



Alexander Forbes Retirement Fund

Integrated annual report

for the year ended 31 March 2023

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About this report

The Alexander Forbes Retirement Fund (the fund or AFRF) board of trustees is delighted to publish the AFRF integrated annual report (the report or IAR). This report is the primary means through which we share our financial results and the narrative of how we've created value with our stakeholders over the last fiscal year.

Scope and boundary

This report covers the period from 1 April 2022 to 31 March 2023, and includes details on our strategic goals, operational background, material issues, risks, opportunities, performance and governance. Any material events that occurred after this date and up to board approval of the integrated report on 31 October 2023 are included. The fund applies principles of stakeholder inclusiveness, sustainability, materiality and completeness when assessing what information to include in the IAR. In addition, the fund applies the principles of accuracy, balance, clarity, comparability, reliability and timeliness when assessing information for this report.

Reporting frameworks and assurance

We have made a concerted effort to provide concise, balanced and transparent commentary on the progress we have made during the year on our strategy, performance, operations, governance and sustainability. AFRF takes direction on reporting from best practice requirements. These include:

- Pension Funds Act (No. 24 of 1956)
- SARS guidelines
- King IV Report on Corporate Governance™
- International Integrated Reporting Council's (IIRC) <IR> Framework
- Regulatory Reporting Requirements for Retirement Funds in South Africa
- Circular PF130 issued by the Registrar

We assessed the following codes and standards to strengthen our sustainability and climate reporting:

Primary codes and standards	Secondary codes and standards
<ul style="list-style-type: none">• World Bank Sustainable Investment Best Practice Disclosure Checklist for Pension Funds• Code for Responsible Investing in South Africa (CRISA 2)• United Nations Sustainable Development Goals (SDG)	<ul style="list-style-type: none">• Johannesburg Stock Exchange (JSE) Sustainability and Climate Change Disclosure Guidance• Task Force on Climate-Related Financial Disclosures (TCFD)• Principles for Responsible Investment (PRI)

The TCFD, PRI and JSE Sustainability and Climate Change Disclosure Guidance documents were all taken into account, with certain components being aligned to in this report and others being evaluated for potential use in future reports. As part of this progression, we started a process to implement components of the TCFD with further implementation planned for the next financial year.

Improved disclosure, conformity with applicable reporting frameworks, and benchmarking against best practice are just a few of the ways we're working to make our reporting transparent and reliable.

The board of trustees reviewed and approved the IAR and is comfortable that external assurance on the accuracy of non-financial information is not necessary at present. Our Financial Sector Transformation Council (FSTC) rating is being independently verified by Diversifi. Deloitte & Touche South Africa (Deloitte) audited our annual financial statements and has expressed an unmodified/unqualified opinion on them.

Materiality

The identification of material matters is informed by the guiding principles of the Integrated Reporting Framework. This allows us to provide an account of how the fund preserves and creates value in the short, medium and long term. Materiality considers the legitimate priorities and concerns of our stakeholders as they relate to our long-term sustainability. Material matters are informed by trends and key developments in our external operating environment, the fund's strategic objectives, and our risk landscape. These topics are assessed and ranked in terms of their likelihood of occurrence and potential impact on the fund's ability to preserve and create value.

Forward-looking statements

This report contains certain unaudited forward-looking statements and targets. These, by their nature, involve risk and uncertainty as they relate to future events and may be influenced by factors outside the fund's control. There are various factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. The fund cannot guarantee that any forward-looking statements will materialise and, accordingly, readers are cautioned not to place undue reliance on any forward-looking statements. The AFRF disclaims any intention and assumes no responsibility or obligation to update or revise any forward-looking statements, even if new information becomes available as a result of future events or for any other reason.

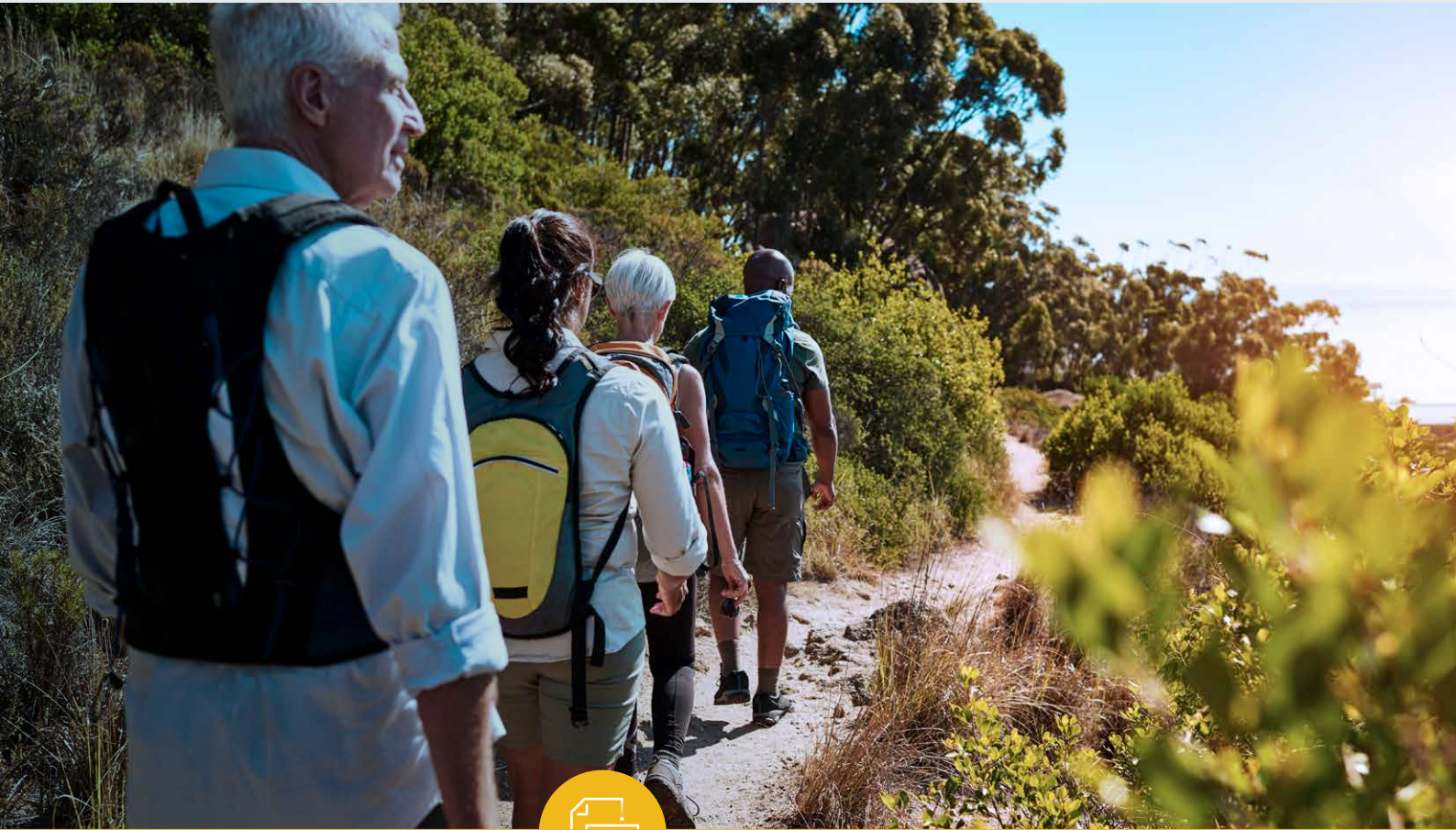
Trustee assurance and approval

The trustees confirm the fund continues to comply with the primary legislations governing its establishment and operation. Our attestation is informed by the annual compliance review; the external audit of the annual financial statements by Deloitte; and ongoing second- and third-line assurance activities.

In the board's opinion, this report provides a fair and balanced account of the fund's performance on those material matters that we have assessed as having a bearing on our capacity to create and sustain value. Although we believe this report has been prepared in accordance with the Integrated Reporting Framework, as updated in January 2021, we undertake to continually mature our level of integrated reporting over time.

The report was approved by the board of trustees on 30 November 2023 and signed on its behalf by:

John Liackman
Chairman



Our highlights

for the 12 months ended 31 March 2023

Registered participating employers

↑ **1 478**
(2022: 1 402)

Average replacement ratio of retirees

↑ **22.5%**
(2022: 22%)

Active members

↑ **316 291**
(2022: 304 642)

Average exit rate

↑ **16.2%**
(2022: 16%)

Total assets under management

↑ **R107 billion**
(2022: R103 billion)

Average preservation rate

↓ **17.1%**
(2022: 17.7%)

Total benefits paid out to members

↓ **R11 billion**
(2022: R11.9 billion)

Our members have pensions that last **4 years longer**, than the average retail living annuity, providing additional years of income in retirement



R99.4 billion
in additional assets due to group arrangements compared to individual arrangements



302 797
individuals with easier access to financial advice through various channels under group arrangements



R1.6 billion
per annum in fee savings as a result of the default annuity

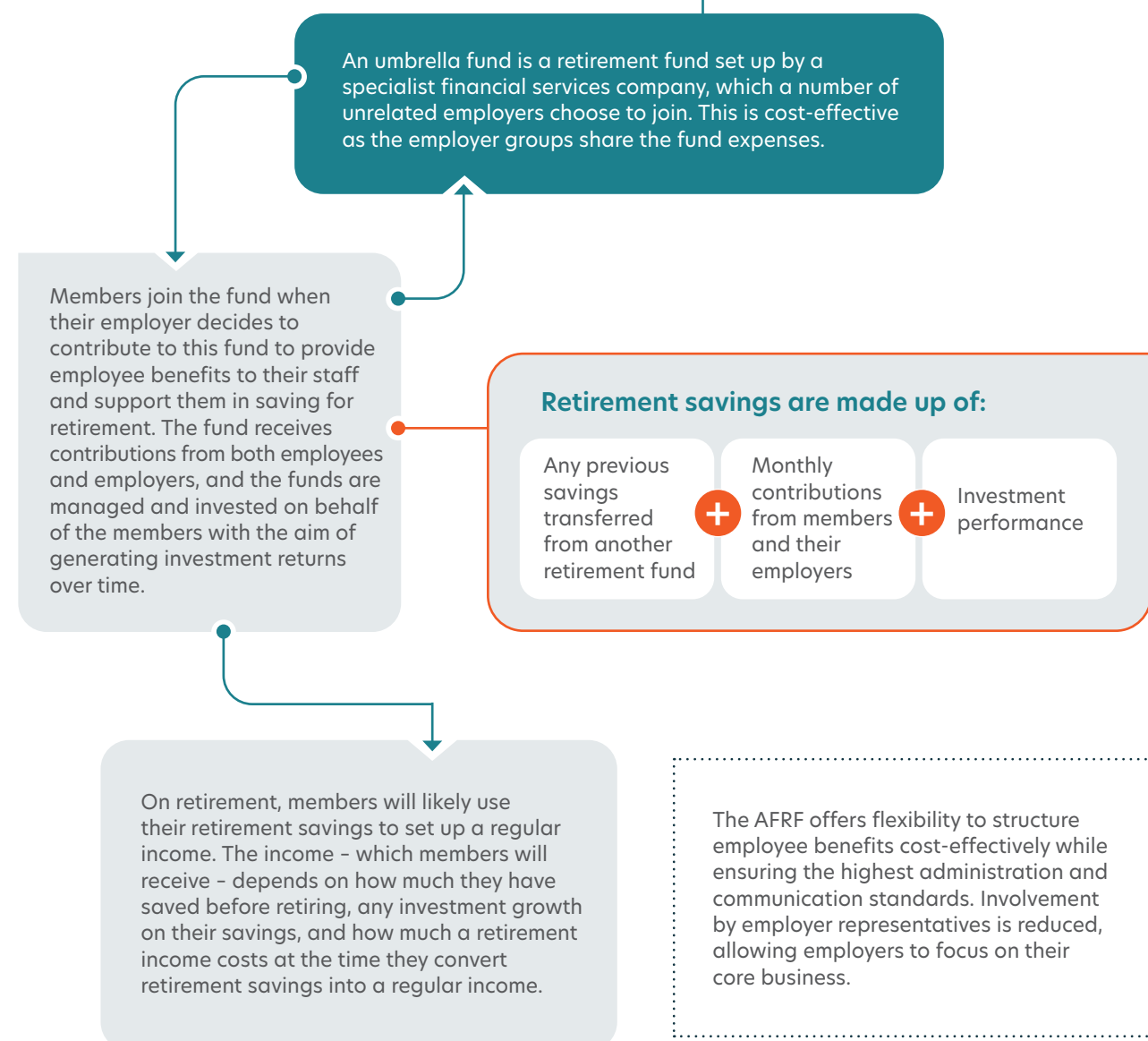


R2.13 billion
per annum in tax savings

AFRF overview

The AFRF is a South African pension fund that was founded in 1997. The AFRF has since grown into one of the largest umbrella funds in South Africa, actively managing the retirement savings of approximately R107 billion at 31 March 2023 (2022: R103 billion).

How the fund works

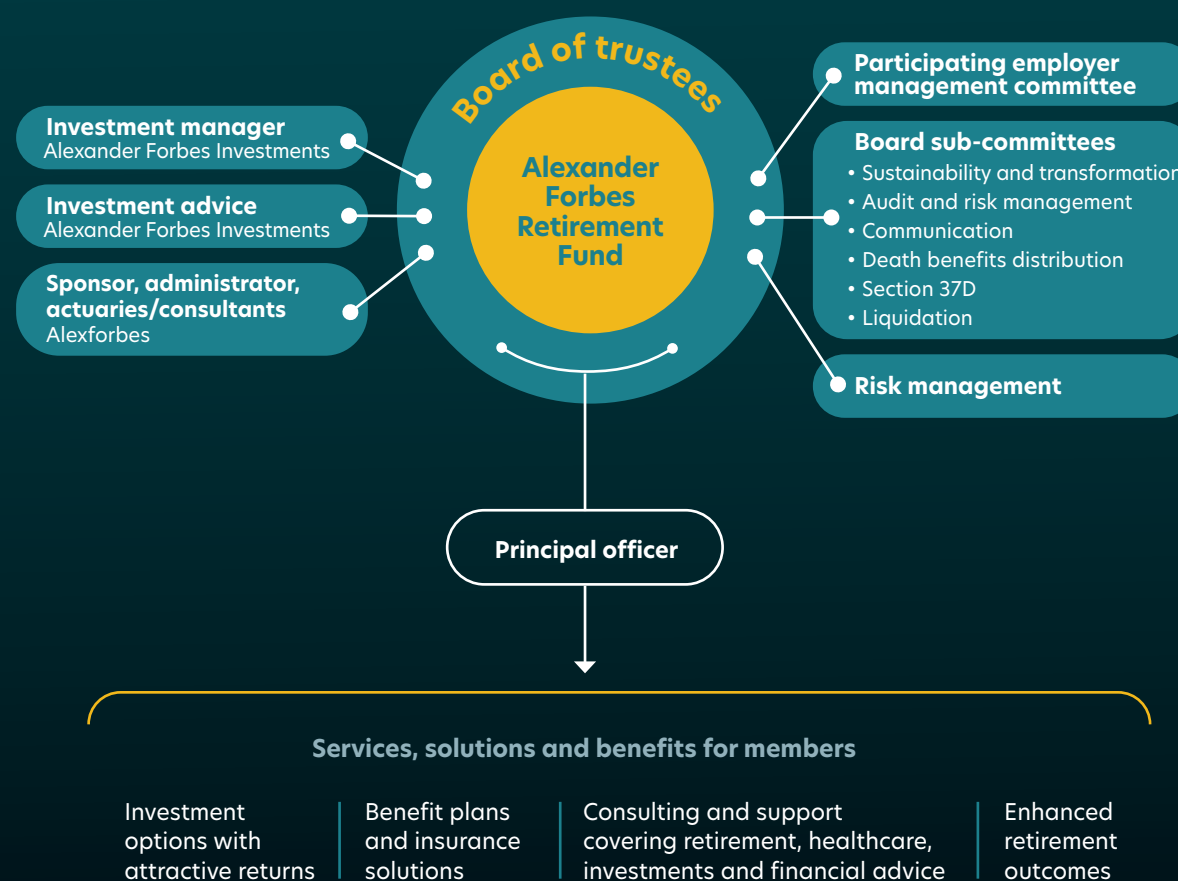


How the fund is managed

A professional board of trustees assumes responsibility for dealing with the running of the fund, yet the employer has the option to retain a hands-on approach by appointing a management committee (MANCO). Both the board of trustees and the MANCO have a duty to protect members' interests.

The trustees manage the fund according to the law and the general rules of the fund. The trustees decide on the range of investment options to meet the different needs of the fund's members. From this wide range, the MANCO then chooses the most appropriate options for their members.

In terms of the Pension Funds Act, pension funds must appoint an administrator to handle all day-to-day administrative duties. The AFRF is serviced by Alexforbes, which provides support as the sponsor, investment manager and administrator of the fund along with consulting and actuarial support.



What sets us apart

Our fund is one of the largest umbrella funds in South Africa with over 1 478 (2022: 1 402) participating employers and over 316 291 (2022: 304 642) members.

We offer a wide range of services that help our members to maximise the value and benefits of their retirement savings.

Umbrella fund advantages

An umbrella fund arrangement offers benefit such as reduced administrative work, lowered fiduciary and litigation risks, cost savings, and improved tools and technology. These benefit both employers and members participating in umbrella funds.

Benefits to members:

- Reduced administration fees
- Improved preservation
- Improved investment outcomes
- Improved engagement
- Enhanced retirement benefit counselling
- Reduced risk benefits through healthcare integration

Benefits to participating employers:

- Freeing employees to focus on core business
- Maximising fiduciary time and effort
- Reducing costs and enhancing fund offerings
- Meeting objectives through one point of contact
- Making it about the members

Responsible investing practices

The AFRF does not only help members save for retirement. We are committed to leading a change in investment practices. Our responsible investing approach considers things like environmental, social and governance (ESG) factors, as well as big themes like climate change and sustainable development. These factors help us make better investment choices, manage risks and achieve lasting investment success.

Integrated consulting approach

The AFRF's unique approach provides participating employers with multi-level consulting across retirement, healthcare, investments and financial advice. This holistic approach simplifies decision-making, empowers informed choices and promotes enhanced retirement outcomes for employees.

Quality services and expertise

The Alexforbes group is a reputable financial services provider with extensive experience in retirement, investment and insurance solutions. The group empowers the AFRF with in-depth knowledge of pension fund management, enhancing its ability to offer top-tier services.

Unbiased independence

The AFRF's independence from insurers, investment managers and other providers enables unbiased decision-making. Consultants are free to source, replace or reshape services to align with high standards, driving impactful collaborations to create quality solutions for clients across various industries.

Digital optimisation

Through digital tools, online portals and enhanced digital engagement strategies, the fund offers a diverse range of access points for clients and members at any time. A prime example is the My Money Matters portal, providing tailored support, financial advice and retirement benefit counselling, while Digital Exits has boosted active preservation decisions and deepened understanding of the impact of withdrawals on retirement outcomes.



One entry point



Integrated and multi-skilled teams



Real lifestage solutions



Impactful outcomes

As the fund's sponsor, administrator, advisor and investment manager, Alexforbes supports the AFRF to deliver value to our members through its vision, purpose and values as set out below:

Our vision

To be the **most impactful provider** of financial advice serving **both** institutional clients and individual customers

Our purpose

We pioneer **insight** to deliver **advice** and solutions that **impact** your life

Our values

Our values are the **beliefs we live by**. They guide our **relationships, actions and behaviours**.



Integrity

We act with integrity. We are truthful, ethical and transparent.



Customer first

Our clients and members are at the centre of our business as we pioneer insight to deliver advice and solutions that impact their lives.



Care

We care for one another, our clients, our communities and the environment.



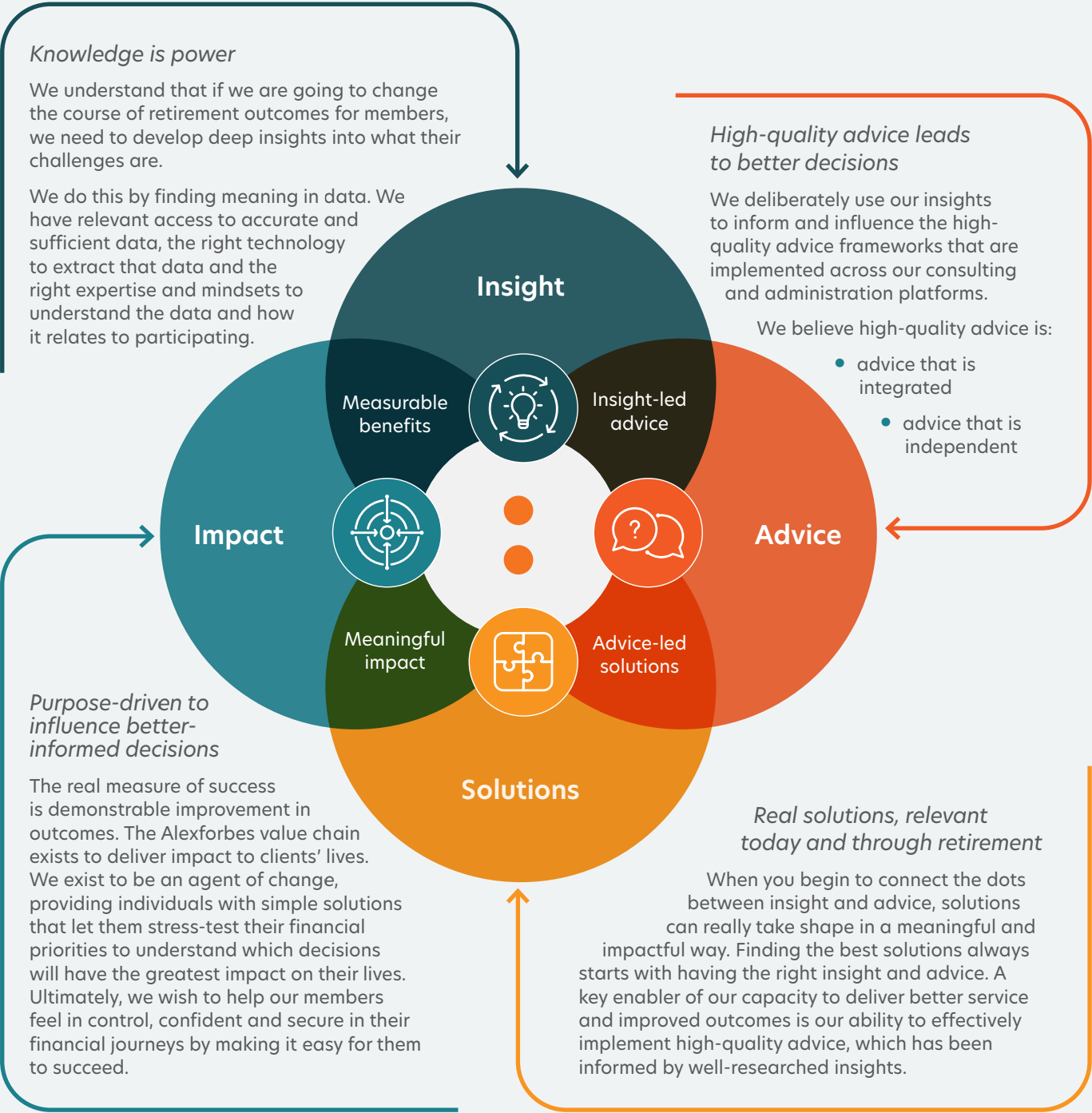
Leadership

We all have leadership qualities and aim to drive growth in ourselves, in others and in our business. We lead by example.

Our value proposition

The AFRF is an advice-led umbrella fund

By leveraging the research-based insights and analytics available to the fund, we can offer an holistic consulting approach to employers and individual members. High-quality advice ultimately leads to the ideal solutions at the correct time of life and can have a positive impact on retirement outcomes.



How we create value

Capitals	Inputs	Outcomes	Stakeholders impacted	UN SDGs
Financial	<ul style="list-style-type: none">AuM: R107 billion (2022: R103 billion)Contributions R10.3 billion (2022: R9.4 billion)Fees R798 million (2022: R776 million)	<ul style="list-style-type: none">Benefits paid R11 billion (2022: R11.9 billion)R1.6 billion in fee savings owing to default annuityR2.13 billion in tax savings	<ul style="list-style-type: none">MembersParticipating employersService providers	<ul style="list-style-type: none">8 DECENT WORK AND ECONOMIC GROWTH10 REDUCED INEQUALITIES3 GOOD HEALTH AND WELL-BEING
Human	<ul style="list-style-type: none">Board of trusteesPrincipal officerService providers	<ul style="list-style-type: none">Remuneration: R2.1 million¹Diversity of trusteesTraining	<ul style="list-style-type: none">MembersParticipating employersService providersGovernment/regulators	<ul style="list-style-type: none">8 DECENT WORK AND ECONOMIC GROWTH5 GENDER EQUALITY
Intellectual	<ul style="list-style-type: none">InsightsMember dataAdvice	<ul style="list-style-type: none">SolutionsRBCMember impact reports	<ul style="list-style-type: none">MembersParticipating employersSociety	<ul style="list-style-type: none">8 DECENT WORK AND ECONOMIC GROWTH10 REDUCED INEQUALITIES3 GOOD HEALTH AND WELL-BEING
Social	<ul style="list-style-type: none">Member engagementResponsible investingFinancial education	<ul style="list-style-type: none">Member impactFinancial inclusionEnhanced retirement outcomes	<ul style="list-style-type: none">MembersParticipating employersSociety	<ul style="list-style-type: none">8 DECENT WORK AND ECONOMIC GROWTH4 QUALITY EDUCATION7 AFFORDABLE AND CLEAN ENERGY13 CLIMATE ACTION

1. In our efforts to enhance transparency, we are disclosing remuneration for the first time in 2023.

Board of trustees

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

- Three external (independent) trustees appointed by the board
- Three internal trustees appointed by the sponsor (Alexander Forbes Financial Services (Pty) Ltd)

Collectively, the trustees have over 100 years of industry experience. They apply their experience to the governance and management of the fund to make sure it meets all its financial and legal commitments. Each trustee has an area of expertise to add value to the management of the fund. During the year under review the trustees were:

External trustees



John Liackman (68) Chairman


- BEconSci
- Over 45 years of experience in investment finance
- Over 15 years as an independent trustee

First appointed: 13 March 2007
Sub-committee membership:  



Sandile Khumalo (45)




- LLB
- LLM (International Business Law)
- Over 20 years of experience as an advocate
- Over 10 years as an independent trustee

First appointed: 1 May 2013
Sub-committee membership: 



Kevin Prinsloo (58)

- BSc
- MBA
- Over 20 years in consulting and management roles
- Over 15 years of experience as a trustee and seven years as a principal officer



First appointed: 1 November 2010
Sub-committee membership:   

Internal trustees



Karusha Moodley (44)




- BCom (Hons)
- CA(SA)
- Over 19 years of experience in finance

Appointed: 1 October 2022
Sub-committee membership:  



Fiona Rollason (50)

- BA
- LLB
- LLM
- Over 16 years of experience as a trustee

First appointed: 1 March 2006
Sub-committee membership:   



John Anderson (45)

- BCom (Hons) (AccSci)
- FASSA and fellow of the Institute and Faculty of Actuaries
- Over six years of experience as a trustee




First appointed: 1 June 2016
Sub-committee membership:  

Principal officer







Nomonde Zwane (40)

- BCom (Econ)
- MPhil (Development Finance)
- MBA
- Over five years of experience as a principal officer

First appointed: 1 March 2021
Sub-committee membership:   

Sub-committee membership:

 Audit and risk  Sustainability and transformation  Communication  S37C and D





John Liackman

Message from the chairman

‘On behalf of the board of trustees, I am pleased to present Alexander Forbes Retirement Fund’s (AFRF) inaugural Integrated Annual Report for the 2023 financial year. This report aims to provide a clear picture of the fund’s recent activities, achievements, sustainability journey and the broader environment it is operating in. The report will showcase the fund’s key focus areas and objectives for the year ahead.’

