



**Public Officers'
Defined Contribution
Pension Fund**

ANNUAL REPORT

2024-2025



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ABOUT US

The Public Officers' Defined Contribution Pension Fund (the Fund/PODCPF) is established by the Public Officers' Defined Contribution Pension Fund Act No.8 of 2008, as amended (the Act), to deliver pension benefits to contributing members holding public office on permanent and pensionable basis in the Government of Lesotho, and for related matters. In terms of this founding Act, the Government of Lesotho is the sole sponsoring employer to this Fund.

VISION

To be a leading Member Centric Pension Fund.

MISSION

To provide benefits to our Members and their beneficiaries in a timely and accurate manner.

VALUE STATEMENTS

Transparency

Providing information on retirement benefits and other services to our stakeholders in an open and professional manner.

Value for money

Endeavouring to be an ethical organisation that delivers service in a cost effective and efficient manner.

Proactivity

Listening to our stakeholders and anticipating their needs to provide solutions.

Accountability

Demonstrating responsibility to our stakeholders through appropriate communication concerning the affairs of the Fund in a timely manner.

Innovation

Pursuing innovation by attracting, developing and retaining creative a highly motivated workforce.

Compassion

Maintaining stakeholder confidence by listening to and serving them with sincerity, empathy and kindness.

ABOUT US





SERVICE PROVIDERS

ADMINISTRATOR

NBC Lesotho Insurance Company Limited

INSURER / RISK UNDERWRITER

Alliance Insurance Company (Pty) Ltd

INVESTMENT CONSULTANTS

Cadant Partners Consultants and
Actuaries Lesotho (Pty) Limited

BANKER

Standard Lesotho Bank Limited

CUSTODIAN

FirstRand Bank Limited

AUDITORS

Moteane, Quashie & Associates

LEGAL ADVISORS

Webber Newdigate Attorneys

ACTUARIES

Willis Towers Watson (Pty) Ltd

ASSET MANAGERS

Aluwani Capital partners (Pty) Limited
Coronation Asset Management (Pty) Limited
Foord Asset Management (Pty) Limited
M&G Investments (Pty) Limited
Mergence Investment Managers
Lesotho (Pty) Limited
Ninety One SA Proprietary Limited
STANLIB Lesotho (Pty) Limited

CONTACT INFORMATION



Public Officers' Defined Contribution Pension Fund
Secretariat Office
Pension Fund House
4th Floor
Constitution Road,
Maseru, Lesotho



www.pensionfund.org.ls



+266 2231 3088



+266 5770 2778

Toll Free: +266 8000 2778



enquiries@pensionfund.org.ls



P.O. Box 14935
Maseru 100, Lesotho



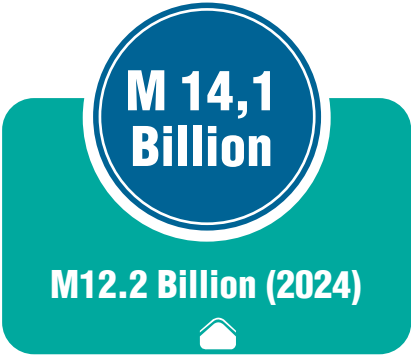


AT A GLANCE

As at 31st March 2025

Assets under Management

Investment Returns



Active members



Pension Increase



Benefits Paid



Pensioners



Contributions Recieved





CHAIRPERSON'S STATEMENT

On behalf of the Board of Trustees, it is my privilege to present this Annual Report for the Public Officers' Defined Contribution Pension Fund (PODCPF) for the financial year ended 31st March 2025.

Resilient Growth

The 2024/25 Financial Year has been marked by both challenges and achievements. Despite complex global economy amid world conflicts and trade wars between major economies as well as deteriorating domestic economic environment, the Fund delivered strong performance.

Assets under management grew by 15.4% to M14.1 billion, supported mainly by net investment income of M1.4 billion. The Fund achieved an investment return of 11.5%, comfortably outperforming its benchmark of Lesotho CPI + 5% (9.2%). This performance reflects the effectiveness of our diversified investment strategy but more importantly, demonstrates that the Fund is well positioned to meet its long-term obligations to Members and Pensioners.

Governance and Compliance

The Board of Trustees continued to strengthen governance structures and practices in line with the Fund's mandate and applicable laws. During the year, we approved key policies, including a revised Trustees' Code of Conduct, Ethics and Conflict Management Policy, and a Board Performance Assessment Tool. These instruments are intended to set the Board's ethical tone on the management of the Fund and provide clear expectations for the Trustees to strengthen their ability to discharge their fiduciary duties and act in the best interest of the Members and Beneficiaries.

The Fund implemented the regulatory directives issued during its successful licensing by the Central Bank of Lesotho as the regulator of pension funds. I am pleased to report that pursuant to the regulatory requirements for fit and probity assessment, all Members of the Board of Trustees were assessed and declared fit and proper to serve in their respective capacities.

We also continued to capacitate our Trustees through participation in regional pension forums and training programs to enhance their skills in retirement industry so that they are well-equipped to discharge their mandate. While we bid farewell to two Employer Trustees during the year, the Fund remains anchored in strong leadership, with deliberate attention to diversity, independence, and professional expertise.

Accountability

As part of our accountability, the Fund appeared before the Public Accounts Committee (PAC) of the National Assembly during the year under review. This appearance provided an opportunity to report on the Fund's financial position, governance practices, benefit administration, and to respond directly to Members of Parliament on matters of interest.

Although in some instances we found that the final report adopted by the National Assembly did not represent the documented facts about the Fund's operations, we consider the engagement a reinforcement of our commitment to transparency, strengthening public trust and a demonstration of our determination to uphold the highest standards of accountability in the management of Members' retirement savings.

Financial Stability and Sustainability

As committed, the Government of Lesotho remitted the annual tranche of M200 million under the Memorandum of Agreement to support the scheme to lead the Fund's journey towards full sustainability. We remain mindful of our responsibility to balance current obligations with future commitments. As such, we will continue to adopt prudent financial and risk management practices, strengthen internal capacity, and diversify investments to ensure that Members' savings are protected and enhanced over the long term.



The Board approved a pension increase of 4.5%, effective 1 April 2024. While lower than the previous year, this increase was determined in line with actuarial advice and the Fund’s Pension Increase Policy, balancing sustainability with Pensioners’ needs amidst rising living costs.

Looking Ahead

While global uncertainties, domestic fiscal pressures, and investment market volatility persist, the Fund’s foundation is strong. We commit to fiduciary responsibility, regulatory compliance, good governance and oversight in the management of the pension fund assets.

Appreciation

On behalf of the Board of Trustees, I extend my appreciation to the Government of Lesotho as the sponsoring employer, our dedicated management team, our service providers, and most importantly, our Members, Pensioners and Beneficiaries. It is your trust that drives us forward. Together, we will continue to build a resilient, member-centric pension fund that stands as a pillar of retirement security in Lesotho.

Nthoateng

Ms. Nthoateng Lebona
Board Chairperson





STATEMENT OF THE PRINCIPAL OFFICER

It is an honour to present this Statement accompanying the Annual Report for the Public Officers' Defined Contribution Pension Fund for the financial year ended 31st March 2025.

Operational Performance

The year under review was characterised by significant operational progress and a deliberate focus on service delivery. We processed 1,128 benefit claims, representing a substantial improvement from previous years.



The period saw outstanding claims decline by 38%, largely due to improved coordination with the employer and targeted interventions to resolve documentation bottlenecks. Overall, benefits paid increased by 46% from the previous year. This rise was primarily driven by an increase in retirements as the first cohort of Members, mostly in the Public Service Sector, reached normal retirement age. As a result, Pensioner numbers rose significantly to 491, compared to 268 in the prior year.

In collaboration with the Ministry of Public Service and the Fund's Administrator, a targeted project to address unclaimed benefits that was launched in 2023 begun yielding positive results. Through improved data reconciliation and inter-ministerial coordination, we have successfully reduced unclaimed benefits, especially the Nil Contributors.

Member-Centric Engagement

At the heart of our strategy are our Members. Through the second Annual Member Engagement Forum (AMEF), we directly engaged with more than 6,000 Members. Their voices continue to shape our policies, service delivery and strategic priorities. Our partnerships, such as the collaboration with the Lesotho Institute of Public Administration and Management (LIPAM) to deliver financial literacy training, further underscore our commitment to equipping our Members with the knowledge and tools for financial preparedness, especially as they approach retirement.

Looking Forward

As we look ahead, the Secretariat remains focused on enhancing operational efficiency and expanding Member education. In the coming year, priority will be given to reducing turnaround times in claim processing, enhancing the management of unclaimed benefits, and improving online access to Member information. Further, the Investment Policy Statement will be reviewed as we continue to pursue diversification while enhancing local investments in line with regulatory requirements.

Acknowledgements

I wish to thank the Board of Trustees for their guidance, the Secretariat team for their dedication and hard work, and our service providers for their partnership. Above all, I thank our Members and Pensioners for the trust and confidence they place in the Fund. Together, we will continue to strengthen the PODCPF as a resilient, transparent, and truly member-centric organisation.

