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SOUTH AFRICA

SPECIAL FEATURE: THE CONDUCT OF FINANCIAL INSTITUTIONS BILL (COFI)

King V is here – some additional insights for Boards to consider, page 12

The enigma that is COFI, page 33

Changing world order: Emerging markets are now the adults in the room, page 45



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CONTENTS

EMPLOYEE BENEFITS

Women are outperforming men on retirement savings. They still retire with less. Nonku Pitje, CEO of Discovery Corporate and Employee Benefits	09
King V is here – some additional insights for boards to consider Mpho Kgomongoe, Head: Legal and Technical at Simeka Consultants and Actuaries	12
Integrating health and financial wellness creates a holistic approach to employee benefits Michael Prinsloo, Executive: Corporate Solutions at Alexforbes	16
Relevance, not tenure: What trustees must rethink to protect member outcomes Thakane Setsabi Mushonga, Managing Executive at Old Mutual Corporate Consultants	19
Social security and retirement reform: Expectations for 2026 Stephen Walker, Chairperson, and Andrea Bezuidenhout, Deputy Chairperson, of the Retirement Matters Committee of the Actuarial Society of South Africa	21
Practical requirements of “defensible” default portfolios Iva Madjarova, Head: Institutional Client Servicing at Sygnia	24
Trustee discretion under Section 37C of the Pension Funds Act: Evaluating modes of payment for vulnerable beneficiaries Khatoon Smith, Legal Manager at Fairheads Benefit Services	26

SPECIAL FEATURE: THE CONDUCT OF FINANCIAL INSTITUTIONS BILL (COFI)

Fair treatment in practice Miranda Mkhumbuzi-Rasehala, Legal Advisor at FNB South Africa	30
The enigma that is COFI Radesh Maharaj, Director at ICTS Legal Services	33
COFI, transparency and the role of AI in trustee decision-making Zeldeen Muller, CEO inSite Connect, Creator of AgendaWorx Board Portal with AI	36
COFI and the future of pension fund governance in South Africa Vishal Bhikha, Head of Institutional Business at M&G Investments	38

INVESTMENTS

2026: A year for balance, not big bets Philip Saunders, Director; and Sahil Mahtani, Director; at Ninety One Investment Institute	41
Changing world order: Emerging markets are now the adults in the room Siboniso Nxumalo, Chief Investment Officer at Old Mutual Investment Group	45
SA equities: Time for more than gold to shine Ann Sebastian, Head of Equities, Terebinth Capital	48
Beyond stock picking through strategic global factors Vongani Masongweni, Quantitative Research Analyst at Momentum Investments	52
Boutique vs. large managers: What size really means for performance — and for South Africa's economy Kyle Davids, Senior Investment Analyst at Motswedi Economic Transformation Specialists	55

INVESTMENTS

	Agility will deliver returns in a dynamic 2026 Marius Oberholzer, Head of Multi-Asset at STANLIB Asset Management	57
	Private markets: Building long-term value for trustees and society Selina Nalane, Client Director at Old Mutual Alternative Investments	60
	The new standard: How systematic investing is redefining success Conway Williams, Head of Credit and Sajjaad Ahmed, Portfolio Manager, at Prescient Investment Management	63

STOCK-TAKE

	The jeweller of kings and the king of jewellers Quinton Ivan, Head of Core Equity Strategy at Coronation	68
---	--	----

PERSONAL FINANCIAL PLANNING

	Knitting through the noise: Why timing the market unravels your retirement John Taylor, Actuary at Liberty Corporate Benefits	75
---	---	----

LEGAL ROUND-UP

	Legal update Chantal Manson, Head of Legal at Liberty Group	79
---	---	----

INDUSTRY UPDATE

	COFI: Moving beyond tick-box compliance to true conduct regulation Lelané Bezuidenhout, CFP® CEO of the Financial Planning Institute of Southern Africa	85
	Navigating the new frontier: The COFI Bill and the future of South African retirement funds Wayne Hiller van Rensburg, Executive Officer of the Institute of Retirement Funds Africa (IRFA)	87

TRUSTEE TUTOR

	Issue 25 – Conduct of Financial Institutions Bill	89
---	---	----

IN THE NEWS

	Sanlam Investments formalises strategic relationship with Ninety One as it gears up for growth JSE expands investment offerings with Oribi Global Growth Prescient AMETF Listing AIIM expands African's largest cold-storage platform with acquisition of Port Elizabeth Cold Storage Sanlam ramps up drive to integrate health into financial planning Cartesian Capital expands investor toolkits with JSE listings JSE announces listing of two new Allan Gray Actively Managed ETFs	100
---	--	-----

	MOVING UP	103
--	------------------	-----

	SERVICE PROVIDER DIRECTORY	107
--	-----------------------------------	-----

CONTACTS

EDITOR

David Weil

DESIGNER

Mandi Roberts

ADVERTISING

Chris Brits
Executive: Industry and Media Relations
082 457 1833
brits@ebnet.co.za
www.ebnet.co.za
www.pensionsworldsa.co.za

EDITORIAL

David Weil
CEO ICTS Group of Companies
082 445 8852
weild@icts.co.za
www.icts.co.za
www.pensionsworldsa.co.za

Nathalie Burrows
Editor EBnet
082 339 2697
burrowsn@ebnet.co.za
www.ebnet.co.za
www.pensionsworldsa.co.za

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For bulk copies please contact Toni Cantin on cantint@icts.co.za or on 011 014 0671

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Editor's Comment

David Weil, CEO ICTS Group of Companies



EBnet.



As we start 2026, South Africa's benefits landscape reflects resilience amid economic and geopolitical headwinds, with regulatory shifts poised to reshape how retirement funds deliver value to employees.

Members of retirement funds enjoyed kind investment markets in 2025, buoyed by a robust JSE All Share Index rally that ranked among the world's top performers in both rand and dollar terms. Looking ahead, economists anticipate moderate growth for South Africa's economy in 2026, building on 2025's tentative recovery. GDP expansion is forecasted at between 1.4% and 1.5%, up slightly from 1.2% last year, headline inflation is expected to edge up to 3.6% and general consensus is that the SARB will deliver another 50 basis points in rate cuts, (following 100 bps relief in 2025). This quarter's investment articles expand on all of these and guide investment thinking around our meeting tables.

One could not avoid discussing the topic of the regulatory environment's increased demands on conduct and governance in 2026. COFI edges toward enactment this year, ushering in outcomes-based licensing and fair customer treatment standards that will test funds and service providers' conduct in the value chain of providing members with benefits they can trust. King V, effective January 1, streamlines to 13 principles with a nine-year board independence cap and tech governance mandates, applying directly to retirement funds for enhanced transparency. Although following King V is not mandatory, in this current regulatory environment we see many funds embedding these governance principles.

The investment and regulatory dynamics of 2026 directly influence the design of employee benefits, amplifying the need for prudent, diversified portfolios under Regulation 28 to shield retirement savings from volatility. Strong 2025 performance bolstered retirement fund values, but COFI and King V push trustees toward holistic oversight, ensuring benefits align with long term member outcomes, amid recent tweaks like the two-pot system.

Forward-thinking funds are pivoting to integrated employee benefits - blending retirement with wellness, financial literacy and mental health support via data-driven personalisation. This holistic model, leveraging tech for tailored packages, positions retirement funds as comprehensive security nets, fostering retention in a competitive talent market.

We hope that this issue, with its special feature on COFI and what you can expect, positions you to navigate these changes proactively to maximise impact.



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Women are outperforming men on retirement savings. They still retire with less.

Only 8% of female retirement fund members feel confident they can retire comfortably. Ninety-two percent face their financial future with uncertainty, anxiety, or fear.

The assumption is that women do not save enough. Boardrooms repeat it. Policy discussions assume it. The entire retirement industry has organised itself around fixing women's saving behaviour.

The assumption is wrong.

Women are 1.2 times more likely than men to contribute above their employer's default rate. When given the opportunity to save more, they do. They are outperforming men on effort, and still falling behind on outcomes.

In analysing our retirement fund data of South African employees, as CEO of Discovery Corporate and Employee Benefits, I realise that the patterns are unambiguous. The gender retirement gap is not a behaviour problem. It is a design problem.

The numbers behind the gap

Our data shows that South African women retire with 21% less in savings than men. This gap persists despite women demonstrating stronger saving discipline when circumstances allow. The causes are structural, not behavioural.

Earnings shape contributions. According to Discovery Corporate and Employee Benefits data, women earn 76 cents for every rand men earn. For older women approaching retirement, this gap widens to 39%. A lifetime of lower earnings translates directly into smaller contribution bases, regardless of how diligently women save.

Caregiving compounds the pressure. Statistics South Africa's 2021 General Household Survey found that 43.4% of children live only with their mothers, compared to 3.9% who live only with their fathers. Women carry financial responsibility for dependants throughout their working lives, forcing trade-offs between immediate needs and long-term security that most men never face.

The two-pot retirement system has exposed this strain. Since its 2024 introduction, women have been 1.3 times more likely than men to withdraw from their savings component. These are not impulsive decisions. They are rational responses to school fees, medical bills, and family obligations that cannot wait. Every withdrawal is a woman choosing her family's present over her own future because the system offers no alternative.



Nonku Pitje
CEO of Discovery Corporate
and Employee Benefits

Longevity makes it worse. Our data reveals that a healthy 65-year-old woman typically lives two years longer than a man of the same age. A smaller pot must stretch across more years. The mathematics are unforgiving.

The real problem

None of this explains away the 1.2 times higher contribution rate. Women are not undersaving. When the system lets them, they save more than men.

The problem is that benefit systems were designed for financial lives most women do not lead: uninterrupted careers, consistent earnings, minimal caregiving. When we build retirement structures around a male default, we systematically penalise women for realities beyond their control.

The challenge is not effort. It is structure.

What employers can change

Employer-sponsored funds form the backbone of South African retirement savings. Design choices made in boardrooms directly determine whether women can build adequate security.

Start with visibility. Show every employee their personal retirement gap in rands, not percentages. A woman who sees she needs R1.2 million more to retire adequately makes different choices than one told she is "15% behind". Specificity drives action. Abstraction invites delay.

Remove barriers that punish career breaks. When a woman returns from parental leave ready to increase her contributions, she should not wait 30 days for administrative processing. Systems that respond in days, not weeks, let women recover lost ground while motivation is high and circumstances allow.

Connect debt support to retirement planning. Women withdraw from savings because immediate obligations overwhelm them. Debt and retirement are not separate problems; they are the same problem viewed from different angles. Integrated financial wellness support addresses both pressures together, helping employees manage competing demands without forcing impossible choices.

What this means for advisers

For employee benefits consultants, this data changes the client conversation. The question to ask corporate clients is no longer "Are your employees saving enough?" It is "Does your fund structure accommodate how women's financial lives actually unfold?"

This reframes the adviser's role entirely. Instead of reviewing contribution rates and fund performance, you are asking whether benefit design reflects workforce reality. You are surfacing a problem most employers have not considered, with data they cannot access themselves.

Advisers who raise this question position themselves differently. They move from transactional to strategic. They become the consultant who sees what others miss.

The path forward

The 8% of women who feel confident about retirement cannot remain an outlier statistic we cite and ignore. Systems built around outdated assumptions will continue producing the same outcomes. Systems redesigned around how women actually live will produce different ones.

Women are already doing their part. They contribute more when they can. They make difficult trade-offs to keep their families secure. They stretch inadequate resources over a longer retirement period than men will ever face.

The question is whether we will do ours to create benefit structures and products that takes the uniquely woman experience and reality into account.



We see the
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the home-maker

Discovery Corporate and Employee Benefits helps organisations to offer a comprehensive and unique value proposition to employees that enables a secure financial future, while improving their overall wellbeing.

King V is here – some additional insights for boards to consider

The new era of governance

The Institute of Directors in South Africa (IoDSA) published the King V Code on Corporate Governance on 31 October 2025. King V replaces King IV and introduces a refreshed, outcomes-based approach to governance across all sectors – including retirement funds. For boards of trustees, this signals clearer expectations, stronger responsibilities, and a sharper focus on protecting members.

King V aims to modernise the governance landscape by simplifying principles, addressing emerging risks and embedding ethical, effective leadership. Although many concepts from King IV remain familiar, King V introduces new focus areas and expands on existing requirements.

The Code has been streamlined from 17 principles to 13 – now intentionally designed to be relevant to organisations of all sizes and sectors. For retirement funds, the Code is accompanied by a sector-specific guidance note and a King V Disclosure Framework.

King V applies to financial years beginning on or after 1 January 2026, with early adoption strongly encouraged.

What boards of trustees should know

Ethical and effective leadership

King V emphasises that boards must lead with integrity, fairness and a commitment to act in the best interests of members at all times. This requires:

- exercising due care, diligence and good faith
- ongoing development to maintain competence
- disclosing and managing conflicts of interest – and avoiding those that cannot be managed
- dedicating adequate time to prepare for meetings and fulfil fiduciary duties.

Boards must also ensure that they have sufficient working knowledge of their fund, fund rules, applicable laws, codes, standards and the retirement industry.

Heightened expectations of independence

Independence is significantly strengthened in King V. Board members must exercise independent judgement and not act as representatives of any stakeholder group. They should avoid relationships or influences that could impair objectivity or independence.

Although legislation does not require an independent chairperson, King V considers it good governance for the board chair to be independent.

Competence, training and continuous learning

Being a board member is not a passive role. Training is mandatory, and learning must be continuous. Boards must ensure that they have the right mix of knowledge, skills and experience to govern effectively.

Mpho Kgomongoe

Head: Legal and Technical
Simeka Consultants and Actuaries



No more tick-box governance

King V moves away from compliance for the sake of compliance, asking: *Does your governance actually work?* Boards must demonstrate that their decisions and oversight directly contribute to better outcomes for members.

Technology and data governance as core responsibilities

In a digital world, boards must oversee:

- Cybersecurity
- Data protection
- Information quality
- Technology risks and systems

Even when oversight is delegated to committees or service providers, the board remains ultimately accountable for their funds' compliance and technology governance. Funds must therefore ensure that mandates are clear, monitoring mechanisms are robust, and escalation paths are effective.

Environmental, social and governance (ESG) is mandatory

Responsible investing is no longer optional. King V places responsible investment at the centre of investment governance. ESG factors must be integrated into investment mandates, monitored continuously, and aligned with the fund's long-term objectives. This approach recognises that sustainability and member outcomes are inseparable.

Boards must balance short-term pressures with long-term value creation, ensuring that investment decisions support the financial security and well-being of members while considering broader societal impacts.

Transparent and meaningful reporting

Members expect more – more clarity, more frequency, and more transparency. Therefore, boards must improve disclosures on:

- Risks
- Costs
- Performance
- Strategy

Any fund that claims application of King V must report in accordance with the King V Disclosure Framework. The framework supports consistent, meaningful reporting that moves beyond compliance, to true stakeholder engagement.

Committees should fit the fund

The structure of board committees must match the fund's size and complexity. Common committees include:

- Audit
- Risk
- Investment

While ethics committees are uncommon, ethical conduct remains a core board responsibility.

In umbrella funds, management committees or joint forums remain important, but accountability for all decisions still rests with the main board of trustees.

Boards must also ensure effective oversight of outsourced functions through clear mandates, performance expectations, agreed standards, and escalation mechanisms for non-performance.

Strategy must serve members

A retirement fund exists to provide benefits, not profit. Boards must balance long-term value, costs, risks and sustainability. This includes achieving real, risk-adjusted returns while considering the diverse needs and life stages of members.

Summitting with King V – SOME-ITT

In essence, King V expects boards to *SOME-ITT* (pronounced *summit*). Boards must be:

- Skilled
- Outcomes-focused
- Member-centric
- Ethical
- Independent
- Tech-aware
- Transparent

Boards that “summit” will reach the peak of their fund's goals, strategies and member outcomes.



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Integrating health and financial wellness creates a holistic approach to employee benefits

Michael Prinsloo

Executive: Corporate Solutions
Alexforbes



Employers and retirement fund trustees are rethinking how they structure employee benefits. Instead of viewing retirement savings, healthcare and group risk cover as separate components, organisations are beginning to recognise the advantages of integrating them into a single, holistic strategy. When these benefits work together, they create a stronger foundation for employee wellbeing and organisational performance.

Why integration matters

Employee health has a direct influence on productivity. When people are physically and mentally well, they tend to be more engaged, resilient and effective. Poor health, on the other hand, results in absenteeism, presenteeism and reduced output, all of which carry financial consequences for employers. The financial implications for employees are equally significant. Without adequate healthcare cover, many face unexpected medical costs that can push them into debt or compel them to access retirement savings earlier than planned. This disrupts long-term financial security and adds pressure on workplace performance.

Preventive care, often supported through employer-sponsored benefits, plays a crucial role in breaking this pattern. Routine check-ups, screenings and early intervention can reduce the severity and cost of medical conditions. Over time, improved health outcomes help moderate group risk premiums and support retirement adequacy, producing a benefit for both employees and employers.

The role of employers and trustees

Employers and trustees play a pivotal role in shaping the futures of their members. In South Africa, retirement funds remain one of the most effective vehicles for long-term savings. Default contribution, employee benefits and default investment frameworks all work together to protect members from poor decisions or premature withdrawals.

However, health benefits are still too often viewed as optional extras rather than part of the core employee value proposition. Trustees tend to focus on retirement outcomes, while employers see the real-time effects of health challenges, including mental health issues, chronic illnesses and associated financial strain.

By embedding healthcare considerations into benefit design, employers and trustees can create an environment that supports employees more comprehensively. This integrated approach strengthens loyalty, improves retention and helps build more sustainable organisations.

Breaking the cycle of poor health and financial stress

Financial stress remains one of the biggest contributors to deteriorating health. Poor health then leads to rising personal costs, reduced earning capacity and long-term financial pressure. Breaking this cycle requires coordinated support that addresses both health and financial wellness.

Research shows that employees who receive integrated financial and health support are:

- twice as likely to contribute consistently to retirement funds.
- less likely to experience long-term debt stress.
- more likely to report better physical health.

Workplace programmes that combine financial advice with healthcare education have been shown to improve absenteeism, engagement and overall wellbeing, contributing to better long-term outcomes.

Practical steps towards integration

To strengthen the link between health and financial benefits, employers and trustees can:

- **Promote integrated advice**
Provide financial and healthcare guidance that considers individual circumstances and group benefits, supported by data driven insights.
- **Simplify healthcare navigation**
Offer clear, accessible options such as gap cover and critical illness products. Help employees understand and use their benefits effectively.
- **Leverage technology**
Digital tools can personalise benefits, improve portability and make information more accessible. They can also support decision-making and track progress.
- **Expand the scope of wellbeing**
Position wellness as a core part of the employee value proposition, not an add-on.

Although integrated models can offer compelling rewards and incentives, employers and trustees should be mindful of the risks that arise when multiple products and services are tightly linked under a single provider. Integration works best when it empowers choice and adaptability rather than creating dependencies.

The most effective models bring together health, risk and retirement benefits in a way that remains flexible and transparent. This allows employers to tailor solutions without locking members into structures where rewards or value are lost if any single element changes.

By focusing on practical, real-time value for all employees and ensuring benefits remain accessible and adaptable, organisations can avoid the pitfalls of all-or-nothing models. This approach supports long-term wellbeing and financial security while giving employees confidence that their benefits can evolve as their needs change. The future lies in the integration of advice and planning rather than the integration of products alone.

A move towards integrated benefit frameworks

The latest evolution in umbrella funds aligns with the broader shift towards integrated benefit structures. With many funds bringing together services that employers often manage independently, including healthcare consulting, debt management support, discretionary savings options and access to broader financial services. These offerings are delivered within a single, integrated framework.

Some may also have an accompanying rewards programme providing practical, real-time value for employees without behavioural qualifiers, supporting organisations that want a more streamlined approach to benefits.

Looking ahead

Employees need guidance that helps them select cover suited to their needs and financial circumstances. Trustees and employers share responsibility for ensuring that healthcare is integrated into benefit design rather than treated as a separate or secondary consideration. In a country where an unexpected health event can destabilise even the most carefully planned financial future, overlooking healthcare in employee benefits leaves both employees and employers vulnerable.

The future of employee benefits

The path forward lies in integrating advice and planning across retirement, healthcare and risk benefits. When these elements work together, organisations can support a healthier and more financially secure workforce. This strengthens productivity, stability and the long-term resilience of the business.



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Relevance, not tenure: What trustees must rethink to protect member outcomes

The long held assumption that loyalty is measured in years of service is quietly breaking down. For trustees of South African retirement funds, this is not a cultural observation or an HR concern. It is a governance signal.

The October 2025 Remchannel Salary and Wage Survey shows that 60 percent of resignations now come from employees with one to five years of tenure. These members are beyond initial onboarding. They have passed the learning curve, accumulated some savings, and then exited the fund at the point of employment change.

This does not mean members no longer care about security or belonging. It means commitment has become conditional. People remain engaged where systems make sense, where decisions feel fair, and where long-term benefits are experienced as relevant rather than abstract.

And as this level of mobility becomes the norm, the reality that trustees are designing for, particularly in funds that still assume a 40-year working life, will need to change.

The fund of the future

Traditional assumptions about how long members participate in any single fund, how decisions are made, and how value is ultimately realised no longer hold. This makes the design and experience of the fund during the membership period far more consequential than in systems where participation is continuous.

When members move on quickly, trustees have a limited window to influence outcomes. Poorly aligned fund design in that window increases the risk of disengagement, leakage and weaker long-term outcomes. In this context, relevance is not a communication issue but a fiduciary one.

This is where member expectations begin to intersect directly with trustee responsibility. In Old Mutual Corporate's Employee Benefits Annual Trends Survey 2025, more than 70 percent of employees said having a say in their benefit structure is highly important. At the same time, 77 percent of employers report that flexibility has become a deciding factor in perceived value and engagement. For trustees, this creates a delicate balancing act between offering choice and protecting members from decisions that may undermine their financial futures.

Relevance is a governance issue

Retirement remains one of the most powerful tools for long-term financial security. In practice, its impact depends on how well it works within the shorter and often interrupted periods most members now spend in any one fund. For trustees, this shifts the focus from designing for long service to designing for effective participation.

This matters because trustees retain control over the most powerful levers shaping retirement outcomes during membership and at the point of exit. These include default contribution structures, preservation framing, communication timing and the choice architecture members encounter when they leave.



Thakane Setsabi Mushonga
Managing Executive
Old Mutual Corporate Consultants

Research shows that younger members are still thinking about the future, but they are also managing immediate financial pressures. The introduction of the Two-Pot Retirement System has sharpened this reality. How contributions are structured, how access is explained, and how preservation is framed now matter more than how long a member remains in the fund.

