

# NEWSLETTER

September 2025

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## 1. Chairperson's Report

Investment markets have been volatile in 2025, driven by uncertainty surrounding tariffs and the potential impact on global trade. The Investment Sub-committee continues to work proactively to identify opportunities with the aim of achieving the best results for Fund members over the long term.

The Investment Sub-committee's work includes analysing the success of investment decisions and reflecting on investments that did not perform as expected. Achieving good investment returns requires taking on an acceptable level of risk and including some new ideas in the investment portfolio. The Investment Sub-committee has done so commendably while managing risk through well-diversified portfolios.

The Fund once again received an unqualified audit report for the 7-month period ended 31 December 2024. The Board wishes to thank the administration team for the hard work that went into the preparation for the audit. In this newsletter, we remind members of the spouse's life and disability cover and the importance of completing a nomination form for group life cover. We also highlight the impact of two-pot savings withdrawal claims on members' retirement capital.

The Fund embraces the requirements of the Joint Standard on Cybersecurity and Cyber Resilience. We provide an overview of the work taking place in this regard.

In closing I would like to thank the member-elected trustees for their unselfish and valuable service to the Fund over the past three years. As we approach member trustee elections at the end of 2025, Fund members are reminded that it is a huge responsibility to serve as a trustee, representing the Fund and acting in the best interest of members.

Best regards  
Prof Niel Krige  
**Chairperson**



## 2. Financial statements

The audited financial statements for the 7-month period ended 31 December 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 June 2025.

The next set of annual financial statements will be prepared as at 31 December 2025 and PricewaterhouseCoopers has been appointed as external auditors for that audit.

## 3. Fund investments

### Reflecting on the year to date

Warren Buffett once said: "In the business world, the rearview mirror is always clearer than the windshield." It is easy to explain past investment returns. However, predicting the future course of investment markets accurately is extremely difficult.

When we check the rearview mirror we should focus on things that surprised, as these may reveal insights about the future. Here is an example: On 2 April 2025, the Trump administration announced its so-called "Liberation Day" tariffs. This caused great consternation in investment markets and in the seven days following the announcement, the S&P 500 Index lost more than 12%. Market commentators started writing articles predicting a high chance of the US economy going into recession in the near term. However, by the end of April 2025, the S&P 500 had recovered almost all its losses and ended the month down less than 1%.

So, what happened here? Well, two major things.

Firstly, the US Treasury's long-term interest rates increased sharply. Because the US is heavily indebted higher interest rates make it more expensive for the government to borrow money, which is a bad outcome. The market reaction caused President Trump to pause the implementation of the proposed tariffs for 90 days, which would allow more time to settle on a tariff regime.

The important insight here is that the US bond markets will likely be a very important guardrail against the excesses of the Trump administration – very few market commentators predicted this.

Secondly, the US stock market and the US economy have become two very different things. The US stock market is dominated by large technology companies like Nvidia, Microsoft, Alphabet (Google), Meta (Facebook) and Amazon. These companies provide essential services and so the demand for their products remains strong even if the US economy is facing headwinds. Many market commentators continue to focus on what the American economy may do, but this is of much less consequence to investment returns given the composition of the US stock market.

On the local front, South African shares and bonds delivered very good performance. This outcome has not been the result of the South African economy suddenly performing a lot better. Rather, a lot of bad news was priced into the market, and the catalyst for a more positive outlook was the formation and composition of the Government of National Unity (GNU). Furthermore, the market views the increased participation of the private sector in the economy as a positive development. However, negative surprises are always possible, so it is wise to be prepared for such events. This is why the Fund continues to invest around 45% of the Growth Portfolio offshore.

The next section sets out the performance (net of fees) of the Fund's portfolios for measurement periods to 30 June 2025. 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)).