Mamotlohi Mochebelele (Mrs)
Principal Officer / CEO





GOVERNANCE REPORT

LEADERSHIP OVERVIEW

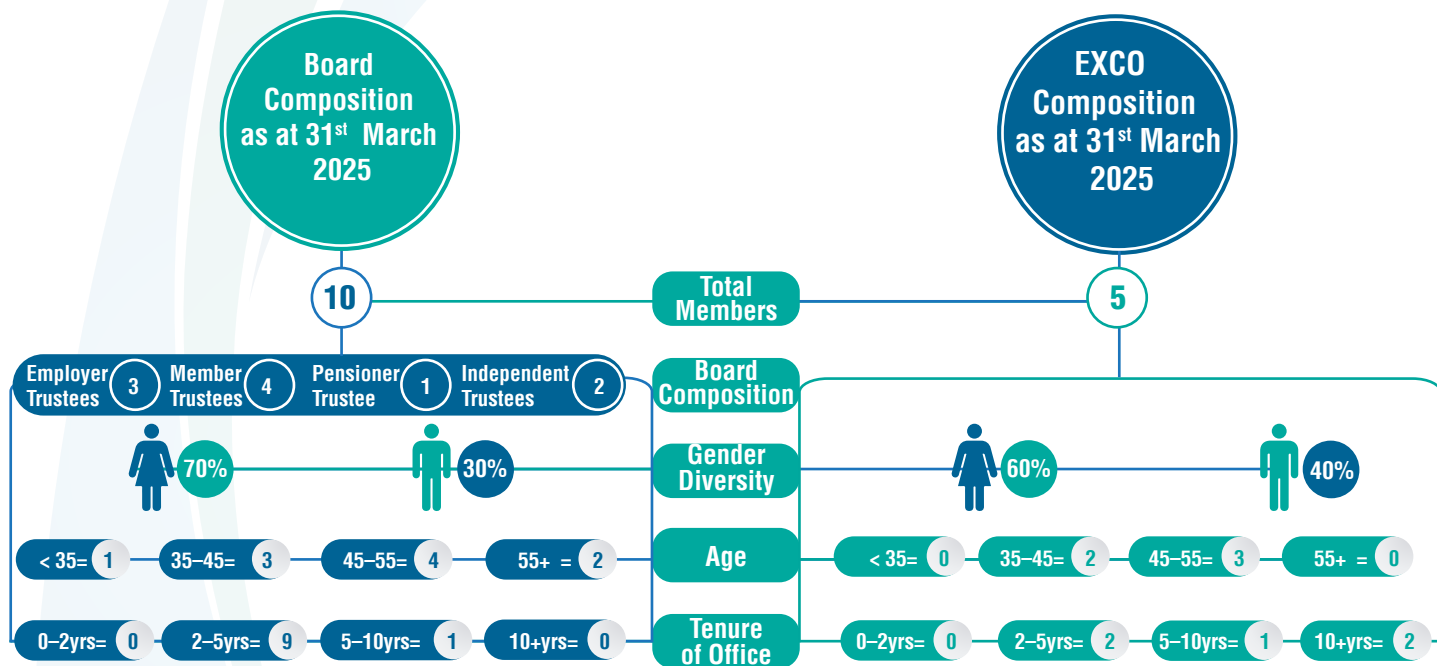


Figure 1: Overview of the PODCPF Leadership

As of 31st March 2025, the composition of the Board and the Executive Committee (EXCO) reflected a well-structured leadership model, demonstrating a commitment to diversity, balanced representation and long-term organisational resilience.

The representation across gender, age, and tenure fosters multifaceted perspectives that enrich strategic deliberations and reinforce the robustness of existing governance frameworks. This composition not only aligns with best practices in corporate governance, but it also enables the leadership to better comprehend and effectively navigate stakeholder interests, as well as upholding its fiduciary responsibilities to the Members of the Fund.

BOARD OF TRUSTEES

Mandate and Operations of the Board

The Board of Trustees is charged with the overarching responsibility of ensuring that the Fund is governed in the best interests of its Members and in adherence to applicable legislation, regulations, rules, and approved internal policies. This fiduciary mandate reinforces the Fund’s long-term sustainability, accountability, and member-centric governance.

In terms of the Fund’s establishing legislation, the Board is constituted to comprise a total of 14 Trustees. During the period under review, Board saw the retirement of two Trustees, in addition to two independent trustees who retired during the previous reporting period, vacancies of which were yet to be filled. Thus, as at 31st March 2025, the Fund had a total of four vacancies within its Board.

In terms of the Fund’s governance framework, all appointed Trustees, with the exclusion of ex-officio Trustees, serve a term of five (5) years, contributing toward institutional continuity and mitigating the risk of stagnation.

As at the end of the period under review, the Board comprised of three (3) public officers representing the Government, namely the Principal Secretary responsible for the Ministry of Finance, the Accountant-General, and a designated representative of the Disciplined Forces; four (4) public officers nominated by the Fund's membership representing Public Service, Local Government Service, Disciplined Forces and the Teaching Service respectively; one (1) pensioner representing the interests of retired Members; as well as two (2) Independent Trustees appointed on the basis of their professional expertise in pensions-related matters.

► **Commitment of the Board to Corporate Governance**

The Board recognises that its adherence to principles of good governance is critical to its effectiveness as an oversight body and to the long-term success of the Fund. This commitment is anchored in legal, ethical, and institutional accountability, and ensures that governance practices remain transparent, responsive and strategically aligned.

The Board subscribes fully to the Mohlomi Code of Governance as its principal governance framework, and to the King IV code as a complementary regional standard. These codes guide the Board in upholding integrity, fairness, and sound decision-making across its fiduciary duties.

The Board is bound by the Establishing Statute of the Fund enacted by the Parliament of the Kingdom of Lesotho, the Rules of the Fund, applicable national laws and regulations, as well all administrative law principles governing the relationship between Principals and Agents, particularly in respect of powers, duties, and responsibilities.

The Board functions as a unitary body, exercising authority solely in formal sittings, in terms of the laws and procedures regulating Meetings. Moreover, the Board affirms that the interest of the Fund and our Members take precedence over the preferences or expectations of any nominating authority.

The Trustees, individually and collectively, commit to attendance of all Board Meetings, and to thoroughly review all documentation and submissions prior to sittings and deliberations.

In line with its Board Charter, and in pursuit of enhanced governance and oversight, during the period under review, the Board initiated a focused review and development of the following:

► **Board Code of Conduct**

► **Board Ethics and Conflict Management Policy**

► **Board Performance Assessment Tool**

The Board has further resolved to secure the services of a Governance Specialist to strengthen governance practices across the Fund, enhance the effectiveness of the Board and its Committees, and ensure continued alignment with applicable laws, regulations, and governance best practices.



► APPOINTMENTS, RE-APPOINTMENTS AND EXITS

During the period under review, the following movements were recorded in the Board Composition:

	Name	Capacity	Date of Appointment	Date of Exit
New appointments	N/A	N/A	N/A	N/A
Re-appointments	N/A	N/A	N/A	N/A
Exits	Mr. Matheakuena Lekhoaba	Employer Trustee	30 June 2016	1 October 2024
Exits	Mr. Komane Motaba	Employer Trustee	13 January 2020	6 February 2025

Figure 2: Summary of Board Composition Movements

Both Mr. Lekhoaba and Mr. Motaba retired from the Board during the period under review. The vacancies resulting from their departures were yet to be filled at the end of the reporting period.

► BOARD CAPACITATION

Recognising Board Capacitation as a critical enabler for the effective discharge of its oversight and fiduciary responsibilities to the Fund and its Members, the Board maintained its affiliation to the Institute of Directors in Southern Africa (IoDSA) during the period under review. This membership provides Trustees with access to continuous learning, upskilling and professional development opportunities, while ensuring that they remain abreast of evolving governance standards and best practices.

In addition to formal affiliations, the Board places significant emphasis on exposure to industry developments through participation in regional pension fund-related conferences and forums. Such engagements serve as a platform for Trustees to broaden their understanding of investment trends, governance innovations, regulatory changes, and emerging risks affecting the pension fund sector. These also foster valuable peer-to-peer learning, benchmarking, and networking with governance professionals and industry leaders across the region.

Below is a summary of training and development initiatives undertaken by the Board during the period under review:

Scope of Training and Development	Facilitator	Date
BATSETA Winter Conference – Cultivating Sustainability and Inclusion	BATSETA Council of Retirement Funds	29 th – 31 st July 2024
Institute of Retirement Funds Africa Annual Conference – Governance and Leadership of Retirement Funds	Institute of Retirement Funds Africa	6 th – 8 th October 2024
Integrated Reporting: Introducing the <IR> Framework and its relevance to Pension Fund Boards	Peakford Management Consultants, Prof. Kasolo Hassan, Phd, DBA	28 th January 2025

Figure 3: Trustee Training Initiatives in the year under review

Through these initiatives, the Board continues to strengthen its collective governance capabilities, ensuring that decision making is informed, robust and aligned with the long-term interests of the Fund's Members.

COMPOSITION OF THE BOARD



Ms. Nthoateng Lebona

Capacity Employer Trustee Chairperson - Board of Trustees	Highest Qualification MSc Agricultural Economics
Date of Appointment 31 July 2020	



Mrs. 'Malehlohonolo
Likhapha-Mahase

Capacity Employer Trustee	Highest Qualification Chartered Accountancy (Lesotho)
Date of Appointment 28 November 2019	



Mr. Karele Poqa

Capacity Employer Trustee	Highest Qualification BA in Education
Date of Appointment 05 October 2022	



Mr. Thaabe Kuleile

Capacity Member Trustee	Highest Qualification BA (Hons) Education
Date of Appointment 30 July 2020	



Ms. Mpontšeng
Pama-Letsoela

Capacity Member Trustee	Highest Qualification Master of Business Administration
Date of Appointment 01 April 2022	



Ms. Thandy Mabaso

Capacity

Member Trustee

Highest Qualification

PGDip in Human Resource Management

Date of Appointment

17 June 2022



Mrs. Nomalinge Tlakeli

Capacity

Member Trustee

Highest Qualification

Master's in Human Resources Management

Date of Appointment

29 September 2022



Mr. Monaheng Mahlatsi

Capacity

Pensioner Trustee

Highest Qualification

DPhil in Philosophy

Date of Appointment

25 January 2022



Ms. Tšaliko Ntoampe

Capacity

Independent Trustee

Highest Qualification

Master of Development Finance

Date of Appointment

20 October 2020



Ms. Martha Baatjies

Capacity

Independent Trustee

Highest Qualification

Chartered Accountancy (Lesotho)

Date of Appointment

16 October 2020



Mr. Matheakuena Lekhoaba

Capacity Employer Trustee <i>(Retired)</i>	Highest Qualification BA Degree
Date of Appointment 07 December 2016	Date of Exit 01 October 2024



Mr. Komane Motaba

Capacity Employer Trustee <i>(Retired)</i>	Highest Qualification Master of Educational Administration
Date of Appointment 13 January 2020	Date of Exit 06 February 2025

Name of Committee	Members	Mandate (Responsibilities)
Investment Committee	Ms. Tšaliko Ntoampe (Chair) Mrs. 'Malehlohonolo Likhapha-Mahase Ms. Martha Baatjies Ms. Mpontšeng Pama-Letsoela Mr. Thaabe Kuleile	The investment committee is responsible for advising the Board on all investment-related matters, in line with the Fund's Investment Policy Statement and Risk Tolerance Levels.
Audit Committee	Mrs. 'Malehlohonolo Likhapha-Mahase (Chair) Ms. Martha Baatjies Ms. Thandy Mabaso Ms. Tšaliko Ntoampe Mr. Matheakuena Lekhoaba	The Audit and Risk Committee assists the Board in fulfilling its oversight responsibility on the quality and integrity of the Fund's accounting, auditing, and reporting practices as well as its enterprise-wide risk management.
Governance Committee	Mr. Monaheng Mahlatsi Mrs. Nomalinge Tlakeli Mr. Komane Motaba	The Governance Committee is responsible for advising the Board in all matters of governance, including legal and compliance, nominations, development of Board Members and their rewards, as well as on social, environmental, and ethics issues.
Benefits Administration Committee	Mr. Thaabe Kuleile (Chair) Mr. Karele Poqa Mr. Monaheng Mahlatsi Mr. Komane Motaba Mr. Matheakuena Lekhoaba	The Benefits Administration Committee is tasked with matters relating to the payment and/or distribution of the Fund's benefits to members and their beneficiaries.
Human Resources and Remuneration Committee	Ms. Mpontšeng Pama-Letsoela (Chair) Mr. Karele Poqa Mrs. Nomalinge Tlakeli Mrs. Thandy Mabaso	The Human Resources and Remuneration Committee is tasked with providing oversight on behalf of the Board over matters relating to the management of the staff of the Secretariat Office.

