

# NEWSLETTER

February 2025

Client Service Centre

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[surf.sun.ac.za](http://surf.sun.ac.za)

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## 1. Chairperson's Report

2024 was a year of change on a number of fronts – the local retirement funds industry saw significant pieces of new legislation being introduced and it was election year in several jurisdictions globally.

Following the local elections and the establishment of a Government of National Unity, investment markets responded positively and the Fund's investment portfolios yielded good returns for the year ended 31 December 2024. Please rest assured that the Investment Subcommittee will continue to work hard with the aim of achieving the best results for Fund members over the long term.

The Fund once again received an unqualified audit report for the 17 months ended 31 May 2024. The Board wishes to thank the administration team for the hard work that went into the preparation for the audit.

The Board is also pleased to confirm that the Fund has been able to keep operational costs under control, resulting in an unchanged percentage deduction from contributions. This means the biggest possible portion of members' contributions is saved towards retirement.

The Board would like to encourage members to read their benefit and projection statements. Benefit statements have been prepared for the period 1 June 2024 to 31 December 2024, as the Fund administration moved to Alexforbes on 1 June 2024. Your benefit statement should be read together with your transfer statement from Sanlam, which covered the period 1 January 2024 to 1 June 2024.

Best regards

Prof Niel Krige  
**Chairperson**



## 2. Financial statements: 31 May 2024

The audited financial statements for the 17 months ended 31 May 2024 were submitted to the Audit and Risk Management Sub-committee of the Board. The Fund's external auditors, Ernst & Young, issued an unqualified audit report. At the recommendation of the Audit and Risk Management Sub-committee, the Board approved the financial statements and submitted the statements to the Financial Sector Conduct Authority (FSCA) on 27 November 2024.

## 3. Fund investments

### US trade tariffs and the impact on markets

Undoubtedly, the story of the day is to consider what the impact of the Trump presidency may mean for global and South African markets. The short answer is that "we don't know", as it is not humanly possible to fully comprehend how prices may evolve with numerous parties and counterparties making decisions based on dynamic and asymmetric information flows.

However, notwithstanding the fact that economic forecasting is no better than guesswork, it has not stopped much expert commentary on the possible impact of the second Trump presidency. If you want evidence that forecasting markets accurately is quite challenging, just re-read a financial publication from a year ago – you may end up wondering what the forecaster was thinking!

Nevertheless, the expert view is that the "Trump tariffs" will be inflationary, and so the US market has moderated its expectation for US interest rates to decline. This factor has been an important driver of a stronger US dollar observed more recently. From an equity perspective, the US market is bullish, as it expects the Trump presidency to lower taxes, reduce regulation and generally be market friendly. Equity markets reacted positively to Trump's election, but have pulled back slightly on concerns about "higher interest rates for longer".

The challenge is that many outcomes are possible – not just poor ones, but also very good ones – and assessing the probabilities accurately is very difficult. In such circumstances, the best strategy is to adopt a long-term investment horizon, avoid speculative assets and be prepared to be bold if the market were to fall sharply.

### Reflecting on 2024

In 2024, the MSCI World Index (achieving +19.2% in US dollar terms) outperformed the MSCI Emerging Markets Index (+8.1%), with the US market producing strong returns (S&P 500 +25%), half of which were driven by the performance of the so-called "Magnificent 7" (technology shares mostly linked to artificial intelligence deployments). Over the past two years, the S&P 500 Index has climbed more than 50%, delivering the strongest two-year performance since the late 1990s.

Locally, the FTSE/JSE All Share Index finished the year up 13% in rands and 10% in US dollars.

South Africa entered a new era of democratic governance under the Government of National Unity, with economic green shoots emerging for the first time in a decade. Post the elections, there has been a lift in business and consumer confidence, and pleasingly, the headwinds to economic growth (energy supply related) have diminished. Although much work remains to be done, last year's political developments provided a platform from which policy reforms will hopefully be addressed constructively.

The South African bond market also enjoyed an excellent year, benefiting from the sharp decline in yields on longer-dated government and corporate bonds following the national election and the formation of the Government of National Unity.

