



Lower fees

More **OUT** at retirement



# ANNUAL REPORT

## OF THE OUTVEST RETIREMENT FUNDS

July 2022 – June 2023

# WELCOME TO THE ANNUAL REPORT OF THE OUTVEST RETIREMENT FUNDS

## The OUTvest Retirement Funds consist of the following three Funds:

- OUTvest Retirement Annuity Fund - 12/8/38212
- OUTvest Pension Preservation Fund - 12/8/38213
- OUTvest Provident Preservation Fund - 12/8/38214

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 2023.

## BOARD MEMBERS

The OUTvest 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, being OUTvest (Pty) Ltd.

In addition, the Funds have an independent Principal Officer.

### The current Board members are:



**Cheryl Mestern**  
Independent and Chairperson



**Sandy Oberholzer**  
Independent



**Paul Myeza** (*Resigned*)  
Sponsor appointed



**Mark van der Watt**  
Sponsor appointed



**Vuyokazi Memani-Sedile**  
Independent



**Leslie Pretorius**  
Sponsor appointed



**Mark de Klerk**  
Principal Officer



**Gareth Van Deventer**  
Sponsor appointed

## FUND MEMBERSHIP (JULY 2022 – JUNE 2023)

Fund	Opening balance	Adjustments	New members	Exits	Closing balance
OUTvest Retirement Annuity Fund	2570	-62	1 672	-127	4053
OUTvest Pension Preservation Fund	94	0	61	-5	150
OUTvest Provident Preservation Fund	95	1	56	-9	143

## FUND FINANCIALS (JULY 2022 – JUNE 2023)

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 FSCA within their set deadline of six months from the year-end date.

Fund	Assets as at 30 June 2022	Assets as at 30 June 2023
OUTvest Retirement Annuity Fund	R520 894 244	R815 447 903
OUTvest Pension Preservation Fund	R160 880 096	R247 789 492
OUTvest Provident Preservation Fund	R101 411 611	R140 061 005

Members are welcome to view the detailed Annual Financial Statements on the Fund website – [www.outvest.co.za](http://www.outvest.co.za). The amendments made to the rules during the year are contained in the Annual Financial Statements.

## BUILDING FINANCIAL SECURITY BY FOCUSING ON OUTCOMES

OUTvest 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.

OUTvest supports this by creating personalised retirement solutions for every member, and 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 OUTvest platform in existence since April 2018 (when the tracking system was built) 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.



### Forecasting and tracking

Our technology forecasts and tracks the progress of every single investment goal after fees.

84% of all contracts have achieved 95% or more of their objectives when they followed our digital advice systems.



### Efficient portfolio design

OUTvest designed four investment portfolios in conjunction with 10X and S&P Dow Jones Indices to focus on being as efficient and cost effective as possible.

**Three of our exclusive Funds are 3 star Morningstar rated, which is a measure of investment quality.**



### Low cost

Costs are one of the most important factors in members reaching their objectives in retirement.

**The ONEfee approach from OUTvest can be as low as 0.45%\* p.a. in total fees, excluding taxes.**

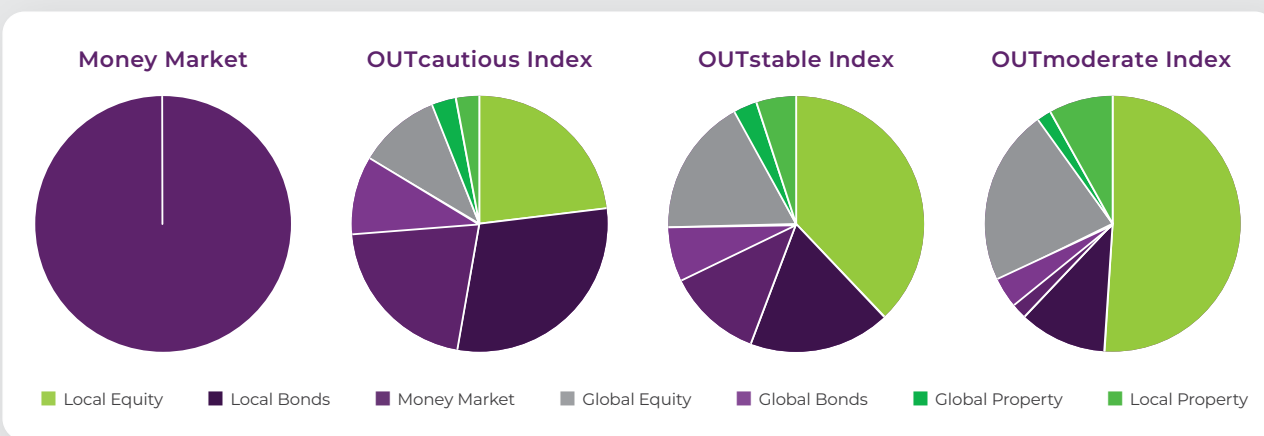
\*Please note that members with investments opened before 11 October 2022 may have a fee that ranges between 1.50% and 0.20% per year, exclusive of taxes, including securities transfer tax.

