

## ANNUAL FINANCIAL STATEMENTS

IN TERMS SECTION 15 OF THE PENSION FUNDS ACT NO 24, 1956  
AS AMENDED (PENSION FUNDS ACT)

NAME OF RETIREMENT FUND: Sentinel Retirement Fund

FINANCIAL SERVICES CONDUCT AUTHORITY  
REGISTRATION NUMBER: 12/8/1215

FOR THE PERIOD: 1 JULY 2022 to 30 JUNE 2023

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\* Not subject to any engagement by an auditor

**SENTINEL RETIREMENT FUND****SCHEDULE A  
REGULATORY INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2023****REGISTERED OFFICE OF THE FUND**

Postal address: PO Box 61172,  
Marshalltown,  
2107

Physical address: Sentinel House,  
1 Sunnyside Drive,  
Parktown,  
Johannesburg,  
2193

**FINANCIAL REPORTING PERIODS**

Current year: 1 July 2022 to 30 June 2023

Prior year: 1 July 2021 to 30 June 2022

**BOARD OF FUND**

| Full name           | Capacity | Date appointed/re-appointed | Date resigned    |
|---------------------|----------|-----------------------------|------------------|
| AB la Grange        | C & I    | 1 July 2018                 | 30 June 2023     |
| AB la Grange        | C & I    | 1 July 2023                 |                  |
| AJ Pienaar          | M        | 1 July 2018                 | 30 June 2023     |
| BJ Drew             | M        | 1 July 2018                 | 28 November 2022 |
| D Smith             | M        | 1 July 2018                 | 30 June 2023     |
| D Smith             | M        | 1 July 2023                 |                  |
| Dr JPL Bezuidenhout | M        | 1 July 2018                 | 30 June 2023     |
| GE du Plessis       | M        | 1 July 2018                 | 30 June 2023     |
| GE du Plessis       | M        | 1 July 2023                 |                  |
| HH Hickey (Mrs)     | M        | 6 February 2023             | 30 June 2023     |
| HH Hickey (Mrs)     | I        | 1 July 2023                 |                  |
| J de Vos Hugo       | M        | 1 July 2018                 | 30 June 2023     |
| J de Vos Hugo       | M        | 1 July 2023                 |                  |
| JL Liackman         | A & I    | 1 July 2018                 | 30 June 2023     |
| MA Ally             | E        | 1 July 2013                 | 30 June 2023     |
| MA Ally             | E        | 1 July 2023                 |                  |
| P Mankge            | M        | 24 July 2023                |                  |
| MR Lesabe           | M        | 1 July 2018                 | 22 May 2023      |
| NA Monaheng         | M        | 1 July 2018                 | 22 May 2023      |
| E Strydom           | I        | 1 July 2023                 |                  |
| M Mogase            | I        | 1 July 2023                 |                  |
| WB Modisapodi       | E        | 1 July 2018                 | 30 June 2023     |
| WB Modisapodi       | I        | 1 July 2023                 |                  |

- 'M' denotes member representative
- 'E' denotes employer representative
- 'A' denotes alternate
- 'C' denotes chairperson
- 'I' denotes independent

**SENTINEL RETIREMENT FUND****SCHEDULE A****REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2023****Governance note: schedule of meetings\* held by the Board of Fund in terms of the rules of the fund**

| Meeting date      | Place of meeting  | Quorum (yes/no) |
|-------------------|---|-----------------|
| 29 September 2022 | Virtual meeting   | Yes             |
| 17 November 2022  | Hybrid meeting at Sentinel House, 1 Sunnyside Drive, Sunnyside Park, Parktown | Yes             |
| 6 February 2023   | Virtual meeting   | Yes             |
| 15 February 2023  | Virtual meeting   | Yes             |
| 22 March 2023     | Hybrid meeting at Sentinel House, 1 Sunnyside Drive, Sunnyside Park, Parktown | Yes             |
| 23 March 2023     | Hybrid meeting at Sentinel House, 1 Sunnyside Drive, Sunnyside Park, Parktown | Yes             |
| 8 June 2023       | Virtual meeting   | Yes             |

\* Only meetings held by the Board of Fund and does not include meetings held by the sub-committees

**FUND OFFICERS****Principal Officer**

| Full name  | Postal address                      | Physical address   | Telephone number   | E-mail address             | Date appointed  | Date resigned | Other |
|------------|-------------------------------------|--|--------------------|----------------------------|-----------------|---------------|-------|
| VP Mphephu | PO Box 61172,<br>Marshalltown, 2107 | Sentinel House, 1<br>Sunnyside Drive,<br>Sunnyside Park,<br>Parktown,<br>Johannesburg,<br>2193 | (011) 481-<br>8228 | philda@sentinel<br>.za.com | 1 April<br>2020 |               |       |

**Monitoring Person\***

| Full name  | Postal address                      | Physical address   | Telephone number   | E-mail address             | Date appointed  | Date resigned | Other |
|------------|-------------------------------------|--|--------------------|----------------------------|-----------------|---------------|-------|
| VP Mphephu | PO Box 61172,<br>Marshalltown, 2107 | Sentinel House, 1<br>Sunnyside Drive,<br>Sunnyside Park,<br>Parktown,<br>Johannesburg,<br>2193 | (011) 481-<br>8228 | philda@sentinel<br>.za.com | 1 April<br>2020 |               |       |

\*(In terms of Section 13A of the Pension Funds Act)

**PROFESSIONAL SERVICE PROVIDERS****Actuary/Valuator**

| Full name  | Postal address                  | Physical address                  | Telephone number | E-mail address       | Date appointed   |
|--|---------------------------------|-----------------------------------|------------------|----------------------|------------------|
| A Pienaar<br>(Alexander<br>Forbes<br>Financial<br>Services (Pty)<br>Ltd) | PO Box 787240,<br>Sandton, 2146 | 115 West Street,<br>Sandown, 2145 | (011) 269 - 0732 | Pienaara@aforbes.com | 30 March<br>2000 |

**Auditor**

| Full name            | Postal address   | Physical address  | Telephone number | E-mail address           | Date appointed    |
|----------------------|--|---|------------------|--------------------------|-------------------|
| Deloitte &<br>Touche | Private Bag X6,<br>Gallo Manor, 2052,<br>South Africa, Docex<br>10, Johannesburg | Financial Services<br>Team - FIST<br>Deloitte, 5 Magwa<br>Crescent, Waterfall<br>City, Waterfall,<br>Johannesburg | (011) 806-5200   | rvangraan@deloitte.co.za | 1 October<br>2018 |

**SENTINEL RETIREMENT FUND****SCHEDULE A  
REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2023****PROFESSIONAL SERVICE PROVIDERS (continued)****Benefit Administrator**

| <b>Full name</b>  | <b>Postal address</b>               | <b>Physical address</b>  | <b>Telephone number</b> | <b>Registration number in terms of section 13B</b> |
|-------------------|-------------------------------------|--|-------------------------|--|
| Self Administered | PO Box 61172,<br>Marshalltown, 2107 | Sentinel House, 1<br>Sunnyside Drive,<br>Sunnyside Park,<br>Parktown,<br>Johannesburg,<br>2193 | (011) 481-8000          | N/A  |

**SCHEDULE A**  
**REGULATORY INFORMATION (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**PROFESSIONAL SERVICE PROVIDERS (continued)**

**Investment Administrator**

| Full name  | Postal address  | Physical address  | Telephone number   | FSP Licence Number |
|--|---|---|--------------------|--------------------|
| 27 Four Investment Managers (Pty) Ltd                | Rosebank Firestation, 5th Floor c/o Bath Ave & Baker Street, Rosebank, 2196 | Rosebank Firestation, 5th Floor c/o Bath Ave & Baker Street, Rosebank, 2196 | (011) 442- 2464    | 31045              |
| Abax Investments (Pty) Ltd                           | 2nd Floor, Colinton House, The Oval, 1 Oakdale Road, Newlands, 7700         | 2nd Floor, Colinton House, The Oval, 1 Oakdale Road, Newlands, 7700         | (021) 670- 8960    | 856                |
| All Seasons Capital Management Ltd                   | Ground Floor, MCBQ IQ, Royal Road, Pointe Aux Canonnières, Mauritius        | Ground Floor, MCBQ IQ, Royal Road, Pointe Aux Canonnières, Mauritius        | (+230) 263- 2082   | 41387              |
| All Weather Capital (Pty) Ltd                        | 9th Floor Katherine Towers1 Park Lane, Wierda Vally, Sandton                | 9th Floor Katherine Towers1 Park Lane, Wierda Vally, Sandton                | (011) 722-7382     | 36722              |
| Allan Gray South Africa (Pty) Ltd                    | 1 Silo Square, V&A Waterfront, Cape Town, 8001                              | 1 Silo Square, V&A Waterfront, Cape Town, 8001                              | (021) 514-2301     | 27146              |
| Allspring Global Investments (UK) Limited            | Bow Bells House, 6th Floor, 1 Bread Street, London, United Kingdom          | Bow Bells House, 6th Floor, 1 Bread Street, London, United Kingdom          | 087 897 6970       | 42805              |
| ARCH Emerging Markets Partners Limited               | 48 Dover Street, London, W1S4FF, United Kingdom                             | 48 Dover Street, London, W1S4FF, United Kingdom                             | (+44) 203-974 7700 | ***                |
| Ashburton Fund Managers (Pty) Ltd                    | 4 Merchant Place, Fredman Drive, Benmore                                    | 4 Merchant Place, Fredman Drive, Benmore                                    | (011) 282- 4583    | 40169              |
| Boxwood Asset Management (Pty) Ltd                   | 30th Floor, The Box, 9 Lower Burg Street, Cape Town                         | 30th Floor, The Box, 9 Lower Burg Street, Cape Town                         | (021) 286-0181     | 50795              |
| Camissa Asset Management (Pty) Ltd                   | 5th Floor MontClare Place, Cnr Campground and Main Road, Claremont, 7708    | 5th Floor MontClare Place, Cnr Campground and Main Road, Claremont, 7708    | (021) 673- 6303    | 784                |
| Capitalworks Investment Management Advisor (Pty) Ltd | 7th Floor Capital Hill 6 Benmore Road Benmore 2010                          | 7th Floor Capital Hill 6 Benmore Road Benmore 2010                          | (011) 301 3000     | 45892              |
| Catalyst Capital Management Ltd                      | 33 Cavendish Square London  | 33 Cavendish Square London  | (+44) 207-290 5100 | 47127              |
| Coronation Asset Management (Pty) Ltd                | 7th Floor, MontClare Place, Cnr Campground & Main Roads, Claremont, 7708    | 7th Floor, MontClare Place, Cnr Campground & Main Roads, Claremont, 7708    | (021) 680- 2099    | 548                |
| Edge Capital (Pty) Ltd                               | Edge House, 3 Heuwelkruin Close, Tyger Valley, 7536                         | Edge House, 3 Heuwelkruin Close, Tyger Valley, 7536                         | (021) 976- 1012    | 882                |
| Epoch Investment Partners Inc                        | One Vanderbilt Avenue, 23rd Floor, New York, NY                             | One Vanderbilt Avenue, 23rd Floor, New York, NY                             | +1212 991- 5408    | 46621              |
| Excelsia Capital (Pty) Ltd                           | Office 303, Sunclare Building, 21 Dreyer Street, Claremont, 7708            | Office 303, Sunclare Building, 21 Dreyer Street, Claremont, 7708            | (021) 276- 1742    | 46756              |

## SENTINEL RETIREMENT FUND

## SCHEDULE A

REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2023PROFESSIONAL SERVICE PROVIDERS (continued)  
Investment Administrators (continued)

| Full name                                | Postal address   | Physical address   | Telephone number    | FAIS registration number |
|--|--|--|---------------------|--------------------------|
| Fairtree Asset Management (Pty) Ltd      | Ground Floor, Willowbridge Place, Corner Old Road & Carl Cronje Drive, Bellville, 7530             | Ground Floor, Willowbridge Place, Corner Old Road & Carl Cronje Drive, Bellville, 7530             | (021) 943- 3760     | 25917                    |
| Futuregrowth Asset Management (Pty) Ltd  | 3rd Floor, Great Westford Building, Main Road, Rondebosch, 7725                                    | 3rd Floor, Great Westford Building, Main Road, Rondebosch, 7725                                    | (021) 659- 5447     | 520                      |
| Growthpoint Properties Ltd               | The Place 1 Sandton Drive Sandton 2196   | The Place 1 Sandton Drive Sandton 2196   | (011) 944 6598      | **                       |
| Hosking Partners LLP                     | 11 Charles II Street, London SW1Y 4QU, United Kingdom  | 11 Charles II Street, London SW1Y 4QU, United Kingdom  | (+44) 207- 004 7830 | 45612                    |
| Ke Nako Capital (Pty) Ltd                | 7 Kildare Centre, Wheelan Road, Newlands, 7700   | 7 Kildare Centre, Wheelan Road, Newlands, 7700   | (021) 671- 8024     | 33507                    |
| Khumo Capital (Pty) Ltd                  | 4th Floor Sunclare Building, 21 Dreyer Street, Claremont, 7708                                     | 4th Floor Sunclare Building, 21 Dreyer Street, Claremont, 7708                                     | (021) 003 9254      | 49226                    |
| Lango Real Estate Ltd                    | Level 5, Alexander House 35, Cybercity Ebene, 72201, Mauritius                                     | Level 5, Alexander House 35, Cybercity Ebene, 72201, Mauritius                                     | (230) 403-0800      | **                       |
| MandG Investment Managers (Pty) Ltd      | 7th Floor, Protea Place, 40 Dreyer Street, Claremont, 7735   | 7th Floor, Protea Place, 40 Dreyer Street, Claremont, 7735   | (021) 670- 5100     | 45199                    |
| Morgan Stanley Investment Management Ltd | 20 Bank Street, Canary Wharf, London, England, E14 4QA   | 20 Bank Street, Canary Wharf, London, England, E14 4QA   | (+44) 207- 425 7537 | 9752                     |
| Mpande Property Fund Manager (Pty) Ltd   | Fulham House, Ground Floor, Hamptom Office Park, 20 Georgian Crescent, Bryanston                   | Fulham House, Ground Floor, Hamptom Office Park, 20 Georgian Crescent, Bryanston                   | (010) 746- 0410     | 51556                    |
| Ninety One SA (Pty) Ltd                  | 36 Hans Strijdom Avenue, Foreshore, Cape Town, 8000  | 36 Hans Strijdom Avenue, Foreshore, Cape Town, 8000  | (021) 901- 1932     | 587                      |
| Noble Property Fund (Pty) Ltd            | 4th Floor The Cliffs Niagara Road Tyger Falls Bellville 7530                                       | 4th Floor The Cliffs Niagara Road Tyger Falls Bellville 7530                                       | (021) 914 5881      | 43877                    |
| Novare Equity Partners (Pty) Ltd         | 5th Floor, The Cliffs Office Block 1, Niagara Way, Tyger Falls, Carl Cronje Drive, Bellville, 7530 | 5th Floor, The Cliffs Office Block 1, Niagara Way, Tyger Falls, Carl Cronje Drive, Bellville, 7530 | (021) 914- 7730     | 41836                    |
| Propertysmith (Pty) Ltd                  | SG101A, South Wing, Great Westerford, 240 Main Road, Newlands, 7700                                | SG101A, South Wing, Great Westerford, 240 Main Road, Newlands, 7700                                | (021) 659-7070      | 34713                    |

