SECTION 2

IMPACT AND SUSTAINABILITY

Creating Long-Term Value Through Responsible Investment and Resilient Strategies

- INVESTMENT OVERVIEW AND PERFORMANCE
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- RESPONSIBLE INVESTMENT AND TRANSFORMATION STRATEGY
- ANNUAL FINANCIAL STATEMENTS OVERVIEW

INVESTMENT OVERVIEW AND PERFORMANCE

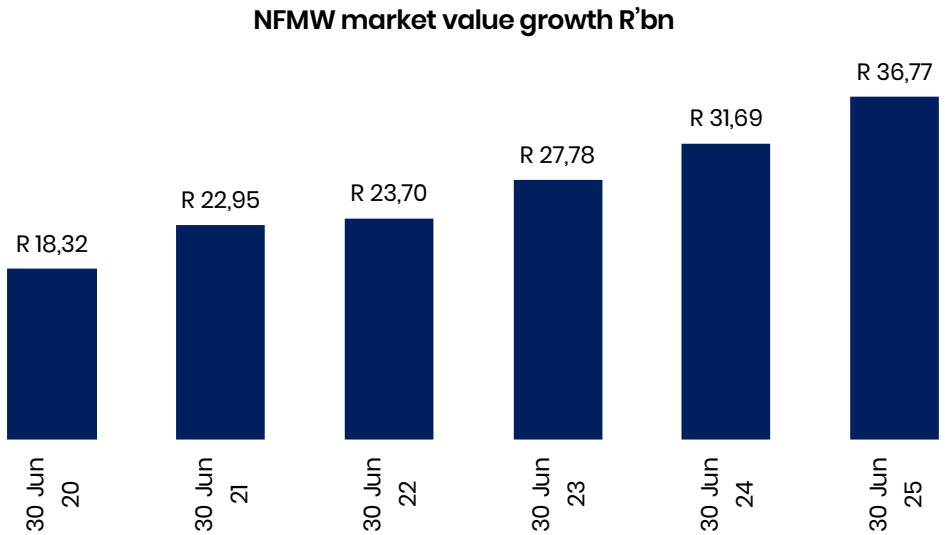
NFMW FIVE-YEAR STRATEGIC REVIEW (2020–2025)

Sustained Growth. Consistent Performance. Meaningful Impact.

Over the five-year strategic cycle from 1 July 2020 to 30 June 2025, the National Fund for Municipal Workers (NFMW) continued to demonstrate resilience, steady growth, and a strong commitment to its members' financial wellbeing. Despite economic volatility, regulatory reform, and global uncertainty, the Fund has delivered consistent value through prudent investment management, diversification, and a forward-looking strategy.

STRONG MARKET VALUE GROWTH

The Fund's total market value grew significantly over the five-year period, reflecting both solid investment performance and disciplined cashflow management. The data shows year-on-year growth in assets under management, supported by positive net cash inflows and sustained returns across all investment portfolios. This growth affirms NFMW's position as one of the most stable and well-capitalised municipal retirement funds in South Africa.



Total Portfolio Market Value at Start					
30 June 2020	**30 June 2021**	**30 June 2021**	**30 June 2023**	**30 June 2024**	**Start of 5 years**
18 315 446 201	22 947 703 003	23 700 992 250	27 777 202 475	31 692 108 131	18 315 446 201
Cash flow for the period					
2020 - 2021	**2021 - 2022**	**2022 - 2023**	**2023 - 2024**	**2024 - 2025**	**Total for 5 years**
1 022 243 100	267 952 376	511 536 562	680 170 109	-365 084 411	2 116 817 736
Total return for the period					
2020 - 2021	**2021 - 2022**	**2022 - 2023**	**2023 - 2024**	**2024 - 2025**	**Total for 5 years**
3 610 013 702	485 336 872	3 564 673 662	3 234 735 548	5 444 194 101	16 338 953 884
Total Portfolio Market Value at End					
30 June 2020	**30 June 2021**	**30 June 2021**	**30 June 2023**	**30 June 2024**	**End of 5 years**
22 947 703 003	23 700 992 250	27 777 202 475	31 692 108 131	36 771 217 821	36 771 217 821

Combined, the last five years have been an extraordinary period for members in terms of returns. In spite of a challenging macro and socio-economic environment, not only in South Africa but across the globe, the excellent returns translated into substantial growth of the Fund's assets over the last five years. Its asset value increased by around R18,4 billion (from R18.3bn to R36.7bn) over the 5 years to the end of June 2025. Over the period the Fund recorded net inflows of roughly R2.1 billion whereas investment returns accounted for the balance of the asset value growth with a R16.4 billion contribution. The table above shows the Fund's total market growth for each of the last five years, broken down into each year's cash flow and returns (net of fees). There is no doubt that the Fund will soon reach another milestone as a R40 billion total asset value is now within reach.

CONSISTENT AND DIVERSIFIED ASSET ALLOCATION

Between 2020 and 2025, the Fund maintained a balanced and diversified asset allocation across local and global equities, bonds, property, and alternative investments. While exposures evolved in response to market conditions and the strategic asset allocation review, the Fund remained true to its long-term risk-return objectives, ensuring stability and growth through diversified performance drivers.

	2020/06/30	2021/06/30	2022/06/30	2023/06/30	2024/06/30	2025/06/30
SA Equity	34,5%	35,6%	37,6%	35,5%	32,2%	34,3%
SA Bonds	6,8%	7,4%	8,7%	8,2%	8,2%	8,4%
SA Property	2,1%	2,2%	2,6%	2,3%	2,5%	2,7%
SA Alternatives	11,2%	11,1%	12,3%	11,4%	11,4%	11,9%
SA Cash	12,9%	13,1%	12,4%	14,2%	14,2%	11,6%
Offshore Developed Market Equity	19,4%	18,2%	15,6%	17,5%	21,3%	20,9%
Offshore Emerging Markets Equity	4,6%	4,3%	2,7%	2,9%	2,7%	2,7%
Offshore Other	2,5%	1,8%	1,8%	1,7%	1,3%	1,2%
SA Balanced (Shariah)	0,1%	0,2%	0,1%	0,1%	0,1%	0,1%
SA Tactical Asset Allocation	5,8%	6,1%	6,3%	6,3%	6,1%	6,2%
	100,0%	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

STRENGTHENED MANAGER LINE-UP AND OVERSIGHT

The Fund continuously reviewed and optimised its panel of appointed asset managers to ensure alignment with its investment philosophy, transformation goals, and performance standards. By 2025, the manager line-up reflected both continuity and strategic evolution, with the inclusion of managers bringing specialised skills, innovative strategies, and improved performance outcomes.

Managers Added	Managers terminated
SA Equity	
Prescient Portable Alpha	Denker Equity
Mazi SA Equity Fund	Benguela Equity
Vunani Passive Equity	First Avenue Equity
	Mazi SA Equity Fund
	Vunani Equity
	Vunani Passive Equity
SA Bonds	
Balondolozi Bonds	Prowess Bonds
SA Alternative	
Razorite Private Equity Fund II	
Summit Private Equity Fund	
Sanari 3S Growth Fund	
Kholo Capital Mezzanine Fund 1	
OMAI EduFund	
Infra Impact MM Infrastructure Fund 1	
STANLIB Khanyisa Impact Debt Fund	
SA Cash	
SIM Cash	
International	
Mazi Global Equity Fund	
Prescient Core Global Equity Fund	Morgan Stanley Global Brands

ADVANCING TRANSFORMATION AND INCLUSION

NFMW has made meaningful strides in promoting transformation within the asset management industry. The proportion of assets managed by transformed managers (in both Rand value and percentage terms) increased notably between 2020 and 2025. The Fund's selection process actively supported B-BBEE Level 1–3 managers, reinforcing its commitment to inclusive growth and empowerment within the financial sector.

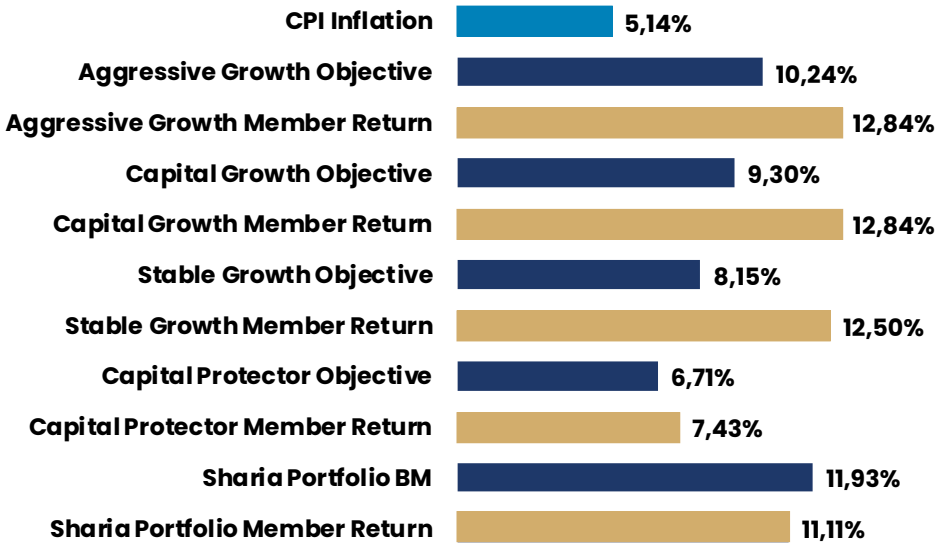
	2020	2025
Transformed Managers Assets	4 827 968 183	18 068 140 434
Total NFMW assets	18 315 446 201	36 771 217 821
% transformed	**26,4%**	**49,1%**



COMPETITIVE LONG-TERM INVESTMENT RETURNS

Across all portfolios, NFMW delivered solid five-year annualised returns that met or exceeded investment objectives and outperformed inflation (CPI). The consistent outperformance demonstrates the effectiveness of the Fund's long-term strategy, active risk management, and tactical asset allocation decisions. Members benefited from sustained real growth in their retirement savings, even during periods of economic volatility.

Last 5 year annualised performance up to 30 June 2025



	Nominal return last 5 years	R1,000 Rand invested on 1 July 2020 current worth:
Sharia Portfolio	69,38%	R1 693,80
Capital Protector	43,11%	R1 431,08
Stable Growth	80,23%	R1 802,25
Capital Growth	82,98%	R1 829,76
Aggressive Growth	82,97%	R1 829,73
CPI Inflation	28,48%	R1 284,82

EVOLVING STRATEGIC ASSET ALLOCATION

The Fund's Strategic Asset Allocation (SAA) was reviewed and refined during the cycle to enhance diversification, improve downside protection, and integrate sustainability considerations. These adjustments ensured the Fund's investment strategy remained responsive to changing market dynamics while maintaining focus on long-term value creation for members.

Jun-20				
	Capital Protector	**Stable Growth**	**Capital Growth**	**Aggressive Growth**
SA Equity		30,0%	42,5%	47,5%
SA Bonds		30,0%	12,5%	5,0%
SA Property		5,0%	5,0%	5,0%
SA Alternative		12,5%	12,5%	12,5%
SA Cash	100,0%	22,5%	5,0%	2,5%
International		0,0%	22,5%	27,5%
	100%	**100%**	**100%**	**100%**

Jun-25				
	Capital Protector	**Stable Growth**	**Capital Growth**	**Aggressive Growth**
SA Equity		**20,0%**	**32,5%**	**37,5%**
SA Bonds		30,0%	12,5%	5,0%
SA Property		5,0%	5,0%	5,0%
SA Alternative		**15,0%**	**15,0%**	**15,0%**
SA Cash	100,0%	22,5%	5,0%	2,5%
International		**7,5%**	**30,0%**	**35,0%**
	100%	**100%**	**100%**	**100%**

EXPANDING THE IMPACT INVESTMENT PROGRAMME

NFMW's Impact Investment Programme grew significantly between 2020 and 2025, with increased allocations to projects aligned with key social and environmental themes. The programme continues to demonstrate that it is possible to achieve positive, measurable impact alongside competitive financial returns, supporting infrastructure development, housing, healthcare, and job creation in South Africa.

LOOKING AHEAD

As the Fund concludes its 2020–2025 strategic cycle, its achievements reflect a period of resilient performance, operational excellence, and meaningful impact. The groundwork laid during these five years positions the NFMW strongly for its next strategic cycle — one that will build on the successes achieved, further embrace innovation, and deepen the Fund's role in shaping sustainable financial futures for its members.

OUR MEMBERS' VOICES

"NFMW has the strongest investment performance of all the investment companies in South Africa! NFMW gives you peace of mind — the growth of my fund is extraordinary and powerful! In today's world, with so many challenges and stress, NFMW gives me certainty that my hard-earned money is very well taken care of."

— Active Member, Limpopo (2025 Member Feedback Survey)



INVESTMENT OVERVIEW FOR THE PERIOD 1 JULY 2024 TO 30 JUNE 2025

EXECUTIVE INVESTMENT SUMMARY

The 2025 financial year delivered yet another set of strong returns, building on the Fund's excellent performance over the previous two years and adding significant value to members' portfolios. Over the past three years, most members would have experienced cumulative growth of between 46% and 53% in their fund credits — equivalent to annualised returns of between 13.5% p.a. and 15.4% p.a.

