Today's Trustee

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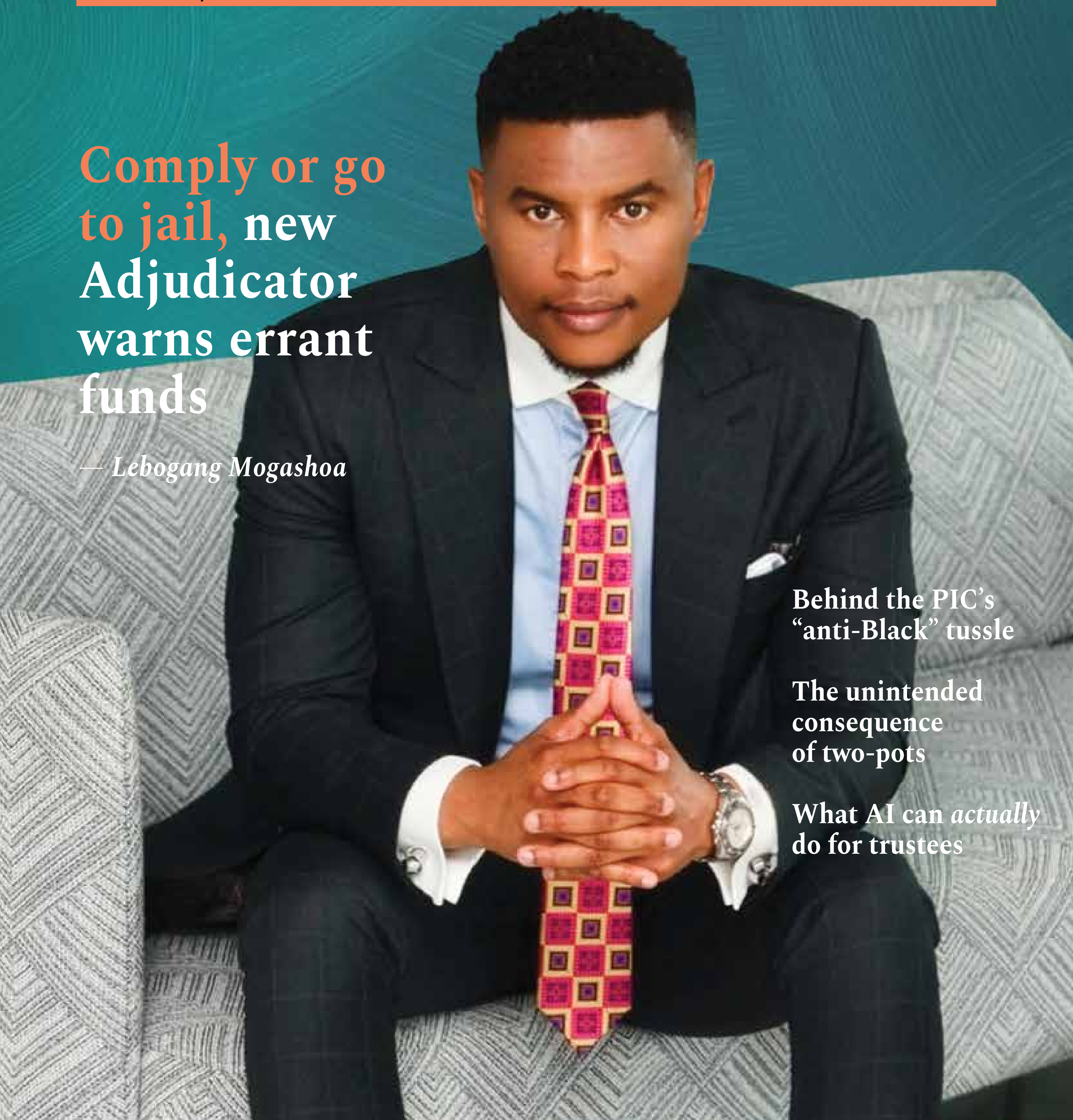
March/May 2026



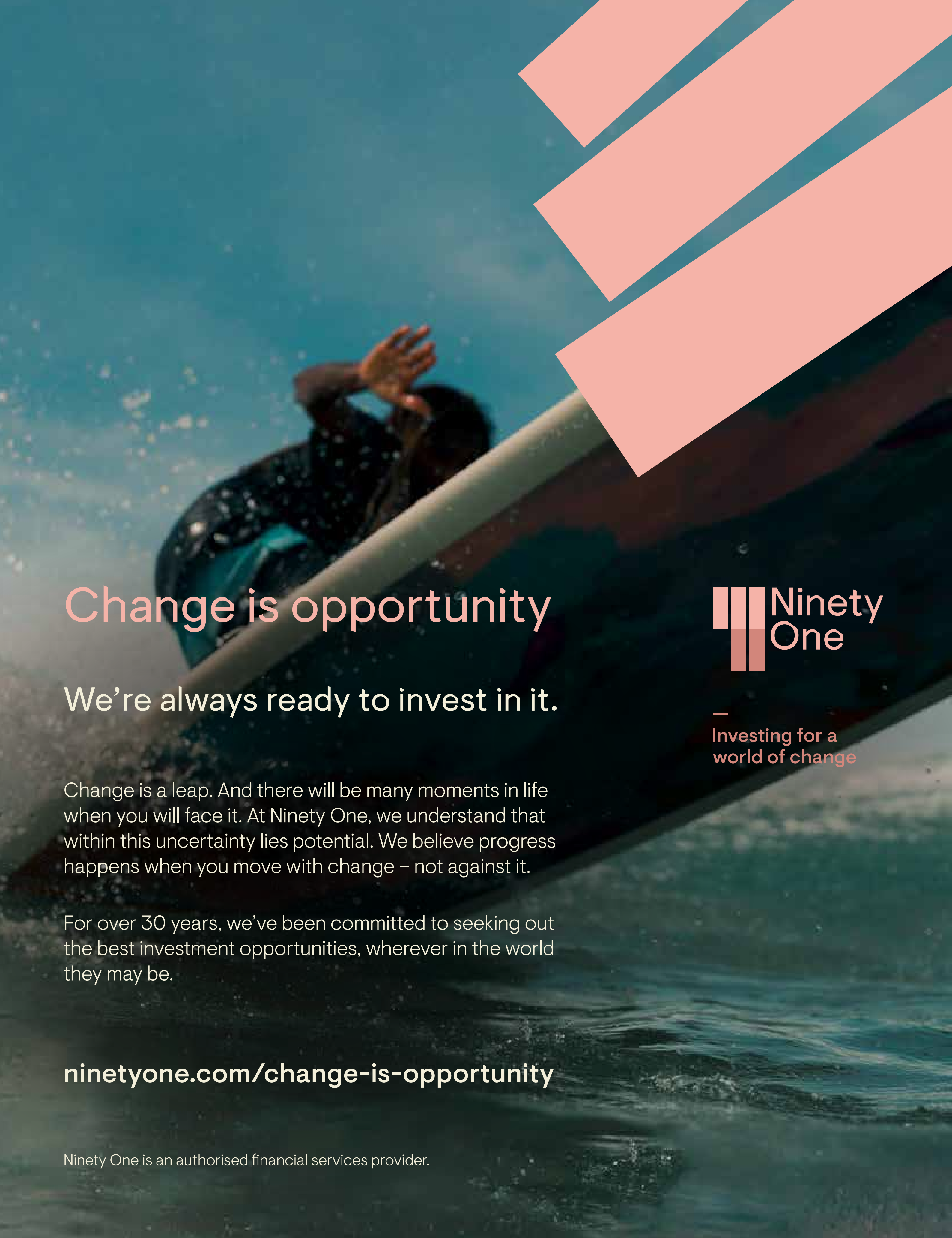
Comply or go to jail, new Adjudicator warns errant funds

— Lebogang Mogashoa

Behind the PIC's "anti-Black" tussle

The unintended consequence of two-pots

What AI can *actually* do for trustees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CONTENTS

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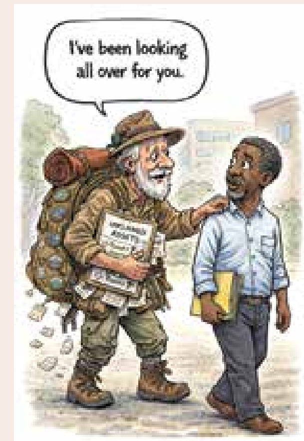
CONTENTS



INDUSTRY OPINION

Staying sane in a world gone mad

Twenty-one years ago, *Today's Trustee* was founded by Allan Greenblo on a simple premise: that South Africa's pensions industry deserved a trusted, independent source of intelligence, one that would hold its ground through good times and bad, through calm and crisis alike. That mission has been tested and reaffirmed with every edition, and it's being tested again now.

In a world that has teetered on the precipice of a global war in recent weeks, it's often seemed that the fate of the savings industry is anything but predictable.

Pension values, not to mention consumer prices, have been thrashed, as stock markets slumped in reaction to an oil shock, as both Iran and the US blockaded the Strait of Hormuz, through which 20% of the world's oil supply travels.

Given the broader turmoil, it can often seem to be an exercise in futility for the pension industry to go about its business as usual – working through two-pot complaints, for instance, or debating why certain funds performed worse than others.

The reality, however, is that Donald Trump's Iran war will fizzle out soon enough, as the US president is far more seized with what will happen in his country's mid-term elections in November than with any sort of lasting peace in the Middle East. The job of a pension fund and a publication like this one is not to be paralysed by events beyond its control, but to keep the long horizon firmly in view.

South Africa's new Pension Funds Adjudicator, Lebogang Mogashoa, whom *Today's Trustee* interviews in this edition's cover story, displays exactly that sort of unflappable stoicism.

Mogashoa, who arrived with an impressive record forged largely at the Eskom Pension and Provident Fund, is adamant that whatever else is going on in the world, ensuring governance in South Africa's industry is his primary goal. And one of his first priorities is ensuring that the era of funds blithely ignoring adjudicator rulings is over.

"If a fund fails to respond to a complaint lodged with my office, we'll subpoena its principal officer and its board chair. And if they don't appear, we'll demand civil or criminal sanction, including jail time," he says.

These are fighting words for a man newly installed in the job, designed to light a fire under those pension funds that have acted as if this ombudsman is, at best, a nuisance, or, at worst, doesn't exist at all.

Yet Mogashoa's resolve is critical to demonstrate that South Africa's pension industry isn't an amateur sport, indulgent of moral and administrative ambivalence. It is, as it should be, a serious business – people's futures are on the line.

Today's Trustee was built on precisely that conviction – that independence remains the animating principle of everything we do. This edition is arriving later than planned due to the intervening holidays and other circumstances beyond our control. We appreciate your patience.

We're equally grateful to our advertisers, sponsors and supporters, whose sustained commitment over the years has made it possible to publish an independent, uncompromising title such as this one. These are the companies that implicitly understand why our mission – educating trustees, providing insight into the dynamics affecting the pension sector, and ensuring accountability in the industry – is so vital to the country's economic recovery.

Without them, and without you, our reader community, there would be far less sunlight shone on South Africa's retirement industry. In a world where facts often seem malleable, *Today's Trustee* has stuck doggedly to the unvarnished truth. That will never change.

The Editorial Team

Retirement funds: winners and losers for the next generation

There's no disputing that South African retirement funds had a stellar 2025. The FTSE/JSE All Share index returned 42.4%, gold surged 65% and platinum 127%, while the median South African Best Investment View portfolio delivered 31.9%. Interest-rate cuts, low inflation and Standard & Poor's upgrade of the sovereign credit rating all added to the benign picture.

The 2025 Alexforbes Manager Watch Survey of Retirement Fund Investment Managers, themed "The Next 30 Years: Strategy for a Changing World", highlighted all of this – and then immediately asked trustees to look past it.

The Middle East conflict, centred on Iran and the Strait of Hormuz, has changed the game, stranding oil supplies, driving up prices, and upending once-bullish inflation and interest rate-cut cases. For trustees, the question is how long this lasts.

Alexforbes chief economist Mpho Molopyane sets out four scenarios, ranging from rapid de-escalation – in which the South African Reserve Bank (SARB) cuts rates – to severe infrastructure damage, in which inflation surges to 5.8% by the middle of this year and interest rates are hiked.

But it's that final scenario – a central bank compelled to hike rates – that would directly erode the real returns that retirement-fund members are counting on. Should this transpire, it'd be the bank's first serious test of its newly adopted 3% inflation target.

While the war is the most immediate risk, the survey also takes the temperature of an industry that was already in flux before Iran.

For one thing, the shift to multi-management continued, with the sector now managing 30c of every rand managed by single managers, up from 29c in 2024 and 15c in 2019. International exposure also eased to 33.5% in 2025, down from 35.2% in 2024, and 27.3% in 2021, before Regulation 28 amendments raised the offshore limit.

Muitheri Wahome, CEO and founder of the Asset Management Research Institute, argues that the next decade will reward firms with genuine scale or genuine specialisation, and punish those in between.

Under Wahome's base case of 1.5% GDP growth in South Africa, she expects "few winners and a higher bar to success": diversified managers blending fundamental and machine-learning insights will thrive, as will firms with lean operating platforms and strong distribution networks.

