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EDITOR'S COMMENT

David Weil
CEO ICTS Group of Companies

The special feature for this quarter's issue is global pensions, savings and investment. It lands at a time when long-term capital is being tested on multiple fronts. Geopolitical tensions, stubborn inflation in some markets and shifts in monetary policy have all reminded us that retirement savings sit squarely in the real world, not in some abstract vault of an administration system. At the same time, global pension reform continues to accelerate: auto-enrolment is being strengthened, how members convert their savings into retirement income is under the spotlight, and regulators are pressing harder on value for money, governance and transparency. Against this backdrop, this quarter's issue is deliberately outward looking, while firmly anchored in the South African context.

Right now, the conversation in employee benefits is zoning in on member experience and personalisation. Our articles explore how greater choice doesn't automatically translate into better outcomes, a theme that runs through debates on defaults, advice and guided decision making. Discussions at the 2026 actuarial pensions seminar for the Retirement Matters Committee of the Actuarial Society, remind us that sound technical foundations still matter when markets are volatile and longevity risk is rising. The two-pot system and the early behavioural data it is generating becomes a critical reference point as South Africa confronts adequacy.

On the investments side, this quarter's articles are strongly tilted to "real world" assets and responsibility. From residential rental in long-term portfolios to unlocking tribal areas as the next investment frontier, the case for aligning pension capital with inclusive growth is made in practical terms. The debate around capital, choice and compulsion sits neatly next to commentary on the SARB's evolving inflation targeting journey and tilted equity benchmarks, reminding asset stewards that macro policy choices and index construction are not neutral for member outcomes.

Our Trustee Tutor on global pensions, savings and investments connects South African readers to international trends, legislative frameworks and how different countries around the world provide and encourage their citizens to save for retirement.

Finally, I would encourage you to spend time with our spotlight supplement on the latest Responsible Investment in South Africa report. It offers a concise lens on how ESG integration, stewardship and impact are evolving in our market, and what that means for boards and asset owners who are increasingly judged not only on returns, but on the way those returns are generated.

As always, Pensions World SA aims to give trustees, principal officers, consultants and asset managers both perspective and practical tools. I hope this issue helps you situate your fund in a global conversation, while sharpening the decisions that must ultimately be made here at home.

EMPLOYEE BENEFITS

The great retirement paradox: Why more choice does not always lead to better outcomes

For more than two decades, the retirement industry has pursued a singular objective: providing members with greater investment choice.

The logic appears sound. More choice should allow individuals to select solutions that reflect their circumstances and retirement objectives. Yet the evidence suggests that greater choice does not translate into better outcomes.

In fact, excessive choice may be one of the most significant behavioural risks facing us today.

The evolution of member choice

Retirement funds have undergone a substantial transformation. Members who once had limited discretion now face multiple decisions throughout their retirement journey.

These decisions include:
- Portfolio selection
- Contribution levels
- Preservation choices at withdrawal
- Retirement timing
- Asset allocation in retirement
- Income drawdown rates

The introduction of the two-pot retirement system has added another layer of decision making. Members now face ongoing choices regarding preservation versus access to retirement savings.

While these developments promote flexibility and member empowerment, they also increase the complexity of decisions being made by individuals highlighting the financial literacy, experience or behavioural discipline required to optimise long-term outcomes.

The behavioural challenge

While traditional theory assumes that individuals act rationally to maximise their own welfare, behavioural finance has demonstrated that reality is far more complex.

Research consistently identifies several biases that influence retirement decision making:
- **Present bias** causes individuals to prioritise immediate needs over long-term financial security.
- **Loss aversion** often results in members taking excessive investment risk after market declines or abandoning growth assets at precisely the wrong time.
- **Choice overload** can lead to decision paralysis, resulting in members defaulting into suboptimal strategies or disengaging entirely.
- **Overconfidence** may encourage unnecessary portfolio switching and reactionary investment decisions.

Even sophisticated individuals can struggle to make optimal long-term decisions when faced with uncertainty and market volatility.

The role of defaults

The growing body of evidence has led many pension systems to place greater emphasis on carefully designed defaults. A default investment strategy acknowledges that many members either cannot or do not wish to become investment experts.

John Taylor
FASSA CFP®, Actuary at Liberty Corporate Benefits

Default portfolios, default preservation and default annuities seek to improve outcomes by incorporating professional governance and long-term decision making into the retirement framework.

Importantly, a default should not be viewed as a “one-size-fits-all” solution. It should represent a robust solution expected to meet the needs of most members while still allowing flexibility for those with unique circumstances.

The success of automatic enrolment programmes highlights the value of aligning retirement system design with actual behaviour rather than theoretical assumptions.

Outcomes matter more than options

Stakeholders are shifting their focus from the number of options available to the quality of outcomes achieved.
A retirement system ultimately succeeds when members:

- Preserve savings during periods of employment transition.
- Remain invested for sufficient periods to benefit from long-term investment returns.
- Retire with adequate replacement ratios.
- Sustain income throughout retirement.

These outcomes depend more on contribution behaviour, preservation rates, governance quality and member engagement than on the availability of numerous investment options.

The industry should not equate member empowerment with increasing complexity.

Looking ahead

The future is likely to involve a careful balance between freedom and guidance.

Technology, personalised communication and improved data analytics will enhance member engagement. However, success will continue to recognise an enduring truth: members require support, not more choices.

For trustees and industry professionals, the key question is whether the choices being offered are helping members achieve better retirement outcomes, rather than if members should have choice.

As retirement systems evolve, we should judge success by the number of members who retire with dignity, financial security and confidence. That remains the ultimate measure of a pension system’s effectiveness.

The Paradox of Choice in Retirement Wealth: A seminal global study published in The Journal of Finance (Iyengar et al.) established that for every 10 additional mutual funds added to a retirement plan's offering, the member participation rate drops by 1.5% to 2%. Plans with fewer choices see a higher proportion of assets flow into appropriate balanced funds rather than cash defaults.

The Scale of the Preservation Crisis: National Treasury data published during the design and implementation phases of the two-pot system indicated that prior to the 2024 reform, less than 10% of members preserved their retirement savings when changing employers. This reduced final retirement wealth by up to 70% for an average worker, underscoring why structural defaults are superior to member discretion.

The Cost of “Choice-Driven” Disengagement: According to behavioural research by the Organisation for Economic Co-operation and Development (OECD), when retirement systems rely on active member investment choice over well-governed defaults, over 80% of members exhibit decision paralysis. This leads them to either stick blindly to the default option anyway (without the benefit of institutional pricing) or choose a portfolio misaligned with their investment horizon.

Fair, workable and real

The sale signs on a Thursday. Champagne in the boardroom, the founder's signature drying on a tome of an agreement. By Friday the founder's trust is wealthy for three generations, the two executives who held equity, for one. When the room empties, a greying woman named Noma stacks glasses and wipes the ring marks on the table. She has cleaned these offices for thirteen years, and her share of the moment is leftover cake. That agreement could pay her salary for the next ten thousand years.

Executives hold equity because ownership is strong medicine: it produces patience and lengthens the view. However, there are few honest answers about how it can be that such medicine stops working further down the payroll. Lasting value is created by a collective. Yes, founders and executives contribute unusual risk and judgement, and that can arguably justify greater ownership, but one can't treat every other contribution as worth no real slices of the pie.

A company is a story enforced by law; ownership is the chapter deciding who shares its rewards. Employee ownership, in private and public companies alike, can, and should, be made fair, workable and real for all parties.

Every such proposal meets the same four objections: unfair to the talented, unworkable in practice, unreal in law, and ungovernable in the boardroom. Answering them is employee-benefit work, this readership's trade.

What follows is one concept amongst many.

Rewind to the founding, and let the company choose differently this time. It fixes the total employee share of its economics at, say, 33 per cent, and issues economic units against it. Each unit is a contract: an enforceable right to a share of distributed profits, of growth in value, and of proceeds if the company sells. In a private company no market provides an exit, so the scheme does: a published valuation and scheduled buyback windows. A phantom scheme with teeth is real ownership, whatever it calls itself; an ESOP can be a costume: shares in name, worth nothing the day you lean on them.

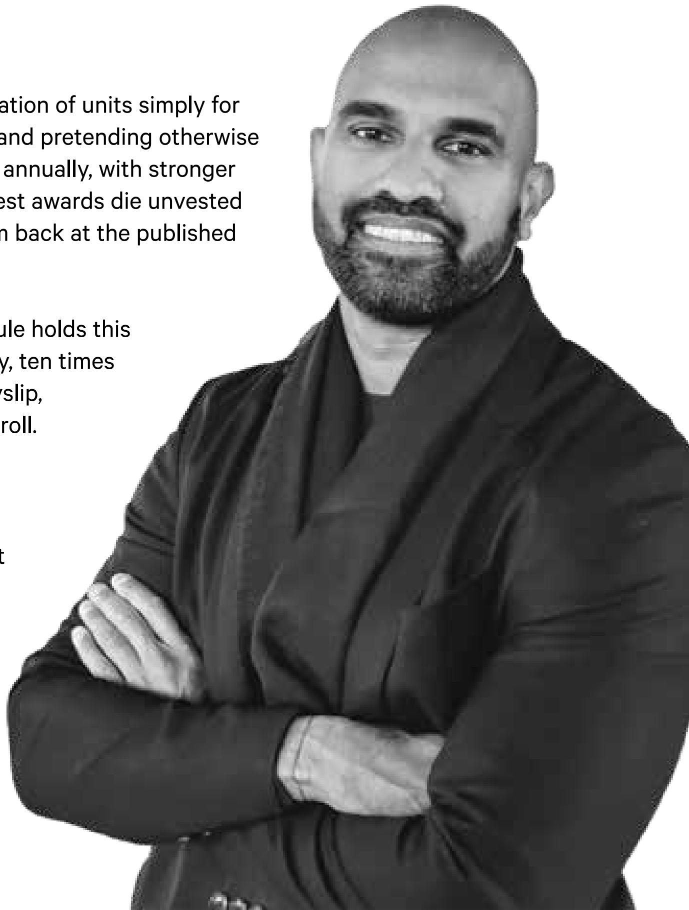
Is this unfair to the talented?

Noma joins the same month as John, the CFO. Both receive a base allocation of units simply for belonging; John receives more, because his responsibilities are greater and pretending otherwise is dishonest. Each award vests over five years. Contribution is assessed annually, with stronger contribution earning more units. If either resigns in year seven, the newest awards die unvested and return to the pool; vested units survive, and the company buys them back at the published valuation, on a schedule that does not starve it of cash.

In her third year, Noma is rated strong and more units flow to her. One rule holds this ladder together: John's annual award may never be worth more than, say, ten times Noma's base. Salaries already reward rank. If units merely mirror the payslip, ownership adds nothing; the cap stops the pool becoming a second payroll.

Could this work in practice?

Noma's pension already works this way: it belongs to her, yet she cannot spend it on Friday, pledge it or draw it at will, and nobody calls it unworkable. The harder question is whether any of it is real, with the tell being who each restriction protects. Vesting, preservation and orderly buyback windows protect the worker's long-term wealth AND the company's survival. Restrictions built so forfeiture can punish, so a rigged valuation stays hidden, so ownership never turns into money: such a scheme needs PR to cover its falseness.



Yashodan Naidoo
CEO at Precium Capital Partners

And finally, how would you govern this?

The way companies already do: share classes and management incentives separating economics from control. Employee units voting on changes to the scheme itself; founders keeping a veto over the existential list: sale, purpose, major dilution, dangerous debt, dissolution.

This is not theory: Huawei pays dividends on phantom units to over 130,000 current and former employees while its founder holds under one per cent. WinCo, an American grocer, has till operators retiring as millionaires through its employee trust; Kumba's Envision scheme paid 6,209 mineworkers roughly R575,000 each in 2011.

Nothing here needs inventing: vesting, preservation, valuation are the trustee's daily machinery; nobody has pointed it at the employer's equity. What is missing is the will to treat worker ownership as serious benefit design rather than a tick box in the due diligence pack.

Retirement funds hold power wherever they place capital and should use it to push for employee schemes fair enough to include everyone, workable enough to survive company life, and real enough to pay even when it hurts.

On some alternate Thursday, Noma wipes the same table the deal was signed on. Her phone vibrates. Thirteen years of her life, finally paid its share.

Asset Liability Matching (ALM)

Asset Liability Matching (ALM) is a critical risk management tool that ensures an organisation's assets are aligned with its liabilities so that obligations can be met when they fall due. The collapse of Silicon Valley Bank (SVB) in March 2023 provides a powerful illustration of what can happen when assets and liabilities are poorly matched. SVB held a large share of short-term deposits that could be withdrawn quickly. However, it invested much of this money in long-dated fixed income securities. When interest rates rose sharply, the market value of those securities fell. Although the losses may have been manageable if the securities had been held to maturity, rapid withdrawals forced SVB to realise the losses, contributing to its collapse.

The same principle applies to pension funds, even though the risk is usually less visible. A pension fund must ensure that member records, benefit payments, bank balances and investment portfolios remain aligned. ALM can be defined as the process of comparing liabilities with the assets that are intended to back them, rather than comparing total assets with total liabilities in aggregate. An asset is properly matched to a liability when it behaves in the same way as that liability under different scenarios. This avoids the misleading comfort that can arise from comparing "apples with oranges".

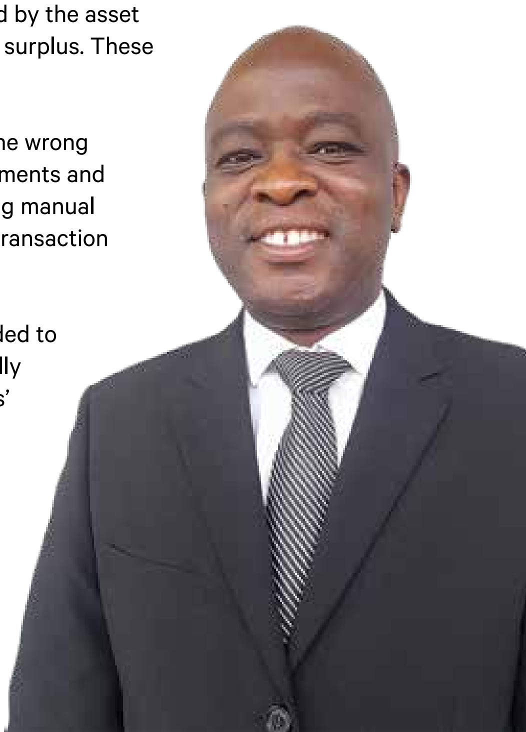
Pension funds typically hold different types of assets for different purposes. Bank accounts are used for receiving contributions, paying claims and expenses. Investment portfolios, such as equities and property, are used to generate returns that can exceed inflation and protect members' purchasing power over the long-term. These investment assets carry risk, but they are necessary for long-term retirement savings. The analysis becomes more complex where funds offer lifestage portfolios. Younger members may be invested in a growth portfolio, members approaching retirement may move to a moderate portfolio, and older members may be invested in a conservative portfolio. Each portfolio has a different risk profile and expected return, so ALM must be performed separately for each portfolio rather than at fund level only.

Several sources of mismatch can arise in practice. Monthly pricing creates timing delays because member values are updated only at month end, while cash and investment movements may occur later. For example, contributions may be credited to member records at the end of March, but the employer may only pay the money in April, with a further delay before it is invested with asset managers. During this period, liabilities may grow before the matching assets are in place. Similarly, claims paid during a month may be based on the previous month end value plus bank interest, while the assets backing those liabilities remain exposed to market movements. If markets rise or fall during the delay, the fund can experience timing profits or losses.

Lifestage switches are another risk. When a member reaches the age at which they should move from one portfolio to another, the member record may be updated before the corresponding asset switch is processed by the asset manager. Because the portfolios earn different returns, any delay can create a deficit or surplus. These switches can involve large balances, making the financial impact significant.

Operational errors can also create mismatches, including omitted transactions, use of the wrong portfolio, duplicate transactions, incorrect amounts, or complete reversals where investments and disinvestments are processed the wrong way around. Many of these errors have a strong manual processing element and can be reduced through automation, where systems generate transaction instructions and users focus on validation.

In practice, an ALM exercise begins by splitting liabilities according to the assets intended to back them. Amounts owed to third parties and claims ready for payment should generally be backed by bank balances because capital preservation is important. Active members' savings should be backed by the appropriate investment portfolios. For funds with lifestage portfolios, liabilities should be split according to members' ages. Adjustments are also needed for transactions in progress, such as contributions accrued but not yet received, claims for exited members not yet disinvested, and switches that have been processed on member records but not yet implemented with asset managers.



Darlington Mawondo
Actuary at NBC Holdings

Once assets and liabilities are grouped appropriately, the fund can calculate a funding level for each category by dividing adjusted assets by adjusted liabilities. A level above 100% indicates excess exposure, while a level below 100% indicates insufficient assets. This analysis can reveal specific risks that an aggregate comparison would hide. For example, a growth portfolio may be overinvested because members who turned 50 have not yet been switched to the moderate portfolio. The moderate portfolio may then appear underfunded because it has not yet received the assets. A conservative portfolio may also be underfunded if a claims disinvestment was duplicated and not yet corrected. In each case, even a small market movement can create a loss where assets and liabilities are not aligned.

Although this article focuses mainly on defined contribution funds, ALM principles also apply to defined benefit funds, where liabilities must be matched by timing, amount, currency and duration of cash flows. Actuarial factors used to calculate exit benefits should be reviewed regularly so they remain consistent with market valuations.

Daily pricing can reduce some timing mismatches, but it increases operational complexity and cost because calculations rise from 12 monthly valuations to about 250 daily valuations each year. Some assets may also not have reliable daily valuations, making daily pricing impractical.

ALM should not be treated merely as an annual audit or actuarial valuation exercise because mismatches arise continuously. ALM follows a structured process with well-defined inputs hence can be automated and performed monthly or quarterly. Regular ALM allows funds to identify and correct emerging risks before they become deficits. In volatile markets, even small mismatches can quickly become financially material. Pension funds that treat ALM as a routine control will be better placed to protect member outcomes, maintain liquidity and preserve financial stability.

Trustees' fiduciary duty in exercising S37C death benefits discretion

One of the most important responsibilities entrusted to retirement fund trustees is the exercise of discretion under Section 37C of the Pension Funds Act, yet it remains one of the most complex and misunderstood aspects of trusteeship. While much attention is rightly given to identifying dependants and allocating death benefits fairly, trustees' fiduciary responsibilities do not end once beneficiaries have been identified. They must also determine the most appropriate way to pay those benefits – and in circumstances where one is dealing with complex circumstances and vulnerable dependants it becomes all the more important to ensure that those benefits achieve their intended purpose, which is to protect and support those financially vulnerable dependants.

Too often, this final stage of the Section 37C process is reduced to a simple choice between paying a lump sum directly to a guardian or placing the benefit in a beneficiary fund. Framing the issue this way risks overlooking what the law actually requires. The question is not just which payment method is preferable, but also whether trustees can demonstrate proper consideration of the available and relevant options in reaching that decision. Their legal discretion to decide the payment method must be exercised properly, rationally and in the best interests of each beneficiary.

These issues were explored during a recent EBnet webinar, Unpacking Beneficiary Funds, hosted by Nathalie Burrows, where I joined David Hurford, CEO of Fairheads Benefit Services, to discuss the evolving responsibilities of trustees.

Fiduciary duty requires judgement

Trustees are fiduciaries, which means they are required to exercise care, diligence, skill and good faith in every decision they make. This responsibility extends beyond simply complying with legislation. It requires careful, considered and independent judgement based on the unique circumstances of every family.

For that reason, blanket policies should be avoided. Neither automatically placing every minor's benefit into a beneficiary fund nor routinely paying every benefit directly to a guardian fulfils the obligation to exercise proper discretion. Every case is different and the family circumstances needs to be properly understood. One guardian may be financially experienced and capable of managing a substantial lump sum responsibly, while another may be facing complex or severe financial pressures following the death of a breadwinner. Some beneficiaries may be best served through structured long-term financial management, while others may be adequately protected through direct payment. The law expects trustees to distinguish between these circumstances and decide the appropriate payment method for those particular circumstances rather than treating every case alike.

Investigation is the foundation of good governance

Recent determinations by the Pension Funds Adjudicator have consistently reinforced the importance of a thorough investigation. Trustees must be able to demonstrate not only the decision they reached, but also the process that led to it.

Tashia Jithoo
Specialist Pensions Lawyer and Independent Trustee

That investigation should go beyond identifying legal dependants. Trustees should seek to understand who is caring for the child, the family's financial circumstances, whether a lump sum can realistically be managed in the child's best interests, and whether guardians have been fully informed of all available payment options.

These enquiries are not administrative formalities. They are the practical expression of trustees' fiduciary duties. A carefully reasoned decision supported by evidence will always be more defensible than one based on convention or an unwritten policy.

As South Africa moves towards an outcomes-based regulatory framework under the Conduct of Financial Institutions (COFI) Bill, this approach becomes even more important. Regulators are increasingly interested not only in whether trustees complied with legislation, but whether their decisions produced fair outcomes. Good governance therefore depends on documenting investigations, recording the factors considered and clearly explaining the reasoning behind every decision.

Beneficiary funds are a governance tool

The debate surrounding beneficiary funds has become unnecessarily polarised, with some viewing them as a solution of last resort. This overlooks their real purpose.

A beneficiary fund is simply one of several legitimate governance tools available to trustees when exercising their fiduciary responsibilities. Whether it is appropriate depends entirely on the circumstances of the individual beneficiary.

As David and I discussed, beneficiary funds should no longer be viewed as gatekeepers. They should rather be viewed as financial partners helping families make more empowered decisions about payment options.

That observation shifts the conversation back to where it belongs. The real objective is not to promote one payment mechanism over another, but to ensure that whichever option trustees select demonstrably serves the long-term interests of the dependant.

Empowering families through informed choice

Trustees also have a responsibility to ensure that guardians and caregivers understand the options available to them. Too often, decisions are made on the assumption that families simply want immediate access to cash, when many may benefit from and value understanding the flexibility and long-term protection that different payment structures can provide.

Providing meaningful information strengthens rather than weakens trustees' decision making. It allows families to participate more effectively in the process while enabling trustees to exercise their discretion on the basis of informed discussions rather than assumptions.

Trustees should also recognise that children's needs evolve over time. Educational costs increase, medical emergencies arise and family circumstances change. Decisions taken under Section 37C should therefore balance immediate financial needs with the long-term protection of vulnerable dependants, reflecting the same principle of balancing access and preservation that underpins the two-pot retirement system.

Conclusion

Ultimately, fiduciary duty is not about just selecting a particular payment mechanism. It is about exercising informed judgement through careful investigation, thoughtful deliberation and robust evidence.

Section 37C was deliberately drafted to give trustees discretion because every family is different and their particular circumstances deserve due regard. The most effective trustees understand that fulfilling their fiduciary duty requires more than following convention or adopting default positions. This requires asking better questions, gathering better evidence and making decisions that place the long-term interests of dependants, and particularly more vulnerable dependants, at the centre of every discussion.

2026 Actuarial pensions seminar

On 27 July the Retirement Matters Committee of the Actuarial Society of South Africa (ASSA) had its annual pensions seminar where pensions actuaries from across South Africa gather in Johannesburg. The aim of the annual seminar is to share with pensions actuaries information about relevant developments, but also to encourage actuaries to be a force for change for good in the world of pensions. Below are my reflections on the topics covered at the seminar.

