The background of the newsletter cover features a scenic photograph of a wooden boardwalk leading towards a beach and the ocean under a cloudy sky. The image is framed by large, overlapping geometric shapes in black and grey, creating a modern, abstract design. On the left and right sides, there are orange chevron arrows pointing outwards. At the top left and bottom right, there are solid orange rectangular bars.

Newsletter – Quarter 1 of 2025

VMPF

Vrystaat Munisipale Pensioenfonds

February 2025



A word from the

Principal Officer

Welcome to the first quarterly newsletter of the Vrystaat Munisipale Pensioenfonds (the Fund) for 2025.

With 2025 well into the swing of things, we look forward to working with all our members this year to help you to making positive financial decisions for you and your family's future!

We look forward to another year of serving your retirement savings needs and helping you achieve your long-term financial goals.

Management of the Fund in line with the fiduciary duties of the Board of Trustees, remains top priority and we will continue to serve you, our members, with utmost professionalism and ensure that any opportunities to improve your experience are identified and executed.

This report provides you with detailed information about the Fund and your benefits, I encourage you to take the time to read through this so that you keep yourself informed.

Hazel Hopkins (Principal Officer)
on behalf of the Board of Trustees

02.2025



The background of the slide features a close-up, shallow depth-of-field photograph of various coins (pennies, nickels, and dimes) scattered on a surface. Overlaid on this image are several large, semi-transparent geometric shapes: a large white triangle pointing downwards, a smaller white triangle pointing upwards, and a yellow rectangle in the top-left corner. The text is positioned on the right side of the slide, set against the white background of the downward-pointing triangle.

What's Covered

1. Fund Management and Information
2. Investment Update
3. Fund Contributions
4. Important Updates
5. Death Benefits
6. Annual Financial Statements

Fund Management and Information

Front Office

Telephone number: +27 (0)56 212 6161
Email address: freepen@e3.co.za

Principal Officer

Email address: hazel@axiomatic.co.za

Fund Administrator (Robson Savage)

Telephone number: +27 (0)11 643 4520
Email address: sunithar@robsav.com

The Fund website for you to access general information and forms: <https://vrystaat-mun-pensionfund.co.za>

Contact Information

Board of Trustees Composition

The following persons are currently confirmed as your Trustees:

Name of Trustee	Type of Appointment
Mr. Roelof Ter Stege (Chairman)	Member-Elected
Mr. Malcolm Campbell	Independent
Mr. Petrus Coenraad Faber	Member-Elected
Mr. Ewan Eloff	Member-Elected
Ms. M Setabela	Employer-Appointed
Mr. T Cunningham	Alternate Member-Elected

The Board is supported by the Principal Officer in ensuring that the Fund acts in the best interests of its members, pensioners and beneficiaries. The Principal Officer implements all Board decisions and gives effect to the Board's strategy as well as supports the Board with day-to-day operations.

Service Providers

The Fund makes use of service providers to assist the Board in fulfilling its fiduciary duties. All service providers are appointed through a competitive bidding process in accordance with the Fund's procurement process.

The current service providers used by the Fund:

Function	Service Provider
Actuarial Services	Simeka Consultants
External Auditor	PwC
Benefit Admin	Robson Savage
Investment Advisor	GraySwan
Investment Managers	Alexander Forbes Allan Gray Coronation Colourfield Ninety-One Prescient ABAX
Risk Assurer	Sanlam Group Risk

Complaints

If you have a complaint, please raise this in writing to the Fund. The Fund is obligated to respond to your complaint within 30 days. Should you receive no response, or are not satisfied with the response, you can lodge your complaint with the Pension Funds Adjudicator.

Unclaimed Benefits

There is still money in the Fund owing to former members. Please assist by informing former Fund members to check the FSCA database where all unclaimed benefits owing to former members of retirement funds are kept.

[Click here for the FSCA's database](#)

Investment Update

2

Market Values

as at 31 January 2025

Asset Managers	Market Value in R Million
Allan Gray Global Balanced	355.21
Coronation Global Balanced	467.79
Ninety-One Global Balanced	233.35
Ninety-One Opportunities	153.44
Prescient Balanced	182.22
Total Growth Portfolio	1 392.01
Ninety-One Cautious Managed	34.75
Prescient Defensive Fund	8.48
Prescient Income Provider Fund	2.83
Abax Absolute Prescient Fund	23.06
Total Cautious Portfolio	69.12
AFI Banker	264.39
Total Cash Portfolio	264.39
DB Active – Colourfield	299.22
Pensioners	Market Value
Colourfield LDI	882.06
Total	Market Value
Total Investments	2 906.8