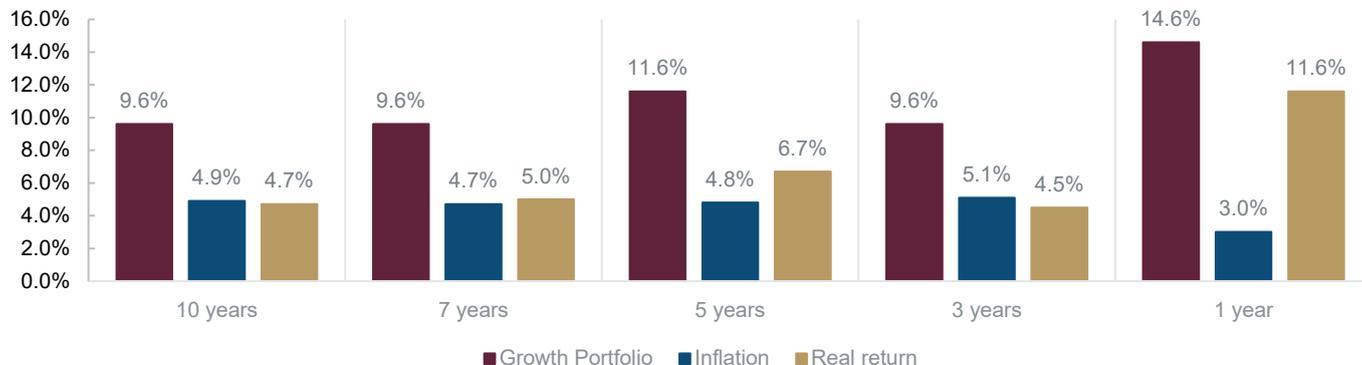
The next section sets out the performance (net of fees) of the Fund's portfolios for measurement periods to 31 December 2024. Further information is available in the portfolios' fact sheets, which can be found on the Fund's website ([surf.sun.ac.za](http://surf.sun.ac.za)).



## Growth Portfolio

The primary investment objective of the Growth Portfolio is to achieve returns that are at least in the top quartile of returns relative to the "Global Balanced" peer group, as represented by the universe of global balanced managers in South Africa, over a measurement period of five years.

**Growth Portfolio returns (net of fees)**



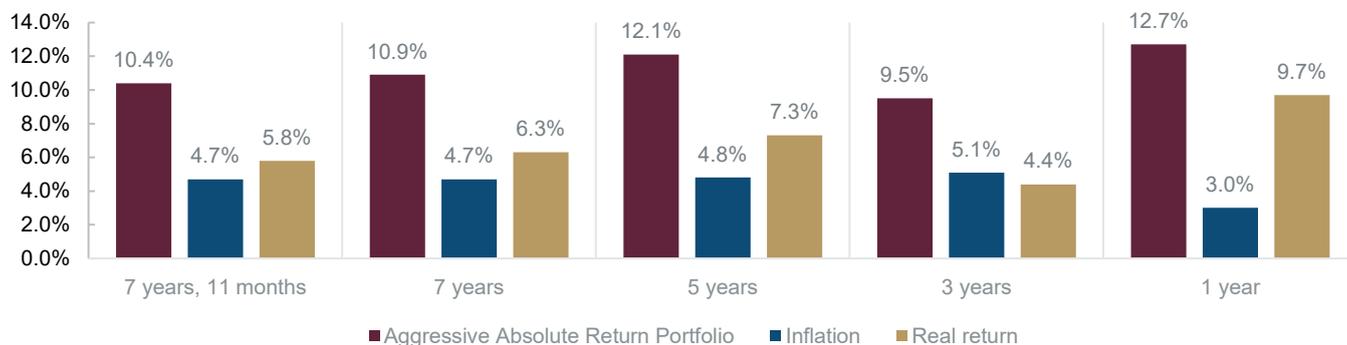
The secondary objective of the Growth Portfolio is to deliver a real return of 5% p.a. (net of all costs) over rolling five-year measurement periods. The portfolio will therefore always have a 70% to 85% exposure to the equity market, which means that the portfolio will be volatile. The portfolio incorporates the Board's decision to invest the maximum allowable amount of 45% offshore and 5% in unlisted South African infrastructure. This gives members exposure to more investment ideas and a global portfolio is also more resilient than a local portfolio.