## SENTINEL RETIREMENT FUND

## SCHEDULE A

REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2023PROFESSIONAL SERVICE PROVIDERS (continued)  
Investment Administrators (continued)

| Full name                                   | Postal address   | Physical address   | Telephone number | FAIS registration number |
|---|--|--|------------------|--------------------------|
| Prowess Investment Managers (Pty) Ltd       | The Icon Building,<br>24 Hans Strijdom Avenue,<br>Foreshore,<br>Cape Town,<br>8000 | The Icon Building,<br>24 Hans Strijdom Avenue,<br>Foreshore,<br>Cape Town,<br>8000 | (021) 565- 0065  | 38318                    |
| Riscura Invest (Pty) Ltd                    | 5th Floor MontClare Place, Cnr Campground and Main Road, Claremont, 7708           | 5th Floor MontClare Place, Cnr Campground and Main Road, Claremont, 7708           | (021) 673 6999   | 40909                    |
| Sands Capital Global Growth Fund            | 1000 Wilson Blvd. Suite 3000 Arlington VA 22209 USA                                | 1000 Wilson Blvd. Suite 3000 Arlington VA 22209 USA                                | (021) 700-3607   | *                        |
| Sands Capital Ventures LLC                  | 1000 Wilson Blvd. Suite 3000 Arlington Virginia 222209 USA                         | 1000 Wilson Blvd. Suite 3000 Arlington Virginia 222209 USA                         | (+170) 356 25293 | 48103                    |
| Sanlam Africa Real Estate Advisor (Pty) Ltd | 55 Willie van Schoor Avenue, Tyger Valley, Bellville, 7530                         | 55 Willie van Schoor Avenue, Tyger Valley, Bellville, 7530                         | (021) 950- 2695  | 44356                    |
| Sesfikile Capital (Pty) Ltd                 | 2nd Floor, 18 The High Street, Melrose Boulevard, Melrose Arch, 2076               | 2nd Floor, 18 The High Street, Melrose Boulevard, Melrose Arch, 2076               | (011) 684- 1200  | 39946                    |
| South Suez Capital Ltd                      | Ground Floor, MCBQ IQ, Royal Road, Pointe Aux Canonnières, Mauritius               | Ground Floor, MCBQ IQ, Royal Road, Pointe Aux Canonnières, Mauritius               | (+230) 263- 1491 | 41613                    |
| State Street Global Advisors Ltd            | 20 Churchill Place, London, E14 5HJ  | 20 Churchill Place, London, E14 5HJ  | +9712- 245 9020  | 42670                    |
| Taquanta Asset Managers (Pty) Ltd           | 5th Floor, Draper on Main, 47 Main Road, Claremont, Cape Town                      | 5th Floor, Draper on Main, 47 Main Road, Claremont, Cape Town                      | (021) 681- 5175  | 618                      |
| Terebinth Capital (Pty) Ltd                 | Willowbridge Place, Carl Cronje Drive, Tyger Valley, 7530                          | Willowbridge Place, Carl Cronje Drive, Tyger Valley, 7530                          | (021) 943- 4820  | 47909                    |
| Third Way Investment Partners (Pty) Ltd     | 9th Floor Katherine Towers1 Park Lane, Wierda Valley Sandton                       | 9th Floor Katherine Towers1 Park Lane, Wierda Valley Sandton                       | (011) 684 1192   | 48341                    |
| TriAlpha Investment Management (Pty) Ltd    | Room 12b, 2nd Floor, 35 Church Street, Stellenbosch, 7600                          | Room 12b, 2nd Floor, 35 Church Street, Stellenbosch, 7600                          | (021) 809- 1210  | 28090                    |
| Value Capital Partners (Pty) Ltd            | Rosebank Link 8th Floor, 173 Oxford Road, Rosebank, 2196                           | Rosebank Link 8th Floor, 173 Oxford Road, Rosebank, 2196                           | (010) 060 0800   | 49830                    |
| Vantage Mezzanine (Pty) Ltd                 | Ground Floor, 3 Melrose Boulevard, Melrose Arch, 2076                              | Ground Floor, 3 Melrose Boulevard, Melrose Arch, 2076                              | (011) 530- 9100  | 45610                    |
| Vunani Fund Managers (Pty) Ltd              | 1st Floor, Cavendish Link, Cavendish Road, Claremont , Cape Town, 7708             | 1st Floor, Cavendish Link, Cavendish Road, Claremont , Cape Town, 7708             | (021) 670- 4993  | 608                      |

**SENTINEL RETIREMENT FUND****SCHEDULE A****REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2023****PROFESSIONAL SERVICE PROVIDERS (continued)****Investment Administrators (continued)**

| <b>Full name</b> | <b>Postal address</b> | <b>Physical address</b> | <b>Telephone number</b> | <b>FAIS registration number</b> |
|------------------|-----------------------|-------------------------|-------------------------|---------------------------------|
|------------------|-----------------------|-------------------------|-------------------------|---------------------------------|

\* Not registered under FAIS but in terms of section 65 of the Collective Investment Schemes Control Act with Manager number 1066, Scheme number 357 and Portfolio number 3746. \*\* Unlisted Reit Structure. \*\*\* Direct Investment in Unlisted Company

**Investment Advisor**

| <b>Full name</b>           | <b>Postal address</b>            | <b>Physical address</b>  | <b>Telephone number</b> | <b>FSP Licence Number</b> |
|----------------------------|----------------------------------|--|-------------------------|---------------------------|
| Riscura Holdings (Pty) Ltd | PO Box 23983,<br>Claremont, 7735 | 5th Floor,<br>MontClare Place,<br>Cnr. Campground &<br>Main Road,<br>Claremont, 7735 | (021) 673-6999          | 6249                      |

**Custodian and/or Nominee**

| <b>Full name</b>                       | <b>Postal address</b>                                  | <b>Physical address</b>  | <b>Telephone number</b> | <b>FSP Licence Number</b> |
|--|--|--|-------------------------|---------------------------|
| The Standard Bank of SA Ltd            | PO Box 61344,<br>Marshalltown, 2107                    | The Standard Bank<br>Centre, 7th Floor, 5<br>Simmonds Street,<br>Johannesburg,<br>2000 | (011) 636- 1781         | 11287                     |
| State Street Bank and Trust<br>Company | 20 Churchill Place<br>Canary Wharf,<br>London, E14 5HJ | 20 Churchill Place<br>Canary Wharf,<br>London, E14 5HJ                                 | (021) 681-2000          |                           |

**PARTICIPATING EMPLOYERS**

The list of participating employers is available for inspection at the fund's registered office.



**SCHEDULE B**

**STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND  
FOR THE YEAR ENDED 30 JUNE 2023**

**Responsibilities**

The Board of Fund hereby confirm to the best of their knowledge and belief that, during the year under review, in the execution of their duties they have complied with the duties imposed by Pension Funds Act legislation and the rules of the fund, including the following:

- ensured that proper registers, books and records of the operations of the fund were kept, inclusive of proper minutes of all resolutions passed by the Board of Fund;
- ensured that proper internal control systems were employed by or on behalf of the fund;
- ensured that adequate and appropriate information was communicated to the members of the fund, informing them of their rights, benefits and duties in terms of the rules of the fund;
- took all reasonable steps to ensure that contributions, where applicable, were paid timeously to the fund or reported where necessary, in accordance with section 13A and regulation 33 the Pension Funds Act in South Africa;
- obtained expert advice on matters where they lacked sufficient expertise;
- ensured that the rules and the operation and administration of the fund complied with the Pension Funds Act and all applicable legislation;
- ensured that fidelity cover was maintained and that this cover was deemed adequate and in compliance with the rules of the fund; and
- ensured that investments of the fund were implemented and maintained in accordance with the fund's investment strategy.

**Approval of the annual financial statements**

The annual financial statements of Sentinel Retirement Fund are the responsibility of the Board of Fund. The Board of Fund fulfils this responsibility by ensuring the implementation and maintenance of accounting systems and practices adequately supported by internal financial controls. These controls, which are implemented and executed by the fund and/or its benefit administrators, provide reasonable assurance that:

- the fund's assets are safeguarded;
- transactions are properly authorised and executed; and
- the financial records are reliable.

The annual financial statements set out on pages 25 to 48 have been prepared for regulatory purposes in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the Rules of the fund and the Pension Funds Act.

These annual financial statements have been reported on by the independent auditors, Deloitte & Touche , who was given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of Fund believes that all representations made to the independent auditors in the management representation letter during their audit were valid and appropriate. The report of the independent auditors is presented on page 13-15.

## SCHEDULE B

STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2023

## Instances of non-compliance

The following instances of non-compliance with Acts, Legislation, Regulations and Rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements came to our attention and were rectified by the participating employers concerned, or the Fund, before the Board of Fund's approval of the financial statements:

| <b>Nature and cause of non-compliance</b>  | <b>Impact of non-compliance matter on the fund</b> | <b>Corrective course of action taken to resolve non-compliance matter</b>   |
|--|--|---|
| Contributions were not received from the following employers within 7 days of the relevant month-end as required by section 13A:<br>Arnot OPCO (Pty) Ltd,<br>Far West Gold Recoveries (Pty) Ltd,<br>Genet South Africa,<br>Gold Fields Ghana Ltd,<br>Hall Of Diamonds (Pty) Ltd,<br>Ingwenya Mineral Processing (Pty) Ltd,<br>Mega Gems (Pty) Ltd,<br>Nicolar (Pty) Ltd,<br>Rosebank Catholic Church JHB (RCC),<br>UMS – Shaft Sinkers (Pty) Ltd,<br>WE Consultants (Pty) Ltd,<br>West Gold Plant (Pty) Ltd. | None.  | All these instances were reported to the Board of Fund and applicable late payment interest was levied as required.         |
| Two section 14 transfers to the FundsAtWork Umbrella Pension Fund and the Corporate Selection Umbrella Fund were delayed beyond the 60 day period due to tax issues.   | None.  | The Fund applied for and was granted an extension to transfer the assets. The two section 14 transfers have been finalised. |

The following instances of non-compliance with Acts, Legislation, Regulations and Rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements came to our attention and were not rectified by the participating employer and/or transferring funds concerned before the Board of Fund's approval of the financial statements:

| <b>Nature and cause of non-compliance</b>   | <b>Possible impact of non-compliance matter on the fund</b>  | <b>Corrective course of action to resolve non-compliance matter</b>  |
|---|--|--|
| Failure by a Fund to transfer assets to the Fund within 60 days as contemplated in section 14(2)(b) of the Pension Funds Act and failure to complete Form G where required. | Members' transfer values cannot be invested in their chosen portfolios until the transfer has been received. This may result in a loss of investment returns to the members. | The Fund continues to follow up and communicate with the transferor funds, in an attempt to receive transfers within 60 days of approval. The transferor fund advanced a variety of reasons which caused the delay in payment. |
| One section 14 transfer, affecting two members, to the Discovery Life Pension Umbrella Fund was delayed beyond the 60 day period due to tax directive issues.               | None.  | The Fund applied for and was granted an extension to transfer the assets. The outstanding transfer will be completed upon finalisation of the members' tax directive issues.   |

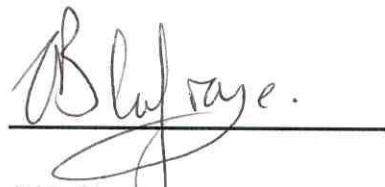
**SENTINEL RETIREMENT FUND**

**SCHEDULE B**

**STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2023**

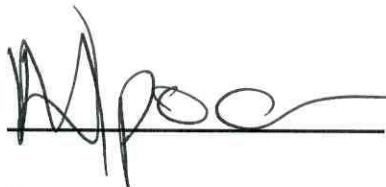
These annual financial statements:

- were approved by the Board of Fund on 5 October 2023;
- are to the best of the Board members knowledge and belief confirmed to be complete and correct;
- fairly represent the net assets of the fund at 30 June 2023 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Fund by:



**AB la Grange**  
Chairperson

5/10/23  
Date



**WB Modisapodi**  
Trustee

05/10/2023  
Date



**HH Hickey (Mrs)**  
Trustee

5/10/23  
Date

**5 October 2023**

**SENTINEL RETIREMENT FUND****SCHEDULE C****STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER  
FOR THE YEAR ENDED 30 JUNE 2023**

I confirm that for the year under review the Sentinel Retirement Fund has timeously submitted all regulatory and other returns, statements, documents and any other information as required in terms of the Pension Funds Act and to the best of my knowledge all applicable legislation except for the following:

| <b>Specific instances of non-compliances</b>   | <b>Remedial action taken</b>   |
|--|--|
| Contributions were not received from the following employers within 7 days of the relevant month-end as required by section 13A:<br>Arnot OPCO (Pty) Ltd<br>Far West Gold Recoveries (Pty) Ltd<br>Genet South Africa<br>Gold Fields Ghana Ltd<br>Hall Of Diamonds (Pty) Ltd<br>Ingwenya Mineral Processing (Pty) Ltd<br>Mega Gems (Pty) Ltd<br>Nicolar (Pty) Ltd<br>Rosebank Catholic Church JHB (RCC)<br>UMS – Shaft Sinkers (Pty) Ltd<br>WE Consultants (Pty) Ltd<br>West Gold Plant (Pty) Ltd | All these instances were reported to the Board of Fund and applicable late payment interest was levied as required. The employers have made payment of the late payment interest.                                      |
| Failure by some funds to transfer assets to the Fund within 60 days as contemplated in section 14(2)(b) of the Pension Funds Act and failure to complete Form G where required.  | The Fund continues to follow up and communicate with the transferor funds, in an attempt to receive transfers within 60 days of approval. The transferor funds provided a variety of reasons for the delay in payment. |
| Three section 14 transfers to the FundsAtWork Umbrella Pension Fund, Discovery Life Pension Fund and the Corporate Selection Umbrella Fund, were delayed beyond the 60 day period due to tax issues.   | The Fund applied for and was granted extension to transfer the assets. Two of the three transfers were finalised. The outstanding transfer will be completed upon finalisation of the members' tax issues.             |



**VP Mphphu  
Principal Officer**

05/10/2023  
**Date**

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF FUND OF THE SENTINEL RETIREMENT FUND

## Report on the Audit of the Financial Statements

*Opinion*

We have audited the financial statements of Sentinel Retirement Fund (the Fund) set out on pages 25 to 48, which comprise the statement of net assets and funds as at 30 June 2023 and the statement of changes in net assets and funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Fund for the year ended 30 June 2023 are prepared, in all material respects, in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Emphasis of matter – Financial reporting framework and restriction on use*

We draw attention to the *Purpose and basis of preparation of financial statements* note to the financial statements, which describes the basis of preparation of the financial statements. The financial statements have been prepared for the purpose of the Fund's reporting to the Financial Sector Conduct Authority (the Authority) in terms of section 15(1) of the Pension Funds Act No. 24 of 1956, as amended (the Pension Funds Act of South Africa) and have been prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Fund and the Authority and should not be used by parties other than the Board of Fund or the Authority. Our opinion is not modified in respect of these matters.



