COLUMBUS RETIREMENT FUND

UNDERSTANDING RECENT INVESTMENT MARKET CHANGES

Dear member,

The Board of Trustees of the Columbus Retirement Fund would like to inform you about how recent global events might affect your investments in the Fund.

When reading this article, the most important point to remember as a member is that investment in a retirement fund is a long-term commitment, whereas changing trade rules and "tariff battles" are short-term political events.

However, it remains important to provide you with insight into the current market volatility.

What Happened?

On April 3, 2025, the President of the United States announced new trade rules, known as "tariffs."

A tariff is like a tax on goods that are brought into the US from other countries.

President Trump announced a 10% tariff on all goods entering the US.

He also introduced higher tariffs on goods from specific places: 54% on goods from China and 20% on goods from Europe.

These new tariffs caused big and quick reactions in the world's stock markets:

1. In the US, the S&P 500 (a stock market index of 500 large US companies) went down by 4.8%.
2. Another index, the Dow Jones Industrial Average, went down by 4%.
3. The Nasdaq Composite, which has a lot of technology companies, dropped by 6%.
4. These were some of the biggest single-day drops since the COVID-19 pandemic in 2020.
5. Stock markets in Europe and Asia also declined.
6. The price of gold increased significantly, as gold is often seen as a safe investment during uncertain times.

The USA has paused tariff increases with some countries. However, trade tensions and tariffs between the USA and China are ongoing.

South Africa is part of the global economy, so these changes affect us too:

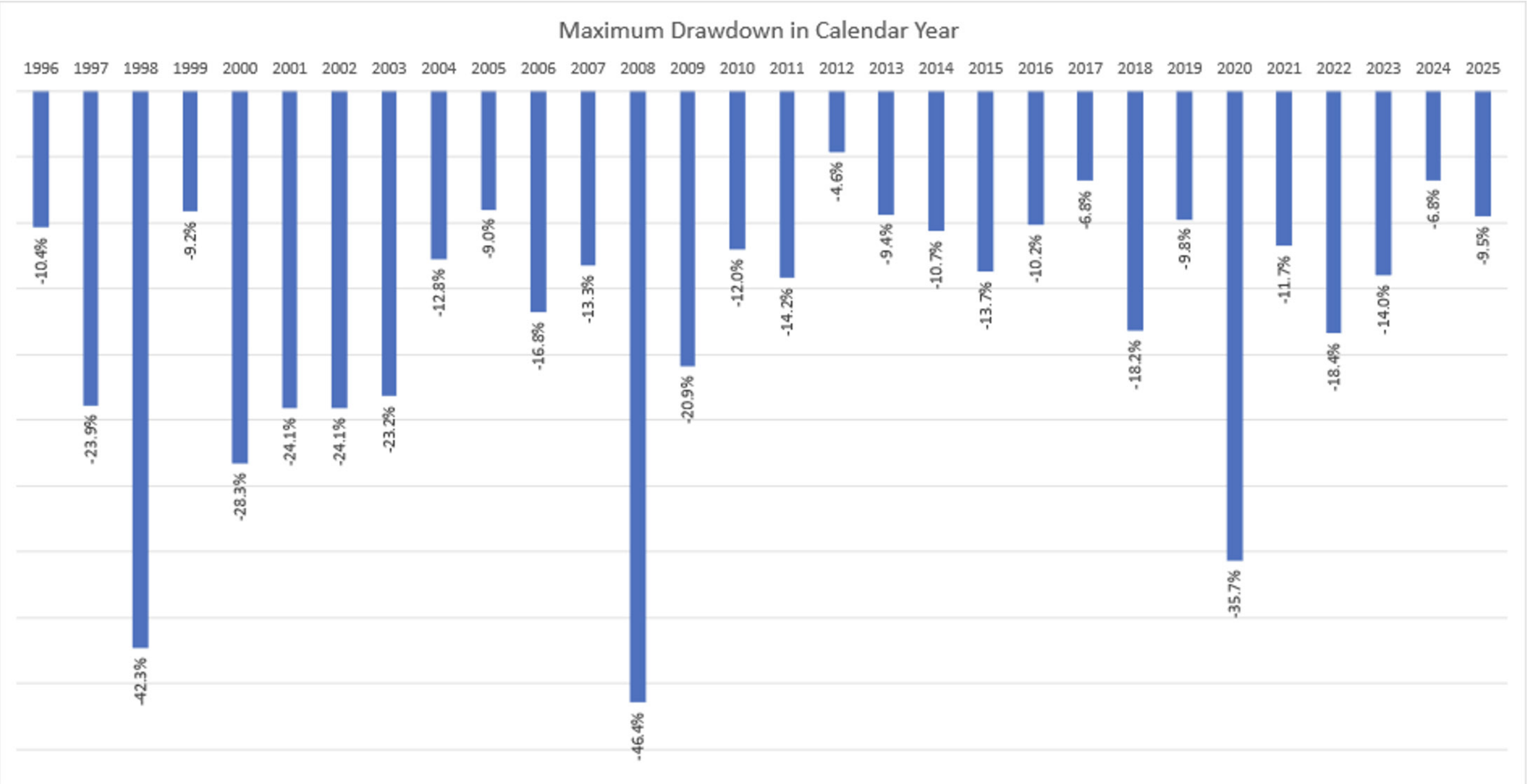
You might have seen your fund value decrease recently.