Our research shows that members with small balances almost always cash out, causing lasting damage to retirement adequacy. Decisions made in the early years of participation often determine lifetime outcomes. Relevance, therefore, is about ensuring that even if the retirement fund is not the reason members stay, it is understood early enough to support better decisions when they move on.

Rethinking what success looks like

Time in a retirement fund remains a powerful driver of long-term outcomes. However, in a system marked by frequent job changes, time alone is no longer a sufficient measure of success.

Shorter and interrupted periods of participation are now common. For trustees, the question is not only how long members remain in the fund, but whether the time they do spend in it meaningfully improves their financial position. This shifts the focus toward outcomes trustees can influence directly, including preservation, contribution adequacy, effective defaults and informed decision making.

The task is not to design for long tenure at the expense of early engagement, but to ensure that each period of participation, however brief, is used effectively. When fund design and communication support better decisions from the outset, members are more likely to leave the fund better positioned than when they entered.

This is what relevance means in practice. It is the discipline of aligning governance and fund design with how members actually move through the system. When relevance is built in, trust follows, and trust remains the foundation of any retirement fund that intends to endure.



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Social security and retirement reform: Expectations for 2026



Stephen Walker

Chairperson

Andrea Bezuidenhout

Deputy Chairperson

The Retirement Matters Committee of the Actuarial Society of South Africa

2026 certainly started with a bang, due to international developments. Venezuela, Greenland and Iran have been dominating headlines. In between all of that we had the richest man in the world, Elon Musk, sharing his view that saving for retirement will be irrelevant in 10 to 20 years' time.

Musk envisions a future where technological advances will make goods, services, healthcare and education so abundant and affordable that scarcity effectively vanishes. His prediction is that a universal high income benefit would replace the need for wages or traditional savings, as people would be able to access whatever they need, or want, without the necessity of working for survival.

Current realities however paint a different picture. Social security benefits in the United States, and elsewhere in the developed world, are under major strain, primarily driven by aging populations, longevity and mounting fiscal pressures. In the developing world such a vision appears even less attainable, as economic constraints, infrastructure gaps and social welfare challenges make the idea of a post-scarcity society seem far removed from present conditions.

The State will care for me?

It has been almost six years since the Social Relief of Distress (SRD) grant, South Africa's closest equivalent to a universal income benefit, was introduced. Yet, the debate about its long term funding continues due to strains in government finances. National Treasury's proposal to convert this R370 per month benefit to a job seeker's allowance is facing a lot of resistance from those who argue that it would exclude many vulnerable individuals and worsen poverty.

Meanwhile pensioners in South Africa who meet the requirements of the means test for the State Old Age Grant need to continue to survive on R2,320 per month.

Our neighbouring countries of Namibia and Eswatini are also currently grappling with major debates around the introduction of a compulsory national pension fund. Back home the Department of Social Development is expected to re-release its proposals on major social security reform in South Africa, including plans for a compulsory contributory national social security scheme. It has been over four years since the previous Green Paper was issued and then withdrawn shortly thereafter; and many anticipate that forthcoming proposals may largely mirror what was proposed previously.

Two pots: Part two and the challenge of unclaimed benefits

The dust is far from settled following the implementation of the so-called two pots pension system, and already there are discussions brewing about what further reforms are required. During the period of public discussions around the design of the two pots system, a key point of debate was whether people who have been unemployed for extended periods should be allowed to access their retirement pot money. This debate is likely to resurface but its outcome is closely tied to the broader reform of the social security system in South Africa.

South Africa already faces a massive problem with unclaimed benefits, with billions of rands of retirement savings sitting in unclaimed benefits funds. The introduction of compulsory preservation of retirement pot money is likely to increase the volume of unclaimed monies, as people change jobs and lose track of relatively small retirement pots that remain inaccessible until retirement. Over time such small savings pots are at risk of being eroded by administration fees.

Internationally, the United Kingdom has recently followed the example of Australia by requiring pension administrators to consolidate preserved pension savings, compelling competing firms to exchange information in order to achieve this goal. In South Africa, a “pot follows member” system was considered but was abandoned as being impractical largely because members don't automatically join a new retirement fund when changing jobs. As the matter stands, it is up to individual retirement funds to encourage exiting members to transfer their retirement savings with them to their new retirement fund.

Even before unclaimed benefit retirement funds were formally allowed from 2008 onwards, the South African government has been in favour of the introduction of a national unclaimed benefits fund. Indications are that further discussion papers on this will be issued during 2026. As per the 2022 discussion paper issued, the expectation is that the aim of such a national unclaimed benefits fund is to house both unclaimed retirement savings and other unclaimed assets such as demutualisation shares.

To save or not to save?

The pensions industry continues to observe that South Africans are still not saving at levels required for a secure retirement. The long quoted figure – that only 6% of South Africans can afford to retire comfortably - has remained largely unchanged for decades. Recent reforms such as the introduction of compulsory annuitisation and preservation are expected to improve this over time; but they don't address the broader issue of inadequate coverage.

National Treasury introduced the idea of pensions auto-enrolment for the formal sector back in 2021, yet no further discussions or meaningful progress have happened since then. And South Africa seems to be lagging fellow African countries that have compulsory systems in place.

These systems are not perfect, and although they still face challenges such as coverage, compliance and administration, South Africa can still try to learn from their experience.

Conclusion

Working in pensions is never dull, and 2026 is likely to bring even more change - along with vigorous debate - about which reforms are needed most. These reforms impact everyone living in South Africa, one way or the other. For this reason, we encourage all stakeholders to take an interest in the public discussions and to share their views on the proposals. Participation in the national conversation is essential to shaping a retirement system that works for everyone.

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Practical requirements of “defensible” default portfolios

Iva Madjarova

Head: Institutional Client Servicing
Sygnia



Default portfolios are a cornerstone of retirement fund design in South Africa. For most members, the default option is applied automatically, and few actively consider or opt for the alternatives. As a result, these portfolios carry significant responsibility, as they effectively determine the retirement outcomes for the majority of members. In this context, the concept of a “defensible” default portfolio has gained prominence, particularly in light of both existing legislation, such as the default regulations under Regulation 37, and emerging conduct expectations under the Conduct of Financial Institutions (COFI) framework.

A defensible default portfolio is not simply one that meets legal limits or internal policy benchmarks. It is one where trustees and their advisors can demonstrate, with clear reasoning and evidence, that the investment strategy is appropriate for the membership, is consistently applied and is actively monitored. Achieving this standard requires careful attention across design, governance and communication.

A defensible default portfolio starts with a clear purpose. Trustees must explain why it exists and who it serves. Beyond Regulation 28 compliance, the design should reflect the membership's risk profile, contribution patterns and demographics (for example, higher growth for younger members and more conservative positioning for those nearing retirement). The portfolio should also link directly to measurable outcomes, showing how it supports retirement adequacy while managing downside risk.

A defensible default portfolio also relies on evidence, not just benchmarks. Trustees and consultants should document how investment beliefs shape asset allocation, how data inform return and risk assumptions, how lifecycle or glidepath structures are tested against member profiles and how key trade-offs are evaluated. Clear records such as meeting minutes should reflect that decisions were deliberate and focused on member outcomes.

A defensible default portfolio is not static. Trustees are expected to monitor performance, risk and outcomes on an ongoing basis. This includes traditional metrics like quarterly performance reporting and peer benchmarking, but it should also incorporate metrics linked directly to member outcomes, such as projected replacement ratios and downside risk at key ages. Where monitoring identifies concerns, trustees should be able to show that they have taken reasonable action.

Governance underpins defensibility. Trustees must ensure that decision-making processes are transparent and robust. Delegation of responsibility to consultants or managers does not remove trustee accountability: the board must remain engaged and retain oversight of the portfolio's design and implementation.

A defensible approach also includes regular review of governance structures themselves to ensure the right people are involved and conflicts of interest are effectively managed. Evidence of good governance is as important as the investment decisions themselves.

Finally, a defensible default portfolio must be well understood by the members it serves. Trustees should test whether communications accurately reflect the portfolio's purpose, risk level, expected outcomes and relevant trade-offs. While not every member will engage with this information, ensuring clarity helps support the reasonableness of trustee decisions and aligns with COFI's emphasis on fair treatment.

While defensibility does not guarantee outcomes, it shows that trustees have acted reasonably and in the best interests of members. In a world of increasing regulatory and conduct scrutiny, these elements are no longer optional – they are essential to managing risk, protecting members and maintaining trust in the retirement fund system.

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Trustee discretion under Section 37C of the Pension Funds Act: Evaluating modes of payment for vulnerable beneficiaries



Khatoon Smith
Legal Manager
Fairheads Benefit Services

When a retirement fund member passes away, dependants are entitled to a death benefit of at least the late member's fund credit. Section 37C of the Pension Funds Act grants trustees discretion over both the allocation and mode of payment. In *Mbatha v Transport Sector Retirement Fund*¹, the court confirmed that such decisions constitute administrative action under the Promotion of Administrative Justice Act 3 of 2000, requiring fairness, rational reasoning and accountability.

For retirement fund trustees, an important consideration is the appropriate mode of payment. Each choice carries significant consequences for the financial security of beneficiaries, and trustees must weigh these implications carefully.

Section 37C

Section 37C of the Pension Funds Act empowers trustees to determine the most appropriate mode of payment of death benefits and establishes a protective framework for the distribution, particularly where beneficiaries are vulnerable and unable to

manage such benefits themselves. The provision recognises that minors, as well as adults lacking capacity, cannot directly receive or administer these funds.

When considering the mode of payment trustees must consider, in the case of minors, factors such as:

- value of the benefit;
- qualifications (or lack thereof) of the guardian or caregiver to administer a benefit;
- ability of the guardian or caregiver to administer a benefit; and
- that the benefit should be utilised in such a manner that it can provide for a minor until he/she attains the age of majority².

A similar process applies to adult dependants who lack capacity. In *Mafe v Barloworld (SA) Retirement Fund*³, the Pension Funds Adjudicator held that trustees must not fetter their discretion or rely on assumptions about a major's ability to manage funds. Instead, they are required to conduct their own investigation, distinguish between legal incapacity and perceived incapacity, and properly consider the costs and appropriateness of different modes of payment before deciding to place benefits into a trust or other structure.

This discussion will focus specifically on situations where beneficiaries lack legal or practical capacity to manage benefits themselves.

Trusts

Trusts established to receive benefits under section 37C are governed by the Trust Property Control Act 57 of 1988, the Income Tax Act 58 of 1962, and other relevant legislation. In certain cases, these trusts may also be required to obtain a FAIS license if they provide financial services⁴.

¹ [2020] ZAGPJHC 18.

² *Ramanyelo v Mine Workers Provident Fund* [2005] 1 BPLR 67 (PFA).

³ [2008] 1 BPLR 67 (PFA).

⁴ Financial Advisory and Intermediary Services Act 37 of 2002.

The trust deed must ensure that the benefit vests in a named beneficiary rather than a group of beneficiaries. Trusts offer flexibility and can be tailored to the specific needs of beneficiaries. Importantly, trust assets are legally separated from the personal estates of trustees managing the trust⁵, guardians, or caregivers.

The advantages of making payments to trusts include the protection of beneficiaries' assets, regular distributions for education and living expenses, and continuity of financial support. However, trusts also present challenges. Administration is complex and requires a thorough understanding of the regulatory framework. Increasing compliance obligations raise administration costs, and the effectiveness of a trust depends heavily on the competence and integrity of its trustees. Beneficiaries, guardians, or caregivers may also experience reduced flexibility, as access to funds is restricted by the terms of the trust deed.

Direct payments to guardians

Direct payments to guardians or caregivers offer the advantage of immediacy. Guardians or caregivers gain access to funds without delay, allowing them to meet urgent needs such as food, housing, or medical care.

However, direct payments also pose significant risks. In practice, these funds are generally managed in the guardian's own name, with the expectation that they will apply them for the beneficiaries' maintenance. Once outside the regulated environment of a retirement fund, there is no structured oversight, which increases the likelihood of misuse. If a guardian dies while holding the benefit, funds may even form part of their estate, jeopardising the beneficiaries' entitlement.

Beneficiary funds

Beneficiary funds are designed to address the oversight gap inherent in direct payments and potential risks associated with trusts. These regulated structures provide regular disbursements to ensure that beneficiaries receive sustained support. They also allow for prudent investment growth, preserving benefits for long-term needs such as education and healthcare. The use of beneficiary funds is also available to adults, with consent, as a voluntary option for the administration of benefits in a tax-exempt environment.

The structure of beneficiary funds ensures that assets are legally protected and ring-fenced for the benefit of the beneficiary. They are excluded from any other person's estate, and investment growth accrues directly to the beneficiary. Oversight is provided through fiduciary regulation by the Financial Sector Conduct Authority.

The advantages of beneficiary funds are considerable. They are highly tax-efficient, regular disbursements provide continuity of financial support, and transparency and governance are built into the system.

The limitations of beneficiary funds relate mainly to fund costs, as fees may reduce net benefits slightly. Even so, the regulated environment, tax efficiency, and strong governance framework make beneficiary funds a secure and dependable mechanism for safeguarding the interests of vulnerable dependants.

Conclusion

Section 37C entrusts boards with a discretion that must be exercised fairly, rationally, and with due regard to the circumstances of each dependant. Trustees must investigate the facts of each case, evaluate the suitability and ability of guardians or caregivers, and consider whether adult dependants truly lack capacity. Ultimately, trustees must balance efficiency, oversight, cost, and flexibility while safeguarding the long-term welfare and financial security of vulnerable beneficiaries.

⁵ Trust Property Control Act 57 of 1988, S12

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Fair treatment in practice

South Africa's retirement fund industry increasingly operates through interconnected service ecosystems. Boards of trustees rely on administrators, insurers, asset managers, technology platforms and consulting functions, whether delivered within the same corporate group or through third-party arrangements, to give practical effect to members' rights and benefits. This model enables scale and efficiency, but it also raises a central governance question: where does accountability truly sit when member outcomes are shaped across multiple entities?

The proposed Conduct of Financial Institutions (CoFI) framework, still in legislative development, brings this question into sharper focus. Its outcomes-based design signals a regulatory shift away from assessing institutions in isolation, toward evaluating whether the overall experience of the member, across the full-service chain, is fair, transparent and appropriate.

For boards and sponsors, this reframes oversight. Traditional performance measures, such as turnaround times, backlogs and call volumes, remain relevant, but they do not on their own answer the conduct question that is likely to sit at the centre of future supervision: can the fund demonstrate, with credible evidence, that members were treated fairly at critical moments in their journey?

In practice, these moments rarely occur at board level. They arise in death claims, disability assessments, employer onboarding, contribution allocation and rule interpretation. These processes are typically handled by administrators and operational teams, often several steps removed from the trustees who ultimately carry fiduciary responsibility for the fund.

As regulatory standards for administrators and outsourcing arrangements become more detailed, a form of governance tension emerges. Service providers are increasingly accountable as licensed and regulated entities in their own right, while boards remain responsible for the outcomes experienced by members. The practical challenge is not only whether the administrator is compliant, but whether the board has sufficient visibility into how conduct is expressed at the point of service delivery.



Miranda Mkhumbuzi-Rasehala
Legal Advisor
FNB South Africa

This is where the focus begins to move from service levels to governance insight.

In a CoFI-informed environment, board reporting becomes a key instrument of oversight. Complaints trend analysis, rule deviation logs, thematic reviews of delayed claims, data quality reporting and independent assurance findings take on a governance function, rather than remaining operational artefacts. These tools enable boards and sponsors to understand patterns of behaviour, identify points of vulnerability in the member journey and intervene before service issues translate into conduct failures.

This shift also reshapes how administration and outsourcing agreements are approached. Contracts increasingly need to support transparency and escalation, not only define scope and price. Rights of access to information, structured reporting obligations, the ability to commission independent reviews and clear controls over subcontracting become essential mechanisms through which stakeholders can demonstrate active stewardship of member outcomes.

Fairness itself, however, is not easily reduced to a

Fairness itself, however, is not easily reduced to a checklist. Two members may experience the same delay or decision very differently, depending on their financial circumstances, understanding of the process or personal vulnerability. CoFI's outcomes-based approach reflects this reality. It allows proportional and context-sensitive responses, but it also places greater emphasis on judgement, documentation and the ability to explain why a particular outcome was reasonable in the circumstances.

This perspective is particularly relevant for small to medium-sized employers entering the employee benefits space. For these employers, confidence in the reliability, transparency and governance capability of the broader service ecosystem is often decisive in adopting and sustaining benefit arrangements. Where oversight frameworks are clear and well-evidenced, participation becomes less about regulatory burden and more about long-term value for both employers and members.

Looking ahead, CoFI is likely to encourage a more integrated model of supervision, in which boards, sponsors and administrators are viewed as part of a single conduct ecosystem rather than as discrete, siloed entities. In such a model, the regulatory question increasingly becomes not only who performed a function, but who took responsibility for the outcome.

For boards, this creates an opportunity to differentiate through governance capability. Those that invest in transparent contracting, meaningful reporting and a shared conduct culture across their service networks are better positioned to demonstrate fairness in practice, not only in policy.

In this sense, CoFI does not merely add another regulatory layer. It invites the industry to move from managing outsourced services to actively governing member outcomes, ensuring that fairness is not only articulated, but demonstrable at every point in the value chain.



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The enigma that is COFI



Radesh Maharaj

Director at ICTS Legal Services

The Conduct of Financial Institutions Bill (CoFI) has been quite the enigma. It first surfaced in draft form over seven years ago. It's been widely reported that CoFI is going to be enacted this year, but there has not been much public disclosure of the contents of such an important piece of legislation. The rumoured three-year transition period hardly assists for it assumes all is in order with CoFI and this is not the envisaged consultation process in our law.

Background

CoFI represents the overhaul of South Africa's financial sector conduct regulation, aiming to consolidate fragmented laws into a unified, principles-based framework under the FSCA. While intended to enhance customer protection and market integrity, CoFI raises substantial legal and practical concerns regarding vagueness, implementation burdens and potential over-reach.

CoFI seeks to repeal conduct provisions from at least 13 existing statutes, including the Financial Advisory and Intermediary Services Act (FAIS Act) and various insurance and pensions laws, replacing them with a single market conduct regime. Its objects include protecting financial customers, promoting fair markets, trust, innovation, competition, inclusion, and transformation, while aiding financial stability.

CoFI adopts an activity-based licensing model, shifting from sector silos to rather regulate similar activities uniformly across entities, supplemented by principles (e.g., fair treatment) and FSCA-issued conduct standards. This aligns with the Twin Peaks model under the Financial Sector Regulation Act 2017, empowering the FSCA for its outcomes-focused supervision.

Key provisions

Licensing and governance

CoFI mandates licensing for activities in Schedule 1, with one licence per institution covering categories/sub-categories of activities, imposing institutional form requirements. Governing bodies bear accountability for culture and compliance, requiring governance arrangements proportionate to risks, including remuneration policies, conflict management, and transformation plans.

Fair treatment principles underpin product/service provision, advertising/disclosure, and post-sale obligations, with proportionality exemptions for inclusion and innovation.

Enforcement and standards

The FSCA gains broad powers to make conduct standards, conduct inspections, and enforcement, including debarment of representatives. There is also provision for the FSCA to provide guidance to industry, provide interpretation rulings, enter into enforceable undertakings and to impose penalties.

Strengths of the framework

CoFI is intended to address regulatory gaps by capturing overlooked activities and harmonising oversight, closing silos that enabled arbitrage. Its principles-based outcomes-focused approach shifts from rigid rules to substantive compliance, fostering innovation, with proportionality for smaller entities.

Legal deficiencies

Vagueness and legal certainty

It remains unclear why the matters now being attempted to be prescribed in CoFI were not addressed in Conduct Standards. No less than the FSCA implicitly admitted this when the regulator noted that it would issue conduct standards in the interim to partially address the delay in promulgating CoFI.

More concerning is that CoFI attempts to make what are 'general' conduct standards on a whole range of matters, but the FSRA (which has been characterised as the primary and regulator-facing financial services law) is clear that only the FSCA can make conduct standards. The FSRA is clear about the FSCA's standard-making powers, so it is concerning, and legally questionable, that the legislature can intervene or usurp the FSCA's authority in such a manner.

Moving to other concerns, CoFI's heavy reliance on high-level principles (e.g., "fair treatment", "due skill, care and diligence") and delegated standards may contravene constitutional imperatives for accessible, certain law. Some decry this as a "FAIS plus" hybrid, risking "creative compliance" or arbitrary enforcement without clear rules. Principles like "proportionality" lack defined criteria, inviting judicial challenges akin to those under the FAIS Act's fit-and-proper requirements.

An outcomes-based regime demands regulators exercise judgment, yet CoFI fails to mitigate accountability gaps, potentially violating administrative justice under The Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) ("PAJA"). Oral complaints, for example, exacerbate uncertainty in recording and appeals.

Implementation and compliance burdens

Activity-based licensing demands resource-intensive overhauls - IT upgrades, training, governance restructuring - straining smaller institutions amid economic pressures. Transition risks "fragmented" standards under FSRA if delayed, prolonging uncertainty.

Remuneration/conflict rules and transformation reporting impose unquantified costs, potentially stifling SMEs and fintechs without adequate exemptions. In any event, the transformation provisions in CoFI are unimpressive and lack lustre to say the least and gives little power to the regulator to progress this critical imperative in the South African economy.

Enforcement silos persist with NCR overlap (credit providers excluded per policy), risking dual regulation and regulatory arbitrage. No comprehensive impact assessment appears to have preceded these burdens.

Practical and economic implications

Staggered rollout (post-2026) heightens preparation difficulties due to draft flux. Fintech exemptions are promising but undefined, potentially chilling innovation. Broader effects include elevated barriers from fit-and-

proper expansions and auditor liabilities, consolidating market power among incumbents.

Comparative insights

Internationally, the UK's principles-based model (FSA Principles) succeeded via clear guidance, unlike CoFI's nascent standards. Australia's Banking Executive Accountability Regime offers lessons in senior accountability without vagueness. At the very least, given South Africa's context, particularly its low financial literacy, demands hybrid rules for vulnerable retail customers.

Recommendations on the way forward

While the critical 'existential' issue around CoFI needs to be addressed, there are other steps the legislature should consider:-

- Embed indicative "grey lists" of unfair practices and composite fairness criteria in CoFI for certainty.
- Mandate pre-enactment regulatory impact assessments, with sunset clauses for some standards.
- Strengthen proportionality via tiered requirements (e.g., scaled for SMEs) and fund transitional support.
- Clarify NCR/FSCA delineations and oral complaint protocols.
- Legislate good faith duties as an anchor principle.

Parliament needs to refine CoFI via rigorous scrutiny. Enactment without amendments risks litigation, delayed implementation, and sub-optimal outcomes. A phased, consultative rollout post-2026, anchored in evidence, remains essential for legitimacy.