Generic balanced funds, boutiques without succession plans and firms unprepared for regulatory shifts will struggle. Firms lacking the data quality or profitability to invest in AI, she says, are the likely losers and will be among the first to fail if growth stalls below 1%.

For trustees, here are the questions they'd ask of their investment firms: Is there genuine leadership depth, or is it reliant on a star founder? And, does transformation extend beyond ownership into investment decision-making?

Talent depth and technology investment, she argues, aren't operational concerns; they're questions to ask before committing capital.

Ninety One retains its position as South Africa's largest asset manager; Coronation rose to third, overtaking Sanlam Investment Management (SIM); and Alexforbes Invest leads among multi-managers.

Pensioner short-changed R1.6m due to MEPF mess-up

In what appears to be an exceptionally harsh decision, a former municipal worker named Mmela Mahlangu has effectively lost R1.6m in retirement savings because his pension fund failed to follow his instructions years before.

This emerged from a hearing at the Financial Services Tribunal in March, to which Mahlangu had appealed a ruling from the Pension Funds Adjudicator.

Mahlangu had worked for the Govan Mbeki Local Municipality until 2017, during which time he'd contributed to the Municipal Employees Pension Fund (MEPF).

When he withdrew from that fund in 2017, his pension stood at R2.28m, so he withdrew R626 981 of that, and asked the MEPF to transfer the remaining R1.64m to a Stanlib preservation fund.

"Throughout the following years, he was under the mistaken impression that the balance of his pension fund had been transferred to Stanlib in 2017," the Tribunal said.

It was only in April 2025, when Mahlangu tried to withdraw some of that money from the savings pot under the new two-pot legislation, that he learnt that the MEPF hadn't transferred any of the remaining money to Stanlib in the first place.

And, when Mahlangu asked the fund for the balance, he was told his claim had "prescribed". He appealed to the Pension Funds Adjudicator, arguing that it was "disingenuous for the MEPF to hide behind prescription, because if they had effective document management systems, they would have been able to locate the funds".

But cynically, the MEPF argued that, because so much time had elapsed, the Adjudicator had no jurisdiction to address this case. Legally, the Adjudicator can only hear a claim that is less than three years old.

The Tribunal upheld this decision, saying there was nothing more it could do for Mahlangu. It said he could've, "with reasonable diligence and care", found out what had happened to that money earlier. It said he never requested a benefit statement and offers "no credible explanation" for the eight-year delay in doing so.

Be that as it may, it seems exceedingly unfair to penalise the pension-fund member for what appears to be an overt failure by the MEPF to follow his instructions. And the fact that he has found no help at the Tribunal will only make this wound fester.

Meet Johnstone Makhubu, the new face of SARS

Edward Kieswetter studied engineering after leaving a Western Cape township where, as he once put it, you learn to "fight your way through life". He has done plenty of both in seven years as Commissioner of the South African Revenue Service (SARS).

He returned to SARS in 2019 after a high-profile stint as CEO of financial services group Alexforbes, where he steered the firm through a landmark R342m settlement with defrauded pensioners and a relisting on the JSE.

His first spell at SARS, between 2004 and 2009, included setting up the Large Business Centre and the High-Net-Worth Unit, divisions that Tom Moyane later dismantled.

The Nugent Commission of Inquiry into tax

Outgoing SARS Commissioner Edward Kieswetter

Incoming SARS Commissioner Ngobani Johnstone Makhubu

administration found that Moyane's tenure from 2014 to 2018 had installed a culture of "fear and intimidation", removed 200 senior managers and professionals, and halted an IT modernisation project that allowed systems at the agency to stagnate.

Kieswetter reversed that, reopening the units, rebuilding a compliance culture, tackling illicit financial flows, and investing heavily in AI and data.

And now he's bowing out on a high: SARS breached the R2-trillion net revenue mark for the first time in the 2025/26 financial year, an 8.4% increase over the prior year and R25bn above last year's Budget estimate. This was underpinned by a 10% surge in corporate tax, despite sluggish economic growth.

Incoming SARS Commissioner Ngobani Johnstone Makhubu, who takes the reins on 1 May, is filling big shoes.

As deputy commissioner for taxpayer engagement and operations since 2023, he's been close to the turnaround. He played an active role in implementing the Vision 2024 strategy alongside Kieswetter, having joined the institution in 2016 as group executive for procurement, before serving as CFO and chief revenue officer.

Makhubu's knowledge of industries, including consumer goods, prepares him for the fight against the illicit economy – largely in tobacco, alcohol and related supply chains – which Kieswetter estimates at between R800bn and R1.2 trillion.

Yet the harder test of his five-year tenure may be political rather than operational.

Kieswetter's relationship with Finance Minister Enoch Godongwana was periodically tense, with the most visible rupture in 2025, when a microphone captured Godongwana's frustration with Kieswetter's argument that South Africa should focus on improving tax collection rather than hiking VAT, at a time when Treasury wanted to do exactly this.

He was also consistently vocal about SARS being structurally underfunded, a campaign that eventually secured R7.5bn in additional funding for technology and modernisation over three years.

On Kieswetter's exit, Godongwana pointed out that SARS has recovered to become one of the most efficient and tech-intensive institutions in government.

Whether Makhubu can secure the capital SARS needs – in AI, data infrastructure and enforcement – through quieter means than his predecessor did, in a constrained fiscal environment, might be the defining question of his first term.

Unlicensed 'broker' for Warriner scam gets 20-year ban

A broker who advised his clients to invest in the R2.9bn Ponzi scheme run for years by Craig Warriner has now found himself barred from the industry for 20 years.

An investigation by the Financial Sector Conduct Authority (FSCA) found that Ian Roscoe had advised his clients to invest in the BHI Trust, which was run by Warriner. That trust was one of the defining scams of recent years, as well-heeled investors, many of whom knew Warriner through his old school, St Stithians, were duped into putting money into the scheme.

It all came crashing down in September 2023, when Warriner handed himself over to the authorities and admitted to running a Ponzi scheme, asking that he be put in jail because he feared for his life if his investors caught up with him.

A year later, Warriner pleaded guilty to 207 counts of fraud and was sentenced to an effective 25-year term by the Palm Ridge Magistrates' Court. He admitted that he'd first made a series of losses in the 2008 global financial crisis, which he'd covered up.

The FSCA investigation found that, of the R2.9bn Warriner had taken from clients, only 20% was invested legitimately. The rest was held in an account that he used to repay investors in the Ponzi scheme and finance an extravagant lifestyle.

In addition to the school network, Warriner relied on brokers such as Roscoe to entice investors into the BHI Trust.

In addition to being debarred, Roscoe also faces a fine of R1.5m, in part because he was never registered to act as a broker. "At the time that Mr Roscoe rendered the intermediary services, he was not authorised as a financial services provider," the regulator said.

Court ructions over VAT squeezes Treasury

A Western Cape High Court judgment against Finance Minister Enoch Godongwana in March represents a seismic shift for South Africa's public finances. By declaring Section 7(4) of the VAT Act unconstitutional, the court has effectively ended the era of "taxation by announcement".

The judgment, following a challenge brought by the Democratic Alliance after a proposed hike in the 2025 budget, does more than just protect the current 15% VAT rate; it resets the balance of power between Treasury and Parliament.

Dumisani Jantjies of the University of Johannesburg characterised this as a restoration of the constitutional promise of "no taxation without representation".

For decades, the finance minister could adjust the VAT rate during a budget speech, with the change taking effect almost immediately. The court has now branded this an "impermissible delegation of legislative power".

Finance Minister Enoch Godongwana

As Edlan Jacobs, associate director at BDO, told *Moonstone Information Refinery*, the real defect was the "breadth of the delegated power", which gave one individual the ability to reach into every consumer's pocket without parliamentary oversight.

Treasury, reeling from this ruling, is now facing another assault from the Economic Freedom Fighters (EFF). On 20 May, the same court will hear a challenge over the legality of fuel and carbon levies.

Using the VAT ruling, the EFF will argue that these levies – which generate R90bn annually – are being set unilaterally by the executive, without debate by lawmakers.

If the EFF succeeds, it'll be a blow to the fiscus. When Godongwana had to reverse his plan to increase VAT to 16% last year, he surrendered R75bn in revenue.

The war in the Middle East and its subsequent effect on oil prices have already forced Treasury to step in with fuel relief that will cost an estimated R6bn in April alone.

Still, the ruling in the DA case has to be confirmed by the Constitutional Court, which gives Treasury a 24-month legislative window to consider back-up plans. But if the EFF challenge also succeeds, the loss of these levers could force a painful restructuring of future budget frameworks.

South Africa may be moving towards a more democratic fiscal model – but the price of that democracy could be unprecedented budgetary volatility.

Comply or go to jail, new Adjudicator warns errant funds

South Africa's new pensions ombud, Lebogang Mogashoa, says the days of disrespecting his office are over – a fiery warning for delinquent trustees who ignore their duties.

By Rob Rose

Lebogang Mogashoa, South Africa's new Pension Funds Adjudicator, may be only a few months into the job, but he's already drawn a distinct line in the sand for those who flout his office's authority.

"There are specific funds against which there've been numerous complaints from pension-fund members who simply want justice, but these funds routinely ignore correspondence from [my] office. We're saying: no longer will this be tolerated," he says.

This is no exaggeration; read through any number of the Adjudicator's decisions, and the identity of the repeat offenders becomes clear.

Last June, for instance, the South African Local Authorities Pension Fund didn't bother replying to a complaint involving a policeman, leading Mogashoa's predecessor, Muvhango Lukhaimane, to issue a ruling describing the fund's lack of response as "intolerable", saying it reflected a "poor conduct of duty".

And in January, Deputy Adjudicator Naheem Essop issued an excoriating ruling against the Paper, Printing, Wood and Allied Workers' Union for ignoring a complaint from someone owed R6 000 after her husband died. The fund was "granted multiple opportunities to comment on the allegations", including claims of shady behaviour by its trustees, but they simply "failed to respond".

These funds, and their officials, are either unaware or don't care that, under the Pension Funds Act, the Adjudicator's findings have the same weight as a court judgment, and that anyone who obstructs an investigation, "insults", tries to "influence a determination" or does anything akin to contempt of court, is criminally liable for a fine and imprisonment of one year.

For Mogashoa, a lawyer steeped in the industry's inner workings who replaced Lukhaimane in January, this is a sign of casual disregard by some retirement funds and administrators for an office critical to South Africa's economy.

"This is absolutely one of the most vital institutions around in driving accountability for the proper management of people's retirement savings," he tells *Today's Trustee* in an interview. "The amount invested in South African pension funds is R5.8-trillion, which is huge, representing the sum of people's savings. If this money is abused, it has a direct impact on people's lives."

Mogashoa said that, in his first few days on the job, some of the staff warned him about specific funds and administrators who "consistently neglect to respond to complaints", ask for extensions, or submit half-hearted responses.

Well, he recalls telling them, by my reading of the law, the Adjudicator has wide powers to summon people to appear and subpoena documents, and if they don't comply, there are serious consequences, including jail.

'Pension funds need to realise that they're not doing anyone a favour by responding to a complaint… It's a compact they make with their members that they must be accountable'

He sought a legal opinion from a senior counsel, which confirmed this to be the case.

"Our view now is that, if a fund fails to respond to a complaint lodged with my office, we'll subpoena its principal officer and its board chair. And if they don't appear, we'll demand civil or criminal sanction, including jail time," Mogashoa says.

The Adjudicator, he explains, has similar legal powers to a Commission of Inquiry, such as the Zondo Commission into state capture. "We absolutely intend to make good on demanding civil and criminal sanctions for not cooperating," says Mogashoa.

Perhaps the deeper question is why some funds still believe they're entitled to ignore the statutory body mandated to address industry problems.

Part of the problem, Mogashoa says, lies in the apparent belief in some quarters that pension disputes aren't to be taken seriously.

"I've come to the ineluctable conclusion that some people think the law just doesn't apply to them, and that there are no legal consequences for ignoring their legal duties. If there's one thing I do, it's to make it clear to them that they're subject to the law," he says.

Pension funds need to realise that they're not doing anyone a favour by responding to a complaint, he says. "It's a compact they make with their members that they must be accountable, and it's our job as the Adjudicator to make sure this promise is kept."

Lebogang Mogashoa… wide powers to summon people to appear and subpoena documents

Destiny calling

Mogashoa's threat, within his first few weeks in the office, to jail those disrespecting the Adjudicator's office illustrates that he's not someone to tread softly if there's a problem.

Following in the footsteps of other formidable legal practitioners, such as Vuyani Ngalwana, who served in the post between 2004 and 2007, and Lukhaimane, Mogashoa joined the office with considerable industry experience.

"I like to think the industry chose me, rather than me choosing it," he says. "My first job after studying was to work with pensions, and, at first, I didn't

Muvhango Lukhaimane... the problems she flagged didn't disappear with her

really appreciate how nuanced an area of law it is. Now, of course, I love it – the longer I worked in this area, the more I realised how absolutely critical this is to people's existence."