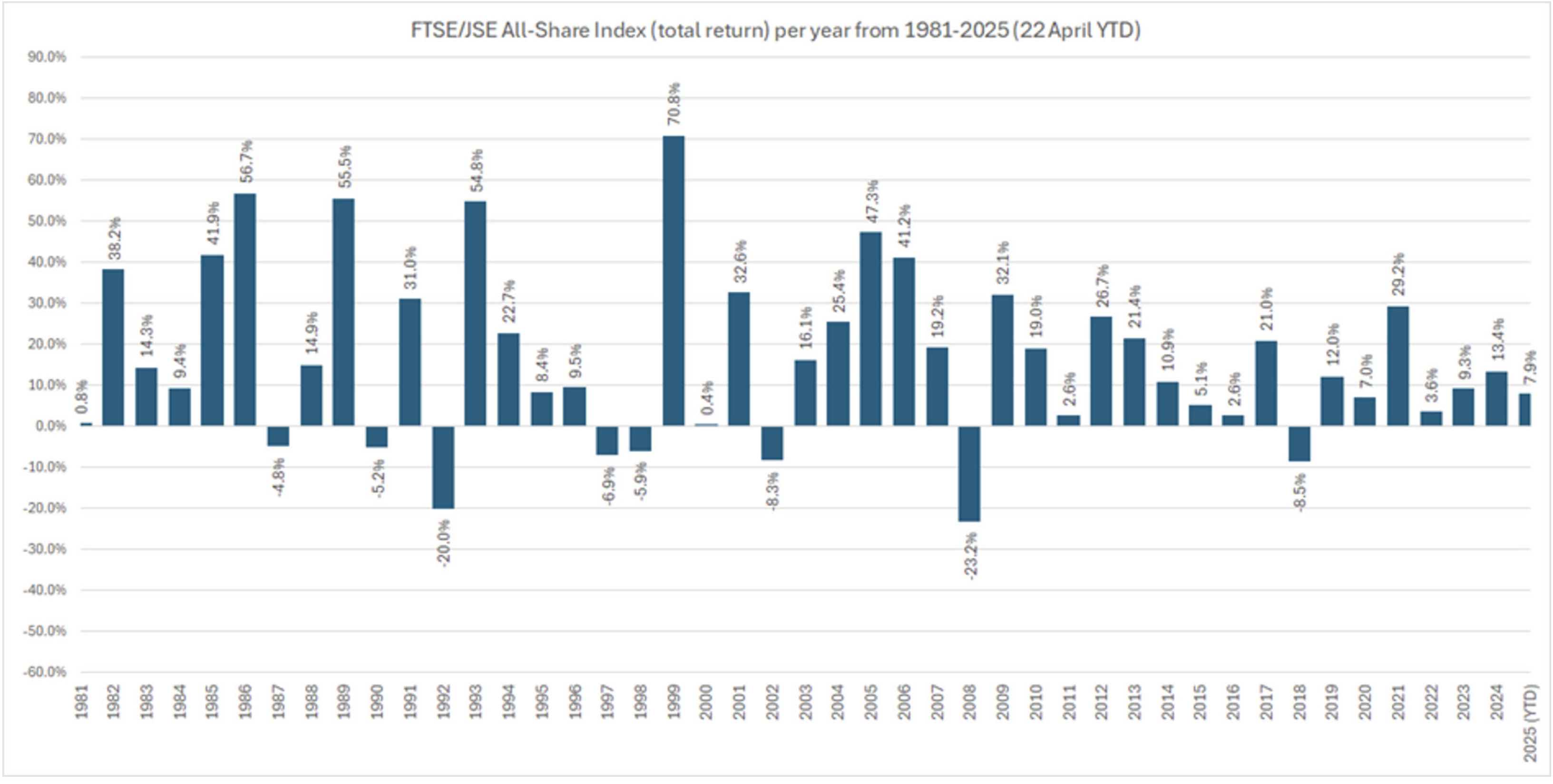
Uncertainty about global trade can negatively impact some investments but positively impact others, such as gold.

The value of the rand (our currency) can change more rapidly when there are significant shifts in the world economy.