## HOW WE INVEST FOR OUR MEMBERS

The Board uses an investment approach developed by OUTvest 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 and uses a mix of rules-based (passive) and active approaches to investment management.

In the 10X CoreSolutions OUT Index Funds, a set of three indexes is used 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 OUTvest 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.



## MARKET REVIEW – 1 YEAR TO 30<sup>TH</sup> JUNE 2023

The year started with the South African Reserve Bank (SARB) continuing with their interest rate hikes in their effort to curb the inflation figure. Inflation reached 7.8% in July 2022, the highest for the year under review. Throughout the year under review there were five interest rate hikes, the last being in May 2023, resulting in a repo rate of 8.25%. In the process inflation decreased to 5.4% in June 2023, which is within the 3-6% target range of the SARB.

Even though the second half of 2022 saw an increase in loadshedding and three rate hikes, the markets had a strong fourth quarter performance. The JSE All-Share Index increased 14.6% and SA property increased by 17.6% in the fourth quarter of 2022. The results were mostly driven by the strong performance from the resources sector, as commodities were in high demand from our global trade partners.

The 2022 calendar year was particularly challenging however 2023 proved to be even tougher. Loadshedding got worse as the year progressed, with May 2023 being the worst month to date. In the first half of 2023 South Africans only had a single day without loadshedding on 21 March 2023. The impact of the rate increases, started to show its effect in 2023, and the increase in loadshedding to the worst levels in history continued to make a bad situation even worse for many South Africans.

In addition, the financial markets struggled in the first half of 2023 with the JSE All Share Index increasing by only 4.4% and the JSE SA Listed Property Index decreasing by 7.4% to the end of June 2023. The markets experienced a difficult first half of 2023 and prospects for a stronger second half also seem unlikely. However, at the time of writing our summary, we are starting to see a possible peak in interest rate hikes with inflation slowly coming under control. This bodes well for 2024 and could be the catalyst for a better year ahead for markets.

One of the most important ways in which we ensure 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, the funds in which we invest, excluding the Money Market Fund, have outperformed most of their peers over a 3-year period. The main driver of this performance is due to our slightly underweight position in global equities.

## Fund performance - 1 year to June 2023

Portfolio	Annual Return, 1 year to June 2023	CPI Target	% of CPI target	Peer group outperformed (in %)
Granate Money Market Fund	6.8%	7%	96%	20%
CoreSolutions OUTcautious Index Fund	11.9%	9%	132%	60%
CoreSolutions OUTstable Index Fund	15.3%	10%	152%	80%
CoreSolutions OUTmoderate Index Fund	17.6%	11%	159%	85%

## Fund performance - 3 years to June 2023

Portfolio	Annual Return, 3 years to June 2023	CPI Target	% of CPI target	Peer group outperformed (in %)
Granate Money Market Fund	5.0%	5.4%	93%	29%
CoreSolutions OUTcautious Index Fund	10.4%	7.4%	142%	91%
CoreSolutions OUTstable Index Fund	12.3%	8.4%	146%	95%
CoreSolutions OUTmoderate Index Fund	14.1%	9.4%	150%	88%

Source: OUTvest, 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, whom you are not legally obliged to support but to whom you provide financial support nonetheless. A nominee is someone who is neither a legal nor a factual dependant but whom 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 that may be overseen. After every major life changing event, such as getting married, the birth of a child, getting divorced, or if one of your nominated beneficiaries passed 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 in to your online profile via our website at [www.outvest.co.za](http://www.outvest.co.za) or via the OUTvest app.