Fund Growth (before fees)

as at 31 January 2025

Active Members	1 Month	Quarter	1 Year	3 Years	5 Years	10 Years
Allan Gray Global Balanced	1.32%	3.67%	12.48%	11.35%	10.86%	8.40%
Coronation Global Balanced	1.99%	6.14%	18.64%	11.57%	12.75%	9.13%
Ninety-One Global Balanced	0.58%	3.62%	16.82%	8.28%	9.08%	7.79%
Ninety-One Global Opportunities	1.84%	5.71%	11.94%	11.61%	11.20%	9.25%
Prescient Balanced	1.82%	2.87%	16.60%	9.48%	11.15%	8.78%
Total Growth Portfolio	1.47%	4.42%	15.08%	10.27%	10.31%	8.17%
Ninety-One Cautious Managed	1.06%	4.40%	12.17%	9.09%	8.50%	8.00%
ABAX Absolute	1.18%	4.07%	12.89%	10.25%	9.64%	9.02%
Prescient Income Provider Fund	0.63%	2.60%	11.22%	9.21%	7.73%	8.26%
Prescient Defensive Fund	1.09%	2.78%	13.17%	8.64%	9.08%	-
Total Cautious Portfolio	1.03%	3.85%	11.63%	8.75%	7.95%	7.90%
AFI Banker	0.73%	2.24%	9.67%	8.56%	7.26%	7.78%

Life Stage Model Reminder

CATEGORY B AND C MEMBERS

The Life Stage model takes into account the different risks and needs of investors close to retirement (5 years or less to retirement) and younger members still further from retirement age (more than 5 years). Because of the distinct difference in the risk appetite of members close to retirement (5 years or less) and younger members (more than 5 years from retirement), there are two separate portfolios utilised for both Category B and C members. **The two separate portfolios are:**

Free State Growth Portfolio

This portfolio focuses on long term capital growth and aims to achieve returns of inflation plus 5% over 5-year periods. This portfolio is utilised to manage members’ assets that are more than 5 years from retirement. In other words, all members aged 60 years or younger are fully invested into this portfolio.

Free State Cautious Portfolio

This portfolio is more focused on capital protection given the shorter investment horizon (for members who are closer to retirement age). In addition to the primary objective of protecting capital, the portfolio still aims to achieve returns of inflation plus 3% over 3-year periods. This portfolio is utilised to manage member’s assets that are less than five (5) years from retirement.

The table below explains how the life stage works:

Up to age 60	Age 60 to 63	From age 63
100% Free State Growth Portfolio	Transition quarterly over 33 months	100% Free State Conservative Portfolio
Capital Accumulation		Capital Protection

Investment Update



It is an important consideration of the Board of Trustees that members have different needs to each other. For this reason, you have the option to not have your investments form part of the default lifestage.

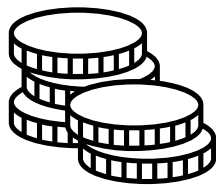
Should you choose not to participate in the default (de-risking into the cautious portfolio), you have the option to “opt out” of this and remain in the growth portfolio up until your retirement age.

If you do not specifically “opt out”, your investments will be a part of the de-risking approach described alongside.

If you are considering the option to “opt out”, we encourage you to obtain financial advice to ensure that you are making a decision that will ultimately benefit you financially going forward



Fund Contributions



As an active member, it is important that your monthly contributions are paid by your Employer to the Fund (as required by Section 13A of the Pension Funds Act).

Your monthly contributions and applicable fees are shown below as a percentage of your salary:

Category	A Defined benefit	B Defined contribution	C Hybrid
Employer Contributions	18.07%	18.07%	18.07%
Employee Contributions	8.50%	8.50%	8.50%
Life Cover Premium	N/A	-4,67%	-4.67%
Disability Cover Premium*	N/A	-0.71%	-0.71%
Total Contributions Invested	26.57%	21.19%	21.19%

* This premium is not payable after age 60 as the Disability cover ceases at age 60

As at end January 2025, the municipalities below were in arrears or had not submitted the schedule with contributions:

Municipality	Months Outstanding
Kopanong	17
Mafube	62
Mantsopa	2
Masilonyana	26
Matjhabeng	2
Mohokare	1
Nketoana	3
Phumelela	2

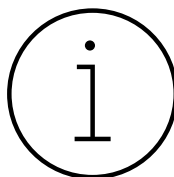
The Fund is focused on following up on all non-compliant Municipalities and continues to address these.



Your Life Cover

Effective immediately, as a Category B or C Member, you will be covered up until age 65 in the event of your death. Life cover was previously in place only up until age 60. The Disability cover will cease at age 60.