Effect on Market Drawdown Rates

The charts below show the annual total return of the FTSE/JSE All Share index and the maximum annual drawdown in every calendar year. The average drawdown for the data shown is 17%, the current maximum drawdown for 2025 is 9.5%. The key point to note is that large drawdowns are expected from time to time, but it is difficult to know when before the event occurs and in general, large drawdowns present good long-term investment opportunities.





What the Board of Trustees and the Fund’s investment specialist advisors are doing:

The Board understands that market changes can raise questions especially when your fund value decreases. As stated in the opening paragraph, it is important to remember that retirement investments are designed for the long term.

The structure of the portfolios is such that they are:

Diversified: We spread investments across different asset classes, countries, and industries. This diversification helps to protect your money by minimizing risk and mitigating losses as far as possible.

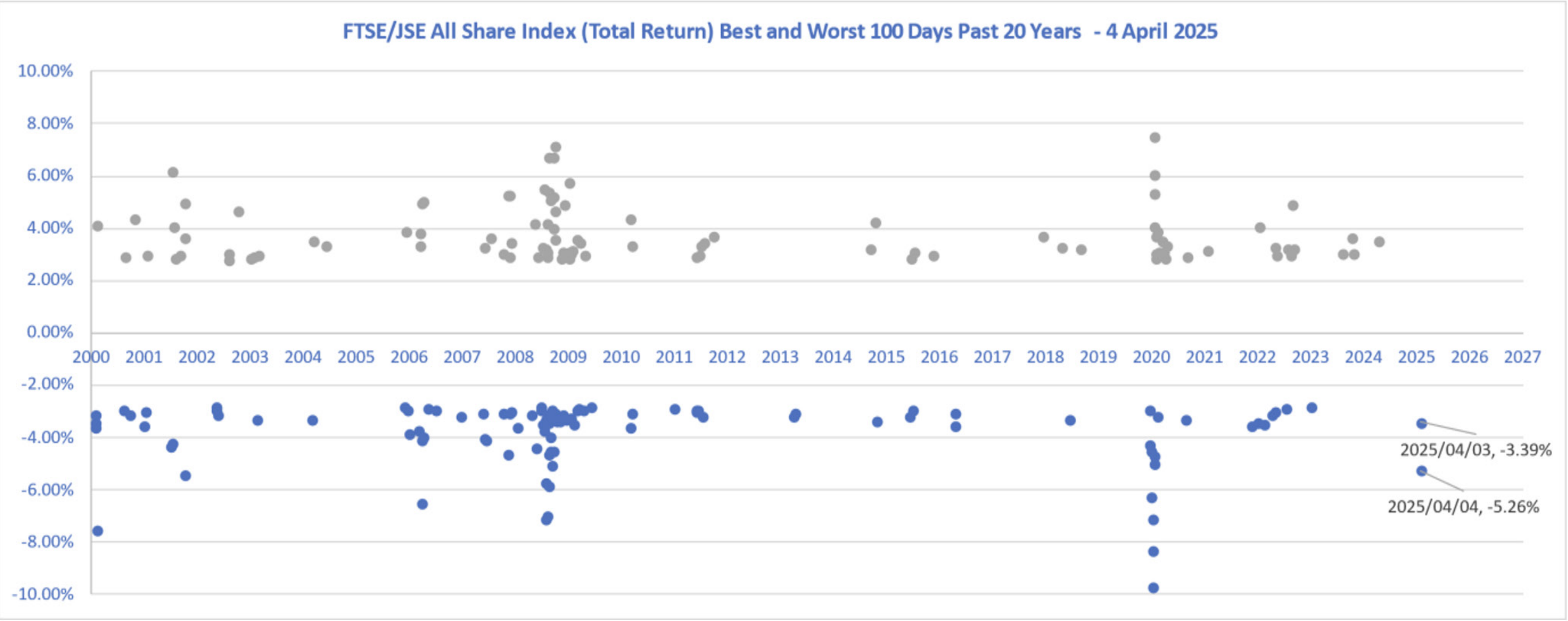
Focussed on the long term: Historically, markets have recovered after periods of volatility. The portfolios are structured on long-term investing with the aim to accumulate wealth steadily.

What Happens Next

While recent market changes due to tariff announcements may cause short-term volatility, it is important to remember that markets have historically recovered after major events. We encourage members to maintain a long-term investment focus and avoid reacting impulsively to short-term fluctuations.

To provide perspective, while the recent market decline was significant, it is important to view it within a broader context.

This graph shows the best (in grey) and worst (in blue) 100-day periods in the market over the past 20 years.



- You can see that, while the recent drawdown (market decline) is concerning, it has not been as severe as some other major events in recent history, such as: 2000 (Y2K concerns)
- 2006 (the downturn in the property market)
- 2008 (the Global Financial Crisis)
- 2020 (the COVID-19 pandemic)

Conclusion

The next few weeks/months may remain volatile as markets react to the implications of these trade changes. However, if you are uneasy with your investment choice, we encourage you to speak to a financial advisor.

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