VERSO®

Umbrella Retirement Provident Fund

ANNUAL REPORT

For the period 1 July 2024 – 30 June 2025

CHAIRPERSON REPORT

It is my pleasure to present the Annual Report of the Verso Umbrella Retirement Provident Fund ("the Fund") for the financial year ended 30 June 2025.

The 2024/2025 financial year was a significant milestone for the Fund. The most significant development was the successful consolidation of the Verso Umbrella Retirement Pension Fund into the Provident Fund, effective 1 July 2024. This strategic decision, taken by the Board of Trustees in the best interests of members, has streamlined governance structures, reduced duplication of regulatory and operational expenses, and enhanced overall operational efficiency.

The year was also marked by continued global market volatility, geopolitical uncertainty and shifting interest rate cycles. Despite these external pressures, the Fund's investment portfolios demonstrated resilience and delivered competitive returns relative to their stated objectives.

The Board remained focused on strengthening governance, practices, enhancing compliance oversight and improving administrative efficiencies to serve the long-term retirement interests of its members.

The Board is satisfied that the Fund remains financially sound, well governed and appropriately positioned to serve the long-term retirement interests of its members.

On behalf of the Board, I would like to thank our service providers, consultants and fellow Trustees for their dedication during the year.

Ms W Parker
Chairperson

PRINCIPAL OFFICER'S REPORT

The 2024/2025 year represented a period of operational consolidation and refinement.

Following the transfer of Pension Fund members into the Provident Fund effective 1 July 2024, the administrative focus shifted toward ensuring seamless integration, finalisation of outstanding Pension Fund matters, and maintaining uninterrupted service delivery to members.

The Two-Pot Retirement System came into effect on 1 September 2024, which created additional administration activity. This required the strengthening of internal controls and oversight.

Enhanced reporting processes were implemented during the year, including:

- Monthly Section 13A (payment of contributions by participating employers) compliance reporting to the Principal Officer;
- Improved exception reporting against service level agreements.

The Fund continues to prioritise regulatory compliance, governance best practice and stakeholder communication.

The Fund remains operationally stable, with assets under management of R2 500 847 253 as at 30 June 2025.

Ms M De Jager
Principal Officer

FUND OVERVIEW

TOTAL MEMBERS:

13 408

ASSETS UNDER MANAGEMENT:

R2 500 847 253
(excludes bank accounts)

The Fund remains financially stable and continues to grow in scale following the consolidation.

"Anyone who thinks they're too small to make a difference has never met the honeybee."

CONSOLIDATION OF THE FUNDS

Effective 1 July 2024, the Verso Umbrella Retirement Pension Fund was consolidated into the Verso Umbrella Retirement Provident Fund.

The Pension Fund and Provident Fund previously operated as separate legal entities, each incurring separate regulatory and operational expenses. The consolidation was undertaken to:

01 Streamline governance structures;

02 Reduce duplication of audit, regulatory and governance costs;

03 Enhance administrative efficiency;

04 Improve long-term member value through cost savings.

Pension Fund members were successfully transferred to the Provident Fund.

Limited residual balances remain in the Pension Fund in respect of outstanding claims and paid-up benefits, and these are being finalised as part of the wind-up process.

