation of members that chose to defer their benefit (that exited in the previous valuation period)	1
Deferred members at 30 June 2024	**1 624**

1.3 **Living annuitants**

	Total
Living annuitants at 30 June 2023	**54**
New living annuitant (spouse of a deceased living annuitant)	1
Deaths	(2)
Transfer out (in terms of section 14 of the Act)	(20)
Living annuitants at 30 June 2024	**33**

2. The number of contributing members contained in this report corresponds with the number reflected in the fund's annual financial statements at the valuation date.

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 36 members, which is made up of 33 exited members incorrectly shown as active in the annual financial statements and 3 members incorrectly included under deferred members (as they were loaded as new 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	189	23 085 460	122 145	3 386 735	19 577
25-30	1 770	432 781 791	244 509	157 992 673	91 750
30-35	6 347	1 817 324 443	286 328	1 413 309 813	224 906
35-40	10 648	3 351 806 839	314 783	3 794 118 891	359 564
40-45	10 738	3 420 887 930	318 578	4 986 283 469	467 012
45-50	9 542	3 118 399 101	326 808	5 349 047 523	564 484
50-55	8 175	2 773 225 940	339 233	5 391 551 052	663 984
55-60	5 666	1 979 211 741	349 314	4 683 754 572	831 190

Age	Number	Pensionable remuneration	Average pensionable remuneration	Fund credits	Average fund credits
60-65	3 264	1 190 055 532	364 600	3 484 325 818	1 070 125
>65	51	14 490 375	284 125	16 258 402	318 792
Total	**56 390**	**18 121 269 152**	**321 356**	**29 280 028 948**	**523 362**

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

Investment options	Fund credits	%
Aggressive Growth	21 123 057 175	72.1%
Capital Growth	5 899 559 838	20.2%
Stable Growth	1 490 694 749	5.1%
Capital Protector	734 456 008	2.5%
Shari'ah	32 261 178	0.1%
Total	**29 280 028 948**	**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	13	5 027	387
25-30	63	606 035	9 620
30-35	127	4 740 819	37 329
35-40	122	5 344 929	43 811
40-45	141	19 609 332	139 073
45-50	109	24 980 322	229 177
50-55	192	79 452 994	413 818
55-60	402	344 666 826	857 380

Age	Number	Fund credits	Average fund credits
60-65	379	408 301 265	1 077 312
>65	76	34 277 603	451 021
Total	**1 624**	**921 985 152**	**567 725**

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

Investment options	Fund credits	%
Aggressive Growth	162 454 276	17.6%
Capital Growth	547 371 383	59.4%
Stable Growth	171 712 860	18.6%
Capital Protector	40 206 222	4.4%
Shari'ah	240 411	0.0%
Total	**921 985 152**	**100.0%**

5.3 **Living annuitants**

Age	Number	Living annuity accounts	Average living annuity account
60-65	7	28 306 207	4 043 744
65-70	11	34 479 845	3 134 531
>70	15	53 997 909	3 599 861
Total	**33**	**116 783 961**	**3 538 908**

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

Investment options	Fund credits	%
Aggressive Growth	2 856 838	2.5%
Capital Growth	42 086 413	36.0%
Stable Growth	33 139 901	28.4%
Capital Protector	38 700 809	33.1%
Total	**116 783 961**	**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

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 2023 per actuarial valuation		**27 542 845 738**
Reversal of previous actuarial adjustment		171 467 381
Opening balance at 30 June 2023 per financial statements		**27 714 313 119**
Income		**2 997 518 331**
Member contributions	920 773 479	
Additional voluntary contributions	14 138 527	
Employer contributions (retirement funding)	1 586 302 798	
Employer contributions (risk & expenses)	443 829 670	
Transfers from other funds	9 879 231	
Reinsurance proceeds from Sanlam	22 570 919	
Direct home loan amendment (in respect of prior year)	23 707	
Expenses		**(148 577 565)**
Administration fees	(28 810 815)	
Less: Amounts allocated to unclaimed benefits	27 365	
Audit fees	(1 155 888)	
Actuarial fees	(812 130)	
Consultants' fees	(27 579 926)	
Fidelity insurance premiums	(1 199 903)	
Financial Sector Conduct Authority levies	(1 468 413)	
Communication expenses	(4 396 996)	
Communication consultants stakeholder engagements	(329 819)	
Legal & compliance fees	(8 042 365)	
Conferences and meetings	(928 667)	
Bank charges	(178 434)	
Office expenses	(6 512 913)	
Trustee expenses	(5 974 979)	
Staff expenses	(44 345 049)	