Figure 4: Composition of Board Committees

TRUSTEE ATTENDANCE

For the period under review, the Trustees attended scheduled and special Board and Committee meetings as shown in the table below:

MEETINGS	Board	GC	IC	ARC	HRRC	BAC
Number of meetings	14	5	6	5	5	5
Ms. Nthoateng Lebona	10					
Mrs. 'Malehlohonolo Likhapha-Mahase	13		3	4		
Ms. Tšaliko Ntoampe	11		6	5		
Ms. Martha Baatjies	14		6	5		
Mr. Matheakuena Lekhoaba	11			3		2
Mr. Komane Motaba	13	4				3
Mr. Thaabe Kuleile	14		6			5
Mr. Monaheng Mahlatsi	10	5				5
Ms. Thandy Mabaso	14			5	5	
Ms. Mpontšeng Pama-Letsoela	14		6		5	
Mrs. Nomalinge Tlakeli	13	5			5	
Mr. Karele Poqa	14				5	5

Table 1: Summary of Trustee Attendance

GC – Governance Committee, IC – Investment Committee, ARC - Audit & Risk Committee, HRRC – Human Resources and Remuneration Committee, BAC - Benefits Administration Committee



THE SECRETARIAT

Executive Management



Mrs. 'Mamotlohi Mochebelele
Principal Officer
MA Economics



Adv. Sempe Moshoeshoe
Corporate Secretary, Head of Legal
Bachelor of Laws (LLB)



Ms. Nnete Hanyane-Ramone
Head of Finance and Administration
Chartered Accountancy (Lesotho)



Mr. Makoa Macheli
Head of Benefits Administration
Master of Business Administration
(MBA)



Ms. Motheba 'Matli
Head of Investments
Chartered Financial Analyst (CFA)

Middle Management



Mr. Matshona Libalele
Communications Officer



Mrs. 'Mathabiso Nkoane
Benefits Administration Officer



Mrs. 'Malefu Ntholeng
Finance and Administration
Officer



Adv. Pitso Posholi
Legal Officer



Mr. Teboho Mphana
Investment Analyst



Mrs. 'Makahlai Dasilva
IT Officer

Rest of the Team



Mrs. Lieketso 'Mamotebang Tšoeu
Personal Assistant to the
Principal Officer



Mr. Moneheleli Mofubetsoana
Clerical Assistant



Mrs. 'Mamotebang Qhasho
Clerical Assistant



Ms. Moseitlo Lepphoto
Receptionist



Mr. Thabang Molefi
Driver



Mrs. 'Marorisang Mofolo
Office Assistant

**SUMMARY OF THE AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2025**



STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

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

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

Approval of the annual financial statements

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

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

These financial statements have been reported on by the independent auditors, Moteane, Quashie & Associates, who were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of Trustees believes that all representations made to the independent auditors during their audit were valid and appropriate. The report of the independent auditors is presented on pages 28 to 29.

These financial statements:

- were approved by the Board of Trustees on 24th September 2025
- are certified by them to the best of their knowledge and belief to be correct;
- fairly represent the net assets of the Fund at 31 March 2025 as well as the results of its activities for the period then ended;
- are signed on behalf of the Board of Trustees by:

CHAIRPERSON

Ms. Nthoateng Lebona

NAME

MEMBER TRUSTEE

Mrs. Nomalinge Tlakeli

NAME

EMPLOYER TRUSTEE

Mrs. 'Malehlohonolo Likhapha-Mahase

NAME



INDEPENDENT AUDITOR'S REPORT

To the Members of the Public Officers' Defined Contribution Pension Fund

Opinion

We have audited the financial statements of the Public Officers' Defined Contribution Pension Fund, set out on pages 5 - 24, which comprise:

- the statement of net assets and funds as at 31 March 2025,
- the statement of changes in net assets and funds for the period then ended,
- and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Public Officers' Defined Contribution Pension Fund present fairly, in all material respects, the financial position of the Fund as at 31 March 2025 and for the year then ended; and are prepared, in accordance with Regulatory Reporting Requirements of the Public Officers' Defined Contribution Fund Act No. 8 of 2008, Pension Funds Act of 2019, the Rules of the Fund and the International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Lesotho, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees and those charged with governance for the financial statements.

The Board of Trustees is responsible for the preparation and fair presentation of the financial statements in accordance with the Reporting Requirements in terms of the International Financial Reporting Standards (IFRSs), Pension Fund Act number 8 of 2008 and Pension Funds Act 2019, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

Other reports required by the Pension Fund Act of 2008 and Pension Funds Act of 2019

As part of our audit of the financial statements for the year ended 31 March 2025, we have read the Trustees' report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Moteane Quashie & Ass

Moteane, Quashie & Associates

Registered Auditors

Engagement Director: May Ada Moteane (Mrs.)

24 September 2025

Maseru





STATEMENT OF COMPREHENSIVE INCOME - OPERATIONAL

1 Period ended

31 March 2025	31 March 2024
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2 Income

Note Page

Employer contributions	5	15	615 721 636	582 993 107
Employee contributions	5	15	276 007 664	260 930 148
Shortfall funding			200 000 000	200 000 000
Insurance proceeds (Death, Disability, other)			43 802 616	39 292 356
Office and staff expenses reimbursed by SODCPF			2 239 229	2 180 929
Interest on salary advances			34 979	34 700
Profit on sale of capital expenditure			5 280	(11 549)
Revaluation on capital expenditure	6	15	14 305	414 382

Total Income

1 137 825 709	1 085 834 073
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3 Benefits

Death benefits	3	13	(110 707 909)	(85 608 326)
Retirement benefits				
Lump sums	3	13	(753 743 850)	(244 960 378)
Pensions	3	13	(34 443 269)	(23 918 863)
Withdrawal benefits	3	13	(50 610 436)	(38 697 735)

Total benefits paid

(949 505 464)	(393 185 302)
---------------	---------------

4 Transfers

Transfers in to the fund	-	-
Transfers out of the fund	-	-

Net Transfers in

-	-
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5 Operational expenses

Re-insurance premiums				
Group Life assurance			(73 469 477)	(63 590 880)
Capital Disability assurance			(1 504 607)	(16 162 464)
Administration expenses				
Actuarial fees			(340 068)	(450 000)
Administration fees			(23 803 461)	(24 300 932)
Audit fees			(427 800)	(427 906)
Bank charges				(22)
Fidelity insurance			(396 925)	(329 375)
Trustee expenses				
Trustee remuneration			(1 095 500)	(1 339 115)
Tax expenses - Trustee remuneration			(423 786)	(528 192)
Trustee accommodation and travel costs			(110 172)	(1 156 181)
Trustee meeting costs			(388 576)	(95 398)
Trustee training costs			(1 060 322)	(370 381)
Office and staff expenses				
Advertising costs			(38 928)	(66 170)
Cleaning costs			(6 813)	(10 113)
Consulting fees			(218 057)	(716 930)
Depreciation			(529 525)	(423 707)
Entertainment and gifts			(121 675)	(96 200)
Equipment and computer maintenance			(4 055)	(21 701)

Fuel and maintenance
 Legal fees
 Licences - Bloomberg and other software
 Member communication expenses
 Newspaper subscriptions
 Postage and telephone
 PPE and related expenses
 Printing and stationery
 Rental expenses
 Salaries and employee benefits - Secretariat key management
 Salaries and employee benefits - Secretariat staff
 Tax expenses - Salaries and benefits
 Fringe benefit tax - Salaries and benefits
 Small durable items
 Staff expenses
 Staff travel and accommodation
 Staff training and related expenses
 Staff welfare
 Vehicle insurance costs
 Workmens compensation

(131 164)	(112 022)
(164 220)	(451 389)
(727 582)	(630 198)
(708 185)	(502 121)
(23 119)	(9 938)
(465)	(113 738)
(98 882)	(2 756)
(164 546)	(166 958)
(5 474 877)	(5 057 522)
(4 348 681)	(6 332 709)
(7 058 953)	(5 156 474)
(2 992 848)	(3 236 203)
(166 431)	-
(71 314)	(76 294)
(43 767)	(37 636)
(206 703)	(216 323)
(674 550)	(375 064)
(48 366)	(164 572)
(79 208)	(51 795)
(25 366)	(17 367)

Total Expenses

(127 148 975)	(132 796 746)
---------------	---------------

Net Income (Operational)

61 171 270	559 852 025
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Autona

Chairperson
 Date: 24/09/2025

Me

Principal Officer
 Date: 24/09/2025





STATEMENT OF FINANCIAL POSITION

1 Period ended

31 March 2025
31 March 2024

2 Assets

Contributions receivable	5	15
Accounts receivable	2	13
Plant and equipment	1	12
Revaluation reserve - Property, plant and equipment	6	15
Cash at bank		
Investments - cash and cash equivalents		
Investments - investment property		
Investments - financial assets		
Investments - equities		
Investments - commodities		
Revaluation reserve - Investments - direct holdings in properties	7	16

Note Page

114 912 151	209 874 242
11 531 671	10 925 557
2 617 275	601 539
1 521 824	1 507 519
40 431 415	12 204 525
2 070 033 540	1 853 559 918
563 667 560	520 682 694
5 541 561 597	4 503 406 411
5 756 694 387	5 249 288 676
192 466 439	111 523 007
(55 439 218)	(55 439 218)