External environment

Economic challenges

The 2023 financial year has presented many economic challenges and we acknowledge the economic difficulties faced by our members and the fund’s participating employers. Global events, such as the geopolitical tensions between Russia and Ukraine, have disrupted global supply chains which has led to higher prices for essential commodities like fuel and food. The impact of rising inflation and interest rates in key global markets has also impacted the South African monetary position.

The increase in interest rates has had a ripple effect on the disposable income of consumers, raising the cost of borrowing for individuals and businesses alike. This shift has brought about increased costs and challenges in managing finances for everyone. Additionally, the heightened load shedding levels as part of South Africa’s ongoing energy supply crisis continue to disrupt households and businesses, negatively impacting the economy.

Given these economic challenges, there has been an increase in employer requests for contribution holidays and contribute rate reductions. Some employers have even been compelled to cut their payrolls or even close down their businesses. Equally concerning is the financial strain experienced by individual members. We understand the stress members endure and we, as the board of trustees, are committed to put appropriate defaults in

place to ease this; and where a choice is to be made, enabling access to guidance to help members make informed decisions, not only about their retirement, but also about managing their finances in these challenging times.

In addition, these economic challenges have a negative impact on the fund’s investments. In response, we are carefully managing our investments to reduce risks and take advantage of opportunities in the market. We are working closely with our investment multi-manager to secure consistent, long-term returns.

Legislative changes

Changes in regulations, tax policies, and retirement fund laws have an impact on our fund’s performance. Recently, the Pension Funds Act’s Regulation 28 was revised to allow retirement funds to invest up to 45% of their available capital offshore (investments outside South Africa). In response, the fund together with their investment advisers is reconsidering its investment strategy to ensure our members will benefit as we take advantage of market opportunities given the new regulatory landscape.

Additionally, the upcoming ‘two-pot’ legislation will allow members to access up to one-third of their retirement savings before retirement for short-term financial relief. The rest of their savings must remain safely invested to guarantee our members retire with enough savings. This change will increase the workload for our administrators

as we expect an increase in claims when the new system comes into effect. To address this, the fund’s administrator is enhancing current systems and adopting technology to communicate effectively with members to make certain they understand the new fund operational process when the two-pot legislation is implemented.

These legislative shifts are driving smaller, stand-alone funds towards umbrella funds such as the AFRF as we are more capable of efficiently adapting to regulatory changes and spreading this cost owing to economies of scale.

Trend towards sustainable finance

Sustainable finance is a global regulatory focus. South Africa’s fiscal road map, introduced in March 2023, emphasises this shift. The AFRF is proactively preparing for a more sustainable future by promoting responsible investing, developing a road map for integrating environmental, social and governance (ESG) principles into everything we do, and embarking on a journey towards ensuring the fund is and remains future-fit in the face of significant global trends, which are driving change at pace.

Despite the many external challenges the fund is facing, maintaining a long-term investment perspective has been crucial. We are committed making sure our fund remains resilient and future-fit so that we can deliver the best benefits and retirement outcomes for our members.

Fund performance

As of 31 March 2023, AFRF proudly boasts 1 478 registered participating employers and 316 291 active members. Our assets have increased to an impressive R107 billion, showing a growing fund that is in a strong financial position.

A notable achievement during the reporting period is our fund’s valuation, revealing that the pension section was funded at 100.13%, and the provident section was funded at 100.12%. Both the pension and provident sections of our fund are now valuation exempt until 31 March 2025.

The fund applied for valuation exemption in order not to be subjected to periodic valuation submissions, which have an impact on the overall cost of running the fund.

Improved investment choices

During the year we took steps to improve our default investment strategy to better align with members’ post-retirement realities. The fund’s default investment strategies are used by over 83% of members (68% AF Balanced High Growth, 8% AFRF Houseview, 6% AF High Growth, 1.5% AF Passive Bold), and we work hard to make sure it meets the wide needs of most people.

As at 31 March 2023, funds invested in the AF Balanced High Growth portfolio had grown by 6.52% over the one-year period since 31 March 2022.

The fund has also introduced new solutions to cater to broader needs of members. The launch of AF Explorer – now including maximum allowable offshore investment limit of 45%, and the introduction of the Retirement Navigator, a growth portfolio designed to provide a smoother investment journey for members – shows our commitment to meeting a broad range of member retirement needs.

Focus on members

We recognise that to truly serve our members we must not only safeguard their financial futures, but also nurture their financial wellbeing throughout their lives. In this vein, AFRF has embraced a member-centric approach that encompasses financial inclusion, accessible advice, and lifelong education and counselling. Our goal is to communicate with members at every stage of their financial journey, empowering them to make decisions that positively impact their retirement outcomes.

Financial inclusion

Our commitment to financial inclusion means guaranteeing every member, regardless of their financial background or level of investment knowledge, can grow their retirement benefits to achieve their desired outcomes. By providing access to convenient digital services, we have reduced barriers to entry. Now, members can access their accounts, investment options and educational resources from the comfort of their homes. We are tailoring our communication and engagement strategies to be more inclusive, reaching out directly to members, not just through employers. This inclusivity allows us to understand individual member needs and serve a diverse membership base, offering opportunities for better financial education and growth to members of the fund.

Accessible advice and solutions

AFRF understands that the journey to financial security is not one-size-fits-all. We have expanded our services to include a wide range of advice and solutions at different life stages. Whether a member is starting their career or planning for retirement, the fund provides access to tailored advice and solutions through its administrator, whose digital platforms, such as the My Money Matters toolkit and Digital Exits, offer personalised investment guidance and planning tools, making it easier for members to set and achieve their financial goals. Through this partnership, 2 222 members accessed enhanced retirement benefit counselling (eRBC) during the year.

Lifelong education and counselling

The trustees firmly believe that financial empowerment begins with knowledge. Through participation in the AFRF, members have access to comprehensive education and counselling programmes. Members can access resources covering topics from basic financial literacy to advanced retirement planning, providing guidance on everything from managing debt to optimising investment portfolios. The trustees encourage members to ask questions, seek advice and make informed decisions, putting them in control of their financial destinies.

Modernisation and digitisation

Modernisation and digitisation are the cornerstones of a member-centric approach. By harnessing technology, collecting and analysing data of each of our participating employer's membership, the servicing consultants are able to provide personalised advice, recommend suitable investment options, and deliver targeted educational content for that employer's members, and where members engage on an individual level, a tailored approach for that individual member.

Listening to our members

The fund strives to improve communication to members to facilitate a pleasant member experience. The trustees monitor the complaints management process and, through the fund administrator, have established a clear complaints process to ensure fair treatment of members of the fund and the swift resolution of any issues that may arise.

Better communication and engagement

Communication and engagement are our cornerstones to create a smoother, more informed, financial journey for members of the fund. While we still value the participating employers as key to driving communication to members, the fund is taking further steps to engage directly with our members. We have significantly enhanced our member contact details database, increasing from 20% to 78%, and will continue our efforts to improve this number. Ideally, we want every member's contact details.

Our retirement fund of the future

Our commitment to delivering optimal retirement outcomes goes beyond the present; it is about making sure we remain relevant and sustainable in the years to come. The retirement landscape is changing, with studies showing that people are living longer than previous generations, which means people who are young today will need more substantial retirement savings. We also see the impact of climate change affecting investment markets and are aware of the need to invest in a sustainable manner while considering the long-term financial impact of climate change on our members' retirement savings.

To make certain the AFRF is future-fit and ready to adapt quickly to emerging needs, we have proactively embraced the Retirement Fund of the Future™ vision developed by Alexforbes. This advisory service is founded on five objectives that retirement funds should incorporate into their strategies so they are ready to meet the future needs of members, changing investment landscapes, and sustainability challenges. The five characteristics of the fund of the future are member-centricity, strategic long-term thinking, impeccable governance, impact-conscious, and transparent stakeholder communication.

As this report will show, the AFRF has already started this journey by becoming more member-centric, offering tailored counselling, access to advice and solutions, considering opportunities to modernise our operations where needed and leveraging technology to deliver personalised experiences. Moreover, the trustees are proactively integrating ESG principles into investment decisions made on behalf of members, ensuring we invest responsibly, ethically and in a sustainable manner.

The trustees remain committed to improving and strengthening the fund's sustainability journey through a carefully crafted road map. This report reflects our early progress, but we recognise that this is an ongoing journey, which will evolve with time and experience.



In closing

In closing, I would like to express my gratitude to our dedicated trustees, principal officer, committee members and Alexforbes advisers and consultants for their commitment and hard work in pursuing the fund's objectives. Together, we are shaping the future of retirement funds, one that is member-centric, sustainable and responsive to the changing world around us.

Thank you for your trust in AFRF.

John Liackman

Chairman, Alexander Forbes Retirement Fund (AFRF)

**Message from
the principal
officer and chair
of the Sustainability
and transformation
sub-committee**



Nomonde Zwane

‘It is with great pleasure that I present this report to share insight into our fund's transformative journey towards a more sustainable future. As I reflect on the challenges and opportunities of the past year, I am proud of the AFRF's resilience, innovation and commitment to making an impact in our members' lives. The fund is well positioned to provide ongoing insight, information, counselling and, where needed, access to advice that empowers our members to make informed financial choices despite challenging market conditions.’

Over the past year, our commitment to responsible investing and sustainable investment practices has been a driving force in shaping our fund's path. Central to this commitment is the work of the Sustainability and Transformation sub-committee (STSC), formerly the transformation sub-committee (TSC). Broadening the TSC's scope demonstrates the fund's dedication to integrating sustainability into every aspect of our fund's operations.

I am honoured to serve as the chairperson of the newly formed STSC, and I greatly appreciate the contributions of our committee members who bring a wealth of experience and knowledge. John Anderson, with his expertise in ESG and sustainability, plays a pivotal role in aligning the fund's processes with international best practice. In addition, we have expanded the committee with new alternates, enriching our conversations and decision-making processes.

Transformation

We have taken several deliberate steps to increase diversity within our board of trustees to promote transformation. One of the significant moves we have made is to appoint three alternate trustees, with a strong emphasis on appropriate skills, gender and racial diversity. Our alternate trustees, specifically chosen for their skillsets and potential to transition into full trustee

roles, are black women who bring fresh perspectives that enhance deliberations at our trustee meetings. We are proud to welcome Ziningi Kutama, Nazley Sallie and Luyanda Mbatha to the AFRF board of trustees.

By appointing predominantly black female candidates as alternate trustees, we aim to increase the pipeline of women serving as trustees on the fund and also improve the transformation goals set by the Financial Sector Transformation Council (FSTC) scorecard. In addition, the AFRF is monitoring transformation progress with asset managers through the investment multi-manager.

The STSC plays an important role in making sure that diversity and transformation objectives of the fund are continually reviewed, monitored and reported on. We are in the process of developing a comprehensive three-year strategy that will guide our actions as we work towards being a more diverse and inclusive fund with positive member outcomes key to the fund's strategic objectives. We believe diversity encourages innovation and better decision-making, which ultimately benefits our members and the broader industry.

Responsible investing

Recognising the long-term nature of retirement funds, the AFRF understands that our investments must be sustainable to secure the financial future of our members. By identifying and addressing potential risks related to environmental and social issues or governance failures, the trustees make certain the investment strategy is reviewed and monitored in the interest of members. As a board we acknowledge our ethical and social responsibility to invest in a way that contributes positively to communities in which our members live and the environment at large. Embracing responsible and sustainable business practices will likely result in resilient investment returns in the long term.

During 2023, the fund developed a Responsible Investment (RI) policy that underpins our dedication to sustainable investment practices. This policy provides a framework for considering ESG factors in investment decisions, which is crucial for the long-term success of the fund in achieving its objectives.

To achieve our responsible investment goals, the fund collaborates closely with the investment multi-manager to conduct regular evaluations of current fund investments and potential investment opportunities, specifically assessing the achievement of consistent investment returns and alignment with global best practice ESG standards and sustainability frameworks.

Proxy voting is another important tool in the AFRF's ESG strategy, and through proxy guidelines agreed with our multi-manager, we monitor that our shareholder rights to influence ESG practices within our investment portfolio are aligned with these, so that our voting power is exercised to support responsible and sustainable business practices.

We monitor how well the fund's asset managers are adhering to the fund's RI policy through regular performance assessments, reports on proxy voting results and ongoing engagement. This process makes certain that asset managers align with the fund's ESG principles and deliver on their mandates.

The STSC has made significant progress in implementing the RI policy this year and has developed a responsible investment road map that outlines the next steps the fund will take to further integrate ESG factors into the fund's investment strategies. While not an immediate action, the AFRF is committed to addressing climate change issues and has planned to scope its climate approach in early 2024. It is important to note that extensive work is currently underway to make sure the right processes and systems are in place and our approach to climate change needs careful consideration given the complexity of this matter.

These efforts ensure the fund's ESG road map is deeply embedded in the fund's long-term investment strategy, benefiting both the members and the broader community.

Member impact

The fund's goal is to provide real benefits to our members. The trustees believe that every step taken should improve the financial wellbeing of members and help them make informed decisions along the road to retirement. We do this by making certain we deliver relevant information, counselling, access to advice and solutions that positively impact members' lives and broader society, driven by the conviction that knowledge is power. By harnessing our wealth of data we have on the fund, the trustees are empowered to enhance decision-making for members that will positively affect their retirement outcomes.

Member impact reports

During 2023 we started providing individualised member impact reports to our employer groups that quantify the value the fund adds to its members. These impact reports demonstrate how AFRF's efforts lead to tangible benefits, such as financial inclusion, tax savings and reduced fees and show how the AFRF is positively impacting member outcomes over time through engagements and active counselling with access to advice where required.

The fund uses this data to provide industry insights for employers about the financial health of their members by benchmarking key metrics relative to their sector. Member impact reports highlight key issues to employers so that they can consider interventions to improve their impact.

Claims and benefit payments

We take pride in managing claims and benefit payments efficiently, making sure members receive their entitled benefits promptly. In the one-year period to 31 March 2023, we disbursed a total of R11 billion in benefits to almost 42 000 members and their families. This equates to approximately 167 benefit payments made every working day, comprising death claims, retirement claims and withdrawal claims.

Creating better retirement outcomes

Better retirement outcomes start when members keep their retirement savings invested when they change jobs and by contributing as much as they can during their working lives. Unfortunately, of all the people who exited the fund last year, only about 9.6% preserved their retirement savings and the majority withdrew their cash. As a result, it is projected that most members will retire with about a third of their final salary each month, which is what our current fund analysis shows.

We understand that members are different, which is why there are various options available to them when they start a job, change jobs or retire. By connecting with members to provide relevant information, counselling, access to advice and affordable solutions, we aim to assist our members throughout their financial planning journey. These efforts empower our members to make informed decisions, ensuring they maximise their retirement savings and secure a comfortable future.

Two of the digital tools adopted by the fund gained traction during 2023. The first tool, the My Money Matters portal, helps members to make informed financial choices that are right for them. It includes access to a dedicated call centre, a member toolkit and enhanced retirement benefit counselling (eRBC). The second tool, Digital Exits, has led to a significant increase in active preservation decisions and a better understanding of the financial impact of withdrawal on one's retirement outcomes.

The fund is pleased to report that after engaging with our consultants, 96% of members who used eRBC services felt more confident about making retirement fund decisions and 95% understood their retirement fund benefits and options.

Alexforbes Rewards

AFRF's participation in Alexforbes Rewards gives something more to members, contributing to their overall financial wellbeing, with no additional obligations or requirements. Benefits through the reward scheme include supermarket coupons, wellness coupons, travel deals and airtime discounts.



In closing

The AFRF is a large umbrella fund able to provide unique solutions to a diverse membership. The fund's unwavering commitment to serving members and making an impact is what sets it apart. With this in mind, we support and endorse the recently launched Retirement Fund of the Future™ initiative by Alexforbes and we intend to engage further with its future-fit solutions suite during 2024 with a view to making certain the AFRF sets the industry standard for a best-in-class, future-fit retirement fund, which is resilient through multiple time horizons.

It is an honour to be part of the governance structure of the fund to bring tangible and sustainable solutions. I am confident that with the ongoing support of our members, employer groups, regulators and service providers, the fund will continue to deliver on its vision of being the fund of the future.

Nomonde Zwane

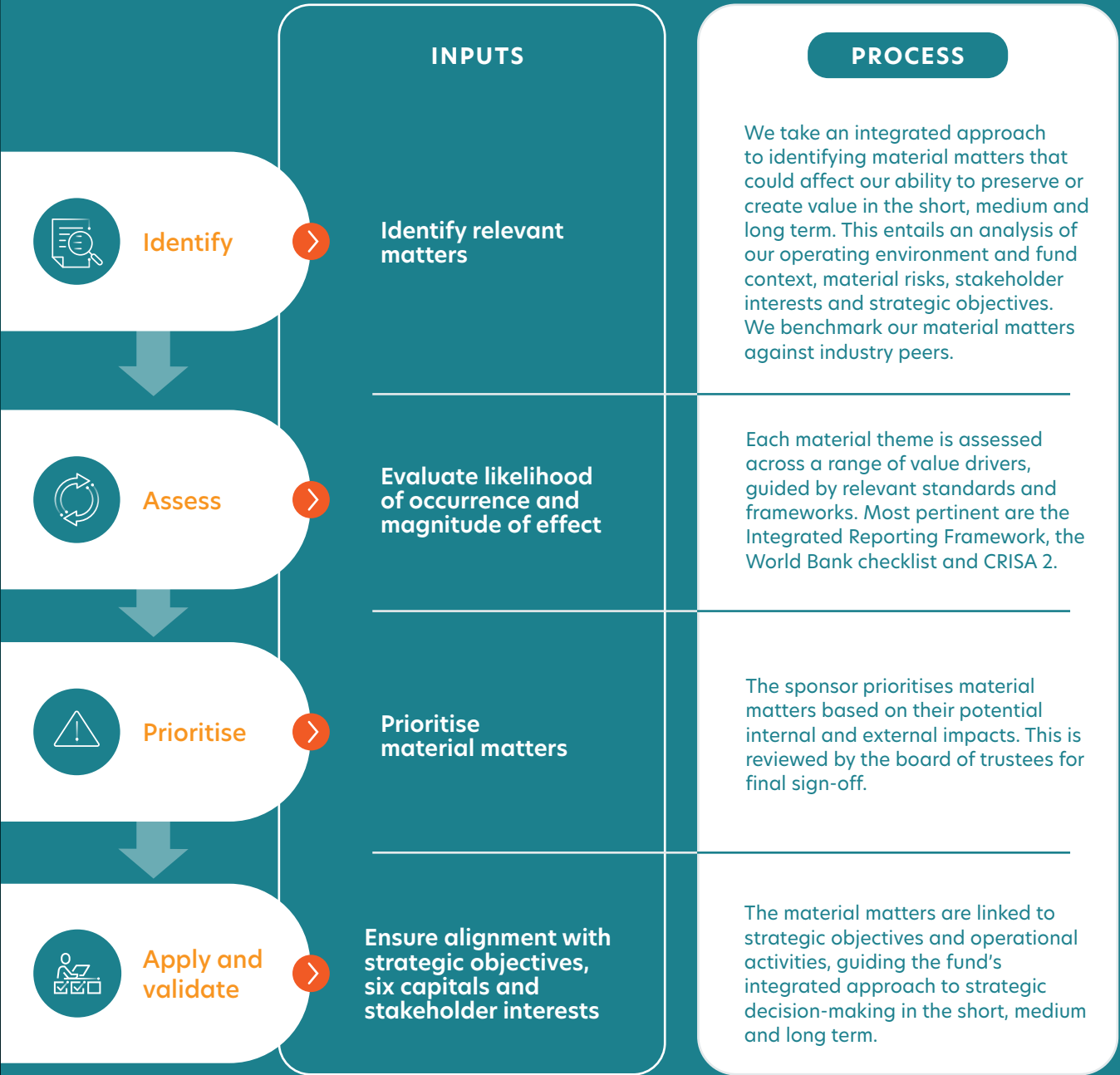
Principal Officer, Alexander Forbes Retirement Fund (AFRF)

Material matters

Materiality determination approach

Material matters are important topics or issues that can significantly impact the fund's financial performance, its impact on the environment and its relationship with society. These are the key factors that stakeholders consider when evaluating the fund's overall performance and sustainability.

In determining our most significant material matters, we assess the risks and opportunities in our environment, consider what our stakeholders care about, and keep the fund's primary goals in mind. We gather input from the sponsor, thoroughly review all feedback, and then the trustees approve the key matters we should focus on. This process helps us prioritise what's important to our fund and stakeholders, guiding our strategy to manage risks and seize opportunities.



Our material matters in 2023

The following material matters were identified and prioritised by the trustees and the sponsor. They are ranked in order of importance as determined by the process outlined on the previous page.

1 Effective and efficient management of the fund

We rely on Alexforbes to deliver efficient and effective systems that support the operational activities and day-to-day functioning of our fund. This includes their approach to modernising and automating internal systems and customer engagement channels and the enhanced collection and centralisation of client data. Our commitment to operational excellence enables improved governance and guarantees highest level of transparency, data protection and security.

Stakeholders impacted

Members • Participating employers
Service providers • Regulators

FC

IC

SC

HC

2 Fiduciary oversight to ensure fund performance has a sustainable financial impact on members

Our fiduciary duty to ensure performance of our fund delivers as reliable as possible financial returns and long-term wealth creation for our members. The trustees of the fund are committed to exercising the necessary skill, care, diligence and prudence and to act in the best interest of the fund and its members. This includes managing the fund effectively and efficiently and preserving the assets of the fund making sure that benefits are paid to members.

Stakeholders impacted

Members • Participating employers
Service providers

FC

IC

SC

HC

3 Member education including financial literacy and retirement benefit counselling and capacitating employer management committees for the effective monitoring of delivery to members

The benefits of our financial solutions are maximised when management committees understand the impact of these on members' retirement outcomes, and when our members are capacitated to make informed decisions on the solutions and options available. Management committees and member education and engagement, through the promotion of financial literacy and our retirement benefit counselling, support better outcomes for our members and our fund.

Stakeholders impacted

Members • Participating employers
Service providers

SC

HC

IC

4 Measurable benefits that create member impact

We are committed to delivering measurable benefits to our members. Our member impact report provides unique insights into the financial wellbeing of our members to make certain our approach delivers reasonable retirement outcomes based on the inputs to achieving them (contribution rate to retirement, investment return, length of service and preservation, alignment of investment strategy and annuity options on retirement).

Stakeholders impacted

Members • Participating employers
Service providers

FC

IC

SC

HC

5 Oversight of responsible investing outcomes with a focus on stewardship

Our focus on responsible investing to make sure the impact of our investments positively contributes to sustainable outcomes over the long term via our investment manager Alexander Forbes Investments. Through our responsible investing approach and stewardship framework, we are committed to supporting a just transition for climate change, mitigating negative environmental impacts and creating a positive impact in society.

Stakeholders impacted

Members • Service providers
Regulators • Society

FC

IC

SC

Capital resources impacted

FC

IC

HC

SC

Financial Capital

Intellectual Capital

Human Capital

Social Capital

6 Manage risks and compliance

Our commitment to ensure compliance with current and emerging regulations and best practice. This involves our risk management and mitigation structures and processes that enable us to identify and monitor current and emerging risks.

Stakeholders impacted

Participating employers
Service providers • Regulators

FC

HC

IC

7 Maintain good governance, accountability and ethical practices

We are committed to maintaining good governance and accountability by providing ethical leadership and full transparency. This includes the composition of the board of trustees and the selection and appointment of the principal officer, and transformation of the board by way of succession planning. Strong ethical practices are imperative in our dealings with all stakeholders.

Stakeholders impacted

Members • Participating employers
Service providers • Regulators

FC

IC

SC

HC

8 Manage and respond to stakeholder interests

Managing and responding to stakeholder interests, especially the interests of our members, is imperative to supporting the purpose of our fund. Stakeholder relationships with participating employers and members, government and regulatory bodies and Alexforbes must all be managed and responded to appropriately.

Stakeholders impacted

Members • Service providers
Regulators • Society

SC

HC

IC

Regulatory environment

The AFRF is entrusted with the financial goals and outcomes of our participating employers and members, and so we adopt the highest standards of regulatory compliance. Compliance with retirement fund rules and laws helps us to uphold the highest legal and ethical standards in managing retirement savings. It helps prevent misconduct, fraud and mismanagement, ultimately safeguarding the retirement benefits of members.

Compliance with regulation is the minimum standard expected of the fund. We aim to exceed this standard to deliver meaningful benefits to our members and society.

Retirement funds follow complex rules that continually evolve. To keep up with these changes and make sure we treat our customers fairly, we need to be quick to adjust. We use good governance practices to help us stay ready for updates.

We monitor the legislation to determine whether there are any amendments that might affect the fund and the members it serves.

- When there are new laws that will affect us, we discuss them in our trustee meetings.
- We train the people we work with to follow these new rules.
- We keep checking to make sure we understand and are applying the new laws properly.
- We stay in touch with industry groups and regulators to keep up with new rules and give our input when needed.

We also make sure we follow important international rules, like those that protect the fund from being involved in money laundering.



Amendments to the AFRF rules

The following changes to the 2022 consolidated rules were submitted to the Financial Sector Conduct Authority (FSCA) for registration during the 12-month period up to 31 March 2023.



Amendment 1 to the 2022 consolidated rules

The rules were changed with effect from 1 October 2022 to:

- Make sure all pensioners (annuitants) buy their living annuities from an insurer or another authorised provider.
- The parts in the rules that allow a retiring member or beneficiary to choose a living annuity paid by the fund.

Amendment 2 to the 2022 consolidated rules

The rules were changed with effect from January 2023 to state that, where there is a policy in place with a continuation option (the option to convert the insured death portion into personal cover on leaving service), the individual will remain a member for the period of the continuation option.

This means that if a member dies during this period, the policy amount will be paid to the fund. The amount received will be paid according to the rules of the fund, either to:

- The member's estate (if they made an election regarding the treatment of the benefit according to the rules on leaving service).
- The member's beneficiaries (according to Section 37C if no election was made).

Regulatory changes

The most important development and focus areas for the reporting period, in respect of regulations, were:

- Conduct Standard 1 of 2022 on Requirements Related to the Payment of Pension Fund Contributions
- Adoption of the CRISA 2 in the investment policy principles
- Final amendments to Regulation 28 of the Pensions Fund Act

Key regulatory changes in draft or being finalised, which are being closely monitored, and where appropriate positioning is called for:

- Conduct of Financial Institutions (COFI) Bill
- The anticipated two-pot retirement system is being discussed with a proposed implementation date of 1 March 2024 (as of the publication date of this report). The implementation could, however, be deferred.
- Draft Joint Standard for Cybersecurity and Cyber Resilience Requirements (revised)

Final amendments to Regulation 28

The Pension Funds Act made some important changes to Regulation 28, starting from 3 January 2023. Regulation 28 is like a rulebook that helps protect the money that members save in retirement funds. It does this by saying how much of the money can be invested in different things and how much risk is allowed.