Developments in South Africa

The COFI (Conduct Of Financial Institution) bill loomed large and the new requirements for Section 13B fund administrators were covered too. Challenges in SA pensions were also discussed, specifically arrear contributions and unclaimed benefits, both of which have become signs to the public that our pension model is flawed.

Actuaries, as part of the value chain, must strive to do what we can to ensure that our pension system is actually fit for purpose, whether by highlighting issues to trustees or by getting directly involved in these issues in some other way.

Developments elsewhere in Africa

Several themes in African pensions were discussed:

The first was national pension schemes. Neighbouring countries are planning to make significant changes to their national schemes or (in the case of Namibia) to launch a national fund. In South Africa the debate about national fund ideas has died down.

The second theme is how other African countries are strengthening their formal sector contributory models. Meanwhile South Africa is not currently considering the previously discussed options of either an auto-enrolment or a compulsory contribution model.

The third theme is one of balancing access versus preservation/annuitisation. As ASSA we still expect further discussions about improving the two-pot pension model in future.

The fourth theme is that of designing suitable contributory schemes for informal sector workers, with particular focus on Rwanda where an efficient and trusted national scheme with limited matching of contributions by government has achieved a coverage rate of 75% of the labour force. National Treasury has expressed interest in such a model but we need further research to make the case for this.

Value for Money (VFM) – an international perspective

Our international speaker shared that achieving good pension outcomes is ultimately about the interaction between inputs, processes and outcomes, but that regulators cannot wait decades to assess whether members actually achieve adequate retirement incomes. As a result, VFM frameworks focus on the factors that drive outcomes: investment performance, costs, governance, administration and communication. Fiduciaries have only limited influence over key inputs such as membership and contribution rates, which are increasingly determined by legislation and public policy. While investment returns remain critical, member engagement, trust, transparency, service quality and retirement income design are also significant contributors to long-term outcomes and should not be ignored in any assessment of value for money.

Stephen Walker
Chairperson of the Retirement Matters Committee of ASSA and consulting actuary at Old Mutual Corporate Consultants (OMCC)

The Australian and UK case studies illustrated different approaches to VFM regulation. Australia adopted a highly quantitative performance-testing regime in which funds are benchmarked against asset-allocation-based indices, with poor performers facing disclosure requirements and potential restrictions on attracting new members. This has driven increased consolidation and reduced active management. The UK initially focused on charges and transaction costs, introducing fee caps and disclosure requirements, but has since shifted towards a broader VFM framework that seeks to consider performance, scale and investment capability, including access to private markets. However, both approaches face risks such as benchmark-hugging, gaming of measures and an overemphasis on easily measured factors.

In considering its applicability for South Africa, a panel discussion focused on how VFM is not a single metric but a combination of concerns including charges, investment performance, member decision making, administration quality, choice and scale. Decision makers on VFM design should therefore be clear about the specific problems they are trying to solve and avoid equating value for money solely with easily measured indicators.

Climate change committee update

ASSA's climate change committee shared how climate change has moved from being a distant risk to an immediate financial reality for retirement funds, with global warming already exceeding 1.5°C over recent rolling periods and a fragmented "hot-house world" is now viewed as the most likely scenario. Presenters highlighted the implications for retirement funds through lower expected future investment returns, potential market shocks, reduced defined contribution replacement ratios and weaker defined benefit funding levels. While South African retirement funds have made progress in embedding climate considerations into governance and policy frameworks, significant gaps remain in areas such as impact measurement, scenario analysis and stress testing.

The presentation also expanded the discussion beyond climate change to cover broader nature and biodiversity risks, noting that ecosystem degradation, water scarcity, soil loss and food system pressures represent material financial risks that can affect investment performance, inflation, employer covenant strength and pension outcomes. The presentation concluded that trustees, actuaries and investment professionals should integrate climate and nature-related risks into investment policy, risk management, scenario modelling and stewardship activities to improve the long-term resilience of retirement funds.

Auto-enrolment in SA: What happens next?

As South Africa moves into its next phase of retirement reform, the global experience offers hard-won lessons – and some uncomfortable truths – about who really gets covered.

South Africa has a savings problem decades in the making. World Bank Open Data places gross domestic savings at 15.3% of GDP in 2025 - below Brazil at 17.4%, the United States at 22.7%, the European Union average at 21.8%, and India at 32.6%. The comparison is telling: too little of what the country produces is being converted into savings for future resilience, investment and retirement security. The issue is not only preservation within the retirement system, but broader participation in long-term saving.

The two-pot system, introduced on 1 September 2024, was an important first step. By preserving two-thirds of future contributions until retirement, while allowing one-third into an accessible savings pot, it tackled the historic leakage caused by members resigning simply to access retirement savings. For many members, it has already changed the conversation about what retirement money is for.

But preservation alone was never going to be enough. The bigger reform is auto-enrolment: a system that would require employers, through legislation, to enrol all employees into an approved retirement fund. National Treasury's 2021 discussion paper set the groundwork. The question is increasingly less about whether auto-enrolment will happen, and more about how it will be designed, who it will reach, and whether it will expand coverage rather than simply formalise what already exists.

The coverage problem

Auto-enrolment works best where there is already a clear and enforceable employer-employee relationship. The UK's programme, launched in 2012, remains the most-cited success story. Participation among eligible workers rose from the mid-50% range in 2012 to about 88% by 2021/2022. A phased roll-out, starting with the largest employers and gradually drawing in smaller businesses, helped build momentum rather than resistance. When minimum contribution rates increased in 2019, the anticipated wave of opt-outs did not materialise.

But the UK has something South Africa does not: a formal sector that covers the vast majority of working people. South Africa's challenge is structurally different. According to the Statistics SA 2022 Labour Force Survey, roughly four in ten formal sector workers are still not covered by any retirement fund. And that is before we consider the millions who work informally, intermittently, or across multiple platforms. The domestic worker, the Uber driver, the seasonal farm labourer, the part-time caregiver: auto-enrolment may still leave them behind unless it is deliberately designed to reach them.

Thiru Govender
Principal Consultant at Old Mutual Corporate Consultants

Our African neighbours provide a cautionary note. Nigeria introduced compulsory retirement savings for formal sector workers in 2004; Ghana followed in 2010. Both reforms were important, but both countries continue to face compliance and coverage challenges, particularly outside larger employers and stable payroll environments. The lesson is not that compulsion is wrong, but that compulsion on paper does not guarantee coverage in practice.

Kenya and Rwanda have taken a different approach, using voluntary, digitally enabled micro-pension or long-term savings platforms - Mbao and Ejo Heza - to extend coverage into the informal economy.

South Africa's approximately 854,000 domestic workers, and a fast-growing gig economy workforce, deserve at least as much thought.

Who should run it?

The governance question is one South Africa cannot afford to get wrong. There is a tension between two visions: a centralised, government-administered National Social Security Fund, and a model that routes contributions through existing approved private funds with a government default option for those whose employers do not choose a specific provider.

In my view, the more durable model is an independent, transparent framework built on public-private collaboration. This is not ideological. Government's fiscal position is constrained, with debt-to-GDP in the mid-70% range, while the Old Age Grant, currently R2,400 per month, places pressure on the fiscus. Adding a new pension obligation without careful design, governance and accountability could stretch an already strained system and weaken trust before the reform has had a chance to work.

South Africa's private retirement sector manages close to R6 trillion in assets. It has deep institutional capacity. Routing auto-enrolment through existing, well-regulated approved funds – with a properly governed government default – could harness that infrastructure without duplicating it. It is, in fact, the direction National Treasury's own 2021 paper pointed toward.

A phased approach is a design principle, not a compromise

Every successful auto-enrolment implementation globally has one thing in common: sequencing over speed. Start where the infrastructure already exists - with large employers, established payroll systems and regulated providers. Set initial contribution rates low enough not to trigger mass resistance. Increase them gradually as evidence shows workers and employers can absorb them, then watch whether participation holds. Make re-enrolment mandatory on a rolling basis, so early opt-outs do not become permanent exits from the system.

South Africa will face real friction: employers worried about payroll costs, workers already stretched thin, and data and regulatory systems that will need significant upgrade to handle millions of new members. These constraints are not reasons to delay indefinitely, but reasons to design carefully. Financial literacy campaigns should be load-bearing parts of the design, helping workers understand not only that money is being deducted, but why long-term saving matters and how the system protects them.

None of that makes the project less urgent. Retirement poverty is a slow emergency – invisible while it builds, devastating when it lands. The two-pot system was a necessary correction to a broken preservation model. Auto-enrolment, if implemented with the right sequencing and genuine coverage ambition, could be the next – and far larger – task.

The global playbook exists. The question is whether South Africa learns from it, and applies those lessons thoughtfully.


EMPLOYEE
BENEFITS
INCOME SECURITY IS
MORE THAN A TARGET.
IT'S A JOURNEY
A good retirement outcome depends on more than long-term performance. It also depends on how the investment journey through market ups and downs plays out when retirement fund members need their money.
For trustees and principal officers, this means helping employers look beyond performance alone to fund design that supports stronger member outcomes.
Old Mutual Absolute Growth Portfolios (AGP) target above-inflation returns over the long term, with smoothing designed to help moderate outcomes at key decision points.
At the end of March 2026, AGP Smooth members were 20%* better off than those invested in a typical balanced fund who exited in the same month.
That's the benefit of seeing the whole picture.
Partner with Old Mutual Corporate to support stronger long-term retirement outcomes for your clients.
Visit www.oldmutual.co.za/retirementinvestments
www.oldmutual.co.za/smoothedbonus
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INSURE | BANK | INVEST
Old Mutual Life Assurance Company (SA) Limited is a licensed FSP and Life Insurer
*Source: Old Mutual Corporate Investment Solutions.

Operational due diligence is becoming essential for retirement fund governance

Retirement fund trustees carry a fiduciary responsibility to ensure that member savings are protected not only through sound investment decisions, but also through effective oversight of the people, systems, controls and service providers that support those decisions. Investment performance remains important, but it is only part of the governance picture. The operating environment behind each mandate can have a direct impact on member outcomes.

This is why operational due diligence (ODD) should be treated as a core part of retirement fund governance rather than a technical exercise that sits in the background.

For retirement funds, the question is not whether boards must become operational specialists. It is whether there is enough evidence to show that the organisations they rely on are well governed, resilient and able to discharge their responsibilities to the fund.

ODD focuses on non-investment risks associated with investment managers, investment structures and critical service providers. It assesses how organisations are governed, operated and controlled, rather than looking only at investment performance. For retirement funds, it provides a structured way to assess whether the organisations responsible for managing and safeguarding member assets have the resilience, controls and oversight needed to support long-term outcomes.

Retirement funds are not only selecting investment managers. They are also relying on administrators, custodians, platforms, management companies and other outsourced providers to perform functions that are critical to the fund. Each relationship creates operational dependencies that should be understood, documented and monitored.

Looking beyond investment performance

Retirement fund governance requires boards to look beyond returns when evaluating managers and service providers.

A manager may have a strong investment track record but weaknesses in its control environment. A service provider may appear well established but depend heavily on a small number of individuals. An investment structure may offer attractive opportunities but present complex valuation, reporting or liquidity challenges.

These factors are not secondary considerations. Weak operational controls can affect transparency, decision-making and, ultimately, member outcomes.

ODD provides a framework for assessing whether governance structures are clear, responsibilities are appropriately segregated, risks are identified and monitored, and critical controls are functioning as intended.

Financial resilience is another important consideration. Trustees should understand whether service providers have the resources, insurance arrangements and business continuity plans needed to meet their obligations. Professional indemnity, fidelity and cyber insurance do not replace sound controls, but they can provide an additional layer of protection when operational failures or unexpected events occur.

Julie Govender
Head of Investment Operational Due Diligence at
Alexforbes Investments

From appointment to ongoing monitoring

One of the most common misconceptions about ODD is that it is only relevant when appointing a new manager or service provider.

Due diligence at appointment is only the starting point. It gives boards an initial view of a provider's operational risk, but that view can become outdated as ownership structures change, senior people leave, businesses grow, systems are upgraded and outsourced arrangements shift. It should therefore form part of an ongoing monitoring framework, with clear triggers for review when material structural, operational or risk-related changes occur.

Trustees and principal officers should remain alert to developments that may change a provider's risk profile. These may include changes in ownership, leadership turnover, operational incidents, cyber events, regulatory concerns, unresolved audit findings or adverse media reports. When significant changes occur, waiting for the next scheduled review may not be appropriate.

This ongoing view gives boards a stronger basis for decisions about continued appointments, remediation plans and escalation where needed.

Supporting better decision-making

ODD turns technical operational information into practical governance insight.

For principal officers, this can strengthen reporting to boards by providing a broader view of operational resilience, business continuity, cyber readiness, financial sustainability and remediation of identified issues.

It helps boards assess whether the organisations they rely on have the people, systems, processes and control environments needed to support the mandates entrusted to them. It supports more informed engagement with managers and service providers. Rather than relying on reputation or historical performance alone, boards can better understand how risks are managed, how controls are monitored and how identified weaknesses are addressed.

This is particularly valuable where investment structures are more complex and transparency may be limited. However, ODD is not confined to specialist investments. Administrators, custodians and traditional asset managers can also present operational risks that require effective oversight.

Protecting member outcomes

At its core, ODD is about member protection.

Operational failures can affect members in practical ways, including inaccurate reporting, processing delays, control breakdowns, data breaches or weak oversight of outsourced providers. While no governance process can eliminate every risk, a well-executed ODD framework can help retirement funds identify vulnerabilities before they become significant problems.

Assessments should also be proportionate. A smaller organisation should not necessarily be expected to have the same infrastructure as a large global institution. The objective is to determine whether the controls, oversight and operational arrangements are appropriate for the size, nature and complexity of the mandate.

From there, a practical starting point is to include a few operational due diligence questions in appointment, review and monitoring discussions:

- Are responsibilities clearly defined and appropriately segregated?
- Are key controls operating effectively?
- Are outsourced providers subject to adequate oversight?
- Are cyber, business continuity and operational risks being monitored?
- Is there appropriate insurance cover in place?
- Are identified findings being addressed within reasonable timeframes?

These questions help boards move from confidence based mainly on reputation to confidence based on evidence, documented controls and active oversight.

As retirement funds navigate increasing complexity and heightened regulatory expectations, ODD helps turn oversight into a more active, evidence-based governance discipline.

Effective retirement fund governance depends not only on choosing the right investment strategy, but also on ensuring that the structures supporting that strategy are resilient, accountable and fit for purpose. Operational due diligence gives boards a practical way to test that assurance and strengthen the fund's ability to protect member outcomes.

Open vs closed AI systems - the wall around your trustees' AI

As a trustee you carry a duty that predates every model and every vendor: keep members' data safe. AI only raises the stakes. Before the board signs off on any AI tool, ask: Where does this thing run, and who gets to see what we feed it? Answer that honestly and you have already sorted the fund into one of two camps.

They are referred to as closed and open AI systems, though the words get thrown around loosely. Some people say "open" to mean open weights, models like Llama or Mistral whose internals you can download. That is a real distinction, but it is not the one that should worry a board. The distinction that matters is the boundary. Is the fund's AI running inside a fence you control, or out in the open where the fund is merely a guest?

What a closed AI system actually is

A closed system is one where the compute, the data, and the governance all sit inside the fund's perimeter. Azure OpenAI Service and AWS Bedrock are the polished commercial versions of this. Prompts run inside your own cloud area, member data is not used to train AI, and you get contracts, audit logs and regional controls. A locally hosted model on the fund's own server, or on a controlled service provider's server, takes the same idea to its logical end. Nothing leaves the building.

What closed systems share is not the model (e.g. ChatGPT or Claude). What unites them is the fence. You decide where the data lives, who touches it, and what happens to it afterwards.

Why is this now a compliance question?

Keeping member data safe is no longer only good practice. Joint Standard 2 puts the responsibility squarely on the trustees. The standard expects a sound cybersecurity strategy and requires you to manage the risk that third parties bring in.

That is where AI lives. Every time the fund sends member information to a public AI service, it hands data to a third party and inherits that party's controls, or lack of them. A closed system keeps you on the right side of that line. An open one asks you to trust arrangements you did not write and cannot audit.

The real exposure in a ChatGPT or Claude premium account

Many trustees reach for the convenient option: a personal ChatGPT Plus or Claude Pro account. That is an open system. Every prompt and response travel to OpenAI's or Anthropic's servers. On consumer premium accounts, the data can be used to train the models by default unless the user switches the control off. Even then, the information still leaves the fund's control. There is no data processing agreement (DPA) with the fund and no contractual right to audit what happens to the content.

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

That is how retirement fund secrets and member data get exposed. A single trustee pasting a board pack summary into a personal premium chat has already moved that information outside the fund's fence.

Open vs closed: How a board should actually choose

Do not start with the technology. Start with the data. Ask what would happen if the most sensitive member information you plan to send got out. If the answer is "a breach, a letter from the regulator, and a front-page story," you want a fence. AWS Bedrock, Azure OpenAI, or a local deployment under the fund's or a controlled service provider's control are the grades of fence that keep the data inside.

If a fully closed deployment is not yet practical, the next responsible step is a business-tier account (ChatGPT Team or Enterprise) paid for by the fund. These come with a DPA, and, by default, the model is not trained on the content the fund feeds it. It is not as strong as a true closed system, but materially safer than a personal premium login:

Factor	Consumer ChatGPT / Claude Premium	Closed system (AWS Bedrock / local server)	ChatGPT / Claude Business account with DPA
Data stays under fund control	No	Yes	Partially (provider processes it)
Sent to OpenAI / Anthropic	Yes	No	Yes, under contract
Used for training by default	Yes (must opt out)	No	No
Data processing agreement	No	Yes (or full ownership)	Yes
Suitable for sensitive fund data	No	Yes	Acceptable interim step

Open tools are for the low-stakes work where speed wins; closed systems are for anything that would harm a member or fund if it strayed. Make sure your board understands which side of the AI fence a given task belongs on.

Two years of two-pot: What member behaviour is telling us about retirement savings in South Africa

When South Africa's two-pot retirement system was introduced in September 2024, many industry commentators questioned how members would respond to having easier access to a portion of their retirement savings.

Would large scale withdrawals undermine long-term retirement outcomes? Would members treat the savings pot as a source of discretionary spending? Or would access to emergency savings reduce the need for individuals to resign from employment simply to access retirement money?

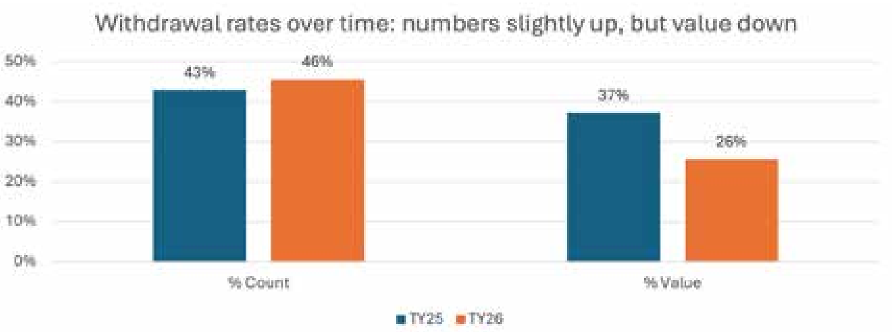
Now, nearly two years later, we are starting to see clear behavioural patterns emerge. The two-pot system was designed to balance two important objectives. One-third of new retirement contributions flow into a savings pot that can be accessed once per tax year, while two-thirds are preserved for retirement. Members can make a withdrawal from their savings pot from the start of each new tax year on 1 March, provided sufficient savings have accumulated since any previous withdrawal.

Our latest analysis suggests that the system is succeeding in creating this balance between accessibility and preservation. Perhaps the most significant finding is that most members are choosing not to withdraw.

Around 55% of eligible members have never accessed their savings pots, despite having had three opportunities to do so since implementation. This suggests that concerns about widespread erosion of retirement savings may have been overstated.

At the same time, a smaller group of approximately 27% of members have become repeat withdrawers, accessing their savings in more than one tax year. This tells us an important story about the diversity of financial circumstances among South African workers. For many members, the savings pot serves primarily as a safety net. For others, it has become an important source of short-term financial relief.

What is particularly encouraging is that preservation appears to be gaining momentum over time.



Growth in withdrawal participation versus share of savings withdrawn (2025 to 2026 tax years)

While the proportion of eligible members making withdrawals increased slightly between the 2025 and 2026 tax years, the proportion of total available savings withdrawn declined substantially. In other words, although marginally more members are accessing their savings, the overall value being withdrawn is falling relative to the amount being accumulated.

This suggests that members who preserve their savings are gradually building meaningful financial buffers, while repeat withdrawers tend to have lower balances available over time because withdrawals slow the accumulation process.

The data also highlights several interesting behavioural trends. Withdrawal activity is heavily concentrated during the working week, with significantly lower activity on weekends and noticeable increases on Mondays. This indicates that withdrawal decisions are often linked to workplace routines, financial administration and budgeting cycles.

Guy Chennells
Chief Commercial Officer at Discovery Corporate and Employee Benefits

Another notable trend is the strong concentration of repeat withdrawals immediately after the start of a new tax year. Among members withdrawing in the first few days after 1 March, the overwhelming majority had previously made withdrawals. This suggests that many repeat withdrawers actively anticipate the annual opportunity to access their savings. By contrast, first-time withdrawals occur relatively consistently throughout the year. This pattern may indicate that many members are accessing savings in response to genuine financial events rather than strategically timing withdrawals around the tax calendar. Income continues to be one of the strongest predictors of withdrawal behaviour.

Lower-income members are significantly more likely to withdraw than higher-income members, which is unsurprising given the financial pressures many households continue to face. However, one of the more interesting developments is that withdrawal activity has increased across most income categories, including among higher earners.