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COFI, transparency and the role of AI in trustee decision-making

The retirement fund industry in South Africa is standing on the edge of a meaningful shift - one that will change not just the rules, but how trustees think about their role. The Conduct of Financial Institutions (COFI) Bill is expected to be tabled in Parliament in 2026. If it becomes law, it will change how trustees and service providers must behave, especially around how decisions are made and explained to members and regulators.

Alongside this, many retirement funds and their service providers are already using artificial intelligence (AI) in areas like reporting, data analysis and communication tools. While AI can be useful, it brings new questions about how transparent and explainable our decisions are - questions COFI will force us to answer.

COFI expects trustees to act in members' best interests and clearly explain how decisions are made. This is where AI comes into the picture.

AI can help - but only if we understand it

AI is already quietly embedded in many parts of the financial world, often working behind the scenes where we don't always notice it. In retirement funds, AI tools can assist in digging through data, identifying trends or creating documents.

But AI doesn't replace human judgement

It helps with the heavy lifting, but it does not replace the trustee's responsibility to decide what is right for members, based on their and other experts' experience and knowledge.

Many AI systems are called "black boxes." That means they give an answer - but don't easily explain *how* they arrived at it. For a trustee who must show compliance with COFI's transparency requirements, this matters. You need to be able to explain on what basis a decision was made, especially if that decision affects members' money.

So AI can be *part* of the decision process, but it cannot be the full story. Trustees must understand and explain:

- What data the AI used (with links to sources)
- What assumptions it made
- How the output supports the decision made by the board
- Who checked the results before it was used

Without that, you cannot show clear, transparent conduct.

AI should help add clarity, not hide it

A practical example: imagine you use AI to summarise a lengthy financial report. The AI might save you a lot of time, but you still need to check that summary against the original source document. You will also need to explain to other trustees and, if required, regulators what parts of the summary influenced your opinion. That's transparency.

This is the appropriate role for AI under COFI: a decision-support tool, not a decision-maker.

AI can also help with:

- Keeping detailed records of how information was analysed
- Tracking versions of reports used in decisions
- Helping capture explanations and assumptions in writing

These capabilities can make it *easier* to show COFI compliance - if we use them properly.



Zeldeen Muller
CEO inSite Connect
Creator of AgendaWorx
Board Portal with AI

Trustees remain responsible, always

If a decision harms members, trustees must be able to explain why they made it. Decisions cannot be justified on the basis that they were generated by an AI system. That doesn't satisfy COFI and it doesn't protect members.

Why this matters right now

While the COFI Bill hasn't become law yet, regulators and industry watchers are already focused on how financial decisions are made. A recent survey by PwC in the UK found that *more than 70% of pensions professionals expect AI to significantly shape the industry in the next five years.*

That tells us:

1. AI use is growing fast in our sector
2. We need to start thinking seriously now about how we govern it

The retirement fund environment is highly regulated because member money is involved. COFI adds another layer by asking trustees to show how they *conduct* themselves, not just that they followed rules.

A practical mindset for trustees

As trustees, here are some simple principles to follow when using AI:

- **Start with clear aims:** know what you want the AI to help you with
- **Document usage:** write down how and why you used the tool
- **Ask the AI for sources and CHECK them**
- **Keep humans in the loop:** always have a person check the output, especially sources
- **Be transparent:** write down your steps to reach a decision for future reference

But how?

Trustees can address this by including the following instruction when using AI to generate proposals:

For any recommendation you provide, please list and link all sources used, explain the reasoning process and assumptions applied in reaching your conclusions, and clearly identify any limitations, data gaps, potential biases, or uncertainties in the analysis.

COFI is pushing us to be better, clearer and more accountable. AI can help us get there, *but only if we stay in control of the decisions, and keep transparency at the centre of everything we do.*

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COFI and the future of pension fund governance in South Africa

South Africa's financial regulatory landscape is on the cusp of a significant transformation with the introduction of the Conduct of Financial Institutions Bill (COFI), expected to be promulgated in 2026. While early industry debate has largely centred on implementation and compliance mechanics, pension funds, trustees, and long-term retirement savings stakeholders should also consider the broader implications: how COFI will reshape governance standards, member protection, and engagement with asset managers and service providers.

Why COFI matters for pension funds

At its core, COFI seeks to consolidate South Africa's fragmented conduct focused financial legislation into a single, principle based, activity focused regulatory framework. Rather than regulating by institutional type (such as banks, insurers, or retirement funds), COFI regulates financial activities, ensuring consistent conduct standards across the financial sector.

COFI is widely viewed as the practical culmination of South Africa's Twin Peaks regulatory reform, strengthening market conduct supervision alongside prudential oversight. Under this regime, the Financial Sector Conduct Authority (FSCA) will have enhanced powers to supervise and enforce conduct outcomes, with a strong emphasis on fairness, transparency and good client outcomes.

For pension funds and retirement savings vehicles, this means that aspects of conduct regulation currently embedded in the Pension Funds Act and other sectoral laws will increasingly be absorbed into COFI's broader framework.

Implications for trustees and governance

One of COFI's most important implications is the higher governance standard it sets for pension fund boards and trustees. While elected trustees will not be directly licensed under COFI, professional and independent trustees will be expected to meet fit-and-proper standards aligned with its principles.

COFI's emphasis on governance culture, accountability, and ethical conduct means that trustees must be able to demonstrate not just procedural compliance, but a deep understanding of how their decisions affect member outcomes. Boards of funds will be expected to ensure:

- Fair treatment of members and clear, transparent communication
- Robust and actively enforced conflict of interest policies
- Decisions that align benefits structures with member profiles and expectations
 - Systems that eliminate unnecessary barriers to members' access to benefits or lodging complaints

For institutional trustees, this raises the bar on stewardship. Engagement with asset managers, administrators, and consultants will need to be more deliberate and outcomes-focused, ensuring that service providers are aligned with COFI standards on disclosure, fees, performance reporting, remuneration practices, and member communication.



Vishal Bhikha
Head of Institutional Business
M&G Investments

Enhanced member protection and accountability

COFI introduces comprehensive member protection principles, extending many retail customer protections to pension fund members when a financial institution provides services to a fund or acts on behalf of members.

These protections are expected to include clearer, plain language disclosure of fees, risks and expected outcomes; reduced friction in accessing benefits or transferring between products; and enhanced transparency around total fund expenses and investment outcomes.

Importantly, the FSCA has signalled that retirement fund expenses and governance will receive closer scrutiny - with potential consequences for trustees and administrators where oversight is weak or member interests are compromised.

COFI's potential benefits for pension funds

Although COFI introduces additional compliance demands, it also offers meaningful long-term benefits for the retirement industry:

First, a more coherent regulatory environment should reduce duplication and uncertainty, supporting stronger and more consistent governance across institutions servicing pension funds.

Second, improved transparency and increased understanding among members should strengthen trust in the retirement system. A positive result would be more members remaining invested over the long term, improving their retirement outcomes.

Third, COFI's principle-based approach encourages institutions to embed ethical behaviour and client-centric decision making into their culture, rather than relying on box ticking compliance. This aligns closely with global trends in fiduciary duty and long-term value creation.

Finally, because COFI applies to all institutions conducting similar activities, pension funds should benefit from more consistent standards across asset managers, consultants and administrators, particularly in relation to fit-and-proper requirements, remuneration practices, conflicts of interest and reporting.

Preparation: From awareness to action

While COFI is expected to be implemented with a transitional period following promulgation, early preparation is encouraged. Pension funds and trustees could consider conducting high level gap analyses against anticipated COFI expectations, engaging with service providers to understand their readiness, investing in trustee training, and reviewing governance processes, reporting frameworks and member interfaces.

Key takeaway

COFI represents a step change in how financial institutions - including pension funds - will be regulated in South Africa. For trustees and institutional investors, it's not merely a regulatory hurdle, but an opportunity to strengthen governance, improve member outcomes and align long-term retirement strategies with international best practice. Those who prepare early will be well positioned not only to comply, but to derive lasting value from the new framework for the benefit of their members.

INVESTMENTS



2026: A year for balance, not big bets

After several challenging years for investors, the outlook for 2026 appears more balanced than it has been in some time. Global growth is expected to remain resilient, inflation pressures are easing rather than re-accelerating, and financial conditions are gradually becoming more supportive. While risks have not disappeared, the environment is materially more constructive than investors had grown used to. In short, this is not a market that calls for aggressive positioning or bold macro bets. Instead, it favours sensible diversification, regular portfolio rebalancing and disciplined decision making.

Growth takes the lead

One of the key questions for markets in 2026 is whether inflation or growth will be the dominant influence. At present, growth appears set to play the leading role.

Interest rate cuts delivered in parts of the world during 2025 are starting to feed through into economic activity. Labour markets remain relatively resilient, corporate balance sheets are generally healthy, and growth is becoming less concentrated in the US, with stabilisation evident in parts of Europe and Asia. At the same time, inflation, while still above target in some developed markets, continues to trend lower.

This combination of steady growth and easing inflation provides a supportive backdrop for both equities and bonds, and reduces the need for extreme portfolio positioning. Diversification once again becomes a valuable tool rather than a drag on returns.

A changing outlook for the dollar

The US dollar has been a major headwind for global and emerging market assets over the past decade. That regime may now be shifting.

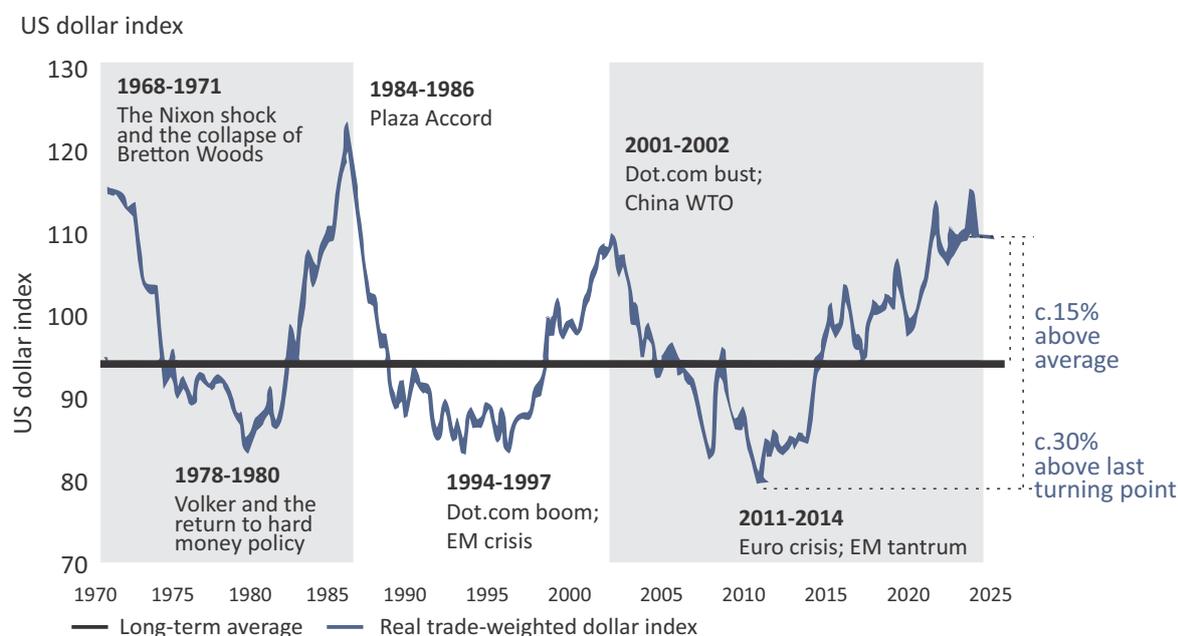
Interest rate differentials between the US and other major economies have narrowed, and the dollar remains elevated relative to long-term averages. While this does not point to a sharp or disorderly decline, it does suggest that chasing further US dollar strength may be less rewarding going forward.



Philip Saunders
Director; and **Sahil Mahtani**, Director
Ninety One Investment Institute



Figure 4: The US dollar is above its long-term average



Source: Bloomberg, July 2025

A more stable or gradually weaker dollar improves diversification and tends to be supportive of international equities, emerging-market assets, and local-currency bonds.

Geopolitics: Still present, but less dominant

Geopolitical risks remain part of the investment landscape, but markets appear to be pricing fewer extreme tail-risk outcomes than in recent years. Relations between major powers have stabilised somewhat as governments focus more on domestic priorities, which reduces the risk of sudden, growth-derailing shocks.

That said, geopolitics has not disappeared. Ongoing trade frictions, strategic competition in key technologies and regional tensions will continue to influence markets. For 2026, however, geopolitics is more likely to act as a background consideration rather than a primary driver, supportive of risk assets, while reinforcing the importance of diversification.

Time to rebalance

Developed market equities have delivered strong returns in recent years, led by a narrow group of large US technology and AI-related stocks. While many of these companies remain high quality, valuations are elevated, and portfolios have become increasingly concentrated.

Looking ahead to 2026, market leadership is likely to broaden. Sectors that benefit from lower interest rates, such as financials and industrials, could perform more evenly, while defensive growth areas like healthcare may regain appeal. Outside the US, developed markets, particularly Europe, offer more attractive valuations and could benefit as inflation falls and fiscal policy becomes more supportive.

This points to gradual rebalancing rather than dramatic shifts, reducing concentration risk while maintaining appropriate exposure to equities.

Bonds are also becoming relevant again. After several difficult years, government and high-quality corporate bonds now offer more attractive income and can help stabilise portfolios if growth disappoints. While large capital gains may be unlikely, bonds can once again play their traditional role as a source of income and diversification.

Opportunities reopening

Emerging markets are beginning to regain investor attention after a prolonged period of underperformance. A softer US dollar, easier financial conditions and improving corporate discipline have allowed earnings growth to translate more effectively into returns in parts of the universe.

Growth in emerging markets continues to outpace that of developed economies, and valuations remain at a discount. Importantly, emerging markets are highly diverse. Risk can be managed by spreading exposure across regions, balancing more technology-linked markets in Asia with domestically driven growth stories in India, ASEAN and Latin America.

In fixed income, emerging-market local-currency bonds offer attractive income opportunities across several countries. Disinflation has left real yields elevated in parts of the EM universe, creating scope for future rate cuts. However, conditions vary widely by country, making selectivity and active management essential.

Key themes: AI and commodities

The excitement around artificial intelligence has become more measured. Investor focus is shifting from hype to profitability, efficiency and sustainable business models. This creates opportunities, but also clear winners and losers, highlighting the importance of diversification within the theme.

Commodities continue to play a useful role in portfolios. Gold remains supported by its role as a hedge against geopolitical uncertainty and currency risk, while copper benefits from long-term trends such as electrification, infrastructure investment, and data centre expansion. Resource equities can also provide diversification away from expensive growth stocks.

The bottom line

2026 does not look like a year for dramatic market calls. Instead, it appears well suited to balanced portfolios, steady rebalancing and disciplined asset allocation.

With growth expected to remain resilient, inflation easing and policy becoming more supportive, investors are likely to add the most value by staying diversified, managing risk and avoiding chasing last year's winners. In short, 2026 looks like a year where well-constructed portfolios, not bold bets, should be rewarded.



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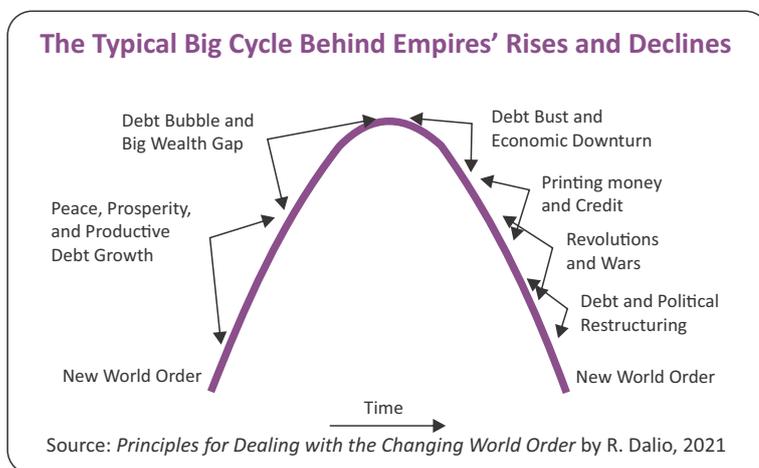
Changing world order: Emerging markets are now the adults in the room

Ray Dalio's *The Changing World Order* focuses on the central idea that the world moves through repeating cycles of debt, power and renewal. For me, it was not in the halls of empire that I was exposed to these serial cycles, but in the messy, exhilarating world of global emerging markets. What I experienced as an emerging markets investor was not peripheral to the global markets story, it was a preview. The turbulence that once defined the developing world has now spread to the developed one. The world Dalio described was already forming on the horizon; as emerging markets investors, we were just standing closer to its front line.

A threat to the global order

Between 2011 and 2018, we moved through cities that were rewriting their own futures. From the traffic-choked ambition of Mumbai, the industrial pulse of Shenzhen, the political theatre of Brasília, right through to the vibrant optimism of Johannesburg. Every city was its own experiment in progress, rising, stumbling, reforming and reinventing.

In these emerging markets, confidence could swiftly turn to panic, capital could flee at the first hint of political turmoil, and extraordinary companies emerged strongest from chaos. The same forces Ray Dalio wrote about – debt, inequality, conflict, and the erosion of trust – were already visible, not in textbooks, but on the ticker tape and trading screens.



During this period, the West set the tempo. Emerging markets were seen as the outer orbit. But since then, the roles have reversed. The frontier has become the centre, and Trump's targeted attacks on BRICS+ indicate the threat they have become to the global order.

Following the rise of political risk in 2016 with Brexit, Trump and populism in Europe, the assumption that advanced economies were stable began to crumble. Developed markets started behaving like emerging ones, while many emerging markets were maturing, reforming and stabilising. The distinction lies not in geography but behaviour.

The end of the easy money and the peace dividend

With the US having hit its highest debt level in history, currently sitting at over \$36 trillion, debt has become the defining feature of the Western model.

Milestone	Time taken	Total debt
First \$10 trillion	50+ years	\$10T
Next \$10 trillion	9 years	\$20T
Next \$10 trillion	5 years	\$30T
Latest addition	1 year	\$33T

Source: Bloomberg



Siboniso Nxumalo | Chief Investment Officer | Old Mutual Investment Group

For four decades, investors rode a tailwind of globalisation and leverage; those tailwinds are now headwinds. Capital is more expensive, geopolitics matters again, and the assets once considered safe no longer offer the same protection. The US Federal Reserve, which once absorbed shocks, is now a source of volatility.

Meanwhile, China has asserted itself as both an economic and military power. Its Belt and Road Initiative, technological leadership, and growing influence in BRICS+ signal a deliberate reshaping of the world order. Trade wars, sanctions and tariffs, including those proposed again by Donald Trump, are not just political theatre; they are instruments of competition.

The rise of the East

In Beijing in 2017, what struck me was what was missing. No Google, Facebook, Amazon – only Baidu, Alibaba and Tencent. China had built a parallel digital universe. In addition, the world's most valuable tech companies may still be US-listed, but the foundations of their dominance – semiconductors powering AI – are manufactured largely in Taiwan, by Taiwan Semiconductor Manufacturing Company (TSMC).

Today, the East writes much of the global script. India has become the world's most populous nation and one of its most dynamic economies. China remains a manufacturing and financial powerhouse. Gulf states are deploying capital across Africa and Asia. Meanwhile, the West shows signs of fatigue: high debt, political polarisation and social division.

In gold we trust

The rise in gold prices is not about jewellery demand. It is about trust or the erosion of it. Central banks in China, India and Turkey are buying record amounts of gold as they diversify away from the dollar and question the sustainability of Western fiscal policies. We are moving from an age of financial wealth to an age of tangible wealth.

South Africa stands at the crossroads of this global realignment. As a resource-rich member of BRICS+, it benefits from the East's appetite for metals, minerals and food security, but its financial markets remain deeply connected to Western capital. That duality can present both strength and vulnerability.

The world may reward producers of real assets, but only those who deliver them with consistency. South Africa's role in the energy transition through platinum group metals, copper and manganese positions it well, provided we maintain policy stability and institutional strength.

Gold's resurgence captures the mood of the current moment. Its rise is not merely an inflation hedge or a safe-haven trade, it is a reflection of the world's unease with the dollar-centric financial order.

From reliance to resilience

It is often said that little happens in a year, but a decade can change everything. We invest for the long term, which is another way of saying we invest in time itself. The task of investors is to look beyond what moves today and see what is becoming inevitable to sense the next tide before it crests. Perhaps ten years from now, we will look back on this very moment and realise that the next great shift had already begun, quietly, invisibly, yet in plain sight.



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SA equities: Time for more than gold to shine

Following a strong but concentrated 42% rally in 2025 (Figure 1), investors are questioning whether SA equities have meaningful further upside in 2026. The answer lies in the interplay of global and local dynamics, with the market's diversity and resilience standing out as key strengths. SA equities benefited from a weaker dollar, renewed appetite for emerging markets (EMs), earnings resilience, an improving sovereign credit rating trajectory and reform momentum. Economic growth is shifting from structural weakness towards gradual recovery, even if politics remains a constraint.

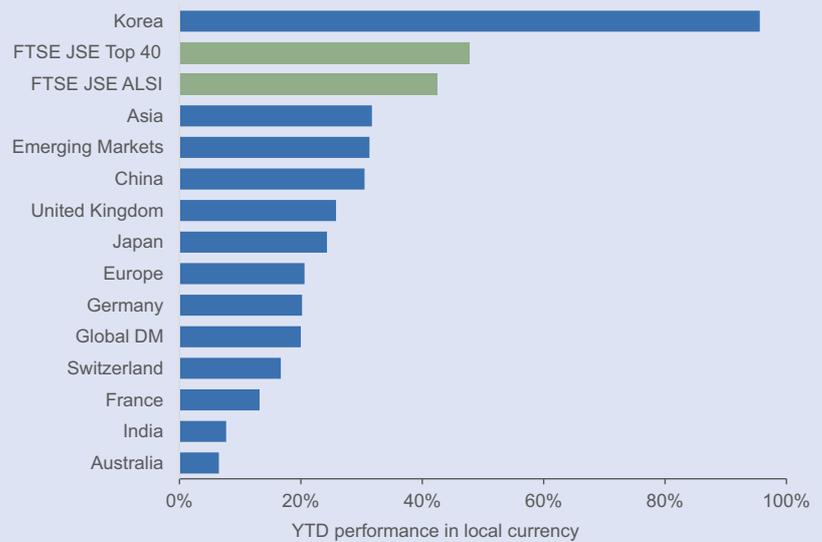
Material risks persist, including domestic political uncertainty, global headwinds, and volatility in US statecraft. The rand performed strongly in 2025 and has scope for further gains in 2026 if macro fundamentals hold up. Against this backdrop, the bias leans towards a cautiously optimistic stance, but selectivity and discipline are essential in navigating upside opportunities and downside risks.

