

Retirement



# Alexander Forbes Retirement Fund Trustees' report 31 March 2022

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## Chairman's report

The board of trustees is pleased to present the 2022 edition of the annual trustees' report.

### Yearly feedback

The trustees publish this report once every year to give you feedback on the operations, achievements and new developments of the fund over the past year. We hope you and your family are still safe and healthy.

During these uncertain times, retirement fund members need the assurance that their retirement funds are the solid and dependable partners they need to keep their retirement goals on track.

This report serves to reassure you that the Alexander Forbes Retirement Fund has remained resilient through the last two years of the pandemic and has delivered excellent investment returns for the period under review.

In this report, you'll find standard information on investment performance over the last year, details of some changes made to the fund's investment strategy and rule amendments. This report also provides some useful tips on how to check your retirement picture and how to access a game that you can play to help with this.

Starting off on a positive note, the Alexander Forbes Retirement Fund is 25 years old in August! It's our silver anniversary. Thank you to all the members and employers for being with us during these 25 years.



On another positive note, on 31 March 2022, we reached nearly R100 billion in assets. Thank you for giving us the opportunity to grow your retirement savings!

### Fund updates amidst market performance

The past financial year saw continued recovery of investment markets from the fall at the beginning of the year. Once the uncertainty of the impact of the Covid-19 pandemic became better understood, measures were introduced to mitigate it. While markets recovered, many businesses impacted by the supply constraints and lower economic activity due to lockdowns didn't. The fund tried to accommodate and assist those employers retain membership and insurance cover while they attempted to recover from the impact on cash flows and an inability to meet full contributions.

Unfortunately, the tensions between Russia and the Ukraine escalated into war at the end of the year, impacting the supply of energy, foodstuffs and commodities. The consequence for members being another headwind for investment returns as these additional supply constraints have caused inflation to rise, and governments to increase interest rates in response. It is important to highlight that these are short-term consequences and over the longer term they will be mitigated or resolved. Economic growth will pick up and investment markets will also recover.



Despite the expected market cycles, it is important to remember that the fund's investment strategy has been designed so that there's less chance of negative returns over the long term.

In these times of uncertainty, we need to focus on the things we can control and not on those we cannot. Saving enough each month is within your control and choosing an appropriate investment strategy is the responsibility of the trustees, who are assisted by professional consultants. We, therefore, urge you to stay the course with us. Feel free to engage with the fund – our contact details are on page 15.

The importance of considering ESG factors in fund investments for a sustainable future has been highlighted over the past two years as we realise how interconnected the world has become. The trustees appointed ESG consultants to assist in reviewing the fund's ESG framework to understand the shortcomings,

develop a plan to mitigate and improve on the shortcomings and to provide better implementation and impact through the fund investments. This will include better reporting and communication to members when it comes to how the fund is doing this.

There has also been a lot of legislative discussions of proposed changes in the retirement fund space, but much of this is still being debated. The trustees are keeping a close watch on the proposed changes. The changes will be communicated to members and employers as soon as they have been finalised and the impact on members has been confirmed.

I trust you will find this trustee report to be an informative and comforting read.

Kind regards  
**John Liackman**  
Chairman



## Management

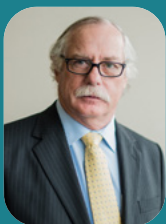
### Your board of trustees

The Alexander Forbes Retirement Fund is managed by a board of six trustees made up of:

- **three external trustees appointed by the board**
- **three internal trustees appointed by the sponsor, Alexander Forbes Financial Services (Pty) Ltd**

The trustees collectively have over 100 years of industry experience and make sure that the fund meets all its financial and legal commitments. Each trustee has an area of expertise to add value to the management of the fund. The trustees during the year under review were:

#### External trustees



**John Liackman**  
(Chairman)



**Sandile**  
**Khumalo**



**Kevin**  
**Prinsloo**

#### Internal trustees



**Bonga**  
**Mokoena**



**Fiona**  
**Rollason**



**John**  
**Anderson**

The trustees' duties include:

- ensuring the fund complies with legislation
- taking reasonable steps to make sure your interests in the fund are always protected
- acting with care, diligence and in good faith
- acting with fairness towards all members and beneficiaries
- making sure you get the right information at the right time

The trustees formally meet four times a year to review the legal, benefit, financial and governance framework of the fund. An annual investment workshop is also held to review the investment framework and consider new developments in the investment industry applicable to retirement funds. Sub-committee meetings are in place to deal with the day-to-day running of the fund.