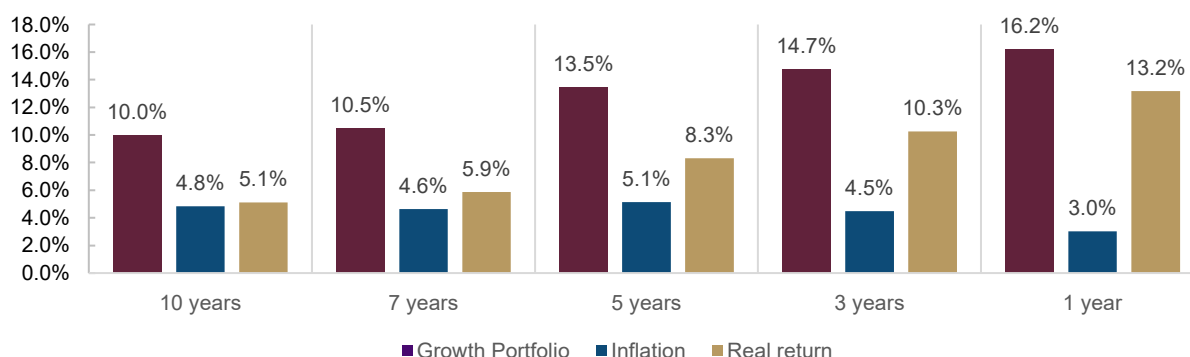


## Growth Portfolio

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 fund managers in South Africa, over a measurement period of five years.

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 exposed to market volatility. The portfolio incorporates the Board's decision to invest the maximum allowable allocation of 45% offshore and 5% in unlisted South African infrastructure, giving members exposure to more investment ideas. Moreover, a global portfolio is more resilient than a local portfolio.

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

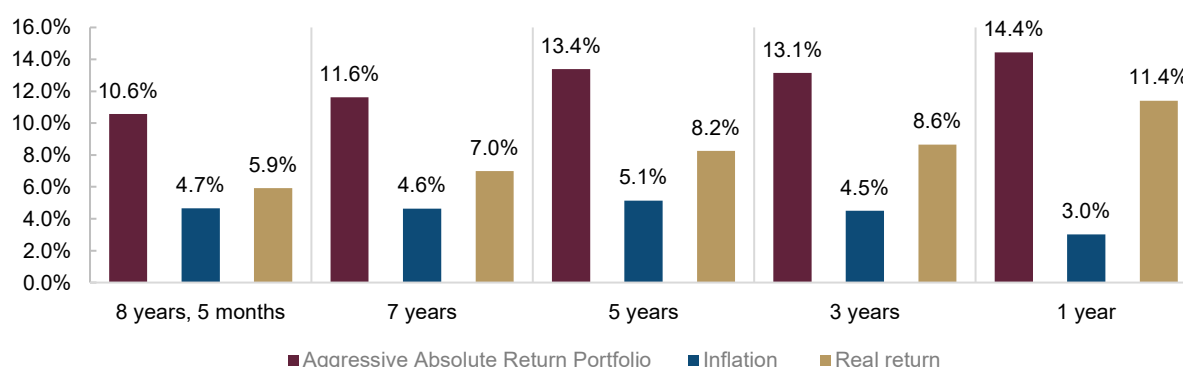


The order of data on the horizontal axis of the chart is unusual in the sense that it starts with the 10-year return and ends with the 1-year return. The reason for this is that members should focus on the longer-term returns. Over the past 10 years, the portfolio has delivered an annual return of 5.1% above inflation, and 8.3% 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 primary 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. With a track record of 8 years and 5 months, it has delivered an exceptional outcome under tough market conditions, as the chart below illustrates.