Important Updates



Below are a few very important updates for you to be aware of as a member of the Fund...

2-Pot System

In previous communication, we explained that if you were over the age of 55 on 1 March 2021, you were automatically excluded from the 2-pot system. However, we also confirmed that you are able to opt in to the 2-pot system. The opt in period is for 12 months from 1 September 2024 and ends 31 August 2025. Thereafter you will no longer have an option to opt in.

If you were older than 55 on 1 March 2021 and have not opted in, but still wish to do so, you need to advise us before 31 August 2025.

If you opt in, the administrator (Robson Savage) will allocate 10% of the value you have in the Fund as at 31 August 2024, up to a maximum of R30,000, plus growth to your savings pot at the end of the month in which you opt in.

Should you elect to opt in, your contributions (Cat B and C members) and Service for Cat A members, going forward will be split 1/3rd to the savings component and 2/3rds to the retirement component.

5

Death Benefits

If you pass away while still employed and you are a Member of the Fund, your death benefits will be paid out to your Beneficiaries as shown alongside...



Beneficiary nomination form

Without a completed form, your wishes cannot be taken into account!

Please ensure that you have completed your beneficiary nomination form by visiting the new Fund website where all forms can be obtained –

<https://vrystaat-mun-pensionfund.co.za>

Membership Category

Category B and C

There are 2 parts to your lump sum benefit (**Insured** and **Retirement Death Benefit**):

Insured Benefit

As part of the benefit of your membership (Category B and Category C members) of the retirement fund, you have group life cover in place that will pay out if you pass away. **You will now be covered until age 65!**

Retirement Fund Death Benefit

In addition to the benefit described above, your Fund value, will pay out.

Category A

In addition to the **lump sum death benefit** which is paid until age 60 and is payable to your dependents and/or nominees, there are also **monthly pensions payable** to eligible spouses and children as set out in the Rules of the Fund.

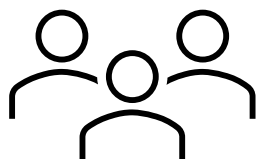
All death benefits are subject to tax.

Therefore, tax will be deducted before the benefit is paid out.

Your death benefits are paid in accordance with Section 37C of the Pension Funds Act. All factual and financial dependency on you is taken into account when determining the distribution of your death benefits.

In a case where there are no factual and financial dependents, death benefits will be distributed to your nominees. Your will has no effect in respect of the distribution of these benefits.

30 June 2024 Annual Financial Statements Extract



MEMBERSHIP PROFILE

The table below sets out the change in membership of the different membership types between 1 July 2023 and 30 June 2024 (as reflected in the Annual Financial Statements for the year ended 30 June 2024).

	Active Members	Deferred Members	Pensioners	Beneficiaries	Unclaimed Benefits
1 July 2023	397	4	804	95	1 231
Adjustments	(9)	-	-	-	-
Additions	-	-	11	9	-
Withdrawals	(7)	-	(59)	(28)	-
Retirements	(22)	-	9	16	-
Deaths	(5)	(2)	-	-	-
Unclaimed Benefit Paid	-	-	-	-	(34)
30 June 2024	354	2	765	92	1 197

Active Member Categories

Category A Members
Defined Benefit: 217
Category B Members
Defined Contribution: 96
Category C Members
Hybrid: 41

Changes to the Rules in the year

Number	Reason	Effective Date	Date Approved by FSCA
7	<ul style="list-style-type: none">- To provide for the calculation of a Pension from the Fund to take account of whether there is an Eligible Spouse.- To change the address of the Fund	1 July 2023	19 June 2024
8	To comply with the requirements of the Revenue Laws Amendment Act, 2024, and to incorporate necessary ancillary provisions.	1 September 2024	16 August 2024



30 June 2024 Annual Financial Statements Extract

STATEMENT OF NET ASSETS AND FUNDS

	30 June 2024	30 June 2023
ASSETS	R2,825,962,960	R2,841,605,629
Non-current assets		
Investments	R2,814,814,236	R2,758,297,864
Current assets		
Accounts receivable	R467,999	R589,569
Arrear contributions	R2,132,621	R1,661,596
Cash and cash equivalents	R8,548,104	R81,056,600
LIABILITIES	R2,825,962,960	R2,841,605,629
Member Individual Accounts and Funds	R2,280,111,471	R2,142,211,428
Reserve Accounts	R367,300,334	R516,376,075
Non-current liabilities		
Unclaimed benefits	R152,979,724	R155,800,979
Current liabilities		
Benefits payable	R22,517,636	R24,640,259
Accounts payable	R3,053,795	R2,576,888