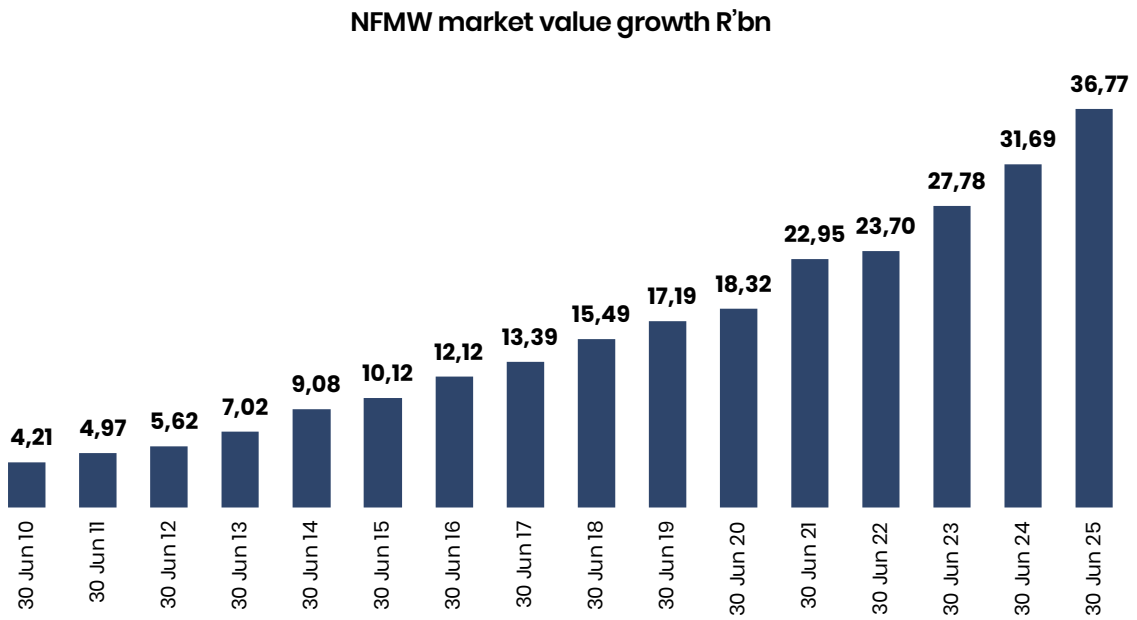
The renewed optimism following South Africa's May 2024 election and the formation of a Government of National Unity continued into the financial year. All local asset classes outperformed their global counterparts, supported by favourable economic developments such as lower inflation and interest rates, reduced loadshedding, and meaningful progress in public–private partnership initiatives, all of which boosted investor sentiment. The Rand strengthened slightly over the year, which reflects a stable local economic outlook from investors and some Dollar weakness year to date.

Globally, the macroeconomic narrative was dominated by central banks cutting interest rates after inflation stabilised at lower levels. As a result, global financial markets also delivered strong performance over the past 12 months, despite periods of increased short-term volatility. The re-election of Donald Trump as President of the United States was a key source of this turbulence, as his administration began implementing protectionist policies and new tariff measures.

Arguably, geopolitical risks have escalated over the past year. Conflicts in the Middle East and Eastern Europe, among others, continue to add uncertainty to global markets. Thus far, markets have not priced in worst-case scenarios, with investors still holding onto the hope that peaceful resolutions can soon be reached through negotiation.

The year's excellent returns translated into substantial growth of the Fund's assets over the financial year as its asset value increased by R5.1 billion (from R31.7bn to R36.8bn*) over the 12 months to the end of June 2025. The financial year saw net outflows of roughly R373 million (mainly to pay Two-Pot withdrawals) whereas investment returns added another R5.4 billion, an excellent result given the volatile global economic environment.

The graph below shows the Fund's total market growth over time (in R'bn terms). The annual growth is very consistent over time, and the chart highlights the Fund's excellent performance and consistent track record, exceeding the total asset value milestone of R35bn during the financial year.



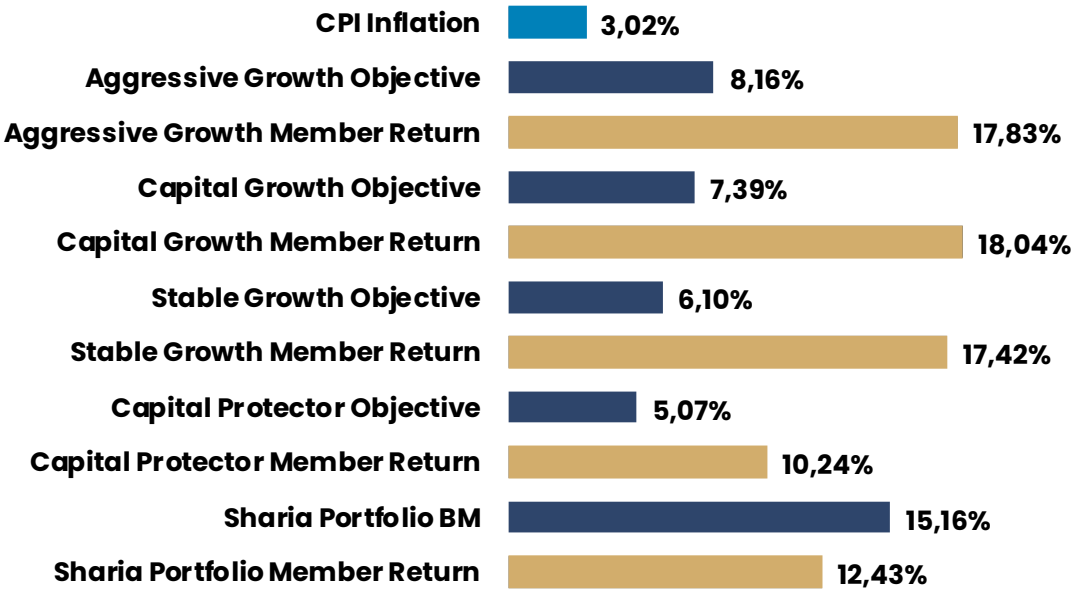
**Excluding the Fund's bank account balances*

The Fund constantly takes advantage of tactical asset allocation and market opportunities to steadily compound its asset value over time. The Fund's excellent long-term track record speaks for itself as it maintains its good performance alongside the best global balanced managed portfolios in South Africa and remains on par with its local government peers.

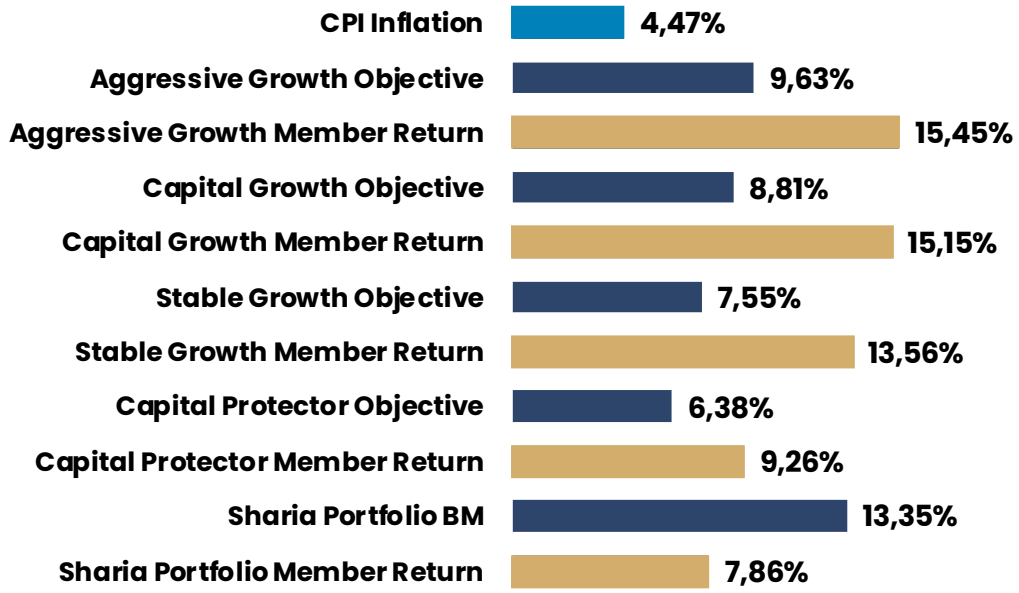
It remains the Fund's objective to add real returns (i.e. returns more than inflation) to its portfolios over time, ensuring a sound retirement for its members. The portfolios have different exposures to offshore and local listed assets such as equities, property and high yielding fixed income assets, as well as a healthy exposure to unlisted assets with socio-economic impact that are uncorrelated to the rest of the investment portfolio.

The graphs below show the various portfolio returns over the last 12 months and 3 years, compared to their respective investment objectives and inflation – the portfolio returns for the period are indicated in gold bars. For example, the NFMW Aggressive Growth portfolio returned 17.83% over the last 12 months (up to 30 June 2025), compared to inflation of 3.02% and the portfolio's objective of 8.16%.

Last 12 month performance up to 30 June 2025



Last 3 year annualised performance up to 30 June 2025



** The Shari'ah portfolio benchmark is the average performance of the SA Multi Asset High Equity unit trust universe

Given the good performance coming from local assets, it is no surprise that the Fund's local equity managers contributed the most to performance for the Capital and Aggressive Growth portfolios. They were well supported by one of the Fund's offshore equity managers (Orbis), the tactical asset allocation (TAA) positions taken by Prescient - the Fund's appointed TAA manager – and the OMIGSA IDEAS Fund, the best-performing alternative manager. The less risky asset class (bonds and cash) managers also delivered solid returns, making a meaningful contribution to absolute performance. This was particularly evident in the Stable Growth portfolio, which returned just over 17.4% for the 12 months to 30 June 2025.

Although inflation has fallen sharply since the post-COVID spike in 2022, the South African Reserve Bank maintained a conservative stance and kept interest rates relatively high during the financial year. In line with this, the cash-dominant Capital Protector portfolio returned just over 10% for the period. As noted in last year's commentary, we expect South African interest rates to be reduced further in 2025 and beyond, as inflation is kept well under control. This lowers the expected return for this portfolio in the coming year.

Notably - and exceptionally - positive returns were recorded for all the Fund's asset managers, including alternative managers, with the sole exception being the Fund's small allocation to African retail properties.

The Fund continues to optimise its portfolios by carefully managing asset class exposures, investment styles, investment philosophies, geographical allocations, transformation targets and impact driven investments. The investment committee of the Fund together with the Board continuously monitor, assess and review the Fund's investment construct, to ensure alignment with its long-term business strategy and risk-return objectives. As such, an additional Tactical Asset Allocation manager was appointed for the Stable and Capital Growth portfolios. In addition, certain assets were reallocated between two of the Fund's offshore equity managers early in 2025. The Fund is currently assessing its fixed income and cash manager line-up, as well as its global portfolio construction.

The Fund's commitment to impact-driven investments remained a priority throughout the 2024/2025 financial year. These investments not only provide valuable diversification — particularly when equity and bond markets are under pressure — but also enhance portfolio risk-return profiles. Equally important, they contribute meaningfully to improving socio-economic conditions for South Africans. Target areas include job creation, healthcare,

education, infrastructure, housing, technology (ICT), alternative energy, financial inclusion, and food security. As at 30 June 2025, the Fund had more than R5.1 billion invested in these critical development areas.

Transformation remains a central focus. All the Fund's rated assets are now managed by asset managers with a B-BBEE level 2 rating or higher. Additionally, over 50% of the Fund's total assets are managed by transformed asset management businesses (defined as those with more than 50% black ownership).

All portfolios remain well diversified, fully compliant with Regulation 28 of the Pension Funds Act (which governs permissible asset allocations) and optimised to achieve their long-term investment objectives while protecting members from excessive market volatility. Nevertheless, members should be prepared for heightened volatility in both global and local markets for the foreseeable future, particularly as the Trump administration advances its protectionist policy agenda. Higher inflation and an increased probability of a US recession are among the key risks facing investors.

Domestically, the political environment remains fragile. However, the combination of reduced loadshedding, lower inflation, and falling interest rates has helped to lift sentiment and may serve as a catalyst for improved economic growth.

As always, the Board and Fund management is constantly monitoring, refining, and optimising the Fund's investment portfolios to ensure that excellent risk adjusted returns are delivered to members. Being responsible custodians of members' Fund credits and needs is always the first priority for Trustees.



MARKET PERFORMANCE: THE YEAR IN REVIEW

ENTERING A REBALANCED WORLD

A Year of Plenty, Trump Tariff Tremors, and Geopolitical Risks

The past twelve months have been a test for the global economy, as a new era dawned post President's Trumps election in November of 2024, creating an uncertain landscape for financial markets. Investors, in general, have been forced to deal with a rapidly changing economic environment where the familiar pre-COVID economic reality - characterised by low inflation, low interest rates, and synchronized global growth - has abruptly come to an end.

Looking back about 12 months, the Fund's financial year started with a sense of cautious optimism. Inflationary pressures that had plagued the post-pandemic world in 2022 and 2023 finally seemed to be something of the past and settling within a manageable range of between 2.5% and 3.0% globally. This development allowed major central banks to lower interest rates, providing some breathing room for consumers and businesses with existing debt obligations.

Arguably the most significant event for financial markets was the return of Donald Trump to the White House and the swift implementation of his promised protectionist trade policies. The new administration wasted no time in fundamentally re-writing the rules of global trade. A challenging period of uncertainty was especially intense after "Liberation-day" on April the 2nd, when the initial tariff announcement increased market volatility and left financial markets unsure of how to price for what was to come.