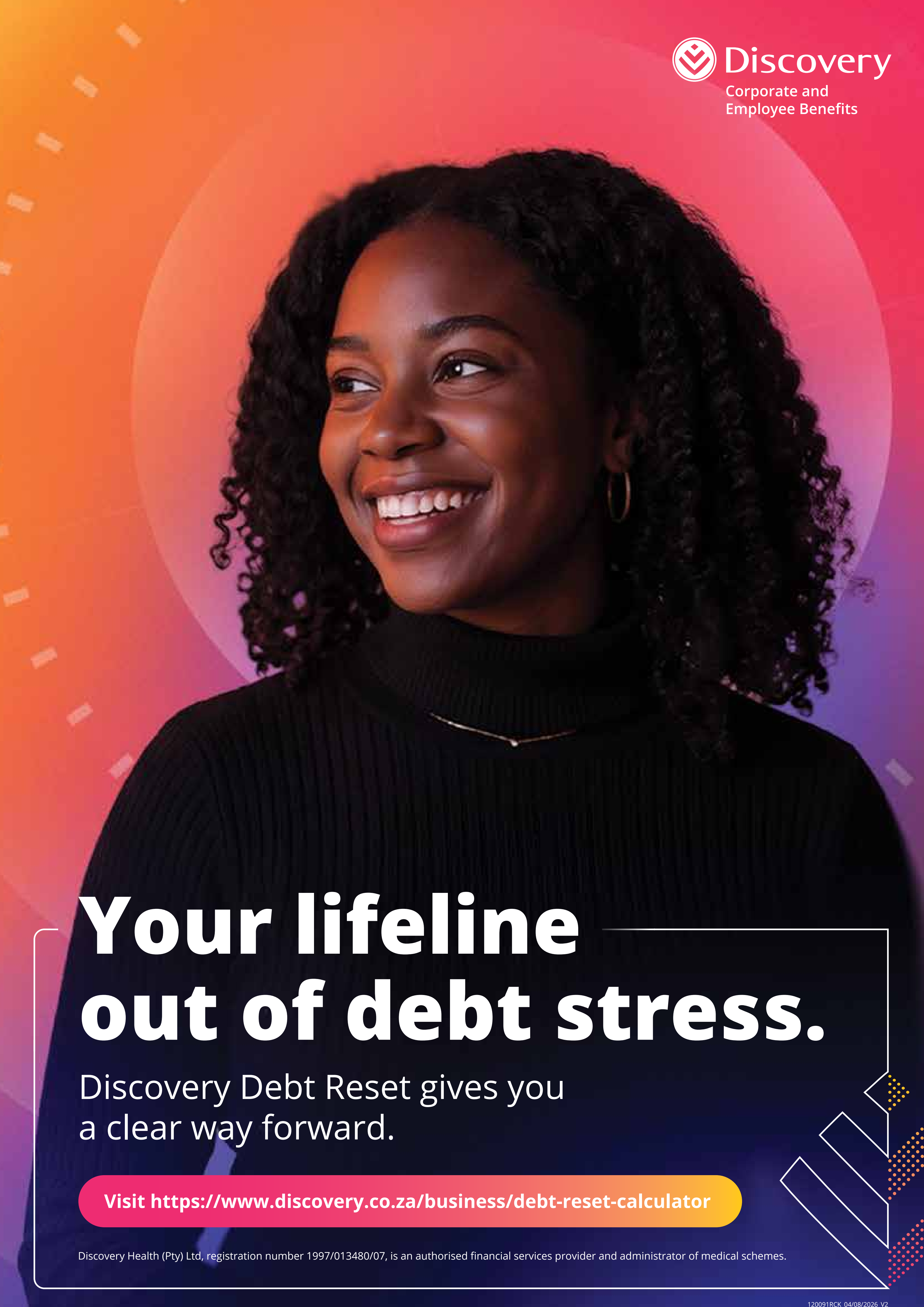
This serves as a reminder that financial strain is not confined to lower-income households. Rising living costs, high debt levels and economic uncertainty continue to affect a broad spectrum of South Africans.

Perhaps the most important lesson from the first two years of the two-pot system is that access alone does not automatically result in excessive withdrawals.

The data points to a significant number of members exercising restraint and prioritising long-term savings, even when they have the ability to access funds. At the same time, it demonstrates the value of having emergency savings available for members facing financial pressure.

The challenge for the retirement industry now is to build on this foundation. While the two-pot system has undoubtedly improved retirement preservation outcomes compared with the previous framework, meaningful retirement security will ultimately depend on helping members strengthen their financial resilience and make informed decisions about when, and when not, to access their savings.

South Africa's two-pot system was designed as a balance between today's needs and tomorrow's security. Two years on, the evidence suggests many members are beginning to strike exactly that balance.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Visit https://www.discovery.co.za/business/debt-reset-calculator
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120091RCK 04/08/2026 V2

Confidence through the ages: Sanlam Benchmark 2026 The evolution of the retirement industry

THE EVOLUTION

1956
Formal retirement provision

The Pension Funds Act laid the foundations for occupational retirement funding in South Africa.

1990s
Greater responsibility for members

The shift from defined benefit to defined contribution funds placed greater responsibility for retirement outcomes on individual members.
Benefit design evolved to better support member decision-making.

2000s
Stronger governance and scale

Umbrella funds improved governance, efficiency and cost-effectiveness while reducing industry fragmentation.
Registered retirement funds declined from **13 132 to 4 140**, while industry assets grew to more than **R5.8 trillion**.

2017
Smarter investment design

Default Regulations introduced trustee-selected default strategies while maintaining member choice.

By 2019, 91% of funds offered both default investment portfolios and member investment choice - up from fewer than half of funds in 2006, when members had an average of just four investment options.

2018
Regulatory transformation

The transition from the Financial Services Board (FSB) to the Financial Sector Conduct Authority (FSCA) strengthened governance and member protection.

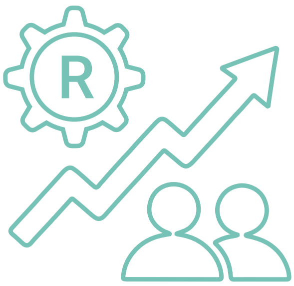
2024
Greater flexibility

The Two-Pot Retirement System introduced a new balance between immediate financial needs and long-term retirement preservation.

2026
The next phase is already taking shape

Growing demand for bundled retirement, health and risk solutions signals the next stage of industry evolution.

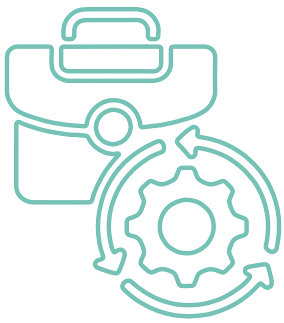
CHANGING MEMBER REALITIES



Better retirement outcomes remain the priority

Almost 7 in 10 umbrella funds do not believe members will accumulate enough savings to maintain their standard of living in retirement.

The focus is shifting from better products to better retirement outcomes.



Members are working for longer

Longer working lives, career interruptions and competing financial priorities mean retirement planning is no longer linear.

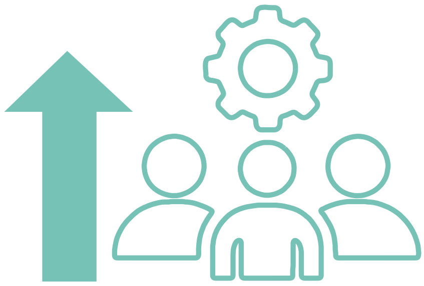
Almost half of participating employers in umbrella funds allow members continued membership beyond Normal Retirement Age (NRA).

Benefit design continues to evolve to support more flexible retirement journeys.

Earlier engagement supports better outcomes

Members typically begin engaging with their retirement fund only 3 years and 4 months before retirement. Professional financial advice is generally sought just 1 year and 8 months before retirement.

Earlier engagement creates more opportunities to improve retirement outcomes.



Greater engagement creates new opportunities

84% of employer funds and 80% of umbrella funds reported increased member engagement following the introduction of the Two-Pot Retirement System.

The opportunity is to turn greater engagement into better preservation and stronger retirement outcomes.

Bundled solutions are shaping the next phase

Integrated retirement, health and risk solutions are gaining momentum.

78% find integrated offerings attractive, while 50% prefer a fully integrated solution.

Growing demand for bundled solutions signals the next phase of industry evolution.

THE FUTURE

WHAT DOES CHANGE LOOK LIKE?

THEN	NOW
Product-focused benefit design	Member-centred benefit design
Defined benefits and investment choice	Guided investment decisions and default strategies
Stand-alone retirement benefits	Bundled retirement, health and risk solutions
One-size-fits-all benefit design	Flexible solutions that reflect changing member needs
Retirement planning at the end of a career	Support throughout members' working lives
Member choice alone	Shared responsibility between funds, employers, advisers and members
Success measured by fund performance	Success measured by retirement outcomes
Governance and compliance	Governance, engagement and better outcomes

Over seven decades, retirement funding has evolved from providing retirement benefits to improving retirement outcomes.

Sanlam Benchmark 2026 suggests the next phase of industry evolution will be shaped by stronger member engagement, more integrated benefit design and solutions that better reflect how South Africans live, work and retire. The goal is to help convert retirement savings into dignity, security and confidence. Members do not make retirement decisions in spreadsheets; they make them in households under pressure.

The Sanlam Benchmark™ 2026 is South Africa's most referenced and comprehensive retirement industry research.

SPECIAL FEATURE...

Global retirement trends and their implications for South Africa

Retirement systems around the world are undergoing significant transformation as governments, regulators and pension funds respond to ageing populations, fiscal pressures and the growing need to improve retirement outcomes. While each country's retirement framework is unique, common themes are emerging globally: stronger governance, greater transparency, fund consolidation, broader investment opportunities and a heightened focus on member outcomes. These trends offer valuable lessons for South Africa as it continues to strengthen its retirement savings landscape.

One of the most notable global developments is the consolidation of retirement funds. In the United Kingdom, reforms have encouraged smaller pension schemes to merge into larger entities capable of delivering stronger governance, lower operating costs and wider investment opportunities. Policymakers increasingly view scale as a way to improve efficiency and enhance member outcomes. Similar changes have been seen in South Africa, where many employers have moved from standalone retirement funds into umbrella funds.

However, international regulators are making it clear that cost reduction alone is not enough. Trustees and fund managers are increasingly expected to demonstrate how governance structures, investment decisions and retirement strategies create measurable value for members. South Africa already benefits from a well-developed regulatory framework, but the focus is shifting towards ensuring that governance keeps pace with increasingly sophisticated investment markets and member needs.

Collective Defined Contribution (CDC)

Another important international development is the emergence of Collective Defined Contribution (CDC) pension arrangements. Introduced in the UK, CDC schemes combine elements of traditional defined benefit and defined contribution plans. Instead of guaranteeing a pension, they pool investment and longevity risk among members while targeting a retirement income. This structure has the potential to provide more stable retirement outcomes and reduce the burden of complex investment decisions placed on retirees.

Although South Africa has not adopted CDC arrangements, the concept is attracting attention because of increasing concern about the risks retirees face when managing their own savings. As more South Africans enter retirement through living annuities, questions are being raised about whether pooled retirement income solutions could offer greater certainty and improve long-term financial security.

Defined benefit market developments

The defined benefit (DB) pension sector has also experienced significant changes internationally. Rising interest rates and strong investment returns have improved the financial position of many pension funds, moving large numbers of schemes from deficit into surplus. This has shifted policy discussions away from deficit recovery towards surplus management and long-term planning.

Eugene Botha
Head of Research Hive at Momentum Multi-manager (SA)

Fraser Price
Investment Consultant at Momentum Investment Consulting (UK)

In the UK, trustees are increasingly required to establish clear endgame strategies, including whether schemes should continue operating independently, transfer liabilities to insurers, or consolidate into larger structures. Legislative changes are also creating more flexibility around the use of pension surpluses, provided member interests remain protected. While South Africa's retirement system differs significantly, these developments highlight the importance of proactive funding strategies and long-term sustainability.

Investment reform and productive finance

Investment reform represents another major theme in global retirement systems. Governments in countries such as the UK, Australia and Canada are encouraging pension funds to allocate more capital toward productive assets including infrastructure, renewable energy and private markets. These investments offer the potential for improved long-term returns while also supporting broader economic development.

South Africa has followed a similar path. Amendments to Regulation 28 have increased flexibility for retirement funds to invest in infrastructure and alternative assets. This creates opportunities for greater diversification and supports domestic development goals. However, international experience demonstrates that success depends not on policy changes alone but on rigorous governance, prudent manager selection and effective risk management practices.

Global concentration - a growing investment challenge

Perhaps the most significant challenge facing retirement funds today is the growing concentration of global equity markets. Major stock market indices have become increasingly dominated by a small group of large United States technology companies. While these firms have generated exceptional returns, they have also increased concentration risk within many supposedly diversified portfolios.

For South African retirement funds, offshore investment remains essential for diversification, but trustees must look beyond simple geographic allocation. Understanding underlying sector, country and company exposures is becoming increasingly important. A portfolio may appear diversified on the surface while still relying heavily on a narrow group of companies for its performance. As history has repeatedly shown, periods of market concentration do not last forever, and resilient portfolios should be designed to perform across a variety of market conditions.

A more transparent and data-driven system

Technology is also playing a larger role in retirement systems. The UK's implementation of pension dashboards aims to improve member engagement by allowing individuals to view all their retirement savings in one place. Such initiatives encourage transparency, improve data quality and help members make more informed retirement decisions. Globally, regulators are placing greater emphasis on digital engagement, communication and accessibility to strengthen retirement planning outcomes.

Member outcomes remain the ultimate measure

Despite these reforms and innovations, member behaviour remains one of the most important drivers of retirement success. Strong governance and investment performance cannot fully compensate for inadequate savings rates, poor preservation habits or insufficient retirement planning. South Africa continues to face challenges in these areas, although reforms such as the two-pot system have increased engagement and awareness of long-term retirement savings.

Ultimately, the lessons emerging from leading retirement systems are clear. Successful retirement outcomes depend on a combination of strong governance, effective member engagement, appropriate investment strategies and sufficient savings behaviour. While South Africa does not need to replicate international reforms exactly, it can benefit from applying the underlying principles in a locally relevant way.

The future of retirement provision will require retirement funds to be larger, more transparent, better governed and increasingly focused on delivering real value to members. South Africa already has a robust regulatory foundation. The challenge now is to ensure that governance, investment implementation and member behaviour work together to deliver sustainable retirement outcomes for future generations.

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What if the best opportunities never list?

The investment landscape has changed

Companies are staying private for longer, and many businesses that would once have listed on public markets now remain private throughout much of their growth journey. As a result, a growing share of innovation and value creation is taking place beyond the reach of traditional stock exchanges.

This shift is prompting investors to look beyond listed markets in search of new sources of return and diversification. Even though private markets can feel unfamiliar, illiquid and complex compared to buying shares on a stock exchange, they are increasingly becoming part of mainstream portfolio construction.

The reasons are compelling. Historically, private equity has delivered attractive long-term returns relative to public markets, particularly for investors able to access high quality investment managers.

For decades, some of the world's most sophisticated investors, including endowments, family offices and sovereign wealth funds, have allocated meaningful portions of their portfolios to private markets. Increasingly, individual investors are beginning to follow suit. In the US, regulators have begun opening the door for individual investors to gain exposure to private markets through their retirement savings. The direction of travel is clear: private markets are becoming more accessible.

The opportunity beyond public markets

The growing relevance of private equity reflects a broader structural shift in capital markets. Over the past two decades, the number of listed companies has declined across many developed markets, while the number of private companies has expanded significantly. Today, unlisted companies outnumber listed companies by approximately 3,000 to one.

Many businesses are now able to raise substantial amounts of private capital, allowing them to remain private for longer and continue growing outside public markets. In some cases, companies may never list at all.

For investors focused exclusively on public markets, this means an increasing portion of the investment universe is simply inaccessible. Some of the most attractive growth opportunities may be created, developed and realised before a company ever reaches a stock exchange.

A rare opportunity is emerging in US private equity

The US private equity market is currently benefiting from a unique combination of structural and cyclical factors. A generational wave of Baby Boomer business owners approaching retirement is creating a substantial pipeline of established, profitable businesses seeking succession solutions. This so-called "silver tsunami" is expected to drive elevated transaction activity for years to come, particularly in the lower middle market, where many founder-owned businesses are preparing for ownership transitions.

At the same time, the private equity industry is working through a significant backlog of unrealised investments. According to Bain & Company's Private Equity Outlook 2026, an estimated US$3.8 trillion of portfolio company value remains unsold, while distributions to investors have remained near multi-year lows. This has contributed to a growing pool of secondary opportunities and increased pressure on some managers to realise assets.

Kobus Nel
Fairtree Group CEO and Chairman of the Private Equity
and Operational Real Estate Investment Committees

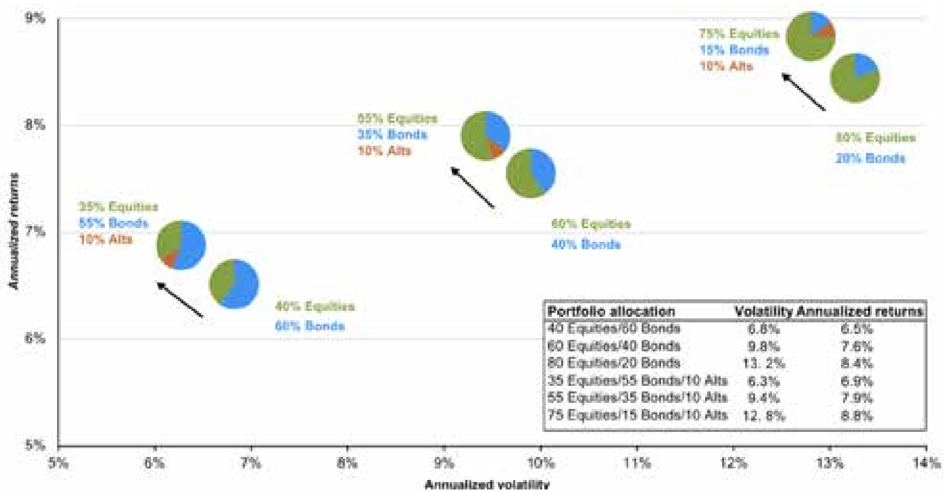
For investors with capital to deploy, these conditions may create attractive entry points. Combined with the long-term structural growth of private markets, the current environment is presenting opportunities that may not be available under more typical market conditions.

Diversification benefits

Private equity, private debt and real estate can introduce sources of return that differ from those available in traditional equities and bonds. Global private market allocations can also enhance geographic and currency diversification, helping investors build more resilient portfolios over the long-term.

Research by J.P. Morgan, based on portfolio returns dating back to 1998, found that portfolios incorporating alternative assets delivered higher returns with lower volatility than comparable portfolios invested solely in public equities and bonds, as shown in this graph:

Portfolio diversification – Alternatives and portfolio risk/return



Source: Used with permission from J.P. Morgan, Market Insights: Guide to Alternatives, Q2 2026

As a result, investors increasingly view private markets not merely as a return enhancing allocation, but as an important component of a broader portfolio construction framework. They can help support long-term objectives such as capital growth, inflation resilience and diversification across multiple economic environments.

Access matters as much as allocation

While the investment case for private markets is compelling, gaining exposure is often easier said than done. Building a diversified private equity portfolio independently typically requires significant capital, specialist expertise and access to managers that may be closed to new investors. Investors must also navigate legal structures, administration requirements, tax considerations and ongoing capital commitments. As a result, implementation can become one of the biggest hurdles for investors seeking private market exposure.

This is where the choice of asset manager is critical, particularly those with the experience, networks and capabilities to identify, assess and facilitate access to high quality private market investments on behalf of investors.

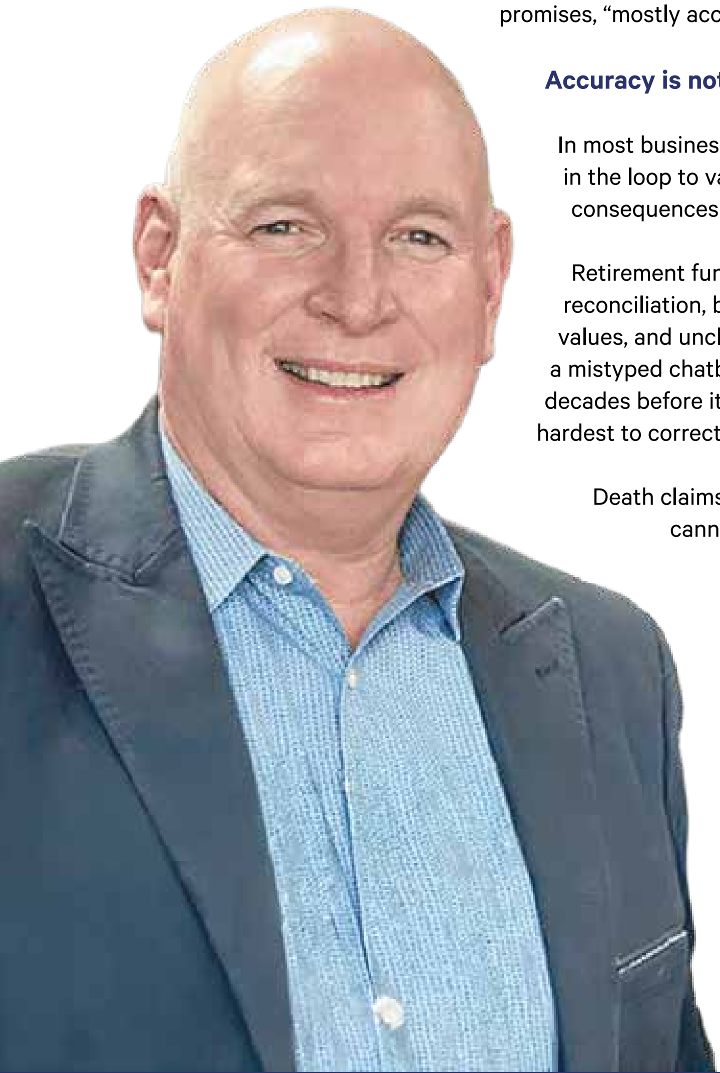
When accuracy becomes a fiduciary duty: AI, truth and the world's retirement savings

A growing portion of the digital content we consume on a daily basis is AI-generated. From articles and code, to customer interactions and even images and video, it's getting harder to identify what is created by humans and what isn't. Much of the content is useful and high quality, but some of it is highly inaccurate, because AI does not fundamentally understand truth.

AI was built to learn from human-generated knowledge at scale, but AI is no longer only learning from the collective output of human thinking. Now that it is actively populating the data ecosystem, AI is becoming part of a feedback loop where systems are increasingly training on AI-produced content. The result is a growing risk of data contamination where factual accuracy is replaced by outputs that may be convincing but not necessarily true.

Hallucinations, where AI generates confident but incorrect information because it predicts the most probable next word rather than verifying factual truth, have become a well-known challenge, as have deepfakes and synthetic media, where generated visuals or audio blur the line between authentic and artificial evidence. This is because AI does not "know" facts in the human sense. It predicts patterns.

For the global pensions, savings and investments industry, this is not an abstract technology debate. Global pension assets reached a record US$68.3 trillion in 2025, driven largely by the continued growth of defined contribution savings, and the world's largest retirement funds are now actively prioritising AI adoption while grappling with the governance challenge it introduces. Administrators, insurers, platforms and asset managers are deploying AI across member communications, claims, servicing, advice and investment operations, precisely the areas where a plausible-but-wrong output can permanently alter someone's retirement outcome. In an industry built on decades-long promises, "mostly accurate" is not a standard; it is a liability.



Accuracy is not optional

In most business processes, this situation is manageable because humans remain in the loop to validate outcomes. However, in highly sensitive domains, the consequences of even a single error become profound.

Retirement fund administration is one of those domains. Contribution reconciliation, benefit calculations, beneficiary nominations, tax directives, transfer values, and unclaimed benefits all depend on data being right the first time. Unlike a mistyped chatbot reply, an error in a member's record can compound silently for decades before it surfaces, typically at retirement, withdrawal, or death, when it is hardest to correct and most painful to explain.

Death claims processing is a clear example of why this matters. These processes cannot afford any errors, whether they are caused by AI or humans. They involve identity verification, cause-of-death documentation, beneficiary validation, policy interpretation, and regulatory compliance. There is no margin for "plausible but incorrect" in this environment.

Richard Firth
CEO of MIP Holdings

A hallucination in a chatbot response is one thing, but a hallucination in a death claim process is something else entirely. Not only can it introduce incorrect information, but the emotional impact of that inaccuracy will have significant knock-on effects. Unlike many other use cases, errors here are not easily dismissed or corrected. They are experienced personally, often at a time of heightened vulnerability, creating confusion and triggering unnecessary distress for families already dealing with loss.

The same holds across the broader savings and investment value chain, where AI-assisted guidance, robo-advice and automated disclosures increasingly shape how ordinary people allocate their life savings. A hallucinated fund fact, a misstated fee or an invented tax rule is not a customer-experience glitch; it is a direct threat to retirement adequacy.

This is why organisations modernising claims environments must treat factual integrity as a design principle, not a validation step.