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

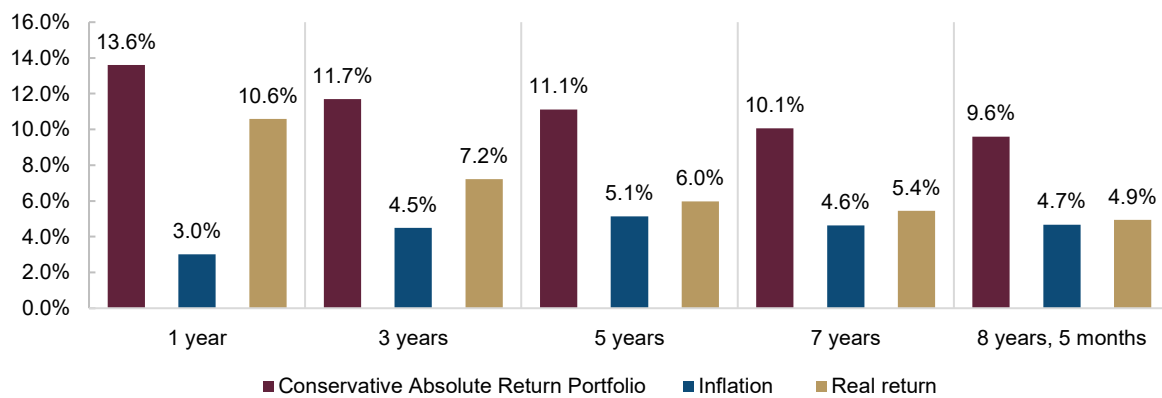


## Conservative Absolute Return Portfolio

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. It has delivered strong performance over all measurement periods.

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

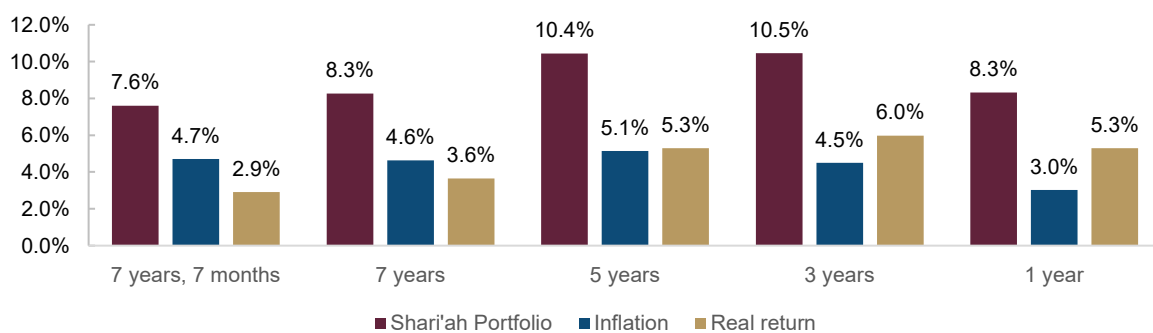


The astute reader will note that the order of the returns reverts to the normal convention of showing the shortest duration first. This is because the portfolio is appropriate for members with a shorter investment horizon, as mentioned above. The Conservative Absolute Return Portfolio has delivered a real return of 7.2% p.a. over the past three years, thus comfortably 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)



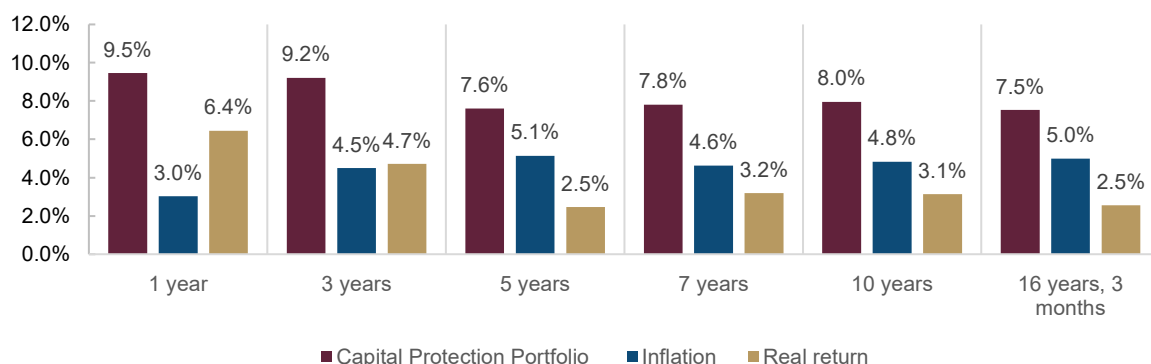
### Capital Protection Portfolio

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. Achieving this objective will largely depend 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. It has delivered real returns over all measurement periods and has done very well over the one-year period, delivering a real return of 6.4%.