Here are the main changes made:

- Retirement funds can now invest more money, up to 45%, in investments outside of South Africa. This is an increase on the previous 30% for other countries and 10% for the rest of Africa.
- There are new rules about how much money can be put into infrastructure investments, with a limit of 45%.
- The rules about hedge funds and private equity investments are now separate.
- Retirement funds are not allowed to invest in cryptocurrencies.
- There is a limit of 25% that can be invested in a single company, except in the case of investing in government debt.
- The amount of money guaranteed for housing loans to members is reduced from 95% to 65% for new loans.
- Only certain hedge funds approved by the Collective Investment Schemes Control Act (CISCA) are allowed.
- The rule that used to allow some investments in collective investment schemes (CIS) and insurance policies not be reported has been removed for infrastructure investments.

HOW WE ARE RESPONDING

Noted the revised increased limits.

Engaged with our asset consultants and the multi-manager to understand the potential risk/return impact of the increased limits to the fund investment portfolios.

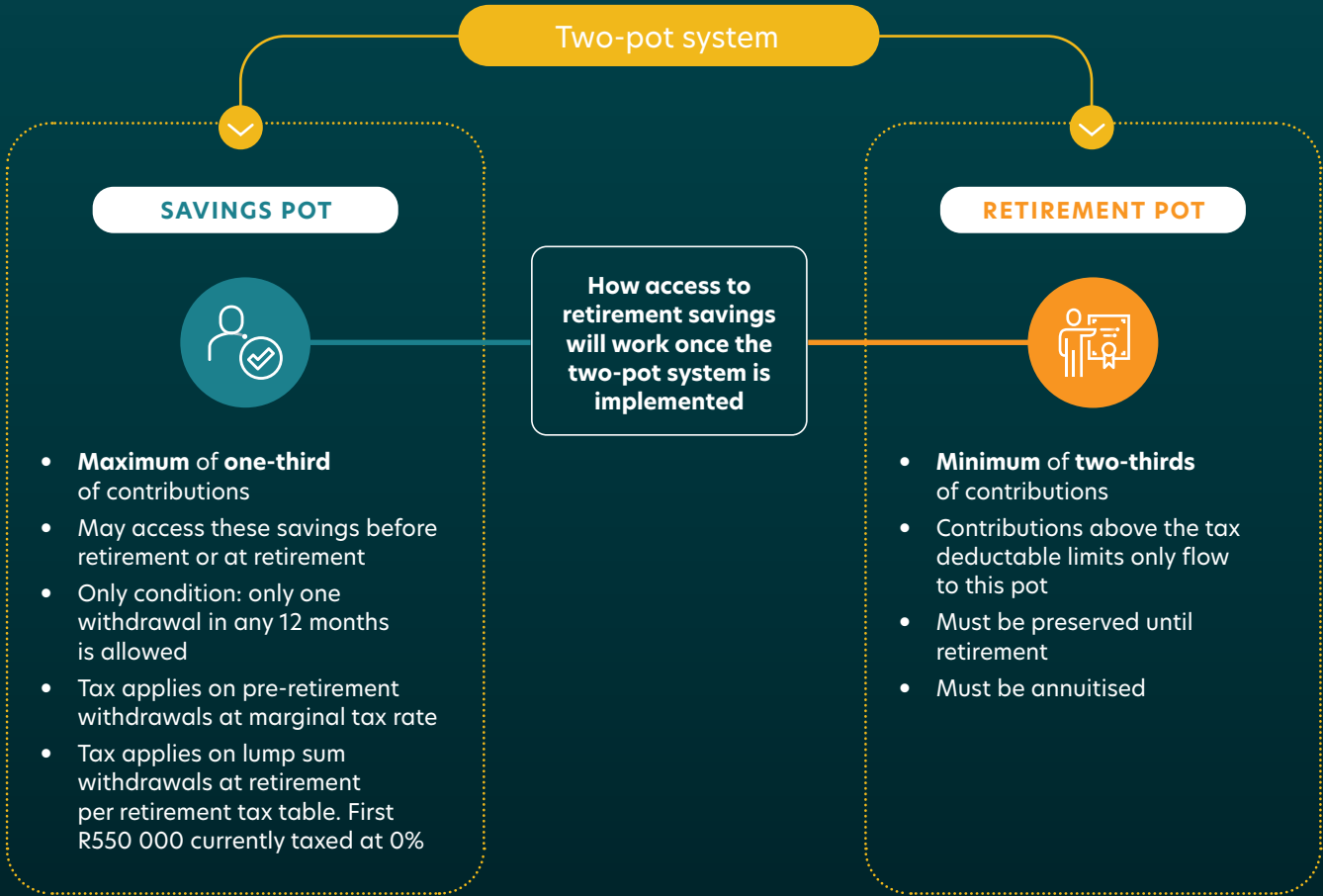
Reviewed the multi-manager's feedback on where strategic asset allocation changes should be considered to better align the specific portfolio with its mandate.

Introduced new investment portfolios, AF Explorer and AF Explorer Passive, to provide for those members whose investment objectives are aligned to a portfolio with maximum offshore exposure limit.

Amended the housing loan limits to be subject to the new lower guarantee amount allowed.

The two-pot retirement system

The two-pot system (or two-component system) is a plan to help with two big issues in retirement savings: making sure people have enough money when they retire, and giving them a way to get some money in emergencies before retirement. This legislation is still in draft, but the system is expected to work as follows:



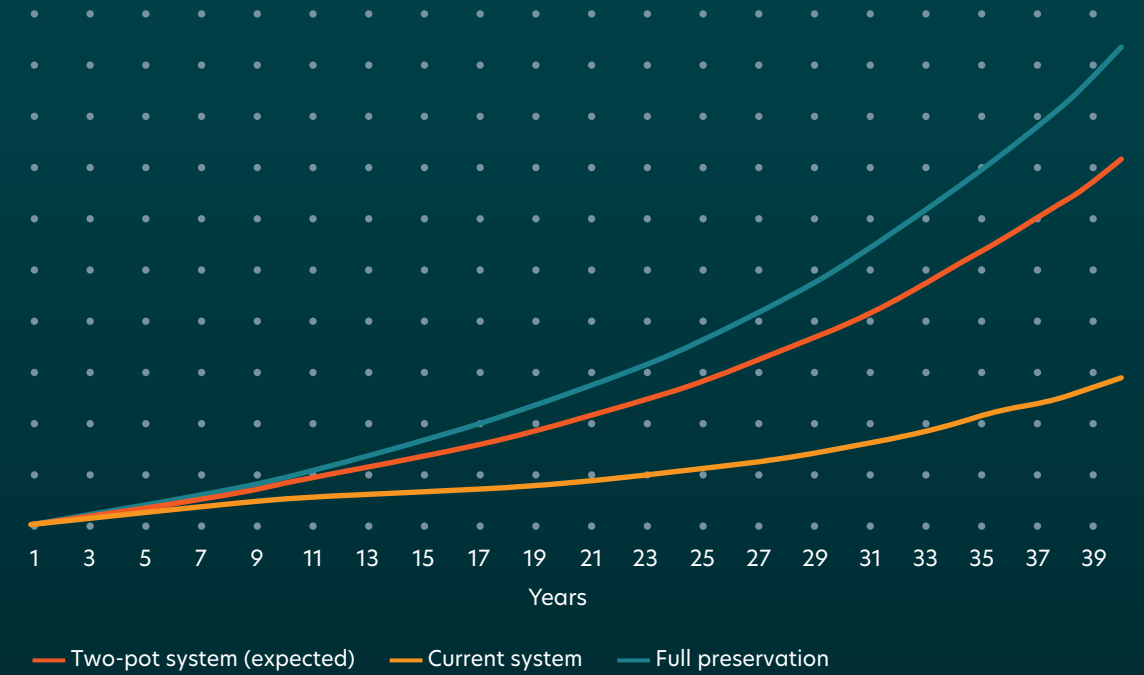
With this system, members can take out up to a third of the money they put into their retirement fund, plus any money they've made from investing it. This is for short-term help. The other two-thirds of the money has to stay invested for the long term.

This way, people will not feel like they have to quit their jobs just to get money from their retirement funds when they really need it. This is better for most people compared to the current situation where people are leaving their job and taking out all their retirement savings so they can use some of it and keep access to the rest, then typically use it for something else.

With this new system, members remain invested for retirement but can take some money when they really need it, but the rest remains invested for retirement. Even if the amount in the savings account is taken out each year, our calculations indicate they will end up with more money when they retire.

This assessment of the two-pot system is based on draft legislation that is being finalised. There are adjustments still to be reviewed, which may affect how the system is implemented.

Accumulated value of contributions of 15% of R100 salary per year in today's money terms



HOW WE ARE RESPONDING

The AFRF is in favour of the two-pot system because it's better for people's retirement savings in the long run. In the short term, however, there will be pressure on our administrators to process significant amounts of claims because people can cash out some of their savings right away.

We are assessing and managing the various areas impacted by the changes required by the two-pot system, like administration, governance (compliance, legal documentation, reporting), communication and investments, and the anticipated impact on resources and capacity, with workplans to address these. Our sponsor is making big changes to their systems and using the latest technology to talk to our members and facilitate the changes. We'll make sure our

members understand how this new system works so that they are able to make the best decisions about their retirement savings.

A further impact may be that free-standing funds consider moving to umbrella funds, which can cater for the changes more efficiently. This could result in the AFRF's membership growing bigger.

The AFRF is following two-pot roll out developments closely and we are providing input through our service providers to help shape the final legislation that will enable the new system - together with our sponsor's research, expertise and insight - to ensure the public interest is considered in decision-making.

Our stakeholders

AFRF wants to make a real difference for the people and groups connected to us. We aim to work closely and positively with all our stakeholders to build strong and lasting connections.

Regular conversations with stakeholders are essential for effective fund management and reducing potential risks. These dialogues help us identify and resolve important issues that affect our value-creation strategy. In addition, they help us to better understand what our stakeholders expect from us and make us more open and accountable. The input we receive from stakeholders is crucial for informed decision-making by the trustees, ensuring accurate planning and forecasting.

Our approach is guided by the following principles:

- We want to include everyone and listen to what they have to say.
- We want to be quick to respond to their needs and communicate openly with them.
- When we talk to stakeholders, we want our conversations to be honest and helpful.

This helps us improve our reputation and give more value to everyone involved.



Members

The AFRF serves over 315 000 members. Unfortunately, the majority do not engage their retirement fund arrangements consistently and are exposed to the risk of poor decision-making as a consequence.

THEIR CONCERNS

- Understanding their retirement funding plans
- The short-term impact of investment volatility on their portfolios
- Access to their retirement funds to alleviate immediate financial circumstances
- Impact of regulatory change on their ability to access their funds
- Servicing matters related to withdrawal claims and swift benefit processing
- Access to AFRF to address general queries

HOW WE ENGAGE

- Our member engagement suite provides access to financial learning opportunities, online portals, enhanced retirement benefit counselling (eRBC) and financial advice
- Where proactive engagement has failed, we have a robust complaints process to ensure customers are treated fairly and issues resolved expeditiously

HOW WE ARE RESPONDING

- Our refreshed strategy was crafted to enable the AFRF to better connect with individual members
- We are implementing our member engagement suite across our participating employer client base and supporting our employers to optimise adoption among their members
- An interactive voice response (IVR) system was implemented to manage substantially increased call volumes
- Our call centre, managed by Alexforbes, is being modernised to enhance the experience delivered to customers
- Complaints are aggregated to identify trends and root causes, which are then escalated and addressed



Participating employers

The AFRF has a wide range of participating employer groups across various industries and regions. The quality of our relationships with these employers dictates our ability to impact members' lives through the delivery of our integrated best-advice model.

THEIR CONCERNS

- Navigating the complexities of managing retirement funds and healthcare benefit arrangements
- Changes in legislation such as Regulation 28, the two-pot system and National Health Insurance
- Administration of contributions, reporting and benefit payments
- The impact of macroeconomic matters on the financial outcomes of their members
- Investment performance in the context of volatile markets

HOW WE ENGAGE

- We provide impact reporting to MANCOs to assist balance the benefits offered within the available spend
- The management committees of the various participating employers work closely with the trustees make certain best outcomes for members
- We have a systematic voice of the customer process dubbed Boitumelo that provides direct engagement with a representative sample of institutional clients to explore their concerns and aspirations
- Employers have direct access to senior executives of the sponsor and the product head to address escalations
- We host a series of employer engagement events where topics of relevance are discussed to provide our clients with insight to engage further as they see fit

HOW WE ARE RESPONDING

- Escalated concerns were raised and we closed the loop with actions delivered by the business, which mitigated potential relationship losses in certain circumstances
- Provided insights to address needs raised
- Providing monthly communication to management committees on developments in the fund, legislation and associated services of the sponsor, which provide value to members and participating employers
- Publishing insight that assists in benchmarking, positioning benefits and outcomes in the context of the changing environment, and the impact of legislation

Our stakeholders continued



Service providers

The fund has a close-knit relationship with Alexander Forbes Financial Services (AFFS) and Alexander Forbes Investments Limited (AFIL) as both entities are integral service providers. Maintaining good relations is crucial for the alignment of strategic objectives, financial performance and regulatory compliance, ultimately benefiting all stakeholders involved.

THEIR CONCERNS

- Investment risk and returns in a challenging macroeconomic environment
- Alignment and synergy between the fund and the broader Alexforbes group
- Delivering on agreed service levels, which now include transformation and ESG targets
- Compliance with regulatory frameworks that apply to AFRF and Alexforbes is a shared concern

HOW WE ENGAGE

- Formal and informal engagements to communicate requirements and provide feedback on the services delivered
- Regular communication and collaboration between leadership teams for ongoing alignment and to address areas of concern
- Stringent adherence to regulatory requirements is a shared responsibility, with Alexforbes providing compliance reports to the trustees

HOW WE ARE RESPONDING

- Decision-making processes are cooperative, particularly when addressing significant issues
- A concerted effort is made to harmonise the fund's strategic plans with the broader objectives of Alexforbes and AFIL to foster seamless integration
- AFRF's financial performance is vigilantly monitored and maintained to ensure it complements the fund's financial objectives
- Rigorous compliance with regulatory frameworks is upheld to guarantee smooth operations between all parties
- Open and transparent communication channels are maintained to address concerns and make collective decisions
- Our transformation policy and ESG requirements have been socialised with the asset managers



Government and regulators

Our regulators ensure we treat our clients fairly and protect their information and assets, while acting in the best interests of all our stakeholders.

THEIR CONCERNS

- Maintaining legal and regulatory compliance in an increasingly complex regulatory environment
- Timeous and transparent reporting and disclosures
- Active participation in and contribution to policy development and best practice
- Treating customers fairly

HOW WE ENGAGE

- Regular and extensive interaction and engagement with the regulators
- Accurate, timeous and comprehensive statutory reporting
- Formal interaction and participation in industry forums and policy discussions

HOW WE ARE RESPONDING

- Regular, transparent and proactive engagement
- Compliance with regulation is the minimum standard expected of the AFRF. We aim to exceed this threshold to deliver meaningful benefits to our members and society
- We provided regular status updates to regulators, as required
- Our philosophy is premised on proactive engagement: we give regulators advance notification of transactions or any other material items
- Providing opinions and solutions to matters raised by regulators, which are in the industry and the public interest



Society

The AFRF, as a leading retirement fund, is a key player in the savings and investment industry. Our impact on society helps to make sure people retire through best advice with better financial outcomes. In various ways - from research and best practice to advice and product development - we can influence society for the better.

THEIR CONCERNS

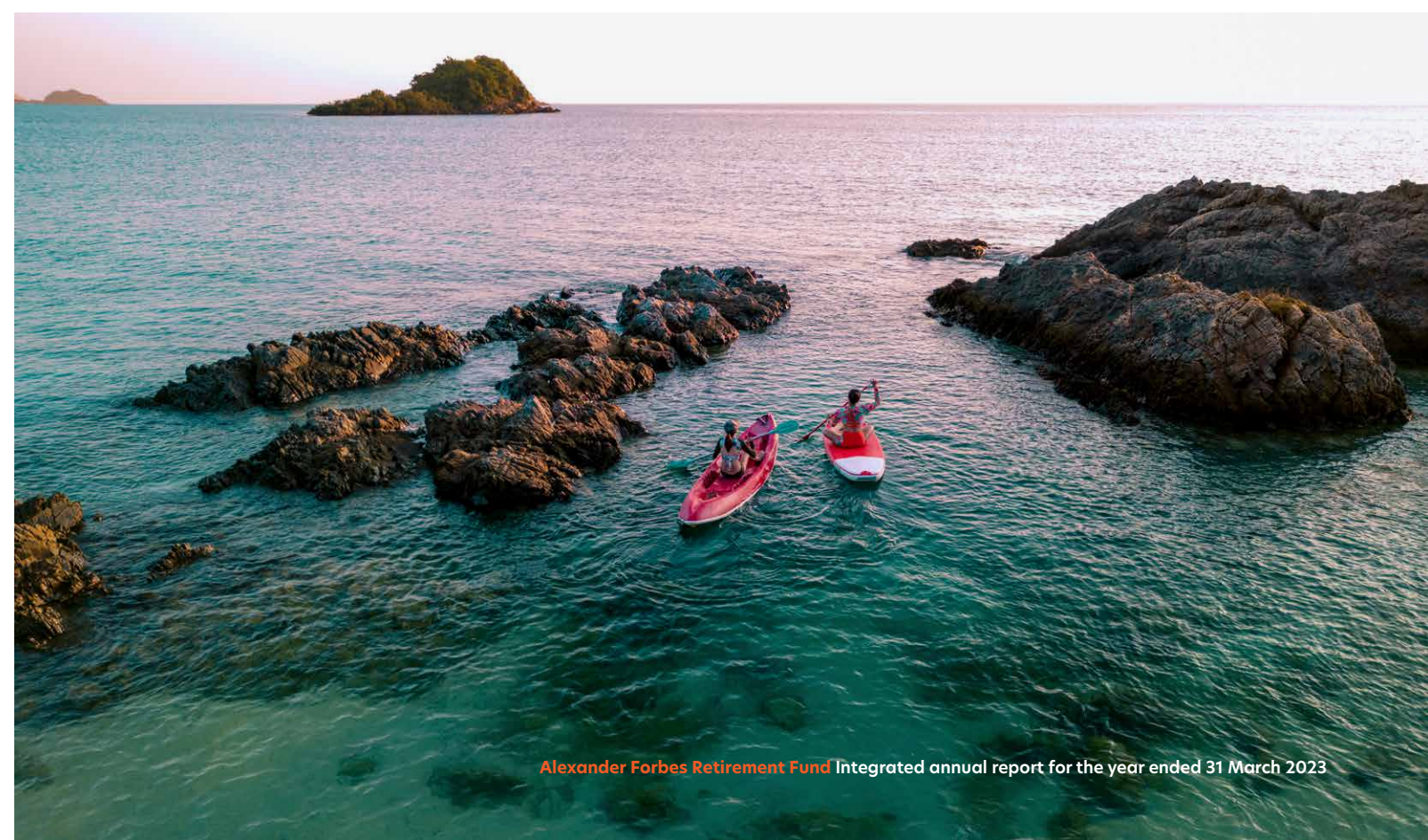
- Treating customers fairly
- Acting as a responsible corporate citizen in all of our dealings
- Improved social and environmental outcomes using responsible investing through the value chain
- Ethical practice, fairness and transparency at all levels of the group's operations
- Promoting the public interest when engaging on matters of national impact such as climate change, the basic income grant and national social security

HOW WE ENGAGE

- We have implemented a treating customers fairly framework
- Ongoing engagement with asset managers on ESG matters to influence meaningful change
- We contribute to relevant policy matters, such as regulatory reform through various professional bodies, directly with government and in public discourse

HOW WE ARE RESPONDING

- Our primary mechanism to impact societal outcomes is in the delivery of our purpose by improving retirement outcomes and helping members to make better financial decisions
- We provide insight to all stakeholders freely so that better decisions can be made
- We participate with industry bodies to improve the regulatory environment for society, with our contribution to the two-pot system of particular relevance
- We continued on our journey of embedding ESG requirements as an opportunity to benefit our members as well as broader society





Material risks

Most of the risks that could significantly impact AFRF's ability to create value in the short, medium and long term originate from the external environment. While these external risk factors are largely beyond our control, we constantly monitor and take steps to manage their actual or potential impacts.

Here are our current top concerns being managed through the risk monitoring process.

ESG and transformation

There is a need for the consideration of **ESG factors and transformation to be embedded in the operation of the fund**. This involves practical application and implementation as this process is undertaken and there is a greater scope for change and increased legislative and best practice guidelines; in particular, as sustainable investment and ESG matures in the industry.

Two-pot retirement system

The **introduction of the two-pots retirement system** requires substantial change to the manner in which retirement funds operate. At the time of publication of this report, the implementation date has not been finalised. If the implementation goes ahead on 1 March 2024, this will introduce multiple risks in a number of areas, that will be difficult to fully prepare for given the substantial changes required to systems and the outstanding clarity of operation and requirements.

Section 14 transfers

A Section 14 transfer is the transference of retirement savings from one retirement fund to another in terms of Section 14 of the Pension Funds Act. For example, if an employer moves from one umbrella to another, they must transfer the member's savings across. As multiple parties are involved, timeous notification, communication, receipt of documentation and asset transfer time frames can be challenging. **Delays in notification and finalisation of transfers between funds remains an industry problem.**

Section 13A contributions and supporting information

Section 13A of the Pension Funds Act requires that **employers pay contributions for a particular month within seven days after month-end**, that they provide member schedules in respect of contribution payments to the fund, and that compound interest is paid on late contributions.

There are a number of employers struggling with regular cash flow in the tight economic conditions that fall into arrears, and do not inform members. This is a concern, as **failure to pay contributions** can result in risk cover lapsing, a loss of investment return, delays in updating benefits for members who leave service, and is a criminal contravention for which the employer directors can be held liable.

Mitigating measures

Owing to the scope, impact and dynamic nature of these risks, the sustainability and transformation sub-committee (STSC) was established to manage and monitor the broader sustainability and transformation within the fund operations and specifically engage with multi-manager on the implementation plans of these aspects in the investments.

If the implementation date is deferred, this should provide for sufficient engagement with the authorities and additional time to align systems to ensure a more seamless transition to the new system. However, the overall risk areas remain the same. The trustees are reviewing and engaging with its administrator and service providers on the following risk areas:

- administration and resources
- communication
- rules and policies
- investment strategy
- member impact.

The trustees engage regularly with the administrator to make certain they continue to manage the steps in Section 14 transfers and automate processes where possible to mitigate delays.

The fund governance team continues to provide training and assistance in managing backlog projects, escalations and reporting on the different areas at the trustee meetings so these can be monitored and addressed.

Mitigation measures for financial strain and impact on cash flow and payment of contributions was proactively addressed through the servicing consultants to employers, to mitigate arrear contributions and ultimately preserve existing benefits in the fund for members. Measures such as lower contribution rates, redefining pensionable salary, temporary suspension or reduction of contributions except for risk expenses (at the onset of Covid-19, the rules were amended to allow a reduction in contributions temporarily due to financial distress) were all options available for the employer to engage with members on. These options will continue to be communicated through the servicing consultants and management committee communications.

Contraventions are and will continue to be reported, and notifications issued to employers and members.

Governance and fund management

A key reason why employers participate in umbrella funds is that it is difficult to keep abreast of the ever-changing legislation governing retirement fund operations while still trying to fulfil their employment obligations. The fund was designed to provide a retirement fund with a governance framework in place and a management structure that operates at three different levels:

- A professional board of trustees to set the parameters within which participation takes place and ensure compliance with various retirement fund legislation
- A management committee, which provides the participating employer and its members with a mechanism to determine the benefit structure of their participation in the fund and the ability to monitor service delivery
- An annual general meeting at which the board of trustees provides a report back on the fund to management committee representatives

We strongly believe good governance is essential for creating value that lasts. As a retirement fund, we uphold rigorous standards for governance, internal controls, risk management and compliance, reflecting strong stewardship practices. Governance facilitates robust decision-making aligned with accountability, fostering capable management in harmony with stakeholders' interests.

Our board of trustees, dedicated to top-tier corporate governance, compliance and transparency, assumes the critical role of overseeing the fund's operations. The board, assisted by the principal officer, is ultimately accountable and responsible for the performance of the fund. They uphold this responsibility by providing strategic direction and leadership, ensuring good governance and ethics, determining policy, agreeing on performance criteria and delegating detailed planning and implementation policy to AFRF's service providers.

Some responsibilities of the board are delegated to board sub-committees. These committees provide a forum for discussing issues within their mandate and develop recommendations for consideration and approval by the board.



****** The management committee is comprised of participating employer representatives who act as the monitors of service delivery between the fund, its administrator and its members.

Our Alexforbes multi-manager and service providers are responsible for the day-to-day management and administration and report to the board.