As luck would have it, his first job out of law school in 2008 was to work at the Adjudicator's office, which makes his new job something of a homecoming. During his initial seven years at the organisation, Mogashoa penned a number of important rulings, including one involving the City of Cape Town, which was appealed all the way to the Supreme Court, where his initial ruling was upheld.

After that, there was a five-year period, from 2015 to 2020, as a legal advisor to the Eskom Pension and Provident Fund (EPPF), one of the country's largest funds with more than R250bn under management, held on behalf of 80 000 members. A short stint at South African Tourism followed, after which he was lured back to the EPPF as its company secretary, and later, as the deputy principal officer.

Mogashoa obviously made an impression, being picked as the Eskom fund's leader of the year in 2024. After his appointment as the Adjudicator, the EPPF's principal officer, Shafeeq Abrahams, described him as a "consummate legal professional, known for his dedication to fairness and business ethics".

By September, no fewer than 15 521 delinquent employers had failed to pay R7.29bn in contributions, even though this is a legal requirement under Section 13a of the Pension Funds Act.

Given his high-profile role in the pension industry, it's perhaps somewhat ironic that Mogashoa never would've been in this position had his mother had her way when he was growing up in Limpopo.

"As a kid, I'd watch this TV show, *Justice for All*, and became fascinated with the law. My mother really wanted me to study nursing – she felt it would be easier to get a job in nursing – but I went against her wishes," he says.

His mother was a primary-school teacher, who's since retired and is today a pensioner of the Government Employees Pension Fund (GEPF).

Does she realise today the gravity of her son's job, and the extent to which the pension industry would've lost out had he been wandering down hospital corridors instead?

"Not really," he says. "I told her what I'm doing, but she didn't really get it at first. It's probably only in recent months when people are telling her that they saw me on TV and in the newspapers that she's beginning to see what it's all about."

Mogashoa may have come in guns blazing, but it's not as if there are gaping holes in the Adjudicator's systems that he has to fix.

The statistics show that, in the year to March, 91.2% of complaints to the Adjudicator were finalised within six months – exceeding its target of 90%. That's no small achievement, considering that the number of complaints rose sharply above 13 000.

The question is whether the Adjudicator's muscle will be sufficient to tackle the biggest issues facing the industry: the immense problem of getting employers to pay over pension deductions, and the teething problems for pension-fund members in adapting to the two-pot system, which launched in September 2024.

The first issue – unpaid contributions – has received plenty of airtime, as it should, given that 51% of complaints to the Adjudicator last year dealt with it.

But the trajectory suggests South Africa isn't getting on top of this. By September, no fewer than 15 521 delinquent employers had failed to pay R7.29bn in contributions, even though this is a legal requirement under Section 13a of the Pension Funds Act.

Dysfunctional funds

Mogashoa has described this as serious and widespread, warning that it has a "disproportionate impact on lower-income workers", and calling for more "visible consequences" to send a message to those companies still breaking the law.

But unpaid contributions and the two-pot issues are linked.

In the Adjudicator's last annual report, Lukhaimane said "the primary contributor to a surge in complaints was the introduction of the two-pot retirement system", which led to a surge in individuals trying to access their savings pots, only to find out that their employer hadn't actually paid over their contributions.

Despite the industry's towering efforts to explain the two-pot system, many people still don't know how it works. Last year, there were 239 two-pot-related complaints to the Adjudicator and 2 246 inquiries about the process.

Of these inquiries, 31% concerned the "payment status" of two-pot payouts, while 23% concerned delays in payout. Most queries came from one of the most dysfunctional pension funds around, the Private Security Sector Provident Fund (PSSPF).

The PSSPF highlights a social fissure in South Africa's pension system.

Security companies, such as 24/7 and Chubb, are obliged to contribute to the fund on behalf of their guards under an agreement with the bargaining council. Yet many of the country's 2.7-million security guards are employed only on a temporary basis, depending on guarding contracts, so they're not earning consistent salaries from which pension contributions can be deducted.

To make it worse, the PSSPF "doesn't appear to have a proper monitoring system in place to detect non-payment of contributions by employers, and has also consistently failed to act against defaulting employers", Lukhaimane warned last year. This meant security guards are left to fend for themselves.

"The PSSPF remains the single largest cause of complaints lodged with the [Adjudicator], as it has been for several years now. The impact of the two-pot retirement system has simply amplified the issues related to its administration," she said.

Lukhaimane argued that the requirement for compulsory pension contributions for security guards must be revisited.

Astrid Ludin, head of pensions funds at the FSCA, told *Today's Trustee* previously that a new regime ought to be considered for workers in a "gig economy", where labour is seasonal and contract-based.

"Those are big emerging issues, and the question is, how do pension funds and systems deal appropriately with those types of situations?" she said.

While it's likely that complaints about the two-pot system will diminish as South Africans become more comfortable with the new regime, the problem with the PSSPF and the security sector will be fixed only through a purposeful intervention.

This'll surely have to happen during Mogashoa's tenure as Adjudicator – and it won't be simple.

Professionalising trustees

Mogashoa, unlike many in the staid pensions industry, has no reservations about adopting a very public persona. He interacts frequently on social media, not something you'd imagine many of his predecessors doing.

Last year, for instance, he wrote, quite personally, of the emotional trauma of defending his Master of Management research proposal before a panel of academics.

"I didn't want to touch my research project for a full two weeks after that," he said. "The feedback I received from the panel was of a high standard and uncovered blind spots in the postulation of my research. It was constructive and supportive, and yet it was easy for me to start thinking that these professors want me dead. But after two weeks of mourning, I pulled myself together and returned to my desk."

And this year, after his first week as Adjudicator, he shared what he discussed in his inaugural address to the staff, impressing upon them the magnitude of the task they're entrusted with and how important it is to South Africa's wider financial ecosystem.

So what would he consider success at the end of his term?

"I'd judge this by whether I'd influenced a shift in behaviour so that people begin to see the Adjudicator as a co-creator of value, and not as an adversary or some kind of police officer," he says. "We all have a role to play – mine is to hold institutions accountable for their decisions to assist pension-fund members get fair treatment."

That may be true, but it'll be pretty hard for pension funds to see anyone who overturns their decisions as anything other than an adversary.

After all, the statistics reveal that, in most cases, the Adjudicator finds in favour of the member rather than the fund. For instance, in the six months to September, the Adjudicator found in favour of the complainant in 88% of the 5 434 cases lodged.

Interpreting this, Essop said: "This means that either the funds or the employers are not doing what they're supposed to be doing."

Mogashoa says he'd like to believe that funds appreciate why his office and its determinations are ultimately creating a stronger and more trustworthy industry.

"Look, independence and a mandate underpinned by legislation are crucial pillars in ensuring an ombud system that fosters confidence in the retirement-funds system, and that's what this office is all about," he says. "But it's true that, in many cases, the governance of retirement funds hasn't matured in all the ways we'd want, so yes, there is a big scope for improvement," he says.

The Private Security Sector Provident Fund remains the single largest cause of complaints lodged with the Adjudicator.

And when he sees poor governance, such as poorly equipped boards of trustees bending over backwards in favour of the administrator or the employer rather than the member, he'll have no compunction about calling them out.

"In many cases, trustees aren't professional board members, so there has to be continuous and effective training, educating them about their responsibilities and how to avoid conflicts of interest," he says. "In every case, poor governance is always linked to inadequate skills and technical expertise, so this is what I aim to address."

It's a big ask, professionalising a trustee environment which, in many cases, has remained stubbornly analogue in a digital world. But Mogashoa is adamant it has to be done; as stewards of pension savings, there can be no compromise. ■

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How two-pot's repeat habit is hurting

Now running into its third year, the savings pot is being treated as a recurring payout rather than an emergency reserve. The damage is compounding.

By Justin Brown

The third year of two-pot data carries an uncomfortable warning signal for trustees. The system is working as designed, but a growing cohort of members is using it in a way that'll leave them materially worse off at retirement: they keep coming back to tap their savings.

Since the new regime took effect in September 2024, Alexforbes has processed more than a million withdrawal claims, with an average payout exceeding R14 000. The first claim of the 2026/27 tax year was submitted at 12.01am on 1 March – and more than 140 000 followed in the first week alone, driving more than 1.3 million logins to the firm's AF Connect digital platform.

By 27 March, Alexforbes had received more than 210 000 savings-pot claims since the new tax year opened, matching the high volumes recorded when the system first launched.

But it's more than just a volume problem.

Alexforbes data shows that 67% of members who claimed in the 2025 tax year submitted claims again in 2026, and 31% of those claimants have now withdrawn in all three tax years since the system began. More alarming still, 38% of those who claimed in the 2026 tax year had already made an additional withdrawal in the first month of the 2027 tax year.

National Treasury's Christopher Axelson... strictly for people who'd exhausted all other options

At Momentum's FundsAtWork umbrella fund, the picture looks similiar. In the first 11 days of March, it received 38 148 claims from 8.6% of its members. Nearly three-quarters of all claims were for amounts of less than R10 000 – people plugging immediate gaps.

Of the claims submitted since March, Momentum says 5% came from first-time claimants, 33% were making a second withdrawal, and 62% were on their third.

So, what does this mean for their future?

Alexforbes data shows that 67% of members who claimed in the 2025 tax year submitted claims again in 2026, and 31% of those claimants have now withdrawn in all three tax years since the system began.

Old Mutual's Lizl Budhram... people juggle many priorities

Momentum took a practical example, modelling what happens when someone enters the workforce at age 20, saves 15% of their salary, and earns a return equal to inflation plus 2%. Now, had that person preserved the full amount, they would be able to replace 72% of their pre-retirement income at retirement. But withdrawing the full balance of the savings pot every year reduces that replacement ratio to 48%.

While that sort of erosion is meaningful, both Alexforbes and Momentum are quick to add context. For example, under the pre-two-pot regime, members who cashed out when changing jobs often received an income replacement of less than 10%. But Alexforbes estimates that a new member today can expect an outcome more than twice as good as under the old system, because two-thirds of contributions are locked into the retirement pot.

Still, the 70% to 75% replacement ratio, which is widely regarded as the minimum for a comfortable retirement, can only be achieved through consistent saving and full preservation.

As Momentum puts it, the damage from repeated withdrawals is "more about a sequence of decisions and not only a single event – once time is lost, capital is depleted and withdrawal behaviour becomes entrenched, poor retirement outcomes are effectively locked in".

Tax is no deterrent

There are, of course, built-in handbrakes to stop individuals from withdrawing too much. This includes taxing people at their marginal rates.

But even this is having a limited effect. Alexforbes has paid more than R3.6bn in tax to the South African Revenue Service (SARS) on behalf of members since September 2024. That 65% of Alexforbes members haven't made a single withdrawal suggests that the tax cost deters some, but not all. Liquidity needs are evidently outweighing long-term calculations.

This makes more sense considering the financial stress that households are under. A Bureau for Market Research report found that nearly half of all South Africans would struggle to cover an unexpected expense without borrowing or accessing savings.

Eighty20's 2025 Q4 Credit Stress Report adds colour to this, revealing that 40% of credit-active consumers are three or more months in arrears on at least one loan, with overdue balances rising by R12bn in the final quarter of 2025. For them, the savings pot is a vital tool.

"People juggle many priorities, from school fees to household costs, debt and family needs," said Lizl Budhram, head of advice at Old Mutual Personal Finance. "When pulled in many directions, another withdrawal seems the quickest solution."

A Bureau for Market Research report found that nearly half of all South Africans would struggle to cover an unexpected expense without borrowing or accessing savings.

A survey on two-pot withdrawals from Old Mutual found that nearly 80% of members who'd withdrawn once said they were likely to do so again. Of those who withdrew to pay off debt, 79% expected to repeat the behaviour.

The silver lining for Momentum's FundsAtWork members is that, despite the volume, the total impact on fund assets remains under 2%. But that figure masks a skewed distribution: lower-income members withdraw an average of 5% of their annual salary, compared with 3% for higher earners.

In other words, the harm is concentrated among those least positioned to absorb it.

Expanding access to savings

To mitigate this, Alexforbes is pushing hard on education. It's given advice to all members, regardless of income, introduced a two-pot calculator, and built tax-consequence warnings into the withdrawal process. There's also a "digital exits programme", which provides counselling tailored to each member's circumstances across all three pots.

Momentum has taken a more structural approach, launching a payroll-linked emergency savings product through FundsAtWork, a buffer designed to sit outside the retirement system. The logic is, if an emergency fund exists, emergencies get funded from that, not from retirement capital. "The real circuit-breaker is parallel liquidity outside retirement," Momentum says.

And yet, policymakers are now looking at expanding access to retirement savings.

National Treasury, for instance, has signalled it may publish a discussion document on allowing limited access to retirement pots in extreme hardship cases, subject to various conditions.

Treasury's deputy director-general for Tax and Financial Sector Policy, Christopher Axelson, told Parliament the government was weighing this strictly for people who'd exhausted all other options, but was unambiguous about the risk. "The last thing we wanted was to use this as a thirteenth cheque," he said.

Even if this plan is approved, implementation is years away – 2028 at the earliest.

Momentum supports the principle, but only as a last resort. "Any access must be tightly defined, infrequent, independently verified, and only available once other options have been exhausted," it says.

