

**SOUTH AFRICAN RETIREMENT
ANNUITY FUND
(‘SARAF’)
INVESTMENT POLICY STATEMENT**

March 2026

CONTENTS

1. INTRODUCTION.....	3
2. LEGAL FRAMEWORK.....	4
3. FUND INVESTMENT MODEL.....	5
4. INVESTMENT OBJECTIVES.....	9
5. ROLES AND RESPONSIBILITIES.....	10
6. PORTFOLIO APPROVAL FRAMEWORK.....	14
7. PERFORMANCE MONITORING.....	15
8. MEMBER CHOICE AND SWITCHING.....	16
9. ADVICE AND REMUNERATION.....	16
10. CONFLICT MANAGEMENT.....	17
11. EDUCATION.....	17
12. REVIEW.....	17
13. APPROVAL OF THE IPS.....	18
ANNEXURE A - REGULATION 28 COMPLIANCE METHODOLOGY.....	19
ANNEXURE B - MEMBER'S CHOICE GUIDELINES (<i>extract from the Fund rules</i>).....	21

1. INTRODUCTION

- 1.1. The South African Retirement Annuity Fund (“the Fund”) was established on 1 June 1960 by the South African Mutual Life Assurance Society (the “Society”). As such it is one of the oldest and most revered retirement annuity funds in South Africa.
- 1.2. Following the demutualisation of the Society, Old Mutual Life Assurance Company (South Africa) Limited (“Old Mutual”) succeeded the Society in becoming the sponsor, administrator and underwriter of the Fund.
- 1.3. The Management Board of the Fund is in terms of the Pension Funds Act (24 of 1956) duty bound to direct, control and oversee the operations of the Fund.
- 1.4. Against this background, the Management Board recognises that the availability of appropriate, well-constructed investment portfolios, aligned to the diverse needs and risk profiles of members, lies at the core of the Fund’s ability to fulfil its retirement-provision mandate.
- 1.5. This Investment Policy Statement (“IPS”) serves as the primary governance instrument through which the Management Board discharges its responsibility to approve, monitor and annually review the investment portfolios made available for member choice.

2. LEGAL FRAMEWORK

2.1. The IPS is informed by:

2.1.1. The Pension Funds Act 24 of 1956.

2.1.2. Regulation 28, which provides for sound principles to be applied by the Management Board in relation to the investments of a retirement fund.

2.1.3. The Financial Sector Regulation Act 9 of 2017.

2.1.4. Applicable FSCA Joint Standards and Guidelines, including Guidance Notice 1 of 2019.

2.1.5. The Rules of the Fund.

2.1.6. King V principles.

2.1.7. PF Circular 130 issued by the FSCA.

2.1.8. Treating Customers Fairly principles.

2.1.9. Code for Responsible Investing in South Africa (2).

2.1.10. Default regulations (Regulation 37-39), as applicable.

2.2. The IPS does not limit the fiduciary duties and duties of care imposed on the Management Board of the Fund.

3. FUND INVESTMENT MODEL

- 3.1. The Fund invests exclusively through fund member policies issued by Old Mutual. The range of underlying investment portfolios available to members spans multiple generations of Old Mutual's retail offerings to clients. These policies may have been selected under different tax, commission and regulatory regimes.
- 3.2. Investment portfolios are offered via several Old Mutual product lines, some of which are closed to new business. These product lines include:
 - 3.2.1. Max Investments Retirement Annuity
 - 3.2.2. Max Income
 - 3.2.3. FlexiPension
 - 3.2.4. Investment Horizons Retirement Annuity
 - 3.2.5. Essential Savings Retirement Annuity
 - 3.2.6. Conventional Retirement Annuity
 - 3.2.7. Conventional Compulsory Annuities
 - 3.2.8. Employee Benefits Retirement Annuity
 - 3.2.9. Group Schemes Retirement Annuity
 - 3.2.10. Comprehensive Retirement Annuity and Optimal Retirement Annuity under the Savings and Income Range (launched in 2025)
- 3.3. In terms of the various policies, members obtain economic exposure to the investment portfolio(s) underlying the policies.
- 3.4. The underlying investment portfolios are generally chosen by the member concerned and there is no default investment portfolio. The underlying investment portfolios can be segmented in several ways:
 - 3.4.1. Market linked, smoothed and reversionary bonus portfolios
 - 3.4.2. Multi-asset portfolios and asset-specific portfolios (subject to the requirements of Regulation 28 and grandfathering requirements)
 - 3.4.3. Multi-manager portfolios and single-manager portfolios
 - 3.4.4. Conservative, moderate and aggressive portfolios