Regulators are watching

Supervisors across the major pension markets are converging on the same conclusion. From the FSCA's joint standards on IT governance and cybersecurity in South Africa, to The Pensions Regulator's expectations on data quality and cyber resilience in the UK, the Australian Prudential Regulation Authority's (APRA) operational risk regime in Australia and the European Insurance and Occupational Pensions Authority's (EIOPA) recent guidance on AI governance in European insurance, the direction of travel is clear: automation does not dilute accountability. When AI is embedded in administration, claims or advice processes, responsibility for the outcome does not transfer to the model, it remains squarely with the trustee, the administrator and the insurer. Boards that cannot explain how their AI-enabled processes guarantee factual accuracy will increasingly struggle to demonstrate that they are meeting their fiduciary and conduct obligations.

AI is not enough

AI should not be treated as an autonomous decision-maker. It must be constrained, guided, and integrated within controlled systems where data sources are trusted and verifiable, outputs are validated against structured rules, human oversight remains embedded in critical steps, and accuracy is prioritised. In other words, the system should be designed to prevent AI from "making things up" in the first place.

AI can play a meaningful role in these types of processes, but the focus must shift from automation first to accuracy first. AI models should operate within curated, authoritative datasets, not open-ended internet-trained knowledge pools. AI should assist interpretation, not make final determinations where emotional or legal consequences exist. Most importantly, factual validation must remain a human process.

AI's power lies in its ability to interpret patterns at scale, but the next phase of enterprise AI maturity will not be defined by speed or volume. It will be defined by truth control. As AI increasingly contributes to the data ecosystem it once only consumed, organisations must recognise that all data is not equal, and all outputs are not factual. As AI-generated content continues to grow, the challenge will not just be building smarter models, but maintaining a clear line between what is true and what is merely believable. For the trustees, administrators and providers entrusted with the world's retirement savings, truth control is fast becoming inseparable from fiduciary duty itself. In emotionally charged processes like death claims processing, that line cannot blur. When people are at their most vulnerable, accuracy is not a feature, it is a responsibility.

Global pension investors are turning to private markets. What can South African retirement funds learn?

Around the world, pension funds are increasing their allocations to private markets as they seek greater diversification, resilient sources of return and access to investment opportunities that are becoming less available through listed markets. From North America and Europe to Australia and parts of Asia, private equity, private credit, infrastructure and real estate have become strategic components of long-term institutional portfolios.

For South African retirement funds, these global developments offer valuable insight into how long-term investing is evolving. Private assets provide access to a broader investment universe while helping build more resilient portfolios in an environment where public markets are increasingly concentrated around a handful of large technology companies and remain vulnerable to heightened volatility.

Why global investors are looking beyond public markets

One of the biggest drivers of this shift is the changing nature of the investment landscape.

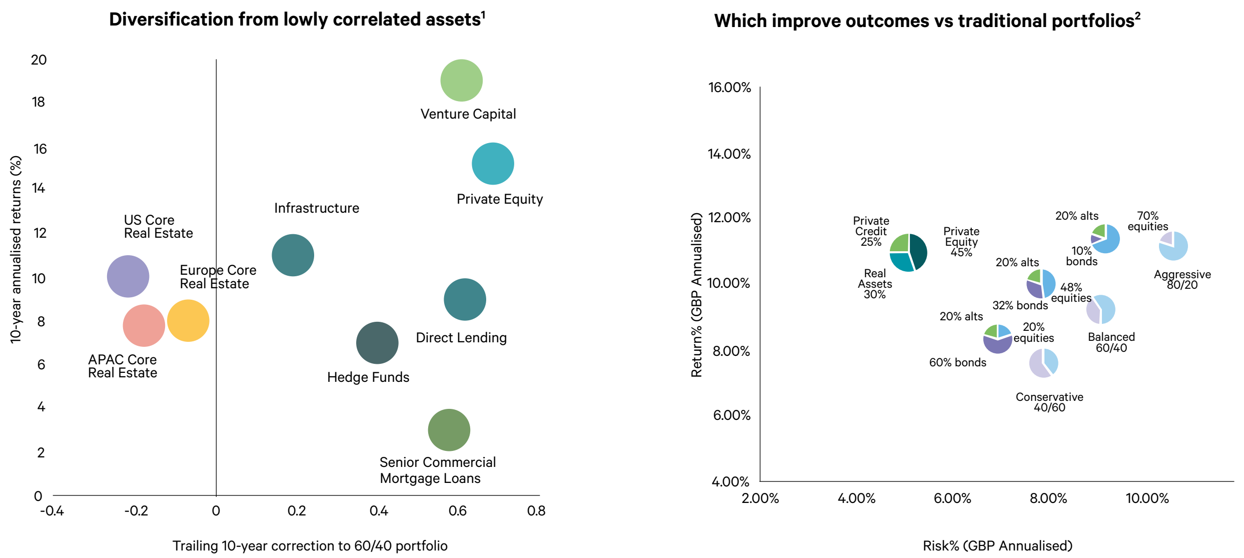
Although there are approximately 19,000 US companies with revenues exceeding US$100 million, only around 13% are publicly listed. More than 16,500 operate in the private sector. At the same time, the number of US-listed companies has fallen from around 7,500 in 2000 to approximately 3,700 today.

Many of today's fastest-growing businesses, including SpaceX, Open AI and Anthropic, have built significant valuations while remaining private. This means an increasing share of economic growth is taking place outside public markets.

Private assets under management have grown from approximately US$11 trillion in 2020 to around US$20 trillion today and are projected by PitchBook to reach US$25-30 trillion by 2030. This expanding opportunity set is one reason institutional investors globally continue increasing allocations to private markets.

Whether across private credit, equity, infrastructure or real estate, private assets have consistently demonstrated their ability to enhance multi-asset portfolios through lower correlation with traditional listed investments, improving portfolio diversification and long-term return potential.

Figure 1: Private Markets can improve returns for traditional porfolios
Back to first principles of investing



Past performance is not a guarantee of future returns.

Source:[1] JP Morgan Capital Markets Assumptions 2025 [2]M&G Q3 2024: Public Equity MSCI World Total Return, Public Fixed Income ICE BofA Global Corporate index, Private Markets portfolio=M&G investment Private Equity, Real Assets and Private Credit track records.

Private credit: Expanding opportunities for institutional investors

Private credit has become one of the fastest growing areas within private markets, providing pension investors with diversified income opportunities beyond traditional fixed income.

The opportunity set ranges from corporate lending and asset-backed finance to significant risk transfer (SRT), where investors assume a portion of a bank's credit risk in exchange for an ongoing premium. Investors can also access income streams backed by residential mortgages, vehicle finance, mobile phone contracts and other specialised assets.

These investments span the full credit spectrum, from investment grade to higher-yielding strategies, allowing investors to tailor portfolios to specific income and risk objectives.

Infrastructure: Investing in long-term global trends

Infrastructure remains a cornerstone of private market investing for many of the world's largest pension funds because its long-term investment horizon aligns naturally with retirement liabilities.

Governments globally continue to face significant funding constraints. McKinsey & Company estimates a US$106 trillion infrastructure funding shortfall by 2040, creating substantial opportunities for institutional investors.

Demand is being driven by powerful structural trends, including digitisation through AI data centres and telecommunications infrastructure, decarbonisation through renewable energy, decentralised energy systems, ageing transport and utilities networks and increasing investment in national resilience and security.

These long-term themes continue to create attractive investment opportunities supported by cash flows, while the ability to invest across the infrastructure risk spectrum provides exposure to growth alongside potential downside protection, low correlation to both public and private market strategies, and inflation protection.

Real estate continues to evolve

Institutional investors are also becoming more selective in real estate. Beyond traditional core property, value-add strategies can generate higher returns through refurbishment, redevelopment and active asset management, providing access to a broader range of risk and return opportunities.

Managing private market risks

As private markets have matured, investors have developed a far better understanding of the associated risks.

While fees are generally higher than for listed investments, they reflect the specialist expertise required to source, structure and actively manage these assets. Experienced managers seek to mitigate liquidity, valuation and counterparty risks through disciplined investment processes and rigorous due diligence.

For pension investors, liquidity should be considered within the context of long-term investment horizons. Equally important is partnering with experienced managers who apply robust valuation methodologies and maintain strong alignment of interests with investors.

The historical experience of institutional investors shows that private assets have delivered attractive long-term returns while maintaining relatively low correlations with traditional equity and bond portfolios, making diversification one of their greatest strengths.

The future of institutional investing

Private markets have evolved from a niche allocation to an increasingly important component of institutional portfolios around the world. As public markets become more concentrated and the universe of private investment opportunities continues to expand, pension investors are looking beyond traditional asset classes to improve diversification and access long-term sources of return.

George Rooke
Investment Specialist, Private Equity at M&G Investments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The case for residential rental in long-term pension portfolios

Residential rental is one of South Africa's most familiar property markets, but it remains poorly understood from an institutional investment perspective.

Part of the misunderstanding comes from familiarity itself. Most people have rented a flat, owned a buy-to-let property, dealt with a landlord or formed an opinion about inner-city buildings. Those reference points can obscure the distinction between individual property ownership and institutional residential rental. The latter is not simply buy-to-let at scale. It is a professionally managed, long-term real estate asset class built around scale, data, operating discipline and tenant demand.

For pension funds, asset consultants, lenders and other long-term allocators, residential rental should be assessed as an operating platform, not a collection of individual flats. The building is important, but the investment case is shaped by the engine behind it: how tenants are sourced and vetted; how vacancies and collections are managed; how maintenance is planned; how costs are controlled and how quickly units can be re-let without compromising the tenant experience.

This is where the sector is still often underestimated. Residential rental has many tenants, shorter leases and higher day-to-day operational intensity than more familiar property sectors. To some investors, those features have historically looked like risk.

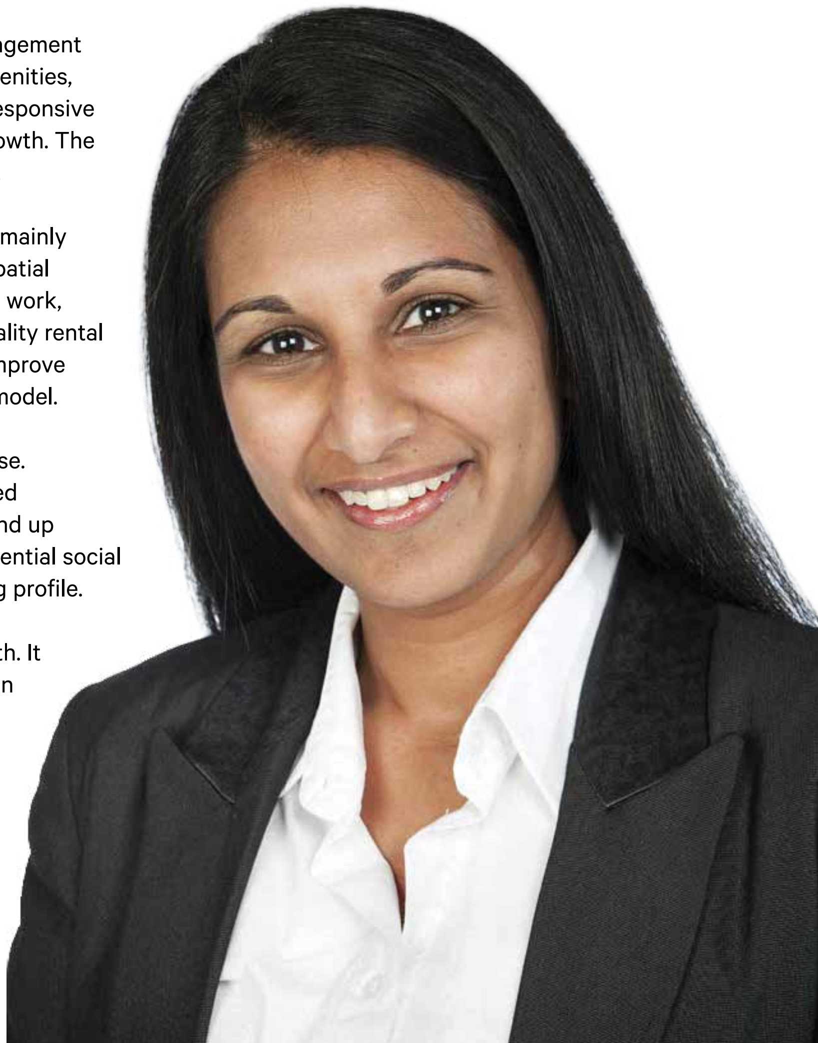
In practice, scale can turn perceived risk into resilience. A residential portfolio with thousands of tenants is not dependent on one retailer, one office occupier or one industrial tenant. Its income profile is spread across a large and diverse tenant base. People typically cut back on discretionary spend before they stop paying for a place to live. Tenants may have the ability to more frequently, but a mature operator is built for maximising retention.

In residential rental, asset management and property management cannot be treated as afterthoughts. Safety, cleanliness, amenities, proximity to transport, access to work opportunities and responsive management all influence demand, retention and rental growth. The tenant experience is therefore part of the investment case.

Affordable and well located rental housing is often framed mainly through its social value. That value is real. South Africa's spatial history means that where people live still shapes access to work, transport, schools, services and economic opportunity. Quality rental housing close to urban centres and transport routes can improve daily life while also supporting a more investable housing model.

But the impact case should not obscure the investment case. Pension funds are investing on behalf of members who need long-term financial outcomes. Residential rental has to stand up commercially. Its relevance lies in its ability to combine essential social infrastructure with a credible and stable income generating profile.

The return story is not about spectacular short-term growth. It is about stability, demand, income and disciplined execution over long periods. In a market where investors are looking for predictable cash flows and support for inflation-linked liabilities, residential rental deserves closer attention. It offers exposure to a basic need, supported by long-term demographic and urbanisation trends.



Shaila Desai
Head of the Old Mutual Residential Impact Fund at Old Mutual Alternative Investments

One barrier to institutional allocation has been the perception that there is not enough information to assess the sector properly. In reality, many operators and investors have been active in residential housing for a long time. The challenge is not only data availability, but data consolidation. Performance data, vacancy trends, arrears, rental growth and cost ratios need to be presented in a way that allows investors to compare residential rental with other property sectors on a like-for-like basis.

If residential rental is to become a larger part of institutional portfolios, investors need to understand how the sector behaves through cycles, how it compares with other property sectors and how returns are generated across different locations and income bands. Better data can help investors separate weak assets from strong platforms, isolated projects from scalable portfolios and perceived risk from actual risk.

Another misconception is that residential rental is too niche to absorb institutional capital. The market is still relatively small compared with more established property sectors, but it is growing. Demand is not the binding constraint. The harder questions are around access to suitable land, conversion opportunities, planning risk, construction costs, capital structures and the ability to aggregate assets at scale.

For institutional investors, the opportunity is not only in individual developments, but in platforms capable of scaling quality rental housing over time.

As the sector matures, financiers are gaining comfort with the operating model. Early concerns around short leases, rent collection, tenant churn and arrears are being tested against actual portfolio performance. Lenders and investors are increasingly looking at asset quality, location, demand, tenant management, cost control and track record.

Residential rental will not solve South Africa's housing challenges on its own. It will not suit every investor, city or capital structure. But it should no longer be dismissed as informal, unproven or too operationally complex for institutional capital. The same operational intensity that can make the sector difficult to understand is also where value is created when the right platforms are in place.

South Africa needs more quality rental housing in well located areas. Investors need long-term assets that can generate income, diversify portfolios and contribute to real world outcomes. Residential rental sits at the intersection of those needs.

Compelling opportunities with ethical guardrails

The global security environment is undergoing a profound transformation. As nations rush to modernise their militaries and replenish stockpiles, the defence sector has become a critical area of focus for investors.

The growing global need for defence

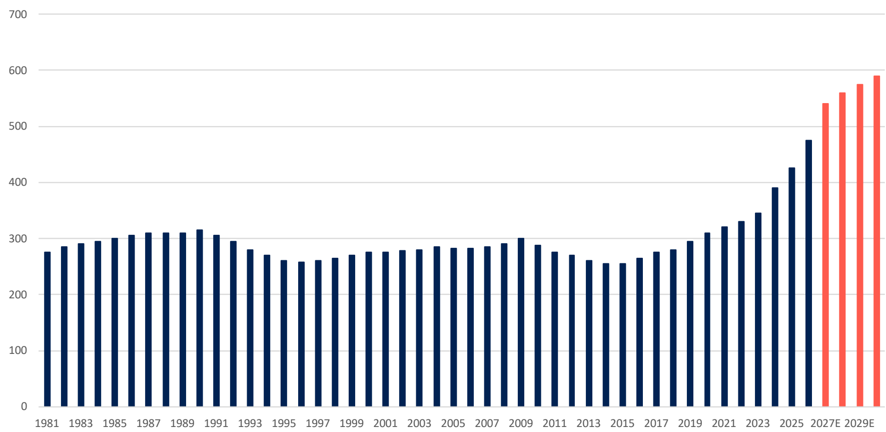
Few structural shifts in global markets over the past two years have been as consequential or as ethically complex as the resurgence of defence spending. For decades, defence budgets in developed economies were managed down as a post-Cold War peace dividend. That era is now over. The combination of the war in Ukraine, rising tensions in the Indo-Pacific, and a fundamental reassessment of collective security arrangements in Europe and beyond has placed defence firmly back at the centre of government expenditure and capital allocation decisions.

This shift poses a question for investors: how does one capture exposure to a sector with compelling structural growth dynamics while maintaining clear ethical boundaries and credible stewardship commitments?

The scale of the spending shift

The year 2025 marked a historic turning point for global military expenditure. According to the International Institute for Strategic Studies (IISS), global defence spending reached a record $2.63 trillion in 2025, representing a 2.5% increase in real terms from the prior year. European spending is particularly notable: the continent now accounts for over 21% of the global total. As shown in the chart below. Goldman Sachs is expecting this to grow significantly going forward, and several NATO members are committing to sustained budgets of 3–5% of GDP in the years ahead - levels not seen since the Cold War

Chart: Annual European defence spending



Source: Goldman Sachs

This is not a short-term procurement cycle. The structural drivers, including ageing equipment inventories, renewed competition for power, and the integration of advanced technologies, including AI, cyber capabilities, and systems into modern warfare, point to an extended period of elevated defence expenditure. The investment implication is a sustainable demand backdrop for defence-oriented industrial companies, particularly those with established positions in European procurement programmes.

Vuyolwethu Nzube
ESG Analyst at Truffle Asset Management

Approaching an investment in defence

Many investors recognise that national security is a legitimate and necessary function of democratic governments, and that the companies that provide the industrial base for that security play an economically and strategically important role. However, investing in a growing defence sector of this nature requires a responsible approach. This approach could include:

Absolute exclusions: Avoiding certain companies operating in the sector for example those that manufacture controversial weapons (such as cluster munitions, landmines, and chemical or biological weapons). Given that NGOs and other human rights organisations tend to publicly flag when a company produces these products, the relevant companies can be identified.

Active monitoring: Actively monitoring companies that manufacture conventional weapons and nuclear-adjacent products.

Tracking controversies as part of ongoing monitoring includes assessing adherence to the United Nations Global Compact (UNGC) and evaluate alignment with the UN Guiding Principles on Business and Human Rights (UNGPs). Where controversies arise, assessing materiality, management response, and trajectory becomes important before determining whether continued ownership is appropriate.

The table below provides examples of companies operating in the defence sector highlighting how they would screen for exclusions and controversies:

Company	Nuclear weapons	Controversial weapons	Global norms	Active Controversies
Airbus	No	No	Pass	Crashes of civilian aircraft; UK investigation into export control compliance (minimal financial impact to date).
Indra Sistemas	No	No	Pass	Fines for delayed armoured vehicle delivery (minimal financial impact).
Dassault Aviation	No**	No	Pass	Historical disinformation allegations; past fatalities in test programmes. Under active monitoring.
Babcock International	No**	No	Pass	None identified. Partnerships with Israel exist; no arms supply to Israel confirmed.
Leonardo	No**	No	Pass	Historical supply of weapons to Israel; no supply since the onset of the Hamas conflict. Under active monitoring.
Qinetiq	No	No	Pass	Shareholder linked to political donation (Boris Johnson). No direct company involvement identified.

Source: Truffle Asset Management

***These companies do not manufacture nuclear warheads, but do produce delivery systems capable of carrying nuclear warheads*

Conclusion: Principled exposure in a changing landscape

Looking ahead, it's important to remain mindful of new challenges for the sector. The integration of artificial intelligence into weapons systems represents the most significant emerging ethical challenge. The evolving nature of warfare also requires investors to continually reassess policies and exposures.

The investment case for defence exposure is compelling. The ethical questions it raises are important and require active engagement rather than passive acceptance. An approach to combine absolute exclusions of controversial weapons, transparent disclosure of nuclear-adjacent holdings, and ongoing monitoring of controversies and compliance with norms should be designed to ensure defence exposure is principled, not opportunistic.

As the landscape changes, and in defence, it is changing rapidly, investors' stewardship commitments should change with it.

The SARB's 3% target meets its first real rest

When National Treasury gave the nod to the SARB for the lower 3% inflation target, with a tolerance band of +/-1%, towards the end of 2025, few would have guessed that its first true test would arrive relatively soon after. The onset of the Middle East conflict induced an oil shock that made its way into fuel prices. This led to an inflation spike above the tolerance band in 2026Q2 – up from just before the conflict, when inflation had been sitting at the SARB's goal. The result was a reversal in policy - from easing to tightening – a development few would have anticipated when the new target was adopted.

A promising start, now under pressure

Looking back, the lower target was adopted in a favourable environment:

- Inflation was on a downward trend towards 3%, while broader economic fundamentals were on the mend thanks to strengthening fiscal discipline, positive credit ratings developments and improving business and consumer sentiment.
- Inflation expectations across multiple horizons started to reflect the news of the lower target. The SARB's preferred measure, the 2-year-ahead inflation expectations average for professionals, fell to a record low of 3.6% in 2026Q1, about as strong an endorsement as could be hoped for.

Since then, inflation expectations have reversed course, rising to 4.2% 1 year ahead and 3.9% 2 years ahead (see Figure 1). This is a stark reminder that expectations are not yet firmly anchored, and that the SARB cannot rest on its laurels. The public needs convincing that the target will be reached.

Lessons from the past

Large external shocks have tested South Africa's resolve before. In the early 2000s, an emerging market crisis triggered a rand sell-off and a subsequent inflation spike, forcing National Treasury to walk back its intention to lower the target to 3% - 5% over time. This time, the SARB has been explicit that there will be no wavering. Beyond this resolve, the central bank will need to show what it is prepared to do to deliver on the new target in practice. Target abandonment is highly unlikely; the real question is what form the defence takes under a live shock, and there the SARB's credibility is yet to be demonstrated.

The case for vigilance

In a highly fluid environment, a data-dependent central bank facing a fast moving shock is forced to act on incomplete information – meaning it may need to raise rates before the data fully confirms the need to, rather than waiting for certainty.

Another reason for vigilance is that shocks rarely arrive in isolation. Were expectations firmly anchored at the new target, the central bank might look through a single shock. But this target is still in its infancy, and a successive shock (such as an El Niño induced food shock) landing on already elevated expectations risks compounding in a way the first shock alone would not.