Total Assets

14 239 998 641
12 418 134 870

3 Liabilities

Accounts Payable	4	14
Benefits Payable	3	13

4 32 973 136
30 465 076

32 973 136	30 465 076
245 470 291	141 616 000

Net Assets

13 961 555 214
12 246 053 794

4 Members'fund accounts and reserves*

Member accounts	8	17
Risk Reserve	8	17
Pensioner Pool Account	8	17
Past Service Reserve	8	17
Investment Reserve	8	17

12 321 470 709
11 245 972 342
31 850 000
31 849 999
449 521 913
265 218 754
396 034 421
186 332 892
762 678 171
516 679 807

12 321 470 709	11 245 972 342
31 850 000	31 849 999
449 521 913	265 218 754
396 034 421	186 332 892
762 678 171	516 679 807

Chairperson
Date: 24/09/2025

Principal Officer
Date: 24/09/2025

*Based on the Valuation results as at 31 March 2023, the Fund has revealed a funding level of 76.9% and is not in a financially sound position. The Valuator further reported a shortfall in terms of the promised future benefits of M 3 250 million, this amount includes a provision for M 200 million paid by Government towards the shortfall in 2024. The shortfall for 31 March 2023 excluding the M 200 million amounts to M 3 450 million.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Lump sum and pensioner benefits

	At the beginning of the period 1 April 2024	Benefits for current period	Payments	Movement in lieu of pension pool	At the end of the year 31 March 2025
Lump sums on retirements	47 740 394	753 743 850	(444 348 573)	(218 746 428)	138 389 243
Lump sums before retirement					
Death benefits	76 275 888	110 707 909	(101 902 150)	-	85 081 647
Withdrawal benefits	16 749 665	50 610 436	(46 159 108)	-	21 200 993
Pensioner benefits	850 053	-	(34 494 914)	34 443 269	798 408
Total lump sum and pensioner benefits	141 616 000	915 062 195	(626 904 745)	(184 303 159)	245 470 291

2. Contributions

	At the beginning of the year 1 April 2024	Towards retirement	Towards re- insurance and expenses	Contributions received	At the end of the year 31 March 2025
Member contributions	78 194 133	276 007 664	-	(273 026 948)	81 174 849
Government contributions	131 680 109	274 605 419	341 116 217	(713 664 443)	33 737 302
Total Contributions	209 874 242	550 613 083	341 116 217	(986 691 391)	114 912 151



3. Members' fund accounts and reserves

	Members individual accounts & amounts to be allocated	Risk Reserve	Pensioner Pool Account	Past Service Reserve	Investment Reserve	Total current year ending 31 March 2025	Total previous year ending 31 March 2024
At the beginning of the year 1 April 2024	11 245 972 342	31 849 999	265 218 754	186 332 892	516 679 807	12 246 053 794	10 632 745 860
Contributions received and accrued	550 613 083	341 116 217	-	-	-	891 729 300	843 923 255
Insurance proceeds (Death, Disability, Other)	43 802 616	-	-	-	-	43 802 616	39 292 356
Net investment income	-	(6 559 505)	-	-	1 497 582 445	1 491 022 940	1 108 895 127
Revaluation on direct holdings in properties	-	-	-	-	(55 439 218)	(55 439 218)	(55 439 218)
Other income:							
Shortfall funding*	200 000 000	-	-	-	-	200 000 000	200 000 000
Revaluation on capital expenditure	-	14 305	-	-	-	14 305	414 382
Profit on sale of capital expenditure	-	5 280	-	-	-	5 280	(11 549)
Office and staff expenses reimbursed by SODCPF	-	2 239 229	-	-	-	2 239 229	2 180 929
Interest on salary advances	-	34 979	-	-	-	34 979	34 700
Less:	(915 062 195)	(127 148 975)	184 303 159	-	-	(857 908 011)	(525 982 048)
Administration expenses	-	(24 968 254)	-	-	-	(24 968 254)	(25 508 235)
Trustee expenses	-	(3 078 356)	-	-	-	(3 078 356)	(3 489 267)
Office and staff expenses	-	(24 128 281)	-	-	-	(24 128 281)	(24 045 900)
Insurance premiums	-	(74 974 084)	-	-	-	(74 974 084)	(79 753 344)
Transfers and benefits:	-	-	-	-	-	-	-
Lump sum and pensioner benefits	(915 062 195)	-	218 746 428	-	-	(696 315 767)	(369 266 439)
Pensioner payments	-	-	(34 443 269)	-	-	(34 443 269)	(23 918 863)
Outsource pensioner payments	-	-	-	-	-	-	-
Transfer to Past Service Reserve	-	(209 701 529)	-	209 701 529	-	-	-
Return allocated	1 196 144 863	-	-	-	(1 196 144 863)	-	-
Total Members' fund accounts and reserves	12 321 470 709	31 850 000	449 521 913	396 034 421	762 678 171	13 961 555 214	12 246 053 794

*The actuarial valuation on pages 26-27 reports on M 10 832 746 000 differs from the opening values per the annual financial statements because the M 200 000 000 as received during the current year were provided for in the Actuarial Valuation.



ECONOMIC REVIEW

The global macroeconomic and financial landscape over the financial year ended 31 March 2025 was shaped by a combination of moderate inflation; resilient, albeit slowing, economic growth; and shifting geopolitical dynamics. Amid a backdrop of high interest rates, geopolitical uncertainty, and sector-specific shifts, financial markets delivered mixed returns, reflecting both the resilience of global systems and the fragility of investor sentiment.

Global economic growth moderated to 2.8%, from 3.2% the previous year, as tight monetary conditions and fading fiscal support weighed on developed markets. Inflation trended downward globally, prompting central banks to signal a pause or gradual reversal of prior rate hikes. These dynamics provided a more stable macro backdrop for financial markets in the latter part of the period. However, geopolitical tensions, particularly escalated trade conflicts between the U.S. and China, and political uncertainty in key regions continued to weigh on sentiment.

Global equity markets were largely flat to negative for the year, with the MSCI World Index (developed markets) recording modest declines. Emerging market equities outperformed their developed counterparts, bolstered by stronger commodity prices, AI-driven optimism in Asia, and accommodative monetary policy across several emerging economies. The MSCI Emerging Markets Index closed the period with a positive return, reflecting this divergence.

Bond markets experienced a rebound in the second half of the financial year, with yields easing as inflation pressures abated and investors rotated into fixed income assets. The Bloomberg Global Aggregate Bond Index posted positive returns over the year, driven by a rally in sovereign bonds and narrowing credit spreads. Commodities were among the standout performers, reflecting strong safe-haven demand and expectations of rising industrial usage, especially in energy transition technologies.

The South African market delivered robust returns, with the FTSE/JSE All Share Index gaining 13.4% over the 2024 calendar year.

This performance was driven largely by resources and rand-hedge stocks that benefited from a weaker dollar and firmer commodity prices. However, local financials and property sectors were subdued, hampered by elevated funding costs and domestic policy uncertainty. The South African rand appreciated slightly over the period, supported by improving terms of trade and a narrowing current account deficit, despite persistent fiscal and political risks.

Lesotho's economic growth strengthened to 2.3% in 2024 (2023: 1.8%), underpinned by the continued performance of the Lesotho Highlands Water Project, which remained a key stabilising force amid persistent weakness in the textile and mining sectors both adversely affected by subdued foreign demand and lower commodity prices. The labour market remained fragile, with unemployment and poverty levels remaining elevated. Headline inflation eased significantly to 4.2% in March 2025 (March 2024: 7.4%), reflecting moderating food and fuel prices.

The table below presents annualised returns by major asset classes for periods ended 31st March 2025:

	1 Year	3 Years	5 Years	10 Years
Global Equities	4,6%	16,6%	17,4%	14,7%
Global Bonds	0,4%	6,3%	-1,0%	4,8%
Global Properties	3,3%	4,8%	9,2%	7,7%
SA Equities	22,9%	8,2%	18,7%	6,8%
SA Bonds	20,2%	9,8%	11,7%	8,4%
SA Property	20,1%	11,1%	18,4%	0,4%
SA Cash	8,4%	7,5%	6,2%	6,7%
Lesotho CPI	4,1%	6,2%	6,4%	5,8%

Table 2: Asset Class Returns - Annualised

Source: Bloomberg, Lesotho Bureau of Statistics All indices are total return in LSL, data as at 31st March 2025
Global Equities: MSCI World, Global Bonds: FTSE World Broad Investment Grade Bond, Global Property: FTSE NAREIT Global Real Estate Investment Trusts, SA Equity: JSE All Share Capped Swix, SA Bonds: JSE All Bond, SA Property: JSE All Property, SA Cash: SteFI Composite Index



Looking ahead, the outlook for global financial markets is cautiously constructive. Easing inflation and stable interest rate expectations should provide support for both equity and bond markets, while elevated geopolitical risks and high public debt levels remain key headwinds. In South Africa, the combination of favourable commodity dynamics, expected policy continuity post-election, and potential monetary easing may offer opportunities—though execution risks remain significant. In Lesotho however, the outlook remains gloomy, following abrupt shifts in U.S. trade policy (particularly the imposition of higher tariffs) and reductions in official development assistance, which are expected to weigh heavily on growth prospects in the period ahead.

For long-term institutional investors, the environment underscores the importance of maintaining diversified portfolios, disciplined risk management, and a focus on long-term fundamentals amidst short-term volatility.

GROWTH IN ASSETS UNDER MANAGEMENT

Since inception, the Fund has experienced consistent year-on-year growth in the value of its assets, underpinned by solid investment performance and positive net contributions. For the fifth consecutive year, the Fund recorded double-digit growth in assets under management (AUM), achieving a 15,4% increase during the period under review. This resulted in total AUM of M14,1 billion, up from M 12,2 billion in the previous year.

This growth during the financial year was predominantly driven by strong investment returns, with net investment income amounting to M 1,4 billion and accounting for 76,4% of the total asset growth.

This continued trajectory of asset growth reflects the Fund’s prudent investment strategy and sound governance, positioning the Fund to meet its long-term obligations to Members. Figure 5 below illustrates the Fund’s sustained AUM growth since inception.