- 3.4.5. Absolute (targeted) return portfolios
- 3.4.6. Domestic and international portfolios
- 3.4.7. Faith-based portfolios (such as Shari'ah compliant portfolios)
- 3.5. As such the policy and underlying investment portfolio(s) constitute the member's Retirement Plan.
- 3.6. In the case of the death of a member, the portfolio is switched to the Old Mutual Secured Money Market Life Fund on notification of the death, to protect the capital.
- 3.7. The Fund is administered on several different administration platforms because of the long history of the Fund. The administration platforms and investment portfolios are also utilised by the Sponsor for a range of non-SARAF business.
- 3.8. Following the implementation of the Two-Component Retirement System on 1 September 2024, the Member records now comprise three distinct components:
 - 3.8.1. A Vested Component. This component contains all Members' savings accumulated before the system's implementation, together with any growth thereon. A member's credit in this component will be subject to the same restrictions as applied prior to implementation date.
 - 3.8.2. A Retirement Component. This component is accessible only at retirement. From implementation date, 2/3 (two-thirds) of retirement fund contributions and growth thereon are allocated to the Retirement Component.
 - 3.8.3. A Savings Component. This component is accessible at any point prior to retirement (subject to some limitations). From implementation date, 1/3 (one third) of retirement fund contributions and growth thereon have been allocated to this component. Additionally, a starting balance of 10% of the Member's fund value, up to a maximum of R30 000, on 31 August 2024, was transferred (seeded) on a once-off basis into this component. Withdrawals from this component before retirement will be subject to taxation at the Member's marginal tax rate.

- 3.8.4. Should there be any deductions to be paid, as per relevant legislation, this will be done in proportion across the three components.
- 3.8.5. Legacy retirement annuity policies with a pre-universal or universal life construct entered into before 1 September 2024 are, subject to such conditions as determined by the FSCA, exempted from the Two-Component Retirement System. Certain of the policies that underwrite the benefits of some Fund Members fall into this category.
- 3.8.6. Currently, all components will be allocated to a single portfolio as elected by the member and members will not be able to split the Retirement Component and Savings Component across different investment portfolios.
- 3.8.7. The new Two-Component Retirement System affects the *de minimis* level. Under the new regulations, the Savings Component can be taken as cash and if the remaining 2/3 (two thirds) of the Vested Component plus 100% of the Retirement Component is less than R240,000, the full retirement benefit can be commuted for cash.
- 3.8.8. The 2025 Revenue Laws Amendment Bill introduced additional Two-Component changes which impacted the Retirement Annuity surrender limits.
- 3.8.9. These changes were made effective from 1 March 2025. Prior to 1 March 2025, the Income Tax Act allowed Retirement Annuity Members to commute (surrender) for a lump sum benefit provided that a Member's total fund value across SARAF did not exceed R15,000. Post 1 March 2025, the Income Tax Act allows Retirement Annuity policies to commute (surrender) for a lump sum benefit provided that their Vested Component and Retirement Component values across SARAF do not exceed R15,000. The Savings Component will thus not contribute to the R15,000 limit.
- 3.9. All investment portfolios are Regulation 28 compliant, except for investment portfolios held with so called grandfathered status. Breaches in terms of

Regulation 28 must also be reported to the Management Board i.e. "Soft Breach" and "Hard Breach" (as outlined in Annexure A).

3.10. Use of derivatives. Investment managers can only employ derivatives exclusively for asset allocation and hedging purposes; speculative use is strictly prohibited. Breaches are reported to the Management Board via the Sponsor.

3.11. Underwriter:

3.11.1. Contracts with the investment managers of the underlying portfolios.

3.11.2. Must ensure regulatory compliance at portfolio level.

3.11.3. Must report to the Management Board on the performance of the portfolios and direct the Management Board's attention to any portfolios that does not perform as expected. This function may be outsourced to the investment consultant appointed by the Fund.