The local economy is undergoing recalibration, assisted by the adoption of a lower inflation target and supported by strong external tailwinds. While still weak by EM standards, growth is expected to accelerate modestly in 2026, aided by rate cuts and benign inflation, with a stronger recovery dependent on ongoing energy and logistics reform. Improving fiscal prospects and the attendant sovereign credit rating upgrade mark progress, but structural constraints remain binding. Low potential growth, high unemployment, and fragile fiscal metrics continue to weigh on the outlook, while upcoming local government elections add political uncertainty. The balance between cyclical drivers and structural headwinds will determine whether the SA economy can sustain its recent momentum.

SA Inc. finished the year lagging the broader equity market, constrained by muted foreign inflows as investors awaited clearer signs of recovery and reform. Yet sentiment showed signs of turning, highlighted by SA banks' 21% total returns in 4Q25. The rally's next phase will require broadening impetus beyond last year's leaders, which included Precious Metal Miners, Technology, and Telecoms.

Momentum in earnings growth should be underpinned by monetary policy easing, with cooling inflation, stronger household spending, and rising consumer loan growth translating into healthier fundamentals. Valuations are still attractive, with domestic stocks trading near the lower end of historical ranges (Figure 2).

Figure 1: Performance of Global Equity Markets in 2025



Source: Bloomberg, MSCI, FTSE, Terebinth Capital



Ann Sebastian
Head of Equities
Terebinth Capital

Figure 2: Major SA Inc sectors are attractively valued

Average P/E of SA Inc Sectors is calculated as the simple average of the PEs of Banks, Retailers, Food Producers, Consumer Staples, Real Estate, and Industrials P/E indices at each point in time

Source: FactSet, Terebinth Capital

SA Inc sector opportunities: Selectivity amidst better growth prospects

The SA real estate sector should benefit from the economic recovery, with stronger tenant performance and rising demand amid limited supply. Lower inflation and falling interest rates will ease costs, supporting earnings growth. The latest reporting season confirmed improved real estate fundamentals and compelling prospects for the year ahead.

Notwithstanding the recent robust performance by SA banks, they are still attractively valued. The big four rerated sharply in 4Q25, with the average Price-to-Book ratio now above its 10-year average. However, this still lags the move in the SA 10-year bond yield and earnings prospects are promising. A favourable macro cycle - supportive terms of trade, USD weakness, and an improving fiscal position - alongside reform progress and rising credit utilisation should support earnings.

Consumer stocks show mixed prospects. Food retailers have invested in pricing to drive volumes, undercutting official food inflation. Shoprite is best placed to withstand low food inflation, while peers face profitability challenges. Among food producers, Tiger Brands' turnaround highlights improved execution, while AVI offers stronger growth and attractive valuations.

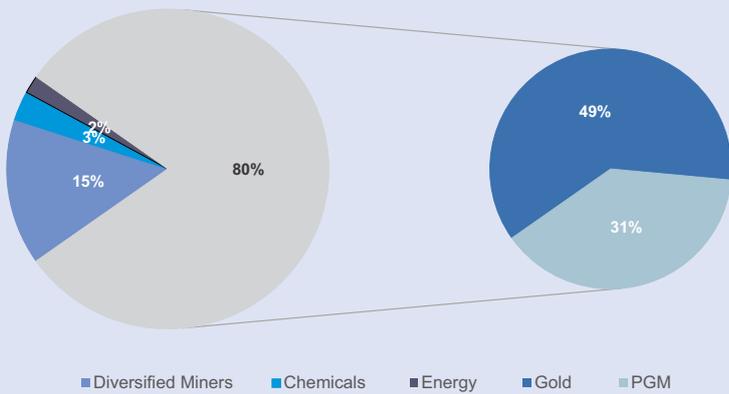
The market's other engine: Resources and AI beneficiaries

The resources sector remains central to equity opportunities, offering exposure to gold, platinum group metals (PGMs), and diversified miners aligned with global themes (Figure 3). While 2025's parabolic gains in precious metals are unlikely to be repeated in 2026, the medium-term backdrop is favourable.

Gold continues to shine as geopolitical risks, central bank diversification, and the debasement trade drive demand. Appetite has been consistently strong, with gold serving as both a safe-haven asset and a hedge against fiat currency debasement. A supportive or even range-bound gold price implies miners' margins can expand through cost discipline and efficiency gains. Institutional and retail investors are increasingly allocating to gold and cheaper alternatives such as platinum and silver.

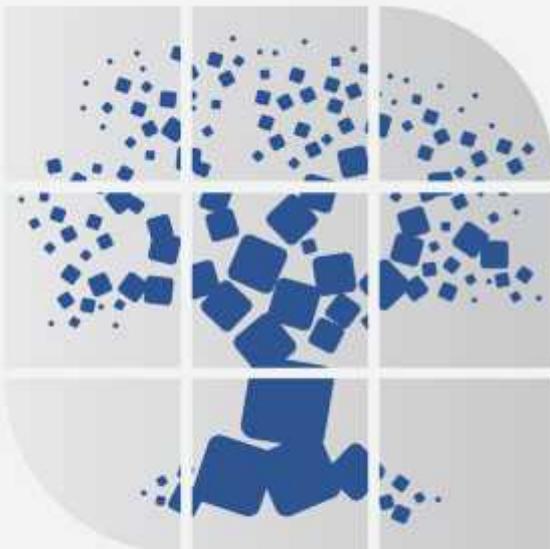
Diversified miners are increasingly positioned as beneficiaries of the green transition, with copper, iron ore, and manganese playing critical roles in renewable energy, electric vehicles, and battery storage. The Anglo American-Teck merger has created a copper powerhouse, while Rio Tinto and Glencore have restarted merger talks to build scale in critical minerals. Meanwhile, BHP's record copper output exceeded 2 Mt in 2025, underscoring copper's growing contribution to its revenue mix.

Figure 3: Sector breakdown of SA Resources equity index



Tech exposure is a distinctive strength of the SA equity market, with Naspers (NPN) and Prosus (PRX) providing built-in access to Tencent. This indirect holding gives local investors exposure to one of Asia's leading internet platforms, which combines robust fundamentals with emerging AI themes, particularly in advertising algorithms, gaming, cloud services, and investments in agentic AI applications. The risks for SA investors are largely channeled through NPN/PRX, as they are the primary listed vehicles for accessing Tencent's long-term growth, with downside risks linked to EM sentiment, Chinese regulation, and governance factors at Tencent. The recent pullback and relative underperformance versus Chinese technology peers could present a compelling entry point.

SA equities embody both opportunity and risk, balancing domestic reform progress with shifting global currents in a small but open capital market. Despite being historically more sensitive to external shocks than local tailwinds, the market's resilience, supportive currency dynamics, and sector diversity offer cautious optimism for 2026. While disciplined investment requires selectivity, the burning question for SA equity prospects in 2026 is will investors broaden conviction beyond last year's leaders?



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Beyond stock picking through strategic global factors

Vongani Masongweni | Quantitative Research Analyst | Momentum Investments



Factor investing is grounded in the idea that certain company characteristics like valuation, momentum, or operational quality tend to generate long-term excess returns. These traits, however, are not evenly distributed across markets. They cluster in specific sectors depending on macroeconomic trends, regulation, industry cycles and technological disruption.

Our approach to investing offshore is built on this principle: capturing consistent patterns in how markets reward companies with specific characteristics. For example, firms trading cheaply relative to fundamentals often perform well in recoveries (value), while companies with strong financial health tend to hold up in downturns (quality). Each global equity factor plays a distinct role and when combined, they help diversify client portfolios across different market environments. By understanding the distinct character of each factor, advisers can build more resilient portfolios and foster deeper client conversations.

The three pillars: Value, momentum and quality

Each equity risk factor has a unique personality, targeting different types of market opportunities. While factor portfolios provide a systematic view of market exposures, understanding the underlying philosophy of fundamental active managers helps advisers interpret how their exposures may align with factor characteristics and expected performance across market cycles.

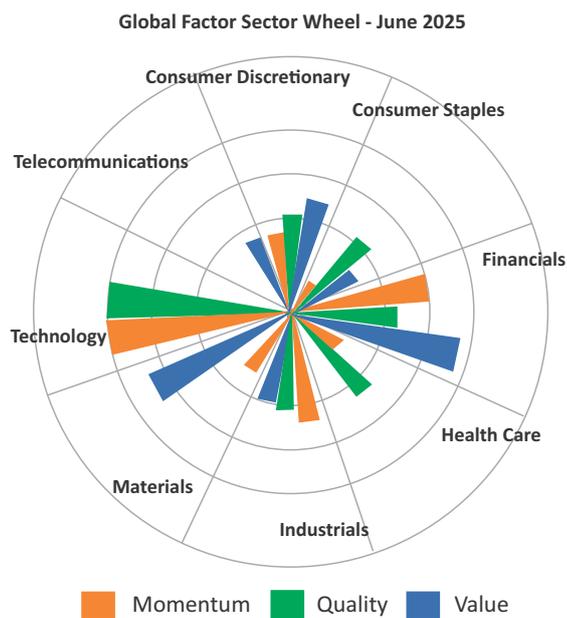
The table below provides a clear breakdown of what each factor seeks to capture, where its manifesting in today's market, and what falls outside its scope.

Factor	What it captures	Current market expression	What you won't see
Value	Undervalued opportunities: Companies trading cheaply relative to their intrinsic worth or fundamentals. Think of it as seeking shares on sale.	Cyclical sectors like consumer cyclicals, traditional industrials, and some financials.	Expensive, 'glamour' tech stocks or monopolistic brands whose competitive strength is already reflected in their high prices.
Momentum	Current market leaders: Companies exhibiting strong recent price trends. This factor is less about long-term fundamentals and more about identifying what is currently the flavour of the day.	Resources, gold, and large-cap tech stocks that are experiencing sustained investor demand.	Stable, slow-moving businesses or sectors that are out of favour, even if they are fundamentally sound.
Quality	Durable compounders: Companies with robust financial health, strong balance sheets, consistent cash flows, and significant pricing power. These are businesses built to last.	Defensive sectors like consumer staples and healthcare, plus strong tilt towards established technology.	Highly volatile small caps or companies with weak financials, regardless of their short-term story.

Seeing the big picture: A sector perspective

When we shift from company characteristics to a sector view, the differences become clearer. Think about the global market as a wheel of sectors, each with a natural tilt toward one or more factors.

Figure 1: The Factor Wheel mapping value, quality, and momentum across industries as at 30 June 2025



Source: Momentum Investments

Financials, for instance, feature strongly across all three factors, predominating in value portfolios, followed by momentum, and then quality, reflecting the sector's combination of relative cheapness, recent performance leadership, and stable profitability. Technology, on the other hand, serves as a common anchor for momentum and quality. A tech company can be a quality holding if it shows durable profitability, or a momentum stock if it is riding a growth wave. This dual identity demonstrates how factors can converge on the same sector for very different reasons.

This sector lens also highlights diversification benefits. Because value, momentum and quality lean into different industries, they rarely move in sync. For example, when cyclical value stocks are under pressure, defensive quality names or fast-moving momentum plays may provide support. The natural rotation between factors over time is a key reason multi-factor portfolios tend to deliver smoother performance across cycles.

This visualisation makes two critical points clear:

- 1. Factor purity vs. contamination:** Low sector overlap in areas like materials or health care confirms the distinct economic drivers of each factor.
- 2. Convergence points:** The shared, though differently motivated, exposure to technology reveals how sectors can express multiple factors simultaneously.

Why this framework matters

For advisers, the true advantage of factor portfolios lies in how they complement one another. Divergent sector tilts reduce correlations and create resilience. For example, momentum's focus on technology and financials, behaves very differently from value's exposure to materials and financials. This separation ensures that no single driver dominates, strengthening diversification across the portfolio.

Equally important are the natural boundaries within each factor. Quality avoids fragile small caps with weak balance sheets, value steers clear of expensive 'glamour' growth stocks, and momentum leaves behind companies in decline. These exclusions give each factor its identity and provide clarity when managing overlap.

Taken together, these elements give advisers more than just investment outcomes, they provide a language for client conversations. A portfolio isn't simply a list of stocks, but a systematic strategy grounded in decades of academic research and market evidence. That makes it easier to explain why a client's portfolio might include gold miners under a momentum strategy, Tencent under a quality approach, or a banking share under fundamental value process. By understanding the drivers of equity factors, advisers can turn the complexity of global markets into something structured, intuitive and trustworthy. For clients, that clarity builds confidence and ultimately, long-term trust.

Tailored Engagement Models



Evidence of Disciplined Implementation

Until the end of December 2025 (annualised)			
Delta (Active Multi-Managed) Range	1 Year	3 Years	5 Years
Motswedi Global Balanced Fund vs Benchmark: Alexander Forbes BEE Survey Global Balanced Median	2.24%	0.05%	0.21%
Motswedi Delta Equity Fund I vs Benchmark: FTSE JSE Capped Swix All Share Index	-0.19%	0,48%	0,57%
Motswedi Delta Equity Fund II vs Benchmark: FTSE JSE Capped Swix All Share Index	1.50%		
Motswedi Delta Bond Fund vs Benchmark: FTSE JSE All Bond Index	0.50%	0.16%	0.62%

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Boutique vs. large managers: What size really means for performance — and for South Africa's economy

South Africa's asset management industry is among the most sophisticated in the emerging-market world. More than R8.2 trillion is stewarded through professional investment managers. Beneath this depth lies a structural feature that has barely shifted in over two decades: concentration.

Today, roughly 60% of assets are controlled by just ten houses. Despite regulatory reform, market cycles, and industry growth, this dominance has proven remarkably persistent. It raises a question that sits at the intersection of investment outcomes and economic development: does size genuinely confer an advantage, or has it become a proxy for comfort rather than capability?

Why concentration matters more than it appears

Large managers such as Ninety One, Sanlam, Allan Gray, Coronation, Old Mutual, and STANLIB dominate institutional portfolios not only because of performance, but because scale reinforces itself. Size attracts flows, flows reinforce scale, and scale entrenches incumbency. Each year, more than three-quarters of new industry inflows accrue to the top ten firms, regardless of whether smaller managers deliver comparable outcomes.

Rank	Manager	AUM (R bn)	Market Share (%)
1	Ninety One	910	11.03
2	Sanlam Investments	722	8.76
3	Allan Gray	694	8.42
4	Coronation	676	8.20
5	STANLIB	551	6.68
...	(Includes Foord, Old Mutual, etc., up to top 20)

Source: Alexforbes Manager Watch Annual Survey 2024, 27Four DEInvest Annual Survey 2025.

But concentration carries costs. As assets pool into a narrow group of firms, portfolios increasingly converge around the same liquid large-cap shares. This means the same 25–40 stocks dominate institutional portfolios, with nearly 90% of large managers' domestic equity exposure overlapping materially with ALSI and SWIX benchmarks.

The market consequences are visible. JSE liquidity has declined by roughly 15% over the past five years. Smaller companies struggle to attract institutional capital, research coverage thins, and delistings accelerate. In 2024 alone, new listings fell by about 25%. At the same time, valuation gaps have widened: Top-40 shares trade an estimated 10–15% above long-term fair value, while mid- and small-cap segments remain structurally undervalued.

Capital is also flowing offshore. By 2025, average offshore exposure in balanced portfolios approached 38%, contributing to roughly R1.2 trillion leaving SA since 2020. Offshore diversification is sensible, but at this scale it reduces the pool of domestic capital available to fund local businesses - particularly SSMEs that generate more than half of GDP and the bulk of employment in an economy where unemployment exceeds 30%.

A forgotten truth: Today's giants were yesterday's boutiques

Twenty-five years ago, firms now regarded as institutional stalwarts were themselves small, high-conviction boutiques. Allan Gray managed roughly R20 billion in 2000. Coronation managed closer to R44 billion. Investec Asset Management and Futuregrowth were niche players competing against insurance-owned giants.

Kyle Davids

Senior Investment Analyst
Motswedi Economic
Transformation Specialists



What distinguished these firms was not scale, but outcomes. During the commodity supercycle of 2003–2008, several delivered sustained equity alpha of 3–5% p.a. by deviating meaningfully from consensus benchmarks. They were founder-led, strongly aligned, and willing to tolerate short-term discomfort in pursuit of long-term conviction.

Between 2000 and 2010, these boutiques compounded assets at 25–40% per annum, while many incumbents grew at less than half that. The lesson is uncomfortable in hindsight: investors who avoided these managers, missed out on some serious growth.

A new generation is emerging

A similar dynamic is unfolding today. Over the past decade, a new cohort of boutique managers has begun to scale meaningfully. Many bring specialised pedigrees: hedge-fund-derived risk management, absolute-return frameworks adapted to long-only mandates, or deep sectoral expertise in equities and fixed income.

Firm	AUM (R bn)	Focus/Background
36ONE	~50	Hedge-derived, absolute returns
All Weather	~25	Long/short techniques
Matrix	35	Fixed-income relative-value
...	...	(Includes Truffle, Abax, Camissa, etc.; 23 total)

Their edge is not branding; it is mechanics. A R1–5 billion equity manager can realistically invest across more than 120 locally listed shares. A R100–200 billion manager is constrained to fewer than 40. Liquidity thresholds and ownership limits narrow the opportunity set as assets grow.

Agility compounds the effect. Smaller managers can rotate portfolios in weeks rather than months. Trading-capacity analysis suggests a billion-rand portfolio can reposition fully in roughly 40 trading days, compared with close to a year for the largest funds. During periods of stress or sharp valuation reversals, this speed matters.

The industry has also grown more conservative. Active share across South African equity managers declined from roughly 60% in 2016 to just over 40% by 2023. Fear of short-term underperformance and benchmark scrutiny has pushed many managers closer to index-like portfolios - often described as “closet indexing.”

What the data actually shows on performance

None of this implies that boutiques always outperform. Performance leadership rotates. In domestic equities, boutiques typically show wider dispersion - periods of strong outperformance and periods of lag - reflecting genuine active risk. Large managers tend to deliver more stable but increasingly benchmark-aware returns. Neither outcome is inherently superior; they serve different portfolio roles. In balanced funds, the picture is clearer still. Over the past decade, returns across large and small managers have converged.

The implication is important: the perceived structural disadvantages faced by smaller firms have not translated into systematically poorer outcomes.

So, if performance is broadly comparable, why do boutiques remain under-represented?

The answer lies less in investment merit than in structure. Distribution networks favour incumbents. Consultant frameworks reward longevity. Large firms absorb underperforming mandates through mergers, smoothing historical records. Smaller firms face higher commercial hurdles to access the same pools of capital, even when outcomes justify inclusion.

The evidence challenges a persistent misconception: boutiques are not inherently riskier. They are simply different. They introduce uncorrelated outcomes into portfolios, helping manage risk at total strategy level.

History shows that backing skilled boutiques has never been reckless. The greater risk has been ignoring them - and discovering too late that tomorrow's leaders were already visible, just smaller.

Agility will deliver returns in a dynamic 2026



Marius Oberholzer
Head of Multi-Asset
STANLIB Asset Management

In 2026, adaptability and discernment will be the hallmarks of successful investing. We expect the environment will remain dynamic - shaped by shifting policies, evolving risks, and transformative technologies.

Although 2025 was a year of exceptional returns for South African investors, we remain cautiously optimistic as we enter 2026. The global investment environment is still buoyed by strong monetary and fiscal policy support, which continues to underpin equity markets. Earnings growth has been robust and economic resilience has persisted, despite the challenges posed by tariffs and geopolitical disruptions. We expect this backdrop to continue for now.

Liquidity conditions are supportive. Although US interest rates are expected to continue falling, the pace and trajectory of these cuts is less certain. We are concerned that the exceptional vibrancy of the US economy beyond AI is waning, while fiscal risks and a change in the current downward trend in inflation could constrain central banks' ability to lower rates.

We maintain an appetite for risk, tempered by an awareness of structural and cyclical vulnerabilities. AI could have a transformative impact on the world, benefiting margins and efficiencies. Conversely, geopolitical tensions, which appear to escalate each week and signal a continuous breakdown of traditional strategic alignments, reinforce the need for genuine diversification, which is difficult to find. This underlines the importance of active management in 2026, when portfolio flexibility and nimbleness, alongside explicit hedges when tactically appropriate, will be important.

Our positioning is overweight in developed and South African equities and underweight in global bonds. While we like gold and certain other commodities, we also have gold exposure in our passive strategies and derivative positions, so we do not explicitly hold these assets in the portfolios to deliver additional alpha.

Inflation and interest rates

In our probabilistic scenario approach, we have added a new "Hawkish Hiccup" scenario: the possibility of volatility stemming from shifts in the trajectory of US interest rate policy, global fiscal dynamics and a global rate cutting cycle which is nearing its end. A less dovish Fed, especially as Jerome Powell's tenure ends in May, could trigger market friction and downside risks. If a new Fed chair feels political pressure from President Donald Trump and Treasury Secretary Scott Bessent to cut rates, further and faster than data suggests, it erodes confidence in the institutional credibility of the United States and with rising risk of fiscal imbalances, potentially further stoking cyclical growth and more persistent inflation. This could ultimately lead to bigger rate hikes that could amplify volatility and trigger asset and currency adjustments.

Inflation remains a pivotal factor, influencing different interest rate pathways in various regions. In SA, restrictive rates and credible inflation targeting support the rand, though business and consumer confidence face challenges. In the US we believe consensus expectations of 2% real growth are over optimistic, even though the One Big Beautiful Bill will drive M&A and capex.

Policy developments in the US—including mid-term impacts and leadership changes at the Fed—are likely to shape market sentiment. Growing discourse around the K-shaped economy will probably encourage Trump to act to support lower income consumers. As his popularity and that of the MAGA Republicans wanes, expect more frantic behaviour and promises. We will be watching the US consumer closely as we could well see the K-Shaped phenomenon extend into the middle class during 2026.

South African bonds have rallied, but further gains may be limited in the short run. The South African Reserve Bank (SARB) is expected to cut rates cautiously as inflation continues to be anchored at 3%. This makes South African bonds preferable to cash and global sovereigns, though their short-term appeal has diminished. We think that that duration, carry, and roll-down will be more important drivers of fixed income returns. This view is endorsed by our fixed income team, although they will be looking for more evidence of fiscal consolidation in the February National Budget.

Fiscal spending in the US is stimulatory, but questions remain about the Fed's cutting path and inflation risks. The “Hawkish Hiccup” scenario underscores the potential for policy and market friction, with downside risks.