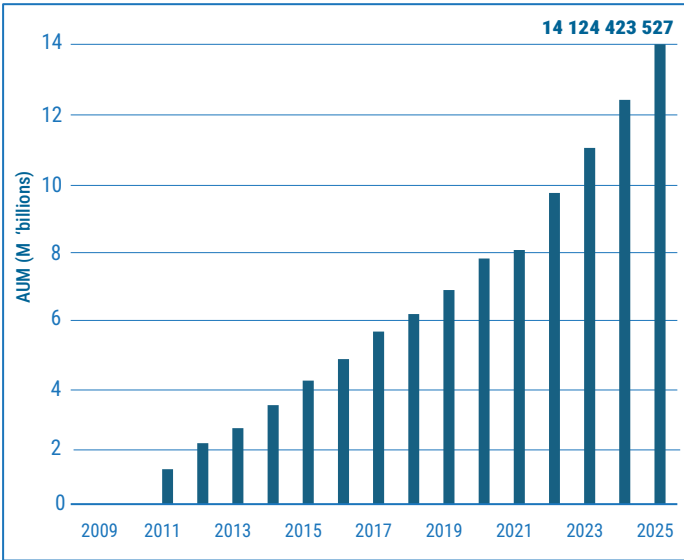


Figure 5: Growth in Assets under Management – Since Fund Inception.

ASSET ALLOCATION

Asset Manager Allocation Overview

The Fund’s allocation across asset managers remained broadly consistent over the review period, with only moderate shifts arising from market performance and liquidity management considerations. No additional mandates were introduced nor existing mandates terminated during this period.

The most notable movement was an increase in the relative allocation to Aluwani, driven by net contribution inflows in line with the manager’s enhanced cash mandate. This portfolio also includes a significant level of dry powder earmarked for deployment into potential new mandates, particularly as the Fund advances its endeavours to increase local asset exposure

Allocations to the Fund’s balanced mandate managers remained relatively stable, with only minor variations primarily reflecting differences in relative investment performance, while Mergence Lesotho experienced a modest reduction in its allocation, attributable to the manager’s relative underperformance. The internally managed portfolio saw a notable reduction in allocation, reflecting the maturity of substantial bond holdings and the Fund’s constrained ability to reinvest locally, given the increasingly shallow and highly competitive domestic bond market. Timely and efficient deployment of capital within the local market remains a challenge, compounded by limitations in the investment pipeline and broader investor readiness.

In March 2025, the Board approved a strategic rebalancing of M 600 million from the Aluwani portfolio to the Fund's balanced mandate managers. This reallocation was executed after the reporting period, and forms part of the Fund's ongoing commitment to maintaining a diversified and well-balanced portfolio aligned with its long-term investment objectives.

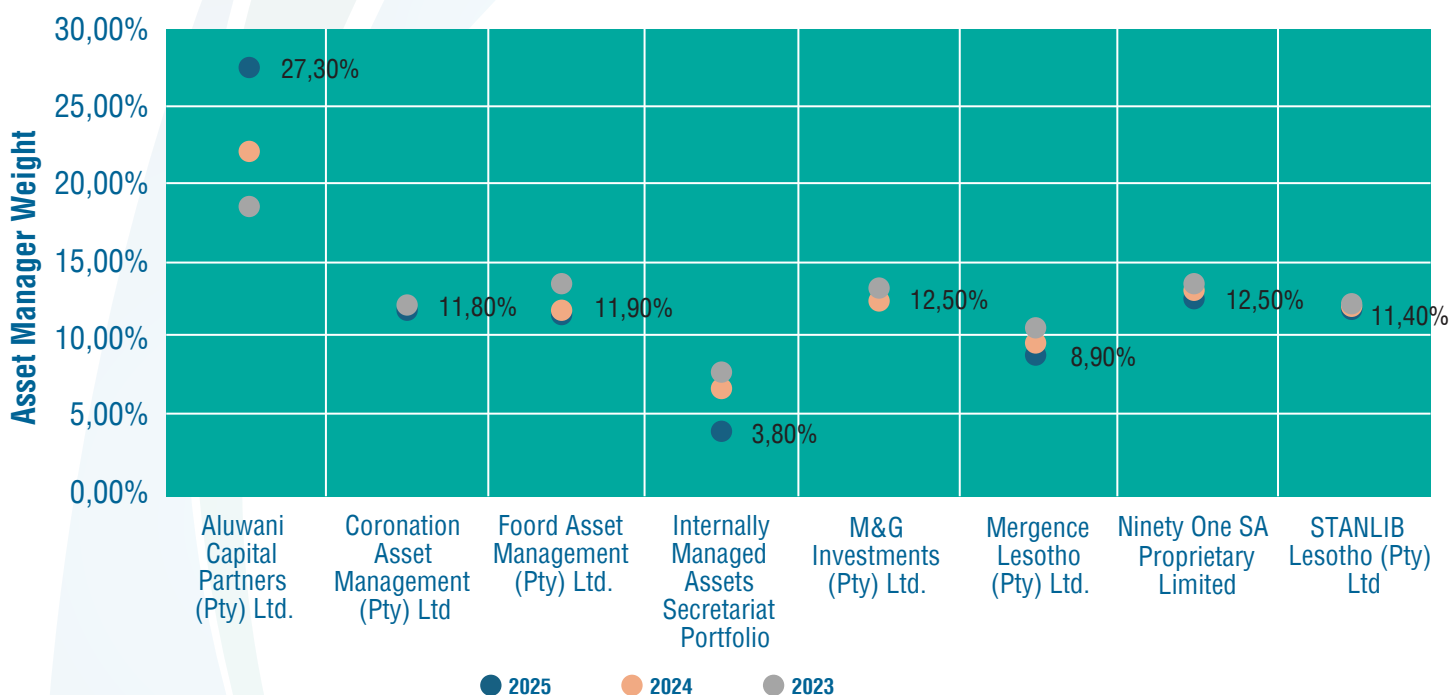


Figure 6: Asset Manager Allocation (Exposure as at 31st March).

Asset Class Weights

Asset Class	Lesotho (%) Min required:30%	CMA - excluding Lesotho (%)	Global - excl. CMA (%) Max Limit:25%
Money Market Instruments	0,0	16,4	1,6
Fixed Income Securities	5,7	28,8	2,3
Listed Equity	0,0	20,0	16,8
Private Equity	1,0	2,3	0,0
Property	2,4	1,1	0,2
Other*	0,0	1,1	0,2
Total Assets	9,2	69,7	21,1

Figure 7: Asset Class Exposure (as at 31st March 2025).

*incorporates all other asset classifications, including commodities.

Geographical Exposure

The chart below illustrates the Fund's consolidated geographical allocation across all underlying portfolios and mandates as at 31st March 2025. In line with national exchange control regulations, the Fund's exposure to global markets outside the Common Monetary Area (CMA), comprising Lesotho, South Africa, Namibia and Eswatini, is capped at 25%.

During the period under review, the Fund remained compliant with the above regulatory limit, maintaining a strong allocation to the CMA region. Exposure to global markets outside the CMA stood at 21,1%, comfortably within the regulatory cap, with the majority of this exposure allocated to listed equity markets, primarily in North America. The Fund also had smaller exposure across markets in Europe, Asia and the Pacific, Latin America and the Rest of Africa. These allocations are aligned with the Fund's long-term strategy to pursue enhanced returns through well-diversified international holdings.

A significant portion of the Fund's assets, 69,7%, was invested within the CMA region (excluding Lesotho), and primarily in South Africa. The allocation reflects the relative depth, liquidity, and sustained performance of the South African markets, which continue to present more attractive investment opportunities compared to other CMA member states.



The Fund’s exposure to Lesotho-domiciled assets stood at 9,2%, reflecting a decline from the previous year. This decrease in exposure is not indicative of diminished commitment to the domestic economy but is rather the result of prevailing challenges within the local market environment, including limited availability of investable opportunities and instruments, as well as delays in deal execution. The decline was further influenced by additional capital allocations to, and performance from, non-Lesotho mandates. Nevertheless, the Fund remains resolute in its commitment to increase local asset allocation over time, in line with the 30% minimum domestic investment requirement, and to contribute meaningfully to the country’s economic development.

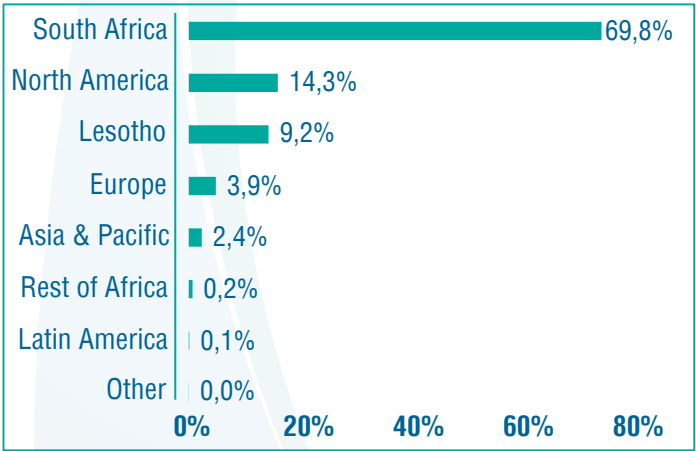


Figure 8: Geographical Exposure (as at 31st March 2025)

INVESTMENT PERFORMANCE

The Fund delivered a return of 11,5% for the financial year ended 31st March 2025, outperforming its strategic benchmark, the Lesotho CPI + 5%, which recorded a return of 9,2% over the same period. This marks a strong recovery from previous periods of relative underperformance and demonstrates the resilience and adaptability of the Fund’s diversified investment strategy amid challenging and dynamic market conditions

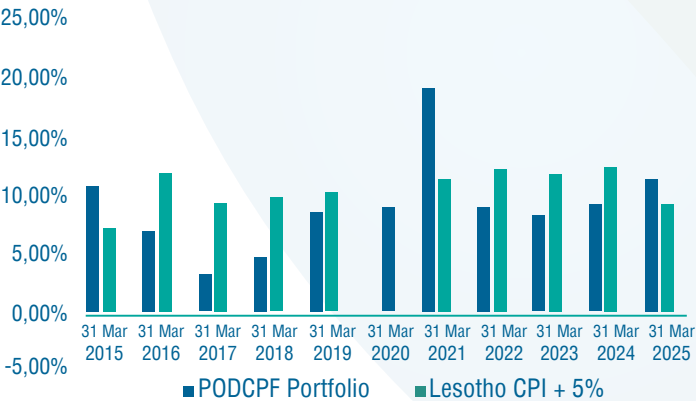


Figure 9: Annual Total Investment Portfolio Returns (vs Targeted Returns).