3.12. As the Fund does not directly hold any contractual rights in respect of the various portfolios, the Fund is not in a position to directly fulfil an active ownership role. The Management Board will, however, endeavour to fulfil such role indirectly through engagement with the Underwriter.

3.13. The Fund may not pledge assets or borrow against its assets (i.e. the fund member policies).

3.14. The Fund does not allow lending against its assets. The Underwriter may, however, allow scrip lending on the underlying investment portfolios with the objective of benefiting the management of the portfolios.

4. INVESTMENT OBJECTIVES

4.1. The Fund aims to:

- 4.1.1. Provide diversified, Regulation 28-compliant investment portfolios (the methodology to be followed is set out in Annexure A).
- 4.1.2. Cater for a wide and diverse member demographic (age, gender, income, occupation and risk tolerance).
- 4.1.3. Achieve sustainable and optimal risk-adjusted returns in excess of inflation over the long-term.
- 4.1.4. Incorporate environmental, social and governance factors (“ESG”) in considering whether to approve a portfolio for addition to the platform as per Regulation 28 (2) (c) (ix).
- 4.1.5. Facilitate informed member choice.
- 4.1.6. Exercise prudent oversight consistent with its fiduciary duties and duties of care towards the members and other beneficiaries.

5. ROLES AND RESPONSIBILITIES

5.1. The Management Board:

- 5.1.1. Shall reasonably satisfy themselves that the Retirement Annuity Plans made available to members for selection are suitable for the membership profile of the Fund.
- 5.1.2. Approve portfolios available for members' choice.
- 5.1.3. Ensure compliance with Regulation 28.
- 5.1.4. Monitor any Regulation 28 breaches.
- 5.1.5. Approve the Investment Policy Statement annually.
- 5.1.6. Conduct an annual investment portfolio review.
- 5.1.7. Monitor performance and risk metrics.
- 5.1.8. Escalate material concerns to the Underwriter
- 5.1.9. Communicate material unresolved concerns to affected members for consideration on whether to change their choice of portfolio(s).
- 5.1.10. Does not provide individual advice, nor guarantee returns.

5.2. Governance & Investment Sub-committee (a Sub-committee of the Management Board):

- 5.2.1. Establish, review and maintain the Investment Policy Statement.
- 5.2.2. Guide the implementation of the Investment Policy Statement.
- 5.2.3. Monitor compliance with the Investment Policy Statement.
- 5.2.4. Recommend approval to the Management Board on the inclusion or removal of investment portfolios from which members may choose.
- 5.2.5. Approve the communication material on the investment choices to be given to members.
- 5.2.6. Review on a regular basis the performance (and investment manager performance) against benchmarks.
- 5.2.7. Obtain reports from the Sponsor concerning compliance with regulatory requirements.

5.3. Underwriter:

- 5.3.1. Issue and administer the policies held by the Fund.
- 5.3.2. Appoint and oversee the investment managers of the underlying portfolios.
- 5.3.3. Ensure member investment portfolios meet the agreed criteria and legal requirements.
- 5.3.4. Ensure that all investment managers have adopted the Code for Responsible Investing in South Africa (CRISA).
- 5.3.5. Provide performance and compliance reporting to the Management Board.
- 5.3.6. Make communication material readily accessible for each investment portfolio available to members. This communication material should summarise the strategy of the investment portfolio, give the benchmark return, the track record, and note the relative volatility that might be expected of the investment portfolio. The communication material must be expressed in language that the member can reasonably be expected to understand. Members can access the following information on the websites:
 - 5.3.6.1. Fact sheets detailing key characteristics of each investment portfolio offered, such as fees payable, risk profiles, investment performance, benchmarks and inflation comparisons.
 - 5.3.6.2. Latest performance histories over the last 1 year, 3 years and 5 years.
 - 5.3.6.3. Details of their respective investment values.
 - 5.3.6.4. Access to the latest quarterly performance report.
- 5.3.7. Implement switching instructions of members.
- 5.3.8. Report breaches in terms of the use of derivatives by investment managers to the Management Board.