The order of data on the horizontal axis of the chart is unusual in the sense that it starts with the 10-year return and ends with the 1-year return. The reason for this is that members should focus on the longer-term returns. Over the past 10 years, the portfolio has delivered an annual return of 4.7% above inflation, and 6.7% above inflation over the past five years. This is a positive outcome and fair reward for the risk taken on.

## Aggressive Absolute Return Portfolio

The investment objective of the Aggressive Absolute Return Portfolio is to achieve a real return of 6% p.a. net of fees over three years, with a secondary objective of avoiding a capital loss over any 24-month period. As its name suggests, the portfolio is designed to be more aggressive than the Growth Portfolio. The portfolio has a track record of 7 years and 11 months and as the chart below illustrates, it has delivered an exceptional outcome under tough market conditions.

**Aggressive Absolute Return Portfolio returns (net of fees)**

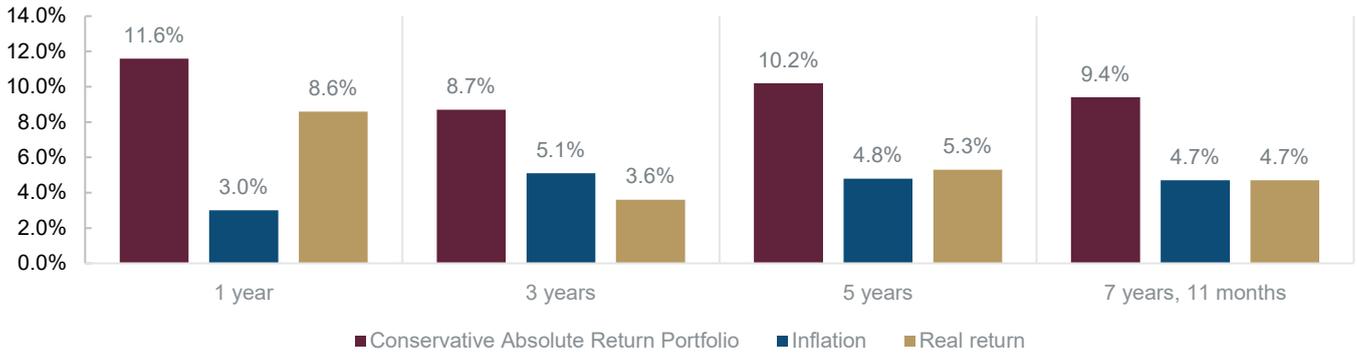


## Conservative Absolute Return Portfolio

The primary investment objective of the Conservative Absolute Return Portfolio is to achieve a real return of 3% p.a. net of fees over rolling three-year periods, with a secondary objective of avoiding a capital loss over any 12-month period.

This portfolio maintains between 35% to 45% exposure to the equity market and is suitable for members with a shorter time horizon and a lower appetite for risk and volatility of returns. The chart below shows the performance of the portfolio net of fees compared to inflation. The portfolio has delivered strong performance over all measurement periods.

### Conservative Absolute Return Portfolio returns (net of fees)

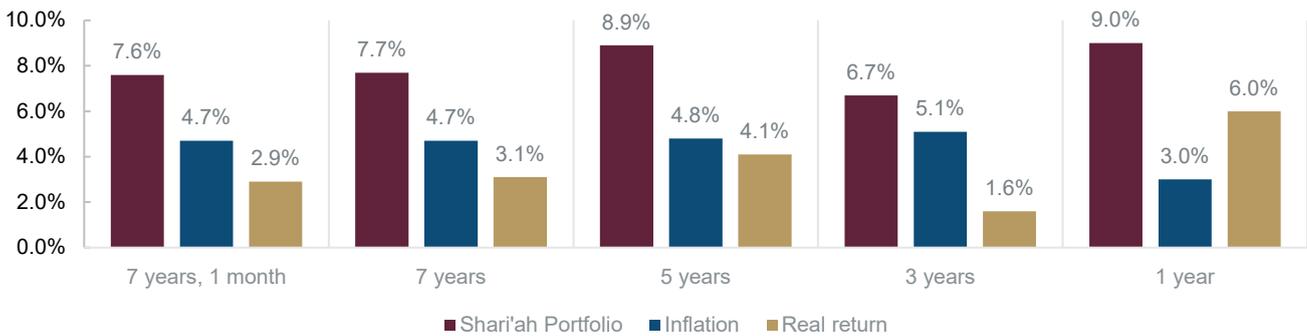


The astute reader will note that the order of the returns reverts to the normal convention of showing the shortest duration first. This is because the portfolio is appropriate for members with a shorter investment horizon, as mentioned above. The Conservative Absolute Return Portfolio has delivered a real return of 3.6% p.a. over the past three years, thus achieving its performance target.