Since his election, President Trump, has (so far) removed much of the predictability that investors and financial markets relied on to navigate uncertain times. However, the macroeconomic landscape of the past year was shaped not only by decisions from the White House and central banks but also by the realities of conflicts on global battlegrounds in Eastern Europe and the Middle East. Geopolitical risks remained a dominant and disruptive force during the 2024 – 2025 financial year, which often caused severe short-term market volatility.

Closer to home, the Government of National Unity, formed after the 2024 elections, faces the immense challenge of implementing reforms necessary to unlock investment, create jobs, and put the economy on a more positive trajectory.

Unfortunately, the implementation of the Trump administration's tariff regime poses a direct threat to South Africa's fragile economy. The US is

a significant export market for South Africa, and the imposition of tariffs of up to 30% on some local goods could cripple key industries and negatively impact employment, especially in our fruit export and car manufacturing industries. The Reserve Bank has already factored this into its revised growth forecasts.

Leading into the new financial year, the storylines outlined above will likely continue, with no indication as to how the various macro-economic factors will unfold. After all, President Trump's tenure has only just begun. What is certain, however, is that a rebalancing of global alliances and trading partnerships has already been set in motion, which will reshape the global economic landscape for many years to come.

Interest rate cuts has helped to lift sentiment and may serve as a catalyst for improved economic growth.

As always, the Board and Fund management is constantly monitoring, refining, and optimising the Fund's investment portfolios to ensure that excellent risk adjusted returns are delivered to members. Being responsible custodians of members' Fund credits and needs is always the first priority for Trustees.

A YEAR OF SHIFTING INTEREST RATE TIDES

The dominant narrative for the first half of this financial year was the great turnaround in monetary policy. After years of interest rate hikes to combat high inflation, central banks in advanced economies — including South Africa — gradually began to ease their stance.

The US Federal Reserve started lowering interest rates in September last year, with an unexpected 50-basis-point cut to the federal funds rate. This was followed by two more rate cuts before 2025, totalling a 1% reduction in just four months. Initially, both equity and bond markets responded positively, fuelled by expectations of cheaper borrowing costs and the prospect of a "soft landing" for the US economy. Similarly, the European Central Bank (ECB) began rate cuts in late 2024 and continued into 2025, reducing its key deposit rate to 2.00% by June 2025.

However, the surprising resilience of the US economy, with continued strength in consumer spending and employment, created a dilemma for the Federal Reserve. Despite the rate cuts, economic growth remained robust, forcing the Fed to halt further reductions early in 2025. Renewed uncertainty after Trump's election increased concerns that lowering rates too quickly could reignite inflation.

This shift introduced a new wave of market volatility. Investors had to adjust their expectations from a predictable series of rate cuts to a "data-dependent" approach, where future policy hinges on evolving economic indicators.

THE TRUMP TARIFF TREMOR

Heading into 2025, financial markets – especially the US equity market – ended the calendar year with impressive gains, with total returns exceeding 25%. As alluded to above, this momentum was underpinned by falling inflation and the Federal's Reserve interest rate cuts along with robust corporate earnings announcements. Much of the optimism was short lived.

The announcement of President Trump's "Liberation Day" tariffs (i.e., on April 2, 2025), imposing a broad baseline tariff on nearly all imports into the US and threatening steeper reciprocal tariffs, sent a shockwave through global markets. The reaction to these tariff announcements was swift and severe, triggering a sharp sell-off in equities and a flight to safety. The S&P 500 plummeted 12% in the week following the announcement, and US Treasury yields spiked as investors priced in higher inflation and economic disruption.

However, markets staged a recovery as the Trump administration softened its immediate stance, pausing some reciprocal tariffs and initiating trade negotiations. Developed market equities, particularly US mega-cap tech stocks, rebounded strongly in the second quarter of 2025. Currently, markets seem to view Trump's tariffs more as "negotiating tools" rather than long-term trade policies. Nevertheless, underlying tensions persist, and the threat of re-escalation of trade wars remains, creating immense uncertainty for global supply chains and trade partners.

GEOPOLITICAL FLASHPOINTS AND THEIR ECONOMIC FALLOUT

The war in Ukraine has continued into its third year, inflicting a horrific human toll and severe economic consequences. Over the past 12 months, there has been a gradual shift in momentum in Russia's favour, with reports indicating slow but steady progress along the eastern front. The conflict continues to disrupt global food and energy markets, although the initial price shocks of 2022 have largely dissipated. So far, the Trump administration has failed to mediate a long-term peace settlement between Russia and Ukraine. Its efforts at times have fuelled further concern and tension, particularly with long-standing European allies.

The Middle East remains as volatile as ever, with heightened tensions between Israel, Hamas, Hezbollah in Lebanon, and the looming threat of wider conflict involving Iran and the US. Escalations in late 2024 and the first half of 2025 — including direct missile exchanges between Iran, Israel, and the US — sent jitters through global markets.

As history often repeats itself, economic fallout from Middle Eastern conflicts predominantly manifests through fluctuations in the oil market. This time was no different. The risk of disruptions to oil flows through the Strait of Hormuz remains a significant global concern. So far, the direct economic impact has been relatively contained; oil prices briefly spiked when the US entered the Iran conflict but did not sustain higher levels for long.

The clearest beneficiary of the elevated geopolitical risk environment has been gold. The precious metal embarked on a record-breaking rally, surpassing $3,500 per ounce in April 2025. Known as a safe haven asset, the price surge was driven by a perfect storm: increased geopolitical tensions, uncertainty surrounding US trade policy, and strong demand from central banks seeking diversification of reserves.

Naturally, the high gold price, along with a year-to-date surge in resource prices, significantly contributed to the strong returns of the South African All Share Index, leading us to some local economic news.

THE SOUTH AFRICAN ECONOMIC REBALANCE

Economic growth in South Africa has been sluggish, both in absolute terms and relative to peers. Our annual growth rate remains below 1%, with projections of less than 2% in 2026. The most troubling consequence of this prolonged slow growth has been a deepening unemployment crisis. Recently, the official unemployment rate climbed to a staggering 33%, with youth unemployment (ages 15–24) reaching nearly 62%.

While the formation of a Government of National Unity after the 2024 elections was a positive development, addressing the root causes of slow growth remains a top priority. Initiatives such as Public-Private Participation and Operation Vulindlela aim to achieve this. Progress has been made; for example, government efforts to alleviate logistical bottlenecks at ports and railways could significantly boost export capacity over time. Recently, Transnet received $5 billion in government guarantees, and port productivity has improved by 21% year-to-date.

Additionally, the long-standing electricity crisis has recently been addressed, resolving one of South Africa's deepest structural challenges. Such progress is expected to bolster business and consumer confidence, improve productivity, and stimulate more investment and capital spending.

Meanwhile, the South African Reserve Bank has gradually been cutting interest rates as inflation has moderated significantly over the past 12 months, even falling below the lower end of its target range of 3%. Throughout the first half of

2025, the Monetary Policy Committee delivered a series of rate cuts, lowering the prime lending rate to 10.50% (with the repo rate currently at 7%). The recent interest rate cuts reflect a delicate balancing act for the Reserve Bank. While low growth and inflation should warrant a more accommodative stance (lower interest rates than what we currently experience), the central bank stance is conservative as they remain aware of external risks cited by governor Lesetja Kganyago. These include

- the uncertainty surrounding global trade policy, particularly the new US tariffs for South Africa (recently set at 30%)
- the weakening of the Rand which may increase import inflation, and
- its preference for a lower inflation anchor, aiming for 3%, the current bottom of its target range.

More, encouragingly, South Africa has fulfilled all 22 requirements set by the Financial Action Task Force, putting it on track for the removal from the Grey List as early as October.

AN UNCHARTED PATH FORWARD

It is clear that the twelve months between July 2024 to June 2025 have fundamentally reshaped the macroeconomic and investment landscape. The initial optimism of the "great easing of interest rates" has given way to an aggressive trade policy and tariff agenda of the Trump administration. The era of predictable monetary policy and ever-freer trade is over. It has been replaced by a world where:

- new (trade and political) alliances will be formed globally,
- reliance on the United States for aid and subsidies is no more,
- central banks will rethink how to best navigate inflationary threats,
- aggressive trade protectionism from the US will result in reciprocal consequences, and
- persistent geopolitical friction will create uncertainty with the potential for sudden, unforeseen shocks.

For economies like South Africa, these challenges come in addition to our internal problems. Going forward, addressing our economic weaknesses and high unemployment will be a tough ask in an even more uncertain trade environment.

However, people and countries will quickly adjust to make the best of these challenges. So will financial markets which now face a possible period of higher volatility and greater sensitivity to political and policy-driven shocks. For investors and policymakers alike, the coming year will demand resilience, adaptability, and a keen understanding of the new, complex interplay between economics and geopolitics. The tides have shifted, and navigating the rebalanced world will be the defining challenge for the foreseeable future.

ASSET CLASS RETURNS TO 30 JUNE 2025

The table below shows the returns of the different asset classes over various periods ending June 2025. The 2024–2025 financial year delivered substantial growth for members, with each of the life stage portfolios returning just under 20%.

For pension funds, the focus should always be on long-term returns. While the shorter-term numbers have been excellent, over the longer term most asset classes have struggled to deliver double-digit returns. The exception has been offshore equity, which returned 12.9% p.a. in Rand terms over the last ten years. Local asset classes lagged during this period, constrained by South Africa's low economic growth and relatively high debt levels. However, the recent strong performance across all asset classes has lifted the 10-year averages, even with the COVID-19 drawdown period still included in the calculation.

Over the past decade, SA Equities and SA Bonds delivered annualised returns of 8.0% and 9.2% respectively, followed by SA Cash at 6.7% p.a. Listed property, despite a strong recovery over the past three years, still returned only 3.0% p.a. over the longer term. In general, higher-risk asset classes such as equities and property did not reward investors over the full 10-year period — but this trend is shifting when we look at the last five years. Offshore assets, particularly offshore equity, stood out as the best-performing asset class over the 10-year period, averaging 12.9% p.a., with the Rand depreciating against the US dollar by less than 4% p.a., slightly better than the long-term expectation of around 5% p.a.

The recent period of low inflation prints of between 2.5% and 3.5% ensured that annualised inflation is now less than 5% over the last 10 years – which means that members experienced added value in real terms, as nominal portfolio returns were higher than the measured cost of living increase.

Looking at the five-year annualised returns, it is clear that investors have again been rewarded for taking on additional risk through equity and property exposure. Since July 2020, SA Equity and SA Property have delivered 16.2% p.a. and 19.8% p.a. respectively, outperforming SA Bonds (10.9% p.a.) and SA Cash (6.3% p.a.). Offshore equity i.e. the MSCI All Country World Index in Rand terms delivered 13.3% p.a. lagging against local equites and not fuelled by any significant Rand depreciation (i.e. only a 0.4% p.a. depreciation).

The 2024–2025 financial year was dominated by outstanding performance from South African asset classes — a period best summed up as "Local is lekker!". A favourable election outcome, reduced loadshedding, lower interest rates, and improved sentiment created an ideal environment for extraordinary returns. SA Equities outperformed many global equity indices, returning 24.6% for the year, with SA

Bonds (18.4%) and Listed Property (23.9%) also making significant contributions. Offshore equity returned 11.6% (in Rand terms), slightly ahead of SA Cash at 8.1%.

A slightly stronger Rand (-2.7%) over the year detracted from offshore asset performance, although this was largely offset by strong global equity markets — again driven by US technology giants, buoyed by advances in artificial intelligence and expectations of substantial earnings growth from its adoption across industries.

We remain cautiously optimistic that members can expect reasonable returns over the short term. Attractive equity valuations in parts of Europe and select emerging markets, solid earnings forecasts, the potential for further interest rate cuts, and possible positive geopolitical developments all support a constructive outlook. However, markets are forward-looking, and much of this good news may already be reflected in current asset prices. We therefore caution members against setting overly high return expectations. Recession risks remain, particularly in the US, and should such a downturn occur, global markets — including South Africa — would likely experience significant equity market drawdowns. Furthermore, the full economic impact of President Trump's tariff policies is still uncertain; it could fuel inflation and limit the scope for interest rate cuts, a scenario that may prove negative for both equities and bonds.

Date: 30 June 2025	1 Year	3 years	5 years	10 years
Equities	24,6%	15,9%	16,2%	7,9%
Bonds	18,4%	13,4%	10,9%	9,2%
Property	23,9%	19,8%	16,6%	3,0%
Cash	8,1%	7,8%	6,3%	6,7%
Global Equity (R)	11,6%	19,8%	13,3%	12,9%
Global Emerging Markets (R)	9,6%	9,9%	4,6%	6,2%
Inflation	**2,8%**	**4,8%**	**5,2%**	**4,8%**
Rand Dollar Exchange Rate	**-2,7%**	**2,8%**	**0,4%**	**3,8%**

THE FUND'S ASSET MANAGER LINE-UP

The Fund continuously assesses and evaluates its appointed asset managers to ensure optimal portfolio construction, strong performance, long-term sustainability, sound governance, and alignment with its transformation, financial inclusion, and impact programmes. Over the past year, two key areas were identified for alignment and optimisation of the Fund's business and investment strategy:

- Local fixed income and cash manager composition
- Global portfolio, including an assessment of total offshore exposure

The review processes to determine whether changes in these areas will benefit the Fund are still underway and are expected to be concluded shortly. However, as part of the global portfolio assessment, two changes were already implemented during the 2024/2025 financial year:

1. The Morgan Stanley Global Brands portfolio was terminated, with its assets transferred to the Ninety One Global Franchise portfolio.
2. Exposure to the Nedgroup Global Equity (Veritas) portfolio was reduced in favour of the Mazi Global Equity Fund.