- 5.3.9. Report any Regulation 28 breaches on a quarterly basis to the Management Board.
- 5.3.10. Prepare information to be given to members, including adequate information on the available investment choices.
- 5.3.11. After approval by the Management Board, contract with the investment managers, which contract must require the manager to provide such information concerning the investments as may be required from time to time by the Management Board.
- 5.3.12. Negotiate investment management fees with investment managers.
- 5.3.13. Manage the implementation of the investment contracts.
- 5.3.14. Report any non-compliance and concerns in terms of any underlying investment contracts to the Management Board.
- 5.3.15. Provide the information needed by the Fund and/or the appointed investment consultant to monitor investment performance or to determine whether a new portfolio that is requested to be made available to members meets the agreed criteria.

5.4. Administrator:

- 5.4.1. Ensure that investment is made into the portfolio/s selected by the member from time to time, in terms of the Administration Agreement.
- 5.4.2. Implement portfolio switches as requested by members in terms of the Service Level Agreement specified in the Administration Agreement.
- 5.4.3. Provide complete and correct investment portfolio information to enable other parties to fulfil their duties.
- 5.4.4. Monitor, report and enforce the asset limits in line with legislation.

5.5. Members:

- 5.5.1. Select the underlying portfolio(s) to his/her Retirement Annuity Plan.
- 5.5.2. Assume full investment risk in respect of the underlying portfolio save for where guarantees apply.
- 5.5.3. May switch portfolios subject to the applicable rules unless it is not permitted by the policy. Depending on the conventions governing a product line, members are generally afforded flexibility to switch between investment portfolios. A switch fee may be implemented should members switch portfolios in more than one instance in a year. Some of the product lines do not offer flexibility. The Underwriter no longer allows certain contractual changes (such as extension of term, increases in contributions or lump sum injections) on some of the products that have been closed to new business.
- 5.5.4. Invest in portfolios that are Regulation 28 compliant to new members and to existing members who wish to switch or make additional contributions. Members enjoying so-called grandfathered status can still hold investment portfolios that do not comply with Regulation 28 as they are exempted from the asset limit provisions, on condition that no material changes have been made to their contracts.
- 5.5.5. Are encouraged to obtain financial advice from an accredited financial adviser before exercising investment choice.

5.6. Investment Consultant:

- 5.6.1. Assist the Management Board with the preparation and review of the IPS.
- 5.6.2. Advise on the inclusion or exclusion of investment portfolios where appropriate.
- 5.6.3. Assist with the regular monitoring of the appropriateness of investment portfolios including the Fund's and investment managers' performances.
- 5.6.4. Prepare portfolio reports as directed.
- 5.6.5. Assist the Management Board and the Governance & Investment Sub-committee with investment related matters.
- 5.6.6. Update the quarterly investment performance figures of the various investment funds offered by the Underwriter on the Fund's website.

6. INVESTMENT PORTFOLIO APPROVAL FRAMEWORK

- 6.1. Before approval of an underlying investment portfolio, the Management Board shall consider a report provided by the appointed Investment Consultant that will, *inter alia*, include the following:
 - 6.1.1. A due diligence report undertaken by the Underwriter which meets the requirements of Regulation 28 (2) (c) (vii).
 - 6.1.2. Regulation 28 compliance.
 - 6.1.3. Asset allocation and adherence to Conduct Standard 2 of 2020 in terms of derivative instruments.
 - 6.1.4. Liquidity and sufficient assets under management.
 - 6.1.5. Fee and cost structure.
 - 6.1.6. Risk-return profile.
 - 6.1.7. Benchmark suitability.
 - 6.1.8. A proven investment manager track record supported by a clearly defined investment policy and a well-articulated investment process that guides all investment decisions.

- 6.1.9. Responsible Investment and ESG integration.
- 6.1.10. Operational robustness, including maintaining a financially sound business with adequate fidelity insurance, and ensuring appropriate systems, processes, and controls are in place.
- 6.1.11. Portfolios, categorised by risk profile and target market.
- 6.2. The investment portfolios available for Member's choice are listed on the Fund's website and is also made available to members by accredited financial advisers.