### Shari'ah Portfolio

The portfolio has a 60% to 70% exposure to equity markets and is managed in accordance with Shari'ah law.

#### Shari'ah Portfolio returns (net of fees)



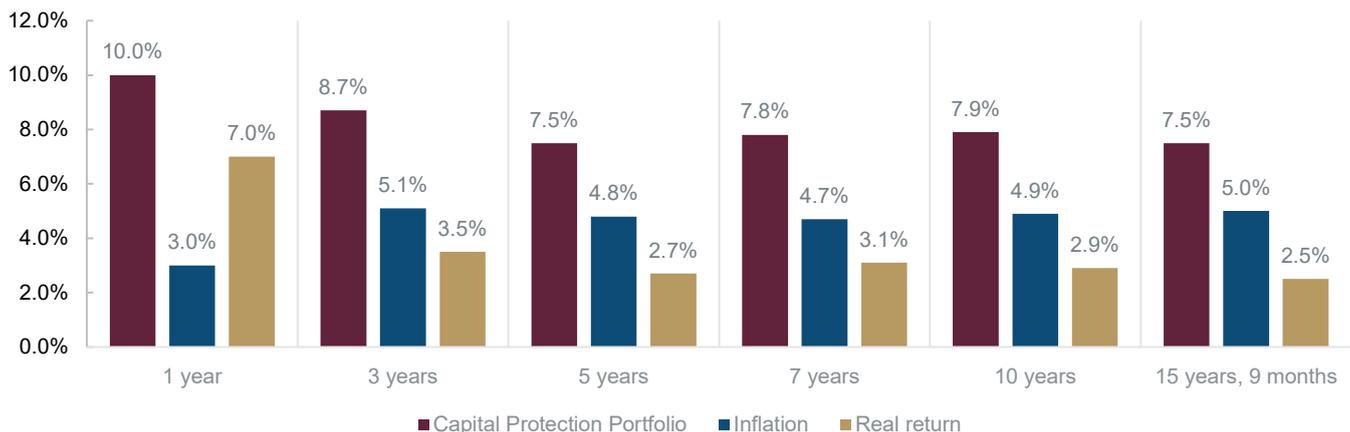
### Capital Protection Portfolio

The investment objective of the Capital Protection Portfolio is to achieve a real return of 1.5% p.a. net of fees over any 12-month period. The achievement of this objective will depend largely on the South African Reserve Bank following a real interest rate regime. The portfolio also aims to outperform the STeFI Composite Index by 0.75% p.a. net of fees.

The portfolio has an 85% allocation to a money market fund that follows a vanilla money strategy and, more recently, an allocation of 15% was made to an inflation-linked income fund.

The chart below shows the performance of the portfolio net of fees compared to inflation. The portfolio has delivered real returns over all measurement periods and has done very well over the one-year period delivering a real return of 7.0%.

#### Capital Protection Portfolio returns (net of fees)



## 4. Fund administration platform

The Fund administrator has made good progress with regard to member experience since the previous reporting. Some functionalities were removed from the platform (AF Connect) to bring relief to the strained platform due to the high volumes of two-pot savings withdrawals. Platform activity has since normalised, and the functionalities have been restored. Be on the lookout for new functionalities that will be rolled out, such as:

- Real-time benefit statements with a view of the vested, retirement and savings pots.
- Risk benefits shown on the dashboard
- A mobile app.

Please note that the Sanlam portal is now closed for members. You can access your Fund information via AF Connect at [online.alexforbes.com/home](https://online.alexforbes.com/home). If you have not yet registered, please click on the link to register.

## 5. Electronic benefit and projection statements

SURF annually distributes both benefit and projection statements electronically via InfoSlips to members. The statements are password protected to ensure security of your information. Hard copies of statements will still be provided to members who do not have access to email or the internet.