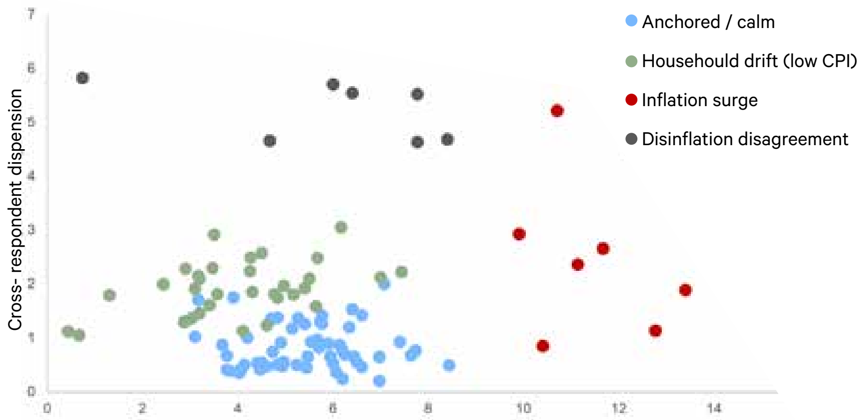
The danger beneath the average

Averages tend to mask underlying divergence. While average expectations for the year ahead did jump, analysts still see inflation returning close to target over the medium term, while businesses and trade unions expect a protracted target breach – and households sit meaningfully higher than both. Historically, when inflation has risen, disagreement about where it will land has risen with it (see Figure 1). It is in this dispersion that the danger lurks: when expectations become widely spread out, even if the average remains moderate, those with elevated expectations may act on them, increasing the risk of broader price pressures taking hold.

Kanyane Matlou
Deputy CIO at Terebinth Capital

One factor that provides some comfort: Wage growth expectations have remained stable at 4% - 5%, despite rising inflation expectations – likely reflecting a weak labour market. This limits the risk of a wage price spiral and the pressures that typically follow. However, wage expectations remain above the 3% target and haven't tracked inflation expectations lower since the adoption of the new target, meaning they too will need to anchor closer to target over time.

Figure 1: Inflation expectation regimes - 2000Q2 to 2026Q2



Source: SARB/BER, Bloomberg, Terebinth Capital, 30 June 2026

A test of credibility

This shock will pass, like the ones before it. What it will reveal is whether the SARB is truly committed to the target and willing to take necessary, even unpopular, action to defend it and protect its credibility. The market's reaction to the initial announcement of the lower target was telling: a lower inflation environment, and the lower inflation risk premium associated with it, has clear benefits. A sustained commitment to that low inflation environment, backed by a SARB that demonstrates its resolve, can only add to a positive backdrop for domestic assets in the long run.

Capital, choice and the case against compulsion

Every few years the same question returns to the South African investment debate, dressed in slightly different language. How do we direct more of the country's substantial pool of retirement savings towards the infrastructure the economy so plainly needs?

The savings and investment industry holds several trillion rands on behalf of members, and the infrastructure financing gap runs to several trillion rands over the remainder of this decade. The temptation to connect the two by regulation is understandable.

The scale of the need, and the scale of the savings

Two numbers frame everything that follows. On the need side a joint World Bank and Development Bank of Southern Africa report published in January 2024 and still widely cited, estimated that South Africa must spend between R4.8 trillion and R6.2 trillion between 2022 and 2030 on transport, water and sanitation, and education alone, equivalent to roughly 8.7% to 11.2% of GDP a year. Infrastructure South Africa has separately told Parliament that meeting the National Development Plan's target of raising gross fixed capital formation to 30% of GDP by 2030 requires around R1.7 trillion of additional investment. The Minister of Finance has committed public infrastructure spending of more than R1 trillion over the current three-year period. Whichever measure one uses, the number is in the trillions, and the public balance sheet cannot carry it alone. On the savings side, the industry is substantial by any measure. The local collective investment schemes industry alone closed 2025 with R4.58 trillion under management, according to ASISA, and the broader savings and investment industry, spanning asset managers, life offices and retirement funds, holds considerably more.

Asset allocation: whose money is it?

The primary purpose of a retirement portfolio is to meet the long-dated, often inflation linked liabilities a fund owes its members. The job of the trustee and the manager is to build the portfolio that best matches those liabilities on a risk adjusted basis.

This reframes the infrastructure conversation in a way that matters. Infrastructure debt is not a charitable allocation. It is an asset class that earns its place in a well-built portfolio on its own merits. It offers contracted, often inflation-linked cash flows, long tenors that map neatly onto pension liabilities, and returns that are largely uncorrelated with listed equity and bonds.

Prescribed assets: why it should not be on the agenda

Prescription means the state directing funds to hold particular assets, whether government bonds, state-owned enterprise debt or specified projects, regardless of their risk adjusted merit.

Giving this legal force would not be a simple act of will. Regulation 28 is the instrument that governs how retirement funds may invest, and it currently contains no power to compel allocation to specified assets. It is our understanding that prescription would require the Minister of Finance to amend Regulation 28 itself, following a formal consultation process.

Conway Williams
Head of Credit at Prescient Investment Management

We are not supportive of it, and the reasons are practical rather than ideological.

The first is that the problem is misdiagnosed. The constraint on infrastructure investment in South Africa is not a lack of capital. It is a lack of bankable, well-structured and properly governed projects. The clearest evidence sits in the national accounts. South African gross fixed capital formation was running at just 14% of GDP in early 2026, well below the National Development Plan target of 30% and the 25% or more that economists typically regard as appropriate for a developing economy. The figure is also moving in the wrong direction: gross fixed capital formation fell by 2.7% over the first nine months of 2025 against the same period a year earlier, on Deloitte's February 2026 reading of the Stats SA data, even as the economy returned to modest growth. For context, India invested close to 30% of GDP in fixed capital in the year ending March 2025 and China has remained around 40% in recent years. South Africa commits roughly half the share of its economy to building things that comparable emerging markets manage, and the gap is widening.

The regulatory headroom to direct far more towards infrastructure already exists. What is missing is not permission or money but a pipeline of projects that can be underwritten with confidence. Prescription treats a project-preparation failure as if it were a capital-supply failure, and so prescribes the wrong medicine. Compelling funds to allocate into a shortage of bankable assets does not create good projects. It simply forces savers to buy whatever is available, at whatever price, which is precisely the outcome a fiduciary exists to prevent.

The second reason is the cost to members. Directing savings towards assets at below-market returns, or towards entities that cannot price their own risk, produces sub-optimal outcomes for the savers whose money it is. That is difficult to reconcile with the fiduciary duty at the heart of the system.

The third reason is that better alternatives exist, built on de-risking rather than coercion. The Credit Guarantee Vehicle is the most prominent current example, though it is important to be accurate about its status. It is a plan in progress rather than a working facility. The World Bank board approved the supporting programme in early March 2026, and the vehicle is to be incorporated as an independent, privately governed non-life insurer, with an initial capital base in the region of R9 billion scaling towards a multi-year target of around R45 billion, subject to development partners confirming their participation. The Treasury is targeting operational readiness in the second half of 2026, with a first guarantee earmarked for independent transmission projects. If it delivers, the logic is sound. By providing market-based guarantees that reduce both the probability of default and the loss given default, it should widen the universe of investable projects and improve the risk-adjusted returns on those we finance, particularly in greenfield clean energy and transmission where construction and offtake risk are otherwise hard to price. The outcome will depend on the quality of the project pipeline, the efficiency of its processes and the commitment of partners to provide actual capital.

The common thread

Asset allocation, the regulatory limits and prescription are three versions of a single question about who decides where retirement savings go. The answer should be the trustees and managers who owe a duty to members.

The offshore allowance should stay, because diversification protects members.

Prescription should stay off the agenda, because it solves the wrong problem at the saver's expense. And infrastructure deserves a far larger allocation than it currently receives, not because anyone is forced to provide it, but because, structured and de-risked correctly, it is simply a good investment.

Unlocking South Africa's next investment frontier: Why tribal areas must move to the centre of economic development

For decades, South Africa's investment landscape has been shaped by an urban-centric mindset. Capital has flowed overwhelmingly to metropolitan areas, while tribal and communal land has often been viewed through the narrow lens of legal complexity rather than economic opportunity. This perception has caused investors to overlook one of the country's most significant untapped growth markets. As the debate shifts from land rights to inclusive economic development, it is becoming increasingly clear that tribal areas should no longer be regarded as peripheral - they are central to South Africa's future.

More than 17 million South Africans live on communal land, where vibrant local economies already exist. Social grant income, agricultural activity, informal trade and substantial retail spending create a strong economic base. The challenge is not a lack of demand; it is that communities are forced to travel long distances to access retail, healthcare, education and government services because these investments have not followed the people. The real opportunity lies in capturing existing spending closer to where communities live, creating local jobs while reducing economic leakage from rural areas.

So why has investment continued to bypass these markets?

The answer lies in institutional bias. Traditional investment models were designed around municipal land ownership, title deeds and established planning systems. Communal land requires different approaches, and many investors have mistaken unfamiliarity for excessive risk. Concerns around tenure security, governance and community acceptance often dominate investment discussions, despite evidence that well-structured developments on communal land frequently enjoy stronger local support than projects in urban environments. Capital has tended to follow precedent rather than opportunity.

Investors also tend to focus on land ownership when they should be focusing on cash flow. Successful retail property is ultimately driven by population density, consumer demand, accessibility and tenant affordability - not by the existence of a title deed. Across South Africa, developments in underserved markets have demonstrated that long-term lease agreements, partnerships with traditional authorities and collaborative governance structures can provide stable, bankable investment platforms. Strong traditional leadership often delivers long-term stewardship, local legitimacy and faster stakeholder alignment, all of which reduce project risk rather than increase it.

However, successful investment cannot simply involve building assets in rural communities; it must create lasting participation and shared prosperity. The global development conversation has evolved beyond consultation towards shared value creation. Communities should become long-term stakeholders through equity participation, community trusts, revenue sharing arrangements and governance representation. Local employment commitments and enterprise development programmes should ensure that construction, security, maintenance, landscaping and facilities management opportunities benefit local businesses and residents. Sustainable development occurs when communities are not merely hosts of investment but participants in the value it creates.

Ben Kodisang CA(SA)
Founder and CEO of ALT Capital Partners

Several global trends reinforce this opportunity.

Firstly, impact capital is increasingly favouring place based investment that delivers measurable social outcomes alongside commercial returns. Investors are actively seeking opportunities that promote inclusive growth, strengthen social infrastructure and stimulate rural economies. Tribal areas are well positioned to benefit from this shift. Secondly, infrastructure has become the true catalyst for investment. Roads, electricity, water, fibre connectivity and transport networks often matter more than debates around ownership structures. Investment follows infrastructure, and where governments and private capital work together to improve connectivity, broader economic activity inevitably follows.

Retail and social infrastructure can become powerful anchors for broader development. Shopping centres, healthcare facilities, schools and government service hubs attract people, stimulate local entrepreneurship and create confidence for further private investment. These assets become the foundation upon which broader ecosystems of economic activity emerge.

The future of investment in tribal areas will not be determined by ownership models alone but by partnership models. Successful developments require collaboration between traditional authorities, private investors, development finance institutions, municipalities and communities. Each stakeholder contributes a different capability, and together they create resilient, investable projects that generate both financial returns and measurable social impact.

South Africa stands at an important crossroads. For too long, communal land has been viewed primarily through a lens of limitation. The next decade demands a different perspective - one that recognises the immense economic potential of underserved markets. If the country's objective is inclusive growth, then investment must follow people, not merely legal structures. Tribal areas represent more than an untapped market; they represent an opportunity to redefine how investment creates prosperity. By embracing partnership, innovation and community ownership, South Africa can unlock sustainable growth where it is needed most, ensuring that the communities who have stewarded these lands for generations become active participants in the wealth they help create.

The cushion is gone, equity benchmarks are tilted

A positioning dilemma for asset allocation: why rising concentration and shifting stock-bond correlations are changing the diversification math for multi-asset portfolios.

A handful of shares now set the tone

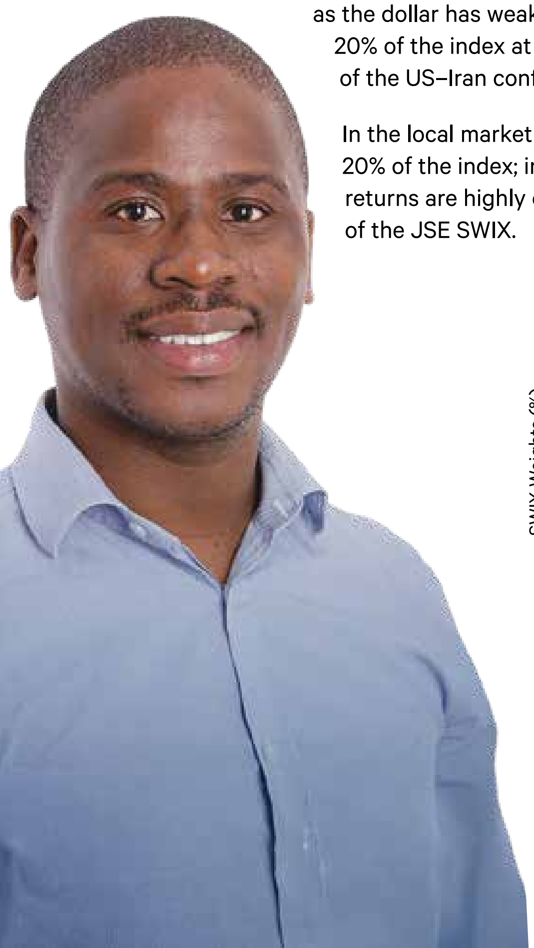
One of the biggest challenges for global emerging-market funds is the growing concentration within the equity benchmarks they track. TSMC, Samsung Electronics and SK Hynix have rallied 128%, 352% and 636% respectively over the past 12 months to June 2026, and now account for roughly 29% of the EM index.

At that weight, managers are effectively forced into an underweight position on stocks they may fundamentally like. The same names dominate their home markets: TSMC alone is about 42% of Taiwan's market, while Samsung and SK Hynix together make up 55% of the Korean index. The Hang Seng and S&P 500 are similarly concentrated, with their top ten constituents accounting for 51% and 36% of each index respectively.

This is not new to the South African JSE. The historic rally in Naspers led to the creation of the Capped SWIX, so that managers could still achieve adequate diversification.

Key Insight

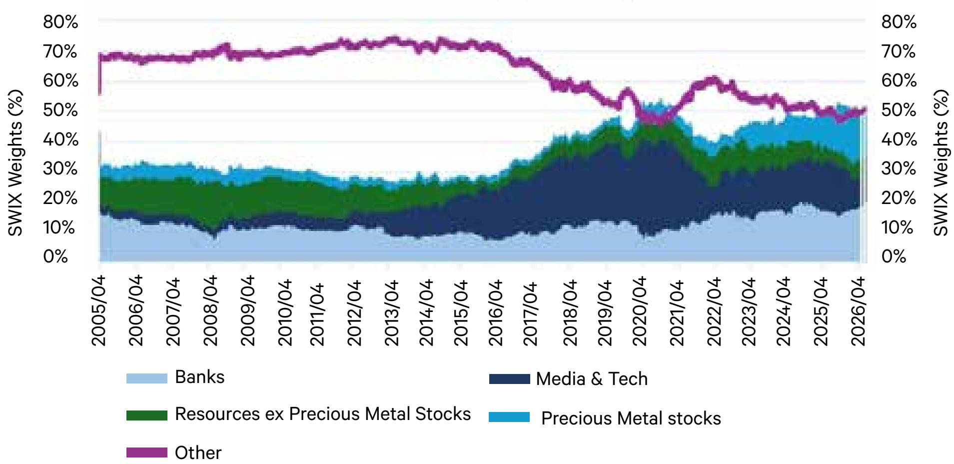
Concentration risk intensifies sharply once a single sector nears 20–30% of an index, absorbing a disproportionate share of the tracking-error and risk budget.



Meanwhile, South African investors face a dollar-debasement theme, which has fuelled a rally in commodities as the dollar has weakened, particularly precious metals. The PGM and gold sectors alone accounted for 20% of the index at their peak, though this has since moderated to around 13% (Figure 1), since the start of the US–Iran conflict at the end of February.

In the local market this is exacerbated by two further factors. Financials dominate, with banks at around 20% of the index; individual banks may carry their own idiosyncratic fundamental drivers, but their returns are highly correlated. Naspers and Prosus, despite index capping, still represent a combined 12% of the JSE SWIX.

Figure 1 – JSE Sector SWIX weight comparison



Source: Matrix Fund Managers, JSE, Factset

Ndumiso Ndebele
Portfolio Manager at Matrix Fund Managers

Taking active risk here introduces unintended exposures, while mandate constraints such as a 10% single-issuer cap can compel managers into constrained, often suboptimal, positions, ultimately undermining the diversification of pensioners' savings, especially where mandates require beating the benchmark over the short term. For asset consultants assessing manager quality, single-stock and single-sector concentration is now central to any risk-budgeting conversation, not a side issue to be raised only when performance disappoints.

Bonds have stopped cushioning the fall

Stock-bond correlations have also shifted. In most major recessions and deflationary panics, bonds offset a large part of equity losses: during the dot-com crash, the global financial crisis and the 2020 sell-off, bonds rallied as central banks cut rates. But in the 2022 inflation shock the opposite happened: rate hikes drove bonds and equities down together, leaving multi-asset funds with nowhere to hide, a dynamic not seen persistently since the 1970s.

South African equities and bonds have been positively correlated in most periods, reflecting the resource-driven nature of the market. A commodity rally typically lifts the equity market, improves the terms of trade, strengthens the currency and supports bonds.

But the same circular dynamic works in reverse, diminishing the traditional diversification cushion. This creates a further dilemma for asset allocators today, with inflation remaining sticky, currently exacerbated by oil prices amid the US–Iran conflict, which has pushed global bond yields higher.

What it means for your pension money in multi-asset mandates

Strategic asset allocation is widely used to evaluate active decisions, offering historical guideposts for what has worked across different market cycles. However, its assumptions rely on portfolios being sufficiently diversified, an assumption that may no longer hold. Rising concentration and higher equity-bond correlation make it harder for active managers to beat benchmarks in the short term.

> *"Managers must hold to their philosophy: ensuring genuine diversification and relying on the multiple return drivers of a multi-asset portfolio.*

While benchmarks remain useful for evaluating multi-asset managers, an excessive focus on short-term outperformance against an increasingly tilted equity index can expose retirement capital to unnecessary risks: risks that prudent stewardship of capital should avoid. For trustees, this means reading peer- and benchmark-relative performance alongside absolute risk and diversification metrics, particularly where mandates are judged only against increasingly concentrated indices over short measurement periods.

Since strategic asset allocations are built on historical cycles, managers must hold to their philosophy: ensuring genuine diversification and relying on the multiple return drivers of a multi asset portfolio.

The evolution of the JSE

A market that keeps changing shape

Equity indices are extremely dynamic. In the 1990s, the largest companies in the S&P 500 were ExxonMobil, Philip Morris, Walmart and Coca-Cola. Today, the index is led by Nvidia, Apple, Microsoft and the rest of the technology giants. The JSE has been through a transformation every bit as dramatic. It has changed what concentration risk means, how diversification should be measured, and how South African equities should be used within a broader portfolio.

From gold to a broader market

When the modern suite of JSE indices was launched in 1978, resources made up 68% of the All-Share Index - a faithful reflection of an economy built on mining. Over the following decades that weight fell to below 10% as financials, consumer businesses, industrial companies, listed property and rand-hedge counters became more prominent.

But this evolution has not occurred in a straight line. Resources recently rebounded to over 30% of the index, driven largely by the gold bull market. Single names have periodically dominated in ways sector labels do not capture: before the Prosus listing in 2019, Naspers alone comprised almost a quarter of the local benchmark, prompting a focus on using capped indices to mitigate this risk. The result is a market genuinely broader than its old “resources market” label, but one still capable of behaving in an episodically concentrated way whenever a specific macro or earnings theme takes hold.

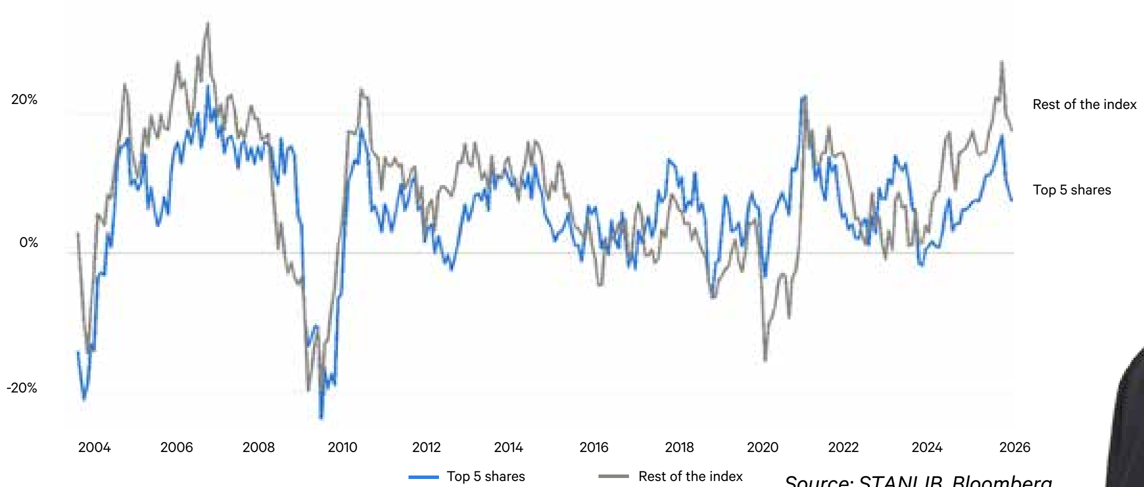
Diversified, but still concentrated

Breadth at the sector level has not eliminated concentration. The ten largest shares still account for roughly half of the market, and leadership rotates within a remarkably small club: since the modern ALSI was launched in 2002, only 24 unique shares have featured in the top ten. At different times, returns were driven by precious metals, banks, Naspers/Prosus, rand hedges or domestic recovery plays.

This creates an important distinction between index performance and market breadth. A strong headline return does not always mean the average share has performed well, and a muted index can obscure attractive opportunities below the surface. For allocators, the risk is assuming broad participation when performance was actually concentrated in a handful of names.

A handful of shares does the heavy lifting

Rolling 12-month contribution to All Share return: the 5 largest shares vs the remaining ~150.
Since 2002 the top 5 - roughly 3% of the names - have delivered 42% of the index’s total return.



Source: STANLIB, Bloomberg

Contribution - start-of-month published All share (J203) weight x monthly totalj return (local currency), summed over trailing 12 months. Top 5 re-selected monthly by index weight. Reconstructed total tracks the published index return with 0.999 correlation.

Chetan Ramlall, Portfolio Manager
and **Anwaar Wagner**, Equity Analyst at STANLIB Asset Management, Systematic Solutions

Concentration risk is about drivers, not sectors

More profoundly, concentration should no longer be assessed through a sector lens at all. A portfolio may look diversified across resources, financials, industrials and consumer shares, yet still carry concentrated exposure to a small number of underlying drivers: commodity prices, the rand, Chinese demand, domestic interest rates or the earnings of a few dominant constituents.

Consider a boom in Chinese consumption. It lifts not only Naspers/Prosus, at around 10% of the index through the Tencent stake, but Richemont as well. Growth in African economies benefits the banks, at more than 20% of the index, as well as the telecommunications companies, at around 6%. A strengthening rand cuts in opposite directions in a single "local" bucket: it is negative for a domestically-listed miner, but positive for a retailer or bank. Diversification therefore needs to be assessed in several dimensions at once - stock concentration, factor exposure, currency sensitivity, earnings source, macro sensitivity and the correlations between them - not just sector weights.