GOVERNANCE AND COMPLIANCE

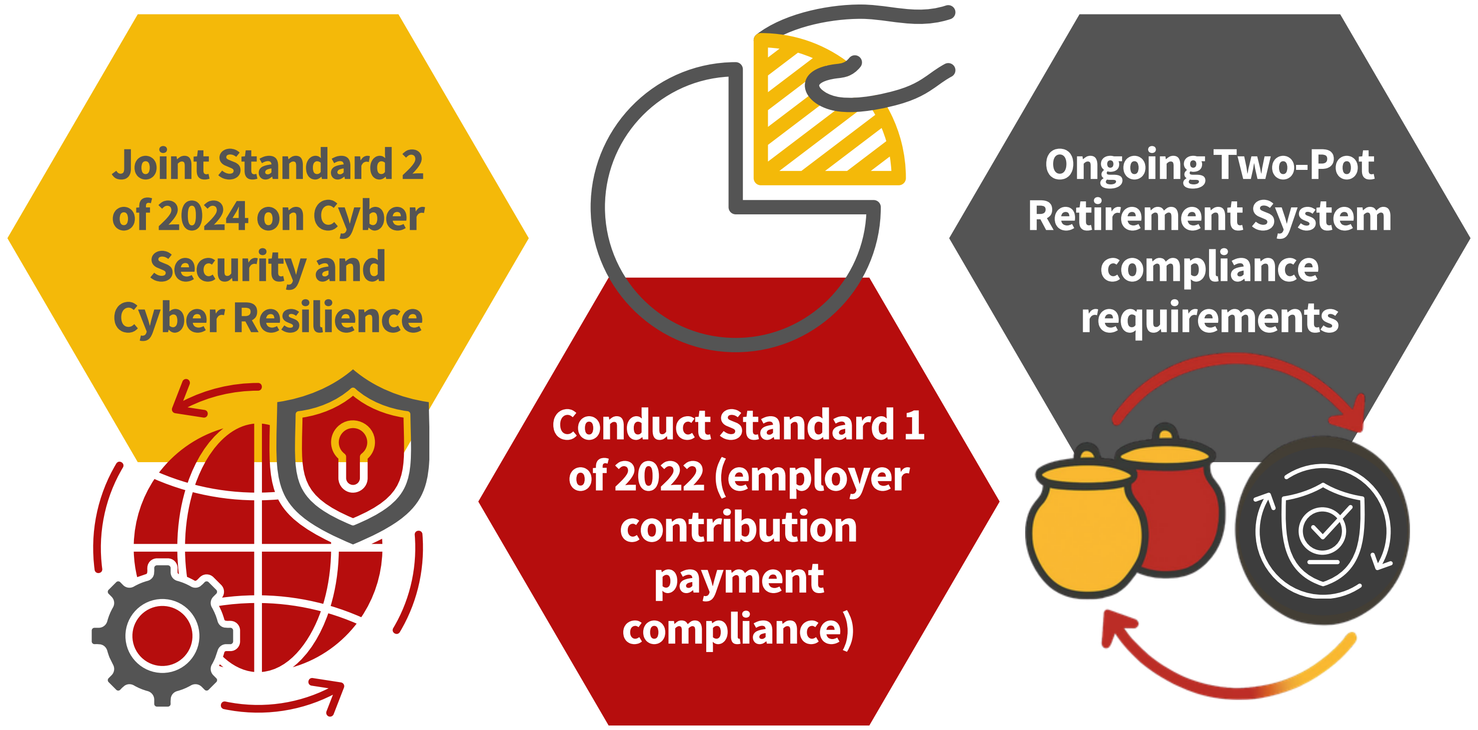
The Board of Trustees consists of independent and sponsor-appointed trustees in accordance with the Fund Rules and the requirements of the Pension Funds Act.

The Board met regularly during the year and maintained oversight of:

- Investment performance and strategy;
- Regulatory compliance;
- Employer contribution compliance;
- Administration service levels;
- Risk management;
- Audit matters;
- Financial reporting matters.

Regulatory Developments

The Board of Trustees continued to monitor and implement regulatory developments, including:



The Board strengthened oversight mechanisms during the year by enhancing monthly compliance reporting in accordance with regulatory requirements.

Policies and Governance Framework

The Board reviewed and updated relevant policies, including:

- Communication Policy and Strategy;
- Board Charter;
- Risk Management framework.

Trustee training remains an ongoing focus to ensure that Trustees maintain the necessary knowledge and skills to discharge their fiduciary duties effectively.

INVESTMENT REVIEW

The year under review was characterised by global uncertainty and shifting economic conditions.

Economic Environment

Key themes during the year included:

- Geopolitical tensions and increased global market volatility;
- Continued divergence between developed and emerging market performance;
- Strong performance from South African equities and gold;
- Ongoing pressure in the listed property sector;
- Local interest rate cuts by the South African Reserve Bank;
- Inflation concerns linked to global trade tensions.

Despite market fluctuations, equities remained the strongest long-term performing asset class relative to cash and bonds.

Portfolio Performance

The Fund's portfolios continued to meet their stated CPI-plus targets and strategic benchmark objectives over the medium to long term.

The Fund's investment fact sheets are available on the Fund's website for perusal.

The Board continues to monitor asset allocation and performance relative to objectives and remains satisfied that the portfolios are positioned appropriately for long-term retirement outcomes.

ADMINISTRATION AND OPERATIONS

The Two-Pot Retirement System continued to influence member behaviour during the year, resulting in increased withdrawal activity.

The Board remains concerned about the long-term impact of early withdrawals on members' retirement readiness. Members are encouraged to preserve retirement savings wherever possible and to only access their savings pot in extreme circumstances.

AUDIT AND RISK MATTERS

The transfer of members from the Pension Fund to the Provident Fund required the Fund to apply to the Financial Sector Conduct Authority (FSCA) for an extension to submit the Annual Financial Statements (AFS).

The annual audit is in progress and the AFS are expected to be released and submitted before the end of May 2026.

The Fund's fidelity insurance is maintained at appropriate levels, and no claims were reported during the year. The current period of insurance is from 1 July 2025 to 30 June 2026.

"If you want to gather honey, don't kick over the beehive."

– Abraham Lincoln

LOOKING AHEAD – 2025/2026

The Board's priorities for the coming year include:

- Finalisation of the Pension Fund wind-up and deregistration process
- Continued enhancement of governance and compliance oversight
- Further strengthening of administrative processes
- Ongoing monitoring of investment performance
- Enhanced member communication and retirement readiness initiatives
- Implementation of proposed new legislation

The Board remains committed to acting in the best interests of members and ensuring that the Fund delivers sustainable, long-term retirement outcomes.

Contact Details:

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