Please take note that your benefit statement reflects your opening balance as at 1 June 2024 – the date on which the administration platform moved from Sanlam to Alexforbes. Your opening balance is the same as your closing balance as per your transfer statement.

Remember, the projection statement accompanying your benefit statement only serves as a guideline to determine the estimated monthly pension as at the normal retirement date. Therefore, it is important to consult with a financial advisor before you make any retirement decisions. The actual value of the monthly pension can only be determined at the time when the pension is purchased. Please note that the estimated monthly pension is reflected as a percentage of your monthly pensionable income. It is important to bear in mind that the pensionable income used for the projections amounts to approximately 75% of the cost of employment for most staff members.

In calculating the estimated pension at retirement, the 31 December 2024 projection statements also take into account the post-retirement medical aid subsidy which some members qualify for. This is a valuable benefit and it demonstrates the difference it makes to your retirement projections.



Your benefit statement confirms your fund value as at 31 December 2024 and your retirement fund contributions from 1 June to 31 December 2024, as well as retirement, death and disability benefits.

Please check the information on your benefit statement and contact the Human Resources Client Service Centre (+27 (0) 21 808 2753 / [sun-e-hr@sun.ac.za](mailto:sun-e-hr@sun.ac.za)) if any details on the statement are incorrect.

You can view your benefit, projection and transfer statements on **InfoSlips Viewer**. The process to view your statements has been simplified. When you receive your notification email, you simply click on the link provided and use your identification / passport number to open your statements.

## 6. A low replacement ratio and how it affects your retirement

Your replacement ratio determines whether you are in a position to retire comfortably. Experts suggest that you should have a replacement ratio of 80%, meaning that your retirement income should be at least 80% of your pensionable salary directly before retirement.

To achieve an 80% replacement ratio, you should contribute on average 17% of your pensionable salary, over a 40-year period, towards your retirement savings. Therefore, if you lowered your contribution in the past and are contributing less than 15% of your pensionable salary, this will have a negative impact on your replacement ratio, as you are saving less than what is required for a comfortable retirement. Furthermore, if you withdraw the full balance in your savings pot in cash each year up to normal retirement, this too will have an adverse effect on your replacement ratio. Please refer to your projection statement for the impact of the different scenarios.

Remember that the Fund rules allow you to increase your contribution to the Fund, which in turn will improve your replacement ratio.

## 7. Risk benefit changes effective from 1 January 2025

### Unapproved group life assurance benefit

Your unapproved death cover remains with Old Mutual, who kept rates unchanged for both active members and pensioners. You are reminded that your multiple is automatically restored to five times your annual pensionable salary at the beginning of each year, with the option to reduce your multiple to three times or one times. You may exercise this option between 1 January and 31 March every year. Furthermore, you can choose to increase or decrease your death cover multiple when certain life-changing events occur, such as marriage, birth or the adoption of a child, death or divorce of a spouse. If you have selected the five times multiple, you can also take out additional (flex) cover of two times pensionable salary while you are still an active member, at a very competitive rate.

### Spouse's benefit

Your spouse's benefit remains with Old Mutual, with the premium remaining unchanged. Your spouse's benefit equals two times your annual pensionable salary with spouse's disability cover as an accelerated benefit.

### Funeral benefit – immediate family and extended family

Your funeral benefit also remains with Old Mutual. To address the ever-increasing funeral expenses, it was agreed to increase the immediate family cover from R30 000 to R40 000. The premium rate for your immediate family cover increased from R34.30 to R46.30. It was further agreed to retain the extended family cover at R30 000, for affordability reasons. A survey will be done in 2025 to ascertain whether there is a need to increase the extended family cover.

### Monthly income disability benefit

Your monthly income disability benefit remains with Momentum, who kept rates unchanged. Momentum's rates have also been the most competitive of all the insurers who quoted.

### Approved death benefit – Spouse's and children's pension benefit

Your approved death benefit remains with Sanlam, who has decreased the current rate and provided the most competitive rate of all the insurers who quoted.



## 8. Administration contribution for 2025

Following the completion of the annual actuarial valuation, we are pleased to advise that your contribution towards the administration of the Fund remains at 0.15% of your pensionable salary for 2025.