Fluid leadership calls for persistent anchors

If sector leadership rotates with the cycle - commodities turn, banks reprice with rates and credit, retailers track household confidence - then a purely top-down sector approach is fragile. It depends on forecasting the next phase of the cycle and timing the rotation, and it risks arriving in crowded themes after most of the return has been captured.
A more durable foundation is to focus on drivers of return that persist across cycles: quality, valuation and growth. Sector exposure should then emerge from where the best stock-level opportunities sit, rather than being imposed as the starting point.

How a systematic process puts this into practice

This is precisely what a systematic equity approach solves. The process seeks companies with strong fundamental characteristics, attractive growth prospects and valuations that offer sufficient compensation for risk. It is bottom-up, evidence-based and risk-controlled rather than anchored to a single macro or sector forecast. If resource shares screen well on quality, value and growth, exposure can rise; if financials or consumer shares offer better opportunities, the process shifts accordingly. Sector positioning is an output of the process (with relative constraints applied), not an input - which helps avoid chasing yesterday's winners or anchoring on a preferred narrative.

The process is also not a black box. Investors can understand what the process is trying to capture, how companies are assessed, how risks are controlled and why the portfolio owns what it owns. Rules-based does not mean judgement-free: judgement is structured, consistently applied and tested against evidence. Human oversight remains essential – validating fundamental data, reviewing model behaviour, assessing liquidity and implementation risk, and challenging unintended exposures so the portfolio stays aligned with client outcomes.

The market will keep evolving

The JSE of the next decade will look different again - it always does. Investors cannot control which sector leads next, but they can control whether their process depends on predicting it. A transparent, rules-based framework anchored in persistent return drivers, with disciplined human oversight, is designed to keep compounding through those changes rather than around them. That is what the evolution of the JSE demonstrates: less confidence in labels and historical trends, more clarity about the real drivers of return. Allocators, in turn, should ensure they have the investment framework to best capture those drivers.

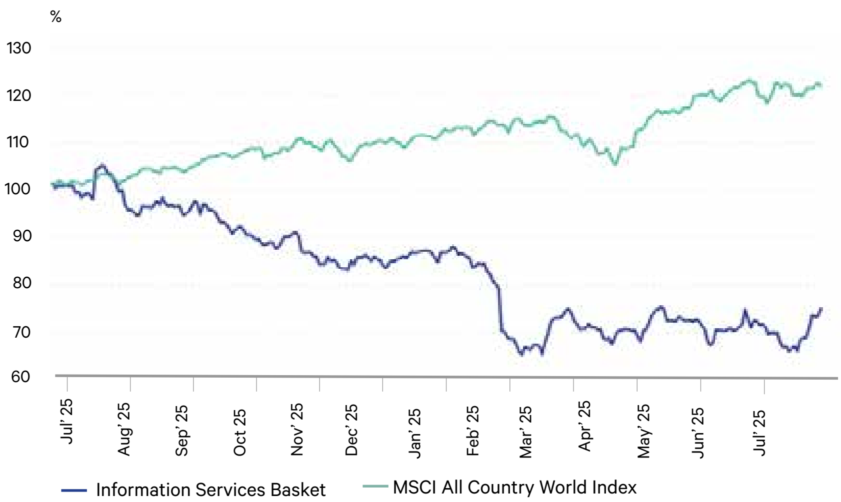
STOCK-TAKE

Data assets in the age of AI

The meteoric rise of artificial intelligence (AI) has been the defining theme in global equity markets for the past few years, with investors agonising over how to separate winners from losers. Much of the value to date has accrued to the providers of "picks-and-shovels". For instance, while the shares of companies in the semiconductor supply chain have outperformed, other industries have been recast as potential losers. In fields as diverse as software, consulting services, and wealth management, fears that AI could significantly lower barriers to entry for new competitors, or render existing product offerings obsolete, have led to meaningful share price declines.

Similarly, businesses with heavy reliance on the sale of data have fallen victim to the narrative that AI will erode the value of these data assets. Information services businesses that provide data across a range of sectors, including financial data, credit bureaus, rating agencies, legal, accounting, insurance, academic publishing, and healthcare, have all been tarred with the same brush. As shown in Figure 1, an equal-weighted basket of 20 information services businesses has underperformed the broader market by 50% over the past year.

Figure 1: Information Services Share Price Underperformance



Source: Boomberg

Not all datasets are equal

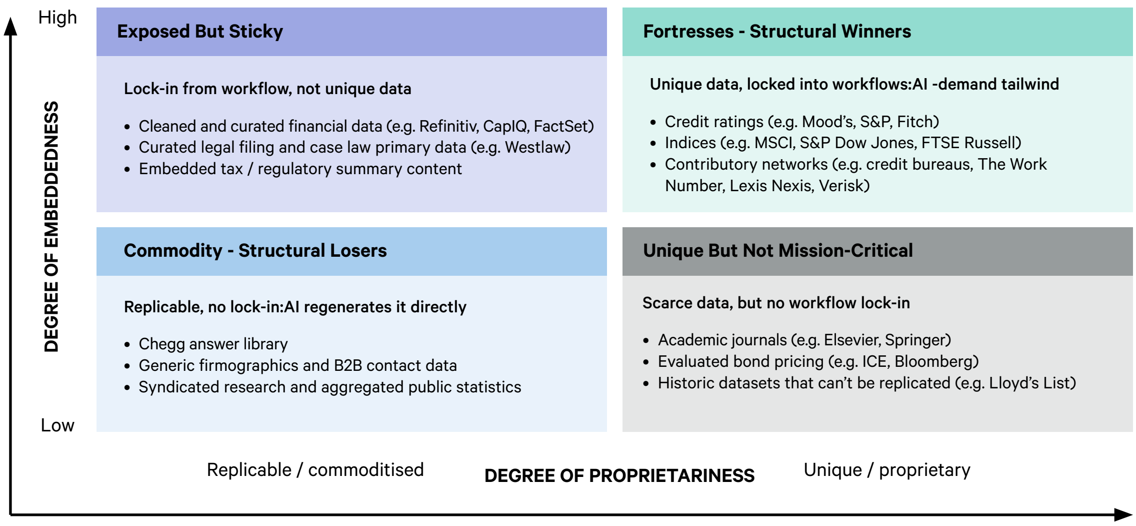
The market's fear that some data assets could be disrupted is rational, but lacks nuance. Businesses that rely on the sale of non-proprietary or easily replicable information, and where the cost of substitution is low, are indeed at risk, in our view. In fact, some of these businesses are already feeling the impact.

Danie Pretorius
Investment Analyst at Coronation

For instance, Chegg Inc., a provider of education services such as study packs and homework assistance for high school pupils and students, reported a revenue decline of close to 50% in the first quarter of 2026 (Q1-26). Chegg's datasets, consisting of decades of human-generated question-and-answer banks, have been proven replicable by foundational AI models at a much lower cost, resulting in a permanent impairment to the value of the business.

While there are many different factors that determine the value of any specific dataset, we find it helpful to think about the moats around these assets along two dimensions, as shown in Figure 2. We believe that resilience to AI disruption is a function of both dimensions being in play: a dataset ideally needs to be difficult to replicate and hard to substitute away from.

Figure 2: Data Moats: Proprietariness x Embeddedness



Source: Coronation research

The first is the Degree of Proprietariness. We use this to describe the extent to which the data is truly unique or replicable.

Data that is internally generated (for example, credit ratings), sourced through regulated contributory networks (for example, credit bureaus), sourced through proprietary physical infrastructure (for example, real time pricing data from financial exchanges), or otherwise cannot be reconstructed from alternative sources (for example, time-stamped tick history) is highly proprietary. On the other hand, datasets that merely repackage or redistribute publicly available information (such as financial filings) are not proprietary.

The second dimension is the Degree of Embeddedness, which describes the extent to which switching away from a dataset is costly or disruptive to the end user, regardless of how replicable the underlying data itself is.

Some datasets enjoy far higher switching costs than others. Brand value, network effects, regulation, and integration with existing business processes are important drivers of value for various incumbent data providers. For instance, in the public debt markets, obtaining a credit rating from Moody's or S&P is a de facto requirement (in some cases it is an actual requirement). Indices from MSCI, S&P Dow Jones, and FTSE Russell are effectively industry standards, benefitting from the deepest liquidity pools. Evaluated pricing data from Platts is written into contracts for delivery in the energy markets.

Datasets that are both highly proprietary and deeply embedded are structural winners that are, in our view, likely to get stronger, not weaker, in the age of AI.

The challenge for investors is twofold. Firstly, assessing where in the matrix a particular dataset falls is a subjective exercise. Moreover, very few companies fall neatly into only one quadrant. Rather, most businesses have portfolios of assets of varying quality.

Winners have deep moats

We hold several such businesses in our Global Equity Fund. In each, the market is overly concerned about a relatively minor exposure to replaceable data, while overlooking assets that sit firmly in the top-right quadrant, and each trades well below our assessment of its intrinsic value.

For instance, S&P Global is a leading financial information services business. In our assessment, the group's earnings overwhelmingly derive from highly proprietary and deeply embedded businesses. These include flagship assets like S&P credit ratings, S&P Dow Jones indices, and Platts, which are industry standards with deep moats. Smaller divisions, like pricing and reference data for credit default swaps (CDS), serve narrower niches but enjoy similar market positions (hard-to-replicate contributory networks and deeply embedded in regulated workflows). A small part of the business relies on distributing undifferentiated data (e.g., financial statements and transcripts delivered through its Capital IQ desktop terminal) that is, in our view, disproportionately visible to equity investors (who are often customers) but relatively immaterial to earnings.

Similarly, LSE Group (LSEG) has sold off over concerns that its Refinitiv Workspace desktop terminal could be at risk from AI. However, the bulk of LSEG's business is proprietary, deeply embedded, and highly regulated. More than half of LSEG's earnings derive from trading venues, clearing houses, and indices that are not at risk from AI disruption. Within its Data and Feeds business, the vast majority of revenue derives from real-time data (that requires physical network connectivity to nearly 600 trading venues around the world) and other exclusive datasets (e.g., deals league tables and Tradeweb fixed income pricing). Its desktop terminal is more than simply a distribution channel for data and is largely used within trading and execution workflows. While LSEG does distribute some non-proprietary data as well, such as financial filings, these are rarely sold in isolation and represent a small fraction of the business overall.

Finally, Equifax is a leading credit bureau. Its data is critical to lenders in evaluating the credit risk of consumers. In addition to credit data on more than 300 million consumers globally, Equifax also owns one of the most differentiated data assets in The Work Number (TWN). TWN maintains a database of employment and income information on 125 million Americans, sourced through a contributory network of three million employers, largely through exclusive agreements. Stubbornly high interest rates have been a headwind to lending activity (particularly in mortgages) in recent times, but in our view this is temporary.

AI makes the data more valuable

Far from being disrupted by AI, we think there is a good chance that incumbent data assets could become more valuable, for a few reasons.

Firstly, AI can lower the cost of product development (cleansing data, writing code etc.) and accelerate the pace of innovation for data owners. For instance, Equifax's share of revenue from products less than three years old grew to 17% in Q1-26 (from less than 10% five years ago), with all new models and scores now powered by an in-house AI engine (EFX.AI).

Similarly, AI has opened new distribution channels and customer segments for data owners. For example, LSEG is already distributing data through platforms like Snowflake, Databricks, and Microsoft, and more than 150 clients are already consuming LSEG data through MCP (Model Context Protocol) servers in frontier AI models like Claude and ChatGPT.

Finally, AI increases the capacity for customer organisations to consume data. Already S&P Global has seen growth 30% higher from AI-forward customers than others and seen clients willing to sign renewals at 35%-40% higher rates in order to access data in an AI-ready format.

Conclusion

The debate over which businesses are likely to benefit from AI and which businesses will be impaired is unlikely to be definitively settled soon. Not all data assets will prove durable, and we avoid those we judge easily replaceable. However, the owners of proprietary, deeply embedded data are, in our view, well placed to compound value through the transition, and over time we expect it to become clear that AI reinforces their moats rather than erodes them. In S&P Global, LSE Group, and Equifax, we own three such businesses, and we believe patient, long-term shareholders will be rewarded as their quality is recognised.

PERSONAL FINANCIAL PLANNING

Retirement choices: Making sense of the options

For most investors, investing for retirement is the longest-term financial endeavour they will undertake. Success depends less on finding the perfect strategy and more on sticking to a sound one. This calls for alignment between objectives and investment approach, along with an understanding that the journey is unlikely to be smooth. Markets will fluctuate, but a well-constructed plan anticipates volatility and is designed to withstand it.

Key principles during the accumulation phase

The accumulation phase lays the foundations of retirement. Small advantages – such as starting sooner, increasing contributions when possible, and remaining invested through uncertainty – compound meaningfully over time. Conversely, interruptions, delays, withdrawals and reactive decision-making erode outcomes in ways that are difficult to recover from later.

The changes made to the retirement fund system in 2024 under the two-pot legislation allow investors to access their savings component once per tax year, in case of emergencies. While the legislation grants some access, the aim of this system is to help members preserve their retirement investments. Pre-retirement withdrawals are heavily taxed and the impact compounds, resulting in a smaller nest egg.

Factors to consider at retirement

While investing for retirement often happens on “autopilot”, the same cannot be said for the decisions investors need to make when retiring. At this stage, decisions become more complex and require careful consideration.

Key factors investors should consider include their assets and liabilities, income needs and desired lifestyle, tolerance for investment risk, and the appropriate withdrawal rate to ensure their income remains sustainable over time. Investors also need to weigh the trade-off between flexibility and certainty, understand the tax implications of different choices, and consider their health and life expectancy, particularly as they may live longer than expected and need their capital to support them throughout retirement.

What about a cash withdrawal?

Most retirement fund members have the option to take a portion of their benefit as a cash lump sum. In many cases, this may be up to one-third of the total, subject to fund rules and prior withdrawals.

This decision should be made in the context of an investor’s long-term income needs. The lump sum is a maximum allowable amount, not a target, and taking cash reduces the capital available to generate future income.

Lastly, taking a cash lump sum has tax implications. Having said that, tax plays an important role in retirement. Overall, retirement presents an opportunity to influence an investor’s overall tax outcome. But the interaction between tax, cash withdrawals and income sustainability can be complex and the trade-offs need to be considered.

Converting investment to income

The portion of a retirement investment not taken as cash must be used to generate an income, typically through annuity products such as a living annuity or a guaranteed life annuity

Richard Carter
Head of Assurance at Allan Gray

Living annuity

A living annuity allows an investor's money to continue to grow, depending on the performance of the underlying investments.

Investors have the flexibility to choose their income level within set limits and select the underlying investments, typically unit trusts. Their capital remains invested and is influenced by market performance and withdrawals. This option may suit investors who value control, are comfortable managing the sustainability of their income, and wish to leave, and can afford to leave, remaining capital to beneficiaries. However, it also places the responsibility of managing longevity risk on the investor, making it essential to ensure that capital is sufficient to support income needs over a potentially long retirement.

Guaranteed life annuity

Alternatively, investors can insure their income by purchasing a guaranteed life annuity from an insurer.

A guaranteed annuity pays an income for life, regardless of how long an investor lives, can be structured to continue for a spouse and offers various options in terms of income increases and protection features.

It is suitable for investors who want certainty that income will last for life, are less concerned about leaving, or cannot afford to leave, a legacy, prefer not to manage investments or make ongoing financial decisions and are comfortable with limited flexibility.

Default retirement solutions

Since 2019, pension fund trustees in South Africa have been required to provide default investment strategies and cost-effective annuity options for members at retirement. Recognising that no single solution fits all, trustees may offer more than one annuity option.

These options are not mandatory, but are available for members to consider carefully alongside other alternatives.

Guidance and advice

Retirement decisions are complex. Making use of educational resources can help build understanding. Equally, guidance from an independent financial adviser can help align decisions with an investor's personal circumstances and long-term objectives.

LEGAL

ROUND-UP

Legal update

Little of this quarter's news is genuinely new law for retirement funds. It is more a shift in how the existing rules are enforced, and a reminder from both the courts and the Adjudicator that accountability only counts when it lands on the right person and is properly reasoned.

The growing cost of non-compliance

Unpaid contributions: who is personally liable

The scale of employer non-compliance with section 13A of the Pension Funds Act ("the PFA") is impossible to ignore. In its most recent list of defaulting employers, published on 30 June 2026, the Financial Sector Conduct Authority (FSCA) put the arrears at R8.33 billion, owed to around 590 000 members, with late payment interest a growing share of that total. The Office of the Pension Funds Adjudicator (PFA) has been equally blunt, describing the level of section 13A breaches as a crisis, pointing out that arrear contribution complaints now make up more than half of his office's caseload.

A dedicated complaint form

Against that backdrop, the PFA has introduced a *complaint form for funds lodging section 13A complaints* against participating employers and responsible persons. The form is more than an administrative convenience. It requires funds to:

- identify the responsible person/s,
- attach a reconstruction schedule showing the periods of non-submission and non-payment,
- produce the section 13A(9)(a) notice to the employer, and
- quantify the outstanding contributions and interest.

These complaints are to be handled under the PFA's expedited process. The effect is to move the discipline of proper identification to the front of the file, where it belongs.

Why that matters was illustrated, in the same quarter, by the Financial Services Tribunal ("the Tribunal").

Naming the right person

The lesson for funds and administrators learnt in *Moodley v Transport Sector Retirement Fund and Others*, is that the responsible person's name supplied by an employer does not, on its own, create liability. Before pursuing a personal liability claim against an individual, funds should satisfy themselves that the person falls within the category of persons contemplated in section 13A(8). In the case of a company, this means a director who is regularly involved in the management of the company's overall financial affairs.

Ignore the PFA at your peril – a sharper instrument on the horizon

The consequences of non-cooperation with the PFA's requests for information or responses may soon go further. Section 30J of the PFA permits the Adjudicator to adopt any procedure he considers appropriate in conducting an investigation, and applies certain provisions of the Commissions Act, 1947 to that investigation. The Adjudicator has obtained a senior counsel opinion confirming that these provisions empower him to issue summonses and subpoenas, under the Commissions Act, against funds and administrators that fail to respond, directed at the principal officer and the chairperson of the board. Defying such a summons or subpoena is a criminal offence, enforceable through the criminal justice system and through civil contempt proceedings.

Miranda Mkhumbuzi-Rasehala
Legal Advisor at FNB South Africa

The courts hold funds to their duties

The courts spent the quarter insisting that funds exercise their powers for the right purpose and on proper reasoning.

The twelve-month duty to trace

In South African Retirement Annuity Fund v Pension Funds Adjudicator and Another, the court rules that the twelve-month period runs from the point at which the fund becomes aware of the death, not from the date of death itself, because the duty to trace and investigate can only arise once the fund knows there is a death to investigate.

Reasoning the allocation

In *Nel v Allan Gray Retirement Annuity Fund*, the Adjudicator ruled that dependency is fixed as at the date of the member's death, although later changes in circumstance may inform the equitable allocation.

What the Regulator is planning next

In July 2026 the FSCA published its three-year Regulation Plan, covering 1 April 2026 to 31 March 2029. The COFI Bill sits at its centre; the Bill was introduced to the National Assembly in April 2026 and is now in the early stages of the parliamentary process. Beyond that, the Plan signals restraint: while the transition is under way, the FSCA intends to limit new projects and to fold existing instruments into the emerging frameworks rather than replace them piecemeal. Pension Fund Circulars 86 and 90, which govern member disclosure, and Directive PF No. 8, which prohibits fund officers from accepting gratification, are expected to move into the conduct and governance frameworks on that basis. The snapshot below sets out what the FSCA will focus on over the period:

Focus area	What the FSCA will be working on (2026 to 2029)
COFI Bill transition	Supporting Parliament's consideration of the COFI Bill and developing the conduct frameworks that will underpin the new regulatory regime, including fit and proper requirements, risk management and internal controls, and complaints management.
Cross-sector joint standards	New regulatory requirements on governance, outsourcing, operational resilience, beneficial ownership, cloud computing and data management, and the treatment of unclaimed benefits and lost accounts.
Retirement fund projects	New Regulation 28 quarterly reporting requirements, the regulatory framework for pension fund liquidations, and a conduct standard dealing with living annuities.
Disclosure and governance	Reviewing how existing retirement fund disclosure requirements (Circulars PF 86 and 90) and governance requirements (Directive PF 8) will be incorporated into the future regulatory framework.
Emerging focus areas	Sustainable finance and ESG disclosures, artificial intelligence, data risk management

For retirement funds, the Plan adds no new projects.

INDUSTRY

UPDATE

Reflections on a decade of change: The retirement industry, IRFA and the road ahead

When I joined the Board of the Institute of Retirement Funds Africa (IRFA) in 2013, I could not have imagined the extent of change that our retirement industry would experience over the next decade. When I was elected President and Chairperson in 2021, we were emerging from one of the most disruptive periods in modern history, and the retirement sector stood on the threshold of profound transformation.

Looking back over the period from 2013 to 2026, I have had the privilege of witnessing, and in some cases participating in, some of the most significant developments in the history of South Africa's retirement industry. It has been a period characterised by reform, resilience, innovation, collaboration and, above all, an increasing focus on improving outcomes for retirement fund members.

A decade of evolution

The retirement industry of 2026 is very different from the industry I encountered in 2013.

Over this period, we have seen a growing emphasis on governance, member protection and professionalisation. Trustees today operate in a far more sophisticated and demanding environment, requiring higher levels of accountability, technical competence and oversight. Regulatory frameworks have continued to evolve in support of these objectives, driving greater transparency and promoting improved member outcomes.

We have also witnessed significant growth in the integration of environmental, social and governance (ESG) considerations into investment decision making. Sustainability has shifted from being a peripheral discussion to becoming a mainstream consideration for funds and institutional investors.

Technology has fundamentally changed the way retirement funds engage with members, administer benefits and manage risk. Digital platforms, data analytics and, more recently, artificial intelligence are transforming service delivery and creating opportunities for greater efficiency and member engagement.

At the same time, the industry has increasingly recognised that retirement savings exist within a broader social and economic context. Issues such as inequality, unemployment, financial literacy, preservation, adequacy of retirement savings and economic inclusion remain central to the discussions shaping our future.

The defining reform era

Perhaps no development better illustrates the pace of change than the recent implementation of the two-pot retirement system.

The preparation for and implementation of this reform required an extraordinary level of collaboration across the retirement ecosystem. Regulators, administrators, consultants, service providers, employers and retirement funds worked together to prepare for one of the most significant operational and policy changes our industry has ever experienced, demonstrating what our industry can achieve when stakeholders work towards a common purpose.

Geraldine Fowler
President of the Institute of Retirement Funds Africa

The lessons from the two-pot implementation have reinforced an important reality: legislation alone cannot improve retirement outcomes. Better outcomes require effective governance, sound administration, financial literacy, member education and ongoing collaboration among all stakeholders.

The evolution of IRFA

As the industry evolved, so too did the IRFA.

During COVID, the Board undertook a deliberate strategic realignment focused on membership growth, stakeholder engagement, giving back, inclusion through impact and strengthening IRFA's position as the foremost representative body for the retirement industry in South Africa and Africa.

Membership growth accelerated. Stakeholder relationships deepened. Engagement with National Treasury, the Financial Sector Conduct Authority (FSCA), SARS, the Office of the Pension Funds Adjudicator and other industry bodies expanded.

Our committee structures continued to mature and strengthen. The Legal and Technical Committee, Retirement Funds Audit Committee, Transformation and Sustainability Committee, Investment Practices Committee and other specialist committees contributed thousands of voluntary hours to improving industry outcomes.