Performance during the period was largely driven by strong performance from the South African equity and bonds market, with the FTSE/JSE All Share Index and the All Bond Index delivering returns of 22,9% and 20,2% respectively, over the 12 months to March 2025. While the Fund does not directly track any single index, its multi-asset allocation enabled it to benefit meaningfully from the strong rally in these South African asset classes

Conversely, the Fund’s exposure to global markets, while beneficial over the long term, detracted from performance in the current year. This was primarily due to subdued developed market returns and a strengthening rand, with the MSCI World Index returning only 3,6% in local currency terms.

Nonetheless, the Fund’s overall performance in the current year reaffirms the value of maintaining a well-diversified portfolio that can respond to changing market conditions both locally and internationally.

INVESTMENT MANAGEMENT EXPENSES

Total investment management expenses for the year ended 31st March 2025 amounted to M 74,9 million, reflecting an increase of 13,3% from M 66,1 million in the previous financial year. This increase is primarily attributable to higher investment manager fees, which rose in line with the growth in the Fund’s assets.

Investment Manager fees amounted to M 66,6 million, up from M 58,4 million in the 2023/2024 financial year, aligned with the upward trajectory of the Fund’s assets under management, which grew by 15,4% to M14,1 billion as at 31st March 2025.

When assessed relative to the Fund’s assets under management, the ratio of total investment management expenses was approximately 0,53% in the period under review, and has remained broadly stable over the past three financial years.



As indicated in previously report backs, the Fund anticipates further nominal increases in investment management expenses in the medium term, primarily driven by the Fund’s continued asset growth and expected allocations towards local private markets. These increases are expected to be partially offset by the Fund’s strategy to build internal investment management capacity, with the goal of increasing the size and scope of internally managed portfolios overtime

A detailed breakdown of the direct and indirect costs incurred in managing the Fund’s investments is provided below:

	31 March 2025	31 March 2024
Investment Managers Fees	66,579,980	58,448,314
Banking and transaction costs	148,911	279,237
Custodial Fees	435,292	605,599
Investment Consulting Fees	6,559,505	6,559,505
Other Fees	1,188,885	220,134
Total Investment Fees for the Year	74,912,574	66,112,789

Table 3: Investment Fees

* Other Fees includes legal fees, due diligence costs amongst others.



The Fund remains committed to actively monitoring and managing investment-related costs, ensuring that all expenses incurred are justified by their contribution to Member value creation and long-term investment performance.





FUND ADMINISTRATION REPORT

MEMBERSHIP DETAILS

As at 31st March 2025, the Fund recorded a total membership of 43,577, representing a 1.0% increase from the previous year. This total comprises 37,818 Active Members, 5,268 Deferred Members, and 491 Pensioners. Active Members refer to public officers currently contributing to the Fund. Deferred Members include individuals whose contributions have ceased without formal exit notification (commonly referred to as Nil Contributors), as well as those who have either overpaid or were not eligible to contribute but have done so in error (Refund Members). Pensioners are retired Members who have opted to purchase annuities directly from the Fund.

The Fund's total membership has remained relatively stable, reflecting consistent growth in participation. Figure xy below, illustrates the growth trend in Fund membership over the past five (5) years.

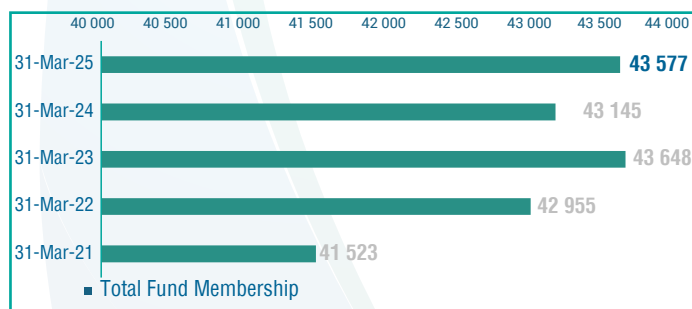


Figure 10: Total Fund Membership (as at 31st March): Last 5 years.

Membership Composition

Below is a breakdown of the total membership composition of the Fund as at the end of reporting period:

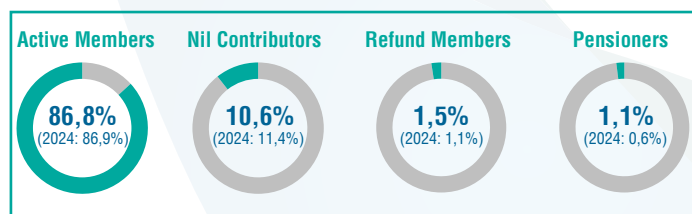


Figure 11: Total Membership Composition (as at 31st March).

Membership by Sector

The table below provides a breakdown in the composition of Active Members and Nil Contributors. Together, the two categories account for 97% of the Fund's total membership.

Composition of Active Members

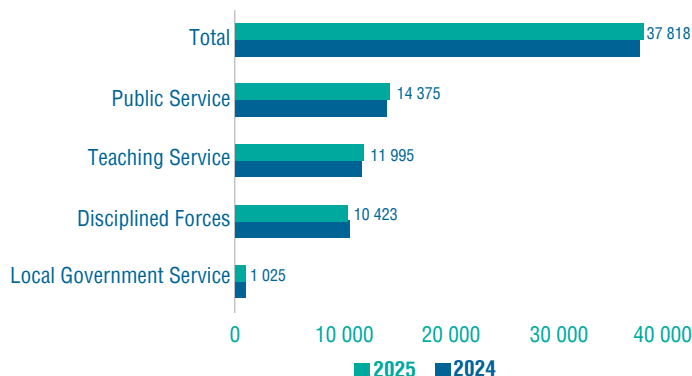


Figure 12: Membership Composition: Active Members (as at 31st March 2025).

Composition of Nil Contributors

For the period under review, the Fund recorded 4,625 Nil Contributors, marking a 5% decrease from 4,860 in the prior year and a notable 20% reduction from 5,756 in FY2022/2023. This downward trend reflects the Fund's continued efforts to improve data integrity through the identification and tracking of Nil Contributors, the prevention of misclassification of active members, and the strengthening of processes to ensure timely notification of exits for members who have left public service.

Most sectors recorded reductions, with the exception of the Disciplined Services, which experienced a slight increase, highlighting a need for strengthened coordination in that area to ensure timely and accurate reporting of employment changes. The table below provides a sectoral breakdown of and the year-on-year change in the Fund's Nil contributors:

	Nil Contributors	Year on Year Change in Nil Contributors
Public Services	2,777	-5,2% ▼
Disciplined Services	959	+1,5% ▲
Teaching Services	1,007	-6,0% ▼
Local Government Services	246	-10,2% ▼
	4, 626	-4,8% ▼

Key: ▼ Decrease ▲ Increase

Table 4: Composition of Nil Contributions (as at 31st March 2025).

The Fund remains committed to ongoing efforts aimed at further reducing the incidence of Nil Contributors across all sectors through targeted interventions and improved stakeholder collaboration.

MEMBERSHIP MOVEMENT

Active and Deferred Members

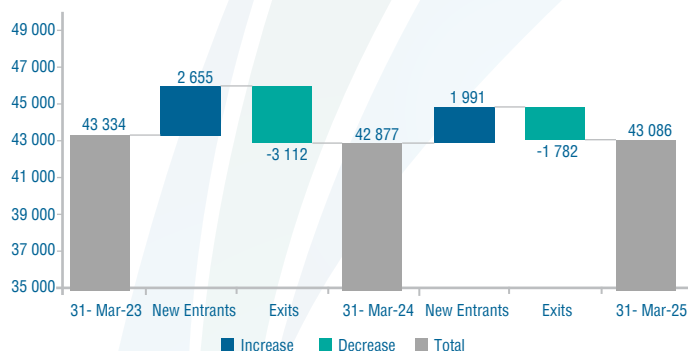


Figure 13: Changes in Active and Deferred Members (during the year ended 31st March).

Pensioners

	31 March 2021	31 March 2022	31 March 2023	31 March 2024	31 March 2025
Pensioners' Brought Forward	175	261	267	314	268
New Pensioners	187	36	60	60	233
Outsourced Pensioners/ Pensioners Ended	(101)	(30)	(13)	(106)	(10)
Total Pensioners	261	267	314	268	491

Table 5: Changes in Number of Pensioners (Last Five Years).

Pension Increases

The Board of Trustees annually reviews and approves pension increases taking into account the recommendations of the Fund's Actuary and in alignment with the Fund's Pension Increase Policy. These increases are determined with careful consideration of the Fund's financial sustainability, particularly its ability to meet current and future pensioner liabilities, while striving to alleviate the impact of rising living costs on pensioners.

For the financial year ended 31 March 2025, the Board approved a pension increase of 4.50%, effective 1st April 2024. Table 6 below summarises pension increases awarded by the Fund over the past five (5) financial years.

	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Effective 1 April	3.00%	2.00%	5.00%	5.00%	4.50%

Table 6: Approved Pension Increases

The Fund remains committed to providing fair and sustainable increases that balance pensioner needs with the long-term health of the Fund.

CONTRIBUTIONS RECEIVED

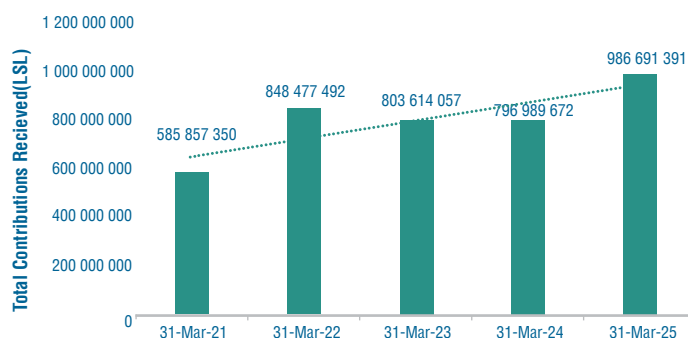


Figure 14: Total Contributions Received per annum.

Aligned with the growth in the Fund's membership over the period under the review, total contributions received increased to M 986.7 million during the 2024/25 Financial Year, up from M 797 million received in 2023/24. Despite interim fluctuations, annual contributions received have maintained an overall upward trajectory over the past five years, indicative of a growing Fund in both assets and membership.