Following from last year's report, the Fund completed a rigorous due diligence process and assessment of its tactical asset allocation function and managers. In the first quarter of 2025, Mianzo Asset Management was appointed to manage tactical asset allocation for the Stable and Capital Growth portfolios, replacing Prescient. Prescient remains the tactical asset allocation manager for the Aggressive Growth portfolio.

As anticipated, the Fund maintained its strong focus on implementing its impact programme during the year. An additional R250 million was deployed into impact investments through recently appointed private equity and debt mandates, most notably:

- Old Mutual Alternative Investments EduFund – addressing key educational needs, including the construction of school buildings and the funding of school operations (R60 million).
- Stanlib Khanyisa Fund – targeting ICT, healthcare, financial inclusion, and food security sectors (R50 million).
- InfraImpact Private Equity – focusing on specialised infrastructure, alternative energy, and ICT (R40 million).

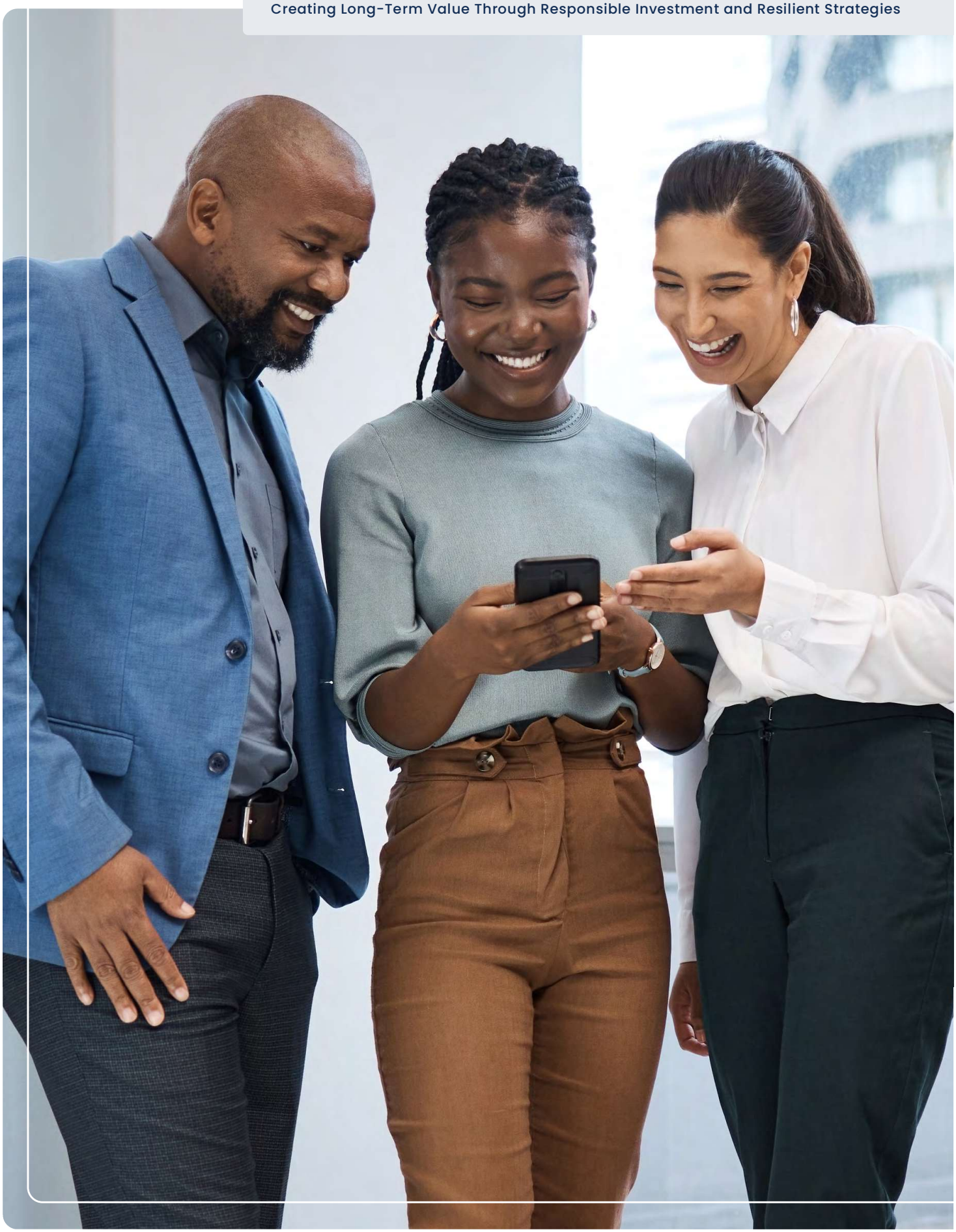
Capital deployment towards the impact programme is ongoing, with managers actively seeking attractive opportunities in the Fund's targeted impact areas: job creation, healthcare, education, infrastructure, housing, technology (ICT), financial inclusion, and food security. The Fund also continually explores new and suitable impact opportunities to expand and maintain this dynamic programme.

The commitment to alternative investments remains important, as traditional asset classes have shown increasing correlation in recent years. The Fund's recent performance confirms that incorporating alternative assets into the portfolios has delivered significant value for members—improving the risk-return profile, enhancing diversification, and supporting returns during periods when traditional assets struggled to generate strong positive performance.

A list of the Fund's appointed asset managers is provided in the table on page 52.



Asset Class	Asset Manager
RSA Equity	Allan Gray Domestic Equity
	Coronation House View Equity
	Argon Equity
	Legacy Africa Equity
	Mazi SA Equity
	Prescient Portable Alpha
RSA Bonds	Futuregrowth Infrastructure and Development Bond Fund
	Balondolozi Bonds
RSA Property	Catalyst Property
	Metope Property
RSA Cash	Ashburton Cash Plus
	SIM Active Income
	Terebinth Flexible Income
	Securitised Debt
	Ninety-One Credit Income
RSA Alternative Assets	OMAI IDEAS
	Futuregrowth Development Equity Fund
	OMAI EduFund
	Razorite Private Equity Fund II
	Sanari 3S Growth Fund
	Summit Private Equity Fund
	Infra Impact Mid Market Infrastructure Fund
	STANLIB Khanyisa Impact Debt Fund
	Kholo Capital Mezzanine Fund I
International Assets	Allan Gray-Orbis Global Equity
	Vulcan Value Equity
	Nedgroup Global Equity (Veritas)
	Ninety-One Global Franchise
	Mazi Global Equity
	Prescient Core Global Equity
	Coronation Global Emerging Market
	Catalyst Global Real Estate
	Rubrics Global Credit
	Novare Africa Property Fund II
Shari'ah Portfolio	Camissa Islamic Balanced
Tactical Asset Allocation	Prescient Investment Management
	Mianzo Asset Management



A REVIEW OF THE FUND'S PERFORMANCE AND POSITIONING

TOTAL FUND GROWTH

Performance Compared to Industry Players

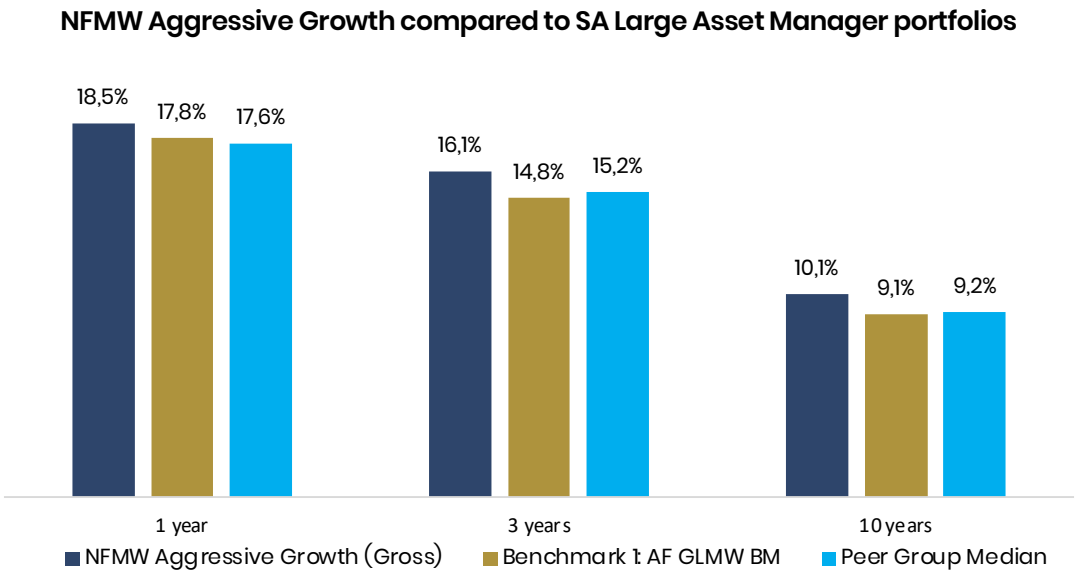
The Fund takes pride in its long history of excellent performance. As part of our review and monitoring process, we compare the performance of the NFMW Aggressive Growth portfolio with that of large South African asset managers' balanced portfolios that follow similar long-term investment strategies.

It is important to caution members, however, that such comparisons - particularly with other local government funds - are not strictly an "apples with apples" comparison. Each fund has its own underlying investment strategy and objectives, which may differ significantly.

That said, these comparisons provide a useful ballpark view of industry performance and help determine whether returns are in line with expectations. On this basis, the NFMW Aggressive Growth portfolio ranks an impressive 6th out of 18 assessed funds over a 10-year period. This means that over the past decade, members have been better off in the NFMW Aggressive Growth portfolio than in typical Regulation 28-compliant unit trust portfolios with similar risk profiles.

It is also worth highlighting that the portfolio's performance over the past 12 months has been very good compared with industry peers. The graph below illustrates the NFMW Aggressive Growth portfolio's performance against the benchmark for funds with a comparable risk profile, as well as the average performance of funds managed by major South African asset management companies.





INDIVIDUAL PORTFOLIO PERFORMANCES AND COMMENTARY

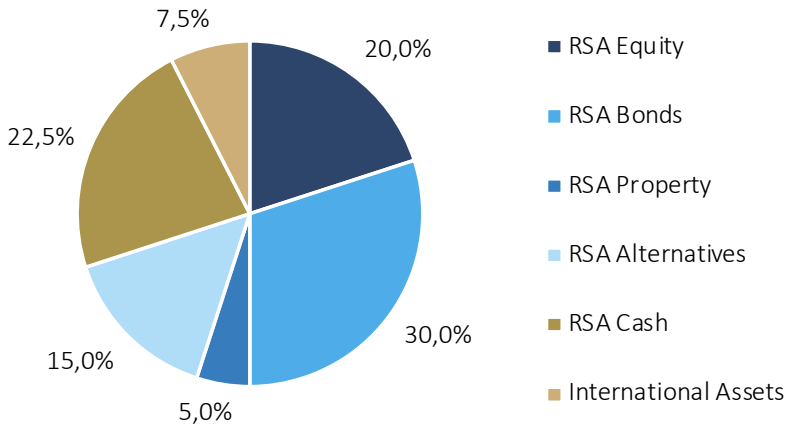
CAPITAL PROTECTOR

The objective of the Capital Protector portfolio is to achieve a return of 1% p.a. above inflation (CPI +1%) over time while protecting members' value over all reasonable time periods. The portfolio's assets are primarily invested in Flexible Income mandates managed by Terebinth Capital and SIM Active Income, in combination with the Ninety One Credit Income fund. The portfolio also has exposure to a small portfolio of securitised debt and two conservatively managed enhanced cash portfolios i.e through Ashburton and SIM Cash.

The portfolio returned an impressive 10.2% for the one year ending June 2025. It should be noted that for much of the year, interest rates were still elevated even though inflation started to dissipate. The Monetary Policy Committee has been very conservative in their stance to lower interest rates which was reduced to 7% throughout the Fund's last financial year. Even though there is scope for further rate cuts in 2025 and 2026, members can still expect decent returns from this portfolio (between 6% and 8%), as lowering rates further will be a gradual process.

STABLE GROWTH

The Stable Growth portfolio aims to achieve a return of 2.75% p.a. above inflation (CPI + 2.75%) over time. Currently the portfolio's assets are managed by a range of specialist asset managers with the aim to maximize returns with the minimum amount of risk measured over longer periods of time.