National Executive: \*R Redfearn Chief Executive Officer \*GM Berry Chief Operating Officer JW Eshun Managing Director Businesses LN Mahluza Chief People Officer  
\*N Sing Chief Risk Officer AP Theophanides Chief Sustainability Officer \*NA le Riche Chief Growth Officer \*ML Tshabalala Audit & Assurance AM Babu Consulting  
TA Odukoya Financial Advisory G Rammego Risk Advisory DI Kubeka Tax & Legal DP Ndlovu Chair of the Board

A full list of partners and directors is available on request

\* Partner and Registered Auditor

**B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice**

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

The Board of Fund is responsible for the other information. The other information comprises the information included in the Annual Financial Statements in terms of section 15 of the Pension Funds Act of South Africa, of the Fund for the period 1 July 2022 to 30 June 2023, but does not include the financial statements (schedules F, G and HA) and our auditor's report thereon (schedule D)

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Board of Fund for the Financial Statements*

The Board of Fund is responsible for the preparation of the financial statements in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa and for such internal control as the Board of Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Fund is also responsible for compliance with the requirements of the Rules of the Fund and the Pension Funds Act of South Africa.

In preparing the financial statements, the Board of Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Fund.
- Conclude on the appropriateness of the Board of Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

We communicate with the Board of Fund regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

The Statement of Responsibility by the Board of Fund describes instances of non-compliance with laws and regulations, including those that determine the reported amounts and disclosures in the financial statements that have come to the attention of the Board of Fund and the corrective action taken by the Board of Fund. There are no additional instances of non-compliance with laws and regulations that came to our attention during the course of our audit of the financial statements.

DocuSigned by:  
 Deloitte & Touche  
3432E87A93A7439...

Deloitte & Touche  
Registered Auditors  
Per: Ronel van Graan  
Partner

14 November 2023

5 Magwa Crescent  
Waterfall City  
Johannesburg  
2090



**SCHEDULE E  
REPORT OF THE BOARD OF FUND  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. DESCRIPTION OF FUND**

**1.1. Type of fund in terms of the Income Tax Act, 1962**

The Fund is a defined contribution pension fund registered in terms of the Pension Funds Act, No 24 of 1956 and the Income Tax Act, No 58 of 1962.

In terms of regulation 30(2)(t) (ii) of the Regulations to the Pension Funds Act, the Fund is registered as a type A umbrella fund.

**1.2. Benefits**

The benefit structure provides members retirement, disability, death and withdrawal benefits, as well as in-house pensions.

**1.2.1 Summary in terms of the rules of the Fund**

Details of the benefits are described in the rules, which are available at the registered office of the Fund and on our website at [www.sentinel.za.com](http://www.sentinel.za.com).

**Withdrawal benefit**

When a member leaves the service of his/her employer, his/her full fund credit may be withdrawn or transferred at any time up to normal retirement age. Alternatively, the member may remain a Paid-up member until age 70.

**Retirement benefit**

A monthly pension, after an optional maximum one third lump sum, based on the member's fund credit, is payable in terms of the Pension Income Choice model of the Fund. A member may elect to receive an early retirement pension provided that he/she is within ten years of normal retirement age and has reached the age of 50 years.

**Disability benefit**

A pension based on the member's fund credit and disability cover, if applicable, is payable. A Paid-up member or a member who does not contribute towards disability cover, is not eligible for disability cover.

**Death benefit (in service)**

If a member dies in service and leaves a spouse, a pension based on 50% of the member's fund credit plus 50% of the death cover (if applicable) is payable to his/her spouse(s). The remaining 50% of the death benefit is payable as a lump sum, in terms of the provisions of Section 37C of the Act. A Paid-up member or a member who does not contribute towards death cover, is not eligible for death cover.

**Death benefit (pensioner)**

If a pensioner, who retired after 1 March 2003, dies within the elected guarantee period after retirement, the pension will be paid to the surviving spouse for the duration of the elected guaranteed period. Thereafter 75% (unless a 100% option was elected) of the pension is payable. If there is no surviving spouse, the pension that would have been paid for the remainder of the guarantee period is capitalised and paid as a lump sum in terms of Section 37C of the Act. If a pensioner, who retired before 1 March 2003 dies, a spouse pension equal to 50% of the pensioner's pre-commutation pension and a child pension may be payable.

**1.2.2 Strategy of Board of Fund towards unclaimed benefits**

A member must elect a qualifying benefit or will remain in the Fund as a Paid-up member until age 70, after leaving the service of a participating employer. Should the member not make an election and reach age 70, the benefit is classified as an unclaimed benefit. Where a pensioner/beneficiary in receipt of a pension dies and the capitalised value of the pension (if applicable) is not claimed within 24 months, it is classified as an unclaimed benefit. In respect of unclaimed benefits, complete records, as prescribed, are maintained. Regular tracing is undertaken to identify potential beneficiaries of unclaimed benefits.

**1.3. Contributions**

**1.3.1 Member contributions**

Member contributions are specified and defined in the special rules of each participating employer. These special rules are available at the registered office of the Fund.

**1.3.2 Employers contributions**

Employer contributions are specified and defined in the special rules of each participating employer. After allocating a portion of the employer contributions to meet the cost of death and/or disability cover if applicable, the balance is allocated towards members' fund credits.



**SCHEDULE E**  
**REPORT OF THE BOARD OF FUND (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1.4. Rule Amendments**

**1.4.1. Amendments**

| <b>Rule amendment No.</b> | <b>Description and motivation</b>   | <b>Date of Board of Fund resolution</b> | <b>Effective date</b> | <b>Date registered by the Financial Sector Conduct Authority</b> |
|---------------------------|---|---|-----------------------|--|
| 17.                       | Rule 5.1.1(b) was amended to enable a member who leaves service on attaining the age of 70 years, or older, to qualify for a retirement benefit.  | 29 September 2022                       | 29 September 2022     | 15 November 2022   |
| 18.                       | <p>The following Rules were amended in accordance with best practice in line with a "corporate /trust" type board structure that meets the requirements set by the Pension Funds Act, GN4 and King IV, with cognisance of National Treasury's document on Umbrella Fund Governance.</p> <p>Rule 11.1.1: The Board shall consist of 10 Trustees effective 1 July 2023, five being independent Trustees and five appointed by the existing constituencies, one each.</p> <p>Rule 11.2.4: The Trustees have a fiduciary duty to the Fund, members, pensioners, and beneficiaries, and not the constituencies that nominated them.</p> <p>Rule 11.3.1: The Fund shall appoint five independent Trustees who are not employed by a participating employer in the Fund, do not provide any other service to the Fund, are not a member or pensioner of the fund, and who are not a member of a representative constituency. One of the independent Trustees shall also be appointed as the chairperson of the Trustees.</p> <p>Rule 11.6.2(f): A Trustee or appointed person shall cease to hold office when the individual commences employment with the fund, or when an independent Trustee becomes a member or pensioner of the Fund or is employed by a participating employer of the Fund.</p> <p>Rule 11.7.1: Each Trustee shall hold office for a period of three (3) years and may be re-appointed for a maximum of two further three year terms.</p> <p>Rule 11.8.1: Should the independent Trustee who is also the chairperson of the Trustees be absent, the Trustees present at a meeting of the Board shall choose one of the independent Trustees present at the meeting to act as chairperson for that meeting.</p> <p>Rule 11.8.4: At all meetings of the Trustees:</p> <p>(a) The quorum shall consist of six Trustees, which must include at least three (3) independent Trustees and three constituency nominated Trustees.</p> <p>(b) Each Trustee shall have one vote</p> | 23 March 2023                           | 23 March 2023         | 28 April 2023  |

## SCHEDULE E

REPORT OF THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2023

## 1.4. Rule Amendments (continued)

## Amendments

| Rule amendment No. | Description and motivation   | Date of Board of Fund resolution | Effective date | Date registered by the Financial Sector Conduct Authority |
|--------------------|--|----------------------------------|----------------|---|
|                    | <p>(c) The Trustees will make a concerted effort to reach consensus on matters under consideration. Should consensus not be reached, the decision of the majority of the Trustees present, subject to the quorum requirement being met, shall be a decision and be binding, except where an amendment to Rule 13.11.1 is considered, 70% of the Trustees present, must agree to such amendment.</p> <p>(d) In the event of an equality of votes, excluding a decision to amend Rule 13.11.1, the meeting shall stand adjourned for 14 days and in the event of an equality of votes at this following meeting, the independent Trustee who is the chairperson of the Trustees shall have a deliberate vote and a casting vote.</p> |                                  |                |   |

All amendments in respect of special rules are available for inspection at the Fund's registered office.

## 1.5. Reserves and specified accounts established in terms of the rules of the Fund

## 1.5.1. Reserves

The following reserves were utilised during the year in terms of the Rules of the Fund:

## Risk Reserve

The risk reserve is maintained to fund applicable members' disability and death cover benefits. The reserve balance is increased by contributions and positive growth and decreased by benefit payments, negative growth and expenses in terms of rule 12.2(c).

## Mismatch Reserve

The mismatch reserve may be used to correct incidental amounts incurred by the Fund as a result of normal operational activities including late or incorrect member investment choice switches, and to correct errors in benefit calculations or errors related to members. The reserve is adjusted for growth. It is decreased with fees in terms of rule 12.2(c). Distributions may be made to members or other special accounts to maintain the account at an appropriate level as agreed by the Board of Fund.

## Pension Reserve

The pension reserve funds monthly pensions and any ad-hoc discretionary payments (if applicable) to pensioners. The reserve balance increases with growth, Flexible pension payment amounts and commuted fund credits and decreases by monthly pensions paid, any ad-hoc discretionary payments (if applicable) and death benefit scheme claims in terms of Annexure 1 and 2 of the rules and expenses, in terms of rule 12.2(c).

## 1.5.2. Accounts

## Employer surplus account

This account was established in terms of the rules of the fund and is not currently being utilised.

An employer surplus account may be established in the name of an individual employer. It shall be credited with amounts transferred from an employer surplus account in another fund at the request of the employer and additional contributions payable by the employer and debited with amounts used in terms of section 15E of the Act for the benefit of that employer and expenses in terms of rule 12.2(c). The balance is adjusted for positive and negative investment earnings.

**SCHEDULE E**  
**REPORT OF THE BOARD OF FUND (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2. INVESTMENTS**

**2.1.1 Investment philosophy**

Our investment strategy encompasses patience, discipline and perspective; focus on the long term; and income protection. Our asset allocation process is designed to achieve optimal sustainable long-term investment returns at a level of risk, which the Board considers acceptable, and which is cognisant of our pay-out obligations. We manage risk through diversification across geographies, asset classes, within asset classes and through position sizing. We approach investments in a responsible manner incorporating sustainability considerations, including the environmental, social and governance impact of our investments.

**2.1.2. Investment Strategy**

The Fund pursues a liability-driven investment (LDI) strategy that is tailored specifically to meet future cash flow needs (i.e. Fund liabilities). This provides a level of confidence that the Fund will be adequately funded to meet its liabilities over the long term, while addressing shorter-term cash flow needs. The LDI strategy seeks to minimise the volatility in the funding level (ratio of assets to liabilities) of the Fund's portfolios. By implication any external investment shock on the asset side is matched by a similar, but offsetting, impact on the liability side. The net effect is a funding level that is largely immune to shock. The ALM enables the Fund to gain valuable insight into the liability structure of the different portfolios and stochastically models an asset structure to suit these liabilities. The ALM results provide a solid platform from which to make informed decisions regarding an appropriate investment strategy for the different portfolios.

In recognition of the consequences of a defined contribution scheme, different member profiles and the existence of substantially different pensioners, a variety of different portfolios are defined and created for members in the form of a 'life-stage' range, where members will migrate to different portfolios as they approach and reach retirement. The goals of each portfolio within the Fund, taking into account the risk tolerance, investment risks and expected market conditions will determine the appropriate strategic asset allocation as well as manager and mandate selection. The strategic asset allocation as well as the manager and mandate selection may be amended from time to time. Risk/return objectives may be amended from time to time due to changes in liability profile, capital market risk/return expectations or the investment outlook and environment.

**2.1.3 Default Investment Portfolios**

In the absence of any specific member instructions, the Fund allocates members into one of three portfolios depending on their age and term to retirement. This approach ensures that the individual member's risk reduces as the member approaches his/her retirement date. 'Life-stage' switches are carried out in the month of the member's birthday in the relevant year as determined by the life-stage portfolio's term to retirement. At retirement date, the market value of a member's accumulated contributions, less any lump sum taken, is moved to the pensioner portfolio, where such assets are used to provide an annuity income, in terms of the pensioner income choice options, determined by the ruling pension conversion rates at the time. Alternatively, a member may withdraw from the Fund, transfer to an approved fund and then purchase a pension from an external provider of pension annuities.

Portfolios are designed to meet the specific needs of each category of members and as such have different risk and return profiles as reflected below:

| <b>Portfolio</b>     | <b>Wealth Builder</b>            | <b>Inflation Protector</b>         | <b>Pension Protector</b>       |
|----------------------|----------------------------------|------------------------------------|--------------------------------|
| Portfolio Type       | Aggressive                       | Moderate                           | Conservative                   |
| Portfolio Stage      | More than 12 years to retirement | Between 12 & 5 years to retirement | Less than 5years to retirement |
| Investment objective | Inflation plus 5,0%              | Inflation plus 4,75%               | Inflation plus 4,5%            |
| Risk tolerance       | 10% above or below benchmark     | 9% above or below benchmark        | 8% above or below benchmark    |

Each market portfolio is managed by allocating a different weight to each of the asset classes using the same underlying investment managers as building blocks. The asset allocation differences are used to adjust the risk and return profiles for the different portfolios.

**Asset Allocation Ranges**

| <b>Asset Class</b>  | <b>Wealth Builder</b> | <b>Inflation Protector</b> | <b>Pension Protector</b> |
|---------------------|-----------------------|----------------------------|--------------------------|
| SA Equity           | 32% - 42%             | 28% - 36%                  | 17% - 25%                |
| SA Property         | 3% - 11%              | 3% - 11%                   | 3% - 11%                 |
| SA Nominal Bonds    | 0% - 5%               | 0% - 9%                    | 0% - 9%                  |
| SA Medium-Term ILBs | 0% - 5%               | 0% - 5%                    | 0% - 5%                  |
| SA Long-Term ILBs   | 8% - 18%              | 10% - 20%                  | 22% - 32%                |
| SA Money market     | 1% - 3%               | 1% - 3%                    | 1% - 3%                  |
| Africa Equity       | 4% - 12%              | 4% - 12%                   | 4% - 12%                 |
| Foreign Equity      | 12% - 20%             | 12% - 20%                  | 12% - 20%                |
| Foreign Property    | 0% - 8%               | 0% - 8%                    | 0% - 8%                  |

## SCHEDULE E

REPORT OF THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2023

|                        |          |          |         |
|------------------------|----------|----------|---------|
| Foreign Bonds          | 0% - 5%  | 0% - 5%  | 0% - 5% |
| Foreign Money Market   | 0% - 3%  | 0% - 3%  | 0% - 3% |
| Emerging Market Equity | 2% - 10% | 2% - 10% | 1% - 9% |
| Frontier Market Equity | 0% - 7%  | 0% - 7%  | 0% - 7% |
| China Equity           | 0% - 7%  | 0% - 7%  | 0% - 7% |

*All portfolios are subject to Regulation 28 compliance*

The Board, having reviewed the default investment portfolios in November 2022, confirms that the Fund's default investment portfolios meet with the requirements of Regulation 37 and are appropriate for the members who will be automatically enrolled into them.

