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# **Annual Report of the OUTvest Retirement Funds**

June 2020 – June 2021

# Welcome to the annual report of the OUTvest Retirement Funds

The OUTvest Retirement Funds consist of the following three Funds:

- OUTvest Retirement Annuity Fund - 12/8/36212
- 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 2021.

## 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 initially consisted of four members, two being external independent members and two members representing the Sponsor, being OUTvest (Pty) Ltd. The Rules also provided for alternate members.

From 1 July 2021, the rules were amended to expand the Board to six members, three being independent and three appointed by the Sponsor.

In addition, the Funds have an independent Principal Officer.

The current Board members are:



**Cheryl Mestern**  
Independent and Chairperson



**Sandy Oberholzer**  
Independent



**Paul Myeza**  
Sponsor appointed



**Mark van der Watt**  
Sponsor appointed



**Vuyokazi Memani-Sedile**  
Independent



**Leslie Pretorius**  
Sponsor appointed



**Mark de Klerk**  
Principal Officer

## Fund membership (June 2020 – June 2021)

Fund	Opening balance	New members	Exits	Closing balance
OUTvest Retirement Annuity Fund	293	1149	(25)	1417
OUTvest Pension Preservation Fund	6	54	(1)	59
OUTvest Provident Preservation Fund	3	56	(3)	56

## Fund financials (June 2020 – June 2021)

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 Trustees have finalised the review of the annual financial statements and these have been submitted to the FSCA within their set deadline of six months from the year-end date.

Fund	Assets as at 30 June 2020	Assets as at 30 June 2021
OUTvest Retirement Annuity Fund	R62 605 116	R322 530 415
OUTvest Pension Preservation Fund	R5 196 238	R112 307 981
OUTvest Provident Preservation Fund	R 5 960 410	R75 020 568

Members are welcome to view the detailed Annual Financial Statements of 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.

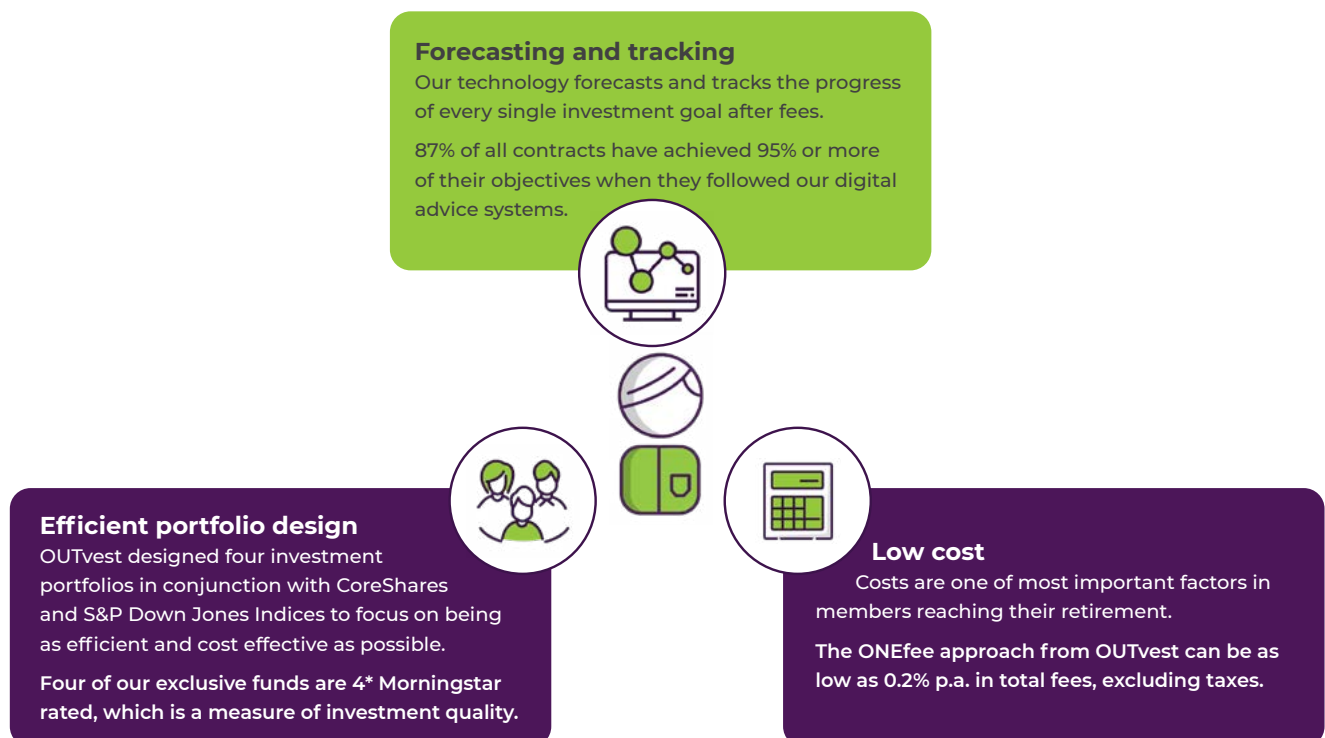
## Building financial security by focusing on OUTcomes