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



## 4. Fund administration platform / AF Connect

Following the move from Sanlam to the Alexforbes administration platform last year, the team worked tirelessly at resolving the teething problems typically accompanying a platform change of this magnitude.

Benefit statements showing risk benefits were loaded onto member records and can be viewed online. Members are encouraged to register on the AF Connect online facility to view their information. [Click here](#) to access AF Connect.

Also 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. If you have not yet registered, please click on the link above to do so.

## 5. Completion of beneficiary nomination form

The AF Connect platform provides you with the functionality to complete an online beneficiary nomination form. However, Stellenbosch University's sun-e-HR employee portal is the preferred source of nomination forms for active employees and all active members are encouraged to rather keep their details up to date on the SU portal. This will ensure that we can prompt you regularly to update your beneficiary nominations.

You can easily complete this form via your sun-e-HR self-help functionality. Contact the Human Resources Client Service Centre at +27 (0)21 808 2753 / [sun-e-hr@sun.ac.za](mailto:sun-e-hr@sun.ac.za) for more information on how to update your beneficiary nomination form.



It is important that you update your beneficiary nomination form whenever any major life-changing events (such as divorce, birth/adoption of a child, death of a nominee) occur.

Regarding the unapproved group life cover: Where the deceased member has not nominated a beneficiary, or where the nomination is invalid, the insurer must pay the benefit to the deceased member's estate. This is not ideal, as beneficiaries will then have to endure the lengthy and expensive process of reporting the deceased estate to the Master of the High Court to be wound up. This includes appointing an executor, who will have to draw up a distribution account that must be advertised and be open for inspection. This lengthy process can be avoided if members clearly identify their beneficiaries by completing the nomination form.

## 6. Ensuring your loved ones are taken care of:

### Spouse's and children's pension

If you are a single member with no spouse and/or qualifying children\*, you can opt out of the SURF spouse's and children's pension cover. [Click here](#) for the opt-out form.

If you do exercise the option of no insured death benefit and subsequently get married and/or have qualifying children at a later stage, you will have to select (within three months of the life event) SURF's insured death benefit to ensure that the needs of your spouse and/or qualifying children are catered for in the event of your death. If you neglect to "opt in" after getting married and/or having a child, and die, your spouse and/or children will not receive the spouse's and children's pensions and will be left in a vulnerable position.

Contact the Human Resources Client Service Centre at +27 (0)21 808 2753 / [sun-e-hr@sun.ac.za](mailto:sun-e-hr@sun.ac.za) for more information on how to opt in following a life event.

\* Please [click here](#) to view the Benefits policy, which contains the definitions of qualifying spouse and child.



## Definition of spouse and child

### **Spouse:**

- A person who is recognised as legally married as described in the Civil Union Act or the Recognition of Customary Marriages Act, or by any Asiatic religion of the member.
- A person who has been living with someone else for at least six months and (depending on the facts in every specific instance) may be reasonably recognised as a partner in a permanent relationship of cohabitation.

Please note: Situations other than those described above can be submitted to the insurer for consideration. The insurer needs to be satisfied that the partner qualifies as a spouse.

### **Child:**

An unmarried person below the age of 18 who had been dependent on you at the time of your death, including a legally adopted child, a stepchild or a child where legal guardianship has been obtained. The trustees may allow the age restriction to be raised from 18 to 25 in the event of full-time students. If the child had been completely dependent on you for medical reasons, the age limit may be removed altogether.

## Disability cover for spouses

Members who have spouse's cover will be aware that the policy pays out a lump sum of twice the member's annual pensionable salary to the member in the event of their spouse's death.