**2.1.4 Member Investment Choice**

A Shari'ah compliant portfolio and a money market portfolio, together with the three life stage portfolios, ensures a complete set of investment choice options. Members (contributing and paid up) can elect any one of the life-stage portfolios and the choice portfolios. While this option is available to all members, it is intended for more sophisticated members with a better understanding of their specific circumstances and risk preferences. Returns earned by members are dependent on the investment portfolio choice. This allows recognition of the risk taken by the members in the different products. Under flexible investment choice, members are allowed full discretion in switching between portfolios. Two free investment choice switches per annum are allowed. All subsequent switches for the year attract a switching fee of 10 basis points, subject to a maximum of R5000.

**2.1.5 Unclaimed benefits**

Investment strategy adopted for unclaimed benefits: Unclaimed benefits are invested in the money market portfolio only.

**2.1.6 Reserve accounts**

Investment strategy adopted for reserve accounts:

**2.1.6.1 Pension Reserve: Annuity Strategy**

The pensioner portfolio is designed to deliver (but does not guarantee) a net investment return of 4.0% per annum above headline inflation over the long-term. The portfolio has a low risk/return profile (risk tolerance of 7% around benchmark) and aims to meet inflation-adjusted pension payments.

Asset allocation ranges are reflected below:

| <b>Asset class</b>     | <b>Pensioner</b> |
|------------------------|------------------|
| SA Equity              | 16% - 24%        |
| SA Property            | 3% - 11%         |
| SA Nominal Bonds       | 0% - 8%          |
| SA Medium-Term ILBs    | 0% - 5%          |
| SA Long-Term ILBs      | 23% - 33%        |
| SA Money market        | 1% - 3%          |
| Africa Equity          | 4% - 12%         |
| Foreign Equity         | 12% - 20%        |
| Foreign Property       | 0% - 8%          |
| Foreign Bonds          | 0% - 5%          |
| Foreign Money Market   | 0% - 3%          |
| Emerging Market Equity | 2% - 10%         |
| Frontier Market Equity | 0% - 7%          |
| China Equity           | 0% - 7%          |

In-Fund pension income choice:

The Tier 1 guaranteed pension is compulsory for all members who retire within the Fund. The guaranteed pension is calculated using factors provided by the actuary after taking into account the exercise of any option in terms of the Rules. Retirees with sufficient capital to qualify for a Tier 1 monthly guaranteed pension of at least R12 500, may elect to provide for more than one pension with the balance of their capital from the Pension Income Choice model with the remaining capital. The flexible pension option provides for capital to be invested in the Fund's investment portfolios with individual choices offered in the same manner that applies to members. The pensioner selects the value of the monthly pension draw down on an annual basis, on his/her retirement anniversary date. In terms of current regulations, this pension drawdown may vary between 2.5% and 17.5% of capital per year. Retirees who select the flexible pension option at retirement may convert to a Tier 2 guaranteed pension option on any future retirement anniversary date.

The Board, having reviewed the annuity strategy in November 2022, confirms that the Fund's annuity strategy meets with the requirements of Regulation 39 and the annuities are appropriate and suitable for the specific classes of members/pensioners who will be enrolled into them.

## SCHEDULE E

REPORT OF THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2023**2.1.6.2 Risk Reserves**

Investment strategy adopted for risk reserve accounts:

Asset allocation ranges are reflected below:

| <b>Asset class</b>  | <b>Risk Reserve</b> |
|---------------------|---------------------|
| SA Nominal Bonds    | 5% - 15%            |
| SA Medium-Term ILBs | 0% - 5%             |
| SA Long-Term ILBs   | 5% - 15%            |
| SA Money Market     | 75% - 85%           |

**2.1.6.3 Mismatch Reserves**

The mismatch reserve is 100% invested in SA Money Market.

**2.1.7 Investment Policy Statement Changes**

The most significant changes made to the Investment Policy Statement (IPS) during the current financial year relate to the following:

- Revised asset allocation for risk pools
  - Responsible investment policy
  - Securities lending policy
- Details of specific changes are available, on request, to any member or participating employer.

An abridged version of the IPS is available, on request, to any member or participating employer of the Fund at no cost. The abridged IPS is also available on the Fund's website.

**2.1.8 Sustainability of Investments**

As a responsible investor, we take shareholder engagement seriously and employ CRISA as a framework for implementing our active ownership. We adhere to the guiding principles of CRISA.

The Fund and its role-players are cognisant of the environmental, social and governance factors that impact its operating environment. The Board of Fund recognises responsible investing (including proxy voting and high-impact investments) as part of the Fund's investment strategy and will review it from time to time.

All investments should meet responsible investment guidelines. Investment managers in particular are expected to consider and apply responsible investment principles. Investment managers are expected to provide a written report, on request, on their responsible investment approach, including sustainability considerations and the application thereof.

International trends and developments have increased the focus on delivering sustainable development goals and mitigating the impact of climate change. Integral to this approach is the integration of environmental, social and governance (ESG) risk factors into risk management systems and ensuring these are identified and mitigated in current and future investment portfolios.

- The responsible investing and ownership policy as set out in the Fund's IPS sets the fiduciary framework and stance on sustainability. The Policy is approved by the Investment Committee.
- The stewardship activities are implemented through proxy voting and engagement underpinned by policies and guidelines. These guidelines are reviewed and approved by the Investment Committee on an annual basis.
- As a multi-managed fund, ESG integration is achieved through investment managers that are allocated mandates to manage the Fund's assets.

The Fund is a significant institutional investor in private and listed securities and recognises that exercising the ownership rights that are attached to those securities are a fiduciary duty and a necessary part of that ownership. The Fund acknowledges this fiduciary duty to preserve and enhance value in the interests of all the beneficiaries on whose behalf it invests.

The Fund follows a holistic approach to responsible investing and ownership. A Board-approved responsible investing policy provides a robust framework. Implementation is driven by a proxy voting policy and guidelines and a focused engagement policy and programme. Our responsible investing policy is based on three pillars:

Active ownership through proxy voting and engagement;  
Environmental, social and governance (ESG) integration through external investment managers; and  
Allocation to targeted impact investments.

## SCHEDULE E

REPORT OF THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2023

As the Fund utilises a multi-manager structure, ESG integration is pursued through its investment managers utilising responsible investment approaches. We are encouraged by the level of active ownership being displayed by many of our external investment managers. Engagement, however, remains an area for vast improvement among many investment managers. Sentinel actively monitors ESG integration, as we consider it to be the ultimate driver for delivering sustainable returns.

**ESG Integration Statistics**

| <b>Stewardship Pillar</b> | <b>Percentage</b> |
|---------------------------|-------------------|
| Active Ownership          | 54.2%             |
| ESG Incorporation         | 25.0%             |
| Impact Investing          | 16.7%             |
| ESG Screening             | 4.2%              |

| <b>ESG Issues Engaged On</b> | <b>Percentage</b> |
|------------------------------|-------------------|
| Governance                   | 54.9%             |
| Environmental                | 21.6%             |
| Social                       | 23.5%             |

**Summary and Conclusion****Question**

Did you engage investee companies on ESG issues?

How have you applied sustainability and ESG (factors that affected investment decisions)?

If no (to point above), why do you consider the holding of these assets to be in the best interest of investors or alternatively how you propose to rectify this.

The potential impact of ESG factors on the portfolio assets

Whether any of the assets you are invested in limits ESG considerations.

Proxy voting statistics for the year

**Summary and Conclusion**

Asset managers undertook a total of 1 712 engagements for the year.

There is a marked improvement on the level and detail of disclosure from the asset managers. The Fund was able to ascertain the level and depth of ESG integration across asset classes it is invested in.

The investment structures limiting the application of ESG provide diversification and risk management for the Fund. In collaboration with the asset managers the Fund will continue to seek ways of applying ESG considerations for the above investment structures.

Comfort can be drawn from the majority of investment managers that indicated the Fund's underlying portfolio assets has a positive impact and value unlocking impact. No adverse impacts were reported.

An increased number of asset managers indicated no limitations to the application of ESG integration. Investment structures and vehicles remained an impediment in some cases.

Proxy voting statistics provided by asset managers demonstrated due fiduciary process in proxy voting for assets the Fund has no direct voting control over. The Fund opposed 35.1% of votes, supported 64.9% of votes.

**2.1.9 Derivative Instruments**

The Board of Fund utilises derivative instruments as part of their investment strategy. The Board of Fund ensures that the derivative instrument transactions are in compliance with the relevant conditions as prescribed.

**2.1.10 Hedge Funds**

The Board of Fund utilises hedge funds as part of their investment strategy. The Board of Fund ensures that the hedge fund transactions are in compliance with the relevant conditions as prescribed.

**2.1.11 Private Equity Funds**

The Board of Fund utilises private equity funds as part of their investment strategy. The Board of Fund ensures that the private equity fund transactions are in compliance with the relevant conditions as prescribed.

## SCHEDULE E

REPORT OF THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2023

## 2.1.12 Securities Lending Transactions

The Board of Fund utilises securities lending transactions as part of their investment strategy. The Board of Fund ensures that the securities lending transactions are in compliance with the relevant conditions as prescribed.

## 2.1.13 General

The principal long-term goal is to maximise the benefits of members and pensioners, having due regard to the term and nature of obligations to members and the associated investment risk.

## 2.2. Management of investments

The investment management function has been mostly outsourced. The multi-manager structure is monitored on an on-going basis.

Benchmarks are set for each portfolio, asset class, and investment mandate taking into account the specific asset/liability and risk profiles.

The Investment Policy Statement of the Fund complies with all material requirements of Circular PF130 as well as the CRISA Code and is available for inspection by stakeholders at the registered office of the Fund.

The investment strategy dynamically adjusts for major local and foreign market or economic shifts. Short term asset / market pricing discrepancies are further exploited through a global tactical asset allocation mandate.

The fair value of the fund's investment, administered by the investment administrators at the end of the year was:

|   | 30 June 2023<br>R     | 30 June 2022<br>R     |
|---|-----------------------|-----------------------|
| Investment Administrators                 | 88 806 770 563        | 85 597 620 358        |
| Direct Investments*                       | 134 230 424           | 336 279 212           |
| <b>Total value of investments managed</b> | <b>88 941 000 987</b> | <b>85 933 899 570</b> |

\*Includes Rockland TDI Fund (under curatorship)

## 3. MEMBERSHIP

|  | Contributing<br>members | Paid up<br>members | Pensioners    | Beneficiaries | Unclaimed<br>benefits |
|--|-------------------------|--------------------|---------------|---------------|-----------------------|
| Number at the beginning of year                      | 34 770                  | 3 863              | 17 049        | 15 403        | 4 233                 |
| Adjustments  | (3 792)                 | 3 735              | -             | (1)           | (220)                 |
| - Inter fund member changes                          | (3 792)                 | 3 801              | -             | -             | (9)                   |
| - Adjustments  | -                       | (66)               | -             | (1)           | (211)                 |
| Additions  | 3 717                   | 286                | 608           | 689           | -                     |
| Transfers out  | -                       | (813)              | -             | -             | -                     |
| Withdrawals  | -                       | (1 813)            | -             | -             | -                     |
| Retirements  | -                       | (640)              | -             | -             | -                     |
| Retrenchments  | -                       | (282)              | -             | -             | -                     |
| Deaths   | -                       | (195)              | (941)         | (723)         | -                     |
| Unclaimed benefits paid                              | -                       | -                  | -             | -             | (58)                  |
| <b>Number at the end of the year</b>                 | <b>34 695</b>           | <b>4 141</b>       | <b>16 716</b> | <b>15 368</b> | <b>3 955</b>          |
| Number at end of year<br>(South African citizen)     | 33 421                  | 4 079              | 16 030        | 14 254        | 3 700                 |
| Number at end of year<br>(non-South African citizen) | 1 274                   | 62                 | 686           | 1 114         | 255                   |

## Notes:

- Inter fund member changes are due to classification of member type changes during the year.
- Contributory and Paid-up members adjustments are due to classification corrections of membership and participating employer plans.
- Unclaimed benefit adjustments are due to unclaimed benefits with a zero balance and membership type corrections.



## SCHEDULE E

REPORT OF THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2023**4. ACTUARIAL VALUATION**

The annual financial statements summarise the transactions and net assets of the Fund. The annual financial statements do not take account of liabilities to pay pensions and other benefits in the future. In accordance with the rules of the Fund, the actuarial position of the Fund, which does take account of such liabilities, is examined and reported on by the actuary at intervals not exceeding three years. The last statutory actuarial valuation of the Fund was completed as at 30 June 2021, and confirmed that the Fund's assets exceeded its liabilities, and that the Fund was in a financially sound position at that date. An interim valuation was performed on 1 September 2023, and confirmed that the Fund's assets exceeded its liabilities, and that the Fund was in a financially sound position at that date.

**5. SURPLUS APPORTIONMENT OR NIL SCHEME***Nil scheme*

The surplus apportionment date of the Fund was 30 June 2004. The Fund submitted a nil return as there was no surplus to be distributed. The nil return was submitted to the Authority and noted by them on 14 June 2005.

**6. HOUSING LOAN FACILITIES**

The Fund has granted housing loan guarantees to members which are secured by their fund credits, in terms of Rule 12.6 and the provisions of section 19(5) of the Pension Funds Act. The loan is limited to 50% of the respective member's fund credit.

**7. INVESTMENTS IN PARTICIPATING EMPLOYERS**

Details of investments held in participating employers are provided in note 3.2 to the financial statements. The Fund did not exceed the 5% limit per individual participating employer as provided for in section 19A of the Pension Funds Act.

**8. SIGNIFICANT MATTERS**

There were no significant matters during the year ended 30 June 2023 which materially affect the financial statements. Regulation 28 under the Pension Funds Act was recently amended (Gazetted on 5 July 2022) to include additional reporting requirements in relation to infrastructure assets and amendments to the asset spreading requirements). The intention is that the draft Regulatory Reporting Standard (the Standard) will replace Board Notice 77, but the consultation process for the Annual Financial Statements (AFS) has not been finalised. Further-more in accordance with the FSCA Communication 19 of 2023 released on 19 July 2023, (RF) paragraph 3.1, the FSCA wishes to clarify that since the Regulatory Reporting Standard has not yet been finalised, funds must continue to prepare annual financial statements in accordance with the requirements of Board Notice 77 (including the existing Schedule IB). The revised Regulation 28 now includes Category 9 (Private equity), Category 10 (Other assets not referred to in this schedule and excluding a hedge fund or private equity fund) and Category 11 (Investments in Infrastructure) and a new Table 2 with reference to "Investments in Infrastructure", which has not been included in the current Regulation 28 disclosure in these financial statements. Accordingly, the current Regulation 28 disclosure does not comply with the revised Regulation 28 requirements (Gazetted on 5 July 2022). Currently, in accordance FSCA Communication 19 of 2023 released on 19 July 2023 certain of the percentage limits have been amended and all investments are to be disclosed on a look through basis except for non-linked insurance policies where no look-through information available from the investment administrators.

**9. SUBSEQUENT EVENTS**

There were no subsequent events after the year ended 30 June 2023 which materially affect the financial statements. A new board of trustees was appointed with effect from 1 July 2023.