Key themes in 2026

Our key themes for 2026 include the “early cycle” dynamic, the structural impact of AI, and the importance of diversification and flexibility. Emerging markets are positioned as growth engines, with attractive valuations and robust fundamentals, though selectivity is essential. South African equities and bonds offer relative value, while global equities - especially US small- and mid-caps - are undervalued compared with large caps. AI is expected to drive earnings and growth and, if our early cycle signals and thesis are correct, we want to skew away from the Magnificent 7 and broaden our exposures even more.

Gold remains a neutral asset in our portfolios. Sector opportunities exist in South African banks and insurers, while listed property is attractive but liquidity is constrained. China's outlook is stable but cautious, with policy support unlikely to shift consumer behaviour significantly. Currency views favour a weaker dollar, supporting emerging market currencies and the rand. We remain constructive on the rand against a variety of other currencies.

For us, the challenge in 2026 will be to embrace change with agility and conviction, where we have it. We believe that as we remain open to new opportunities, vigilant to emerging risks, and committed to active management, 2026 will present us with plenty of opportunities to deliver returns.

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Private markets: Building long-term value for trustees and society

Private market investments have emerged as one of the most dynamic drivers of long-term growth in institutional portfolios. For trustees responsible for stewarding members' retirement savings, private markets offer access to diversified, often resilient assets that deliver both long-term financial performance and visible socio-economic impact.

Once viewed as a niche opportunity, investing in private markets or alternative assets has become central to institutional investment strategies. Globally, 92% of investment advisers now include alternative assets in their portfolios, with the majority planning to increase allocations in the coming years according to the 2025 CAIS-Mercer Report on the State of Alternative Investments in Wealth Management.

In South Africa, this growing momentum aligns with the national imperative to channel capital into productive assets that foster sustainable growth. According to our most recent survey of over 190 trustees at the 2025 Batesta Retirement Conference and the Institute of Retirement Funds Africa (IRFA) Conference, 69% of trustees plan to increase their exposure to alternative assets in the next 2 years. With 31.1% seeking exposure to infrastructure assets and 20% for private equity. For many trustees, getting into the asset class can come with some questions; that's why we need to get back to the fundamentals of the asset class.



Selina Nalane
Client Director
Old Mutual Alternative
Investments

What are alternative investments and how do they work?

Private markets include all investments not traded on public exchanges like the JSE. These assets are typically accessed through long-term, actively managed investment vehicles.

They span a wide range of strategies and asset classes, including: private equity, private debt, infrastructure, real estate, venture capital and hedge funds amongst others. They also make a real-world impact by building assets that affect the real economy such as roads, data centres, housing, schools etc.

Because these investments are unlisted, they tend to offer lower short-term price volatility, deeper diversification and pathways to influence operational performance, governance, and impact.

What are the characteristics of private markets?

In South Africa, Regulation 28 allows retirement funds to allocate up to 15% for alternative investments under defined limits, providing trustees with the flexibility to diversify meaningfully while maintaining compliance. Trustees can allocate up to 45% for infrastructure, 15% for private equity and up to 10% for hedge funds.

We calculate that the global private assets market is more than 850% larger than listed markets, offering access to broader and more diverse growth opportunities.

However, these assets also come with unique complexities such as longer investment horizons, operational demands, due diligence requirements and liquidity constraints.

These factors make governance and fund manager selection essential and underscore the need for trustees to understand private market structures and key participants to evaluate opportunities and strengthen oversight.

At the core of each fund is the **General Partner (GP)**, the manager responsible for sourcing and evaluating investments, overseeing portfolio performance and executing exits. Investors such as pension funds participate as **Limited Partners (LPs)**, committing capital to funds but not engaging in day-to-day investment activity.

The underlying assets, be it companies, real estate, renewable energy facilities or infrastructure projects, make up the fund's **portfolio**. Finally, you have **Investment Committees (IC)**, these are teams within the GP that robustly evaluate, assess and approve investments and exits.

How does the private market fund lifecycle work?

Most private market funds follow a structured lifecycle, typically spanning 5 to 12 years. This lifecycle begins with **fund formation**, during which the GP establishes the fund's legal and operational architecture, investment strategy and governance framework.

This is followed by **capital raising**, where institutional investors commit capital that determines the scale of the fund. Once commitments are secured, the **investment period** begins. During this stage, the GP deploys capital into assets aligned to the fund's mandate, whether infrastructure projects, real estate developments, private companies or lending opportunities and actively manages them to enhance performance and value.

As investments mature, the fund enters the **divestment phase**, where assets are sold, refinanced or otherwise realised to generate returns.

The final stage, **liquidation**, involves distributing capital and profits to investors and formally winding down the fund.

What are exit options in private markets?

An exit strategy outlines how an investment will be converted into cash and is a critical component of private market investing.

A fund may sell an investment to an operating company, in what is known as a strategic acquisition. In other cases, the asset may be taken public through an **Initial Public Offering (IPO)**, allowing the market to determine its value. Another common route is a **secondary sale**, where the asset is sold to another private market fund seeking exposure to the sector or business.

A fund may also choose **recapitalisation**, refinancing the asset to release capital while retaining some ownership. In certain circumstances, a **management buyout (MBO)** may be appropriate, allowing the company's leadership team to acquire the business.

In less favourable conditions, **liquidation** may occur, although this is typically a last resort.

Why should this matter to trustees?

Alternatives provide returns that are not closely correlated with public markets. This means that when listed equities experience volatility, private market investments often behave differently, helping to stabilise overall portfolio performance.

Many private market investments are linked to tangible, long-term assets such as infrastructure, renewable energy and property. These real assets tend to rise in value alongside inflation, offering a natural hedge and protecting the purchasing power of investment capital.

Private equity does more than generate financial returns. It builds companies, creates jobs and supports South Africa's broader development agenda. Investments in renewable energy, affordable housing, digital infrastructure and healthcare contribute directly to the country's long-term economic growth.

With the investment landscape evolving, trustees who embrace private equity with discipline, insight and purpose will be best positioned to deliver enduring value for their funds, their members and the country.

This photo was taken in one of the communities powered by DC Go, an off-grid solar energy business and part of our IDEAS Managed Investment Fund.

OLDMUTUAL

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The new standard: How systematic investing is redefining success



Conway Williams

Head of Credit

Sajjaad Ahmed

Portfolio Manager

Prescient Investment Management

In an era defined by information overload and market volatility, investors often find themselves struggling to make decisions driven by logic rather than emotion. The allure of guesswork and gut feelings can lead to significant capital risk. In response to this challenge, a disciplined and data-centric methodology known as systematic investing has gained prominence, offering a structured framework for navigating the complexities of the financial world.

What began as a forward thinking philosophy is now a market-wide movement.

The core principle: Why asset allocation matters most

One of the foundational insights in modern portfolio theory is that asset allocation, the strategy of diversifying investments across various asset classes like stocks, bonds, and commodities, is the primary driver of long-term performance. This is far more impactful than attempting to select individual winning securities.

Influential research has consistently demonstrated asset allocation's primacy. A landmark 1986 study by Gary P. Brinson, L. Randolph Hood, and Gilbert L. Beebower found that asset allocation explained over 90% of the variation in portfolio returns. Subsequent research by Ibbotson and colleagues (2000, 2010) confirmed these findings across thousands of mutual funds and pension funds, establishing asset allocation as the dominant factor in portfolio performance. This research foundation underscores why systematic approaches prioritise disciplined asset allocation strategies. This insight shifts the focus from the idiosyncratic risk associated with single securities (risks unique to a specific company or asset) to the broader, market-level factors that influence portfolio-wide returns. By diversifying across asset classes, investors can build more resilient portfolios designed to weather market turbulence and capitalise on diverse opportunities.

The pillars of systematic investing

A systematic approach is built on a foundation of rules, evidence, and cutting-edge technology. It seeks to minimise the emotional biases such as panic selling or chasing trends that can derail investment strategies. This methodology can be broken down into three core pillars.

1. Advanced statistical analysis

At its heart, systematic investing is quantitative. It involves using sophisticated statistical models to analyse vast datasets and identify patterns, correlations and potential investment signals that may not be apparent to the human eye. For example, we process over 500 million data points daily, running thousands of simulations to test how different combinations of assets might perform under various market conditions. This allows for the ranking of potential strategies based on rigorous performance and risk metrics, rather than subjective opinion.

2. Disciplined portfolio construction

Once potential opportunities are identified, the next step is to construct a portfolio in a disciplined and optimal manner. This involves more than just diversification; it requires a deep understanding of how different assets interact. The goal is to build a portfolio that maximises potential returns for a given level of risk. This process spans a wide universe of assets, from traditional fixed income instruments to global currencies and derivatives, allowing for access to a broad spectrum of market opportunities.

3. Robust risk management

A robust investment strategy is only as good as its risk management framework. Systematic investing employs continuous, real-time risk monitoring. By analysing a portfolio's current holdings, models can simulate potential outcomes in historical market scenarios, such as the 2008 financial crisis or the 2020 COVID-19 crash.

This stress testing helps to decompose the portfolio's sources of volatility and identify sensitivities to specific events. By continuously monitoring for embedded exposures, such as left-tail risks (that is, the risk of rare but severe market downturns), managers can proactively adjust portfolios to mitigate vulnerabilities and enhance stability.

A balanced view: Benefits and limitations

Like any investment strategy, systematic investing has both advantages and potential drawbacks.

Benefits	Limitations
Reduces emotional bias	Model risk
Enhances consistency and discipline	Data overfitting
Scalable and efficient	Can be inflexible in Black Swan events

By replacing discretionary decisions with a rules-based process, systematic investing delivers measurable advantages. It eliminates the costly behavioural biases that lead to poor timing decisions, panic selling, and performance chasing. The rules based framework ensures consistency and discipline, allowing portfolios to remain focused on long-term objectives even during periods of market stress. Moreover, the continuous monitoring and stress testing capabilities embedded in systematic approaches enable managers to anticipate and adapt to evolving market conditions, positioning portfolios to navigate volatility more effectively than reactive, emotion driven strategies. While all investment approaches operate within certain constraints, including the inherent limitations of historical data, systematic investing's emphasis on evidence based decision making and rigorous risk controls provides a more reliable foundation for sustainable wealth creation.

The future of asset management

As the investment landscape continues to evolve, the principles of clarity, consistency, and data-driven conviction are defining the next generation of success. By emphasising strategic asset allocation, mitigating idiosyncratic risks through diversification, and utilising robust portfolio management techniques, the systematic model offers a compelling framework for mastering the complexities of the global investment landscape.

While no approach can guarantee certainty, a systematic process provides a powerful toolkit for making more informed, rational, and confident investment decisions in an uncertain world.



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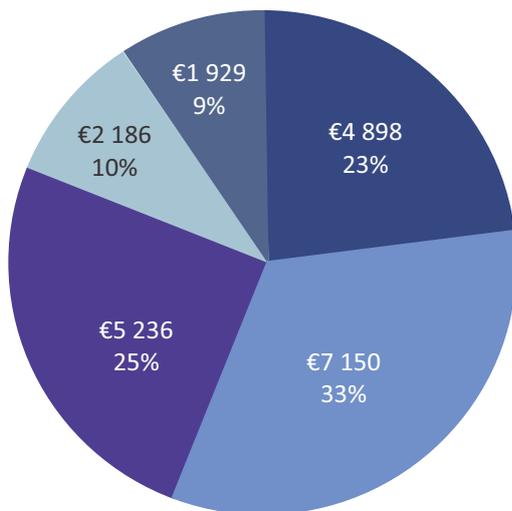
Quinton Ivan
Head of Core Equity Strategy
Coronation

Compagnie Financière Richemont SA (Richemont) is a high-quality, globally diversified, hard luxury business that owns some of the world's most desirable and enduring heritage brands. Its maisons¹ have legacies that span centuries and cannot be replicated, which raises the barriers to entry for competitors and protects them from technological disruption. The aspirational nature of its enviable brand portfolio affords Richemont significant pricing power and yields healthy margins over time. Its earnings are extremely high quality, denominated mainly in developed market currencies (largely US dollars or euros) and are supported by cash (10-year average free cash flow conversion = 92%). The group boasts a fortress balance sheet (approximately 7% of its current market

capitalisation comprises net cash) and a stable ownership structure, which ensures the business is managed for the long term.

Figure 1a provides the 2025 group revenue split per region. Figure 1b illustrates that, in the same year, its jewellery maisons generated 72% of group revenue, although they delivered 99% of group profits – reinforcing their centrality to Richemont's value creation. Cartier and Van Cleef & Arpels anchor the group's leadership in the branded jewellery segment.

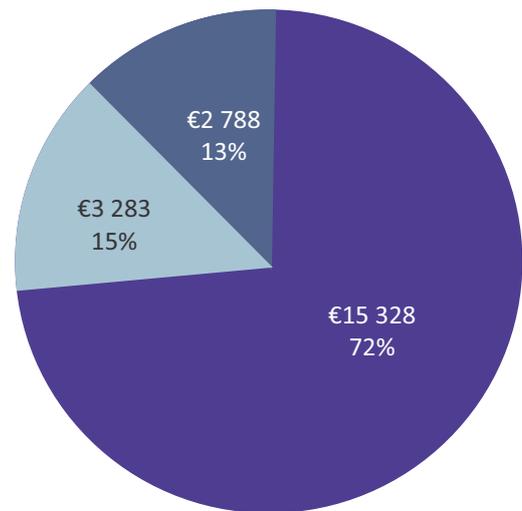
Figure 1a
2025 Group revenue per geography (€M)



■ Europe ■ Asia-Pacific ■ Americas ■ Japan
■ Middle East and Africa

Sources: Richemont annual report, Coronation analysis

Figure 1b
2025 Group revenue per maison



■ Jewellery maisons ■ Specialist watchmakers
■ Fashion and accessories maisons

Sources: Richemont annual report, Coronation analysis

¹ https://www.coronation.com/en-za/personal/latest-insights/investment-views/the-jeweller-of-kings-and-the-king-of-jewellers-january-2026/#_ftn1

The brand premium

'Babe, I would trade the Cartier for someone to trust (just kidding).'

— Elizabeth Taylor, by Taylor Swift: *The Life of a Showgirl*

The global jewellery market is substantial, with Euromonitor estimating a total market size – branded and unbranded – of roughly €345 billion in 2024. Relative to other luxury categories such as watches, leather goods, and ready-to-wear, the jewellery category is far more fragmented (Figure 2a). Branded jewellery accounts for only about 40% of global sales, leaving significant room for brands to achieve long-term market share gains driven by premiumisation (Figure 2b).

Figure 2a
Market breakdown by brand of global luxury jewellery industry 2024

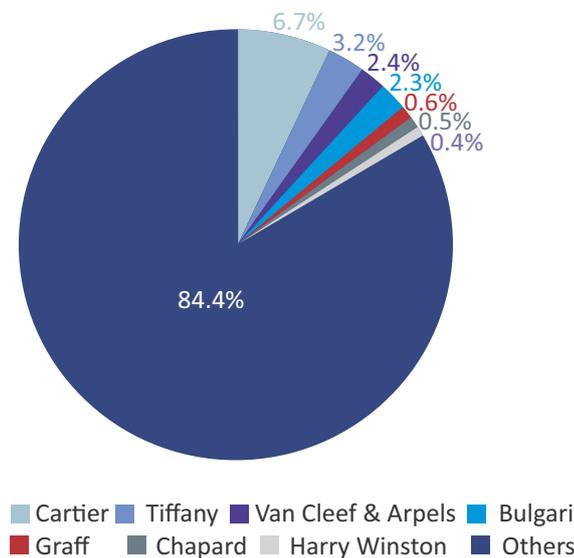
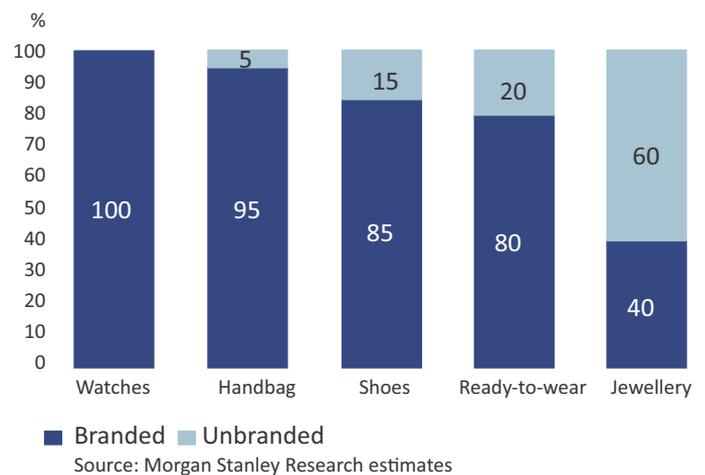


Figure 2b
Personal luxury goods market share of branded products 2024



Source: Morgan Stanley Research estimates

Source: Company data, Bain Altogamma, McKinsey, BoF, Morgan Stanley Research estimates

Several structural forces are driving the continued shift from unbranded to branded jewellery:

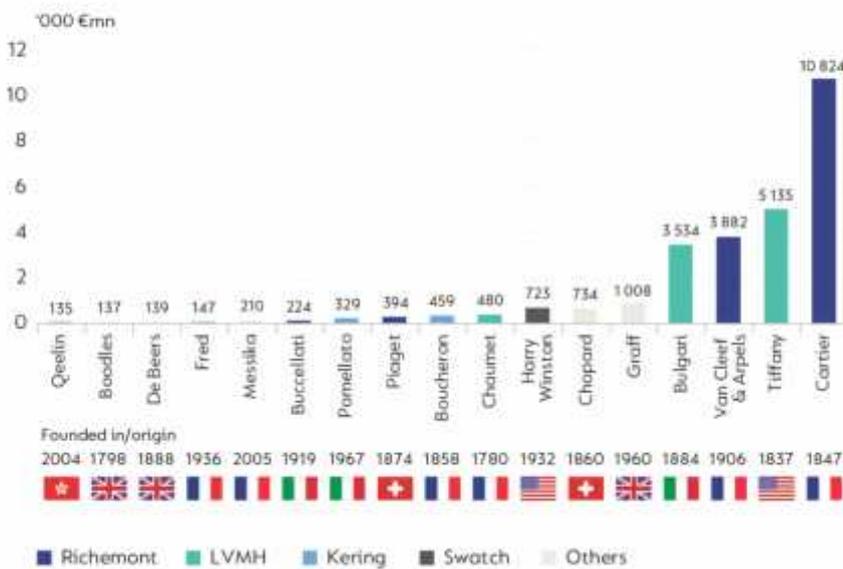
- **Brand desirability and origin:** Consumers are attracted to the aspirational nature of heritage brands. Established jewellery brands are good marketers and storytellers, which boosts brand recognition. Independent players either do not market or market very little.
- **Status and wealth signaling:** This is especially true of Chinese consumers.
- **Trust marks:** Established brands ensure quality assurance and authenticity.
- **Sustainability and ethical sourcing:** Peace of mind that precious stones and metals have been sustainably and ethically sourced is an important consideration for younger customers.
- **Store-of-value perception:** The pricing of branded jewellery is transparent and comparable, unlike that of independents, where pricing can be opaque and subject to discounting. This is especially true for Cartier and Van Cleef & Arpels, where Richemont owns close to 100% of the store base (there are a small number of franchised stores), giving it full control of pricing. The store-of-value perception is reinforced by the high prices their pieces fetch on the secondary market when they come up for sale at auction. This resale value creates a halo over the brands and reinforces their investment appeal in the eyes of consumers.
- **Increasing self-purchase by women:** As more women participate in the economy, they are increasingly shopping for themselves rather than relying on gifting. This trend is especially true in the Middle East and parts of Asia.
- **Expanded accessibility:** As branded players grow their geographic footprint, the price ladder² has also expanded, which has increased the addressable market.
- **Income growth:** As consumers become wealthier, they gravitate to brands.

² https://www.coronation.com/en-za/personal/latest-insights/investment-views/the-jeweller-of-kings-and-the-king-of-jewellers-january-2026/#_ftn2

Figure 3 shows that, despite consolidation, major luxury groups today hold only around 8% of the total jewellery market – highlighting the category's immaturity and the meaningful headroom for sustained growth.

Figure 3

TOP PLAYERS IN THE LUXURY JEWELLERY SEGMENT



Source: Company data, Bain Altogamma, RMB Morgan Stanley estimates

The jewel in the crown

Richemont is the best-positioned player in the global branded jewellery market. Its maisons, Cartier and Van Cleef & Arpels, enjoy unrivalled heritage and desirability. Cartier's Love and Trinity collections, and Van Cleef & Arpels' Alhambra line, are iconic and rank among the world's best-selling jewellery collections.

This combined desirability has allowed Richemont to consistently outgrow the broader jewellery market over time (Figure 4).

Figure 4

RICHEMONT'S JEWELLERY SALES GROWTH VERSUS PEERS, Y/Y % CHANGE; FOREX ADJUSTED (2025)



Sources: Company reports, Euromonitor, Citi Research estimates

This has consistently enabled Richemont to gain market share within the branded jewellery segment, which is, itself, gaining share from unbranded jewellery. Figure 4 also shows a track record of consistent positive revenue growth; only marginally going negative in 2009 during the Global Financial Crisis. This bears testimony to the structural growth drivers of the branded jewellery market and the strength and desirability of its jewellery brands.

The strong recognition of Cartier and Van Cleef & Arpels has empowered these brands to expand into the entry and mid-tier segments with product lines such as Love, Trinity, and Juste un Clou for Cartier, and Alhambra for Van Cleef & Arpels. Not only do they expand Richemont's total addressable market, but they are also highly profitable.

The key challenge facing jewellery brands globally is how to brand their products. While consumers generally cite design as the main reason for a luxury purchase, countless studies have shown that status is a strong driver of the purchase decision. Both factors favour Cartier and Van Cleef & Arpels, as these recognisable and accessible product lines attract new cohorts of aspirational consumers and generate significant profit.

This generates higher gross and operating margins. This is a lot harder to do with more commoditised products, such as engagement rings and high-end jewellery, where the price of the precious stones often matters more than the brand. The result is that not only are Cartier and Van Cleef & Arpels two of the world's largest jewellery brands, but they are also two of the most profitable, as evident in Figures 5a and 5b.