# MEMBER STATEMENTS AND TAX CERTIFICATES

You can obtain your member statement and tax certificates by logging in at [www.outvest.co.za](http://www.outvest.co.za). 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 give their members access to **retirement benefit counselling (RBC)** when they are close to or approaching retirement. Retirement benefit counselling provides fund members with information about the retirement options available and 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 advisor. At retirement, members must make informed decisions about their options. Your financial adviser is best equipped to guide you through this process to achieve your goals, and we recommend that you get in touch with your adviser to plan for your retirement together.

In order to assist with this pre-retirement journey, please feel free to view our series of articles on the **OUTvest Retirement Info Hub**.

## OUTVEST SALE UPDATE

Communication regarding the sale of OUTvest (Pty) Ltd to Alexforbes was shared with the broader market during November 2023. The Board of the Funds have been monitoring developments in this regard and are committed to ensuring that the best interests and rights of members are protected during this transaction. Should members have any queries or concerns, please address these to the Principal Officer.

Alexforbes is a leading South African financial services group with over R450 billion under management that provides individuals, employers and retirement funds with integrated and independent advice, investment, healthcare and employee benefit solutions. Listed on the Johannesburg Stock Exchange (JSE); Alexforbes impacts people's lives by delivering valuable insight and advice. Alexforbes shares the same passion as OUTvest 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 REFORM

You may have read about the 'two-pot' retirement system in the various media over the last few months, with the proposed implementation date of 1 September 2024 (but this could change). Government is implementing the system to encourage pre-retirement preservation, as well as allowing retirement fund members access to a part of their retirement fund benefits in case of emergencies or financial hardship.

Once this new legislation takes effect all new contributions members make to their retirement funds (Pension Funds, Provident Funds and Retirement Annuities) will be split into so called "Two Pots" or two components. The **Savings Pot** will receive 1/3rd of the member's contributions while the **Retirement Pot** will receive 2/3rds. Subject to certain restrictions members may access (withdraw and incur tax) funds from their Savings Pot on an annual basis. The money in their Retirement Pot however cannot be accessed until the member's qualifying retirement age as per the rules of the retirement fund or prevailing legislation, and must then be used to provide the member with an income for their retirement years.

Even though you may be able to withdraw money from your savings component when the system is implemented, you don't have to. It is always best to not withdraw anything from your retirement fund so that you can retire more comfortably, due to the compound effect of savings and withdrawals. As the legislation has not been finalised (at the time of this report) by Parliament, we are unable to provide all the finer details at this moment. We will keep our members informed of further developments once finalised.

# 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:

1. Resolve Member and Beneficiary complaints through a fair and practical resolution process;
2. Deal with complaints in a timely and fair manner, with each complaint receiving due consideration in a process that is managed appropriately and effectively;
3. Monitor 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;
4. Review the outcomes of complaints, which can serve as a source of information about the health of the Funds' operations and management and administration systems;
5. Investigate the root causes of complaints to improve the Member experience;
6. Give careful consideration to whether a complaint may have affected a wider class of Members or Beneficiaries, and what should be done to remedy this;
7. Measure 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 OUTvest on [complaints@outvest.co.za](mailto:complaints@outvest.co.za)

If you are not satisfied with the response from OUTvest, 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)

## FUND CONTACT DETAILS

### Please visit our website [www.outvest.co.za](http://www.outvest.co.za) to:

- View your personal information
- Switch portfolios, change/update personal details, change/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 Department on 0860 688 837 or send an email to [outvestadmin@out.co.za](mailto:outvestadmin@out.co.za)

The Principal Officer can be contacted via email at [deklerkm@out.co.za](mailto:deklerkm@out.co.za)

### The Administrator and Funds address details:

Physical address: 1241 Embankment Rd  
Zwartkop Ext 7  
Centurion  
0157  
South Africa

Postal Address: PO Box 8443  
Centurion  
0046

Website: [www.outvest.co.za](http://www.outvest.co.za)

OUTvest 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.