## SENTINEL RETIREMENT FUND

**SCHEDULE F**  
**STATEMENT OF NET ASSETS AND FUNDS**  
**AS AT 30 JUNE 2023**

|   | Note | 30 June 2023<br>R     | 30 June 2022<br>R     |
|---|------|-----------------------|-----------------------|
| <b>ASSETS</b>                             |      |                       |                       |
| <b>Non-current assets</b>                 |      | <b>88 942 356 947</b> | <b>85 935 697 220</b> |
| Equipment                                 | 2    | 1 355 960             | 1 797 650             |
| Investments                               | 3    | 88 941 000 987        | 85 933 899 570        |
| <b>Current assets</b>                     |      | <b>383 616 312</b>    | <b>481 395 661</b>    |
| Transfers receivable                      | 6    | 12 093 613            | 15 660 139            |
| Accounts receivable                       | 5    | 119 225 777           | 237 870 264           |
| Contributions receivable                  | 11   | 219 153 082           | 203 772 545           |
| Cash at bank                              |      | 33 143 840            | 24 092 713            |
| <b>Total assets</b>                       |      | <b>89 325 973 259</b> | <b>86 417 092 881</b> |
| <b>FUNDS AND LIABILITIES</b>              |      |                       |                       |
| <b>Members' funds and surplus account</b> |      | <b>42 516 017 026</b> | <b>39 936 438 963</b> |
| Members' individual accounts*             | 18   | 42 049 080 324        | 39 753 930 459        |
| Amounts to be allocated                   | 19   | 466 936 702           | 182 508 504           |
| <b>Reserves</b>                           |      |                       |                       |
| Reserve accounts                          | 18   | 45 384 731 315        | 44 861 470 367        |
| <b>Total funds and reserves</b>           |      | <b>87 900 748 341</b> | <b>84 797 909 330</b> |
| <b>Non-current liabilities</b>            |      |                       |                       |
| Unclaimed benefits                        | 9    | 173 603 457           | 173 880 842           |
| <b>Current liabilities</b>                |      | <b>1 251 621 461</b>  | <b>1 445 302 709</b>  |
| Transfers payable                         | 7    | 1 914 558             | 26 475 315            |
| Benefits payable                          | 8    | 1 121 547 094         | 1 116 302 631         |
| Accounts payable                          | 10   | 128 159 809           | 302 524 763           |
| <b>Total funds and liabilities</b>        |      | <b>89 325 973 259</b> | <b>86 417 092 881</b> |

\*Included in Members' individual accounts are flexible annuitant's individual accounts of R619 813 655 (2022: R624 458 723) who have exercised their option of a flexible pension in terms of rule 5.2.4 of the Fund.

SENTINEL RETIREMENT FUND

SCHEDULE G  
STATEMENT OF CHANGES IN NET ASSETS AND FUNDS  
FOR THE YEAR ENDED 30 JUNE 2023

|   |      | Members' individual<br>accounts* &<br>Amounts to be<br>allocated | Reserve accounts<br>Refer note 18 | Current year<br>2023   | Previous year<br>2022  |
|---|------|--|-----------------------------------|------------------------|------------------------|
|   | Note | R  | R                                 | R                      | R                      |
| Contributions received and accrued                    | 11   | 3 067 031 599  | 381 863 349                       | 3 448 894 948          | 3 211 505 569          |
| Net investment income                                 | 12   | 4 461 765 336  | 3 786 329 647                     | 8 248 094 983          | 4 401 942 154          |
| Allocated to unclaimed benefits                       | 9    | (11 676 851)   | -                                 | (11 676 851)           | (7 657 292)            |
| Less:   |      |  |                                   |                        |                        |
| Administration expenses                               | 13   | (98 175 401)   | (110 002 405)                     | (208 177 806)          | (192 541 009)          |
| <b>Net income before transfers and benefits</b>       |      | <b>7 418 944 683</b>   | <b>4 058 190 591</b>              | <b>11 477 135 274</b>  | <b>7 413 249 422</b>   |
| <b>Transfers and benefits</b>                         |      | <b>(3 359 768 495)</b>   | <b>(5 014 527 768)</b>            | <b>(8 374 296 263)</b> | <b>(8 418 857 831)</b> |
| Transfer from other funds                             | 6    | 107 763 747  | 3 137 999                         | 110 901 746            | 148 900 384            |
| Transfer to other funds                               | 7    | (196 929 484)  | -                                 | (196 929 484)          | (444 914 452)          |
| Benefits  | 8    | (3 270 602 758)  | (5 017 665 767)                   | (8 288 268 525)        | (8 122 843 763)        |
| <b>Net Income/(loss) after transfers and benefits</b> |      | <b>4 059 176 188</b>   | <b>(956 337 177)</b>              | <b>3 102 839 011</b>   | <b>(1 005 608 409)</b> |
| <b>Funds and reserves</b>                             |      |  |                                   |                        |                        |
| Balance at the beginning of the year                  |      | 39 936 438 963   | 44 861 470 367                    | 84 797 909 330         | 85 803 517 739         |
| Transfers between reserve accounts                    | 18   | (1 479 598 125)  | 1 479 598 125                     | -                      | -                      |
| <b>Balance at the end of the year</b>                 |      | <b>42 516 017 026</b>  | <b>45 384 731 315</b>             | <b>87 900 748 341</b>  | <b>84 797 909 330</b>  |

**SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023****1. PRINCIPAL ACCOUNTING POLICIES**

The following are the principal accounting policies used by the fund. These policies have been applied consistently to all years presented, unless otherwise specifically stated.

**1.1. PURPOSE AND BASIS OF PREPARATION OF ANNUAL FINANCIAL STATEMENTS**

The annual financial statements are prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the rules of the fund and the provisions of the Pension Funds Act, No 24 of 1956.

The annual financial statements are prepared on the historical cost and going concern basis, except where specifically indicated otherwise in the accounting policies below:

The financial statements summarise the transactions and net assets of the Fund. They do not take account of liabilities such as the payment of future pensions and other benefits. Financial instruments, are accounted for and carried at fair value. Relative changes in fair value are accounted for in the Statement of changes in net assets and funds.

**1.2. EQUIPMENT**

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives as follows:

|                               |         |
|-------------------------------|---------|
| Furniture & fittings          | 5 years |
| Office equipment              | 3 years |
| Computer equipment & software | 3 years |

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Impairment losses are recognised.

Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining the net surplus or deficit.

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against income.

**1.3. FINANCIAL INSTRUMENTS****Measurement**

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of any other entity. A financial asset or a financial liability is recognised when its contractual arrangements become binding and is derecognised when the contractual rights to the cash flows of the instrument expire or when such rights are transferred in a transaction in which substantially all risks and rewards of ownership of the instrument are transferred.

Financial instruments carried on the statement of net assets and funds, include cash and bank balances, investments, receivables and accounts payable.

Financial instruments are recognised on acquisition using trade date accounting, which includes transaction costs. Upon initial recognition financial instruments are designated at fair value through the statement of changes in net assets and funds as the assets or liabilities are managed, evaluated and reported internally on a fair value basis and/or the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Subsequent to initial recognition, these instruments are measured as set out below.

**1.3.1. Investments**

Investments are classified at fair value through the statement of changes in net assets and funds and are measured at fair value.

**Loans (other than housing loans) – loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market other than those that the fund intends to sell in the short term or that is designated as at fair value through the statement of changes in net assets and funds. Loans and receivables are measured at fair value.

**Debentures**

Debentures comprise investments in listed and unlisted debentures.

**SCHEDULE HA**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1.3.1. Investments (continued)**

*Listed debentures*

The fair value of listed debentures traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the statements of net assets and funds date.

*Unlisted debentures*

Unlisted debentures are financial assets with fixed or determinable payments and fixed maturity. Fair value is estimated using pricing models or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of the unlisted debenture.

**Bills and bonds**

Bills and bonds comprise investments in government or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.

*Listed bills and bonds*

The fair value of listed bills and bonds traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the statements of net assets and funds date.

*Unlisted bills and bonds*

A market yield is determined by using appropriate yields of existing bonds and bills that best fit the profile of the instrument being measured and based on the term to maturity of the instrument. Adjusting for credit risk, where appropriate, a discounted cash flow model is then applied, using the determined yield, in order to calculate the fair value.

**Equities**

Equity instruments consist of equities with primary listing on the Johannesburg Stock Exchange, equities with secondary listing on the Johannesburg Stock Exchange, foreign listed equities and unlisted equities.

Equity instruments designated as fair value through the statement of changes in net assets and funds by the fund are initially recognised at fair value on trade date.

*Listed equities*

Equity instruments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of changes in net assets and funds. The fair value of equity instruments with standard terms and conditions and traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the statements of net assets and funds date.

*Unlisted equities*

If a quoted closing price is not available i.e. for unlisted instruments, the fair value is estimated using pricing models, or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of equity instruments.

**Preference shares**

*Listed preference shares*

The fair value of listed preference shares traded on active liquid markets is based on regulated exchanged quoted ruling closing prices at the close of business on the last trading day on or before the statement of net assets and funds date.

*Unlisted preference shares*

In respect of unlisted preference shares, the fair value is determined by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of preference shares.

**Insurance policies**

*Non-linked insurance policies*

Non - linked insurance policies with insurers are valued on the basis of the policyholder's retrospective contribution to assets (i.e. accumulation at the actual investment return achieved on gross premiums.)

*Linked or market-related policies*

If the policy is unitised, the value is equal to the market value of the underlying units. Other linked or market-related policies are valued at the market value of the underlying assets for each policy, in line with the insurer's valuation practices.

## SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 20231.3.1. *Investments (continued)**Private Equity investments*

Private equity investments are investments in equity capital that is not quoted on a public exchange. Private equity investments are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

**Collective investment schemes**

Investments in collective investment schemes are valued at fair value which is the quoted unit values, as derived by the collective investment scheme manager with reference to the rules of each particular collective investment scheme, multiplied by the number of units.

**Derivative Market Instruments**

Derivative market instruments consist of options, equity linked instruments, futures/forwards – SAFEX/foreign, currency swaps and interest rate swaps.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from regulated exchange quoted market prices in active markets, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The fund does not classify any derivatives as hedges in a hedging relationship.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidence by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) based on a valuation technique whose variables include only data from observable markets.

**Options**

Options are valued using option pricing modules.

**Futures/forward contracts**

The fair value of publicly traded derivatives is based on quoted closing prices for assets held or liabilities issued, and current offer prices for assets to be acquired and liabilities held.

**Swaps**

Swaps are valued by means of discounted cash flow models, using the swap curve from a regulated exchange (BESA) to discount fixed and variable rate cash flows, as well as to calculate implied forward rates used to determine the floating interest rate amounts. The net present values of the fixed leg and variable leg of the swap are offset to calculate the fair value of the swap.

**Investment in participating employers**

Investments in participating employer(s) comprise loans, investments in listed and unlisted equities and other investments. Refer to respective policies for basis of accounting.

**Hedge funds**

Hedge fund investments are designated as fair value through the statement of changes in net assets and funds by the fund and are initially recognised at fair value on trade date.

*Listed hedge funds*

Hedge fund investments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of changes in net assets and funds. The fair value of hedge fund investments traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the statement of net assets and funds date.

*Unlisted – where investor (fund) has no right to the underlying instrument - investment partners*

Hedge fund investments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of changes in net assets and funds. The value of the financial asset owned by the fund is measured in relation to the percentage holdings by each investment partner in the total fair value of the hedge fund. The fair value is estimated using pricing models or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of hedge fund instruments.

*Unlisted – where investor (fund) has a right to the underlying instrument*

Hedge fund investments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of changes in net assets and funds. As the fund has the right to the underlying instrument, a look through principle is applied, and the underlying instrument are separately measured and disclosed. The fair value is estimated using pricing models or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of the hedge fund instrument.

SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2023

1.3.1. *Investments* (continued)

**Structured products**

Investments in structured products are valued at the gross total fair value of all the underlying instruments included in the structure and/or arrangement. If there are instruments within the structured product that require different treatment, these may need to be treated separately.

1.3.2. **Accounts receivable**

Accounts receivable are financial assets measured initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment.

1.3.3. **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of change in value. Cash and cash equivalents are measured at fair value.

1.3.4. **Accounts payable**

Accounts payable are financial liabilities measured initially at fair value, net of transaction costs that are directly attributable to the liability and subsequently measured at amortised cost using the effective interest rate method.

1.4. **RESERVES**

Reserve accounts comprise particular amounts of designated income and expenses as set out in the Rules of the Fund and are recognised in the year in which such income and expenses accrue to the Fund.

1.5. **SURPLUS**

Surplus apportionments are recognised on the date of approval of the surplus apportionment scheme by the Authority. Surplus is measured at the values contained in the approved surplus apportionment scheme, adjusted for investment return or late payment interest until date of approval of the scheme as determined by the rules of the fund.

**SCHEDULE HA**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1.6. IMPAIRMENT**

**Financial assets carried at fair value or amortised cost**

The fund assesses at each statement of net assets and funds date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The fund first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held to maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flow (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of changes in net assets and funds. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed in the statement of changes in net assets and funds.

**Impairment of non-financial assets**

Assets that have an indefinite useful life, for example land, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's net carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For this purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

**Impairment of loans and receivables**

A provision for impairment of loans and receivables is established when there is objective evidence that the fund will not be able to collect all amounts due according to their original terms.

**1.7. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**Provisions**

Provisions are recognised when the fund has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

**Contingent liabilities**

A contingent liability is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

**Contingent assets**

A contingent asset is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

**SCHEDULE HA**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1.8. CONTRIBUTIONS**

Contributions are measured at the fair value of the consideration received or receivable.

Contributions are accrued and recognised as income in accordance with the actuarial recommendations, and the rules of the fund. Contributions received are apportioned between retirement funding and funding for risk benefits. The apportionment is governed by the rules of the fund and actuarial recommendations.

Contributions are brought into account on the accrual basis, except for voluntary contributions and late payment interest, which are recognised when they are received.

Any contributions outstanding at the end of the reporting year are recognised as a current asset – contributions receivable. Any contributions received in advance at the end of the reporting year are recognised as a current liability – accounts payable.

**Interest charged on late payment of contributions**

Interest on late payments or unpaid amounts shall be calculated from the eighth day of the month following the expiration of the month in respect of which the relevant amounts or values are payable until the date of receipt by the fund.

**1.9. FOREIGN CURRENCIES**

Transactions in foreign currencies are accounted for at the ruling rate of exchange on the transaction date. Assets and liabilities in foreign currencies are converted at the ruling rate of exchange on the statements of net assets and funds date.

Gains and losses on conversion are dealt with in the statement of changes in net assets and funds.

Income and expenditure relating to foreign investments are converted to South African currency at appropriate weighted average exchange rates, for the period.

**1.10. INVESTMENT INCOME**

Investment income comprises of dividends, interest and adjustment to fair value.

*Dividends*

Dividend income is recognised in the statement of changes in net assets and funds when the right to receive payment is established – this is the last date to trade for equity securities. For financial assets designated at fair value through the statement of changes in net assets and funds, the dividend income forms part of the fair value adjustment.

*Interest*

Interest income in respect of financial assets held at amortised cost is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

*Collective investment schemes' distribution*

Distribution from collective investment schemes are recognised when the right to receive payment is established.

*Income from policies with insurance companies*

Income from investment policies from insurance companies is included in the adjustment to the movement of the financial asset.

*Interest on late payment of contributions, surplus improperly utilised and / or loans and receivables*

Interest on late payment of contributions, surplus improperly utilised and / loans and receivables is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

*Adjustment to fair value*

Gains or losses arising from changes in the fair value of financial assets at fair value through the statement of changes in net assets and funds are presented in the statement of changes in net assets and funds in the year in which they arise.