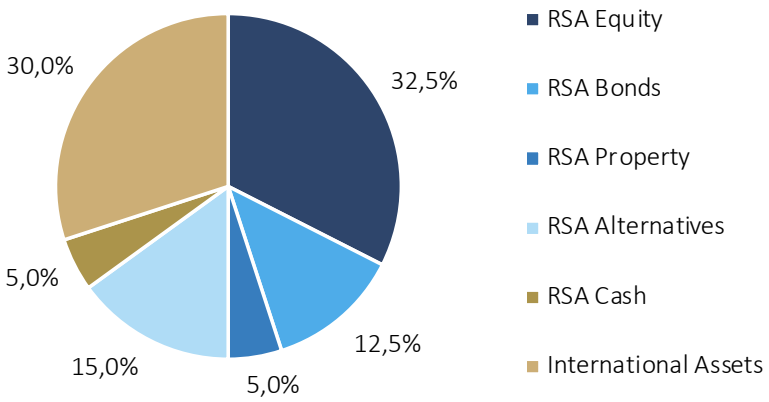
The Stable Growth portfolio returned an excellent 17.42% over a one-year period to June 2025, as SA Bonds rallied in conjunction with the SA Equity market. For most of the year, Bonds were on the front foot and continued to ride the wave of GNU optimism and a steady lowering of interest rates. For this Bond centric portfolio (which manages risk for members nearing retirement), SA Bonds contributed handsomely to portfolio performance with an 18.4% return for the year. However, South Africa's fiscal position remained under pressure which means debt management remains crucial for the Bond market going forward.

For most of the financial year, the portfolio maintained an overweight position to local bonds, including exposure to some high-yielding cash and credit funds and a little bit of listed property. From January 2025, some foreign exposure (7.5%) was added into this investment portfolio (taking away from local equity), to further diversify its asset class exposure and match most post-retirement investment portfolios.

The portfolio once again proved to be resilient and delivered a return well ahead of its investment objective for the year whilst protecting member's capital over a volatile period. Due to its capital protection focus, this portfolio has a relatively lower exposure to the overall equities (27.5%) and will protect fund credits of those members close to retirement from sudden downturns in the equity market.

CAPITAL GROWTH

This portfolio has a higher equity allocation than the Stable Growth and Protector portfolios, and includes a 30% exposure to foreign assets. The Capital Growth portfolio aims to achieve a return of 3.75% p.a. above inflation (CPI + 3.75%) over time. This portfolio's assets are managed by a range of specialist asset managers with the aim to maximize returns with the minimum amount of risk measured over longer periods of time.



The Capital Growth delivered an impressive 18.04% return for the latest financial year, following up from good performances in 2023 (15.7%) and (11.8%) in 2024.

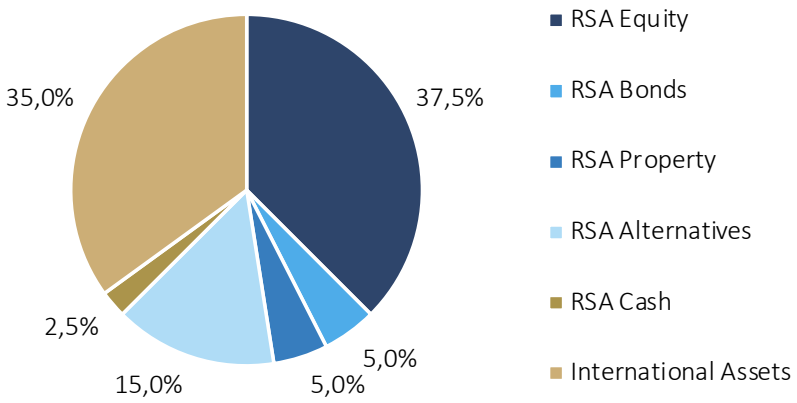
Most of the returns were generated by the domestic asset classes, most notably SA Equities and SA Bonds. Local listed property also contributed. Its offshore exposure also added double digit returns but lagged against our local market.

Tactically, the Capital Growth portfolio was well positioned, and its relative overweight Bonds and (at times) local equity position added significant value for members. As mentioned earlier, positive returns were recorded for almost all the portfolio's other asset managers, notably from the Fund's alternative asset managers which also added significant value from an impact perspective.

The portfolio remains well diversified, which will protect members against severe market volatility over the short term. Members should expect some volatility in the year to come, as global macro-economic and geopolitical factors may at times create uncertainty and influence financial markets. However, we remain very confident that the Capital Growth portfolio will again deliver on its investment and risk objectives, and provide good real returns for members.

AGGRESSIVE GROWTH

The Aggressive Growth portfolio's assets are managed by a range of specialist asset managers with the aim to maximise returns with the minimum amount of risk measured over longer periods of time. This portfolio was the best performing over the long term due to having the largest exposure to international assets. This portfolio is structured with an investment objective of CPI + 4.75% p.a.

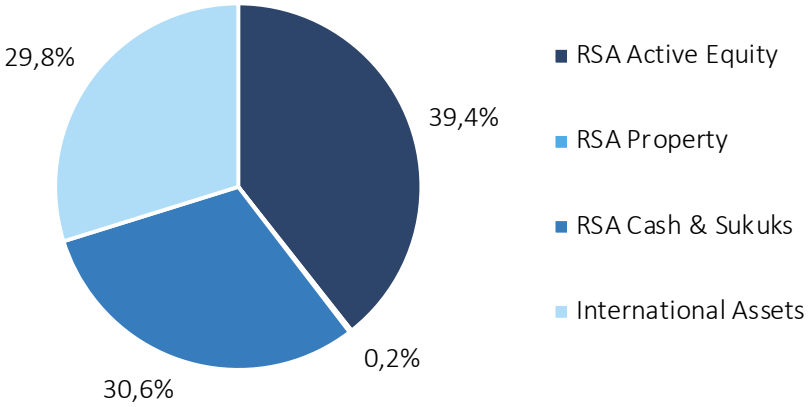


The Aggressive Growth portfolio returned 17.83% for the one year ending June 2025 and continued to build on its impressive track record. As the Capital Growth and Aggressive Growth portfolios share the same underlying asset managers in different proportions, the return profiles are more or less similar. Most of the returns were generated by the domestic asset classes, most notably SA Equities and SA Bonds. Local listed property also contributed. Its offshore exposure also added double digit returns but lagged against our local market. Like the Capital Growth portfolio, the Aggressive Growth portfolio was well positioned. Its relative overweight Bonds and (at times) local equity position added significant value for members. Positive returns were recorded for almost all the portfolio's other asset classes, notably the Fund's alternative asset managers which also added significant value from an impact perspective.

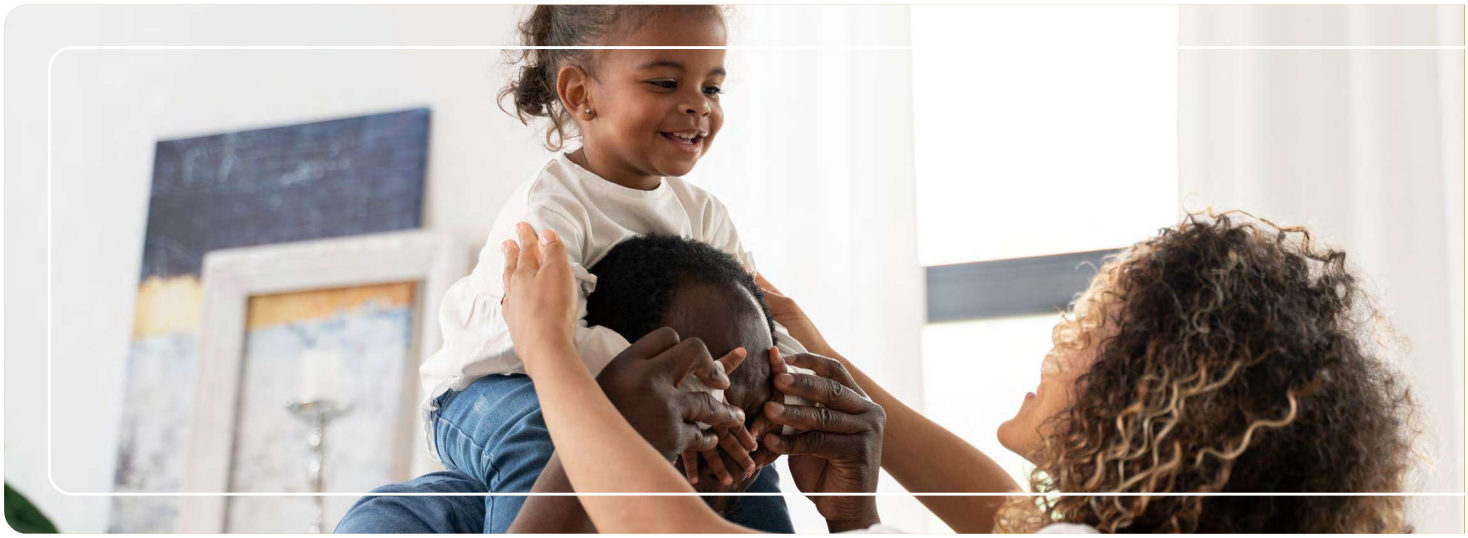
The Aggressive Growth portfolio has a higher exposure to more risky asset classes like equities (local and offshore) and property compared to the other portfolios. This portfolio is expected to perform well if the global (and local) interest rate cutting cycle continues and recessions stay away. Higher inflation and rising interest rates, remain the biggest risk for this portfolio going into 2026. However, the portfolio's diversified construct, especially with the exposure to alternative assets, will proof to be resilient at times when higher volatility is experienced.

SHARI'AH PORTFOLIO

The Shari'ah portfolio is suitable for investors requiring a Shari'ah-compliant portfolio appropriate for retirement schemes and members' retirement savings over the long-term. The portfolio is invested in a wide variety of domestic and international asset classes such as equity, sukuks and listed property, within the constraints of the statutory investment restrictions for retirement funds. The underlying investments comply with Shari'ah requirements as prescribed by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).



The Shari'ah portfolio returned 12.43% for the 12 months up to June 2025. Although the performance lagged some of the other portfolios over the shorter term, long-term performance remains on par with the peer group, with a 7.8% p.a. return over the last 10 years.



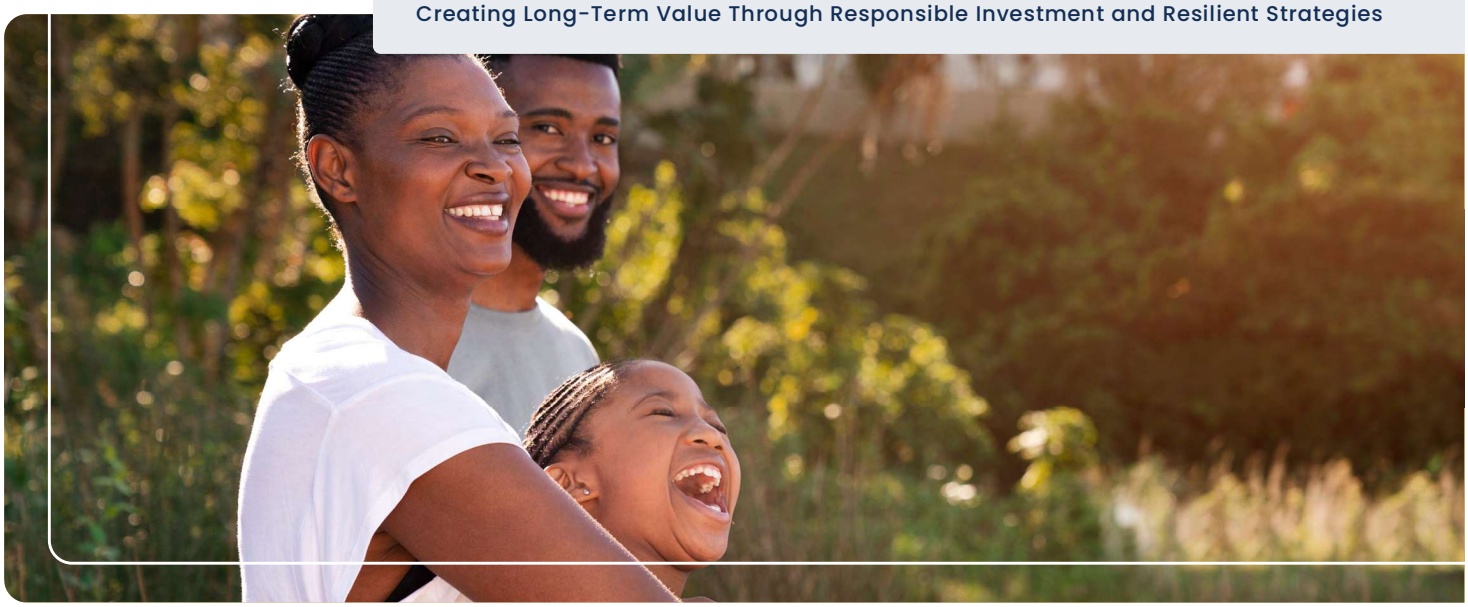
POST RETIREMENT LIVING ANNUITY PORTFOLIOS

As part of the recent outsourcing of the Fund's counselling and advice services, the Fund's own in-fund living annuity has been discontinued and is no longer available as an option to members (closed from 1 April 2022). This action mitigates various regulatory risks for the Fund and its members, which leaves only the best options open to members.

Consequently, the Fund currently provides post-retirement annuity options (actively managed as well as passive portfolios) for its members through the MMI platform, with preferential negotiated institutional rates and administration fees. These custom designed NFMW Golden Living Annuities are available to members, alongside NFMW Golden Income With-Profits Life Annuity (underwritten by MMI) to make provision for income after retirement. Members are also able to opt out of the Fund and its endorsed default solutions at any time after or at retirement.