One of the developments of which I am particularly proud is the growth of IRFA's role beyond South Africa's borders. Through the establishment of the African Membership and Collaboration Committee and growing participation in pension forums and conferences across the continent, IRFA has increasingly become part of broader conversations about strengthening retirement systems throughout Africa.

The launch of the "Better Together" brand further reflected our belief that meaningful progress can only be achieved through collaboration, shared purpose and collective leadership.

What remains to be done

While much progress has been made, we should not lose sight of the significant work that remains.

As we look ahead, the industry must continue to focus on creating retirement systems that are inclusive, sustainable and member-centric. We must continue strengthening governance standards, trustee education and professional capability. We must embrace technology responsibly while recognising that human judgement, ethics and empathy remain indispensable. We must also continue building retirement systems that contribute positively to broader society, supporting long-term economic growth while delivering sustainable returns for members.

Across Africa, there is enormous opportunity to strengthen retirement provision, expand coverage and leverage pension savings to support development.

A personal reflection

As my tenure as President and Chairperson draws to a close, I find myself reflecting not only on the achievements of the organisation but also on the extraordinary people who have contributed to its journey.

It has been one of the greatest honours of my professional career to serve the IRFA, its members and the broader retirement industry. I remain deeply grateful for the trust placed in me over these years and immensely proud of what we have achieved together.

MOTSWEDI

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MOAGI FUND

Impacting lives. Building a better South Africa.

Portfolio composition and focus areas

The portfolio invests across a wide range of private-market assets - including infrastructure, private credit, unlisted equity and property - with underlying exposure to social and environmental impact themes such as:

- Renewable energy, power & gas, and the energy transition
- Transport, logistics and toll-road infrastructure
- Digital infrastructure & communications (fibre) Water & sanitation, waste management
- Healthcare, education and student accommodation
- Agriculture, commercial property and SMME development

The Motswedi Moagi Fund highlights

- Access to leading private-markets managers
- Attractive target returns with reduced volatility
- Strong focus on impact and sustainable development
- Regulation 28 compatible
- Experienced investment teams and governance
- 12-months' notice on redemption

THE MOTSWEDI MOAGI FUND AT A GLANCE	
Launch date	**1 May 2026**
Return objective	**CPI + 6% p.a.**
Fund structure	**Life assurance policy**
Domicile	**South Africa**
Lock-in period	**None, 12-months' notice**
Regulation 28	**Compatible**
Underlying managers	**4 (growing over time)**
Minimum investment	**None**

Our investments drive meaningful and measurable impact

47 000+
JOBS CREATED
Direct & indirect jobs supported

2 500+ MW
RENEWABLE ENERGY
Renewable energy capacity enables

2.4 million +
HEALTHCARE
People with improved access to healthcare

97 000 +
EDUCATION
Students benefitting from education infrastructure

18 000+
AFFORDABLE HOUSING
Homes delivered or supported

1.5 million +
WATER & SANITATION
People with improved access to clean water

3.2 million +
LOGISTICS & TRADE
Tonnes of cargo handled and transported

TRANSFORMING ECONOMIES | **INVESTING RESPONSIBLY** | **CREATING SUSTAINABLE VALUE** | **DELIVERING LASTING IMPACT**

Navigating Section 37C: Recent lessons from the Adjudicator

Section 37C of the Pension Funds Act ("the Act") is familiar territory for boards of funds but remains a difficult terrain to navigate. Trustees know the required stages: identify dependants and nominees, assess their circumstances, make an equitable allocation, and decide how the benefit should be paid. The difficulty is not in stating the duties, but in applying them properly to real facts, competing claims, and imperfect information. Recent determinations by the Pension Funds Adjudicator show just how complex that exercise can be. This article considers a few recent determinations and the practical guidance they provide on the application of section 37C.

Dependency is determined at the date of death

The recent Nel v Allan Gray Retirement Annuity Fund and Another (EC/00132536/2025) determination provides a useful illustration of how the principles confirmed in the Constitutional Court's judgment in Mutsila v Municipal Gratuity Fund and Others [2025] ZACC 17 ("Mutsila") apply in practice. In this matter, the deceased member had nominated her spouse as the sole beneficiary of the death benefit. The spouse died two weeks after the member. The fund allocated the full benefit to Ms Tu, the member's retired housekeeper, who had received monthly financial support from the deceased, as well as a bequest from the deceased and her spouse. The executor challenged the allocation, arguing that the fund had failed to properly consider the nominated spouse's estate.

The Adjudicator held that Ms Tu had been correctly identified as a factual dependant, but that the fund erred in treating her as the only dependant. The Act contemplates a nominee as a person who does not qualify as a dependant. The spouse was therefore not merely a nominee; he was a legal dependant as at the date of the member's death. In line with Mutsila, dependency must be determined as at the date of death, although later events may be relevant when deciding what allocation is equitable. The spouse's later death did not erase his status as a dependant, but it was relevant to the final allocation. The fund should therefore have recognised both the spouse and Ms Tu as dependants before deciding whether either should receive a share of the benefit, having regard to all relevant circumstances, including the spouse's subsequent death.

The Adjudicator substituted the fund's decision, recognised both the spouse and Ms Tu as dependants, allocated a nil benefit to the spouse because he had passed away, and awarded the full benefit to Ms Tu.

Trustees must take active steps to trace beneficiaries

In Magalela v Sygnia Umbrella Retirement Fund (Provident Section) and Another (GP/00129573/2025), the Adjudicator considered whether the fund had properly distributed a death benefit of R4 770 000.00 following a member's death in 2016. The deceased had nominated her two major children, her daughter the complainant and her son, Lesley, to each receive 50%. The fund allocated 50% to Lesley and retained the complainant's share while attempting to trace her. When the complainant could not be located within the period set by the trustees, the retained portion was paid to Lesley.

The Adjudicator found that the tracing efforts were inadequate. The fund relied heavily on affidavits from family members, including a beneficiary who stood to benefit from the complainant's share, without sufficient independent verification. The tracing report reflected limited attempts and did not show sustained efforts to contact extended family members, the complainant's husband, known associates or official sources such as the Department of Home Affairs.

Nondumiso Ntshangase
Senior Legal Advisor at the Office of the Pension Funds Adjudicator

The determination emphasises that trustees may not make a token attempt to trace a known dependant or nominee. Where a potential beneficiary is known to exist, the board must take reasonable, active and properly documented steps before making a final allocation. It also cautions trustees against fettering their discretion by predetermining that a retained share will automatically be paid to another beneficiary after a fixed period, without considering future developments.

The twelve-month period does not replace the duty to investigate

In Deysel v South African Retirement Annuity Fund (WC/00134728/2025), the member had died in 2007, but the fund only became aware of his death in 2020. The fund argued that, because more than twelve months had passed and no beneficiary had been nominated, section 37C(1)(c) required payment to the estate.

The Adjudicator rejected this approach. Relying on South African Retirement Annuity Fund v Pension Funds Adjudicator and Another (1163/2024) [2026] ZASCA 79, the Adjudicator held that the twelve-month period in section 37C is a guideline aimed at preventing unreasonable delay. It is not a strict deadline that extinguishes the rights of dependants or excuses a fund from investigating. The board must still conduct a proper enquiry and actively trace dependants before deciding whether payment to the estate is permissible.

This is an important practical reminder. Funds should not treat the passage of time as a substitute for investigation. Section 37C serves a protective purpose, particularly for dependants who may not know that a benefit exists or who may lack the resources to come forward within a prescribed period.

Conclusion

Recent determinations confirm that the Adjudicator will scrutinise both the process followed by trustees and the substance of their decision. A Section 37C allocation will be vulnerable where the investigation is superficial, relevant dependants are overlooked, tracing efforts are inadequate, or the board treats statutory time periods too rigidly. For trustees, the safest approach is to conduct a thorough, evidence-based investigation and to record the reasoning behind every allocation decision. Section 37C may be complex, but its central requirement remains consistent, death benefits must be distributed fairly, lawfully and in accordance with the purpose of the Act.

From benefits to wellbeing: Why the future of employee benefits is proactive, not reactive

For decades, employee benefits have largely been viewed through a transactional lens. Employers provided benefits, insurers assessed claims and employees accessed support when something went wrong. While this model has served an important purpose, today's modern workplace demands a more proactive approach.

Today, organisations are increasingly recognising that employee benefits should not simply respond to illness, disability or financial distress. Instead, they should actively help prevent these challenges and support employees throughout their working lives.

This shift is increasingly evident across benefits industry. The emerging view is that successful benefit programmes are those that create shared value for employers, employees and benefit providers alike through a stronger focus on prediction, prevention and rehabilitation.

The workplace itself is changing rapidly. We are seeing longer working careers, greater financial pressures on households, increasing mental health challenges and rising expectations from employees regarding employer support. At the same time, employers are under pressure to improve productivity, manage costs and attract and retain talent.

Against this backdrop, traditional employee benefit structures may no longer be sufficient.

Research and industry experience increasingly demonstrate that many disability and wellness risks can be identified earlier through the intelligent use of data and targeted interventions. Rather than waiting for employees to reach a crisis point, organisations can use insights to recognise emerging trends and provide support before problems escalate. For example, identifying patterns of financial stress, frequent absenteeism or emerging mental health concerns early allows employers to provide targeted support before these challenges develop into long-term disability or productivity issues.

One area receiving significant attention is mental health.

Recent industry discussions highlighted that psychiatric disability claims continue to grow in importance. Major depressive disorders, anxiety disorders and stress-related conditions feature prominently among disability claims. In particular, work-related stress and psychosocial pressures are becoming increasingly significant contributors to employee absence and reduced productivity.

This reality presents an opportunity for employers. Instead of focusing solely on claim management, organisations can invest in employee wellbeing programmes, financial wellness initiatives, manager training and early intervention support services. Such measures not only improve employee outcomes but can also contribute to reduced absenteeism and stronger workplace performance.

Financial wellbeing is another critical consideration.

Financial stress frequently affects employee engagement, productivity and mental health. As financial planning professionals, we understand that financial wellbeing extends far beyond retirement savings. Employees need support across their entire financial journey, including budgeting, debt management, risk protection, retirement readiness and long-term financial resilience.

Lelané Bezuidenhout, CFP®
CEO of the Financial Planning Institute of Southern Africa

This creates a valuable opportunity for financial planners to contribute meaningfully within employee benefits environments. By helping employees develop healthier financial behaviours, financial planners can support broader organisational wellbeing objectives while improving individual financial outcomes.

The value of industry collaboration

Many of the insights shaping the future of employee benefits do not emerge from a single organisation. They are often the result of collaboration between professionals who are committed to advancing best practice across the industry.

The Financial Planning Institute of Southern Africa (FPI) is fortunate to have a dedicated Employee Benefits and Health Competency Committee comprised of volunteer professionals, subject matter experts and industry leaders who generously contribute their time, expertise and experience in service of the profession. The committee provides a valuable platform for sharing insights, discussing emerging trends and examining the challenges facing employers, employees and financial planning professionals alike. Its work helps ensure that the profession remains relevant, informed and responsive to the changing needs of both workplaces and consumers.

The committee's ongoing work continues to strengthen professional standards and ensures the financial planning profession remains responsive to the evolving needs of employers and employees alike.

Another important trend is the growing use of data-driven decision-making.

Modern employee benefits programmes are increasingly leveraging operational and claims data to identify emerging risks, understand absence patterns and target interventions more effectively. Rather than adopting a one-size-fits-all approach, employers can tailor wellness strategies to address the specific challenges faced by their workforce.

Disability trends also differ significantly across industries. Various sectors experience unique risk profiles, suggesting that benefit and wellness strategies should be customised to the realities of each workforce. This insight reinforces the importance of understanding employee demographics, workplace conditions and behavioural drivers when designing benefit programmes.

The concept of rehabilitation is equally important. Historically, disability events often resulted in lengthy absences and limited engagement until employees were ready to return. The newer approach focuses on supporting individuals throughout their recovery journey, helping them remain connected to the workplace and facilitating earlier return-to-work opportunities where appropriate.

Ultimately, the future of employee benefits is not about paying more claims. It is about helping people avoid becoming claims in the first place.

For employers, this means healthier, more productive and more engaged employees. For benefit providers, it contributes to long-term sustainability. Most importantly, for employees, it delivers meaningful support that improves quality of life both inside and outside the workplace.

As the employee benefits landscape continues to evolve, organisations that embrace prevention, wellbeing and financial resilience will be best positioned to meet the challenges of the future. By shifting the focus from responding to crises to proactively supporting employee wellbeing, organisations can build healthier workforces, stronger business and more resilient communities.

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Trustee Tutor 27: Global pensions - How people save for retirement around the world

South Africa's retirement system is influenced by other such systems globally, as our regulators learn from lessons and experience in other jurisdictions. This issue of Trustee Tutor gives you some background into retirement systems around the world, one jurisdiction at a time.

Almost every country has some way for people to build up money for their old age, but the design choices differ a great deal. Some countries lean heavily on the government, some lean on employers, and some place the responsibility squarely on the individual's shoulders.

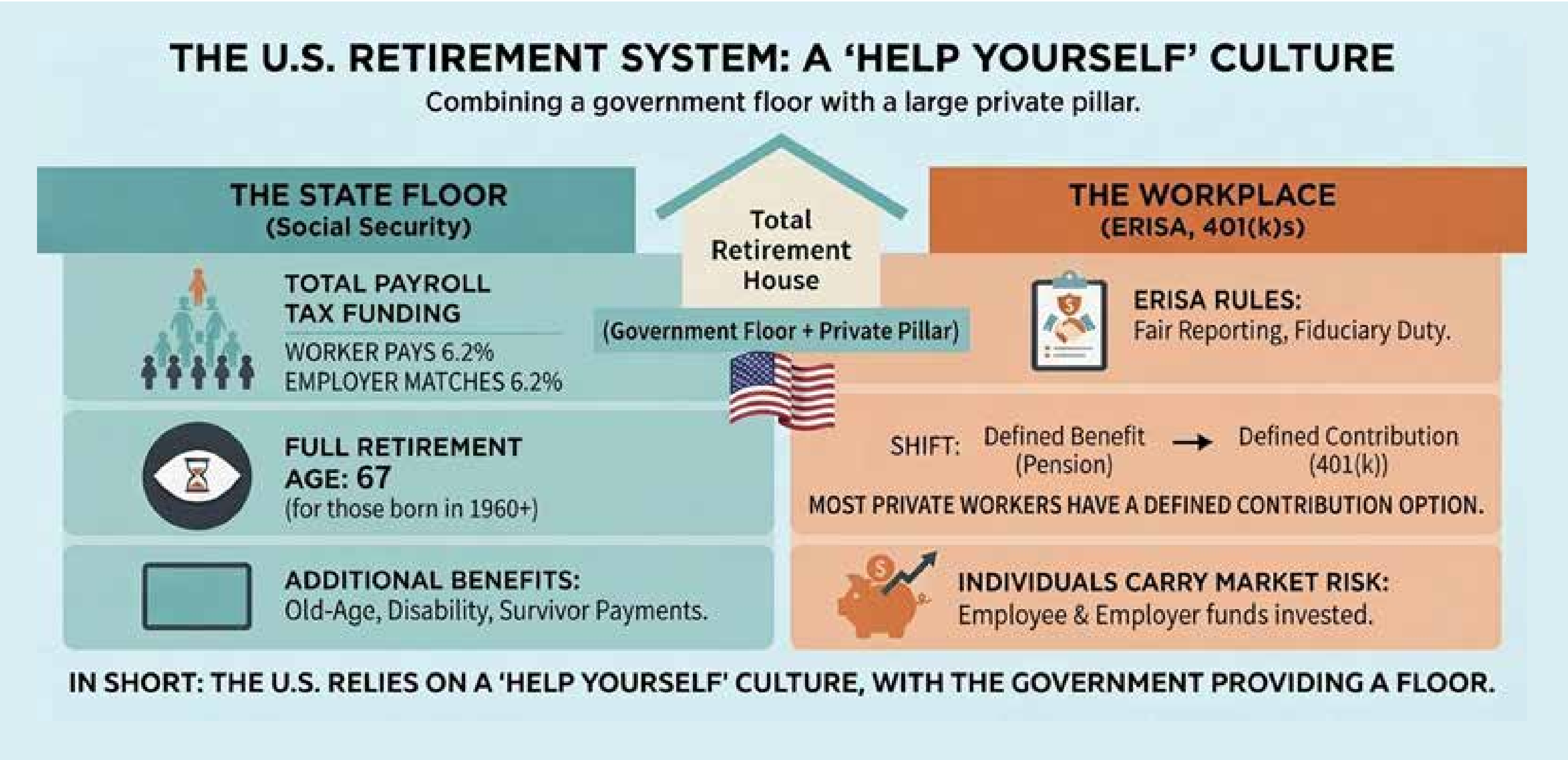
Before we begin, it helps to keep one simple framework in mind. Analysts often describe pension systems as having up to three "pillars":

1. **The first is the state pension run by the government,**
2. **The second is the workplace pension funded by employers and employees together, and**
3. **The third is voluntary private saving.**

The United States: A State floor and a strong do-it-yourself culture

The American system is a useful place to start because it shows how a modest first pillar can sit alongside a very large third pillar. It rests on two main legs. The first is Social Security, created by the Social Security Act of 1935 and run by the Social Security Administration (SSA). It is the government's safety net, funded by a payroll tax. Workers pay 6.2% of their wages and employers match it, adding up to 12.4% in total, though only up to a wage cap that sits at $176,100 in 2025 and rose to $184,500 in 2026. The "full retirement age" for Social Security has increased to 67 for anyone born in 1960 or later.

The second leg is the workplace. Here the rules come from a 1974 law called the Employee Retirement Income Security Act, better known as ERISA, which set the guardrails for employer retirement plans. It is policed mainly by the Employee Benefits Security Administration (EBSA), a division of the U.S. Department of Labor, working alongside the IRS and the Pension Benefit Guaranty Corporation.



South America: Chile's landmark reform and Brazil's tightening

South America is instructive because it was the birthplace of the fully private pension account, and it is now busy repairing the weaknesses that have emerged over time.

Chile made history in 1981, under Decree Law 3,500, when it replaced its state system with private individual accounts run by companies called AFPs, funded by a 10% contribution from workers. The whole system is overseen by the Superintendencia de Pensiones, the pensions supervisor.

The trouble was that pensions ended up too small, especially for women. So in 2025, Chile passed a landmark reform under Law No 21,735. Employers, who previously contributed almost nothing, must now gradually add up to 8.5% of wages, phased in over nine years. Most of that goes into personal accounts, while a part funds a new collective safety net, managed by a public body called the FAPP, that pays disability and survivor insurance, and helps to close the gender gap. The reform also unified the retirement age at 65 for both men and women, up from 60 for women, and lifted the Universal Guaranteed Pension for the elderly.

Brazil went the opposite direction, tightening a very generous system through Constitutional Amendment 103 of 2019. For years, Brazilians could retire young simply by clocking up enough contribution years, sometimes in their mid-fifties. The reform introduced, for the first time, a minimum retirement age: 65 for men and 62 for women.

Workers pay progressive contribution rates from 7.5% up to 22% depending on income, and the pension starts at 60% of average earnings and rises with each extra year of contributions, so a full pension takes decades of work. Brazil's public system is administered by the National Social Security Institute (INSS), which pays survivor pensions and keeps a minimum-wage safety net for the very poor, while private company pensions are supervised separately by Previc.

The United Kingdom: Automatic enrolment as the central idea

The United Kingdom offers a good lesson in how clever design can lift the number of people saving for their retirement. Its most important reform was automatic enrolment, brought in by the Pensions Act 2008. Instead of hoping people would sign up for a pension, the law now signs them up automatically. If you are aged between 22 and State Pension age, earn more than £10,000 a year, and work in the UK, your employer must enrol you into a qualifying scheme. Under the Pensions Act 2008, every UK employer must put certain staff into a workplace pension and contribute towards it. You can opt out, but most people choose to stay in because saving becomes the default.

The contributions add up to a minimum of 8% of an employee's "qualifying earnings". The employer pays at least 3% and the rest comes from the individual plus tax relief from the government. All of this is watched over by The Pensions Regulator (TPR), the supervisor for workplace pensions, who can fine employers who don't play by the rules.

Contributions are invested in portfolios spread across shares, bonds and property, often through "default" options chosen for members.

Sitting above the workplace pension is the State Pension, a flat government payment funded by National Insurance contributions during a person's working life. This is governed mainly by the Pensions Act 2014 and run by the Department for Work and Pensions. The State Pension age is currently 66, rising to 67 between 2026 and 2028, and then to 68 between 2044 and 2046 (this final increase in retirement age could still be reviewed).

There is also a top-up payment for poorer pensioners called a Pension Credit. This benefit, paid by the government, ensures that pensioners' weekly incomes are guaranteed at a minimum of £238.00 for single people and £363.25 for couples.

Life and disability cover, meanwhile, usually come through a separate employer benefit rather than the pension itself, though the government's welfare system provides a backstop for people who cannot work.

Europe: The Dutch benchmark and the German workhorse

Europe is a patchwork of national systems rather than one single scheme, so it helps to study two contrasting examples that between them capture most of the continent's approaches.

The Netherlands is often ranked as one of the best pension systems in the world and it maps neatly onto the three-pillar framework. The first is the AOW (Algemene Ouderdomswet), a basic state pension that every resident gets simply for having lived in the country, whether or not they ever worked. A single person receives roughly €1,353 a month.

The second layer is the workplace pension, which is huge, well-funded and collective. The Dutch are in the middle of a big reform under the Future Pensions Act (the Wet toekomst pensioenen, or Wtp), which came into force in July 2023 and moves everyone away from guaranteed defined benefit promises towards defined contribution schemes with a flat, age-independent contribution, to be fully in place by 2028.

Supervision is shared: the central bank, De Nederlandsche Bank (DNB), watches the financial soundness of the funds, while the Authority for the Financial Markets (AFM) oversees conduct and how funds treat their members. Retirees are allowed to take a lump sum of up to 10% of their pot on the day they retire.

Germany takes a different route with a "pay-as-you-go" state system, built on the country's Social Code (the Sozialgesetzbuch, especially Book VI) and run by the German Pension Insurance body, Deutsche Rentenversicherung, under the oversight of the Federal Ministry of Labour and Social Affairs.

It means today's workers pay for today's pensioners rather than saving in their own pots. The contribution rate is 18.6% of gross pay, split evenly between employer and employee. You need at least five years of contributions to qualify, and the standard retirement age is rising to 67 for anyone born in 1964 or later. Individuals are able to retire from 63 but with a permanent 0.3% cut for every month early. The system aims to keep pensions at around 48% of average wages.

Trustee Tutor 27: Global pensions - How people save for retirement around the world

Because the state pension alone isn't generous, Germany encourages private top-ups like the subsidised "Riester" pension. The German state system also pays reduced-earning-capacity (disability) pensions and survivor pensions to widows, widowers and orphans, so it does a lot of the social protection work that other countries leave to private insurers.

It is worth remembering that the European Union does not run one single pension. Each country keeps its own state system, but the EU sets shared rules for workplace pension funds through a directive known as IORP II, which pushes for strong governance, risk management and clear information for members. That is why, across Europe, you keep seeing the same three-pillar idea at work.

Australia: The power of a compulsory second pillar

Australia is widely studied as a model of a strong second pillar, and its engine is the Superannuation Guarantee, set up by the Superannuation Guarantee (Administration) Act 1992, with the funds themselves governed by the Superannuation Industry (Supervision) Act 1993, known as the SIS Act.