7. INVESTMENT PERFORMANCE MONITORING

- 7.1. The Management Board shall:
 - 7.1.1. Review performance quarterly.
 - 7.1.2. Assess performance against appropriate benchmarks.
 - 7.1.3. Evaluate rolling 1-, 3-, 5- and 10 year returns if data is available.
 - 7.1.4. Consider risk-adjusted performance of portfolios.
 - 7.1.5. Evaluate impact of fees and costs.
 - 7.1.6. If a portfolio materially and consistently underperforms (as per the Fund's existing 'watchlist' methodology):
 - 7.1.6.1. Request an explanation from the Underwriter.
 - 7.1.6.2. Implement a performance watch period.
 - 7.1.6.3. Consider withdrawing its approval for future offerings to members if poor performance persists.
 - 7.1.6.4. Inform members whose benefits are linked to the portfolio accordingly.

8. MEMBER CHOICE AND SWITCHING

- 8.1. Depending on the conventions governing a product line, members are generally afforded flexibility to switch between investment portfolios.
- 8.2. The Management Board retains the right, in accordance with the Rules of the Fund (as outlined in Annexure B), to amend or replace the investment portfolios made available to members from time to time.
- 8.3. For smoothed bonus and guaranteed funds, switching may reduce the applicable guarantee value. Any reduction will be proportional to the amount switched out of the fund.
- 8.4. Conditions applicable to switching investment portfolios:
 - 8.4.1. Members may only switch at the frequency permitted by the Fund.
 - 8.4.2. Administration, transaction, or market-related charges may apply and will be communicated where applicable.
 - 8.4.3. Switch instructions must be received by the prescribed cut-off times. Switches will be implemented within reasonable timeframes, taking into account operational processes and market conditions.
 - 8.4.4. Certain portfolios may have liquidity constraints that affect the timing or extent of switches.
- 8.5. Members assume full responsibility for switching decisions.

9. ADVICE AND REMUNERATION

- 9.1. Members are encouraged to use FSCA registered financial advisers in exercising their investment choice.
- 9.2. Adviser fees are on written instruction from the member paid from the member's account to the adviser at Management Board-approved rates, provided the adviser is a registered financial adviser with the FSCA.
- 9.3. The Management Board does not endorse specific financial advisers.

9.4. Members who do not make use of a registered financial adviser must confirm that they have the expertise and are aware of the risks in not using the services of a registered financial adviser to exercise the choice of investment portfolio.

10. CONFLICT MANAGEMENT

10.1. The Management Board is very sensitive to any conflict of interests that might arise, particularly in relation to Old Mutual, as its product provider.

10.2. In this regard the Management Board shall meticulously exercise independent judgment in portfolio approval and monitoring of investment performance.

10.3. Any conflicts that might arise will be duly declared and be followed with recusals, where necessary.

11. EDUCATION

11.1. Management Board Members are required to:

11.1.1. Keep up to date with developments in the retirement fund sector.

11.1.2. Take care of their development as Management Board Members and to report on such development at the quarterly Management Board Meetings.

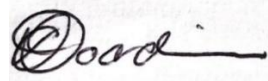
11.2. Any item for Management Board development will be included on the agenda of quarterly meetings where it is deemed necessary.

12. REVIEW

This IPS shall be reviewed periodically as required by regulatory or structural changes.

13. APPROVAL OF THE IPS

This Investment Policy Statement has been approved by the Management Board on 27 March 2026.



CHAIRMAN

SPONSOR REPRESENTATIVE



PRINCIPAL OFFICER

ANNEXURE A - REGULATION 28 COMPLIANCE METHODOLOGY

1.1. PURPOSE

This Annexure establishes the formal process by which the Management Board monitors compliance with Regulation 28.

1.2. PRINCIPLE

Although Old Mutual administers the portfolios, the Management Board retains ultimate fiduciary oversight responsibility.

1.3. LOOK-THROUGH REQUIREMENT

1.3.1. The Management Board shall require quarterly look-through reporting in a consolidated format from the Sponsor reflecting:

- 1.3.1.1. Asset class exposure;
- 1.3.1.2. Issuer exposure;
- 1.3.1.3. Geographic exposure;
- 1.3.1.4. Derivative exposure;
- 1.3.1.5. Infrastructure and private equity exposure;
- 1.3.1.6. Hedge fund exposure;
- 1.3.1.7. Commodities exposure.

1.3.2. Reports must reflect both:

- 1.3.2.1. Percentage exposure;
- 1.3.2.2. Rand value exposure.