Trustees and principal officer

Trustee duties and responsibilities

The trustees have a legal and ethical duty to invest the fund's assets for the benefit of members in a responsible and prudent manner. The trustees aim to:

- Provide members with the greatest likelihood of securing a reasonable pension at retirement, by providing acceptable investment returns, at acceptable risk
- Provide the members with less volatile returns particularly close to retirement with the objective to generate an income stream to maintain the standard of living after retirement

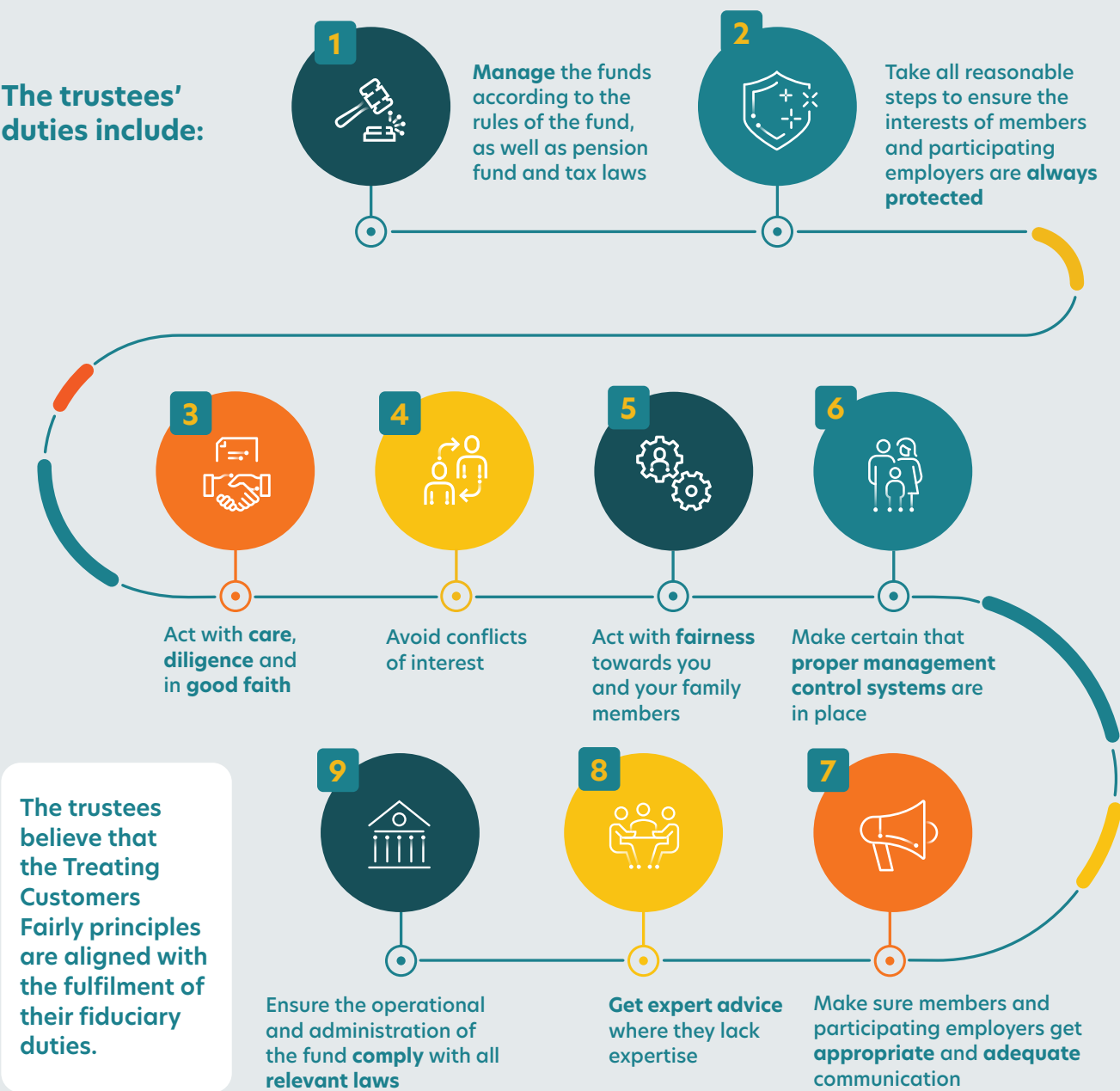
The trustees' duties include:

- Making certain that 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 certain that members get the right information at the right time

A fund and its board must at all times apply the following principles:

- Education of the board
- Compliance monitoring
- Promote broad-based black economic empowerment
- Assets appropriate for the liabilities
- Due diligence of risks
- Foreign asset risk assessment
- Credit ratings
- Changing risk profile
- Sustainable long-term performance
- Appointment of third parties





Principal officer duties and responsibilities

All funds must appoint a principal officer (PO). AFRF's independent principal officer's role is to:

- Sign all documents on behalf of the fund
- Notify the Financial Sector Conduct Authority (FSCA) of new trustee appointments
- Submit rule changes and inform members of the changes
- Submit transfer documents to FSCA
- Submit financial statements, annual reports and valuation documents to FSCA
- Act as liaison person with the FSCA
- Monitor, manage and engage service provider delivery to the fund

Board principles and practices

Board membership

The board of trustees consists of six trustees, of which three are internal trustees and three are external independent trustees. Internal trustees are appointed by the sponsor (Alexander Forbes Financial Services) and external trustees are appointed by the board. The rules of the fund require that external trustees are not employees of the sponsor or any of its subsidiary companies. The chairman is an external trustee and although this is not a legal requirement, it is good governance and the practice is expected to continue.

Skills and experience

Central to the trustee selection process is a detailed skills and experience matrix covering governance, financial, legal, compliance and sustainability. Current trustees' skills and experience are mapped against the needs of the fund to identify deficiencies to inform continued professional development interventions, succession planning needs and nomination priorities.

Naturally not all requirements will or should be met at a trustee level and the organisational and executive capability, as well as areas where external expert skills may be more appropriate, are taken into consideration.

In addition to technical skills and experience and diversity, an understanding of and alignment with the fund's purpose, vision and strategy are critical elements in the nomination and selection process.

Nominations and appointments

Board members are appointed and elected, as appropriate, through a formal and transparent process.

- Subject to the rules, the board is responsible for the appointment of the external trustees. The process includes an evaluation of any candidate's fitness and appropriateness, as well as reference checks. Trustees are required to exhibit characteristics of integrity, competence, responsibility, accountability, fairness and transparency.
- The sponsor is responsible, subject to the rules, for the appointment of the internal trustees.

On appointment, the terms and conditions are formalised in a letter of appointment and new trustees undergo a comprehensive induction programme to facilitate their understanding of the business environment in which the fund operates.

Rotation

The term of office for board members is for a period of up to five years as confirmed by the trustees, subject to the provisions of the rules, whereupon they become available for reappointment. A term is typically three or five years. Nomination for re-election is informed by the individual trustee's performance, contribution and attendance, and the requirements of the fund.

Any vacancies need to be filled within the prescribed period as set out by the authority from time to time or as required in terms of the rules of the fund, should this period be less than the prescribed period.

Succession planning and alternate trustees

Board succession is a continuous area of focus, both from an emergency and long-term sustainability perspective. As part of building a reliable leadership pipeline, the fund's rules were changed to allow for alternate trustees. These trustees provide continuity in the management of the fund and promote the transformation of the board.

The following alternate trustees were appointed post the 31 March 2023 year-end:

Alternate internal trustee
Ziningi Kutama

Over 15 years of legal experience in investments and banking

Alternate external trustee
Nazley Sallie

Over 24 years of industry experience, over seven years as a fiduciary to funds

Alternate external trustee
Luyanda Mbatha

An advocate with five years' experience at High Court and over four years' experience as a Section 26 trustee to various funds

Trustee remuneration

External trustees are appointed and paid by the fund.

The pay is competitive with industry rates and benchmarked against that identified in the PricewaterhouseCoopers' remuneration survey and the rate paid by the Financial Services Conduct Authority for section 26 trustee appointments.

The agreed rate increases annually in line with inflation, and for trustees on retainer, compensation is based on the estimated time commitment for trustee duties, including meeting attendance and preparation.

Conflicts of interest

The AFRF aims to avoid conflicts of interest when possible but recognises that some are unavoidable.

To manage conflicts, the fund requires service providers and trustees to disclose any potential conflicts. This is a standard declaration item at each trustee meeting.

The fund acknowledges a potential conflict between the administrator, multi-manager and the fund asset consultant because they are part of Alexforbes. The board manages this through its risk management framework.

Training and ongoing learning

The fund's board members are appointed as professional trustees and are expected to have sufficient education in their appointed skills. They must understand their accountabilities and responsibilities and attend ongoing training programmes and meetings to equip themselves appropriately. Training is available through investment consulting and trustee services.

The board recognises the importance of educating trustees in various fund-related matters, including investments and governance. Investment topics are regularly covered in meetings and annual workshops, including educational components to enhance trustees' knowledge and understanding of the fund's investment framework.

Board and sub-committee evaluation and assessment

The board evaluates its performance annually, as well as the performance of its sub-committees and service providers, including a review of associated costs. This evaluation helps track progress and assess skill and development needs. The principal officer's performance is also assessed annually.

Improvement measures are implemented based on the assessments to enhance the board's effectiveness. The board, having applied its mind, believes all sub-committees have the collective knowledge, skills and experience required to fulfil their mandated responsibilities. The board and sub-committees discussed how they can improve performance against their mandates.

Trustee diversity

The board of trustees comprises different skill sets that complement each other to ensure the overall framework is diverse to match our membership. As part of our ongoing focus to maintain the highest corporate governance standards, the trustees have considered the promotion of broader diversity at board level, including attributes of gender, race, culture, age, field of knowledge, skills and experience.

The appointment of alternate trustees aligns with the transformational and developmental objectives of the fund. These alternate trustees will participate on the fund sub-committees and transition to trustee positions as the current trustee terms conclude or a trustee resigns; in so doing, transforming the board and better aligning it with the demographics of the fund. It is expected that this strategy will align and exceed our Financial Sector Transformation Council (FSTC) scorecard targets as they stand. The assessment of the initial alternate trustee appointments are heavily weighted to black female candidates, which will improve this transformational aspect of the management of the fund.

The principal officer position was reviewed in line with Financial Sector Conduct Authority (FSCA) guidance and in appointing an independent principal officer, the transformation strategy was considered. A black female was appointed in the position.

Trustee and PO diversity Financial Sector Transformation Council (FSTC) targets

Board members	March 2022	April 2023	March 2025
# of board members	6	6	6
# black board members	2	2	4
# black female board members	0	1	3
# of management (principal officer)	1	1	1
# of black management (principal officer)	1	1	1

Board performance

Board focus areas in 2023

During 2023 the trustees focused on several key areas to enhance the fund's governance and operations.

ESG Integration

The primary focus for the board has been the integration of ESG principles into the fund's investment strategy. This initiative aimed to align the fund's investments with sustainability goals and ethical considerations. The board conducted a comprehensive analysis to identify gaps and opportunities in implementing ESG principles effectively. An implementation plan was developed to bridge these gaps and enable alignment with investment managers. Continuous monitoring of ESG implementation remains a priority.

Transformation and continuity

The AFRF recognises the importance of enhancing transformation within its composition and ensuring continuity in leadership. To achieve this, the board brought in alternate trustees with specific skill sets to meet transformation requirements. These alternate trustees were selected not only for their qualifications, but also for their potential to transition into full trustee roles.

Adapting to regulatory changes

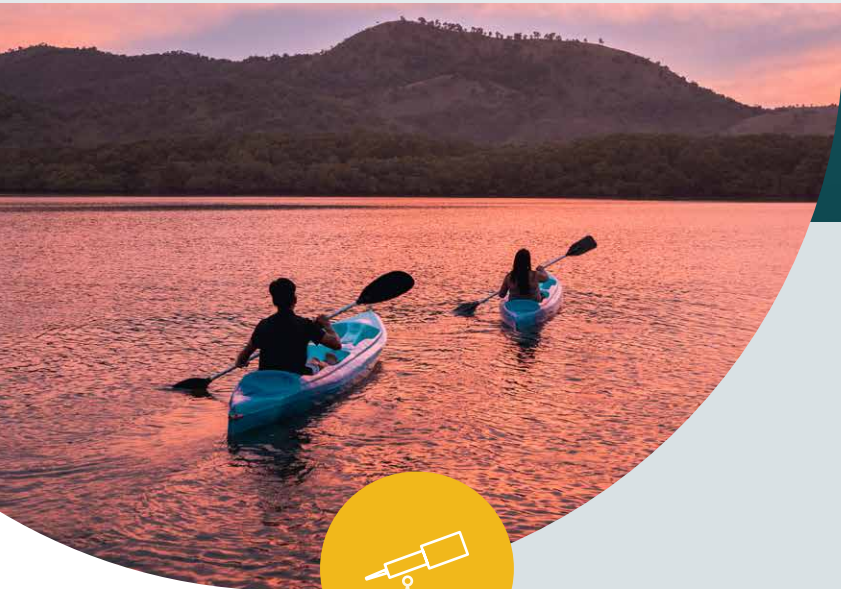
Over the past year, the board dedicated substantial efforts to identify and prepare for upcoming regulatory changes. This includes understanding the implications of the two-pot retirement system, how these changes affect the fund and members and considering efficient adaption to new requirements, which will come into effect during the year ahead.

Engaging employers with cash flow challenges

With the challenges posed by the Covid-19 pandemic, cash flow problems emerged within some of the fund's employer groups. These challenges have led to issues like late or inadequate fund contributions and the board needed to guide employers and members on managing these issues. They provided options, including contribution holidays and adjustments to contribution rates and rules to prevent member terminations owing to non-payment of contributions. This proactive approach aims to prevent negative consequences for fund members and ensure compliance with regulations such as Section 13A.

Treating Customers Fairly (TCF)

An ongoing focus area for the board has been the implementation of the TCF principles. The fund has integrated TCF principles into its operations, aligning values and processes with TCF objectives. A comprehensive campaign was conducted to ensure TCF principles are embedded in the fund's culture and practices. The board continually emphasizes TCF outcomes in meetings, underscoring its commitment to fairness and transparency in its interactions with all stakeholders.



LOOKING AHEAD

Implementing the two-pot retirement system

During the year ahead, a primary AFRF board focus area will be positioning for the implementation of the two-pot retirement system, recognising the need for effective communication and careful management of the transition. This includes considering how to manage risks related to regulatory compliance, record-keeping, day-to-day operations as usual, liquidity, investment strategy, and other aspects.

Balancing long-term benefits and drawbacks

The board acknowledges the importance of striking a balance when communicating the two-pot retirement system to members. While emphasising the long-term benefits – such as greater fund preservation and improved access during emergencies – members will be made aware of potential drawbacks, including tax implications and fees associated with early withdrawals. It's crucial for members to understand that accessing retirement savings should be a last resort owing to the opportunity cost of not letting their investments grow over time.

Managing a surge in claims

Anticipating a surge in claims when the legislative changes take effect, the board is preparing for potential challenges. This surge may lead to administrative and resource issues, potentially causing initial delays in the implementation process. To address these challenges, the trustees are actively discussing solutions with the sponsor. This includes considerations such as backloading IT processes and streamlining tax directives to effectively manage the increased administrative workload.

Trustee meetings

The trustees formally meet four times a year to review the legal, benefit, financial and governance framework of the fund.

They hold a separate trustee investment meeting four times a year, typically the day preceding each formal board meeting.

An annual investment workshop is 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.

Attendance	Investment meetings**	Trustee meetings	Annual investment workshop	Annual general meeting	Sustainability and transformation (STSC)	Communication (CSC)	Audit and risk management (ARM)	Section 37D sub-committee (S37C and D)
John Liackman	4/4	3/4	1/1	1/1	2/3		3/3	
Sandile Khumalo	4/4	4/4	1/1	1/1		2/2		
Kevin Prinsloo	4/4	4/4	1/1	1/1		2/2	3/3	4/4
B Mokoena (until 31/10/2022)	2/2	2/2			0/1		0/2	
Karusha Moodley (from 01/11/2022)	2/2	2/2	1/1	1/1	1/1	1/1	0/1	
Fiona Rollason	4/4	4/4	1/1	1/1		2/2	3/3	4/4
John Anderson	4/4	4/4	1/1	1/1	3/3		3/3	
Nomonde Zwane (PO)	3/4	4/4	1/1	1/1	3/3	2/2	3/3	
P Whittaker (AF)					3/3			
E E'Silva (AF)					3/3			
M Scholtz (independent SC)								4/4

** AFRF has consciously chosen not to establish an investment sub-committee. This decision is based on the belief that investments play a pivotal role in delivering the desired outcomes for all members and, therefore, all trustees must be aware and actively engaged in investment discussions.



Governance structures and processes

Internal management sub-committees

Where the fund’s rules allow, the board delegates its responsibilities to sub-committees. Each sub-committee has a clear mandate that outlines the sub-committee’s duties, authority and how it reports to the board members.

Sustainability and transformation sub-committee (STSC)

During the reporting period, the trustees decided to broaden the responsibilities of the fund’s transformation sub-committee to encompass sustainability, resulting in a name change to the sustainability and transformation sub-committee (STSC).

The STSC is composed of a minimum of two fund trustees, with at least one being an external trustee, along with the principal officer. Meetings are scheduled as needed, but a minimum of two meetings occur each year.

The STSC has a dual role:

- **Sustainability:** it oversees, implements and tracks the fund’s environmental, social and governance (ESG) plan. Additionally, it ensures the plan’s alignment within the broader sustainability initiatives of the investment managers and reports back to the trustees on these efforts.

- **Transformation:** in fulfilling its transformation mandate, the STSC adheres to the retirement fund scorecard issued by the Financial Sector Transformation Council (FSTC) and other relevant legislative or best practice guidelines. Its aim is to advance transformation, ensuring the fund’s transformation objectives, implementation milestones, and journey meet at least the minimum standard. However, the STSC aspires to exceed these standards, striving for impactful and sustainable transformation outcomes.

The STSC’s responsibilities encompass:

- Transforming the composition of the board of management and officers, including the development of alternate trustees. This transformation process aligns with the objectives of the FSTC-issued retirement fund scorecard.
- Reviewing and monitoring the broad-based black economic empowerment (B-BBEE) credentials and transformation policies of service providers, with consideration of their overall ESG practices and application.

Audit and risk management sub-committee (ARM)

This committee is responsible for overseeing financial audits and risk management aspects of the fund. It reviews financial statements, valuation and all risk-related matters. It guarantees compliance and monitors financial integrity.

The ARM sub-committee is composed of a minimum of two fund trustees, with at least one being an external trustee, along with the principal officer. Meetings are scheduled as needed, but a minimum of two meetings occurs each year.

The ARM sub-committee’s responsibilities are:

- Reviewing and overseeing financial statements, audits, and valuation processes to ensure accuracy and compliance.
- Identifying, assessing and mitigating risks associated with the fund’s operations, investments and compliance with regulations.

- Making certain the fund adheres to all relevant legal and regulatory requirements, including reporting and transparency.
- Monitoring and evaluating the effectiveness of internal controls and governance processes.
- Providing regular reports and recommendations to the board on financial and risk-related matters.
- Overseeing the audit process, including selecting auditors and reviewing audit findings.
- Ensuring the financial integrity and stability of the fund.

These responsibilities collectively aim to safeguard the financial health and compliance of the AFRF and protect the interests of its members.

Communication sub-committee (CSC)

This sub-committee focuses on communication strategies and initiatives related to fund members and stakeholders. It handles member communications, updates and engagement efforts.

The CSC is composed a minimum of two fund trustees, with at least one being an external trustee. Meetings are scheduled as needed, but a minimum of two meetings occur each year.

The CSC is responsible for:

- Developing and overseeing strategies for effective communication with AFRF members, keeping them well informed about their retirement benefits, which are articulated in the Communication Policy and Strategy Document and adopted by the board.
- Ensuring the plan to deliver communication to members meets the objectives set out in the Communication Policy and Strategy Document.

- Reviewing all communication material to be distributed in terms of the communication plan and making sure that all communication is in line with the objectives of the Communication Policy.
- Establishing channels for feedback from members and stakeholders to improve communication strategies.
- Liaising with the administrator with regard to a timetable for the implementation of the communication plan as well as the application of the communication budget in meeting this plan.
- Providing feedback to the trustees at board meetings on the communication plan its development.

These responsibilities aim to enhance transparency, engagement and trust between the AFRF and its members and stakeholders.

Death benefits distribution sub-committee (DCSC)

This DCSC deals with the distribution of benefits provided for under the rules of the fund in the case of the death of a member. It assesses and manages the process, ensuring compliance with relevant regulations.

The DCSC is composed of a minimum of two members, with at least one being a trustee. Meetings are scheduled as needed, typically a formal sub-committee meeting is held quarterly.

The DCSC's responsibilities are:

- Understanding and applying the factors to be considered when disposing of death benefits including age of the beneficiaries, relationship with the deceased, extent of dependency, the financial affairs and future earnings capacity of the beneficiaries, the wishes of the deceased, the mode of payment, and any other factor considered to be relevant. It is recorded that such factors shall be used as guidelines and will not be used in a manner so as to fetter the sub-committee's discretion.
- Setting standard guidelines to be applied when disposing of death benefits including but not limited to the minimum amount to be placed in trusts, the maximum age of dependency of a minor child, the age of termination of trusts for minor children. It is recorded that the standard guidelines shall be used and will not be used in a manner so as to fetter the sub-committee's discretion.
- Reporting to the trustees on any inconsistencies between the fund's practices relating to the disposal of death benefits and the rules of the fund, relevant legislation and any rulings of the office of the Pension Funds Adjudicator (OPFA), where such inconsistencies come to their attention.
- Ensuring compliance with all relevant law and reviewing any complaints lodged at the OPFA or the regulatory authority.
- Confirming the parties responsible for communicating death benefit disposal decisions and options to beneficiaries.
- Report back to the trustees on any problematic sub-committee decisions or death benefit trends at each trustee meeting.
- Assisting the trustees to manage the process with regard to the handling of the investigation of each death claim including the parties responsible for specific tasks.
- Making a decision on how and to whom death benefits provided by the fund should be apportioned and paid, when a member dies.
- Making a decision on the advance payment of death benefits to beneficiaries in need while the death benefit disposal is being investigated, having due regard of the points above and the extent of information revealed by the investigation at that point.

These responsibilities aim to distribute the benefit due from the fund on a member's death to their beneficiaries and nominees in a fair and equitable manner in terms of the member's wishes subject to the legal and regulatory requirements.

Section 37D sub-committee

The Section 37D sub-committee deals with the withholding of payment of a member's benefit on request of the employer, and when a deduction will be permitted from a member's benefit in circumstances like divorce, housing surety settlement, as provided for in the rules of the fund and section 37D of the Act.

The sub-committee is composed of two members, with at least one being a trustee. Meetings are scheduled as needed, typically a formal sub-committee meeting is held quarterly.

The Section 37D sub-committee responsibilities are:

- Liaising regularly with the administrator as to the status of any section 37D claims and assessing the controls in place to monitor those claims.
- Assessing the requests made by participating employers to withhold the payment of a benefit in terms of section 37D with due regard to any correspondence from the member so affected.
- Instructing the administrator when the provisions of section 37D have been fulfilled and a deduction may be made from a member's benefit. Alternatively, instructing the administrator when the benefit should no longer be withheld, and payment of the benefit should be made to the member.
- Reviewing any complaints lodged at the OPFA or regulatory authority pertaining to section 37D withholdings and deductions.
- Providing feedback to the trustees at board meetings on the status of the section 37D claims.

These responsibilities focus on managing and facilitating member access to retirement benefits while meeting legal and regulatory compliance.

Liquidation sub-committee

This sub-committee is composed of a minimum of two fund trustees, with at least one being an external trustee. The sub-committee operates by correspondence and ad hoc meetings may be called.

- The liquidation sub-committee is tasked with assessing the requests made by participating employers to give notice of their termination of participation in the sub-fund and the consequent de-registration or liquidation of their participation.
- Assessing quotes provided for the liquidation of a sub-fund and approving the liquidator.
- Determining what additional documentation is required to place a sub-fund into liquidation or regarding the appointment of a liquidator.
- Monitoring applications for exemptions from the legislation and the status of those sub-funds with exemptions.

Management committee

The AFRF's management committee (MANCO) consists of participating employer representatives who play a crucial role in monitoring service delivery between the fund, its administrator and its members. The members have the right to elect at least 50% of their MANCO members. The MANCO must meet (except for Base offering clients*) at least once per year with their fund consultant to review:

- The benefit structure of their participation within the framework of the fund
- Costs and rates applicable to their participation and benefits provided through the fund
- Their investment strategy
- Reports regarding their participation, such as the administration report, and in respect of the comprehensive offering, a cash flow report and financial assessment

The MANCO acts as the communication channel to members and as a conduit of members' concerns.

** In respect of the Base offering clients, renewal is conducted through correspondence.*

What is the mandate of the MANCO?



Risk benefits

Request and obtain risk benefit quotes

Select and structure most appropriate risk benefits



Investment choice

Choose an appropriate default solution

Monitor strategies against objectives



Member education

Educate members on benefits

Inform members of services available



Service delivery

Review efficiency, professionalism and competitiveness of offering

Maintain integrity of achieving long-term retirement goals



Claims assistance

Assist with processing of death benefits

Remind members to update nominated beneficiary details



Contributions

Monitor that the employer pays the required contributions

Advise members where this is not the case

Risk management

The fund's risk management policy sets out how the board governs the risks the fund faces. It provides a structured framework for identifying and mitigating key risks, aligning with the fund's core objective of ensuring members receive adequate retirement benefits and extending benefits to dependants upon a member's death.

The overall responsibility for the risk identification and assessment process rests with the board of trustees. In cases where specific tasks or actions are delegated to sub-committees or external entities, their findings and actions are reported back to the board in detail for final assessment.

Risk identification

- Risks are carefully identified through a comprehensive approach involving various sources, which include:
- Legislative parameters such as the Pension Funds Act and Income Tax Act
 - Industry regulators' guidance and best practices
 - Pertinent legal cases and rulings
 - Reports furnished by third-party entities, encompassing auditors, actuaries, administrators, asset consultants and investment managers

The task of risk identification and assessment is entrusted to the audit and risk management sub-committee (ARM). Its findings and assessments are communicated to the board of trustees.

Risk assessment register

- All identified risks are documented in a dedicated register. This repository includes:
- Detailed descriptions of each identified risk
 - The ARM sub-committee's assessment of the risk's current status
 - A summary of the measures implemented or planned for risk mitigation
 - Evaluation of the potential impact on the fund and its members
 - A clear allocation of responsibility to manage each risk
 - Prescribed intervals for re-evaluating these risks

Risk assessment and categorisation

- Risks are thoughtfully assessed, taking into consideration several key factors:
- The potential impact of the risk on the fund and its members
 - The likelihood of the risk materialising
 - Existing control mechanisms aimed at risk mitigation
 - The presence of insurance coverage, indemnities or other protective measures
 - Based on these assessments, risks are categorised as follows:

- **Green:** risks that are no longer a cause for concern, having been effectively managed or eliminated
- **Amber:** risks under active management that may necessitate further action or continued monitoring
- **Red:** risks demanding immediate attention, intervention and ongoing scrutiny

Risk monitoring and action

Immediate action plans are promptly initiated in response to red risks. For amber and red risks alike, continuous monitoring is upheld, with regular status updates provided during trustee meetings.

The risk identification and assessment process is conducted at least once every three years. Amber and red risks are reviewed annually, ensuring timely responses to emerging challenges.

Oversight of fund management

The board's primary responsibility is to effectively manage the fund to enable its sustainability and success. This includes implementing control systems and procedures to safeguard the fund's assets and reputation. Key aspects of this management include assigning operational responsibilities to licensed administrators, maintaining financial integrity, selecting transparent service providers and governing various risks. When functions are delegated, clear contracts and oversight mechanisms must be established.

The board has a responsibility make sure members are always treated fairly and in line with relevant consumer protection laws.

Operational excellence

The board understands that the outsourcing of the fund's functions, such as administration and investment activities, does not absolve the board of responsibility and accountability. For all functions that are outsourced, the board maintains adequate and effective oversight.

We have appointed Alexforbes as our multi-manager and service provider. Alexforbes's ability to adapt and innovate in response to changing market conditions and membership preferences is a key reason why we chose them as our partners. Their agility guarantees our investment and engagement strategies remain relevant and effective over time. By amplifying our customer experience and integrating leading solutions, the fund improves its ability to connect with employers and members to create shared value.

Performance monitoring

Regular and rigorous reviews are conducted to make certain our chosen service providers remain aligned with the fund's objectives and market conditions. This includes evaluating the performance of our chosen multi-manager and conducting audits to confirm adherence to regulations and policies. The performance of both multi-manager and single investment manager portfolios are regularly assessed to ensure optimal outcomes.

The board regularly reviews the implementation of ESG factors into Alexforbes operations and decision-making processes, in so far as the fund's assets are concerned.

The fund receives few complaints, which demonstrates that our employers and members are generally satisfied with the multi-manager's performance. We have a robust complaints process in place to make certain our members are treated fairly and issues resolved expeditiously.

During 2023 our multi-manager delivered the following operational enhancements.