Amounts in Rands		Total
Principal officer expenses	(268 970)	
Depreciation	(905 839)	
Occupational rent	(194 745)	
Travel and accommodation (non-board members)	(583 718)	
Repo fees refund (paid in terms of a court order)	(2 456 939)	
Reinsurance premiums	(12 458 422)	
Benefits		**(2 591 634 405)**
Retirement benefits	(1 152 940 542)	
Disability benefits	(44 049 903)	
Withdrawal benefits	(518 232 476)	
Retrenchment benefits	(276 023)	
Transfers out	(95 047 946)	
Divorce claims	(126 367 001)	
Death benefits	(643 427 077)	
Pensions paid to living annuitants	(9 131 755)	
Investment return allocated to exits & unclaimed benefits	(2 161 682)	
Investment income		**3 355 905 147**
Income from investment	762 152 986	
Adjustment to fair value	2 751 867 316	
Expenses incurred from managing investments	(144 587 154)	
Investment consulting fees	(20 172 055)	
Script lending fees	4 635 639	
Direct property revaluation	1 125 907	
Sundry investment income	881 270	
Other income	1 238	
Closing balance as at 30 June 2024 per financial statements		**31 327 524 627**
Actuarial adjustments		**(99 165 354)**
Under provision of benefits payable	(99 165 354)	
Closing balance as at 30 June 2024 per actuarial valuation		**31 228 359 273**