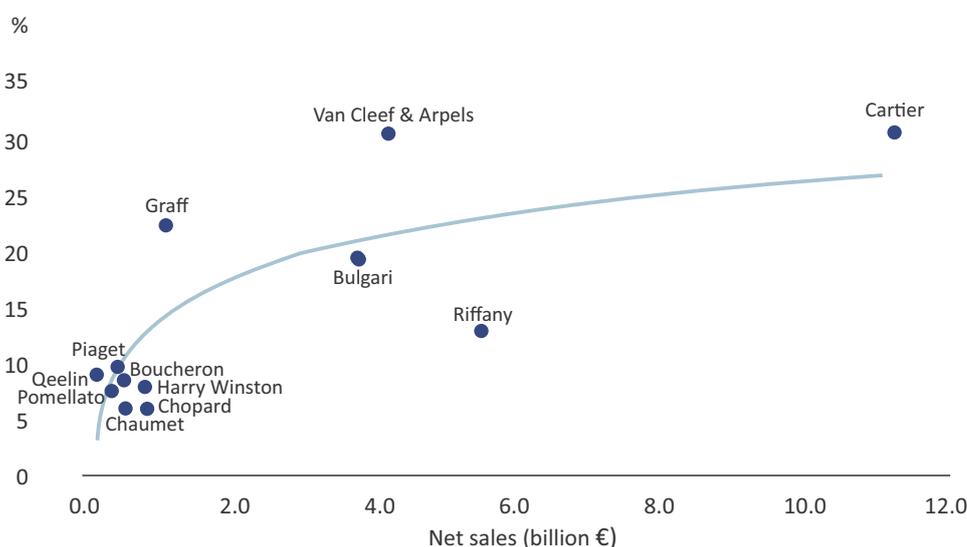
Figure 5a

OPERATING MARGIN COMPARISON AMONG TOP PLAYERS IN THE LUXURY JEWELLERY INDUSTRY



Source: RMB Morgan Stanley estimates

Figure 5b
Correlation between scale and profitability in the luxury jewellery industry



Source: RMB Morgan Stanley estimates

An even spread

'Luxury goods are the only area in which it is possible to make luxury margins.' — Bernard Arnault, Chairman and Chief Executive of LVMH Moët Hennessy Louis Vuitton

Historically, sales to Chinese consumers, both in mainland China and to Chinese tourists spending abroad, comprised approximately 40%-50% of Richemont's total sales. This is true for most luxury houses. High duties and taxes in China are the primary reasons why the Chinese consumer prefers to shop for luxury goods abroad. The price of a luxury item in China can be c. 30% more expensive than in Europe. This gap widens when taking VAT refunds into account.

Travel restrictions imposed during the Covid pandemic resulted in a significant fall-off in Chinese luxury tourism spend. While some of this spend was repatriated to the mainland, the net result was an overall decline in luxury sales to the Chinese. This, coupled with protracted weakness in the property market, adversely impacted the wealth of the Chinese consumer. This, in turn, remains a significant headwind to luxury sales to the Chinese, which are still below pre-pandemic levels.

The pandemic catalysed a strategic pivot. With reduced tourist spend, maisons refocused on local clientele and expanded thoughtfully into underpenetrated markets. The result is a more balanced revenue mix across the Americas, Europe, and Asia-Pacific.

Covid restrictions temporarily cancelled several of Richemont's in-person events, which are used to market and showcase its new products and designs to customers. In response, Richemont embraced online and social media to market, connect, and communicate with existing and prospective customers. This delivered several benefits, not least of which was increased brand awareness among new customers, improving the efficiency of marketing and communication spend. A case in point is inspiring aspiration in millennials, who witnessed beloved celebrities and social media influencers wearing Richemont's products.

Pricing power and disciplined execution

In summary, Richemont possesses some of the strongest pricing power in global luxury, particularly within jewellery. Iconic pieces often fetch significant premiums at auction, reinforcing their status as stores of value. Despite this, Richemont has exercised exceptional pricing discipline, especially compared with soft-luxury peers.

Cartier and Van Cleef & Arpels have shown enormous restraint in raising prices, despite significant cost pressures from rising raw material inputs (most notably gold), adverse currency fluctuations (strong Swiss franc), and tariffs imposed on imports into the US. This conservatism has created a pricing reservoir that Richemont may dip into to offset cost pressures, preserve margins, and grow earnings.

Conclusion

Richemont's earnings have tripled since the Covid pandemic, driven primarily by its jewellery maisons. The share price has outperformed the FTSE/JSE Capped Shareholder Weighted All Share Index over multiple time horizons. Despite this outperformance, we remain bullish on Richemont's ability to compound revenue in euros, supported by powerful structural tailwinds in branded jewellery and disciplined pricing execution. It trades on a forward price-to-earnings multiple of 21 times (excluding net cash), which we consider compelling, given the group's quality and long-term growth runway. It remains a jewel in our clients' portfolio.



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Knitting through the noise: Why timing the market unravels your retirement

In the world of retirement savings, there's always a shiny new thread tempting investors to weave a different pattern. The idea that you can jump in and out of markets at just the right moment to improve returns is alluring. Who wouldn't want to avoid the dips and ride the highs? But here's the stitch in time: timing the market is notoriously difficult and can unravel the very fabric of your long-term financial planning.

The temptation of timing

When markets swing wildly, headlines scream opportunity or disaster. Investors feel pressure to “do something”. Even seasoned professionals struggle to predict short-term movements. Missing just a handful of the best-performing days can slash returns dramatically. Research consistently shows that staying invested beats hopping in and out.

Think of your retirement plan as a carefully knitted sweater. Each contribution is a stitch. Pull too hard on one thread, by chasing trends or panicking during downturns, and the whole garment starts to unravel. The boring advice of “stick to your knitting” isn't glamorous, but it works. Consistency, not cleverness, is the cornerstone of retirement success.

Why does “boring” win? Over decades, compounding turns steady contributions into a robust retirement pot. Investors who champion disciplined strategies, such as regular contributions, diversified portfolios, and long-term horizons protect themselves from the costly consequences of impulsive decisions, especially when these decisions are being made on behalf of others.

A common heuristic is that if you miss the 10 best days in the market over 20 years, your returns could be halved. Those days often occur during periods of volatility when fear drives investors out. The irony? The moments that feel most dangerous are often when staying invested matters most, such as during the early days of the COVID-19 pandemic in March 2020.

The hidden erosion of contributions

Even if members stick to their knitting, another thread can fray quietly: contribution erosion. Many members believe they're contributing a fixed amount of their salary to retirement savings. Risk premiums and other costs may nibble away at that figure.

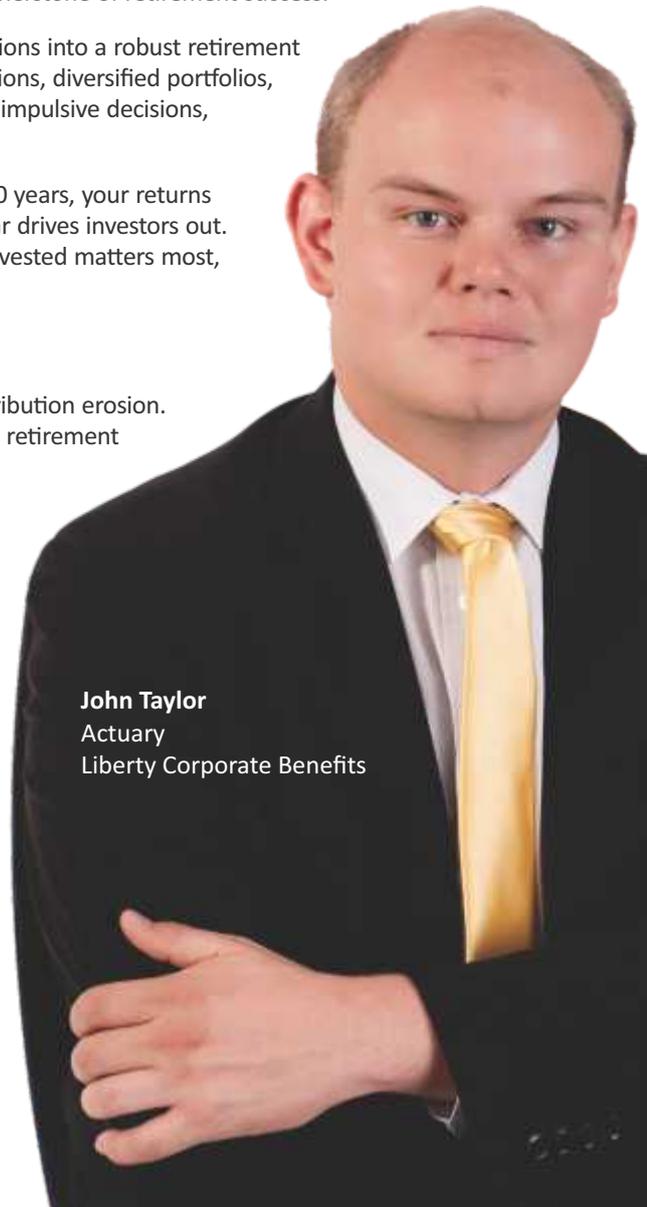
While we don't dissuade from the importance of group risk benefits, which are critically important, it is important to not assume the costs of these is negligible in adjudging the effect of them on your retirement contributions.

As an example, if 15% of salary is being deducted for risk and retirement, and if risk premiums and other costs consume 3% of contributions, the actual amount invested drops to 12%.

This matters because adequacy hinges on sustained contributions. Funds must ensure transparency: members should know their net savings, not just the headline percentage. In volatile markets, every basis point counts. If risk benefits are not meeting needs, or other costs are too high, they may inadvertently compromise retirement outcomes.

Saving enough: The silent crisis

South Africa faces a retirement adequacy challenge. Industry benchmarks suggest contributing at least 15% of salary over 40 years to achieve a comfortable retirement. Yet, erosion from costs and benefits means many members fall short. Add market timing missteps, and the gap widens.



John Taylor
Actuary
Liberty Corporate Benefits

The real crisis is not whether investors pick the right moment to buy or sell. It is whether they are saving enough, consistently, over time. Are investors knitting a strong, resilient fabric or a patchwork that won't withstand the wear and tear of retirement?

Practical steps for trustees and members

How do we keep the garment intact?

1. Review how much of the stated contribution reaches retirement savings. Communicate this clearly to members.
2. Generous risk cover is commendable, but not if it unravels retirement adequacy. Find the sweet spot between protection and preservation.
3. Timing markets is a distraction. Increasing contributions, reducing leakage, and staying invested are far more impactful.
4. Encourage members to ignore the noise. A well-knit strategy beats any market-timing gimmick.

Conclusion: Knit your way to financial security

Retirement planning is about knitting steadily, stitch by stitch, until you have a garment that lasts. Trustees and decision-makers hold the needles: design benefit structures that prioritise adequacy, educate members on the perils of timing, and reinforce the value of consistent strategies.

When it comes to retirement, the best advice is simple: stick to your knitting. Ignore the fraying threads of market timing, tighten the weave of contributions, and create a fabric strong enough to carry members through their golden years.

Important statistics:

- Missing the 20 best days in the market over 20 years can cut returns by two-thirds.
- Aim for 15% of salary over 40 years for a comfortable retirement.
- Risk benefits and other costs can reduce actual savings by 2 to 4%, significantly affecting outcomes.
- Every extra 1% saved can boost your retirement savings by 10–15% over time.

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LEGAL

ROUND-UP



Legal update

In the final quarter of 2025 and early into 2026, several material legal and regulatory developments have emerged that directly affect the retirement funds sector. Staying informed about these changes is essential for industry participants. The following update outlines some of the important legal and regulatory developments.

FSCA Omni Risk Return (FSCA Communication 19 of 2025)

The FSCA has published a draft “Omni-Risk Return” together with an explanatory guide. The Omni Risk Return replaces the previous “Omni Conduct Return” published during 2022 for consultation. The Omni Risk Return will be required to be completed by every financial institution – including retirement funds. The Omni Risk Return is intended to feed into the FSCA's Integrated Regulatory Solution (IRS)'s automated risk model to create a single, consolidated risk profile for each financial institution, regardless of how many licences it holds or the number of sectors in which it operates.

The proposed data required from financial institutions includes:

- Group Structure, Ownership and Shared Services
- Geographical Presence
- Governance
- Nature of Customer Base and Politically Exposed Persons
- Handling of Customer Assets
- Transaction Volumes, Distribution Channels and Composition
- Product and Agreement Terminations
- Advertising & Communication
- Complaints Management
- IT and Data Governance and Protection of Information
- Outsourcing and Organisational Capacity/ Skills
- Financial Data

The FSCA hosted a number of webinars to explain what is required in terms of the Omni Risk Return and industry submissions were due by 30 November 2025. The FSCA in its communication confirmed that *“financial institutions are not expected to initiate or progress any internal Omni Risk Return related initiatives or system development and implementation efforts until further communication is issued on the roll-out of the IRS and Omni-Risk Return”*.

PA and FSCA Joint Report on Artificial Intelligence in the South African Financial Sector

During November 2025 the Financial Sector Conduct Authority and the Prudential Authority jointly published their inaugural report *Artificial Intelligence (AI) in the South African Financial Sector*. The report provides the first comprehensive overview of AI adoption, including machine learning and generative AI, within South Africa's financial institutions.



Chantal Manson
Head of Legal at
Liberty Group

Informed by a survey of banks, insurers, pension funds and investment managers that was conducted in 2024, as well as global developments, the report reveals a steady increase in AI usage. The report highlights key opportunities to improve data analytics, operational efficiency and cybersecurity measures. However, it also identifies significant risks, including consumer risks such as data privacy concerns, bias and discrimination, reputational risks and systemic vulnerabilities. Constraints to broader adoption include regulatory uncertainty, shortages of skilled professionals and difficulties with explainability and governance.

As a next step, the FSCA and PA will create a discussion paper to address main regulatory issues, building on their joint AI research, and align with the national AI strategies while coordinating with other financial sector regulators.

Extension of Transitional Arrangements of the Prudential Regulation of pension funds, collective investment schemes (CIS) and friendly societies

The Minister of Finance has granted a final extension of the transitional arrangements governing how certain sectors are supervised under the Financial Sector Regulation Act:

- Pension Funds and CISs until 31 March 2028
- Medical Schemes until 31 March 2029

This means the FSCA will continue with the prudential supervision and regulation of pension funds and CIS until 31 March 2028, whereafter the Prudential Authority will be responsible. The PA and FSCA issued Joint Communication 5 of 2025, which states this extension is aimed at facilitating an orderly and effective transition to and development of fit-for-purpose regulatory and supervisory frameworks for these sectors. Collaborative work between the PA and FSCA is underway and will be communicated to industry as the transitional arrangement plans evolve.

Withdrawal of the 2003 Determination that exempted employers from the application of section 34A of the Basic Conditions of Employment Act (BCEA)

The Minister of Employment and Labour has withdrawn a variation notice which excluded the application of section 34A of the Basic Conditions of Employment Act (BCEA) to employers and employees in respect of the payment of contributions to any benefit fund (retirement fund) regulated under the Pension Funds Act, with effect from 13 January 2026.

In terms of s34A BCEA an employer that deducts any amount from an employee's remuneration for payment to a benefit fund (retirement fund) must pay the amount to the fund within seven days of the deduction being made. These timeframes may result in a discrepancy with requirements set out in section 13A(3) of the Pension Funds Act, which requires relevant contributions to be transmitted to the fund not later than seven days after the end of the month for which the contribution is payable.

The withdrawal of this Determination means employers who fail to pay over retirement fund contributions within the prescribed time frames are subject to dual enforcement under

- **The Pension Funds Act:** Non-payment is a criminal offence punishable by a fine of up to R10 million, imprisonment for up to 10 years, or both. Directors and senior management can be held personally liable under section 13A(8).
- **The BCEA:** Labour Inspectors can issue compliance orders and impose administrative penalties for contraventions of section 34A.

Tabling of the Prudential Standard: Requirements Related to Regulatory Reporting and Annual Financial Statements (FSCA Communication 24 of 2025)

The Prudential Standard: *Requirements Related to Regulatory Reporting and Annual Financial Statements for Pension Funds* was tabled in Parliament on 21 November 2025. While the Prudential Standard states it *comes into effect on 1 January 2026*, this was not possible. Section 103 of the FSR Act requires a regulatory instrument to be submitted to Parliament for a period of at least 30 days while Parliament is in session. The regulatory instrument can only be made final after the 30-day period has passed. Parliament closed on 8 December 2025 and reopened on 23 January 2026. Once the 30-day Parliamentary period has lapsed, then the FSCA will be required to publish the final Prudential Standard on its website.

Key changes introduced by this Prudential Standard include:

- Consolidating all audit and regulatory reporting requirements into one instrument and replaces BN 14 and BN 77.
- This Prudential Standard applies to all retirement fund registered in terms of the PFA, regardless of the total asset value. The current exemption for funds with a total asset below R50 million not requiring the AFS to be audited will be removed.
- Changes have been made to align with the amendments to Regulation 28.
- A statement that the board has put in place appropriate controls to ensure compliance with Joint Standard 2 of 2024 – Cybersecurity and cyber resilience requirements.
- The investment schedule must include Environmental, Social and Governance (ESG).
- The detailed Schedules, Annexures and Notes are not included in the Prudential Standard and will be issued in a separate determination by the FSCA.

Ombud Council – Submission to Parliament of the draft Rules for the Pension Funds Adjudicator, 2026

The Ombud Council has submitted the draft Rules for the Pension Funds Adjudicator, 2026 (Rules) to Parliament for a period of 30 days while Parliament is in session. The 30-day period commenced on 8 December 2025 and the duration of the period will depend on Parliament's timetable over January.

Some provisions will come into operation on the date of publication while the effective date of some provisions will be confirmed (and indicated on the final published version of the Rules) after further consultation with the Pension Funds Adjudicator. The following Rules will come into operation after further consultation with the Adjudicator:

- Sub-rules 6(1), (2), (3), (6) and (7) *Communication with and rights and duties of parties to the complaint*
- Sub-rules 7(3), (4) and (5) *Settlement and conciliation*
- Rule 10 *Costs and interest*
- Sub-rule 14(6) *Liaison with Authority, Ombud Council and other entities - contravention of a provision of section 13A of the Act*
- All other Rules come into operation on the date of publication on the website of the Ombud Council

OPFA Communication 2 of 2025: Death Benefits – Clarification on Jurisdiction

A communication has been published by the Office of the Pension Funds Adjudicator providing clarity on jurisdiction in respect of death benefit disputes.

- When a death benefit allocation is remitted to the fund by the Adjudicator, it is expected that, barring any section 30P or reconsideration application, the fund must take earnest steps to implement the order. The fund must act promptly, supplement its investigation where necessary, and issue a new decision.
- The fund's new decision may justifiably mirror the original decision, save that the fund would have arrived at the new decision having had the benefit of considering new factors including those brought to light in the Adjudicator's determination.

- Any person aggrieved by the fund's new decision has the right to lodge a new complaint with the Adjudicator. In this regard, the Adjudicator's jurisdiction is neither ousted by the doctrine of *functus officio* nor the principles relating to *res judicata*. The new complaint will be based on the new decision and the Adjudicator's investigation and determination of the complaint will relate to the fund's new decision (see *Momentum Retirement Annuity Fund v LH Botha and Others – PFA47/2021*).

National Treasury publishes updated Draft General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill, 2025

The draft Bill is an updated version of the draft General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill, 2024 that was published for public comment on 13 December 2024. The draft Bill seeks to strengthen the country's AML/CFT system by addressing the remaining deficiencies identified in the 2021 FATF Mutual Evaluation Report for South Africa, and also during the remedial process that culminated in South Africa exiting the FATF greylist in October 2025.

According to NT's [media statement](#), the 2025 Draft Bill expands on the previous version to incorporate amendments related to non-governmental organisations and the conducting of lifestyle audits to continue strengthening the country's anti-money laundering and combating the financing of terrorism (AML/CFT) regime. It proposes amendments to four pieces of legislation that fall under the administrative responsibilities of different Ministers, namely:

- the Financial Intelligence Centre Act, 2001
- the Financial Sector Regulation Act, 2017
- the Companies Act, 2008
- the Nonprofit Organisations Act, 1997

The amendments to the FSR Act are to close gaps in the protection of financial sector customers, and licensing and regulations for market conduct and anti-money laundering, and to strengthen licensing and enforcement powers.

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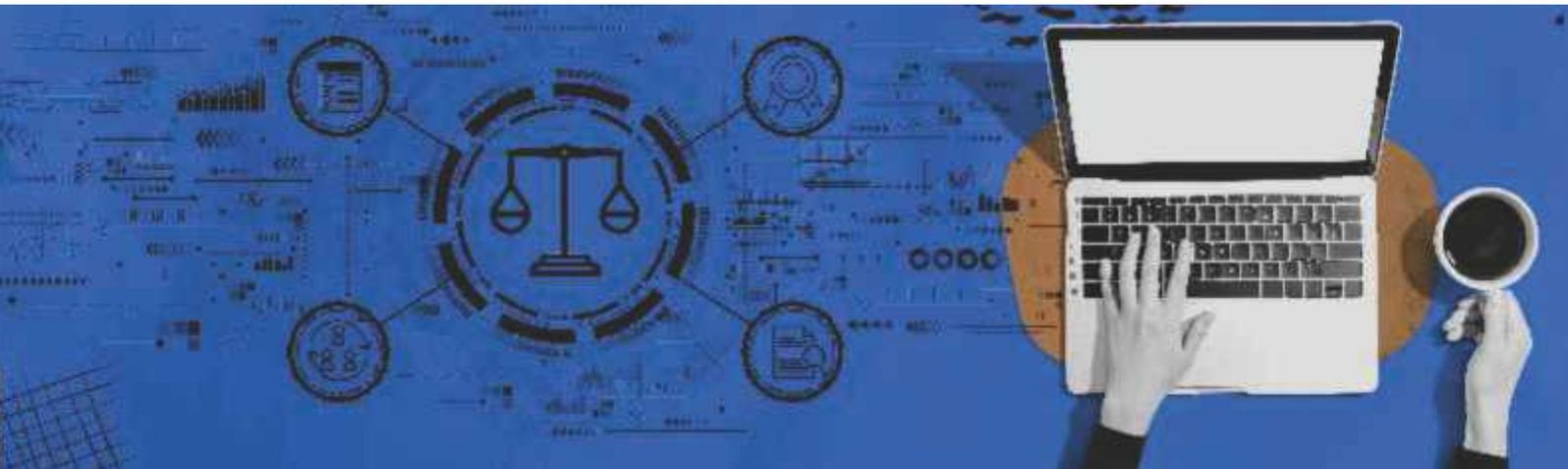
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- Section 13B administrators relative to FSCA Conduct Standard 2 of 2025.
- Conduct of Financial Institutions (COFI) Bill Gap Analysis



Contact:
Leon Greyling
greylingl@icts.co.za

www.icts.co.za

INDUSTRY

UPDATE



COFI: Moving beyond tick-box compliance to true conduct regulation

The Conduct of Financial Institutions (COFI) Bill marks a decisive shift in how financial services will be regulated in South Africa. Yet COFI should not be misunderstood as simply *another* compliance regime layered onto an already complex regulatory environment.

At its core, COFI is not about more rules — it is about better conduct.

For financial planning professionals in particular, COFI represents a move away from narrow, procedural compliance towards a holistic, outcomes-based framework that places ethical behaviour, governance, and client interests at the centre of financial services delivery.