The fund's rules have been amended to allow for alternate trustees. The aim of the role is to transform the board. Resumes have been gathered and work is in progress to meet with the candidates.

Over the past year, the following trustee meetings took place:

Meeting focus	Meeting dates	Quorum
Q1 FY22 trustee meeting	23 June 2021	Yes
Q2 FY22 trustee meeting	22 September 2021	Yes
Q3 FY22 trustee investment meeting	17 November 2021	Yes
Trustee meeting	08 December 2021	Yes
Q4 FY22 Trustee investment meeting	29 March 2022	Yes
Trustee meeting	30 March 2022	Yes



Independent principal officer  
**Nomonde Zwane**







## Rule amendments

These are the rule amendments that were registered during the year under review:



### Amendment number 21

Rule amendment 21 was put in place to:

- No longer distinguish between pension preservation funds and provident preservation funds in the rules since changes in tax laws have made this unnecessary.
- Give effect to changes in tax law by providing for the protection of any existing vested rights for members who were members of a provident fund or provident preservation fund on 1 March 2021.
- Remove reference to tax being paid on transfers to provident funds since all transfers between funds are tax free from 1 March 2021 and consequently remove the option to transfer to a retirement annuity fund where members become members of a provident fund on the restructuring of retirement benefit arrangements.
- Clarify that a member who has left service may - before reaching normal retirement date - choose to receive payment of a portion of his withdrawal benefit as a lump sum and transfer the balance to another retirement fund.
- Clarify how a withdrawal benefit will be paid where a member dies after an election or instruction is made as to how the benefit is paid but before payment of his benefit has been made.
- Specifically, state that no deduction will be made from the fund credit of a preserved member for any risk benefits.
- Clarify that a preserved member who has reached normal retirement date may only retire from the fund, or transfer his benefit to an approved retirement annuity fund or approved preservation fund.
- Clarify the benefit payable on retirement.
- Remove reference to a pension preservation fund following the introduction of the definition of 'approved preservation fund' in amendment number 21.
- Clarify that a member who has left service may - before reaching normal retirement date - choose to receive payment of a portion of his withdrawal benefit as a lump sum and transfer the balance to another retirement fund.
- Clarify how a withdrawal benefit will be paid where a member dies after an election or instruction is made as to how the benefit is paid but before payment of his benefit has been made.
- Clarify the provisions applicable to transferred deferred members and transferred deferred retirees.
- Clarify that a preserved member who has reached normal retirement date may only retire from the fund, or transfer his benefit to an approved retirement annuity fund or approved preservation fund.

With effect from the first day of the second month following the registration of this amendment (1 March 2022):

- Clarify the provisions applicable to an alternate internal trustee and an alternate external trustee.
- Reflect on the way unidentified deposits received by the fund will be dealt with.
- Provide for the establishment of a fund expense reserve account.
- Provide that the trustees may determine that a trustee's term of office is for either a three-year or five-year period when they are appointed or re-appointed, as applicable.
- Reflect that the trustees will determine any remuneration to be paid by the fund to the external trustees and any alternate external trustee and that the sponsor will determine any remuneration to be paid by the sponsor to the internal trustees and any alternate internal trustee.



### Amendment number 22

Amendment 22 was put in place to, with effect from 1 March 2022:

- Provide a clear distinction between members with vested rights relating to their membership and those members without any vested rights.



# Investments

## Default invest strategy

The trustees agreed on the **Alexander Forbes Goals-based Balanced LifeStage** model as the default investment strategy for most members. It spreads investment risk across various asset classes (types of investments), investment styles (ways or methods of investing) and asset managers (the people managing investments).

This means that we diversify your investments in a way that limits exposure to any single risk. It is designed to provide:

- the greatest likelihood of securing a reasonable pension at retirement based on your contributions and service by providing acceptable investment returns, at acceptable risk
- less volatile returns for members who are close to retirement

The trustees review the default investment strategy regularly to make sure it is appropriate within the legal requirements, cost effective and on track to meet these goals. Following the most recent review, the trustees have retained the default strategy.