Because the Fund is now closed to new retirees, the number of in-fund living annuitants will not increase any further, and the assets belonging to in-fund retirees will wind-down (as income is distributed and annuitants are transferred out of the in-fund arrangement). To streamline the Fund's investment administration and asset management processes, all in-fund living annuitants now access the same investment portfolios (by choice) as for pre-retirement (active) members. The portfolio's strategic asset allocations and investment objectives are therefore the same as for active members and can be summarised as follows:

	Capital Protector	Stable Growth	Capital Growth	Aggressive Growth
SA Equity		20%	32,5%	37,5%
SA Bonds		30,0%	12,5%	5,0%
SA Property		5,0%	5,0%	5,0%
SA Alternative		15,0%	15,0%	15,0%
SA Cash	100,0%	22,5%	5,0%	2,5%
International		7,5%	30,0%	35,0%
	100%	**100%**	**100%**	**100%**
Return Objective	CPI + 1.0% p.a. over rolling 1 year periods	CPI + 2.75% over rolling 3 year periods	CPI + 3.75% over rolling 3 year periods	CPI + 4.75% over rolling 3 year periods



NET MEMBER RETURNS

The net returns added to active members' fund credits over the past twelve months and per financial year are as follows:

Month	Capital Protector	Stable Growth	Capital Growth	Aggressive Growth	Shari'ah Portfolio
Jul-24	1,18%	3,25%	3,26%	3,25%	2,21%
Aug-24	1,03%	1,77%	1,16%	0,99%	-0,01%
Sep-24	1,02%	2,87%	1,98%	1,83%	1,96%
Oct-24	0,51%	-1,01%	-0,81%	-0,68%	-0,36%
Nov-24	0,91%	1,22%	1,86%	1,75%	0,21%
Dec-24	0,64%	-0,09%	0,10%	0,18%	1,37%
Jan-25	0,69%	1,54%	2,56%	2,75%	1,87%
Feb-25	0,62%	0,31%	-0,49%	-0,61%	-1,77%
Mar-25	0,69%	0,65%	0,17%	0,05%	0,64%
Apr-25	0,82%	1,84%	2,26%	2,29%	-0,26%
May-25	0,90%	2,20%	2,81%	2,88%	3,25%
Jun-25	0,78%	1,69%	1,94%	1,94%	2,79%
Total return	**10,24%**	**17,42%**	**18,04%**	**17,83%**	**12,43%**



Financial Year	Capital Protector	Stable Growth	Capital Growth	Aggressive Growth	Shari'ah Portfolio
2010/2011	5,36%	11,82%	11,30%	14,35%	n/a
2011/2012	5,67%	8,81%	8,84%	7,73%	n/a
2012/2013	4,97%	10,40%	18,56%	19,02%	n/a
2013/2014	4,23%	9,65%	18,12%	24,44%	20,29%
2014/2015	5,99%	7,25%	7,49%	6,44%	-2,10%
2015/2016	7,44%	8,47%	11,45%	10,58%	4,21%
2016/2017	8,54%	6,60%	5,35%	4,83%	5,68%
2017/2018	8,06%	8,02%	9,06%	8,88%	8,73%
2018/2019	8,36%	6,54%	4,61%	3,76%	4,66%
2019/2020	6,42%	-3,32%	-0,87%	0,77%	-0,34%
2020/2021	5,06%	17,67%	18,03%	17,69%	26,72%
2021/2022	4,42%	4,59%	1,53%	1,04%	6,54%
2022/2023	7,59%	10,33%	15,69%	17,33%	7,26%
2023/2024	9,99%	13,04%	11,81%	11,30%	4,04%
2024/2025	10,24%	17,42%	18,04%	17,83%	12,43%

INVESTMENT STRATEGY REVIEW

The Fund's investment portfolios are governed by a formal Investment Policy Statement (IPS), which outlines long-term strategies designed to outperform inflation by a defined margin after fees. The Fund invests across diversified asset classes, with allocations optimised through advanced modelling techniques to ensure sustainable performance over the long term.

Over the past five years, the Fund has consistently reviewed and refined its investment strategy to remain aligned with its objectives, evolving market dynamics, and regulatory requirements. This disciplined approach has reinforced the Fund's ability to deliver sustainable, above-benchmark returns while maintaining prudent risk management.

The Fund employs a diversified investment strategy with local and offshore exposure across equities, bonds, property, cash, and alternative investments. Guided by the principles of the triple bottom line, the Fund seeks to generate long-term financial returns while creating social and environmental value. This approach combines active and passive management styles, focusing on assets that enhance diversification, reduce risk, and promote responsible growth.

The Board of Trustees, supported by its investment consultants, Mosaic Investment Consulting, provides ongoing oversight to ensure that the Fund's investment framework remains robust, adaptive, and aligned with members' long-term financial and sustainability goals.

Conclusion

The Board of Trustees is confident that the Fund's investment structure will continually add value to members' retirement savings, contribute to sustainable and socio-economic development, and adapt to industry developments. Members in general should remain focused on the longer-term return prospects and investment strategies. The portfolios are managed to provide members with peace of mind and prudent growth to secure a prosperous retirement.

RESPONSIBLE INVESTMENT AND TRANSFORMATION STRATEGY

THE FUND'S IMPACT INVESTING PROGRAM

We are proud of the noteworthy achievement of growing the overall impact investments to R5.1bn (representing 14% of the Fund's total assets). During 2025, the Fund's impact managers deployed more capital towards investments that meet the broader socio-economic needs of members, in line with the Fund's overall strategy. These investments do not only contribute positively towards the country's critical developmental needs on the ground, but they also achieve strong financial returns for members.

Over the past decades, the Fund, through its impact investments, contributed significantly towards infrastructure development. With the formalisation of the impact program in 2021, the Fund has to date committed R5.1B in alternative investments contributing towards South Africa's critical needs for job creation, housing, education, technology (ICT), healthcare, financial inclusion, food security along with infrastructure development. We look forward to positively transforming more lives as our impact investment journey continues! Below are some of the Sustainable Development Goals (SDGs) to which we deployed capital through our impact investing programme.



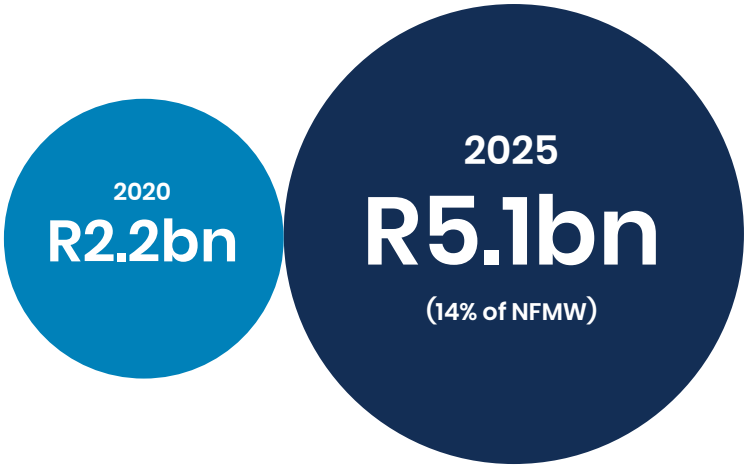
NFMW'S IMPACT INVESTMENTS

NFMW's areas of impact on the ground (as noted above) is a direct outcome of the Fund's appointed impact managers actively investing capital in the various sectors, as listed below:

Fund Name and Type	Sector Focus
Old Mutual IDEAs (Private Equity)	Infrastructure Development (Energy, transport, ICT)
Futuregrowth Development Equity Fund (Private Equity)	Developmental sectors and infrastructure (SMMEs, transport, energy, housing, food security)
Futuregrowth Infrastructure Development Bond Fund (Listed and Unlisted Debt)	Developmental sectors and infrastructure (SMMEs, transport, energy, housing, food security)
Razorite Health Fund II (Private Equity)	Healthcare
Summit Private Equity	Financial services, education, ICT and healthcare
Sanari 3S Private Equity	ICT, education, healthcare, food security and tech
Kholo Mezzanine Debt	Telecoms, energy, housing, education, SMMEs
Stanlib Khanyisa Impact Debt	Telecoms, healthcare, housing, financial services (financial inclusion), agriculture
Old Mutual EduFund (Debt and Equity)	Education
InfraImpact Mid-Market Infrastructure (Mezzanine Debt and Private Equity)	Water & sanitation, waste recycling (to energy or water), energy, telecoms & ICT (fibre)
Housing Co-investment	Housing

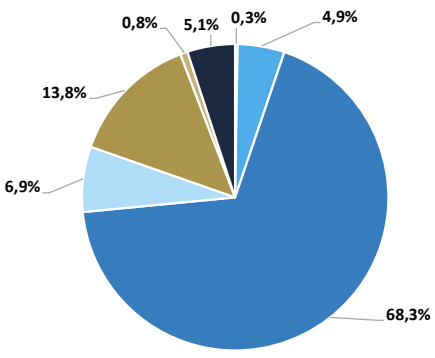
NFMW'S IMPACT INVESTING JOURNEY

Since the program was formalised, the total value of the Fund's impact investments (actual exposure) more than doubled from R2.2bn in 2020 to R5.1bn by June 2025.

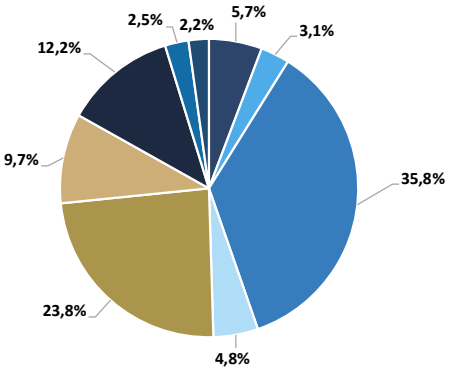


The energy concentration has been reduced from over two-thirds in 2020 to just over a third of the total thematic investments by 2025, as depicted on the charts below. Currently, the program is more balanced, supported by the significant increase in investments towards other infrastructure subsectors and broader impact themes (such as healthcare, ICT and education). The Fund recently approved the financial inclusion and food security themes, aligned with the socio-economic needs of members and the impact program. Today, we are proud that the impact program is more diversified and broader.

Exposures pre impact program start (June 2020)



Exposures based on invested capital (current)



- Education
- Energy
- Other Infrastructure
- ICT (Technology)
- Food Security
- SMME Development (Job Creation)
- Social Housing
- Healthcare
- Financial Inclusion

NFMW'S REALISED IMPACT ON THE GROUND

The Fund's direct impact on the ground was driven by the growing allocations towards impact investments since the program was formalised, as shown below:



JOBS

EDUCATION

HEALTHCARE

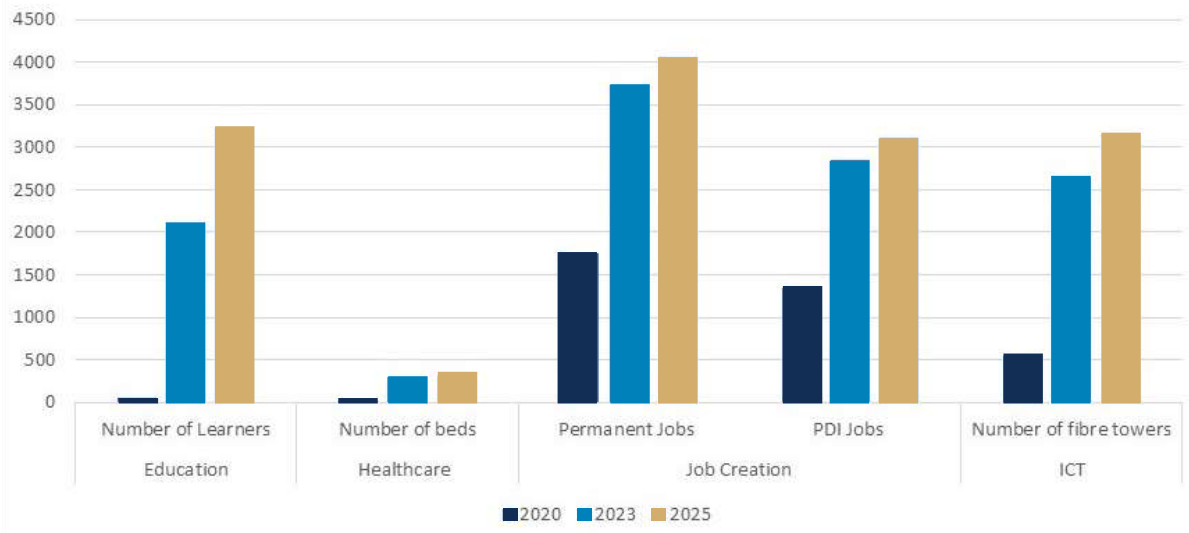
INFRASTRUCTURE

Impact Sector	2020 Exposure	2025 Exposure
Infrastructure	R1.4bn	R2.6bn
Energy	R1.1bn	R1.4bn
Social Housing	R111m	R191m
Transport	R193m	R336m
Water and Sanitation	R14m	R105m
Other Infrastructure	R3m	R505m
Education	R4m	R228m
SMME Development (Job Creation)	R80m	R124m
Healthcare	R12m	R386m
ICT (Technology)	R82m	R482m
Financial Inclusion	-	R101m
Food Security	-	R87m
Total Thematic Exposure	R1.6bn	R4.0bn
Non-thematic	R105m	R309m
Listed	R471m	R861m
Total	R2.2bn	R5.1bn

When reflecting on the direct impact attributed to NFMW's investments, the investment committee officially started quantifying the Fund's impact on the ground in 2023 following the conclusion of the impact manager appointments in 2022. When rebasing impact to 2020, it is evident that the Fund has grown from making minimal impact in the healthcare and education sectors to currently impacting thousands of people, learners, patients and households on the ground.