Yet, South Africa's retirement pots are growing. For every rand entering the system, two-thirds of contributions are locked away and compounding – a structural shift from the pre-September 2024 period.

So, overall, the long-term outcome is indisputably better. But what the data now shows is that, within some groups of people, retirement savings are the only source of ready cash.

The 10X Investments Retirement Reality Report for 2023/24 found that only 6% of South Africans are on track to retire comfortably. At that level of fragility, structural reform and financial education can only go so far.

The savings pot will continue to be used, year after year, until something outside the retirement system changes. That's the task – and it belongs as much to employers, policymakers and the broader financial system as it does to fund administrators and trustees. ■

Why the PIC is under fire for shoddy governance

The PIC's CEO is assembling a rescue team for troubled investments, particularly unlisted ones. Critics warn it'll count for little while the governance failures that caused the damage remain in place.

By Justin Brown

Patrick Dlamini has served as CEO of the Public Investment Corporation (PIC) for less than a year. He's already been forced to go shopping for a new crop of experts to clean up one of the institution's most damaged portfolios.

The PIC has issued a tender for turnaround managers, business-rescue practitioners, liquidators and sector specialists to tackle its distressed investments, particularly in its unlisted portfolio, a sign it no longer sees the book as manageable in any conventional sense. The breadth of expertise sought – from financial services and renewable energy to engineering and property – also suggests the damage runs well beyond a few notorious names and sectors.

DA MP Andrew Bateman is watching, and he's not convinced the exercise will hold.

"If you don't fix the governance problems at the top, there's a greater risk that the PIC will keep on making ill-advised decisions, including how distressed assets are handled," he told *Today's Trustee*. "The professionalisation of the PIC board is where we need to start."

Photo: https://cfo.co.za/articles/patrick-dlamini-appointed-as-ceo-of-the-pic/

CEO Patrick Dlamini… comes with a strong background

The Mpati Commission investigating allegations of impropriety at the PIC, which released its findings in 2020 following almost a year of hearings, recommended that the Deputy Minister of Finance shouldn't chair the PIC, and that the post should be held by an independent, non-executive figure with expertise in pension funds, finance, markets and governance.

Six years on, that recommendation remains unimplemented.

David Masondo chairs the PIC in his capacity as Deputy Minister of Finance. Finance Minister Enoch Godongwana has said the law would need to change before an outside expert could be appointed. For Bateman, that structural point is precisely the problem – and it sits directly above whatever panel of specialists Dlamini manages to assemble.

The panel will advise on whether to inject more capital, sell or liquidate – not the sort of choices an investor weighs when a portfolio is merely underperforming.

Photo: https://www.parliament.gov.za/person-details/5224

DA MP Andrew Bateman... professionalisation is where we need to start

When the PIC announced Dlamini's appointment in May 2025, Masondo said his experience in "leading complex turnarounds" would be central to addressing the institution's immediate concerns, "specifically in its unlisted portfolio". That was an unusually candid framing for a CEO announcement. It was also, given what the numbers now show, an understatement.

Investments turned to nought

By October 2025, the broader unlisted portfolio stood at roughly R162bn, about 4.5% of the PIC's R3.6-trillion in assets under management. Within the Isibaya fund – the ring-fenced vehicle for developmental unlisted investments – gross loans stood at R69bn at end-June 2025. Of that, R35.5bn was impaired, an impairment ratio of 51.5%.

The panel will advise whether to inject more capital, sell or liquidate – not the sort of choices an investor weighs when a portfolio is merely underperforming.

The PIC declined to disclose the names of the service providers on its current turnaround and value-add panel, but said 40 had been approved to serve on it. The closing date for interested parties for the new panel was the end of March.

Inside the unlisted book, the operating failures have been stark. Daybreak Foods, in which the PIC first invested R1.2bn in 2015 and continued to support thereafter, entered business rescue in May 2025, after the NSPCA intervened to save chickens from starvation so severe that some had turned cannibalistic. Total investment is now reported at R1.7bn, with the current value at zero.

Educor, southern Africa's largest private-education provider, offering distance learning, online training and face-to-face education, absorbed more than R700m before it also failed. These are cases where post-investment oversight was so weak that deterioration went largely unchallenged, until rescue became the only option.

In an opinion piece published in *Currency* in February, Mark Burke, the DA's spokesperson on finance, argued that the internal rate of return on the PIC's unlisted equities over the past decade was just 1.43% a year – below inflation – and that R19.7bn had been wiped out across 26 investments now valued at zero.

A CEO with heft

The Mpati Commission's conclusions were that internal controls had been routinely ignored, that due diligence was absent in several cases, that investment committees were sidelined, and that governance failures had compromised decision-making at almost every level.

President Cyril Ramaphosa, when releasing the report, said the board "was not functioning well" and that its involvement in investment decisions had undermined oversight. While most recommendations were adopted, the one related to the chairmanship wasn't.

Still, Dlamini comes with a strong background. At the Development Bank of Southern Africa (DBSA), where he served as CEO from 2012 until March 2023, the institution had clean audits and reduced its cost-to-income ratio from 28% to 21%, while materially accelerating development-loan disbursements. He's navigated the difficulty of running a developmental finance institution in a politically charged environment without compromising fiduciary standards.

The Mpati Commission's conclusions were that… governance failures had compromised decision-making at almost every level.

His situation at the PIC, however, is more fraught. The leadership team around him is itself in flux. Chief investment officer Kabelo Rikhotso, suspended in October 2025 following whistleblower allegations linked to the handling of the R4.3bn Ayo Technology Solutions investment, departed by mutual agreement at the beginning of March. Chief risk officer August van Heerden is approaching retirement.

The consequences of failure are serious. The PIC manages most of the assets of the Government Employees Pension Fund, a defined-benefit fund. That means its payouts are guaranteed. If the PIC underperforms badly enough for long enough, the gap between liabilities and assets ultimately falls to the fiscus.

While the unlisted portfolio, at 4.5% of total assets, is small enough for the institution to survive its impairments, it's not small enough to ignore.

The measure of Dlamini's tenure will be whether the underlying decisions – who gets rescued, who gets wound down, where fresh capital goes – are made on financial and operational grounds, rather than political ones.

The fund's unlisted-properties division alone holds 410 assets worth about R62bn, mostly in Gauteng and the Western Cape, and is concentrated in the retail and specialised property sectors, according to the tender documents.

Despite its challenges, the PIC has resisted calls to transfer its unlisted portfolio to other state financial institutions, such as the Industrial Development Corporation or the DBSA. Masondo has argued that most of the poorly performing unlisted assets are historic deals.

That defence can hold only for so long.

The measure of Dlamini's tenure won't be whether the panel is assembled on time. It'll be whether the underlying decisions – who gets rescued, who gets wound down, where fresh capital goes – are made on financial and operational grounds, rather than political ones.

That's the question the Mpati Commission raised. It's the question Bateman continues to raise. And it's the question that'll determine whether the new panel becomes a real instrument of repair or just another technical answer to a problem that was never purely technical. ■

Anti-black' fight throws PIC's default strategy into focus

Deputy Minister of Finance and PIC chair David Masondo won a defamation interdict against Rali Mampeule – but a l eave-to-appeal ruling means the dispute, and the reputational shadow over the PIC, are far from over.

By Justin Brown

When the Public Investment Corporation (PIC) decides a borrower is in default and enforces its security, what happens if that borrower responds with public allegations of corruption?

The dispute between the PIC and Ralebala "Rali" Mampeule – property developer, media figure and self-described whistleblower – has become a test of that question. And it's not over yet.

On 4 March, the Gauteng High Court in Johannesburg granted a final interdict against Mampeule. Judge Gregory Wright found that the allegations were false and defamatory, and that Mampeule had presented no evidence to substantiate them. Two weeks later, on 18 March, Wright granted Mampeule leave to appeal to a full court, finding that there was a reasonable prospect of success and a compelling reason for the appeal to be heard.

The case will now be heard again.

The dispute relates to a February 2024 deal, when the PIC approved a R725m faciity for Mampeule's company, Levoca 805. The loan was used to buy a 19.5% stake in MetroFibre Networx – a transformation deal in telecoms infrastructure that was backed by money from the Government Employees Pension Fund (GEPF). The relationship didn't survive the year. The PIC says Levoca later committed multiple breaches, including failing to provide management accounts, and failing to pay legal and advisory fees needed to complete the deal. *Business Day* reported that a dispute over an unpaid R128 000 legal bill formed part of the

This isn't just a defamation fight. It's also a question of where the line falls between a borrower in default using allegations as leverage, and a borrower with genuine cause for complaint pursuing proper legal channels.

Photo: https://rali-mampeule.co.za/

Rali Mampeule… deal collapsed because he refused to pay a bribe

fallout.

When Levoca failed to cure the breaches, the PIC exercised its security rights and took control of the MetroFibre shares. Levoca was also placed under business rescue, effectively ending its ability to remain an active investor in the deal. By August 2025, the PIC had opened a criminal complaint with the Hawks against Mampeule and Levoca, alleging that invalid share certificates had been provided as security for the R725m loan.

Mampeule's account of events is very different. He says the deal collapsed not because of those defaults, but because he refused to pay a R3m bribe allegedly demanded by Thabiso Moshikara, the PIC's suspended acting head of unlisted investments. In late 2025, after the shares were clawed back, he took that allegation public – in a podcast, on YouTube, in emails to business contacts and in a complaint to the Public Protector. In January 2026, according to *Business Day*, he alleged that Masondo and the PIC's investment head of legal, Lindiwe Dlamini, were "allegedly collaborating to allegedly create unnecessary legal issues for various black-owned companies that the PIC funds", and that the scheme was used to seize shares and sell them at depressed prices for Masondo's benefit.

Absence of evidence

The PIC had already obtained an interim interdict in February 2026. Masondo then launched his own urgent application. In granting the final interdict on 4 March, Wright said the "weak point" in his case was the absence of evidence to prove the allegations. According to the PIC's summary of the order, the court directed Mampeule to send a corrective statement to the recipients of the allegations within 24 hours, recording that the statements had been made recklessly.

Mampeule: Masondo and Dlamini 'allegedly collaborating to allegedly create unnecessary legal issues for various black-owned companies that the PIC funds'.

Masondo also rejected the racial framing of the dispute. In a commentary published the following day, he argued that GEPF contributors are overwhelmingly black South Africans – teachers, nurses, police officers and public servants – and wrote: "Protecting those pensions is the most profoundly pro-black act this institution can perform." He added: "My obligation is to the fund's beneficiaries, the hard-working workers, not to those who default on their commitments and cry foul when held to account. If enforcing a valid contract makes me 'anti-black', then the word has lost all meaning."

Mampeule, for his part, argued that he'd

David Masondo ... Levoca committed multiple breaches

never accused Masondo of corruption outright; that his repeated use of the word "allegedly" hedged his claims; and that, as a senior public official, Masondo should expect robust criticism. In his court papers, he painted himself as an "entrepreneur and whistleblower" acting in the public interest, and invoked freedom of expression. *News24* reported that he also described Masondo's application as an attempt to threaten, intimidate and silence him.

That framing points to the deeper tension the appeal court will now have to navigate. This isn't just a defamation fight. It's also a question of where the line falls between a borrower in default using allegations as leverage, and a borrower with genuine cause for complaint pursuing proper legal channels. The PIC's argument – stated after the March ruling – is that "baseless allegations, as part of a public disinformation campaign, cannot become leverage for avoiding contractual obligations". Mampeule's contention is that the enforcement action came because going public was the only tool available to him.

The stakes extend beyond the two men. The PIC manages public money on behalf of the GEPF, the Unemployment Insurance Fund and the Compensation Fund with R3.6-trillion in assets. Allegations against its chair and senior officials are therefore not private commercial disputes for long; they quickly become questions of governance, fiduciary duty and public trust.

In the PIC statement, he said the judgment "transcends personal vindication" and is "a victory for the public servants whose pensions and savings we are mandated to protect". In the institution's telling, this isn't just about defending one politician's name, but about stopping a borrower in default from using public allegations to avoid financial accountability.

Masondo: GEPF contributors are overwhelmingly black South Africans. 'Protecting those pensions is the most profoundly pro-black act this institution can perform'.

The leave-to-appeal ruling doesn't undo any of that. But it does mean the full court will now have to weigh the same facts Wright considered – and decide whether his conclusion that Mampeule had no evidence, and no justification for repeating the allegations, should stand. *News24* reported earlier that Masondo was already eyeing a damages claim, which means the legal stakes could yet broaden beyond the interdict itself.

For the PIC, that means the reputational shadow cast by the failed MetroFibre transaction isn't going away soon. For anyone watching how the institution handles politically charged empowerment deals gone wrong, the appeal will be at least as instructive as the original judgment. ■

Pump the brakes: what can AI actually do for trustees?

Before asking what AI can do for your fund, get its data in order. Used properly, AI can improve governance and member outcomes – but the basics matter most.

By Vernon Wessels

When executives at a large South African financial-services firm sat down with Rob Ansari to discuss artificial intelligence, they asked the question now heard in boardrooms everywhere: "What can AI do?"

