

Retirement



# Alexforbes Invest Retirement Funds

## Annual Report 2024



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# Welcome to the annual report of the Alexforbes Invest Retirement Funds



The Alexforbes Invest Retirement Funds consist of the following three funds:



As a member of one or more of these funds, this report serves to provide you with an update on the activities and financial status of the funds for the period ending 30 June 2024.

## Board members

The Alexforbes Invest Retirement Annuity became operational in December 2019 and the two preservation funds in March 2020. While the three funds are separate legal entities, they are managed by the same board.

The board consists of six members, three being external independent members and three members representing the sponsor, Alexforbes Invest (Pty) Ltd.

In addition, the funds have an independent principal officer.



The current Board members are:



Cheryl Mestern  
Independent and Chairperson



Sandy Oberholzer  
Independent



Michael Prinsloo  
Sponsor appointed



Elio E'Silva  
Sponsor appointed



Vuyokazi Memani-Sedile  
Independent  
(resigned 1 October 2024)



Mark de Klerk  
Principal Officer



Gareth van Deventer  
Sponsor appointed

## Fund membership

(July 2023 to June 2024)

Fund	Opening balance	Adjustments	New members	Exits	Closing balance
Alexforbes Invest Retirement Annuity Fund	4053	-97	419	-252	4123
Alexforbes Invest Pension Preservation Fund	150	-12	20	-8	150
Alexforbes Invest Provident Preservation Fund	143	-33	16	-14	112



## Fund financials

(July 2023 – June 2024)

The financial year-end of the fund is 30 June of each year and the annual financial statements are then audited by an external auditor, PwC. The board has finalised the review of the annual financial statements and these will be submitted to the Financial Sector Conduct Authority (FSCA) within their set deadline of six months from the year-end date.

Fund	Assets as at 30 June 2023	Assets as at 30 June 2024
Alexforbes Invest Retirement Annuity Fund	R815 447 903	R1 011 903 505
Alexforbes Invest Pension Preservation Fund	R247 789 492	R272 563 395
Alexforbes Invest Provident Preservation Fund	R140 061 005	R163 332 832



Members are welcome to view the detailed annual financial statements on the fund website – <https://invest.alexforbes.com>.

## Rule Amendments

The following rule amendments were made to the Funds Rules during the year ending 30 June 2024.

### Alexforbes Invest Retirement Annuity Fund

#### Amendment no. 9

To change the name of the Fund and to change the registered address of the Fund. Also to reflect that the name of the Sponsor for the purposes of these Rules has changed and to correct rule 3.10.8.

#### Amendment no. 10

To ensure that the member's share as at 31 August 2024 will form the member's vested component and may be available to the member should he exit the Fund prior to retirement. To make provision for a withdrawal from the savings component should the member so elect and to ensure that members may not access their total value of their member's share prior to retirement.

### Alexforbes Invest Pension Preservation Fund

#### Amendment no. 7

To change the name of the Fund and to change the registered address of the Fund. Also to reflect that the name of the Sponsor for the purposes of these Rules has changed, to correct rule 3.10.5 and rule 3.10.8.

#### Amendment no. 8

To ensure that the member's share as at 31 August 2024 will form the member's vested component and may be available to the member should he exit the Fund prior to retirement. To make provision for a withdrawal from the savings component should the member so elect and to ensure that members may not access their total value of their member's share prior to retirement.

### Alexforbes Invest Provident Preservation Fund

#### Amendment no. 7

- To change the name of the Fund;
- To change the registered address of the Fund;
- To reflect that the name of the Sponsor for the purposes of these rules has changed, by replacing the definition of "Sponsor" in rule 2.3.45;
- To correct 3.10.8 to reflect the correct definition of Annuity Strategy Policy as defined in the rules of the Fund.

#### Amendment no. 8

To ensure that the member's share as at 31 August 2024 will form the member's vested component and may be available to the member should he exit the Fund prior to retirement. To make provision for a withdrawal from the savings component should the member so elect and to ensure that members may not access their total value of their member's share prior to retirement



# Building financial security by focusing on outcomes

Alexforbes Invest is designed, first and foremost, as an outcomes based online investment platform. The primary aim of an outcomes based platform, in conjunction with the board, is to help members achieve a measure of financial security at retirement.