Digital capabilities and solutions

- Launched a digital platform to serve a broader set of financial needs across the membership base
- Simplified the client experience and delivered better consulting efficiencies
- Launched the Alexforbes Adviser Connect advice tools platform to modernise our advice process
- Enabled long-term scalable data infrastructure and strategy
- Matured business analytics
- Modernised and further automated the administration processes

Engagement and communication

- Refreshed the member-focused institutional consulting model
- Extended reach of our financial planning consultants into the pre-retirement life stage
- Extended the reach of our retirement benefit counsellors and advisers to life and disability insurance beneficiaries
- Scaled up the individual consulting unit to reach and serve younger members
- Launched the Alexforbes Rewards programme within the AFRF to create awareness of and loyalty

ESG and responsible investing

- Identified and drove discussion around responsible investment themes
- Implemented ESG activities, including applying the fund's transformation policy
- Enhanced the ESG ratings that are used to evaluate asset managers
- Expanded consulting services to serve the full spectrum of ESG requirements of retirement funds
- Launched Alexforbes member impact reporting to enhance consulting and show a measurable benefits dashboard

Data protection, privacy and security

The fund recognises that we have a duty to protect the data and confidentiality of our members. As such, we ensure appropriate measures to guarantee data privacy and to enhance our information security environment.

Although information technology (IT) is a fundamental enabler, the fund itself does not own technology and information systems. We are guided by Alexforbes in terms of effective data protection, privacy and security. The Alexforbes approach is underpinned by an IT governance framework, which is monitored for compliance and performance.

Service level agreements stipulate the fund's data protection requirements and include clauses to provide for legal protection in the event of breach.

During the year we received zero (2022: 0) complaints regarding consumer data, privacy and ethics from regulatory bodies. Regarding data leaks, thefts or losses, 2 (2022: 6) substantiated incident(s) were confirmed regarding a breach in personal information, which were investigated and appropriate notifications and assistance provided to the data subjects.

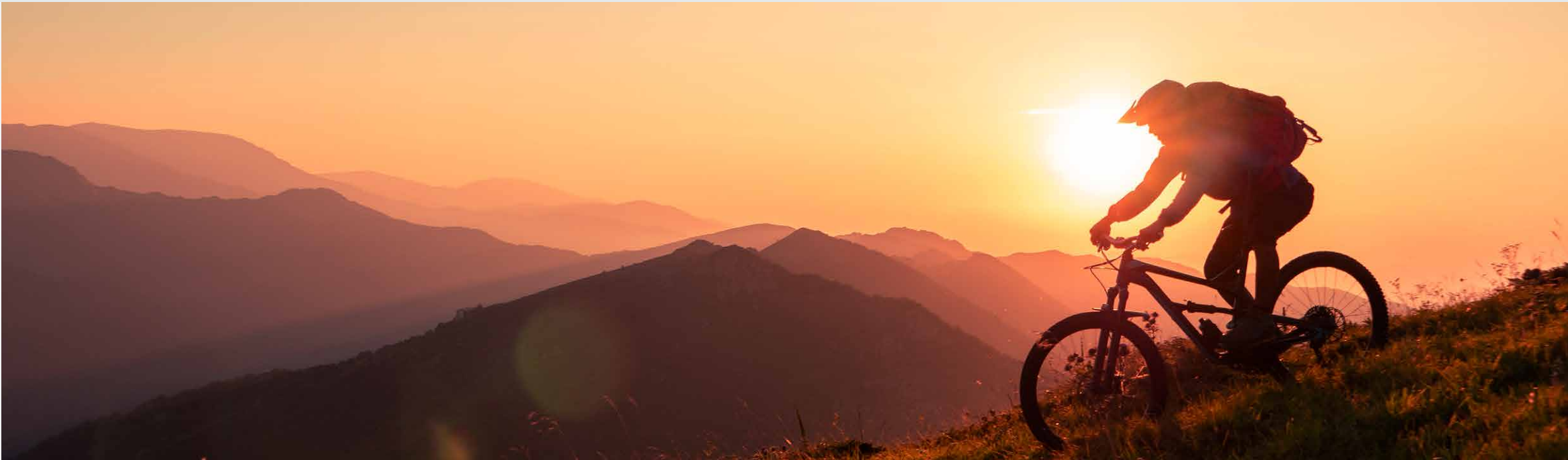
Modernisation and automation

To improve efficiencies, reduce errors and bring down overall costs, the board encourages its service providers to improve its modernisation and automation to better serve members. During 2023 our administrator focused on continuing to modernise and automate our administration platform to increase the number of tasks that require no manual intervention. This included:

- The roll out of digital claims and contributions solutions to our administration clients.
- Increasing interactive voice response (IVR) solution uptake in the call centre.

Their efforts at standardising and automating our operations have resulted in improved efficiencies relating to enhanced digital platforms for bulk and individual processing of claims and contribution reconciliations, which reduced errors, improved service level standards and created greater transparency from both an internal and external reporting perspective.

The improved controls and execution of the automation projects led to a reduction in the number of errors and omissions claims, which had a positive cost saving for the fund.



Responsible procurement

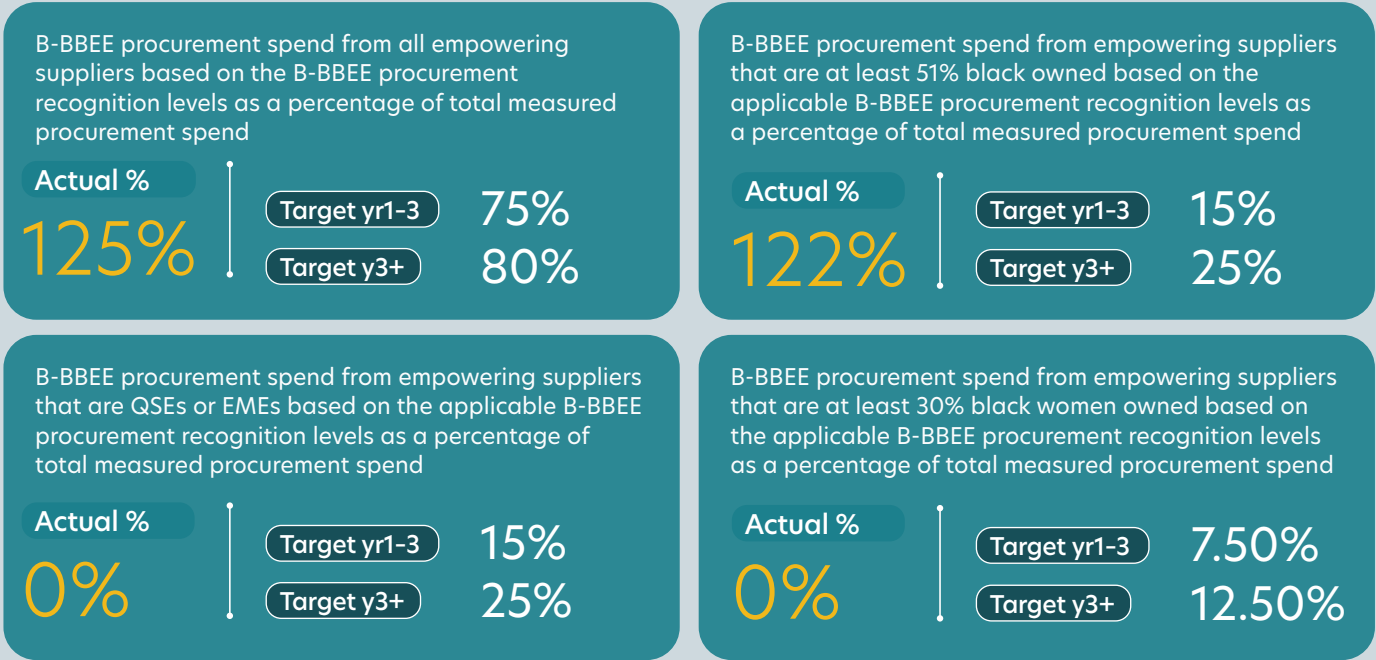
The board recognises the importance of procuring external services in a way that benefits the local community whenever it's feasible. This aligns with the government's broad-based black economic empowerment (B-BBEE) policy, which seeks to broaden economic participation among black individuals.

When assessing service providers, we consider their B-BBEE status. In cases where multiple providers demonstrate equal skills and delivery and there is no strategic partnership, we favour the provider with stronger credentials. Additionally, we expect strategic partnerships to incorporate a transformation strategy that aligns with our fund's objectives.

A limited number of service providers are appointed directly by the fund. Therefore, we encourage our service provider to explore opportunities to include and partner with transformation partners in service delivery. For instance:

- Investments: we collaborate with multi-managers to increase the representation of black investment managers in portfolios.
- Auditors: given the fund's size and complexity, we consider large audit firms with high B-BBEE ratings. These firms are encouraged to engage with black audit firms on specific aspects of the audit work.

Preferential procurement FSTC targets



Treating customers fairly

The board places a strong emphasis on acting in the best interests of the fund and its members. It has embraced the principles of Treating Customers Fairly (TCF) and integrated them into the fund's culture, operations and decision-making processes to make sure members benefit from six key fairness outcomes:

- 1 Members are confident that the fund prioritises fair treatment in its **culture** and management.
- 2 Member **needs** inform the fund's benefit design, including investment, annuity, group insurance and preservation strategies.
- 3 Members receive **clear information** throughout their membership, from joining to exiting the fund.
- 4 Any **advice** given to members considers their evolving circumstances over their membership period.
- 5 Fund performance and service meet member **expectations**, maintaining high standards.
- 6 Members encounter **no unreasonable obstacles** during their membership, even during complaints, benefit claims or changes in products, benefits or providers if applicable.

The board assesses whether service providers incorporate these six TCF outcomes into their culture, operations and decision-making when deciding to retain or approve appointments. Additionally, the board ensures members receive clear and timely information, and complies with all legal communication requirements.

Fund performance and responsible investing

Investment strategy

Our investment objectives

The trustees have a statutory and fiduciary duty to invest the fund's assets for the benefit of members in a responsible and prudent manner.

The trustees aim to:

Provide members with the greatest likelihood of securing a reasonable pension in retirement, by providing acceptable investment returns, at acceptable risk.

Provide the members with less volatile returns particularly close to retirement with the objective to generate an income stream to maintain their standard of living after retirement.

These objectives are of primary importance to the fund's investment strategy.

Our investment principles

Retirement income focus

The fund's main goal is to invest members' retirement savings to ensure they secure a reasonable retirement outcome.

Long-term approach

Because retirement savings are for the long haul, the investment strategy mostly looks at the long term.

Managing risk

Trustees see risk as not meeting investment goals. The strategy aims to maximise the likelihood of meeting goals while avoiding unnecessary risks.

Mix of strategies

Both passive (following market trends) and active (choosing investments) methods are used for different kinds of assets (like shares and bonds).

Choosing managers

Skilled managers are more likely to do well. We use a method to identify managers who are likely to outperform the market and their peers while meeting the fund's objectives. We select market-leading managers per asset class.

Asset allocation matters

Where we invest has the biggest impact on returns.

Considering the environment

Environmental and social matters may have an effect on portfolio performance.

Economic role

As assets owners, we are responsible for helping to shape and improve the South African economy.

AFRF's investment strategy at a glance

The AFRF's investment strategy is designed to help members save for retirement responsibly. The trustees aim to provide members with the best chance of securing a reasonable pension when they retire, while managing risks.

Joining the fund

Investment options

The AFRF offers three broad plans to employer groups. These are carefully chosen to suit different needs:

- Core option:** this is for smaller employer schemes and offers a stable investment with growth over time.
- Comprehensive option:** ideal for medium to large employer schemes, it balances growth and safety as retirement gets closer.
- Customised option:** larger schemes can personalise their investment approach, but with specific rules.

Default investment portfolios

For employers or members who don't choose specific investments offered in their selected plan, a default investment strategy is in place that is designed to achieve the objectives of the fund and is deemed suitable for most members' needs, taking charges, risk and returns into account.

Our default investment strategy, the Alexander Forbes Goals-based Balanced LifeStage model is utilised by over 90% of our members.

Investment choices

Members can opt for investments that fit their goals. There are options for growth, safety and balance. The fund has expert advisers who help pick the best investments.

Leaving the fund

Preservation

When members change their jobs – or if they are retrenched – we help them to keep their retirement money safely invested. We offer our members the option to preserve their savings within the AFRF, or in an external fund. They may also choose to claim their savings as a cash payout, some of which may be taxed.

Annuity

At retirement, our members use their savings to buy an annuity that will provide an income stream for the years ahead. The fund offers in-fund or out-of-fund annuity options.

We engage with our members to help them make choices that are right for them at each stage of life. All fees, charges and options are well communicated.

Ongoing fund management

Managing investments

The fund works with Alexander Forbes Investments Limited as a multi-manager for expert investment management. Alexander Forbes Financial Services handles administration, and Alexander Forbes Investment Advisory provides investment advice.

Managing risks

The fund cares about protecting members' money. As retirement nears, the investments become safer. Risky moves are discouraged, and there is a focus on having a mix of different kinds of investments.

Monitoring performance

The fund makes sure that investments perform in line with our strategic objectives. If there's a concern, the trustees are informed and guided on what to do by the multi-manager.

The AFRF aims to help members build a comfortable retirement. We provide default options as well as a range of investment choices that match different needs and stages of life, all while making sure members' savings are managed carefully and responsibly.

Default and other investment strategies

Retirement fund regulations say that trustees must provide an investment plan to members who do not make their own choice about how they want their money invested. This plan should be straightforward, cost-effective and easy to understand.

We have default investment plans for our core and comprehensive offerings in case members do not choose their own investment strategy. These plans are selected to match the fund's goals and should work well for most members' needs, taking charges, risk and returns into account.

Core offering

For our core offering, the trustees selected the AF Retirement Navigator portfolio as the best choice for most members in this category. This portfolio targets long-term growth while smoothing returns, providing a low volatility investment portfolio with stability of returns, which is deemed more appropriate for the average member profile in this option.

The employer may choose a different investment strategy instead of the fund's default choice and can select one of the following portfolios instead:

- Any of the AF Goals-Based LifeStage models (Balanced, Specialist or Passive)
- Shari'ah High Growth or Shari'ah Medium Growth

Members can opt out of the employer or management committee default strategy and invest in a range of portfolios approved by the trustees.

Comprehensive offering

The trustees agreed on the Alexander Forbes Goals-based Balanced LifeStage model as the default investment strategy for most members. It targets higher investment growth (CPI + 5%) when members are more than five years from retirement, then gradually assumes less risk (and lower expected investment growth) as members approach retirement. It spreads investment risk across different:

- Asset classes (types of investments)
- Investment styles (ways or methods of investing)
- Asset managers (the people managing investments)

This means the trustees spread investments in a way that limits exposure to any single risk. It is designed to provide members with the best chance of securing a reasonable pension at retirement based on their contributions and service.

The employer can opt out of our default investment strategy and choose from the following options:

- AF Goals-Based LifeStage models (Balanced, Specialist or Passive)
- Shari'ah High or Medium Growth portfolios
- AF Retirement Navigator portfolio
- Clarity™
- A management committee choice of investment strategy selected from the range of portfolios approved by the trustees

Again, individual members can opt out of the default investment strategy if their investment needs differ.

Customised offering

This plan is for large schemes with at least 1 000 members and a billion rand in assets. These employers can make their own investment plan and use any portfolios they want, as long as the trustees approve them and they are on the Alexander Forbes Investments Limited platform. They also need an investment consultant to help with this special investment option.

For this option, the management committee selects their default investment strategy.

Factors considered when setting the investment strategy

Meeting investment objectives

The main goal of the investment strategy is to help members achieve a secure and growing retirement income. This involves:

- Providing retirement income to maintain members' lifestyles.
- Safeguarding savings from potential losses and inflation.
- Growing retirement savings over time.

Creating investment plans involves making thoughtful choices to cater to different member needs. This includes:

- Selecting default investment strategies with guidance from management committees and investment consultants.
- Allowing members to pick portfolios that match their preferences from the available options.
- Aligning investments with member age and preferences for growth or stability.

Asset allocation

The fund must decide how much to invest in different types of assets, such as property, shares, bonds, cash and real assets like infrastructure projects, which can affect overall returns. The approach includes:

- Choosing the right mix of investments based on whether capital protection or capital growth is prioritised.
- Setting targets for asset allocation based on either the portfolio mandate or investment manager's choice.

Managing investment risks

Risks associated with investing are acknowledged and managed to protect members' savings. Strategies include:

- Reducing risky investments as members near retirement to avoid potential loss.
- Offering options for members to choose from, including the Alexander Forbes Goals-based LifeStage models, to match their risk preferences.
- Addressing market timing risks through communication discouraging risky moves.

Selecting investment managers

The fund is made up of many small groups of members who have different needs. Therefore, there is a need to make a wide range of portfolios available. The trustees believe that the best way to meet this need is to be invested through a multi-manager in pooled portfolios that reduce risks and optimally combine investment managers.

Multi-manager

The fund has entered into a long-term policy of managing our investments in partnership with Alexander Forbes Investments Limited, referred to as the multi-manager.

The multi-manager chooses investment managers based on their philosophy, expertise, past performance and more. Their performance is regularly assessed based on factors like reputation, approach to investments, meeting benchmarks and offering suitable portfolios.

Single investment manager portfolios

The trustees have chosen specific single investment manager portfolios with input from the fund's investment consultant.

In collaboration with the multi-manager, the fund investment consultant rates the single manager portfolios, categorising them as A or B+ managers. If a manager's rating drops from B+ to B, the trustees notify the management committee and members are advised to consider switching to an alternative portfolio. If a manager's rating falls to C, assets are promptly moved to the AF Active Balanced High Growth (Performer) portfolio.

We take a proactive approach to reviewing how our portfolios perform against the targets we set. We monitor and review our overall investment strategy and the performance of our multi-managers at regular intervals to make sure our investments are delivering good returns for our members.

Keeping a watchful eye on investments



The above graphic illustrates the process the trustees use to regularly review the investment strategy and portfolios offered, making sure they remain appropriate for members.

This process guarantees that the investment options offered to members are diverse, well managed and aligned with the fund's goals.

Asset allocation

The tables below show how risk is spread across various asset classes in the AF Active Balanced High Growth, also known as the Performer portfolio. Over 90% of AFRF members are invested in this portfolio either via the default investment strategy or member investment choice.

Asset allocation: 31 March 2023

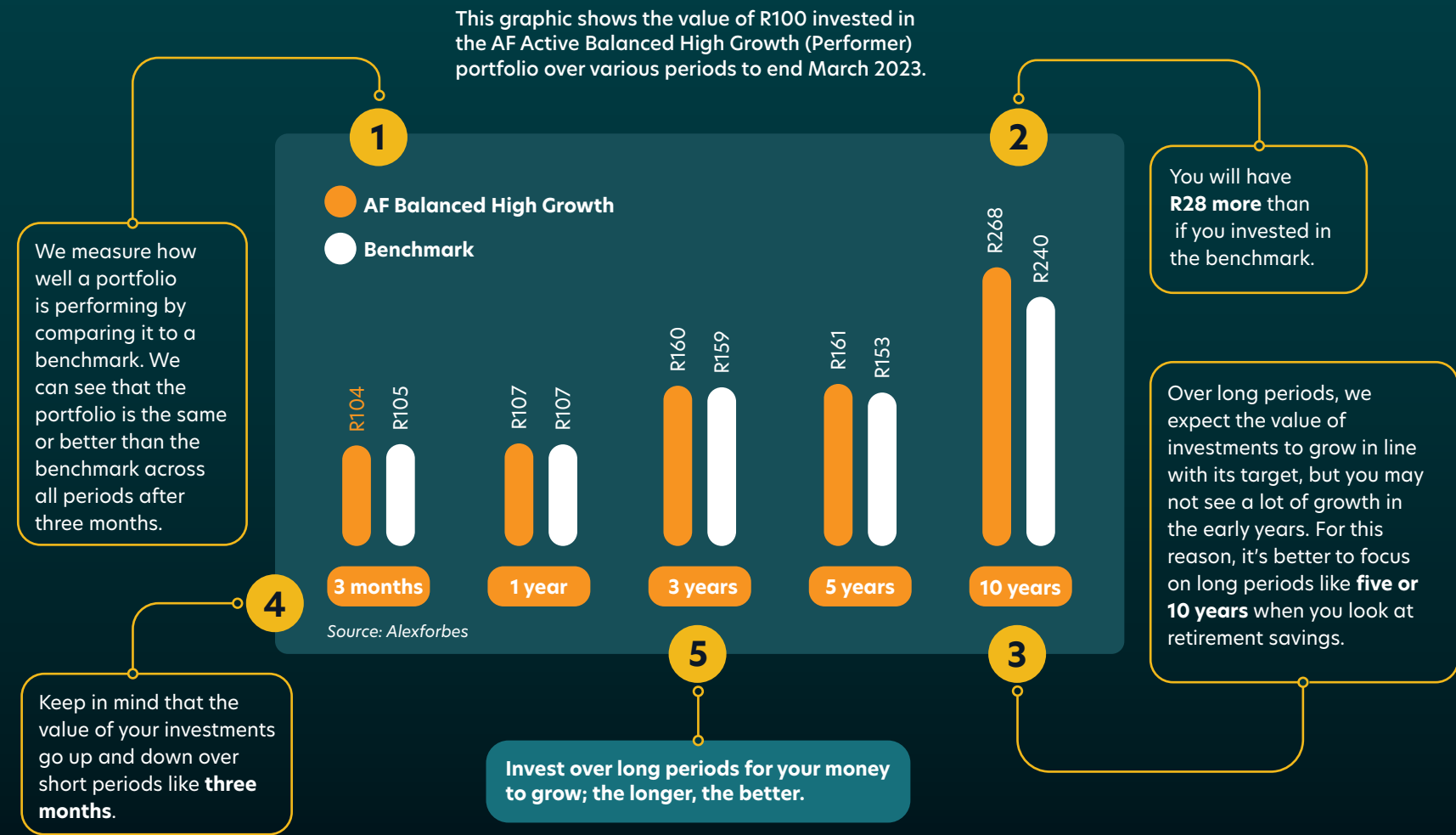
	Local	Africa	Global	Combined
Equity excluding property	40.4%	0.8%	24.0%	65.2%
Property	1.3%		0.9%	2.3%
Bonds	17.0%		2.5%	19.5%
Cash	3.1%		1.7%	4.8%
Commodities	0.4%		0.1%	0.5%
Alternatives	6.0%	0.4%	1.3%	7.7%
Total	68.3%	1.2%	30.5%	100%

Top 10 equity holdings as a percentage of the AF Active Balanced High Growth (Performer) portfolio.

Naspers	2.1%
Prosus	2.1%
Absa Group Limited	2.0%
British American Tobacco Plc	1.9%
Glencore	1.8%
Standard Bank Group	1.6%
Sasol	1.5%
Compagnie Financiere Richemont AG	1.5%
FirstRand Limited	1.5%
MTN Group	1.5%
Total	19.1%

Fund performance

Growth portfolios	Past returns			% of AFRF total assets as at 31 March 2023
	1 year	3 years	5 years	
AF Active Balanced High Growth (Performer) portfolio	6.52%	16.91%	10.03%	67.18%
Benchmark	6.73%	16.64%	8.81%	
AF High Growth portfolio	6.80%	17.92%	9.25%	6.50%
Benchmark	5.64%	17.02%	8.62%	
AF Passive Bold portfolio	4.54%	17.15%	8.35%	1.81%
Benchmark	5.04%	17.56%	8.32%	



Responsible investing

Our approach to responsible investing

AFRF's approach to responsible investing (RI) goes beyond obtaining investment returns for our members. We assess investments in terms of their effect on environmental, social and governance (ESG) factors, as well as recognising the impact of these factors on portfolio performance. ESG principles guide our investment decisions and prioritise opportunities that are both financially sound and ethically responsible. We firmly believe that RI can generate favourable returns while promoting positive change.

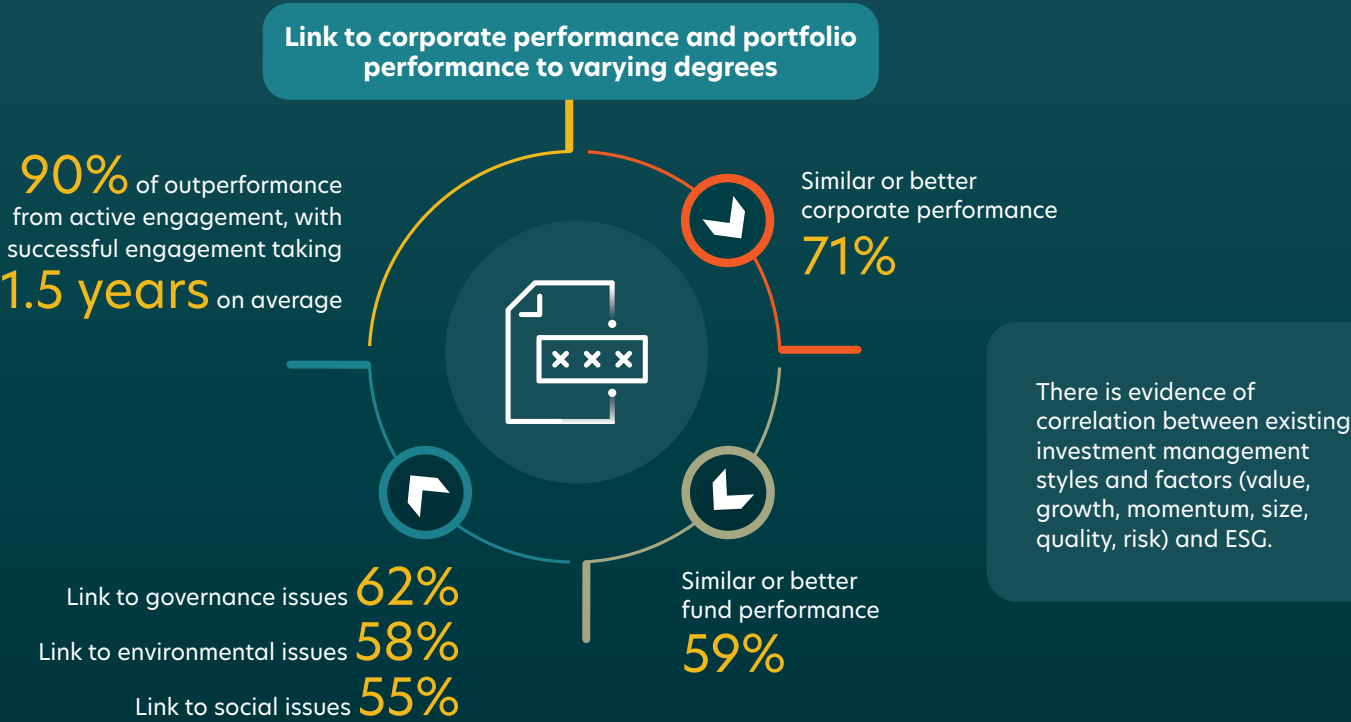
The fund sees itself as a contributor to South Africa's economic and social progress. Our trustees understand the importance of targeted investments that influence society and the environment, as well as transformation, diversity and inclusion. These beliefs shape our investment choices and align with our commitment to responsible investing.

We value multi-managers and single investment managers who incorporate the ESG factors that may affect the sustainability of an investment into their assessments and investment processes, as it enhances informed decision-making and aligns with our commitment to responsible investing.

The Fund defines responsible investment as:

“An investment approach that includes ESG factors and broader systemic issues – for example, climate change and sustainable development – along with stewardship and active ownership.”