As the global head of Mercer analytics and portfolio solutions, Ansari had a more pragmatic though less glamorous answer. "Before you decide how to use AI in the wider business activity," he told them, "Consider using AI first to create a more complete dataset in a consistent format – a shorter, more complete and accurate dataset can be more valuable to an AI tool than a deeper dataset that is incomplete and inaccurate."

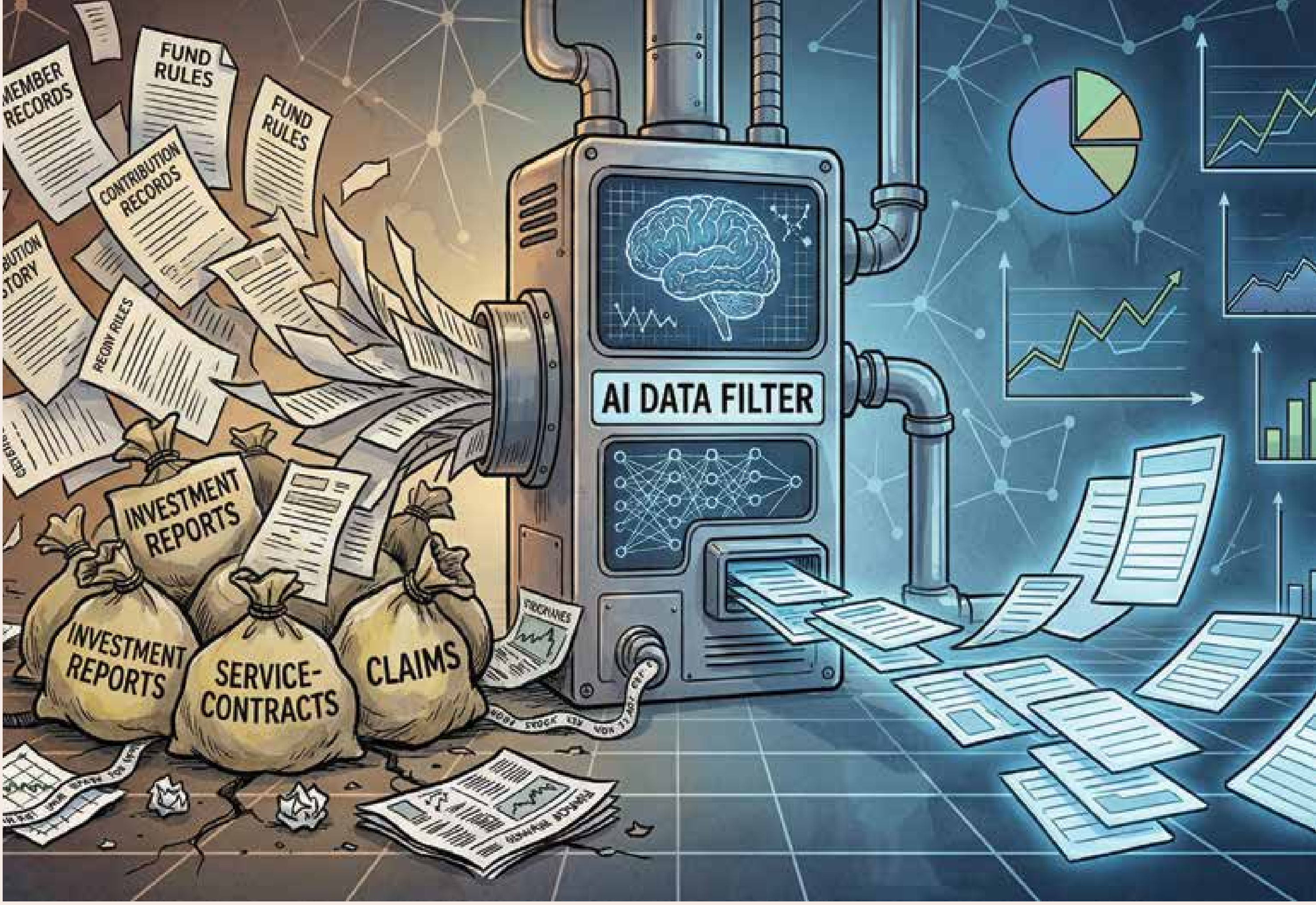
That isn't the sort of answer AI evangelists usually lead with in a pitch. But Ansari argues that it's exactly the right place to start.

South Africa's retirement-fund industry, with its more than 5 000 pension funds, is still in the early stages of adopting AI. A report published by the Financial Sector Conduct Authority and the Prudential Authority in November 2025 found that retirement funds had an AI adoption rate of just 14%, compared with 52% in banking and 50% in payments.

That slower uptake may yet prove useful, giving trustees more time to think carefully about where AI can genuinely add value.

"AI washing, where bold claims prove to be

The slower uptake by South Africa's retirement-fund industry may yet prove useful, giving trustees more time to think carefully about where AI can genuinely add value.



unsubstantiated, is increasingly common," UK employer and trustee advisory firm Isio writes on its website. AI can't fix "a lack of insight into what members actually want and need. Its limitations matter – not because they diminish its usefulness, but because they influence how trustees should think about deploying it safely, responsibly, and with members in mind."

Trustees are there to oversee asset managers, hold administrators to account, monitor risk, protect member data, and ensure funds communicate clearly with the people whose savings they've been given stewardship of. And AI can provide them with the tools to make that role easier.

Retirement funds hold large amounts of fragmented information: member records, contribution histories, administrator files, claims, fund rules, investment reports and service-provider contracts. Much of it spans different systems, formats and levels of reliability.

"Rubbish in, rubbish out," Ansari says. "If you don't spend time initially making your data clean, robust and with a high degree of integrity and then have a process that manages this going forward, whatever you use to train and update your AI tool will produce output that is less than ideal."

Because pension funds are high-value targets for cyber-criminals... AI can play a meaningful role in security too.

Trustees may know their funds, but that doesn't mean they understand AI. "A curious individual who's read a few online articles about AI won't cut it," Ansari says. It's easy to spend money on AI and much harder to extract real value from it without the internal capability to identify which processes are worth automating and how to hold providers accountable for the outputs they generate.

Once the data is in reasonable shape and the fund has the right expertise, Ansari reckons AI can then be used to improve member communication and education.

Retirement-fund communication is often too generic to be applicable to everyone. "For some people, it will be too simple. For others, it will be very difficult to understand," Ansari says.

AI could help funds to use the information they already have and present it in ways better tailored to members' age, income, location or level of financial understanding. This could lead to better decision-making by members, while also giving the fund insights into the choices its members make.

Managing portfolio risk

AI can also help trustees to analyse the managers and data they already know more thoroughly, while broadening the range of managers and strategies they can assess.

Manager presentations are often delivered in the dense language of jargon that isn't exactly the everyday vocabulary of a board that may include union representatives, people with English as a second or third language, and employer nominees who aren't investment specialists.

"AI can transcribe those manager meetings," Ansari says. "It acts almost like a translator – interpreting financial metrics in a more meaningful and digestible way, and allowing you to evaluate more managers."

That's also really useful for trustees who may have full-time jobs, and would inform sharper, more structured questions for the people managing their members' money.

Another area where AI can help is portfolio risk. A retirement fund may appear diversified on the surface, for example, with assets spread across classes and geographies. But dig deeper, and there may be concentrations, correlations and factor exposures that trustees don't fully appreciate.

Ansari is quick to point out that this doesn't mean AI will automatically improve returns on its own, only that it can improve the process around investment decision-making by widening the manager-research universe, sharpening the questions trustees ask, and illuminating risks that a superficially diversified portfolio may be hiding.

Photo: https://www.consultancy-me.com/news/4407/rob-ansari-and-hussein-magdy-join-mercer-in-leadership-roles

Mercer's Rob Ansari... rubbish in, rubbish out

If a provider uses AI to cut costs dramatically, but continues charging fees as though the service were still delivered in the same labour-intensive way, trustees should ask where those savings are going.

For trustees, though, the question now becomes how to respond when an asset manager, consultant or administrator says it's using AI in its process.

Start with the integrity of the data, Ansari says. Where does the data come from, and how was it created? Some firms, he says, are not using AI to clean their own data but using AI to generate data from scratch and then training a second AI system on that output. "So your data set was built using an AI tool, and your second AI tool is being fed information which was purely AI-generated."

Then, ask how the firm is using AI. Not whether it's "AI-powered" in the marketing sense, but where in the actual decision-making chain the model sits. Governance is just as important: has the firm documented how the model works? Is the use of AI reflected in investment policy or process documents? And is there transparency from start to finish?

Testing and accuracy are also crucial, because firms won't always tell you where their AI model got it wrong.

And because pension funds are high-value targets for cyber-criminals – holding both significant financial assets and sensitive personal data – AI can play a meaningful role in security too, according to Nolwazi Hlophe, a senior fintech specialist at the FSCA.

Looking ahead, funds could use it to become better at spotting subtle fraudulent activity before it escalates, to automate compliance checks to keep funds on the right side of regulation, and, if integrated with blockchain, to create a more transparent and tamper-resistant record of fund transactions, she wrote in an article published by *EBnet*.

AI adoption expected to rise

Then it comes down to the age-old question of costs. If a provider uses AI to cut costs dramatically, but continues charging fees as though the service were still delivered in the same labour-intensive way, trustees should ask where those savings are going. If they're not being passed on, members may be paying too much on a net basis.

Still, widespread use is low, even in markets such as the UK. A 2025 survey by that country's Society of Pension Professionals found that 87% of pension professionals said their firms use AI, but 75% said it's currently limited to 1-5% of their services, with organisational nervousness cited as the biggest barrier to a wider rollout. That's poised to change: within a decade, the majority of those surveyed expect AI to feature in at least half their services.

Japan's Government Pension Investment Fund offers a glimpse of where things are headed. One of the world's largest asset owners, GPIF had too many external managers to evaluate properly, and too few internal experts to do it across a universe of more than 1 000 funds.

AI can help to summarise information, compare options, flag risks, rank possibilities and test assumptions. But it can't assume fiduciary responsibility.

It partnered with Sony Computer Science Laboratories to build an AI system that could analyse how each manager actually behaved – tracking investment style, detecting whether they were drifting from their mandate, and comparing managers against their own historical patterns. The result, documented in a December 2024 CFA Institute report on AI in pensions, was a more systematic, less subjective process that could also reach further, assessing a wider pool of managers, rather than defaulting to the familiar names that were simply easier to evaluate.

Still, machines will be machines, and Mercer's Ansari echoes the now-familiar line that AI will not replace humans, but humans who use AI may replace those who don't.

"Clients want to keep humans in the loop," he says. "They see the value of AI, but AI is one tool sitting alongside other tools to help them make final decisions."

Yes, AI can help to summarise information, compare options, flag risks, rank possibilities and test assumptions. But it can't assume fiduciary responsibility, and can't own and make decisions for a board of trustees. ■

An R88bn problem that a new fund can't solve

Centralising South Africa's unclaimed financial assets sounds like sensible housekeeping. But the people who deal with these funds every day are less sure it'll work.

By Vernon Wessels

Finance Minister Enoch Godongwana made the fix sound deceptively simple. Centralise the management and investment of more than R88bn in unclaimed financial assets – retirement benefits, bank accounts, investments and insurance payouts – through a central administrator, to lower costs, improve tracing and ensure that the benefits accrue to the people who own them.

On paper, that seems like long-overdue housekeeping. South Africa has been sitting on this pile of money for years. The Financial Sector Conduct Authority's (FSCA) 2022 discussion paper estimated that retirement benefits accounted for 53% of the total unclaimed benefits.

Collective investment schemes and life insurance made up a further 38%. More recent FSCA figures put unclaimed retirement benefits alone at more than R51bn, owed to more than 4.3 million members.

But the real question is no longer whether a central fund sounds like a great idea; it's whether the reform is being asked to do something it can't really do.

Henré Prinsloo, head of employee benefits at Momentum Corporate, argues that the problem has to be split into two: the old stock of long-outstanding unclaimed benefits, and the flow of new ones still coming into the system.

While a centralised structure may help to stop the next generation of missing benefits, he's far less persuaded that it'll make much difference to the old one. That's because the historic backlog isn't just an administrative problem; it's mainly a missing-data problem.

"Centralising the information isn't going to create new data," Prinsloo says. "It's not going to suddenly make it possible to find a person, their dependants, estate or beneficiaries, if the information simply doesn't exist."

If a fund never had a valid ID number, correct beneficiary nomination or workable contact details in the first place, moving the money into a new vehicle doesn't solve that. It just shifts the same information gap somewhere else.

The FSCA's own research points in the same direction. In the retirement-fund sector alone, it found 1 306 funds holding R47.2bn in unclaimed benefit assets for 4.45 million members and beneficiaries at the end of 2020. Among the top 20 retirement funds with the largest unclaimed balances, valid South African ID numbers existed in fewer than a quarter of cases.

The roots of that problem run deep. The FSCA says a large proportion of unclaimed retirement benefits can be traced back to poor records of workers in the manufacturing and mining sectors during the 1970s and 1980s, under the apartheid system of forced migrant labour – precisely the cases where people moved, names were inconsistently recorded, dependants were badly documented, and paper trails simply broke.

"In some cases, there weren't even copies of identity documents on file when people were employed," Prinsloo says. "So we're dealing with a problem that is partly unique to South Africa and may require a fairly unique solution."