Alexforbes Invest supports this by creating personalised retirement solutions for every member. We do this by combining highly efficient, well-diversified investment exposures with our investment tracking technology at a very low cost.



This solution has been proven to work over the previous few years.

**In fact, 84%** of all investments on the Alexforbes Invest platform have achieved

**95%** or more of their objectives after fees, where investors have followed the guidance of the online digital advice platform and have not withdrawn early.

## How we invest for our members

The board uses an investment approach developed by Alexforbes Invest in conjunction with 10X, S&P Dow Jones Indices and Granate Asset Management. The investment exposures are designed to act as a spectrum of graduated investment risk and return outcomes, each of them calibrated to a set of investment time horizons, using a mix of rules-based (passive) and active approaches to investment management.

In the 10X CoreSolutions Funds, a set of strategic asset allocations are followed to manage the funds. The Granate BCI Money Market Fund is a traditional active money market fund. Evidence indicates that active stock selection in money market instruments has added value, whereas for equity markets, it is harder for a traditional active approach to outperform a low-cost rules-based investment approach.

The board, in conjunction with Alexforbes Invest, meets quarterly to review the performance of the funds on the platform, helping ensure that our investment exposures are doing their part in helping members achieve a comfortable retirement. The board will also examine the individual member returns against an inflation-related target to assist members to achieve growth relative to inflation over longer investment periods.



Money Market



Cautious Fund



Stable Fund



Moderate Fund





## Market review – one year to 30 June 2024

Globally, market sentiment exhibited heightened volatility throughout 2023, oscillating from recession concerns at the start of the year to resilient growth, then anticipation of higher rates and, ultimately, conclusion of the year with a focus on anticipated future rate cuts.

As the apprehension surrounding prolonged high-interest rates diminished, a surge in growth stocks saw global equities ending off the year with a remarkable 24.4% return (in USD). For most of the year, performance was driven by the 'magnificent seven' tech and AI stocks.

In South Africa, 2023 saw persistent issues with the state's various entities continuing to act as a significant impediment to economic progress. Towards the end of the year, improvements in load shedding led to an upward revision in South Africa's growth forecast for 2024, creating an optimistic sentiment towards South African assets, particularly given their affordability and a more favourable global backdrop.

The election results in May 2024 culminated in a Government of National Unity (GNU) and were particularly well received, boosting market sentiment. This renewed confidence led to continued foreign inflows into South African equities and bonds, bolstering all South African asset classes and heightening the prospects of a further rally. The JSE All Share Index increased by 23.9% (in ZAR) for the 12 months to September 2024 while the All Bond Index and SA Listed Property Index recorded gains of 26.1% and 51.3% (in ZAR) respectively, over the same period.

Data for the first half of the year showed that the soft-landing scenario remained relevant – meaning that central banks should be able to bring inflation back to target without weakening the global economy further. The synchronised global easing cycle should bolster risk assets and encourage flows into emerging markets. However, with the US elections having been concluded with a landslide victory in favour of the Republican party, it is noted that a Trump victory of this magnitude will be dramatic in terms of economic impact. It has been suggested that the largest expected impact will be on implementation of trading tariffs from the US on its trading partners, with a greater level of protectionism being realised by the US. The anticipated effects of tariffs are anticipated to be a stronger US Dollar, "higher for longer" inflation and interest rates, negative pressure on Emerging Markets, and more particularly so on China, which is still struggling to recover to former growth levels, despite stimulus measures having been implemented in September 2024.

Consistent declines in inflation locally has seen the South African Reserve Bank (SARB) cutting the repo rate, with further cautious interest rate cuts expected.

One of the most important ways in which we ensure our members that our members achieve adequate returns is through a comparison of the returns of the funds we use, against groups of funds with similar investment mandates (our peer groups). Overall, all the funds in which we invest have outperformed their peers over a three year period.