*Expenses incurred in managing investments*

Expenses in respect of the management of investments are recognised as the service is rendered.



**SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2023****1.11. BENEFITS**

Benefits payable and pensions are measured in terms of the rules of the fund.

Benefit payments and monthly pension payments are recognised as an expense when they are due and payable in terms of the rules of the fund. Any benefits not paid at the end of the reporting year are recognised as a current liability – benefits payable / due.

**1.12. UNCLAIMED BENEFITS**

Unclaimed benefits represent the benefits of members, prior to 1 March 2019, for who the Fund received notification of exit from an employer and the benefit remained unclaimed for twenty four months from effective date. Post 28 February 2019, unclaimed benefits include qualifying benefits of paid-up members who have reached the age of 70 and have not claimed such benefit. Unclaimed benefits also include pension benefits payable which have remained unclaimed for more than twenty four months from effective date.

These benefits consist of the value of the unclaimed benefit plus any additional return earned less expenses charged in terms of the Rules of the Fund.

**1.13. TRANSFERS TO AND FROM THE FUND**

Section 14 and 15B transfers to or from the fund are recognised on the date of approval of the scheme/arrangement of transfer of business by the Financial Sector Conduct Authority, as contained in the approval certificate from the Authority.

Individual transfers (Section 13A(5) transfers) are recognised on the earlier of receipt of the written notice of transfer (Recognition of Transfer) or receipt of the actual transfer value.

All the above transfers are measured at the values as per the section 14 application or the value of the transfer at effective date of transfer adjusted for investment return or late payment interest as guided by the application.

Transfers receivable at the end of the reporting year are recognised as a current asset measured at the value of the transfer application at effective date of transfer.

Transfers payable at the end of the reporting year are recognised as a current liability measured at the value of the transfer application at effective date of transfer adjusted for investment return or late payment interest as guided by the application.

The vested rights, if applicable, of a provident fund member who transfers into the Fund after 28 February 2021, are recognised and preserved within the Fund. The transfer-in value of such a member is held in a separate member account, to which monthly investment return is added and relevant fees are deducted. No contributions can be added to the aforementioned account.

**1.14. ADMINISTRATION EXPENSES**

Expenses incurred in the administration of the Fund are recognised in the statement of changes in net assets and funds in the reporting year to which they relate.

In the event that an expense has not been paid at the end of a reporting year, the liability will be reflected in the accounts payable note. If the expense was paid in advance or an overpayment occurred, the applicable amount will be disclosed under the accounts receivable note.

**1.15. RELATED PARTIES**

A retirement fund and another party are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party. Members of the key management personnel of the retirement fund or close family members of these people are also related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

If there have been transactions between related parties, the fund shall disclose the nature of the related party relationship as well as the following information for each related party relationship:

- the amount of the transactions;
- the amount of outstanding balances;
- their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;
- details of guarantees given or received;
- provisions for doubtful debts related to the amount of outstanding balances; and
- the expense recognised during the year in respect of bad or doubtful debts due from related parties.

## SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2023**1.16. MEMBER INDIVIDUAL ACCOUNTS AND FLEXIBLE ANNUITIES**

Member individual accounts and Flexible annuities comprise of the funds attributable to individual members and relevant individual flexible annuitants, represented by investments and cash balances.

**1.17. RETIREMENT BENEFITS AS EMPLOYER****Pension**

Employees are employed by Sentinel Retirement Fund. Pension fund contributions are made to the Fund and are charged against administration expenditure as incurred. Employees' benefits are determined on a pure defined contribution pension fund structure.

**Medical Aid**

The Fund provides post-retirement benefits to employees who retired before 1 August 1999 by funding a portion of the medical-aid contributions of retired employees. Provision is made for this estimated liability.

**1.18. HOUSING LOAN GUARANTEES**

The Fund provides housing loan guarantees to members secured by their fund credits, in terms of its Rules and the provisions of Section 19(5) of the Pension Funds Act, No 24 of 1956.

**1.19. AMOUNTS TO BE ALLOCATED**

Amounts to be allocated represent transactions through the Fund which have not yet been allocated to members or reserves.

**2. EQUIPMENT****2.1. Current year**

|  | <b>Computer<br/>equipment and<br/>software</b> | <b>Office<br/>equipment</b> | <b>Furniture and<br/>fittings</b> | <b>Total</b>        |
|--|--|-----------------------------|-----------------------------------|---------------------|
|  | <b>R</b>                                       | <b>R</b>                    | <b>R</b>                          | <b>R</b>            |
| <b>Gross carrying amount</b>                   |  |                             |                                   |                     |
| Cost at beginning of year                      | 48 241 518                                     | 1 814 486                   | 7 334 890                         | 57 390 894          |
| Additions                                      | 750 274  | -                           | -                                 | 750 274             |
| Adjustment                                     | 8 232  | -                           | -                                 | 8 232               |
| <b>At end of year</b>                          | <b>49 000 024</b>                              | <b>1 814 486</b>            | <b>7 334 890</b>                  | <b>58 149 400</b>   |
| <b>Accumulated depreciation and impairment</b> |  |                             |                                   |                     |
| At beginning of year                           | (46 496 651)                                   | (1 809 897)                 | (7 286 696)                       | (55 593 244)        |
| Depreciation charges                           | (1 171 516)                                    | (3 933)                     | (24 747)                          | (1 200 196)         |
| <b>At end of year</b>                          | <b>(47 668 167)</b>                            | <b>(1 813 830)</b>          | <b>(7 311 443)</b>                | <b>(56 793 440)</b> |
| <b>Net carrying amount at end of year</b>      | <b>1 331 857</b>                               | <b>656</b>                  | <b>23 447</b>                     | <b>1 355 960</b>    |

**2.2. Prior year**

| <b>Gross carrying amount</b>                   | <b>Computer<br/>equipment and<br/>software</b> | <b>Office<br/>equipment</b> | <b>Furniture and<br/>fittings</b> | <b>Total</b>        |
|--|--|-----------------------------|-----------------------------------|---------------------|
|  | <b>R</b>                                       | <b>R</b>                    | <b>R</b>                          | <b>R</b>            |
| At beginning of period                         | 46 881 096                                     | 1 814 486                   | 7 334 890                         | 56 030 472          |
| Additions                                      | 1 360 422                                      | -                           | -                                 | 1 360 422           |
| <b>At end of year</b>                          | <b>48 241 518</b>                              | <b>1 814 486</b>            | <b>7 334 890</b>                  | <b>57 390 894</b>   |
| <b>Accumulated depreciation and impairment</b> |  |                             |                                   |                     |
| At beginning of period                         | (45 476 109)                                   | (1 805 069)                 | (7 261 629)                       | (54 542 807)        |
| Depreciation charges                           | (1 020 542)                                    | (4 828)                     | (25 067)                          | (1 050 437)         |
| <b>At end of year</b>                          | <b>(46 496 651)</b>                            | <b>(1 809 897)</b>          | <b>(7 286 696)</b>                | <b>(55 593 244)</b> |
| <b>Net carrying amount at end of period</b>    | <b>1 744 867</b>                               | <b>4 589</b>                | <b>48 194</b>                     | <b>1 797 650</b>    |

# SENTINEL RETIREMENT FUND

## SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2023

### 3. INVESTMENTS

#### 3.1. Investment summary

|   | Note | Local<br>R            | Foreign<br>R          | Total current<br>year<br>R | Total previous<br>year<br>R | Fair value<br>current year<br>R | Categorised per Regulatory<br>Framework                            |
|---|------|-----------------------|-----------------------|----------------------------|-----------------------------|---------------------------------|--|
| Cash  |      | 1 036 094 198         | 926 023 789           | 1 962 117 987              | 1 774 298 327               | 1 962 117 987                   | At fair value through statement of changes in net assets and funds |
| Commodities   |      | 21 592 876            | -                     | 21 592 876                 | -                           | 21 592 876                      | At fair value through statement of changes in net assets and funds |
| Debt instruments including Islamic debt instruments |      | 20 293 092 734        | 1 999 405 131         | 22 292 497 865             | 22 184 549 606              | 22 292 497 865                  | At fair value through statement of changes in net assets and funds |
| Investment properties and Owner occupied properties | 3.3. | 504 073 462           | -                     | 504 073 462                | 371 156 870                 | 504 073 462                     | At fair value through statement of changes in net assets and funds |
| Equities (including demutualisation shares)         |      | 12 077 503 324        | 4 776 889 613         | 16 854 392 937             | 18 084 786 733              | 16 854 392 937                  | At fair value through statement of changes in net assets and funds |
| Insurance policies ***                              |      | 6 943 971 011         | 489 957 411           | 7 433 928 422              | 7 175 125 637               | 7 433 928 422                   | At fair value through statement of changes in net assets and funds |
| Collective investment schemes                       |      | 7 241 817 437         | 19 468 565 884        | 26 710 383 321             | 24 587 417 356              | 26 710 383 321                  | At fair value through statement of changes in net assets and funds |
| Hedge funds   |      | -                     | 849 532 306           | 849 532 306                | 720 318 826                 | 849 532 306                     | At fair value through statement of changes in net assets and funds |
| Private equity funds                                |      | 2 909 031 898         | 7 294 961 654         | 10 203 993 552             | 8 957 164 337               | 10 203 993 552                  | At fair value through statement of changes in net assets and funds |
| Derivative market investments                       |      | (536 667 700)         | 393 622 055           | (143 045 645)              | (699 862 712)               | (143 045 645)                   | At fair value through statement of changes in net assets and funds |
| Investment in participating employer(s)             | 3.2. | 2 251 533 904         | -                     | 2 251 533 904              | 2 778 944 590               | 2 251 533 904                   | At fair value through statement of changes in net assets and funds |
| <b>Total</b>  |      | <b>52 742 043 144</b> | <b>36 198 957 843</b> | <b>88 941 000 987</b>      | <b>85 933 899 570</b>       | <b>88 941 000 987</b>           |  |

\*\*\* Includes non-linked policies with vested bonuses

#### 3.2. Investment in participating employers

|              | At beginning of<br>year<br>R | Additions<br>R     | Repaid/Disposal<br>s<br>R | Other<br>adjustments<br>R | At end of year<br>R  |
|--------------|------------------------------|--------------------|---------------------------|---------------------------|----------------------|
| Equities     | 2 778 944 590                | 145 754 934        | (616 584 795)             | (56 580 825)              | 2 251 533 904        |
| <b>Total</b> | <b>2 778 944 590</b>         | <b>145 754 934</b> | <b>(616 584 795)</b>      | <b>(56 580 825)</b>       | <b>2 251 533 904</b> |

# SENTINEL RETIREMENT FUND

## SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2023

### 3.3. Investment properties and owner occupied investments

#### 3.3.1. Current year Instrument

|                                  | Valuation<br>method | Date of last<br>valuation | At beginning<br>of year | Additions         | Disposals | Fair value<br>adjustments | At end of year     |
|----------------------------------|---------------------|---------------------------|-------------------------|-------------------|-----------|---------------------------|--------------------|
|                                  |                     |                           | R                       | R                 | R         | R                         | R                  |
| <b>Investment Properties</b>     |                     |                           |                         |                   |           |                           |                    |
| Boxwood Property Investment Fund | DCF                 | 2023/06/30                | 304 999 384             | -                 | -         | 26 738 016                | 331 737 400        |
| Mpande Property Fund             | DCF                 | 2023/06/30                | 66 157 486              | 95 526 249        | -         | 10 652 327                | 172 336 062        |
| <b>Total of properties</b>       |                     |                           | <b>371 156 870</b>      | <b>95 526 249</b> | <b>-</b>  | <b>37 390 343</b>         | <b>504 073 462</b> |

#### 3.3.2. Previous year Instrument

|                                  | Valuation<br>method | Date of last<br>valuation | At beginning<br>of year | Additions         | Disposals          | Fair value<br>adjustments | At end of year     |
|----------------------------------|---------------------|---------------------------|-------------------------|-------------------|--------------------|---------------------------|--------------------|
|                                  |                     |                           | R                       | R                 | R                  | R                         | R                  |
| <b>Investment Properties</b>     |                     |                           |                         |                   |                    |                           |                    |
| Boxwood Property Investment Fund | DCF                 | 2022/06/30                | 266 155 097             | 2 537 886         | -                  | 36 306 401                | 304 999 384        |
| Mpande Property Fund             | DCF                 | 2022/06/30                | 42 943 275              | 23 159 000        | (6 227 760)        | 6 282 971                 | 66 157 486         |
|                                  |                     |                           | -                       | -                 | -                  | -                         | -                  |
| <b>Total of properties</b>       |                     |                           | <b>309 098 372</b>      | <b>25 696 886</b> | <b>(6 227 760)</b> | <b>42 589 372</b>         | <b>371 156 870</b> |

### 4. HOUSING LOAN FACILITIES

#### 4.1. Housing loan guarantees

The Fund has granted guarantees to iMasFinance Co-operative Limited for housing loans granted to 2 868 members. A guarantee amounting to R825 466 588 is open ended and terminable by either party after 120 days written notice. The outstanding loan amounts relating to these guarantees at year end amounted to R629 260 975. The amount of the guarantee may not exceed 50% of a withdrawal benefit that a member would receive in terms of the rules of the fund and Section 19(5) of the Pension Funds Act if he or she had to terminate membership of the Fund voluntarily. All housing loans should be paid up by normal retirement date.