That doesn't mean Treasury's proposal is misguided. It does mean it may be better at solving tomorrow's problem than yesterday's.

Prinsloo says there's already been real progress on newer benefits.

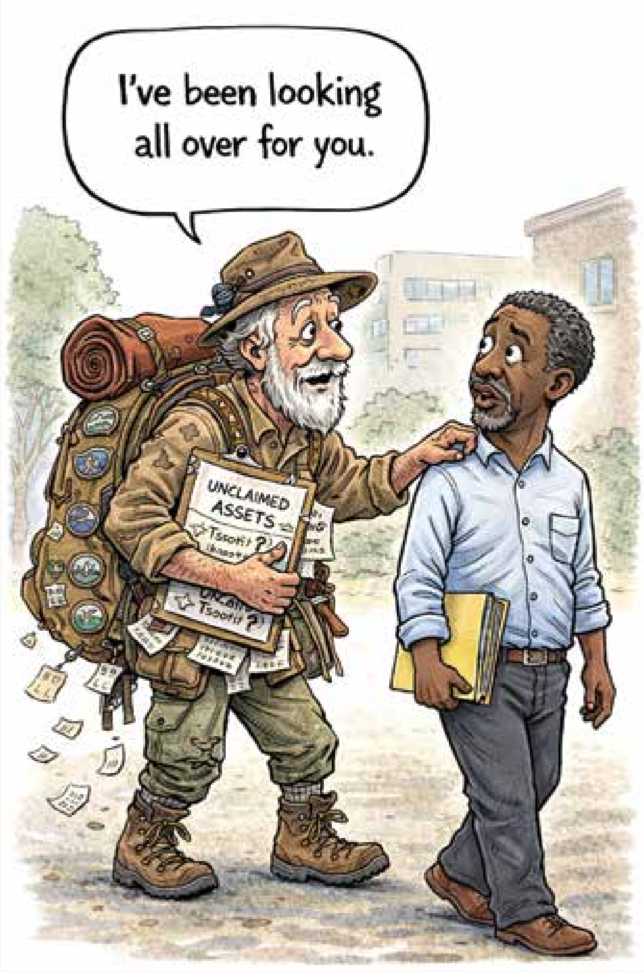
Administrators and funds now hold more detailed data, link into systems more effectively, and have much better tools to verify whether members are alive, deceased, married or divorced. In that context, "a centralised place does start to make sense", he says, because it could standardise tracing and create economies of scale.

Not so simple

Fiona Rollason, group head of legal at Alexforbes and a trustee of its unclaimed-benefit fund, broadly agrees. A central administrator "makes sense from the point of view of having all of the data in one place", so that information can be matched and enriched across providers. If Alexforbes, Momentum and Old Mutual each hold fragments of information about the same person, a single central repository offers a better chance of finding them.

But this is where the simplicity ends.

An unclaimed retirement benefit is not the same as a dormant bank account or an unclaimed dividend. "We're not dealing with apples and apples here – we're dealing with apples, strawberries and pears," Rollason says. The reform now reaches beyond the retirement-fund space to bring together different categories of unclaimed assets under different legal rules, tax treatment and operating models. It makes sense, in her view, to start with retirement funds: that is the part of the system with a statutory definition of an unclaimed benefit, existing processes and a more coherent framework.



The harder questions begin once the money is centralised.

Rollason says the three big unresolved issues are operations, governance and investments. On operations, the question is how a central system would work across categories that aren't naturally compatible. On governance, the concern is who controls a pot this large and under what legal structure. On investments, the challenge is that these funds aren't idle cash – they're already invested, often in complex, sometimes illiquid portfolios.

"You don't want to disinvest them all and then reinvest them," she says. "There's a cost implication. There's obviously a market implication."

Prinsloo takes the point further. If assets are liquidated into cash before transfer – one of the options raised in the FSCA paper – what happens when a beneficiary surfaces 25 years later and argues that their money would've been worth far more had it remained invested? "We wouldn't want to end up with something resembling the Road Accident Fund, where every claim becomes a protracted legal process," he says.

On governance, Rollason says a board of

trustees – including independent or professional trustees – subject to proper oversight and something akin to a Regulation 28 investment framework would be the sensible mechanism. Prinsloo raises a related concern: if the regulator is both overseeing the industry and involved in running the fund, it becomes both referee and player. The industry, he says, has already raised exactly that objection.

Rollason describes what the Alexforbes fund has already developed to manage the investment question: a "reverse life stage" process, in which recently unclaimed money is held conservatively for liquidity, while older assets migrate into longer-term investments, such as infrastructure. When the FSCA last reviewed it, she says, it found was the only one doing this. Whether a central fund could replicate that nuance across hundreds of different portfolios is an open question.

Alexforbes's Fiona Rollason... the three big unresolved issues are operations, governance and investments

The ESG pull

There's a broader tension, too. The FSCA has proposed that some portion of unclaimed assets – where owners are genuinely unlikely ever to be found – could be directed towards social, environmental or developmental purposes. Both experts see logic in this.

Prinsloo notes that, in a capital-scarce country, money growing less likely to be claimed by the day could "certainly be used for some social good". But he's careful: the legal entitlement of beneficiaries persists in perpetuity, which means any scheme that puts the money to work elsewhere would still need sound reserves, clear rules and watertight governance.

The idea of letting it flow into the National Revenue Fund drew little support during the FSCA's consultation, precisely because money has a way of disappearing into a much larger revenue pool.

Prinsloo also flags a risk that Godongwana's announcement may inadvertently create. If current industry players assume this will soon be someone else's problem, they may slow their own tracing efforts in the meantime. The FSCA's own data show that, while the value of unclaimed assets has continued to rise, the number of members with unclaimed retirement benefits has actually fallen in recent years – largely due to tracing. The current system, for all its flaws, isn't standing still.

The reform isn't moving quickly either. Treasury first floated a central fund for unclaimed retirement benefits in its 2004 retirement reform discussion paper, and the FSCA notes that formal proposed amendments followed only in 2020. Some proposals in this space have been on the table for decades. Prinsloo's reading of the announcement in the budget is that it was primarily a signal – confirmation that this remains the plan, rather than evidence of dramatic acceleration.

"Getting going is probably better than waiting until every single detail is solved," he says. Then he adds the caveat that has run through the debate from the beginning: "The devil is really in the detail."

Treasury may be able to build a more coherent home for unclaimed assets. What it can't do is pretend that centralisation alone will recover what the system has already lost.

In the meantime, Prinsloo says, that money should at least be used carefully and purposefully. "I'm really hoping we're able to collectively solve the problem and get monies flowing either to the rightful beneficiaries," he says, "or at least into something that can uplift communities." ■

The oil shock South Africa couldn't afford has arrived

Alpine Macro's warning on oil is extreme, but the broader risk is clear: a prolonged Gulf conflict could lift South African inflation, delay rate cuts and hit local markets.

By Justin Brown

South Africa has almost no buffer against an oil shock. The country imports nearly all of its crude, which means any sustained surge in prices hits it twice: first through the fuel pump, then through inflation, the rand and interest rates. What the war in Iran has done is turn a theoretical vulnerability into a live test.

The most extreme illustration of that risk comes from Alpine Macro. In a note released at the end of March, the Montreal-based global investment research firm warned that, if the war drags on for too long, crude could spike to $200 a barrel. This isn't its base case, but it's the sort of scenario Alpine believes markets are still too relaxed about.

The South African Reserve Bank (SARB) has mapped out what an even a less dramatic shock would mean. At its latest Monetary Policy Committee briefing, it sketched out two possibilities, one in a world in which oil is near $100, a weaker rand and inflation above 4% could force one rate hike this year. Under a more severe set of assumptions, where the conflict drags on and inflation rises above 5%, several more hikes could be needed.

Alpine believes investors are still underestimating both the duration of the conflict and the damage that attacks on energy infrastructure or shipping routes could do to prices and sentiment. In its telling, wartime market panic tends to arrive late, not early: investors assume the fighting will be brief, then reprice sharply once

JP Morgan's Tai Hui... important to remain rational they realise the conflict may be open-ended.

The major global asset managers have moved in the same direction, if more cautiously. BlackRock's Investment Institute said on 2 March that the ultimate market impact "hinges on the duration of the conflict and physical impairment to energy flows", and treated the episode primarily as a volatility shock rather than a reason for indiscriminate de-risking.

By 23 March, however, the world's largest asset manager had shifted to a more cautious tone, saying energy markets were now pricing in a prolonged disruption, and that the energy shock had further weakened the case for rate cuts this year.

JP Morgan Asset Management has taken a similar line, though it urges investors to stay calm. "It's important to remain rational during this period of geopolitical volatility, especially as sentiment is easily influenced by news flows," said Tai Hui, the firm's chief market strategist for Asia Pacific.

"The beginning of the end of this conflict, when it comes, could see a robust recovery that could be difficult to time, which requires investors to stay invested."

He argues that, while increasing exposure to fixed income and defensive sectors during periods of high volatility can make sense, "eliminating risk exposure altogether by holding too much cash" could result in underperformance when markets recover.

Sahil Mahtani, a director of Ninety One's Investment Institute, argues that the key question is whether it disrupts the physical flow of oil sufficiently to raise prices, and hit households and businesses around the world.

Stanlib Asset Management warns that higher oil prices could push out or even reverse rate-cut expectations. PSG's daily updates through March landed in much the same place: rising energy prices, weaker risk appetite and mounting stagflation risk.

Whether Brent ever reaches $200 or not, the market is already being forced to confront a reality that matters hugely for South Africa: you don't need the worst-case scenario to have a problem.

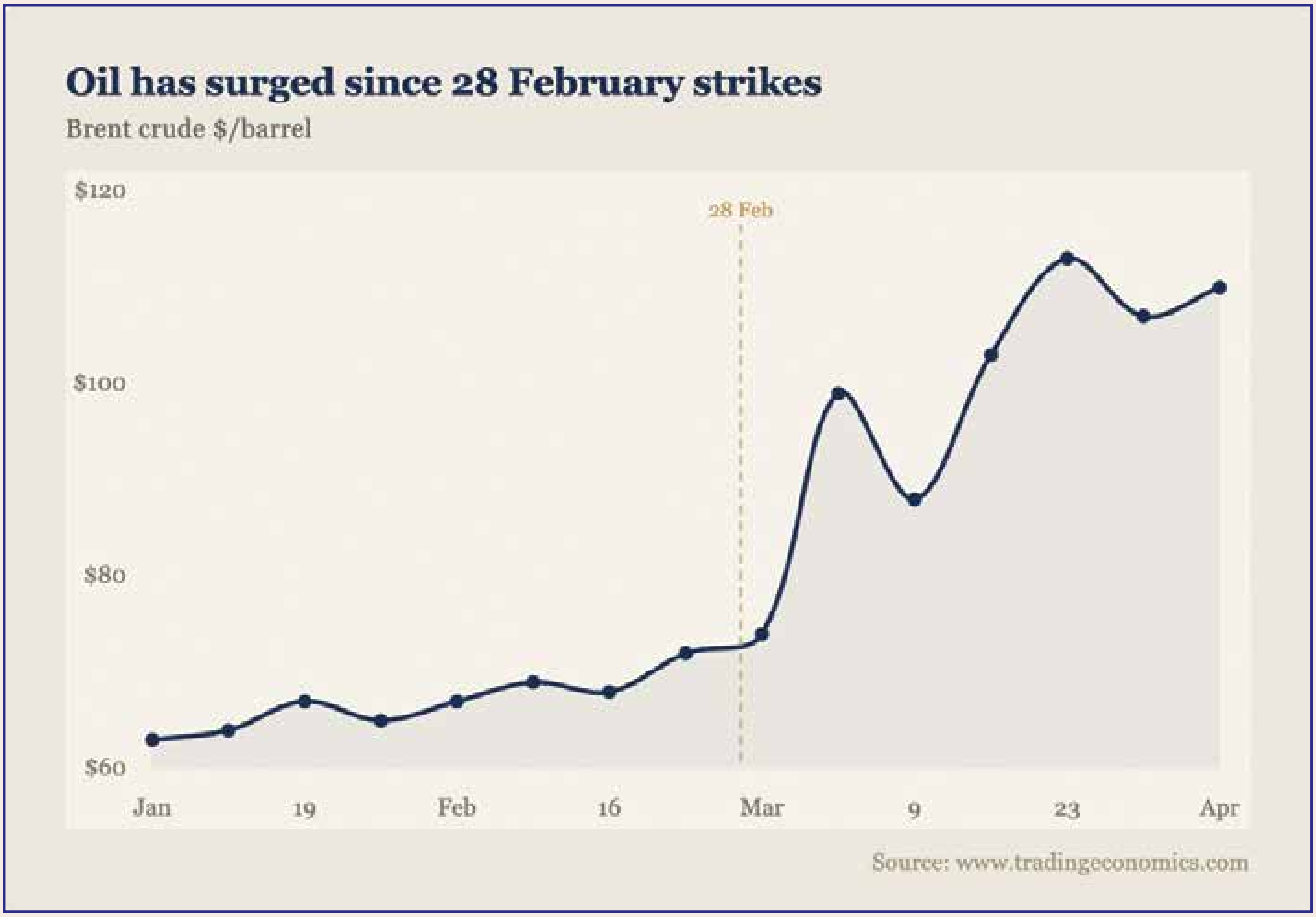
Ninety One's Sahil Mahtani… key question is whether the war disrupts the physical flow of oil sufficiently to raise prices

Philip Robotham, head of South Africa at Schroders, ties the oil shock directly to stagflation. "As the days tick by, risks of a stagflationary environment – where low growth and high inflation coincide – are increasing," he wrote on 28 March.