## 9. Rule amendment No. 8

The temporary optionality of lower contribution rates was agreed upon by the Board to bring financial relief during Covid and for some time thereafter. The Board has now agreed to start phasing out this optionality over time and the process will be managed as follows:

- Members who joined prior to 1 January 2022 and are currently contributing 10% or more, cannot elect contribution rates below 10%, effective 1 January 2025.

The automatic 2.5% annual increase in contributions of members currently contributing below 15% will continue. Members will have the option to revert to their current contribution rate. If a member currently contributing 5% or 7.5% does not elect to revert to their current contribution rate within the first three months of the year, the member will not have the option to reduce their contribution rate to less than their current contribution rate in the next year.

These measures are all put in place to assist all members to have a better retirement outcome.

## 10. Management of the Fund

The SURF Board consists of five employer and five member trustees.

**The trustees appointed by the employer are:**



**Prof Niel Krige**

Chair and Employer trustee

Prof Krige was an extraordinary professor at USB and has served as a trustee since 18 November 2005.

**Current term expires**

17 November 2026



**Ms Miriam Hoosain**

Employer trustee

Ms Hoosain is Chief Director: Human Resources and has served as a trustee since 9 May 2023.

**Current term expires**

8 May 2026



**Mr Manie Lombard**

Employer trustee

Mr Lombard is Chief Director: Finance and has served as a trustee since 5 May 2011.

**Current term expires**

4 May 2026



**Prof Gretha Steenkamp**

Employer trustee

Prof Steenkamp is an associate professor at the School of Accountancy and has served as a full member trustee since 1 January 2025.

**Current term expires**

31 December 2027



**Prof Wikus van Niekerk**

Employer trustee

Prof Van Niekerk is Dean of Engineering at the University and has served as a trustee since 7 December 2013.

**Current term expires**

31 December 2025



**Prof Richard Stevens**

Alternate Employer trustee

Prof Stevens is an associate professor at the Faculty of Law and has served as an alternate member trustee since 1 January 2025.

**Current term expires**

31 December 2027

The elected member trustees are:



**Prof Tanja Ajam**  
Member trustee

Prof Ajam is a professor at the School of Public Leadership and has served as an alternate trustee since 7 December 2019 and as a full member trustee since 28 August 2020.

**Current term expires**  
6 December 2025



**Mr Ché Bermosky**  
Member trustee

Mr Bermosky is a legal advisor at the University and has served as an alternate trustee since 1 January 2018 and as a full member trustee since 7 December 2019.

**Current term expires**  
6 December 2025



**Mr Peter Kirsten**  
Member trustee

Mr Kirsten is working in the Remuneration and Benefits division of the Human Resources Department and has served as a trustee since 7 December 2016.

**Current term expires**  
6 December 2025



**Mr Johan Steyn**  
Member trustee

Mr Steyn is from the Department of Business Management and has served as an alternate trustee and subsequently as a full trustee since 28 August 2020.

**Current term expires**  
6 December 2025



**Prof Johan van Rooyen**  
Member trustee

Prof Van Rooyen was an associate professor in the Department of Business Management and has served as an alternate trustee and subsequently as a full trustee since 7 December 2010.

**Current term expires**  
6 December 2025



**Prof Corné Schutte**  
Alternate Member trustee

Prof Schutte is a professor at the Department of Industrial Engineering and has served as an alternate trustee since 5 December 2022.

**Current term expires**  
6 December 2025



Mr Japie Kotzé, a director in the Department of Human Resources, has been the Principal Officer of the Fund since 1 December 2012.

## 11. Financial advice

You are reminded that SURF offers a financial advice service to members that is free of charge. Members aged 53 and older have access to this service. In particular, members who are considering early retirement and want to exercise individual investment choice, are encouraged to make use of the advice service.