Benefits Paid

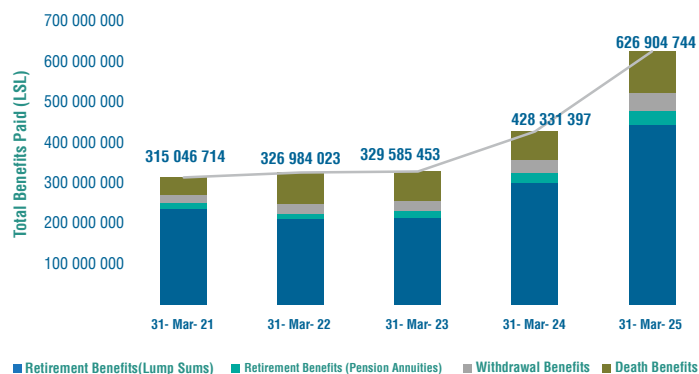


Figure 15: Total Benefits Paid per annum

Total benefits paid out during the year under review amounted to M 626.9 million, reflecting a significant 46% increase from M 428.3 million in the previous financial year. This sharp rise was largely driven by a continued surge in retirement benefit payouts, which reached M 444.3 million in 2024, as the initial cohort of eligible Members of the Fund (born from 1 April 1964) reach the normal retirement age. Pension annuity payouts also increased in the period under review as a significant majority of retiring Members opted to draw their pension annuities from the Fund. Over and above the increase in the number of claims received, the overall increases in benefits paid, is also attributable to improved benefit claim processing, as illustrated in table 6 overleaf.

No of Claims	O/B 1 April 2024	Claims Recieved	Claims Paid	C/B 31 March 2025
Retirement	21	427	(422)	26
Withdrawals	164	157	(219)	102
Refunds	184	144	(265)	68
Disability	0	0	0	0
Death	284	163	(222)	189
Total Claims*	622	891	(1,128)	385
Less: Notifications Only	(147)	(165)	0	(312)
Total Payable Claims Outstanding	475	726	(1,128)	73

Table 7: Claims Statistics for the year ended 31st March 2025

O/B = Opening Balance C/B = Closing Balance

*Total Claims includes notifications received, for which full claims documentation remains outstanding.

The Fund received 726 claims and processed a total of 1,128 benefit claims during the period under review, resulting in a **claims paid-to-received ratio of 1.55:1**. As at 31st March 2025, 385 claims remained outstanding, representing a 38% improvement from the previous year end total. This demonstrates the Fund's ongoing efforts to resolve backlogs and improve operational efficiency.

A substantial portion (81%) of the outstanding claims were due to missing or incomplete documentation, with many involving only a notification of exit without the supporting claim documentation required to initiate processing. Additionally, 53% of the outstanding claims had been pending for more than six (6) months, and of these, 68% were cases where only the exit notification had been received.

Reducing the time between a Member's exit from service and the submission of complete claim documents remains a key operational challenge. This underscores the ongoing need for improved coordination between the Fund, the Employer and Members. In response, the Fund has intensified its engagements with the Employer, particularly the Human Resources units within relevant ministries and agencies, to enhance awareness, address bottlenecks, streamline processes, and ensure a smoother, more timely benefit payment experience for Members and their beneficiaries.

FINANCIAL SUSTAINABILITY

In line with Memorandum of Agreement signed between the Fund and the Government of Lesotho, through the Ministry of Finance and Development Planning, the Sponsor remitted a second annual tranche of M 200 million during the reporting period, as part of ongoing efforts to address the Fund's under-funded position.

Figure 16 below presents the trend in the Fund's financial soundness over the five most recent valuations.

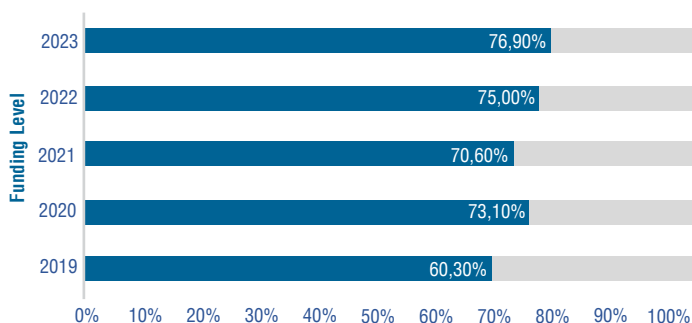


Figure 16: Total Benefits Paid per annum.





STAKEHOLDER ENGAGEMENT REPORT

ANNUAL MEMBER ENGAGEMENT FORUM 2024

On 8 November 2024, the Public Officers' Defined Contribution Pension Fund (PODCPF) successfully hosted its second Annual Member Engagement Forum (AMEF) under the theme "Lentsoe La Hau Le Bohlokoa", affirming the importance of Members' voices in the Fund's governance and operations. The hybrid-format event, combining in-person participation and live broadcast across Microsoft Teams, Facebook Live, and national radio, achieved the Fund's widest audience reach to date, engaging over 2,400 participants from across the country.



AMEF has become a strategic annual platform for direct dialogue between the Fund and its Members, designed to provide updates on Fund performance and governance, strengthen Member education and understanding of Fund operations, receive and respond to Member feedback, and contribute to future policy, operational and service delivery improvement considerations.



The 2024 Forum was chaired by the Board Chairperson and featured keynote addresses from the Honourable Minister of Finance and Development Planning, and the Honourable Minister of Public Service, reflecting strong support from the Fund's Sponsoring Ministries. It also included presentations from the Director of Pensions (Ministry of Finance) and the Fund's Principal Officer, who delivered a comprehensive Annual Fund Performance Review. The proceedings concluded with a dynamic interactive session, where Members posed questions, raised concerns, and shared suggestions.



In keeping with the Fund's commitment to transparency and responsiveness and in line with requests from Members and the Sponsoring Ministers for a recording of pertinent matters arising from the forum, a detailed report was subsequently compiled and adopted by the Board as the official record of AMEF 2024. The report documented the forum's proceedings, Member submissions, Fund responses, and key matters identified for strategic follow-up. It also served as a key input into the Fund's FY2025/26 Operational Plan, ensuring that issues raised by Members contribute to shaping future policy, operational priorities, and service improvement initiatives.

Through AMEF, the Fund reaffirms its commitment to Member-centric governance, and to building a responsive, transparent, and resilient pension institution that upholds the trust of its Members.



DISTRICT AND CENTRES OUTREACH



As part of the Fund’s ongoing commitment to stakeholder engagement and Member education, the 2024–2025 financial year saw the continuation of targeted outreach initiatives across five key districts: **Butha Buthe, Mokhotlong, Quthing, Qacha’s Nek, and Mohale’s Hoek**. The primary objective of these engagements was to enhance understanding of Fund processes, address Member concerns, and strengthen the relationship between the Fund and its stakeholders, particularly in remote and underserved areas.



For the period under review, successful engagements were carried out in Quthing, Qacha’s Nek, and Mohale’s Hoek, reaching a combined total of over 3,600 public officers, including educators and civil servants. These engagements were facilitated through strategically selected Centres, each comprising groups of 8 to 15 schools, with participation extending to both primary and post-primary teachers, as well as other government employees in the region.



Key Issues Discussed and Member Concerns Raised

Discussion	Emerging Concerns and Insights
Claim Processes (especially death and retirement claims)	Members expressed frustration over long turnaround times, particularly between exit and benefit disbursement. This was especially concerning for Members nearing retirement who joined the Fund at inception (aged 40+).
Nil Contribution and Employer Debt	Questions were raised regarding how historical periods of nil contributions and employer liabilities may affect final pension values.
Retirement Annuity Options	Members sought clarity on post-retirement income options and requested simplified communication on annuity choices.
Beneficiary Nomination	Members questioned the default allocation of 50% to spouses, suggesting a desire for more flexibility in determining beneficiaries.
Benefit Statements and Online Access	Persistent concern was raised about the accessibility and timeliness of benefit statements. Many Members still lacked adequate online access and digital literacy, limiting self-service options.

Figure 17: Districts and Centres Outreach: Summary of Matters Discussed

ASSET MANAGER DAYS – ENHANCING OVERSIGHT AND ACCOUNTABILITY

In November 2024, the Fund hosted its inaugural Asset Manager Days at its offices in Maseru. This event forms part of the Fund’s ongoing due diligence and oversight process, where, in alternating years, the Fund either visits its appointed asset managers at their offices or invites them to engage directly with the Board’s Investment Committee. The 2024 edition marked the first time the Fund brought all its external asset managers together locally to present detailed updates on their mandates, strategies, and market outlooks.



Over two days, the Fund’s Investment Committee, supported by the Secretariat and its Investment Consultant, held structured engagements with each of the asset managers. These sessions provided valuable insights into the performance of investment portfolios, the managers’ investment philosophies, and their responses to current macroeconomic dynamics. In particular, discussions helped the Fund assess whether each manager remains aligned with its long-term investment objectives and Member value creation goals.

These annual engagements form a core pillar of the Fund's governance framework, enabling deeper evaluation of the managers' operations, enhancing transparency, and strengthening the Fund's commitment to sound investment stewardship. The insights gathered from these sessions are instrumental in shaping future investment decisions and ensuring the Fund continues to deliver competitive, risk-adjusted returns for its Members.

FINANCIAL LITERACY TRAINING IN PARTNERSHIP WITH LIPAM

The Fund strengthened its commitment to Member empowerment through a new partnership with the Lesotho Institute of Public Administration and Management (LIPAM) to deliver quarterly financial literacy training for Members approaching retirement. Formalised in March 2024, the programme addresses gaps in financial preparedness by equipping participants with practical tools in budgeting, investment, retirement planning, entrepreneurship, and life skills for the post-employment transition.

Over the year, four highly interactive sessions were held, reaching 130 participants from across the country. The sessions were facilitated and supported by subject-matter experts from the Fund, LIPAM, and the Central Bank of Lesotho, and were consistently rated highly by attendees. Many participants emphasized the value of introducing the training earlier in public officers' careers, supplemented with refresher courses, as well as the extension of the duration of the training sessions. Notably, ministerial support increased, with both Maseru and other district-based officers released to attend.



Looking ahead, the Fund will continue to refine the programme in collaboration with LIPAM, focusing on improving attendance, broadening reach, and embedding financial literacy as a standard component of the public service lifecycle, ensuring that Members are equipped for sustainable financial wellbeing, particularly post-retirement.