Something not all members are aware of, is that a disability benefit of twice annual pensionable salary is linked to the policy as well. If your spouse becomes permanently disabled before the age of 60 through illness or accident, a claim can be submitted to the insurer, who will assess whether the illness or injury has led to permanent disability. It is important to note that this decision rests with the insurer, and not with the employer. If approved by the insurer, the disability benefit is paid out as an "accelerated death benefit", i.e. an earlier payment of the spouse's cover.

## 7. Strengthening the cybersecurity for SURF

Joint Standard 2 of 2024 on Cybersecurity and Cyber Resilience, released by the FSCA and the Prudential Authority, came into effect on 1 June 2025. The Joint Standard outlines minimum cybersecurity and cyber resilience requirements for financial institutions, including retirement funds in South Africa. The Joint Standard aims to strengthen the financial sector's cyber defences, ensuring institutions are prepared to respond to and recover from cyber attacks.

The Board is actively working on compliance with the Joint Standard, to ensure robust cybersecurity measures are in place to protect your savings and your personal information, as well as to strengthen the Fund's ability to anticipate, withstand, respond to, and recover from potential cyber incidents. SURF has several service providers, including an administrator, an insurer of risk benefits, investment managers and auditors. These service providers will be requested by the Board to prove to their satisfaction that they have sufficient cybersecurity and cyber resilience measures in place.

Cybersecurity is an ongoing journey and you will be updated on progress made. If a cyber incident occurs, it will be reported to the authorities and affected members will be informed of the cyber incident, its impact, and the corrective measures that will be taken.

Here are some tips to consider in safeguarding yourself from cyber threats:

- Create strong passwords.
- Change your passwords regularly.
- Don't share passwords.
- Enable multi-factor authentication for extra protection.
- Be cautious of suspicious emails and messages.
- Verify requests for information.
- Educate yourself about phishing tactics.



## 8. Rule amendment

The following rule amendments have been registered since the previous newsletter:

- **Amendment 8:** Members who joined the Fund 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 the contributions of members currently contributing below 15% will continue. Members will have the option to revert to their current contribution rate during the first three months of the year. 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.
- **Amendment 9:** The trustee term has been extended from 3 to 5 years for newly elected member trustees and newly appointed/reappointed employer trustees from end 2025. This amendment was made in view of the upcoming member trustee elections later in the year.

## 9. Early access to retirement savings: update on the “two-pot system”

Why you should access your retirement savings pot with caution:

- **Impact on your retirement savings**  
If you make withdrawals from your savings pot, you will have less money when you retire, potentially impacting your lifestyle and financial security in retirement. In the previous newsletter ([click here](#)) examples were provided of the impact of such withdrawals.
- **Tax and administrative implications**  
The amount you withdraw will form part of your taxable income for the tax year and will be taxed accordingly. Any other tax that you owe SARS will be deducted from any savings pot withdrawal benefit before it is paid out to you. You will also be charged an administration fee on the withdrawal benefit. You may therefore receive less money than expected, if any.
- **Long-term investment growth**  
Making withdrawals from your savings pot prior to retirement means you will miss out on the powerful effect of compound interest on your retirement savings. Compounding occurs when the earnings on an investment are added back to the original investment, and those earnings then earn interest as well. This process generates more returns on the initial investment, leading to faster growth over time.
- **Remember, when it comes to your retirement savings:**
  - Savings pot withdrawals should only be considered during times of financial hardship.
  - Consider making additional voluntary contributions.
  - Start saving early.
  - If unsure, speak to a certified financial advisor.
  - Preserve your retirement savings when changing jobs.
  - Don't underestimate the power of compound investment returns.
  - Consider the tax implications before you make a withdrawal
  - Stick to your long-term investment plan.

## 10. 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 | hanliew@sanlam4u.co.za

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.

#### 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.

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

- ❖ Presentation to members aged 53 and over.

## 11. 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>PricewaterhouseCoopers</b>	Auditors	<ul style="list-style-type: none"><li>• Performing external audits.</li></ul>

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)