SENTINEL RETIREMENT FUND

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2023

5. ACCOUNTS RECEIVABLE

|                           | 30 June 2023       | 30 June 2022       |
|---------------------------|--------------------|--------------------|
|                           | R                  | R                  |
| Unsettled trades          | 17 589 258         | 115 455 520        |
| Accrued dividend income   | 4 584 772          | 11 466 119         |
| Accrued interest income   | 86 514 772         | 84 926 931         |
| Other accounts receivable | 10 536 975         | 26 021 694         |
| <b>Total</b>              | <b>119 225 777</b> | <b>237 870 264</b> |

SENTINEL RETIREMENT FUND

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2023

6. TRANSFERS FROM OTHER FUNDS\*

|  | Effective date | No. of members | Applied for not yet approved (contingent)<br>R | A<br>At beginning of year<br>R | B<br>Transfers approved**<br>R | C<br>Return on Transfers<br>R | D<br>Assets transferred<br>R | A+B+C-D<br>At end of year<br>R |
|--|----------------|----------------|--|--------------------------------|--------------------------------|-------------------------------|------------------------------|--------------------------------|
| <b>In terms of Section 14</b>                        |                |                |  |                                |                                |                               |                              |                                |
| Life Healthcare Provident Fund                       | 30/06/2021     | 37             | -  | 4 562 571                      | (805 042)                      | 406 615                       | (4 164 144)                  | -                              |
| Diamond Cutting Industry of SA                       | 01/12/2019     | 2              | -  | 3 446 981                      | (3 446 981)                    | -                             | -                            | -                              |
| Mineworkers Provident Fund                           | 10/06/2014     | 810            | -  | 3 250 646                      | 15 797 820                     | 1 695 209                     | (12 619 111)                 | 8 124 564                      |
| Old Mutual Superfund Pension Fund                    | 01/12/2021     | 20             | -  | 2 066 295                      | 7 892 804                      | 912 535                       | (8 123 766)                  | 2 747 868                      |
| Sanlam ACA Umbrella Retirement Fund                  | 01/10/2018     | 1              | -  | 1 058 617                      | -                              | 347 087                       | (1 405 704)                  | -                              |
| Iscor Employees Umbrella Provident Fund              | 01/07/2019     | 1              | -  | 800 926                        | 877 754                        | 1 138 565                     | (2 389 954)                  | 427 291                        |
| Bridging Provident Fund                              | 01/01/2019     | 32             | -  | 474 103                        | 225 898                        | 105 813                       | (805 814)                    | -                              |
| Anglo American Corporation Retirement Fund           | 01/06/2021     | 1              | -  | -                              | 9 550 879                      | 1 824 339                     | (11 375 218)                 | -                              |
| Old Mutual Superfund Provident Fund                  | 01/11/2021     | 5              | -  | -                              | 6 495 478                      | 348 581                       | (6 844 059)                  | -                              |
| Corporate Selection Umbrella Pension Fund            | 01/11/2019     | 168            | -  | -                              | 1 179 269                      | 280 949                       | (1 460 218)                  | -                              |
| Masakhane Provident Fund                             | Various        | -              | -  | -                              | 1 012 690                      | -                             | (1 012 690)                  | -                              |
| Alexander Forbes Retirement Fund                     | 01/10/2022     | 1              | -  | -                              | 587 308                        | -                             | -                            | 587 308                        |
| Others   | Various        | 13             | -  | -                              | 1 022 067                      | 200 424                       | (1 015 909)                  | 206 582                        |
| Diamond Cutting Industry of SA (Pensions)            | Various        | -              | -  | -                              | 3 137 999                      | -                             | (3 137 999)                  | -                              |
| <b>Individual transfers in S13A</b>                  |                | -              | -  | -                              | 60 113 686                     | -                             | (60 113 686)                 | -                              |
| <b>Prospective approvals in terms of Section 14</b>  |                |                |  |                                |                                |                               |                              |                                |
| Mineworkers Provident Fund                           | 07/12/2020     | 44             | 19 908 184                                     | -                              | -                              | -                             | -                            | -                              |
| Masakhane Provident Fund                             | Various        | 1              | 4 234 241                                      | -                              | -                              | -                             | -                            | -                              |
| Alexander Forbes Retirement Fund                     | 01/06/2021     | 1              | 3 729 651                                      | -                              | -                              | -                             | -                            | -                              |
| Fairbairn Capital Pension Preservation Fund          | 05/06/2020     | 1              | 596 445  | -                              | -                              | -                             | -                            | -                              |
| Bridging Provident Fund pe Glencore SA Ops (Pty) Ltd | 01/04/2014     | 1              | 106 420  | -                              | -                              | -                             | -                            | -                              |
| <b>Total</b>   |                | <b>1 139</b>   | <b>28 574 941</b>                              | <b>15 660 139</b>              | <b>103 641 629</b>             | <b>7 260 117</b>              | <b>(114 468 272)</b>         | <b>12 093 613</b>              |
| Transfers approved (B)                               |                |                |  |                                |                                |                               |                              | 103 641 629                    |
| Return on transfers (C)                              |                |                |  |                                |                                |                               |                              | 7 260 117                      |
| <b>Statement of changes in net assets and funds</b>  |                |                |  |                                |                                |                               |                              | <b>110 901 746</b>             |

\*Details are available for inspection at the registered office of the Fund.

\*\*Negative amounts reflected under Transfers approved relate to cancelled section 14 transfers.

SENTINEL RETIREMENT FUND

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2023

7. TRANSFERS TO OTHER FUNDS\*

|   | Effective date | No. of members | Applied for not yet approved (contingent)<br>R | A<br>At beginning of year<br>R | B<br>Transfers approved<br>R | C<br>Return on Transfers<br>R | D<br>Assets transferred<br>R | A+B+C-D<br>At end of year<br>R |
|---|----------------|----------------|--|--------------------------------|------------------------------|-------------------------------|------------------------------|--------------------------------|
| <b>In terms of Section 14</b>                       |                |                |  |                                |                              |                               |                              |                                |
| Corporate Selection Umbrella Pension Fund           | 01/07/2021     | 6              | -  | 18 545 472                     | -                            | 2 531 114                     | (21 076 586)                 | -                              |
| Momentum Funds@work Umbrella Pension Fund           | 09/11/2022     | 9              | -  | 4 297 447                      | 1 924 500                    | 40 511                        | (6 262 458)                  | -                              |
| Old Mutual Superfund Pension Fund                   | 01/12/2021     | 9              | -  | 3 632 396                      | 7 306 602                    | 1 895 489                     | (12 834 487)                 | -                              |
| Discovery Life Pension Umbrella Fund                | 01/08/2022     | 400            | -  | -                              | 132 705 232                  | 9 759 655                     | (140 550 329)                | 1 914 558                      |
| Implats Pension Fund                                | 01/09/2022     | 5              | -  | -                              | 11 279 092                   | 308 464                       | (11 587 556)                 | -                              |
| Accenture Umbrella Retirement Fund                  | 01/11/2021     | 5              | -  | -                              | 8 855 157                    | 705 958                       | (9 561 115)                  | -                              |
| Anglo American Corporation Retirement Fund          | 01/08/2020     | 3              | -  | -                              | 5 867 455                    | 1 475 907                     | (7 343 362)                  | -                              |
| Momentum Retirement Fund                            | 01/04/2020     | 1              | -  | -                              | 2 816 053                    | 1 344 678                     | (4 160 731)                  | -                              |
| Kumba Iron Ore Selector Pension Fund                | 01/11/2020     | 1              | -  | -                              | 2 276 769                    | 289 781                       | (2 566 550)                  | -                              |
| Exxaro Pension Fund                                 | 01/09/2021     | 3              | -  | -                              | 1 482 624                    | 353 782                       | (1 836 406)                  | -                              |
| Others  | Various        | 6              | -  | -                              | 3 209 725                    | 500 936                       | (3 710 661)                  | -                              |
| <b>Prospective approvals in terms of Section 14</b> |                |                |  |                                |                              |                               |                              |                                |
| Alexander Forbes Retirement Fund (Pension Section)  | 01/01/2021     | 2              | 5 171 923                                      | -                              | -                            | -                             | -                            | -                              |
| Old Mutual Superfund Pension Fund                   | 01/07/2020     | 1              | 2 303 797                                      | -                              | -                            | -                             | -                            | -                              |
| Alexander Forbes Retirement Fund - Pension Section  | 01/11/2019     | 1              | 1 261 224                                      | -                              | -                            | -                             | -                            | -                              |
| Corporate Selection Retirement Fund                 | 01/11/2021     | 1              | 1 198 883                                      | -                              | -                            | -                             | -                            | -                              |
| Funds@work Umbrella Pension Fund                    | 01/10/2021     | 1              | 484 056  | -                              | -                            | -                             | -                            | -                              |
| NMG Umbrella Smart Fund Provident Section           | 01/12/2021     | 1              | 351 689  | -                              | -                            | -                             | -                            | -                              |
| Mineworkers Provident Fund                          | 01/02/2014     | 1              | 23 632   | -                              | -                            | -                             | -                            | -                              |
| <b>Total</b>  |                | <b>456</b>     | <b>10 795 204</b>                              | <b>26 475 315</b>              | <b>177 723 209</b>           | <b>19 206 275</b>             | <b>(221 490 241)</b>         | <b>1 914 558</b>               |
| Transfers approved (B)                              |                |                |  |                                |                              |                               |                              | 177 723 209                    |
| Return on transfers (C)                             |                |                |  |                                |                              |                               |                              | 19 206 275                     |
| <b>Statement of changes in net assets and funds</b> |                |                |  |                                |                              |                               |                              | <b>196 929 484</b>             |

\*Details are available for inspection at the registered office of the Fund.

# SENTINEL RETIREMENT FUND

## SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2023

### 8. BENEFITS

#### 8.1. Benefits - current members

|   | A<br>At beginning of<br>year<br>R | B<br>Benefits for<br>current period<br>R | C<br>Return allocated **<br>R | D<br>Payments<br>R     | E<br>Transferred to<br>unclaimed benefits<br>R | A+B+C-D-E<br>At end of year<br>R |
|---|-----------------------------------|--|-------------------------------|------------------------|--|----------------------------------|
| Monthly Pensions*                                   | 188 605 588                       | 5 017 951 435                            | -                             | (5 009 309 919)        | (3 592 408)                                    | 193 654 696                      |
| Lump sums on retirements                            |                                   |  |                               |                        |  |                                  |
| - Pensions commuted                                 | 5 866 172                         | 278 950 664                              | -                             | (275 757 837)          | -  | 9 058 999                        |
| Lump sums before retirement                         |                                   |  |                               |                        |  |                                  |
| - Disability benefits                               | -                                 | 116 476 475                              | -                             | (116 476 475)          | -  | -                                |
| - Death benefits                                    | 9 117 080                         | 340 718 287                              | -                             | (344 803 730)          | -  | 5 031 637                        |
| - Withdrawal benefits                               | 911 541 729                       | 2 081 841 917                            | -                             | (2 080 841 731)        | -  | 912 541 915                      |
| - Retrenchment benefits                             | -                                 | 321 515 804                              | -                             | (321 515 804)          | -  | -                                |
| Divorce benefits                                    | 1 172 062                         | 130 813 943                              | -                             | (130 726 158)          | -  | 1 259 847                        |
| <b>Total</b>  | <b>1 116 302 631</b>              | <b>8 288 268 525</b>                     | <b>-</b>                      | <b>(8 279 431 654)</b> | <b>(3 592 408)</b>                             | <b>1 121 547 094</b>             |
| Benefits for current year (B)                       |                                   |  |                               |                        |  | 8 288 268 525                    |
| Return allocated (C)                                |                                   |  |                               |                        |  | -                                |
| <b>Statement of changes in net assets and funds</b> |                                   |  |                               |                        |  | <b>8 288 268 525</b>             |

\* Included in Monthly Pensions are Flexible Pensions of R36 883 225 (2022: R28 537 486).

\*\* Included in Benefits for the current period.

### 9. UNCLAIMED BENEFITS

|                                       | 30 June 2023<br>R  | 30 June 2022<br>R  |
|---------------------------------------|--------------------|--------------------|
| Balance at the beginning of the year  | 173 880 842        | 187 198 048        |
| Transferred from benefits payable     | 3 592 408          | -                  |
| Investment income allocated           | 11 676 851         | 7 657 292          |
| Less:                                 | (15 546 644)       | (20 974 498)       |
| • Administration expenses             | (607 172)          | (667 747)          |
| • Benefits paid *                     | (14 939 472)       | (20 306 751)       |
| <b>Balance at the end of the year</b> | <b>173 603 457</b> | <b>173 880 842</b> |

\* Unclaimed benefits paid include inter plan transfers.



**SCHEDULE HA**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**10. ACCOUNTS PAYABLE**

|                                      | <b>30 June 2023</b> | <b>30 June 2022</b> |
|--------------------------------------|---------------------|---------------------|
|                                      | <b>R</b>            | <b>R</b>            |
| Unsettled trades                     | 38 998 603          | 158 576 393         |
| Investment manager fees              | 54 419 939          | 110 821 947         |
| Expense accruals                     | 23 496 360          | 21 277 310          |
| Sundry creditors                     | 5 476 905           | 4 760 113           |
| Post Retirement Healthcare provision | 5 768 002           | 7 089 000           |
| <b>Total</b>                         | <b>128 159 809</b>  | <b>302 524 763</b>  |

**11. CONTRIBUTIONS**

|   | <b>At beginning of year</b> | <b>Towards retirement</b> | <b>Towards re-insurance and expenses</b> | <b>Contributions received</b> | <b>At end of year</b> |
|---|-----------------------------|---------------------------|--|-------------------------------|-----------------------|
|   | <b>R</b>                    | <b>R</b>                  | <b>R</b>                                 | <b>R</b>                      | <b>R</b>              |
| Member contributions received and accrued           | 87 276 845                  | 1 292 330 072             | -  | (1 285 631 407)               | 93 975 510            |
| Employer contributions received and accrued         | 116 495 700                 | 1 747 462 982             | 383 880 688                              | (2 122 661 798)               | 125 177 572           |
| Additional voluntary contributions employer *       | -                           | 3 235 846                 | -  | (3 235 846)                   | -                     |
| Additional voluntary contributions members          | -                           | 21 985 360                | -  | (21 985 360)                  | -                     |
| <b>Total</b>  | <b>203 772 545</b>          | <b>3 065 014 260</b>      | <b>383 880 688</b>                       | <b>(3 433 514 411)</b>        | <b>219 153 082</b>    |
| Towards retirement                                  |                             |                           |  |                               | 3 065 014 260         |
| Towards reinsurance and expenses                    |                             |                           |  |                               | 383 880 688           |
| <b>Statement of Changes in Net Assets and Funds</b> |                             |                           |  |                               | <b>3 448 894 948</b>  |

\* Additional voluntary contributions - includes late payment interest received, if applicable.

**12. NET INVESTMENT INCOME**

|   | <b>30 June 2023</b>  | <b>30 June 2022</b>  |
|---|----------------------|----------------------|
|   | <b>R</b>             | <b>R</b>             |
| Income from investments                         | 2 012 639 885        | 2 058 638 992        |
| • Dividends                                     | 917 814 428          | 999 662 073          |
| • Interest                                      | 940 832 805          | 949 838 716          |
| • Rentals                                       | 24 776 577           | 32 964 454           |
| • Collective investment schemes distribution    | 129 203 616          | 76 167 305           |
| • Income from insurance policies                | 12 459               | 6 444                |
| Adjustment to fair value                        | 6 668 726 670        | 2 733 130 781        |
|   | 8 681 366 555        | 4 791 769 773        |
| Less: Expenses incurred in managing investments | (433 271 572)        | (389 827 619)        |
| <b>Total</b>                                    | <b>8 248 094 983</b> | <b>4 401 942 154</b> |

## SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2023

## 13. ADMINISTRATION EXPENSES

|  |      | 30 June 2023       | 30 June 2022       |
|--|------|--------------------|--------------------|
|  |      | R                  | R                  |
| Actuarial fees                               |      | 1 210 375          | 1 116 627          |
| Administration fees                          |      | 13 182 387         | 13 849 416         |
| Audit fees                                   |      | 5 806 067          | 6 225 957          |
| Audit fees - External                        |      | 2 948 835          | 3 202 432          |
| Audit fees - Internal                        |      | 2 857 232          | 3 023 525          |
| Legal and Consultancy fees                   |      | 6 731 535          | 6 998 751          |
| Depreciation - at cost                       |      | 1 200 196          | 1 050 437          |
| Insurance including Fidelity                 |      | 1 066 709          | 1 031 253          |
| Levies                                       |      | 1 485 088          | 1 499 119          |
| Operating lease payments (Rent)              |      | 11 694 821         | 10 748 067         |
| Operating lease payments (Software)          |      | 43 486 449         | 39 531 240         |
| Board of Fund expenses                       | 13.1 | 7 427 246          | 6 880 050          |
| Personnel & related costs                    | 13.2 | 110 850 629        | 100 006 117        |
| Principal Officer expenses                   | 13.3 | 4 643 476          | 4 271 722          |
| Less: Amount allocated to unclaimed benefits |      | (607 172)          | (667 747)          |
| <b>Total</b>                                 |      | <b>208 177 806</b> | <b>192 541 009</b> |

## 13.1. Board of Fund expenses

|                                 | 30 June 2023     | 30 June 2022     |
|---------------------------------|------------------|------------------|
|                                 | R                | R                |
| Remuneration/Meeting allowances | 7 427 246        | 6 880 050        |
| <b>Total</b>                    | <b>7 427 246</b> | <b>6 880 050</b> |

## 13.2. Personnel &amp; related costs

|                                 | 30 June 2023       | 30 June 2022       |
|---------------------------------|--------------------|--------------------|
|                                 | R                  | R                  |
| Total Remuneration/Cost to Fund | 110 850 629        | 100 006 117        |
| <b>Total</b>                    | <b>110 850 629</b> | <b>100 006 117</b> |

## 13.3. Principal Officer expenses

|                                 | 30 June 2023     | 30 June 2022     |
|---------------------------------|------------------|------------------|
|                                 | R                | R                |
| Total Remuneration/Cost to Fund | 4 643 476        | 4 271 722        |
| <b>Total</b>                    | <b>4 643 476</b> | <b>4 271 722</b> |

**SCHEDULE HA**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**14. RISK MANAGEMENT POLICIES**

**Risk management framework**

The Board of Fund has overall responsibility for the establishment and oversight of the fund's risk management policies. The Board of Fund has established the Audit and Risk Committee, which is responsible for developing and monitoring the fund's risk management policies. The committee reports regularly to the Board of Fund on its activities.