## Top 10 equity holdings

as a percentage of portfolio

British American Tobacco PLC	2.7%
MTN Group	2.7%
Glencore	2.3%
Standard Bank Group	2.3%
Anglo American	2.3%
ABSA Group Limited	2.2%
Firstrand Limited	2.1%
Naspers	2.0%
Sasol	2.0%
Prosus	2.0%
<b>Total</b>	<b>22.6%</b>



### AF Balanced High Growth investment performance: 31 March 2022

	Portfolio	Benchmark
1 year	13.99%	12.91%
3 years	11.79%	10.12%
5 years	9.88%	8.60%

### Asset allocation: 31 March 2022

	Local	Africa	Global	Combined
Equity excluding property	46.4%	0.8%	18.7%	66.0%
Property	1.8%	0.0%	1.1%	3.0%
Bonds	16.0%	0.0%	2.8%	18.7%
Cash	3.9%	0.0%	1.5%	5.4%
Commodities	0.2%	0.0%	0.0%	0.2%
Alternatives	6.1%	0.3%	0.3%	6.7%
<b>Total</b>	<b>74.4%</b>	<b>1.2%</b>	<b>24.4%</b>	<b>100.0%</b>

### Investment fees: 31 March 2022

Policy fee on all assets	Yearly fee (based on the employer's total asset size)
Employer's asset size	
First R50 million	0.67%
Next R50 million	0.60%
Next R100 million	0.52%
Next R300 million	0.48%
Next R500 million	0.45%
International assets	On average this equates to about 0.2%



## Goals-based LifeStage enhancements

The trustees reviewed the Goals-based LifeStage strategy last year and have made some enhancements. The basis for the enhancements is to encourage members to consider the type of pension they will buy when they retire.

The new income target portfolios are aligned with the different types of annuities purchased at retirement. The asset allocation of the portfolios also consider the cash portion members will take at retirement.

The enhancements are being introduced in two phases:



### Phase 1: June 2022

Enhancement of the default option aligned to a with-profit annuity. The AFRF Protector and AFRF Passive Protector portfolios are being replaced by the AFRF Houseview Income Target portfolio and the AFRF Houseview Passive Income Target portfolio



### Phase 2: September 2022

Two additional income target portfolios will be introduced:

- **AFRF Inflation linked Annuity Target portfolio**
- **AFRF Flexible Income Target portfolio**

These options allow you to choose the most suited pre-retirement portfolio that is aligned to the type of pension you will buy at retirement.

## Environmental, social and governance factors (ESG)

The trustees have come up with a strategy which will focus on sustainability and will include ESG factors and ESG targets.

The strategy is being reviewed and refined by specialist ESG consultants enlisted by the trustees. The consultants will provide a gap analysis so that a specific and focused implementation strategy can be constructed. The trustees want a clearer alignment between the fund's objectives and the implementation by the multi-manager.

At year end, the analysis was still being finalised and recommendations were presented to the trustees at their June 2022 trustee investment meeting.

This was included in the strategy review at the 2022 investment workshop.

Further feedback and developments will be provided at the annual general meeting.

### Ongoing participation

The fund is already investing in private markets through two of the Goals-based LifeStage portfolios:

- **AF Balanced High Growth**
- **AF High Growth**

These two portfolios do invest in the different ESG sectors namely; water, power, environment and housing.

This means that by investing in these portfolios you are participating in ESG and contributing to the recovery of the economy.



### Investment policy statement

A copy of the fund's investment policy statement is available on the fund website under 'Fund governance': [www.alexforbes.co.za/umbrella-funds/retirement-fund](http://www.alexforbes.co.za/umbrella-funds/retirement-fund)



## Fund overview

### Financial status at 31 March 2022

31 March 2021		31 March 2022	
Registered participating employers	1 360	Registered participating employers	1 402
Active members	312 689	Active members	315 306
Total assets under management	R88.3 billion	Total assets under management	R98 Billion

The assets of the fund grew to nearly R100 billion in March 2022. You can expect investment returns to be muted due to the contraction in growth as a result of the Russian and Ukraine war and the high inflation environment with tightening interest rates.

#### Claims paid from April 2021 to 31 March 2022

A total of R11.9 billion in benefits were paid out to 46 836 members or family members over the financial year. This equals approximately 186 benefit payments paid every working day, which can be broken down as follows:

**5**

death claims  
paid per  
working day

**9**

retirement  
claims paid per  
working day

**172**

withdrawal  
claims paid per  
working day

#### Valuation status

The pension section and provident section are valuation exempt until 31 March 2023. The fund's financial position is regularly reviewed and the 31 March 2022 financial review results and fund structure will be assessed at the end of the year. A valuation extension will be considered at that point.