### Fund performance - one year to September 2024

Fund	Annual return	CPI target	% of CPI target	Peer group outperformed (in %)
Granate BCI Money Market Fund	9.3%	3.9%	238%	92%
CoreSolutions Cautious Fund	16.2%	5.9%	275%	48%
CoreSolutions Stable Fund	18.1%	6.9%	262%	49%
CoreSolutions Moderate Fund	19.8%	7.9%	251%	60%

## Fund performance – three years to September 2024

Fund	3 Year Return	CPI target	% of CPI target	Peer group outperformed (in %)
Granate BCI Money Market Fund	7.5%	5.6%	134%	88%
CoreSolutions Cautious Fund	9.5%	7.6%	125%	55%
CoreSolutions Stable Fund	11.0%	8.6%	128%	80%
CoreSolutions Moderate Fund	11.8%	9.6%	123%	80%

Sources: Alexforbes Invest, Infront and Morningstar. NAV to NAV, net distributions reinvested. Peer group comparisons are performed using the oldest share class for each fund in the peer group. Past performance is not illustrative of future returns and cannot be guaranteed. CPI targets are based on headline CPI over the periods (1 and 3 years) and annualised. \* Annualised return is calculated as the geometric mean return over periods longer than 1 year.

## Beneficiary nominations

Beneficiaries can be your dependants or nominees. A dependant can be either a legal dependant, such as your spouse and children, or a factual dependant, a person you are not legally obliged to support but still provide financial assistance to, such as extended family members or friends in need. A nominee is someone who is neither a legal nor a factual dependant but is someone you wish to receive a portion of the benefit.

The Pension Funds Act states that, in the event of your death, your dependants receive preference over non-dependant beneficiaries. This means the death benefit from your retirement fund will not necessarily be paid as you have specified on your nomination form.

The question is then, why bother to nominate at all? It is still important to indicate who you want as your beneficiaries, as the board of your retirement fund will place great weight on your nomination as part of their fiduciary duties in deciding the best outcome for your dependants. The law is enacted to protect vulnerable people who may be overlooked. After every major life-changing event, such as getting married, the birth of a child, getting divorced or if one of your nominated beneficiaries passes away, it is essential to update your beneficiary nomination and ensure we have your beneficiaries' contact details.

You should also revisit your nomination on your retirement funds when you update your will. Nominations save a lot of time, money and delays, and your loved ones will be grateful for your diligence in keeping your nominations updated.



You can update your nominations easily and seamlessly by logging on to your online profile through our website at <https://invest.alexforbes.com> or on the Alexforbes app.



## Member statements and tax certificates



You can obtain your member statement and tax certificates by logging in at <https://invest.alexforbes.com>. You can log in to your profile and retrieve statements at any time, including investment statements and tax certificates.

## Retirement Benefit Counselling (RBC)

Legislation requires boards of retirement funds to provide their members with access to retirement benefit counselling (RBC) when they are close to or approaching retirement. RBC gives fund members information about the retirement options available and the issues to consider. It is not a replacement for sound financial advice, as members' personal circumstances differ from person to person.

We believe in the value of sound and credible financial advice from a properly qualified financial adviser. At retirement, members must make informed decisions about their options. Your financial adviser is best equipped to guide you through this process and help you achieve your goals, so we recommend that you get in touch with your adviser to plan for your retirement together.

## Alexforbes acquired OUTvest Proprietary Limited.

Alexforbes completed the acquisition of the OUTvest digital investments platform from OUTsurance effective 1 February 2024. The business was subsequently renamed to Alexforbes Invest.

The board of the funds monitored the transaction to ensure that the best interest and rights of members were protected and maintained during this transaction.



Alexforbes shares the same passion for trustworthy advice, products and awesome client service, and it gives us great comfort knowing that our clients' interests are top of mind.