By law, employers must pay a set percentage of an employee's earnings into a super fund, in addition to their wages. That rate climbed steadily for years and reached its final level of 12% on 1 July 2025, where it is set to stay. The money is invested and taxed at a gentle "concessional" rate of 15%.

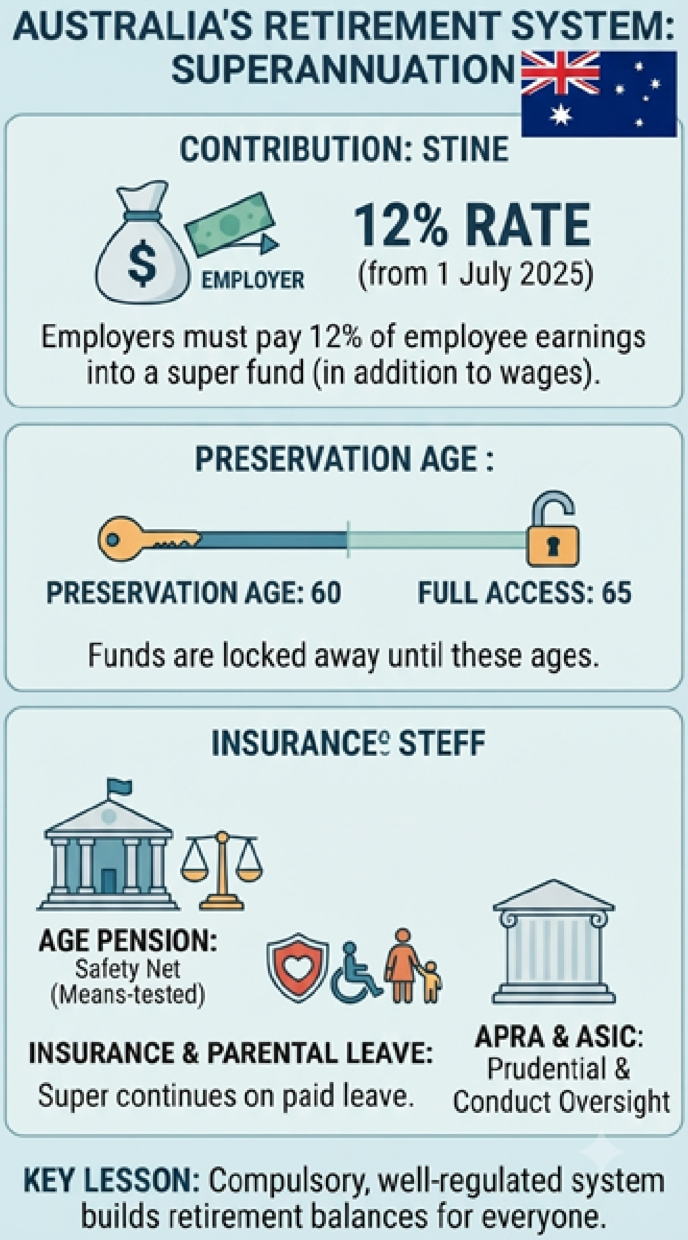
Members generally can't touch their super until reaching their "preservation age", which is now 60 for younger Australians, with full access at 65.

Super funds invest across shares, property, infrastructure and bonds, and Australia's giant pool of retirement savings has become one of the largest sources of investment capital in the world.

The funds are supervised under a twin peaks model: the Australian Prudential Regulation Authority (APRA) makes sure funds are run prudently, while the Australian Securities and Investments Commission (ASIC) polices conduct and how members are treated, with the Australian Taxation Office overseeing self-managed funds.

Behind super sits the Age Pension, a means-tested government payment for those who need it, and most super funds also bundle in life and disability insurance for their members by default. A notable recent improvement is that the government now pays super on top of paid parental leave, so parents do not fall behind on their savings while raising children.

The key lesson from Australia is that a compulsory, well-regulated second pillar can build large retirement balances across an entire workforce.



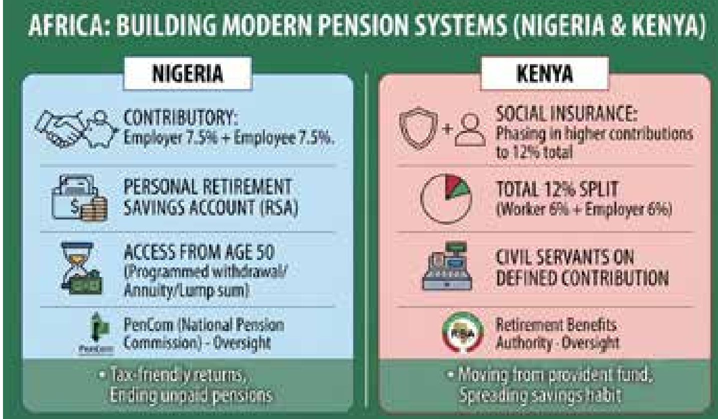
Africa: Nigeria and Kenya building modern systems

Across the rest of Africa, many countries are building modern, contributory systems, often inspired by Chile's account-based model. Two examples show the direction of travel.

Nigeria's Pension Reform Act (originally 2004, updated in 2014) created a contributory scheme where both sides pay in: for most private workers, a minimum of 7.5% from the employer and 7.5% from the employee, into a personal Retirement Savings Account. Workers can access their savings from age 50, and at retirement they choose between a monthly programmed withdrawal, an annuity from a life insurer, or a lump sum, as long as enough is left to fund an ongoing income. The whole system is overseen by the National Pension Commission (PenCom), the industry supervisor.

Nigerian funds are managed by licensed Pension Fund Administrators who invest the money and are tightly regulated, and the reform was designed partly to end the old problem of unpaid government pensions by making everyone save in advance. Contributions and the investment returns on them are tax-friendly, which encourages people to build up their savings.

Kenya has been steadily strengthening its National Social Security Fund under the NSSF Act of 2013, with occupational and personal schemes supervised by the Retirement Benefits Authority (RBA). A reform is phasing in higher contributions over five years, moving from a modest provident fund towards a proper social insurance scheme. The total contribution rate is 12% of pensionable pay, split equally between worker and employer at 6% each, and the earnings limits are reviewed to ensure that more of people's salaries now counts. Kenya also converted its public servants onto a defined contribution scheme to match modern practice. The pattern across much of Africa is clear: countries are moving from thin, patchy coverage towards funded, contributory systems that spread the savings habit to more workers, even if large parts of the informal economy still fall outside the net.



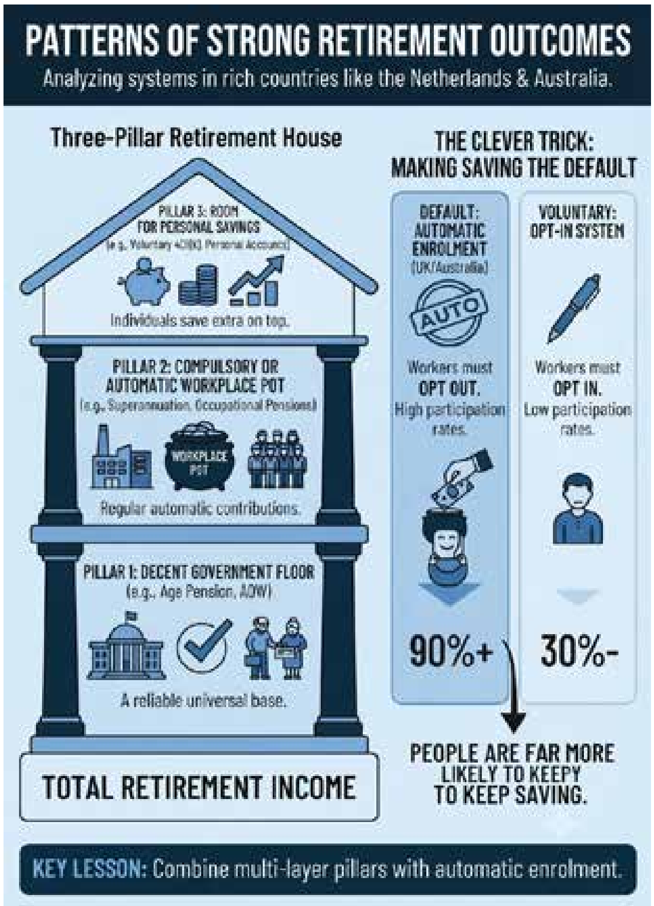
South Africa: A mixed model in the middle of reform

This brings us to South Africa, which runs a mixed model that blends elements of the systems we have already covered. There is no big compulsory state pension funded by payroll taxes like in the US or Germany. Instead, the government provides a means-tested Old Age Grant through SASSA for people who qualify, paid from general taxes.

The heavy lifting for most working South Africans is done by occupational retirement funds and private savings, all governed by the Pension Funds Act of 1956 and supervised by the Financial Sector Conduct Authority, the FSCA.

Good governance is a strong theme here, with trustee duties, the King Code of corporate governance, and conduct standards all shaping how funds are run. The FSCA continues to tighten the rules, recently overhauling requirements for retirement fund administrators.

The biggest recent shake-up is the two-pot retirement system, which started on 1 September 2024. It splits future contributions into two parts. One-third goes into a savings component that individuals can dip into before retirement without resigning from their fund, giving people emergency access to cash.



The other two-thirds goes into a retirement component that stays locked away and must be used to provide an income when they eventually retire. Whatever an individual had saved before the change sits in a protected "vested" pot under the old rules. It is a clever balance between letting people cope with financial emergencies today and making sure they still have something meaningful for old age.

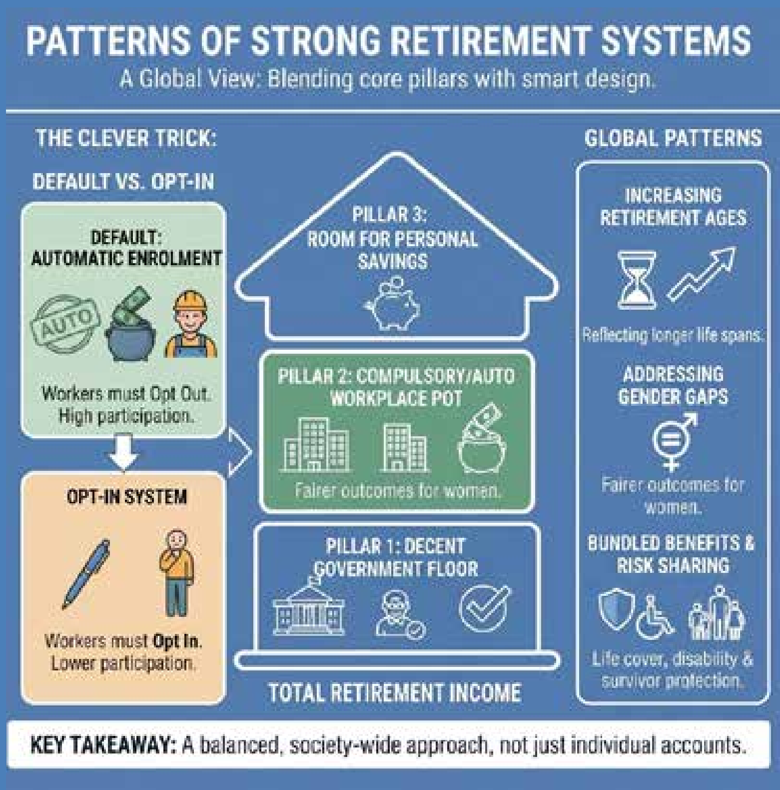
The retirement age is not fixed rigidly by law; the "normal retirement age" is set by each fund's own rules, though it is commonly between 60 and 65. And men and women employed at the same employer will have the same retirement age.
Fund assets are invested according to Regulation 28 of the Pension Funds Act, which caps how much a fund can hold in riskier assets like shares and offshore investments to protect members, while still allowing for growth and for interest in private markets, infrastructure and sustainable investing.

South African funds typically bundle in more than just retirement savings. Group life cover and disability benefits are commonly attached to occupational funds, so members and their families are protected if the worst happens while they are still working, echoing the survivor and disability insurance built into Chile's and Brazil's public systems. Between the SASSA Old Age Grant at the bottom, occupational funds in the middle, and voluntary savings on top, South Africa's structure resembles the three-pillar model that the best global systems rely on, even if coverage and adequacy remain a challenge for many workers.

Key lessons across jurisdictions

Having worked through each jurisdiction, it is worth stepping back to draw out the patterns, because they are the real takeaway of this Tutor. Rich countries with strong retirement outcomes, like the Netherlands and Australia, tend to combine three things: a decent government floor, a compulsory or automatic workplace pot, and room for personal savings on top. The clever trick that keeps popping up is making saving the default, whether through the UK's automatic enrolment or Australia's compulsory super, because people who have to opt out are far more likely to keep saving than people who have to opt in.

Retirement ages are creeping up almost everywhere as people live longer, settling around 65 to 67 in most systems. And there is a global push to be fairer, especially to women, who often retire with less because of career breaks and lower pay, which is exactly what Chile's 2025 reform is trying to tackle. Add in life cover, disability protection and survivor pensions, and it becomes clear that a good pension system is really about spreading risk across a whole society, not just parking money in an account and hoping for the best. South Africa's two-pot reform fits neatly into this global conversation, trying to give people flexibility now without leaving their future selves short.



Trustee Tutor 27:

Global pensions, savings and investments
Assessment questions

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 recieve your certificate immediately on meeting the competency requirements.

1. Which framework is used to describe the structure of pension systems around the world?

a. Three-pillar model of state, workplace, private ☐
b. Two-tier split of public and occupational schemes ☐
c. Four-layer grid of tax, savings, insurance, credit ☐
d. Single universal account managed by government ☐

2. In the United States, what is the main purpose of the Social Security system?

a. Offering employer-funded defined benefit plans ☐
b. Running private accounts invested in global shares ☐
c. Managing voluntary savings with tax-free treatment ☐
d. Providing a safety net funded by payroll tax. ☐

3. Under the UK's automatic enrolment rules, which condition must generally be met for mandatory workplace pension enrolment?

a. Any employed person over age 18 regardless of income ☐
b. Aged between 22 and State Pension age with earnings above £10,000 ☐
c. Only full-time workers earning more than £25,000 ☐
d. All employees with more than ten years' continuous service ☐

4. Which statement best captures the Dutch reform under the Future Pensions Act (Wtp)?

a. Moving from defined benefit promises to flat defined contribution regardless of age ☐
b. Replacing workplace pensions with individual private accounts ☐
c. Introducing pay-as-you-go funding with higher payroll taxes ☐
d. Abolishing collective schemes in favour of lump-sum payouts ☐

5. How is Germany's main state pension system funded?

a. Dedicated sovereign wealth fund invested offshore ☐
b. Pay-as-you-go contributions from current workers ☐
c. Fully funded individual accounts held at banks ☐
d. Flat-rate taxes on employers and self-employed ☐

Trustee Tutor 27:

Global pensions, savings and investments
Assessment questions

6. What is the key feature of Australia's Superannuation Guarantee?

a. Voluntary contributions capped at 5% of total earnings ☐
b. Defined benefit pensions sponsored by federal government ☐
c. Compulsory employer contributions at a rate of 12% ☐
d. Non-contributory benefits based only on years of service ☐

7. In Chile's 2025 reform, which change is emphasised as addressing weaknesses in the earlier system?

a. Removal of all worker contributions to personal accounts ☐
b. Automatic enrolment for informal sector and migrant workers ☐
c. Introduction of a flat universal pension for all residents ☐
d. Gradual employer contributions rising to 8.5% of wages ☐

8. Under Nigeria's contributory scheme, what happens at retirement?

a. Members choose between programmed withdrawals, annuities or lump sums ☐
b. All savings are converted into a state-run defined benefit pension ☐
c. Balances are transferred into a compulsory government bond fund ☐
d. Workers must purchase private insurance for regular income ☐

9. Which statement best describes Kenya's pension reforms?

a. Ending all defined contribution schemes for public servants ☐
b. Phased in a 12% total contribution split equally between worker and employer ☐
c. Reducing contribution rates for low-income informal workers ☐
d. Creating a single pay-as-you-go system for all employees ☐

10. In the South Africa section, what is the main design idea behind the two-pot retirement system?

a. Moving all members into compulsory defined benefit arrangements ☐
b. Allowing full cash withdrawal of vested benefits at any time ☐
c. Replacing Regulation 28 with unrestricted offshore investing ☐
d. Splitting contributions into accessible savings and locked retirement components ☐

MOVING UP

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

John Kennedy appointed as new Head of Wealth Management at Citadel

Citadel, a leader in specialist wealth management with over 33 years of experience, announced the appointment of John Kennedy to Head of Wealth Management. Kennedy, who has spent 25 years at the company, now oversees a team of 60 wealth management professionals who provide expert advice to close to 11,000 clients and manage R430 billion in combined assets under management and advice.

Kennedy's appointment comes at a time when wealth management is being shaped by increasingly global lifestyles, demographic shifts and rapid technological change. Kennedy says the human side of wealth management has become even more important. "Financial decisions are deeply personal and emotional. In an increasingly complex world, one of the most valuable things we can do is listen carefully, understand where an individual is in their life and help them maintain a long-term perspective."

Old Mutual strengthens leadership with high impact external appointments

Katherine Barker | Proposition Executive Head | Effective 1 April 2026

Barker arrives with a very compelling resume. As founding CEO of Capitec Life, she built a fully licensed digital life insurer from a blank page, putting in place the governance, operating model and leadership capability that turned an idea into a market reality. Her track record of pioneering accessible, data-led insurance for underserved segments will help Old Mutual Life and Savings sharpen its proposition and broaden its reach. Her appointment signals a step-change in how the business will design and deliver customer solutions.

Malusi Ndlovu | Managing Director: Mass Foundation Cluster | Effective 1 July 2026

Ndlovu returns to Old Mutual with an expanded playbook forged at Absa, where he consolidated a major wealth business, rebuilt adviser productivity and constructed new distribution channels from scratch. Before that, at Old Mutual Corporate, he closed some of the largest and most complex employee benefits transactions in South Africa and spearheaded the acquisition and integration of the Remchannel business, outperforming its business case within two years. He takes the helm of the Mass and Foundation Cluster at a moment when unlocking long-term value in the mass market is central to the Group's growth story.

MOVING UP

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

Old Mutual strengthens leadership with high impact external appointments

Ethel Nyembe | Chief Product and Innovation Officer | Effective 1 January 2026

Nyembe has spent more than two decades at the intersection of banking, payments and product innovation at FNB and Standard Bank where she led insight-driven solutions across a global footprint. A founding member of Women in Payments Africa, she brings not just technical depth but genuine industry influence. At OM Bank, she will lead the work of building a digitally native, customer-first product suite that can differentiate the bank in a crowded market.perspective."

Ancley Jacobs | Chief Growth Officer | Effective 1 May 2026

Jacobs is a proven growth architect. At Standard Bank he led product strategy for South Africa at scale; at FNB, where he spent 16 years, he served as CEO of Retail Transactional Banking, driving market-leading digital growth and customer acquisition across the retail segment. He now takes ownership of Marketing, Retail Sales, Strategic Partnerships, Home Loans and Business Banking at OM Bank. His appointment is a clear message that Old Mutual intends to compete and win in the banking space.

Old Mutual Insure: Sustaining the turnaround

Mari Janzen | Chief Operating Officer | Effective June 2026

Janzen arrives from Hollard Insurance, where as Group COO, she oversaw a portfolio spanning IT, data and analytics, human capital and shared services. Before that, she held Joint CEO and COO roles at Regent Insurance, with additional experience at Telesure and Deloitte. She steps into a consolidated COO mandate covering IT, EPMO, Brand and Marketing, Customer Experience, Data and Analytics, Business Controls and Facilities; a structural move designed to drive the consistency and scalability that sustained high performance demands.

MOVING UP

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

Consult by Momentum strengthens leadership team with two senior appointments

Suzette Schröder joining as Head of Business Proposition, Integration & Enablement

Schröder joins Consult's leadership team with extensive experience in financial services, spanning sales, enablement and strategic delivery. She holds a BProc from the University of Pretoria and is a CFP® professional from the University of the Free State.

Most recently, she served as Head of Enablement at Stonehouse Capital, where she focused on aligning strategy, people and execution to support sustainable growth and adviser success. Over the course of her career, she has held several senior leadership roles, driving performance, leading high-impact teams and contributing to key strategic and transformation initiatives.

Julian Alben as General Manager: Central Region

Alben joins Consult with over 30 years of experience in the insurance industry, with deep expertise across sales and distribution. His career spans both indirect and direct channels, including broker networks, agency and alternative distribution, across business insurance, retail affluent and emerging consumer markets, as well as bancassurance, life risk, investments and short term insurance.

He holds a BCom, BCom (Hons) and MCom in Business, and has earned several industry accolades. Alben is recognised as a driven, people-focused leader with a strong sense of accountability and a practical, hands-on approach to leading teams.

Simeka Consultants and Actuaries enhances value and service with two key appointments

Janine Jacobs as Head of Best Practice – Benefit Consulting

Simeka has welcomed Janine Jacobs to its Board of Directors as a Director, effective 1 May 2026. This appointment highlights their ongoing focus on building strong leadership and developing talent from within the business.

Janine joined Simeka in 2020 as a Principal Benefit Consultant and is currently leading the Benefit Consulting Best Practice team. Janine obtained her BCom Honours in Economics from the University of the Western Cape in 2007 and a Post Graduate Diploma in Financial Planning from the University of the Free State in 2009. In 2020, she completed the Principal Officer certificate from Batseta. During her career, she had the privilege of exploring different roles and gaining valuable insights into various parts of the employee benefits industry.

MOVING UP

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

De Wet Burger - Principal Benefit Consultant

Simeka Consultants and Actuaries welcomes De Wet Burger to the team as Principal Benefit Consultant, effective July 2026. His appointment further strengthens Simeka's employee benefits consulting capability, bringing more than 18 years of experience in the financial services industry, deep actuarial expertise, and extensive knowledge of pension fund governance, regulation and compliance.

De Wet is a Fellow of the Actuarial Society of South Africa and holds an Honours degree in Mathematical Statistics from Stellenbosch University. Throughout his distinguished career, he has built a strong reputation in pension actuarial services and employee benefits consulting. As an approved statutory valuator for both defined benefit and defined contribution funds, as well as an approved FSCA pension fund liquidator, De Wet brings a wealth of technical expertise and practical experience that will further enhance the value and service Simeka delivers to its clients.

Thobela Mfeti appointed as Senior Investment Specialist at Sanlam Corporate

Thobela Mfeti appointed as Senior Investment Specialist at Sanlam Corporate

Thobela Mfeti has been appointed Senior Investment Specialist at Sanlam Corporate, bringing strong experience in investment research and portfolio analysis. She previously worked as a Manager Research Analyst at PPS Investments, where she evaluated investment strategies, led due diligence processes, and supported stakeholder engagement.

Mfeti holds a BCom Honours in Financial Analysis and Portfolio Management and a Bachelor of Business Administration, and has completed CFA Level I.

Judy Kobus appointed as CEO of RMB Corporate

Judy Kobus appointed as CEO of RMB Corporate

Judy Kobus has been appointed CEO of Corporate at RMB, where she will lead the bank's corporate client business and support its next phase of growth. She joined RMB in 2008 through the Class Of Programme and went on to lead Infrastructure Sector Solutions for six years, helping shift the business from a product-led to a more sector- and client-led model that doubled profit before tax.

She has a BCom and BCom Honours in Information Systems, plus a Master of Commerce in Business Management, completed with distinction.

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