1.4. COMPLIANCE TESTING

1.4.1. Each portfolio shall be tested against the following criteria which the Sponsor will need to report back on:

- 1.4.1.1. Equity limits.
- 1.4.1.2. Offshore exposure limits.
- 1.4.1.3. Property exposure limits.
- 1.4.1.4. Alternative asset limits.
- 1.4.1.5. Single issuer limits.
- 1.4.1.6. Hedge fund limits.
- 1.4.1.7. Infrastructure limits.

1.4.1.8. Private equity limits.

1.4.1.9. Responsible investing of assets of the portfolio, based on a sustainable long-term, risk aligned and liability - driven investment philosophy, taking account of environmental, social and governance factors.

2. BREACH CLASSIFICATION

Breaches shall be classified as:

2.1. A market movement breach (“Soft Breach”).

2.2. Arising from investment decision or mandate non-compliance (“Hard Breach”).

3. REPORTING TO MANAGEMENT BOARD

3.1. The Underwriter must provide the Management Board every quarter with its Regulation 28 report.

3.2. The report must include:

3.2.1. Compliance summary dashboard.

3.2.2. Breach log.

3.2.3. Rectification status.

3.2.4. Trend analysis.

3.2.5. Certification of compliance.

4. ANNUAL CERTIFICATION

4.1. The Management Board shall obtain annual written certification from the Underwriter confirming:

4.1.1. Ongoing Regulation 28 compliance.

4.1.2. Adequacy of internal monitoring systems.

4.2. DOCUMENT RETENTION

All reports, breach notices and remediation documentation shall be retained for audit and regulatory inspection purposes.

ANNEXURE B - MEMBER'S CHOICE GUIDELINES (extract from the Fund rules)

- (1) A MEMBER shall, subject to RULE 6.2(3) below and the INVESTMENT POLICY STATEMENT, be entitled to choose the RETIREMENT ANNUITY PLAN and may also be given the right to choose any INVESTMENT PORTFOLIO(S) linked thereto.
- (2) A MEMBER shall assume full responsibility for any choice of investment made in terms of the RULES and/or INVESTMENT POLICY STATEMENT and no liability of whatsoever nature shall attach to the FUND, a BOARD MEMBER, any other official and employee of the FUND, the SPONSOR and any employee of the SPONSOR arising from such choice.
- (3) Despite any choice of investment made by a MEMBER, the MANAGEMENT BOARD may in consultation with the SPONSOR in its sole discretion decide that any investment chosen by the MEMBER must be changed.

In such an event, the following provisions shall apply, unless the MANAGEMENT BOARD decides that in the particular circumstances a different process must be followed:

- (a) (i) A notification must be sent in which the MEMBER is informed of –
 - (aa) the decision; and
 - (bb) one or more alternative RETIREMENT ANNUITY PLANS or linked INVESTMENT PORTFOLIO(S), as the case may be, that may be chosen by the MEMBER within 30 days of the date of the notification to replace the investment.
 - (ii) If the MEMBER notifies the FUND of his/her choice within the said period, the investment shall be changed accordingly.
 - (iii) If the MEMBER fails to notify the FUND of such choice within the said period, the investment shall be replaced with an alternative investment chosen by the MANAGEMENT BOARD.
- (4) Should a MEMBER, whose benefits are funded by an insurance policy with a fixed date of maturity, not notify the ADMINISTRATOR by the date on which the policy matures of the retirement option he chooses, or alternatively, of his/her wish to extend the RETIREMENT ANNUITY PLAN, the FUND may invest the proceeds of the RETIREMENT ANNUITY PLAN in another RETIREMENT ANNUITY PLAN that is deemed appropriate by the FUND.
 - (5) In the event that the MANAGEMENT BOARD was not able to act in terms of RULE 6.2(4) because the fixed date of maturity in respect of a MEMBER'S RETIREMENT ANNUITY PLAN occurred prior to RULE 9.1(5) becoming effective, the MEMBER'S retirement capital determined in terms of the RETIREMENT ANNUITY PLAN may, pending receipt of the MEMBER'S choice with regard to the available retirement options, be applied by the MANAGEMENT BOARD by effecting a new RETIREMENT ANNUITY PLAN in respect of that MEMBER, which RETIREMENT ANNUITY PLAN shall be invested in an INVESTMENT PORTFOLIO that will not allow negative investment returns.