The value of incorporating ESG into decision-making



Source: (i) 2021 NYU/RockerfellerAsset Management Meta-Study (ii) 2015 Meta Study by G Friede, T Busch and A Bassen (iii) Active Ownership by E Dimson, O Karakas and X Li (iv) 2006 Hermes UK Focus Fund study (v) Alexforbes research



Our partnerships and signatories

AFRF endorses several recognised codes and standards in its commitment to responsible investment.

Code for Responsible Investing in South Africa (CRISA)

Launched in 2011, CRISA encourages institutional investors and service providers in South Africa to integrate ESG issues into their investment decisions. We endorse CRISA and its latest iteration, CRISA 2, which aims to reaffirm a framework of principles for stewardship and responsible investment as a key component of the South African governance framework.

UN Principles for Responsible Investment (UNPRI)

Although the fund is not a signatory to UNPRI, it aligns with its principles, which emphasise the fiduciary duty of institutional investors to consider ESG factors in their investment decisions. AFRF's beliefs and practices echo the UNPRI's call for responsible investing that goes beyond financial returns.

United Nations Sustainable Development Goals (SDG)

Our business activities primarily contribute to SDGs 8 and 10, with secondary goals being SDGs 3, 4, 5, 7 and 13. Through our RI approach, a focus on shaping SDG outcomes involves broadening the analysis of our financially material ESG issues to include a parallel analysis of the most important outcomes to society and the environment at a systemic level.

The World Bank Sustainable Investment Best Practice Disclosure Checklist for Pension Funds

By adopting this checklist, the fund pledges to enhance transparency and disclosure regarding its sustainable investment practices, aligning its operations with global best practices in environmental, social and governance considerations. This approach reinforces AFRF's dedication to providing its members with clear insights into its responsible investment strategies and outcomes.

Integrating ESG practices

Our responsible investing framework

Through the fund's responsible investing framework, we are progressively incorporating an ESG overlay into our investment process. AFRF's responsible investing framework is built on five pillars that are aligned with the CRISA 2 responsible investing codes.



In addition to implementing our five-pillar responsible investing framework, AFRF is integrating ESG practices through our impact and transformation approach.

Investing in private markets that deliver measurable impact

Alongside traditional asset classes, the fund invests in private market investments where members' investments contribute directly to meaningful outcomes for the communities and the people to whom the programme is able to contribute. The private markets portfolio aligns with relevant SDGs, with a particular emphasis on the South African National Development Plan 2030. These focus areas present a clear direction on where to steer the fund's efforts to create maximum, intentional impact.

Transformation policy

Our transformation policy aims to create positive change within South Africa's asset management sector and society as a whole. We have taken a deliberate approach to promote diversity and inclusivity by offering greater opportunities to black individuals, including women, within the financial industry. We actively support businesses predominantly owned by black entrepreneurs.

Our transformation policy serves as a strategic road map. It has three main objectives:

- Expanding the pool of black investment professionals.
- Facilitating the growth of majority black-owned investment firms.
- Empowering start-up and emerging asset managers, especially those led by black entrepreneurs, by providing them with opportunities to establish strong track records.

Our multi-manager is implementing the policy by selecting investment experts who are aligned with these transformation goals. We work with the multimanager to ensure:

- Ongoing monitoring of the performance and adherence to these objectives is conducted.
- Encouragement is provided to investment experts to engage with black-owned stockbroker firms.
- Comprehensive reporting mechanisms are established to track progress and compliance.

Adoption of the policy is on track as part of the three-year phase-in process.

Our responsible investing road map

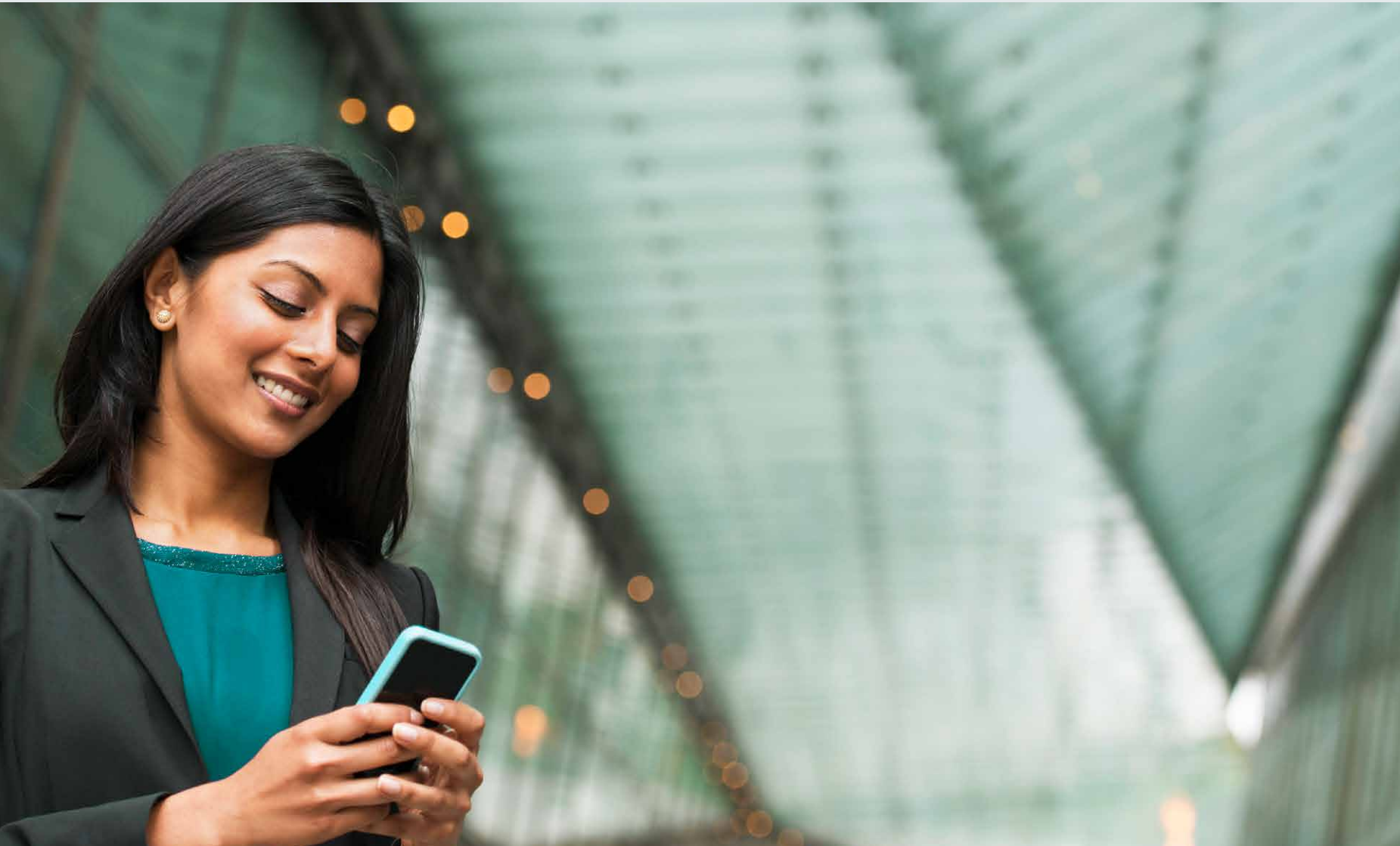
An ESG gap analysis was completed for the fund during the year. The results were reviewed by the trustees as well as the sustainability and transformation sub-committee (STSC), with the assistance of the fund's investment consultants. As a result, we formulated a comprehensive ESG implementation and transformation plan that outlines the strategic integration of ESG factors into our investment strategies and sets the course for its execution and ongoing monitoring.

Our responsible investing road map encompasses several key components:

- **Transformation:** fostering diversity and inclusivity
- **Impact:** aligning investments with societal and environmental impact
- **Climate:** addressing climate-related risks and opportunities
- **Metrics and deliverables:** measuring and reviewing our progress under these components

At AFRF, responsible investing is not just a concept, it's a tangible commitment with a clear path forward. In the upcoming year, we plan to focus on the following actions:

- Review our impact policy, assess the multi-manager's impact evidence (including ESG fact sheets), and review our SDG reporting.
- Scrutinise the multi-manager's climate policy, evaluate carbon reporting for default portfolios, and review the climate policies of underlying managers in the default portfolio.



Selecting and monitoring asset managers

The fund rigorously evaluates and selects investment managers based on their capabilities, track record and commitment to responsible investment. The selection process involves assessing managers' alignment with CRISA principles, UNPRI signatory status, and their integration of environmental, social and governance (ESG) factors into their investment processes.

Once selected, appointed managers are continuously monitored to make sure their adherence to responsible investment practices. The multi-manager does this on behalf of the fund through regular manager due diligence, engagement and assessments of their ESG integration and active ownership efforts. The fund's investment consultant plays a crucial role in evaluating manager performance and assessing their contributions to responsible investment outcomes.

AFRF emphasises transparency and accountability in its monitoring efforts. The fund requires appointed managers to provide regular ESG-related reports, including proxy voting activities and engagement initiatives. AFRF values open communication with managers to address concerns and encourage improvements aligned with responsible investment goals.

Stewardship through proxy voting and engagement

Stewardship involves responsibly managing assets for long-term value, and proxy voting is a key tool in this process. By actively participating in proxy voting, AFRF exercises ownership rights to influence corporate decisions and promote responsible behaviour.

The multi-manager has established clear proxy voting guidelines that the fund supports. These guidelines consider ESG factors aligned with industry codes and principles like CRISA and UNPRI. The multi-manager engages closely with its investment managers to maintain adherence to these guidelines, conducting regular meetings and due diligence. Voting and engagement activities of our underlying asset managers are reviewed regularly and reported on to ensure transparency, and this information is used to inform our investment decision-making. Proxy voting expectations and reporting requirements were significantly enhanced in 2023.

We engaged with asset managers to assess how they consider ESG opportunities and risks in stock selection and portfolio construction, as well as how they should vote on our behalf. We expect asset managers to have a deep understanding of the companies they invest in and be aware of any potential issues that may materially affect the company's value.

AF Active Balanced High Growth (Performer) portfolio proxy voting

During 2023 we voted on over 6 500 resolutions through our appointed asset managers across locally managed equities.

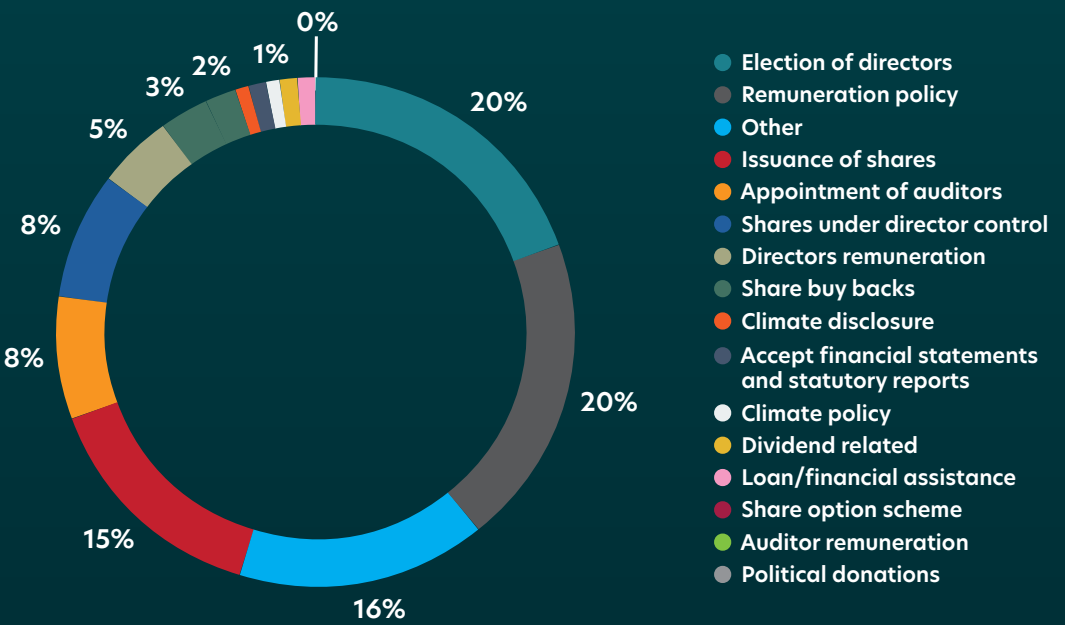
Number of resolutions: 6 593
Number of resolutions voted for: 5 892
Number of resolutions voted against: 652

1 April 2022 to 31 March 2023

	Ninety One	Aluwani	M&G	Allan Gray	Truffle
No. of resolutions	852	1 069	1 314	1 904	1 425
No. of resolutions voted for	738	908	1 246	1 667	1 333
No. of resolutions against	114	160	66	228	84
No. of abstentions	0	1	31	9	8

The fund, via its service provider, reports on proxy voting quarterly and conducts detailed analysis on an annual basis. The most recent review is included in the multi-managers stewardship report.

The graph below highlights the main categories of resolutions where AF Active Balanced High Growth (Performer) portfolio fund managers have voted against or abstained from voting between 1 April 2022 and 31 March 2023.



Addressing climate change

We are committed to addressing climate change because we understand that it not only aligns with the best economic outcomes for long-term investors, but is also pivotal for the wellbeing of our planet. In the spirit of the 2015 Paris Agreement, we recognise the importance of limiting global average temperature increases this century. Nonetheless, we are acutely aware of the climate change challenges specific to South Africa and the associated social concerns. Therefore, we are taking proactive steps to address climate change risks.

Incorporating climate change considerations into our investments is integral to our responsible investing approach. We evaluate asset managers' ESG integration with climate in mind, and encourage them to align with global standards, like the Task Force on Climate-related Financial Disclosures (TCFD).

We are using the weighted average carbon intensity (WACI) metric to measure our carbon exposure. Lower WACI indicates less vulnerability to carbon-related risks. As of 31 December 2022 our portfolios have a WACI range from 90 to 450, reflecting our commitment to managing climate risks.

By addressing climate change, we aim to secure sustainable returns while contributing to a better environment. We have committed to developing an investments climate policy during 2024.

Investment portfolio ESG performance

Some performance metrics for the AF Active Balanced High Growth (Performer) portfolio – as the largest portfolio of the default investment strategy as well as the largest individual member selected portfolio, representing 90% of total fund assets – are as follows:

Gender diversity

We are pleased to note that South African companies have embraced female representation on boards and our portfolios reflect this positive outcome. Locally, our portfolios are in line with female board representation being close to the 30-35% range, broadly following the FTSE JSE All Share Index. Both our local and global portfolios align with their respective benchmarks.

AF Active
Balanced High
Growth (Performer)
portfolio female
representation

31%

ESG integration

We use an ESG rating framework to assess the performance of asset managers. These ratings apply to the full scope of the investment strategy and its underlying assets, not solely to equities or shares. The portfolio ratings represent a weighted average of the ESG ratings of individual managers within a given portfolio, determined through our due diligence processes.

ESG 1 signifies a leader in the integration of ESG factors and it goes down to ESG 4, indicating little integration of ESG considerations. Overall, most of our portfolios have higher-rated portfolio ratings relative to their respective benchmarks.

AF Active
Balanced High
Growth (Performer)
portfolio average ESG
integration rating

2.3

Climate change

We have adopted the Weighted Average Carbon Intensity (WACI) metric to report the carbon intensity of the AF Active Balanced High Growth (Performer) portfolio. We have found that a WACI measure around 450 means a portfolio is highly vulnerable to carbon-related risks and a measure around 90 indicates it is relatively protected from carbon-related risks.

- The equity component of our domestic portfolios reflect a WACI range of 220-450.
- The equity component of our global portfolios can be split into:
 - A developed market allocation which reflects a range of 90-160.
 - An emerging markets allocation which reflects a range of 260-340.

AF Active
Balanced High
Growth (Performer)
portfolio
WACI score

355

Ongoing participation in private markets

The fund is already investing in private markets through two of our portfolios:

- Performer (AF Balanced High Growth)
- High Growth

These two portfolios invest in different ESG sectors namely: water, power, environment and housing. This means that by investing in these portfolios, our members are participating in ESG and contributing towards the recovery of the economy. Additional themes, aligned with the fund's beliefs may be considered in future.

Some performance highlights from the AF Private markets 2023 ESG report include:



3 260+
SMMEs funded
or impacted



1 444 560+
households powered with
renewable energy



149 880+
females employed



9
SDGs targeted



19 390+
employees of colour in senior
management



6
NDP target chapters
contributed to



Impact on our members and participating employers

Member impact

To help members on their retirement journey, we use data to look at what members are doing with their retirement savings. We use this data to provide industry insights for employers and to help members make informed decisions about their retirement savings.

During 2023 we started providing individualised member impact reports to our employer groups. Member impact reports:

- Provide insight into the financial health of their members by benchmarking key metrics relative to their sector.
- Highlight issues to employers so that they can consider interventions to improve their impact.
- Show how the AFRF is positively impacting member outcomes over time through engagements and active counselling.

Over time, we will report on the real-life impact of this intervention in securing better member outcomes through measurable benefits.



Insights driving member impact

The information below highlights some of the insights we have gained through developing member impact reports. It is based on an average profile of our AFRF members. Some of these are new metrics for the year and comparative figures will be disclosed going forward.

Detailed member demographics

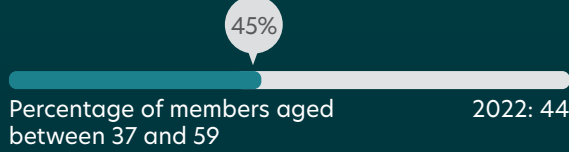
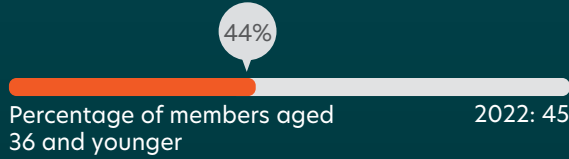
Gender*



2022: 55



2022: 38



Retirement age

Average expected retirement age
64
2022: 64

Average actual retirement age
62
2022: 62

Delaying retirement means more time to save and invest, which increases the likelihood of achieving a comfortable lifestyle in retirement.

* Demographic data is provided by our members and may not be complete.

Contribution rates

Average contribution rate (%) **14.1%** This is the percentage of pensionable salary contributed monthly

Average expenses (%) **3.5%** This is the portion of the contribution that goes towards life and disability insurance and administration costs

Total average contribution to retirement fund (%) **10.6%** This is the total percentage of pensionable salary that goes into the retirement fund

Average pensionable fund salary per year
R240 000

Average fund credit (retirement savings)
R150 000

Minimum rate members need to contribute over a 40-year period to achieve a 75% replacement ratio
17%

Average lump-sum death benefit insured by the fund (varies by industry)
3 x salary

When it comes to retirement, taking a long-term view is essential. We encourage our members to start contributing towards retirement early in their careers. Contribution rates should be as high as possible to offset the expenses and to ensure that monthly contributions will give enough savings to live on in retirement.

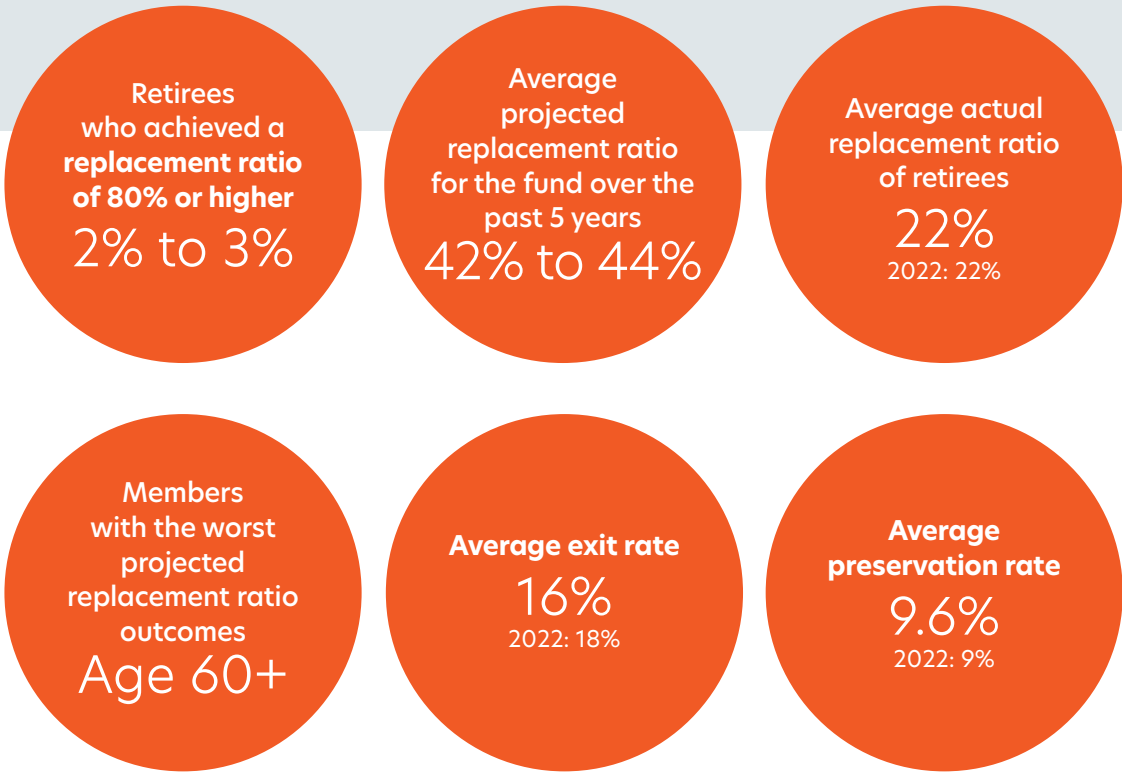
Preservation and replacement ratios

Our research shows that:

Only about one in 10 people (9.6%) keep their retirement savings invested and growing when they change jobs

Most people retire with just over **20%** of their final salary

This is less than ideal, but can be improved if members keep (preserve) their withdrawal benefits for retirement when changing employers.



Keeping retirement savings invested is one of the most important things people can do to make sure they have enough to live on in the future. Making a good decision can be tough - especially if it means giving up the opportunity to experience relief from financial stress by having access to extra cash.

Measurable benefits

Our strategic ambition is to best serve institutional clients and individual members by delivering measurable benefits through our advice-led and integrated experience. We will continue to invest in our core strengths of consulting, administration and investments to gain further scale, efficiencies and operating advantages.



Claims and benefit payments

Insured death and disability benefits are available to all our members. These insurance arrangements are provided through a group of four selected insurers, under terms and conditions specifically negotiated for the fund. Our recommendations to members are driven by the most competitive and appropriate offerings presented by all insurers.

A total of R11 billion (2022: 11.9 billion) in benefits were paid out to 41 938 (2022: 46 836) members or family members over the financial year ending 31 March 2023. This equals approximately 167 (2022: 186) benefit payments paid every working day, which can be broken down as follows:



Creating better retirement outcomes

Preservation options

When members leave their job before retiring, we must offer a way to keep their retirement savings safe in the fund. However, members can choose to move their savings to another fund or take their savings out in cash, both of which have tax implications for the member. By connecting with members to provide advice and affordable solutions to improve their financial decision-making, we aim to retain our members throughout their financial journey. Doing so creates a uniquely differentiated opportunity to impact the lives of our members and their families. Our preservation options include these shown on the right.

In-fund preservation

If members are not sure what to do with their retirement savings when they change jobs or get retrenched, they can simply leave their money in the fund until they know what to do with it.

Alexander Forbes Retirement Income Solution (AFRIS) preservation fund

Through the Alexander Forbes Retirement Income Solution (AFRIS), our members can consolidate their investments built at each stage of their careers, even at different employers, into a single fit-for-purpose vehicle, without any need to amend this when changing employers. Members can choose all of AFRIS's benefits to supplement their existing retirement savings.

To help members keep their retirement savings invested and growing, the fund will:

- Offer advice to members before they take out their savings.
- Keep the fees the same for members staying and those leaving.
- Continue using the same investment plan for those leaving as for those staying.
- Provide retirement advice to members who have left before they take their savings out.

Members counselled

New joiners counselled

2 994

2022: 1 197

Leavers counselled

2 018

2022: 1 027

Retirees counselled

676

2022: 301

At 31 March 2023 the fund recorded:

3 685

2022: 4 634

members have kept their retirement savings invested in fund after leaving their employer

Preservation rate

17.1%

2022: 17.7%

Annuity options

When members retire, they use their retirement saving to buy an annuity. An annuity is an insurance product designed to provide retirees with regular payments after retirement for a specified period of time, or for the remainder of their lives.

The AFRF offers our members both in-fund and out-of-fund annuities, including:

- An in-fund living annuity for members with less than R2 million in retirement savings. It uses similar plans to those before retirement, such as AF High Growth and more.
- An out-of-fund annuity option through Alexforbes for those with more than R2 million. This offers flexibility and better pricing.
- Another out-of-fund option for with-profit annuities through Just SA.

Alexander Forbes Retirement Income Solution (AFRIS) living annuity

A living annuity allows members to decide how much money to draw each year as an income. Even though this gives them flexibility, they could run out of money if they draw too much too soon. It isn't guaranteed.

The AFRIS living annuity is a hybrid fund solution. It combines the benefits of a living annuity and a life annuity by allowing the flexibility of pension income, leaving a legacy for beneficiaries and providing a guaranteed income.

Alexander Forbes (JuLI SecureGro) with-profit annuity

A with-profit annuity guarantees members an income for life, no matter how long they live or what happens in the investment markets. Their monthly income will not grow smaller.

This gives them certainty for the rest of their life.

We help our members to understand the advantages and disadvantages of each annuity type so that they have the best chance of having enough to live on in retirement.

We encourage members not to retire too early in their working lives. Retiring at age 65 rather than 55 can almost double retirement income.

At 31 March 2023 the fund recorded:

155

2022: 138

members have postponed their retirement



Member engagement

A core element of our strategy is to better serve our employer groups and the individual needs of our members by empowering individuals to make informed financial choices. We do so by evolving our advice-led approach to ensure we drive the best decisions for every member. This member-focused approach has been shaped by our multi-manager’s transformative investment and innovation across automation, digitisation and organisational structure.

Insights from our member impact report and regulatory changes such as the two-pot system have heightened the need for our individualisation strategy, which aims to improve member outcomes, increase the number of new members and improve member retention. Key to this is expanding our pool of advisers, broadening our advice capabilities and enhancing our digital landscape to better connect with members.

We want to make sure we connect people to:



Individualisation strategy

We see the individualisation of the member’s experience of retirement funding as the biggest opportunity to make an impact on people’s lives by engaging them to make informed financial choices.

? Why are we doing this?

- Our engagement with individuals is mostly at retirement.
- Members are not sufficiently guided throughout their life to make the right financial decisions.
- To really change member behaviour and genuinely improve member outcomes, we must engage as early as possible and be there at key moments.

? What are we doing?

Targeted engagements at key moments to create awareness, inform, guide and advise individuals throughout their working lifetime.

We aim to maximise outcomes into their retirement years.

Traditionally our advice efforts have focused on members who retire but we are expanding to provide best advice to individuals throughout their lifetime and to serve financial needs beyond retirement savings. As a result, more flexibility in benefit options for members has been introduced over the years.

There has been a strong trend towards a more individualised experience for members. Our individualisation journey includes growing our pool of advisers, broadening our advice capabilities and enhancing digital tools to connect members with our advisers.