## Living annuitants, deferred retirees and preserved members

### At 31 March 2022, the fund recorded:

138	members have postponed their retirement
348	members have bought a living annuity - which is a flexible pension not guaranteed for the rest of their life
4 634	members have kept their retirement savings invested in-fund after leaving their employer

### Living annuitants

The **drawdown guidelines** for different ages are as follows. We assume that the amount in the fund is the only retirement savings you have:

Age on last birthday	Guideline drawdown rate
Under 60	4.00%
60-64	4.50%
65-69	5.00%
70-74	5.50%
Over 75	5.75%

Please review your current drawdown rate to make sure it's not higher than the recommended rate for a sustainable pension.

The trustees encourage you to get professional financial advice when reviewing your drawdown rates. This will help you make the best decision to suit your circumstances and needs. Speak to a consultant at the My Money Matters Centre: **0860 000 381** or email them on [mymoneymatters@alexforbes.com](mailto:mymoneymatters@alexforbes.com) about your options.



#### Deferred retirees and preserved members

Please remember to tell us if your details have changed. Call **0860 100 333** or email [afrstatements&data@alexforbes.com](mailto:afrstatements&data@alexforbes.com) to update your details.







# Member engagement - creating better retirement outcomes

## In-fund solutions will help you make better financial decisions

You have the option of choosing in-fund solutions when you leave the fund or retire. You're on a journey to financial well-being and your investment in the Alexander Forbes Retirement Fund aims to help you reach your retirement goal. Your investment in the fund could reach the end of its journey in one of two ways; resignation or dismissal. You can keep your money saved and invested in the Alexander Forbes Retirement Fund if you leave your employer or when you retire.

## Retirement benefit counselling and member information

The default regulations require that retirement benefit counselling is made available to you. Retirement benefit counselling is about financial guidance on your options before you have a conversation with your financial adviser.

Our **My Money Matters Toolkit** provides guided decision journeys for important financial decision moments during your working life and beyond. Our aim is for every person to make informed financial choices and access the support they need to make decisions that are right for them.

If you need help understanding the options available to you, you can speak to a consultant using these contact details:

**Email:** [mymoneymatters@alexforbes.com](mailto:mymoneymatters@alexforbes.com)

My Money Matters Centre: 0860 000 381

[mymoneymatters.alexforbes.com](http://mymoneymatters.alexforbes.com)

These stats below show the benefits to members when using our enhanced retirement benefit counselling services:

## 95.7%

felt more confident about making retirement fund decisions after engaging with our consultants

## 79.8%

of members understood their retirement fund benefits and options

## 22.1%

average response rate

## Methods of communication



**SMS = 28%**  
(industry average: 20%)



**Email = 15%**  
(industry average: 10%)

- 9.1 is the overall customer satisfaction score - July improved from 8.9% in May-June
- 9 is the average satisfaction rating out of 10. All member journeys scored 8 and above
- To continuously improve and increase engagement with this service, we're piloting warm up emails and SMSs



## My Retirement Picture

Build your personal retirement picture using this exciting new interactive and gamified tool called **My Retirement Picture**.

My Retirement Picture is a personalised, guided, and practical online tool that will help you:

- plan for your retirement
- understand your pension options
- get ready to make decisions that are right for you



### Who is My Retirement Picture for?

It's for anybody at any age.

### How much does it cost?

It doesn't cost anything. The solution is included as part of the My Money Matters toolkit.

## Feedback from members who tried My Retirement Picture:

This is how individuals nearing retirement are preparing themselves for the next chapter in their lives:

Testing with  
pre-retirement members



**520 +**  
people tried

**My Retirement Picture**

Very engaging digital experience



Users > time spent

**30 +** > more than 30 minutes

**90 +** > 10 to 30 minutes

The solution included as part  
of My Money Matters toolkit



Available at  
pre-retirement  
sessions

To make sure you are invited to the pre-retirement seminars, please provide your email or mobile to your HR or payroll department.

### Methods of communication

The fund prefers to communicate with members electronically:



Email



SMS




AF Online



AF mobile  
app

These methods of communication allow us to communicate standard fund newsletters, annual trustee reports, statements, and fund updates directly to you. We want you to engage with the communication we provide and for you to give us feedback. We are always looking for ways to improve and to provide information that interests you. To keep in contact with you, we will need your email or cell number.



To interact with us across our digital platforms, please give your HR or payroll department your information to update the monthly contribution schedule they submit. If you'd like to access information on our digital platform, AF Online (<https://www.alexanderforbes.co.za/home>), please register [here](#).