In his view, oil at around $90 a barrel already begins to "significantly alter the calculus on inflation", and the longer prices stay elevated, "the bigger the impact on inflation and the squeeze on households".

Robotham argues that, as stagflation risk rises, government bonds "look vulnerable", corporate credit spreads remain tight, and investors need to think more carefully about regional equity exposure, with the US likely to prove more resilient to an energy shock than Europe or Asia.

His broader message is that the task is not to predict a single outcome, but to allocate capital



in a way that is robust across a wider range of possibilities.

That vulnerability is already visible in local markets. The FTSE/JSE All Share index fell 13% in March, its worst month since September 2008, after a double hit from the Iran war and plunging mining-sector valuations. The precious metals and mining sector, which makes up roughly a quarter of the index, had tumbled 27% since the conflict began, wiping out this year's gains.

More domestically exposed sectors – construction, retailers and banks – were also down sharply, as investors began to price in the possibility that higher oil prices will feed inflation and keep interest rates higher for longer. Even so, by the end of March, the All-Share index was still about 30% higher than it was a year earlier.

The rand has weakened from below R16/$ before the conflict erupted to around R17.20/$, amplifying the shock across transport costs, logistics, food prices and household budgets.

The SARB may prefer to look past temporary supply shocks, but that becomes much harder if the crisis endures, inflation expectations rise, and the rand remains under pressure. It must be remembered, though, that a year ago, the rand was trading at around R18.30/$.

The bond market has also felt the shockwave. After falling below 7.9% in February – the lowest in 11 years – yields on 10-year South African bonds have since jumped to around 9.26%. The market is pricing in at least three rate hikes by the SARB by the end of the year.

For trustees, the question isn't only how markets are moving, but how to respond when they move sharply.

Schroders's Philip Robotham... risks of a stagflationary environment are increasing

Momentum Corporate's Hugh Hacking... no such thing as a perfectly safe asset

For trustees, the question is not only how markets are moving, but how to respond when they move sharply.

Hugh Hacking, executive of structured investments and annuities at Momentum Corporate, is less interested in the exact peak in Brent than in how investors – and, by extension, trustees – behave when headlines turn frightening.

"The most successful investors aren't those with the fastest fingers, but those with the clearest rules," he wrote on 25 March.

"There is no such thing as a perfectly safe asset," he said. "Companies can fail, governments can default on bonds, and even cash loses its value as inflation erodes purchasing power. The most effective way to mitigate these risks is through a balanced, diversified portfolio."

It's advice that trustees can apply just as readily as retail investors. "When investors panic and switch to cash during a market fall, they do something dangerous: they permanently lock in their losses."

The horizon also matters. If a scheme's liabilities are short-term, a violent oil shock and a jump in volatility matter immediately, and liquidity and capital protection take precedence. But where the horizon is long-term, Hacking warns that "your greatest enemy isn't volatility; it's inflation".

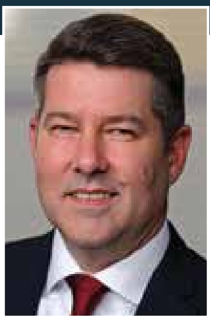
So, whether Brent ever reaches $200 or not, the market is already being forced to confront a reality that matters hugely for South Africa: you don't need the worst-case scenario to have a problem.

You just need the shock to last longer than expected. By the end of March, Brent crude had already topped $120 per barrel, up from around $67 before the conflict began.

Old Mutual Wealth investment strategist Izak Odendaal, writing in a note on 30 March, puts it this way: the folly of predictions, he argues, is closely linked to overconfidence.

"The Trump administration apparently failed to understand that the situation would escalate to this extent, even though geopolitical analysts have fretted over the closure of the Strait of Hormuz for decades," he says. "Iran's actions were predictable. What happens next is not."

The R4 trillion gap that will define South Africa's future



South Africa's growth story isn't contained in conference rooms or policy papers. While these are a necessary beginning, action is at last materialising in the building of substations, solar plants, ports and logistics corridors, write Marisa Bester, COO of Infrastructure Investments, and Johan Marnewick, Head of Fixed Income Private Markets, at STANLIB Asset Management.

Infrastructure investment is fast becoming one of the country's most important economic levers, because it literally builds economies.

According to the 2026/2027 National Budget, South Africa's public sector will spend R1.07 trillion on infrastructure. This will be spread across the three spheres of government, public entities and state-owned entities.

The need is urgent. South Africa has experienced consistent underinvestment in infrastructure for three decades, with only a brief spike around the 2010 World Cup. The result is an estimated R4 trillion funding gap, a figure so large it's almost impossible to conceptualise, and certainly impossible to close without drawing in every available source of capital, from private markets to retirement funds and offshore investors.

A structural constraint in the domestic financial system is that local capital markets are relatively shallow and concentrated, compared to developed economies. Deepening capital markets isn't merely a financial ambition; it's a developmental imperative.

Infrastructure is becoming increasingly investable

There's a false, lingering perception that infrastructure is primarily a public-sector responsibility and somehow not commercially investable. In fact, investments into infrastructure equity and debt provide an alternative asset class that generates stable, long-term returns, and suit patient investors.

Revised Regulation 28 limits and blended finance models make it possible for retirement funds to participate meaningfully in infrastructure projects, without sacrificing returns or governance standards. The myth that infrastructure is "too risky and illiquid" ignores the fact that structured solutions and private credit strategies are already mitigating these concerns.

A key theme is how private equity and private credit work together in funding large projects. Meaningful infrastructure development requires both.

Private equity drives long-term transformation: the just energy transition, inclusive growth and governance upgrades. It aligns with Regulation 28 incentives for infrastructure allocations.

Similarly, private credit benefits from the Regulation 28 incentives and is increasingly filling the funding gap for projects, where banking regulations are making these projects less appealing to banks. It supports mezzanine structures that blend debt and equity for flexibility. Private credit is attractive for retirement funds seeking yield and diversification.

Equity investors typically take an active, long-term governance role, while credit provides the scale of funding required to make projects viable. In many renewable-energy projects, equity may account for only 10% to 20% of the capital stack. Debt provides by far the larger portion. The partnership between equity and credit forms a powerful engine for capital deployment.

Beyond financial returns to measurable impact

A typical project financed through private equity and debt infrastructure funds in South Africa would be a solar plant of about 100MW in a remote location. Its benefits extend far beyond megawatts generated or emissions avoided. They include improved access to electricity, community-development programmes, early-childhood playgroups, meals, bursary schemes and skills training. Infrastructure can alter life trajectories in ways that aren't always captured in spreadsheets.

The alignment is natural. For the country, the need is to plug a multi-trillion-rand shortfall in infrastructure spending. Government initiatives (Infrastructure SA) aim to crowd in private capital. Retirement funds, which control about R4.6 trillion in assets, can unlock significant funding to achieve these national goals, by making even modest allocations from this pool of savings. For pension funds, the need is to match long-dated liabilities and create predictable cash flows spread over extended periods. Infrastructure assets offer precisely that profile.

Infrastructure offers low correlation with listed equities and bonds, reducing portfolio volatility and improving resilience during market shocks. Infrastructure revenues often escalate with inflation, protecting real returns in high-CPI environments, because core infrastructure assets, such as toll roads and utilities, are often underpinned by long-term contracts or regulated tariffs. Essential services (energy, transport, water) remain in demand regardless of economic cycles, making infrastructure resilient during downturns.

But there's also a second-order benefit: retirees depend on the health of the economy in which they live. Investing in infrastructure strengthens that foundation.

By directing capital into real assets that provide essential services to the economy, infrastructure investment becomes far more significant than a financial exercise – it becomes tangible nation-building.

How the Sanlam-Ninety One deal is reshaping asset management

The tie-up is more than a big transaction; it may accelerate consolidation, redraw the boundary between insurers and investment managers, and raise new governance questions for trustees.

By Justin Brown

When the South African leg of the Sanlam-Ninety One deal closed in February, the question shifted from whether it could be done to whether it would work, whether being more focused actually benefits clients, and whether other insurers would follow.

The companies first announced in November 2024 that Ninety One would acquire Sanlam Investment Management (SIM) and enter into a 15-year strategic relationship under which it would manage about R400bn of Sanlam's actively managed assets.

M&G Investments equity analyst Rudi de Cöning says the deal reflects the pressure managers in the sector face to grow their assets under management. For Sanlam and Ninety One, it positions "both companies to leverage their respective strengths more effectively".

Sanlam wants to focus on areas where it believes it has more of an edge, including product distribution, private wealth, multi-management, alternatives, and index-tracking businesses such as Satrix. It also simplifies its investment-

Sanlam Investments' Carl Roothman... building portfolios that are more resilient under pressure

management business and gives clients access to Ninety One's broader investment capability, including offshore solutions.

For South Africa's largest money manager,

M&G Investments' Rudi de Cöning… leveraging respective strengths more effectively
Sanlam Investments' Carl Roothman… building portfolios that are more resilient under pressure

the transaction means a bump in assets, the opportunity to reap additional fees, more skills, and access to Sanlam's strong distribution network, a meaningful advantage in an industry where strong performance alone rarely drives growth.

Carl Roothman, CEO of Sanlam Investments, has described the partnership as strengthening the "building blocks" the group uses in its multi-managed, private-client and structured solutions, with the aim of building portfolios that are more "resilient" under pressure. In return, Sanlam received a stake of about 12.5% in Ninety One.

The deal goes beyond just Sanlam and Ninety One, De Cöning tells *Today's Trustee*. It's also a sign that some large insurers may no longer think they need to keep big in-house active teams, and potentially points to where the industry may be headed.

Instead of every insurer trying to maintain its own full active-management operation, some may decide to specialise – one party keeping the client relationships, and product creation and structuring, while another runs the money, as in the case of the Sanlam-Ninety One tie-up.

Asset managers around the world have been under pressure for years, squeezed by falling fees, the rise of passive investing (which makes it cheaper for investors to buy products that simply track a basket of shares), and clients who are more cost-conscious than ever. It's become harder for smaller or mid-sized active managers to compete, unless they have standout long-term performance or real scale. That helps to explain why consolidation has become such a dominant theme – bigger managers can spread their costs across a larger asset base, invest more in systems and research, and hold onto staff more easily.

Sanlam-Ninety One fits into a broader global trend in which insurers are rethinking whether they still need to run active investment teams in-house. Some, such as Apollo and KKR, have gone as far as to buy insurers outright, to gain access to long-term pools of capital. Others have opted for looser partnerships. Sanlam's deal with Ninety One sits somewhere in the middle: not a full merger, but a long-term stake-and-mandate relationship that gives Ninety One assets and distribution, while allowing Sanlam to focus on the parts of the investment chain where it believes it has more of an edge.

The deal potentially points to where the industry may be headed: instead of every insurer trying to maintain its own full active-management operation, some may decide to specialise.

In January 2025, US insurer Northwestern Mutual agreed to take a stake in alternative manager Sixth Street, which will manage $13bn of the insurer's assets in private credit strategies. Later that year, Japanese insurer MS&AD acquired an 18% stake in global asset manager Barings, and expanded Barings's role in managing part of its general investment account.

Overall, the deal between the two South African giants is well-considered, says De Cöning.

Photo: https://www.facebook.com/Batseta/videos/anne-maries-anniversary/448859689505058/

Batseta's Anne-Marie D'Alton... key considerations remain strong governance, appropriate oversight and alignment with the best interests of retirement-fund members

"It reflects the industry's growth challenge(s), while positioning both companies to leverage their respective strengths more effectively over time."

The market impact

The transaction will help to extend Ninety One's lead in the asset-management space, albeit not enough to trigger any major anti-trust concerns. Still, while the Competition Tribunal approved the merger in September, it came with conditions.

According to estimates by the Competition Commission, which relied on the Alexforbes Manager Watch Annual Survey and submissions from market participants, adding Sanlam's assets gives the merged entity 18.51% of the broad market for traditional single-manager active asset management, an increase of five percentage points. Its share of the institutional market increases by 4.47 percentage points to 17.61%, and of the retail market by 5.73 percentage points to 23.06%.

Those figures didn't raise any alarm bells for the competition authorities. About 28% of the assets being transferred were already Sanlam's own money and would've stayed in-house one way or another, while the remaining 72% belonged to outside clients who are "not forced to continue using Ninety One" and faced "no substantial switching costs and/or penalties".

The long-term stake-and-mandate relationship gives Ninety One assets and distribution, while allowing Sanlam to focus on the parts of the investment chain where it believes it has more of an edge.

But some parties expressed concerns about how Sanlam and Ninety One might behave once the partnership kicks in.