During the year:

- We improved ease of access to information and services to enhance financial inclusion.
- We aligned our consulting strategy to amplify the reach and relevance of individualisation through:
 - Bespoke member impact reports
 - Refreshed workplace financial wellness initiatives
 - Enhanced retirement benefit counselling (eRBC)
 - Implementing an incentive model for retirement consultants

In the 2023 financial year we improved the quality of our data by being able to obtain 78% (2022: 20%) of members’ contact details. This enables direct member communication and the ability to provide meaningful information and counselling through our retirement benefit counselling services and extending our financial planning.

Our individualisation strategy is on track to improve member outcomes and maintain or improve client retention going forward. We will continue to deliver on our individualisation strategy through accelerated digital engagement and the modernisation of our engagement channels.

Improving digital engagement

A focus area to amplify the experiences of our customers is by digitising tools to offer participating employers and members a range of convenient access points.

Benefit information and self-service

- Alexforbes Connect
- Alexforbes app
- Alexforbes USSD

Understanding options and practical application of information

- My Money Matters toolkit
- Digital exits
- My retirement picture
- Digital onboarding

Decision-making support

- Enhanced retirement benefit counselling
- LifeGauge (a consulting tool)

During 2023 our digital member engagement strategy was enhanced and new products and features were implemented. We improved our online customer experience and launched our new client portal and mobile app to provide user-friendly access to secure information using the latest technology.

The fund is now available at all times on the Alexforbes Connect website providing access to benefit statements, retirement fund news, options on leaving and retiring brochures, and claim forms at the click of a button. Some of the content is available in isiZulu, Afrikaans, isiXhosa and Sesotho.

Two other notable tools in our digital journey gained traction during 2023.

- The My Money Matters portal includes access to a dedicated call centre and a member toolkit. It provides targeted support across curated member journeys with access to financial advice, enhanced retirement benefit counselling (eRBC) and financial learning opportunities.
- Digital Exits has led to a significant increase in active preservation decisions and a better understanding of the financial impact of withdrawal on retirement outcomes.

Did you know

With AlexForbes WhatsApp you can:

- Connect with a financial adviser
- Request your
 - Most recent tax certificate
 - Most recent benefit statement
 - Fund balance
 - Track the status of a claim
- Register on AF connect or reset your password
- Combine savings

Here's how it works

- Save our number to your contacts: +27 60 043 9601
- Type Help, select Register and follow the menu prompts
- The self-service options are available 24/7, 365 days a year



Member engagement continued

Direct communication with members

The fund keeps in touch with members regularly, including those who do not have access to electronic communication, providing fund newsletters, annual trustee reports, statements and fund updates directly.

Getting information directly to our members is a priority for the AFRF so that members have the right information at the right time. During 2023 we encouraged members to make sure the fund has their correct email address or mobile number.

We monitor the effectiveness of our communication and constantly seek ways to ways to improve our engagement with the members we serve.

On average

30%

2022: 24% of members who received the newsletter by email read the newsletter - the industry click-through rate is 10%

On average

79%

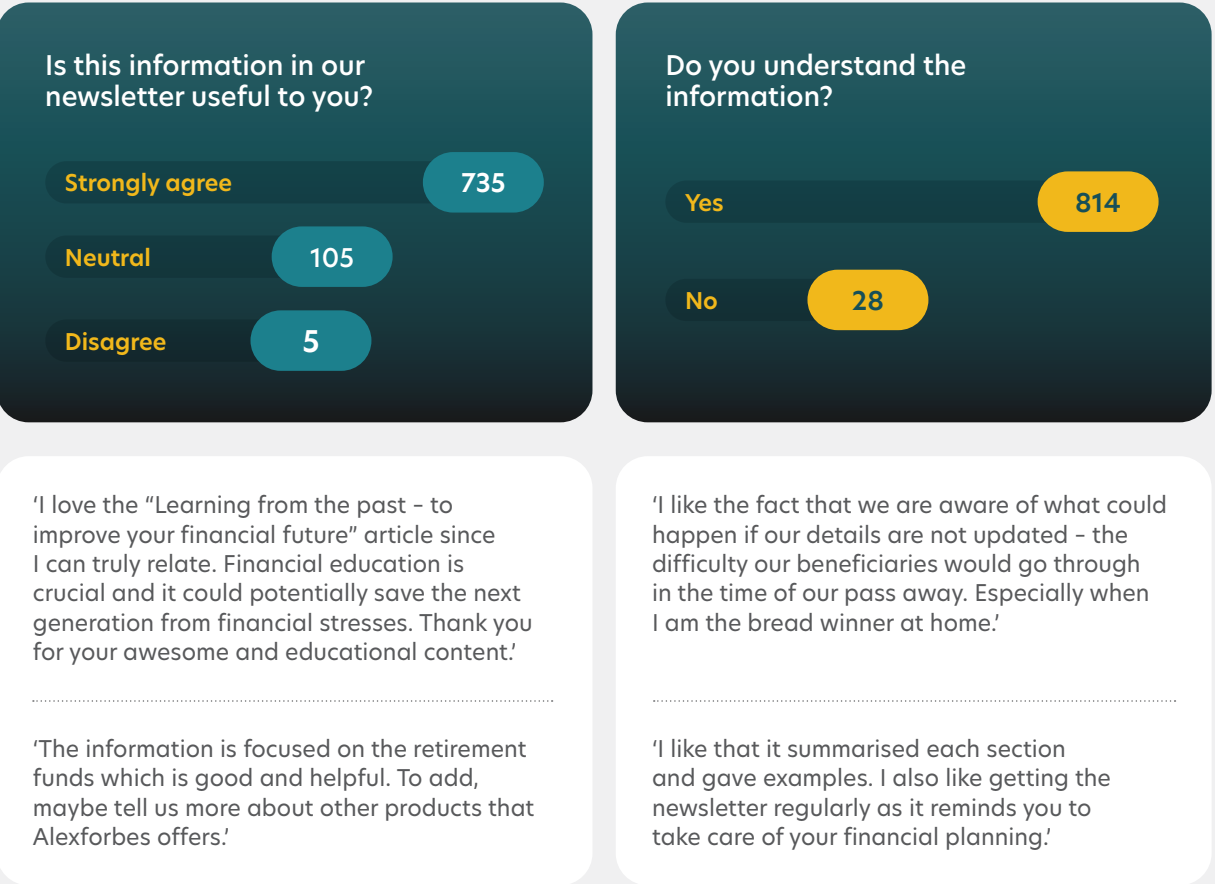
2022: 78% of the SMSs we sent were successful



Newsletter surveys

We value feedback from our members and asked them to complete a survey about our newsletter so that we can keep improving them. Members who completed the survey were entered into a draw to win Takealot vouchers, with 20 winners selected for each issue of our newsletter.

We had over 800 survey responses to our March newsletter. Some of the feedback includes:



We introduced a refreshed, insights-driven consulting model, focusing on improving member outcomes through the insights gleaned from our member impact reports, which we highlighted earlier. By monitoring outcomes, we, together with our clients, are in a strong position to explore and identify key interventions and solutions that can drive positive and impactful change. This helps employers to connect members to our advice and solutions through their workplace.

This approach was successfully rolled out to over 800 corporate employers in the year, covering over 275 000 members.

Member education

The AFRF is committed to equipping members with the knowledge and skills they need to make informed financial decisions and manage their money effectively. To achieve this, we provide programmes that educate individuals about their retirement funds and other benefit options and how to make the most of their money. Our programmes build financial skills that enable individuals to take responsibility for their financial choices and feel confident in their decisions.

Workshops, webinars, guided digital learning experiences and comprehensive materials go hand in hand with retirement benefit counselling and financial advice. We take a contextually relevant and culturally sensitive approach to delivering our content and messages. Our initiatives are tailored to the language preferences of our audience and are accessible in various ways, including social media, face-to-face workshops and technology platforms. This approach allows us to reach a wider audience and help build financial skills.



Empower - our online learning platform that gives you real-time information at your fingertips.

Keep a look out for the relaunch of Empower. The platform will be available to all members soon. The purpose of the platform is to give you an opportunity to learn about your personal finances, health and wellbeing in your own time.

We measure our member education activity and the quality of our impact. To do this, we ask customers about their experience, how confident they feel about the financial choice they face, and if they have been adequately prepared to make an informed decision.

Total number of individuals who received financial education services during 2023

3 532

2022: 1 563

Retirement benefit counselling

Whether a retirement fund member is starting, leaving or retiring from a job, important decisions need to be made throughout their careers that could impact their financial future. To help members understand their available investment options, the costs involved and the risks involved, counselling must take place at key moments. The information provided to help our members with these decisions is grouped under the banner of retirement benefit counselling (RBC), which is the minimum requirements of the default regulations.

The AFRF provides the following solutions for our members.

Retirement benefit counselling



Written communication

Telephonic consultants

Easy to understand • Relevant • Relatable

Help members to understand their options

Enhanced retirement benefit counselling



Telephonic consultants



Group presentations



Digital exits



Interactive counselling



Advice based on personal circumstances

Basic retirement benefit counselling

This is written information that is provided to members to help understand their options in plain language and is our standard offering to all onboarding members. Basic RBC can be seen as the do-it-yourself method of self-learning and gives members important information on key concepts and financial guidance on their options to help make informed decisions and determine if they need financial advice.

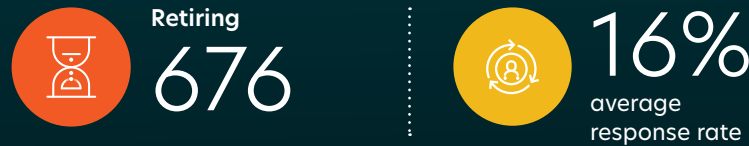
Enhanced retirement benefit counselling (eRBC)

This offering provides interactive retirement benefit counselling services by telephone, video, presentation or in person. The eRBC offering is available to clients who sign up – at no extra cost – but we do require more information to set up this offering. It gives members the best chance of making informed decisions and provides them with access to financial advice if they need additional help.

During the year the AFRF counselled 2 222 (2022: 1 004) members through our enhanced retirement benefit counselling.

The statistics below show the positive results members are experiencing through our eRBC counselling services:

1 April 2022 to 31 March 2023



Our regular, in-person pre-retirement sessions provide our members with important information they need to plan and prepare for a retirement they can look forward to.

Alexforbes Rewards

As a fund, we understand that members are under a lot of financial stress and we look for ways to assist members where we can. That is why AFRF introduced Alexforbes Rewards, an exclusive loyalty programme, to all South African members in July 2022. Alexforbes Rewards offers a wide array of benefits to all our members without any subscription fees.

This comprehensive programme offers savings on everyday essentials and much more, making life more enjoyable and affordable.

Benefits include:

Supermarket coupons: exclusive discounts at leading retail chains like Shoprite, Checkers, Checkers Hyper, and Pick n Pay. These tailored coupons offer savings on essential daily items.

Wellness coupons: members can save while shopping for health and wellness products at Dischem, promoting a healthy lifestyle while keeping costs in check.

Travel deals: our Randgo partnership enables members to benefit from experts' guidance to find budget-friendly holiday and travel solutions.

Airtime deals: members can take advantage of discounts on airtime and data from top providers such as Vodacom, Virgin Mobile, Telkom Mobile, Cell C and MTN.

Through initiatives like Alexforbes Rewards, we're dedicated to providing more than just financial security. We are here to help our members embrace life's opportunities while maximising their savings.

Alexforbes Rewards benefits 29 July 2022 to 31 March 2023

Member savings
R3 720 000

Coupons issued
8 876

Mall vouchers issued
14 727

Our path to the fund of the future

To survive and thrive in the future, retirement funds must embrace sustainable ways of thinking and adapt to emerging megatrends, which are likely to drive change in our economies, societies and environments at an exponentially increasing rate.

Globalisation, predicted changes in geopolitics, population dynamics, technological advancements, climate change and shifting generational expectations, for example, are driving fundamental changes in mindsets, risks and opportunities for funds. As such, retirement funds will need to be agile in order to proactively embrace change in the short and medium term. However, the duty placed upon retirement funds to achieve suitable risk adjusted returns over the long term presents a

significant opportunity to think more strategically, over longer timeframes, and to not only respond to the factors which will influence the future, but to play a significant role in creating it.

Retirement funds must transcend traditional retirement planning approaches if they are to survive, thrive and deliver on their mandates to members. By seriously considering what risks and opportunities the future might hold, retirement funds can ensure their fitness for the future and unlock numerous benefits.

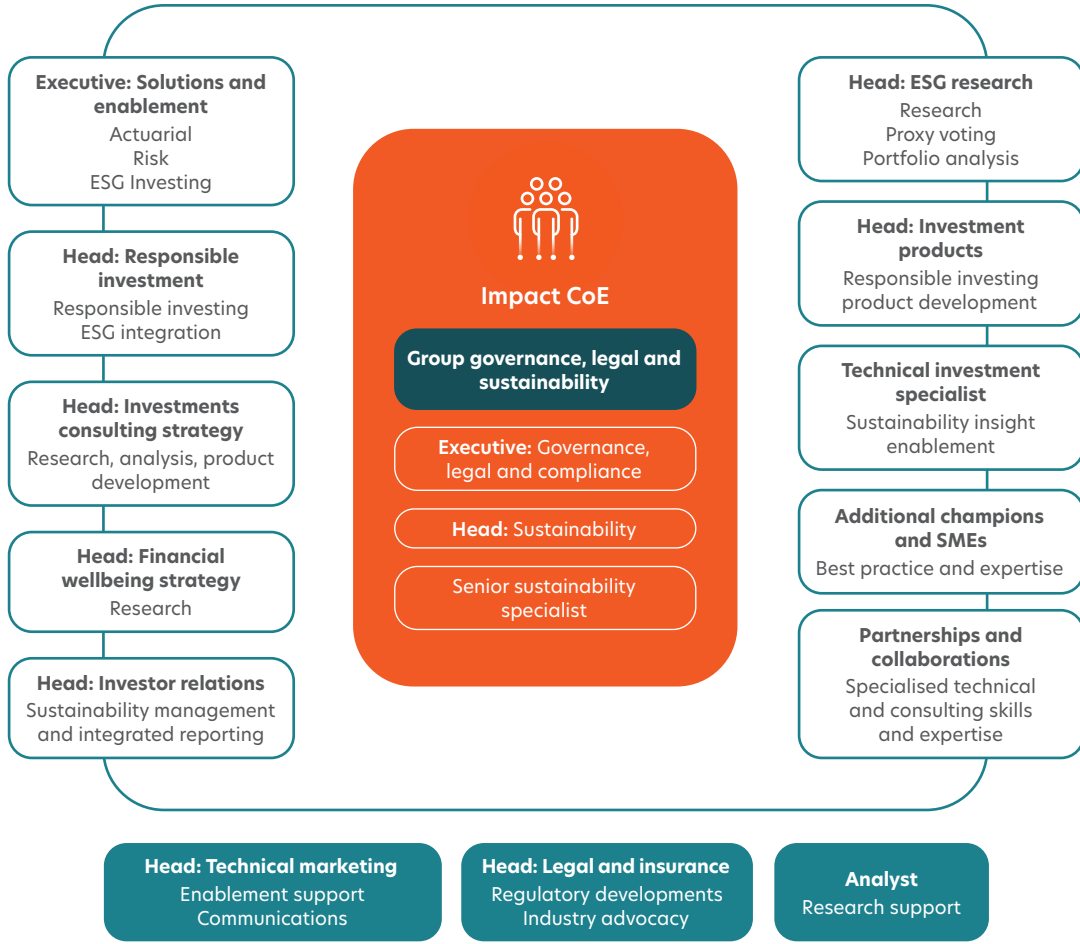
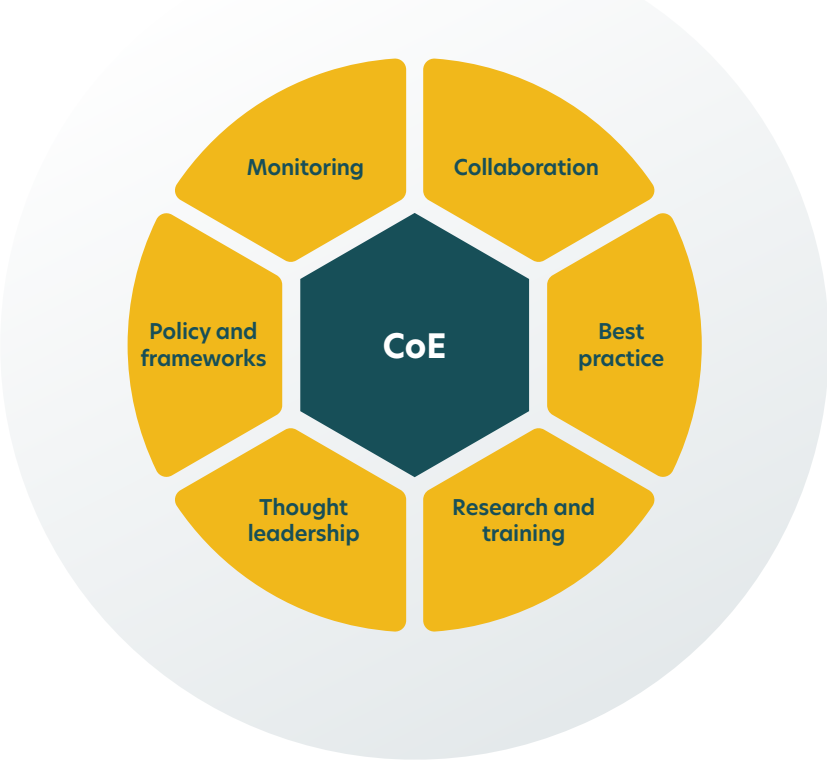
As one of South Africa's largest umbrella funds, we understand the urgency and importance of this paradigm shift and what it means for retirement funds. We believe that now is the time to act boldly and decisively.

Drawing on leading insight and best advice

With this in mind, we are pleased to be in a position to draw on the insight, experience and best advice of our investment advisory partner, Alexforbes.

The Alexforbes Impact Centre of Excellence (CoE), which includes a multi-disciplinary cross-functional team of experienced professionals, was established during 2023 under the leadership of its governance, legal, compliance and sustainability (GLCS) team.

The CoE is focused on delivering the company's sustainability strategy, which includes the design and operationalisation of broad-based sustainability advisory services to clients, including retirement funds, such as the AFRF.



Guided by principles such as governance, policy and frameworks, standardisation, subject matter expertise, collaboration and coordination, performance measurement, and research and training, the Impact CoE is committed to shaping sustainable strategy advice, which creates a positive impact for retirement funds, their members and the world within which they exist.

Envisioning our Retirement Fund of the Future™

As part of the work of the CoE, Alexforbes has established a Retirement Fund of the Future™ working group which has undertaken substantial research and analysis to design a conceptual retirement fund, that is fit for the future; an ideal retirement fund which is aspirational in its design, and which sets the industry standard for a best-in-class, leading and future-fit retirement fund – The Retirement Fund of the Future™. The intended impact of Alexforbes's thinking is to set the new industry standard for leading and future-fit retirement funds looking to secure their relevance, resilience and long-term success.

Alexforbes's leading insights on sustainability best practice informs its advice framework, which can help retirement funds better position themselves to:

- Identify and understand the impact of their investments on members as well as wider society and the environment
- Respond to changes that may present risks and opportunities and accommodate the changing needs and expectations of future generations
- Safeguard the financial future of retirement fund members by ensuring their money is suitably invested in responsible industries, companies and asset classes

Having engaged with the Alexforbes Impact CoE throughout 2023, the thinking that underpins the Retirement Fund of the Future™ concept is supported by AFRF.

Drawing on its extensive experience in fund advisory and management as well this leading insight on sustainability best practice, Alexforbes has develop its Future-Fit Solutions suite for retirement funds.

It is through this suite of solutions that the AFRF will assess its fitness for the future during 2024 with a view to ensuring the AFRF sets the industry standard as a best-in-class, leading and future-fit retirement fund. This process will include proactively identifying gaps, which may impact on the fund's long-term resilience and sustainability, and embarking on a journey to address any identified gaps in a strategic and coordinated approach, which is implemented over time.

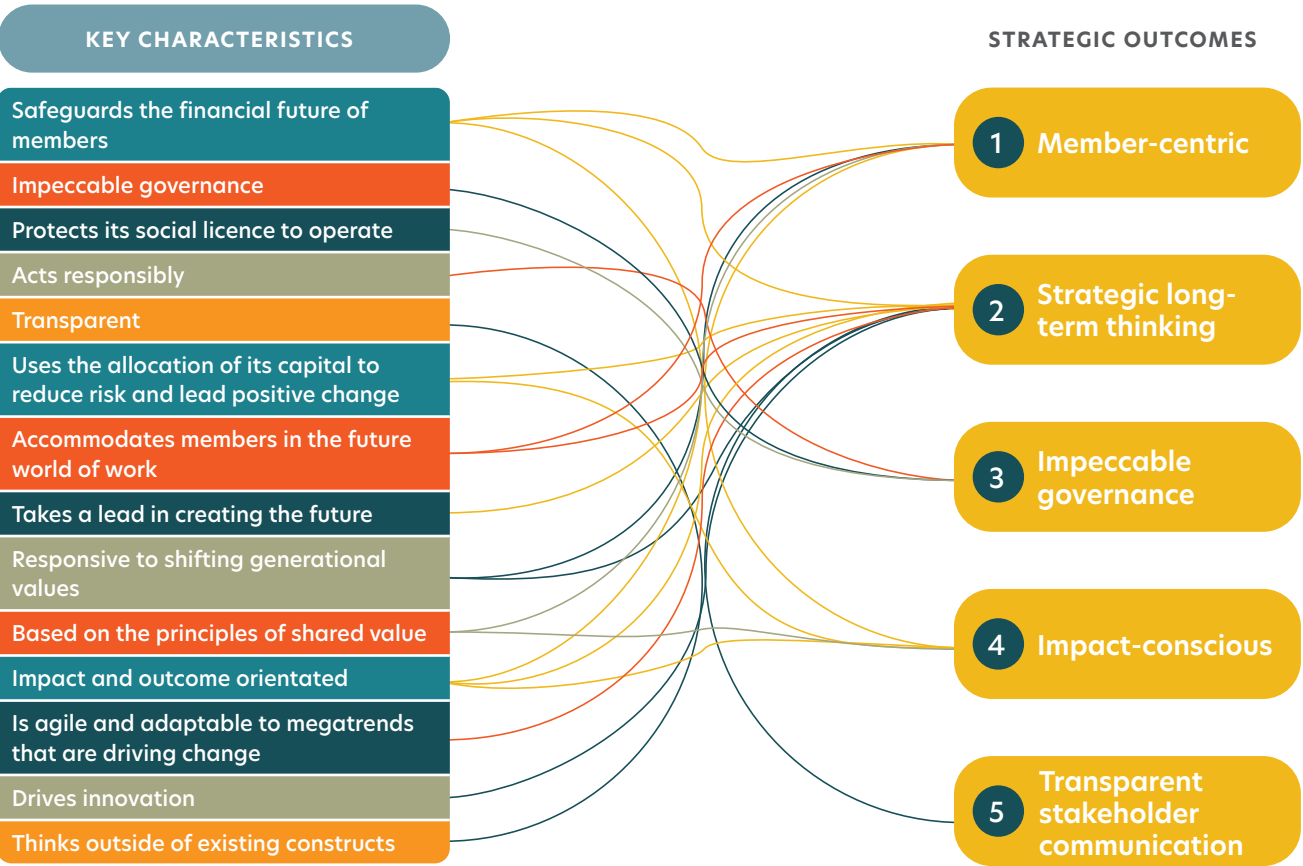
As the Alexforbes Impact CoE continues to evolve its thinking through identifying and analysing emerging trends and their potential impact on retirement funds, so too will we evolve our response so that the AFRF remains resilient and a best-in-class, future-fit retirement fund.

By embracing this future-fit approach, we aim for long-term resilience, sustainable growth and positive impact for our members, stakeholders, wider society and the natural environment.

Based on the outcomes of in-depth research, Alexforbes has concluded that a future-fit fund should embody the following characteristics:

- Safeguards the financial future of members
- Impeccable governance
- Protects its social licence to operate
- Acts responsibly
- Transparent
- Uses the allocation of its capital to reduce risk and lead positive change
- Accommodates members in the future world of work
- Takes a lead in creating the future
- Responsive to shifting generational values
- Based on the principles of shared value
- Impact and outcome orientated
- Is agile and adaptable to megatrends that are driving change
- Drives innovation
- Thinks outside of existing constructs

When considered collectively, these characteristics underpin five strategic outcomes that a future-fit fund should aspire to:



We set out below some initial feedback on our current performance against each strategic outcome. Our approach will be adjusted and further matured in response to the results of the full future-fit gap assessment, which will be completed during 2024.

1 Member centricity

A glimpse into the future | Members and their world in 2043

Mega trends	Artificial intelligence				
	Evolution of the working world				
	Climate change				
	Accelerated digitalisation and technology-driven change				
	Rise in social and environmental consciousness				
Members of 2043	Contributing			Withdrawing	
	Alpha 18-26 years old	Z 27-41 years old	Y (Millennials) 42-56 years old	X 57-71 years old	Baby Boomer 72-90 years old
Shifting generational values	<ul style="list-style-type: none">Hyperconnected – having grown up in a largely digital worldInformation is easily accessiblePeer interactions are largely digitalVirtual assistants are commonly usedAI is relied upon for basic researchPersonalisation is expectedIndependence is valuedVisual media preferenceDiversity embracedCo-creation welcomed	<ul style="list-style-type: none">Tech-innate (technology is a familiar and ubiquitous part of everyday life)Accepting of othersRealistsIndividualisticCompetitiveTransparentEntrepreneurial and inventive spirit	<ul style="list-style-type: none">Transparent, shares a lot about themselvesDo well with detailed instructions and guidanceDesire to make an impactCommerce and conscience togetherValue diversityLove technologyEducation is an expensive necessityTraditional work environments are not a preferenceFind solutions using technology	<ul style="list-style-type: none">Work to liveCrave independenceScepticismFocused on resultsThink globallyAdapt to changeEager to learnThrive on flexibilityEducation is seen as a necessary means to succeed	<ul style="list-style-type: none">Live to workSelf worth = work ethicLoyal to employerCompetitiveGoal-centricProcess orientatedFocusedDisciplinedEnjoy working in teams and proving themselves to the teamNeed to know they are valued

Sustainable, future-fit retirement funds recognise that safeguarding and improving the retirement outcomes of members is paramount to the purpose of the fund. Prioritising member outcomes ensures the fund's strategies, products and services are tailored to meet members' unique needs, fostering trust and satisfaction over the long term.

AFRF has adopted a member-focused approach by enhancing digital offerings, providing personalised

financial advice, and engaging directly with members. This approach empowers members to make informed decisions, positively impacting their retirement outcomes.

During 2024 the fund will undertake further assessment of its approach to improving member outcomes, member communication and transparency, and make improvements where needed.

2 Strategic long-term thinking

Retirement funds must embrace strategic long-term thinking to navigate an ever-changing financial and social landscape. This approach ensures sustainability and adaptability to emerging trends and challenges.

AFRF's focus on responsible investing demonstrates our commitment to strategic long-term thinking.

During 2024 the fund will undertake further assessment of its approach assessing long-term trends and the strategic impact which these may have on its strategy. Where needed, further improvements will be considered and implemented.