## Two-pot retirement system

The “two pot” retirement system came into effect on 1 September 2024 and all members now have both a savings and a retirement component. There have been a substantial number of members accessing their savings component. It must be remembered that the main objective of the savings component is to meet cash needs and/or retirement income needs at retirement. An option is available to members to meet cash needs before retirement due to financial hardship, but this is not an objective. If the savings component is depleted before retirement, then the member may not have enough savings to meet cash needs at retirement. In addition, the member will lose the opportunity to use the tax incentive available through the retirement tax table (the first R550 000 is taxed at 0%, subject to previous tax allowances).

Furthermore, a tax directive will be required when a savings withdrawal is made as savings are taxed at the member's marginal tax rate before being paid out. The administrator will apply for the tax directive from SARS.

SARS will inform the administrator of the rand amount to deduct from the savings component claim. If a member has any outstanding tax amounts, these may also be deducted and paid to SARS. This could be in addition to the tax on the savings component withdrawal amount. After the claim has been processed, an IRP5 will be issued to the member reflecting the tax paid on the savings withdrawal claim.

We suggest that members save for emergencies separately instead of relying on their savings component, as it should only be used as a last resort. They should always get financial advice from an authorised adviser first to make sure it suits their needs.



## Complaints management

The funds are committed to treating their members and beneficiaries fairly, and maintaining a complaints management system and procedure. This procedure is documented should a member or beneficiary wish to lodge a complaint, and sets out how the funds intend to resolve it. Where there is any conflict between the policy and the provisions of the Pension Funds Act or the rules of the funds, the Pension Funds Act and the funds' rules, in that order, will apply.



### The funds are committed to:

- Resolving member and beneficiary complaints through a fair and practical resolution process
- Dealing with complaints in a timely and fair manner, with each complaint receiving due consideration in a process that is managed appropriately and effectively
- Monitoring complaints from members and beneficiaries to improve the provision of benefits information and to identify any improvements that can be made to the management of the funds
- Reviewing the outcomes of complaints, which can serve as a source of information about the health of the funds' operations and management and administration systems
- Investigating the root causes of complaints to improve the member's experience
- Considering whether a complaint may have affected a wider class of members or beneficiaries, and what should be done to remedy this
- Measuring the length of time taken to deal with a complaint, the outcome and how the outcome is communicated to the member or beneficiary to ensure that the funds are treating their members and beneficiaries fairly



Should you wish to lodge a complaint this can be done by submitting the complaint to Alexforbes Invest on [invest@alexforbes.com](mailto:invest@alexforbes.com).

If you are not satisfied with the response, you can contact the principal officer of the funds. If your complaint is still not resolved, you are entitled to approach the Pension Funds Adjudicator to lodge a formal complaint in terms of the Pension Funds Act.

### Pension Funds Adjudicator:



**Call Centre:** 0860 662 837

**Fax:** 086 693 7472



**Email:** [enquiries@pfa.org.za](mailto:enquiries@pfa.org.za)

**Website:** [www.pfa.org.za](http://www.pfa.org.za)

## Contact details

Please visit our website <https://invest.alexforbes.com> to:

- > View your personal information
- > Switch portfolios, change or update personal details, change or update your nomination of beneficiaries
- > Access your tax certificates and member statements, and view your latest values
- > Access the investments funds' fact sheets and the funds' Investment Policy Statement
- > View the funds' rules and annual financial statements
- > View the Complaints Policy and the Code of Conduct

Alternatively, call our Client Care on 0860 688 837 or send an email to [invest@alexforbes.com](mailto:invest@alexforbes.com). The principal officer can be contacted via email at [deklerkma@alexforbes.com](mailto:deklerkma@alexforbes.com)

The administrator and fund address details:



115 West Street, Sandton, 2196  
<https://invest.alexforbes.com>



Alexforbes Invest is an authorised FSP. All investments are exposed to risk, not guaranteed and dependent on the performance of the underlying assets.

Past performance is not indicative of future performance. Individual investor performance may differ as a result of fees, the actual investment date, the date of reinvestment and dividend withholding tax.

Collective investment schemes are generally medium to long-term investments. Ts and Cs apply.



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