OUTvest is designed, first and foremost, as an OUTcomes based 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 and at a very low cost.

This solution has been proven to work over the previous few years. In fact, 84% of all investment contracts in existence since March 2018 (when the tracking system was built) have achieved 95% or more of their objective after fees, 73% more than 100% of their objective to February 2022. This is where investors have followed the guidance of the platform and have not withdrawn early.



## How we invest for our members

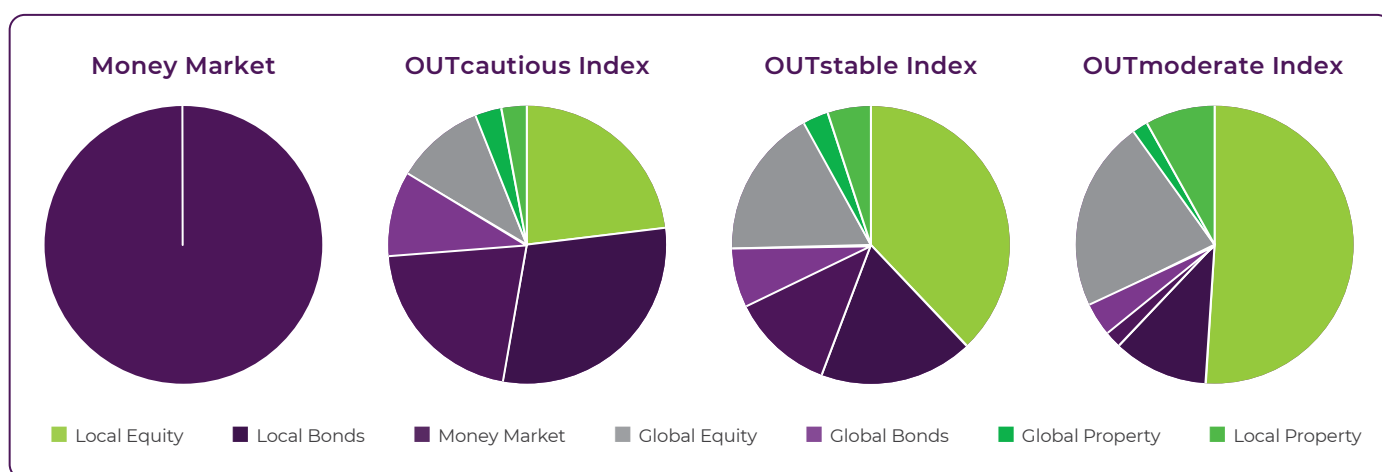
The board uses an investment approach developed by OUTvest in conjunction with CoreShares and S&P Dow Jones Indices and Granate Asset Management. The investment exposures are designed to act as a spectrum of graduated investment risk and return outcomes, each of them calibrated to a set of investment time horizons.

In the CoreShares OUT funds, a set of three custom indices is used to guide the investment decisions. The Granate SCI Money Market fund is a traditional active money market fund. Evidence indicates that active stock selection in money market instruments has added value. 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.

Changes to the investment allocations were implemented in September 2021 and a summary of the changes is below:

- Increasing cash in lower risk indices
- Increasing offshore weight across the indices
- Increasing emerging market weight within the global equity allocation
- Increasing nominal bond exposures versus inflation-linked bonds
- Reducing listed property as a separate asset class in some indices
- Adjusting risk and return trade-off in all indices

The revised asset allocations for the CoreShares OUT funds are reflected in the following pie graphs below:



## 1 year to 30th June 2021

Markets have strongly rebounded from the crash caused by the COVID-19 pandemic in March 2020. The South African equity markets benefited from the commodity boom, of which one theme is sustainability which sparked a demand for commodities such as Rhodium and Palladium.