From compliance checklists to conduct outcomes

Historically, much of financial services regulation has been interpreted and applied through a tick-box lens: policies drafted, disclosures signed, files completed. While necessary, this approach often failed to answer the most important question — *are clients genuinely being treated fairly?*

COFI deliberately shifts the focus. It requires financial institutions and advice practices to demonstrate how their culture, governance, remuneration structures, advice processes, and post-sale engagement result in fair client outcomes.

Compliance is no longer about form alone, but about substance.

This is consistent with the Treating Customers Fairly (TCF) framework, which has shaped financial planning standards in South Africa for over four decades. Where TCF outcomes were previously aspirational or principles-based guidance, COFI codifies these expectations into law.

What changes — and what does not

For ethical, client-centric financial planners, COFI does not fundamentally change what they do. It changes the level of accountability attached to it.

Financial planning professionals have long been required to act honestly, fairly, and with due skill, care, and diligence under the FAIS General Code of Conduct. COFI builds on this foundation by extending conduct expectations beyond individual advice interactions to the full product and service lifecycle — from design and target-market identification to distribution, servicing, complaints handling, and review.

In other words, suitability of advice under COFI is not limited to matching products to client needs at a point in time. It is about ensuring *fair treatment* across the entire client journey.

Conduct begins with culture and governance

A defining feature of COFI is its emphasis on institutional culture and governance. Boards and key persons will be required to take demonstrable responsibility for embedding fairness, integrity, market trust, and transformation within their organisations.



Lelané Bezuidenhout CFP®
CEO
Financial Planning Institute of
Southern Africa (FPI)

This is a clear departure from tick-box compliance. Culture cannot be documented into existence; it must be lived, measured, and evidenced through behaviour, decision-making, and outcomes.

Governance structures, conflict-of-interest management, remuneration policies, and oversight mechanisms must all support ethical, client-centric conduct. Under COFI, remuneration structures that undermine objectivity or fair outcomes will face increased scrutiny, reinforcing the long-standing professional principle of placing the client's interests first.

Accountability as a cornerstone of conduct

One of the most significant conduct shifts under COFI is the explicit focus on accountability. Accountability requires more than compliance with rules; it requires ownership of outcomes.

FPI included Accountability as Principle 9 in our Code of Ethics and Practice Standards in 2024 already: *Accountability requires transparency, taking ownership and responsibility of one's actions and the willingness to explain those actions when asked to do so. It also requires a commitment to addressing the consequences of those actions, including making necessary improvements or corrections when required.*

Professionals and institutions must be willing to explain decisions, address errors, and make corrections where client outcomes fall short. Transparency, clarity of scope, and honest communication become essential components of conduct regulation.

This aligns closely with global financial planning standards and professional codes of ethics, which emphasise competence, integrity, diligence, fairness, objectivity, and accountability as pillars of professional behaviour.

Proportionality and preparation

A common concern is that COFI will increase compliance burdens and costs, particularly for smaller advice practices. Proportionality is therefore critical. COFI's implementation must recognise differences in size, complexity, and risk profile across financial institutions.

Preparation should begin now. Practices should map their activities against COFI's proposed activity-based licensing framework, review governance and oversight arrangements, strengthen documentation, and deepen their integration of TCF outcomes.

Importantly, compliance and practice management should not be viewed as separate disciplines. Under COFI, they are two sides of the same coin. Well-governed, client-centric practices are more likely to be compliant - and more likely to be sustainable.

An opportunity, not a burden

Ultimately, COFI represents an opportunity to move beyond superficial compliance towards meaningful conduct regulation. Consumers stand to benefit from clearer communication, better-designed products, improved advice quality, and fewer barriers when switching providers or lodging complaints.

For the financial planning profession, COFI affirms long-held professional values. It recognises that ethical conduct, competence, and accountability are not optional extras, but essential to trust, credibility, and the long-term health of the financial system.

COFI should therefore be embraced not as another tick-box law, but as a framework that aligns regulation with professional purpose — placing fair client outcomes, ethical culture, and responsible governance at the centre of financial services.

Navigating the new frontier: The COFI Bill and the future of South African retirement funds



Wayne Hiller van Rensburg
Executive Officer
The Institute of Retirement
Funds Africa (IRFA)

The South African financial sector is on the cusp of a profound transformation, with the Conduct of Financial Institutions (COFI) Bill poised to redefine the regulatory landscape for all financial institutions, including retirement funds. The Institute of Retirement Funds Africa (IRFA) is supportive of this. This article provides an overview of the COFI Bill and its implications for the retirement fund industry, in anticipation of the final legislation.

The COFI Bill is a cornerstone of South Africa's "Twin Peaks" model of financial sector regulation, which separates prudential and market conduct oversight.

COFI will establish a single, comprehensive legal framework for market conduct, replacing a patchwork of existing laws. This new regime is principles based, activity-based, risk based, and outcomes focused, representing a significant shift from the current rules-based approach. At its core, COFI seeks to entrench the principles of Treating Customers Fairly (TCF), ensuring that the interests of financial customers, including retirement fund members come first.

For the retirement fund industry, COFI introduces several fundamental changes. Perhaps the most significant is the transition from a registration model to a licensing model. Under COFI, retirement funds will require a conduct licence to operate. The Pension Funds Act will be renamed the Retirement Funds Act (RFA) to reflect this new paradigm. Furthermore, public sector funds (GEPF potentially excluded) will be brought under the regulatory ambit of the FSCA, ensuring a consistent standard of oversight across the entire retirement sector.

COFI also aims to bolster governance and accountability within the industry. The Bill empowers the FSCA to set higher standards for the "fit and proper" requirements of board members and to establish conduct standards for governance, remuneration, and transformation. A significant and welcomed development is the classification of employers as "supervised entities." This will empower the FSCA to address the long-standing issue of contribution non-payment more effectively, providing greater protection for members' benefits.

The transition to the COFI framework will be a phased process. The FSCA has established a COFI Transition Working Group, in which industry bodies like the IRFA are actively participating, to ensure a smooth and collaborative implementation. This engagement allows for practical insights from subject matter experts to be incorporated into the new regulatory frameworks before they are finalised. The FSCA is also taking a pragmatic approach by using its existing powers under the Financial Sector Regulation Act (FSR Act) to advance key initiatives in preparation for COFI's full implementation, releasing new standards in manageable "chunks".

As an industry, we have learned valuable lessons from past regulatory reforms, such as the implementation of the "Two-Pot" retirement system. The key takeaway is the importance of proactive and collaborative engagement with regulators to simplify processes and ensure effective, member-centric outcomes. The IRFA is encouraged by the FSCA's inclusive approach and is committed to working with all stakeholders to navigate the transition to COFI successfully.

While the final details of the COFI Bill are still being refined, the direction of travel is clear. The retirement fund industry must embrace this new era of conduct regulation and proactively align its business models, governance structures, and compliance strategies with COFI's principles. This is not merely a compliance exercise; it is an opportunity to build greater trust with members, enhance the resilience of our retirement system, and ultimately, deliver better outcomes for all South Africans.

The IRFA will continue to play a pivotal role in this process, providing our members with the necessary information, guidance, and support as we move towards the implementation of the COFI. We are confident that by working together, we can build a stronger, more transparent, and more customer-focused retirement industry for the future.

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The Conduct of Financial Institutions Bill (COFI): A Comprehensive Guide

The story behind COFI

The Conduct of Financial Institutions Bill, often shortened to COFI, is an important piece of legislation that will change the regulatory landscape of South Africa's financial sector. This bill emerges from a long standing recognition that the existing framework for regulating financial conduct has become fragmented, outdated and insufficient to address the complexities of a modern economy. To fully appreciate COFI, we need to delve into the historical context that shaped its creation, the motivations driving its drafters and the key principles that infuse its provisions with purpose.

The roots of COFI can be traced back to the aftermath of the 2008 global financial crisis, which exposed vulnerabilities in financial systems around the world, including South Africa. In the local context, incidents like the 2014 collapse of African Bank, triggered by reckless lending practices that burdened vulnerable consumers with unsustainable debt, underscored the urgent need for stronger protections against misconduct. Similarly, the 2017 Steinhoff scandal, involving accounting irregularities that led to massive losses for investors, highlighted gaps in governance and transparency. These events, combined with ongoing issues like hidden fees and unfair penalties in financial products, revealed how disparate laws - scattered across acts like the Financial Advisory and Intermediary Services Act of 2002, the Pension Funds Act of 1956, and various insurance laws - created silos that allowed financial institutions to exploit loopholes, shifting activities to less regulated areas and undermining the financial consumer's trust.

The drafting process for COFI started around 2014, as part of the broader Twin Peaks regulatory model. Under Twin Peaks, regulation is divided into two pillars:

Prudential oversight by the Prudential Authority within the South African Reserve Bank, focusing on financial soundness

Market conduct regulation by the Financial Sector Conduct Authority, or FSCA, emphasising fair treatment and integrity.

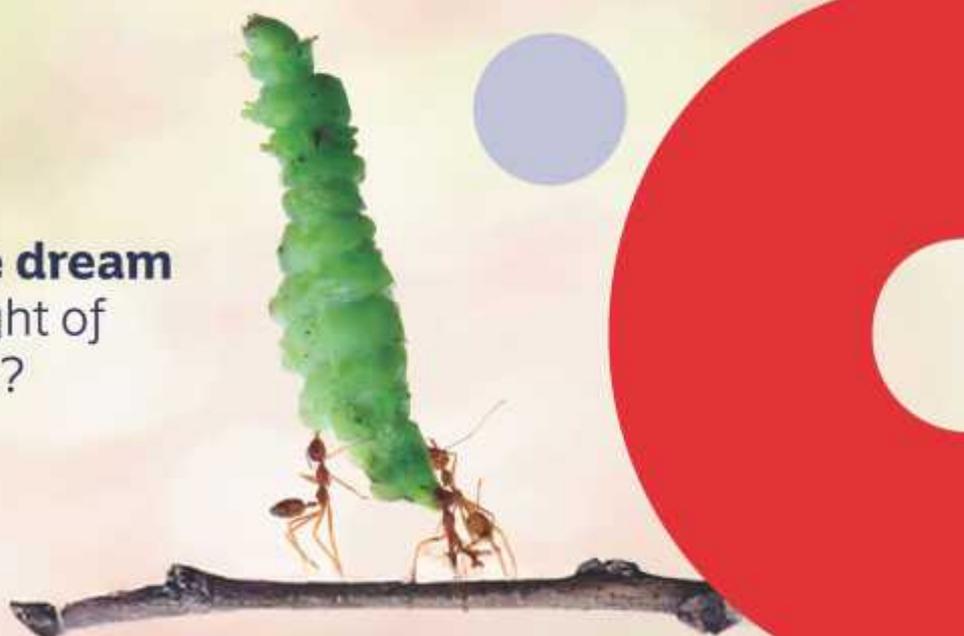
COFI represents the next evolution in this model, aiming to consolidate and harmonise conduct rules into a single, cohesive framework.

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At its heart, the spirit behind COFI is one of equity, resilience and inclusivity. It shifts the financial sector from a rigid, rule-based system - where compliance often meant merely ticking boxes without ensuring meaningful outcomes - to a principles-based approach that prioritises real world results for financial consumers.

As a principles-based approach, COFI emphasises outcomes like fair treatment, rather than prescribing exact forms, procedures or checklists. For example, a bank must not only disclose loan terms but also ensure they are suitable for the borrower's circumstances. Financial sector regulation focusing on conduct is not unique to South Africa. COFI draws inspiration from international benchmarks, like the United Kingdom's (and South Africa's) Treating Customers Fairly (TCF) initiative, and Australia's post-Royal Commission reforms that focused on accountability for misconduct.

COFI is designed to build a financial system that is not only transformed and stable but also trustworthy and accessible, ultimately contributing to national development goals like reducing poverty and inequality. The spirit of COFI is transformative, replacing the patchwork of old laws that allowed inconsistencies, with a unified regime that places customers at the centre.

Objectives of the COFI Bill

COFI's objectives align with the broader goals of the Financial Sector Regulation Act of 2017 and are set out in Section 3. These are:



These interconnected pillars form the foundation on which the legislation is built and guide its interpretation, implementation and enforcement.

Spotlight on objective: Protecting customers by treating them fairly

Most importantly, COFI aims to protect financial customers by ensuring they are treated fairly throughout their interactions with financial institutions. This means safeguarding against practices that could lead to harm, such as misleading advertising or unsuitable product recommendations. For example, consider a low income worker purchasing life insurance; under COFI, the insurer must provide clear, comprehensible information about coverage exclusions and premiums, preventing surprises during claims that could devastate families financially.

A quick reminder of the six Treating Customers Fairly (TCF) Outcomes

TCF ensures that financial institutions deliver specific fairness outcomes for customers throughout the product life cycle - from design and marketing, through advice and sales, to servicing, claims and complaints

Outcome 1: Culture and governance

Customers can be confident that they are dealing with financial institutions where the fair treatment of customers is central to the corporate culture.

Outcome 2: Product design and suitability

Products and services marketed and sold are designed to meet the needs of identified customer groups and are targeted accordingly.

Outcome 3: Clear information

Customers are provided with clear information and are kept appropriately informed before, during, and after the time of contracting.

Outcome 4: Suitable advice

Where customers receive advice, the advice is suitable and takes account of their circumstances.

Outcome 5: Product performance and service

Customers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.

Outcome 6: Post-sale barriers

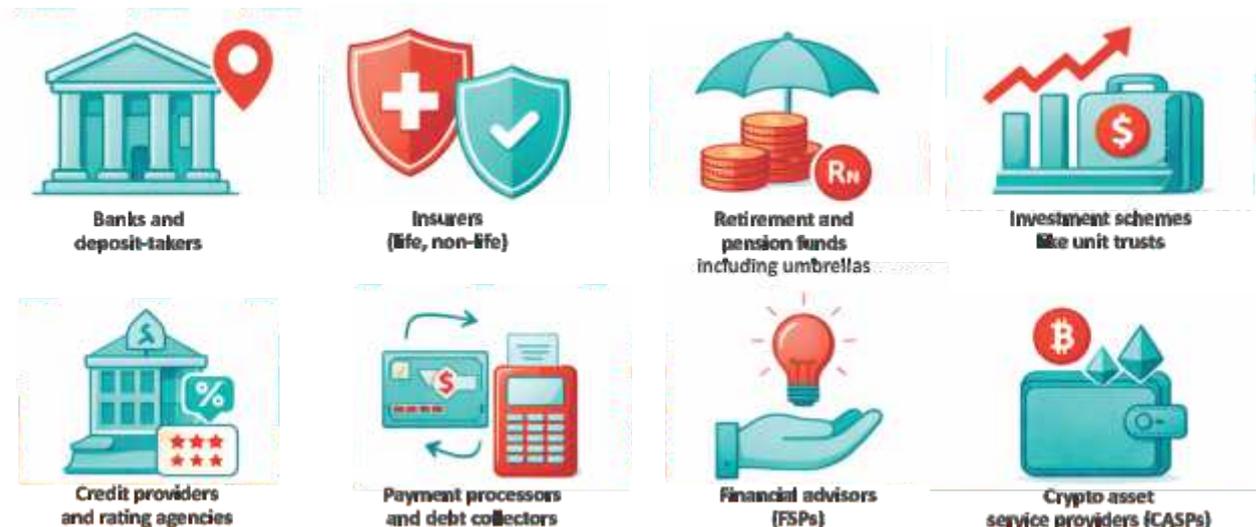
Customers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim, or make a complaint.

Financial Institutions covered under COFI

The scope of COFI is deliberately broad: both in terms of the entities and the activities it encompasses - to ensure comprehensive oversight of conduct in the financial sector.

Under COFI, a financial institution is defined in alignment with the Financial Sector Regulation Act of 2017 (FSRA), as any person or entity providing financial products or services, as per the FSRA. Exclusions include the central bank and certain non-public activities.

Types of institutions covered



Financial institutions covered include traditional players like banks that accept deposits and provide loans, insurers offering life or non-life policies, and retirement funds managing pension savings. The bill then extends to modern entities such as crypto asset service providers handling digital wallets, payment service providers facilitating mobile transfers, and fintech companies offering app-based lending. Credit rating agencies that assess borrower risk, debt collectors recovering loans, and collective investment schemes like unit trusts are also included. Even holding companies of financial conglomerates can be designated if they oversee licensed activities.

Medical schemes providing health benefits fall under COFI's ambit, as do co-operative banks and friendly societies. Public sector retirement funds, previously somewhat exempt, are now fully covered, ensuring uniformity. Umbrella funds, which pool contributions from multiple employers, are explicitly recognised with requirements for segregated sub-funds to protect individual employer groups.

This activity-based approach marks a departure from the old entity-focused regulations, where rules varied by institution type, allowing some to evade scrutiny. Instead, COFI focuses on what an entity does - whether lending, advising or administering - ensuring consistent standards across the board.

Activities covered by COFI

Schedule 1 of COFI lists categories and sub-categories that require licensing. These include the provision of financial products such as participatory interests in collective investment schemes, alternative investment funds, insurance policies, deposits under the Banks Act, lending (both retail and non-retail), retirement fund benefits, health service benefits from medical schemes, and other credit support arrangements like warranties or guarantees.

Financial services encompass:



Distribution (selling or marketing products)



Financial advice (recommending investments or insurance)



Discretionary investment management (managing client portfolios)



Administration (handling claims, valuations, or investor registers)



Fiduciary or custodian services (safeguarding assets)



Payment services, ebt collection, financial market activities (like underwriting or benchmark administration)



Credit rating services



Third-party treasury management



Corporate advisory services on mergers or financing

For instance, a company administering retirement fund payouts must license for administration activities, ensuring accurate records and fair processes.

The activities are grouped into products and services. Products cover tangible offerings like loans or policies, while services include advisory or operational roles. Sub-activities are detailed to prevent overlaps. Exclusions apply to unlicensed persons or foreign equivalents recognised by the FSCA.

Benefits

The benefits of this coverage are many: it levels the playing field, reducing regulatory arbitrage where a bank might reclassify lending as advice to avoid rules.

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Challenges

Challenges include the administrative burden on small entities, addressed through proportionality - lighter requirements for low risk activities.

Compared to old laws like the FAIS Act, which covered only advice, COFI's net is wider, capturing administration and markets for better protection. Ultimately, this ensures all players, from big banks to small advisors, adhere to the governance standards under Chapter 4, promoting ethical cultures and transformation.

The structure of COFI

Chapter 1: Interpretation, objects and application

Defines key terms, outlines the Act's objectives such as customer protection and financial stability, and specifies its scope including proportional application to various entities.

Chapter 2: Licensing

This chapter sets requirements for licensing financial institutions based on activities in Schedule 2, including transitional arrangements and rules for representatives.

Chapter 3: Culture and governance

This chapter mandates principles for corporate culture, governance policies, transformation plans, conflict management, remuneration, and fitness of key persons.

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Chapter 4: Financial products

This chapter regulates the design, suitability, and performance of financial products, particularly for retail customers, with provisions for oversight and conduct standards.

Chapter 5: Financial services

This chapter governs the provision of financial services, emphasising suitability, performance oversight, and principles for fair treatment of customers.

Chapter 6: Promotion, marketing and disclosure

This chapter addresses rules for advertising, marketing materials, and disclosure to ensure transparency and prevent misleading promotions.

Chapter 7: Distribution, advice and discretionary investment management

This chapter covers selection of distribution channels, advice models, and responsibilities for providing advice or managing investments on a discretionary basis.

Chapter 8: Post-sale barriers and obligations

This chapter limits unreasonable post-sale barriers, outlines ongoing obligations and sets service level requirements after transactions.

Chapter 9: Safeguarding assets and operational requirements

This chapter requires segregation and protection of customer assets, operating capital, operational resilience, and approval for structural changes.

Chapter 10: Reporting

This chapter mandates supervisory reporting, public disclosures, accounting records, audits, and retention of records for transparency and accountability.

Chapter 11: Remedial actions for financial customers

This chapter provides mechanisms for redress, remedies and court orders to address customer complaints and harms.

Chapter 12: General provisions

This chapter covers interactions with other laws, imposition of requirements, equivalence for foreign jurisdictions, applications, notifications, and offences.

Chapter 13: Final provisions

This chapter includes review clauses, savings, amendments to other laws, and commencement details, supplemented by schedules on licensing activities and transitions.

Hitting the compliance highlights**Licensing**

In retirement funds, your administrators, fund investment managers, advisors and insurers will need to be licensed under COFI, as well as the retirement fund itself. The FSCA has indicated that resources have been made available to avoid a bottle neck in this process once COFI is rolled out.

Institutions will apply to the FSCA with forms, fees and evidence of fit and proper key persons, adequate resources and operational capabilities. The FSCA can consult other regulators and can impose conditions or exemptions. Transitional provisions allow existing licenses to continue for up to three years while converting.



What does COFI mean for retirement fund trustees?

Governance

Chapter 4 addresses governance, requiring principles like fair customer treatment, market efficiency and transformation. Governing bodies must endorse ethical cultures, with arrangements for accountability, risk management and compliance functions. Remuneration policies cannot incentivise misconduct, such as bonuses for aggressive sales; and conflicts of interest must be disclosed and managed. Transformation plans align with B-BBEE, setting targets for diverse ownership. Fit and proper checks for key persons ensure honesty and competence, with the FSCA able to issue directives for breaches.

Under the current Pension Funds Act of 1956 (which will be renamed the Retirement Funds Act under COFI), trustees operate within a framework that emphasises fiduciary duties, governance and member protection. Under COFI, their responsibilities will expand significantly, with stricter licensing, conduct standards and transformation requirements.

Retirement funds will need to obtain a conduct license from the FSCA, demonstrating their ability to deliver fair outcomes for members. Existing funds will have up to four years to transition, with public sector funds aligning within three years. This means trustees must prepare applications, including details on governance, resources and compliance capabilities.

Under COFI, trustees will embed the TCF principles into all operations. This involves designing products and services that are suitable, transparent and free from abusive practices. For retirement funds, this translates to clearer fee disclosures, better complaint resolution and no unreasonable barriers to benefits.

Governance requirements will intensify. Boards must document frameworks covering accountability, skills development, risk management, conflicts, remuneration policies and transformation plans.

Fit and proper standards will be more rigorous. All key persons, including trustees, must maintain honesty, integrity, competence and good standing. Professional or independent trustees may require individual licensing, while member elected trustees are exempt but still accountable. The FSCA can intervene, suspending or removing unfit individuals, and mandate training or outsourcing.

Compliance reporting will become more stringent. Trustees must notify the FSCA of material failures immediately and submit annual disclosures. The FSCA's expanded powers include proactive inspections, directives and enforcement against non-compliant employers or administrators. For instance, late contributions could trigger direct FSCA action, relieving trustees of some enforcement burdens but requiring closer monitoring.