## The panel of preferred service providers comprises:

### Alexforbes Financial Planning Consultants:

+27 (0) 21 809 3750 | wesselsw@alexforbes.com

### Finfocus:

+27 (0) 21 861 7000 | usafadvies@finfocus.co.za

### Graviton:

+27 (0) 21 883 9192 | arissik@gravitonwm.com

### Momentum Consult:

+27 (0) 86 177 7750 | mc.theart@consultm.co.za

### Sanlam Financial Advice:

+27 (0) 83 375 9831 | hanlie.wethmar@sanlam.co.za

### Using the benefit is easy – just follow these steps:

1. Select a service provider.
2. Contact the HR Client Services Centre (+27 (0) 21 808 2753 | [sun-e-hr@sun.ac.za](mailto:sun-e-hr@sun.ac.za)) to obtain a consultation voucher.
3. Make an appointment with your chosen service provider and take the voucher as proof that you are entitled to use the service.

SURF will pay for two consultations with one of the preferred service providers.

The first consultation may be scheduled any time from age 53, and the second one in the 12 months prior to retirement.



### Also keep an eye out for the following presentations happening this year:

- ❖ Presentation to members aged 53 and over.
- ❖ Presentation to potential retirees.



## 12. The service providers of the Fund

The following service providers have been appointed by the Board of the Fund to assist with the management of the Fund.

Their duties are set out below:

Service provider	Service	Functions performed
<b>Simeka Consultants &amp; Actuaries</b>	Benefit and actuarial advice	<ul style="list-style-type: none"> <li>• Advice on the Fund's benefit structure and changes in legislation.</li> <li>• Assistance with member communication.</li> <li>• Assistance with corporate governance compliance.</li> <li>• Producing an annual actuarial valuation to determine the financial soundness of the Fund.</li> </ul>
<b>Willis Towers Watson</b>	Investment advice	<ul style="list-style-type: none"> <li>• Advice on the Fund's investment strategy.</li> <li>• Providing support with selection and evaluation of investment managers.</li> </ul>
<b>Alexforbes</b>	Fund administration	<ul style="list-style-type: none"> <li>• Monthly capturing of contributions.</li> <li>• Transfer and withdrawal of funds to and from the asset managers.</li> <li>• Payment of claims.</li> <li>• Issuing benefit statements.</li> <li>• Daily bookkeeping and preparation of the annual financial statements.</li> </ul>
<b>Standard Bank</b>	Bankers	<ul style="list-style-type: none"> <li>• All Fund transactions take place via the Fund's bank account.</li> </ul>
<b>Sanlam</b>	Insurer	<ul style="list-style-type: none"> <li>• Insuring the death benefit (spouse's and children's cover) as defined in the Fund rules.</li> </ul>
<b>Sygnia, Allan Gray, Coronation, Ninety One, Sanlam, Old Mutual, Stanlib</b>	Asset managers	<ul style="list-style-type: none"> <li>• Managing the investments of the Fund according to the mandates agreed with the Board.</li> </ul>
<b>Ernst &amp; Young Inc</b>	Auditors	<ul style="list-style-type: none"> <li>• Performing external audits.</li> </ul>



## 13. Important contact details

If you need more information on SURF, you may contact the Remuneration and Benefits Department or the benefit consultant.

Please contact the Principal Officer if you have any complaints about SURF.

### Principal Officer

**Japie Kotzé**

t. +27 (0)21 808 2754

e. [jjsk@sun.ac.za](mailto:jjsk@sun.ac.za)

### Information Officer

**Japie Kotzé**

t. +27 (0)21 808 2754

e. [jjsk@sun.ac.za](mailto:jjsk@sun.ac.za)

### Benefit Consultant

**Wynand Breytenbach**

t. +27 (0)21 912 3300

e. [wynand@simekaconsult.co.za](mailto:wynand@simekaconsult.co.za)

### Remuneration and Benefits Dept

**Peter Kirsten**

t. +27 (0)21 808 3740

e. [pkirsten@sun.ac.za](mailto:pkirsten@sun.ac.za)

### Pension Funds Adjudicator (PFA)

e. [enquiries@pfa.org.za](mailto:enquiries@pfa.org.za)

Members are entitled to contact the PFA if their complaints have not been dealt with satisfactorily by the Fund.

Please consult the PFA's website (<http://www.pfa.org.za>) for more details.





**Please contact our Client Service Centre if you have any queries. Here follows the contact detail.**

**Tel: 021 808 2753 or**

**email: [sun-e-hr@sun.ac.za](mailto:sun-e-hr@sun.ac.za)**