The Fund's realised impact has a national footprint, expanding accessibility even in remote areas. Notably, the impact is expected to grow further as the appointed managers deploy more capital towards underlying impactful projects on the ground. The graph below shows some of the direct, quantified impact attributed to the Fund's investments since 2020.

Direct impact attributed to NFMW's Investments



The table below details the Fund's realised and quantified impact on the ground by thematic area.

IMPACT THEME & AREAS	EDUCATION	JOB CREATION	HEALTHCARE
	Quality, affordable primary, high school, tertiary, online and work-readiness training with a national footprint, including remote areas.	Permanent and indirect jobs while construction-based investments create temporary jobs. Jobs for previously disadvantaged people have grown.	Diversified exposure including psychiatric facilities, medical suites, fertility, hospital management companies, acute hospitals, clinics, and ancillary services across the country and including rural areas and townships.
NFMW IMPACT 2020	**57** number of learners/ students **0** number of schools/ campuses	**1 756** permanent employees **1 345 (77%)** PDI's	**10** number of beds **0** number of facilities
NFMW IMPACT 2023	**2 119** number of learners/ students **3 of 16** number of schools/ campuses	**3 734** permanent employees **2 849 (76%)** PDI's	**300** number of beds **4 of 32** number of facilities
NFMW IMPACT 2025	**3 225** number of learners/ students **8 of 45** number of schools/ campuses	**4 071** permanent employees **3 119 (77%)** PDI's	**313** number of beds **4 of 33** number of facilities

IMPACT THEME & AREAS	ICT	FINANCIAL INCLUSION	FOOD SECURITY
	Fibre installations, technology for drones, facial recognition technology, medical/ health-tech.	Financial wellness programs improving credit scores and affordability, fintech, SMMEs accessing alternative funding, increased access to voluntary savings, investments and insurance.	Investments across the value chain including fertilizers, other inputs, farming, packing, processing, storage, logistics and distribution.
NFMW IMPACT 2020	**11 538** homes passed **535** towers	-	-
NFMW IMPACT 2023	**38 715** homes passed **2 658** towers	-	-
NFMW IMPACT 2025	**67 821** homes passed **3 146** towers	**2 200** secured credit approvals post intervention **59** SMMEs accessing funding	-

	INFRASTRUCTURE	INFRASTRUCTURE	INFRASTRUCTURE
IMPACT THEME & AREAS	**ENERGY** Wind, solar, hydro, affordable off-grid solution providers and waste-to-energy solutions for industrial companies.	**TRANSPORT AND LOGISTICS** Affordable rental developments, financing affordable housing entrepreneurial developers and financiers.	**HOUSING** Debt funding to SOEs in the water sector along with waste-to-water solutions to industrial companies.
NFMW IMPACT 2020	- % contribution towards renewable energy in SA	- Route kilometres	-
NFMW IMPACT 2023	**2.5%** % contribution towards renewable energy in SA	**120** Route kilometres	-
NFMW IMPACT 2025	**4.8%** % contribution towards renewable energy in SA	**107** Route kilometres	-

The Fund's impact journey, per theme, with practical examples of the investments through which impact was realised on the ground, is outlined below:

EDUCATION

The Fund's investments towards expanding access to affordable, high-quality education grew from R4m in 2020 to R228m by 2025. This directly contributed towards growing enrolments from 57 when the impact program was formalised to well over 3 200 full-time learners/ students by 2025. In addition, the number of educational facilities grew from none in 2020 to eight schools (campuses). Additional capacity is currently being created as the impact managers deploy more capital in the sector.

Within the primary and secondary school segments, the EduFund portfolio added 18 new schools after acquiring Core Education and Acudeo. Acudeo consists of eight affordable schools in Soshanguve, Soweto, Benoni and Pretoria.

Complementing the provision of primary and secondary education facilities through EduFund and Sanari, the Summit Private Equity Fund and Futuregrowth invest in tertiary education and vocational studies that offer the much-needed work-readiness programs. Summit invested in LRMG and Newbridge College while Futuregrowth invested in SACAP (The South African College of Applied Psychology).





JOB CREATION

All the impact managers continue to make a contribution towards solving the unemployment crisis by creating permanent, inclusive jobs as the underlying projects and investments expand. The Fund's decision to allocate more capital towards the impact program, which grew from R2.2bn in June 2020 to the R5.1bn as at 30 June 2025, contributed towards sustaining 1 756 permanent jobs in 2020 to more than 4 000 by 2025. Previously disadvantaged individuals have consistently held more than 75% of these permanent jobs. Moreover, the Fund contributes towards temporary job creation during the construction phase of the various infrastructure projects.

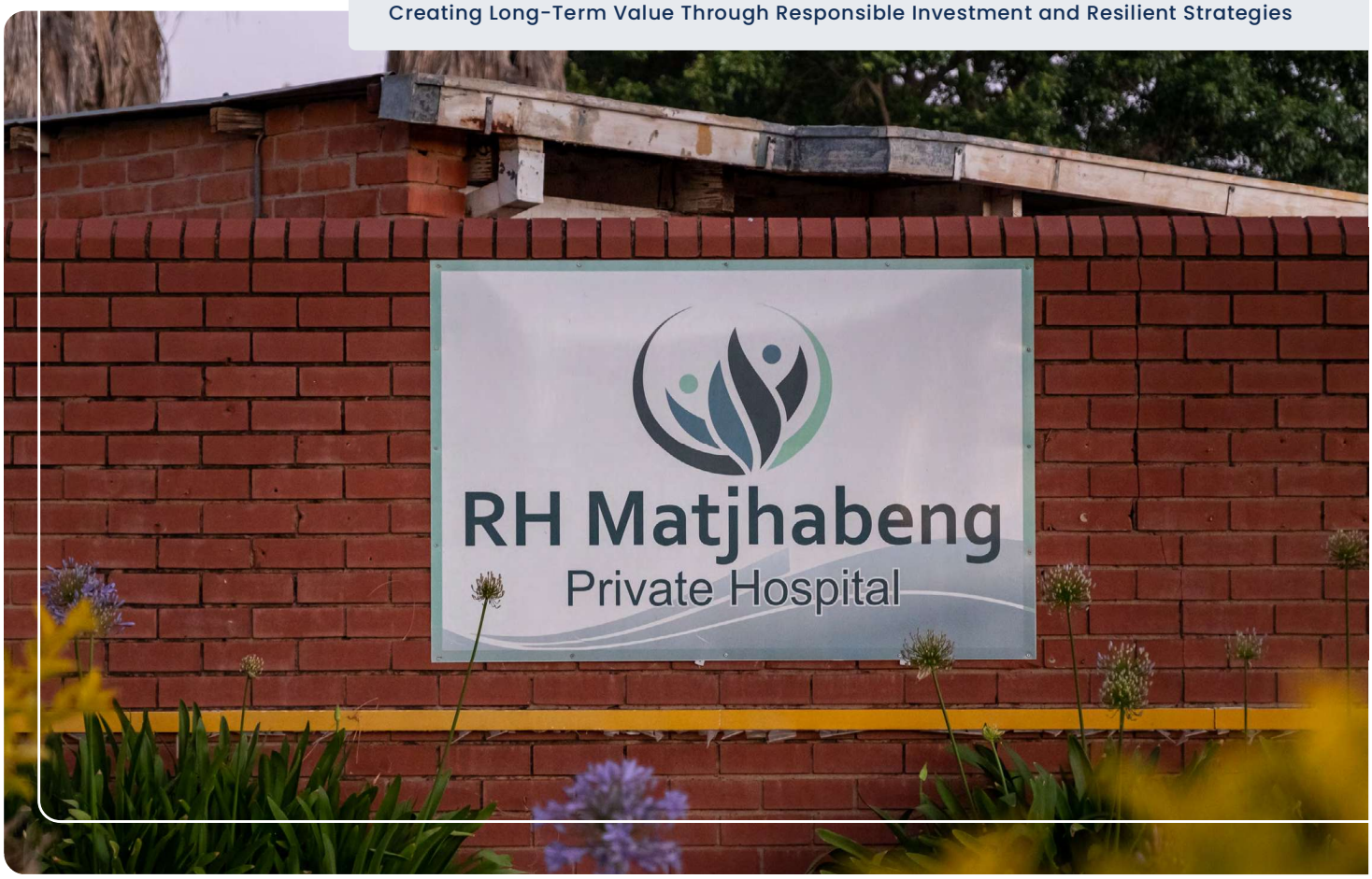
HEALTHCARE

The Fund's significant growth in healthcare investments from R12m in June 2020 to R386m as at 30 June 2025 contributed towards expanding operational healthcare beds from a minimal equivalent of 10 to well over 300 beds by June 2025. The impact achieved by June 2025 is comparable to developing four new facilities as at 2025 from none in 2020. The Fund's healthcare facilities have collectively treated over 40 000 patients over the past year alone. The Fund's healthcare investments continue to make a contribution towards improving access to diversified, broad, high-quality and affordable healthcare across the country. A few healthcare facilities are still under development, with additional operational beds expected to be added in the near future.



With the investments in Summit Private Equity and Razorite Healthcare, the Fund continues to support access to high-quality private healthcare in remote areas such as Mogwase (North West), Burgersfort (Mpumalanga) and Matjhabeng (Free State).

The Futuregrowth funds invested in Impulse Biomed and HearX (App-based hearing test and aid) that provide affordable and accessible specialised healthcare to under-serviced communities.







Soweto, Malmesbury (Western Cape), Venda (Limpopo) and Mthatha (Eastern Cape – Life St Mary Hospital (before and after construction)

ICT

The establishment of fibre towers directly supported by the Fund's investments have broadened the digital footprint in South Africa, with a growing number of households in urban, townships, and rural areas currently accessing fast internet. The Fund's ICT investment growth from R82m in June 2020 to R482m as at 30 June 2025 contributed towards the growth in the installation of just over 500 fibre towers in 2020 to more than 3 000 by 30 June 2025. The telecommunications infrastructure development contributed towards more than 11 000 homes accessing internet in 2020 to fibre lines passing nearly 68 000 homes by 2025.

Old Mutual IDEAS's two largest investments are in MetroFibre and Octotel which continue to roll out fibre across the country and offer digital services solutions for lower-income households, contributing towards bridging the digital divide. InfraImpact invested in mobile network tower builders, operators, owners and internet-service





providers such as Maru Towers CyberSmart, TooMuchWifi and Lightstruck Fibre that collectively improve the broader accessibility to affordable fibre.

Sanari invests in ICT that is at the forefront of innovation in detection technology.





FINANCIAL INCLUSION

The Fund's R100m investment in financial inclusion businesses contributed towards more than 2 000 individuals accessing secured (home loans and vehicle finance) debt post financial wellness intervention by BayPort Financial Services. Both Stanlib Khanyisa Debt and Kholo Mezzanine Debt Funds invested in Bayport. In addition, 59 SMMEs accessed alternative funding from Futuregrowth DEF's and Summit Private Equity Fund's investments in Sourcefin and Custom Capital Finance, respectively.

FOOD SECURITY

The Fund invested R87m towards food security businesses mainly via the Futuregrowth Funds. Futuregrowth Funds' recent food security investments include Obaro and Lucerne. Obaro lends money to crop farmers (producing vegetables, wheat, soybeans, maize, cotton etc.) across Limpopo, North-West and Gauteng provinces. Lucerne is an agricultural business involved in the production, processing, distribution and marketing of agricultural products. Lucerne and Obara collectively sustain over 2 500 permanent jobs.



INFRASTRUCTURE

Infrastructure development, supporting the nationwide provision of basic products and services including clean energy, transport, water and quality housing, has been the cornerstone of the impact program. Diversified infrastructure, as an area that NFMW has always made a meaningful contribution towards, increased from R1.4bn in 2020, before the impact program was formalised to R2.6bn by 2025, making up over half of the Fund's exposure to impact investments.

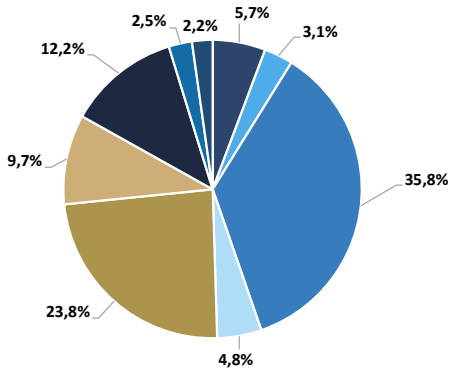
Infrastructure Sub-Sector	2020 Exposure	2025 Exposure
Energy	R1.1bn	R1.4bn
Social Housing	R111m	R191m
Transport	R193m	R336m
Water and Sanitation	R14m	R105m
Other Infrastructure	R3m	R505m
Infrastructure Total	R1.4bn	R2.6bn
Total Fund Exposure to Impact Investments	**R2.2bn**	**R5.1bn**

THE FUTURE OF NFMW'S IMPACT INVESTING PROGRAM

The Board together with the Fund's investment consultant will continue to actively exercise their fiduciary duty to ensure that members' investments achieve a positive impact on the ground while delivering strong financial returns, aligned with the strategic objectives of the Fund. We remain proud that all the impact managers are progressing with their capital deployment into impactful projects that will expand the quantified impact attributed to the Fund's investments.