In terms of ethical decision making, trustees will navigate complex scenarios, such as balancing short term member demands with long term fund health.

What about management committees (mancos) of umbrella funds?

For the first time in our retirement fund legislative landscape, COFI formally defines "umbrella fund" in the renamed Retirement Funds Act, formalising the manco's role and imposing legal obligations, making manco training essential.

Under COFI, manco oversight will be amplified with stricter governance requirements. They will need to embed TCF principles, ensuring transparent, suitable and ethical services. This means actively monitoring for fair fee structures, clear disclosures and no abusive practices. Mancos will need to review product designs within their sub-fund, advocating for member-centric innovations. What's more, fit and proper standards may extend to manco members, requiring competence and integrity checks.

And Financial Services Providers (FSPs)?

Currently governed primarily by the Financial Advisory and Intermediary Services Act (FAIS) of 2002, FSPs must adhere to strict standards of professionalism, transparency and client protection. However, under COFI, the regulatory landscape for FSPs shifts. COFI replaces FAIS entirely, transitioning FSPs to an activity-based licensing regime under the FSCA, with enhanced emphasis on outcomes-based regulation, fair customer treatment and transformation.

FSPs must re-license under COFI, with authorisations for specific activities. Existing FAIS licences will continue during a multi-year transition (likely 3-4 years post promulgation), but all FSPs must map current services to Schedule 1 activities and apply for conversion.

The shift to outcomes-focused regulation means embedding TCF principles legally. FSPs must demonstrate fair customer outcomes in product suitability, disclosures and post-sale support, including no unreasonable barriers to switching or cancelling.

Governance will strengthen. FSPs must have documented arrangements for ethical culture, risk management, conflicts, remuneration (no incentives for misconduct) and transformation plans, where relevant.

Fit and proper standards extend to key persons and representatives, with ongoing monitoring. The FSCA can set detailed conduct standards on advice processes, complaints and redress.

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Complaints and redress will focus on root causes and timely resolution. Transformation obligations require plans for diverse ownership and skills development, especially for FSPs over certain thresholds.

To prepare for COFI, FSPs should map activities to COFI categories now, review governance against anticipated standards and invest in training on outcomes-based thinking.

And finally, COFI and Section 13B Administrators

Section 13B administrators, also known as pension fund benefit administrators, are specialised entities approved to handle critical operational functions for retirement funds. These administrators manage the receipt of contributions from employers and members, process and dispose of benefits (withdrawals, retirements, deaths and disabilities), maintain accurate member records, calculate valuations and ensure timely payments. Operating under Section 13B of the Pension Funds Act, they provide essential back-office support that allows trustees to focus on governance while ensuring smooth day-to-day operations for funds managing trillions of rands in assets.



Administrators must comply with the recently implemented Conduct Standard 2 of 2025 (RF), issued by the FSCA in August 2025, which significantly raised governance, conduct and fairness standards. Section 13B will be repealed by COFI, transitioning administrators to a full activity-based licensing regime under COFI for "administration" services.

Administrators will be expected to embed TCF principles legally, demonstrating fair treatment in processes, disclosures and complaints. No unreasonable barriers to benefits or switching

funds. Governance will intensify as requirements for documented frameworks on culture, remuneration, transformation plans (B-BBEE alignment), reporting and conflicts are required.

It's important to bear in mind that licensing is proportionate but rigorous covering resources, fixed address, operational capacity and fit and proper key persons. A transitional period, expected to be 3-4 years, will allow existing approvals to continue while converting.

So where is COFI right now?

As at January 2026, no confirmed date exists for the tabling of the COFI Bill in Parliament.

National Treasury has completed certification with the Chief State Law Adviser and plans Cabinet submission soon, targeting tabling in early 2026. Be that as it may, it serves all retirement fund stakeholders to understand, and begin aligning with, its principles.

Trustee Tutor 25:

The Conduct of Financial Institutions Bill (COFI): A Comprehensive Guide

How to?

The assessment for this issue of Trustee Tutor follows for information and/or training purposes. If you would like to earn verified CPD hours for reading this issue, please go to www.pensionsworldsa.co.za/cpd-portal/ and complete the assessment electronically to receive your certificate immediately on meeting the competency requirements.

1. **Which development best explains why South Africa is moving from sector-based laws (like the Long-term Insurance Act and FAIS) towards the Conduct of Financial Institutions (COFI) Bill?**
 - a) To replace prudential regulation with conduct regulation
 - b) To remove all existing Treating Customers Fairly (TCF) requirements
 - c) To create a single law focused on market conduct and customer outcomes across all financial sectors
 - d) To reduce the number of regulators to only one mega-regulator

2. **Which statement best describes how Treating Customers Fairly (TCF) principles are incorporated into the COFI Bill?**
 - a) TCF is limited to complaints handling and does not affect product design or sales
 - b) TCF is replaced by purely rules-based, tick-box compliance requirements
 - c) TCF becomes an optional code of good practice with no legal force under COFI
 - d) TCF outcomes are converted into binding conduct standards that apply across product life cycles

3. **Under the COFI Bill, which entities are generally expected to fall within the definition of a “financial Institution” for conduct regulation purposes?**
 - a) Any entity licensed under financial sector laws that provides financial products, financial services or market infrastructures
 - b) Only advice-giving financial services providers (FSPs) with natural person representatives
 - c) Only banks and traditional insurers
 - d) Only retirement funds and their administrators

4. **Which of the following best illustrates how COFI will affect retirement funds specifically?**
 - a) Retirement funds will be allowed to delegate all conduct obligations to their administrators and FSPs
 - b) Retirement funds will be exempt from FSCA conduct supervision once COFI is in force
 - c) Retirement funds will only be subject to prudential solvency requirements, with conduct matters removed
 - d) Retirement funds will need to demonstrate that their governance, communication and benefit practices deliver fair member outcomes across the savings journey

5. **From a financial services provider (FSP) perspective, which conduct expectation is most aligned with COFI and TCF?**
 - a) Focusing only on initial sales conduct, as post-sale activities fall outside COFI's scope
 - b) Using complex product disclosures primarily to limit the FSP's legal liability
 - c) Designing incentive schemes that reward maximum volume of sales regardless of product suitability
 - d) Ensuring advice processes and remuneration structures support suitable, affordable and clearly explained products for the identified target market

Trustee Tutor 25:

The Conduct of Financial Institutions Bill (COFI): A Comprehensive Guide

6. Which structural feature of the COFI Bill best reflects its outcomes-based and principles-driven design?

- a) Conduct obligations are framed largely as high-level standards supported by more detailed conduct standards and licensing conditions
- b) The Bill contains highly prescriptive, product-specific rules for each type of financial product
- c) COFI removes the need for any subordinate standards or regulatory guidance
- d) The Bill focuses exclusively on enforcement provisions and sanctions

7. How is the relationship between COFI and existing sector laws (such as the Pension Funds Act and FAIS Act) generally envisaged once COFI is fully implemented?

- a) Sector laws will become mere guidance documents with no legal status
- b) COFI will only apply where sector laws are silent, leaving most existing conduct provisions untouched
- c) COFI will progressively take over conduct elements, while prudential or structural aspects may remain in sector laws
- d) COFI will immediately repeal all sector laws without transitional arrangements

8. For administrators of retirement funds and other products, what is a key conduct implication of COFI?

- a) Administrators will mainly be judged on operational efficiency, with no responsibility for customer outcomes
- b) Administrators may ignore complaints data because responsibility for complaints lies solely with the product supplier
- c) Administrators will only need to comply with COFI if they provide investment advice
- d) Administrators must ensure that their systems, data and processes support the product supplier or fund in delivering fair outcomes to members and customers

9. Which example best demonstrates alignment with COFI's culture and governance expectations for a financial institution?

- a) The board focuses solely on meeting minimum legal requirements and delegates all conduct issues to compliance
- b) Remuneration and promotion decisions are based exclusively on financial targets such as profit and new business volume
- c) Senior leadership regularly reviews customer outcome metrics, integrates them into strategy, and holds management accountable for addressing conduct risks
- d) Conduct risk is treated as a side issue that is discussed only when the regulator is due to visit

10. In the context of COFI, which statement best explains the intended impact on customers and members of financial institutions over time?

- a) The main impact will be on regulators, with customers unlikely to notice any differences
- b) Customers and members should, over time, experience clearer products, more appropriate advice, better value and more effective recourse when things go wrong
- c) Customers will have to take full responsibility for product suitability, as COFI removes suitability obligations from institutions
- d) Customers will mainly experience more paperwork and disclosures, with little change in real outcomes

Sanlam Investments formalises strategic relationship with Ninety One as it gears up for growth

Sanlam Investments has announced that its transaction with Ninety One is now effective, thereby formalising a long-term strategic relationship between two of South Africa's leading asset managers.

The agreement strengthens Sanlam's underlying investment engine that powers solutions available to retail and institutional investors across South Africa and offshore.

"The transaction was a deliberate step to strengthen our market position by playing to our strengths," explained Carl Roothman, CEO of Sanlam Investments.

"When we announced our intent in 2024, we were already occupying top-tier positions in multi-management, private wealth, indexation and alternative investments. However, we were looking to substantially strengthen our active single-manager capability. A strategic relationship with Ninety One was a logical choice."

The transaction included the transfer of nearly R400 billion in assets to Ninety One. According to Roothman, the business is taking a long-term view.

"After the transaction, Sanlam Investments remains one of the largest asset managers in South Africa and on the continent with more than R1 trillion in assets under management – and we are now operating from a position of renewed strength." Ninety One CEO Hendrik du Toit concurred that the strategic relationship enables Sanlam Investments to focus its resources on the areas where it is building distinctive leadership, including multi-managed solutions, private wealth, indexation and alternatives. "This is a considered, future-focused relationship and a meaningful investment in South Africa's savings and investment landscape," he said.

JSE expands investment offerings with Oribi Global Growth Prescient AMETF Listing

In November 2025, the Johannesburg Stock Exchange (JSE) announced the listing of the Oribi Global Growth Prescient Actively Managed Exchange Traded Fund (AMETF) (ORBIGG). The fund was listed on the Main Board of the JSE, Actively Managed ETF sub-sector.

The Oribi Global Growth Prescient AMETF (alpha code ORBIGG) is designed for investors seeking long-term global growth opportunities. The AMETF is managed by Prescient Management Company (RF) (Pty) Ltd (Prescient), handling regulatory compliance, administration and fund oversight. The investment manager is Oribi Capital Partners (Oribi), responsible for the fund's strategy, security selection and portfolio management.

This white label fund arrangement enables Oribi, with its specialised expertise to deliver strong and disciplined global growth opportunities to South African investors under its own brand while leveraging Prescient's regulated infrastructure for fund administration, compliance and custody.

Oribi Global Growth Prescient AMETF is suitable for investors with a long-term horizon seeking global diversification, are comfortable with listed equity volatility, and desire inflation-beating returns in hard currencies.

AIIM expands African's largest cold-storage platform with acquisition of Port Elizabeth Cold Storage

African Infrastructure Investment Managers (PTY) Ltd. (AIIM), one of Africa's leading infrastructure investment managers and a subsidiary of Old Mutual Alternative Investments, has announced the acquisition of a 70% stake in Port Elizabeth Cold Storage (PECS) through its temperature-controlled logistics platform, Commercial Cold Holdings (CCH). The investment is funded by AIIM's African Infrastructure Investment Fund 4 (AIIF4) and the IDEAS Managed Fund.

The acquisition of PECS adds approximately 15,000 pallet positions to the CCH platform, expanding its national footprint by 10% and strengthening its position as the largest cold storage platform on the continent. PECS is strategically located in the Eastern Cape, South Africa's second-largest citrus-producing region.

As part of AIIM's broader sustainability and energy-efficiency strategy, CCH will look to improve renewable-energy generation and enhance battery-storage solutions at PECS to improve cost efficiency and reduce carbon intensity. The acquisition will also result in approximately 70 permanent jobs being added or transferred to the platform, furthering AIIM's inclusive employment and transformation agenda.

Sanlam ramps up drive to integrate health into financial planning

In the healthcare sector, South Africans have to contend with the significant challenges of affordability and access to quality health services. Beyond the medical scheme membership of some 9.6-million people, insurers and other players offer a variety of gap cover and medical insurance products.

However, there is considerable fragmentation across the different health offerings. In this context, Sanlam's healthcare strategy is focused on making better sense of this situation for both individual and corporate clients.

Sanlam is therefore enabling its financial advisors and distribution force to present their customers with a full range of options tailored to their needs and circumstances as these change over the course of their lives.

There have been several developments that represent the core work required to operationalise Sanlam's healthcare strategy. Among the foundational elements was Sanlam's earlier acquisition of a majority holding in AfroCentric which in turn owns Medscheme, South Africa's leading administrator of both open and closed schemes.

Sanlam now seeks to leverage the considerable Medscheme capabilities to embed healthcare into its wider ecosystem and client base.

Sanlam's "wealth and health" strategy will engage customers' needs throughout their lives. The Sanlam approach is rooted in a deep commitment not only to help customers live with confidence through savings and investment products, but also to ensure they are sufficiently healthy to enjoy the rewards of their efforts.

Cartesian Capital expands investor toolkits with JSE listings

Investment management is evolving and so are the tools. In January 2026, Cartesian Capital, a boutique South African asset management firm, announced the listing of an Actively Managed Exchange Traded Fund (AMETF) and an Actively Managed Certificate (AMC) on the Johannesburg Stock Exchange (JSE), offering wealth managers, financial planners and retail investors access to flexible, outcome-driven building blocks designed for today's evolving portfolio needs.

An auspicious day for the asset management industry as Cartesian is 100% black female owned and managed. Cartesian also manages a range of products across the risk return spectrum, from a Money Market Unit Trust to a Fixed Income Hedge Fund.

The AMC listing is supported by the technical expertise of ABSA, while the AMETF is sponsored by EasyEquities.

"The listings respond directly to a growing demand from advisers, DFMs and direct investors for transparent and easily accessible actively managed investment solutions that can be efficiently incorporated into discretionary and advised portfolios," says Anthea Gardner, CEO of Cartesian Capital.

JSE announces listing of two new Allan Gray Actively Managed ETFs

In December 2025, the Johannesburg Stock Exchange (JSE) welcomed the Allan Gray–Orbis Global Equity Feeder Actively Managed Exchange Traded Fund (AGOGE) and the Allan Gray–Orbis Global Balanced Feeder Actively Managed Exchange Traded Fund (AMETF) (AGOGB), broadening the range of global, actively managed exposures available to South African investors.

These new AMETFs provide investors access to rand-denominated feeder portfolios managed by Allan Gray Unit Trust Management (RF) Proprietary Limited, which invest only (barring a small percentage in liquid assets) in underlying funds managed by Orbis, Allan Gray's offshore investment partner.

The AGOGE AMETF targets investors who want to grow their capital over the long term by investing in an actively managed portfolio of global stocks that are considered to offer superior fundamental value.

The AGOGB AMETF, on the other hand, aims for long-term real growth through a diversified and actively managed multi-asset portfolio.

In 2025, the JSE saw a steady rise in the number of actively managed ETFs being listed, and it's clear why. AMETFs have quickly become one of the fastest-growing segments of our listed product offering, following key regulatory reforms introduced in 2022 that enabled their listing. Since then, the JSE has welcomed consistent growth in both listings and market uptake, reflecting strong demand from investors.



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Johann Els
Group Chief Economist
PSG Financial Services

PSG Financial Services has appointed economist Johann Els as Group Chief Economist, effective 1 December 2025. Els joined PSG with over 35 years' experience spanning economic strategy, financial markets and public policy. Most recently, he served as Group Chief Economist at Old Mutual, following a distinguished career focused on macroeconomic analysis and forecasting. Johann holds a Master of Commerce (MCom) in Economics and is widely respected for his balanced perspective on South Africa's economic landscape and the global forces shaping markets.



Rachma Ismail
Portfolio Manager
Sanlam Investment Group

Sanlam Investment Group has appointed Rachma Ismail as a portfolio manager from 1 February 2026, leveraging her deep expertise in credit analysis and private debt portfolios. Rachma joins the asset manager from the South African Reserve Bank's Prudential Authority, where she served as a credit risk analyst.

Previously a Portfolio Manager at Sanlam Investments, where she managed a R2.2 billion mandate funding SMEs, Ismail brings proven skills in financial reporting and governance from her University of Cape Town Master's. As Deputy Chairperson of ABSIP Young Professionals, she champions transformation in South Africa's investment sector.



Mario Fisher
CIO of Systematic Strategies
Momentum Asset Management

Momentum Asset Management announced the appointment of Mario Fisher as Chief Investment Officer: Systematic Strategies, effective 15 January 2026, further strengthening its quantitative and systematic investing capability. Mario brings nearly 30 years of experience across quantitative research, portfolio management, data science and systematic investment process leadership. He joined Momentum Asset Management, as part of Momentum Investments, with a strong track record of building and leading high-performing investment teams, as well as designing robust and scalable systematic investment frameworks.

He holds a Master of Science in Computer Science and a Bachelor of Commerce in Information Systems from the University of Cape Town.



MOVING UP

Stay updated and in the know about who is moving up the corporate ladder in the pension fund industry.



Nicole Martens
Executive Director
Just Share

Just Share announced the appointment of Nicole Martens as their new Executive Director, effective 1 February 2026. Nicole brings a wealth of relevant skills and experience to Just Share, with a career spanning investment, stewardship, research, and advisory roles.

As a development economist and environmental scientist, Nicole's career has focused on supporting corporate accountability, responsible investment, and a just transition in South Africa, objectives which fully align with Just Share's mission and vision.



Francois Venter
Chief Risk Officer
Momentum Insure

Momentum Insure announced the appointment of Francois Venter as Chief Risk Officer (CRO), effective 1 January 2026. Venter, a seasoned executive with over two decades of experience across global insurance and investment markets, joined Momentum Insure to lead its risk management strategy.

Venter brings a distinguished track record of managing complex business units, with specific expertise in product innovation, hedging strategies, and investment management. His career spans senior leadership roles both locally and internationally.



Anastacia Tshesane
PwC South Africa
CEO

Since July 2021, Anastacia had been the Chairman of the PwC South Africa Governing Board and the PwC Africa Governance Board. As she steps into the CEO role, she formally passes the baton as Chairman of both Boards, to Alsue du Preez. Alsue is currently the PwC Africa Insurance Leader and brings over 18 years of partner experience on large listed financial services clients. Her leadership and expertise will continue to strengthen PwC's governance bodies.

Alongside this governance transition, Anastacia brings a wealth of experience to her new role. Her career spans over 19 years at PwC, and as an Assurance Partner she has deep experience across Financial Services, Consumer Markets and Industrial Products and Services. Anastacia has led audits of large local and multinational companies with operations globally. Her leadership is grounded in quality, ethics, inclusion, and a steadfast commitment to our people and brand.

Stay updated and in the know about who is moving up the corporate ladder in the pension fund industry.



Portia Boshomane
Head of Fixed Income Credit
STANLIB

STANLIB Asset Management announced the promotion of Portia Boshomane to Head of Fixed Income Credit, effective 1 November 2025. This appointment reflects STANLIB's long-standing commitment to succession planning and the development of future leaders within its investment teams.

Portia first joined STANLIB as a graduate trainee in 2015. She worked in STANLIB's Africa regions business and left to further her skillset at Momentum Group as a credit analyst. She returned to STANLIB in 2020 as a fixed income credit analyst and was promoted to senior credit analyst in June 2024. She holds a BCom (Honours) in Financial Management from the University of Johannesburg, CFA Level 1, and a certificate in Financial Markets and Instruments.



Zeenat Patel
Head of Investment Solutions
Glacier by Sanlam

Zeenat Patel's has been appointed as Head of Investment Solutions for Glacier by Sanlam, effective 1 January 2026. In this role, Zeenat will be a key contributor to Glacier's business goals and lead Glacier Invest, the joint venture with Sanlam Multi-Manager.

Before Glacier, Zeenat was the Alternatives Investment Director at Mercer (London), advising institutional clients across Europe, the Middle East, Africa, and Latin America. She also spent time at Alexforbes (South Africa) as the Head of Alternatives, where she launched and managed private market strategies across private equity, credit, infrastructure, and real assets.



Kondi Nkosi
Head of Distribution
M&G Investments

Kondi joined M&G Investments in December 2025 as Head of Distribution and is responsible for leading the distribution strategy and execution across the institutional, wholesale, and client solutions channels. Prior to joining M&G, he served as Country Head for South Africa at Schroders. During his seven-year tenure at Schroders, he held several senior leadership roles, including Head of Institutional Business Development. His career spans more than 20 years in financial services, with previous roles at Ashburton Investments, Momentum, and Liberty Corporate.

He holds a Master's degree in Finance and Economics from West Texas A&M University and a Bachelor of Commerce in Information Systems from the University of Cape Town. He has also completed Level 1 of both the CFA and CAIA programs.



MOVING UP

Stay updated and in the know about who is moving up the corporate ladder in the pension fund industry.



Thakane Setsabi-Mushonga
Managing Executive
Old Mutual Corporate

Old Mutual Corporate has appointed Thakane Setsabi-Mushonga, FFA and FASSA-qualified actuary, as Managing Executive, effective early 2026, strengthening its leadership in employee benefits and retirement solutions. Previously General Manager at Old Mutual's MFC unit, she drove progressive diversity initiatives and client-focused strategies, emphasising holistic career growth for women in finance. In April 2025, she also became Chairperson of the Old Mutual Education Trust (OMET), advancing educational equity. Her expertise aligns with FSCA governance standards, enhancing fiduciary services for pension fund trustees amid COFI reforms. This dual role positions Old Mutual for innovative institutional offerings.

Thakane holds a BBusSc Honours in Actuarial Science (UCT), and has completed the GMP (GIBS), and Global Leadership (London Business School) programmes.



Chinell Bermosky
Head of Asset Consulting
27Four Investment Managers

Chinell Bermosky, MBA graduate from the University of Stellenbosch, has joined 27four Investment Managers as Head of Investment Consulting. Previously, she was Investment Consultant and Responsible Investment Specialist at Old Mutual Corporate Consultants, specialising in ESG strategies for retirement funds. Announced in mid-January 2026, her move bolsters 27four's expertise in institutional portfolio construction for pension funds and corporates. With her background spanning retirement fund governance and advisory, key areas for South African compliance under FSCA and COFI, Bermosky will drive outcome-focused strategies amid evolving private markets and ESG demands.



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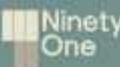
Contact:
 Richard Firth
 Chairman/CEO
 083 266 0226
 richardf@mip.co.za

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Contact: Gordon Webb, Senior Fund Specialist
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Mokgadi Skwambane,
 Head: Corporate Business Development

Bhekabantu Ngubane,
 Head: Institutional Business Development

mokgadi.skwambane@sasfin.com | +27(11)8097781
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