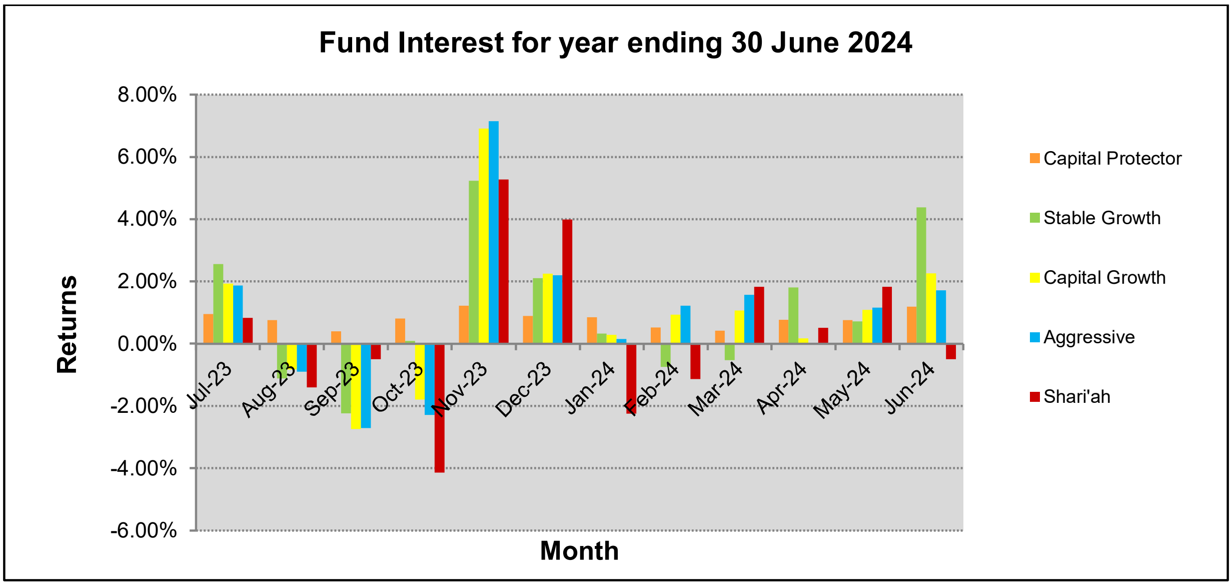
APPENDIX 4: INVESTMENT RETURNS

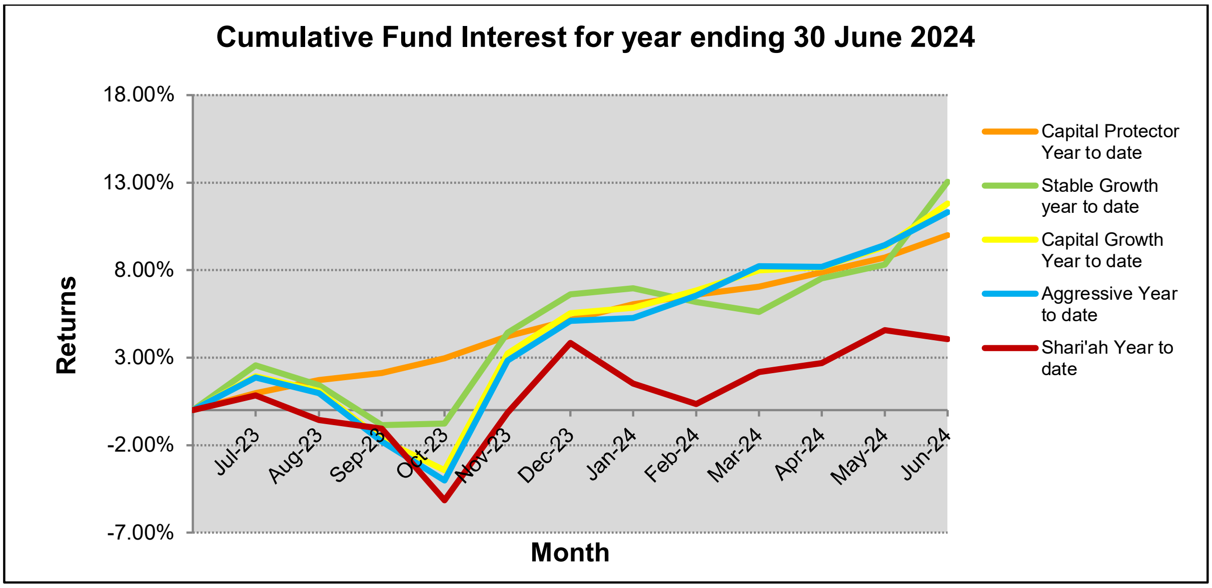
Contributing and deferred member portfolios

1. The net returns allocated to members' fund credits in each of the fund's portfolios from 1 July 2023 to 30 June 2024 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 2023	0.96%	2.55%	1.93%	1.87%	0.83%
August 2023	0.76%	(1.12%)	(0.83%)	(0.90%)	(1.39%)
September 2023	0.39%	(2.24%)	(2.74%)	(2.71%)	(0.49%)
October 2023	0.81%	0.09%	(1.80%)	(2.29%)	(4.14%)
November 2023	1.22%	5.24%	6.90%	7.15%	5.28%
December 2023	0.90%	2.11%	2.25%	2.19%	3.98%
January 2024	0.85%	0.32%	0.28%	0.15%	(2.25%)
February 2024	0.52%	(0.74%)	0.93%	1.22%	(1.13%)
March 2024	0.42%	(0.53%)	1.07%	1.57%	1.82%
April 2024	0.78%	1.81%	0.17%	(0.03%)	0.50%
May 2024	0.76%	0.73%	1.09%	1.16%	1.82%
June 2024	1.19%	4.38%	2.26%	1.72%	(0.50%)
Fund year ending 30 June 2024	**9.99%**	**13.04%**	**11.81%**	**11.30%**	**4.04%**