### The Alexander Forbes Retirement Fund is online

Your retirement fund is available to you at all times on the fund's website. This website will help make saving for your future a reality by giving you access to retirement fund news and information at the click of a button. You can also get your options on leaving and retiring brochures, claim forms and news from the trustees when you need it.

Certain communication from the fund is available in isiZulu, Afrikaans, isiXhosa and Sesotho on the fund's website: <https://www.alexforbes.co.za/umbrella-funds>

### Empower - online learning platform

#### Real-time information at your fingertips

The Alexander Forbes Retirement Fund gives members free access to a unique content-driven learning platform called Empower. The purpose of the platform is to give you an opportunity to learn about your personal finances, health and well-being in your own time.

The trustees endorsed the roll-out of the learning platform last year. With a successful proof of concept behind us, we will be ramping up that roll-out to all the fund members over the next several months. Keep a lookout for our emails, give the platform a try and learn something new.

### Alexforbes Rewards

We launched Alexforbes Rewards to all our South African members in July 2022. Our loyalty programme aims to save you money on every day items and a lot more. There is something for everyone and there is no subscription fee. You can access **Alexforbes Rewards** online (<https://rewards.alexforbes.com>) or using USSD by dialing \*120\*9006#.

This is what you'll get:

- **Supermarket coupons:** Shoprite, Checkers, Checkers Hyper and Pick n Pay. Save on day-to-day necessities with exclusive rand values from leading retail chains.
- **Wellness coupons:** Dischem. Stay healthy and save the next time you shop for health and wellness products.
- **Travel deals:** Randgo. Expert agents guiding you to find holiday and travel solutions.
- **Airtime deals:** Vodacom, Virgin Mobile, Telkom Mobile, Cell C and MTN. Access to discounts on airtime and data from South Africa's leading providers.

Make sure we have your ID or passport number and email address or cell number so you can access Alexforbes Rewards.





# General fund information

## Registered fund information

**Fund name:** Alexander Forbes Retirement Fund  
**Registered address:** Alexforbes, 115 West Street, Sandton

**Financial Sector Conduct Authority registration number:** 12/8/34768 (pension section) | 12/8/34766 (provident section)

## Contact details

### General fund contact details

As a member of the fund, you have the right to see the rules of the fund as well as any of its financial statements or reviews.

If you have any questions about anything in this report or your fund membership, please contact one of your management committee members or:

- call the Alexforbes Client Contact Centre on **0800 100 333** from Monday to Friday between 08:30 and 17:30
- email [afrfqueries@alexforbes.com](mailto:afrfqueries@alexforbes.com)

### Divorce orders

If you need to claim retirement benefits granted for a divorce order, please contact our divorce orders team:

**Email:** [afdo@alexforbes.com](mailto:afdo@alexforbes.com)

**Phone:** Alexforbes Help Desk on 011 324 3401

These businesses are licensed as follows:

- Alexander Forbes Financial Services (Pty) Ltd administers the Alexander Forbes Retirement Fund (FAIS licence number 1177, company registration number 1969/018487/07 and pension fund administrator number 24/331).
- Alexander Forbes Investments Limited manages the investments in the Alexander Forbes Retirement Fund and is a registered insurer (FAIS licence number 711, company registration number 1997/000595/06, pension fund administrator number 24/217 and insurer number 1155).

Please speak to your financial adviser for tailored advice based on your individual financial needs before you make financial decisions based on this information. This information is not advice nor is it intended as a personal recommendation, guidance or a proposal on the suitability of any financial product or course of action as defined in the Financial Advisory and Intermediary Services (FAIS) Act. While care has been taken to present correct information, Alexander Forbes and its directors, officers and employees take no responsibility for any actions taken based on this information, all of which require advice.

## Privacy statement

Your information may be used to find you if you leave your employer and don't complete a withdrawal claim form. If you want to know or read more about what we do with your information, you can view the fund **privacy statement** on the AFRF website <https://za.alexforbes.com/umbrella-funds/comprehensive>.

This privacy statement also informs you of your rights in terms of the Protection of Personal Information Act (POPIA).

## Complaints

If you're unhappy with any aspect of our service, please email [contactus@alexforbes.com](mailto:contactus@alexforbes.com) or call 011 669 7026 so that we can resolve your complaint without delay.

If there are any conflicts between the information in this trustees' report and the official rules of the fund, the rules of the fund will always apply.