The fund's risk management policies are established to identify and analyse the risks faced by the fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the fund's activities.

- **Solvency risk**

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the funds contractual obligations to members.

Continuous monitoring by the Board and the fund's actuary takes place to ensure that appropriate assets are held where the fund's obligation to members are dependent upon the performance of specific portfolio assets and that a suitable match of assets exists for all other liabilities.

- **Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation, and cause the Fund to incur a financial loss.

The Board of Fund monitors receivable balances on an ongoing basis with the result that the Fund's exposure to bad debts is not significant. An appropriate level of provision is maintained.

Housing loan guarantees granted are secured by the after tax withdrawal benefit of the respective members on whose behalf the guarantees were granted. The amount of the guarantee may not exceed 50% of the fund credit of the respective members. Housing loan guarantees granted are renewed annually to ensure that the general terms and conditions are still applicable.

The Fund's assets are mostly invested through investment managers who are Financial Advisory and Intermediary Services compliant. The Fund's investment mandate stipulates that the investment manager should monitor the risks associated with the Fund's investments on a regular basis.

Credit risk is managed by the Fund's outsourced investment managers by investing in well-researched institutions and within the parameters of the investment mandate. The investment manager must report annually on the steps taken to identify and manage the credit risk, in terms of the Fund's Risk management policy.

- **Legal risk**

Legal risk is the risk that the fund will be exposed to contractual obligations which have not been provided for. Legal representatives of the fund monitor the drafting of contracts to ensure that rights and obligations of all parties are clearly set out.

- **Cash flow risk**

Cash flow risk is the risk that future cash flows associated with monetary financial instruments will fluctuate in amount. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

The Board of Fund monitors cash flows by using monthly cash flow projections.

- **Currency risk**

Currency risk is the risk that the value of an instrument will fluctuate in Rands owing to changes in foreign exchange rates. The fund's exposure to currency risk is mainly in respect of foreign investments made on behalf of members of the fund for the purpose of seeking desirable international diversification of investments.

The Board of Fund monitors this aspect of the fund's investments against the maximum allowable amount as determined by the SARB.

**SCHEDULE HA**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**14. RISK MANAGEMENT POLICIES (continued)**

- **Liquidity risk**

Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. This risk is further increased by the contraction of employment levels in the mining industry and by the maturity profile of the Fund.

The fund's liabilities are backed by appropriate assets and it has significant liquid resources. This risk is managed through cash flow models and maintaining an adequate pool of high-quality marketable assets.

- **Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices of market interest rates. Risk is managed by diversification of exposure to a spread of asset classes, markets and currencies which is reviewed regularly.

- **Investments**

Investments are valued at fair value and therefore susceptible to market fluctuations. Investments are managed with the aim of maximising the fund's returns while limiting risk to acceptable levels within the framework of statutory requirements.

Continuous monitoring takes place to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non-market related liabilities.

- **Price risk**

Price risk is the risk that the value and/ or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Risk is managed by diversification of exposure to a spread of asset classes, markets and currencies which is reviewed regularly.

- **Interest rate risk**

Interest rate risk is the risk that the value and /or future cash flows of financial instruments will fluctuate as a result of changes in interest rates.

The Board of Fund monitors exposures to interest rate risk by using monthly cash flow projections.

- **Reputational risk**

Reputational risk is the current and prospective impact on earnings and capital arising from positive or negative public opinion. A mixture of legal regulations, market dynamics, investor concerns and member demands requires that the Fund reassesses its business strategies to ensure resource efficiency as a standard practice. The Fund has a Code of Conduct to ensure that all Fund management and staff members, who buy into the Fund's policies and support processes, are committed to ethical behaviour. By demonstrating care, diligence and good practice, the Fund's reputation can be sustained.

- **Operational risk**

The Fund faces the risk of losses arising from systems failure, processing errors, fraud, forgery and other occurrences. Operational risk is managed as part of routine operations by a system of internal controls requiring segregation of duties, training programmes and internal audit reviews. The Board of Fund, in consultation with insurance advisers, regularly reviews the insurance cover of the Fund.

- **Regulatory risk**

Regulatory risk is the risk that a change in laws or regulations will materially impact a sector, market or security. A change can increase operating costs or change the competitive landscape. This risk is managed through representation on industry bodies to ensure changes are monitored and inputs provided on behalf of the Fund. Proposed changes to the regulatory environment are monitored closely.

- **Governance risk**

The investment strategy has been set out to provide for the members as "promised". In the event of losses resulting from poor governance and breach of both legal and strategy defined guidelines, the members' benefits may be prejudiced to some extent. This risk is managed through compliance monitoring and rules for correcting breaches at all manager and product levels.

**SCHEDULE HA**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**14. RISK MANAGEMENT POLICIES (continued)**

- **Communication risk**

Poor communication can impair the credibility to deliver benefits promised by the Fund. Choices of the different benefits offered can potentially have unintended consequences should the communication lead to erroneous changes of strategy for members. Linked with this risk is that of poor education, as members may believe they are making the right choice, when in fact the choices opted for are not appropriate. To mitigate this risk, the Fund has a member advisory service which advises members on appropriate investment choices and benefit options.

- **Reducing Membership**

The risk of declining membership due to a declining mining industry and employers requiring products and service offerings beyond the current pension fund service offerings. The risk is managed through an active growth strategy within the current client base and targeting potential new employers.

- **Service Provider risk**

Service Provider risk is the risk of poor service delivery due to insufficient control and performance management of external service providers. This is managed by formal assessments of service providers, internal and external audits, compliance monitoring and policies and procedures.

- **Key person and employment equity risk**

Key person and employment equity risk is the risk of poor or disruptive service delivery due to key person dependence coupled with labour relations issues of not complying with the employment equity act. This is managed by succession planning and people and talent development.

- **Political uncertainty, infrastructure degeneration and poor service delivery risk**

Political uncertainty, infrastructure degeneration and poor service delivery risk is the risk of not achieving the Fund investment performance objectives due to political uncertainty, infrastructure degeneration and poor service delivery. The Fund cannot control these risks, but it includes these considerations when preparing the investment strategy to manage the Fund's assets.

## SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2023**15. PROMISED RETIREMENT BENEFITS**

The actuarial present value of promised retirement benefits, is reported on by the valuator of the Fund.

**15.1. Post Retirement medical aid**

The Fund provides post-retirement healthcare benefits to former employee retirees.

\* This obligation is included as part of the accounts payable note 10.

**16. RELATED PARTY TRANSACTIONS**

The following related parties contribute in terms of the rules of the Fund, and upon exit will receive a benefit in terms of the rules of the Fund:

- Trustees who are members of the Fund
- Principal officer and key management

The Fund has investments in participating employer companies.

Global ASP Ltd provides Software and Information System Hosting Services to the Fund and is also a participating employer of the Fund.

|   | 30 June 2023         | 30 June 2022         |
|---|----------------------|----------------------|
| <b>Related party and description</b>  | <b>R</b>             | <b>R</b>             |
| Participating employer contributions towards retirement and expenses (note 11 Contributions)        | 2 134 579 517        | 1 987 406 086        |
| Key Management Costs (note 16.1)  | 34 591 792           | 30 837 027           |
| Board of Fund and Principal Officer Expenses (notes 13.1 and 13.3)                                  | 12 070 722           | 11 151 772           |
| Global ASP Ltd operating lease expenses (Note 13)   | 43 486 449           | 39 531 240           |
| Global ASP Ltd fees for Professional services   | 439 214              | 5 339 075            |
| Direct investments held in participating employers (note 3.2 Investment in participating employers) | 2 251 533 904        | 2 778 944 592        |
| Contributions receivable from participating employers (note 11 Contributions)                       | 219 153 082          | 203 772 545          |
| Global ASP Ltd lease balance (note 17 Operating Lease Commitments)                                  | 47 835 093           | 34 098 032           |
| <b>Total amount contributed</b>   | <b>4 743 689 773</b> | <b>5 091 080 369</b> |

**16.1. Key Management Costs**

The transactions with key management personnel on the Executive Committee is as follows:

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Total Remuneration/Cost to Fund | 34 591 792        | 30 837 027        |
| <b>Total amount contributed</b> | <b>34 591 792</b> | <b>30 837 027</b> |

## SCHEDULE HA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2023

## 17. COMMITMENTS

|   | 30 June 2023<br>R | 30 June 2022<br>R |
|---|-------------------|-------------------|
| Future minimum operating lease payments |                   |                   |
| Within one year                         | 50 938 516        | 41 546 246        |
| Between one and five years              | -                 | 3 103 423         |
| <b>Total</b>                            | <b>50 938 516</b> | <b>44 649 669</b> |

|                                   | 30 June 2023<br>R    | 30 June 2022<br>R    |
|-----------------------------------|----------------------|----------------------|
| Total undrawn Equity commitment   | 4 668 194 670        | 1 861 029 915        |
| Total undrawn Property commitment | 1 247 636 899        | 1 400 197 331        |
| Total undrawn Debt commitment     | 476 990 385          | 721 658 628          |
| <b>Total</b>                      | <b>6 392 821 954</b> | <b>3 982 885 874</b> |



# SENTINEL RETIREMENT FUND

## SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2023

### 18. MEMBERS' FUNDS AND RESERVES

|   | Members' Funds         | Reserve Accounts<br>Total | Risk reserve       | Pensioner reserve      | Other reserves    |
|---|------------------------|---------------------------|--------------------|------------------------|-------------------|
|   | R                      | R                         | R                  | R                      | R                 |
| At beginning of year                            | 39 753 930 459         | 44 861 470 367            | 85 935 041         | 44 744 504 915         | 31 030 411        |
| Contributions received and accrued              | 3 050 801 101          | 381 863 349               | 381 863 349        | -                      | -                 |
| Net investment income                           | 4 223 420 883          | 3 786 329 647             | 8 683 639          | 3 775 308 193          | 2 337 815         |
| Allocated to unclaimed benefits                 | (11 676 851)           | -                         | -                  | -                      | -                 |
| Less:   | (107 034 417)          | (110 002 405)             | (191 104)          | (109 779 052)          | (32 249)          |
| - Administration costs                          | (107 034 417)          | (110 002 405)             | (191 104)          | (109 779 052)          | (32 249)          |
| <b>Net income before transfers and benefits</b> | <b>46 909 441 175</b>  | <b>48 919 660 958</b>     | <b>476 290 925</b> | <b>48 410 034 056</b>  | <b>33 335 977</b> |
| <b>Transfers and benefits</b>                   | <b>(3 380 762 726)</b> | <b>(5 014 527 768)</b>    | <b>-</b>           | <b>(5 014 813 437)</b> | <b>285 669</b>    |
| Transfers from other funds                      | 111 330 273            | 3 137 999                 | -                  | 3 137 999              | -                 |
| Transfers to other funds                        | (221 490 241)          | -                         | -                  | -                      | -                 |
| Benefits  | (3 270 602 758)        | (5 017 665 767)           | -                  | (5 017 951 436)        | 285 669           |
| <b>Net income after transfers and benefits</b>  | <b>43 528 678 449</b>  | <b>43 905 133 190</b>     | <b>476 290 925</b> | <b>43 395 220 619</b>  | <b>33 621 646</b> |
| Transfers between reserve accounts              | (1 479 598 125)        | 1 479 598 125             | (270 635 434)      | 1 751 800 770          | (1 567 211)       |
| <b>At end of year</b>                           | <b>42 049 080 324</b>  | <b>45 384 731 315</b>     | <b>205 655 491</b> | <b>45 147 021 389</b>  | <b>32 054 435</b> |

### 19. AMOUNTS TO BE ALLOCATED

|  | 30 June 2023<br>R  | 30 June 2022<br>R  |
|--|--------------------|--------------------|
| Investment return to be allocated                          | 165 308 467        | (54 651 714)       |
| Admin fees (under)/over recovered                          | (20 897 988)       | (23 545 072)       |
| Contributions not yet allocated - risk reserves            | 32 207 265         | 30 189 925         |
| Contributions not yet allocated - members                  | 266 131 732        | 214 855 226        |
| Contributions not yet allocated - S14 transfers receivable | 24 187 226         | 15 660 139         |
| <b>Total amounts to be allocated</b>                       | <b>466 936 702</b> | <b>182 508 504</b> |

**Sentinel Retirement Fund**

**REPORT OF THE VALUATOR**

The following is a summary of the results of the statutory actuarial valuation of the Sentinel Retirement Fund as at 30 June 2021.

1. Net Assets Available for benefits: The market value of the assets of the Fund as at 30 June 2021 was R85 804 million.
2. The actuarial value of the net assets available for benefits: R85 804 million.
3. The actuarial present value of the promised retirement benefits
  - accrued service liabilities in respect of active members and living annuitants: R39 842 million;
  - actuarial liabilities in respect of pensions in course of payment: R39 760 million;
  - total liabilities in respect of service up to 30 June 2021: R79 602 million.
4. Contingency Reserve Account balances: R4 165 million (Mismatch R45 million; Risk R159 million; Solvency for pensioners R3 961 million).
5. Valuation method adopted (compared to the previous valuation)

The same valuation method was used as in the previous statutory valuation.
6. Actuarial basis (compared to the previous valuation)

The details of the valuation basis are set out in Appendix 1.
7. Any other particulars: Nil
8. The Fund was in a sound financial condition as at 30 June 2021.



**AR Pienaar**  
**Fellow of the Actuarial Society of South Africa**  
**in my capacity as a Valuator of the Fund and**  
**as an employee of Alexander Forbes Consultants**  
**and Actuaries**  
**1 September 2023**

APPENDIX 1

**VALUATION OF LIABILITIES - VALUATION BASIS**

**Post retirement interest rate:**

A net discount rate of 6,96% p.a. was assumed (previously 5,90%).

**Pensioner Mortality**

The PA90 pensioner mortality tables were again used, with an improvement of 0,5% per annum from 1 July 2009.

**Pensioner Expenses**

2,0% (previously 1,0%) of pensions paid.

**Post retirement interest rate for solvency reserve:**

A net discount rate of 5,70% p.a. was assumed (previously 4,60%).