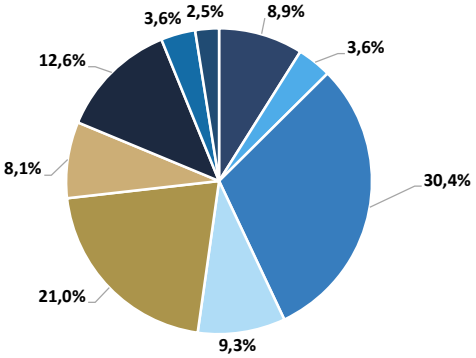
The Fund's impact program is currently edging closer to the full deployment environment with a more balanced and diversified exposure to the underlying impact themes. We remain committed to the vision of the program to improve lives on the ground today and tomorrow!

Exposures based on invested capital (current)



- Education
- Energy
- Other Infrastructure
- ICT (Technology)
- Food Security
- SMME Development (Job Creation)
- Social Housing
- Healthcare
- Financial Inclusion

Expected Exposures once capital is fully deployed



- Education
- Energy
- Other Infrastructure
- ICT (Technology)
- Food Security
- SMME Development (Job Creation)
- Social Housing
- Healthcare
- Financial Inclusion

ANNUAL FINANCIAL STATEMENTS OVERVIEW

The Fund's financial performance and reporting integrity remain central to its commitment to accountability, transparency, and good governance. The Annual Financial Statements provide a comprehensive reflection of the Fund's financial position, operational performance, and the stewardship of member assets during the reporting period.

Over the past five years, the Fund has consistently demonstrated strong financial management and compliance with accounting and regulatory standards. For five consecutive years, the Fund has received an unqualified audit opinion from its independent external auditors a clear indication that the Fund's financial statements present a true and fair view of its financial position, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Pension Funds Act.

This consistent track record underscores the Fund's commitment to sound governance, effective internal controls, and responsible financial oversight. It reflects not only the robustness of the Fund's financial management systems but also the dedication of its Board of Trustees, management team, and service providers to maintaining the highest standards of fiduciary integrity.

OVERVIEW OF FINANCIAL POSITION

As at 30 June 2025, the Fund reported total net assets of R37.44 billion, an increase from R32.23 billion in 2024. This growth was supported by strong investment returns, steady contribution inflows, and disciplined reserve management.

With members' funds of R35.82 billion and reserves of R619.9 million, NFMW remains financially sound, fully capable of meeting its obligations, and well positioned to deliver sustainable long-term value to members.

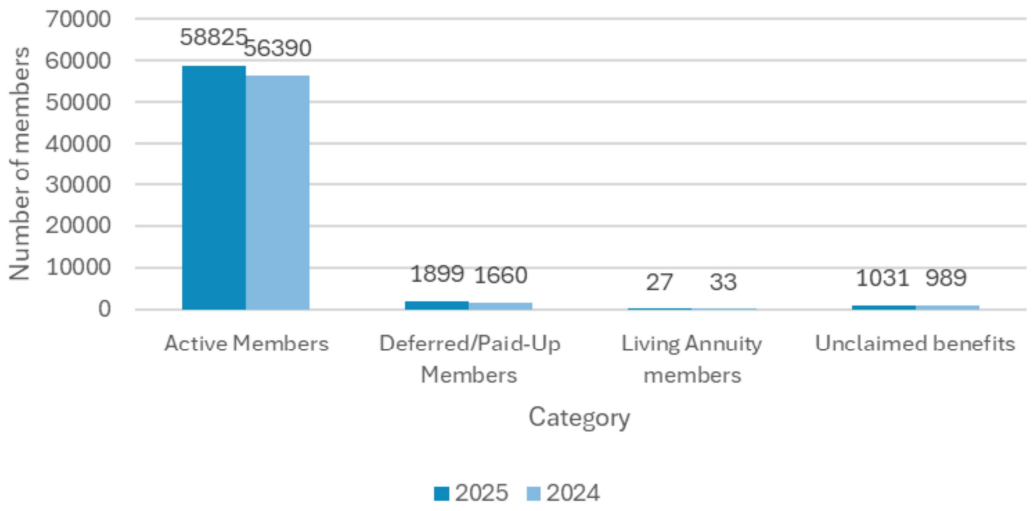
NFMW Financial Summary (2024–2025)

Year	Total Assets (R bn)	Members' Funds (R bn)	Reserves (R m)
2024	32.2	30.8	519.8
2025	37.4	35.8	619.9

MEMBERSHIP MOVEMENT

Membership growth remained steady during the reporting period, with active members increasing from 56,390 in 2024 to 58,825 in 2025. Deferred/Paid-up members and unclaimed benefits also rose modestly, while living annuity membership remained stable, reflecting the Fund's ongoing relevance and stability across member categories.

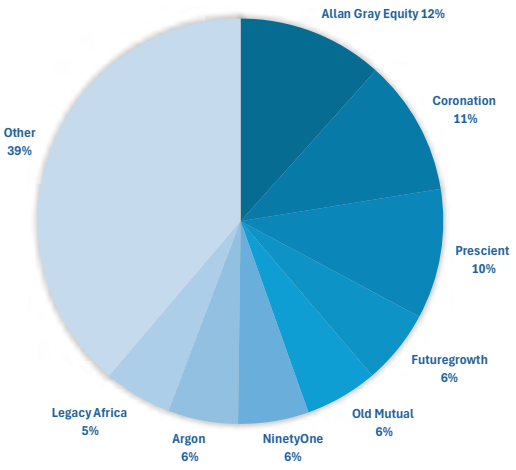
NFMW Membership Movement (2024-2025)



INVESTMENT PORTFOLIO

Investments grew to R36.8 billion in 2025, reflecting disciplined asset allocation across a well-diversified range of managers. The largest allocations were to Prescient, Allan Gray, Coronation, Old Mutual Investment Group, and Futuregrowth, with smaller allocations spread across other managers. This structure ensures both diversification and full compliance with Regulation 28, supporting long-term returns while managing risk.

Investment Portfolio Distribution (2025)



CHANGES IN NET ASSETS AND FUNDS

The Fund's net assets and funds increased from R31.3 billion to R36.4 billion, representing growth of approximately 16%. This improvement was primarily driven by:

- Strong investment income of R5.46 billion, reflecting favourable market performance and effective portfolio management.
- Member and employer contributions of R3.19 billion, which supported continued capital accumulation.
- Prudent reserve management, with reserves strengthening from R519.8 million to R619.9 million, enhancing the Fund's ability to absorb future risks.

These increases were partially offset by benefit payments of R3.39 billion, arising from member withdrawals, retirements, and other claims. Overall, the sustained growth in net assets underscores the Fund's financial stability, capacity to meet obligations, and readiness to support long-term member outcomes.

AUDIT AND REPORTING ASSURANCE

The audit for the financial year 1 July 2024 to 30 June 2025 has been completed, and the Auditors, Deloitte & Touche, has issued an unqualified audit opinion for this audit period. This audit opinion completes five consecutive years of clean audits as covered by the strategy period 1 July 2020 to 30 June 2025, confirming compliance with regulatory requirements.The statutory valuator confirmed the Fund's sound financial position as at 30 June 2024, with the 2025 valuation in progress. Together, these independent reviews reinforce NFMW's commitment to accountability, transparency, and robust governance.



NATIONAL FUND FOR MUNICIPAL WORKERS REPORT OF THE VALUATOR FOR THE YEAR ENDED 30 JUNE 2025

Particulars of financial condition of the fund as at 30 June 2024 (the last statutory valuation)

1. Net assets available for benefits.

R 31 228 359 000

2. The actuarial value of the net assets available for benefits, for the purposes of comparison with the actuarial present value of promised retirement benefits.

R 31 228 359 000

3. The actuarial present value of promised retirement benefits, split into vested and on-vested benefits.

Members' fund credits *	R 29 720 127 000
Outstanding direct housing loans	R 79 000
Deferred members	R 921 985 000
Living annuitants	R 116 784 000
Total liabilities as at 30 June 2023	**R 30 758 975 000**

* Includes an amount of R 235 158 000 which relates to contributions received before 30 June 2024 but only allocated to member records after year-end and R 204 940 000 which relates to lifestage switches at the end of June 2024 which were processed in the market after year-end.

4. Reserve account balances.

Risk reserve account	R 328 730 000
Expense reserve account	R 40 575 000
Data and processing reserve account	R 100 079 000
Total reserve accounts as at 30 June 2023	**R 469 384 000**

** The statutory valuation report as at 30 June 2024 contains more details regarding the reserve account balances.

5. Details of the valuation method adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.

Assets:

Assets were valued at full market value. Adjustments were made for accruals at the valuation date (e.g. contributions in respect of the valuation period received after the valuation date, outstanding benefit payments, outstanding expenses, etc.)

Liabilities:

The fund operates on a defined contribution basis. The accrued liabilities are therefore equal to the sum of the individual members' fund credits and the balance in the contingency reserve account.

Funding level:

The funding level is the rate of the value of the assets to the value of the liabilities.

6. Details of the actuarial basis adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.

Refer to par. 5 above.

7. Any other particulars deemed necessary by the valuator for the purposes of this summary.

The statutory valuation report as at 30 June 2024 was discussed at the board of management meeting held on 27 June 2025 and submitted to the FSCA on 30 June 2025 under case number 620810.

8. A statement as to whether the fund was in a sound financial condition for the purposes of the Pension Funds Act, 1956.

The assets of the fund as at 30 June 2024 are sufficient to cover 100.0% of the members' liabilities and various recommended reserve balances and the fund was hence financially sound.

Prepared by me:
GERDA GROBLER
VALUATOR

Fellow of the Actuarial Society of South Africa
Fellow of the Faculty of Actuaries
In my capacity as the valuator of the National Fund for Municipal Workers and as an employee of Alexander Forbes Financial Services (Pty) Ltd

INDEPENDENT AUDIT OF THE FINANCIAL STATEMENTS

The audit for the financial year 1 July 2024 to 30 June 2025 has been completed, and the Auditors, Deloitte & Touche, has issued an unqualified audit opinion for this audit period. **This audit opinion completes five consecutive years of clean audits as covered by the strategy period 1 July 2020 to 30 June 2025.**



STATEMENT OF NET ASSETS AND FUNDS AS AT 30 JUNE 2025

	Note	30-Jun-25 R	30-Jun-24 R
ASSETS			
Non-current assets		**36 863 347 675**	**31 615 636 628**
Property and equipment	2	19 526 607	18 693 090
Investments	3	36 843 761 123	31 596 864 954
Housing loans	4	59 945	78 584
Current assets		**577 654 727**	**623 001 425**
Accounts receivable	5	62 350 113	50 735 425
Contributions receivable	11	251 604 616	235 158 455
Cash at bank		263 699 998	337 107 545
Total assets		**37 441 002 402**	**32 238 638 053**
FUNDS AND LIABILITIES			
Members' funds and surplus account		**35 818 550 186**	**30 807 760 057**
Members' individual accounts	17	35 387 313 977	30 318 898 528
Amounts to be allocated	19	431 236 209	488 861 529
Reserves			
Reserve accounts	18	619 880 838	519 764 570
Total funds and reserves		**36 438 431 024**	**31 327 524 627**
Non-current liabilities			
Unclaimed benefits	9	26 841 316	36 541 270
Current liabilities		**975 730 062**	**874 572 156**
Benefits payable	8	927 336 500	832 463 783
Accounts payable	10	48 393 562	42 108 373
Total funds and liabilities		**37 441 002 402**	**32 238 638 053**

CHANGES IN NET ASSETS AND FUNDS AS AT 30 JUNE 2025

	Note	Members' individual accounts & amounts to be allocated	Reserve accounts	Current year	Previous year
		R	R	R	R
Contributions received and accrued	11	3 092 051 796	98 970 307	3 191 022 103	2 965 044 474
Reinsurance proceeds		306 692 193	-286 407 249	20 284 944	22 570 919
Net investment income	12	5 414 681 990	47 680 526	5 462 362 516	3 349 261 093
Allocated to unclaimed benefits	9	-225 044	-	-225 044	-9 094
Other income	13	4 305 984	4 615 017	8 921 001	5 550 134
Less:		-392 696 024	214 268 473	-178 427 551	-148 577 565
Re-insurance premiums		-392 696 024	351 740 048	-40 955 976	-12 458 422
Administration expenses	14	-	-137 471 575	-137 471 575	-136 119 143
Net income before transfers & benefits		**8 424 810 895**	**79 127 074**	**8 503 937 969**	**6 193 839 961**
Transfers and benefits		-3 393 714 146	-	-3 393 714 146	-2 581 746 080
Transfer from other funds	6	11 360 085	-	11 360 085	9 879 231
Transfer to other funds	7	-18 963 475	-	-18 963 475	-95 047 946
Benefits	8	-3 386 110 756	-	-3 386 110 756	-2 496 577 365
Net income after transfers & benefits		**5 031 096 749**	**79 127 074**	**5 110 223 823**	**3 612 093 881**
Funds and reserves					
Balance at the beginning of the year		30 807 760 057	519 764 570	31 327 524 627	27 714 313 119
Prior period adjustment		-20 306 620	20 306 620	-	-
Member adjustments	18	-	-	-	-8 280
Revaluation surplus : Property		-	682 574	682 574	1 125 907
Balance at the end of the year		**35 818 550 186**	**619 880 838**	**36 438 431 024**	**31 327 524 627**

The details of the notes are found in the actual Annual Financial Statements that are published on our website www.nationalfund.co.za