As a country well-endowed in natural resources, South African mining shares lifted the JSE into record territory. The strong performance in the equity market has filtered through into our members' accounts, with the equity and multi-asset funds performing relatively well in absolute terms and relative to peers for the year ending June 2021.

The equity and multi-asset funds achieved both their inflation target and relative-to-peers' target, even though the Granate Money Market Fund managed to achieve its inflation target, it just fell short of beating 50% of its peers in the same ASISA category.

On a 3 year basis, the funds have improved on both relative-to-peers and absolute basis. All funds managed to outperform 50% of their peers in the same ASISA category, only the OUTmoderate fund fell short in achieving its inflation target over 3 years.

The table below provides some insights into how our funds have performed on an annualised basis over the last year and 3 Year period.

### Fund performance - 1 year to June 2021

Portfolio	Annual Return, 1 year to June 2021	CPI Target	% of target	Peer group outperformed (in %)
Granate Money Market Fund	4.0%	5%	81%	44%
CoreShares OUTcautious Index Fund	14.9%	7%	212%	93%
CoreShares OUTstable Index Fund	16.9%	8%	211%	76%
CoreShares OUTmoderate Index Fund	20.4%	9%	226%	75%

## Fund performance - 3 years to June 2021

Portfolio	Annual Return, 3 years to June 2021	CPI Target	% of target	Peer group outperformed (in %)
Granate Money Market Fund	6.3%	4%	157%	44%
CoreShares OUTcautious Index Fund	7.1%	6%	118%	63%
CoreShares OUTstable Index Fund	7.3%	7%	104%	65%
CoreShares OUTmoderate Index Fund	7.1%	8%	89%	55%

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.

## June 2021 to December 2021

Despite all the negative events occurring in South Africa, the July Riots, devastating Corona Virus and lockdowns, the equity markets have continued in reaching uncharted territory. Even though the local equity market experienced a correction in Mid-September, the market quickly rebounded and smashed through the 70 000 points. Even the news of the new COVID-19 variant Omicron being identified didn't slow the market down, it achieved 72 000 at the end of December 2021.

South African equity markets ended 2021 on a strong note. The JSE All Share Index ended up nearly 30% for the year. This was the best performance in 12 years. Strong performance from the resources sector, consumer discretionary and property sector can be attributed to the strong local market performance.

In a surprise turn of events, in 2021 due to inflation fears, inflation-linked bonds outperformed Sovereign Bonds. Inflation-linked bonds returned around 16% in 2021 compared to 8% by sovereign bonds.

In the 2nd half of 2021, we saw a rise in inflation due to a surge in crude prices, weaker Rand and supply chain bottlenecks. This forced the SARB to raise interest rates for the first time in 3 years. We feel this raise is more of a sign to the market that the Reserve Bank is monitoring inflation closely and is not necessarily designed as a reaction to the recent inflation rise, which we see as factors that are not in control of consumers.

The new asset allocation changes seem to be working well. Two of the three multi-asset funds outperformed more than 80% of their peers in the same ASISA category for 3 years ending December 2021. Morningstar upgraded the CoreShares OUT funds from a 3-star to a 4-star rating due to their strong performance on an absolute basis and relative to peers. The CoreShares OUT funds managed double-digit growth in 2021, with the OUTmoderate Index fund gaining over 28% in 2021.

## Beneficiary nominations

You can nominate your beneficiaries on your retirement fund nomination of beneficiaries form. 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.

We strongly encourage you to keep your beneficiaries nomination form up to date as your life or family circumstances change. For example, when you get married, divorced or have a child. It is equally important to make sure the Fund receives your most updated nomination. This is the only way for the Board to know your last wishes. This information will assist the Board in determining the distribution of your retirement fund benefits should you pass away while still a member of the Fund. You can update your nominations by logging in at [www.outvest.co.za](http://www.outvest.co.za) and updating your profile.

Please note that OUTvest complies with with S37C, ensuring that all nominations are considered.

## 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 account and retrieve statements at any time, including investment statements and tax certificates.

## 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 Funds' complaints record;
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  
Email: [enquiries@pfa.org.za](mailto:enquiries@pfa.org.za)  
Fax: 086 693 7472  
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 fund fact sheets and Investment Policy Statement
- View Fund Rules and Annual Financial Statement
- View Complaints Policy and the Code of Conduct.

Alternatively, call our Advice centre 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 our 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.