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%
Average annual returns to 30 June 2024:						
3 year	7.31%	9.26%	9.51%	9.68%	5.94%	5.95%
5 year	6.68%	8.21%	8.97%	9.37%	8.47%	4.99%
10 year	7.17%	7.79%	8.27%	8.11%	6.30%	5.01%
15 year	6.61%	8.13%	10.06%	10.95%	N / A	5.13%

* 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	337 700 635	849 017 688	1 830 203 498	6 633 641 335	21 581 778 522
Contributions receivable	235 158 455	-	-	-	-
Accounts receivable	40 013 218	-	-	-	-
Benefits payable	(79 281 849)	(21 952 399)	(76 757 676)	(66 358 215)	(91 592 104)
Accounts and transfers payable	(40 924 801)	-	-	-	-
Unclaimed benefits	-	-	-	(36 541 270)	-
Net assets, per financial statements	492 665 658	827 065 290	1 753 445 822	6 530 741 850	21 490 186 418
Actuarial adjustment	(99 165 354)				
Net assets, per actuarial valuation	393 500 304	827 065 290	1 753 445 822	6 530 741 850	21 490 186 418
Members' fund credits	-	813 363 038	1 695 547 511	6 489 017 635	21 288 368 289
Contributions allocated after year-end	235 158 455	-	-	-	-
Lifestage switch processed after year-end	-	-	-	-	204 939 806
Sub-total (1)	235 158 455	813 363 038	1 695 547 511	6 489 017 635	21 493 308 095
Risk Reserve Account	45 244 432	-	-	-	-
Expense Reserve Account	40 574 613	-	-	-	-
Sub-total (2)	85 819 045	-	-	-	-
Total liabilities	320 977 500	813 363 038	1 695 547 511	6 489 017 635	21 493 308 095
Excess assets / (deficit) = Data and Processing Reserve Account ("DPR")	**72 522 804**	**13 702 252**	**57 898 311**	**41 724 215**	**(3 121 677)**
Funding level before the DPR	**122.59%**	**101.68%**	**103.41%**	**100.64%**	**99.99%**
Funding level after the DPR	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

* *Including R 593 090 in respect of furniture and computer equipment.*

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.

:alexforbes
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Note: *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	33 079 794	78 584	(77 143 177)	764 387 293	**31 952 744 173**
Contributions receivable	-	-			**235 158 455**
Accounts receivable	-	-	10 722 207	-	**50 735 425**
Benefits payable	(568 690)	-	-	(495 952 850)	**(832 463 783)**
Accounts and transfers payable	-	-	(1 183 572)		**(42 108 373)**
Unclaimed benefits	-	-			**(36 541 270)**
Net assets, per financial statements	32 511 104	78 584	(67 604 542)	268 434 443	**31 327 524 627**
Actuarial adjustment	-	-	-	-	**(99 165 354)**
Net assets, per actuarial valuation	32 511 104	78 584	(67 604 542	268 434 443	**31 228 359 273**
Members' fund credits	32 501 589	78 584	-	-	**30 318 876 645**
Contributions allocated after year-end	-	-	-	-	**235 158 455**
Lifestage switch processed after year-end	-	-	-	-	**204 939 806**
Sub-total (1)	32 501 589	78 584	-	-	**30 758 974 906**
Risk Reserve Account	-	-	-	283 485 906	**328 730 337**
Expense Reserve Account	-	-	-	-	**40 574 613**
Sub-total (2)	-	-	-	283 485 906	**369 304 951**
Total liabilities	32 501 589	78 584	-	283 485 906	**31 128 279 857**
Excess assets / (deficit) = Data and Processing Reserve Account ("DPR")	**9 516**	**-**	**(67 604 542)**	**(15 051 462)**	**100 079 416**
Funding level before the DPR	**100.03%**	**100.00%**	**n/a**	**94.69%**	**100.32%**
Funding level after the DPR	**100.00%**	**100.00%**	**n/a**	**100.00%**	**100.00%**

** *Refer to sections 6.45 to 6.47 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.