MULTI-PLATFORM MEMBER COMMUNICATION

During the period under review, the Fund has continued to achieve steady and meaningful growth in audience reach and has recorded higher levels of engagement across all its communication platforms. This progress reflects ongoing efforts to strengthen connections with Members and ensure that vital information about the Fund's services, benefits, investments and initiatives is widely accessible.

► Traditional Media



Traditional media channels including television, radio and print media remain integral to the Fund's communication strategy. These platforms offer extensive national coverage, making them especially valuable in reaching Members and stakeholders in both urban and rural and/or remote areas. Thus, the Fund has continued to leverage these media outlets to educate, inform, and engage its diverse audience on key developments and undertakings.

► Social Media

While traditional communication channels remain essential, the Fund has increasingly embraced social media as a cornerstone to its Member engagement strategy. A robust digital presence is vital for broadening reach, enhancing visibility, fostering community and enabling real-time interaction with Members.

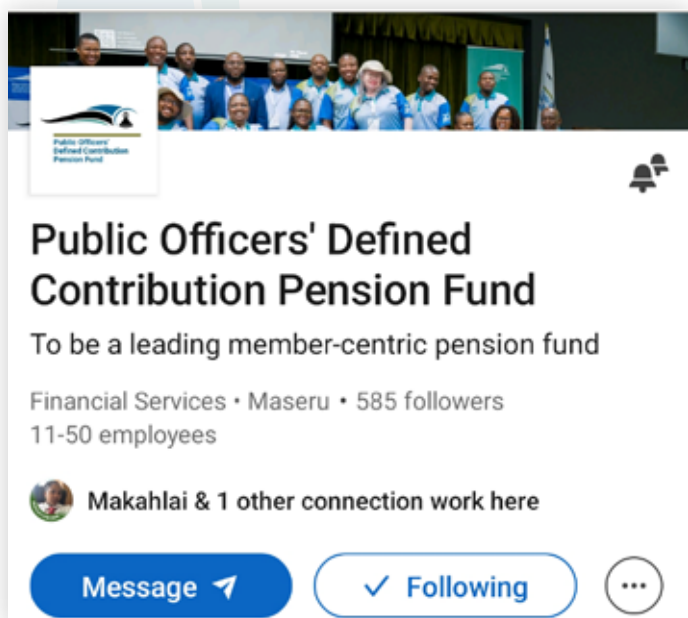


Public Officers' Defined Contribution Pension Fund

6.5K followers • 25 following

Social media platforms now serve as key tools for sharing timely updates, educational content, and insights, while also offering a space for Members to ask questions, and engage in meaningful conversations about their benefits and Fund initiatives.

During the period under review, the Fund significantly expanded the volume and variety of content shared across its platforms. This led to notable audience growth, underscoring the effectiveness of its enhanced digital outreach. For the year ended 31st March 2025, the Fund's LinkedIn page following grew by an encouraging 172%, from 192 to 523 followers, while its Facebook community expanded by 2,652 new followers. This growth was driven by a strategic focus on content diversification, including the introduction of benefit explainer videos, educational posts and real-time coverage of Member engagement sessions.



► Fund Website



The Fund's official website (www.pensionfund.org.ls), serves as a central information hub and repository, providing Members and the broader stakeholder universe with up-to-date information and materials on Fund's operations, performance, announcements and Member benefits, amongst others. The platform is regularly updated to ensure that users are kept abreast on the latest Fund developments and insights.

The website also features improved integration with the Fund's WhatsApp and social media platforms to enhance engagement, direct access to the Member portal for convenient viewing of fund information, and a simplified, digitalised registration process to make portal sign-up easier for Members.

► Additional Platforms

In addition to in-person and digital platforms, the Fund continues to offer multiple convenient communication channels to ensure Members can access support with ease. The toll-free helpline remains a key touchpoint for immediate, real-time assistance, enabling Members to speak directly with service representatives regarding their benefits and other Fund-related matters.



For those who prefer digital interaction, dedicated email (enquiries@pensionfund.org.ls) and WhatsApp channels are available, providing responsive and accessible support to Members, regardless of their location.



Member Information and Frequently Asked Questions (FAQs)

ONLINE PORTAL ACCESS

What is the Online Portal?

The online portal is a secure, user-friendly platform that allows Members to access their fund information at their convenience. It offers various functionalities, including access to personal details, tracking contributions, and viewing accumulated Fund Credit, among others.

Why should I use the Online Portal?

Access to the online portal enables you, as a Member, to stay informed about your retirement savings and related benefits, monitor your account activity, track your progress, and ensure that all your information is accurate and up to date.

Should you have any queries about your fund information on the portal, please contact the Fund for assistance.

What information can I find on the Online Portal?

The online portal provides comprehensive information about each Member's retirement account, including:

- ▶ Personal details
- ▶ Contribution history
- ▶ Benefit Statement
- ▶ Beneficiary Nominees
- ▶ Accumulated Fund Credit

How do I access the Online Portal?

You can access the online portal by visiting the Fund's website at **www.pensionfund.org.ls**. Please note that you will need your login details to access your account securely.

- a) If you have forgotten your login details, you can contact the Fund via email at **enquires@pensionfund.org.ls** or through WhatsApp on **(+266) 5770 2778** for assistance.
- b) If you do not have login details, you can register for access to the portal on the Fund's website at or contact the Fund using the above contact channels.

What should I do if I encounter issues with the Online Portal?

If you encounter any issues accessing or while using the online portal, please notify us immediately for assistance. We stand ready to help you resolve login problems, guide you through how to navigate the portal, and to answer any questions you may have.



CLAIMS PROCESS

When a Member leaves employment, whether through retirement, resignation, disability or death, the process of accessing pension benefits begins. This process involves both the Employer and the Fund, and requires a number of steps before the pension benefits can be paid out. Below is a simplified breakdown of how the process works:

Step-by-step Claims Journey

Stage	Who is responsible?	What Happens?
1. Member exits service	Employer	The Member leaves public service
2. Notification of exit	Employer	The Employer notifies the Fund that the Member has exited
3. Preparation of documents	Employer	The Employer prepares and circulates the required claims documentation internally
4. Submission of full claim	Employer	Once all documents are prepared, the Employer submits the complete claim package to the Fund
5. Receipt and review of claims documentation	Fund	The Fund received the documents, verifies accuracy, and resolves any queries (e.g. missing information)
6. Claims Processing	Fund	Once verified, the Fund processes the claim, initiates disinvestments, undergoes tax assessments, and schedules the benefit payment.
7. Benefit Payment	Fund	Pension benefits are then paid directly to the Member or beneficiary(ies).

Why do delays occur?

While the Fund strives to process verified claims quickly, significant delays often occur before claims even reach the Fund, mainly due to:

- Late notification of Member exits;
- Delays in preparing complete and accurate documentation;
- Internal processes within government ministries or local government offices.

How is the Fund Addressing This?

The Fund continues to engage with Employers (especially HR units) to improve coordination; conduct training and outreach to reduce errors and delays; offer guidance to Members and their families on required documents.

What can Members do?

If you're approaching retirement or know you're exiting public service, you can Inform your HR office early; Follow up regularly on the progress of your documentation; Ensure your records (ID, banking, beneficiaries) are accurate and up to date.

The Fund is committed to reducing backlogs and helping Members receive their benefits as quickly and smoothly as possible. For assistance, please contact us via our toll-free number, email, or WhatsApp.

Fund Contact Information:

Physical Address: 4th Floor, Pension Fund House, Constitution Road, Maseru.
Email: enquiries@pensionfund.org.ls **Website:** www.pensionfund.org.ls
WhatsApp: +266 5770 2778 **Toll Free:** 8000 2778 **Tel:** +266 2231 3088

ANNUITY OPTIONS

What happens to my Fund credit (retirement savings) when I retire?

When you retire from the Fund, you are required by law to use a portion of your retirement savings (called your Fund Credit) to buy a monthly pension, known as an annuity. You may take up to 50% of your Fund Credit as a lump sum (cash) if you wish, and the rest will go towards your monthly pension.

Who provides my pension?

You can choose to get your monthly pension from the Fund, or you can “outsource” it from an insurance company registered in Lesotho.

What are my pension (annuity) options?

The Fund currently offers 10 different annuity options to choose from depending on your personal circumstances and preferences. These have been summarised below:

a) **Single Life Annuity** (you have the option to choose: with or without a guarantee period)

This is a pension that is paid to you for the rest of your life.

- i. If you choose an annuity with a guarantee period (**options are 5,10,15 years**), and provided you pass away before your chosen guarantee period ends; your family or chosen beneficiaries will receive a lump sum equal to the remaining months of your guarantee period. If you pass away after your chosen guarantee period ends, your pension will stop, and no lump sum will be paid to your beneficiaries.
- ii. If you choose an annuity without a guarantee period, your pension stops when you pass away.

NB: The longer the guarantee, the lower your pension will be.

b) **Joint Life Annuity (with spouse)**

In this case, your monthly pension is paid to you for life. After you pass away, your spouse receives a monthly pension for life, depending on the percentage chosen.

- i) You can choose for your spouse to receive a monthly pension equal to **50%, 75% or 100%** of your pension, after you pass away.
- ii) You can also choose a guarantee payment period (**5, 10, or 15 years**), during which your spouse received the full pension if you pass away early.

NB: Choosing a joint annuity, or longer guarantee period, will result in a lower monthly pension, because it covers more people for longer.

c) **Outsourced Annuity**

You may also choose to buy your annuity (monthly pension) from a locally registered insurance company of your choice.

When do I get to choose my annuity option?

From 12-18 months before retirement, the Fund will offer you one-on-one consultation to help you understand your choices, the benefits, advantages and disadvantages of each option, and how to choose what is best for your needs.

Why are there so many options?

Everyone's situation is different. Some people want to prioritise maximum monthly income, while others want to provide for their spouse or leave something behind if they pass away early. The Fund offers flexibility to meet your personal needs.

For more information on the available annuity options, please visit the Fund's website at www.pension-fund.org.ls or contact our offices for a consultation.





Public Officers' Defined Contribution Pension Fund

CONTACT INFORMATION

Public Officers' Defined Contribution Pension Fund
Secretariat Office
Pension Fund House
4th Floor
Constitution Road,
Maseru, Lesotho

 P.O. Box 14935
Maseru 100, Lesotho

 +266 2231 3088

 +266 5770 2778

Toll Free: +266 8000 2778

 enquiries@pensionfund.org.ls

 www.pensionfund.org.ls