These included whether sensitive commercial information could be shared between the two groups, or whether Sanlam might receive preferential treatment when new products or opportunities arose in the future. The firm responded by offering safeguards around confidentiality, information-sharing and competition law. The Tribunal recorded that third parties who'd raised those fears had been contacted on those remedies, had no further submissions and didn't take part in the proceedings.

There were also labour concerns. One complaint from a company whose name was redacted in public documents outlining the reasons for the Tribunal's decision, and the Black Business Council, raised questions about job losses and the risk that some functions could move offshore.

The Public Investment Corporation, which said it made submissions to the Competition Commission, declined to comment publicly on the transaction when contacted by *Today's Trustee*.

Sanlam and Ninety One said they'd reviewed the shared-services support used by SIM and found that about 75 of 288 shared-services positions were tied to that business. Of those 75, about 50 were technical or senior-management

Asset Management Research Institute's Muitheri Wahome... most challenging aspect of the deal lies in its execution

roles, and roughly 20-25 people might have to be retrenched. The Tribunal said those affected were mainly senior specialists and executives who were likely to find other work.

Fears that the deal would make it harder for smaller black-owned and managed firms to compete with the combined group's scale were also addressed. To stop the deal from shutting out smaller and black-owned rivals, the Tribunal required Sanlam to keep its distribution network open to third-party managers. In other words, Sanlam couldn't turn its adviser and investment-platform network into an exclusive shop window for Ninety One products; smaller rivals had to retain access to the network, and the ability to market their funds and financial products through it.

What trustees should watch now

For trustees, the most useful way to think about the deal is not to ask whether it's good or bad. The better question is what needs closer oversight now that the structure has changed – even though clients aren't locked in. This includes measuring, over time, whether concentrating more assets in fewer hands actually improves outcomes for members.

Anne-Marie D'Alton, CEO of the retirement-industry body Batseta, says the organisation has taken a close interest in the deal.

"We note that this reflects broader trends in the retirement-fund industry, including increasing specialisation, strategic partnerships, and a continued focus on scale, capability and member outcomes," she says. The key considerations remain strong governance, appropriate oversight and alignment with the best interests of retirement-fund members, D'Alton adds.

For members of the Sanlam Umbrella Pension and Provident Funds, Sanlam has said that changes are limited. Fees haven't changed, investment mandates haven't changed, and risk profiles remain the same.

The main visible shift is branding: SIM portfolios are being rebranded under the Ninety One label during the second half of the year. Sanlam remains the main point of contact for consultants and employers, and its governance and service models are unchanged.

Asset Management Research Institute chief executive and founder Muitheri Wahome told *Today's Trustee* that, internationally, the trend in the financial-services and investment industry was towards greater consolidation, with firms focusing on their areas of strength.

"In the case of Sanlam, strong distribution, index business and multi-management. That makes a lot of sense. In addition, they participate in businesses recognised as leaders," she said, adding that a key aspect of the deal for Ninety One is access to Sanlam's distribution network and platform, which is crucial to achieving growth, given South Africa's low levels of economic activity.

Wahome said the most challenging aspect of the deal lay in its execution.

If Sanlam's move leads to better investment outcomes, a cleaner business model and stronger economics, it may not be long before other insurers decide they would rather focus on distribution and product design than on running large in-house active teams.

If that happens, this will be remembered as more than one big deal. It'll be seen as the moment the shape of South Africa's active asset-management space started to change. ■

What hedge funds can do for your pension

Amplify and Novare say hedge funds are losing the 'Wolf of Wall Street' mystique as investors use them less to chase fireworks than to survive them.

By Tim Cohen

South African hedge funds are going through an oddly grown-up reinvention. For years, they carried the aura of financial theatre: exotic strategies, mysterious shorts, and just enough leverage to make ordinary investors picture braces, shouting and bonus-season madness.

Now, increasingly, they're being sold not as sports cars, but as shock absorbers – tools for retirees, living-annuity investors and cautious allocators trying to avoid being flung through the windscreen every time markets hit a pothole.

That's the picture painted by Wade Witbooi, managing director of Amplify Investment Partners, who says the client conversation has shifted decisively. Where hedge funds were once associated with "super returns" and the "Wolf of Wall Street" mythology, they're now increasingly being discussed in the language of portfolio construction, drawdown control and smoother outcomes, especially for post-retirement clients.

In Witbooi's telling, the category has moved from excitement to utility – from return-chasing accessory to risk-management component.

Where hedge funds were once associated with 'super returns', they're now increasingly being discussed in the language of portfolio construction, drawdown control and smoother outcomes, especially for post-retirement clients.

Kwazi Mbhele, portfolio manager for a fund of hedge funds at Novare, makes much the same point, arguing that the local industry looks nothing like its Hollywood caricature.

In his view, South African hedge funds have become standardised, unitised and tightly regulated, particularly since the post-2015 regulatory framework opened the door to broader access through platforms. The result, he says, is that "the profile of the hedge-fund investor is changing" as these products become more mainstream.

The numbers suggest this isn't merely clever marketing. According to the Association for

Savings and Investment South Africa (Asisa), the hedge-fund industry ended 2025 with assets under management of R216bn, a 17% increase from R185bn at the end of 2024, with assets spread across 219 funds managed by 13 companies. The industry delivered a median return of 15.07% in 2025.

More significantly, retail hedge funds recorded R9.1bn in net inflows for the year, while qualified-investor funds, which include professionals, saw R4.3bn flow out – a historic shift that saw retail funds overtake their institutional counterparts in total assets for the first time. Multi-strategy funds attracted the strongest new money, drawing R8.6bn across retail and qualified-investor categories combined.

Search for diversification

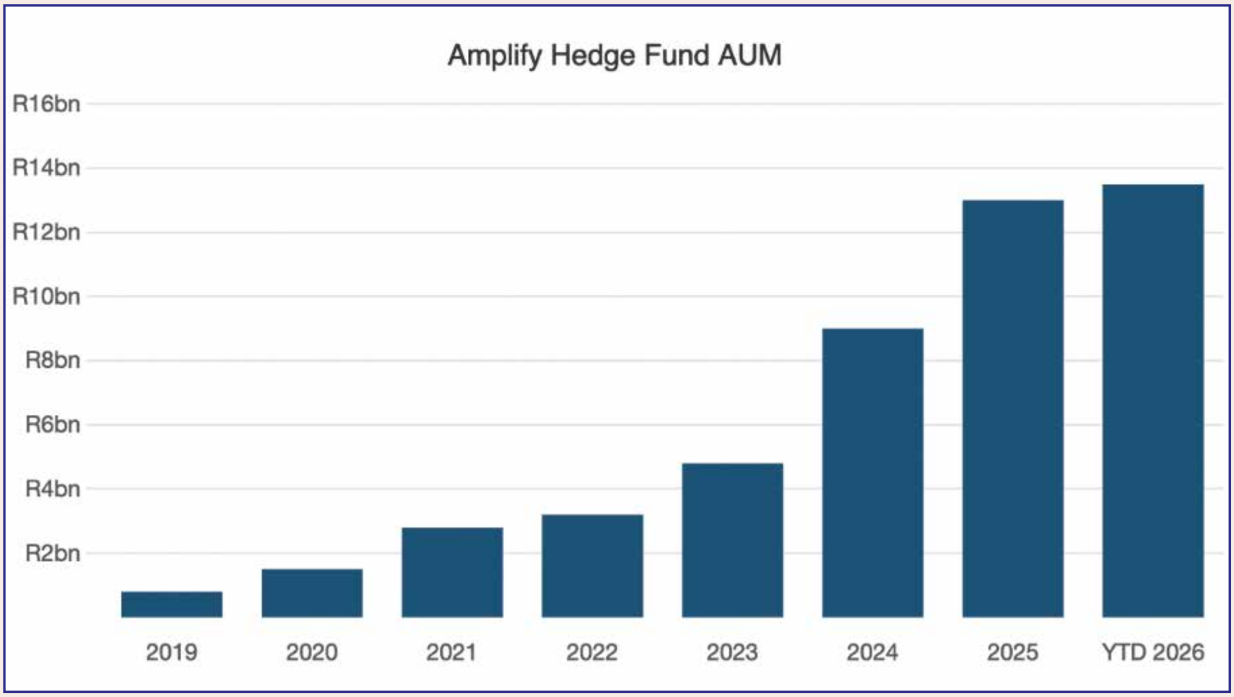
Regulation has helped to accelerate that shift. Changes to Regulation 28, which governs retirement-fund allocations, now permit up to 10% of a retirement fund to be invested in hedge funds, with up to 5% in a fund of hedge funds – double the limit for a single hedge fund. That's opened a meaningful new channel, particularly for living-annuity clients managing sequence risk, where a sharp early drawdown can permanently impair long-term income.

The argument for diversification has become another major driver of demand, especially given the composition of the Johannesburg Stock Exchange. Gold and platinum counters now account for roughly 30% of the local index – a concentration that leaves index-hugging portfolios exposed to commodity price moves driven by a thin spot market. The arithmetic of recovery makes the case for protection starkly: losing a third of your capital means you need a 50% gain just to break even – exactly the problem hedge funds are designed to address.

There's a global echo, too. Reuters reported in January that a Bank of America survey found that more than half of fund investors plan to increase hedge-fund allocations in 2026, while the industry had grown to roughly $5-trillion by the third quarter of 2025.

Goldman Sachs, citing its own allocator survey, said more than 90% of allocators felt hedge-fund portfolios met or exceeded expectations in 2025, with the strongest demand for strategies less correlated to traditional assets. South Africa is participating in a broader search for diversification in a world that keeps finding new ways to become unstable.

What Novare's Mbhele adds is a useful distinction often lost in the public imagination: hedge funds aren't all trying to "shoot the lights



out". Some are explicitly built to preserve capital and protect on the downside; others are what he calls "return enhancers", where investors accept deeper drawdowns in exchange for more upside.

That, he says, is why Novare's multi-manager process blends different strategies and risk profiles, rather than making one heroic bet. His cricket metaphor is wonderfully unglamorous: "We're not gonna go for the sixes and the fours … we're just gonna go for the singles." That may not sound like the stuff of cinema, but it's exactly the kind of sentence a retiree wants to hear.

The range of strategies used reflects how far the industry has evolved. Long-short equity funds take positions on relative performance between stocks. Market-neutral strategies aim to deliver returns regardless of market direction – useful when the question of who occupies the White House matters more than any individual company's fundamentals.

Fixed-income and commodity-focused strategies add another layer of diversification. The most sophisticated allocators blend several of these, using the low correlation between strategies to smooth the overall return profile and dampen volatility.

Return targets vary significantly by strategy and mandate, with some funds targeting nominal returns of 15%-20% per annum after fees, while more capital-preservation-oriented products target CPI-plus-five over a cycle.

The current environment makes the downside-protection argument particularly compelling. Geopolitical uncertainty – from flip-flops in US trade policy to the Iran conflict and its impact on oil prices and Strait of Hormuz shipping – has made tail-risk management a live concern rather than a theoretical one.

Experienced practitioners note that downside protection, particularly through local index put options, is currently relatively affordable, despite recent market rallies, making this an attractive moment for adding that protection to a portfolio. Gold, by contrast, has become more positively correlated with equities than it used to be, reducing its traditional hedging value and pushing allocators towards more targeted instruments.

Mbhele notes that, in periods of geopolitical shock and inflation anxiety, the basic purpose of hedging reasserts itself: mitigating risk when markets stop behaving politely.

In periods of geopolitical shock and inflation anxiety, the basic purpose of hedging reasserts itself: mitigating risk when markets stop behaving politely.

Novare's Kwazi Mbhele... the profile of the hedge-fund investor is changing

Photo: https://www.amplify.co.za/our-team/

Amplify's Wade Witbooi... the category has moved from excitement to utility

He's careful to stress that manager skill still matters, and that some funds will be better built than others for such moments. But the core idea is straightforward: when investors worry about tariffs, oil, inflation and abrupt reversals in market leadership, products designed with downside protection in mind start to look less exotic and more sensible.

For Amplify, this has translated into rapid growth. The firm says it now has 10 retail hedge funds, and had more than R80bn in gross assets under management at the end of last year, with hedge-fund assets rising from about R5bn two years ago to roughly R13.5bn.

Witbooi argues that regulation has acted both as a constraint and as a seal of legitimacy. Regulation 28 limits how much retirement funds can allocate, but outside those constraints – especially in post-retirement portfolios – hedge funds are increasingly treated as normal building blocks rather than speculative side bets.

Mbhele also points to an intriguing South African wrinkle. Internationally, he says, hedge-fund investing remains mostly institutional and "old-school money".

Locally, by contrast, regulation and platform access have helped retail participation to move faster, even if pension-fund allocations still lag the global aggregate. That leaves South Africa in an unusual position: a market where hedge funds are becoming democratised before they're fully normalised.

The hedge-fund industry ended 2025 with assets under management of R216bn, a 17% increase from R185bn at the end of 2024, with assets spread across 219 funds managed by 13 companies – Asisa.

So, the real story is not that hedge funds have become boring; it's that they're becoming boring in exactly the right way. The mythology is fading; the plumbing is taking over. And in finance, as in retirement, that's often the moment when a product truly comes of age.