3 Impeccable governance

Retirement funds must uphold the highest standards of governance to protect members' interests. Strong corporate governance builds trust and transparency and protects the organisation's licence to operate.

AFRF's board of trustees, supported by a dedicated sustainability and transformation sub-committee (STSC), maintains adherence to leading governance standards while advancing responsible investments that deliver member benefits and real-world impacts. The fund's commitment to accountability and transparency aligns with impeccable governance principles.



4 Impact-conscious

In our view, the case for considering the impact of the fund's activities, its investment portfolios and the assets within them, isn't simply a case of responsible corporate citizenship for the sake of 'doing the right thing'.

In addition to assessing and responding to the immediate financial impacts of external social, economic and environmental factors (outside-in impacts) on the fund's ability to achieve its mandate, at the AFRF, we believe these current impacts will influence the policies, regulations, companies, industries and economies of tomorrow, both positively and negatively. The social, environmental and economic impacts of today will impact retirement fund membership, the universe of investable assets and financial returns in the future.

As a retirement fund, we believe that actively assessing and managing the impact of our operations and business activities (including the impacts of our investment decisions) on society and the natural environment (inside-out impacts) is a long-term value protection and value-creation imperative. The social and environmental impacts of today will impact on the ability to generate returns in the future, and therefore, we have a duty to understand these possible impacts and to use the influence of the capital within the fund to reduce negative social and environmental impacts and drive positive impacts over time.

We acknowledge that as a retirement fund, we have a duty to not only consider the possible impacts in the next one, three or five years, but simultaneously we have a duty of care over a 20, 30 and 40-year timeframe, as we walk the journey towards retirement with our members.

With this in mind, factors that may be material to our ability to generate risk-adjusted returns in the short, medium and long term are of strategic importance.

During 2024 the fund will undertake further assessment of its approach to identifying and considering the impact of external factors on the fund as well as the external impacts of the fund and strategic impact these may have on its long-term strategy. Where needed, further improvements and adjustments will be considered and implemented.

The social, environmental and economic impacts of today will impact retirement fund membership, the universe of investable assets and financial returns in the future.

5 Transparent stakeholder communication

Trustworthy retirement funds prioritise clear and open communication with members and other stakeholders to foster positive relationships. Transparent communication builds trust among stakeholders, including members, employers and regulators.

AFRF maintains transparent stakeholder communication through regular reports, fund updates and newsletters. Direct engagement with members, workshops and webinars enhances understanding and trust, aligning with future-fit communication practices.



During 2024 the fund will undertake further assessment of its approach to stakeholder communication with a particular focus on diversifying communication channels to meet the diverse needs and preferences of our stakeholder groups. Where needed, further improvements and adjustments will be considered and implemented.





Summarised annual financial statements

Highlights

For the year ended 31 March 2023

	2023	2022	Change (%)
Pension section			
Active members	102 408	104 352	
Preserved members	1 543	1 911	
Deferred retirees	85	78	
Pensioners (living annuitants)	100	101	
Unclaimed benefits	3 996	1 940	
Total membership	108 132	108 382	0
Total assets	R39.9 billion	R39.5 billion	1
Provident section			
Active members	213 883	200 290	
Preserved members	6 274	4 966	
Deferred retirees	63	63	
Pensioners	69	71	
Unclaimed benefits	7 819	5 267	
Total membership	228 108	210 657	8
Total assets	R66.6 billion	R63.1 billion	6

Pension section balance sheet

For the year ended 31 March 2023

Rands	2023	2022
Assets		
	39 979 480 449	39 528 521 247
Investments	38 787 396 672	38 202 210 971
Current assets	1 192 083 777	1 326 310 276
Liabilities		
	39 979 480 449	39 528 521 247
Member balances	38 833 918 818	38 129 873 125
Unclaimed benefits	76 474 912	69 523 992
Reserve accounts	53 027 371	48 495 437
Employer surplus accounts	56 891 358	76 240 755
Current liabilities	959 167 990	1 204 387 938

Provident section balance sheet

For the year ended 31 March 2023

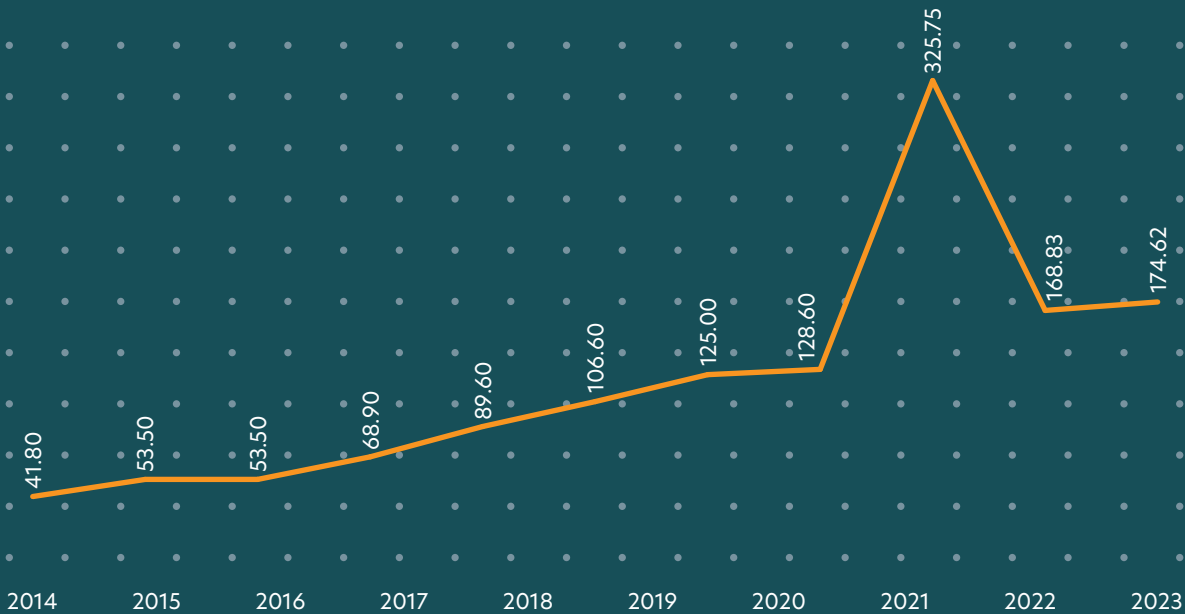
Rands	2023	2022
Assets		
	66 599 577 561	63 071 422 687
Investments	64 103 697 370	59 022 984 626
Current assets	2 495 880 191	4 048 438 061
Liabilities		
	66 599 577 561	63 071 422 687
Member balances	64 587 699 990	60 588 905 448
Unclaimed benefits	135 936 140	91 022 520
Reserve accounts	83 476 094	70 465 911
Employer surplus accounts	114 413 548	138 988 996
Current liabilities	1 678 051 789	2 182 039 812

Contributions

For the year ended 31 March 2023

Rands	Pension	Provident
Contributions*	3 531 074 144	6 773 414 514
Member	1 728 240 608	1 382 221 916
Employer	1 802 833 536	5 391 192 598
Allocation to risk and expenses	362 265 812	718 661 896
Allocation to savings	3 168 808 332	6 054 752 618
* Contributions receivable	105 835 386	277 115 619

Annual voluntary contributions (R millions)



Additional voluntary contributions

For the year ended 31 March 2023

Rands	Pension	Provident
2023	72 768 348	101 848 556
2022	64 634 393	104 197 656
2021	115 016 447	210 734 103
2020	47 149 687	81 444 862
2019	42 196 507	83 680 996
2018	36 027 982	70 636 803



Pension section benefits accrued

For the year ended 31 March 2023

Rands	2023	2022	Change (%)
	4 294 579 506	4 758 699 456	
Withdrawals	2 127 255 970	2 039 373 008	4
Divorce payments	43 474 738	64 270 674	
Default housing loans	-	-	
Retrenchments	466 988 742	393 018 241	19
Retirements	1 295 234 296	1 645 229 968	(21)
Pensions	15 750 077	14 585 342	8
Deaths	345 875 683	602 222 223	(43)

Provident section benefits accrued

For the year ended 31 March 2023

Rands	2023	2022	Change (%)
	6 722 014 785	7 125 379 678	
Withdrawals	3 434 409 005	3 152 345 487	9
Divorce payments	104 137 792	75 337 315	
Default housing loans	-	-	
Retrenchments	879 134 922	1 167 174 746	(25)
Retirements	1 676 542 352	1 687 436 786	(1)
Pensions	9 903 765	9 617 684	3
Deaths	617 886 949	1 033 467 660	(40)

The above are extracts from the fund's annual financial statements to provide an overview for information purposes and comparison. The purpose and basis of preparation of the financial statements is for reporting to the Financial Sector Conduct Authority and may not be suitable for another purpose. The full financial statements and auditor's report should be reviewed before drawing any conclusions.

Appendix A

King IV™ application register

AFRF's board of trustees recognises the importance of being a responsible corporate citizen and is committed to ethical and effective leadership towards achieving the King IV™ outcomes. The board has primary accountability for the governance and performance of the fund. The application of the King IV™ principles is referenced below.

Principle	Application
Leadership, ethics and corporate citizenship	
Leadership	
1 The board should lead ethically and effectively.	<ul style="list-style-type: none">The board of trustees acts in good faith in line with its fiduciary responsibilities.The board has embraced the Treating Customers Fairly (TCF) principles and embedded TCF in its culture, operations and decision-making process.The board has developed and adopted a number of governance, management and investment policy documents taking the above, as well as the good governance guidelines of PF130 and the King reports, into account. These include:<ul style="list-style-type: none">Code of conduct and board charterTerms of reference for board sub-committeesRisk management policy and assessment matrixInvestment policy statementCommunication policyPrivacy policyThis is supported by the fund's implementation of PF 130, which contains good governance guidelines for funds.The board has also adopted the CRISA principles and the applicable provisions of the FSCA's Treating Customers Fairly (TCF) road map.The board remains fully accountable and responsible to the fund and its members even where functions have been outsourced or delegated to third parties.The board leads the fund's ethical culture.
Organisational ethics	
2 The board should govern the ethics of the fund in a way that supports the establishment of an ethical culture.	<ul style="list-style-type: none">The fund's ethical organisational culture is reflected in the governance documentation referred to above. The board members act with independence of mind and remain objective in their decision-making, regardless of the constituencies who elected or appointed them. Conflicts of interest are avoided, but where they can't be avoided, they are appropriately managed. This is detailed in the fund's code of conduct.In addition to the board managing the fund with an ethical conscience, the board expects the same from the service providers appointed to the fund, such as the consultant, administrator, investment consultant, asset manager/multi-manager and actuary.The board interrogates whether the service providers are embedding the six TCF outcomes into their culture, operations and decision-making processes and this forms part of the decision whether to retain or approve the appointment.The fund's code of conduct deals with whistle-blowing obligations.
Responsible corporate citizenship	
3 The board should ensure the fund is (and is seen to be) a responsible corporate citizen.	<ul style="list-style-type: none">The fund complies with the requirements of Regulation 28, which states that prudent investing 'should consider any factor which may materially affect the sustainable long-term performance of the fund's assets, including ESG factors'.The board ensures its investment analyses and practices take account of sustainability, including ESG factors, as provided for in principle 1 of CRISA. This approach is documented in the fund's investment policy statement.The board appointed a sustainability and transformation sub-committee (STSC) to oversee and monitor the fund's activities in relation to economic transformation, specifically BBBEE, and its social and environmental impacts.

Principle	Application
Strategy, performance and reporting	
Strategy and performance	
4 The board should appreciate that the fund's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.	<ul style="list-style-type: none">The fund's code of conduct, investment policy statement, risk management policy and risk assessments address the requirements of this principle.The board regularly reviews the fund's strategies, in particular its long-term sustainability and the achievement of members' reasonable benefit expectations. To this end, advice and guidance are obtained from external service providers.The board ensures the fund's strategies are implemented and that performance targets are being met through regular exception reporting, and where required, interaction with service providers. Opportunities to improve the fund's operations and governance framework are identified. Exception reporting is provided at quarterly trustee meetings. Where performance issues or risks are identified, mitigation is led through the risk process.The board promotes the use of a propriety LifeGauge tool by the servicing consultants at the participating employer level, to analyse the specific employer's membership behaviour, highlighting risks and impact of different factors on the likely outcomes of the benefit structure, so targeted interventions can be identified and implemented.The board regularly performs a strategic risk assessment and monitors risks that exceed risk tolerance levels. Highlighted risks are monitored at each trustee meeting and new risks are added, with annual review of these by the ARM and overall fund risk review every three years.The board is satisfied the trust's investment strategies have led to a financially sound and sustainable pension fund.
Reporting	
5 The board should ensure reports issued by the fund enable stakeholders to make informed assessments of the fund's performance, and its short, medium and long-term prospects.	<ul style="list-style-type: none">The fund's communication policy outlines the board's views and approach to a communication strategy.The board confirms the fund has implemented PF 130 guidance.The board is satisfied that the reports produced and published by the fund, including the trustees report, integrated annual report, fund fact sheets and newsletters provide audiences with the necessary information required to make informed assessments of the fund's performance and prospects.The board of trustees oversees that statutory reports and returns are issued and comply with legislation.All reports published by the fund are extensively reviewed by the board, relevant board committees and external service providers (such as legal advisers, auditors and investment consultants), as deemed necessary.
Governing structure and delegation	
Primary role and responsibilities of the board	
6 The board should serve as the focal point and custodian of corporate governance in the fund.	<ul style="list-style-type: none">The board is ultimately responsible for setting the fund's strategic direction, approving policy and other governance documents, overseeing and monitoring the implementation and execution thereof and ensuring accountability for performance on an ongoing basis.Even though the board does delegate certain management authority to the Alexforbes service providers, extensive feedback is provided to the board as and when required on the implementation of the fund's strategies, projects and operational and governance-related matters.A governance report is included this annual integrated report and includes detailed disclosure on board and committee activities.

Principle	Application
Governing structure and delegation continued	
Composition of the board	
7 The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	<ul style="list-style-type: none">• The board consists of three internal trustees (Alexforbes executives) and three external, independent trustees. Alternate trustees have been appointed to provide for succession planning and continuity of operations.• Board members are appointed as professional trustees and are therefore expected to have sufficient education in the skill for which they are appointed. Cognisance is given to the knowledge, skills and experience of the board when new appointments to the board are made.• The current trustees collectively have sufficient experience and understanding of the fields of administration, investment, actuarial, accounting, legal, project management and social matters to enable them to perform their duties objectively and effectively.• The board makes use of external expertise on specific matters outside the collective knowledge, skills and experience of the board when required.
Committees of the board	
8 The board should ensure its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.	<ul style="list-style-type: none">• The board has established several board committees, which assist the board in discharging its responsibilities. The committees are formally mandated by the board by means of written terms of reference as to their membership, authority and duties.• A governance report forms part of the integrated report and includes detailed disclosure on the standing committees appointed by the board, the roles and responsibilities of each standing committee and membership.
Evaluations of the performance of the board	
9 The board should ensure the evaluation of its own performance and that of its committees, its chairperson and its individual members, support continued improvement in its performance and effectiveness.	<ul style="list-style-type: none">• Each trustee on an annual basis is required to complete a formal self-appraisal assessment, which broadly covers the performance of the board, the chairperson, the principal officer and the board committees.• The results of the individual assessments are collated and tabled with the board for consideration.
Appointment and delegation to management	
10 The board should ensure the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	<ul style="list-style-type: none">• The principal officer is appointed by the board and his/her responsibilities and authorities derive from the Pension Funds Act and are clearly expressed in the principal officer service level agreement, and fund governance and policy documents where applicable.• The principal officer is responsible for the day-to-day executive management of the fund in line with the policies and strategic objectives set by the board, and must make sure decisions taken by the board are properly recorded and implemented.• The principal officer reports to the board on the fund's performance and other material matters at regularly scheduled meetings or as and when required.• The performance of the principal officer is evaluated annually against key performance indicators (KPI) agreed with the board.

Principle	Application
Governance functional areas	
Risk governance	
11 The board should govern risk in a way that supports the fund in setting and achieving its strategic objectives.	<ul style="list-style-type: none">• The board is ultimately responsible for the management of various risks facing the fund.• The fund's risk management policy sets out how the board governs risk.• Fund management is entrusted with the responsibility of ensuring sound risk management is embedded at all levels and overseen at an appropriate level to meet the fund objectives.• The fund's auditors review the adequacy and effectiveness of the fund's risk management framework and report to the board on the status thereof.• The fund's risk register is annually reviewed and approved by the board.
Technology and information governance	
12 The board should govern technology and information in a way that supports the fund setting and achieving its strategic objectives.	<ul style="list-style-type: none">• The board of trustees assumes responsibility for the governance of technology and information and considers the impact and importance of information and technology on achieving strategic objectives and operational excellence.• The fund itself does not own technology and information systems. Many of the fund's functions are outsourced to third-party service providers, which utilise technology and information systems.• The board has a reasonable degree of comfort that the technology and information systems utilised by service providers supports the fund setting and achieving its strategic objectives. The board is looking for its providers to leverage technology to provide better access to and timeous provision of information to members as their needs evolve.
Compliance governance	
13 The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the fund in being ethical and a good corporate citizen.	<ul style="list-style-type: none">• The board of trustees has an oversight responsibility to guarantee compliance with the applicable laws, regulations issued by the authority, the fund rules and the various governance and policy documents.• The fund complies with all applicable laws and regulations, as well as taking cognisance of all non-binding industry guidance, such as PF Circular 130 and King IV™.• External advisers regularly assist the board on matters relevant to compliance and provide feedback to the board on the effectiveness of the fund's systems and processes for monitoring compliance. Regular exception reporting assists in identifying any areas of concern that need to be evaluated or addressed to meet compliance.• The STSC assists the board in monitoring the fund's activities in relation to best practice with regard to social and environmental considerations.
Remuneration governance	
14 The board should ensure the fund remunerates fairly, responsibly and transparently to promote the achievement of its strategic objectives and positive outcomes in the short, medium and long term.	<ul style="list-style-type: none">• The fund remunerates external trustees as well as internal trustees who are not employees of the administrator but appointed by the administrator.• The board believes the remuneration to be fair for a professional occupation and is benchmarked against that identified in the PricewaterhouseCoopers' remuneration survey and the rate paid by the Financial Services Conduct Authority for section 26 trustee appointments.• Annual remuneration increases are in line with inflation as measured by the Consumer Price Index.

Principle	Application
Governance functional areas continued	
Assurance	
15 The board should ensure assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the fund's external reports.	<ul style="list-style-type: none">• The board make certain that an independent, external audit is conducted on the fund every year. All opinions from the auditor's report are reviewed by the board and corrective action is taken where relevant.• The fund's audit and risk management sub-committee (ARM) assumes responsibility and oversight of the audit. The ARM provides feedback to the board and any relevant matters are put before the board for consideration. The board also has an open invitation to attend any of the ARM meetings.• The King IV™ report allows for application of the principles on a proportional basis. Owing to the fund's governance budget, all other relevant assurance functions and reviews not specifically in the ARM's mandate are conducted by the board.
Stakeholder relationships	
Stakeholders	
16 In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the fund over time.	<ul style="list-style-type: none">• The board, directly or through its board committees and fund management executives, takes responsibility for providing direction and overseeing all matters affecting the reasonable needs, interests and expectations of its stakeholders.• The board also receives feedback from the consultants to the management, committees, and reviews service complaints to gauge the needs, interest and expectations of the members, the fund's key stakeholder.• The communication committee oversees the fund's communication strategy, which takes stakeholder expectations and requirements into account. The fund maintains informative online portals and issues regular newsletters and communications to ensure members are treated fairly and kept appropriately informed.• The fund registers complaints, as well as matters referred to the Pension Fund Adjudicator (PFA) and views expressed by stakeholders are reported in full to the board at meetings or as and when required.
Evaluations of the performance of the board	
17 The board should ensure responsible investment is practised by the fund to promote the good governance and the creation of value by the companies in which it invests.	<ul style="list-style-type: none">• The board acknowledges that a responsible investment approach whereby ESG factors are incorporated in long-term investment strategies, processes and activities in addition to financial considerations, is expected to contribute towards decreasing investment risk and improving risk-adjusted returns.• This approach includes the active ownership responsibilities of engagement, proxy voting and reporting. The board has delegated all active ownership responsibilities to the respective asset managers. All asset managers have investment management agreements and mandates in place, which incorporate the principles of responsible investing and are reviewed regularly.• The board:<ul style="list-style-type: none">■ Monitors the manner in which the asset managers are voting on behalf of the fund■ Interrogates the asset managers on the discharge of their active ownership responsibilities and on how they have applied ESG factors in their investment decisions.

Appendix B

The World Bank Sustainable Investment Best Practice Disclosure Checklist

To demonstrate our commitment towards sustainable investing, AFRF has taken into consideration the guidance provided by the World Bank Sustainable Investment Best Practice Disclosure Checklist for Pension Funds. This checklist has been developed to provide a comprehensive list of the disclosures that the stakeholders of large asset owners, such as pension funds, are likely to be interested in. In November 2022 AFRF completed an assessment to demonstrate our alignment with the best practice disclosures provided by the checklist and to provide guidance on areas for improvement.

The checklist is divided into five categories, each with questions relevant to different aspects of sustainable investing by pension funds.

1 About the organisation	Core information about the organisation, including its size, its investments, its objective and its mandate.
2 Governance and strategy	Information about the organisation's investment beliefs, strategy, policies and targets, and governance.
3 Sustainable investment by asset class	Information about the organisation's approach to investment decision-making and active ownership in its major asset classes.
4 Delegated investment	Information about how the organisation outsources investment management.
5 Climate change	Information about the organisation's approach to climate change in its investment process.

The scores for each category are then aggregated into an overall score for the fund. The aggregated results of the AFRF assessment have been incorporated into a traffic-light system where green signals disclosures that are sufficiently met, orange signals partially met and red signals not sufficiently met. Any areas that scored red or orange are key focus areas for the fund going forward.

Category	Rating
About the organisation	<div><div></div></div>
Governance and strategy	<div><div></div></div>
Sustainable investment by asset class	<div><div></div></div>
Delegated investment	<div><div></div></div>
Climate change	<div><div></div></div>

The results indicate where AFRF is performing well into terms of disclosures, most notably information about the fund and our governance and strategy, and where improvement is needed, specifically with regard to reporting by asset class and climate change. It is important to note that all the above scores except for climate change are above the average recorded by the World Bank in its assessment of global pension funds done in 2020.

As detailed in this integrated report, AFRF is committed to promoting responsible investment and addressing ESG-related issues. Our journey towards the Retirement Fund of the Future will enable the fund to proactively address the areas where improvements are needed, such as climate change, via the pillars of strategic long-term thinking and being impact conscious. Our focus on being future-fit means that we are committed to continually enhancing our approach to sustainability thereby creating positive impact for society and the environment.

Glossary

Administrator	A company approved in terms of the Pension Funds Act and appointed by a retirement fund. A fund's administrators handle all day-to-day administrative duties of a fund.
Alternate trustee	Alternate trustees take the place of appointed or elected trustees when they are not available. The alternate member trustee will usually be the person who had the next highest number of votes in a trustee election.
Annuity	This is a pension – a type of financial product you can buy from a registered provider. For example, you can buy an annuity at retirement, using your retirement savings. From this, you should get a fixed monthly income for the rest of your life or until your savings run out, depending on the type of annuity you buy.
Asset	Any property or item that has a monetary value that increases over time.
Asset allocation	This is how the money in an investment portfolio is divided into different asset classes, usually shown as a percentage. Splitting up a portfolio this way is called diversification and helps lower the risk of an investment portfolio.
Asset classes	The investment building blocks in which your money can be invested. The main asset classes are cash, bonds, property and shares.
Beneficiaries	The people or organisations that benefit from the income or proceeds of an insurance policy, trust, retirement fund or will. You can nominate your beneficiaries in your will or life policy and on your retirement fund nomination of beneficiaries form. Beneficiaries can be your dependants or nominees.
Commodity	Any marketable item produced to satisfy wants and needs. Generally, these are basic resources and agricultural products such as crude oil, coal, salt, sugar, rice, gold and silver that are the same no matter who produces them but can vary in quality.
Defined contribution (DC) fund	The final benefit you get from a defined contribution fund depends on all your contributions, the employer's contributions to the fund and the investment returns.
House view	A framework that uses the best investment view of an investment manager. Depending on the type of portfolio, this may include their opinions on asset allocation and share selection.
Investment manager	A company hired to invest money; for example, retirement fund trustees might hire a manager to invest the fund's assets.
Investment strategy	For a retirement fund, the investment strategy will guide trustees when they choose where to invest a retirement fund's money, to meet the fund's objectives.
Multi-manager	This is a type of investment strategy where many investment managers look after different asset classes of a portfolio. This helps reduce risk because each manager follows a different investment style and philosophy. Each investment manager will have specific expertise in their field and will be chosen to optimise the outcome of the portfolio.
Portfolio	A group of different types of investments. The investment categories you can choose from are generally a mix of four main asset classes.

Preservation fund	A retirement investment product. You can transfer your retirement fund savings, tax-free, into a preservation fund when you leave the fund. You cannot make any additional contributions to a preservation fund. You can make one cash withdrawal in case of emergency. You can retire from the fund from the age of 55.
Preservation rate	This is the percentage of members who preserve their retirement savings when changing jobs, as opposed to taking a payout of the total savings for which the member may incur a tax liability.
Principal officer	The retirement fund's appointed official and monitoring person who reports to the Financial Sector Conduct Authority (FSCA).
Regulation 28	This is detailed in the Pension Funds Act and is the law controlling retirement fund investments in South Africa. It is in place to make sure investors use investment guidelines to protect you from loss of value from risky investments.
Replacement ratio (RR)	This is the projected percentage of your final pensionable salary you would be receive as a pension income when you retire.
Rule amendments	Retirement fund rules change from time to time and must always be kept up to date with changes in the law, the South African Revenue Services (SARS) and Financial Services Board (FSB) requirements, as well as changes in the retirement industry. Changes made to the rules are called amendments and must be registered by the Financial Services Board and approved by SARS.
Trustee	A member of a retirement fund management board. Trustees are either elected by retirement fund members or appointed by the employer. They are responsible for the fund and must run the fund according to the rules and in the members' best interests.
Umbrella fund	A retirement savings fund for an unrelated group of employers. This can be a cost-effective arrangement as fund expenses are shared over all employer groups.

Fund administration

Alexander Forbes Retirement Fund

Fund registration number:
12/8/34768 (pension section)
12/8/34766 (provident section)

EB Consultants

Alexander Forbes Financial Services (Pty) Ltd

Registered office of the fund

Alexander Forbes, 115 West Street, Sandown

Benefit administrator

Alexander Forbes Financial Services (Pty) Ltd

Consulting actuaries

Alexander Forbes Financial Services (Pty) Ltd

External auditor

Deloitte & Touche South Africa

Internal audit service provider

Alexander Forbes Financial Services (Pty) Ltd
Ernst and Young (outsourced partner)

Investment consultants

Alexander Forbes Investment Advisory

Website

Email

Alexforbes client
contact centre
0800 100 333



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 8:30 and 17:30
- Email

Divorce orders

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

Email:
Phone: Alexforbes Help Desk on 011 324 3401

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

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



Complaints

If you are unhappy with any aspect of our service, please email **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.